

GUIDE TO THE DOCUMENT

The functions of local government stem from three levels of policy direction: federal, state and local. Within this intergovernmental system, local government is responsible for providing basic public services such as maintaining streets and roadways, providing traffic management systems, maintaining parks, providing community services, and ensuring public safety. Local government must also fulfill certain state and national policy objectives such as transportation and environmental protection while addressing the expectations and values of its citizens. For local governments, the primary tool used to coordinate the provision of governmental services and to provide legal authorization for the expenditure of funds is the annual budget. A local government budget is a financial plan that matches existing resources with the needs of the community.

The City of Fort Bragg's budget is developed and adopted by the City Council and provides Fort Bragg residents and City staff with a plan for implementation of the services, goals and objectives specified by the City Council. The City's Wastewater Enterprise is operated by the Municipal Improvement District No. 1 (MID) Board. The City Council serves concurrently as the MID Board of Directors. The budget for the Wastewater Enterprise is included in this budget document.

The Operating Budget is a guide for the receipt and disbursement of funds used to provide daily, routine public services to the community. The Five-Year Capital Improvement Program (CIP) and Capital Projects Budget provide citizens and City officials with detailed information about capital projects that are planned for near- or mid-term implementation.

This budget outlines the many municipal services, programs, and projects provided by the City of Fort Bragg over the course of the fiscal year. It identifies revenue projections and specific expenditures necessary to deliver services to the community. The budget is intended to provide transparency to City residents about programs and services as well as the policies underlying the City Council's spending decisions.

DISTINGUISHED BUDGET PRESENTATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the City for its Fiscal Year 2019/20 Budget. This was the third year that the government has achieved this prestigious award. Achievement of the award reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the City had to satisfy nationally-recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as:

- **A Policy Document** – to describe financial and operating policies, goals, and priorities for the organization.
- **A Financial Plan** – to provide revenue and expenditure information by fund, department, division, and category.
- **An Operations Guide** – to describe activities and objectives for the fiscal year.
- **A Communications Tool** – to provide information on budgetary trends, planning processes, and integration of the operating and capital budgets.

The Distinguished Budget Presentation Award is valid for one year. Our Fiscal Year 2022/23 budget will again be submitted to the GFOA, and we are confident that we will once again achieve the award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

**City of Fort Bragg
California**

For the Fiscal Year Beginning

July 01, 2022

Executive Director

BUDGET ORGANIZATION

The FY 2022/23 Budget includes eight basic sections as follows:

1. **City Manager's Transmittal.** Provides an introduction to the budget including a summary of critical economic issues, Council-directed core services, and basic operational and strategic goals for FY 2021/22.
2. **Introduction.** Includes this Users' Guide, a directory of elected and appointed City officials, a Citywide organization chart, an overview of the City of Fort Bragg, a definition of the funds included in the financial reporting model of the City, and the City's budget guidelines and fiscal policies. This section provides the reader with the policies and documents that guide the City's financial practices.
3. **Summary.** Includes a comprehensive overview of fund balance projections and individual summaries of revenues and expenditures for all funds and the General Fund. Also included are interfund transfers, interfund cost reimbursements, and the City's cost allocation plan. Summaries for the Water, Wastewater, and C.V. Starr Enterprise Funds are included in the detail section for each fund.
4. **Fund Detail - Departmental Summaries.** Presents detailed information on the City's operating departments and Enterprise funds as follows:

City Council	Public Works
Administration	Internal Services
Tourism Marketing & Promotions	Debt Service
Finance	Water Enterprise
Non-Departmental	Wastewater Enterprise
Public Safety	C.V. Starr Center Enterprise
Community Development	

Additional information about services provided by the City is included in each departmental section. Department summary information includes organizational charts, departmental services description, summaries of accomplishments and goals, a comparison of the total adopted budget to the prior fiscal year, and a summary of expenditures over three fiscal years. More specific information about the current year appropriations is provided in the budget detail section. With the FY 2017/18 Budget the presentation was expanded to include a summary of revenue generated by each department.

5. **Grants and Special Revenue Funds.** Provides an overview of each of the City's Special Revenue Funds, including fund descriptions, revenues and expenditures. Special Revenue Funds are classified into one of four categories: Revenue, Grants, Internal Service Funds, and Trust and Agency.
6. **Capital Improvement Program (CIP) and Capital Projects Budget.** The Multi-Year CIP includes descriptions of individual projects and details the acquisition, construction or rehabilitation of major capital facilities and infrastructure. The Capital Projects Budget is used to account for the receipt and disbursement of funds for specific CIP projects. For many projects, revenue resources and expenditures may extend over several years.

7. **Statistical Data.** Presents historical information for the past 10 years regarding the City's finances, operations, constituents and the local economy.
8. **Glossary.** A list of specialized words and acronyms used in the budget document and their definitions.



BUDGET PROCESS & ADOPTION

The City develops an annual budget according to legal and policy direction which includes:

- Prepare a budget for all funds of the City.
- Strive to adopt a budget that is balanced as to resources and appropriations.
- Adopt a budget that does not exceed State constitutional limits.
- Adopt a budget prior to the beginning of the fiscal year in which it is to take effect.
- Allow for adjustments to the budget with proper approvals.
- Strive to maintain reserves in accordance with established Council policies.
- Utilize encumbrances of appropriations as a budgetary control technique.
- Adopt the budget through City Council and Municipal Improvement District Board resolutions.
- Exercise budgetary controls at the department level.

The City of Fort Bragg operates on a fiscal year basis, starting July 1 and ending June 30. The budget is prepared by the Finance Department under the supervision of the City Manager. The budget process typically begins in January once the audit reports for the prior fiscal year are complete. The Finance Department prepares a Mid-Year Performance Report and the City Council conducts a Mid-Year Budget Workshop (typically in March). At that workshop, revenue and expense projections are presented for the current fiscal year and the Council provides policy direction to staff regarding preparation of the budget for the coming fiscal year. Following the mid-year workshop, an Adopted Budget is assembled for the next fiscal year and it is reviewed by the Council and the public at a budget workshop (typically in May). Following the budget workshop, a revised Budget is prepared and transmitted to the City Council in June for further review, public input, deliberation and adoption prior to the beginning of each new fiscal year (July 1).

Copies of the Adopted Budget are made available to the general public prior to the City Council's budget workshop. After providing opportunities for public review and discussion at the budget workshop(s), the budget is adopted by the City Council prior to June 30 at either a regular or special City Council meeting. After adoption, the budget may be amended by City Council resolution.

BASIS OF ACCOUNTING AND FUND DEFINITIONS

The modified accrual basis of accounting is used by all General, Special Revenue and Capital Projects Funds. This means that revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when liabilities are incurred, except that principal and interest payments on long-term debt are recognized as expenditures when due. The accrual basis of accounting is utilized by all Enterprise and Internal Service Funds. This means that revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

To demonstrate fiscal accountability, various funds are established in accordance with objectives of special regulations, restrictions, and/or limitations. Each fund is considered a separate accounting entity with a self-balancing set of accounts. The funds that are used in the financial reporting model for the City of Fort Bragg as follows:

The **General Fund** is the City's primary operating fund. It is used to account for resources traditionally associated with general government activities which are not required (legally or by sound fiscal management) to be accounted for in another fund.

Special Revenue Funds are used to account for revenues that are legally restricted for a particular purpose. The City has several Special Revenue Funds including the Special Sales Tax for Street Repairs, Asset Forfeiture, General Plan Maintenance Fee, Gas Taxes and Fire Equipment Tax. Special Revenue Funds are also used to account for grants obtained to fund City projects and activities.

Capital Project Funds are used to account for financial resources to be used for construction or acquisition of fixed assets, such as buildings, equipment, or roads. A Capital Project Fund exists only until completion of the project.

Internal Service Funds are used by the City to account for the financing of goods and services provided by one department to other departments within a government organization on a cost-reimbursement basis. They are set up to take advantage of economies of scale, to avoid duplication of effort, and to accurately identify costs of specific governmental services. The City utilizes three Internal Service Funds: Facilities Repair & Maintenance, Technology Replacement & Maintenance and Fleet & Equipment Services.

Enterprise Funds are used to account for operations that are supported by a fee charged to external users for services, similar to a private business. The City has three Enterprise Funds: Water, Wastewater, and C. V. Starr Center.

Fiduciary Funds are used to account for resources that a government holds as a trustee or agent on behalf of an outside party and therefore cannot be used to support the government's own programs. The City has one fiduciary fund: Successor Agency to Fort Bragg Redevelopment Agency.

COST ALLOCATION PLAN AND DIRECT CHARGES

The City employs a multi-step process for distributing the indirect costs of central service departments (City Council, Administration, Finance, Non-Departmental and Public Works Administration) and the City's Internal Service Funds to various departments and funds.

Costs of the City's central service departments are allocated through the City's Cost Allocation Plan (CAP). The CAP allocates costs that originate in one department but benefit one or more other departments. By way of example, the Administrative Services Department (City Clerk) performs the function of "Records Management" which benefits multiple other departments within the City organization. The costs associated with "Records Management" are allocated from the Administrative Services Department to the multiple other departments that benefit from the service. Each year a year-end true-up is performed so that allocations are based on actual results rather than budgeted forecasts. For example, if actual administrative costs end the year less than budgeted, then allocated costs will be revised down. The City's Cost Allocation Plan is presented in detail beginning on Pages 67-74.

CONCLUSION

Financial forecasting is, at best, an inexact science. Many experts and studies offer varied opinions and forecasts, each completely logical and reasonable. Staff has developed revenue and expenditure estimates based on trends and forecasts available as of May 2023. These estimates take into account what has happened in the local economy, current revenue and expenditure experiences, and, to the extent possible, what is projected to happen over the next 14 months.

CITY OF FORT BRAGG OVERVIEW

HISTORY OF FORT BRAGG

The north coast of Mendocino County was inhabited by Native Americans of the Pomo tribe for approximately 10,000 years. The Pomo people were hunter-gatherers with a close relationship to the land and the sea. Seasonal Pomo villages were located along the coast with permanent villages located north of the Ten Mile River.

In 1855, an exploration party from the Bureau of Indian Affairs visited the area in search of a site on which to create a reservation and, the following year, the Mendocino Indian Reservation was established. It spanned an area from the south side of the Noyo River to north of the Ten Mile River and east to Little Valley and Glen Blair. In 1857, the Fort Bragg military post was installed on the Mendocino Indian Reservation approximately 1½ miles north of the Noyo River and its purpose was to maintain order on the reservation. During the same year, a lumber mill was established on the Noyo River starting what would become the major industry of the region. The military post was short-lived and records show that November 23, 1861 was the last date on which army units occupied the fort. In 1865, after 300 Native Americans were marched forcibly from the Mendocino Indian Reservation to a reservation in Round Valley, Fort Bragg as a military post was abandoned.

On August 5, 1889, Fort Bragg was incorporated as a city. C.R. Johnson, president of the Fort Bragg Redwood Company, was the first mayor and his company laid out the town much as it exists today— with a uniform street grid and mid-block alleys. In 1893, the Union Lumber Company was created when the Fort Bragg Redwood Company absorbed some of the smaller lumber companies in the area. In 1901, the Union Lumber Company incorporated the National Steamship Company to carry lumber, passengers and supplies. The steamships provided Fort Bragg's only link to manufactured comforts and staples like sugar and coffee. In 1905, the California Western Railroad was formed and a rail line was established from Fort Bragg to Willits where train connections could be made to San Francisco. The 1906 Earthquake resulted in a fire at the lumber mill that threatened the entire City. Brick buildings throughout the City were damaged, if not destroyed completely, and many frame homes were knocked off their piers. The fire burned the downtown area bordered by Franklin Street, Redwood Avenue and McPherson Street. Within 12 months following the earthquake, all downtown reconstruction was completed. The earthquake brought prosperity to Fort Bragg as the mills furnished lumber for the rebuilding of San Francisco. By 1916, Fort Bragg had become a popular place to visit – and to settle.

Commercial fishing also played an important role in the formation of the economic base of Fort Bragg. Noyo Harbor was once a major commercial fishing port known for its quality fish products that were distributed to major metropolitan markets. In recent years, the fishing industry has declined and Fort Bragg's economic base has transitioned from "resource extraction" (i.e., timber and fishing industries) to a more service-oriented economy serving a regional coastal population of approximately 20,000 residents as well as hundreds of thousands of visitors each year.



CITY GEOGRAPHY

The City of Fort Bragg is located approximately 165 miles north of San Francisco and 185 miles west of Sacramento on the scenic coast of Mendocino County. The City occupies 2.7 square miles. Census 2010 places the City's population at 7,273. Although it is quite small, Fort Bragg is the largest City on the coast between San Francisco and Eureka. The largest employment categories in the City include services, wholesale and retail trade, local government, public education, health care, tourism, and fishing. The mild climate and picturesque coastline make Fort Bragg a popular tourist and recreational area.

CITY AUTHORITY

Fort Bragg is a general law city under California state law and its rights, powers, privileges, authority, and functions are established through the State constitution. These statutory rights include the power to: sue and be sued; purchase, receive by gift or bequest and hold land, make contracts and purchases and hold personal property necessary to the exercise of its powers; manage, sell, lease, or otherwise dispose of its property as the interest of its inhabitants require; levy and collect taxes authorized by law and exercise such other and further powers as may be especially conferred by law or as may be necessarily implied from those expressed.

CITY COUNCIL

The voters elect members of the Fort Bragg City Council to serve overlapping four-year terms. The Mayor is elected by and from the City Council for a two-year term. The Council sets policy and exercises the legislative authority of the City. The Council holds meetings on the second and fourth Mondays of each month and at such other times as necessary. Current City Council members and the dates upon which their respective terms expire are as follows:

Mayor Bernie Norvell	December 2024
Vice Mayor Jason Godeke	December 2026
Councilmember Tess Albin-Smith	December 2026
Councilmember Marcia Rafanan	December 2026
Councilmember Lindy Peters	December 2024

ADMINISTRATION AND MANAGEMENT

Fort Bragg operates under the Council-Manager form of government. The City Council appoints the City Manager who appoints other City staff and is charged with overseeing the City's daily operations. Several boards, commissions, and committees assist the City Council and administration in carrying out various aspects and functions of city government.

CITY SERVICES

The City provides a wide range of services to its residents including public safety services, construction and maintenance of streets and infrastructure, water service, community development, financial management and administrative services. Special Districts and Joint Power Authorities (JPAs) under the jurisdiction of the City provide emergency services, fire protection and wastewater treatment services. Other entities, not under the City's jurisdiction, that

provide services to the City's population include the school district, hospital district, recreation district, harbor district, and other special districts.

FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT NO. 1

The members of the City Council serve concurrently as the Fort Bragg Municipal Improvement District No. 1 (MID) Board of Directors. The MID was formed in 1969 for the purpose of acquiring and constructing wastewater system improvements including construction of a wastewater treatment plant. The wastewater system serves approximately 3,000 residential and commercial connections in an area that includes the City of Fort Bragg and small areas of unincorporated territory on the periphery of the City. The MID Board of Directors meets on the same schedule as the City Council and can schedule special meetings as necessary. The MID is referred to within the Budget as the "Wastewater Enterprise Fund."

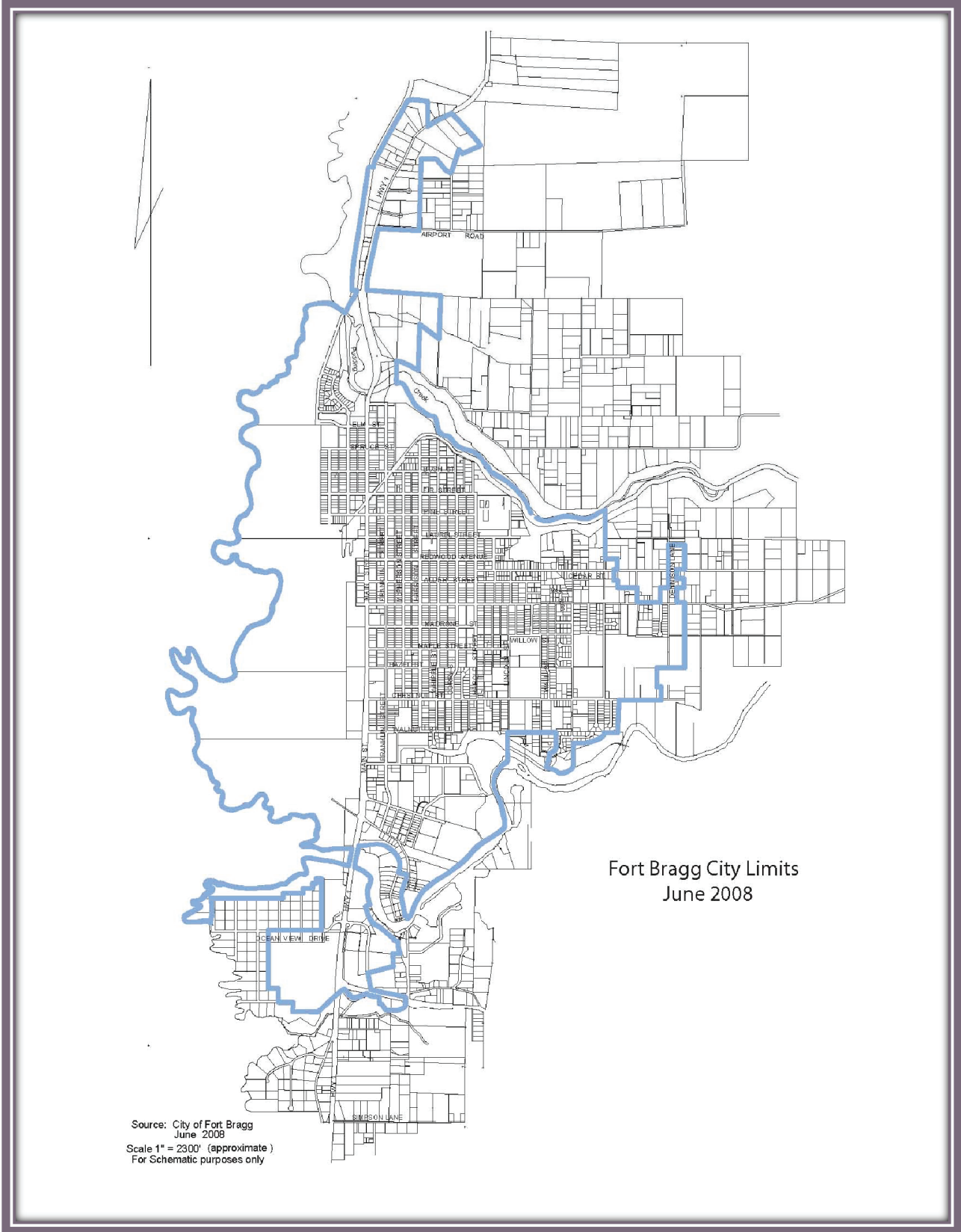
SUCCESSOR AGENCY TO FORT BRAGG REDEVELOPMENT AGENCY

From 1986 to 2012, the Fort Bragg Redevelopment Agency carried out redevelopment projects and promoted and supported economic development and affordable housing development in the redevelopment project area, an area which generally included properties within the Central Business District, commercial and industrial lands along Main Street, and the former Georgia Pacific mill site. In early 2012, the Redevelopment Agency was dissolved (as required by A.B. 1X26) and the City Council opted to serve as the Successor Agency to the Fort Bragg Redevelopment Agency. The Successor Agency is the legal entity tasked with winding down the affairs of the former Redevelopment Agency under the supervision of an Oversight Board. The Successor Agency plays a key day-to-day role in assuring that the existing debt service and other enforceable obligations of the former Redevelopment Agency are properly paid based upon a Recognized Obligation Payment Schedule (ROPS) approved by the Oversight Board and the State Department of Finance.

C. V. STARR COMMUNITY CENTER

The C.V. Starr Community Center and Sigrid & Harry Spath Aquatic Facility (the "C.V. Starr Center") is a 43,000 square foot recreation and aquatic facility that was built by the Mendocino Coast Recreation and Parks District (MCRPD), a special district providing recreational services to residents of the Mendocino Coast. The facility includes an indoor water park with an eight-lane competition pool and diving board, a leisure pool with a water-slide and a 'lazy river', a cardio-fitness center and weight room, and facilities for other fitness classes and enrichment activities. In addition, the C.V. Starr Center has meeting rooms for parties and community events, and the grounds include a dog park, a skateboard park, petanque courts and picnic/BBQ facilities.

After opening the C.V. Starr Center in 2009, the MCRPD found itself challenged by insufficient operating revenues. In March 2012, the voters of Fort Bragg approved a special sales tax to provide funding for operation, maintenance and capital improvements at the C.V. Starr Center facility. The ballot measure required that ownership of the C.V. Starr Center be transferred to the City of Fort Bragg and that the MCRPD assign a portion of its property tax revenues to the City. The facility reopened under City ownership in July 2012. The MCRPD now operates the facility under a contract with the City and the City provides continued financial and operational oversight.



ELECTED AND APPOINTED CITY OFFICIALS

As of June 30, 2023



Bernie Norvell
Mayor



Jason Godeke
Vice Mayor



Tess Albin-Smith
Councilmember



Marcia Rafanan
Councilmember

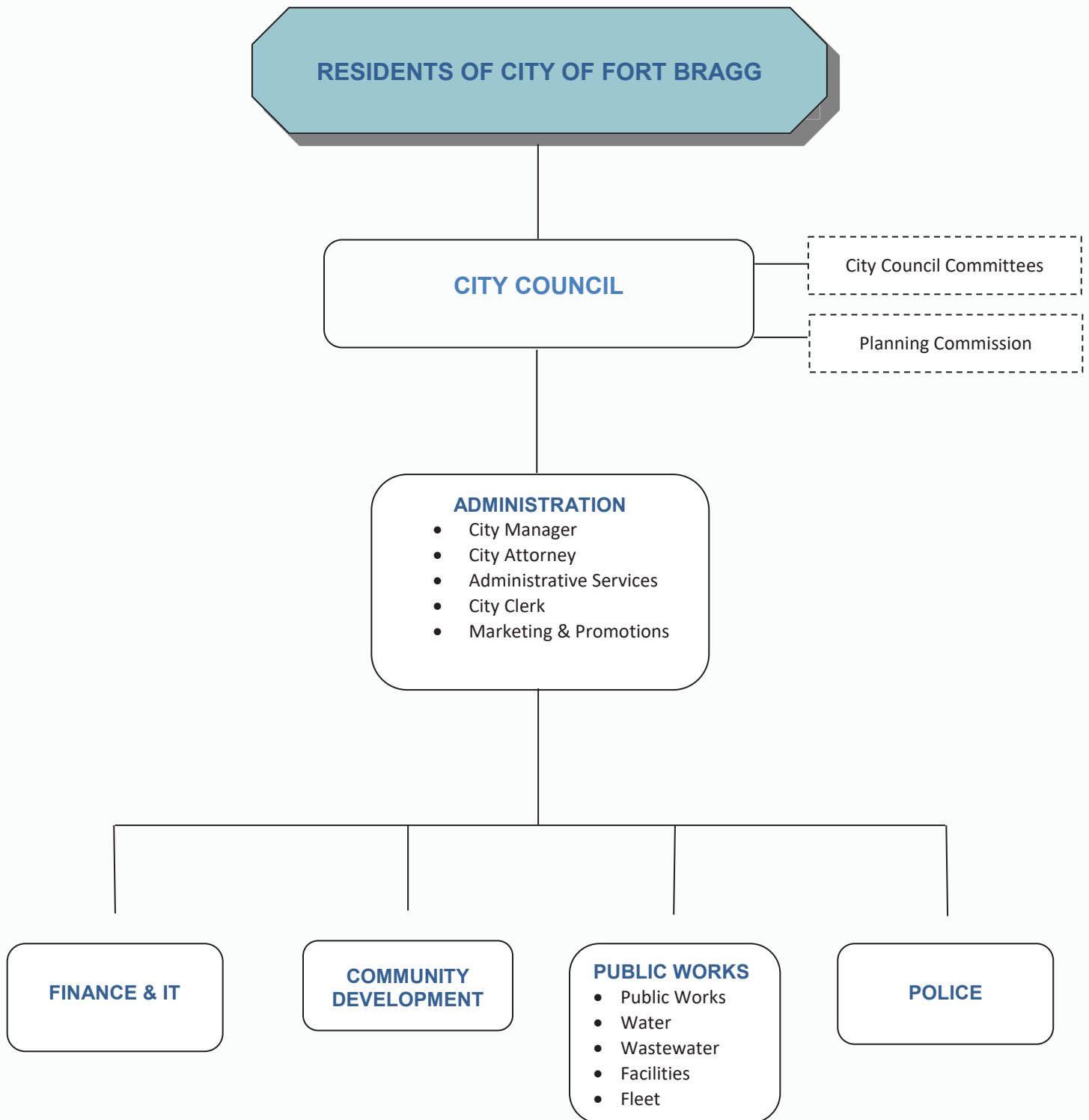


Lindy Peters
Councilmember

Peggy Ducey
City Manager

MASTER ORGANIZATIONAL CHART

As of June 30, 2023



BUDGET GUIDELINES

The annual operating budget is the primary short-term financial plan for the City and the Municipal Improvement District No. 1. The operating budget serves as the policy document to implement City Council goals and objectives. It sets forth estimates of resources available to fund services consistent with Council directives. Since no budget is an absolutely accurate predictor of future events, there must be some flexibility to make adjustments during the year, provided these adjustments do not materially alter the general intent of the City Council when adopting the budget. These guidelines are intended to provide that flexibility and to establish adequate controls through budget monitoring and periodic reporting to ensure that the overall distribution of resources achieves the results intended by the City Council.

Each year, as the budget is prepared, the City Council identifies priorities to provide guidance to management in preparing the budget. Through its legislative authority, the Council approves and adopts the budget by resolution. The City Manager is responsible for proposing to the City Council an annual operating budget and a capital projects budget which are consistent with the Council's service level priorities and sound business practices. The City Manager is also responsible for establishing a system for the preparation, execution, and control of the budget which provides reasonable assurances that the intent of Council policies is met. The Finance Director is responsible for providing periodic budget status reports to the City Manager, the City Council and Department Heads to facilitate control and compliance with the budget. Department Heads are responsible for monitoring their respective budgets for compliance with the intent of Council priorities and for ensuring that appropriations for their departments are not exceeded.

1. **Basis of Budgeting.** The City's operating and capital projects budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase, and capital project expenditures are budgeted on a project length basis rather than a fiscal year. For all governmental funds, revenues and expenditures are budgeted on a modified accrual basis. For all proprietary funds, revenues and expenditures are budgeted on an accrual basis.
2. **Budget Calendar.** A budget preparation calendar is provided to Department Heads and to the City Council at the beginning of the budget process each year. The calendar sets forth dates for the review of service level priorities by the City Council at a mid-year budget workshop and a presentation of the City Manager's Adopted budget to the City Council, which should be adopted no later than the end of June.
3. **Form and Content of the Adopted and Adopted Budget.** The Adopted and adopted Budget should be presented in a form which is sufficient to allow the City Council to determine and review:
 - Provision of City Council priorities;
 - Projected revenues by major category;
 - Operating expenditures by department or program, and by fund;
 - Staffing by department;
 - Service levels;
 - Statements of objectives and accomplishments;
 - Recommendations for policy changes;
 - Capital improvement appropriations by project.

The Adopted and adopted Budget should provide a comparison with the preceding year's actual results and current year's projected results for each category of revenue and expenditure shown in the budget. Descriptions of service levels to be provided under the Adopted and adopted Budget will be included along with statements of services reduced or eliminated and services improved or added, as compared to the current year.

4. **City Council's Budget Principles.** Each year, the Adopted and adopted Budget is developed in accordance with the Council's established budget principles:
 - Conservative revenue projections should be incorporated into the budget.
 - The City strives to balance the operating budgets of each of the City's three major funds (General Fund, Water Enterprise, and Wastewater Enterprise) such that anticipated revenues meet projected expenditure obligations.
 - Recurring annual expenditures (e.g., personnel costs, supplies, equipment, operating and maintenance costs, debt service, legal costs, audit costs, etc.) should be funded with on-going annual revenues and should not rely upon one-time revenues, reserves, or the use of unassigned fund balances.
 - If unassigned fund balances are expended, uses should be restricted to funding one-time expenditures, not on-going operations.
 - Expenditures should be contained to the maximum extent possible. To the extent that line item cost increases occur, they should be limited to purchases necessary to support existing operations, essential capital improvement projects, mandated costs, and the City's contractual obligations.
 - Each year, the budget should be prepared in accordance with the City's Fund Balance & Reserve policies and the Council should allocate specific amounts to each of the City's established reserves.
5. **Adoption of the Budget.** The City Council should adopt the budget by resolution no later than June 30 of the previous fiscal year, setting forth the amount of appropriations and authority of the City Manager to administer the adopted budget. Unless otherwise directed, all funds that are presented in the operating budget document are subject to appropriation.
6. **Budget Amendments by the City Council.** The City Council may from time to time approve expenditures and identify funding sources not provided for in the adopted budget including those expenditures funded through unassigned fund balances.
7. **Automatic Adjustments and Re-appropriations.** Outstanding encumbrances at prior fiscal year-end will automatically be carried over to current year's budgets. Unspent appropriations that are authorized and funded by grant revenues from prior fiscal year will automatically be carried over to current year's budget. Incomplete multiple year project balances will be automatically carried over to the current year's budget.
8. **Budget Monitoring and Reporting.** The Finance Department will prepare a monthly budget report including actual expenditures and encumbrances for distribution to the City Manager and Department Heads to facilitate monitoring of the budget. The Finance Department will prepare a first-quarter and mid-year budget status report for presentation to the City Council. At a minimum, the report will include the status of General Fund revenues and expenditures, and Water, Wastewater, and C.V. Starr enterprise fund revenues and expenditures.
9. **Reserves.** Various unallocated reserves are established in the City's funds to protect the City in emergencies and times of economic uncertainty and to finance unforeseen opportunities and/or requirements. Reserve policies for various funds are described in detail in the section entitled "Fiscal Policies."