



TITLE

Fiscal Year 2025-2026 Mid-Year Budget Review and consideration of recommended budget adjustments

RECOMMENDATION

Receive the FY26 Budget update presentation and adopt the Resolution authorizing the proposed budget amendments for the General Operating Fund, Fire Mitigation Fee Fund and Fleet, Facilities & Equipment Fund

CONTACT

Cliff Campbell, Acting Fire Chief

BACKGROUND & ANALYSIS

Last September, the Fire District Board of Directors adopted the FY26 budget, reflecting our commitment to providing American Canyon with high-level emergency services while maintaining fiscal sustainability.

The adopted budget funds enhanced emergency response capabilities, responsibly addresses long-term liabilities, and maintains prudent operating and capital reserves. These achievements are a direct result of the collaborative efforts between the Board, management, and District employees to address both immediate and long-term fiscal challenges.

Due to these sustained efforts and continued growth in property values, the District is able to balance ongoing service expenditures with ongoing revenue, aligned with our long-range strategic goals.

FY26 MID-YEAR BUDGET REVIEW

Staff completed a review of the operating and capital budgets, comparing actual results with the adopted budget to determine if adjustments are necessary.

Please find attached updated financial summaries, which include the final audited FY25 results, the final FY26 budget, and the updated FY26 projections. I have also included a revised long-term forecast that incorporates the updated General Fund information.

The financial outlook for the District remains on track with earlier projections. We have updated the long-range fiscal model with current operating results and pushed out projected property tax revenue from planned residential and commercial developments consistent with the slowdown in development activity, especially commercial development.

While the model does not yet account for the additional staffing and capital expenditures required to serve these planned developments, it demonstrates the capacity to fund expanded service expenditures in the future.

GENERAL OPERATIONS FUND (Fund 810)

The beginning fund balance was \$22,000 lower than expected due primarily to FY25 year-end expenditure accruals that resulted in slightly higher than anticipated spending for budget year.

Revenues are now projected at \$8,556,000; an increase of \$69,000 over the FY26 final budget amount due to increased reimbursements for workers' compensation costs associated with work-related injuries.

The recommended expenditure adjustments are mostly offsetting, with the overall budget increasing by \$69,000 to \$8,768,000. The largest increase (\$120,000) is for overtime costs associated with vacancies

and work-related injuries. The higher overtime costs are offset by lower wages (\$90,000) and a reduction in the OPEB contribution of \$37,000.

With the recommended changes, the updated ending fund balance for June 30, 2026, remains the same as previously shown in the FY26 final budget.

FIRE MITIGATION FEE FUND (Fund 830)

This fund includes revenue from development impact fees, the voter-approved special tax on development, and investment earnings on accumulated funds. Spending is restricted to equipment and fire station needs, and funds are transferred to the Fleet, Facilities & Equipment Fund as needed to cover authorized capital expenditures.

Mitigation fee revenue is dependent upon the level of development activity. Through February 2026, the District collected \$357,000 (or 84%) of the \$426,000 projected fee revenue. Staff is recommending an increase of \$30,000 to the transfer for capital-related expenditures to cover the lower beginning balance in the FF&E Fund as discussed below. With the additional transfer amount, the projected ending balance of the Mitigation Fee Fund is now \$1,152,000.

FLEET, FACILITIES & EQUIPMENT FUND (Fund 860)

This fund was established to plan for and maintain the District's significant investment in its' capital infrastructure. Funds are received by way transfers from the General Fund, along with "as-needed" transfers from the Fire Mitigation Fee Fund, an ongoing \$50,000 contribution from Napa Logistics

Park and from investment earnings on accumulated funds. The FF&E Fund is also used to account for capital financing activities, such as the recent lease purchase financing of fire engines.

The beginning fund balance was \$66,000 lower than expected due to the accounting treatment for lease financing proceeds related to the purchase of two Type 1 engines. To partially offset the decline in lease proceeds staff is recommending an increase of \$30,000 in the transfer from the Mitigation Fee Fund to fully fund budgeted capital expenditures and leave a balance of \$10,000 in the fund for any unanticipated capital needs.

FISCAL IMPACT

While the proposed budget adjustments for the General Operating Fund are offsetting, the projected ending fund balance of \$4,878,000 is \$22,000 lower due to the lower beginning balance.

Similarly, the proposed budget adjustments for the FF&E Fund and Mitigation Fee Fund result in lower projected ending balances of \$36,000 and \$30,000, respectively and a combined capital balance of \$1,162,000.

BOARD PRIORITY PROGRAMS AND PROJECTS

Public Safety: "Ensure American Canyon remains a safe community"

ENVIRONMENTAL REVIEW

None

ATTACHMENTS:

[Resolution 1. 2026-07 Budget Amendment FYE26](#)

[2. Exhibit A.pdf](#)