

City of Fort Bragg
California
Comprehensive Annual
Financial Report

Fiscal Year Ended June 30, 2014

City of Fort Bragg, California

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014



Prepared by Finance Department

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INTRODUCTORY SECTION

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

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MEMORANDUM

DATE: February 23, 2015

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

FROM: Finance Department

RE: Presentation of the Comprehensive Annual Financial Report

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the City of Fort Bragg (City) for the fiscal year ended June 30, 2014, is hereby published to fulfill that requirement. This report has been prepared by the City's 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.

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

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

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

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

This report combines the financial statements of the City, the Successor Agency to the Fort Bragg Redevelopment Agency (Successor Agency), and the Fort Bragg Municipal Improvement District No. 1 (MID) in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The financial operations of the Successor Agency and MID, though legally separate from the City, are closely related to the City. The City Council members serve as the governing board the MID, which is presented as a blended component unit in the financial statements. Component units are legally separate entities for which the primary government is financially accountable. For a more detailed overview of the City's component units, see the Management Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements on pages 4-17 and 36-70, respectively.

Profile of the Government

The City of Fort Bragg, incorporated in 1889, is located approximately 165 miles north of San Francisco and 188 miles west of Sacramento on the scenic coast of Mendocino County. The City occupies 2.7 square miles. Census 2010 places the City's population at 7,273. Although it is quite small, Fort Bragg is the largest city on the coast between San Francisco and Eureka. The largest employment categories in the City include health care, public education, local government, wholesale and retail trade, and tourism. The mild climate and picturesque coastline make Fort Bragg a popular tourist and recreational area.

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

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

The City provides a wide range of services to its residents including public safety services, construction and maintenance of streets and infrastructure, water service, wastewater service, community development, financial management and administrative services. Special districts, agencies and Joint Power Authorities (JPAs), under the jurisdiction of the City, provide services such as wastewater treatment and fire protection throughout the City. Other entities, not under the City's jurisdiction, that provide services to the City's population include the school district, hospital district, recreation district, harbor district, and other special districts.

The annual budget provides a comprehensive statement of the City's organization, operations and resources and it expresses City Council and Municipal Improvement District Board policies and priorities in all areas of the City's operations. The budget process is the vehicle through which the City establishes goals and objectives, and prioritizes the desired programs or services that the City should provide, and which can be financed by the City's projected revenue for the budget year. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). It is the means through which policy decisions are made, effected, controlled and monitored. The City Manager is responsible for submitting and recommending an operating budget and a capital improvements budget for City Council consideration and adoption. Throughout the year, the budget serves as a financial management tool and an operational plan for the delivery of City services and capital projects.

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

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

Spending Limitation

Article XIII B 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, 2014, the City was \$3.6 million or 43% under the total Article XIII B (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2013/14.

Citywide Achievements in FY 2013/14

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

Utility Billing Payment Processing Upgrade. The City Finance Department implemented a program which enhanced efficiencies in departmental workflow. Customer payments made online are summarized into a report by the City's bank and delivered to the City daily. The report is then uploaded into the City's financial system rather than being entered one at a time thus saving several hours of processing time each week.

North Fort Bragg Coastal Trail. Significant progress has been made on moving the North Fort Bragg Coastal Trail toward construction. Major FY 2013/14 accomplishments include: Completion of design and permitting for the project, achievement of numerous agreements with the Sherwood Valley Band of Pomo Indians and in May the project was put out to bid.

Noyo Center for Science & Education Project. The Noyo Center project was substantially advanced over the past year. Major accomplishments include: Hired an Executive Director responsible for moving the Noyo Center project forward, developed a branding strategy and obtained two education grants from the State Coastal Conservancy and California Coastal Commission.

Grants. Submitted a number of successful grant applications for the City, many of which fund a portion of staff activities. Grants covered a variety of activities in FY 2013/14 including:

Planning Grants

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

Economic Development Grants

- Microenterprise Assistance (CDBG)

Housing Grants

- Harrison Street House Rehabilitation (CDBG)
- Low and moderate income Housing Rehabilitation program (HOME)

Community Services Grants

- Homeless Mental Health Intervention Program (CDBG)

Parks Grants

- Fort Bragg Coastal Restoration and Trail Project (Prop 84, Coastal Conservancy, and Bicycle Transportation Account Grants)
- Johnson Property Acquisition (Coastal Conservancy Grant)
- Otis Johnson Park Restoration (CalTrans & Prop 50/River Parkways)

Public Safety Grants

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

Streets & Circulation Improvement grants

- Safe Routes to Schools (SRS3 Grant)
- Street Resurfacing (RAC Chip Seal Grant, State & Local Partnership Program)

Water Grants

- Waterfall Gulch Raw Water Line Replacement (Prop 84 Grant)

Storm Drainage Grants

- Green (LID) Alley Project (Prop 84 Grant)

Capital Projects. The following capital projects were completed or nearly completed by the end of FY 2013/14:

- Otis Johnson Park Rehabilitation Project
- Safe Routes to Schools-Cycle 3
- Street Resurfacing & Structural Repairs
- Waterfall Gulch Raw Water Line Replacement – Highway 20 to Brush Creek Road
- Grit Classifier
- Stair Screen

Local Economy

During FY 2013/14, the City saw the positive employment trends of the last couple years continue. As reported by the State Employment Development Department, the local unemployment rate decreased by 1.6% to 6.7% at June 30, 2014, compared to 8.3% at June 30, 2013. This represents the lowest unemployment rate since FY 2007/08.

City tax revenues that are dependent on the state of the economy continue to show slow but steady growth. Local general fund sales taxes were essentially flat with an increase of .4% in FY 2013/14. Transient Occupancy Tax however increased 6.8%, totaling \$1.67 million in FY 2013/14 as compared to \$1.56 million in FY 2012/13. The City’s largest source of discretionary revenue is comprised of these two taxes.

Median home prices, according to city-data.com decreased 18.2% to approximately \$225,000 over the past fiscal year. By October 2014, however, they had recovered to a slightly higher level as compared to fiscal year end 2012/13.

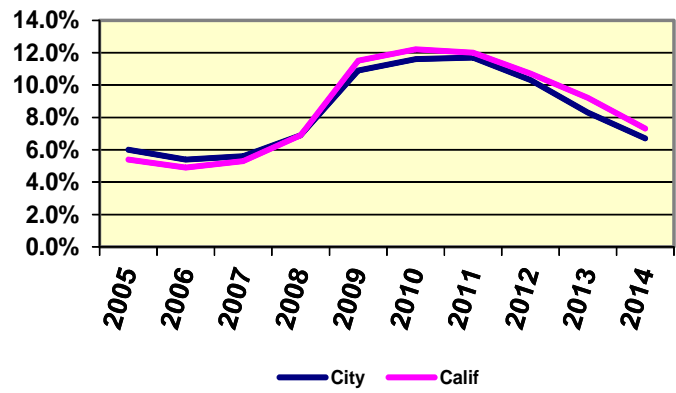
Property taxes increased 2.1% for the year. Although this is a positive development the City’s property tax revenue is still down 33% since 2012; when the State mandated redistribution of tax increment from the dissolution of Redevelopment Agencies.

Revenue results for FY 2013/14 were somewhat of a mixed bag, causing the future of the City’s fiscal situation to remain uncertain. Several factors, including energy market volatility and actions by the federal and state governments, continue to cause concern about the sustainability of a healthy local economy. The City, along with governments at all levels, remains under pressure to contain operating expenditures to ensure that such costs do not grow at a rate that exceeds revenue growth. A balanced budget in the short- and long-term can quickly become unbalanced if costs are not managed closely. Many of the current economic uncertainties however are offset by positive economic developments, leading to an overall outlook of cautious optimism.

Long-term Financial Planning

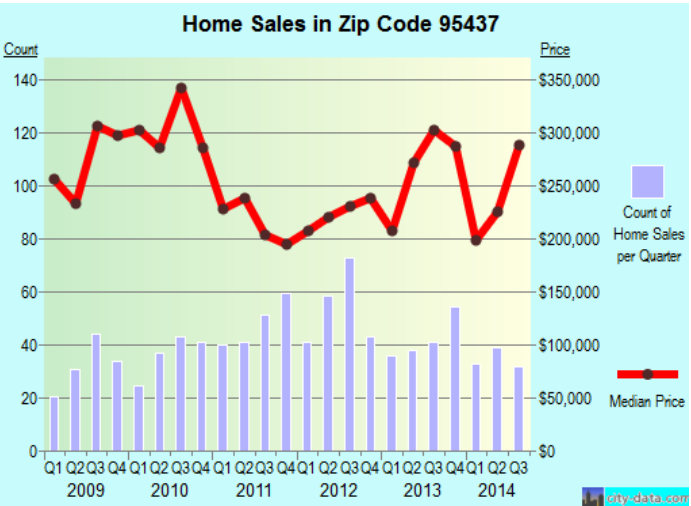
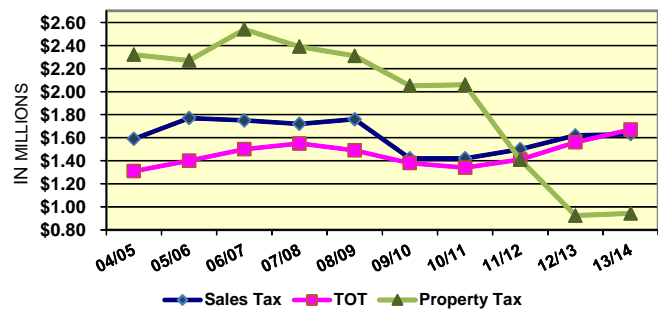
An analysis of the City’s Reserve Policy was conducted as part of the FY 2014/15 budget process. The results of the analysis prompted the City Council

Unemployment Rate



Source: California Employment Development Department

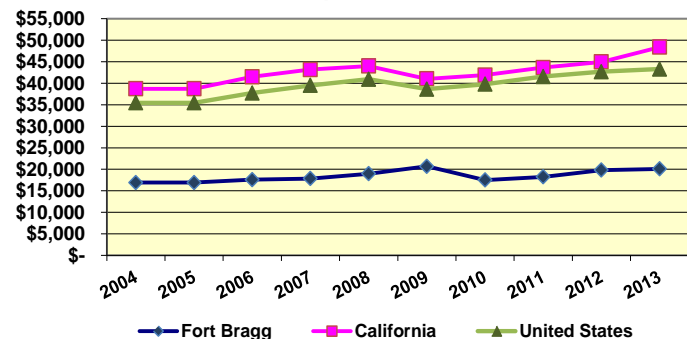
Property, Sales & Transient Occupancy Taxes



Source: city-data.com

Source: City of Fort Bragg, Department of Finance

Per Capita Income



Source: U.S. Bureau of Economic Analysis
MuniServices, LLC. 2014 statistics not available

to commit to a new Reserve Policy and reserve levels. The following General Fund reserves include both committed fund balance and unrestricted fund balance and in FY 2014/15 total \$2,885,500:

- Emergency Contingency Reserve: The General Fund balance committed for emergency contingencies is established at an amount equivalent to 10% to 15% of the City's annual operating budget for the General Fund. In FY 2014/15, 10% or \$850,000 is committed to the Emergency Contingency Reserve. Depending on the type and severity of the emergency, this range is intended to provide for an initial municipal response to events such as natural disasters, catastrophic accidents, or other declared emergency incidents sufficient to provide a bridge until access to county, state or federal support can be achieved. The Emergency Contingency Reserve is committed fund balance and may only be used when there is a declaration of a state or federal state of emergency or a local emergency as defined in Fort Bragg Municipal Code Section 2.24.020.
- Economic Stabilization Reserve: The General Fund balance committed for the purpose of stabilizing the delivery of City services during periods of severe operational budget deficits and to mitigate the effects of major unforeseen changes in revenues and/or expenditures is established at an amount equivalent to 5% to 10% of the City's annual operating budget for the General Fund. In FY 2014/15, 5% or \$425,000 is committed to the Economic Stabilization Reserve. This range serves as a cushion to safeguard the City's fiscal health against fluctuations in revenues and costs due to economic volatility. City Council approval shall be required before expending any portion of this committed fund balance. Access to these funds will be reserved for economic emergency situations such as unanticipated major declines in revenue, budgeted revenue taken over by another entity, or a catastrophe exceeding funds in Emergency Contingency Reserve.
- General Fund Operating Reserve: The City will maintain an unrestricted fund balance of at least 15% to 20% of the annual operating expenditures in the General Fund, as an "Operating Reserve" to ensure liquidity of the General Fund and to ensure adequate cash flow throughout the year. This reserve is necessary to accommodate fluctuations in the timing of expenditures and the receipt of revenues. The reserve is not committed fund balance and may be tapped into, with Council authorization, for unforeseen operating or capital needs. In FY 2014/15, 15% is \$1,310,500.
- Litigation Reserve: The City will maintain a \$300,000 Litigation Reserve to cover unforeseen legal expenses, including unbudgeted settlement costs that are not covered by the City's insurance pool.

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

The City has worked hard to address its fiscal challenges and its efforts have been successful. Nearly five years ago the City significantly reduced its workforce and implemented across-the-board salary concessions. All City employees agreed to multi-year labor agreements with escalating employee contributions to offset pension costs. FY 2013/14 however found the City in position to offer modest salary increases for the first time since the financial downturn. Through the continuing efforts and partnership of City Council, management, and employees, Fort Bragg was successful in presenting a structurally balanced budget for FY 2014/15 with fully funded reserves in accordance with established City Council policies for cash flow, operating reserves, litigation reserves, and capital reserves.

Certificate of Achievement

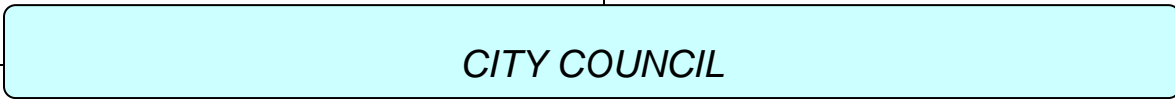
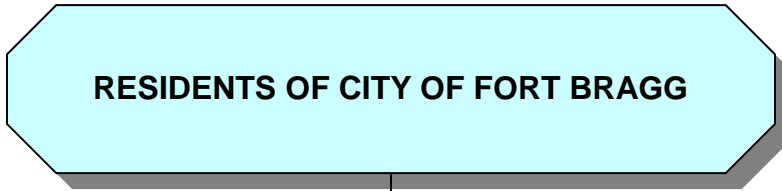
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the third year in a row that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

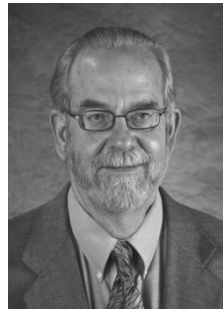
Preparation of this comprehensive annual financial report could not have been accomplished on a timely basis without the support and cooperation of all City of Fort Bragg staff. Special recognition is given to the Finance Department staff and the Assistant City Manager. Their efforts made it possible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

CITY OF FORT BRAGG
ORGANIZATIONAL CHART
As of June 30, 2014



City Council
Committees

Planning
Commission



Dave Turner
Mayor

Meg Courtney
Vice Mayor

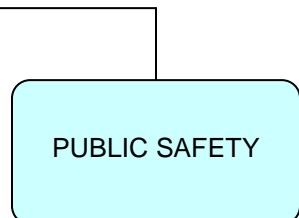
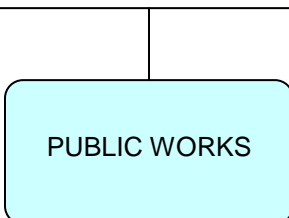
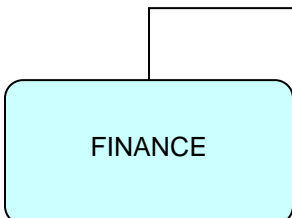
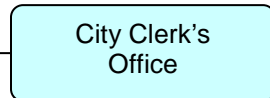
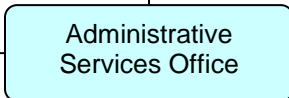
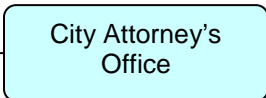
Heidi Kraut
Councilmember

Doug Hammerstrom
Councilmember

Scott Deitz
Councilmember



Linda Ruffing
City Manager





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fort Bragg
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



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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MOSS, LEVY & HARTZHEIM LLP

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Bragg (City), California, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Bragg, California, as of June 30, 2014, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements effective July 1, 2013, the City of Fort Bragg adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections 2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 17, the Schedule of Funding Progress – Other Postemployment Benefits on page 72, and Budgetary Comparison Schedules of the General Fund, Community Development Block Grant Program Income Special Revenue Fund, Housing Successor Agency Special Revenue Fund and Special Sales Tax - Street Repair Special Revenue Fund on pages 73 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fort Bragg's basic financial statements. The Introductory Section, the Budgetary Comparison Schedules for the major Capital Projects Funds and the Nonmajor Governmental Funds, the Combining Financial Statements for the Nonmajor Governmental Funds, and the Statistical Section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Budgetary Comparison Schedules for the major Capital Projects Funds and the Nonmajor Governmental Funds and the Combining Financial Statements for the Nonmajor Governmental Funds 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issue our report dated February 11, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim LLP
Culver City, CA
February 11, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fort Bragg (City), 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, 2014. 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

- The assets of the City exceeded liabilities at the close of the fiscal year ended June 30, 2014 by \$72.4 million (*net position*). Of this amount, \$3.8 million was reported as *unrestricted net position* and may be used to meet the City's ongoing obligations to citizens and creditors. Another \$6.1 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining \$62.5 million represents the City's investment in capital assets, net of related debt.
- The City's total net position increased \$0.7 million from \$71.7 million to \$72.4 million. The net change primarily consists of: a decrease of \$0.9 million in unrestricted net position; an increase of \$0.9 million in funds restricted for community development due primarily to the Fort Bragg Coastal Restoration and Trail; a decrease of \$0.4 million in funds restricted for street repair, a decrease of \$0.2 million in funds restricted for public safety due primarily to acquisition of a fire equipment and an increase of \$1.3 million in the City's investment in capital assets, net of related debt.
- At the close of the most recent fiscal year the City's governmental funds reported combined fund balances of \$7.8 million, a decrease of \$0.8 million in comparison with the prior fiscal year. Approximately 38% of combined fund balance at June 30, 2014, (\$3 million) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the most recent fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$4.4 million, or approximately 53% of total general fund expenditures.
- The City's total outstanding long-term debt, as presented in the Statement of Net Position, decreased by \$0.1 million during the fiscal year ending June 30, 2014, due to normal debt service payments offset by additional Landfill Post Closure Costs of \$0.3 million. The City refunded the 2004 California Statewide Communities Development Authority Bonds, which resulted in an economic gain of \$0.2 million. See Footnote IV G for additional information about the City's long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Fort Bragg's basic 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.

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.

The *statement of net position* presents information about the financial assets of the City as a whole. It includes all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, community development, public safety, and public works. The business-type activities of the City include three enterprise funds; water, wastewater, and the C.V. Starr Center.

A component unit is included in the financial statements and is a legally separate entity for which the City is financially accountable. Financial information for the City's component unit, the Municipal Improvement District #1 (MID), is blended in the financial information of the primary government.

The government-wide financial statements can be found on pages 19-21 of this report.

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 the City of Fort Bragg 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 at the end of the fiscal year. 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 25 and 28.

The City maintains numerous individual governmental funds which, for financial reporting, are grouped according to their type (general fund, special revenue, and capital projects). Information is presented separately in the governmental funds balance sheet for the following major funds: General Fund, CDBG Program Income Fund, Housing Successor Agency Fund, Special Sales Tax Street Repair Fund, FY 13/14 Street Structural Repairs Project Fund, and the FY 13/14 Street Resurfacing Project 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.

The City adopts annual appropriated budgets for all of its funds. Budgetary comparison schedules have been provided for the general fund and major governmental funds to demonstrate compliance with this budget and can be found on pages 73-80.

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 and funding of the C.V. Starr Center. 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater, and C.V. Starr Center enterprises. The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 29-31.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting basis used for fiduciary funds is much like that used for proprietary funds. An agency fiduciary fund reports the financial assets of the Fort Bragg Redevelopment Successor Agency.

The fiduciary fund financial statements can be found on pages 32-33.

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 36 - 70 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information*. This section provides information regarding the Actuarial Accrued Liability for Other Postemployment Benefits on page 72 and the budgetary schedules of the General Fund and major special revenue funds on pages 73-77.

Other Supplemental Information

The budgetary schedules for the major capital projects funds are on pages 79-80.

Combining Fund Financial Statements

The combining statements referred to above in connection with non-major governmental funds can be found on pages 84-97 and 99-100.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

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

As noted above, net position over time may serve as a useful indicator of a government’s financial position. In the case of the City of Fort Bragg, assets exceeded liabilities by \$72.4 million at the close of the most recent fiscal year. The following table represents a comparative analysis of the net assets of governmental and business-type activities as of June 30, 2014 and June 30, 2013.

CITY OF FORT BRAGG SUMMARY OF NET POSITION						
June 30, 2014 and June 30, 2013						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$11,159,955	\$11,637,311	\$4,516,462	\$4,846,958	\$15,676,417	\$16,484,269
Noncurrent Assets:						
Capital Assets	32,931,212	31,267,505	35,044,039	35,506,870	67,975,251	66,774,375
Total Assets	44,091,167	42,904,816	39,560,501	40,353,828	83,651,668	83,258,644
Deferred Outflows of Resources						
Deferred Charges	39,303	18,602	368,206	102,264	407,509	120,866
Current Liabilities	1,043,402	1,589,868	720,592	373,535	1,763,994	1,963,403
Long-term Debt						
Payable to the Successor Agency						
Trust Fund	-	30,978	-	-	-	30,978
Due Within One Year	665,960	607,644	615,019	525,759	1,280,979	1,133,403
Due in More Than One Year	4,258,183	4,182,571	4,358,554	4,426,754	8,616,737	8,609,325
Total Liabilities	5,967,545	6,411,061	5,694,165	5,326,048	11,661,710	11,737,109
Net Position:						
Invested in Capital Assets, net of related debt	31,943,628	30,443,599	30,531,093	30,764,487	62,474,721	61,208,086
Restricted for:						
Housing	815,374	808,004			815,374	808,004
Debt service			100,762	71,463	100,762	71,463
Public safety	872,100	1,098,032			872,100	1,098,032
Community Development	2,520,437	1,621,596			2,520,437	1,621,596
Streets	1,779,186	2,143,584			1,779,186	2,143,584
Unrestricted	232,200	428,520	3,602,687	4,294,094	3,834,887	4,722,614
Total Net Position	\$38,162,925	\$36,543,335	\$34,234,542	\$35,130,044	\$72,397,467	\$71,673,379

Analysis of Net Position

The City's overall net position increased \$0.7 million, or 1.0% from the prior fiscal year. Details of the increase can be found in the discussions of each asset category below.

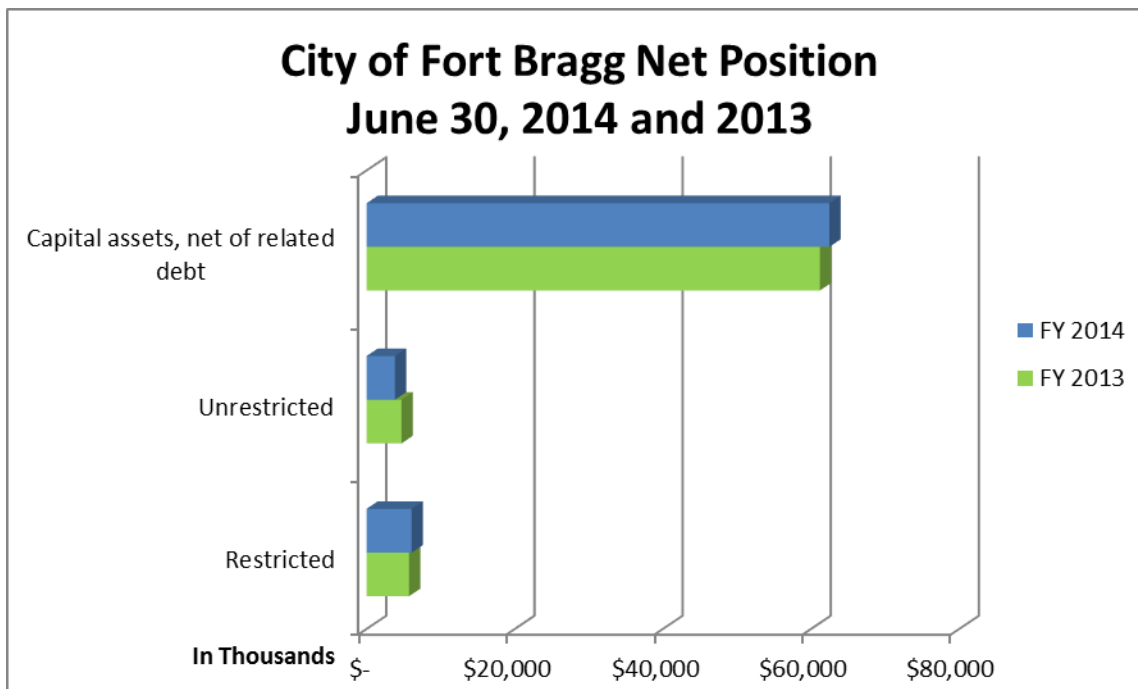
A large portion (86.3%) of the City of Fort Bragg's net position reflect its investment in capital assets (e.g., land, easements, buildings, machinery, and infrastructure); less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City of Fort Bragg's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net investment in capital assets totaled \$62.5 million at fiscal year-end, an increase of \$1.3 million. This total consisted of the investment in capital assets (net of accumulated depreciation) of \$68 million, less the related debt of \$5.5 million. The increase in net assets invested in capital assets, net of related debt, represents capital acquisitions and deletions, less current year depreciation, and the addition and/or retirement of related long-term debt.

An additional portion of the City's net position (8.4%) represents resources that are subject to external restrictions on how they may be used. Restricted net position is comprised of: (1) 30% dedicated to street maintenance, (2) 14% dedicated to public safety, (3) 41% in grant money restricted to specific activities, (4) 13% for housing, and (5) 2% in debt reserve. Restricted net position increased 6% from \$5.7 million at June 30, 2013 to \$6.1 million at June 30, 2014.

The remaining balance of \$3.8 million is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. Unrestricted net position decreased \$0.8 million, or 18.8%.

At the end of FY2013/14 the City is able to report positive balances in all reported categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



The following table shows the revenue, expenses, and changes in net assets for governmental and business- type activities:

CITY OF FORT BRAGG CHANGES IN NET POSITION						
Fiscal Years Ending June 30, 2014 and June 30, 2013						
	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$3,015,790	\$2,846,784	\$5,867,576	\$6,192,007	\$8,883,366	\$9,038,791
Operating grants & Contributions	1,566,825	1,572,194			1,566,825	1,572,194
Capital grants & Contributions	1,818,174	303,257			1,818,174	303,257
General Revenues:						
Taxes:						
Property taxes	943,018	923,753	215,472	230,496	1,158,490	1,154,249
Other taxes	5,064,568	4,611,439	810,878	772,340	5,875,446	5,383,779
Miscellaneous	206,914	80,468	72,116	98,007	279,030	178,475
Unrestricted Investment Earnings	45,071	102,977	33,116	8,292	78,187	111,269
Total Revenues	12,660,360	10,440,872	6,999,158	7,301,142	19,659,518	17,742,014
Expenses:						
General Government	1,500,393	2,707,926			1,500,393	2,707,926
Public Safety	3,850,907	3,398,918			3,850,907	3,398,918
Public Works	2,175,857	1,874,036			2,175,857	1,874,036
Community Development	3,485,109	1,529,139			3,485,109	1,529,139
Interest and Fiscal Charges	41,977	49,118			41,977	49,118
Water			2,538,977	2,138,360	2,538,977	2,138,360
Wastewater			2,992,473	3,062,564	2,992,473	3,062,564
C. V. Starr Center			2,262,288	2,236,226	2,262,288	2,236,226
Total Expenses	11,054,243	9,559,137	7,793,738	7,437,150	18,847,981	16,996,287
Increase (decrease) in						
Net Position Before Transfers	1,606,117	881,735	(794,580)	(136,008)	811,537	745,727
Transfers	(1,342)	(16,554)	1,342	16,554		
Increase (decrease) in Net Position before prior period adjustment	1,604,775	865,181	(793,238)	(119,454)	811,537	745,727
Net Position, July 1	36,543,335	36,795,904	35,130,044	35,136,243	71,673,379	71,932,147
Prior Period Adjustments	14,815	(1,117,750)	(102,264)	113,255	(87,449)	(1,004,495)
Net Position, July 1, restated	36,558,150	35,678,154	35,027,780	35,249,498	71,585,930	70,927,652
Net Position, June 30	\$38,162,925	\$36,543,335	\$34,234,542	\$35,130,044	\$72,397,467	\$71,673,379

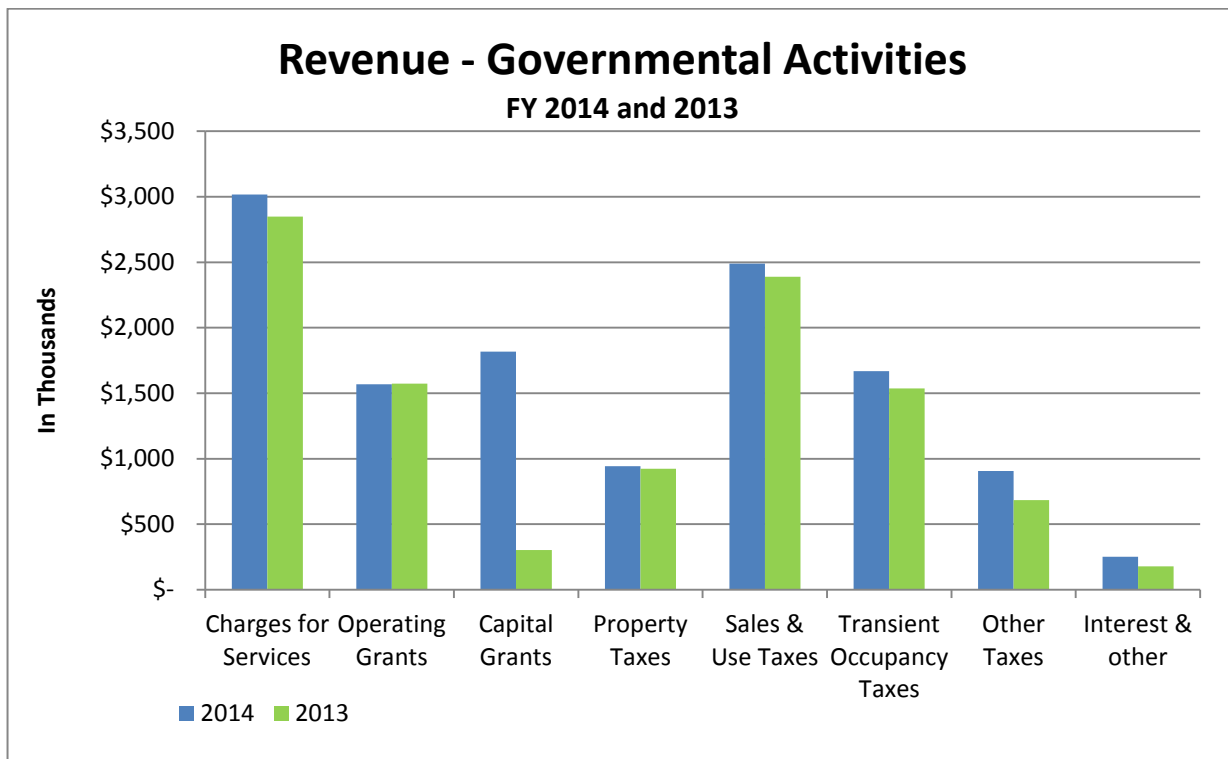
Analysis of Governmental Activities

Governmental activities increased the City’s net position by \$1.6 million for the fiscal year ended June 30, 2014.

Revenues: Total revenues for the City’s governmental activities had an overall increase from the prior fiscal year of \$2.2 million, or 21.3%, to \$12.7 million. Revenues are divided into two categories: program revenues and general revenues.

Program revenues had an overall increase of \$1.7 million, or 35.5%, from the prior fiscal year primarily due to an increase in capital grant activities related to the Fort Bragg Coastal Restoration and Trail.

General revenues had an overall increase of \$0.5 million (9.5%) from the prior fiscal year to \$6.3 million. The increase can be attributed to an increase in an increase in transient occupancy tax of \$0.1 million, an increase in sales taxes of \$0.1 million, and an increase in miscellaneous revenues (primarily related to settlement of property tax administrative fees) of \$0.3 million.



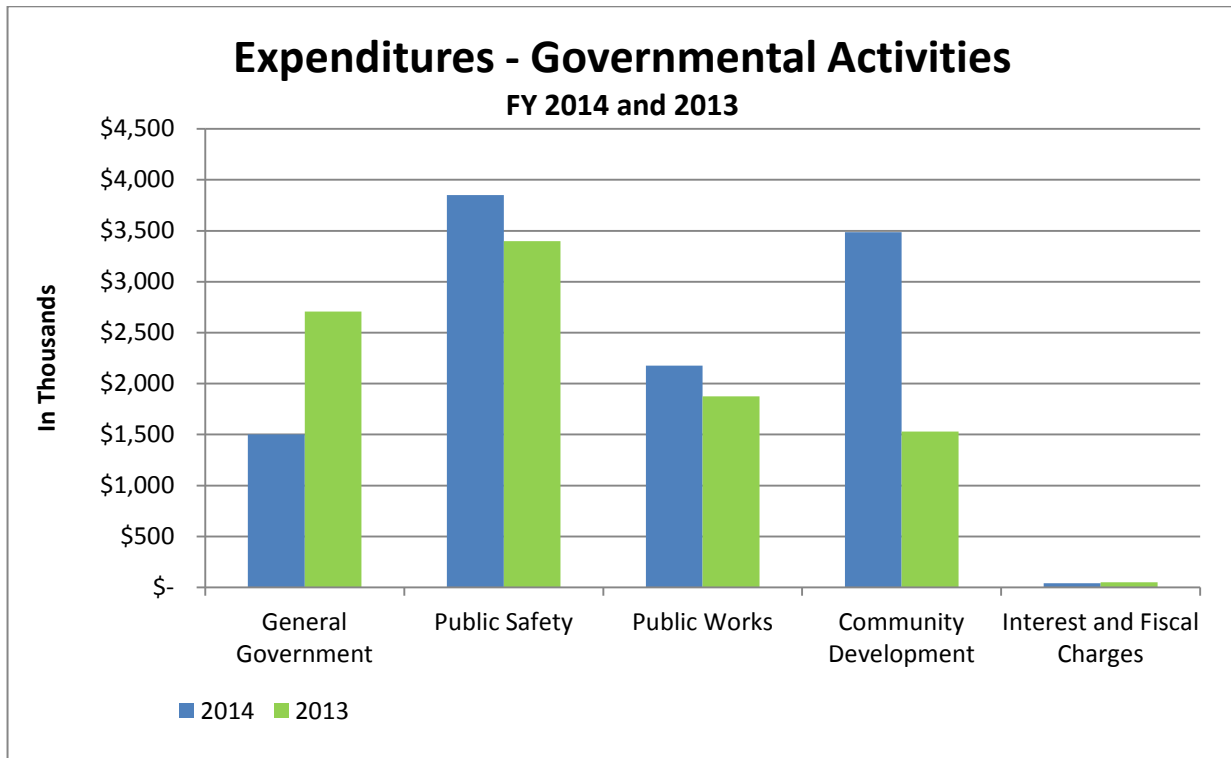
Expenses: Total expenses for governmental activities were \$11 million, an increase of \$1.5 million, or 15.6%, from the prior fiscal year.

As a service delivery entity, the City’s major cost component is salaries and benefits, amounting to 58.1% of the total city governmental expenses. The average full time equivalent (FTE) employee count for the City (including business-type activities) increased 2.5% from the prior fiscal year. Salary and benefit costs increased \$0.6 million or 11% over the prior fiscal year, primarily as a result of two added positions (\$0.2 million), increased retiree and OPEB funding (\$0.3 million) and increased health care costs (\$0.1 million).

General government expenditures decreased \$1.2 million or 44.6% when compared to the prior fiscal year, due to costs associated with the Fort Bragg Redevelopment Successor Agency in FY 12/13 in the amount of \$0.5

million that were not incurred in FY 13/14 and \$0.7 million in depreciation that was charged to general government in FY 12/13 that was allocated to the appropriate activity in FY 13/14. Community Development expenditures increased \$2 million or 127.9% resulting from expenditures related to the Fort Bragg Coastal Restoration and Trail.

Public Safety expenditures increased \$0.5 million or 13.3% resulting from increased personnel costs (\$0.2 million), increased fleet allocations for the purchase of vehicles and increased depreciation allocations. Public Works expenditures increased \$0.3 million or 16.1% resulting from increased personnel costs, fleet maintenance costs and depreciation allocations.



Analysis of Business-type Activities:

For the City of Fort Bragg’s business-type activities, the net position for the water enterprise decreased 12.4% to \$2.4 million, the wastewater enterprise net position decreased slightly from \$7.94 million to \$7.93 million and the C.V. Starr Center net position decreased 2.2% to \$23.9 million. Both the water and wastewater enterprises implemented a revised rate structures on July 1, 2013, based on a reevaluation of the costs associated with each use class. The revised rate structures were also intended to encourage conservation by residential and commercial rate payers through the establishment of consumption tiers. The changes in the rate structures resulted in decreased revenues from water and wastewater activity charges for services of 7.3% and 6% respectively over the previous fiscal year’s amount. Due to errors in the development of the tiers, revenues did not meet expectations. Revised rates were implemented in August, 2014.

Water operating expenditures exceeded operating revenues by \$47,736, primarily due to increased maintenance and administrative costs offset by decreased personnel costs, Wastewater operating revenues exceeded operating expenditures by \$62,918. The operation of the C. V. Starr Center is contracted to the Mendocino Coast Recreation and Park District and is supported by property and sales tax and user fees. Details of the C.V. Starr Center operation can be found in a separate financial statement issued as of June 30, 2014.

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

As noted 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

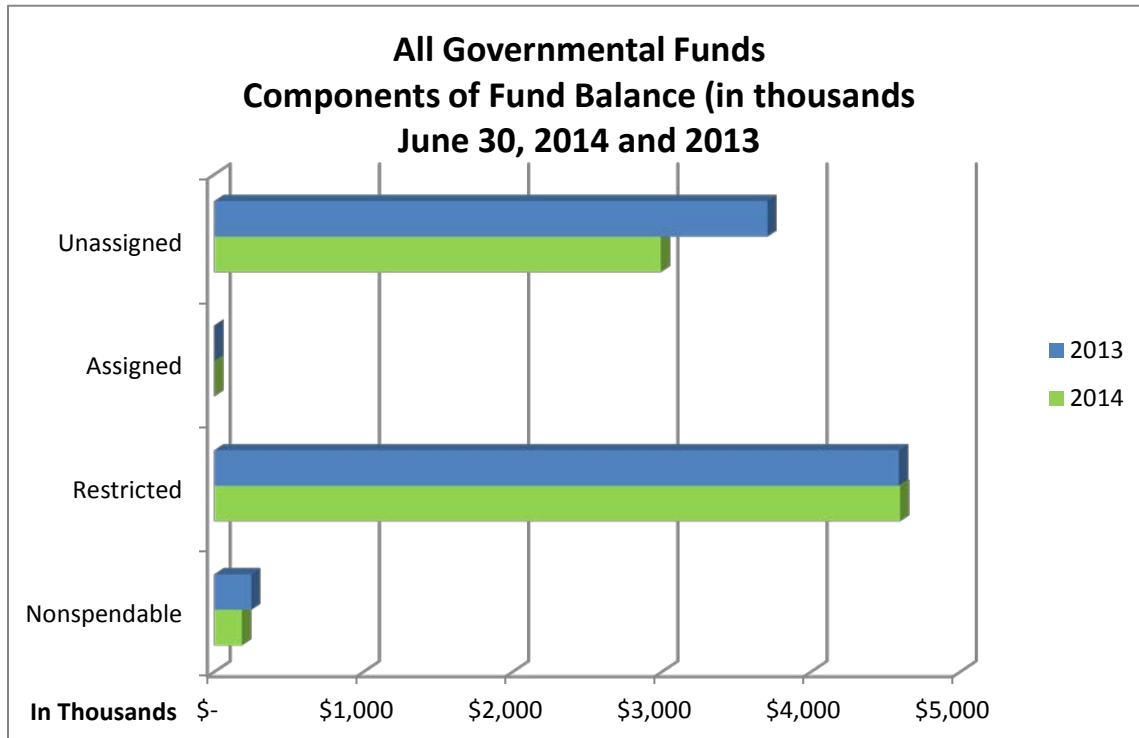
The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's 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.

At June 30, 2014, the City's governmental funds reported total fund balances of \$7.8 million, a decrease of \$769,303 in comparison with the prior fiscal year's total ending fund balances of \$8.6 million. The decrease is the net result of a variety of changes in fund balance as follows:

- The General Fund increased 8.6% to a fund balance of \$4.6 million primarily due to higher than anticipated property and transient occupancy taxes which were partially offset by higher legal and engineering costs.
- The CDBG Program Income Fund increased 27.7% to a fund balance of \$60,128 due to interest earnings on loans receivable and cash and investments.
- The Street Sales Tax special revenue fund balance increased \$661,564, or 115.3%, as there were no scheduled street repairs in FY 13/14. Street repair projects are generally scheduled every other year.
- The FY 13/14 Street Structural Repairs fund balance decreased \$13,072. This was due to use of grant revenues for the completion of structural repair projects.
- The FY 13/14 Street Resurfacing Project fund balance decreased \$1.0 million. This was due the completion of the street resurfacing project in FY 13/14.

Components of total fund balance of the governmental funds are as follows:

- *Nonspendable fund balance.* Amounts that are not spendable in form, or are legally or contractually required to be maintained intact. At June 30, 2014 nonspendable fund balance in the governmental funds consists of inventory and prepaid expenses in the amount of \$185,345.
- *Restricted fund balance* consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. In the governmental funds restricted fund balance in the amount of \$4.6 million includes \$0.5 million for housing, \$1.8 million for street repair, \$0.9 million for public safety, and \$1.4 million for community development.
- *Committed fund balance* is committed for a particular purpose as established by the City Council. The balance at June 30, 2014 was \$0.
- *Assigned fund balance* represents fund balance assigned for particular purposes. The balance at June 30, 2014 was \$0.
- *Unassigned fund balance* of the total fund balances is available to meet the City's current and future needs. Unassigned balance in governmental funds at June 30, 2014 totaled \$4.4 million primarily held in the general fund. With the approval of the City Council, management can earmark a portion of fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, fund balances are available for appropriation at any time.



The General Fund is the main operating fund of the City. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. At June 30, 2014 unassigned fund balance of the general fund was \$4.4 million. Unassigned fund balance represents approximately 53% of total general fund expenditures.

The Community Development Block Grant (CDBG) Program Income fund is used to record expenditure and receipt of funds loaned to qualifying homeowners for housing rehabilitation and business owners through the CDBG Microenterprise Program.

The Housing Successor Agency fund is used to account for the former Redevelopment Agency’s low and moderate income housing assets.

The Special Sales Tax – Street Repair fund is used to record the sales tax revenue and expenditures used for street maintenance. Revenue from sales taxes restricted for street maintenance increased 3.6% from last fiscal year to \$819,145. There were no Street capital projects funded in FY13/14 and projects are generally scheduled every other year.

The FY 2013/14 Street Structural Repair Fund is a capital project fund used to record the cost of street repairs performed to ready streets for resurfacing.

The FY 2013/14 Street Resurfacing Fund is a capital project fund used to record the cost of resurfacing various streets. This project was funded by the Special Sales Tax revenue. Expenditures in FY 2013/14 were \$1.3 million for the resurfacing projects.

Non-major Governmental Funds totaled \$1.3 million as of June 30, 2014 as compared to \$2.1 million the prior fiscal year. The non-major governmental funds include special revenue, debt service, and capital project funds.

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. As noted earlier, rates and fees were adjusted by the City Council effective July 1, 2013. The Water Enterprise charges for service decreased 7.3% from \$2.4 million in FY 2012/13 to \$2.2 million in FY 2013/14. Operating expenses for the Water Enterprise increased 15%, totaling \$2.2 million for the fiscal year. The increase was primarily due to increases in administrative charges, supplies and materials, and professional services expenses partially offset by decreases in personnel costs.

Net operating loss for the Water Enterprise was \$47,736, a decrease of \$516,491 over the prior fiscal year. Net position decreased 11.2% primarily due to the reduction of debt principal resulting in a net investment in capital assets.

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. As discussed previously rates and fees were adjusted effective July 1, 2013. Total revenues from charges for service for the Municipal Improvement District were \$3 million, a decrease of 6%.

Net operating income for the Municipal Improvement District was \$62,918, a decrease of \$0.1 million over the prior fiscal year. Operating expenses for the MID decreased \$91,664 due to increased administrative charges and maintenance costs offset by decreased personnel costs.

During fiscal year 2011/12 the City acquired the assets of the C. V. Starr Center. The citizens of the City voted for a district sales tax to support funding for operation of the Center and the Mendocino Coast Recreation and Park District transfers a portion of its property tax revenues to the City for operation of the Center. As mentioned previously, the Mendocino Coast Recreation and Park District is contracted to operate the Center. The City administers the sales and property tax revenue for the Center. Sales tax revenue for the Center totaled \$810,878 and property tax revenue totaled \$215,472 in FY 2013/14.

Total internal service funds net assets increased by \$426,317 to \$868,776, due transfers in related to a vehicle and equipment replacement program.

General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year there was no need for significant amendments to increase or decrease either the original estimated revenues or original budgeted appropriations, other than increasing general government expenditures by \$346,654 primarily for increased legal costs and Noyo Center for Marine Science expenditures.

Final budget compared to actual results. The difference between total estimated revenues and actual revenues for the general fund was \$228,071 distributed as follows:

<u>Revenue Source</u>	<u>Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Over/ (Under)</u>
Taxes	\$ 4,529,750	\$ 4,705,187	\$ 175,437
Intergovernmental	121,542	76,752	(44,790)
Charges for services	2,796,754	2,872,945	76,191
Fines & forfeitures	9,700	27,871	18,171
Licenses & permits	256,700	233,793	(22,907)
Use of money & property	22,500	16,284	(6,216)
Miscellaneous	145,850	178,035	32,185
	<u>\$ 7,882,796</u>	<u>\$ 8,110,867</u>	<u>\$ 228,071</u>

A review of actual general fund expenditures compared to the appropriations in the final budget yields no significant variances. The final general fund appropriations totaled \$8.9 million. Actual expenditures totaled \$8.3 million with the majority of the decreases related to unspent legal costs in general government expenditures and lower costs in public works related to uncompleted projects in FY 2013/14.

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, 2014, the City of Fort Bragg's capital assets for its governmental and business-type activities totaled \$68 million (net of accumulated depreciation). The investment in capital assets includes land, easements, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. Net Capital Assets of the City increased \$1.2 million primarily due to the Waterfall Gulch Raw Water Line replacement in the Water Enterprise Fund and the MID, offset by depreciation.

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

- 2014 Safe Routes to Schools
- 2014 Street Resurfacing Project
- Waterfall Gulch Water Line Replacement

CITY OF FORT BRAGG CAPITAL ASSETS (net of depreciation)						
June 30, 2014 and June 30, 2013						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
	Land and Easements	\$12,952,262	\$12,598,426	\$785,079	\$785,079	\$13,737,341
Buildings	1,831,738	1,958,178	24,123,574	25,375,511	25,955,312	27,333,689
Machinery and Equipment	174,073	236,097	2,116,197	2,125,900	2,290,270	2,361,997
Infrastructure	17,320,430	15,482,826	7,690,047	6,835,409	25,010,477	22,318,235
Construction in Progress	652,709	991,978	329,142	384,971	981,851	1,376,949
Total Capital Assets, net	\$32,931,212	\$31,267,505	\$35,044,039	\$35,506,870	\$67,975,251	\$66,774,375

Additional information about the City's capital assets is presented in Note IV.C. on pages 52 through 54.

Long-Term Debt

At June 30, 2014, total City debt outstanding was \$9.9 million, an increase of \$133,928. Governmental debt increased as a net result of an increase in Caspar Landfill post-closure costs offset by decreases resulting from normal payment of requirements. Business-type debt increased \$52,038 as a result of the 2014 Water Revenue Refunding net of reduction of bond and loan principal. Additional information about the City's outstanding debt is presented in Note IV.I. on pages 60 through 63.

CITY OF FORT BRAGG OUTSTANDING DEBT						
June 30, 2014 and June 30, 2013						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Bonds Payable	\$ -	\$ -	\$3,217,000	\$3,012,711	\$3,217,000	\$3,012,711
Loans Payable			1,313,238	1,375,116	1,313,238	1,375,116
Capital Leases	776,632	888,453	350,914	456,820	1,127,546	1,345,273
Other	4,147,511	3,901,762	92,421	76,888	4,239,932	3,978,650
	\$ 4,924,143	\$4,790,215	\$4,973,573	\$4,921,535	\$9,897,716	\$9,711,750

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time of budget preparation for FY 2014/15, the economic outlook for the City continued to be stable. The General Fund Budget for FY 2014/15 of approximately \$8.87 million was adopted. Particularly positive revenue categories are sales and transient occupancy taxes, which have shown slow but steady growth over the past two fiscal years.

The FY 2014/15 budget continues the practice of conservative revenue estimates, especially in the General Fund. Overall, the FY 2014/15 Adopted Budget anticipates modest increases in most revenues. For the General Fund this translates into a projected 4% increase over FY 2013/14 revenues. The City continues to replenish its reserves back to their target levels.

An element of any budget strategy is to consider enhancements to revenue streams within the City's control; however, any such increases must be weighed against the impact on City residents and businesses. For FY 2014/15 modest increases and decreases to a number of City fees and charges were approved by the City Council to better reflect the true cost of providing services.

While the economy appears to be on relatively solid ground, several factors, including high unemployment and financial market volatility, continue to cause concern about the sustainability of a healthy economy. Further, the City of Fort Bragg, along with governments at all levels, will remain under pressure to contain operating expenditures, particularly personnel-related costs, to ensure that they do not grow at a rate that exceeds revenue growth. A balanced budget in the short- and long-term can quickly become unbalanced if these costs are not managed closely. The City entered FY 2014/15 in a solid position financially based on the efforts that it has made to restructure its operations to be more efficient and to better contain costs. While vulnerabilities exist, some within the City's control and some not, the City believes it has taken, and will continue to take, the actions necessary to maintain its solid financial foundation. To that end, the City adopted revised Fund Balance and Reserve Policies intended to endure the continued financial wellbeing of the City by planning for unanticipated emergency and contingencies needs. General Fund committed and unrestricted reserves were established as follows:

- Emergency Contingency Reserve: The General Fund balance committed for emergency contingencies is established at an amount equivalent to 10% to 15% of the City's annual operating budget for the General Fund. In FY 2014/15, 10% or \$850,000 is committed to the Emergency Contingency Reserve. Depending on the type and severity of the emergency, this range is intended to provide for an initial municipal response to events such as natural disasters, catastrophic accidents, or other declared emergency incidents sufficient to provide a bridge until access to county, state or federal support can be achieved. The Emergency Contingency Reserve is committed fund balance and may only be used when there is a declaration of a state or federal state of emergency or a local emergency as defined in Fort Bragg Municipal Code Section 2.24.020.
- Economic Stabilization Reserve: The General Fund balance committed for the purpose of stabilizing the delivery of City services during periods of severe operational budget deficits

and to mitigate the effects of major unforeseen changes in revenues and/or expenditures is established at an amount equivalent to 5% to 10% of the City's annual operating budget for the General Fund. In FY 2014/15, 5% or \$425,000 is committed to the Economic Stabilization Reserve. This range serves as a cushion to safeguard the City's fiscal health against fluctuations in revenues and costs due to economic volatility. City Council approval shall be required before expending any portion of this committed fund balance. Access to these funds will be reserved for economic emergency situations such as unanticipated major declines in revenue, budgeted revenue taken over by another entity, or a catastrophe exceeding funds in Emergency Contingency Reserve.

- General Fund Operating Reserve: The City will maintain an unrestricted fund balance of at least 15% to 20% of the annual operating expenditures in the General Fund, as an “Operating Reserve” to ensure liquidity of the General Fund and to ensure adequate cash flow throughout the year. This reserve is necessary to accommodate fluctuations in the timing of expenditures and the receipt of revenues. The reserve is not committed fund balance and may be tapped into, with Council authorization, for unforeseen operating or capital needs. In FY 2014/15, 15% is \$1,310,500.

REQUESTS FOR INFORMATION

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

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



Basic Financial Statements

CITY OF FORT BRAGG
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 7,808,840	\$ 3,820,747	\$ 11,629,587
Cash and investments with fiscal agents, restricted		108,064	108,064
Accounts receivable	1,751,187	716,910	2,468,097
Receivable due from Successor Agency trust fund	396,655		396,655
Loans receivable	1,017,928		1,017,928
Inventory	1,229	54,857	56,086
Internal balances	184,116	(184,116)	
Capital assets not being depreciated:			
Land	12,952,262	785,079	13,737,341
Construction in progress	652,709	329,142	981,851
Capital assets being depreciated:			
Buildings	4,994,522	27,677,497	32,672,019
Machinery, equipment, and vehicles	1,280,109	6,519,060	7,799,169
Infrastructure	21,105,435	15,020,837	36,126,272
Accumulated depreciation	(8,053,825)	(15,287,576)	(23,341,401)
Total assets	<u>44,091,167</u>	<u>39,560,501</u>	<u>83,651,668</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding	39,303	368,206	407,509
Total deferred outflows of resources	<u>39,303</u>	<u>368,206</u>	<u>407,509</u>
LIABILITIES			
Accounts payable	835,270	491,907	1,327,177
Accrued payroll and benefits	165,777	58,494	224,271
Accrued interest	3,035	10,681	13,716
Unearned revenue	8,076	13,391	21,467
Deposits payable	31,244	146,119	177,363
Noncurrent liabilities:			
Due within one year	665,960	615,019	1,280,979
Due in more than one year	4,258,183	4,358,554	8,616,737
Total liabilities	<u>5,967,545</u>	<u>5,694,165</u>	<u>11,661,710</u>
NET POSITION			
Net investment in capital assets	31,943,628	30,531,093	62,474,721
Restricted for:			
Housing	815,374		815,374
Debt service		100,762	100,762
Public safety	872,100		872,100
Community development	2,520,437		2,520,437
Streets	1,779,186		1,779,186
Unrestricted	232,200	3,602,687	3,834,887
Total net position	<u>\$ 38,162,925</u>	<u>\$ 34,234,542</u>	<u>\$ 72,397,467</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, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 1,500,393	\$ 2,851,484	\$ 76,751	\$ 18,615
Community development	3,485,109	57,791	1,192,388	932,048
Public safety	3,850,907	72,455	198,048	
Public works	2,175,857	34,060	99,638	867,511
Interest on long-term debt	41,977			
Total governmental activities	<u>11,054,243</u>	<u>3,015,790</u>	<u>1,566,825</u>	<u>1,818,174</u>
Business-type activities:				
Water	2,538,977	2,228,589		
Sewer	2,992,473	3,004,493		
C.V. Starr Center	<u>2,262,288</u>	<u>634,494</u>		
Total business-type activities	<u>7,793,738</u>	<u>5,867,576</u>		
Total government	<u>\$ 18,847,981</u>	<u>\$ 8,883,366</u>	<u>\$ 1,566,825</u>	<u>\$ 1,818,174</u>

General Revenues

Taxes

Property taxes
Sales and use taxes
Transient occupancy taxes
Franchise taxes
Other taxes

Use of money and property

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period adjustments

Net position - beginning, restated

Net position - ending

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Totals
\$ 1,446,457	\$ -	\$ 1,446,457
(1,302,882)		(1,302,883)
(3,580,404)		(3,580,404)
(1,174,648)		(1,174,648)
(41,977)		(41,977)
<u>(4,653,454)</u>		<u>(4,653,454)</u>
	(310,388)	(310,388)
	12,020	12,020
	<u>(1,627,794)</u>	<u>(1,627,794)</u>
	(1,926,162)	(1,926,162)
<u>(4,653,454)</u>	<u>(1,926,162)</u>	<u>(6,579,616)</u>
943,018	215,472	1,158,490
2,490,031	810,878	3,300,909
1,667,580		1,667,580
496,423		496,423
410,534		410,534
45,071	33,116	78,187
206,914	72,116	279,030
(1,342)	1,342	
<u>6,258,229</u>	<u>1,132,924</u>	<u>7,391,153</u>
<u>1,604,775</u>	<u>(793,238)</u>	<u>811,537</u>
36,543,335	35,130,044	71,673,379
<u>14,815</u>	<u>(102,264)</u>	<u>(87,449)</u>
<u>36,558,150</u>	<u>35,027,780</u>	<u>71,585,930</u>
<u>\$ 38,162,925</u>	<u>\$ 34,234,542</u>	<u>\$ 72,397,467</u>

**CITY OF FORT BRAGG
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>CDBG Program Income</u>	<u>Housing Successor Agency</u>	<u>Special Sales Tax - Street Repair</u>
ASSETS				
Cash and investments	\$ 3,159,008	\$ 60,128	\$ -	\$ 1,096,569
Receivables:				
Accounts	761,635			150,100
Loans	2,486	755,817	259,625	
Inventory	1,229			
Due from other funds	1,468,400			
Advances to other funds	184,116			
Due from Successor Agency trust fund			396,655	
	<u>\$ 5,576,874</u>	<u>\$ 815,945</u>	<u>\$ 656,280</u>	<u>\$ 1,246,669</u>
LIABILITIES				
Accounts payable	\$ 694,762	\$ -	\$ -	\$ -
Accrued payroll and benefits	165,777			
Unearned revenue				
Deposits payable	31,244			
Due to other funds				
	<u>891,783</u>			
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - loans receivable		755,817	259,625	
Unearned revenue - intergovernmental	65,381			11,500
	<u>65,381</u>	<u>755,817</u>	<u>259,625</u>	<u>11,500</u>
FUND BALANCES				
Nonspendable	185,345			
Restricted		60,128	396,655	1,235,169
Unassigned	4,434,365			
	<u>4,619,710</u>	<u>60,128</u>	<u>396,655</u>	<u>1,235,169</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,576,874</u>	<u>\$ 815,945</u>	<u>\$ 656,280</u>	<u>\$ 1,246,669</u>

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

Capital Projects

Funds

FY 13/14 Street Structural Repairs	FY 13/14 Street Resurfacing	Total Nonmajor Funds	Totals
\$ -	\$ -	\$ 2,714,865	\$ 7,030,570
	163,000	676,452	1,751,187
			1,017,928
			1,229
			1,468,400
			184,116
			396,655
<u>\$ -</u>	<u>\$ 163,000</u>	<u>\$ 3,391,317</u>	<u>\$ 11,850,085</u>
\$ -	\$ -	\$ 112,854	\$ 807,616
			165,777
		8,076	8,076
			31,244
		1,468,400	1,468,400
		1,589,330	2,481,113
			1,015,442
		499,945	576,826
		499,945	1,592,268
			185,345
	163,000	2,743,265	4,598,217
		(1,441,223)	2,993,142
	163,000	1,302,042	7,776,704
<u>\$ -</u>	<u>\$ 163,000</u>	<u>\$ 3,391,317</u>	<u>\$ 11,850,085</u>

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**CITY OF FORT BRAGG
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

FUND BALANCES - GOVERNMENTAL FUNDS \$ 7,776,704

Amounts reported for Governmental Activities in the Statement of Net Position 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	\$ 40,825,523	
Less: accumulated depreciation	<u>(8,012,471)</u>	32,813,052

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

Loss on refunding of debt	95,837	
Less: accumulated amortization	<u>(56,534)</u>	39,303

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.

(3,035)

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

1,592,268

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	(776,632)	
Landfill postclosure costs	(1,582,175)	
CalPERS side fund	(1,043,348)	
Compensated absences	(506,563)	
Other postemployment benefits	<u>(1,015,425)</u>	(4,924,143)

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 position.

868,776

NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 38,162,925

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, 2014

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>CDBG Program Income</u>	<u>Housing Successor Agency</u>	<u>Special Sales Tax - Street Repair</u>
Revenues				
Property taxes	\$ 894,217	\$ -	\$ -	\$ -
Sales taxes	1,625,916			819,145
Transient occupancy taxes	1,667,580			
Franchise taxes	496,423			
Other taxes	21,051			
Intergovernmental	76,752			
Charges for current services	2,872,945			
Fines, forfeitures, and penalties	27,871			
Use of money and property	16,284	6,727		5,667
Licenses and permits	233,793			
Program income		45,875		
Other	178,035			
	<u>8,110,867</u>	<u>52,602</u>		<u>824,812</u>
Expenditures				
Current				
General government	1,549,164			
Public safety	3,584,448			
Public works	1,509,993			1,529
Community development	1,437,841	12,379		
Capital outlay	76,836			
Debt service				
Principal	111,821			
Interest	35,748			
	<u>8,305,851</u>	<u>12,379</u>		<u>1,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(194,984)</u>	<u>40,223</u>		<u>823,283</u>
Other Financing Sources (Uses)				
Transfers in	739,130			
Transfers out	(212,287)	(27,192)		(161,719)
Total Other Financing Sources (Uses)	<u>526,843</u>	<u>(27,192)</u>		<u>(161,719)</u>
Net change in fund balances	<u>331,859</u>	<u>13,031</u>		<u>661,564</u>
Fund Balances, Beginning	4,254,434	47,097	396,655	573,605
Prior period adjustment	33,417			
Fund Balances, Beginning, Restated	<u>4,287,851</u>	<u>47,097</u>	<u>396,655</u>	<u>573,605</u>
Fund Balances, Ending	<u>\$ 4,619,710</u>	<u>\$ 60,128</u>	<u>\$ 396,655</u>	<u>\$ 1,235,169</u>

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

Capital Projects Funds			
FY 13/14 Street Structural Repairs	FY 13/14 Street Resurfacing	Total Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ 48,801	\$ 943,018
			2,445,061
			1,667,580
			496,423
		236,604	257,655
	163,000	2,706,263	2,946,015
		34,060	2,907,005
			27,871
		9,643	38,321
			233,793
			45,875
		28,879	206,914
	163,000	3,064,250	12,215,531
			1,549,164
		244,279	3,828,727
		83,085	1,594,607
		2,009,837	3,460,057
16,020	1,271,923	1,065,854	2,430,633
			111,821
			35,748
16,020	1,271,923	3,403,055	13,010,757
(16,020)	(1,108,923)	(338,805)	(795,226)
2,948	90,203	259,082	1,091,363
		(697,659)	(1,098,857)
2,948	90,203	(438,577)	(7,494)
(13,072)	(1,018,720)	(777,382)	(802,720)
13,072	1,181,720	2,079,424	8,546,007
			33,417
13,072	1,181,720	2,079,424	8,579,424
\$ -	\$ 163,000	\$ 1,302,042	\$ 7,776,704

CITY OF FORT BRAGG
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES \$ (802,720)

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	\$ 2,430,633	
Book value of disposed assets	(706)	
Contributed capital not reported in governmental funds	18,615	
Depreciation expense not reported in governmental funds	<u>(799,366)</u>	1,649,176

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds. (111,487)

Repayment of long-term receivables is treated as revenue in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Position. Issuance of long-term receivables is treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Position.

Net - Principal payments received; loans issued 537,701

Repayment of long-term debt is an expenditure in the governmental funds, but in the Statement of Net Position 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 loss on debt refunding	(6,642)	
Interest payable, net change	413	
Capital lease payable	111,821	
Landfill post closure costs	(263,006)	
Compensated absences, net change	195	
CalPERS side fund	40,212	
Other postemployment benefits	<u>22,795</u>	(94,212)

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. 426,317

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,604,775

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

**CITY OF FORT BRAGG
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014**

Assets	Enterprise Funds				Governmental
	Water	Sewer	CV Starr Ctr	Total	Activities Internal Service
Current Assets:					
Cash and investments	\$ 2,543,046	\$ 799,522	\$ 478,179	\$ 3,820,747	\$ 778,270
Restricted cash and investments, with fiscal agents	108,064			108,064	
Accounts receivable	232,660	321,368	162,882	716,910	
Inventory	46,653	7,757	447	54,857	
Total Current Assets	<u>2,930,423</u>	<u>1,128,647</u>	<u>641,508</u>	<u>4,700,578</u>	<u>778,270</u>
Noncurrent Assets:					
Capital assets					
Land	216,079	69,000	500,000	785,079	
Buildings	700,932	3,453,693	23,522,872	27,677,497	
Machinery, equipment and vehicles	4,139,381	1,769,424	610,255	6,519,060	120,819
Infrastructure	5,672,906	8,805,628	542,303	15,020,837	
Construction-in-progress	161,483	167,659		329,142	38,695
Less-accumulated depreciation	<u>(6,702,477)</u>	<u>(7,074,754)</u>	<u>(1,510,345)</u>	<u>(15,287,576)</u>	<u>(41,354)</u>
Total Noncurrent Assets	<u>4,188,304</u>	<u>7,190,650</u>	<u>23,665,085</u>	<u>35,044,039</u>	<u>118,160</u>
Total Assets	<u>7,118,727</u>	<u>8,319,297</u>	<u>24,306,593</u>	<u>39,744,617</u>	<u>896,430</u>
Deferred Outflows of Resources					
Deferred loss on debt refunding	<u>368,206</u>			<u>368,206</u>	
Total Deferred Outflows of Resources	<u>368,206</u>			<u>368,206</u>	
Liabilities					
Current Liabilities:					
Accounts payable	351,680	46,191	94,036	491,907	27,654
Interest payable	7,302	3,379		10,681	
Accrued payroll and benefits		20,625	37,869	58,494	
Unearned revenue			13,391	13,391	
Deposits payable	143,488		2,631	146,119	
Compensated absences	13,633	49,475	13,780	76,888	
Advances from other funds			60,927	60,927	
Current portion of long-term liabilities	<u>493,131</u>	<u>45,000</u>		<u>538,131</u>	
Total Current Liabilities	<u>1,009,234</u>	<u>164,670</u>	<u>222,634</u>	<u>1,396,538</u>	<u>27,654</u>
Noncurrent Liabilities:					
Payable to Successor Agency trust fund		15,533		15,533	
Advances from other funds			123,189	123,189	
Leases payable	239,561			239,561	
Loans payable	1,163,560		43,900	1,207,460	
Bonds payable	<u>2,686,000</u>	<u>210,000</u>		<u>2,896,000</u>	
Total Long-term Liabilities	<u>4,089,121</u>	<u>225,533</u>	<u>167,089</u>	<u>4,481,743</u>	
Total Liabilities	<u>5,098,355</u>	<u>390,203</u>	<u>389,723</u>	<u>5,878,281</u>	<u>27,654</u>
Net Position					
Net investment in capital assets	(25,742)	6,935,650	23,621,185	30,531,093	118,160
Restricted for debt service	100,762			100,762	
Unrestricted	<u>2,313,558</u>	<u>993,444</u>	<u>295,685</u>	<u>3,602,687</u>	<u>750,616</u>
Total Net Position	<u>\$ 2,388,578</u>	<u>\$ 7,929,094</u>	<u>\$ 23,916,870</u>	<u>\$ 34,234,542</u>	<u>\$ 868,776</u>

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 POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Enterprise Funds			Totals	Governmental Activities Internal Service
	Water	Sewer	CV Starr Ctr		
Operating revenues					
Charges for services	\$ 2,228,589	\$ 3,004,493	\$ 634,494	\$ 5,867,576	\$ 1,245,533
Total operating revenues	<u>2,228,589</u>	<u>3,004,493</u>	<u>634,494</u>	<u>5,867,576</u>	<u>1,245,533</u>
Operating expenses					
Personnel services	672,254	1,061,418		1,733,672	275,768
Administration	463,937	689,511		1,153,448	186,673
Maintenance	408,547	418,749		827,296	157,012
Supplies and materials	187,663	148,731		336,394	89,406
Utilities	95,386	120,050		215,436	
Outside contractors	107,300	168,763		276,063	92,345
Insurance	18,103	25,502		43,605	
CV Starr operating			1,533,507	1,533,507	
Depreciation	323,135	308,851	726,868	1,358,854	24,164
Total operating expenses	<u>2,276,325</u>	<u>2,941,575</u>	<u>2,260,375</u>	<u>7,478,275</u>	<u>825,368</u>
Operating income (loss)	<u>(47,736)</u>	<u>62,918</u>	<u>(1,625,881)</u>	<u>(1,610,699)</u>	<u>420,165</u>
Non-operating revenues (expenses)					
Property taxes			215,472	215,472	
Sales taxes			810,878	810,878	
Investment earnings	21,782	8,146	3,188	33,116	
Other revenues	13,270	6,512	52,334	72,116	
Loss on disposition of capital assets	(23,761)	(34,057)		(57,818)	
Bond issue costs	(67,700)			(67,700)	
Interest expenses and other charges	(171,191)	(16,841)	(1,913)	(189,945)	
Total non-operating revenues (expenses)	<u>(227,600)</u>	<u>(36,240)</u>	<u>1,079,959</u>	<u>816,119</u>	
Income (loss) before transfers	<u>(275,336)</u>	<u>26,678</u>	<u>(545,922)</u>	<u>(794,580)</u>	<u>420,165</u>
Transfers					
Transfers in	22,602			22,602	6,152
Transfers out		(21,260)		(21,260)	
Changes in net position	<u>(252,734)</u>	<u>5,418</u>	<u>(545,922)</u>	<u>(793,238)</u>	<u>426,317</u>
Net position - beginning of fiscal year	2,726,698	7,940,554	24,462,792	35,130,044	442,459
Prior period adjustments	<u>(85,386)</u>	<u>(16,878)</u>		<u>(102,264)</u>	
Net position - beginning of fiscal year, restated	<u>2,641,312</u>	<u>7,923,676</u>	<u>24,462,792</u>	<u>35,027,780</u>	<u>442,459</u>
Net position- end of fiscal year	<u>\$ 2,388,578</u>	<u>\$ 7,929,094</u>	<u>\$ 23,916,870</u>	<u>\$ 34,234,542</u>	<u>\$ 868,776</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, 2014**

	Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	CV Starr Ctr	Totals	
Cash Flows from Operating Activities					
Receipts from customers	\$ 2,240,176	\$ 2,984,621	\$ 635,725	\$ 5,860,522	\$ -
Receipts from interfund services provided					1,245,533
Payments to employees	(673,492)	(1,068,466)	(729,065)	(2,471,023)	
Payments to suppliers and users	(898,638)	(1,591,548)	(725,777)	(3,215,963)	(786,737)
Net Cash Provided (Used) by Operating Activities	668,046	324,607	(819,117)	173,536	458,796
Cash Flows from Noncapital Financing Activities					
Other revenue	13,270	6,512	1,078,684	1,098,466	
Advances to/from other funds		(15,445)	(60,488)	(75,933)	
Transfers in	22,602			22,602	6,152
Transfers out		(21,260)		(21,260)	
Net Cash Provided (Used) by Noncapital Financing Activities	35,872	(30,193)	1,018,196	1,023,875	6,152
Cash Flows from Capital and Related Financing Activities					
Principal paid	(436,684)	(45,000)		(481,684)	
Bond issue costs paid	(67,700)			(67,700)	
Proceeds paid to escrow	(2,891,751)			(2,891,751)	
Proceeds from issuance of debt	2,962,000		43,900	3,005,900	
Purchase of capital assets	(549,534)	(360,407)	(43,900)	(953,841)	(38,695)
Interest and other charges	(164,655)	(17,437)	(1,913)	(184,005)	
Net Cash Used by Capital and Related Financing Activities	(1,148,324)	(422,844)	(1,913)	(1,573,081)	(38,695)
Cash Flows from Investing Activities					
Interest received	21,782	8,146	3,188	33,116	
Net Cash Provided by Investing Activities	21,782	8,146	3,188	33,116	
Net Increase (Decrease) in Cash and Cash Equivalents	(422,624)	(120,284)	200,354	(342,554)	426,253
Cash and Cash Equivalents at the Beginning of the Fiscal Year	3,073,734	919,806	277,825	4,271,365	352,017
Cash and Cash Equivalents at the End of the Fiscal Year	\$ 2,651,110	\$ 799,522	\$ 478,179	\$ 3,928,811	\$ 778,270
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:					
Cash and investments	\$ 2,543,046	\$ 799,522	\$ 478,179	\$ 3,820,747	\$ 778,270
Restricted cash and investments	108,064			108,064	
Total Cash and Cash Equivalents	\$ 2,651,110	\$ 799,522	\$ 478,179	\$ 3,928,811	\$ 778,270
Noncash Transactions					
Amortization of deferred refunding loss	\$ (39,735)	\$ -	\$ -	\$ (39,735)	\$ -
Amortization of bond premium	\$ 3,901	\$ -	\$ -	\$ 3,901	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Activities:					
Operating income (loss)	\$ (47,736)	\$ 62,918	\$ (1,625,881)	\$ (1,610,699)	\$ 420,165
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	323,135	308,851	726,868	1,358,854	24,164
(Increase) Decrease in Operating Assets:					
Accounts receivable	11,260	(17,642)	(2,732)	(9,114)	
Inventory	51,033	5,780	36	56,849	
Deposits receivable			695	695	
Increase (Decrease) in Operating Liabilities:					
Accounts payable	331,265	(26,022)	38,711	343,954	14,467
Accrued payroll and benefits		(2,903)	33,840	30,937	
Deposits payable	6,146		2,631	8,777	
Unearned revenue	(5,819)	(2,230)	1,332	(6,717)	
Compensated absences	(1,238)	(4,145)	5,383		
Net Cash Provided (Used) by Operating Activities	\$ 668,046	\$ 324,607	\$ (819,117)	\$ 173,536	\$ 458,796

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

CITY OF FORT BRAGG
STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2014

	Successor Agency Private-Purpose Trust Fund
Assets	
Cash and investments	\$ 120,430
Cash and investments with fiscal agent, restricted	313,573
Due from City of Fort Bragg	15,533
Total assets	449,536
 Deferred Outflows of Resources	
Deferred loss on debt refunding	17,691
Total deferred outflows of resources	17,691
 Liabilities	
Current:	
Payable to City of Fort Bragg	396,655
Accounts payable	25,517
Interest payable	36,759
Long-term debt due within one year	91,796
Total current liabilities	550,727
Noncurrent:	
Long-term debt due in more than one year	3,840,046
Total liabilities	4,390,773
Net Position (Deficit)	\$ (3,923,546)

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

CITY OF FORT BRAGG
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2014

	<u>Successor Agency Private-Purpose Trust Fund</u>
Additions:	
Redevelopment Agency Property Tax Trust Fund	\$ 635,158
Investment income	141
	<u>635,299</u>
Total additions	<u>635,299</u>
Deductions:	
City administrative expenses	250,000
Direct project management expenses	61,593
Interest on bond payable	229,374
Legal fees related to projects	22,553
Payment to Coastal Conservancy	125,000
Payment to Mendocino County	336,072
Audit fees	5,360
Professional services	88,777
	<u>1,118,729</u>
Total deductions	<u>1,118,729</u>
Change in net position	<u>(483,430)</u>
Net position (deficit) - beginning	(3,325,488)
Prior period adjustment	<u>(114,628)</u>
Net position (deficit) - beginning, restated	<u>(3,440,116)</u>
Net position (deficit) - ending	<u>\$ (3,923,546)</u>

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

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Basic Financial Statements

Notes to the Basic Financial Statements

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

Blended Component Units

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

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

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

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

C. Basis of Presentation

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

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

The City reports the following major governmental funds:

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

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

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

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

The **FY13/14 Street Structural Repairs Fund** is a capital project fund used to account for costs associated with the Street Structural Repair project. This project is funded with local sales taxes collected specifically for street maintenance and repair.

The **FY13/14 Street Resurfacing Project Fund** is a capital project fund used to account for costs associated with the Street Resurfacing project. This project is funded with local sales taxes collected specifically for street maintenance and repair.

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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

E. Budgetary Information

1) Budgetary basis of accounting

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

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

- Before the end of each fiscal year, the City Manager and Finance Director prepare and submit to the City Council a proposed budget for the subsequent fiscal year. The budget includes proposed expenditures and the means for financing them.
- The City Council reviews the proposed budget in public hearings which provides interested citizens opportunity to comment. The Council may add to, subtract from, or change appropriations, but may not change the form of the budget.
- Prior to July 1, or soon after, the budget is legally adopted by the City Council through resolution.

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

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

2) Excess of expenditures over appropriations

For the fiscal year ended June 30, 2014, expenditures exceeded appropriations in the following funds:

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

General Fund:

General Government	
City Manager	\$ 3,612
Public Safety	
Administration	7,110
Community Development	
Promotion Committee	294
Community Development Block Grant Program Income Fund:	
Community Development	12,379
FY 13/14 Street Structural Repairs Project Fund:	
Capital Outlay	76,455

F. Unearned Revenue

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

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

At June 30, 2014, the various components of unearned revenue reported in the government-wide statements are as follows:

	Governmental Activities	Business-type Activities
Grant revenues received but not earned	\$ 8,076	\$ -
CV Starr Center membership revenues collected but not earned		13,391
Total unearned revenue	\$ 8,076	\$ 13,391

At June 30, 2014, the various components of unearned revenue reported in the governmental funds are as follows:

Otis Johnson Park Capital Project Fund	
Grant revenues received but not earned	\$ 8,076
	\$ 8,076

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

At June 30, 2014, the various components of deferred inflows of resources - unearned revenue reported in the governmental funds are as follows:

General Fund:		
Sales tax revenue accrued but not available	\$	65,381
CDBG Program Income Fund:		
Loans receivable		755,817
Housing Successor Agency Fund:		
Loans receivable		259,625
Special Sales Tax - Street Repair Fund:		
Sales tax revenue accrued but not available		11,500
HMHIP Federal Grant Fund:		
Grant revenue accrued but not available		141,571
North Coast Integrated Waste Management Fund:		
Grant revenue accrued but not available		99,034
Coastal Conservancy Grant Fund:		
Grant revenue accrued but not available		122,221
State Parks Prop 84 Grant Fund:		
Grant revenue accrued but not available		137,119
		137,119
	\$	1,592,268

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

1) Cash and cash equivalents

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

2) Investments

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

3) Inventories and prepaid items

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

Certain payments to vendors represent costs applicable to future accounting periods and would be recorded as prepaid items in both the government-wide and fund financial statements. The City had no prepaid items as of June 30, 2014.

4) Capital Assets

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

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In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation. During the current fiscal period, infrastructure projects that were incomplete are reported as “construction in progress.”

Interest is capitalized on the construction of major assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For the fiscal year ended June 30, 2014, there were no projects meeting the criteria for interest capitalization.

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

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

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

5) Net position flow assumption

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

6) Deferred outflows/inflows of resources

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

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In addition to liabilities, the statement of position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: sales taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Refer to Note 1.F for a detailed list of the deferred inflows of resources that the City has recognized.

7) Fund Balance flow assumptions

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

8) Net Position/Fund Balance

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

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

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

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

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

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

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

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

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

Assigned Fund Balance – This balance is intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

9) Restricted Assets

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

10) Lease Obligations

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

11) Encumbrances

Encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by appropriate authorities as of June 30, 2014, are summarized below.

Fund	Amount
General Fund	\$ 25,381
Special Sales Tax - Street Repair	8,171
	\$ 33,552

12) Long-Term Obligations

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

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H. Revenues and expenditures/expenses

1) Program revenues

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

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

2) Property taxes

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

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

	<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 due date) April 10 (for February due date)	August 31

3) Compensated absences

Vacation

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

Sick Leave

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

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4) Proprietary funds operating and nonoperating revenues and expenses

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

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

I. New Governmental Accounting Standards Board (GASB) Pronouncements

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statement Nos. 65, 66, 67, and 70 during the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB Statement No. 65 had an impact on the City's financial statements for the fiscal year ended June 30, 2014 by requiring the removal of unamortized debt issuance costs from the Statement of Net Position and adding deferred outflows and inflows of resources (see Note I.G.6 and IV.H).

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

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Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, “Financial Reporting for Pension Plans.” This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans” and No. 50 “Pension Disclosures” as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 70, “Accounting and Financial Reporting for Non-exchange Financial Guarantees.” This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2014.

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental funds balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.” The details of the \$32,813,052 are as follows:

Land	\$	12,952,262
Construction in progress		614,014
Buildings		4,994,522
Less: Accumulated depreciation		(3,162,784)
Infrastructure		21,105,435
Less: Accumulated depreciation		(3,785,005)
Machinery, equipment & vehicles		1,159,290
Less: Accumulated depreciation		(1,064,682)
Net adjustment to increase total governmental fund balance on the governmental funds balance sheet to arrive at net position on the government-wide statement of net position	\$	32,813,052

Another element of the reconciliation explains that “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

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the internal service funds are included in governmental activities in the statement of net position.” The details of this \$868,776 difference are as follows:

Cash and investments	\$	778,270
Capital assets (net of accumulated depreciation)		118,160
Accounts payable		<u>(27,654)</u>
Net adjustment to increase total governmental fund balance on the governmental funds balance sheet to arrive at net position on the government-wide statement of net position	\$	<u>868,776</u>

NOTE III – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit fund balances

The City receives grant funding for various activities on a reimbursement basis. The timing of expenditures and reimbursements will sometimes cause a temporary deficit balance in grant and capital project funds. Deficits in these funds will be replenished through grant billings and grant match funds transfers. The following nonmajor funds had deficit fund balances at June 30, 2014:

Safe Routes to School	\$	43,928
Sustainable Communities Grant		35,667
Bulletproof Vest Partnership Grant		1,378
Prop 84 Grant - Coastal Trail		266,909
CalTrans North Coastal Grant		693,579
EDBG Planning and Technology Grants		26,410
MCOG 2005 Main St Planning		74,454
HMHIP Federal Grant		147,568
Noyo Center Land Acquisition Grant		916
MCOG Overall Work Program		311
Coastal Conservancy Grant		4,512
Noyo Center for Marine Sciences		3,984
HCD HOME Grant		288
Coastal Trail Capital Project Fund		123,939
Town Hall Remodel Capital Project Fund		10,630
Chestnut Street Multi Use Trail Capital Project Fund		6,750

NOTE IV – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits with financial institutions

Custodial credit risk - deposits. 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 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

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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 the Local Agency Investment Fund).

As of June 30, 2014, \$5,052,657 of the City's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

B. Investments

The Local Agency Investment Fund (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.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to interest rate risk 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.

Statement of net position:	
Cash and investments	\$ 11,629,587
Cash and investments with fiscal agents, restricted	108,064
Statement of fiduciary net position:	
Cash and investments	120,430
Cash and investments with fiscal agents, restricted	313,573
Total	\$ 12,171,654

Cash and investments consist of the following:

Cash on hand	\$ 2,760
Demand deposits with financial institutions	5,174,773
Investments	
Money Market Funds	454,705
Certificates of Deposit	5,287,825
U.S. Government Agency Issues	250,000
Local Agency Investment Fund	1,001,591
Total cash and investments	\$ 12,171,654

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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 trustees 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.

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 - AA Rated Minimum	5 years	30%	None
Money Market Mutual Funds Holding Cash and U. S. Government Obligations	N/A	None	None

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

Investments Authorized by Debt Agreements

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

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

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

Investment Type	Totals	Remaining maturity (in months)				
		12 Months or less	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months
Local Agency Investment Fund (State Pool)	\$ 1,001,591	\$ 1,001,591	\$ -	\$ -	\$ -	\$ -
Time Certificates of Deposit*	5,287,825	541,571	755,309	1,501,811	1,243,324	1,245,810
U.S. Government Agency Issues	250,000					250,000
Money Market Funds	33,068	33,068				
Held with Fiscal Agent - Money Market Funds	421,637	421,637				
	<u>\$ 6,994,121</u>	<u>\$ 1,997,867</u>	<u>\$ 755,309</u>	<u>\$ 1,501,811</u>	<u>\$ 1,243,324</u>	<u>\$ 1,495,810</u>

*Investment amount exceeds 30% of total portfolio, which is a violation of the City's investment policy. Also, portions of certain certificates of deposit are in excess of the FDIC insurance amount.

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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	Minimum Legal Rating	Rating as of Fiscal Year End					Not Rated
		Amount	Exempt from Disclosure	AAA	AA	A	
Local Agency Investment Fund (State Pool)	N/A	\$ 1,001,591	\$ -	\$ -	\$ -	\$ -	\$ 1,001,591
Time Certificates of Deposit*	N/A	5,287,825					5,287,825
U.S. Government Agency Issues	N/A	250,000		250,000			
Money Market Funds	N/A	33,068		33,068			
Held with Fiscal Agent:							
Money Market Funds	N/A	421,637		421,637			
		<u>\$ 6,994,121</u>	<u>\$ -</u>	<u>\$ 704,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,289,416</u>

*Investment amount exceeds 30% of total portfolio, which is a violation of the City's investment policy.

C. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2014 was as follows:

Governmental Activities	Balance				Balance June 30, 2014
	July 1, 2013	Increases	Decreases	Transfers	
Capital assets, not being depreciated					
Land	\$ 12,598,426	\$ 353,836	\$ -	\$ -	\$ 12,952,262
Construction-in-progress	991,978	2,109,633	(706)	(2,448,196)	652,709
Total capital assets, not being depreciated	<u>13,590,404</u>	<u>2,463,469</u>	<u>(706)</u>	<u>(2,448,196)</u>	<u>13,604,971</u>
Capital assets, being depreciated					
Buildings	4,994,522				4,994,522
Machinery, equipment and vehicles	1,274,798	24,474	(19,163)		1,280,109
Infrastructure	18,657,239			2,448,196	21,105,435
Total capital assets, being depreciated	<u>24,926,559</u>	<u>24,474</u>	<u>(19,163)</u>	<u>2,448,196</u>	<u>27,380,066</u>
Less accumulated depreciation					
Buildings	(3,036,344)	(126,440)			(3,162,784)
Machinery, equipment and vehicles	(1,038,701)	(86,498)	19,163		(1,106,036)
Infrastructure	(3,174,413)	(610,592)			(3,785,005)
Total accumulated depreciation	<u>(7,249,458)</u>	<u>(823,530)</u>	<u>19,163</u>		<u>(8,053,825)</u>
Total capital assets being depreciated, net	<u>17,677,101</u>	<u>(799,056)</u>		<u>2,448,196</u>	<u>19,326,241</u>
Governmental activities capital assets, net	<u>\$ 31,267,505</u>	<u>\$ 1,664,413</u>	<u>\$ (706)</u>	<u>\$ -</u>	<u>\$ 32,931,212</u>

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Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental Activities:

General government	\$ 141,021
Public safety	70,370
Public works	586,186
Community development	25,953
	<u>\$ 823,530</u>

Capital asset activity for business-type funds for the fiscal year ended June 30, 2014 was as follows:

Business-type Activities - Water	Balance July 1, 2013	Increases	Decreases	Transfers	Balance June 30, 2014
Capital assets, not being depreciated					
Land	\$ 216,079	\$ -	\$ -	\$ -	\$ 216,079
Construction-in-progress	183,255	1,989	(23,761)		161,483
Total capital assets, not being depreciated	<u>399,334</u>	<u>1,989</u>	<u>(23,761)</u>		<u>377,562</u>
Capital assets, being depreciated					
Buildings	700,932				700,932
Machinery, equipment and vehicles	4,139,381				4,139,381
Infrastructure	5,125,361	547,545			5,672,906
Total capital assets, being depreciated	<u>9,965,674</u>	<u>547,545</u>			<u>10,513,219</u>
Less accumulated depreciation					
Buildings	(475,795)	(24,213)			(500,008)
Machinery, equipment and vehicles	(2,796,647)	(138,383)			(2,935,030)
Infrastructure	(3,106,900)	(160,539)			(3,267,439)
Total accumulated depreciation	<u>(6,379,342)</u>	<u>(323,135)</u>			<u>(6,702,477)</u>
Total capital assets being depreciated, net	<u>3,586,332</u>	<u>224,410</u>			<u>3,810,742</u>
Business-type activities capital assets, net					
Water enterprise	<u>\$ 3,985,666</u>	<u>\$ 226,399</u>	<u>\$ (23,761)</u>	<u>\$ -</u>	<u>\$ 4,188,304</u>

CITY OF FORT BRAGG
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June 30, 2014

Business-type Activities - Wastewater	Balance				Balance
	July 1, 2013	Increases	Decreases	Transfers	June 30, 2014
Capital assets, not being depreciated					
Land	\$ 69,000	\$ -	\$ -	\$ -	\$ 69,000
Construction-in-progress	201,716		(34,057)		167,659
Total capital assets, not being depreciated	<u>270,716</u>		<u>(34,057)</u>		<u>236,659</u>
Capital assets, being depreciated					
Buildings	3,444,893	8,800			3,453,693
Machinery, equipment and vehicles	1,545,178	224,246			1,769,424
Infrastructure	8,678,267	127,361			8,805,628
Total capital assets, being depreciated	<u>13,668,338</u>	<u>360,407</u>			<u>14,028,745</u>
Less accumulated depreciation					
Buildings	(1,663,867)	(51,919)			(1,715,786)
Machinery, equipment and vehicles	(1,240,717)	(54,900)			(1,295,617)
Infrastructure	(3,861,319)	(202,032)			(4,063,351)
Total accumulated depreciation	<u>(6,765,903)</u>	<u>(308,851)</u>			<u>(7,074,754)</u>
Total capital assets being depreciated, net	<u>6,902,435</u>	<u>51,556</u>			<u>6,953,991</u>
Business-type activities capital assets, net					
Wastewater enterprise	<u>\$ 7,173,151</u>	<u>\$ 51,556</u>	<u>\$ (34,057)</u>	<u>\$ -</u>	<u>\$ 7,190,650</u>
Business-type Activities - C.V. Starr Center	Balance				Balance
	July 1, 2013	Increases	Decreases	Transfers	June 30, 2014
Capital assets, not being depreciated					
Land	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Total capital assets, not being depreciated	<u>500,000</u>				<u>500,000</u>
Capital assets, being depreciated					
Buildings	23,522,872				23,522,872
Land improvements	542,303				542,303
Machinery, equipment and vehicles	566,355	43,900			610,255
Total capital assets, being depreciated	<u>24,631,530</u>	<u>43,900</u>			<u>24,675,430</u>
Less accumulated depreciation					
Buildings	(637,078)	(588,072)			(1,225,150)
Land improvements	(58,749)	(54,230)			(112,979)
Machinery, equipment and vehicles	(87,650)	(84,566)			(172,216)
Total accumulated depreciation	<u>(783,477)</u>	<u>(726,868)</u>			<u>(1,510,345)</u>
Total capital assets being depreciated, net	<u>23,848,053</u>	<u>(682,968)</u>			<u>23,165,085</u>
Business-type activities capital assets, net					
C.V. Starr Center	<u>\$ 24,348,053</u>	<u>\$ (682,968)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,665,085</u>

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

D. Accrued Liabilities

Accrued liabilities reported in the fund financial statements at June 30, 2014, were as follows:

<u>Category</u>	<u>General Fund</u>	<u>Sewer Fund</u>	<u>CV Starr Center</u>
Salaries and employee benefits	\$ 165,777	\$ 20,625	\$ 37,869

E. 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 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.

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 2013/14 was 11.425% for miscellaneous employees, 28.866% 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

The annual required contribution for fiscal year 2013/14 was determined as part of the June 30, 2011 actuarial valuation using the entry 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	7.50%	7.50%	7.50%
Projected Salary Increases	3.30%-14.20%	3.30%-14.20%	3.30%-14.20%
Inflation	2.75%	2.75%	2.75%
Payroll Growth	3.00%	3.00%	3.00%

CITY OF FORT BRAGG
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For fiscal year 2013/14, the City's annual pension cost was \$837,894 as follows:

	City Paid	Employee Paid	Total by Plan
Police	\$ 299,262	\$ 99,963	\$ 399,225
Miscellaneous	268,967	169,702	438,669
	\$ 568,229	\$ 269,665	\$ 837,894

The actuarial value of the Plan's assets was determined using a three-year smoothed market technique that reduces 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, 2011 the remaining average amortization period was 12 years for Miscellaneous and Police Funds. The Fire Fund has been fully amortized.

Fiscal Year Ending June 30,	Combined Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2014	\$ 837,894	100%	\$ -
2013	793,402	100%	-
2012	774,633	100%	-

F. Other Postemployment Benefit (OPEB) Obligations

Plan Description. The City offers its employees a post-retirement health program, which includes medical and dental coverage. Upon retirement for service or disability, employees hired prior to July 1, 2011 (January 1, 2012 for Fort Bragg Police Officer Association members) retiring directly from service at age 50 or over with 10 years of service may continue coverage for themselves and their spouse's (to whom they are married at retirement) as detailed below. Currently 42 employees meet those eligibility requirements. Expenditures for these post-retirement benefits are recognized as monthly premiums are paid. During the fiscal year ended June 30, 2014, expenditures of \$541,933 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.

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

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

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 pre-fund 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, 2014, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution (ARC)	\$ 523,266
Interest on net OPEB obligation	79,009
Adjustment to ARC	(83,137)
Annual OPEB cost	<u>519,138</u>
Contributions made	<u>(541,933)</u>
Increase (decrease) in net OPEB obligation	(22,795)
Net OPEB obligation, beginning of fiscal year	<u>1,038,220</u>
Net OPEB obligation, end of fiscal year	<u><u>\$ 1,015,425</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years, are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation/ Asset</u>
2014	\$ 519,138	104%	\$ 1,015,425
2013	520,862	101%	1,038,220
2012	597,666	86%	1,042,262

Funded Status and Funding Progress. As of June 30, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 5,790,855
Actuarial value of plan assets	<u>672,100</u>
Unfunded actuarial accrued liability (UAAL)	5,118,755
Funded ratio (actuarial value of plan assets/AAL)	12%
Covered payroll (annual payroll of active covered by the plan)	2,670,713
UAAL as a percentage of covered payroll	192%

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

Actuarial Methods and Assumptions. In the June 30, 2011, actuarial valuation, the level percentage of pay Entry Age Normal Cost Method has been used to calculate contribution levels and the Unfunded Actuarial Accrued Liability. The actuarial assumptions included a 7.61% 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 9.5% in 2013 decreasing each year until 2020 to a minimum of 5.25% for Blue Cross premiums and starting from 10.0% in 2013 decreasing to a minimum of 5.25% 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 June 30, 2011 was thirty years.

G. Risk Management

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

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

<u>Insurance Program</u>	<u>Loss Limits</u>	<u>Deductibles</u>
Property	\$ 290,000,000	\$ 10,000
Boiler and Machinery	21,245,000	5,000
Liability	20,000,000	5,000
Earthquake and Flood	20,000,000	100,000 or 5% of value of building
Auto Physical Damage	9,990,000	5,000
Workers' Compensation	2,000,000	5,000

CITY OF FORT BRAGG
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Participating members of REMIF do not have a refundable deposit, and no dividends are paid a refund in the Liability program was made in which the City received \$22,928. The annual premiums paid to REMIF in FY 2013/14 are as follows:

Insurance Program	Premium
Workers' Compensation	\$ 124,787
Liability	91,571
Earthquake and Flood	60,816
Property	25,019
Auto Physical Damage	5,195
Boiler and Machinery	2,604
	\$ 309,992

Claims paid by the City for the 2013/14 fiscal year:

Insurance Program	Claims
Workers' Compensation	\$ 275,921
Liability and Property	98,675
	\$ 374,596

H. Lease Obligations

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, 2014:

Fiscal Year Ended June 30,	Amount
2015	\$ 32,488
2016	32,648
2017	11,868
2018	3,858
Total	\$ 80,862

Capital Leases

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

CITY OF FORT BRAGG
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The City's future minimum lease payments and the net present value of future minimum lease payments at June 30, 2014, were as follows:

Fiscal year ended June 30,	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2015	\$ 147,569	\$ 126,565
2016	147,569	126,565
2017	147,569	126,565
2018	147,569	
2019	147,569	
2020	147,569	
Total minimum lease payments	<u>885,414</u>	<u>379,695</u>
Less: Amount representing interest	<u>(108,782)</u>	<u>(28,781)</u>
Present value of minimum lease payments	<u>\$ 776,632</u>	<u>\$ 350,914</u>

I. Long-Term Liabilities

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, 2014, the City's estimated liability for its share of landfill closure and post-closure care costs was \$1,582,175. This estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2014, 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).

2014 Water Revenue Refunding Bonds

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

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

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

Debt service requirements to maturity for the 2014 Water Revenue Refunding Bonds are presented on the following schedule:

Fiscal Year Ended June 30,	Principal	Interest	Total
2015	\$ 276,000	\$ 70,301	\$ 346,301
2016	268,000	78,090	346,090
2017	276,000	69,768	345,768
2018	284,000	61,200	345,200
2019	290,000	52,417	342,417
2020-2024	1,568,000	122,398	1,690,398
Totals	<u>\$ 2,962,000</u>	<u>\$ 454,174</u>	<u>\$ 3,416,174</u>

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 1st and April 1st. Principal is paid in annual installments commencing October 1, 1998, through the year 2018 in amounts ranging from \$25,000 through \$55,000. The outstanding principal balance as of June 30, 2014 was \$255,000.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2015	\$ 45,000	\$ 12,323	\$ 57,323
2016	50,000	9,805	59,805
2017	50,000	7,155	57,155
2018	55,000	4,372	59,372
2019	55,000	1,418	56,418
Totals	<u>\$ 255,000</u>	<u>\$ 35,073</u>	<u>\$ 290,073</u>

CITY OF FORT BRAGG
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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, 2014, the balance of the loan payable was \$968,622. Loan principal payments of \$53,538 are required semi-annually on January 1st and July 1st for twenty (20) years commencing January 1, 2007.

Debt service requirements to maturity for the SDWRL loan payable by the City are presented on the following schedule:

Fiscal Year	Principal
Ended June 30,	
2015	\$ 105,778
2016	105,778
2017	105,778
2018	105,778
2019	105,778
2020	105,778
2021	105,778
2022	105,778
2023	105,778
2024	105,778
2025	105,779
2026	105,779
Total payments	\$ 1,269,338
less: unamortized discount	(300,716)
Loans payable to SDWRL, net	<u>\$ 968,622</u>

California Energy Commission Loan

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

The outstanding principal balance of the loan at June 30, 2014 was \$43,900. As of June 30, 2014, the total amount of the loan has not been drawn-down by the City.

Changes in Long-term Liabilities

Changes in the City's long-term liabilities for the fiscal year ended June 30, 2014 are as follows:

	Balance at			Balance at	Due within
	July 1, 2013	Additions	Reductions	June 30, 2014	One year
Governmental activities:					
Capital lease	\$ 888,453	\$ -	\$ (111,821)	\$ 776,632	\$ 112,525
Landfill post-closure	1,319,169	263,006		1,582,175	
Compensated absences	506,758	405,211	(405,406)	506,563	506,563
CalPERS side fund	1,083,560		(40,212)	1,043,348	46,872
Postemployment benefits	1,038,220	519,138	(541,933)	1,015,425	
Governmental activities					
long-term liabilities	<u>\$ 4,836,160</u>	<u>\$ 1,187,355</u>	<u>\$ (1,099,372)</u>	<u>\$ 4,924,143</u>	<u>\$ 665,960</u>

CITY OF FORT BRAGG
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June 30, 2014

	<u>Balance at</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2014</u>	<u>Due within</u> <u>One year</u>
Business-type activities:					
Bonds payable:					
1998 Revenue Bond	\$ 300,000	\$ -	\$ (45,000)	\$ 255,000	\$ 45,000
2004 CSCDA	3,080,000		(3,080,000)		
2004 CSCDA premium	39,990		(39,990)		
2014 Water Revenue Refunding Bond		2,962,000		2,962,000	276,000
Loans payable:					
SDWRL	1,028,059		(59,437)	968,622	62,186
SDWRL discount	347,057		(46,341)	300,716	43,592
California energy commission		43,900		43,900	
Capital lease	456,820		(105,906)	350,914	111,353
Payable to successor agency trust fund	30,978		(15,445)	15,533	
Compensated absences	76,888	61,510	(61,510)	76,888	76,888
Business-type activities:					
long-term liabilities	<u>\$ 5,359,792</u>	<u>\$ 3,067,410</u>	<u>\$(3,453,629)</u>	<u>\$ 4,973,573</u>	<u>\$ 615,019</u>

J. Deferred Outflows of Resources

Accounting gains or losses resulting from advance refundings of long-term debt is deferred in accordance with GASB Statement No. 23 and No. 65. Deferred amounts on bond refundings are amortized over the shorter of the life of the new debt or refunded debt. The deferred loss on refunding balance at June 30, 2014 was \$39,303 and \$368,206 on the Statement of Net Position for governmental activities and business-type activities, respectively. The \$39,303 was related to the capital lease and the \$368,206 was related to the 2014 Water Revenue Refunding Bonds.

K. Fund Balance

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2014 are as follows:

Fund Balances	General Fund	CDBG Program Income Special Revenue Fund	Housing Successor Agency Special Revenue Fund	Special Sales Tax -			Nonmajor Governmental Funds	Total
				Street Repair Special Revenue Fund	FY 13/14 Street Structural Repairs Capital Projects Fund	FY 13/14 Street Resurfacing Capital Projects Fund		
Nonspendable:								
Advances	\$ 184,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,116
Inventory and Prepays	1,229							1,229
Total Nonspendable	185,345							185,345
Restricted for:								
Housing			396,655				159,094	555,749
Community Development		60,128					1,342,554	1,402,682
Streets and Roads				1,235,169		163,000	369,517	1,767,686
Public Safety							872,100	872,100
Total Restricted		60,128	396,655	1,235,169		163,000	2,743,265	4,598,217
Unassigned	4,434,365						(1,441,223)	2,993,142
Total Fund Balances	\$ 4,619,710	\$ 60,128	\$ 396,655	\$ 1,235,169	\$ -	\$ 163,000	\$ 1,302,042	\$ 7,776,704

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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:

A 20% 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 \$1.7 million for fiscal year ended June 30, 2014.

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.

L. Interfund Receivables and Payables

At June 30, 2014, 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:	Major governmental fund:	
C.V. Starr Center	General Fund	\$ 184,116

On May 9, 2012, the City approved an operating agreement with the Mendocino Coast Recreation and Park District (MCRPD District). The ownership of the C. V. Starr Center was transferred to the City. The MCRPD District accepted responsibility for the operation of the Center. At the time that the agreement was signed the Center was closed. The City advanced funds in the amount of \$244,604 to the MCRPD District (C.V. Starr Center fund) to pay for start-up costs of the Center. The Council approved a five year term for repayment of the loan. The payments are interest only for the first year and amortized for the next four years.

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. The following table details the amounts due to/from other funds:

	<u>Due To</u>	<u>Due From</u>
Governmental Funds:		
Major Fund		
General	\$ 1,468,400	\$ -
Nonmajor Funds - Special Revenue		
Safe Routes to School		155,830
Sustainable Communities Grant		35,667
COPS AB1913 Allocation		16,394
Prop 84 Grant - Coastal Trail		266,109
CalTrans North Coastal Trail Grant		693,579
EDBG Planning & Technology Grants		26,410
MCOG 2005 Main St. Planning		70,010
HMHIP Federal Grant		92,235
Noyo Center Land Acquisition Grant		916
MCOG Overall Work Program		311
Coastal Conservancy Grant		4,512
Noyo Center for Marine Sciences		3,786
HCD HOME Grant		288
Nonmajor Funds - Capital Projects		
Coastal Trail		95,978
Town Hall Remodel		6,375
Totals	<u>\$ 1,468,400</u>	<u>\$ 1,468,400</u>

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

M. Interfund Transfers

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.

The following table reflects transfer activity for the fiscal year ended June 30, 2014:

	Transfers In	Transfers Out
Major Governmental Funds:		
General	\$ 739,130	\$ 212,287
CDBG Program Income		27,192
Special Sales Tax Street Repair		161,719
FY 2013/14 Street Structural Repairs Capital Project	2,948	
FY 2013/14 Street Resurfacing Capital Project	90,203	
Major Proprietary Funds:		
Water Enterprise	22,602	
Wastewater Enterprise		21,260
Internal Service Fund	6,152	
Nonmajor Governmental Funds:		
General Plan Maintenance Fee		30,000
Parking		8,300
Parking in-Lieu Fees	8,300	
State Disability Access Fee		50
COPS AB 1913 Allocation		148,705
Bulletproof Vest Partnership Grant	5,000	
Prop 84 Grant - Coastal Trail		164,122
Asset Forfeiture		66,152
Waste Management Community Benefit Payment		45,000
Highway User Gasoline Taxes		231,899
Traffic & Safety		3,431
MCOG 2005 Main Street Planning	68,000	
Otis Johnson Park Capital Project Fund	13,660	
Coastal Trail Capital Project Fund	164,122	
	\$ 1,120,117	\$ 1,120,117

N. 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:

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Caspar Landfill

The City has joint powers agreement with the County of Mendocino for post-closure maintenance of the Casper 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.

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 on 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 1st to June 30th. However, in no case will either entity's share drop below 40%. During the current fiscal year ended June 30, 2014, the City paid \$370,495 under the terms of this agreement.

O. CONTINGENCIES

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. 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 anticipates such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. 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.

P. SUBSEQUENT EVENTS

On December 10, 2014, the Oversight Board to the Fort Bragg Redevelopment Successor Agency approved the issuance of the 2015 Tax Allocation Refunding Bonds to refund all or a portion of the 2004 Tax Allocation Bonds.

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2014, and through February 11, 2015, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Q. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$14,815 was made on the Statement of Activities – governmental activities for an understatement of accounts receivable of \$33,417 and an overstatement of deferred charges of (\$18,602) in the prior fiscal year.

A prior period adjustment of (\$102,264) was made on the Statement of Activities – business-type activities for an overstatement of deferred charges in the prior fiscal year. This was a result of the implementation of GASB Statement No. 65.

A prior period adjustment of (\$85,386) was made in the Water Fund for an overstatement of deferred charges in the prior fiscal year. This was a result of the implementation of GASB Statement No. 65.

A prior period adjustment of (\$16,878) was made in the Sewer Fund for an overstatement of deferred charges in the prior fiscal year. This was a result of the implementation of GASB Statement No. 65.

A prior period adjustment of (\$114,628) was made in the Successor Agency Private-Purpose Trust Fund for an overstatement of accounts receivable of (\$33,417) and an overstatement of deferred charges of (\$81,211) in the prior fiscal year.

NOTE V – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

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

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

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

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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

2004 Tax Allocation Bonds

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

The 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, 2014 was \$4,005,000.

The scheduled annual minimum debt service requirement at June 30, 2014 is as follows:

Fiscal Year	Principal	Interest	Total
Ending June 30,			
2015	\$ 95,000	\$ 217,915	\$ 312,915
2016	100,000	212,880	312,880
2017	100,000	207,580	307,580
2018	110,000	202,280	312,280
2019	110,000	196,450	306,450
2020-2024	665,000	886,322	1,551,322
2025-2029	860,000	687,228	1,547,228
2030-2034	1,125,000	423,778	1,548,778
2035-2037	840,000	94,021	934,021
	<u>\$ 4,005,000</u>	<u>\$ 3,128,454</u>	<u>\$ 7,133,454</u>

	Balance at		Balance at	Due within
	July 1, 2013	Additions	Reductions	June 30, 2014
				One year
2004 Tax Allocation	\$ 4,095,000	\$ -	\$ (90,000)	\$ 4,005,000
2004 Tax Allocation Premium	(76,362)		3,204	(73,158)
	<u>\$ 4,018,638</u>	<u>\$ -</u>	<u>\$ (86,796)</u>	<u>\$ 3,931,842</u>
				<u>\$ 91,796</u>

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

On December 10, 2014, the Oversight Board to the Fort Bragg Redevelopment Successor Agency approved the issuance of the 2015 Tax Allocation Refunding Bonds to refund all or a portion of the 2004 Tax Allocation Bonds.

Receivable and Payable to the City of Fort Bragg

<u>Fund Receiving Advance</u>	<u>Fund Making Advance</u>	<u>Amount</u>
Major proprietary fund:	Fiduciary fund:	
Wastewater Enterprise	Successor Agency Trust Fund	<u>\$ 15,533</u>
Fiduciary fund:	Major governmental fund:	
Successor Agency Trust Fund	Housing Successor Special Revenue Fund	<u>\$ 396,655</u>

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

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

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Required Supplementary Information

CITY OF FORT BRAGG
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

Other Postemployment Benefits

Schedule of Funding Progress

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

**CITY OF FORT BRAGG
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<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	\$ 836,750	\$ 836,750	\$ 894,217	\$ 57,467
Sales and use taxes	1,700,500	1,700,500	1,625,916	(74,584)
Transient occupancy taxes	1,507,500	1,507,500	1,667,580	160,080
Franchise taxes	469,000	469,000	496,423	27,423
Other	16,000	16,000	21,051	5,051
Intergovernmental	121,542	121,542	76,752	(44,790)
Charges for current services	2,796,754	2,796,754	2,872,945	76,191
Fines, forfeitures, and penalties	9,700	9,700	27,871	18,171
Use of money and property	22,500	22,500	16,284	(6,216)
Licenses and permits	256,700	256,700	233,793	(22,907)
Other	145,850	145,850	178,035	32,185
Total Revenues	<u>7,882,796</u>	<u>7,882,796</u>	<u>8,110,867</u>	<u>228,071</u>
Expenditures				
Current				
General Government				
City council	158,599	158,599	138,868	19,731
City attorney	310,000	414,615	278,031	136,584
City manager	438,029	571,774	575,386	(3,612)
City clerk	197,384	197,384	195,178	2,206
Finance	406,262	406,262	361,701	44,561
Total General Government	<u>1,510,274</u>	<u>1,748,634</u>	<u>1,549,164</u>	<u>199,470</u>
Public Safety				
Operations	2,601,658	2,601,658	2,573,148	28,510
Administration	628,704	631,729	638,839	(7,110)
Fire	376,800	376,800	372,461	4,339
Total Public Safety	<u>3,607,162</u>	<u>3,610,187</u>	<u>3,584,448</u>	<u>25,739</u>
Public Works				
Engineering	697,116	707,741	580,155	127,586
Streets	226,811	242,349	164,985	77,364
Storm drains	59,667	59,667	16,986	42,681
Corporation yard	585,877	591,967	567,791	24,176
Parks and facilities	146,986	182,986	180,076	2,910
Total Public Works	<u>1,716,457</u>	<u>1,784,710</u>	<u>1,509,993</u>	<u>274,717</u>

(Continued)

**CITY OF FORT BRAGG
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
Community Development				
Non-departmental	\$ 921,296	\$ 946,094	\$ 894,862	\$ 51,232
Community development	432,410	444,628	387,903	56,725
Community organizations	27,016	27,016	7,016	20,000
Promotion committee	62,143	62,143	62,437	(294)
Caspar landfill and transfer station	90,180	90,180	85,623	4,557
Total Community Development	<u>1,533,045</u>	<u>1,570,061</u>	<u>1,437,841</u>	<u>132,220</u>
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>76,836</u>	<u>(1,836)</u>
Debt service				
Principal	111,850	111,850	111,821	29
Interest	35,730	35,730	35,748	(18)
Total Debt Service	<u>147,580</u>	<u>147,580</u>	<u>147,569</u>	<u>11</u>
Total Expenditures	<u>8,589,518</u>	<u>8,936,172</u>	<u>8,305,851</u>	<u>630,321</u>
Excess (Deficit) of Revenues over Expenditures	<u>(706,722)</u>	<u>(1,053,376)</u>	<u>(194,984)</u>	<u>858,392</u>
Other Financing Sources (Uses)				
Transfers in	483,000	483,000	739,130	256,130
Transfers out		(55,500)	(212,287)	(156,787)
Total Other Financing Sources (Uses)	<u>483,000</u>	<u>427,500</u>	<u>526,843</u>	<u>99,343</u>
Net Changes in Fund Balance	<u>(223,722)</u>	<u>(625,876)</u>	<u>331,859</u>	<u>957,735</u>
Fund Balance, Beginning of Fiscal Year	4,254,434	4,254,434	4,254,434	
Prior Period Adjustment			33,417	33,417
Fund Balance, Beginning of Fiscal Year, Restated	<u>4,254,434</u>	<u>4,254,434</u>	<u>4,287,851</u>	<u>33,417</u>
Fund Balance, End of Fiscal Year	<u>\$ 4,030,712</u>	<u>\$ 3,628,558</u>	<u>\$ 4,619,710</u>	<u>\$ 991,152</u>

CITY OF FORT BRAGG
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Program income	\$ -	\$ -	\$ 45,875	\$ 45,875
Use of money and property	1,000	1,000	6,727	5,727
Total Revenues	1,000	1,000	52,602	51,602
Expenditures				
Current				
Community development			12,379	(12,379)
Total Expenditures			12,379	(12,379)
Excess (Deficit) of Revenues over Expenditures	1,000	1,000	40,223	39,223
Other Financing Sources (Uses)				
Transfers out			(27,192)	(27,192)
Total Other Financing Sources (Uses)			(27,192)	(27,192)
Net Changes in Fund Balance	1,000	1,000	13,031	12,031
Fund Balance, Beginning of Fiscal Year		47,097	47,097	
Fund Balance, End of Fiscal Year	<u>\$ 1,000</u>	<u>\$ 48,097</u>	<u>\$ 60,128</u>	<u>\$ 12,031</u>

**CITY OF FORT BRAGG
HOUSING SUCCESSOR AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
Community development	\$ -	\$ -	\$ -	\$ -
Total Expenditures				
Excess (Deficit) of Revenues over Expenditures				
Other Financing Sources (Uses)				
Transfers out	(14,487)	(14,487)		14,487
Total Other Financing Sources (Uses)	(14,487)	(14,487)		(14,487)
Net Changes in Fund Balance	(14,487)	(14,487)		(14,487)
Fund Balance, Beginning of Fiscal Year	396,655	396,655	396,655	
Fund Balance, End of Fiscal Year	<u>\$ 382,168</u>	<u>\$ 382,168</u>	<u>\$ 396,655</u>	<u>\$ (14,487)</u>

CITY OF FORT BRAGG
SPECIAL SALES TAX - STREET REPAIR
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Sales tax	\$ 780,000	\$ 780,000	\$ 819,145	\$ 39,145
Use of money and property	7,500	7,500	5,667	(1,833)
Total Revenues	<u>787,500</u>	<u>787,500</u>	<u>824,812</u>	<u>37,312</u>
Expenditures				
Current:				
Public works		23,645	1,529	22,116
Total Expenditures		<u>23,645</u>	<u>1,529</u>	<u>22,116</u>
Excess (Deficit) of Revenues over Expenditures	<u>787,500</u>	<u>763,855</u>	<u>823,283</u>	<u>59,428</u>
Other Financing Sources (Uses)				
Transfers out	<u>(390,000)</u>	<u>(573,860)</u>	<u>(161,719)</u>	<u>412,141</u>
Total Other Financing Sources (Uses)	<u>(390,000)</u>	<u>(573,860)</u>	<u>(161,719)</u>	<u>412,141</u>
Net Changes in Fund Balance	397,500	189,995	661,564	471,569
Fund Balance, Beginning of Fiscal Year	<u>573,605</u>	<u>573,605</u>	<u>573,605</u>	
Fund Balance, End of Fiscal Year	<u>\$ 971,105</u>	<u>\$ 763,600</u>	<u>\$ 1,235,169</u>	<u>\$ 471,569</u>



Other Supplemental Information

CITY OF FORT BRAGG
FY 13/14 STREET STRUCTURAL REPAIRS PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ -	\$ -	\$ -
Total Revenues			
Expenditures			
Capital outlay	92,475	16,020	76,455
Total Expenditures	92,475	16,020	76,455
Excess (Deficit) of Revenues over Expenditures	(92,475)	(16,020)	76,455
Other Financing Sources (Uses)			
Transfers in	84,135	2,948	(81,187)
Total Other Financing Sources (Uses)	84,135	2,948	(81,187)
Net Changes in Fund Balance	(8,340)	(13,072)	(4,732)
Fund Balance, Beginning of Fiscal Year	13,072	13,072	
Fund Balance, End of Fiscal Year	\$ 4,732	\$ -	\$ (4,732)

CITY OF FORT BRAGG
FY 13/14 STREET RESURFACING PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ 163,000	\$ 163,000	\$ -
Total Revenues	<u>163,000</u>	<u>163,000</u>	
Expenditures			
Capital outlay	<u>1,582,112</u>	<u>1,271,923</u>	<u>310,189</u>
Total Expenditures	<u>1,582,112</u>	<u>1,271,923</u>	<u>310,189</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,419,112)</u>	<u>(1,108,923)</u>	<u>310,189</u>
Other Financing Sources (Uses)			
Transfers in	<u>411,725</u>	<u>90,203</u>	<u>(321,522)</u>
Total Other Financing Sources (Uses)	<u>411,725</u>	<u>90,203</u>	<u>(321,522)</u>
Net Changes in Fund Balance	(1,007,387)	(1,018,720)	(11,333)
Fund Balance, Beginning of Fiscal Year	<u>1,181,720</u>	<u>1,181,720</u>	
Fund Balance, End of Fiscal Year	<u>\$ 174,333</u>	<u>\$ 163,000</u>	<u>\$ (11,333)</u>

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.

State Tobacco License Fee To account for funds received for the annual Tobacco Retail License to cover costs associated with administration of the licensing program and compliance checks.

State Disability Access Fee To account for funds received under California SB-1186 which mandates a state fee of \$1 on any applicant for or renewal of a local business license. The purpose is to increase disability access and compliance with construction-related accessibility requirements and to develop educational resources for businesses in order to facilitate compliance with federal and state disability laws. .

Safe Routes to School To account for a federal grant providing funding to improve the conditions and quality of bicycling and walking to school, as well as to educate the community about safety, health and environmental benefits of non-vehicular transport.

Community Development Block Grant Funds The Community Development Block Grant (CDBG/EBGB/STBG/HMHIP) program enables local government to undertake a wide range of activities intended to create suitable living environments, provide decent affordable house, and create economic opportunities, primarily for persons of low and moderate income.

Sustainable Communities Grant To account for monies received from Prop 84 Funds to complete the City's Climate Action Plan and a Sustainability Element for the General Plan.

Mendocino Council of Governments (MCOG) Overall Work Program (OWP) Grants To account for local transportation funds awarded for transportation planning and technical assistance.

COPS AB1913 To account for monies received from the State or law enforcement services under the Citizens Option for Public Safety (COPS) Program 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.

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. The funds are used solely to support law enforcement purposes.

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.

Construction/Demolition Ordinance Revenue To account for revenue received from construction/demolition permits. The funds will be used to improve construction and demolition waste recycling facilities, education, and programs within the City.

Waste Management Community Benefit Payment To account for contract extension fee received from Waste Management.

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.

Stp D1 Streets & Highways Allocation To account for the City’s share of highways users’ tax revenues that are legally restricted to the planning, construction, improvement, maintenance and operation of City roads and streets.

Traffic & Safety To account for the revenue received from traffic fines which is restricted to City street repairs and traffic safety.

Mendocino Council of Governments (MCOG) Funds To account for monies received from the Mendocino Council of Governments (MCOG), a joint powers agency that serves as the Regional Transportation Planning Agency in Mendocino County for various projects including the Main Street Realignment and Cedar Street Pedestrian Enhancement projects.

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

HMHIP Federal Grant Fund To account for Federal Community Development Block Grant funds received from the State of California to be used for the Homeless and Mental Health Intervention Program.

Noyo Center Land Acquisiton To account for monies received from the Coastal Conservancy for the acquisition of the Noyo Center Land on the former Georgia Pacific Mill site.

Franklin Steet Intersection Evaluation To account for monies received from the Mendocino Council of Governments (MCOG) for traffic evaluation on Franklin Street.

North Coast Integrated Water Management Grant To account for funds received from the State of California for the Waterfall Gulch Raw Water Line Replacement project.

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

Novo Center for Marine Sciences To account for monies received from the California State Coastal Conservancy and the California Coastal Commission for the establishment of the Noyo Center for Marine Sciences.

State Parks Prop 84 Grant To account for monies received from the State of California for construction of the Fort Bragg Coastal Restoration and Trail project.

CalTrans Federal Funding Grants To account for Federal funds received from Cal Trans to be used in the construction of the Chestnut Street Multi-Use Trail.

HCD HOME Grant To account for Federal Funding to be used to re-establish a Housing Rehabilitation Loan program for qualified low- and moderate-income homeowners.

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Total Special Revenue Funds	Total Capital Projects Funds	Totals
Assets:			
Cash and investments	\$ 2,700,275	\$ 14,590	\$ 2,714,865
Receivables:			
Accounts	676,452		676,452
Total Assets	\$ 3,376,727	\$ 14,590	\$ 3,391,317
 Liabilities:			
Accounts payable	\$ 72,988	\$ 39,866	\$ 112,854
Due to other funds	1,366,047	102,353	1,468,400
Unearned revenue		8,076	8,076
Total Liabilities	1,439,035	150,295	1,589,330
 Deferred Inflows of Resources:			
Unearned revenue - intergovernmental	499,945		499,945
Total Deferred Inflows of Resources	499,945		499,945
 Fund Balances:			
Restricted	2,737,651	5,614	2,743,265
Unassigned	(1,299,904)	(141,319)	(1,441,223)
Total Fund Balances (Deficits)	1,437,747	(135,705)	1,302,042
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,376,727	\$ 14,590	\$ 3,391,317

CITY OF FORT BRAGG
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Total Special Revenue Funds	Total Capital Projects Funds	Totals
Revenues			
Taxes and assessments	\$ 285,405	\$ -	\$ 285,405
Use of money and property	9,643		9,643
Intergovernmental	2,667,893	38,370	2,706,263
Charges for current services	34,060		34,060
Other	14,879	14,000	28,879
	<u>3,011,880</u>	<u>52,370</u>	<u>3,064,250</u>
Total Revenues			
Expenditures			
Current			
Public safety	244,279		244,279
Public works	83,085		83,085
Community development	1,760,305	249,532	2,009,837
Capital outlay	1,002,947	62,907	1,065,854
	<u>3,090,616</u>	<u>312,439</u>	<u>3,403,055</u>
Total Expenditures			
Excess (Deficit) of Revenues over Expenditures	<u>(78,736)</u>	<u>(260,069)</u>	<u>(338,805)</u>
Other Financing Sources (Uses)			
Transfers in	81,300	177,782	259,082
Transfers out	<u>(697,659)</u>		<u>(697,659)</u>
Total Other Financing Sources (Uses)	<u>(616,359)</u>	<u>177,782</u>	<u>(438,577)</u>
Net Changes in Fund Balances	(695,095)	(82,287)	(777,382)
Fund Balances (Deficits), Beginning of Fiscal Year	<u>2,132,842</u>	<u>(53,418)</u>	<u>2,079,424</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 1,437,747</u>	<u>\$ (135,705)</u>	<u>\$ 1,302,042</u>

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General Plan Maintenance Fee</u>	<u>Housing Trust</u>	<u>Parking</u>	<u>Parking In Lieu Fees</u>	<u>Parkland Monitoring/ Reporting</u>	<u>State Tobacco License Fee</u>	<u>State Disability Access Fee</u>
Assets							
Cash and investments	\$ 201,158	\$ 92,248	\$55,874	\$ 36	\$ 122,686	\$ 5,490	\$ 1,591
Receivables: Accounts							
Total Assets	<u>\$ 201,158</u>	<u>\$ 92,248</u>	<u>\$55,874</u>	<u>\$ 36</u>	<u>\$ 122,686</u>	<u>\$ 5,490</u>	<u>\$ 1,591</u>
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 495
Due to other funds							
Total Liabilities							<u>495</u>
Deferred Inflows of Resources:							
Unearned revenue - intergovernmental							
Total Deferred Inflows of Resources							
Fund Balances:							
Restricted	201,158	92,248	55,874	36	122,686	5,490	1,096
Unassigned							
Total Fund Balances (Deficits)	<u>201,158</u>	<u>92,248</u>	<u>55,874</u>	<u>36</u>	<u>122,686</u>	<u>5,490</u>	<u>1,096</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 201,158</u>	<u>\$ 92,248</u>	<u>\$55,874</u>	<u>\$ 36</u>	<u>\$ 122,686</u>	<u>\$ 5,490</u>	<u>\$ 1,591</u>

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>Safe Routes To School</u>	<u>CDBG Unclassified Program Income</u>	<u>Sustainable Comm Grant</u>	<u>OWP Grants</u>	<u>COPS AB1913 Allocation</u>	<u>Bulletproof Vest Partnership Grant</u>	<u>Prop 84 Grant - Coastal Trail</u>
Assets							
Cash and investments	\$ -	\$ 19,805	\$ -	\$ 364	\$ -	\$ 653	\$ -
Receivables:							
Accounts	111,902			604	16,394		
Total Assets	<u>\$ 111,902</u>	<u>\$ 19,805</u>	<u>\$ -</u>	<u>\$ 968</u>	<u>\$ 16,394</u>	<u>\$ 653</u>	<u>\$ -</u>
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,031	\$ 800
Due to other funds	155,830		35,667		16,394		266,109
Total Liabilities	<u>155,830</u>		<u>35,667</u>		<u>16,394</u>	<u>2,031</u>	<u>266,909</u>
Deferred Inflows of Resources:							
Unearned revenue - intergovernmental							
Total Deferred Inflows of Resources							
Fund Balances:							
Restricted		19,805		968			
Unassigned	(43,928)		(35,667)			(1,378)	(266,909)
Total Fund Balances (Deficits)	<u>(43,928)</u>	<u>19,805</u>	<u>(35,667)</u>	<u>968</u>		<u>(1,378)</u>	<u>(266,909)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 111,902</u>	<u>\$ 19,805</u>	<u>\$ -</u>	<u>\$ 968</u>	<u>\$ 16,394</u>	<u>\$ 653</u>	<u>\$ -</u>

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	CalTrans Planning Grant	STBG Housing Rehabilitation Grant	CDBG General Allocation Grants	CalTrans North Coastal Trail Grant	EDBG Planning and Technology Grants	CDBG Enterprise	Asset Forfeiture
Assets							
Cash and investments	\$ 3,458	\$ 66,846	\$ 14,488	\$ -	\$ -	\$ 25,302	\$ 672,558
Receivables:							
Accounts							
Total Assets	<u>\$ 3,458</u>	<u>\$ 66,846</u>	<u>\$ 14,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,302</u>	<u>\$ 672,558</u>
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,687
Due to other funds				693,579	26,410		
Total Liabilities				<u>693,579</u>	<u>26,410</u>		<u>9,687</u>
Deferred Inflows of Resources:							
Unearned revenue - intergovernmental							
Total Deferred Inflows of Resources							
Fund Balances:							
Restricted	3,458	66,846	14,488			25,302	662,871
Unassigned				(693,579)	(26,410)		
Total Fund Balances (Deficits)	<u>3,458</u>	<u>66,846</u>	<u>14,488</u>	<u>(693,579)</u>	<u>(26,410)</u>	<u>25,302</u>	<u>662,871</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,458</u>	<u>\$ 66,846</u>	<u>\$ 14,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,302</u>	<u>\$ 672,558</u>

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	CDBG Planning and Technology Grants	Bicycle Transportation Grant	Construction/ Demolition Ordinance Revenue	Waste Management Community Benefit Pymt	Highway User Gasoline Taxes	Stp D1 Streets & Highways Allocation	Traffic & Safety
Assets							
Cash and investments	\$ 1	\$ 10,051	\$ 40,955	\$ 305,000	\$ 5,308	\$ 301,682	\$ 53
Receivables:							
Accounts					33,906		1,567
Total Assets	<u>\$ 1</u>	<u>\$ 10,051</u>	<u>\$ 40,955</u>	<u>\$ 305,000</u>	<u>\$ 39,214</u>	<u>\$ 301,682</u>	<u>\$ 1,620</u>
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds							
Total Liabilities							
Deferred Inflows of Resources:							
Unearned revenue - intergovernmental							
Total Deferred Inflows of Resources							
Fund Balances:							
Restricted	1	10,051	40,955	305,000	39,214	301,682	1,620
Unassigned							
Total Fund Balances (Deficits)	<u>1</u>	<u>10,051</u>	<u>40,955</u>	<u>305,000</u>	<u>39,214</u>	<u>301,682</u>	<u>1,620</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1</u>	<u>\$ 10,051</u>	<u>\$ 40,955</u>	<u>\$ 305,000</u>	<u>\$ 39,214</u>	<u>\$ 301,682</u>	<u>\$ 1,620</u>

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>MCOG 2005 Main St Planning</u>	<u>Fire Equipment</u>	<u>HMHIP Federal Grant</u>	<u>Noyo Center Land Acquisition Grant</u>	<u>MCOG Overall Work Program</u>	<u>Franklin Street Intersection Evaluation</u>	<u>North Coast Integrated Water Management</u>
Assets							
Cash and investments	\$ -	\$ 143,732	\$ -	\$ -	\$ -	\$ 3,391	\$ -
Receivables:							
Accounts		3,001	141,571				99,034
Total Assets	<u>\$ -</u>	<u>\$ 146,733</u>	<u>\$141,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,391</u>	<u>\$ 99,034</u>
Liabilities:							
Accounts payable	\$ 4,444	\$ -	\$ 55,333	\$ -	\$ -	\$ -	\$ -
Due to other funds	70,010		92,235	916	311		
Total Liabilities	<u>74,454</u>		<u>147,568</u>	<u>916</u>	<u>311</u>		
Deferred Inflows of Resources:							
Unearned revenue - intergovernmental			141,571				99,034
Total Deferred Inflows of Resources			<u>141,571</u>				<u>99,034</u>
Fund Balances:							
Restricted		146,733				3,391	
Unassigned	<u>(74,454)</u>		<u>(147,568)</u>	<u>(916)</u>	<u>(311)</u>		
Total Fund Balances (Deficits)	<u>(74,454)</u>	<u>146,733</u>	<u>(147,568)</u>	<u>(916)</u>	<u>(311)</u>	<u>3,391</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 146,733</u>	<u>\$141,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,391</u>	<u>\$ 99,034</u>

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Coastal Conservancy Grant	Noyo Center for Marine Sciences	State Parks Prop 84 Grant	Cal Trans Federal Funding Grants	HCD HOME Grant	Totals
Assets						
Cash and investments	\$ -	\$ -	\$ 607,545	\$ -	\$ -	\$ 2,700,275
Receivables:						
Accounts	122,221		137,119	9,133		676,452
Total Assets	<u>\$ 122,221</u>	<u>\$ -</u>	<u>\$ 744,664</u>	<u>\$ 9,133</u>	<u>\$ -</u>	<u>\$ 3,376,727</u>
Liabilities:						
Accounts payable	\$ -	\$ 198	\$ -	\$ -	\$ -	\$ 72,988
Due to other funds	4,512	3,786			288	1,366,047
Total Liabilities	<u>4,512</u>	<u>3,984</u>			<u>288</u>	<u>1,439,035</u>
Deferred Inflows of Resources:						
Unearned revenue - intergovernmental	122,221		137,119			499,945
Total Deferred Inflows of Resources	<u>122,221</u>		<u>137,119</u>			<u>499,945</u>
Fund Balances:						
Restricted			607,545	9,133		2,737,651
Unassigned	(4,512)	(3,984)			(288)	(1,299,904)
Total Fund Balances (Deficits)	<u>(4,512)</u>	<u>(3,984)</u>	<u>607,545</u>	<u>9,133</u>	<u>(288)</u>	<u>1,437,747</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 122,221</u>	<u>\$ -</u>	<u>\$ 744,664</u>	<u>\$ 9,133</u>	<u>\$ -</u>	<u>\$ 3,376,727</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, 2014

	<u>General Plan Maintenance Fee</u>	<u>Housing Trust</u>	<u>Parking</u>	<u>Parking In Lieu Fees</u>	<u>Parkland Monitoring/ Reporting</u>	<u>State Tobacco License Fee</u>	<u>State Disability Access Fee</u>
Revenues							
Taxes							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other							
Use of money and property	1,496	620	443		885		
Intergovernmental							
Charges for current services	28,961						
Other						2,745	1,154
Total Revenues	<u>30,457</u>	<u>620</u>	<u>443</u>		<u>885</u>	<u>2,745</u>	<u>1,154</u>
Expenditures							
Current							
Public safety							
Public works							8
Community development				8,104			
Capital outlay							
Total Expenditures				<u>8,104</u>			<u>8</u>
Excess (Deficit) of Revenues over Expenditures	<u>30,457</u>	<u>620</u>	<u>443</u>	<u>(8,104)</u>	<u>885</u>	<u>2,745</u>	<u>1,146</u>
Other Financing Sources (Uses)							
Transfers in				8,300			
Transfers out	<u>(30,000)</u>		<u>(8,300)</u>				<u>(50)</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>		<u>(8,300)</u>	<u>8,300</u>			<u>(50)</u>
Net Change in Fund Balances	457	620	(7,857)	196	885	2,745	1,096
Fund Balances (Deficits), Beginning of Fiscal Year	<u>200,701</u>	<u>91,628</u>	<u>63,731</u>	<u>(160)</u>	<u>121,801</u>	<u>2,745</u>	
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 201,158</u>	<u>\$ 92,248</u>	<u>\$ 55,874</u>	<u>\$ 36</u>	<u>\$ 122,686</u>	<u>\$ 5,490</u>	<u>\$ 1,096</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, 2014

	<u>Safe Routes To School</u>	<u>CDBG Unclassified Program Income</u>	<u>Sustainable Comm Grant</u>	<u>OWP Grants</u>	<u>COPS AB1913 Allocation</u>	<u>Bulletproof Vest Partnership Grant</u>	<u>Prop 84 Grant - Coastal Trail</u>
Revenues							
Taxes							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other							
Use of money and property							
Intergovernmental	704,510			604	112,496	4,508	
Charges for current services							
Other							
Total Revenues	<u>704,510</u>			<u>604</u>	<u>112,496</u>	<u>4,508</u>	
Expenditures							
Current							
Public safety							
Public works							
Community development				20		8,987	75,260
Capital outlay	<u>720,087</u>						
Total Expenditures	<u>720,087</u>			<u>20</u>		<u>8,987</u>	<u>75,260</u>
Excess (Deficit) of Revenues over Expenditures	<u>(15,577)</u>			<u>584</u>	<u>112,496</u>	<u>(4,479)</u>	<u>(75,260)</u>
Other Financing Sources (Uses)							
Transfers in						5,000	
Transfers out					<u>(148,705)</u>		<u>(164,122)</u>
Total Other Financing Sources (Uses)					<u>(148,705)</u>	<u>5,000</u>	<u>(164,122)</u>
Net Change in Fund Balances	(15,577)			584	(36,209)	521	(239,382)
Fund Balances (Deficits), Beginning of Fiscal Year	<u>(28,351)</u>	<u>19,805</u>	<u>(35,667)</u>	<u>384</u>	<u>36,209</u>	<u>(1,899)</u>	<u>(27,527)</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ (43,928)</u>	<u>\$ 19,805</u>	<u>\$ (35,667)</u>	<u>\$ 968</u>	<u>\$ -</u>	<u>\$ (1,378)</u>	<u>\$ (266,909)</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, 2014

	<u>CalTrans Planning Grant</u>	<u>STBG Housing Rehabilitation Grant</u>	<u>CDBG General Allocation Grants</u>	<u>CalTrans North Coastal Trail Grant</u>	<u>EDBG Planning and Technology Grants</u>	<u>CDBG Enterprise</u>	<u>Asset Forfeiture</u>
Revenues							
Taxes							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other							
Use of money and property							4,516
Intergovernmental					21,328		107,207
Charges for current services							
Other							
Total Revenues					21,328		111,723
Expenditures							
Current							
Public safety							50,479
Public works							
Community development				725,567	9,889		
Capital outlay							5,860
Total Expenditures				725,567	9,889		56,339
Excess (Deficit) of Revenues over Expenditures				(725,567)	11,439		55,384
Other Financing Sources (Uses)							
Transfers in							
Transfers out							(66,152)
Total Other Financing Sources (Uses)							(66,152)
Net Change in Fund Balances				(725,567)	11,439		(10,768)
Fund Balances (Deficits), Beginning of Fiscal Year	3,458	66,846	14,488	31,988	(37,849)	25,302	673,639
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 3,458</u>	<u>\$ 66,846</u>	<u>\$ 14,488</u>	<u>\$ (693,579)</u>	<u>\$ (26,410)</u>	<u>\$ 25,302</u>	<u>\$ 662,871</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, 2014

	<u>CDBG Planning and Technology Grants</u>	<u>Bicycle Transportation Grant</u>	<u>Construction/ Demolition Ordinance Revenue</u>	<u>Waste Management Community Benefit Pymt</u>	<u>Highway User Gasoline Taxes</u>	<u>Stp D1 Streets & Highways Allocation</u>	<u>Traffic & Safety</u>
Revenues							
Taxes							
Property	\$ -	\$ -	\$ -	\$ -	\$ 5,230	\$ -	\$ -
Other					236,604		
Use of money and property			266				
Intergovernmental	203						
Charges for current services					5,099		
Other			5,982				4,998
Total Revenues	<u>203</u>		<u>6,248</u>		<u>246,933</u>		<u>4,998</u>
Expenditures							
Current							
Public safety							
Public works							
Community development	162						
Capital outlay							
Total Expenditures	<u>162</u>						
Excess (Deficit) of Revenues over Expenditures	<u>41</u>		<u>6,248</u>		<u>246,933</u>		<u>4,998</u>
Other Financing Sources (Uses)							
Transfers in							
Transfers out				(45,000)	(231,899)		(3,431)
Total Other Financing Sources (Uses)				<u>(45,000)</u>	<u>(231,899)</u>		<u>(3,431)</u>
Net Change in Fund Balances	41		6,248	(45,000)	15,034		1,567
Fund Balances (Deficits), Beginning of Fiscal Year	(40)	10,051	34,707	350,000	24,180	301,682	53
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 1</u>	<u>\$ 10,051</u>	<u>\$ 40,955</u>	<u>\$ 305,000</u>	<u>\$ 39,214</u>	<u>\$ 301,682</u>	<u>\$ 1,620</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, 2014

	MCOG 2005 Main St Planning	Fire Equipment	HMHIP Federal Grant	Noyo Center Land Acquisition Grant	MCOG Overall Work Program	Franklin Street Intersection Evaluation	North Coast Integrated Water Management
Revenues							
Taxes							
Property	\$ -	\$ 43,571	\$ -	\$ -	\$ -	\$ -	\$ -
Other							
Use of money and property		1,417					
Intergovernmental			802,512	277,000	20,847		
Charges for current services							
Other							
Total Revenues		44,988	802,512	277,000	20,847		
Expenditures							
Current							
Public safety		193,800					
Public works	83,077						
Community development			896,574	5,800	21,158		
Capital outlay				277,000			
Total Expenditures	83,077	193,800	896,574	282,800	21,158		
Excess (Deficit) of Revenues over Expenditures	(83,077)	(148,812)	(94,062)	(5,800)	(311)		
Other Financing Sources (Uses)							
Transfers in	68,000						
Transfers out							
Total Other Financing Sources (Uses)	68,000						
Net Change in Fund Balances	(15,077)	(148,812)	(94,062)	(5,800)	(311)		
Fund Balances (Deficits), Beginning of Fiscal Year	(59,377)	295,545	(53,506)	4,884		3,391	
Fund Balances (Deficits), End of Fiscal Year	<u>\$ (74,454)</u>	<u>\$ 146,733</u>	<u>\$ (147,568)</u>	<u>\$ (916)</u>	<u>\$ (311)</u>	<u>\$ 3,391</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, 2014

	<u>Coastal Conservancy Grant</u>	<u>Noyo Center for Marine Sciences</u>	<u>State Parks Prop 84 Grant</u>	<u>Cal Trans Federal Funding Grants</u>	<u>HCD HOME Grant</u>	<u>Totals</u>
Revenues						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,801
Other						236,604
Use of money and property						9,643
Intergovernmental			607,545	9,133		2,667,893
Charges for current services						34,060
Other						14,879
Total Revenues			607,545	9,133		3,011,880
Expenditures						
Current						
Public safety						244,279
Public works						83,085
Community development	4,512	3,984			288	1,760,305
Capital outlay						1,002,947
Total Expenditures	4,512	3,984			288	3,090,616
Excess (Deficit) of Revenues over Expenditures	(4,512)	(3,984)	607,545	9,133	(288)	(78,736)
Other Financing Sources (Uses)						
Transfers in						81,300
Transfers out						(697,659)
Total Other Financing Sources (Uses)						(616,359)
Net Change in Fund Balances	(4,512)	(3,984)	607,545	9,133	(288)	(695,095)
Fund Balances (Deficits), Beginning of Fiscal Year						2,132,842
Fund Balances (Deficits), End of Fiscal Year	\$ (4,512)	\$ (3,984)	\$ 607,545	\$ 9,133	\$ (288)	\$ 1,437,747

CITY OF FORT BRAGG

Nonmajor Governmental Funds

Capital Project Funds

Capital Project Funds account for major capital expenditures such as the construction of park facilities, water and wastewater facilities, and street projects other than those financed by the proprietary fund types. 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 sources. The City's nonmajor capital project funds include the following:

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

Skate Park Phase III To account for funds received for completion of additional features in the Fort Bragg Skate Park.

Coastal Trail To account for the cost of construction the Coastal Trail on the former Georgia Pacific mill site.

Noyo Center for Marine Sciences To account for monies used in the establishment of the Noyo Center for Marine Sciences. Funding provided by the California State Coastal Conservancy, the California Coastal Commission and the City of Fort Bragg General Fund.

Town Hall Remodel To account for the cost of construction of interior improvements made to Town Hall. Project funding provided by the City of Fort Bragg General Fund, Water Enterprise Fund, Wastewater Enterprise Fund and Waste Management Community Benefit Fund.

Chestnut Street To account for monies received from Cal Trans to be used in the construction of the Chestnut Street Multi-Use Trail.

**CITY OF FORT BRAGG
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014**

	Otis Johnson Park	Skate Park Phase III	Coastal Trail	Noyo Center for Marine Sciences	Town Hall Remodel	Chestnut Street Multi Use Trail	Totals
Assets							
Cash and investments	\$ 10,620	\$ 413	\$ -	\$ 3,557	\$ -	\$ -	\$ 14,590
Total Assets	<u>\$ 10,620</u>	<u>\$ 413</u>	<u>\$ -</u>	<u>\$ 3,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,590</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 27,961	\$ 900	\$ 4,255	\$ 6,750	\$ 39,866
Due to other funds			95,978		6,375		102,353
Unearned revenue	8,076						8,076
Total Liabilities	<u>8,076</u>		<u>123,939</u>	<u>900</u>	<u>10,630</u>	<u>6,750</u>	<u>150,295</u>
Fund Balances:							
Restricted	2,544	413		2,657			5,614
Unassigned			(123,939)		(10,630)	(6,750)	(141,319)
Total Fund Balances (Deficits)	<u>2,544</u>	<u>413</u>	<u>(123,939)</u>	<u>2,657</u>	<u>(10,630)</u>	<u>(6,750)</u>	<u>(135,705)</u>
Total Liabilities and Fund Balances	<u>\$ 10,620</u>	<u>\$ 413</u>	<u>\$ -</u>	<u>\$ 3,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,590</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, 2014

	Otis Johnson Park	Skate Park Phase III	Coastal Trail	Noyo Center for Marine Sciences	Town Hall Remodel	Chestnut Street Multi Use Trail	Totals
Revenues							
Intergovernmental	\$ 38,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,370
Other				14,000			14,000
Total Revenues	<u>38,370</u>			<u>14,000</u>			<u>52,370</u>
Expenditures							
Current:							
Community development			241,882	900		6,750	249,532
Capital outlay	29,281	706	11,847	10,443	10,630		62,907
Total Expenditures	<u>29,281</u>	<u>706</u>	<u>253,729</u>	<u>11,343</u>	<u>10,630</u>	<u>6,750</u>	<u>312,439</u>
Excess (Deficit) of Revenues over Expenditures	<u>9,089</u>	<u>(706)</u>	<u>(253,729)</u>	<u>2,657</u>	<u>(10,630)</u>	<u>(6,750)</u>	<u>(260,069)</u>
Other Financing Sources (Uses)							
Transfers in	13,660		164,122				177,782
Total Other Financing Sources (Uses)	<u>13,660</u>		<u>164,122</u>				<u>177,782</u>
Net Change in Fund Balances	22,749	(706)	(89,607)	2,657	(10,630)	(6,750)	(82,287)
Fund Balances (Deficits), Beginning of Fiscal Year	<u>(20,205)</u>	<u>1,119</u>	<u>(34,332)</u>				<u>(53,418)</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 2,544</u>	<u>\$ 413</u>	<u>\$ (123,939)</u>	<u>\$ 2,657</u>	<u>\$ (10,630)</u>	<u>\$ (6,750)</u>	<u>\$ (135,705)</u>



Statistical Section

This part of the comprehensive annual financial report for the City of Fort Bragg (City) 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.

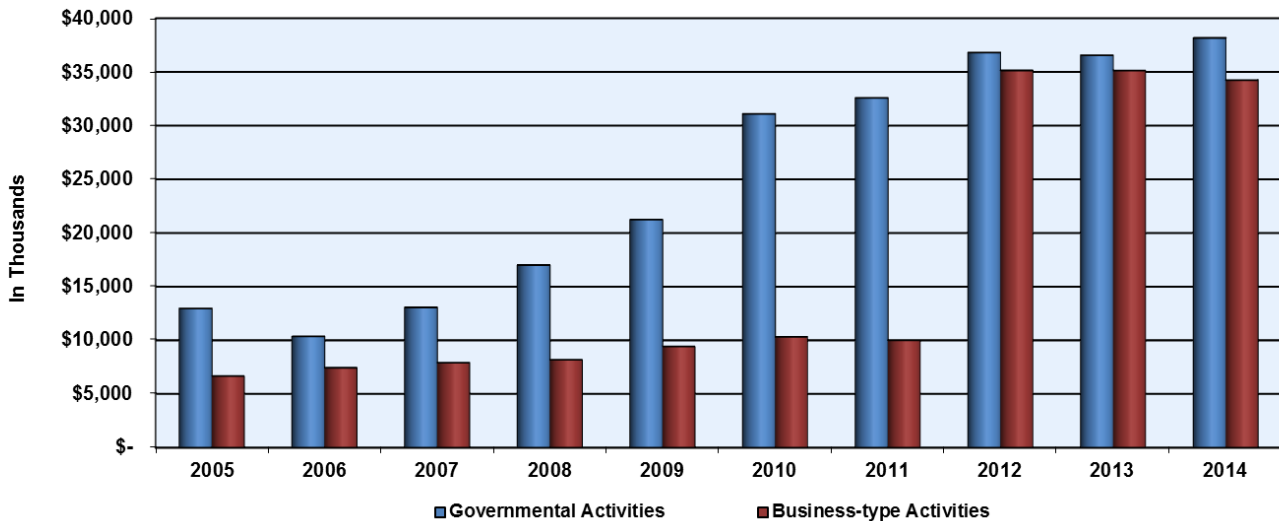
Contents	Page
Financial Trends	103
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	109
<i>These schedules contain information to help the reader assess the City's most significant revenue source.</i>	
Debt Capacity	115
<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>	
Demographic and Economic Information	120
<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>	
Operating Information	122
<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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental Activities										
Net investment in capital assets ¹	\$ 4,610	\$ 3,209	\$ 5,356	\$ 8,522	\$ 13,862	\$ 24,795	\$ 25,801	\$ 30,664	\$ 30,444	\$ 31,944
Restricted	2,233	1,980	2,464	2,912	3,822	4,450	4,825	4,776	5,671	5,987
Unrestricted	6,123	5,174	5,240	5,572	3,552	1,843	1,953	1,356	428	232
Total governmental activities net position	<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>\$ 32,579</u>	<u>\$ 36,796</u>	<u>\$ 36,543</u>	<u>\$ 38,163</u>
Business-type Activities										
Net investment in capital assets	\$ 4,703	\$ 4,476	\$ 5,460	\$ 6,030	\$ 7,170	\$ 7,255	\$ 7,121	\$ 31,319	\$ 30,764	\$ 30,531
Restricted	35	28	35	35	35	64	108	108	72	101
Unrestricted	1,939	2,933	2,420	2,122	2,223	2,997	2,775	3,709	4,294	3,603
Total business-type activities net position	<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>\$ 10,004</u>	<u>\$ 35,136</u>	<u>\$ 35,130</u>	<u>\$ 34,235</u>
Primary Government										
Net investment in capital assets	\$ 9,313	\$ 7,685	\$ 10,816	\$ 14,552	\$ 21,032	\$ 32,050	\$ 32,922	\$ 61,983	\$ 61,208	\$ 62,475
Restricted	2,268	2,008	2,499	2,947	3,857	4,514	4,933	4,884	5,743	6,088
Unrestricted	8,062	8,107	7,660	7,694	5,775	4,840	4,728	5,065	4,722	3,835
Total primary government net position	<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>\$ 42,583</u>	<u>\$ 71,932</u>	<u>\$ 71,673</u>	<u>\$ 72,398</u>

¹Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, equipment, and software.

NET ASSETS BY COMPONENT



Source: City of Fort Bragg, Department of Finance

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

	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Expenses										
Governmental activities:										
General Government	\$ 2,254	\$ 2,062	\$ 2,294	\$ 1,621	\$ 2,013	\$ 2,518	\$ 2,591	\$ 2,540	\$ 2,708	\$ 1,500
Public safety	2,446	2,843	3,071	3,332	3,387	4,011	3,596	3,493	3,399	3,851
Public works	650	1,040	912	970	1,846	2,286	1,532	1,532	1,874	2,176
Community development	805	1,157	1,474	867	2,922	2,489	3,361	1,877	1,529	3,485
Interest on long-term debt	388	454	326	325	323	311	296	177	49	42
Total governmental activities expenses	<u>6,543</u>	<u>7,556</u>	<u>8,077</u>	<u>7,115</u>	<u>10,491</u>	<u>11,615</u>	<u>11,376</u>	<u>9,619</u>	<u>9,559</u>	<u>11,054</u>
Business-type Activities										
Water	1,584	1,438	1,794	1,899	2,050	2,401	2,179	2,107	2,138	2,539
Wastewater	1,497	1,686	1,792	1,865	2,233	2,465	2,425	2,983	3,063	2,993
C. V. Starr Center								183	2,236	2,262
Total business-type activities expenses	<u>3,081</u>	<u>3,124</u>	<u>3,586</u>	<u>3,764</u>	<u>4,283</u>	<u>4,866</u>	<u>4,604</u>	<u>5,273</u>	<u>7,437</u>	<u>7,794</u>
Total primary government expenses	<u>9,624</u>	<u>10,680</u>	<u>11,663</u>	<u>10,879</u>	<u>14,774</u>	<u>16,481</u>	<u>15,980</u>	<u>14,892</u>	<u>16,996</u>	<u>18,848</u>
Program Revenues										
Governmental activities:										
Charges for services										
General Government	207	555	492	724	2,306	3,193	3,087	2,718	2,701	2,851
Public safety	253	239	147	210	133	30	30	29	40	72
Public works	7	119	191	101	50	13	5	4	5	34
Community development	147	618	383	246	188	5	9	349	100	58
Operating grants and contributions	573	226	410	695	1,101	10,622	2,138	684	1,572	1,567
Capital grants and contributions	382	1,430	2,075	2,279	3,673	2,108	602	1,096	303	1,818
Total governmental program revenues	<u>1,569</u>	<u>3,187</u>	<u>3,698</u>	<u>4,255</u>	<u>7,451</u>	<u>15,971</u>	<u>5,871</u>	<u>4,880</u>	<u>4,722</u>	<u>6,400</u>
Business-type Activities										
Charges for services										
Water	1,665	1,775	1,891	1,925	2,042	2,017	2,108	2,194	2,404	2,229
Wastewater	1,315	1,392	1,470	1,505	1,930	2,216	2,773	2,945	3,197	3,004
C. V. Starr Center									591	635
Operating grants and contributions					288					
Capital grants and contributions	23	240	482		1,239	85		25,132		
Total business-type activities program revenues	<u>3,003</u>	<u>3,407</u>	<u>3,843</u>	<u>3,843</u>	<u>5,499</u>	<u>4,318</u>	<u>4,881</u>	<u>30,271</u>	<u>6,192</u>	<u>5,868</u>
Total primary government program revenues	<u>4,572</u>	<u>6,594</u>	<u>7,541</u>	<u>8,098</u>	<u>12,950</u>	<u>20,289</u>	<u>10,752</u>	<u>35,151</u>	<u>10,914</u>	<u>12,268</u>
Net (expense) revenue										
Government activities:										
General government	(4,974)	(4,369)	(4,379)	(2,860)	(3,040)	4,356	(5,505)	(4,739)	(4,837)	(4,654)
Business-type activities	(78)	283	257	79	1,216	(548)	277	24,998	(1,245)	(1,926)
Total government activities expenses	<u>(5,052)</u>	<u>(4,086)</u>	<u>(4,122)</u>	<u>(2,781)</u>	<u>(1,824)</u>	<u>3,808</u>	<u>(5,228)</u>	<u>20,259</u>	<u>(6,082)</u>	<u>(6,580)</u>

(Continued)

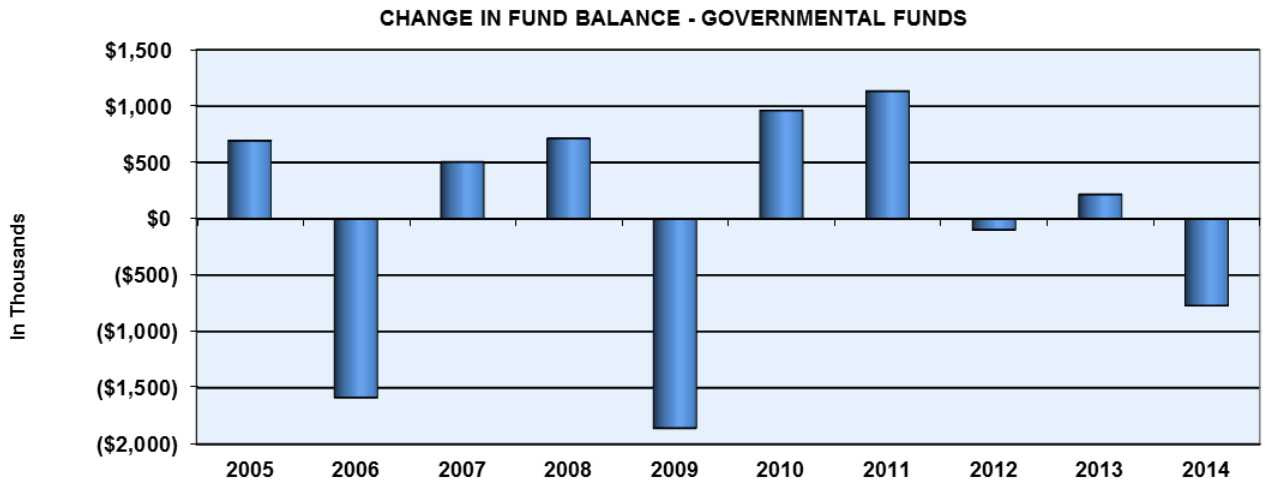
CITY OF FORT BRAGG
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	2,217	2,128	2,477	2,328	2,249	1,988	2,075	1,413	924	943
Sales and use taxes		2,551	2,524	2,545	2,657	2,154	2,147	2,271	2,390	2,490
Transient occupancy taxes		1,396	1,504	1,553	1,492	1,379	1,341	1,411	1,536	1,667
Franchise taxes		248	231	278	495	457	469	470	482	496
Other	3,673	222	232	315	274	26		225	203	411
Use of money and property	203	85	119	106	41	58	51	91	103	45
Miscellaneous	517	52				424	71	399	81	207
Transfers	21	(283)	(11)	(319)	49	(2)	(55)	(2)	(17)	(1)
Total governmental activities	6,631	6,399	7,076	6,806	7,257	6,484	6,099	6,278	5,702	6,258
Business-type activities										
Property taxes		52	55	68	3			19	231	216
Sales and use taxes									772	811
Use of money and property	75	142	156	132	72	21	21	16	8	33
Miscellaneous	58					322	407	97	98	72
Transfers	(21)	283	11	319	(49)	2	55	2	17	1
Total business-type activities	112	477	222	519	26	345	483	134	1,126	1,133
Total primary government	6,743	6,876	7,298	7,325	7,283	6,829	6,582	6,412	6,828	7,391
Extraordinary Items										
RDA dissolution transactions								3,070		
Prior period adjustments										
Governmental activities									(1,118)	15
Business-type activities									113	(102)
Change in net position										
Governmental activities	1,657	2,030	2,697	3,946	4,217	10,840	593	4,609	(253)	1,619
Business-type activities	34	760	479	598	1,242	(203)	761	25,132	(6)	(894)
Total primary government	\$ 1,691	\$ 2,790	\$ 3,176	\$ 4,544	\$ 5,459	\$10,637	\$ 1,354	\$29,741	\$ (259)	\$ 725

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									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues										
Taxes and assessments	\$ 5,890	\$ 6,545	\$ 6,783	\$ 6,813	\$ 6,939	\$ 6,052	\$ 6,032	\$ 5,790	\$ 5,579	\$ 5,810
Intergovernmental	1,073	2,050	2,520	2,963	4,162	7,760	2,692	1,773	1,897	2,946
Charges for services	374	322	401	279	2,170	2,726	2,463	2,854	2,564	2,907
Fines, forfeitures and penalties	23	51	78	186	109	14	17	13	23	28
Licenses and permits	99	180	273	260	272	307	252	241	260	234
Use of money and property	203	320	415	338	158	52	51	84	103	84
Other	517	402	323	541	209	377	118	410	80	207
Total revenues	8,179	9,870	10,793	11,380	14,019	17,288	11,625	11,165	10,506	12,216
Expenditures										
Current										
General Government	2,122	2,051	2,278	1,592	2,100	1,742	1,178	1,252	2,179	1,549
Public safety	2,320	2,729	2,858	3,174	3,217	3,535	3,237	3,351	3,410	3,829
Public works	619	702	746	788	1,540	1,519	1,332	1,386	1,472	1,594
Community development	804	751	1,395	865	2,893	2,434	3,009	1,975	2,191	3,460
Debt Service										
Principal retirement	195	1,988	194	210	224	308	107	113	107	112
Interest and fiscal charges	389	441	315	310	304	297	282	161	40	36
Capital outlay	1,265	4,166	2,492	3,408	5,648	6,513	1,286	1,983	874	2,431
Total expenditures	7,714	12,828	10,278	10,347	15,926	16,348	10,431	10,221	10,273	13,011
Excess (deficiency) of revenues over expenditures	465	(2,958)	515	1,033	(1,907)	940	1,194	944	233	(795)
Other financing sources (uses)										
Proceeds from Capital Lease				84						
Bond proceeds, net	208	1,655								
Payment to refunded debt escrow										
Transfers in	2,314	2,700	5,493	4,812	1,623	2,287	1,122	1,910	1,950	1,091
Transfer out	(2,293)	(2,984)	(5,504)	(5,131)	(1,574)	(2,266)	(1,183)	(1,912)	(1,966)	(1,099)
Total other financing sources (uses)	229	1,371	(11)	(319)	49	21	(61)	(2)	(16)	(8)
Extraordinary Item										
Prior period adjustment								(1,039)		33
Net change in fund balances	\$694	(\$1,587)	\$504	\$714	(\$1,858)	\$961	\$1,133	(\$97)	\$217	(\$770)
Debt service as a percentage of non-capital expenditures	9.06%	28.04%	6.54%	7.49%	5.14%	6.15%	4.25%	3.33%	1.56%	1.40%



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)

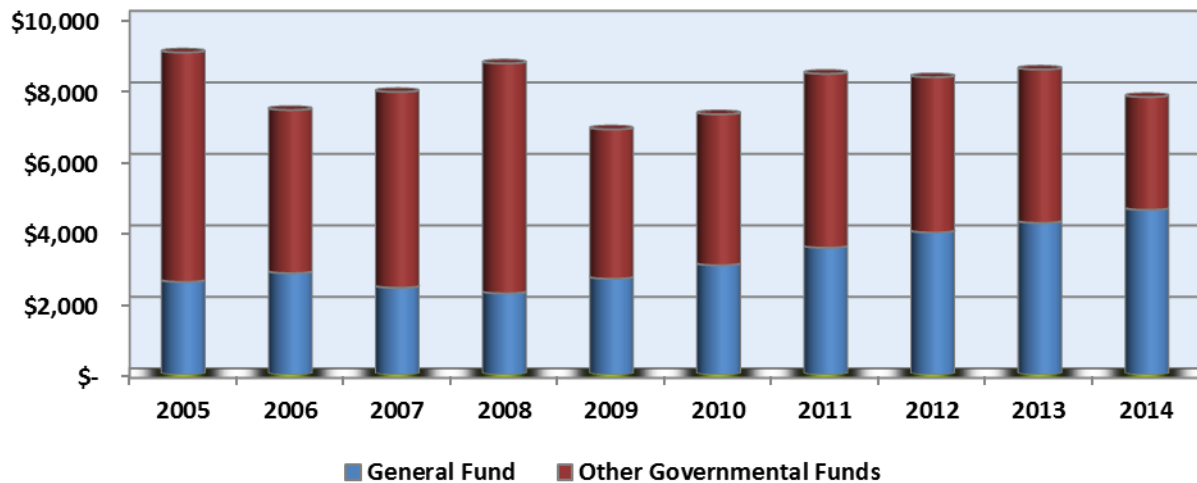
	Fiscal Year									
	2004-05 ⁽¹⁾	2005-06 ⁽¹⁾	2006-07 ⁽¹⁾	2007-08 ⁽¹⁾	2008-09 ⁽¹⁾	2009-10 ⁽¹⁾	2010-11 ⁽²⁾	2011-12 ⁽²⁾	2012-13 ⁽²⁾	2013-14 ⁽²⁾
General Fund										
Reserved	\$ 107	\$ 491	\$ 410	\$ 46	\$ 80	\$ 707				
Unreserved	2,497	2,358	2,031	2,238	2,613	2,364				
Total General Fund	2,604	2,849	2,441	2,284	2,693	3,071				
Other Governmental Funds										
Reserved	2,949	2,043	1,653	2,159	2,020	3,789				
Unreserved, Reported in:										
Special Revenue Funds	3,051	709	2,197	1,934	2,671	1,088				
Capital Project Funds	419	1,813	1,627	2,340	(513)	(654)				
Total Other Governmental Funds	6,419	4,565	5,477	6,433	4,178	4,223				
Total All Governmental Funds	\$ 9,023	\$ 7,414	\$ 7,918	\$ 8,717	\$ 6,871	\$ 7,294				

	2010-11 ⁽²⁾	2011-12 ⁽²⁾	2012-13 ⁽²⁾	2013-14 ⁽²⁾
General Fund				
Nonspendable	1	211	248	185
Restricted				
Committed				
Assigned		4		
Unassigned	3,560	3,771	4,007	4,434
Total General Fund	3,561	3,986	4,255	4,620
Other Governmental Funds				
Nonspendable				
Restricted	4,865	4,530	4,590	4,598
Committed				
Assigned				
Unassigned		(187)	(299)	(1,441)
Total Other Governmental Funds	4,865	4,343	4,291	3,157
All Governmental Funds	\$ 8,426	\$ 8,329	\$ 8,546	\$ 7,777

⁽¹⁾The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) for fiscal year ended June 30, 2011.

⁽²⁾Balance distribution information prior to the implementation of GASB 54 is unavailable.

GOVERNMENTAL FUND BALANCES

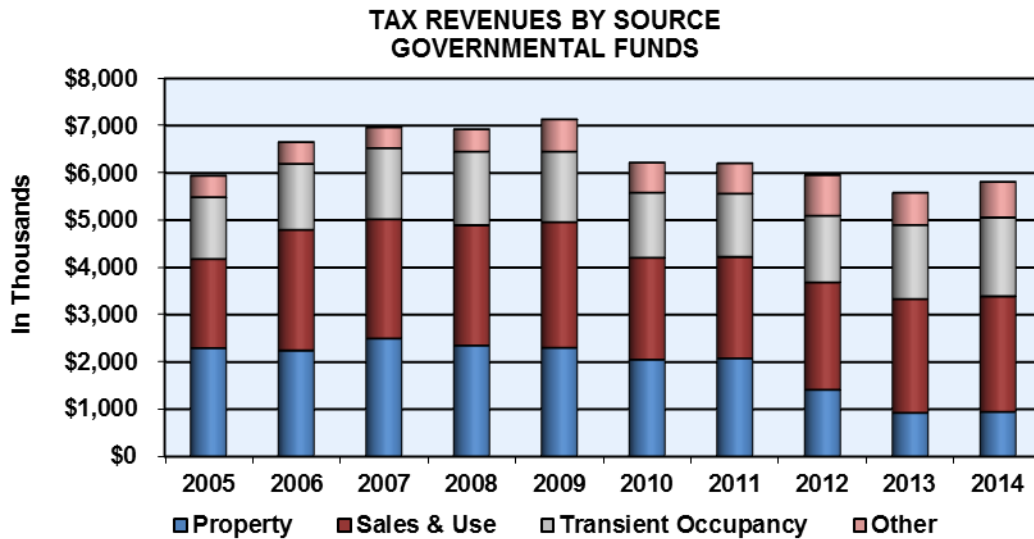


Source: City of Fort Bragg Department of Finance

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

Fiscal Year	Property⁽¹⁾	Sales & Use	Transient Occupancy	Other	Total
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
2012	1,413	2,271	1,411	859	5,954
2013	924	2,409	1,561	685	5,579
2014	943	2,445	1,668	754	5,810

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



Source: City of Fort Bragg, Department of Finance

City of Fort Bragg

Principal Sales Tax Producers Last Fiscal Year and Nine Years Ago

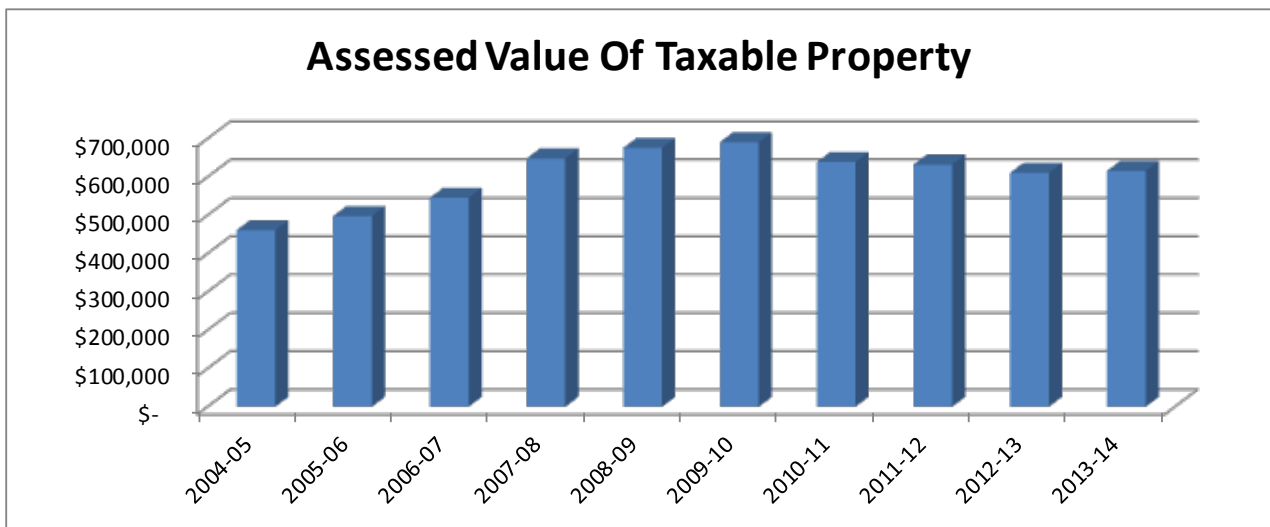
2013-14		2004-05	
Taxpayer	Business Type	Taxpayer	Business Type
Boatyard Tobacco	Miscellaneous Retail	Acme Automotive Parts	Auto Parts/Repair
Canclini TV & Appliance	Furniture/Appliance	Baxman Gravel	Bldg.Matls-Whsle
Chevron Service Stations	Service Stations	Canclini TV & Appliance	Furniture/Appliance
Cliff House Restaurant	Restaurants	Chevron Service Stations	Service Stations
Coast to Coast Hardware	Bldg.Matls-Retail	Coast to Coast Hardware	Bldg.Matls-Retail
CVS/Pharmacy	Drug Stores	CVS/Pharmacy	Drug Stores
Denny's Restaurant	Restaurants	Fort Bragg Furniture Mart	Furniture/Appliance
Eel River Fuels	Energy Sales	Fred Holmes Lumber	Bldg.Matls-Whsle
Fort Bragg Feed & Pet	Miscellaneous Retail	Harvest Market	Food Markets
Harvest Market	Food Markets	Kemppe Liquid Gas	Energy Sales
Kemppe Liquid Gas	Energy Sales	McDonald's Restaurants	Restaurants
McDonald's Restaurants	Restaurants	Mendo Mill & Lumber Company	Bldg.Matls-Retail
Mendo Mill & Lumber Company	Bldg.Matls-Retail	Mendocino Coast Petroleum	Energy Sales
Mendocino County Hydrogarder	Florist/Nursery	North Coast Brewery	Restaurants
North Coast Brewery	Restaurants	Quality Suites	Restaurants
O'Reilly Auto Parts	Auto Parts/Repair	Rinehart Distributing	Service Stations
Rite Aid Drug Stores	Drug Stores	Rite Aid Drug Stores	Drug Stores
Rossi's Building Materials	Bldg.Matls-Retail	Rossi's Building Materials	Bldg.Matls-Retail
Safeway Stores	Food Markets	Safeway Stores	Food Markets
Sears Hometown Stores	Furniture/Appliance	Sears Roebuck & Company	Department Stores
Speedex Service Station	Service Stations	Speedex Service Station	Service Stations
Sport Chrysler Jeep Dodge	Auto Sales-New	Sport Chrysler Jeep Dodge	Auto Sales-New
Two Short Sales	Bldg.Matls-Whsle	Two Short Sales	Bldg.Matls-Whsle
Union 76 Service Stations	Service Stations	Walsh Oil Company	Energy Sales
Walsh Oil Company	Energy Sales	Wind & Weather	Miscellaneous Retail

Source: Q1, 2014 and Q1, 2005 SBOE data, MuniServices, LLC
Top Sales Tax Producers listed in alphabetical order.

City of Fort Bragg

Assessed Value and Estimated Actual Value of Taxable Property, City Wide Last Ten Fiscal Years (In Thousands)

Fiscal Year End	Secured Property*	Unsecured Property	Taxable		% Change	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
			Assessed Value					
2004-05	\$ 434,259	\$ 26,519	\$ 460,778		3.4%	1.078000	-	-
2005-06	\$ 471,474	\$ 26,517	\$ 497,991		8.1%	1.206000	-	-
2006-07	\$ 518,473	\$ 27,020	\$ 545,493		9.5%	1.193000	-	-
2007-08	\$ 619,707	\$ 28,618	\$ 648,325		18.9%	1.190000	-	-
2008-09	\$ 645,784	\$ 30,044	\$ 675,828		4.2%	1.259000	-	-
2009-10	\$ 660,917	\$ 30,217	\$ 691,134		2.3%	1.281000	-	-
2010-11	\$ 609,153	\$ 29,654	\$ 638,807		-7.6%	1.309000	-	-
2011-12	\$ 603,272	\$ 29,066	\$ 632,338		-1.0%	1.353000	710,404	1.123456
2012-13	\$ 579,450	\$ 31,513	\$ 610,963		-4.4%	1.113100	611,333	1.000606
2013-14	\$ 585,992	\$ 29,641	\$ 615,633		-2.6%	1.125000	624,469	1.014352



Source: Mendocino County Assessor data, MuniServices, LLC

Source: 2010-11 and prior: previously published CAFR Report

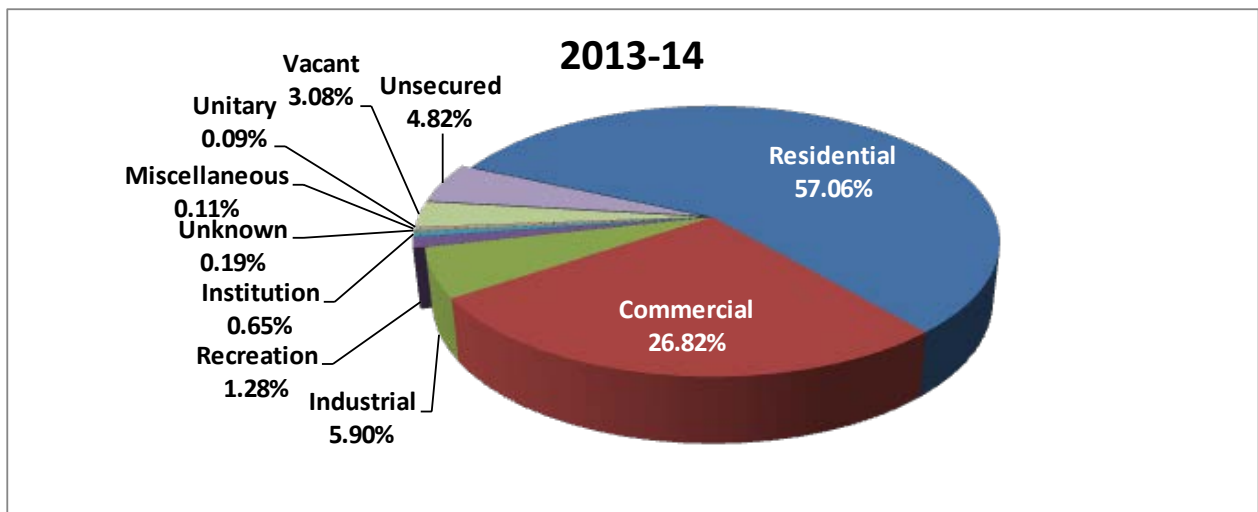
*Secured Property includes Unitary value.

1.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

City of Fort Bragg

Assessed Value of Property by Use Code, City Wide Last Three Fiscal Years (In Thousands)

Category	2011-12	2012-13	2013-14
Agriculture	0	34	33
Residential	361,278	347,694	351,259
Commercial	161,784	164,165	165,103
Industrial	43,763	30,593	36,342
Recreation	8,962	9,119	7,905
Institution	3,826	3,931	4,024
Unknown	1,044	1,130	1,149
Miscellaneous	477	689	698
Unitary	670	543	542
Vacant	21,468	21,552	18,931
Gross Secured Value	603,272	579,450	585,986
Unsecured	29,066	31,513	29,641
Net Taxable Value	632,338	610,963	615,627



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

City of Fort Bragg

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
COUNTY GENERAL FUND	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.745000	0.745000	0.745000
CITY OF FORT BRAGG	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.255000	0.255000	0.255000
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
UNITARY DEBT SERVICE		0.124000	0.111000	0.120000	0.171000	0.199000	0.207000	0.230000	0.233000	0.259000
Override Assessments										
LOCAL SPECIAL DISTRICTS	0.024000	0.024000	0.023000	0.023000	0.011000	0.010000	0.013000	0.012000	0.012000	0.011000
SCHOOLS	0.054000	0.058000	0.059000	0.047000	0.077000	0.072000	0.089000	0.111000	0.119000	0.114000
TOTAL	0.078000	0.082000	0.082000	0.070000	0.088000	0.082000	0.102000	0.123000	0.131000	0.125000
TOTAL TAX RATE	1.078000	1.206000	1.193000	1.190000	1.259000	1.281000	1.309000	1.353000	1.364000	1.384000

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

City of Fort Bragg

Principal Property Tax Payers Last Fiscal Year and Nine Years Ago

Taxpayer	2013-14		2004-05	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Georgia Pacific Corporation	31,081,107	5.05%	8,544,429	1.88%
Boatyard Associates Phase II	9,473,608	1.54%	5,403,202	1.19%
RAP Investors LP	8,448,484	1.37%	4,887,709	1.08%
Savings Bank of Mendocino	7,417,342	1.21%	0	0.00%
Safeway Inc	7,095,881	1.15%	6,383,422	1.41%
Colombi Jeanette Succttee	4,936,568	0.80%	4,996,910	1.10%
Hurst James S	4,493,571	0.73%	3,922,690	0.86%
Kao Kuami	4,209,671	0.68%	3,241,578	0.71%
Kashi Keshav Investments LLC	4,173,099	0.68%	0	0.00%
Grosvenor Van Ness Associates	3,881,520	0.63%	3,367,265	0.74%
Longs Drug Stores California	3,857,264	0.63%	3,681,858	0.81%
North Coast Brewery	3,836,802	0.62%	0	0.00%
North O' Town Industrial Center	3,573,637	0.58%	3,095,190	0.68%
Fort Bragg Hotel	3,493,850	0.57%	0	0.00%
Moura Joe P TTEE	3,394,063	0.55%	2,925,814	0.64%
Keaton Richard J & Julie	3,011,074	0.49%	2,649,528	0.58%
Anderson Logging Inc.	3,004,934	0.49%	3,500,892	0.77%
Noyo Vista Inc	2,957,263	0.48%	2,588,537	0.57%
RBJ & Associates LLC	2,532,755	0.41%	0	0.00%
Comcast	2,516,285	0.41%	0	0.00%
Kempe Liquid Gas Corp	2,437,271	0.40%	3,191,045	0.70%
Miller Helen Centeno	2,436,877	0.40%	2,075,714	0.46%
Taubold Timothy E TTEE	2,392,189	0.39%	0	0.00%
Whitteaker Donald & Dorothy	2,318,649	0.38%	0	0.00%
Lee Michael V & Dona H TTEES	2,290,109	0.37%	0	0.00%
Tradewinds Lodge	0	0.00%	11,718,716	2.58%
Hunt Robert A	0	0.00%	5,503,190	1.21%
Affinito Dominic J & Juliette	0	0.00%	4,918,938	1.08%
Baxman Charles E Pearl	0	0.00%	3,841,843	0.85%
Adelphia Communications	0	0.00%	2,754,401	0.61%
Kolberg John J & Arlene P	0	0.00%	2,626,369	0.58%
Decaminada Randy Co-TTEES 1/3	0	0.00%	2,556,195	0.56%
Carlson Allan B & Lois G	0	0.00%	2,232,814	0.49%
Roach Bros	0	0.00%	2,065,853	0.46%
Total Top 25 Taxpayers	129,263,873	21.02%	102,674,102	22.62%
Total Taxable Value	615,091,421	100.00%	453,817,190	100.00%

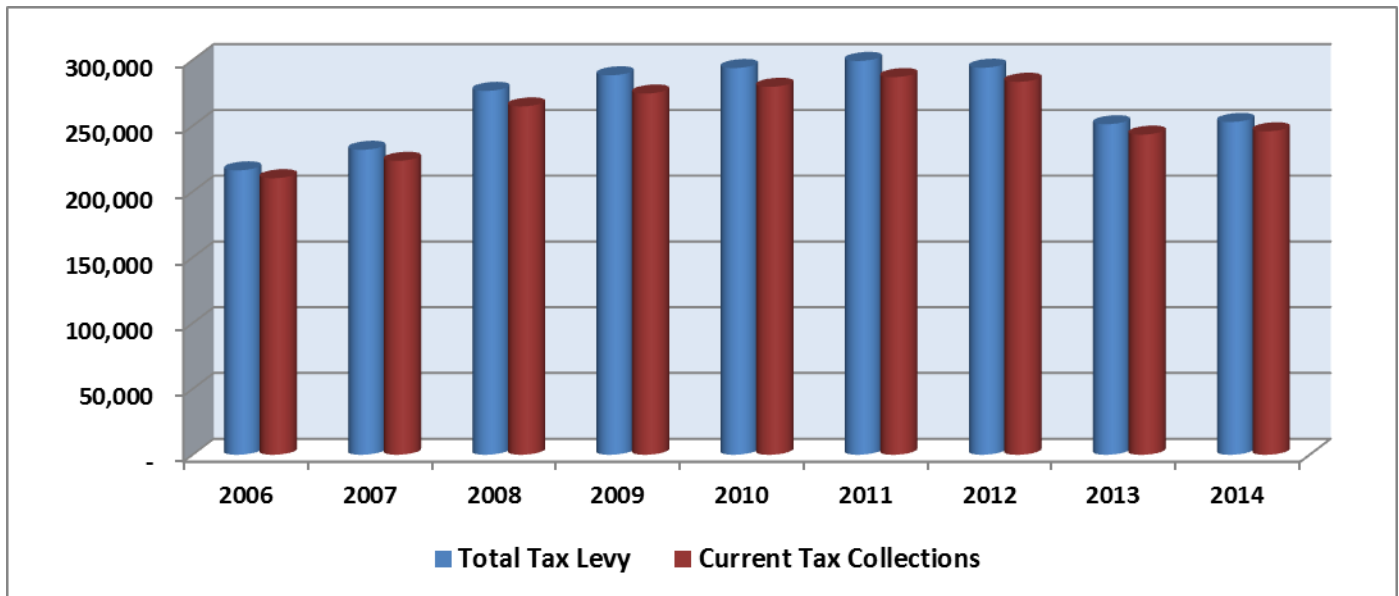
Source: Mendocino County Assessor data, MuniServices, LLC

CITY OF FORT BRAGG
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS ¹
(In Thousands)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected
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%
2011-12	294,235	283,594	96.4%
2012-13	251,307	243,397	96.9%
2013-14	253,017	245,915	97.2%

Source: Mendocino County Office of Auditor-Controller

The County does not track collections of delinquent taxes by year in subsequent years.



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 ⁽¹⁾⁽²⁾	Per Capita ⁽¹⁾
	Certificates of Participation	Other Long-term Obligation	Subtotal	Certificates of Participation	Notes Payable	Other Long-term Obligation	Subtotal			
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
2011-12 ⁽³⁾⁽⁴⁾	943	-	943	3,237	1,481	626	5,344	6,287	4.4%	867
2012-13 ⁽⁴⁾	842	-	842	3,013	1,375	457	4,845	5,687	3.9%	778
2013-14	777		777	3,217	1,314	367	4,898	5,675	3.7%	772

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

⁽²⁾ The Bureau of Economic Analysis did not have per capita and personal income information available for 2011.

⁽³⁾ RDA bonds shown in 2011 are not shown in 2012 due to the dissolution of the Redevelopment Agency.

⁽⁴⁾ Other Long Term Obligations for 2012 and 2013 have been corrected.

Source: City of Fort Bragg Department of Finance

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

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

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

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

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

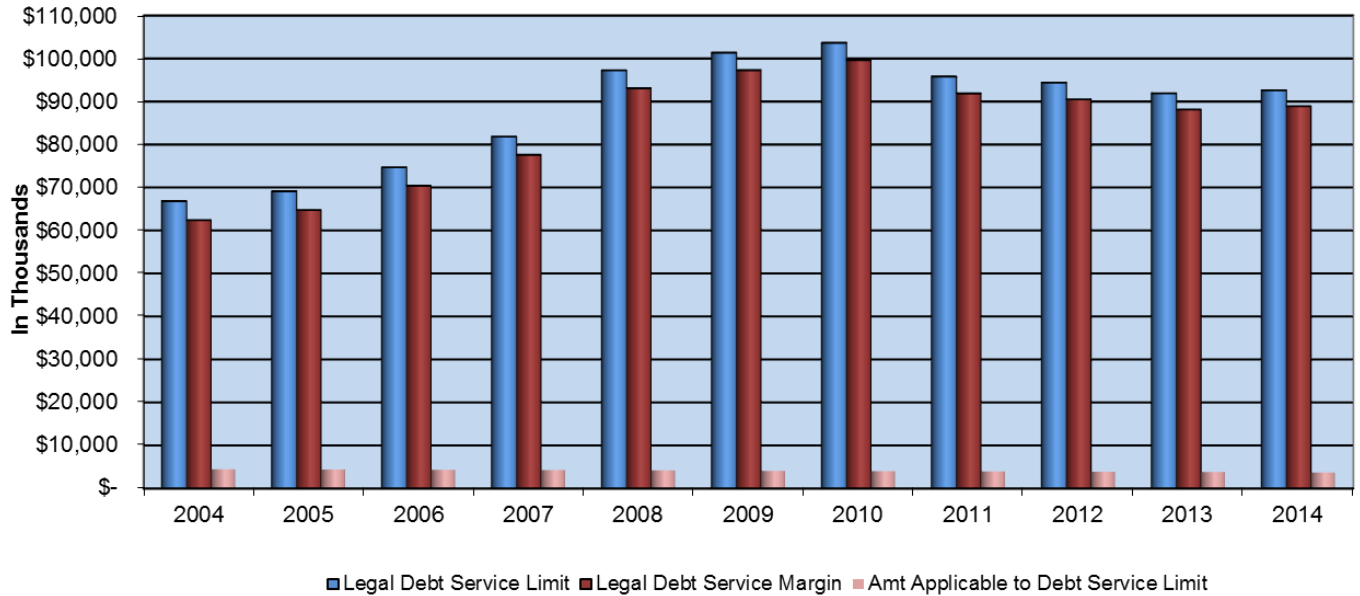
CITY OF FORT BRAGG
LEGAL DEBT SERVICE MARGIN INFORMATION
LAST TEN YEARS
(In Thousands)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Assessed Value of Real and Personal Property	\$ 460,778	\$ 497,991	\$ 545,494	\$ 648,327	\$ 675,829	\$ 691,134	\$ 638,808	\$ 629,165	\$ 612,744	\$ 617,261
Legal Debt Service Limit ⁽¹⁾	69,117	74,699	81,824	97,249	101,374	103,670	95,821	94,375	91,912	92,589
Less: Amount Applicable to Debt Service Limit	4,371	4,306	4,236	4,166	4,096	4,021	3,941	3,861	3,782	3,691
Legal Debt Service Margin	\$ 64,746	\$ 70,393	\$ 77,588	\$ 93,083	\$ 97,278	\$ 99,649	\$ 91,880	\$ 90,514	\$ 88,130	\$ 88,898
Legal Debt Service Margin as a Percentage of Debt Service Limit	93.68%	94.24%	94.82%	95.72%	95.96%	96.12%	95.89%	95.91%	95.89%	96.01%

⁽¹⁾ California Governmental Code #43605 provides that a city shall not incur an indebtedness for public improvements which exceeds in the aggregate 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

Legal Debt Service Limit



**CITY OF FORT BRAGG
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2014**

2013-14 Assessed Valuation: \$617,260,695

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt		City's Share of
	<u>6/30/2014</u>	<u>% Applicable</u> ⁽¹⁾	<u>Debt 6/30/14</u>
Redwoods Joint Community College District	\$33,620,000	3.82%	\$1,282,939
Fort Bragg Unified School District	34,039,755	38.338	13,050,161
Mendocino Coast Hospital District	4,676,975	20.949	<u>979,779</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$15,312,879
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
Mendocino County Certificates of Participation	\$22,545,000	6.15%	\$1,386,743
Mendocino County Pension Obligations	72,245,000	6.151	4,443,790
Redwoods Joint Community College District Certificates of Participation	241,200	3.816	<u>9,204</u>
TOTAL OVERLAPPING GENERAL FUND DEBT			\$5,839,737
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>			
	\$4,005,000	100.00%	\$4,005,000
 DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$25,157,616
 COMBINED TOTAL DEBT			 \$25,157,616 ⁽²⁾

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

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

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.48%
Combined Total Debt	4.08%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$186,572,873):

Total Overlapping Tax Increment Debt	2.15%
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**CITY OF FORT BRAGG
PLEGGED REVENUE COVERAGE
WATER ENTERPRISE FUND
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year	Operating Revenue	Operating Expenses ¹	Net Operating Income	Non- Operating Inc/(Exp) ¹	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
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	2,078	(37)	72	35	387	265	652	0.1
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
2011-12	2,194	1,585	609	(150)	459	360	158	518	0.9
2012-13	2,404	1,623	781	16	797	327	151	478	1.7
2013-14	2,229	1,953	276	(57)	219	369	171	540	0.4

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

Fiscal Year	Operating Revenue	Operating Expenses ¹	Net Operating Income	Non- Operating Inc/(Exp) ¹	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
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	12	47	8.5
2010-11	2,774	2,078	696	378	1,074	40	21	61	17.6
2011-12	2,978	2,637	341	(35)	306	40	19	59	5.2
2012-13	3,197	2,733	464	66	530	40	17	57	9.3
2013-14	3,004	2,633	371	(19)	352	45	17	62	5.7

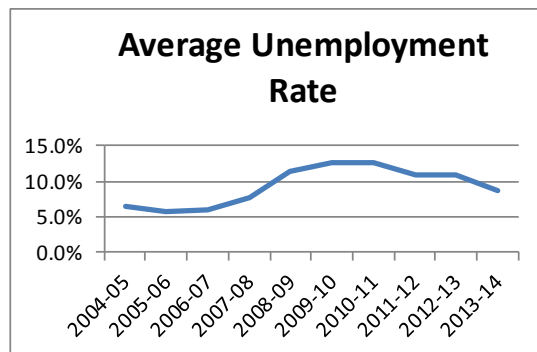
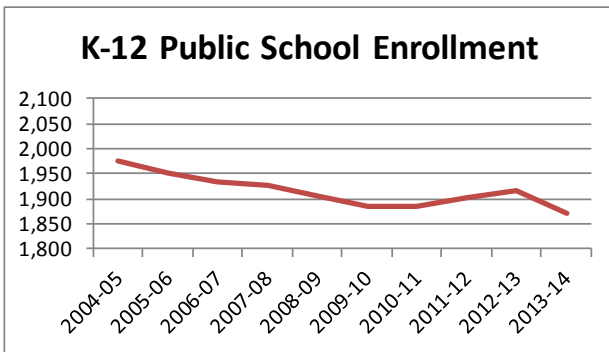
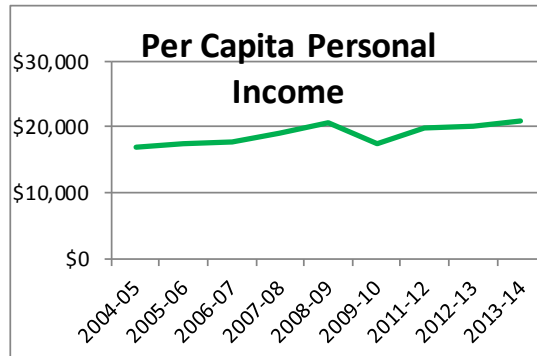
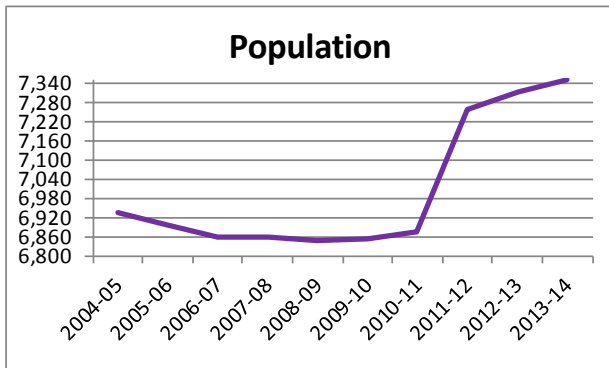
¹ Operating expense exclude depreciation; non-operating income/expense excludes interest expense.

Source: City of Fort Bragg, Department of Finance

City of Fort Bragg

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age	Public School Enrollment	City Unemployment Rate (%) (3)
2004-05	6,933	131,491	16,928	-	1,975	6.5%
2005-06	6,897	140,958	17,589	-	1,951	5.8%
2006-07	6,860	146,738	17,852	-	1,934	6.1%
2007-08	6,859	149,379	18,977	-	1,926	7.6%
2008-09	6,848	140,416	20,685	38.3	1,907	11.5%
2009-10	6,855	144,629	17,513	38.4	1,886	12.7%
2010-11	6,875	-	18,247	40.9	1,885	12.6%
2011-12	7,255	143,775	19,817	40.5	1,904	10.8%
2012-13	7,311	146,997	20,106	37.4	1,917	10.8%
2013-14	7,350	153,410	20,872	36.8	1,870	8.7%



Source: MuniServices, LLC

Source: 2010-11 and prior, previously published CAFR Report

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

(-) Indicates data unavailable.

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.
- 3.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

City of Fort Bragg

Principal Employers Last Fiscal Year

Business Name	2013-14		2004-05	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Mendocino Coast District Hospital	300	8.77%	0	0.00%
Fort Bragg Unified School District	270	7.89%	0	0.00%
Mendocino Coast Clinics Inc	120	3.51%	0	0.00%
Safeway	115	3.36%	0	0.00%
North Coast Brewing Company (1)	107	3.13%	0	0.00%
Sherwood Oaks Health Center	100	2.92%	0	0.00%
Anderson Logging Inc	92	2.69%	0	0.00%
Fort Bragg Recreation Center	85	2.49%	0	0.00%
Mendocino County (2)	65	1.90%	0	0.00%
City of Fort Bragg	57	1.67%	0	0.00%
Total Top Employers	1,311	38.33%	0	0.00%
Total City Employment (3)	3,420			

Source: MuniServices, LLC

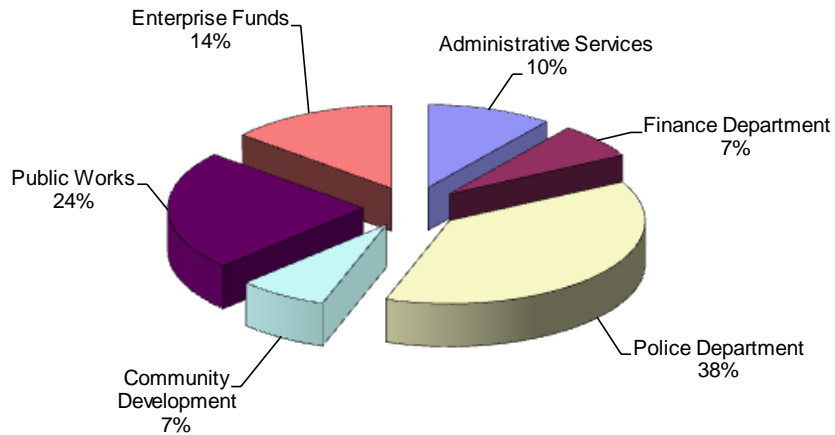
Results based on direct correspondence with city's local businesses.

- 1) Includes summer and seasonal employees
- 2) Includes all satellite offices of county departments in the City of Fort Bragg
- 3) Total City Labor Force provided by EDD Labor Force Data.
- 4) Data for FY 2004-05 not available

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

Function	As of June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Administrative Services	5.00	5.00	5.00	5.00	5.00	5.00	4.80	4.80	6.00	6.00
Finance Department	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Public Safety										
Police Department	21.00	21.00	22.00	24.00	23.00	23.00	21.00	21.00	21.00	22.00
Community Services										
Community Development	3.50	5.00	4.75	5.75	5.75	4.75	3.80	3.80	3.80	4.30
Public Works	13.50	14.00	13.00	13.00	13.00	14.50	12.60	12.60	12.60	13.60
Enterprise Funds	7.75	7.75	9.00	9.00	9.00	8.00	7.00	8.00	8.00	8.00
Total	55.75	57.75	58.75	61.75	60.75	60.25	53.20	54.20	55.40	57.90

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
FY 2013-14



**CITY OF FORT BRAGG
OPERATING INDICATORS
LAST TEN FISCAL YEARS ²**

	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Function/Program										
Building Permits Issued					174	204	204	210	125	272
New Construction										
Single Family Residential	12	5	9	3	1	2	3	2	0	0
Second Unit	6	2	4	1	3	2	1	1	1	1
Mixed Use, Commercial & Residential	2	0	0	0	0	1	0	0	0	0
Multi-Family Residential								0	0	1
Low Income Residential			1		1		2	0	0	0
City Clerk										
Council/Agency Resolutions Passed	127	134	131	110	148	112	93	108	93	87
Number of Ordinances Passed	7	8	6	4	13	3	9	9	2	4
Number of Contracts Approved	7	4	10	11	11	9	13	32	29	31
Public Safety										
Traffic Accidents	140	181	125	100	111	116	112	139	163	174
Traffic Violation-DUI	42	53	52	78	53	42	37	33	62	45
Bookings	553	726	714	845	521	501	621	608	744	689
Cites	306	335	438	1,075	852	550	514	841	1,001	1614
Field Interviews and Information Cases									1,450	2211
Crime Reports	1,171	1,577	1,471	1,323	1,288	1,150	1,274	1,454	1,610	1576
Fire ¹										
Total Number of Calls	708	546	596	577	640	504	601	632	500	525
Structure Fires	72	31	44	63	38	35	30	27	29	29
Vehicle Fires	15	17	18	12	6	7	9	9	9	17
Vegetation Fires	38	20	33	43	55	33	15	29	25	41
Misc Fires (Chimney, Debris, Electrical, etc.)									17	24
Medical Aid	204	146	174	143	110	102	186	209	110	142
Rescue	18	129	128	132	135	114	112	129	11	13
Hazardous Condition/Materials Calls	39	34	49	54	62	53	37	46	73	48
Mutual Aid/Agency Assist									6	3
Traffic Accidents									88	89
Services Call	125	93	87	105	120	100	131	115	128	117
Other Calls & Incidents	197	76	63	25	114	60	81	68	4	2
Water										
Number of customer accounts billed	16,388	16,541	16,300	16,541	33,965	33,771	33,521	32,523	33,924	32,300
Water annual demand in thousand gallons	2,572	2,458	2,302	2,626	2,401	2,233	2,176	2,312	2,255	2,245
Available supply of water in thousand gallons	2,659	2,993	3,078	2,917	2,688	2,524	2,442	3,066	2,574	2,490
Total Customer service calls				1,592	1,451	1,421	1,531	1,448	1,439	1,254
Meter installs/removals/change outs				280	38	36	49	40	2	11
Meter repairs				7	4	1	3	2	44	1
Leak investigations				57	24	15	15	16	21	3
Service profiles				159	180	98	131	81	93	52
Turn on/off				1,028	1,120	1,244	1,255	1,267	1,248	139
Manual reads				484	522	556	555	565	527	513
Misc				52	78	26	27	36	33	49
Wastewater										
Customer service calls, wastewater						38	39	37	52	71
New customer sewer lines installed						2	2	-	2	2
Sewer mains cleaned/flushed in miles						15	19	19	18	14
Sewer mains and laterals repaired in number of jobs						38	39	34	-	8
Sewer manholes inspected						370	371	373	371	362
Sewer manholes installed						1	3	1	-	-
Sewer spill responses						3	4	1	3	7

¹ 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 1989-1990 fiscal year. It consists of two members from the Fort Bragg City Council appointed by the City's mayor, two members from the Fort Bragg Rural Fire District Board appointed by their chairman, and an "At Large" member appointed by the other four members. The City of Fort Bragg is responsible for 50% of the Fire Department budget.

² In some categories historical information is not available

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

	FY 04- 05	FY 05- 06	FY 06- 07	Fy 07- 08	Fy 08- 09	FY 09- 10	FY 10- 11	FY 11- 12	FY 12- 13	FY 13- 14
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets in miles	26.4	26.4	26.4	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
Water										
Water Treatment Plant	1	1	1	1	1	1	1	1	1	1
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
Wastewater										
Sewer Treatment Plant	1	1	1	1	1	1	1	1	1	1
Sewer mains in miles	27	27	27	27	27	27	27	27	27	27
Parks and Facilities										
Number of Parks	2	3	3	3	3	3	3	3	3	3
Recreational/Guest Facilities	2	2	2	2	2	2	2	3	3	3
Government Facilities	2	2	2	2	2	2	2	2	2	2