



**REPORT OVERVIEW**

This report summarizes the City's financial performance for the first quarter of the Fiscal Year 2021-22 ending September 30, 2021. This report's financial analysis is provided for the General Fund and the Water and Wastewater Enterprise Fund on a modified accrual basis. This report is not an audited financial statement, and no data on revenues and expenditures are final until the City has completed its annual audit and finalized its Comprehensive Annual Financial Report (CAFR).

**GENERAL FUND**

The General Fund is the general operating fund for the City and includes direct programs, activities, and services to the citizens of Fort Bragg.

**GENERAL FUND REVENUES**

The original adopted revenue budget for the General Fund was \$9.9 million. Since then, Staff has amended the TOT Budget by \$250k and Sales Tax by \$50k during the year as first-quarter actuals were above budget projections. The amended budget is \$10.2 million.

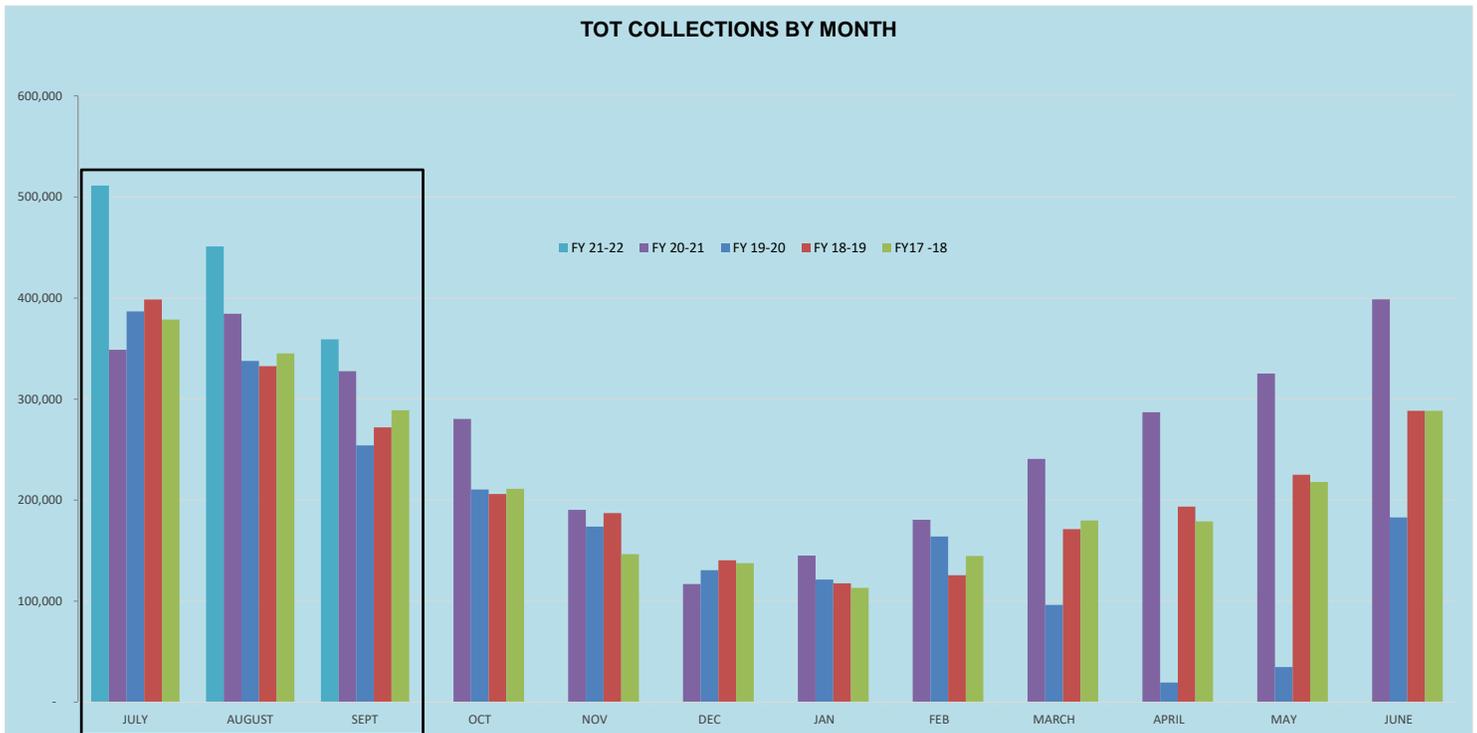
Summary of FY 2021/22 Q1 General Fund Operating Results						
	Original Budget FY 21/22	FY 21/22 Amended Budget	Q1 Budget	Q1 Actual Results	Variance vs. Quarterly Budget	% of Total Budget
Transient Occupancy Taxes	\$ 2,764,742	\$ 3,014,742	\$ 1,091,083	\$ 1,257,884	\$ 166,801	42%
Sales Taxes	1,866,846	1,916,846	527,979	598,877	70,898	31%
Property Taxes	1,159,533	1,159,533	-	11,169	11,169	1%
Other Taxes	779,500	779,500	144,450	152,403	7,953	20%
Reimbursements	2,675,200	2,686,400	671,600	695,128	23,528	26%
Charges for Services	57,000	57,000	14,250	21,549	7,299	38%
Licenses & Permits	93,702	93,702	23,426	10,459	(12,967)	11%
Use of Money & Property	27,020	27,020	6,755	2,849	(3,906)	11%
Fines & Forfeitures	36,200	36,200	9,050	10,513	1,463	29%
Other Revenues	28,500	28,500	7,125	9,760	2,635	34%
Intergovernmental	489,212	489,212	122,303	-	(122,303)	0%
<b>Total Revenue</b>	<b>\$ 9,977,455</b>	<b>\$ 10,288,655</b>	<b>\$ 2,618,021</b>	<b>\$ 2,770,592</b>	<b>\$ 152,571</b>	<b>27%</b>

For the quarter ended September 30, 2021, General Fund operating revenues totaled \$2.6 million, beating quarterly budget projections by \$152k or 27 percent of the amended budget.

- **Transient Occupancy Tax (TOT)** accounts for 31 percent of the total General Fund's revenue. During the last quarter of FY 19/20, this revenue category was hit hard by COVID restrictions and ended the fiscal year falling short of budget projections by \$660k, resulting in an overall budget deficit for the general fund. In the first quarter of FY 20/21, TOT rebounded and was 43 percent or \$425k above the budget estimate. TOT Revenues set a record for the best quarter one collections and ended the fiscal year with the best year to date, at \$3.3 million. In part, international and domestic travel restrictions due to the pandemic contributed to the increase in local visitor numbers and the Visit Fort Bragg campaign, which has continued to marketing efforts even during the pandemic.

In Q1, FY 21/22, TOT again recorded a strong quarter one result, 42% of the quarterly budget, and beat last year's Q1 record. See the chart below for a comparison to previous quarters.

A Budget Amendment of \$250k was approved to adjust TOT Revenues in November and December 2021. Receipts are seasonal and tend to be the highest in the first and last quarter of each fiscal year, primarily due to higher occupancy levels and room rates



- **Sales Tax** Over the last couple of years, sales tax growth has shown a modest 2-3 percent growth trend. Due to COVID, FY 19/20 totals were only \$144k short of the budget as Grocery Stores, Internet sales, and Construction recorded their best quarters while Restaurants/Food Markets saw declines. In FY 21/22, Quarter-one results were \$70k above the quarterly budget or 31 percent of the total budget. Compared to the same period last year, Sales Tax is down 13 percent. Staff conservatively projects that sales tax revenues will end the fiscal year at a little over \$1.9M, down from the FY 20/21 year-end result at \$2M.
- **Property Taxes:** Tax receipts are received in lump sums in December, April, and July rather than evenly throughout the year.
- **Other taxes** include Franchise Fees and Business License taxes. Actuals totaled \$152k, \$42k short of quarterly Budget estimates. Revenues from Cable television franchise fees have slowly declined as more customers move to satellite and internet-based services. Business License Tax collected was also down by \$23k, which is consistent with the prior year. Most Tax is collected during the business license renewal season in February to March of each year.
- **Reimbursements** include the annual COPS reimbursements for the City's CSO cost, admin cost reimbursement from grants, Highway user tax, special sales tax allocation, developer deposit reimbursements, and cost allocations transfers, which are considered a cost to the Enterprise funds but revenue to the General Fund. This revenue ended the quarter at \$12k above the quarterly budget due to the timing of some of the reimbursements.
- **Intergovernmental** are reimbursements for staff time work on grants which includes Local Early Action Planning (LEAP), Economic Development Agency (EDA), Community Development Block Grants (CDBG) for code enforcement, business assistance loan, Utility Bill assistance, and general administration. There weren't any quarter one billings due to staff turnover and the timing of these funds request, but staff time has been accounted for and should be billed collectively with quarter two billings.



**GENERAL FUND EXPENDITURES**

The General Fund’s adopted budget for FY 2021/22 was \$9.9 million. The amended budget is \$10.3 million, with Budget amendments of \$370k.

EXPENDITURES	Original Budget FY 21/22	FY 21/22 Amended Budget	Q1 Budget	Q1 Actual Results	Variance vs. Quarterly Budget	% of Total Budget
<b>General Government</b>						
City Council	176,632	200,807	50,202	58,044	(7,842)	29%
Administrative Services	956,386	1,213,411	303,353	275,805	27,548	23%
Finance	606,666	606,666	151,666	141,336	10,331	23%
Non-departmental (overhead)	1,176,338	1,178,838	294,709	258,698	36,011	22%
<b>General Government Subtotal</b>	<b>2,916,021</b>	<b>3,199,721</b>	<b>799,930</b>	<b>733,883</b>	<b>66,047</b>	<b>23%</b>
<b>Public Safety</b>						
Fire	447,758	447,758	122,589	136,577	(13,988)	31%
Police	3,797,188	3,800,188	950,047	904,835	45,212	24%
<b>Public Safety Subtotal</b>	<b>4,244,946</b>	<b>4,247,946</b>	<b>1,072,636</b>	<b>1,041,413</b>	<b>31,223</b>	<b>25%</b>
<b>Community Services</b>						
Public Works	1,248,691	1,269,891	317,473	285,357	32,115	22%
Fort Bragg Marketing & Promotions	230,000	230,000	57,500	31,809	25,691	14%
Community Development	384,519	385,084	96,271	91,993	4,278	24%
Community Contributions	132,500	132,500	33,125	14,890	18,235	11%
Caspar Closure & General Fund Deb	80,850	204,906	51,227	-	51,227	0%
<b>Community Services Subtotal</b>	<b>2,076,560</b>	<b>2,222,381</b>	<b>555,595</b>	<b>424,049</b>	<b>131,546</b>	<b>19%</b>
<b>Allocation to Internal Service Fur</b>	<b>686,131</b>	<b>686,131</b>	<b>171,533</b>	<b>171,540</b>	<b>(7)</b>	<b>25%</b>
<b>Total Expenditure</b>	<b>\$ 9,923,658</b>	<b>\$ 10,356,179</b>	<b>\$ 2,599,694</b>	<b>\$ 2,370,884</b>	<b>\$ 228,810</b>	<b>23%</b>

General Fund operating expenditures ended the quarter at \$2.3 million or 23 percent of the amended budget.

- **City Council** expenditures are 33 percent of the total budget due to one-time payments made in quarter one to Mendocino Solid Waste Management and costs associated with the Environmental Assessment- Mill Site costs.
- **The Fire Department** budget is at 31 percent of the total budget or \$13k in quarter one due to the timing of annual call numbers for the prior year paid in quarter one.
- **Non-departmental** is at 22 percent of the total budget. The variance is attributed to the nature of REMIF liability and property premium payments, which are paid in the second quarter. Additionally, \$150k was budgeted to make additional UAL payments to CALPERS. The City Council also approved a \$770k payment to CALPERS from the FY 20/21 Surplus in the second quarter- this would be paid from unrestricted reserves.
- **Community Contributions** includes the budget for Noyo Center, Special projects due to the Measure AB, Sister City Program, and EDFC. Only the payment to Noyo Center- Q1 has been paid.
- **Fort Bragg Tourism and Marketing** budgets expenditures attributed to professional marketing and PR Services. The majority of funding was suspended in FY 20/21 due to budget cuts related to COVID. The quarterly budget is \$26k under budget due to the timing of payments to Consultants and partner agencies, including Creative Thinking-Marketing.

Overall, most general fund expenditures are in line with quarterly budget projections.



**GENERAL FUND NET RESULTS**

The General Fund was certainly the most impacted by the onset of the COVID Pandemic and economic shutdown. This is because of its reliance on TOT and Sales Tax revenues. Both revenue categories rebounded in quarter one of FY 20/21 and also recorded strong results in the first quarter of FY 21/22 compared to previous years.

The first-quarter revenues were \$2.7 million (27 percent of the annual budget), and expenditures were \$2.3 million (23 percent of the annual budget), outpacing revenues by \$399k. As the year progresses, Staff will continue to monitor revenue and expenditure levels. As it stands, the general fund will finish the year with a budget deficit of \$68k.

<b>Summary of FY 2021/22 Q1 General Fund Operating Results</b>						
	<b>Original Budget FY 21/22</b>	<b>FY 21/22 Amended Budget</b>	<b>Q1 Budget</b>	<b>Q1 Actual Results</b>	<b>Variance vs. Quarterly Budget</b>	<b>% of Total Budget</b>
<b>Total Revenue</b>	\$ 9,977,455	\$ 10,288,655	\$ 2,618,021	\$ 2,770,592	\$ 152,571	27%
<b>Total Expenditure</b>	\$ 9,923,658	\$ 10,356,179	\$ 2,599,694	\$ 2,370,884	\$ 228,810	23%
<b>Net Revenue /(Expenditure)</b>	\$ 53,798	\$ (67,523)	\$ 18,326	\$ 399,707	\$ 381,381	

**BUDGET AMENDMENTS**

Listed below are Budget Amendments approved in Quarters one and two for the General Fund.

<b>Account Number</b>		<b>Beginning Budget</b>	<b>Budget Adjustment</b>	<b>Current Budget</b>
110-0000-3137	Transient Occupancy Tax	2,759,742.00	200,000.00	2,959,742.00
110-0000-3138	Sales Tax	1,866,846.00	50,000.00	1,916,846.00
110-4130-0311	City Attorney	150,000.00	150,000.00	300,000.00
110-4110-0319	Professional Services	35,000.00	13,600.00	48,600.00
110-4130-0319	Professional Services	18,000.00	107,025.00	125,025.00
110-4190-0319	Professional Services	45,000.00	2,500.00	47,500.00
110-4190-0387	PERS UAL Additional Payment	150,000.00	770,000.00	920,000.00
110-4200-0619	Miscellaneous	20,000.00	3,000.00	23,000.00
110-4320-0319	Professional Services	0.00	565.00	565.00
110-4330-0310	Engineering	2,500.00	5,000.00	7,500.00
110-4520-0319	Professional Services	15,000.00	16,200.00	31,200.00
110-4520-3497	Interfund Reimb-PW	250,000.00	11,200.00	261,200.00
110-4915-0319	Professional Services	80,000.00	86,092.00	166,092.00



**WATER ENTERPRISE FUND**

Water Enterprise revenue ended the quarter at \$791k or 25 percent of the total budget, and expenditures came in at \$679k or 29 percent of the total budget.

Summary of FY 2021/22 Q1 Water Enterprise Operating Results					
	FY 21/22 Amended Budget	Quarterly Budget	Q1 Actual Results	Variance vs. Quarterly Budget	% of Total Budget
Charges for Services	\$ 3,095,675	\$ 843,232	\$ 788,734	\$ (54,498)	25%
Other Revenue	31,501	7,875	1,874	(6,001)	6%
<b>Total Revenue</b>	<b>\$ 3,127,176</b>	<b>\$ 851,107</b>	<b>\$ 790,608</b>	<b>\$ (60,500)</b>	<b>25%</b>
<b>Expenditure by Category</b>					
Debt Service	\$ 446,103	\$ 326,749	\$ 326,749	\$ (0)	73%
Personnel services	941,515	235,379	154,203	81,176	16%
Administration	457,083	114,271	111,906	2,365	24%
Contractual services	120,400	30,100	16,668	13,432	14%
Materials & supplies	188,548	47,137	26,096	21,041	14%
Utilities	120,000	30,000	36,902	(6,902)	31%
Repairs & maintenance	32,200	8,050	3,540	4,510	11%
Insurance	24,122	6,031	-	6,031	0%
Other operating	8,000	2,000	3,167	(1,167)	40%
<b>Total Expenditure</b>	<b>\$ 2,337,971</b>	<b>\$ 799,716</b>	<b>\$ 679,230</b>	<b>\$ 120,486</b>	<b>29%</b>
<b>Net Revenue /(Expenditure)</b>	<b>\$ 789,205</b>	<b>\$ 51,391</b>	<b>\$ 111,377</b>	<b>\$ 59,986</b>	

- User fees fully support the revenues for the Water Enterprise Fund. COVID had impacted the enterprise funds revenues during the fourth quarter of the fiscal year 2019-20, resulting in a budget shortfall of 3 percent. Water revenues rebounded to pre-COVID levels in quarter one of fiscal year 20-21. In quarter one of the current fiscal year, revenues were \$789k, down 10 percent compared to FY 20/21 and 16 percent compared to FY 18/19 due to the water restrictions implemented in response to the reduced flows in the Noyo River, increased high tide events, and the lower than normal precipitation which affected the City's water supply. The City Council approved the Stage 2 water conservation in July and has since upgraded to a Stage 4 water crisis on September 13, 2021, which targetted a reduction in water consumption by 30-40%.
- Insurance costs, including Property & ADP Contributions, DIC Earthquake, and flood deductible buy-down, are paid in the second quarter-one of each fiscal year. Additionally, REMIF insurance costs have continued to increase year over year.

Overall, most expenditures are in line with quarterly budget projections, and staff anticipates that revenues will outpace expenditure estimates come year-end.



**WASTEWATER ENTERPRISE FUND**

Wastewater Enterprise revenue ended the quarter at \$898k or 28 percent of the total budget, and expenditures came in at \$528k or 22 percent of the total budget.

<b>Summary of FY 2021/22 Q1 Wastewater Enterprise Operating Results</b>					
	<b>FY 21/22 Amended Budget</b>	<b>Quarterly Budget</b>	<b>Q1 Actual Results</b>	<b>Variance vs. Quarterly Budget</b>	<b>% of Total Budget</b>
Charges for Services	\$ 3,201,400	\$ 955,722	\$ 898,407	\$ (57,315)	28%
Other Revenue	19,750	4,938	-	(4,938)	0%
<b>Total Revenue</b>	<b>\$ 3,221,150</b>	<b>\$ 960,660</b>	<b>\$ 898,407</b>	<b>\$ (62,252)</b>	<b>28%</b>
<b>Expenditure by Category</b>					
Debt Service	\$ 187,650	\$ 46,913	\$ -	\$ 46,913	0%
Personnel services	631,549	157,887	148,826	9,061	24%
Administration	696,714	174,179	169,755	4,424	24%
Contractual services	364,806	91,202	96,364	(5,162)	26%
Materials & supplies	217,190	54,298	33,274	21,024	15%
Utilities	210,000	52,500	52,863	(363)	25%
Repairs & maintenance	60,750	15,188	27,827	(12,639)	46%
Insurance	60,305	-	-	-	0%
<b>Total Expenditure</b>	<b>\$ 2,428,964</b>	<b>\$ 592,165</b>	<b>\$ 528,908</b>	<b>\$ 63,257</b>	<b>22%</b>
<b>Net Revenue /(Expenditure)</b>	<b>\$ 792,186</b>	<b>\$ 368,495</b>	<b>\$ 369,499</b>	<b>\$ 1,005</b>	<b>47%</b>

- Like the Water Enterprise Fund, revenues did rebound to pre-COVID levels in FY 20/21, recording an \$898k or 28 percent of the total budget. Water revenues are higher during the first quarter of each year due to seasonality. The \$57k negative variance is due to water restrictions implemented by the City in response to the water shortage that affected our community in the summer.
- Repairs and Maintenance were 46 percent of the total budget due to pump repairs and electrical hardware repairs undertaken in quarter one.
- Insurance expenses are paid in the second quarter.

Overall, most expenditures are in line with quarterly budget projections, and staff anticipates that revenues will outpace expenditure estimates come year-end.