



±

REPORT OVERVIEW

This report summarizes the City's financial performance for the first quarter of the Fiscal Year 2020-21 ending September 30, 2020. 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 \$7.9 million. Since then, Staff has updated the Budget during the year as actuals, and updates on the impacts of COVID-19 on our local economy are known. The amended budget is \$8.5 million.

Summary of FY 2020/21 Q1 General Fund Operating Results table with columns: Original Budget FY 20/21, FY 20/21 Amended Budget, Quarterly Budget, Q1 Actual Results, Variance vs. Quarterly Budget, % of Total Budget. Rows include various revenue categories like Transient Occupancy Taxes, Sales Taxes, Property Taxes, etc., and a Total Revenue row.

For the quarter ended September 30, 2020, General Fund operating revenues totaled \$2.4 million, beating quarterly budget projections by \$271,607 or 28 percent.

- Transient Occupancy Tax (TOT) accounts for 29 percent of the total General Fund's revenue. During the last quarter of FY 19/20, this revenue category was hit hard by COVID-19 restrictions and ended the fiscal year falling short of budget projections by \$660k. In the first-quarter, TOT rebounded and was 43 percent or \$425k above budget estimates and set a record for the highest quarterly collections. First-quarter TOT collections are approximately 35% of the annual budget. Receipts, however, 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 five years, sales tax growth has shown a modest 2-3 percent growth trend. Quarter-one results were \$129k over the quarterly budget or 33 percent of the total budget. Compared to the same period last year, Sales Tax recorded a 10 percent increase. Construction, which includes home improvements stores, was up 11 percent. Deliveries and internet sales recorded a 52 percent increase and are responsible for positive growth in sales tax. Conversely, food products, which include restaurants and grocery stores, were down 5 percent. Transportation was also down by 14 percent, including new and used automobile sales, auto parts, and gas stations.



- **Property Taxes:** Property tax receipts are received in lump sums in December, April, and July rather than evenly throughout the year. Therefore actuals for the first quarter are at 0 percent due to timing.
- **Other taxes** include Franchise Fees and Business License Tax. Actuals totaled \$163k, \$25k short of quarterly Budget estimates. Revenues from Cable television franchise fees have been slowly declining 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 as most Tax is collected during 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 \$87k below budget due to the timing of some of the reimbursements.

GENERAL FUND EXPENDITURES

The General Fund's original adopted budget for FY 2020/21 was \$8.3 million. The amended Budget is \$8.6 million, with Budget amendments of \$346k.

EXPENDITURES	Original Budget FY 20/21	FY 20/21 Amended Budget	Quarterly Budget	Q1 Actual Results	Variance	
					vs. Quarterly Budget	% of Total Budget
General Government						
City Council	150,247	155,140	38,785	37,273	1,512	24%
Administrative Services	660,370	698,730	174,683	179,059	(4,377)	26%
Finance	456,495	461,554	115,389	126,889	(11,501)	27%
Non-departmental (overhead)	780,431	761,627	190,407	470,436	(280,030)	62%
General Government Subtotal	2,047,543	2,077,051	519,263	813,658	(294,395)	39%
Public Safety						
Fire	441,871	441,871	110,468	107,875	2,593	24%
Police	3,424,636	3,458,913	864,728	866,381	(1,653)	25%
Public Safety Subtotal	3,866,507	3,900,784	975,196	974,256	940	25%
Community Services						
Public Works	1,283,195	1,356,899	339,225	343,719	(4,495)	25%
Fort Bragg Marketing & Promotions	-	63,700	15,925	7,900	8,025	12%
Community Development	204,977	325,552	81,388	48,604	32,784	15%
Community Contributions	10,500	35,500	8,875	-	8,875	0%
Caspar Closure & General Fund Debt	80,525	80,525	20,131	-	20,131	0%
Community Services Subtotal	1,579,197	1,862,176	465,544	400,223	65,321	21%
Allocation to Internal Service Funds	789,222	789,222	197,306	197,306	-	25%
Total Expenditure	\$ 8,282,469	\$ 8,629,233	\$ 2,157,308	\$ 2,385,443	\$ (228,134)	28%

General Fund operating expenditures ended the quarter at \$228k or 28 percent of the overall budget.

- **Finance Department** expenditures were 27 percent of the overall budget or \$12k above the quarter budget due to the vacation and sick time payout to the former Finance Director in July.
- **Non-departmental** has a negative variance of \$280k. The difference is attributed to the nature of REMIF liability and property premium payments, which are paid in the first quarter of each year. REMIF costs continue to increase exponentially year over year. Additionally, the City also incurred \$14k of COVID-19 related expenditures, which the City will seek reimbursement from FEMA.



GENERAL FUND NET RESULTS

The General Fund was certainly the most impacted by the onset of the COVID-19 Pandemic and economic shutdown. This is because of its reliance on TOT and Sales Tax revenues. Both revenue categories rebounded in quarter-one and recorded gains when compared to previous years.

The first-quarter revenues were \$2.4 million (28 percent of the annual budget), and expenditures were \$2.5 million (29 percent of the annual budget), outpacing revenues by \$42k. As the year progresses, Staff will continue to monitor revenue and expenditure levels. However, it is hard to predict the economy's effects locally and nationally due to the increase in COVID cases and the slow rollout of vaccinations. As it stands, the general fund will finish the quarter with a budget deficit of \$41k. The audited Fund balance for the General Fund as of June 30, 2020, was \$2.69 million.

Summary of FY 2020/21 Q1 General Fund Operating Results						
	Original Budget FY 20/21	FY 20/21 Amended Budget	Quarterly Budget	Q1 Actual Results	Variance vs. Quarterly Budget	% of Total Budget
Total Revenue	\$ 7,933,346	\$ 8,587,794	\$ 2,146,948	\$ 2,418,555	\$ 271,607	28%
Total Expenditure	\$ 8,282,469	\$ 8,629,233	\$ 2,157,308	\$ 2,460,399	\$ (303,091)	29%
Net Revenue /(Expenditure)	\$ (349,123)	\$ (41,439)	\$ (10,360)	\$ (41,844)	\$ (31,484)	

ECONOMIC RECOVERY EFFORTS

One of the City's top priorities is the community's businesses that financially support the City by collecting sales and TOT Taxes on their revenues. A few of the ways that the City has supported our local economy impacted by COVID-19 during the fiscal year include:

- TOT fillings and payment forbearance from March through June 2020.
- Waive all Penalties and interest on unpaid water and wastewater bills from March through June 2020. Moratorium on utility shut-offs for non-payment.
- Tenant-Based Rental Assistance Program (TBRA) offering rental assistance to tenants to cover monthly rent payments from July through February 2021.
 - Eviction Moratorium for residential and commercial tenants.
- Three-month CDBG Business loan forbearances.
- CDGB COVID-19 allocation application for Utility Assistance program.
- CDBG COVID-19 applications filed for Business Assistance Loan Program and Microenterprise Assistance Program.
- Temporary Zoning waiver allows businesses to adapt their businesses in ways that comply with the SIP order and enable them to operate.
- Advocate for access to Paycheck Protection program and Economic Injury Disaster Loans for local businesses.



WATER ENTERPRISE FUND

Summary of FY 2020/21 Q1 Water Enterprise Operating Results					
	FY 20/21 Amended Budget	Quarterly Budget	Q1 Actual Results	Variance vs. Quarterly Budget	% of Total Budget
Charges for Services	\$ 2,709,534	\$ 677,384	\$ 1,110,680	\$ 433,297	41%
Other Revenue	31,501	7,875	10,494	2,619	33%
Total Revenue	\$ 2,741,035	\$ 685,259	\$ 1,121,174	\$ 435,916	41%
Expenditure by Category					
Debt Service	\$ 447,528	\$ 111,882	\$ 323,400	\$ (211,518)	72%
Personnel services	434,107	108,527	108,527	-	25%
Administration	445,763	111,440.75	109,309	2,132	25%
Contractual services	67,753	16,938	5,134	11,804	8%
Materials & supplies	165,836	41,459	31,561	9,898	19%
Utilities	130,000	32,500	24,361	8,139	19%
Repairs & maintenance	34,700	8,675	1,998	6,677	6%
Insurance	18,400	4,600	17,230	(12,630)	94%
Other operating	4,500	1,125	487	638	11%
Total Expenditure	\$ 1,748,587	\$ 437,147	\$ 622,007	\$ (184,860)	36%
Net Revenue /(Expenditure)	\$ 992,448	\$ 248,112	\$ 499,167	\$ 251,055	50%

- User fees fully support the revenues for the Water Enterprise Fund. COVID-19 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 did rebound to pre-COVID levels in the first quarter, recording a \$433k positive variance. Water revenues are higher during the first quarter of each year due to seasonality. Compared to the same period last year, service charges revenues are up 20%.
- Debt Service expenditures were 72 percent of the total budget at the end of the quarter due to the semi-annual nature of debt payments paid in the first quarter.
- Insurance costs, which include Property & ADP Contributions, DIC Earthquake, and flood deductible buy-down, are 94 percent of the total budget due to the timing of the payments which are mostly paid in Quarter-one of each fiscal year. Additionally, REMIF insurance costs have continued to increase year-over-year.

Overall, Staff anticipates that revenue will outpace budget estimates come year-end. The City Council approved the postponement of the Utility rate increase scheduled for July 1, 2020.



WASTEWATER ENTERPRISE FUND

Wastewater Enterprise revenue ended the quarter at \$1.2million or 47 percent of the total budget, and expenditures also came in at \$436k or 21 percent of the total budget. The surplus at year-end was estimated to be \$592k.

Summary of FY 2020/21 Q1 Wastewater Enterprise Operating Results					
	FY 20/21 Amended Budget	Quarterly Budget	Q1 Actual Results	Variance vs. Quarterly Budget	% of Total Budget
Charges for Services	\$ 2,587,724	\$ 646,931	\$ 1,209,940	\$ 563,009	47%
Other Revenue	50,596	12,649	7,391	(5,258)	15%
Total Revenue	\$ 2,638,320	\$ 659,580	\$ 1,217,330	\$ 557,750	46%
Expenditure by Category					
Debt Service	\$ 100,410	\$ 25,103	\$ -	\$ 25,103	0%
Personnel services	662,456	165,614	155,708	9,906	24%
Administration	533,324	133,331	130,555	2,776	24%
Contractual services	217,598	54,400	26,241	28,159	12%
Materials & supplies	201,940	50,485	21,443	29,042	11%
Utilities	225,000	56,250	34,765	21,485	15%
Repairs & maintenance	77,000	19,250	17,285	1,965	22%
Insurance	29,063	7,266	50,031	(42,766)	172%
Total Expenditure	\$ 2,046,791	\$ 511,698	\$ 436,027	\$ 75,671	21%
Net Revenue /(Expenditure)	\$ 591,529	\$ 147,882	\$ 781,303	\$ 633,421	132%

- Like the Water Enterprise Fund, Wastewater charges for services recorded a \$564k positive variance of the quarterly budget and 47 percent of the total budget. The revenues beat the prior year's quarter-one results by \$324k. It's important to note that during the fiscal year 2020-21 budget development, Staff had anticipated a significant reduction in consumption of water due to the COVID-19 restrictions and suspension of utility rate increases. The results for quarter-one has rebounded positively.
- REMIF insurance costs have continued to increase year-over-year. At the end of the quarter-one, Insurance costs are already over-budget by \$42k.

FOR MORE INFORMATION: This summary report is derived from the City's Finance Department's detailed financial information. If you have questions or would like additional information on this report, please contact the Finance Department via e-mail at iwhippy@fortbragg.com or by phone at (707) 961-2825.