Agenda Item: 8.d

CITY OF CLAYTON
Founded 1857 .. Incorporated 1964

STAFF REPORT

TO: **CLAYTON CITY COUNCIL**

FROM: **Dennis Bozanich**

DATE: **April 21, 2026**

SUBJECT: **Review FY26 Budget Status, Consider Approval of FY27 Budget Revisions and Reserve Options**

BACKGROUND

The City of Clayton remains fiscally stable with strong reserve levels and a clean FY25 audit.

The FY26 General Fund is projected to end the year with a deficit of $820,000 and an ending fund balance of approximately $6.14 million.

This item follows up on the direction provided at the April 7, 2026 City Council meeting to add reserve funding to the FY27 adjusted budget for one-time

CEQA
No impacts

FISCAL IMPACT
The Council's action will consider impacts and adopt budget revisions and provide guidance to staff on the use of fund balances.

DISCUSSION

FY 2025–26 General Fund Status

The FY 2025–26 General Fund is projected to end the year with an approximate deficit of $820,000, due to $500K in revenue shortfalls, one-time expenditure increases and unbudgeted expenses.

FY 2026–27 Budget Revisions

Staff recommends budget adjustments that reduce the projected deficit from $667,349 to $345,113, primarily through expenditure reductions and updated revenue assumptions.

Additionally, Council provided direction to staff on April 7, 2026 on select one-time and ongoing funding augmentations, including infrastructure, public safety, and service level enhancements.

CONCLUSION

The City remains financially stable, but continued attention to structural budget balance will be necessary to maintain long-term fiscal sustainability.

ATTACHMENTS

ATT A - FY27 Budget Adjustments Details.pdf
ATT B - FY27 PROJECTS Budget Schedule.pdf
ATT C - Presentation