



REPORT OVERVIEW

This report summarizes the City's financial performance for the twelve months ended June 30, 2021. Financial analysis for this report is provided for the General Fund and the two Enterprise Funds 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), to be released in early January 2022.

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. For the year ended June 30, 2021, General Fund operating revenues totaled \$9.85 million, above budget projections by \$415k. Actual General Fund operating expenditures were \$8.3 million, which is \$911k less than budget.

GENERAL FUND					
	Original	Final Budget	Actual	Variance w/Final Budget	%
REVENUES:					
Property Tax	\$ 1,097,613	\$ 1,097,613	\$ 1,085,533	\$ (12,080)	-1%
Sales and Use Tax	1,414,861	1,715,473	2,028,010	312,537	18%
Transient Occupancy Tax	1,877,740	2,763,000	3,321,928	558,928	20%
Other Taxes	755,829	774,749	810,652	35,903	5%
Reimbursements	2,299,334	2,352,037	2,280,266	(71,771)	-3%
Fines and Forfeitures	15,144	15,144	17,812	2,668	18%
Use of Money & Property	39,454	39,454	(64,616)	(104,070)	-264%
Charges for Services	54,464	54,464	45,370	(9,094)	-17%
Licenses and Permits	89,792	89,792	91,566	1,774	2%
Other Revenue	59,894	151,066	112,359	(38,707)	-26%
Operating Grant Revenue	229,518	390,945	130,162	(260,783)	-67%
Total revenues	7,933,643	9,443,737	9,859,042	415,305	4%

- **SALES & USE TAX:** ↑ \$312k or 18%

Sales tax, which accounts for approximately 20% of the City's General Fund, was up by 13 percent from FY 19/20 (\$1.8M) and ended the fiscal year \$313k over budget projections at \$2.02 million.

- **TRANSIENT OCCUPANCY TAX:** ↑ \$558k or 20%

Fort Bragg is a tourist-based economy and depends heavily on tourism for its revenue. TOT accounts for 29% of the City's General Fund Revenues and had the most significant reduction due to COVID in FY 2019/20. While TOT was the City's most impacted revenue at the height of the pandemic, it showed clear signs of recovery in FY 20/21. In quarter one and four of FY 20/21, it set a record for best quarterly collections ever and ended the fiscal year with the best year to date at \$3.3 million, up 27 percent pre-covid (FY 18/19-\$2.69M) and up 50 percent from (FY 19/20-\$2.2M)



REIMBURSEMENTS: ↓\$104k or 264%

Reimbursements include the annual COPS reimbursements for the cost of the City's CSO, highway user tax, special sales tax allocation, developer deposit reimbursements, and cost allocation transfers, which are considered a cost to the enterprise funds but revenue to the general fund. The variance is attributed to actual expenditures true-up done at the end of the fiscal year, which was less than budgeted amounts. Additionally, DDA reimbursements fell short of budget projections by \$31k.

OPERATING GRANT REVENUES: ↓\$260k or 67%

Operating Grant Revenues were \$260k, below budget projections due to unspent grant funds from the timing of Grants that will be carried forward to FY 2021/22. The projected operating grant revenues budget for the current fiscal year is \$489k, which includes reimbursable staff time for the Code Enforcement Program, Fire Station Rehab design work, CDBG activities (UB Assistance, Business Assistance Loan, PFI), SB-2 Grant, and EDA Grant.

GENERAL FUND EXPENDITURES

As previously mentioned, actual General Fund expenditures ended the fiscal year at \$8.3 million which is \$912k below the final budget.

Table with 6 columns: Original, Final Budget, Actual, Variance w/Final Budget, and %. Rows include various expenditure categories like General Government, Community Development, Public Safety, etc.



▪ **ADMINISTRATIVE SERVICES :**

Administrative Services, which includes the City Attorney, City Manager office, City Clerk and Human Resources were \$111k, below budget projections due to savings in personnel costs \$38k, unspent funds \$28k Broadband Feasibility plan, which have been carried forward to FY 21/22 and the City Attorney costs which came in under budget by \$26k.

▪ **NON-DEPARTMENTAL**

Non-Departmental records expenditures not associated with a specific city department. At the end of the fiscal year, actual expenditures were \$223k below the final amended budget. Retiree medical benefits came in under budget by \$83k. Worker's compensation, Property, liability premiums, and unemployment insurance also totaled \$85k under budget. Dues and membership and professional services were \$27k below the final budget as well.

▪ **COMMUNITY DEVELOPMENT**

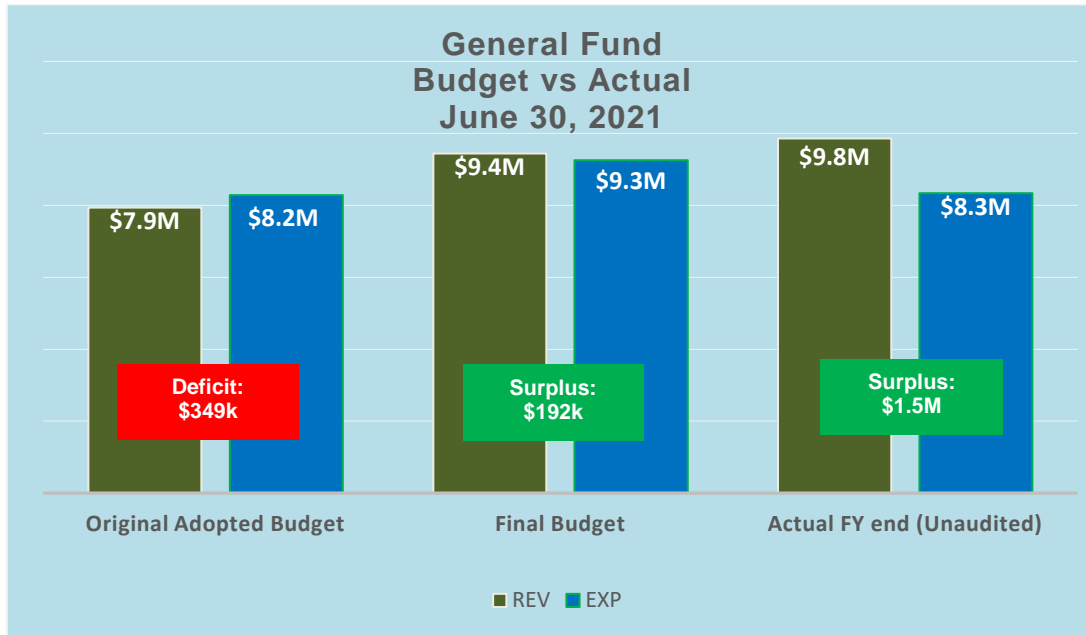
The positive budget variance of \$106k is due to savings in personnel costs. The department was under staff for the first half of the fiscal year. Since then, the department has hired two new assistant planners, an associate planner, and a new administrative assistant. Additionally, \$25k was budgeted for a general plan maintenance study that has been carried forward to FY 2021/22.

▪ **PUBLIC WORKS: ADMINISTRATION & ENGINEERING**

The budget variance of \$59k is due to overages in personnel costs due to the return of furloughed staff in Q1 of the fiscal year, in addition to vacation payouts to the former public works director.



GENERAL FUND RESERVES



	Original	Final Budget	Actual	Variance w/Final Budget
FUND BALANCES				
Unassigned	(348,826)	227,194	1,540,312	-542%
Non-Spendable Funds	5,640	5,640	5,640	0%
Operating Reserve	1,252,371	1,252,371	1,989,419	59%
Recession Reserve	264,139	264,139	496,183	88%
Litigation Reserve	200,000	200,000	200,000	0%
Total Reserves	<u>1,373,324</u>	<u>1,949,344</u>	<u>4,231,554</u>	208%

	FY 19/20 Audited	Budget	Actual	Variance w/prior FY
FUND BALANCES				
Beginning of year	<u>3,141,626</u>	<u>2,691,242</u>	<u>2,691,242</u>	
End of year	<u>\$ 2,691,242</u>	<u>\$ 2,918,436</u>	<u>\$ 4,231,554</u>	57%



WATER ENTERPRISE FUND

Water Enterprise Revenues ended the fiscal year at \$3.3M, \$101k above Budget projections. Expenditures also came in under Budget at 1% or \$13k less than the amended Budget. The estimated **Surplus for FY 20/21 is \$1.6M.**

FY 2020/21 Water Enterprise Operating Results					
	Original Budget	Amended Budget	Actual	Variance w/Final Budget	
Charges for Water Services	\$ 2,714,534	\$ 3,186,926	\$ 3,288,054	\$ 101,128	3%
Other Revenue	18,045	18,045	25,654	7,609	42%
Total Revenue	\$ 2,732,579	\$ 3,204,971	\$ 3,313,708	\$ 108,737	3%
Expenditure by Category					
Debt Service	440,003	440,003	448,692	\$ (8,689)	-2%
Personnel services	434,107	434,107	452,486	(18,379)	-4%
Administration	445,763	445,763	470,942	(25,179)	-6%
Contractual services	58,880	67,753	56,769	10,984	19%
Materials & supplies	165,836	165,836	149,769	16,067	10%
Utilities	130,000	130,000	117,070	12,930	10%
Repairs & maintenance	34,700	34,700	17,509	17,191	50%
Insurance	18,400	18,400	17,230	1,170	6%
Other operating	9,500	9,500	2,318	7,182	76%
Total Expenditure	\$ 1,737,189	\$ 1,746,062	\$ 1,732,785	\$ 13,277	1%
Net Revenue /(Expenditure)	\$ 995,390	\$ 1,458,909	\$ 1,580,923	\$ 122,014	8%

- Revenues returned to pre-covid levels. Charges for services were \$101k or 3% above the amended budget projections.
- Administration expenditures \$25k and personnel services \$18k ended the year over budget due to the Cost Allocation Plan's true-up based on actuals at fiscal year-end.
- Materials & supplies, contractual services, utilities, and repairs and maintenance all ended the year under budget due to savings in expenditures, deferment of repairs and maintenance, and decreases in Fleet Allocation/Contribution by the Water Enterprise Fund to the ISF.
- Each year, all unrestricted fund balances in the Water Fund in excess of 25% of the prior year's operating expenditures are transferred to the Capital Reserve. The estimated **Water Capital Reserve at fiscal year-end is \$6.01M.**

Water Capital Improvements Projects scheduled for FY 21/22 include:

- Water Treatment Plant Overhaul \$5.4M.
- Distribution System Rehab \$850k
- Raw Water Reservoir (Noyo discharge) \$350k
- Raw Water Line Engineering \$680k.
- Water Meter Replacement Project (CDBG funded) \$3M.
- Pudding Creek Water Main \$914k.



WASTEWATER ENTERPRISE FUND

Wastewater Enterprise Revenue ended the Fiscal year at \$3.7M, \$307k above Budget, and Expenditures came in over Budget at 12% or \$210k. **The estimated surplus for the Wastewater Enterprise is \$1.6M.**

FY 2020/21 Wastewater Operating Results					
	Original Budget	Amended Budget	Actual	Variance w/Final Budget	
REVENUES					
Charges for Sewer Services	\$ 2,593,724	\$ 3,302,262	\$ 3,587,321	\$ 285,059	9%
Other Revenue	50,596	115,596	137,646	22,050	19%
Total Revenue	\$ 2,644,320	\$ 3,417,858	\$ 3,724,967	\$ 307,109	9%
EXPENDITURES					
Personnel services	666,436	662,456	686,111	(23,655)	-4%
Administration	533,324	533,324	693,735	(160,411)	-30%
Contractual services	64,259	204,422	164,551	39,871	20%
Materials & supplies	196,426	210,940	181,454	29,486	14%
Utilities	225,000	225,000	198,320	26,680	12%
Repairs & maintenance	59,000	59,000	60,669	(1,669)	-3%
Other Expenditures	-	-	97,185	(97,185)	-100%
Insurance	29,063	29,063	53,032	(23,969)	-82%
Total Expenditure	\$ 1,773,508	\$ 1,924,205	\$ 2,135,057	\$ (210,852)	-12%
Net Revenue /(Expenditure)	\$ 870,812	\$ 1,493,653	\$ 1,589,910	\$ 96,257	6%

- Like the Water Enterprise Fund, revenues returned to pre-covid levels. Charges for services were also above budget by \$285k.
- Administration expenditures ended the fiscal year \$160k over budget due to the Cost Allocation true-up based on actuals at fiscal year-end.
- Personnel services budget variance of \$24k pertains to on-call pay being higher than budgeted (\$16k) and CALPERS expenditures at \$65k over budget from the year-end GASB 68 reconciliation to allocate the UAL.
- Other expenditures of \$97k are merely a book entry to record the disposal of assets (loss on sale of assets for different years).
- Insurance expenditures came in at \$24k over budget related to the updated Property Premiums for the newly completed Wastewater Treatment Plant.
- Each year, all unrestricted Fund Balance in the Wastewater Enterprise Fund above 25% of the prior year's operating expenditures is transferred to the Capital Reserve. The estimated **Wastewater Capital Reserve at fiscal year-end is \$2.03M.**

Capital Improvements Projects Scheduled in FY 21/22 include:

- Collection System Condition Assessment \$750k
- Sewer Main Rehab- CIPP \$190k