

CITY OF COACHELLA

# FY 2026-27 Budget Adoption

and Approval of the FY 2025-26 Final Budget

City Council Meeting • June 24, 2026

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Gustavo J. Romo, City Manager  
Lincoln G. Bogard, Finance Director

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# Tonight's Requested Council Actions



## **Adopt Resolution 2026-41**

Approving the City of Coachella Requested Annual Budget for Fiscal Year 2026-27 and appropriating funds for all City operations, capital projects, and component units.



## **Adopt Resolution 2026-42**

Approving the City of Coachella Final Budget for Fiscal Year 2025-26, formalizing mid-year adjustments previously authorized by Council during the fiscal year.

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## Budget at a Glance — All Funds

*Fiscal Year 2026-27, combined across the General Fund, Special Revenue, Capital, Debt Service, and Enterprise Funds*

**\$227.7M**

Total Revenues, All Funds

**\$250.3M**

Total Appropriations, All Funds

**18**

Active Funds Budgeted

**4**

Component Units Governed by  
Council

**Component units:** Coachella Sanitary District • Coachella Water Authority • Coachella Fire Protection District • Community Facilities District 2005-1 (Police)

**Why appropriations exceed revenues:** Capital and grant funds (Funds 152 and 182) are budgeted to spend down large prior-year and current-year grant awards for infrastructure — these are matched dollar-for-dollar by dedicated funding sources, not General Fund subsidy.

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## General Fund Snapshot — FY 2026-27

**\$47.40M**

Total Revenues

**\$47.62M**

Total Appropriations

**(\$226,127)**

Reported Net (as budgeted)



**But this “deficit” isn't what it looks like.** \$534,026 of this year's General Fund appropriations is a transfer OUT to the Capital Projects Fund to help fund infrastructure — a capital investment decision, not a sign of overspending on day-to-day operations. See next slide.

*Reserve Position: \$9.8M committed contingency reserve (20.6% of appropriations) — above the City's 20% policy minimum. Audited fund balance at July 1, 2025: \$42,391,376.*

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## Separating Operations from Capital Investment

*The General Fund's transfer to the Capital Projects Fund (182) is an investment choice, not an operating cost*

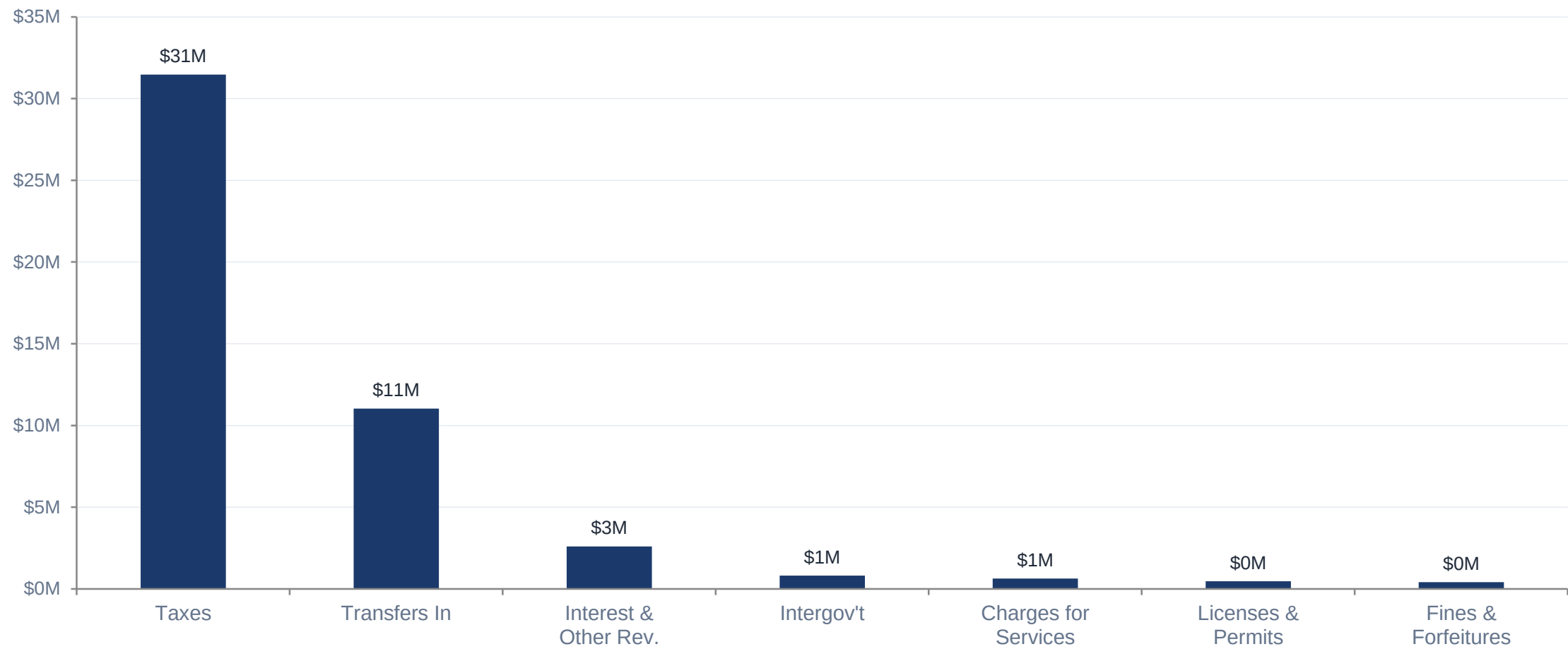


**Bottom line:** Once capital investment is set aside, the General Fund's day-to-day operating budget is projected to run a surplus of approximately \$307,899 in FY 2026-27 — not a deficit. The City is choosing to invest in capital infrastructure this year using available fund balance, which is sound fiscal practice, not a structural imbalance.

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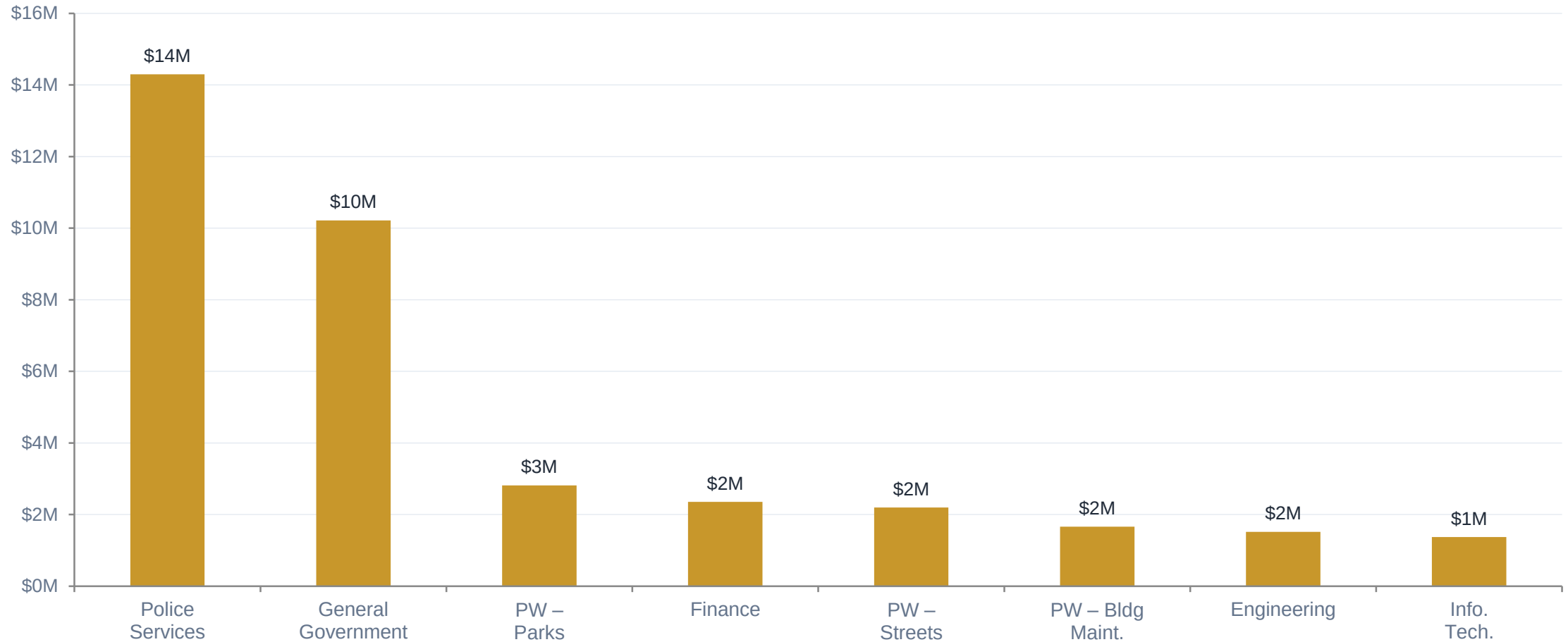
# General Fund Revenue by Category

FY 2026-27 Budget — Total: \$47,396,127



## 6 General Fund Expenditures — Top Departments

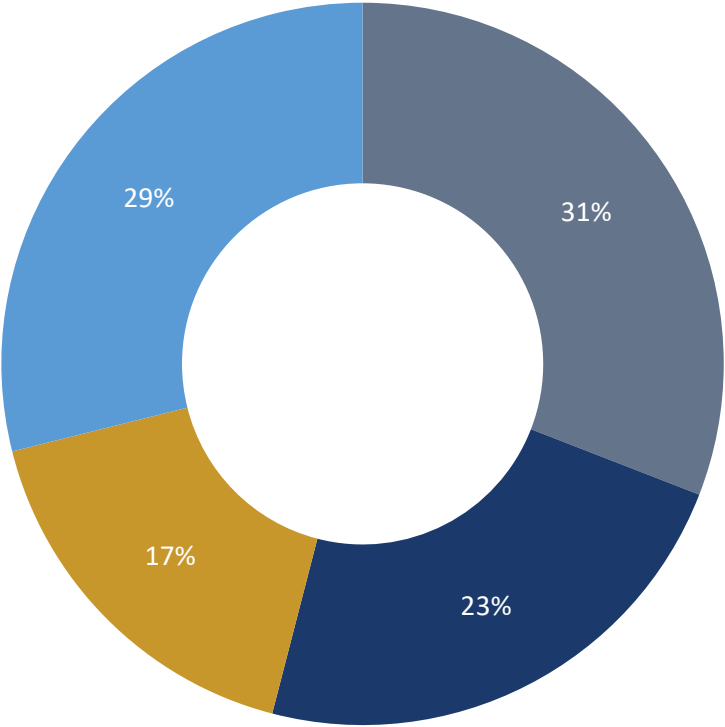
*FY 2026-27 Budget — Total: \$47,622,254 (Top 8 of 31 divisions shown; Police is 30.0% of total)*



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# Fund Balance & Reserves

Audited General Fund Balance, June 30, 2025: \$42,391,376



■ Nonspendable ■ Committed (Reserve) ■ Assigned ■ Unassigned

|              |              |                                     |
|--------------|--------------|-------------------------------------|
| Nonspendable | \$13,097,809 | Advances to DIF funds               |
| Committed    | \$9,804,903  | 20.6% reserve — above 20% policy    |
| Assigned     | \$7,238,113  | Capital & software carryforwards    |
| Unassigned   | \$12,250,551 | Available for Council appropriation |



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# All-Funds Summary — FY 2026-27

| Fund | Fund Name                                  | Revenues             | Expenditures         |
|------|--------------------------------------------|----------------------|----------------------|
| 101  | General Fund                               | \$47,396,127         | \$47,622,254         |
| 152  | Grants Fund                                | \$66,141,624         | \$64,267,850         |
| 178  | Water Authority (incl. Fund 177)           | \$16,860,413         | \$22,010,917         |
| 182  | Capital Projects Fund                      | \$63,865,262         | \$63,865,262         |
| 240  | Fire Protection District                   | \$6,546,725          | \$6,546,725          |
| 361  | Sanitary District (incl. Fund 360)         | \$17,900,118         | \$22,681,623         |
|      | Other Special Revenue & Debt Service Funds | \$9,078,401          | \$23,379,659         |
|      | <b>TOTAL – ALL FUNDS</b>                   | <b>\$227,688,670</b> | <b>\$250,324,567</b> |

*Budgetary authority is established at the fund level. Full 18-fund detail is provided in Exhibit “A” of Resolution 2026-41.*

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## Enterprise & Special Revenue Highlights



### Water Authority (Funds 177 & 178)

- \$16.86M revenue / \$22.01M appropriations
- Net loss of \$1.68M (full-accrual basis)
- Funds Chromium-6 compliance planning & DWSRF-financed pipeline projects
- Prop 218 rate proceedings anticipated in 2026



### Sanitary District (Funds 360 & 361)

- \$17.90M revenue / \$22.68M appropriations
- Net income of \$1.36M (full-accrual basis)
- Major capital investment funded by DWR & SWRCB loans
- Prop 218 rate proceedings anticipated in 2026



### Fire Protection District (Fund 240)

- \$6.55M budget, fully matched
- General Fund provides 60% (\$3.96M); property tax & CFD assessments provide 40%



### Grants Fund (Fund 152)

- \$66.14M in federal infrastructure awards
- RAISE, NBIL, STBGP, and TCC grants for bridges, library, and community resource center
- Fully grant-matched — no GF subsidy

## 10 FY 2025-26 Final Budget: What Tonight's Approval Is — and Isn't



### This IS:

- A year-end ratification consolidating budget actions Council already approved individually throughout the year
- A formal record of the Final Budget for audit and Government Code compliance purposes
- Confirmation of final revenue and expenditure estimates as the fiscal year closes June 30, 2026



### This is NOT:

- A request to approve new spending — those requests came to Council separately, mid-year, as they arose
- A single, all-at-once budget action — it reflects many discrete Council decisions made over 12 months
- An item that changes any prior Council vote — it simply documents the cumulative effect of those votes

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## FY 2025-26 Final Budget — General Fund Figures

**\$40.58M**

Total Revenues

**\$40.87M**

Total Expenditures

**(\$289,120)**

Reported Net

Reported Net

**(\$289,120)**Less: Transfer to  
Fund 182**\$232,908**Adjusted Operating  
Net**(\$56,212)**

**Applying the same capital-vs-operating lens:** the \$232,908 GF transfer to the Capital Projects Fund reduces the reported FY 2025-26 shortfall from (\$289,120) to a much smaller operating gap of (\$56,212) — essentially break-even.

## Looking Ahead



### Proposition 218 Rate Proceedings

Water and Sanitary rate increase proceedings anticipated in calendar year 2026 to fund long-term infrastructure needs.



### Chromium-6 Compliance

An estimated \$50–70 million unfunded state mandate requiring a long-term capital financing strategy.



### 2034 RDA Bond Retirement

Retirement of legacy Redevelopment Agency bonds is projected to release \$3M+ per year in RPTTF property tax distributions to the City.



### GFOA Distinguished Budget Award

This budget document is being submitted for the GFOA Distinguished Budget Presentation Award, continuing the City's commitment to transparency.

## Staff Recommendation

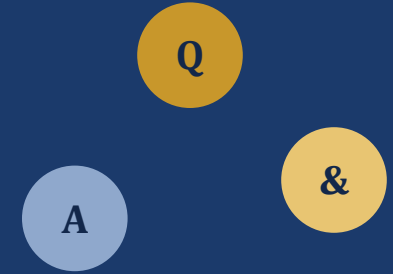


### Staff recommends the City Council:

- Adopt Resolution 2026-41, approving the FY 2026-27 Requested Annual Budget and appropriating funds across all City funds and component units; and
- Adopt Resolution 2026-42, approving the FY 2025-26 Final Budget, formalizing previously authorized appropriations for the fiscal year ended June 30, 2026.

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*The FY 2026-27 General Fund operating budget — excluding the planned capital transfer — is projected to run a modest surplus, while maintaining reserves above policy minimums.*



# Questions & Discussion

Thank you.

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