

# City of Fort Bragg California



Fiscal Year 2010-2011



**Comprehensive Annual**  

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**Financial Report**



**Cover Photos:**

**Top Left: Franklin Street, Downtown Fort Bragg**  
**Photographer: Ron Bloomquist**

**Top Right: Otis Johnson Park**  
**Photographer: Nancy Philips**

**Bottom: Historical Fort Building located next to City Hall**  
**Photographer: Nancy Philips**

City of Fort Bragg, California

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2011



Prepared by Finance Department  
Rosana Cimolino  
Finance Director/City Treasurer

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## **INTRODUCTORY SECTION**

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

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Finance Department  
Office of the Director

## MEMORANDUM

**DATE:** January 23, 2012

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

**FROM:** Rosana Cimolino, Finance Director

**RE:** Presentation of the Comprehensive Annual Financial Report

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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, 2011, is hereby published to fulfill this requirement. This report has been prepared by the Finance Department. The City's financial statements included in this report were audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants.

This report contains management's representations concerning the finances of the City, and management assumes full responsibility for the completeness and reliability of all of the information presented. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. As the cost of internal controls 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. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's basic financial statements have been audited by Moss, Levy & Hartzheim, LLP, an accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with accounting principle generally accepted in the United States. The independent auditors concluded that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended June 30, 2011 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. The City's separately issued Single Audit report is available by contacting the City's Finance Department.

The Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative 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 Fort Bragg Redevelopment Agency (RDA), 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 RDA and MID, though legally separate from the City, are closely related to the City. The City Council members serve as the governing board of both entities. As a result, the RDA and MID are presented as blended component units 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 MD&A and the Notes to the Basic Financial Statements.

### **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 services, wholesale and retail trade, local government, public education, health care, 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. Fort Bragg operates under the Council-Manager form of government. 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 Fort Bragg Redevelopment Agency and 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 fire protection, wastewater treatment, and redevelopment services 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, Redevelopment Agency 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. 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 XIIB 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, 2011, the City was \$3.2 million or 57.5% under the total Article XIIB (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2011.

### **Cash Management Policies and Practices**

To maintain flexibility in cash management, the City employs a pooled cash system (see Note 4 to the Basic Financial Statements in the Financial Section). Under the City's pool, all available cash is invested daily in various securities, while maintaining reasonable liquidity to meet maturing obligations and maximizing returns through the use of competitive rate comparisons from various investment sources.

### **Pensions and Other Post-Employment Benefits (OPEB)**

The City has three defined benefit pension plans; the Miscellaneous Plan, the Safety Police Plan, and the Safety Fire Plan. Each plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plans are part of the Public Agency portion of the California Public Employee Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employees within the State of California. CalPERS requires that plans with less than 100 active members must participate in a risk pool. As such, all three of the City's plans are required to participate in risk pools.

The City of Fort Bragg offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has adopted the provision of GASB No. 32 therefore, the assets and liabilities of these plans have been excluded from the accompanying financial statements.

*Other Post-Employment Benefits (OPEB).* Depending on date of initial hiring, the City offers some of its employees a post-retirement health program, which includes medical and dental coverage. Upon retirement for service or disability, certain employees retiring directly from service at age 50 or over with 10 years of service

may continue coverage for themselves and, in some instance, for their spouses. Currently 25 retirees (and 20 spouses) meet the eligibility requirements and are participating in the post-retirement health program. Expenditures for these post-retirement benefits are recognized as monthly premiums are paid.

*Annual OPEB and Net OPEB Obligation.* Consistent with Governmental Accounting Standards Board (GASB) statement for *Accounting and Financial Reporting by Employers for Post- Employment Benefits Other Than Pensions*, requirements (GASB No. 45), the City hired an independent actuarial firm to analyze and calculate the City's unfunded accrued actuarial liability for these other post-employment benefits. As of January 1, 2010, the most recent actuarial date, the plan was 0% funded. The unfunded actuarial accrued liability for benefits was \$8,562,135. The FY 2011/12 Budget includes funding to establish a non-revocable trust to pre-fund the OPEB costs by making annual payments consistent with the Annual Required Contributions contained in the actuarial report.

Additional information about the City's pension plan, deferred compensation plan, and other post-employment benefits can be found in Note 14 of the Notes to the Basic Financial Statements in the accompanying Financial Section of this report.

## **Budget**

The City of Fort Bragg prepares an annual budget. The fundamental purpose of the City's budget is to link what we want to accomplish for the community with the resources necessary to do so. The budget process does this by setting City goals and objectives; establishing reasonable timeframes and organizational responsibility for achieving them and allocating resources for programs and projects. To this end, the budget serves four roles:

- **Policy Document.** Sets forth goals and objectives to be accomplished and the fundamental fiscal principles upon which the budget is prepared.
- **Fiscal Plan.** Identifies and appropriates the resources necessary to accomplish objectives and deliver services and ensures that the City's fiscal health is maintained.
- **Operations Guide.** Describes the basic organizational units and activities of the City.
- **Communications Tool.** Provides the public with a blueprint of how public resources are being used and how these allocations were made.

Linking important objectives with necessary resources requires a process that identifies key goals at the very beginning of budget preparation. The City begins this process with key management staff holding a series of budget meetings to discuss current year's goals that guide the departments in their budget preparation. The status of prior goals is discussed and departments present their individual goals. Thereafter, priorities and work programs are set. A budget workshop is held to further review the City's extended fiscal outlook and discuss Council's values, goals and short-term objectives. City staff then prepares the proposed budget based on the Council's policy guidance.

The FY 2011/12 Budget was developed based on conservative forecasts that General Fund revenues will remain relatively flat with taxes increasing by 1.5%, and the overall General Fund increasing by about .7%. Expenditures are contained to the maximum extent possible. The General Fund budget is balanced and all authorized positions are funded.

## **Citywide Achievements in FY 2010/11**

*North Fort Bragg Coastal Trail.* Significant progress has been made on moving the North Fort Bragg Coastal Trail toward construction. Major accomplishments include: purchase of the 92-acre parcel, award of a \$4.85 million Prop 84 grant for trail construction, management of and production of a complex EIR/EA document, ground truthing and refinements to the 30 percent design, removal of invasive plants from and initial seed collection for restoration activities.

*Noyo Center Project.* The Noyo Center was also substantially advanced over the past year. Major accomplishments include: completion of the Noyo Center conceptual design, submittal of the Prop 84 grant application for \$7 million, the Mitigated Negative Declaration (MND), and the property appraisal for site acquisition. Staff also obtained a \$288,000 Coastal Conservancy grant to acquire the property and negotiated with Sonoma State University to operate the facility.

*Mill Site Specific Plan.* Staff integrated the proposed design guidelines for the Mill Site into the Citywide Design Guidelines, prepared the open space chapter for the Specific Plan, completed the Development Impact Fee Study, prepared a variety of memos for the MSCC addressing entitlement and phasing issues, edited first admin draft of the Specific Plan, prepared water use analysis for Mill Site, prepared drought year water use analysis, participated in joint meetings with the Coastal Commission staff and other public agencies, participated in numerous MSCC meetings to manage consultant work and provide feedback and input on interim work products, participated in numerous City team strategy meetings, etc. Staff worked with GP and regulatory agencies to ensure that the proposed Mill Pond remediation/restoration strategy is developed according to City Council's direction; participated in joint agency meetings regarding remediation efforts.

*Grants.* Staff wrote a number of successful grant applications for the City, many of which fund a portion of staff activities. Grants cover a variety of activities including: housing rehab, homeownership assistance; Food Bank improvements, Home Energy Link Program, CDC Housing Rehabilitation Project, Business Assistance Loan Program, Microenterprise Program, Food Products Industry Strategy, Shop Local campaign, Historical Tourism, Business Roundtables, Industrial & Fine Arts Facility Phase II, Compost Facility Feasibility Study, Coastal Trail Design & Engineering, Coastal Trail EIR, MCOG Blueprint Planning, South Main Street Bike Access & Beautification Plan, Safe Routes to School project, Skate Park Phase II project, Ed Byrne/JAG FY 09 Formula Grant, COPS Secure our Schools, Noyo Center Schematic Design, Otis Johnson Park Restoration Project, the Climate Action Plan, and more.

*Capital Projects.* The following capital projects were completed in FY 2010/11:

- Pudding Creek Road Reconstruction
- North Harold and Dana Street Overlay
- Pine and Laurel Streets Pedestrian Enhancements
- Fort Bragg Skate Park – Phase I
- Water Treatment Conversion of Gaseous Chlorine to Sodium Hypochlorite
- Waterfall Gulch Raw Water Line Replacement (Design)
- 2011 Street Structural Repairs
- Installation of emergency generator at Madsen Hole
- Upgrade to more energy efficient lighting at Town Hall

### **Local Economy**

Recent economic indicators remain mixed for California but the general direction continues to signal stabilization if not slow improvement. While official economic growth figures indicate that the recession ended during 2010, the rippling after-effects of the financial meltdown continued to adversely impact governments, institutions, and households throughout the year and into 2011. For the City, as with governmental jurisdictions throughout the nation, continuing fiscal challenges meant 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. Through the efforts and partnership of City Council, management, and employees, Fort Bragg was successful in presenting a structurally balanced budget for fiscal year 2012 with fully funded reserves in accordance with established City Council policies for cash flow, operating reserves, litigation reserves, and capital reserves.

It is a sobering reality, however, that the greatest challenges for the City’s fiscal integrity may lay ahead. Current estimates are that revenues will remain relatively flat for the foreseeable future whereas costs will continue to increase at a significantly faster rate. This results in a widening negative gap between revenues and expenditures over time. Another significant threat to the City’s future fiscal stability is the State’s inclination to take or “borrow” funds from local governments. Revenue due to the City from sources such as Highway User Taxes is routinely deferred for several months to improve the State’s cash flow situation. State mandated payment from redevelopment agencies the past two fiscal years have severely reduced the money available for redevelopment activities that reduce blight and provide low income housing in local communities.

While this threat was thought to have been significantly reduced by the passage of Proposition 22, on June 28, 2011, the California Legislature adopted Assembly Bill 1X 26 (Dissolution Act) and Assembly Bill 1X 27 (Voluntary Program Act) which taken together are known as the Redevelopment Restructuring Act. AB 1X 26 eliminates redevelopment agencies. AB 1X 27 provides a method for continuing to receive tax increment for redevelopment activities. However, AB 1X 27 includes a requirement to make an annual “Community Remittance” payment into a special fund established for the benefit of other governments. For FY 2011/12 the City’s estimated remittance amount would be \$523,447, an amount equal to more than half of the projected revenue for the fiscal year. On July 18, 2011, the California Redevelopment Association and the League of California Cities filed suit in the California Supreme Court to challenge the constitutionality of AB 1X 26 and AB 1X 27. The Court is expected to render a decision on this matter by January 15, 2012. If the Supreme Court upholds the Dissolution Act and the Voluntary Program Act, the City has elected to continue the Agency and will, pursuant to the Voluntary Program Act, remit the annual “Community Remittance” payments.

**Factors Affecting Local Economy**

**Employment**

Of a total work force of 3,790 the City had an estimated 410 unemployed residents as of June 2011.

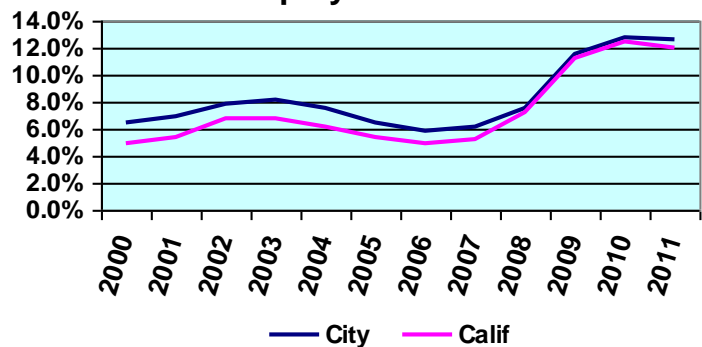
- The unemployment rate in the City was 12.1% in June 2011, slightly below the prior year’s average of 12.7%.
- This compares with an unadjusted unemployment rate of 12.1% for California and 9.1% for the U.S. for June 2011 and 12.4 for California and 9.7 for the U.S. for the prior year.

**Residential Real Estate**

Overall housing prices in the City continue to decline. Sales volumes increased in FY 2010/11.

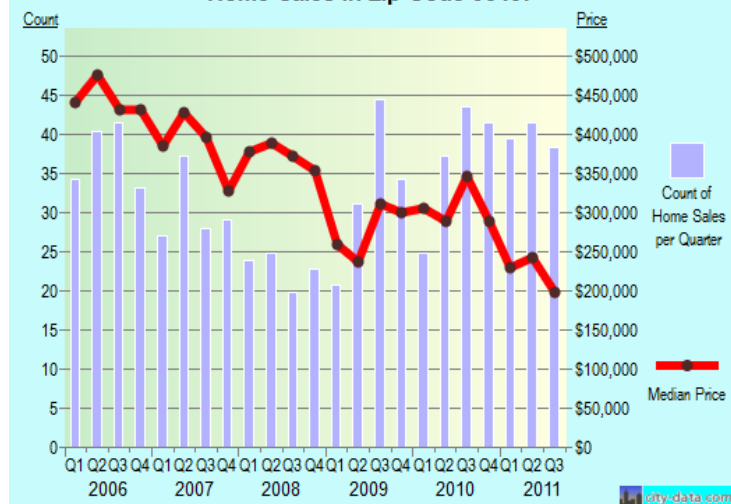
- The number of single-family homes sold in FY 2010/11 increased by 11% from the number sold in FY 2009/10. The number of sales from July 2009 through June 2011 was 155.
- The City’s median single-family home price decreased 2% to \$297,000 in June 2011, from \$302,500 in June 2010. The June 2009 median price was \$322,500.

**Unemployment Rate**



Source: Employment Development Department, California

**Home Sales in Zip Code 95437**

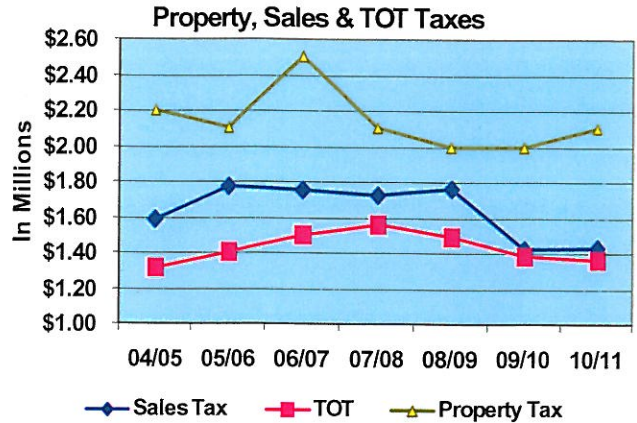


Source: city-data.com



**Taxes**

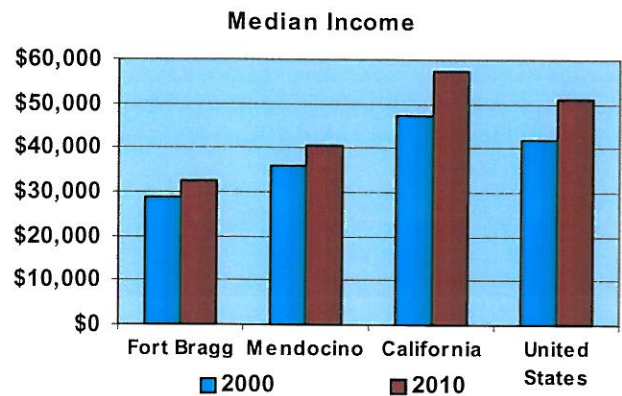
- Transient Occupancy Taxes (TOT) declined 1.2% in FY 2011, totaling \$1.36 million compared to \$1.38 million in fiscal 2010.
- General Sales Tax increased 0.4% from \$1.42 million in the prior fiscal year to \$1.43 million in fiscal 2011. Street Sales tax decreased 1.8% to \$0.72 million.
- Property Taxes increased 4% to \$2.1 million in FY 2010/11 as compared to \$2.0 million in FY 2009/10.



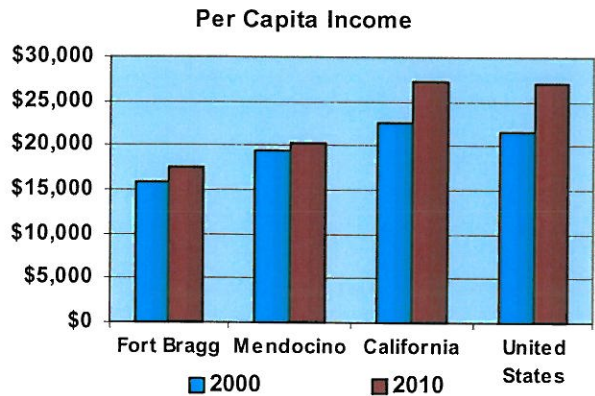
Source: City of Fort Bragg, Department of Finance

**Income**

- The City’s median household income in 2010 (latest available data) rose to \$32,564, compared to \$28,539 in 2000.
- The City’s per capita personal income increased to \$17,513 in 2010 (latest available data), when compared to \$15,832 in 2000.
- Median household income for Mendocino County in 2010 was \$40,536; in 2000 it was \$35,996. Per capita personal income was \$20,217 in 2010; in 2000 it was \$19,443.
- Median household income for California in 2010 was \$57,708; in 2000 it was \$47,493. Per capita personal income was \$27,353 in 2010; in 2000 it was \$22,711.
- Median household income for the United States in 2010 was \$51,425; in 2000 it was \$41,994. Per capita personal income was \$27,041 in 2010; in 2000 it was \$21,587.



Source: U. S. Census



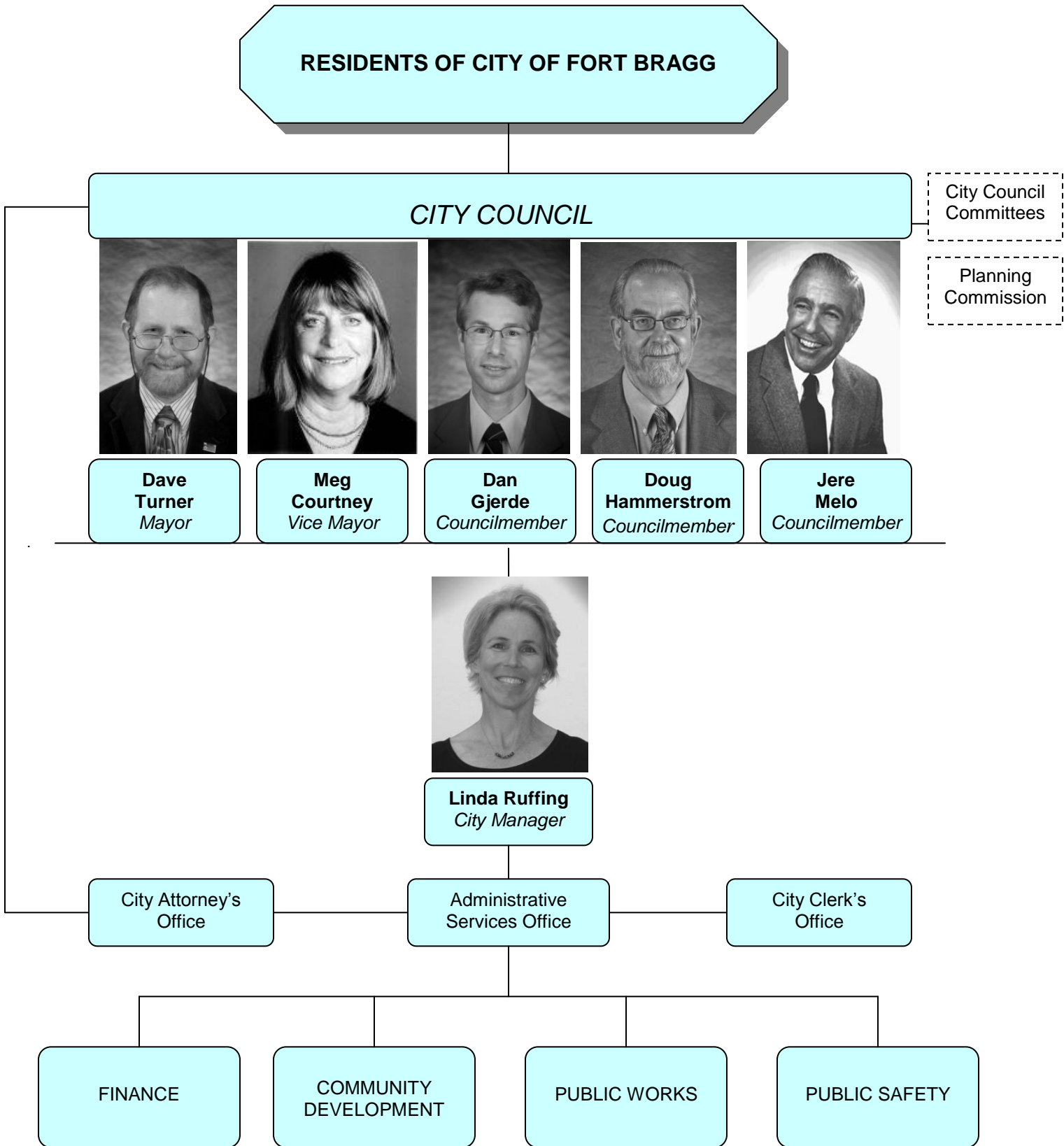
**Acknowledgements**

My goal is to publish financial information that is helpful to the City Council, the City Manager, and the City’s management team. I would like to thank the Council, the City Manager’s Office, and all City departments for their continued efforts in planning and conducting the City’s financial operations in a responsible and progressive manner. I would particularly like to acknowledge the extra efforts extended by Finance Department personnel for the preparation of this report.

Respectfully submitted,

Rosana Cimolino  
Finance Director

CITY OF FORT BRAGG  
ORGANIZATIONAL CHART  
As of June 30, 2011







## **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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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor, Members of the  
City Council, and the City Manager  
City of Fort Bragg, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Bragg (City), California, as of and for the fiscal year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. 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* as 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, and the aggregate remaining fund information of the City of Fort Bragg, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 59, *Financial Instruments Omnibus*.

In accordance with the *Government Auditing Standards*, we have also issued a report dated December 29, 2011, on our consideration of the City of Fort Bragg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, Redevelopment Agency Project Area Special Revenue Fund, Redevelopment Agency Low and Moderate Housing Special Revenue Fund, and Special Sales Tax Special Revenue Fund on pages 63 through 67, and the Postemployment Benefit Plans Other Than Pension Trend Information on page 68, 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 accounting principles 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.

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 introductory section, nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
December 29, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fort Bragg, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements which follow this narrative.

### **Financial Highlights**

Government-wide:

- The assets of the City exceeded liabilities at the close of the fiscal year by \$42.2 million (*net assets*). Of the total net assets \$5.5 million was reported as *unrestricted net assets* and may be used to meet the City's ongoing obligations to citizens and creditors. *Restricted net assets* of \$5.2 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining \$31.5 million represents the City's investment in capital assets, net of related debt.
- The City's total net assets increased by \$0.8 million during the fiscal year after a prior period adjustment of (\$0.6) million. Capital assets (net of depreciation) increased 0.5% and current assets increased 6.3%. Total revenues from all sources were \$17.3 million and total expenses for all functions/programs were \$16 million.
- Of total revenues, program revenues were \$10.8 million and general revenues were \$6.6 million. Program revenues include Charges for Services, \$8 million, Operating Contributions and Grants, \$2.1 million, and Capital Contributions and Grants, \$0.6 million.
- The City's total long-term debt increased 10.2% to \$13.2 million, primarily due to the increase in the Other Post-Employment Benefits (OPEB) liability.

Fund Financial Statements:

For fiscal year ended June 30, 2011, the City implemented GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)*. GASB 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. GASB 54 also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. The City does not have stabilization arrangements. Governmental fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. Certain prior year balances may have been reclassified in order to conform to current year presentation. These reclassifications had no effect upon the reported fund balances (see Note 1C for a description of these categories).

- Governmental Fund balances increased 15.5% from the prior fiscal year to \$8.4 million. Of this amount \$3.3 million is unassigned fund balance and \$5.1 million is restricted. General Fund reserves have been established by the City Council as discussed in Note 9. \$1.38 million is categorized as General Fund operating reserve.
- Governmental fund revenues were \$11.6 million, a decrease of 32.8% from the prior fiscal year. FY 09/10 revenue included \$4.3 million in grant funding for the purchase of land for the Coastal Trail which accounts for a major portion of the decrease. Governmental fund expenditures were \$10.4 million, a decrease of 36.2%. The decrease was related to grant activity and the prior fiscal year Coastal Trail land purchase.

- At the end of the current fiscal year unassigned General Fund Balance was \$3.5 million, versus \$2.4 million as of June 30, 2010.
- Enterprise Fund net assets decreased \$0.3 million to \$10.0 million. Of this amount, \$3.8 million is unrestricted net assets.
- Enterprise Fund operating revenues increased \$0.7 million to \$4.9 million. Operating expenditures decreased \$0.2 million to \$4.3 million. Net operating income was \$591,756, an increase in net operating income of \$895,158 over the prior fiscal year loss of (\$303,402). The majority of the increased income was in the Wastewater Enterprise.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements (together referred to as the basic financial statements); and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements. The two sets of financial statements provide two different views of the City's financial activities and financial position – long-term and short-term.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business, including the use of accrual-based accounting to recognize revenues and expenses. They provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This information is presented in the Statement of Net Assets and Statement of Activities found on pages 15 – 17.

The Statement of Net Assets presents information about the financial position of the City as a whole. It includes all of the City's assets and liabilities on a full accrual basis, similar to that used by corporations. The difference between the asset and liabilities is reported as *net assets*.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event causing the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses may be reported in this statement for some items that will result in cash flows in future fiscal periods, such as property taxes assessed but not collected by June 30 and interest expenses accrued but not paid.

The government-wide financial statements include not only the City of Fort Bragg itself but also the Fort Bragg Redevelopment Agency (RDA) and the Municipal Improvement District #1 (MID) for which the City is financially accountable. The RDA and MID, although legally separate, function for all practical purposes as departments of the City and therefore are included as an integral part of the primary government.

### **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 of Fort Bragg, like other government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of government entities can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental activities include most of the City's basic services and are principally supported by taxes and intergovernmental revenues. Unlike the government-wide financial statements, governmental funds financial statements focus on short-term inflows and outflows of spendable

resources and balances of these resources available for spending. The fund statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. This information may be useful in evaluating a government's short-term financing requirements.

Governmental fund financial statements are prepared on the modified accrual basis which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the government-wide financial statements. Because the focus of governmental funds 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 statements. By doing so, the reader may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 21 and 24.

The City maintains numerous individual governmental funds which, for financial reporting, are grouped according to their type (general fund, special revenue, capital projects, and debt service). Information is presented separately in the governmental funds balance sheet for the following major funds: General Fund, Redevelopment Agency Project Fund, Redevelopment Agency Low & Moderate Housing Fund, Street Structural Repairs Fund, and the Street Sales Tax Fund. All other funds are grouped together as Non-Major Funds for reporting purposes. Individual fund data for each non-major governmental fund is provided in the form of combining statements found in the supplemental statements and schedules section of this report.

### **Proprietary Funds**

Proprietary funds generally account for services for which customer fees are intended to finance the costs of operations and can include enterprise funds and internal service funds. The City of Fort Bragg maintains two different types of 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 its water and wastewater operations. Enterprise fund financial statements are prepared on the full accrual basis. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Fort Bragg. The City uses internal service funds to account for facilities maintenance and repairs, technology maintenance and repairs, and fleet services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 25 – 28.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements 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 financial statements are on pages 31 - 60 of this report.

### **Required Supplementary Information**

This section includes the City's General Fund and major Special Revenue Funds' budgetary comparison schedules. The City of Fort Bragg adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City and reflects the decisions of the City Council about which services to provide and how to fund them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. Budgetary comparison schedules for the major funds have been provided on pages 62 – 66 and page 71 to demonstrate how well the City complied with the adopted budget and whether the City succeeded in providing the services as planned. This section also provides information regarding the Actuarial Accrued Liability for Other Postemployment Benefits on page 68.

## Combining Fund Financial Statements

The combining statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds can be found on pages 74 – 92.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

This analysis addresses the financial statements of the City as a whole.

The following table represents a comparative analysis of the net assets of governmental and business-type activities as of June 30, 2011 and June 30, 2010.

<b>CITY OF FORT BRAGG</b>						
<b>SUMMARY OF NET ASSETS</b>						
<b>JUNE 30, 2011 AND JUNE 30, 2010</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$10,393,285	\$10,072,420	\$4,181,614	\$3,637,590	\$14,574,899	\$13,710,010
Noncurrent Assets:						
Deferred Charges	112,003	118,098	125,354	136,899	237,357	254,997
Capital Assets	<u>30,521,444</u>	<u>29,997,245</u>	<u>11,859,111</u>	<u>12,183,195</u>	<u>42,380,555</u>	<u>42,180,440</u>
Total Assets	<u>41,026,732</u>	<u>40,187,763</u>	<u>16,166,079</u>	<u>15,957,684</u>	<u>57,192,811</u>	<u>56,145,447</u>
Current Liabilities	1,452,561	2,275,301	391,060	523,052	1,843,621	2,798,353
Long-term Debt						
Due Within One Year	917,988	854,812	478,380	441,672	1,396,368	1,296,484
Due in More Than One Year	<u>6,470,144</u>	<u>5,969,373</u>	<u>5,291,921</u>	<u>4,676,941</u>	<u>11,762,065</u>	<u>10,646,314</u>
Total Liabilities	<u>8,840,693</u>	<u>9,099,486</u>	<u>6,161,361</u>	<u>5,641,665</u>	<u>15,002,054</u>	<u>14,741,151</u>
Net Assets:						
Invested in Capital Assets, net of related debt	25,407,995	24,795,388	6,272,041	7,254,718	31,680,036	32,050,106
Restricted for:						
Community Development	638,713	857,853			638,713	857,853
Debt Service	283,666	280,657	66,275	64,298	349,941	344,955
Housing	1,352,521	1,103,288			1,352,521	1,103,288
Public Safety	1,994,311	542,795			1,994,311	542,795
Streets	795,284	1,665,158			795,284	1,665,158
Unrestricted	<u>1,713,549</u>	<u>1,843,138</u>	<u>3,666,402</u>	<u>2,997,003</u>	<u>5,379,951</u>	<u>4,840,141</u>
<b>Total Net Assets</b>	<b><u>\$32,186,039</u></b>	<b><u>\$31,088,277</u></b>	<b><u>\$10,004,718</u></b>	<b><u>\$10,316,019</u></b>	<b><u>\$42,190,757</u></b>	<b><u>\$41,404,296</u></b>

Net assets represent the difference between the City's resources and obligations. Over time, net assets may serve as a useful indicator of a government's financial position. At the close of the fiscal year ended June 30, 2011 the City's assets exceeded liabilities by \$42.2 million.

A large portion of the City of Fort Bragg's net assets (75.0%) reflects its investment in capital assets (e.g., land, easements, buildings, machinery, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to 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 needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets (12.2% of total net assets) represent debt service and other purpose requirements. The remaining balance of unrestricted net assets (12.8%) may be used to meet the City's ongoing obligations to



citizens and creditors. At June 30, 2011 and June 30, 2010, the City was able to report positive balances in unrestricted net assets for its governmental activities as well as its business-type activities.

The Statement of Net Assets provides a snapshot at a given point in time of the assets and liabilities of the City. The other government-wide statement provided is the Statement of Activities. This statement provides information regarding the revenues, expenses and changes in net assets over the fiscal year. Generally, all changes to the City's net assets from one fiscal year to the next flow through the Statement of Activities.

The following table indicates the comparative changes in net assets for governmental and business-type activities for fiscal year 2011 and 2010:

<b>CITY OF FORT BRAGG</b>						
<b>CONDENSED COMPARATIVE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS</b>						
<b>FISCAL YEARS ENDING JUNE 30, 2011 AND JUNE 30, 2010</b>						
	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program Revenues:						
Charges for services	\$3,130,687	\$3,240,454	\$4,881,234	\$4,233,471	\$8,011,921	\$7,473,925
Operating grants & Contributions	2,137,736	10,622,356			2,137,736	10,622,356
Capital grants & Contributions	602,396	2,107,975		84,779	602,396	2,192,754
General Revenues:						
Taxes:						
Property taxes	2,075,266	1,988,133			2,075,266	1,988,133
Other taxes	3,956,755	4,441,347			3,956,755	4,441,347
Miscellaneous	70,896		407,355	321,957	478,251	321,957
Unrestricted Investment Earnings	50,743	57,655	21,469	20,534	72,212	78,189
<b>Total Revenues</b>	<b><u>12,024,479</u></b>	<b><u>22,457,920</u></b>	<b><u>5,310,058</u></b>	<b><u>4,660,741</u></b>	<b><u>17,334,537</u></b>	<b><u>27,118,661</u></b>
Expenses:						
General Government	2,591,125	2,517,826			2,591,125	2,517,826
Public Safety	3,596,424	4,010,950			3,596,424	4,010,950
Public Works	1,532,090	2,285,955			1,532,090	2,285,955
Community Develop.	3,360,477	2,489,009			3,360,477	2,489,009
Interest and Fiscal Charges	296,327	311,229			296,327	311,229
Water			2,178,316	2,401,183	2,178,316	2,401,183
Wastewater			2,425,265	2,465,099	2,425,265	2,465,099
<b>Total Expenses</b>	<b><u>11,376,444</u></b>	<b><u>11,614,969</u></b>	<b><u>4,603,581</u></b>	<b><u>4,866,282</u></b>	<b><u>15,980,024</u></b>	<b><u>16,481,251</u></b>
Increase (decrease) in Net						
Net Assets Before Transfers	648,035	10,842,951	706,477	(205,541)	1,354,512	10,637,410
Transfers	(54,725)	(1,710)	54,725	1,710		
<b>Change in Net Assets</b>	<b><u>593,310</u></b>	<b><u>10,841,241</u></b>	<b><u>761,202</u></b>	<b><u>(203,831)</u></b>	<b><u>1,354,512</u></b>	<b><u>10,637,410</u></b>
Net Assets, July 1	31,088,277	21,235,616	10,316,019	9,429,071	41,404,296	30,664,687
Prior Period Adjustments	504,452	(988,580)	(1,072,503)	1,090,779	(568,051)	102,199
<b>Net Assets, July 1, restated</b>	<b><u>31,592,729</u></b>	<b><u>20,247,036</u></b>	<b><u>9,243,516</u></b>	<b><u>10,519,850</u></b>	<b><u>40,836,245</u></b>	<b><u>30,766,886</u></b>
<b>Net Assets, June 30</b>	<b><u>\$32,186,039</u></b>	<b><u>\$31,088,277</u></b>	<b><u>\$10,004,718</u></b>	<b><u>\$10,316,019</u></b>	<b><u>\$42,190,757</u></b>	<b><u>\$41,404,296</u></b>

### Revenue

The preceding table reflects totals from the city-wide Statement of Activities on pages 16 and 17. Total governmental activities revenues for the fiscal year ended June 30, 2011 decreased 46.5% to \$12.0 million. The prior fiscal year revenue included \$4.3 million in funding for the purchase of land for the Coastal Trail.

General revenue from governmental activities decreased 5.1% to \$6.2 million compared to \$6.5 million in fiscal year 2010. Property tax revenue increased 4.4%; sales tax and transient occupancy tax decreased 0.3% and 2.8% respectively. Franchise and other taxes decreased 12.4%.

Total business-type activities revenues for the year ended June 30, 2011 increased \$0.6 million to \$5.3 million. Charges for services increased 15.3% to \$4.9 million.

### **Expenses**

Total governmental activities expenses, before special items and transfers, were \$11.4 million, a decrease of 2.1%, and expenses for business-type activities decreased 5.4% to \$4.6 million compared to \$11.6 million and \$4.8 million respectively in the prior fiscal year.

The City uses internal service funds to account for facilities, technology, and fleet maintenance and repairs. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

## **FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

As stated earlier, the City 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 statements.

### **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, special revenue funds, debt service funds and capital projects funds.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year the fund balance of the General Fund was \$3.6 million, an increase of 16.0%. General Fund revenues decreased 6.0% to \$7.0 million, primarily due to decreases in revenue for administrative services. General Fund expenses decreased 6.6% to \$6.7 million as compared to the prior fiscal year total of \$7.2 million primarily due to a 5.6% decrease in personnel costs.

The Redevelopment Agency Project fund balance increased 14.2% to \$0.6 million. The Redevelopment Agency Low & Moderate Housing fund balance increased slightly, remaining at a little over \$1 million. During FY 2010/11 the Agency paid a State required Supplemental Educational Revenue Augmentation Fund payment in the amount of \$110,101.

The Special Sales Tax fund balance increased \$0.3 million to \$1.8 million. Revenue from sales taxes decreased 1.8% from last fiscal year. Street capital projects funded in FY 2010/11 totaled \$0.4 million.

The Street Structural Repairs Fund is a capital project fund used to record the cost of repairs to various streets in preparation for repaving. This project was funded by the Special Sales Tax revenue. Expenditures in FY 2010/11 were \$0.4 million.

### **Proprietary Funds**

Proprietary funds generally account for services for which customer fees are intended to finance the costs of operations and can include enterprise funds and internal service funds. Activities for the internal service funds have been included within governmental activities in the government-wide financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but in greater detail.

The City accounts for the operation, construction, and maintenance of City waterworks in the Water Enterprise Fund. Water use rates and fees are set by the City Council to recover actual costs of operating and maintaining the system. Rates and fees were adjusted by the City Council effective July 1, 2011. The Water Enterprise charges for service increased 4.5% from \$2.0 million in FY 2009/10 to \$2.1 million in FY 2010/11. Operating expenses for the Water Enterprise decreased 8.3%, totaling \$1.9 million for the fiscal year. The decrease was primarily due to decreased personnel and administration costs.

Net operating income for the Water Enterprise was \$174,542 before non-operating expenses and transfers. Reconciling operating income to a cash basis (primarily adjusting out non-cash depreciation and amortization) resulted in \$318,382 net cash provided by operating activities

Financial activities of the Fort Bragg Municipal Improvement District's (MID) sewer system serving the City are reported in the Wastewater Enterprise Fund (see also separate audited financial statements of the MID). Sewer service rates and fees are set by the City Council sitting as the District's Board of Directors to recover actual costs of operating and maintaining the system. Rates and fees were adjusted effective July 1, 2011. Total revenues from charges for service for the Municipal Improvement District were \$2.8 million, an increase of 26.5%.

Net operating income for the Municipal Improvement District was \$386,815, an increase of \$599,625. Reconciling operating income to a cash basis (primarily adjusting out non-cash depreciation and amortization) resulted in \$580,245 net cash provided by operating activities.

Total unrestricted net assets of the enterprise funds at the end of the year amounted to \$3.8 million. The Water Enterprise unrestricted net assets at June 30, 2011 total \$3.1 million, a decrease of 1.7%. Unrestricted net assets of the Municipal Improvement District fund increased from a deficit of (\$174,668) to \$633,257.

### **Governmental Funds**

Governmental fund balances increased by \$1.1 million. As shown in the Statement of Revenues, Expenditures and Changes in Fund Balance on pages 22 and 23, as of the end of the current fiscal year the City's governmental funds reported combined ending balances of \$8.4 million, an increase of 15.5% over last fiscal year. Restricted and nonspendable funds account for more than half of the fund balances with a combined total of \$5.1 million (60.5%).

Governmental revenues totaled \$11.6 million, a decrease of 32.8%. Taxes and assessments declined 0.3%, intergovernmental (including grants) 65.3%, and charges for services 9.6%. Total governmental expenses decreased 36.2% to \$10.4 million. General Fund expenditures before transfers decreased by 6.6%, totaling \$6.7 million as compared to \$7.2 million in the prior fiscal year. The remainder of the overall decrease is primarily grant and capital project funded activity.

### **Business-Type Activities**

The City of Fort Bragg maintains two different types of proprietary funds: enterprise funds and internal service funds. The City uses enterprise funds to account for its water and wastewater operations and internal service funds to account for facilities and technology maintenance and repairs. The proprietary fund statements begin on page 25.

Operating revenues of the City's business-type activities totaled \$4.9 million, an increase of 15.3%. Business-type operating expenses decreased approximately 4.8% to \$4.3 million. Unrestricted net assets totaled \$3.7 million, an increase of 25%.

### **Capital Asset and Debt Administration**

The capital assets of the City are those assets that are used in the performance of the City's functions. At June 30, 2011, the City of Fort Bragg's capital assets for its governmental and business-type activities totaled \$42.4 million (net of depreciation). The investment in capital assets includes land, easements, buildings,

improvements other than buildings, machinery and equipment, infrastructure and construction in progress. Net change to capital assets of the City is an increase of \$0.2 million.

Major capital projects completed or nearing completion at fiscal year end include:

- Pudding Creek Road Reconstruction
- North Harold and Dana Street Overlay
- Pine and Laurel Streets Pedestrian Enhancements
- Fort Bragg Skate Park Phase 1
- 2011 Street Structural Repair
- Water Treatment Conversion of Gaseous Chlorine to Sodium Hypochlorite

**CITY OF FORT BRAGG**  
**SCHEDULE OF CAPITAL ASSETS (net of depreciation)**  
**JUNE 30, 2011**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Land and Easements	\$12,291,627	\$12,291,627	\$285,079	\$285,079	\$12,576,706	\$12,576,706
Buildings	2,207,284	2,349,212	2,031,763	2,104,622	4,239,047	4,453,834
Machinery and Equipment	272,243	378,986	1,726,831	1,973,883	1,999,074	2,352,869
Infrastructure	14,746,652	14,486,861	7,501,514	7,477,979	22,248,166	21,964,840
Construction in Progress	1,003,638	490,960	313,924	341,632	1,317,562	832,592
<b>Total Capital Assets, net</b>	<b>\$30,521,444</b>	<b>\$29,997,646</b>	<b>\$11,859,111</b>	<b>\$12,183,195</b>	<b>\$42,380,555</b>	<b>\$42,180,841</b>

Additional information about the City's capital assets is presented in Note 4 on pages 43 through 45.

**Long-Term Debt**

At June 30, 2011, total City debt outstanding was \$13.1 million, an increase of \$1.2 million (9.9%). Governmental debt increased \$561,260 primarily due to an increase in the Other Post-Employment Benefits (OPEB) liability. Business-type debt decreased \$0.6 million. Each of the City's debt issues is discussed in detail in Note 8 beginning on page 49.

**CITY OF FORT BRAGG**  
**OUTSTANDING DEBT**  
**JUNE 30, 2011**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Bonds Payable	\$4,152,214	\$4,228,235	\$3,451,043	\$3,655,209	\$7,603,257	\$7,883,444
Loans Payable			1,606,355	640,928	1,606,355	640,928
Capital Leases	1,049,260	1,091,720	655,026	769,240	1,704,286	1,860,960
Other	2,186,659	1,504,230	57,877	179,809	2,244,536	1,684,039
	<b>\$7,388,132</b>	<b>\$6,824,185</b>	<b>\$5,770,301</b>	<b>\$5,245,186</b>	<b>\$13,158,434</b>	<b>\$12,069,371</b>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City is lagging behind the State and the nation in economic recovery cycles. While there have been seven quarters of positive Gross Domestic Product at the national level, the City saw few signs of growth during fiscal year 2010/11. Unemployment remains high and the real estate market is struggling in terms of home sales, home prices, and new construction.

## **LONG-TERM FINANCIAL PLANNING**

Local assessed property values for FY 2011/12 declined 2.7% from FY 10-11 values; this will decrease secured and unsecured property tax revenues and tax increment by approximately an equal percentage. The FY 2011/12 budget was adopted reflecting a conservative 5% decrease in these revenues. Sales and Transient Occupancy tax totals for FY 2010/11 were slightly higher than projected. Revenue from these sources was conservatively budgeted at or slightly below the projected FY 2010/11 totals.

The City's Capital Improvement Plan (CIP) identifies capital needs as well as funding sources and funding shortfalls. For FY 2011/12, the CIP includes \$8.9 million of funding for planned projects and is included in the proposed budget. Significant projects include \$4.8 million for the Fort Bragg Coastal Restoration and Trail, \$1.6 million for street and alley repairs, and \$1.8 million for Water and Wastewater Enterprise projects.

The budget problems at the State level continue to be a major concern for the City. The potential elimination of the Redevelopment Agencies in order to redirect property tax to the State would have a significant effect on City resources and a long-lasting impact on the City's ability to maintain current services. The General Fund operating reserve makes it possible for the City to maintain an adequate cash flow during those times that the State "borrows" local revenues and defers state allocations and disbursements. However, these reserves can only provide coverage for a limited duration.

In preparing the FY 2011/12 Budget, management gave careful consideration to the possible impact of the economic climate and the State of California budget problems. The overall approach in the development of the budget was to continue to take a conservative approach in estimating future tax revenues, especially those received from the State, and to contain expenditures to the maximum extent possible while maintaining the existing programs and levels of service. A concerted effort was made to fund as much capital outlay and non-routine facility maintenance as possible through outside sources such as grants.

## **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](http://www.fortbragg.com). Below is the contact address for questions about the report or requests for additional financial information.

City of Fort Bragg  
Rosana Cimolino,  
Finance Director  
416 N. Franklin St.  
Fort Bragg, CA 95437  
707-961-2825

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## **Basic Financial Statements**

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**CITY OF FORT BRAGG**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 8,320,186	\$ 3,510,713	\$ 11,830,899
Cash and investments with fiscal agents, restricted	313,467	108,063	421,530
Accounts receivable	1,196,358	571,552	1,767,910
Interest receivable	4,889		4,889
Loans receivable	474,262		474,262
Prepaid expenditures	650		650
Inventory		74,759	74,759
Internal balances	609,052	(609,052)	
Deferred charges - net of accumulated amortization	112,003	125,354	237,357
Capital assets not being depreciated	13,295,265	599,003	13,894,268
Capital assets, being depreciated, net of accumulated depreciation	<u>17,226,179</u>	<u>11,260,108</u>	<u>28,486,287</u>
Total assets	<u>41,552,311</u>	<u>15,640,500</u>	<u>57,192,811</u>
<b>LIABILITIES</b>			
Accounts payable	1,039,772	114,002	1,153,774
Accrued payroll and benefits	128,141	20,537	148,678
Accrued interest	40,430	46,823	87,253
Unearned revenue	238,643	75,467	314,110
Deposits payable	5,575	134,232	139,807
Noncurrent liabilities:			
Due within one year	917,988	478,380	1,396,368
Due in more than one year	<u>6,470,144</u>	<u>5,291,921</u>	<u>11,762,065</u>
Total liabilities	<u>8,840,693</u>	<u>6,161,361</u>	<u>15,002,054</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	25,407,995	6,272,041	31,680,036
Restricted for:			
Housing	1,352,521		1,352,521
Debt service	283,666	66,275	349,941
Public safety	1,994,311		1,994,311
Community development	638,713		638,713
Streets	795,284		795,284
Unrestricted	<u>1,713,549</u>	<u>3,666,402</u>	<u>5,379,951</u>
Total net assets	<u>\$ 32,186,039</u>	<u>\$ 10,004,718</u>	<u>\$ 42,190,757</u>

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

**CITY OF FORT BRAGG**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 2,591,125	\$ 3,087,358	\$ 3,398	\$ -
Community development	3,360,477	8,528	1,419,212	94,825
Public safety	3,596,424	29,945	420,102	
Public works	1,532,090	4,856	295,024	507,571
Interest on long-term debt	296,327			
<b>Total governmental activities</b>	<b>11,376,444</b>	<b>3,130,687</b>	<b>2,137,736</b>	<b>602,396</b>
Business-type activities:				
Water	2,178,316	2,107,633		
Sewer	2,425,265	2,773,601		
<b>Total business-type activities</b>	<b>4,603,581</b>	<b>4,881,234</b>		
<b>Total government</b>	<b>\$ 15,980,025</b>	<b>\$ 8,011,921</b>	<b>\$ 2,137,736</b>	<b>\$ 602,396</b>

General Revenues

Taxes

Property taxes

Sales and use taxes

Transient occupancy taxes

Franchise taxes

Motor Vehicle In-Lieu

Use of money and property

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net Assets, July 1, 2010

Prior Period Adjustments

Net Assets, July 1, 2010, restated

Net Assets, June 30, 2011

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

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Totals
\$ 499,631	\$ -	\$ 499,631
(1,837,912)		(1,837,912)
(3,146,377)		(3,146,377)
(724,639)		(724,639)
(296,327)		(296,327)
<u>(5,505,625)</u>		<u>(5,505,625)</u>
	(70,683)	(70,683)
	<u>348,336</u>	<u>348,336</u>
	<u>277,653</u>	<u>277,653</u>
<u>(5,505,625)</u>	<u>277,653</u>	<u>(5,227,972)</u>
2,039,267		2,039,267
2,146,841		2,146,841
1,340,873		1,340,873
469,041		469,041
35,999		35,999
50,743	21,469	72,212
70,896	407,355	478,251
(54,725)	54,725	
<u>6,098,935</u>	<u>483,549</u>	<u>6,582,484</u>
<u>593,310</u>	<u>761,202</u>	<u>1,354,512</u>
31,088,277	10,316,019	41,404,296
504,452	(1,072,503)	(568,051)
<u>31,592,729</u>	<u>9,243,516</u>	<u>40,836,245</u>
<u>\$ 32,186,039</u>	<u>\$ 10,004,718</u>	<u>\$ 42,190,757</u>

**CITY OF FORT BRAGG**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2011**

	<b>Special Revenue Funds</b>			
	<b>General</b>	<b>Redevelopment Agency Project Area</b>	<b>Redevelopment Agency Low and Moderate Housing</b>	<b>Special Sales Tax</b>
<b>Assets</b>				
Cash and investments	\$ 3,198,399	\$ 1,019,803	\$ 489,820	\$ 1,639,280
Cash and investments with fiscal agent				
Receivables:				
Accounts	606,799	26,900	6,725	134,131
Interest	4,889			
Loans	9,522		239,375	
Prepaid Assets	650			
Due from other funds	327,721			
Advances to other funds		83,473	525,579	
<b>Total Assets</b>	<b>\$ 4,147,980</b>	<b>\$ 1,130,176</b>	<b>\$ 1,261,499</b>	<b>\$ 1,773,411</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 453,426	\$ 4,168	\$ -	\$ -
Accrued payroll and benefits	128,141			
Deferred loans and revenue			239,375	
Deposits payable	5,575			
Due to other funds				
Advances from other funds		525,579		
<b>Total Liabilities</b>	<b>587,142</b>	<b>529,747</b>	<b>239,375</b>	
<b>Fund Balances:</b>				
Nonspendable	650			
Restricted		600,429	1,022,124	1,773,411
Unassigned	3,560,188			
<b>Total Fund Balances</b>	<b>3,560,838</b>	<b>600,429</b>	<b>1,022,124</b>	<b>1,773,411</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,147,980</b>	<b>\$ 1,130,176</b>	<b>\$ 1,261,499</b>	<b>\$ 1,773,411</b>

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

<b>Capital Projects Fund</b>		
<b>Street Structural Repairs</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ 436,269	\$ 1,420,958 313,467	\$ 8,204,529 313,467
3,850	415,793	1,194,198
	225,365	4,889
		474,262
		650
		327,721
		609,052
<u>\$ 440,119</u>	<u>\$ 2,375,583</u>	<u>\$ 11,128,768</u>
\$ 420,602	\$ 134,128	\$ 1,012,324
		128,141
	464,008	703,383
		5,575
	327,721	327,721
		525,579
<u>420,602</u>	<u>925,857</u>	<u>2,702,723</u>
		650
19,517	1,677,438	5,092,919
	(227,712)	3,332,476
<u>19,517</u>	<u>1,449,726</u>	<u>8,426,045</u>
<u>\$ 440,119</u>	<u>\$ 2,375,583</u>	<u>\$ 11,128,768</u>

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**CITY OF FORT BRAGG**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011**

**FUND BALANCES - GOVERNMENTAL FUNDS** \$ 8,426,045

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds because of the following:

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.

Capital assets	\$ 36,173,345	
Less: accumulated depreciation	<u>(5,651,901)</u>	30,521,444

Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period during which the debt is outstanding. The costs are reported as expenditures of current financial resources in governmental funds.

Deferred charges	\$ 147,457	
Less: accumulated amortization	<u>(35,454)</u>	112,003

Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet. (40,430)

In governmental funds, other long-term assets are not available to pay for current-period expenditures, and therefore, are offset by deferred revenue. 464,740

The liabilities below are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.

Capital lease payable	\$ (1,049,260)	
2004 Tax Allocation Bond, net	(4,152,214)	
Landfill postclosure costs	(784,411)	
Compensated absences	(443,209)	
Other postemployment benefits	<u>(959,038)</u>	(7,388,132)

Internal service funds are used by management to charge the costs of certain activities, such as maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 90,369

**NET ASSETS - GOVERNMENTAL ACTIVITIES** \$ 32,186,039

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

**CITY OF FORT BRAGG**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Special Revenue Funds</b>			
	<b>General</b>	<b>Redevelopment Agency Project Area</b>	<b>Redevelopment Agency Low and Moderate Housing</b>	<b>Special Sales Tax</b>
<b>Revenues</b>				
Taxes and assessments	\$ 4,150,849	\$ 891,274	\$ 222,819	\$ 719,458
Intergovernmental	40,911			
Charges for current services	2,426,953			
Fines, forfeitures, and penalties	16,783			
Use of money and property	17,983	10,014	6,706	9,712
Licenses and permits	248,534			
Contributions				
Other	70,897			
<b>Total Revenues</b>	<b>6,972,910</b>	<b>901,288</b>	<b>229,525</b>	<b>729,170</b>
<b>Expenditures</b>				
Current				
General government	1,177,645			
Public safety	3,224,136			
Public works	1,088,202			
Community development	1,078,300	545,343	146,236	
Capital outlay	37,679			
Debt service				
Principal	26,889			
Interest	46,896			
<b>Total Expenditures</b>	<b>6,679,747</b>	<b>545,343</b>	<b>146,236</b>	
Excess (Deficit) of Revenues over Expenditures	293,163	355,945	83,289	729,170
Other Financing Sources (Uses)				
Transfers in	270,153			
Transfers out	(73,434)	(281,080)	(74,015)	(412,420)
<b>Total Other Financing Sources (Uses)</b>	<b>196,719</b>	<b>(281,080)</b>	<b>(74,015)</b>	<b>(412,420)</b>
Net Changes in Fund Balances	489,882	74,865	9,274	316,750
Fund Balances, Beginning of Fiscal Year	3,070,956	525,564	1,012,850	1,456,661
Fund Balances, End of the Fiscal Year	<u>\$ 3,560,838</u>	<u>\$ 600,429</u>	<u>\$ 1,022,124</u>	<u>\$ 1,773,411</u>

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



<b>Capital Projects Fund</b>		
<b>Street Structural Repairs</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ -	\$ 47,623	\$ 6,032,023
3,850	2,647,468	2,692,229
	36,532	2,463,485
		16,783
	6,327	50,742
	3,009	251,543
	47,225	47,225
		70,897
<u>3,850</u>	<u>2,788,184</u>	<u>11,624,927</u>
		1,177,645
	12,948	3,237,084
	244,094	1,332,296
	1,239,243	3,009,122
420,963	827,384	1,286,026
	80,000	106,889
	235,095	281,991
<u>420,963</u>	<u>2,638,764</u>	<u>10,431,053</u>
<u>(417,113)</u>	<u>149,420</u>	<u>1,193,874</u>
436,630	414,799	1,121,582
	(342,001)	(1,182,950)
<u>436,630</u>	<u>72,798</u>	<u>(61,368)</u>
19,517	222,218	1,132,506
	1,227,508	7,293,539
<u>\$ 19,517</u>	<u>\$ 1,449,726</u>	<u>\$ 8,426,045</u>

**CITY OF FORT BRAGG**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES \$ 1,132,506

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are added back to fund balances	\$ 1,225,661	
Depreciation expense not reported in governmental funds	<u>(812,939)</u>	412,722

Governmental Funds do not report donation of capital assets to other entities. However, in the Statement of Activities the cost of the donated asset is reported as an expense (392,973)

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 expenditures. Likewise, when the note is collected, it is reflected in revenue. This is the net change in between notes receivable collected and issued. (2,708)

Repayment of long-term debt is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities. Issuance of long term debt is subtracted from the fund balance  
Repayment of debt principal is added back to fund balance

Amortization of deferred charges	\$ (6,095)	
Interest payable, net change	2,380	
Capital lease payable	42,460	
2004 Tax Allocation Bond	76,021	
Landfill post closure costs	(143,345)	
Compensated absences, net change	(32,866)	
Other postemployment benefits	<u>(506,218)</u>	(567,663)

Internal service funds are used by management to charge the costs of certain activities, such as maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities. 11,426

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 593,310

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

**CITY OF FORT BRAGG**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

<b>Assets</b>	<b>Enterprise Funds</b>			<b>Governmental Activities Internal Service</b>
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>	
<b>Current Assets:</b>				
Cash and investments	\$ 2,975,615	\$ 535,098	\$ 3,510,713	\$ 115,657
Restricted cash and investments, with fiscal agents	108,063		108,063	
<b>Receivables:</b>				
Accounts (net)	205,740	365,812	571,552	2,160
Inventory	64,202	10,557	74,759	
Total Current Assets	3,353,620	911,467	4,265,087	117,817
<b>Noncurrent Assets:</b>				
Debt issuance costs (net)	102,048	23,306	125,354	
Capital assets, not being depreciated	399,334	199,669	599,003	
Capital assets, being depreciated	9,828,179	13,477,041	23,305,220	
Less-accumulated depreciation	(5,869,796)	(6,175,316)	(12,045,112)	
Total Noncurrent Assets	4,459,765	7,524,700	11,984,465	
Total Assets	7,813,385	8,436,167	16,249,552	117,817
<b>Current Liabilities:</b>				
Accounts payable	25,905	88,097	114,002	27,448
Accrued payroll and benefits		20,537	20,537	
Interest payable	41,788	5,035	46,823	
Deferred revenue	5,819	69,648	75,467	
Deposits payable	134,232		134,232	
Compensated absences	23,151	34,726	57,877	
Current portion of advance from other funds		37,135	37,135	
Current portion of long-term liabilities	380,503	40,000	420,503	
Total Current Liabilities	611,398	295,178	906,576	27,448
<b>Noncurrent Liabilities:</b>				
Advance from other funds		46,338	46,338	
Leases payable	558,188		558,188	
Loans payable	1,496,856		1,496,856	
Bonds payable	2,896,876	340,000	3,236,876	
Total Long-term Liabilities	4,951,920	386,338	5,338,258	
Total Liabilities	5,563,318	681,516	6,244,834	27,448
<b>Net Assets</b>				
Invested in capital assets, net of related debt	(872,659)	7,144,700	6,272,041	
Restricted for debt service	66,275		66,275	
Unrestricted	3,056,451	609,951	3,666,402	90,369
Total Net Assets	\$ 2,250,067	\$ 7,754,651	\$ 10,004,718	\$ 90,369

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

**CITY OF FORT BRAGG**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Enterprise Funds</b>			<b>Governmental Activities Internal Service</b>
	<b>Water</b>	<b>Sewer</b>	<b>Totals</b>	
Operating Revenues				
Charges for services	\$ 2,107,633	\$ 2,773,601	\$ 4,881,234	\$ 400,101
Total Operating Revenues	<u>2,107,633</u>	<u>2,773,601</u>	<u>4,881,234</u>	<u>400,101</u>
Operating Expenses				
Personnel services	751,868	1,065,596	1,817,464	
Administration	311,316	337,396	648,712	
Supplies and materials	122,467	92,424	214,891	
Insurance	47,754	46,827	94,581	
Outside contractors	107,464	96,279	203,743	
Maintenance	180,284	330,834	511,118	397,478
Utilities	110,806	108,924	219,730	
Depreciation	301,132	308,506	609,638	
Total Operating Expenses	<u>1,933,091</u>	<u>2,386,786</u>	<u>4,319,877</u>	<u>397,478</u>
Operating Income (Loss)	<u>174,542</u>	<u>386,815</u>	<u>561,357</u>	<u>2,623</u>
Non-Operating Revenues (Expenses)				
Intergovernmental		789	789	2,160
Investment earnings	19,834	1,635	21,469	
Other revenues	31,032	375,534	406,566	
Interest expense and other charges	(245,225)	(38,479)	(283,704)	
Total Non-Operating Revenues (Expenses)	<u>(194,359)</u>	<u>339,479</u>	<u>145,120</u>	<u>2,160</u>
Income (Loss) Before Transfers	(19,817)	726,294	706,477	4,783
Transfers				
Transfers in	46,201	40,947	87,148	6,643
Transfers out	(24,823)	(7,600)	(32,423)	
Changes in Net Assets	<u>1,561</u>	<u>759,641</u>	<u>761,202</u>	<u>11,426</u>
Net Assets, Beginning of Fiscal Year	3,321,009	6,995,010	10,316,019	78,943
Prior Period Adjustments	(1,072,503)		(1,072,503)	
Net Assets, Beginning of Fiscal Year, restated	<u>2,248,506</u>	<u>6,995,010</u>	<u>9,243,516</u>	<u>78,943</u>
Net Assets, End of Fiscal Year	<u>\$ 2,250,067</u>	<u>\$ 7,754,651</u>	<u>\$ 10,004,718</u>	<u>\$ 90,369</u>

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

**CITY OF FORT BRAGG**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Enterprise Funds</b>			<b>Governmental Activities Internal Service</b>
	<b>Water</b>	<b>Sewer</b>	<b>Totals</b>	
Cash Flows from Operating Activities				
Receipts from customers	\$ 2,097,484	\$ 2,667,476	\$ 4,764,960	\$ -
Receipts from interfund services provided				400,101
Payments to employees	(751,076)	(1,056,941)	(1,808,017)	
Payments to suppliers and users	(1,037,943)	(1,033,504)	(2,071,447)	(378,109)
Net Cash Provided (Used) by Operating Activities	<u>308,465</u>	<u>577,031</u>	<u>885,496</u>	<u>21,992</u>
Cash Flows from Noncapital Financing Activities				
Other revenue	31,032	375,534	406,566	2,160
Intergovernmental		789	789	
Advances from other funds		(86,924)	(86,924)	
Transfers in	46,201	40,947	87,148	6,643
Transfers out	(24,823)	(7,600)	(32,423)	
Net Cash Provided (Used) by Noncapital Financing Activities	<u>52,410</u>	<u>322,746</u>	<u>375,156</u>	<u>8,803</u>
Cash Flows from Capital and Related Financing Activities				
Principal paid	(365,127)	(60,329)	(425,456)	
Due to Other Funds		(43,099)	(43,099)	
Purchase of capital assets	(60,728)	(226,412)	(287,140)	
Loss on disposal of fixed assets	1,586		1,586	
Interest and other charges	(238,819)	(36,484)	(275,303)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(663,088)</u>	<u>(366,324)</u>	<u>(1,029,412)</u>	
Cash Flows from Investing Activities				
Interest received	23,256	1,645	24,901	
Net Cash Provided (Used) by Investing Activities	<u>23,256</u>	<u>1,645</u>	<u>24,901</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	(278,957)	535,098	256,141	30,795
Cash and Cash Equivalents at the Beginning of the Fiscal Year	3,362,635		3,362,635	84,862
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 3,083,678</u>	<u>\$ 535,098</u>	<u>\$ 3,618,776</u>	<u>\$ 115,657</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:				
Cash and investments	\$ 2,975,615	\$ 535,098	\$ 3,510,713	\$ 115,657
Restricted cash and investments	108,063		108,063	
Total Cash and Cash Equivalents	<u>\$ 3,083,678</u>	<u>\$ 535,098</u>	<u>\$ 3,618,776</u>	<u>\$ 115,657</u>
Noncash Transactions				
Amortization of deferred charges	\$ 8,331	\$ 3,214	\$ 11,545	\$ -

(Continued)

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

**CITY OF FORT BRAGG**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Enterprise Funds			Governmental Activities
	Water	Sewer	Totals	Internal Service
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 174,542	\$ 386,815	\$ 561,357	\$ 2,623
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	301,132	308,506	609,638	
(Increase) Decrease in Operating Assets:				
Accounts receivable	(2,760)	(159,979)	(162,739)	(2,160)
Inventory	3,783	(2,336)	1,447	
Increase (Decrease) in Operating Liabilities:				
Accounts payable	(161,635)	(18,484)	(180,119)	21,529
Accrued payroll and benefits		4,807	4,807	
Deposits payable	7,399		7,399	
Deferred revenue	(14,788)	53,854	39,066	
Compensated absences	792	3,848	4,640	
Net Cash Provided (Used) by Operating Activities	<u>\$ 308,465</u>	<u>\$ 577,031</u>	<u>\$ 885,496</u>	<u>\$ 21,992</u>



## **Basic Financial Statements**

Notes to the Basic Financial Statements

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**CITY OF FORT BRAGG**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 – DESCRIPTION AND 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 the 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.

While each of these component units is legally separate from the City, the City is financially accountable for these entities. Financial accountability is demonstrated by the City's Council acting as the governing board for each of the component units.

Fort Bragg Redevelopment Agency (Agency) – the Agency was established under the provisions of the Community Redevelopment Law (California Health and Safety Code, commencing with Section 33000). The Agency is governed by a Commission comprised of the members of the Fort Bragg City Council. The Agency's boundaries are within Fort Bragg's city limits and activities of the Agency benefit the citizens of Fort Bragg. The activities of the Agency are reported in the City's special revenue, debt service, and capital projects funds.

Fort Bragg Municipal Improvement District No. 1 (District) – the 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 Agency and District can be obtained directly from the City of Fort Bragg, 416 N. Franklin St., Fort Bragg, CA 95437.

**B. 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.

## NOTE 1 – DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Basis of Presentation (Continued)

In accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34), the financial statements consist of the following:

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

#### Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall city government. For the most part, the effect of interfund activity has been removed from these statements. 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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recorded when the 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.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

Internal service funds are also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements. These Internal Service funds account for maintenance and repair facilities and technology maintenance and repairs provided to other departments or agencies of the City, on a cost reimbursement basis.

#### Fund Financial Statements

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 are recorded only when payments are due.

## NOTE 1 – DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Basis of Presentation (Continued)

#### Fund Financial Statements (Continued)

Property taxes, franchise taxes, licenses, grants, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**General Fund** – This 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 another fund.

**Redevelopment Agency Project Area Fund** – This special revenue fund is used to account funds received that are restricted for use in the Fort Bragg Redevelopment Agency project area to alleviate physical decay, stagnation and blight, and to correct economic and social problems.

**Redevelopment Agency Low and Moderate Housing Fund** – This special revenue fund is used to account for the set-aside of low and moderate housing funds received that are restricted for use in accordance the California Health and Safety Code.

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

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

The City reports the following major proprietary funds:

**Water Fund** – This enterprise fund accounts for the activities of the City’s water treatment and distribution operations.

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

Additionally, the government reports the following fund types:

Internal service funds account for maintenance and repair facilities and technology maintenance and repairs provided to other departments or agencies of the City, on a cost reimbursement basis.

The debt service fund accounts for the resources restricted to expenditures for principal and interest on long-term tax allocation bonds of the City’s Redevelopment Agency.

The debt service fund accounts for the resources restricted to expenditures for principal and interest on long-term tax allocation bonds of the City’s Redevelopment Agency.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

**NOTE 1 – DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

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 and other charges between the City’s proprietary fund 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing ongoing operations. Principal operating revenues of the City’s water and wastewater funds are charges to customers for sales and services. Operating expenses for the water and wastewater funds include personnel costs; administration supplies and materials; insurance; outside contractors; maintenance; utilities; and depreciation and amortization. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C. Assets, Liabilities, and Net Assets or Equity**

1) Cash and Investments

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.

Investments for the City and its component units are reported at fair value.

2) Accounts Receivables and Payables

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.

The City relies on the competency of the County of Mendocino Assessor’s (County) office 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.

Mendocino County assesses properties, bills for, and collects secured and unsecured property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
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) April 10 (for February)	August 31

The City makes economic development, housing rehabilitation, and redevelopment loans to individuals and businesses. These long-term loans are carried as assets of the governmental funds making the loans with a corresponding offset to deferred revenue. Total balance of loans receivable at June 30, 2011, was \$474,262.

**NOTE 1 – DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, and Net Assets (Continued)**

3) Interfund Receivable and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

4) Inventory and Prepaid Items

Inventories for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, and are valued at cost, approximating fair value, using the first-in, first-out (FIFO) method. Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Inventories, if any, and prepaid items recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is shown as non-spendable.

5) Restricted Assets

Certain cash and investments in the City’s 2004 RDA Bond Debt Service Fund and the Water Fund are held by the City’s fiscal agents and classified as restricted assets on the statement of net assets because their use is limited by applicable bond or other covenants.

6) Capital Assets

Capital assets, which include land, buildings, infrastructure (roads, sidewalks and similar items), and machinery and equipment (vehicles, generators and computers), are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital 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. Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair value on the date received. 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, 2011, 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.

Property, plant, and equipment of the City are depreciated using the straight-line method using the following useful lives:

	<u>Years</u>
Buildings	40 - 75 years
Infrastructure	10 - 50 years
Utility Plant	10 - 50 years
Machinery and equipment	3 - 40 years

**NOTE 1 – DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, and Net Assets (Continued)**

7) Lease Obligations

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

8) Compensated Absences

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. 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.

All costs for compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only when amounts have matured (such as vacation time estimated to be paid upon retirement in the next fiscal year with available expendable financial resources).

9) Encumbrances

Encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by appropriate authorities as of June 30, 2011, are summarized below.

Major Funds:	
General Fund	\$ 6,671
Redevelopment Agency:	
Project Fund	2,756
Proprietary Funds	
Water Fund	29,498
Wastewater Fund	7,865
Nonmajor Funds:	
Sustainable Communities Grant	77,133
Public Safety Grants	7,998
CalTrans Coastal Trail Grant	230,293
CDBG Economic Development Allocation	14,531
CDBG Microenterprise Grant	51,500
Asset Forfeiture	14,864
Main Street Traffic Planning Grant	73,947
	\$ 517,056

## NOTE 1 – DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Assets, Liabilities, and Net Assets (Continued)

#### 10) Long-Term Obligations

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs and underwriters' discount are reported as deferred bond issuance costs. Amortization of bond premiums or discounts and issuance costs is included in interest expense.

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.

#### 11) Fund Equity/Net Assets

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

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

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

*Restricted* describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter. These principally include debt service requirements and redevelopment funds restricted to low and moderate income housing purposes

*Unrestricted* describes the portion of Net Assets 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.

Fund balances are categorized as follows:

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

**Committed Fund Balance** – This balance represents net assets that are constrained by limitation that the City has imposed upon itself through action taken by the City Council. These constraints remain binding unless removed by the City Council.

## NOTE 1 – DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Assets, Liabilities, and Net Assets (Continued)

#### 11) Fund Equity/Net Assets (Continued)

**Assigned Fund Balance** – This balance represents amounts that a government *intends* to use for a particular purpose.

**Unassigned Fund Balance** – This balance represents net assets in excess of resources classified in one of the four 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.

### D. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### E. New Accounting Pronouncements

#### GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions

For fiscal year ended June 30, 2011, the City implemented GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is effective for periods beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications 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. These classifications are described in the Fund Equity/Net Asset section of this footnote and in Note 9 – Fund Equity.

GASB Statement No. 54 also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. The City does not have stabilization arrangements.

#### GASB Statement No. 59 – Financial Instruments Omnibus

For fiscal year ended June 30, 2011, the City implemented GASB Statement No. 59 – *Financial Instruments Omnibus*. This Statement is effective for financial statements for periods beginning after June 15, 2010. The objective of this Statement is to establish standards to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these financial statements.



**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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. Budgets are prepared on a budget basis.
- 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.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the fiscal year, several supplementary appropriations and transfers totaling \$7,219,155 were necessary citywide.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. See Note 1, Description and Significant Accounting Policies for encumbrance balances by fund.

**B. Excess of Expenditures over Appropriations**

Expenditures exceeded appropriations in the following funds for which budgets were adopted:

General Fund	
General Government:	
City Council	\$ 760
Human Resources	3,380
Public Safety	
Fire	23,466
Support Services	665
Public Works	
Parks and Facilities	2,178
Community Development	
Caspar Landfill and Transfer Station	22,683
Capital Outlay	2,294

**C. Deficit Fund Equity**

The following funds had deficit fund balances at June 30, 2011:

Nonmajor Funds:			
Safe Routes to Schools	\$ 31	Bainbridge Park Improvements	343
Sustainable Communities Grant	82,393	Bicycle Transportation Grant	9,090
OWP Grants	1,417	Traffic & Safety	3,369
Bulletproof Vest Partnership Grant	365	MCOG 2005 Main Street Realignment	4,468
Prop 84 Coastal Trail Grant	433	MCOG Cedar Street Pedestrian Enhancement	2,001
CalTrans Planning Grant	34,256	Otis Johnson Park Renovation	63,568
Coastal Conservancy Grant	5,883	2011 Street Resurfacing Project	673
EDBG Planning & Technology Grants	19,442		

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**C. Deficit Fund Equity (Continued)**

*Traffic & Safety Fund* – The deficit in this fund will be resolved through traffic safety revenues generated by traffic fines.

*2011 Street Resurfacing Project* - Deficits in this fund will be resolved through project cost reimbursement from the Mendocino Council of Governments, grants, and transfers from the Special (Street) Sales Tax Fund.

The remaining funds are grant funds. Deficits in these funds will be replenished through grant billings and grant match fund transfers.

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments are reported in the Statement of Net Assets and are held by the City as follows:

Statement of Net assets:	
Cash and Investments	\$ 11,830,899
Restricted cash and investments with fiscal agents	<u>421,530</u>
Total	<u><u>\$ 12,252,429</u></u>

Cash and investments consist of the following:

Cash on hand	\$ 1,998
Deposits with financial institutions	5,688,542
Investments:	
Money Market Funds	1,172,378
Certificates of Deposit	1,043,037
U. S. Government Agency Obligations	220,218
Local Agency Investment Fund	<u>4,126,256</u>
Total Cash and Investments	<u><u>\$ 12,252,429</u></u>

**Investments Authorized by the California Government code and the City’s Investment Policy**

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). The table also identifies certain provisions of 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. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	\$50 Million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	None	None
Repurchase Agreements	90 days	None	None
Bankers Acceptance (must be dollar denominated)	9 months	40%	None
Commercial Paper A Rated Minimum	6 months	15%	None
Time Certificates of Deposit FDIC Insured	5 years	30%	None
General Obligations of any State or Political Subdivision rated AA at a minimum	5 years	30%	None
Money Market Mutual Funds holding cash and US 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 trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Securities	5 years	None	None
Banker's Acceptances	270 days	40%	15%
Commercial Paper	180 days	15%	15%
Money Market Mutual Funds	N/A	None	None

**Disclosures Relating to 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 flows and liquidity needed for operations.

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**Disclosures Relating to Interest Rate Risk (Continued)**

The following table represents the City’s investments and their related maturity:

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
State Investment Pool (LAIF)	\$ 4,126,256	\$ 4,126,256	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit	1,043,037		250,298	501,701	291,038		
U.S. Government Agency Obligations	220,218					220,218	
Money Market Funds	759,848	759,848					
Held With Fiscal Agent:							
Money Market Funds	412,530	412,530					
<b>Totals</b>	<b>\$ 6,561,889</b>	<b>\$ 5,298,634</b>	<b>\$ 250,298</b>	<b>\$ 501,701</b>	<b>\$ 291,038</b>	<b>\$ 220,218</b>	<b>\$ -</b>

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The City has no investments including investments held by bond trustees that are highly sensitive to interest rate fluctuations.

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City’s investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool (LAIF)	\$ 4,126,256	N/A	\$ -	\$ -	\$ -	\$ -	\$ 4,126,256
Certificates of Deposit	1,043,037	N/A		1,043,037			
U.S. Government Agency Obligations	220,218	N/A		220,218			
Money Market Funds	759,848	N/A		759,848			
Held with Fiscal Agent							
Money Market Funds	412,530	N/A		412,530			
<b>Total</b>	<b>\$ 6,561,889</b>		<b>\$ -</b>	<b>\$ 2,435,633</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,126,256</b>

Net (Expense) Revenue and

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government 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 custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another

### NOTE 3 – CASH AND INVESTMENTS (Continued)

#### Custodial Credit Risk (Continued)

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 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.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2011, \$1,543,037 of the City’s deposits with financial institutions was covered by federal depository insurance limits or were held in collateralized accounts.

The Local Agency Investment Pool (LAIF) is a special fund of the California State Treasury through which local governments may pool investments. The City may invest up to \$50 million in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Funds deposited in LAIF are invested in accordance with Government Code Sections 16430 and 16480. Oversight of LAIF is provided by the Pooled Money Investment Board whose members are the California State Treasurer, California Director of Finance, and the California State Controller. For the purpose of these financial statements, the fair value of amounts in LAIF is equivalent to the dollars held.

### NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Prior Period Adjustment	Additions	Deletions	Reclass / Transfers	Balance June 30, 2011
<b>Governmental Activities</b>						
Nondepreciable capital assets						
Land	\$ 12,291,227	\$ -	\$ 400	\$ -	\$ -	\$ 12,291,627
Construction in progress	490,957	504,452	8,229			1,003,638
Total nondepreciable capital assets	<u>12,782,184</u>	<u>504,452</u>	<u>8,629</u>			<u>13,295,265</u>
Depreciable capital assets:						
Buildings	4,994,522					4,994,522
Machinery and equipment	1,230,178		15,200	(7,125)		1,238,253
Infrastructure	<u>15,836,446</u>		<u>1,201,832</u>		<u>(392,973)</u>	<u>16,645,305</u>
Total depreciable capital assets	<u>22,061,146</u>		<u>1,217,032</u>	<u>(7,125)</u>	<u>(392,973)</u>	<u>22,878,080</u>
Less accumulated depreciation						
Buildings	(2,645,310)		(141,928)			(2,787,238)
Machinery and equipment	(851,192)		(121,943)	7,125		(966,010)
Infrastructure	<u>(1,349,585)</u>		<u>(549,068)</u>			<u>(1,898,653)</u>
Total accumulated depreciation	<u>(4,846,087)</u>		<u>(812,939)</u>	<u>7,125</u>		<u>(5,651,901)</u>
Net depreciable capital assets	<u>17,215,059</u>		<u>404,093</u>		<u>(392,973)</u>	<u>17,226,179</u>
Net capital assets	<u>\$ 29,997,243</u>	<u>\$ 504,452</u>	<u>\$ 412,722</u>	<u>\$ -</u>	<u>\$ (392,973)</u>	<u>\$ 30,521,444</u>

**NOTE 4 – CAPITAL ASSETS (Continued)**

Capital asset activity for the fiscal year ended June 30, 2011 was as follows: (Continued):

	Balance July 1, 2010	Additions	Deletions	Reclass/ Transfers	Balance June 30, 2011
<b>Business-type Activities</b>					
Water Activity					
Nondepreciable capital assets					
Land	\$ 216,079	\$ -	\$ -	\$ -	\$ 216,079
Construction in progress	250,706	18,773		(86,224)	183,255
Total nondepreciable capital assets	466,785	18,773		(86,224)	399,334
Depreciable capital assets:					
Buildings	700,932				700,932
Infrastructure	4,737,148			388,213	5,125,361
Machinery and equipment	4,318,803	41,955	(56,883)	(301,989)	4,001,886
Total depreciable capital assets	9,756,883	41,955	(56,883)	86,224	9,828,179
Less accumulated depreciation					
Buildings	(403,157)	(24,213)			(427,370)
Infrastructure	(2,629,846)	(159,018)			(2,788,864)
Machinery and equipment	(2,590,958)	(117,901)	55,297		(2,653,562)
Total accumulated depreciation	(5,623,961)	(301,132)	55,297		(5,869,796)
Net depreciable capital assets	4,132,922	(259,177)	(1,586)	86,224	3,958,383
Net capital assets	\$ 4,599,707	\$ (240,404)	\$ (1,586)	\$ -	\$ 4,357,717

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Sewer Activity					
Nondepreciable capital assets					
Land	\$ 69,000	\$ -	\$ -	\$ -	\$ 69,000
Construction in progress	90,926	83,734		(43,991)	130,669
Total nondepreciable capital assets	159,926	83,734		(43,991)	199,669
Depreciable capital assets:					
Buildings	3,322,742				3,322,742
Infrastructure	8,642,125				8,642,125
Machinery and equipment	1,340,321	142,678	(14,816)	43,991	1,512,174
Total depreciable capital assets	13,305,188	142,678	(14,816)	43,991	13,477,041
Less accumulated depreciation					
Buildings	(1,515,895)	(48,646)			(1,564,541)
Infrastructure	(3,271,448)	(205,660)			(3,477,108)
Machinery and equipment	(1,094,283)	(54,200)	14,816		(1,133,667)
Total accumulated depreciation	(5,881,626)	(308,506)	14,816		(6,175,316)
Net depreciable capital assets	7,423,562	(165,828)		43,991	7,301,725
Net capital assets	\$ 7,583,488	\$ (82,094)	\$ -	\$ -	\$ 7,501,394

**NOTE 4 – CAPITAL ASSETS (Continued)**

Capital asset activity for the fiscal year ended June 30, 2011 was as follows: (Continued):

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
<b>Total Business-type Activities</b>					
Nondepreciable capital assets					
Land	\$ 285,079	\$ -	\$ -	\$ -	\$ 285,079
Construction in progress	341,632	102,507		(130,215)	313,924
Total nondepreciable capital assets	<u>626,711</u>	<u>102,507</u>		<u>(130,215)</u>	<u>599,003</u>
Depreciable capital assets:					
Buildings	4,023,674				4,023,674
Infrastructure	13,379,273			388,213	13,767,486
Machinery and equipment	5,659,124	184,633	(71,699)	(257,998)	5,514,060
Total depreciable capital assets	<u>23,062,071</u>	<u>184,633</u>	<u>(71,699)</u>	<u>130,215</u>	<u>23,305,220</u>
Less accumulated depreciation					
Buildings	(1,919,052)	(72,859)			(1,991,911)
Infrastructure	(5,901,294)	(364,678)			(6,265,972)
Machinery and equipment	(3,685,241)	(172,101)	70,113		(3,787,229)
Total accumulated depreciation	<u>(11,505,587)</u>	<u>(609,638)</u>	<u>70,113</u>		<u>(12,045,112)</u>
Net depreciable capital assets	<u>11,556,484</u>	<u>(425,005)</u>	<u>(1,586)</u>	<u>130,215</u>	<u>11,260,108</u>
Net capital assets	<u>\$ 12,183,195</u>	<u>\$ (322,498)</u>	<u>\$ (1,586)</u>	<u>\$ -</u>	<u>\$ 11,859,111</u>

Depreciation Allocations

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amount allocated to each function or program is as follows:

**Governmental Activities:**

General government	\$ 688,832
Public safety	104,028
Public works	20,079
Total Depreciation Expense - Governmental Activities	<u>\$ 812,939</u>

**Business-type Activities:**

Water	\$ 301,132
Sewer	308,506
Total Depreciation Expense - Business-type Activities	<u>\$ 609,638</u>

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**A. Interfund Transfers**

The following table reflects transfer activity for the fiscal year ended June 30, 2011:

	Transfers <u>In</u>	Transfers <u>Out</u>
<b>Major Governmental Funds:</b>		
General	\$ 270,153	\$ 73,434
Redevelopment Agency Project Area		281,080
Redevelopment Agency Low and Moderate Housing		74,015
Special Sales Tax		412,420
<b>Major Enterprise Funds:</b>		
Water	46,201	24,823
Sewer	40,947	7,600
<b>Nonmajor Governmental Funds:</b>		
General Plan Maintenance Fee		20,000
Parking in Lieu Fees	5,165	
Skate Park Repair and Maintenance	1,000	
ADA Curbs and Gutter	124	
Parking Fund		5,165
Office of Justice Vest Partnership Grant	2,000	
COPS AB 1913 Allocation		100,000
CDBG General Allocation	40,000	
CDBG Program Income		8,368
CDBG Funds	8,368	
Coastal Conservancy Grant	20,000	
Asset Seizure		53,696
CDBG PT/A	5,880	
Gasoline Taxes		11,657
Traffic & Safety		6,899
Traffic Congestion Relief		62,131
OWP Grants		20,000
EECBG Facilities Lighting		41,978
Bainbridge Park Improvements		12,107
Street Repair Projects	12,427	
Street Structural Repairs	436,630	
ARRA Projects	4,693	
Downtown Streetscape Phase III	47	
2004 Bonds Debt Service Fund	315,095	
<b>Internal Service Funds:</b>		
Internal Service Funds	6,643	
Total	<u>\$ 1,215,373</u>	<u>\$ 1,215,373</u>

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due.

For the most part, the effect of the interfund activity has been eliminated from the government-wide financial statements.



**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

**B. Long-Term Interfund Advances**

At June 30, 2011, the funds below had made/received advances which were not expected to be repaid within the next fiscal year.

<u>Fund Receiving Advance</u>	<u>Fund Making Advance</u>	<u>Amount</u>
Major Proprietary Fund: Sewer Fund	Major Governmental Fund: Redevelopment Agency Project Area	<u>\$ 83,473</u>
Major Governmental Fund: Redevelopment Agency Project Area Fund	Major Governmental Fund: Redevelopment Agency Low and Moderate Housing Fund	<u>\$ 525,579</u>

The Redevelopment Agency Project Area Special Revenue Fund advanced \$42,692 to the Sewer Fund on May 29, 2007, for the Wastewater Treatment Plant-Headworks Screen Project. The term of the advance is five years with payments of interest due at 5% and principal due of \$2,135 to be paid each quarter.

On June 30, 2010, an additional amount of \$76,800 was advanced from the Redevelopment Agency Project Area Special Revenue Fund to the Sewer 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 \$43,099 and interest of \$2,369 were made during the fiscal year ended June 30, 2011.

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 SERAF. An additional amount of \$110,101 was borrowed on June 10, 2011 to finance the Agency’s 2011 commitment. Principal repayments of \$112,819 and interest of \$2,822 were made during the fiscal year ended June 30, 2011.

**C. Due To/From**

Certain funds borrow money from other funds to cover cash shortages. These borrowings constitute short-term loans because the intent is to repay them within one year from date of borrowing.

	<u>Due To</u>	<u>Due From</u>
Governmental Funds:		
Major Funds		
General	\$ -	\$ 327,721
Nonmajor Funds		
Safe Routes to School	31	
Gas Taxes	23,341	
Traffic & Safety	1,792	
Main Street Traffic Planning	4,468	
MCOG Capital Projects	2,691	
EECBG Facilities Lighting	9,166	
Sustainable Communities Grant	100,330	
COPS AB1913 Allocation	11,316	
CalTrans Planning Grant	38,248	
CDBG General Allocation Grants	34,364	
Coastal Trail Prop 84 Grant	433	
Coastal Conservancy Grant	5,883	
Coastal CalTrans Grant	15,817	
OPW Grants	36,000	
Micro Enterprise EDBG	31,070	
Bainbridge Park Improvements	343	
Bicycle Transportation Grant	12,428	
Total	<u>\$ 327,721</u>	<u>\$ 327,721</u>

**NOTE 6 – LEASES**

Operating Leases as Lessee

The following is a schedule of future minimum rental payments required under operating leases entered into by the City that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2011:

Fiscal Year Ended June 30,	Amount
2012	\$ 19,801
2013	8,232
2014	4,056
2015	1,794
2016	789
Totals	<u>\$ 34,672</u>

Capital Leases

The City of Fort Bragg has entered into several lease agreements as lessee for financing the acquisition of automatic meter reading equipment, police cars, and to refinance 1995 Landfill COP's issued to financial landfill closure/post-closure costs. These lease agreements qualify as a capital leases for accounting purposes and, therefore, have been recorded at the present value for its future minimum lease payments.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Police Vehicles	\$ 208,313	\$ -
Water Meter Reading Equipment		838,499
Less: Accumulated Depreciation	(208,313)	(131,365)
	<u>\$ -</u>	<u>\$ 707,134</u>

The City's future minimum lease payments and the net present value of future minimum lease payments at June 30, 2011, were as follows:

Fiscal Year Ended June 30,	Governmental Activities	Business-Type Activities
2012	\$ 157,195	\$ 126,566
2013	147,569	126,566
2014	147,569	126,566
2015	147,569	126,566
2016	147,569	126,566
2017-2020	<u>664,061</u>	<u>127,005</u>
Total Minimum Lease Payments	1,411,532	759,835
Less: Amount Representing Interest	<u>(303,043)</u>	<u>(104,809)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,108,489</u>	<u>\$ 655,026</u>

**NOTE 7 – DEFERRED 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 assets as well as governmental and enterprise funds defer revenue recognition in connection with resources that have been received as of 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 deferred revenues in connection with receivables for revenue not considered available to liquidate, as liabilities of the current period.

As of June 30, 2011, the various components of deferred and unearned revenue in governmental funds are as follows:

	<u>Unearned</u>	<u>Deferred (Unavailable)</u>
Redevelopment Agency:		
Low and Moderate Housing		
Long-term loan receivable	\$ -	\$ 239,375
CDBG Program Income		
Long-term loans receivable		225,365
Otis Johnson Park		
Unearned grant income	148,714	
Sustainable Communities Grant		
Unearned grant income	89,929	
	<u>\$ 238,643</u>	<u>\$ 464,740</u>

**NOTE 8 – LONG-TERM DEBT**

**A. 2004 Tax Allocation Bonds**

In 2004 the 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 and issue costs associated with the issuance of the 2004 Bonds are being amortized over the life of the 2004 issue using the straight line method.

The Bonds bear annual interest at rates varying between 1.8% and 5.5%. The Bonds were issued as a fully registered note in denominations of \$5,000. Interest on the bonds are payable semi-annually each November 1 and May 1. Principal is paid in annual installments each May 1, 2004, through the year 2037 in amounts ranging from \$65,000 through \$295,000. The outstanding principal balance as of June 30, 2011 was \$4,255,000.

## NOTE 8 – LONG-TERM DEBT (Continued)

### A. 2004 Tax Allocation Bonds (Continued)

The scheduled annual minimum debt service requirement at June 30, 2011 is as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 80,000	\$ 228,805	\$ 308,805
2013	80,000	225,445	305,445
2014	90,000	221,965	311,965
2015	95,000	217,915	312,915
2016	100,000	212,880	312,880
2017-2021	565,000	981,190	1,546,190
2022-2026	735,000	813,665	1,548,665
2027-2031	955,000	590,150	1,545,150
2032-2036	1,260,000	296,450	1,556,450
2037	295,000	16,225	311,225
Totals	<u>\$ 4,255,000</u>	<u>\$ 3,804,690</u>	<u>\$ 8,059,690</u>

### B. 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, 2011, the City's estimated liability for its share of landfill closure and post-closure care costs was \$784,412. This estimated total current cost of the landfill closure and post-closure care is based on the amount what would be paid if all equipment, facilities, and services required to close, monitor, and maintain that landfill were acquired as of June 30, 2011, 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).

### C. 2004 California Statewide Communities Development Authority Bonds (CSCDA)

In 2003, the City entered into an agreement with the California Statewide Communities Development Authority (CSCDA) whereby CSCDA issued \$4,855,000 in revenue bonds to provide resources for the City to refund the outstanding 1993 COP's that were issued for the costs of various capital improvements to the City's water system. The bonds are an obligation of CSCDA 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 obligation as 2004 CSCDA Bonds. Annual interest accrues at varying rates between 2.00% and 5.25% interest became payable commencing April 1, 2004, and semi-annually thereafter each October 1<sup>st</sup> and April 1<sup>st</sup>. Principal is payable in annual installments that commenced October 1, 2004, and continue through the year 2023 in amounts ranging from \$ 190,000 through \$350,000. The outstanding principal balance as of June 30, 2011 was \$3,510,000.

**NOTE 8 – LONG-TERM DEBT (Continued)**

**C. 2004 California Statewide Communities Development Authority Bonds (CSCDA) (Continued)**

Debt service requirements to maturity for bonds payable by the City are presented on the following schedule.

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 210,000	\$ 158,521	\$ 368,521
2013	220,000	150,656	370,656
2014	225,000	142,037	367,037
2015	230,000	133,333	363,333
2016	245,000	123,335	368,335
2017-2021	1,385,000	439,110	1,824,110
2022-2024	995,000	80,194	1,075,194
Totals	<u>\$ 3,510,000</u>	<u>\$ 1,227,186</u>	<u>\$ 4,737,186</u>

**D. 1998 Wastewater Revenue Bonds**

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 1<sup>st</sup> and April 1<sup>st</sup>. Principal is paid in annual installments commencing October 1, 1998, through the year 2019 in amounts ranging from \$25,000 through \$55,000. The outstanding principal balance as of June 30, 2011 was \$380,000.

Debt service requirements to maturity for bonds payable by the City are presented on the following schedule.

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 40,000	\$ 19,080	\$ 59,080
2013	40,000	16,960	56,960
2014	45,000	14,708	59,708
2015	45,000	12,323	57,323
2016	50,000	9,805	59,805
2017-2019	160,000	12,985	172,985
Totals	<u>\$ 380,000</u>	<u>\$ 85,861</u>	<u>\$ 465,861</u>

**E. 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, 2011, the balance of the loan payable was \$1,156,710. Loan principal payments of \$53,538 are required semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> for twenty (20) years commencing January 1, 2007.

**NOTE 8 – LONG-TERM DEBT (Continued)**

**E. Safe Drinking Water Revolving Loan (SDWRL) (Continued)**

Debt service requirements to maturity for loans payable by the City are presented on the following schedule.

Fiscal Year Ended June 30,	Principal
2012	\$ 107,077
2013	107,077
2014	107,077
2015	107,077
2016	107,077
2017-2021	535,385
2022-2026	535,585
Total payments	1,606,355
Less: unamortized discount	(449,645)
Loans payable to SDWRL, net	<u>\$ 1,156,710</u>

**F. Changes in Long-term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
2004 tax allocation bond	\$ 4,335,000	\$ -	\$ 80,000	\$ 4,255,000	\$ 80,000
2004 discount	(85,974)		(3,204)	(82,770)	(3,204)
2004 deferred refunding loss	(20,791)		(775)	(20,016)	(775)
Capital lease	1,157,591		49,102	1,108,489	112,647
Deferred refunding loss	(65,871)		(6,642)	(59,229)	(6,642)
Landfill post-closure	641,067	204,369	61,025	784,411	61,025
Compensated absences	410,343	390,909	358,043	443,209	443,209
Postemployment benefits	452,820	716,329	210,111	959,038	231,728
Governmental activity					
Long-term liabilities	<u>\$ 6,824,185</u>	<u>\$ 1,311,607</u>	<u>\$ 747,660</u>	<u>\$ 7,388,132</u>	<u>\$ 917,988</u>

**NOTE 8 – LONG-TERM DEBT (Continued)**

**F. Changes in Long-term Liabilities (Continued)**

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows (Continued):

	Balance July 1, 2010	Prior Period Adjustments	Additions	Reductions	Balance June 30, 2011	Due Within One Year
<b>Business-type activities:</b>						
Bonds payable:						
1998 revenue bond	\$ 420,000	\$ -	\$ -	\$ 40,000	\$ 380,000	\$ 40,000
2004 CSCDA	3,710,000			200,000	3,510,000	210,000
2004 CSCDA premium	51,693			3,901	47,792	3,901
2004 CSCDA deferred refunding loss	(526,484)			(39,735)	(486,749)	(39,735)
Loans payable:						
SDWRL	1,235,155	(25,562)		52,883	1,156,710	55,306
SDWRL discount	(594,227)	1,098,065		54,193	449,645	54,193
Capital leases	769,240			114,214	655,026	96,838
Compensated absences	53,237		37,483	32,843	57,877	57,877
	<u>\$ 5,118,614</u>	<u>\$ 1,072,503</u>	<u>\$ 37,483</u>	<u>\$ 458,299</u>	<u>\$ 5,770,301</u>	<u>\$ 478,380</u>
Business-type activities Long-term liabilities						

**NOTE 9 - FUND EQUITY**

Fund balances are present in the following categories: nonspendable, restricted, committed, assigned, and unassigned. (See Note 1 for a description of these categories) as follows:

	Special Revenue Funds				Capital Project Fund		Total Governmental Funds
	General	Redevelopment Agency		Street Structural Repairs	Other Governmental Funds		
		Project Fund	Low and Moderate Income Fund	Special Sales Tax			
<b>Nonspendable:</b>							
Prepaid postage	\$ 650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650
<b>Restricted for:</b>							
Redevelopment		600,429					600,429
Low and Moderate Income Housing			1,022,124			91,022	1,113,146
Street Repair and Maintenance				1,773,411			1,773,411
Capital Projects					19,517		19,517
Programs						758,650	758,650
Facilities Maintenance						96,597	96,597
Grant Activities						200,615	200,615
Fire Equipment						206,458	206,458
Funds held with fiscal agent						324,096	324,096
<b>Unassigned:</b>	3,560,188					(227,712)	3,332,476
	<u>\$ 3,560,838</u>	<u>\$ 600,429</u>	<u>\$ 1,022,124</u>	<u>\$ 1,773,411</u>	<u>\$ 19,517</u>	<u>\$ 1,449,726</u>	<u>\$ 8,426,045</u>

## **NOTE 9 - FUND EQUITY (Continued)**

Although the City does not have stabilization arrangements as defined in GASB Statement No. 54, the City Council has established general fund reserves as follows:

An 18% operating reserve, based on projected annual expenditures) is maintained to ensure liquidity of the general fund and provide adequate cash flow throughout the year. The reserve was set at \$1.38 million for fiscal year ended June 30, 2011.

A \$300,000 liability and litigation reserve to cover unforeseen legal expenses, including unbudgeted settlement costs.

A \$400,000 capital reserve for unanticipated project cost overruns or capital equipment expenses.

## **NOTE 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. Losses limits are \$20,000,000 (liability), \$290,000,000 (property), \$21,245,000 (boiler and machinery), \$4,990,000 (auto), and \$2,000,000 (workers' compensation) – all per occurrence. Losses exceeding these limits are the responsibility the City.

The City's deductibles are \$5,000 for worker's compensation, liability, auto physical damage, boiler and machinery, and fidelity; \$10,000 for property losses; and \$100,000 or 5% of building value for earthquake losses and \$100,000 for flood losses – all per occurrence. The annual premium paid to REMIF for the 2010/11 fiscal year was \$305,422. Claims paid by REMIF in favor of the City totaled \$221,073. Participating members of REMIF do not have a refundable deposit, and no dividends are paid.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

## **NOTE 11 – RELATED ORGANIZATIONS**

The City is a member of various joint powers authorities that provide goods or services to the City and other authority members. Under the criteria established by GASB Statement No. 14, the City does not have sufficient authority, influence, or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest or responsibility for any of these organizations as defined by GASB Statement No. 14. The names and general functions of these joint powers are as follows:



**NOTE 11 – RELATED ORGANIZATIONS (Continued)**

**Caspar Landfill**

The City has joint powers agreement with the County of Mendocino for post-closure maintenance of the Caspar Landfill and the operations of the Caspar Transfer Station. The City and the County equally share the cost for post-closure maintenance of the landfill. Operational costs of the transfer station are allocated based upon a pro-rata basis as defined in the agreement. The City paid the following costs under the costs sharing agreement during the fiscal year ended June 30, 2011: (1) \$80,236 for the fiscal year ended June 30, 2010 and (2) \$12,462 of additional costs related to the fiscal year ended June 30, 2009.

**Mendocino Solid Waste Management Authority**

This authority consists of three Mendocino County cities and the County of Mendocino (Authority). The Authority was created for the purpose of: (a) siting, licensing, developing, constructing, maintaining, and operating disposal sites and sanitary landfills and (b) preparing and implementing a solid waste management plan. A Commission comprised of one member from each city and two members that are appointed by the Mendocino County Board of Supervisors governs the Authority. A surcharge, based the solid waste that is generated in the City and disposed of at disposal sites operated by the Authority, is paid by the entity disposing of the solid waste.

**Fort Bragg Fire Protection Authority**

In March 2005, the City entered into a joint powers agreement with the Fort Bragg Rural Fire District (District) for the purpose of providing fire suppression, fire prevention, and emergency rescue services within territorial limits of the City and the District. The agreement supersedes a former joint powers agreement between the two entities that was established in 1990. The Fort Bragg Fire Protection Authority (Authority) is governed by a five member Board of Directors of which two are appointed by the City, two by the District, and one appointed jointly by the City and the District. Costs for services are shared by the City and District on a pro-rata basis determined by the average number of fire and emergency calls responded to within the City or District during the three previous 12-month periods of July 1<sup>st</sup> to June 30<sup>th</sup>. However, in no case will either entity’s share drop below 40%. During the current fiscal year ended June 30, 2011, the City paid \$368,466 under the terms of this agreement.

**NOTE 12 – CUSTOMER DEPOSITS/OTHER DEPOSITS**

Customer deposits and other deposits consist of the following at June 30, 2011

	Governmental Activities	Business -Type Activities	Totals
Customer Deposits for Water Services	\$ -	\$ 134,232	\$ 134,232
Deposits Held in Trust or as an Agent for a Specific Future Purpose	5,575		5,575
	<u>\$ 5,575</u>	<u>\$ 134,232</u>	<u>\$ 139,807</u>

## **NOTE 13 – COMMITMENTS AND CONTINGENCIES**

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

There are several pending lawsuits in which the City is involved. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

### Fort Bragg Redevelopment Agency

The Agency operates pursuant to the provisions of California Redevelopment Law (Health & Safety Code Section 33000 et seq.). On June 28, 2011, the California Legislature adopted Assembly Bill X1 26 (Dissolution Act) and Assembly Bill X1 27 (Voluntary Program Act) which taken together are known as the Redevelopment Restructuring Act. The express purpose of the Dissolution Act was to provide for the elimination of redevelopment agencies, and to direct the orderly distribution of a former redevelopment agency's assets and liabilities. The purpose of the Voluntary Program Act was to provide a voluntary alternative for local governments to continue redevelopment activities. The Redevelopment Restructuring Act requires the Agency and its sponsoring government (the City) to take several legislative actions to implement the various provisions of each assembly bill. On August 11<sup>th</sup> and 17<sup>th</sup>, 2011, the California Supreme issued stay orders pending its decision on the constitutionality of the Dissolution Act and the Voluntary Program Act. The Court froze all of the redevelopment activities listed in the Dissolution Act, and required actions related to the Voluntary Program Act.

Prior to the Supreme Court's actions, the City determined to elect to continue the Agency, and began the process as set forth in the Voluntary Program Act, however, due to the stays issued by the Supreme Court; this process has not been completed.

If the Supreme Court upholds the Dissolution Act and the Voluntary Program Act, the City, pursuant to the Voluntary Program Act, must make an annual "Community Remittance" payment into a special fund established for the benefit of other governments. The remittance will be refunded to the County of Mendocino by the City. The remittance amount was calculated by the State Department of Finance and released to the City on August 1, 2011. The City's payment for fiscal year 2011-2012 was determined to be \$687,212. Subsequent remittance payments will be calculated using a statutorily designed ratio that will be applied to the fiscal year 2011-2012 payment and adjusted for inflation.

The City filed an appeal requesting the calculation of the Community Remittance be updated to reflect the successful appeal of property value by the largest landholder within the Redevelopment Agency Project Area. If the appeal is successful, the fiscal year 2011-2012 payment would be reduced to \$530,156 and the City estimates that the Community Remittance payment for fiscal year 2012-2013 will be \$127,492. Review and rulings on the appeals are pending the Supreme Court's decision on the constitutionality of the Dissolution Act and the Voluntary Program Act.

## **NOTE 14 – DEFINED BENEFIT PENSION PLAN**

### **Plan Description**

The City has three (3) defined benefit pension plans; the Miscellaneous plan of the City of Fort Bragg (Miscellaneous Plan), the Safety Police Plan of the City of Fort Bragg (Police Plan), and the Safety Fire Plan (Fire Plan). Each Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating

**NOTE 14 – DEFINED BENEFIT PENSION PLAN (Continued)**

public employees within the State of California. CalPERS requires plans with less than 100 active members must participate in a risk pool. As such, all three of the City’s plans are required to participate in risk pools.

State statutes within the Public Employees’ Retirement Law establish a menu of benefit provisions as well as other requirements. The City of Fort Bragg selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS’ annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

**Funding Policy**

Active plan members in the Plans are required to contribute 7.0% (9.0% for Police employees) of their annual covered salary. The Fire Plan has no active members. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by CalPERS’ Board of Administration. The required employer contribution rate for fiscal 2010/11 was 9.647% for miscellaneous employees, 22.3791% for police, and 0% for fire employees. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

**Annual Pension Cost**

For fiscal year 2010/11, the City’s annual pension cost was \$435,891 (\$201,841 for Miscellaneous, \$234,050 for Police, and \$0 for Fire) and the City actually contributed \$435,891. In addition, the City paid \$238,407 representing substantially all of the employees’ required contributions under the terms of the City’s various employee bargaining unit agreements. The annual required contribution for fiscal year 2010/11 was determined as part of the June 30, 2008, actuarial valuation using the entry 1 age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions include the following:

	<u>Miscellaneous</u>	<u>Police</u>	<u>Fire</u>
Investment rate of return	7.75%	7.75%	7.75%
Projected salary increase	3.55%-14.45%	3.55%-14.45%	3.55%-14.45%
Inflation	3.00%	3.00%	3.00%
Payroll growth	3.25%	3.25%	3.25%

The actuarial value of the Plan’s assets was determined using a three-year smoothed market technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of the investment gains and/or losses. Each plan’s unfunded actuarial liability is being amortized as a level percentage of projected payrolls over a closed period that began on the Plan’s date of entry into the CalPERS system. Subsequent Plan amendments are amortized over 20 years. If the Plan’s actuarial accrued liability exceeds the actuarial value of plan assets, then the amortization period on the total unfunded liability may not be lower than 30 years. As of June 30, 2009 the remaining average amortization period was 14 years for Miscellaneous and Police Funds. The Fire Fund has been fully amortized.

Three-Year Trend Information			
<u>Fiscal Year-Ending June 30,</u>	<u>Combined Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2009	\$ 485,949	100%	\$ -
2010	\$ 494,071	100%	\$ -
2011	\$ 435,891	100%	\$ -

## **NOTE 15 – DEFERRED COMPENSATION PLAN**

The City of Fort Bragg offers its employees deferred compensation plans created in accordance with Internal Revenue code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has adopted the provision of GASB No. 32 therefore, the assets and liabilities of these plans have been excluded from the accompanying financial statements.

## **NOTE 16 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*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 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). Currently 53 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, 2011, expenditures of \$210,111 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.

*Funding Policy.* The contribution requirement of plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City.

*Annual OPEB and Net OPEB Obligation.* The City's annual other postemployment 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.

The following table shows the components of the City's annual OPEB cost for the fiscal year ended June 30, 2011, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

**NOTE 16 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Annual required contribution	\$ 714,498
Interest	1,831
	<hr/>
Annual OPEB cost (expense)	716,329
Contributions made	(210,111)
	<hr/>
Increase in net OPEB obligation	506,218
Net OPEB obligation (assets) - beginning of fiscal year	452,820
Net OPEB obligation (assets) - end of fiscal year	<u><u>\$ 959,038</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2011	\$ 716,329	29%	\$ 959,038
6/30/2010	\$ 675,936	33%	\$ 452,820

*Funded Status and Funding Progress.* As of January 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$8,562,135, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,562,135. The covered payroll (annual payroll of active employees covered by the plan) was \$3,383,762, and the ratio of the UAAL to the covered payroll was 253 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence 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 with 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.

In the January 1, 2010, 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 4.5 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 13.25% in 2011 decreasing by .75% each year until 2017 to minimum of 5.75% for Blue Cross premiums and starting from 10.5% in 2011 decreasing to minimum of 5.75% for Hartford premiums. The actuarial value of assets was \$0. The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at January 1, 2010 was thirty years. The amortization period closed for initial UAAL and open for remaining UAAL for thirty years.

The government-wide statement of net assets includes three equity categories entitled net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The invested in capital assets, net of related debt category presents the City’s equity interest in capital assets less outstanding principal of related debt. The restricted net assets category is designed to reflect net assets that are subject to restrictions beyond the City’s control (externally imposed or imposed by law). The unrestricted net assets category equals any remaining balance and can be subdivided into designated and undesignated portions. Designations reflect the City’s self-imposed limitations on the use of otherwise available current financial resources.

**NOTE 17 – NET ASSETS-GOVERNMENTAL ACTIVITIES**

Details of the three categories are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Assets		
Invested in capital assets, net of related debt:		
Total capital assets, net of depreciation	\$ 30,521,444	\$ 11,859,111
Debt issuance costs		125,354
Less: total capital related debt	<u>(5,113,449)</u>	<u>(5,712,424)</u>
Invested in capital assets, net of related debt	<u>25,407,995</u>	<u>6,272,041</u>
Restricted for:		
Housing	1,352,521	
Debt service	283,666	66,275
Public safety	1,994,311	
Community development	638,713	
Streets	795,284	
Total Restricted	<u>5,064,495</u>	<u>66,275</u>
Unrestricted	<u>1,713,549</u>	<u>3,666,402</u>
Total net assets	<u><u>\$ 32,186,039</u></u>	<u><u>\$ 10,004,718</u></u>

**NOTE 18 – PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment in the amount of (\$1,072,503) was booked in the Statement of Activities to reflect an understatement of loans payable in the Business-type activities and \$504,452 was booked in the Statement of Activities to reflect an understatement of construction in progress in the governmental activities.

A prior period adjustment in the amount of (\$1,072,503) was booked in the Water Fund to reflect an understatement of loans payable.



## **Required Supplementary Information**

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**CITY OF FORT BRAGG**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 919,705	\$ 919,705	\$ 913,551	\$ (6,154)
Sales and use taxes	1,233,575	1,233,575	1,427,383	193,808
Transient occupancy taxes	1,248	1,491,560	1,340,873	(150,687)
Franchise taxes	481,000	481,000	469,042	(11,958)
Intergovernmental	32,500	32,500	40,911	8,411
Charges for current services	2,444,476	2,444,476	2,426,953	(17,523)
Fines, forfeitures, and penalties	14,350	14,350	16,783	2,433
Use of money and property	10,505	10,505	17,983	7,478
Licenses and permits	213,400	213,400	248,534	35,134
Other	40,000	40,000	70,897	30,897
Total Revenues	<u>5,390,759</u>	<u>6,881,071</u>	<u>6,972,910</u>	<u>91,839</u>
Expenditures				
Current				
General Government				
City council	107,000	107,000	107,760	(760)
City attorney	130,000	130,000	129,785	215
City manager	356,030	356,030	341,745	14,285
City clerk	184,240	184,240	181,532	2,708
Human resources	11,300	16,925	20,305	(3,380)
Finance	398,240	421,496	396,518	24,978
Total General Government	<u>1,186,810</u>	<u>1,215,691</u>	<u>1,177,645</u>	<u>38,046</u>
Public Safety				
Operations	2,269,145	2,338,923	2,230,568	108,355
Administration	450,220	479,220	463,929	15,291
Support services	160,195	160,195	160,860	(665)
Fire	354,000	345,313	368,779	(23,466)
Total Public Safety	<u>3,233,560</u>	<u>3,323,651</u>	<u>3,224,136</u>	<u>99,515</u>
Public Works				
Engineering	359,172	359,172	324,431	34,741
Streets-storm drain	25,175	25,175	20,934	4,241
Corporation yard	740,740	743,740	686,859	56,881
Parks and facilities	42,800	53,800	55,978	(2,178)
Total Public Works	<u>1,167,887</u>	<u>1,181,887</u>	<u>1,088,202</u>	<u>93,685</u>

(Continued)

**CITY OF FORT BRAGG**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Current				
Community Development				
Non-departmental	\$ 510,655	\$ 536,455	\$ 488,632	\$ 47,823
Community Development	381,585	382,085	367,532	14,553
Community organizations	31,462	31,462	30,586	876
Promotion committee	59,700	78,260	76,464	1,796
Caspar landfill and transfer station	70,190	70,190	92,873	(22,683)
Total Community Development	<u>1,053,592</u>	<u>1,098,452</u>	<u>1,056,087</u>	<u>42,365</u>
Capital outlay	<u>35,385</u>	<u>35,385</u>	<u>37,679</u>	<u>(2,294)</u>
Debt service				
Principal	98,875	98,875	49,102	49,773
Interest	52,195	52,195	46,896	5,299
Total Debt Service	<u>151,070</u>	<u>151,070</u>	<u>95,998</u>	<u>55,072</u>
Total Expenditures	<u>6,828,304</u>	<u>7,006,136</u>	<u>6,679,747</u>	<u>326,389</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,437,545)</u>	<u>(125,065)</u>	<u>293,163</u>	<u>418,228</u>
Other Financing Sources (Uses)				
Transfers in	232,002	232,002	270,153	38,151
Transfers out	(43,602)	(48,002)	(73,434)	(25,432)
Total Other Financing Sources (Uses)	<u>188,400</u>	<u>184,000</u>	<u>196,719</u>	<u>12,719</u>
Net Changes in Fund Balance	(1,249,145)	58,935	489,882	430,947
Fund Balance, Beginning of Fiscal Year	<u>3,070,956</u>	<u>3,070,956</u>	<u>3,070,956</u>	
Fund Balance, End of Fiscal Year	<u>\$ 1,821,811</u>	<u>\$ 3,129,891</u>	<u>\$ 3,560,838</u>	<u>\$ 430,947</u>

**CITY OF FORT BRAGG**

**REDEVELOPMENT AGENCY PROJECT AREA FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property tax increment revenue	\$ 637,200	\$ 637,200	\$ 891,274	\$ 254,074
Use of money and property	7,000	7,000	10,014	3,014
Total Revenues	<u>644,200</u>	<u>644,200</u>	<u>901,288</u>	<u>257,088</u>
Expenditures				
Current				
Administration	88,191	88,191	88,192	
Community development	555,883	555,883	347,050	208,832
SERAF payment	143,000	143,000	110,101	32,899
Total Expenditures	<u>787,074</u>	<u>787,074</u>	<u>545,343</u>	<u>241,731</u>
Excess (Deficit) of Revenues over Expenditures	<u>(142,874)</u>	<u>(142,874)</u>	<u>355,945</u>	<u>498,819</u>
Other Financing Sources (Uses)				
Transfers out	<u>(281,080)</u>	<u>(281,080)</u>	<u>(281,080)</u>	
Total Other Financing Sources (Uses)	<u>(281,080)</u>	<u>(281,080)</u>	<u>(281,080)</u>	
Net Changes in Fund Balance	(423,954)	(423,954)	74,865	498,819
Fund Balance, Beginning of Fiscal Year	<u>525,564</u>	<u>525,564</u>	<u>525,564</u>	
Fund Balance, End of Fiscal Year	<u>\$ 101,610</u>	<u>\$ 101,610</u>	<u>\$ 600,429</u>	<u>\$ 498,819</u>

**CITY OF FORT BRAGG**

**REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property tax increment revenue	\$ 159,300	\$ 159,300	\$ 222,819	\$ 63,519
Use of money and property	9,000	9,000	6,706	(2,294)
<b>Total Revenues</b>	<b>168,300</b>	<b>168,300</b>	<b>229,525</b>	<b>61,225</b>
Expenditures				
Current				
Administration	27,695	27,695	27,696	(1)
Community development	87,796	145,656	118,540	27,116
<b>Total Expenditures</b>	<b>115,491</b>	<b>173,351</b>	<b>146,236</b>	<b>27,115</b>
Excess (Deficit) of Revenues over Expenditures	<u>52,809</u>	<u>(5,051)</u>	<u>83,289</u>	<u>88,340</u>
Other Financing Sources (Uses)				
Transfers out	<u>(74,015)</u>	<u>(74,015)</u>	<u>(74,015)</u>	
<b>Total Other Financing Sources (Uses)</b>	<b>(74,015)</b>	<b>(74,015)</b>	<b>(74,015)</b>	
<b>Net Changes in Fund Balance</b>	<b>(21,206)</b>	<b>(79,066)</b>	<b>9,274</b>	<b>88,340</b>
Fund Balance, Beginning of Fiscal Year	<u>1,012,850</u>	<u>1,012,850</u>	<u>1,012,850</u>	
Fund Balance, End of Fiscal Year	<u>\$ 991,644</u>	<u>\$ 933,784</u>	<u>\$ 1,022,124</u>	<u>\$ 88,340</u>

**CITY OF FORT BRAGG**

**SPECIAL SALES TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Sales Tax	\$ 685,000	\$ 685,000	\$ 719,458	\$ 34,458
Use of money and property	5,000	5,000	9,712	4,712
Total Revenues	<u>690,000</u>	<u>690,000</u>	<u>729,170</u>	<u>39,170</u>
Excess (Deficit) of Revenues over Expenditures	<u>690,000</u>	<u>690,000</u>	<u>729,170</u>	<u>39,170</u>
Other Financing Sources (Uses)				
Transfers out	<u>(88,250)</u>	<u>(537,038)</u>	<u>(412,420)</u>	<u>124,618</u>
Total Other Financing Sources (Uses)	<u>(88,250)</u>	<u>(537,038)</u>	<u>(412,420)</u>	<u>124,618</u>
Net Changes in Fund Balance	601,750	152,962	316,750	163,788
Fund Balance, Beginning of Fiscal Year	<u>1,456,661</u>	<u>1,456,661</u>	<u>1,456,661</u>	
Fund Balance, End of Fiscal Year	<u>\$ 2,058,411</u>	<u>\$ 1,609,623</u>	<u>\$ 1,773,411</u>	<u>\$ 163,788</u>

**CITY OF FORT BRAGG**

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSION TREND INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
01/01/10	\$ 8,562,135	\$ -	\$ 8,562,135	0%	\$ 3,380,438	253%



## **Other Supplemental Information**

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**CITY OF FORT BRAGG**

**STREET STRUCTURAL REPAIRS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Intergovernmental	\$ -	\$ 3,850	\$ 3,850
Total Revenues		3,850	3,850
Expenditures			
Capital outlay	436,630	420,963	15,667
Total Expenditures	436,630	420,963	15,667
Excess (Deficit) of Revenues over Expenditures	(436,630)	(417,113)	19,517
Other Financing Sources (Uses)			
Transfers in	436,630	436,630	
Total Other Financing Sources (Uses)	436,630	436,630	
Net Changes in Fund Balance		19,517	19,517
Fund Balance, Beginning of Fiscal Year			
Fund Balance, End of Fiscal Year	\$ -	\$ 19,517	\$ 19,517

## CITY OF FORT BRAGG

### Nonmajor Governmental Funds

#### Special Revenue Funds

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.

**Skate Park Repair & Maintenance** To account for monies designated for Skate Park repair and maintenance. Funded jointly by the City and the Mendocino Coast Park and Recreation District.

**Safe Routes to Schools** 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 (CDBG/EDGB/STBG) program enables local governments to undertake a wide range of activities intended to create suitable living environments provide decent affordable housing and create economic opportunities, primarily for persons of low and moderate income.

**Americans with Disabilities Act (ADA) Curbs and Gutters** To account for monies received for transition of existing curbs to curb ramps to improve accessibility.

**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.

**Overall Work Program** 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 established by AB 1913 which provides funding for a Community Services Officer position.

**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.

**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

**Coastal Conservancy Grant** To account for monies received from the California State Coastal Conservancy to complete the Pomo Bluffs park construction.

**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.

**Asset Forfeiture** To account for monies obtained from seized assets of criminal activities and the funds are used solely to support law enforcement purposes.

**Bainbridge Park Improvements** To account for California State Parks grant monies received for construction of restrooms at Bainbridge Park.

**CalTrans 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.

**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 Congestion Relief** To account for the City’s share of the State of California Traffic Congestion and Relief Program revenues which are required to be used for repairs to street surfaces.

**Traffic & Safety** To account for 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.

**Fire Equipment** To account for property tax revenues designated for the purchase of equipment for the Fort Bragg Fire Department.

**Energy Efficiency & Conservation Block Grant (EECBG) Facilities Lighting** To account for monies received from the California Energy Commission (CEC) for energy efficiency upgrades at various City facilities.

**CITY OF FORT BRAGG**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<b>Total Special Revenue Funds</b>	<b>2004 Bonds Debt Service Fund</b>	<b>Total Capital Projects Funds</b>	<b>Totals</b>
<b>Assets</b>				
Cash and investments	\$ 1,202,279	\$ 10,629	\$ 208,050	\$ 1,420,958
Cash and investments with fiscal agent		313,467		313,467
Receivables:				
Accounts	403,068		12,725	415,793
Loans	225,365			225,365
	<u>1,830,712</u>	<u>324,096</u>	<u>220,775</u>	<u>2,375,583</u>
Total Assets	<u>\$ 1,830,712</u>	<u>\$ 324,096</u>	<u>\$ 220,775</u>	<u>\$ 2,375,583</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 72,844	\$ -	\$ 61,284	\$ 134,128
Deferred revenue	315,294		148,714	464,008
Due to other funds	327,721			327,721
	<u>715,859</u>	<u>-</u>	<u>209,998</u>	<u>925,857</u>
Total Liabilities	<u>715,859</u>	<u>-</u>	<u>209,998</u>	<u>925,857</u>
<b>Fund Balances:</b>				
Restricted	1,278,324	324,096	75,018	1,677,438
Unassigned	(163,471)		(64,241)	(227,712)
	<u>1,114,853</u>	<u>324,096</u>	<u>10,777</u>	<u>1,449,726</u>
Total Fund Balances	<u>1,114,853</u>	<u>324,096</u>	<u>10,777</u>	<u>1,449,726</u>
Total Liabilities and Fund Balances	<u>\$ 1,830,712</u>	<u>\$ 324,096</u>	<u>\$ 220,775</u>	<u>\$ 2,375,583</u>

**CITY OF FORT BRAGG**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Total Special Revenue Funds</b>	<b>2004 Bonds Debt Service Fund</b>	<b>Total Capital Projects Funds</b>	<b>Totals</b>
<b>Revenues</b>				
Taxes and assessments	\$ 47,623	\$ -	\$ -	\$ 47,623
Licenses and permits	3,009			3,009
Use of money and property	5,699	628		6,327
Intergovernmental	2,067,648		579,820	2,647,468
Charges for current services	36,532			36,532
Contributions	47,225			47,225
<b>Total Revenues</b>	<b>2,207,736</b>	<b>628</b>	<b>579,820</b>	<b>2,788,184</b>
<b>Expenditures</b>				
Current				
Public safety	12,948			12,948
Public works	244,094			244,094
Community development	1,239,243			1,239,243
Capital outlay	523,545		303,839	827,384
Debt service				
Principal		80,000		80,000
Interest		235,095		235,095
<b>Total Expenditures</b>	<b>2,019,830</b>	<b>315,095</b>	<b>303,839</b>	<b>2,638,764</b>
Excess (Deficit) of Revenues over Expenditures	187,906	(314,467)	275,981	149,420
Other Financing Sources (Uses)				
Transfers in	82,537	315,095	17,167	414,799
Transfers out	(342,001)			(342,001)
<b>Total Other Financing Sources (Uses)</b>	<b>(259,464)</b>	<b>315,095</b>	<b>17,167</b>	<b>72,798</b>
Net Changes in Fund Balances	(71,558)	628	293,148	222,218
Fund Balances (Deficit), Beginning of Fiscal Year	1,186,411	323,468	(282,371)	1,227,508
Fund Balances, End of Fiscal Year	\$ 1,114,853	\$ 324,096	\$ 10,777	\$ 1,449,726

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**CITY OF FORT BRAGG**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	General Plan Maintenance Fee	Housing Trust	Parking	Parking In Lieu Fees	Parkland Monitoring/ Reporting	Skate Park R & M
<b>Assets</b>						
Cash and investments	\$ 181,639	\$ 91,022	\$ 21,905	\$ -	\$ 120,995	\$ 1,000
Receivables:						
Accounts						
Loans						
Total Assets	<u>\$ 181,639</u>	<u>\$ 91,022</u>	<u>\$ 21,905</u>	<u>\$ -</u>	<u>\$ 120,995</u>	<u>\$ 1,000</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 1,326	\$ -	\$ -	\$ -
Due to other funds						
Deferred revenue						
Total Liabilities			<u>1,326</u>			
Fund Balances:						
Restricted	181,639	91,022	20,579		120,995	1,000
Unassigned						
Total Fund Balances (Deficits)	<u>181,639</u>	<u>91,022</u>	<u>20,579</u>		<u>120,995</u>	<u>1,000</u>
Total Liabilities and Fund Balances	<u>\$ 181,639</u>	<u>\$ 91,022</u>	<u>\$ 21,905</u>	<u>\$ -</u>	<u>\$ 120,995</u>	<u>\$ 1,000</u>

**CITY OF FORT BRAGG**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	Safe Routes To School	CDBG Unclassified Program Income	ADA Curbs and Gutters	Sustainable Comm Grant	OWP Grants	COPS AB1913 Allocation
<b>Assets</b>						
Cash and investments	\$ -	\$ 8,368	\$ -	\$ -	\$ -	\$ -
Receivables:						
Accounts				107,866	34,583	11,316
Loans						
Total Assets	<u>\$ -</u>	<u>\$ 8,368</u>	<u>\$ -</u>	<u>\$ 107,866</u>	<u>\$ 34,583</u>	<u>\$ 11,316</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	31			100,330	36,000	11,316
Deferred revenue				89,929		
Total Liabilities	<u>31</u>			<u>190,259</u>	<u>36,000</u>	<u>11,316</u>
Fund Balances:						
Restricted		8,368				
Unassigned	(31)			(82,393)	(1,417)	
Total Fund Balances (Deficits)	<u>(31)</u>	<u>8,368</u>		<u>(82,393)</u>	<u>(1,417)</u>	
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 8,368</u>	<u>\$ -</u>	<u>\$ 107,866</u>	<u>\$ 34,583</u>	<u>\$ 11,316</u>



**CITY OF FORT BRAGG**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	Bulletproof Vest Partnership Grant	Prop 84 Grant - Coastal Trail	CalTrans Planning Grant	STBG Housing Rehabilitation Grant	Coastal Conservancy Grant	CDBG General Allocation Grants
<b>Assets</b>						
Cash and investments	\$ 1,409	\$ -	\$ -	\$ 66,846	\$ -	\$ -
Receivables:						
Accounts			3,992			94,024
Loans						
Total Assets	<u>\$ 1,409</u>	<u>\$ -</u>	<u>\$ 3,992</u>	<u>\$ 66,846</u>	<u>\$ -</u>	<u>\$ 94,024</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 1,774	\$ -	\$ -	\$ -	\$ -	\$ 25,183
Due to other funds		433	38,248		5,883	34,364
Deferred revenue						
Total Liabilities	<u>1,774</u>	<u>433</u>	<u>38,248</u>		<u>5,883</u>	<u>59,547</u>
Fund Balances:						
Restricted				66,846		34,477
Unassigned	<u>(365)</u>	<u>(433)</u>	<u>(34,256)</u>		<u>(5,883)</u>	
Total Fund Balances (Deficits)	<u>(365)</u>	<u>(433)</u>	<u>(34,256)</u>	<u>66,846</u>	<u>(5,883)</u>	<u>34,477</u>
Total Liabilities and Fund Balances	<u>\$ 1,409</u>	<u>\$ -</u>	<u>\$ 3,992</u>	<u>\$ 66,846</u>	<u>\$ -</u>	<u>\$ 94,024</u>

**CITY OF FORT BRAGG**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	CalTrans North Coastal Trail Grant	CDBG Program Income	EDBG Planning and Technology Grants	CDBG Enterprise Fund	Asset Forfeiture	CDBG Planning and Technology Grants
<b>Assets</b>						
Cash and investments	\$ -	\$ 30,114	\$ -	\$ 26,971	\$ 448,601	\$ -
Receivables:						
Accounts	16,342		24,088	48,707		
Loans		225,365				
	<u>16,342</u>	<u>225,365</u>	<u>24,088</u>	<u>75,678</u>	<u>448,601</u>	<u>-</u>
Total Assets	<u>\$ 16,342</u>	<u>\$ 255,479</u>	<u>\$ 24,088</u>	<u>\$ 75,678</u>	<u>\$ 448,601</u>	<u>\$ -</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 525	\$ -	\$ 12,440	\$ 6,500	\$ 953	\$ -
Due to other funds	15,817		31,070			
Deferred revenue		225,365				
	<u>16,342</u>	<u>225,365</u>	<u>43,510</u>	<u>6,500</u>	<u>953</u>	
Total Liabilities	<u>16,342</u>	<u>225,365</u>	<u>43,510</u>	<u>6,500</u>	<u>953</u>	
<b>Fund Balances:</b>						
Restricted		30,114		69,178	447,648	
Unassigned			(19,422)			
		<u>30,114</u>	<u>(19,422)</u>	<u>69,178</u>	<u>447,648</u>	
Total Fund Balances (Deficits)		<u>30,114</u>	<u>(19,422)</u>	<u>69,178</u>	<u>447,648</u>	
Total Liabilities and Fund Balances	<u>\$ 16,342</u>	<u>\$ 255,479</u>	<u>\$ 24,088</u>	<u>\$ 75,678</u>	<u>\$ 448,601</u>	<u>\$ -</u>

**CITY OF FORT BRAGG**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	Bainbridge Park Improvements	Bicycle Transportation Grant	Highway User Gasoline Taxes	Traffic Congestion Relief	Traffic & Safety	MCOG Main St Realignment
<b>Assets</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:						
Accounts		14,863	31,755		2,627	
Loans						
Total Assets	<u>\$ -</u>	<u>\$ 14,863</u>	<u>\$ 31,755</u>	<u>\$ -</u>	<u>\$ 2,627</u>	<u>\$ -</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ -	\$ 11,525	\$ 8,414	\$ -	\$ 4,204	\$ -
Due to other funds	343	12,428	23,341		1,792	4,468
Deferred revenue						
Total Liabilities	<u>343</u>	<u>23,953</u>	<u>31,755</u>		<u>5,996</u>	<u>4,468</u>
Fund Balances:						
Restricted						
Unassigned	<u>(343)</u>	<u>(9,090)</u>			<u>(3,369)</u>	<u>(4,468)</u>
Total Fund Balances (Deficits)	<u>(343)</u>	<u>(9,090)</u>			<u>(3,369)</u>	<u>(4,468)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 14,863</u>	<u>\$ 31,755</u>	<u>\$ -</u>	<u>\$ 2,627</u>	<u>\$ -</u>

**CITY OF FORT BRAGG**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	MCOG Cedar St Pedestrian Enhancement	Fire Equipment	EECBG Facilities Lighting	Totals
<b>Assets</b>				
Cash and investments	\$ -	\$ 203,409	\$ -	\$ 1,202,279
Receivables:				
Accounts	690	3,049	9,166	403,068
Loans				225,365
	<u>690</u>	<u>3,049</u>	<u>9,166</u>	<u>403,068</u>
Total Assets	<u>\$ 690</u>	<u>\$ 206,458</u>	<u>\$ 9,166</u>	<u>\$ 1,830,712</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 72,844
Due to other funds	2,691		9,166	327,721
Deferred revenue				315,294
	<u>2,691</u>	<u>-</u>	<u>9,166</u>	<u>315,294</u>
Total Liabilities	<u>2,691</u>	<u>-</u>	<u>9,166</u>	<u>715,859</u>
Fund Balances:				
Restricted		206,458		1,278,324
Unassigned	(2,001)			(163,471)
	<u>(2,001)</u>	<u>206,458</u>	<u>-</u>	<u>1,114,853</u>
Total Fund Balances (Deficits)	<u>(2,001)</u>	<u>206,458</u>	<u>-</u>	<u>1,114,853</u>
Total Liabilities and Fund Balances	<u>\$ 690</u>	<u>\$ 206,458</u>	<u>\$ 9,166</u>	<u>\$ 1,830,712</u>

**CITY OF FORT BRAGG**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General Plan Maintenance Fee	Housing Trust	Parking	Parking In Lieu Fees	Parkland Monitoring/ Reporting	Skate Park R & M
<b>Revenues</b>						
Taxes						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits			3,009			
Use of money and property	1,115	583	142		735	
Intergovernmental						
Charges for current services	31,675					
Other						
<b>Total Revenues</b>	<u>32,790</u>	<u>583</u>	<u>3,151</u>		<u>735</u>	
<b>Expenditures</b>						
Current						
Public safety						
Public works				8,000		
Community development						
Capital outlay						
<b>Total Expenditures</b>				<u>8,000</u>		
Excess (Deficit) of Revenues over Expenditures	<u>32,790</u>	<u>583</u>	<u>3,151</u>	<u>(8,000)</u>	<u>735</u>	
Other Financing Sources (Uses)						
Transfers in				5,165		1,000
Transfers out	(20,000)		(5,165)			
<b>Total Other Financing Sources (Uses)</b>	<u>(20,000)</u>		<u>(5,165)</u>	<u>5,165</u>		<u>1,000</u>
Net Change in Fund Balances	12,790	583	(2,014)	(2,835)	735	1,000
Fund Balances (Deficits), Beginning of Fiscal Year	<u>168,849</u>	<u>90,439</u>	<u>22,593</u>	<u>2,835</u>	<u>120,260</u>	
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 181,639</u>	<u>\$ 91,022</u>	<u>\$ 20,579</u>	<u>\$ -</u>	<u>\$ 120,995</u>	<u>\$ 1,000</u>

**CITY OF FORT BRAGG**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**SPECIAL REVENUE**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Safe Routes To School</u>	<u>CDBG Unclassified Program Income</u>	<u>ADA Curbs and Gutters</u>	<u>Sustainable Comm Grant</u>	<u>OWP Grants</u>	<u>COPS AB1913 Allocation</u>
<b>Revenues</b>						
Taxes						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits						
Use of money and property						
Intergovernmental	27,241			129,499	88,024	100,000
Charges for current services						
Other						
Total Revenues	<u>27,241</u>			<u>129,499</u>	<u>88,024</u>	<u>100,000</u>
<b>Expenditures</b>						
Current						
Public safety						
Public works						
Community development					87,111	
Capital outlay	26,072			145,636		
Total Expenditures	<u>26,072</u>			<u>145,636</u>	<u>87,111</u>	
Excess (Deficit) of Revenues over Expenditures	<u>1,169</u>			<u>(16,137)</u>	<u>913</u>	<u>100,000</u>
Other Financing Sources (Uses)						
Transfers in		8,368	124			
Transfers out					(20,000)	(100,000)
Total Other Financing Sources (Uses)		<u>8,368</u>	<u>124</u>		<u>(20,000)</u>	<u>(100,000)</u>
Net Change in Fund Balances	1,169	8,368	124	(16,137)	(19,087)	
Fund Balances (Deficits), Beginning of Fiscal Year	<u>(1,200)</u>		<u>(124)</u>	<u>(66,256)</u>	<u>17,670</u>	
Fund Balances (Deficits), End of Fiscal Year	<u>\$ (31)</u>	<u>\$ 8,368</u>	<u>\$ -</u>	<u>\$ (82,393)</u>	<u>\$ (1,417)</u>	<u>\$ -</u>

**CITY OF FORT BRAGG**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**SPECIAL REVENUE**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Bulletproof Vest Partnership Grant</u>	<u>Prop 84 Grant - Coastal Trail</u>	<u>CalTrans Planning Grant</u>	<u>STBG Housing Rehabilitation Grant</u>	<u>Coastal Conservancy Grant</u>	<u>CDBG General Allocation Grants</u>
<b>Revenues</b>						
Taxes						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits						
Use of money and property						
Intergovernmental	1,343		(16,838)			817,975
Charges for current services						
Other						
	<u>1,343</u>		<u>(16,838)</u>			<u>817,975</u>
Total Revenues	<u>1,343</u>		<u>(16,838)</u>			<u>817,975</u>
<b>Expenditures</b>						
Current						
Public safety	4,459					
Public works						
Community development			4,956		5,883	823,685
Capital outlay		433				
	<u>4,459</u>	<u>433</u>	<u>4,956</u>		<u>5,883</u>	<u>823,685</u>
Total Expenditures	<u>4,459</u>	<u>433</u>	<u>4,956</u>		<u>5,883</u>	<u>823,685</u>
Excess (Deficit) of Revenues over Expenditures	<u>(3,116)</u>	<u>(433)</u>	<u>(21,794)</u>		<u>(5,883)</u>	<u>(5,710)</u>
Other Financing Sources (Uses)						
Transfers in	2,000					40,000
Transfers out						
	<u>2,000</u>					<u>40,000</u>
Total Other Financing Sources (Uses)	<u>2,000</u>					<u>40,000</u>
Net Change in Fund Balances	(1,116)	(433)	(21,794)		(5,883)	34,290
Fund Balances (Deficits), Beginning of Fiscal Year	751		(12,462)	66,846		187
Fund Balances (Deficits), End of Fiscal Year	<u>\$ (365)</u>	<u>\$ (433)</u>	<u>\$ (34,256)</u>	<u>\$ 66,846</u>	<u>\$ (5,883)</u>	<u>\$ 34,477</u>

**CITY OF FORT BRAGG**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**SPECIAL REVENUE**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>CalTrans North Coastal Trail Grant</u>	<u>CDBG Program Income</u>	<u>EDBG Planning and Technology Grants</u>	<u>CDBG Enterprise Fund</u>	<u>Asset Forfeiture</u>	<u>CDBG Planning and Technology Grants</u>
<b>Revenues</b>						
Taxes						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits						
Use of money and property		203			1,883	
Intergovernmental	163,601	8,175	44,650	151,023	271,534	
Charges for current services						
Other						47,225
	<u>163,601</u>	<u>8,378</u>	<u>44,650</u>	<u>151,023</u>	<u>273,417</u>	<u>47,225</u>
Total Revenues	<u>163,601</u>	<u>8,378</u>	<u>44,650</u>	<u>151,023</u>	<u>273,417</u>	<u>47,225</u>
<b>Expenditures</b>						
Current						
Public safety					8,489	
Public works						
Community development	144,001		61,466	112,141		
Capital outlay						326,823
	<u>144,001</u>		<u>61,466</u>	<u>112,141</u>	<u>8,489</u>	<u>326,823</u>
Total Expenditures	<u>144,001</u>		<u>61,466</u>	<u>112,141</u>	<u>8,489</u>	<u>326,823</u>
Excess (Deficit) of Revenues over Expenditures	<u>19,600</u>	<u>8,378</u>	<u>(16,816)</u>	<u>38,882</u>	<u>264,928</u>	<u>(279,598)</u>
Other Financing Sources (Uses)						
Transfers in	20,000					5,880
Transfers out		(8,368)			(53,696)	
	<u>20,000</u>	<u>(8,368)</u>			<u>(53,696)</u>	<u>5,880</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>(8,368)</u>			<u>(53,696)</u>	<u>5,880</u>
Net Change in Fund Balances	39,600	10	(16,816)	38,882	211,232	(273,718)
Fund Balances (Deficits), Beginning of Fiscal Year	<u>(39,600)</u>	<u>30,104</u>	<u>(2,606)</u>	<u>30,296</u>	<u>236,416</u>	<u>273,718</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ -</u>	<u>\$ 30,114</u>	<u>\$ (19,422)</u>	<u>\$ 69,178</u>	<u>\$ 447,648</u>	<u>\$ -</u>



**CITY OF FORT BRAGG**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Bainbridge Park Improvements</u>	<u>Bicycle Transportation Grant</u>	<u>Highway User Gasoline Taxes</u>	<u>Traffic Congestion Relief</u>	<u>Traffic &amp; Safety</u>	<u>MCOG Main St Realignment</u>
<b>Revenues</b>						
Taxes						
Other	\$ -	\$ -	\$ 3,343	\$ -	\$ -	\$ -
Licenses and permits						
Use of money and property						
Intergovernmental		14,863	187,739		10,842	
Charges for current services			4,857			
Other						
Total Revenues		<u>14,863</u>	<u>195,939</u>		<u>10,842</u>	
<b>Expenditures</b>						
Current						
Public safety						
Public works			183,298		22,032	2,764
Community development						
Capital outlay	628	23,953				
Total Expenditures	<u>628</u>	<u>23,953</u>	<u>183,298</u>		<u>22,032</u>	<u>2,764</u>
Excess (Deficit) of Revenues over Expenditures	<u>(628)</u>	<u>(9,090)</u>	<u>12,641</u>		<u>(11,190)</u>	<u>(2,764)</u>
Other Financing Sources (Uses)						
Transfers in						
Transfers out	(12,107)		(11,657)	(62,131)	(6,899)	
Total Other Financing Sources (Uses)	<u>(12,107)</u>		<u>(11,657)</u>	<u>(62,131)</u>	<u>(6,899)</u>	
Net Change in Fund Balances	(12,735)	(9,090)	984	(62,131)	(18,089)	(2,764)
Fund Balances (Deficits), Beginning of Fiscal Year	<u>12,392</u>		<u>(984)</u>	<u>62,131</u>	<u>14,720</u>	<u>(1,704)</u>
Fund Balances (Deficits), End of Fiscal Year	<u><u>\$ (343)</u></u>	<u><u>\$ (9,090)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (3,369)</u></u>	<u><u>\$ (4,468)</u></u>

**CITY OF FORT BRAGG**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>MCOG Cedar St Pedestrian Enhancement</u>	<u>Fire Equipment</u>	<u>EECBG Facilities Lighting</u>	<u>Totals</u>
<b>Revenues</b>				
Taxes				
Other	\$ -	\$ 44,280	\$ -	\$ 47,623
Licenses and permits				3,009
Use of money and property		1,038		5,699
Intergovernmental	25,999		41,978	2,067,648
Charges for current services				36,532
Other				47,225
	<u>25,999</u>	<u>45,318</u>	<u>41,978</u>	<u>2,207,736</u>
Total Revenues				
<b>Expenditures</b>				
Current				
Public safety				12,948
Public works	28,000			244,094
Community development				1,239,243
Capital outlay				523,545
	<u>28,000</u>			<u>2,019,830</u>
Total Expenditures				
Excess (Deficit) of Revenues over Expenditures	<u>(2,001)</u>	<u>45,318</u>	<u>41,978</u>	<u>187,906</u>
Other Financing Sources (Uses)				
Transfers in				82,537
Transfers out			(41,978)	(342,001)
			<u>(41,978)</u>	<u>(259,464)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(2,001)	45,318		(71,558)
Fund Balances (Deficits), Beginning of Fiscal Year		<u>161,140</u>		<u>1,186,411</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ (2,001)</u>	<u>\$ 206,458</u>	<u>\$ -</u>	<u>\$ 1,114,853</u>

## CITY OF FORT BRAGG

### Nonmajor Governmental Funds

#### Capital Projects

A capital project fund is used to account for major capital expenditures such the construction of park facilities, water and wastewater facilities, and street projects. A separate capital project fund is established when the acquisition or construction of the capital project extends beyond a single fiscal year and the financing sources are provided by more than one fund, or the capital asset is financed by specifically designated resources.

**General Street Repair Projects** To account for cost of repairs at the corner of East Pine and North Harold Streets and the corner of Madrone and Harrison Streets. Funded by the half-cent Special Sales Tax.

**Downtown Parking Lots Resurface** To account for cost of repaving three City parking lots funded by parking permit revenue.

**Downtown Streetscape Phase III** To account for construction costs for Phase III of the Downtown Revitalization project which included repaving Franklin Street from Oak Street to Manzanita Street, widening sidewalks, installing new streetlights, bulbouts and enhanced crosswalks, street furniture, and other amenities to unify the appearance of downtown..

**Otis Johnson Park** To account for grant funds received for rehabilitation and enhancement of Otis Johnson Wilderness Park. These improvements are financed by a Proposition 50/River Parkways Grant and CalTrans Mitigation Funds.

**American Reinvestment Recovery Act (ARRA) Street Repair Projects** To account for CalTrans funds received for rehabilitation of various City streets.

**2011 Street Resurfacing** To account for the cost of the 2011 resurfacing of various City streets. This project is funded by the half-cent Special Sales Tax and a Rubberized Asphalt concrete Chip Seal (RAC) grant.

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**CITY OF FORT BRAGG**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	General Street Repair Projects	Downtown Parking Lots Resurfacing	Downtown Streetscape Phase III	Otis Johnson Park	ARRA Street Repair Projects	2011 Street Resurfacing	Totals
<b>Assets</b>							
Cash and investments	\$ -	\$ 75,018	\$ -	\$ 133,032	\$ -	\$ -	\$ 208,050
Receivables:							
Accounts				12,725			12,725
Total Assets	<u>\$ -</u>	<u>\$ 75,018</u>	<u>\$ -</u>	<u>\$ 145,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,775</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 60,611	\$ -	\$ 673	\$ 61,284
Deferred revenue				148,714			148,714
Total Liabilities				<u>209,325</u>		<u>673</u>	<u>209,998</u>
<b>Fund Balances:</b>							
Restricted		75,018					75,018
Unassigned				(63,568)		(673)	(64,241)
Total Fund Balances (Deficits)		<u>75,018</u>		<u>(63,568)</u>		<u>(673)</u>	<u>10,777</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 75,018</u>	<u>\$ -</u>	<u>\$ 145,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,775</u>

**CITY OF FORT BRAGG**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General Street Repair Projects	Downtown Parking Lots Resurface	Downtown Streetscape Ph III	Otis Johnson Park	ARRA Street Repair Projects	2011 Street Resurfacing	Totals
<b>Revenues</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ 72,249	\$ 507,571	\$ -	\$ 579,820
Total Revenues				72,249	507,571		579,820
<b>Expenditures</b>							
Capital outlay	12,427		47	138,360	152,332	673	303,839
Total Expenditures	12,427		47	138,360	152,332	673	303,839
Excess (Deficit) of Revenues over Expenditures	(12,427)		(47)	(66,111)	355,239	(673)	275,981
Other Financing Sources (Uses)							
Transfers in	12,427		47		4,693		17,167
Total Other Financing Sources (Uses)	12,427		47		4,693		17,167
Net Change in Fund Balances				(66,111)	359,932	(673)	293,148
Fund Balances (Deficits), Beginning of Fiscal Year		75,018		2,543	(359,932)		(282,371)
Fund Balances (Deficits), End of Fiscal Year	\$ -	\$ 75,018	\$ -	\$ (63,568)	\$ -	\$ (673)	\$ 10,777



## **Statistical Section**

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>95</b>
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	<b>101</b>
<i>These schedules contain information to help the reader assess the City's most significant revenue source.</i>	
<b>Debt Capacity</b>	<b>105</b>
<i>These schedules present information to help the reader assess the City's current levels of outstanding debt and its ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b>	<b>109</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<b>Operating Information</b>	<b>111</b>
<i>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.</i>	

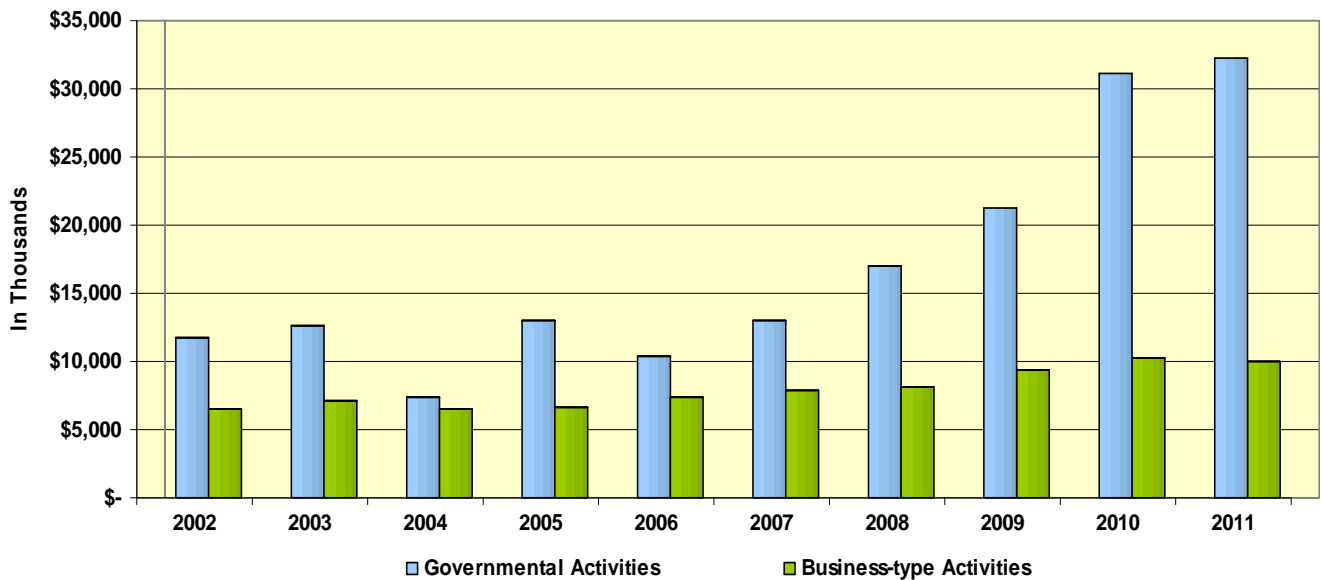


**CITY OF FORT BRAGG**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*  
**(In Thousands)**

	Fiscal Year									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt <sup>1</sup>	\$ 6,931	\$ 7,131	\$ 2,059	\$ 4,610	\$ 3,209	\$ 5,356	\$ 8,522	\$13,862	\$24,795	\$25,408
Restricted	1,295	1,346	1,689	2,233	1,980	2,464	2,912	3,822	4,450	5,064
Unrestricted	3,594	4,146	3,631	6,123	5,174	5,240	5,572	3,552	1,843	1,714
Total governmental activities net assets	<u>\$11,820</u>	<u>\$12,623</u>	<u>\$ 7,379</u>	<u>\$12,966</u>	<u>\$10,363</u>	<u>\$13,060</u>	<u>\$17,006</u>	<u>\$21,236</u>	<u>\$31,088</u>	<u>\$32,186</u>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$ 1,822	\$ 1,654	\$ 3,267	\$ 4,703	\$ 4,476	\$ 5,460	\$ 6,030	\$ 7,170	\$ 7,255	\$ 6,272
Restricted	35	35	35	28	35	35	35	35	64	67
Unrestricted	4,764	5,446	3,213	1,939	2,933	2,420	2,122	2,223	2,997	3,666
Total business-type activities net assets	<u>\$ 6,586</u>	<u>\$ 7,135</u>	<u>\$ 6,515</u>	<u>\$ 6,677</u>	<u>\$ 7,437</u>	<u>\$ 7,915</u>	<u>\$ 8,187</u>	<u>\$ 9,428</u>	<u>\$10,316</u>	<u>\$10,005</u>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$ 8,753	\$ 8,785	\$ 5,326	\$ 9,313	\$ 7,685	\$10,816	\$14,552	\$21,032	\$32,050	\$31,680
Restricted	1,295	1,381	1,724	2,268	2,008	2,499	2,947	3,857	4,514	5,131
Unrestricted	8,358	9,592	6,844	8,062	8,107	7,660	7,694	5,775	4,840	5,380
Total primary government net assets	<u>\$18,406</u>	<u>\$19,758</u>	<u>\$13,894</u>	<u>\$19,643</u>	<u>\$17,800</u>	<u>\$20,975</u>	<u>\$25,193</u>	<u>\$30,664</u>	<u>\$41,404</u>	<u>\$42,191</u>

<sup>1</sup>Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, equipment, and software. Governmental capital assets do not include depreciation in FY 2001-02 and FY 2002-03.

**NET ASSETS BY COMPONENT**



Source: City of Fort Bragg, Department of Finance

**CITY OF FORT BRAGG**  
**CHANGE IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*  
**(In Thousands)**

	Fiscal Year									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 2,485	\$ 1,783	\$ 2,033	\$ 2,254	\$ 2,062	\$ 2,294	\$ 1,621	\$ 2,013	\$ 2,518	\$ 2,591
Public safety	3,326	2,197	2,351	2,446	2,843	3,071	3,332	3,387	4,011	3,596
Public works	679	572	599	650	1,040	912	970	1,846	2,286	1,532
Community development	1,312	1,378	834	805	1,157	1,474	867	2,922	2,489	3,361
Interest on long-term debt	309	295	342	388	454	326	325	323	311	296
<b>Total governmental activities expenses</b>	<b>8,111</b>	<b>6,225</b>	<b>6,159</b>	<b>6,543</b>	<b>7,556</b>	<b>8,077</b>	<b>7,115</b>	<b>10,491</b>	<b>11,615</b>	<b>11,376</b>
Business-type Activities										
Water	1,050	1,048	1,625	1,584	1,438	1,794	1,899	2,050	2,401	2,179
Wastewater	1,062	1,118	1,375	1,497	1,686	1,792	1,865	2,233	2,465	2,425
<b>Total business-type activities expenses</b>	<b>2,112</b>	<b>2,166</b>	<b>3,000</b>	<b>3,081</b>	<b>3,124</b>	<b>3,586</b>	<b>3,764</b>	<b>4,283</b>	<b>4,866</b>	<b>4,604</b>
<b>Total primary government expenses</b>	<b>10,223</b>	<b>8,391</b>	<b>9,159</b>	<b>9,624</b>	<b>10,680</b>	<b>11,663</b>	<b>10,879</b>	<b>14,774</b>	<b>16,481</b>	<b>15,980</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	381	299								
General Government			324	207	555	492	724	2,306	3,193	3,087
Public safety			179	253	239	147	210	133	30	30
Public works			24	7	119	191	101	50	13	5
Community development	429	444	172	147	618	383	246	188	5	9
Operating grants and contributions	3,066	701	463	573	226	410	695	1,101	10,622	2,138
Capital grants and contributions	29	217	200	382	1,430	2,075	2,279	3,673	2,108	602
<b>Total governmental program revenues</b>	<b>3,905</b>	<b>1,661</b>	<b>1,362</b>	<b>1,569</b>	<b>3,187</b>	<b>3,698</b>	<b>4,255</b>	<b>7,451</b>	<b>15,971</b>	<b>5,871</b>
Business-type Activities										
Charges for services										
Water	1,449	1,510	1,803	1,665	1,775	1,891	1,925	2,042	2,017	2,108
Wastewater	957	997	1,073	1,315	1,392	1,470	1,505	1,930	2,216	2,773
Operating grants and contributions								288		
Capital grants and contributions			92	23	240	482		1,239	85	
<b>Total business-type activities program revenues</b>	<b>2,406</b>	<b>2,507</b>	<b>2,968</b>	<b>3,003</b>	<b>3,407</b>	<b>3,843</b>	<b>3,430</b>	<b>5,499</b>	<b>4,318</b>	<b>4,881</b>
<b>Total primary government program revenues</b>	<b>6,311</b>	<b>4,168</b>	<b>4,330</b>	<b>4,572</b>	<b>6,594</b>	<b>7,541</b>	<b>7,685</b>	<b>12,950</b>	<b>20,289</b>	<b>10,752</b>
Net (expense) revenue										
Government activities:										
General government	(4,206)	(4,564)	(4,797)	(4,974)	(4,369)	(4,379)	(2,860)	(3,040)	4,356	(5,505)
Business-type activities	294	341	(32)	(78)	283	257	(334)	1,216	(548)	277
<b>Total government activities expenses</b>	<b>(3,912)</b>	<b>(4,223)</b>	<b>(4,829)</b>	<b>(5,052)</b>	<b>(4,086)</b>	<b>(4,122)</b>	<b>(3,194)</b>	<b>(1,824)</b>	<b>3,808</b>	<b>(5,228)</b>

(Continued)

**CITY OF FORT BRAGG**  
**CHANGE IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*  
**(In Thousands)**  
**(Continued)**

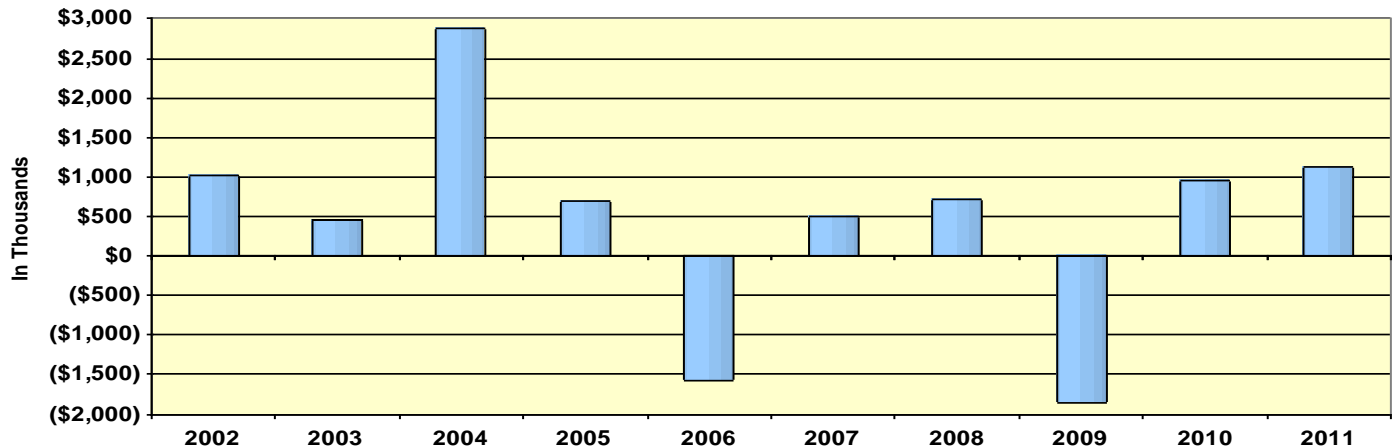
	<b>Fiscal Year</b>									
	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>General revenues and other changes in net assets</b>										
Governmental activities:										
Taxes	4,651	4,749								
Property taxes			1,672	2,217	2,128	2,477	2,328	2,249	1,988	2,075
Sales and use taxes					2,551	2,524	2,545	2,657	2,154	2,147
Transient occupancy taxes					1,396	1,504	1,553	1,492	1,379	1,341
Franchise taxes					248	231	278	495	457	469
Other	76	70	3,260	3,673	222	232	315	274	26	
Unrestricted investment earnings	217	176	252	203	85	119	106	41	58	51
Miscellaneous	251	329	525	517	52				424	71
Transfers	(5)	(155)	235	21	(283)	(11)	(319)	49	(2)	(55)
<b>Total governmental activities</b>	<b>5,190</b>	<b>5,169</b>	<b>5,944</b>	<b>6,631</b>	<b>6,399</b>	<b>7,076</b>	<b>6,806</b>	<b>7,257</b>	<b>6,484</b>	<b>6,099</b>
Business-type activities										
Property taxes	47	51			52	55	68	3		
Unrestricted investment earnings	95	90	63	75	142	156	132	72	21	21
Miscellaneous	(231)	(124)	59	58					322	407
Transfers	5	155	(235)	(21)	283	11	319	(49)	2	55
<b>Total business-type activities</b>	<b>(84)</b>	<b>172</b>	<b>(113)</b>	<b>112</b>	<b>477</b>	<b>222</b>	<b>519</b>	<b>26</b>	<b>345</b>	<b>483</b>
<b>Total primary government</b>	<b>5,106</b>	<b>5,341</b>	<b>5,831</b>	<b>6,743</b>	<b>6,876</b>	<b>7,298</b>	<b>7,325</b>	<b>7,283</b>	<b>6,829</b>	<b>6,582</b>
<b>Change in net assets</b>										
Governmental activities	984	605	1,147	1,657	2,030	2,697	3,946	4,217	10,840	593
Business-type activities	210	513	(145)	34	760	479	185	1,242	(203)	761
<b>Total primary government</b>	<b>\$ 1,194</b>	<b>\$ 1,118</b>	<b>\$ 1,002</b>	<b>\$ 1,691</b>	<b>\$ 2,790</b>	<b>\$ 3,176</b>	<b>\$ 4,131</b>	<b>\$ 5,459</b>	<b>\$10,637</b>	<b>\$ 1,354</b>

Source: City of Fort Bragg, Department of Finance

**CITY OF FORT BRAGG**  
**CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified basis of accounting)*  
**(In Thousands)**

	Fiscal Year									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Revenues</b>										
Taxes and assessments	\$ 4,651	\$ 4,749	\$ 4,932	\$ 5,890	\$ 6,545	\$ 6,783	\$ 6,813	\$ 6,939	\$ 6,052	\$ 6,032
Intergovernmental	3,524	1,361	1,188	1,073	2,050	2,520	2,963	4,162	7,760	2,692
Charges for services	217	299	319	374	322	401	279	2,170	2,726	2,463
Fines, forfeitures and penalties	26	27	24	23	51	78	186	109	14	17
Licenses and permits	76	70	91	99	180	273	260	272	307	252
Investment earnings	207	176	252	203	320	415	338	158	52	51
Other	251	303	265	517	402	323	541	209	377	118
<b>Total revenues</b>	<b>8,952</b>	<b>6,985</b>	<b>7,071</b>	<b>8,179</b>	<b>9,870</b>	<b>10,793</b>	<b>11,380</b>	<b>14,019</b>	<b>17,288</b>	<b>11,625</b>
<b>Expenditures</b>										
<b>Current</b>										
General Government	1,371	1,598	2,005	2,122	2,051	2,278	1,592	2,100	1,742	1,178
Public safety	2,069	2,197	2,255	2,320	2,729	2,858	3,174	3,217	3,535	3,237
Public works	423	572	586	619	702	746	788	1,540	1,519	1,332
Community development	816	911	834	804	751	1,395	865	2,893	2,434	3,009
<b>Debt Service</b>										
Principal retirement	-	185	200	195	1,988	194	210	224	308	107
Interest and fiscal charges	15	296	345	389	441	315	310	304	297	282
Capital outlay	2,948	467	947	1,265	4,166	2,492	3,408	5,648	6,513	1,286
<b>Total expenditures</b>	<b>7,642</b>	<b>6,226</b>	<b>7,172</b>	<b>7,714</b>	<b>12,828</b>	<b>10,278</b>	<b>10,347</b>	<b>15,926</b>	<b>16,348</b>	<b>10,431</b>
Excess (deficiency) of revenues over expenditures	1,310	759	(101)	465	(2,958)	515	1,033	(1,907)	940	1,194
<b>Other financing sources (uses)</b>										
Proceeds from Capital Lease							84			
Bond proceeds, net			4,689	208	1,655					
Payment to refunded debt escrow			(1,938)							
Transfers in	1,134	1,134	4,007	2,314	2,700	5,493	4,812	1,623	2,287	1,122
Transfer out	(1,426)	(1,426)	(3,772)	(2,293)	(2,984)	(5,504)	(5,131)	(1,574)	(2,266)	(1,183)
<b>Total other financing sources (uses)</b>	<b>(292)</b>	<b>(292)</b>	<b>2,986</b>	<b>229</b>	<b>1,371</b>	<b>(11)</b>	<b>(319)</b>	<b>49</b>	<b>21</b>	<b>(61)</b>
<b>Net change in fund balances</b>	<b>\$1,018</b>	<b>\$467</b>	<b>\$2,885</b>	<b>\$694</b>	<b>(\$1,587)</b>	<b>\$504</b>	<b>\$714</b>	<b>(\$1,858)</b>	<b>\$961</b>	<b>\$1,133</b>
Debt service as a percentage of non-capital expenditures	0.32%	8.35%	8.76%	9.06%	28.04%	6.54%	7.49%	5.14%	6.15%	4.25%

**CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS**

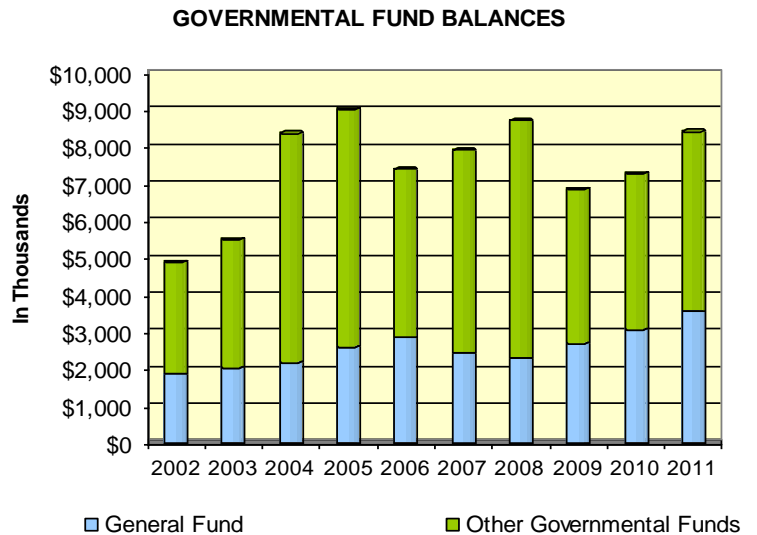


Source: City of Fort Bragg, Department of Finance

**CITY OF FORT BRAGG**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified basis of accounting)*  
**(In Thousands)**

	<b>Fiscal Year</b>								
	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
<b>General Fund</b>									
Reserved	\$ 341	\$ 227	\$ 117	\$ 107	\$ 491	\$ 410	\$ 46	\$ 80	\$ 707
Unreserved	<u>1,536</u>	<u>1,816</u>	<u>2,049</u>	<u>2,497</u>	<u>2,358</u>	<u>2,031</u>	<u>2,238</u>	<u>2,613</u>	<u>2,364</u>
Total General Fund	<u>1,877</u>	<u>2,043</u>	<u>2,166</u>	<u>2,604</u>	<u>2,849</u>	<u>2,441</u>	<u>2,284</u>	<u>2,693</u>	<u>3,071</u>
<b>Other Governmental Funds<sup>1</sup></b>									
Reserved	2,772	2,918	3,348	2,949	2,043	1,653	2,159	2,020	3,789
Unreserved, Reported in:									
Special Revenue Funds	(39)	(93)	2,717	3,051	709	2,197	1,934	2,671	1,088
Capital Project Funds	<u>279</u>	<u>625</u>	<u>147</u>	<u>419</u>	<u>1,813</u>	<u>1,627</u>	<u>2,340</u>	<u>(513)</u>	<u>(654)</u>
Total Other Governmental Funds	<u>3,012</u>	<u>3,450</u>	<u>6,212</u>	<u>6,419</u>	<u>4,565</u>	<u>5,477</u>	<u>6,433</u>	<u>4,178</u>	<u>4,223</u>
<b>Total Governmental Funds</b>									
Reserved	3,113	3,145	3,465	3,056	2,534	2,063	2,205	2,100	4,496
Unreserved, Reported in:									
General Fund	1,536	1,816	2,049	2,497	2,358	2,031	2,238	2,613	2,364
Special Revenue Funds	(39)	(93)	2,717	3,051	709	2,197	1,934	2,671	1,088
Capital Project Funds	<u>279</u>	<u>625</u>	<u>147</u>	<u>419</u>	<u>1,813</u>	<u>1,627</u>	<u>2,340</u>	<u>(513)</u>	<u>(654)</u>
Total All Governmental Funds	<u>4,889</u>	<u>5,493</u>	<u>8,378</u>	<u>9,023</u>	<u>7,414</u>	<u>7,918</u>	<u>8,717</u>	<u>6,871</u>	<u>7,294</u>

	<b>2010-11<sup>2</sup></b>
<b>General Fund</b>	
Nonspendable	1
Unassigned	<u>3,560</u>
Total General Fund	<u>3,561</u>
<b>Other Governmental Funds</b>	
Restricted	5,093
Unassigned	<u>(228)</u>
Total Other Governmental Funds	<u>4,865</u>
<b>Total Governmental Funds</b>	
Nonspendable	1
Restricted	5,093
Unassigned	<u>3,332</u>
Total All Governmental Funds	<u>8,426</u>



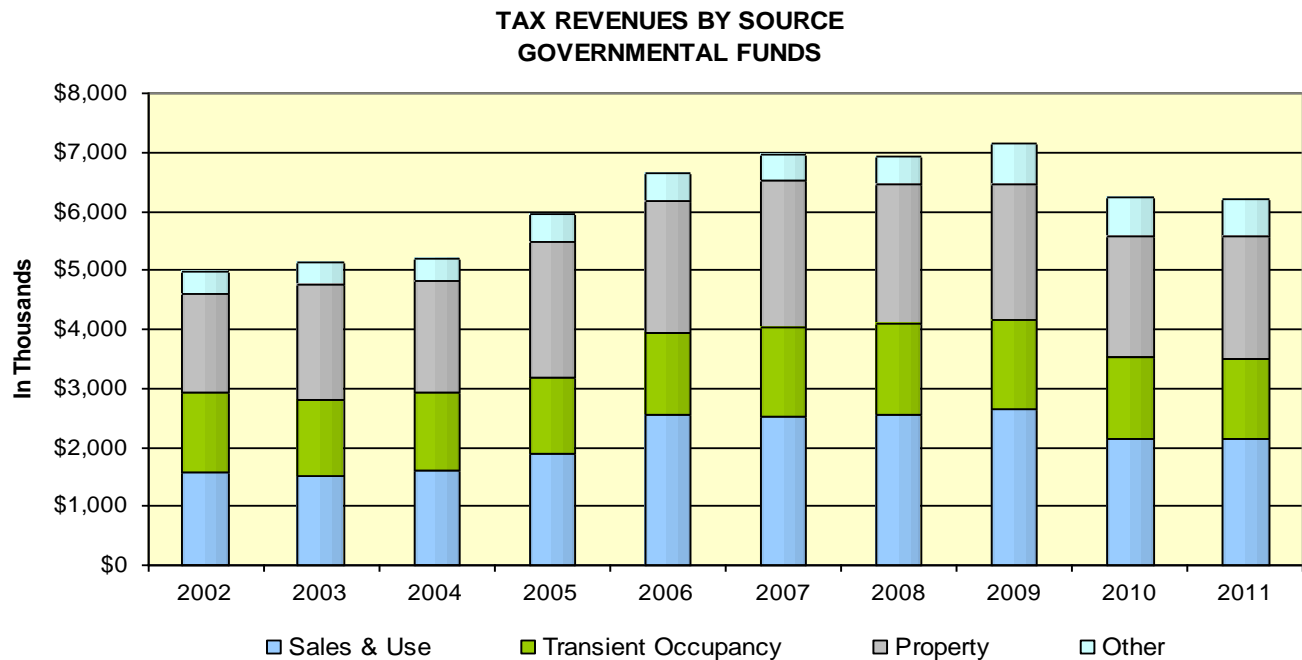
Notes:

<sup>1</sup> Governmental funds include general fund, special revenue funds, debt service funds, and capital projects funds.

<sup>2</sup> The City implemented GASB Statement No. 54 in FY 2010-11 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

**CITY OF FORT BRAGG**  
**GOVERNMENTAL FUND TAX REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*  
**(In Thousands)**

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales &amp; Use</b>	<b>Transient Occupancy</b>	<b>Other</b>	<b>Total</b>
2002	\$ 1,663	\$ 1,588	\$ 1,350	\$ 378	\$ 4,979
2003	1,954	1,510	1,288	377	5,129
2004	1,888	1,619	1,320	385	5,212
2005	2,292	1,885	1,311	451	5,939
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



Source: City of Fort Bragg, Department of Finance

**CITY OF FORT BRAGG  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (In Thousands)**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total</b>	<b>% Change</b>
2001-02	\$385,867	\$25,575	\$411,442	5.1%
2002-03	426,954	24,958	451,912	9.8%
2003-04	419,675	25,798	445,473	-1.4%
2004-05	434,259	26,519	460,778	3.4%
2005-06	471,474	26,517	497,991	8.1%
2006-07	518,473	27,020	545,493	9.5%
2007-08	619,707	28,618	648,325	18.9%
2008-09	645,784	30,044	675,828	4.2%
2009-10	660,917	30,217	691,134	2.3%
2010-11	609,153	29,654	638,807	-7.6%

Source: Mendocino County Office of Auditor-Controller



**CITY OF FORT BRAGG**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES** <sup>1</sup>  
**LAST TEN FISCAL YEARS**  
(rate per \$100 of assessed value)

<b>Fiscal Year</b>	<b>General Rate</b> <sup>3</sup>	<b>Debt Service Tax Rate Overlapping Governments</b> <sup>2</sup>		<b>Total</b>
	<b>County</b>	<b>Local Special Districts</b>	<b>Schools</b>	
2001-02 <sup>4</sup>	1.000			1.035
2002-03 <sup>4</sup>	1.000			1.024
2003-04 <sup>4</sup>	1.000			1.028
2004-05	1.000	0.024	0.054	1.078
2005-06	1.000	0.024	0.058	1.082
2006-07	1.000	0.023	0.059	1.082
2007-08	1.000	0.023	0.047	1.070
2008-09	1.000	0.011	0.077	1.088
2009-10	1.000	0.010	0.072	1.082
2010-11	1.000	0.013	0.089	1.102

Source: Mendocino County Office of Auditor-Controller

Notes:

<sup>1</sup> In 1978 California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986 the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

<sup>2</sup> Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

<sup>3</sup> Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate bill 1656.

<sup>4</sup> Debt service tax rate detail not available for FY 2001-02 through FY 2003-04



**CITY OF FORT BRAGG**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**As of September 30, 2011 and September 30, 2002**  
**(In Thousands)**

<b>Taxpayer</b>	<b>Fiscal Year 2011</b>		<b>Fiscal Year 2002</b>	
	<b>Taxable Assessed Value <sup>1</sup></b>	<b>Percent of Total Taxable Assessed Value <sup>2</sup></b>	<b>Taxable Assessed Value <sup>1</sup></b>	<b>Percent of Total Taxable Assessed Value <sup>3</sup></b>
Georgia Pacific Corporation	\$38,929	6.09%	\$29,390	4.60%
Boatyard Associates	9,038	1.41%	4,858	0.76%
Safeway Inc	7,215	1.13%	4,878	0.76%
Tradewinds Lodge	7,123	1.12%	-	-
Feil, S & D	5,944	0.93%	-	-
RAP Investors LP	5,355	0.84%	-	-
Kashi Keshav Investments LLC	4,210	0.66%	-	-
Kao Kuami	4,036	0.63%	-	-
Longs Drug Stores California	3,953	0.62%	-	-
Hurst, J & B	3,674	0.58%	-	-
North O' Town Industrial Center	3,409	0.53%	-	-
Braxton Senior Living Property	3,326	0.52%	-	-
Affinito, D & J	3,198	0.50%	6,556	1.03%
Reddy, G & S	3,053	0.48%	-	-
Bell, C & I	3,017	0.47%	-	-
Keaton, R & J	2,865	0.45%	-	-
Noyo Vista Inc	2,818	0.44%	2,194	0.34%
Moilanen, D & J	-	-	3,014	0.47%
Walnut Apartments	-	-	2,158	0.34%
VIP Logging Company LLC	-	-	2,056	0.32%
Moura Senior Housing	-	-	1,974	0.31%
Miller, D & H	-	-	1,945	0.30%
Ray, RR & H	-	-	1,824	0.29%
Kemppe liquid Gas Corp.	-	-	1,747	0.27%
Hi Seas Assoc, LLC	-	-	1,605	0.25%
Keaton Hotels	-	-	1,592	0.25%
Zimmerman, CM	-	-	1,549	0.24%
Sanders, CB & GR	-	-	1,546	0.24%
A M Warmerdam Farm LP	-	-	1,440	0.23%

Source: Mendocino County Assessor's Office

Notes:

<sup>1</sup> Taxable assessed value includes both real and personal properties

<sup>2</sup> Total taxable assessed value as of September 30, 2010 was approximately \$638 million.

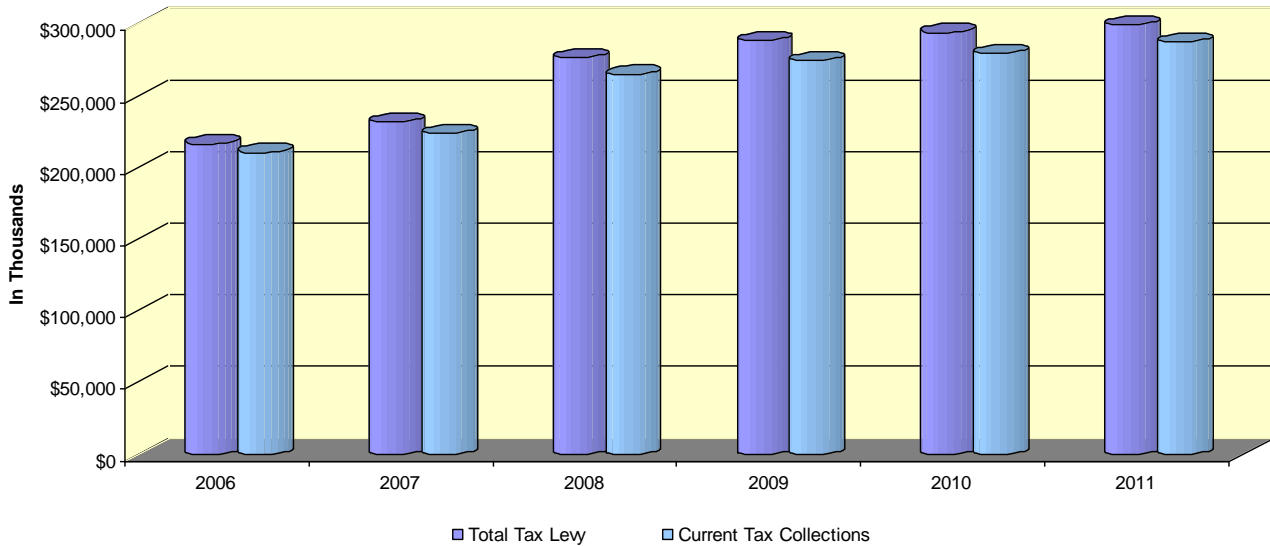
<sup>3</sup> Total taxable assessed value as of September 30, 2001 was approximately \$411 million.

**CITY OF FORT BRAGG  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST SIX FISCAL YEARS <sup>1</sup>  
(In Thousands)**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>
2005-06	216,250	210,252	97.2%
2006-07	231,862	223,485	96.4%
2007-08	276,668	264,845	95.7%
2008-09	288,495	274,649	95.2%
2009-10	293,999	279,753	95.2%
2010-11	299,429	287,121	95.9%

Source: Mendocino County Office of Auditor-Controller

<sup>1</sup>Information for FY 2001-02 through 2004-05 is not available.



**CITY OF FORT BRAGG**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
(In Thousands, Except Per Capita Amount)

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income <sup>1,2</sup>	Per Capita <sup>1</sup>
	Certificates of Participation	Other Long-term Obligation	Subtotal	Certificates of Participation	Notes Payable	Other Long-term Obligation	Subtotal			
2001-02	4,255		4,255	6,485			6,485	10,740	9.3%	1,556
2002-03	4,080		4,080	6,295			6,295	10,375	8.7%	1,501
2003-04	3,895		3,895	6,100			6,100	9,995	8.0%	1,448
2004-05	6,665		6,665	5,650			5,650	12,315	9.4%	1,776
2005-06	6,470		6,470	5,390			5,390	11,860	8.4%	1,720
2006-07	6,175		6,175	5,130			5,130	11,305	7.7%	1,648
2007-08	6,021		6,021	4,870	2,267		7,137	13,158	8.8%	1,918
2008-09	5,864	160	6,024	4,590	2,151	982	7,723	13,747	9.8%	2,007
2009-10	5,702	98	5,800	4,360	1,874	878	7,112	12,912	8.9%	1,884
2010-11	5,533	32	5,565	4,130	1,767	769	6,666	12,231	N/A	1,779

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See Schedule of Demographic and Economic Statistics for personal income and population data.

<sup>2</sup> See The Bureau of Economic Analysis did not have per capita and personal income available for 2011.

Source: City of Fort Bragg, Department of Finance

See accompanying independent auditors' report.

**CITY OF FORT BRAGG**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

Fiscal Year	Tax Allocation Bonds	Less: Amounts Restricted for Debt Services	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value <sup>1</sup>	Per Capita
2001-02	\$ 1,930	\$ 206	\$ 1,724	0.4%	\$ 250
2002-03	1,860	202	1,658	0.4%	240
2003-04	4,750	330	4,420	1.0%	640
2004-05	4,685	314	4,371	0.9%	630
2005-06	4,620	314	4,306	0.9%	624
2006-07	4,550	314	4,236	0.8%	617
2007-08	4,480	314	4,166	0.6%	607
2008-09	4,410	314	4,096	0.6%	598
2009-10	4,335	314	4,021	0.6%	587
2010-11	4,255	314	3,941	0.6%	573

Notes:

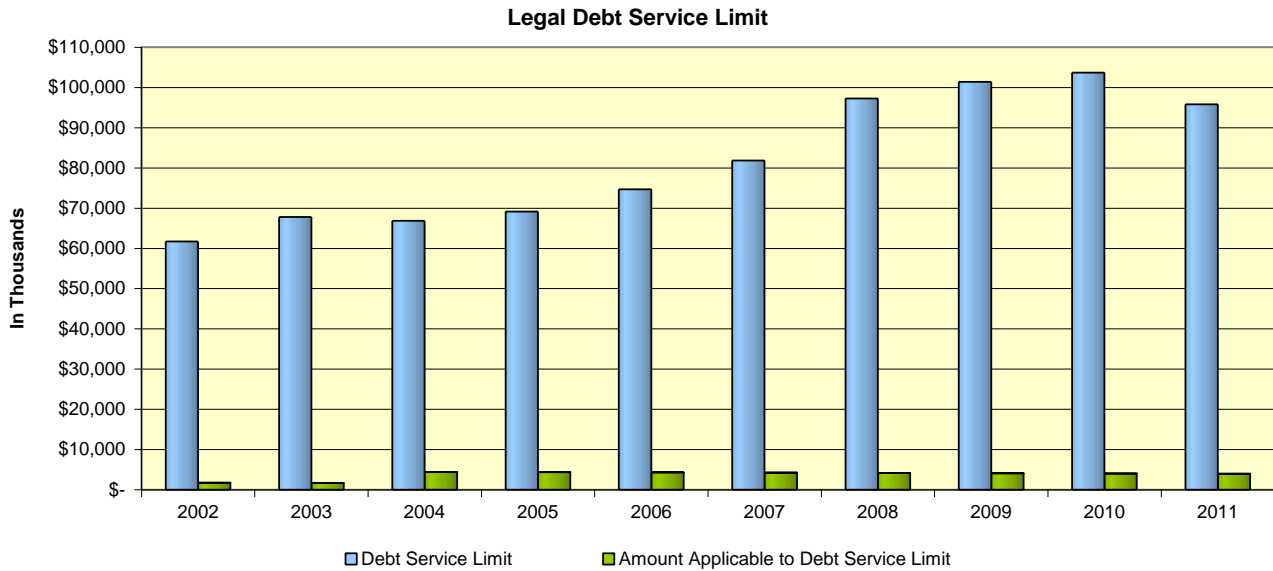
<sup>1</sup> Assessed value can be found in the Schedule of Assessed Value and Actual Value of Taxable Property.  
Percentage calculated using the following formula: Net Bonded Debt/Assessed Value

Source: City of Fort Bragg, Department of Finance

See accompanying independent auditors' report

**CITY OF FORT BRAGG**  
**LEGAL DEBT SERVICE MARGIN INFORMATION**  
**LAST TEN YEARS**  
(In Thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Assessed Value of Real and Personal Property</b>	\$411,442	\$451,912	\$445,473	\$460,778	\$497,991	\$ 545,493	\$ 648,325	\$ 675,828	\$ 691,134	\$ 638,807
<b>Legal Debt Service Limit <sup>1</sup></b> (15% of the assessed value of and personal property of the	61,716	67,787	66,821	69,117	74,699	81,824	97,249	101,374	103,670	95,821
Less: Amount Applicable to Debt Service Limit	1,724	1,658	4,420	4,371	4,306	4,236	4,166	4,096	4,021	3,941
<b>Legal Debt Service Margin</b>	\$ 59,992	\$ 66,129	\$ 62,401	\$ 64,746	\$ 70,393	\$ 77,588	\$ 93,083	\$ 97,278	\$ 99,649	\$ 91,880
Legal Debt Service Margin as of Debt Service Limit	97.21%	97.55%	93.39%	93.68%	94.24%	94.82%	95.72%	95.96%	96.12%	95.89%



<sup>1</sup>California Governmental Code #43605 provides that a city shall not incur an indebtedness for public improvements which exceeds 15% of the assessed value of all real and personal property of the City.

Source: City of Fort Bragg, Department of Finance  
County of Mendocino Office of Auditor-Controller

See accompanying independent auditors' report

**CITY OF FORT BRAGG  
PLEDGED REVENUE COVERAGE  
WATER ENTERPRISE FUND  
LAST TEN FISCAL YEARS  
(In Thousands)**

Fiscal Year	Operating Revenue	Operating Expenses <sup>1</sup>	Net Operating Income	Non- Operating Income	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2001-02	\$ 1,449	\$ 819	\$ 630	\$ 122	\$ 752	\$ 130	\$ 331	\$ 461	1.6
2002-03	1,410	814	596	247	843	135	329	464	1.8
2003-04	1,716	929	787	87	874	380	389	769	1.1
2004-05	1,665	1,055	610	51	661	190	236	426	1.6
2005-06	1,770	957	813	137	950	186	236	422	2.3
2006-07	1,885	1,313	572	140	712	293	227	520	1.4
2007-08	1,914	1,341	573	140	713	402	273	675	1.1
2008-09	2,041	1,492	549	72	621	387	265	652	1.0
2009-10	2,017	1,792	225	41	266	322	293	615	0.4
2010-11	2,108	1,632	476	51	527	365	245	610	0.9

**CITY OF FORT BRAGG  
PLEDGED REVENUE COVERAGE  
WASTEWATER ENTERPRISE FUND  
LAST TEN FISCAL YEARS  
(In Thousands)**

Fiscal Year	Operating Revenue	Operating Expenses	Net Operating Income	Non- Operating Income	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2001-02	957	849	108	180	288	81	60	142	2.0
2002-03	997	882	115	144	259	60	44	104	2.5
2003-04	1,073	1,098	(25)	214	189	70	49	119	1.6
2004-05	1,192	1,188	4	228	232	70	46	116	2.0
2005-06	1,288	1,363	(75)	406	331	91	51	142	2.3
2006-07	1,427	1,431	(4)	658	654	75	45	120	5.5
2007-08	1,476	1,523	(47)	483	436	85	35	120	3.6
2008-09	1,905	1,908	(3)	255	252	53	32	85	2.9
2009-10	2,208	2,116	92	309	401	35	36	71	5.6
2010-11	2,774	2,078	696	378	1,074	40	19	59	18.2

Notes:

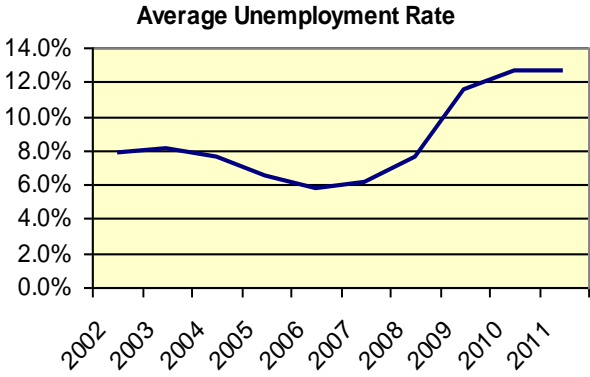
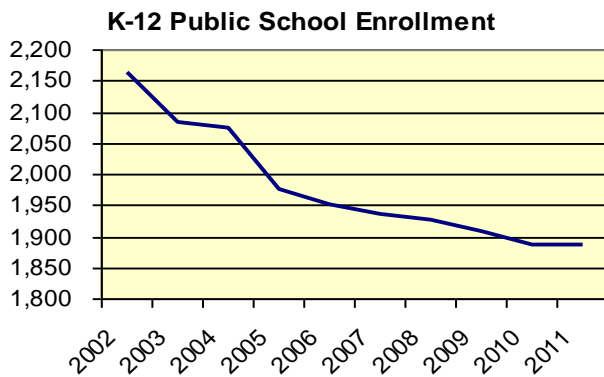
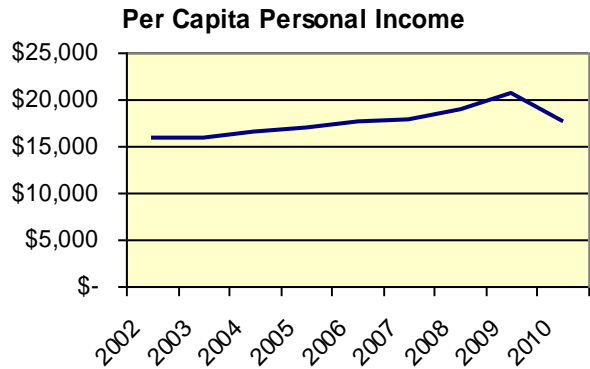
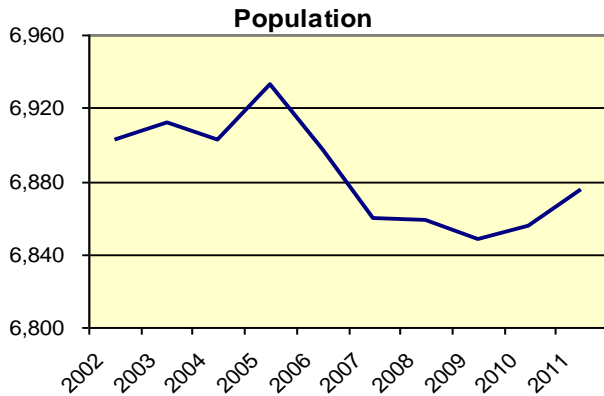
<sup>1</sup> Operating expense exclude depreciation; non-operating income excludes interest expense.

Source: City of Fort Bragg, Department of Finance

See accompanying independent auditors' report

**CITY OF FORT BRAGG  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>2</sup> (in thousands)</b>	<b>Per Capita Personal Income <sup>3</sup></b>	<b>Median Age <sup>4</sup></b>	<b>Public School Enrollment <sup>5</sup></b>	<b>City Unemployment Rate <sup>6</sup></b>
2002	6,903	115,580	15,832	36.2	2,163	7.8%
2003	6,912	118,701	15,943		2,084	8.1%
2004	6,902	125,230	16,596		2,075	7.6%
2005	6,933	131,491	16,928		1,975	6.5%
2006	6,897	140,958	17,589		1,951	5.8%
2007	6,860	146,738	17,852		1,934	6.1%
2008	6,859	149,379	18,977		1,926	7.6%
2009	6,848	140,416	20,685	38.3	1,907	11.5%
2010	6,855	144,629	17,513	38.4	1,886	12.7%
2011	6,875			40.9	1,885	12.6%



Sources:

- <sup>1</sup> California State Dept. of Finance - Population Research Unit
- <sup>2</sup> California State Dept. of Finance - Population Research Unit; Personal Income for 2011 not available
- <sup>3</sup> U.S. Dept. of Commerce, Bureau of Economic Analysis. Released Sept. 2011; 2011 not available  
Per capita personal income is total personal income divided by total midyear population
- <sup>4</sup> U. S. Census; Median Age for 2003 through 2008 not available
- <sup>5</sup> California Department of Education
- <sup>6</sup> California Employment Development Department

**CITY OF FORT BRAGG  
PRINCIPAL EMPLOYERS  
CURRENT YEAR**

	<b>2011</b>	
	<b>Number of Employees<sup>1</sup></b>	<b>Percentage of Total City Employment<sup>2</sup></b>
Mendocino Coast District Hospital	<b>350</b>	11.7%
Mendocino Coast Clinic	<b>114</b>	3.8%
Sherwood Oaks	<b>92</b>	3.1%
Caito Fisheries	<b>90</b>	3.0%
Ocean Fresh Seafood Products	<b>90</b>	3.0%
Anderson Logging	<b>87</b>	2.9%
North Coast Brewing Company	<b>85</b>	2.9%
Silver's at the Wharf	<b>55</b>	1.8%
City of Fort Bragg	<b>53</b>	1.8%
Skunk Train	<b>44</b>	1.5%

Sources:

<sup>1</sup> City of Fort Bragg, Finance Department

<sup>2</sup> State of California Employment Development Department Labor Market Information Division

Notes:

Historical employer data not available.

Number of employees includes full-time and part-time employees, not full time equivalents.

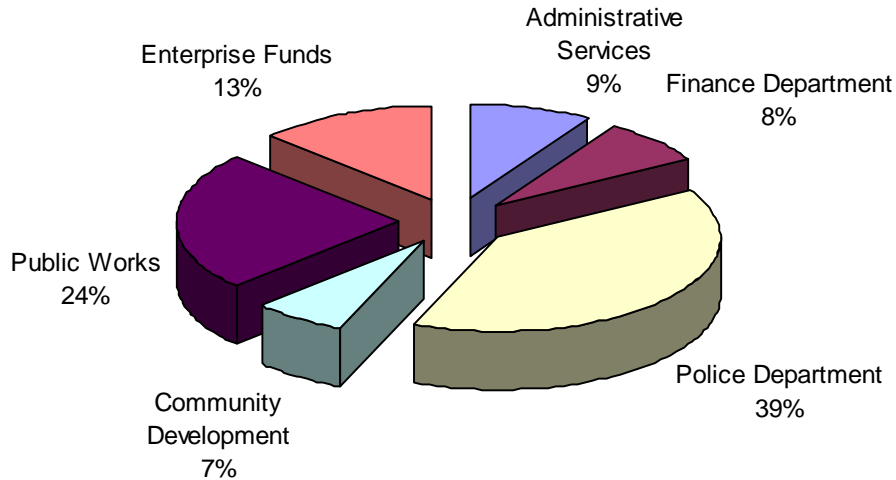
Employed labor force reported by the Employment Development Department for this time period is 2,980.



**CITY OF FORT BRAGG**  
**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

Function	As of June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>										
Administrative Services	4.50	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.80
Finance Department	4.50	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
<b>Public Safety</b>										
Police Department	23.75	23.50	22.50	21.00	21.00	22.00	24.00	23.00	23.00	21.00
<b>Community Services</b>										
Community Development	3.00	3.00	3.50	3.50	5.00	4.75	5.75	5.75	4.75	3.80
Public Works	12.00	13.50	13.50	13.50	14.00	13.00	13.00	13.00	14.50	12.60
Enterprise Funds	7.25	7.60	7.75	7.75	7.75	9.00	9.00	9.00	8.00	7.00
<b>Total</b>	<b>55.00</b>	<b>56.35</b>	<b>57.25</b>	<b>55.75</b>	<b>57.75</b>	<b>58.75</b>	<b>61.75</b>	<b>60.75</b>	<b>60.25</b>	<b>53.20</b>

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**  
**FY 2010-11**



Source: City of Fort Bragg, Department of Finance

**CITY OF FORT BRAGG  
OPERATING INDICATORS  
LAST TEN FISCAL YEARS <sup>2</sup>**

	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	Fy 07-08	Fy 08-09	FY 09-10	FY 10-11
<b>Function/Program</b>										
Building Permits Issued								174	204	204
New Construction										
Single Family Residential		24	5	12	5	9	3	1	2	3
Second Unit		4	9	6	2	4	1	3	2	1
Mixed Use, Commercial & Residential				2					1	
Multi-Family Residential		4								
Low Income Residential		7	3			1		1		2
City Clerk										
Council/Agency Resolutions Passed	118	115	128	127	134	131	110	148	112	93
Number of Ordinances Passed	1	5	7	7	8	6	4	13	3	9
Number of Contracts Passed	4	8	5	7	4	10	11	11	9	13
Public Safety										
Traffic Accidents	144	157	146	140	181	125	100	111	116	112
Traffic Violation-DUI	53	35	55	42	53	52	78	53	42	37
Bookings	640	499	613	553	726	714	845	521	501	621
Cite	557	457	590	306	335	438	1,075	852	550	514
Case Reports	1,087	1,220	1,245	1,171	1,577	1,471	1,323	1,288	1,150	1,274
Fire <sup>1</sup>										
Total Number of Calls			636	708	546	596	577	640	504	601
Structure Fires			62	72	31	44	63	38	35	30
Vehicle Fires			13	15	17	18	12	6	7	9
Vegetation Fires			40	38	20	33	43	55	33	15
EMS			186	204	146	174	143	110	102	186
Rescue			10	18	129	128	132	135	114	112
Hazardous Condition/Materials Calls			37	39	34	49	54	62	53	37
Services Call			27	35	28	36	47	33	15	35
Good Intent Calls/False Alarms			77	90	65	51	58	87	85	96
Other Calls & Incidents			184	197	76	63	25	114	60	81
Water										
Number of customer accounts billed	16,035	16,189	16,300	16,388	16,541	16,300	16,541	33,965	33,771	33,521
Water annual demand in thousand gallons	2,577	2,619	2,604	2,572	2,458	2,302	2,626	2,401	2,233	2,176
Available supply of water in thousand gallons	2,810	2,744	2,760	2,659	2,993	3,078	2,917	2,688	2,524	2,442
Total Customer service calls							1,592	1,450	1,421	1,492
Meter installs/removals/change outs							280	38	36	49
Meter repairs							7	4	1	3
Leak investigations							57	24	15	15
Service profiles							159	180	98	131
Turn on/off							1,028	1,120	1,244	1,255
Manual reads							484	522	556	555
Misc							52	78	26	27
Wastewater										
Customer service calls, wastewater									38	39
New customer sewer lines installed									2	2
Sewer mains cleaned/flushed in miles									15	19
Sewer mains and laterals repaired in number of jobs									38	39
Sewer manholes inspected									370	371
Sewer manholes installed									1	3
Sewer spill responses									3	4

See notes on page 110

<sup>1</sup> The governing agency over 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 the Board 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. Department statistics for FY 01/02 and FY 02/03 are not available.

<sup>2</sup> In some categories historical information is not available.

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

**CITY OF FORT BRAGG  
CAPITAL ASSETS BY FUNCTION  
LAST TEN FISCAL YEARS**

	<b>FY 01-02</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>	<b>FY 05-06</b>	<b>FY 06-07</b>	<b>Fy 07-08</b>	<b>Fy 08-09</b>	<b>FY 09-10</b>	<b>FY 10-11</b>
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Streets in miles	23.7	23.7	23.7	26.4	26.4	26.4	26.4	26.4	26.4	26.4
Alleys in miles	19	19	19	19	19	19	19	19	19	19
Storm drains in miles	10	10	10	10	10	10	10	10	10	10
Number of street lights	725	725	725	725	725	725	725	725	725	725
Sidewalks	40	40	40	40	40	40	40	40	40	40
<b>Water</b>										
Water mains in miles	30	30	30	30	30	30	30	30	30	30
Raw water transmission lines in miles	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
<b>Wastewater</b>										
Sewer mains in miles	27	27	27	27	27	27	27	27	27	27
<b>Parks and Facilities</b>										
Number of Parks	2	2	2	2	2	3	3	3	3	3





CITY HALL

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