

City of Willows

Fiscal Year 2025-26

Mid-Year Financial Status / General Fund Forecast Update



Presentation to City Council

March 23, 2026



FY 2025-26 Mid-Year / Forecast Update - Discussion Outline -

1. Overview of Mid-Year Budget Review Process
2. General Fund Revenues and Expenditures
3. General Fund Financial Forecast Overview
4. Enterprise Funds Updates
5. Other Fund Groups / Special Revenue Funds Updates
6. Questions

FY 2025-26 Mid-Year / Forecast Update - Mid-Year Budget Review Process -

Mid-Year Budget Review Process:

- Review and update of FY 2024-25 financial activity (audited) – update final balances for year-end activity / fund balance carryovers
- Consult with staff as required to obtain updated baseline budget information for FY 2025-26
- Incorporate significant cost drivers into budget (i.e. Public Safety Contract / grant and capital carryovers)
- Review revenue trends and forecasts impacting budgeted funds

FY 2025-26 Mid-Year / Forecast Update - General Fund -

	<u>Revenues</u>	<u>Expenditures</u>
FY 2025-26 Adopted Budget	\$ 7,675,450	\$ 7,355,995
Estimated Amounts @ 6/30/26	\$ 8,339,785	\$ 8,022,437
Recommended Adjustment	\$ 664,335	\$ 666,442

Adopted Budget - Surplus to Reserves – \$319,455

Mid-Year Budget - Surplus to Reserves – \$317,348

FY 2025-26 Mid-Year / Forecast Update - General Fund Changes -

General Fund Budget – Recommended Revenue Changes

INCREASE IN REVENUE FORECASTED = \$ 664,335

•Property Taxes	(\$ 24,000)
•Sales Tax	(\$ 24,147)
•Measure I Sales Tax	\$ 119,000
•Garbage Franchise	\$ 12,600
•Interest Earnings	(\$ 12,133)
•Planning Fees	(\$ 77,856)
•Fire Department Fees	(\$ 20,678)
•Sewer Admin Fees / Transfers	\$ 137,411
•CalTrans Street Sweeping	\$ 13,045

FY 2025-26 Mid-Year / Forecast Update - General Fund Changes -

General Fund Budget – Recommended Revenue Changes

INCREASE IN REVENUE FORECASTED = \$ 664,335

•Miscellaneous Revenues	\$ 233,646
•Fire Grants / Strike Team Reimb.	\$ 296,931
•Transfers In	\$ 22,971
•All Other Revenues	(\$ 12,455)

FY 2025-26 Mid-Year / Forecast Update

- General Fund Changes -

Sewer Administrative Cost Transfers - Updated

Sewer Fund Transfers - Indirect Overhead (Replaces original 78050 Budget) - FY 2025-26 Mid-Year			
	Budget	Percentage	Allocation
Staff:			
- City Manager	\$ 228,079.51	15%	\$ 34,212
- Community Development Director	\$ 170,412.24	10%	\$ 17,041
- Finance Director	\$ 161,321.20	15%	\$ 24,198
- Finance Analyst (Both)	\$ 93,836.40	15%	\$ 14,075
- City Clerk	\$ 95,748.71	7%	\$ 6,702
Other:			
- Finance Consultant	\$ 27,500	10%	\$ 2,750
- Audit Cost	\$ 35,000	15%	\$ 5,250
- City Hall Utilities / Building Maintenance	\$ 72,000	15%	\$ 10,800
- Legal	\$ 142,600	10%	\$ 14,260
- Information Technology (M&I)	\$ 50,000	10%	\$ 5,000
- Tyler License & Configuration	\$ 30,131	10%	\$ 3,013
Total Included as Transfer to General Fund:			\$ 137,302
Public Works Staff Salaries:			
- Authorized Positions (1 Mechanic / 4 Mtc Workers / 1 Superintendent @ 25%:)			\$ 127,733
Total Budgeted Allocation of Charges to Sewer Fund:			\$ 265,035

FY 2025-26 Mid-Year / Forecast Update - General Fund Changes -

General Fund Budget – Recommended Appropriation Changes

INCREASE IN APPROPRIATIONS RECOMMENDED = \$666,442

- City Manager \$ 32,267
 - ☞ City birthday; membership costs; health benefits
- Finance (\$ 4,217)
 - ☞ Lower contractual services costs
- Planning (\$ 62,270)
 - ☞ Budget correction – Allocated staffing costs

FY 2025-26 Mid-Year / Forecast Update - General Fund Changes -

General Fund Budget – Recommended Appropriation Changes

INCREASE IN APPROPRIATIONS RECOMMENDED = \$666,442

- General Office - Citywide \$ 302,640
 - ☞ Prior year health benefits cost assessment
 - ☞ Higher Liability and Property insurance costs
 - ☞ Purchase of property adjacent to Fire Station

- Civic Center \$ 130,000
 - ☞ Library roof replacement (insurance?)

- Engineering \$ 40,000
 - ☞ Higher Engineering consulting costs

FY 2025-26 Mid-Year / Forecast Update - General Fund Changes -

General Fund Budget – Recommended Appropriation Changes

INCREASE IN APPROPRIATIONS RECOMMENDED = \$666,442

- Library (\$ 65,206)
 - ☞ Staff vacancy savings – first part of fiscal year
- Parks / Public Works (\$ 75,737)
 - ☞ Budget error expensing staff reimbursement (gas tax reimbursement)
- Fire \$ 327,862
 - ☞ Staff and overtime reimbursed by grants / strike teams
- Non-Departmental \$ 38,511
 - ☞ Tyler license costs / Close out other funds (match)

FY 2025-26 Mid-Year / Forecast Update - General Fund Reserves -

General Fund Budget – Recommended Reserves

Recommended Reserve Levels:

- | | |
|----------------------------------|------------|
| • General Fund Committed Reserve | \$ 200,000 |
| • Apparatus Replacement Reserve | 5,000 |
| • Unobligated Fund Balance | 1,386,223 |

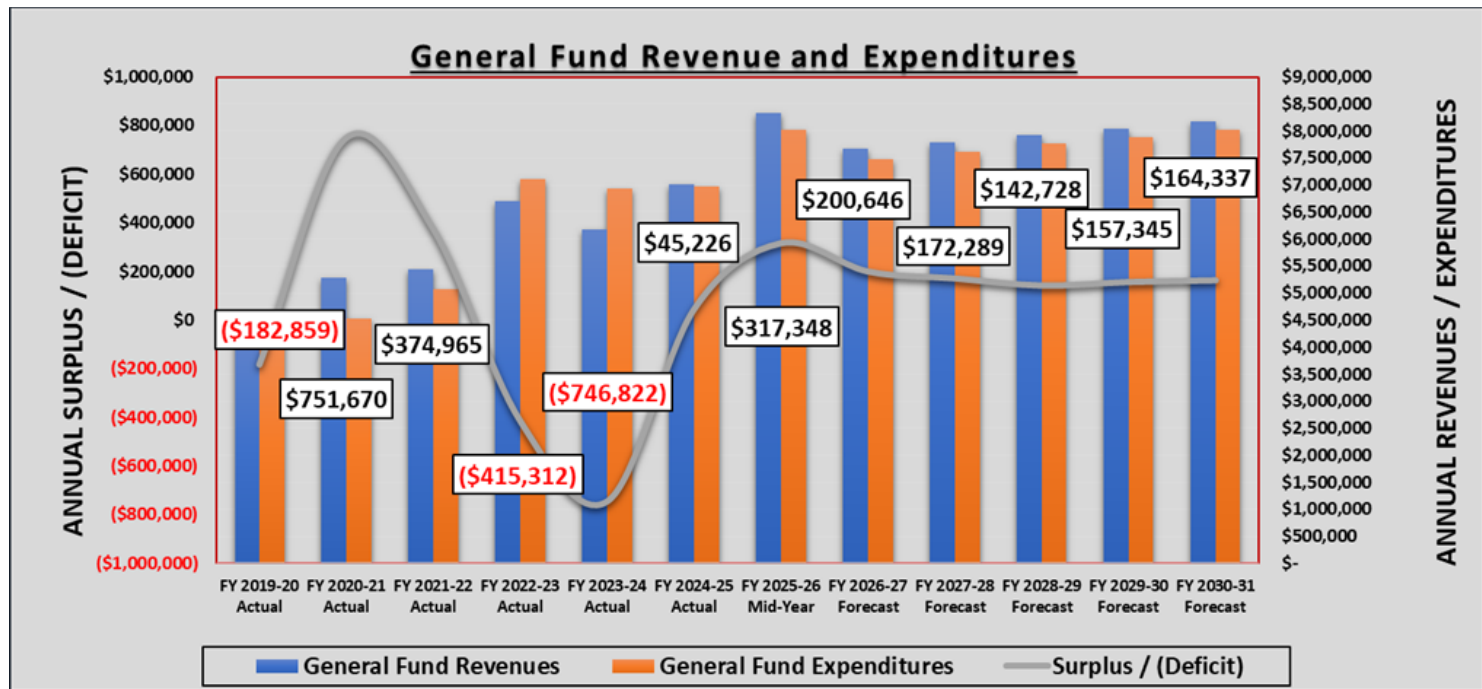
Total General Fund Reserves – June 30, 2026 \$ 1,591,223 **

**** - Total Reserves represent ~ 20.4% of forecasted ongoing expenditures**

FY 2025-26 Mid-Year / Forecast Update

- General Fund Financial Forecast-

Financial Status - General Fund Forecast



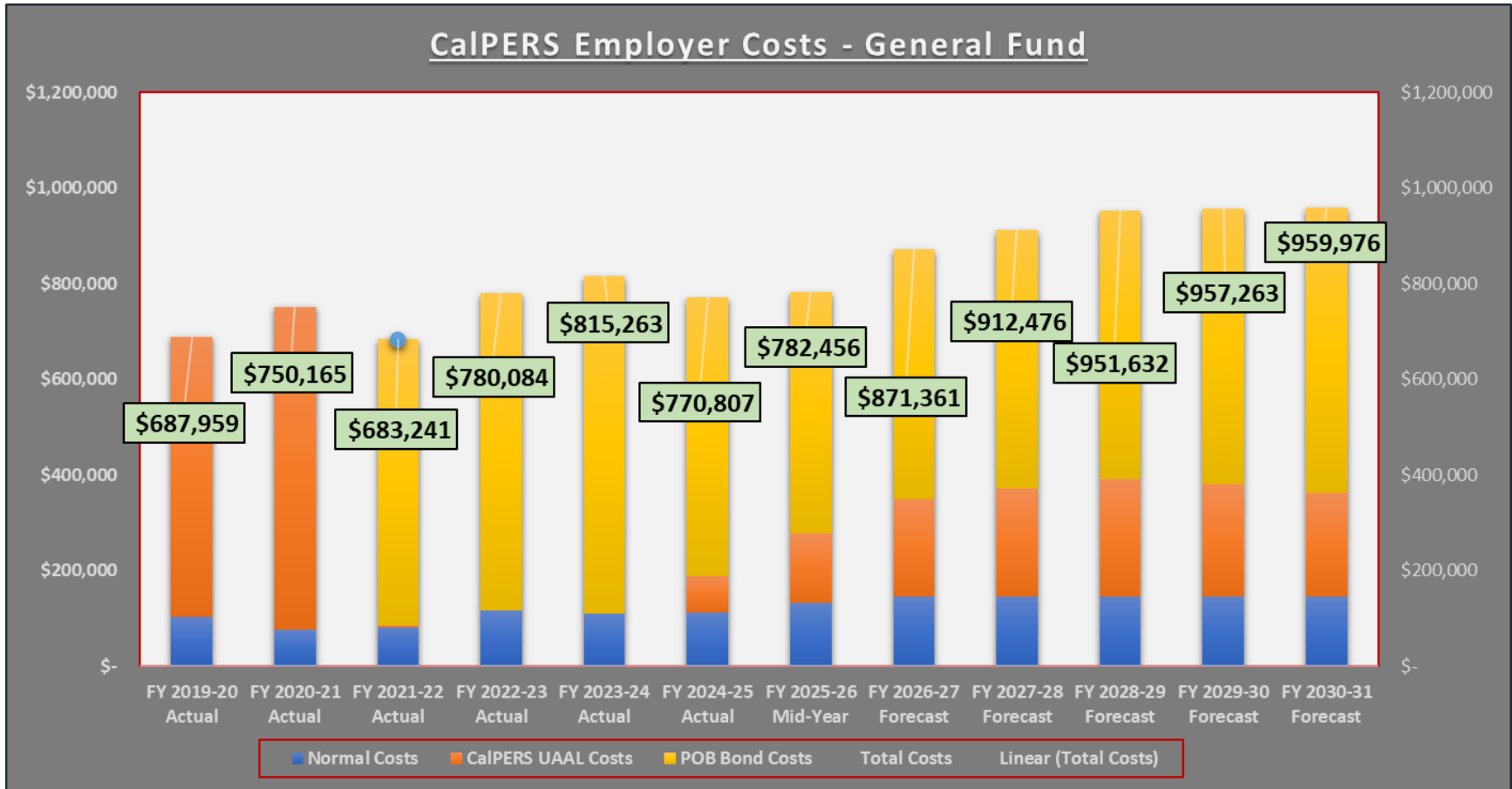
Notes:

- Forecast based on “Base Budget” concept
- All positions currently authorized assumed filled as of March 2026 and forward
- Model only includes negotiated salary increases
- Budgets currently stable with existing Police Services Contract and CalPERS UAL costs

FY 2025-26 Mid-Year / Forecast Update

- General Fund Financial Forecast -

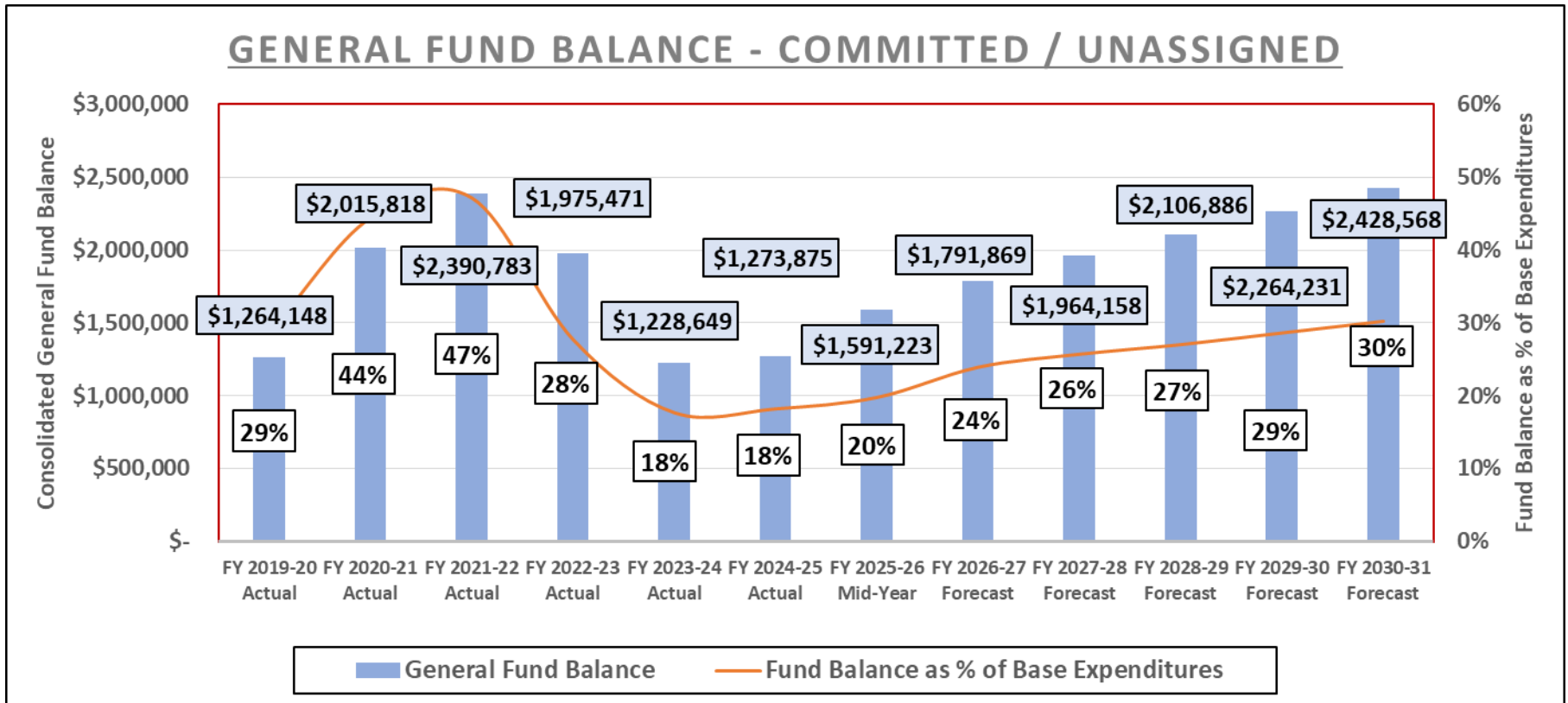
General Fund CalPERS Employer Costs:



FY 2025-26 Mid-Year / Forecast Update

- General Fund Financial Forecast -

General Fund Balance:



FY 2025-26 Mid-Year / Forecast Update - Enterprise Funds -

Sewer Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2025-26 Adopted Budget	\$ 2,355,000	\$ 4,933,359
Estimated Amounts – 06/30/26	2,388,621	4,979,520
Recommended Adjustment	\$ 33,621	\$ 46,161

Projected Sewer Fund Balance @ 6/30/26: \$ 2,404,104 (\$787,781 reserved)

Recommendations:

- High capital to align with Capital Improvement Plan (CIP) - \$2,916,665
- Revenues include payments for Sewer loads from Arbuckle
- Expenditures include CalPERS UAL and Health Benefit Assessment
- Unobligated working capital @ June 30, 2023 = \$1,616,323

FY 2025-26 Mid-Year / Forecast Update - Special Revenue Funds - Transportation -

Gas Tax Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2025-26 Adopted Budget	\$ 181,843	\$ 357,000
Estimated Amounts – 06/30/26	187,764	428,350
Recommended Adjustment	\$ 5,921	(\$ 71,350)

Projected Gas Tax Fund Balance @ 6/30/26: \$ 32,558

Recommendations:

- Forecasted gas tax receipts and interest earnings higher
- Additional expenditures include capital costs for Oak & Madrone Streets Project
- Balance of expenditures for streetlight / street maintenance / staff costs

FY 2025-26 Mid-Year / Forecast Update - Special Revenue Funds - Transportation -

RMRA / SB-1 Funds

	<u>Revenues</u>	<u>Expenditures</u>
FY 2025-26 Adopted Budget	\$ 165,000	\$ 250,000
Estimated Amounts – 06/30/26	173,366	265,210
Recommended Adjustment	\$ 8,366	\$ 15,210

Projected RMRA / SB-1 Fund Balance @ 6/30/26: \$ 100,479

Recommendations:

- Revenues include most recently forecasted amounts (SB-1)
- Additional expenditures include capital costs for Oak & Madrone Streets Project

FY 2025-26 Mid-Year / Forecast Update - Special Revenue Funds - Transportation -

RSTP / STIP Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2025-26 Adopted Budget	\$ 100,000	\$ 100,000
Estimated Amounts – 06/30/26	111,871	111,871
Recommended Adjustment	\$ 11,871	\$ 11,871

Projected RSTP / STIP Fund Balance @ 6/30/26: \$ -

Recommendations:

- Revenues represent actual amounts received for FY 2025-26
- Expenditures allocated towards street signs / materials; and Oak & Madrone Streets Project

FY 2025-26 Mid-Year / Forecast Update - Special Revenue Funds - Library -

County Library / Literacy Pass-Through Funds

	<u>Revenues</u>	<u>Expenditures</u>
FY 2025-26 Adopted Budget	\$ 153,360	\$ 152,360
Estimated Amounts – 06/30/26	126,600	197,865
Recommended Adjustment	(\$ 25,760)	\$ 45,505

Projected County Library / LPT Fund Balance @ 6/30/26: \$ -

Recommendations:

- Revenues updated with estimated allocation expected from County (\$85,000); grant for Literacy Program (\$31,500); and Carnegie Library Grant (\$10,000)
- All literacy funds are transferred to Literacy Programs; and all other Library funding is transferred to the offset net Library costs in the General Fund

FY 2025-26 Mid-Year / Forecast Update - Special Revenue Funds - Library -

Other Library-related Funds:

Zip Books Fund -	Fund Balance @ June 30, 2026 - \$1,932 Appropriation increased to allow for expenditure of funds Revenues received from the State used for applicable expenditures
Northnet Training Fund -	Fund Balance @ June 30, 2026 - \$ 2,024 Appropriation increased to allow for expenditure of funds Revenues received from the State used for applicable expenditures
CLSA Delivery Fund-	Fund Balance @ June 30, 2026 – \$32,922 E-Rate revenues used for applicable expenditures Revenues amount updated to account for actual receipts to date

FY 2025-26 Mid-Year / Forecast Update - Special Revenue Funds - Miscellaneous -

Miscellaneous Operating Funds:

Certified ADA Access Fund -	Fund Balance @ June 30, 2026 - \$15,747 Lowering of revenues based on collections to date Portion of business license fees for ADA upgrades
Willows Lighting / Landscp. Fund -	Fund Balance @ June 30, 2026 - \$32,906 Split out funds to individual districts in future Used towards expenditures consistent with Engineer's Report
Community Discretionary Fund -	Fund Balance @ June 30, 2026 – \$21,411 Revenues include defederalized CDBG program income loan payments Loan payoff received in FY 2025-26 Expenditures include annual LAFCO costs / minor other costs
Mall Maintenance Fund -	Fund Balance @ June 30, 2026 - \$0 Close fund – move to General Fund Mall Maintenance Department
State Recycling Grant Fund-	Fund Balance @ June 30, 2026 - \$8,969 No activity budgeted for fund May be used for recycling-related activities

FY 2025-26 Mid-Year / Forecast Update - Special Revenue Funds – CDBG/Housing -

CDBG / Housing Funds:

CDBG Housing Fund -	Fund Balance @ June 30, 2026 - \$0 Revenues / Expenditures updated to account for anticipated loan payments Receives program income and transfers to Community Discretionary Fund
CDBG Over-the-Counter Fund -	Fund Balance @ June 30, 2026 - \$1,791,037 Revenues updated to account for interest earnings Expenditures include costs for Civic Center Door Remaining funds may be used / loaned as authorized by HCD
HOME Program Income Fund -	Fund Balance @ June 30, 2026 – \$ - Close fund to General Fund to offset prior year monitoring costs

FY 2025-26 Mid-Year / Forecast Update - Special Revenue Funds - Projects -

Projects Operating Funds:

- Clean California Grant Fund - Fund Balance @ June 30, 2026 – \$ -
Fund accounts for \$3.9 million grant for Sycamore Park Project
Fund expected to carryover \$3.6 million in grant funding to FY 2026-27
- SB-2 Grant Fund - Fund Balance @ June 30, 2026 – \$ 60,373
Fund accounts for Planning grant activity
Fund to reconciled and closed in FY 2025-26 (like
- Parks Grant Fund - Fund Balance @ June 30, 2026 – \$ 172,283
Fund accounts for CARES Act and Prop 68 funding for Sycamore Park
Fund expected to carryover \$172,283 in grant funding to FY 2026-27
- USDA RDGB Grant Fund - Fund Balance @ June 30, 2026 - \$ -
Fund accounts for USDA Grant activity
Any remaining funds to be carried to FY 2026-27 for eligible expenditures
- HOME Grant Fund - Fund Balance @ June 30, 2026 - \$6,275
Fund accounts for Sycamore Street Apartments project
Funds may be used towards administrative expenditures / future loans

FY 2025-26 Mid-Year / Forecast Update - Special Revenue Funds – Impact Fees -

Impact Fees Operating Funds:

Anticipated Fund Balances @ June 30, 2026:

- **Fire - \$ 2,999**
- **Police - \$ 65,991 (Consider for GCSO contract payment?)**
- **Storm Drain - \$ 166,709**
- **Library - \$ 112,505**
- **Streets - \$ 198,491**
- **Parks - \$ 317,516**
- **I-5 Interchange - \$ 418,274**

Funds may be used towards any nexus-based project / expenditure



FY 2025-26 Mid-Year / Forecast Update

- Questions -

Questions