

TOWN OF WINDSOR AGENDA REPORT

Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date: January 21, 2026

To: Mayor and Town Council
From: Nick Walker, Administrative Services Director
Subject: FY 2025/26 Mid-Year Financial Update and Budget Amendment

Recommendation to Council:

1. Receive an update on Town revenues and expenditures for the first six months of the Fiscal Year 2025-26 through December 31, 2025.
2. By motion, approve a budget amendment authorizing appropriation increases to the FY 2025-27 budget totaling \$164,459 from all funds.

Strategic Plan Element:

The recommended action supports the goal of Fiscal Health. Goal Statement: Ensure the economic health and long-term financial viability of the Town.

Background:

The Town Council adopts a biennial budget and establishes appropriation limits for each fund. The budget development process begins with the identification of organizational goals and priorities established by the Town Council in coordination with Town management. The Town Manager consolidates this policy direction and provides guidance to executive management to develop departmental expenditure requests and staffing plans.

In collaboration with the Administrative Services Director, the Town Manager develops revenue estimates for all major operating funds, identifying available and projected resources to support requested expenditures. The Town Manager and Administrative Services Director then work closely with executive management to evaluate funding assumptions, refine expenditure requests, and assemble a balanced, comprehensive financial plan. This proposed budget is presented to the Town Council for review, discussion, and consideration. The Town Council may modify the proposed budget or adopt it as presented, at which point it becomes the Town's legally adopted spending plan.

Following adoption, the budget serves as a financial framework for operations over the two-year period and is actively monitored throughout the fiscal year. Ongoing budget monitoring is a critical component of sound fiscal management, allowing staff to track revenues and expenditures, identify emerging trends or variances, and assess the continued alignment of financial resources with Council-established priorities. This mid-year budget review provides the Town Council with a formal opportunity to evaluate fiscal performance to date, consider updated revenue and expenditure projections, and, where appropriate, make targeted budget adjustments to ensure the Town remains on a stable and sustainable financial course.

Discussion:

On June 18, 2025, the Town Council adopted the FY 2025–27 budget, establishing the following General Fund appropriation limits:

- **FY 2025–26:** \$28,639,439
- **FY 2026–27:** \$27,514,024

Total appropriation limits across all funds were approved in the following amounts:

- **FY 2025–26:** \$130,171,135
- **FY 2026–27:** \$145,929,106

On October 15, 2025, the Town Council approved additional discretionary budget items, increasing General Fund expenditure appropriations by \$250,000.

On November 5, 2025, the Town Council approved the following budget amendments:

- An amendment to the Inclusionary Housing Fund (Fund 181) in the amount of \$720,000 for the purchase of real property located at 8547 Old Redwood Highway.
- An amendment to the Grant Fund (Fund 125) expenditure appropriations in the amount of \$200,000 for a Professional Services Agreement with 4Leaf, Inc. to provide technical assistance related to Transit-Oriented Communities Affordable Housing Policy compliance. This increase was fully offset by additional revenue from a Metropolitan Transportation Commission (MTC) grant.

One new budget amendment request has been identified by staff and is being proposed tonight. The Wild Oak Water Line Replacement and Pavement Preservation program is almost complete. An alternative funding stack, that was approved in the adopted budget, for the project has been identified and is being proposed as an amendment. The chart below outlines the adopted appropriations and proposed changes resulting in the amended funding stack for the project:

Fund Name	Project Name	Adopted Budget	Project Cost	Budget Amendment (Expense)	Total Amended Appropriations
General Fund (010)	Wild Oak Pavement Preservation	\$400,000	\$0	(\$400,000)	\$0
Gas Tax (110)	Wild Oak Pavement Preservation	\$0	\$1,229,459	\$1,229,459	\$1,229,459
Traffic Mitigation (210)	Wild Oak Pavement Preservation	\$1,000,000	\$0	(\$1,000,000)	\$0
Bond Proceeds (310)	Wild Oak Pavement Preservation	\$0	\$335,000	\$335,000	\$335,000
Water Capital (460)	Wild Oak Water Service Replacement	\$3,685,541	\$3,685,541	\$0	\$3,685,541
Total		\$5,085,541	\$5,250,000	\$164,459	\$5,250,000

This proposal reduces the general fund appropriation by \$400,000, utilizes the last of the transportation

bond proceeds for this eligible project and replaces the Traffic Mitigation funding with Gas Tax funding including a small contingency to cover construction.

The Midyear Budget Update is intended to provide updated information to the Town Council on the progress of the Town towards its budget for the first half of the fiscal year, and to propose any adjustments to ensure that the Town remains on track to meet its fiscal goals.

The Administrative Services Department is currently finalizing the Annual Financial Report for FY 2024-25 and estimates a year-end general fund deficit of nearly \$3M as presented on October 15th, 2025. Staff expects to bring the FY 2024-25 Annual Financial Report to the Town Council in February of 2026.

While this midyear report focuses on the Town’s General Fund fiscal progress through December 31, 2025, staff are carefully tracking all approved budget adjustments, including those after December 31st, to ensure that the Town retains healthy reserves as per the Town’s financial policies.

Attachment 1 to the staff report is the General Fund mid-year financial statement.

Fiscal Impact:

Adopted appropriations in the FY 2025-26 budget are not sufficient to cover the full cost of some proposed projects. A budget amendment in the amount of \$164,459 is required. A detailed breakdown of costs, available adopted budget, and the proposed amendment is provided in the table below:

Fund Name	Cost	Adopted Budget	Budget Amendment (Expense)
General Fund (010)	\$400,000	\$400,000	(\$400,000)
Gas Tax (110)	\$1,229,459	\$0	\$1,229,459
Traffic Mitigation (210)	\$1,000,000	\$1,000,000	(\$1,000,000)
Bond Proceeds (310)	\$0	\$0	\$335,000
Water Capital (460)	\$3,685,541	\$3,685,541	\$0
		Total	\$164,459

	General Fund	Traffic Mitigation	Gas Tax	Bond Proceeds
Beginning Estimated Fund Balance	\$12,209,048	\$877,299	\$2,066,898	\$335,000
Budget Amendment (Expense)	(\$400,000)	(\$1,000,000)	\$1,229,459	\$335,000
Estimated Ending Fund Balance	\$12,609,048	\$1,877,299	\$837,439	\$0

Environmental Review:

This action does not constitute a “project” within the meaning of California Environmental Quality Act (CEQA) Guidelines Section 15378 and required no environmental review.

Attachment(s):

[1. Mid-Year Financial Update](#)

2. PowerPoint (Distributed 2026.01.21).pdf
3. Additional Correspondence (Distributed 2026.01.21)

Prepared by:

Nick Walker
Administrative Services Director

Approved by:

Jon Davis
Town Manager