



**CITY OF
FORT BRAGG
CALIFORNIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2020**

City of Fort Bragg, California

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020



Prepared by City of Fort Bragg Senior Government Accountant
Isaac Whippy

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City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Table of Contents

Page

INTRODUCTORY SECTION

Table of Contents i
 Letter of Transmittal.....vii
 Organization Chartxv
 GFOA Certificate of Achievement for Excellence in Financial Reportingxvi

FINANCIAL SECTION

Independent Auditors’ Report 1
 Management’s Discussion and Analysis (Required Supplementary Information) 3

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net position 23
 Statement of Activities 24

Fund Financial Statements:

Governmental Funds:

Balance Sheet 28
 Reconciliation of Governmental Funds Balance Sheet to the
 Statement of Net Position 30
 Reconciliation of Fund Basis Balance Sheet to Government-wide
 Statement of Net Position – Governmental Activities 31
 Statement of Revenues, Expenditures, and Changes
 in Fund Balances – Governmental Funds 32
 Reconciliation of Fund Basis Statements to Government-wide
 Statement of Activities 34
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities 35
 Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Budget to Actual – General Fund and
 Major Special Revenue Funds 36

Proprietary Funds:

Statement of Net position – Proprietary Funds 40
 Statement of Revenues, Expenses, and Changes in Fund Net Position –
 Proprietary Funds 41
 Statement of Cash Flows – Proprietary Funds 42

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Table of Contents

	<u>Page</u>
Fiduciary Activities:	
Statement of Fiduciary Net position – Fiduciary Activities	45
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	46
Notes to Basic Financial Statements	49
Required Supplementary Information:	
Schedule of Changes in Net OPEB Liability and Related Ratios	94
Schedule of Employer Contributions - OPEB	95
Schedule of Contributions – Miscellaneous Plan	96
Schedule of Contributions – Safety Plan	97
Schedule of City’s Proportionate Share of Net Pension Liability – Miscellaneous Plan	98
Schedule of City’s Proportionate Share of Net Pension Liability – Safety Plan	99
Other Supplemental Information:	
Combining and Individual Fund Financial Statements and Schedules:	
Non-major Governmental Funds:	
Combining Balance Sheet	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	114
Combining Balance Sheet – Federal and State Grant Special Revenue Funds	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Federal and State Grant Special Revenue Funds	120
Combining Balance Sheet – Non-major Capital Projects Funds	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Capital Projects Funds	123
Internal Service Funds:	
Combining Statement of Net position – Internal Service Funds	125
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	126
Combining Statement of Cash Flows – Internal Service Funds	127

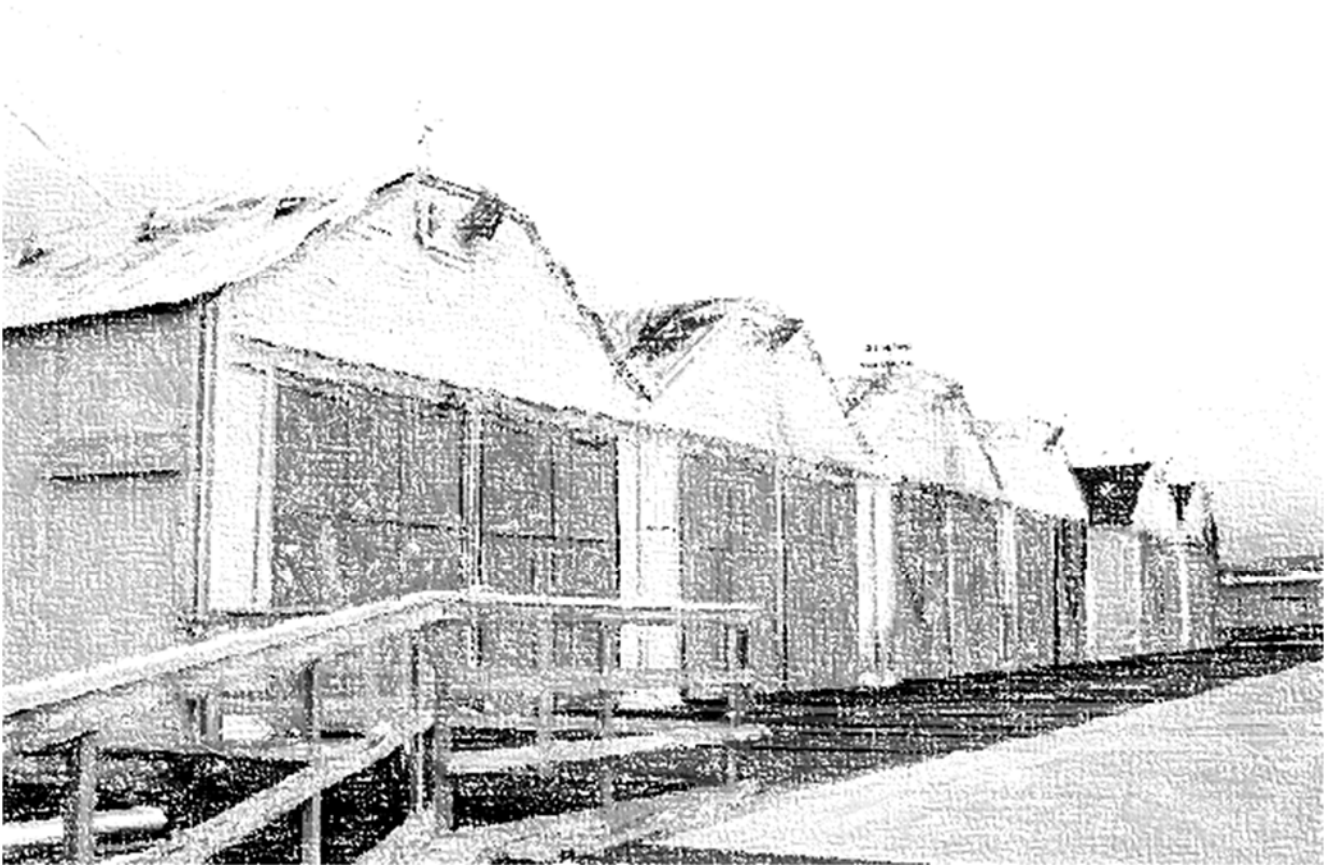
City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Table of Contents

	<u>Page</u>
Statistical Section	
Financial Trends	
Net Position by Component.....	130
Change in Net Position.....	132
Fund Balances of Governmental Funds	136
Changes in Fund Balances of Governmental Funds.....	138
Governmental Fund Tax Revenues by Source	140
Revenue Capacity	
Principal Sales Tax Producers.....	141
Historical Sales Tax Amounts by Benchmark Year	142
Assessed Value and Estimated Actual Value of Taxable Property, City Wide	144
Assessed Value of Property by Use Code, City Wide	145
Direct and Overlapping Property Tax Rates.....	146
Principal Property Taxpayers	148
Property Tax Levies and Collections	149
Debt Capacity	
Ratios of Outstanding Debt by Type	150
Legal Debt Margin Information.....	152
Direct and Overlapping Debt	154
Pledged Revenue Coverage	156
Demographic and Economic Information	
Demographic and Economic Statistics.....	158
Principal Employers.....	159
Operating Information	
Full-Time and Part-Time City Employees by Function (Full-Time Equivalent)	160
Operating Indicators by Function	161
Capital Asset Statistics by Function	162

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INTRODUCTORY SECTION

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

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January 29, 2021

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

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, 2020, 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, 2020 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 3-19 and 49-92, 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, 2020, the City was \$3.8 million or 36% under the total Article XIII B (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2019/20.

Citywide Achievements in FY 2019/20

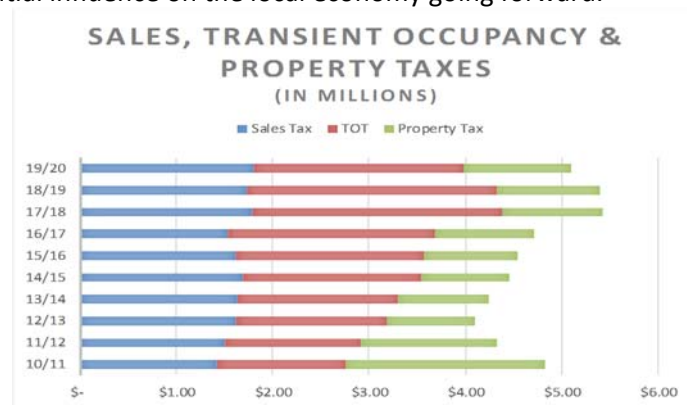
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association, this was the fifth year the City has received this award.
- Promptly responded to the pandemic and economic shutdown by adopting a plan to reduce staffing levels and expenses in order to control deficit spending. Created a system to closely track revenues and expenses and regularly report those results to the City Council and the public.
- Established a recession reserve equal to 5% of the operating expenses for the General, Water, and Wastewater funds at the beginning of the fiscal year. These reserves provided the City a cushion against the pandemic and economic shutdown.
- Completed construction of an \$18.1 million upgrade to the City's Wastewater Treatment Plant. The upgraded facility successfully came on line in late March.
- Applied for and received a \$163k Public Safety Power Shutoff resiliency grant from CalOES in order to harden the City's communication channels in the event of a long-term power outage, like the five day event experienced by the City in late October, 2019.
- Developed the framework for an Economic Incentives Manual to support economic development in Fort Bragg.
- COVID-19 related Efforts:
 - Waived penalties and interest on unpaid water and sewer bills. Policy that no account would be shut off for nonpayment.
 - Eviction Moratorium for residential and commercial customers.
 - Landlord Assistance Fund for no-interest loans.
 - TOT filing and payment forbearance March through June.
 - CDBG business loan forbearance.
 - Created Smallbiz@fortbragg.com to keep businesses informed and to promote local businesses.
 - Created FortBragg2Go website to promote takeout and delivery from local restaurants.
 - Tenant-based rental assistance program established with HOME grant funds.
 - Created a Temporary Waiver to provide businesses with the flexibility to adapt operations to comply with stay at home orders.

Local Economy and Outlook

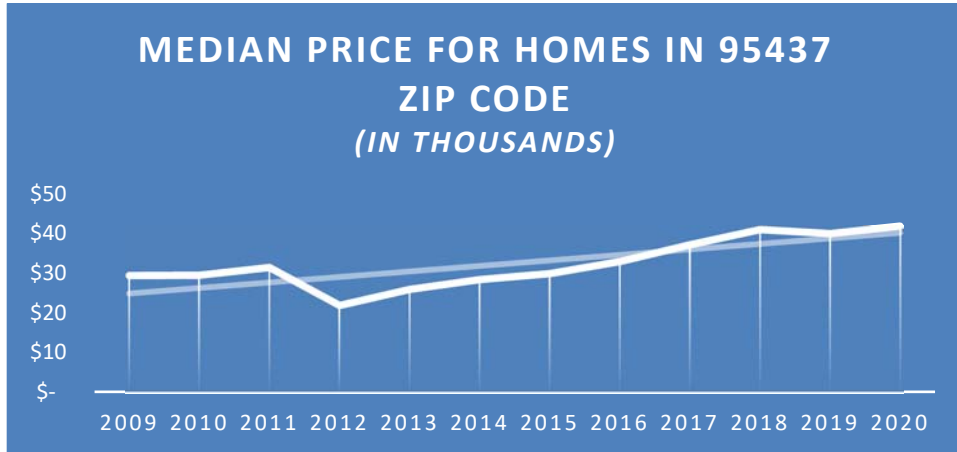
Fort Bragg's economy relies heavily on tourism. Like the overall City's economy, the City of Fort Bragg is also heavily dependent on tourism for its revenues. Transient Occupancy Tax (TOT), also known as bed tax, and sales tax are the two largest sources of revenue for the City's General Fund and in a typical year together make up nearly half of the City's General Fund revenue.

Like most jurisdictions across our nation, the City of Fort Bragg's tourism economy was essentially shut down in the early months of the pandemic. TOT revenue for the last quarter of the fiscal year, from April through June, was down 66% compared to the prior year. Overall, TOT revenue was down 21% for the year. The City's General Fund Sales Tax or Bradley-Burns tax (1% of taxable transactions) fared better and actually increased by \$69,298. However, this was the result of not accruing the twelfth Bradley-Burns tax payment for the FY 2018/19. Thus the City's General Fund sales tax was under reported in FY 2018/19 by \$129,000 and over reported in this fiscal year by the same amount. If you adjust for this misapplication, the General Fund's sales tax was down \$188,702 or by 10% for FY 2019/20.

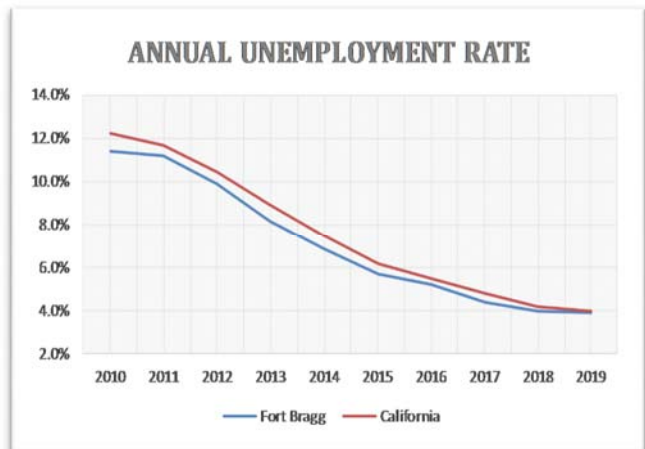
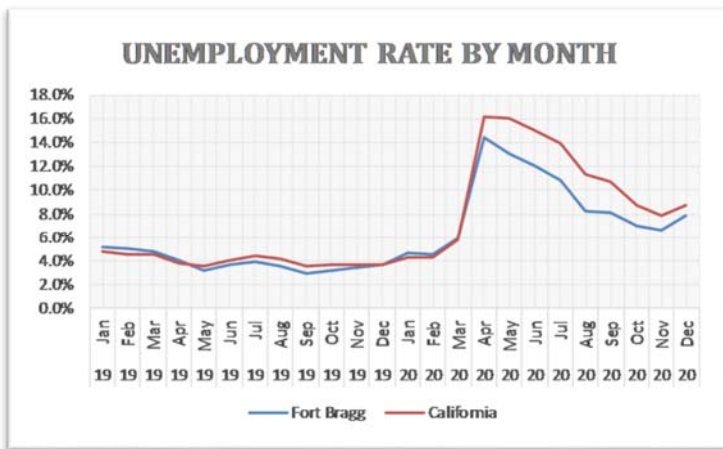
For the first quarter of the FY 2020/21, both the Bradley Burns sales tax and the TOT revenues recovered from the shutdown of the economy. The State and County health orders were eased to allow nonessential travel and Fort Bragg experienced a rebound of tourism. Fort Bragg is within driving distance of San Francisco and Sacramento, so shorter trips by car appear to be a preferred get away during the pandemic. The TOT revenue for first quarter (July to September) was up 8.4% over the prior year same quarter. The City's General Fund sales tax for the first quarter was up 12% over the prior year. These trends have continued into the second quarter revenue receipts, however, the pandemic and the frequently changing stay at home orders will likely have the most consequential influence on the local economy going forward.



While, the number of homes sold in the Fort Bragg 95437 zip code dipped 6% in FY 2019-20, likely due to the shutdown during the last quarter of the year, home sales in the first half of FY 2020-21 are at 93% of total sales for the prior year. This appears to be part of a national trend. The pandemic forced many workers to work from home and employers have increasingly allowed this to become the new norm. Locally, many of these sales have been made to individuals and families who have moved out of urban areas. The median home price in June of 2020 in 95437 zip code was \$419,000, an increase of 5% over June of 2019, but still substantially lower than home values in the San Francisco Bay area. Under California's Proposition 13, approved by voters in 1978, assessed property values are only increased when there is new ownership or new construction. Proposition 8, approved after Prop 13 in 1978, allows for property values to be adjusted downward if an owner suffers from a decline in value. Retroactive and delayed processing of Prop 8 adjustments reduce the impact of increased real estate values in Mendocino County. The City's property revenue increased by 3% in FY 2019-20 and is expected to continue to grow at similar modest increases 2-3% per year.



Until March, 2020, the City had experienced five years of strong employment trends and low unemployment rates. In April 2020, local unemployment jumped to 14.4%, the highest level it reached in the last calendar year. Fort Bragg’s unemployment has fared better than the overall state, trending lower but with almost an identical pattern of increases and decreases since March 2020.



Long-term Financial Planning

A review of the City’s Fiscal Policies, including Fund Balance & Reserve Policies was conducted as part of the FY 2020/21 budget process. The City Council continued the commitment to the reserve levels established as part of the FY 2019/20 budget process. The following General Fund reserves comprise committed fund balance and at FY 2019-20 these reserves total \$2,159,716.

- 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 committed fund balance and may be used, with Council authorization, for unforeseen operating or capital needs. At Fiscal Year-end 2019/20, the reserve is funded at \$1,469,787.

- Litigation Reserve: The City will maintain a \$200,000 Litigation Reserve to cover unforeseen legal expenses, including unbudgeted settlement costs that are not covered by the City's insurance pool. At Fiscal Year-end 2019/20, the reserve balance is \$200,000.
- Recession Reserve: The General Fund will maintain a Recession Reserve 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 as typically experienced during times of recession. The fund is established at an amount equivalent to 5% of the City's annual operating budget. City Council approval is required before expending any portion of this committed fund balance. The reserve was established on July 1, 2019 at \$489,929 and at Fiscal Year-end 2019/20, the reserve balance remains at \$489,929.

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 continue to 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 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 of 2008. Labor agreements for FY 2019/20 thru FY 2021/22 continued the moderate cost of living adjustments begun earlier. The Fort Bragg City Council has implemented two policies aimed at the organization's financial challenges. Both policies have been described previously and include the newly established "Recession Reserve" and the "Unfunded Liabilities Policy".

With hard work, some difficult decisions and fiscal discipline the City Manager and City Council succeeded in passing a balanced FY 2018/19 budget as well as the FY 2019/20 budget. These were the first balanced budgets in many years. The FY 2019/20 budget was balanced by eliminating the position of Administrative Services Director and Police Lieutenant Positions. The City continued to use a less conservative revenue forecast compared to prior years. Further, the City opted to budget only a minimum payment into its Other Post-Employment Benefits (OPEB) trust fund. The tradeoffs in balancing the budget include, a decrease in services (eliminated and downgraded positions). The OPEB trust fund on the other hand has been diligently pre-funded for several years and even with minimum payments the City appears poised to start drawing from the fund in order to offset increasing costs in the years to come.

Beginning with the FY 2017/18 budget the City's Finance department has prepared a five year budget forecast for the General fund. The five year forecast is updated each year prior to the mid-year budget review meeting. Till now the document has been a stand-alone document that is presented at the mid-year budget review meeting. Beginning with the FY 2019/20 budget the five year forecast has been incorporated into the main budget document. The five year forecast indicates that In the short term, the City will likely be able to fill budgeted or realized deficits with appropriated fund balance. In the long-term, it is likely that revenue enhancements and/or additional cost-cutting measures will be necessary.

The City's General Fund operated at a deficit for FY 2019/20 and fund balance was reduced by \$452k. While establishing the Recession Reserve and adopting balanced budgets for the prior two years reduced the impact of this loss, the City found it necessary to reduce staff and services in response to the pandemic. In May, 2020, the City laid off four full-time employees, froze two positions in the Police Department and furloughed another

twelve employees to 50 to 75% of their regular hours. The furloughed staff was returned to full-time status in August, 2020 but there are no short-term plans to reinstate the laid off employees. In addition, the City did not replace two positions (Finance Director and Assistant City Engineer that became open in late June. Despite those early reductions, the City Council adopted a deficit budget in June. The good news is that through refining expenses and the rebound of revenues in the first quarter of the year staff was able to make amendments to the budget that provided not just a balanced budget but a projected surplus. As of the date of this letter, the projected surplus in the General Fund for FY 2020/21 is over \$400k.

A major project for FY 2020/21 is to develop and adopt a Pension Funding Policy. Like most cities in California, Fort Bragg continues to experience double digit increases in its unfunded liability payments with little or no reduction in the overall unfunded liability. As reported on page 80, the City's net pension liability is at \$9.94 million. This is an increase from the \$9.19 million at the end of FY 2018/19 or an increase of 8%, despite annual amortized payments to reduce the unfunded liability. A primary reason for the growing liability is that the California Public Employees' Retirement System (CalPERS) has failed to meet the 7% targeted return on investments for the last two years (6.7% in FY 18-19 and 4.7% in FY 19-20). Over a 20-year period, the overall fund performance has averaged just 5.5%. The lower than target returns have renewed discussion about further reductions of the discount rate from 7% to something lower. Lowering the discount rate will increase the City's unfunded pension liability.

Impact of Fiscal Policies on Financial Statements

The City of Fort Bragg's fiscal policies are established to ensure that the finances of the City and the Municipal Improvement District No. 1 (collectively referred to as "the City") are managed in a manner that will:

- Maintain a financially viable local government that provides adequate levels of municipal services to its citizens.
- Provide for financial flexibility in order to adapt to local and regional economic changes.
- Preserve and enhance the sound fiscal condition of the City.

The City's policies are maintained in the annual budget document and are reviewed and approved each year by the City Council. The policies cover: budgeting, budgetary controls, revenues, expenditures, utility rates, capital budgeting, debt management, interfund loans, fund balance and reserves, investments, accounting auditing and financial reporting, asset forfeiture expenditures, employment compensation, cost allocations, and debt service. The City's fiscal policies are extensive and followed diligently so that it can be safely said that all of the policies have had a significant impact on the current period's financial statements. In some years certain fiscal policies may stand out as having a more significant impact on the financial statements while in other years (such as the current reporting period) they may have a relatively equal impact.

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, 2019. This was the eighth 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 it will be submitted 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, especially Senior Accountant, Isaac Whippy, who has stepped up to fill the gaps left when the Finance Director position was frozen. Their efforts made it possible to continue to provide quality financial information for the citizens, the City Council, and other users on a timely basis. Appreciation is also expressed to the Mayor and the City Council for their attentiveness and support in planning and conducting the financial activities of the City in a responsible and responsive manner.

Respectfully submitted,



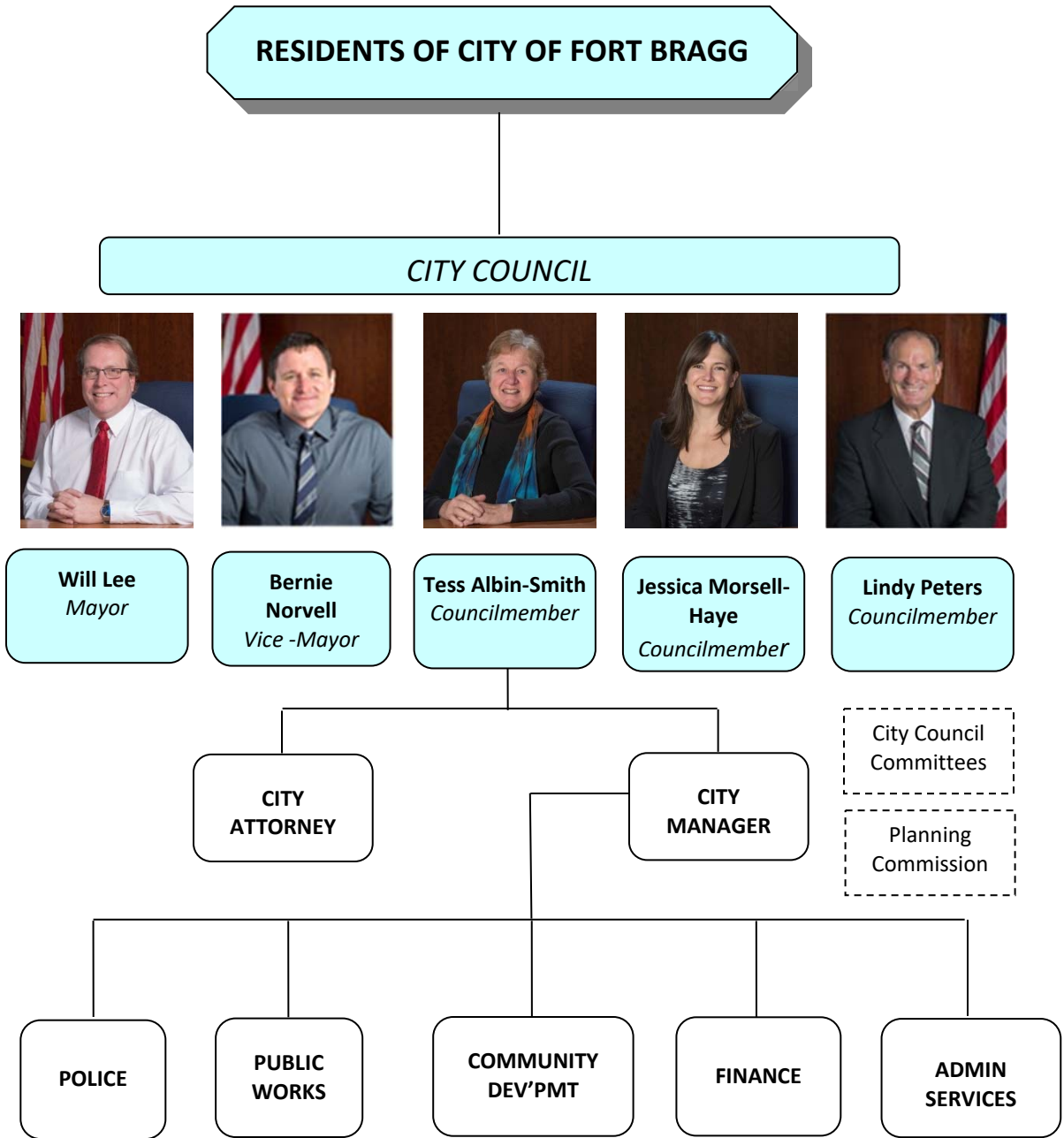
Tabatha Miller, CPA
City Manager



Isaac Whippy
Senior Accountant

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Organization Chart



Current City Council members and the dates upon which their respective terms expire are as follows:

Mayor Will Lee	December 2020
Vice Mayor Bernie Norvell	December 2020
Councilmember Tess Albin-Smith	December 2022
Councilmember Jessica Morsell-Haye	December 2022
Councilmember Lindy Peters	December 2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
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Presented to

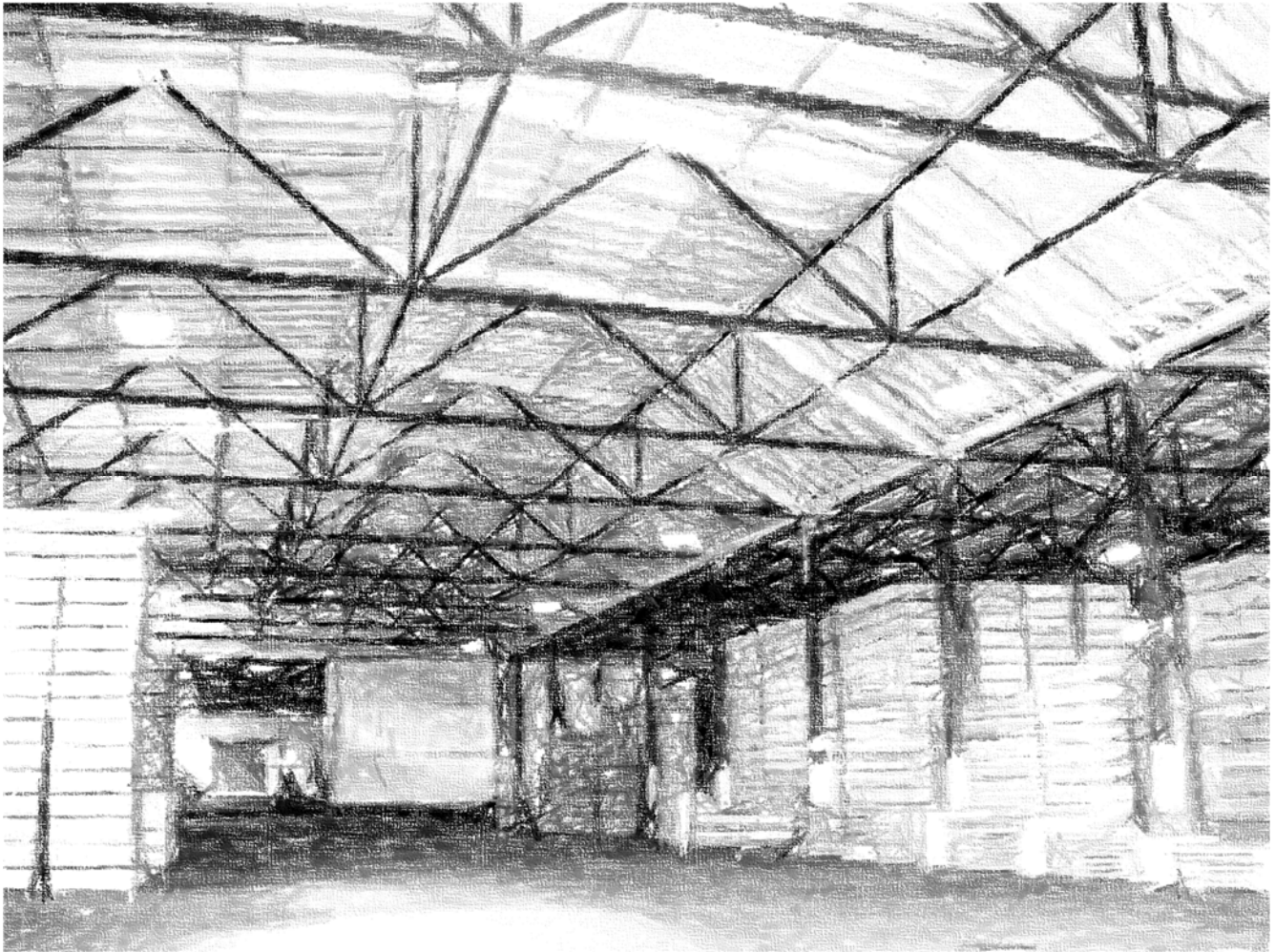
**City of Fort Bragg
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO



FINANCIAL SECTION

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

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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, 2020, 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, 2020, 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 3–19, the Schedule of Changes in Net OPEB Liability and Related Ratios on page 94, the Net OPEB Liability Schedule Contributions on page 95, the Pension Plan Schedule of Contributions on pages 96-97, and the Schedules of the City's Proportionate Share of the Net Pension Liability on pages 98–99, 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 January 29, 2021 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.

January 29, 2021

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

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, 2020. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's Net Position increased by \$7.4 million (assets exceeded liabilities) to \$93.6 million as of June 30, 2020.
- The Net Position for governmental activities ended the year at \$38.9 million, while the net position for business activities was \$54.6 million. Of the \$38.9 million in total governmental net position, a negative \$5 million is characterized as unrestricted net position. In FY 2016, GASB 68 required all cities to recognize their pension liability as a deficit in unrestricted net position on their financial statements.
- General Fund revenues fell short of budget by \$997,937. In contrast, General Fund expenditures came in under the final amended budget by \$839,090. The balance of the General Fund decreased by \$450,384 to \$2.7 million.
- The City's governmental funds reported a combined fund balance of \$5.8 million, a decrease of \$1.6 million compared to the prior fiscal year. Committed balances include an Operating Reserve of \$1.5 million, a Recession Reserve of \$489,929, and a Litigation Reserve of \$200,000.
- The Water enterprise Net Position increased \$1.6 million (16%), the Wastewater enterprise Net Position also increased by \$7.3 million (49%), while the C.V. Starr Center Net Position decreased \$418,908 (2%). The most significant draw on C.V. Starr Center Net Position is the non-cash item depreciation (\$683k).
- Business activities saw revenue for charges of services decrease by \$256,133 (3%), resulting from the onset of the COVID-19 Pandemic in March 2020.
- Total liabilities increased by \$543,503 to \$24.8 million during the FY 2019/20.
- Deferred inflows and outflows related to the City's unfunded accrued pension liabilities (UAL) with CalPERS changed from the prior year due to gains and losses recognized by CalPERS, including contributions made by the City.

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

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.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

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 of 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 Community 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.

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.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

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, 2020, 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, 2020, 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 beginning on page 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 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.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

ENTERPRISE-TYPE 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 49-92 of this report. Required Supplementary Information follows the notes on page 94.

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 103-123 of this report. Combining statements for internal services funds are presented on pages 125-127.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following table represents a comparative analysis of governmental and business-type activities' net assets as of June 30, 2020, and June 30, 2019.

Summary of Net Position

	2020			2019		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 9,698,369	\$ 12,024,984	\$ 21,723,353	\$ 11,393,803	\$ 10,561,422	\$ 21,955,225
Noncurrent assets	42,101,657	52,267,148	94,368,805	41,537,368	44,683,323	86,220,691
Total assets	51,800,026	64,292,132	116,092,158	52,931,171	55,244,745	108,175,916
Deferred outflows of resources	2,766,120	367,749	3,133,869	2,544,712	398,112	2,942,824
Total assets and deferred outflows of resources	54,566,146	64,659,881	119,226,027	55,475,883	55,642,857	111,118,740
Current and other liabilities	903,403	2,527,218	3,430,621	1,037,759	1,695,849	2,733,608
Long-term liabilities	13,720,717	7,444,451	21,165,168	13,448,975	7,869,703	21,318,678
Total liabilities	14,624,120	9,971,669	24,595,789	14,486,734	9,565,552	24,052,286
Deferred inflows of resources	944,482	68,411	1,012,893	765,308	69,466	834,774
Total liabilities and deferred inflows of resources	15,568,602	10,040,080	25,608,682	15,252,042	9,635,018	24,887,060
Net position:						
Net investment in						
Capital Assets	42,101,657	45,807,368	87,909,025	41,400,454	37,805,831	79,206,285
Restricted	1,921,632	108,064	2,029,696	1,278,950	108,064	1,387,014
Unrestricted (deficit)	(5,025,745)	8,704,369	3,678,624	(2,455,563)	8,093,944	5,638,381
Total net position	\$ 38,997,544	\$ 54,619,801	\$ 93,617,345	\$ 40,223,841	\$ 46,007,839	\$ 86,231,680

As of June 30, 2020, the City's net position was \$93.6 million, an increase of \$7.3 million. Year over year, assets increased by \$7.9 million, and liabilities increased by \$722k with no new debt issued. The overall change in net position is largely due to the increase in investment in capital assets for business-type activities, which increased by \$8.6 million. Governmental activities decreased \$1.2M. The revenue and expense factors contributing to the year over year performance increase are discussed in further detail in this report's ensuing sections.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

A large portion (93%) of the City of Fort Bragg's net position reflects its investment in capital assets (e.g., land, easements, buildings, machinery, and infrastructure), less related outstanding debt used to acquire those assets. The City uses these capital assets to provide various services to its citizens; consequently, these assets are not available for future spending. The balance in net investment in capital assets increased in FY 2019/20 by \$8.7M to a total of \$87.9 million. The increase reflects capital outlay in multiple projects, including the Wastewater Treatment Plant Upgrade project (\$9.5M), Sewer Main Rehab (\$284k), CV Starr Pool Basin (\$254k), and completion of the Sewer Lift Station (\$1.4M). Citywide total assets placed in Service equaled \$10.9M, which was offset by \$2.7 million in depreciation and a net increase in related debt of \$543k.

The restricted net position of \$2 million primarily comprises revenues held for expenditure for specified purposes (special revenue) and amounts held for debt service. Examples of special revenues are street sales tax and Community Development Block Grants (CDBG) program income. The overall restricted net position increased year over year by approximately \$644k. It ended the fiscal year with a \$2 million balance primarily due to the accumulation of special sales tax funds of \$1.6 million, a 79% increase from the prior year.

The Unrestricted net position decreased \$1.9 million over the previous year and now stands at \$3.6 million. Governmental activities saw a decrease of \$2.5 million in unrestricted net position, whereas business-type activities saw an increase of \$610k. The negative unrestricted position of \$5 million for governmental activities includes cash and cash equivalents. It may be used to meet the City's ongoing obligations to citizens, creditors and City imposed designations (reserves, litigations, contingencies, and revenue programs). It is negative primarily due to the City's long-term obligations related to net pension liabilities. The City's working capital to meet current operating and capital concerns are \$18.3 million.

Deferred outflows are defined as a government's net position consumption that applies to a future reporting period. Although not entirely the same, deferred outflows are similar in nature to assets. The City currently has three deferred outflows: deferred losses on debt refunding, a deferred outflow related to reporting or the City's OPEB liability, and a deferred outflow pertaining to reporting of the City's pension plan liability. On a year over year basis, the City's deferred outflows increased by \$191k or 6%.

Deferred inflows are defined as an acquisition of a net position by a government applicable to a future reporting period. Although not entirely the same, deferred inflows are similar in nature to liabilities. The City currently has two deferred inflows: a deferred inflow related to reporting or the City's OPEB liability and a deferred inflow related to reporting of the City's pension plan liability. On a year over year basis, the City's deferred inflows decreased by \$178k or 21%.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2020, and 2019, follows:

	Changes in Net Position					
	2020			2019		
	Gov- ern- men- tal Acti- vities	Busi- ness- type Acti- vities	Total	Gov- ern- men- tal Acti- vities	Busi- ness- type Acti- vities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,150,327	\$ 7,130,393	\$ 10,280,720	\$ 2,668,102	\$ 7,386,526	\$ 10,054,628
Grants and contributions:						
Operating	800,090	-	800,090	144,628	-	144,628
Capital	1,344,933	4,512,326	5,857,259	957,245	2,339,229	3,296,474
General revenues:						
Property taxes and assessments	1,156,765	236,185	1,392,950	1,074,931	249,499	1,324,430
Sales and use tax	2,742,568	944,770	3,687,338	2,607,167	878,737	3,485,904
Transient occupancy taxes	2,204,151	-	2,204,151	2,640,275	-	2,640,275
Other taxes	774,924	-	774,924	762,165	-	762,165
Use of money and property	107,090	178,095	285,185	66,216	168,000	234,216
Unrealized gains and losses	228,487	-	228,487	194,814	-	194,814
Other general	23,558	95,356	118,914	7,757	77,243	85,000
Total revenues	<u>12,532,893</u>	<u>13,097,125</u>	<u>25,630,018</u>	<u>11,123,300</u>	<u>11,099,234</u>	<u>22,222,534</u>
Expenses:						
Governmental activities:						
General government	2,622,995	-	2,622,995	2,384,428	-	2,384,428
Public safety	5,374,187	-	5,374,187	4,338,230	-	4,338,230
Public works	3,122,039	-	3,122,039	2,979,152	-	2,979,152
Community development	875,959	-	875,959	1,056,350	-	1,056,350
Marketing and promotion	185,621	-	185,621	-	-	-
Interest and fiscal charges	5,106	-	5,106	47,277	-	47,277
Business-type activities:						
Water	-	1,675,501	1,675,501	-	1,920,010	1,920,010
Wastewater	-	2,302,137	2,302,137	-	2,673,768	2,673,768
C.V. Starr Center	-	2,080,808	2,080,808	-	2,722,366	2,722,366
Total expenses	<u>12,185,907</u>	<u>6,058,446</u>	<u>18,244,353</u>	<u>10,805,437</u>	<u>7,316,144</u>	<u>18,121,581</u>
Excess (Deficiency) of revenues over expenditures before transfers						
	346,986	7,038,679	7,385,665	317,863	3,783,090	4,100,953
Transfers						
	(1,573,283)	1,573,283	-	(1,029,464)	1,029,464	-
Change in net position						
	(1,226,297)	8,611,962	7,385,665	(711,601)	4,812,554	4,100,953
Net position:						
Beginning of year	40,223,841	46,007,839	86,231,680	40,935,442	41,195,285	82,130,727
End of year	<u>\$ 38,997,544</u>	<u>\$ 54,619,801</u>	<u>\$ 93,617,345</u>	<u>\$ 40,223,841</u>	<u>\$ 46,007,839</u>	<u>\$ 86,231,680</u>

The City's expenses for FY 19/20 totaled \$18.2 million, an increase from FY 18/19 of \$121k. Much of this increase was related to personnel costs, pension costs, and insurance. Governmental expenses totaled nearly \$12.1 million or 67 percent of total expenses. Public safety costs represented most of the governmental expenses, followed by public works and general government. Business-type activities incurred \$6.1 million of expense during the fiscal year, 33 percent of all City expenses.

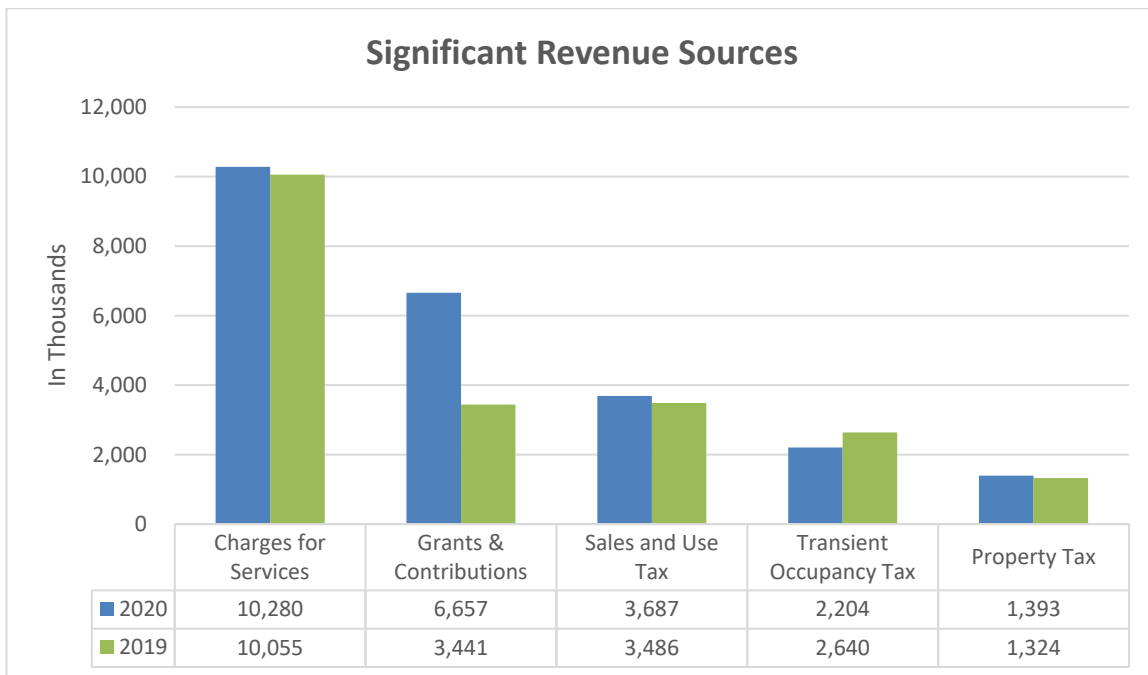
City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for Governmental and Business-type Activities were \$25.6 million for the fiscal year ended June 30, 2020, representing a 15 percent increase over the previous fiscal year. Governmental Activities increased by \$1.4 million, and Business-type Activities increased \$1.9 million. Significant revenues for the City for the FY 2019/20 were derived from charges for services (33%), grants and contributions (29%), sales and use Tax (14%), transient occupancy tax (8%), and property tax (6%).



Following is a discussion of variances in key revenues for the FY 2019/20:

1. **Charges for Service's** overall revenue increased by 2 percent compared to the previous fiscal year. Charges for governmental activities were up \$222k or 8 percent. These services are mostly salary, benefit, overhead charges to the Business-type Activities, interfund reimbursements, and charges to various grants for staff time and administrative costs reimbursements, increasing year over year. Conversely, Cost allocation plan revenues decreased year over year, attributed to the new cost allocation plan's recalculation, which reduces the allocation to the general fund. Reimbursement for Community Service Officer (CSO) and Asset Forfeiture expenditures also decreased due to reduced funding available. Other charges for services, including Police Department fingerprinting, code enforcement, building permits, also recorded declines from the prior year partially due to the newly adopted fee rates, furloughed staff, and City Hall's closure in the last quarter of the fiscal year.

Charges for services for Business-type activities are made up almost entirely of user charges. This category decreased \$256k or 3 percent primarily due to the COVID-19 restrictions during the last quarter of the fiscal year. Many businesses were forced to close or reduce operations and, as a result, caused a reduction in water consumption for many top commercial account users. Additionally, the CV Starr center was closed in mid-March in compliance with Shelter-In-Place orders.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

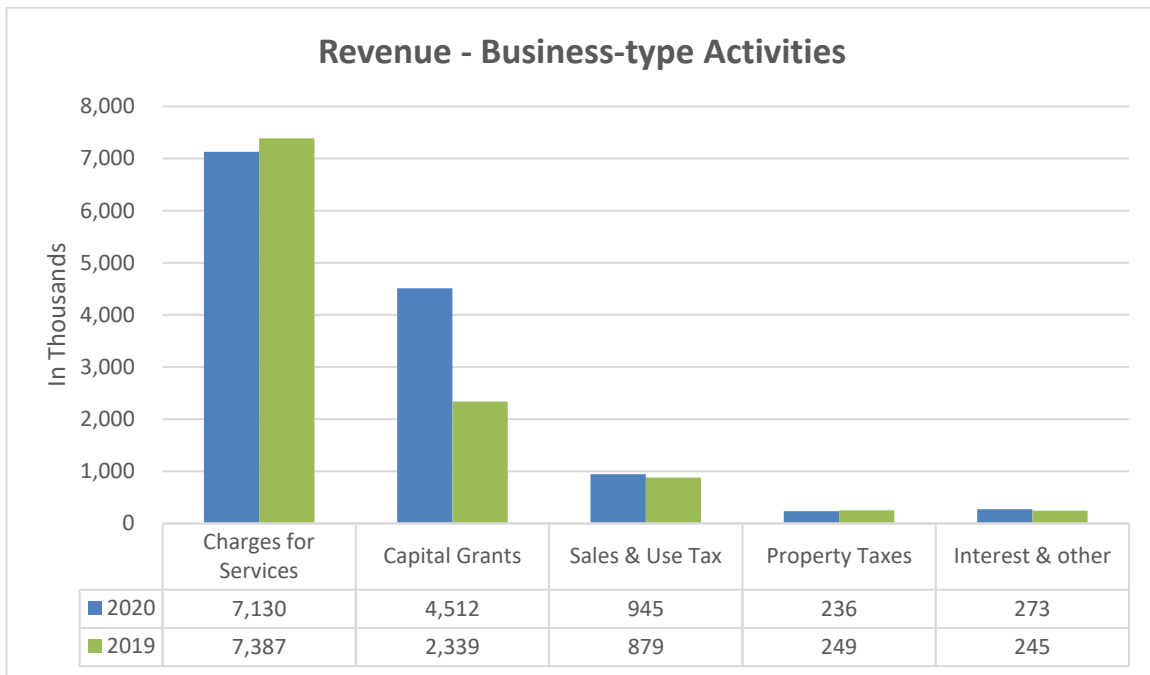
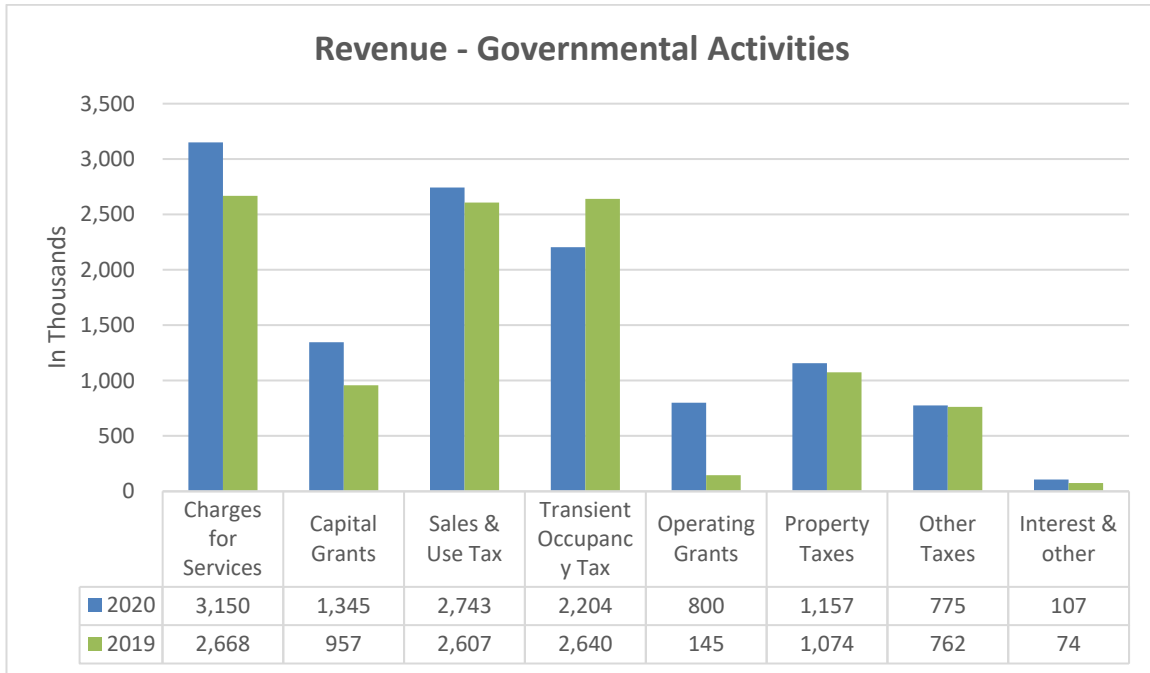
2. **Grants and Contributions** annual receipts for Operating Grants increased by \$655k. These Grants include the Public Safety Shut-off (PSP) Resiliency grant, Federal operating grants (CDBG) and is a normal part of the operating grant cycle. Often operating grants fluctuate from year to year depending on when program activities are implemented. Grants for capital improvement increased by \$2.5 million or 78 percent. The most significant capital grants in FY 2019/20 were the California State Water Resources Control Board grant (\$4.5M) and the US Department of Agriculture grant (\$1.3M). Both of these grants provided funding for the City's wastewater treatment facility upgrade.
3. **Sales and Use Tax** Sales tax include the City's general sales tax, a special half-cent sales tax for the C.V Starr Center, and a special half-cent sales tax for street repairs. Sales tax growth over the last five years is showing a modest 3 percent growth trend. Despite the onset of the COVID-19 Pandemic, sales tax revenues were higher than in the prior year due to increases in sales from the local economy pre-COVID. Sales and use taxes increased by \$201k or 6 percent. It is important to note that the real sales tax variance would have been \$72k lower if not for the \$129k (true-up payment) posted to FY 19/20 instead of the previous fiscal year due to the timing of the amount received. Sales and use taxes for Business-type Activities are received for the C.V. Starr Center special sales tax (\$944k), which was up 8 percent or \$66k from the previous fiscal year. The Tax is used to subsidize the operations and capital needs of the Center.
4. **Transient Occupancy Tax (TOT)** is a local tax (12 percent) that is applied to the cost of the hotel or other lodging stays of less than 30 days. In FY 2016/17, with the passage of Measures AA and AB, the City's TOT rate increased from 10 percent to 12 percent. Since its inception, most Measure AA taxes have been invested in activities that promote Fort Bragg as a vacation destination. TOT revenue was performing strongly and on target to grow 6 percent from the previous year pre-COVID. Travel restrictions brought on by the Pandemic at the beginning of fourth quarter affected this revenue source negatively. TOT revenue for the last quarter of the fiscal year was down 66% compared to the prior year. Annual receipts for FY 2019/20 decreased by \$436k or 17 percent compared to last year.
5. **Property Tax** increased by 3% in FY 2019/20 and is expected to continue to grow at similar modest increases of 2-3% per year. The median home price in June of 2020 in the 95437 zip code was \$419,000, an increase of 5% over June of 2019. Property taxes received are accounted for in the General Fund \$1.1 million, C.V Starr Center \$236k and the Fire Equipment Fund \$49k. In FY 2019/20, the City contributed \$232k to the Fire Department to purchase a new fire engine.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2020, and 2019, are as follows:



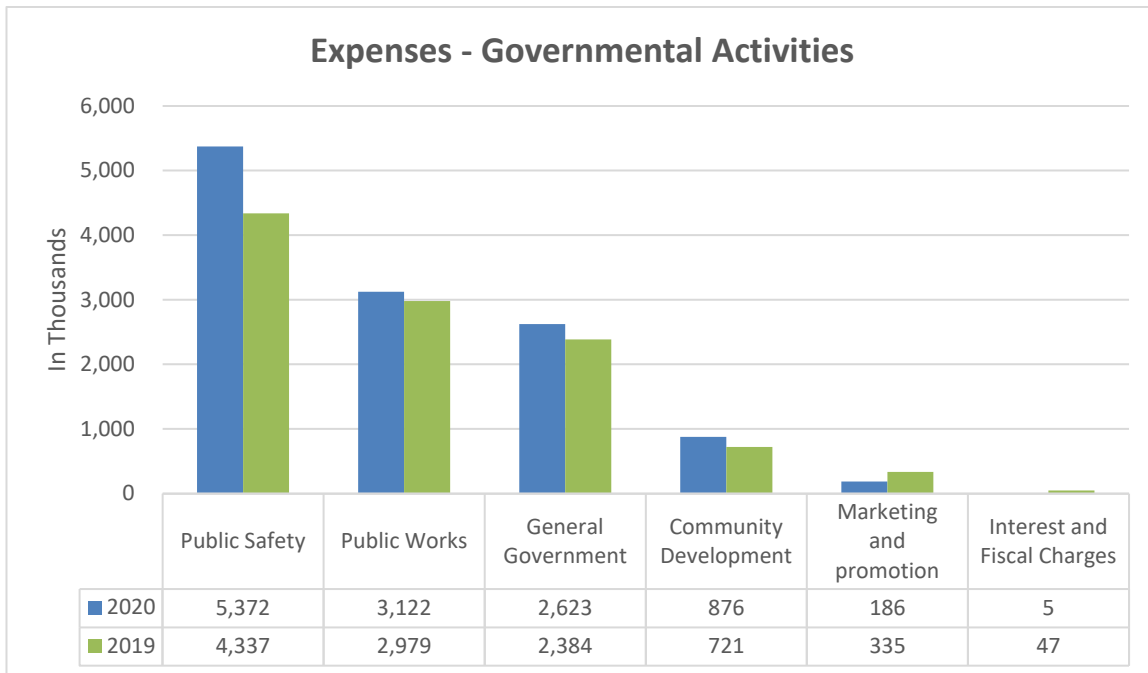
City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

The City's governmental and Business-type Activity expenses for FY 2019/20 totaled \$18 million, representing a 1 percent increase compared to the previous fiscal year. Governmental Activity expenses were \$12 million or 67 percent of total expenses, while Business-type Activities were \$6 million or 33 percent of total expenses. Public safety costs represented 29 percent of citywide expenses, followed by Public Works at 17 percent and General government at 15 percent.



Following is a discussion of significant variances in key expense categories for the fiscal year 2019/2020:

1. **Public Safety** costs increased by \$1 million or 24 percent from the previous fiscal year. The increase is mostly attributed to the rise in personnel costs (\$512k or 20%) and the new cost allocation methodology implemented during the adopted budget of FY 2019/20. The department had recorded savings in personnel costs the last few years due primarily to being understaffed in beginning in FY 2016/17, as low as 30% understaffed in the way of sworn officers. In FY 2019/20, the department was able to fill open positions and reached full staffing levels.

Public safety costs are expected to increase noticeably again in the next fiscal year. In addition to cost of living adjustments, rising pension costs, and substantial overtime work, each January, the City (City Ordinance 672) is required to perform a Police Department salary survey and adjust salaries if the City's current salaries are not at least the average of the surveyed jurisdictions. The survey analyzes comparable positions in the City of Willits, Ukiah, and the Mendocino County Sheriff's Office. The City anticipates additional salary increases provided by the County Sheriff's, City of Ukiah and the City of Willits for their law enforcement employees. Law enforcement positions nation wide have become much more competitive and difficult to recruit for in the last several years. Dispatch services, which is one of the department's top operating expense, will also increase 5 percent or \$33k annually.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses, Continued

2. **Public Works** year-over-year expenses increased by \$142k or 5 percent. The increase is due to the City's new cost allocation plan resulted in increased costs for public works general fund departments. Additionally, the increase is also attributable to personnel costs driven by a department's reorganization with the City's Special Projects Manager and Special Projects Assistant moving from Community Development to Public Works.
3. **General Government** expenses increased by \$239k or 10 percent. The increase is attributed to the rise in pension costs, which increased by \$513k in FY 2019/20. Cost savings offset this increase in costs of about \$428k year-over-year, including staff reduction and the new cost allocation methodology that decreased the general fund allocation by \$107k. Additionally, in FY 2019/20, the City started making the minimum prepayment towards the OPEB trust. This caused a \$210k positive year over year variance. The OPEB trust fund has been diligently pre-funded for years, and even with the recent change minimum payments, the City appears poised to start drawing from the fund to offset increasing costs in the years to come.
4. **Community Development** expenses decreased by \$180k or 17 percent. The decrease is partially due to the transfer of the Promotions and Marketing Program to its separate department. Additionally, the Community development director position has been vacant since the first quarter of FY 2019/20.

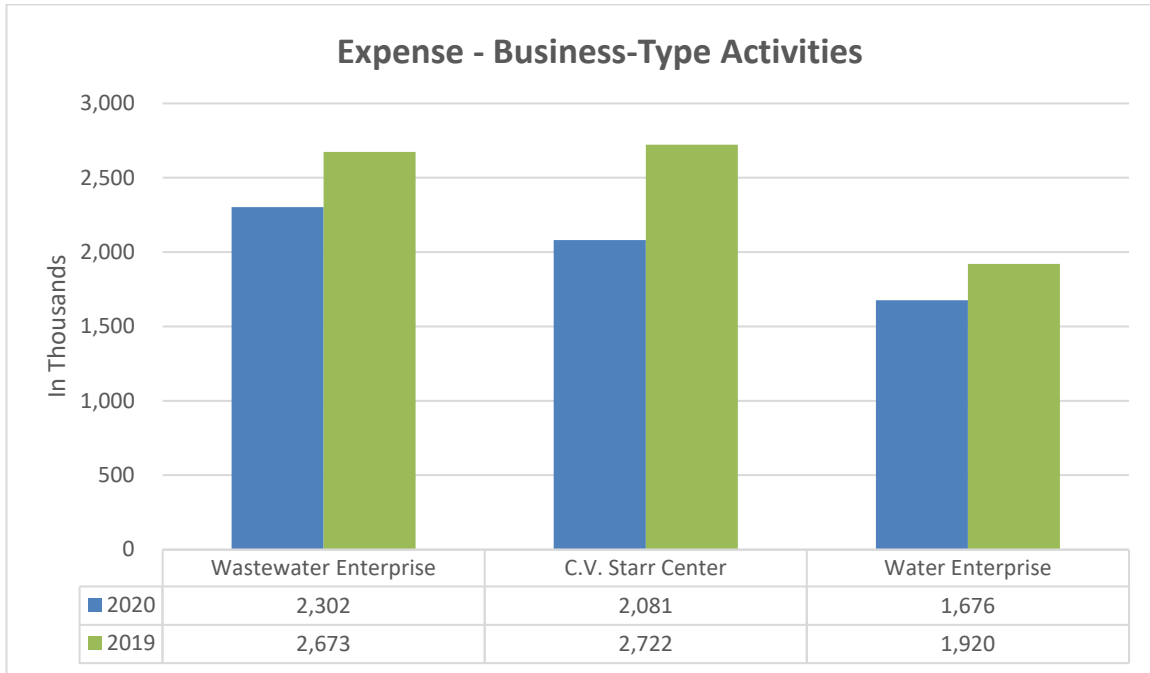


City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses, Continued



Following is a discussion of significant variances in key business-type expense categories for the FY 2019/20:

1. **Wastewater enterprise** expenses decreased by \$372k or 14 percent. The completion of backlog deferred non-routine maintenance and the City's new cost allocation plan contributed to the decrease in costs year over year.
2. **C.V. Starr Center** expenses decreased by \$642k or 24%. The CV Starr center was closed in mid-March 2020 in compliance with Shelter-In-Place orders in response to COVID-19. In early May, all but essential core staff were transitioned from furlough to layoff status. As a result, both personnel and operating costs ended the year favorably. The Center also completed \$254k of capital improvement, including the Pool Basin Rehab and LED lighting project.
3. **Water enterprise** expenses decreased by \$245k or 13 percent. Like the Wastewater Enterprise, completion of the \$127k backlog deferred non-routine maintenance, and the City's new cost allocation plan resulted in cost savings. The water enterprise received a lower administrative allocation in FY 2019/20 compared to the previous year.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

Net Program Costs

The following table shows each of the City's major programs and the programs' net cost. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden 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, 2020, and 2019 are as follows:

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,622,995	\$ 1,511,471	\$ 2,384,428	\$ 1,276,569
Public safety	5,374,187	5,075,116	4,338,230	3,677,981
Public works	3,122,039	(579,485)	2,979,152	528,776
Community development	875,959	692,728	1,056,350	625,914
Marketing and promotions	185,621	185,621	-	-
Interest and fiscal charges	5,106	5,106	47,277	47,277
Total	\$ 12,185,907	\$ 6,890,557	\$ 10,805,437	\$ 6,156,517

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, 2020, the City's governmental funds reported combined fund balances of \$5.4M, a decrease of \$1.6 million or 22 percent over the previous year.

General Fund

The general fund is the chief operating fund of the City. Overall, the general fund balance decreased by \$452k from \$3.1 million to \$2.6 million in FY 2019/20. General fund unassigned fund balance totaled \$527k. This is a decrease of \$923k from the prior year, which was the result of funding the \$490 in Recession Reserve and the \$452k decrease from reduced revenues as a result of the pandemic shutdown. The committed fund balance totals \$1.9 million. It includes the operating reserve of \$1.5 million, \$200k in the litigation reserve, and the \$490k in the Recession Reserve established this fiscal year.

Special Sales Tax – Streets

The Special Sales Tax for street repairs fund increased \$696k to \$1.5 million in FY 2019/20. The Maple Street and Storm Drain Rehab project of \$1.8M will be funded and undertaken in FY 2020/21.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

FUND FINANCIAL ANALYSIS, Continued

Street Resurfacing Capital Projects

The Street Resurfacing Capital Projects fund is at zero. Funding is transferred from the Special Sales Tax for street repairs fund to the Street Resurfacing Capital Projects as projects are undertaken. Although funding was transferred and the FY 2018/19 Street Resurfacing project kicked off late in FY 2018/19, work will be completed in the current fiscal year.

Enterprise Funds

Enterprise funds increased the City's net position by \$7.1 million. The City has three business-type activities: Water, Wastewater, and the C.V. Starr Center.

The Water enterprise net position increased \$1.6 million or 16 percent to \$11.6 million; the Wastewater enterprise net position increased \$7.3 million or 49 percent to \$15 million. The C.V. Starr Center enterprise net position decreased \$418k or 2 percent to \$20.5 million.

The Water enterprise capitalized costs of \$292k. Additionally, accounts payable increased by \$65k while long-term liabilities decreased by \$403k due to regularly scheduled debt payments. Lastly, Water operating revenues exceeded operating expenses by \$1.5 million, contributing to the fund's net position. The utility generates sufficient revenue to cover operating expenses, maintaining an operating reserve, and funding a capital reserve. Currently, the rate plan is designed to accumulate \$1 million per year in a capital projects reserve, and the plan is working as designed.

The Wastewater enterprise completed the project to replace the aging wastewater treatment plant. The project had a cost of \$18.1 million and successfully came online in late March 2020. In FY 2019/20, \$7.9 million of expenses were capitalized, contributing to the growth in net position. The capitalized costs were offset by increases in liabilities (\$5 million bonds issued in connection with the Wastewater Treatment Plant upgrade in FY 2018/19) and decreased current assets. Current assets, particularly cash, declined by \$1.2 million due to the Wastewater Treatment Plant project being partially funded by reimbursement grants. The Wastewater enterprise also realized \$1.3 million in net income, which contributed to its net position growth.

Additionally, \$4.5 million of the surplus is grant funding for the treatment plant upgrade project. The utility's user fees generate sufficient revenue to cover operating expenses, maintain an operating reserve and fund a capital reserve. Currently, the rate plan is designed to accumulate \$1M per year in a capital project reserve, and the plan is working as designed. The FY 2020/21 would be the last year of scheduled rate increases per the 2016 Approved water rate study. Cover

The C. V. Starr Center's operation is contracted to the Mendocino Coast Recreation and Park District and is supported by property tax, sales tax, and user fees. The C.V. Starr Center's operating expenses exceeded operating revenue (user fees) by \$1.6 million. The operating loss is subsidized with non-operating revenue, including the tax revenue mentioned above, with the resulting change in Net Position decreased \$418k. The decline includes a significant non-cash expense; depreciation expense of \$683k. Capital Improvement of the Pool Basin Rehab (\$254k) was completed during the fiscal year.

As mentioned previously, the Center was closed in March 2020 to comply with shelter in place orders and remains closed when writing this report.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

General Fund Budgetary Highlights

A comparison of budget to actual for major governmental funds is presented in the fund financial statements. These statements and the notes are presented as additional information to show that appropriations are being spent as authorized by the City Council.

The original budget estimated \$9.8 million in revenues. Actual revenues were \$997k lower than what was budgeted primarily due to the impacts of the COVID-19 shutdown, which impacted transient occupancy tax (TOT), Sales tax, business license tax revenues and some of the grant-funded activities being deferred. The General Fund was certainly the most impacted by the COVID-19 Pandemic and economic shutdown. This is because it relies on TOT and Sales Tax Revenues, accounting for approximately 48 percent of the City's General Fund revenue.

Expenditures were held below the final amended budget by \$839k or 8 percent, with savings across many categories primarily due to the COVID-19 budget reduction plan approved by the Council in April 2020, which included an annualized decrease to General Fund expenditures of \$1.4 million to offset the projected revenue shortfalls. These included:

- Layoffs and furloughs were implemented at the end of April 2020 and accounted for the most considerable portion of the General Fund's expenditures reductions.
- Freezing open positions.
- Eliminating all seasonal staff.
- Placing a hold on AA/AB funding allocations.
- In addition to the staffing cuts, the Fort Bragg Police Association voluntarily gave up premium pays worth approximately \$88k for one year in exchange for a small increase in vacation accruals.

The City of Fort Bragg Fund Balance and Reserve Policies, adopted by the City Council and incorporated in the Budget development policies, established an Operating Reserve (\$1.5 million) of at least 15-25 percent of the annual operating expenditures General Fund. Its purpose is to serve as a strategic reserve, ensure the General Fund's liquidity, and make certain adequate resources available to manage economic uncertainties. Additionally, the recession reserve was established in FY 2019/20 at \$489k, equivalent to 5 percent of the City's annual operating budget and the Litigation reserve remains at \$200k.

The General Fund ended the year with a fund balance (consisting of non-spendable, committed, and unassigned amounts) of \$2.7 million, representing a decrease of \$452k for the year.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Management's Discussion and Analysis

Capital Assets

The City's investment in capital assets for its Governmental and Business-type Activities as of June 30, 2020, amount to \$94 million. 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	
	2020	2019	2020	2019	2020	2019
Land	\$ 12,952,262	\$ 12,952,261	\$ 785,079	\$ 785,079	\$ 13,737,341	\$ 13,737,340
Construction in progress	2,291,055	347,509	18,118,805	11,316,484	20,409,860	11,663,993
Buildings	1,390,995	1,500,986	21,154,828	21,601,755	22,545,823	23,102,741
Machinery, equipment and vehicle	723,605	856,734	1,634,560	1,666,811	2,358,165	2,523,545
Infrastructure	24,743,740	25,879,878	10,469,934	9,155,022	35,213,674	35,034,900
Land improvements	-	-	103,942	158,172	103,942	158,172
Total	\$ 42,101,657	\$ 41,537,368	\$ 52,267,148	\$ 44,683,323	\$ 94,368,805	\$ 86,220,691

There was an increase in capital assets of approximately \$8.1 million (net of annual depreciation costs). Most notably, the Wastewater Treatment Facility Project (\$6.6 million), Sewer Lift Station (\$1.7 million), Street and Alley Rehab (\$1.9 million), and the CV Starr Pool Basin (\$255k). Citywide total assets placed in Service equaled \$10.9 million, offset by \$2.7 million in depreciation. More detail of the capital assets and current activity may be found in the notes to the financial statements in the Summary of Significant Accounting Policies on page 55 and in Note 5 on Page 68 in the Capital Assets section.

Debt Administration

On June 30, 2020, the total City debt outstanding was \$8.9 million. Overall, governmental debt decreased by \$484k to \$2.1 million due to normally required payments, and Business-type debt was also reduced by \$498k to \$6.9 million. Additionally, the General fund paid off the 2005 Certificates of Participation Debt from 2005, which had an annual obligation of \$148k. Additional information about the City's outstanding debt and other long term liabilities is presented in Note 7 on pages 70 through 73.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS



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City of Fort Bragg, California
Statement of Net Position
June 30, 2020

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 5,002,228	\$ 10,506,093	\$ 15,508,321
Restricted cash and investments	-	108,064	108,064
Receivables:			
Accounts	1,795,551	1,674,242	3,469,793
Loans/Notes receivable	2,587,032	-	2,587,032
Internal balances	312,598	(312,598)	-
Inventory	-	49,183	49,183
Prepaid items	960	-	960
Total current assets	<u>9,698,369</u>	<u>12,024,984</u>	<u>21,723,353</u>
Capital assets:			
Nondepreciable	15,243,318	2,212,134	17,455,452
Depreciable	26,858,339	50,055,014	76,913,353
Total noncurrent assets	<u>42,101,657</u>	<u>52,267,148</u>	<u>94,368,805</u>
Total assets	<u>51,800,026</u>	<u>64,292,132</u>	<u>116,092,158</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	2,242,979	247,607	2,490,586
OPEB, deferred outflow	523,141	-	523,141
Deferred loss on debt refunding	-	120,142	120,142
Total deferred outflows of resources	<u>2,766,120</u>	<u>367,749</u>	<u>3,133,869</u>
Total assets and deferred outflows	<u>\$ 54,566,146</u>	<u>\$ 64,659,881</u>	<u>\$ 119,226,027</u>
LIABILITIES			
Accounts payable and accrued liabilities	351,072	1,882,980	2,234,052
Interest payable	395	16,386	16,781
Unearned revenue	-	6,466	6,466
Deposits payable	71,983	169,220	241,203
Lease payable	-	-	-
Compensated absences - current portion	50,562	8,277	58,839
Due within one year	429,391	443,889	873,280
Total current liabilities	<u>903,403</u>	<u>2,527,218</u>	<u>3,430,621</u>
Long-term liabilities:			
Compensated absences	450,830	76,937	527,767
Landfill post-closure	860,644	-	860,644
Due after one year	-	6,372,780	6,372,780
CalPERS side fund	277,174	-	277,174
Net OPEB obligation	3,187,087	-	3,187,087
Net pension liability	8,944,982	994,734	9,939,716
Total noncurrent liabilities	<u>13,720,717</u>	<u>7,444,451</u>	<u>21,165,168</u>
Total liabilities	<u>14,624,120</u>	<u>9,971,669</u>	<u>24,595,789</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	703,332	68,411	771,743
OPEB	241,150	-	241,150
Total deferred inflows of resources	<u>944,482</u>	<u>68,411</u>	<u>1,012,893</u>
Total liabilities and deferred inflows	<u>15,568,602</u>	<u>10,040,080</u>	<u>25,608,682</u>
NET POSITION			
Net investment in capital assets	42,101,657	45,807,368	87,909,025
Restricted for:			
Gas Tax	2,851	-	2,851
State and Federal Grants	7,025	-	7,025
Special Sales Tax	1,573,560	-	1,573,560
Asset Forfeiture	338,196	-	338,196
Debt Service	-	108,064	108,064
Unrestricted	(5,025,745)	8,704,369	3,678,624
Total net position	<u>38,997,544</u>	<u>54,619,801</u>	<u>93,617,345</u>
Total liabilities, deferred inflows and net position	<u>\$ 54,566,146</u>	<u>\$ 64,659,881</u>	<u>\$ 119,226,027</u>

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,622,995	\$ 880,184	\$ 231,340	\$ -
Public safety	5,374,187	289,972	9,099	-
Public works	3,122,039	1,980,171	376,420	1,344,933
Community development	875,959	-	183,231	-
Marketing and promotions	185,621	-	-	-
Interest and fiscal charges	5,106	-	-	-
Total governmental activities	<u>12,185,907</u>	<u>3,150,327</u>	<u>800,090</u>	<u>1,344,933</u>
Business-type activities:				
Water	1,675,501	3,180,566	-	-
Wastewater	2,302,137	3,484,109	-	4,512,326
CV Starr Center	2,080,808	465,718	-	-
Total business-type activities	<u>6,058,446</u>	<u>7,130,393</u>	<u>-</u>	<u>4,512,326</u>
Total primary government	<u>\$ 18,244,353</u>	<u>\$ 10,280,720</u>	<u>\$ 800,090</u>	<u>\$ 5,857,259</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales and use taxes

Transient occupancy tax, levied for general purposes

Franchise taxes

Other taxes

Use of money and property

Unrealized gains and losses

Other general revenues

Total general revenues

Transfers

Total general revenues 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
\$ (1,511,471)	\$ -	\$ (1,511,471)
(5,075,116)	-	(5,075,116)
579,485	-	579,485
(692,728)	-	(692,728)
(185,621)	-	(185,621)
(5,106)	-	(5,106)
(6,890,557)	-	(6,890,557)
-	1,505,065	1,505,065
-	5,694,298	5,694,298
-	(1,615,090)	(1,615,090)
-	5,584,273	5,584,273
(6,890,557)	5,584,273	(1,306,284)
1,156,765	236,185	1,392,950
2,742,568	944,770	3,687,338
2,204,151	-	2,204,151
590,117	-	590,117
184,807	-	184,807
107,090	178,095	285,185
228,487	-	228,487
23,558	95,356	118,914
7,237,543	1,454,406	8,691,949
(1,573,283)	1,573,283	-
5,664,260	3,027,689	8,691,949
(1,226,297)	8,611,962	7,385,665
40,223,841	46,007,839	86,231,680
\$ 38,997,544	\$ 54,619,801	\$ 93,617,345

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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, 2020

	Major Funds		
	General Fund	CDBG Program Income Special Revenue	Housing Successor Agency Special Revenue
ASSETS			
Cash and investments	\$ 709,968	\$ -	\$ 431,333
Receivables:			
Taxes	4,100	-	-
Intergovernmental	-	-	-
Loans/Notes receivable	1,746	2,081,925	300,124
Other receivable	792,589	-	-
Due from other funds	1,407,841	-	-
Prepaid items	960	-	-
Total assets	\$ 2,917,204	\$ 2,081,925	\$ 731,457
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 153,979	\$ -	\$ -
Due to other funds	-	9,065	-
Deposits payable	71,983	-	-
Total liabilities	225,962	9,065	-
Deferred inflows of resources:			
Unavailable revenue	-	2,104,636	300,125
Total deferred inflows of resources:	-	2,104,636	300,125
Total Liabilities and deferred inflows	225,962	2,113,701	300,125
Fund balances:			
Nonspendable			
Prepays and inventory	960	-	-
Loans/Notes receivable	1,746	-	-
Restricted	-	-	-
Committed:			
Operating reserve	1,469,787	-	-
Recession reserve	489,929	-	-
Litigation reserve	200,000	-	-
Assigned	-	-	431,332
Unassigned (deficit)	528,820	(31,776)	-
Total fund balances	2,691,242	(31,776)	431,332
Total liabilities, deferred inflows and fund balances	\$ 2,917,204	\$ 2,081,925	\$ 731,457

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
\$ 1,405,538	\$ -	\$ 1,497,598	\$ 4,044,437
-	-	-	4,100
168,022	-	830,840	998,862
-	-	203,237	2,587,032
-	-	-	792,589
-	-	-	1,407,841
-	-	-	960
<u>\$ 1,573,560</u>	<u>\$ -</u>	<u>\$ 2,531,675</u>	<u>\$ 9,835,821</u>
\$ -	\$ 23,714	\$ 130,037	\$ 307,730
-	223,286	862,892	1,095,243
-	-	-	71,983
<u>-</u>	<u>247,000</u>	<u>992,929</u>	<u>1,474,956</u>
-	-	201,407	2,606,168
-	-	201,407	2,606,168
<u>-</u>	<u>247,000</u>	<u>1,194,336</u>	<u>4,081,124</u>
-	-	-	960
-	-	-	1,746
1,573,560	-	348,072	1,921,632
-	-	-	1,469,787
-	-	-	489,929
-	-	-	200,000
-	-	994,534	1,425,866
-	(247,000)	(5,267)	244,777
<u>1,573,560</u>	<u>(247,000)</u>	<u>1,337,339</u>	<u>5,754,697</u>
<u>\$ 1,573,560</u>	<u>\$ -</u>	<u>\$ 2,531,675</u>	<u>\$ 9,835,821</u>

City of Fort Bragg, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances - total governmental funds		\$ 5,754,697
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		41,403,995
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	(95,837)	-
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	\$ (501,392)	
Lease payable	-	
Landfill post-closure	(1,069,730)	
CalPERS side fund	(497,479)	
Net OPEB obligation	(3,187,087)	
Net pension liability	(8,944,982)	(14,200,670)
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.		2,606,168
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		(395)
Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities		
Deferred outflows, Pension	2,242,979	
Deferred inflows, Pension	(703,332)	
Deferred outflows, OPEB	523,141	
Deferred inflows, OPEB	(241,150)	1,821,638
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	957,791	
Noncurrent assets	697,662	
Accounts payable and accrued liabilities	(43,342)	
Noncurrent liabilities	-	1,612,111
Net Position of governmental activities		\$ 38,997,544

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, 2020

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	\$ 4,044,437	\$ -	\$ -	\$ 957,791	\$ 5,002,228
Receivables:					
Taxes	4,100	-	-	-	4,100
Interest	-	-	-	-	-
Intergovernmental	998,862	-	-	-	998,862
Loans/Notes receivable	2,587,032	-	-	-	2,587,032
Other receivable	792,589	-	-	-	792,589
Due from other funds	1,407,841	(1,407,841)	-	-	-
Due from fiduciary activities	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Internal balances	-	312,598	-	-	312,598
Inventory	-	-	-	-	-
Prepaid items	960	-	-	-	960
Total current assets	<u>9,835,821</u>	<u>(1,095,243)</u>	<u>-</u>	<u>957,791</u>	<u>9,698,369</u>
Noncurrent assets:					
Capital assets, net	-	-	41,403,995	697,662	42,101,657
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>41,403,995</u>	<u>697,662</u>	<u>42,101,657</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	-	2,242,979	-	2,242,979
OPEB	-	-	523,141	-	523,141
Deferred loss on refunding	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 9,835,821</u>	<u>\$ (1,095,243)</u>	<u>\$ 44,170,115</u>	<u>\$ 1,655,453</u>	<u>\$ 54,566,146</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 307,730	\$ -	\$ -	\$ 43,342	\$ 351,072
Interest payable	-	-	395	-	395
Due to other funds	1,095,243	(1,095,243)	-	-	-
Deposits payable	71,983	-	-	-	71,983
Compensated absences - current portion	-	-	50,562	-	50,562
Due within one year	-	-	429,391	-	429,391
Total current liabilities	<u>1,474,956</u>	<u>(1,095,243)</u>	<u>480,348</u>	<u>43,342</u>	<u>903,403</u>
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	450,830	-	450,830
Landfill post-closure	-	-	860,644	-	860,644
CalPERS side fund	-	-	277,174	-	277,174
Net OPEB obligation	-	-	3,187,087	-	3,187,087
Net pension liability	-	-	8,944,982	-	8,944,982
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>13,720,717</u>	<u>-</u>	<u>13,720,717</u>
Total liabilities	<u>1,474,956</u>	<u>(1,095,243)</u>	<u>14,201,065</u>	<u>43,342</u>	<u>14,624,120</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,606,168	-	(2,606,168)	-	-
Pension Plan	-	-	703,332	-	703,332
OPEB, deferred inflow	-	-	241,150	-	241,150
Total liabilities and deferred inflows:	<u>4,081,124</u>	<u>(1,095,243)</u>	<u>12,539,379</u>	<u>43,342</u>	<u>15,568,602</u>
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	2,706	(2,706)	-	-	-
Restricted	1,921,632	(1,921,632)	-	-	-
Committed	2,159,716	(2,159,716)	-	-	-
Assigned	1,425,866	(1,425,866)	-	-	-
Unassigned (deficit)	244,777	(244,777)	-	-	-
Net position:					
Net investment in capital assets	-	-	41,403,995	697,662	42,101,657
Restricted	-	-	1,921,632	-	1,921,632
Unrestricted	-	5,754,697	(11,694,891)	914,449	(5,025,745)
Total fund balances/net position	<u>5,754,697</u>	<u>-</u>	<u>31,630,736</u>	<u>1,612,111</u>	<u>38,997,544</u>
Total liabilities, deferred inflows and net position	<u>\$ 9,835,821</u>	<u>\$ (1,095,243)</u>	<u>\$ 44,170,115</u>	<u>\$ 1,655,453</u>	<u>\$ 54,566,146</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, 2020

	Major Funds		
	General Fund	CDBG Program Income Special Revenue	Housing Successor Agency Special Revenue
REVENUES:			
Taxes and assessments	\$ 5,883,634	\$ -	\$ -
Licenses and permits	97,307	-	-
Fines and forfeitures	59,561	-	-
Intergovernmental	173,996	-	-
Use of money and property	260,697	98,204	8,421
Charges for services	44,889	-	-
Reimbursements	2,335,292	-	-
Other revenues	22,466	-	-
Total revenues	8,877,842	98,204	8,421
EXPENDITURES:			
Current:			
General government	2,080,122	-	-
Public safety	4,341,045	-	-
Public works	1,549,986	-	-
Community development	498,338	-	-
Marketing and promotions	185,621	-	-
Cost allocations	474,904	-	-
Capital outlay	-	-	-
Debt service:			
Principal	180,427	-	-
Interest and fiscal charges	5,106	-	-
Total expenditures	9,315,549	-	-
REVENUES OVER (UNDER) EXPENDITURES	(437,707)	98,204	8,421
OTHER FINANCING SOURCES (USES):			
Proceeds from sales of assets	5,552	-	-
Transfers in	490,302	-	-
Transfers out	(508,531)	(128,201)	-
Total other financing sources (uses)	(12,677)	(128,201)	-
Net change in fund balances	(450,384)	(29,997)	8,421
FUND BALANCES (DEFICITS):			
Beginning of year	3,141,626	(1,779)	422,911
End of year	<u>\$ 2,691,242</u>	<u>\$ (31,776)</u>	<u>\$ 431,332</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
\$ 945,048	\$ -	\$ 49,726	\$ 6,878,408
-	-	-	97,307
-	-	51,971	111,532
-	-	2,528,497	2,702,493
23,465	-	17,877	408,664
-	-	16,304	61,193
-	-	-	2,335,292
-	-	-	22,466
<u>968,513</u>	<u>-</u>	<u>2,664,375</u>	<u>12,617,355</u>
-	-	13,538	2,093,660
273,576	-	414,861	5,029,482
-	-	351,169	1,901,155
-	-	348,031	846,369
-	-	-	185,621
-	-	-	474,904
-	1,974,868	-	1,974,868
-	-	-	180,427
-	-	-	5,106
<u>273,576</u>	<u>1,974,868</u>	<u>1,127,599</u>	<u>12,691,592</u>
<u>694,937</u>	<u>(1,974,868)</u>	<u>1,536,776</u>	<u>(74,237)</u>
-	-	-	5,552
-	-	126,146	616,448
-	-	(1,552,999)	(2,189,731)
-	-	(1,426,853)	(1,567,731)
<u>694,937</u>	<u>(1,974,868)</u>	<u>109,923</u>	<u>(1,641,968)</u>
<u>878,623</u>	<u>1,727,868</u>	<u>1,227,416</u>	<u>7,396,665</u>
<u>\$ 1,573,560</u>	<u>\$ (247,000)</u>	<u>\$ 1,337,339</u>	<u>\$ 5,754,697</u>

City of Fort Bragg, California

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

For the year ended June 30, 2020

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt		Internal Service	Depreciation	Capital Asset (Additions)/ Retirements		OPEB Obligation Pension plan		Government- wide Totals
		Service				Amortization				
Governmental activities:										
General government	\$ 2,093,660	\$ (157,501)	\$ (1,495)	\$ 81,482	\$ -	\$ 6,093	\$ (70,064)	\$ 670,820	\$ 2,622,995	
Public safety	5,029,482	-	195,571	149,134	-	-	-	-	5,374,187	
Public works	1,901,155	(103,598)	140,032	1,184,077	373	-	-	-	3,122,039	
Community development	846,369	-	29,590	-	-	-	-	-	875,959	
Marketing and promotions	185,621	-	-	-	-	-	-	-	185,621	
Cost allocations	474,904	-	(474,904)	-	-	-	-	-	-	
Capital outlay	1,974,868	-	-	-	(1,974,868)	-	-	-	-	
Debt service/Interest	185,533	(180,427)	-	-	-	-	-	-	5,106	
Total governmental activities	\$ 12,691,592	\$ (441,526)	\$ (111,206)	\$ 1,414,693	\$ (1,974,495)	\$ 6,093	\$ (70,064)	\$ 670,820	\$ 12,185,907	

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, 2020

Net change in fund balances - total governmental funds \$ (1,641,968)

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	\$ 1,974,495	
Proceeds from sale of capital assets	(5,552)	
Depreciation expense	<u>(1,414,693)</u>	554,250

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. (84,462)

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	143,007	
CalPERS side fund	183,803	326,810

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>(6,093)</u>	(6,093)
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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:

Landfill closure liability	(42,785)	
Change in compensated absences	<u>157,501</u>	114,716

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	70,064	
Net Pension obligation	<u>(670,820)</u>	(600,756)

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 capital assets are included in the governmental activities in the government-wide Statement of Net Position.

(55,493)	
<u>166,699</u>	<u>111,206</u>

Change in Net Position of governmental activities \$ (1,226,297)

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, 2020

	General Fund			
	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 6,734,837	\$ 6,734,837	\$ 5,883,634	\$ (851,203)
Licenses and permits	108,480	108,480	97,307	(11,173)
Fines and forfeitures	46,600	46,600	59,561	12,961
Intergovernmental	280,537	280,537	173,996	(106,541)
Use of money and property	57,500	57,500	260,697	203,197
Charges for services	63,700	63,700	44,889	(18,811)
Reimbursements	2,511,415	2,511,415	2,335,292	(176,123)
Other revenues	53,732	70,945	22,466	(48,479)
Total revenues	9,856,801	9,874,014	8,877,842	(996,172)
EXPENDITURES:				
Current:				
General government:				
City Council	174,189	174,189	120,660	53,529
Administrative services	669,584	697,084	672,136	24,948
Finance	512,019	542,419	530,345	12,074
Other - unclassified	684,414	684,414	756,981	(72,567)
Public safety:				
Police Department	3,904,224	4,136,156	3,962,289	173,867
Fire Department	430,723	430,723	378,756	51,967
Public works:				
Administration and engineering	796,383	796,383	588,348	208,035
Parks and facilities	71,390	71,390	47,171	24,219
Street maintenance	192,919	192,919	120,706	72,213
Storm drains	20,816	28,356	24,922	3,434
Corporation yard	726,374	726,374	732,548	(6,174)
Traffic and safety	63,724	63,724	36,291	27,433
Community development	514,900	561,113	498,338	62,775
Marketing and promotions	216,500	228,975	185,621	43,354
Cost allocations	634,887	634,887	474,904	159,983
Debt service:				
Principal	180,520	180,520	180,427	93
Interest and fiscal charges	5,013	5,013	5,106	(93)
Total expenditures	9,798,579	10,154,639	9,315,549	839,090
REVENUES OVER (UNDER) EXPENDITURES	58,222	(280,625)	(437,707)	(157,082)
OTHER FINANCING SOURCES (USES):				
Cost allocations				
Proceeds from sales of assets	7,000	7,000	5,552	(1,448)
Transfers in	489,929	489,929	490,302	373
Transfers out	(489,929)	(489,929)	(508,531)	(18,602)
Total other financing sources (uses)	7,000	7,000	(12,677)	(19,677)
Net change in fund balances	65,222	(273,625)	(450,384)	(176,759)
FUND BALANCES (DEFICITS):				
Beginning of year	3,141,626	3,141,626	3,141,626	-
End of year	\$ 3,206,848	\$ 2,868,001	\$ 2,691,242	\$ (176,759)

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

CDBG Program Income Special Revenue Fund				Housing Successor Agency Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final	Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
112,922	112,922	98,204	(14,718)	8,876	8,876	8,421	(455)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
112,922	112,922	98,204	(14,718)	8,876	8,876	8,421	(455)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
112,922	112,922	98,204	(14,718)	8,876	8,876	8,421	(455)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(150,000)	(150,000)	(128,201)	21,799	-	-	-	-
(150,000)	(150,000)	(128,201)	21,799	-	-	-	-
(37,078)	(37,078)	(29,997)	7,081	8,876	8,876	8,421	(455)
(1,779)	(1,779)	(1,779)	-	422,911	422,911	422,911	-
\$ (38,857)	\$ (38,857)	\$ (31,776)	\$ 7,081	\$ 431,787	\$ 431,787	\$ 431,332	\$ (455)

(continued)

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, 2020

	Special Sales Tax Special Revenue			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 953,323	\$ 953,323	\$ 945,048	\$ (8,275)
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	35,672	35,672	23,465	(12,207)
Charges for services	-	-	-	-
Reimbursements	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>988,995</u>	<u>988,995</u>	<u>968,513</u>	<u>(20,482)</u>
EXPENDITURES:				
Current:				
General government:				
City Council	-	-	-	-
Administrative services	-	-	-	-
Finance	-	-	-	-
Other - unclassified	-	-	-	-
Public safety:				
Police Department	-	-	-	-
Fire Department	-	-	-	-
Public works:				
Administration and engineering	179,155	179,155	273,576	(94,421)
Parks and facilities	-	-	-	-
Street maintenance	-	-	-	-
Storm drains	-	-	-	-
Corporation yard	-	-	-	-
Traffic and safety	-	-	-	-
Community development	-	-	-	-
Marketing and promotions	-	-	-	-
Cost allocations	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>179,155</u>	<u>179,155</u>	<u>273,576</u>	<u>(94,421)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>809,840</u>	<u>809,840</u>	<u>694,937</u>	<u>(114,903)</u>
OTHER FINANCING SOURCES (USES):				
Cost allocations				
Transfer to Successor Agency	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(608,696)	(608,696)	-	608,696
Total other financing sources (uses)	<u>(608,696)</u>	<u>(608,696)</u>	<u>-</u>	<u>608,696</u>
Net change in fund balances	<u>201,144</u>	<u>201,144</u>	<u>694,937</u>	<u>493,793</u>
FUND BALANCES:				
Beginning of year	878,623	878,623	878,623	-
End of year	<u>\$ 1,079,767</u>	<u>\$ 1,079,767</u>	<u>\$ 1,573,560</u>	<u>\$ 493,793</u>

(concluded)

ENTERPRISE FUNDS

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

City of Fort Bragg, California
Statement of Net Position
Proprietary Funds
June 30, 2020

	Water Fund	Sewer Fund	CV Starr Center Fund	Totals	Governmental Activities Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 6,397,218	\$ 3,265,024	\$ 843,851	\$ 10,506,093	\$ 957,791
Restricted cash and investments	108,064	-	-	108,064	-
Receivables:					
Accounts	342,325	1,118,692	213,225	1,674,242	-
Intergovernmental	-	-	-	-	-
Other receivable	-	-	-	-	-
Due from other funds	-	1,441,771	-	1,441,771	-
Loans/ Notes Receivable	-	-	-	-	-
Inventory and prepaids	43,216	4,989	978	49,183	-
Total current assets	6,890,823	5,830,476	1,058,054	13,779,353	957,791
Noncurrent assets:					
Capital assets, net	6,903,929	25,449,019	19,914,200	52,267,148	697,662
Total noncurrent assets	6,903,929	25,449,019	19,914,200	52,267,148	697,662
Total Assets	13,794,752	31,279,495	20,972,254	66,046,501	1,655,453
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	247,607	-	247,607	-
Deferred loss on debt refunding	120,142	-	-	120,142	-
Total assets and deferred outflows of resources	\$ 13,914,894	\$ 31,527,102	\$ 20,972,254	\$ 66,414,250	\$ 1,655,453
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 131,862	\$ 1,357,738	\$ 375,263	\$ 1,864,863	\$ 41,687
Accrued payroll	-	18,117	-	18,117	1,655
Due to other funds	-	1,754,369	-	1,754,369	-
Interest payable	16,386	-	-	16,386	-
Unearned revenue	-	6,466	-	6,466	-
Deposits payable	150,174	250	18,796	169,220	-
Compensated absences - current portion	2,752	4,003	1,522	8,277	-
Due within one year	356,889	87,000	-	443,889	-
Total current liabilities	658,063	3,227,943	395,581	4,281,587	43,342
Noncurrent liabilities:					
Compensated absences	24,603	35,469	16,865	76,937	-
Advance from other funds	-	-	-	-	-
Due after one year	1,545,780	4,827,000	-	6,372,780	-
Net pension liability	-	994,734	-	994,734	-
Total noncurrent liabilities	1,570,383	5,857,203	16,865	7,444,451	-
Total liabilities	2,228,446	9,085,146	412,446	11,726,038	43,342
DEFERRED INFLOWS OF RESOURCES					
Pension Plan	-	68,411	-	68,411	-
Total deferred inflows of resources	-	68,411	-	68,411	-
NET POSITION					
Net Position:					
Net investment in capital assets	5,358,149	20,535,019	19,914,200	45,807,368	697,662
Restricted for debt service	108,064	-	-	108,064	-
Unrestricted	6,220,235	1,838,526	645,608	8,704,369	914,449
Total net position	11,686,448	22,373,545	20,559,808	54,619,801	1,612,111
Total liabilities, deferred inflows and net position	\$ 13,914,894	\$ 31,527,102	\$ 20,972,254	\$ 66,414,250	\$ 1,655,453

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

City of Fort Bragg, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2020

	Water Fund	Sewer Fund	CV Starr Center Fund	Totals	Governmental Activities Internal Service Funds
OPERATING REVENUES:					
Charges for service	\$ 3,141,763	\$ 3,484,109	\$ 465,718	\$ 7,091,590	\$ -
Capital grant revenue	-	4,512,326	-	4,512,326	-
Other operating revenue	38,803	-	-	38,803	27,968
Interdepartmental charges	-	-	-	-	768,775
Total operating revenues	3,180,566	7,996,435	465,718	11,642,719	796,743
OPERATING EXPENSES:					
Personnel services	444,488	627,827	861,966	1,934,281	405,437
Administration	433,923	726,515	24,856	1,185,294	-
Repairs and maintenance	49,884	55,465	112,016	217,365	42,477
Materials and supplies	140,121	168,013	10,171	318,305	232,216
Utilities	134,585	172,435	186,906	493,926	-
Contractual services	45,787	111,735	23,215	180,737	5,407
Insurance	21,031	26,181	43,294	90,506	-
Other operating	5,294	25,050	134,970	165,314	-
Allocated overhead	-	-	-	-	-
Depreciation	326,312	304,310	683,414	1,314,036	166,699
Total operating expenses	1,601,425	2,217,531	2,080,808	5,899,764	852,236
OPERATING INCOME	1,579,141	5,778,904	(1,615,090)	5,742,955	(55,493)
NONOPERATING REVENUES (EXPENSES):					
Property taxes	-	-	236,185	236,185	-
Sales taxes	-	-	944,770	944,770	-
Other nonoperating revenues	30,189	65,167	-	95,356	-
Interest revenue	114,936	47,932	15,227	178,095	-
Refunds and rebates	-	-	-	-	-
Interest expense	(74,076)	(84,606)	-	(158,682)	-
Total non-operating revenues, net	71,049	28,493	1,196,182	1,295,724	-
NET INCOME BEFORE TRANSFERS	1,650,190	5,807,397	(418,908)	7,038,679	(55,493)
Transfers in	250	1,573,033	-	1,573,283	-
Transfers out	-	-	-	-	-
Total transfers	250	1,573,033	-	1,573,283	-
CHANGE IN NET POSITION	1,650,440	7,380,430	(418,908)	8,611,962	(55,493)
NET POSITION:					
Beginning of year	10,036,008	14,993,115	20,978,716	46,007,839	1,667,604
End of year	<u>\$ 11,686,448</u>	<u>\$ 22,373,545</u>	<u>\$ 20,559,808</u>	<u>\$ 54,619,801</u>	<u>\$ 1,612,111</u>

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

City of Fort Bragg, California

Statement of Cash Flows

Proprietary Funds

For the year ended June 30, 2020

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>CV Starr Center Fund</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers/users for services provided	\$ 3,186,511	\$ 11,332,275	\$ 464,374	\$ 14,983,160	\$ -
Cash received from interfund services provided	-	-	-	-	796,743
Cash payments to suppliers for goods and services	(768,253)	(508,788)	(561,728)	(1,838,769)	(268,984)
Cash payments to employees for services	(428,117)	(549,385)	(873,706)	(1,851,208)	(408,574)
Net cash provided by operating activities	<u>1,990,141</u>	<u>10,274,102</u>	<u>(971,060)</u>	<u>11,293,183</u>	<u>119,185</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers received	250	1,331,194	-	1,331,444	-
Transfers paid	-	-	-	-	-
Taxes received	-	-	1,180,955	1,180,955	-
Loans received	-	1,466	-	1,466	-
Net cash used by noncapital financing activities	<u>250</u>	<u>1,332,660</u>	<u>1,180,955</u>	<u>2,513,865</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(292,339)	(8,219,067)	(321,288)	(8,832,694)	(3,440)
Principal paid on long term debt	(375,742)	(85,999)	-	(461,741)	-
Interest paid on long term debt	(74,076)	(84,604)	-	(158,680)	-
Net cash (used) by capital and related financing activities	<u>(742,157)</u>	<u>(8,389,670)</u>	<u>(321,288)</u>	<u>(9,453,115)</u>	<u>(3,440)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	114,936	47,932	15,227	178,095	-
Net cash provided by investing activities	<u>114,936</u>	<u>47,932</u>	<u>15,227</u>	<u>178,095</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>1,363,170</u>	<u>3,265,024</u>	<u>(96,166)</u>	<u>4,532,028</u>	<u>115,745</u>
CASH AND CASH EQUIVALENTS:					
Beginning of year	5,142,112	-	940,017	6,082,129	842,046
End of year	<u>\$ 6,505,282</u>	<u>\$ 3,265,024</u>	<u>\$ 843,851</u>	<u>\$ 10,614,157</u>	<u>\$ 957,791</u>
Presentation in Statement of Financial Position:					
Cash and investments	\$ 6,397,218	\$ 3,265,024	\$ 843,851	\$ 10,506,093	\$ 957,791
Restricted cash and investments	108,064	-	-	108,064	-
Total Cash and investments	<u>\$ 6,505,282</u>	<u>\$ 3,265,024</u>	<u>\$ 843,851</u>	<u>\$ 10,614,157</u>	<u>\$ 957,791</u>
Reconciliation of income from operations to net cash provided by operating activities:					
Operating income	\$ 1,579,141	\$ 5,778,904	\$ (1,615,090)	\$ 5,742,955	\$ (55,493)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	326,312	304,310	683,414	1,314,036	166,699
Pension	-	73,305	-	73,305	-
(Increase) decrease in current assets:					
Accounts receivable	(24,252)	(725,154)	(6,934)	(756,340)	-
Intergovernmental receivables	-	2,339,229	-	2,339,229	-
Inventory and prepaids	(1,863)	6,298	-	4,435	-
Prepaid items	-	-	-	-	-
Other receivable	-	1,721,515	-	1,721,515	-
Increase (decrease) in liabilities:					
Accounts payable	64,235	770,308	(26,300)	808,243	11,116
Accrued liabilities	-	2,543	-	2,543	(3,137)
Unearned revenues	30,189	-	(13,206)	16,983	-
Deposits payable	8	250	18,796	19,054	-
Compensated absences	16,371	2,594	(11,740)	7,225	-
Net cash provided by operating activities	<u>\$ 1,990,141</u>	<u>\$ 10,274,102</u>	<u>\$ (971,060)</u>	<u>\$ 11,293,183</u>	<u>\$ 119,185</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2020.

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

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FIDUCIARY ACTIVITIES

Fund	Description
<hr/> Private Purpose Trust Funds are used for resources held for other individuals and entities in a manner similar to private enterprise. <hr/>	
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, 2020

	<u>Successor Agency</u> <u>Former Fort Bragg</u> <u>Redevelopment</u> <u>Agency</u>
ASSETS AND DEFERRED OUTFLOWS	
Current assets:	
Cash and investments	\$ 149,765
Total current assets	<u>149,765</u>
Total assets	<u>149,765</u>
Deferred outflows of resources	
Deferred loss on debt refunding	<u>80,090</u>
Total deferred outflows of resources	<u>80,090</u>
Total assets and deferred outflows of resources	<u>\$ 229,855</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 1,759
Interest payable	36,759
Due within one year	<u>158,380</u>
Total current liabilities	<u>196,898</u>
Long-term liabilities:	
Due after one year	<u>3,154,079</u>
Total long-term liabilities	<u>3,154,079</u>
Deferred inflows of resources	
Unavailable revenue	<u>270,613</u>
Total liabilities and deferred inflows of resources	<u>3,621,590</u>
Net Position (Deficit)	<u>(3,391,735)</u>
Total liabilities and net position	<u>\$ 229,855</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, 2020

	<u>Successor Agency</u> <u>Former Fort Bragg</u> <u>Redevelopment</u> <u>Agency</u>
ADDITIONS:	
Property taxes	\$ 380,975
Total operating revenues	<u>380,975</u>
DEDUCTIONS:	
Community development	125,509
Interest and trustee fees	104,329
Total operating expenses	<u>229,838</u>
CHANGE IN FIDUCIARY NET ASSETS	<u>151,137</u>
NET ASSETS (DEFICIT):	
Beginning of year	(3,542,872)
End of year	<u>\$ (3,391,735)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS



City of Fort Bragg, California
Index to the Notes to the Basic Financial Statements
For the year ended June 30, 2020

	<u>Page</u>
Note 1 - Summary of Significant Accounting Policies	49
A. Description of Government-Wide Financial Statements	49
B. Reporting Entity.....	49
C. Basis of Presentation	50
D. Measurement Focus.....	52
E. Budgetary Information	53
F. Unearned Revenue	54
G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance	55
H. Revenues, Expenditures/Expenses	60
I. Use of Estimates	62
J. New and Closed Funds	62
K. Reclassifications.....	62
L. Other Post-Employment Benefits (OPEB)	62
Note 2 – Cash and Investments.....	63
Note 3 – Accounts Receivable.....	66
Note 4 – Loans and Notes Receivable.....	67
Note 5 – Capital Assets.....	68
Note 6 – Accounts Payable and Accrued Liabilities.....	70
Note 7 – Long-term Liabilities	70
Note 8 – Net Position/Fund Balances	74
Note 9 – Interfund Transactions	76
Note 10 – Risk Management.....	77
Note 11 – Public Employee Retirement System.....	79
Note 12 – Other Post-Employment Benefits	84
Note 13 – Successor Agency for Trust for Assets of Former Redevelopment Agency.....	88
Note 14 – Commitments and Contingencies	90
Note 15 – New Accounting Pronouncements.....	91
Note 16 – Pandemic Effects	92

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

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
For the year ended June 30, 2020

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
For the year ended June 30, 2020

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 a Property Tax Exchange agreement.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Presentation, 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
For the year ended June 30, 2020

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
For the year ended June 30, 2020

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
For the year ended June 30, 2020

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 \$960 in prepaid expenses in governmental activities as of June 30, 2020.

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
For the year ended June 30, 2020

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, 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, 2020, 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
For the year ended June 30, 2020

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 three 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 OPEB Trust plan contributions in the government-wide statement of net position. The third 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 three 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 OPEB Trust plan investments and is reported in the government-wide statement of net position. The third 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.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

8) Net Position/Fund Balance

GASB Statement No. 63 adds the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis. Net Position represents the difference between assets and liabilities and are divided into three captions under GASB Statement No. 34. These captions apply only to Net Position as determined at the government-wide level, and are described below:

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

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

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

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

Non-spendable 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

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

by resolution authorized the Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

11) Encumbrances

Encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by appropriate authorities as of June 30, 2020, are summarized below.

Fund	Amount
General Fund	\$ 3,700
Fleet & Equipment Services	664,949
CDBG 2017	122,280
CDBG 2016	3,738
MCOG	49,510
Water Enterprise	443,873
Street Resurfacing Capital Project	27,438
Wastewater Enterprise	2,860,794
	<u>\$ 4,176,282</u>

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. Taxes (excluding 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.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Revenues and expenditures/expenses, Continued

The method of allocation used by the County is subject to review by the State of California. The City and the County have adopted the Alternative Method of Tax Apportionment – Teeter Plan. First enacted in 1949, the Teeter Plan provides California counties with an optional alternative method for allocating delinquent property tax revenues. Using the accrual method of accounting under the Teeter Plan, counties allocate property tax revenues based on the total amount of property taxes billed, but not yet collected. In exchange, the counties receive the penalties and interest on delinquent taxes when collected. Mendocino County assesses properties, bills for, and collects secured and unsecured property taxes as follows:

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

3) Compensated absences

Vacation

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

Sick Leave

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

4) Proprietary funds operating and non-operating revenues and expenses

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 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

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Revenues and expenditures/expenses, Continued

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 non-operating 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.

J. New and Closed Funds

During the course of each fiscal year funds may be closed and new funds opened. In FY 2019/20 no funds were closed. The SWRCB (State Water Resources Control Board) grant fund was opened.

K. Reclassifications

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

L. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS

At June 30, 2020, 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	\$ -	\$ -	\$ -	\$ 4,040,689	4,040,689		
Petty cash	-	-	-	1,298	1,298		
Total pooled items	-	-	-	4,041,987	4,041,987		
<u>Pooled investments, at fair value</u>							
Interest obligations							
	<u>Par</u>	<u>Rate</u>					
\$ 7,682,000	1.3% - 3.35%	Certificates of Deposits	2,256,375	4,394,750	538,016	-	7,189,141
		Money Market Funds				108,064	108,064
State of California Local Agency Investment Fund			-	-	-	4,426,957	4,426,957
Total pooled investments - interest obligations			2,256,375	4,394,750	538,016	4,535,021	11,724,162
Total cash equivalents and investments pooled			\$ 2,256,375	\$ 4,394,750	\$ 538,016	\$ 8,577,008	\$ 15,766,149

Amounts reported in:

Governmental activities (unrestricted)	\$ 5,002,227
Business-type activities (unrestricted)	10,506,093
Business-type activities (restricted)	108,064
Fiduciary activities	149,765
Total	<u>\$ 15,766,149</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of Deposit	\$ 7,189,141	3.37
Money market funds	108,064	-
LAIF	4,426,957	-
Total fair value	<u>\$ 11,724,162</u>	
Portfolio weighted average maturity		2.07

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

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, 2020, 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
For the year ended June 30, 2020

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, 2020, 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). LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments

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, 2020, the carrying amount of the City's cash deposits (including fiduciary funds) was \$4,040,689 of which \$250,000 was covered by federal depository insurance and \$3,790,689 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, 2020, 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

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million. Investment balances equaled \$11,724,162.

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, 2020 was \$32,075,372,648 of which the City had a balance of \$4,426,957. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020 has a portfolio with market valuation of \$101,788,256,254. 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, 2020:

	<u>Receivables</u>
Governmental Activities	
Taxes	\$ 4,100
Intergovernmental	998,862
Other	<u>792,589</u>
	<u>\$ 1,795,551</u>
Business-type activities	
Accounts Receivable	\$ 1,674,242
	<u>\$ 1,674,242</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	29%	Individuals/Business 71%
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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
For the year ended June 30, 2020

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, 2020, consisted of the following:

	Beginning		Ending	
	June 30, 2019	Additions	Deletions	June 30, 2020
CDBG Revolving Loans	\$ 1,491,397	\$ -	\$ (110,529)	\$ 1,380,868
Mendocino Coast Hospitality Center Loan	904,292	-	-	904,292
Rural Community Housing Development Corporation Loans	293,374	13,500	(6,749)	300,125
Employee Loans	5,323	-	(3,577)	1,746
Wastewater Enterprise Capacity fee loan	1,466	-	(1,466)	-
Total loans/notes receivable	<u>\$ 2,695,853</u>	<u>\$ 13,500</u>	<u>\$ (122,321)</u>	<u>\$ 2,587,032</u>

The following are descriptions of the loans and notes receivable outstanding as of June 30, 2020:

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 accommodates a variety of homeless and mental health services including transitional housing. The facility is 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.

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.

Capacity Fees Loans – The Fort Bragg City Council approved a deferred payment of capacity fees for a new local business, Overtime Brewing. The loan has a repayment term of 24 months and includes principal repayment plus interest at a rate of 1.14%.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2020
<u>Governmental activities:</u>					
Nondepreciable assets:					
Land	\$12,952,262	\$ -	\$ -	\$ -	\$12,952,262
Construction in progress	347,508	1,974,868	-	(31,321)	2,291,055
Total nondepreciable assets	13,299,770	1,974,868	-	(31,321)	15,243,317
Depreciable assets:					
Buildings	4,675,797	-	-	1	4,675,798
Machinery, equipment and vehicles	2,124,235	-	-	38,389	2,162,624
Infrastructure	34,413,370	-	-	-	34,413,370
Total depreciable assets	41,213,402	-	-	38,390	41,251,792
Total	54,513,172	1,974,868	-	7,069	56,495,109
Accumulated depreciation:					
Buildings	(3,174,811)	(109,991)	-	(1)	(3,284,803)
Machinery, equipment and vehicles	(1,267,500)	(168,908)	-	(2,611)	(1,439,019)
Infrastructure	(8,533,493)	(1,135,794)	-	(343)	(9,669,630)
Total accumulated depreciation	(12,975,804)	(1,414,693)	-	(2,955)	(14,393,452)
Net depreciable assets	28,237,598	(1,414,693)	-	35,435	26,858,340
Total net capital assets	\$41,537,368	\$ 560,175	\$ -	\$ 4,114	\$42,101,657

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

General government	\$	81,482
Public safety		149,134
Public works		1,184,077
	\$	<u>1,414,693</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

5. CAPITAL ASSETS, Continued

Business-type capital asset activity for the year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2020
Business-type activities					
Nondepreciable assets:					
Land	\$ 785,079	\$ -	\$ -	\$ -	\$ 785,079
Construction in progress	11,316,486	6,808,919	-	(6,600)	18,118,805
Total nondepreciable assets	12,101,565	6,808,919	-	(6,600)	18,903,884
Depreciable assets:					
Buildings	29,045,137	248,084	-	6,600	29,299,821
Machinery, equipment and vehicles	6,636,212	116,789	-	-	6,753,001
Infrastructure	18,524,227	1,724,066	-	-	20,248,293
Land improvements	542,303	-	-	-	542,303
Total depreciable assets	54,747,879	2,088,939	-	6,600	56,843,418
Total	66,849,444	8,897,858	-	-	75,747,302
Accumulated depreciation:					
Buildings	(7,443,384)	(701,612)	-	3	(8,144,993)
Machinery, equipment and vehicles	(4,969,401)	(149,040)	-	-	(5,118,441)
Infrastructure	(9,369,205)	(409,154)	-	-	(9,778,359)
Land improvements	(384,131)	(54,230)	-	-	(438,361)
Total accumulated depreciation	(22,166,121)	(1,314,036)	-	3	(23,480,154)
Net depreciable assets	32,581,758	774,903	-	6,603	33,363,264
Total net capital assets	\$ 44,683,323	\$ 7,583,822	\$ -	\$ 3	\$ 52,267,148

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

Water	\$ 326,312
Sewer	304,310
CV Starr Center	683,414
	<u>\$ 1,314,036</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued payroll and related liabilities consisted of the following at June 30, 2020:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 250,125	\$ 1,864,863	\$ 2,114,988
Accrued payroll and related liabilities	100,947	18,117	119,064
Total	\$ 351,072	\$ 1,882,980	\$ 2,234,052

These amounts resulted in the following concentrations in payables:

Vendors	95%
Employees	5%

There were no further significant concentrations (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, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 658,893	\$ -	\$ (157,501)	\$ 501,392	\$ 50,562
Capital Lease Obligations	143,007	-	(143,007)	-	-
Landfill post-closure	1,026,945	42,785	-	1,069,730	209,086
CalPERS side fund	681,282	-	(183,803)	497,479	220,305
Total governmental activities	\$ 2,510,127	\$ 42,785	\$ (484,311)	\$ 2,068,601	\$ 479,953
Business-type activities					
Bonds payable:					
2014 Water Revenue Refunding Bond	1,568,000	-	(300,000)	1,268,000	304,000
2018 WW Plant Certificates of Participation	5,000,000	-	(86,000)	4,914,000	87,000
Loans payable:					
SDWRL	627,565	-	(89,652)	537,913	44,826
SDWRL discount	112,881	-	(16,125)	96,756	8,063
Total business-type activity debt	7,308,446	-	(491,777)	6,816,669	443,889
Compensated absences	77,989	13,704	(6,479)	85,214	8,277
Total business-type activities	\$ 7,386,435	\$ 13,704	\$ (498,256)	\$ 6,901,883	\$ 452,166

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

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, 2020, the City's estimated liability for its share of landfill closure and post-closure care costs was \$1,069,730. This estimated total 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, 2020, 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

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, 2020 was \$1,268,000.

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

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.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM LIABILITIES, Continued

2018 Wastewater Revenue Refunding Bonds

In 2018, the City issued \$5,000,000 in Certificates of Participation as partial funding to acquire and construct the District's Wastewater Treatment Facility. The Certificates of Participation are secured by an Installment Sale agreement between the City and City of Fort Bragg Joint Powers Financing Authority (JPFA) with the JPFA acting as seller and the City as purchaser. The obligation is secured and payable from net revenues of the Wastewater Enterprise. The outstanding principal balance as of June 30, 2020 was \$4,914,000.

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, 2020, the balance of the loan payable was \$549,604. Loan principal payments of \$52,889 are required semi-annually on January 1st and July 1st for twenty (20) years commencing January 1, 2007.

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, 2020 was \$501,392 with \$50,562 expected to be paid within a year; The business-type activities compensated absences balance at June 30, 2020 was \$82,046 with \$8,277 expected to be paid within a year.

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 \$497,479, with a retirement in the amount of \$183,803 for the year end June 30, 2020. The amount is paid in July of each year as provided by CalPERS, therefore no maturity schedule is available for this debt.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM LIABILITIES, Continued

Debt Service, Continued

Future debt service for Business-Type Activities at June 30, 2020, is as follows:

Year Ending June 30,	Business-Type Activities					
	2018 WW Plant Certificates Of Participation		2014 Water Revenue Refunding Bonds		Safe Drinking Water Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 87,000	\$ 97,410	\$ 304,000	\$ 34,150	\$ 52,889	\$ -
2022	89,000	95,650	312,000	24,725	105,778	-
2023	91,000	93,850	320,000	15,055	105,778	-
2024	93,000	92,010	332,000	5,080	105,778	-
2025	95,000	90,130	-	-	105,778	-
2026-2030	505,000	421,050	-	-	158,668	-
2031-2035	555,000	368,050	-	-	-	-
2036-2040	614,000	309,700	-	-	-	-
2041-2045	677,000	245,190	-	-	-	-
2046-2050	746,000	174,060	-	-	-	-
2051-2055	826,000	95,540	-	-	-	-
2056-2060	536,000	16,220	-	-	-	-
Total	\$ 4,914,000	\$ 2,098,860	\$ 1,268,000	\$ 79,010	\$ 634,669	\$ -
Due within one year	\$ 87,000	\$ 97,410	\$ 304,000	\$ 34,150	\$ 52,889	\$ -
Due after one year	4,827,000	2,001,450	964,000	44,860	581,780	-
Total	\$ 4,914,000	\$ 2,098,860	\$ 1,268,000	\$ 79,010	\$ 634,669	\$ -

Year Ending June 30,	Total	
	Principal	Interest
2021	\$ 443,889	\$ 131,560
2022	506,778	120,375
2023	516,778	108,905
2024	530,778	97,090
2025	200,778	90,130
2026-2030	663,668	421,050
2031-2035	555,000	368,050
2036-2040	614,000	309,700
2041-2045	677,000	245,190
2046-2050	746,000	174,060
2051-2055	826,000	95,540
2056-2060	536,000	16,220
Total	\$ 6,816,669	\$ 2,177,870
Due within one year	\$ 443,889	\$ 131,560
Due after one year	6,372,780	2,046,310
Total	\$ 6,816,669	\$ 2,177,870

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

8. NET POSITION/ FUND BALANCES

Net position (deficit)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net investment in capital assets	\$ 42,101,657	\$ 45,807,368	\$ 87,909,025
Restricted	1,921,632	108,064	2,029,696
Unrestricted (deficit)	<u>(5,025,745)</u>	<u>8,704,369</u>	<u>3,678,624</u>
Total	<u>\$ 38,997,544</u>	<u>\$ 54,619,801</u>	<u>\$ 93,617,345</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

Non-spendable, Restricted and Committed fund balance consisted of the following at June 30, 2020:

Nonspendable:	
Prepaid & Inventory	\$ 960
Loans/ Notes Receivable	1,746
Total Nonspendable	<u>\$ 2,706</u>
Restricted:	
Governmental Funds:	
Special Sales Tax	\$ 1,573,560
Asset Forfeiture	338,196
Gas tax	2,851
Federal & State Grant Funds	7,025
Total Restricted	<u>\$ 1,921,632</u>
Committed:	
Governmental Funds:	
Operating reserve	\$ 1,469,787
Recession reserve	489,929
Litigation reserve	200,000
Total Committed	<u>\$ 2,159,716</u>

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

Non-spendable

- **Inventory & Prepaids** – represents non-spendable amounts classified as inventory or a prepaid expense.
- **Loans/Notes Receivable** – represents loans to employees.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

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 as well as amounts from the Road Maintenance and Rehabilitation Account (RMRA).
- **Federal and State Grants** – represents restricted amounts received from State and Federal Grants for various city programs.

Committed

- **Reserves** – represents amounts designated by the City Council for future contingencies, which include a \$1,469,787 operating reserve, a \$489,929 recession reserve and a \$200,000 litigation reserve.

Fund Balance Deficits

Deficit fund balances consisted of the following:

<u>Funds</u>	<u>June 30, 2020</u>
Major Funds:	
CDBG Program Income Special Revenue Fund	\$ (31,776)
Street Resurfacing Capital Projects Fund	(247,000)
Non-Major Funds:	
<i>Capital Project Funds:</i>	
Coastal Trail	(5,267)
Total	<u>\$ (284,043)</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
For the year ended June 30, 2020

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, 2020:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 1,407,841	\$ -
CDBG Program Income Special Revenue	-	9,065
Street Resurfacing Capital Projects	-	223,286
Total Major Funds	<u>1,407,841</u>	<u>232,351</u>
Nonmajor Funds:		
<i>Special Revenue Funds</i>		
Gas Tax	-	65,513
MCOG Overall Work Plan	-	7,176
<i>State and Federal Grant Funds:</i>		
CDBG Super NOFA	-	39,742
Other State Grants	-	713,110
<i>Capital Project Funds:</i>		
Coastal Trail	-	37,351
Total Nonmajor Funds	<u>-</u>	<u>862,892</u>
Total Governmental Funds	<u>1,407,841</u>	<u>1,095,243</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds:		
Sewer Fund	<u>1,441,771</u>	<u>1,754,369</u>
Major Enterprise Funds	<u>1,441,771</u>	<u>1,754,369</u>
Total	<u>\$ 2,849,612</u>	<u>\$ 2,849,612</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

9. INTERFUND TRANSACTIONS, Continued

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.

Transfers consisted of the following at June 30, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 490,302	\$ 508,531
CDBG Program Income Special Revenue	-	128,201
Total Major Funds	<u>490,302</u>	<u>636,732</u>
Non-major Funds:		
<i>Special Revenue Funds</i>		
Parking	8,931	-
Parking In-lieu Fees	-	8,931
General Plan Maintenance Fee	-	24,990
Developer Deposit Account	17,206	-
MCOG Overall Work Plan	24,990	-
<i>State and Federal Grant Funds</i>		
Bulletproof Vest Partnership Grant	523	-
CDBG Super NOFA	74,496	174,144
Other State Grants	-	1,344,934
Total Non-major Funds	<u>126,146</u>	<u>1,552,999</u>
Total Governmental Funds	<u>616,448</u>	<u>2,189,731</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds		
Water	250	-
Sewer	1,573,033	-
Total Proprietary Funds	<u>1,573,283</u>	<u>-</u>
Total Transfers	<u>\$ 2,189,731</u>	<u>\$ 2,189,731</u>

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 self-insurance program for fifteen Northern California municipalities. The City pays quarterly and annual contributions and premiums to REMIF for its general insurance and self-insurance coverage. The joint powers formation agreement of the REMIF provides that the REMIF will self-insure through member contributions and collect premiums for insurance and reinsurance for liability insurance and other coverage.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

10. RISK MANAGEMENT, Continued

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 for liability and commercial insurance policies for workers' compensation. 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	\$ 400,000,000	\$5,000 - \$10,000
Boiler and Machinery	100,000,000	100,000
Liability	40,000,000	5,000 - 25,000
Earthquake and Flood	20,000,000	100,000 or 5% of value of building
Auto Physical Damage	Stated Value	5,000 - 10,000
Workers' Compensation	Statutory	5,000 - 10,000

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 2019/20 were as follows:

<u>Insurance Program</u>	<u>Premium</u>
Workers' Compensation	\$ 219,555
Liability	144,868
Flood & Earthquake	41,163
Property	41,445
Auto Physical Damage	6,613
	<u>\$ 453,644</u>

Claims Paid by the City for the 2019/20 fiscal year:

<u>Insurance Program</u>	<u>Claims</u>
Workers' Compensation	\$ 21,733
Liability and Property	10,000
	<u>\$ 31,733</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

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, 2020, are summarized as follows:

	<u>Miscellaneous</u>	<u>PEPRA Miscellaneous</u>
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	52 - 67
Monthly benefits, as a % of eligible compensation	1.4% - 2.0%	1.0% to 2.5%
Required employee contribution rates	6.90%	6.50%
Required employer contribution rates	10.327%	7.072%
	<u>Safety - Police</u>	<u>PEPRA Safety - Police</u>
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	2%	2.0% to 2.7%
Required employee contribution rates	8.94%	12.00%
Required employer contribution rates	16.636%	13.034%
	<u>Fire Safety</u>	
	Prior to	
	January 1, 2013	
Hire date	January 1, 2013	
Benefit formula	3% @ 50	
Benefit vesting schedule	5 years service	
Benefit payments	monthly for life	
Retirement age	50	
Monthly benefits, as a % of eligible compensation	2.00%	
Required employee contribution rates	0%	
Required employer contribution rates	0%	

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous Plans	Safety Plans
Contributions - employer	\$ 514,099	\$ 637,647

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

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows

	Proportionate Share of Net Pension Liability
Miscellaneous Plans	\$ 5,008,648
Safety Plans	4,931,069
Total Net Pension Liability	<u>\$ 9,939,716</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, 2019, 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, 2018 rolled forward to June 30, 2019 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 PEPR Miscellaneous Plan for purposes of calculating net pension liability. Likewise the Safety-Police Plan, PEPR 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, 2019 and 2020 was as follows:

	Miscellaneous	Safety - Police	Total
Proportion - June 30, 2019	0.12037%	0.07928%	0.09535%
Proportion - June 30, 2020	0.12508%	0.07899%	0.09700%
Change - Increase/(Decrease)	<u>0.00471%</u>	<u>-0.00029%</u>	<u>0.00165%</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2020, the City recognized pension expense of \$1,895,870. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 440,951	\$ 124,108
Differences between expected and actual experience	669,825	26,953
Differences between Projected and Actual Investment Earnings	-	155,402
Differences between the employer's contributions and the employer's proportionate share of the contributions	40,407	428,911
Change in Employer's Proportion	187,657	36,369
Pension contributions subsequent to measurement date	1,151,746	-
Total	<u>\$ 2,490,586</u>	<u>\$ 771,743</u>

\$1,151,746 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Contributions made after the measurement date of the net pension/OPEB liability or collective net pension/OPEB liability but before the end of the City's fiscal year will be recognized as a reduction of the net pension/OPEB liability/ or collective net pension/OPEB liability in the subsequent fiscal year rather than in the current fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2021	\$ 397,765	\$ 196,691	\$ 594,456
2022	(56,647)	(74,153)	(130,800)
2023	29,495	43,053	72,548
2024	17,695	13,199	30,894
2025	-	-	-
Thereafter	-	-	-
	<u>\$ 388,308</u>	<u>\$ 178,790</u>	<u>\$ 567,098</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions -The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
Valuation Date	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18
Measurement	30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19
Actuarial Cost Method	Entry-Age Normal Cost Method				
Actuarial Assumptions:					
Discount Rate	7.15%	7.15%	7.15%	7.15%	7.15%
Inflation	2.625%	2.625%	2.625%	2.625%	2.625%
Projected Salary Increase	Varies by entry age and service				
Mortality	Derived using CalPERS' Membership Data for all Funds				

The underlying mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 7.25 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.25 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.25 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) 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 PERF fund.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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 equal 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. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 ¹	Real Return Year 11+ ²
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.55%	-90.00%

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

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

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:

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
Employer's Net Pension Liability/(Asset) - Miscellaneous	7,850,889	5,008,648	2,662,579
Employer's Net Pension Liability/(Asset) - Safety	7,234,187	4,931,069	3,042,872
Employer's Net Pension Liability/(Asset) - Total	\$ 15,085,076	\$ 9,939,716	\$ 5,705,451

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 PEPRA Miscellaneous Plan for purposes of calculating net pension liability. Likewise the Safety-Police Plan, PEPRA 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
For the year ended June 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City offers its employees a post-retirement health program, a Single Employer plan, 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 19 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, 2020, expenditures of \$269,166 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.

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.

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.

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.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Employees Covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

Active employees	21
Inactive employees or beneficiaries currently receiving benefits	32
Inactive employees entitled to, but not yet receiving benefits	-
Total Number of participants	53

City Contribution to the Plan

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the City's cash contributions were \$5,000 in payments to the trust, \$269,166 cash benefit payments, and the estimated implied subsidy was \$18,483 resulting in total payments of \$293,476.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2019
Contribution Policy	Pay benefits and pre-fund annual \$5,000 minimum contribution and additional amounts subject to budgetary surplus from prior fiscal year through CERBT asset Allocation Strategy 1, subject to maximum ADC
Discount Rate	6.75% at June 30, 2019 6.75% at June 30, 2018
Expected Long-Term Rate of Return on Investments	Same as discount rate. Plan assets projected to be sufficient to pay all benefits from trust
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2018
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Municipal Bond Rate	N/A
Participation at Retirement	Tier 1-3 Actives: 100% elect medical and dental Tier 4 Actives: 75% elect medical and dental

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class Component	Target Allocation CERBT Strategy 1	Expected Real Rate of Return
Global Equity	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2019*	\$ 5,651,389	\$ 2,435,899	\$ 3,215,490
Changes for the year			
Service Cost	104,512	-	104,512
Interest	378,816	-	378,816
Difference between actual and expected experience	(287,306)	-	(287,306)
Assumption changes	218,506	-	218,506
Contributions - employer	-	292,648	(292,648)
Contributions - employee	-	-	-
Net investment income	-	150,805	(150,805)
Benefit payments	(287,648)	(287,648)	-
Administrative expenses	-	(522)	522
Net Changes	126,880	155,283	(28,403)
Balance at 6/30/2020**	\$ 5,778,269	\$ 2,591,182	\$ 3,187,087

*Measurement date 6/30/2018

** Measurement date 6/30/2019

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The discount rate used for the fiscal year end 2019 is 6.75%. The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Net OPEB Liability	\$ 3,860,798	\$ 3,187,087	\$ 2,622,588

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019 (Healthcare Cost Trend Rate was assumed to start at 7.5% and grade down to 4% for years 2076 and thereafter):

	1% Decrease	Current Trend	1% Increase
Change in Healthcare Cost Trend Rate			
Net OPEB Liability	\$ 2,587,445	\$ 3,187,087	\$ 3,904,681

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.0 Years at June 30, 2019)

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$289,198. As of fiscal year ended June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 215,479
Changes in assumptions	163,879	-
Net difference between projected and actual earnings on plan investments	-	25,671
Employer contributions made subsequent to the measurement date	<u>359,262</u>	<u>-</u>
Total	<u>\$ 523,141</u>	<u>\$ 241,150</u>

The \$359,262 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Deferred Outflow/(Inflows) of Resources</u>
2021	(30,247)
2022	(30,247)
2023	(19,498)
2024	2,720
2025	-
Thereafter	-

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.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

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

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.

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, 2020:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>	<u>One Year</u>
Trust Activities:					
2015 Refunding Tax Allocation Bonds	\$ 3,495,000	\$ -	\$ (155,000)	\$ 3,340,000	\$ 160,000
2015 Refunding Tax Allocation Bonds Discount	(29,161)	-	1,620	(27,541)	(1,620)
Total trust fund debt	\$ 3,465,839	\$ -	\$ (153,380)	\$ 3,312,459	\$ 158,380
Deferred outflows:					
2015 Refunding Tax Allocation Bonds Deferred	84,802		(4,712)	80,090	4,711

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

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

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.

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 fiscal year 2037 in amounts ranging from \$90,000 through \$250,000. The outstanding principal balance as of June 30, 2020 was \$3,335,000.

Year Ending June 30,	Fiduciary Activities					
	2015 Refunding Bonds		2015 Refunding Bonds Discount		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	160,000	93,150	(1,620)	-	158,380	93,150
2022	165,000	89,900	(1,620)	-	163,380	89,900
2023	170,000	86,550	(1,620)	-	168,380	86,550
2024	165,000	83,200	(1,620)	-	163,380	83,200
2025	175,000	79,800	(1,620)	-	173,380	79,800
2026-2030	930,000	322,000	(8,100)	-	921,900	322,000
2031-2035	1,085,000	168,850	(8,100)	-	1,076,900	168,850
2036-2040	490,000	16,088	(3,241)	-	486,759	16,088
Total	<u>\$ 3,340,000</u>	<u>\$ 939,538</u>	<u>\$ (27,541)</u>	<u>\$ -</u>	<u>\$ 3,312,459</u>	<u>\$ 939,538</u>
Due within one year	\$ 160,000	\$ 93,150	\$ (1,620)	\$ -	\$ 158,380	\$ 93,150
Due after one year	3,180,000	846,388	(25,921)	-	3,154,079	846,388
Total	<u>\$ 3,340,000</u>	<u>\$ 939,538</u>	<u>\$ (27,541)</u>	<u>\$ -</u>	<u>\$ 3,312,459</u>	<u>\$ 939,538</u>

14. COMMITMENTS AND CONTINGENCIES

Litigation

The City is not involved in any active litigation at present.

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. During the course of FY 2019/20 no claims were disallowed.

Commitments

The City's unexpended contractual commitments as of June 30, 2020 are listed in note 1 on page 60.

15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 87, "*Leases.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 91, "*Conduit Debt Obligations.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

The GASB has issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2020

15. NEW ACCOUNTING PRONOUNCEMENTS

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued.

16. PANDEMIC EFFECTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The City is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the City's employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the City's financial position and changes in net position, fund balance and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

REQUIRED SUPPLEMENTARY INFORMATION



City of Fort Bragg, California

Required Supplementary Information - Schedule of Changes in the Net OPEB Liability and Related Ratios

for the Measurement Periods Ended June 30,

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 104,512	\$ 111,530	\$ 119,019
Interest on the total OPEB liability	378,816	366,137	353,775
Experience (Gains)/Losses	(287,306)	-	-
Changes of benefit terms	-	-	-
Changes of assumptions	218,506	-	-
Benefit payments	(287,648)	(277,993)	(286,331)
Net change in total OPEB liability	126,880	199,674	186,463
Total OPEB liability - beginning	5,651,389	5,451,715	5,265,252
Total OPEB liability - ending (a)	\$ 5,778,269	\$ 5,651,389	\$ 5,451,715
Plan fiduciary net position			
Contributions - employer	\$ 292,648	\$ 492,993	\$ 534,256
Contributions - employee	-	-	-
Actual investment income	150,805	164,052	172,839
Administrative expense	(522)	(3,826)	(883)
Benefit payments	(287,648)	(277,993)	(286,331)
Net change in plan fiduciary net position	155,283	375,226	419,881
Plan fiduciary net position - beginning	2,435,899	2,060,673	1,640,792
Plan fiduciary net position - ending (b)	\$ 2,591,182	\$ 2,435,899	\$ 2,060,673
Net OPEB liability - ending (a) - (b)	\$ 3,187,087	\$ 3,215,490	\$ 3,391,042
Covered payroll	\$ 1,834,372	\$ 2,370,484	\$ 2,197,777
Net OPEB liability as a percentage of covered payroll	173.74%	135.65%	154.29%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since 2018 was the initial year of implementation, only three years are currently available.

City of Fort Bragg, California

Required Supplementary Information - Net OPEB Liability Schedule of Contributions

June 30, 2020

Fiscal Year Ended June 30,	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 374,658	\$ 375,390	\$ 559,726
Contributions in relation to the ADC	359,262	292,648	492,993
Contribution deficiency (excess)	\$ 15,396	\$ 82,742	\$ 66,733
Covered payroll	1,893,338	1,834,372	2,730,484
Contributions as a percentage of covered payroll	18.98%	15.95%	18.06%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since 2018 was the initial year of implementation, only three years are currently available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 514,099	\$ 455,093	\$ 430,051	\$ 392,300
Contributions in relation to the actuarially determined contributions	<u>(514,099)</u>	<u>(394,321)</u>	<u>(430,051)</u>	<u>392,300</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 60,772</u>	<u>\$ -</u>	<u>\$ 784,600</u>
Covered-employee payroll	\$ 2,661,903	\$ 2,833,921	\$ 2,641,425	\$ 2,598,675
Contribution as a percentage of covered-employee payroll	19.31%	16.06%	16.28%	15.10%

Notes to Schedule

1) Covered 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 four 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.

* Additional years' information will be displayed as it becomes available

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

Safety Plan

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 637,647	\$ 471,193	\$ 298,630	\$ 387,206
Contributions in relation to the actuarially determined contributions	<u>(637,647)</u>	<u>(471,193)</u>	<u>(298,630)</u>	<u>(387,206)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,145,799	\$ 1,048,497	\$ 1,268,709	\$ 1,245,549
Contribution as a percentage of covered-employee payroll	55.65%	44.94%	23.54%	31.09%

Notes to Schedule

1) Covered 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 four 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.

* Additional years' information will be displayed as it becomes available

City of Fort Bragg, California

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

Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.12508%	0.12037%	0.11210%	0.11210%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,008,648	\$ 4,593,661	\$ 3,894,091	\$ 3,894,091
Plan's Covered-Employee Payroll	\$ 2,833,921	\$ 2,788,318	\$ 2,551,931	\$ 2,551,931
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	176.74%	164.75%	152.59%	152.59%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.25%	76.38%	77.82%	82.66%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 455,093	\$ 430,051	\$ 392,300	\$ 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 five 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

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

Safety Plan

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.07899%	0.07928%	0.08042%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 4,931,069	\$ 4,667,131	\$ 4,165,367
Plan's Covered-Employee Payroll	\$ 1,145,799	\$ 1,208,454	\$ 1,226,514
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	430.36%	386.21%	339.61%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	70.68%	69.76%	70.60%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 637,647	\$ 298,630	\$ 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 five 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.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



NON-MAJOR GOVERNMENTAL FUNDS

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

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Capital Projects Funds	
ASSETS			
Cash and investments	\$ 1,465,514	\$ 32,084	\$ 1,497,598
Receivables:			
Interest	-	-	-
Intergovernmental	830,840	-	830,840
Loans/Notes receivable	203,237	-	203,237
Other receivable	-	-	-
Total assets	<u>\$ 2,499,591</u>	<u>\$ 32,084</u>	<u>\$ 2,531,675</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 130,037	\$ -	\$ 130,037
Due to other funds	825,541	37,351	862,892
Deposits Payable	-	-	-
Deferred revenue	-	-	-
Compensated absences	-	-	-
Total liabilities:	<u>955,578</u>	<u>37,351</u>	<u>992,929</u>
Deferred inflows of resources:			
Unavailable revenue	201,407	-	201,407
Total deferred inflows of resources	<u>201,407</u>	<u>-</u>	<u>201,407</u>
Total liabilities and deferred inflows	<u>1,156,985</u>	<u>37,351</u>	<u>1,194,336</u>
Fund Balances:			
Restricted	348,072	-	348,072
Assigned	994,534	-	994,534
Unassigned (deficit)	-	(5,267)	(5,267)
Total fund balances	<u>1,342,606</u>	<u>(5,267)</u>	<u>1,337,339</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,499,591</u>	<u>\$ 32,084</u>	<u>\$ 2,531,675</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, 2020

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Capital Projects Funds	
REVENUES:			
Taxes and assessments	\$ 49,726	\$ -	\$ 49,726
Fines and forfeitures	51,971	-	51,971
Intergovernmental	2,528,497	-	2,528,497
Use of money and property	17,877	-	17,877
Charges for services	16,304	-	16,304
Other revenues	-	-	-
Total revenues	2,664,375	-	2,664,375
EXPENDITURES:			
Current:			
General government	13,538	-	13,538
Public safety	414,861	-	414,861
Public works	351,169	-	351,169
Community development	348,031	-	348,031
Capital outlay	-	-	-
Total expenditures	1,127,599	-	1,127,599
REVENUES OVER (UNDER) EXPENDITURES	1,536,776	-	1,536,776
OTHER FINANCING SOURCES (USES):			
Transfers in	126,146	-	126,146
Transfers out	(1,552,999)	-	(1,552,999)
Total other financing sources (uses)	(1,426,853)	-	(1,426,853)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	109,923	-	109,923
FUND BALANCES:			
Beginning of year	1,232,683	(5,267)	1,227,416
End of year	\$ 1,342,606	\$ (5,267)	\$ 1,337,339

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
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 \$4 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.
RMRA	To account for the City's share of the State of California's Road Maintenance and Rehabilitation Account which is 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.
Fire Equipment	To account for property tax revenues designated for the purchase of equipment for the Fort Bragg Fire Department.
Mendocino Council of Governments (MCOG) Overall Work Program (OWP) Grants	To account for local transportation funds awarded for transportation planning and technical assistance.
OJ Park Maintenance Fund	To account for monies received from the Johnson Family Trust for the maintenance of OJ Park.

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
Developer Deposits Accounts	To account for monies received from developers to cover City costs associated with development projects.
Federal and State Grant Special Revenue Funds:	
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.
CDBG Super NOFA	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.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
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.
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.
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.
Other State Grants	To account for all other State Grants. Includes grant monies received from the State of California for purchase of off highway vehicles for use by the City Police Department.

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	General Plan Maintenance Fee	Housing	Parking	Parking In-lieu Fees
ASSETS				
Cash and investments	\$ 237,701	\$ 77,018	\$ 34,202	\$ -
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	1,830	-	-
Total assets	<u>\$ 237,701</u>	<u>\$ 78,848</u>	<u>\$ 34,202</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	237,701	78,848	34,202	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>237,701</u>	<u>78,848</u>	<u>34,202</u>	<u>-</u>
Total liabilities deferred inflows and fund balances	<u>\$ 237,701</u>	<u>\$ 78,848</u>	<u>\$ 34,202</u>	<u>\$ -</u>

Parkland Monitoring/ Reporting	State Tobacco License Fee	State Disability Access Fee	Asset Forfeiture	Construction/ Demolition Ordinance	Waste Management Community Benefit Pymt	Gas Tax
\$ 126,329	\$ 14,066	\$ 12,658	\$ 339,727	\$ 598	\$ 269	\$ 16,352
-	-	19	-	-	-	52,012
-	-	-	-	-	-	-
<u>\$ 126,329</u>	<u>\$ 14,066</u>	<u>\$ 12,677</u>	<u>\$ 339,727</u>	<u>\$ 598</u>	<u>\$ 269</u>	<u>\$ 68,364</u>

\$ -	\$ -	\$ 3,369	\$ 1,531	\$ -	\$ -	\$ -
-	-	-	-	-	-	65,513
-	-	3,369	1,531	-	-	65,513
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,369	1,531	-	-	65,513

-	-	-	-	-	-	-
-	-	-	338,196	-	-	2,851
126,329	14,066	9,308	-	598	269	-
-	-	-	-	-	-	-
<u>126,329</u>	<u>14,066</u>	<u>9,308</u>	<u>338,196</u>	<u>598</u>	<u>269</u>	<u>2,851</u>
<u>\$ 126,329</u>	<u>\$ 14,066</u>	<u>\$ 12,677</u>	<u>\$ 339,727</u>	<u>\$ 598</u>	<u>\$ 269</u>	<u>\$ 68,364</u>

(continued)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
June 30, 2020

ASSETS	RMRA	Traffic & Safety	Fire Equipment	MCOG Overall Work Plan
Cash and investments	\$ 146,445	\$ -	\$ 103,429	\$ 1,613
Intergovernmental	58,657	-	-	7,176
Loans/Notes receivable	-	-	-	-
Total assets	\$ 205,102	\$ -	\$ 103,429	\$ 8,789
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	7,176
Total liabilities:	-	-	-	7,176
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources:	-	-	-	-
Total liabilities and deferred inflows	-	-	-	7,176
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	205,102	-	103,429	1,613
Unassigned (deficit)	-	-	-	-
Total fund balances	205,102	-	103,429	1,613
Total liabilities deferred inflows and fund balances	\$ 205,102	\$ -	\$ 103,429	\$ 8,789

OJ Park Maintenance Fund	Developer Deposit Accounts	Federal and State Grant Funds	Total
\$ 2,110	\$ 126,107	\$ 226,890	\$ 1,465,514
-	819	712,157	830,840
-	-	201,407	203,237
<u>\$ 2,110</u>	<u>\$ 126,926</u>	<u>\$ 1,140,454</u>	<u>\$ 2,499,591</u>

\$ -	\$ 110,751	\$ 14,386	\$ 130,037
-	-	752,852	825,541
-	110,751	767,238	955,578

-	-	201,407	201,407
-	-	201,407	201,407
-	110,751	968,645	1,156,985

-	-	-	-
-	-	7,025	348,072
2,110	16,175	164,784	994,534
-	-	-	-
<u>2,110</u>	<u>16,175</u>	<u>171,809</u>	<u>1,342,606</u>
<u>\$ 2,110</u>	<u>\$ 126,926</u>	<u>\$ 1,140,454</u>	<u>\$ 2,499,591</u>

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, 2020

	General Plan Maintenance Fee	Housing	Parking	Parking In-lieu Fees
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	4,952	1,510	582	49
Charges for services	16,304	-	-	-
Total revenues	21,256	1,510	582	49
EXPENDITURES:				
Current:				
General government	13,377	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	3,000	-	-
Total expenditures	13,377	3,000	-	-
REVENUES OVER (UNDER) EXPENDITURES	7,879	(1,490)	582	49
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	8,931	-
Transfers out	(24,990)	-	-	(8,931)
Total other financing sources and uses	(24,990)	-	8,931	(8,931)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(17,111)	(1,490)	9,513	(8,882)
FUND BALANCES (DEFICITS):				
Beginning of year	254,812	80,338	24,689	8,882
End of year	\$ 237,701	\$ 78,848	\$ 34,202	\$ -

Parkland Monitoring/ Reporting	State Tobacco License Fee	State Disability Access Fee	Asset Forfeiture	Construction/ Demolition Ordinance	Waste Management Community Benefit Pymt	Gas Tax
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	47,924	-	-	-
-	2,577	2,227	-	-	-	197,025
2,467	252	213	6,276	166	-	-
-	-	-	-	-	-	-
2,467	2,829	2,440	54,200	166	-	197,025
-	-	161	-	-	-	-
-	-	-	23,090	-	-	-
139	-	-	-	-	-	202,018
-	1,100	-	-	42,266	-	-
139	1,100	161	23,090	42,266	-	202,018
2,328	1,729	2,279	31,110	(42,100)	-	(4,993)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,328	1,729	2,279	31,110	(42,100)	-	(4,993)
124,001	12,337	7,029	307,086	42,698	269	7,844
\$ 126,329	\$ 14,066	\$ 9,308	\$ 338,196	\$ 598	\$ 269	\$ 2,851

City of Fort Bragg, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds, continued
For the year ended June 30, 2020

	RMRA	Traffic & Safety	Fire Equipment	MCOG Overall Work Plan
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 49,726	\$ -
Fines and forfeitures	-	4,047	-	-
Intergovernmental	322,620	-	-	-
Use of money and property	-	-	1,410	-
Charges for services	-	-	-	-
Total revenues	<u>322,620</u>	<u>4,047</u>	<u>51,136</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	4,047	231,776	-
Public works	129,518	-	-	15,480
Community development	-	-	-	-
Total expenditures	<u>129,518</u>	<u>4,047</u>	<u>231,776</u>	<u>15,480</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>193,102</u>	<u>-</u>	<u>(180,640)</u>	<u>(15,480)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	24,990
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,990</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>193,102</u>	<u>-</u>	<u>(180,640)</u>	<u>9,510</u>
FUND BALANCES (DEFICITS):				
Beginning of year	12,000	-	284,069	(7,897)
End of year	<u>\$ 205,102</u>	<u>\$ -</u>	<u>\$ 103,429</u>	<u>\$ 1,613</u>

OJ Park Maintenance Fund	Developer Deposit Account	Federal and State Grant Funds	Totals
\$ -	\$ -	\$ -	\$ 49,726
-	-	-	51,971
-	-	2,004,048	2,528,497
-	-	-	17,877
-	-	-	16,304
-	-	2,004,048	2,664,375
-	-	-	13,538
-	-	155,948	414,861
572	-	3,442	351,169
-	-	301,665	348,031
572	-	461,055	1,127,599
(572)	-	1,542,993	1,536,776
-	17,206	75,019	126,146
-	-	(1,519,078)	(1,552,999)
-	17,206	(1,444,059)	(1,426,853)
(572)	17,206	98,934	109,923
2,682	(1,031)	72,875	1,232,683
\$ 2,110	\$ 16,175	\$ 171,809	\$ 1,342,606

City of Fort Bragg, California
Combining Balance Sheet
Federal and State Grant Special Revenue Funds
June 30, 2020

	CDBG Unclassified Program Income	COPS	Bulletproof Vest Partnership Grant	CDBG Super NOFA
ASSETS				
Cash and investments	\$ 7,025	\$ -	\$ -	\$ 34,742
Receivables:				
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	-	-	-
Total assets	<u>\$ 7,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,742</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 12,355
Due to other funds	-	-	-	39,742
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,097</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>-</u>	<u>-</u>	<u>-</u>	<u>52,097</u>
Fund Balances:				
Restricted	7,025	-	-	-
Unassigned (deficit)	-	-	-	(17,355)
Total fund balances	<u>7,025</u>	<u>-</u>	<u>-</u>	<u>(17,355)</u>
Total liabilities deferred inflows and fund balances	<u>\$ 7,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,742</u>

STP D1 Streets and Highway Allocation	State Parks Prop 84 Grant	HCD HOME Grant	Other State Grants	Totals
\$ 1,266	\$ -	23,287	160,570	\$ 226,890
-	591	-	711,566	712,157
-	-	201,407	-	201,407
<u>\$ 1,266</u>	<u>\$ 591</u>	<u>\$ 224,694</u>	<u>\$ 872,136</u>	<u>\$ 1,140,454</u>
\$ -	\$ -	\$ -	2,031	\$ 14,386
-	-	-	713,110	752,852
-	-	-	715,141	767,238
-	-	201,407	-	201,407
-	-	201,407	-	201,407
-	-	201,407	715,141	968,645
-	-	-	-	7,025
1,266	591	23,287	156,995	164,784
1,266	591	23,287	156,995	171,809
<u>\$ 1,266</u>	<u>\$ 591</u>	<u>\$ 224,694</u>	<u>\$ 872,136</u>	<u>\$ 1,140,454</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, 2020

	CDBG Unclassified Program Income	COPS	Bulletproof Vest Partnership Grant	CDBG Super NOFA
REVENUES:				
Intergovernmental	\$ -	\$ 155,948	\$ -	284,061
Use of money and property	-	-	-	-
Total revenues	<u>-</u>	<u>155,948</u>	<u>-</u>	<u>284,061</u>
EXPENDITURES:				
Current:				
Public safety	-	155,948	-	-
Public works	3,442	-	-	-
Community development	-	-	-	235,230
Total expenditures	<u>3,442</u>	<u>155,948</u>	<u>-</u>	<u>235,230</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,442)</u>	<u>-</u>	<u>-</u>	<u>48,831</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	523	74,496
Transfers out	-	-	-	(174,144)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>523</u>	<u>(99,648)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(3,442)</u>	<u>-</u>	<u>523</u>	<u>(50,817)</u>
FUND BALANCES (DEFICIT):				
Beginning of year	10,467	-	(523)	33,462
End of year	<u>\$ 7,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,355)</u>

STP D1 Streets and Highway Allocation	State Parks Prop 84 Grant	HCD HOME Grant	Other State Grants	Totals
\$ -	\$ -	\$ 15,000	\$ 1,549,039	\$ 2,004,048
-	-	-	-	-
-	-	15,000	1,549,039	2,004,048
-	-	-	-	155,948
-	-	-	-	3,442
-	-	2,000	64,435	301,665
-	-	2,000	64,435	461,055
-	-	13,000	1,484,604	1,542,993
-	-	-	-	75,019
-	-	-	(1,344,934)	(1,519,078)
-	-	-	(1,344,934)	(1,444,059)
-	-	13,000	139,670	98,934
1,266	591	10,287	17,325	72,875
\$ 1,266	\$ 591	\$ 23,287	\$ 156,995	\$ 171,809

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2020

	<u>Coastal Trail</u>
ASSETS	
Cash and investments	\$ 32,084
Receivables:	
Other receivable	-
Due from other funds	-
Total assets	<u>\$ 32,084</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ -
Due to other funds	37,351
Deposits payable	-
Total liabilities:	<u>37,351</u>
Deferred inflows of resources:	
Unavailable revenue	-
Total deferred inflows of resources:	<u>-</u>
Total liabilities and deferred inflows	<u>37,351</u>
Fund Balances:	
Restricted	-
Assigned	-
Unassigned (deficit)	<u>(5,267)</u>
Total fund balances	<u>(5,267)</u>
Total liabilities deferred inflows and fund balances	<u>\$ 32,084</u>

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, 2020

	Coastal Trail
REVENUES:	
Intergovernmental	\$ -
Other revenues	-
Total revenues	<u>-</u>
EXPENDITURES:	
Current:	
Community development	-
Capital outlay	-
Total expenditures	<u>-</u>
REVENUES OVER (UNDER)	
EXPENDITURES	<u>-</u>
OTHER FINANCING SOURCES (USES):	
Transfers in	-
Transfers out	-
Total other financing sources and uses	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-
FUND BALANCES (DEFICITS):	
Beginning of year	<u>(5,267)</u>
End of year	<u>\$ (5,267)</u>

INTERNAL SERVICE FUNDS

Fund Type	Description
Building Maintenance	Accounts for the maintenance of all City owned buildings
Information Technology Fund	Accounts for all activities of the City's computer networks, the costs of which are distributed among user departments using equitable formulas.
Fleet 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, 2020

	Building Maintenance	Information Technology Fund	Fleet Services	Totals
ASSETS				
Current assets:				
Cash and investments	\$ 596,974	\$ 147,233	\$ 213,584	\$ 957,791
Receivables:				
Accounts	-	-	-	-
Prepaid items	-	-	-	-
Total current assets	<u>596,974</u>	<u>147,233</u>	<u>213,584</u>	<u>957,791</u>
Noncurrent assets:				
Capital assets, net	<u>48,802</u>	<u>19,089</u>	<u>629,771</u>	<u>697,662</u>
Total noncurrent assets	<u>48,802</u>	<u>19,089</u>	<u>629,771</u>	<u>697,662</u>
Total assets	<u>\$ 645,776</u>	<u>\$ 166,322</u>	<u>\$ 843,355</u>	<u>\$ 1,655,453</u>
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 2,181	\$ 31,056	8,450	\$ 41,687
Accrued liabilities	-	1,655	-	1,655
Total current liabilities	<u>2,181</u>	<u>32,711</u>	<u>8,450</u>	<u>43,342</u>
Noncurrent liabilities:				
Compensated absences	-	-	-	-
Total liabilities	<u>2,181</u>	<u>32,711</u>	<u>8,450</u>	<u>43,342</u>
Net Position:				
Net investment in capital assets	48,802	19,089	629,771	697,662
Unrestricted	<u>594,793</u>	<u>114,522</u>	<u>205,134</u>	<u>914,449</u>
Total net position	<u>643,595</u>	<u>133,611</u>	<u>834,905</u>	<u>1,612,111</u>
Total liabilities and net position	<u>\$ 645,776</u>	<u>\$ 166,322</u>	<u>\$ 843,355</u>	<u>\$ 1,655,453</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, 2020

	Building Maintenance	Information Technology Fund	Fleet Services	Totals
OPERATING REVENUES:				
Interdepartmental charges	\$ 205,744	\$ 303,965	\$ 259,066	\$ 768,775
Other	11,225	-	16,743	27,968
Total operating revenues	216,969	303,965	275,809	796,743
OPERATING EXPENSES:				
Personnel services	127,950	156,457	121,030	405,437
Repairs and maintenance	6,666	67	35,744	42,477
Materials and supplies	-	169,688	62,528	232,216
Contractual services	-	828	4,579	5,407
Allocated overhead	-	-	-	-
Depreciation	-	49,005	117,694	166,699
Total operating expenses	134,616	376,045	341,575	852,236
OPERATING INCOME (LOSS)	82,353	(72,080)	(65,766)	(55,493)
NET INCOME (LOSS) BEFORE TRANSFERS	82,353	(72,080)	(65,766)	(55,493)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total transfers	-	-	-	-
Change in net position	82,353	(72,080)	(65,766)	(55,493)
NET POSITION (DEFICIT):				
Beginning of year	561,242	205,691	900,671	1,667,604
End of year	<u>\$ 643,595</u>	<u>\$ 133,611</u>	<u>\$ 834,905</u>	<u>\$ 1,612,111</u>

City of Fort Bragg, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2020

	Building Maintenance	Information Technology Fund	Fleet Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	\$ 216,969	\$ 303,965	\$ 275,809	\$ 796,743
Cash paid to suppliers for goods and services	(6,628)	(161,573)	(100,783)	(268,984)
Cash paid to employees for services	(127,950)	(158,569)	(122,055)	(408,574)
Net cash provided (used) by operating activities	82,391	(16,177)	52,971	119,185
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	-	-	-	-
Transfers paid	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(8,975)	-	5,535	(3,440)
Net cash (used) by capital and related financing activities	(8,975)	-	5,535	(3,440)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	-	-	-	-
Net cash provided by investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	73,416	(16,177)	58,506	115,745
CASH AND CASH EQUIVALENTS:				
Beginning of year	523,558	163,410	155,078	842,046
End of year	<u>\$ 596,974</u>	<u>\$ 147,233</u>	<u>\$ 213,584</u>	<u>\$ 957,791</u>
Reconciliation of income from operations to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 82,353	\$ (72,080)	\$ (65,766)	\$ (55,493)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	49,005	117,694	166,699
(Increase) decrease in current assets:				
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	38	9,010	2,068	11,116
Accrued liabilities	-	(2,112)	(1,025)	(3,137)
Compensated absences	-	-	-	-
Net cash provided by operating activities	\$ 82,391	\$ (16,177)	\$ 52,971	\$ 119,185

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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.	130-140
Revenue Capacity generate revenues. Property taxes, sales and use taxes, charges for services, licenses, permits and fees and intergovernmental revenue are the City's most significant revenue sources.	141-149
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	150-156
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.	158-159
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.	160-162

City of Fort Bragg, California

Net Position by Component

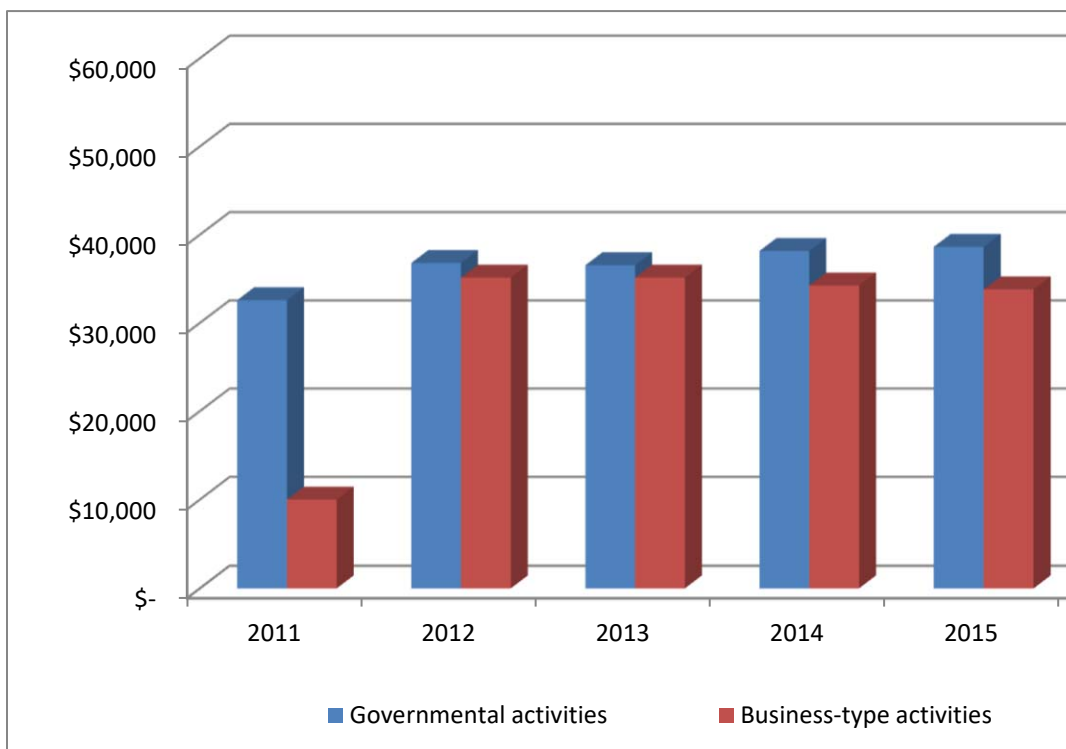
Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

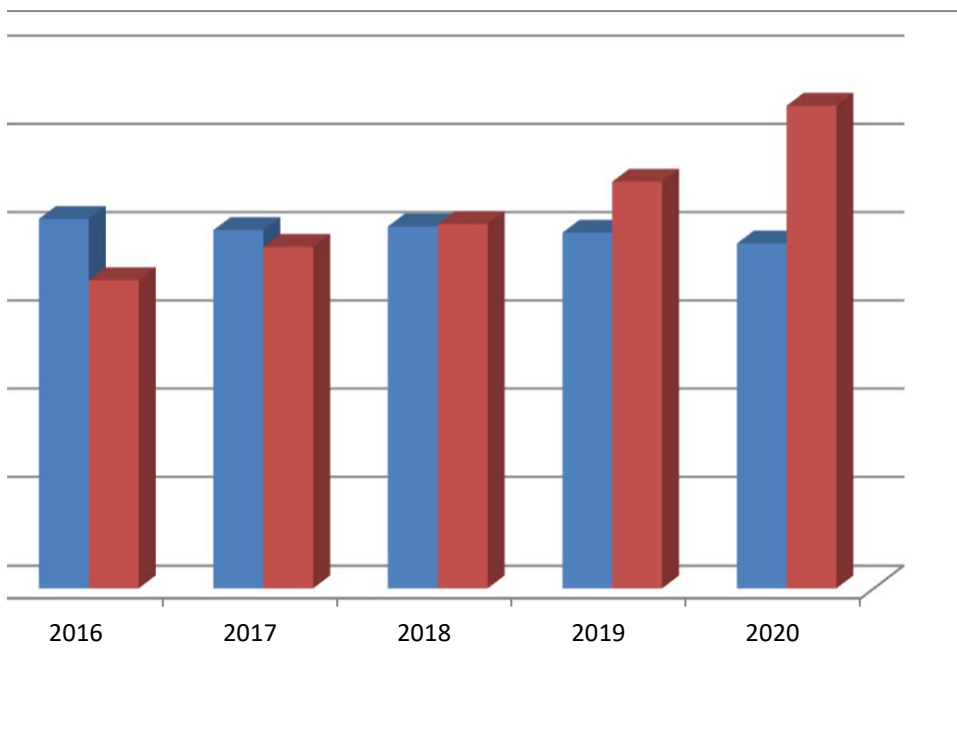
(In Thousands)

	2011	2012	2013
Governmental activities			
Net investment in capital assets	\$ 25,801	\$ 30,664	\$ 30,444
Restricted	4,825	4,776	5,671
Unrestricted (deficit)	1,953	1,356	428
Total governmental activities net position	\$ 32,579	\$ 36,796	\$ 36,543
Business-type activities			
Net investment in capital assets	\$ 7,121	\$ 31,319	\$ 30,764
Restricted	108	108	72
Unrestricted (deficit)	2,775	3,709	4,294
Total business-type activities net position	\$ 10,004	\$ 35,136	\$ 35,130
Primary government			
Net investment in capital assets	\$ 32,922	\$ 61,983	\$ 61,208
Restricted	4,933	4,884	5,743
Unrestricted (deficit)	4,728	5,065	4,722
Total primary government net position	\$ 42,583	\$ 71,932	\$ 71,673



Source: City Finance Department

2014	2015	2016	2017	2018	2019	2020
\$ 31,944	\$ 35,914	\$ 38,647	\$ 39,523	\$ 42,293	\$ 41,400	\$ 42,102
5,987	2,289	3,536	2,513	3,758	1,279	1,922
232	(203)	(399)	(1,518)	(5,115)	(2,456)	(5,026)
<u>\$ 38,163</u>	<u>\$ 38,625</u>	<u>\$ 41,784</u>	<u>\$ 40,518</u>	<u>\$ 40,935</u>	<u>\$ 40,223</u>	<u>\$ 38,998</u>
\$ 30,531	\$ 30,047	\$ 30,503	\$ 31,597	\$ 33,572	\$ 37,806	\$ 45,807
101	108	108	108	108	108	108
3,603	3,649	4,232	6,912	7,515	8,094	8,704
<u>\$ 34,235</u>	<u>\$ 33,804</u>	<u>\$ 34,843</u>	<u>\$ 38,617</u>	<u>\$ 41,195</u>	<u>\$ 46,008</u>	<u>\$ 54,619</u>
\$ 62,475	\$ 65,961	\$ 69,150	\$ 71,119	\$ 75,865	\$ 79,206	\$ 87,909
6,088	3,022	3,644	2,621	3,866	1,387	2,030
3,835	3,466	3,833	5,395	2,400	5,638	3,678
<u>\$ 72,398</u>	<u>\$ 72,429</u>	<u>\$ 76,627</u>	<u>\$ 79,135</u>	<u>\$ 82,131</u>	<u>\$ 86,231</u>	<u>\$ 93,617</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)

	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 2,591	\$ 2,540	\$ 2,708	\$ 1,500
Public safety	3,596	3,493	3,399	3,851
Public works	1,532	1,532	1,874	2,176
Community development	3,361	1,877	1,529	3,485
Parks and recreation	-	-	-	-
Marketing and promotions	-	-	-	-
Interest and fiscal charges	296	177	49	42
Total governmental activities expenses	<u>11,376</u>	<u>9,619</u>	<u>9,559</u>	<u>11,054</u>
Business-type activities:				
Water	2,179	2,107	2,138	2,539
Sewer	2,425	2,983	3,063	3,095
C.V. Starr Center	-	183	2,236	2,262
Total business-type activities expenses	<u>4,604</u>	<u>5,273</u>	<u>7,437</u>	<u>7,896</u>
Total primary government expenses	<u>15,980</u>	<u>14,892</u>	<u>16,996</u>	<u>18,950</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	3,087	2,718	2,701	2,851
Public safety	30	29	40	72
Public works	5	4	5	34
Community development	9	349	100	58
Operating grants and contributions	2,138	684	1,572	1,567
Capital grants and contributions	602	1,096	303	1,818
Total governmental activities program revenues	<u>5,871</u>	<u>4,880</u>	<u>4,721</u>	<u>6,400</u>
Business-type activities:				
Charges for services:				
Water	2,108	2,194	2,404	2,229
Wastewater	2,773	2,945	3,197	3,004
C.V. Starr Center	-	-	591	635
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	25,132	-	-
Total business-type activities program revenues	<u>4,881</u>	<u>30,271</u>	<u>6,192</u>	<u>5,868</u>
Total primary government program revenues	<u>10,752</u>	<u>35,151</u>	<u>10,913</u>	<u>12,268</u>
Net (Expense)/Revenue				
Governmental activities	(5,505)	(4,739)	(4,838)	(4,654)
Business-type activities	277	24,998	(1,245)	(2,028)
Total primary government net expense	<u>(5,228)</u>	<u>20,259</u>	<u>(6,083)</u>	<u>(6,682)</u>

2015	2016	2017	2018	2019	2020
\$ 2,593	\$ 2,877	\$ 2,221	\$ 2,804	\$ 2,384	\$ 2,623
3,663	4,187	4,388	4,461	4,338	5,374
2,435	2,108	2,750	2,873	2,979	3,122
840	1,700	1,018	1,208	1,056	876
-	-	38	-	-	-
-	-	-	-	-	186
30	26	21	53	47	5
<u>9,561</u>	<u>10,898</u>	<u>10,434</u>	<u>11,399</u>	<u>10,804</u>	<u>12,186</u>
2,286	2,264	2,158	2,034	1,920	1,676
2,801	2,897	2,847	2,569	2,674	2,302
2,382	2,292	2,320	2,386	2,722	2,081
<u>7,469</u>	<u>7,453</u>	<u>7,325</u>	<u>6,989</u>	<u>7,316</u>	<u>6,059</u>
<u>17,030</u>	<u>18,351</u>	<u>17,760</u>	<u>18,388</u>	<u>18,120</u>	<u>18,245</u>
2,809	2,818	1,967	1,324	1,108	880
50	289	299	365	371	290
102	344	558	1,049	1,155	1,980
-	30	232	520	293	-
4,702	725	1,251	2,259	765	800
2,383	3,762	922	3,324	3,296	1,345
<u>10,046</u>	<u>7,968</u>	<u>5,227</u>	<u>8,840</u>	<u>6,988</u>	<u>5,295</u>
2,496	2,624	2,683	2,909	3,077	3,181
3,194	3,332	3,305	3,495	3,599	3,484
706	722	696	743	711	466
-	-	-	-	-	-
-	-	-	-	-	4,512
<u>6,396</u>	<u>6,678</u>	<u>6,683</u>	<u>7,147</u>	<u>7,387</u>	<u>11,643</u>
<u>16,442</u>	<u>14,646</u>	<u>11,911</u>	<u>15,987</u>	<u>14,375</u>	<u>16,938</u>
485	(2,930)	(5,207)	(2,558)	(3,817)	(6,891)
(1,073)	(775)	(642)	158	70	5,584
<u>(588)</u>	<u>(3,705)</u>	<u>(5,849)</u>	<u>(2,400)</u>	<u>(3,747)</u>	<u>(1,307)</u>

(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)

	2011	2012	2013	2014
Governmental activities:				
Taxes:				
Property taxes	2,075	1,413	924	943
Sales and use tax	2,147	2,271	2,390	2,490
Transient lodging tax	1,341	1,411	1,536	1,667
Franchise taxes	469	470	482	496
Other taxes	-	225	203	411
Use of money and property	51	91	103	45
Unrealized gains and losses	-	-	-	-
Other general revenues	71	399	81	222
Special Items				
Transfer in (out)	(55)	(2)	(17)	(1)
Extraordinary item: Redevelopment dissolution	-	3,070	-	-
Total governmental activities	<u>6,099</u>	<u>9,348</u>	<u>5,702</u>	<u>6,273</u>
Business-type activities:				
Property taxes		19	231	216
Sales and use tax			772	811
Use of money and property	21	16	8	33
Other revenues	407	97	98	72
Transfer in (out)	55	2	17	1
Total business-type activities	<u>483</u>	<u>134</u>	<u>1,126</u>	<u>1,133</u>
Total primary government	<u>6,582</u>	<u>9,482</u>	<u>6,828</u>	<u>7,406</u>
Changes in Net Position				
Governmental activities	594	4,609	864	1,619
Business-type activities	760	25,132	(119)	(895)
Total primary government	<u>\$ 1,354</u>	<u>\$ 29,741</u>	<u>\$ 745</u>	<u>\$ 724</u>

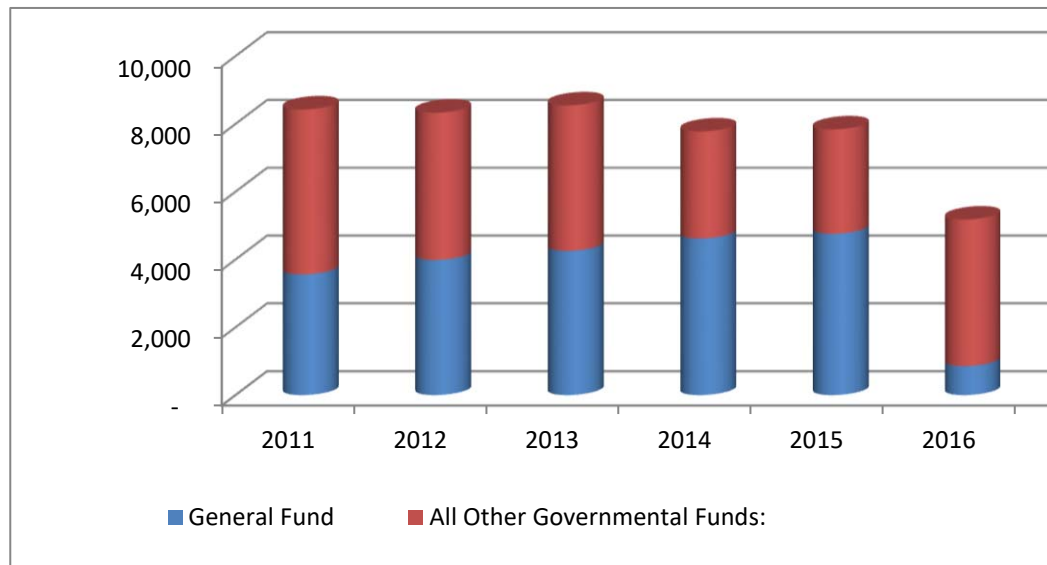
Source: City Finance Department

2015	2016	2018	2018	2019	2020
909	1,007	1,084	1,035	1,075	1,157
2,523	2,458	2,414	1,785	1,728	2,743
1,858	1,948	2,149	2,619	2,640	2,204
493	491	-	-	-	590
435	403	674	719	762	185
87	113	(23)	(110)	66	107
-	-	-	-	195	228
67	120	151	61	8	24
		(507)	-	-	-
(89)	(451)	(2,003)	(898)	(1,029)	(1,573)
-	-	-	-	-	-
<u>6,283</u>	<u>6,089</u>	<u>3,940</u>	<u>5,210</u>	<u>5,445</u>	<u>5,664</u>
234	220	234	236	249	236
807	846	881	915	879	945
42	27	56	98	168	178
161	271	1,242	272	77	95
89	451	2,003	898	1,029	1,573
<u>1,333</u>	<u>1,815</u>	<u>4,416</u>	<u>2,420</u>	<u>2,402</u>	<u>3,028</u>
<u>7,616</u>	<u>7,904</u>	<u>8,356</u>	<u>7,630</u>	<u>7,847</u>	<u>8,692</u>
6,768	3,159	(1,267)	2,652	1,628	(1,226)
260	1,040	3,774	2,578	2,472	8,611
<u>\$ 7,028</u>	<u>\$ 4,199</u>	<u>\$ 2,507</u>	<u>\$ 5,230</u>	<u>\$ 4,100</u>	<u>\$ 7,385</u>

(concluded)

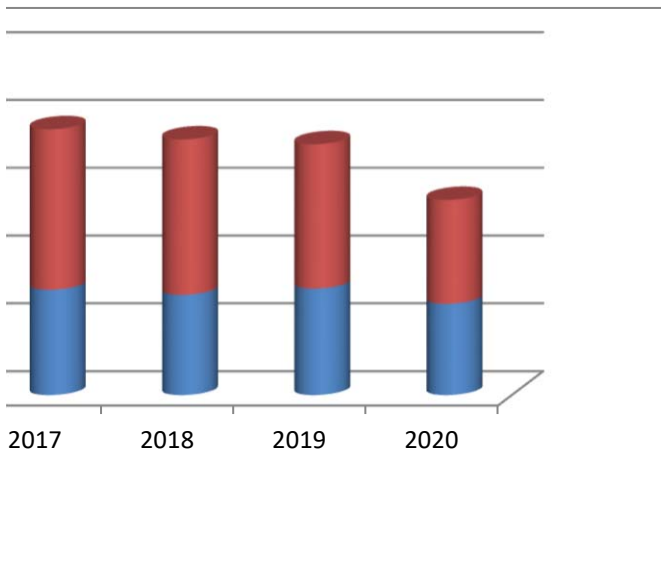
City of Fort Bragg, California
Fund Balances of Governmental
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Modified accrual basis of accounting)
(In Thousands)

	2011	2012	2013	2014	2015
General Fund:					
Nonspendable	\$ 1	\$ 211	\$ 248	\$ 185	\$ 205
Committed					
Unassigned	3,560	3,775	4,007	4,434	4,553
Total general fund	3,561	3,986	4,255	4,619	4,758
All Other Governmental Funds:					
Restricted	4,865	4,530	4,590	4,598	2,914
Assigned	-	-	-	-	1,322
Unassigned (deficit)	-	(187)	(299)	(1,441)	(1,157)
Total all other governmental funds	4,865	4,343	4,291	3,157	3,079
Total all governmental funds	\$ 8,426	\$ 8,329	\$ 8,546	\$ 7,776	\$ 7,837



Source: City Finance Department

2016	2017	2018	2019	2020
\$ 66	\$ 4	\$ 94	\$ 9	\$ 3
-	2,135	1,694	1,682	2,160
790	968	1,172	1,451	529
856	3,107	2,959	3,142	2,691
3,536	2,530	3,758	1,267	1,922
1,116	1,472	1,292	3,005	1,426
(331)	731	(470)	(16)	(284)
4,321	4,733	4,580	4,256	3,063
\$ 5,177	\$ 7,839	\$ 7,539	\$ 7,398	\$ 5,755

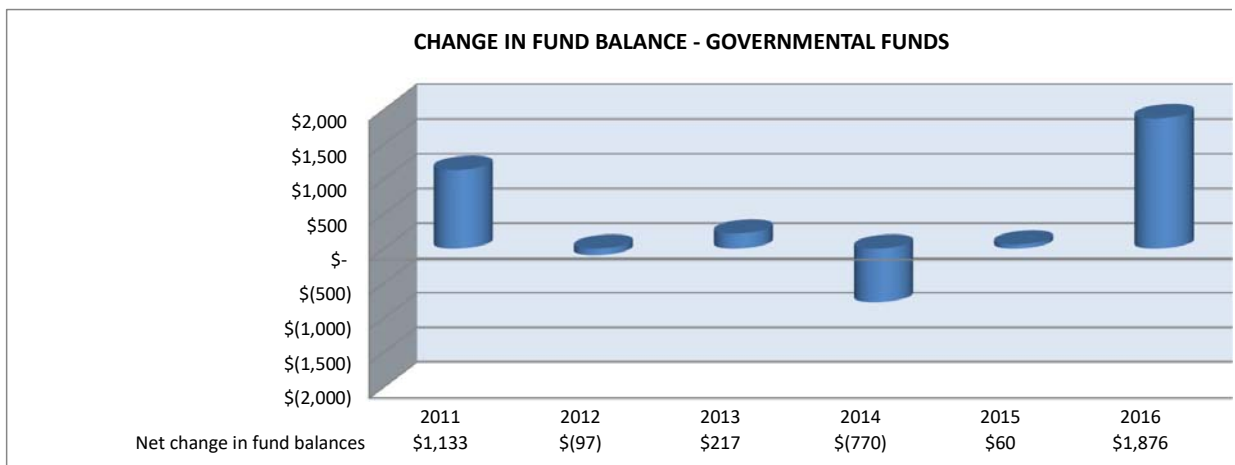


City of Fort Bragg, California
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Modified accrual basis of accounting)
(In Thousands)

Revenues:	2011	2012	2013	2014	2015
Taxes and assessments	\$ 6,032	\$ 5,790	\$ 5,579	\$ 5,810	\$ 4,949
Intergovernmental	2,692	1,773	1,897	2,946	7,463
Charges for services	2,463	2,854	2,564	2,907	457
Fines, forfeitures and penalties	17	13	23	28	178
Licenses and permits	252	241	260	234	254
Use of money and property	51	84	103	84	120
Unrealized gains and losses	-	-	-	-	-
Reimbursements	-	-	-	-	2,930
Other	118	410	80	240	59
Total revenues	11,625	11,165	10,506	12,249	16,410

Expenditures:	2011	2012	2013	2014	2015
Current:					
General government	1,178	1,252	2,179	1,549	2,875
Public safety	3,237	3,351	3,410	3,829	3,581
Public works	1,332	1,386	1,472	1,594	3,469
Community development	3,009	1,975	2,191	3,460	834
Marketing and promotions	-	-	-	-	-
Cost allocations	-	-	-	-	-
Capital outlay	1,286	1,983	874	2,431	5,058
Debt Service:					
Principal Retirement	107	113	107	112	116
Interest and fiscal charges	282	161	40	36	31
Total expenditures	10,431	10,221	10,273	13,011	15,964

Reconciliation of Governmental Revenues	2011	2012	2013	2014	2015
Less Expenditures to Fund Equity:					
Revenues over (under) expenditures	\$ 1,194	\$ 944	\$ 233	\$ (762)	\$ 446
Other financing sources (uses):					
Proceeds from sales of assets	-	-	-	-	-
Extraordinary loss on dissolution of redevelopment	-	(1,039)	-	-	-
Transfers in	1,122	1,910	1,950	1,091	5,683
Transfers out	(1,183)	(1,912)	(1,966)	(1,099)	(6,069)
Total other financing sources (uses)	(61)	(1,041)	(16)	(8)	(386)
Net change in fund balances	\$ 1,133	\$ (97)	\$ 217	\$ (770)	\$ 60
Debt service as a percentage of noncapital expenditures	4.25%	3.33%	1.56%	1.40%	1.35%

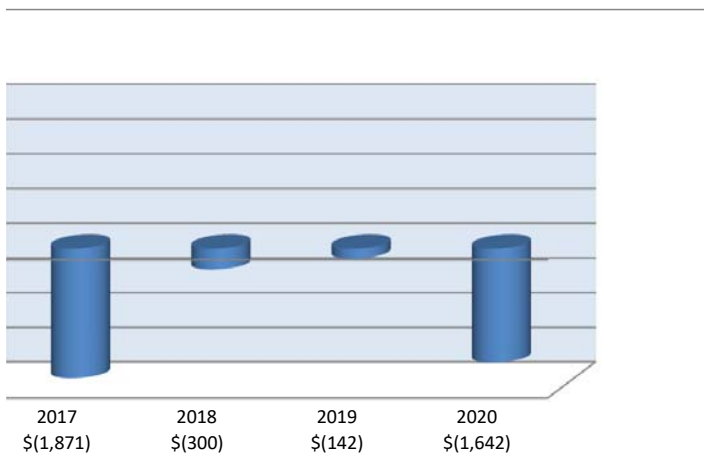


Source: City Finance Department

	2016	2017	2018	2019	2020
\$	5,067	\$ 6,486	\$ 7,131	\$ 7,138	\$ 6,878
	5,219	1,847	4,592	772	2,702
	242	203	139	128	61
	162	211	84	118	112
	273	97	132	128	97
	174	55	126	213	409
	-	-	-	195	-
	3,413	2,345	2,691	2,453	2,335
	127	210	82	37	22
	<u>14,677</u>	<u>11,454</u>	<u>14,976</u>	<u>11,182</u>	<u>12,617</u>

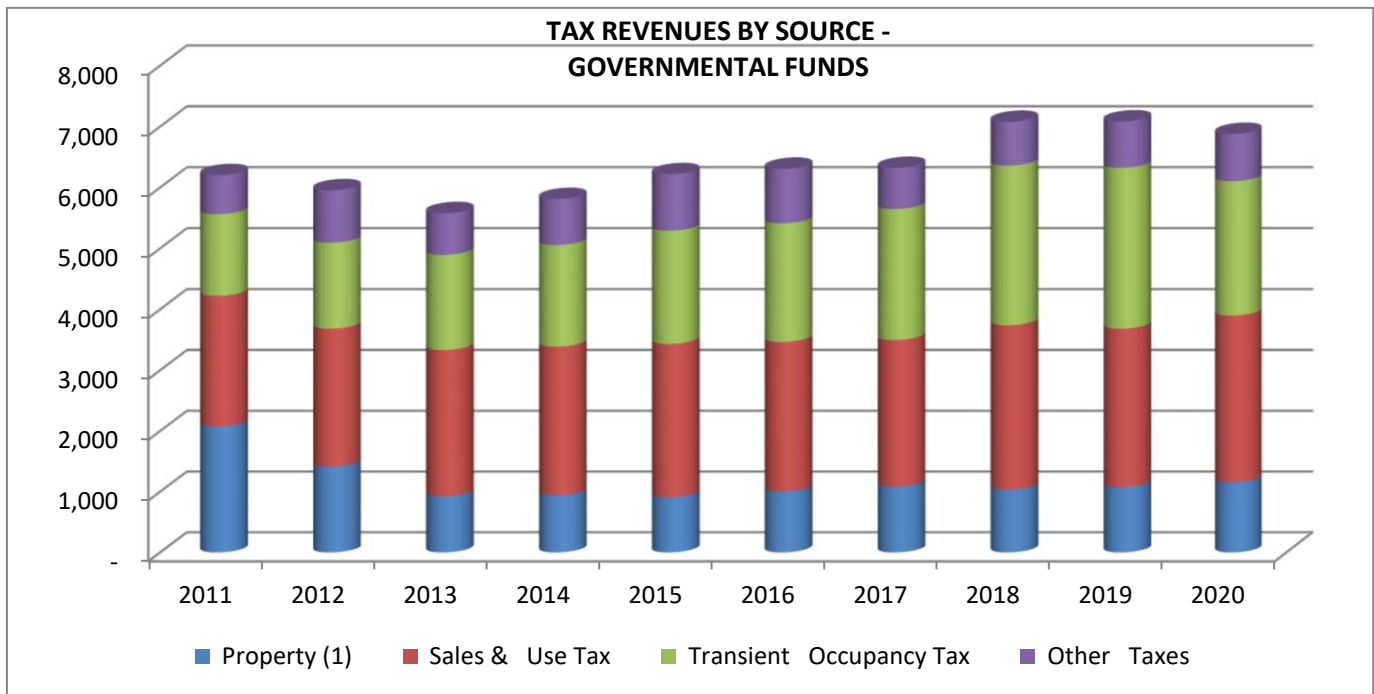
	2,685	2,548	2,881	2,522	2,094
	4,100	4,233	4,383	4,189	5,029
	1,874	1,902	1,947	1,968	1,901
	1,693	1,011	1,201	1,050	846
	-	-	-	-	186
	-	-	-	-	475
	1,725	1,992	3,780	282	1,975
	120	127	169	169	5
	26	21	17	17	-
	<u>12,223</u>	<u>11,834</u>	<u>14,378</u>	<u>10,197</u>	<u>12,692</u>

\$	2,454	\$ (380)	\$ 598	\$ 985	\$ (74)
	-	-	-	-	6
	-	-	-	-	-
	2,714	3,775	2,944	2,830	616
	(3,292)	(5,266)	(3,843)	(3,957)	(2,190)
	(578)	(1,491)	(898)	(1,127)	(1,568)
\$	<u>1,876</u>	<u>(1,871)</u>	<u>(300)</u>	<u>(142)</u>	<u>(1,642)</u>
	<u>1.39%</u>	<u>1.50%</u>	<u>1.75%</u>	<u>1.88%</u>	<u>0.05%</u>



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
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
2018	1,035	2,705	2,619	719	7,078
2019	1,075	2,607	2,640	762	7,085
2020	1,157	2,743	2,204	775	6,878



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

Source: City Finance Department

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

2019-20		2010-11	
Taxpayer	Business Type	Taxpayer	Business Type
Aero-Mod	Heavy Industry	Amerigas Propane	Energy Sales
Arco AM/PM Mini Marts	Service Stations	Boatyard Tobacco	Miscellaneous Retail
Boatyard Tobacco	Miscellaneous Retail	Canclini TV & Appliance	Furniture/Appliance
Canclini TV & Appliance	Furniture/Appliance	Chevron Service Stations	Service Stations
Chevron Service Stations	Service Stations	Circle K Service Stations	Service Stations
CVS/Pharmacy	Drug Stores	Coast To Coast Hardware	Bldg.Matls-Retail
Denny's Restaurants	Restaurants	CVS/Pharmacy	Drug Stores
Dollar Tree Stores	Department Stores	Denny's Restaurant	Restaurants
Geo Aggregates	Bldg.Matls-Whsle	Fort Bragg Feed & Pet	Miscellaneous Retail
Harvest Market	Food Markets	Harvest Market	Food Markets
Mcdonald's Restaurants	Restaurants	Kemppe Liquid Gas	Energy Sales
Mendo Mill & Lumber Company	Bldg.Matls-Retail	Mcdonald's Restaurants	Restaurants
Mendocino County Horticulture Supply	Florist/Nursery	Mendo Mill & Lumber Company	Bldg.Matls-Retail
O'Reilly Auto Parts	Auto Parts/Repair	Mendocino Coast Petroleum	Energy Sales
Redwood Coast Fuels	Energy Sales	Mendocino County Hydrogarden	Florist/Nursery
Rino Service Stations	Service Stations	North Coast Brewing	Restaurants
Rite Aid Drug Stores	Drug Stores	Rhoads Auto Parts	Auto Parts/Repair
Rossi Building Materials	Bldg.Matls-Retail	Rinehart Distributing	Service Stations
Safeway Stores	Food Markets	Rite Aid Drug Stores	Drug Stores
Sinclair Service Stations	Service Stations	Rossi's Building Materials	Bldg.Matls-Retail
Sport Chrysler-Jeep-Dodge	Auto Sales - New	Safeway Stores	Food Markets
Taco Bell	Restaurants	Sears Hometown Stores	Furniture/Appliance
The Brewery Shop	Restaurants	Speedex Service Station	Service Stations
True Value Hardware	Bldg.Matls-Retail	Sport Chrysler Jeep Dodge	Auto Sales - New
Two Short Sales	Bldg.Matls-Whsle	Walsh Oil Company	Energy Sales

Source: MuniServices, LLC / Avenu Insights & Analytics

City of Fort Bragg, California
Historical Sales Tax Amounts by Benchmark Year
Last Ten Fiscal Years

CDTFA NAICS SECTOR Categories	2020Q1	2019Q1	2018Q1	2017Q1
Accommodation and Food Services	255,808	259,376	277,253	256,440
Agriculture, Forestry, Fishing and Hunting	8,501	8,407	2,206	6,404
Arts, Entertainment, and Recreation	5,917	5,394	3,516	3,469
Construction	46,960	48,397	37,485	36,180
Educational Services	1,283	2,082	7,876	7,499
Information	7,434	7,822	5,569	4,825
Manufacturing	9,075	9,807	9,049	7,552
Mining, Quarrying, and Oil and Gas Extraction	81,532	76,371	57,185	3,321
Other Services (except Public Administration)	30,799	31,125	30,303	31,197
Professional, Scientific, and Technical Services	4,255	4,072	6,380	6,495
Real Estate and Rental and Leasing	2,239	2,712	2,455	2,525
Retail Trade	1,055,112	1,057,726	1,085,170	1,048,846
Utilities	5,171	5,140	4,702	5,430
All Other NAICS Sectors	17,752	21,059	21,025	18,769
Grand Total	1,531,837	1,539,489	1,550,174	1,438,951

Source: MuniServices, LLC / Avenu Insights & Analytics

2016Q1	2015Q1	2014Q1	2013Q1	2012Q1	2011Q1
228,310	213,811	196,725	195,761	184,423	182,730
10,373	7,321	2,573	2,972	1,293	2,897
3,454	4,002	4,407	3,829	3,702	3,135
35,318	33,583	29,218	25,489	20,646	20,842
8,318	6,932	7,927	3,006	844	325
4,031	6,163	7,182	7,828	8,571	15,132
5,847	5,667	4,496	6,102	11,320	9,472
2,461	2,962	32,396	97,835	120,794	86,127
31,897	31,049	27,496	27,573	26,934	24,953
7,186	7,541	6,599	6,796	8,384	7,942
2,525	2,944	2,893	3,394	2,795	2,101
1,056,408	1,066,897	1,067,536	1,009,848	999,094	966,699
4,696	3,967	3,570	4,800	5,370	4,158
18,414	8,559	5,059	4,953	1,277	18
1,419,237	1,401,400	1,398,075	1,400,186	1,395,447	1,326,531

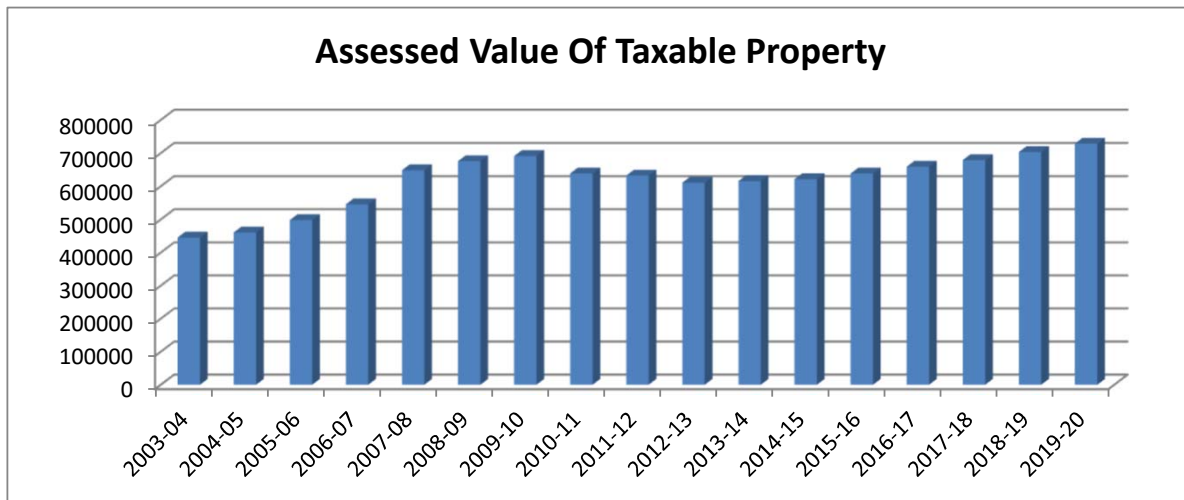
City of Fort Bragg, California

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

Last Ten Fiscal Years

(In Thousands)

Fiscal Year End	Secured Property*	Unsecured Property	Taxable		% Change	Total		Factor of Taxable Assessed Value (2)
			Assessed Value			Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	
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
2017-18	\$ 646,586	\$ 32,288	\$ 678,874		6.3%	1.133000	902,380	1.329231
2018-19	\$ 671,692	\$ 31,556	\$ 703,249		6.7%	1.138000	918,610	1.306238
2019-20	\$ 695,389	\$ 33,240	\$ 728,629		7.3%	1.131000	1,021,566	1.402039



Source: Mendocino County Assessor data, MuniServices, LLC / Avenu Insights & Analytics

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

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

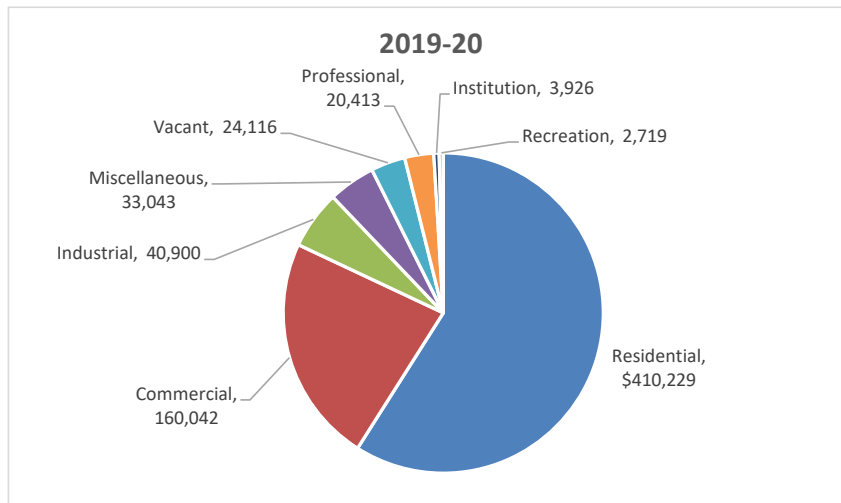
(1.) Total tax rate is represented by TRA 001-001.

(2.) 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.

(-) Indicates Data unavailable.

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

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Residential	\$ 361,278	\$ 347,694	\$ 351,259	\$ 357,224	\$ 369,852	\$ 393,470	\$ 375,474	\$ 395,888	\$ 410,229
Commercial	161,784	164,165	165,103	163,032	167,141	150,666	153,767	156,832	160,042
Industrial	43,763	30,593	36,342	36,807	37,595	37,908	38,037	39,021	40,900
Miscellaneous	477	689	698	701	735	1,120	31,285	31,187	33,043
Vacant	21,468	21,552	18,931	18,682	18,963	21,162	21,817	23,423	24,116
Professional	-	-	-	-	179	9,804	19,769	20,036	20,413
Institution	3,826	3,931	4,024	4,285	4,513	4,515	3,761	2,691	3,926
Recreation	8,962	9,119	7,905	7,593	6,391	7,101	2,676	2,613	2,719
Agriculture	-	34	33	34	34	34	-	-	-
Unitary	670	543	542	543	543	340	-	-	-
Unknown	1,044	1,130	1,149	1,178	1,192	-	-	-	-
Net Secured Value	240,950	230,626	233,578	590,079	607,137	626,121	646,586	671,692	695,389
Unsecured	29,066	31,513	29,641	31,347	31,275	32,889	32,288	31,556	33,240
Net Taxable Value	\$ 270,016	\$ 262,139	\$ 263,219	\$ 621,426	\$ 638,412	\$ 659,009	\$ 678,874	\$ 703,249	\$ 728,629



Source: Mendocino County Assessor data, MuniServices, LLC / Avenu Insights & Analytics
Use code categories are based on Mendocino County Assessor's data

City of Fort Bragg
Direct and Overlapping Prope
Last Ten Fiscal Years

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
COUNTY GENERAL FUND	0.000000	0.745000	0.745000	0.745000	0.745000	0.745000
CITY OF FORT BRAGG	0.000000	0.255000	0.255000	0.255000	0.255000	0.255000
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments						
LOCAL SPECIAL DISTRICTS	0.013000	0.012000	0.012000	0.011000	0.026000	0.025000
SCHOOLS	0.089000	0.111000	0.119000	0.114000	0.101000	0.107000
TOTAL	0.102000	0.123000	0.131000	0.125000	0.127000	0.132000
TOTAL TAX RATE	1.102000	1.123000	1.131000	1.125000	1.127000	1.132000

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

2016-17	2017-18	2018-19	2019-20
0.745000	0.745000	0.745000	0.745000
0.255000	0.255000	0.255000	0.255000
1.000000	1.000000	1.000000	1.000000
0.018000	0.026000	0.024000	0.024000
0.115000	0.107000	0.114000	0.107000
0.133000	0.133000	0.138000	0.131000
1.133000	1.133000	1.138000	1.131000

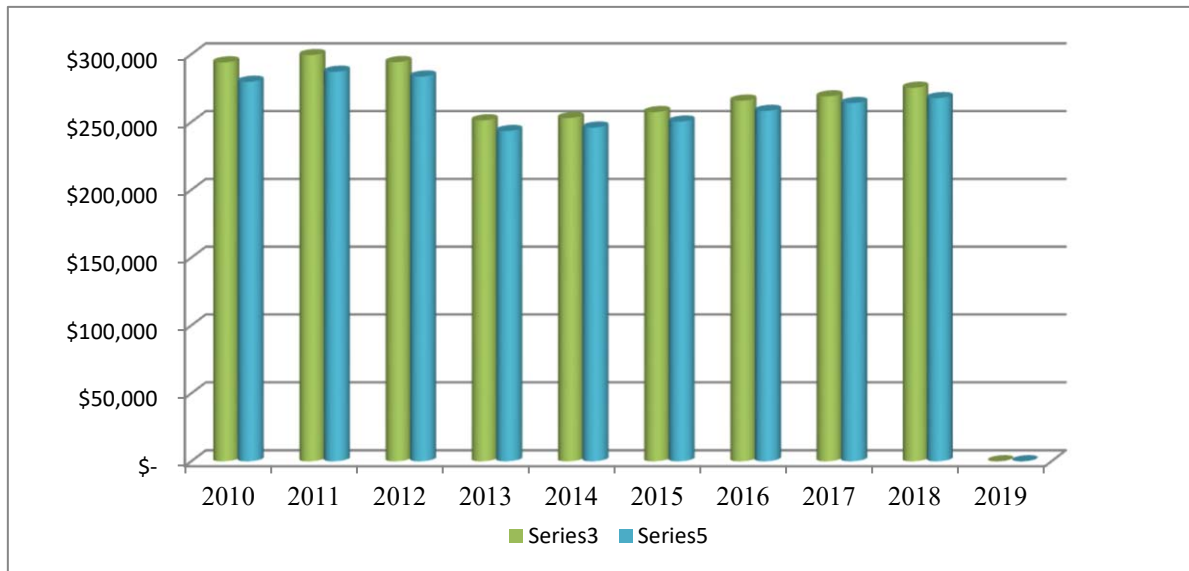
City of Fort Bragg, California
Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

Taxpayer	2019-20		2010-11	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Georgia Pacific Corporation	31,708,187	4.35%	39,377,081	6.18%
Rap Investors Lp	11,537,209	1.58%	5,354,962	0.84%
Boatyard Associates Phase Ii The	10,457,629	1.44%		
North Coast Brewing Co Inc	8,091,889	1.11%	2,716,933	0.43%
Safeway Inc	7,044,139	0.97%	7,214,811	1.13%
Colombi Jeanette Succttee	5,066,781	0.70%		
Hurst Jason S	4,915,996	0.67%		
Tanti Family Ii Llc	4,871,301	0.67%		
Kao Kuami	4,601,341	0.63%	4,036,267	0.63%
Kashi Keshav Investments Llc	4,457,076	0.61%	4,210,073	0.66%
Ansari Ghulam Murtaza & Tenzila	4,451,923	0.61%		
Grosvenor Van Ness Associates	4,284,720	0.59%	3,702,960	0.58%
Fort Bragg Hotel Llc	4,208,986	0.58%		
Longs Drug Stores California Llc	4,024,464	0.55%	3,953,173	0.62%
Anderson Logging Inc	3,964,220	0.54%	3,315,398	0.52%
Ray Ronald R Ttee	3,944,873	0.54%		
Keaton Richard J & Julie	3,315,283	0.46%	2,865,345	0.45%
Noyo Vista Inc	3,303,248	0.45%	2,817,933	0.44%
Kemppe Liquid Gas Corporation	3,058,057	0.42%	2,361,782	0.37%
Moura Senior Housing	2,806,558	0.39%	2,386,128	0.37%
Rbj & Associates Llc	2,710,069	0.37%	2,416,246	0.38%
I Lodge Properties Group Llc	2,669,971	0.37%		
Taubold Timothy E Ttee	2,641,419	0.36%		
Miller Helen Centeno	2,629,464	0.36%		
Country Properties Llc	2,601,299	0.36%		
Boatyard Assoc Phase Ii			9,037,779	1.42%
Tradewinds Lodge			7,123,300	1.12%
Feil Scott E Diana E			5,944,219	0.93%
Hurst James C Barbara J Ttees			4,306,195	0.68%
Colombi Robert Ttee			4,280,516	0.67%
Comcast			4,142,833	0.65%
North Otown Industrial Center			3,409,232	0.54%
Braxton Senior Living Property			3,326,215	0.52%
Affinito Dominic J Juliette C			3,197,520	0.50%
Reddy Govind Sarojini			3,053,387	0.48%
Bell Charles H Ila Lynn Ttees			3,016,848	0.47%
Total Top 25 Taxpayers	143,366,102	19.68%	137,567,136	21.60%
Total Taxable Value	728,628,829	100.00%	636,742,221	100.00%

Source: Mendocino County Assessor data, MuniServices, LLC / Avenu Insights & Analytics

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
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%
2018	275,316	267,695	97.2%
2019	N/A	N/A	N/A



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
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	-
2018	280	-	280	1,913	846	-
2019	143	-	143	6,568	741	-
2020	-	-	-	6,182	633	-

N/A indicates information is not available

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

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

Source: City Finance Department

Total Business-type Activities	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
\$ 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
2,759	3,039	1.7%	405
7,309	7,452	4.2%	992
6,815	6,815	3.6%	918

City of Fort Bragg, California

Legal Debt Margin Information

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Dollars in thousands)

	2011	2012	2013	2014
Assessed Value	\$ 609,153	\$ 603,272	\$ 579,450	\$ 585,992
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Value	152,288	150,818	144,863	146,498
Debt Limit Percentage	15%	15%	15%	15%
Debt limit	22,843	22,623	21,729	21,975
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 22,843	\$ 22,623	\$ 21,729	\$ 21,975
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

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

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

Source: City Finance Department

2015	2016	2017	2018	2019	2020
\$ 590,079	\$ 607,137	\$ 626,121	\$ 646,586	\$ 671,692	\$ 695,389
25%	25%	25%	25%	25%	25%
147,520	151,784	156,530	161,647	147,520	173,847
15%	15%	15%	15%	15%	15%
22,128	22,768	23,480	24,247	22,128	26,077
-	-	-	-	-	-
\$ 22,128	\$ 22,768	\$ 23,480	\$ 24,247	\$ 22,128	\$ 26,077
0%	0%	0%	0%	0%	0%

City of Fort Bragg, California
Direct and Overlapping Debt
Current Year
June 30, 2020

<u>2019-20 Assessed Valuation:</u>	\$	728,683,445	
		<u>Total Debt</u>	<u>City's Share of</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		<u>6/30/2020</u>	<u>Debt 6/30/2020</u>
Redwoods Joint Community College District	\$	25,495,000	\$ 945,865
Fort Bragg Unified School District		30,470,262	11,553,714
Mendocino Coast Hospital District		4,260,651	881,614
City of Fort Bragg		-	-
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 13,381,193
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Mendocino County Certificates of Participation		15,940,000	\$ 951,459
Mendocino County Pension Obligation Bonds		45,095,000	2,691,721
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 3,643,180
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		3,340,000	3,340,000
DIRECT DEBT	\$		-
TOTAL OVERLAPPING DEBT	\$		20,364,373
COMBINED TOTAL DEBT	\$		20,364,373 ⁽²⁾
(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.			
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.			
<u>Ratios to 2019-20 Assessed Valuation:</u>			
Direct Debt			0.00%
Total Overlapping Tax and Assessment Debt			1.84%
Combined Total Debt			2.79%
<u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$221,374,875):</u>			
Total Overlapping Tax Increment Debt			1.51%

Source: MuniServices, LLC/ Avenu Insights & Analytics

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

Fiscal Year Ended June 30,	Business-type Activities Water Fund Debt						
	Revenues & Transfers	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Total Debt Service	Coverage
				Principal	Interest		
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	505	75	580	3.7
2018	2,909	1,592	1,317	390	62	452	2.9
2019	3,077	1,480	1,597	395	53	449	3.6
2020	3,181	1,275	1,905	406	74	480	4.0

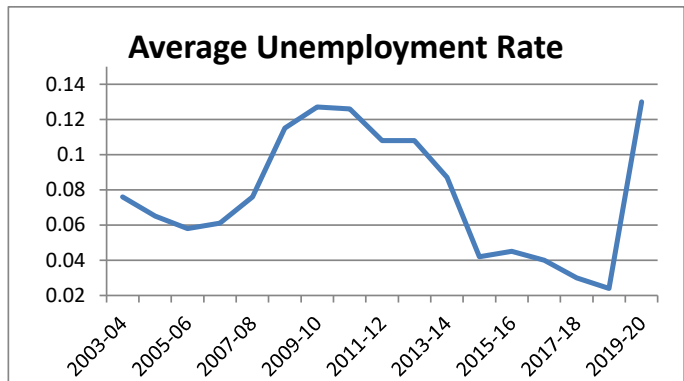
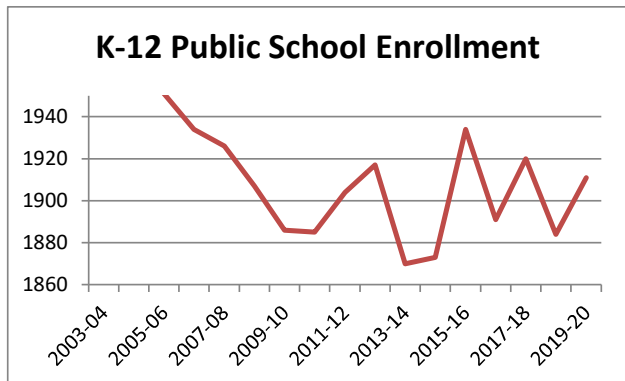
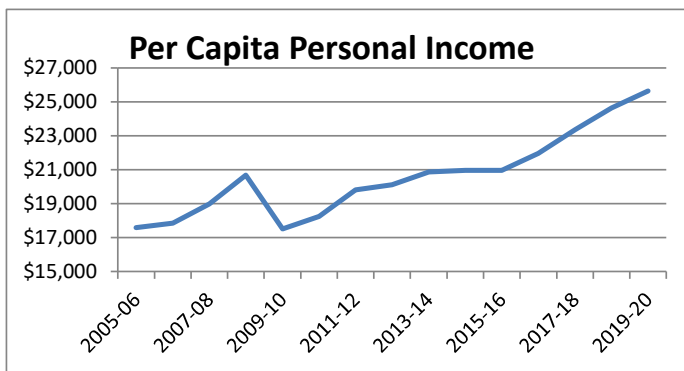
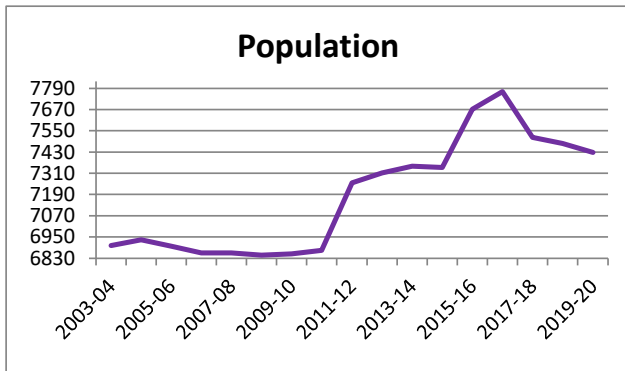
¹ Operating expenses exclude depreciation

Business-type Activities
Sewer Fund Debt

	Revenues & Transfers	Less:	Net	Debt Service		Total	Coverage
		Operating Expenses ¹	Available Revenue	Principal	Interest	Debt Service	
\$	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
	3,495	2,270	1,225	55	6	61	20.1
	5,938	2,321	3,617	55	13	68	53.2
	8,128	1,913	6,215	86	85	171	36.3

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

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age (3)	Public School Enrollment	City Unemployment Rate (%) (4)
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%
2017-18	7,512	175,523	23,366	40.0	1,920	3.0%
2018-19	7,478	184,300	24,646	39.2	1,884	2.4%
2019-20	7,427	190,379	25,633	39.8	1,911	13.0%



Source: MuniServices, LLC / Avenu Insights & Analytics
 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.) Public School Enrollment is for the Fort Bragg Unified School District.
- 4.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

City of Fort Bragg, California
Principal Employers
Last Fiscal Year and Seven Years Ago

Business Name	2019-20		2012-13	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Mendocino Coast District Hospital	336	11.39%	296	8.78%
Fort Bragg Unified School District*	232	7.86%	268	7.95%
Parents & Friends Inc	163	5.53%		
Safeway	138	4.68%	120	3.56%
Mendocino Coast Clinics Inc	116	3.93%	110	3.26%
North Coast Brewing CO Inc (1)	102	3.46%	106	3.15%
Sherwood Oaks Health Ctr	93	3.15%	100	2.97%
Mendocino County**	88	2.98%	51	1.51%
Anderson Logging Inc	82	2.78%	87	2.58%
Silver At The Wharf (Anchor Lodge)	62	2.10%		
City of Fort Bragg			60	1.78%
Fort Bragg Recreation Center			68	2.02%
Total Top Employers	1,412	47.86%	1,266	37.57%
Total City Employment (2)	2,950		3,370	

Source: MuniServices, LLC / Avenu Insights & Analytics
Source: 2012-13, previously published CAFR
Results based on direct correspondence with city's local businesses.
2010-11 historical employer data not available.
(1) Includes summer and seasonal employees
(2) 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.

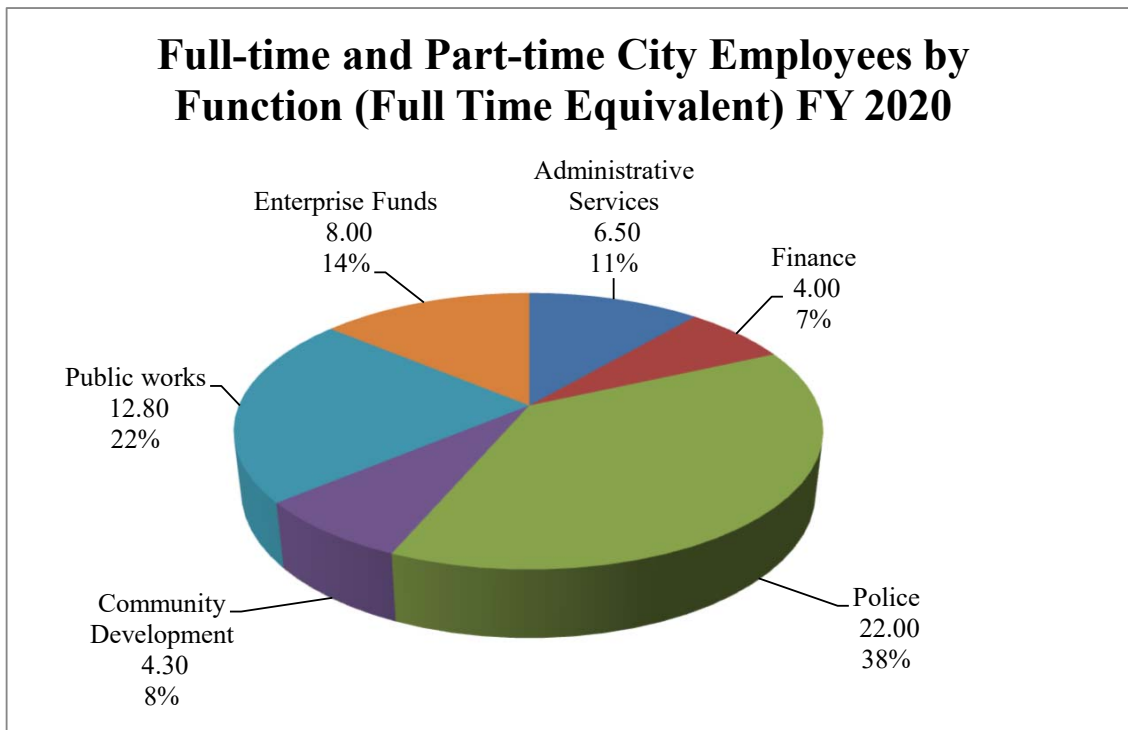
City of Fort Bragg, California

Full-time and Part-time City Employees by Function (Full-Time Equivalent)

Last Ten Fiscal Years

(Fiscal year ended June 30)

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Administrative Services	4.80	4.80	6.00	6.00	6.00	6.50	6.50	7.00	7.00	6.50
Finance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Public Safety										
Police	21.00	21.00	21.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00
Community Services										
Community Development	3.80	3.80	3.80	4.30	4.00	4.30	4.50	4.80	4.80	4.30
Public works	12.60	12.60	12.60	13.60	12.60	12.80	12.80	14.00	14.00	12.80
Enterprise Funds	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Total	53.20	54.20	55.40	57.90	56.60	57.60	57.80	59.80	59.80	57.60



Source: City Finance Department

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Building Permits Issued	204	210	125	272	192	141	122	162	194	141
New Construction	6	3	27	2	7	6	4	9	12	N/A
Single Family Residential	3	2	0	0	0	2	0	5	4	2
Second Unit	1	1	1	1	1	3	4	4	8	3
Mixed Use, Commercial & Residential	0	0	0	0	2	1	0	0	4	1
Multi-Family Residential		0	0	1	0	0	0	0	2	0
Low Income Residential	2	0	0	0	4	0	0	0	0	0
City Clerk										
Council/Agency Resolutions Passed	93	108	93	87	127	98	122	121	92	98
Number of Ordinances Passed	9	9	2	4	3	5	6	8	9	5
Number of Contracts Approved	13	32	29	31	30	69	74	105	71	69
Number of PRA Requests Processed	28	33	26	35	74	73	79	146	145	N/A
Public Safety										
Traffic Accidents	112	139	163	174	172	221	160	145	147	221
Traffic Violations - DUI	37	33	62	45	26	28	45	49	40	28
Bookings	621	608	744	689	737	668	619	795	625	668
Moving Cites	514	841	1,001	1,614	949	498	344	428	368	498
Parking Cites	405	374	355	833	484	835	842	941	869	835
Field Interviews and Information Cases			1,450	2,211	1,301	1,217	1,403	1,936	1,289	1,217
Crime Reports	1,274	1,454	1,610	1,576	1,317	1,501	1,496	1,554	1,262	1,501
Fire ¹										
Total Number of Calls	601	632	500	525	617	579	665	626	752	579
Structure Fires	30	27	29	29	21	29	38	10	37	29
Vehicle Fires	9	9	9	17	9	3	16	5	4	3
Vegetation Fires	15	29	25	41	40	31	33	23	40	31
Misc Fires (Chimney, Debris, Electronically, etc.)			17	24	17	36	18	81	80	36
Medical Aid	186	209	110	142	163	150	199	197	248	150
Rescue	112	129	11	13	10	22	16	11	7	22
Hazardous Condition/Materials Calls	37	46	73	48	41	70	75	58	73	70
Mutual Aid/Agency Assist			6	3	9	12	18	23	18	12
Traffic Accidents			88	89	98	133	98	115	100	133
Services Call	161	115	128	117	96	91	80	99	126	91
Other Calls & Incidents	81	68	4	2	113	2	74	4	19	2
Water										
Number of customer accounts billed	33,521	32,523	33,924	32,300	33,716	33,671	33,873	34,146	33,339	33,671
Water annual demand in thousand gallons	2,176	2,312	2,255	2,245	2,044	189,500	197,600	210,200	208,015	1,895
Available supply of water in thousand gallons	2,442	3,066	2,574	2,490	2,398	2,080	21,300	21,300	22,400	20,800
total Customer service calls	1,531	1,448	1,439	1,254	1,177	1,253	1,253	1,193	1,488	1,253
Meter installs/removals/change outs	49	40	2	11	14	16	14	24	13	16
Meter repairs	3	2	44	1	8	1	34	5	23	1
Leak investigations	15	16	21	3	6	11	34	29	61	11
Service profiles	131	81	93	52	57	65	31	63	61	65
Turn on/off	1,255	1,267	1,248	139	508	669	878	891	1,099	669
Manual Reads	555	565	527	513	453	416	444	126	111	416
Misc.	27	36	33	49	60	75	53	55	68	75
Wastewater										
Customer service calls, wastewater	39	37	52	71	41	52	43	33	36	52
New customer sewer lines installed	2	0	2	2	3	1	4	0	2	1
Sewer mains cleaned/flushed in miles	19	19	18	14	15.5	15	17.38	16	18	15
Sewer mains and laterals repaired in number of jobs	39	34	0	8	16	11	12	9	8	11
Sewer manholes inspected	371	373	371	362	363	363	374	374	374	363
Sewer manholes installed	3	1	0	0	0	0	0	0	0	0
Sewer spill responses	4	1	3	7	7	5	1	1	2	5

¹ The governing agency offer the Fort Bragg Volunteer

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	27.2	27.2	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	744	744	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	30.5	30.5	30
Raw water transmission line (miles)	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.85	5.85	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	4	4	4	5	2	4
Recreational/Guest Facilities	2	3	3	3	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