



**CLAYTON CITY COUNCIL
REGULAR MEETING AGENDA**

**TUESDAY, MARCH 3, 2026
7:00 PM**

**Hoyer Hall, Clayton Community Library
6125 Clayton Road, Clayton, CA 94517**

Jeff Wan, Mayor

*Richard G Enea, Vice Mayor
Holly Tillman, Councilmember*

*Jim Diaz, Councilmember
Kim Trupiano, Councilmember*

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PLEDGE OF ALLEGIANCE**
- 3. PUBLIC COMMENT ON NON-AGENDA ITEMS**

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

Public comment and input on other agenda items will be allowed when each item is considered by the Council.

4. CONSENT CALENDAR

- (a) Approve February 03, 2026 Minutes
[\(View\)](#)
- (b) Approve January 06, 2026 Minutes
[\(View\)](#)

- (c) Adopt a Resolution Approving the Amended and Restated Municipal Pooling Authority Joint Exercise of Powers Agreement for Providing Property, Workers' Compensation, Public Liability, and Other Insurance Coverages.
[\(View\)](#)
- (d) Authorize the City Manager to Sign a Maintenance Services Agreement with Cowan and Thompson Construction, Incorporated, for an Amount Not to Exceed \$95,000 for On-Call Pavement Repair Services from April 1, 2026 through June 30, 2027 with up to Three Additional One-Year Extensions by Mutual Agreement.
[\(View\)](#)
- (e) Authorize the City Manager to Sign a Professional Services Agreement with CSG, Inc., for an Amount Not to Exceed \$95,000 for Professional Engineering Services from April 1, 2026 through June 30, 2027 with up to Three Additional One-Year Extensions by Mutual Agreement.
[\(View\)](#)
- (f) Approve the purchase of two new Public Works Maintenance vehicles to replace unserviceable fleet vehicles.
[\(View\)](#)

5. RECOGNITIONS AND PRESENTATIONS

6. REPORTS

- (a) City Manager's Report
[\(View\)](#)
- (b) City Council/Committees Reports
[\(View\)](#)

7. PUBLIC HEARINGS

No Items scheduled.

8. ACTION ITEMS

- (a) Audited Annual Comprehensive Financial Report of the City of Clayton for the Fiscal Year ending June 30, 2025.
[\(View\)](#)

9. ADJOURNMENT

The next regularly scheduled meeting of the City Council will be March 17, 2026. For meeting information and materials, please visit the City's website at www.claytonca.gov

Meeting Information and Access

- A complete packet of information containing staff reports and exhibits related to each public item is available for public review in City Hall located at 6000 Heritage Trail and on the City's website at www.claytonca.gov
- Agendas are posted at: 1) City Hall, 6000 Heritage Trail; 2) Library, 6125 Clayton Road; 3) Ohm's Bulletin Board, 1028 Diablo Street, Clayton; and 4) City Website at www.claytonca.gov
- Any writings or documents provided to a majority of the City Council after distribution of the agenda packet and regarding any public item on this agenda will be made available for public inspection in the City Clerk's office located at 6000 Heritage Trail during normal business hours and is available for review on the City's website at www.claytonca.gov
- If you have a physical impairment requiring special accommodation to participate, please call the City Clerk's office at least 72 hours (about 3 days) before the meeting at (925) 673-7300.
- E-mail Public Comments: Public comment may also be sent to the City Clerk at cityclerk@claytonca.gov by 12:00 p.m. on the day of the meeting. All e-mailed public comments will be forwarded to the entire committee and made part of the official meeting file.

Each person attending the meeting who wishes to speak on an agendized or non-agendized matter (within the council's jurisdiction), shall have a set amount of time to speak as determined by the Mayor.



STAFF REPORT

TO: CLAYTON CITY COUNCIL
FROM: Leticia Miguel, City Clerk
DATE: March 3, 2026
SUBJECT: Approve February 03, 2026 Minutes

RECOMMENDATION

Approve by Minute Order

BACKGROUND

Does not apply to this item.

FISCAL IMPACT

No fiscal impact associated with this agenda item.

ATTACHMENTS

[Att A -CC MIN 2026-02-03](#)



**MEETING MINUTES - DRAFT
REGULAR MEETING
CLAYTON CITY COUNCIL**

Tuesday, February 03, 2026

7:00 PM

*Indicates the item was discussed out of agenda order

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:00 PM by Mayor Jeff Wan at Hoyer Hall, in the Clayton Community Library, 6125 Clayton Road, Clayton, California

ROLL CALL

Present: 5 Councilmember Jim Diaz, Councilmember Holly Tillman, Councilmember Kim Trupiano, Vice Mayor Richard Enea, and Mayor Jeff Wan

Staff Present:

City Manager, Kris Lofthus
Administrative Services Director, Dennis Bozanich
City Attorney, Mala Subramanian
City Clerk, Leticia I. Miguel

2. PLEDGE OF ALLEGIANCE

Mayor Wan led the Pledge of Allegiance.

3. PUBLIC COMMENT ON NON-AGENDA ITEMS

Public comment was received by Larry Oneal.

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4. CONSENT CALENDAR

No public comment was received.

A motion was made by Vice-Mayor Enea, seconded by Councilmember Trupiano, and approved by a vote of those present to adopt item 4(a) in the Consent Calendar.

The motion passed as follows:

Aye: 5 – Diaz, Tillman, Trupiano, Enea, and Wan

- (a) Adoption of Ordinance No. 502 Amending the Clayton Municipal Code to Add Subsection 17.36.079 to Chapter 17.36 (General Regulations) of Title 17 (Zoning) Related to by Right Affordable Housing of Housing Element Opportunity Sites

Approved by Minute Order

- (b) Authorize the City Manager to Sign a Contract, not to exceed \$40,000, with Prime Time Entertainment for the 2026 Concerts in the Grove as Recommended by the City Sponsored Special Events Committee

Public Comment was received by Lauren Kindorf.

A motion was made by Vice-Mayor Enea, seconded by Councilmember Trupiano, and approved the item.

The motion passed as follows:

Aye: 3 – Trupiano, Enea, and Wan

Nay: 1 – Diaz

Abstain: 1 – Tillman

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5. RECOGNITIONS AND PRESENTATIONS

- (a) Introduction of new employees
1. Jake McPherson, Police Officer
 2. Chris Karney, Community Services Coordinator
 3. Marlen Cuatlatl, Community Services Leader
 4. Steven Luna, Maintenance Worker

No public comment was received.

Presented.

6. REPORTS

- (a) City Manager's Report

No public comment was received.

City Manager Lofthus made the following announcements:

- Reported that Police Department personnel took part in an emergency operations exercise with the County and continue to attend monthly meetings and reviewing preparedness and awareness plans.
- The city is exploring options to update its emergency preparedness plan

- Reminded the community, that any legal concerns, including maintenance issues, should be reported to the main line on the third floor of City Hall or the Police Department's non-emergency line.
- Met with PG&E to discuss their launch of a large project on Marsh Creek.

(b) City Council/Committees Report

No public comment was received.

City Council reports were included in the agenda packet.

7. PUBLIC HEARINGS

No items scheduled.

8. ACTION ITEMS

- (a) Adopt Proposed Timeline for Sales and use Tax Measure and the Extension of the Landscape Maintenance District for consideration for the November election

City Manager Kris Lofthus, presented the item to the City Council and responded to questions.

Public comment was receive by Doug Rogers

Received and Filed.

9. ADJOURNMENT

Mayor Wan adjourned the meeting at 8:08 p.m.

Please note the Minutes of this meeting set forth all actions taken by the City Council on the matters stated, but not necessarily in the chronological sequence in which the matters were taken up.



STAFF REPORT

TO: CLAYTON CITY COUNCIL
FROM: Leticia Miguel, City Clerk
DATE: March 3, 2026
SUBJECT: Approve January 06, 2026 Minutes

RECOMMENDATION

Approve by Minute Order

BACKGROUND

Does not apply to this item.

FISCAL IMPACT

No fiscal impact associated with this agenda item.

ATTACHMENTS

[Att A - CC MIN 2026-01-06](#)



**MEETING MINUTES - DRAFT
REGULAR MEETING
CLAYTON CITY COUNCIL**

Tuesday, January 06, 2026

7:00 PM

*Indicates the item was discussed out of agenda order

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:00 PM by Vice Mayor Richard Enea at Hoyer Hall, in the Clayton Community Library, 6125 Clayton Road, Clayton, California

ROLL CALL

Present: 4 Councilmember Jim Diaz, Councilmember Holly Tillman,
Councilmember Kim Trupiano, Vice Mayor Richard Enea

Absent: 1 Mayor Jeff Wan

Staff Present:

City Manager, Kris Lofthus
Administrative Services Director, Dennis Bozanich
City Attorney, Mala Subramanian
Project Manager, Skyler Aitken

2. PLEDGE OF ALLEGIANCE

Vice Mayor Enea led the Pledge of Allegiance.

Vice Mayor Enea announced revisions to the agenda order and outlined the updated sequence in which items would be addressed.

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3. PUBLIC COMMENT ON NON-AGENDA ITEMS

Public comment was received from Larry and Jim Calarad.

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4. CONSENT CALENDAR

No public comment was received.

A motion was made by Councilmember Trupiano, seconded by Councilmember Tillman, and approved by a vote of those present to adopt all items in the Consent Calendar.

The motion passed as follows:

Aye: 4 – Diaz, Tillman, Trupiano, and Enea,

Absent: 1 – Wan

(a) Approve December 16, 2025 Minutes

Approved as Submitted on the Consent Calendar.

(b) Approve December 02, 2025 Minutes

Approved as Submitted on the Consent Calendar.

(c) Consider Approval of Proposed 2026 City Council Meeting Calendar

Approved by Minute Order

(d) Approve a Contract with CSG Consultants, Inc. for Design Engineering Services for the 2026 Pavement Rehabilitation Program Scheduled for the Summer 2026 and Authorize the City Manager to Sign the Contract.

Approved by Minute Order.

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5. RECOGNITIONS AND PRESENTATIONS

(a) Certificates of Recognition to Public School Students for Exemplifying the "Do the Right Thing" Character Trait of "Kindness"

No public comment was received.

Presented.

(b) City of Clayton Police Department Medals and Awards

No public comment was received.

Presented.

(c) Presentation on Preparing for Landscape and Maintenance District Renewal and 1% Sales Tax Increase Ballot Measures

Administrative Services Director, Dennis Bozanich, presented the item to the City Council and responded to questions.

Public comment was received by Erin Bennett.

Received.

6. REPORTS

(a) City Manager's Report

No public comment was received.

City Manager Lofthus made the following announcements:

- *An update was provided on the recruitment process for the Police Officer, Community Services Coordinator, Public Works Director, and Maintenance Worker positions.*
- *An update was provided on start date for the new Community Services Leader.*

(b) City Council/Committees Report

No public comment was received.

City Council reports were included in the agenda packet.

7. PUBLIC HEARINGS

- (a) Approve Resolution No. 01-2026 of the City Council of the City of Clayton Authorizing Revision of Resolution No. 06-2023 to Add a Finding Supporting the City's Housing Element Update and Introduce an Ordinance Amending the Clayton Municipal Code to Add Subsection 17.36.079 to Chapter 17.36 (General Regulations) of Title 17 (Zoning) Related to by Right Affordable Housing of Housing Element Opportunity Sites

*Senior Planner, Kraig Chalem
presented the item to the City Council and responded to questions.*

The public hearing opened at 8:29 pm

No Public comment was received.

The public hearing closed at 8:29 pm

*A motion was made by Councilmember Tillman, seconded by Councilmember Trupiano, that this resolution be adopted.
The motion carried by the following vote:*

*Aye: 4 – Diaz, Enea, Tillman, and Trupiano
Present: 1 – Wan*

Adopted. Enactment No. RES 01-2026

A motion was made by Councilmember Tillman, seconded by Councilmember Trupiano, to that this Ordinance be waived first reading and introduced.

The motion carried by the following vote:

*Aye: 4 – Diaz, Enea, Tillman, and Trupiano
Present: 1 – Wan*

Enactment No. ORD 502

8. ACTION ITEMS

- (a) Discuss and Approve City Council Committees and Assignments for Standing/Ad-Hoc Committees and Liaison Positions

No Public comment was received.

A motion was made by Councilmember Trupiano, seconded by Councilmember Tillman to approved the City Council Committees and Assignments for Standing/Ad-Hoc Committees and Liaison Positions

The motion carried by the following vote:

*Aye: 3 – Enea, Tillman and Trupiano
Absent: 1 –Wan
Abstain: 1 – Diaz*

9. ADJOURNMENT

Vice Mayor Enea adjourned the meeting at 8:35 p.m.

Please note the Minutes of this meeting set forth all actions taken by the City Council on the matters stated, but not necessarily in the chronological sequence in which the matters were taken up.



STAFF REPORT

TO: CLAYTON CITY COUNCIL

FROM: Dennis Bozanich

DATE: March 3, 2026

SUBJECT: Adopt a Resolution Approving the Amended and Restated Municipal Pooling Authority Joint Exercise of Powers Agreement for Providing Property, Workers' Compensation, Public Liability, and Other Insurance Coverages.

RECOMMENDATION

Staff recommends that the City Council approve Resolution No. 02-2026 approving the amended and restated Municipal Pooling Authority Joint Exercise of Powers Agreement.

BACKGROUND

The City of Clayton is a member of Municipal Pooling Authority ("MPA") a Joint Exercise of Powers Authority ("JPA"). MPA provides members with administration and self-insured coverage for liability, workers' compensation, vehicle physical damage, and short-term disability, as well as access to participate in 14 additional programs that offer coverage for property, crime, cyber, and employee benefits. MPA was formally approved by the state as of July 1, 1977. Many of its founding members are still members today. Currently, MPA has 21 member municipalities, which are primarily located in Contra Costa County, with a few outlying members in Stanislaus County and San Mateo County.

MPA was formed primarily to mitigate the rising costs of private insurance for liability and workers' compensation. The founding members agreed to pool fiscal resources to share in the cost of administering and litigating claims. This pooling of funds is permitted under the Joint Powers Act, Government Code, Sections 6500-6536. There are over 1800 JPAs in California that provide public agencies with pooled coverage for benefits, liability, workers' compensation, and other services. By pooling funds, MPA members share in the risk and cost of claims, thereby stabilizing the impact on individual members' costs. The share in claims cost is spread among the members. However, pooling is not just a means of sharing the cost of claims; MPA members receive economies of scale benefits for a variety of additional insurances that can only be accessed through membership in the pool. For example, this includes property, cyber, crime, and deadly weapons coverage for the members. MPA also provides valuable resources for training and education, as well as access to a comprehensive wellness program, ergonomics program, dental and vision plans, life insurance, and online training modules. MPA's risk mitigation support includes mandatory safety training and inspection support to ensure regulatory compliance, as well as mandatory employee

certifications.

Participation in a JPA is invaluable in reducing claims exposure and cost. Due to the pooling aspect, members also receive dividends for years the reserved funds have exceeded the actual cost for that year. These dividends were instrumental in aiding members through the revenue decline that resulted from COVID-19. MPA has also been able to provide members with grants to address safety needs within their cities.

MPA has a board of directors, with each member of the pool holding a position on the Board. The Board collectively decides on how claims are administered and what is covered by the pool. Through the Coverage and Governance Committee, the Board regularly reviews the bylaws and memorandums of coverage for each program annually to determine how coverage will be provided. To be a member of MPA, each member's governing body must agree to the Joint Exercise of Powers Agreement ("JPA Agreement"), as this is the required governing document that all members' governing bodies must agree to participate in any of the programs provided by MPA. The JPA Agreement is the foundational document that outlines MPA's powers and organizational structure. The last version was adopted by the Board of Directors in 2004 and executed in 2005 by its members and has recently undergone an extensive review and revision process.

ANALYSIS

At the February 27, 2025, meeting, as part of its review of MPA's governing documents, the MPA Coverage and Governance Committee approved recommended amendments to update the JPA Agreement and ensure it aligns with other MPA governing documents and applicable laws. Those recommended amendments were then reviewed by the MPA Executive Committee, which approved the recommended amendments with certain revisions on March 26, 2025. The revised recommended amendments were then approved by the MPA Board of Directors on April 10, 2025.

The amendments approved by the MPA Board of Directors were then sent to each member for review and feedback. The feedback received was reviewed by MPA Staff and Legal Counsel, and additional revisions were made based on that feedback. The final recommended amendments were approved by the MPA Board of Directors on January 13, 2026, and include both substantive updates and formatting refinements to ensure clarity and consistency:

- **Section 3 (Creation of MPA):** Language revised to clarify that MPA was previously formed and is continued pursuant to current Government Code provisions (title also changed to "Amended and Restated)."
- **Section 8 (Powers of MPA):** Additional language added to address CAJPA accreditation recommendation regarding language specifying limitation of powers.
- **Section 17 (Member Responsibilities):** Minor re-wording to clarify that obligations continue beyond participation and to better define a Member's duty to provide requested information and support investigations.
- **Section 23 (Effect of Withdrawal or Expulsion):** Clarified language confirming that withdrawal or expulsion does not relieve a Member from obligations under MPA's governing documents.
- **General Formatting and Language Consistency:** Several non-substantive edits were made throughout the document to correct formatting issues that arose during the conversion of the original PDF into an editable format. These changes improve internal

consistency and readability without altering meaning.

The Amended and Restated JPA Agreement (included as Attachment A) must now be approved by each member by resolution of the member's governing body and signed by each member's designee and is included on the City Council agenda for consideration and adoption.

CEQA

Approval of the Resolution does not constitute a project under CEQA.

FISCAL IMPACT

There is no fiscal impact associated with approving the MPA Amended and Restated JPA Agreement.

ATTACHMENTS

[Resolution No. 02-2026 - MPA JPA Agreement.pdf](#)

[ATT. A - JPA Agreement - Final Non-redline](#)

[ATT. B - JPA Agreement-Final Red Line Changes Exb 1..pdf](#)

RESOLUTION NO. 02 - 2026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAYTON APPROVING THE MUNICIPAL POOLING AUTHORITY AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT FOR PROVIDING PROPERTY, WORKERS' COMPENSATION, PUBLIC LIABILITY, AND OTHER INSURANCE COVERAGES

WHEREAS, Municipal Pooling Authority (MPA) was formed in 1977 by a Joint Exercise of Powers Agreement; and

WHEREAS, MPA was formed primarily to mitigate the rising costs of private insurance for liability and workers' compensation by pooling fiscal resources to share in the cost of administering and litigating claims; and

WHEREAS, the City of Clayton is a Member Agency of MPA; and

WHEREAS, to be a member of MPA and participate in any of its programs, each member's governing body must agree to the Joint Exercise of Powers Agreement ("JPA Agreement"), as this is the required foundational and governing document that outlines MPA's powers and organizational structure; and

WHEREAS, the last version of the JPA Agreement was adopted by the MPA Board of Directors in 2004 and executed in 2005 by its members and has recently undergone an extensive review and revision process involving the MPA Board of Directors, MPA staff and legal counsel, and each member agency; and

WHEREAS, the recommended amendments include both substantive updates and formatting refinements to ensure clarity and consistency; and

WHEREAS, the MPA Board of Directors on January 13, 2026, approved the Municipal Pooling Authority Amended and Restated Joint Exercise of Powers Agreement, a copy of which is included as Attachment A; and

WHEREAS, the Clayton City Council is familiar with the contents thereof.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Clayton as follows:

1. That the adoption of the Municipal Pooling Authority Amended and Restated Joint Exercise of Powers Agreement for providing property, workers' compensation, public liability, and other insurance coverages is hereby approved, and the designated primary or alternate MPA Board member adopted under MPA Resolution No. 25-037 is hereby authorized and directed to execute the same on behalf of the City.
2. The recitals set forth above are true and correct, and they are incorporated into this Resolution by this reference.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Clayton at a Regular Meeting of said Council held on the 3rd day of March 2026, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

LETICIA MIGUEL, CITY CLERK
CITY OF CLAYTON

**MUNICIPAL POOLING AUTHORITY
AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT**

This Amended and Restated Joint Exercise of Powers Agreement (hereafter “Agreement”) is entered into by and among the public entities listed in Appendix A (hereafter referred to as "Members").

RECITALS

1. The Members are public entities organized and operating under the laws of the State of California;
2. The following State laws, among others, authorize the Members to enter into this Agreement:
 - a. Labor Code Section 3700, allowing a public entity to fund its own workers' compensation claims;
 - b. Government Code Sections 989 and 990, permitting a local public entity to insure itself against liability and other losses;
 - c. Government Code Section 990.4, permitting a public entity to provide insurance and self-insurance in any desired combination.
 - d. Government Code Section 990.6, providing that the cost of insurance authorized under the related sections is a proper charge against the local public entity.
 - e. Government Code Section 990.8, permitting two or more local public entities to enter into an agreement to jointly fund such expenditures under the authority of Government Code Sections 6500, *et seq.*; and
 - f. Government Code Sections 6500, *et seq.*, permitting two or more local public entities to jointly exercise under an agreement any power which is common to each of them.
3. Each of the Members desires to enter into an agreement with each of the others for the purpose of insuring against various risks jointly, rather than individually.
4. Pursuant to Government Code Section 6508.1, the debts, liabilities, and obligations of MPA shall not constitute debts, liabilities, or obligations of the Members.
5. MPA was originally formed by a Joint Powers Agreement in 1977. Since that time, the Agreement has been amended several times, and Members have withdrawn from, and new Members have been added to MPA.

NOW, THEREFORE, for and in consideration of the mutual benefits, covenants and agreements set forth herein, the Members agree as follows:

SECTION 1

Authority and Purpose

This Agreement is made under the authority of California Government Code Sections 6500, *et seq.*, between the Members. The purpose of this Agreement is to exercise jointly the powers common to each Member by managing risks and pooling or purchasing coverage for losses.

SECTION 2

Definitions

Unless the context otherwise requires:

1. "MPA" shall mean the public entity known as the Municipal Pooling Authority created by this Agreement.
2. "Board" shall mean the governing body of MPA.
3. "Chief Administrative Officer" shall mean the person appointed by the Board as the Chief Administrative Officer of MPA.
4. "Claim" shall mean a claim or demand made against a Member arising out of an occurrence that is covered or alleged to be covered by any Memoranda of Coverage issued by MPA or by a purchased policy of insurance.
5. "Member" shall mean any public entity listed in Appendix A to this Agreement.
6. "Memoranda of Coverage" shall mean documents issued by MPA specifying the type, terms, conditions, and limitations of coverage provided by MPA to each Member that participates in the program.

SECTION 3

Creation of MPA

A public entity, separate and apart from the parties hereto and known as the Municipal Pooling Authority, was previously created and is continued pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500).

SECTION 4

Terms of Agreement

This Agreement is effective as of January 13, 2026, and continues until terminated as hereafter provided. The prior Joint Exercise of Powers Agreement is terminated upon the effective date hereof.

SECTION 5

1.1.1 Governing Board

MPA shall be governed by a Board composed of one individual representative from each Member, each serving in an individual capacity as a member of the Board. Each Member's governing body shall appoint to the Board either its Manager or Director, or the department head or staff person, responsible for its risk management function. Each Board member shall have one vote. Each Member shall appoint one Alternate to the Board. The Alternate shall have the same qualifications as the Board member. The Alternate may vote at any meeting of the Board at which the regular Board member is absent.

SECTION 6

Meetings and Committees

- (a) Committees. The Board may establish an Executive Committee comprised of members of the Board and delegate to it any powers or functions not reserved to the entire Board or otherwise nondelegable. Other regular committees may be created by, or in accordance with, the procedures set forth in Bylaws adopted by the Board. Ad hoc committees may, from time to time, be established by the President of the Board to serve as temporary committees for a limited purpose.
- (b) Meetings. The Board shall hold at least one regular meeting each year. The Board shall fix the date upon which, and the hour and place at which, each regular meeting is to be held, and the Chief Administrative Officer shall notify each Member of that action. Other meetings of the Board and meetings of any duly established committees may be held in accordance with applicable law. All meetings of the Board and regular committees shall be held in a manner consistent with the Bylaws and in compliance with the Ralph M. Brown Act (California Government Sections 54950, *et seq.*).
- (c) Bylaws and Regulations. The Board may adopt Bylaws and regulations that are not inconsistent either with applicable law or with this Agreement. In the event the Bylaws or regulations are inconsistent with this Agreement, this Agreement shall control. The Chief Administrative Officer shall send to each Member all such Bylaws and regulations, and any amendments thereto, promptly after adoption by the Board.

SECTION 7

1.1.2 Officers

- (a) The Board shall elect a President and Vice-President from among its members to perform the duties set forth in the Bylaws.
- (b) The Chief Administrative Officer shall be the Secretary of MPA and shall be responsible for maintaining all records of MPA.
- (c) The Board shall elect a Treasurer with the qualifications and to perform the duties set forth in the Bylaws.
- (d) The Board may appoint such other officers, employ individuals, and contract with consultants and other professional persons or firms as it considers necessary to carry out the purposes of this Agreement.

SECTION 8

Powers of MPA

MPA shall have the powers and authority to exercise any powers common to its Members and is hereby authorized, in its own name, to do all acts necessary for the exercise of such common powers, including, but not limited to, each of the following:

- (1) Make and enter into contracts;
- (2) Incur debts, liabilities, and obligations, but no debt, liability, or obligation of MPA is a debt, liability, or obligation of any Member, pursuant to Government Code Section 6508.1;
- (3) Acquire, hold, or dispose of real and personal property;
- (4) Receive contributions and donations of property, funds, services, and other forms of assistance from any source;
- (5) Sue and be sued in its own name;
- (6) Employ agents and employees;
- (7) Acquire, construct, manage, and maintain buildings;
- (8) Lease real or personal property, including that of a Member;

- (9) Receive, collect, invest, and disburse monies; and
- (10) Carry out other duties as required to accomplish other responsibilities as set forth in this Agreement.

These powers shall be exercised in the manner provided by law and as expressly set forth in this Agreement. Pursuant to Section 6509 of the California Government Code, the exercise of such powers shall be subject only to those restrictions upon the manner of exercising the powers which are imposed upon Members, such as the City of Pleasant Hill, in the exercise of similar powers.

SECTION 9

Fiscal Year

The "fiscal year" of MPA is the period from the first day of July of each year to and including the 30th day of June of the following year.

SECTION 10

Coverage Provided by MPA

Pursuant to the payment of contributions by each Member, MPA shall provide coverage pursuant to one or more Memoranda of Coverage and/or purchased policies of insurance under the programs selected by the Member.

SECTION 11

1.1.3 Establishment and Administration of Funds

The Board shall establish such funds as it deems necessary to conduct the business of MPA.

SECTION 12

1.1.4 Budget

MPA shall adopt an annual budget no later than the first day of its fiscal year.

SECTION 13

1.1.5 Member Contributions

The Chief Administrative Officer shall be responsible for calculating annually the amount of contributions to be charged for coverage selected by Members. The Board shall approve each charge before it takes effect. Each Member, by the act of paying its contribution, accepts the coverage provided by MPA.

SECTION 14

Accounts and Records

The Chief Administrative Officer shall be responsible for establishing and maintaining the funds and accounts in accordance with acceptable accounting practices and maintaining such other records as the Board requires pursuant to the procedures set forth in the Bylaws. The Chief Administrative Officer shall have the custody of and be responsible for the disbursement of MPA funds as provided by accounting procedures developed in accordance with this Agreement and the Bylaws.

SECTION 15

1.1.6 Reserves

Separate reserves shall be maintained in the funds for each type of coverage.

SECTION 16

1.1.7 MPA Functions and Responsibilities

MPA shall provide comprehensive risk management services to its Members.

SECTION 17

1.1.8 Member Responsibilities

Each Member has responsibilities, including the following:

- (1) Appoint its representative and alternate to the MPA Board in accordance with the applicable practices and procedures.
- (2) Cooperate fully with MPA in the investigation, defense, and settlement of Claims, including compliance with any applicable Memoranda of Coverage.
- (3) Comply with risk management recommendations, guidelines, and requirements established by MPA;

- (4) Pay contributions and assessments approved by the Board when due.
- (5) Provide MPA with data and other information requested; and
- (6) Cooperate with and assist MPA and any insurer, adjuster, or legal counsel retained by MPA in matters related to this Agreement, any Bylaws adopted by the Board, and any other governing documents, policies, or procedures adopted by the Board.

SECTION 18

New Members

Upon the vote of two-thirds of all members of the Board, any other public entity in Contra Costa County or in the general geographic area reasonably serviceable from Contra Costa County may become a party to this Agreement upon execution of this Agreement, and shall forthwith pay to MPA its current contribution payment as determined in accordance herewith, as well as any fees and expenses set by the Board.

SECTION 19

Cancellation of Coverage in a Program or Programs

If a Member fails to comply with this Agreement, any Bylaws adopted by the Board, or any procedures or policies established by the Board, the Board may, by a two-thirds vote of all members of the Board, refuse to provide coverage or may cancel any coverage being provided to that Member in any program(s).

SECTION 20

Termination of Agreement and Disposition of Assets Upon Termination of Agreement

This Agreement may be terminated upon the unanimous consent of all parties to it. Upon complete termination of this Agreement by all Members and the settlement of all liabilities and claims, including incurred but not reported claims, all property of MPA shall be divided among the Members in a ratio equal to that of the total amounts paid by the Members for the five (5) fiscal years preceding the year in which the Agreement is terminated.

SECTION 21

Withdrawal of a Member

A Member may withdraw as a Member and party to the Agreement, effective at the end of any fiscal year upon giving MPA six (6) months prior written notice of its intent to withdraw.

SECTION 22

Expulsion

The Board, by a three-fourths vote of all members of the Board, may expel any member for the reasons and under the procedures set forth in the Bylaws.

SECTION 23
Effect of Withdrawal or Expulsion

The withdrawal or expulsion of any Member shall not terminate its responsibilities and obligations as set forth in MPA's governing documents.

Upon withdrawal of a Member, that Member is entitled only to its pro rata share of the balance of the amount paid by it for the fiscal year in which withdrawal takes place. That Member shall not participate in or be entitled to any other funds, property, or other assets of MPA. Coverages under all pool coverage programs for the coverage periods in which that Member participated will remain in effect and continue until the conclusion of their respective program years.

SECTION 24
Liability and Indemnification

MPA shall defend and indemnify its Board members, officers, and employees to the same extent as any other public entity of the State of California is obliged to defend and indemnify its public employees pursuant to California Government Code Section 825, *et seq.*, or other applicable provisions of law.

MPA may insure or self-insure itself to the extent deemed necessary by the Board against loss, liability and claims arising out of or connected to the conduct of MPA's activities.

SECTION 25
Assessment

Upon a two-thirds vote of all members of the Board, the Board shall have the authority to levy a cash assessment for any pooled coverage program if the Board finds that there are insufficient funds available to MPA to meet its legal obligations.

Any cost, including attorneys' fees, incurred by MPA in collecting any cash assessment shall be reimbursed by the Member against which such collection action has been taken.

Section 26
Dividends and Premium Rebates

Upon a two-thirds vote of all members of the Board, the Board shall have the authority to declare a dividend, rebate of excess contributions, and/or reduction of future contributions for any pooled coverage program if the Board finds there are excess reserves in the retention fund.

SECTION 27
Severability

If any portion, term, condition or provision of this Agreement is determined by a court to be illegal or in conflict with a law of the State of California, or is otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions is not affected.

SECTION 28
Prohibition Against Assignment

No Member may assign a right, claim, or interest it may have under this Agreement. No creditor, assignee, or third party beneficiary of a Member has a right, claim, or title to any part, share, interest, fund, premium or asset of MPA.

SECTION 29
Amendment

This Agreement may be amended by Resolution of the governing bodies of two- thirds of the then-participating Members. Appendix A to this Agreement may be amended to correctly list current Members without separate action by the governing bodies of the Members or the Board, and provided any additional members execute the Agreement.

SECTION 30
Notices

Notices to Members under this Agreement shall be sufficient if delivered to the office of the Member. Notices to MPA shall be sufficient if delivered to the office of the Chief Administrative Officer.

MUNICIPAL POOLING AUTHORITY JOINT EXERCISE OF POWERS AGREEMENT
Appendix A - List of MPA Members

Member	Date Joined
Antioch	5/2/1977
Brentwood	5/2/1977
Clayton	5/2/1977
Danville	2/1/1983
Gilroy	7/1/2015
El Cerrito	5/2/1977
Hercules	5/2/1977
Lafayette	5/2/1977
Manteca	1/1/1998
Martinez	5/2/1977
Moraga	5/2/1977
Mountain House	7/1/2024
Oakley	7/1/2002
Orinda	7/1/1986
Pacifica	7/1/2006
Pinole	5/2/1977
Pittsburg	5/2/1977
Pleasant Hill	5/2/1977
San Pablo	5/2/1977
San Ramon	7/1/1986
Walnut Creek	5/2/1977

MUNICIPAL POOLING AUTHORITY

AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT

This Amended and Restated Joint Exercise of Powers Agreement (hereafter "Agreement") is entered into by and among the public entities listed in Appendix A (hereafter referred to as "Members").

RECITALS

1. The Members are public entities organized and operating under the laws of the State of California;
2. The following State laws, among others, authorize the Members to enter into this Agreement:
 - a. Labor Code Section 3700, allowing a public entity to fund its own workers' compensation claims;
 - b. Government Code Sections 989 and 990, permitting a local public entity to insure itself against liability and other losses;
 - c. Government Code Section 990.4, permitting a public entity to provide insurance and self-insurance in any desired combination;
 - d. Government Code Section 990.6, providing that the cost of insurance authorized under the related sections is a proper charge against the local public entity;
 - e. Government Code Section 990.8, permitting two or more local public entities to enter into an agreement to jointly fund such expenditures under the authority of Government Code Sections 6500, *et seq.*; and
 - f. Government Code Sections 6500, *et seq.*, permitting two or more local public entities to jointly exercise under an agreement any power which is common to each of them.
3. Each of the Members desires to enter into an agreement with each of the others for the purpose of insuring against various risks jointly, rather than individually.
4. Pursuant to Government Code Section 6508.1, the debts, liabilities and obligations of MPA shall not constitute debts, liabilities, or obligations of the Members.
5. MPA was originally formed by a Joint Powers Agreement in 1977. Since that time the Agreement has been amended several times and Members have withdrawn from and new Members have been added to MPA.

NOW, THEREFORE, for and in consideration of the mutual benefits, covenants and agreements set forth herein, the Members agree as follows:

SECTION 1 Authority and Purpose

This Agreement is made under the authority of California Government Code Sections 6500, *et seq.* between the Members. The purpose of this Agreement is to exercise jointly powers common to each Member by managing risks and pooling or purchasing coverage for losses.

SECTION 2 Definitions

Unless the context otherwise requires:

1. "MPA" shall mean the public entity known as the Municipal Pooling Authority created by this Agreement.
2. "Board" shall mean the governing body of MPA.
3. "Chief Administrative Officer" shall mean the person appointed by the Board as the Chief Administrative Officer of MPA.
4. "Claim" shall mean a claim or demand made against a Member arising out of an occurrence that is covered or alleged to be covered by any Memoranda of Coverage issued by MPA or by a purchased policy of insurance.
5. "Member" shall mean any public entity listed in Appendix A to this Agreement.
6. "Memoranda of Coverage" shall mean documents issued by MPA specifying the type, terms, conditions, and limitations of coverage provided by MPA to each Member that participates in the program.

SECTION 3 Creation of MPA

~~Pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500), the parties hereto create a~~ public entity, separate and apart from the parties hereto ~~and ; to be known as the Municipal Pooling Authority, was previously created and is continued pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500).~~

SECTION 4 Terms of Agreement

This Agreement is effective as of [REDACTED] and continues until terminated as hereafter provided. The prior Joint Exercise of Powers Agreement is terminated upon the effective date hereof.

SECTION 5
Governing Board

MPA shall be governed by a Board composed of one individual representative from each Member, each serving in an individual capacity as a member of the Board. Each Member's governing body shall appoint to the Board either its Manager or Director, or the department head or staff person, responsible for its risk management function. Each Board member shall have one vote. Each Member shall appoint one Alternate to the Board. The Alternate shall have the same qualifications as the Board member. The Alternate may vote at any meeting of the Board at which the regular Board member is absent.

SECTION 6
Meetings and Committees

- (a) Committees. The Board may establish an Executive Committee comprised of members of the Board and delegate to it any powers or functions not reserved to the entire Board or otherwise nondelegable. Other regular committees may be created by, or in accordance with, the procedures set forth in Bylaws adopted by the Board. Ad hoc committees may from time to time be established by the President of the Board to serve as temporary committees for a limited purpose.
- (b) Meetings. The Board shall hold at least one regular meeting each year. The Board shall fix the date upon which, and the hour and place at which, each regular meeting is to be held, and the Chief Administrative Officer shall notify each Member of that action. Other meetings of the Board and meetings of any duly established committees may be held in accordance with applicable law. All meetings of the Board and regular committees shall be held in a manner consistent with the Bylaws and in compliance with the Ralph M. Brown Act (California Government Sections 54950, *et seq.*).
- (c) Bylaws and Regulations. The Board may adopt Bylaws and regulations that are not inconsistent either with applicable law or with this Agreement. In the event the Bylaws or regulations are inconsistent with this Agreement, this Agreement shall control. The Chief Administrative Officer shall send to each Member all such Bylaws and regulations, and any amendments thereto, promptly after adoption by the Board.

SECTION 7
Officers

- (a) The Board shall elect a President and Vice-President from among its members to perform the duties set forth in the Bylaws.
- (b) The Chief Administrative Officer shall be the Secretary of MPA and shall be responsible for maintaining all records of MPA.
- (c) The Board shall elect a Treasurer with the qualifications and to perform the duties set forth in the Bylaws.

- (d) The Board may appoint such other officers, employ individuals, and contract with consultants and other professional persons or firms as it considers necessary to carry out the purposes of this Agreement.

SECTION 8 Powers of MPA

MPA ~~shall have the powers and authority to exercise any powers common to its Members and is hereby~~ authorized, in its own name, to do all acts necessary for the exercise of ~~those such common powers, referred to in the Recitals~~ including, but not limited to, each of the following:

- (1) Make and enter into contracts;
- (2) Incur debts, liabilities and obligations but no debt, liability or obligation of MPA is a debt, liability or obligation of any Member, pursuant to Government Code Section 6508.1;
- (3) Acquire, hold or dispose of real and personal property;
- (4) Receive contributions and donations of property, funds, services and other forms of assistance from any source;
- (5) Sue and be sued in its own name;
- (6) Employ agents and employees;
- (7) Acquire, construct, manage and maintain buildings;
- (8) Lease real or personal property including that of a Member;
- (9) Receive, collect, invest, and disburse monies; and
- (10) Carry out other duties as required to accomplish other responsibilities as set forth in this Agreement.

These powers shall be exercised in the manner provided by law and as expressly set forth in this Agreement. ~~Pursuant to Section 6509 of the California Government Code, the exercise of such powers shall be,~~ subject only to those restrictions upon the manner of exercising the powers which are imposed upon Members such as the City of Pleasant Hill, in the exercise of similar powers.

SECTION 9 Fiscal Year

The "fiscal year" of MPA is the period from the first day of July of each year to and including the 30th day of June of the following year.

SECTION 10
Coverage Provided by MPA

Pursuant to the payment of contributions by each Member, MPA shall provide coverage pursuant to one or more Memoranda of Coverage and/or purchased policies of insurance under the programs selected by the Member.

SECTION 11
Establishment and Administration of Funds

The Board shall establish such funds as it deems necessary to conduct the business of MPA.

SECTION 12
Budget

MPA shall adopt an annual budget no later than the first day of its fiscal year.

SECTION 13
Member Contributions

The Chief Administrative Officer shall be responsible for calculating annually the amount of contributions to be charged for coverage selected by Members. The Board shall approve each charge before it takes effect. Each Member by the act of paying its contribution accepts the coverage provided by MPA.

SECTION 14
Accounts and Records

The Chief Administrative Officer shall be responsible for establishing and maintaining the funds and accounts in accordance with acceptable accounting practices and maintaining such other records as the Board requires pursuant to the procedures set forth in the Bylaws. The Chief Administrative Officer shall have the custody of and be responsible for the disbursement of MPA funds as provided by accounting procedures developed in accordance with this Agreement and the Bylaws.

SECTION 15
Reserves

Separate reserves shall be maintained in the funds for each type of coverage.

SECTION 16
MPA Functions and Responsibilities

MPA shall provide comprehensive risk management services to its Members.

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SECTION 17
Member Responsibilities

Each Member has responsibilities, including the following:

- (1) Appoint its representative and alternate to the MPA Board in accordance with the ~~procedures set forth in the Bylaws~~ applicable practices and procedures;
- (2) Cooperate fully with MPA in the investigation, defense, and settlement of Claims, including compliance with any applicable Memoranda of Coverage;
- (3) Comply with risk management recommendations, guidelines, and requirements established by MPA;
- (4) Pay contributions and assessments approved by the Board when due;
- (5) Provide MPA with ~~statistical and loss experience~~ data and other information requested; and
- (6) Cooperate with and assist MPA and any insurer, adjuster, or legal counsel retained by MPA in matters related to this Agreement, any Bylaws adopted by the Board, and any other governing documents, policies, or procedures adopted by the Board.

SECTION 18
New Members

Upon the vote of two-thirds of all members of the Board, any other public entity in Contra Costa County or in the general geographic area reasonably serviceable from Contra Costa County may become a party to this Agreement upon execution of this Agreement, and shall forthwith pay to MPA its current contribution payment as determined in accordance herewith, as well as any fees and expenses set by the Board.

SECTION 19
Cancellation of Coverage in a Program or Programs

If a Member fails to comply with this Agreement, any Bylaws adopted by the Board, or any procedures or policies established by the Board, the Board may, by a two-thirds vote of all members of the Board, refuse to provide coverage or may cancel any coverage being provided to that Member in any program(s).

SECTION 20
Termination of Agreement and Disposition of
Assets Upon Termination of Agreement

This Agreement may be terminated upon the unanimous consent of all parties to it. Upon complete termination of this Agreement by all Members and the settlement of all liabilities and claims, including incurred but not reported claims, all property of MPA shall be divided among the Members in a ratio equal to that of the total amounts paid by the Members for the five (5) fiscal years preceding the year in which the Agreement is terminated.

SECTION 21
Withdrawal of a Member

A Member may withdraw as a Member and party to the Agreement, effective at the end of any fiscal year upon giving MPA six (6) months prior written notice of its intent to withdraw.

SECTION 22
Expulsion

The Board, by a three-fourths vote of all members of the Board, may expel any member for the reasons and under the procedures set forth in the Bylaws.

SECTION 23
Effect of Withdrawal or Expulsion

The withdrawal or expulsion of any Member shall not terminate its responsibilities and obligations as set forth in MPA's governing documents.

Upon withdrawal of a Member, that Member is entitled only to its pro rata share of the balance of the amount paid by it for the fiscal year in which withdrawal takes place. That Member shall not participate in or be entitled to any other funds, property, or other assets of MPA. Coverages under all pool coverage programs for the coverage periods in which that Member participated will remain in effect and continue until the conclusion of their respective program years.

SECTION 24
Liability and Indemnification

MPA shall defend and indemnify its Board members, officers, and employees to the same extent as any other public entity of the State of California is obliged to defend and indemnify its public employees pursuant to California Government Code Section 825, *et seq.*, or other applicable provisions of law.

MPA may insure or self-insure itself to the extent deemed necessary by the Board against loss, liability and claims arising out of or connected to the conduct of MPA's activities.

SECTION 25
Assessment

Upon a two-thirds vote of all members of the Board, the Board shall have the authority to levy a cash assessment for any pooled coverage program if the Board finds that there are insufficient funds available to MPA to meet its legal obligations.

Any cost, including attorneys' fees, incurred by MPA in collecting any cash assessment shall be reimbursed by the Member against which such collection action has been taken.

Section 26
Dividends and Premium Rebates

Upon a two-thirds vote of all members of the Board, the Board shall have the authority to declare a dividend, rebate of excess contributions, and/or reduction of future contributions for any pooled coverage program if the Board finds there are excess reserves in the retention fund.

SECTION 27
Severability

If any portion, term, condition or provision of this Agreement is determined by a court to be illegal or in conflict with a law of the State of California, or is otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions is not affected.

SECTION 28
Prohibition Against Assignment

No Member may assign a right, claim, or interest it may have under this Agreement. No creditor, assignee, or third party beneficiary of a Member has a right, claim, or title to any part, share, interest, fund, premium or asset of MPA.

SECTION 29
Amendment

This Agreement may be amended by Resolution of the governing bodies of two-thirds of the then-participating Members. Appendix A to this Agreement may be amended to correctly list current Members without separate action by the governing bodies of the Members or the Board, and provided any additional members execute the Agreement.

SECTION 30
Notices

Notices to Members under this Agreement shall be sufficient if delivered to the office of the Member. Notices to MPA shall be sufficient if delivered to the office of the Chief Administrative Officer.

IN WITNESS WHEREOF, the parties hereto have executed this Joint Exercise of Powers Agreement as of the day and year first above written.

City of Antioch

City of Mountain House

City of Brentwood

City of Oakley

City of Clayton

City of Orinda

Town of Danville

City of Pacifica

City of El Cerrito

City of Pinole

City of Gilroy

City of Pittsburg

City of Hercules

City of Pleasant Hill

City of Lafayette

City of San Pablo

City of Manteca

City of San Ramon

City of Martinez

City of Walnut Creek

Town of Moraga



STAFF REPORT

TO: CLAYTON CITY COUNCIL

FROM: Dennis Bozanich

DATE: March 3, 2026

SUBJECT: Authorize the City Manager to Sign a Maintenance Services Agreement with Cowan and Thompson Construction, Incorporated, for an Amount Not to Exceed \$95,000 for On-Call Pavement Repair Services from April 1, 2026 through June 30, 2027 with up to Three Additional One-Year Extensions by Mutual Agreement.

RECOMMENDATION

Staff recommends approval of this on-call pavement repair contract to extend the life of the City's road infrastructure.

BACKGROUND

Staff conducted a Request for Proposals (RFP#2025-11) for on-call pavement maintenance services from November 19, 2025 to December 12, 2025. The City did not receive any responsive proposals.

Cowan and Thompson Construction, Inc., a Martinez-based construction firm, successfully completed repairs on Clayton Road, the tree root "bump", and Oakhurst, the "sink-hole" in the fall of 2025. Staff approached them about considering an on-call contract with the City and, they agreed.

ANALYSIS

Staff requested a "daily crew rate" from Cowan and Thompson. They provided an estimate of \$4,500 for five personnel per day. Trucking and equipment will be based on an hourly rate plus materials. This will provide the City with eighteen (18) full days of "hot mix" pothole and small-size pavement rehabilitation treatments, that require digging outs or micro surfacing to sustain pavement. The plan would be to work over the next three months to "catch up" with potholes and small-scale pavement rehabilitation followed by more timely repairs during the 2026-27 winter season.

SCOPE OF WORK

The contractor shall perform the following on-call services as needed, including but not limited to:

- Slurry seal, micro-surfacing, seal coat, and related treatments
- Asphalt overlays and mill-and-fill operations
- Surface preparation, sweeping, cleaning, and traffic control

- Removal and replacement of failed asphalt areas
- Pothole repairs and patching
- Base repairs and subbase treatment
- Edge repairs, shoulder repairs, and transition improvements
- Furnishing and installing temporary traffic control per Caltrans standards
- Providing all necessary flagging personnel and devices
- Maintaining access for residents and emergency vehicles
- Application of thermoplastic and paint striping
- Raised pavement markers, curb painting, crosswalks, and legends
- Pre-construction meetings and coordination
- Daily logs and progress reporting
- Quality assurance and testing coordination (as required)
- Final inspection and punch-list completion

CEQA

Approval of this contract is not a "project" under CEQA.

FISCAL IMPACT

Repair services will be funded from Measure J, RMRA, HUTA revenue.



STAFF REPORT

TO: CLAYTON CITY COUNCIL

FROM: Dennis Bozanich

DATE: March 3, 2026

SUBJECT: Authorize the City Manager to Sign a Professional Services Agreement with CSG, Inc., for an Amount Not to Exceed \$95,000 for Professional Engineering Services from April 1, 2026 through June 30, 2027 with up to Three Additional One-Year Extensions by Mutual Agreement.

RECOMMENDATION

Staff recommends approval of the City Manager's authorization to sign a professional engineering services contract to the City with technical project review and signature responsibility for City capital projects.

BACKGROUND

Staff published a Request for Proposals (RFP#11-2025) for Professional Engineering Services soliciting proposals from qualified, experienced, and licensed engineering firms to provide comprehensive, on-call professional engineering services that support the City's Capital Improvement Program (CIP), land development functions, permitting, assessment district administration, special district formation, stormwater compliance, and general municipal engineering needs. The selected consultant would function as an extension of staff and may serve in capacities equivalent to City Engineer, Development Review Engineer, Assessment District Engineer, or Special District Engineer, depending on task assignment. This RFP was based upon the City's operational engineering needs and core duties.

ANALYSIS

The City received three responsive bids by the deadline on January 5, 2026. Staff reviewed and scored the three proposals based on the criteria identified in the RFP. All respondents were determined to be qualified based on the standards identified in the RFP.

CSG was identified as the proposal with the highest overall score particularly based on the quality of their technical approach and the qualifications and availability of key staff.

The scope of work will include, but is not limited to:

Municipal Engineering Services – Capital Projects

1. Capital Improvement Program (CIP) Support

- o Assist with scoping, prioritizing, and budgeting City projects.
- o Prepare project cost estimates, schedules, and funding strategies.
- o Provide plan/specification review and constructability analysis.
- o Provide technical guidance to contractors throughout capital project lifecycles

2. Representation and Meetings

- o Attend City Council, Planning Commission, and community meetings.
- o Represent the City in interagency coordination and developer meetings.

3. Permitting and Waivers

- o Issue City engineering permits; evaluate encroachment and grading requests.
- o Assist with tracking, compliance, and fee calculations.

Municipal Engineering Services - Non-Capital Projects

Services may include:

- Preparation of staff reports, analyses, and engineering memoranda.
- Traffic engineering review and safety analysis.
- Coordinate and advise maintenance staff on technical and operational issues.
- Support for field inspections and minor public works projects.
- Engineering guidance for public inquiries, complaints, or investigations.
- Provide technical support for NPDES, stormwater (MRP 2.0/3.0), and state or federal reporting.
- Prepare annual regulatory submittals.

Land Development Review and Permitting

Consultant shall provide complete development review services:

- Plan check for grading, drainage, hydrology, ADA compliance, utilities, and roadway improvements.
- Review stormwater control plans, erosion control, and water quality features.
- Evaluate project phasing, traffic impacts, and mitigation measures.
- Issue written comment letters, conditions of approval, and final acceptance recommendations.
- Coordinate with city staff, applicants, surveyors, and design engineers.

CEQA

The recommended action is not a project under CEQA.

FISCAL IMPACT

This engineering services contract will be paid for with various revenue sources, including General Fund revenue for City capital improvement and infrastructure projects, project or permit review fees for private development projects and special assessment fee revenue for special district engineering needs.



STAFF REPORT

TO: CLAYTON CITY COUNCIL

FROM: Kris Lofthus, City Manager

DATE: March 3, 2026

SUBJECT: Approve the purchase of two new Public Works Maintenance vehicles to replace unserviceable fleet vehicles.

RECOMMENDATION

Approve the purchase of two new Public Works Maintenance vehicles to replace unserviceable fleet vehicles from Future Ford in Roseville.

BACKGROUND

The Public Works Maintenance vehicles that are in line for replacement have lived their useful lives. During the budget process, City Council approved an amount not to exceed \$150,000 to replace 2 of the oldest vehicles in the fleet. Maintenance vehicles are heavily used and haul equipment, supplies, and people daily. They also serve as tow vehicles for our utility trailers and we want to provide the staff and the community with the safest vehicles possible.

DISCUSSION

Staff contacted four different vehicle dealerships with one being unresponsive and the results for the purchase of 2 vehicles were:

- Future Ford of Roseville \$120,447.38
- Ford Lincoln of Fairfield \$124,778.11
- Hoblit Motors Ford \$126,345.67

The prices listed above are the combined cost for 2 vehicles including delivery. The vehicles being purchased are:

- One new Ford F-250 Service Bed with Rack
- One new 2026 Ford F-250 Super Crew Cab 4x4

After expenditure of \$120,447.38, the trucks will need upfitting in the amount of \$5,000 for amber safety lights, decals, and bed mounted toolboxes for the Ford F250 Super Cab truck. The budgeted balance of \$24,552.60 will remain in the Capital Equipment Reserve Fund (CERF).

CEQA

Exempt from CEQA.

FISCAL IMPACT

By approving this action, there is no additional budget allocation requested.

ATTACHMENTS

[Attachment A PW Vehicle Safety Features.pdf](#)

Ford F-250 Super Crew Cab Safety Features

- Platform Running Boards
- Pro Power Onboard - 400W
- Trailer Brake Controller
- 17" Argent Painted Steel Wheels
- Upfitter Switches (6)
- Ford Connectivity Package (1-Year Included)
- GVWR: 10,000 Lb Payload Package
- 4-Wheel Disc Brakes
- Internet access capable: 5G Modem - Ford Connectivity Package
- Emergency communication system: SYNC 4 911 Assist
- Exterior Parking Camera Rear
- Variably intermittent wipers
- Turn signal indicator mirrors
- Traction control
- Tilt steering wheel
- Telescoping steering wheel
- Steering wheel mounted audio controls
- Speed control
- Security system
- Remote keyless entry
- Rear step bumper
- Rear reading lights
- Power windows
- Power steering
- Power door mirrors
- Panic alarm
- Overhead console
- Overhead airbag
- Outside temperature display
- Low tire pressure warning
- Illuminated entry
- Heated door mirrors
- Fully automatic headlights
- Front reading lights
- Front anti-roll bar
- Dual front side impact airbags
- Dual front impact airbags
- Delay-off headlights
- Brake assist
- ABS brakes
- Electronic Stability Control

Ford F-250 Service/Utility Body Safety Features

- 120V/400W Outlet
- 17" Argent Painted Steel Wheels
- Upfitter Switches (6)
- Halogen Fog Lamps
- Chrome Rear Step Bumper
- GVWR: 10,000 Lb Payload Package
- 3.73 Axle Ratio
- Internet access capable: FordPass Connect 5G
- Emergency communication system: SYNC 4 911 Assist
- Exterior Parking Camera Rear
- Variably intermittent wipers
- Turn signal indicator mirrors
- Traction control
- Tilt steering wheel
- Telescoping steering wheel
- Steering wheel mounted audio controls
- Speed control
- Security system
- Remote keyless entry
- Rear step bumper
- Power steering
- Power door mirrors
- Passenger vanity mirror
- Passenger airbag
- Panic alarm
- Overhead console
- Overhead airbag
- Outside temperature display
- Low tire pressure warning
- Illuminated entry
- Heated door mirrors
- Fully automatic headlights
- Front wheel independent suspension
- Front reading lights
- Front anti-roll bar
- Dual front side impact airbags
- Dual front impact airbags
- Delay-off headlights
- Brake assist
- ABS brakes
- Electronic Stability Control
- 4-Wheel Disc Brakes



STAFF REPORT

TO: CLAYTON CITY COUNCIL

FROM: Leticia Miguel, City Clerk

DATE: March 3, 2026

SUBJECT: City Manager's Report

BACKGROUND

Does not apply to this item

FISCAL IMPACT

Does not apply to this item



STAFF REPORT

TO: CLAYTON CITY COUNCIL
FROM: Leticia Miguel, City Clerk
DATE: March 3, 2026
SUBJECT: City Council/Committees Reports

BACKGROUND

The City Council provides a report of activities that took place between the city council meetings.

CEQA

This item is not a project as defined by CEQA.

FISCAL IMPACT

No fiscal impact associated with this agenda item.

ATTACHMENTS

[Att A - City Council Committees Reports 20260303](#)

Jim Diaz, Councilmember

- 02-06-2026: Attended I Chaired the Operations and Scheduling Committee Meeting, County Connection.
- 02-14-2026: Observed Valentine's Day.
- 02-15-2026: Attended the 2026 Clayton Historical Society "Camilla Tea" Event.
- 02-16-2026: Observed Presidents' Day.
- 02-18-2026: Observed Ash Wednesday
- 02-18-2026: Attended Retirement Event for the County Connection Chief Operating Officer.
- 02-19-2026: Attended the County Connection Board Meeting.
- 02-26-2026: Attended East Bay Division - League of California Legislative Update Meeting.
- 02-27-2026: Attended AC Transit Zero Emission Bus University Informational Tour.
- 03-02-2026: Attended the 2026 Clayton Art & Wine Committee Meeting.
- 03-03-2026: Meeting with City Manager.

Holly Tillman, Councilmember

- February 5th- attended the Mayors Conference in Richmond.
- February 9th - attended the Mt. Diablo Education Foundation Board meeting.
- February 10th - attended the Clayton Pride Board meeting which focused on our March 7th CoCo Pride Summit planning.
- February 12th- attended a virtual Cal Cities TCPW E-bike Task Force meeting.

Kim Trupiano, Councilmember

- Weekly meeting with City Manager, Kris Lofthus
- Working throughout the entire month on City Sponsored Special Events sponsorships since packages were approved January 26, 2026. Also, working on new marketing materials for Concerts in the Grove.
- Wednesday, February 4th: East Bay Economic Development Alliance Board Meeting, presenter was General Manager, BART, Bob Powers. I sent his presentation to City Staff to distribute to entire City Council.
- Tuesday, February 10th: send updates to the Clayton Community Library Foundation for the board meeting that night, including updates on refresh project, Climatec project, City staffing and upcoming City events.
- Wednesday, February 18th: Met with local resident about LMD and sales, city events
- Thursday, February 19th: Meeting with CEMEX to talk about City Sponsored Events
- Monday, February 23rd: East Contra Costa Habitat Conservancy Governing Board meeting, City of Brentwood, with focus on Knightsen Wetlands Restoration Project
- Tuesday, February 24th: meeting with Kris Lofthus and Chris Karney to discuss city events and sponsorships, next steps
- Thursday, February 26th: Attended the Memorial Service for Gwen Regalia, at Leshner Center for the Performing Arts; attended League of Cal Cities East Bay Division Annual Legislative Dinner, at WC Marriott with Senators Jesse Arreguin, Tim Grayson and Jerry McNerney
- Friday, February 27th: Chaparral Springs, Fire Wise Committee meeting
- Tuesday, March 3rd: Clayton Community Library Foundation, Executive Committee meeting

Richard G Enea, Vice Mayor

- Met with City Manager
- Attended seniors in retirement luncheon
- Cal cities zoom meeting (regarding Transportation issues)
- Attended TRANSPAC monthly meeting(talked about transit needs including new transit tax this fall and having more freeway toll lanes)
- Attended Elks Club dinner/meeting
- Attended Cal Cities East Bay division meeting/dinner- talked with State Senator Tim Grayson
- Talked with residents about various issues including two missing children(who were found safe)

Jeff Wan, Mayor

- Attended the Mayor's Conference in Richmond
- Had discussions with staff about future agenda items
- Discussions with residents about local issues



STAFF REPORT

TO: CLAYTON CITY COUNCIL

FROM: Dennis Bozanich

DATE: March 3, 2026

SUBJECT: Audited Annual Comprehensive Financial Report of the City of Clayton for the Fiscal Year ending June 30, 2025.

RECOMMENDATION

Staff recommends that the City Council:

1. Receive a presentation on the City of Clayton's Annual Comprehensive Financial Report, including the unmodified opinion of the Independent Auditors Report, issued by Chavan and Associates, LLP for the fiscal year ended June 30, 2025; and
2. Accept the City of Clayton's Annual Financial Report for the Fiscal Year 2024-25.

BACKGROUND

The City's independent audit firm, Chavan and Associates, has issued their opinion on the City of Clayton's financial statements for the fiscal year ended June 30, 2025 (FY 2024-25).

In their opinion, "The financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, California as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

City management is responsible for ensuring that the financial statements are presented fairly in accordance with generally accepted accounting principles (GAAP). Additionally, management must design, implement, and maintain internal controls to support the accurate preparation and fair presentation of financial statements, minimizing the risk of material misstatement due to fraud or error. The City's independent auditors are responsible for expressing an opinion on the financial statements based on their audit.

ANALYSIS

Fund Highlights

- At the close of Fiscal Year 2024/25, the City's governmental funds reported combined fund balances of \$17.9 million, an increase of \$248 thousand in comparison with the prior year. Approximately \$3.28 million, or 18.35%, was classified as committed fund balance and \$4.81 million, or 26.89%, was classified as assigned fund balance.
- At the end of the current fiscal year, the general fund's unrestricted fund balance (the

total of the committed, assigned, and unassigned components of fund balance) was \$6.96 million, or 99% of total general fund expenditures, prior to transfers.

Financial Analysis Highlights

- Net position of the City's governmental activities decreased \$507 thousand from June 30, 2024 to June 30, 2025.
- Approximately 5% of net position relating to governmental activities are unrestricted, and \$28.93 million of the net position for governmental activities was for investments in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.), less accumulated depreciation and any outstanding debt that was used to acquire or construct those assets.
- As shown in the following Statement of Changes in Net Position schedule, the net position for governmental activities decreased from \$44.57 million in the prior year to \$44.06 million in the current fiscal year.
- With total revenues for Fiscal Year 2024/25 at \$10.67 million and total expenses at \$11.23 million, the change in net position for current activity was a decrease of \$559 thousand.
- at the end of FY2024-25 General Fund reserves were \$6.9 million, Landscape and Maintenance District (LMD) reserves were \$355 thousand, Successor Housing Agency reserves were \$6.01 million and \$4.1 million in all of the non-major government reserves.

CEQA

The recommended actions for this item do not meet the definition of a "project" under CEQA.

FISCAL IMPACT

The recommended actions for this item do not have an impact of the FY 2025-26 & 26-27 Revised Budget.

ATTACHMENTS

[Att A - 2024-25 City of Clayton ACFR_C&ALLP.pdf](#)
[CLAY Presentation 2025_CALLP.pdf](#)

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2025



City of Clayton
6000 Heritage Trail
Clayton, CA 94517

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CITY OF CLAYTON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025
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CITY OF CLAYTON
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INTRODUCTORY SECTION

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6000 HERITAGE TRAIL CLAYTON, CALIFORNIA 94517
Telephone: (925) 673-7300

City Council
Jeff Wan, MAYOR
Richard Enea, VICE MAYOR
Jim Diaz, COUNCILMEMBER
Holly Tillman, COUNCILMEMBER
Kim Trupiano, COUNCILMEMBER

March 3, 2026

The Honorable Mayor, Members of the City Council, and Residents of Clayton
Clayton, California 94517

Dear Mayor, Members of the City Council, and Residents of Clayton:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the City of Clayton, California, for the fiscal year ending June 30, 2025. This report provides a complete set of financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited by an independent certified public accounting firm.

The Administrative Services Department is responsible for the accuracy, completeness, and fairness of the information contained herein. To the best of our knowledge, the data presented is accurate in all material respects and is designed to fairly reflect the City's financial position and results of operations. All necessary disclosures have been included to assist readers in understanding the City's financial activities. In accordance with GAAP, a Management's Discussion and Analysis (MD&A) accompanies the basic financial statements and provides additional narrative context immediately following the independent auditor's report.

Internal Controls

The Administrative Services Department, in coordination with City management, maintains an internal control framework designed to protect City assets from loss, theft, or misuse, and to ensure the reliability of financial records used to prepare the financial statements. This framework provides reasonable assurance that these objectives are met, recognizing that the cost of controls should not exceed their anticipated benefits and that such evaluations require judgment.

Management believes the City's internal control systems are adequate, as previously supported by the unmodified audit opinion issued by the City's independent auditors.

Independent Audit

The City Council is responsible for ensuring that management fulfills its financial reporting obligations and for engaging an independent certified public accounting firm to audit the City's financial statements.

Do the Right Thing
Integrity – Responsibility – Inclusion – Courage – Kindness – Self-Discipline – Respect
Because It's The Right thing to Do!

State law requires general law cities, such as Clayton, to undergo an annual independent audit. This year's audit was conducted by Chavan & Associates LLC, who issued their opinion in accordance with auditing standards generally accepted in the United States of America and reported their findings directly to the City Council.

Profile of the City of Clayton

The City of Clayton, incorporated in 1964, is located in Contra Costa County in the eastern San Francisco Bay Area. The adopted fiscal year 2024-25 budget includes 28 full-time equivalent employees supporting a population of approximately 10,743 residents across 3.84 square miles as determined by the California Department of Finance, as of January 1, 2025. The City is situated at the northern base of Mt. Diablo and is known for its emphasis on open space preservation and recreational trail networks.

Clayton operates under a Council-Manager form of government. The five-member City Council, elected at large to four-year staggered terms, is responsible for policy development, ordinances, resolutions, budget adoption, and key appointments. The City Manager implements Council directives, manages day-to-day operations, and oversees City staff.

City programs—public safety, public works, parks and recreation, community and economic development, and general government—are presented in the government-wide Statement of Activities in accordance with GASB Statement No. 34. These services include police protection, infrastructure maintenance, facility and park management, planning and land-use regulation, affordable housing, and legislative and administrative support.

The fiscal year runs from July 1 through June 30. Every other year, the City Manager presents a proposed budget to the City Council for adoption before June 30, with ongoing monitoring and revisions at the fund level throughout the year.

Economic Condition and Financial Outlook

Clayton maintains a small-town atmosphere while benefiting from proximity to major transportation corridors, BART stations, low crime rates, strong schools, and a semi-rural environment. This makes the community attractive to families and commuters alike.

Approximately 59.1% of adults over 25 years of age hold a bachelor's degree or higher. As of December 2025, Clayton's unemployment rate was 5.3%, compared to 4.5% for Contra Costa County and 5.1% statewide based on reporting from the California Employment Development Department. For 2025, the median household income was \$172,226, higher than the \$147,900 median household income across all of Contra Costa County for the same time period. As of August 2025, the median home sale price was \$1,075,000, a slight increase of 2.4% from August 2024 according to Redfin. These indicators reflect continued stability in the City's revenue base, particularly in property and sales taxes.

Long-Term Financial Planning

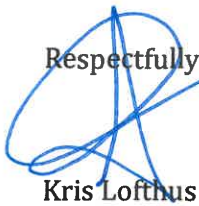
As of June 30, 2025, the City's financial condition remains strong. A key indicator of fiscal health is the level of General Fund reserves. The City Council maintains a minimum catastrophic reserve of \$250,000, and its stated policy goal is to retain undesignated reserves equal to 40% of the General Fund operating budget.

The City also maintains a five-year Capital Improvement Program (CIP) to ensure responsible investment in infrastructure. Over the past decade, the City has invested approximately \$9 million in capital projects funded by state and federal grants, gas tax revenues, Measure J local funds, and former redevelopment revenues. For fiscal year 2025–26, the CIP includes an additional planned investment of \$693,430 in transportation and general infrastructure improvements.

Acknowledgements

We extend our appreciation to staff across all City departments whose dedication and professionalism contributed to the preparation of this ACFR. Special recognition is given to the Administrative Services Department for its leadership and commitment to high-quality financial reporting. We also thank the Mayor and City Council for their continued guidance and support in promoting responsible financial stewardship.

Respectfully submitted,



Kris Lofthus

City Manager

DIRECTORY OF PRINCIPAL OFFICIALS AND ADVISORY BODIES

As of report issuance

CITY COUNCIL

Kim Trupiano, Mayor

Jeff Wan, Vice Mayor

Jim Diaz, Councilmember

Richard Enea, Councilmember

Holly Tillman, Councilmember

COMMISSIONS

Planning Commission

COMMITTEES

Financial Sustainability Committee

Trails and Landscaping Committee

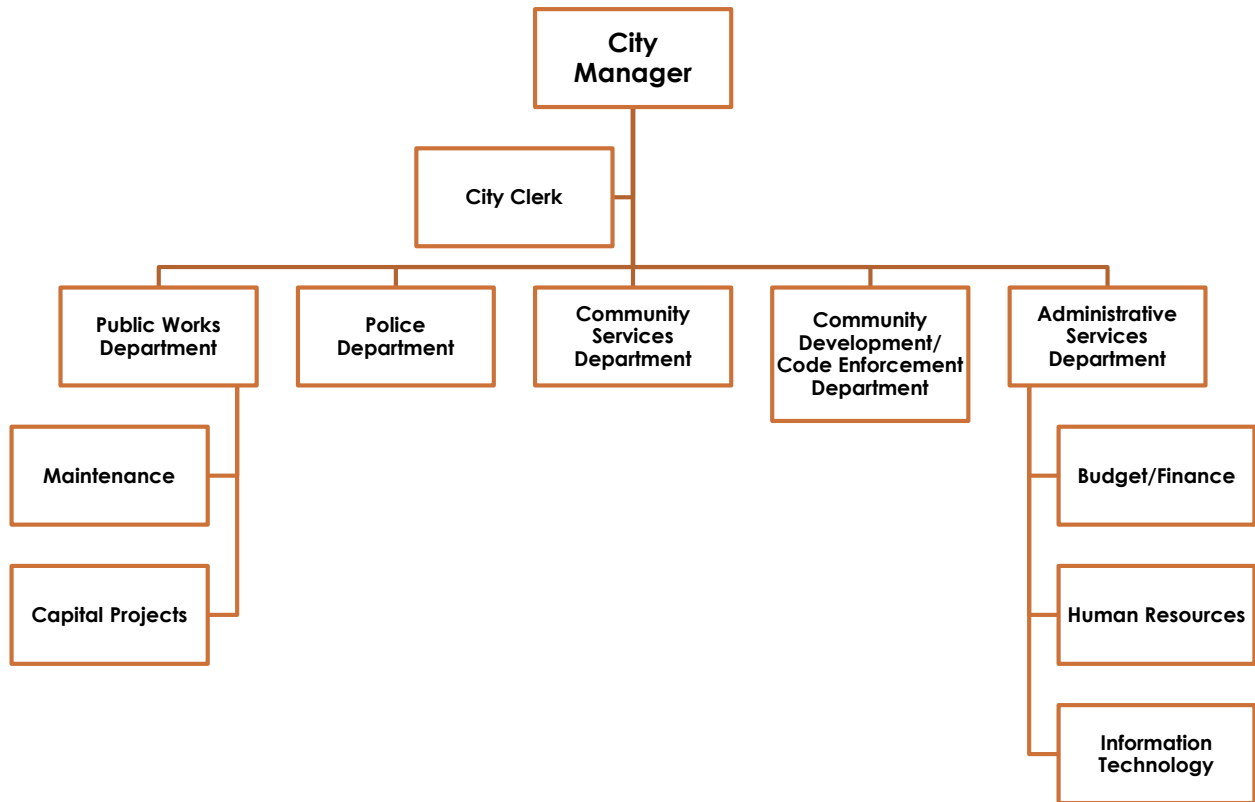
APPOINTED OFFICIALS AND DEPARTMENT HEADS

Kris Lofthus	City Manager
Hank Stratford	City Treasurer
Dennis Bozanich	Administrative Services Director
Jeremy Crone	Chief of Police
Leticia I. Miguel	City Clerk
Malathy Subramanian	City Attorney (contract)

FINANCE TEAM

Jennifer Giantvalley	Accountant
Richard Sanders	Sr. Accountant (consultant)

Organizational Chart



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Clayton
Clayton, California

Report on the audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Clayton, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAGAS, we:

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

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



Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, schedules, and other information listed in the supplementary information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the



other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2026 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
February 24, 2026
Morgan Hill, California



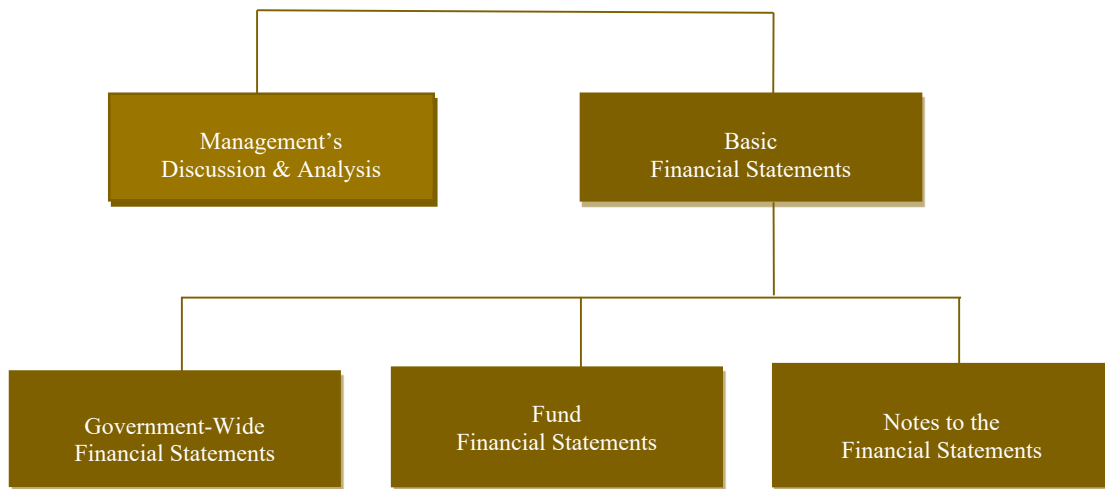
**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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INTRODUCTION

As management of the City of Clayton (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City, for the fiscal year that ended on June 30, 2025. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal. This information can be found on page 1 of this report. The required components of the report are listed below.

Required Components of the Annual Financial Report



FISCAL YEAR 2024/25 FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The assets and deferred outflows of resources of the City exceeded the liabilities at the close of the most recent fiscal year by \$44.8 million (net position). Of this amount, \$29.85 million was classified as net investment in capital assets; \$12.79 million as restricted; and \$2.16 million as unrestricted net position.
- The City's net position decreased by \$559 thousand and its change in net position was \$625,012 thousand more than the prior fiscal year. In Governmental Activities, tax revenues increased by \$621 thousand, charges for services decreased by \$155 thousand, operating grants and contributions increased by \$524 thousand, capital grants and contributions decreased by \$107 thousand, investment earnings decreased by \$304,102 thousand and other revenues increased by \$578 thousand.
- Deferred outflows of resources decreased by \$1.06 million and deferred inflows of resources decreased by \$445 thousand mostly due to differences in expected and actual earnings, expected and actual experiences and changes in proportions related to the City's retirement plans. The City's pension liability in accordance with GASB 68 as of June 30, 2025, was \$6.85 million, while its total OPEB liability for the fiscal year ending June 30, 2025, was \$456 thousand.

- The City's noncurrent liabilities decreased by \$139 thousand or 1.61% in Fiscal Year 2024/25 primarily from scheduled debt service payments and changes in assumptions related to retirement plans.
- The City's net capital assets increased by \$255 thousand, primarily due to additions to improvements net of depreciation.

Fund Highlights

- At the close of Fiscal Year 2024/25, the City's governmental funds reported combined fund balances of \$17.9 million, an increase of \$248 thousand in comparison with the prior year. Approximately \$3.28 million, or 18.35%, was classified as committed fund balance and \$4.81 million, or 26.89%, was classified as assigned fund balance.
- At the end of the current fiscal year, the general fund's unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) was \$6.96 million, or 99% of total general fund expenditures, prior to transfers.
- The fund balance in the General Fund decreased by \$503 thousand, with revenues of \$6.38 million and expenditures of \$7.02 million, prior to transfers in of \$138 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's financial statements. The City's basic financial statements are comprised of (1) Government-wide Financial Statements (2) Fund Financial Statements, and (3) notes to the financial statements. This report also contains other supplementary 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's finances, in a manner similar to a private-sector business. Government-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole. Government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or declining.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is consistent with a full accrual concept, which may result in the reporting of revenues and expenses in the current fiscal year, with cash flows occurring in future fiscal periods (e.g. uncollected revenues; and earned but not used vacation leave).

Both of the government-wide financial statements distinguish functions of the City 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*). An overview of the City's functions associated with each classification is listed below.

Governmental Activities – All of the City's basic services are considered to be governmental activities. This includes general administration, public safety, public works, community and economic development and parks and recreation. Property taxes, parcel taxes, assessments, sales and use taxes, business license taxes, franchise taxes, and state and federal grants finance most of these activities. Charges for services, which include are also used to help offset costs of providing certain services.

Business-Type Activities – This City's enterprise activities include Endeavor Hall operations. Unlike governmental services, these services are fully supported by charges paid by users based on the amount of services they use.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds are presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the details of these non-major funds. Major funds present the major activities of the City for the fiscal year and may change from year to year as a result of changes in the pattern of the City's activities. The City's funds are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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. This represents a modified accrual basis of accounting, with capital assets, long-lived assets, and long-term liabilities excluded from the financial statements. Such information may be useful in evaluating the City'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 the *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 the comparison between *governmental funds* and *governmental activities*.

The City maintains multiple governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major fund as presented in the balance sheet. Data from the other governmental funds are combined into a single aggregated presentation presented as nonmajor funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining

and individual fund statements and schedules section of this report. A budgetary comparison statement has been provided as required supplementary information for the major funds to demonstrate compliance with this budget.

Proprietary Funds

The City has one *enterprise fund* which is a proprietary fund, the *Endeavor Hall Fund*, which is considered a major fund for the City. Enterprise funds provide the same type of information as business-type activities in the government-wide statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reported in the Government-Wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting for fiduciary funds is much like that used for business type activities. The City maintained two types of fiduciary funds during Fiscal Year 2024/25, private purpose trust funds and custodial funds.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's funding progress for its employee pension and OPEB benefit obligations. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the *required supplementary information* on pensions and OPEB as supplementary information. The City also provides combining statements for its sub-funds that comprise the intra fund transactions included in the General Fund. An unaudited statistical section provides historical and current data on financial trends, revenue and debt capacity, demographic and economic information, and operating information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position may serve as an indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44.8 million at the close of the Fiscal Year 2024/25. This represents a decrease of \$559 thousand from the prior year.

The following table summarizes the City's ending net position:

Table 1 - Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 22,407,473	\$ 22,160,653	\$ (176,152)	\$ (151,523)	\$ 22,231,321	\$ 22,009,130
Capital assets	30,044,371	29,760,506	919,887	948,759	30,964,258	30,709,265
Total Assets	\$ 52,451,844	\$ 51,921,159	\$ 743,735	\$ 797,236	\$ 53,195,579	\$ 52,718,395
Deferred Outflows of Resources	\$ 2,340,480	\$ 3,405,111	\$ -	\$ -	\$ 2,340,480	\$ 3,405,111
Liabilities						
Current and other liabilities	\$ 1,726,014	\$ 1,168,524	\$ 11,853	\$ 13,518	\$ 1,737,867	\$ 1,182,042
Noncurrent liabilities	8,481,710	8,620,548	-	-	8,481,710	8,620,548
Total Liabilities	\$ 10,207,724	\$ 9,789,072	\$ 11,853	\$ 13,518	\$ 10,219,577	\$ 9,802,590
Deferred Inflows of Resources	\$ 520,833	\$ 966,116	\$ -	\$ -	\$ 520,833	\$ 966,116
Net Position						
Net investment in capital assets	\$ 28,930,613	\$ 28,607,299	\$ 919,887	\$ 948,759	\$ 29,850,500	\$ 29,556,058
Restricted	12,785,828	11,321,338	-	-	12,785,828	11,321,338
Unrestricted	2,347,326	4,642,445	(188,005)	(165,041)	2,159,321	4,477,404
Total Net Position	\$ 44,063,767	\$ 44,571,082	\$ 731,882	\$ 783,718	\$ 44,795,649	\$ 45,354,800

Net position of the City's governmental activities decreased \$507 thousand. Approximately 5% of net position relating to governmental activities are unrestricted, and \$28.93 million of the net position for governmental activities was for investments in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.), less accumulated depreciation and any outstanding that was debt used to acquire or construct those assets. Capital assets represent infrastructure which provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. Total liabilities related to governmental activities increased by \$419 thousand mostly due to decreases in retirement plan liabilities, leases and subscriptions.

Total net position of the City's business-type activities decreased \$52 thousand.

At the end of the current fiscal year, the City was able to report a positive balance for the government as a whole.

With total revenues for Fiscal Year 2024/25 at \$10.67 million and total expenses at \$11.23 million, the change in net position for current activity was a decrease of \$559 thousand.

An analysis of the changes in revenues and expenses is as follows:

Table 2 - Statement of Changes in Net Position						
Functions/Programs	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2025	2024		2025	2024	
Program Revenues						
Charges for services	\$ 414,647	\$ 570,023	\$ (155,376)	\$ 21,171	\$ 32,581	\$ (11,410)
Operating grants and contributions	1,425,032	901,357	523,675	-	-	-
Capital grants and contributions	186,706	294,025	(107,319)	-	-	-
Total Program Revenues	2,026,385	1,765,405	260,980	21,171	32,581	(11,410)
General Revenues						
Taxes	7,251,984	6,630,788	621,196	-	-	-
Payments in-lieu of taxes	185,123	177,935	7,188	-	-	-
Investment earnings	480,238	784,340	(304,102)	-	-	-
Other revenues	705,939	127,840	578,099	-	-	-
Total General Revenues	8,623,284	7,720,903	902,381	-	-	-
Expenses						
General government	2,631,613	3,832,340	(1,200,727)	-	-	-
Public safety	3,885,336	3,015,212	870,124	-	-	-
Public works	3,046,961	2,581,540	465,421	-	-	-
Community and economic dev.	526,140	462,643	63,497	-	-	-
Parks and recreation	1,060,458	705,432	355,026	-	-	-
Interest on fiscal charges	6,476	7,870	(1,394)	-	-	-
Endeavor Hall	-	-	-	73,007	98,015	(25,008)
Total Expenses	11,156,984	10,605,037	551,947	73,007	98,015	(25,008)
Increase / (Decrease) in Net Position	(507,315)	(1,118,729)	611,414	(51,836)	(65,434)	13,598
Net Position, Beginning of Year	44,571,082	45,689,811	(1,118,729)	783,718	849,152	(65,434)
Net Position, End of Year	\$ 44,063,767	\$ 44,571,082	\$ (507,315)	\$ 731,882	\$ 783,718	\$ (51,836)

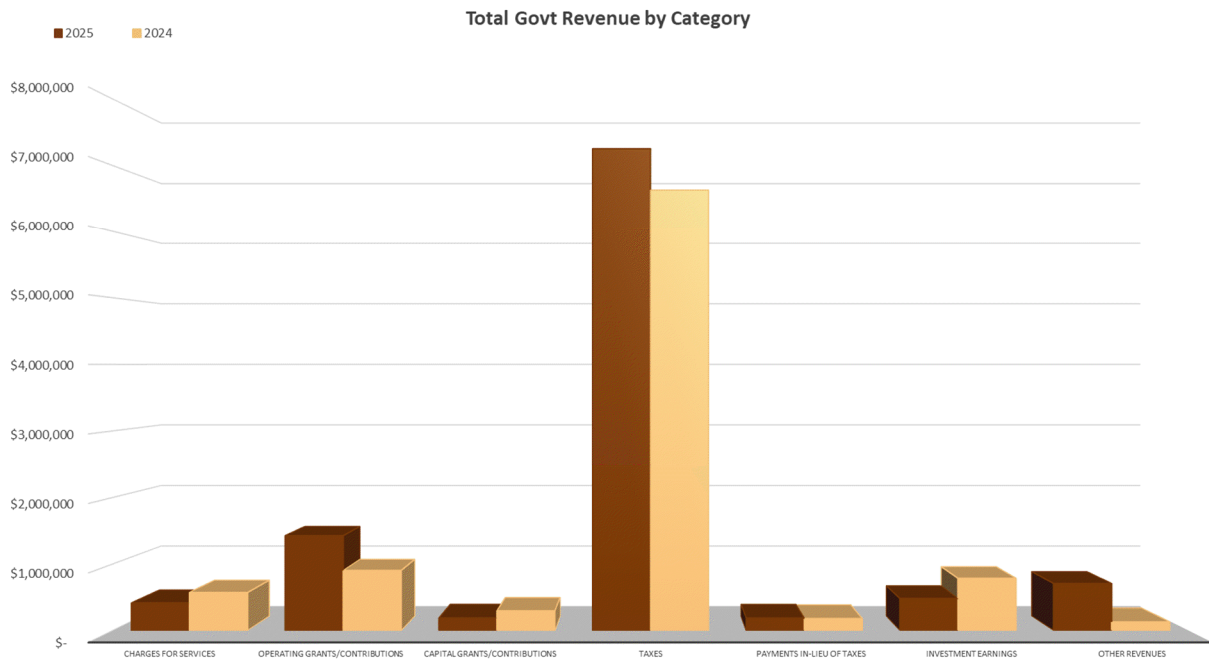
Governmental Activities

As shown in the following *Statement of Changes in Net Position* schedule, the net position for governmental activities decreased from \$44.57 million in the prior year to \$44.06 million in the current fiscal year. This increase is largely due to decreases in program revenues from charges for services and capital grants and contributions, and an increase in total expenses.

The decrease in charges for services was mostly attributed to programs allocated to public works and the reclassification of some charges to contributions.

The increase in expenses was mostly attributed to public safety, public works and parks and recreation services during the year, and an increase in pension expense across all departments.

The major components of governmental revenues are shown below:



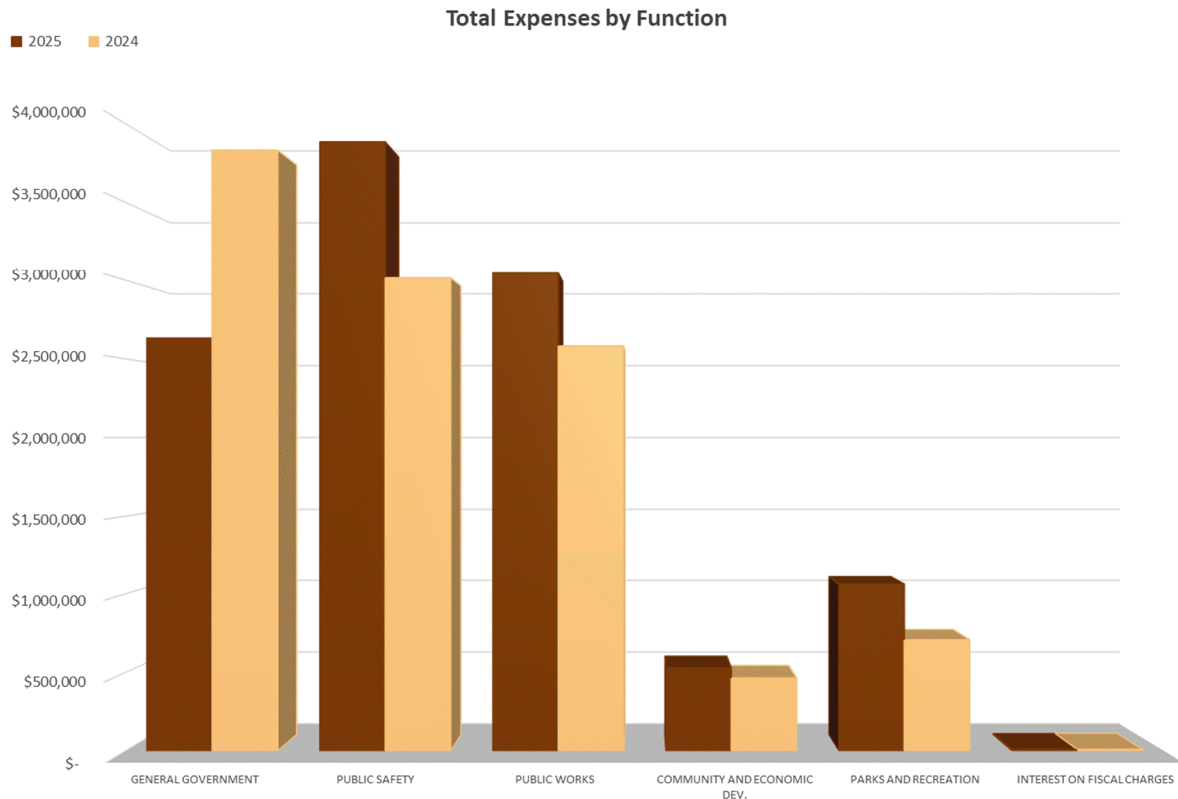
Taxes remained the largest revenue source in both years, with 2025 seeing an increase over 2024, reflecting higher tax collections driven by economic growth and housing turnover. Operating grants and contributions also rose significantly in 2025, suggesting increased financial support from federal and state grants.

Revenue from charges for services declined, likely due to lower usage for services such as permits, utilities, and public transportation. Investment earnings declined, indicating lower financial returns from government investments, influenced by a transition to more liquid investments.

Capital grants and contributions showed a slight decrease in 2025 but remained a small portion of overall revenue, reflecting the city's limited number of infrastructure projects. Payments in lieu of taxes saw minimal change, as these payments, made by tax-exempt entities in place of property taxes, remained steady. Other revenues also increased significantly because of transfers from custodial funds that are required to be reported as revenue.

Overall, total revenue grew in 2025, primarily driven by increases in tax collections, operating grants and other revenue. While taxes remain the dominant revenue source, diversification is evident, with notable gains in investment earnings and service charges. The government continues to rely heavily on taxes, but alternative funding sources, such as grants and investments, are playing an increasingly important role.

The major components of governmental expenses are shown below:



In 2025, most functional areas experienced an increase in spending compared to 2024, except for General Government Expenses. General Government Expenses saw a notable decrease, reflecting an allocation of resources toward administrative and operational costs. Public Safety expenditures increased, suggesting a steady investment in law enforcement and emergency services. Public Works spending was higher in 2025 than in 2024, indicating a relatively stable investment in infrastructure and maintenance. Similarly, Community and Economic Development expenses experienced a slight uptick, highlighting continued but modest efforts to foster local growth and economic initiatives. Parks and Recreation expenditures also saw an increase, suggesting a consistent focus on community leisure and outdoor spaces.

Interest in Fiscal Charges remained relatively low and showed little to no change, indicating stable debt service costs. Among all categories, Public Safety and Public Works reported the highest expenses, underscoring the priority in budget allocation. Conversely, Community and Economic Development had the lowest expenses, suggesting a more conservative approach to funding in this area. Overall, the budget adjustments in 2025 indicate stronger emphasis on Public Safety operations and Public Works, reflecting potential administrative growth and infrastructure investments.

Business-Type Activities

The City's business type activities represent Endeavor Hall operations. Total program revenues for business-type activities were \$21 thousand from charges for services, a decrease of \$11.4 thousand. Total expenses for business-type activities were \$73 thousand, which was a decrease of \$25 thousand from prior year, primarily due to a decrease in administration costs.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

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

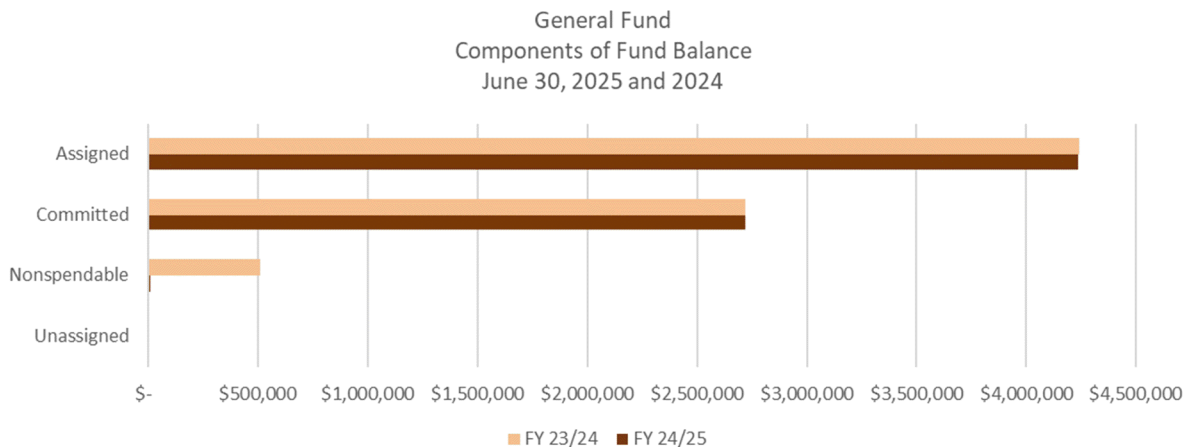
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City's Council. The following table summarizes the changes in fund balance of the Major Funds and Other Nonmajor Governmental Funds:

Table 3 - Summary of Changes in Fund Balance - Governmental Funds

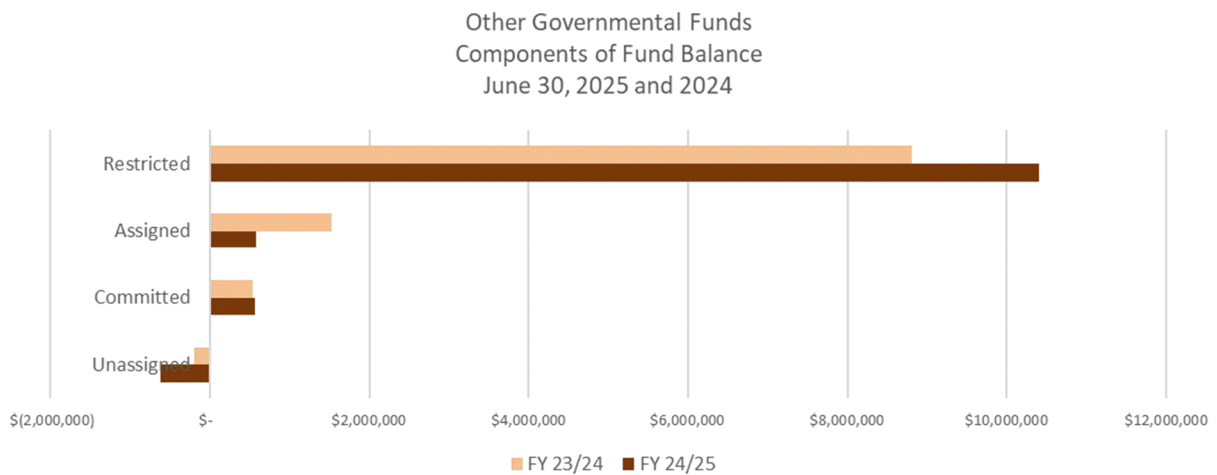
	Major Funds					Total
	General Fund	Landscape Maintenance District Fund	Successor Housing Agency Fund	Grants Fund	Nonmajor Gov't Funds	
Total Revenues	\$ 6,381,889	\$ 1,339,732	\$ 74,243	\$ 706,077	\$ 2,073,084	\$ 10,575,025
Total Expenditures	7,022,743	1,363,886	2,901	484,066	1,949,342	10,822,938
Revenues Over (Under) Exp.	(640,854)	(24,154)	71,342	222,011	123,742	(247,913)
Transfers In	138,178	-	-	-	-	138,178
Transfers Out	-	(45,116)	-	-	(93,062)	(138,178)
Net Change in Fund Balances	(502,676)	(69,270)	71,342	222,011	30,680	(247,913)
Beginning Fund Balances	7,467,481	424,342	5,999,729	204,218	4,050,254	18,146,024
Ending Fund Balances	\$ 6,964,805	\$ 355,072	\$ 6,071,071	\$ 426,229	\$ 4,080,934	\$ 17,898,111

General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the assigned fund balance of the general fund was \$4.24 million and the total fund balance in the General Fund was \$6.96 million. This is a decrease in fund balance of \$503 thousand, or 7%, from the prior year. The major components of the fund balance are shown below:



The following chart displays the components of fund balance for governmental funds other than the General Fund:



CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, was \$30.96 million (net of accumulated depreciation). This includes net capital assets from governmental activities of \$30.04 million and net capital assets from business type activities at \$920 thousand. The total increase in the City's capital assets during the fiscal year was approximately \$255 thousand. This includes a net increase of \$284 thousand related to Governmental Activities and a net decrease of \$29 thousand related to Business-type Activities.

The following table summarizes the City's capital assets at the end of the year:

Table 4 - Capital Assets

	Governmental Activities		Business-type Activities		Total		% Change
	2025	2024	2025	2024	2025	2024	
Land	\$ 2,086,965	\$ 2,086,965	\$ 167,738	\$ 167,738	\$ 2,254,703	\$ 2,254,703	0.00%
Construction-in-progress	2,929,530	1,754,833	-	-	2,929,530	1,754,833	66.94%
Infrastructure	17,125,490	17,732,109	-	-	17,125,490	17,732,109	-3.42%
Buildings	2,474,964	2,638,834	752,149	780,164	3,227,113	3,418,998	-5.61%
Imp. other than Buildings	4,556,218	4,778,424	-	857	4,556,218	4,779,281	-4.67%
Machinery and Equipment	755,657	601,128	-	-	755,657	601,128	25.71%
Right of Use Assets	115,547	168,213	-	-	115,547	168,213	-31.31%
Total Capital Assets, Net	\$ 30,044,371	\$ 29,760,506	\$ 919,887	\$ 948,759	\$ 30,964,258	\$ 30,709,265	0.83%

Additional detail and information on capital asset activity is described in the notes to the financial statements, Note 6.

DEBT ADMINISTRATION

During the year, Long-Term Debt from governmental activities decreased by \$39 thousand, primarily due to payments made for leases and subscriptions. The following table summarizes the City's debt at the end of the year:

Table 5 - Outstanding Long-Term Debt

	Governmental Activities		
	2025	2024	% Change
California Energy Commission Loan	\$ 967,407	\$ 967,407	0.00%
Leases Payable	122,404	150,289	-18.55%
Subscriptions Payable	23,947	35,511	-32.56%
Total outstanding long-term debt	<u>\$ 1,113,758</u>	<u>\$ 1,153,207</u>	-3.42%

Additional detail and information on long-term debt activity is described in the notes to the financial statements, Note 7.

GENERAL FUND BUDGETARY HIGHLIGHTS

Changes from the City's General Fund original budget to the final budget are detailed in the *Required Supplementary Information* section along with a comparison to actual activity for the year ended. In Fiscal Year 2024/25, the City originally estimated that a \$552 thousand deficit change in fund balance which would decrease overall fund balance. This "drawdown" from fund balance was needed to maintain normal operations, however due to higher-than-expected expenditures in general government, public safety, community and economic development, and parks and recreation departments, the City's deficit change in fund balance ended the year at \$641 thousand.

Revenues

The FY2024/25 General Fund adopted and final revenue budgets were \$5.67 million while actual revenues recorded were \$6.38 million. Most of the increase in revenue was due to other revenue, which was \$562 thousand over budget, from a variety of sources.

Expenditures

The FY2024/25 General Fund adopted expenditures budget was \$6.23 million and the final expenditures budget was \$6.28 million. Actual FY2024/25 General Fund expenditures totaled \$7.02 million. General government and public safety expenditures led the way at \$319 thousand and \$290 thousand over budget due to contracted services in the General Government segment and un-budgeted full staffing in the police department.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

As the City of Clayton is largely a residential community the annual General Fund operating budget relies heavily on property taxes to finance annual operating appropriations rather than other sources of revenue larger and more commercially and industrial developed municipalities have access to (i.e. sales and

transient occupancy taxes). The City strives to meet the ever-evolving needs of local residents and businesses within the constraints of limited and sometimes restrictive revenue sources.

For FY2025-26 and beyond, the City has adopted its first two-year budget. The FY2025-26 General Fund component of the two-year budget has been adjusted to balance at \$6.20 million. The FY2026-27 component of the adopted budget has a General Fund revenue budget of \$5.92 million and budgeted expenditures of \$6.57 million. The adopted budget contains a \$652 thousand gap in available funding that would require the use of reserves if it were left un-adjusted. Currently, staff is working on a package of FY2026-27 General Fund adjustments for the City Council to consider in the next thirty to forty-five days.

The City Council spent considerable time identifying additional revenue options in the final quarters of Calendar Year 2025. The primary focus for the City in considering other revenue options are tied to an updates Long Term Financial Forecast (LTFF), which is providing a forward look at the City's General Fund operating revenues and expenditures. Its purpose is to identify financial trends, shortfalls, opportunities and issues so the City can proactively address them. It does so by projecting the future ten years of fiscal results of continuing the City's current service levels and policies. The LTFF lays the foundation for the budget, aiding both the City Manager and City Council in establishing priorities and allocating resources appropriately.

REQUEST FOR FINANCIAL 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 Administrative Services Director, 6000 Heritage Trail, Clayton, California 94517.



BASIC FINANCIAL STATEMENTS

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City of Clayton
Statement of Net Position
June 30, 2025

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 15,144,406	\$ -	\$ 15,144,406
Taxes receivable	413,055	-	413,055
Accounts receivable	652,318	-	652,318
Interest receivable	359	-	359
Prepaid items	9,377	-	9,377
Internal balances	176,152	(176,152)	-
Total Current Assets	16,395,667	(176,152)	16,219,515
Noncurrent Assets:			
Notes receivable	2,947,350	-	2,947,350
Investment in affordable housing	3,064,456	-	3,064,456
Capital Assets:			
Nondepreciable	5,016,495	167,738	5,184,233
Depreciable, net of accumulated depreciation	25,027,876	752,149	25,780,025
Total Capital Assets, Net	30,044,371	919,887	30,964,258
Total Noncurrent Assets	36,056,177	919,887	36,976,064
Total Assets	\$ 52,451,844	\$ 743,735	\$ 53,195,579
DEFERRED OUTFLOWS OF RESOURCES			
Pension Adjustments	\$ 2,340,480	\$ -	\$ 2,340,480
Total Deferred Outflows of Resources	\$ 2,340,480	\$ -	\$ 2,340,480
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 590,321	\$ 7,353	\$ 597,674
Accrued payroll and benefits	95,140	-	95,140
Deposits payable	130	4,500	4,630
Unearned revenue	900,685	-	900,685
Compensated absences, due within one year	98,971	-	98,971
Long-term debt, due within one year	40,767	-	40,767
Total Current Liabilities	1,726,014	11,853	1,737,867
Noncurrent Liabilities:			
Net pension liability	6,853,288	-	6,853,288
Net OPEB liability	456,460	-	456,460
Compensated absences, due in more than one year	98,971	-	98,971
Loans payable, due in more than one year	1,072,991	-	1,072,991
Total Noncurrent Liabilities	8,481,710	-	8,481,710
Total Liabilities	\$ 10,207,724	\$ 11,853	\$ 10,219,577
DEFERRED INFLOWS OF RESOURCES			
Pension Adjustments	\$ 384,824	\$ -	\$ 384,824
OPEB Adjustments	136,009	-	136,009
Total Deferred Inflows of Resources	\$ 520,833	\$ -	\$ 520,833
NET POSITION			
Net investment in capital assets	\$ 28,930,613	\$ 919,887	\$ 29,850,500
Restricted for:			
Grant funded programs	426,229	-	426,229
The Grove Park (CFD 2006-1)	557,786	-	557,786
Transportation	2,989,842	-	2,989,842
Public landscaping	355,072	-	355,072
Affordable housing	8,447,535	-	8,447,535
Community facilities	9,364	-	9,364
Total Restricted	12,785,828	-	12,785,828
Unrestricted	2,347,326	(188,005)	2,159,321
Total Net Position	\$ 44,063,767	\$ 731,882	\$ 44,795,649

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

City of Clayton
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 2,631,613	\$ 151,319	\$ 361,349	\$ 186,706	\$ (1,932,239)		\$ (1,932,239)
Public safety	3,885,336	41,423	329,472	-	(3,514,441)		(3,514,441)
Public works	3,046,961	62,962	734,211	-	(2,249,788)		(2,249,788)
Community and economic development	526,140	84,893	-	-	(441,247)		(441,247)
Parks and recreation	1,060,458	74,050	-	-	(986,408)		(986,408)
Interest	6,476	-	-	-	(6,476)		(6,476)
Total Governmental Activities	\$ 11,156,984	\$ 414,647	\$ 1,425,032	\$ 186,706	(9,130,599)		(9,130,599)
Business-Type Activities:							
Endeavor Hall	\$ 73,007	\$ 21,171	\$ -	\$ -		(51,836)	(51,836)
Total Business-Type Activities	\$ 73,007	\$ 21,171	\$ -	\$ -		(51,836)	(51,836)
General Revenues:							
Taxes:							
Property taxes					3,311,289	-	3,311,289
Special parcel taxes and assessments					1,784,883	-	1,784,883
Sales and use tax					1,288,955	-	1,288,955
Business license tax					173,805	-	173,805
Franchise taxes					693,052	-	693,052
Total taxes					7,251,984	-	7,251,984
Payments in-lieu of taxes					185,123	-	185,123
Investment earnings					480,238	-	480,238
Other revenues					705,939	-	705,939
Total General Revenues					8,623,284	-	8,623,284
Change in Net Position					(507,315)	(51,836)	(559,151)
Net Position - Beginning of Year					44,571,082	783,718	45,354,800
Net Position - End of Year					\$ 44,063,767	\$ 731,882	\$ 44,795,649

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Funds are used to account for activities primarily supported by taxes, grants, and similar revenue sources. All governmental funds can be classified into Major and Nonmajor funds based on certain criteria identified by accounting standards.

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

The ***Landscape Maintenance District Fund*** accounts for real property voter-approved special parcel taxes collected to maintain arterial landscaping and open space within the City. This fund was established for the Community Facilities District No. 2007-1 which sunsets in 2027.

The ***Successor Housing Agency Fund*** accounts for the activities related to the assets assumed by the City as the Housing Successor to the housing activities of the former Redevelopment Agency of the City.

The ***Grants Fund*** accounts for grants received for specific programs and projects.

The ***Nonmajor Governmental Funds*** of the City are aggregated and presented on the face of the basic financial statements in one column.

City of Clayton
Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds					
	General Fund	Landscape Maintenance District Fund	Successor Housing Agency Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 6,259,626	\$ 437,589	\$ 2,420,166	\$ 889,048	\$ 4,686,633	\$ 14,693,062
Taxes receivable	179,358	-	-	101,537	132,160	413,055
Accounts receivable	300,025	-	-	4,126	348,167	652,318
Interest receivable	359	-	-	-	-	359
Prepaid items	9,377	-	-	-	-	9,377
Notes receivable	-	-	2,947,350	-	-	2,947,350
Investment in affordable housing	-	-	3,064,456	-	-	3,064,456
Due from other funds	729,435	-	-	-	-	729,435
Total assets	\$ 7,478,180	\$ 437,589	\$ 8,431,972	\$ 994,711	\$ 5,166,960	\$ 22,509,412
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 312,545	\$ 74,248	\$ 2,901	\$ 58,062	\$ 138,872	\$ 586,628
Accrued payroll and benefits	182,366	8,269	-	2,641	835	194,111
Deposits payable	-	-	-	-	130	130
Unearned revenue	-	-	-	507,779	392,906	900,685
Due to other funds	-	-	-	-	553,283	553,283
Total liabilities	494,911	82,517	2,901	568,482	1,086,026	2,234,837
Deferred Inflows of Resources:						
Unavailable revenues	18,464	-	2,358,000	-	-	2,376,464
Total deferred inflows of resources	18,464	-	2,358,000	-	-	2,376,464
Fund Balances:						
Nonspendable						
Prepaid items	9,377	-	-	-	-	9,377
Total nonspendable	9,377	-	-	-	-	9,377
Restricted:						
Grant funded programs	-	-	-	426,229	-	426,229
The Grove Park (CFD 2006-1)	-	-	-	-	557,786	557,786
Transportation	-	-	-	-	2,989,842	2,989,842
Public landscaping	-	355,072	-	-	-	355,072
Affordable housing	-	-	6,071,071	-	-	6,071,071
Community facilities	-	-	-	-	9,364	9,364
Total restricted	-	355,072	6,071,071	426,229	3,556,992	10,409,364
Committed:						
Presley settlement	-	-	-	-	56,245	56,245
Development impact	-	-	-	-	507,894	507,894
Emergency Reserve	2,720,000	-	-	-	-	2,720,000
Total committed	2,720,000	-	-	-	564,139	3,284,139
Assigned:						
Budget contingency	680,000	-	-	-	-	680,000
Technology	300,000	-	-	-	-	300,000
Vehicle Replacement	500,000	-	-	-	-	500,000
Pensions	300,000	-	-	-	-	300,000
Capital projects	2,455,428	-	-	-	577,739	3,033,167
Total assigned	4,235,428	-	-	-	577,739	4,813,167
Unassigned	-	-	-	-	(617,936)	(617,936)
Total fund balances	6,964,805	355,072	6,071,071	426,229	4,080,934	17,898,111
Total liabilities, deferred inflows of resources and fund balances	\$ 7,478,180	\$ 437,589	\$ 8,431,972	\$ 994,711	\$ 5,166,960	\$ 22,509,412

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

City of Clayton
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds \$ 17,898,111

Amounts reported for governmental activities in the statement of net position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Capital assets	54,420,643
Less: accumulated depreciation	(25,131,929)
Total Capital Assets	<u>29,288,714</u>

Internal service funds are used by management to charge the costs of interdepartmental services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. 1,203,308

The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows or deferred outflows of resources in the statement of net position. 1,819,647

Liabilities were reported for certain revenues that were not available to pay current period expenditures and were reported as deferred inflows of resources in the fund statements. 2,376,464

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term debt	(1,113,758)
Compensated absences	(98,971)
Net pension liability	(6,853,288)
Total OPEB liability	(456,460)
Total Long-Term Obligations	<u>(8,522,477)</u>

Net Position of Governmental Activities \$ 44,063,767

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

City of Clayton
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Major Funds					
	General	Landscape	Successor		Nonmajor	Total
	Fund	Maintenance	Housing	Grants	Governmental	Governmental
	Fund	District	Agency	Fund	Funds	Funds
REVENUES						
Property Taxes	\$ 3,311,289	\$ -	\$ -	\$ -	\$ -	\$ 3,311,289
Special parcel taxes and assessments	-	1,320,848	-	-	464,035	1,784,883
Sales and use tax	547,299	-	-	-	741,656	1,288,955
Business license tax	173,805	-	-	-	-	173,805
Permits, licenses and fees	160,836	-	-	-	63,464	224,300
Fines, forfeitures and penalties	117,357	-	-	-	-	117,357
Intergovernmental	117,767	-	-	682,886	624,379	1,425,032
Motor vehicle in-lieu fees	16,915	-	-	-	-	16,915
Other in-lieu fees	185,123	-	-	-	-	185,123
Franchise taxes	693,052	-	-	-	-	693,052
Charges for services	72,990	-	-	-	-	72,990
Use of money and property	293,856	18,884	74,243	23,191	179,550	589,724
Other revenue	691,600	-	-	-	-	691,600
Total Revenues	6,381,889	1,339,732	74,243	706,077	2,073,084	10,575,025
EXPENDITURES						
Current:						
General government	1,991,697	-	-	278,569	-	2,270,266
Public safety	3,494,972	-	-	-	-	3,494,972
Public works	354,917	1,363,886	-	-	544,929	2,263,732
Community and economic development	489,073	-	-	-	-	489,073
Parks and recreation	517,088	-	-	-	113,842	630,930
Capital outlay	129,071	-	2,901	205,497	1,290,571	1,628,040
Debt service						
Principal	39,449	-	-	-	-	39,449
Interest	6,476	-	-	-	-	6,476
Total Expenditures	7,022,743	1,363,886	2,901	484,066	1,949,342	10,822,938
Excess (Deficiency) of						
Revenues over Expenditures	(640,854)	(24,154)	71,342	222,011	123,742	(247,913)
OTHER FINANCING SOURCES (USES)						
Transfers in	138,178	-	-	-	-	138,178
Transfers out	-	(45,116)	-	-	(93,062)	(138,178)
Total Other Financing Sources (Uses)	138,178	(45,116)	-	-	(93,062)	-
Net Change in Fund Balances	(502,676)	(69,270)	71,342	222,011	30,680	(247,913)
Fund Balances Beginning	7,467,481	424,342	5,999,729	-	4,254,472	18,146,024
Prior Period Fund Reclassifications	-	-	-	204,218	(204,218)	-
Fund Balances Beginning, as Adjusted	7,467,481	424,342	5,999,729	204,218	4,050,254	18,146,024
Fund Balances Ending	\$ 6,964,805	\$ 355,072	\$ 6,071,071	\$ 426,229	\$ 4,080,934	\$ 17,898,111

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

City of Clayton

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ (247,913)
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Amounts reported for governmental activities in the Statement of Activities and Changes in net position were different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in net position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.

Capital asset additions	1,315,551
Depreciation expense	(1,186,215)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Repayment of lease liabilities	27,885
Repayment of subscription liabilities	11,564

Compensated absences not required to be paid with current financial resources are not reported in the governmental funds, but are accrued as noncurrent liabilities in the Government Wide Statement Net Position. The change from prior year accrued compensated absences is reported in the applicable program expense.

5,004

Certain revenues were not recorded or recorded as unearned revenue in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities under the full accrual basis.

(128,976)

Internal service funds are used by management to charge the costs of interdepartmental services to individual funds. The revenue and expenses of the internal service funds are eliminated in the governmental activities in the statement of net activities.

222,066

In governmental funds, actual contributions to benefit plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year benefit expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.

(545,414)

Certain expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the fund statements as follows:

Other postemployment benefits	19,133
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Change in Net Position of Governmental Activities

<u><u>\$ (507,315)</u></u>

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

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PROPRIETARY FUND FINANCIAL STATEMENTS

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

Enterprise Funds

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

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

Internal Service Funds

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

City of Clayton
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities (Enterprise Fund)	Governmental Activities
	Endeavor Hall Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ -	\$ 451,344
Prepaid items	-	-
Total current assets	-	451,344
Noncurrent assets:		
Land	167,738	-
Depreciable capital assets, net	752,149	755,657
Total noncurrent assets	919,887	755,657
Total assets	\$ 919,887	\$ 1,207,001
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 7,353	\$ 3,693
Deposits payable	4,500	-
Due to other funds	176,152	-
Total liabilities	\$ 188,005	\$ 3,693
NET POSITION		
Net Investment in capital assets	\$ 919,887	\$ 755,657
Unrestricted	(188,005)	447,651
Total net position	\$ 731,882	\$ 1,203,308

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

City of Clayton

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2025

	Business-Type Activities (Enterprise Fund)	Governmental Activities
	Endeavor Hall Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 21,171	\$ 140,369
Total operating revenues	<u>21,171</u>	<u>140,369</u>
OPERATING EXPENSES		
Personnel	7,672	-
General and administration	36,463	2,389
Depreciation and amortization	28,872	119,534
Total operating expenses	<u>73,007</u>	<u>121,923</u>
Operating income (loss)	(51,836)	18,446
NONOPERATING REVENUES(EXPENSES)		
Investment income	-	16,914
Income (loss) before contributions	(51,836)	35,360
CONTRIBUTIONS AND TRANSFERS		
Capital contributions	-	186,706
Change in net position	(51,836)	222,066
Total net position - beginning	<u>783,718</u>	<u>981,242</u>
Total net position - ending	<u>\$ 731,882</u>	<u>\$ 1,203,308</u>

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

City of Clayton
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities (Enterprise Fund)	Governmental Activities
	Endeavor Hall Fund	Internal Service Funds
Cash flows from operating activities:		
Receipts from customers	\$ 19,171	\$ 140,369
Payments to suppliers	(34,493)	648
Payments to employees	(7,672)	-
Net cash provided (used) by operating activities	(22,994)	141,017
Cash flows from noncapital financing activities:		
Interfund transactions	22,994	-
Net cash provided (used) by noncapital financing activities	22,994	-
Cash flows from capital financing activities:		
Acquisition of capital assets	-	(274,063)
Capital contributions	-	186,706
Net cash provided (used) by capital financing activities	-	(87,357)
Cash flows from investing activities:		
Investment income received	-	16,914
Net cash provided (used) by investing activities	-	16,914
Net increase (decrease) in cash and cash equivalents	-	70,574
Cash and cash equivalents - beginning	-	380,770
Cash and cash equivalents - ending	\$ -	\$ 451,344
Reconciliation of operating income to net cash provided (used)		
by operating activities:		
Operating income (loss)	\$ (51,836)	\$ 18,446
Adjustments to reconcile operating income (loss)		
to net cash provided (used) by operating activities:		
Depreciation and amortization	28,872	119,534
Changes in operating assets and liabilities:		
Prepaid items	1,635	-
Accounts payable	335	3,037
Deposits payable	(2,000)	-
Net cash provided (used) by operating activities	\$ (22,994)	\$ 141,017

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

FIDUCIARY FUND FINANCIAL STATEMENTS

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

Private-Purpose Trust Funds

Private Purpose Trust Funds account for resources held for other individuals and entities in a manner similar to private enterprise. The Successor Agency Private Purpose Trust Fund includes the *Redevelopment Successor Agency Fund*. The Successor Agency was created as a result of the State order to dissolve California Redevelopment Agencies. These funds are used to track the activities by the Successor Agency Oversight Board and the City's Department of Finance in relation to the remaining assets and liabilities of the Successor Agency. The Housing Successor is governed by the City Council and is obligated to use the Housing Successor Agency's assets according to Redevelopment law for low and moderate-income housing.

Custodial Funds

Custodial funds account for assets held by the City in a purely custodial capacity and use the economic resources measurement focus. Custodial funds are not presented in the government-wide financial statements. The custodial funds are used to account for resources collected and spent on behalf of others.

City of Clayton

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2025

	Private-Purpose Trust Fund	
	Redevelopment Successor Agency Fund	Custodial Funds
ASSETS		
Current assets:		
Cash and investments	\$ 1,277	\$ 748,758
Cash with fiscal agent	-	12,980
Assessments receivable	-	125,572
Accounts receivable	-	18,135
Notes receivable	22,247	12,851
Total Assets	\$ 23,524	\$ 918,296
LIABILITIES		
Current liabilities:		
Accounts payable	\$ -	\$ 118,827
Accrued liabilities	-	1,670
Deposits payable	-	167,377
Interest payable	-	2,498
Bonds payable	-	103,325
Loans payable	-	22,247
Total Liabilities	\$ -	\$ 415,944
NET POSITION		
Restricted for RDA obligation retirement (held in trust)	\$ 23,524	\$ -
Individuals, organizations and other governments	-	502,352
Total Net Position	\$ 23,524	\$ 502,352

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

City of Clayton
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	Private-Purpose Trust Fund	
	Redevelopment Successor Agency Fund	Custodial Funds
ADDITIONS		
Taxes and assessments	\$ -	\$ 129,733
Investment income:		
Interest	(1,072)	8,029
Changes in fair value	5,626	11,793
Received from the City	-	38,159
Total additions	4,554	187,714
DEDUCTIONS		
Administrative expenses	-	16,688
Materials and supplies	-	9,883
Professional services	-	65,140
Licenses and fees	2,398	500
Debt service	747	27,453
Payments to the City	-	549,500
Total deductions	3,145	669,164
Change in net position	1,409	(481,450)
Total net position - beginning	22,115	983,802
Total net position - ending	\$ 23,524	\$ 502,352

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

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**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Clayton, California, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (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. Financial Reporting Entity

The City of Clayton (City) is primarily a residential community nestled in the foothills of Mount Diablo in Contra Costa County, California. The City was incorporated on March 3, 1964 under the laws of the State of California, and encompasses approximately four square miles with a population of 11,700. The City operates under the Council-Manager form of government, with five elected Council members served by a full-time City Manager providing the following services: public works, parks and recreation services, community and economic development, public safety, and general government.

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. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The city did not report any blended component units during the year.

B. Basis of Presentation, 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions, or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities and Changes in Net Position*. These statements present summaries of governmental and business-type activities for the City. Fiduciary activities of the City are not included in these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, are included in the accompanying *Statement of Net Position*. The *Statement of Activities* presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is

City of Clayton
Notes to the Basic Financial Statements
June 30, 2025

incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. 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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. 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 Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal 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:

- Transfers in/Transfers 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 funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position 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, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present increases (revenues 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. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Revenues from other governmental agencies (excluding property taxes) are deemed to be available if received within one hundred eighty (180) days after fiscal year end. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned 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

City of Clayton
Notes to the Basic Financial Statements
June 30, 2025

the government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

The City reports the following funds as major 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 that are required to be accounted for in another fund.

Landscape Maintenance District Fund

The Landscape Maintenance District Fund accounts for real property voter-approved special parcel taxes collected to maintain arterial landscaping and open space within the City. This fund was established for the Community Facilities District No. 2007-1 which sunsets in 2027.

Successor Housing Agency Fund

The Successor Housing Agency Fund accounts for the activities related to the assets assumed by the City as the Housing Successor to the housing activities of the former Redevelopment Agency of the City.

Grants Fund

The Grants Fund accounts for grants received for specific programs and projects.

Additionally, the City reports the following nonmajor fund types of governmental funds:

Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to specific purposes other than debt service or capital projects.

Capital Project Funds

Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets in governmental funds.

Proprietary Funds

In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the “economic resources measurement focus”. This means all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with their activities are included on their balance sheets. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements.

City of Clayton
Notes to the Basic Financial Statements
June 30, 2025

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

The City has the following enterprise fund that were reported as major:

Endeavor Hall

The Endeavor Hall 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 Equipment Replacement Fund

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

Self-Insurance Fund

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

Pension Rate Stabilization Fund

This fund stabilizes major fluctuations in annual employer pension costs driven by market factors and actuarial changes.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Private Purpose Trust Funds

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

The Redevelopment Successor Agency Fund is used to account for the Clayton Successor Agency transactions. The Successor Agency was created as a result of the State order to dissolve California Redevelopment Agencies. These funds are used to track the activities by the Successor Agency Oversight Board and the City's Department of Finance in relation to the remaining assets and liabilities of the Successor Agency. The Housing Successor is governed by the City Council and is obligated to use the Housing Successor Agency's assets according to Redevelopment law for low and moderate-income housing.

Custodial Funds

Custodial funds account for assets held by the City in a purely custodial capacity and use the economic resources measurement focus. Custodial funds are not presented in the government-wide financial statements. The custodial funds are used to account for resources collected and spent on behalf of others.

C. Cash, Cash Equivalents and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments. For the purpose of the statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas: Interest Rate Risk, Overall Credit Risk, Custodial Credit Risk, Concentrations of Credit Risk, and Foreign Currency Risk.

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. The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

City of Clayton
Notes to the Basic Financial Statements
June 30, 2025

D. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources. The City considers all trade and property tax receivables to be fully collectible and therefore no allowance for uncollectible accounts is considered necessary.

E. Receivables

Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. Revenues earned but not collected by year-end are accrued. No allowance for uncollectible accounts receivable has been provided as management has determined that uncollectible accounts have historically been immaterial and the direct write-off method does not result in a material difference from the allowance method.

F. Prepaid Items

Prepaid expenses are also recognized under the consumption method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid expenses in both government-wide and fund financial statements.

G. Notes Receivable

Repayments of outstanding loans are classified as a revenue source in the applicable funds when collected and expenditures in the years disbursed. The portion of loans receivable deemed to be unavailable have been offset by *Unavailable Revenues* in the accompanying financial statements, which is a part of deferred inflows of resources.

H. Investment in Affordable Housing

This City Successor Housing Agency special revenue fund has purchased and resold several housing properties located in Stranahan Circle to low and moderate income households. The City carries the difference between the cost and sale on these properties as an investment in affordable housing until the property is either bought back by the City or sold on the open market. The City participates in the profits on any sales of these properties to an outside party in the same proportion as what the low- and moderate-income purchaser acquired the property from the City at the below market subsidized value. The City reports the investment in affordable housing at its proportionate equity share of the fair market value of the underlying properties at year-end. Stranahan Circle properties are considered “level 2” investments. The City values their interest in the properties annually using third party published market inputs. As of June 30, 2025 the fair value was \$3,064,456.

City of Clayton
Notes to the Basic Financial Statements
June 30, 2025

I. Capital Assets

Capital assets used in governmental fund operations, including infrastructure assets (i.e. roads, curbs, gutters, bridges, sidewalks, drainage systems, lighting systems, and other assets) are reflected in the government-wide financial statements, along with related depreciation. Capital assets are defined by the City as assets with an initial individual cost of more than \$100,000 for infrastructure and \$5,000 for all other capital assets with an estimated life in excess of 1 year. Purchased capital assets are valued at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at acquisition value on the date donated. Capital assets acquired under lease or purchase agreements are capitalized when the City accumulates an ownership equity in the assets acquired.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Intangible right-to-use assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying asset.

Depreciation and amortization is provided using the straight-line method whereby the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated or amortized.

The City has assigned the 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

J. Deferred Outflows/Deferred Inflows

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

K. Long-Term Liabilities

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed in year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other 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.

L. Interest Payable

When applicable, in the government-wide, proprietary and fiduciary fund financial statements, interest payable for long-term debt is recognized as an incurred liability. In the fund financial statements, governmental fund types do not recognize interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when the payment is made.

M. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. The liability for compensated absences includes salary-related taxes and benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. It is the policy of the City to pay up to a maximum of eighteen (18) times an employee's capped monthly vacation accrual upon retirement or termination.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. A liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

N. Leases and Subscription Based Information Technology Arrangements (SBITAs)

The City is a lessee for noncancelable equipment leases and has entered into subscription-based information technology agreements (SBITAs). The City recognizes a lease and SBITA liability and an intangible right-to-use asset (lease and SBITA asset) in its financial statements. At the commencement of a lease or SBITA, the City initially measures the liability at the present value of payments expected to be made during the lease term. Subsequently, the liability is reduced by the principal portion of payments

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made. The right-of-use asset is initially measured as the initial amount of the lease or SBITA liability. Subsequently, the right-of-use asset is amortized on a straight-line basis over its useful life.

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

O. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

P. Pension Expense

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

Q. Other Postemployment Benefit (OPEB) Expense

For purposes of measuring the Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the City's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2025
Measurement Date	June 30, 2025
Measurement Period	June 30, 2024 to June 30, 2025

R. Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable

Nonspendable fund balance represents balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or

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collection of nonspendable assets are restricted, committed, or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed

Committed fund balances have constraints imposed by passage of a Resolution of the City Council which may be altered only by Resolution of the City Council. Encumbrances and nonspendable amounts subject to Council commitments are included along with spendable resources. The City considers Resolutions to be the highest level of action that can be taken by Council that constitutes the most binding constraint.

Assigned

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. The City Council has delegated the authority to make assignments of fund balance to the City Manager and Assistant City Manager.

Unassigned

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Flow Assumption / Spending Order Policy

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

S. Net Position

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

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that are attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position.

Restricted Net Position

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

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Unrestricted Net Position

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

Use of Restricted/Unrestricted Net Position

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

T. Interfund Transactions

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except for interfund services provided and used and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers.

U. Property Taxes and Special Assessments

The County of Contra Costa (the County) levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls constitute a lien against the property, may be paid in two installments the first is due November 1st of the fiscal year and is delinquent if not paid by December 10th and the second is due on February 1st of the fiscal year and is delinquent if not paid by April 10th. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent.

Property valuations are established by the Assessor of the County of Monterey for the secured and unsecured property tax rolls. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1st preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1st and ends June 30th of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

V. Budgetary Information

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

1. 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

City of Clayton
Notes to the Basic Financial Statements
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financing them. Continuing appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.

2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution during a City Council meeting in the month of June.
4. 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.
5. Formal budgeting is employed as a management control device during the year for the general, certain special revenue and debt service funds. The Presley Settlement, Stormwater Treatment District Assessment, and Clayton Development Impact Fees funds are not budgeted for and thus do not have budget to actual comparison statements.
6. Budgets for the general, certain special revenue and debt service funds are adopted on a basis consistent with generally accepted accounting principles (US GAAP).
7. 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.

W. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

X. Implementation of New Accounting Pronouncements

GASB Statement No. 101, Compensated Absences

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

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement

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also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. The implementation of this standard did not have a material impact on the City's financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The implementation of this standard did not have a material impact on the City's financial statements and management determined there were no concentrations or constraints that make the City vulnerable to the risk of substantial impact.

Y. Upcoming New Accounting Pronouncements

The City is currently analyzing its accounting practices to identify the potential impact on the financial statements of the following GASB Statements:

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

City of Clayton
Notes to the Basic Financial Statements
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GASB Statement No. 104, *Disclosure of Certain Capital Assets*

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2025, cash and investments were reported in the financial statements as follows:

	Government Wide Statement of Net Position		Fiduciary Funds Statement of Net Position	Total
	Governmental Activities	Business-Type Activities		
Cash and investments	\$ 15,144,406	\$ -	\$ 763,015	\$ 15,907,421

Cash and investments consisted of the following as of June 30, 2025:

Deposits:	
Cash on hand	\$ 1,390
Cash with fiscal agents	12,980
Cash in banks	852,402
Total deposits	866,772
Investments:	
Local Agency Investment Fund (LAIF)	32,751
California Asset Management Program (CAMP)	2,512,711
UBS Investments	12,495,187
Total investments	15,040,649
Total cash and investments	\$ 15,907,421

City of Clayton
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A. Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest and places the City ahead of general creditors of the institution. The market value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The bank balances before reconciling items totaled \$1,135,515 at June 30, 2025 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$756,417, which was collateralized by securities held by pledging financial institutions. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the *related fund*.

B. Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques with three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

1. Investment Policies

City Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in Anyone Issuer
Local Agency Investment Fund (LAIF)	N/A	None	None
CAMP	N/A	None	None
Municipal Bonds	N/A	30%	5%
U.S. Treasury Obligations	N/A	None	None
U.S. Government Agency Issues	N/A	None	None
Bank Deposits	N/A	None	None
Negotiable Time Certificates of Deposit	N/A	30%	5%

City of Clayton
Notes to the Basic Financial Statements
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Investments Authorized by Debt Agreements

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

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

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. Therefore, fund balance must reflect the portfolio's change in value. Generally, the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value.

C. External Investment Pool

The City's investments with LAIF at June 30, 2025, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes

These are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities

The bulk of asset-backed securities are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIF website, located at <http://www.treasurer.ca.gov/pmia-laif/>.

D. California Asset Management Program (CAMP)

The California Asset Management Program ("CAMP" or the "Program") is a California Joint Powers Authority ("JPA") established in 1989 to provide California public agencies with professional investment services. Investments offered through the Cash Reserve Portfolio (the "Pool" or the "CAMP Pool") are permitted for all local agencies under California Government Code Section 53601(p). The Program also offers educational resources, market updates and arbitrage rebate compliance services. CAMP is a fully liquid net asset value (NAV) investment with an AAA rating from Standard & Poor's. CAMP is directed by a Board of Trustees separate from the City.

City of Clayton
Notes to the Basic Financial Statements
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E. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment's maturity, the greater the sensitivity to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. With the exception of U.S. Treasury obligations and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution to reduce the City's exposure to credit risks. As of June 30, 2025, the City's investments were in compliance with the ratings required by the City's investment policy and Government Code as noted in the following table of investments by type.

Concentrations of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2025, the City had no investments in any one issuer (other than U.S. Treasury obligations, bonds, and the external investment pools) that represented 5% or more of the total City investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside 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 investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The following table summarizes the City's investments as of June 30, 2025:

Investment Type	Maturity			Concen- trations	Ratings	Fair Value Input Levels
	12 Months or Less	1-5 years	Fair Value			
LAIF	\$ 32,751	\$ -	\$ 32,751	0.2%	n/a	n/a
UBS investments:						
U.S. Treasury Obligations	7,921,326	4,444,763	12,366,089	82.2%	AAA	Level 1
Cash sweep	129,098	-	129,098	0.9%	n/a	n/a
CAMP	2,512,711	-	2,512,711	16.7%	AAA	n/a
Total Investments	<u>\$ 10,595,886</u>	<u>\$ 4,444,763</u>	<u>\$ 15,040,649</u>			

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NOTE 3 - NOTES RECEIVABLE

The following is a summary of notes receivable as of June 30, 2025:

	Balance			Balance
Successor Housing Agency Fund	July 01, 2024	Additions	Deletions	June 30, 2025
Diamond Terrace P. A. M. Note	\$ 2,484,400	\$ -	\$ 126,400	\$ 2,358,000
Eden Affordable Housing Note	567,000	-	-	567,000
Stranahan Affordable Housing Notes	22,350	-	-	22,350
Total Notes Receivable	<u>\$ 3,073,750</u>	<u>\$ -</u>	<u>\$ 126,400</u>	<u>\$ 2,947,350</u>

Diamond Terrace Note

On September 21, 1999, the former RDA low-moderate housing fund made a no interest loan to the Professional Apartment Management, Inc. ("PAM") in the amount of \$750,000 to construct and develop an affordable senior assisted living center on the site known as "Diamond Terrace." The note is secured by the Deed of Trust. The former RDA loaned an additional \$1,286,000 on October 24, 2001. On December 1, 2003, PAM began drawing on a \$2,000,000 loan from the former RDA in the amount of \$200,000 annually. The principal balance was payable from October 1, 2005 through October 1, 2030.

Eden Housing Loan

On October 13, 1992, a non interest loan was made from the former RDA low-moderate housing fund to the Peace Grove, Inc. in the amount of \$567,000. The proceeds from the loan were used to purchase land for a redevelopment and housing project that would benefit low-income mental health system clients. The loan is secured by the Deed of Trust. The principal balance is payable on December 18, 2052..

Stranahan Affordable Housing Loans

The former RDA low-moderate housing fund participated in a second mortgage assistance program, whereby qualified applicants were loaned money for a "silent second" down payment to purchase a home in the Stranahan Development within the City. There is one loan outstanding. Interest is accrued on the principal for the first 35 years and then the total of accrued interest and principal is forgiven over the last 10 years of the term of the lease. The collectability of the \$34,126 in accrued interest on these notes was deemed to be doubtful and an allowance was recorded to offset the full amount.

City of Clayton
Notes to the Basic Financial Statements
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NOTE 4 - INTERFUND TRANSACTIONS

Inter-fund Receivables and Payables

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years.

As of June 30, 2025, inter-fund receivables and payables consisted of the following:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 729,435	\$ -
Endeavor Hall	-	176,152
Nonmajor Funds	-	553,283
Total Due From/To	<u>\$ 729,435</u>	<u>\$ 729,435</u>

Transfers In/Out

With Council approval resources may be transferred from one fund to another. The following summarizes transfers between funds during the fiscal year ended June 30, 2025:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 138,178	\$ -
Landscape Maintenance District Fund	-	45,116
Nonmajor Funds	-	93,062
Total Transfers	<u>\$ 138,178</u>	<u>\$ 138,178</u>

The City transferred money into the General Fund from the funds noted above to reimburse the City for administrative support activities and cover pension contributions.

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June 30, 2025

NOTE 5 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2025:

	Balance July 01, 2024	Additions	Transfers	Deletions/ Adjustments	Balance 6/30/2025
Governmental activities:					
Non-depreciable:					
Land	\$ 2,086,965	\$ -	\$ -	\$ -	\$ 2,086,965
Construction in Progress	1,754,833	1,315,551	(140,854)	-	2,929,530
Total Non-Depreciable	3,841,798	1,315,551	(140,854)	-	5,016,495
Depreciable:					
Infrastructure	33,787,495	-	-	-	33,787,495
Buildings	6,203,510	-	-	-	6,203,510
Improvements other than Buildings	8,931,806	-	140,854	-	9,072,660
Machinery and Equipment	2,131,820	274,063	-	-	2,405,883
Right of Use Assets	340,483	-	-	-	340,483
Total Depreciable	51,395,114	274,063	140,854	-	51,810,031
Less Accumulated Depreciation for:					
Infrastructure	(16,055,386)	(606,619)	-	-	(16,662,005)
Buildings	(3,564,676)	(145,221)	-	(18,649)	(3,728,546)
Improvements other than Buildings	(4,153,382)	(381,709)	-	18,649	(4,516,442)
Machinery and Equipment	(1,530,692)	(119,534)	-	-	(1,650,226)
Right of Use Assets	(172,270)	(52,666)	-	-	(224,936)
Total Accumulated Depreciation	(25,476,406)	(1,305,749)	-	-	(26,782,155)
Total Depreciable Capital Assets - Net	25,918,708	(1,031,686)	140,854	-	25,027,876
Total Capital Assets - Net	\$ 29,760,506	\$ 283,865	\$ -	\$ -	\$ 30,044,371

Depreciation expense for governmental activities was charged to the following programs during the year:

General government	\$ 186,896
Public safety	125,482
Public works	611,662
Parks and recreation	381,709
Total depreciation expense	<u>\$ 1,305,749</u>

City of Clayton
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Capital assets for business-type activities consisted of the following as of June 30, 2025:

	Balance July 01, 2024	Additions	Transfers	Deletions/ Adjustments	Balance June 30, 2025
Business-Type Activities:					
Non-depreciable:					
Land	\$ 167,738	\$ -	\$ -	\$ -	\$ 167,738
Total Non-Depreciable	167,738	-	-	-	167,738
Depreciable:					
Buildings	1,400,744	-	-	-	1,400,744
Improvements other than Buildings	159,579	-	-	-	159,579
Machinery and Equipment	5,024	-	-	-	5,024
Total Depreciable	1,565,347	-	-	-	1,565,347
Less Accumulated Depreciation for:					
Buildings	(620,580)	(28,015)	-	-	(648,595)
Improvements other than Buildings	(158,722)	(857)	-	-	(159,579)
Machinery and Equipment	(5,024)	-	-	-	(5,024)
Total Accumulated Depreciation	(784,326)	(28,872)	-	-	(813,198)
Total Depreciable Capital Assets - Net	781,021	(28,872)	-	-	752,149
Total Capital Assets - Net	\$ 948,759	\$ (28,872)	\$ -	\$ -	\$ 919,887

NOTE 6 - NONCURRENT LIABILITIES

The City's noncurrent liabilities consisted of the following as of June 30, 2025:

Description	Balance July 01, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
California Energy Commission Loan (Direct)	\$ 967,407	\$ -	\$ -	\$ 967,407	\$ -
Leases Payable	150,289	-	27,885	122,404	28,931
Subscriptions Payable	35,511	-	11,564	23,947	11,836
Net Pension Liabilities	6,915,093	6,808,956	6,870,761	6,853,288	-
Total OPEB Liabilities	487,722	140,789	172,051	456,460	-
Compensated Absences	207,950	-	10,008	197,942	98,971
Total Governmental Activities	\$ 8,763,972	\$ 6,949,745	\$ 7,092,269	\$ 8,621,448	\$ 139,738

Fiduciary Funds

Private Purpose Trust Funds:

2014 Refunding Tax Allocation Bonds	\$ 390,000	\$ -	\$ 390,000	\$ -	\$ -
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Custodial Funds (Conduit Debt):

High Street Bridge Loan Payable	6,064	-	1,090	4,974	1,156
Lydia Lane Sewer Assessment District Bonds	113,325	-	10,000	103,325	10,000
Oak Street Sewer Assessment Loan Payable	26,364	-	9,091	17,273	9,090
Total Custodial Funds	145,753	-	20,181	125,572	20,246
Total Fiduciary Funds	\$ 535,753	\$ -	\$ 410,181	\$ 125,572	\$ 20,246

California Energy Commission Loan

On August 9, 2023, the City entered into a \$1,902,113 loan agreement with the California Energy Resources Conservation and Development Commission (California Energy Commission). The loan is paid in tranches based on reimbursable expenses incurred by the City. As of June 30, 2025, the City had received \$967,407 in loan proceeds. The interest rate on the loan is 1% per annum and debt service payments begin on December 12, 2026 and end on June 22, 2041.

City of Clayton
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Future debt service payments are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027	102,736	35,327	138,063
2028	120,321	17,742	138,063
2029	121,575	16,488	138,063
2030	122,793	15,270	138,063
2031-2035	632,646	57,669	690,315
2036-2040	665,008	25,307	690,315
2041-2045	137,033	1,030	138,063
Total	<u>\$ 1,902,113</u>	<u>\$ 168,832</u>	<u>\$ 2,070,945</u>

Leases

The City has lease liabilities for two equipment leases. The discount rate used in the calculation of the lease liabilities were 3.69% and 5%. The initial liability for the leases was \$178,084 at inception. Right-to-use assets, net of amortization, for the leases were \$91.862 as of June 30, 2025.

Future debt service payments for the City's leases are as follows:

Year Ending June 30	Principal	Interest	Total
2026	28,931	4,594	33,525
2027	30,017	3,508	33,525
2028	31,143	2,381	33,524
2029	32,312	1,213	33,525
Total	<u>\$ 122,403</u>	<u>\$ 11,696</u>	<u>\$ 134,099</u>

Subscription Based Information Technology Agreements (SBITAs)

The City has subscription liabilities for two SBITAs. The discount rate used in the calculation of the SBITAs was 2.356%. The initial liability for the SBITAs was \$62,930 at inception. Right-to-use assets, net of amortization for the leases were \$23,687 as of June 30, 2025.

Future debt service payments for the SBITAs are as follows:

Year Ending June 30	Principal	Interest	Total
2026	11,836	564	12,400
2027	12,115	285	12,400
Total	<u>\$ 23,951</u>	<u>\$ 849</u>	<u>\$ 24,800</u>

Fiduciary Fund Debt

2014 Refunding Tax Allocation Bonds

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

City of Clayton
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are special obligations of the Successor Agency and are secured by the Successor Agency's tax increment revenue.

The 2014 refunding was exercised in order to take advantage of more favorable interest rates. The refunding decreased the City's total debt service payments by approximately \$601,895. The transaction resulted in economic gain (difference between present value of the debt service on the old and new bonds) of approximately \$580,184. This debt was fully paid during the year with the final principal payment of \$390,000 and interest of \$4,485.

Lydia Lane Sewer Assessment District Bonds (Conduit Debt)

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.

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

NOTE 7 - 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 \$34,500,000. The City has a deductible of \$5,000 per claim for liability cases and no deductible for workers' compensation claims. Once the City's deductible is met, the MPA becomes responsible for payment of all claims and legal defense. The MPA is governed by a board consisting of one voting representative from each member municipality. The Board controls the operations of the MPA including selection of management, approval of operating budgets, and is independent of any influence by member municipalities beyond their representation on the Board. The City's general liability and workers' compensation premium payments made to MPA are in accordance with formulas established by the MPA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. Financial statements may be obtained from MPA at 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596. The City has had no settlements which exceeded insurance coverage during the fiscal year ending June 30, 2025. 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. There were no material unpaid and uninsured claims outstanding at the beginning or end of the last two fiscal years.

NOTE 8 - RETIREMENT PLANS

General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public

City of Clayton
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Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Special Death Benefit (Safety only), the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
Benefit formula	2.0% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	55	62
Monthly benefits as a % of eligible comp.	1.426% - 2.418%	1.092% - 2.418%	0.842% - 2.5%
Required employee contribution rates	7.00%	7.00%	7.75%
Required employer contribution rates	11.88%	10.15%	7.87%
	Safety		
	Tier 1	Tier 2	PEPRA
Benefit formula	3.0% @ 55	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	50	50	57
Monthly benefits as a % of eligible comp.	2.4% - 3.0%	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	9.00%	9.00%	13.75%
Required employer contribution rates	23.00%	20.09%	13.76%

City of Clayton
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Employees Covered

At June 30, 2025, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Active	14	10
Transferred	12	15
Separated	15	8
Retired	35	33
Total	76	66

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2025, the City's contributions were as follows:

	Employer Contributions
Miscellaneous	\$ 324,233
Safety	543,083
Total Employer Contributions	\$ 867,316

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

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liabilities as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	\$ 2,883,553
Safety	3,969,735
Total	\$ 6,853,288

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2024, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

City of Clayton
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The City's proportionate share of the net pension liability for the Plans as of June 30, 2024 and 2024 was as follows:

	Miscellaneous	Safety	Combined Plans
Proportion - June 30, 2024	0.05758%	0.05399%	0.05543%
Proportion - June 30, 2025	0.05962%	0.05445%	0.05651%
Change - Increase/(Decrease)	0.00204%	0.00046%	0.00108%

For the year ended June 30, 2025, the City recognized pension expense of \$1,412,730.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 74,113	\$ -
Differences between Expected and Actual Experience	249,310	9,728
Differences between Projected and Actual Investment Earnings	166,003	-
Differences between Employer's Contributions and Proportionate Share of Contributions	225,494	4,549
Change in Employer's Proportion	28,601	5,065
Pension Contributions Made Subsequent to Measurement Date	324,233	-
Total	\$ 1,067,753	\$ 19,342

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 97,806	\$ -
Differences between Expected and Actual Experience	323,966	10,534
Differences between Projected and Actual Investment Earnings	191,879	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	354,949
Change in Employer's Proportion	115,993	-
Pension Contributions Made Subsequent to Measurement Date	543,083	-
Total	\$ 1,272,727	\$ 365,483

City of Clayton
Notes to the Basic Financial Statements
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	Misc and Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 171,919	\$ -
Differences between Expected and Actual Experience	573,275	20,261
Differences between Projected and Actual Investment Earnings	357,882	-
Differences between Employer's Contributions and Proportionate Share of Contributions	225,494	359,498
Change in Employer's Proportion	144,594	5,065
Pension Contributions Made Subsequent to Measurement Date	867,316	-
Total	\$ 2,340,480	\$ 384,824

The City reported \$867,316 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources		Total
	Miscellaneous	Safety	
2026	\$ 332,779	\$ 76,862	\$ 409,641
2027	447,310	355,096	802,406
2028	977	(2,145)	(1,167)
2029	(56,887)	(65,652)	(122,539)
Total	\$ 724,179	\$ 364,161	\$ 1,088,341

City of Clayton
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Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

(1) Varies by entry age and service

(2) Net of pension plan investment expenses, including inflation

(3) Derived using CalPERS' membership data for all funds

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.9 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

City of Clayton
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The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	\$ 4,341,090	6,210,743	\$ 10,551,833
Current	6.90%	6.90%	6.90%
Net Pension Liability	\$ 2,883,553	3,969,735	\$ 6,853,288
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$ 1,683,786	2,136,906	\$ 3,820,691

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The City administers a single employer defined-benefit post-employment healthcare plan (the Plan). Dependents are eligible to enroll, and benefits continue to surviving spouses.

Benefits Provided

The substantive plan provisions of the City of Clayton's OPEB plan include lifetime retiree health benefits for eligible employees who retire within 120 days of separation and receive CalPERS benefits. Spouses may continue coverage if the retiree opts for a survivor annuity, but no benefits are provided for surviving spouses of active employees. The City contributes the minimum required under PEMHCA, adjusted annually by the medical care CPI. Retirees must cover the remaining premiums. No subsidies are provided for dental, vision, life insurance, or Medicare Part B premiums. Premium rates vary by plan and coverage tier, with age-adjusted costs applied for active employees under 65. The plan assumes Medicare eligibility at 65, with Medicare reducing costs for the City thereafter .

Employees Covered by Benefit Terms

At June 30, 2025, the benefit terms covered the following employees:

Active employees	22
Inactive employees	10
Total employees	32

Contributions

The City makes contributions based on a pay-as-you-go basis as approved by the authority of the City Council. Total benefit payments included in the measurement period were \$18,279. The City's contributions were 1.83% of covered employee payroll during the fiscal year ended June 30, 2025. Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2024
Measurement Date:	June 30, 2025
Actuarial Cost Method:	Entry-Age Normal, Level Percentage of Salary
Amortization Period:	Open 20 year period
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	4.71%
Inflation	2.30%
Salary Increases	2.80%
Healthcare Trend Rate	6.50%
Investment Rate of Return	N/A - OPEB plan is unfunded
Mortality	Based on CalPERS Tables

City of Clayton
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Discount Rate

The discount rate used to measure the total OPEB liability is 4.71% which was an increase from 4.09%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

Total OPEB Liability

The City's Total OPEB liability was measured as of June 30, 2025 (measurement date) and was determined by an actuarial valuation as of June 30, 2025 (valuation date) for the fiscal year ended June 30, 2025 (reporting date).

Changes in the Total OPEB Liability

The following summarizes the changes in the Total OPEB liability during the year ended June 30, 2025:

Fiscal Year Ended June 30, 2025	Total OPEB Liability
Balance at June 30, 2024	\$ 487,722
Service cost	15,494
Interest in total OPEB liability	19,845
Balance of diff between actual and exp experience	(853)
Balance of changes in assumptions	(29,708)
Benefit payments	(18,279)
Implicit rate subsidy credit	(17,760)
Net changes	(31,261)
Balance at June 30, 2025	\$ 456,461
Covered Employee Payroll	\$ 1,968,909
Total OPEB Liability as a % of Covered Employee	23.18%
Service Cost as a % of Covered Employee Payroll	0.79%

The City's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 38,681
Change in assumptions	-	97,328
Totals	\$ -	\$ 136,009

City of Clayton
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2026	\$ (18,432)
2027	(18,432)
2028	(18,432)
2029	(18,432)
2030	(18,432)
Thereafter	(43,849)
Total	<u>\$ (136,009)</u>

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2025:

Service cost	\$ 15,494
Interest in TOL	19,845
Rec. of Diff. between actual/expected experience	(5,361)
Recognition of Changes in assumptions	(13,071)
OPEB Expense	<u>\$ 16,907</u>

The following summarizes changes in the Total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2025:

Net OPEB liability ending	\$ 456,461
Net OPEB liability beginning	<u>(487,722)</u>
Change in net OPEB liability	(31,261)
Changes in deferred inflows	12,129
Employer contributions	<u>36,039</u>
OPEB Expense	<u>\$ 16,907</u>

Sensitivity to Changes in the Discount Rate

The Total OPEB liability of the City, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	4.71%	(1% Increase)
Net OPEB Liability (Asset)	\$ 505,932	\$ 456,461	\$ 414,318

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Sensitivity to Changes in the Healthcare Cost Trend Rates

The Total OPEB liability of the City, as well as what the City's Total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	6.50%	(1% Increase)
Net OPEB Liability (Asset)	\$ 442,982	\$ 456,461	\$ 472,505

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Lawsuits

The City is subject to certain matters of litigation that may arise in the normal course of conducting City business. City management believes, based upon consultation with legal counsel, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants if required by and in accordance with the provisions of the Uniform Guidance and applicable State requirements. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 11 - REDEVELOPMENT SUCCESSOR AGENCY ACTIVITIES

Background

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

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

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

The Bill directed the California State Controller to review the propriety of any transfers of assets between

City of Clayton
Notes to the Basic Financial Statements
June 30, 2025

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

Amongst numerous requirements, AB IX 26 required the following:

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

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

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

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

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

On November 30, 2015, the DOF issued their final determination letter approving all other funds

City of Clayton
Notes to the Basic Financial Statements
June 30, 2025

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

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



REQUIRED SUPPLEMENTARY INFORMATION

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City of Clayton
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Property Taxes	\$ 3,290,972	\$ 3,290,972	\$ 3,311,289	\$ 20,317
Sales and use tax	594,704	594,704	547,299	(47,405)
Business license tax	164,473	164,473	173,805	9,332
Permits, licenses and fees	134,472	134,472	160,836	26,364
Fines, forfeitures and penalties	105,560	105,560	117,357	11,797
Intergovernmental	107,120	107,120	117,767	10,647
Motor vehicle in-lieu fees	12,480	12,480	16,915	4,435
Other in-lieu fees	182,000	182,000	185,123	3,123
Franchise fees	631,741	631,741	693,052	61,311
Charges for services	268,617	268,617	72,990	(195,627)
Use of money and property	139,147	139,147	293,856	154,709
Other revenue	41,600	41,600	691,600	650,000
Total Revenues	5,672,886	5,672,886	6,381,889	709,003
EXPENDITURES				
Current:				
General government	1,672,944	1,672,944	1,991,697	(318,753)
Public safety	3,204,791	3,204,791	3,494,972	(290,181)
Public works	388,289	388,289	354,917	33,372
Community and economic development	432,091	432,091	489,073	(56,982)
Parks and recreation	451,836	451,836	517,088	(65,252)
Capital outlay	75,364	134,317	129,071	5,246
Debt service				
Principal	-	-	39,449	(39,449)
Interest and fiscal charges	-	-	6,476	(6,476)
Total Expenditures	6,225,315	6,284,268	7,022,743	(738,475)
Excess (Deficiency) of Revenues over Expenditures	(552,429)	(611,382)	(640,854)	(29,472)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	138,178	138,178
Total Other Financing Sources (Uses)	-	-	138,178	138,178
Net Change in Fund Balance	(552,429)	(611,382)	(502,676)	108,706
Fund Balance Beginning	7,467,481	7,467,481	7,467,481	-
Fund Balance Ending	\$ 6,915,052	\$ 6,856,099	\$ 6,964,805	\$ 108,706

City of Clayton
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Landscape Maintenance District Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ 1,320,856	\$ 1,320,856	\$ 1,320,848	\$ (8)
Use of money and property	7,000	7,000	18,884	11,884
Total Revenues	<u>1,327,856</u>	<u>1,327,856</u>	<u>1,339,732</u>	<u>11,876</u>
EXPENDITURES				
Current:				
Public works	1,282,740	1,282,740	1,363,886	(81,146)
Capital outlay	-	-	-	-
Total Expenditures	<u>1,282,740</u>	<u>1,282,740</u>	<u>1,363,886</u>	<u>(81,146)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>45,116</u>	<u>45,116</u>	<u>(24,154)</u>	<u>(69,270)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(45,116)	(45,116)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(45,116)</u>	<u>(45,116)</u>
Net Change in Fund Balance	45,116	45,116	(69,270)	(114,386)
Fund Balance Beginning	<u>424,342</u>	<u>424,342</u>	<u>424,342</u>	<u>-</u>
Fund Balance Ending	<u>\$ 469,458</u>	<u>\$ 469,458</u>	<u>\$ 355,072</u>	<u>\$ (114,386)</u>

City of Clayton

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (GAAP Basis)

Successor Housing Agency Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 40,000	\$ 40,000	\$ 74,243	\$ 34,243
Total Revenues	40,000	40,000	74,243	34,243
EXPENDITURES				
Total Expenditures	-	-	2,901	(2,901)
Net Change in Fund Balance	40,000	40,000	71,342	31,342
Fund Balance Beginning	5,999,729	5,999,729	5,999,729	-
Fund Balance Ending	\$ 6,039,729	\$ 6,039,729	\$ 6,071,071	\$ 31,342

City of Clayton
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Grants Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,405,603	\$ 1,405,603	\$ 682,886	\$ (722,717)
Use of money and property	-	-	23,191	23,191
Total Revenues	<u>1,405,603</u>	<u>1,405,603</u>	<u>706,077</u>	<u>(699,526)</u>
EXPENDITURES				
Current:				
General government	232,692	232,692	278,569	(45,877)
Capital outlay	1,415,903	1,415,903	205,497	1,210,406
Total Expenditures	<u>1,648,595</u>	<u>1,648,595</u>	<u>484,066</u>	<u>1,164,529</u>
Net Change in Fund Balances	<u>(242,992)</u>	<u>(242,992)</u>	<u>222,011</u>	<u>465,003</u>
Fund Balances Beginning	-	-	-	-
Prior Period Fund Reclassifications	204,218	204,218	204,218	-
Fund Balances Beginning, as Adjusted	<u>204,218</u>	<u>204,218</u>	<u>204,218</u>	<u>-</u>
Fund Balances Ending	<u>\$ (38,774)</u>	<u>\$ (38,774)</u>	<u>\$ 426,229</u>	<u>\$ 465,003</u>

City of Clayton
Schedule of Pension Contributions
June 30, 2025
(Last Ten Years)

Miscellaneous & Safety Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Contractually Required Contributions	\$ 530,690	\$ 573,677	\$ 612,898	\$ 530,067	\$ 577,733
Contributions in Relation to					
Contractually Required Contributions	530,690	573,677	612,898	530,067	577,733
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,975,806	\$ 1,923,660	\$ 2,008,101	\$ 2,237,613	\$ 1,960,538
Contributions as a % of Covered Payroll	26.86%	29.82%	30.52%	23.69%	29.47%

Miscellaneous & Safety Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Contractually Required Contributions	\$ 584,865	\$ 653,073	\$ 714,243	\$ 752,192	\$ 867,316
Contributions in Relation to					
Contractually Required Contributions	584,865	653,073	714,243	752,192	867,316
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,252,998	\$ 2,287,078	\$ 2,238,196	\$ 2,221,971	\$ 2,193,532
Contributions as a % of Covered Payroll	25.96%	28.55%	31.91%	33.85%	39.54%

Notes to Schedule:

Valuation Date: June 30, 2023

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period no more than 26 years
Inflation Assumed at 2.30%
Investment Rate of Returns set at 6.8%
The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2022.

The CalPERS mortality assumptions was adjusted in fiscal year 2021.

City of Clayton
Schedule of Proportionate Share of Net Pension Liability
June 30, 2025
(Last Ten Years)

Miscellaneous and Safety Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Proportion of Net Pension Liability	0.05236%	0.05100%	0.04942%	0.04849%	0.04757%
Proportionate Share of Net Pension Liability	\$ 3,593,771	\$ 4,413,357	\$ 4,901,330	\$ 4,672,754	\$ 4,874,908
Covered Payroll	\$ 1,992,036	\$ 1,975,806	\$ 1,923,660	\$ 2,008,101	\$ 2,237,613
Proportionate Share of NPL as a % of Covered Payroll	180.41%	223.37%	254.79%	232.70%	217.86%
Plan's Fiduciary Net Position as a % of the TPL	75.37%	73.89%	73.86%	76.24%	76.59%

Miscellaneous and Safety Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Proportion of Net Pension Liability	0.04897%	0.05103%	0.05478%	0.05543%	0.08924%
Proportionate Share of Net Pension Liability	\$ 5,328,676	\$ 2,759,739	\$ 6,327,815	\$ 6,915,093	\$ 6,853,288
Covered Payroll	\$ 1,960,538	\$ 2,252,998	\$ 2,287,078	\$ 2,238,196	\$ 2,221,971
Proportionate Share of NPL as a % of Covered Payroll	271.80%	122.49%	276.68%	308.96%	308.43%
Plan's Fiduciary Net Position as a % of the TPL	76.52%	88.23%	74.70%	73.84%	74.81%

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2022.

The CalPERS mortality assumptions was adjusted in fiscal year 2021.

City of Clayton
Schedule of Changes in Total OPEB Liability
June 30, 2025
(Last Ten Years)

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability								
Service cost	\$ 27,530	\$ 28,428	\$ 21,745	\$ 18,521	\$ 18,942	\$ 32,489	\$ 33,114	\$ 15,494
Interest	15,800	15,783	15,090	13,536	11,706	24,351	25,530	19,845
Changes of benefit terms	45,605	-	-	-	-	-	-	-
Diff. expected/actual exper.	22,654	-	(11,405)	-	57,970	726	(48,457)	(853)
Changes of assumptions	(526)	11,986	(1,139)	18,602	(13,653)	(2,744)	(90,532)	(29,708)
Benefit payments	(30,226)	(31,408)	(58,507)	(54,031)	(29,178)	(16,804)	(18,708)	(18,279)
Implicit subsidy fulfilled	-	-	-	-	-	(14,349)	(15,209)	(17,760)
Net change in TOL	80,837	24,789	(34,216)	(3,372)	45,787	23,669	(114,262)	(31,261)
Total OPEB Liability - beg.	464,490	545,327	570,116	535,900	532,528	578,315	601,984	487,722
Total OPEB Liability - ending	\$ 545,327	\$ 570,116	\$ 535,900	\$ 532,528	\$ 578,315	\$ 601,984	\$ 487,722	\$ 456,461
 Covered Employee Payroll	 \$ 1,995,400	 \$ 2,106,021	 \$ 2,307,289	 \$ 2,244,193	 \$ 2,361,666	 \$ 2,097,192	 \$ 1,860,972	 \$ 1,968,909
 TOL as a % of cov. emp. payroll	 27.33%	 27.07%	 23.23%	 23.73%	 24.49%	 28.70%	 26.21%	 23.18%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available.

The discount rate decreased from 4.13% to 4.09% in FY2024 and increased to 4.71% in FY2025.

Healthcare trend rates decreased from 7% to 6.8% in FY2024 and decreased to 6.5% in FY2025.

BUDGETARY PRINCIPLES

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

1. By June 30, the City Manager submits to the City Council a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Continuing appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution during a City Council meeting in the month of June.
4. 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.
5. Formal budgeting is employed as a management control device during the year for the general, certain special revenue and debt service funds. The Presley Settlement, Stormwater Treatment District Assessment, and Clayton Development Impact Fees funds are not budgeted for and thus do not have budget to actual comparison statements.
6. Budgets for the general, certain special revenue and debt service funds are adopted on a basis consistent with generally accepted accounting principles (US GAAP).
7. 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.



SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

Measure J - Accounts for a \$0.05 sales tax extended by voters in 2004 to provide transportation and street improvements, a growth management process, and a regional planning process to address quality of life issues. A portion of their county wide voter-approved tax is returned to local governments.

Community Facilities District 2022-01 - Accounts for annual assessments against property owners within the boundaries of the District and related improvement and maintenance costs.

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

Capital Projects Funds

Energy Conservation Assistance Fund - This fund accounts for energy conservation capital projects funded by state loans, transfers from the general fund and other available resources.

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

City of Clayton
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Stormwater Assessment Fund	Gas Tax HUTA Fund	Gas Tax RMRA Fund	The Grove Park District Fund
ASSETS				
Cash and investments	\$ 261	\$ 531,440	\$ 960,922	\$ 571,156
Taxes receivable	36,186	26,642	25,305	-
Accounts receivable	15,972	-	-	27
Total assets	\$ 52,419	\$ 558,082	\$ 986,227	\$ 571,183
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 18,916	\$ 8,800	\$ -	\$ 12,432
Accrued payroll and benefits	-	-	-	835
Deposits payable	-	-	-	130
Unearned revenue	16,711	-	-	-
Due to other funds	89,862	-	-	-
Total liabilities	125,489	8,800	-	13,397
Fund Balances:				
Restricted:				
The Grove Park (CFD 2006-1)	-	-	-	557,786
Transportation	-	549,282	986,227	-
Community facilities	-	-	-	-
Committed:				
Presley settlement	-	-	-	-
Development impact	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Unassigned	(73,070)	-	-	-
Total fund balances	(73,070)	549,282	986,227	557,786
Total liabilities and fund balances	\$ 52,419	\$ 558,082	\$ 986,227	\$ 571,183

Cont'd

City of Clayton
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Oakhurst Geological Hazard Abatement District Fund	Presley Settlement Fund	Neighborhood Street Lighting District Fund	Measure J Fund
ASSETS				
Cash and investments	\$ 9,229	\$ 56,245	\$ -	\$ 1,454,333
Taxes receivable	-	-	-	44,027
Accounts receivable	-	-	-	-
Total assets	\$ 9,229	\$ 56,245	\$ -	\$ 1,498,360
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 27,469	\$ -	\$ 11,914	\$ -
Accrued payroll and benefits	-	-	-	-
Deposits payable	-	-	-	-
Unearned revenue	-	-	-	44,027
Due to other funds	16,746	-	79,327	-
Total liabilities	44,215	-	91,241	44,027
Fund Balances:				
Restricted:				
The Grove Park (CFD 2006-1)	-	-	-	-
Transportation	-	-	-	1,454,333
Community facilities	-	-	-	-
Committed:				
Presley settlement	-	56,245	-	-
Development impact	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Unassigned	(34,986)	-	(91,241)	-
Total fund balances	(34,986)	56,245	(91,241)	1,454,333
Total liabilities and fund balances	\$ 9,229	\$ 56,245	\$ -	\$ 1,498,360

Cont'd

City of Clayton
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds		Capital Projects Funds		
	Community Facilities District 2022-01 Fund	Development Impact Fees Fund	Energy Conservation Assistance Fund	Capital Improvements Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 9,364	\$ 507,894	\$ -	\$ 585,789	\$ 4,686,633
Taxes receivable	-	-	-	-	132,160
Accounts receivable	-	-	332,168	-	348,167
Total assets	\$ 9,364	\$ 507,894	\$ 332,168	\$ 585,789	\$ 5,166,960
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 51,291	\$ 8,050	\$ 138,872
Accrued payroll and benefits	-	-	-	-	835
Deposits payable	-	-	-	-	130
Unearned revenue	-	-	332,168	-	392,906
Due to other funds	-	-	367,348	-	553,283
Total liabilities	-	-	750,807	8,050	1,086,026
Fund Balances:					
Restricted:					
The Grove Park (CFD 2006-1)	-	-	-	-	557,786
Transportation	-	-	-	-	2,989,842
Community facilities	9,364	-	-	-	9,364
Committed:					
Presley settlement	-	-	-	-	56,245
Development impact	-	507,894	-	-	507,894
Assigned:					
Capital projects	-	-	-	577,739	577,739
Unassigned	-	-	(418,639)	-	(617,936)
Total fund balances	9,364	507,894	(418,639)	577,739	4,080,934
Total liabilities and fund balances	\$ 9,364	\$ 507,894	\$ 332,168	\$ 585,789	\$ 5,166,960

Concluded

City of Clayton

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

	Special Revenue Funds			
	Stormwater Assessment Fund	Gas Tax HUTA Fund	Gas Tax RMRA Fund	The Grove Park District Fund
REVENUES				
Special parcel taxes and assessments	\$ 71,419	\$ 51,454	\$ -	\$ 157,613
Sales and use tax	-	-	-	-
Permits, licenses and fees	62,962	-	-	502
Intergovernmental	-	314,985	300,754	-
Use of money and property	11	17,418	32,721	22,103
Total Revenues	<u>134,392</u>	<u>383,857</u>	<u>333,475</u>	<u>180,218</u>
EXPENDITURES				
Current:				
Public works	128,972	153,350	-	-
Parks and recreation	-	-	-	113,842
Capital outlay	-	-	-	-
Total Expenditures	<u>128,972</u>	<u>153,350</u>	<u>-</u>	<u>113,842</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>5,420</u>	<u>230,507</u>	<u>333,475</u>	<u>66,376</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(45,391)	(9,608)	-	(9,395)
Total Other Financing Sources (Uses)	<u>(45,391)</u>	<u>(9,608)</u>	<u>-</u>	<u>(9,395)</u>
Net Change in Fund Balances	(39,971)	220,899	333,475	56,981
Fund Balances Beginning	(33,099)	328,383	652,752	500,805
Prior Period Fund Reclassifications	-	-	-	-
Fund Balances Beginning, as Adjusted	<u>(33,099)</u>	<u>328,383</u>	<u>652,752</u>	<u>500,805</u>
Fund Balances Ending	<u>\$ (73,070)</u>	<u>\$ 549,282</u>	<u>\$ 986,227</u>	<u>\$ 557,786</u>

Cont'd

City of Clayton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2025

	Special Revenue Funds				
	Oakhurst Geological Hazard Abatement District Fund	Presley Settlement Fund	Neighborhood Street Lighting District Fund	Measure J Fund	Grants Fund
REVENUES					
Special parcel taxes and assessments	\$ 50,940	\$ -	\$ 126,123	\$ -	\$ -
Sales and use tax	-	-	-	741,656	-
Permits, licenses and fees	-	-	-	-	-
Intergovernmental	-	-	-	8,640	-
Use of money and property	(169)	2,231	-	43,785	-
Total Revenues	<u>50,771</u>	<u>2,231</u>	<u>126,123</u>	<u>794,081</u>	<u>-</u>
EXPENDITURES					
Current:					
Public works	102,253	-	125,007	35,347	-
Parks and recreation	-	-	-	-	-
Capital outlay	(35,495)	-	-	-	-
Total Expenditures	<u>66,758</u>	<u>-</u>	<u>125,007</u>	<u>35,347</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(15,987)</u>	<u>2,231</u>	<u>1,116</u>	<u>758,734</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(8,836)	-	(14,067)	(5,765)	-
Total Other Financing Sources (Uses)	<u>(8,836)</u>	<u>-</u>	<u>(14,067)</u>	<u>(5,765)</u>	<u>-</u>
Net Change in Fund Balances	(24,823)	2,231	(12,951)	752,969	-
Fund Balances Beginning	(10,163)	54,014	(78,290)	701,364	204,218
Prior Period Fund Reclassifications	-	-	-	-	(204,218)
Fund Balances Beginning, as Adjusted	<u>(10,163)</u>	<u>54,014</u>	<u>(78,290)</u>	<u>701,364</u>	<u>-</u>
Fund Balances Ending	<u>\$ (34,986)</u>	<u>\$ 56,245</u>	<u>\$ (91,241)</u>	<u>\$ 1,454,333</u>	<u>\$ -</u>

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City of Clayton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2025

	Special Revenue Funds		Capital Projects Funds		
	Community Facilities District 2022-01 Fund	Development Impact Fees Fund	Energy Conservation Assistance Fund	Capital Improvements Fund	Total Nonmajor Governmental Funds
REVENUES					
Special parcel taxes and assessments	\$ 6,486	\$ -	\$ -	\$ -	\$ 464,035
Sales and use tax	-	-	-	-	741,656
Permits, licenses and fees	-	-	-	-	63,464
Intergovernmental	-	-	-	-	624,379
Use of money and property	286	20,139	(142)	41,167	179,550
Total Revenues	<u>6,772</u>	<u>20,139</u>	<u>(142)</u>	<u>41,167</u>	<u>2,073,084</u>
EXPENDITURES					
Current:					
Public works	-	-	-	-	544,929
Parks and recreation	-	-	-	-	113,842
Capital outlay	1,713	-	338,186	986,167	1,290,571
Total Expenditures	<u>1,713</u>	<u>-</u>	<u>338,186</u>	<u>986,167</u>	<u>1,949,342</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,059</u>	<u>20,139</u>	<u>(338,328)</u>	<u>(945,000)</u>	<u>123,742</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(93,062)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,062)</u>
Net Change in Fund Balances	5,059	20,139	(338,328)	(945,000)	30,680
Fund Balances Beginning	4,305	487,755	(80,311)	1,522,739	4,254,472
Prior Period Fund Reclassifications	-	-	-	-	(204,218)
Fund Balances Beginning, as Adjusted	<u>4,305</u>	<u>487,755</u>	<u>(80,311)</u>	<u>1,522,739</u>	<u>4,050,254</u>
Fund Balances Ending	<u>\$ 9,364</u>	<u>\$ 507,894</u>	<u>\$ (418,639)</u>	<u>\$ 577,739</u>	<u>\$ 4,080,934</u>
					Concluded

City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Stormwater Assessment Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ 175,474	\$ 175,474	\$ 71,419	\$ (104,055)
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	62,962	62,962
Intergovernmental	-	-	-	-
Use of money and property	-	-	11	11
Total Revenues	<u>175,474</u>	<u>175,474</u>	<u>134,392</u>	<u>(41,082)</u>
EXPENDITURES				
Current:				
Public works	189,176	189,176	128,972	60,204
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>189,176</u>	<u>189,176</u>	<u>128,972</u>	<u>60,204</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(13,702)</u>	<u>(13,702)</u>	<u>5,420</u>	<u>19,122</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(45,391)	(45,391)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(45,391)</u>	<u>(45,391)</u>
Net Change in Fund Balances	(13,702)	(13,702)	(39,971)	(26,269)
Fund Balances Beginning	(33,099)	(33,099)	(33,099)	-
Fund Balances Ending	<u>\$ (46,801)</u>	<u>\$ (46,801)</u>	<u>\$ (73,070)</u>	<u>\$ (26,269)</u>

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

Gas Tax HUTA Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ -	\$ -	\$ 51,454	\$ 51,454
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	-	-
Intergovernmental	400,660	400,660	314,985	(85,675)
Use of money and property	-	-	17,418	17,418
Total Revenues	<u>400,660</u>	<u>400,660</u>	<u>383,857</u>	<u>(16,803)</u>
EXPENDITURES				
Current:				
Public works	262,855	262,855	153,350	109,505
Parks and recreation	-	-	-	-
Capital outlay	151,000	151,000	-	151,000
Total Expenditures	<u>413,855</u>	<u>413,855</u>	<u>153,350</u>	<u>260,505</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(13,195)</u>	<u>(13,195)</u>	<u>230,507</u>	<u>243,702</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(9,608)	(9,608)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(9,608)</u>	<u>(9,608)</u>
Net Change in Fund Balances	(13,195)	(13,195)	220,899	234,094
Fund Balances Beginning	328,383	328,383	328,383	-
Fund Balances Ending	<u>\$ 315,188</u>	<u>\$ 315,188</u>	<u>\$ 549,282</u>	<u>\$ 234,094</u>

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Gas Tax RMRA Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Special parcel taxes and assessments	\$ -	\$ -	\$ -	\$ -
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	-	-
Intergovernmental	287,000	287,000	300,754	13,754
Use of money and property	8,500	8,500	32,721	24,221
Total Revenues	295,500	295,500	333,475	37,975
EXPENDITURES				
Current:				
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	484,856	484,856	-	484,856
Total Expenditures	484,856	484,856	-	484,856
Excess (Deficiency) of Revenues over Expenditures	(189,356)	(189,356)	333,475	522,831
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(189,356)	(189,356)	333,475	522,831
Fund Balances Beginning	652,752	652,752	652,752	-
Fund Balances Ending	\$ 463,396	\$ 463,396	\$ 986,227	\$ 522,831

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	The Grove Park District Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ 165,896	\$ 165,896	\$ 157,613	\$ (8,283)
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	502	502
Intergovernmental	-	-	-	-
Use of money and property	-	-	22,103	22,103
Total Revenues	<u>165,896</u>	<u>165,896</u>	<u>180,218</u>	<u>14,322</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Parks and recreation	164,096	164,096	113,842	50,254
Capital outlay	15,450	15,450	-	15,450
Total Expenditures	<u>179,546</u>	<u>179,546</u>	<u>113,842</u>	<u>65,704</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(13,650)</u>	<u>(13,650)</u>	<u>66,376</u>	<u>80,026</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(9,395)	(9,395)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(9,395)</u>	<u>(9,395)</u>
Net Change in Fund Balances	(13,650)	(13,650)	56,981	70,631
Fund Balances Beginning	500,805	500,805	500,805	-
Fund Balances Ending	<u>\$ 487,155</u>	<u>\$ 487,155</u>	<u>\$ 557,786</u>	<u>\$ 70,631</u>

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

Oakhurst Geological Hazard Abatement District Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ 103,471	\$ 103,471	\$ 50,940	\$ (52,531)
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	-	-	(169)	(169)
Total Revenues	<u>103,471</u>	<u>103,471</u>	<u>50,771</u>	<u>(52,700)</u>
EXPENDITURES				
Current:				
Public works	56,600	56,600	102,253	(45,653)
Parks and recreation	-	-	-	-
Capital outlay	39,467	39,467	(35,495)	74,962
Total Expenditures	<u>96,067</u>	<u>96,067</u>	<u>66,758</u>	<u>29,309</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,404</u>	<u>7,404</u>	<u>(15,987)</u>	<u>(23,391)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(8,836)	(8,836)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(8,836)</u>	<u>(8,836)</u>
Net Change in Fund Balances	7,404	7,404	(24,823)	(32,227)
Fund Balances Beginning	<u>(10,163)</u>	<u>(10,163)</u>	<u>(10,163)</u>	<u>-</u>
Fund Balances Ending	<u>\$ (2,759)</u>	<u>\$ (2,759)</u>	<u>\$ (34,986)</u>	<u>\$ (32,227)</u>

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Presley Settlement Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ -	\$ -	\$ -	\$ -
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	1,000	1,000	2,231	1,231
Total Revenues	1,000	1,000	2,231	1,231
EXPENDITURES				
Current:				
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	1,000	1,000	2,231	1,231
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	1,000	1,000	2,231	1,231
Fund Balances Beginning	54,014	54,014	54,014	-
Fund Balances Ending	\$ 55,014	\$ 55,014	\$ 56,245	\$ 1,231

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

Neighborhood Street Lighting District Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ 126,122	\$ 126,122	\$ 126,123	\$ 1
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	-	-	-	-
Total Revenues	<u>126,122</u>	<u>126,122</u>	<u>126,123</u>	<u>1</u>
EXPENDITURES				
Current:				
Public works	176,500	176,500	125,007	51,493
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>176,500</u>	<u>176,500</u>	<u>125,007</u>	<u>51,493</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(50,378)</u>	<u>(50,378)</u>	<u>1,116</u>	<u>51,494</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(14,067)	(14,067)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(14,067)</u>	<u>(14,067)</u>
Net Change in Fund Balances	(50,378)	(50,378)	(12,951)	37,427
Fund Balances Beginning	(78,290)	(78,290)	(78,290)	-
Fund Balances Ending	<u>\$ (128,668)</u>	<u>\$ (128,668)</u>	<u>\$ (91,241)</u>	<u>\$ 37,427</u>

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Measure J Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ -	\$ -	\$ -	\$ -
Sales and use tax	300,000	300,000	741,656	441,656
Permits, licenses and fees	-	-	-	-
Intergovernmental	-	-	8,640	8,640
Use of money and property	-	-	43,785	43,785
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>794,081</u>	<u>494,081</u>
EXPENDITURES				
Current:				
Public works	-	-	35,347	(35,347)
Parks and recreation	-	-	-	-
Capital outlay	429,579	429,579	-	429,579
Total Expenditures	<u>429,579</u>	<u>429,579</u>	<u>35,347</u>	<u>394,232</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(129,579)</u>	<u>(129,579)</u>	<u>758,734</u>	<u>888,313</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(5,765)	(5,765)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(5,765)</u>	<u>(5,765)</u>
Net Change in Fund Balances	(129,579)	(129,579)	752,969	882,548
Fund Balances Beginning	701,364	701,364	701,364	-
Fund Balances Ending	<u>\$ 571,785</u>	<u>\$ 571,785</u>	<u>\$ 1,454,333</u>	<u>\$ 882,548</u>

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

Community Facilities District 2022-01 Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ -	\$ -	\$ 6,486	\$ 6,486
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	-	-	286	286
Total Revenues	-	-	6,772	6,772
EXPENDITURES				
Current:				
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	1,713	(1,713)
Total Expenditures	-	-	1,713	(1,713)
Excess (Deficiency) of Revenues over Expenditures	-	-	5,059	5,059
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	5,059	5,059
Fund Balances Beginning	4,305	4,305	4,305	-
Fund Balances Ending	\$ 4,305	\$ 4,305	\$ 9,364	\$ 5,059

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Development Impact Fees Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ -	\$ -	\$ -	\$ -
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	8,550	8,550	20,139	11,589
Total Revenues	8,550	8,550	20,139	11,589
EXPENDITURES				
Current:				
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	8,550	8,550	20,139	11,589
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	8,550	8,550	20,139	11,589
Fund Balances Beginning	487,755	487,755	487,755	-
Fund Balances Ending	\$ 496,305	\$ 496,305	\$ 507,894	\$ 11,589

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

Energy Conservation Assistance Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ -	\$ -	\$ -	\$ -
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	-	-	(142)	(142)
Total Revenues	-	-	(142)	(142)
EXPENDITURES				
Current:				
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	338,186	(338,186)
Total Expenditures	-	-	338,186	(338,186)
Excess (Deficiency) of Revenues over Expenditures	-	-	(338,328)	(338,328)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(338,328)	(338,328)
Fund Balances Beginning	(80,311)	(80,311)	(80,311)	-
Fund Balances Ending	<u>\$ (80,311)</u>	<u>\$ (80,311)</u>	<u>\$ (418,639)</u>	<u>\$ (338,328)</u>

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City of Clayton
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

Capital Improvements Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special parcel taxes and assessments	\$ -	\$ -	\$ -	\$ -
Sales and use tax	-	-	-	-
Permits, licenses and fees	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	28,000	28,000	41,167	13,167
Total Revenues	<u>28,000</u>	<u>28,000</u>	<u>41,167</u>	<u>13,167</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	370,000	370,000	986,167	(616,167)
Total Expenditures	<u>370,000</u>	<u>370,000</u>	<u>986,167</u>	<u>(616,167)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(342,000)</u>	<u>(342,000)</u>	<u>(945,000)</u>	<u>(603,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(342,000)	(342,000)	(945,000)	(603,000)
Fund Balances Beginning	<u>1,522,739</u>	<u>1,522,739</u>	<u>1,522,739</u>	<u>-</u>
Fund Balances Ending	<u>\$ 1,180,739</u>	<u>\$ 1,180,739</u>	<u>\$ 577,739</u>	<u>\$ (603,000)</u>

Concluded

City of Clayton
Statement of Net Position
Internal Service Funds
June 30, 2025

	Self- Insurance Fund	Capital Equipment Replacement Fund	Pension Rate Stabilization Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 19,843	\$ 240,323	\$ 191,178	\$ 451,344
Noncurrent assets:				
Depreciable capital assets, net	-	755,657	-	755,657
Total assets	<u>\$ 19,843</u>	<u>\$ 995,980</u>	<u>\$ 191,178</u>	<u>\$ 1,207,001</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,094	\$ 1,599	\$ -	\$ 3,693
Total liabilities	<u>\$ 2,094</u>	<u>\$ 1,599</u>	<u>\$ -</u>	<u>\$ 3,693</u>
NET POSITION				
Net Investment in capital assets	\$ -	\$ 755,657	\$ -	\$ 755,657
Unrestricted	17,749	238,724	191,178	447,651
Total net position	<u>\$ 17,749</u>	<u>\$ 994,381</u>	<u>\$ 191,178</u>	<u>\$ 1,203,308</u>

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

City of Clayton

Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2025

	Self- Insurance Fund	Capital Equipment Replacement Fund	Pension Rate Stabilization Fund	Total
OPERATING REVENUES				
Charges for services	\$ -	\$ 140,369	\$ -	\$ 140,369
Total operating revenues	-	140,369	-	140,369
OPERATING EXPENSES				
General and administration	2,389	-	-	2,389
Depreciation and amortization	-	119,534	-	119,534
Total operating expenses	2,389	119,534	-	121,923
Operating income (loss)	(2,389)	20,835	-	18,446
NONOPERATING REVENUES(EXPENSES)				
Investment income	802	8,540	7,572	16,914
Income (loss) before contributions	(1,587)	29,375	7,572	35,360
CONTRIBUTIONS				
Capital contributions	-	186,706	-	186,706
Change in net position	(1,587)	216,081	7,572	222,066
Total net position - beginning	19,336	778,300	183,606	981,242
Total net position - ending	\$ 17,749	\$ 994,381	\$ 191,178	\$ 1,203,308

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

City of Clayton
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Self- Insurance Fund	Capital Equipment Replacement Fund	Pension Rate Stabilization Fund	Total
Cash flows from operating activities:				
Receipts from customers	\$ -	\$ 140,369	\$ -	\$ 140,369
Payments to suppliers	(951)	1,599	-	648
Net cash provided (used) by operating activities	(951)	141,968	-	141,017
Cash flows from capital financing activities:				
Acquisition of capital assets	-	(274,063)	-	(274,063)
Capital contributions	-	186,706	-	186,706
Net cash provided (used) by capital financing activities	-	(87,357)	-	(87,357)
Cash flows from investing activities:				
Investment income received	802	8,540	7,572	16,914
Net cash provided (used) by investing activities	802	8,540	7,572	16,914
Net increase (decrease) in cash and cash equivalents	(149)	63,151	7,572	70,574
Cash and cash equivalents - beginning	19,992	177,172	183,606	380,770
Cash and cash equivalents - ending	\$ 19,843	\$ 240,323	\$ 191,178	\$ 451,344
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (2,389)	\$ 20,835	\$ -	\$ 18,446
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	-	119,534	-	119,534
Changes in operating assets and liabilities:				
Accounts payable	1,438	1,599	-	3,037
Net cash provided (used) by operating activities	\$ (951)	\$ 141,968	\$ -	\$ 141,017

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

City of Clayton
Custodial Funds
Combining Statement of
Fiduciary Net Position
June 30, 2025

	High Street Bridge Benefit Assessment District Fund	Oak Street Bridge Benefit Assessment District Fund	Lydia Lane Sewer Benefit Assessment District Fund	Oak Street Sewer Benefit Assessment District Fund	Diablo Estate Benefit Assessment District Fund
ASSETS					
Current assets:					
Cash and investments	\$ 6,707	\$ 26,276	\$ 67,188	\$ -	\$ 399,635
Cash with fiscal agent	-	-	12,980	-	-
Assessments receivable	4,974	-	103,325	17,273	-
Accounts receivable	-	-	-	-	-
Other assets	-	-	12,851	-	-
Total Assets	<u>\$ 11,681</u>	<u>\$ 26,276</u>	<u>\$ 196,344</u>	<u>\$ 17,273</u>	<u>\$ 399,635</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ 12,851	\$ 1,215	\$ 6,721
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Interest payable	-	-	2,066	432	-
Bonds payable	-	-	103,325	-	-
Loans payable	4,974	-	-	17,273	-
Total Liabilities	<u>\$ 4,974</u>	<u>\$ -</u>	<u>\$ 118,242</u>	<u>\$ 18,920</u>	<u>\$ 6,721</u>
NET POSITION					
Restricted for:					
Individuals, organizations and other governments	\$ 6,707	\$ 26,276	\$ 78,102	\$ (1,647)	\$ 392,914
Total Net Position	<u>\$ 6,707</u>	<u>\$ 26,276</u>	<u>\$ 78,102</u>	<u>\$ (1,647)</u>	<u>\$ 392,914</u>

Continued

City of Clayton
Custodial Funds
Combining Statement of
Fiduciary Net Position
June 30, 2025

	Deposits Fund	Clayton Financing Authority Fund	Clayton Financing Authority Middle School Community Facilities District Fund	Total Custodial Funds
ASSETS				
Current assets:				
Cash and investments	\$ 248,952	\$ -	\$ -	\$ 748,758
Cash with fiscal agent	-	-	-	12,980
Assessments receivable	-	-	-	125,572
Accounts receivable	18,135	-	-	18,135
Other assets	-	-	-	12,851
Total Assets	<u>\$ 267,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 918,296</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 98,040	\$ -	\$ -	\$ 118,827
Accrued liabilities	1,670	-	-	1,670
Deposits payable	167,377	-	-	167,377
Interest payable	-	-	-	2,498
Bonds payable	-	-	-	103,325
Loans payable	-	-	-	22,247
Total Liabilities	<u>\$ 267,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 415,944</u>
NET POSITION				
Restricted for:				
Individuals, organizations and other governments	\$ -	\$ -	\$ -	\$ 502,352
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 502,352</u>
				Concluded

City of Clayton
Custodial Funds
Combining Statement of Changes in
Fiduciary Net Position
For the Year Ended June 30, 2025

	High Street Bridge Benefit Assessment District Fund	Oak Street Bridge Benefit Assessment District Fund	Lydia Lane Sewer Benefit Assessment District Fund	Oak Street Sewer Benefit Assessment District Fund	Diablo Estate Benefit Assessment District Fund
ADDITIONS					
Taxes and assessments	\$ 1,754	\$ 1,760	\$ 17,377	\$ 11,382	\$ 97,460
Investment income:					
Interest	101	391	1,593	-	5,944
Changes in fair value	171	635	1,707	(8)	9,288
Received from the City	-	-	-	-	-
Total additions	<u>2,026</u>	<u>2,786</u>	<u>20,677</u>	<u>11,374</u>	<u>112,692</u>
DEDUCTIONS					
Administrative expenses	-	258	263	259	15,304
Materials and supplies	-	-	-	-	9,883
Professional services	595	595	3,091	1,886	39,723
Licenses and fees	-	-	500	-	-
Debt service	1,454	-	16,226	9,773	-
Payments to the City	-	-	-	-	-
Total deductions	<u>2,049</u>	<u>853</u>	<u>20,080</u>	<u>11,918</u>	<u>64,910</u>
Change in net position	(23)	1,933	597	(544)	47,782
Total net position - beginning	<u>6,730</u>	<u>24,343</u>	<u>77,505</u>	<u>(1,103)</u>	<u>345,132</u>
Total net position - ending	<u>\$ 6,707</u>	<u>\$ 26,276</u>	<u>\$ 78,102</u>	<u>\$ (1,647)</u>	<u>\$ 392,914</u>

Continued

City of Clayton
Custodial Funds
Combining Statement of Changes in
Fiduciary Net Position
For the Year Ended June 30, 2025

	Deposits Fund	Clayton Financing Authority Fund	Clayton Financing Authority Middle School Community Facilities District Fund	Total Custodial Funds
ADDITIONS				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 129,733
Investment income:				
Interest	-	-	-	8,029
Changes in fair value	-	-	-	11,793
Received from the City	-	-	38,159	38,159
Total additions	-	-	38,159	187,714
DEDUCTIONS				
Administrative expenses	-	-	604	16,688
Materials and supplies	-	-	-	9,883
Professional services	-	-	19,250	65,140
Licenses and fees	-	-	-	500
Debt service	-	-	-	27,453
Payments to the City	-	549,500	-	549,500
Total deductions	-	549,500	19,854	669,164
Change in net position	-	(549,500)	18,305	(481,450)
Total net position - beginning	-	549,500	(18,305)	983,802
Total net position - ending	\$ -	\$ -	\$ -	\$ 502,352

Concluded



STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

5. Property Tax Levies and Collections
6. Net Assessed Value of Property
7. Direct and Overlapping Property Tax Rates
8. Principal Property Taxpayers

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

9. Ratio of Outstanding Debt by Type
10. Computation of Legal Debt Margin
11. Ratio of General Obligated Debt per Capita

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

12. Demographic and Economic Statistics

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

13. Full-Time Equivalent Employees by Function
14. Capital Assets Statistics by Function
15. Miscellaneous Statistics

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

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City of Clayton
Net Position by Component
Last Ten Fiscal Years

Table 1

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	\$ 28,929,140	\$ 29,349,667	\$ 28,976,510	\$ 29,790,706	\$ 29,780,115	\$ 28,793,685	\$ 29,116,205	\$ 29,286,912	\$ 28,607,299	\$ 28,930,613
Restricted	7,783,815	7,731,727	12,059,042	11,915,594	12,046,964	13,156,670	9,890,048	10,330,144	11,321,338	12,785,828
Unrestricted	7,028,670	7,835,030	3,836,715	3,009,835	3,433,238	2,492,751	5,873,482	6,072,755	4,642,445	2,347,326
Total net position	<u>\$ 43,741,625</u>	<u>\$ 44,916,424</u>	<u>\$ 44,872,267</u>	<u>\$ 44,716,135</u>	<u>\$ 45,260,317</u>	<u>\$ 44,443,106</u>	<u>\$ 44,879,735</u>	<u>\$ 45,689,811</u>	<u>\$ 44,571,082</u>	<u>\$ 44,063,767</u>

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Net investment in capital assets	\$ 1,221,999	\$ 1,184,742	\$ 1,147,485	\$ 1,110,485	\$ 1,073,743	\$ 1,038,076	\$ 1,009,203	\$ 977,631	\$ 948,759	\$ 919,887
Unrestricted	(56,305)	(64,190)	(75,944)	(72,753)	(74,819)	(114,090)	(129,064)	(128,479)	(165,041)	(188,005)
Total net position	<u>\$ 1,165,694</u>	<u>\$ 1,120,552</u>	<u>\$ 1,071,541</u>	<u>\$ 1,037,732</u>	<u>\$ 998,924</u>	<u>\$ 923,986</u>	<u>\$ 880,139</u>	<u>\$ 849,152</u>	<u>\$ 783,718</u>	<u>\$ 731,882</u>

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Primary Government										
Net investment in capital assets	\$ 30,151,139	\$ 30,534,409	\$ 30,123,995	\$ 30,901,191	\$ 30,853,858	\$ 29,831,761	\$ 30,125,408	\$ 30,264,543	\$ 29,556,058	\$ 29,850,500
Restricted	7,783,815	7,731,727	12,059,042	11,915,594	12,046,964	13,156,670	9,890,048	10,330,144	11,321,338	12,785,828
Unrestricted	6,972,365	7,770,840	3,760,771	2,937,082	3,358,419	2,378,661	5,744,418	5,944,276	4,477,404	2,159,321
Total net position	<u>\$ 44,907,319</u>	<u>\$ 46,036,976</u>	<u>\$ 45,943,808</u>	<u>\$ 45,753,867</u>	<u>\$ 46,259,241</u>	<u>\$ 45,367,092</u>	<u>\$ 45,759,874</u>	<u>\$ 46,538,963</u>	<u>\$ 45,354,800</u>	<u>\$ 44,795,649</u>

Source: Financial Statements

Note: The negative unrestricted net position is the result of the implementation of GASB 68.

City of Clayton
Changes in Net Position
Last Ten Fiscal Years

Table 2

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental activities:										
General government	\$ 1,051,461	\$ 1,174,069	\$ 1,305,562	\$ 1,457,326	\$ 2,781,523	\$ 1,796,454	\$ 2,629,048	\$ 2,018,902	\$ 2,731,875	\$ 2,631,613
Public safety	2,060,621	2,075,082	2,538,912	2,536,880	2,521,690	2,980,000	2,736,817	2,986,862	3,132,857	3,885,336
Public works	1,975,653	2,221,835	2,509,147	2,825,969	1,988,766	2,909,710	2,509,096	2,907,711	3,219,704	3,046,961
Community and economic dev.	362,248	287,775	329,418	367,682	296,372	357,133	356,450	341,335	462,643	526,140
Parks and recreation	583,120	676,790	667,687	718,267	452,535	592,433	729,729	939,695	1,050,088	1,060,458
Interest	-	-	-	-	-	-	-	-	7,870	6,476
Total governmental activities expenses	6,033,103	6,435,551	7,350,726	7,906,124	8,040,886	8,635,730	8,961,140	9,194,505	10,605,037	11,156,984
Business-type activities:										
Endeavor Hall	67,668	67,393	76,901	58,455	63,631	73,117	60,694	65,587	98,015	73,007
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	355,391	349,220	397,668	397,436	438,906	430,894	437,626	330,780	321,803	151,319
Public safety	49,326	52,497	44,545	41,195	65,674	51,259	48,292	55,794	40,464	41,423
Public works	321,544	324,308	355,625	356,347	338,877	328,731	331,218	321,272	61,341	62,962
Community and economic dev.	100,612	113,336	127,487	96,596	113,600	133,404	142,299	102,198	81,865	84,893
Parks and recreation	73,501	70,394	66,868	71,681	43,635	17,622	42,903	53,710	64,550	74,050
Operating grants and contributions	836,833	813,168	900,239	825,018	1,024,732	893,718	2,755,382	2,812,484	901,357	1,425,032
Capital grants and contributions	22,200	885,398	526,452	570,049	559,220	42,363	120,774	114,959	294,025	186,706
Total governmental program revenues	1,759,407	2,608,321	2,418,884	2,358,322	2,584,644	1,897,991	3,878,494	3,791,197	1,765,405	2,026,385
Business-type activities:										
Charges for services:										
Endeavor Hall	27,253	22,251	27,890	24,642	24,702	(1,442)	16,847	34,665	32,581	21,171
Total primary government program revenues	1,786,660	2,630,572	2,446,774	2,382,964	2,609,346	1,896,549	3,895,341	3,825,862	1,797,986	2,047,556
Net revenues (expense)										
Governmental activities:	(4,273,696)	(3,827,230)	(4,931,842)	(5,547,802)	(5,456,242)	(6,737,739)	(5,082,646)	(5,403,308)	(8,839,632)	(9,130,599)
Business-type activities:	(40,415)	(45,142)	(49,011)	(33,813)	(38,929)	(74,559)	(43,847)	(30,922)	(65,434)	(51,836)
Total primary gov't net revenue (expense)	\$ (4,314,111)	\$ (3,872,372)	\$ (4,980,853)	\$ (5,581,615)	\$ (5,495,171)	\$ (6,812,298)	\$ (5,126,493)	\$ (5,434,230)	\$ (8,905,066)	\$ (9,182,435)

Source: Financial statements

Continued

City of Clayton
Changes in Net Position
Last Ten Fiscal Years

Table 2

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General revenues and special items:										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,256,780	\$ 2,339,221	\$ 2,345,067	\$ 2,463,898	\$ 2,587,812	\$ 2,722,906	\$ 2,846,766	\$ 3,136,404	\$ 3,193,850	\$ 3,311,289
Special parcel taxes and assessments	1,185,651	1,220,427	1,254,911	1,256,011	1,295,034	1,309,373	1,348,657	1,394,101	1,739,532	1,784,883
Sales and use tax	372,705	455,387	436,560	483,741	512,868	510,029	563,908	539,134	952,520	1,288,955
Business license tax	133,943	135,866	154,397	175,153	140,620	90,872	162,881	208,080	84,010	173,805
Franchise fees	516,607	541,138	547,765	523,129	565,893	567,350	587,740	619,204	660,876	693,052
Payments in-lieu of taxes	154,852	157,949	161,108	164,331	167,677	171,029	174,443	181,493	177,935	185,123
Investment earnings	295,904	119,201	287,595	255,272	684,244	508,256	(281,502)	18,046	784,340	480,238
Other revenues	58,694	31,216	23,118	39,211	40,516	38,972	54,512	95,989	127,840	705,939
Gain/(loss) on sale of assets	792	1,624	(893)	30,924	5,760	1,741	6,958	-	-	-
Total governmental activities	4,975,928	5,002,029	5,209,628	5,391,670	6,000,424	5,920,528	5,464,363	6,192,451	7,720,903	8,623,284
Business-type activities:										
Investment earnings	-	-	-	4	121	(379)	-	(65)	-	-
Total business-type activities:	-	-	-	4	121	(379)	-	(65)	-	-
Special items:										
Governmental activities:										
Capital asset gain/(loss)	(230,786)	-	-	-	-	-	-	-	-	-
Change in net position:										
Governmental activities:	\$ 471,446	\$ 1,174,799	\$ 277,786	\$ (156,132)	\$ 544,182	\$ (817,211)	\$ 381,717	\$ 789,143	\$ (1,118,729)	\$ (507,315)
Business-type activities:	(40,415)	(45,142)	(49,011)	(33,809)	(38,808)	(74,938)	(43,847)	(30,987)	(65,434)	(51,836)
Total primary government	\$ 431,031	\$ 1,129,657	\$ 228,775	\$ (189,941)	\$ 505,374	\$ (892,149)	\$ 337,870	\$ 758,156	\$ (1,184,163)	\$ (559,151)

Source: Financial statements

Concluded

City of Clayton

Fund Balances of Governmental Funds Last Ten Fiscal Years

Table 3

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund:										
Nonspendable	\$ 308,064	\$ 72,518	\$ 81,790	\$ 320,232	\$ 100,163	\$ 120,623	\$ 173,471	\$ 190,998	\$ 509,252	\$ 9,377
Committed	-	-	-	-	-	177,496	495,019	1,562,436	2,720,000	2,720,000
Assigned	278,853	415,239	281,930	102,228	409,482	-	-	-	4,238,229	4,235,428
Unassigned	5,031,142	5,429,524	5,302,751	5,337,685	5,654,925	5,810,862	5,744,867	5,990,665	-	-
Total general fund	<u>\$ 5,618,059</u>	<u>\$ 5,917,281</u>	<u>\$ 5,666,471</u>	<u>\$ 5,760,145</u>	<u>\$ 6,164,570</u>	<u>\$ 6,108,981</u>	<u>\$ 6,413,357</u>	<u>\$ 7,744,099</u>	<u>\$ 7,467,481</u>	<u>\$ 6,964,805</u>
All other governmental funds:										
Nonspendable	\$ 3,633,951	\$ 3,696,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,150,476	2,122,471	6,293,306	6,403,413	6,452,671	7,283,999	6,719,595	7,228,199	8,815,898	10,409,364
Committed	667,134	494,241	571,915	647,611	669,841	643,461	709,802	557,007	541,769	564,139
Assigned	2,684,533	3,026,942	3,542,680	2,744,642	3,167,804	3,261,239	3,330,153	2,042,937	1,522,739	577,739
Unassigned	(2,550)	(2,550)	(2,550)	(223,171)	(23,566)	-	-	-	(201,863)	(617,936)
Total all other governmental funds	<u>\$ 9,133,544</u>	<u>\$ 9,337,342</u>	<u>\$ 10,405,351</u>	<u>\$ 9,572,495</u>	<u>\$ 10,266,750</u>	<u>\$ 11,188,699</u>	<u>\$ 10,759,550</u>	<u>\$ 9,828,143</u>	<u>\$ 10,678,543</u>	<u>\$ 10,933,306</u>

Source: City Financial Statements

City of Clayton

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table 4

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Taxes:										
Property taxes	\$ 2,256,780	\$ 2,339,221	\$ 2,345,067	\$ 2,463,898	\$ 2,587,812	\$ 2,722,905	\$ 2,846,766	\$ 3,136,404	\$ 3,193,850	\$ 3,311,289
Special parcel taxes and assessments	1,437,156	1,465,905	1,522,187	1,546,399	1,582,233	1,606,706	1,647,112	1,696,431	1,739,532	1,784,883
Sales and use tax	372,705	455,387	436,560	483,741	512,868	510,029	563,908	539,134	952,520	1,288,955
Business license tax	133,943	135,866	154,397	175,153	140,620	90,872	162,881	208,080	84,010	173,805
Franchise tax	516,607	541,138	547,765	523,129	565,893	567,350	587,740	619,204	660,876	693,052
Permits, licenses and fees	194,261	209,026	356,052	212,242	218,119	172,297	254,352	195,234	212,676	224,300
Fines, forfeitures and penalties	84,270	92,662	110,787	82,375	93,556	118,766	151,409	126,222	99,304	117,357
Intergovernmental	964,539	1,706,688	1,178,659	1,312,528	1,563,712	911,240	2,772,298	2,815,112	1,352,426	1,425,032
Motor vehicle in-lieu fees	4,554	-	-	-	-	-	-	11,341	13,666	16,915
Other in-lieu fees	154,852	157,949	161,108	164,331	167,677	171,029	174,443	181,493	177,935	185,123
Charges for services	342,308	311,796	329,164	325,078	324,893	297,393	305,645	241,261	258,043	72,990
Use of money and property	290,966	118,210	274,244	385,696	453,793	132,791	(324,916)	105,831	879,833	589,724
Program income	81,400	86,400	91,400	146,400	101,400	106,400	111,400	116,400	-	-
Other revenues	48,517	40,186	23,168	35,723	33,294	30,657	41,492	84,643	92,839	691,600
Total revenues	6,882,858	7,660,434	7,530,558	7,856,693	8,345,870	7,438,435	9,294,530	10,076,790	9,717,510	10,575,025
Expenditures:										
Current:										
General government	1,068,970	1,194,606	1,183,609	1,317,973	1,317,420	1,547,319	2,697,067	1,803,700	2,337,940	2,270,266
Public safety	2,281,621	2,265,845	2,363,298	2,365,339	2,463,330	2,605,103	2,814,860	2,877,042	2,772,022	3,494,972
Public works	1,237,683	1,519,992	1,592,903	1,621,629	1,853,605	1,908,291	2,141,455	2,321,579	2,373,326	2,263,732
Community and economic dev.	379,162	309,048	317,284	352,163	296,255	318,173	299,175	346,184	425,329	489,073
Parks and recreation	375,554	458,294	433,764	477,266	452,535	349,854	477,400	609,949	648,536	630,930
Capital outlay	1,275,563	1,409,599	654,531	2,146,778	1,075,806	213,610	1,102,349	1,580,508	1,604,560	1,628,040
Principal	-	-	-	-	-	-	-	-	55,215	39,449
Interest and fiscal charges	-	-	-	-	-	-	-	-	7,870	6,476
Total expenditures	6,618,553	7,157,384	6,545,389	8,281,148	7,458,951	6,942,350	9,532,306	9,538,962	10,224,798	10,822,938
Revenue Over (Under) expenditures	264,305	503,050	985,169	(424,455)	886,919	496,085	(237,776)	537,828	(507,288)	(247,913)
Other Financing Sources (Uses):										
Transfer in	1,026,538	497,960	481,974	1,261,171	157,814	494,175	3,251,504	2,286,503	246,526	138,178
Transfer out	(1,177,781)	(497,960)	(649,974)	(1,361,171)	(157,814)	(494,175)	(3,251,504)	(2,356,503)	(132,863)	(138,178)
Debt issuance	-	-	-	-	-	-	-	-	967,407	-
Unrealized gains/(losses)	-	-	-	(214,727)	211,761	370,275	58,091	(89,426)	-	-
Total other financing sources (uses)	(151,243)	-	(168,000)	(314,727)	211,761	370,275	58,091	(159,426)	1,081,070	-
Special items:										
Capital asset gain (loss)	(230,786)	-	-	-	-	-	-	-	-	-
Total extraordinary items	(230,786)	-	-	-	-	-	-	-	-	-
Net Change in fund balance	\$ (117,724)	\$ 503,050	\$ 817,169	\$ (739,182)	\$ 1,098,680	\$ 866,360	\$ (179,685)	\$ 378,402	\$ 573,782	\$ (247,913)
Debt service as a percentage of non-capital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.5%

Source: City Financial Statements

Note: This schedule contains trend information to help the reader understand how the City's financial performance and well being have changed over time.

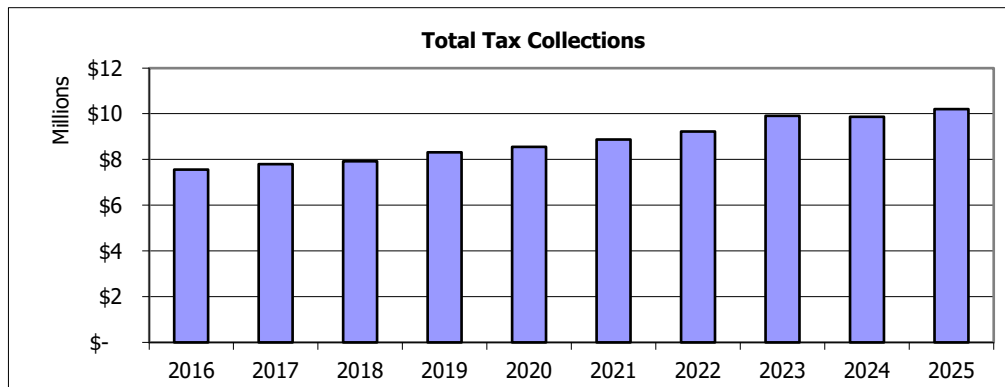
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City of Clayton

Table 5

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year ¹	Current Tax Collections ²	Percent of Levy Collected	Total Collections
2016	\$ 3,775,336	\$ 3,775,336	100.0%	\$ 7,550,672
2017	\$ 3,891,526	\$ 3,891,526	100.0%	\$ 7,783,052
2018	\$ 3,958,654	\$ 3,958,654	100.0%	\$ 7,917,308
2019	\$ 4,156,697	\$ 4,156,697	100.0%	\$ 8,313,394
2020	\$ 4,271,445	\$ 4,271,445	100.0%	\$ 8,542,890
2021	\$ 4,436,011	\$ 4,436,011	100.0%	\$ 8,872,022
2022	\$ 4,605,278	\$ 4,605,278	100.0%	\$ 9,210,556
2023	\$ 4,949,235	\$ 4,949,235	100.0%	\$ 9,898,470
2024	\$ 4,933,382	\$ 4,933,382	100.0%	\$ 9,866,764
2025	\$ 5,096,172	\$ 5,096,172	100.0%	\$ 10,192,344



Source: City of Clayton Finance Department

¹Property tax levies above include secured and unsecured general ad valorem

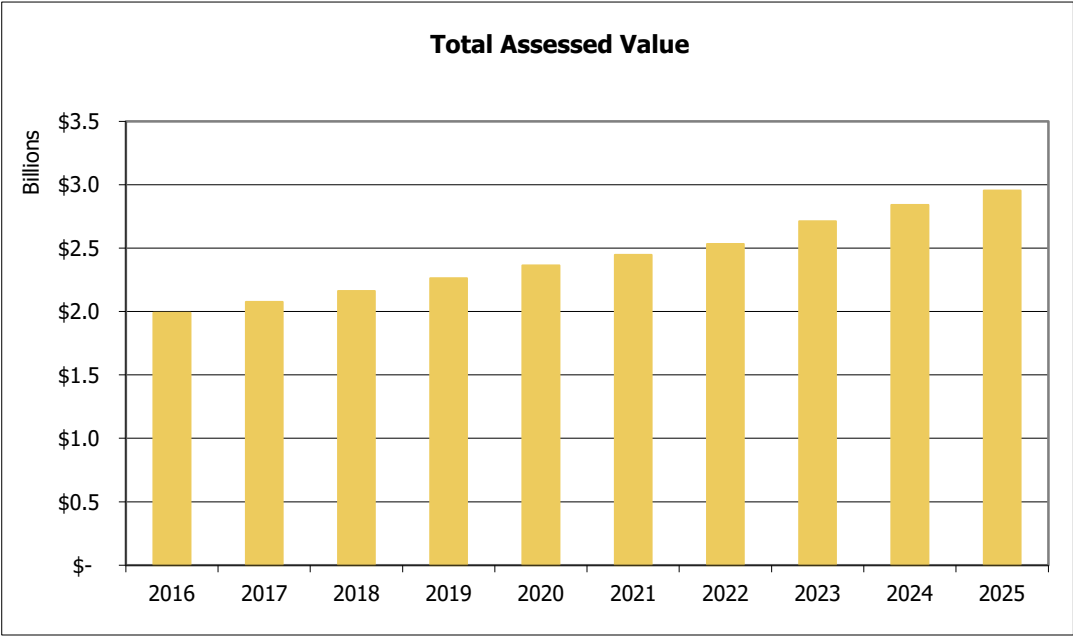
property taxes, restricted local special parcel taxes, and property taxes pertaining to the Redevelopment Property Tax Trust Fund.

² The City is enrolled in the "Teeter" Plan, where the County remits the entire amount levied and handles all delinquencies, retaining the interest and penalties.

City of Clayton
Net Assessed Value of Taxable Property
Last Ten Fiscal Years

Table 6

Fiscal Year Ended June 30	Secured	Unsecured	Total Assessed Value	Total Direct Tax Rate
2016	\$ 1,966,021,862	\$ 24,268,730	\$ 1,990,290,592	6.627%
2017	\$ 2,052,672,378	\$ 24,551,781	\$ 2,077,224,159	6.642%
2018	\$ 2,138,664,468	\$ 22,857,474	\$ 2,161,521,942	6.650%
2019	\$ 2,238,046,407	\$ 24,573,625	\$ 2,262,620,032	6.667%
2020	\$ 2,335,781,999	\$ 28,167,199	\$ 2,363,949,198	6.684%
2021	\$ 2,419,252,507	\$ 28,191,208	\$ 2,447,443,715	6.697%
2022	\$ 2,503,001,127	\$ 31,341,543	\$ 2,534,342,670	6.711%
2023	\$ 2,669,424,558	\$ 41,767,424	\$ 2,711,191,982	6.527%
2024	\$ 2,795,881,854	\$ 44,473,386	\$ 2,840,355,240	6.550%
2025	\$ 2,911,375,506	\$ 43,670,602	\$ 2,955,046,108	6.861%



Source: Contra Costa County Assessor Combined Tax Rolls

City of Clayton
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Table 7

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City Direct Rates:										
City of Clayton General Fund ¹	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628
Clayton Light Maintenance District No. 1	0.01039	0.01039	0.01039	0.01039	0.01039	0.01039	0.01039	0.01039	0.01039	0.01039
Direct and Overlapping Rates:										
Basic Levy ²	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Bay Area Rapid Transit (BART) Bond	0.00260	0.00800	0.00840	0.00700	0.01200	0.01390	0.00600	0.01400	0.01340	0.01480
Contra Costa Community College Bond	0.02200	0.01200	0.01140	0.01100	0.01880	0.01610	0.01760	0.01620	0.01460	0.01420
Contra Costa Water Land Levy	0.00350	0.00320	0.00300	0.00280	0.00260	0.00250	0.00230	0.00210	0.00200	0.00190
East Bay Regional Park Bond	0.00670	0.00320	0.00210	0.00210	0.00940	0.00140	0.00200	0.00580	0.00570	1.00130
Mt. Diablo School Bond	0.08120	0.07640	0.07900	0.09250	0.09080	0.09090	0.08980	0.08100	0.07100	0.06890
Total Direct and Overlapping ³ Tax Rates	1.11600	1.10280	1.10390	1.11540	1.13360	1.12480	1.11770	1.11910	1.10670	2.10110
City's Share of 1% Levy Per Prop 13 ¹	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628	0.06628
Total Direct Rate ⁴	0.06627	0.06642	0.06650	0.06667	0.06684	0.06697	0.06711	0.06527	0.06550	0.06566

Source: Contra Costa County Assessor Tax Rate Table

¹City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

²In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

³Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

⁴Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

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City of Clayton

Table 8

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	Primary Use, Primary Agency	2015/16		2024/25	
		Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Safeway Stores, Inc ¹	Commercial, Successor Agency	\$ 10,860,348	0.55%	\$ 12,844,348	0.43%
Clayton Station Shopping Center ¹	Commercial, Successor Agency	9,841,116	0.49%	29,560,596	1.00%
Albert D. Jr. & Sandra Seeno Trust	Dry Farm, Clayton General Fund	7,900,000	0.40%	8,800,000	0.30%
NGP Realty Sub LP	Recreational, Successor Agency	5,364,561	0.27%		0.29%
Endashiiian LLC	Commercial, Successor Agency	3,482,326	0.17%	4,103,165	0.14%
Village Oaks LLC	Commercial, Successor Agency	2,872,739	0.14%	3,384,892	0.11%
Comcast	Unsecured, Clayton General Fund	14,148,515	0.71%	35,010,637	1.18%
Ocean West Nevada Corporation	Commercial, Successor Agency	2,442,053	0.12%		0.13%
David and Heather Sorenson	Residential Clayton General Fund	2,637,976	0.13%		0.12%
William Patrick Jordan Trust	Residential, Successor Agency	2,429,734	0.12%	5,014,136	0.17%
Liu-Hom Family Trust	Commercial, Successor Agency			4,960,931	0.17%
Broken Wedge LLC	Recreational, Successor Agency			3,987,617	0.13%
Senior Nampa LLC	Institutional, Successor Agency			3,650,748	0.12%
Total Top 10 Taxpayers		61,979,368	3.11%	111,317,070	4.29%
Total Taxable Value		\$ 1,966,021,862	100.00%	\$ 2,955,046,108	100.00%

Source: Contra Costa County Assessor 2023/24 Combined Tax Rolls and the SBE Non Unitary Tax Roll

City of Clayton
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities						Total Gov't Activities		Total Primary Government
	Leases	Subscriptions	Loans						
2016	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -
2017	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -
2018	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -
2019	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -
2020	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -
2021	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -
2022	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -
2023	\$ 178,084	\$ 62,931	\$ -				\$ 241,015	\$ 241,015	\$ 241,015
2024	\$ 150,289	\$ 35,511	\$ 967,407				\$ 1,153,207	\$ 1,153,207	\$ 1,153,207
2025	\$ 122,404	\$ 23,947	\$ 967,407				\$ 1,113,758	\$ 1,113,758	\$ 1,113,758

Notes:

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Clayton
Computation of Legal Debt Margin
Last Ten Fiscal Years

Table 10

Fiscal Year	Assessed Value	Add Back Exempted Real Property	Total Assessed Valuation	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Ratio of Outstanding Net Debt Limit
2016	1,963,611,362	26,679,230	1,990,290,592	74,635,897	-	18,658,974	0.00%
2017	2,050,138,123	27,086,036	2,077,224,159	77,895,906	-	19,473,976	0.00%
2018	2,133,894,236	27,627,706	2,161,521,942	81,057,073	-	20,264,268	0.00%
2019	2,234,376,913	28,243,119	2,262,620,032	84,848,251	-	21,212,063	0.00%
2020	2,335,141,265	28,807,933	2,363,949,198	88,648,095	-	22,162,024	0.00%
2021	2,418,059,669	29,384,046	2,447,443,715	91,779,139	-	22,944,785	0.00%
2022	2,504,654,255	29,688,415	2,534,342,670	95,037,850	-	23,759,463	0.00%
2023	2,741,474,113	30,282,131	2,771,756,244	103,940,859	-	25,985,215	0.00%
2024	2,809,472,125	30,883,115	2,840,355,240	106,513,322	-	26,628,330	0.00%
2025	2,955,046,108	31,505,432	2,986,551,540	111,995,683	-	27,998,921	0.00%

Source: City of Clayton Finance Department.

Notes:

- (1) California Government Code, Section 43605 sets the limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75% (one-fourth the limit of 15%).

**Ratio of General Obligation Bonded Debt to Assessed Value and
General Obligation on Bonded Debt Per Capita
Last Ten Fiscal Years**

Fiscal Year	Population	Net Assessed Valuation ⁽²⁾	General Obligation Bonds	Percentage of Net Bonded Debt to Assessed Value	Bonded Debt Per Capita
2016	11,209	\$ -	\$ -	0.00%	\$ -
2017	11,431	\$ -	\$ -	0.00%	\$ -
2018	11,653	\$ -	\$ -	0.00%	\$ -
2019	11,337	\$ -	\$ -	0.00%	\$ -
2020	11,268	\$ -	\$ -	0.00%	\$ -
2021	10,863	\$ -	\$ -	0.00%	\$ -
2022	10,666	\$ -	\$ -	0.00%	\$ -
2023	10,683	\$ -	\$ -	0.00%	\$ -
2024	10,743	\$ -	\$ -	0.00%	\$ -
2025	-	\$ -	\$ -	0.00%	\$ -

Notes:

- (1) Population from State Department of Finance
- (2) Assessed Valuation from Table 5
- (3) 2025 population unavailable.

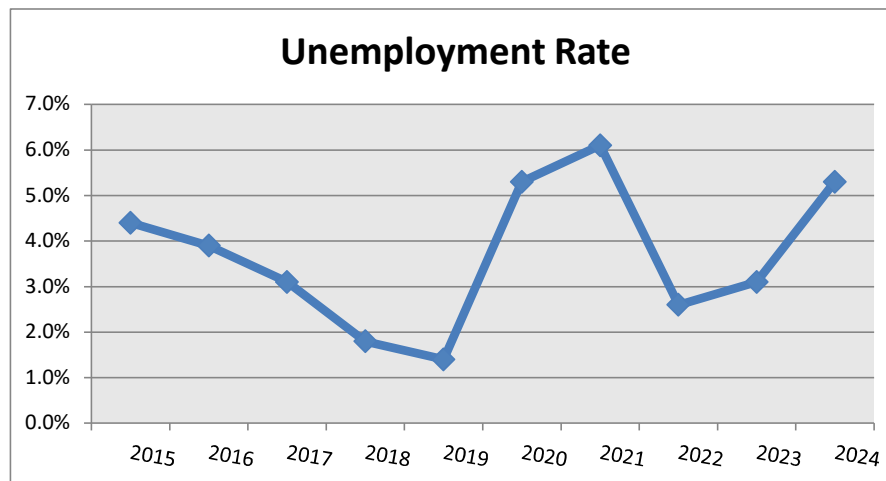
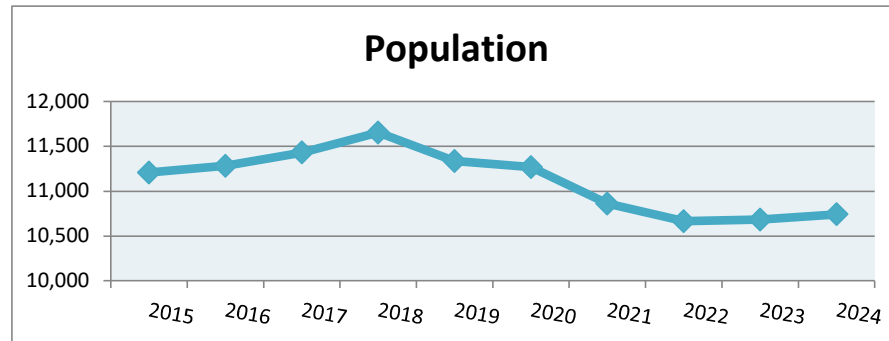
City of Clayton

Demographic and Economic Statistics

Last Ten Fiscal Years

Table 12

Fiscal Year	Population ⁽¹⁾	Personal Income (amounts expressed in thousands) ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age	Unemployment Rate (%) ⁽³⁾	% of Pop 25+ with High School Degree ⁽²⁾	% of Pop 25+ with Bachelor's Degree ⁽²⁾
2015	11,209	\$ 620,092	\$ 55,320	46.4	4.4%	99.0%	51.0%
2016	11,284	\$ 628,783	\$ 55,723	46.7	3.9%	98.9%	51.5%
2017	11,431	\$ 656,122	\$ 57,398	45.6	3.1%	97.9%	54.3%
2018	11,653	\$ 694,323	\$ 59,583	46.0	1.8%	98.0%	53.9%
2019	11,337	\$ 776,778	\$ 68,517	46.3	1.4%	98.0%	56.2%
2020	11,268	\$ 817,954	\$ 72,590	45.9	5.3%	97.5%	57.8%
2021	10,863	\$ 761,054	\$ 70,059	43.1	6.1%	97.6%	57.4%
2022	10,666	\$ 752,230	\$ 70,525	44.1	2.6%	98.8%	57.8%
2023	10,683	\$ 839,798	\$ 78,610	44.4	3.1%	98.9%	57.2%
2024	10,743	\$ 802,729	\$ 74,721	44.3	5.3%	98.5%	58.8%



Source: MuniServices, LLC / Avenu Insights & Analytics, U.S. Census Bureau.

(1) Population Projections are provided by the California Department of Finance.

(2) 2000-2009 Income, Age, and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date.

2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey.

(3) Unemployment and Total Employment Data are provided by the EDD's Bureau of Labor Statistics Department.

(4) 2025 Data unavailable.

City of Clayton

Table 13

**Full-Time Equivalent Employees by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	5.30	5.30	5.30	5.30	5.30	5.30	6.30	6.30	6.00	6.00
Public Safety	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Public Works	3.50	4.80	4.50	4.50	4.50	4.50	4.50	4.50	6.00	6.00
Community and Economic Dev.	1.90	1.90	1.90	1.90	1.90	1.90	2.10	2.10	2.60	2.00
Recreation	1.50	1.20	1.50	1.50	1.50	1.50	1.50	1.50	1.50	2.00
Total	25.20	26.20	26.20	26.20	26.20	26.20	27.40	27.40	29.10	29.00

Source: City of Clayton records.

City of Clayton
Capital Asset Statistics By Function
Last Ten Fiscal Years

Table 14

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function:										
Public Safety										
Automated license plate readers	-	-	6	6	6	6	6	7	7	7
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	11	10	10	10	10	10	10	10	10
Situational awareness traffic cameras	-	-	4	4	4	4	4	-	-	-
Trailers/Trucks	2	2	2	2	2	2	2	1	1	1
										-
Public Works										-
City owned parking lots	6	6	6	6	6	6	6	6	6	6
Community facilities	3	3	3	3	3	3	3	3	3	3
Curb lane miles	82	82	82	82	82	82	82	84.8	84	84
Manholes	162	162	162	162	162	162	162	162	162	162
Miles of storm drains	32.479	32.479	32.479	32.479	32.479	32.479	32.479	32.479	32	32
Number of catch basins	968	968	968	968	968	968	968	968	968	968
Number of street islands/medians	50	50	50	50	50	50	50	50	50	50
Miles of "v" ditches	15	15	15	15	15	15	15	15	15	15
Parking meters	-	-	-	-	-	-	-	-	-	-
Street signs	2,000	2,000	2,000	2,015	2,015	2,015	2,015	2,015	2,015	2,015
Streetlights (City owned)	500	500	500	500	500	500	500	500	500	500
Tractors/Trailers	12	13	13	14	14	14	14	10	10	10
Traffic signals (intersections	13	13	13	13	13	13	13	13	13	13
Work trucks	8	8	8	7	8	8	8	9	9	9
										-
Parks and Recreation Services										-
Acres of city parks	19.07	19.07	19.07	19.07	19.07	19.07	19.07	19.07	19	19
Acres of landscaped area (excl. parks)	46	46	46	46	46	46	46	46	46	46
Acres of open space	515.51	515.51	515.51	515.51	515.51	515.51	515.51	515.51	516	516
Acres of parks and irrigation	50	50	50	50	50	50	50	50	50	50
Miles of creekside trails	7	7	7	7	7	7	7	7	7	7
Miles of open space trails	20	20	20	20	20	20	20	20	20	20
Number of city parks	7	7	7	7	7	7	7	7	7	7
Number of city trees	3,000	3,000	3000	3000	3,000	3,000	3,000	3,000	3,000	3,000
Number of pedestrian bridges	9	9	9	9	9	9	9	9	9	9
Number of children playgrounds	4	4	4	4	4	4	4	4	4	4
Number of playfields	4	4	4	4	4	4	4	4	4	4

Source: City of Clayton Departments

* Fiscal year ending June 30, 2016 was the first year of ACFR implementation for the City, this historical data not readily available.

General Information

Date of Incorporation	3/18/1964
Form of Government	Council-Manager
Number of Authorized City Employees	27.6 FTEs

Population

Population	10,743
Median age	44.1
Median household income	\$172,226
Registered voters	8,621
Area in square miles	3.8

Miles of Streets:

Lane miles	42.4
Pavement condition index	73/100 ["Satisfactory" rating]

Fire Protection (CalFire Services Clayton)

Number of stations	1
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Police Protection

Number of stations	1
Number of patrol vehicles	10
Number of sworn personnel	11

Education

Elementary Schools:	
Mt Diablo Elementary	1
Middle Schools:	
Diablo View Middle School	1

Library (Contracted with Contra Costa County)

Number of libraries	1
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Parks & Community Facilities

Park sites	7
Park acreage	19.07
Open space acreage	515.51
Open space trail miles	15
Creekside trail miles	7
Endeavor Hall	1
Hoyer Hall (in the library)	1
City Hall Conference Room	1

Source: City of Clayton Finance Department, Contra Costa County Library, City of



**INDEPENDENT AUDITORS REPORT
IN ACCORDANCE WITH
GENERALLY ACCEPTED GOVERNMENTAL
AUDITING STANDARDS**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and Members of the City Council
of the City of Clayton
Clayton, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Clayton (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 24, 2026.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not



express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C & A LLP

Morgan Hill, California
February 24, 2026



Chavan and
Associates, llp
Certified Public Accountants

City of Clayton

JUNE 30, 2025
AUDIT RESULTS



Generally Accepted Auditing Standards



Generally Accepted Governmental Auditing Standards



Objective

Express an Opinion on F.S.



Responsibilities

Reasonable Assurance
Risk Based
F.S. Free of Material Misstatements
Internal Controls

Audit Process

1

- Audit Planning & Preparation

2

- Audit Execution

3

- Audit Reporting

4

- Follow-up

Annual Comprehensive Financial Report (ACFR)

Section 1

Introductory

- Letter of Transmittal
- Elected Officials
- Organizational Chart

Section 2

Financial

- Auditor's Opinion
- MD&A
- Financial Statements and Notes
- Required Supplementary Information
- Supplementary Information

Section 3

Statistical

- Fiscal
- Historical
- Demographic Information

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 22,407,473	\$ 22,160,653	\$ (176,152)	\$ (151,523)	\$ 22,231,321	\$ 22,009,130
Capital assets	30,044,371	29,760,506	919,887	948,759	30,964,258	30,709,265
Total Assets	<u>\$ 52,451,844</u>	<u>\$ 51,921,159</u>	<u>\$ 743,735</u>	<u>\$ 797,236</u>	<u>\$ 53,195,579</u>	<u>\$ 52,718,395</u>
Deferred Outflows of Resources	<u>\$ 2,340,480</u>	<u>\$ 3,405,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,340,480</u>	<u>\$ 3,405,111</u>
Liabilities						
Current and other liabilities	\$ 1,726,014	\$ 1,168,524	\$ 11,853	\$ 13,518	\$ 1,737,867	\$ 1,182,042
Noncurrent liabilities	8,481,710	8,620,548	-	-	8,481,710	8,620,548
Total Liabilities	<u>\$ 10,207,724</u>	<u>\$ 9,789,072</u>	<u>\$ 11,853</u>	<u>\$ 13,518</u>	<u>\$ 10,219,577</u>	<u>\$ 9,802,590</u>
Deferred Inflows of Resources	<u>\$ 520,833</u>	<u>\$ 966,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 520,833</u>	<u>\$ 966,116</u>
Net Position						
Net investment in capital assets	\$ 28,930,613	\$ 28,607,299	\$ 919,887	\$ 948,759	\$ 29,850,500	\$ 29,556,058
Restricted	12,785,828	11,321,338	-	-	12,785,828	11,321,338
Unrestricted	2,347,326	4,642,445	(188,005)	(165,041)	2,159,321	4,477,404
Total Net Position	<u>\$ 44,063,767</u>	<u>\$ 44,571,082</u>	<u>\$ 731,882</u>	<u>\$ 783,718</u>	<u>\$ 44,795,649</u>	<u>\$ 45,354,800</u>

Statement of Net Position

Functions/Programs	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2025	2024		2025	2024	
Program Revenues						
Charges for services	\$ 414,647	\$ 570,023	\$ (155,376)	\$ 21,171	\$ 32,581	\$ (11,410)
Operating grants and contributions	1,425,032	901,357	523,675	-	-	-
Capital grants and contributions	186,706	294,025	(107,319)	-	-	-
Total Program Revenues	2,026,385	1,765,405	260,980	21,171	32,581	(11,410)
General Revenues						
Taxes	7,251,984	6,630,788	621,196	-	-	-
Payments in-lieu of taxes	185,123	177,935	7,188	-	-	-
Investment earnings	480,238	784,340	(304,102)	-	-	-
Other revenues	705,939	127,840	578,099	-	-	-
Total General Revenues	8,623,284	7,720,903	902,381	-	-	-

Government Wide Revenues

Functions/Programs	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2025	2024		2025	2024	
Expenses						
General government	2,631,613	3,832,340	(1,200,727)	-	-	-
Public safety	3,885,336	3,015,212	870,124	-	-	-
Public works	3,046,961	2,581,540	465,421	-	-	-
Community and economic dev.	526,140	462,643	63,497	-	-	-
Parks and recreation	1,060,458	705,432	355,026	-	-	-
Interest on fiscal charges	6,476	7,870	(1,394)	-	-	-
Endeavor Hall	-	-	-	73,007	98,015	(25,008)
Total Expenses	11,156,984	10,605,037	551,947	73,007	98,015	(25,008)

Expenses by Function

	Major Funds					
	General Fund	Landscape Maintenance District Fund	Successor Housing Agency Fund	Grants Fund	Nonmajor Gov't Funds	Total
Total Revenues	\$ 6,381,889	\$ 1,339,732	\$ 74,243	\$ 706,077	\$ 2,073,084	\$ 10,575,025
Total Expenditures	7,022,743	1,363,886	2,901	484,066	1,949,342	10,822,938
Revenues Over (Under) Exp.	(640,854)	(24,154)	71,342	222,011	123,742	(247,913)
Transfers In	138,178	-	-	-	-	138,178
Transfers Out	-	(45,116)	-	-	(93,062)	(138,178)
Net Change in Fund Balances	(502,676)	(69,270)	71,342	222,011	30,680	(247,913)
Beginning Fund Balances	7,467,481	424,342	5,999,729	204,218	4,050,254	18,146,024
Ending Fund Balances	<u>\$ 6,964,805</u>	<u>\$ 355,072</u>	<u>\$ 6,071,071</u>	<u>\$ 426,229</u>	<u>\$ 4,080,934</u>	<u>\$ 17,898,111</u>

Summary of Changes in Fund Balance

Miscellaneous and Safety Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Proportion of Net Pension Liability	0.05236%	0.05100%	0.04942%	0.04849%	0.04757%
Proportionate Share of Net Pension Liability	\$ 3,593,771	\$ 4,413,357	\$ 4,901,330	\$ 4,672,754	\$ 4,874,908
Covered Payroll	\$ 1,992,036	\$ 1,975,806	\$ 1,923,660	\$ 2,008,101	\$ 2,237,613
Proportionate Share of NPL as a % of Covered Payroll	180.41%	223.37%	254.79%	232.70%	217.86%
Plan's Fiduciary Net Position as a % of the TPL	75.37%	73.89%	73.86%	76.24%	76.59%

Miscellaneous and Safety Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Proportion of Net Pension Liability	0.04897%	0.05103%	0.05478%	0.05543%	0.08924%
Proportionate Share of Net Pension Liability	\$ 5,328,676	\$ 2,759,739	\$ 6,327,815	\$ 6,915,093	\$ 6,853,288
Covered Payroll	\$ 1,960,538	\$ 2,252,998	\$ 2,287,078	\$ 2,238,196	\$ 2,221,971
Proportionate Share of NPL as a % of Covered Payroll	271.80%	122.49%	276.68%	308.96%	308.43%
Plan's Fiduciary Net Position as a % of the TPL	76.52%	88.23%	74.70%	73.84%	74.81%

Pensions

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability								
Service cost	\$ 27,530	\$ 28,428	\$ 21,745	\$ 18,521	\$ 18,942	\$ 32,489	\$ 33,114	\$ 15,494
Interest	15,800	15,783	15,090	13,536	11,706	24,351	25,530	19,845
Changes of benefit terms	45,605	-	-	-	-	-	-	-
Diff. expected/actual exper.	22,654	-	(11,405)	-	57,970	726	(48,457)	(853)
Changes of assumptions	(526)	11,986	(1,139)	18,602	(13,653)	(2,744)	(90,532)	(29,708)
Benefit payments	(30,226)	(31,408)	(58,507)	(54,031)	(29,178)	(16,804)	(18,708)	(18,279)
Implicit subsidy fulfilled	-	-	-	-	-	(14,349)	(15,209)	(17,760)
Net change in TOL	80,837	24,789	(34,216)	(3,372)	45,787	23,669	(114,262)	(31,261)
Total OPEB Liability - beg.	464,490	545,327	570,116	535,900	532,528	578,315	601,984	487,722
Total OPEB Liability - ending	<u>\$ 545,327</u>	<u>\$ 570,116</u>	<u>\$ 535,900</u>	<u>\$ 532,528</u>	<u>\$ 578,315</u>	<u>\$ 601,984</u>	<u>\$ 487,722</u>	<u>\$ 456,461</u>

OPEB

Audit Results

No Exceptions in Audit Opinions

No Material Weaknesses

No Disagreements with Management

No Significant Passed on Adjustments

