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

Monday, January 11, 2016 | **3:00 PM** | **City Hall Conference Room, 416 N. Franklin Street**

Special Meeting

MEETING CALLED TO ORDER

ROLL CALL

APPROVAL OF MINUTES

1. 15-536 Approve Minutes from November 4, 2015 Meeting

Attachments: FACM2015-11-04

PUBLIC COMMENTS ON NON-AGENDA ITEMS

CONDUCT OF BUSINESS

1. 16-010 Review and Discuss Comprehensive Annual Financial Report (CAFR) for FY 2014-15

Attachments: CAFR FINAL 01-08-2016

2. 16-009 Review and Discuss FY 2015-16 First Quarter Financial Report

Attachments: Q1 2016 Financial Report

3. 15-540 Receive Update on Progress on Facilities and Equipment Internal Service Fund Reserve Analysis

Attachments: 01112016 Facilities & Equipment ISF Reserve Analysis

Facility & Equipment Internal Services Fund - 10 Year Program

4. 16-011 Review Administrative Regulation for Disposal of Surplus City Property

Attachments: Surplus Property Disposal Guidelines

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 January 8, 2016.

_____
Brenda Jourdain, Administrative Assistant

NOTICE TO THE PUBLIC

DISTRIBUTION OF ADDITIONAL INFORMATION FOLLOWING AGENDA PACKET DISTRIBUTION:

- *Materials related to an item on this Agenda submitted to the Council/District/Agency after distribution of the agenda packet are available for public inspection in the lobby of City Hall at 416 N. Franklin Street during normal business hours.*
- *Such documents are also available on the City of Fort Bragg's website at http://city.fortbragg.com subject to staff's ability to post the documents before the meeting*

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City of Fort Bragg

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

Text File

File Number: 15-536

Agenda Date: 1/11/2016 **Version:** 1 **Status:** Minutes to be Approved

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

Agenda Number: 1.

Approve Minutes from November 4, 2015 Meeting

City of Fort Bragg

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Fort Bragg, CA 95437
Phone: (707) 961-2823
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Meeting Minutes - Draft

Finance and Administration Committee

Wednesday, November 4, 2015 **3:00 PM** **City Hall Conference Room, 416 N. Franklin Street**

MEETING CALLED TO ORDER

Meeting called to order by Chair Turner at 3:02pm

ROLL CALL

Staff Present: Crystal Prairie, Tom Varga, Victor Damiani, Fabian Lizarraga, Debbie Desmond, John Smith

Present: 2 - Doug Hammerstrom and Dave Turner

APPROVAL OF MINUTES

1. Aprove Minutes from August 12, 2015 Special Meeting

These Committee Minutes were approved for council review

2. Aprove Minutes from September 9, 2015 Special Meeting

These Committee Minutes were approved as amended for council review

PUBLIC COMMENTS ON NON-AGENDA ITEMS

CONDUCT OF BUSINESS

1. Receive FY 2014-15 Year-End Report Regarding Asset Forfeiture Discretionary and Education Fund Expenditures

Chief Lizarraga gave a brief overview of the content of the year-end Asset Forfeiture, Discretionary, and Education Fund Expenditures report. He mentioned next year's training expenses may be higher but will stay within budgeted amounts. He stated clarification is needed regarding budgeting under State Asset Forfeiture guidelines. The police department has been funding a task force officer ($99K) by transferring funds from Asset Forfeiture to General Fund to cover the expense. Some of the rules and verbiage were changed for State Asset Forfeiture last year and this may not be an acceptable use of funds. Generally, Asset Forfeiture funds are not being used by other agencies to fund an officer on a task force.

There was some discussion of researching possible use of Asset Forfeiture funds for safety concerns in neighborhoods for crime prevention, such as lighting.

There was discussion of the general use of Asset Forfeiture such as ATVs, drones, or a K-9 officer. Currently supplies are being purchased with the funds. A vehicle was purchased as well as Tasers, and rifle plates within the last year. These are things that the Police Department would not be able to have otherwise.

This item was for discussion only.

2. Receive Update on Progress on Facilities & Equipment Internal Service Fund Reserve Analysis

Public Works Director Varga gave a brief overview of the progress on Facilities & Equipment Internal Service Fund reserve analysis. A recommendation was made that there be a $5,000 threshold for capital expenses to be tracked. It was mentioned that items under $5,000 need to be in the operating budget for maintenance. Also, the items over $5,000 will need to be replaced, or require substantial maintenance or upgrades, and money needs to be put away for these future costs. There was discussion of the structure of the Information Technology (IT) Internal Service Fund (ISF) and the detail included. Ideally the Maintenance ISF would be structured a similar way. A 10 year horizon was mentioned to start with. Items will be added as they come up, even if it's more, or less, than 10 years in the future in order to keep track of all items as needed.

There was discussion of assets in the public right of way, which are generally accounted for in the Capital Improvement Plan so won't need to be in the ISF. There are IT assets that were included on the list that will be removed because they are already in the IT ISF.

Committee Member Hammerstrom mentioned a presentation on the California Municipal Financial Health Diagnostic Tool that he attended. The amount of time it takes to set it up was discussed. It was suggested that Arcata be contacted since they are using the Municipal Financial Tool. Further discussion of this tool will occur during a future Committee meeting.

Once the structure of the ISF is in place, prior to being used for mid-year budget, this item will come back to Committee for final review.

Committee Directed Staff to set up structure of Internal Service Fund and bring item back to Committee prior to use during the mid-year budget review.

MATTERS FROM COMMITTEE / STAFF

ADJOURNMENT

Meeting adjourned by Chair Turner at 3:56pm.

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City of Fort Bragg

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

Text File

File Number: 16-010

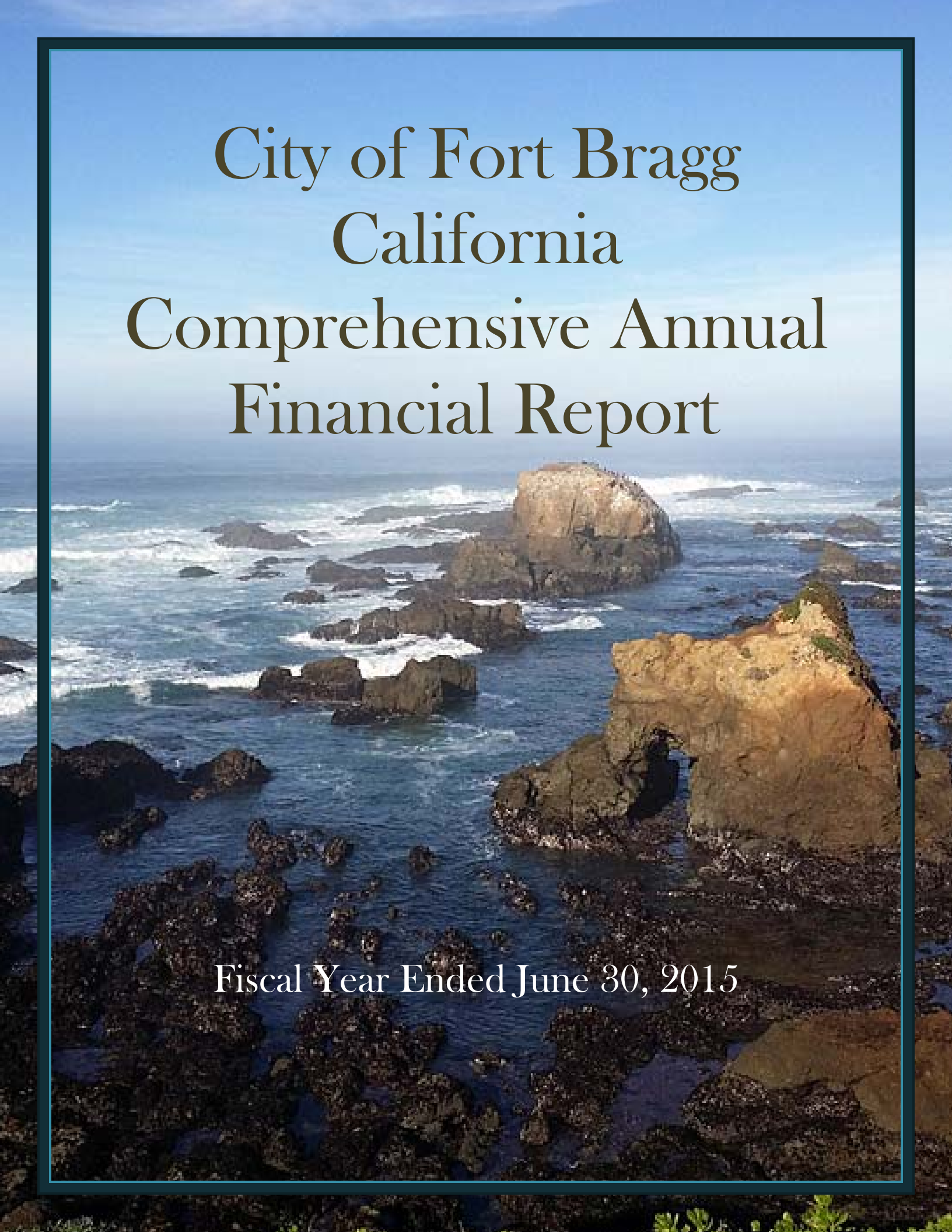
Agenda Date: 1/11/2016 **Version:** 1 **Status:** Business

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

Agenda Number: 1.

Review and Discuss Comprehensive Annual Financial Report (CAFR) for FY 2014-15

City of Fort Bragg
California
Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2015

City of Fort Bragg, California

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2015

Prepared by City of Fort Bragg Finance Department

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City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2015

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INTRODUCTORY SECTION

- **Letter of Transmittal**
- **Organizational Chart, Elected and Appointed Officials**

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MEMORANDUM

DATE: January 11, 2016

TO: Citizens of the City of Fort Bragg
Honorable Mayor and Members of the City Council and City Manager

FROM: Finance Director Victor Damiani

RE: Presentation of the Comprehensive Annual Financial Report

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the City of Fort Bragg (City) for the fiscal year ended June 30, 2015, is hereby published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that are established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's basic financial statements have been audited by JJACPA, Inc., an accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The financial statements included in this report were audited in accordance with generally accepted auditing standards and government auditing standards. The independent auditors concluded that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the City's basic financial statements is part of a broader, federally-mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the City's fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

This report combines the financial statements of the City, the Successor Agency to the Fort Bragg Redevelopment Agency (Successor Agency), and the Fort Bragg Municipal Improvement District No. 1 (MID) in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The financial operations of the Successor Agency and MID, though legally separate from the City, are closely related to the City. The City Council members serve as the governing board the MID, which is presented as a blended component unit in the financial statements. Component units are legally separate entities for which the primary government is financially accountable. For a more detailed overview of the City's component units, see the Management Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements on pages 3-20 and 54-100, respectively.

Profile of the Government

The City of Fort Bragg, incorporated in 1889, is located approximately 165 miles north of San Francisco and 188 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 health care, public education, local government, wholesale and retail trade, and tourism. The mild climate and picturesque coastline make Fort Bragg a popular tourist and recreational area.

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. The City operates under the Council-Manager form of government. The five members of the Fort Bragg City Council are elected by the voters to serve overlapping four-year terms. The Mayor is elected by, and from, the City Council for a two-year term. The City Council appoints the City Manager who serves at their discretion. The City Council is a policy-setting body that is responsible for, among other things, enacting ordinances, adopting the budget, and appointing committees. Several boards, commissions, and committees assist the City Council and Administration in carrying out various aspects and functions of city government. The members of the City Council also serve as the governing board for the Successor Agency to the Fort Bragg Redevelopment Agency and the Municipal Improvement District No. 1.

The City Manager is responsible for directing and supervising the administration of all departments of the City, to ensure that laws, ordinances, orders, resolutions, contracts, leases, and franchises are enforced and executed, and for appointing all City employees.

The City provides a wide range of services to its residents including public safety services, construction and maintenance of streets and infrastructure, water service, wastewater service, community development, financial management and administrative services. Special districts, agencies and Joint Power Authorities (JPAs), under the jurisdiction of the City, provide services such as wastewater treatment and fire protection throughout the City. 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.

The annual budget provides a comprehensive statement of the City's organization, operations and resources and it expresses City Council and Municipal Improvement District Board policies and priorities in all areas of the City's operations. The budget process is the vehicle through which the City establishes goals and

objectives, and prioritizes the desired programs or services that the City should provide, and which can be financed by the City's projected revenue for the budget year. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). It is the means through which policy decisions are made, effected, controlled and monitored. The City Manager is responsible for submitting and recommending an operating budget and a capital improvements budget for City Council consideration and adoption. Throughout the year, the budget serves as a financial management tool and an operational plan for the delivery of City services and capital projects.

In addition to the budget planning process, the City maintains budgetary controls. The City's objective in maintaining budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is authorized to transfer budgeted amounts within funds as deemed necessary in order to meet the City's needs subject to policy defined in the City's Administrative Regulations. The City Council may amend the budget by resolution during the fiscal year.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders, contracts, and other commitments for expenditure of money are secured in order to reserve that portion of the applicable appropriation. Total expenditures of each fund may not exceed fund appropriations and total expenditures for each department may not exceed departmental appropriations. Encumbrances outstanding at year-end are reported as assigned fund balance. Unencumbered amounts lapse at year-end and may be appropriated as part of the following year's budget.

Spending Limitation

Article XIIIB of the California Constitution, also known as the Gann spending limit, restricts the amount of "proceeds of taxes" California governments may spend. As of June 30, 2015, the City was $3.8 million or 43% under the total Article XIHB (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2014/15.

Citywide Achievements in FY 2014/15

Public Safety Programs. Continued to increase community awareness on a variety of issues including traffic safety, downtown foot patrol and, traffic enforcement in and around our schools. Collaborated with other service agencies to define effective ways to address issues related to our homeless population that impact public safety, emergency services, personal well-being and the quality of life in our community.

Fort Bragg Coastal Restoration & Trail Project. Significant progress was made in bringing Phase 1 of the Coastal Trail project to completion. The northern segment of Noyo Headlands Park was opened to the public in early 2015. Construction was initiated on the southern segment of the park and Coastal Trail.

Noyo Center for Marine Science. The Noyo Center for Marine Science project was substantially advanced with the establishment of a non-profit organization which will take over governance of the entity in 2015/16. The Noyo Center continued to deliver marine science education programs to local schools, continued to develop research and educational partnerships, and pursued fundraising for restoration of the blue whale and orca skeletons and development of the Noyo Center facility.

Upgraded City's Website and Information Technology System. The City completed a comprehensive update of its governmental website, providing access to a vast amount of digital content as well as interactive features such as the Notify Me and Request Tracker applications. With the completion of the Town Hall Remodel project, the City began livestreaming City Council and Planning Commission

meetings on its website. The City expanded its social media presence with the launch of a governmental Facebook page.

Litigation. The City successfully resolved the Georgia-Pacific v. OfficeMax litigation with a settlement that required no payment by the City.

Grants. The City prepared a number of successful grant applications covering a variety of activities. In FY 2014/15, grant-funded activities include:

Planning Grants
Wayfinding Signage Plan (MCOG OWP)
City Surrounded by a Park Plan (MCOG OWP)
Noyo Harbor Bicycle and Pedestrian Access Plan (MCOG OWP)

Economic Development Grants
Microenterprise Assistance (CDBG)

Housing Grants
Low and Moderate Income Housing Rehabilitation Program (HOME)

Community Services and Community Facilities Grants
Homeless Mental Health Intervention Program (CDBG)
Mendocino Coast Hospitality Center Old Coast Hotel Project (CDBG)
Food Bank Service Equipment (CDBG)
Project Sanctuary Building Improvements (CDBG)
Senior Center Kitchen Rehabilitation (CDBG)
Hospitality House Solar/Floor (CDBG)
Home Energy Link Program Plus (CDBG)
HELP H2O (CDBG)
Giving Garden Program (CDBG)

Parks Grants
Fort Bragg Coastal Restoration and Trail Project (Prop 84, Coastal Conservancy, and Bicycle Transportation Account Grants)

Public Safety Grants
Community Service Officer (COPS Grant)
Bullet-Proof Vests (OJP Partnership Grant)

Streets & Storm Drainage Improvement grants
Green (LID) Alley Project (Prop 84 Grant)
Chestnut Street Multi-Use Trail (Caltrans; federal appropriation; ATP)

Water Grants
Summers Lane Reservoir (North Coast Regional Partnership/Prop 84 Grant)

Capital Projects. The following capital projects were completed or nearly completed by the end of FY 2014/15:

- North Coastal Restoration & Trail Project

- Town Hall Remodel Project
- Green Alleys Project
- On-Site Sodium Hypochlorite Generation System at Water Treatment Plant

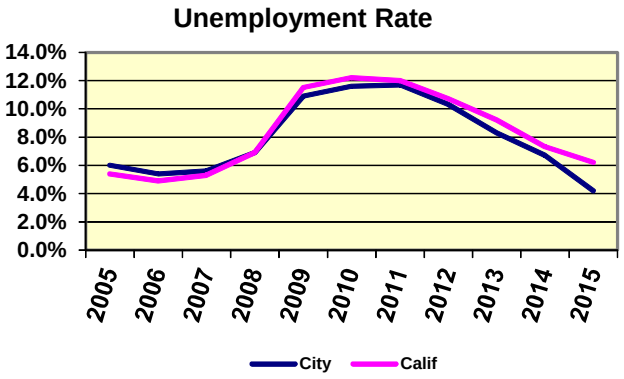
Local Economy

During FY 2014/15, the City saw the positive employment trends of the last four years continue. As reported by the State Employment Development Department, the local unemployment rate decreased by 2.5% to 4.2% at June 30, 2015, compared to 6.7% at June 30, 2014. This represents the lowest unemployment rate in the past ten years.

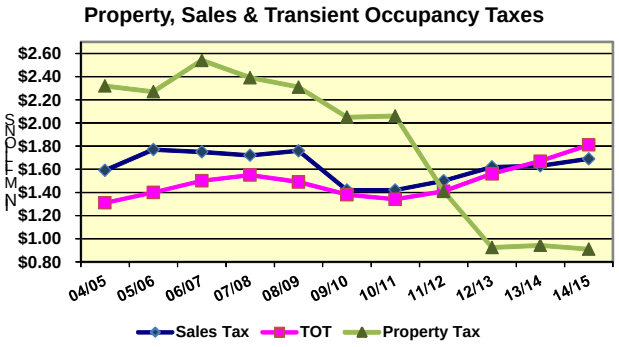
City tax revenues that are dependent on the state of the economy continue to show slow but steady growth. Local general fund sales taxes were essentially flat with an increase of 0.42% in FY 2014/15. Transient Occupancy Tax however increased 7.75%, totaling $1.81 million in FY 2014/15 as compared to $1.7 million in FY 2013/14. The City's largest source of discretionary revenue is comprised of these two taxes.

Median home prices (according to Trulia.com) increased 7.1% to $325,000 over December 2014. Property taxes decreased 3.6% for the year, partially due to receipt of one-time revenues in the two prior years. Assessed valuations are up 1% for FY 2014/15 over FY 2013/14. The City's property tax revenue is down 36% since 2012, when the State mandated redistribution of tax increment from the dissolution of Redevelopment Agencies.

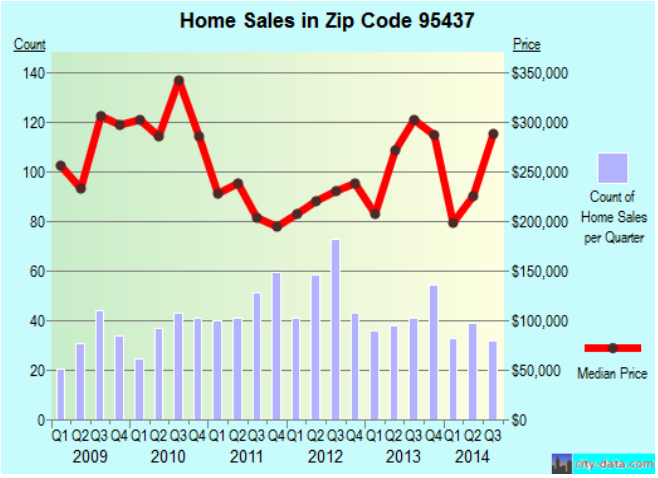
Overall revenue results for FY 2014/15 improved modestly over the prior year. Several factors, including energy market volatility and actions by the federal and state governments, continue to cause concern about the sustainability of a healthy local economy. The City, along with governments at all levels, remains under pressure to contain operating expenditures to ensure that such costs do not grow at a rate that exceeds revenue growth. A balanced budget in the short- and long-term can quickly become unbalanced if costs are not managed closely. Many of the current economic uncertainties however are offset by positive economic developments, leading to an overall outlook of cautious optimism.



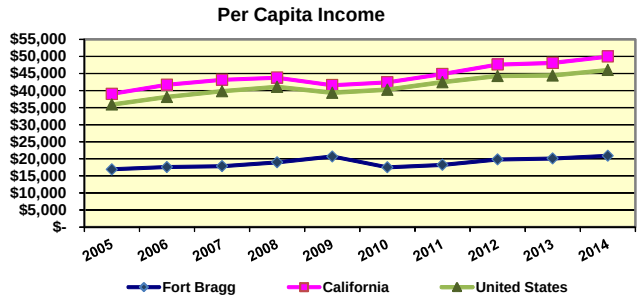
Source: California Employment Development Department



Source: City of Fort Bragg, Department of Finance



Source: city-data.com; trulia.com



Source: U.S. Bureau of Economic Analysis

Long-term Financial Planning

An analysis and update of the City's Fiscal Policies, including Fund Balance & Reserve Policies was conducted as part of the FY 2015/16 budget process. The results of the analysis prompted the City Council to commit to new reserve levels. The following General Fund reserves include both committed fund balance and unrestricted fund balance and in FY 2015/16 total $2,940,200:

- Emergency Contingency Reserve: The General Fund balance committed for emergency contingencies is established at an amount equivalent to 10% to 15% of the City's annual operating budget for the General Fund. In FY 2015/16, 10% or $880,000 is committed to the Emergency Contingency Reserve. Depending on the type and severity of the emergency, this range is intended to provide for an initial municipal response to events such as natural disasters, catastrophic accidents, or other declared emergency incidents sufficient to provide a bridge until access to county, state or federal support can be achieved. The Emergency Contingency Reserve is committed fund balance and may only be used when there is a declaration of a state or federal state of emergency or a local emergency as defined in Fort Bragg Municipal Code Section 2.24.020.

- Economic Stabilization Reserve: The General Fund balance committed for the purpose of stabilizing the delivery of City services during periods of severe operational budget deficits and to mitigate the effects of major unforeseen changes in revenues and/or expenditures is established at an amount equivalent to 5% to 10% of the City's annual operating budget for the General Fund. In FY 2015/16, 5% or $440,000 is committed to the Economic Stabilization Reserve. This range serves as a cushion to safeguard the City's fiscal health against fluctuations in revenues and costs due to economic volatility. City Council approval shall be required before expending any portion of this committed fund balance. Access to these funds will be reserved for economic emergency situations such as unanticipated major declines in revenue, budgeted revenue taken over by another entity, or a catastrophe exceeding funds in Emergency Contingency Reserve.

- General Fund Operating Reserve: The City will maintain an unrestricted fund balance of at least 15% to 20% of the annual operating expenditures in the General Fund, as an "Operating Reserve" to ensure liquidity of the General Fund and to ensure adequate cash flow throughout the year. This reserve is necessary to accommodate fluctuations in the timing of expenditures and the receipt of revenues. The reserve is not committed fund balance and may be tapped into, with Council authorization, for unforeseen operating or capital needs. In FY 2015/16, 15% is $1,320,200.

- Litigation Reserve: The City will maintain a $300,000 Litigation Reserve to cover unforeseen legal expenses, including unbudgeted settlement costs that are not covered by the City's insurance pool.

For the City, as with governmental jurisdictions throughout the nation, continuing fiscal challenges have required a redoubling of efforts to address current and future budget shortfalls while working to prioritize and maintain the level of services that the residents of Fort Bragg have come to expect. Traditional funding sources for parks, public safety, and community development are shrinking or have disappeared. The immediate challenges continue to be the dissolution of the Redevelopment Agency by the State and major cuts in revenues distributed through Federal and State grant programs.

The City has worked hard to address its fiscal challenges and its efforts have been successful. In 2010, the City significantly reduced its workforce and implemented across-the-board salary concessions. All City employees

agreed to multi-year labor agreements with escalating employee contributions to offset pension costs. In FY 2015/16 the City was in position to offer modest salary increases to all of its employee groups for the first time since the financial downturn. Through the continuing efforts and partnership of City Council, management, and employees, Fort Bragg was successful in presenting a structurally balanced budget for FY 2015/16 with fully funded reserves in accordance with established City Council policies for cash flow, operating reserves, litigation reserves, and capital reserves.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the fourth year in a row that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

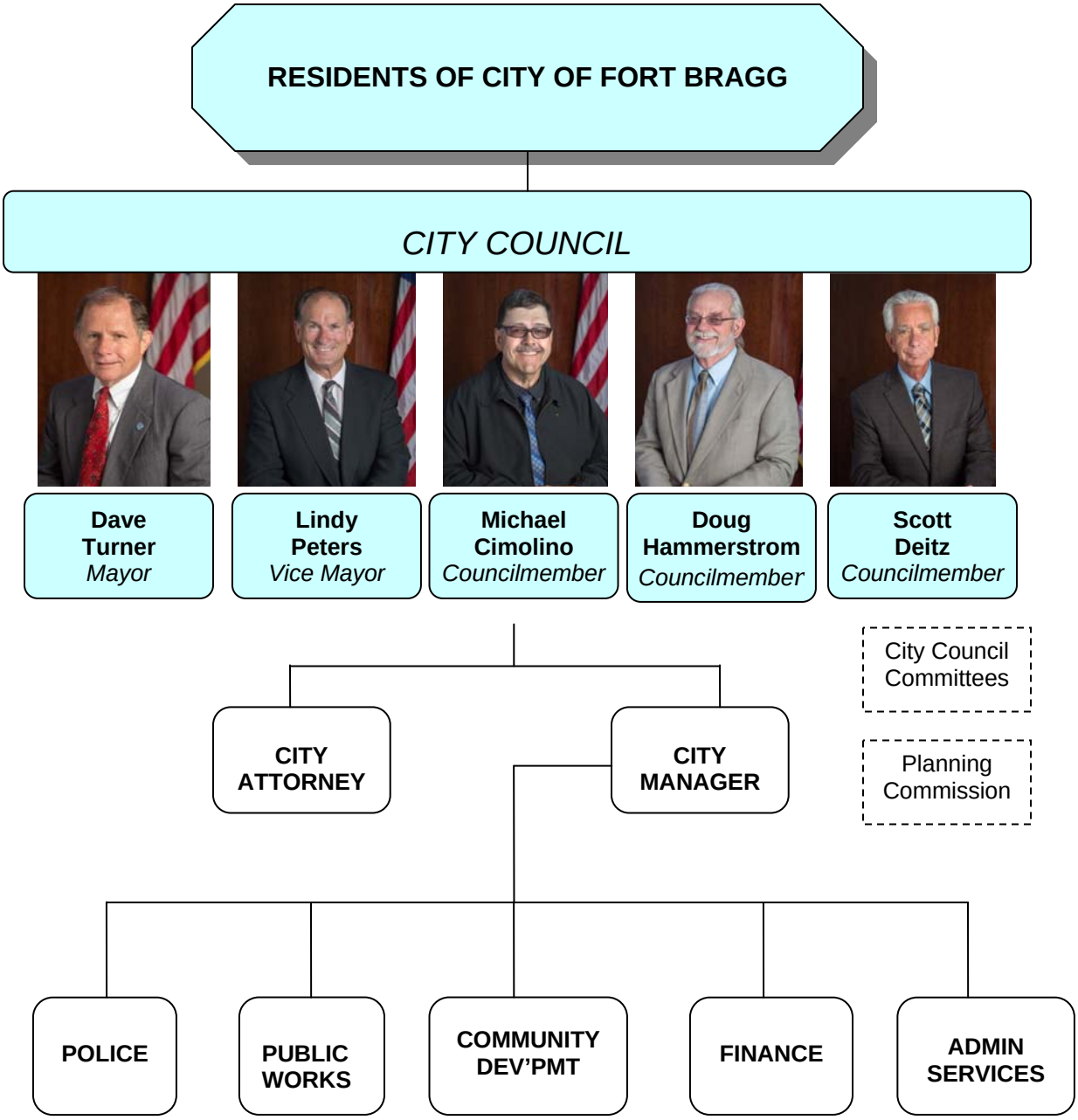
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Preparation of this comprehensive annual financial report could not have been accomplished on a timely basis without the support and cooperation of many members of the City of Fort Bragg staff. Special recognition is given to the Finance Department staff and especially to Finance Director Victor Damiani. Their efforts made it possible to improve the quality of the information being reported to the citizens, the City Council, and other users on a timely basis. Appreciation is also expressed to the Mayor, the City Council, and the City Manager for their interest and support in planning and conducting the financial activities of the City in a responsible and responsive manner.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2015

Organization Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Bragg

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Emer

Executive Director/CEO

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FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

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JJACPA, Inc.
A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Fort Bragg
Fort Bragg, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Fort Bragg, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–17, the Other Post Employment Benefits Schedule of Funding Progress on page 102, the City's Schedules of Contributions on pages 103-107, and the Schedules of the City's proportionate Share of the Net Pension Liability on pages 102-112, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the introductory section and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it

Implementation of New Accounting Standards

As disclosed in the Note 1(J) to the financial statements, the City implemented GASB Statement No. 68*, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, Pension *Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

JJACPA, Inc.

December 31, 2015

JJACPA, Inc.
Dublin, CA

Management's Discussion and Analysis

This section provides a narrative overview and analysis of the financial activities of the City of Fort Bragg (City) for the fiscal year ended June 30, 2015. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's Net Position increased $31k to $72.4 million. Although Net Position in total changed only slightly year over year, several factors are notable and are discussed in more detail subsequently in the analysis.
- At the close of the most recent fiscal year the City's governmental funds reported combined fund balances of $7.8 million, an increase of $60k in comparison with the prior fiscal year. Approximately 43% of combined fund balance at June 30, 2015, ($3.4 million) is available for spending at the government's discretion (*unassigned fund balance).* The balance of the General Fund increased $138k to $4.8 million.
- The Budget vs. Actual variance for the General Fund was $1 million.
- The Water Enterprise Net Position increased $400k and the Wastewater Enterprise Net Position increased $450k while the C.V. Starr Center Net Position decreased $588k. The most significant draw on C.V. Starr Net Position is the non-cash item depreciation ($729k). The Center increased cash by $40k for the year.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

1) **Introductory section**, which includes the Transmittal Letter and general information; and,

2) **Financial section**, which includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements, and Combining and Individual Fund Financial Statements and Schedules.

3) **Statistical section**, which includes detailed information as a context for understanding what the information in the financial statements, and footnotes says about the City's overall financial health.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and comprise the Statement of Net position and the Statement of Activities. The Statement of Net position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net position for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

- ***Governmental activities*** – All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works and administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.

- ***Business-type activities*** – All the City's enterprise activities are reported here, including Water, Sewer, and the C.V. Starr Center. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2015, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- General Fund
- CDBG Program Income Special Revenue
- Housing Successor Agency Special Revenue
- Special Tax Special Revenue
- Street Structural Repairs Capital Projects
- Street Resurfacing Capital Projects

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2015, the City adopted annual appropriated budgets for all funds. Budgetary comparison schedules have been provided for the general fund and major governmental funds to demonstrate compliance with this budget and may be found on pages 36-38.

Proprietary funds. The City maintains Enterprise-type and Internal Service proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water, Sewer, and C.V. Starr Center activities. Internal service funds are an accounting methodology used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its building maintenance, information technology assets, and its fleet of vehicles. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for all of these operations.

PROPRIETARY FUNDS:

- Water Enterprise Fund
- Wastewater Enterprise Fund
- CV Starr Center Enterprise Fund

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 54–100 of this report. Required Supplementary Information follows the notes on page 102.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds are presented on pages 116-143 of this report. Combining statements for internal services funds are presented on pages 141-147.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $72,428,853 as of June 30, 2015. The following table represents a comparative analysis of the net assets of governmental and business-type activities as of June 30, 2015 and June 30, 2014.

Summary of Net Position

	2015			2014		
	Govern-mental Activities	Business-type Activities	Total	Govern-mental Activities	Business-type Activities	Total
Current and other assets	$ 13,367,483	$ 5,130,339	$ 18,497,822	$ 11,159,955	$ 4,516,462	$ 15,676,417
Noncurrent assets	38,284,427	33,982,412	72,266,839	32,931,212	35,044,039	67,975,251
Deferred outflows of resources	568,069	383,194	951,263	39,303	368,206	407,509
Total assets and deferred outflows of resources	52,219,979	39,495,945	90,764,661	44,130,470	39,928,707	83,651,668
Current and other liabilities	2,523,789	1,082,660	3,606,449	1,043,402	720,592	1,763,994
Long-term liabilities	9,668,276	4,455,543	14,123,819	4,924,143	4,973,573	9,897,716
Deferred inflows of resources	1,403,223	153,580	1,556,803	-	-	-
Total liabilities and deferred inflows of resources	13,595,288	5,691,783	17,730,268	5,967,545	5,694,165	11,661,710
Net position:						
Net invested in Capital Assets	35,914,130	30,047,385	65,961,515	31,943,628	30,531,093	62,474,721
Restricted	2,913,717	108,064	3,021,781	5,987,097	100,762	6,087,859
Unrestricted	(203,156)	3,648,713	3,445,557	232,200	3,602,687	3,834,887
Total net position	$ 38,624,691	$ 33,804,162	$ 72,428,853	$ 38,162,925	$ 34,234,542	$ 72,397,467

Overall, total Net Position increased by approximately $31,000. Although Net Position in total changed little year over year several factors are notable; Capital Assets increased $4.3 million primarily due to construction of the Fort Bragg Coastal Restoration and Trail project; Accounts Receivable increased $2 million due to outstanding invoices issued in connection with the Fort Bragg Coastal Restoration and Trail project and CDBG Super NOFA grants; Loans Receivable increased $1.6 million in part due to grant funded loans to Sport Chrysler, Jeep, Dodge and Mendocino Coast Hospitality Center, Inc. . Implementation of GASB 68 required the City to present long-term pension plan assets and liabilities. The net effect of GASB 68 implementation is a decrease in Net Position of $7 million. Accounts Payable increased $400,000 due primarily to construction payments due at year-end.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

A large portion (91%) of the City of Fort Bragg's net assets reflect its investment in capital assets (e.g., land, easements, buildings, machinery, and infrastructure); less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City of Fort Bragg's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted Fund Balance decreased $435k over the previous year and is now a deficit. The decrease in unrestricted Net Position is primarily the residual effects of GASB 68 implementation. GASB 68 required the City to account for and present net pension liability on the City Wide Statement of Net Position. As noted above the net amount of deferred outflows, net pension liability and deferred inflows related to GASB 68 is roughly $7 million. An otherwise strong year has reduced much of the negative effect on Net Position caused by GASB 68 implementation.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2015, and 2014, follows:

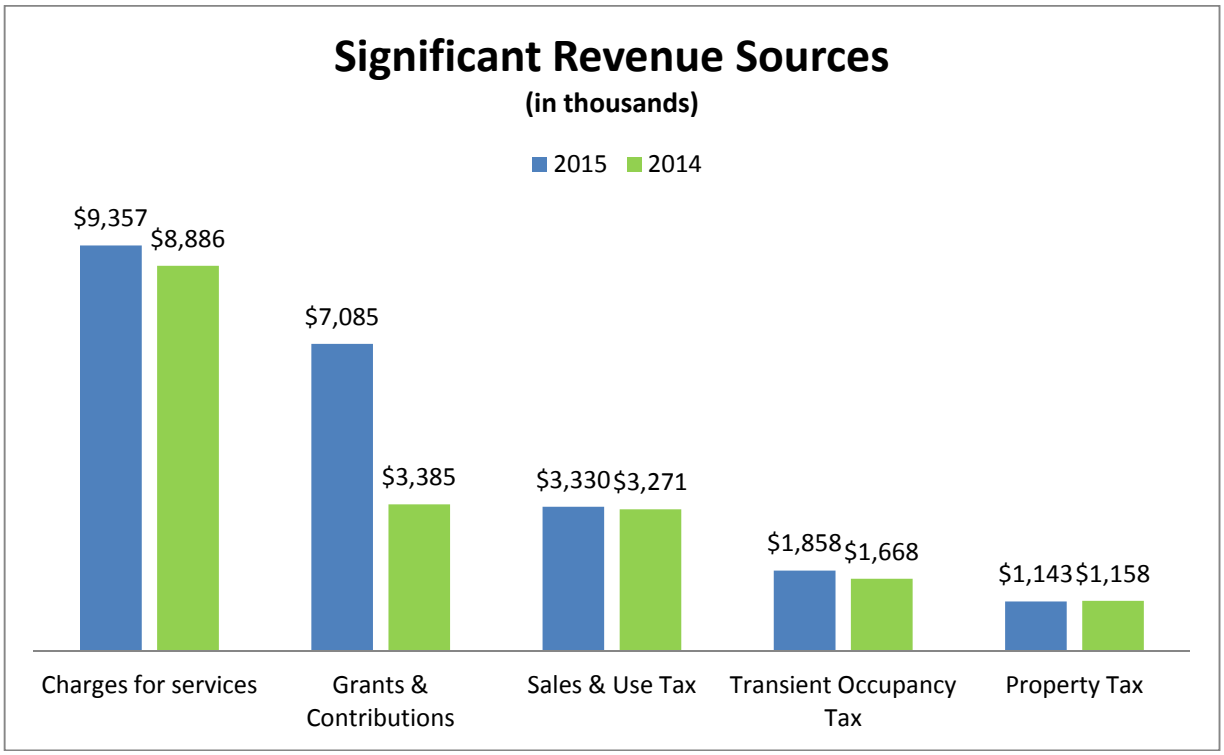
Changes in Net Position

	2015			2014		
	Govern-mental Activities	Business-type Activities	Total	Govern-mental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 2,961,325	$ 6,395,308	$ 9,356,633	$ 3,015,790	$ 5,854,822	$ 8,870,612
Grants and contributions:						
Operating	4,702,008	-	4,702,008	1,566,825	-	1,566,825
Capital	2,382,825	-	2,382,825	1,818,174	-	1,818,174
General revenues:						
Property taxes and assessments	909,374	233,861	1,143,235	943,018	215,472	1,158,490
Sales and use tax	2,523,203	806,967	3,330,170	2,460,523	810,878	3,271,401
Transient occupancy taxes	1,857,831	-	1,857,831	1,667,580	-	1,667,580
Franchise taxes	493,064	-	493,064	496,423	-	496,423
Other taxes	435,266	-	435,266	440,042	-	440,042
Use of money and property	86,501	42,043	128,544	45,071	33,116	78,187
Other general	67,153	160,975	228,128	206,914	95,247	302,161
Total revenues	16,418,550	7,639,154	24,057,704	12,660,360	7,009,535	19,669,895
Expenses:						
Governmental activities:						
General government	2,593,268	-	2,593,268	2,734,638	-	2,734,638
Public safety	3,663,063	-	3,663,063	3,867,556	-	3,867,556
Public works	2,434,526	-	2,434,526	2,964,715	-	2,964,715
Community development	840,275	-	840,275	1,458,642	-	1,458,642
Interest and fiscal charges	30,478	-	30,478	28,692	-	28,692
Business-type activities:						
Water	-	2,286,150	2,286,150	-	2,545,686	2,545,686
Wastewater	-	2,800,501	2,800,501	-	2,996,142	2,996,142
C.V. Starr Center	-	2,382,091	2,382,091	-	2,262,287	2,262,287
Total expenses	9,561,610	7,468,742	17,030,352	11,054,243	7,804,115	18,858,358
Excess (Deficiency) of revenues over expenditures before transfers	6,856,940	170,412	7,027,352	1,606,117	(794,580)	811,537
Transfer to Successor Agency	-					
Transfers	(89,366)	89,366	-	(1,342)	1,342	-
Change in net position	6,767,574	259,778	7,027,352	1,604,775	(793,238)	811,537
Net position:						
Beginning of year	38,162,925	34,234,542	72,397,467	36,558,150	35,027,780	71,585,930
Adjustments	(6,305,808)	(690,158)	(6,995,966)	-	-	-
Beginning, as adjusted	31,857,117	33,544,384	65,401,501	-	-	-
End of year	$ 38,624,691	$ 33,804,162	$ 79,424,819	$ 38,162,925	$ 34,234,542	$ 72,397,467

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were $24,057,704 for the fiscal year ended June 30, 2015, which represents a 26% increase over the previous fiscal year. Significant revenues for the City for fiscal year 2014/2015 were derived from charges for services (39%) grants and contributions (29%), sales and use tax (14%), transient occupancy tax (8%) and property tax (5%).



Following is a discussion of variances in key revenues from the prior fiscal year:

1. **Charges for Services.** Charges for Services increased $522,606 or 6%. Charges for Services for governmental activities is made up mostly of salary, benefit and overhead charges to the business-type activities as well as charges to various grants for staff time and administrative costs. Charges for Services for the business-type activities are comprised largely of direct charges to consumers. A drop of $17,880 is attributable to Governmental Activities and an increase of $540,486 is attributable to Business-type Activities. The increase in business-type Charges for Services is related to scheduled rate increases.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

2. **Grants and Contributions.** Annual receipts increased by $4.2 million, or 146%. The increase in grants and contributions results primarily from grant revenue received related to the Fort Bragg Coastal Restoration and Trail project.

3. **Sales and Use Tax.** Sales and use taxes increased by $52,536, or 2%. Due to the nature of the City's tourist industry, one might expect sales and use tax to move in tandem with Transient Occupancy Tax (TOT). Decreases in the price of fuel and increased internet sales however, may explain why this category is increasing at a slower pace than TOT.

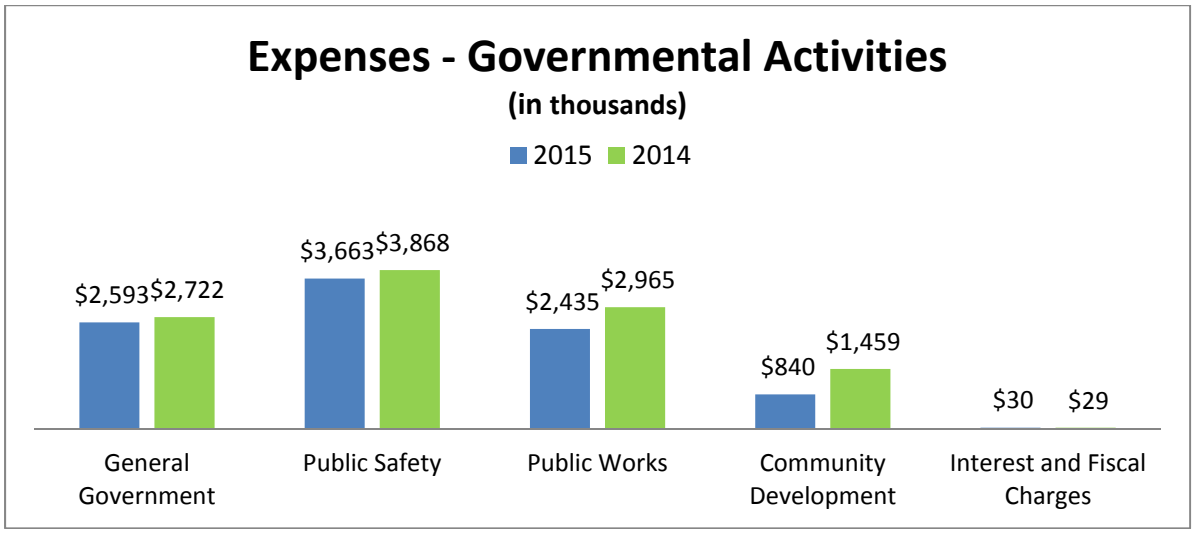
4. **Transient Occupancy Tax.** Annual receipts increased by $190,251, or 11%. TOT continues to be a strong revenue source for the City as expected since the City is a popular tourist destination.

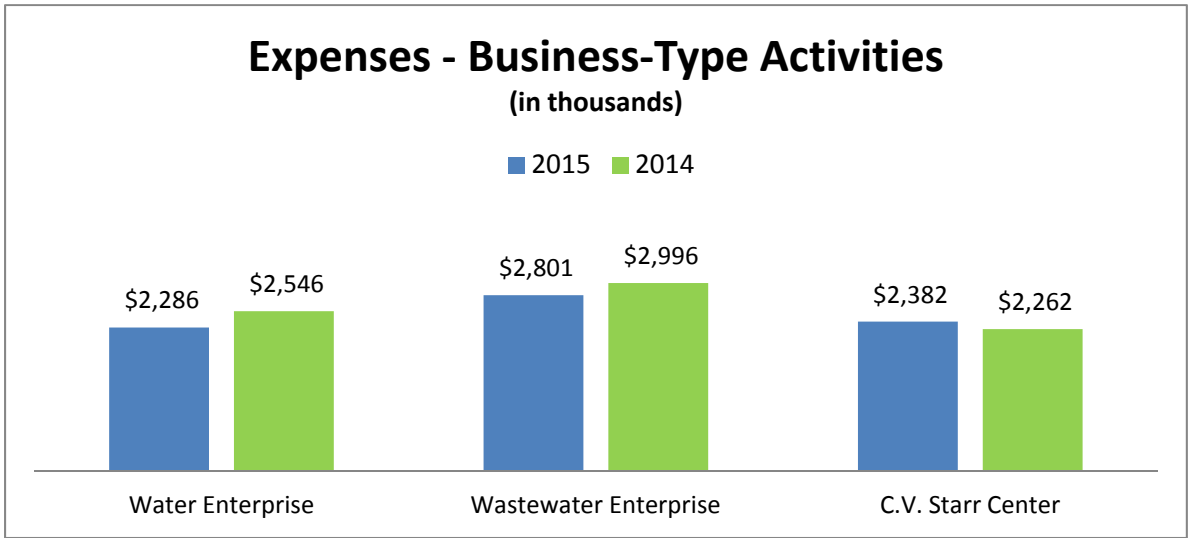
5. **Property Tax.** Property taxes decreased by $15,257 or 1% and remained essentially flat.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and business-type activity expenses of the City for the year totaled $17,030,352 which represents a 10% decrease over the previous fiscal year. Governmental activity expenses totaled $9,561,610 or 56% of total expenses. Public safety costs represented 38% of total governmental activities expenses, followed by general government (27%) and public works (25%). Business-type activities incurred $7,468,742 of expenses during the fiscal year or 44%.





GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Following is a discussion of significant variances in key expense categories from the prior fiscal year:

1. **General Government**. Year over Year general government expenses decreased $141,370 or 5%. The decrease is the result of various factors; Allocations to the Internal Service Funds decreased by $100k. Net Pension Plan obligations are new in FY2015 in the amount of $41k (see reconciliation page 34)

2. **Public Safety**. Expenses decreased $204,493 or 5%. The decrease is primarily due to the purchase of a fire vehicle in FY13-14 ($193k). No such vehicle was required or purchased in FY14-15 and therefore vehicle costs went down.

3. **Community Development**. Expenses decreased $622,483 or 43%. The decrease is the result of several factors; the Harrison Street Rehabilitation project from FY13-14 had $637,084 of costs however the project had no activity in FY14-15.

4. **Public Works**. Expenses decreased $529,925 or 18%. The decrease is the result of several factors. Salaries, Wages & Benefits were down $114k which was offset by increased professional services of $131k. The purchase of multiple vehicles caused fleet costs to be up $54k. Infrastructure costs were up $27k due to sidewalk and curb replacements. Additionally, Landfill post closure liability increased ($276k) as better information led to a better estimate of the liability. Lastly, depreciation increased $138k due to re-classifications of assets.

5. **Water Enterprise.** Expenses decreased $259,536 or 10%. The decrease is the result of various factors. The required participation rate in Internal Service funds decreased approximately $75k, cost savings related to the 2014 bond refunding were approximately $99k and cost savings of approximately $68k were realized in the areas of contractual services and materials and supplies.

6. **Wastewater Enterprise.** Expenses decreased $195,461 or 7%. The decrease is the result of various factors. The required participation rate in Internal Service Funds decreased approximately $107k and $62k in savings were realized in contractual services due to a lower volume of wastewater sludge requiring transport.

7. **C.V. Starr Center.** Expenses increased $119,804 or 5% resulting from increased personnel costs as vacant positions were filled and required equipment maintenance costs. Increases were offset somewhat with savings in utilities costs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2015, and 2014, are as follows:

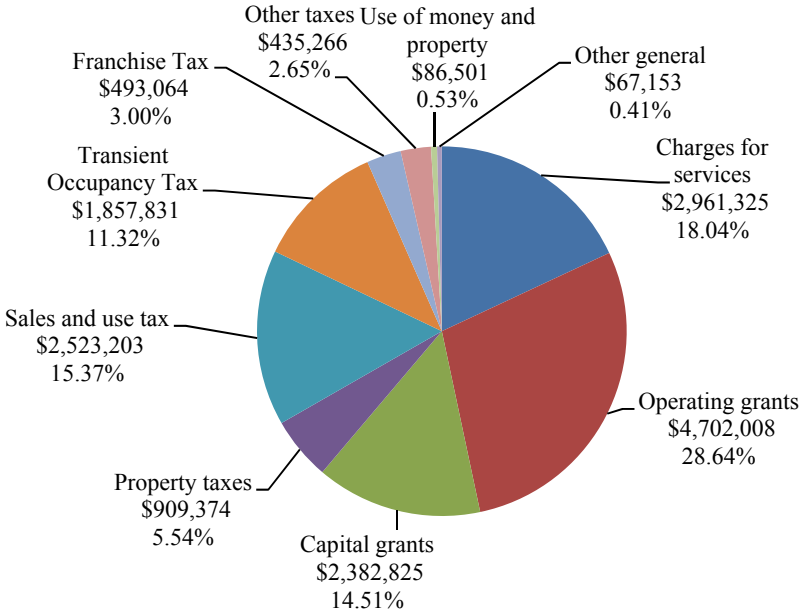
	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	$ 2,593,268	$ (573,377)	$ 1,500,393	$ (1,446,457)
Public safety	3,663,063	3,245,094	3,850,907	1,302,883
Public works	2,434,526	1,747,520	2,175,857	3,580,404
Community development	840,275	(4,934,263)	3,485,109	1,174,648
Interest and fiscal charges	30,478	30,478	41,977	41,977
Total	$ 9,561,610	$ (484,548)	$ 11,054,243	$ 4,653,455

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

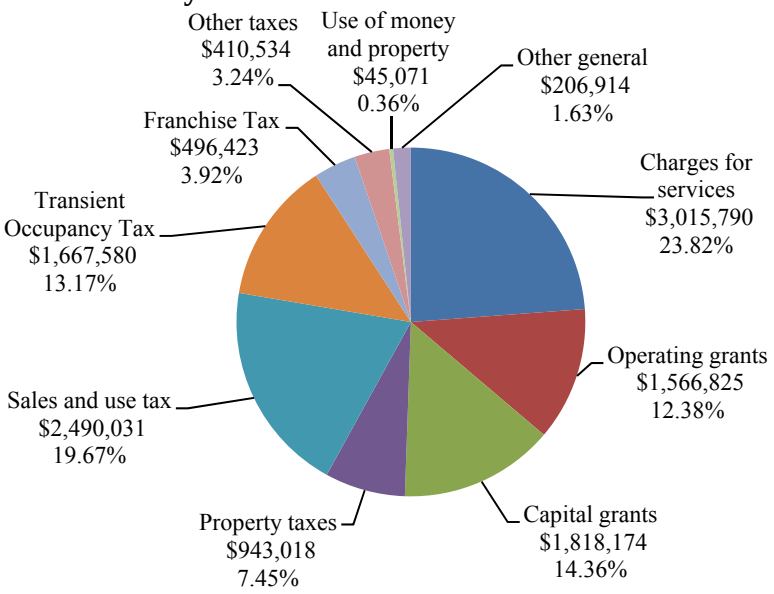
Governmental Activities, continued

Revenues by source for the fiscal years ended June 30, 2015, and 2014, are as follows:

Revenues by Source - Governmental Activities 2015



Revenues by Source - Governmental Activities 2014



GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type Activities

Business-type activities have increased the City's net position by $259,778. The City has three business-type activities: Water, Wastewater and the C.V. Starr Center.

The Water enterprise increased 16% to $2.8 million; the Wastewater enterprise Net Position increased 7% from $7.2 million to $7.7 million and the C.V. Starr Center Net Position decreased 2.5% to $23.9 million.

Both the Water and Wastewater enterprises implemented a revised rate structure on July 1, 2013, based on a re-evaluation of the costs associated with each use class. The revised rate structures were also intended to encourage conservation by residential and commercial rate payers through the establishment of consumption tiers. The changes in the rate structures resulted in increased revenues from water and wastewater activity charges for services in fiscal year 2013-2014. However, due to errors in the development of the tiers, revenues did not meet expectations. Revised rates were implemented in August, 2014 and contributed to increased net position in fiscal year 2014-2015.

Water operating revenues exceeded operating expenditures by $356,533, primarily due to increased rates as mentioned previously. This is a significant improvement over last year's $47,736 loss. After non-operating revenues, non-operating expenses and transfers are accounted for the change in net position improves further to $399,388.

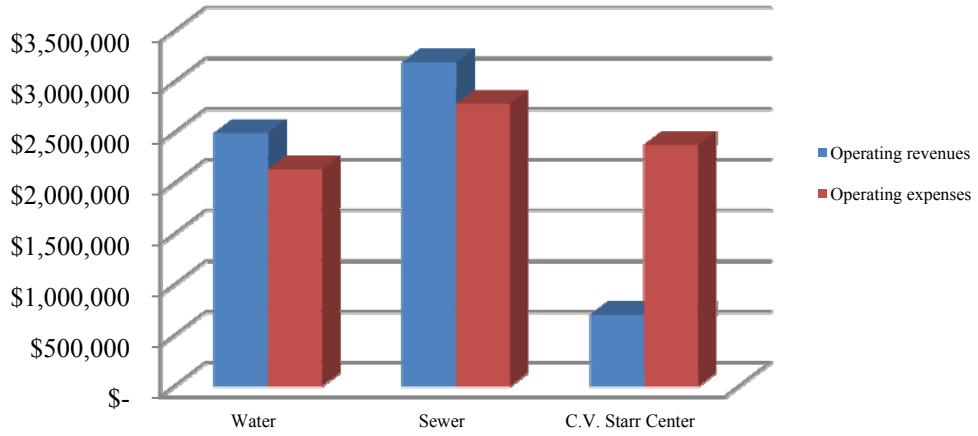
Wastewater operating revenues exceeded operating expenditures by $410,104 again due primarily to the previously mentioned rate increases. This is a significant improvement over last year's $26,678 net income. After non-operating revenues, non-operating expenses and transfers are accounted for the change in net position improves further to $448,465.

The operation of the C. V. Starr Center is contracted to the Mendocino Coast Recreation and Park District and is supported by property and sales tax and user fees. The C.V. Starr Center operating expenditures exceeded operating revenue by $1.7 million. This operating loss is offset to some extent by non-operating revenue including the tax revenue mentioned above, with the resulting change in Net Position a decrease of $588k. The decrease however includes a significant non- cash expense – depreciation. Depreciation expense for the C.V. Starr Center totaled $729k.

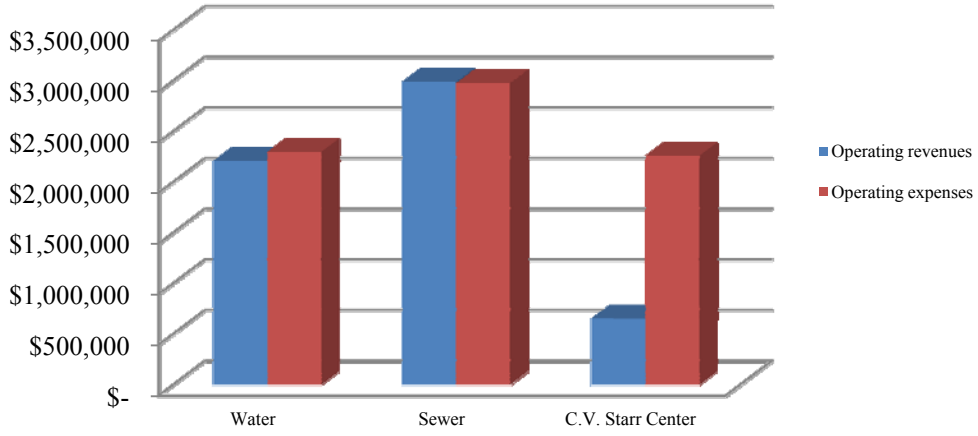
GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type Activities, continued

Operating Revenues and Expenses
Business-type Activities
2015



Operating Revenues and Expenses
Business-type Activities
2014

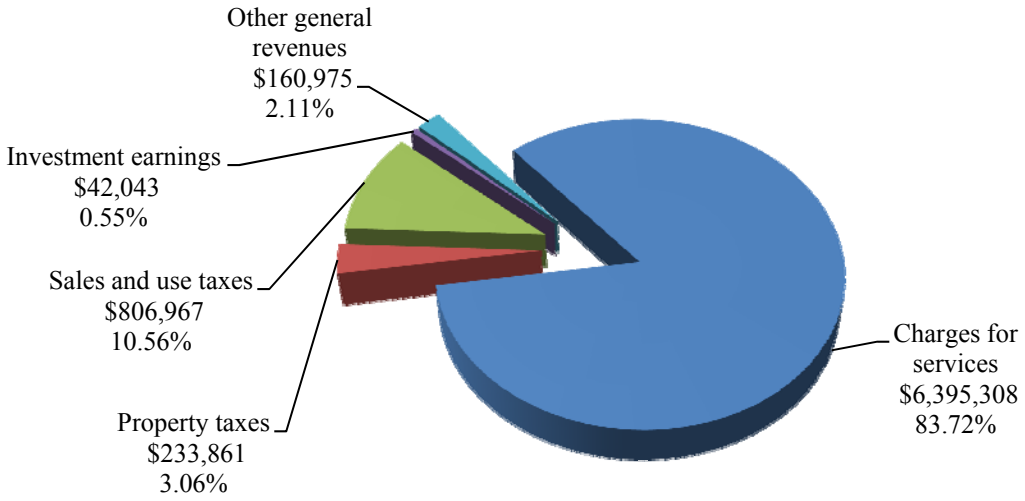


GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

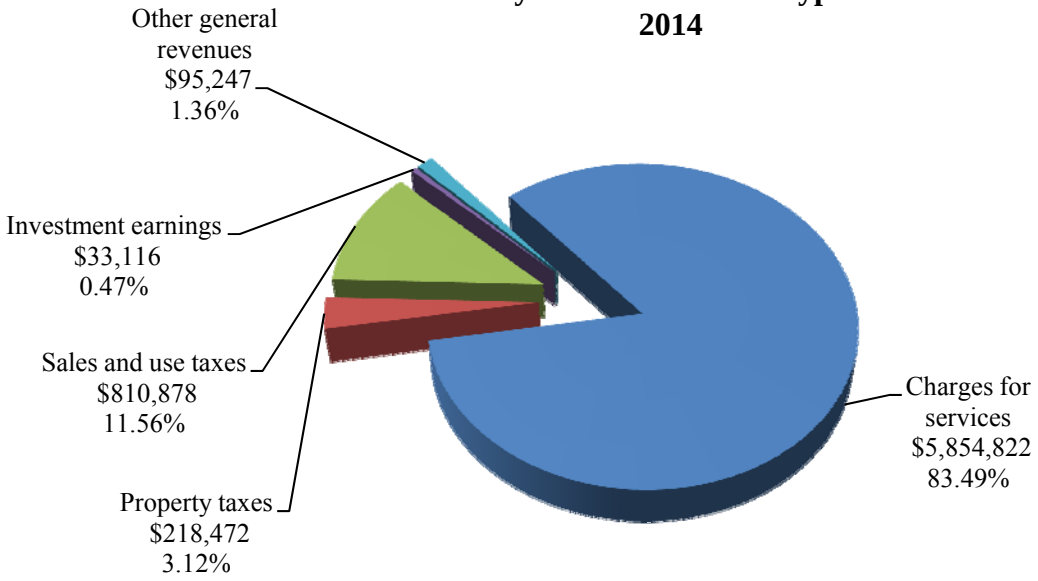
Business-type Activities, continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2015, and 2014, are as follows:

Revenues by Source - Business-type Activities
2015



Revenues by Source - Business-type Activities
2014



GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

The City of Fort Bragg uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2015, the City's governmental funds reported combined fund balances of $7,836,803. This is an increase of $60k from last year, essentially flat.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2015, General Fund unassigned fund balance totaled $4,552,764. This is an increase of $118k from the prior year. The increase results from increased revenues and lower than expected expenditures.

Proprietary funds. The City's proprietary funds unrestricted net position increased by $259,778 in the fiscal year ended June 30, 2015. Further detail on the change in net position may be found in the section titled **Business-type Activities** on page 16.

General Fund Budgetary Highlights

The difference between the final budget and actual revenues differs favorably by $1,020,770, or 11% of budget. The City generated revenues in excess of budgeted revenue by $602k due to strong showings in Transient Occupancy Tax and Charges for Services. Expenditures were held below budget by $759k with savings across all categories.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amount to $72,266,839. This investment in capital assets includes land, construction in progress costs, buildings, machinery and equipment, infrastructure and land improvements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Capital Assets, Continued

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	$ 12,952,262	$ 12,952,262	$ 785,079	$ 785,079	$ 13,737,341	$ 13,737,341
Construction in progress	2,838,177	652,709	469,938	329,142	3,308,115	981,851
Buildings	1,997,364	1,831,738	23,605,816	24,123,575	25,603,180	25,955,313
Machinery, equipment and vehicles	198,957	174,073	1,984,779	2,116,197	2,183,736	2,290,270
Infrastructure	20,297,667	17,320,430	6,761,707	7,690,047	27,059,374	25,010,477
Land improvements	-	-	375,093	-	375,093	-
Total	$ 38,284,427	$ 32,931,212	$ 33,982,412	$ 35,044,040	$ 72,266,839	$ 67,975,252

There was an increase in capital assets of $4.3 million primarily due to construction of the Fort Bragg Coastal Restoration and Trail project offset somewhat by depreciation expense.

Economic Outlook

At the time of budget preparation for FY 2015/16, the economic outlook for the City continued to be stable. The General Fund Budget for FY 2015/16 of approximately $8.9 million was adopted in June of 2015. Particularly positive revenue categories are charges for services and sales and use tax which have shown slow but steady growth over the past three years. Also Transient Occupancy Taxes have been exceptionally strong, with an 11% increase in FY14-15.

The FY 2015/16 budget continues the practice of conservative revenue estimates, especially in the General Fund. Overall, the FY 2015/16 Adopted Budget anticipates increases in most revenues. For the General Fund this translates into a projected 10% increase over FY 2014/15 revenues. The City continues to replenish its reserves at target levels.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and government regulators with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Additional information may be found on our website at www.fortbragg.com. Below is the contact address for questions about the report or requests for additional financial information.

City of Fort Bragg
Finance Department
416 No. Franklin St.
Fort Bragg, CA 95437
707-961-2825

BASIC FINANCIAL STATEMENTS

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City of Fort Bragg, California
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 6,723,639	$ 4,311,419	$ 11,035,058
Restricted cash and investments	-	108,064	108,064
Receivables:			
Accounts	3,784,326	767,744	4,552,070
Loans/Notes receivable	2,616,727	-	2,616,727
Internal balances	123,189	(123,189)	-
Due from fiduciary activities	37,766	-	37,766
Inventory	81,836	66,301	148,137
Total current assets	13,367,483	5,130,339	18,497,822
Capital assets:			
Nondepreciable	15,790,439	1,255,017	17,045,456
Depreciable	22,493,988	32,727,395	55,221,383
Total assets	51,651,910	39,112,751	90,764,661
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	535,408	58,599	594,007
Deferred loss on debt refunding	32,661	324,595	357,256
Total deferred outflows of resources	568,069	383,194	951,263
Total assets and deferred outflows	$ 52,219,979	$ 39,495,945	$ 91,715,924
LIABILITIES			
Accounts payable and accrued liabilities	1,627,649	233,804	1,861,453
Due to fiduciary activities	-	15,533	15,533
Interest payable	2,486	23,158	25,644
Unearned revenue	-	49,576	49,576
Deposits payable	29,547	195,780	225,327
Compensated absences - current portion	439,685	72,679	512,364
Due within one year	424,422	487,559	911,981
Total current liabilities	2,523,789	1,078,089	3,601,878
Long-term liabilities:			
Compensated absences	-	13,780	13,780
Lease payable	538,671	-	538,671
Landfill post-closure	1,945,875	-	1,945,875
Due after one year	-	3,855,738	3,855,738
CalPERS side fund	872,177	-	872,177
Net OPEB obligation	915,415	-	915,415
Net pension liability	5,396,138	590,596	5,986,734
Total noncurrent liabilities	9,668,276	4,460,114	14,128,390
Total liabilities	12,192,065	5,538,203	17,730,268
DEFERRED INFLOWS OF RESOURCES			
Pension plan	1,403,223	153,580	1,556,803
Total deferred inflows of resources	1,403,223	153,580	1,556,803
NET POSITION			
Net investment in capital assets	35,914,130	30,047,385	65,961,515
Restricted for:			
Gas Tax	67,641	-	67,641
State and Federal Grants	34,922	-	34,922
Special Sales Tax	2,189,417	-	2,189,417
Asset Forfeiture	621,737	-	621,737
Debt Service	-	108,064	108,064
Unrestricted	(203,156)	3,648,713	3,445,557
Total net position	38,624,691	33,804,162	72,428,853
Total liabilities, deferred inflows and net position	$ 52,219,979	$ 39,495,945	$ 91,715,924

The accompanying notes are an integral part of these basic financial statements.

City of Fort Bragg, California

Statement of Activities

For the year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 2,593,268	$ 2,808,727	$ 357,918	$ -
Public safety	3,663,063	50,157	367,812	-
Public works	2,434,526	102,391	226,343	358,272
Community development	840,275	50	3,749,935	2,024,553
Interest and fiscal charges	30,478	-	-	-
Total governmental activities	9,561,610	2,961,325	4,702,008	2,382,825
Business-type activities:				
Water	2,286,150	2,495,613	-	-
Sewer	2,800,501	3,194,149	-	-
CV Starr Center	2,382,091	705,546	-	-
Total business-type activities	7,468,742	6,395,308	-	-
Total primary government	$ 17,030,352	$ 9,356,633	$ 4,702,008	$ 2,382,825

General revenues:
- Taxes:
  - Property taxes, levied for general purposes
  - Sales and use taxes
  - Transient occupancy tax, levied for general purposes
  - Franchise taxes
  - Other taxes
- Use of money and property
- Other general revenues
  - Total general revenues
- Transfers
  - Total general revenues and transfers

Change in net position

Net position:
- Beginning of year
- Adjustments
- Beginning, as adjusted
- End of year

The accompanying notes are an integral part of these basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	**Business-Type Activities**	**Totals**
$ 573,377	$ -	$ 573,377
(3,245,094)	-	(3,245,094)
(1,747,520)	-	(1,747,520)
4,934,263	-	4,934,263
(30,478)	-	(30,478)
484,548	-	484,548
-	209,463	209,463
-	393,648	393,648
-	(1,676,545)	(1,676,545)
-	(1,073,434)	(1,073,434)
484,548	(1,073,434)	(588,886)
909,374	233,861	1,143,235
2,523,203	806,967	3,330,170
1,857,831	-	1,857,831
493,064	-	493,064
435,266	-	435,266
86,501	42,043	128,544
67,153	160,975	228,128
6,372,392	1,243,846	7,616,238
(89,366)	89,366	-
6,283,026	1,333,212	7,616,238
6,767,574	259,778	7,027,352
38,162,925	34,234,542	72,397,467
(6,305,808)	(690,158)	(6,995,966)
31,857,117	33,544,384	65,401,501
$ 38,624,691	$ 33,804,162	$ 72,428,853

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

Fund	Description
Governmental Funds:	Governmental funds are used for taxes and grants.
General	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
CDBG Program Income Special Revenue	Accounts for activities related to housing rehabilitation and business assistance loans provided with CDBG funding
Housing Successor Agency Special Revenue	Accounts for activities related to housing activities of the former Fort Bragg Redevelopment Agency
Special Sales Tax - Street Repair Special Revenue	Accounts for the City's Special Sales Tax for Street and Alley Repairs
Street Structural Repairs Capital Projects	Accounts for Street Structural Repairs Capital Projects Performed on a Regular Basis with Special Sales Tax for Street and Alley Repairs
Street Resurfacing Capital Projects	Accounts for Street Resurfacing Capital Projects Performed on a Regular Basis with Special Sales Tax for Street and Alley Repairs

City of Fort Bragg, California
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds		
	General Fund	CDBG Program Income Special Revenue	Housing Successor Agency Special Revenue
ASSETS			
Cash and investments	$ 1,441,172	$ -	$ 365,152
Receivables:			
Taxes	3,513	-	-
Intergovernmental	-	-	-
Loans/Notes receivable	3,648	2,346,704	266,375
Other receivable	639,274	-	-
Due from other funds	3,309,912	-	-
Due from fiduciary activities	-	-	37,766
Advances to other funds	123,189	-	-
Inventory	81,836	-	-
Total assets	$ 5,602,544	$ 2,346,704	$ 669,293
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	$ 815,208	$ -	$ -
Due to other funds	-	18,801	-
Deposits payable	29,547	-	-
Total liabilities	844,755	18,801	-
Deferred inflows of resources:			
Unavailable revenue	-	2,346,704	266,375
Total deferred inflows of resources:	-	2,346,704	266,375
Total Liabilities and deferred inflows	844,755	2,365,505	266,375
Fund balances:			
Nonspendable			
Prepaids and Inventory	81,836	-	-
Advances to other funds	123,189	-	-
Restricted	-	-	-
Assigned	-	-	402,918
Unassigned (deficit)	4,552,764	(18,801)	-
Total fund balances	4,757,789	(18,801)	402,918
Total liabilities, deferred inflows and fund balances	$ 5,602,544	$ 2,346,704	$ 669,293

The accompanying notes are an integral part of these basic financial statements.

Major Funds				
Special Sales Tax Special Revenue	Street Structural Repairs Capital Projects	Street Resurfacing Capital Projects	Nonmajor Governmental Funds	Totals
$ 2,051,817	$ -	$ -	$ 1,647,415	$ 5,505,556
-	-	-	-	3,513
137,600	-	-	2,964,316	3,101,916
-	-	-	-	2,616,727
-	-	-	39,623	678,897
-	-	-	-	3,309,912
-	-	-	-	37,766
-	-	-	-	123,189
-	-	-	-	81,836
$ 2,189,417	$ -	$ -	$ 4,651,354	$ 15,459,312
$ -	$ 127,502	$ 248	$ 609,541	$ 1,552,499
-	2,466	24,983	3,263,662	3,309,912
-	-	-	-	29,547
-	129,968	25,231	3,873,203	4,891,958
-	-	-	117,472	2,730,551
-	-	-	117,472	2,730,551
-	129,968	25,231	3,990,675	7,622,509
-	-	-	-	81,836
-	-	-	-	123,189
2,189,417	-	-	724,300	2,913,717
-	-	-	919,147	1,322,065
-	(129,968)	(25,231)	(982,768)	3,395,996
2,189,417	(129,968)	(25,231)	660,679	7,836,803
$ 2,189,417	$ -	$ -	$ 4,651,354	$ 15,459,312

City of Fort Bragg, California

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2015

Total fund balances - total governmental funds		$ 7,836,803
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		38,044,564
Deferred outflows of resources represent losses associated with the refunding of long-term debt which are deferred and amortized over the period during which the debt is outstanding. The losses are reported as expenditures of current financial resources in governmental funds.		
Loss on refunding of debt	95,837	
Less: accumulated amortization	(63,176)	32,661
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		
Compensated absences	$ (439,685)	
Lease payable	(660,089)	
Landfill post-closure	(2,124,580)	
CalPERS side fund	(996,476)	
Net OPEB obligation	(915,415)	
Net pension liability	(5,396,138)	(10,532,383)
Governmental funds notes receivable from various loan programs are deferred under the current financial resources measurement focus. The notes receivable are recognized in the government-wide Statement of Net Position under the accrual basis of accounting.		2,730,551
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		(2,486)
Pension obligations result in deferred outflows and inflows of resouces associated with the actuarial value of contributions, assets, and liaiblities		
Deferred outflows	535,408	
Deferred inflows	(1,403,223)	(867,815)
Internal services funds are used by management to charge the costs of certain activities, such as fleet services, to individual funds. The assets and liabilities of the internal service funds are:		
Current assets	1,218,083	
Noncurrent assets	239,863	
Accounts payable and accrued liabilities	(75,150)	
Noncurrent liabilities	-	1,382,796
Net Position of governmental activities		$ 38,624,691

The accompanying notes are an integral part of these basic financial statements.

City of Fort Bragg, California

Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

Governmental Activities

June 30, 2015

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	$ 5,505,556	$ -	$ -	$ 1,218,083	$ 6,723,639
Restricted cash and investments	-	-	-	-	-
Receivables:					
Taxes	3,513	-	-	-	3,513
Interest	-	-	-	-	-
Intergovernmental	3,101,916	-	-	-	3,101,916
Loans/Notes receivable	2,616,727	-	-	-	2,616,727
Other receivable	678,897	-	-	-	678,897
Due from other funds	3,309,912	(3,309,912)	-	-	-
Due from fiduciary activities	37,766	-	-	-	37,766
Advances to other funds	123,189	(123,189)	-	-	-
Internal balances	-	123,189	-	-	123,189
Inventory	81,836	-	-	-	81,836
Total current assets	15,459,312	(3,309,912)	-	1,218,083	13,367,483
Noncurrent assets:					
Capital assets, net	-	-	38,044,564	239,863	38,284,427
Total noncurrent assets	-	-	38,044,564	239,863	38,284,427
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	-	535,408	-	535,408
Deferred loss on refunding	-	-	32,661	-	32,661
Total assets and deferred outflows of resources	$ 15,459,312	$ (3,309,912)	$ 38,612,633	$ 1,457,946	$ 52,219,979
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	$ 1,552,499	$ -	$ -	$ 75,150	$ 1,627,649
Interest payable	-	-	2,486	-	2,486
Due to other funds	3,309,912	(3,309,912)	-	-	-
Deposits payable	29,547	-	-	-	29,547
Compensated absences - current portion	-	-	439,685	-	439,685
Due within one year	-	-	424,422	-	424,422
Total current liabilities	4,891,958	(3,309,912)	866,593	75,150	2,523,789
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	-	-	-
Lease payable	-	-	538,671	-	538,671
Landfill post-closure	-	-	1,945,875	-	1,945,875
CalPERS side fund	-	-	872,177	-	872,177
Net OPEB obligation	-	-	915,415	-	915,415
Net pension liability	-	-	5,396,138	-	5,396,138
Total noncurrent liabilities	-	-	9,668,276	-	9,668,276
Total liabilities	4,891,958	(3,309,912)	10,534,869	75,150	12,192,065
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,730,551	-	(2,730,551)	-	-
Pension Plan	-	-	1,403,223	-	1,403,223
Total liabities and deferred inflows:	7,622,509	(3,309,912)	9,207,541	75,150	13,595,288
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	205,025	(205,025)	-	-	-
Restricted	2,913,717	(2,913,717)	-	-	-
Assigned	1,322,065	(1,322,065)	-	-	-
Unassigned (deficit)	3,395,996	(3,395,996)	-	-	-
					-
Net position:					-
Net investment in capital assets	-	-	35,674,267	239,863	35,914,130
Restricted	-	-	2,913,717	-	2,913,717
Unrestricted	-	7,836,803	(9,182,892)	1,142,933	(203,156)
Total fund balances/net position	7,836,803	-	29,405,092	1,382,796	38,624,691
Total liabilities, deferred inflows and net position	$ 15,459,312	$ (3,309,912)	$ 38,612,633	$ 1,457,946	$ 52,219,979

The accompanying notes are an integral part of these basic financial statements.

City of Fort Bragg, California

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2015

	Major Funds		
	General Fund	CDBG Program Income Special Revenue	Housing Successor Agency Special Revenue
REVENUES:			
Taxes and assessments	$ 4,902,171	$ -	$ -
Licenses and permits	253,970	-	-
Fines and forfeitures	17,201	-	-
Intergovernmental	-	-	-
Use of money and property	33,101	49,715	6,263
Charges for services	417,374	-	-
Reimbursements	2,929,978	-	-
Other revenues	59,068	-	-
Total revenues	8,612,863	49,715	6,263
EXPENDITURES:			
Current:			
General government	2,875,646	-	-
Public safety	3,521,118	-	-
Public works	1,448,279	-	-
Community development	369,180	-	-
Capital outlay	-	-	-
Debt service:			
Principal	116,542	-	-
Interest and fiscal charges	31,027	-	-
Total expenditures	8,361,792	-	-
REVENUES OVER (UNDER) EXPENDITURES	251,071	49,715	6,263
OTHER FINANCING SOURCES (USES):			
Transfers in	-	(20,344)	-
Transfers out	(112,992)	(108,300)	-
Total other financing sources (uses)	(112,992)	(128,644)	-
Net change in fund balances	138,079	(78,929)	6,263
FUND BALANCES (DEFICITS):			
Beginning of year	4,619,710	60,128	396,655
End of year	$ 4,757,789	$ (18,801)	$ 402,918

The accompanying notes are an integral part of these basic financial statements.

Major Funds				
Special Sales Tax Special Revenue	Street Structural Repairs Capital Projects	Street Resurfacing Capital Projects	Other Governmental Funds	Totals
$ -	$ -	$ -	$ 47,226	$ 4,949,397
-	-	-	-	253,970
-	-	-	160,758	177,959
837,087	-	-	6,626,133	7,463,220
17,938	-	-	13,288	120,305
-	-	-	39,194	456,568
-	-	-	-	2,929,978
-	-	-	9	59,077
855,025	-	-	6,886,608	16,410,474
-	-	-	71	2,875,717
8,236	-	-	51,416	3,580,770
-	-	-	2,021,329	3,469,608
-	-	-	464,453	833,633
-	156,611	25,231	4,875,786	5,057,628
		-		
-	-	-	-	116,542
-	-	-	-	31,027
8,236	156,611	25,231	7,413,055	15,964,925
846,789	(156,611)	(25,231)	(526,447)	445,549
163,000	75,761	-	5,464,831	5,683,248
(55,541)	(49,118)	(163,000)	(5,579,747)	(6,068,698)
107,459	26,643	(163,000)	(114,916)	(385,450)
954,248	(129,968)	(188,231)	(641,363)	60,099
1,235,169	-	163,000	1,302,042	7,776,704
$ 2,189,417	$ (129,968)	$ (25,231)	$ 660,679	$ 7,836,803

City of Fort Bragg, California

Reconciliation of Fund Basis Statements to Government-wide Statement of Activities

For the year ended June 30, 2015

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt Service	Internal Service	Depreciation	Capital Asset (Additions)/ Retirements	OPEB Obligation	Amortization	Pension plan	Government-wide Totals
Governmental activities:									
General government	$ 2,875,717	$ 20,006	$ (242,833)	$ 82,243	$ -	$(100,010)	$ -	$ (41,855)	$ 2,593,268
Public safety	3,580,770	-	-	82,293	-	-	-	-	3,663,063
Public works	3,469,608	(542,405)	-	724,384	(1,217,061)	-	-	-	2,434,526
Community development	833,633	-	-	-	-	-	6,642	-	840,275
Capital outlay	5,057,628	-	-	-	(5,057,628)	-	-		-
Debt service/Interest	147,569	(117,091)	-	-	-	-	-	-	30,478
Total governmental activities	$ 15,964,925	$ (639,490)	$ (242,833)	$ 888,920	$ (6,274,689)	$(100,010)	$ 6,642	$ (41,855)	$ 9,561,610

The accompanying notes are an integral part of these basic financial statements.

City of Fort Bragg, California

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2015

Net change in fund balances - total governmental funds		$ 60,099
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	$ 6,274,689	
Depreciation expense	(888,920)	5,385,769
Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued.		8,076
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Capital lease obligations	116,542	
CalPERS side fund	46,872	163,414
Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized and amortized on the Statement of Net Position. This is the amount of amortization in the current period.		
Amortization of deferred loss on refunding	(6,642)	(6,642)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in interest payable	549	
Landfill closure liability	542,405	
Change in compensated absences	(66,878)	476,076
Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Position:		
Net OPEB obligation	100,010	
Net Pension obligation	41,855	141,865
Internal services funds are used by management to charge the costs of certain activities, such as fleet services, to individual funds. The change in Net Position of the Internal Service Funds net of transfers out of $514,020 are included in the governmental activities in the government-wide Statement of Net Position less amounts due to the change in net investment in capital assets of $(130,926) reported above for capital assets.	538,917 -	538,917
Change in Net Position of governmental activities		$ 6,767,574

The accompanying notes are an integral part of these basic financial statements.

City of Fort Bragg, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General and Major Special Revenue Funds

For the year ended June 30, 2015

	General Fund			
	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes and assessments	$ 4,651,129	$ 4,651,129	$ 4,902,171	$ 251,042
Licenses and permits	251,845	251,845	253,970	2,125
Fines and forfeitures	15,100	15,100	17,201	2,101
Intergovernmental	-	-	-	-
Use of money and property	37,000	37,000	33,101	(3,899)
Charges for services	132,875	132,875	417,374	284,499
Reimbursements	2,848,303	2,848,303	2,929,978	81,675
Other revenues	75,000	75,000	59,068	(15,932)
Total revenues	8,011,252	8,011,252	8,612,863	601,611
EXPENDITURES:				
Current:				
General government	2,914,290	3,094,722	2,875,646	219,076
Public safety	3,621,908	3,693,185	3,521,118	172,067
Public works	1,555,643	1,768,057	1,448,279	319,778
Community development	414,757	416,910	369,180	47,730
Capital outlay	-	-	-	-
Debt service:				
Principal	116,532	116,532	116,542	(10)
Interest and fiscal charges	31,037	31,037	31,027	10
Total expenditures	8,654,167	9,120,443	8,361,792	758,651
REVENUES OVER (UNDER) EXPENDITURES	(642,915)	(1,109,191)	251,071	1,360,262
OTHER FINANCING SOURCES (USES):				
Proceeds from sales of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	226,500	226,500	(112,992)	(339,492)
Total other financing sources (uses)	226,500	226,500	(112,992)	(339,492)
Net change in fund balances	(416,415)	(882,691)	138,079	1,020,770
FUND BALANCES (DEFICITS):				
Beginning of year	4,619,710	4,619,710	4,619,710	-
End of year	$ 4,203,295	$ 3,737,019	$ 4,757,789	$ 1,020,770

The accompanying notes are an integral part of these basic financial statements.

CDBG Program Income Special Revenue Fund				Housing Successor Agency Special Revenue Fund			
Budgeted Amounts			Variance w/Final Positive	Budgeted Amounts			Variance w/Final Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,750	4,750	49,715	44,965	1,160	1,160	6,263	5,103
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,750	4,750	49,715	44,965	1,160	1,160	6,263	5,103
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,750	4,750	49,715	44,965	1,160	1,160	6,263	5,103
-	-	-	-	-	-	-	-
-	-	(20,344)	(20,344)	-	-	-	-
-	-	(108,300)	(108,300)	-	-	-	-
-	-	(128,644)	(128,644)	-	-	-	-
4,750	4,750	(78,929)	(83,679)	1,160	1,160	6,263	5,103
60,128	60,128	60,128	-	396,655	396,655	396,655	-
$ 64,878	$ 64,878	$ (18,801)	$ (83,679)	$ 397,815	$ 397,815	$ 402,918	$ 5,103

City of Fort Bragg, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General and Major Special Revenue Funds

For the year ended June 30, 2015

	Special Sales Tax Special Revenue			
	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes and assessments	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	820,000	820,000	837,087	17,087
Use of money and property	7,500	7,500	17,938	10,438
Charges for services	-	-	-	-
Reimbursements	-	-	-	-
Other revenues	-	-	-	-
Total revenues	827,500	827,500	855,025	27,525
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	8,171	8,236	(65)
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	8,171	8,236	(65)
REVENUES OVER (UNDER) EXPENDITURES	827,500	819,329	846,789	27,460
OTHER FINANCING SOURCES (USES):				
Transfer to Successory Agency	-	-	-	-
Transfers in	-	-	163,000	163,000
Transfers out	(110,000)	(135,500)	(55,541)	79,959
Total other financing sources (uses)	(110,000)	(135,500)	107,459	242,959
Net change in fund balances				
FUND BALANCES (DEFICITS):				
Beginning of year	1,235,169	1,235,169	1,235,169	-
End of year	$ 1,235,169	$ 1,235,169	$ 1,235,169	$ -

ENTERPRISE FUNDS

Fund	Description
Major Funds:	
Water Fund	Accounts for the operation and maintenance of the City's water treatment and distribution system.
Sewer Fund	Accounts for the operation and maintenance of the City's wastewater treatment plant and collection facilities.
CV Starr Center	Accounts for activities related to the CV Starr Community Center.

City of Fort Bragg, California
Statement of Net Position
Proprietary Funds
June 30, 2015

	Water Fund	Sewer Fund	CV Starr Center Fund
ASSETS			
Current assets:			
Cash and investments	$ 2,363,921	$ 1,429,065	$ 518,433
Restricted cash and investments	108,064	-	-
Receivables:			
Accounts	261,487	339,436	166,266
Intergovernmental	-	-	555
Inventory and prepaids	58,035	7,820	446
Total current assets	2,791,507	1,776,321	685,700
Noncurrent assets:			
Capital assets, net	4,036,171	7,000,089	22,946,152
Total Assets	6,827,678	8,776,410	23,631,852
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	-	58,599	-
Deferred loss on debt refunding	324,595	-	-
Total assets and defered outflows of resources	$ 7,152,273	$ 8,835,009	$ 23,631,852
LIABILITIES			
Current liabilities:			
Accounts payable	$ 42,920	$ 51,380	$ 91,863
Accrued payroll	-	30,643	16,998
Due to fiduciary activities	-	15,533	-
Interest payable	20,376	2,782	-
Unearned revenue	-	36,249	13,327
Deposits payable	195,780	-	-
Compensated absences - current portion	15,834	56,845	-
Due within one year	437,559	50,000	-
Total current liabilities	712,469	243,432	122,188
Noncurrent liabilities:			
Compensated absences	-	-	13,780
Advance from other funds	-	-	123,189
Due after one year	3,651,838	160,000	43,900
Net pension liability	-	590,596	-
Total noncurrent liabilities	3,651,838	750,596	180,869
Total liabilities	4,364,307	994,028	303,057
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	-	153,580	-
Total deferred inflows of resources	-	153,580	-
NET POSITION			
Net Position:			
Net investment in capital assets	384,333	6,840,089	22,822,963
Restricted for debt service	108,064	-	-
Unrestricted	2,295,569	847,312	505,832
Total net position	2,787,966	7,687,401	23,328,795
Total liabilities, deferred inflows and net position	$ 7,152,273	$ 8,835,009	$ 23,631,852

The accompanying notes are an integral part of these basic financial statements

Totals	Governmental Activities Internal Service Funds
$ 4,311,419	$ 1,218,083
108,064	
767,189	-
555	-
66,301	-
5,253,528	1,218,083
33,982,412	239,863
39,235,940	1,457,946
58,599	-
324,595	-
$ 39,619,134	$ 1,457,946
$ 186,163	$ 67,930
47,641	7,220
15,533	-
23,158	-
49,576	-
195,780	-
72,679	-
487,559	-
1,078,089	75,150
13,780	-
123,189	
3,855,738	-
590,596	-
4,583,303	-
5,661,392	75,150
153,580	-
153,580	-
30,047,385	239,863
108,064	-
3,648,713	1,142,933
33,804,162	1,382,796
$ 39,619,134	$ 1,457,946

City of Fort Bragg, California

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the year ended June 30, 2015

	Water Fund	Sewer Fund	CV Starr Center Fund
OPERATING REVENUES:			
Charges for service	$ 2,460,658	$ 3,194,149	$ 705,546
Interdepartmental charges	-	-	-
Other operating revenue	34,955	-	-
Total operating revenues	2,495,613	3,194,149	705,546
OPERATING EXPENSES:			
Personnel services	669,320	1,127,997	956,969
Administration	636,837	785,794	21,820
Repairs and maintenance	53,894	133,670	83,269
Materials and supplies	274,495	189,140	-
Utilities	106,887	119,030	271,059
Contractual services	64,918	88,856	47,882
Insurance	-	23,821	43,042
Other operating	-	1,721	227,308
Depreciation	332,729	314,016	729,481
Total operating expenses	2,139,080	2,784,045	2,380,830
OPERATING INCOME	356,533	410,104	(1,675,284)
NONOPERATING REVENUES (EXPENSES):			
Property taxes	-	-	233,861
Sales taxes			806,967
Other nonoperating revenues	63,741	52,310	6,328
Interest revenue	27,168	12,157	2,718
Refunds and rebates	-	-	38,596
Interest expense	(147,070)	(16,456)	(1,261)
Total non-operating revenues, net	(56,161)	48,011	1,087,209
NET INCOME BEFORE TRANSFERS	300,372	458,115	(588,075)
Transfers in	1,809,025	933,394	-
Transfers out	(1,710,009)	(943,044)	-
Total transfers	99,016	(9,650)	-
CHANGE IN NET POSITION	399,388	448,465	(588,075)
NET POSITION:			
Beginning of year	2,388,578	7,929,094	23,916,870
Adjustments		(690,158)	
Beginning, as adjusted	2,388,578	7,238,936	23,916,870
End of year	$ 2,787,966	$ 7,687,401	$ 23,328,795

The accompanying notes are an integral part of these basic financial statements.

Totals	Governmental Activities Internal Service Funds
$ 6,360,353	$ -
-	1,100,543
34,955	-
6,395,308	1,100,543
2,754,286	305,644
1,444,451	102,212
270,833	86,112
463,635	147,020
496,976	-
201,656	-
66,863	-
229,029	209,115
1,376,226	32,554
7,303,955	882,657
(908,647)	217,886
233,861	-
806,967	-
122,379	-
42,043	50
38,596	-
(164,787)	-
1,079,059	50
170,412	217,936
2,742,419	1,121,915
(2,653,053)	(825,831)
89,366	296,084
259,778	514,020
34,234,542	868,776
(690,158)	
33,544,384	868,776
$ 33,804,162	$ 1,382,796

City of Fort Bragg, California

Statement of Cash Flows

Proprietary Funds

For the year ended June 30, 2015

	Water Fund	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/users for services provided	$ 2,519,078	$ 3,212,330
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(1,457,173)	(1,336,906)
Cash payments to employees for services	(667,119)	(1,110,609)
Net cash provided by operating activities	394,786	764,815
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received	1,809,025	933,394
Transfers paid	(1,710,009)	(943,044)
Grants received	-	52,310
Taxes received	-	-
Changes in net pension obligations	-	(4,581)
Nonoperating revenue received	63,741	-
Net cash used by noncapital financing activities	162,757	38,079
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
Acquisition and construction of capital assets	(180,596)	(123,455)
Principal paid on long term debt	(449,244)	(45,000)
Interest paid on long term debt	(133,996)	(17,053)
Net cash (used) by capital and related financing activities	(763,836)	(185,508)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	27,168	12,157
Net cash provided by investing activities	27,168	12,157
Net increase (decrease) in cash and cash equivalents	(179,125)	629,543
CASH AND CASH EQUIVALENTS:		
Beginning of year	2,651,110	799,522
End of year	$ 2,471,985	$ 1,429,065
Presentation in Statement of Financial Position:		
Cash and investments	$ 2,363,921	$ 1,429,065
Restricted cash and investments	108,064	-
Total Cash and investments	$ 2,471,985	$ 1,429,065
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	$ 356,533	$ 410,104
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	332,729	314,016
(Increase) decrease in current assets:		
Accounts receivable	(28,827)	(18,068)
Intergovernmental receivables	-	-
Inventory and prepaids	(11,382)	(63)
Increase (decrease) in liabilities:		
Accounts payable	(308,760)	5,189
Accrued liabilities	-	10,018
Unearned revenues	-	36,249
Deposits payable	52,292	-
Compensated absences	2,201	7,370
Net cash provided by operating activities	$ 394,786	$ 764,815

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2015.

The accompanying notes are an integral part of these basic financial statements.

CV Starr Center Fund	Totals	Governmental Activities Internal Service Funds
$ 698,912	$ 6,430,320	$ -
-	-	1,100,543
(696,552)	(3,490,631)	(498,676)
(977,840)	(2,755,568)	(303,931)
(975,480)	184,121	297,936
-	2,742,419	1,121,915
(60,927)	(2,713,980)	(825,831)
-	52,310	-
1,040,828	1,040,828	-
-	(4,581)	
44,924	108,665	-
1,024,825	1,225,661	296,084
(10,548)	(314,599)	(154,256)
-	(494,244)	-
(1,261)	(152,310)	-
(11,809)	(961,153)	(154,256)
2,718	42,043	50
2,718	42,043	50
40,254	490,672	439,814
478,179	3,928,811	778,269
$ 518,433	$ 4,419,483	$ 1,218,083
$ 518,433	$ 4,311,419	$ 1,218,083
-	108,064	-
$ 518,433	$ 4,419,483	$ 1,218,083
$ (1,675,284)	$ (908,647)	$ 217,886
729,481	1,376,226	32,554
(3,384)	(50,279)	-
(555)	(555)	-
1	(11,444)	-
	.	
(2,173)	(305,744)	45,783
(20,871)	(10,853)	1,713
(64)	36,185	-
(2,631)	49,661	-
-	9,571	-
$ (975,480)	$ 184,121	$ 297,936

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FIDUCIARY ACTIVITIES

Fund	Description
Private Purpose Trust Funds are used for resources held for other individuals and entities in a manner similar to private enterprise.	
Private Purpose Trust Fund	
Successor Agency - Fort Bragg Redevelopment Agency	Accounts for funds collected and disbursed for the dissolution of the former Fort Bragg Redevelopment Agency related to Administration and Retirement of enforceable obligations

City of Fort Bragg, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2015

	Successor Agency Former Fort Bragg Redevelopment Agency
ASSETS AND DEFERRED OUTFLOWS	
Current assets:	
Cash and investments	$ 157,158
Total current assets	157,158
Total assets	157,158
Deferred ouflows of resources	
Deferred loss on debt refunding	103,646
Total deferred outflows of resources	103,646
Total assets and deferred outflows of resources	$ 260,804
LIABILITIES AND NET POSITION	
Current liabilities:	
Interest payable	$ 36,759
Payable to the City of Fort Bragg	22,233
Due within one year	88,380
Total current liabilities	147,372
Long-term liabilities:	
Due after one year	3,915,978
Total long-term liabilities	3,915,978
Total liabilities	4,063,350
Net Position (Deficit)	(3,802,546)
Total liabilities and net position	$ 260,804

The accompanying notes are an integral part of these basic financial statements.

City of Fort Bragg, California

Statement of Changes in Fiduciary Net Assets

Private Purpose Trust Funds

For the year ended June 30, 2015

	Successor Agency Former Fort Bragg Redevelopment Agency
ADDITIONS:	
Property taxes	$ 800,078
Total operating revenues	800,078
DEDUCTIONS:	
Community development	565,983
Interest and trustee fees	113,095
Total operating expenses	679,078
CHANGE IN FIDUCIARY NET ASSETS	121,000
NET ASSETS (DEFICIT):	
Beginning of year	(3,923,546)
End of year	$ (3,802,546)

The accompanying notes are an integral part of these basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Fort Bragg (City) have been prepared in conformity with accounting principles (USGAAP) generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant principles are described below.

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fiduciary fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of Fort Bragg was incorporated August 5, 1889, under the applicable laws and regulations of the State of California. The City operates under a Council-City Manager form of government and provides a variety of services including public safety (police and fire); streets and highways; wastewater collection, treatment, and disposal; water treatment; planning and zoning; public improvement and redevelopment; and general administrative services. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Blended Component Units

Because of their relationship with the City and the nature of their operations, component units are, in substance, part of the City's operations and, accordingly, the activities of these component units are combined, or blended with the activities of the City for purposes of reporting in the accompanying basic financial statements. The basis for blending the component units is that their governing bodies are substantially the same as the City's Council.

Fort Bragg Municipal Improvement District No. 1 (District) includes all of the funds and operations for the City's wastewater collection and treatment processes. The District is governed by a Board of Directors comprised of the members of the Fort Bragg City Council. The City of Fort Bragg exercises significant financial and management control over the District. The activities of the District are reported as a major enterprise fund within the City's financial statements.

Complete financial statements of the District can be obtained directly from the City of Fort Bragg, 416 N. Franklin St., Fort Bragg, CA 95437.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Presentation

The accounts of the City are organized and operated on the basis of funds, each of which is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. These funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34), "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments," the financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the primary government (the City) and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the City's governmental activities. Direct expenses are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational need of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Presentation, Continued

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary fund and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in specialized funds.

The **Community Development Block Grant (CDBG) Program Income Fund** special revenue fund was established to account for program income generated by CDBG funded projects. The funds are used for activities that benefit low- and moderate-income persons to ensure decent affordable housing and to create jobs through the expansion and retention of businesses.

The **Housing Successor Agency** special revenue fund was established to account for the housing assets, rights, power, duties, obligations and functions previously performed by the Redevelopment Agency in administering its Low and Moderate Income Housing Fund.

The **Special Sales Tax Street Repair Fund** special revenue fund is used to account for revenue received from local sales taxes restricted to street repairs.

The **Street Structural Repairs Fund** is a capital project fund used to account for costs associated with the Street Structural Repair project. This project is funded with local sales taxes collected specifically for street maintenance and repair.

The **Street Resurfacing Project Fund** is a capital project fund used to account for costs associated with the Street Resurfacing project. This project is funded with local sales taxes collected specifically for street maintenance and repair.

The City reports the following major proprietary funds:

The **Water** enterprise fund accounts for the activities of the City's water treatment and distribution operations.

The **Wastewater** enterprise fund accounts for the activities of the Fort Bragg Municipal Improvement District No. 1 which provides the City's wastewater collection, treatment, and disposal operations.

The **C.V. Starr Center** enterprise fund accounts for all operations of the C.V. Starr Center, including the local sales tax restricted to funding the operations of the C.V. Starr Center and the property taxes collected by the City as part of the Property Tax Exchange agreement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Additionally, the City reports the following fund types:

Internal Service Funds account for maintenance and repair of City facilities, information technology, and vehicle operations that provide services to other departments of the City on a cost reimbursement basis.

The **Private-Purpose Trust Fund** is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Fort Bragg Redevelopment Successor Agency (Successor Agency). The Successor Agency operates under the auspices of a legislatively formed Oversight Board comprised of representatives of the local agencies that serve the redevelopment project area. The Oversight Board, in its fiduciary capacity, has authority over the operations and the timely dissolution of the former RDA. It is tasked with fulfilling the obligations of the former RDA, and is also responsible for revenue collection, maintaining necessary bond reserves, and disposing of excess property.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at fiscal year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the fiscal year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Measurement Focus and Basis of Accounting, continued

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of a fiscal year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of a fiscal year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Wastewater enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Budgetary Information

1) Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund and enterprise funds. The capital projects funds are appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Budgetary Information, Continued

The City Council follows the following procedures in establishing the budgetary data reflected in the required supplementary information:

- Before the end of each fiscal year, the City Manager and Finance Director prepare and submit to the City Council a proposed budget for the subsequent fiscal year. The budget includes proposed expenditures and the means for financing them.

- The City Council reviews the proposed budget in public hearings which provides interested citizens opportunity to comment. The Council may add to, subtract from, or change appropriations, but may not change the form of the budget.

- Prior to July 1, or soon after, the budget is legally adopted by the City Council through resolution.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department with City Manager approval. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year unless they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are brought forward and become part of the subsequent year's budget pursuant to City policy.

F. Unearned Revenue

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when earned. Therefore, the government-wide statement of net position as well as governmental and enterprise funds defer revenue recognition in connection with resources that have been received as of fiscal year-end, but not yet earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability for unearned revenue.

Under the modified accrual basis of accounting, it is not enough that revenue had been earned if it is to be recognized in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report unearned revenues, in connection with receivables for revenue not considered available to liquidate, as deferred inflows of resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1) Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2) Investments

Investments for the City and its component units are reported at fair value (generally based on quoted market prices).

3) Inventories and prepaid items

Inventories for both governmental and proprietary funds consist principally of materials and supplies held for consumption and are valued at cost, approximating fair value, using the first-in, first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Inventories recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is shown as non-spendable.

Certain payments to vendors represent costs applicable to future accounting periods and would be recorded as prepaid items in both the government-wide and fund financial statements. The City had no prepaid items as of June 30, 2015.

4) Capital Assets

Capital assets, which include land, buildings, infrastructure (roads, sidewalks and similar items), and machinery and equipment, are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than $50,000 are reported as capital assets.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance, Continued

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation. During the current fiscal period, infrastructure projects that were incomplete are reported as "construction in progress."

Interest is capitalized on the construction of major assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For the fiscal year ended June 30, 2015, there were no projects meeting the criteria for interest capitalization.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capitalization thresholds are $5,000 for any single item.

Land and construction in progress are not depreciated. Property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method using the following estimated useful lives:

Capital Asset Class	Estimated Useful Life
Buildings	40 -75 years
Infrastructure	10 - 50 years
Utility Plant	10 - 50 years
Machinery & Equipment	3 - 40 years
Vehicles	5 - 10 years
Improvements	5 - 30 years

5) Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net assets and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance, Continued

6) Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items reported as a deferred outflow of resources. The first item, deferred loss on refunding, is reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is a deferred charge on pension plan contributions in the government-wide statement of net position.

In addition to liabilities, the statement of position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items reported as a deferred inflow of resources. The first item arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: sales taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second deferred inflow of resources is the net difference between projected and actual earnings on pension plan investments and is reported in the government-wide statement of net position.

7) Fund Balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8) Net Position/Fund Balance

GASB Statement No. 63 adds the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance, Continued

Net Position represents the difference between assets and liabilities and are divided into three captions under GASB Statement No. 34. These captions apply only to Net Position as determined at the government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include debt service requirements and funds restricted for various purposes, such as low and moderate income housing, community development, streets and roads, and public safety.

Unrestricted describes the portion of Net Position which is not restricted as to use.

GASB Statement No. 54 establishes fund balance classifications for the Fund Financial Statements that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Nonspendable Fund Balance – This amount is comprised of net position that cannot be spent because of their form or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance – This balance is comprised of net position that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance – This balance includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council (Council) is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance – This balance is intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance, Continued

Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance – This balance represents net position in excess of resources classified in one of the three categories described above.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

9) Restricted Assets

Certain cash and investments in the Water Fund are held by the City's fiscal agents and classified as restricted assets on the statement of net position because their use is limited by applicable bond or other covenants.

10) Lease Obligations

The City leases various assets under both operating and capital lease agreements. In the government-wide and proprietary funds' financial statements, capital leases and the related lease obligations are reported as liabilities in the applicable governmental activities or proprietary funds' statement of net position.

11) Encumbrances

Encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by appropriate authorities as of June 30, 2015, are summarized below.

Fund	Amount
General Fund	$ 314,185
HMHIP Federal Grant Fund	199,079
CDBG General Allocation Grants	452,274
HCD HOME Grant	73,973
Coastal Trail	876,239
Street Structural Repairs	4,700
Town Hall Remodel	20,887
Information Technology Fund	387
Vehicle Operations	47,204
Water fund	49,119
Sewer fund	739,617
	$ 2,777,664

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance, Continued

12) Long-Term Obligations

In the government-wide financial statements, the proprietary fund financial statements, and the private-purpose trust fund, long-term debt and other long-term obligations are reported as liabilities. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Amortization of bond premiums or discounts is included as a component of interest expense.

H. Revenues and expenditures/expenses

1) Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

The City only accrues revenues at fiscal year-end and accrues only those revenues it deems collectible; as such the City has no allowance for uncollectible accounts. Management has determined that uncollectible receivables, if any, would be immaterial based on an analysis of historical trends.

2) Property taxes

Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The City relies on the competency of the County of Mendocino Assessor's and Auditor-Controller's (County) offices to properly assess, collect, and distribute property taxes. The method of allocation used by the County is subject to review by the State of California. The City and the County have adopted the Alternative Method of Tax Apportionment – Teeter Plan. First enacted in 1949, the Teeter Plan provides California counties with an optional alternative method for allocating delinquent property tax revenues. Using the accrual method of accounting under the Teeter Plan, counties allocate property tax revenues based on the total amount of property taxes billed, but not yet collected. In exchange, the counties receive the penalties and interest on delinquent taxes when collected. Mendocino County assesses properties, bills for, and collects secured and unsecured property taxes as follows:

	Secured	Unsecured
Lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November due date) April 10 (for February due date	August 31

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Revenues and expenditures/expenses, Continued

3) Compensated absences

Vacation

Earned vacation and a portion of accumulated sick-leave payable upon termination or retirement are accrued as compensated absences. The accrual includes the City's share of payroll taxes. Regular employees earn vacation hours based on the number of years of continuous service. No more than 240 hours (340 hours after 10 years of continuous service) may be accumulated.

Sick Leave

Regular employees are given credit for eight (8) hours sick-leave for each month of employment with unlimited accumulation. Each employee who has two or more years of service with the City and who separates from City service for any reason, except discharge for cause, is entitled to payment of the monetary equivalent of 30% of unused sick-leave accrued to a maximum of 1,000 hours. This 30% is included in the compensated absences accrual.

4) Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and internal service funds are charges to customers for sales and services. The C.V. Starr Center fund has three sources of revenue: property taxes, district sales tax, and user fees. The water and wastewater funds also recognize as operating revenue the portion intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues not meeting this definition are reported as nonoperating revenues and expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Implementation of GASB Statements 68 and 71 related to Pension Plans

The GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

In addition, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, "Accounting and Financial Reporting for Pensions".

The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

In implementing these Statements, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the Plan reflected in an actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the City's prior Plan year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change in the liability. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the City's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Prior Period Adjustment

Due to the City's adoption of GASB 68, net position was adjusted at June 30, 2015. The following is a reconciliation of the total net position as previously reported at July 1, 2014, to the restated net position.

	Governmental Activities	Proprietary - Sewer Fund
Net Position at June 30, 2014	$ 38,162,925	$ 7,929,094
Adjustment:		
Adoption of GASB 68, pensions	(6,305,808)	(690,158)
Total Adjustments	(6,305,808)	(690,158)
Net Position at July 1, 2014, as adjusted	$ 31,857,117	$ 7,238,936

L. Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

2. CASH AND INVESTMENTS

At June 30, 2015, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

			Maturities (in years)				Fair
			<1	1 to 3	3 to 5	Deposits	Market Value
Cash equivalents and investments pooled							
Pooled cash, at fair value							
Cash in bank			$ -	$ -	$ -	$ 4,451,424	$ 4,451,424
Petty cash			-	-	-	-	2,298
Total pooled items			-	-	-	4,451,424	4,453,722
Pooled investments, at fair value							
Interest obligations							
Par	Rate						
$ 250,000	1.90%	Federal Agency Securities	-	-	255,688	-	255,688
3,476,000	0.00%	Certificates of deposit	-	-	-	-	-
2,040,000	0.85% - 1.75%	Corporate notes	500,380	1,299,968	251,737	-	2,052,085
3,476,000	0.80% - 2.10%	Certificates of deposit	249,814	1,995,148	1,246,843		3,491,805
		Money market funds	-	-	-	42,712	42,712
State of California Local Agency Investment Fund			-	-	-	1,004,196	1,004,196
Total pooled investments - interest obligations			750,194	3,295,116	1,754,268	1,046,908	6,846,486
Total cash equivalents and investments pooled			$ 750,194	$ 3,295,116	$ 1,754,268	$ 5,498,332	$ 11,300,208

Amounts reported in:	
Governmental activities	$ 6,723,567
Business-type activities	4,311,419
Business-type activities - Restricted	108,064
Fiduciary activities	157,158
Total	$ 11,300,208

Investment Type	**Fair Value**	**Weighted Average Maturity (Years)**
Federal agency securities	$ 255,688	3.05
Corporate	2,052,085	1.62
Fixed Income	3,491,805	2.56
Money market funds	42,712	-
LAIF	1,004,196	-
Total fair value	$ 6,846,486	
Portfolio weighted average maturity		2.06

2. CASH AND INVESTMENTS, Continued

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code of the City's investment policy. During the year ended June 30, 2015, the City's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	Unlimited	$50 Million
U.S. Treasury Obligations	5 years	Unlimited	None
U.S. Government Agency Issues	5 years	Unlimited	None
Repurchase Agreements	90 days	10%	None
Bankers' Acceptances (must be dollar denominated)	270 days	40%	None
Commercial Paper - A rated minimum	180 days	15%	None
Certificates of Deposits - FDIC insured	5 years	50%	None
General obligations of any State or Political subdivision - AA rated minimum	5 years	30%	None
Money market mutual funds holding - Cash and U.S. Government Obligations	N/A	None	None

Per the City's investment policy, if special circumstances arise that necessitate the purchase of securities beyond the five year limitation, the requests must be approved by the Council prior to purchase.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Investments Authorized by Debt Agreements	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Securities	5 years	None	None
Bankers Acceptance	270 days	40%	15%
Commercial paper	180 days	15%	15%
Money market mutual funds	None	None	None

2. CASH AND INVESTMENTS, Continued

Interest rate risk –Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit risk – As of June 30, 2015, the City's investments in money market funds were rated AAA by Standard & Poor's and Fitch Ratings, and Aaa by Moody's Investors Service. The State of California Local Agency Investment Fund is not rated.

Concentration of credit risk – The City's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government's total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 1.88% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits.

The California Government Code (Government Code Section 53630) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2015, the carrying amount of the City's deposits was $4,451,424 and the balances in financial institutions were $4,307,887. Of the balance in financial institutions, $250,000 was covered by federal depository insurance and $4,057,887 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2015, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of $150 million.

2. CASH AND INVESTMENTS, Continued

Custodial credit risk – investments. Custodial credit risk – investment generally applied only to direct investments in marketable securities. Custodial credit risk – investment does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as Local Agency Investment Fund).

Investment in LAIF

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2015 was $21,495,234,784 of which the City had a balance of $1,004,196. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2015 has a portfolio with market valuation of $69,672,945 thousand. Of the total invested, 99.903% was invested in non-derivative financial products and 0.97% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2015:

	Receivables
Governmental Activities	
Taxes	$ 3,513
Intergovernmental	3,101,916
Other	678,897
	$ 3,784,326
Business-type activities	
Accounts receivable	$ 767,189
Intergovernmental	555
	$ 767,744

These amounts resulted in the following concentrations in receivables:

Other Governments	68.2%	Individuals/Business	31.8%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

4. LOANS AND NOTES RECEIVABLE

The City periodically receives Community Development Block Grant (CDBG) funding through the State Housing and Community Development Department to provide housing and economic development loans to individuals and businesses. Repayment terms and interest rates vary depending on the borrower's funding needs and ability to repay the loan. Interest is accrued on the loans that bear interest.

Loans and notes receivable for the year ended June 30, 2015, consisted of the following:

	Beginning July 1, 2014	Additions	Deletions	Ending June 30, 2015
CDBG Revolving Loans	$ 755,817	$ 686,594		$ 1,442,411
Mendocino Coast Hospitality Center Loan	-	904,293	-	904,293
Rural Community Housing Development Corporation Loans	259,625	6,750	-	266,375
Employee Loans	2,486	1,162	-	3,648
Total loans/notes receivable	$ 1,017,928	$ 1,598,799	$ -	$ 2,616,727

The following is a summary of the loans and notes receivable outstanding as of June 30, 2015:

CDBG Revolving Loans – These are loans issued from CDBG grant funds received by the City or issued from unrestricted CDBG Program Income on hand. Loans are provided from CDBG Economic Development funding to assist local business that will provide or retain jobs. Business loans require repayment of interest and principal. Loans are also provided from CDBG Community Development funds to income-qualified home owners in order to rehabilitate their homes. Terms of housing loans vary depending upon the homeowners' income and may require payments of interest and principal; or interest only; or loans may be fully deferred for up to 30 years.

Mendocino Coast Hospitality Center Loan – On January 12, 2015, the Fort Bragg City Council adopted a Resolution approving the use of 2014 Community Development Block Grant (CDBG) funds for acquisition and rehabilitation of the vacant Old Coast Hotel for the benefit of Mendocino Coast Hospitality Center, Inc. (MCHC). The facility will accommodate a variety of homeless and mental health services including transitional housing. The facility will be owned and operated by MCHC. This loan is deferred for a term of 20 years. If various conditions are met during the term of the loan, the loan will be forgiven at the end of the 20 year term.

Rural Community Housing Development Corporation Loans – These loans are to the Rural Community Housing Development Corporation (RCHDC), a non-profit organization for housing rehabilitation projects within the City. The balance of these loans at June 30, 2015 was $266,375.

Employee Loans – Employees have the option of entering into equipment purchasing loan plans with the City, which may be utilized to assist the employee to purchase equipment that may be used both on and off duty to improve the employee's job performance. The balance of these loans at June 30, 2015 was $3,648.

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2015
Governmental activities:					
Nondepreciable assets:					
Land	$ 12,952,262	$ -	$ -	$ -	$ 12,952,262
Construction in progress	652,709	2,185,468	-	-	2,838,177
Total nondepreciable assets	13,604,971	2,185,468	-	-	15,790,439
Depreciable assets:					
Buildings	4,994,522	295,346	-	-	5,289,868
Machinery, equipment and vehicles	1,280,109	95,113	-	-	1,375,222
Infrastructure	21,105,435	3,669,214	-	-	24,774,649
Total depreciable assets	27,380,066	4,059,673	-	-	31,439,739
Total	40,985,037	6,245,141	-	-	47,230,178
Accumulated depreciation:					
Buildings	(3,162,784)	(129,720)	-	-	(3,292,504)
Machinery, equipment and vehicles	(1,106,036)	(72,129)	-	1,900	(1,176,265)
Infrastructure	(3,785,005)	(719,625)	-	27,648	(4,476,982)
Total accumulated depreciation	(8,053,825)	(921,474)	-	29,548	(8,945,751)
Net depreciable assets	19,326,241	3,138,199	-	29,548	22,493,988
Total net capital assets	$ 32,931,212	$ 5,323,667	$ -	$ 29,548	$ 38,284,427

Depreciation expense for capital assets was charged to functions as follows:

General government	$ 82,243
Public safety	82,293
Public works	724,384
Community development	-
Vehicle operations	32,554
	$ 921,474

5. CAPITAL ASSETS, Continued

Business-type capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Business-type activities					
Nondepreciable assets:					
Land	$ 785,079	$ -	$ -	$ -	$ 785,079
Construction in progress	329,142	140,796	-	-	469,938
Total nondepreciable assets	1,114,221	140,796	-	-	1,255,017
Depreciable assets:					
Buildings	27,677,497	32,286	-	-	27,709,783
Machinery, equipment and vehicles	6,519,060	144,728	-	-	6,663,788
Infrastructure	14,478,534	-	(8,421)	-	14,470,113
Land improvements	542,303	-			542,303
Total depreciable assets	49,217,394	177,014	(8,421)	-	49,385,987
Total	50,331,615	317,810	(8,421)	-	50,641,004
Accumulated depreciation:					
Buildings	(3,440,943)	(668,233)	-	5,209	(4,103,967)
Machinery, equipment and vehicles	(4,402,862)	(276,147)	-	-	(4,679,009)
Infrastructure	(7,330,790)	(377,616)	-	-	(7,708,406)
Land improvements	(112,980)	(54,230)	-	-	(167,210)
Total accumulated depreciation	(15,287,575)	(1,376,226)	-	5,209	(16,658,592)
Net depreciable assets	33,929,819	(1,199,212)	(8,421)	5,209	32,727,395
Total net capital assets	$ 35,044,040	$ (1,058,416)	$ (8,421)	$ 5,209	$ 33,982,412

Depreciation expense for capital assets was charged to functions as follows:

Water	$ 332,729
Wastewater	314,016
CV Starr Center	729,481
	$ 1,376,226

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2015:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	$ 1,170,006	$ 186,163	$ -	$ 1,356,169
Accrued payroll and related liabilities	457,643	47,641	-	505,284
Total	$ 1,627,649	$ 233,804	$ -	$ 1,861,453

These amounts resulted in the following concentrations in payables:

Vendors	73%
Employees	27%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Compensated absences	$ 506,563	$ 439,685	$ (506,563)	$ 439,685	$ 439,685
Capital Lease Obligations	776,632	-	(116,543)	660,089	121,418
Landfill post-closure	1,582,175	756,562	(214,157)	2,124,580	178,705
CalPERS side fund	1,043,348	-	(46,872)	996,476	124,299
OPEB obligation	1,015,425	-	(100,010)	915,415	-
Net pension liability	-	5,396,138	-	5,396,138	-
Total governmental activities	$ 4,924,143	$ 6,592,385	$ (984,145)	$ 10,532,383	$ 864,107
Business-type activities					
Bonds payable:					
1998 Revenue Bond	255,000	-	(45,000)	210,000	50,000
2014 Water Revenue Refunding Bond	2,962,000	-	(276,000)	2,686,000	268,000
Loans payable:					
SDWRL	968,622	-	(62,187)	906,435	31,093
SDWRL discount	300,716	-	(43,591)	257,125	21,796
California energy commission	43,900	-	-	43,900	-
Capital lease	350,914	-	(111,077)	239,837	116,670
Total business-type activity debt	4,881,152	-	(537,855)	4,343,297	487,559
Payable to successor agency trust fund	15,533	-	(15,533)	-	-
Compensated absences	76,888	72,679	(63,108)	86,459	72,679
Net Pension Liability	-	58,599	-	58,599	-
Total business-type activities	$ 4,973,573	$ 72,679	$ (600,963)	$ 4,445,289	$ 560,238

7. LONG-TERM LIABILITIES, Continued

Governmental Activities

Caspar Landfill Closure and Post-Closure Cost

The Caspar Landfill site was closed in 1995. State and Federal laws and regulations require that the City place a final cover on its landfill when closed, and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. These costs are shared equally by the City and County of Mendocino. At June 30, 2015, the City's estimated liability for its share of landfill closure and post-closure care costs was $2,124,580. This estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2015, as determined by the last engineering study performed. However, the actual cost of closure and post-closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

The City has made a pledge of future user surcharge revenues for anticipated remaining expected costs, future inflation costs, and any additional costs (including debt service) that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example).

Business-type Activities

1998 Wastewater Revenue Bond

In 1998, the City on behalf of the Fort Bragg Municipal Improvement District entered into an agreement with the Association of Bay Area Governments (ABAG) whereby ABAG issued $770,000 in revenue bonds to provide resources for the District to acquire and construct capital improvements to the District's wastewater system. The bonds are an obligation of ABAG and are payable solely from and secured by revenues that consist primarily of payments on an installment obligation of the City. For the purposes of this report, the City has reported its liability under the terms of the installment agreement as 1998 Wastewater Revenue Bonds. Annual interest accrues at varying rates between 3.75% and 5.30%. Interest became payable commencing October 1, 1998, and semi-annually thereafter each October 1st and April 1st. Principal is paid in annual installments commencing October 1, 1998, through the year 2018 in amounts ranging from $25,000 through $55,000. The outstanding principal balance as of June 30, 2015 was $210,000.

2014 Water Revenue Refunding Bonds

On June 5, 2014, the City issued $2,962,000 of Water Revenue Refunding Bonds bearing interest of 3.06% and payable semi-annually on October 1 and April 1, maturing on October 1, 2023. These bonds were used to advance refund the 2004 California Statewide Communities Development Authority Bonds, which were issued originally to advance refund the 1993 COP's, which had been used for various capital improvements to the City's water system. The outstanding principal balance as of June 30, 2015 was $2,686,000.

7. LONG-TERM LIABILITIES, Continued

2014 Water Revenue Refunding Bonds, Continued

$2,891,751 from the 2014 Water Revenue Refunding Bonds was placed in an irrevocable trust that was used to pay off the 2004 California Statewide Communities Development Authority Bonds on July 7, 2014. The funding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of $201,814. The aggregate difference in debt service between the 2004 California Statewide Communities Development Authority Bonds and the 2014 Water Revenue Refunding Bonds was $234,793. The outstanding amount of the defeased debt was $2,855,000 as of June 30, 2014.

The City defeased the 2004 California Statewide Communities Development Authority Bonds by placing the proceeds of the 2014 Water Revenue Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the 2004 California Statewide Communities Development Authority Bonds. Accordingly, the trust account assets and the liability of the defeased 2004 California Statewide Communities Development Authority Bonds are not included in the City's financial statements.

Safe Drinking Water Revolving Loan (SDWRL)

In fiscal year 2005, the City entered into a non-interest bearing loan agreement with the State of California Department of Water Resources to finance the construction of a project to meet safe drinking water standards. The maximum amount of the loan cannot exceed $2,325,500, of which the City had borrowed $2,141,532. At June 30, 2015, the balance of the loan payable was $906,435. Loan principal payments of $53,538 are required semi-annually on January 1st and July 1st for twenty (20) years commencing January 1, 2007.

California Energy Commission Loan

The City has entered into a loan agreement with the California Energy Commission for a loan in the amount of $607,596. The loan is payable in semi-annual installments of $38,091 and has an annual interest rate of 1.0%. The loan has a maturity of December 22, 2023.

The outstanding principal balance of the loan at June 30, 2015 was $43,900. As of June 30, 2015, the total amount of the loan has not been drawn-down by the City.

Compensated Absences

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of $453,465 at June 30, 2015; of that amount $453,465 is expected to be paid within a year.

7. LONG-TERM LIABILITIES, Continued

Net OPEB Obligation

A net OPEB obligation is the cumulative differences between annual OPEB cost and an employer's contributions to a plan. At June 30, 2015, the City had a Net OPEB Obligation of $915,415. See Note 12 for further discussion on OPEB.

Capital Leases

The City of Fort Bragg has entered into lease agreements as lessee for financing the acquisition of automatic meter reading equipment valued at $838,499 and to refinance 1995 Landfill COP's issued to financial landfill closure/post-closure costs. The automatic meter reading equipment had a 25-year estimated useful life. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments.

Debt Service

Future debt service for Governmental Activities at June 30, 2015, is as follows:

Year Ending June 30,	Governmental Activities	
	Capital Lease	
	Principal	Interest
2016	$ 121,418	$ 26,151
2017	126,509	21,060
2018	131,814	15,755
2019	137,341	10,228
2020	143,007	4,469
2021-2025	-	-
Total	$ 660,089	$ 77,663
Due within one year	$ 121,418	$ 26,151
Due after one year	538,671	51,512
Total	$ 660,089	$ 77,663

7. LONG-TERM LIABILITIES, Continued

Debt Service, Continued

Future debt service for Business-Type Activities at June 30, 2015, is as follows:

Year Ending June 30,	Business-Type Activities					
	1998 Wastewater Revenue Bonds		2014 Water Revenue Refunding Bonds		Safe Drinking Water Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 50,000	$ 9,805	$ 268,000	$ 78,091	$ 52,889	$ -
2017	50,000	7,155	276,000	69,768	105,778	-
2018	55,000	4,373	284,000	61,200	105,778	-
2019	55,000	1,458	290,000	52,418	105,778	-
2020	-	-	300,000	43,391	105,778	-
2021-2025	-	-	1,268,000	79,009	528,891	-
2026-2030	-	-	-	-	158,668	-
Total	$ 210,000	$ 22,791	$ 2,686,000	$ 383,877	$ 1,163,560	$ -
Due within one year	$ 50,000	$ 9,805	$ 268,000	$ 78,091	$ 52,889	$ -
Due after one year	160,000	12,986	2,418,000	305,786	1,110,671	-
Total	$ 210,000	$ 22,791	$ 2,686,000	$ 383,877	$ 1,163,560	$ -

Year Ending June 30,	California Energy Commission Loan		Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ -	$ -	$ 116,670	$ 9,896	$ 487,559	$ 97,792
2017	21,360	1,349	123,167	4,627	576,305	82,899
2018	22,540	169	-	-	467,318	65,742
2019	-	-	-	-	450,778	53,876
2020	-	-	-	-	405,778	43,391
2021-2025	-	-	-	-	1,796,891	79,009
2026-2030	-	-			158,668	-
Total	$ 43,900	$ 1,518	$ 239,837	$ 14,523	$ 4,343,297	$ 422,709
Due within one year	$ -	$ -	$ 116,670	$ 9,896	$ 487,559	$ 97,792
Due after one year	43,900	1,518	123,167	4,627	3,855,738	324,917
Total	$ 43,900	$ 1,518	$ 239,837	$ 14,523	$ 4,343,297	$ 422,709

8. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	$ 35,914,130	$ 30,047,385	$ 65,961,515
Restricted	102,563	108,064	210,627
Unrestricted	2,607,998	3,648,713	6,256,711
Total	$ 38,624,691	$ 33,804,162	$ 72,428,853

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

Fund Balance

Nonspendable and Restricted fund balance consisted of the following at June 30, 2015:

Nonspendable:	
Inventory	$ 81,836
Advances to other funds	123,189
Total Nonspendable	$ 81,836
Restricted:	
Governmental Funds:	
Special Sales Tax	$ 2,189,417
Asset Forfeiture	621,737
Gas tax	67,641
State and Federal Grants	34,922
Total Restricted	$ 2,913,717

The following describe the purpose of each nonspendable, restricted, and committed category used by the City:

Nonspendable

- **Inventory** – represents nonspendable amounts classified as inventory.

- **Advances to other funds** – represents nonspenable amounts advanced to other funds.

Restricted

- **Special Sales Tax –** represents amounts restricted by voter approved ordinance for street repairs.

- **Asset Forfeiture –** represents amounts restricted by State and Federal guidelines to support law enforcement.

8. NET POSITION/ FUND BALANCES, Continued

Restricted, Continued

- **Gas Tax –** represents amounts restricted for street maintenance purposes as defined in Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.
- **State and Federal Grants –** represents restricted amounts received from State and Federal Grants for various city programs.

Fund Balance Deficits

Deficit fund balances consisted of the following:

Funds	As of June 30, 2015
Major Funds:	
CDBG Program Income Special Revenue Fund	$ (18,801)
Street Structural Repairs Capital Projects Fund	(129,968)
Street Resurfacing Capital Projects Fund	(25,231)
Non-Major Funds:	
Special Revenue Funds	
Noyo Center for Marine Sciences	(19,847)
State and Federal Grant Funds	(126,561)
Capital Project Funds	
Coastal Trail	(836,063)
Chestnut Street Multi Use Trail	(297)
Total	$ (1,156,768)

The above deficit fund balances have occurred due to the spending of funds prior to the receipt of revenues (cost reimbursements). The Fund balances will be restored in the near future as revenues are received.

Excess of Expenditures and Transfers over Appropriations:

Expenditures and transfers exceeded appropriations for the year ended June 30, 2015, for the following funds:

Fund	Final Appropriations	Expenditures and Transfers	Excess
Major Funds:			
Special Sales Tax Special Revenue Fund	$ 8,171	$ 8,236	$ (65)

9. INTERFUND TRANSACTIONS

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to and due from other funds consisted of the following as of June 30, 2015:

	Due from Other Funds	Due to Other Funds
Governmental Funds		
Major Funds:		
General Fund	$ 3,309,912	$ -
CDBG Program Income Special Revenue	-	18,801
Street Structural Repairs Capital Projects	-	2,466
Street Resurfacing Capital Projects	-	24,983
Total Major Funds	3,309,912	46,250
Nonmajor Funds:		
State and Federal Grant Special Revenue Funds	-	2,859,653
Coastal Trail Capital Projects Fund	-	403,888
Chestnut Street Multi Use Trail Capital Projects Fund	-	121
Total Nonmajor Funds	-	3,263,662
Total Governmental Funds	3,309,912	3,309,912
Total	$ 3,309,912	$ 3,309,912

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

9. INTERFUND TRANSACTIONS, Continued

Transfers consisted of the following at June 30, 2015:

	Transfers In	Transfers Out
Governmental Funds		
Major Funds:		
General Fund	$ -	$ (112,992)
CDBG Program Income Special Revenue	-	(128,644)
Special Sales Tax Special Revenue	163,000	(55,541)
Street Structural Repairs Capital Projects	75,761	(49,118)
Street Resurfacing Capital Projects	-	(163,000)
Total Major Funds	238,761	(509,295)
Non-major Funds:		
Special Revenue Funds:		
General Plan Maintenance Fee	-	(65,667)
Parking	-	(8,200)
Parking In-lieu Fees	8,200	-
State Disability Access Fee	-	(2)
Asset Forfeiture	12	(146,395)
Waste Management Community Benefit Payment	-	(117,892)
Gas Tax	-	(195,000)
Traffic and Safety	-	(7,129)
MCOG Main St. Planning	189,811	-
MCOG Overall Work Program	-	(3,804)
Fire Equipment	-	(1,435)
Franklin St. Intersection Evaluation	160	-
North Coast Integrated Water Management	-	(155,713)
Noyo Center for Marine Sciences	134,657	-
State and Federal Grant Funds	602,953	(4,559,106)
Capital Projects Fund		
Otis Johnson Park	-	(3,198)
Coastal Trail	4,175,983	(313,549)
Noyo Center for Marine Sciences	-	(2,657)
Town Hall Remodel	331,091	-
Chestnut Street Multi Use Trail	21,964	-
Total Non-major Funds	5,464,831	(5,579,747)
Internal Service Funds		
Building Maintenance	547,665	(275,665)
Information Technology Fund	120,000	(143,000)
Vehicle Operations	454,250	(407,166)
Total Internal Service Funds	1,121,915	(825,831)
Total Governmental Funds	6,825,507	(6,914,873)
Proprietary Funds		
Major Enterprise Funds		
Water	1,809,025	(1,710,009)
Wastewater	933,394	(943,044)
Total Proprietary Funds	2,742,419	(2,653,053)
Total Transfers	$ 9,567,926	$ (9,567,926)

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City provides property, liability, and worker's compensation insurance through the Redwood Empire Municipal Insurance Fund (REMIF), a public entity risk pool currently operating as a common risk management and insurance program for several Northern California municipalities. The City pays quarterly and annual premiums to the REMIF for its general insurance coverage. The joint powers formation agreement of the REMIF provides that the REMIF will be self-sustaining through member premiums for liability insurance and will reinsure through commercial companies for other coverage.

REMIF is a risk sharing, self-funded pool which is a direct purchase program. The REMIF cost sharing pool provides coverage between the City's deductible and $500,000 (liability program) and $1,000,000 (workers' compensation program). Losses in excess of the REMIF cost sharing pool limits are covered by REMIF through the California Joint Powers Risk Management Authority and commercial insurance policies. Loss limits and deductibles are per occurrence as detailed on the table below. Losses exceeding these limits are the responsibility of the City. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Insurance Program	Loss Limits	Deductibles
Property	$ 290,000,000	$ 10,000
Boiler and Machinery	245,000	5,000
Liability	20,000,000	5,000
Earthquake and Flood	20,000,000	100,000 of 5% of value of building
Auto Physical Damage	9,990,000	5,000
Workers' Compensation	2,000,000	5,000

Participating members of REMIF do not have a refundable deposit, and no dividends are paid. A refund in the Liability program was made in which the City received $22,928. The annual premiums paid to REMIF in FY 2014/15 are as follows:

Insurance Program	Premium
Workers' Compensation	$ 148,663
Liability	101,642
Earthquake and Flood	31,086
Property	15,354
Auto Physical Damage	4,582
Boiler and Machinery	1,592
Pollution & Environment	5,776
	$ 308,695

Claims Paid by the City for the 2014-15 fiscal year:

Insurance Program	Claims
Workers' Compensation	$ 315,465
Liability and Property	112,827
	$ 428,292

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous
Hire date	Prior to January 1, 2013
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 55
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%
Required employee contribution rates	8%
Required employer contribution rates	8.84%

	Safety - Police
Hire date	Prior to January 1, 2013
Benefit formula	2% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	2.00%
Required employee contribution rates	9%
Required employer contribution rates	13.813%

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

	PEPRA Miscellaneous
Hire date	On or after January 1, 2013
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%
Required employee contribution rates	6.50%
Required employer contribution rates	6.73%

	PEPRA Safety - Police
Hire date	On or after January 1, 2013
Benefit formula	2.7% @ 57
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 57
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%
Required employee contribution rates	11.5%
Required employer contribution rates	11.153%

	Fire Safety
Hire date	Prior to January 1, 2013
Benefit formula	2% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	2.00%
Required employee contribution rates	0%
Required employer contribution rates	0%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
Contributions - employer	$ 263,429	$ 285,300	$ 10,052	$ 14,329	$ 1,966
Contributions - employee (paid employer)	$ -	$ -	$ -	$ -	$ -

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 2,782,487
Safety - Police	3,148,254
PEPRA Miscellaneous	51
PEPRA Safety - Police	53
Fire Safety	55,890
Total Net Pension Liability	$ 5,986,735

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
Proportion - June 30, 2013	N/A	N/A	N/A	N/A	N/A
Proportion - June 30, 2014	0.04472%	0.05059%	0.00000%	0.00000%	0.00090%
Change - Increase (Decrease)	N/A	N/A	N/A	N/A	N/A

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2015, the City recognized pension expense of $563,807. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	$ 610,243	$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of the contributions	(16,236)	-
Net differences between projected and actual earnings on plan investments	-	1,556,803
Total	$ 594,007	$ 1,556,803

$610,243 reported as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2016	$ (184,322)
2017	409,685
2018	409,685
2019	327,748
2020	-
Thereafter	-

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions -The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
Valuation Date	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
Measurement	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
Actuarial Cost Method	Entry-Age Normal Cost Method				
Actuarial Assumptions:					
Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3%	3%	3%	3%	3%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)
Mortality	XXX	XXX	XXX	XXX	XXX

(1) Depending on age, service, and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate -The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long -term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is I-percentage point lower or I-percentage point higher than the current rate:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
1% Decrease	6.50%	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	$ 4,910,861	$ 4,792,685	$ 90	$ 91	$ 96,179
Current Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	$ 2,782,487	$ 3,148,254	$ 51	$ 53	$ 55,890
1% Increase	8.50%	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	$ 1,016,138	$ 1,793,315	$ 18	$ 22	$ 22,694

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

12. OTHER POST EMPLOYMENT BENEFITS

Plan Description: The City offers its employees a post-retirement health program, which includes medical and dental coverage. Upon retirement for service or disability, employees hired prior to July 1, 2011 (January 1, 2012 for Fort Bragg Police Officer Association members) retiring directly from service at age 50 or over with 10 years of service may continue coverage for themselves and their spouse's (to whom they are married at retirement) as detailed below. Currently 42 employees meet those eligibility requirements. Expenditures for these post-retirement benefits are recognized as monthly premiums are paid. During the fiscal year ended June 30, 2015, expenditures of $586,766 were recognized for the cost of these post-retirement benefits. The City pays portions of the premiums dependent on bargaining group and employee hire date as follows:

Tier 1: For retirees hired before January 1, 1992, the City pays the full cost of medical and dental premium for the former employee. In addition, the City pays a percentage of the spouse's medical plan premium starting at the retiree's age 60. The percentage is 10% for each year of service after 10 years, reaching 100% for those retiring with 19 or more years of service. In addition, the spouse may participate in the dental program-but at their own cost.

Tier 2: For retirees hired after January 1, 1992 and before July 1, 2003 (July 1, 2004 for Fort Bragg Police Officer Association members), the City pays the full cost of medical and dental premiums for the former employee only. Spouses of management retirees may participate in the City health plans at their own cost.

Tier 3: For retirees hired after July 1, 2003 (July 1, 2004 for Fort Bragg Police Officer Association members) and before July 1, 2007, the City pays the full cost of medical and dental premiums for the former employee until age 65 when Medicare becomes payable. Thereafter, coverage is limited to a supplemental prescription drug plan, which is paid for by the City. Spouses of management retirees may participate in the City health plans until age 65 at their own cost.

Tier 4: For retirees hired after July 1, 2007 and before July 1, 2011 (January 1, 2012 for Fort Bragg Police Officer Association members), the retiree only may remain in the City's health and dental plan until age 65, but at their own cost. Spouses of management retirees may participate in the City health plans until age 65 at their own cost.

Tier 5: For retirees hired on or after July 1, 2011 (January 1, 2012 for Fort Bragg Police Officer Association members), the retiree and spouse may not participate in the City's health plans.

Annual OPEB and Net OPEB Obligation: The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

12. OTHER POST EMPLOYMENT BENEFITS, Continued

The following table shows the components of the City's annual OPEB cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	$ 566,586
Interest on net OPEB Obligation	67,166
Amortization of net OBEP Obligation	(78,181)
Adjustment to annual required contribution	20,179
Annual OPEB cost (expense)	$ 575,750
Employer contributions made	(586,766)
Increase (Decrease) in net OPEB obligation	$ (11,016)
Net OPEB Obligation - beginning of year	1,015,425
Adjustment to Net OPEB Obligation	(88,995)
Net OPEB Obligation - Beginning of year, as adjusted	926,430
Net OPEB Obligation - end of year	$ 915,414

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	$ 520,862	101%	$ 1,038,220
6/30/14	519,138	104%	1,015,425
6/30/15	575,750	102%	1,004,409

Funded Status and Funding Progress

The funded status of the plan as June 30, 2013, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 5,790,855
Actuarial value of Plan assets	(672,100)
Unfunded actuarial accrued liability (UAAL)	$ 5,118,755
Funded ratio (actuarial value of Plan assets/AAL)	11.6%
Covered payroll (active Plan participants)	$ 2,670,713
UAAL as a percentage of covered payroll	192%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

12. OTHER POST EMPLOYMENT BENEFITS, Continued

Actuarial Methods and Assumptions: In the June 30, 2013, actuarial valuation, the level percentage of pay Entry Age Normal Cost Method has been used to calculate contribution levels and the Unfunded Actuarial Accrued Liability. The actuarial assumptions included a 7.25% percent investment rate of return, which is the expected long-term investment returns on plan assets and an annual healthcare cost trend rate starting from 8.25% in 2013 decreasing each year until 2020 to a minimum of 5.25% for Blue Cross premiums and starting from 8.25% in 2013 decreasing to a minimum of 5.25% for Hartford premiums. The actuarial value of assets was $672,100. The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at June 30, 2015 was twenty-eight years.

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Fort Bragg that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 9, 2012 the City Council elected to become the Successor Agency for the former Redevelopment Agency (RDA) in accordance with the Bill as part of City resolution number 3504-2012.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. As allowed under Section 34176(a) of the Bill, the City elected to retain the housing functions previously performed by the former RDA. The assets and activities for the Successor Agency Housing fund continue to be reported in the City's governmental fund financial statements. The remaining assets, liabilities, and activities of the dissolved RDA, are reported in the Successor Agency fiduciary fund (private purpose trust fund) in the financial statements of the City.

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

The transfer of the assets and liabilities of the former RDA as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported as an extraordinary item in the governmental fund financial statements in FY 2011/12.

Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Trust Activities:					
2004 Tax Alloation	$ 4,005,000	$ -	$ (4,005,000)	$ -	$ -
2004 Tax Allocation Premium	(73,158)	-	73,158	-	-
2015 Refunding Tax Allocation Bonds	-	4,040,000	-	4,040,000	90,000
2015 Refunding Tax Allocation Bonds Discount	-	(35,642)	-	(35,642)	(1,620)
Total trust fund debt	$ 3,931,842	$ 4,004,358	$ (3,931,842)	$ 4,004,358	$ 88,380

2004 Tax Allocation Bonds

In 2004 the former Fort Bragg Redevelopment Agency issued $4,830,000 of Tax Allocation Bonds for the purpose of refunding $1,860,000 of outstanding 1993 Tax Allocation Bonds and making funds available for future capital projects. The refunding took advantage of lower interest rates which were available. The refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt, which has been deferred in accordance with GASB Statement No. 23. Deferred amounts for the loss on refunding and the original discount associated with the issuance of the 2004 Bonds are being amortized over the life of the 2004 issue using the straight line method. The outstanding 2004 Tax Allocation Bonds were refunded with the issuance of the 2015 Refunding Tax Allocation Bonds.

2015 Refunding Tax Allocation Bonds

In 2015 the former Fort Bragg Redevelopment Agency issued $4,040,000 of Tax Allocation Bonds for the purpose of refunding $4,005,000 of outstanding 2004 Tax Allocation Bonds and making funds available for future capital projects. The refunding took advantage of lower interest rates which were available. The refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt, which has been deferred in accordance with GASB Statement No. 23. Deferred amounts for the loss on refunding and the original discount associated with the issuance of the 2015 Bonds are being amortized over the life of the 2015 issue using the straight line method.

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

Long-term Liabilities, continued

The Bonds bear annual interest at rates varying between 2.00% and 3.25%. The Bonds were issued as a fully registered note in denominations of $5,000. Interest on the bonds are payable semi-annually each September 1 and March 1. Principal is paid in annual installments each September 1, 2015, through the year 2036 in amounts ranging from $90,000 through $250,000. The outstanding principal balance as of June 30, 2015 was $4,040,000.

	Fiduciary Activities					
Year Ending June 30,	2015 Refunding Bonds		2015 Refunding Bonds Discount		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 90,000	$ 111,475	$ (1,620)	$ -	$ 88,380	$ 111,475
2017	150,000	105,450	(1,620)	-	148,380	105,450
2018	150,000	102,450	(1,620)	-	148,380	102,450
2019	155,000	99,400	(1,620)	-	153,380	99,400
2020	155,000	96,300	(1,620)	-	153,380	96,300
2021-2025	835,000	432,600	(8,100)	-	826,900	432,600
2026-2030	930,000	322,000	(8,100)	-	921,900	322,000
2031-2035	1,085,000	168,850	(8,100)	-	1,076,900	168,850
2036-2040	490,000	16,088	(3,242)		486,758	
Total	$ 4,040,000	$ 1,454,613	$ (35,642)	$ -	$ 4,004,358	$ 1,438,525
Due within one year	$ 90,000	$ 111,475	$ (1,620)	$ -	$ 88,380	$ 111,475
Due after one year	3,950,000	1,343,138	(34,022)	-	3,915,978	1,327,050
Total	$ 4,040,000	$ 1,454,613	$ (35,642)	$ -	$ 4,004,358	$ 1,438,525

Receivable and Payable to the City of Fort Bragg

Fund Receiving Advance	Fund Making Advance	Amount
Major proprietary fund:	Fiduciary fund:	
Wastewater Enterprise	Successor Agency Trust Fund	$ 15,533.00
Fiduciary fund:	Major governmental fund:	
Successor Agency Trust Fund	Housing Successor Special Revenue Fund	$ (37,766.00)
Payable to the City of Fort Bragg		$ (22,233.00)

On June 30, 2010, the Redevelopment Agency Project Area special revenue fund advanced $76,800 to the Municipal Improvement District #1 (MID) wastewater enterprise fund. The term of the advance is five years with payments of interest due at 0.56% and any and all unencumbered Wastewater enterprise capital fees and revenue available each fiscal year shall be paid quarterly commencing September 30, 2010. Principal repayments of $15,026 and interest of $406 were made during the fiscal year ended June 30, 2012. As of February 1, 2011 the Fort Bragg Redevelopment Agency was dissolved pursuant to California Assembly Bill 1X 26 (Bill). The assets and liabilities of the Redevelopment Agency Project Area special revenue fund were transferred to the Successor to the Fort Bragg Redevelopment Agency trust fund. Currently the quarterly payments are paid to the Successor Agency trust fund.

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

On June 10, 2010 the Redevelopment Agency Project Area fund borrowed $528,297 from the Redevelopment Agency Low and Moderate Housing fund to help finance the Agency's 2010 commitment to the Supplemental Educational Revenue Augmentation Fund (SERAF). An additional amount of $110,101 was borrowed on June 10, 2011 to finance the Agency's 2011 SERAF commitment. Principal repayments of $128,924 and interest of $2,680 were made during the fiscal year ended June 30, 2012. As part of the dissolution of the Fort Bragg Redevelopment Agency the cash assets and the liabilities of the Agency's Low and Moderate Housing fund were transferred to the Successor Agency Low and Moderate Income Housing special revenue fund. Currently the California Department of Finance has suspended payments on all interfund loans between the Successor Agency trust fund and the Successor Agency Low and Moderate Income Housing special revenue fund until the Successor Agency has received a Finding of Completion. The Fort Bragg Redevelopment Successor Agency was issued Finding of Completion on October 12, 2013.

14. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants and Allocations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Commitments

The City had no significant unexpended contractual commitments as of June 30, 2015.

15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 72, "*Fair Value Measurement and Application*". The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements,* and other relevant literature. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2016.

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, "*Accounting and Financial Reporting for Pensions*", as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, "*Financial Reporting for Pension Plans*", and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The City will evaluate the applicability of the provisions of this Statement and implement it in the applicable year, accordingly.

The GASB has issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43,

"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The City will implement this Statement in fiscal year ending June 30, 2017.

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*", as amended, and No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*", for OPEB. Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2016.

The GASB has issued Statement No. 77, "*Tax Abatement Disclosures*". This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

City of Fort Bragg, California

Required Supplementary Information - Schedule of Funding Progress

June 30, 2015

Other Postemployement Benefits

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfuned Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
1/1/2010	$ 856,135	$ -	$ 8,562,135	0.0%	$ 3,383,762	253.0%
6/30/2011	4,693,481		4,693,481	0.0%	3,321,101	141.3%
6/30/2013	5,790,855	672,100	5,118,755	11.6%	2,670,713	191.7%

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years*

		2014
Contractually required contribution (actuarially determined)	$	263,429
Contributions in relation to the actuarially determined contributions		(263,429)
Contribution deficiency (excess)	$	-
Covered-employee payroll	$	2,389,021
Contribution as a percentage of covered-employee payroll		11.03%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

PEPRA Miscellaneous Plan

Last 10 Fiscal Years*

	2014
Contractually required contribution (actuarially determined)	$ 10,052
Contributions in relation to the actuarially determined contributions	(10,052)
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 37,212
Contribution as a percentage of covered-employee payroll	27.01%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

Safety Police Plan

Last 10 Fiscal Years*

		2014
Contractually required contribution (actuarially determined)	$	285,300
Contributions in relation to the actuarially determined contributions		(285,300)
Contribution deficiency (excess)	$	-
Covered-employee payroll	$	1,063,646
Contribution as a percentage of covered-employee payroll		26.82%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

PEPRA Safety Police Plan

Last 10 Fiscal Years*

	2014
Contractually required contribution (actuarially determined)	$ 14,329
Contributions in relation to the actuarially determined contributions	(14,329)
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 57,040
Contribution as a percentage of covered-employee payroll	25.12%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

Safety Fire Plan

Last 10 Fiscal Years*

	2014
Contractually required contribution (actuarially determined)	$ 1,966
Contributions in relation to the actuarially determined contributions	(1,966)
Contribution deficiency (excess)	$ -
Covered-employee payroll	N/A
Contribution as a percentage of covered-employee payroll	N/A

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability

Miscellaneous Plan

Last 10 Fiscal Years*

		2014
Plan's Proportion of the Net Pension Liability/(Asset)		0.04472%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$	2,782,487
Plan's Covered-Employee Payroll	$	2,389,021
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll		116.47%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability		82.66%
Plan's Proportionate Share of Aggregate Employer Contribution	$	358,600

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability

PEPRA Miscellaneous Plan

Last 10 Fiscal Years*

		2014
Plan's Proportion of the Net Pension Liability/(Asset)		0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$	51
Plan's Covered-Employee Payroll	$	37,212
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll		0.14%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability		82.89%
Plan's Proportionate Share of Aggregate Employer Contribution	$	7

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability

Safety Police Plan

Last 10 Fiscal Years*

		2014
Plan's Proportion of the Net Pension Liability/(Asset)		0.05059%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$	3,148,254
Plan's Covered-Employee Payroll	$	1,063,646
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll		295.99%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability		74.36%
Plan's Proportionate Share of Aggregate Employer Contribution	$	258,436

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability

PEPRA Safety Police Plan

Last 10 Fiscal Years*

		2014
Plan's Proportion of the Net Pension Liability/(Asset)		0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$	53
Plan's Covered-Employee Payroll	$	57,040
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll		0.09%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability		81.34%
Plan's Proportionate Share of Aggregate Employer Contribution	$	7

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability

Safety Fire Plan

Last 10 Fiscal Years*

		2014
Plan's Proportion of the Net Pension Liability/(Asset)		0.00090%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$	55,890
Plan's Covered-Employee Payroll		N/A
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll		N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability		81.42%
Plan's Proportionate Share of Aggregate Employer Contribution	$	6,933

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS

Fund Type	Description
Special Revenue	These funds account for restricted revenues (for specified purposes).
Capital Projects Funds	These funds account for construction or acquisition of governmental capital assets (capital outlay).

City of Fort Bragg, California

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2015

	Governmental Funds		
	Special Revenue Funds	Capital Projects Funds	Non-Major Funds Totals
ASSETS			
Cash and investments	$ 1,582,326	$ 65,089	$ 1,647,415
Receivables:			
Intergovernmental	2,964,316	-	2,964,316
Other receivable	39,623	-	39,623
Total assets	$ 4,586,265	$ 65,089	$ 4,651,354
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	$ 164,679	$ 444,862	$ 609,541
Due to other funds	2,859,653	404,009	3,263,662
Total liabilities:	3,024,332	848,871	3,873,203
Deferred inflows of resources:			
Unavailable revenue	110,051	7,421	117,472
Total deferred inflows of resources	110,051	7,421	117,472
Total liabilities and deferred inflows	3,134,383	856,292	3,990,675
Fund Balances:			
Restricted	724,300	-	724,300
Assigned	873,990	45,157	919,147
Unassigned (deficit)	(146,408)	(836,360)	(982,768)
Total fund balances	1,451,882	(791,203)	660,679
Total liabilities, deferred inflows and fund balances	$ 4,586,265	$ 65,089	$ 4,651,354

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2015

	Governmental Funds		
	Special Revenue Funds	Capital Projects Funds	Non-Major Funds Totals
REVENUES:			
Taxes and assessments	$ 47,226	$ -	$ 47,226
Fines and forfeitures	160,758	-	160,758
Intergovernmental	6,615,479	10,654	6,626,133
Use of money and property	13,288	-	13,288
Charges for services	39,194	-	39,194
Other revenues	9	-	9
Total revenues	6,875,954	10,654	6,886,608
EXPENDITURES:			
Current:			
General government	71	-	71
Public safety	51,416	-	51,416
Public works	2,021,329	-	2,021,329
Community development	464,453	-	464,453
Capital outlay	-	4,875,786	4,875,786
Total expenditures	2,537,269	4,875,786	7,413,055
REVENUES OVER (UNDER) EXPENDITURES	4,338,685	(4,865,132)	(526,447)
OTHER FINANCING SOURCES (USES):			
Transfers in	935,793	4,529,038	5,464,831
Transfers out	(5,260,343)	(319,404)	(5,579,747)
Total other financing sources (uses)	(4,324,550)	4,209,634	(114,916)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	14,135	(655,498)	(641,363)
FUND BALANCES:			
Beginning of year	1,437,747	(135,705)	1,302,042
End of year	$ 1,451,882	$ (791,203)	$ 660,679

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description

Special Revenue Funds account for revenues received that have special restrictions placed on their use or are committed to expenditure for specified purposes either through statute or by Council policy. The City has a number of different special revenue funds which are part of the non-operating budget. The City's nonmajor special revenue funds include the following:

General Plan Maintenance Fee	To account for General Plan Maintenance fee revenue which is required to be used for costs related to the update of the City's General Plan and zoning code.
Housing Trust	To account for Inclusionary Housing In-Lieu fee revenue which is required to be used for affordable housing activities.
Parking	To account for parking permit revenues and the cost of maintaining City owned public parking lots.
Parking In-Lieu Fees	To account for payments made by downtown property owners in lieu of providing on-site parking. Accumulated funds must be used for activities related to providing off-street parking facilities in the central business district.
Parkland Monitoring and Reporting	To account for payments made by Georgia Pacific for monitoring and maintenance of the Coastal Trail remediation area.
State Tobacco License Fee	To account for funds received for the annual Tobacco Retail License to cover costs associated with administration of the licensing program and compliance checks.
State Disability Access Fee	To account for funds received under California SB-1186 which mandates a state fee of $1 on any applicant for or renewal of a local business license. The purpose is to increase disability access and compliance with construction-related accessibility requirements and to develop educational resources for businesses in order to facilitate compliance with federal and state disability laws. .
Asset Forfeiture	To account for monies obtained from seized assets of criminal activities. The funds are used solely to support law enforcement purposes.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
Construction/Demolition Ordinance Revenue	To account for deposits that are made in accordance with the City's Construction & Demolition Ordinance. Deposit are refunded if recylcing goals are met. Othewise, the deposits are forfeited and retained in the special revenue fund. The The funds will be used to improve construction and demolition waste recycling facilities, education, and programs within the City.
Waste Management Community Benefit Payment	To account for contract extension fee received from Waste Management. The City Council has designated these funds for the community benefit purposes.
Highway User Gas Taxes	To account for the City's share of State of California's Highway User Tax collected by the State that are legally restricted to the maintenance and improvement of City roads and streets.
Traffic & Safety	To account for the revenue received from traffic fines which is restricted to City street repairs and traffic safety.
Mendocino Council of Governments (MCOG) Funds	To account for monies received from the Mendocino Council of Governments (MCOG), a joint powers agency that serves as the Regional Transportation Planning Agency in Mendocino County for various projects including the Main Street Realignment and Cedar Street Pedestrian Enhancement projects.
Mendocino Council of Governments (MCOG) Overall Work Program (OWP) Grants	To account for local transportation funds awarded for transportation planning and technical assistance.
Fire Equipment	To account for property tax revenues designated for the purchase of equipment for the Fort Bragg Fire Department.
Franklin Street Intersection Evaluation	To account for monies received from the Mendocino Council of Governments (MCOG) for traffic evaluation on Franklin Street.
North Coast Integrated Water Management Grant	To account for funds awarded by the State of California to NCIWM (now know as North Coast Resource Partnership) and sub-granted to the City. Prior funding was used for the Waterfall Gulch Raw Water Line Replacement project. Current funding provided by Prop. 84 was awarded for the Summers Lane Reservoir Project.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
Noyo Center for Marine Sciences	To account for monies received from the California State Coastal Conservancy and the California Coastal Commission for the establishment of the Noyo Center for Marine Sciences.
Federal and State Grant Special Revenue Funds:	
Safe Routes to School	To account for a federal grant providing funding to improve the conditions and quality of bicycling and walking to school, as well as to educate the community about safety, health and environmental benefits of non-vehicular transport.
Community Development Block Grant Funds	The Community Development Block Grant program provides competitive grants to enables local government to undertake a wide range of activities intended to create suitable living environments, provide decent affordable house, and create economic opportunities, primarily for persons of low and moderate income.
Sustainable Communities Grant	To account for monies received from Prop 84 Funds to complete the City's Climate Action Plan and a Sustainability Element for the General Plan.
OWP Grants	To account for local transportation funds awarded for transportation planning and technical assistance.
COPS AB1913	To account for monies received from the State or law enforcement services under the Citizens Option for Public Safety (COPS) Program. [the CSO funding was expended long ago; future funding may be acquired]
Bulletproof Vest Partnership Grant	To account for monies received under the Bulletproof Vest Partnership Grant Act. This program is designed to pay up to 50% of the cost of National Institute of Justice (NIJ) compliant armored vests purchases for local law enforcement.
Statewide Park Program (Prop 84 Funds)	To account for Proposition 84 funds of $4.85 million awarded for the construction of the Fort Bragg Coastal Restoration and Trail Project.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
Federal Appropriation/California Department of Transportation (CalTrans) Planning Grant	To account for 2006 Housing & Urban Development and CalTrans monies received for the Coastal Trail project on the former Georgia Pacific mill site.
STBG Housing Rehabilitation Grant	To account for 2005 CDBG funding awarded under the General Allocation for a Housing Rehabilitation Program and a Storm Drainage public improvement activity.
CDBG General Allocation Grant	To account for CDBG grants awarded under the 2009 Recovery Act allocation for a housing project rehabilitation and under the 2010 General Allocation for two housing programs, public facility improvements, and a public service program.
CalTrans North Coastal Trail Grant	To account for monies received from CalTrans for construction of the North Coastal Trail on the former Georgia Pacific mill site.
EDBG Planning and Technology Grants	To account for CDBG planning and technical assistance grants awarded from the Economic Development Allocation through June 2013.
CDBG Enterprise	To account for CDBG Enterprise Fund awards for economic development activities including Business Assistance Loan Programs and Microenterprise Assistance Programs, until June 2013.
CDBG Plannign and Technology Grants	To account for CDBG planning and technical assistance grants awarded from the General Allocation through December 2013.
Bicycle Transportation Grant	To account for grant monies received from CalTrans for completion of the “signs and lines” bicycle safety striping project for bicycle lanes within City limits.
STP D1 Streets & Highways Allocation	To account for the City’s share of highways users’ tax revenues that are legally restricted to the planning, construction, improvement, maintenance and operation of City roads and streets.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
2012 CDBG SuperNOFA	To account for Federal Community Development Block Grant funds received from the State of California to be used for the Homeless and Mental Health Intervention Program.
Noyo Center Land Acquisiton	To account for monies received from the Coastal Conservancy for the acquisition of the Noyo Center Land on the former Georgia Pacific Mill site.
Coastal Conservancy Grant	To account for monies received from the California State Coastal Conservancy to complete the Pomo Bluffs park construction.
State Parks Prop 84 Grant	To account for monies received from the State of California for construction of the Fort Bragg Coastal Restoration and Trail project.
CalTrans Federal Funding Grants	To account for Federal funds received from Cal Trans to be used in the construction of the Chestnut Street Multi-Use Trail.
HCD HOME Grant	To account for Federal Funding to be used to re-establish a Housing Rehabilitation Loan program for qualified low- and moderate-income homeowners.

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	General Plan Maintenance Fee	Housing	Parking	Parking In-lieu Fees
ASSETS				
Cash and investments	$ 176,687	$ 93,174	$ 48,225	$ 52
Receivables:				
Intergovernmental	-	-	-	-
Other receivable	-	-	-	-
Total assets	$ 176,687	$ 93,174	$ 48,225	$ 52
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Total liabilities:	-	-	-	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources:	-	-	-	-
Total liabilities and deferred inflows	-	-	-	-
Fund Balances:				
Restricted	-	-	-	-
Assigned	176,687	93,174	48,225	52
Unassigned (deficit)	-	-	-	-
Total fund balances	176,687	93,174	48,225	52
Total liabilities deferred inflows and fund balances	$ 176,687	$ 93,174	$ 48,225	$ 52

Parkland Monitoring/ Reporting	State Tobacco License Fee	State Disability Access Fee	Asset Forfeiture	Construction/ Demolition Ordinance	Waste Management Community Benefit Pymt	Gas Tax
$ 123,917	$ 5,363	$ 1,932	$ 649,938	$ 45,339	$ 187,108	$ 37,265
-	-	1	1,780	-	-	30,376
-	-	-	-	-	-	-
$ 123,917	$ 5,363	$ 1,933	$ 651,718	$ 45,339	$ 187,108	$ 67,641
$ 436	$ -	$ 238	$ 29,981	$ -	$ -	$ -
-	-	-	-	-	-	-
436	-	238	29,981	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
436	-	238	29,981	-	-	-
-	-	-	621,737	-	-	67,641
123,481	5,363	1,695	-	45,339	187,108	-
-	-	-	-	-	-	-
123,481	5,363	1,695	621,737	45,339	187,108	67,641
$ 123,917	$ 5,363	$ 1,933	$ 651,718	$ 45,339	$ 187,108	$ 67,641

(continued)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
June 30, 2015

	Traffic and Safety	MCOG Main St Planning	MCOG Overall Work Program
ASSETS			
Cash and investments	$ -	$ -	$ -
Receivables:			
Intergovernmental	2,271	-	-
Other receivable	-	262	-
Total assets	$ 2,271	$ 262	$ -
AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	-
Due to other funds	-	-	-
Total liabilities:	-	-	-
Deferred inflows of resources:			
Unavailable revenue	-	-	-
Total deferred inflows of resources:	-	-	-
Total liabilities and deferred inflows	-	-	-
Fund Balances:			
Restricted	-	-	-
Assigned	2,271	262	-
Unassigned (deficit)	-	-	-
Total fund balances	2,271	262	-
Total liabilities deferred inflows and fund balances	$ 2,271	$ 262	$ -

Fire Equipment	Franklin St Intersection Evaluation	North Coast Integrated Water Management	Noyo Center for Marine Sciences	State and Federal Grant Funds	Totals
187,214	$ -	$ -	360	$ 25,752	$ 1,582,326
-	-	-	-	2,929,888	2,964,316
3,119	-	-	36,242	-	39,623
$ 190,333	$ -	$ -	$ 36,602	$ 2,955,640	$ 4,586,265
-	-	-	24,049	$ 109,975	$ 164,679
-	-	-	-	2,859,653	2,859,653
-	-	-	24,049	2,969,628	3,024,332
-	-	-	32,400	77,651	110,051
-	-	-	32,400	77,651	110,051
-	-	-	56,449	3,047,279	3,134,383
-	-	-	-	34,922	724,300
190,333	-	-	-	-	873,990
-	-	-	(19,847)	(126,561)	(146,408)
190,333	-	-	(19,847)	(91,639)	1,451,882
$ 190,333	$ -	$ -	$ 36,602	$ 2,955,640	$ 4,586,265

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the year ended June 30, 2015

	General Plan Maintenance Fee	Housing	Parking	Parking In-lieu Fees
REVENUES:				
Taxes and assessments	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	2,002	926	551	-
Charges for services	39,194	-	-	-
Other revenues	-	-	-	-
Total revenues	41,196	926	551	-
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	8,184
Total expenditures	-	-	-	8,184
REVENUES OVER (UNDER) EXPENDITURES	41,196	926	551	(8,184)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-		8,200
Transfers out	(65,667)		(8,200)	-
Total other financing sources and uses	(65,667)	-	(8,200)	8,200
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(24,471)	926	(7,649)	16
FUND BALANCES (DEFICITS):				
Beginning of year	201,158	92,248	55,874	36
End of year	$ 176,687	$ 93,174	$ 48,225	$ 52

Parkland Monitoring/ Reporting	State Tobacco License Fee	State Disability Access Fee	Asset Forfeiture	Construction/ Demolition Ordinance	Waste Management Community Benefit Pymt	Gas Tax
$ -	$ -	$ -	$ -	$ -	$ -	$ 3,637
-	-	-	149,041	3,937	-	-
-	2,013	613	-	-	-	219,790
1,231	60	17	6,118	447	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,231	2,073	630	155,159	4,384	-	223,427
-	-	29	-	-	-	-
-	-	-	49,910	-	-	-
436	2,200	-	-	-	-	-
-	-	-	-	-	-	-
436	2,200	29	49,910	-	-	-
795	(127)	601	105,249	4,384	-	223,427
-	-	-	12	-	-	-
-	-	(2)	(146,395)	-	(117,892)	(195,000)
-	-	(2)	(146,383)	-	(117,892)	(195,000)
795	(127)	599	(41,134)	4,384	(117,892)	28,427
122,686	5,490	1,096	662,871	40,955	305,000	39,214
$ 123,481	$ 5,363	$ 1,695	$ 621,737	$ 45,339	$ 187,108	$ 67,641

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds, continued

For the year ended June 30, 2015

	Traffic and Safety	MCOG Main St Planning	MCOG Overall Work Program	Fire Equipment	Franklin St Intersection Evaluation
REVENUES:					
Taxes and assessments	$ -	$ -	$ -	$ 43,589	$ -
Fines and forfeitures	7,780	-	-	-	-
Intergovernmental	-	15,684	4,115	-	-
Use of money and property	-	-	-	1,936	-
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	7,780	15,684	4,115	45,525	-
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	490	-
Public works	-	130,779	-	-	3,551
Community development	-	-	-	-	-
Total expenditures	-	130,779	-	490	3,551
REVENUES OVER (UNDER) EXPENDITURES	7,780	(115,095)	4,115	45,035	(3,551)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	189,811	-	-	160
Transfers out	(7,129)	-	(3,804)	(1,435)	-
Total other financing sources and uses	(7,129)	189,811	(3,804)	(1,435)	160
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	651	74,716	311	43,600	(3,391)
FUND BALANCES (DEFICITS):					
Beginning of year	1,620	(74,454)	(311)	146,733	3,391
End of year	$ 2,271	$ 262	$ -	$ 190,333	$ -

North Coast Integrated Water Management	Noyo Center for Marine Sciences	State and Federal Grant Funds	Totals
$ -	$ -	$ -	$ 47,226
-	-	-	160,758
155,755	22,472	6,195,037	6,615,479
-	-	-	13,288
-	-	-	39,194
-	9	-	9
155,755	22,481	6,195,037	6,875,954
42	-	-	71
-	-	1,016	51,416
-	173,001	1,711,362	2,021,329
-	-	456,269	464,453
42	173,001	2,168,647	2,537,269
155,713	(150,520)	4,026,390	4,338,685
-	134,657	602,953	935,793
(155,713)	-	(4,559,106)	(5,260,343)
(155,713)	134,657	(3,956,153)	(4,324,550)
-	(15,863)	70,237	14,135
-	(3,984)	(161,876)	1,437,747
$ -	$ (19,847)	$ (91,639)	$ 1,451,882

City of Fort Bragg, California
Combining Balance Sheet
Federal and State Grant Special Revenue Funds
June 30, 2015

	Safe Routes to School	CDBG Unclassified Program Income	Sustainable Communities Grant	OWP Grants
ASSETS				
Cash and investments	$ -	$ 19,805	$ -	$ -
Receivables:				
Intergovernmental	786	-	-	-
Total assets	$ 786	$ 19,805	$ -	$ -
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources:				
Unavailable revenue				
Total deferred inflows of resources:	-	-	-	-
Total liabilities and deferred inflows	-	-	-	-
Fund Balances:				
Restricted	786	19,805	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	786	19,805	-	-
Total liabilities deferred inflows and fund balances	$ 786	$ 19,805	$ -	$ -

COPS	Bulletproof Vest Partnership Grant	Prop 84 Grant-Coastal Trail	CalTrans Planning Grant	STBG Housing Rehabilitation Grant	CDBG General Allocation Grants	CalTrans North Coastal Trail Grant	EDBG Planning and Technology Grants
$ 4,307	$ 1,568	$ -	$ -	$ -	$ 72	$ -	$ -
8,456	-	-	-	-	943,714	-	-
$ 12,763	$ 1,568	$ -	$ -	$ -	$ 943,786	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ 41,427	$ -	$ -
-	-	-	-	-	903,995	-	-
-	-	-	-	-	945,422	-	-
					19,472		
-	-	-	-	-	19,472	-	-
-	-	-	-	-	964,894	-	-
12,763	1,568	-	-	-	-	-	-
-	-	-	-	-	(21,108)	-	-
12,763	1,568	-	-	-	(21,108)	-	-
$ 12,763	$ 1,568	$ -	$ -	$ -	$ 943,786	$ -	$ -

(continued)

City of Fort Bragg, California

Combining Balance Sheet

Federal and State Grant Special Revenue Funds, Continued

June 30, 2015

	CDBG Enterprise	CDBG Planning and Technology Grants	Bicycle Transportation Grant	STP D1 Streets and Highway Allocation
ASSETS				
Cash and investments	$ -	$ -	$ -	$ -
Receivables:				
Intergovernmental	-	-	-	-
Total assets	$ -	$ -	$ -	$ -
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	40,307
Total liabilities	-	-	-	40,307
Deferred inflows of resources:				
Unavailable revenue				
Total deferred inflows of resources:	-	-	-	-
Total liabilities and deferred inflows	-	-	-	40,307
Fund Balances:				
Restricted	-	-	-	-
Unassigned (deficit)	-	-	-	(40,307)
Total fund balances	-	-	-	(40,307)
Total liabilities and fund balances	$ -	$ -	$ -	$ -

2012 CDBG SuperNOFA	Noyo Center Land Acquisition Grant	Coastal Conservancy Grant	State Parks Prop 84 Grant	CalTrans Federal Funding Grants	HCD HOME Grant	Totals
$ -	$ -	$ -	$ -	$ -	$ -	$ 25,752
225,559	-	312,594	1,438,779	-	-	2,929,888
$ 225,559	$ -	$ 312,594	$ 1,438,779	$ -	$ -	$ 2,955,640
$ 65,748	$ -	$ -	$ -	$ -	$ 2,800	$ 109,975
159,812	-	312,594	1,438,799	-	4,146	2,859,653
225,560	-	312,594	1,438,799	-	6,946	2,969,628
58,179						77,651
58,179	-	-	-	-	-	77,651
283,739	-	312,594	1,438,799	-	6,946	3,047,279
-	-	-	-	-		34,922
(58,180)	-	-	(20)	-	(6,946)	(126,561)
(58,180)	-	-	(20)	-	(6,946)	(91,639)
$ 225,559	$ -	$ 312,594	$ 1,438,779	$ -	$ -	$ 2,955,640

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Federal and State Grant Special Revenue Funds

For the year ended June 30, 2015

	Safe Routes to School	CDBG Unclassified Program Income	Sustainable Communities Grant	OWP Grants
REVENUES:				
Intergovernmental	$ 787	$ -	$ -	$ -
Use of money and property	-	-	-	-
Total revenues	787	-	-	-
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	968
Community development	-	-	-	-
Total expenditures	-	-	-	968
REVENUES OVER (UNDER) EXPENDITURES	787	-	-	(968)
OTHER FINANCING SOURCES (USES):				
Transfers in	43,927	-	35,667	
Transfers out	-	-	-	
Total other financing sources and uses	43,927	-	35,667	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	44,714	-	35,667	(968)
FUND BALANCES (DEFICIT):				
Beginning of year	(43,928)	19,805	(35,667)	968
End of year	$ 786	$ 19,805	$ -	$ -

COPS	Bulletproof Vest Partnership Grant	Prop 84 Grant-Coastal Trail	CalTrans Planning Grant	STBG Housing Rehabilitation Grant	CDBG General Allocation Grants	CalTrans North Coastal Trail Grant	EDBG Planning and Technology Grants
$ 112,763	$ 2,439	$ -	$ 344,654	$ -	$ 1,650,041	607,545	$ -
-	-	-	-	-	-	-	-
112,763	2,439	-	344,654	-	1,650,041	607,545	-
-	1,016	-	-	-	-		
-	-	-	-	-	1,708,282	21	
-	-	3,614	-	53,296	-	-	-
-	1,016	3,614	-	53,296	1,708,282	21	-
112,763	1,423	(3,614)	344,654	(53,296)	(58,241)	607,524	-
	1,523	270,523			22,645	86,055	26,410
(100,000)			(348,112)	(13,550)			
(100,000)	1,523	270,523	(348,112)	(13,550)	22,645	86,055	26,410
12,763	2,946	266,909	(3,458)	(66,846)	(35,596)	693,579	26,410
-	(1,378)	(266,909)	3,458	66,846	14,488	(693,579)	(26,410)
$ 12,763	$ 1,568	$ -	$ -	$ -	$ (21,108)	$ -	$ -

(continued)

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Federal and State Grant Special Revenue Funds, Continued

For the year ended June 30, 2015

	CDBG Enterprise	CDBG Planning and Technology Grants	Bicycle Transportation Grant	STP D1 Streets and Highway Allocation
REVENUES:				
Intergovernmental	$ -	$ -	$ -	$ -
Use of money and property	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Public works	2,090	1	-	-
Community development	-	-	-	-
Total expenditures	2,090	1	-	-
REVENUES OVER (UNDER) EXPENDITURES	(2,090)	(1)	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	3,198	-	-	-
Transfers out	(26,410)	-	(10,051)	(341,989)
Total other financing sources and uses	(23,212)	-	(10,051)	(341,989)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(25,302)	(1)	(10,051)	(341,989)
FUND BALANCES (DEFICIT):				
Beginning of year	25,302	1	10,051	301,682
End of year	$ -	$ -	$ -	$ (40,307)

2012 CDBG SuperNOFA	Noyo Center Land Acquisition Grant	Coastal Conservancy Grant	State Parks Prop 84 Grant	CalTrans Federal Funding Grants	HCD HOME Grant	Totals
$ 374,512	$ -	$ 960,911	$ 2,128,554	$ 12,831	$ -	$ 6,195,037
-	-	-	-	-	-	-
374,512	-	960,911	2,128,554	12,831	-	6,195,037
-	-	-	-	-	-	1,016
-	-	-	-	-	-	1,711,362
391,124	-	1,577	-	-	6,658	456,269
391,124	-	1,577	-	-	6,658	2,168,647
(16,612)	-	959,334	2,128,554	12,831	(6,658)	4,026,390
106,000	916	6,089	-	-	-	602,953
-	-	(960,911)	(2,736,119)	(21,964)	-	(4,559,106)
106,000	916	(954,822)	(2,736,119)	(21,964)	-	(3,956,153)
89,388	916	4,512	(607,565)	(9,133)	(6,658)	70,237
(147,568)	(916)	(4,512)	607,545	9,133	(288)	(161,876)
$ (58,180)	$ -	$ -	$ (20)	$ -	$ (6,946)	$ (91,639)

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2015

	Otis Johnson Park	Skate Park	Coastal Trail	Noyo Center for Marine Sciences
ASSETS				
Cash and investments	$ 17,421	$ 413	$ -	$ -
Due from other funds	-	-	-	-
Total assets	$ 17,421	$ 413	$ -	$ -
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 310	$ 432,175	$ -
Due to other funds	-	-	403,888	-
Deposits payable	-	-	-	-
Total liabilities:	-	310	836,063	-
Deferred inflows of resources:				
Unavailable revenue	7,421	-	-	-
Total deferred inflows of resources:	7,421	-	-	-
Total liabilities and deferred inflows	7,421	310	836,063	-
Fund Balances:				
Restricted	-	-	-	-
Assigned	10,000	103	0	
Unassigned (deficit)	-	-	(836,063)	-
Total fund balances	10,000	103	(836,063)	-
Total liabilities deferred inflows and fund balances	$ 17,421	$ 413	$ -	$ -

Town Hall Remodel	Chestnut Street Multi Use Trail	Totals
$ 47,255	$ -	$ 65,089
-	-	-
$ 47,255	$ -	$ 65,089

$ 12,201	$ 176	$ 444,862
-	121	404,009
-	-	-
12,201	297	848,871
-	-	7,421
-	-	7,421
12,201	297	856,292
-	-	-
35,054	-	45,157
-	(297)	(836,360)
35,054	(297)	(791,203)
$ 47,255	$ -	$ 65,089

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the year ended June 30, 2015

	Otis Johnson Park	Skate Park	Coastal Trail	Noyo Center for Marine Sciences
REVENUES:				
Intergovernmental	$ 10,654	$ -	$ -	$ -
Total revenues	10,654	-	-	-
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Capital outlay	-	310	4,574,558	-
Total expenditures	-	310	4,574,558	-
REVENUES OVER (UNDER) EXPENDITURES	10,654	(310)	(4,574,558)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,175,983	-
Transfers out	(3,198)		(313,549)	(2,657)
Total other financing sources and uses	(3,198)	-	3,862,434	(2,657)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	7,456	(310)	(712,124)	(2,657)
FUND BALANCES (DEFICITS):				
Beginning of year	2,544	413	(123,939)	2,657
End of year	$ 10,000	$ 103	$ (836,063)	$ -

Town Hall Remodel	Chestnut Street Multi Use Trail	Totals
$ -	$ -	$ 10,654
-	-	10,654
-	-	-
285,407	15,511	4,875,786
285,407	15,511	4,875,786
(285,407)	(15,511)	(4,865,132)
331,091	21,964	4,529,038
-	-	(319,404)
331,091	21,964	4,209,634
45,684	6,453	(655,498)
(10,630)	(6,750)	(135,705)
$ 35,054	$ (297)	$ (791,203)

INTERNAL SERVICE FUNDS

Fund Type	Description
Building Maintenance	Accounts for the maintenance of all City owned buildings
Information Technology Fund	Accounts for all activities of the City's computer networks, the costs of which are distributed among user departments using equitable formulas.
Vehicle Operations	Accounts for all activities of the City's central garage operations, the costs of which are distributed among designated user departments.

City of Fort Bragg, California
Combining Statement of Net Position
Internal Service Funds
For the year ended June 30, 2015

	Building Maintenance	Information Technology Fund	Vehicle Operations	Totals
ASSETS				
Current assets:				
Cash and investments	$ 654,331	$ 177,426	$ 386,326	$ 1,218,083
Total current assets	654,331	177,426	386,326	1,218,083
Noncurrent assets:				
Capital assets, net	-	-	239,863	239,863
Total noncurrent assets	-	-	239,863	239,863
Total assets	$ 654,331	$ 177,426	$ 626,189	$ 1,457,946
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable	$ 7,099	$ 19,948	$ 40,883	$ 67,930
Accrued liabilities	-	4,227	2,993	7,220
Total current liabilities	7,099	24,175	43,876	75,150
Noncurrent liabilities:				
Compensated absences	-	-	-	-
Total liabilities	7,099	24,175	43,876	75,150
Net Position:				
Net investment in capital assets	-	-	239,863	239,863
Unrestricted	647,232	153,251	342,450	1,142,933
Total net position	647,232	153,251	582,313	1,382,796
Total liabilities and net position	$ 654,331	$ 177,426	$ 626,189	$ 1,457,946

City of Fort Bragg, California

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

For the year ended June 30, 2015

	Building Maintenance	Information Technology Fund	Vehicle Operations	Totals
OPERATING REVENUES:				
Interdepartmental charges	$ 269,341	$ 331,500	$ 499,702	$ 1,100,543
Total operating revenues	269,341	331,500	499,702	1,100,543
OPERATING EXPENSES:				
Salaries and benefits	82,349	116,792	106,503	305,644
Contractual services	-	98,398	3,814	102,212
Materials and supplies	-	7,843	78,269	86,112
Repairs and maintenance	72,424	37,445	37,151	147,020
Insurance	-	-	-	-
Allocated overhead	56,913	79,332	72,870	209,115
Depreciation	-	-	32,554	32,554
Total operating expenses	211,686	339,810	331,161	882,657
OPERATING INCOME (LOSS)	57,655	(8,310)	168,541	217,886
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	-	25	25	50
Total non-operating revenues (expenses)	-	25	25	50
NET INCOME (LOSS) BEFORE TRANSFERS	57,655	(8,285)	168,566	217,936
Transfers in	547,665	120,000	454,250	1,121,915
Transfers out	(275,665)	(143,000)	(407,166)	(825,831)
Total transfers	272,000	(23,000)	47,084	296,084
Change in net position	329,655	(31,285)	215,650	514,020
NET POSITION (DEFICIT):				
Beginning of year	317,577	184,536	366,663	868,776
End of year	$ 647,232	$ 153,251	$ 582,313	$ 1,382,796

City of Fort Bragg, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2015

	Building Maintenance	Information Technology Fund	Vehicle Operations	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	$ 269,341	$ 331,500	$ 499,702	$ 1,100,543
Cash paid to suppliers for goods and services	(129,010)	(206,552)	(163,114)	(498,676)
Cash paid to employees for services	(82,349)	(115,480)	(106,102)	(303,931)
Net cash provided (used) by operating activities	57,982	9,468	230,486	297,936
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	547,665	120,000	454,250	1,121,915
Transfers paid	(275,665)	(143,000)	(407,166)	(825,831)
Net cash provided (used) by noncapital financing activities	272,000	(23,000)	47,084	296,084
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	-	(154,256)	(154,256)
Net cash (used) by capital and related financing activities	-	-	(154,256)	(154,256)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	-	25	25	50
Net cash provided by investing activities	-	25	25	50
Net increase (decrease) in cash and cash equivalents	329,982	(13,507)	123,339	439,814
CASH AND CASH EQUIVALENTS:				
Beginning of year	324,349	190,933	262,987	778,269
End of year	$ 654,331	$ 177,426	$ 386,326	$ 1,218,083
Reconciliation of income from operations to net cash provided (used) by operating activities:				
Operating income (loss)	$ 57,655	$ (8,310)	$ 168,541	$ 217,886
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	-	32,554	32,554
(Increase) decrease in current assets:				
Inventory	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	327	16,466	28,990	45,783
Accrued liabilities	-	1,312	401	1,713
Compensated absences	-	-	-	-
Net cash provided by operating activities	$ 57,982	$ 9,468	$ 230,486	$ 297,936

The accompanying notes are an integral part of these basic financial statements

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STATISTICAL SECTION

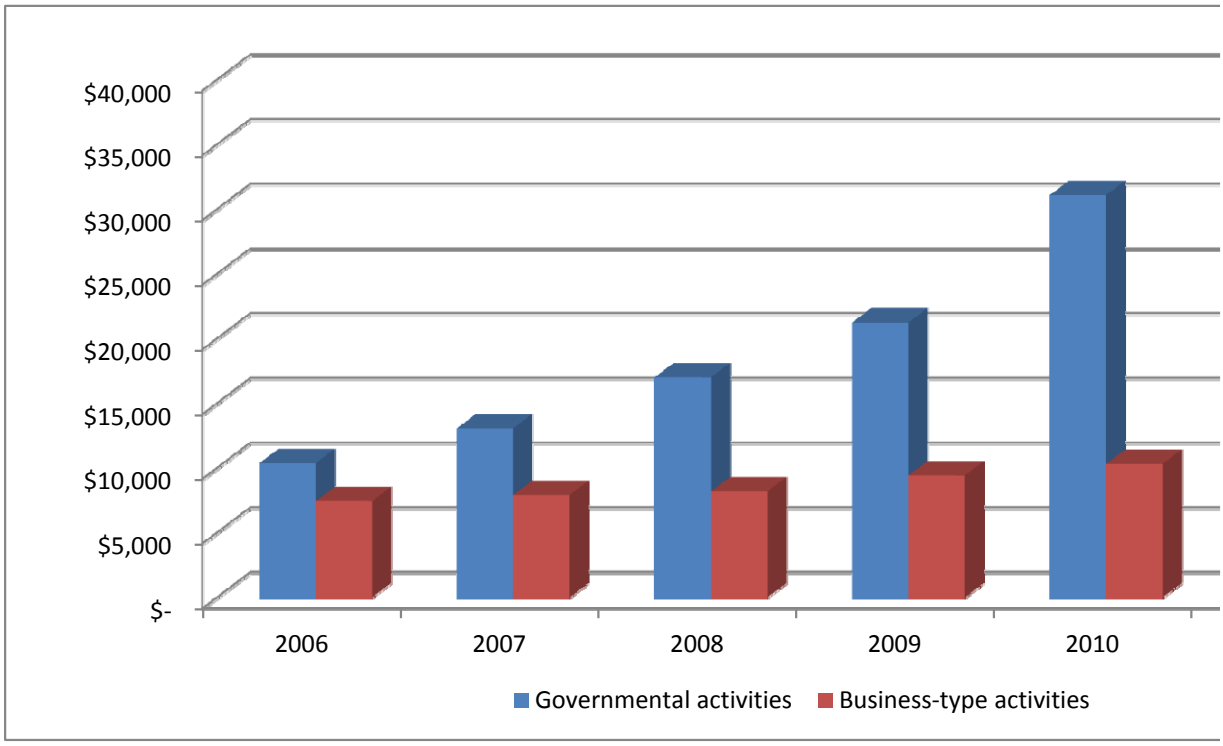
This part of the City of Fort Bragg's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health.

Contents	Page(s)
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150-160
Revenue Capacity	
generate revenues. Property taxes, sales and use taxes, charges for services, licenses, permits and fees and intergovernmental revenue are the City's most significant revenue sources.	161-167
Debt Capacity	
These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt	168-176
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	178-179
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	180-182

City of Fort Bragg, California

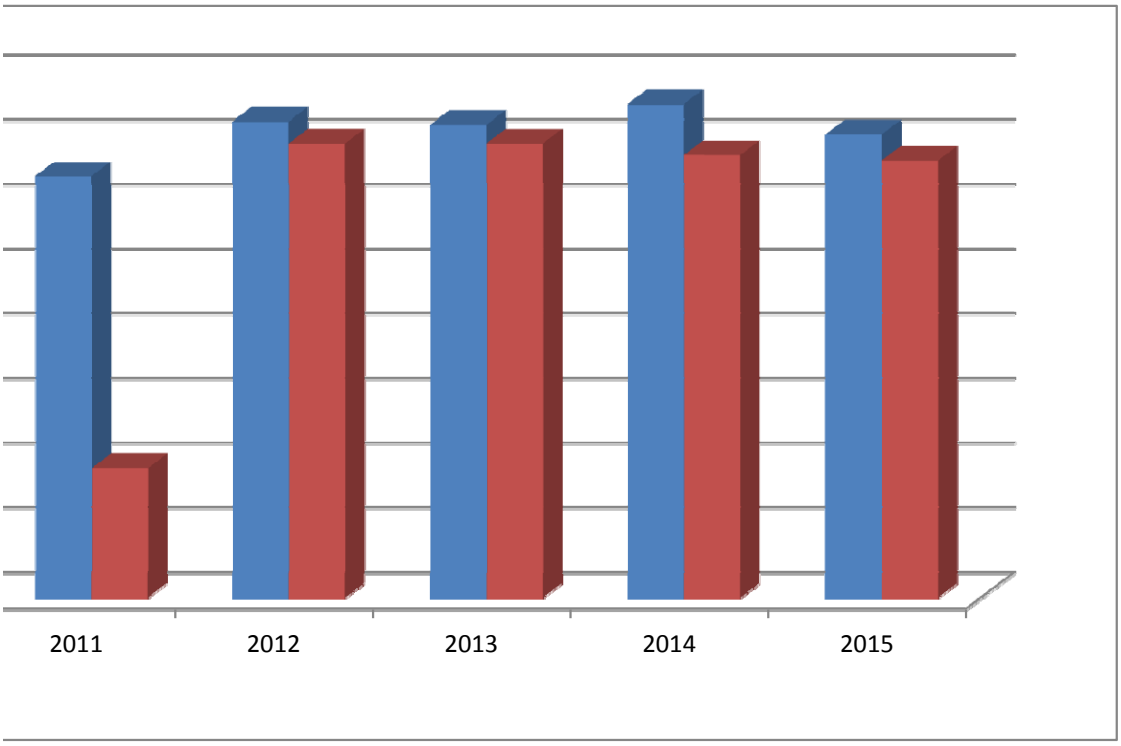
Net Position by Component
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Accrual basis of accounting)
(In Thousands)

	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	$ 3,209	$ 5,356	$ 8,522	$ 13,862
Restricted	1,980	2,464	2,912	3,822
Unrestricted	5,174	5,240	5,572	3,552
Total governmental activities net position	$ 10,363	$ 13,060	$ 17,006	$ 21,236
Business-type activities				
Net investment in capital assets	$ 4,476	$ 5,460	$ 6,030	$ 7,170
Restricted	28	35	35	35
Unrestricted	2,933	2,420	2,122	2,223
Total business-type activities net position	$ 7,437	$ 7,915	$ 8,187	$ 9,428
Primary government				
Net investment in capital assets	$ 7,685	$ 10,816	$ 14,552	$ 21,032
Restricted	2,008	2,499	2,947	3,857
Unrestricted	8,107	7,660	7,694	5,775
Total primary government net position	$ 17,800	$ 20,975	$ 25,193	$ 30,664



Source: City Finance Department

2010	2011	2012	2013	2014	2015
$ 24,795	$ 25,801	$ 30,664	$ 30,444	$ 31,944	$ 35,914
4,450	4,825	4,776	5,671	5,987	103
1,843	1,953	1,356	428	232	(203)
$ 31,088	$ 32,579	$ 36,796	$ 36,543	$ 38,163	$ 35,814
7,255	$ 7,121	$ 31,319	$ 30,764	$ 30,531	$ 30,047
64	108	108	72	101	108
2,997	2,775	3,709	4,294	3,603	3,649
$ 10,316	$ 10,004	$ 35,136	$ 35,130	$ 34,235	$ 33,804
$ 32,050	$ 32,922	$ 61,983	$ 61,208	$ 62,475	$ 65,961
4,514	4,933	4,884	5,743	6,088	211
4,840	4,728	5,065	4,722	3,835	3,446
$ 41,404	$ 42,583	$ 71,932	$ 71,673	$ 72,398	$ 69,618



City of Fort Bragg, California

Changes in Net Position
Last Ten Fiscal Years
(Fiscal year ended June 30)

(Accrual basis of accounting)

(In Thousands)

	2006	2007	2008
Expenses			
Governmental activities:			
General government	$ 2,062	$ 2,294	$ 1,621
Public safety	2,843	3,071	3,332
Public works	1,040	912	970
Community development	1,157	1,474	867
Interest and fiscal charges	454	326	325
Total governmental activities expenses	7,556	8,077	7,115
Business-type activities:			
Water	1,438	1,794	1,899
Wastewater	1,686	1,792	1,865
C.V. Starr Center	-	-	-
Total business-type activities expenses	3,124	3,586	3,764
Total primary government expenses	10,680	11,663	10,879
Program revenues			
Governmental activities:			
Charges for services:			
General government	555	492	724
Public safety	239	147	210
Public works	119	191	101
Community development	618	383	246
Operating grants and contributions	226	410	695
Capital grants and contributions	1,430	2,075	2,279
Total governmental activities program revenues	3,187	3,698	4,255
Business-type activities:			
Charges for services:			
Water	1,775	1,891	1,925
Wastewater	1,392	1,470	1,505
C.V. Starr Center	-	-	-
Operating grants and contributions	-	-	-
Capital grants and contributions	240	482	-
Total business-type activities program revenues	3,407	3,843	3,430
Total primary government program revenues	6,594	7,541	7,685
Net (Expense)/Revenue			
Governmental activities	(4,369)	(4,379)	(2,860)
Business-type activities	283	257	(334)
Total primary government net expense	(4,086)	(4,122)	(3,194)

2009	2010	2011	2012	2013	2014	2015
$ 2,013	$ 2,518	$ 2,591	$ 2,540	$ 2,708	$ 1,500	$ 2,593
3,387	4,011	3,596	3,493	3,399	3,851	3,663
1,846	2,286	1,532	1,532	1,874	2,176	2,435
2,922	2,489	3,361	1,877	1,529	3,485	840
323	311	296	177	49	42	30
10,491	11,615	11,376	9,619	9,559	11,054	9,561
2,050	2,401	2,179	2,107	2,138	2,539	2,286
2,233	2,465	2,425	2,983	3,063	3,095	2,801
-	-	-	183	2,236	2,262	2,382
4,283	4,866	4,604	5,273	7,437	7,896	7,469
14,774	16,481	15,980	14,892	16,996	18,950	17,030
2,306	3,193	3,087	2,718	2,701	2,851	2,809
133	30	30	29	40	72	50
50	13	5	4	5	34	102
188	5	9	349	100	58	-
1,101	10,622	2,138	684	1,572	1,567	4,702
3,673	2,108	602	1,096	303	1,818	2,383
7,451	15,971	5,871	4,880	4,721	6,400	10,046
2,042	2,017	2,108	2,194	2,404	2,229	2,496
1,930	2,216	2,773	2,945	3,197	3,004	3,194
-	-	-	-	591	635	706
288	-	-	-	-	-	-
1,239	85	-	25,132	-	-	-
5,499	4,318	4,881	30,271	6,192	5,868	6,396
12,950	20,289	10,752	35,151	10,913	12,268	16,442
(3,040)	4,356	(5,505)	(4,739)	(4,838)	(4,654)	485
1,216	(548)	277	24,998	(1,245)	(2,028)	(1,073)
(1,824)	3,808	(5,228)	20,259	(6,083)	(6,682)	(588)

(continued)

City of Fort Bragg, California
Changes in Net Position
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Accrual basis of accounting)
(In Thousands)

	2006	2007	2008
Continued from previous page:			
General Revenues and Other Changes in Net Position:			
Governmental activities:			
Taxes:			
Property taxes	2,128	2,477	2,328
Sales and use tax	2,551	2,524	2,545
Transient lodging tax	1,396	1,504	1,553
Franchise taxes	248	231	278
Other taxes	222	232	315
Use of money and property	85	119	106
Other general revenues	52	-	-
Transfer in (out)	(283)	(11)	(319)
Extraordinary item: Redevelopment dissolution	-	-	-
Total governmental activities	6,399	7,076	6,806
Business-type activities:			
Property taxes	52	55	68
Sales and use tax			
Use of money and property	142	156	132
Other revenues	-	-	-
Transfer in (out)	283	11	319
Total business-type activities	477	222	519
Total primary government	6,876	7,298	7,325
Changes in Net Position			
Governmental activities	2,030	2,697	3,946
Business-type activities	760	479	185
Total primary government	$ 2,790	$ 3,176	$ 4,131

Note: The City implemented Governmental Accounting Standards Board Statement No. 68 and No. 71 (GASB 54 and GASB 71) for fiscal year ended June 30, 2015. The implementation resulted in a prior period adjustment of $6,305,808 for Governmental activities and $690,158 for Business-type activities.

Source: City Finance Department

2009	2010	2011	2012	2013	2014	2015
2,249	1,988	2,075	1,413	924	943	909
2,657	2,154	2,147	2,271	2,390	2,490	2,523
1,492	1,379	1,341	1,411	1,536	1,667	1,858
495	457	469	470	482	496	493
274	26	-	225	203	411	435
41	58	51	91	103	45	87
-	424	71	399	81	222	67
49	(2)	(55)	(2)	(17)	(1)	(89)
-	-	-	3,070	-	-	-
7,257	6,484	6,099	9,348	5,702	6,273	6,283
3			19	231	216	234
				772	811	807
72	21	21	16	8	33	42
-	322	407	97	98	72	161
(49)	2	55	2	17	1	89
26	345	483	134	1,126	1,133	1,333
7,283	6,829	6,582	9,482	6,828	7,406	7,616
4,217	10,840	594	4,609	864	1,619	6,768
1,242	(203)	760	25,132	(119)	(895)	260
$ 5,459	$ 10,637	$ 1,354	$ 29,741	$ 745	$ 724	$ 7,028

(concluded)

City of Fort Bragg, California

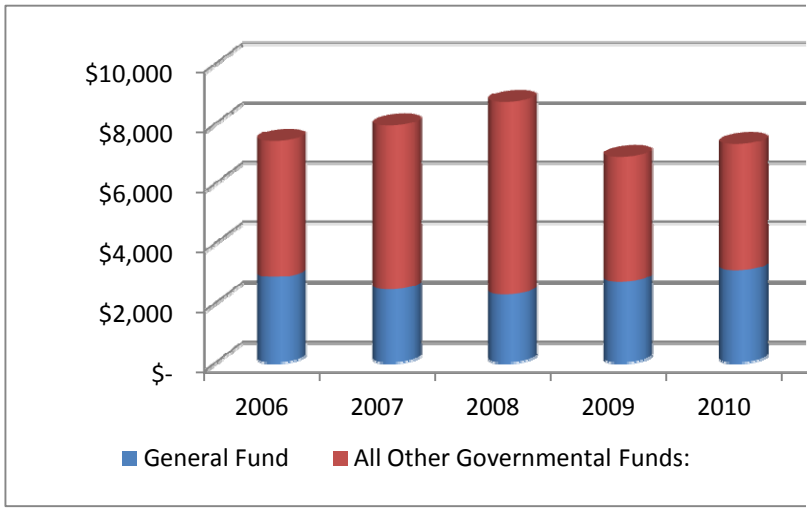
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)

(Modified accrual basis of accounting)

(In Thousands)

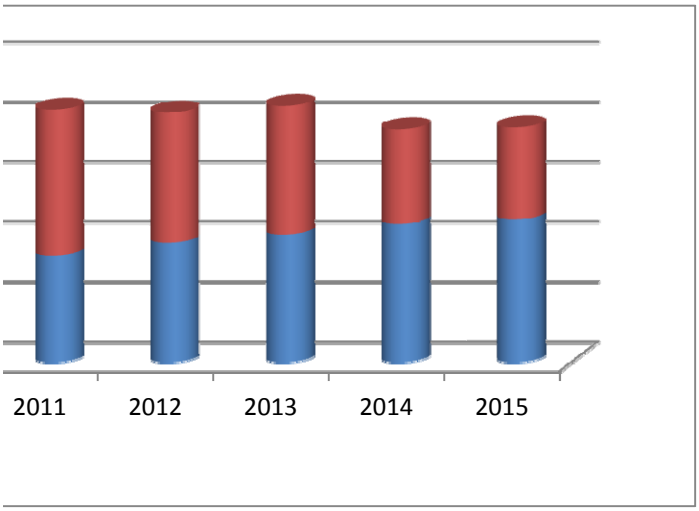
	2006	2007	2008	2009	2010
General Fund					
Reserved	$ 491	$ 410	$ 46	$ 80	$ 707
Unreserved	2,358	2,031	2,238	2,613	2,364
Total general fund	$ 2,849	$ 2,441	$ 2,284	$ 2,693	$ 3,071
All Other Governmental Funds:					
Reserved	$ 2,043	$ 1,653	$ 2,159	$ 2,020	$ 3,789
Unreserved (deficit) reported in:					
Special revenue funds	709	2,197	1,934	2,671	1,088
Capital projects funds	1,813	1,627	2,340	(513)	(654)
Total all other governmental funds	4,565	5,477	6,433	4,178	4,223
Total all governmental funds	$ 7,414	$ 7,918	$ 8,717	$ 6,871	$ 7,294
General Fund:					
Nonspendable					
Unassigned					
Total general fund					
All Other Governmental Funds:					
Restricted					
Assigned					
Unassigned (deficit)					
Total all other governmental funds					
Total all governmental funds					

Note : The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) for fiscal year ended June 30, 2011, therefore balance distribution information prior to the implementation of GASB 54 is unavailable.



Source: City Finance Department

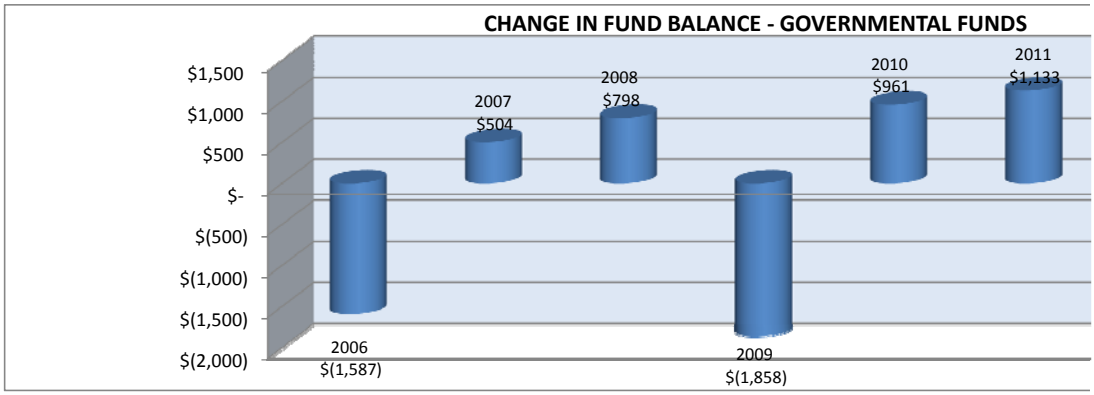
2011	2012	2013	2014	2015
$ 1	$ 211	$ 248	$ 185	$ 205
3,560	3,775	4,007	4,434	4,553
3,561	3,986	4,255	4,619	4,758
4,865	4,530	4,590	4,598	2,914
-	-	-	-	1,322
-	(187)	(299)	(1,441)	(1,157)
4,865	4,343	4,291	3,157	3,079
$ 8,426	$ 8,329	$ 8,546	$ 7,776	$ 7,837



City of Fort Bragg, California

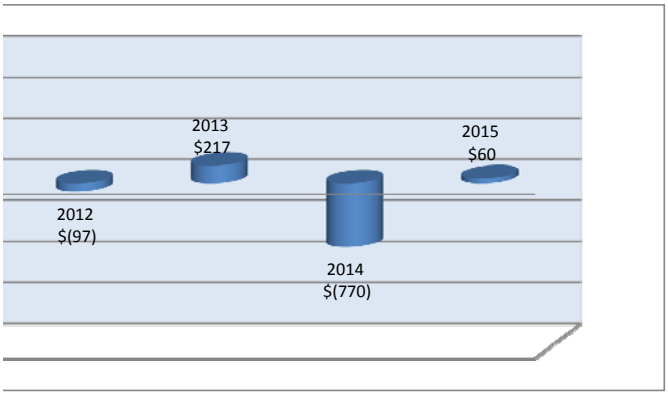
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Modified accrual basis of accounting)
(In Thousands)

	2006	2007	2008	2009	2010
Revenues:					
Taxes and assessments	$ 6,545	$ 6,783	$ 6,813	$ 6,939	$ 6,052
Intergovernmental	2,050	2,520	2,963	4,162	7,760
Charges for services	322	401	279	2,170	2,726
Fines, forfeitures and penalties	51	78	186	109	14
Licenses and permits	180	273	260	272	307
Use of money and property	320	415	338	158	52
Reimbursements					
Other	402	323	541	209	377
Total revenues	9,870	10,793	11,380	14,019	17,288
Expenditures:					
Current:-					
General government	2,051	2,278	1,592	2,100	1,742
Public safety	2,729	2,858	3,174	3,217	3,535
Public works	702	746	788	1,540	1,519
Community development	751	1,395	865	2,893	2,434
Capital outlay	4,166	2,492	3,408	5,648	6,513
Debt Service:-					
Principal Retirement	1,988	194	210	224	308
Interest and fiscal charges	441	315	310	304	297
Total expenditures	12,828	10,278	10,347	15,926	16,348
Reconciliation of Governmental Revenues Less Expenditures to Fund Equity:					
Revenues over (under) expenditures	$ (2,958)	$ 515	$ 1,033	$ (1,907)	$ 940
Other financing sources (uses):					
Proceeds from capital lease			84		
Proceeds from issuance of debt	1,655				
Extraordinary loss on dissolution of redevelopment	-	-	-	-	-
Transfers in	2,700	5,493	4,812	1,623	2,287
Transfers out	(2,984)	(5,504)	(5,131)	(1,574)	(2,266)
Total other financing sources (uses)	1,371	(11)	(235)	49	21
Net change in fund balances	$ (1,587)	$ 504	$ 798	$ (1,858)	$ 961
Debt service as a percentage of noncapital expenditures	38.97%	6.99%	8.10%	5.42%	6.55%



Source: City Finance Department

2011	2012	2013	2014	2015
$ 6,032	$ 5,790	$ 5,579	$ 5,810	$ 4,949
2,692	1,773	1,897	2,946	7,463
2,463	2,854	2,564	2,907	457
17	13	23	28	178
252	241	260	234	254
51	84	103	84	120
			-	2,930
118	410	80	240	59
11,625	11,165	10,506	12,249	16,410
1,178	1,252	2,179	1,549	2,875
3,237	3,351	3,410	3,829	3,581
1,332	1,386	1,472	1,594	3,469
3,009	1,975	2,191	3,460	834
1,286	1,983	874	2,431	5,058
107	113	107	112	116
282	161	40	36	31
10,431	10,221	10,273	13,011	15,964
$ 1,194	$ 944	$ 233	$ (762)	$ 446
-	(1,039)	-	-	-
1,122	1,910	1,950	1,091	5,683
(1,183)	(1,912)	(1,966)	(1,099)	(6,069)
(61)	(1,041)	(16)	(8)	(386)
$ 1,133	$ (97)	$ 217	$ (770)	$ 60
4.44%	3.44%	1.59%	1.42%	0.93%



City of Fort Bragg, California

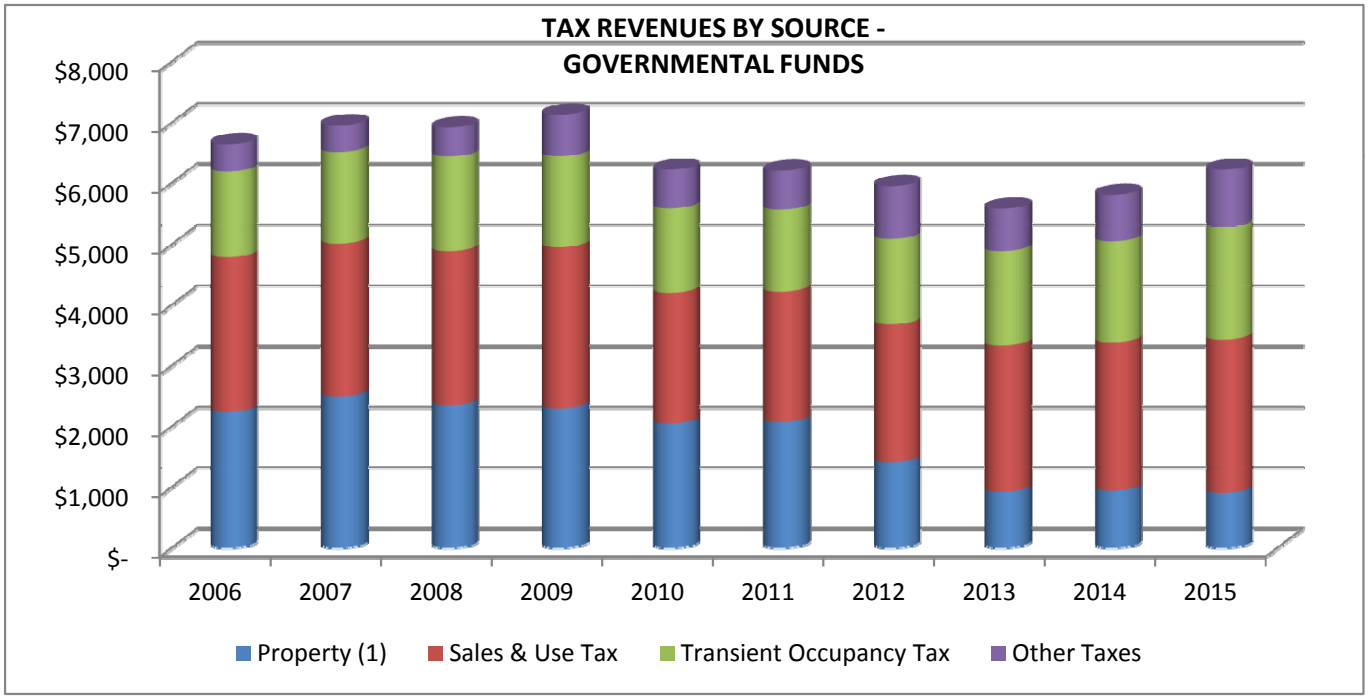
Governmental Fund Tax Revenue By Source

Last Ten Fiscal Years

(Modified accrual basis of accounting)

(In Thousands)

Fiscal Year Ended June 30,	Property (1)	Sales & Use Tax	Transient Occupancy Tax	Other Taxes	Total
2006	$ 2,242	$ 2,551	$ 1,396	$ 466	$ 6,655
2007	2,494	2,524	1,504	440	6,962
2008	2,349	2,544	1,553	478	6,924
2009	2,301	2,657	1,492	686	7,136
2010	2,050	2,155	1,379	637	6,221
2011	2,075	2,147	1,341	639	6,202
2012	1,413	2,271	1,411	859	5,954
2013	924	2,409	1,561	685	5,579
2014	943	2,445	1,668	754	5,810
2015	909	2,523	1,858	928	



(1) Decrease in property taxes beginning in fiscal year 2012 relates to the dissolution of the Redevelopment Agency. Upon the dissolution of the Redevelopment Agency on February 1, 2012, property taxes received by the Redevelopment Successor Agency are reported in a private-purpose trust fund and therefore are excluded from the activities of the primary government.

Source: City Finance Department

City of Fort Bragg, California
Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

2014-15		2005-06	
Taxpayer	**Business Type**	**Taxpayer**	**Business Type**
Arco AM/PM Mini Marts	Service Stations	Amerigas Propane	Energy Sales
Boatyard Tobacco	Miscellaneous Retail	Baxman Gravel	Bldg.Matls-Whsle
Chevron Service Stations	Service Stations	Canclini TV & Appliance	Furniture/Appliance
Cliff House Restaurant	Restaurants	Chevron Service Stations	Service Stations
Coast To Coast Hardware	Bldg.Matls-Retail	Coast toCoast Hardware	Bldg.Matls-Retail
CVS/Pharmacy	Drug Stores	CVS/Pharmacy	Drug Stores
Denny'sRestaurant	Restaurants	Denny'sRestaurant	Restaurants
Eel River Fuels	Energy Sales	Fred Holmes Lumber	Bldg.Matls-Whsle
Fort Bragg Feed & Pet	Florist/Nursery	Harvest Market	Food Markets
Geo Aggregates	Heavy Industry	Kemppe Liquid Gas	Energy Sales
Harvest Market	Food Markets	Mcdonald's Restaurants	Restaurants
Kemppe Liquid Gas	Energy Sales	Mendo Mill & Lumber Compan	Bldg.Matls-Retail
Mcdonald's Restaurants	Restaurants	Mendocino Coast Petroleum	Energy Sales
Mendo Mill & Lumber Comp	Bldg.Matls-Retail	North Coast Brewery	Restaurants
Mendocino County Hydrogar	Florist/Nursery	Quality Suites	Restaurants
North Coast Brewery	Restaurants	Rinehart Distributing	Service Stations
O'Reilly Auto Parts	Auto Parts/Repair	Rite Aid Drug Stores	Drug Stores
Rite Aid Drug Stores	Drug Stores	Rossi's Building Materials	Bldg.Matls-Retail
Rossi's Building Materials	Bldg.Matls-Retail	Safeway Stores	Food Markets
Safeway Stores	Food Markets	Sears Roebuck & Company	Department Stores
Sears Hometown Stores	Furniture/Appliance	Speedex Service Station	Service Stations
Speedex Service Station	Service Stations	Sport Chrysler Jeep Dodge	Auto Sales - New
Sport Chrysler Jeep Dodge	Auto Sales - New	Two Short Sales	Bldg.Matls-Whsle
Two Short Sales	Bldg.Matls-Whsle	Walsh Oil Company	Energy Sales
Union 76 Service Stations	Service Stations	Wind & Weather	Miscellaneous Retail

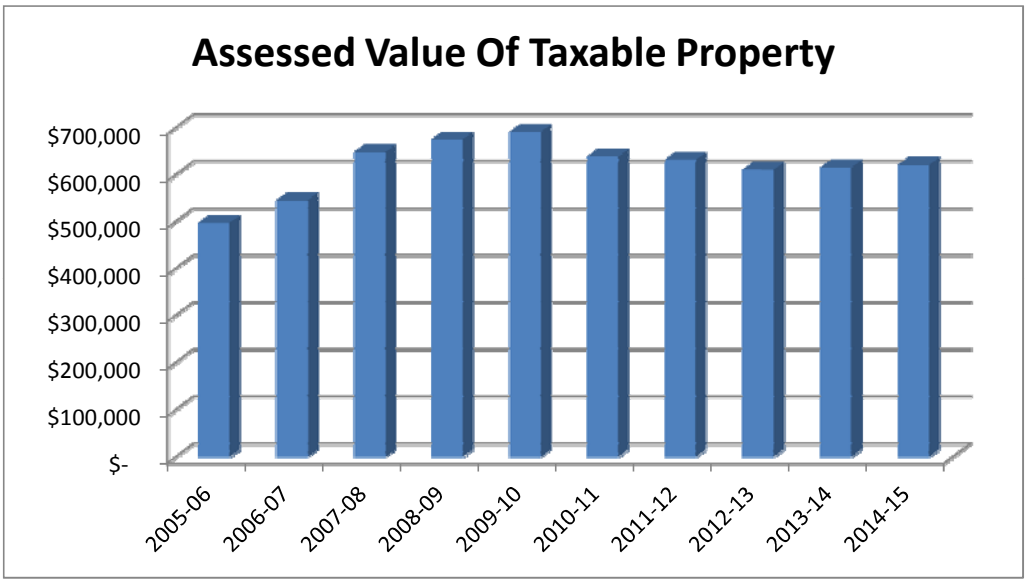
Source: Q115 and Q106 SBOE data, MuniServices, LLC
Top Sales Tax Producers listed in alphabetical order.

City of Fort Bragg, California

Assessed Value and Estimated Actual Value of Taxable Property, City Wide

Last Ten Fiscal Years (In Thousands)

Fiscal Year End	Secured Property*	Unsecured Property	Taxable Assessed Value	% Change	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2005-06	$ 471,474	$ 26,517	$ 497,991	8.1%	1.082000	-	-
2006-07	$ 518,473	$ 27,020	$ 545,493	9.5%	1.082000	-	-
2007-08	$ 619,707	$ 28,618	$ 648,325	18.9%	1.070000	-	-
2008-09	$ 645,784	$ 30,044	$ 675,828	4.2%	1.088000	-	-
2009-10	$ 660,917	$ 30,217	$ 691,134	2.3%	1.082000	-	-
2010-11	$ 609,153	$ 29,654	$ 638,807	-7.6%	1.102000	-	-
2011-12	$ 603,272	$ 29,066	$ 632,338	-1.0%	1.123000	710,404	1.123456
2012-13	$ 579,450	$ 31,513	$ 610,963	-4.4%	1.113100	611,333	1.000606
2013-14	$ 585,992	$ 29,641	$ 615,633	-2.6%	1.125000	624,469	1.014352
2014-15	$ 590,079	$ 31,347	$ 621,426	1.7%	1.127000	689,061	1.108838



Source: Mendocino County Assessor data, MuniServices, LLC
Source: 2010-11 and prior: previously published CAFR Report
*Secured Property is net of exemptions and includes Unitary value.
1.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale

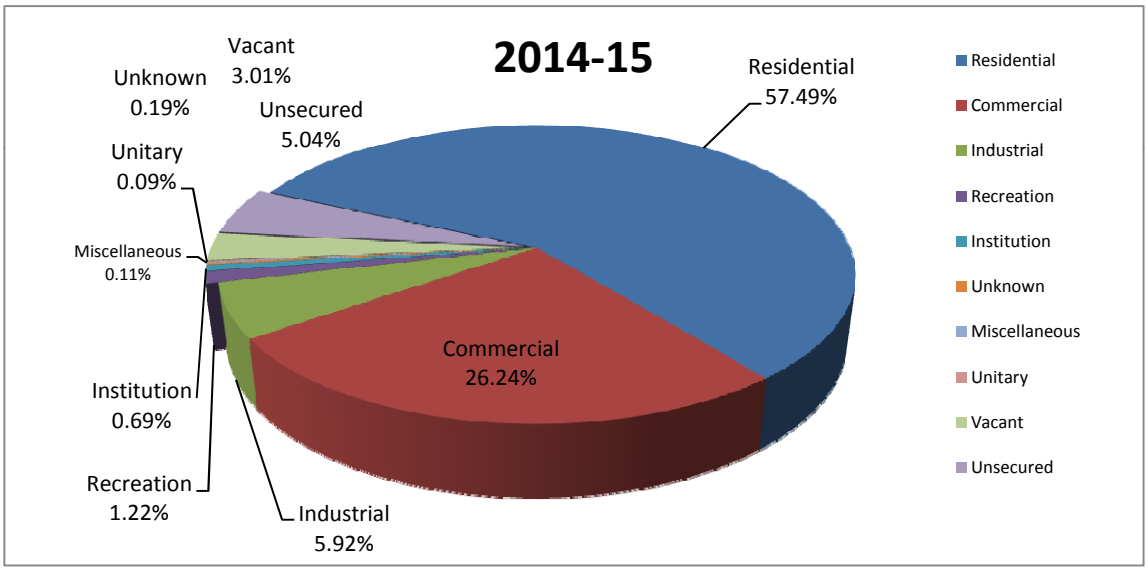
City of Fort Bragg, California

Assessed Value of Property by Use Code, City Wide

Last Four Fiscal Years

(In Thousands)

Category	2011-12	2012-13	2013-14	2014-15
Agriculture	0	34	33	34
Residential	361,278	347,694	351,259	357,224
Commercial	161,784	164,165	165,103	163,032
Industrial	43,763	30,593	36,342	36,807
Recreation	8,962	9,119	7,905	7,593
Institution	3,826	3,931	4,024	4,285
Unknown	1,044	1,130	1,149	1,178
Miscellaneous	477	689	698	701
Unitary	670	543	542	543
Vacant	21,468	21,552	18,931	18,682
Net Secured Value	603,272	579,416	585,953	590,079
Unsecured	29,066	31,513	29,641	31,347
Net Taxable Value	632,338	610,929	615,594	621,426



Source: Mendocino County Assessor data, MuniServices, LLC
Use code categories are based on Mendocino County Assessor's data

City of Fort Bragg, California
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
County General Fund	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
City of Fort Bragg	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Total	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments						
Local Special Districts	0.024000	0.023000	0.023000	0.011000	0.010000	0.013000
Schools	0.058000	0.059000	0.047000	0.077000	0.072000	0.089000
Total	0.082000	0.082000	0.070000	0.088000	0.082000	0.102000
Total Tax Rate	1.082000	1.082000	1.070000	1.088000	1.082000	1.102000

Source: Mendocino County
Source: 2010-11 and prior, previously published CAFR Report
TRA 001-001 is represented for this report
Rates are not adjusted for ERAF

2011-12	2012-13	2013-14	2014-15
0.745000	0.745000	0.745000	0.745000
0.255000	0.255000	0.255000	0.255000
1.000000	1.000000	1.000000	1.000000
0.012000	0.012000	0.011000	0.026000
0.111000	0.119000	0.114000	0.101000
0.123000	0.131000	0.125000	0.127000
1.123000	1.131000	1.125000	1.127000

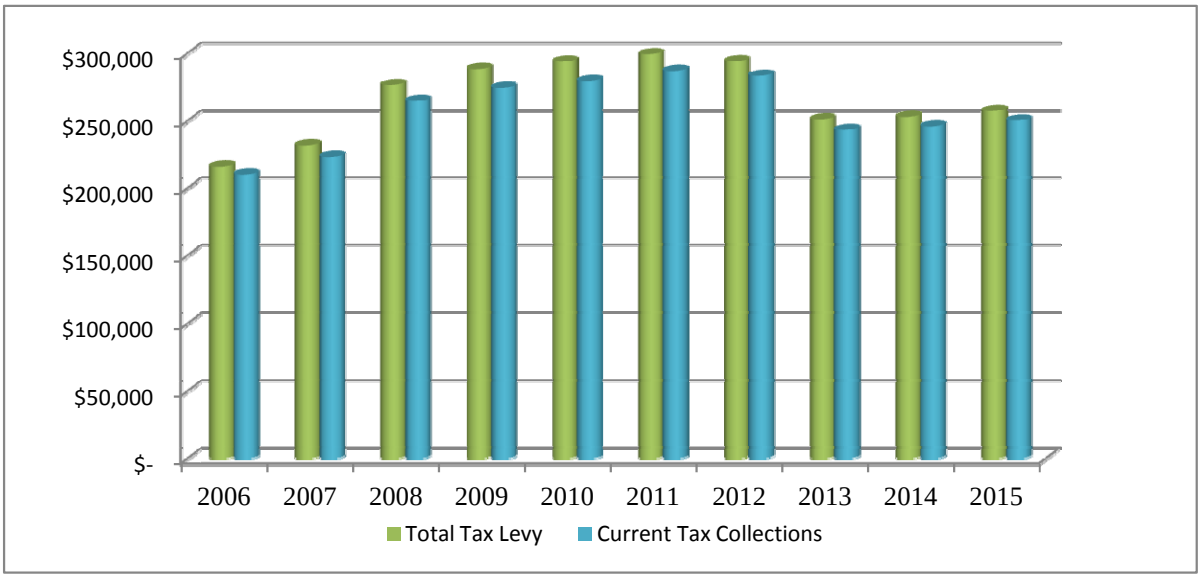
City of Fort Bragg, California
Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

	2014-15		2005-06	
Taxpayer	**Taxable Value ($)**	**Percent of Total City Taxable Value (%)**	**Taxable Value ($)**	**Percent of Total City Taxable Value (%)**
Georgia Pacific Corp	31,215,167	5.02%	7,634,187	1.56%
Rap Investors Lp	10,653,995	1.71%	4,981,374	1.02%
Boatyard Assoc Phase Ii	9,516,557	1.53%	5,511,272	1.12%
Safeway Inc.	7,020,082	1.13%	6,409,630	1.31%
Colombi Jeanette Succttee	4,951,442	0.80%	4,038,260	0.82%
North Coast Brewery	4,854,758	0.78%	-	0.00%
Hurst Jason S	4,518,331	0.73%	-	0.00%
Tanti Family Ii Llc	4,368,451	0.70%	-	0.00%
Kao Kuami	4,226,779	0.68%	3,660,300	0.75%
Kashi Keshav Investments Llc	4,104,730	0.66%	-	0.00%
Grosvenor Van Ness Assoc	3,899,088	0.63%	3,429,072	0.70%
Longs Drug Stores California L	3,856,470	0.62%	3,705,314	0.76%
North Otown Industrial Center	3,589,852	0.58%	3,157,101	0.64%
Fort Bragg Hotel Llc	3,453,696	0.56%	-	0.00%
Anderson Logging Inc.	3,308,036	0.53%	3,519,783	0.72%
Keaton Richard J Julie	3,024,356	0.49%	2,638,906	0.54%
Noyo Vista Inc.	2,966,777	0.48%	2,625,484	0.54%
Comcast	2,693,172	0.43%	-	0.00%
Kemppe Liquid Gas Corp	2,611,640	0.42%	3,333,005	0.68%
Rbj Assoc Llc	2,544,238	0.41%	-	0.00%
Moura Senior Housing	2,521,775	0.41%	2,205,018	0.45%
Miller Helen Centeno	2,430,465	0.39%	2,133,154	0.44%
Taubold Timothy E Ttee	2,403,069	0.39%	-	0.00%
Whitteaker Donald E Dorothy C	2,331,790	0.38%	-	0.00%
Lee Michael V Dona H Ttees	2,300,132	0.37%	-	0.00%
Adelphia Communications	-	0.00%	2,365,491	0.48%
Affinito Dominic J & Juliette	-	0.00%	2,961,030	0.60%
Baxman Charles E Pearl	-	0.00%	2,205,902	0.45%
Decaminada Randy Co-TTEES 1/3	-	0.00%	2,343,805	0.48%
Hunt Robert A	-	0.00%	5,575,310	1.14%
Kolberg John J & Arlene P	-	0.00%	2,683,599	0.55%
Pollard Donald R	-	0.00%	2,145,225	0.44%
Roach Bros	-	0.00%	2,113,100	0.43%
Tradewinds Lodge	-	0.00%	11,939,896	2.44%
Hurst James C & Barbara J Ttee	-	0.00%	3,991,765	0.81%
Total Top 25 Taxpayers	129,364,848	20.82%	97,306,983	19.85%
Total Taxable Value	621,426,140	100.00%	490,246,889	100.00%

Source: Mendocino County Assessor data, MuniServices, LLC

City of Fort Bragg, California
Property Tax Levies and Collections
For the last ten fiscal years
(Dollars in thousands)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2006	$ 216,250	$ 210,251	97.2%
2007	231,862	223,485	96.4%
2008	276,668	264,845	95.7%
2009	288,495	274,649	95.2%
2010	293,999	279,753	95.2%
2011	299,429	287,121	95.9%
2012	294,235	283,594	96.4%
2013	251,307	243,397	96.9%
2014	253,017	245,915	97.2%
2015	257,387	250,358	97.3%



Note: Mendocino County does not track collections of delinquent taxes by year in subsequent years.

Source: Mendocino County Auditor-Controller's Office

City of Fort Bragg, California

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(In Thousands, Except Per Capita Amount)

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities		
	Certificates of Participation	Capital Leases	Total Governmental Activities	Certificates of Participation	Notes Payable	Capital Leases
2006	$ 6,470	$ -	$ 6,470	$ 5,390	$ -	$ -
2007	6,175	-	6,175	5,130	-	-
2008	6,021	-	6,021	4,870	2,267	-
2009	5,864	160	6,024	4,590	2,151	982
2010	5,702	98	5,800	4,360	1,874	878
2011	5,533	32	5,565	4,130	1,767	769
2012 (2)	943	-	943	3,237	1,481	626
2013	842	-	842	3,013	1,375	457
2014	777	-	777	3,217	1,314	367
2015	660	-	660	2,896	1,207	240

N/A indicates information is not available

(1) See Schedule of Demographic and Economic Statistics for personal and per capita data.

(2) RDA bonds included from 2006 to 2011 are not included in 2012 and after due to the dissolution of the Redevelopment Agency.

Source: City Finance Department

Total Business-type Activities	Total Primary Government	Percentage of Personal Income [1]	Per Capita [1]
$ 5,390	$ 11,860	8.4%	$ 1,720
5,130	11,305	7.7%	1,648
7,137	13,158	8.8%	1,918
7,723	13,747	9.8%	2,007
7,112	12,912	8.9%	1,884
6,666	12,231	N/A	1,779
5,344	6,287	4.4%	867
4,845	5,687	3.9%	778
4,898	5,675	3.7%	772
4,343	5,003	3.2%	681

City of Fort Bragg, California

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(In Thousands, Except Per Capita Amount)

Fiscal Year	Tax Allocation Bonds [1]	Less: Amounts Restricted for Debt Service	Net Bonded Debt	Percentage of Personal Income [2]	% of Actual Assessed Value of Property [3]	Per Capita [2]
2004-05	$ 4,685	$ 314	$ 4,371	3.3%	0.9%	630
2005-06	4,620	314	4,306	3.1%	0.9%	624
2006-07	4,550	314	4,236	2.9%	0.8%	617
2007-08	4,480	314	4,166	2.8%	0.6%	607
2008-09	4,410	314	4,096	2.9%	0.6%	598
2009-10	4,335	314	4,021	2.8%	0.6%	587
2010-11	4,255	314	3,941	N/A	0.6%	573
2011-12	4,175	314	3,861	2.7%	0.6%	532
2012-13	4,096	314	3,782	2.6%	0.6%	517
2013-14	4,005	314	3,691	2.4%	0.6%	502
2014-15	4,040	-	4,040	2.6%	0.7%	550

[1] In FY 2011/12 The Redevelopment Agency Tax Allocation Bond was transferred to the Successor Agency trust and as such is no longer an obligation of the City

[2] See Demographic and Economic Statistics schedule for personal income and population. Personal income information is not available for FY 2010-11

[3] Assessed value used because actual value of taxable property not readily available in the State of California

Source: City financial records

N/A indicates information not available

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City of Fort Bragg, California

Legal Debt Margin Information

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Dollars in thousands)

	2006	2007	2008	2009
Assessed Value	$ 471,474	$ 518,473	$ 619,707	$ 645,784
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Value	117,869	129,618	154,927	161,446
Debt Limit Percentage	15%	15%	15%	15%
Debt limit	17,680	19,443	23,239	24,217
Total net debt applicable to limit	-	-	-	-
Legal debt margin	$ 17,680	$ 19,443	$ 23,239	$ 24,217
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

Notes: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed secured tax valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of the assessed value for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

The City does not have any outstanding general obligation debt subject to the limit.

Source: City Finance Department

2010	2011	2012	2013	2014	2015
$ 660,917	$ 609,153	$ 603,272	$ 579,450	$ 585,992	$ 590,079
25%	25%	25%	25%	25%	25%
165,229	152,288	150,818	144,863	146,498	147,520
15%	15%	15%	15%	15%	15%
24,784	22,843	22,623	21,729	21,975	22,128
-	-	-	-	-	-
$ 24,784	$ 22,843	$ 22,623	$ 21,729	$ 21,975	$ 22,128
0%	0%	0%	0%	0%	0%

City of Fort Bragg, California
Direct and Overlapping Debt
Current Year
June 30, 2015

2014-15 Assessed Valuation:	$ 622,988,084		
	Total Debt		City's Share of
OVERLAPPING TAX AND ASSESSMENT DEBT:	6/30/2015	% Applicable [1]	Debt 6/30/2015
Redwoods Joint Community College District	$ 32,230,000	3.796%	$ 1,223,451
Fort Bragg Unified School District	33,407,430	38.394%	12,826,449
Mendocino Coast Hospital District	4,601,475	20.932%	963,181
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$ 15,013,081
OVERLAPPING GENERAL FUND DEBT:			
Mendocino County Certificates of Participation	21,525,000	6.089%	$ 1,310,657
Mendocino County Pension Obligation Bonds	68,305,000	6.089%	4,159,091
Redwoods Joint Community College District Certificates of Participatio	149,800	3.796%	5,686
TOTAL OVERLAPPING GENERAL FUND DEBT			$ 5,475,434
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	4,040,000	100.000%	4,040,000
DIRECT DEBT			**$ -**
TOTAL OVERLAPPING DEBT			$ 24,528,515
COMBINED TOTAL DEBT			$ 24,528,515 [2]

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue and mortgage revenue bonds and non-bonded lease obligations.

Ratios to 2014-15 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	2.41%
Combined Total Debt	3.94%
Ratios to Redevelopment Successor Agency Incremental Valuation ($185,547,796):	
Total Overlapping Tax Increment Debt	2.18%

Source: MuniServices, LLC

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City of Fort Bragg, California

Pledged Revenue Coverage

For the Last Ten Fiscal Years

(Dollars in Thousands)

Fiscal Year Ended June 30,	Business-type Activities Water Fund Debt						
	Revenues & Transfers	Less: Operating Expenses [1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
2006	$ 1,907	$ 957	$ 950	$ 186	$ 236	$ 422	2.3
2007	2,025	1,313	712	293	227	520	1.4
2008	2,054	1,341	713	402	273	675	1.1
2009	2,113	2,078	35	387	265	652	0.1
2010	2,058	1,792	266	322	293	615	0.4
2011	2,159	1,632	527	365	245	610	0.9
2012	2,044	1,585	459	360	158	518	0.9
2013	2,420	1,623	797	327	151	478	1.7
2014	2,172	1,953	219	369	171	540	0.4
2015	2,595	1,806	789	493	147	640	1.2

[1] Operating expenses exclude depreciation

Source: City Finance Department

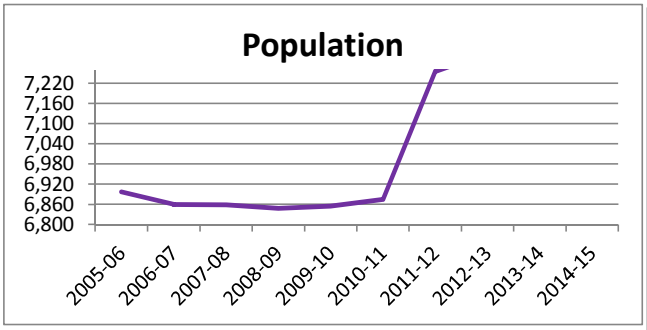
Business-type Activities
Wastewater Fund Debt

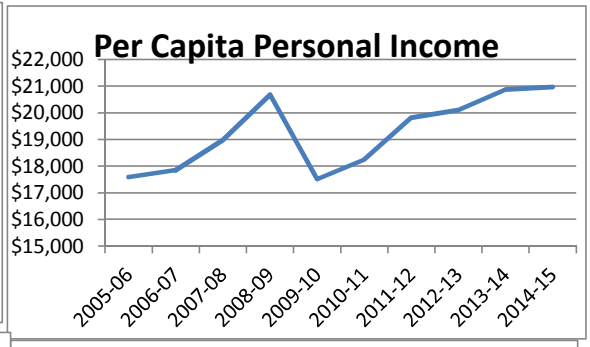
Revenues & Transfers	Less: Operating Expenses [1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
$ 1,694	$ 1,363	$ 331	$ 91	$ 51	$ 142	2.3
2,085	1,431	654	75	45	120	5.5
1,959	1,523	436	85	35	120	3.6
2,160	1,908	252	53	32	85	3.0
2,517	2,116	401	35	12	47	8.5
3,152	2,078	1,074	40	21	61	17.6
2,943	2,637	306	40	19	59	5.2
3,263	2,733	530	40	17	57	9.3
2,985	2,633	352	45	17	62	5.7
3,184	2,470	714	45	16	61	11.7

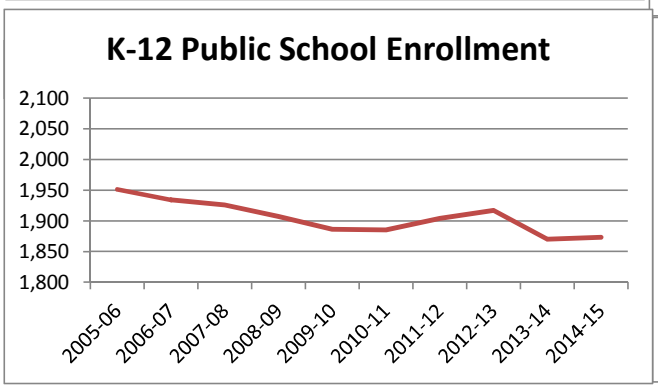
(continued)

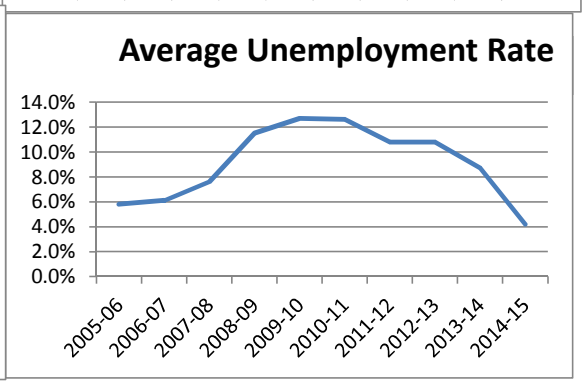
City of Fort Bragg, California
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age	Public School Enrollment	City Unemployment Rate (%) (3)
2005-06	6,897	140,958	17,589	-	1,951	5.8%
2006-07	6,860	146,738	17,852	-	1,934	6.1%
2007-08	6,859	149,379	18,977	-	1,926	7.6%
2008-09	6,848	140,416	20,685	38.3	1,907	11.5%
2009-10	6,855	144,629	17,513	38.4	1,886	12.7%
2010-11	6,875	-	18,247	40.9	1,885	12.6%
2011-12	7,255	143,775	19,817	40.5	1,904	10.8%
2012-13	7,311	146,997	20,106	37.4	1,917	10.8%
2013-14	7,350	153,410	20,872	36.8	1,870	8.7%
2014-15	7,343	154,002	20,973	38.2	1,873	4.2%









Source: MuniServices, LLC
Source: 2010-11 and prior, previously published CAFR Report
The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.
(-) Indicates data unavailable.
1.) Population Projections are provided by the California Department of Finance Projections.
2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.
3.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

City of Fort Bragg, California
Principal Employers
2014-15 and 3 years ago

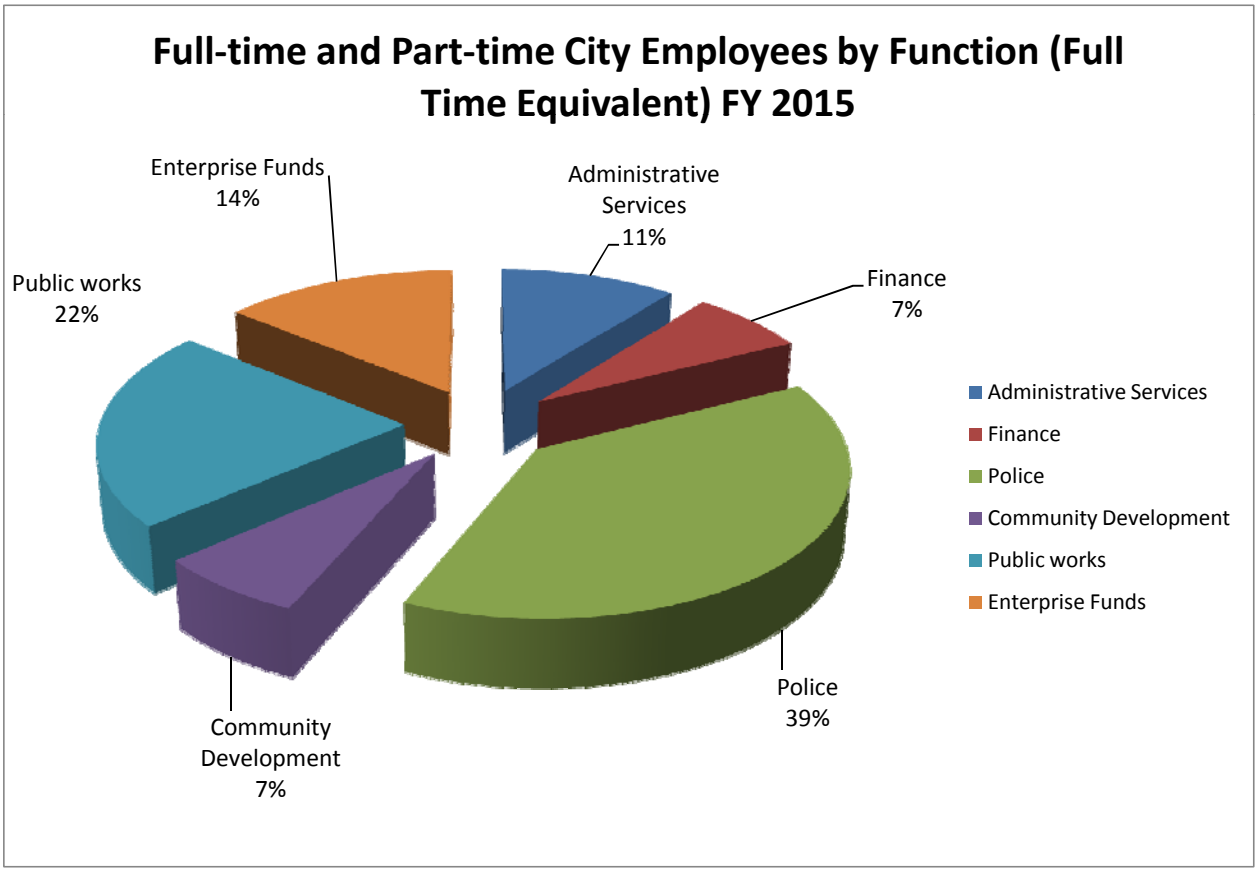
	2014-15		2011-12	
Business Name	**Number of Employees**	**Percent of Total Employment (%)**	**Number of Employees**	**Percent of Total Employment (%)**
Mendocino Coast District Hosp	320	8.82%	325	0.00%
Fort Bragg Unified School District	250	6.89%	265	0.00%
Safeway	126	3.47%	115	0.00%
Mendocino Coast Clinics Inc	125	3.44%	104	0.00%
Parents & Friends Inc	125	3.44%		
North Coast Brewing CO Inc (1)	104	2.87%	112	0.00%
Sherwood Oaks Health Ctr	94	2.59%	100	0.00%
CV Starr Community Center	89	2.45%		
Mendocino County	79	2.18%	58	0.00%
Silvers At the Wharf (Anchor Lodge)	65	1.79%		
City of Fort Bragg			58	0.00%
Anderson Logging Inc			87	0.00%
Fort Bragg Recreation Ctr			56	0.00%
Total Top Employers	1,377	37.93%	1,280	0.00%
Total City Employment (3)	3,630			

Source: MuniServices, LLC
Results based on direct correspondence with city's local businesses.
1.) Includes summer and seasonal employees
2.) Includes all satellite offices of county departments in the City of Fort Bragg
3.) Total City Labor Force provided by EDD Labor Force Data.

City of Fort Bragg, California

Full-time and Part-time City Employees by Function (Full-Time Equivalent)
Last Ten Fiscal Years
(Fiscal year ended June 30)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Administrative Services	5.00	5.00	5.00	5.00	5.00	4.80	4.80	6.00	6.00	6.00
Finance	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
Public Safety										
Police	21.00	22.00	24.00	23.00	23.00	21.00	21.00	21.00	22.00	22.00
Community Services										
Community Development	5.00	4.75	5.75	5.75	4.75	3.80	3.80	3.80	4.30	4.00
Public works	14.00	13.00	13.00	13.00	14.50	12.60	12.60	12.60	13.60	12.60
Enterprise Funds	7.75	9.00	9.00	9.00	8.00	7.00	8.00	8.00	8.00	8.00
Total	57.75	58.75	61.75	60.75	60.25	53.20	54.20	55.40	57.90	56.60



Source: City Finance Department

City of Fort Bragg, California
Operating Indicators by Function
Last Ten Fiscal Years
(Fiscal year ended June 30)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Building Permits Issued				174	204	204	210	125	272	192
New Construction										
Single Family Residential	5	9	3	1	2	3	2	0	0	0
Second Unit	2	4	1	3	2	1	1	1	1	1
Mixed Use, Commercial & Residential	0	0	0	0	1	0	0	0	0	2
Multi-Family Residential							0	0	1	0
Low Income Residential		1		1		2	0	0	0	4
City Clerk										
Council/Agency Resolutions Passed	134	131	110	148	112	93	108	93	87	127
Number of Ordinances Passed	8	6	4	13	3	9	9	2	4	3
Number of Contracts Approved	4	10	11	11	9	13	32	29	31	30
Public Safety										
Traffic Accidents	181	125	100	111	116	112	139	163	174	172
Traffic Violations - DUI	53	52	78	53	42	37	33	62	45	26
Bookings	726	714	845	521	501	621	608	744	689	737
Moving Cites	335	438	1,075	852	550	514	841	1,001	1,614	949
Parking Cites						405	374	355	833	484
Field Interviews and Information Cases								1,450	2,211	1,301
Crime Reports	1,577	1,471	1,323	1,288	1,150	1,274	1,454	1,610	1,576	1,317
Fire [1]										
Total Number of Calls	546	596	577	640	504	601	632	500	525	617
Structure Fires	31	44	63	38	35	30	27	29	29	21
Vehicle Fires	17	18	12	6	7	9	9	9	17	9
Vegetation Fires	20	33	43	55	33	15	29	25	41	40
Misc Fires (Chimney, Debris, Electronically, etc.)								17	24	17
Medical Aid	146	174	143	110	102	186	209	110	142	163
Rescue	129	128	132	135	114	112	129	11	13	10
Hazardous Condition/Materials Calls	34	49	54	62	53	37	46	73	48	41
Mutual Aid/Agency Assist								6	3	9
Traffic Accidents								88	89	98
Services Call	93	87	105	120	100	161	115	128	117	96
Other Calls & Incidents	76	63	25	114	60	81	68	4	2	113
Water										
Number of customer accounts billed	16,541	16,300	16,541	33,965	33,771	33,521	32,523	33,924	32,300	33,716
Water annual demand in thousand gallons	2,458	2,302	2,626	2,401	2,233	2,176	2,312	2,255	2,245	2,044
Available supply of water in thousand gallons	2,993	3,078	2,917	2,688	2,524	2,442	3,066	2,574	2,490	2,398
total Customer service calls			1,592	1,451	1,421	1,531	1,448	1,439	1,254	1,177
Meter installs/removals/change outs			280	38	36	49	40	2	11	14
Meter repairs			7	4	1	3	2	44	1	8
Leak investigations			57	24	15	15	16	21	3	6
Service profiles			159	180	98	131	81	93	52	57
Turn on/off			1,028	1,120	1,244	1,255	1,267	1,248	139	508
Manual Reads			484	522	556	555	565	527	513	453
Misc.			52	78	26	27	36	33	49	60
Wastewater										
Customer service calls, wastewater					38	39	37	52	71	41
New customer sewer lines installed					2	2	0	2	2	3
Sewer mains cleaned/flushed in miles					15	19	19	18	14	15.5
Sewer mains and laterals repaired in number of jobs					38	39	34	0	8	16
Sewer manholes inspected					370	371	373	371	362	363
Sewer manholes installed					1	3	1	0	0	0
Sewer spill responses					3	4	1	3	7	7

[1] The governing agency offer the Fort Bragg Volunteer Fire Department is the Fort Bragg Fire Protection Authority Joint Powers Agreement (JPA). The JPA is a board of directors formed in the 1989-90 fiscal year. It consists of two members from the Fort Bragg City Council appointed by the City's mayor, two members from the Fort Bragg Rural Fire District Board appointed by their chairman, and an "At Large" member appointed by the other four members. The City of Fort Bragg is responsible for 50% of the Fire Department budget.

[2] In some categories historical information is not available

Source: Operating indicators were provided by the various operating departments.

City of Fort Bragg, California
Capital Asset Statistics by Function
Last Ten Fiscal Years
(Fiscal year ended June 30)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police :										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4
Alleys (miles)	19	19	19	19	19	19	19	19	19	19
Storm drains (miles)	10	10	10	10	10	10	10	10	10	10
Streetlights	725	725	725	725	725	725	725	725	725	725
Sidewalks	40	40	40	40	40	40	40	40	40	40
Water										
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	30	30	30	30	30	30	30	30	30	30
Raw water transmission line (miles)	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Wastewater										
Wastewater treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	27	27	27	27	27	27	27	27	27	27
Parks and Facilities										
Parks	3	3	3	3	3	3	3	3	3	3
Recreational/Guest Facilities	2	2	2	2	2	2	3	3	3	3
Government Facilities	2	2	2	2	2	2	2	2	2	2

Source: City Finance, Public Works and Planning Departments

City of Fort Bragg

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Text File

File Number: 16-009

Agenda Date: 1/11/2016 **Version:** 1 **Status:** Business

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

Agenda Number: 2.

Review and Discuss FY 2015-16 First Quarter Financial Report

First Quarter 2015-2016

On September 30, 2015, the City completed the first quarter of the 2015-16 fiscal year. This report will summarize the City's financial results for the period from July 1, 2015 through September 30, 2015 for the City's General Fund and Enterprise Funds, but is not meant to be inclusive of all finance and accounting transactions. It is intended only to provide the Council and the public with an overview of the state of the City's general fiscal condition. The report has been prepared by the City's finance department without audit and does not include many of the year-end adjustments required to bring the City's financial records into compliance with generally accepted accounting principles (i.e. accruals of sales and use tax revenues, payroll and other expenditures). Certain additional information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that this information be read in conjunction with the audited financial statements and notes included in the City's Comprehensive Annual Financial Report as well as the FY2015-16 budget.

The General Fund is the primary operating fund of the City and is used to account for most operating activities. The Enterprise Funds account for the activities of the City's Water, Wastewater and the C.V. Starr Community Center. Financial information for the C.V. Starr Community Center Fund was not available as of the writing of this report but will be presented at mid-year.

GENERAL FUND REVENUES

First quarter General Fund operating revenues were $1.8M which represents 21% of the FY 2015-16 budget. A large portion of these revenues are received on a monthly or quarterly basis; however many revenue receipts are dictated by seasonal variations or third party payment schedules. Further, some receipts are simply intermittent or unpredictable. With this variability in mind it can be useful to look at prior year trends when analyzing 1st quarter revenues. For example; first quarter General Fund operating revenues were 18% of the FY2014-15 budget at the same time last year.

Summary of FY 2015-2016 1st Quarter General Fund Revenue Sources

Source	Total FY 15-16 Revenue Budget	Actual Receipts	% of Budget
Charges for Services	$ 3,436,475	$ 868,853	25%
Transient Occupancy Tax	1,790,060	671,590	38%
Sales Taxes	1,744,980	226,181	13%
Intergovernmental	81,000	30,270	37%
Licenses & Permits	253,150	12,679	5%
Use of Money & Property	31,000	8,769	28%
Fines & Forfeitures	23,900	6,750	28%
Other Revenue	80,000	1,293	2%
Property Taxes	863,780	-	0%
Other Taxes	506,000	-	0%
Total	$ 8,810,345	$ 1,826,385	21%

Additional detail on the preceding revenue categories may be found on pages B-22 and B-23 of the FY 2015-16 budget.

Discussion of revenue elements:

- Charges for Services are largely comprised of Overhead Allocations and Interfund Cost reimbursements and are highly predictable. As expected Charges for Services are 25% of the total budget at the close of Q1. See FY 15-16 budget pages B-26 and B-27.

- Transient Occupancy Tax receipts tend to be highest in the first and last quarter of each fiscal year. Receipts in the first quarter were 38% of total budget and are in line with prior year trends. TOT appears to be on track for another robust year.

- Sales and use tax receipts lag two months due to the State's payment schedule. Based on preliminary information and the receipts received in the second quarter, sales and use tax receipts are trending consistent with budget assumptions

- Intergovernmental revenue consists of reimbursement and fees that are not received in a predictable manner or are only received on a reimbursement basis (i.e. DNA, POST training and booking fees). During the first quarter of 2015-16 the City received $18k in SB 90 reimbursements from the State of California.

- Licenses and Permits: The majority of the License & Permit fees are from annual renewals of business licenses which will begin in January 2016. This results in the percent of budget at less than the expected 25%. At the same time last year licenses and permits were at 6.5% of budget.

- Other Revenues are comprised of miscellaneous revenues which are not received in a predictable manner. For more detail see FY15-16 budget page B-23.

- Property Tax and Other Tax receipts are not scheduled to be received during the first quarter due to the State's payment schedule. Receipt is expected in Q3 and Q4. For further detail on these categories see FY15-16 budget pages B-23 and B-26.

GENERAL FUND EXPENDITURES

As shown in the table below, expenditures by department were generally on target for the first quarter of the year.

Summary of FY 2015-2016 1st Quater General Fund Expenditure by Department					
Expenditure by Department	Current Year Budget	One Quarter Budget	Actual Expenditures	Over/(Under) Budget	% of Budget
City Council	$ 141,451	$ 35,363	$ 29,484	$ (5,879)	21%
Administrative Services	919,171	229,793	206,927	(22,866)	23%
Finance	454,664	113,666	122,169	8,503	27%
Non-departmental	1,496,128	374,032	356,831	(17,201)	24%
Public Safety	3,790,404	947,601	845,361	(102,240)	22%
Community Development	425,061	106,265	75,195	(31,070)	18%
Public Works	1,679,816	419,954	316,267	(103,687)	19%
Total	$ 8,906,695	$ 2,226,674	$ 1,952,235	$ (274,439)	22%

Discussion of Variances:

- The Finance Department is over budget caused both by payouts to retiring employees and audit costs which normally accrue high in the first quarter due to audit activity related to closing of the prior year.

- Public Safety is under budget due to three unfilled positions during the period plus holiday payouts which are only made semi-annually in December and June.
- Community Development is under budget due to three unfilled positions in the first quarter.
- Public Works is under budget due to lower than expected expenditures for Materials and Services.

The table below shows expenditures by category.

Summary of FY 2015-2016 1st Quarter General Fund Expenditure by Category					
Expenditure by Category	Current Year Budget	One Quarter Budget	Actual Expenditures	Over/(Under) Budget	% of Budget
Salaries	$ 3,549,455	$ 887,364	$ 784,650	$ (102,714)	22%
Benefits	2,366,262	591,566	447,019	(144,547)	19%
Materials & Services	2,111,771	527,943	554,897	26,954	26%
Other Expenditures	33,960	8,490	-	(8,490)	0%
Capital Outlay	35,000	8,750	-	(8,750)	0%
Debt Service	147,569	36,892	-	(36,892)	0%
Allocations to Internal Service Funds	662,678	165,670	165,670	0	25%
Total	$ 8,906,695	$ 2,226,674	$ 1,952,235	$ (274,439)	22%

Discussion of Variances:

- First quarter salaries and wages are less than expected due to unfilled positions in the Police Department and Community Development Department partially offset by payouts to retiring employees in the Finance Department.
- First quarter benefits are less than expected due to the unfilled positions, noted above. Additionally the City's annual OPEB payment to CalPers was not made in the first quarter of the year. Payment will not be made until the 3rd quarter.
- The Other Expenditures Category is made up largely of the payoff of the Pers Miscellaneous side fund; the payoff is scheduled for December of 2015.
- The Capital Outlay budget is for storm drain repair; as of the end of the first quarter this project work had not begun.
- Debt Service payments are made twice yearly in December and June. See FY15-16 budget page C-60 for more detail.

GENERAL FUND FINANCIAL POSITION

As shown in the previous sections, first quarter General Fund operating revenues were $1,826,385 and first quarter General Fund operating expenditures were $1,952,235 resulting in a decrease in financial position of $125,850. This decrease is not cause for concern since expenditures were below expectations and as the year progresses it is likely that revenues will "catch up" to their expected levels.

WATER ENTERPRISE;

The Water Enterprise FY 2015/16 first quarter revenues total $751,297. Water revenues are expected to be somewhat higher during the first and last quarter of each year for the reason that those comprise the spring and summer months. As of quarter end, revenues slightly exceed expectations at 30% of the annual budget. First quarter Water Enterprise operating revenues were 25% of the FY2014-15 budget at the same time last year.

Summary of FY 2015-2016 1st Quarter Water Enterprise Revenue			
Source	Current Year Budget	Actual Receipts	% of Budget
Charges for Services	$ 2,528,807	$ 749,774	30%
Other Revenue	15,500	1,523	10%
Total	$ 2,544,307	$ 751,297	30%

The table below shows operating expenditures for the Water Enterprise Fund by category.

Summary of FY 2015-2016 1st Quarter Water Enterprise Expenditure by Category					
Expenditure by Category	Current Year Budget	One Quarter Budget	Actual Expenditures	Over/(Under) Budget	% of Budget
Salary/Benefit Allocation	$ 647,846	$ 161,962	$ 161,962	0	25%
Facilities, Fleet and Admin Allocations	$ 755,747	188,937	$ 188,937	(0)	25%
Materials & Services	394,375	98,594	73,845	(24,749)	19%
Capital Outlay	8,000	2,000	1,345	(655)	17%
Debt Service	581,835	145,459	309,233	163,775	53%
Non-Routine Maintenance and Transfers	48,250	12,063	11,672	(390)	24%
Miscellaneous	6,000	1,500	2,560	1,060	43%
Total	$ 2,442,053	$ 610,513	$ 749,553	$ 139,040	31%

Discussion of Variances:

- Materials and Services expenditures are made as scheduled and needed. The first quarter expenditures are below the 25% expectation due to work scheduling. See FY15-16 Budget page D-6 for additional details on this category.
- Debt Service expenditures are at 53% of budget due to the semi-annual nature of debt payments. See FY15-16 budget pages C-61, C-62 and C-64 for additional details.

Subsequent Events:

On September 30th of 2015 the Fort Bragg City Council declared a stage 3 water emergency. The declaration called for significant mandatory water conservation by users of City supplied water. For this reason revenues are expected to decline in the second quarter. FY 15-16 budget assumptions took into consideration prospective water conservation efforts and therefore revenue declines in the second quarter are likely to be smoothed out on an annual basis.

WASTEWATER ENTERPRISE

The Wastewater Enterprise FY 2015/16 first quarter revenues total $951,029. Consistent with the rate study conducted in 2012 the Enterprise is generating revenues at a level sufficient to cover operating costs as well as funding a capital reserve and maintain an operating reserve.

Summary of FY 2015-2016 1st Quarter Wastewater Enterprise Revenue			
Source	Current Year Budget	Actual Receipts	% of Budget
Charges for Services	$ 3,332,215	$ 903,040	27%
Salary/Benefits Cost Recovery	183,768	45,942	25%
Other Revenue	65,540	2,047	3%
Total	$ 3,581,523	$ 951,029	27%

Discussion of Variances:

- Sewer service charges produced more revenue than expected due to higher than expected winter averages coupled with scheduled rate increases.

The table below shows expenditures for the Wastewater Enterprise Fund by category:

Summary of FY 2015-2016 1st Quarter Wastewater Enterprise Expenditure by Category					
Expenditure by Category	Current Year Budget	One Quarter Budget	Actual Expenditures	Over/(Under) Budget	% of Budget
Salaries and Benefits	$ 810,692	$ 202,673	$ 183,541	$ (19,132)	23%
Salary/Benefit Allocation	480,598	120,150	120,149	(0)	25%
Fleet, IT and Admin Allocations	1,002,203	250,551	250,551	(0)	25%
Materials and Services	481,915	120,479	84,045	(36,433)	17%
Debt Service	62,005	15,501	55,565	40,064	90%
Non-Routine Maintenance and Transfers	359,350	89,838	61,930	(27,908)	17%
Miscellaneous	3,000	750	-	(750)	0%
Total	$ 3,199,763	$ 799,941	$ 755,781	$ (44,160)	24%

Discussion of Variances:

- Salaries and Benefits were less than expected largely due to a seasonal staff position going unfilled for much of the quarter.
- Materials and Services expenditures are made as scheduled and needed. The first quarter expenditures are below the 25% expectation due to work scheduling. See FY15-16 Budget page D-17 for additional details on this category.
- Debt Service expenditures are at 90% of budget due to the structure of the payment schedule. Principal is paid annually in Q1. An interest only payment is due in Q3. See FY15-16 budget pages C-63 for additional details.

FOR MORE INFORMATION

This summary is based on detailed information produced by the City's Finance Department. If you would like additional information or have any questions about this report, please call 707-961-2825.

City of Fort Bragg

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Text File

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

Agenda Number: 3.

Receive Update on Progress on Facilities and Equipment Internal Service Fund Reserve Analysis

CITY OF FORT BRAGG
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COUNCIL COMMITTEE ITEM SUMMARY REPORT

MEETING DATE:	January 6, 2016
TO:	Finance and Administration Committee
FROM:	Director of Public Works
AGENDA ITEM TITLE:	Receive Update on Progress on Facilities and Equipment Internal Service Fund Reserve Analysis

ISSUE:

Develop a more formal procedure for analyzing and documenting the Facilities and Equipment Internal Service Fund (ISF) reserve needs.

SUMMARY:

Previously, City Council has directed staff to create a more detailed and structured analysis of ISF reserve funds for facilities and equipment as an aid to their review of the City's Annual Budget. The purpose of the analysis is to better understand and anticipate funding needs by category of ISF expenditures and the timing of expenditures. This first analysis covers ISF needs for equipment and facilities funded by the General Fund.

At its meeting of November 4, 2015, the Committee received an initial report outlining the list of major facilities, equipment or other assets that need regular maintenance or replacement. The Committee directed staff to further refine the analysis and return with a more detailed list of assets that included estimated costs and a timeline of when expenditures would be anticipated. A $5,000 threshold was affirmed to identify major items of work. A specific planning horizon was not recommended.

The attached table is a working document that has been populated with initial staff thoughts on potential upcoming projects to illustrate how the table can be used. It is not intended to be used for budget analysis until review and revisions are completed.

RECOMMENDATION:

Staff is requesting Committee guidance and direction regarding the adequacy of the ISF analysis and its utility as a budget planning tool.

ATTACHMENTS:

1. Table of anticipated Facility & Equipment Internal Service Fund activity

Facility & Equipment Internal Service Fund - 10 Year Program

MAJOR PROJECTS/RELPACEMENTS			Fiscal Year										
		Notes	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	Total
City Hall													
+	Flooring	New carpets	$10,000										$10,000
F10	Paint	Exterior		$110,000									$110,000
F13	Electric/Generator			$40,000									$40,000
	Plumbing/Carpentry												$0
+	Heaters	4 units		$5,000									$5,000
	Roofing												$0
+	ADA Doors			$25,000									$25,000
	Landscaping												$0
F14	Parking Lot	Electric vehicle facilities	$17,000										$17,000
	TOTAL		$27,000	$180,000	$0	$0	$0	$0	$0	$0	$0	$0	$207,000
City Hall East													
+	Electric	Deferred maintenance		$10,000									$10,000
+	Lighting Gym				$8,000								$8,000
+	Flooring	Hallway carpet	$5,000										$5,000
+	Roofing	Gym & offices			$25,000								$25,000
	Pool	Incl structure											$0
	Sprinkler System												$0
	TOTAL		$5,000	$10,000	$33,000	$0	$0	$0	$0	$0	$0	$0	$48,000
Fort Building													
													$0
													$0
	TOTAL		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Town Hall													
	Paint	Exterior					$110,000						$110,000
	Pergola												$0
	Electrical/Plumbing												$0
	Roofing												$0
	Bathrooms					$15,000							$15,000
	Carpentry	Dias/Cabinets											$0
	Flooring												$0
	HVAC												$0
+	Doors	South Side			$10,000								$10,000
	Landscaping												$0
	TOTAL		$0	$0	$10,000	$15,000	$110,000	$0	$0	$0	$0	$0	$135,000

Facility & Equipment Internal Service Fund - 10 Year Program

MAJOR PROJECTS/RELPACEMENTS		Notes	Fiscal Year 15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	Total
Guest House													
F03	Paint			$200,000									$200,000
	Electric												$0
	Heater												$0
F03	Carpentry	Windows/Siding/Fencing	$50,000										$50,000
F03	Roofing		$150,000										$150,000
F03	Foundation		$50,000										$50,000
	Landscaping												$0
	TOTAL		$250,000	$200,000	$0	$0	$0	$0	$0	$0	$0	$0	$450,000
Police Department													
	Flooring												$0
	Paint									$8,000			$8,000
	Electric												$0
	Plumbing/Carpentry												$0
	Heaters	8 units											$0
	Roofing											$70,000	$70,000
	Landscaping												$0
	Parking - Repair and Paint												$0
F16	Emergency Generator		$3,500										$3,500
	TOTAL		$3,500	$0	$0	$0	$0	$0	$0	$8,000	$0	$70,000	$81,500
Otis Johnson Park													$0
	Caretaker Area												$0
	Signs												$0
	Vegetation Mgmt												$0
	Carpentry	Stairs/Fences											$0
	TOTAL		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Bainbridge Park		***<Master Plan Underway>***											
	New Master Plan Facilities												$0
+	Security			$2,500									$2,500
F15	Lighting		$12,000										$12,000
+	Tennis Court Surface				$5,000								$5,000
	Fencing												$0
	Wig Gig Fence												$0
	Wig Gig Equipment							$8,000					$8,000
	Playground Chips												$0
	Landscaping												$0
	TOTAL		$12,000	$2,500	$5,000	$0	$0	$8,000	$0	$0	$0	$0	$27,500

Facility & Equipment Internal Service Fund - 10 Year Program

MAJOR PROJECTS/RELPACEMENTS		Notes	Fiscal Year 15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	Total
Noyo Headlands Park													
	Surfacing - Gravel/Pavement												$0
	Bathrooms	Incl doors											$0
	Security Systems												$0
	Fencing/Gates/Signs												$0
	Trash Cans/Dog Bags/Litter												$0
	Stairs												$0
	Porta Potty	4 mo./yr.											$0
	Dog Park												$0
	TOTAL		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Pomo Bluffs Park													
	Surfacing - Gravel/Seal Coats												$0
F12	Bathrooms	Incl doors	$6,000										$6,000
	Gates/Bollards												$0
	Trash Cans/Dog Bags/Litter												$0
	Fencing/Signs												$0
	TOTAL		$6,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$6,000
Noyo Beach													
	Trail												$0
	Trash Cans/Litter												$0
	Signs												$0
	Gates												$0
	TOTAL		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Harbor Lite Trail													
	Trail		$6,000										$6,000
+	Trash Cans/Litter												$0
	TOTAL		$6,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$6,000
General Repairs & Maintenance			$22,000	$23,000	$24,000	$25,000	$26,000	$27,000	$28,000	$29,000	$30,000	$31,000	$265,000
TOTAL FUNDING NEED:			**$331,500**	**$415,500**	**$72,000**	**$40,000**	**$136,000**	**$35,000**	**$28,000**	**$37,000**	**$30,000**	**$101,000**	**$1,226,000**
BUDGET			**$350,500**	**$333,000**	**$24,000**								
EXCESS/DEFICIENCY			**$19,000**	**($82,500)**	**($48,000)**								
FUND BALANCE, end of FY													

Facility & Equipment Internal Service Fund - 10 Year Program

MAJOR PROJECTS/RELPACEMENTS		Fiscal Year										
	Notes	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	Total

Footnotes:

+ Item added to table, but included in current budget document

City of Fort Bragg

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Text File

File Number: 16-011

Agenda Date: 1/11/2016 **Version:** 1 **Status:** Business

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Agenda Number: 4.

Review Administrative Regulation for Disposal of Surplus City Property

	City of Fort Bragg **ADMINISTRATIVE REGULATION – S-5**

Surplus Property Disposal Guidelines

I. OBJECTIVE:

The City of Fort Bragg is committed to properly disposing, selling or, by other means, transferring City owned items which are of no future use to the City's mission.

The objective of this policy is to establish procedures for how to surplus City property in a manner that returns the value of that property to the City in a way that is simple to administer.

"Surplus property" as used herein describes any City property, equipment or material that is no longer needed by the City but is still usable.

II. POLICY:

1. The City Manager or his/her designee is responsible for the disposition of surplus City property. The City Manager shall determine which of the following methods of disposition to use; the priority for disposition shall be in the order listed below.

   a. Trade In - Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property.

   b. Return to Manufacturer - Surplus property may, when possible, be returned to the manufacturer for buy-back or credit toward the purchase of new property.

   c. Donation - The City may donate usable items with a minimal fair market value (such as outdated computer equipment and furniture) to a charitable organization for use within the City.

   d. Sale - The City may offer surplus property for sale. All surplus property offered for sale shall be "as is" and "where is", with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability or the property offered for sale.

2. State law prohibits public employees from purchasing surplus City property from their employer (Government Code Section 1090), so this is not allowed method of disposition.

3. Appropriate methods of sale are as follows:

   a. Public Auction – Surplus property may be sold at public auction. The City may contract with a professional auctioneer.
   b. Sealed Bids – Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.
   c. Selling for Scrap – Surplus property may be sold as scrap if it is deemed that the value of the raw material exceeds the value of the property as a whole.
   d. Negotiated Sale – Surplus property may be sold outright if it is determined that only one known buyer is available or interested in acquiring the property.

4. Disposal - When the cost of following the above methods exceeds the estimated sale price of surplus property, the property may be recycled, destroyed or disposed of as junk.

5. Revenue from the sale or trade-in of surplus property shall be returned to the appropriate fund. All sales shall be paid to the City by certified check, money order, or in a manner agreeable to the City Manager. The City Manager is authorized to sign bills of sale and any other documents evidencing the transfer of title to such City property by and on behalf of the City.

III. <u>PROCEDURES</u>:

1. The City Manager has the authority to declare property, equipment and/or materials surplus.

2. Each department head shall identify property that no longer has a business purpose on a regular basis, but at least once per year.

3. As such property is identified, each department head will notify the Administrative Services Department by submitting a “Request to Declare Surplus Property Form.” This form will identify the estimated market value of each item and recommend the most fiscally advantageous method of disposal.

4. The Administrative Services Department will prepare a list of “surplus property, equipment or material” and determine whether other City departments have a need for the surplus property.

5. Once an item has been declared surplus and the appropriate method of disposal identified, the Administrative Services Department will communicate back to the department head regarding implementation of the disposal plan.

6. The Finance Director is responsible for ensuring that all proceeds from the sale of surplus property are credited to the appropriate fund and that fixed assets that are disposed of are removed from the City's fixed asset inventories.

7. For surplus property with an estimated market value in excess of $10,000, the method of disposal will be determined by resolution of the City Council.

IV. RESPONSIBILITY

The City Manager or his/her designee shall be responsible for declaring surplus property. The Administrative Services Director shall be responsible for ensuring compliance with this policy.

Approved by City Manager

_____ _____

(Signature) (Date)

Made a part of the City's Administrative Regulations binder and distributed to all City staff _____

(Date)