



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](#)