City of Fort Bragg

416 N Franklin Street
Fort Bragg, CA 95437
Phone: (707) 961-2823
Fax: (707) 961-2802

Meeting Agenda

Finance and Administration Committee

Wednesday, April 6, 2016 | **3:00 PM** | **City Hall Conference Room, 416 N. Franklin Street**

MEETING CALLED TO ORDER

ROLL CALL

1. APPROVAL OF MINUTES

1A. 16-119 Approve Minutes of Meeting of March 2, 2016

2. PUBLIC COMMENTS ON NON-AGENDA ITEMS

3. CONDUCT OF BUSINESS

3A. 16-116 Review Report of Contracts Under $25,000 for January 1 - March 31, 2016

Attachments: Contracts Under $25K - 1-1-16 - 3-31-16

3B. 16-117 Review Draft Cost Allocation Plan

Attachments: DRAFT FY 2015-16 Staffing Allocations as of 3-31-16

3C. 16-118 Review Municipal Financial Health Diagnostic Tool, Preliminary Results for FY 2015/16

Attachments: City of Fort Bragg Diagnostic 2016

MATTERS FROM COMMITTEE / STAFF

ADJOURNMENT

STATE OF CALIFORNIA)
)ss.
COUNTY OF MENDOCINO)
I declare, under penalty of perjury, that I am employed by the City of Fort Bragg and that I caused this agenda to be posted in the City Hall notice case on April 1, 2016.

_____
Brenda Jourdain, Adminstrative Assistant

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Text File

File Number: 16-119

Agenda Date: 4/6/2016 **Version:** 1 **Status:** Minutes to be Approved

In Control: Finance and Administration Committee **File Type:** Committee Minutes

Agenda Number: 1A.

Approve Minutes of Meeting of March 2, 2016

City of Fort Bragg

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Meeting Minutes
Finance and Administration Committee

Wednesday, March 2, 2016 **3:00 PM** **City Hall Conference Room, 416 N. Franklin Street**

MEETING CALLED TO ORDER

Chair Turner called the meeting to order at 3:16 PM

ROLL CALL

Staff Present: - Linda Ruffing, Tom Varga, John Smith, Victor Damiani and Brenda Jourdain.

Others in Attendance: None

Present: 2 - Doug Hammerstrom and Dave Turner

APPROVAL OF MINUTES

1A. 16-076 Approve Minutes of Special Meeting of January 11, 2016

A motion was made by Committee Member Hammerstrom, seconded by Chair Turner, that these Committee Minutes be approved for council review.
The motion carried by a unanimous vote

1B. 16-078 Approve Minutes of Special Meeting of January 29, 2016

A motion was made by Committee Member Hammerstrom, seconded by Chair Turner, that these Committee Minutes be approved for council review.
The motion carried by a unanimous vote

PUBLIC COMMENTS ON NON-AGENDA ITEMS

CONDUCT OF BUSINESS

2. 16-074 Receive Update on Progress on Facilities and Equipment Internal Service Fund Reserve Analysis

Public Works Director Tom Varga reviewed the Summary Report and spreadsheets prepared for this item regarding development of a more formal procedure for analyzing and documenting the Facilities and Equipment Internal Service Fund (ISF) reserve needs and answered any questions.

Others in Attendance: None.

The following was noted during discussion of this item:

- Three spreadsheets were created for ISF projects: 1) Summary list of Facilities & Equipment ISF-10 year project program; 2) Facility & Equipment ISF - 10 year program

for major projects funding needs that is shown in completed totals; 3) Facilities & Equipment ISF-10 year program on-going preventative maintenance needs.

- A methodology and format has been established and will help establish yearly budget amounts. With detail in the spreadsheets the City can get a hold of a more consistent maintenance schedule.
- Due to Council interest, the City Hall, City Hall East and Guesthouse improvements will be in the FY 2016/17 budget or in the near future.
- Committee requests more narrative description of projects and how these priorities are organized. Varga recommends using the budget narrative and modifying it with the information from the spreadsheets.
- Noyo Headlands Park /Coastal Trail have been added to the spreadsheets.
- There was discussion about the account numbers being taken out.
- There was extensive discussion regarding cost allocations, reserves, inflows and outflows.
- Hammerstrom stated that identifying the projects need to be defined and asked who will be doing the budgeting. Staff replied the Public Works Department will be identifying and defining the projects and the Finance Department will handle the revenue to let them know when and how much can be used for budget purposes.
- It was discussed how to add on the spreadsheet the revenue numbers in net balance in the ISF plus a line involving the reserve that will track transfers in and out as well as the reserve balance. This will help with monitoring projects.
- It was recommended by staff that the ISF fund spreadsheets are to be kept as an analytical tool and all items in spreadsheets are items that need to be done.

Council gave direction to staff to use these established spreadsheets for budgetary purposes.

MATTERS FROM COMMITTEE / STAFF

ADJOURNMENT

Chair Turner adjourned the meeting at 3:57 p.m.

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Text File

File Number: 16-116

Agenda Date: 4/6/2016 **Version:** 1 **Status:** Business

In Control: Finance and Administration Committee **File Type:** Staff Report

Agenda Number: 3A.

Review Report of Contracts Under $25,000 for January 1 - March 31, 2016

Contracts - $25,000 & Under

January 1 – March 31, 2016

Date	Consultant/ Contractor	Project	Amount	Term
1/15/2016	Ginny Feth-Michel 32590 Ocean Meadows Circle Fort Bragg, CA 95437	General consulting services and training in the areas of Finance and Human Resources	$11,300	1/15/2016 – 9/30/2016
1/21/2016	ALTA Archaeological Consulting, LLC 15 Third Street Santa Rosa, CA 95401	Archaeological services for the City's Wastewater Treatment Facility upgrade project	$ 2,500	1/15/2016 - 5/1/2016

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Text File

File Number: 16-117

Agenda Date: 4/6/2016 **Version:** 1 **Status:** Business

In Control: Finance and Administration Committee **File Type:** Staff Report

Agenda Number: 3B.

Review Draft Cost Allocation Plan

FY 2014/15 PERSONNEL STAFFING ALLOCATIONS

Description	Number of Employees	General Fund	Fleet Services	IT ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	RDA Successor Agency	TOTAL
		- - - Percent of Time Allocated By Fund - - -									
CITY COUNCIL											
Councilmembers (5)		50.0%				3.0%	2.0%	20.0%	20.0%	5.0%	100%
CITY MANAGER											
City Manager	1	50.0%						15.0%	15.0%	20.0%	100%
Assistant City Manager	1	60.0%		15.0%				10.0%	10.0%	5.0%	100%
Human Resources Technician	1	75.0%						12.0%	13.0%		100%
City Clerk	1	65.0%						10.0%	10.0%	15.0%	100%
Administrative Assistant	1	75.0%						10.0%	10.0%	5.0%	100%
IT Technician	1	0.0%		100.0%							100%
TOTAL	***6***										
FINANCE											
Finance Director/City Treasurer	1	20.0%	3.0%		2.0%	3.0%	2.0%	25.0%	25.0%	20.0%	100%
Senior Government Account	1	35.0%	2.0%		3.0%	3.0%	2.0%	25.0%	25.0%	5.0%	100%
Government Accountant I	1	48.0%	2.0%					25.0%	25.0%		100%
Finance Technician I	1	20.0%						40.0%	40.0%		100%
TOTAL	***4***										
POLICE											
Police Chief	1	100.0%									100%
Lieutenant	1	100.0%									100%
Administrative Coordinator	1	100.0%									100%
Police Sergeant	3	100.0%									100%
Police Officer	11	100.0%									100%
Community Service Officers	3	100.0%									100%
Police Service Technician	2	100.0%									100%
Parking Enforcement (Seasonal)	Hourly	100.0%									100%
TOTAL	***22***										
COMMUNITY DEVELOPMENT											
Community Development Director	1	65.0%						5.0%	5.0%	25.0%	100%
Assistant Planner	1	75.0%						5.0%	5.0%	15.0%	100%
Housing & Economic Devlopement Coor.	1	75.0%								25.0%	100%
Administrative Assistant	1	90.0%								10.0%	100%
TOTAL	***4***										
PUBLIC WORKS											
Public Works Director	1	10.0%	5.0%		15.0%	20.0%	5.0%	20.0%	25.0%		100%
Associate City Engineer	1	25.0%				20.0%		35.0%	20.0%		100%
Public Works Project Analyst	1	40.0%				20.0%		20.0%	20.0%		100%
Water Project Coordinator	0.6	50.0%						25.0%	25.0%		100%
Operations Manager	1	15.0%	5.0%		10.0%	15.0%	5.0%	20.0%	30.0%		100%
Lead Maintenance Worker	1	30.0%			10.0%	15.0%	5.0%	20.0%	20.0%		100%
Maintenance Worker IV	1	30.0%				10.0%	5.0%	25.0%	30.0%		100%
Maintenance Worker III	1	30.0%				10.0%	5.0%	25.0%	30.0%		100%
Maintenance Worker II	1	30.0%				10.0%	5.0%	25.0%	30.0%		100%
Maintenance Worker II	1	40.0%			15.0%			20.0%	25.0%		100%
Maintenance Worker II	1	25.0%			25.0%			25.0%	25.0%		100%
Maintenance Worker I	1	20.0%						40.0%	40.0%		100%
Mechanic	1		100.0%								100%
Seasonal Worker (2)	Hourly					85.0%		15.0%			100%
TOTAL	***12.6***										
WATER & WASTEWATER TREATMENT											
Lead Treatment Operator-WCD	1							85.0%	15.0%		100%
Lead Treatment Operator-WW	1							5.0%	95.0%		100%
Treatment Plant Operator II	1								100.0%		100%
Treatment Plant Operator II	1							35.0%	65.0%		100%
Treatment Plant Operator II	1							30.0%	70.0%		100%
Treatment Plant Operator II /Electrician	1							30.0%	70.0%		100%
Env. Compliance Coordinator	1							5.0%	95.0%		100%
OIT	1							5.0%	95.0%		100%
Seasonal Worker (1)	Hourly							10.0%	90.0%		100%
TOTAL	***8***										
TOTAL APPROVED POSITIONS	**56.60**										

% UPDATED 5/22 per budget meeting discussion rc gfm

All Departments Except Technology Allocated Based on Staff Time; Technology Allocated Based on Equipment Use

Summary	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets *	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL	Fund and Department
City Council	$ 80,971	$ -	$ -	$ -	$ 4,417	$ 2,944	$ 29,444	$ 29,444	$ 147,221	Fund 110 :4110
Administrative Services	660,697	-	26,785	-	-	-	98,212	107,140	892,834	Fund 110: 4120, 4130, 4131
Finance	145,224	4,271	-	4,271	4,271	4,271	132,411	132,411	427,131	Fund 110 : 4150
Community Development	347,029	-	-	-	-	-	11,075	11,075	369,180	Fund 110: 4320
Public Works	304,993	10,893	-	65,356	108,926	32,678	272,315	294,101	1,089,262	Fund 110: 4330, 4570
Non-Departmental	434,041	24,661	24,661	19,729	49,323	-	167,697	266,343	986,456	Fund 110: 4190
Streets	-	-	-	-	45,770	-	8,077	-	53,847	Fund 110: 4840
Wastewater	-	-	-	-	-	-	185,149	619,845	804,994	Fund 710; 4710, 4711, 4712
Technology	152,914	10,194	-	6,796	16,990	-	57,768	95,147	339,810	Fund 521: 4394
Fleet	168,892	-	-	-	29,805	9,935	46,363	76,167	331,162	Fund 522: 4550
Total	$ 2,294,763	**$ 50,020**	**$ 51,446**	**$ 96,152**	**$ 259,502**	$ 49,828	**$ 1,008,511**	**$ 1,631,673**	$ 5,441,895	

* Street allocation is funded by:

Fund	Est. Amount	Description
221	$ 7,200	Traffic Fines
230	195,000	HUTA
250	57,302	Special Street Tax
	$ 259,502	

Allocation Basis

Department	Estimated Percentage Determined at Department Level	Average of Estimated Departmental Staff Time	Average of Estimated City Wide Staff Time	Percentage of Vehicles by Department
City Council	X			
Administrative Services		X		
Finance		X		
Community Development		X		
Public Works		X		
Non-Departmental			X	
Streets		X		
Wastewater		X		
Technology		X		
Fleet				X

*

- - - Allocated by Percent of Staff Time - - -

CITY COUNCIL	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
	55.0%				3.0%	2.0%	20.0%	20.0%	100%
Salary/Benefits	$ 69,365	$ -	$ -	$ -	$ 3,784	$ 2,522	$ 25,224	$ 25,224	$ 126,119
Overhead	11,606	-	-	-	633	422	4,220	4,220	21,102
Total	$ 80,971	$ -	$ -	$ -	$ 4,417	$ 2,944	$ 29,444	$ 29,444	$ 147,221

Fund 110 Department(s) 4110

- - - Allocated by Percent of Staff Time - - -

Administrative Services	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
	74.0%	0.0%	3.0%	0.0%	0.0%	0.0%	11.0%	12.0%	100%
Salary/Benefits	$ 484,204	$ -	$ 19,630	$ -	$ -	$ -	$ 71,976	$ 78,520	$ 654,330
City Attorney	104,573	-	4,239	-	-	-	15,545	16,958	141,316
Overhead	71,919	-	2,916	-	-	-	10,691	11,663	97,188
Total	$ 660,697	$ -	$ 26,785	$ -	$ -	$ -	$ 98,212	$ 107,140	$ 892,834

Fund 110 Department(s) 4120

- - - Allocated by Percent of Staff Time - - -

Finance	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
	34.0%	1.0%	0.0%	1.0%	1.0%	1.0%	31.0%	31.0%	100%
Salary/Benefits	$ 127,812	$ 3,759	$ -	$ 3,759	$ 3,759	$ 3,759	$ 116,535	$ 116,535	$ 375,918
Overhead	17,412	512	-	512	512	512	15,876	15,876	51,213
Total	$ 145,224	$ 4,271	$ -	$ 4,271	$ 4,271	$ 4,271	$ 132,411	$ 132,411	$ 427,131

Fund 110 Department(s) 4150

- - - Allocated by Percent of Staff Time - - -

Community Development	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
	94.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%	100%
Salary/Benefits	$ 338,707	$ -	$ -	$ -	$ -	$ -	$ 10,810	$ 10,810	$ 360,326
Overhead	8,323	-	-	-	-	-	266	266	8,854
Total	$ 347,029	$ -	$ -	$ -	$ -	$ -	$ 11,075	$ 11,075	$ 369,180

Fund 110 Department(s) 4320

- - - Allocated by Percent of Staff Time - - -

Public Works	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
	28.0%	1.0%	0.0%	6.0%	10.0%	3.0%	25.0%	27.0%	100%
Salary/Benefits	$ 279,701	$ 9,989	$ -	$ 59,936	$ 99,893	$ 29,968	$ 249,733	$ 269,712	$ 998,933
Overhead	25,292	903	-	5,420	9,033	2,710	22,582	24,389	90,329
Total	$ 304,993	$ 10,893	$ -	$ 65,356	$ 108,926	$ 32,678	$ 272,315	$ 294,101	$ 1,089,262

Fund 110 Department(s) 4330

- - - Allocated by Percent of Staff Time (Average of All Staff) - - -

Public Works	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
	44.0%	2.5%	2.5%	2.0%	5.0%	0.0%	17.0%	27.0%	100%
Salary/Benefits	$ 209,092	$ 11,880	$ 11,880	$ 9,504	$ 23,760	$ -	$ 80,786	$ 128,306	$ 475,209
Overhead	224,949	12,781	12,781	10,225	25,562	-	86,912	138,037	511,247
Total	$ 434,041	$ 24,661	$ 24,661	$ 19,729	$ 49,323	$ -	$ 167,697	$ 266,343	$ 986,456

Fund 110 Department(s) 4190

- - - Allocated by Percent of Staff Time - - -

Streets	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
	0.0%	0.0%	0.0%	0.0%	85.0%	0.0%	15.0%	0.0%	100%
Salary/Benefits	$ -	$ -	$ -	$ -	$ 22,003	$ -	$ 3,883	$ -	$ 25,885
Overhead	-	-	-	-	23,767	-	4,194	-	27,962
Total	$ -	$ -	$ -	$ -	$ 45,770	$ -	$ 8,077	$ -	$ 53,847

Fund 110 Department(s) 4840

- - - Allocated by Percent of Staff Time - - -

Wastewater	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.0%	77.0%	100%
Salary/Benefits	$ -	$ -	$ -	$ -	$ -	$ -	$ 185,149	$ 619,845	$ 804,994
Overhead	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ 185,149	$ 619,845	$ 804,994

Fund 110 Department(s) 710

- - - Allocated by Percent of Staff Time - - -

Technology	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
	45.0%	3.0%	0.0%	2.0%	5.0%	0.0%	17.0%	28.0%	100%
Salary/Benefits	$ 44,069	$ 2,938	$ -	$ 1,959	$ 4,897	$ -	$ 16,648	$ 27,421	$ 97,932
Overhead	108,845	7,256	-	4,838	12,094	-	41,119	67,726	241,878
Total	$ 152,914	$ 10,194	$ -	$ 6,796	$ 16,990	$ -	$ 57,768	$ 95,147	$ 339,810

Fund 521

- - - Allocated by Percent of Staff Time - - -

Fleet	General Fund	Fleet Services	Technology ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
	51.0%	0.0%	0.0%	0.0%	9.0%	3.0%	14.0%	23.0%	100%
Salary/Benefits	$ 43,324	$ -	$ -	$ -	$ 7,645	$ 2,548	$ 11,893	$ 19,538	$ 84,949
Overhead	125,568	-	-	-	22,159	7,386	34,470	56,629	246,212
Total	$ 168,892	$ -	$ -	$ -	$ 29,805	$ 9,935	$ 46,363	$ 76,167	$ 331,162

Fund 522

City of Fort Bragg

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Text File

File Number: 16-118

Agenda Date: 4/6/2016 **Version:** 1 **Status:** Business

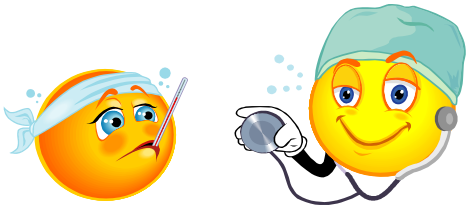
In Control: Finance and Administration Committee **File Type:** Staff Report

Agenda Number: 3C.

Review Municipal Financial Health Diagnostic Tool, Preliminary Results for FY 2015/16

The California Municipal Financial Health Diagnostic

January 2016



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The **California Municipal Financial Health Diagnostic** was developed by Michael Coleman with substantial contributions from Andy Belknap, Robert Leland, Dave Millican, Mary Bradley, Ron Bates, Bob Biery, Brent Mason, Max Neiman, and Chris McKenzie among many others. Jeremy Goldberg's assistance in testing draft versions of the tool was invaluable.

The county version, **The California County Financial Health Diagnostic**, was developed with invaluable guidance from: Terry Schutten, Leanne Link, Michelle Aguire, Martin Polt, Paul Derse, Meegan Jessee, and Graham Knaus.

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How Are We Doing?

Using the The California Municipal Financial Health Diagnostic
to Evaluate Your Agency's Financial Health

According to economists, California's "great recession" ran from December 2007 and ended in August 2009. These years, and those following have been difficult for local governments all around. In addition to deep reductions in local government revenue, cities, counties and special districts have struggled with state take-aways of local funds, the dissolution of redevelopment agencies, and mounting costs of retiree pensions and benefits. The severity and combination of these financial impacts varies but in a few well-known instances, cities have had to seek the legal protections of Chapter 9 Bankruptcy to restructure their contractual obligations, and at least one county required financial intervention from the state.

Grappling effectively with financial distress before it becomes a crisis first requires a shared understanding of the financial condition of the local government. A critical component of the difficulties of the most financially distressed local governments has been a lack of recognition and agreement among local leaders, staff and key interests (labor, retirees, creditors) regarding the agency's financial condition and what must be done in order to achieve sustainability. Most financial crises can be managed without court or outside agency intervention if leaders, staff and key interests have the courage, competence, and collaborative attitudes to 1) recognize and agree upon the local government's financial condition, and 2) implement the necessary changes to set the local government on a sustainable financial course.

Defining Local Government Financial Health

Government financial health may be viewed in four related financial contexts: 1) cash solvency - the ability to meet immediate financial obligations – generally over the next 30 or 60 days (accounts payable, payroll); 2) budgetary solvency - the ability to meet all financial obligations during a budget year; 3) long-run solvency – the ability to meet all financial obligations into the future; and 4) service-level solvency – the ability to provide the desired level of services for the general health and welfare of a community.[1] In the context of today's difficult financial climate, we are primarily concerned with the ability of the local government to meet its financial commitments now and into the future (cash, budgetary, and long-run solvency). A more expansive evaluation of financial condition would examine the community's economic environment and ability to meet the service level desires of the community (service-level solvency).

A government is in ***financial distress*** if it has a continuing imbalance between its level of financial commitments and its available financial resources over time. If revenues and spending are not brought into balance, ***financial distress*** can progress into financial crisis, when the government is unable to meet its financial obligations.

Determining Local Government Financial Health

There have been many government financial health monitoring systems devised over the last several decades. Each approach consists of a series of financial indicators or measures that address a local government's ability to meet the needs of its constituents. The International City/County Management Association's (ICMA) venerable Financial Trend Monitoring System (FTMS) consists of some 42 financial measures including factors assessing the economic environment of the community, the finances of the jurisdiction, and its managerial practices and legislative policies.[2] Building on the FTMS and various other systems and policies developed by academics and governments, this tool distills the most essential indicators assessing financial health with a pragmatic focus on an agency's level of financial distress heading into financial crisis.

This ***California Municipal Financial Health Diagnostic*** is primarily concerned with the ability of the local government to meet its financial commitments now and into the future (cash, budgetary, and long-run solvency). In contrast to many other financial health monitoring systems, this tool looks at recent past and near future financial measures and indicators to provide an assessment of the local government's level of financial distress and tendency toward financial crisis.

The ***California Municipal Health Diagnostic*** is focused first and foremost on the general fund, but may also be applied to other funds. It focuses on the local government's operating position, going beyond reported finances to focus on recurring revenues and expenditures (by distinguishing temporary non-recurring revenues and expenditures) and taking into account any unbudgeted but real current costs of services. The tool includes an evaluation of unsustainable or risky budget practices that indicate an agency in distress and tending toward crisis. The foundation of the diagnosis is an examination of discretionary revenues and spending, distinguishing and identifying the effects of programatic revenues and spending on discretionary resources.

Unique Aspects of California Local Government Finance[3]

California local governments' tax and revenue raising choices are strictly limited. Property tax is the single most important source of general purpose revenue for most cities, counties and many special districts. Yet local governments have no authority over the property tax base, rate or allocation. Other tax increases require voter approval.

Over the last several decades since Proposition 13 (1978), the state has shifted property tax revenues, vehicle license taxes, and eliminated virtually all general purpose state aid to local governments. At the same time, the Legislature has shifted greater program responsiblities and imposed greater mandates but with limited funding. In response, local governments sought and voters approved, several constitutional measures protecting local government finances from further legislative actions.

Most remaining city general purpose revenues are no longer vulnerable to additional state takeaways.[4] Consequently, unlike municipalities in other states or in California in previous times, assessing the financial health of California cities has little to do with the amount or proportion of intergovernmental revenues (which, in any case, is minimal for nearly all cities and special districts).

California counties have much more limited revenue raising authority than cities and remain, by their nature, highly dependent on state budgetary actions. The state Legislature may delegate to counties any of the functions which belong to the state itself. Counties are responsible for frontline municipal services in unincorporated areas; for countywide local services such as jails, elections, and property tax administration; and for state programs delegated to counties such as health and human services.

The ***California Municipal Financial Health Diagnostic*** consists of:

1. ***The Financial Distress Checklist.*** A fourteen point list of key indicators to assess the near term financial health of your local government's general fund and other operations. The checklist is intended for use by policy makers and community members to ask the important questions and get the necessary answers.
2. ***The Financial Health Indicators.*** Linked to the fourteen point Financial Distress Checklist, the Financial Health Indicators provide more detailed formulas and methods for determining financial condition and will need to be completed by a team of qualified financial analysts.

WARNING SIGNS
Indications of Crisis

- ☐ Failure to pay an undisputed claim from a creditor within 90 days past claim date.
- ☐ Failure to forward income taxes withheld or Social Security contributions for over 30 days past the due da
- ☐ Failure to make *required* pension fund contributions on time.
- ☐ Missing a payroll for 7 days.
- ☐ Available unrestricted balance for the general fund at the end of the current fiscal year will be negative.

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[1] Justice, Jonathan and Scorsone, Eric. "Measuring and Predicting Local Government Fiscal Stress" in Levine, Helisse; Justice, Jonathan; Scorsone, Eric. Handbook of Local Government Fiscal Health. Jones and Bartlett Learning, Burlington, MA 2012.

[2] Groves, Sanford M. and Valente, Maureen Godsey. Revised Nollenburg, Karl. Evaluating Financial Condition: A Handbook for Local Government, 4th edition. International City/County Manager Association (ICMA), USA, 2003.

[3] For more information, see Multari, Coleman, Hampian and Statler, *Guide to Local Government Finance in California*, Solano Press Books, 2012.

[4] The continuing impacts of the dissolution of Redevelopment Agencies notwithstanding. These impacts should be taken into account as appropriate in these financial health measures.

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City of Fort Bragg **General Fund**

The California Municipal Financial Health Diagnostic

Financial Health Indicators - Summary Checklist

	Indicator	Rating	
Measures	1. Net Operating deficit / surplus. There are no recurring general fund operating deficits. General revenues are sufficient to meet the net general revenue demand of programs.		*Warning*
	2. Fund balance. Reserves are sufficient over multiple consecutive years and in compliance with adopted policy.		*Healthy*
	3. Capital Asset Condition. The county is keeping pace with the aging of its capital assets.		*Warning*
	4. Liquidity. Cash and short-term investments are suffieicent to cover current liabilities (including short-term debt and accounts payable within 60 days).		*Healthy*
	5. Fixed costs & labor costs. Fixed costs (including debt service and other contractual obligations), salaries and benefits are stable or decreasing over multiple years relative to reasonably expected revenue growth.		*Warning*
	6. General fund subsidies of other funds. Any general fund subsidies other enterprises or special funds are sustainable and in compliance with adopted policy.		*Healthy*
Practices and Conditions	7. Constraints on budgetary discretion. The board of supervisors' authority to make budget changes is not excessively constrained by charter, contract, or law.		*Healthy*
	8. Balancing the budget with temporary funds. The use of reserves, selling assets, deferring asset maintenance to balance the general fund has been limited, prudent and in compliance with adopted policy.		*Healthy*
	9. Balancing the budget with borrowing. The use of short-term borrowing, internal borrowing or transfers from special funds to balance the general fund has been limited, prudent and in compliance with adopted policy.		*Healthy*
	10. Balancing the budget by deferring employee compensation costs. Pension liabilities and other non-salary benefits have been determined, disclosed and actuarially funded in compliance with adopted policy.		*Healthy*
	11. Balancing the budget with backloaded debt service payments. Debt service payments have not been “backloaded” into future years.		*Healthy*
	12. Funding operating costs with non-recurring revenues. Ongoing operating costs are being funded with ongoing rather than temporary revenues (e.g., from development, etc.)		*Healthy*
	13. Timeliness and accuracy of financial reports. Financial Reports are being filed on time. (CAFR, Annual Audit, State Controller’s Financial Transactions Report)		*Healthy*
	14. Service level solvency. Public service levels meet the standards and needs in this community.		*Healthy*

City of Fort Bragg **General Fund**

The California Municipal Financial Health Diagnostic Adopted Financial Management Policies	
1. Use of Temporary Funds	***Yes***
2. Reserves and Fund Balance	***Yes***
3. Short term borrowing	***Yes***
4. Interfund Transfers	***Yes***
5. Payment of employee compensation costs	***No***
6. Pay-as-you-go Financing	***No***
7. Debt Management / Affordability	***No***
8. Long range financial planning	***No***

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The California Municipal Financial Health Diagnostic: Financial Health Indicators

City of **Fort Bragg** **General Fund**

Operating Deficit/Surplus

The simplest measure of annual operating deficit/surplus is the difference between total revenues and total spending. General fund operating deficits may be an indication that the government's financial condition is unsustainably out of balance and that corrections to bring the finances into a sustainable condition are not occurring. Though an operating deficit in any one year may not be a cause for concern (because, for example, reserves or one-time remedies might be available to cover the difference), frequent and increasing deficits may indicate that the governments activities are not sustainable within the revenues available over time.

Taken as a percentage of total revenues, the local government's operating deficit/surplus tells us very plainly if current resources in the fund are sufficient to cover current expenditures. The data to compute this measure should be readily available in the financial statements (comprehensive annual financial reports) of the agency. This is measure 1A below.

But a budget can be balanced and an ongoing structural problem masked if a deficit is covered by temporary solutions, such as non-recurring revenues like limited-term grants, land sale income, or transfers from other funds. This approach cannot be relied upon in the long-run (over multiple years). Measure 1B takes a step further than 1A by taking these temporary revenues out of the equation to see how much worse the revenue shortfall becomes at current spending levels.

Still, this may not show the whole picture. If certain current financial obligations are being delayed and not budgeted, then the financial position shown in measure 1B is still incomplete. Measure 1C takes into account "unbudgeted current liabilities" such as Other Post-Employment Benefits (OPEB); unbudgeted earned leave cash-out liabilities; maintenance and replacement costs of vehicles, technology, buildings, streets, and other properties and infrastructure. For the purpose of determining long run solvency, Measure 1C is the best indicator of a local government's true fiscal operating position because it reflects the level of spending actually needed to sustain your current level of service over time. If these deferred costs are significant, then your fiscal imbalance may be much worse than you thought. If you cannot find sufficient information to determine these unbudgeted liabilities, that, in itself, is reason for substantial concern (See indicator # 9).

1A Gross Annual Deficit/Surplus - unadjusted, using all general fund revenues and expenditures

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
2.92%	1.96%	3.04%	4.07%		
percent change =>	-32.63%	54.97%	33.81%		

Formula gross annual deficit/surplus as a percent of revenues = $\frac{(\text{gross total revenues}) - (\text{gross total expenditures})}{\text{gross total revenues}}$

For comparison purposes

1B Net Operating Deficit/Surplus – sustainable, omitting non-recurring revenues

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
-5.46%	-1.75%	-0.50%	0.70%		

Formula net operating deficit/surplus as a percent of revenues = $\frac{(\text{net operating revenues}) - (\text{temporary revenues}) - (\text{net operating expenditures})}{\text{net operating revenues}}$

Negative Indicator
- Recurring and static or increasing negative values

For comparison purposes

The California Municipal Financial Health Diagnostic: Financial Health Indicators

City of **Fort Bragg** **General Fund**

1C Net True Operating Deficit/Surplus - complete, adding unbudgeted general fund liabilities

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
-16.16%	-11.94%	-10.20%	-8.54%		

Formula

$$\text{net true operating deficit/surplus as a percent of revenues} = \frac{\left(\text{net operating revenues}\right) - \left(\text{temporary revenues}\right) - \left(\text{net operating expenditures}\right) - \left(\text{unbudgeted current liabilities}\right)}{\text{net operating revenues}}$$

Score:

Warning-Red: Persistent & increasing deficits over consecutive years.

Caution-Yellow: Deficits are infrequent or relatively marginal compared to fund balance (see #2 below) and/or there is a reasonable plan for bringing revenues and spending into balance.

Good-Green: not an issue of concern.

Q1

Definitions

Gross Total Revenues. See CAFR Statement of Revenues and Expenditures "total revenues."

Gross Total Expenditures. See CAFR Statement of Revenues and Expenditures "total expenditures"

Net Operating Revenues. Net operating revenues equals gross revenues and transfers in, minus revenues restricted to capital improvements minus revenues legally restricted to special purposes. Transfers related to non-operating activities should be excluded.

General Purpose Revenues. Discretionary taxes including property taxes (other than voter approved debt service), property transfer tax, general sales and use tax, business license tax, transient occupancy tax, utility users tax, construction tax, and other discretionary taxes; franchises; fines, forfeitures and penalties; investment earnings; rents, concessions, royalties; homeowners property tax relief reimbursement; non-restricted state and federal grants; and non-restricted transfers in.

One-time (temporary) Revenues. One-time (temporary) revenues include any non-recurring revenues that derive from short-term activities and cannot be relied upon in the long-run (over multiple years). This might include revenues from land sales, one-time transfers from other funds, limited-term grants, court settlements or major donations. Optionally, you might consider also excluding receipt of construction-related revenues from a given project that are significantly in excess of an "average" year, if this represents a level of revenue unlikely to be repeated. Back taxes and late payments do not have to be omitted because they just make up for what was not received in a prior year.

Ongoing General Propose Revenues. Ongoing General Propose Revenues equals total general purpose revenues minus one-time (temporary) general purpose revenues.

Net Operating Expenditures. Net operating expenditures equals total expenditures (after credits/reimbursements) and transfers out, minus one time expenditures capital improvement expenditures (or transfers out for capital purposes).

Unbudgeted Current Liabilities. The amortized costs of long-term general fund liabilities not already included in "net operating expenditures." This includes amounts not budgeted or expended that "should be" in order to pay the current year portion of liabilities. Examples: unbudgeted actuarially required contributions (ARC) to Other Post-Employment Benefits (OPEB) or pension systems; unbudgeted earned leave cash-out liabilities; maintenance and replacement costs of vehicles, technology, buildings, streets, and other properties and infrastructure. If there is insufficient information to determine these unbudgeted liabilities, that, in itself, is reason for substantial concern (See indicator #9).

The California Municipal Financial Health Diagnostic: Financial Health Indicators

City of **Fort Bragg** **General Fund**

Fund Balance

A positive fund balance, or reserves, is important for any government to withstand financial risk over time. Unanticipated fluctuations in revenues may occur from economic impacts or state take-ways. "Financial reserves" are important to meet unforeseen revenue shortfalls or expenditure overages. But reserves cannot be relied upon to cover financial shortfalls that are more than temporary. (See Indicator #7) An unplanned decline in unreserved fund balances as a percentage of operating revenues over time suggests the government is less able to withstand financial emergencies.

The right level of fund balance varies depending on many factors including levels of risk and revenue volatility but, generally speaking, dropping below 8% may be cause for concern. The Government Finance Officers Association recommends maintaining a 5-15% reserve.

2 Fund Balance

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
53.89%	52.85%	51.80%	54.11%		

Formula

$$\text{Fund balance as a percent of expenditures} = \frac{\text{unreserved fund balance}}{\text{net operating expenditures}}$$

Score:

Warning-Red: Persistently & substantially decreasing or is below

Caution-Yellow: Has decreased but remains above 8% and there is a reasonable plan for stabilizing.

Green - not concerning

Definitions

Unreserved fund balance is fund balance not reserved in accordance with state law, charter or contractual obligation. This includes total fund balance minus nonspendable, restricted or committed resources. However, *you should review resources categorized as "committed"* and include in "unreserved fund balance" any amounts that, even if only in time of emergency, could be accessed with action of the City Council / governing board.

Net operating expenditures. Net operating expenditures equals expenditures (after credits/reimbursements) and transfers out, minus capital improvement expenditures (or transfers out for capital purposes), minus expenditures of revenues legally restricted to special purposes.

Fund Balance Components[1]					
	Nonspendable	Restricted	Committed	Assigned	Unassigned
Total Fund Balance	x	x	x	x	x
Unrestricted Fund Balance			x	x	x
Unreserved Fund Balance (AKA "Balance available for assignment")				x	x

1. See Stephen J. Gauthier, "Governmental Accounting, Auditing, and Financial Reporting." (The "Blue Book") 2012 Government Finance Officers Association.

The California Municipal Financial Health Diagnostic: Financial Health Indicators

City of **Fort Bragg** **General Fund**

Capital Asset Condition

Capital assets must be maintained and replaced over time. This requires annual resource commitment such that the value of assets and asset improvements does not decline.

3 Capital Asset Condition

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
16.26%	0.50%	0.50%	0.50%		

Formula

$$\text{Change in Capital Asset Condition} = \frac{\left(\text{ending net value of capital assets}\right) - \left(\text{beginning net value of capital assets}\right)}{\text{beginning net value of capital assets}}$$

Score:

Warning-Red: persistent and substantially negative trend

Caution-Yellow: negative or decreasing but there is a reasonable plan for stabilizing.

Good-Green: not an issue of concern.

Q3

Liquidity

A decreasing amount of cash and short-term investments as a percentage of current liabilities suggests the government is less able to pay its short-term obligations. Increasing current liabilities at the end of the year as a percentage of net operating revenues indicates liquidity problems and/or deficit spending. Liquidity measures the amount of readily available financial resources relative to immediate financial commitments (current liabilities).

4 Liquidity

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
170.60%	170.60%	170.60%	170.60%		

Formula

$$\text{liquidity} = \frac{\text{cash and short term investments}}{\text{current liabilities}}$$

Score:

Warning-Red: Persistently & substantially decreasing.

Caution-Yellow: Has decreased but there is a reasonable plan for stabilizing.

Good-Green: not an issue of concern.

Q4

Definitions

Current liabilities is the sum of all liabilities due at the end of the fiscal year including short-term debt, current portion of long-term debt, all accounts payable accrued

IMPORTANT: *Include*

- *Advances and amounts due to other funds, including internal funds from pooled cash transactions or borrowing.*
- *Increases in debt service payments due to financings*.

Cash and short-term investments includes cash on hand and in the bank as well as other assets that can easily be converted to cash.

The California Municipal Financial Health Diagnostic: Financial Health Indicators

City of **Fort Bragg** **General Fund**

Fixed Costs and Budget Flexibility

Increasing fixed costs as a percentage of net operating expenditures may indicate an unsustainable financial structure where the government has limited ability to make necessary budget changes. Fixed does not mean static. Fixed costs may be changing over time but cannot be easily altered.

A major component of general fund spending is labor costs for salaries and benefits: often these costs are anything but fixed, as costs continue to escalate, but as long as the employees are on the payroll, these costs are unavoidable. This indicator computes the proportion of net annual operating expenses that these fixed and labor costs represent, to show the degree of flexibility the agency has in making budget reductions. As with all these measures, compute this for general fund and other funds separately.

Some cities and counties find themselves using the general fund to subsidize golf course rates; water, sewer, transit, parking or other enterprise operations; or pay debt service or capital improvement costs that should arguably be paid by proprietary or special revenue funds. Often this is because user fees are not sufficiently high enough to be self-supporting. Sometimes it is because debt obligations were incurred that burdened the general fund with a pledge to support bonds if the intended repayment source (development fees, enterprise fund) proved inadequate. These subsidies limit budget flexibility if they are a significant portion of the general fund net operating expenditures and/or if the trend is increasing.

Constraints on the budgetary discretion of the agency include binding arbitration or required formulas or third party agreement to alter compensation, spending or minimum staffing. These legal constraints impair the agency's ability to achieve solutions when in fiscal distress and may also accelerate cost increases over time.

Definitions

Salaries and wages are compensation paid directly to employees.

Benefits include costs for contributions to FICA, pension, life insurance, health insurance, etc. and current contributions to self-insurance funds.

Fixed costs are those costs over which the government has little control in the short run because of contractual agreements, charter restrictions, or state or federal law, other than those costs already included under salaries, wages or benefits. Non-labor fixed costs include debt service, retiree health payments, lease-purchase payments, utilities, contracted goods and services, etc.

Net operating expenditures. Net operating expenditures equals expenditures (after credits/reimbursements) and transfers out, minus capital improvement expenditures (or transfers out for capital purposes), minus expenditures of revenues legally restricted to special purposes.

Subsidy Expenditures / Transfers Out. Total of expenditures and transfers out to support enterprises or special funds.

5a Fixed Costs

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
26.10%	27.35%	24.02%	23.50%		

Formula

$$\text{Fixed costs as a percent of expenditures} = \frac{\text{fixed costs}}{\text{net operating expenditures}}$$

For comparison purposes

The California Municipal Financial Health Diagnostic: Financial Health Indicators

City of **Fort Bragg** **General Fund**

5b Fixed Costs plus Labor Costs

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
91.10%	93.21%	90.61%	90.78%		

Formula

Fixed costs and labor costs as a percent of expenditures = (salaries + wages + benefits + fixed costs) / net operating expenditures

Score:

Warning-Red: Increasing or over 80%.

Caution-Yellow: Has increased but is projected to stabilize or decline.

Good-Green: not an issue of concern.

Q5

6 General Fund Subsidy of Other Funds

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1.74%	0.34%	0.12%	0.12%		

Formula

Subsidy costs as a percent of expenditures = (Subsidy Expenditures and Subsidy Transfers Out) / net operating expenditures

Score:

Warning-Red: Increasing or over adopted policy.

Caution-Yellow: Has increased but is projected to stabilize or decline.

Good-Green: not an issue of concern.

Q6

7 Constraints on Budgetary Discretion

Do charter provisions or other legal commitments (contracts, court decisions/settlements) restrict the Board of Supervisor's authority?

- Binding arbitration: required submission of a dispute to a third person whose decision is obligatory.
- Formulas require minimum employee compensation, hiring or staffing levels, or spending levels or require the agreement of others.
- General fund is pledged as support, or public facilities as security, for non-general fund debt.
- Others: restrictions on contracting out, voter-approved tax expiring.

Score:

Warning-Red: Yes - restrictions.

Caution-Yellow: Yes but minimal/workable.

Green - no restrictions

Q7

The California Municipal Financial Health Diagnostic: Financial Health Indicators

City of **Fort Bragg** **General Fund**

Financial Practices

An agency's financial and budgetary management practices may indicate the degree of financial distress. Practices that should be rarely used include solving budgetary imbalances with temporary revenues or cuts (such as furloughs), internal borrowing from special funds beyond budget years (i.e. for more than cash flow), deferring pension or other employee costs, and backloaded debt service schedules. Financial trouble is also strongly correlated with a local government's failure to file financial reports on time.

8 Balancing the Budget with Temporary Funds

	2014-15	2015-16	2016-17	Score: Warning-Red: Yes, multiple years. Caution-Yellow: Yes but minimal/workable. Good-Green: No. Not a concern.	Q8
Has the general fund (budget or financial year close) been balanced with • reserves • selling assets • deferring asset maintenance or operating costs ?	NO	NO	NO		○ ○ ●

Q8a Is there an adopted policy on the use of temporary funds? ● Yes ○ No

Q8b Is there an adopted reserves and fund balance policy? ● Yes ○ No

9 Balancing the Budget with Borrowing

	2014-15	2015-16	2016-17	Score: Warning-Red: Yes, multiple instances. Caution-Yellow: Yes but minimal/workable. Good-Green: No. Not a concern.	Q9
Has the general fund (budget or financial year close) been balanced with • short-term borrowing, • internal borrowing (including transfers that must be repaid), • amounts owed to other funds from pooled cash ?	NO	NO	NO		○ ○ ●

Q9a Is there an adopted policy on short-term borrowing? ● Yes ○ No

Q9b Is there an adopted policy on interfund transfers? ● Yes ○ No

10 Balancing the Budget by Deferring Employee Compensation Costs

	2014-15	2015-16	2016-17	Score: Warning-Red: Yes, multiple years. Caution-Yellow: Yes but minimal/workable. Good-Green: No. Not a concern.	Q10
Has the general fund been balanced by deferring payments for or not paying the current actuarially determined costs of … • pension, other post-employment benefit liabilities (e.g., compensated absences, deferred comp, retiree medical, etc.) • risk programs (e.g., workers comp and liability funds, etc.) • pension obligation bonds which presume overly optimistic payroll growth?	NO	NO	NO		○ ○ ●

Q10a Is there an adopted policy on the payment of employee compensation costs? ○ Yes ● No

The California Municipal Financial Health Diagnostic: Financial Health Indicators

City of **Fort Bragg** **General Fund**

11 Balancing the Budget with Backloaded Debt Service

	2014-15	2015-16	2016-17	Score:	Q11
Have general fund debt payment schedules been backloaded? (e.g., capital appreciation bonds, pension obligation bonds, or other financings with ballon payments or deferred/increasing payment schedules over time)	NO	NO	NO	**Warning-Red:** Backloaded payments **Caution-Yellow:** minimal/workable. **Good-Green:** Not a concern.	○ ○ ●

Q11a Is there an adopted policy favoring pay-as-you-go financing? ○ Yes ● No

Q11b Is there an adopted debt management / affordability policy? ○ Yes ● No

12 Funding Operating Costs with Non-recurring Revenues (e.g. development, etc.)

	2014-15	2015-16	2016-17	Score:	Q12
Has the general fund (budget or financial year close) been balanced relying on non-recurring revenues, such as from land-use development, to fund on-going operating costs or debt service other than work associated with those temporary revenues? (e.g., developer fees or taxes, sales taxes from construction, etc. funding other than building/planning staff)	NO	NO	NO	**Warning-Red:** Yes. **Caution-Yellow:** Yes but minimal/workable. **Good-Green:** No. Not a concern.	○ ○ ●

Q12a Is there an adopted long-range financial plan and policy? ○ Yes ● No

13 Timeliness and Accuracy of Financial Reports

	2014-15	2015-16	2016-17	Score:	Q13
Have annual financial reports ***not*** been filed on time ? • Comprehensive Annual Financial Report (CAFR) • State Controller's Financial Transactions Report	NO	NO	NO	**Warning-Red:** Yes. Not filed on time. **Caution-Yellow:** Yes but special circumstances. **Green-** No: filed correctly and on time.	○ ○ ●

14 Service Level Solvency

	2014-15	2015-16	2016-17	Score:	Q14
Are public service levels below standards in this community ? e.g., emergency response times, road condition, facility maintenance, etc.	NO	NO	NO	**Warning-Red:** Far below standards. **Caution-Yellow:** Below standards but will improve. **Green-** Service levels meet standards.	○ ○ ●

The California Municipal Financial Health Diagnostic

Data Gathering Worksheet

City of Fort Bragg

General Fund

This worksheet is a tool to 1) help the analyst find the figures and put them together, 2) more clearly define all of the data elements and terms – and tie them back to standard GASB elements etc. as much as possible.

	Data Component	***Source of Data***	***Use for Indicator***	**Year-2**	**PriorYr**	**CurrentYr (estimated)**	**Next Year (projected)**	**Year+2 (projected)**	**Year+3 (projected)**
				2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
a	Gross revenues	CAFR* Statement of Revenues and Expenditures "total revenues"	1A	8,612,863	9,029,954	9,481,452	9,955,524		
a1	Transfers in	CAFR* Statement of Revenues and Expenditures "transfers in"							
a2	Revenues restricted to capital improvements (by law or contract)	Staff analysis							
a3	Revenues legally restricted to special purposes	Staff analysis							
b	Net operating revenues	line "a" plus line "a1" minus line "a2" minus line "a3"	1B,1C	8,612,863	9,029,954	9,481,452	9,955,524	-	-
	Net operating revenues. Net operating revenues equals gross revenues and transfers in, minus revenues restricted to capital improvements, minus revenues legally restricted to special purposes.								
	General purpose revenues. Discretionary taxes including property taxes (other than voter approved debt service), property transfer tax, general sales and use tax, business license tax, transient occupancy tax, utility users tax, construction tax, and other discretionary taxes; franchises; fines, forfeitures and penalties; investment earnings; rents, concessions, royalties; homeowners property tax relief reimbursement; non-restricted state and federal grants; and non-restricted transfers in.								
	On-time(temporary) revenues (other than those included in "c" or "d")	Staff analysis	1B,1C	635,008	370,617	370,617	370,617		

The California Municipal Financial Health Diagnostic

Data Gathering Worksheet

City of Fort Bragg

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	Data Component	Source of Data	Use for Indicator	Year-2	PriorYr	CurrentYr (estimated)	Next Year (projected)	Year+2 (projected)	Year+3 (projected)
				2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
c	**One-time (temporary) revenues.** One-time (temporary) revenues include any non-recurring revenues that derive from short-term activities and cannot be relied upon in the long-run (over multiple years). This might include revenues from land sales, one-time transfers from other funds, limited-term grants, court settlements or major donations. Optionally, you might consider also excluding receipt of construction-related revenues from a given project that are significantly in excess of an "average" year, if this represents a level of revenue unlikely to be repeated. Back taxes and late payments do not have to be omitted because they just make up for what was not received in a prior year.								
d1	Salaries, wages and benefits			5,490,864	5,807,295	6,097,660	6,402,543		
d2	Services and supplies			2,267,574	2,088,632	2,090,721	2,092,811		
d3	Other			603,354	956,701	1,004,536	1,054,763		
d	Gross expenditures	CAFR* Statement of Revenues and Expenditures "total expenditures"	1A	8,361,792	8,852,628	9,192,916	9,550,117	-	-
e	Transfers out	CAFR* Statement of Revenues and Expenditures "transfers out"		112992	0	0	0		
f	Capital project expenditures (other than capital outlay that is not included in current expenditures)	CAFR* Statement of Revenues and Expenditures "capital outlay"		26753	35000	35000	35000		
g	Other one-time or temporary expenditures	Staff analysis							
h	Net operating expenditures	line "d" plus line"e" minus line"f" minus line"g" minus line"a3"	1A, 1C, 2, 4, 5	8,448,031	8,817,628	9,157,916	9,515,117	-	-

The California Municipal Financial Health Diagnostic

Data Gathering Worksheet

City of Fort Bragg

General Fund

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	Data Component	*Source of Data*	*Use for Indicator*	Year-2	PriorYr	CurrentYr (estimated)	Next Year (projected)	Year+2 (projected)	Year+3 (projected)
				2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Net operating expenditures. Net operating expenditures equals gross expenditures minus capital improvement expenditures minus expenditures of revenues legally restricted to special purposes.								
i	Unbudgeted current liabilities	Staff analysis	1C	921474	920000	920000	920000		
	Unbudgeted current liabilities. The amortized costs of long term general fund liabilities not already included in "net operating expenditures." This includes amounts not budgeted or expended that "should be" in order to pay the current year portion of liabilities. Examples: unbudgeted actuarially required contributions (ARC) to Other Post-Employment Benefits (OPEB) or pension systems; unbudgeted earned leave cash-out liabilities; maintenance and replacement costs of vehicles, technology, buildings, streets, and other properties and infrastructure.								
j	Total Fund Balance	CAFR* Balance Sheet		4,757,789	4,865,116	4,948,627	5,354,034		
k	Nonspendable, restricted and committed fund balance	CAFR* Balance Sheet		205,025	205,025	205,025	205,025		
l	Unreserved fund balance including county General Reserve	line "j" minus line "k"	2	4,552,764	4,660,091	4,743,602	5,149,009	-	-

Unreserved fund balance is fund balance not reserved in accordance with state law, charter or contractual obligation. This includes total fund balance minus nonspendable, restricted or committed resources. However: †

➤ *You should review resources categorized as "committed"* and include in "unreserved fund balance" any amounts that, even if only in time of emergency, could be accessed with action of the Board of Supervisors. County General Reserves (per the County Budget Act, GC§29086) are to be included in "unreserved fund balance."

➤ Uncollectible loans or other receivables should not be included in this measure of unreserved fund balance.

Fund Balance Components[1]					
	Nonspendable	Restricted	Committed	Assigned	Unassigned
Total Fund Balance	x	x	x	x	x
Unrestricted Fund Balance			x	x	x
Unreserved Fund Balance (AKA "Balance available for assignment")				x	x

The California Municipal Financial Health Diagnostic

Data Gathering Worksheet

City of Fort Bragg

General Fund

This worksheet is a tool to 1) help the analyst find the figures and put them together, 2) more clearly define all of the data elements and terms – and tie them back to standard GASB elements etc. as much as possible.

	Data Component	***Source of Data***	***Use for Indicator***	**Year-2**	**PriorYr**	**CurrentYr (estimated)**	**Next Year (projected)**	**Year+2 (projected)**	**Year+3 (projected)**
				2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
m	Beginning net value of capital assets, *government-wide*	CAFR Notes to financial statements and staff analysis (for projection)	3	32,931,212	38,284,427	38,475,849	38,668,228		
n	Ending net value of capital assets, *government-wide*		3	38,284,427	38,475,849	38,668,228	38,861,570		
	Capital Asset Condition. A high ratio suggests the government is keeping pace, on average, with the aging of its capital assets.								
o	Cash and short-term investments (*fund level*)	CAFR* Balance Sheet	4	1,441,172	1,441,172	1,441,172	1,441,172		
	Cash and short-term investments includes cash on hand and in the bank as well as other assets that can easily be converted to cash.								
p	Current liabilities *(fund level)*	CAFR* Balance Sheet*	4	844,755	844,755	844,755	844,755		
	***Current liabilities** is the sum of all liabilities due at the end of the fiscal year including short-term debt, current portion of long-term debt, all accounts payable accrued liabilities and other current liabilities due to be paid within 60 days. **IMPORTANT**: *Include* • *Advances and amounts due to other funds, including internal funds from pooled cash transactions or borrowing.* • *Increases in debt service payments due to financings.*								
q	Salaries + wages + benefits	(from line "d1" above)	5B	5,490,864	5,807,295	6,097,660	6,402,543	-	-
	Salaries and wages are compensation paid directly to employees. **Benefits** include costs for contributions to FICA, pension, life insurance, health insurance, etc. and current contributions to self-insurance funds.								
r	Debt service principal (long term debt only)	Staff analysis		116,532	121,418	126,509	131,814		
s	Debt service interest (long term and short term debt)	Staff analysis		31,037	26,151	21,060	15,755		

The California Municipal Financial Health Diagnostic

Data Gathering Worksheet

City of Fort Bragg

General Fund

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	Data Component	***Source of Data***	***Use for Indicator***	**Year-2**	**PriorYr**	**CurrentYr (estimated)**	**Next Year (projected)**	**Year+2 (projected)**	**Year+3 (projected)**
				2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
t	Expenditures for federal, state or court mandated activities	Staff analysis		1,051,882	1,122,717	1,122,716	1,122,715		
u	Pension payments (other than those included in "q" above)	Staff analysis and CAFR							
v	Lease purchase payments	Staff analysis and CAFR							
w	Other long term contracts	Staff analysis							
x	Other fixed costs	Staff analysis		1,005,789	1,141,400	929,619	965,353		
y	Fixed costs	Sum of r through x above	5A, 5B	2,205,240	2,411,686	2,199,904	2,235,637	-	-
	Fixed costs are those costs over which the government has little control in the short run because of contractual agreements, charter restrictions, or state or federal law, other than those costs already included under salaries, wages or benefits. Fixed costs include debt service, retiree health payments, lease-purchase payments, utilities, contracted goods and services, etc. When it is unclear if certain costs are "fixed," consider a rule of thumb such as "can elected officials cut these costs by at least ten percent in one year."								
z	Subsidy expenditures and subsidy transfers out	Staff analysis based on CAFR Statement of Revenues and Expenditures	6	147,000	30,000	11,000	11,000		

City of **Fort Bragg** **Water Fund**

The California Municipal Financial Health Diagnostic: Financial Health Indicators

Operating Deficit/Surplus - Special Program or Fund - also internal service funds and enterprises.

Most programs receive some degree of functional or program revenue such as user fees, earmarked intergovernmental aid, or special taxes. To the extent that operating revenues do not cover operating expenditures, the government's general purpose revenues bear the burden for the program. In some cases, this support from general revenues is validated by adopted policy that essentially finds those funds necessary and justified for the good of the general community. But in other cases, this general revenue support may be excessive (in the opinion of the governing board), growing in an unsustainable pattern, or placing undue risk on other programs supported by general revenues. In such a case, the financial health of the local government is impaired.

1A Gross Annual Deficit/Surplus - unadjusted, using all general fund revenues and expenditures

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
14.29%	22.65%	22.65%	22.65%		

Formula

$$\text{gross annual deficit/surplus as a percent of revenues} = \frac{(\text{gross total revenues}) - (\text{gross total expenditures})}{\text{gross total revenues}}$$

For comparison purposes

1B Net Operating Deficit/Surplus – sustainable, omitting non-recurring revenues

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
-54.23%	21.51%	22.65%	22.65%		

Formula

$$\text{net operating deficit/surplus as a percent of revenues} = \frac{(\text{net operating revenues}) - (\text{temporary revenues}) - (\text{net operating expenditures})}{\text{net operating revenues}}$$

Negative Indicator

- Recurring AND static or increasing deficit over consecutive years.

For comparison purposes

City of **Fort Bragg** **Water Fund**

1C Net True Operating Deficit/Surplus - complete, adding unbudgeted general fund liabilities

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
-208.47%	#DIV/0!	-66.68%	-66.00%		

Formula

$$\frac{\left(\text{net operating revenues}\right) - \left(\text{temporary revenues}\right) - \left(\text{net operating expenditures}\right) - \left(\text{unbudgeted current liabilities}\right)}{\text{net operating revenues}}$$

Score:

Warning-Red: Persistent & increasing deficits over consecutive years.

Caution-Yellow: Deficits are infrequent or relatively marginal compared to fund balance (see #2 below) and/or there is a reasonable plan for bringing revenues and spending into balance.

Good-Green: not an issue of concern.

QSF-1

Definitions

Gross total revenues. See CAFR Statement of Revenues and Expenditures "total revenues."

Gross total expenditures. See CAFR Statement of Revenues and Expenditures "total expenditures"

Net operating revenues. Net operating revenues equals gross revenues and transfers in, minus revenues restricted to capital improvements minus revenues legally restricted to special purposes. Transfers related to non-operating activities should be excluded.

Temporary revenues. Temporary revenues include any non-recurring revenues that derive from short-term activities and cannot be relied upon in the long-run (over multiple years). This might include revenues from land sales, one-time transfers from other funds, limited-term grants, court settlements or major donations. You might also consider excluding receipt of construction-related revenues from a given project that are significantly in excess of an "average" year, if this represents a level of revenue unlikely to be repeated. Back taxes and late payments do not have to be omitted because they just make up for what was not received in a prior year.

Net operating expenditures. Net operating expenditures equals total expenditures (after credits/reimbursements) and transfers out, minus capital improvement expenditures (or transfers out for capital purposes), minus expenditures of revenues legally restricted to special purposes.

Unbudgeted current liabilities. The amortized costs of long-term general fund liabilities not already included in "net operating expenditures." This includes amounts not budgeted or expended that "should be" in order to pay the current year portion of liabilities. Examples: unbudgeted actuarially required contributions (ARC) to Other Post-Employment Benefits (OPEB) or pension systems; unbudgeted earned leave cash-out liabilities; maintenance and replacement costs of vehicles, technology, buildings, streets, and other properties and infrastructure. If there is insufficient information to determine these unbudgeted liabilities, that, in itself, is reason for substantial concern.

Fund Balance

A positive fund balance, or reserves, is important for any government to withstand financial risk over time. Unanticipated fluctuations in revenues may occur from economic impacts or state take-ways. "Financial reserves" are important to meet unforeseen revenue shortfalls or expenditure overages. But reserves cannot be relied upon to cover financial shortfalls that are more than temporary. (See Indicator #7) An unplanned decline in unreserved fund balances as a percentage of operating revenues over time suggests the government is less able to withstand financial emergencies.

The right level of fund balance varies depending on many factors including levels of risk and revenue volatility but, generally speaking, dropping below 8% may be cause for concern. The Government Finance Officers Association recommends maintaining a 5-15% reserve.

2 Fund Balance

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
59.64%	122.15%	130.73%	138.00%		

Formula

$$\text{Fund balance as a percent of expenditures} = \frac{\text{unreserved fund balance}}{\text{net operating expenditures}}$$

Score:

Warning-Red: Persistently & substantially decreasing or is below 8%.

Caution-Yellow: Has decreased but remains above 8% and there is a reasonable plan for stabilizing.

Green - not concerning

QSF-2

Definitions

Unreserved fund balance is fund balance not reserved in accordance with state law, charter or contractual obligation. This includes total fund balance minus nonspendable, restricted or committed resources. However, you should review resources categorized as "committed" and include in "unreserved fund balance" any amounts that, even if only in time of emergency, could be accessed with action of the Board of Supervisors.

Net operating expenditures. Net operating expenditures equals expenditures (after credits/reimbursements) and transfers out, minus capital improvement expenditures (or transfers out for capital purposes), minus expenditures of revenues legally restricted to special purposes.

Fund Balance Components[1]					
	Nonspendable	Restricted	Committed	Assigned	Unassigned
Total Fund Balance	x	x	x	x	x
Unrestricted Fund Balance			x	x	x
Unreserved Fund Balance (AKA "Balance available for assignment")				x	x

1. See Stephen J. Gauthier, "Governmental Accounting, Auditing, and Financial Reporting." (The "Blue Book") 2012 Government Finance Officers Association.

The California Municipal Financial Health Diagnostic

Data Gathering Worksheet

City of Fort Bragg

Water Fund

This worksheet is a tool to 1) help the analyst find the figures and put them together, 2) more clearly define all of the data elements and terms – and tie them back to standard GASB elements etc. as much as possible.

	Data Component	*Source of Data*	*Use for Indicator*	Year-2	PriorYr	CurrentYr (estimated)	Next Year (projected)	Year+2 (projected)	Year+3 (projected)
	Year (e.g., 2014-15, etc.)			2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
a	Gross program revenues and transfers in	CAFR* Statement of Revenues and Expenditures "total revenues"	SF-1A	2,495,613	2,636,160	2,794,330	2,961,989		
b	General revenue transfers in if included in "a" above	CAFR* Statement of Revenues and Expenditures "transfers in"							
c	Revenues restricted to capital improvements (by law or contract)	Staff analysis							
e	Net operating revenues	line "a" minus lines "b" , and "c"	SF-1B, SF-1C	2,495,613	2,636,160	2,794,330	2,961,989	-	-
	Net operating revenues. Net operating revenues equals gross revenues and transfers in, minus revenues restricted to capital improvements.								
f	Temporary revenues (other than those included in "c" or "d")	Staff analysis	SF-1B, SF-1C						
	Temporary revenues. Temporary revenues include any non-recurring revenues that derive from short-term activities and cannot be relied upon in the long-run (over multiple years). This might include revenues from land sales, one-time transfers from other funds, limited-term grants, court settlements or major donations. Optionally, you might consider also excluding receipt of construction-related revenues from a given project that are significantly in excess of an "average" year, if this represents a level of revenue unlikely to be repeated. Back taxes and late payments do not have to be omitted because they just make up for what was not received in a prior year.								

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City of Fort Bragg

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	Data Component	*Source of Data*	*Use for Indicator*	Year-2	PriorYr	CurrentYr (estimated)	Next Year (projected)	Year+2 (projected)	Year+3 (projected)
	Year (e.g., 2014-15, etc.)			2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
g	Gross expenditures	CAFR* Statement of Revenues and Expenditures "total expenditures"	SF-1A	2,139,080	2,038,947	2,161,284	2,290,961		
h	Transfers out	CAFR* Statement of Revenues and Expenditures "transfers out"		1,710,009	30,300				
i	Capital project expenditures (other than capital outlay that is not included in current expenditures)	CAFR* Statement of Revenues and Expenditures "capital outlay"							
ia	Other one-time or temporary expenditures	Staff analysis							
j	Net operating expenditures	line "g" plus line "h" minus line "i" minus line "ia"	SF-1B, SF-1C, SF- 2, SF-4, SF-5	3,849,089	2,069,247	2,161,284	2,290,961	-	-
	Net operating expenditures. Net operating expenditures equals gross expenditures minus capital improvement expenditures..								
k	Unbudgeted current liabilities	Staff analysis	SF-1C		335,000	335,000	335,000		
	Unbudgeted current liabilities. The amortized costs of long term general fund liabilities attributable to this program or fund not already included in "net operating expenditures." This includes amounts not budgeted or expended that "should be" I order to pay the current year portion of liabilities. Examples: unbudgeted actuarially required contributions (ARC) to Other Post-Employment Benefits (OPEB) or pension systems; unbudgeted earned leave cash-out liabilities; maintenance and replacement costs of vehicles, technology, buildings, streets, and other properties and infrastructure.								

The California Municipal Financial Health Diagnostic

Data Gathering Worksheet

City of Fort Bragg

Water Fund

This worksheet is a tool to 1) help the analyst find the figures and put them together, 2) more clearly define all of the data elements and terms – and tie them back to standard GASB elements etc. as much as possible.

Data Component		*Source of Data*	*Use for Indicator*	Year-2	PriorYr	CurrentYr (estimated)	Next Year (projected)	Year+2 (projected)	Year+3 (projected)
	Year (e.g., 2014-15, etc.)			2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
l	Total Fund Balance	CAFR* Balance Sheet	-	2,295,569	2,527,484	2,825,530	3,161,558		
m	Nonspendable, restricted and committed fund balance	CAFR* Balance Sheet	-						
n	Unreserved fund balance	line "l" minus line "m"	SF-2	2,295,569	2,527,484	2,825,530	3,161,558	-	-
	Unreserved fund balance is fund balance not reserved in accordance with state law, charter or contractual obligation. This includes total fund balance minus nonspendable, restricted or committed resources. Review "committed" fund blance for any amounts that could be considered available and unhindered by law or contract.								

City of **Fort Bragg** **Wastewater Fund**

The California Municipal Financial Health Diagnostic: Financial Health Indicators

Operating Deficit/Surplus - Special Program or Fund - also internal service funds and enterprises.

Most programs receive some degree of functional or program revenue such as user fees, earmarked intergovernmental aid, or special taxes. To the extent that operating revenues do not cover operating expenditures, the government's general purpose revenues bear the burden for the program. In some cases, this support from general revenues is validated by adopted policy that essentially finds those funds necessary and justified for the good of the general community. But in other cases, this general revenue support may be excessive (in the opinion of the governing board), growing in an unsustainable pattern, or placing undue risk on other programs supported by general revenues. In such a case, the financial health of the local government is impaired.

1A Gross Annual Deficit/Surplus - unadjusted, using all general fund revenues and expenditures

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
12.84%	12.41%	12.41%	12.41%		

Formula

$$\text{gross annual deficit/surplus as a percent of revenues} = \frac{(\text{gross total revenues}) - (\text{gross total expenditures})}{\text{gross total revenues}}$$

For comparison purposes

1B Net Operating Deficit/Surplus – sustainable, omitting non-recurring revenues

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
-16.68%	1.81%	12.41%	12.41%		

Formula

$$\text{net operating deficit/surplus as a percent of revenues} = \frac{(\text{net operating revenues}) - (\text{temporary revenues}) - (\text{net operating expenditures})}{\text{net operating revenues}}$$

Negative Indicator

- Recurring AND static or increasing deficit over consecutive years.

For comparison purposes

City of **Fort Bragg** **Wastewater Fund**

1C Net True Operating Deficit/Surplus - complete, adding unbudgeted general fund liabilities

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
-133.37%	#DIV/0!	-83.94%	-83.45%		

Formula

$$\frac{\left(\text{net operating revenues}\right) - \left(\text{temporary revenues}\right) - \left(\text{net operating expenditures}\right) - \left(\text{unbudgeted current liabilities}\right)}{\text{net operating revenues}}$$

Score:

Warning-Red: Persistent & increasing deficits over consecutive years.

Caution-Yellow: Deficits are infrequent or relatively marginal compared to fund balance (see #2 below) and/or there is a reasonable plan for bringing revenues and spending into balance.

Good-Green: not an issue of concern.

QSF-1

Definitions

Gross total revenues. See CAFR Statement of Revenues and Expenditures "total revenues."

Gross total expenditures. See CAFR Statement of Revenues and Expenditures "total expenditures"

Net operating revenues. Net operating revenues equals gross revenues and transfers in, minus revenues restricted to capital improvements minus revenues legally restricted to special purposes. Transfers related to non-operating activities should be excluded.

Temporary revenues. Temporary revenues include any non-recurring revenues that derive from short-term activities and cannot be relied upon in the long-run (over multiple years). This might include revenues from land sales, one-time transfers from other funds, limited-term grants, court settlements or major donations. You might also consider excluding receipt of construction-related revenues from a given project that are significantly in excess of an "average" year, if this represents a level of revenue unlikely to be repeated. Back taxes and late payments do not have to be omitted because they just make up for what was not received in a prior year.

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Unbudgeted current liabilities. The amortized costs of long-term general fund liabilities not already included in "net operating expenditures." This includes amounts not budgeted or expended that "should be" in order to pay the current year portion of liabilities. Examples: unbudgeted actuarially required contributions (ARC) to Other Post-Employment Benefits (OPEB) or pension systems; unbudgeted earned leave cash-out liabilities; maintenance and replacement costs of vehicles, technology, buildings, streets, and other properties and infrastructure. If there is insufficient information to determine these unbudgeted liabilities, that, in itself, is reason for substantial concern.

Fund Balance

A positive fund balance, or reserves, is important for any government to withstand financial risk over time. Unanticipated fluctuations in revenues may occur from economic impacts or state take-ways. "Financial reserves" are important to meet unforeseen revenue shortfalls or expenditure overages. But reserves cannot be relied upon to cover financial shortfalls that are more than temporary. (See Indicator #7) An unplanned decline in unreserved fund balances as a percentage of operating revenues over time suggests the government is less able to withstand financial emergencies.

The right level of fund balance varies depending on many factors including levels of risk and revenue volatility but, generally speaking, dropping below 8% may be cause for concern. The Government Finance Officers Association recommends maintaining a 5-15% reserve.

2 Fund Balance

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
22.73%	17.84%	22.39%	25.25%		

Formula

$$\text{Fund balance as a percent of expenditures} = \frac{\text{unreserved fund balance}}{\text{net operating expenditures}}$$

Score:

Warning-Red: Persistently & substantially decreasing or is below 8%.

Caution-Yellow: Has decreased but remains above 8% and there is a reasonable plan for stabilizing.

Green - not concerning

QSF-2

Definitions

Unreserved fund balance is fund balance not reserved in accordance with state law, charter or contractual obligation. This includes total fund balance minus nonspendable, restricted or committed resources. However, you should review resources categorized as "committed" and include in "unreserved fund balance" any amounts that, even if only in time of emergency, could be accessed with action of the Board of Supervisors.

Net operating expenditures. Net operating expenditures equals expenditures (after credits/reimbursements) and transfers out, minus capital improvement expenditures (or transfers out for capital purposes), minus expenditures of revenues legally restricted to special purposes.

Fund Balance Components[1]					
	Nonspendable	Restricted	Committed	Assigned	Unassigned
Total Fund Balance	x	x	x	x	x
Unrestricted Fund Balance			x	x	x
Unreserved Fund Balance (AKA "Balance available for assignment")				x	x

1. See Stephen J. Gauthier, "Governmental Accounting, Auditing, and Financial Reporting." (The "Blue Book") 2012 Government Finance Officers Association.

The California Municipal Financial Health Diagnostic

Data Gathering Worksheet

City of Fort Bragg

Wastewater Fund

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	Data Component	*Source of Data*	*Use for Indicator*	Year-2	PriorYr	CurrentYr (estimated)	Next Year (projected)	Year+2 (projected)	Year+3 (projected)
	Year (e.g., 2014-15, etc.)			2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
a	Gross program revenues and transfers in	CAFR* Statement of Revenues and Expenditures "total revenues"	SF-1A	3,194,149	3,389,118	3,592,465	3,808,013		
b	General revenue transfers in if included in "a" above	CAFR* Statement of Revenues and Expenditures "transfers in"		-		-	-		
c	Revenues restricted to capital improvements (by law or contract)	Staff analysis							
e	Net operating revenues	line "a" minus lines "b" , and "c"	SF-1B, SF-1C	3,194,149	3,389,118	3,592,465	3,808,013	-	-
	Net operating revenues. Net operating revenues equals gross revenues and transfers in, minus revenues restricted to capital improvements.								
f	Temporary revenues (other than those included in "c" or "d")	Staff analysis	SF-1B, SF-1C						
	Temporary revenues. Temporary revenues include any non-recurring revenues that derive from short-term activities and cannot be relied upon in the long-run (over multiple years). This might include revenues from land sales, one-time transfers from other funds, limited-term grants, court settlements or major donations. Optionally, you might consider also excluding receipt of construction-related revenues from a given project that are significantly in excess of an "average" year, if this represents a level of revenue unlikely to be repeated. Back taxes and late payments do not have to be omitted because they just make up for what was not received in a prior year.								

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	Data Component	*Source of Data*	*Use for Indicator*	Year-2	PriorYr	CurrentYr (estimated)	Next Year (projected)	Year+2 (projected)	Year+3 (projected)
	Year (e.g., 2014-15, etc.)			2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
g	Gross expenditures	CAFR* Statement of Revenues and Expenditures "total expenditures"	SF-1A	2,784,045	2,968,440	3,146,546	3,335,339		
h	Transfers out	CAFR* Statement of Revenues and Expenditures "transfers out"		943,044	359,350				
i	Capital project expenditures (other than capital outlay that is not included in current expenditures)	CAFR* Statement of Revenues and Expenditures "capital outlay"			-				
ia	Other one-time or temporary expenditures	Staff analysis			-				
j	Net operating expenditures	line "g" plus line "h" minus line "i" minus line "ia"	SF-1B, SF-1C, SF- 2, SF-4, SF-5	3,727,089	3,327,790	3,146,546	3,335,339	-	-
	Net operating expenditures. Net operating expenditures equals gross expenditures minus capital improvement expenditures..								
k	Unbudgeted current liabilities	Staff analysis	SF-1C	-	315,000	315,000	315,000		
	Unbudgeted current liabilities. The amortized costs of long term general fund liabilities attributable to this program or fund not already included in "net operating expenditures." This includes amounts not budgeted or expended that "should be" I order to pay the current year portion of liabilities. Examples: unbudgeted actuarially required contributions (ARC) to Other Post-Employment Benefits (OPEB) or pension systems; unbudgeted earned leave cash-out liabilities; maintenance and replacement costs of vehicles, technology, buildings, streets, and other properties and infrastructure.								

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City of Fort Bragg

Wastewater Fund

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Data Component		*Source of Data*	*Use for Indicator*	Year-2	PriorYr	CurrentYr (estimated)	Next Year (projected)	Year+2 (projected)	Year+3 (projected)
	Year (e.g., 2014-15, etc.)			2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
l	Total Fund Balance	CAFR* Balance Sheet	-	847,312	593,640	704,559	842,233		
m	Nonspendable, restricted and committed fund balance	CAFR* Balance Sheet	-						
n	Unreserved fund balance	line "l" minus line "m"	SF-2	847,312	593,640	704,559	842,233	-	-
	Unreserved fund balance is fund balance not reserved in accordance with state law, charter or contractual obligation. This includes total fund balance minus nonspendable, restricted or committed resources. Review "committed" fund blance for any amounts that could be considered available and unhindered by law or contract.								

The California Municipal Financial Health Diagnostic

Notes to the Analyst

To complete the **California Municipal Financial Health Diagnostic**:
1) Compile the data in the biege fields of the "**Data Gathering**" worksheet tab. White fields automatically compute.
2) In the "**Indicators**" worksheet tab, values for indicators 1 - 6 will compute automatically from the data provided in the "**Data Gathering**" worksheet. Based on these values, rate each indicator.
3) In the "**Indicators**" worksheet tab, gather information and complete the beige fields and ratings for indicators 7 - 14.
4) In the "**Indicators**" worksheet tab, answer related questions regarding financial policies.
5) Ratings are automatically summarized in the "**Summary Checklist**" tab.
6) Prepare a *narrative report* describing each of your findings.

The "**Summary Checklist**" summarizes the questions and reponses of your **Financial Health Diagnostic**. This is a summary of the more detailed analysis of the fourteen indicators in the "**Indicators**" worksheet. THe quantitative data needed to complete the Indicators worksheet is contained in the **"Data Gathering"** worksheet. Many of the measures require projections for at least the next three years.

Data Gathering. Most of the data necessary to complete the fields in the Data Gathering worksheet for the “prior year” and “year-2” values can be obtained from your government’s annual financial statements, budgets and debt schedules. However, certain measures will take some additional analysis and computation. For example, indicators “1b” and “1c” for operating deficit/surplus go beyond the simple difference between gross expenditures and gross revenues. You will need to adjust for revenues and related expenditures restricted to one-time (temporary) purposes or that are legally restricted to specific purposes. You will also need to take into account the amortized costs of all unbudgeted liabilities. Further, you will need to make forecasts of these ongoing net revenues, net expenditures and resulting balances in future years.

Forecasting. For the purpose of projecting future amounts and indicators in these worksheets, the financial analyst should assume:

- Current tax rates, allocations and laws. Do not presume your voters or the legislature will increase or otherwise alter the current tax base, rates or revenue allocations.
- Non-voter approved fees increase at levels consistent with existing policy of the local government.

- Temporary and one-time grant revenues and related expenditures do not continue (see “net operating revenues” and “net operating expenditures.”)
- Employee compensation changes per current contract or policy including anticipated merit increases. For out-year costs, assume no further changes. Then, run an alternative scenario (sensitivity analysis) with reasonable assumptions about increases in future years. (i.e. cost of living adjustments at California CPI or 2%)
- Changes in staffing (including growth, turnover and vacancies) and other expenses necessary to maintain the current level of service.
- Changes in staffing and other expenses needed to maintain and operate any new facilities that are expected to be completed and operational.

In addition, there are worksheets for Special Program Funds which may be used to evaluate proprietary or special revenue funds. These worksheets include the data gathering and indicators elements to calculate indicators #1 and #2 for the each fund.

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