



**FY 2024/25**  
**Quarter 1 Financial Report**



## REPORT OVERVIEW

This report outlines the financial performance of the City for the initial quarter of Fiscal Year 2024/25, concluding on September 30, 2024. The financial analysis in this report pertains to the General Fund and the Water and Wastewater Enterprise Fund, utilizing a modified accrual basis. It is important to clarify that this document does not constitute an audited financial statement. The accuracy of revenue and expenditure data remains provisional until the City concludes its annual audit and finalizes the Annual Comprehensive Financial Report (ACFR).

## GENERAL FUND

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

### GENERAL FUND REVENUES

The original adopted revenue budget for the General Fund was \$12.2 million, an increase of 6 percent from the prior fiscal year.

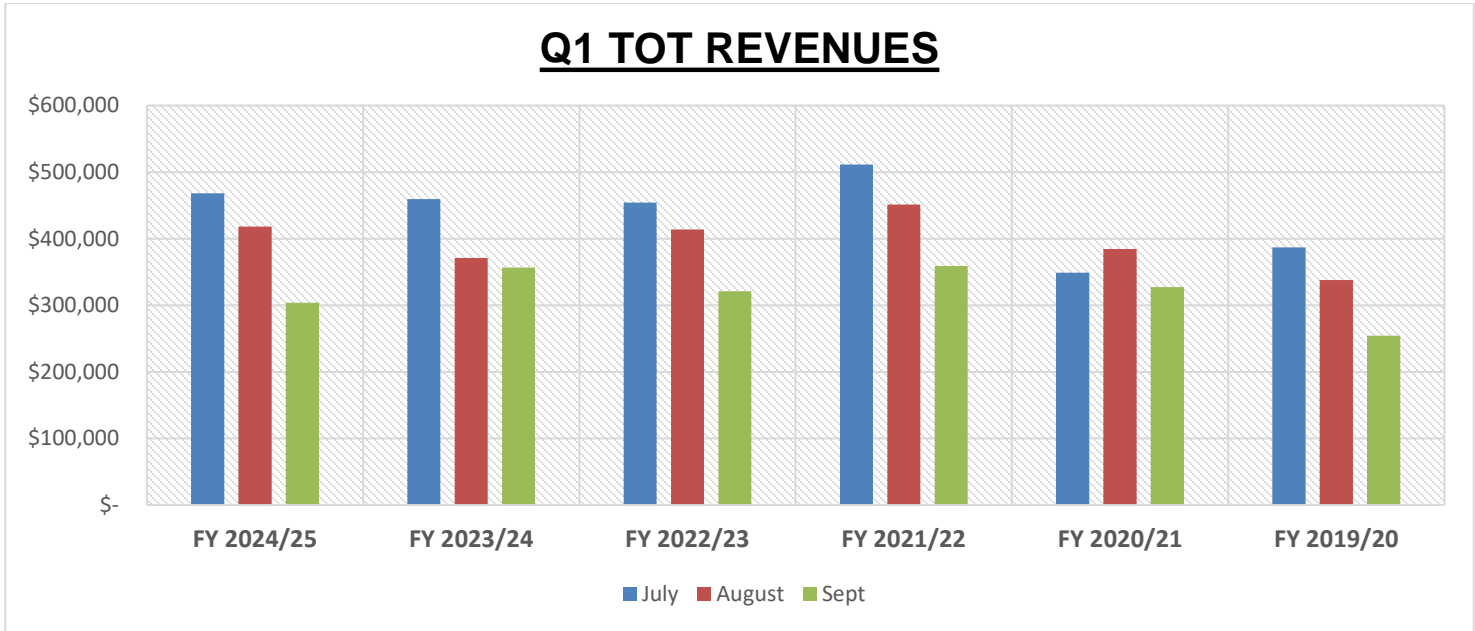
Summary of FY 2024/25 Q1 General Fund Operating Results							
	Prior FY Q1 Actuals	Adopted Budget FY 24/25	Amended Budget FY 24/25	FY 24/25		Variance vs. Quarterly Budget	% of Total Budget
				Q1 Budget	Q1 Actual Results		
Transient Occupancy Taxes	\$ 1,187,461	\$ 3,146,240	\$ 3,146,240	\$ 1,091,083	\$ 1,172,884	\$ 81,801	37%
Sales Taxes	579,153	2,059,200	2,059,200	527,979	592,077	64,098	29%
Property Taxes	-	1,213,790	1,213,790	-	-	-	0%
Other Taxes	180,952	953,454	953,454	144,450	22,640	(121,810)	2%
Reimbursements	806,837	3,722,943	3,722,943	930,736	810,837	(119,899)	22%
Charges for Services	32,573	91,250	91,250	22,813	29,282	6,469	32%
Licenses & Permits	14,556	85,200	85,200	21,300	12,041	(9,259)	14%
Use of Money & Property	53,724	123,000	123,000	30,750	74,092	43,342	60%
Fines & Forfeitures	872	18,000	18,000	4,500	928	(3,572)	5%
Other Revenues	14,555	16,000	16,000	4,000	32,780	28,780	205%
Intergovernmental/Grant Reimb	190,743	824,476	824,476	206,119	96,477	(109,642)	12%
<b>Total Revenue</b>	<b>\$ 3,061,426</b>	<b>\$ 12,253,552</b>	<b>\$ 12,253,552</b>	<b>\$ 2,983,729</b>	<b>\$ 2,844,038</b>	<b>\$ (139,692)</b>	<b>23%</b>
Transfers				-	-	-	0%
<b>Total Revenue</b>	<b>\$ 3,061,426</b>	<b>\$ 12,253,552</b>	<b>\$ 12,253,552</b>	<b>\$ 2,983,729</b>	<b>\$ 2,844,038</b>	<b>\$ (139,692)</b>	<b>23%</b>

At the end of Quarter 1, the General Fund's operating revenues totaled \$2.8 million, falling short of quarterly budget projections by \$139,692. This shortfall is attributed to grant reimbursements that have yet to be accounted for.

- **Transient Occupancy Tax** remains a significant revenue source, contributing 28% of the General Fund's revenue. After facing a \$660,000 deficit in the last quarter of FY 19/20 due to COVID-related restrictions, TOT rebounded strongly in FY 20/21, achieving a record high of \$3.3 million, driven by eased travel restrictions and increased local tourism.



In Q1 of FY 25, TOT showed mixed results. Revenue grew by 2% in July and 14% in August but experienced a 15% decline in September, resulting in an overall 10% decrease quarterly compared to the exceptional quarter in FY 22. Despite the decline, TOT continues to show resilience, supported by sustained visitor interest. Detailed historical revenue figures provide additional context for this performance trend.



- **Sales Tax** The local sales tax rate remains 8.875%, with the City receiving 1% through the Bradley Burns Local Sales and Use Tax. The State receives 6%, 0.25% goes to the County, and 1.625% is allocated to special taxes.

Inflationary pressures have continued to ease in 2024. The Consumer Price Index (CPI) rose 2.4% compared to the same month in the previous year, signaling a marked improvement from the peak inflation of 9.1% in June 2022. This reduction reflects the Federal Reserve's aggressive interest rate hikes in 2022-2024, which have slowed inflation but moderated consumer spending, particularly on large purchases.

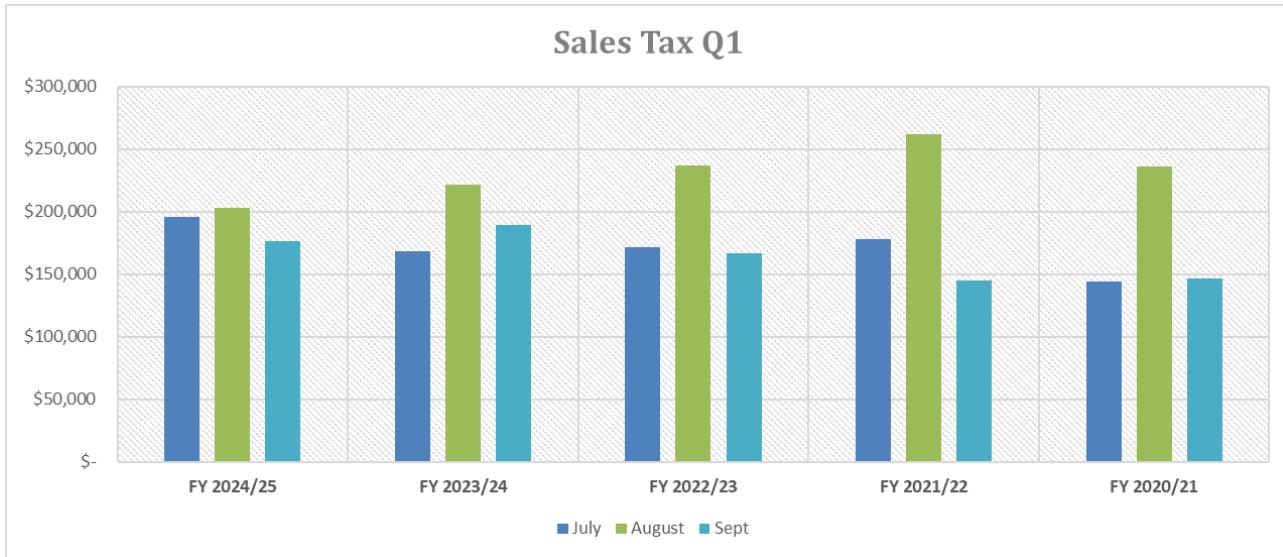
For Q1 FY 24/25, sales tax revenues accounted for 25% of the total budget, slightly below the prior year's first-quarter result but up 18% from pre-pandemic levels, demonstrating steady economic resilience. Year-over-year growth continues across all sales tax categories, led by Food Products, Construction, and Transportation. The County Pool, which captures a significant share of online sales, remains a critical driver of revenue, fueled by sustained consumer reliance on e-commerce. This trend is supported by the 2018 Supreme Court decision in South Dakota vs. Wayfair, Inc., which mandated online retailers to collect sales tax, contributing to robust County Pool growth.

Despite a more stable inflation outlook, the City's conservative sales tax revenue projection for FY 24/25 is \$2.06 million, reflecting a 1% increase from the prior year's estimated totals. This cautious



## FY 2022/23 Q1 Operating Results

forecast accounts for anticipated changes in consumer behavior as inflation is projected to stabilize at 2.4% by the end of 2024, potentially tempering spending in key retail sectors.



- **Property Taxes:** receipts are received in lump sums in December, April, and July rather than evenly throughout the year. Housing costs have risen by the most since the early 1980s as a strong labor market continues to push up rental rates. Median home prices in the 95437 zip code have continued to increase year-over-year. According to Zillow, as of September 2024, median home prices were \$550k, reflecting a 4.9 decrease from previous months.
- **Other taxes** include Franchise Fees and Business License taxes. Actuals totaled \$22k, which is \$121k under the quarterly Budget estimates. The revenues from solid waste removal have not been accounted for in the first quarter. Revenue from Cable television franchise fees have slowly declined as more customers move to satellite and internet-based services. Business License Tax is collected during the business license renewal season in February to March of each year.
- **Reimbursements** include the annual Citizens' Option for Public Safety (COPS) reimbursements for public safety, 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 \$119k below the quarterly budget due to the timing of some of the reimbursements, which is expected to pick up in the remaining quarters.
- **Intergovernmental** are reimbursements for staff time work on grants, including the School Resource Officer reimbursement, Social Services Liason Grant, Community Development Block Grants (CDBG) for water meter project, and general administration. The Quarter ended result at just 12% of the total Budget. This revenue category is expected to meet projections as



## GENERAL FUND EXPENDITURES

The General Fund’s adopted budget for FY 2025 was \$12.4 million. The amended budget is \$12.5 million, with Budget amendments of \$108,226, excluding Purchase order rollovers from the prior fiscal year.

EXPENDITURES	Prior FY Q1 Actuals	Adopted Budget FY 24/25	Amended Budget FY 24/25	FY 24/25		Variance vs. Quarterly Budget	% of Total Budget
				Q1 Budget	Q1 Actual Results		
<b>General Government</b>							
City Council	\$ 21,940	\$ 199,579	\$ 128,152	\$ 32,038	\$ 28,700	\$ 3,338	22%
Administrative Services	178,361	788,361	886,448	221,612	231,763	(10,151)	26%
City Attorney/Legal	43,549	270,000	273,123	68,281	150,075	(81,794)	55%
Finance	159,477	724,521	731,757	182,939	173,890	9,049	24%
Non-departmental (overhead)	616,731	538,929	543,467	135,867	133,123	2,744	24%
<b>General Government Subtotal</b>	<b>1,020,058</b>	<b>2,521,390</b>	<b>2,562,947</b>	<b>640,737</b>	<b>717,551</b>	<b>(76,814)</b>	<b>28%</b>
<b>Public Safety</b>							
Fire	122,402	448,569	448,569	112,142	116,813	(4,671)	26%
Police	1,006,555	5,715,508	5,716,082	1,429,020	1,304,993	124,028	23%
<b>Public Safety Subtotal</b>	<b>1,128,957</b>	<b>6,164,077</b>	<b>6,164,651</b>	<b>1,541,163</b>	<b>1,421,806</b>	<b>119,357</b>	<b>23%</b>
<b>Community Services</b>							
Public Works	345,540	1,899,127	1,907,565	476,891	439,337	37,555	23%
Fort Bragg Marketing (Measure AA/AB)	29,360	260,150	270,150	67,538	14,267	53,271	5%
Community Development	102,861	479,308	526,964	131,741	142,467	(10,725)	27%
Community Contributions	117,158	182,166	182,166	45,542	3,552	41,990	2%
Debt	122,757	572,840	572,840	-	-	-	0%
<b>Community Services Subtotal</b>	<b>717,676</b>	<b>3,393,591</b>	<b>3,459,686</b>	<b>721,711</b>	<b>599,622</b>	<b>122,090</b>	<b>17%</b>
<b>Allocation to Internal Service Funds</b>	<b>161,024</b>	<b>401,891</b>	<b>401,891</b>	<b>100,473</b>	<b>107,529</b>	<b>(7,056)</b>	<b>27%</b>
<b>Total Expenditure</b>	<b>\$3,027,715</b>	<b>\$12,480,949</b>	<b>\$ 12,589,175</b>	<b>\$ 3,004,084</b>	<b>\$ 2,846,508</b>	<b>\$ 157,576</b>	<b>23%</b>

General Fund operating expenditures ended the quarter at \$2.8 million, or 23 percent of the amended budget.

- **Administrative Services**, which encompass the City Manager’s Office, City Clerk, and Human Resources, accounted for 26% of the total budget and are projected to remain within budget for the fiscal year. Pre-employment and recruitment costs saw a significant reduction this quarter, at 0%, compared to over 50% in the previous fiscal year.
- **City Attorney/Legal Costs** accounted for 55% of the total budget this quarter, exceeding the quarterly budget by \$81,794. The overage is attributed to increased legal costs, primarily driven by expenditures related to the City's ongoing litigation. Staff are closely monitoring this line item and will propose a budget amendment at mid-year, if necessary, to address the overrun.
- **Non-departmental** is at 38% of the total budget attributed to the nature of California Intergovernmental Risk Authority (CIRA) liability and property premium payments, which are paid in the first quarter. Overall, property insurance has increased by 22%, and worker's compensation and general liability also recorded a cost increase of 12% year-over-year.

Additionally, \$150k was budgeted to contribute to Section 115 Trust to diversify the City’s



Investments to address the likelihood of increases to the California Public Employees' Retirement System (CALPERS) unfunded liability.

- **The Police Department's** budget, comprising 23% of the total, remains on track with quarterly projections. A 5% increase in dispatch costs is anticipated in 2024, as outlined in the operating agreement with the City of Ukiah. Temporary savings from vacant officer positions are expected to be offset when these roles are filled by Quarter 3 of the fiscal year. In August 2024, the City Council approved compensation updates through Ordinance 672 and extended the Police Association's Memorandum of Understanding (MOU) through 2028, incorporating Cost of Living Adjustment (COLA) increases. To fund these increases, the department reallocated resources by freezing two Community Service Officer (CSO) positions and supplementing with a part-time transportation officer, ensuring fiscal alignment.
- **Community Contributions** include the budget for Noyo Center, Special projects from Measure AB, the Sister City Program, and the Economic Development & Financing Corporation (EDFC). Only one payment to Noyo Center has been made in the first quarter.
- **Community Development** department is 10k over the quarter one Budget primarily due to the transfer of the part-time code enforcement officer position from the police department in July 2024. Additionally, the Public Works Director has filled the vacant Community Development Director position and contracted out the high-level planning work to Marie Jones Consultancy.
- **Fort Bragg's Marketing** budget includes expenditures such as professional marketing, events, and Public relations services. The quarterly budget is only at 5% due to the signing of new contract in September 2024. The marketing budget was increased this fiscal year to account for the Mountain Bike tournament and Music festival.
- **Debt Payments** A significant accomplishment for the City in FY 2020/21 was developing and adopting a Pension funding policy. These included issuing Lease Revenue Bonds to reduce the City's Unfunded pension Liability by \$7.5 million in November 2021 to achieve a 90-100 percent funding status with CALPERS. FY 2024/25 Budget includes the City's annual debt payment for these bonds, in which interest is paid in quarter one, and the principal is to be paid in the fourth quarter.

Overall, most of the general fund expenditures are in line with or below quarterly budget projections.

## GENERAL FUND NET RESULTS

The General Fund is the chief operating fund for the City and relies on TOT and Sales Tax revenues. Both revenue categories recorded the best years to date in FY 20/21 and continued the strong performance into FY 21/22 with a slight decline in the Q1 of FY 22/23 & FY 23/24.





FY 2024/25 Q1 Operating Results

Summary of FY 2024/25 Q1 General Fund Operating Results

	Prior FY Q1 Actuals	Adopted Budget FY 24/25	Amended Budget FY 24/25	FY 24/25		Variance vs. Quarterly Budget	% of Total Budget
				Q1 Budget	Q1 Actual Results		
<b>Total Revenue</b>	\$ 3,061,426	\$ 12,253,552	\$ 12,253,552	\$ 2,983,729	\$ 2,844,038	\$ (139,692)	23%
<b>Total Expenditure</b>	\$ 3,027,715	\$ 12,480,949	\$ 12,589,175	\$ 3,004,084	\$ 2,866,073	\$ 138,010	23%
<b>Net Revenue /(Expenditure)</b>	\$ 33,711	\$ (227,397)	\$ (335,623)	\$ (20,354)	\$ (22,036)	\$ (1,681)	

The first-quarter revenues were \$2.84 million (23 percent of the annual budget), and expenditures were \$2.86 million (23 percent of the annual budget), outpacing revenues by \$22,036. As the fiscal year progresses, Staff will continue monitoring revenues to ensure they are keeping up with expenditure levels. The Mid-Term Budget workshop scheduled for March 2023 will be an excellent opportunity to gauge the impacts of the looming recession on the City’s revenues and expenditures.

**WATER ENTERPRISE FUND**

Water Enterprise's revenue ended the quarter at \$848k or 28 percent of the total budget, and expenditures ended the quarter at \$678k or 30 percent of the total budget.

Summary of FY 2024/25 Q1 Water Enterprise Operating Results

	Prior FY Q1 Actuals	Adopted Budget FY 24/25	Amended Budget FY 24/25	FY 24/25		Variance vs. Quarterly Budget	% of Total Budget
				Q1 Budget	Q1 Actual Results		
Charges for Services	\$ 798,887	\$ 2,998,614	\$ 2,998,614	\$ 843,232	\$ 833,717	\$ (9,515)	28%
Other Revenue	6,137	20,000	\$ 20,000	5,000	14,636	9,636	73%
<b>Total Revenue</b>	<b>\$ 805,024</b>	<b>\$ 3,018,614</b>	<b>\$ 3,018,614</b>	<b>\$ 848,232</b>	<b>\$ 848,353</b>	<b>\$ 121</b>	<b>28%</b>
<b>Expenditure by Category</b>							
Debt Service	\$ 284,191	-	\$ -	\$ -	\$ -	\$ -	0%
Personnel services	188,295	1,027,709	1,027,709	256,927	304,529	(47,602)	30%
Administration	112,174	494,907	494,907	123,727	117,618	6,109	24%
Contractual services	8,535	69,000	73,401	18,350	5,127	13,224	7%
Materials & supplies	18,796	330,348	330,348	82,587	104,045	(21,458)	31%
Utilities	48,071	192,000	192,000	48,000	54,089	(6,089)	28%
Repairs & maintenance	8,299	54,500	54,543	13,636	21,187	(7,552)	39%
Insurance	53,392	58,732	58,732	14,683	68,287	(53,604)	116%
Other operating	330	13,000	13,000	3,250	3,103	147	24%
<b>Total Expenditure</b>	<b>\$ 722,083</b>	<b>\$ 2,240,195</b>	<b>\$ 2,244,639</b>	<b>\$ 561,160</b>	<b>\$ 677,986</b>	<b>\$ (116,826)</b>	<b>30%</b>
<b>Net Revenue /(Expenditure)</b>	<b>\$ 82,941</b>	<b>\$ 778,418</b>	<b>\$ 773,974</b>	<b>\$ 287,072</b>	<b>\$ 170,367</b>	<b>\$ (116,705)</b>	

- **Charges for Services** fully support the revenues for the Water Enterprise Fund. Quarter-one revenues performed consistently to the prior fiscal year and are typically higher in the first quarter due to seasonality. The City of Fort Bragg declared a Stage 2 water warning and implemented mandatory Stage 2 water conservation measures to reduce water consumption by 10-20% in



quarter one. In the prior fiscal year, ratepayers took proactive steps in the Summer to conserve water as the City of Fort Bragg has experienced significantly less rainfall over the past several years, causing the City's three raw water sources to continue a downward trend. Due to these, water consumption has decreased compared to the last prior fiscal years as customers have adapted to conserving water during the summer months. Additionally, the City undertook steps to detect leaks and notify customers accordingly. New Water Meters funded by CDBG Grant are being installed, which will better detect leaks in real-time, and the improvements to the customer portal through Water Smart will provide customers with analytics on their usage and other helpful information to address leaks and high water usage.

- **Debt Service** the Water Enterprise Fund currently carries no debt. The \$476,000 loan from the State of California Department of Water Resources, budgeted for payoff in the current fiscal year, has been fully addressed. Additionally, the 2014 Water Revenue Refunding Bond, totaling \$672,135, matured in the last fiscal year, further solidifying the Fund's debt-free status.
- **Contractual Services** budget covers Utility Billing costs for printing, mailing, and compliance with Senate Bill 998. These costs have come in below budget in the first quarter. Additionally, \$30k was budgeted for water rate study in Jan-Mar 2024.
- **Utilities** are 28% of the total Budget. Energy costs for Electric have risen by 35% per month compared to last year due to rate increases with a slight increase in consumption.
- **Insurance costs**, including Property & ADP Contributions, DIC Earthquake, and flood deductible buy-down, are paid in the first quarter annually. As mentioned earlier, CIRA insurance costs have recorded year-over-year increases. Property Insurance increased by 83% and DIC by 43% overall. Currently, the Insurance costs are over budget by \$53k. Staff is working with CIRA to confirm the allocation of property insurance before the mid-term budget.

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's revenue ended the quarter at \$962k, which is 27% of the total budget, and expenditures ended the first quarter at \$896k, in line with overall quarter one budget projections.





Summary of FY 2024/25 Q1 Wastewater Enterprise Operating Results

	Prior FY Q1 Actuals	Adopted Budget FY 24/25	Amended Budget FY 24/25	FY 24/25		Variance vs. Quarterly Budget	% of Total Budget
				Q1 Budget	Q1 Actual Results		
Charges for Services	\$ 915,238	\$ 3,433,578	\$ 3,433,578	\$ 858,395	\$ 909,134	\$ 50,739	26%
Other Revenue	35,248	156,450	156,450	39,113	52,150	13,038	33%
<b>Total Revenue</b>	<b>\$ 950,486</b>	<b>\$ 3,590,028</b>	<b>\$ 3,590,028</b>	<b>\$ 897,507</b>	<b>\$ 961,284</b>	<b>\$ 63,777</b>	<b>27%</b>
<b>Expenditure by Category</b>							
Personnel services	199,423	685,912	685,912	171,478	188,547	(17,069)	27%
Administration	171,647	716,326	716,326	179,081	175,502	3,580	25%
Contractual services	57,399	400,000	439,324	109,831	72,627	37,204	17%
Materials & supplies	77,309	325,094	422,841	105,710	84,389	21,321	20%
Utilities	116,542	615,000	615,000	153,750	188,869	(35,119)	31%
Repairs & maintenance	21,774	203,500	204,582	51,145	42,855	8,290	21%
Insurance	112,645	113,871	113,871	28,468	144,070	(115,602)	127%
<b>Total Expenditure</b>	<b>\$ 756,739</b>	<b>\$ 3,059,703</b>	<b>\$ 3,197,855</b>	<b>\$ 799,464</b>	<b>\$ 896,859</b>	<b>\$ (97,395)</b>	<b>28%</b>
<b>Net Revenue /(Expenditure)</b>	<b>\$ 193,747</b>	<b>\$ 530,326</b>	<b>\$ 392,173</b>	<b>\$ 98,043</b>	<b>\$ 64,425</b>	<b>\$ (33,619)</b>	

- Encouragingly, in the current fiscal year, revenues are continuing the positive trend upwards and currently stand at 33% of the total Budget. This upward trajectory reflects a resilient financial performance and suggests sustained recovery from the impacts of the pandemic. Monitoring these revenue trends will be crucial in ensuring continued fiscal health of the enterprise operations. Staff will be conducting a rate study in January 2025.
- Utilities** are up \$35k or 31% of the total Budget. Energy costs for electricity have risen by 60% or \$12k/month compared to the last year due to rate increases.
- Insurance costs**, including Property & ADP Contributions, DIC Earthquake, and flood deductible buy- down, are paid in the first quarter annually. As mentioned earlier, CIRA insurance costs have recorded year-over-year increases. The new Wastewater Treatment Plant has certainly increased the Property

Insurance for the fund in the last couple of years. Property Insurance increased by 127% and DIC by 43% overall. Currently, the Insurance costs are over budget by \$53k. Staff is working with CIRA to confirm the allocation of property insurance before the mid-term budget to determine if a Budget Amendment is needed.

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



## CV STARR ENTERPRISE

The City-owned C.V. Starr Community Center and Sigrid & Harry Spath Aquatic Facility, encompassing 43,000 square feet, offer a wide range of amenities, including an indoor water park, fitness and exercise rooms, weight rooms, and community meeting spaces. The surrounding grounds further enhance the facility with a dog park, Skateboard Park, and petanque courts.

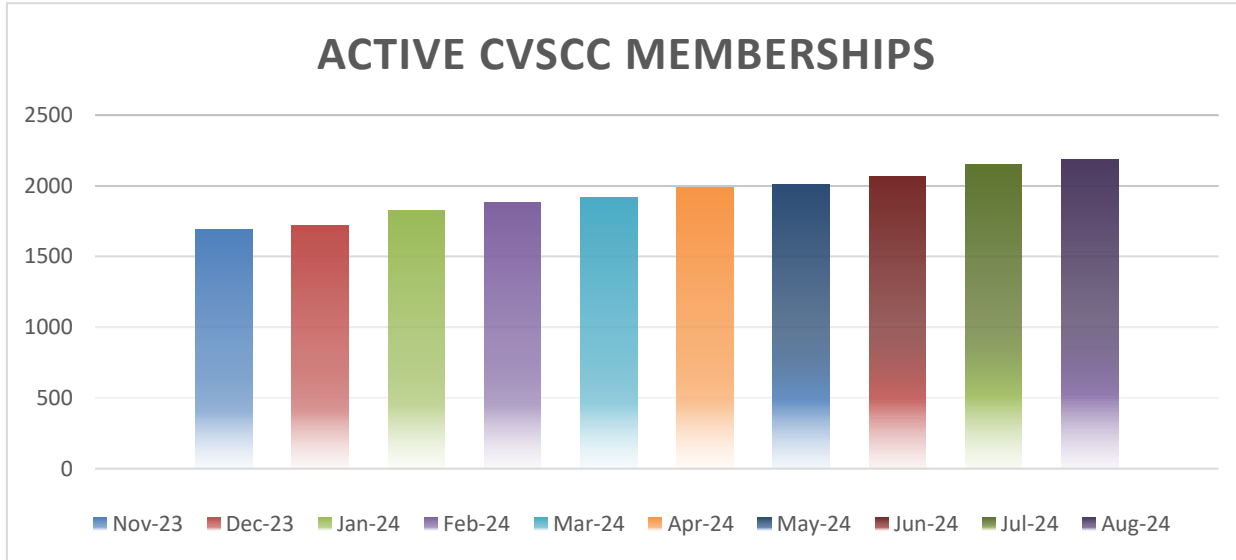
Operational, maintenance, and capital improvement costs for the Center are partially offset by restricted sales tax and property tax revenues. These dedicated funds are allocated to the C.V. Starr Enterprise Fund, providing a financial framework that supports the ongoing success of the facility.

In February 2024, the City assumed direct operations of the Center after the Mendocino Coast Recreation and Park District (MCRPD) terminated the operating agreement in 2023. This transition places the full financial responsibility for operations and maintenance on the City of Fort Bragg.

Summary of FY 2024/25 Q1 CV Starr Enterprise Operating Results							
	Prior FY Q1 Actuals	Adopted Budget FY 24/25	Amended Budget FY 24/25	FY 24/25		Variance vs. Quarterly Budget	% of Total Budget
				Q1 Budget	Q1 Actual Results		
Operating Revenues	\$ 200,956	719,557	719,557	\$ 179,889	273,062	\$ 93,173	38%
Sales Tax	326,867	1,184,288	1,184,288	296,072	333,144	37,072	28%
Property Taxes		305,119	305,119	-	-	-	0%
Other Revenue	777.00	50,000	10,000	2,500	16	(2,484)	0%
<b>Total Revenue</b>	<b>\$ 528,600</b>	<b>\$ 2,258,963</b>	<b>\$ 2,218,963</b>	<b>\$ 478,461</b>	<b>\$ 606,223</b>	<b>\$ 127,762</b>	<b>27%</b>
<b>Expenditure by Category</b>							
Personnel services	395,663	1,373,103	1,373,103	343,276	269,675	73,601	20%
Administration	622	23,500	23,500	5,875	163	5,712	1%
Contractual services	14,210	53,000	69,879	17,470	6,107	11,363	9%
Utilities	88,732	350,000	350,000	87,500	86,507	993	25%
Repairs & maintenance	15,932	40,500	40,500	10,125	4,251	5,874	10%
Insurance	-	15,000	15,000	3,750	-	3,750	0%
Other operating	27,957	169,000	169,000	42,250	38,952	3,298	23%
<b>Total Expenditure</b>	<b>\$ 543,116</b>	<b>\$ 2,024,103</b>	<b>\$ 2,070,172</b>	<b>\$ 517,543</b>	<b>\$ 422,758</b>	<b>\$ 94,785</b>	<b>20%</b>
<b>Net Revenue /(Expenditure)</b>	<b>\$ (14,516)</b>	<b>\$ 234,861</b>	<b>\$ 148,791</b>	<b>\$ (39,082)</b>	<b>\$ 183,465</b>	<b>\$ 222,547</b>	

The revenue generated from general admissions encompasses user fees obtained from drop-in visits, membership sales, and other admissions. The Center was closed during COVID-19, impacting membership sign-ups and drop-in visits. The facility experienced a delayed opening post-COVID due to safety precautions, such as the continued use of masks (except in the pool area), the closure of showers to minimize unmasked time, and capacity restrictions during Open Swim and Swim Slide Splash sessions, contributed to this shortfall.

Despite the challenges, since re-opening, membership revenue and general admissions have rebounded at the end of quarter one at \$273k beating quarterly projections by \$93k increasing from 1,694 in memberships to 2,267 in 2024 Q1. The City Council approved rate, which take effect in January 2024, generating an estimated \$90k in additional revenue.



It's encouraging to report that our sales tax figures align with our quarterly budget projections, and we are on track to meet our overall budget expectations of \$1.2 million. This positive trajectory reflects our effective strategies and market responsiveness.

On the property tax front, funds are received in the third quarter of the fiscal year. This timing aligns with our budget planning, contributing to the overall financial health of the Center.

Regarding personnel costs, we are currently at 20% of the Budget, effectively meeting our quarterly expectations. However, recognizing the dynamic nature of our operations, we are actively evaluating and planning to restructure staffing to ensure optimal efficiency and resource utilization.

Shifting our focus to administration costs, which encompass legal, travel, and training expenses, it's noteworthy that a substantial portion of these expenditures is expected to be incurred in the second and third quarters. As we progress through the fiscal year, we remain committed to prudent financial management, ensuring that our budget allocations align with our operational needs and strategic goals.