



**STAFF REPORT**  
**6/8/2026**

**TO:** Honorable Chair and Commissioners

**FROM:** Lincoln Bogard, Interim City Manager

**PREPARED BY:** Lincoln Bogard, Finance Director

**SUBJECT:** Show Me The Money – Basics of City Finance (Youth Commission Presentation)

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**STAFF RECOMMENDATION:**

That the Youth Commission receive and discuss the accompanying staff presentation on the fundamentals of City of Coachella finance, including modified accrual accounting, governmental fund types and their purposes, General Fund revenue and expenditure structure, the role of public safety and staffing costs, grant funding achievements, and an overview of the Fiscal Year 2026–2027 Capital Improvement Budget.

**EXECUTIVE SUMMARY:**

The City of Coachella manages a diverse portfolio of public funds totaling over \$144 million in annual revenues across all funds. Despite this scale, the General Fund—the fund that finances most day-to-day city services—operates on approximately \$40 million in annual revenues, leaving relatively little for discretionary spending once public safety and staffing obligations are met.

This presentation, titled “Show Me The Money,” is designed to demystify how city government finances work for Youth Commission members. It explains the modified accrual basis of accounting used in governmental funds, the purposes of different fund types, how the General Fund is structured, and how the City has leveraged grant funding to expand its capital investments. The City’s FY 2026–2027 Capital Improvement Budget of approximately \$60 million reflects significant infrastructure investment made possible in large part through grants and dedicated funding sources.

**BACKGROUND:**

The City of Coachella is a full-service charter city incorporated in 1946, located in the eastern Coachella Valley of Riverside County, California.

The City prepares an Annual Comprehensive Financial Report (ACFR) and an Adopted Annual Budget, both of which are publicly available on the City’s website at [www.coachella.org](http://www.coachella.org) under the Finance Department. These documents provide detailed financial and statistical information about the City’s financial condition and are prepared in conformance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB).

Governmental accounting differs from private-sector accounting in important ways. Governments use a fund-based accounting system and apply the modified accrual basis of accounting to most governmental funds. Under modified accrual, revenues are recognized when they become both measurable and available (typically within 60 days of year-end), and expenditures are recorded when the related fund liability is incurred. This approach emphasizes fiscal accountability and compliance with legally adopted budgets rather than matching revenues to expenses as in private business.

The City maintains several fund types as required by governmental accounting standards:

1. General Fund – The primary operating fund that accounts for all financial resources not required to be accounted for in another fund. This is the fund from which most city services are financed.
2. Special Revenue Funds – Used to account for revenues legally restricted or committed for specific purposes, such as gas tax, Measure A transportation funds, Community Development Block Grant (CDBG), development impact fees, and the City’s grant programs.
3. Debt Service Funds – Used to account for the accumulation of resources and payment of long-term debt principal and interest.
4. Capital Projects Funds – Used to account for financial resources dedicated to the acquisition or construction of major capital facilities.
5. Enterprise Funds (Proprietary Funds) – Used to account for activities financed and operated similarly to a private business, such as the City’s water and sanitary district operations.
6. Internal Service Funds – Used to account for the financing of goods or services provided by one City department to another.

### **DISCUSSION/ANALYSIS:**

The following summarizes the key financial topics covered in the accompanying presentation:

#### **THE GENERAL FUND – WHERE THE MONEY GOES**

The General Fund is the financial heartbeat of city operations. For FY 2024–2025, the City of Coachella budgeted General Fund revenues of approximately \$37.3 million and projected a modest surplus of \$628 with unrestricted reserves of \$13.6 million. Looking ahead, FY 2025–2026 and FY 2026–2027 General Fund revenues are estimated to approach \$40 million as the City’s tax base and intergovernmental revenues continue to grow.

While \$40 million may sound like a large number, the competing demands on that revenue leave very little flexibility for new programs or initiatives:

### **Public Safety – The Largest Share**

Police services, contracted through the Riverside County Sheriff’s Department, consume approximately one-third (roughly 33%) of the General Fund budget. When fire protection (through the Coachella Fire Protection District and Cal Fire contract), animal control, and emergency services are added, total public safety costs approach nearly half (approximately 45–50%) of General Fund expenditures. These costs have been rising steadily. In FY 2024–2025 alone, combined police and fire costs increased by approximately \$1.59 million (10.29%) over the prior year, and the City anticipates continued annual increases as Riverside County shifts more of its cost recovery burden onto contract cities.

### **Staffing Costs**

Personnel costs—salaries, benefits, and retirement contributions—represent another 30–40% of General Fund expenditures. City employees deliver the services residents rely on every day: public works maintenance, code enforcement, parks and recreation programming, planning and building review, finance, administration, and more. While staffing costs are substantial, they represent the people who make government services possible.

### **The Fiscal Reality**

When public safety costs (nearly half the budget) and personnel costs (30–40%) are combined, the City has consumed most of its \$40 million General Fund before a single park bench is repaired or a community event is planned. The fraction remaining for discretionary programs, maintenance, and new initiatives is genuinely small. This is why sound financial management, strategic grant-seeking, and careful long-range planning are so critical.

### **GRANT FUNDING – PUNCHING ABOVE OUR WEIGHT**

The City of Coachella has distinguished itself in the Coachella Valley for its ability to secure competitive grant funding from federal, state, and regional agencies. Grant revenues are tracked through the City’s Grants Fund (Fund 152) and the CDBG program (Fund 210), among others. Successful grant programs have funded affordable housing, parks improvements, street rehabilitation, public safety enhancements, economic development initiatives, and more.

This grant success is not accidental. The City maintains a dedicated Grants Manager position and actively pursues opportunities from agencies including the California Department of Transportation (Caltrans), the California Department of Housing and Community Development (HCD), the Federal Highway Administration (FHWA), the Environmental Protection Agency (EPA), and various regional transportation authorities. Grant funding effectively multiplies the impact of local tax dollars.

### **CAPITAL IMPROVEMENT BUDGET – FY 2026–2027**

The City’s Capital Improvement Program (CIP) for FY 2026–2027 is approximately \$60 million. This represents a major investment in the City’s infrastructure and is made possible largely by non-General Fund sources: state and federal grants, Development Impact Fees, SB 1 road maintenance funds, Measure A transportation funds, water and sanitary district revenues, and Community Facilities District financing. The CIP includes projects across streets and transportation, parks, public facilities, water system upgrades, and sewer improvements.

This \$60 million capital budget stands in stark contrast to the limited discretionary General Fund resources—and illustrates exactly why grant funding and dedicated fee programs matter so much. Without these sources, the City would be unable to invest at this scale.

### **RESOURCES FOR FURTHER LEARNING**

Youth Commission members are encouraged to explore the City's financial documents directly:

1. Annual Comprehensive Financial Report (ACFR) – Available at [www.coachella.org/departments/finance/financial-statements](http://www.coachella.org/departments/finance/financial-statements)
2. Adopted Annual Budget – Available at [www.coachella.org/departments/finance/budgets](http://www.coachella.org/departments/finance/budgets)
3. Capital Projects Information – Included in the Annual Budget document

### **ALTERNATIVES:**

1. Receive and file the presentation with no further action.
2. Direct staff to return with a follow-up presentation on a specific topic of interest (e.g., development impact fees, the Capital Improvement Program, or a specific fund in detail).
3. Request that the Youth Commission prepare a written report or recommendation to the City Council on a budget priority of the Commission's choosing.
4. Continue the item to a future meeting for additional staff preparation.

### **FISCAL IMPACT:**

There is no direct fiscal impact associated with this informational presentation. The report is intended as an educational resource for Youth Commission members and does not commit the City to any expenditure or program change.

### **RECOMMENDED ALTERNATIVE(S):**

Staff recommends Alternative No. 1: That the Youth Commission receive and file the presentation. Staff further invites commissioners to engage with questions and to explore the City's publicly available ACFR and Budget documents at [www.coachella.org](http://www.coachella.org) as a foundation for future Youth Commission discussions about City priorities.