



# Town of Clayton FY 25-26 Budget Book

Town of Clayton



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# Budget-in-Brief – FY 2025-2026

## Introduction

The [Town of Clayton's Adopted FY 2025-2026 Budget](#) totals \$141.2 million across three funds – General Fund, Water Sewer, and Electric Enterprise Fund. This budget reflects the Town's commitment to delivering services, maintaining fiscal responsibility, and advancing the priorities outlined in the [Town's Strategic Plan](#). It strikes a balance between meeting today's needs and preparing for the future, ensuring investments in our people, infrastructure, and quality of life.

Clayton is the fastest-growing town in Johnston County. With this growth comes both opportunity and responsibility – the opportunity to enhance amenities, strengthen our economy, and expand cultural offerings; and the responsibility to carefully manage resources and maintain financial health.

## Revenue Overview – Where the Money Comes From

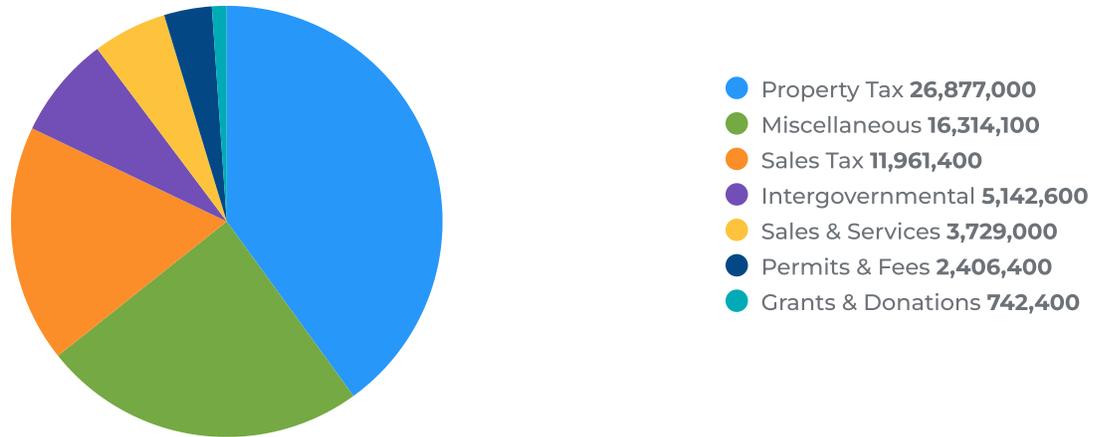
The Town's revenues come from a mix of taxes, fees, sales, and service charges. This diversified approach helps reduce reliance on any single source and builds resilience against economic fluctuations.

General Fund Revenues (FY 2025-2026: \$62.5 million)

- Property Tax – 40% of Total Revenues
  - Johnston County performed a reappraisal (revaluation) of real properties for FY26, and this process resulted in increased property values of more than 55%. This increase in valuation resulted in a **Revenue Neutral Tax Rate (RNTR)** of \$0.45/\$100 assessed value, down from \$0.65/\$100 in FY 2024-2025.
  - Adopted tax rate: \$0.49 per \$100 valuation (includes \$0.05 dedicated to the Capital Improvement Program).
- Sales Tax – 15% of Total Revenues
  - Projected at \$9.4 million in FY 2024-2025, budgeted conservatively in FY 2025-2026 at 2.5% growth.
- Intergovernmental – 8% of Total Revenues
  - Claytex Fire District (\$4.6 million) agreement reimburses the Town of Clayton for fire services provided other towns in Johnston County outside of Clayton town limits
- Sales and Services – 6% of Total Revenues
  - Solid waste services, Parks & Recreation programs and facility rentals, and ticket sales from events hosted at the Clayton Center and other cultural venues.
- Permits & Fees – 4% of Total Revenues
  - Reflects growth in development activity; occasionally exceeds projections due to unanticipated large-scale projects.
- Other Revenues – 27% of Total Revenues
  - Includes grants, capital financing proceeds, and investment earnings.



### Revenue Sources, FY 2025-2026



## Expenditure Overview – Where the Money Goes

Expenditures reflect both operational needs and larger investments. The General Fund budget supports essential services like public safety and public works, as well as amenities that enhance Clayton’s quality of life.

### General Fund Expenditures (FY 2025-2026: \$62.5 million)

- Public Safety – 23% of Total Expenses
  - Funding for police and fire operations, protective equipment, radios, and emergency response.
- Public Works & Infrastructure – 21% of Total Expenses
  - Street rehabilitation, sidewalk improvements, and stormwater upgrades.
- General Government – 17% of Total Expenses
  - Administrative support, technology modernization, and leadership capacity. Also includes town-wide capital purchases (land, buildings, etc)
- Parks, Library, & Cultural Arts – 7% of Total Expenses
  - Cultural Arts Center programming, park and library operations.
- Community Development – 7% of Total Expenses
  - Inspections, planning, engineering, and development services
- Other Services – 19% of Total Expenses
  - Community engagement, economic development, as well as some overhead functions like Finance and Debt Service.



## Key Budget Drivers

Several factors shape the FY2025-2026 budget and highlight areas where resources must be allocated:

- Population Growth: Continued growth drives demand for expanded services, utilities, and infrastructure.
- Capital Investment: The **general fund** operating budget supports debt service for capital projects such as the library renovation and new public safety centers.
  - Support for water/sewer expansion and upgrade capital projects is provided by revenues from sales and services, as well as permit and development fees.
  - Similarly, support for electric system replacement and expansion capital projects is supported by sales, permits and fees in the Electric Enterprise fund.
- Workforce Investment: Includes a 5% merit pool, 2% cost-of-living adjustment (COLA), and increased contributions to health and retirement benefits. Seven new full-time positions are funded.
- Utility Rates: Water and sewer rates will increase by a combined average of 10.2%. Electric rates increase by 2%. Both of these rate increases are driven by increases in wholesale utility costs, plus necessary capital investments in replacement and expansion.
- Financial Stability: A conservative approach to revenue ensures the Town maintains a strong financial position. Fund balance remains healthy, providing flexibility amid economic uncertainty.

## Strategic Plan

The FY 2025-2026 Budget supports the Town’s Strategic Plan, adopted in September 2024. Budget requests are aligned to one of the seven focus areas. Examples:

1. Vibrant Downtown – Façade grants, special events, library and cultural arts programming.
2. Desirable Amenities and Spaces –Athletic and playground equipment replacement, parks special events including July 4<sup>th</sup> and Christmas Village and Tree Lighting.
3. Sustainable Infrastructure Investment – Water/sewer repairs, electric line replacements, expansion and maintenance of utilities infrastructure.
4. Mobility, Transportation, and Transit – Street rehabilitation, sidewalk maintenance and expansion.
5. Diversified Economic Development – Economic Development strategic plan update, commercial redevelopment tools, outreach at conferences and trade shows.
6. Community Outreach and Engagement – New programming and public education initiatives.
7. Public Safety –Protective equipment for police and fire, body cameras, radios.



## Looking Ahead

The FY2025-2026 Budget is a financial plan and a roadmap for advancing Clayton's community priorities. Key initiatives for the coming year include:

- Complete Sam's Branch Water Reclamation Facility.
- Launch an RFP for a new Enterprise Resource Planning (ERP) system.
- Continue modernization efforts across departments.
- Expand capacity for growth while maintaining fiscal discipline.

The Town will conduct a midyear budget review to assess performance and make adjustments as needed. This ongoing evaluation ensures resources remain aligned with community needs.

## Conclusion

The Town of Clayton enters FY 2025-2026 in a strong financial position, supported by conservative revenue assumptions, healthy reserves, and a clear strategic vision. This budget funds essential services, invests in infrastructure, and supports organizational capacity.

