

# City of Fort Bragg California



Comprehensive Annual  
Financial Report  
Fiscal Year Ended June 30, 2012



**Cover Photos:**

**Skunk Train, Otis Johnson Park, Main Street,**

**C. V. Starr Center, Noyo River**

**Photographer: Nancy Philips**

# **City of Fort Bragg, California**

## **Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2012**



Prepared by Finance Department  
Rosana Cimolino  
Finance Director/City Treasurer

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## **INTRODUCTORY SECTION**

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

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Finance Department  
Office of the Director

## MEMORANDUM

**DATE:** January 28, 2013

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

**FROM:** Rosana Cimolino, Finance Director

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

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California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the City of Fort Bragg (City) for the fiscal year ended June 30, 2012, is hereby published to fulfill this requirement. This report has been prepared by the Finance Department. The City's financial statements included in this report were audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has 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, 2012 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. A single audit was not required for FY 2011/12 as the City did not expend federal funds in excess of \$500,000.

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 of both entities. As a result, the Successor Agency and MID are presented as blended component units in the financial statements. Component units are legally separate entities for which the primary government is financially accountable. For a more detailed overview of the City's component units, see the Management Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements on pages XX-XX and XX-XX.

### **Profile of the Government**

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

Fort Bragg is a general law city under California state law and its rights, powers, privileges, authority, and functions are established through the State constitution. 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 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 XIIB of the California Constitution, also known as the GANN spending limit, restricts the amount of "proceeds of taxes" California governments may spend. As of June 30, 2012, the City was \$3.6 million or 45% under the total Article XIIB (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2012.

### **Citywide Achievements in FY 2011/12**

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

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

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

*Grants.* Staff wrote a number of successful grant applications for the City, many of which fund a portion of staff activities. Grants cover a variety of activities including:

**Planning**

Chestnut Street Corridor Project (MCOG OWP)  
Blueprint Planning Process (MCOG OWP)  
Franklin Street Way Finding Signs (MCOG OWP)  
Guest House Master Plan (CDBG)

**Economic Development**

Industrial & Fine Arts Center Feasibility Study, Phase 2 (CDBG)  
CDBG Economic Development Activities  
Microenterprise Assistance (CDBG)  
Climate Action Plan (Sustainable Communities Grant)  
Compost Feasibility Study (CDBG)

**Housing**

CDC Affordable Housing Rehabilitation Project (CDBG/ARRA)  
Housing Rehabilitation Loans (CDBG)  
Home Energy Link Program (CDBG)  
Homeownership Assistance Program (CDBG)

**Parks Projects**

Fort Bragg Coastal Restoration and Trail Project (Prop 84 Grant)  
Otis Johnson Park (CalTrans & Prop 50/River Parkways)

**Public Safety**

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

**Streets & Circulation Improvements**

Safe Routes to Schools (Federal SR2S Grant)  
Oak and Franklin Street Bike Routes (Bicycle Transportation)  
Street Resurfacing (RAC Chip Seal Grant)

**Water**

Waterfall Gulch Raw Water Line Replacement (Prop 84 Grant)  
Water Master Plan Update (CDBG)

*Capital Projects.* The following capital projects were completed or nearly completed by the end of FY11/12:

- Downtown Parking Lots Resurfacing
- Raw Water Ponds Cover
- 2011 Streets Structural Repairs
- 2011 Streets Resurfacing Project
- Skate Park Improvements, Phase II
- Otis Johnson Park Project
- Primary Digester Cleaning & Minor Rehab
- Franklin and Oak Bike Lanes Projects

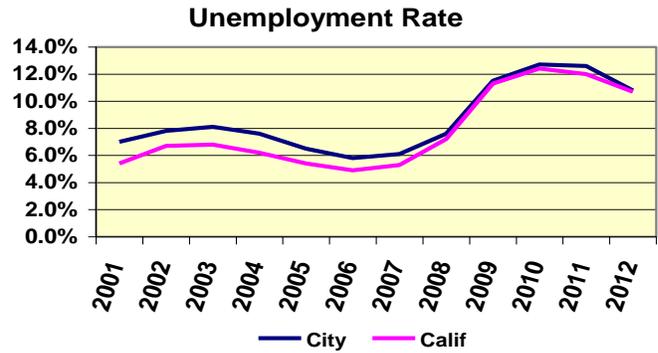
**Local Economy**

During FY 11/12, the City for the second consecutive year saw positive trends in some economic segments, led by consumer spending and tourism. However, the real estate housing market and labor market have not shown much of a rebound and are still awaiting recovery from the great recession. While local unemployment remains high, the unemployment rate decreased by 1.1% to 10.8% at June 30, 2012, compared to 11.9% at June 30, 2011. The rate has dropped still further to 9.8% as of the end of September, according to the most recent numbers available from the State Employment Development Department.

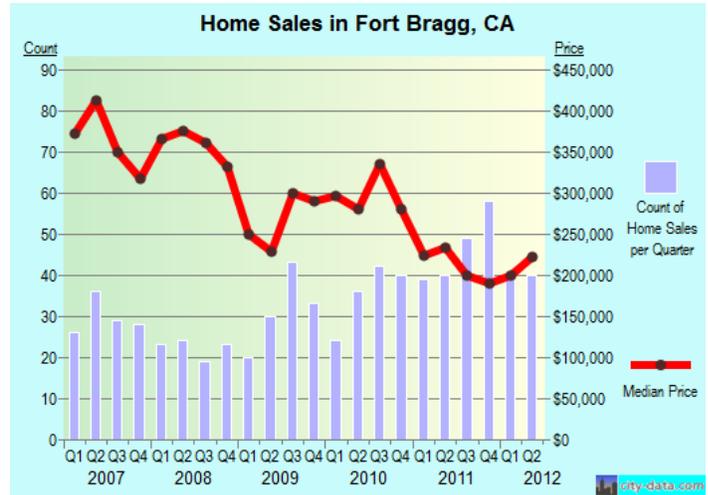
City tax revenues that are dependent on the state of the economy are indicating signs of emerging growth. Local sales tax increased .4% and 5.2% over the last two years. Revenue from the .5% sales tax for street repair increased 7.1% yielding \$770,390 as compared to \$719,460 in the prior fiscal year. Transient Occupancy Tax, which had decreased 2.7% in FY 2010/11, increased 5.2% in FY 2011/12 for a net increase of 2.5%. The City's largest source of discretionary revenue is comprised of these two taxes.

Median home prices declined 4.1% to \$249,100 over the past fiscal year with a corresponding 2.5% decline in property tax revenue. Property tax revenue is projected to remain fairly flat for the near future. The real estate market continues to struggle in terms of home sales, home prices, and new construction.

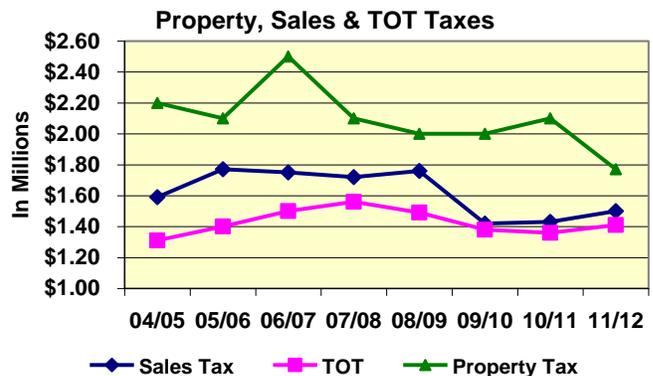
The state budget situation continues to be point of concern for Fort Bragg's budget. In 2012, the California Supreme Court upheld AB x1 26 which eliminated redevelopment agencies. A primary reason for the elimination of redevelopment was to allow the state to relieve funding obligations for its own general fund and reapportion property taxes to schools and other state funded activities. This valuable economic tool was the primary means for redevelopment of the City's downtown, and was a crucial resource for providing affordable housing in the City. The State of California is projected to face a budget shortfall of \$16B in FY 2012-13, and it is likely that local governments will be sought out once again to assist the State through a shift of local revenues from cities.



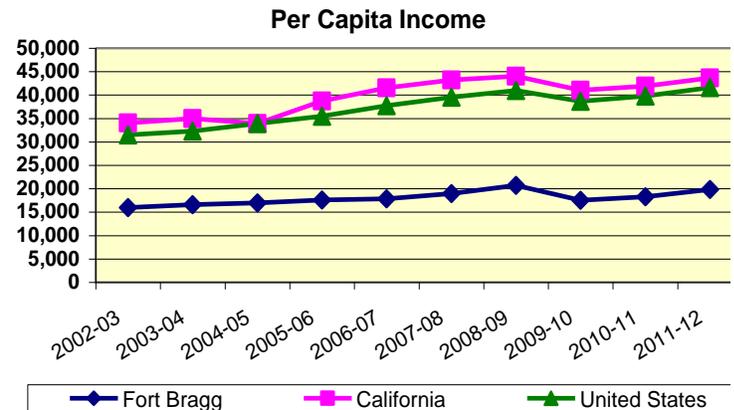
Source: California Employment Development Department



Source: city-data.com



Source: City of Fort Bragg, Department of Finance



Source: U.S. Bureau of Economic Analysis

## **Long-term Financial Planning**

The City is committed to maintaining a general fund operating reserve equal to 20% of the annual expenditures. This reserve is necessary to accommodate fluctuations in the timing of expenditures and the receipt of revenues. The operating reserve established for fiscal year 2013 is \$1.6 million. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was \$3.9 million.

For the City, as with governmental jurisdictions throughout the nation, continuing fiscal challenges meant a redoubling of efforts to address current and future budget shortfalls while working to prioritize and maintain the level of services that the residents of Fort Bragg have come to expect. Traditional funding sources for parks, public safety, and community development are shrinking or are altogether gone. The immediate challenges are the dissolution of the Redevelopment Agency by the State and major cuts in Federal grants such as Community Development Block Grants.

The City has worked hard to address its fiscal challenges and the efforts have been successful. Two years ago the City drastically reduced its workforce and implemented across-the-board salary concessions. In contract negotiations this past year, all City employees agreed to multi-year labor agreements with escalating employee contributions to offset pension costs. Through the efforts and partnership of City Council, management, and employees, Fort Bragg was successful in presenting a structurally balanced budget for fiscal year 2013 with fully funded reserves in accordance with established City Council policies for cash flow, operating reserves, litigation reserves, and capital reserves.

The City's Capital Improvement Plan (CIP) identifies capital needs as well as funding sources and funding shortfalls. For FY 2012/13 the CIP includes \$6.2 million of funding for planned projects that are included in the budget. Significant projects include \$4.7 million for the Fort Bragg Coastal Trail and \$1.2 million for water and wastewater improvements.

## **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, 2011. This was the first year 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. 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.

Respectfully submitted,

Rosana Cimolino  
Finance Director

CITY OF FORT BRAGG  
ORGANIZATIONAL CHART  
As of June 30, 2012

RESIDENTS OF CITY OF FORT BRAGG

CITY COUNCIL

City Council  
Committees

Planning  
Commission



**Dave  
Turner**  
Mayor

**Meg  
Courtney**  
Vice Mayor

**Dan  
Gjerde**  
Councilmember

**Doug  
Hammerstrom**  
Councilmember

**Scott  
Dietz**  
Councilmember



**Linda Ruffing**  
City Manager

City Attorney's  
Office

Administrative  
Services Office

City Clerk's  
Office

FINANCE

COMMUNITY  
DEVELOPMENT

PUBLIC WORKS

PUBLIC SAFETY

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morinell*

President

*Jeffrey R. Emen*

Executive Director



## **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

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA

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BEVERLY HILLS, CA 90210  
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FAX: 310.670.1689  
[www.mlhcpas.com](http://www.mlhcpas.com)

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CULVER CITY, CA 90230  
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FAX: 310.670.1689  
[www.mlhcpas.com](http://www.mlhcpas.com)

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Bragg (City), California, as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fort Bragg, California, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2011, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

In accordance with the *Government Auditing Standards*, we have also issued a report dated January 25, 2013, on our consideration of the City of Fort Bragg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 15, the Postemployment Benefit Plans Other Than Pension Trend Information on page 69, and the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, Former Redevelopment Agency Project Area Special Revenue Fund, Former Redevelopment Agency Low and Moderate Housing Special Revenue Fund, Low and Moderate Income Housing Successor Agency Fund, and Special Sales Tax Special Revenue Fund on pages 70 through 75, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting principles generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, schedule of revenues, expenditures, and changes in fund balances – Budget to Actual – FY 11/12 Street Resurfacing Capital Projects fund, nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of revenues, expenditures, and changes in fund balances – Budget to Actual – FY 11/12 Street Resurfacing Capital Projects fund and combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
January 25, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fort Bragg, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. 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 by \$71.9 million (*net assets*). Of this amount, \$5.1 million was reported as *unrestricted net assets* and may be used to meet the City's ongoing obligations to citizens and creditors. *Restricted net assets* of \$4.8 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining \$62.0 million represents the City's investment in capital assets, net of related debt.
- The City's total net assets increased \$29.7 million primarily due to an increase in capital assets related to the acquisition of the C. V. Starr Center and the transfer of the Redevelopment Agency 2004 Bond liability to the Successor Agency trust fund.
- At the close of the most recent fiscal year the City's governmental funds reported combined fund balances of \$8.3 million, a decrease of \$96,790 in comparison with the prior fiscal year. Approximately 43% of this amount (\$3.6 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 \$3.8 million, or approximately 54.2% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$3.9 million during the fiscal year ending June 30, 2012 primarily due the transfer of the Redevelopment Agency 2004 Bond liability to the Successor Agency trust fund. The City incurred no new long-term debt during the fiscal year.

### **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 assets* 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 assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 accounts; water, wastewater, and the C.V. Starr Center.

Component units are included in the financial statements and are legally separate entities for which the City is financially accountable. These have substantially the same governing board as the City. These include the Municipal Improvement District #1 (MID) and the Fort Bragg Redevelopment Agency (RDA) through January 31, 2012. Financial information for these component units 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, capital projects, and debt service). Information is presented separately in the governmental funds balance sheet for the following major funds: General Fund, Former Redevelopment Agency Project Fund, Former Redevelopment Agency Low & Moderate Housing Fund, Housing Successor Agency Fund, Special Sales Tax Street Repair Fund, and the FY 11/12 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. A budgetary comparison statement has been provided for the general fund and major governmental funds to demonstrate compliance with this budget.

### **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 basic 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 used for fiduciary funds is much like that used for proprietary funds. An agency fiduciary fund reports the financial assets of the Successor Agency to the Fort Bragg Redevelopment Agency.

The basic 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 35 - 69 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 – 78.

### **Other Supplemental Information**

The budgetary schedule for the major capital projects fund is on page 80.

## Combining Fund Financial Statements

The combining statements and schedules referred to earlier in connection with non-major governmental funds can be found on pages 83 - 101.

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

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

As noted earlier, net assets 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 \$71.9 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, 2012 and June 30, 2011.

<b>CITY OF FORT BRAGG SUMMARY OF NET ASSETS</b>						
<b>June 30, 2012 and June 30, 2011</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$10,238,176	\$10,393,285	\$4,267,233	\$4,181,614	\$14,505,409	\$14,574,899
Noncurrent assets:						
Deferred charges	21,290	112,003	113,809	125,354	135,099	237,357
Capital assets	31,585,763	30,521,444	36,481,275	11,859,111	68,067,038	42,380,555
<b>Total assets</b>	<b>41,845,229</b>	<b>41,026,732</b>	<b>40,862,317</b>	<b>16,166,079</b>	<b>82,707,546</b>	<b>57,192,811</b>
Current liabilities	1,163,166	1,452,561	382,244	391,060	1,545,410	1,843,621
Long-term debt						
Due within one year	1,220,948	917,988	492,004	478,380	1,712,952	1,396,368
Due in more than one year	2,665,211	6,470,144	4,851,826	5,291,921	7,517,037	11,762,065
<b>Total liabilities</b>	<b>5,049,325</b>	<b>8,840,693</b>	<b>5,726,074</b>	<b>6,161,361</b>	<b>10,775,399</b>	<b>15,002,054</b>
Net assets:						
Invested in capital assets, net of related debt	30,663,800	25,407,995	31,319,089	6,272,041	61,982,889	31,680,036
Restricted for:						
Housing	91,406	91,022			91,406	91,022
Low and moderate income housing	1,236,747	1,261,499			1,236,747	1,261,499
Debt service		283,666	108,063	66,275	108,063	349,941
Public safety	1,132,715	1,994,311			1,132,715	1,994,311
Community development	858,651	638,713			858,651	638,713
Streets	1,456,379	795,284			1,456,379	795,284
Unrestricted	1,356,206	1,713,549	3,709,089	3,666,402	5,065,295	5,379,951
<b>Total net assets</b>	<b>\$36,795,904</b>	<b>\$32,186,039</b>	<b>\$35,136,241</b>	<b>\$10,004,718</b>	<b>\$71,932,147</b>	<b>\$42,190,757</b>

### Analysis of Net Assets

The City's overall net assets increased \$29.7 million, or 70.5%, from the prior fiscal year. Details of the increase can be found in the discussions of each asset category below.

**Invested in capital assets, net of related debt:** A large portion (86.2%) of the City of Fort Bragg's net assets reflect its investment in capital assets (e.g., land, easements, buildings, machinery, and infrastructure); less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City of Fort Bragg's investment in its capital assets is reported net of related debt, it should be noted that the

resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

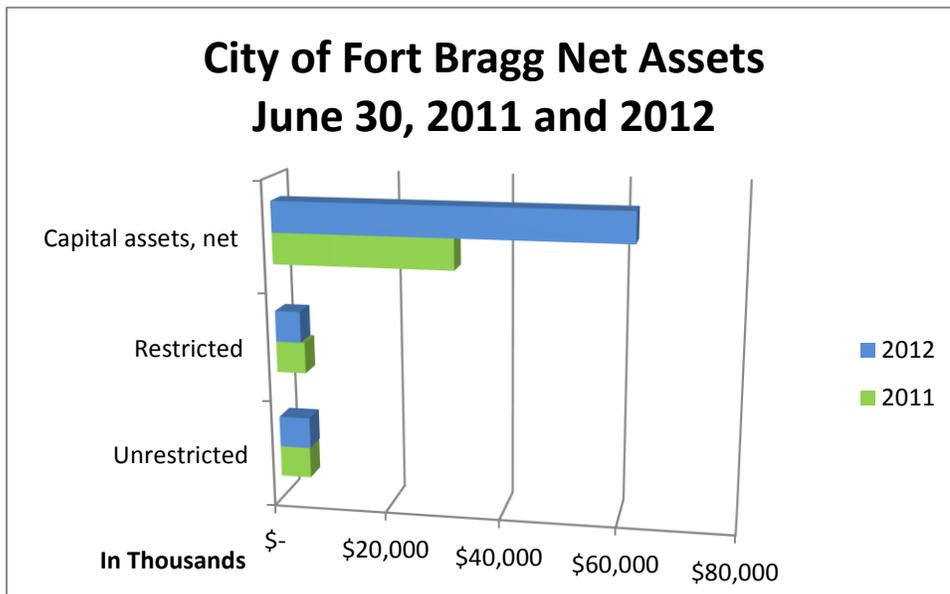
Invested in capital assets, net of related debt, totaled \$62.0 million at fiscal year end, an increase of \$30.3 million. This total consisted of the investment in capital assets (net of accumulated depreciation) of \$68.1 million, less the related debt of \$6.1 million. The increase in net assets invested 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. The most significant changes were the reduction of long-term debt due to the transfer of the Redevelopment Agency 2004 Bond (\$4.1 million) to the Successor Agency trust fund and the acquisition of the C.V. Starr Center property and equipment (\$25.1 million).

**Restricted net assets:** An additional portion of the City’s net assets (6.8%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are comprised of: (1) 30% dedicated to street maintenance, (2) 23% dedicated to public safety, (3) 25% restricted for low and moderate income housing, (4) 18% in grant money restricted to specific activities, (5) 2% for housing, and (6) 2% in debt reserve.

Restricted net assets decreased 5% to a total of \$4.9 million. The most significant change was the transfer of \$1.7 million in Redevelopment Agency assets to the Successor Agency.

**Unrestricted net assets:** The remaining balance of \$5.1 million is unrestricted and may be used to meet the government’s ongoing obligations to its citizens and creditors. Unrestricted net assets decreased \$314,656, or 5.8%.

At the end of FY2011/12 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:

<b>CITY OF FORT BRAGG CHANGES IN NET ASSETS</b>						
<b>Fiscal Years Ending June 30, 2012 and June 30, 2011</b>						
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Revenues:						
Program Revenues:						
Charges for services	\$3,100,583	\$3,130,687	\$5,171,882	\$4,881,234	\$8,272,465	\$8,011,921
Operating grants & contributions	684,440	2,137,736			684,440	2,137,736
Capital grants & contributions	1,096,305	602,396	25,131,530		26,227,835	602,396
General Revenues:						
Taxes:						
Property taxes	1,412,747	2,075,266	19,296		1,432,043	2,075,266
Other taxes	4,377,460	3,956,755			4,377,460	3,956,755
Intergovernmental revenue not restricted to specific programs						
Miscellaneous	399,150	70,896	63,916	407,355	463,066	478,251
Unrestricted Investment Earnings	91,247	50,743	15,330	21,469	106,577	72,212
<b>Total Revenues</b>	<b>11,161,932</b>	<b>12,024,479</b>	<b>30,401,954</b>	<b>5,310,058</b>	<b>41,563,886</b>	<b>17,334,537</b>
Expenses:						
General Government	2,539,971	2,591,125			2,539,971	2,591,125
Public Safety	3,493,160	3,596,424			3,493,160	3,596,424
Public Works	1,531,539	1,532,090			1,531,539	1,532,090
Community Development	1,877,234	3,360,478			1,877,234	3,360,478
Interest and Fiscal Charges	177,222	296,327			177,222	296,327
Water			2,106,860	2,178,316	2,106,860	2,178,316
Wastewater			2,983,365	2,425,265	2,983,365	2,425,265
C. V. Starr Center			182,726		182,726	
<b>Total Expenses</b>	<b>9,619,126</b>	<b>11,376,444</b>	<b>5,272,951</b>	<b>4,603,581</b>	<b>14,892,077</b>	<b>15,980,025</b>
Increase (decrease) in net assets before transfers	1,542,806	648,035	25,129,003	706,477	26,671,809	1,354,512
Transfers	(2,522)	(54,725)	2,522	54,725		
Increase (decrease) in net assets before extraordinary items	<b>1,540,284</b>	<b>593,310</b>	<b>25,131,525</b>	<b>761,202</b>	<b>26,671,809</b>	<b>1,354,512</b>
Extraordinary item - gain on transfer of assets to successor agency trust fund	3,069,581				3,069,581	
Increase (decrease) in net assets	4,609,865	593,310	25,131,525	761,202	29,741,390	1,354,512
<b>Net Assets, July 1</b>	32,186,039	31,088,277	10,004,718	10,316,019	42,190,757	41,404,296
Prior Period Adjustments		504,452		(1,072,503)		(568,051)
<b>Net Assets, July 1, restated</b>	<b>32,186,039</b>	<b>31,592,729</b>	<b>10,004,718</b>	<b>9,243,516</b>	<b>42,190,757</b>	<b>40,836,245</b>
<b>Net Assets, June 30</b>	<b>\$36,795,904</b>	<b>\$32,186,039</b>	<b>\$35,136,243</b>	<b>\$10,004,718</b>	<b>\$71,932,147</b>	<b>\$42,190,757</b>

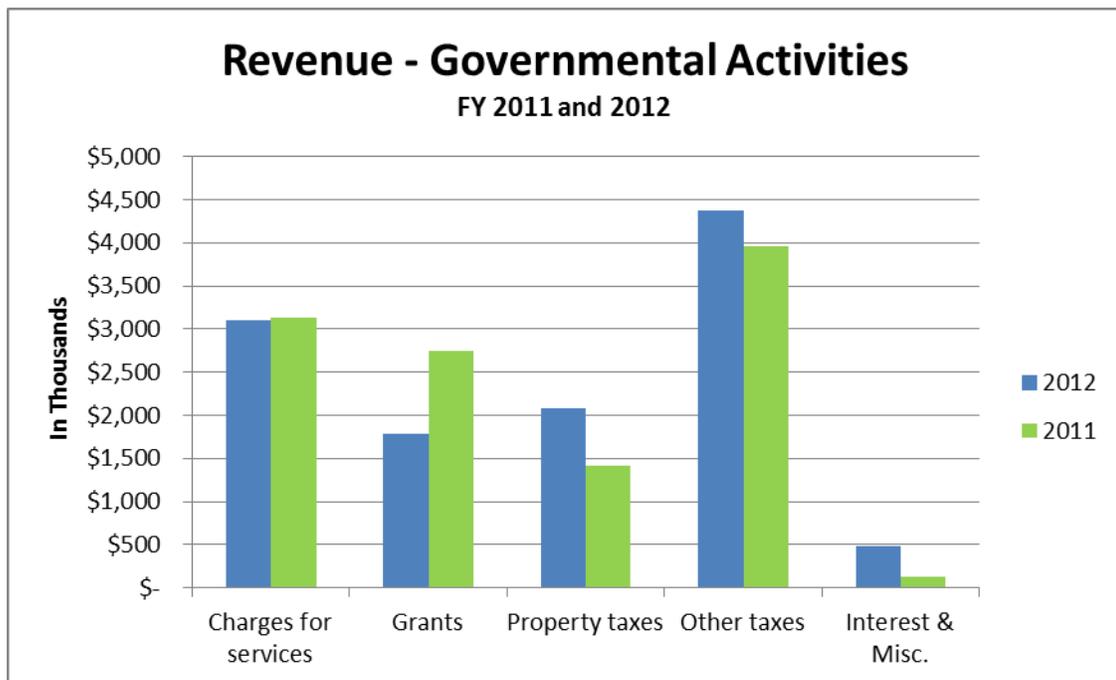
## Analysis of Governmental Activities

Governmental activities increased the City's net assets by \$4.6 million for the fiscal year ended June 30, 2012, accounting for 15.5% of the total increase.

**Revenues:** Total revenues for the City's governmental activities had an overall decrease from the prior fiscal year of \$.9 million, or 7.2%, to \$11.2 million. Revenues are divided into two categories: program revenues and general revenues.

**Program revenues** had an overall decrease of \$1.0 million, or 16.9%, from the prior fiscal year primarily due to a decrease in grant and redevelopment activities.

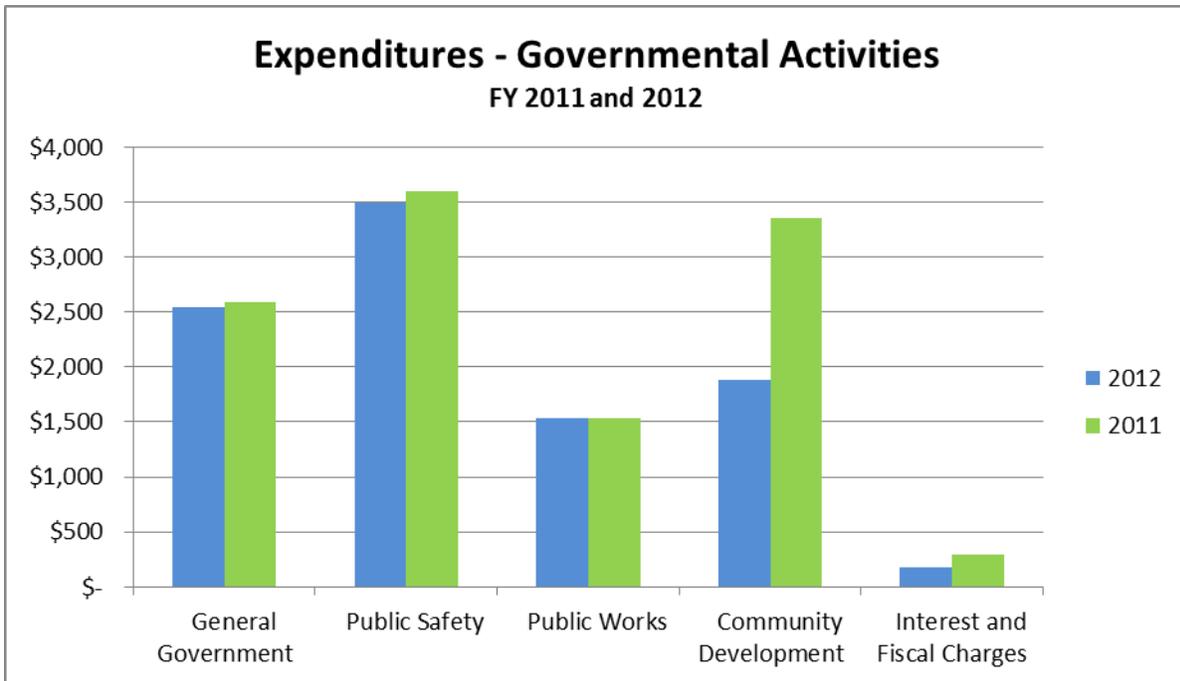
**General revenues** had an overall increase of \$126,943 from the prior fiscal year to \$6.3 million. While the amount is minimal there are differences in the revenue source. Property tax revenue decreased significantly due to the dissolution of the Redevelopment Agency. This decrease was partially offset by an increase in sales and transient occupancy tax. Investment interest increased due to increased investment in short and long term certificates of deposit.



**Expenses:** Total expenses for governmental activities were \$9.6 million, a decrease of \$1.8 million, or 15.4%, from the prior fiscal year.

As a service delivery entity, the City's major cost component is salaries and benefits, amounting to 63% of the total city governmental expenses. The average full time equivalent (FTE) employee count for the City (including business-type activities) remained the same as the prior fiscal year. Salary and benefit costs increased 7.6% to \$5.9 million. The increase included increased benefits cost largely offset by increases in employee benefit contributions.

Expenses related to services, supplies and other charges increased \$422,600, or 12.7%, primarily in utility and maintenance costs. The most significant change is related to grant and community development activity. As seen in the chart below, these expenditures decreased 35% to \$1.8 million, partially due to decreased grant activity and partially due to the dissolution of the Redevelopment Agency.



**Analysis of Business-type Activities:**

For the City of Fort Bragg’s business-type activities, the net assets for the water enterprise decreased slightly to \$2.4 million and the wastewater enterprise net assets decreased slightly to \$7 million. The total increase in net assets for business-type activities (water, wastewater, and C.V. Starr Center funds) was \$25.1 million from the prior fiscal year due to the acquisition of the C. V. Starr Center. Both the water and wastewater enterprises implemented a 4% rate increase July 1, 2011. As a result, revenues from water and wastewater activity charges for services increased 4.1% and 7.4% respectively over the previous fiscal year’s amount. The increase in revenue indicates these activities generated revenues sufficient to cover the costs of day-to day operations in both enterprise funds. The City has contracted with consultants to evaluate the extent of capital improvement over the next few years in order to ensure that rates continue to support the cost of operation and maintenance of the facilities. 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 membership fees.

**FINANCIAL ANALYSIS OF THE FUND 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**

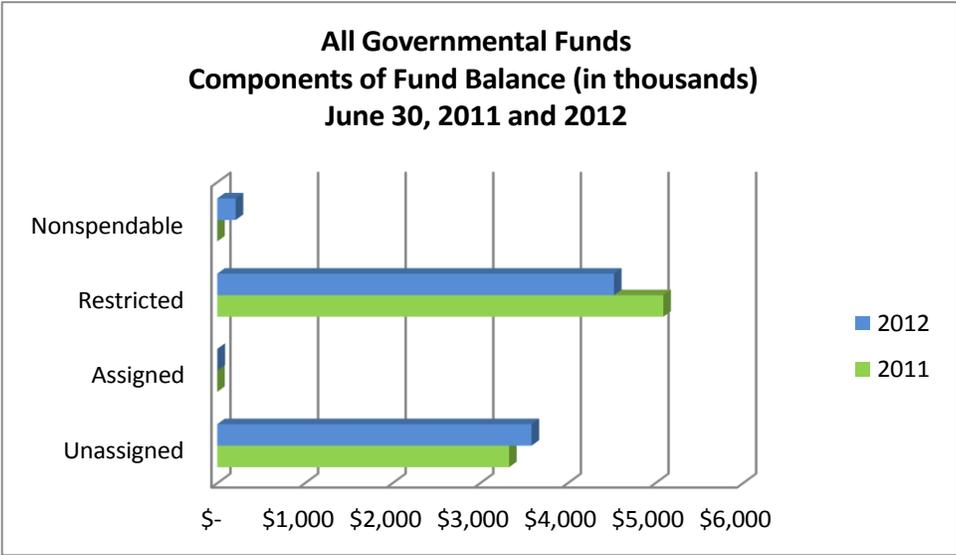
The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s 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, 2012, the City’s governmental funds reported total fund balances of \$8.3 million, a decrease of \$96,790 in comparison with the prior fiscal year’s total ending fund balances. While the amount is relatively minor the decrease is the net result of a variety of changes in fund balance as follows:

- The General Fund increased 12% to a fund balance of \$3.99 million primarily due to salary savings from unfilled positions and higher than anticipated sales and transient occupancy taxes.
- The dissolution of the Redevelopment Agency transferred approximately \$2 million in assets consisting of \$1.5 million in cash and \$0.5 million in receivables to the Redevelopment Successor trust and the Low and Moderate Income Housing (LMIH) Successor fund. The cash assets in the LMIH Successor fund were restricted at fiscal year-end in anticipation of transferring the balance to the State. In November the cash funds were remitted to the State as required by Assembly Bill 1484.
- The Street Sales Tax special revenue fund balance decreased \$435,100, or 25%, due to funds used for street maintenance projects.
- The FY 11/12 Street Resurfacing Project fund balance increased \$674 to \$0 as of June 30, 2012.

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, 2012 nonspendable fund balance in the General Fund consists of inventory in the amount of \$98,000 and advances to other funds in the amount of \$113,255.
- *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 \$4.5 million includes \$.1 million for housing, \$1.5 million for street repair, \$1 million in the LMIH Successor Agency to be either remitted to the State or used only for enforceable obligations (see Note V on page 64 for further detail regarding enforceable obligations), \$1.1 million for public safety, and \$.9 million for community development.
- *Committed fund balance* is committed for a particular purpose as established by the City Council.
- *Assigned fund balance* represents fund balance assigned for particular purposes. The City has \$4,200 assigned for maintenance as of June 30, 2012.
- *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, 2012 totaled \$3.5 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.



**General Fund:** 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, 2012 unassigned fund balance of the general fund was \$3.8 million, while total fund

balance increased to \$4.0 million. Unassigned fund balance represents approximately 54% of total general fund expenditures, while total fund balance represents approximately 57% of that same amount.

As discussed earlier the Redevelopment Agency Project fund balance was transferred to the Successor Agency Trust Fund due to the dissolution of RDAs. The Redevelopment Agency Low & Moderate Housing fund balance was transferred to the Successor Agency for Low & Moderate Housing funds as restricted funds to be paid to the State.

The Measure J Special Sales Tax fund balance, a major fund, decreased \$0.4 million to \$1.3 million. Revenue from sales taxes restricted for street maintenance increased 7% from last fiscal year to \$770,390. Street capital projects funded in FY 2011/12 totaled \$1.21 million.

The FY 2011/12 Street Resurfacing Fund is a capital project fund used to record the cost of repaving various streets. This project was primarily funded by the Special Sales Tax revenue. Expenditures in FY 2011/12 were \$1.07 million. Fund balance at fiscal year-end was \$0 as the project was completed during the fiscal year.

Non-major governmental funds totaled \$2.01 million as of June 30, 2012 as compared to \$1.5 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, 2012. The Water Enterprise charges for service increased 4.1% from \$2.1 million in FY 2010/11 to \$2.2 million in FY 2011/12. Operating expenses for the Water Enterprise decreased 2.4%, totaling \$1.9 million for the fiscal year. The decrease was primarily due to decreased costs for professional services.

Net operating income for the Water Enterprise was \$307,892, an increase of \$133,350 over the prior fiscal year. Net assets decreased 7.6% primarily due to the reduction of debt principal resulting in a net increase in capital assets, net of related debt.

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, 2012. Total revenues from charges for service for the Municipal Improvement District were \$3.0 million, an increase of 7.4%.

Net operating income for the Municipal Improvement District was \$39,222, a decrease of \$.3 million. The decrease in operating income was primarily due to increased personnel and maintenance 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 increase funding for operation of the Center. As mentioned previously the Mendocino Coast Recreation and Park District is contracted to operate the Center. The City will be administering the sales and property tax revenue for the Center.

Total internal service funds net assets increased by \$93,131 to \$183,500 as part of a vehicle and equipment replacement program.

## **General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations.

**Final budget compared to actual results.** The difference between total estimated revenues and actual revenues for the general fund were \$191,506 distributed as follows:

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Over/(Under)</u>
Taxes	\$ 4,146,064	\$ 4,227,055	\$ 80,991
Intergovernmental	30,500	32,124	1,624
Charges for services	2,761,728	2,790,364	28,636
Fines and forfeitures	17,000	13,387	(3,613)
Licenses and permits	215,450	240,769	25,319
Use of money and property	16,500	67,942	51,442
Misc	35,000	42,107	7,107
	<u>\$ 7,222,242</u>	<u>\$ 7,413,748</u>	<u>\$ 191,506</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 \$7.5 million. Actual expenditures totaled \$7.2 million with the majority of the savings in personnel costs due to unfilled positions during the year.

## **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, 2012, the City of Fort Bragg's capital assets for its governmental and business-type activities totaled \$68.1 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 change to capital assets of the City is an increase of \$25.6 million primarily due to the acquisition of the C.V. Starr Center.

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

- Downtown Parking Lots
- 2011 Streets Resurfacing Project
- 2011 Street Structural Repair
- Fort Bragg Skate Park Phase II
- Otis Johnson Park Project
- Franklin and Oak Bike Lanes Projects

<b>CITY OF FORT BRAGG CAPITAL ASSETS (net of depreciation)</b>						
<b>June 30, 2012 and June 30, 2011</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Land and Easements	\$12,556,925	\$12,291,627	\$785,079	\$285,079	\$13,342,004	\$12,576,706
Land Improvements			537,784		537,784	
Buildings	2,084,618	2,207,284	25,432,771	2,031,763	27,517,389	4,239,047
Machinery and Equipment	196,509	272,243	2,279,111	1,726,831	2,475,620	1,999,074
Infrastructure	15,774,147	14,746,652	7,150,540	7,501,514	22,924,687	22,248,166
Construction in Progress	973,564	1,003,638	295,990	313,924	1,269,554	1,317,562
<b>Total Capital Assets, net</b>	<b>\$31,585,763</b>	<b>\$30,521,444</b>	<b>\$36,481,275</b>	<b>\$11,859,111</b>	<b>\$68,067,038</b>	<b>\$42,380,555</b>

Additional information about the City's capital assets is presented in Note IV.C. on pages 53 through 55.

### **Long-Term Debt**

At June 30, 2012, total City debt outstanding was \$9.2 million, a decrease of \$3.9 million. Governmental debt decreased as a net result of increases in Caspar Landfill post-closure costs and Other Post-Employment Benefits (OPEB) liability offset by the transfer of the Redevelopment 2004 Bond to the Successor Agency trust fund. Business-type debt decreased \$426,471 as a net result of reduction of bond and loan principal and a slight increase in compensated absences. Additional information about the City's outstanding debt is presented in Note IV.I on pages 60 through 62.

<b>CITY OF FORT BRAGG OUTSTANDING DEBT</b>						
<b>June 30, 2012 and June 30, 2011</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Bonds Payable	\$ -	\$ 4,152,214	\$ 3,236,877	\$ 3,451,043	\$ 3,236,877	\$ 7,603,257
Loans Payable			1,480,894	1,606,355	1,480,894	1,606,355
Capital Leases	943,253	1,049,260	558,221	655,026	1,501,474	1,704,286
Other	2,942,906	2,186,658	67,838	57,877	3,010,744	2,244,535
	<b>\$ 3,886,159</b>	<b>\$ 7,388,132</b>	<b>\$ 5,343,830</b>	<b>\$ 5,770,301</b>	<b>\$ 9,229,989</b>	<b>\$ 13,158,433</b>

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

At the time of budget preparation for fiscal year 2013, the economic outlook for the City was considered to be stable. The General Fund Budget for fiscal year 2013 of approximately \$8 million was adopted as balanced. It represents an increase in expenditures from the prior fiscal year of approximately 3.5%, primarily due to the addition of the cost of funding the Annual Required Contribution to offset the City's Other Post Employment Benefits liability.

The FY 2013 budget continues the practice of conservative revenue estimates, especially in the General Fund. Overall, the FY 2013 Adopted Budget anticipates modest increases in most revenues. For the General Fund this translates into a projected 3.9% increase over FY 2012 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 2013 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 enters fiscal year 2013 in a solid position financially based on the efforts that it has made to restructure itself to operate more efficiently and better contain its 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.

### **REQUESTS FOR INFORMATION**

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

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

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## **Basic Financial Statements**

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**CITY OF FORT BRAGG**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 7,794,923	\$ 3,594,833	\$ 11,389,756
Cash and investments with fiscal agents, restricted		108,063	108,063
Accounts receivable	1,178,390	583,686	1,762,076
Receivable due from Successor Agency trust fund	396,656		396,656
Interest receivable	1,880	1,352	3,232
Loans receivable	568,342		568,342
Deposits receivable	69,279		69,279
Inventory	115,451	92,554	208,005
Internal balances	113,255	(113,255)	
Deferred charges - net of accumulated amortization	21,290	113,809	135,099
Capital assets not being depreciated:			
Land	12,556,925	785,079	13,342,004
Construction in progress	973,564	295,990	1,269,554
Capital assets, net of accumulated depreciation:			
Land improvements		537,784	537,784
Buildings	2,084,618	25,432,771	27,517,389
Machinery, equipment, and vehicles	196,509	2,279,111	2,475,620
Infrastructure	15,774,147	7,150,540	22,924,687
<b>Total assets</b>	<u>41,845,229</u>	<u>40,862,317</u>	<u>82,707,546</u>
<b>LIABILITIES</b>			
Accounts payable	834,249	106,668	940,917
Accrued payroll and benefits	106,325	30,611	136,936
Payable to Successor Agency trust fund		46,338	46,338
Accrued interest	3,842	43,947	47,789
Unearned revenue	179,883	16,535	196,418
Deposits payable	38,867	138,145	177,012
Noncurrent liabilities:			
Due within one year	1,220,948	492,004	1,712,952
Due in more than one year	2,665,211	4,851,826	7,517,037
<b>Total liabilities</b>	<u>5,049,325</u>	<u>5,726,074</u>	<u>10,775,399</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	30,663,800	31,319,092	61,982,892
Restricted for:			
Housing	91,406		91,406
Low and moderate income housing	1,236,747		1,236,747
Debt service		68,121	68,121
Public safety	1,132,715		1,132,715
Community development	858,651		858,651
Streets	1,456,379		1,456,379
Unrestricted	1,356,206	3,752,244	5,108,450
<b>Total net assets</b>	<u>\$ 36,795,904</u>	<u>\$ 35,139,457</u>	<u>\$ 71,935,361</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, 2012**

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 2,539,971	\$ 2,718,032	\$ 2,500	\$ -
Community development	1,877,234	349,485	334,598	484,836
Public safety	3,493,160	28,727	347,342	
Public works	1,531,539	4,339		611,469
Interest on long-term debt	177,222			
Total governmental activities	<u>9,619,126</u>	<u>3,100,583</u>	<u>684,440</u>	<u>1,096,305</u>
Business-type activities:				
Water	2,106,860	2,193,976		
Sewer	2,980,151	2,944,612		
C.V. Starr Center	182,726			25,131,530
Total business-type activities	<u>5,269,737</u>	<u>5,138,588</u>		<u>25,131,530</u>
Total government	<u>\$ 14,888,863</u>	<u>\$ 8,239,171</u>	<u>\$ 684,440</u>	<u>\$ 26,227,835</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 assets before extraordinary item

Extraordinary item

Gain on transfer of assets and liabilities to  
successor agency trust fund

Change in net assets

Net assets - beginning of fiscal year

Net assets - end of fiscal year

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

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Totals
\$ 180,561	\$ -	\$ 180,561
(708,316)		(708,316)
(3,117,091)		(3,117,091)
(915,731)		(915,731)
(177,222)		(177,222)
<u>(4,737,798)</u>		<u>(4,737,798)</u>
	87,116	87,116
	(35,539)	(35,539)
	<u>24,948,804</u>	<u>24,948,804</u>
	<u>25,000,381</u>	<u>25,000,381</u>
<u>(4,737,798)</u>	<u>25,000,381</u>	<u>20,262,583</u>
1,412,747	19,296	1,432,043
2,271,377		2,271,377
1,410,855		1,410,855
470,386		470,386
224,842		224,842
91,247	15,330	106,577
399,150	97,210	496,360
(2,522)	2,522	
<u>6,278,082</u>	<u>134,358</u>	<u>6,412,440</u>
1,540,284	25,134,739	26,675,023
<u>3,069,581</u>		<u>3,069,581</u>
4,609,865	25,134,739	29,744,604
<u>32,186,039</u>	<u>10,004,718</u>	<u>42,190,757</u>
<u>\$ 36,795,904</u>	<u>\$ 35,139,457</u>	<u>\$ 71,935,361</u>

**CITY OF FORT BRAGG  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2012**

	<b>Special Revenue Funds</b>			
	<b>General</b>	<b>Former Redevelopment Agency</b>	<b>Former Redevelopment Agency Housing</b>	<b>Housing Successor</b>
<b>Assets</b>				
Cash and investments	\$ 3,642,132	\$ -	\$ -	\$ 612,152
Receivables:				
Accounts	787,899			
Interest	944			
Loans	2,245			246,125
Due from Successor Agency trust fund				396,656
Deposits	69,279			
Inventory and prepaids	98,000			
Advances to other funds	113,255			
Due from other funds	144,845			
<b>Total Assets</b>	<b>\$ 4,858,599</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,254,933</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 665,590	\$ -	\$ -	\$ 18,186
Accrued payroll and benefits	106,325			
Deferred revenue	61,345			
Deferred loans				246,125
Deposits payable	38,867			
Due to other funds				
<b>Total Liabilities</b>	<b>872,127</b>			<b>264,311</b>
<b>Fund Balances:</b>				
Nonspendable	211,255			
Restricted				990,622
Assigned	4,200			
Unassigned	3,771,017			
<b>Total Fund Balances</b>	<b>3,986,472</b>			<b>990,622</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,858,599</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,254,933</b>

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

<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		
<u>Special Sales Tax - Street Repair</u>	<u>FY 11/12 Street Resurfacing Project</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
\$ 1,213,115	\$ -	\$ 2,118,398	\$ 7,585,797
139,065		251,426	1,178,390
601		335	1,880
		319,972	568,342
			396,656
			69,279
			98,000
			113,255
			144,845
<u>\$ 1,352,781</u>	<u>\$ -</u>	<u>\$ 2,690,131</u>	<u>\$ 10,156,444</u>
\$ -	\$ -	\$ 107,396	\$ 791,172
14,465		104,073	106,325
		319,972	179,883
			566,097
			38,867
		144,845	144,845
<u>14,465</u>		<u>676,286</u>	<u>1,827,189</u>
1,338,316		2,200,835	211,255
		(186,990)	4,529,773
			4,200
			3,584,027
<u>1,338,316</u>		<u>2,013,845</u>	<u>8,329,255</u>
<u>\$ 1,352,781</u>	<u>\$ -</u>	<u>\$ 2,690,131</u>	<u>\$ 10,156,444</u>

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**CITY OF FORT BRAGG  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
June 30, 2012**

**FUND BALANCES - GOVERNMENTAL FUNDS** \$ 8,329,255

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds Balance Sheet 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	\$ 38,043,180	
Less: accumulated depreciation	<u>(6,457,417)</u>	31,585,763

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

Deferred charges	38,794	
Less: accumulated amortization	<u>(17,504)</u>	21,290

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. (3,842)

In governmental funds, other long-term assets are not available to pay for current-period expenditures, and therefore, are offset by deferred revenue. 566,097

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	(943,253)	
Landfill postclosure costs	(1,444,131)	
Compensated absences	(456,513)	
Other postemployment benefits	<u>(1,042,262)</u>	(3,886,159)

Internal service funds are used by management to charge the costs of certain activities, such as maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 183,500

**NET ASSETS - GOVERNMENTAL ACTIVITIES** \$ 36,795,904

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, 2012**

	<b>Special Revenue Funds</b>			
	<b>General</b>	<b>Former Redevelopment Agency</b>	<b>Former Redevelopment Housing Agency</b>	<b>Housing Successor</b>
<b>Revenues</b>				
Taxes and assessments	\$4,227,055	\$ 427,095	\$ 106,774	\$ -
Intergovernmental	32,124	250,520		
Charges for current services	2,790,364			
Fines, forfeitures, and penalties	13,387			
Use of money and property	67,942	769	1,914	1,244
Licenses and permits	240,769			
Other	42,107			
<b>Total revenues</b>	<b>7,413,748</b>	<b>678,384</b>	<b>108,688</b>	<b>1,244</b>
<b>Expenditures</b>				
Current				
General government	1,251,717			
Public safety	3,302,232			
Public works	1,323,472			
Community development	1,169,758	198,126	55,405	126,029
Capital outlay		250,520		
Debt service				
Principal	112,649			
Interest	44,677	1,436		
<b>Total expenditures</b>	<b>7,204,505</b>	<b>450,082</b>	<b>55,405</b>	<b>126,029</b>
Excess (deficiency) of revenues over (under) expenditures	209,243	228,302	53,283	(124,785)
Other Financing Sources (Uses)				
Transfers in	326,977		40,000	
Transfers out	(110,586)			
<b>Total Other Financing Sources (Uses)</b>	<b>216,391</b>		<b>40,000</b>	
Net changes in fund balances before extraordinary items	425,634	228,302	93,283	(124,785)
<b>Extraordinary items</b>				
Gain/(loss) on RDA dissolution transactions		(828,731)	(1,115,407)	1,115,407
<b>Net change in fund balances</b>	<b>425,634</b>	<b>(600,429)</b>	<b>(1,022,124)</b>	<b>990,622</b>
Fund Balances (Deficits), Beginning	3,560,838	600,429	1,022,124	
Fund Balances (Deficits), Ending	<u>\$3,986,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 990,622</u>

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

<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>		
<b>Special Sales Tax - Street Repair</b>	<b>FY 11/12 Street Resurfacing Project</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ 770,390	\$ -	\$ 258,892	\$ 5,790,206
	84,149	1,406,409	1,773,202
		63,607	2,853,971
			13,387
7,205		5,423	84,497
			240,769
		367,533	409,640
<u>777,595</u>	<u>84,149</u>	<u>2,101,864</u>	<u>11,165,672</u>
			1,251,717
		49,149	3,351,381
		62,969	1,386,441
		425,902	1,975,220
	1,068,422	664,502	1,983,444
			112,649
		114,222	160,335
	<u>1,068,422</u>	<u>1,316,744</u>	<u>10,221,187</u>
<u>777,595</u>	<u>(984,273)</u>	<u>785,120</u>	<u>944,485</u>
	1,005,148	537,706	1,909,831
(1,212,690)	(20,201)	(568,876)	(1,912,353)
<u>(1,212,690)</u>	<u>984,947</u>	<u>(31,170)</u>	<u>(2,522)</u>
(435,095)	674	753,950	941,963
		(210,022)	(1,038,753)
(435,095)	674	543,928	(96,790)
<u>1,773,411</u>	<u>(674)</u>	<u>1,469,917</u>	<u>8,426,045</u>
<u>\$ 1,338,316</u>	<u>\$ -</u>	<u>\$ 2,013,845</u>	<u>\$ 8,329,255</u>

**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, 2012**

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

NET CHANGE IN FUND BALANCES \$ (96,790)

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

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

Capital outlay expenditures are added back to fund balances	\$ 1,869,835	
Depreciation expense not reported in governmental funds	<u>(805,516)</u>	1,064,319

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay expenditures. Likewise, when the note is collected, it is reflected in revenue. This is the net change in between notes receivable collected and issued.		101,357
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Difference in the gain/loss on transfer of assets and liabilities to RDA successor trust funds between the governmental activities \$3,069,581 and the fund financial statements (\$1,038,753).		4,108,334
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Repayment of long-term debt is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Issuance of long term debt is subtracted from the fund balance

Repayment of debt principal is added back to fund balance

Amortization of deferred charges	(6,095)	
Interest payable, net change	(171)	
Capital lease payable	106,007	
2004 Tax Allocation Bond	(3,979)	
Landfill post closure costs	(659,720)	
Compensated absences, net change	(13,304)	
Other postemployment benefits	<u>(83,224)</u>	(660,486)

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.		<u>93,131</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 4,609,865</u>
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The accompanying notes are an integral part of these basic financial statements.

**CITY OF FORT BRAGG  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>Assets</b>	<b>Enterprise Funds</b>				<b>Governmental Activities Internal Service</b>
	<b>Water</b>	<b>Sewer</b>	<b>CV Starr Ctr</b>	<b>Total</b>	<b>Service</b>
<b>Current Assets:</b>					
Cash and investments	\$ 2,862,811	\$ 706,410	\$ 25,612	\$ 3,594,833	\$ 209,126
Restricted cash and investments, with fiscal agents	108,063			108,063	
Receivables:					
Accounts	255,344	313,680		569,024	
Property tax			14,662	14,662	
Prepaid expense					17,451
Interest	1,282	70		1,352	
Inventory	76,022	16,532		92,554	
Total Current Assets	3,303,522	1,036,692	40,274	4,380,488	226,577
<b>Noncurrent Assets:</b>					
Debt issuance costs (net)	93,717	20,092		113,809	
Capital assets, not being depreciated	399,334	181,735	500,000	1,081,069	
Capital assets, being depreciated	9,879,692	13,486,526	24,631,530	47,997,748	
Less-accumulated depreciation	(6,070,625)	(6,466,650)	(60,267)	(12,597,542)	
Total Noncurrent Assets	4,302,118	7,221,703	25,071,263	36,595,084	
Total Assets	7,605,640	8,258,395	25,111,537	40,975,572	226,577
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable	29,462	47,110	30,096	106,668	43,077
Interest payable	39,942	4,005		43,947	
Accrued payroll and benefits		30,611		30,611	
Unearned revenue	14,305	2,230		16,535	
Deposits payable	138,145			138,145	
Payable to Successor Agency trust fund		46,338		46,338	
Compensated absences	27,135	40,703		67,838	
Current portion of long-term liabilities	384,166	40,000		424,166	
Total Current Liabilities	633,155	210,997	30,096	874,248	43,077
<b>Noncurrent Liabilities:</b>					
Advance from other funds			113,255	113,255	
Leases payable	461,383			461,383	
Loans payable	1,377,732			1,377,732	
Bonds payable	2,712,711	300,000		3,012,711	
Total Long-term Liabilities	4,551,826	300,000	113,255	4,965,081	
Total Liabilities	5,184,981	510,997	143,351	5,839,329	43,077
<b>Net Assets</b>					
Invested in capital assets, net of related debt	(633,874)	6,881,703	25,071,263	31,319,092	
Restricted for debt service	68,121			68,121	
Unrestricted	2,978,081	865,695	(103,077)	3,740,699	183,500
Total Net Assets	\$ 2,412,328	\$ 7,747,398	\$ 24,968,186	\$ 35,127,912	\$ 183,500

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

**CITY OF FORT BRAGG  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES , EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Enterprise Funds</b>			<b>Totals</b>	<b>Governmental Activities Internal Service</b>
	<b>Water</b>	<b>Sewer</b>	<b>CV Starr Ctr</b>		
Operating revenues					
Charges for services	\$2,193,976	\$ 2,944,612	\$ -	\$ 5,138,588	\$ 533,154
Total Operating Revenues	<u>2,193,976</u>	<u>2,944,612</u>		<u>5,138,588</u>	<u>533,154</u>
Operating expenses					
Personnel services	751,685	1,349,926		2,101,611	139,511
Administration	317,391	378,739		696,130	68,137
Supplies and materials	94,657	117,164	11,874	223,695	131,190
Insurance	42,865	47,061		89,926	
Outside contractors	43,576	73,023	68,503	185,102	10,477
Maintenance	221,548	511,044	10,688	743,280	90,708
Utilities	113,231	132,510	15,954	261,695	
Depreciation	301,131	301,391	60,267	662,789	
Total operating expenses	<u>1,886,084</u>	<u>2,910,858</u>	<u>167,286</u>	<u>4,964,228</u>	<u>440,023</u>
Operating income (loss)	<u>307,892</u>	<u>33,754</u>	<u>(167,286)</u>	<u>174,360</u>	<u>93,131</u>
Non-operating revenues (expenses)					
Property taxes			19,296	19,296	
Investment earnings	13,156	2,174		15,330	
Other revenues	57,249	39,875	86	97,210	
Loss on disposal of capital assets		(17,348)		(17,348)	
Amortization expense	(8,331)	(3,214)		(11,545)	
Interest expenses and other charges	(220,776)	(51,945)	(15,440)	(288,161)	
Total non-operating revenues (expenses)	<u>(158,702)</u>	<u>(30,458)</u>	<u>3,942</u>	<u>(185,218)</u>	
Income (loss) before contributions and transfers	149,190	3,296	(163,344)	(10,858)	93,131
Capital contributions			25,131,530	25,131,530	
Transfers					
Transfers in	20,771			20,771	
Transfers out	(7,700)	(10,549)		(18,249)	
Changes in net assets	162,261	(7,253)	24,968,186	25,123,194	93,131
Net assets - beginning of fiscal year	<u>2,250,067</u>	<u>7,754,651</u>		<u>10,004,718</u>	<u>90,369</u>
Net assets - end of fiscal year	<u>\$2,412,328</u>	<u>\$ 7,747,398</u>	<u>\$ 24,968,186</u>	<u>\$35,127,912</u>	<u>\$ 183,500</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, 2012**

	<b>Enterprise Funds</b>				<b>Governmental Activities Internal Service</b>
	<b>Water</b>	<b>Sewer</b>	<b>CV Starr Ctr</b>	<b>Totals</b>	
Cash Flows from Operating Activities					
Receipts from customers	\$2,156,771	\$ 2,929,326	\$ -	\$ 5,086,097	\$ -
Receipts from interfund services provided					517,863
Payments to employees	(747,701)	(1,323,782)		(2,071,483)	
Payments to suppliers and users	(841,533)	(1,316,596)	(76,923)	(2,158,129)	(424,394)
Net Cash Provided (Used) by Operating Activities	<u>567,537</u>	<u>288,948</u>	<u>(76,923)</u>	<u>779,562</u>	<u>93,469</u>
Cash Flows from Noncapital Financing Activities					
Other revenue	57,249	39,875	4,720	101,844	
Advances to/from other funds		(37,135)	113,255	76,120	
Transfers in	20,771			20,771	
Transfers out	(7,700)	(10,549)		(18,249)	
Net Cash Provided (Used) by Noncapital Financing Activities	<u>70,320</u>	<u>(7,809)</u>	<u>117,975</u>	<u>180,486</u>	
Cash Flows from Capital and Related Financing Activities					
Principal paid	(378,647)	(40,000)		(418,647)	
Purchase of capital assets	(151,815)	(18,956)		(170,771)	
Interest and other charges	(232,073)	(52,975)	(15,440)	(300,488)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(762,535)</u>	<u>(111,931)</u>	<u>(15,440)</u>	<u>(889,906)</u>	
Cash Flows from Investing Activities					
Interest received	11,874	2,104		13,978	
Net Cash Provided (Used) by Investing Activities	<u>11,874</u>	<u>2,104</u>		<u>13,978</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	(112,804)	171,312	25,612	84,120	93,469
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>3,083,678</u>	<u>535,098</u>		<u>3,618,776</u>	<u>115,657</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$2,970,874</u>	<u>\$ 706,410</u>	<u>\$ 25,612</u>	<u>\$ 3,702,896</u>	<u>\$ 209,126</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:					
Cash and investments	\$2,862,811	\$ 706,410	\$ 25,612	\$ 3,594,833	\$ 209,126
Restricted cash and investments	108,063			108,063	
Total Cash and Cash Equivalents	<u>\$2,970,874</u>	<u>\$ 706,410</u>	<u>\$ 25,612</u>	<u>\$ 3,702,896</u>	<u>\$ 209,126</u>
Noncash Transactions					
Capital Contribution	\$ -	\$ -	\$ 25,131,530	\$ 25,131,530	\$ -
Amortization of deferred charges	8,331	3,214		11,545	
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 307,892	\$ 33,754	\$ (167,286)	\$ 174,360	\$ 93,131
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	301,131	301,391	60,267	662,789	
(Increase) Decrease in Operating Assets:					
Accounts receivable	(49,604)	52,132		2,528	2,160
Inventory	(11,820)	(5,975)		(17,795)	(17,451)
Increase (Decrease) in Operating Liabilities:					
Accounts payable	3,555	(40,987)	30,096	(7,336)	15,629
Accrued payroll and benefits		10,074		10,074	
Deposits payable	3,913			3,913	
Deferred revenue	8,486	(67,418)		(58,932)	
Compensated absences	3,984	5,977		9,961	
Net Cash Provided (Used) by Operating Activities	<u>\$ 567,537</u>	<u>\$ 288,948</u>	<u>\$ (76,923)</u>	<u>\$ 779,562</u>	<u>\$ 93,469</u>

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

**CITY OF FORT BRAGG**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND**  
**FOR THE FISCAL YEAR ENDING JUNE 30, 2012**

	<b>Successor Agency Private-Purpose Trust Fund</b>
<b>Assets</b>	
Cash and investments	\$ 602,427
Cash with fiscal agent	313,347
Accounts receivable	388,652
Deferred charges - net of accumulated amortization	84,618
Total assets	\$ 1,389,044
<b>Liabilities</b>	
<b>Current:</b>	
Payable to City of Fort Bragg	\$ 350,318
Interest payable	36,759
Long-term debt due within one year	76,021
Total current liabilities	463,098
<b>Noncurrent:</b>	
Long-term debt due in more than one year	4,000,172
Total liabilities	4,463,270
<b>Net assets (deficit)</b>	<b>\$ (3,074,226)</b>

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

**CITY OF FORT BRAGG**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUND**  
**FOR THE FISCAL YEAR ENDING JUNE 30, 2012**

		<u>Successor Agency Private-Purpose Trust Fund</u>
<b>Additions:</b>		
Redevelopment Agency Property Tax Trust Fund	\$	388,652
Use of money and property		<u>239</u>
Total additions		<u>388,891</u>
<b>Deductions:</b>		
City administrative expenses		250,000
Direct project management expenses		24,618
Interest on bond payable		117,674
Interest on interfund loan payable		1,244
Net deficit received upon dissolution of redevelopment agency		<u>3,069,581</u>
Total deductions		<u>3,463,117</u>
Change in net assets		(3,074,226)
Net assets (deficit) - beginning of fiscal year		
Net assets (deficit) - end of fiscal year	\$	<u><u>(3,074,226)</u></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

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**CITY OF FORT BRAGG**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**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 assets 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.

**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 Redevelopment Agency (Redevelopment Agency or RDA)* was established under the provisions of the Community Redevelopment Law (California Health and Safety Code, commencing with Section 33000). The RDA was broadly empowered to engage in the general economic revitalization and redevelopment of property in the project area that is determined to be in declining condition. Pursuant to the provisions of the Redevelopment Restructuring Act, the Fort Bragg Redevelopment Successor Agency (Successor Agency) was created, and all of the assets, liabilities, and obligations of the former RDA were transferred to the Successor Agency on February 1, 2012.

*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, 2012**

**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 Assets and the Statement of Activities report information on all of the nonfiduciary 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, 2012**

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 **Former Fort Bragg Redevelopment Agency** (Redevelopment Agency or RDA) was formed September 12, 1989, under Section 33200 of the State of California Health and Safety Code. The RDA was broadly empowered to engage in the general economic revitalization and redevelopment of property in the project area that is determined to be in declining condition. Pursuant to the provisions of the Redevelopment Restructuring Act, the Fort Bragg Redevelopment Successor Agency (Successor Agency) was created, and all of the assets, liabilities and obligations of the former RDA were transferred to the Successor Agency on February 1, 2012.

The **Former Fort Bragg Low and Moderate Income Housing Redevelopment Agency** (LMIH RDA) was formed September 12, 1989, under Section 33200 of the State of California Health and Safety Code. The LMIH fund received 20% of the RDA tax increment revenues by the RDA. These funds were reserved to maintain and increase affordable housing by acquiring property, rehabilitating or constructing buildings, providing subsidies for low and moderate income households, or preserving public subsidized housing units at risk of conversion to market rates. Pursuant to the provisions of the Redevelopment Restructuring Act, the Fort Bragg Redevelopment Low and Moderate Income Housing Successor Agency (LMIH Successor Agency) was created, and all of the assets, liabilities and obligations of the former RDA were transferred to the LMIH Successor Agency on February 1, 2012.

The **Fort Bragg Low and Moderate Income 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** special revenue fund is used to account for revenue received from local sales taxes restricted to street repairs.

The **FY12 Street Resurfacing Project 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 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 revenue received from local sales and property taxes restricted to funding operations at the C.V. Starr Center.

**CITY OF FORT BRAGG**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

Additionally, the City reports the following fund types:

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

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

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at 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 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.

**CITY OF FORT BRAGG**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

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

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

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

**E. Budgetary Information**

1) Budgetary basis of accounting

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

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.

**CITY OF FORT BRAGG**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

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, 2012, expenditures exceeded appropriations in three departments (the legal level of budgetary control) within the general government and non-departmental functions of the general fund by a total of \$126,366 as follows:

General Fund	
General Government	
City Manager	\$ 23,971
City Attorney	3,934
Non-departmental	
Caspar Landfill and Transfer Station	98,461

**F. Unearned and Deferred Revenue**

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

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

At June 30, 2012, the various components of deferred and unearned revenue reported in the governmental funds are as follows:

**CITY OF FORT BRAGG**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

General Fund and Government-wide		
Sales Tax	\$	36,568
Transient Occupancy Tax		24,728
Pre paid Rent		49
Grants		104,073
Loans		
CDBG Housing Rehabilitation		65,097
DCBG Program Income		254,875
Rural Communities Housing Development Corporation		246,125
Special Revenue and Government-wide		
Measure J Street Sales Tax		14,465
		14,465
	\$	745,980

**G. Assets, Liabilities, and Net Assets/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.

Certain payments to vendors represent costs applicable to future accounting periods and are recoded as prepaid items in both the government-wide and fund financial statements. Inventories, if any, and prepaid items recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is shown as non-spendable.

4) Capital Assets

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

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

**CITY OF FORT BRAGG**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

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, 2012, 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 assets 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 assets 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 assets to have been depleted before unrestricted – net assets is applied.

6) 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.

7) Net Assets/Fund Balance

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

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

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

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

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

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

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

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

**Committed Fund Balance** – This balance 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 assets 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.

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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.

8) Restricted Assets

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

9) 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 assets.

10) Encumbrances

Encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by appropriate authorities as of June 30, 2012, are summarized below.

Category	Amount
General Fund	\$ 4,200
Capital Projects	410,224
Grants	391,021
Public Safety	20,533
Community Development	6,814
Total	\$ 832,792

11) 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs and underwriters' discount are reported as deferred bond issuance costs. Amortization of bond premiums or discounts and issuance costs is included in interest expense.

**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.

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2) Property taxes

Property taxes attach as an enforceable lien on real property and are levied as of July 1<sup>st</sup>. 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.

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 two sources of revenue: property taxes and a district sales tax. 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

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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 Accounting Pronouncements**

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 64 during the fiscal year ended June 30, 2012.

Governmental Accounting Standards Board Statement No. 64

For the fiscal year ended June 30, 2012, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions.” This statement is effective for periods beginning after June 15, 2011. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Implementation of the GASB Statement No. 64, did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2012.

**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 assets**

The governmental funds balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 \$31,585,763 are as follows:

Land	\$ 12,556,925
Construction/Projects in Progress	973,564
Buildings	4,994,522
Less: Accumulated depreciation	(2,909,904)
Machinery, equipment & vehicles	1,260,019
Less: Accumulated depreciation	(1,063,510)
Infrastructure	18,258,150
Less: Accumulated depreciation	(2,484,003)
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$ 31,585,763

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 assets.” The details of this \$183,500 difference are as follows:

Cash and investments	\$ 209,126
Prepaid expense	17,451
Accounts payable	(43,077)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ 183,500

Another element of that reconciliation explains that long-term liabilities, including bonds payable, “are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.” Details of the capital lease payable listed are:

Caspar 2005 COP	(995,839)
Refunding loss (net of accumulated amortization)	52,587
	\$ (943,252)

**B. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “certain notes receivable are reported in the governmental funds as expenditures and then offset by deferred revenue as they are not available to pay expenditures. Likewise, when the note is collected, it is reflected in revenue.” The details of this \$101,357 difference are as follows:

Interest earned on notes receivable	\$ 6,750
Repayments of notes receivable	(10,490)
New notes issued	105,097
Net adjustment to increase <i>changes in fund balances - governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 101,357

Another element of the reconciliation states that “dissolution of the Redevelopment Agency transferred the 2004 RDA Bond and related costs to the Successor Agency trust fund. These items were not included in the governmental fund statements but were included in the beginning balance of the statement of activities. The details of this \$4,108,334 are as follows:

2004 Tax Allocation Bond PayableBond	\$ (4,255,000)
Less:	
Discount	79,566
Deferred refunding loss	19,241
Issue costs	84,618
Interest payable on bonds payable	(36,759)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (4,108,334)

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

**A. Deficit Fund Equity**

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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 the grant funds. Deficits in these funds will be replenished through grant billings and grant match funds transfers. The following non-major grant funds had deficit fund balances at June 30, 2012:

Sustainable Communities Grant	\$ 32,145
Prop 84 Grant, Coastal Trail	13,979
CDBG General Allocation Grant	60,532
EDBG Planning & Technology Grant	21,519
D1 Street & Highways Allocation	24,008
MCOG 2005 Main Street Planning	4,345
Otis Johnson Park Renovation	30,462

**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 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, 2012, \$5,312,804 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.

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Statement of Net Assets:	
Cash and Investments	\$ 11,389,756
Cash and Investments with fiscal agents, restricted	108,063
Statement of Fiduciary Net Assets:	
Cash and Investments	602,427
Cash with fiscal agent	313,347
Total	\$ 12,413,593

Cash and investments consist of the following:

Cash on hand	\$ 2,098
Demand deposits with financial institutions	5,267,456
Investments:	
Money Market Funds	447,752
Certificates of Deposit	3,056,612
Local Agency Investment Fund	3,639,675
Total cash and investments	\$ 12,413,593

**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

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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)	\$ 3,639,675	\$ 3,639,675	\$ -	\$ -	\$ -	\$ -
Time Certificates of Deposit	3,056,612	250,600	756,653	801,150	508,685	739,524
Money Market Funds	26,342	26,342				
Held with Fiscal Agent - Money Market Funds	421,410	421,410				
	<u>\$ 7,144,039</u>	<u>\$ 4,338,027</u>	<u>\$ 756,653</u>	<u>\$ 801,150</u>	<u>\$ 508,685</u>	<u>\$ 739,524</u>

**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					
		Amount	Exempt from Disclosure	AAA	AA	A	Not Rated
Local Agency Investment Fund	N/A	\$ 3,639,675	\$ -	\$ -	\$ -	\$ -	\$ 3,639,675
Time Certificates of Deposit	N/A	3,056,612		3,056,612			
Money Market Funds	N/A	26,342					26,342
Held with Fiscal Agent - Money Market Funds	N/A	421,410					421,410
		<u>\$ 7,144,039</u>	<u>\$ -</u>	<u>\$ 3,056,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,087,427</u>

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**C. Capital Assets**

Capital asset activity for governmental funds for the fiscal year ended June 30, 2012 was as follows:

<b>Governmental Activities:</b>	<u>Balance July 1, 2011</u>	<u>Increase</u>	<u>Transfer</u>	<u>Balance June 30, 2012</u>
Capital assets, not being depreciated				
Land	\$ 12,291,627	\$ 265,298	\$ -	\$ 12,556,925
Construction-in progress	1,003,638	1,582,771	(1,612,845)	973,564
Total capital assets, not being depreciated	<u>13,295,265</u>	<u>1,848,069</u>	<u>(1,612,845)</u>	<u>13,530,489</u>
Capital assets, being depreciated				
Buildings	4,994,522			4,994,522
Machinery, equipment and vehicles	1,238,253	21,766		1,260,019
Infrastructure	16,645,305		1,612,845	18,258,150
Total capital assets, being depreciated	<u>22,878,080</u>	<u>21,766</u>	<u>1,612,845</u>	<u>24,512,691</u>
Less accumulated depreciation				
Buildings	(2,787,238)	(122,666)		(2,909,904)
Machinery, equipment and vehicles	(966,010)	(97,500)		(1,063,510)
Infrastructure	(1,898,653)	(585,350)		(2,484,003)
Total accumulated depreciation	<u>(5,651,901)</u>	<u>(805,516)</u>		<u>(6,457,417)</u>
Total capital assets being depreciated, net	<u>17,226,179</u>	<u>(783,750)</u>	<u>1,612,845</u>	<u>18,055,274</u>
Governmental activities capital assets, net	<u>\$ 30,521,444</u>	<u>\$ 1,064,319</u>	<u>\$ -</u>	<u>\$ 31,585,763</u>

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

<b>Governmental Activities:</b>	
General government	\$ 701,567
Public safety	93,740
Public works	10,209
Total depreciation expense - governmental activities	<u>\$ 805,516</u>

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Capital asset activity for business-type funds for the fiscal year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Business-type Activities - Water:</b>				
Capital assets, not being depreciated				
Land	\$ 216,079	\$ -	\$ -	\$ 216,079
Construction-in progress	183,255			183,255
Total capital assets, not being depreciated	<u>399,334</u>			<u>399,334</u>
Capital assets, being depreciation				
Buildings	700,932			700,932
Machinery, equipment and vehicles	4,001,886	151,815	(100,302)	4,053,399
Infrastructure	5,125,361			5,125,361
Total capital assets, being depreciated	<u>9,828,179</u>	<u>151,815</u>	<u>(100,302)</u>	<u>9,879,692</u>
Less accumulated depreciation				
Buildings	(427,370)	(24,213)		(451,583)
Machinery, equipment and vehicles	(2,653,562)	(117,900)	100,302	(2,671,160)
Infrastructure	(2,788,864)	(159,018)		(2,947,882)
Total accumulated depreciation	<u>(5,869,796)</u>	<u>(301,131)</u>	<u>100,302</u>	<u>(6,070,625)</u>
Total capital assets being depreciated, net	<u>3,958,383</u>	<u>(149,316)</u>		<u>3,809,067</u>
Business-type activities capital assets, net				
Water enterprise	<u>\$ 4,357,717</u>	<u>\$ (149,316)</u>	<u>\$ -</u>	<u>\$ 4,208,401</u>

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfer</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Business-type Activities - Wastewater:</b>					
Capital assets, not being depreciated					
Land	\$ 69,000	\$ -	\$ -	\$ -	\$ 69,000
Construction-in progress	130,669	3,660		(21,594)	112,735
Total capital assets, not being depreciated	<u>199,669</u>	<u>3,660</u>		<u>(21,594)</u>	<u>181,735</u>
Capital assets, being depreciation					
Buildings	3,322,742				3,322,742
Machinery, equipment and vehicles	1,512,174	15,296	(27,405)	21,594	1,521,659
Infrastructure	8,642,125				8,642,125
Total capital assets, being depreciated	<u>13,477,041</u>	<u>15,296</u>	<u>(27,405)</u>	<u>21,594</u>	<u>13,486,526</u>
Less accumulated depreciation					
Buildings	(1,564,541)	(48,645)			(1,613,186)
Machinery, equipment and vehicles	(1,133,667)	(60,790)	10,057		(1,184,400)
Infrastructure	(3,477,108)	(191,956)			(3,669,064)
Total accumulated depreciation	<u>(6,175,316)</u>	<u>(301,391)</u>	<u>10,057</u>		<u>(6,466,650)</u>
Total capital assets being depreciated, net	<u>7,301,725</u>	<u>(286,095)</u>	<u>(17,348)</u>	<u>21,594</u>	<u>7,019,876</u>
Business-type activities capital assets, net					
Wastewater enterprise	<u>\$ 7,501,394</u>	<u>\$ (282,435)</u>	<u>\$ (17,348)</u>	<u>\$ -</u>	<u>\$ 7,201,611</u>

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<b>Business-type Activities - C.V. Starr Center</b>	<b>Balance</b>		<b>Balance</b>
	<b>July 1, 2011</b>	<b>Increase</b>	<b>June 30, 2012</b>
Capital assets, not being depreciated			
Land	\$ -	\$ 500,000	\$ 500,000
Total capital assets, not being depreciated		500,000	500,000
Capital assets, being depreciation			
Buildings		23,522,872	23,522,872
Land improvements		542,303	542,303
Machinery, equipment and vehicles		566,355	566,355
Total capital assets, being depreciated		24,631,530	24,631,530
Less accumulated depreciation			
Buildings		(49,006)	(49,006)
Land improvements		(4,519)	(4,519)
Machinery, equipment and vehicles		(6,742)	(6,742)
Total accumulated depreciation		(60,267)	(60,267)
Total capital assets being depreciated, net		24,571,263	24,571,263
Business-type activities capital assets, net			
C. V. Starr Center	\$ -	\$ 25,071,263	\$ 25,071,263

**D. Accrued Liabilities**

Accrued liabilities reported by governmental funds at June 30, 2012, were as follows:

<b>Category</b>	<b>General</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>Fund</b>	<b>Governmental</b>	<b>Governmental</b>
		<b>Funds</b>	<b>Funds</b>
Salaries and employee benefits	\$ 106,325	\$ -	\$ 106,325
Other	665,590	125,582	791,172
Total accrued liabilities	\$ 771,915	\$ 125,582	\$ 897,497

**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

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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 2011/12 was 10.606% for miscellaneous employees, 28.261% 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 2011/12 was determined as part of the June 30, 2009, 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	7.75%	7.75%	7.75%
Projected salary increase	3.55% - 14.45%	3.55% - 14.45%	3.55% - 14.45%
Inflation	3.00%	3.00%	3.00%
Payroll growth	3.25%	3.25%	3.25%

For fiscal year 2011/12, the City's annual pension cost was \$774,633 as follows:

	<u>City Paid</u>	<u>Employee Paid</u>	<u>Totals by Plan</u>
Police	\$ 378,966	\$ 75,355	\$ 454,321
Fire*	1,651		1,651
Micellaneous	294,102	24,559	318,661
Totals by payor	<u>\$ 674,719</u>	<u>\$ 99,914</u>	<u>\$ 774,633</u>

\*Contribution for Fire is a surcharge for class 1 benefits for current retiree(s)

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, 2009 the remaining average amortization period was 13 years for Miscellaneous and Police Funds. The Fire Fund has been fully amortized.

<u>Three-Year Trend Information</u>			
<u>Fiscal Year</u>	<u>Combined Annual</u>	<u>Percentage</u>	<u>Net Pension</u>
<u>Ending June 30,</u>	<u>Pension Cost</u>	<u>Contributed</u>	<u>Obligation</u>
2010	\$ 755,938	100%	\$ -
2011	674,299	100%	\$ -
2012	774,633	100%	\$ -

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**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 52 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, 2012, expenditures of \$207,302 were recognized for the cost of these post-retirement benefits. The City also contributed \$307,140 during the fiscal year to the California Employers' Retiree Benefit Trust Fund. The City pays portions of the premiums dependent on bargaining group and employee hire date as follows:

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

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

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

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

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

*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, 2012, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

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Annual required contribution		\$	524,683
Interest			72,983
Annual OPEB cost (expense)			597,666
Contributions made			(514,442)
Increase in OPEB obligation			83,224
Net OPEB obligation (assets) - beginning of fiscal year			959,038
Net OPEB obligation (assets) - end of fiscal year			\$ 1,042,262

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation/ (Asset)
06/30/12	\$ 597,666	86%	\$ 1,042,262
06/30/11	\$ 716,329	29%	\$ 959,038
06/30/10	\$ 675,936	33%	\$ 452,820

*Funded Status and Funding Progress.* As of June 30, 2011, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)		\$	4,693,481
Actuarial value of plan assets			-
Unfunded actuarial accrued liability (UAAL)		\$	4,693,481
Funded ratio (actuarial value of plan assets/AAL)			0%
Covered payroll (annual payroll of active employees covered by the plan)		\$	3,321,101
UAAL as percentage of covered payroll			141%

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.

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

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

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

**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, 2012:

Fiscal Year Ended June 30,	Amount
2013	\$ 20,363
2014	20,184
2015	15,399
2016	8,741
	\$ 64,687

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.

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The City's future minimum lease payments and the net present value of future minimum lease payments at June 30, 2012, were as follows:

Fiscal Year Ended June 30,	Governmental Activities	Business-type Activities
2013	\$ 147,569	\$ 126,566
2014	147,569	126,566
2015	147,569	126,566
2016	147,569	126,566
2017	147,569	126,566
2018-2020	442,707	
Total Minimum Lease Payments	1,180,552	632,830
Less: Amount Representing Interest	(184,712)	(74,609)
Present Value of Minimum Lease Payments	<u>\$ 995,840</u>	<u>\$ 558,221</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, 2012, the City's estimated liability for its share of landfill closure and post-closure care costs was \$1,444,131. 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, 2012, 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).

2004 California Statewide Communities Development Authority Bonds (CSCDA)

In 2003 the City entered into an agreement with the California Statewide Communities Development Authority (CSCDA) whereby CSCDA issued \$4,855,000 in revenue bonds to provide resources for the City to refund the outstanding 1993 COP's that were issued for the costs of various capital improvements to the City's water system. The bonds are an obligation of CSCDA and are payable solely from and secured by revenues that consist primarily of payments on an installment obligation of the City. For the purposes of this report, the City has reported its liability under the terms of the installment obligation as 2004 CSCDA Bonds. Annual interest accrues at varying rates between 2.00% and 5.25%. Interest became payable commencing April 1, 2004, and semi-annually thereafter each October 1<sup>st</sup> and April 1<sup>st</sup>. Principal is payable in annual installments that commenced October 1, 2004, and continue through the year 2023 in amounts ranging from \$190,000 through \$350,000. The outstanding principal balance as of June 30, 2012 was \$3,300,000.

Debt service requirements to maturity for CSCDA bonds are presented on the following schedule:

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Fiscal Year Ended June 30,	Principal	Interest	Total
2013	\$ 220,000	\$ 150,657	\$ 370,657
2014	225,000	142,036	367,036
2015	230,000	133,333	363,333
2016	245,000	123,335	368,335
2017	255,000	112,595	367,595
2018-2022	1,445,000	370,486	1,815,486
2023-2024	680,000	36,219	716,219
Totals	<u>\$ 3,300,000</u>	<u>\$ 1,068,661</u>	<u>\$ 4,368,661</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 1<sup>st</sup> and April 1<sup>st</sup>. 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, 2012 was \$340,000.

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
2013	\$ 40,000	\$ 16,960	\$ 56,960
2014	45,000	14,708	59,708
2015	45,000	12,323	57,323
2016	50,000	9,805	59,805
2017	50,000	7,155	57,155
2018-2019	110,000	5,790	115,790
Totals	<u>\$ 340,000</u>	<u>\$ 66,741</u>	<u>\$ 406,741</u>

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, 2012, the balance of the loan payable was \$1,084,868. Loan principal payments of \$53,538 are required semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> for twenty (20) years commencing January 1, 2007.

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

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Fiscal Year Ended June 30,	Principal
2013	\$ 105,778
2014	105,778
2015	105,778
2016	105,778
2017	105,778
2018-2022	528,890
2023-2026	423,114
Total payments	1,480,894
Less: unamortized discount	(396,026)
Loans payable to SDWRL, net	<u>\$ 1,084,868</u>

Changes in Long-term Liabilities

Changes in the City's long-term liabilities for the fiscal year ended June 30, 2012 are as follows:

	Balance July 1, 2011	Transfer to Successor Agency	Additions	Reductions	Balance June 30, 2012	Due Within One Year
<b>Governmental activities:</b>						
2004 RDA Bond	\$ 4,255,000	\$ (4,255,000)	\$ -	\$ -	\$ -	\$ -
2004 discount	(82,770)	79,566		3,204		
2004 deferred refunding loss	(20,016)	19,241		775		
Capital Lease	1,108,489			(112,649)	995,840	102,753
Deferred refunding loss	(59,229)			6,642	(52,587)	(6,642)
Landfill post-closure	784,411		803,361	(143,641)	1,444,131	143,641
Compensated absences	443,209		324,025	(310,721)	456,513	456,513
Postemployment benefits	959,038		597,666	(514,442)	1,042,262	524,683
Governmental activities long-term liabilities	<u>\$ 7,388,132</u>	<u>\$ (4,156,193)</u>	<u>\$ 1,725,052</u>	<u>\$ (1,070,832)</u>	<u>\$ 3,886,159</u>	<u>\$ 1,220,948</u>

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
<b>Business-type activities:</b>					
Bonds payable:					
1998 Revenue Bond	\$ 380,000	\$ -	\$ (40,000)	\$ 340,000	\$ 40,000
2004 CSCDA	3,510,000		(210,000)	3,300,000	220,000
2004 CSCDA premium	47,792		(3,901)	43,891	3,901
2004 CSCDA deferred refunding loss	(486,749)		39,735	(447,014)	(39,735)
Loans payable:					
SDWRL	1,156,710		(71,842)	1,084,868	48,969
SDWRL discount	449,645		(53,619)	396,026	54,193
Capital Lease	655,026		(96,805)	558,221	96,838
Compensated absences	57,877	48,678	(38,717)	67,838	67,838
Business-type activities long-term liabilities	<u>\$ 5,770,301</u>	<u>\$ 48,678</u>	<u>\$ (475,149)</u>	<u>\$ 5,343,830</u>	<u>\$ 492,004</u>

**J. Fund Balance**

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The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2012 are as follows:

Fund Balances	General Fund	Housing Successor Special Revenue Fund	Special Sales Tax Repair Special Revenue Fund	Community Development Capital Projects Fund	Nonmajor Governmental Funds	
<b>Nonspendable:</b>						
Inventory and prepaids	\$ 98,000	\$ -	\$ -	\$ -	\$ -	\$ 98,000
Advances	113,255					113,255
<b>Total Nonspendable</b>	<b>211,255</b>					<b>211,255</b>
<b>Restricted for:</b>						
Housing					91,406	91,406
Low and Moderate Income Housing		990,622				990,622
Streets and roads				1,338,316	118,063	1,456,379
Community development					858,651	858,651
Public safety					1,132,715	1,132,715
<b>Total Restricted</b>		<b>990,622</b>		<b>1,338,316</b>	<b>2,200,835</b>	<b>4,529,773</b>
<b>Assigned for:</b>						
Maintenance	4,200					4,200
<b>Total Assigned</b>	<b>4,200</b>					<b>4,200</b>
Unassigned	3,771,017				(186,990)	3,584,027
<b>Total Fund Balances:</b>	<b>\$ 3,986,472</b>	<b>\$ 990,622</b>	<b>\$ -</b>	<b>\$ 1,338,316</b>	<b>\$ 2,013,845</b>	<b>\$ 8,329,255</b>

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 \$1.38 million for fiscal year ended June 30, 2012.

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.

**K. Interfund Receivables and Payables**

At June 30, 2012, the funds below had made/received advances which were not expected to be repaid within the next fiscal year.

Fund Receiving Advance	Fund Making Advance	Amount
Major Proprietary Fund: CV Starr Center	Major Governmental Fund: General Fund	<u>\$ 113,255</u>

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 \$113,255 to the MCRPD District

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(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 will be 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 Funds		
General	\$ 144,845	\$ -
Nonmajor Funds		
Sustainable Communities Grant		45,960
OWP Grants		15,635
Bulletproof Vest Partnership Grant		1,401
Prop 84 Grant, Coastal Trail		9,152
CDBG General Allocation Grants		24,169
EDBG Planning & Technology Grant		21,279
D1 Street & Highways Allocation		21,904
Traffic & Safety		1,000
MCOG 2005 Main Street Traffic Planning		4,345
Total	<u>\$ 144,845</u>	<u>\$ 144,845</u>

**L. 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.

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The following table reflects transfer activity for the fiscal year ended June 30, 2012:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Governmental Funds:</b>		
General	\$ 326,977	\$ 110,586
Former Redevelopment Agency Low and Moderate Housing	40,000	
Special Sales Tax Street Repair		1,212,690
FY2011/12 Street Resurfacing Capital Project	1,005,148	20,201
<b>Major Enterprise Funds:</b>		
Water	20,771	7,700
Sewer		10,549
<b>Nonmajor Governmental Funds:</b>		
General Plan Maintenance Fee		20,000
Parking Fund	58,486	8,256
Parking in Lieu Fees	8,256	
Skate Park Repair & Maintenance		1,000
Safe Routes to Schools	173,514	
CDBG Unclassified Program Income	11,437	
COPS AB 1913 Allocation		43,833
Public Safety Grants	5,071	
Bulletproof Vest Partnership Grant	1,500	
Coastal Conservancy Grant	5,883	
CDBG General Allocation Grants		40,000
CalTrans North Coastal Trail Grant	65,000	
CDBG Program Income		11,437
Asset Forfeiture		37,883
CDBG Planning and Technology Grants	7,700	
Skate Park Grant Bainbridge Park Improvements	343	
Bicycle Transportation Grant	13,500	
Contruccion/Demo Ordinance Revenue	9,822	
Highway User Gasoline Taxes		181,617
Stp D1 Streets & Highways Allocation	7,250	
Traffic & Safety		3,674
MCOG Capital Project Planning	2,000	
EECBG - Facilities Lighting Grant	2,949	
Friendship Steward Grant		155,000
Noyo Center Land Acquisition Grant		5,883
Downtown Parking Lots Resurfacing		58,486
FY 12 Street Structural Repairs	9,995	1,807
Skate Park Phase III	155,000	
<b>Total</b>	<u><u>\$ 1,930,602</u></u>	<u><u>\$ 1,930,602</u></u>

**M. 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

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these organizations as defined by GASB Statement No. 14. The names and general functions of these joint powers are as follows:

**Caspar Landfill**

The City has joint powers agreement with the County of Mendocino for post-closure maintenance of the Caspar Landfill and the operations of the Caspar Transfer Station. The City and the County equally share the cost for post-closure maintenance of the landfill. Operational costs of the transfer station are allocated based upon a pro-rata basis as defined in the agreement. The City paid \$143,641 under the costs sharing agreement during the fiscal year ended June 30, 2012.

**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 1<sup>st</sup> to June 30<sup>th</sup>. However, in no case will either entity's share drop below 40%. During the current fiscal year ended June 30, 2012, the City paid \$351,768 under the terms of this agreement.

**N. 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.

**O. SUBSEQUENT EVENTS**

**CITY OF FORT BRAGG**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2012, and through January 25, 2013, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

**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. Prior to that date, the final seven months of activity of the RDA are reported in the governmental funds of the City. After the date of dissolution, 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.

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. Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary item recognized in the governmental funds was not the same amount as the deduction for the net assets received upon dissolution of the RDA that was recognized in the fiduciary fund financial statements. The difference is reconciled as follows:

Total extraordinary (gain)/loss reported in governmental funds – (decrease)/increase to net assets of the Successor Agency Trust Funds	\$1,038,753
Accrued bond interest reported in the government-wide financial statements – decrease to net assets of the Successor Agency Trust Funds	(36,759)

**CITY OF FORT BRAGG**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

Deferred charges reported in the government-wide financial statements – increase of net assets of the Successor Agency Trust Funds 84,618

Long-term debt reported in the government-wide financial statements – decrease to net assets of the Successor Agency Trust Funds (4,156,193)

Net decrease to net assets of the Successor Agency Trust Funds as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City) \$(3,069,581)

The following long-term debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012, as a result of the dissolution:

	Balance July 1, 2011	Transfers from City	Additions	Reductions	Balance June 30, 2012	Due Within One Year
2004 Tax Allocation Bond	\$ -	\$ 4,255,000	\$ -	\$ (80,000)	\$ 4,175,000	\$ 80,000
Discount		(79,566)			(79,566)	(3,204)
Deferred refunding loss		(19,241)			(19,241)	(775)
	<u>\$ -</u>	<u>\$ 4,156,193</u>	<u>\$ -</u>	<u>\$ (80,000)</u>	<u>\$ 4,076,193</u>	<u>\$ 76,021</u>

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

The Bonds bear annual interest at rates varying between 1.8% and 5.5%. The Bonds were issued as a fully registered note in denominations of \$5,000. Interest on the bonds are payable semi-annually each November 1 and May 1. Principal is paid in annual installments each May 1, 2004, through the year 2037 in amounts ranging from \$65,000 through \$295,000. The outstanding principal balance as of June 30, 2012 was \$4,175,000.

The scheduled annual minimum debt service requirement at June 30, 2012 is as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2013	\$ 80,000	\$ 225,445	\$ 305,445
2014	90,000	221,965	311,965
2015	95,000	217,915	312,915
2016	100,000	212,880	312,880
2017	100,000	207,580	307,580
2018-2022	600,000	951,246	1,551,246
2023-2027	775,000	774,082	1,549,082
2028-2032	1,005,000	537,630	1,542,630
2033-2037	1,330,000	227,121	1,557,121
Totals	<u>\$ 4,175,000</u>	<u>\$ 3,575,864</u>	<u>\$ 7,750,864</u>

**Receivable and Payable to the City of Fort Bragg**

**CITY OF FORT BRAGG**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

<b>Fund Receiving Advance</b>	<b>Fund Making Advance</b>	<b>Amount</b>
Major Proprietary Fund: Wastewater Enterprise	Major Governmental Fund: Fort Bragg Redevelopment Successor Agency Trust Fund	<u>\$ 46,338</u>
Fiduciary Fund: Fort Bragg Redevelopment Successor Agency Trust Fund	Major Governmental Fund: Fort Bragg Redevelopment Low/Mod Income Successor Fund	<u>\$ 396,656</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.

**Subsequent Events**

**Assembly Bill 1484 Due Diligence Review**

Assembly Bill 1484 established a requirement for the Successor Agency to remit to the County Auditor-Controller three payments as determined by the Auditor-Controller which consist of a payment to be made in July 2012 for taxing entities' share of December 2011 property tax distribution to Redevelopment Agency/Successor Agency, a payment to be made in November 2012 related to Low/Moderate Income Housing (LMIH) Fund Due Diligence Review for unencumbered cash, and a payment to be made in April, 2013 related to the Other Successor Agency Funds Due Diligence Review for unencumbered cash. The Mendocino County Auditor-Controller determined that the Successor Agency was not required to remit the payment due in July, 2012, as there were no unencumbered funds available. In November, 2012, the Successor Agency remitted \$587,152 from the Successor Agency LMIH Fund to the County Auditor-Controller as determined by the LMIH Due Diligence Review. The Other Successor Agency Funds Due Diligence Review currently resulted in no amount to the County. The report was approved by the Oversight Board and is currently in the review process at the State Department of Finance. The due date for their determination and response is April 15, 2013.

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## **Required Supplementary Information**

**CITY OF FORT BRAGG**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2012**

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%

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes				
Property taxes	\$ 872,000	\$ 872,000	\$ 832,327	\$ (39,673)
Sales and use taxes	1,469,000	1,469,000	1,500,988	31,988
Transient occupancy taxes	1,315,000	1,315,000	1,410,855	95,855
Franchise taxes	470,064	470,064	470,386	322
Other	20,000	20,000	12,499	(7,501)
Intergovernmental	30,500	30,500	32,124	1,624
Charges for current services	2,761,728	2,761,728	2,790,364	28,636
Fines, forfeitures, and penalties	17,000	17,000	13,387	(3,613)
Use of money and property	16,500	16,500	67,942	51,442
Licenses and permits	215,450	215,450	240,769	25,319
Other	35,000	35,000	42,107	7,107
Total Revenues	<u>7,222,242</u>	<u>7,222,242</u>	<u>7,413,748</u>	<u>191,506</u>
Expenditures				
Current				
General Government				
City council	108,479	128,479	104,978	23,501
City attorney	170,000	170,000	173,934	(3,934)
City manager	401,276	401,276	425,247	(23,971)
City clerk	191,289	191,289	186,194	5,095
Finance	386,638	390,690	361,364	29,326
Total General Government	<u>1,257,682</u>	<u>1,281,734</u>	<u>1,251,717</u>	<u>30,017</u>
Public Safety				
Operations	2,414,052	2,414,495	2,525,894	(111,399)
Administration	590,294	595,794	422,919	172,875
Fire	360,350	360,350	353,419	6,931
Total Public Safety	<u>3,364,696</u>	<u>3,370,639</u>	<u>3,302,232</u>	<u>68,407</u>
Public Works				
Engineering	369,706	369,706	359,960	9,746
Streets	233,983	285,557	212,426	73,131
Storm drain	25,999	25,999	16,647	9,352
Corporation yard	756,150	756,150	677,218	78,932
Parks and facilities	69,499	69,499	57,221	12,278
Total Public Works	<u>1,455,337</u>	<u>1,506,911</u>	<u>1,323,472</u>	<u>183,439</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, 2012**  
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Community Development				
Non-departmental	\$ 876,610	\$ 657,610	\$ 590,948	\$ 66,662
Community development	397,325	397,325	350,046	47,279
Community organizations	29,896	29,896	27,411	2,485
Promotion committee	61,165	61,165	57,712	3,453
Caspar landfill and transfer station	45,180	45,180	143,641	(98,461)
Total Community Development	<u>1,410,176</u>	<u>1,191,176</u>	<u>1,169,758</u>	<u>21,418</u>
Capital outlay	<u>13,425</u>	<u>13,425</u>	<u></u>	<u>13,425</u>
Debt service				
Principal	126,810	126,810	112,649	14,161
Interest	44,730	44,730	44,677	53
Total Debt Service	<u>171,540</u>	<u>171,540</u>	<u>157,326</u>	<u>14,214</u>
Total Expenditures	<u>7,672,856</u>	<u>7,535,425</u>	<u>7,204,505</u>	<u>330,920</u>
Excess (Deficit) of Revenues over Expenditures	<u>(450,614)</u>	<u>(313,183)</u>	<u>209,243</u>	<u>522,426</u>
Other Financing Sources (Uses)				
Transfers in	469,760	326,977	326,977	
Transfers out	(29,750)	(460,052)	(110,586)	349,466
Total Other Financing Sources (Uses)	<u>440,010</u>	<u>(133,075)</u>	<u>216,391</u>	<u>349,466</u>
Net Changes in Fund Balance	(10,604)	(446,258)	425,634	871,892
Fund Balance, Beginning of Fiscal Year	<u>3,560,838</u>	<u>3,560,838</u>	<u>3,560,838</u>	
Fund Balance, End of Fiscal Year	<u>\$ 3,550,234</u>	<u>\$ 3,114,580</u>	<u>\$ 3,986,472</u>	<u>\$ 871,892</u>

**CITY OF FORT BRAGG**  
**REDEVELOPMENT AGENCY PROJECT AREA FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property tax increment revenue	\$ 800,000	\$ 800,000	\$ 427,095	\$ (372,905)
Intergovernmental			250,520	(250,520)
Use of money and property	6,055	6,055	769	(5,286)
	<u>806,055</u>	<u>806,055</u>	<u>678,384</u>	<u>(127,671)</u>
Total revenues				
Expenditures				
Current:				
Administration	91,737	91,737	45,869	45,868
Community development	653,913	656,669	152,257	504,412
Capital outlay			250,520	(250,520)
Debt service:				
Principal	80,000	80,000		80,000
Interest	600,263	600,263	1,436	598,827
	<u>1,425,913</u>	<u>1,428,669</u>	<u>450,082</u>	<u>978,587</u>
Total Expenditures				
Excess (Deficit) of Revenues over Expenditures	<u>(619,858)</u>	<u>(622,614)</u>	<u>228,302</u>	<u>850,916</u>
Other Financing Sources (Uses)				
Transfers out	<u>(281,080)</u>	<u>(281,080)</u>		<u>281,080</u>
Total Other Financing Sources (Uses)	<u>(281,080)</u>	<u>(281,080)</u>		<u>281,080</u>
Net Changes in Fund Balance before extraordinary item	(900,938)	(903,694)	228,302	1,131,996
<b>Extraordinary item</b>				
Gain/(loss) on transfer of assets and liabilities to RDA Successor Trust Fund			<u>(828,731)</u>	<u>(828,731)</u>
Net Changes in Fund Balance	(900,938)	(903,694)	(600,429)	303,265
Fund Balance, Beginning of Fiscal Year	<u>600,429</u>	<u>600,429</u>	<u>600,429</u>	
Fund Balance, End of Fiscal Year	<u>\$ (300,509)</u>	<u>\$ (303,265)</u>	<u>\$ -</u>	<u>\$ 303,265</u>

**CITY OF FORT BRAGG**  
**REDEVELOPMENT AGENCY LOW AND MODERATE HOUSING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property tax increment revenue	\$ 200,000	\$ 200,000	\$ 106,774	\$ (93,226)
Use of money and property	6,456	6,456	1,914	(4,542)
<b>Total Revenues</b>	<b>206,456</b>	<b>206,456</b>	<b>108,688</b>	<b>(97,768)</b>
Expenditures				
Current:				
Administration	27,544	27,544	13,772	13,772
Community development	137,665	137,665	41,633	96,032
<b>Total Expenditures</b>	<b>165,209</b>	<b>165,209</b>	<b>55,405</b>	<b>109,804</b>
Excess (Deficit) of Revenues over Expenditures	41,247	41,247	53,283	12,036
Other Financing Sources (Uses)				
Transfers in			40,000	40,000
Transfers out	(34,485)	(34,485)		34,485
<b>Total Other Financing Sources (Uses)</b>	<b>(34,485)</b>	<b>(34,485)</b>	<b>40,000</b>	<b>74,485</b>
Net Changes in Fund Balance before extraordinary items	6,762	6,762	93,283	86,521
<b>Extraordinary item</b>				
Gain/(loss) on transfer of assets and liabilities to RDA Successor Fund			(1,115,407)	(1,115,407)
Net change in fund balance	6,762	6,762	(1,022,124)	(1,028,886)
Fund Balance, Beginning of Fiscal Year	1,022,125	1,022,125	1,022,124	1,022,125
Fund Balance, End of Fiscal Year	<u>\$ 1,028,887</u>	<u>\$ 1,028,887</u>	<u>\$ -</u>	<u>\$ (1,028,887)</u>

**CITY OF FORT BRAGG**  
**SUCCESSOR TO THE FORT BRAGG REDEVELOPMENT AGENCY LOW AND MODERATE HOUSING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ -	\$ -	\$ 1,244	\$ 1,244
Total Revenues			1,244	1,244
Expenditures				
Current:				
Administration		107,843	107,843	
Community development			18,186	(18,186)
Total Expenditures		107,843	126,029	(18,186)
Excess (Deficit) of Revenues over Expenditures		(107,843)	(124,785)	(16,942)
Net Changes in Fund Balance before extraordinary items		(107,843)	(124,785)	(16,942)
Extraordinary item				
Gain/(loss) on transfer of assets and liabilities to RDA Successor Fund			1,115,407	1,115,407
Net change in fund balance		(107,843)	990,622	1,098,465
Fund Balance, Beginning of Fiscal Year				
Fund Balance, End of Fiscal Year	\$ -	\$ (107,843)	\$ 990,622	\$ 1,098,465

**CITY OF FORT BRAGG  
SPECIAL STREET SALES TAX  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax	\$ 690,000	\$ 690,000	\$ 770,390	\$ 80,390
Use of money and property	1,740	1,740	7,205	5,465
Total Revenues	<u>691,740</u>	<u>691,740</u>	<u>777,595</u>	<u>85,855</u>
Excess (Deficit) of Revenues over Expenditures	<u>691,740</u>	<u>691,740</u>	<u>777,595</u>	<u>85,855</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,045,760)</u>	<u>(1,246,306)</u>	<u>(1,212,690)</u>	<u>33,616</u>
Total Other Financing Sources(Uses)	<u>(1,045,760)</u>	<u>(1,246,306)</u>	<u>(1,212,690)</u>	<u>33,616</u>
Net Changes in Fund Balance	(354,020)	(554,566)	(435,095)	119,471
Fund Balance, Beginning of Fiscal Year	<u>1,773,411</u>	<u>1,773,411</u>	<u>1,773,411</u>	
Fund Balance, End of Fiscal Year	<u>\$ 1,419,391</u>	<u>\$ 1,218,845</u>	<u>\$ 1,338,316</u>	<u>\$ 119,471</u>



## **Other Supplemental Information**

**CITY OF FORT BRAGG**  
**FY 11/12 STREET RESURFACING PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Intergovernmental	\$ 245,000	\$ 245,000	\$ 84,149	\$ (160,851)
Total Revenues	<u>245,000</u>	<u>245,000</u>	<u>84,149</u>	<u>(160,851)</u>
Expenditures				
Capital outlay	1,250,000	1,250,000	1,068,422	181,578
Total Expenditures	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,068,422</u>	<u>181,578</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,005,000)</u>	<u>(1,005,000)</u>	<u>(984,273)</u>	<u>20,727</u>
Other Financing Sources (Uses)				
Transfers in	1,005,000	1,005,000	1,005,148	
Transfers out			(20,201)	(20,201)
Total Other Financing Sources(Uses)	<u>1,005,000</u>	<u>1,005,000</u>	<u>984,947</u>	<u>(20,201)</u>
Net Changes in Fund Balance			674	526
Fund Balance, Beginning of Fiscal Year	<u>(674)</u>	<u>(674)</u>	<u>(674)</u>	
Fund Balance, End of Fiscal Year	<u>\$ (674)</u>	<u>\$ (674)</u>	<u>\$ -</u>	<u>\$ 526</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:

**Community Development Block Grant Funds** The Community Development Block Grant (CDBG/EBGB/STBG) 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.

**General Plan Maintenance Fee** To account for General Plan Maintenance fee revenue which is required to be used for costs related to the update of the City's General Plan and zoning code.

**Housing Trust** To account for Inclusionary Housing In-Lieu fee revenue which is required to be used for affordable housing activities.

**Parking** To account for parking permit revenues and the cost of maintaining City owned public parking lots.

**Parking In-Lieu Fees** To account for payments made by downtown property owners in lieu of providing on-site parking. Accumulated funds must be used for activities related to providing off-street parking facilities in the central business district.

**Parkland Monitoring and Reporting** To account for payments made by Georgia Pacific for monitoring and maintenance of the Coastal Trail remediation area.

**Skate Park R&M** To account for funds received from the City and the Mendocino Coast Recreation and Park District for maintenance of the Skate Park.

**Safe Routes to Schools** 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.

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

**Overall Work Program (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.

**Public Safety Grants** To account for grants received from the federal, state, and local governments for the enhancement of public safety activities.

**Bulletproof Vest Partnership Grant** To account for monies received under the Bulletproof Vest Partnership Grant Act. This program is designed to pay up to 50% of the cost of National Institute of Justice (NIJ) compliant armored vests purchases for local law enforcement.

**Statewide Park Program (Prop 84 Funds)** To account for Proposition 84 funds of \$4.85 million awarded for the construction of the Fort Bragg Coastal Restoration and Trail Project.

**Federal Appropriation/California Department of Transportation (CalTrans) Planning Grant** To account for 2006 Housing & Urban Development and CalTrans monies received for the Coastal Trail project on the former Georgia Pacific mill site.

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

**CalTrans North Coastal Trail Grant** To account for monies received from CalTrans for construction of the North Coastal Trail on the former Georgia Pacific mill site.

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

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

**CalTrans Bicycle Transportation Grant** To account for grant monies received from CalTrans for completion of the “signs and lines” bicycle safety striping project for bicycle lanes within City limits.

**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 Franchise Renewal** 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.

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

**Stewardship Council Grant** To account for monies received for completion of the Skate Park Phase II project.

**Noyo Center Land Acquisition** To account for grant award from the Coastal Conservancy for the acquisition of the Noyo Center land on the former Georgia Pacific Mill site.

**CITY OF FORT BRAGG  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<b>Total Special Revenue Funds</b>	<b>2004 Bonds Debt Service Fund</b>	<b>Total Capital Projects Funds</b>	<b>Totals</b>
<b>Assets</b>				
Cash and investments	\$ 2,113,161	\$ -	\$ 5,237	\$ 2,118,398
Receivables:				
Accounts	238,579		12,847	251,426
Interest	335			335
Loans	319,972			319,972
	<u>319,972</u>			<u>319,972</u>
Total Assets	<u>\$ 2,672,047</u>	<u>\$ -</u>	<u>\$ 18,084</u>	<u>\$ 2,690,131</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 106,196	\$ -	\$ 1,200	\$ 107,396
Due to other funds	144,845			144,845
Deferred revenue	59,499		44,574	104,073
Deferred loans	319,972			319,972
	<u>319,972</u>			<u>319,972</u>
Total Liabilities	<u>630,512</u>		<u>45,774</u>	<u>676,286</u>
<b>Fund Balances:</b>				
Restricted	2,198,063		2,772	2,200,835
Unassigned	(156,528)		(30,462)	(186,990)
	<u>(156,528)</u>		<u>(30,462)</u>	<u>(186,990)</u>
Total Fund Balances	<u>2,041,535</u>		<u>(27,690)</u>	<u>2,013,845</u>
Total Liabilities and Fund Balances	<u>\$ 2,672,047</u>	<u>\$ -</u>	<u>\$ 18,084</u>	<u>\$ 2,690,131</u>

**CITY OF FORT BRAGG**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Total Special Revenue Funds</b>	<b>2004 Bonds Debt Service Fund</b>	<b>Total Capital Projects Funds</b>	<b>Totals</b>
<b>Revenues</b>				
Taxes and assessments	\$ 258,892	\$ -	\$ -	\$ 258,892
Use of money and property	5,275	148		5,423
Intergovernmental	1,232,112		174,297	1,406,409
Charges for current services	63,607			63,607
Other	367,533			367,533
<b>Total Revenues</b>	<b>1,927,419</b>	<b>148</b>	<b>174,297</b>	<b>2,101,864</b>
<b>Expenditures</b>				
Current				
Public safety	49,149			49,149
Public works	62,969			62,969
Community development	425,902			425,902
Capital outlay	326,845		337,657	664,502
Debt service				
Interest		114,222		114,222
<b>Total Expenditures</b>	<b>864,865</b>	<b>114,222</b>	<b>337,657</b>	<b>1,316,744</b>
Excess (Deficit) of Revenues over Expenditures	1,062,554	(114,074)	(163,360)	785,120
Other Financing Sources (Uses)				
Transfers in	372,711		164,995	537,706
Transfers out	(508,583)		(60,293)	(568,876)
<b>Total Other Financing Sources (Uses)</b>	<b>(135,872)</b>		<b>104,702</b>	<b>(31,170)</b>
Net Changes in Fund Balances before Extraordinary Item	926,682	(114,074)	(58,658)	753,950
<b>Extraordinary Item</b>				
Gain (loss) on transfer of assets and liabilities to RDA successor trust fund		(210,022)		(210,022)
Net Changes in Fund Balances	926,682	(324,096)	(58,658)	543,928
Fund Balances, Beginning of Fiscal Year	1,114,853	324,096	30,968	1,469,917
Fund Balances, End of Fiscal Year	\$ 2,041,535	\$ -	\$ (27,690)	\$ 2,013,845

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**CITY OF FORT BRAGG  
COMBINING BALANCE SHEET  
SPECIAL BEVENUE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>General Plan Maintenance Fee</u>	<u>Housing Trust Fund</u>	<u>Parking</u>	<u>Parking In Lieu Fees</u>	<u>Parkland Monitoring/ Reporting</u>	<u>Skate Park R &amp; M</u>	<u>Safe Routes To School</u>
<b>Assets</b>							
Cash and investments	\$ 196,207	\$ 91,370	\$71,451	\$ -	\$ 121,459	\$ -	\$ 172,442
Receivables:							
Accounts							
Interest	74	36	7		48		
Loans							
<b>Total Assets</b>	<u>\$ 196,281</u>	<u>\$ 91,406</u>	<u>\$71,458</u>	<u>\$ -</u>	<u>\$ 121,507</u>	<u>\$ -</u>	<u>\$ 172,442</u>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,291
Due to other funds							
Deferred revenue							
Deferred loans							
<b>Total Liabilities</b>							<u>4,291</u>
Fund Balances:							
Restricted	196,281	91,406	71,458		121,507		168,151
Unassigned							
<b>Total Fund Balances (Deficits)</b>	<u>196,281</u>	<u>91,406</u>	<u>71,458</u>		<u>121,507</u>		<u>168,151</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 196,281</u>	<u>\$ 91,406</u>	<u>\$71,458</u>	<u>\$ -</u>	<u>\$ 121,507</u>	<u>\$ -</u>	<u>\$ 172,442</u>

**CITY OF FORT BRAGG  
COMBINING BALANCE SHEET  
SPECIAL BEVENUE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>CDBG Unclassified Program Income</u>	<u>Sustainable Comm Grant</u>	<u>OWP Grants</u>	<u>COPS AB1913 Allocation</u>	<u>Public Safety Grant</u>	<u>Bulletproof Vest Partnership Grant</u>	<u>Prop 84 Grant - Coastal Trail</u>
<b>Assets</b>							
Cash and investments	\$ 19,805	\$ -	\$ -	\$ 73,339	\$ -	\$ -	\$ -
Receivables:							
Accounts		29,407	48,220			1,489	
Interest							
Loans							
<b>Total Assets</b>	<u>\$ 19,805</u>	<u>\$ 29,407</u>	<u>\$ 48,220</u>	<u>\$ 73,339</u>	<u>\$ -</u>	<u>\$ 1,489</u>	<u>\$ -</u>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ -	\$ 15,592	\$ 30,833	\$ -	\$ -	\$ -	\$ 4,827
Due to other funds		45,960	15,635			1,401	9,152
Deferred revenue							
Deferred loans							
<b>Total Liabilities</b>		<u>61,552</u>	<u>46,468</u>			<u>1,401</u>	<u>13,979</u>
Fund Balances:							
Restricted	19,805		1,752	73,339		88	
Unassigned		(32,145)					(13,979)
<b>Total Fund Balances (Deficits)</b>	<u>19,805</u>	<u>(32,145)</u>	<u>1,752</u>	<u>73,339</u>		<u>88</u>	<u>(13,979)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 19,805</u>	<u>\$ 29,407</u>	<u>\$ 48,220</u>	<u>\$ 73,339</u>	<u>\$ -</u>	<u>\$ 1,489</u>	<u>\$ -</u>

**CITY OF FORT BRAGG  
COMBINING BALANCE SHEET  
SPECIAL BEVENUE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	CalTrans Planning Grant	STBG Housing Rehabilitation Grant	Coastal Conservancy Grant	CDBG General Allocation Grants	CalTrans North Coastal Trail Grant	CDBG Program Income
<b>Assets</b>						
Cash and investments	\$ 3,458	\$ 66,846	\$ -	\$ -	\$ 4,873	\$ 30,070
Receivables:						
Accounts				56,397	70,385	
Interest						
Loans						319,972
	<u>\$ 3,458</u>	<u>\$ 66,846</u>	<u>\$ -</u>	<u>\$ 56,397</u>	<u>\$ 75,258</u>	<u>\$ 350,042</u>
Total Assets	<u>\$ 3,458</u>	<u>\$ 66,846</u>	<u>\$ -</u>	<u>\$ 56,397</u>	<u>\$ 75,258</u>	<u>\$ 350,042</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 36,363	\$ 10,694	\$ -
Due to other funds				24,169		
Deferred revenue				56,397		
Deferred loans						319,972
				<u>116,929</u>	<u>10,694</u>	<u>319,972</u>
Total Liabilities				<u>116,929</u>	<u>10,694</u>	<u>319,972</u>
Fund Balances:						
Restricted	3,458	66,846			64,564	30,070
Unassigned				(60,532)		
	<u>3,458</u>	<u>66,846</u>		<u>(60,532)</u>	<u>64,564</u>	<u>30,070</u>
Total Fund Balances (Deficits)	<u>3,458</u>	<u>66,846</u>		<u>(60,532)</u>	<u>64,564</u>	<u>30,070</u>
Total Liabilities and Fund Balances	<u>\$ 3,458</u>	<u>\$ 66,846</u>	<u>\$ -</u>	<u>\$ 56,397</u>	<u>\$ 75,258</u>	<u>\$ 350,042</u>

**CITY OF FORT BRAGG  
COMBINING BALANCE SHEET  
SPECIAL BEVENUE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	EDBG Planning and Technology Grants	CDBG Enterprise Fund	Asset Forfeiture	CDBG Planning and Technology Grants	State Park Grant Bainbridge Park Improvements	Bicycle Transportation Grant
<b>Assets</b>						
Cash and investments	\$ -	\$ 26,480	\$ 570,084	\$ 5,299	\$ -	\$ 10,051
Receivables:						
Accounts	3,102					
Interest			105			
Loans						
Total Assets	<u>\$ 3,102</u>	<u>\$ 26,480</u>	<u>\$ 570,189</u>	<u>\$ 5,299</u>	<u>\$ -</u>	<u>\$ 10,051</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 240	\$ -	\$ 1,189	\$ -	\$ -	\$ -
Due to other funds	21,279					
Deferred revenue	3,102					
Deferred loans						
Total Liabilities	<u>24,621</u>		<u>1,189</u>			
Fund Balances:						
Restricted		26,480	569,000	5,299		10,051
Unassigned	<u>(21,519)</u>					
Total Fund Balances (Deficits)	<u>(21,519)</u>	<u>26,480</u>	<u>569,000</u>	<u>5,299</u>		<u>10,051</u>
Total Liabilities and Fund Balances	<u>\$ 3,102</u>	<u>\$ 26,480</u>	<u>\$ 570,189</u>	<u>\$ 5,299</u>	<u>\$ -</u>	<u>\$ 10,051</u>

**CITY OF FORT BRAGG  
COMBINING BALANCE SHEET  
SPECIAL BEVENUE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	Construction/ Demolition Ordinance Revenue	Waste Management Franchise Renewal	Highway User Gasoline Taxes	Stp D1 Streets & Highways Allocation	Traffic & Safety	MCOG 2005 Main St Planning	MCOG Capital Project Planning
<b>Assets</b>							
Cash and investments	\$ 34,707	\$ 350,000	\$ 12,709	\$ -	\$ -	\$ -	\$ -
Receivables:							
Accounts			25,592		1,000		
Interest							
Loans							
Total Assets	<u>\$ 34,707</u>	<u>\$ 350,000</u>	<u>\$ 38,301</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 63	\$ 2,104	\$ -	\$ -	\$ -
Due to other funds				21,904	1,000	4,345	
Deferred revenue							
Deferred loans							
Total Liabilities			<u>63</u>	<u>24,008</u>	<u>1,000</u>	<u>4,345</u>	
Fund Balances:							
Restricted	34,707	350,000	38,238				
Unassigned				(24,008)		(4,345)	
Total Fund Balances (Deficits)	<u>34,707</u>	<u>350,000</u>	<u>38,238</u>	<u>(24,008)</u>		<u>(4,345)</u>	
Total Liabilities and Fund Balances	<u>\$ 34,707</u>	<u>\$ 350,000</u>	<u>\$ 38,301</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF FORT BRAGG  
COMBINING BALANCE SHEET  
SPECIAL BEVENUE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	Fire Equipment Fund	EECBG Facilities Lighting	Stewardship Council Grant	Noyo Center Land Acquisition Grant	Totals
<b>Assets</b>					
Cash and investments	\$ 247,627	\$ -	\$ -	\$ 4,884	\$ 2,113,161
Receivables:					
Accounts	2,987				238,579
Interest	65				335
Loans					319,972
					<u>319,972</u>
Total Assets	<u>\$ 250,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,884</u>	<u>\$ 2,672,047</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 106,196
Due to other funds					144,845
Deferred revenue					59,499
Deferred loans					319,972
					<u>319,972</u>
Total Liabilities					<u>630,512</u>
Fund Balances:					
Restricted	250,679			4,884	2,198,063
Unassigned					(156,528)
					<u>(156,528)</u>
Total Fund Balances (Deficits)	<u>250,679</u>			<u>4,884</u>	<u>2,041,535</u>
Total Liabilities and Fund Balances	<u>\$ 250,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,884</u>	<u>\$ 2,672,047</u>

**CITY OF FORT BRAGG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General Plan Maintenance Fee	Housing Trust Fund	Parking	Parking In Lieu Fees	Parkland Monitoring/ Reporting	Skate Park R & M	Safe Routes To School
<b>Revenues</b>							
Taxes							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other							
Use of money and property	804	384	105		512		
Intergovernmental							
Charges for current services	33,839		544				
Other							
Total Revenues	<u>34,643</u>	<u>384</u>	<u>649</u>		<u>512</u>		
<b>Expenditures</b>							
Current							
Public safety							
Public works				8,256			
Community development							
Capital outlay							5,332
Total Expenditures				<u>8,256</u>			<u>5,332</u>
Excess (Deficit) of Revenues over Expenditures	<u>34,643</u>	<u>384</u>	<u>649</u>	<u>(8,256)</u>	<u>512</u>		<u>(5,332)</u>
Other Financing Sources (Uses)							
Transfers in			58,486	8,256			173,514
Transfers out	(20,000)		(8,256)			(1,000)	
Total Other Financing Sources (Uses)	<u>(20,000)</u>		<u>50,230</u>	<u>8,256</u>		<u>(1,000)</u>	<u>173,514</u>
Net Change in Fund Balances	14,643	384	50,879		512	(1,000)	168,182
Fund Balances (Deficits), Beginning of Fiscal Year	<u>181,638</u>	<u>91,022</u>	<u>20,579</u>		<u>120,995</u>	<u>1,000</u>	<u>(31)</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 196,281</u>	<u>\$ 91,406</u>	<u>\$ 71,458</u>	<u>\$ -</u>	<u>\$ 121,507</u>	<u>\$ -</u>	<u>\$ 168,151</u>

**CITY OF FORT BRAGG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	CDBG Unclassified Program Income	Sustainable Comm Grant	OWP Grants	COPS AB1913 Allocation	Public Safety Grant	Bulletproof Vest Partnership Grant	Prop 84 Grant - Coastal Trail
<b>Revenues</b>							
Taxes							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other							
Use of money and property							
Intergovernmental		116,463	49,205	117,172	5,071	2,819	
Charges for current services							
Other							
Total Revenues		116,463	49,205	117,172	5,071	2,819	
<b>Expenditures</b>							
Current							
Public safety					10,142	3,866	
Public works							
Community development		46,215	46,036				4,602
Capital outlay		20,000					8,944
Total Expenditures		66,215	46,036		10,142	3,866	13,546
Excess (Deficit) of Revenues over Expenditures		50,248	3,169	117,172	(5,071)	(1,047)	(13,546)
Other Financing Sources (Uses)							
Transfers in	11,437				5,071	1,500	
Transfers out				(43,833)			
Total Other Financing Sources (Uses)	11,437			(43,833)	5,071	1,500	
Net Change in Fund Balances	11,437	50,248	3,169	73,339		453	(13,546)
Fund Balances (Deficits), Beginning of Fiscal Year	8,368	(82,393)	(1,417)			(365)	(433)
Fund Balances (Deficits), End of Fiscal Year	\$ 19,805	\$ (32,145)	\$ 1,752	\$ 73,339	\$ -	\$ 88	\$ (13,979)

**CITY OF FORT BRAGG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	CalTrans Planning Grant	STBG Housing Rehabilitation Grant	Coastal Conservancy Grant	CDBG General Allocation Grants	CalTrans North Coastal Trail Grant	CDBG Program Income
<b>Revenues</b>						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other						
Use of money and property						903
Intergovernmental	37,714			180,144	219,537	
Charges for current services						
Other						10,490
	<u>37,714</u>			<u>180,144</u>	<u>219,537</u>	<u>11,393</u>
Total Revenues	<u>37,714</u>			<u>180,144</u>	<u>219,537</u>	<u>11,393</u>
<b>Expenditures</b>						
Current						
Public safety						
Public works						
Community development				235,153		
Capital outlay					219,973	
				<u>235,153</u>	<u>219,973</u>	
Total Expenditures				<u>235,153</u>	<u>219,973</u>	
Excess (Deficit) of Revenues over Expenditures	<u>37,714</u>			<u>(55,009)</u>	<u>(436)</u>	<u>11,393</u>
Other Financing Sources (Uses)						
Transfers in			5,883		65,000	
Transfers out				(40,000)		(11,437)
			<u>5,883</u>	<u>(40,000)</u>	<u>65,000</u>	<u>(11,437)</u>
Total Other Financing Sources (Uses)			<u>5,883</u>	<u>(40,000)</u>	<u>65,000</u>	<u>(11,437)</u>
Net Change in Fund Balances	37,714		5,883	(95,009)	64,564	(44)
Fund Balances (Deficits), Beginning of Fiscal Year	<u>(34,256)</u>	<u>66,846</u>	<u>(5,883)</u>	<u>34,477</u>		<u>30,114</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 3,458</u>	<u>\$ 66,846</u>	<u>\$ -</u>	<u>\$ (60,532)</u>	<u>\$ 64,564</u>	<u>\$ 30,070</u>

**CITY OF FORT BRAGG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	EDBG Planning and Technology Grants	CDBG Enterprise Fund	Asset Forfeiture	CDBG Planning and Technology Grants	State Park Grant Bainbridge Park Improvements	Bicycle Transportation Grant
<b>Revenues</b>						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other						
Use of money and property			1,721	1		
Intergovernmental	21,048	6,040	192,655			90,887
Charges for current services						
Other						
Total Revenues	<u>21,048</u>	<u>6,040</u>	<u>194,376</u>	<u>1</u>		<u>90,887</u>
<b>Expenditures</b>						
Current						
Public safety			35,141			
Public works						
Community development	23,145	48,739		2,402		12,650
Capital outlay						72,596
Total Expenditures	<u>23,145</u>	<u>48,739</u>	<u>35,141</u>	<u>2,402</u>		<u>85,246</u>
Excess (Deficit) of Revenues over Expenditures	<u>(2,097)</u>	<u>(42,699)</u>	<u>159,235</u>	<u>(2,401)</u>		<u>5,641</u>
Other Financing Sources (Uses)						
Transfers in				7,700	343	13,500
Transfers out			(37,883)			
Total Other Financing Sources (Uses)			<u>(37,883)</u>	<u>7,700</u>	<u>343</u>	<u>13,500</u>
Net Change in Fund Balances	(2,097)	(42,699)	121,352	5,299	343	19,141
Fund Balances (Deficits), Beginning of Fiscal Year	<u>(19,422)</u>	<u>69,179</u>	<u>447,648</u>		<u>(343)</u>	<u>(9,090)</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ (21,519)</u>	<u>\$ 26,480</u>	<u>\$ 569,000</u>	<u>\$ 5,299</u>	<u>\$ -</u>	<u>\$ 10,051</u>

**CITY OF FORT BRAGG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Construction/ Demolition Ordinance Revenue	Waste Management Franchise Renewal	Highway User Gasoline Taxes	Stp D1 Streets & Highways Allocation	Traffic & Safety	MCOG 2005 Main St Planning	MCOG Capital Project Planning
<b>Revenues</b>							
Taxes							
Property	\$ -	\$ -	\$ 3,175	\$ -	\$ -	\$ -	\$ -
Other			212,341				
Use of money and property							
Intergovernmental						23,578	1
Charges for current services	24,885		4,339				
Other		350,000			7,043		
Total Revenues	<u>24,885</u>	<u>350,000</u>	<u>219,855</u>		<u>7,043</u>	<u>23,578</u>	<u>1</u>
<b>Expenditures</b>							
Current							
Public safety							
Public works				31,258		23,455	
Community development							
Capital outlay							
Total Expenditures				<u>31,258</u>		<u>23,455</u>	
Excess (Deficit) of Revenues over Expenditures	<u>24,885</u>	<u>350,000</u>	<u>219,855</u>	<u>(31,258)</u>	<u>7,043</u>	<u>123</u>	<u>1</u>
Other Financing Sources (Uses)							
Transfers in	9,822			7,250			2,000
Transfers out			(181,617)		(3,674)		
Total Other Financing Sources (Uses)	<u>9,822</u>		<u>(181,617)</u>	<u>7,250</u>	<u>(3,674)</u>		<u>2,000</u>
Net Change in Fund Balances	34,707	350,000	38,238	(24,008)	3,369	123	2,001
Fund Balances (Deficits), Beginning of Fiscal Year					(3,369)	(4,468)	(2,001)
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 34,707</u>	<u>\$ 350,000</u>	<u>\$ 38,238</u>	<u>\$ (24,008)</u>	<u>\$ -</u>	<u>\$ (4,345)</u>	<u>\$ -</u>

**CITY OF FORT BRAGG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Fire Equipment Fund	EECBG Facilities Lighting	Stewardship Council Grant	Noyo Center Land Acquisition Grant	Totals
<b>Revenues</b>					
Taxes					
Property	\$ 43,376	\$ -	\$ -	\$ -	\$ 46,551
Other					212,341
Use of money and property	845				5,275
Intergovernmental			155,000	14,778	1,232,112
Charges for current services					63,607
Other					367,533
Total Revenues	<u>44,221</u>		<u>155,000</u>	<u>14,778</u>	<u>1,927,419</u>
<b>Expenditures</b>					
Current					
Public safety					49,149
Public works					62,969
Community development		2,949		4,011	425,902
Capital outlay					326,845
Total Expenditures		<u>2,949</u>		<u>4,011</u>	<u>864,865</u>
Excess (Deficit) of Revenues over Expenditures	<u>44,221</u>	<u>(2,949)</u>	<u>155,000</u>	<u>10,767</u>	<u>1,062,554</u>
Other Financing Sources (Uses)					
Transfers in		2,949			372,711
Transfers out			(155,000)	(5,883)	(508,583)
Total Other Financing Sources (Uses)		<u>2,949</u>	<u>(155,000)</u>	<u>(5,883)</u>	<u>(135,872)</u>
Net Change in Fund Balances	44,221			4,884	926,682
Fund Balances (Deficits), Beginning of Fiscal Year	<u>206,458</u>				<u>1,114,853</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 250,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,884</u>	<u>\$ 2,041,535</u>

## **CITY OF FORT BRAGG**

### **Nonmajor Governmental Funds**

#### **Capital Projects**

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

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

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

**FY 12 Street Structural Repairs** To account for funds appropriated for structural repairs at various location on City streets.

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

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**CITY OF FORT BRAGG  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012**

	Downtown Parking Lots Resurface	Otis Johnson Park	FY 12 Street Structural Repairs	Skate Park Phase II	Totals
<b>Assets</b>					
Cash and investments	\$ -	\$ 2,465	\$ -	\$ 2,772	\$ 5,237
Receivables:					
Accounts		12,847			12,847
Total Assets	<u>\$ -</u>	<u>\$ 15,312</u>	<u>\$ -</u>	<u>\$ 2,772</u>	<u>\$ 18,084</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 1,200	\$ -	\$ -	\$ 1,200
Deferred revenue		44,574			44,574
Total Liabilities		<u>45,774</u>			<u>45,774</u>
<b>Fund Balances:</b>					
Restricted				2,772	2,772
Unassigned		(30,462)			(30,462)
Total Fund Balances		<u>(30,462)</u>		<u>2,772</u>	<u>(27,690)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 15,312</u>	<u>\$ -</u>	<u>\$ 2,772</u>	<u>\$ 18,084</u>

**CITY OF FORT BRAGG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Downtown Parking Lots Resurface	Otis Johnson Park	FY 12 Street Structural Repairs	Skate Park Phase II	Totals
<b>Revenues</b>					
Intergovernmental	\$ -	\$ 174,297	\$ -	\$ -	\$ 174,297
Total Revenues		174,297			174,297
<b>Expenditures</b>					
Capital outlay	16,532	141,192	27,705	152,228	337,657
Total Expenditures	16,532	141,192	27,705	152,228	337,657
Excess (Deficit) of Revenues over Expenditures	(16,532)	33,105	(27,705)	(152,228)	(163,360)
Other Financing Sources (Uses)					
Transfers in			9,995	155,000	164,995
Transfers out	(58,486)		(1,807)		(60,293)
Total Other Financing Sources (Uses)	(58,486)		8,188	155,000	104,702
Net Change in Fund Balances	(75,018)	33,105	(19,517)	2,772	(58,658)
Fund Balances (Deficits), Beginning of Fiscal Year	75,018	(63,567)	19,517		30,968
Fund Balances (Deficits), End of Fiscal Year	\$ -	\$ (30,462)	\$ -	\$ 2,772	\$ (27,690)

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## **Statistical Section**

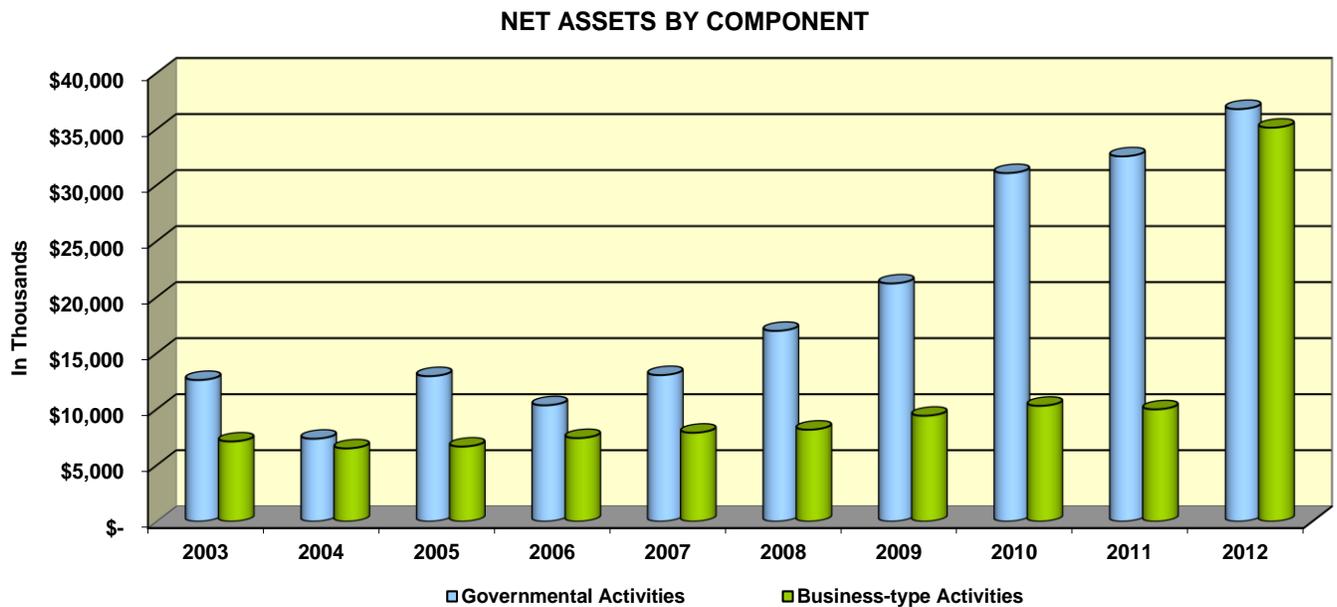
This part of the comprehensive annual financial report for the City of Fort Bragg presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>105</b>
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	<b>110</b>
<i>These schedules contain information to help the reader assess the City's most significant revenue source.</i>	
<b>Debt Capacity</b>	<b>117</b>
<i>These schedules present information to help the reader assess the City's current levels of outstanding debt and its ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b>	<b>121</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<b>Operating Information</b>	<b>123</b>
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

	Fiscal Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt <sup>1</sup>	\$ 7,131	\$ 2,059	\$ 4,610	\$ 3,209	\$ 5,356	\$ 8,522	\$ 13,862	\$ 24,795	\$ 25,801	\$ 30,664
Restricted	1,346	1,689	2,233	1,980	2,464	2,912	3,822	4,450	4,825	4,776
Unrestricted	4,146	3,631	6,123	5,174	5,240	5,572	3,552	1,843	1,953	1,356
<b>Total governmental activities net assets</b>	<b>\$ 12,623</b>	<b>\$ 7,379</b>	<b>\$ 12,966</b>	<b>\$ 10,363</b>	<b>\$ 13,060</b>	<b>\$ 17,006</b>	<b>\$ 21,236</b>	<b>\$ 31,088</b>	<b>\$ 32,579</b>	<b>\$ 36,796</b>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$ 1,654	\$ 3,267	\$ 4,703	\$ 4,476	\$ 5,460	\$ 6,030	\$ 7,170	\$ 7,255	\$ 7,121	\$ 31,319
Restricted	35	35	35	28	35	35	35	64	108	68
Unrestricted	5,446	3,213	1,939	2,933	2,420	2,122	2,223	2,997	2,775	3,749
<b>Total business-type activities net assets</b>	<b>\$ 7,135</b>	<b>\$ 6,515</b>	<b>\$ 6,677</b>	<b>\$ 7,437</b>	<b>\$ 7,915</b>	<b>\$ 8,187</b>	<b>\$ 9,428</b>	<b>\$ 10,316</b>	<b>\$ 10,004</b>	<b>\$ 35,136</b>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$ 8,785	\$ 5,326	\$ 9,313	\$ 7,685	\$ 10,816	\$ 14,552	\$ 21,032	\$ 32,050	\$ 32,922	\$ 61,983
Restricted	1,381	1,724	2,268	2,008	2,499	2,947	3,857	4,514	4,933	4,844
Unrestricted	9,592	6,844	8,062	8,107	7,660	7,694	5,775	4,840	4,728	5,105
<b>Total primary government net assets</b>	<b>\$ 19,758</b>	<b>\$ 13,894</b>	<b>\$ 19,643</b>	<b>\$ 17,800</b>	<b>\$ 20,975</b>	<b>\$ 25,193</b>	<b>\$ 30,664</b>	<b>\$ 41,404</b>	<b>\$ 42,583</b>	<b>\$ 71,932</b>

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



Source: City of Fort Bragg, Department of Finance

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

	Fiscal Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 1,783	\$ 2,033	\$ 2,254	\$ 2,062	\$ 2,294	\$ 1,621	\$ 2,013	\$ 2,518	\$ 2,591	\$ 2,540
Public safety	2,197	2,351	2,446	2,843	3,071	3,332	3,387	4,011	3,596	3,493
Public works	572	599	650	1,040	912	970	1,846	2,286	1,532	1,531
Community development	1,378	834	805	1,157	1,474	867	2,922	2,489	2,968	1,877
Interest on long-term debt	295	342	388	454	326	325	323	311	296	177
Total governmental activities	<u>6,225</u>	<u>6,159</u>	<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>10,983</u>	<u>9,618</u>
Business-type Activities										
Water	1,048	1,625	1,584	1,438	1,794	1,899	2,050	2,401	2,179	2,107
Wastewater	1,118	1,375	1,497	1,686	1,792	1,865	2,233	2,465	2,425	2,980
C.V. Starr Center										183
Total business-type activities	<u>2,166</u>	<u>3,000</u>	<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>5,270</u>
Total expenses	<u>\$ 8,391</u>	<u>\$ 9,159</u>	<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>\$ 15,587</u>	<u>\$ 14,888</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General Government	299	324	207	555	492	724	2,306	3,193	3,087	2,718
Public safety		179	253	239	147	210	133	30	30	29
Public works		24	7	119	191	101	50	13	5	4
Community development	444	172	147	618	383	246	188	5	9	349
Operating grants and contributions	701	463	573	226	410	695	1,101	10,622	2,138	684
Capital grants and contributions	217	200	382	1,430	2,075	2,279	3,673	2,108	602	1,096
Total governmental activities	<u>1,661</u>	<u>1,362</u>	<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>
Business-type Activities										
Charges for services										
Water	1,510	1,803	1,665	1,775	1,891	1,925	2,042	2,017	2,108	2,194
Wastewater	997	1,073	1,315	1,392	1,470	1,505	1,930	2,216	2,773	2,945
C. V. Starr Center										
Operating grants and contributions							288			
Capital grants and contributions		92	23	240	482		1,239	85		25,132
Total business-type activities	<u>2,507</u>	<u>2,968</u>	<u>3,003</u>	<u>3,407</u>	<u>3,842</u>	<u>3,430</u>	<u>5,499</u>	<u>4,318</u>	<u>4,881</u>	<u>30,271</u>
Total program revenues	<u>\$ 4,168</u>	<u>\$ 4,330</u>	<u>\$ 4,572</u>	<u>\$ 6,594</u>	<u>\$ 7,540</u>	<u>\$ 7,685</u>	<u>\$ 12,950</u>	<u>\$ 20,289</u>	<u>\$ 10,752</u>	<u>\$ 35,151</u>
Net (expense) revenue										
Government activities:										
General government	\$(4,564)	\$(4,797)	\$(4,974)	\$ (4,369)	\$ (4,379)	\$ (2,860)	\$ (3,040)	\$ 4,356	\$ (5,112)	\$ (4,738)
Business-type activities	341	(32)	(78)	283	256	(334)	1,216	(548)	277	25,001
Total Net Revenue/(Expense)	<u>\$(4,223)</u>	<u>\$(4,829)</u>	<u>\$(5,052)</u>	<u>\$ (4,086)</u>	<u>\$ (4,123)</u>	<u>\$ (3,194)</u>	<u>\$ (1,824)</u>	<u>\$ 3,808</u>	<u>\$ (4,835)</u>	<u>\$ 20,263</u>

(Continued)

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

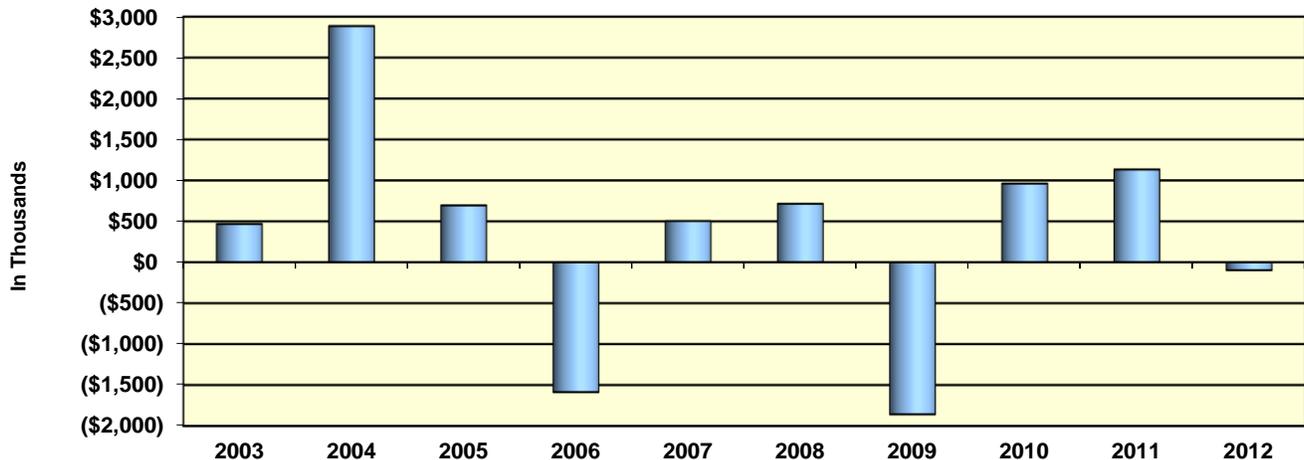
	Fiscal Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>General revenues</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 4,749	\$ 1,672	\$ 2,217	\$ 2,128	\$ 2,477	\$ 2,328	\$ 2,249	\$ 1,988	\$ 2,075	\$ 1,413
Sales and use taxes				2,551	2,524	2,545	2,657	2,154	2,147	2,271
Transient occupancy taxes				1,396	1,504	1,553	1,492	1,379	1,341	1,411
Franchise taxes				248	231	278	495	457	469	470
Other	70	3,260	3,673	222	232	315	274	26	469	225
Unrestricted investment earnings	176	252	203	85	119	106	41	58	51	91
Miscellaneous	329	525	517	52				424	71	399
Transfers	(155)	235	21	(283)	(11)	(319)	49	(2)	(55)	(2)
Total general revenues, transfers and special items	<u>5,169</u>	<u>5,944</u>	<u>6,631</u>	<u>6,399</u>	<u>7,076</u>	<u>6,806</u>	<u>7,257</u>	<u>6,484</u>	<u>6,099</u>	<u>6,278</u>
Business-type activities										
Property taxes	51			52	55	68	3			19
Unrestricted investment earnings	90	63	75	142	156	132	72	21	21	16
Miscellaneous	(124)	59	58					322	407	97
Transfers	155	(235)	(21)	283	11	319	(49)	2	55	2
Total business-type activities	<u>172</u>	<u>(113)</u>	<u>112</u>	<u>477</u>	<u>222</u>	<u>519</u>	<u>26</u>	<u>345</u>	<u>483</u>	<u>134</u>
Total primary government	<u>\$ 5,341</u>	<u>\$ 5,831</u>	<u>\$ 6,743</u>	<u>\$ 6,876</u>	<u>\$ 7,298</u>	<u>\$ 7,325</u>	<u>\$ 7,283</u>	<u>\$ 6,829</u>	<u>\$ 6,582</u>	<u>\$ 6,412</u>
<b>Extraordinary items</b>										
RDA dissolution transactions										3,070
<b>Change in net assets</b>										
Governmental activities	605	1,147	1,657	2,030	2,697	3,946	4,217	10,840	986	4,610
Business-type activities	513	(145)	34	760	478	185	1,242	(203)	761	25,135
Total Change in Net Assets	<u>\$ 1,118</u>	<u>\$ 1,002</u>	<u>\$ 1,691</u>	<u>\$ 2,790</u>	<u>\$ 3,175</u>	<u>\$ 4,131</u>	<u>\$ 5,459</u>	<u>\$ 10,637</u>	<u>\$ 1,747</u>	<u>\$ 29,745</u>

Source: City of Fort Bragg, Finance Department

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

	Fiscal Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Revenues</b>										
Taxes and assessments	\$ 4,749	\$ 4,932	\$ 5,890	\$ 6,545	\$ 6,783	\$ 6,813	\$ 6,939	\$ 6,052	\$ 6,032	\$ 5,790
Intergovernmental	1,361	1,188	1,073	2,050	2,520	2,963	4,162	7,760	2,692	1,773
Charges for services	299	319	374	322	401	279	2,170	2,726	2,463	2,854
Fines, forfeitures and penalties	27	24	23	51	78	186	109	14	17	13
Licenses and permits	70	91	99	180	273	260	272	307	252	241
Investment earnings	176	252	203	320	415	338	158	52	51	85
Other	303	265	517	402	323	541	209	377	118	410
<b>Total revenues</b>	<b>6,985</b>	<b>7,071</b>	<b>8,179</b>	<b>9,870</b>	<b>10,793</b>	<b>11,380</b>	<b>14,019</b>	<b>17,288</b>	<b>11,625</b>	<b>11,166</b>
<b>Expenditures</b>										
<b>Current</b>										
General Government	1,598	2,005	2,122	2,051	2,278	1,592	2,100	1,742	1,178	1,252
Public safety	2,197	2,255	2,320	2,729	2,858	3,174	3,217	3,535	3,237	3,351
Public works	572	586	619	702	746	788	1,540	1,519	1,332	1,386
Community development	911	834	804	751	1,395	865	2,893	2,434	3,009	1,975
<b>Debt Service</b>										
Principal retirement	185	200	195	1,988	194	210	224	308	107	113
Interest and fiscal charges	296	345	389	441	315	310	304	297	282	161
Capital outlay	467	947	1,265	4,166	2,492	3,408	5,648	6,513	1,286	1,983
<b>Total expenditures</b>	<b>6,226</b>	<b>7,172</b>	<b>7,714</b>	<b>12,828</b>	<b>10,278</b>	<b>10,347</b>	<b>15,926</b>	<b>16,348</b>	<b>10,431</b>	<b>10,221</b>
Excess (deficiency) of revenues over expenditures	759	(101)	465	(2,958)	515	1,033	(1,907)	940	1,194	945
<b>Other financing sources (uses)</b>										
Proceeds from Capital Lease						84				
Bond proceeds, net		4,689	208	1,655						
Payment to refunded debt escrow		(1,938)								
Transfers in	1,134	4,007	2,314	2,700	5,493	4,812	1,623	2,287	1,122	1,910
Transfer out	(1,426)	(3,772)	(2,293)	(2,984)	(5,504)	(5,131)	(1,574)	(2,266)	(1,183)	(1,912)
<b>Total other financing sources (uses)</b>	<b>(292)</b>	<b>2,986</b>	<b>229</b>	<b>1,371</b>	<b>(11)</b>	<b>(319)</b>	<b>49</b>	<b>21</b>	<b>(61)</b>	<b>(2)</b>
Extraordinary item										(1,039)
<b>Net change in fund balances</b>	<b>\$467</b>	<b>\$2,885</b>	<b>\$694</b>	<b>(\$1,587)</b>	<b>\$504</b>	<b>\$714</b>	<b>(\$1,858)</b>	<b>\$961</b>	<b>\$1,133</b>	<b>(96)</b>
Debt service as a percentage of non-capital expenditures	8.35%	8.76%	9.06%	28.04%	6.54%	7.49%	5.14%	6.15%	4.25%	3.33%

**CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS**



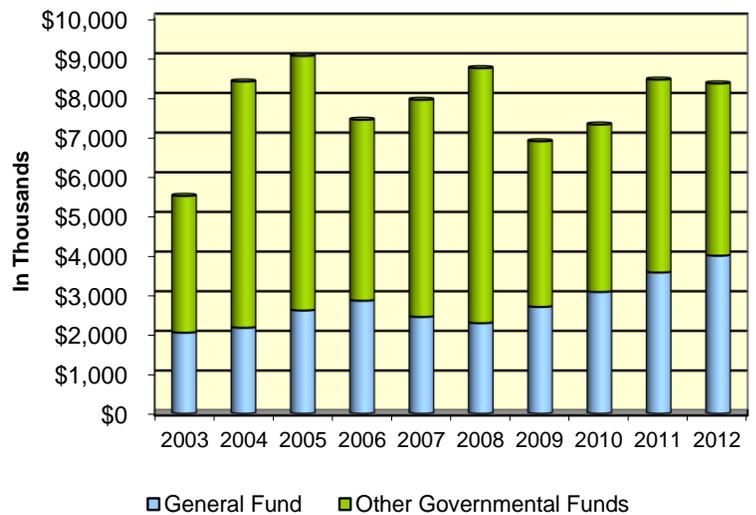
Source: City of Fort Bragg, Department of Finance

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

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

	2010-11	2011-12
<b>General Fund</b> <sup>2</sup>		
Nonspendable	\$ 1	\$ 211
Restricted		
Committed		
Assigned		4
Unassigned	3,560	3,771
Total General Fund	<u>3,561</u>	<u>3,986</u>
<b>Other Governmental Funds</b>		
Nonspendable		
Restricted	4,865	4,530
Committed		
Assigned		
Unassigned		(187)
Total Other Governmental Funds	<u>4,865</u>	<u>4,343</u>
<b>Total Governmental Funds</b>		
Nonspendable	1	211
Restricted	4,865	4,530
Committed		
Assigned		4
Unassigned	3,560	3,584
Total All Governmental Funds	<u>\$ 8,426</u>	<u>\$ 8,329</u>

**GOVERNMENTAL FUND BALANCES**



Source: City of Fort Bragg, Department of Finance

Notes:

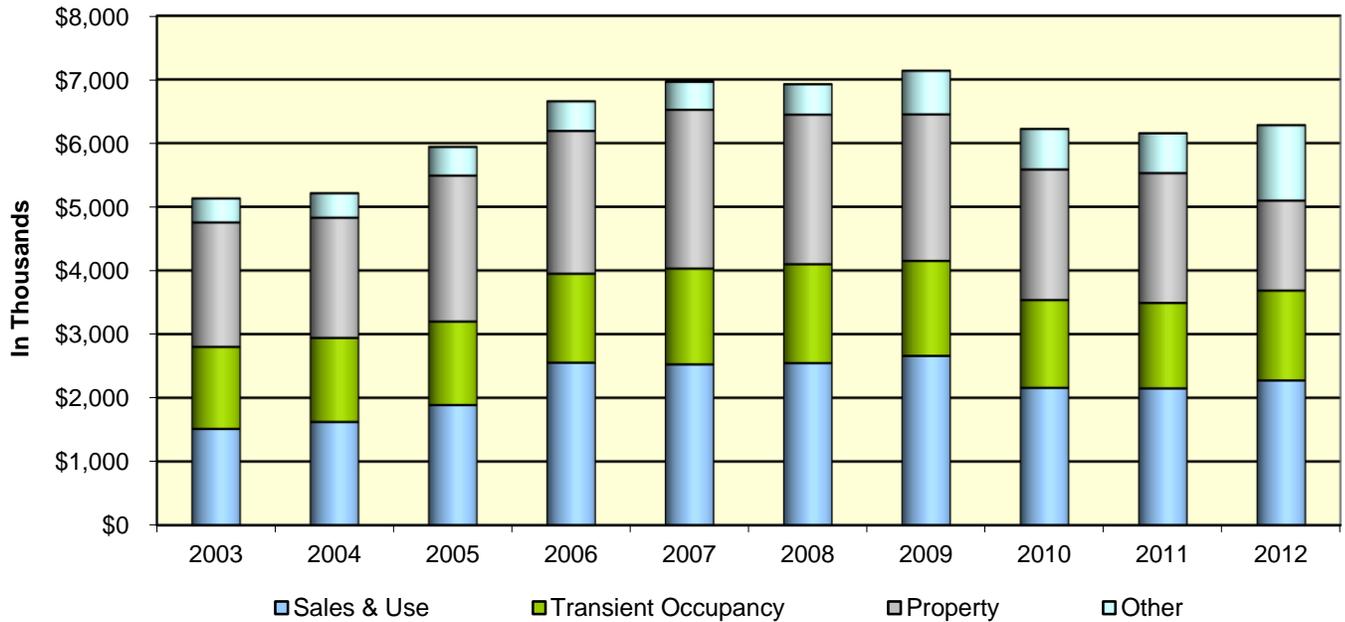
<sup>1</sup> Governmental funds include general fund, special revenue funds, debt service funds, and capital projects funds.

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

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

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales &amp; Use</b>	<b>Transient Occupancy</b>	<b>Other</b>	<b>Total</b>
2003	\$ 1,954	\$ 1,510	\$ 1,288	\$ 377	\$ 5,129
2004	1,888	1,619	1,320	385	5,212
2005	2,292	1,885	1,311	451	5,939
2006	2,242	2,551	1,396	466	6,655
2007	2,494	2,524	1,504	440	6,962
2008	2,349	2,544	1,553	478	6,924
2009	2,301	2,657	1,492	686	7,136
2010	2,050	2,155	1,379	637	6,221
2011	2,039	2,147	1,341	639	6,166
2012	1,413	2,271	1,411	1,186	6,281

**TAX REVENUES BY SOURCE**  
**GOVERNMENTAL FUNDS**



Source: City of Fort Bragg, Department of Finance

# *City of Fort Bragg*

## **Principal Sales Tax Producers Last Fiscal Year and Nine Years Ago**

2011-12		2002-03	
Taxpayer	Business Type	Taxpayer	Business Type
Amerigas Propane	Energy Sales	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
Coast to Coast Hardware	Bldg.Matls-Retail	Chevron Service Stations	Service Stations
CVS/Pharmacy	Drug Stores	Cigarettes Cheaper	Miscellaneous Retail
Denny's Restaurant	Restaurants	Coast to Coast Hardware	Bldg.Matls-Retail
Fort Bragg Feed & Pet	Miscellaneous Retail	CVS/Pharmacy	Drug Stores
Harvest Market	Food Markets	Fort Bragg Furniture Mart	Furniture/Appliance
Kemppe Liquid Gas	Energy Sales	Fred Holmes Lumber	Bldg.Matls-Whsle
McDonald's Restaurants	Restaurants	Harvest Market	Food Markets
Mendo Mill & Lumber Company	Bldg.Matls-Retail	Kemppe Liquid Gas	Energy Sales
Mendocino Coast Petroleum	Energy Sales	McDonald's Restaurants	Restaurants
Mendocino County Hydrogard	Florist/Nursery	Mendo Mill & Lumber Company	Bldg.Matls-Retail
O'Reilly Auto Parts	Auto Parts/Repair	Mendocino Coast Petroleum	Energy Sales
Rhoads Auto Parts	Auto Parts/Repair	Rhoads Auto Parts	Auto Parts/Repair
Rite Aid Drug Stores	Drug Stores	Rinehart Distributing	Service Stations
Rossi's Building Materials	Bldg.Matls-Retail	Rite Aid Drug Stores	Drug Stores
Safeway Stores	Food Markets	Rossi's Building Materials	Bldg.Matls-Retail
Sears Hometown Stores	Furniture/Appliance	Safeway Stores	Food Markets
Speedex Service Station	Service Stations	Sears Roebuck & Company	Department Stores
Sport Chrysler Jeep Dodge	Auto Sales-New	Sport Chrysler Jeep Dodge	Auto Sales-New
The Brewery Shop	Restaurants	The Brewery Shop	Restaurants
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

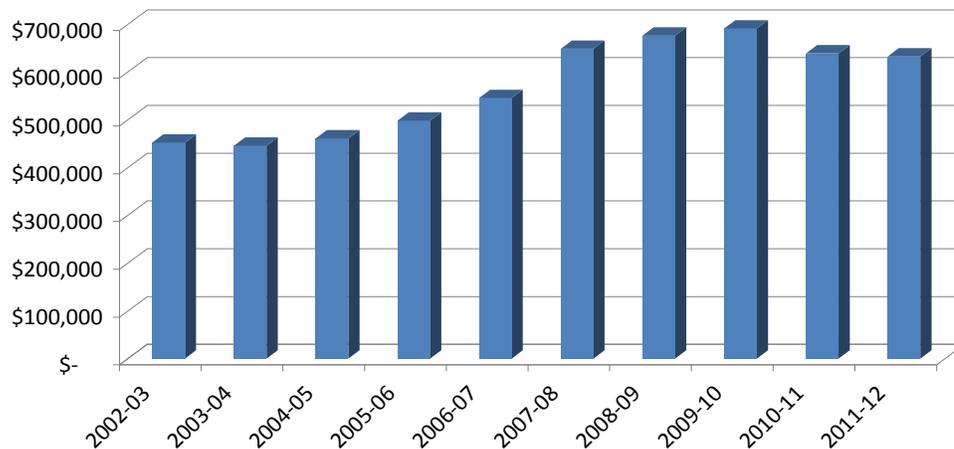
Source: SBOE data, MuniServices, LLC  
 Top Sales Tax Producers listed in alphabetical order.

# 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		Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
			Assessed Value	% Change			
2002-03	\$ 426,954	\$ 24,958	\$ 451,912	9.8%	1.024000	-	-
2003-04	\$ 419,675	\$ 25,798	\$ 445,473	-1.4%	1.028000	-	-
2004-05	\$ 434,259	\$ 26,519	\$ 460,778	3.4%	1.078000	-	-
2005-06	\$ 471,474	\$ 26,517	\$ 497,991	8.1%	1.082000	-	-
2006-07	\$ 518,473	\$ 27,020	\$ 545,493	9.5%	1.082000	-	-
2007-08	\$ 619,707	\$ 28,618	\$ 648,325	18.9%	1.070000	-	-
2008-09	\$ 645,784	\$ 30,044	\$ 675,828	4.2%	1.088000	-	-
2009-10	\$ 660,917	\$ 30,217	\$ 691,134	2.3%	1.082000	-	-
2010-11	\$ 609,153	\$ 29,654	\$ 638,807	-7.6%	1.102000	-	-
2011-12	\$ 603,272	\$ 29,066	\$ 632,338	-1.0%	1.123000	710,404	1.123456

### Assessed Value Of Taxable Property



Source: Mendocino County Assessor data, MuniServices, LLC

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

\*Secured Property includes Unitary value.

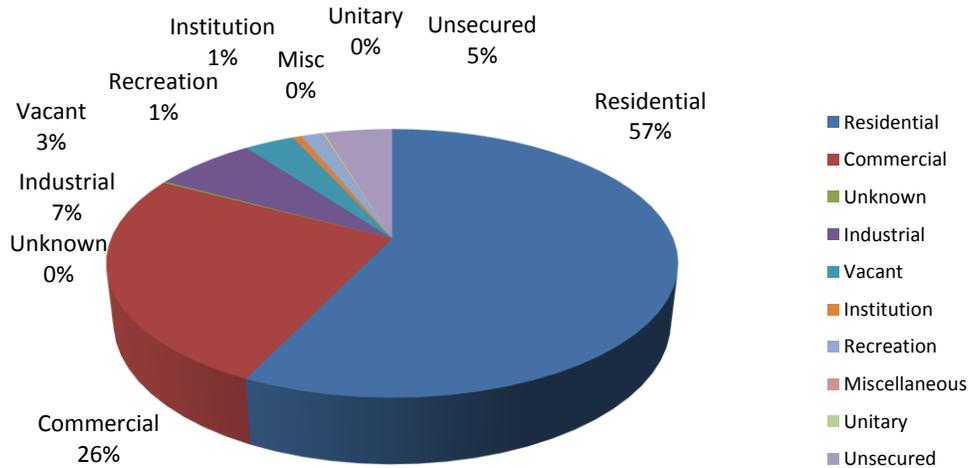
1.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

# City of Fort Bragg

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

Category	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Residential	0	0	0	0	0	0	0	0	0	361,278
Commercial	0	0	0	0	0	0	0	0	0	161,784
Unknown	0	0	0	0	0	0	0	0	0	1,044
Industrial	0	0	0	0	0	0	0	0	0	43,763
Vacant	0	0	0	0	0	0	0	0	0	21,468
Institution	0	0	0	0	0	0	0	0	0	3,826
Recreation	0	0	0	0	0	0	0	0	0	8,962
Miscellaneous	0	0	0	0	0	0	0	0	0	477
Unitary	0	0	0	0	0	0	0	0	0	670
<b>Gross Secured Value</b>	<b>0</b>	<b>603,272</b>								
Unsecured	0	0	0	0	0	0	0	0	0	29,066
<b>Net Taxable Value</b>	<b>0</b>	<b>632,338</b>								

### 2011-12



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<sup>1</sup> Last Ten Fiscal Years

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
COUNTY GENERAL FUND	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.745000
CITY OF FORT BRAGG	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.255000
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments										
LOCAL SPECIAL DISTRICTS	-	-	0.024000	0.024000	0.023000	0.023000	0.011000	0.010000	0.013000	0.012000
SCHOOLS	-	-	0.054000	0.058000	0.059000	0.047000	0.077000	0.072000	0.089000	0.111000
TOTAL	0.024000	0.028000	0.078000	0.082000	0.082000	0.070000	0.088000	0.082000	0.102000	0.123000
TOTAL TAX RATE	1.024000	1.028000	1.078000	1.082000	1.082000	1.070000	1.088000	1.082000	1.102000	1.123000

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

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

# *City of Fort Bragg*

## Principal Property Tax Payers Last Fiscal Year

Taxpayer	2011-12		*2002-03	
	Taxable Value (\$)	Percent of Total City Taxable Value	Taxable Value (\$)	Percent of Total City Taxable Value
Georgia Pacific Corporation	39,377,081	6.23%	0	0.00%
Boatyard Associates Phase II T	9,037,779	1.43%	0	0.00%
Safeway Inc	7,214,811	1.14%	0	0.00%
Tradewinds Lodge	7,123,300	1.13%	0	0.00%
Feil Scott & Diane E	5,944,219	0.94%	0	0.00%
RAP Investors LP	5,354,962	0.85%	0	0.00%
Hurst, James C & Barbara J TTEE	4,306,195	0.68%	0	0.00%
Colombi Robert TTEE	4,280,516	0.68%	0	0.00%
Kashi Keshav Investments LLC	4,210,073	0.67%	0	0.00%
Comcast	4,142,833	0.66%	0	0.00%
Kao Kuami	4,036,267	0.64%	0	0.00%
Longs Drug Stores California	3,953,173	0.63%	0	0.00%
Grosvenor Van Ness Associates	3,702,960	0.59%	0	0.00%
North O' Town Industrial Center	3,409,232	0.54%	0	0.00%
Braxton Senior Living Property	3,326,215	0.53%	0	0.00%
Anderson Logging Inc.	3,315,398	0.52%	0	0.00%
Affinito Dominic J & Juliette	3,197,520	0.51%	0	0.00%
Reddy Govind & Sarojini	3,053,387	0.48%	0	0.00%
Bell Charles H & Ila Lynn TTEE	3,016,848	0.48%	0	0.00%
Keaton, Richard J & Julie	2,865,345	0.45%	0	0.00%
Noyo Vista Inc	2,817,933	0.45%	0	0.00%
North Coast Brewery	2,716,933	0.43%	0	0.00%
RBJ & Associates LLC	2,416,246	0.38%	0	0.00%
Moura Senior Housing	2,386,128	0.38%	0	0.00%
Kemppee Liquid Gas Corp	2,361,782	0.37%	0	0.00%
<b>Total Top 25 Taxpayers</b>	<b>137,567,136</b>	<b>21.76%</b>	<b>0</b>	<b>0.00%</b>
<b>Total Taxable Value</b>	<b>632,338,061</b>	<b>100.00%</b>	<b>0</b>	<b>100.00%</b>

Source: Mendocino County Assessor data, MuniServices, LLC

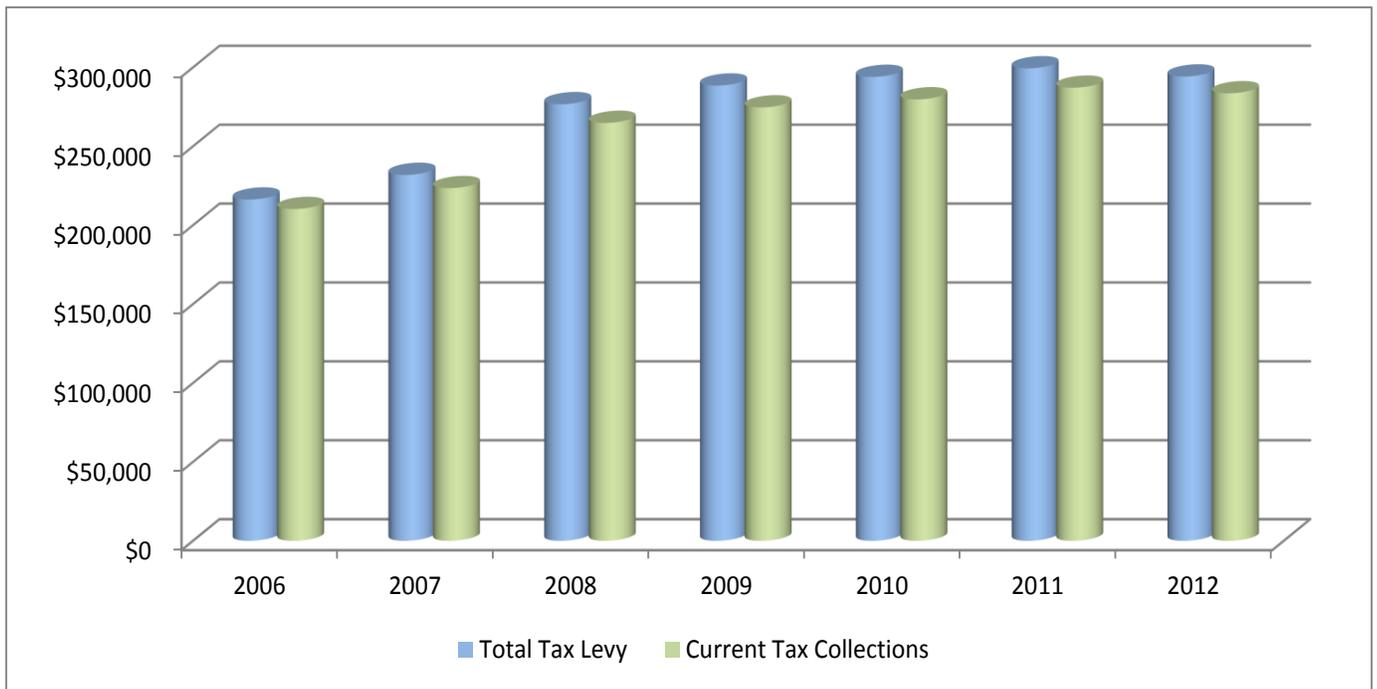
\*2002-03 Principal Property Taxpayers' data was unavailable

**CITY OF FORT BRAGG  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST SEVEN FISCAL YEARS  
(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%

Source: Mendocino County Office of Auditor-Controller  
The County does not track collections of delinquent taxes by year in subsequent years

<sup>1</sup>Information for FY 2002-03 through 2004-05 is not available.



**CITY OF FORT BRAGG**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(In Thousands, Except Per Capita)**

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Other Long-term Obligation	Subtotal	Revenue Bonds	Notes Payable	Other Long-term Obligation	Subtotal			
2002-03	4,080		4,080	6,295			6,295	10,375	8.7%	1,501
2003-04	3,895		3,895	6,100			6,100	9,995	8.0%	1,448
2004-05	6,665		6,665	5,650			5,650	12,315	9.4%	1,776
2005-06	6,470		6,470	5,390			5,390	11,860	8.4%	1,720
2006-07	6,175		6,175	5,130			5,130	11,305	7.7%	1,648
2007-08	6,021		6,021	4,870	2,267		7,137	13,158	8.8%	1,918
2008-09	5,864	160	6,024	4,590	2,151	982	7,723	13,747	9.8%	2,007
2009-10	5,702	98	5,800	4,360	1,874	878	7,112	12,912	8.9%	1,884
2010-11	5,533	32	5,565	4,130	1,767	769	6,666	12,231	N/A	1,779
2011-12	943	2,943	3,886	3,237	1,481	626	5,344	9,230	6.4%	1,272

See schedule of demographic and economic statistics for personal and per capita income.  
Personal income for 2011 was not available.

Source: City of Fort Bragg, Department of Finance

**CITY OF FORT BRAGG**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
 Last Ten Fiscal Years  
 (In Thousands)

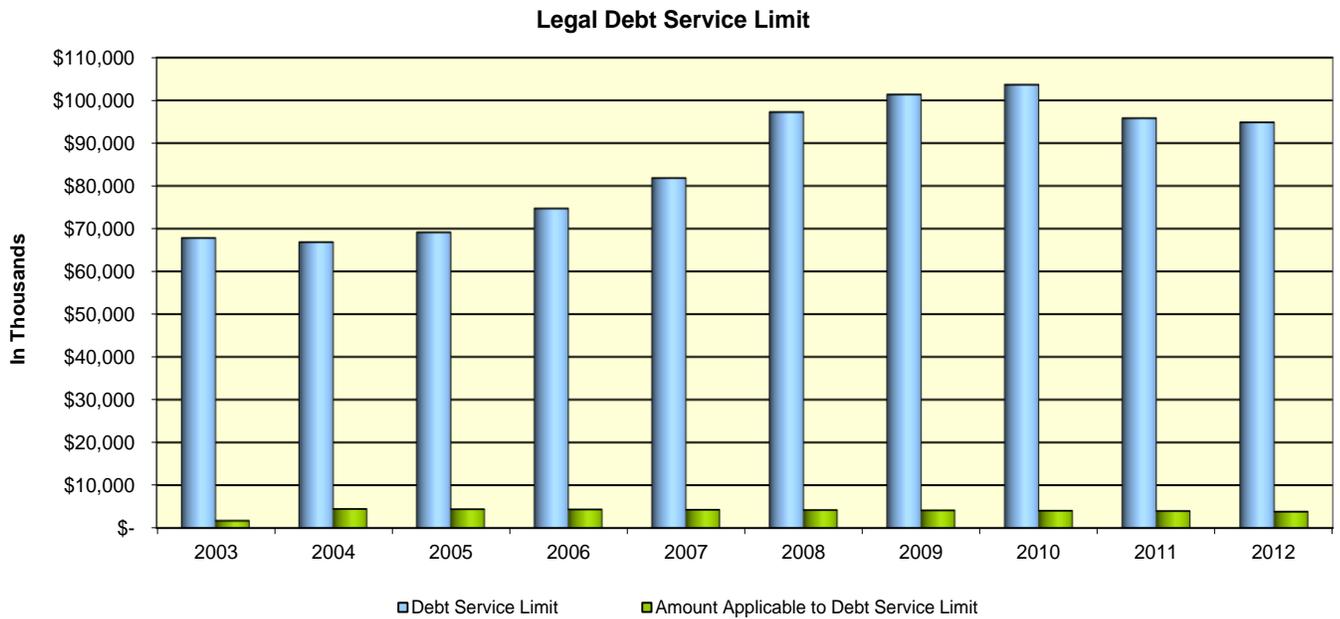
Fiscal Year	Tax Allocation Bonds	Less: Amounts Restricted for Debt Services	Net Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2002-03	1,860	202	1,658	0.4%	240
2003-04	4,750	330	4,420	0.4%	640
2004-05	4,685	314	4,371	1.0%	630
2005-06	4,620	314	4,306	0.9%	624
2006-07	4,550	314	4,236	0.9%	617
2007-08	4,480	314	4,166	0.0%	607
2008-09	4,410	314	4,096	0.6%	598
2009-10	4,335	314	4,021	0.6%	587
2010-11	4,255	314	3,941	0.6%	573
2011-12			-		
			-		

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.

Source: City of Fort Bragg, Department of Finance

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

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Assessed Value of Real and Personal Property</b>	\$ 451,912	\$ 445,473	\$ 460,778	\$ 497,991	\$ 545,493	\$ 648,325	\$ 675,828	\$ 691,134	\$ 638,807	\$ 632,338
<b>Legal Debt Service Limit <sup>1</sup></b> (15% of the assessed value of all real and personal property of the City.	67,787	66,821	69,117	74,699	81,824	97,249	101,374	103,670	95,821	94,851
Less: Amount Applicable to Debt Service Limit	1,658	4,420	4,371	4,306	4,236	4,166	4,096	4,021	3,941	3,795
<b>Legal Debt Service Margin</b>	\$ 66,129	\$ 62,401	\$ 64,746	\$ 70,393	\$ 77,588	\$ 93,083	\$ 97,278	\$ 99,649	\$ 91,880	\$ 91,056
Legal Debt Service Margin as a Percentage of Debt Service Limit	97.55%	93.39%	93.68%	94.24%	94.82%	95.72%	95.96%	96.12%	95.89%	96.00%



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

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

**CITY OF FORT BRAGG**  
**PLEGDED REVENUE COVERAGE**  
**WATER ENTERPRISE FUND**  
Last Ten Fiscal Years  
(In Thousands)

Fiscal Year	Operating Revenue	Operating Expenses	Net Operating Income	Non-Operating Income	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2002-03	1,410	814	596	246,098	246,694	135	329	464	531.7
2003-04	1,716	928	788	87,436	88,224	380	389	769	114.7
2004-05	1,665	1,055	610	51,253	51,863	190	236	426	121.7
2005-06	1,770	957	813	136,911	137,724	186	235	421	327.1
2006-07	1,884	1,313	571	139,321	139,892	293	227	520	269.0
2007-08	1,914	1,341	573	140,065	140,638	402	283	685	205.3
2008-09	2,041	2,078	(37)	72,276	72,239	388	265	653	110.6
2009-10	2,017	1,792	225	41,689	41,914	322	293	615	68.2
2010-11	2,108	1,632	476	50,866	51,342	365	245	610	84.2
2011-12	2,194	1,585	609	(150)	459	360	158	518	0.9

**CITY OF FORT BRAGG**  
**PLEGDED REVENUE COVERAGE**  
**WASTERWATER ENTERPRISE FUND**  
Last Ten Fiscal Years  
(In Thousands)

Fiscal Year	Operating Revenue	Operating Expenses	Net Operating Income	Non-Operating Income	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2002-03	997	882	115	144	259	60	44	104	2.5
2003-04	1,073	1,098	(25)	214	189	70	49	119	1.6
2004-05	1,192	1,188	4	228	232	70	46	116	2.0
2005-06	1,288	1,363	(75)	406	331	91	51	142	2.3
2006-07	1,427	1,431	(4)	658	654	75	45	120	5.5
2007-08	1,476	1,523	(47)	483	436	85	35	120	3.6
2008-09	1,905	1,908	(3)	255	252	53	32	85	3.0
2009-10	2,208	2,116	92	309	401	35	36	71	5.6
2010-11	2,774	2,078	696	415	1,111	40	19	59	18.8
2011-12	2,978	2,637	341	(35)	306	40	62	102	3.0

Notes:

(1) Operating expenses exclude depreciation; non-operating income excludes interest expense.

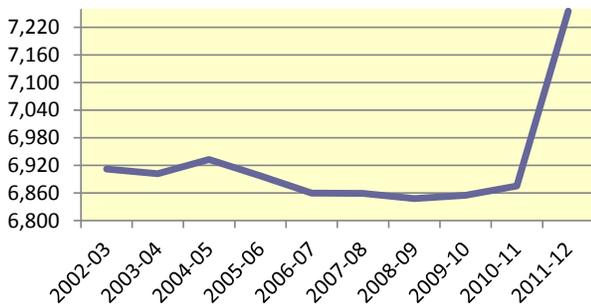
Source: City of Fort Bragg, Department of Finance

# City of Fort Bragg

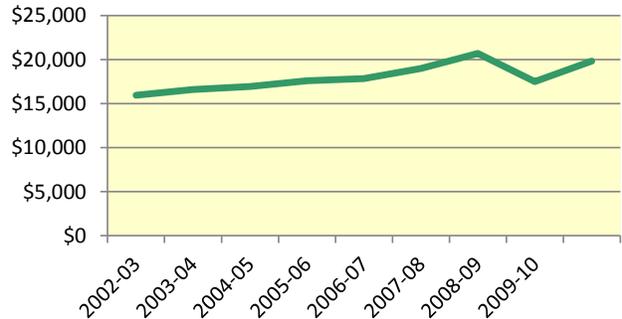
## Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita		Public School Enrollment	City Unemployment Rate (%) (3)
			Personal Income (2)	Median Age		
1999-00	1,277,168	0	0	0.0	187,462	3.2
2000-01	1,250,700	0	0	0.0	184,842	2.3
2001-02	1,255,742	0	0	0.0	186,232	3.7
2002-03	6,912	118,701	15,943		2,084	8.1%
2003-04	6,902	125,230	16,596		2,075	7.6%
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%

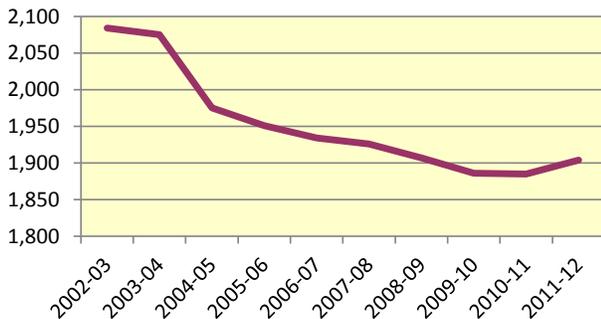
**Population**



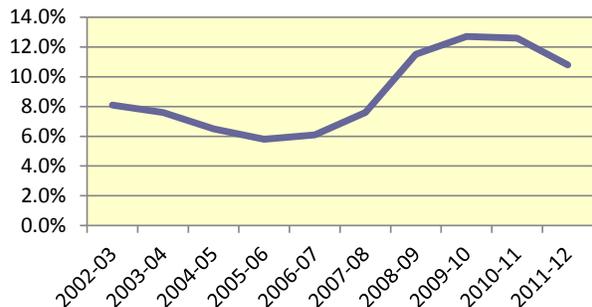
**Per Capita Personal Income**



**K-12 Public School Enrollment**



**Average Unemployment Rate**



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. Therefore, the estimates for 2011-12 published in this report might be noticeably different from the previous year estimates.

(-) 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  
CURRENT YEAR**

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

Sources:

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

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

Notes:

Historical employer data not available.

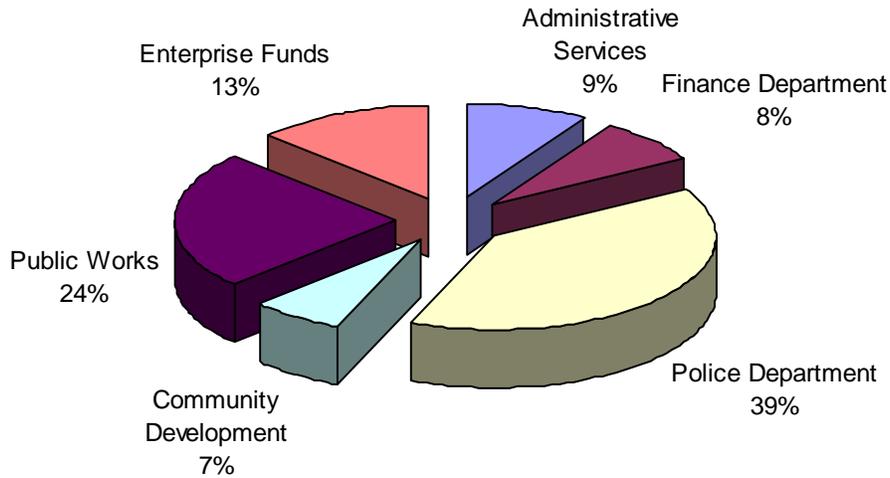
Number of employees includes full-time and part-time employees, not full time equivalents.

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

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

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

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



Source: City of Fort Bragg, Department of Finance

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

	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>	<b>FY 05-06</b>	<b>FY 06-07</b>	<b>Fy 07-08</b>	<b>Fy 08-09</b>	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>
<b>Function/Program</b>										
Building Permits Issued							174	204	204	210
New Construction										
Single Family Residential	24	5	12	5	9	3	1	2	3	2
Second Unit	4	9	6	2	4	1	3	2	1	1
Mixed Use, Commercial & Residential			2					1		
Multi-Family Residential	4									
Low Income Residential	7	3			1		1		2	
City Clerk										
Council/Agency Resolutions Passed	115	128	127	134	131	110	148	112	93	108
Number of Ordinances Passed	5	7	7	8	6	4	13	3	9	9
Number of Contracts Passed	8	5	7	4	10	11	11	9	13	32
Public Safety										
Traffic Accidents	157	146	140	181	125	100	111	116	112	139
Traffic Violation-DUI	35	55	42	53	52	78	53	42	37	33
Bookings	499	613	553	726	714	845	521	501	621	608
Moving & Parking Citations	457	590	306	335	438	1,075	852	550	514	841
Case Reports	1,220	1,245	1,171	1,577	1,471	1,323	1,288	1,150	1,274	1,454
Fire <sup>1</sup>										
Total Number of Calls		636	708	546	596	577	640	504	601	632
Structure Fires		62	72	31	44	63	38	35	30	27
Vehicle Fires		13	15	17	18	12	6	7	9	9
Vegetation Fires		40	38	20	33	43	55	33	15	29
Medical		186	204	146	174	143	110	102	186	209
Rescue/Traffic Accidents		10	18	129	128	132	135	114	112	129
Hazardous Condition/Materials Calls		37	39	34	49	54	62	53	37	46
Good Intent Calls/False Alarms		77	90	65	51	58	87	85	96	115
Other Calls & Incidents		211	232	104	99	72	147	75	116	68

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

<b>Function/Program</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>	<b>FY 05-06</b>	<b>FY 06-07</b>	<b>Fy 07-08</b>	<b>Fy 08-09</b>	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>
<b>Water</b>										
Number of customer accounts billed	16,189	16,300	16,388	16,541	16,300	16,541	33,965	33,771	33,521	32,523
Water annual demand in thousand gallons	2,619	2,604	2,572	2,458	2,302	2,626	2,401	2,233	2,176	2,312
Available supply of water in thousand gallons	2,744	2,760	2,659	2,993	3,078	2,917	2,688	2,524	2,442	3,066
Total Customer service calls						1,592	1,450	1,421	1,492	1,448
Meter installs/removals/change outs						280	38	36	49	40
Meter repairs						7	4	1	3	2
Service line repairs							1		39	
Leak investigations						57	24	15	15	16
Service profiles						159	180	98	131	81
Turn on/off						1,028	1,120	1,244	1,255	1,267
Manual reads						484	522	556	555	565
Misc						52	78	26	27	36
<b>Wastewater (FY 11-12 indicators are not yet available)</b>										
Customer service calls, wastewater								38	39	
New customer sewer lines installed								2	2	
Sewer mains cleaned/flushed in miles								15	19	
Sewer mains and laterals repaired in number of jobs								38	39	
Sewer manholes inspected								370	371	
Sewer manholes installed								1	3	
Sewer spill responses								3	4	

<sup>1</sup> The governing agency over the Fort Bragg Volunteer Fire Department is the Fort Bragg Fire Protection Authority Joint Powers Agreement (JPA). The JPA is a board of directors formed in the 1989-90 fiscal year. It consists of two members from the Fort Bragg City Council appointed by the city's mayor, two members from the Fort Bragg Rural Fire District Board appointed by the Board chairman, and an "at large" member appointed by the other four members. The City of Fort Bragg is responsible for 50% of the Fire Department budget. Department statistics for FY 02/03 are not available.

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

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

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

	<b>FY 02- 03</b>	<b>FY 03- 04</b>	<b>FY 04- 05</b>	<b>FY 05- 06</b>	<b>FY 06- 07</b>	<b>Fy 07- 08</b>	<b>Fy 08- 09</b>	<b>FY 09- 10</b>	<b>FY 10- 11</b>	<b>FY 11- 12</b>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets in miles	23.7	23.7	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 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 mains in miles	27	27	27	27	27	27	27	27	27	27
Parks and Facilities										
Number of Parks/Recreation Facilities	2	2	2	2	3	3	3	3	3	4