

A map of Fort Bragg, California, showing various colored zones and street names. The map is overlaid with a grid of street names. The zones are colored in shades of yellow, pink, red, green, blue, purple, and brown. The street names are listed on the right side of the map: BUSH STREET, FIR STREET, FINE STREET, LAUREL STREET, REDWOOD AVENUE, ALDER STREET, OAK STREET, MADRONE STREET, MAPLE STREET, CHESTNUT STREET, WALNUT STREET, and CYPRESS STREET. The map also shows several vertical street names: FRANKLIN STREET, McPHERSON STREET, HARRISON STREET, and WHIPPLE STREET. The title "City of Fort Bragg California Comprehensive Annual Financial Report" is centered on the map in large, bold, black text.

City of Fort Bragg California Comprehensive Annual Financial Report

fiscal Year Ended June 30, 2017

City of Fort Bragg, California

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2017



Prepared by City of Fort Bragg Finance Director
Victor Damiani

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**City of Fort Bragg, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2017**

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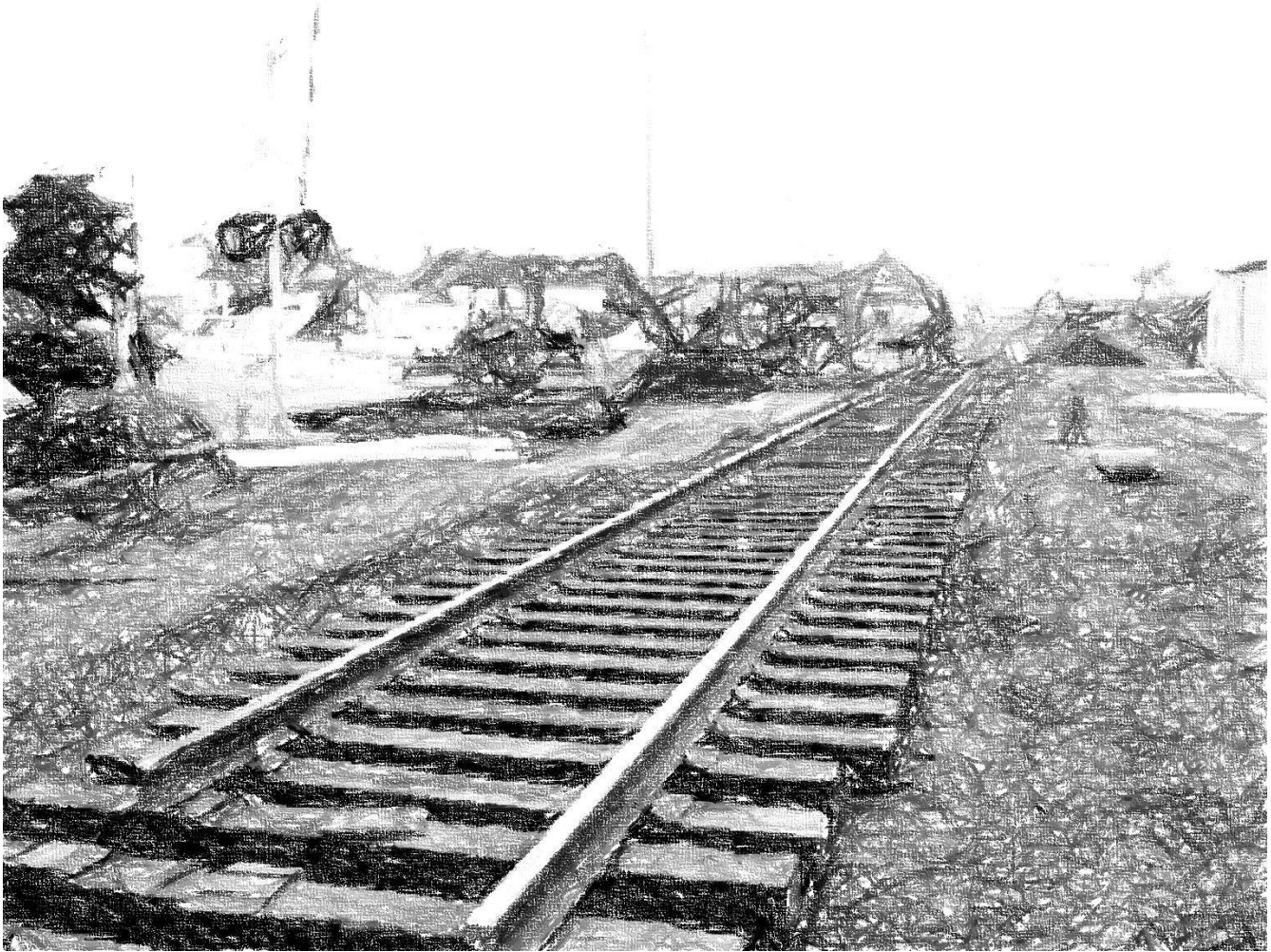
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INTRODUCTORY SECTION

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

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MEMORANDUM

DATE: January 08, 2018

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

FROM: Finance Director Victor Damiani

RE: Presentation of the Comprehensive Annual Financial Report

As required by State and federal law, the Comprehensive Annual Financial Report (CAFR) of the City of Fort Bragg (City) for the fiscal year ended June 30, 2017, is hereby published.

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

The City's basic financial statements have been audited by JJACPA, Inc., an accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The financial statements included in this report were audited in accordance with generally accepted auditing standards and government auditing standards. The independent auditors concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

This report combines the financial statements of the City, the Successor Agency to the Fort Bragg Redevelopment Agency (Successor Agency), and the Fort Bragg Municipal Improvement District No. 1 (MID) in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The financial operations of the Successor Agency and MID, though legally separate from the City, are closely related to the City. The City Council members serve as the governing board for the MID, which is presented as a blended component unit in the financial statements. Component units are legally separate entities for which the primary government is financially accountable. For a more detailed overview of the City's component units, see the Management Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements on pages 3-18 and 50-95, respectively.

Profile of the Government

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

Fort Bragg is a general law city under California state law and its rights, powers, privileges, authority, and functions are established through the State constitution. The City operates under the Council-Manager form of government. The five members of the Fort Bragg City Council are elected by the voters to serve overlapping four-year terms. The Mayor is elected by, and from, the City Council for a two-year term. The City Council appoints the City Manager who serves at their discretion. The City Council is a policy-setting body that is responsible for, among other things, enacting ordinances, adopting the budget, and appointing committees. Several boards, commissions, and committees assist the City Council and Administration in carrying out various aspects and functions of city government. The members of the City Council also serve as the governing board for the Successor Agency to the Fort Bragg Redevelopment Agency and the Fort Bragg 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 desired programs or services 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 Fiscal Policies of the budget. 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 committed fund balance. Unencumbered amounts lapse at year-end and may be appropriated as part of the following year's budget.

Spending Limitation

Article XIII B of the California Constitution, also known as the Gann spending limit, restricts the amount of "proceeds of taxes" California governments may spend. As of June 30, 2017, the City was \$3.8 million or 39% under the total Article XIII B (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2016-17.

Citywide Achievements in FY 2016-17

- Guided Measure AA and Measure AB through the voter-approval process. Measure AA increased the City's Transient Occupancy Tax rate from 10% to 12%. Measure AB advised that half of the new revenue should be directed to increased marketing and promotion of Fort Bragg, one-quarter to increased maintenance and security for the Coastal Trail; and the remaining one-quarter to be split between the Noyo Center for Marine Science and rehabilitation of the School Playing Fields.
- Continued to enhance civic engagement with expanded livestreaming of Council Committee meetings, establishment of "Monday Morning Meetings with the Mayor," increased social media and website activity, and expansion of the free, public Wi-Fi service in downtown Fort Bragg.
- Received a "Distinguished Budget Presentation Award" from the Government Finance Officers Association for the FY 2016-17 Budget.
- Completed water and wastewater rate studies to help determine appropriate schedule for implementing approved utility rate increases considering updated cost allocation plan and capital improvement program.
- Established a volunteer Community Emergency Response Team (CERT) to enhance our community's preparedness for natural disasters and other emergencies.
- Established a Police Cadet Program to mentor local youth who are interested in law enforcement and providing assistance to the Police Department at community events, parades, etc.
- Continued to enhance Police Department programs and assignments to help with recruitment and retention of officers: expanded K-9 program with addition of a second K-9, established new Motor Unit with three electric motorcycles, trained two officers for participation in regional SWAT unit, worked towards implementation of Body Worn Camera program in fall of 2017.

- Completed comprehensive update of Inland Land Use & Development Code and adopted new regulations for cannabis manufacturing uses.
- Initiated a community planning process for a Local Coastal Program (LCP) amendment to rezone the former Georgia-Pacific mill site property to help facilitate its reuse.
- Prepared Tourism Marketing & Promotions Plan to help guide expanded marketing and promotion efforts that will be funded by Measure AA.
- Assisted a number of non-profit organizations serving our community through the City's Community Development Block Grant program including: Fort Bragg Food Bank; Mendocino Coast Hospitality Center; West Company; and the Home Energy Links Program (HELP).
- Obtained grant funds for a variety of projects and activities, including: \$770k Active Transportation Program grant to augment \$450k in Prop 84 grant funds for constructing Phase 2 of the Coastal Trail; \$5k Community Foundation grant for a mural competition; \$2 million CDBG grant for Water Tank Project, Mill Site planning, Economic Development Strategy implementation, Business Assistance Loan program, and Microenterprise Assistance; and \$25k grant for implementing Body-Worn Camera program. Applications for a \$6 million grant from State Revolving Fund and a \$2.5 million grant from USDA for the Wastewater Treatment Plant Upgrade Project are in progress.
- Completed the Summers Lane Reservoir Project providing an additional 15 million gallons of raw water storage to help ensure a reliable water supply during the late summer months when flows are low at the City's three water sources.
- During a winter storm event, responded to the over-topping of the Pudding Creek dam and related damage to the City's water main serving north Fort Bragg residents and businesses. Request for California Disaster Assistance grant funds to relocate the water main is in progress.
- Completed the Chestnut Street Multi-Use Trail project in June 2017. This project established an 8' wide pedestrian and bicycle path along the main street corridor serving five Fort Bragg school sites (Redwood Elementary, Shelter Cove, Dana Grey Elementary, Noyo High School and Fort Bragg High School).
- Completed bid process and awarded contracts for numerous capital projects to be constructed in summer 2017 including: City Hall East re-roof; City Hall repainting; Guest House re-roof; Guest House repainting; 2017 Streets and Alley Rehabilitation Project.
- Completed plans and specifications for Coastal Trail Phase 2 project which will connect the north and south segments of the Coastal Trail in Noyo Headlands Park. Construction will commence in FY 2017-18. This will complete the 3.5-mile multi-use trail along Fort Bragg's coastline and marks the culmination of a vision for public access along our coast that the City has pursued since 2002 when Georgia-Pacific closed its lumber mill.
- Completed design and permitting for the Wastewater Treatment Plant Upgrade Project. Construction will commence in FY 2017-18. This project will replace and upgrade key components of the City's aging wastewater treatment plant.

Local Economy

During FY 2017-18, the City saw the positive employment trends of the last few years continue. As reported by the State Employment Development Department, the local unemployment rate decreased to 2.9% at May 31, 2017, compared to 3.9% at June 30, 2016. This represents the lowest unemployment rate in the past ten years.

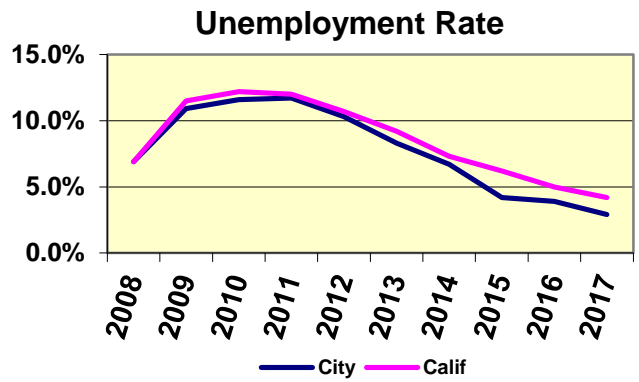
City tax revenues that are dependent on the state of the economy continued to show slow but steady overall growth. Local general fund sales taxes were lower year over year with a decrease of 4% in FY 2016-17. However, Transient Occupancy Tax increased 10%, totaling \$2.15 million in FY 2016-17 as compared to \$1.95 million in FY 2015/16. The significant increase is partially due to the increase in the TOT tax rate from 10% to 12%. The City's largest source of discretionary revenue is comprised of these two taxes.

Median home prices (according to Trulia.com) have increased to approximately \$385k, a year over year increase of 11%. General fund property taxes increased 6% for the year. Assessed valuations are up 3% for FY 2016-17 over FY 2015/16. However, the City's property tax revenue is down 27% since 2012 when the State mandated redistribution of tax increment from the dissolution of Redevelopment Agencies.

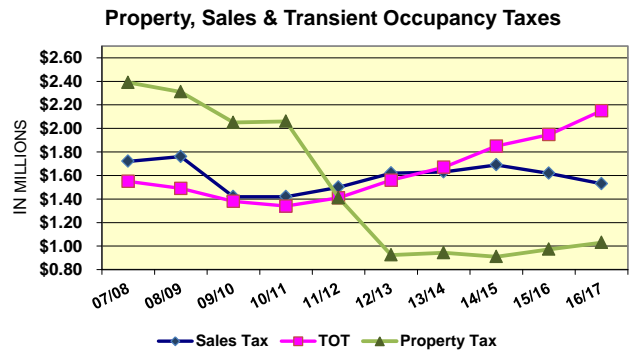
Overall general fund revenues for FY 2016-17 decreased 10% over the prior year. The decrease is largely due to the discovery of an accounting error in a cost allocation plan in prior years. Several factors, including energy market volatility, actions by the federal and state governments and ballooning pension costs continue to cause concern about the sustainability of a healthy local economy. The City, along with governments at all levels, remains under pressure to contain operating expenditures and enhance revenue streams where possible. A lack of revenue enhancement coupled with increases in pension costs has the potential to cause financial difficulty for the City in the next few years. Some of the current economic uncertainties are offset by positive economic developments, leading to an overall outlook of guarded optimism.

Long-term Financial Planning

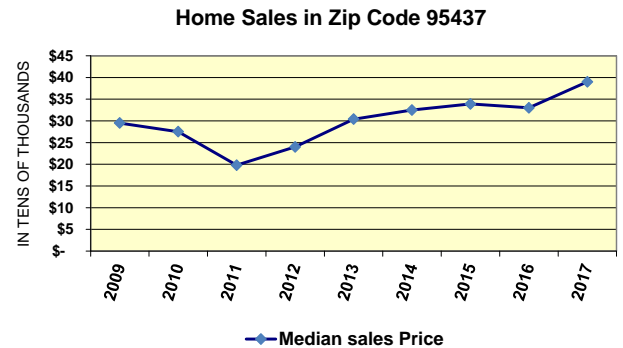
An analysis and update of the City's Fiscal Policies, including Fund Balance & Reserve Policies was conducted as part of the FY 2016-17 budget process. The results of the analysis prompted the City Council to commit to new reserve levels.



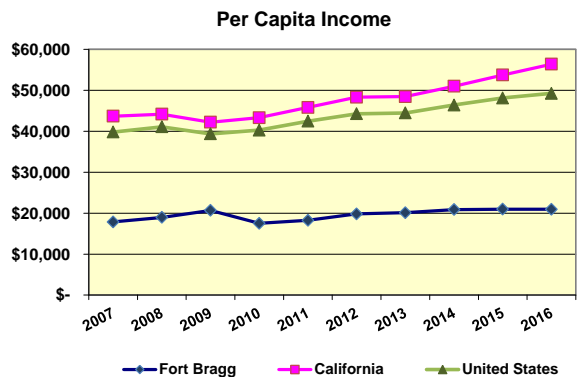
Source: California Employment Development Department



Source: City of Fort Bragg, Department of Finance



Source: city-data.com; trulia.com



Source: U.S. Bureau of Economic Analysis, Muni Services

The following General Fund reserves include both committed fund balance and unrestricted fund balance and in FY 2017-18 these reserves total \$1,623,853:

- Emergency Contingency Reserve: The General Fund balance committed for emergency contingencies is established at an amount equivalent to 10% to 15% of the City's annual operating budget for the General Fund. Depending on the type and severity of the emergency, this range is intended to provide for an initial municipal response to events such as natural disasters, catastrophic accidents, or other declared emergency incidents sufficient to provide a bridge until access to county, state or federal support can be achieved. The Emergency Contingency Reserve is committed fund balance and may only be used when there is a declaration of a state or federal state of emergency or a local emergency as defined in Fort Bragg Municipal Code Section 2.24.020. In FY 2016-17 the reserve was drawn down to zero per direction from the City Council to re-pay the Water and Wastewater Enterprises for prior year indirect cost over-allocations. The reserve remains at zero in the FY 2017/2018 budget.
- Economic Stabilization Reserve: The General Fund balance committed for the purpose of stabilizing the delivery of City services during periods of severe operational budget deficits and to mitigate the effects of major unforeseen changes in revenues and/or expenditures is established at an amount equivalent to 5% to 10% of the City's annual operating budget for the General Fund. This range serves as a cushion to safeguard the City's fiscal health against fluctuations in revenues and costs due to economic volatility. City Council approval shall be required before expending any portion of this committed fund balance. Access to these funds will be reserved for economic emergency situations such as unanticipated major declines in revenue, budgeted revenue taken over by another entity, or a catastrophe exceeding funds in Emergency Contingency Reserve. In FY 2016-17 the reserve was drawn down to zero per direction from the City Council to re-pay the Water and Wastewater Enterprises for prior year indirect cost over-allocations. The reserve remains at zero in the FY 2017/2018 budget.
- General Fund Operating Reserve: The City will maintain an unrestricted fund balance of at least 15% to 20% of the annual operating expenditures in the General Fund, as an "Operating Reserve" to ensure liquidity of the General Fund and to ensure adequate cash flow throughout the year. This reserve is necessary to accommodate fluctuations in the timing of expenditures and the receipt of revenues. The reserve is not committed fund balance and may be tapped into, with Council authorization, for unforeseen operating or capital needs. In FY 2017-18, the reserve is funded at 15% which is \$1,423,853.
- Litigation Reserve: The City will maintain a \$300,000 Litigation Reserve to cover unforeseen legal expenses, including unbudgeted settlement costs that are not covered by the City's insurance pool. In FY 2017-18, the reserve will be established at \$200,000 per direction from the City Council.

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

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

employees agreed to multi-year labor agreements with escalating employee contributions to offset pension costs. In FY 2014/15 the City was in position to offer modest salary increases to all of its employee groups for the first time since the financial downturn. The FY2016-17 budget process, however, uncovered an accounting error in previous years which resulted in over-allocations from the general fund to the enterprise funds. While the error has been remedied in regard to previous years, the general fund is likely to continue to see budget deficits for the next few years. In the short term, the City will likely be able to fill budget deficits with appropriated fund balance. In the long-term, it is likely that revenue enhancements and/or cost-cutting measures will be necessary. The City will build on the salary increases of 2014/15 with more generous salary increases beginning in FY 2017-18.

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, 2016. This was the sixth year in a row that the City of Fort Bragg has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

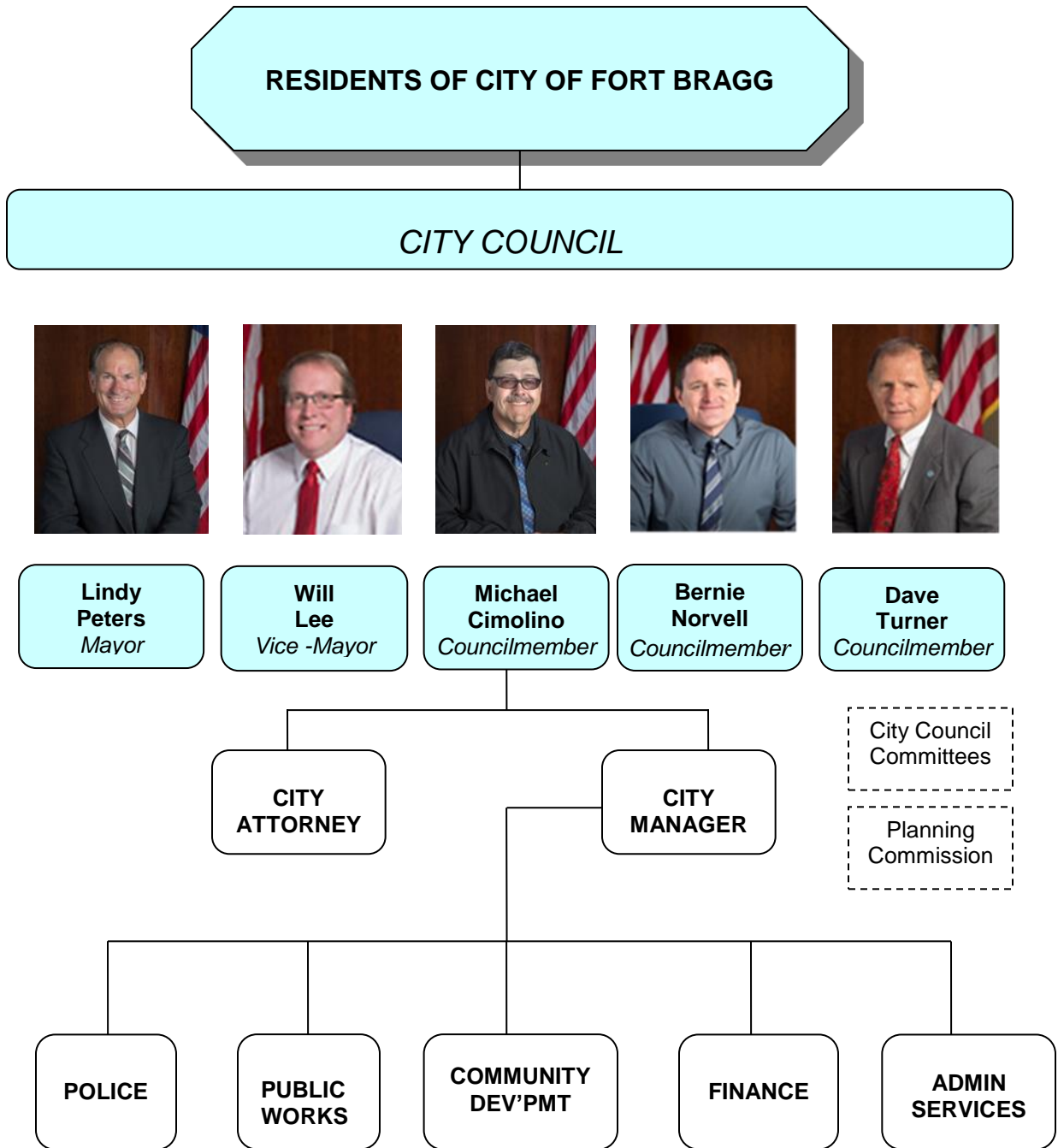
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2017

Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Fort Bragg
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

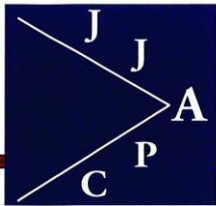
June 30, 2016

Executive Director/CEO



FINANCIAL SECTION

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



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Fort Bragg, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–18, the Other Post-Employment Benefits Schedule of Funding Progress on page 98 the City's Schedules of Contributions on pages 99–100, and the Schedules of the City's proportionate Share of the Net Pension Liability on pages 101–102, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

December 29, 2017

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2017

Management's Discussion and Analysis

This section provides a narrative overview and analysis of the financial activities of the City of Fort Bragg (City) for the fiscal year ended June 30, 2017. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's Net Position increased \$2.5M to \$79.1M. Several factors contributed to the increase in Net Position and are discussed in more detail subsequently in the analysis
- At the close of the most recent fiscal year, the City's governmental funds reported combined fund balances of \$7.8M, a decrease of \$1.9M in comparison with the prior fiscal year. Approximately 27% of combined fund balance at June 30, 2017 (\$2.1M) is available for spending at the government's discretion (*unassigned fund balance*)
- General Fund revenues outpaced budget by \$69k
- General Fund expenditures were under budget by \$694k
- The balance of the General Fund decreased \$2.3M to \$3.1M.
- The Water Enterprise Net Position increased \$2M and the Wastewater Enterprise Net Position increased \$2.3M while the C.V. Starr Center Net Position decreased \$503k. The most significant draw on C.V. Starr Center Net Position is the non-cash item depreciation (\$729k). The Center increased cash by \$168k for the year.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information; and,
- 2) **Financial section**, which includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements, and Combining and Individual Fund Financial Statements and Schedules.
- 3) **Statistical section**, which includes detailed information as a context for understanding what the information in the financial statements, and footnotes says about the City's overall financial health

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2017

Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

The Basic Financial Statements

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

Government-wide Financial Statements

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

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

- ◆ **Governmental activities** – All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works and administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.
- ◆ **Business-type activities** – All the City's enterprise activities are reported here, including Water, Wastewater (Sewer), and the C.V. Starr Center. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

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

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Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

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

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

For the fiscal year ended June 30, 2017, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

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

For the fiscal year ended June 30, 2017, the City adopted annual appropriated budgets for all funds. Budgetary comparison schedules have been provided for the general fund and major governmental funds to demonstrate compliance with this budget and may be found on pages 34-36.

Proprietary funds. The City maintains Enterprise-type and Internal Service proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water, Wastewater, and C.V. Starr Center activities. Internal service funds are an accounting methodology

City of Fort Bragg, California
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Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its building maintenance, information technology assets, and its fleet of vehicles. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for all of these operations.

PROPRIETARY FUNDS:

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements may be found on pages 49-95 of this report. Required Supplementary Information follows the notes on page 98.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 106-129 of this report. Combining statements for internal services funds are presented on pages 131-133.

City of Fort Bragg, California
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Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$79.1M as of June 30, 2017. The following table represents a comparative analysis of the net assets of governmental and business-type activities as of June 30, 2017 and June 30, 2016. Year over year assets increased \$1M and liabilities increase \$458k. No new debt was issued.

Summary of Net Position

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 11,745,267	\$ 8,499,993	\$ 20,245,260	\$ 14,521,357	\$ 6,088,990	\$ 20,610,347
Noncurrent assets	39,934,923	34,432,706	74,367,629	39,186,169	33,823,508	73,009,677
Total assets	51,680,190	42,932,699	94,612,889	53,707,526	39,912,498	93,620,024
Deferred outflows of resources	2,656,832	533,641	3,190,473	1,716,238	477,984	2,194,222
Total assets and deferred outflows of resources	54,337,022	43,466,340	97,803,362	55,423,764	40,390,482	95,814,246
Current and other liabilities	1,345,316	894,916	2,240,232	1,800,742	1,248,231	3,048,973
Long-term liabilities	10,705,055	3,759,175	14,464,230	9,192,458	4,004,899	13,197,357
Total liabilities	12,050,371	4,654,091	16,704,462	10,993,200	5,253,130	16,246,330
Deferred inflows of resources	1,769,036	195,123	1,964,159	2,645,603	294,359	2,939,962
Total liabilities and deferred inflows of resources	13,819,407	4,849,214	18,668,621	13,638,803	5,547,489	19,186,292
Net position:						
Net investment in						
Capital Assets	39,522,761	31,596,615	71,119,376	38,647,498	30,503,157	69,150,655
Restricted	2,512,534	108,064	2,620,598	3,536,462	108,064	3,644,526
Unrestricted	(1,517,680)	6,912,444	5,394,764	(398,999)	4,231,772	3,832,773
Total net position	\$ 40,517,614	\$ 38,617,123	\$ 79,134,737	\$ 41,784,961	\$ 34,842,993	\$ 76,627,954

Overall, net position increased by approximately \$2.5M. Governmental activities decreased \$1.3M while business-type activities contributed \$3.8M. One significant contributor to the decline in net position for governmental activities and the increase in net position for business-type activities was the correction of prior year cost over-allocations from the general fund to the enterprise funds. In FY 2016-17 \$3.4M of assets were transferred from the general fund to the enterprise funds. The revenue and expense factors contributing to the year over year performance decrease are discussed in further detail in the ensuing sections of this report.

A large portion (90%) 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. The balance in net investment in capital assets increased in FY2016-17 by \$2M to a total of \$71M. The increase reflects capital outlay in multiple projects, most significantly the Chestnut Street Multi Use Trail Project

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Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

(\$1.4M). City wide, total project outlay was \$5M. Pay down of capital related debt was \$500k. Project outlays and pay down of capital related debt were offset by annual depreciation (\$2 M).

Restricted net position is comprised of revenues held for expenditure for specified purposes (special revenue) as well as amounts held for debt service. Examples of special revenues are street sales tax and CDBG program income. Overall restricted net position decreased year over year by approximately \$1M and ended with a balance of \$2.6M. The decrease is due largely to a spend down of accrued special sales tax for street repairs including the Chestnut Street Multi Use Trail project (\$684k) and the Streets and Alleys Resurfacing and Structural repair project (\$197k) as well as a spend down of accumulated asset forfeiture funds (\$218k).

Unrestricted Net Position increased \$1.6M over the previous year and is now \$5.4M. Governmental Activities saw a decrease of \$1.1M in Unrestricted Net Position whereas Business-type Activities saw an increase of \$2.7M.

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Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2017, and 2016, follows:

	Changes in Net Position					
	2017			2016		
	Govern- mental Activities	Business type Activities	Total	Govern- mental Activities	Business type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,054,289	\$ 6,683,468	\$ 9,737,757	\$ 3,480,882	\$ 6,678,035	\$ 10,158,917
Grants and contributions:						
Operating	1,251,088	-	1,251,088	725,218	-	725,218
Capital	922,119	-	922,119	3,761,821	-	3,761,821
General revenues:						
Property taxes and assessments	1,084,296	234,006	1,318,302	1,006,969	220,208	1,227,177
Sales and use tax	2,413,528	880,985	3,294,513	2,458,444	845,787	3,304,231
Transient occupancy taxes	2,149,404	-	2,149,404	1,947,703	-	1,947,703
Franchise taxes	673,736	-	673,736	894,157	-	894,157
Use of money and property	(22,602)	56,453	33,851	112,939	27,469	140,408
Other general	150,934	1,241,533	1,392,467	119,727	270,555	390,282
Loss on sale of capital assets						
Total revenues	11,676,792	9,096,445	20,773,237	14,507,860	8,042,054	22,549,914
Expenses:						
Governmental activities:						
General government	2,220,574	-	2,220,574	2,876,749	-	2,876,749
Public safety	4,387,530	-	4,387,530	4,186,726	-	4,186,726
Public works	2,749,701	-	2,749,701	2,107,597	-	2,107,597
Community development	1,017,906	-	1,017,906	1,700,049	-	1,700,049
Parks and recreation	37,582	-	37,582	-	-	-
Interest and fiscal charges	21,060	-	21,060	25,949	-	25,949
Business-type activities:	-					
Water	-	2,157,742	2,157,742	-	2,263,997	2,263,997
Sewer	-	2,847,226	2,847,226	-	2,897,479	2,897,479
C.V. Starr Center	-	2,320,454	2,320,454	-	2,292,267	2,292,267
Total expenses	10,434,353	7,325,422	17,759,775	10,897,070	7,453,743	18,350,813
Excess (Deficiency) of revenues over expenditures before transfers	1,242,439	1,771,023	3,013,462	3,610,790	588,311	4,199,101
Special Items	(506,679)	-	-	-	-	-
Transfers	(2,003,107)	2,003,107	-	(450,520)	450,520	-
Change in net position	(1,267,347)	3,774,130	2,506,783	3,160,270	1,038,831	4,199,101
Net position:						
Beginning of year	41,784,961	34,842,993	76,627,954	38,624,691	33,804,162	72,428,853
Adjustments	-	-	-	-	-	-
Beginning, as adjusted	41,784,961	34,842,993	76,627,954	38,624,691	33,804,162	72,428,853
End of year	\$ 40,517,614	\$ 38,617,123	\$ 79,134,737	\$ 41,784,961	\$ 34,842,993	\$ 76,627,954

City of Fort Bragg, California
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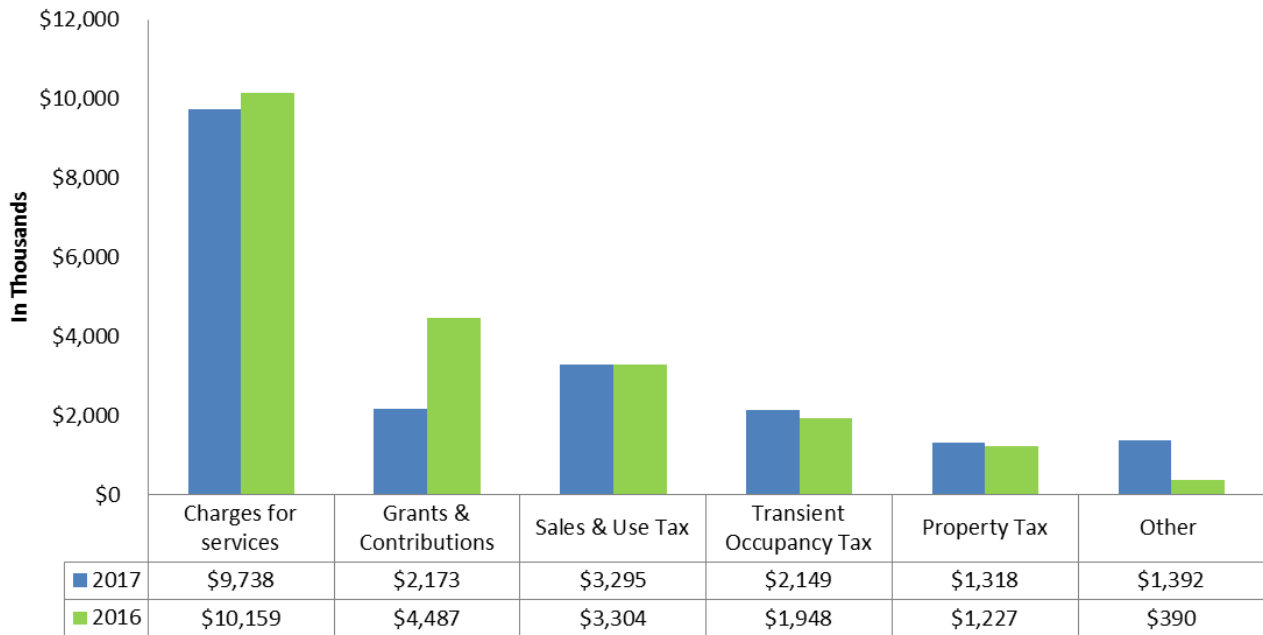
Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City’s total revenues for Governmental and Business-type Activities were \$20.8M for the fiscal year ended June 30, 2017 which represents an 8% decrease over the previous fiscal year. Governmental Activities decreased \$2.8M while Business-type Activities increased \$1M. Significant revenues for the City for fiscal year 2016-17 were derived from charges for services (47%) grants and contributions (10%), sales and use tax (16%), transient occupancy tax (10%) and property tax (6%).

Significant Revenue Sources



Following is a discussion of variances in key revenues for the fiscal year 2016-2017:

1. **Charges for Services.** Charges for Services decreased \$421k or 4%. A decrease of \$427k is attributable to Governmental Activities while Business-type Activities remained relatively flat. Charges for services for Governmental Activities is made up mostly of salary, benefit and overhead charges to the Business-type Activities as well as charges to various grants for staff time and administrative costs. In accordance with the City’s new Cost Allocation Plan, implemented in FY 2016-17, the General Fund allocated less staffing and overhead costs to the Business-type Activities. Charges for services for the Business-type Activities are comprised largely of direct charges to consumers.

City of Fort Bragg, California
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Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

2. **Grants and Contributions.** Annual receipts decreased by \$2.3M, or 52%. The decrease in grants and contributions results primarily from the wind-down of the Fort Bragg Coastal Restoration and Trail project with a year over year variance of \$1.5M. CDBG grants showed a decrease of \$271k demonstrating the cyclical nature of these grants. Public Safety grants and contributions however increased \$78k including COPS and Asset Forfeiture. Notable revenue received for grant funded capital projects include the Chestnut Street Multi Use Trail Project (\$600k) and the Central Coastal Trail project (\$95k).
3. **Sales and Use Tax.** Sales and use taxes decreased by \$9k, or less than 1%. An extended period of low fuel prices has caused this category to be stagnant rather than showing growth. This category may tick up slightly in the coming fiscal year as fuel prices have recovered slightly. Continued growth of internet sales has also tempered growth in sales and use taxes. Sales and use taxes for Business-type Activities are received for the C.V. Starr Center special sales tax (\$881k).
4. **Transient Occupancy Tax (TOT).** Annual receipts increased by \$201k, or 10%. In FY 2016-17, with the passage of Measures AA and AB, the City's TOT rate increased from 10% to 12%. The rate increase became effective April 1, 2017. \$116k of the total \$201k increase is attributable to the rate increase while \$85k is attributable to growth in the category (4%). With a majority of the Measure AA taxes raised being invested in activities which promote Fort Bragg as a vacation destination, the TOT revenue category may continue increasing in the years to come.
5. **Property Tax.** Property taxes increased \$91k or 7%. The increase is due to an increase in home sales and median home prices. This is the second yearly increase in property tax receipts since 2011. Property taxes for Business-type Activities are received for the C.V. Starr Center (\$234k).

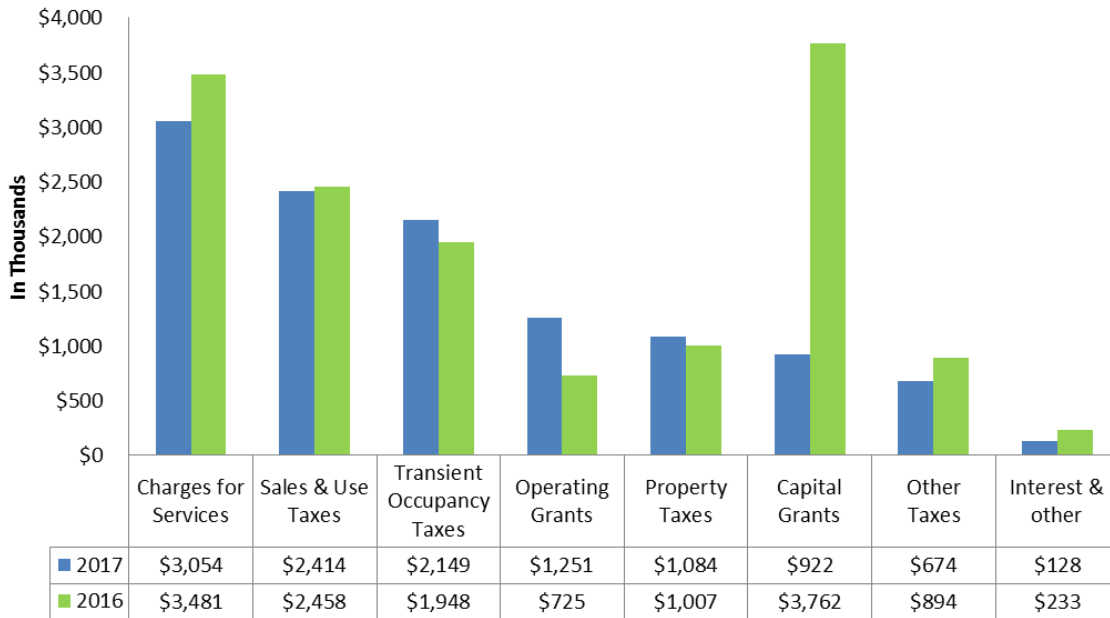
City of Fort Bragg, California
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Management’s Discussion and Analysis

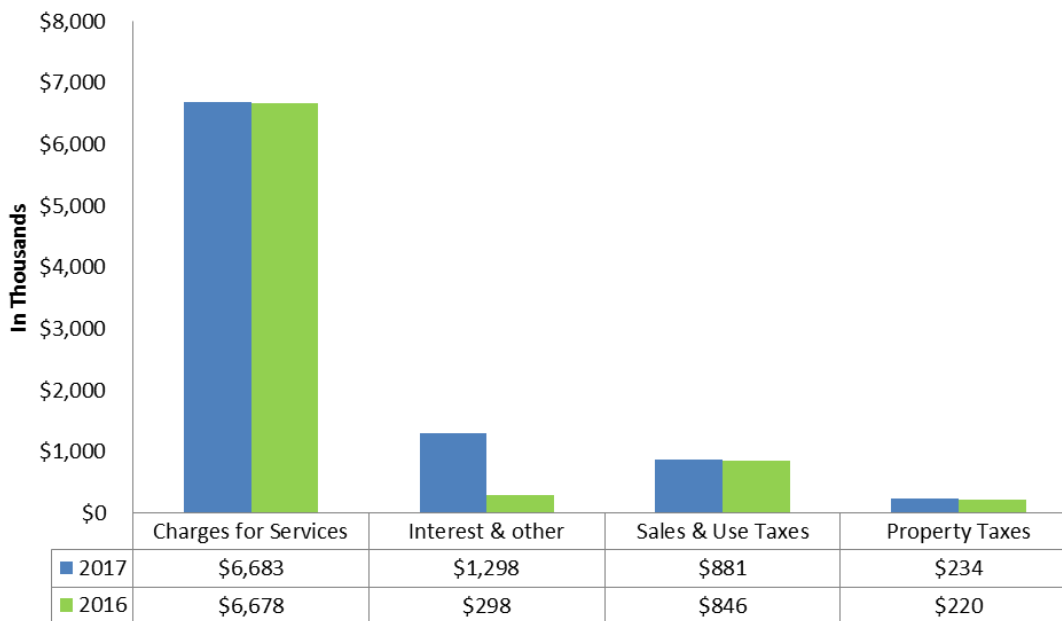
GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2017, and 2016, are as follows:

Revenue - Governmental Activities



Revenue - Business-type Activities



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Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and Business-type Activity expenses of the City for FY 2016-17 totaled \$17.8M which represents a 3% decrease compared to the previous fiscal year. Governmental Activity expenses were \$10.4M or 59% of total expenses while Business-type Activities were \$7.3M or 41% of total expenses. Public safety costs represented 25% of city-wide expenses, followed by Wastewater (16%) and Public Works (15%).

Expenses - Governmental Activities



Following is a discussion of significant variances in key expense categories for the fiscal year 2016-2017:

1. **Public Safety.** Expenses increased \$201k or 3%. Personnel costs increased \$285k driven by the addition of one Sergeant position, one CSO position and the promotion of one Officer to Sergeant. The increase in personnel costs were offset by year over year decreases in training (\$35k) and Fire equipment purchases (\$112k).
2. **Public Works.** Year-over-year public works expenses increased \$642k or 30%. The increase is due to two full accrual expense categories; Landfill closure liability (\$530k) and depreciation (\$84k). These two expenses do not require the use of current financial resources and, therefore, are only reported in the City Wide Statement of Activities.

City of Fort Bragg, California
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Management’s Discussion and Analysis

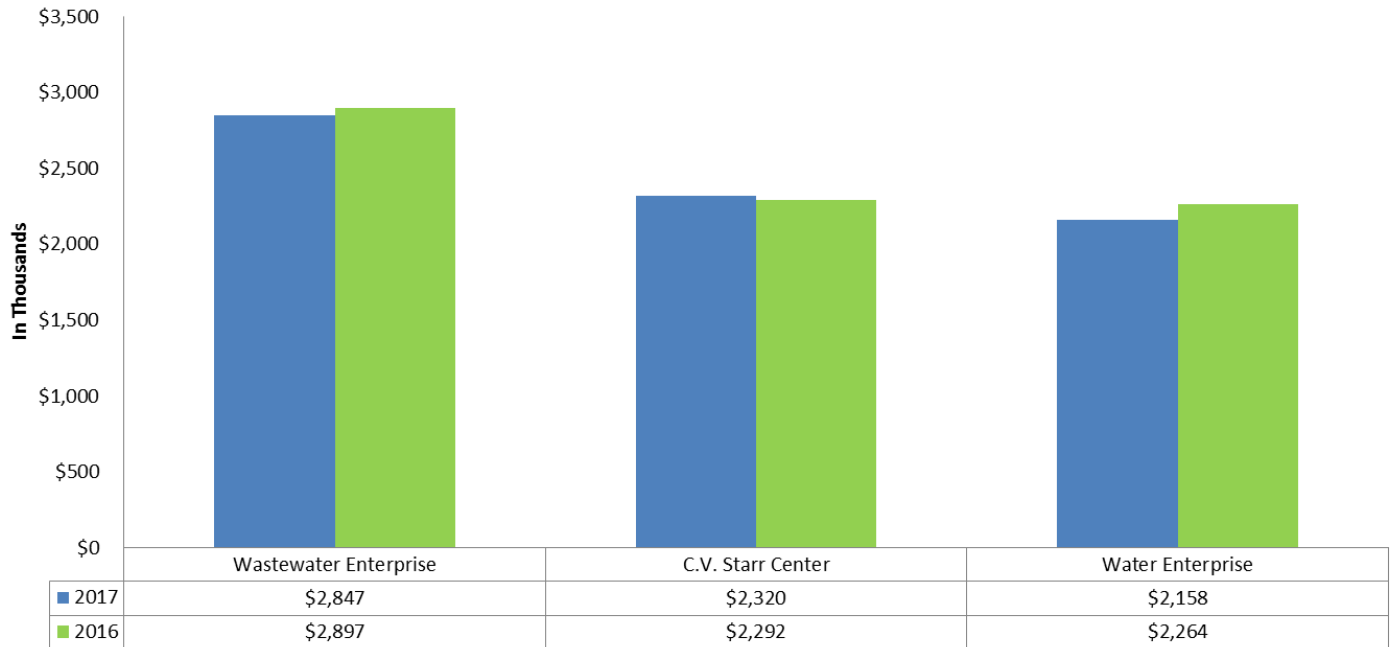
GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses, Continued

3. **General Government.** Expenses decreased \$656k or 23%. The decrease is primarily the result of decreases in City’s net pension plan obligations (\$308k). On a year over year basis the decrease is \$568k. See note on page 80 for further details regarding the public employee retirement system.

4. **Community Development.** Expenses decreased \$682k or 40%. The increase is mainly the result of the cyclical nature of CDBG operating grants (\$536k). In FY15-16 the City made a grant of \$150k from the Waste Management Community Benefit fund to the Noyo Center for Marine Science. In FY 2016-17 expenses in the fund amounted to \$18k for the City’s Market Research Study. Year over year the variation amounts to a decrease of \$132k.

Expenses - Business-Type Activities



Following is a discussion of significant variances in key business-type expense categories for the fiscal year 2016-2017:

1. **Wastewater Enterprise.** Expenses decreased \$50k or 2%. The increase is the result of various factors: Allocated administrative costs decreased \$550k while depreciation increased \$326k. Non-routine maintenance increased \$136k year-over-year but was well below the final budgeted amount of \$205k.

City of Fort Bragg, California
Comprehensive Annual Financial Report
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Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses, Continued

2. **C.V. Starr Center.** Expenses increased 28k or 1%. While personnel costs and utilities increased \$76k and \$47k respectively, equipment repair and maintenance decreased \$71k. The Center did however undertake a capital project to replace the family changing room floor drains (\$114k).
3. **Water Enterprise.** Water expenses decreased \$108k or 5%. The decrease is the result of various factors: Allocated administrative costs decreased \$386k while depreciation increased \$326k. Additionally Fleet and IT allocations decreased \$85k. Legal costs increased \$50k due to the Lake and Streambed Alteration permitting process associated with the Waterfall Gulch diversion.

Net Program Costs

The following table shows the cost of each of the City’s major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City’s taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2017, and 2016, are as follows:

	Net Program Costs			
	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,220,574	\$ 254,011	\$ 2,876,749	\$ (94,291)
Public safety	4,387,530	3,764,444	4,186,726	3,589,112
Public works	2,749,701	1,269,939	2,107,597	321,641
Community development	1,017,906	(140,179)	1,700,049	(913,262)
Parks and recreation	37,582	37,582	-	-
Interest and fiscal charges	21,060	21,060	25,949	25,949
Total	<u>\$ 10,434,353</u>	<u>\$ 5,206,857</u>	<u>\$ 10,897,070</u>	<u>\$ 2,929,149</u>

FUND FINANCIAL ANALYSIS

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

Governmental funds

The City’s governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2017, the City’s governmental funds reported combined fund balances of \$7.8M. This is a decrease of \$1.9M over the previous year.

City of Fort Bragg, California
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Management's Discussion and Analysis

FUND FINANCIAL ANALYSIS, Continued

General Fund

The general fund is the chief operating fund of the City. Overall, the general fund balance decreased \$2.3M to \$3.1M in FY 2016-17. General fund unassigned fund balance totaled \$968k. This is an increase of \$178k from the prior year. Committed fund balance totals \$2.1M and includes \$63k of funds encumbered by contract or purchase order from prior fiscal years, \$447k of funds appropriated to cover a projected deficit in FY 2017-18, with \$1.4M in the operating reserve and \$200k in the litigation reserve.

Special Sales Tax – Streets

The Special Sales Tax for street repairs fund decreased \$1.5M as the balance was spent down to fund multiple street repair projects.

Street Resurfacing Capital Projects

The Street Resurfacing Capital Projects fund increased \$1.6M due to multiple street repair projects. Funding is transferred from the Special Sales Tax for street repairs fund to the Street Resurfacing Capital Projects as projects are undertaken. In FY 2016-17 repairs to S. Franklin Street, N. Sanderson Way, and Boatyard/Oceanview Drive as well as four alleys were under way by fiscal year end.

Enterprise Funds

Enterprise funds increased the City's net position by \$3.8M. The City has three business-type activities: Water, Wastewater and the C.V. Starr Center.

The Water enterprise net position increased \$2M or 53% to \$5.8M; the Wastewater enterprise net position increased \$2.3M or 28% to \$10.5M; and the C.V. Starr Center enterprise net position decreased \$503k or 2% to \$22.3M. Sizeable increases in the Water and Wastewater enterprise net position are due largely to the correction of prior year over-allocations from the General Fund. The Water enterprise is in a strong position to accomplish many of the capital infrastructure projects listed in the City's Capital Improvement Program over the next few years. The Wastewater enterprise is in a strong position to replace the aging wastewater treatment plant in the next few years; a project with an estimated cost of over \$15M.

Water operating revenues exceeded operating expenses by \$656k, primarily due to decreased expenses related to the City's cost allocation plan which was updated in FY 2016-17. The utility is generating sufficient revenue to cover operating expenses as well as maintaining an operating reserve and funding a capital reserve.

Wastewater operating revenues exceeded operating expenses by \$471k again due primarily to decreased expenses related to the City's cost allocation plan which was updated in FY 2016-17. The utility is generating sufficient revenue to cover operating expenses as well as maintaining an operating reserve and funding a capital reserve.

City of Fort Bragg, California
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Management’s Discussion and Analysis

FUND FINANCIAL ANALYSIS, Continued

The operation of the C. V. Starr Center is contracted to the Mendocino Coast Recreation and Park District and is supported by property, sales tax and user fees. The C.V. Starr Center’s operating expenses exceeded operating revenue by \$1.6 M. The operating loss is subsidized with non-operating revenue including the tax revenue mentioned above, with the resulting change in Net Position a decrease of \$503k. The decrease includes a significant non-cash expense; depreciation. Depreciation expense for the C.V. Starr Center totaled \$729k. The C.V. Starr Center increased cash in FY 2016/17 by \$168k

OTHER ANALYSIS

General Fund Budgetary Highlights

The difference between the final budget and actual results differs favorably by \$763k. The City generated revenues in excess of budgeted revenue by \$69k including positive variances in transient occupancy tax (\$25k) and property tax (\$67K) offset by negative variances in sales tax (\$185k). Miscellaneous revenues saw a positive variance of \$120k primarily due to receipt of dredge sands tipping fees. Expenditures were held below the final amended budget by \$694k with savings across many categories. One significant budget variance is caused by \$390k encumbered for payment of Caspar Landfill post-closure costs. With the Caspar Landfill post-closure costs invoiced and paid in FY 2016-17 the encumbrance has been liquidated and the City will no longer see a budget variance caused by this encumbrance going forward.

Capital Assets

The City’s investment in capital assets for its Governmental and Business-type Activities as of June 30, 2017, amount to \$74M. This investment in capital assets includes land, construction in progress costs, buildings, machinery and equipment, infrastructure and land improvements as shown in the chart below:

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 12,952,262	\$ 12,952,262	\$ 785,079	\$ 785,079	\$ 13,737,341	\$ 13,737,341
Construction in progress	1,972,395	379,412	881,597	1,427,055	2,853,992	1,806,467
Buildings	1,331,093	1,885,295	22,761,230	22,938,385	24,092,323	24,823,680
Machinery, equipment and vehicles	782,599	387,745	1,811,856	1,936,376	2,594,455	2,324,121
Infrastructure	22,896,574	23,581,455	7,926,311	6,415,750	30,822,885	29,997,205
Land improvements	-	-	266,633	320,863	266,633	320,863
Total	\$ 39,934,923	\$ 39,186,169	\$ 34,432,706	\$ 33,823,508	\$ 74,367,629	\$ 73,009,677

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2017

Management's Discussion and Analysis

OTHER ANALYSIS, Continued

Capital Assets, Continued

There was an increase in capital assets of approximately \$1.4M (net of annual depreciation costs) primarily due to completion of the Chestnut Street Multi Use Trail project. Other projects completed or in progress as of June 30, 2017 include the central portion of the Coastal Trail, Guest House Improvements, Bainbridge Park Improvements, Wastewater Treatment Facility Upgrade and the CV Starr Floor Drain project. More detail of the capital assets and current activity may be found in the notes to the financial statements on Page 56 for Summary of significant accounting policies and Note 5 on Page 68 for other capital asset information.

Debt Administration

At June 30, 2017, total City debt outstanding, including projected interest, was \$3.9M. This represents a decrease of \$800k over the previous year. Overall Governmental debt decreased by \$148k as a result of normal required payments. Business-type debt decreased \$634k resulting from normal required payments. No new debt was issued. Additional information about the City's outstanding debt and other long term liabilities is presented in Note 7 on pages 70 through 74.

Economic Outlook

At the time of budget preparation for FY 2017-18, the economic outlook for the City has become more tentative than in recent years. The General Fund Budget for FY 2017-18 of approximately \$9.5M was adopted in June of 2017 and included a fund balance appropriation in the amount of \$415k. Subsequent budget amendments early in FY 2017-18 have increased the appropriated fund balance amount to \$447k. Severance payouts are likely to increase the amount of appropriated fund balance as FY 2017-18 progresses. FY 2018-19 will see additional pressure on the general fund due to significant pension cost increases projected by CalPERS.

Besides maintaining the previously mentioned \$447k reserve for appropriated fund balance, the general fund also maintains a \$200k litigation reserve and a \$1.4M operating reserve. In order for the general fund to return to a balanced or surplus position and rebuild the emergency reserves which were depleted in FY2016-17 it is important that the City develop new and enhance existing sources of revenue.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS



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City of Fort Bragg, California
Statement of Net Position
June 30, 2017

	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and investments	\$ 6,719,105	\$ 7,529,105	\$ 14,248,210
Restricted cash and investments	-	108,064	108,064
Receivables:			
Accounts	2,315,785	808,612.00	3,124,397
Loans/Notes receivable	2,687,296	-	2,687,296
Inventory & prepaids	23,081	54,212	77,293
Total current assets	11,745,267	8,499,993	20,245,260
Capital assets:			
Nondepreciable	14,924,657	1,666,676	16,591,333
Depreciable	25,010,266	32,766,030	57,776,296
Total noncurrent assets	39,934,923	34,432,706	74,367,629
Total assets	51,680,190	42,932,699	94,612,889
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	2,637,455	296,691	2,934,146
Deferred loss on debt refunding	19,377	236,950	256,327
Total deferred outflows of resources	2,656,832	533,641	3,190,473
Total assets and deferred outflows	\$ 54,337,022	\$ 43,466,340	\$ 97,803,362
LIABILITIES			
Accounts payable and accrued liabilities	595,201	321,469	916,670
Interest payable	2,283	17,843	20,126
Unearned revenue	-	20,635	20,635
Deposits payable	44,718	133,462	178,180
Compensated absences - current portion	66,417	11,055	77,472
Due within one year	531,603	390,452	922,055
Other Liabilities	105,094	-	105,094
Total current liabilities	1,345,316	894,916	2,240,232
Long-term liabilities:			
Compensated absences	597,756	121,672	719,428
Lease payable	280,348	-	280,348
Landfill post-closure	1,102,122	-	1,102,122
Due after one year	-	2,836,091	2,836,091
CalPERS side fund	704,090	-	704,090
Net OPEB obligation	762,694	-	762,694
Net pension liability	7,258,045	801,412	8,059,457
Total noncurrent liabilities	10,705,055	3,759,175	14,464,230
Total liabilities	12,050,371	4,654,091	16,704,462
DEFERRED INFLOWS OF RESOURCES			
Pension plan	1,769,036	195,123	1,964,159
Total deferred inflows of resources	1,769,036	195,123	1,964,159
NET POSITION			
Net investment in capital assets	39,522,761	31,596,615	71,119,376
Restricted for:			
Gas Tax	25,350	-	25,350
State and Federal Grants	642,459	-	642,459
Special Sales Tax	1,483,593	-	1,483,593
Asset Forfeiture	361,132	-	361,132
Debt Service	-	108,064	108,064
Unrestricted	(1,517,680)	6,912,444	5,394,764
Total net position	40,517,614	38,617,123	79,134,737
Total liabilities, deferred inflows and net position	\$ 54,337,021	\$ 43,466,337	\$ 97,803,358

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

City of Fort Bragg, California

Statement of Activities

For the year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,220,574	\$ 1,966,563	\$ -	\$ -
Public safety	4,387,530	298,544	324,542	-
Public works	2,749,701	557,643	-	922,119
Community development	1,017,906	231,539	926,546	-
Parks and recreation	37,582	-	-	-
Interest and fiscal charges	21,060	-	-	-
Total governmental activities	10,434,353	3,054,289	1,251,088	922,119
Business-type activities:				
Water	2,157,742	2,682,631	-	-
Sewer	2,847,226	3,305,285	-	-
CV Starr Center	2,320,454	695,552	-	-
Total business-type activities	7,325,422	6,683,468	-	-
Total primary government	\$ 17,759,775	\$ 9,737,757	\$ 1,251,088	\$ 922,119

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Sales and use taxes, levied for general purposes
- Transient occupancy tax, levied for general purposes
- Other taxes, levied for general purposes

Use of money and property

Other general revenues

Total general revenues

Special Items

Transfers

Total general revenues, special items and transfers

Change in net position

Net position:

Beginning of year

End of year

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Totals
\$ (254,011)	\$ -	\$ (254,011)
(3,764,444)	-	(3,764,444)
(1,269,939)	-	(1,269,939)
140,179	-	140,179
(37,582)	-	(37,582)
(21,060)	-	(21,060)
<u>(5,206,857)</u>	<u>-</u>	<u>(5,206,857)</u>
-	524,889	524,889
-	458,059	458,059
-	(1,624,902)	(1,624,902)
-	(641,954)	(641,954)
<u>\$ (5,206,857)</u>	<u>\$ (641,954)</u>	<u>\$ (5,848,811)</u>
1,084,296	234,006	1,318,302
2,413,528	880,985	3,294,513
2,149,404	-	2,149,404
673,736	-	673,736
(22,602)	56,453	33,851
150,934	1,241,533	1,392,467
6,449,296	2,412,977	8,862,273
(506,679)	-	(506,679)
(2,003,107)	2,003,107	-
3,939,510	4,416,084	8,355,594
(1,267,347)	3,774,130	2,506,783
41,784,961	34,842,993	76,627,954
<u>\$ 40,517,614</u>	<u>\$ 38,617,123</u>	<u>\$ 79,134,737</u>

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

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

City of Fort Bragg, California
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds		
	General	CDBG	Housing
	Fund	Program Income Special Revenue	Successor Agency Special Revenue
ASSETS			
Cash and investments	\$ 1,510,777	\$ 25,871	\$ 411,872
Receivables:			
Taxes	3,772	-	-
Intergovernmental	-	-	-
Loans/Notes receivable	2,871	2,180,825	279,875
Other receivable	879,843	-	-
Due from other funds	974,427	-	(1)
Advances to other funds	-	-	-
Inventory	1,143	-	-
Total assets	\$ 3,372,833	\$ 2,206,696	\$ 691,746
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 221,181	\$ -	\$ -
Due to other funds	-	-	-
Deposits payable	44,718	-	-
Other liabilities	-	-	-
Total liabilities	265,899	-	-
Deferred inflows of resources:			
Unavailable revenue	-	2,285,277	279,875
Total deferred inflows of resources:	-	2,285,277	279,875
Total Liabilities and deferred inflows	265,899	2,285,277	279,875
Fund balances:			
Nonspendable			
Prepays and Inventory	1,143	-	-
Loans/Notes receivable	2,871	-	-
Restricted	-	-	-
Committed	2,134,700	-	-
Assigned	-	-	411,871
Unassigned (deficit)	968,220	(78,581)	-
Total fund balances	3,106,934	(78,581)	411,871
Total liabilities, deferred inflows and fund balances	\$ 3,372,833	\$ 2,206,696	\$ 691,746

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

Major Funds			
Special Sales Tax Special Revenue	Street Resurfacing Capital Projects	Nonmajor Governmental Funds	Totals
\$ 1,345,993	\$ 1,523,286	\$ 1,520,459	\$ 6,338,258
-	-	3,707	7,479
137,600	-	1,290,859	1,428,459
-	-	223,725	2,687,296
-	-	4	879,847
-	-	86,649	1,061,076
-	-	-	(1)
-	-	-	-
-	-	-	1,143
<u>\$ 1,483,593</u>	<u>\$ 1,523,286</u>	<u>\$ 3,125,403</u>	<u>\$ 12,403,557</u>
\$ -	\$ -	\$ 348,385	\$ 569,566
-	26,132	1,034,943	1,061,075
-	-	-	44,718
-	-	105,094	105,094
-	26,132	1,488,422	1,780,453
-	-	218,471	2,783,623
-	-	218,471	2,783,623
-	26,132	1,706,893	4,564,076
-	-	-	1,143
-	-	-	2,871
1,483,593	-	1,045,952	2,529,545
-	-	-	2,134,700
-	-	1,060,606	1,060,606
-	1,497,154	(688,048)	2,110,616
<u>1,483,593</u>	<u>1,497,154</u>	<u>1,418,510</u>	<u>7,839,481</u>
<u>\$ 1,483,593</u>	<u>\$ 1,523,286</u>	<u>\$ 3,125,403</u>	<u>\$ 12,403,557</u>

City of Fort Bragg, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balances - total governmental funds		\$ 7,839,481
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Long-term receivables are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		-
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		39,146,884
Deferred outflows of resources represent losses associated with the refunding of long-term debt which are deferred and amortized over the period during which the debt is outstanding. The losses are reported as expenditures of current financial resources in governmental funds.		
Loss on refunding of debt	95,837	
Less: accumulated amortization	<u>(76,460)</u>	19,377
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		
Compensated absences	\$ (664,173)	
Lease payable	(412,162)	
Landfill post-closure	(1,381,901)	
CalPERS side fund	(824,100)	
Net OPEB obligation	(762,694)	
Net pension liability	<u>(7,258,045)</u>	(11,303,075)
Governmental funds notes receivable from various loan programs are deferred under the current financial resources measurement focus. The notes receivable are recognized in the government-wide Statement of Net Position under the accrual basis of accounting.		2,783,623
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		(2,283)
Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities		
Deferred outflows	2,637,455	
Deferred inflows	<u>(1,769,036)</u>	868,419
Internal services funds are used by management to charge the costs of certain activities, such as fleet services, to individual funds. The assets and liabilities of the internal service funds are:		
Current assets	402,785	
Noncurrent assets	788,039	
Accounts payable and accrued liabilities	(25,635)	
Noncurrent liabilities	<u>-</u>	1,165,189
Net Position of governmental activities		<u><u>\$ 40,517,614</u></u>

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

City of Fort Bragg, California

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

Governmental Activities

June 30, 2017

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	\$ 6,338,258	\$ -	\$ -	\$ 380,847	\$ 6,719,105
Receivables:					
Taxes	7,479	-	-	-	7,479
Intergovernmental	1,428,459	-	-	-	1,428,459
Loans/Notes receivable	2,687,296	-	-	-	2,687,296
Other receivable	879,847	-	-	-	879,847
Due from other funds	1,061,076	(1,061,076)	-	-	-
Due from fiduciary activities	(1)	1	-	-	-
Inventory & prepaids	1,143	-	-	21,938	23,081
Total current assets	<u>12,403,557</u>	<u>(1,061,075)</u>	<u>-</u>	<u>402,785</u>	<u>11,745,267</u>
Noncurrent assets:					
Capital assets, net	-	-	39,146,884	788,039	39,934,923
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>39,146,884</u>	<u>788,039</u>	<u>39,934,923</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	-	2,637,455	-	2,637,455
Deferred loss on refunding	-	-	19,377	-	19,377
Total assets and deferred outflows of resources	<u>\$ 12,403,557</u>	<u>\$ (1,061,075)</u>	<u>\$ 41,803,716</u>	<u>\$ 1,190,824</u>	<u>\$ 54,337,022</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 569,566	\$ -	\$ -	\$ 25,635	\$ 595,201
Interest payable	-	-	2,283	-	2,283
Due to other funds	1,061,075	(1,061,075)	-	-	-
Deposits payable	44,718	-	-	-	44,718
Compensated absences - current portion	-	-	66,417	-	66,417
Due within one year	-	-	531,603	-	531,603
Other liabilities	105,094	-	-	-	105,094
Total current liabilities	<u>1,780,453</u>	<u>(1,061,075)</u>	<u>600,303</u>	<u>25,635</u>	<u>1,345,316</u>
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	597,756	-	597,756
Lease payable	-	-	280,348	-	280,348
Landfill post-closure	-	-	1,102,122	-	1,102,122
CalPERS side fund	-	-	704,090	-	704,090
Net OPEB obligation	-	-	762,694	-	762,694
Net pension liability	-	-	7,258,045	-	7,258,045
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>10,705,055</u>	<u>-</u>	<u>10,705,055</u>
Total liabilities	<u>1,780,453</u>	<u>(1,061,075)</u>	<u>11,305,358</u>	<u>25,635</u>	<u>12,050,371</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,783,623	-	(2,783,623)	-	-
Pension Plan	-	-	1,769,036	-	1,769,036
Total liabilities and deferred inflows:	<u>4,564,076</u>	<u>(1,061,075)</u>	<u>10,290,771</u>	<u>25,635</u>	<u>13,819,407</u>
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	4,014	(4,014)	-	-	-
Restricted	2,529,545	(2,529,545)	-	-	-
Committed	2,134,700	(2,134,700)	-	-	-
Assigned	1,060,606	(1,060,606)	-	-	-
Unassigned (deficit)	2,110,616	(2,110,616)	-	-	-
Net position:					
Net investment in capital assets	-	-	38,734,722	788,039	39,522,761
Restricted	-	-	2,512,534	-	2,512,534
Unrestricted	-	7,839,481	(9,734,312)	377,150	(1,517,681)
Total fund balances/net position	<u>7,839,481</u>	<u>-</u>	<u>31,512,944</u>	<u>1,165,189</u>	<u>40,517,614</u>
Total liabilities, deferred inflows and net position	<u>\$ 12,403,557</u>	<u>\$ (1,061,075)</u>	<u>\$ 41,803,716</u>	<u>\$ 1,190,824</u>	<u>\$ 54,337,022</u>

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

City of Fort Bragg, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017

	Major Funds		
	General Fund	CDBG Program Income Special Revenue	Housing Successor Agency Special Revenue
REVENUES:			
Taxes			
Taxes and assessments	\$ 5,386,343	\$ -	\$ -
Licenses and permits	91,339	-	-
Fines and forfeitures	30,723	-	-
Intergovernmental	9,752	-	-
Use of money and property	(22,602)	30,240	5,095
Charges for services	175,628	-	-
Reimbursements	2,344,789	-	-
Other revenues	194,760	-	-
Total revenues	8,210,732	30,240	5,095
EXPENDITURES:			
Current:			
General government	2,508,782	-	-
Public safety	3,866,396	-	-
Public works	1,621,066	-	-
Community development	453,455	-	-
Parks and recreation			
Capital outlay	-	-	-
Principal	126,509	-	-
Interest and fiscal charges	21,060	-	-
Total expenditures	8,597,268	-	-
REVENUES OVER (UNDER) EXPENDITURES	(386,536)	30,240	5,095
OTHER FINANCING SOURCES (USES):			
Transfers in	285,025	-	-
Transfers out	(2,180,049)	(136,003)	-
Total other financing sources (uses)	(1,895,024)	(136,003)	-
Net change in fund balances	(2,281,560)	(105,763)	5,095
FUND BALANCES (DEFICITS):			
Beginning of year	5,388,494	27,182	406,776
Beginning of year	5,388,494	27,182	406,776
End of year	<u>\$ 3,106,934</u>	<u>\$ (78,581)</u>	<u>\$ 411,871</u>

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

Major Funds			
Special Sales Tax Special Revenue	Street Resurfacing Capital Projects	Other Governmental Funds	Totals
\$ 881,670	\$ -	\$ 218,451	\$ 6,486,464
-	-	6,107	97,446
-	-	179,879	210,602
-	-	1,836,844	1,846,596
28,806	-	13,051	54,590
-	-	27,745	203,373
-	-	-	2,344,789
-	-	15,205	209,965
910,476	-	2,297,282	11,453,825
-	-	39,683	2,548,465
-	-	366,703	4,233,099
-	(68)	242,873	1,863,871
-	-	557,809	1,011,264
-	-	37,582	37,582
-	197,905	1,793,709	1,991,614
-	-	-	126,509
-	-	-	21,060
-	197,837	3,038,359	11,833,464
910,476	(197,837)	(741,077)	(379,639)
679	1,785,529	1,703,766	3,774,999
(2,402,013)	-	(547,457)	(5,265,522)
(2,401,334)	1,785,529	1,156,309	(1,490,523)
(1,490,858)	1,587,692	415,232	(1,870,162)
2,974,451	(90,538)	1,003,278	9,709,643
2,974,451	(90,538)	1,003,278	9,709,643
\$ 1,483,593	\$ 1,497,154	\$ 1,418,510	\$ 7,839,481

City of Fort Bragg, California

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

For the year ended June 30, 2017

Functions / Programs	Fund Based Totals	Compensated Absences /		Internal Service	Depreciation	Capital Asset (Additions) /		OPEB Obligation	Amort ization	Pension plan	Government-
		Debt Service	Service			Retirements	wide Totals				
Governmental activities:											
General government	\$ 2,548,465	\$ 157,249	\$ (102,311)	\$ 58,557		\$ (133,916)	\$ -	\$ (307,470)	\$ 2,220,574		
Public safety	4,233,099	-	-	\$ 154,431		-	-	-	4,387,530		
Public works	1,863,871	(105,702)	-	\$ 991,532		-	-	-	2,749,701		
Community development	1,011,264	-	-	-		-	6,642	-	1,017,906		
Parks and recreation	37,582								37,582		
Capital outlay	1,991,614	-	-	-		(1,991,614)	-	-	-		
Debt service/Interest	147,569	(126,509)	-	-		-	-	-	21,060		
Total governmental activities	\$ 11,833,464	\$ (74,962)	\$ (102,311)	\$ 1,204,520	\$ (1,991,614)	\$ (133,916)	\$ 6,642	\$ (307,470)	\$ 10,434,353		

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

City of Fort Bragg, California
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2017

Net change in fund balances - total governmental funds \$ (1,870,162)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	1,991,614	
Special Item - capital assets equity transferred to Water and Wastewater funds	(506,679)	
Depreciation expense	<u>(1,204,520)</u>	280,415

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued. 222,967

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Capital lease obligations	126,509	
CalPERS side fund	<u>59,212</u>	185,721

Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized and amortized on the Statement of Net Position. This is the amount of amortization in the current period.

Amortization of deferred loss on refunding	<u>(6,642)</u>	(6,642)
--	----------------	---------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in interest payable	-	
Landfill closure liability	105,702	
Change in compensated absences	<u>(157,249)</u>	(51,547)

Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Position:

Net OPEB obligation	133,916	
Net Pension obligation	<u>248,258</u>	382,174

Internal services funds are used by management to charge the costs of certain activities, such as fleet services, to individual funds. The change in Net Position of the Internal Service Funds net of transfers out of \$127,502 are included in the governmental activities in the government-wide Statement of Net Position. (410,273)

	<u>102,311</u>	
	<u>(512,584)</u>	

Certain special items

Change in Net Position of governmental activities \$ (1,267,347)

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

City of Fort Bragg, California
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - General and Major Special Revenue Funds
For the year ended June 30, 2017

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 5,460,487	\$ 5,460,487	\$ 5,386,343	\$ (74,144)
Licenses and permits	95,340	95,340	91,339	(4,001)
Fines and forfeitures	20,457	20,457	30,723	10,266
Intergovernmental	15,500	15,500	9,752	(5,748)
Use of money and property	65,000	65,000	(22,602)	(87,602)
Charges for services	161,978	161,978	175,628	13,650
Reimbursements	2,248,663	2,248,663	2,344,789	96,126
Other revenues	73,974	73,974	194,760	120,786
Total revenues	8,141,399	8,141,399	8,210,732	69,333
EXPENDITURES:				
Current:				
General government:				
City Council	149,420	149,420	141,236	8,184
Administrative services	818,432	818,432	825,982	(7,550)
Finance	443,707	443,707	434,483	9,224
Other - unclassified	1,112,998	1,573,999	1,107,081	466,918
Public safety:				
Police Department	3,485,388	3,543,923	3,478,478	65,445
Fire Department	405,480	405,480	387,918	17,562
Public works:				
Administrative services	560,334	556,834	516,782	40,052
Parks and facilities	220,195	275,603	284,501	(8,898)
Street maintenance	150,507	150,507	132,846	17,661
Storm drains	57,862	57,862	26,612	31,250
Coporation yard	621,666	623,166	587,962	35,204
Traffic and safety	52,478	69,695	72,363	(2,668)
Community development	471,899	475,199	453,455	21,744
Debt service:				
Principal	126,509	126,509	126,509	-
Interest and fiscal charges	21,060	21,060	21,060	-
Total expenditures	8,697,935	9,291,396	8,597,268	694,128
REVENUES OVER (UNDER)				
EXPENDITURES	(556,536)	(1,149,997)	(386,536)	763,461
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	285,025	285,025
Transfers out	(2,014,456)	(2,014,456)	(2,180,049)	(165,593)
Total other financing sources (uses)	(2,014,456)	(2,014,456)	(1,895,024)	119,432
Net change in fund balances	(2,570,992)	(3,164,453)	(2,281,560)	882,893
FUND BALANCES (DEFICITS):				
Beginning of year	5,388,494	5,388,494	5,388,494	
Beginning of year, as restated	5,388,494	5,388,494	5,388,494	-
End of year	\$ 2,817,502	\$ 2,224,041	\$ 3,106,934	\$ 882,893

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

City of Fort Bragg, California

Statement of Revenues, Expenditures, and Changes in Fund Balances, continued

Budget to Actual - General and Major Special Revenue Funds

For the year ended June 30, 2017

	Special Sales Tax Special Revenue			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 890,378	\$ 890,378	\$ 881,670	\$ (8,708)
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	8,704	8,704	28,806	20,102
Charges for services	-	-	-	-
Reimbursements	-	-	-	-
Other revenues	-	-	-	-
Total revenues	899,082	899,082	910,476	11,394
EXPENDITURES:				
Current:				
General government:				
City Council	-	-	-	-
Administrative services	-	-	-	-
Finance	-	-	-	-
Other - unclassified	-	-	-	-
Police Department	-	-	-	-
Fire Department	-	-	-	-
Administrative services	-	-	-	-
Parks and facilities	-	-	-	-
Street maintenance	-	-	-	-
Storm drains	-	-	-	-
Coporation yard	-	-	-	-
Traffic and safety	-	-	-	-
Community development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)	899,082	899,082	910,476	11,394
EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	679	679
Transfers out	(1,718,200)	(2,402,013)	(2,402,013)	-
Total other financing sources (uses)	(1,718,200)	(2,402,013)	(2,401,334)	679
Net change in fund balances	(819,118)	(1,502,931)	(1,490,858)	12,073
FUND BALANCES:				
Beginning of year	2,974,451	2,974,451	2,974,451	-
Beginning of year, as restated	2,974,451	2,974,451	2,974,451	-
End of year	\$ 2,155,333	\$ 1,471,520	\$ 1,483,593	\$ 12,073

(concluded)

ENTERPRISE FUNDS

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

City of Fort Bragg, California

Statement of Net Position

Proprietary Funds

June 30, 2017

	<u>Water</u>	<u>Waste water</u>	<u>CV Starr Center</u>
ASSETS			
Current assets:			
Cash and investments	\$ 3,091,358	\$ 3,615,944	\$ 821,803
Restricted cash and investments	108,064	-	-
Receivables:	-	-	-
Accounts	264,938	340,171	192,258
Intergovernmental	-	-	11,242
Inventory and prepaids	46,217	7,275	720
Total current assets	<u>3,510,577</u>	<u>3,963,390</u>	<u>1,026,023</u>
Noncurrent assets:			
Capital assets, net	5,371,861	7,465,937	21,594,908
Total Assets	<u>8,882,438</u>	<u>11,429,327</u>	<u>22,620,931</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	-	296,691	-
Deferred loss on debt refunding	236,950	-	-
Total assets and deferred outflows of resources	<u>\$ 9,119,388</u>	<u>\$ 11,726,018</u>	<u>\$ 22,620,931</u>
LIABILITIES			
Current liabilities:			
Accounts payable	33,140	55,895	220,497
Accrued payroll	-	11,937	-
Interest payable	16,386	1,457	-
Unearned revenue	-	6,376	14,259
Deposits payable	133,462	-	-
Compensated absences - current portion	2,078	5,665	3,312
Due within one year	312,912	55,000	22,540
Total current liabilities	<u>\$ 497,978</u>	<u>\$ 136,330</u>	<u>\$ 260,608</u>
Noncurrent liabilities:			
Compensated absences	20,835	71,033	29,804
Due after one year	2,781,091	55,000	-
Net pension liability	-	801,412	-
Total noncurrent liabilities	<u>2,801,926</u>	<u>927,445</u>	<u>29,804</u>
Total liabilities	<u>3,299,904</u>	<u>1,063,775</u>	<u>290,412</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	-	195,123	-
Total deferred inflows of resources	<u>-</u>	<u>195,123</u>	<u>-</u>
NET POSITION			
Net Position:			
Net investment in capital assets	2,590,770	7,410,937	21,594,908
Restricted for debt service	108,064	-	-
Unrestricted	3,120,650	3,056,183	735,611
Total net position	<u>5,819,484</u>	<u>10,467,120</u>	<u>22,330,519</u>
Total liabilities, deferred inflows and net position	<u>\$ 9,119,388</u>	<u>\$ 11,726,018</u>	<u>\$ 22,620,931</u>

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

<u>Totals</u>	<u>Governmental</u>
	<u>Internal</u>
	<u>Service Funds</u>
\$ 7,529,105	\$ 380,847
108,064	
-	
797,367	-
11,242	-
54,212	21,938
<u>8,499,990</u>	<u>402,785</u>
34,432,706	788,039
<u>42,932,696</u>	<u>1,190,824</u>
296,691	-
236,950	-
<u>\$ 43,466,337</u>	<u>\$ 1,190,824</u>
309,532	22,565
11,937	3,070
17,843	-
20,635	-
133,462	-
11,055	-
390,452	-
<u>\$ 894,916</u>	<u>\$ 25,635</u>
121,672	-
2,836,091	-
801,412	-
<u>3,759,175</u>	<u>-</u>
<u>4,654,091</u>	<u>25,635</u>
195,123	-
<u>195,123</u>	<u>-</u>
31,596,615	788,039
108,064	-
6,912,444	377,150
<u>38,617,123</u>	<u>1,165,189</u>
<u>\$ 43,466,337</u>	<u>\$ 1,190,824</u>

City of Fort Bragg, California

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

Proprietary Funds

For the year ended June 30, 2017

	<u>Water</u>	<u>Waste water</u>	<u>CV Starr Center</u>
OPERATING REVENUES:			
Charges for service	\$ 2,667,911	\$ 3,305,285	\$ 695,552
Interdepartmental charges	-	-	-
Other operating revenue	14,720	-	-
Total operating revenues	<u>2,682,631</u>	<u>3,305,285</u>	<u>695,552</u>
OPERATING EXPENSES:			
Personnel services	666,122	1,195,030	952,744
Administration	249,635	274,439	24,110
Repairs and maintenance	71,617	336,601	68,579
Materials and supplies	145,313	129,246	-
Utilities	95,988	133,565	253,701
Contractual services	124,976	102,529	30,627
Insurance	15,948	16,962	25,376
Other operating	8,535	250	234,250
Allocated overhead	-	-	-
Depreciation	648,897	645,828	729,437
Amortization	-	-	-
Total operating expenses	<u>2,027,031</u>	<u>2,834,450</u>	<u>2,318,824</u>
OPERATING INCOME	<u>655,600</u>	<u>470,835</u>	<u>(1,623,272)</u>
NONOPERATING REVENUES (EXPENSES):			
Property taxes	-	-	234,006
Sales taxes	-	-	880,985
Other nonoperating revenues	604,699	630,118	6,716
Interest revenue	31,885	24,189	379
Bad debt expense	(7,682)	(3,709)	-
Interest expense	(123,029)	(9,067)	(1,630)
Total non-operating revenues, net	<u>505,873</u>	<u>641,531</u>	<u>1,120,456</u>
NET INCOME BEFORE TRANSFERS	1,161,473	1,112,366	(502,816)
Transfers in	1,923,662	2,171,200	-
Transfers out	(1,072,024)	(1,019,731)	-
Total transfers	<u>851,638</u>	<u>1,151,469</u>	<u>-</u>
CHANGE IN NET POSITION	2,013,111	2,263,835	(502,816)
NET POSITION:			
Beginning of year	3,806,373	8,203,285	22,833,335
End of year	<u>\$ 5,819,484</u>	<u>\$ 10,467,120</u>	<u>\$ 22,330,519</u>

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

<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 6,668,748	\$ -
-	808,862
14,720	-
<u>6,683,468</u>	<u>808,862</u>
2,813,896	383,699
548,184	-
476,797	92,273
274,559	82,504
483,254	-
258,132	112,584
58,286	-
243,035	-
-	35,491
<u>2,024,162</u>	<u>121,124</u>
-	-
<u>7,180,305</u>	<u>827,675</u>
(496,837)	(18,813)
234,006	-
880,985	-
1,241,533	-
56,453	-
(11,391)	-
(133,726)	-
<u>2,267,860</u>	<u>-</u>
1,771,023	(18,813)
4,094,862	907,949
(2,091,755)	(1,420,533)
<u>2,003,107</u>	<u>(512,584)</u>
3,774,130	(531,397)
34,842,993	1,696,586
<u>\$ 38,617,123</u>	<u>\$ 1,165,189</u>

City of Fort Bragg, California

Statement of Cash Flows

Proprietary Funds

For the year ended June 30, 2017

	<u>Water</u>	<u>Waste water</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/users for services provided	\$ 2,736,637	\$ 3,362,534
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(958,814)	(1,071,675)
Cash payments to employees for services	(662,099)	(1,209,381)
Net cash provided by operating activities	<u>1,115,724</u>	<u>1,081,478</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received	1,923,662	2,171,200
Transfers paid	(1,072,024)	(1,019,731)
Taxes received	-	-
Refunds and rebates received	-	-
Net cash used by noncapital financing activities	<u>851,638</u>	<u>1,151,469</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,223,192)	(137,846)
Principal paid on long term debt	(505,019)	(50,000)
Interest paid on long term debt	(74,830)	(9,730)
Net cash (used) by capital and related financing activities	<u>(1,803,041)</u>	<u>(197,576)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	31,885	24,188
Net cash provided by investing activities	<u>31,885</u>	<u>24,188</u>
Net increase (decrease) in cash and cash equivalents	196,205	2,059,559
CASH AND CASH EQUIVALENTS:		
Beginning of year	3,001,140	1,555,118
End of year	<u>\$ 3,197,345</u>	<u>\$ 3,614,677</u>
Presentation in Statement of Financial Position:		
Cash and investments	3,091,358	3,615,944
Restricted cash and investments	108,064	-
Total Cash and investments	<u>\$ 3,199,422</u>	<u>\$ 3,615,944</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	\$ 655,600	\$ 470,835
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	648,897	645,828
Pension	-	(28,105)
Bad debt	(7,682)	(3,709)
(Increase) decrease in current assets:		
Accounts receivable	38,981	10,171
Intergovernmental receivables	-	-
Inventory and prepaids	3,571	1,482
Increase (decrease) in liabilities:		
Accounts payable	(250,377)	(81,428)
Accrued liabilities	-	1,863
Unearned revenues	25,368	50,787
Deposits payable	(2,657)	-
Compensated absences	4,023	13,754
Net cash provided by operating activities	<u>\$ 1,115,724</u>	<u>\$ 1,081,478</u>

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

CV Starr Center	Totals	Governmental Activities	
		Internal Service Funds	
\$ 694,723	\$ 6,793,894	\$ -	-
-	-	808,862	-
(664,225)	(2,694,714)	(357,551)	-
(877,062)	(2,748,542)	(382,970)	-
<u>(846,564)</u>	<u>1,350,637</u>	<u>68,341</u>	-
-	4,094,862	907,949	-
(59,730)	(2,151,485)	(1,420,533)	-
1,065,995	1,065,995	-	-
4,854	4,854	-	-
<u>1,011,119</u>	<u>3,014,226</u>	<u>(512,584)</u>	-
-	(1,361,038)	(468,343)	-
-	(555,019)	-	-
<u>(1,229)</u>	<u>(85,789)</u>	<u>-</u>	-
<u>(1,229)</u>	<u>(2,001,846)</u>	<u>(468,343)</u>	-
4,202	60,275	-	-
4,202	60,275	-	-
<u>167,528</u>	<u>2,423,292</u>	<u>(912,586)</u>	-
518,433	5,074,691	1,293,433	-
<u>\$ 685,961</u>	<u>\$ 7,497,983</u>	<u>\$ 380,847</u>	-
685,961	7,393,263	380,847	-
-	108,064	\$ -	-
<u>\$ 685,961</u>	<u>\$ 7,501,327</u>	<u>\$ 380,847</u>	-
\$ (1,569,282)	\$ (442,847)	\$ (18,813)	-
735,468	2,030,193	121,124	-
-	(28,105)	-	-
-	(11,391)	-	-
(12,755)	36,396	582	-
(14,063)	(14,063)	-	-
-	5,054	(20,303)	-
-	-	-	-
14,911	(316,894)	(14,978)	-
(16,998)	(15,135)	729	-
(215)	75,940	-	-
-	(2,657)	-	-
<u>16,370</u>	<u>34,147</u>	<u>-</u>	-
<u>\$ (846,564)</u>	<u>\$ 1,350,637</u>	<u>\$ 68,341</u>	-

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FIDUCIARY ACTIVITIES

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

City of Fort Bragg, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2017

	<u>Successor Agency</u> <u>Former Fort Bragg</u> <u>Redevelopment</u> <u>Agency</u>
ASSETS AND DEFERRED OUTFLOWS	
Current assets:	
Cash and investments	\$ 156,782
Total current assets	<u>156,782</u>
Total assets	<u>156,782</u>
Deferred outflows of resources	
Deferred loss on debt refunding	<u>94,224</u>
Total deferred outflows of resources	<u>94,224</u>
Total assets and deferred outflows of resources	<u><u>\$ 251,006</u></u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Current liabilities:	
Interest payable	\$ 36,759
Due within one year	<u>148,380</u>
Total current liabilities	<u>185,138</u>
Long-term liabilities:	
Due after one year	<u>3,619,219</u>
Total long-term liabilities	<u>3,619,219</u>
Deferred inflows of resources	
Unavailable revenue	<u>261,286</u>
Total liabilities and deferred inflows of resources	<u>4,065,643</u>
Net Position (Deficit)	<u>(3,814,637)</u>
Total liabilities and net position	<u><u>\$ 251,006</u></u>

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

City of Fort Bragg, California
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2017

	<u>Successor Agency</u> <u>Former Fort Bragg</u> <u>Redevelopment</u> <u>Agency</u>
ADDITIONS:	
Property taxes	\$ 382,824
Investment income	-
Total operating revenues	<u>382,824</u>
DEDUCTIONS:	
Community development	89,607
Interest and trustee fees	113,430
Total operating expenses	<u>203,037</u>
CHANGE IN FIDUCIARY NET ASSETS	<u>179,787</u>
NET ASSETS (DEFICIT):	
Beginning of year	<u>(3,994,424)</u>
End of year	<u>\$ (3,814,637)</u>

NOTES TO BASIC FINANCIAL STATEMENTS



City of Fort Bragg, California
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For the year ended June 30, 2017

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City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

Blended Component Units

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

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Presentation

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

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

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

Government-wide Financial Statements

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

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Presentation, Continued

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

The **Street Resurfacing Project Fund** is a capital project fund used to account for costs associated with the Street Resurfacing project and 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 all operations of the C.V. Starr Center, including the local sales tax restricted to funding the operations of the C.V. Starr Center and the property taxes collected by the City as part of the Property Tax Exchange agreement.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Additionally, the City reports the following fund types:

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Measurement Focus and Basis of Accounting, continued

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of a fiscal year-end). Expenditure-driven grants are recognized as revenue when eligible expenditures have been incurred against a fully executed grant agreement. Such accrued revenue is considered available even if it is not received within 60 days of year-end. This method provides improved reporting and control at the program level because it appropriately matches funding sources and uses. 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.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Budgetary Information, Continued

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

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

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

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

F. Unearned Revenue

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

1) Cash and cash equivalents

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

2) Investments

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

3) Inventories and prepaid items

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

Certain payments to vendors represent costs applicable to future accounting periods and would be recorded as prepaid items in both the government-wide and fund financial statements. The City had \$23,081 in prepaid expenses in governmental activities as of June 30, 2017.

4) Capital Assets

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation. Donated capital assets, donated works of art and similar items as well as capital assets received in a service concession arrangement are reported at acquisition value. 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, 2017, there were no projects meeting the criteria for interest capitalization.

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

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

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

5) Net position flow assumption

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

6) Deferred outflows/inflows of resources

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

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

7) Fund Balance flow assumptions

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

8) Net Position/Fund Balance

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

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

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

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Unassigned Fund Balance – This balance represents residual net resources or total fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance (surplus). In other governmental funds the balance represents the excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

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

9) Restricted Assets

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

10) Lease Obligations

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

11) Encumbrances

Encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by appropriate authorities as of June 30, 2017, are summarized below.

Fund	Amount
General Fund	\$ 63,847
Housing Trust Funds	8,275
2014 CDBG Grants	138,508
Cal Trans State Funding Grants	10,778
HCD HOME Grants	114,531
Coastal Trail Construction Capital Project	8,894
Chestnut Street Capital Project	136,723
Guest House Capital Project	121,510
City Hall Capital Project	44,171
	\$ 647,236

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

12) Long-Term Obligations

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

H. Revenues and expenditures/expenses

1) Program revenues

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

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

2) Property taxes

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

	<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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Revenues and expenditures/expenses, Continued

3) Compensated absences

Vacation

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

Sick Leave

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

4) Proprietary funds operating and nonoperating revenues and expenses

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

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

I. Use of Estimates

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. New and Closed Funds

During the course of the fiscal year several funds were closed and new funds opened. Closed funds include the Skate Park Capital Project, the Town Hall Remodel, the Housing Related Parks Grant, the Coastal Conservancy Grant and the 2012 CDBG Super NOFA Grant. New funds include the Municipal Facilities Projects fund and the Other Grants fund.

K. Reclassifications

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

2. CASH AND INVESTMENTS

At June 30, 2017, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	Maturities (in years)			Deposits	Fair Market Value		
	<1	1 to 3	3 to 5				
<u>Cash equivalents and investments pooled</u>							
Pooled cash, at fair value							
Cash in bank	\$ -	\$ -	\$ -	\$ 4,794,174	4,794,174		
Petty cash	-	-	-	2,298	2,298		
Total pooled items	-	-	-	4,796,472	4,796,472		
<u>Pooled investments, at fair value</u>							
Interest obligations							
	<u>Par</u>	<u>Rate</u>					
\$ 540,000	1.90%	Federal Agency Securities	290,080	252,360	-	542,440	
-	0.00%		-	-	-	-	
5,960,000	0.85% - 2.1%	Certificates of Deposits	1,494,240	1,993,090	2,444,995	-	5,932,325
1,540,000	0.850% - 1.750%	Corporate notes	-	-	-	-	-
		Money Market Funds			360,072	360,072	
State of California Local Agency Investment Fund			-	-	2,881,748	2,881,748	
Total pooled investments - interest obligations			1,784,320	2,245,450	2,444,995	3,241,820	9,716,585
Total cash equivalents and investments pooled			\$ 1,784,320	\$ 2,245,450	\$ 2,444,995	\$ 8,038,292	\$ 14,513,057

Amounts reported in:

Governmental activities (unrestricted)	\$ 6,719,105
Business-type activities (unrestricted)	7,529,105
Business-type activities (restricted)	108,064
Fiduciary activities	156,782
Total	<u>\$ 14,513,056</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Agency Securities	542,440	1.93
Certificates of Deposit	5,932,325	3.32
Money market funds	360,072	-
LAIIF	2,881,748	-
Total fair value	<u>\$ 9,716,585</u>	

Portfolio weighted average maturity 3.19

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code of the City’s investment policy. During the year ended June 30, 2017, the City’s permissible investments included the following instruments:

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

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

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees is governed by provisions of the debt agreements. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

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

Credit risk – As of June 30, 2017, the City’s investments in money market funds were rated AAA by Standard & Poor’s and Fitch Ratings, and Aaa by Moody’s Investors Service. The State of California Local Agency Investment Fund is not rated.

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

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 2.89% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. At June 30, 2017, the carrying amount of the City’s cash deposits (including fiduciary funds) was \$4,794,172 of which \$250,000 was covered by federal depository insurance and \$4,544,172 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City.

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

As of June 30, 2017, the City’s investments were held by the City’s custodial agent, but not in the City’s name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million. Investment balances equaled \$11,265,430.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

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

Investment in LAIF

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2017 was \$22,812,817,838 of which the City had a balance of \$2,881,748. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2017 has a portfolio with market valuation of \$77,559,119 thousand. Of the total invested, 97.11% was invested in non-derivative financial products and 2.89% in structured notes and asset-backed securities. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2017:

	<u>Receivables</u>
Governmental Activities	
Taxes	\$ 7,479
Intergovernmental	1,428,459
Other	879,847
	<u>\$ 2,315,785</u>
Business-type activities	
Accounts receivable	\$ 797,370
Intergovernmental	11,242
	<u>\$ 808,612</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	46.1%	Individuals/Business	53.9%
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Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

4. LOANS AND NOTES RECEIVABLE

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

Loans and notes receivable for the year ended June 30, 2017, consisted of the following:

	Beginning			Ending
	July 1, 2016	Additions	Deletions	June 30, 2017
CDBG Revolving Loans	\$ 1,390,132	\$ 249,995	(139,871)	\$ 1,500,256
Mendocino Coast Hospitality Center Loan	904,293	-	-	904,293
Rural Community Housing Development Corporation Loans	273,125	6,750	-	279,875
Employee Loans	1,951	2,575	(1,654)	2,872
Total loans/notes receivable	<u>\$ 2,569,501</u>	<u>\$ 259,320</u>	<u>\$ (141,525)</u>	<u>\$ 2,687,296</u>

The following is a summary of the loans and notes receivable outstanding as of June 30, 2017:

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

Mendocino Coast Hospitality Center Loan – On January 12, 2016, the Fort Bragg City Council adopted a Resolution approving the use of 2015 Community Development Block Grant (CDBG) funds for acquisition and rehabilitation of the vacant Old Coast Hotel for the benefit of Mendocino Coast Hospitality Center, Inc. (MCHC). The facility will accommodate a variety of homeless and mental health services including transitional housing. The facility will be owned and operated by MCHC. This loan is deferred for a term of 20 years. If various conditions are met during the term of the loan, the loan will be forgiven at the end of the 20 year term.

Rural Community Housing Development Corporation Loans – These loans are to the Rural Community Housing Development Corporation (RCHDC), a non-profit organization for housing rehabilitation projects within the City. The balance of these loans at June 30, 2017 was \$279,875.

Employee Loans – Employees have the option of entering into equipment purchasing loan plans with the City, which may be utilized to assist the employee to purchase equipment that may be used both on and off duty to improve the employee's job performance. The balance of these loans at June 30, 2017 was \$2,871.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2017
Governmental activities:					
Nondepreciable assets:					
Land	\$ 12,952,262	\$ -	\$ -	\$ -	\$ 12,952,262
Construction in progress	379,412	1,890,274	(297,291)	-	1,972,395
Total nondepreciable assets	13,331,674	1,890,274	(297,291)	-	14,924,657
Depreciable assets:					
Buildings	5,314,564	68,897		(1,158,662)	4,224,799
Machinery, equipment and vehicles	1,664,463	527,471	(66,082)		2,125,852
Infrastructure	28,927,862	265,133			29,192,995
Total depreciable assets	35,906,889	861,501	(66,082)	(1,158,662)	35,543,646
Total	49,238,563	2,751,775	(363,373)	(1,158,662)	50,468,303
Accumulated depreciation:					
Buildings	(3,429,269)	(116,421)	-	651,983	(2,893,707)
Machinery, equipment and vehicles	(1,276,718)	(138,085)	71,551	-	(1,343,252)
Infrastructure	(5,346,407)	(950,014)	-	-	(6,296,421)
Total accumulated depreciation	(10,052,394)	(1,204,520)	71,551	651,983	(10,533,380)
Net depreciable assets	25,854,495	(343,019)	5,469	(506,679)	25,010,266
Total net capital assets	\$ 39,186,169	\$ 1,547,255	\$ (291,822)	\$ (506,679)	\$ 39,934,923

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

General government	\$ 58,557
Public safety	154,431
Public works	991,532
	<u>\$ 1,204,520</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

5. CAPITAL ASSETS, Continued

Business-type capital asset activity for the year ended June 30, 2017, was as follows:

	Balance				Balance
	July 1, 2016	Additions	Deletions	Transfers	June 30, 2017
Nondepreciable assets:					
Land	\$ 785,079	\$ -	\$ -	\$ -	\$ 785,079
Construction in progress	1,427,055	251,507	(796,965)	-	881,597
Total nondepreciable assets	2,212,134	251,507	(796,965)	-	1,666,676
Depreciable assets:					
Buildings	27,709,783	-	-	1,158,662	28,868,445
Machinery, equipment and vehicles	6,497,198	119,066	(20,636)	-	6,595,628
Infrastructure	14,499,008	1,901,090	-	-	16,400,098
Land improvements	542,303	-	-	-	542,303
Total depreciable assets	49,248,292	2,020,156	(20,636)	1,158,662	52,406,474
Total	51,460,426	2,271,663	(817,601)	1,158,662	54,073,150
Accumulated depreciation:					
Buildings	(4,771,398)	(683,833)	-	(651,983)	(6,107,214)
Machinery, equipment and vehicles	(4,560,822)	(243,588)	20,636	-	(4,783,774)
Infrastructure	(8,083,258)	(390,528)	-	-	(8,473,786)
Land improvements	(221,440)	(54,230)	-	-	(275,670)
Total accumulated depreciation	(17,636,918)	(1,372,179)	20,636	(651,983)	(19,640,444)
Net depreciable assets	31,611,374	647,977	-	506,679	32,766,030
Total net capital assets	\$ 33,823,508	\$ 899,484	\$ (796,965)	\$ 506,679	\$ 34,432,706

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

Water	\$ 648,897
Sewer	645,828
CV Starr Center	729,437
	<u>\$ 2,024,162</u>

Special Items

While developing the FY16-17 budget, an accounting error was discovered that in prior years resulted in an over allocation of non-personnel overhead costs to the Water and Wastewater Enterprises. In the course of reviewing the extent of the over-allocation error a second error was discovered by the City's outside auditors which resulted in an under-allocation of costs from the General Fund to the Enterprise funds in prior years. The auditors noted that although the Enterprise funds participate in the benefit of certain City facilities they do not participate in the cost. It was noted that no rent has been charged to either the Water or Wastewater enterprise funds for proportionate use of City Hall, Town Hall or the Corporation Yard. Rather than attempt to calculate back rent for use of the facilities it was recommended that the City transfer a proportionate share of each facility's book value to the enterprise funds. Book value is comprised of the facility's historical cost as well as accumulated depreciation. The amount of fixed assets net of accumulated depreciation transferred from the General Fund to the Water and Wastewater enterprise funds has been calculated at 25% or \$253,339 each. The transfer of fixed assets results in a decrease to the Governmental capital assets of \$506,679 as of June 30, 2017.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2017:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 506,064	\$ 309,532	\$ -	\$ 815,596
Accrued payroll and related liabilities	89,137	11,937	-	101,074
Total	\$ 595,201	\$ 321,469	\$ -	\$ 916,670

These amounts resulted in the following concentrations in payables:

Vendors	89%
Employees	11%

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

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 506,924	\$ 525,094	\$ (367,845)	\$ 664,173	\$ 66,417
Capital Lease Obligations	538,671	-	(126,509)	412,162	131,814
Landfill post-closure	1,487,602	-	(105,701)	1,381,901	279,779
CalPERS side fund	883,312	-	(59,212)	824,100	120,010
Total governmental activities	\$ 9,995,619	\$ 525,094	\$ (659,267)	\$ 3,282,336	\$ 598,020
Business-type activities					
Bonds payable:					
1998 Revenue Bond	160,000	-	(50,000)	110,000	55,000
2014 Water Revenue Refunding Bond	2,418,000	-	(276,000)	2,142,000	284,000
Loans payable:					
SDWRL	841,372	-	(68,072)	773,300	69,628
SDWRL discount	216,409	-	(37,706)	178,703	(40,716)
California energy commission	43,900	-	(21,360)	22,540	22,540
Capital lease	123,161	-	(123,161)	-	-
Total business-type activity debt	3,802,842	-	(576,299)	3,226,543	390,452
Compensated absences	111,983	71,831	(51,087)	132,727	11,055
Total business-type activities	\$ 4,537,870	\$ 71,831	\$ (627,386)	\$ 3,359,270	\$ 401,507

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

7. LONG-TERM LIABILITIES, Continued

Governmental Activities

Caspar Landfill Closure and Post-Closure Cost

The Caspar Landfill site was closed in 1995. State and federal laws and regulations require that the City place a final cover on its landfill when closed, and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. These costs are shared equally by the City and County of Mendocino. At June 30, 2017, the City's estimated liability for its share of landfill closure and post-closure care costs was \$1,381,901. 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, 2017, as determined by the last engineering study performed. However, the actual cost of closure and post-closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

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

Business-type Activities

1998 Wastewater Revenue Bond

In 1998, the City on behalf of the Fort Bragg Municipal Improvement District entered into an agreement with the Association of Bay Area Governments (ABAG) whereby ABAG issued \$770,000 in revenue bonds to provide resources for the District to acquire and construct capital improvements to the District's wastewater system. The bonds are an obligation of ABAG and are payable solely from and secured by revenues that consist primarily of payments on an installment obligation of the City. For the purposes of this report, the City has reported its liability under the terms of the installment agreement as 1998 Wastewater Revenue Bonds. Annual interest accrues at varying rates between 3.75% and 5.30%. Interest became payable commencing October 1, 1998, and semi-annually thereafter each October 1st and April 1st. Principal is paid in annual installments commencing October 1, 1998, through the year 2018 in amounts ranging from \$25,000 through \$55,000. The outstanding principal balance as of June 30, 2017 was \$110,000.

2014 Water Revenue Refunding Bonds

On June 5, 2014, the City issued \$2,962,000 of Water Revenue Refunding Bonds bearing interest of 3.06% and payable semi-annually on October 1 and April 1, maturing on October 1, 2023. These bonds were used to advance refund the 2004 California Statewide Communities Development Authority Bonds, which were issued originally to advance refund the 1993 COP's, which had been used for various capital improvements to the City's water system. The outstanding principal balance as of June 30, 2017 was \$2,142,000.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

7. LONG-TERM LIABILITIES, Continued

2014 Water Revenue Refunding Bonds, Continued

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

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

Safe Drinking Water Revolving Loan (SDWRL)

In FY 2004/05, 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, 2017, the balance of the loan payable was \$773,300. Loan principal payments of \$52,889 are required semi-annually on January 1st and July 1st for twenty (20) years commencing January 1, 2007.

California Energy Commission Loan

The City has entered into a loan agreement with the California Energy Commission for a loan in the amount of \$43,900 which was used for energy saving upgrades at the C.V. Starr Center. The loan is payable in semi-annual installments of \$11,346 and has an annual interest rate of 1.0%. The loan has a maturity of December 22, 2018.

The outstanding principal balance of the loan at June 30, 2017 was \$22,540.

Compensated Absences

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. The governmental activities compensated absences balance at June 30, 2017 was \$664,173 with \$66,417 expected to be paid within a year; The business-type activities compensated absences balance at June 30, 2017 was \$132,727 with \$11,055 expected to be paid within a year.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

7. LONG-TERM LIABILITIES, Continued

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.

CalPERS Side Fund Debt

Under the City's contract with CalPERS the City is obligated to make certain payments to CalPERS in respect to retired public safety and miscellaneous employees under the Side Fund program of CalPERS which amortizes such obligations over a fixed period of time. The current annual interest rate imputed by PERS to side funds is 7.5%. Debt service will be funded from the revenue of the general fund. The initial side fund obligation amount was \$883,312, with a retirement in the amount of \$59,212 for the year end June 30, 2017. The amount is paid in July of each year as provided by CalPERS, therefore no maturity schedule is available for this debt.

Debt Service

Future debt service for Governmental Activities at June 30, 2017, is as follows:

Year Ending June 30,	Governmental Activities	
	Capital Lease	
	Principal	Interest
2018	131,814	15,755
2019	137,341	10,228
2020	143,007	4,469
2021	-	-
2022	-	-
2023-2027	-	-
Total	\$ 412,162	\$ 30,452
Due within one year	\$ 131,814	\$ 15,755
Due after one year	280,348	14,697
Total	\$ 412,162	\$ 30,452

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

7. LONG-TERM LIABILITIES, Continued

Debt Service, Continued

Future debt service for Business-Type Activities at June 30, 2017, is as follows:

Year Ending June 30,	1998 Wastewater Revenue Bonds		2014 Water Revenue Refunding Bonds		Safe Drinking Water Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	55,000	4,373	284,000	61,200	105,778	-
2019	55,000	1,458	290,000	52,418	105,778	-
2020	-	-	300,000	43,391	105,778	-
2021	-	-	304,000	34,150	105,778	-
2022	-	-	312,000	24,725	105,778	-
2023-2027	-	-	652,000	44,860	423,113	-
Total	\$ 110,000	\$ 5,831	\$ 2,142,000	\$ 260,744	\$ 952,003	\$ -
Due within one year	\$ 55,000	\$ 4,373	\$ 284,000	\$ 61,200	\$ 105,778	\$ -
Due after one year	55,000	1,458	1,858,000	199,544	846,225	-
Total	\$ 110,000	\$ 5,831	\$ 2,142,000	\$ 260,744	\$ 952,003	\$ -

Year Ending June 30,	California Energy Commission Loan		Total	
	Principal	Interest	Principal	Interest
2018	22,540	169	467,318	65,742
2019	-	-	450,778	53,876
2020	-	-	405,778	43,391
2021	-	-	409,778	34,150
2022	-	-	417,778	24,725
2023-2027	-	-	1,075,113	44,860
Total	\$ 22,540	\$ 169	\$ 3,226,543	\$ 266,744
Due within one year	\$ 22,540	\$ 169	\$ 390,452	\$ 65,742
Due after one year	-	-	2,836,091	201,002
Total	\$ 22,540	\$ 169	\$ 3,226,543	\$ 266,744

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

8. NET POSITION/ FUND BALANCES

Net position (deficit)

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 39,522,761	\$ 31,596,615	\$ 71,119,376
Restricted	2,512,534	108,064	2,620,598
Unrestricted (deficit)	(1,517,680)	6,912,444	5,394,764
Total	<u>\$ 40,517,614</u>	<u>\$ 38,617,123</u>	<u>\$ 79,134,737</u>

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

Fund Balance

Nonspendable, Restricted and Committed fund balance consisted of the following at June 30, 2017:

Nonspendable:

Inventory	\$ 1,143
Loans/Notes Recievable	2,871
Total Nonspendable	<u>\$ 4,014</u>

Restricted:

Governmental Funds:

Special Sales Tax	1,483,593
Asset Forfeiture	361,132
Gas Tax	25,350
Federal and State Grant Funds	659,470
Debt Service	108,064
Total Restricted	<u>\$ 2,529,545</u>

Committed:

Encumbrances	63,847
Reserves	1,623,853
Appropriated fund balance	447,000
Total Committed	<u>\$ 2,134,700</u>

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

Nonspendable

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

- **Loans/Notes Receivable** – represents loans to employees.

8. NET POSITION/ FUND BALANCES, Continued

Restricted

- **Special Sales Tax** – represents amounts restricted by voter approved ordinance for street repairs.
- **Asset Forfeiture** – represents amounts restricted by State and Federal guidelines to support law enforcement.
- **Gas Tax** – represents amounts restricted for street maintenance purposes as defined in Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.
- **State and Federal Grants** – represents restricted amounts received from State and Federal Grants for various city programs.
- **Debt Service** – represents amounts restricted by loan covenant.

Committed

- **Encumbrances** – represents amounts designated by the City Council for outstanding purchase orders and contracts.
- **Reserves** – represents amounts designated by the City Council for future contingencies, which include a \$1,423,853 operating reserve and a \$200,000 litigation reserve.
- **Appropriated fund balance** – represents amounts designated by the City Council to be incorporated into the subsequent year’s budget.

Fund Balance Deficits

Deficit fund balances consisted of the following:

<u>Funds</u>	<u>As of</u> <u>June 30, 2017</u>
Major Funds:	
CDBG Program Income Special Revenue Fund	(78,581)
Non-Major Funds:	
<i>Special Revenue Funds</i>	
MCOG Main Street Planning	(29)
MCOG Overall Work Program	(501)
<i>State and Federal Grant Funds:</i>	
Safe Routes to School	(15,222)
OJP Bulletproof Vest Partnership	(1,628)
2012 CDBG Super NOFA	(91)
State Parks Prop 84	(70)
<i>Capital Project Funds:</i>	
Otis Johnson Park	(2,064)
Chestnut Street Multi Use Trail	(668,443)
Total	<u>(766,629)</u>

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

9. INTERFUND TRANSACTIONS

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

Due to and due from other funds consisted of the following as of June 30, 2017:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 974,427	\$ -
CDBG Program Income Special Revenue	-	-
Street Structural Repairs Capital Projects	-	(26,132)
Street Resurfacing Capital Projects	-	-
Total Major Funds	<u>974,427</u>	<u>(26,132)</u>
Nonmajor Funds:		
Municipal Facilities Projects	8,267	-
Central Coastal Trail	56,973	-
Chestnut Street Multi Use Trail	21,409	-
OJP Bullet Proof Vest Partnership	-	(1,628)
CDBG Super NOFA	-	(135,613)
State Parks Prop 84 Grants	-	(56,973)
STP D1 Streets and Highway Allocation		(282,548)
MCOG Main Street Traffic Planning		(1,877)
MCOG Overall Work Program		(26,084)
Safe Routes To School		(15,222)
HCD HOME		(51,177)
Chestnut Street Multi Use Trail		(382,707)
Coastal Trail		(81,115)
Total Nonmajor Funds	<u>86,649</u>	<u>(1,034,944)</u>
Total Governmental Funds	<u>1,061,076</u>	<u>(1,061,076)</u>
Total	<u>\$ 1,061,076</u>	<u>\$ (1,061,076)</u>

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

9. INTERFUND TRANSACTIONS, Continued

Transfers consisted of the following at June 30, 2017:

	Transfers In	Transfers Out
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 285,025	\$ (2,180,049)
CDBG Program Income Special Revenue		(136,003)
Special Sales Tax Special Revenue	679	(2,402,013)
Street Resurfacing Capital Projects	1,785,529	-
Total Major Funds	<u>2,071,233</u>	<u>(4,718,065)</u>
Non-major Funds:		
Special Revenue Funds:		
OJP Bullet Proof Vest Partnership	5,741	
Parking		(8,300)
Parking In-lieu Fees	8,300	
CDBG Super NOFA	136,003	(8,267)
Asset Forfeiture		(63,272)
STP D1 Streets and Highway Allocation		(282,548)
Traffic and Safety		(2,991)
State Parks Prop 84 Grants		(95,424)
MCOG Overall Work Program	20	
North Coast Integrated Water Management		(64,338)
Safe Routes to School		(679)
Cal Trans Federal Funding Grants		(21,588)
Capital Projects Fund		
Coastal Trail	223,655	
Noyo Center for Marine Sciences		(50)
Chestnut Street Multi Use Trail	726,810	
Municipal Facilities Projects	603,237	
Total Non-major Funds	<u>1,703,766</u>	<u>(547,457)</u>
Total Governmental Funds	<u>3,774,999</u>	<u>(5,265,522)</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds		
Water	1,923,662	(1,072,024)
Wastewater	2,171,200	(1,019,731)
Total Enterprise Funds	<u>4,094,862</u>	<u>(2,091,755)</u>
Internal Service Funds		
Building Maintenance	230,000	(812,000)
Information Technology	159,924	(153,713)
Fleet Services	518,025	(454,820)
Total Internal Service Funds	<u>907,949</u>	<u>(1,420,533)</u>
Total Transfers	<u>\$ 8,777,810</u>	<u>\$ (8,777,810)</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

10. RISK MANAGEMENT

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

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

<u>Insurance Program</u>	<u>Loss Limits</u>	<u>Deductibles</u>
Property	\$ 399,990,000	\$ 10,000
Boiler and Machinery	99,995,000	5,000
Liability	40,000,000	5,000
Earthquake and Flood	20,000,000	100,000 or 5% of value of building
Auto Physical Damage	Stated Value	5,000
Workers' Compensation	Statutory	5,000

Participating members of REMIF do not have a refundable deposit, and no dividends are paid. No refunds were received by the City in the Liability program. The annual premiums paid to REMIF in FY 2016-17 were as follows:

<u>Insurance Program</u>	<u>Premium</u>
Workers' Compensation	\$ 241,284
Liability	128,589
Earthquake and Flood	46,078
Property	24,970
Auto Physical Damage	7,689
Pollution & Environment	4,411
	<u>\$ 453,021</u>

Claims Paid by the City for the 2016-17 fiscal year:

<u>Insurance Program</u>	<u>Claims</u>
Workers' Compensation	\$ 148,131
Liability and Property	7,845
	<u>\$ 155,976</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plans

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

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

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous
	Prior to
	January 1, 2013
Hire date	
Benefit formula	2% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	55
Monthly benefits, as a % of eligible compensation	1.4% - 2.0%
Required employee contribution rates	6.89%
Required employer contribution rates	9.06%
	Safety - Police
	Prior to
	January 1, 2013
Hire date	
Benefit formula	2% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	2%
Required employee contribution rates	8.93%
Required employer contribution rates	14.790%

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

	<u>PEPRA Miscellaneous</u>
	On or after
	<u>January 1, 2013</u>
Hire date	2% @ 62
Benefit formula	5 years service
Benefit vesting schedule	monthly for life
Benefit payments	52 - 67
Retirement age	1.0% to 2.5%
Monthly benefits, as a % of eligible compensation	6.50%
Required employee contribution rates	6.93%
Required employer contribution rates	
	<u>PEPRA Safety - Police</u>
	On or after
	<u>January 1, 2013</u>
Hire date	2.7% @ 57
Benefit formula	5 years service
Benefit vesting schedule	monthly for life
Benefit payments	50 - 57
Retirement age	2.0% to 2.7%
Monthly benefits, as a % of eligible compensation	11.5%
Required employee contribution rates	12.08%
Required employer contribution rates	
	<u>Fire Safety</u>
	Prior to
	<u>January 1, 2013</u>
Hire date	2% @ 50
Benefit formula	5 years service
Benefit vesting schedule	monthly for life
Benefit payments	50
Retirement age	2.00%
Monthly benefits, as a % of eligible compensation	0%
Required employee contribution rates	0%
Required employer contribution rates	

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2017, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous Plans</u>	<u>Safety Plans</u>
Contributions - employer	\$ 392,300	\$ 387,206
Contributions - employee (paid employer)	\$ -	\$ -

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

As of June 30, 2017, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Plans	\$ 3,894,091
Safety Plans	4,165,366
Total Net Pension Liability	<u>\$ 8,059,457</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016 CalPERS combined the Miscellaneous Plan and PEPRM Miscellaneous Plan for purposes of calculating net pension liability. Likewise the Safety-Police Plan, PEPRM Safety-Police Plan and Safety-Fire Plans were combined for purposes of calculating net pension liability. The City's proportionate share of the net pension liability for each Plan as of June 30, 2015 and 2016 was as follows:

	<u>Miscellaneous</u>	<u>Safety - Police</u>	<u>Total</u>
Proportion - June 30, 2015	0.10641%	0.08218%	0.09187%
Proportion - June 30, 2016	0.11210%	0.08042%	0.09314%
Change - Increase (Decrease)	0.00569%	-0.00176%	0.00127%

Note: Due to the nature of calculating proportionate share of the net pension liability, total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2017, the City recognized pension expense of -\$276,363. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	\$ 753,820	\$ -
Adjustments due to differences in proportion	-	(102,552)
Changes in assumptions	-	(334,759)
Differences between the employer's contributions and the employer's proportionate share of the contributions	-	(770,282)
Differences between expected and actual experiences	-	(40,060)
Net differences between projected and actual earnings on plan investments	2,180,326	(716,506)
Total	<u>\$ 2,934,146</u>	<u>\$ (1,964,159)</u>

\$753,820 reported as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2017	253,078
2018	253,078
2019	155,573
2020	(614,361)
2021	(263,534)
Thereafter	-

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions -The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
Valuation Date	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15
Measurement	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16
Actuarial Cost Method	Entry-Age Normal Cost Method				
Actuarial Assumptions:					
Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3%	3%	3%	3%	3%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds				

(1) Depending on age, service, and type of employment

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.5% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.5 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

At the December 21, 2016, meeting the CalPERS Board of Administration approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent over the next three years. This will increase public agency employer contribution costs beginning in Fiscal Year 2018-19.

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
Total	100%		

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net Pension Liability as of June 30, 2016			
Miscellaneous Plan	\$ 6,066,891	\$ 3,894,091	\$ 2,098,379
Safety - Police Plan	6,235,392	4,165,366	2,466,086
Total	<u>\$ 12,302,283</u>	<u>\$ 8,059,457</u>	<u>\$ 4,564,465</u>

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

Note: At June 30, 2016 CalPERS combined the Miscellaneous Plan and PEPRAs Miscellaneous Plan for purposes of calculating net pension liability. Likewise the Safety-Police Plan, PEPRAs Safety-Police Plan and Safety-Fire Plans were combined for purposes of calculating net pension liability.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

12. OTHER POST EMPLOYMENT BENEFITS

Plan Description: The City offers its eligible 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 26 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, 2017, expenditures of \$573,733 were recognized for the cost of these post-retirement benefits. The City pays portions of the premiums dependent on bargaining group and employee hire date as follows:

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

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

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

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

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

12. OTHER POST EMPLOYMENT BENEFITS, Continued

The following table shows the components of the City's annual OPEB cost for the fiscal year ended June 30, 2017, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 566,237
Interest on net OPEB Obligation	65,511
Amortization of net OPEB Obligation	(78,181)
Adjustment to annual required contribution	20,167
Annual OPEB cost (expense)	<u>573,734</u>
Employer contributions made	<u>(707,650)</u>
Increase (Decrease) in net OPEB obligation	(133,916)
Net OPEB Obligation - beginning of year	896,610
Net OPEB Obligation - end of year	<u><u>\$ 762,694</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years, are as follows:

<u>Ended</u>	<u>OPEB Cost</u>	<u>Cost Contributed</u>	<u>Obligation</u>
6/30/15	575,750	102%	915,415
6/30/16	567,109	103%	896,610
6/30/17	573,734	123%	762,694

Funded Status and Funding Progress

The funded status of the plan as June 30, 2015, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 6,724,709
Actuarial value of Plan assets	<u>(1,371,622)</u>
Unfunded actuarial accrued liability (UAAL)	\$ 5,353,087
Funded ratio (actuarial value of Plan assets/AAL)	20.4%
Covered payroll (active Plan participants)	\$ 2,046,730
UAAL as a percentage of covered payroll	261.5%

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.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

12. OTHER POST EMPLOYMENT BENEFITS, Continued

Actuarial Methods and Assumptions: In the June 30, 2015, actuarial valuation, the level percentage of pay Entry Age Normal Cost Method has been used to calculate contribution levels and the Unfunded Actuarial Accrued Liability. The actuarial assumptions included a 7.25% percent investment rate of return, which is the expected long-term investment returns on plan assets and an annual healthcare cost trend rate starting from 8.00% in 2017 decreasing each year until 2022 to a minimum of 5.25% for Blue Cross premiums and starting from 8.25% in 2017 decreasing to a minimum of 5.25% for Hartford premiums. The actuarial value of assets was \$1,371,622. The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at June 30, 2016 was twenty-six years.

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

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

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

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

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

Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Trust Activities:					
2015 Refunding Tax Allocation Bonds	\$ 3,950,000	\$ -	\$ (150,000)	\$ 3,800,000	\$ 150,000
2015 Refunding Tax Allocation Bonds Discount	(34,022)	-	1,621	(32,401)	(1,621)
Total trust fund debt	3,915,978	-	(148,379)	3,767,599	148,379
Deferred outflows:					
2015 Refunding Tax Allocation Bonds Deferred Loss	98,935		(4,711)	94,224	4,711

2015 Refunding Tax Allocation Bonds

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

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

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

Long-term Liabilities, continued

The Bonds bear annual interest at rates varying between 2.00% and 3.25%. The Bonds were issued as a fully registered note in denominations of \$5,000. Interest on the bonds are payable semi-annually each September 1 and March 1. Principal is paid in annual installments each September 1, 2016, through the year 2036 in amounts ranging from \$90,000 through \$250,000. The outstanding principal balance as of June 30, 2017 was \$3,800,000.

Year Ending June 30,	Fiduciary Activities					
	2015 Refunding Bonds		2015 Refunding Bonds Discount		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	150,000	102,450	(1,621)	-	148,379	102,450
2019	155,000	99,400	(1,620)	-	153,380	99,400
2020	155,000	96,300	(1,620)	-	153,380	96,300
2021	160,000	93,150	(1,620)	-	158,380	93,150
2022-2026	850,000	414,875	(8,100)	-	841,900	414,875
2027-2031	960,000	293,650	(8,100)	-	951,900	293,650
2032-2036	1,120,000	133,800	(8,100)	-	1,111,900	133,800
2037-2041	250,000	4,063	(1,620)	-	248,380	4,063
Total	<u>\$ 3,800,000</u>	<u>\$ 1,237,688</u>	<u>\$ (32,401)</u>	<u>\$ -</u>	<u>\$ 3,767,599</u>	<u>\$ 1,237,688</u>
Due within one year	\$ 150,000	\$ 105,450	\$ (1,621)	\$ -	\$ 148,380	\$ 105,450
Due after one year	3,650,000	1,132,238	(30,780)	-	3,619,219	1,132,238
Total	<u>\$ 3,800,000</u>	<u>\$ 1,237,688</u>	<u>\$ (32,401)</u>	<u>\$ -</u>	<u>\$ 3,767,599</u>	<u>\$ 1,237,688</u>

Receivable and Payable to the City of Fort Bragg

On June 10, 2010 the Redevelopment Agency Project Area fund borrowed \$528,297 from the Redevelopment Agency Low and Moderate Housing fund to help finance the Agency's 2010 commitment to the Supplemental Educational Revenue Augmentation Fund (SERAF). An additional amount of \$110,101 was borrowed on June 10, 2011 to finance the Agency's 2011 SERAF commitment. Principal repayments of \$128,924 and interest of \$2,680 were made during the fiscal year ended June 30, 2012. As part of the dissolution of the Fort Bragg Redevelopment Agency the cash assets and the liabilities of the Agency's Low and Moderate Housing fund were transferred to the Successor Agency Low and Moderate Income Housing special revenue fund. Currently the California Department of Finance has suspended payments on all interfund loans between the Successor Agency trust fund and the Successor Agency Low and Moderate Income Housing special revenue fund until the Successor Agency has received a Finding of Completion. The Fort Bragg Redevelopment Successor Agency was issued Finding of Completion on October 12, 2013. In FY 2016/2017 the final \$37,767 payment of the interfund loan was made by the Successor Agency and the loan between the Successor Agency and the City of Fort Bragg was retired.

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

14. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants and Allocations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. During the course of FY 2016-17 approximately \$700,000 of grant funds claimed by the City's Water Enterprise fund relating to the Summer's Lane Reservoir were disallowed by the Department of Water Resources. The Department of Water Resources cites the lack of a Lake and Streambed Alteration Agreement (LSAA) with the Department of Fish & Wildlife and has indicated that the funds will be disbursed when the LSAA is obtained. The City disputes the reasons cited for disallowance. Nevertheless, the LSAA is on track to be decided either by negotiation or by arbitration in FY 2017-18.

Commitments

The City's unexpended contractual commitments as of June 30, 2017 are listed in note 1 on page 60.

15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The City will implement this Statement in fiscal year ending June 30, 2017.

The GASB has issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting

and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”, as amended, and No. 57, “*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*”, for OPEB. Statement No. 74, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

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

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

The GASB has issued Statement No. 78, “*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*”. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 80, *“Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14”*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 81, *“Irrevocable Split-Interest Agreements”*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after

City of Fort Bragg, California
Notes to the Basic Financial Statements (Continued)
For the year ended June 30, 2017

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

December 15, 2016, and should be applied retroactively. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 82, “*Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*”. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

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REQUIRED SUPPLEMENTARY INFORMATION



City of Fort Bragg, California
Other Post Employment Benefits
Schedule of Funding Progress
For the year ended June 30, 2017

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)
6/30/2011	\$ 4,693,481		\$ 4,693,481	0.0%	\$ 3,321,101	141.3%
6/30/2013	5,790,855	672,100	5,118,755	11.6%	2,670,713	191.7%
6/30/2015	6,724,709	1,371,622	5,353,087	20.4%	2,046,730	261.5%

City of Fort Bragg, California
Schedule of Contributions
Miscellaneous Plan
Last Ten Fiscal Years*

	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 392,300
Contributions in relation to the actuarially determined contributions	<u>(392,300)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$2,598,675
Contribution as a percentage of covered-employee payroll	15.10%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the

* - Fiscal year 2014 was the first year of implementation, therefore only the first three years are available.

* At June 30, 2016 CalPERS combined the Miscellaneous Plan and PEPRA Miscellaneous Plan for purposes of calculating net pension liability. Due to the change in methodology, comparisons to prior years 2014 and 2015 have been removed.

City of Fort Bragg, California
Schedule of Contributions
Safety Plan
Last Ten Fiscal Years*

	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 387,206
Contributions in relation to the actuarially determined contributions	<u>(387,206)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 1,245,549
Contribution as a percentage of covered-employee payroll	31.09%

Notes to Schedule

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

* - Fiscal year 2014 was the first year of implementation, therefore only the first three years are available.

*At June 30, 2016 CalPERS combined the Safety Police Plan, the PEPRSA Safety Police Plan and the Safety Fire Plan for purposes of calculating net pension liability. Due to the change in methodology, comparisons to prior years 2014 and 2015 have been removed.

City of Fort Bragg, California
Schedule of the City's Proportionate Share of the Net Pension Liability
Miscellaneous Plan
Last Ten Fiscal Years*

	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.11210%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 3,894,091
Plan's Covered-Employee Payroll	\$ 2,598,675
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	149.85%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.82%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 392,300

Notes to Schedule

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

* - Fiscal year 2014 was the first year of implementation, therefore only the first three years are available.

* At June 30, 2016 CalPERS combined the Miscellaneous Plan and PEPRA Miscellaneous Plan for purposes of calculating net pension liability. Due to the change in methodology, comparisons to prior years 2014 and 2015 have been removed.

City of Fort Bragg, California
Schedule of the City's Proportionate Share of the Net Pension Liability
Safety Plan
Last Ten Fiscal Years*

	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.08042%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 4,165,367
Plan's Covered-Employee Payroll	\$ 1,245,549
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	334.42%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	70.60%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 387,206

Notes to Schedule

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

* - Fiscal year 2014 was the first year of implementation, therefore only the first three years are available.

* At June 30, 2016 CalPERS combined the Miscellaneous Plan and PEPRA Miscellaneous Plan for purposes of calculating net pension liability. Due to the change in methodology, comparisons to prior years 2014 and 2015 have been removed.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



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NON-MAJOR GOVERNMENTAL FUNDS

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

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Governmental Funds
For the year ended June 30, 2017

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Capital Projects Funds	
ASSETS			
Cash and investments	\$ 1,075,948	\$ 444,511	\$ 1,520,459
Receivables:			
Taxes	3,707	-	3,707
Intergovernmental	1,290,859	-	1,290,859
Loans/Notes receivable	223,725	-	223,725
Other receivable	4	-	4
Total assets	<u>\$ 2,594,243</u>	<u>\$ 531,160</u>	<u>\$ 3,125,403</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 54,988	\$ 293,397	\$ 348,385
Due to other funds	571,123	463,821	1,034,944
Accrued liabilities	37,134	67,960	105,094
Deferred revenue	-	-	-
Compensated absences	-	-	-
Total liabilities:	<u>663,245</u>	<u>825,178</u>	<u>1,488,423</u>
Deferred inflows of resources:			
Unavailable revenue	216,407	2,064	218,471
Total deferred inflows of resources	<u>216,407</u>	<u>2,064</u>	<u>218,471</u>
Total liabilities and deferred inflows	<u>879,652</u>	<u>827,242</u>	<u>1,706,894</u>
Fund Balances:			
Restricted	1,028,940	-	1,028,940
Assigned	686,181	(296,082)	390,099
Unassigned (deficit)	(530)	-	(530)
Total fund balances	<u>1,714,591</u>	<u>(296,082)</u>	<u>1,418,509</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,594,243</u>	<u>\$ 531,160</u>	<u>\$ 3,125,403</u>

City of Fort Bragg, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2017

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Capital Projects Funds	
REVENUES:			
Taxes and assessments	\$ 218,451	\$ -	\$ 218,451
Licenses and permits	6,107	-	6,107
Fines and forfeitures	179,879	-	179,879
Intergovernmental	1,836,658	186	1,836,844
Use of money and property	13,051	-	13,051
Charges for services	27,745	-	27,745
Other revenues	7,980	7,225	15,205
Total revenues	2,289,871	7,411	2,297,282
EXPENDITURES:			
Current:			
General government	39,683	-	39,683
Public safety	366,703	-	366,703
Public works	235,577	7,296	242,873
Community development	557,809	-	557,809
Parks and recreation	-	37,582	37,582
Capital outlay	-	1,793,709	1,793,709
Total expenditures	1,199,772	1,838,587	3,038,359
REVENUES OVER (UNDER) EXPENDITURES	1,090,099	(1,831,176)	(741,077)
OTHER FINANCING SOURCES (USES):			
Transfers in	150,064	1,553,702	1,703,766
Transfers out	(547,407)	(50)	(547,457)
Total other financing sources (uses)	(397,343)	1,553,652	1,156,309
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	692,756	(277,524)	415,232
FUND BALANCES:			
Beginning of year	1,021,836	(18,558)	1,003,278
End of year	\$ 1,714,592	\$ (296,082)	\$ 1,418,510

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NON-MAJOR SPECIAL REVENUE FUNDS

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

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
Construction/Demolition Ordinance Revenue	To account for deposits that are made in accordance with the City's Construction & Demolition Ordinance. Deposit are refunded if recycling goals are met. Otherwise, the deposits are forfeited and retained in the special revenue fund. The funds will be used to improve construction and demolition waste recycling facilities, education, and programs within the City.
Waste Management Community Benefit Payment	To account for contract extension fee received from Waste Management. The City Council has designated these funds for the community benefit purposes.
Gas Tax	To account for the City's share of State of California's Highway User Tax collected by the State that are legally restricted to the maintenance and improvement of City roads and streets.
Traffic & Safety	To account for the revenue received from traffic fines which is restricted to City street repairs and traffic safety.
Mendocino Council of Governments (MCOG) Main Street Planning	To account for monies received from the Mendocino Council of Governments (MCOG), a joint powers agency that serves as the Regional Transportation Planning Agency in Mendocino County for various projects including the Main Street Realignment and Cedar Street Pedestrian Enhancement projects.
Mendocino Council of Governments (MCOG) Overall Work Program (OWP) Grants	To account for local transportation funds awarded for transportation planning and technical assistance.
Fire Equipment	To account for property tax revenues designated for the purchase of equipment for the Fort Bragg Fire Department.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
Noyo Center for Marine Sciences	To account for monies received from the California State Coastal Conservancy and the California Coastal Commission for the establishment of the Noyo Center for Marine Sciences.
OJ Park Maintenance Fund	To account for monies received from the Johnson Family Trust for the maintenance of OJ Park.
Other Grants	To account for monies received from all other grants.
Federal and State Grant Special Revenue Funds:	
Safe Routes to School	To account for a federal grant providing funding to improve the conditions and quality of bicycling and walking to school, as well as to educate the community about safety, health and environmental benefits of non-vehicular transport.
Community Development Block Grant Funds Unclassified Program Income	The Community Development Block Grant program provides competitive grants to enables local government to undertake a wide range of activities intended to create suitable living environments, provide decent affordable house, and create economic opportunities, primarily for persons of low and moderate income.
COPS AB1913	To account for monies received from the State or law enforcement services under the Citizens Option for Public Safety (COPS) Program. [the CSO funding was expended long ago; future funding may be acquired]
Bulletproof Vest Partnership Grant	To account for monies received under the Bulletproof Vest Partnership Grant Act. This program is designed to pay up to 50% of the cost of National Institute of Justice (NIJ) compliant armored vests purchases for local law enforcement.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
CDBG Super NOFA Awards	To account for CDBG grants awarded under the 2009 Recovery Act allocation for a housing project rehabilitation and under the 2010 General Allocation for two housing programs, public facility improvements, and a public service program.
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.
2012 CDBG SuperNOFA	To account for Federal Community Development Block Grant funds received from the State of California to be used for the Homeless and Mental Health Intervention Program.
State Parks Prop 84 Grant	To account for monies received from the State of California for construction of the Fort Bragg Coastal Restoration and Trail project.
CalTrans Federal Funding Grants	To account for Federal funds received from Cal Trans to be used in the construction of the Chestnut Street Multi-Use Trail.
HCD HOME Grant	To account for Federal Funding to be used to re-establish a Housing Rehabilitation Loan program for qualified low- and moderate-income homeowners.

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City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the year ended June 30, 2017

ASSETS	General Plan Maintenance Fee	Housing	Parking	Parking In-lieu Fees
Cash and investments	\$ 174,252	\$ 78,537	\$ 36,279	\$ 336
Receivables:				
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	7,318	-	-
Other receivable	-	-	-	-
Total assets	\$ 174,252	\$ 85,855	\$ 36,279	\$ 336
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Accrued Liabilities	-	-	-	-
Total liabilities:	-	-	-	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources:	-	-	-	-
Total liabilities and deferred inflows	-	-	-	-
Fund Balances:				
Restricted	-	-	-	-
Assigned	174,252	85,855	36,279	336
Unassigned (deficit)	-	-	-	-
Total fund balances	174,252	85,855	36,279	336
Total liabilities deferred inflows and fund balances	\$ 174,252	\$ 85,855	\$ 36,279	\$ 336

Parkland Monitoring/ Reporting	State Tobacco License Fee	State Disability Access Fee	Asset Forfeiture	Construction/ Demolition Ordinance	Waste Management Community Benefit Pymt	Gas Tax
\$ 126,362	\$ 9,023	\$ 2,952	\$ 380,551	\$ 45,296	\$ 9,747	\$ -
-	-	-	-	-	-	-
-	193	-	12,809	-	-	25,350
-	-	-	-	-	-	-
-	-	4	-	-	-	-
<u>\$ 126,362</u>	<u>\$ 9,216</u>	<u>\$ 2,956</u>	<u>\$ 393,360</u>	<u>\$ 45,296</u>	<u>\$ 9,747</u>	<u>\$ 25,350</u>

\$ -	\$ -	\$ -	\$ 2,303	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	34	29,925	-	-	-
-	-	34	32,228	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	34	32,228	-	-	-
-	-	-	361,132	-	-	25,350
126,362	9,216	2,922	-	45,296	9,747	-
-	-	-	-	-	-	-
<u>126,362</u>	<u>9,216</u>	<u>2,922</u>	<u>361,132</u>	<u>45,296</u>	<u>9,747</u>	<u>25,350</u>
<u>\$ 126,362</u>	<u>\$ 9,216</u>	<u>\$ 2,956</u>	<u>\$ 393,360</u>	<u>\$ 45,296</u>	<u>\$ 9,747</u>	<u>\$ 25,350</u>

(continued)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
For the year ended June 30, 2017

ASSETS	Traffic and Safety	MCOG Main St Planning	MCOG Overall Work Program	Fire Equipment
Cash and investments	\$ -	\$ -	\$ -	\$ 179,822
Receivables:				
Taxes	-	-	-	3,707
Intergovernmental	1,476	1,848	25,583	-
Loans/Notes receivable	-	-	-	-
Other receivable	-	-	-	-
Total assets	\$ 1,476	\$ 1,848	\$ 25,583	\$ 183,529
AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,877	26,084	-
Accrued Liabilities	-	-	-	-
Total liabilities:	-	1,877	26,084	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources:	-	-	-	-
Total liabilities and deferred inflows	-	1,877	26,084	-
Fund Balances:				
Restricted	-	-	-	-
Assigned	1,476	-	-	183,529
Unassigned (deficit)	-	(29)	(501)	-
Total fund balances	1,476	(29)	(501)	183,529
Total liabilities deferred inflows and fund balances	\$ 1,476	\$ 1,848	\$ 25,583	\$ 183,529

North Coast Integrated Water Management	Noyo Center for Marine Sciences	OJ Park Maintenance Fund	Other Grants	Federal and State Grant Funds	Totals
\$ -	\$ 2,980	\$ 3,931	\$ 5,000	\$ 20,880	\$ 1,075,948
-	-	-	-	-	3,707
-	-	-	-	1,223,600	1,290,859
-	-	-	-	216,407	223,725
-	-	-	-	-	4
<u>\$ -</u>	<u>\$ 2,980</u>	<u>\$ 3,931</u>	<u>\$ 5,000</u>	<u>\$ 1,460,887</u>	<u>\$ 2,594,243</u>
\$ -	\$ -	\$ 1,000	\$ -	\$ 51,685	\$ 54,988
-	-	-	-	543,162	571,123
-	-	-	-	7,175	37,134
-	-	1,000	-	602,022	663,245
-	-	-	-	216,407	216,407
-	-	-	-	216,407	216,407
-	-	1,000	-	818,429	879,652
-	-	-	-	642,458	1,028,940
0	2,980	2,931	5,000	-	686,181
-	-	-	-	-	(530)
-	2,980	2,931	5,000	642,458	1,714,591
<u>\$ -</u>	<u>\$ 2,980</u>	<u>\$ 3,931</u>	<u>\$ 5,000</u>	<u>\$ 1,460,887</u>	<u>\$ 2,594,243</u>

(concluded)

City of Fort Bragg, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2017

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds

	General Plan Maintenance Fee	Housing	Parking	Parking In-lieu Fees
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	3,600	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	2,451	984	492	-
Charges for services	27,745	-	-	-
Other revenues	-	-	-	-
Total revenues	30,196	984	4,092	-
EXPENDITURES:				
Current:				
General government	39,556	-	96	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	8,000
Total expenditures	39,556	-	96	8,000
REVENUES OVER (UNDER)				
EXPENDITURES	(9,360)	984	3,996	(8,000)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	8,300
Transfers out	-	-	(8,300)	-
Total other financing sources and uses	-	-	(8,300)	8,300
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER FINANCING (USES)	(9,360)	984	(4,304)	300
FUND BALANCES (DEFICITS):				
Beginning of year	183,612	84,871	40,583	36
End of year	\$ 174,252	\$ 85,855	\$ 36,279	\$ 336

Parkland Monitoring/ Reporting	State Tobacco License Fee	State Disability Access Fee	Asset Forfeiture	Construction/ Demolition Ordinance	Waste Management Community Benefit Pymt	Gas Tax
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,500
-	2,507	-	-	-	-	-
-	-	-	175,983	-	-	-
-	-	610	-	-	-	-
1,585	95	35	4,617	572	-	371
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,585	2,602	645	180,600	572	-	165,871
-	-	31	-	-	-	-
-	-	-	218,675	-	-	-
-	-	-	-	-	-	200,546
-	-	-	-	2,000	17,361	-
-	-	31	218,675	2,000	17,361	200,546
1,585	2,602	614	(38,075)	(1,428)	(17,361)	(34,675)
-	-	-	-	-	-	-
-	-	-	(63,272)	-	-	-
-	-	-	(63,272)	-	-	-
1,585	2,602	614	(101,347)	(1,428)	(17,361)	(34,675)
124,777	6,614	2,308	462,479	46,724	27,108	60,025
\$ 126,362	\$ 9,216	\$ 2,922	\$ 361,132	\$ 45,296	\$ 9,747	\$ 25,350

(continued)

City of Fort Bragg, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2017

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds

	Traffic and Safety	MCOG Main St Planning	MCOG Overall Work Program	Fire Equipment
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 52,951
Licenses and permits	-	-	-	-
Fines and forfeitures	3,896	-	-	-
Intergovernmental	-	1,848	25,584	-
Use of money and property	-	-	-	1,849
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	3,896	1,848	25,584	54,800
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	1,911	-	-	-
Public works	-	1,877	26,085	-
Community development	-	-	-	-
Total expenditures	1,911	1,877	26,085	-
REVENUES OVER (UNDER)				
EXPENDITURES	1,985	(29)	(501)	54,800
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	20	-
Transfers out	(2,991)	-	-	-
Total other financing sources and uses	(2,991)	-	20	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)				
	(1,006)	(29)	(481)	54,800
FUND BALANCES (DEFICITS):				
Beginning of year	2,482	-	(20)	128,729
End of year	\$ 1,476	\$ (29)	\$ (501)	\$ 183,529

North Coast Integrated Water Management	Noyo Center for Marine Sciences	OJ Park Maintenance Fund	Other Grants	Federal and State Grant Funds	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,451
-	-	-	-	-	6,107
-	-	-	-	-	179,879
-	-	-	-	1,808,616	1,836,658
-	-	-	-	-	13,051
-	-	-	-	-	27,745
-	2,980	-	5,000	-	7,980
-	2,980	-	5,000	1,808,616	2,289,871
-	-	-	-	-	39,683
-	-	-	-	146,117	366,703
-	-	7,069	-	-	235,577
-	-	-	-	530,448	557,809
-	-	7,069	-	676,565	1,199,772
-	2,980	(7,069)	5,000	1,132,051	1,090,099
-	-	-	-	141,744	150,064
(64,338)	-	-	-	(408,506)	(547,407)
(64,338)	-	-	-	(266,762)	(397,343)
(64,338)	2,980	(7,069)	5,000	865,289	692,756
64,338	-	10,000	-	(222,830)	1,021,836
\$ -	\$ 2,980	\$ 2,931	\$ 5,000	\$ 642,459	\$ 1,714,592

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Federal and State Grant Special Revenue Funds
For the year ended June 30, 2017

	Safe Routes to School	CDBG Unclassified Program Income	COPS	Bulletproof Vest Partnership Grant
ASSETS				
Cash and investments	\$ -	\$ 19,805	\$ -	\$ -
Restricted cash and investments				
Receivables:				
Intergovernmental	-	-	15,147	-
Loans/Notes receivable	-	-	-	-
Total assets	<u>-</u>	<u>19,805</u>	<u>15,147</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	-	3,375	-	-
Due to other funds	15,222	-	-	1,628
Accrued liabilities	-	375	-	-
Total liabilities	<u>15,222</u>	<u>3,750</u>	<u>-</u>	<u>1,628</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	<u>15,222</u>	<u>3,750</u>	<u>-</u>	<u>1,628</u>
Fund Balances:				
Restricted	-	16,055	15,147	-
Committed		-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	(15,222)	-	-	(1,628)
Total fund balances	<u>(15,222)</u>	<u>16,055</u>	<u>15,147</u>	<u>(1,628)</u>
Total liabilities deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 19,805</u>	<u>\$ 15,147</u>	<u>\$ -</u>

CDBG Super NOFA Grants	STP D1 Streets and Highway Allocation	2012 CDBG SuperNOFA	State Parks Prop 84 Grant	CalTrans Federal Funding Grants	HCD HOME Grant	Totals
\$ -	\$ 1,166	\$ (91)	\$ -	\$ -	\$ -	\$ 20,880
182,978	282,548	-	56,903	602,587	83,437	1,223,600
-	-	-	-	-	216,407	216,407
<u>182,978</u>	<u>283,714</u>	<u>(90)</u>	<u>56,903</u>	<u>602,587</u>	<u>299,844</u>	<u>1,460,887</u>
34,810	-	-	-	-	13,500	51,685
135,613	282,548	-	56,973	-	51,177	543,161
-	-	-	-	-	6,800	7,175
<u>170,423</u>	<u>282,548</u>	<u>-</u>	<u>56,973</u>	<u>-</u>	<u>71,477</u>	<u>602,021</u>
-	-	1	-	-	216,407	216,408
-	-	1	-	-	216,407	216,408
<u>170,423</u>	<u>282,548</u>	<u>1</u>	<u>56,973</u>	<u>-</u>	<u>287,884</u>	<u>818,429</u>
12,555	1,166	-	-	602,587	11,960	659,470
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(91)	(70)	-	-	(17,011)
<u>12,555</u>	<u>1,166</u>	<u>(91)</u>	<u>(70)</u>	<u>602,587</u>	<u>11,960</u>	<u>642,459</u>
<u>\$ 182,978</u>	<u>\$ 283,714</u>	<u>\$ (90)</u>	<u>\$ 56,903</u>	<u>\$ 602,587</u>	<u>\$ 299,844</u>	<u>\$ 1,460,888</u>

(concluded)

City of Fort Bragg, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Federal and State Grant Special Revenue Funds
For the year ended June 30, 2017

	Safe Routes to School	CDBG Unclassified Program Income	COPS	Bulletproof Vest Partnership Grant
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 143,942	\$ 2,890
Total revenues	<u>-</u>	<u>-</u>	<u>143,942</u>	<u>2,890</u>
EXPENDITURES:				
Current:				
Public safety	15,222	-	128,795	2,100
Community development	-	3,750	-	-
Total expenditures	<u>15,222</u>	<u>3,750</u>	<u>128,795</u>	<u>2,100</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(15,222)</u>	<u>(3,750)</u>	<u>15,147</u>	<u>790</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of long-term debt				
Transfers in	-	-	-	5,741
Transfers out	(679)	-	-	-
Total other financing sources and uses	<u>(679)</u>	<u>-</u>	<u>-</u>	<u>5,741</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(15,901)</u>	<u>(3,750)</u>	<u>15,147</u>	<u>6,531</u>
FUND BALANCES (DEFICIT):				
Beginning of year	679	19,805	0	(8,159)
End of year	<u>\$ (15,222)</u>	<u>\$ 16,055</u>	<u>\$ 15,147</u>	<u>\$ (1,628)</u>

CDBG Super NOFA Grants	STPD1 Streets and Highway Allocation	2012 CDBG SuperNOFA	State Parks Prop 84 Grant	CalTrans Federal Funding Grants	HCD HOME Grant	Totals
\$ 562,038	\$ 282,548	\$ -	\$ 95,374	\$ 624,175	\$ 97,649	\$ 1,808,616
562,038	282,548	-	95,374	624,175	97,649	1,808,616
-	-	-	-	-	-	146,117
461,601	-	-	-	-	65,097	530,448
461,601	-	-	-	-	65,097	676,565
100,437	282,548	-	95,374	624,175	32,552	1,132,051
136,003	-	-	-	-	-	141,744
(8,267)	(282,548)	-	(95,424)	(21,588)	-	(408,506)
127,736	(282,548)	-	(95,424)	(21,588)	-	(266,762)
228,173	-	-	(50)	602,587	32,552	865,289
(215,618)	1,166	(91)	(20)	0	(20,592)	(222,830)
\$ 12,555	\$ 1,166	\$ (91)	\$ (70)	\$ 602,587	\$ 11,960	\$ 642,459

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the year ended June 30, 2017

	Otis Johnson Park	Coastal Trail	Noyo Center for Marine Sciences	Chestnut Street Multi Use Trail
ASSETS				
Cash and investments	\$ -	\$ 43,608	\$ -	\$ -
Receivables:				
Due from other funds	-	56,973	-	21,409
Total assets	\$ -	\$ 100,581	\$ -	\$ 21,409
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	-	2,061	-	244,624
Due to other funds	-	81,114	-	382,707
Accrued liabilities	-	-	-	62,521
Total liabilities:	-	83,175	-	689,852
Deferred inflows of resources:				
Unavailable revenue	2,064	-	-	-
Total deferred inflows of resources:	2,064	-	-	-
Total liabilities and deferred inflows	2,064	83,175	-	689,852
Fund Balances:				
Restricted	-	-	-	-
Assigned	-	17,406	-	-
Unassigned (deficit)	(2,064)	-	-	(668,443)
Total fund balances	(2,064)	17,406	-	(668,443)
Total liabilities deferred inflows and fund balances	\$ -	\$ 100,581	\$ -	\$ 21,409

Municipal Facilities Projects	Totals
\$ 400,903	\$ 444,511
8,267	86,649
\$ 409,170	\$ 531,160

46,712	293,397
-	463,821
5,439	67,960
52,151	825,178

-	2,064
-	2,064
52,151	827,242

-	-
357,019	374,425
-	(670,507)
357,019	(296,082)
\$ 409,170	\$ 531,160 (concluded)

City of Fort Bragg, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the year ended June 30, 2017

	Otis Johnson Park	Coastal Trail	Noyo Center for Marine Sciences	Chestnut Street Multi Use Trail
REVENUES:				
Intergovernmental	\$ 186	\$ -	\$ -	\$ -
Other revenues	-	7,225	-	-
Total revenues	<u>186</u>	<u>7,225</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public works	-	-	-	6,488
Community development	-	-	-	-
Parks and recreation	2,064	35,518	-	-
Capital outlay	-	165,204	-	1,383,095
Total expenditures	<u>2,064</u>	<u>200,722</u>	<u>-</u>	<u>1,389,583</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,878)</u>	<u>(193,497)</u>	<u>-</u>	<u>(1,389,583)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	223,655	-	726,810
Transfers out	-	-	(50)	-
Total other financing sources and uses	<u>-</u>	<u>223,655</u>	<u>(50)</u>	<u>726,810</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(1,878)</u>	<u>30,158</u>	<u>(50)</u>	<u>(662,773)</u>
FUND BALANCES (DEFICITS):				
Beginning of year	<u>(186)</u>	<u>(12,752)</u>	<u>50</u>	<u>(5,670)</u>
End of year	<u>\$ (2,064)</u>	<u>\$ 17,406</u>	<u>\$ -</u>	<u>\$ (668,443)</u>

Municipal Facilities Projects	Totals
\$ -	\$ 186
-	7,225
-	7,411
808	7,296
-	-
-	37,582
<u>245,410</u>	<u>1,793,709</u>
<u>246,218</u>	<u>1,838,587</u>
<u>(246,218)</u>	<u>(1,831,176)</u>
	-
	-
603,237	1,553,702
<u>-</u>	<u>(50)</u>
603,237	1,553,652
357,019	(277,524)
<u>0</u>	<u>(18,558)</u>
<u>\$ 357,019</u>	<u>\$ (296,082)</u>
	(concluded)

INTERNAL SERVICE FUNDS

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

City of Fort Bragg, California
Combining Statement of Net Position
Internal Service Funds
For the year ended June 30, 2017

	<u>Facilities Repair & Maintenance</u>	<u>Information Technology</u>	<u>Fleet & Equipment Services</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and investments	\$ 250,258	\$ 76,876	\$ 53,713	\$ 380,847
Prepaid items	-	21,938	-	21,938
Total current assets	<u>250,258</u>	<u>98,814</u>	<u>53,713</u>	<u>402,785</u>
Noncurrent assets:				
Capital assets, net	9,933	72,060	706,046	788,039
Total noncurrent assets	<u>9,933</u>	<u>72,060</u>	<u>706,046</u>	<u>788,039</u>
Total assets	<u>\$ 260,191</u>	<u>\$ 170,874</u>	<u>\$ 759,759</u>	<u>\$ 1,190,824</u>
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable	613	694	21,258	22,565
Accrued payroll	-	1,882	1,188	3,070
Total current liabilities	<u>613</u>	<u>2,576</u>	<u>22,446</u>	<u>25,635</u>
Total liabilities	<u>613</u>	<u>2,576</u>	<u>22,446</u>	<u>25,635</u>
Net Position:				
Net investment in capital assets	9,933	72,060	706,046	788,039
Unrestricted	249,645	96,238	31,267	377,150
Total net position	<u>259,578</u>	<u>168,298</u>	<u>737,313</u>	<u>1,165,189</u>
Total liabilities and net position	<u>\$ 260,191</u>	<u>\$ 170,874</u>	<u>\$ 759,759</u>	<u>\$ 1,190,824</u>

City of Fort Bragg, California
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2017

	Facilities Repair & Maintenance	Information Technology	Fleet & Equipment Services	Totals
OPERATING REVENUES:				
Interdepartmental charges	\$ 324,101	\$ 274,619	\$ 210,142	\$ 808,862
Total operating revenues	<u>324,101</u>	<u>274,619</u>	<u>210,142</u>	<u>808,862</u>
OPERATING EXPENSES:				
Salaries and benefits	104,364	166,275	113,060	383,699
Repairs and maintenance	18,287	27,766	46,220	92,273
Materials and supplies	-	10,910	71,594	82,504
Contractual services	-	111,289	1,295	112,584
Allocated overhead	17,036	0	18,455	35,491
Depreciation	343	10,536	110,245	121,124
Total operating expenses	<u>140,030</u>	<u>326,776</u>	<u>360,869</u>	<u>827,675</u>
OPERATING INCOME (LOSS)	<u>184,071</u>	<u>(52,157)</u>	<u>(150,727)</u>	<u>(18,813)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	184,071	(52,157)	(150,727)	(18,813)
Transfers in	230,000	159,924	518,025	907,949
Transfers out	(812,000)	(153,713)	(454,820)	(1,420,533)
Total transfers	<u>(582,000)</u>	<u>6,211</u>	<u>63,205</u>	<u>(512,584)</u>
Change in net position	<u>(397,929)</u>	<u>(45,946)</u>	<u>(87,522)</u>	<u>(531,397)</u>
NET POSITION (DEFICIT):				
Beginning of year	657,507	214,244	824,835	1,696,586
End of year	<u>\$ 259,578</u>	<u>\$ 168,298</u>	<u>\$ 737,313</u>	<u>\$ 1,165,189</u>

City of Fort Bragg, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2017

	Facilities Repair & Maintenance	Information Technology	Fleet & Equipment Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	\$ 324,101	\$ 274,619	\$ 210,142	\$ 808,862
Cash paid to suppliers for goods and services	(41,193)	(191,544)	(124,814)	(357,551)
Cash paid to employees for services	(104,364)	(165,807)	(112,800)	(382,970)
Net cash provided (used) by operating activities	<u>178,544</u>	<u>(82,732)</u>	<u>(27,471)</u>	<u>68,341</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	230,000	159,924	518,025	907,949
Transfers paid	(812,000)	(153,713)	(454,820)	(1,420,533)
Net cash provided (used) by noncapital financing activities	<u>(582,000)</u>	<u>6,211</u>	<u>63,205</u>	<u>(512,584)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(1)	(22,065)	(446,277)	(468,343)
Net cash (used) by capital and related financing activities	<u>(1)</u>	<u>(22,065)</u>	<u>(446,277)</u>	<u>(468,343)</u>
Net increase (decrease) in cash and cash equivalents	(403,457)	(98,586)	(410,543)	(912,586)
CASH AND CASH EQUIVALENTS:				
Beginning of year	653,715	175,462	464,256	1,218,083
End of year	<u>\$ 250,258</u>	<u>\$ 76,876</u>	<u>\$ 53,713</u>	<u>\$ 305,497</u>
Reconciliation of income from operations to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 184,071	\$ (52,157)	\$ (150,727)	\$ (18,813)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	343	10,536	110,245	121,124
(Increase) decrease in current assets:				
Accounts receivable	-	-	582	582
Prepaid items	-	(21,320)	1,017	(20,303)
Increase (decrease) in liabilities:				
Accounts payable	(5,870)	(20,259)	11,151	(14,978)
Accrued liabilities	-	468	260	729
Compensated absences	-	-	-	-
Net cash provided by operating activities	<u>\$ 178,544</u>	<u>\$ (82,732)</u>	<u>\$ (27,471)</u>	<u>\$ 68,341</u>

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STATISTICAL SECTION

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

Contents	Page(s)
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	136-146
Revenue Capacity	
These schedules contain information to help the reader assess the City's ability to generate revenues. Property taxes, sales and use taxes, charges for services, licenses, permits and fees and intergovernmental revenue are the City's most significant revenue sources.	147-153
Debt Capacity	
These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	154-161
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	162-163
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	164-166

City of Fort Bragg, California

Net Position by Component

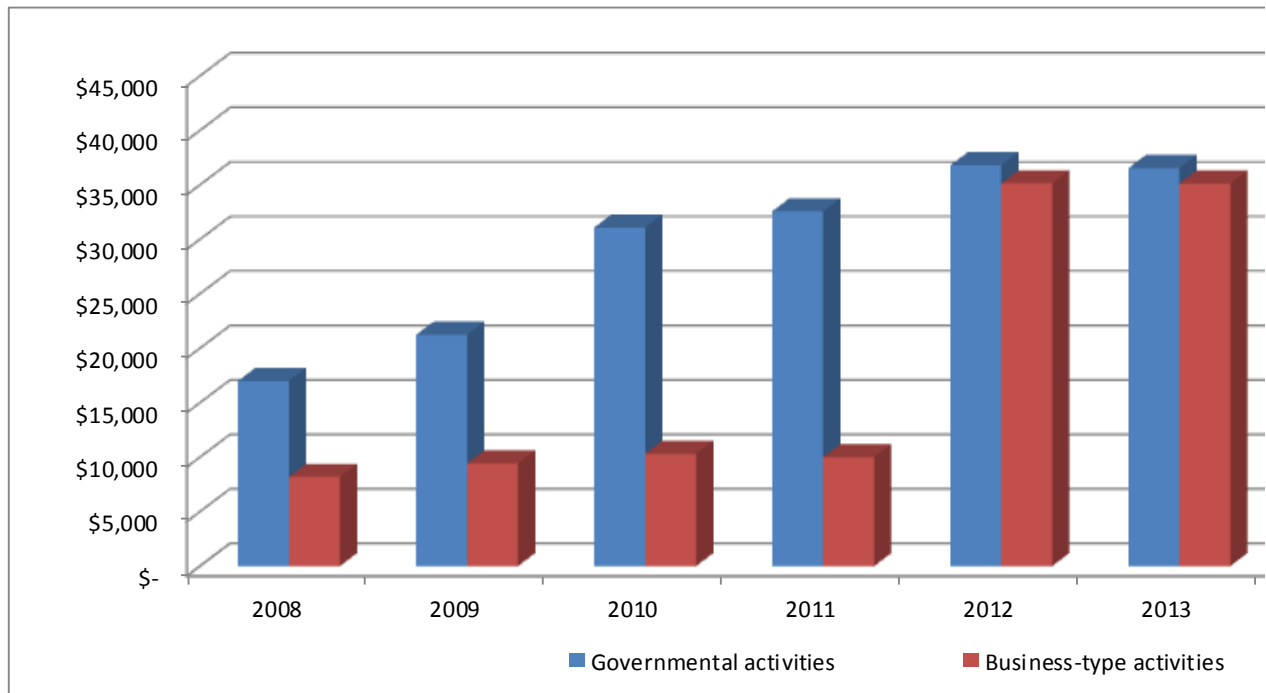
Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

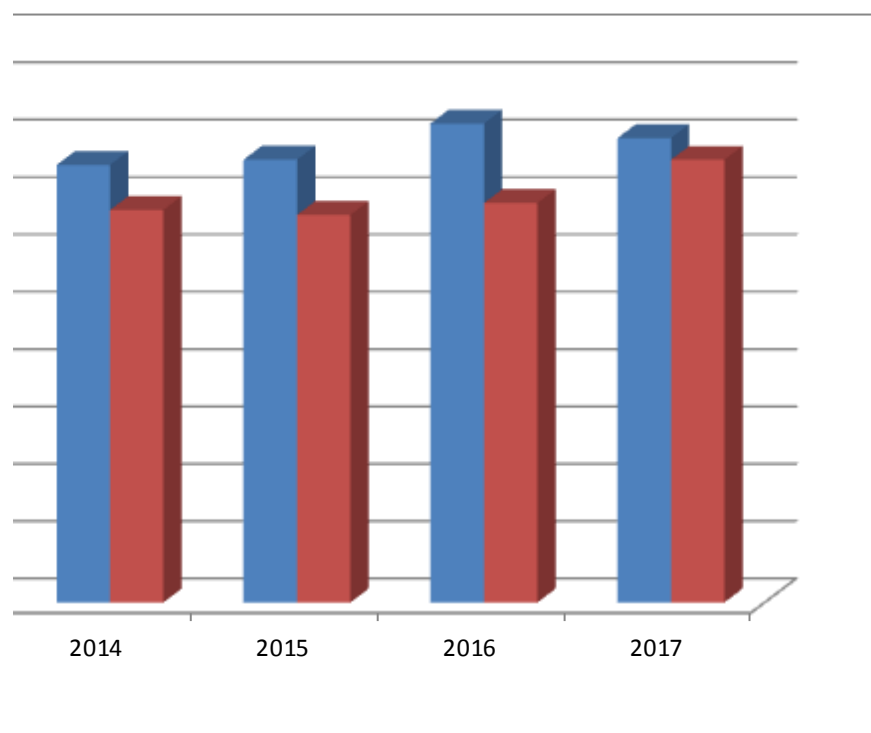
(In Thousands)

	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 8,522	\$ 13,862	\$ 24,795	\$ 25,801
Restricted	2,912	3,822	4,450	4,825
Unrestricted	5,572	3,552	1,843	1,953
Total governmental activities net position	\$ 17,006	\$ 21,236	\$ 31,088	\$ 32,579
Business-type activities				
Net investment in capital assets	\$ 6,030	\$ 7,170	7,255	\$ 7,121
Restricted	35	35	64	108
Unrestricted	2,122	2,223	2,997	2,775
Total business-type activities net position	\$ 8,187	\$ 9,428	\$ 10,316	\$ 10,004
Primary government				
Net investment in capital assets	\$ 14,552	\$ 21,032	\$ 32,050	\$ 32,922
Restricted	2,947	3,857	4,514	4,933
Unrestricted	7,694	5,775	4,840	4,728
Total primary government net position	\$ 25,193	\$ 30,664	\$ 41,404	\$ 42,583



Source: City Finance Department

2012	2013	2014	2015	2016	2017
\$ 30,664	\$ 30,444	\$ 31,944	\$ 35,914	\$ 38,647	\$ 39,523
4,776	5,671	5,987	2,289	3,536	2,513
1,356	428	232	(203)	(399)	(1,518)
<u>\$ 36,796</u>	<u>\$ 36,543</u>	<u>\$ 38,163</u>	<u>\$ 38,625</u>	<u>\$ 41,784</u>	<u>\$ 40,518</u>
\$ 31,319	\$ 30,764	\$ 30,531	\$ 30,047	\$ 30,503	\$ 31,597
108	72	101	108	108	108
3,709	4,294	3,603	3,649	4,232	6,912
<u>\$ 35,136</u>	<u>\$ 35,130</u>	<u>\$ 34,235</u>	<u>\$ 33,804</u>	<u>\$ 34,843</u>	<u>\$ 38,617</u>
\$ 61,983	\$ 61,208	\$ 62,475	\$ 65,961	\$ 69,150	\$ 71,119
4,884	5,743	6,088	3,022	3,644	2,621
5,065	4,722	3,835	3,466	3,833	5,395
<u>\$ 71,932</u>	<u>\$ 71,673</u>	<u>\$ 72,398</u>	<u>\$ 72,429</u>	<u>\$ 76,627</u>	<u>\$ 79,135</u>



City of Fort Bragg, California

Changes in Net Position

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

(In Thousands)

	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 1,621	\$ 2,013	\$ 2,518	\$ 2,591
Public safety	3,332	3,387	4,011	3,596
Public works	970	1,846	2,286	1,532
Community development	867	2,922	2,489	3,361
Parks and recreation				
Interest and fiscal charges	325	323	311	296
Total governmental activities expenses	7,115	10,491	11,615	11,376
Business-type activities:				
Water	1,899	2,050	2,401	2,179
Sewer	1,865	2,233	2,465	2,425
C.V. Starr Center	-	-	-	-
Total business-type activities expenses	3,764	4,283	4,866	4,604
 Total primary government expenses	 10,879	 14,774	 16,481	 15,980
 Program revenues				
Governmental activities:				
Charges for services:				
General government	724	2,306	3,193	3,087
Public safety	210	133	30	30
Public works	101	50	13	5
Community development	246	188	5	9
Operating grants and contributions	695	1,101	10,622	2,138
Capital grants and contributions	2,279	3,673	2,108	602
Total governmental activities program revenues	4,255	7,451	15,971	5,871
Business-type activities:				
Charges for services:				
Water	1,925	2,042	2,017	2,108
Sewer	1,505	1,930	2,216	2,773
C.V. Starr Center	-	-	-	-
Operating grants and contributions	-	288	-	-
Capital grants and contributions	-	1,239	85	-
Total business-type activities program revenues	3,430	5,499	4,318	4,881
 Total primary government program revenues	 7,685	 12,950	 20,289	 10,752
 Net (Expense)/Revenue				
Governmental activities	(2,860)	(3,040)	4,356	(5,505)
Business-type activities	(334)	1,216	(548)	277
 Total primary government net expense	 (3,194)	 (1,824)	 3,808	 (5,228)

2012	2013	2014	2015	2016	2017
\$ 2,540	\$ 2,708	\$ 1,500	\$ 2,593	\$ 2,877	\$ 2,221
3,493	3,399	3,851	3,663	4,187	4,388
1,532	1,874	2,176	2,435	2,108	2,750
1,877	1,529	3,485	840	1,700	1,018
					38
177	49	42	30	26	21
9,619	9,559	11,054	9,561	10,898	10,434
2,107	2,138	2,539	2,286	2,264	2,158
2,983	3,063	3,095	2,801	2,897	2,847
183	2,236	2,262	2,382	2,292	2,320
5,273	7,437	7,896	7,469	7,453	7,325
14,892	16,996	18,950	17,030	18,351	17,760
2,718	2,701	2,851	2,809	2,818	1,967
29	40	72	50	289	299
4	5	34	102	344	558
349	100	58	-	30	232
684	1,572	1,567	4,702	725	1,251
1,096	303	1,818	2,383	3,762	922
4,880	4,721	6,400	10,046	7,968	5,227
2,194	2,404	2,229	2,496	2,624	2,683
2,945	3,197	3,004	3,194	3,332	3,305
-	591	635	706	722	696
-	-	-	-	-	-
25,132	-	-	-	-	-
30,271	6,192	5,868	6,396	6,678	6,683
35,151	10,913	12,268	16,442	14,646	11,911
(4,739)	(4,838)	(4,654)	485	(2,930)	(5,207)
24,998	(1,245)	(2,028)	(1,073)	(775)	(642)
20,259	(6,083)	(6,682)	(588)	(3,705)	(5,849)

(continued)

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

Continued from previous page:

	2008	2009	2010	2011
Governmental activities:				
Taxes:				
Property taxes	2,328	2,249	1,988	2,075
Sales and use tax	2,545	2,657	2,154	2,147
Transient lodging tax	1,553	1,492	1,379	1,341
Franchise taxes	278	495	457	469
Other taxes	315	274	26	-
Use of money and property	106	41	58	51
Other general revenues	-	-	424	71
Special Items				
Transfer in (out)	(319)	49	(2)	(55)
Extraordinary item: Redevelopment dissolution	-	-	-	-
Total governmental activities	<u>6,806</u>	<u>7,257</u>	<u>6,484</u>	<u>6,099</u>
Business-type activities:				
Property taxes	68	3		
Sales and use tax				
Use of money and property	132	72	21	21
Other revenues	-	-	322	407
Transfer in (out)	319	(49)	2	55
Total business-type activities	<u>519</u>	<u>26</u>	<u>345</u>	<u>483</u>
Total primary government	<u>7,325</u>	<u>7,283</u>	<u>6,829</u>	<u>6,582</u>
Changes in Net Position				
Governmental activities	3,946	4,217	10,840	594
Business-type activities	<u>185</u>	<u>1,242</u>	<u>(203)</u>	<u>760</u>
Total primary government	<u>\$ 4,131</u>	<u>\$ 5,459</u>	<u>\$ 10,637</u>	<u>\$ 1,354</u>

Note: The City implemented Governmental Accounting Standards Board Statement No. 68 and No. 71 (GASB 54 and GASB 71) for fiscal year ended June 30, 2016. The implementation resulted in a prior period adjustment of \$6,305,808 for Governmental activities and \$690,158 for Business-type activities.

Source: City Finance Department

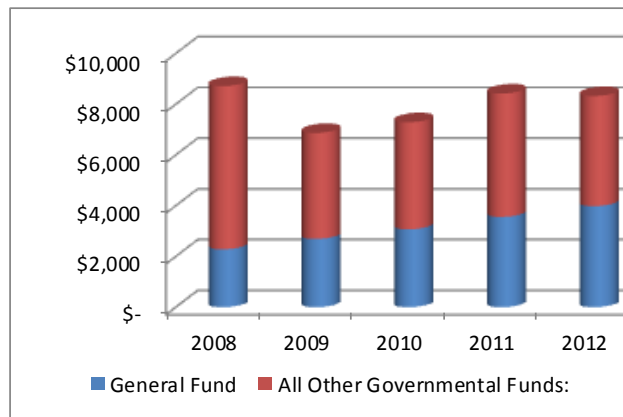
2012	2013	2014	2015	2016	2017
1,413	924	943	909	1,007	1,084
2,271	2,390	2,490	2,523	2,458	2,414
1,411	1,536	1,667	1,858	1,948	2,149
470	482	496	493	491	-
225	203	411	435	403	674
91	103	45	87	113	(23)
399	81	222	67	120	151
					(507)
(2)	(17)	(1)	(89)	(451)	(2,003)
3,070	-	-	-	-	-
9,348	5,702	6,273	6,283	6,089	3,940
19	231	216	234	220	234
	772	811	807	846	881
16	8	33	42	27	56
97	98	72	161	271	1,242
2	17	1	89	451	2,003
134	1,126	1,133	1,333	1,815	4,416
9,482	6,828	7,406	7,616	7,904	8,356
4,609	864	1,619	6,768	3,159	(1,267)
25,132	(119)	(895)	260	1,040	3,774
\$ 29,741	\$ 745	\$ 724	\$ 7,028	\$ 4,199	\$ 2,507

(concluded)

City of Fort Bragg, California
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Modified accrual basis of accounting)
(In Thousands)

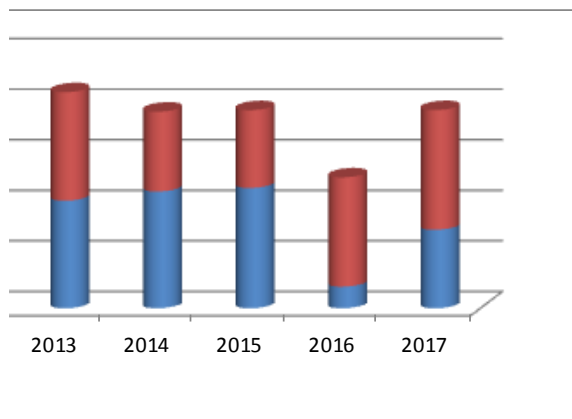
	2008	2009	2010	2011	2012
General Fund					
Reserved	\$ 46	\$ 80	\$ 707		
Unreserved	2,238	2,613	2,364		
Total general fund	<u>\$ 2,284</u>	<u>\$ 2,693</u>	<u>\$ 3,071</u>		
All Other Governmental Funds:					
Reserved	\$ 2,159	\$ 2,020	\$ 3,789		
Unreserved (deficit) reported in:					
Special revenue funds	1,934	2,671	1,088		
Capital projects funds	2,340	(513)	(654)		
Total all other governmental funds	<u>6,433</u>	<u>4,178</u>	<u>4,223</u>		
Total all governmental funds	<u>\$ 8,717</u>	<u>\$ 6,871</u>	<u>\$ 7,294</u>		
General Fund:					
Nonspendable				\$ 1	\$ 211
Restricted					
Committed					
Assigned					
Unassigned				3,560	3,775
Total general fund				<u>3,561</u>	<u>3,986</u>
All Other Governmental Funds:					
Restricted				4,865	4,530
Assigned				-	-
Unassigned (deficit)				-	(187)
Total all other governmental funds				<u>4,865</u>	<u>4,343</u>
Total all governmental funds				<u>\$ 8,426</u>	<u>\$ 8,329</u>

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



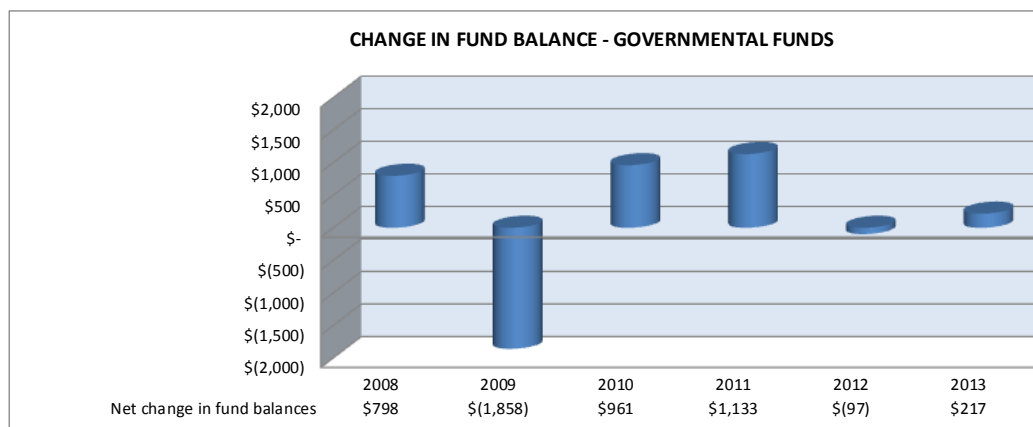
Source: City Finance Department

2013	2014	2015	2016	2017
\$ 248	\$ 185	\$ 205	\$ 66	\$ 4
			-	-
			-	2,135
			-	-
4,007	4,434	4,553	790	968
4,255	4,619	4,758	856	3,107
4,590	4,598	2,914	3,536	2,530
-	-	1,322	1,116	1,472
(299)	(1,441)	(1,157)	(331)	731
4,291	3,157	3,079	4,321	4,733
\$ 8,546	\$ 7,776	\$ 7,837	\$ 5,177	\$ 7,839



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

	2008	2009	2010	2011	2012
Revenues:					
Taxes and assessments	\$ 6,813	\$ 6,939	\$ 6,052	\$ 6,032	\$ 5,790
Intergovernmental	2,963	4,162	7,760	2,692	1,773
Charges for services	279	2,170	2,726	2,463	2,854
Fines, forfeitures and penalties	186	109	14	17	13
Licenses and permits	260	272	307	252	241
Use of money and property	338	158	52	51	84
Reimbursements					
Other	541	209	377	118	410
Total revenues	11,380	14,019	17,288	11,625	11,165
Expenditures:					
Current:-					
General government	1,592	2,100	1,742	1,178	1,252
Public safety	3,174	3,217	3,535	3,237	3,351
Public works	788	1,540	1,519	1,332	1,386
Community development	865	2,893	2,434	3,009	1,975
Parks and recreation					
Capital outlay	3,408	5,648	6,513	1,286	1,983
Debt Service:-					
Principal Retirement	210	224	308	107	113
Interest and fiscal charges	310	304	297	282	161
Total expenditures	10,347	15,926	16,348	10,431	10,221
Reconciliation of Governmental Revenues					
Less Expenditures to Fund Equity:					
Revenues over (under) expenditures	\$ 1,033	\$ (1,907)	\$ 940	\$ 1,194	\$ 944
Other financing sources (uses):					
Proceeds from capital lease	84				
Proceeds from issuance of debt					
Extraordinary loss on dissolution of redevelopment	-	-	-	-	(1,039)
Transfers in	4,812	1,623	2,287	1,122	1,910
Transfers out	(5,131)	(1,574)	(2,266)	(1,183)	(1,912)
Total other financing sources (uses)	(235)	49	21	(61)	(1,041)
Net change in fund balances	\$ 798	\$ (1,858)	\$ 961	\$ 1,133	\$ (97)
Debt service as a percentage of noncapital expenditures	7.49%	5.14%	6.15%	4.25%	3.33%



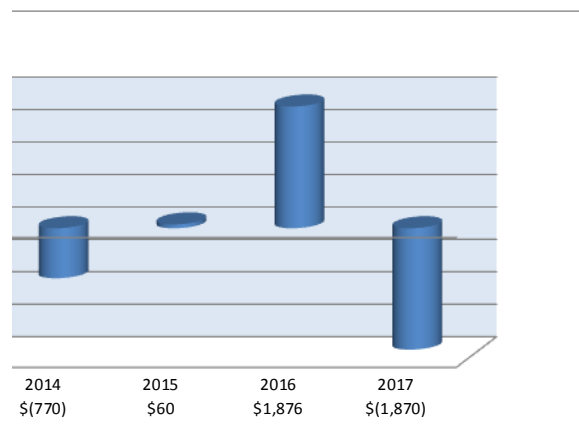
Source: City Finance Department

	2013	2014	2015	2016	2017
\$	5,579	\$ 5,810	\$ 4,949	\$ 5,067	\$ 6,486
	1,897	2,946	7,463	5,219	1,847
	2,564	2,907	457	242	203
	23	28	178	162	211
	260	234	254	273	97
	103	84	120	174	55
		-	2,930	3,413	2,345
	80	240	59	127	210
	10,506	12,249	16,410	14,677	11,454

	2,179	1,549	2,875	2,685	2,548
	3,410	3,829	3,581	4,100	4,233
	1,472	1,594	3,469	1,874	1,864
	2,191	3,460	834	1,693	1,011
					38
	874	2,431	5,058	1,725	1,992
	107	112	116	120	127
	40	36	31	26	21
	10,273	13,011	15,964	12,223	11,833

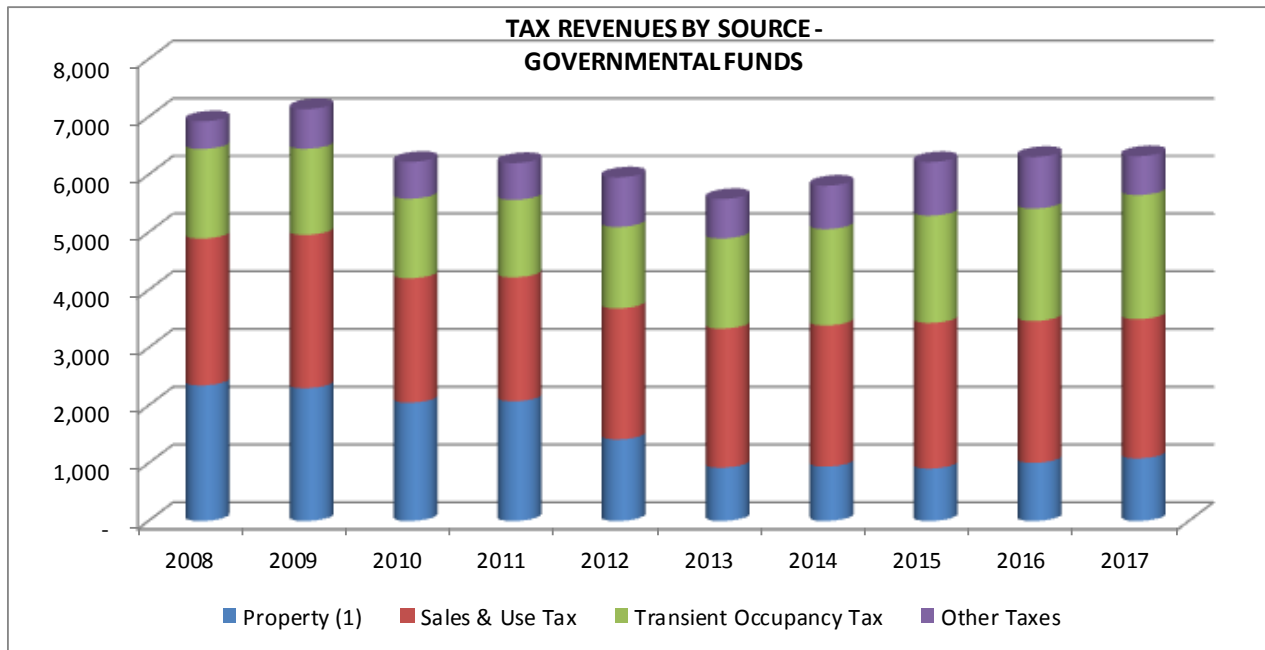
\$ 233 \$ (762) \$ 446 \$ 2,454 \$ (380)

	-	-	-	-	-
	1,950	1,091	5,683	2,714	3,775.00
	(1,966)	(1,099)	(6,069)	(3,292)	(5,266)
	(16)	(8)	(386)	(578)	(1,491)
\$	217	\$ (770)	\$ 60	\$ 1,876	\$ (1,870)
	1.56%	1.40%	1.35%	1.39%	1.50%



City of Fort Bragg, California
Governmental Fund Tax Revenue By Source
Last Ten Fiscal Years
 (Modified accrual basis of accounting)
 (In Thousands)

Fiscal Year Ended June 30,	Property (1)	Sales & Use Tax	Transient Occupancy Tax	Other Taxes	Total
2008	2,349	2,544	1,553	478	6,924
2009	2,301	2,657	1,492	686	7,136
2010	2,050	2,155	1,379	637	6,221
2011	2,075	2,147	1,341	639	6,202
2012	1,413	2,271	1,411	859	5,954
2013	924	2,409	1,561	685	5,579
2014	943	2,445	1,668	754	5,810
2015	909	2,523	1,858	928	6,218
2016	1,007	2,458	1,948	894	6,307
2017	1,084	2,414	2,149	674	6,321



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

Source: City Finance Department

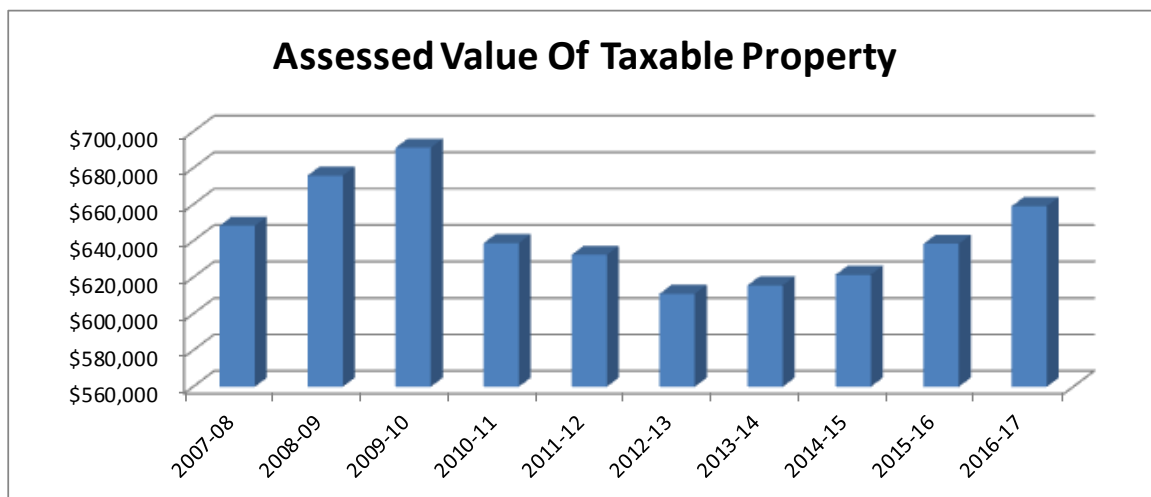
City of Fort Bragg, California
Principal Sales Tax Producers
Last Ten Fiscal Years and Nine Years Ago

2016-17		2007-08	
Taxpayer	Business Type	Taxpayer	Business Type
ARCO AM/PM Mini Marts	Service Stations	Amerigas Propane	Energy Sales
Boatyard Tobacco	Miscellaneous Retail	Baxman Gravel	Bldg.Matls-Whsle
Chevron Service Stations	Service Stations	Canclini TV & Appliance	Furniture/Appliance
Coast To Coast Hardware	Bldg.Matls-Retail	Chevron Service Stations	Service Stations
CVS/Pharmacy	Drug Stores	Coast To Coast Hardware	Bldg.Matls-Retail
Denny's Restaurant	Restaurants	CVS/Pharmacy	Drug Stores
Dollar Tree Stores	Department Stores	Denny's Restaurant	Restaurants
Eel River Fuels	Energy Sales	Fred Holmes Lumber	Bldg.Matls-Whsle
Geo Aggregates	Bldg.Matls-Whsle	Harvest Market	Food Markets
Harvest Market	Food Markets	Kemppe Liquid Gas	Energy Sales
Kemppe Liquid Gas	Energy Sales	Mendo Mill & Lumber Company	Bldg.Matls-Retail
McDonald's Restaurants	Restaurants	Mendocino Coast Petroleum	Energy Sales
Mendo Mill & Lumber Company	Bldg.Matls-Retail	Mendocino County Hydrogarden	Florist/Nursery
Mendocino County Hydrogarde	Florist/Nursery	Natural Woods	Furniture/Appliance
New Trend Wireless	Miscellaneous Retail	North Coast Brewing Company	Restaurants
North Coast Brewing Company	Restaurants	Quality Suites	Restaurants
O'Reilly Auto Parts	Auto Parts/Repair	Rinehart Distributing	Service Stations
Rite Aid Drug Stores	Drug Stores	Rite Aid Drug Stores	Drug Stores
Rossi's Building Materials	Bldg.Matls-Retail	Rossi's Building Materials	Bldg.Matls-Retail
Safeway Stores	Food Markets	Safeway Stores	Food Markets
Sears Hometown Stores	Furniture/Appliance	Sears Roebuck & Company	Department Stores
Speedex Service Station	Service Stations	Speedex Service Station	Service Stations
Sport Chrysler Jeep Dodge	Auto Sales - New	Sport Chrysler Jeep Dodge	Auto Sales - New
Taco Bell	Restaurants	Two Short Sales	Bldg.Matls-Whsle
Union 76 Service Stations	Service Stations	Walsh Oil Company	Energy Sales

Source: MuniServices, LLC

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

Fiscal Year End	Secured Property*		Taxable			Total	Estimated Actual	Factor of Taxable
	Secured Property*	Unsecured Property	Assessed Value	% Change	Rate (1)	Taxable Value (2)	Assessed Value (2)	
2007-08	\$ 619,707	\$ 28,618	\$ 648,325	-	1.070000	-	-	
2008-09	\$ 645,784	\$ 30,044	\$ 675,828	4.2%	1.088000	-	-	
2009-10	\$ 660,917	\$ 30,217	\$ 691,134	2.3%	1.082000	-	-	
2010-11	\$ 609,153	\$ 29,654	\$ 638,807	-7.6%	1.102000	-	-	
2011-12	\$ 603,272	\$ 29,066	\$ 632,338	-1.0%	1.123000	710,404	1.123456	
2012-13	\$ 579,450	\$ 31,513	\$ 610,963	-3.4%	1.113100	611,333	1.000606	
2013-14	\$ 585,992	\$ 29,641	\$ 615,633	0.8%	1.125000	624,469	1.014352	
2014-15	\$ 590,079	\$ 31,347	\$ 621,426	0.9%	1.127000	689,061	1.108838	
2015-16	\$ 607,137	\$ 31,275	\$ 638,412	2.7%	1.132000	702,975	1.101131	
2016-17	\$ 626,121	\$ 32,889	\$ 659,009	3.2%	1.133000	852,603	1.293765	



Source: Mendocino County Assessor data, MuniServices, LLC

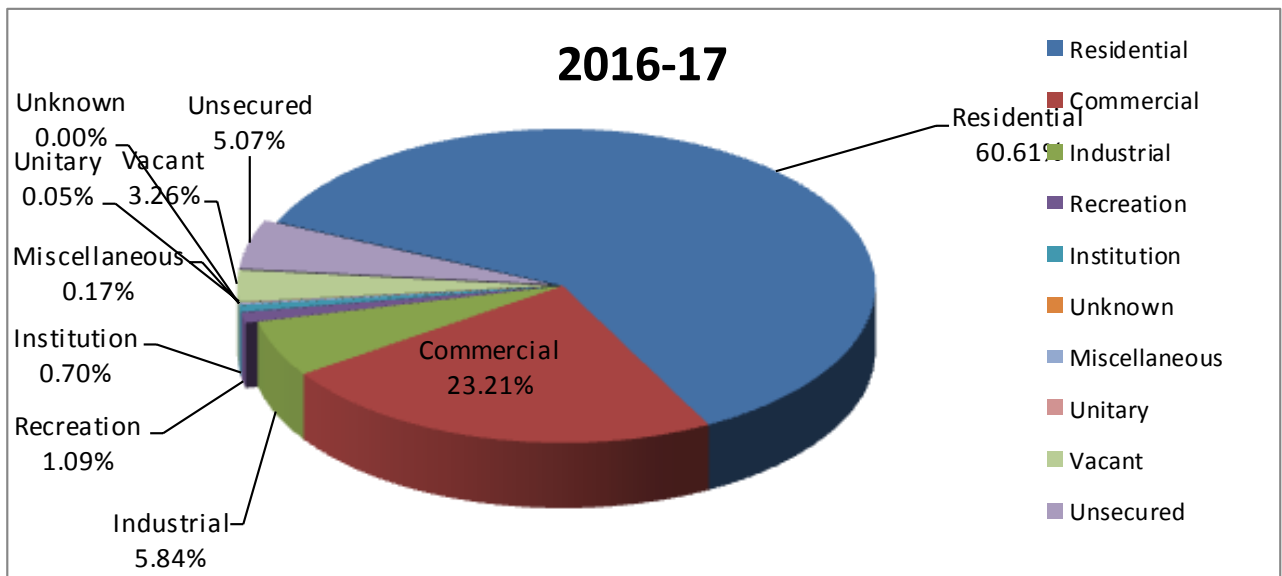
Source: 2010-11 and prior: previously published CAFR Report

*Secured Property is net of exemptions and includes Unitary value.

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

City of Fort Bragg, California
Assessed Value of Property by Use Code, City Wide
Last Six Fiscal Years (In Thousands)

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Agriculture	0	34	33	34	34	34
Residential	361,278	347,694	351,259	357,224	369,852	393,470
Commercial	161,784	164,165	165,103	163,032	167,141	150,666
Industrial	43,763	30,593	36,342	36,807	37,595	37,908
Recreation	8,962	9,119	7,905	7,593	6,391	7,101
Institution	3,826	3,931	4,024	4,285	4,513	4,515
Unknown	1,044	1,130	1,149	1,178	1,192	0
Miscellaneous	477	689	698	701	735	1,120
Unitary	670	543	542	543	543	340
Vacant	21,468	21,552	18,931	18,682	18,963	21,162
Professional	0	0	0	0	179	9,804
Net Secured Value	603,272	579,416	585,953	590,079	607,137	626,121
Unsecured	29,066	31,513	29,641	31,347	31,275	32,889
Net Taxable Value	632,338	610,929	615,594	621,426	638,412	659,009



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

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

	2007-08	2008-09	2009-10	2010-11	2011-12
COUNTY GENERAL FUND	0.000000	0.000000	0.000000	0.000000	0.745000
CITY OF FORT BRAGG	0.000000	0.000000	0.000000	0.000000	0.255000
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments					
LOCAL SPECIAL DISTRICTS	0.023000	0.011000	0.010000	0.013000	0.012000
SCHOOLS	0.047000	0.077000	0.072000	0.089000	0.111000
TOTAL	0.070000	0.088000	0.082000	0.102000	0.123000
TOTAL TAX RATE	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

2012-13	2013-14	2014-15	2015-16	2016-17
0.745000	0.745000	0.745000	0.745000	0.745000
0.255000	0.255000	0.255000	0.255000	0.255000
1.000000	1.000000	1.000000	1.000000	1.000000
0.012000	0.011000	0.026000	0.025000	0.018000
0.119000	0.114000	0.101000	0.107000	0.115000
0.131000	0.125000	0.127000	0.132000	0.133000
1.131000	1.125000	1.127000	1.132000	1.133000

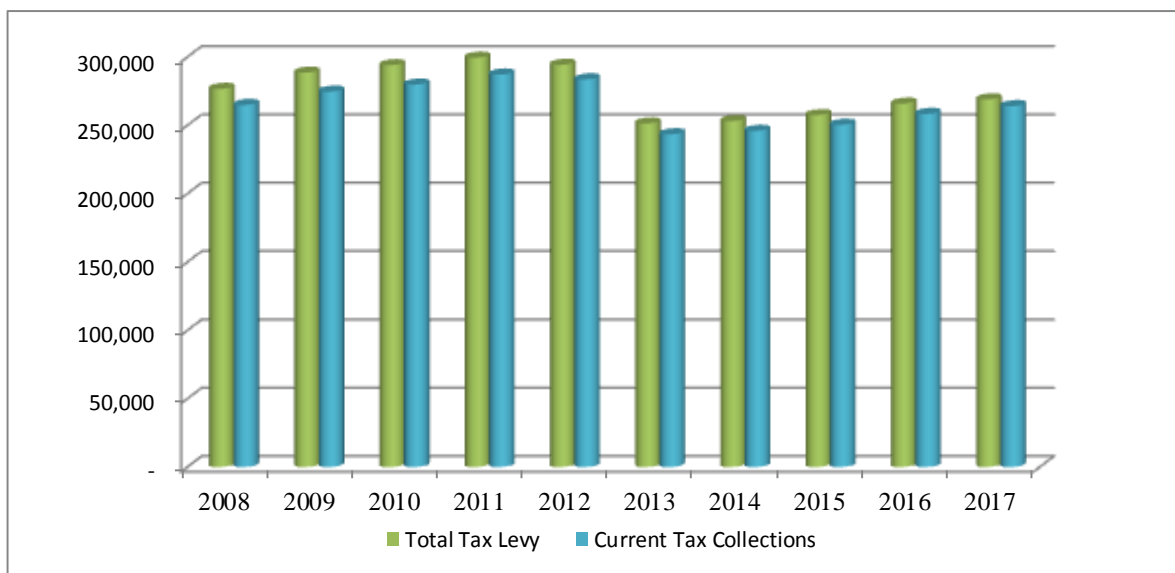
City of Fort Bragg, California
Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

Taxpayer	2016-17		2007-08	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Georgia Pacific Corp	31,516,276	4.78%	75,393,215	11.75%
Rap Investors LP	10,905,804	1.65%	5,196,061	0.81%
Boatyard Assoc Phase II	9,854,606	1.50%	8,707,469	1.36%
North Coast Brewery	8,248,377	1.25%		
Safeway Inc.	6,955,640	1.06%	7,214,289	1.12%
Fort Bragg Hotel Llc	5,926,367	0.90%		
Colombi Jeanette Succttee	5,170,604	0.78%		
Hurst Jason S	4,625,409	0.70%		
Tanti Family Ii Llc	4,536,758	0.69%		
Kao Kuami	4,361,331	0.66%	3,849,850	0.60%
Ansari Ghulam Murtaza Tenzila	4,192,080	0.64%		
Kashi Keshav Investments Llc	4,173,550	0.63%		
Anderson Logging Inc.	4,172,844	0.63%		
Grosvenor Van Ness Assoc	4,037,664	0.61%	3,567,600	0.56%
Longs Drug Stores California L	3,922,202	0.60%	3,763,607	0.59%
Moura Senior Housing	3,719,864	0.56%	3,114,403	0.49%
Ray Ronald R Ttee	3,717,384	0.56%		
Keaton Richard J Julie	3,128,861	0.47%	2,749,481	0.43%
Noyo Vista Inc.	3,077,825	0.47%	2,721,897	0.42%
Kemppe Liquid Gas Corp	3,003,848	0.46%	3,762,470	0.59%
Rbj Assoc Llc	2,553,793	0.39%	2,327,941	0.36%
Comcast	2,494,983	0.38%		
Taubold Timothy E Ttee	2,488,695	0.38%		
Miller Helen Centeno	2,482,025	0.38%		
Emerald Dolphin Inn Inc.	2,464,485	0.37%		
Tradewinds Lodge			12,246,126	1.91%
Hunt Robert A			5,724,738	0.89%
Colombi Robert Ttee			5,259,045	0.82%
Hurst James C & Barbara J Ttee			4,149,240	0.65%
Affinito Dominic J & Juliette			4,139,614	0.64%
Bell Charles H & Ila Lynn Ttee			4,067,835	0.63%
Baxman Charles E Ttee 90%			4,045,140	0.63%
Anderson Logging Inc.			3,730,915	0.58%
North Otown Industrial Center			3,284,641	0.51%
Reddy Govind & Sarojini			2,919,690	0.45%
Adelphia Communications			2,323,646	0.36%
Fort Bragg Coastal Properties			2,280,715	0.36%
Mariah Country Inns & Suites			2,212,499	0.34%
Total Top 25 Taxpayers	141,731,275	21.51%	178,752,127	27.85%
Total Taxable Value	659,009,307	100.00%	641,901,504	100.00%

Source: Mendocino County Assessor data, MuniServices, LLC

City of Fort Bragg, California
Property Tax Levies and Collections
For the last ten fiscal years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2008	276,668	264,845	95.7%
2009	288,495	274,649	95.2%
2010	293,999	279,753	95.2%
2011	299,429	287,121	95.9%
2012	294,235	283,594	96.4%
2013	251,307	243,397	96.9%
2014	253,017	245,915	97.2%
2015	257,387	250,358	97.3%
2016	265,826	258,276	97.2%
2017	268,987	264,012	98.2%



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

Source: Mendocino County Auditor-Controller's Office

City of Fort Bragg, California
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities		
	Certificates of Participation	Capital Leases	Total Governmental Activities	Certificates of Participation	Notes Payable	Capital Leases
2008	6,021	-	6,021	4,870	2,267	-
2009	5,864	160	6,024	4,590	2,151	982
2010	5,702	98	5,800	4,360	1,874	878
2011	5,533	32	5,565	4,130	1,767	769
2012 ⁽²⁾	943	-	943	3,237	1,481	626
2013	842	-	842	3,013	1,375	457
2014	777	-	777	3,217	1,314	367
2015	660	-	660	2,896	1,207	240
2016	539	-	539	2,578	1,102	123
2017	412	-	412	2,252	975	-

N/A indicates information is not available

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

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

Total Business-type Activities	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
7,137	13,158	8.8%	1,918
7,723	13,747	9.8%	2,007
7,112	12,912	8.9%	1,884
6,666	12,231	N/A	1,779
5,344	6,287	4.4%	867
4,845	5,687	3.9%	778
4,898	5,675	3.7%	772
4,343	5,003	3.2%	681
3,803	4,342	2.7%	566
3,227	3,639	2.1%	474

City of Fort Bragg, California
Legal Debt Margin Information
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Dollars in thousands)

	2008	2009	2010	2011
Assessed Value	\$ 619,707	\$ 645,784	\$ 660,917	\$ 609,153
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Value	154,927	161,446	165,229	152,288
Debt Limit Percentage	15%	15%	15%	15%
Debt limit	23,239	24,217	24,784	22,843
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 23,239	\$ 24,217	\$ 24,784	\$ 22,843
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

Notes: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed secured tax valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of the
The City does not have any outstanding general obligation debt subject to the limit.

	2012		2013		2014		2015		2016		2017
\$	603,272	\$	579,450	\$	585,992	\$	590,079	\$	607,137	\$	626,121
	25%		25%		25%		25%		25%		25%
	150,818		144,863		146,498		147,520		151,784		156,530
	15%		15%		15%		15%		15%		15%
	22,623		21,729		21,975		22,128		22,768		23,480
	-		-		-		-		-		-
\$	22,623	\$	21,729	\$	21,975	\$	22,128	\$	22,768	\$	23,480

0% 0% 0% 0% 0% 0%

City of Fort Bragg, California
Direct and Overlapping Debt
Current Year
June 30, 2017

2016-17 Assessed Valuation: \$659,010,610

	Total Debt		City's Share of
	6/30/2017	% Applicable ⁽¹⁾	Debt 6/30/2017
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Redwoods Joint Community College District	\$ 29,775,000	3.789%	\$ 1,128,175
Fort Bragg Unified School District	32,521,854	38.090%	12,387,574
Mendocino Coast Hospital District	4,632,742	20.775%	962,452
City of Fort Bragg	-	100.000%	-
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 14,478,201
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
Mendocino County Certificates of Participation	19,395,000	6.024%	\$ 1,168,355
Mendocino County Pension Obligation Bonds	59,765,000	6.024%	3,600,244
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 4,768,599
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	 3,800,000	 100.000%	 3,800,000
 DIRECT DEBT			 \$ -
TOTAL OVERLAPPING DEBT			\$ 23,046,800
 COMBINED TOTAL DEBT			 \$ 23,046,800

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

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

Ratios to 2016-17 Assessed Valuation:

Direct Debt	0.00%
Total Overlapping Tax and Assessment Debt	2.20%
Combined Total Debt	3.50%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$199,543,581):

Total Overlapping Tax Increment Debt	1.90%
--------------------------------------	-------

AB:(500)

Source: MuniServices, LLC

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City of Fort Bragg, California
Pledged Revenue Coverage
For the Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year Ended June 30,	Business-type Activities						Coverage Ratio
	Water Fund Debt						
	Revenues & Transfers	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Total Debt Service	
Principal				Interest			
2008	2,054	1,341	713	402	273	675	1.1
2009	2,113	2,078	35	387	265	652	0.1
2010	2,058	1,792	266	322	293	615	0.4
2011	2,159	1,632	527	365	245	610	0.9
2012	2,044	1,585	459	360	158	518	0.9
2013	2,420	1,623	797	327	151	478	1.7
2014	2,172	1,953	219	369	171	540	0.4
2015	2,595	1,806	789	493	147	640	1.2
2016	3,085	1,834	1,251	490	132	622	2.0
2017	3,534	1,378	2,156	382	123	505	4.3

¹ Operating expenses exclude depreciation

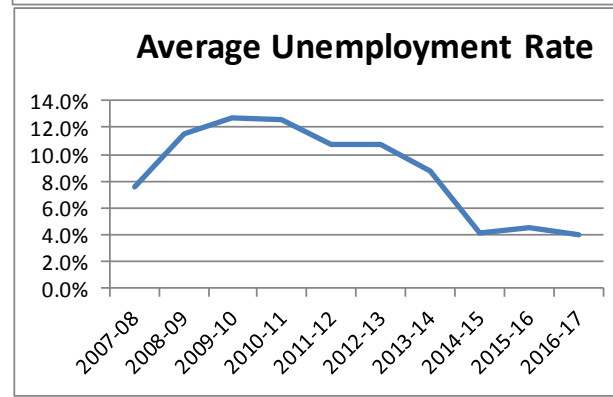
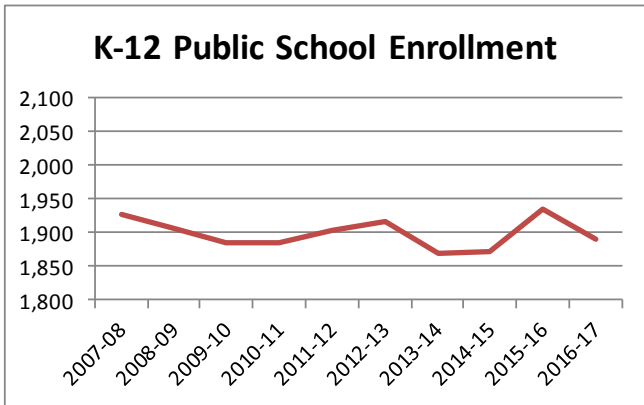
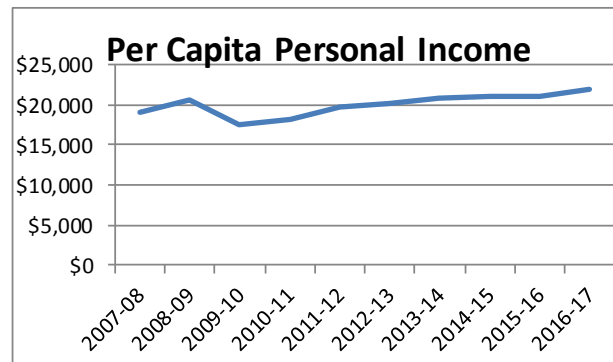
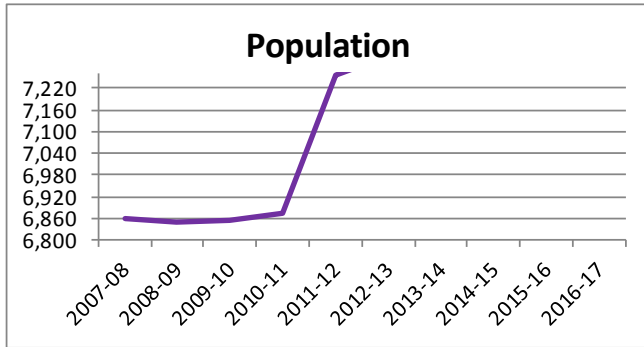
Source: City Finance Department

Business-type Activities
Sewer Fund Debt

Revenues & Transfers	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Total Debt Service	Coverage Ratio
			Principal	Interest		
1,959	1,523	436	85	35	120	3.6
2,160	1,908	252	53	32	85	3.0
2,517	2,116	401	35	12	47	8.5
3,152	2,078	1,074	40	21	61	17.6
2,943	2,637	306	40	19	59	5.2
3,263	2,733	530	40	17	57	9.3
2,985	2,633	352	45	17	62	5.7
3,184	2,470	714	45	16	61	11.7
3,322	2,568	754	50	12	62	12.2
4,457	2,189	2,268	50	9	59	38.4

City of Fort Bragg, California
Principal Employers
For the Last Ten Fiscal Years and Six Years Ago

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age	Public School Enrollment	City Unemployment Rate (%) (3)
2007-08	6,859	149,379	18,977	-	1,926	7.6%
2008-09	6,848	140,416	20,685	38.3	1,907	11.5%
2009-10	6,855	144,629	17,513	38.4	1,886	12.7%
2010-11	6,875	-	18,247	40.9	1,885	12.6%
2011-12	7,255	143,775	19,817	40.5	1,904	10.8%
2012-13	7,311	146,997	20,106	37.4	1,917	10.8%
2013-14	7,350	153,410	20,872	36.8	1,870	8.7%
2014-15	7,343	154,002	20,973	38.2	1,873	4.2%
2015-16	7,672	160,798	20,959	38.5	1,934	4.5%
2016-17	7,772	170,733	21,968	36.6	1,891	4.0%



Source: MuniServices, LLC

2010-11 and prior, previously published CAFR Report

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

(-) Indicates data unavailable

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

City of Fort Bragg, California
Principal Employers
For the Last Ten Fiscal Years and Six Years Ago

Business Name	2016-17		2010-11	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Mendocino Coast District Hosp	317	8.93%	350	
Fort Bragg Unified School District*	275	7.75%		
Safeway	171	4.82%		
Parents & Friends Inc	160	4.51%		
North Coast Brewing CO Inc (1)	135	3.80%	85	
Mendocino Coast Clinics Inc	111	3.13%	114	
Mendocino County**	91	2.56%		
Sherwood Oaks Health Ctr	86	2.42%	92	
Silvers At the Wharf (Anchor Lodge)	75	2.11%	55	
City of Fort Bragg (2)	61	1.72%	53	
Caito Fisheries			90	
Ocean Fresh Seafood Products			90	
Anderson Logging			87	
Skunk Train			44	
Total Top Employers	1,482	41.75%	1,060	
Total City Employment (3)	3,550			

Source: MuniServices, LLC

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

(1) Includes summer and seasonal employees

(2) Includes FTEs only

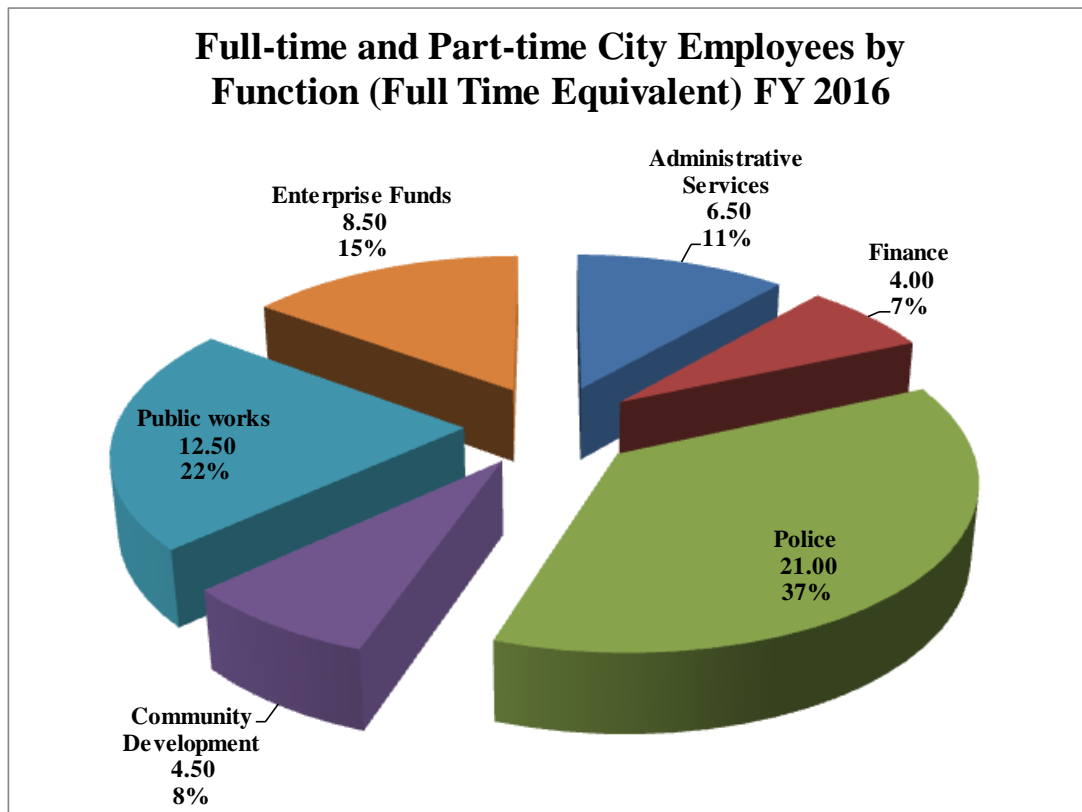
(3) Total City Labor Force provided by EDD Labor Force Data

*Excludes non bargaining on call subs or sports coaches

**Includes satellite offices of county departments

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administrative Services	5.00	5.00	5.00	4.80	4.80	6.00	6.00	6.00	6.50	6.50
Finance	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Public Safety										
Police	24.00	23.00	23.00	21.00	21.00	21.00	22.00	22.00	22.00	21.00
Community Services										
Community Development	5.75	5.75	4.75	3.80	3.80	3.80	4.30	4.00	4.30	4.50
Public works	13.00	13.00	14.50	12.60	12.60	12.60	13.60	12.60	12.80	12.50
Enterprise Funds	9.00	9.00	8.00	7.00	8.00	8.00	8.00	8.00	8.00	8.50
Total	61.75	60.75	60.25	53.20	54.20	55.40	57.90	56.60	57.60	57.00



Source: City Finance Department

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Building Permits Issued		174	204	204	210	125	272	192	141	122
New Construction	4	5	5	6	3	27	2	7	6	4
Single Family Residential	3	1	2	3	2	0	0	0	2	0
Second Unit	1	3	2	1	1	1	1	1	3	4
Mixed Use, Commercial & Residential	0	0	1	0	0	0	0	2	1	0
Multi-Family Residential					0	0	1	0	0	0
Low Income Residential		1		2	0	26	0	4	0	0
City Clerk										
Council/Agency Resolutions Passed	110	148	112	93	108	93	87	127	98	122
Number of Ordinances Passed	4	13	3	9	9	2	4	3	5	6
Number of Contracts Approved	11	11	9	13	32	29	31	30	69	74
Public Safety										
Traffic Accidents	100	111	116	112	139	163	174	172	221	160
Traffic Violations - DUI	78	53	42	37	33	62	45	26	28	45
Bookings	845	521	501	621	608	744	689	737	668	619
Moving Cites	1,075	852	550	514	841	1,001	1,614	949	498	344
Parking Cites				405	374	355	833	484	835	842
Field Interviews and Information Cases						1,450	2,211	1,301	1,217	1,403
Crime Reports	1,323	1,288	1,150	1,274	1,454	1,610	1,576	1,317	1,501	1,496
Fire ¹										
Total Number of Calls	577	640	504	601	632	500	525	617	579	665
Structure Fires	63	38	35	30	27	29	29	21	29	38
Vehicle Fires	12	6	7	9	9	9	17	9	3	16
Vegetation Fires	43	55	33	15	29	25	41	40	31	33
Misc Fires (Chimney, Debris, Electronically, etc.)					17	24	17	36	18	
Medical Aid	143	110	102	186	209	110	142	163	150	199
Rescue	132	135	114	112	129	11	13	10	22	16
Hazardous Condition/Materials Calls	54	62	53	37	46	73	48	41	70	75
Mutual Aid/Agency Assist						6	3	9	12	18
Traffic Accidents						88	89	98	133	98
Services Call	105	120	100	161	115	128	117	96	91	80
Other Calls & Incidents	25	114	60	81	68	4	2	113	2	74
Water										
Number of customer accounts billed	16,541	33,965	33,771	33,521	32,523	33,924	32,300	33,716	33,671	33,873
Water annual demand in thousand gallons	2,626	2,401	2,233	2,176	2,312	2,255	2,245	2,044	1,895	1,976
Available supply of water in thousand gallons	2,917	2,688	2,524	2,442	3,066	2,574	2,490	2,398	20,800	21,300
total Customer service calls	1,592	1,451	1,421	1,531	1,448	1,439	1,254	1,177	1,253	1,253
Meter installs/removals/change outs	280	38	36	49	40	2	11	14	16	14
Meter repairs	7	4	1	3	2	44	1	8	1	34
Leak investigations	57	24	15	15	16	21	3	6	11	34
Service profiles	159	180	98	131	81	93	52	57	65	31
Turn on/off	1,028	1,120	1,244	1,255	1,267	1,248	139	508	669	878
Manual Reads	484	522	556	555	565	527	513	453	416	444
Misc.	52	78	26	27	36	33	49	60	75	53
Wastewater										
Customer service calls, wastewater			38	39	37	52	71	41	52	43
New customer sewer lines installed			2	2	0	2	2	3	1	4
Sewer mains cleaned/flushed in miles			15	19	19	18	14	15.5	15	17.38
Sewer mains and laterals repaired in number of jobs			38	39	34	0	8	16	11	12
Sewer manholes inspected			370	371	373	371	362	363	363	374
Sewer manholes installed			1	3	1	0	0	0	0	0
Sewer spill responses			3	4	1	3	7	7	5	1

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

² In some categories historical information is not available

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

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police :										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4
Alleys (miles)	19	19	19	19	19	19	19	19	19	19
Storm drains (miles)	10	10	10	10	10	10	10	10	10	10
Streetlights	725	725	725	725	725	725	725	725	725	725
Sidewalks	40	40	40	40	40	40	40	40	40	40
Water										
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	30	30	30	30	30	30	30	30	30	30
Raw water transmission line (miles)	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Wastewater										
Wastewater treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	27	27	27	27	27	27	27	27	27	27
Parks and Facilities										
Parks	3	3	3	3	3	3	3	4	4	4
Recreational/Guest Facilities	2	2	2	2	3	3	3	3	3	3
Government Facilities	2	2	2	2	2	2	2	2	2	2

Source: City Finance, Public Works and Planning Departments