

TOWN OF WINDSOR AGENDA REPORT

Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date: June 3, 2026

To: Mayor and Town Council
From: Nick Walker, Administrative Services Director
Subject: Mid-Year Financial Update, Budget Re-Adoption, Appropriations Limit Adoption, and Receive Preliminary Planning Framework for FY 2027-29 Biennial Budget

Recommendation to Council:

1. Receive and file the FY 2025–26 Mid-Year Financial Update through April 30, 2026.
2. Adopt a resolution adopting the budget for Fiscal Years 2026-27.
3. Adopt a resolution adopting the appropriations limit for the Fiscal Year 2026-27.
4. Receive a presentation regarding the preliminary planning framework for the FY 2027–29 Biennial Budget.

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 authority for each Town fund. The adopted budget serves as the Town’s financial plan and operational framework, guiding the allocation of resources to support Council priorities, Town services, capital investment, and long-term fiscal sustainability.

The Administrative Services Department continuously monitors revenues, expenditures, staffing levels, economic trends, capital project delivery, and reserve levels throughout the fiscal year. Periodic financial reporting to the Town Council is an important component of the Town’s fiscal management framework and provides transparency regarding current financial conditions, emerging risks, and long-term planning considerations.

This staff report includes four distinct but related fiscal planning items:

- Fiscal Year (FY) 2025–26 Mid-Year Financial Update;
- Re-adoption of the FY 2026–27 Budget associated with implementation of the Town’s new Enterprise Resource Planning (ERP) system;
- Adoption of the FY 2026–27 appropriations limit (“Gann Limit”); and
- A preliminary discussion regarding development of the FY 2027–29 Biennial Budget and long-term fiscal sustainability planning efforts.

Discussion:

1. FY 2025–26 Mid-Year Financial Update

This section of the report provides an update on Town revenues and expenditures through April 30, 2026, with a primary focus on General Fund operations and reserve trends.

Attachment 3 to this report includes detailed General Fund financial statements comparing:

- FY 2025–26 Adopted Budget;
- Actual revenues and expenditures through April 30, 2026;
- Estimated ending fund balance.

In addition, Attachment 4 provides summary financial information for all other major operating, special revenue, capital and enterprise funds.

While current projections indicate the Town remains financially stable in the near term, staff continues to emphasize that the Town faces an ongoing structural General Fund imbalance that will require continued fiscal planning and policy direction during development of the FY 2027–29 budget.

2. FY 2026–27 Budget Re-Adoption Associated with ERP Implementation

Staff is requesting Town Council re-adopt the FY 2026–27 budget due to significant structural changes associated with implementation of the Town’s new Enterprise Resource Planning (ERP) system.

As part of the ERP implementation process, the Town completed a comprehensive redesign of its Chart of Accounts structure, including revisions to:

- Fund structures;
- Department and division reporting hierarchies;
- Object code classifications;
- Capital project accounting;
- Grant tracking methodologies; and
- Financial reporting alignment.

Although these changes do not materially alter the overall fiscal policy direction established by the Town Council during adoption of the FY 2025–27 Biennial Budget, the revised accounting structure necessitates formal re-adoption of appropriations within the new ERP framework.

Attachment 5 includes a comparison between:

- The originally adopted FY 2026–27 budget; and
- The proposed re-adopted FY 2026–27 budget structure.

The proposed re-adoption is intended primarily to align legal appropriations with the Town’s updated financial system structure and improve long-term financial reporting, transparency, and operational efficiency.

Adoption of the attached resolution will establish the FY 2026–27 Budget associated with implementation of the Town’s new ERP system.

3. FY 2026–27 Appropriations Limit (Gann Limit)

Article XIII B of the California Constitution requires local agencies to annually establish an appropriations limit, commonly referred to as the “Gann Limit.”

The appropriations limit restricts the amount of proceeds of taxes that governmental entities may appropriate each fiscal year and is adjusted annually based on:

- Population growth; and
- Changes in California per capita personal income or local non-residential assessed valuation growth.

Attachment 6 includes the calculations supporting the proposed FY 2026–27 appropriations limit.

Staff has reviewed the Town’s projected appropriations subject to limitation and determined that the Town’s appropriations remain below the calculated limit.

Adoption of the attached resolution will establish the Town’s FY 2026–27 appropriations limit in compliance with constitutional requirements.

4. FY 2027–29 Biennial Budget Planning Framework

Staff has initiated preliminary planning efforts for development of the FY 2027–29 Biennial Budget.

As previously discussed with the Town Council throughout the FY 2025–27 budget process, the Town continues to face a structural General Fund deficit driven by expenditure growth that continues to outpace ongoing revenue growth.

The FY 2025–27 adopted budget included several significant balancing strategies, including:

- Approximately 10% General Fund expenditure reductions;
- Freezing vacant positions across departments;
- Significant deferred maintenance;
- Use of reserves; and
- Deferral of discretionary expenditures and capital investment.

Staff does not believe these strategies alone are sustainable over the long term without materially affecting Town service levels, infrastructure conditions, and organizational capacity.

As part of preliminary planning efforts for the FY 2027–29 budget cycle, staff has modeled the potential of an additional 15% in ongoing reductions to the General Fund. This planning scenario includes significant service level reductions across departments through employee attrition and additional staffing reductions; further deferral of road maintenance, infrastructure repairs, fleet acquisition, facility repairs, and technology maintenance and replacement; an inability to maintain parks, public facilities, and public spaces at community expected levels; reductions to community services, recreation programming, and special events; reduced investment in emergency preparedness and resiliency efforts; reductions in economic development partnerships and initiatives; and additional constraints on the Town’s ability to respond to emerging community priorities and long-term infrastructure needs.

Fiscal Impact:

Adoption of the proposed resolution establishes FY 2026-27 appropriations by fund for a total of \$147,282,433.

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. [Resolution - FY 2026-27 Operating Budget](#)
2. [Resolution - FY 2026-27 Appropriations Gann Limit](#)
3. [General Fund Update](#)
4. [Other Funds Update](#)
5. [Appropriation Comparison](#)
6. [FY 2026-27 GANN Limit Calculation](#)

13.1 PowerPoint (Distributed 2026.06.02)

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