



CITY OF FORT BRAGG CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2021**

**PREPARED BY
ISAAC WHIPPY**

City of Fort Bragg, California

Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2021



Prepared by City of Fort Bragg Assistant Finance Director
Isaac Whippy

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Annual Comprehensive Financial Report
For the year ended June 30, 2021

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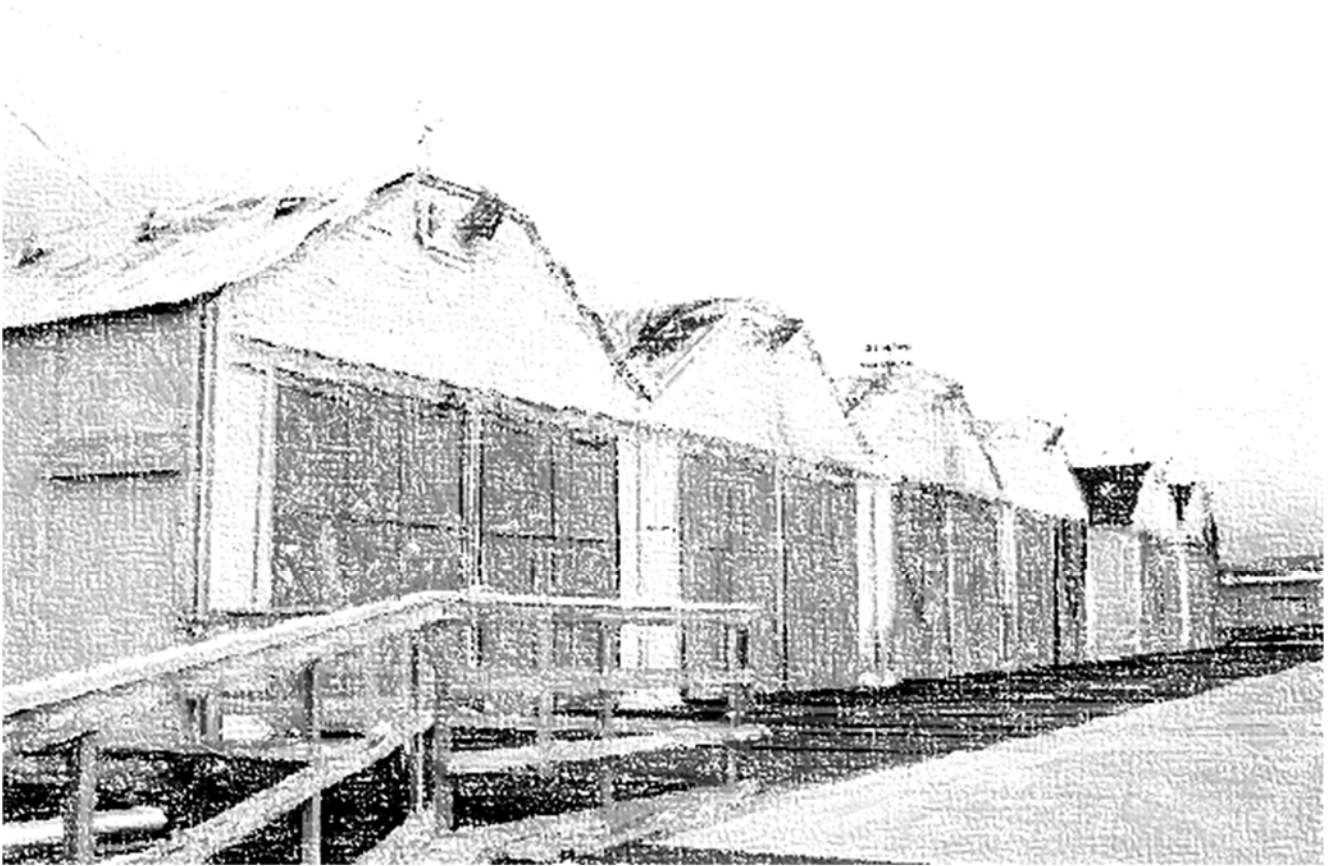
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INTRODUCTORY SECTION

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

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December 31, 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 Annual Comprehensive Financial Report (ACFR) of the City of Fort Bragg (City) for the fiscal year ended June 30, 2021, 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, 2021 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 Fort Bragg Redevelopment Successor 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 2020 places the City's population at 6,983. 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 Fort Bragg Redevelopment Successor 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, 2021, the City was \$4.9 million or 43% under the total Article XIHB (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2020/21.

Citywide Achievements in FY 2020/21

- Closed the fiscal year with a General Fund surplus of \$1.5 million or 18% of the expenditures for FY 2020/21.
- Developed and distributed City Evacuation Maps for both permanent residents and visiting tourist in order to prepare for possible emergency situations.
- Implemented new water conservation program and reduced water usage in spring and summer of 2021 by a record 30% in response to state-wide water drought emergency.
- Procured a Desalination-Reverse Osmosis Treatment System so that the City could continue to pump water from the Noyo River during high tides when salinity levels cannot be processed by the City's Water Treatment Plant. Funding for system was provided through emergency state funding.
- Incubated a Community Land Trust to facilitate workforce owned housing in Fort Bragg and along the Mendocino Coast.
- Launched Economic Development Incentives and outreach program for the Central Business District.
- Issued a Request for Proposals for a Joint City/County Solid Waste Franchise Agreement compliant with new SB 1383 organic recycling and diversion reduction requirements.
- Established a Citizens' Committee to tackle the complex issues surrounding changing the name of Fort Bragg in order to disassociate the City with the Confederate Civil War General, Braxton Bragg.
- Initiated a Blue Economy Regional Coalition effort to support sustainable use of ocean resources for economic growth, education, improved livelihoods and jobs, and a healthy marine ecosystem.
- Completed a feasibility study on the viability of a municipal broadband utility.
- Adopted a Formula Business ordinance to ensure that new businesses to Fort Bragg add to the economic diversity and vitality of the community.
- Developed a strategic pension obligation plan that included issuing Lease Revenue Bonds in November, 2021 and adopting a Pension Funding Policy.
- COVID-19 related efforts:
 - Successful tenant-based rental assistance program utilizing HOME grant funds. Assisted more than 60 families.
 - Launched COVID utility assistance program.
 - Continued with Temporary Waiver to provide businesses with the flexibility to adopt operations to comply with COVID restrictions.

- Pivoted marketing campaign to focus on local restaurant and retail businesses and encourage residents to purchase locally.
- Developed and launched a marketing campaign strategically messaged to attract visitors from nearby urban areas as the state began reopening from pandemic shutdowns.
- Established a business loan and micro-loan program to provide financial assistance to local businesses hard hit by the pandemic.

Local Economy and Outlook

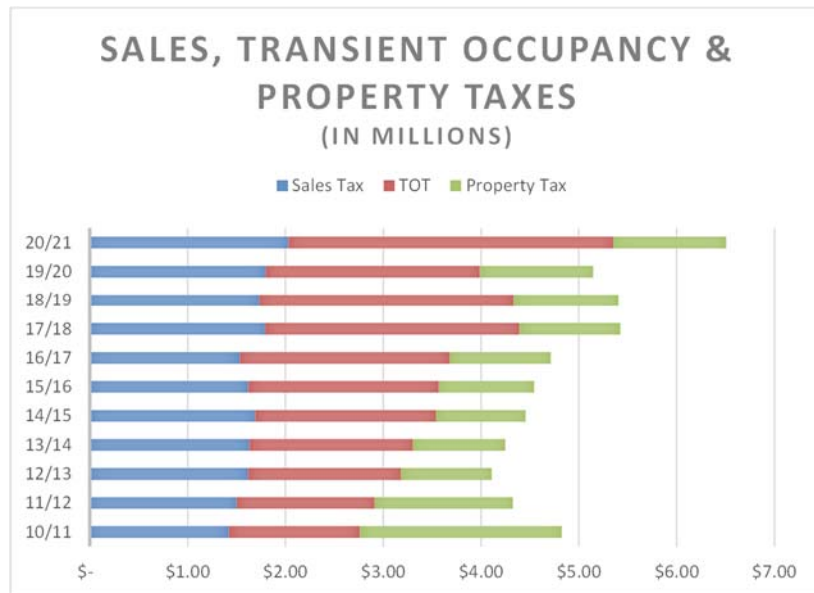
Fort Bragg's economy relies heavily on tourism. Like the overall City's economy, the City of Fort Bragg is also heavily dependent on tourism for its revenues. Transient Occupancy Tax (TOT), also known as bed tax, and sales tax are the two largest sources of revenue for the City's General Fund and in FY 2020/21 together make up 54% of the City's General Fund revenue. Prior to the pandemic in FY 2018/19, TOT and sales tax accounted for 46% of the 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. The City's TOT revenue for the last quarter of the prior fiscal year, from April through June, was down 66% compared to the FY 2018/19. However, as the State and County health orders were eased to allow nonessential travel in the summer of 2020, 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 of the fiscal year (July to September) was up 8.4% over the prior year same quarter. TOT revenue for fiscal year end 2020/21 was 26% higher than FY 2018/19, the best year ever. The City's General Fund Bradley Burns sales tax for the fiscal year was up 13% over the prior year.

These trends have continued into the first quarter of FY 2021/22. TOT revenue receipts for the first quarter of FY 2021/22 are 25% higher than first quarter FY 2020-21 and 35% more than pre-pandemic first quarter FY 19/20. Sales tax revenues for the first quarter of FY 2021/22 are up 13% over first quarter of FY 2020-21. However, like this time last year, the pandemic and the frequently changing stay at home orders will likely have the most consequential influence on the local economy into the near future.

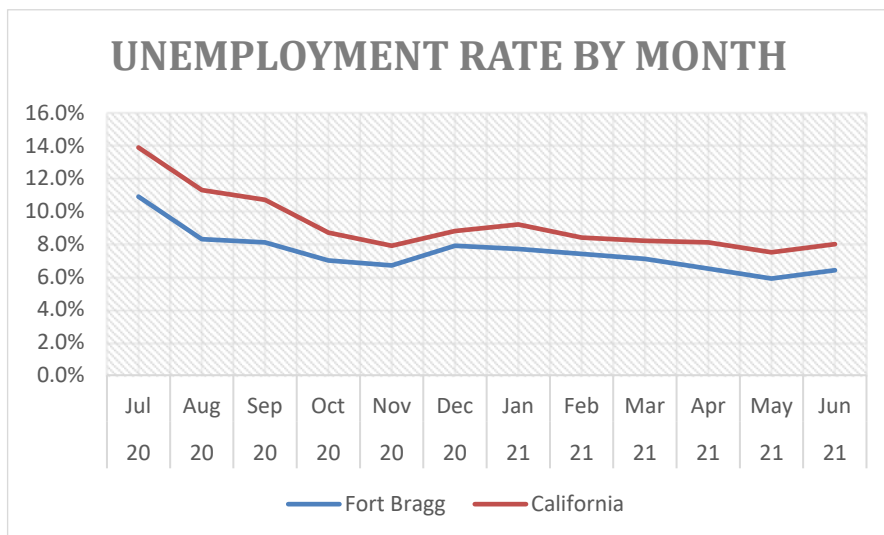
As of writing this letter, the Delta and Omicron variants of COVID-19 and the ramifications on the World's economy continue to make the outlook for Fort Bragg difficult to predict. Like the rest of the country, supply chain issues, vaccination levels, staffing shortages and increased housing costs continue to challenge the local economy. The City continues to look at opportunities to diversify its economy. Initiatives, which began in FY 2020/21 and will continue into the FY 2021/22, include economic development incentives for small businesses in the City's Central Business District (CBD), many of which were considered nonessential and as a result were harder hit by the pandemic shutdowns. The incentives include water and sewer capacity fee waivers for restaurants and food service, façade improvement grants, downtown beautification programs, positive code enforcement outreach and programs and events to encourage locals and tourist to visit the CBD.

The Blue Economy Regional Coalition is a focus of the City's most abundant natural resource – the ocean and coastline. The initiative is to create new industries that take advantage of the ocean, the local Noyo Harbor, Noyo Center for Marine Science, Mendocino College education opportunities, the long standing fishing industries and ocean resiliency. Protecting the coastline and ocean also protects the primary draw for the City's tourism industry.

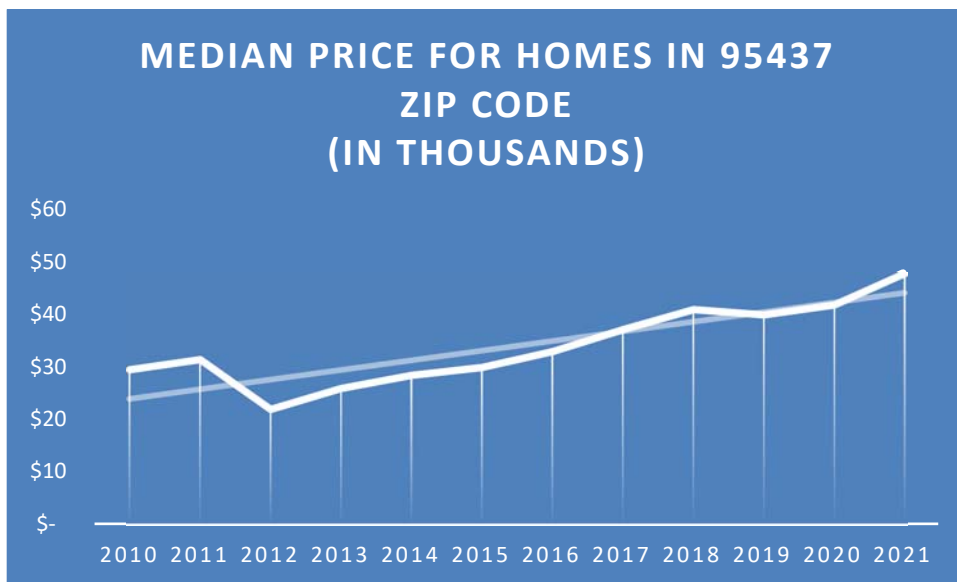


The pandemic highlighted the importance of affordable and reliable broadband to our community and other rural communities across the nation. Distance learning, working from home and new start up industries all struggled because of the lack of sufficient internet access. Fort Bragg’s limited population and geographic isolation creates little incentive for private sector investment in broadband connectivity. Completion of the Broadband Utility Feasibility study provides a viable path forward for a municipal-owned utility to offer affordable connectivity to citizens and businesses. The City received half of its \$1.75 million in American Rescue Plan Act (ARPA) funds in June, 2021 and has set aside those funds plus the second half of the monies for the Municipal Broadband project. The City is also seeking additional funding from other grants and opportunities available as part of the federal and governments’ emphasis on infrastructure and broadband.

Until March, 2020, the City had experienced five years of strong employment trends and low unemployment rates. Unemployment peaked in April 2020 at 14.4% but stabilized through the FY 2020/21. As of November, 2021 the unemployment rate for Fort Bragg had dropped to 4.3% and like many areas, Fort Bragg struggles to maintain workforce staffing to operate businesses and other organizations in our region. The unemployment rate for California was 6.9% as of November, 2021.



The number of homes sold in the Fort Bragg 95437 zip code jumped by 56% in FY 2020-21 and median home prices increased by 14% for the year end of June 30, 2021. 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 2021 in 95437 zip code was \$479,000 and by December, 2021 it increased 10% to \$525,000. 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 remained flat in FY 2020/21 but is expected to grow in future years as home values are adjusted for the recent increase in price and number of sales.



The growth in residential home sales and prices continues to challenge the affordability of Fort Bragg to working families and individuals. Like much of California, the scarcity and cost of residential housing makes it difficult and in some cases impossible for many families to have the opportunity of home ownership. The shortage of affordable workforce housing goes further in limiting local employers' ability to hire and retain qualified staff. Every employer listed as principal employers on page 159 of the statistics section, which includes the hospital, medical clinics and school district, has publicly voiced the difficulties associated with lack of housing in maintaining qualified staffing levels.

In an effort to increase workforce housing in our community, the City has incubated and is staffing a Community Land Trust (CLT). A CLT is system in which the underlying land is owned by a mission-driven entity, usually a nonprofit, where the buildings on the land are owned or leased by residents. CLTs have the explicit goal of promoting affordable housing and contain legal provisions governing ownership and transfer to keep units affordable in perpetuity. Home ownership provides the opportunity for working families and individuals to build wealth and create housing security.

Long-term Financial Planning

A review of the City's Fiscal Policies, including Fund Balance & Reserve Policies was conducted as part of the FY 2021/22 budget process. The City Council continued the commitment to the reserve levels established in prior annual budget reviews. The following General Fund reserves comprise committed fund balance; at FY end 2020/21 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 2020/21, the reserve remains funded at \$1,989,419.
- **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 2020/21, 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 2020/21, 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 "Pension funding 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 tradeoffs in balancing the budget include, a decrease in services (eliminated and downgraded positions). The Other Postemployment Benefits (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. 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 recent improvements in tax revenues will provide balanced budgets in the midterm range. However, in the longer term, the City's General Fund is projected to operate at a deficit starting in FY 2023/24.

The City's General Fund operated at a record surplus for FY 2020/21 and fund balance improved by nearly \$1.5 million. The surplus was the result of deep budget cuts early in the pandemic which reduced staff and services and the previously discussed increases in TOT and sales tax revenue as tourism rebounded. In May, 2020, the City laid off four full-time employees, froze two positions in the Police Department and furloughed another twelve employees 50% to 75% of their regular hours. The furloughed staff was returned to full-time status in August, 2020 but several of the laid off positions remain vacant. In addition, the City did not replace two positions (Finance Director and Assistant City Engineer) that became open in late June. As the reliance and demand for City services continues to grow, one of the challenges the City faces is the same as many other employers – recruiting and retaining qualified staff.

The City adopted a balanced General Fund budget for FY 2021/22 and projected a small surplus of \$47k. While the surplus was small, the budget included \$150k to pay down pension obligations and relatively modest revenue projections. As discussed earlier in this letter, both TOT and Sales Tax revenues are outpacing FY 2020/21, which set records for both revenue sources.

A major project for FY 2020/21 was developing and adopting 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 as of June 30, 2021 is at \$10.7 million. On November 10, 2021 the City issued \$11.4 million in taxable Lease Revenue Bonds. Proceeds in the amount of \$7.5 million were used to reduce the City's unfunded pension liability with an additional \$3.5 million set aside for costs associated with acquisition of the southern portion of the former Timber Mill property. The California Public Employees' Retirement System (CalPERS) recognized a record 21.3% investment return for the fiscal year ending June 30, 2021. The record CalPERS investment return and the \$7.5 million liability payment places the City in a better position to manage pension obligations going forward.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the ninth 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 Annual Comprehensive 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 Annual Comprehensive 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 Annual Comprehensive 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 Assistant Finance Director, 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.

I have had the opportunity to serve Fort Bragg as City Manager for nearly four years. It has been an opportunity and a great pleasure. I would like to thank Fort Bragg residents and businesses for making this community a unique treasure along the beautiful Mendocino Coast.

Respectfully submitted,



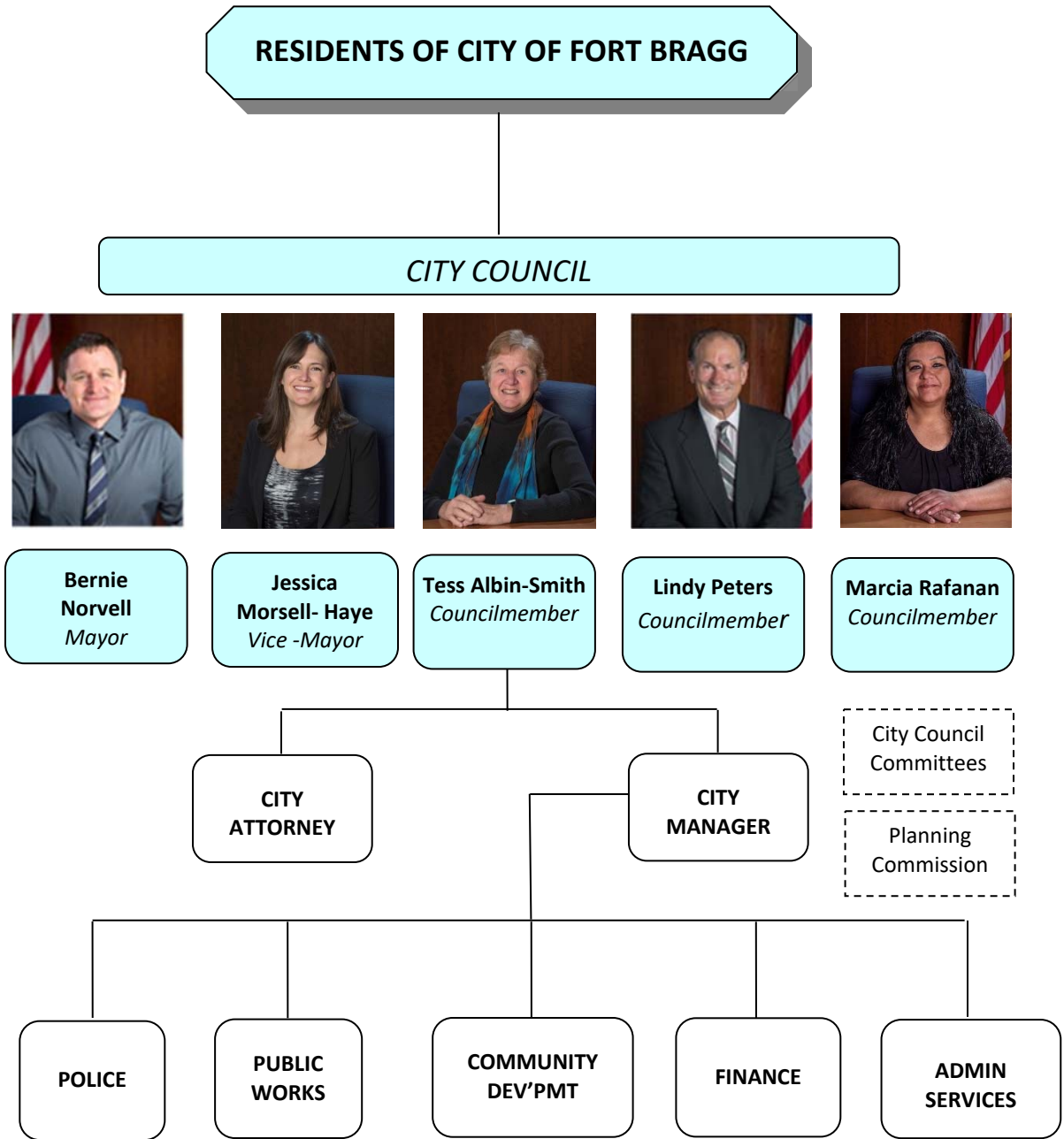
Tabatha Miller, CPA
City Manager



Isaac Whippy
Assistant Finance Director

City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Organization Chart



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

Mayor Bernie Norvell	December 2024
Vice Mayor Jessica Morsell-Haye	December 2022
Councilmember Tess Albin-Smith	December 2022
Councilmember Lindy Peters	December 2022
Councilmember Marcia Rafanan	December 2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fort Bragg
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

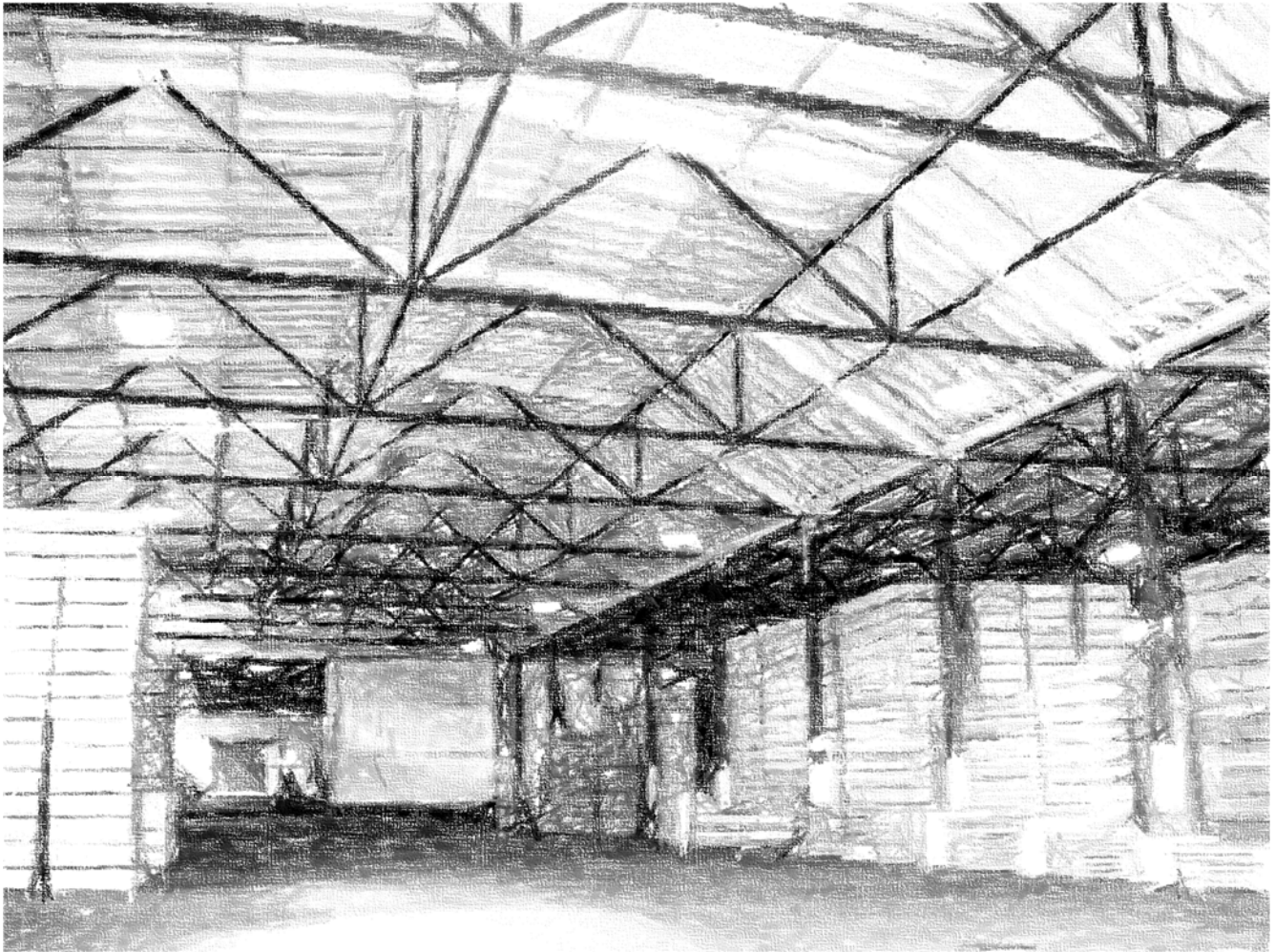
June 30, 2020

Christopher P. Morill

Executive Director/CEO

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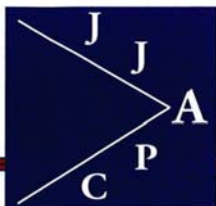


FINANCIAL SECTION

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- Management's Discussion and Analysis
- Basic Financial Statements
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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, 2021, 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, 2021, 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 December 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.

December 29, 2021

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

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, 2021. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's Net Position increased by \$5.4 million (assets exceeded liabilities) to \$99.2 million as of June 30, 2021.
- The Net Position for governmental activities ended the year at \$40.5 million, while the net position for business activities was \$58.8 million. Of the \$40.5 million in total governmental net position, a negative \$4 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 rebounded in Fiscal year 2020-21. Transient Occupancy Tax (TOT) recorded its best year to date at \$3.3 million and Sales tax at \$3.1 million.
- General Fund expenditures came in at \$9.2 million, \$830k below budget estimates. The positive variance is a result of significant budget cuts early in the pandemic which reduced staff and services.
- The City's General Fund operated at a record surplus for FY 2020/21 and fund balance improved by nearly \$1.5 million.
- The City's governmental funds reported a combined fund balance of \$7.7 million, a increase of \$1.9 million compared to the prior fiscal year. Committed balances include an Operating Reserve of \$1.9 million, a Recession Reserve of \$489,929, and a Litigation Reserve of \$200,000. Unassigned fund balance increased to \$1.5 million.
- The Water enterprise Net Position increased \$1.9 million (16%), the Wastewater enterprise Net Position increased by \$2 million (9%), and the C.V. Starr Center Net Position also increased by \$145k (1%). The most significant draw on C.V. Starr Center Net Position is the non-cash item depreciation (\$698k).
- Business activities saw revenue for charges of services rebound to pre-covid levels after experiencing a dip during the onset of the pandemic. Revenues increased by \$493k (16%) for water enterprise, \$413k for wastewater enterprise except for the CV Starr which remained closed due to COVID restrictions in fiscal year 20/21.
- Total liabilities increased by \$1.1 million to \$23.4 million during the FY 2020/21.
- 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 Annual Comprehensive Financial Report is in three major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information; and,
- 2)
- 3) **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.
- 4) **Statistical section**, which includes detailed information as a context for understanding what the information in the financial statements, and footnotes says about the City's overall financial health

City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

The Basic Financial Statements

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

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all 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.

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
Annual Comprehensive Financial Report
For the year ended June 30, 2021

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, 2021, 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, 2021, 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
Annual Comprehensive Financial Report
For the year ended June 30, 2021

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
Annual Comprehensive Financial Report
For the year ended June 30, 2021

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, 2021, and June 30, 2020.

Summary of Net Position

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 12,021,612	\$ 14,351,190	\$ 26,372,802	\$ 9,698,369	\$ 12,024,984	\$ 21,723,353
Noncurrent assets	41,685,886	52,286,470	93,972,356	42,101,657	52,267,148	94,368,805
Total assets	53,707,498	66,637,660	120,345,158	51,800,026	64,292,132	116,092,158
Deferred outflows of resources	2,515,812	473,927	2,989,739	2,766,120	367,749	3,133,869
Total assets and deferred outflows of resources	56,223,310	67,111,587	123,334,897	54,566,146	64,659,881	119,226,027
Current and other liabilities	1,271,585	1,195,532	2,467,117	903,403	2,527,218	3,430,621
Long-term liabilities	13,926,679	7,055,787	20,982,466	13,720,717	7,444,451	21,165,168
Total liabilities	15,198,264	8,251,319	23,449,583	14,624,120	9,971,669	24,595,789
Deferred inflows of resources	531,965	143,822	675,787	944,482	68,411	1,012,893
Total liabilities and deferred inflows of resources	15,730,229	8,395,141	24,125,370	15,568,602	10,040,080	25,608,682
Net position:						
Net investment in						
Capital Assets	41,685,886	46,331,468	88,017,354	42,101,657	45,807,368	87,909,025
Restricted	2,947,301	108,064	3,055,365	1,921,632	108,064	2,029,696
Unrestricted (deficit)	(4,140,106)	12,276,914	8,136,808	(5,025,745)	8,704,369	3,678,624
Total net position	\$ 40,493,081	\$ 58,716,446	\$ 99,209,527	\$ 38,997,544	\$ 54,619,801	\$ 93,617,345

As of June 30, 2021, the City's net position was \$99.2 million, an increase of \$5.6 million. Year over year, assets increased by \$4.3 million, and liabilities decreased by \$1.1 million with no new debt issued. The overall change in net position is largely due to the increase in investment in capital assets for both Governmental and business-type activities, which increased by \$4.6 million. 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
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

A large portion (94%) 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 decreased in FY 2020/21 by \$396k to a total of \$93 million. The decrease is attributed to retiring capital assets, particularly in the business type, by \$531k. Citywide total assets placed in Service equaled \$20.6 million, in which \$17.7 million was a transfer from Construction in Progress to Infrastructure for the wastewater treatment plant. This was offset by \$3.2 million in depreciation and a net decrease in related debt of \$484k.

The restricted net position of \$3 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 \$1 million. It ended the fiscal year with a \$3 million balance primarily due to the accumulation of special sales tax funds of \$2.5 million, a 59% increase from the prior year.

The Unrestricted net position increased \$4.4 million over the previous year and now stands at \$8.1 million. Governmental activities saw a decrease of \$886k in unrestricted net position, whereas business-type activities saw an increase of \$3.8 million. The negative unrestricted position of \$4.1 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 \$23.9 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 the City's pension plan liability. The City's deferred outflows increased by \$144k or 5% on a year-over-year basis.

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 pertaining to reporting of the City's pension plan liability. The City's deferred inflows decreased by \$337k or 33% on a year-over-year basis.

City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2021, and 2020, follows:

	Changes in Net Position					
	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,813,140	\$ 7,677,502	\$ 10,490,642	\$ 3,150,327	\$ 7,130,393	\$ 10,280,720
Grants and contributions:						
Operating	3,973,620	-	3,973,620	800,090	-	800,090
Capital	1,584,476	-	1,584,476	1,344,933	4,512,326	5,857,259
General revenues:						
Property taxes and assessments	1,151,947	262,787	1,414,734	1,156,765	236,185	1,392,950
Sales and use tax	3,127,059	1,099,510	4,226,569	2,742,568	944,770	3,687,338
Transient occupancy taxes	3,321,928	-	3,321,928	2,204,151	-	2,204,151
Other taxes	810,652	-	810,652	774,924	-	774,924
Use of money and property	112,479	115,440	227,919	107,090	178,095	285,185
Unrealized gains and losses	(123,967)	-	(123,967)	228,487	-	228,487
Other general	265,673	-	265,673	23,558	95,356	118,914
Total revenues	<u>17,037,007</u>	<u>9,155,239</u>	<u>26,192,246</u>	<u>12,532,893</u>	<u>13,097,125</u>	<u>25,630,018</u>
Expenses:						
Governmental activities:						
General government	3,580,513	-	3,580,513	2,622,995	-	2,622,995
Public safety	4,588,899	-	4,588,899	5,374,187	-	5,374,187
Public works	2,235,827	-	2,235,827	3,122,039	-	3,122,039
Community development	4,104,663	-	4,104,663	875,959	-	875,959
Marketing and promotion	93,060	-	93,060	185,621	-	185,621
Interest and fiscal charges	37,964	-	37,964	5,106	-	5,106
Business-type activities:						
Water	-	1,687,603	1,687,603	-	1,675,501	1,675,501
Wastewater	-	3,043,007	3,043,007	-	2,302,137	2,302,137
C.V. Starr Center	-	1,228,892	1,228,892	-	2,080,808	2,080,808
Total expenses	<u>14,640,926</u>	<u>5,959,502</u>	<u>20,600,428</u>	<u>12,185,907</u>	<u>6,058,446</u>	<u>18,244,353</u>
Excess (Deficiency) of revenues over expenditures before transfers	2,396,081	3,195,737	5,591,818	346,986	7,038,679	7,385,665
Transfers	(900,908)	900,908	-	(1,573,283)	1,573,283	-
Change in net position	1,495,173	4,096,645	5,591,818	(1,226,297)	8,611,962	7,385,665
Net position:						
Beginning of year	38,997,544	54,619,801	93,617,345	40,223,841	46,007,839	86,231,680
End of year	<u>\$ 40,492,717</u>	<u>\$ 58,716,446</u>	<u>\$ 99,209,163</u>	<u>\$ 38,997,544</u>	<u>\$ 54,619,801</u>	<u>\$ 93,617,345</u>

The City's expenses for FY 20/21 totaled \$20.6 million, increasing \$2.3 million from FY 19/20 totals. Much of this increase was related to restoring staff and other programs (return of furloughed employees), which were cut at the end of FY 19/20.

Governmental expenses totaled nearly \$14.6 million, or 71 percent of total costs. Public safety costs represented most governmental costs, Community Development related to Grants, followed by public works and general government. Business-type activities incurred \$5.9 million during the fiscal year, 29 percent of all City expenses.

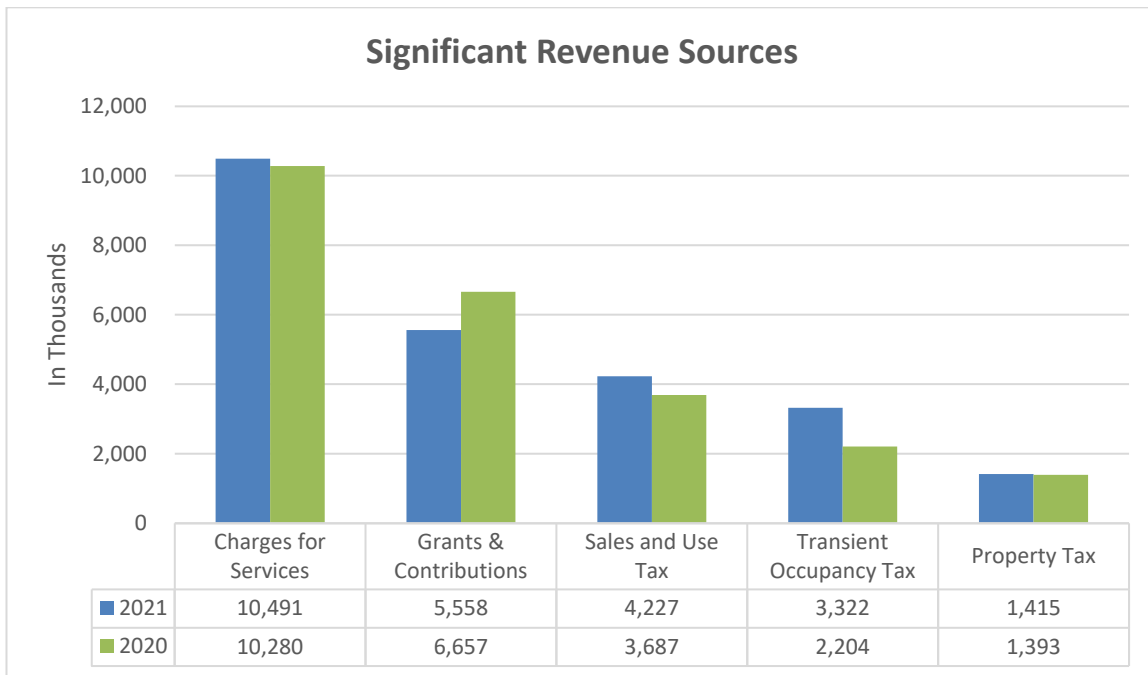
City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for Governmental and Business-type Activities were \$26.1 million for the fiscal year ended June 30, 2021, representing a 15 percent increase over the previous fiscal year. Governmental Activities increased by \$4.5 million, and Business-type Activities decreased by \$3.9 million. Significant revenues for the City for FY 2020/21 were derived from charges for services (40%), grants and contributions (21%), sales and use Tax (16%), transient occupancy tax (12%), and property tax (1%).



Following is a discussion of variances in key revenues for the FY 2020/21:

- Charges for Service's** overall revenue increased by 2 percent compared to the previous fiscal year. Charges for governmental activities were down \$337k or 11 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. 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, developer deposit (DDA) reimbursements, code enforcement, building permits, also recorded declines from the prior year.

Charges for services for Business-type activities are almost entirely of user charges. This category was up \$547k or 8 percent primarily due to revenues rebounding to pre-COVID levels. Covid restrictions during the last quarter of the FY 2019/20 affected this revenue category. 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.

City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

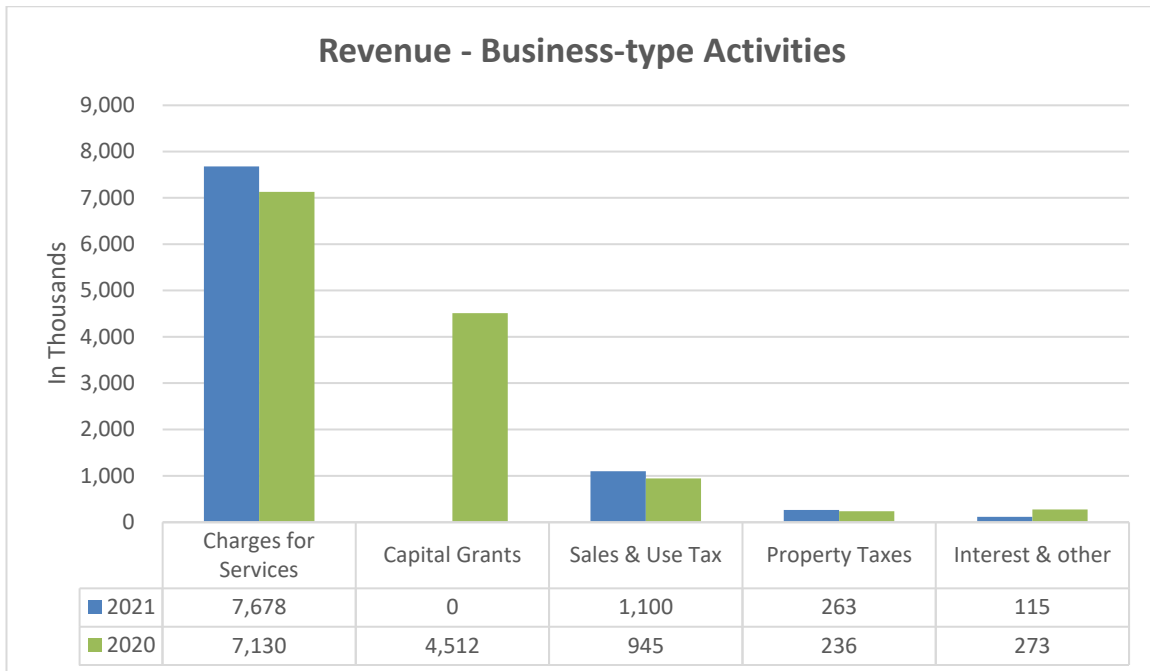
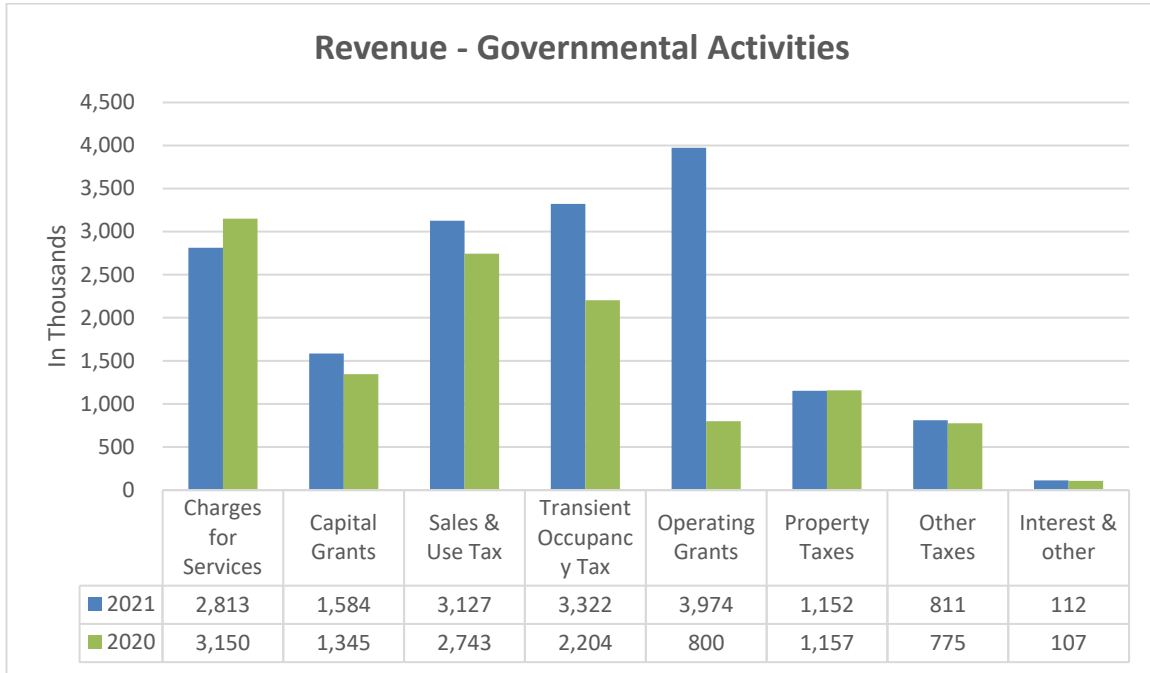
2. **Grants and Contributions** annual receipts for Operating Grants decreased by \$1.09 million. Grants include Community Development Block Grants (CDBG), which consists of the Code enforcement program, Business Assistant Loan Program, Fire Station Design Rehab, Utility Business Assistance Loans, and general administration. Often operating grants fluctuate yearly depending on when program activities are implemented. The most significant capital grants in FY 19/20 were the California State Water Resources Control Board grant (\$4.5M) and the US Department of Agriculture grant (\$1.3M). These grants provided funding for the City's wastewater treatment facility upgrade, completed and expended last fiscal year.
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. Despite the COVID Pandemic, sales tax revenues recorded solid results and were up \$539k or 15 percent compared to the prior year. Construction, grocery stores, and internet sales categories all recorded best quarters at the onset of the pandemic. Other categories such as restaurants, transportation, and retail were the most hit by COVID restrictions rebounded during the fiscal year as vaccines rolled out and other COVID restrictions were lifted. Sales and use taxes increased by \$201k or 6 percent. Sales and use taxes for Business-type Activities are received for the C.V. Starr Center special sales tax (\$1.09 million), up 16 percent or \$154k 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) applied to the cost of the hotel or other lodging stays of less than 30 days. This revenue category was the most impacted due to the COVID pandemic in the last quarter of FY 19/20, down \$436k or 17 percent compared to the prior year resulting in a General Fund deficit. In FY 20/21, TOT revenues rebounded and recorded its best year to date at \$3.3 million, increasing \$1.1 million or 51 percent from the prior year. International and domestic travel restrictions contributed to the strong results and the Visit Fort Bragg marketing efforts that continued during the Pandemic.
5. **Property Tax** increased by 2% in FY 2020/21 and is expected to grow at similar modest increases of 2-3% per year due to the rise in the home for sale prices. The median home price in June of 2021 in the 95437 zip code was \$419,000, an increase of 5% over June of 2020. Property taxes received are accounted for in the General Fund \$1.2 million, C.V Starr Center \$262k, and the Fire Equipment Fund \$54k.

City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2021, and 2020, are as follows:



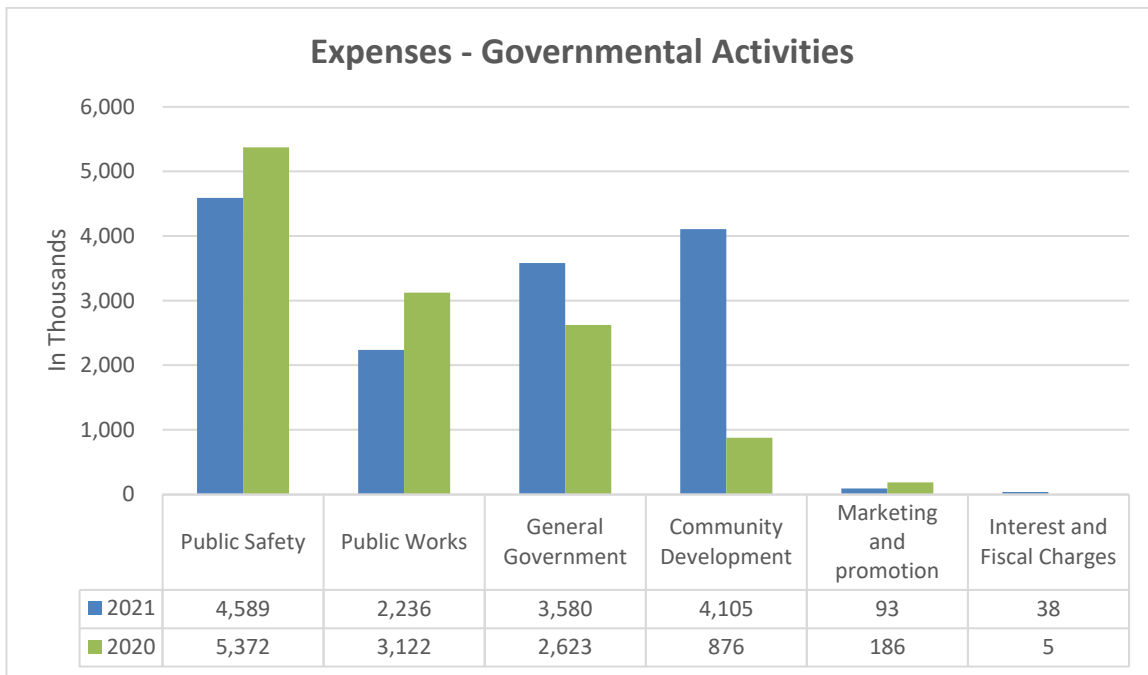
City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

The City's governmental and Business-type Activity expenses for FY 2020/21 totaled \$20 million, representing a 14 percent increase compared to the previous fiscal year. Governmental Activity expenses were \$14.6 million or 67 percent of total expenses, while Business-type Activities were \$6 million or 33 percent of total expenses. Public safety costs represented 22 percent of citywide costs, followed by Community Development which includes Grants at 20 percent, General government at 17 percent, Wastewater at 14 percent, and Public Works at 17 percent.



Following is a discussion of significant variances in key expense categories for the fiscal year 2020/2021:

1. **Public Safety** costs decreased by \$785k or 15 percent from the previous fiscal year. The decrease is mainly attributed to personnel costs by freezing two positions, voluntary pay reductions by sworn officers, and layoffs in response to the pandemic.

Public safety costs are expected to increase noticeably in the next fiscal year. In addition to the 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 nationwide have become much more competitive and difficult to recruit for in the last several years. One of the department's top operating expenses, Dispatch services, will also increase 5 percent or \$33k annually.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses, Continued

2. **Public Works** year-over-year expenses decreased by \$886k or 28 percent. The decrease is due to the elimination of a position upon the retirement of the Public Works Director at the end of the last fiscal year and the layoff of two maintenance workers in response to the pandemic. Additionally, the Special Projects Assistant position was previously accounted for in the Public works budget. Due to reorganization, these costs were moved to the Finance department (General government).
3. **General Government** expenses increased by \$957k or 37 percent. The increase is attributed to the reorganization of the Special Project Assistant position and Housing and Economic Development Coordinator position from Public works. Additionally, retiree medical costs (\$61k) and Insurance costs (\$99k) with REMIF also recorded increases compared to the previous year.

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 in minimum payments, the City has the option to start drawing from the fund to offset increasing costs in the years to come.

4. **Community Development** expenses increased by \$3.2 million from the prior year. Due to the increase in Grants activity, \$3.04 million HEAP Grant, SB-2 Grants \$46k, Community Development Block Grants (CDBG).

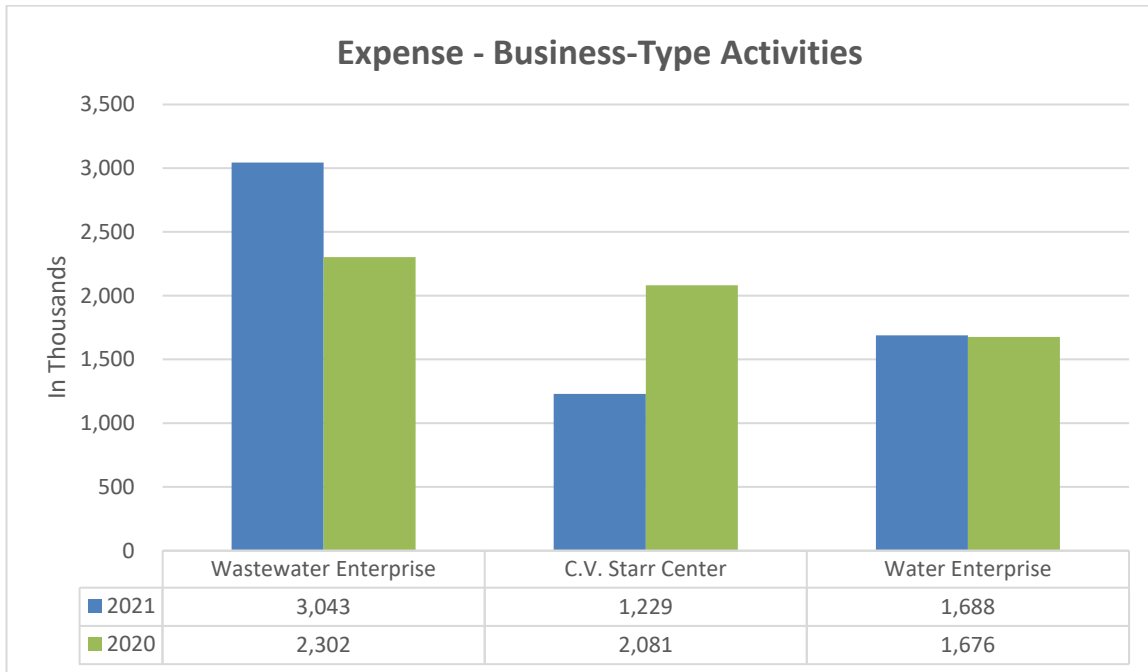


City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

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 2020/21:

1. **Wastewater enterprise** expenses increased by \$740k or 32 percent. The in-service of the newly completed Wastewater Treatment Plant increased the depreciation expense of the fund by \$512k. Additionally, Insurance premiums of \$53k, disposal of assets no longer in use of \$91k, and an increase in personnel expenditures of \$58k contributed to the year-over-year increases.
2. **C.V. Starr Center** expenses decreased by \$851k or 41 percent. The CV Starr center was closed in mid-March 2020 in compliance with Shelter-In-Place orders in response to COVID. All but essential core staff were transitioned from furlough to layoff status in early May. The Center remained closed through the fourth quarter of the FY 2020/21. As a result, both personnel \$597k and other operating costs of \$272k recorded savings compared to the previous year. With lifting some of the COVID restrictions and the challenges with hiring back Staff in FY 21/22, the Center has reopened on a limited basis.
3. **Water enterprise** expenses increased by \$12k or 1 percent, with increases in personnel costs and administration allocation, offset by savings in Utilities, professional services, Repairs, and maintenance.

City of Fort Bragg, California
Annual Comprehensive Financial Report
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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, 2021, and 2020 are as follows:

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,508,168	\$ 2,089,303	\$ 2,622,995	\$ 1,511,471
Public safety	4,588,899	4,259,585	5,374,187	5,075,116
Public works	2,224,098	(769,768)	3,122,039	(579,485)
Community development	4,160,458	531,267	875,959	692,728
Marketing and promotions	93,060	93,060	185,621	185,621
Interest and fiscal charges	37,964	37,964	5,106	5,106
Total	\$ 14,612,647	\$ 6,241,411	\$ 12,185,907	\$ 6,890,557

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, 2021, the City's governmental funds reported combined fund balances of \$7.7 million, an increase of \$1.9 million or 34 percent over the previous year.

General Fund

The general fund is the chief operating fund of the City. Overall, the general fund balance increased by \$1.49 million to \$4.2 million at the end of FY 2020/21. General fund unassigned fund balance totaled \$2 million. This increase of \$1.5 million results from a realized surplus budget of \$1.5 million. The committed fund balance totals \$2.2 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 the street repairs fund increased \$923k to \$2.5 million in FY 2020/21. The Maple Street \$1.8 million and Street Rehabilitation \$2 million will be funded and undertaken in FY 2021/22.

City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

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 \$4 million. The City has three business-type activities: Water, Wastewater, and the C.V. Starr Center.

The Water enterprise net position increased \$1.9 million or 16 percent to \$13.6 million; the Wastewater enterprise net position increased \$2 million or 9 percent to \$24.4 million. The C.V. Starr Center enterprise net position also increased by 145k or 1 percent to \$20.7 million.

The Water enterprise capitalized costs of \$547k. Additionally, accounts payable decreased by \$49k while long-term liabilities decreased by \$586k due to regularly scheduled debt payments. Lastly, Water operating revenues exceeded operating expenses by \$2 million, contributing to the fund's net position. The utility generates sufficient revenue to cover operating expenses, maintain an operating reserve, and fund 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 cost \$19.1 million and successfully came online in late March 2021. In FY 2020/21, \$19.1 million of expenses were capitalized, and \$439k of assets were disposed of as they were no longer in use. Accounts payable decreased by \$1.3 million after the retention payment for the wastewater treatment plant project.

Current assets, particularly accounts receivable, declined by \$622k due to the Wastewater Treatment Plant project being partially funded by reimbursement grants. The funds were received in this fiscal year. The Wastewater enterprise also realized \$1.07 million in net income, which contributed to its net position growth.

The utility's user fees generate sufficient revenue to cover operating expenses, maintain an operating reserve and fund a capital reserve. Similar to the Water enterprise, the rate plan is designed to accumulate \$1M per year in a capital project reserve, and the plan is working as designed.

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 \$1.2 million. The operating loss is subsidized with non-operating revenue, including the tax revenue mentioned above, with the resulting change in Net Position increasing by \$145k. As mentioned previously, the Center was closed in March 2021 to comply with shelter in place orders and has opened on a limited basis in the fiscal year 2021-22.

City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

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 \$7.9 million in revenues. The amended Budget was \$9.5 million, and actual revenues of \$9.8 million ended the fiscal year above budget estimates by \$287k. The General Fund was the most impacted by the COVID Pandemic and economic shutdown in the last quarter of 2019/20. This is because it relies on TOT and Sales Tax Revenues, accounting for approximately 48 percent of the City's General Fund revenue. Both transient occupancy tax and sales tax recovered in fiscal year 20-21 and ended with strong results.

Expenditures were held below the final amended Budget of \$9.1 million by \$830k, with savings across many categories primarily due to the COVID-19 budget reduction plan approved by the Council in April 2021, which included an annualized decrease to General Fund expenditures of \$1.4 million to offset the projected revenue shortfalls. These included Layoffs, furloughs, freezing open positions, and placing a hold on AA/AB funding. As revenues rebounded in the first quarter of the fiscal year, staff were brought back, and some positions were re-hired during the course of the fiscal year.

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 adequate resources available to manage economic uncertainties. Additionally, the recession reserve of \$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 (of non-spendable, committed, and unassigned amounts) of \$4.1 million, representing an increase of \$1.5 million for the year.

City of Fort Bragg, California
Annual Comprehensive Financial Report
For the year ended June 30, 2021

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, 2021, amounts to \$93.9 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 12,952,262	\$ 12,952,262	\$ 785,079	\$ 785,079	\$ 13,737,341	\$ 13,737,341
Construction in progress	2,536,221	2,291,055	933,150	18,118,805	3,469,371	20,409,860
Buildings	1,281,003	1,390,995	20,441,570	21,154,828	21,722,573	22,545,823
Machinery, equipment and vehicl	1,308,114	723,605	1,423,349	1,634,560	2,731,463	2,358,165
Infrastructure	23,608,286	24,743,740	28,653,610	10,469,934	52,261,896	35,213,674
Land improvements	-	-	49,712	103,942	49,712	103,942
Total	\$ 41,685,886	\$ 42,101,657	\$ 52,286,470	\$ 52,267,148	\$ 93,972,356	\$ 94,368,805

There was a decrease in capital assets of approximately \$396k (net of annual depreciation costs). Most notably, Fleet equipment \$672k, and disposal of assets \$468k from the wastewater fund. Citywide total assets placed in Service equaled \$2.9 million, offset by \$3.2 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, 2021, the total City debt outstanding was \$8 million. Overall, governmental debt decreased by \$1 million to \$1.6 million due to normally required payments, and Business-type debt was also reduced by \$484k to \$6.4 million. 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, 2021

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 7,391,263	\$ 12,987,452	\$ 20,378,715
Restricted cash and investments	-	108,064	108,064
Receivables:			
Accounts	2,086,219	1,198,515	3,284,734
Loans/Notes receivable	2,539,965	-	2,539,965
Inventory	-	57,159	57,159
Prepaid items	4,165	-	4,165
Total current assets	12,021,612	14,351,190	26,372,802
Capital assets:			
Nondepreciable	15,488,483	1,718,229	17,206,712
Depreciable	26,197,403	50,568,241	76,765,644
Total noncurrent assets	41,685,886	52,286,470	93,972,356
Total assets	53,707,498	66,637,660	120,345,158
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	1,927,083	383,821	2,310,904
OPEB, deferred outflow	588,729	-	588,729
Deferred loss on debt refunding	-	90,106	90,106
Total deferred outflows of resources	2,515,812	473,927	2,989,739
Total assets and deferred outflows	\$ 56,223,310	\$ 67,111,587	\$ 123,334,897
LIABILITIES			
Accounts payable and accrued liabilities	783,166	542,649	1,325,815
Interest payable	395	16,386	16,781
Unearned revenue	-	6,466	6,466
Deposits payable	101,182	168,650	269,832
Compensated absences - current portion	60,756	7,492	68,248
Due within one year	326,086	453,889	779,975
Total current liabilities	1,271,585	1,195,532	2,467,117
Long-term liabilities:			
Compensated absences	508,445	90,273	598,718
Landfill post-closure	428,209	-	428,209
Due after one year	-	5,866,002	5,866,002
CalPERS side fund	302,552	-	302,552
Net OPEB obligation	3,106,375	-	3,106,375
Net pension liability	9,581,098	1,099,512	10,680,610
Total noncurrent liabilities	13,926,679	7,055,787	20,982,466
Total liabilities	15,198,264	8,251,319	23,449,583
DEFERRED INFLOWS OF RESOURCES			
Pension plan	321,384	143,822	465,206
OPEB	210,581	-	210,581
Total deferred inflows of resources	531,965	143,822	675,787
Total liabilities and deferred inflows	15,730,229	8,395,141	24,125,370
NET POSITION			
Net investment in capital assets	41,685,886	46,331,468	88,017,354
Restricted for:			
Gas Tax	54,668	-	54,668
State and Federal Grants	1,334	-	1,334
Special Sales Tax	2,496,346	-	2,496,346
Asset Forfeiture	394,953	-	394,953
Debt Service	-	108,064	108,064
Unrestricted	(4,140,106)	12,276,914	8,136,808
Total net position	40,493,081	58,716,446	99,209,527
Total liabilities, deferred inflows and net position	\$ 56,223,310	\$ 67,111,587	\$ 123,334,897

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,580,513	\$ 978,066	\$ 75,099	\$ 365,700
Public safety	4,385,869	252,492	76,822	-
Public works	2,438,493	1,582,532	192,558	1,218,776
Community development	4,104,663	50	3,629,141	-
Marketing and promotions	93,060	-	-	-
Interest and fiscal charges	37,964	-	-	-
Total governmental activities	<u>14,640,562</u>	<u>2,813,140</u>	<u>3,973,620</u>	<u>1,584,476</u>
Business-type activities:				
Water	1,687,603	3,660,268	-	-
Wastewater	3,043,007	4,017,234	-	-
CV Starr Center	1,228,892	-	-	-
Total business-type activities	<u>5,959,502</u>	<u>7,677,502</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 20,600,064</u>	<u>\$ 10,490,642</u>	<u>\$ 3,973,620</u>	<u>\$ 1,584,476</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

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
\$ (2,161,648)	\$ -	\$ (2,161,648)
(4,056,555)	-	(4,056,555)
555,373	-	555,373
(475,472)	-	(475,472)
(93,060)	-	(93,060)
(37,964)	-	(37,964)
<u>(6,269,326)</u>	<u>-</u>	<u>(6,269,326)</u>
-	1,972,665	1,972,665
-	974,227	974,227
-	(1,228,892)	(1,228,892)
-	1,718,000	1,718,000
<u>(6,269,326)</u>	<u>1,718,000</u>	<u>(4,551,326)</u>
1,151,947	262,787	1,414,734
3,127,059	1,099,510	4,226,569
3,321,928	-	3,321,928
625,997	-	625,997
184,655	-	184,655
112,479	115,440	227,919
(123,967)	-	(123,967)
265,673	-	265,673
(900,908)	900,908	-
<u>7,764,863</u>	<u>2,378,645</u>	<u>10,143,508</u>
1,495,537	4,096,645	5,592,182
38,997,544	54,619,801	93,617,345
<u>\$ 40,493,081</u>	<u>\$ 58,716,446</u>	<u>\$ 99,209,527</u>

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

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

City of Fort Bragg, California

Balance Sheet

Governmental Funds

June 30, 2021

	Major Funds		
	General Fund	CDBG Program Income Special Revenue	Housing Successor Agency Special Revenue
ASSETS			
Cash and investments	\$ 2,726,091	\$ 61,319	\$ 183,128
Receivables:			
Taxes	1,386	-	-
Intergovernmental	-	-	-
Loans/Notes receivable	2,371	2,029,313	306,874
Other receivable	1,169,944	-	-
Due from other funds	733,469	-	-
Prepaid items	4,165	-	-
Total assets	<u>\$ 4,637,426</u>	<u>\$ 2,090,632</u>	<u>\$ 490,002</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 352,029	\$ -	\$ -
Due to other funds	-	-	-
Deposits payable	101,182	-	-
Total liabilities	<u>453,211</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue	-	2,065,376	306,875
Total deferred inflows of resources:	<u>-</u>	<u>2,065,376</u>	<u>306,875</u>
Total Liabilities and deferred inflows	<u>453,211</u>	<u>2,065,376</u>	<u>306,875</u>
Fund balances:			
Nonspendable			
Prepays and inventory	4,165	-	-
Loans/Notes receivable	2,371	-	-
Restricted	-	-	-
Committed:			
Operating reserve	1,989,419	-	-
Recession reserve	489,929	-	-
Litigation reserve	200,000	-	-
Assigned	-	25,256	183,127
Unassigned (deficit)	1,498,331	-	-
Total fund balances	<u>4,184,215</u>	<u>25,256</u>	<u>183,127</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,637,426</u>	<u>\$ 2,090,632</u>	<u>\$ 490,002</u>

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
\$ 2,268,781	\$ -	\$ 1,231,405	\$ 6,470,724
-	-	-	1,386
227,565	-	687,324	914,889
-	-	201,407	2,539,965
-	-	-	1,169,944
-	-	-	733,469
-	-	-	4,165
<u>\$ 2,496,346</u>	<u>\$ -</u>	<u>\$ 2,120,136</u>	<u>\$ 11,834,542</u>
\$ -	\$ -	\$ 376,895	\$ 728,924
-	26,132	707,337	733,469
-	-	-	101,182
-	26,132	1,084,232	1,563,575
-	-	201,407	2,573,658
-	-	201,407	2,573,658
-	26,132	1,285,639	4,137,233
-	-	-	4,165
-	-	-	2,371
2,496,346	-	450,955	2,947,301
-	-	-	1,989,419
-	-	-	489,929
-	-	-	200,000
-	-	605,482	813,865
-	(26,132)	(221,940)	1,250,259
<u>2,496,346</u>	<u>(26,132)</u>	<u>834,497</u>	<u>7,697,309</u>
<u>\$ 2,496,346</u>	<u>\$ -</u>	<u>\$ 2,120,136</u>	<u>\$ 11,834,542</u>

City of Fort Bragg, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balances - total governmental funds		\$ 7,697,309
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.		40,427,116
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	\$ (569,201)	
Landfill post-closure	(639,804)	
CalPERS side fund	(417,043)	
Net OPEB obligation	(3,106,375)	
Net pension liability	<u>(9,581,098)</u>	(14,313,521)
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.		2,573,658
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	1,927,083	
Deferred inflows, Pension	(321,384)	
Deferred outflows, OPEB	588,729	
Deferred inflows, OPEB	<u>(210,581)</u>	1,983,847
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	920,539	
Noncurrent assets	1,258,770	
Accounts payable and accrued liabilities	<u>(54,242)</u>	2,125,067
Net Position of governmental activities		<u>\$ 40,493,081</u>

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

City of Fort Bragg, California

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

Governmental Activities

June 30, 2021

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	\$ 6,470,724	\$ -	\$ -	\$ 920,539	\$ 7,391,263
Receivables:					
Taxes	1,386	-	-	-	1,386
Intergovernmental	914,889	-	-	-	914,889
Loans/Notes receivable	2,539,965	-	-	-	2,539,965
Other receivable	1,169,944	-	-	-	1,169,944
Due from other funds	733,469	(733,469)	-	-	-
Prepaid items	4,165	-	-	-	4,165
Total current assets	<u>11,834,542</u>	<u>(733,469)</u>	<u>-</u>	<u>920,539</u>	<u>12,021,612</u>
Noncurrent assets:					
Capital assets, net	-	-	40,427,116	1,258,770	41,685,886
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>40,427,116</u>	<u>1,258,770</u>	<u>41,685,886</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	-	1,927,083	-	1,927,083
OPEB	-	-	588,729	-	588,729
Deferred loss on refunding	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 11,834,542</u>	<u>\$ (733,469)</u>	<u>\$ 42,942,928</u>	<u>\$ 2,179,309</u>	<u>\$ 56,223,310</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 728,924	\$ -	\$ -	\$ 54,242	\$ 783,166
Interest payable	-	-	395	-	395
Due to other funds	733,469	(733,469)	-	-	-
Deposits payable	101,182	-	-	-	101,182
Compensated absences - current portion	-	-	60,756	-	60,756
Due within one year	-	-	326,086	-	326,086
Total current liabilities	<u>1,563,575</u>	<u>(733,469)</u>	<u>387,237</u>	<u>54,242</u>	<u>1,271,585</u>
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	508,445	-	508,445
Landfill post-closure	-	-	428,209	-	428,209
CalPERS side fund	-	-	302,552	-	302,552
Net OPEB obligation	-	-	3,106,375	-	3,106,375
Net pension liability	-	-	9,581,098	-	9,581,098
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>13,926,679</u>	<u>-</u>	<u>13,926,679</u>
Total liabilities	<u>1,563,575</u>	<u>(733,469)</u>	<u>14,313,916</u>	<u>54,242</u>	<u>15,198,264</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,573,658	-	(2,573,658)	-	-
Pension Plan	-	-	321,384	-	321,384
OPEB, deferred inflow	-	-	210,581	-	210,581
Total liabilities and deferred inflows:	<u>4,137,233</u>	<u>(733,469)</u>	<u>12,272,223</u>	<u>54,242</u>	<u>15,730,229</u>
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	6,536	(6,536)	-	-	-
Restricted	2,947,301	(2,947,301)	-	-	-
Committed	2,679,348	(2,679,348)	-	-	-
Assigned	813,865	(813,865)	-	-	-
Unassigned (deficit)	1,250,259	(1,250,259)	-	-	-
Net position:					
Net investment in capital assets	-	-	40,427,116	1,258,770	41,685,886
Restricted	-	-	2,947,301	-	2,947,301
Unrestricted	-	7,697,309	(12,703,712)	866,297	(4,140,106)
Total fund balances/net position	<u>7,697,309</u>	<u>-</u>	<u>30,670,705</u>	<u>2,125,067</u>	<u>40,493,081</u>
Total liabilities, deferred inflows and net position	<u>\$ 11,834,542</u>	<u>\$ (733,469)</u>	<u>\$ 42,942,928</u>	<u>\$ 2,179,309</u>	<u>\$ 56,223,310</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, 2021

	Major Funds		
	General Fund	CDBG Program Income Special Revenue	Housing Successor Agency Special Revenue
REVENUES:			
Taxes and assessments	\$ 7,246,123	\$ -	\$ -
Licenses and permits	91,566	-	-
Fines and forfeitures	36,952	-	-
Intergovernmental	169,567	-	-
Use of money and property	(75,200)	57,032	1,795
Charges for services	47,329	-	-
Reimbursements	2,246,723	-	-
Other revenues	109,359	-	-
Total revenues	9,872,419	57,032	1,795
EXPENDITURES:			
Current:			
General government	2,223,656	-	-
Public safety	3,907,671	-	-
Public works	1,324,576	-	-
Community development	301,984	-	250,000
Marketing and promotions	93,060	-	-
Cost allocations	478,497	-	-
Capital outlay	-	-	-
Debt service:			
Principal	37,626	-	-
Interest and fiscal charges	338	-	-
Total expenditures	8,367,408	-	250,000
REVENUES OVER (UNDER) EXPENDITURES	1,505,011	57,032	(248,205)
OTHER FINANCING SOURCES (USES):			
Proceeds from sales of assets	8,624	-	-
Transfers in	465,962	-	-
Transfers out	(486,624)	-	-
Total other financing sources (uses)	(12,038)	-	-
Net change in fund balances	1,492,973	57,032	(248,205)
FUND BALANCES (DEFICITS):			
Beginning of year	2,691,242	(31,776)	431,332
End of year	<u>\$ 4,184,215</u>	<u>\$ 25,256</u>	<u>\$ 183,127</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
\$ 1,099,049	\$ -	\$ 66,414	\$ 8,411,586
-	-	-	91,566
-	-	66,488	103,440
-	-	5,713,791	5,883,358
18,968	-	9,967	12,562
-	-	110	47,439
-	-	-	2,246,723
-	138,733	16,127	264,219
<u>1,118,017</u>	<u>138,733</u>	<u>5,872,897</u>	<u>17,060,893</u>
-	-	32,378	2,256,034
-	-	186,069	4,093,740
195,231	-	327,050	1,846,857
-	-	3,816,253	4,368,237
-	-	-	93,060
-	-	-	478,497
-	27,739	386,931	414,670
-	-	-	37,626
-	-	-	338
<u>195,231</u>	<u>27,739</u>	<u>4,748,681</u>	<u>13,589,059</u>
<u>922,786</u>	<u>110,994</u>	<u>1,124,216</u>	<u>3,471,834</u>
-	-	-	8,624
-	228,274	171,385	865,621
-	(118,400)	(1,798,443)	(2,403,467)
-	109,874	(1,627,058)	(1,529,222)
<u>922,786</u>	<u>220,868</u>	<u>(502,842)</u>	<u>1,942,612</u>
<u>1,573,560</u>	<u>(247,000)</u>	<u>1,337,339</u>	<u>5,754,697</u>
<u>\$ 2,496,346</u>	<u>\$ (26,132)</u>	<u>\$ 834,497</u>	<u>\$ 7,697,309</u>

City of Fort Bragg, California

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

For the year ended June 30, 2021

Functions/Programs	Fund Based Totals	Compensated Absences/			Capital Asset			OPEB Obligation	Pension plan	Government- wide Totals
		Debt Service	Internal Service	Depreciation	(Additions)/ Retirements	Cost Allocation				
Governmental activities:										
General government	\$ 2,256,034	\$ 67,809	\$ 685,090	\$ 92,470	\$ -	\$ 85,915	\$ (176,869)	\$ 570,064	\$ 3,580,513	
Public safety	4,093,740	-	-	136,231	-	155,898	-	-	4,385,869	
Public works	1,846,857	(80,436)	-	1,136,182	(534,442)	70,332	-	-	2,438,493	
Community development	4,368,237	(429,926)	-	-	-	166,352	-	-	4,104,663	
Marketing and promotions	93,060	-	-	-	-	-	-	-	93,060	
Cost allocations	478,497	-	-	-	-	(478,497)	-	-	-	
Capital outlay	414,670	-	-	-	(414,670)	-	-	-	-	
Debt service/Interest	37,964	-	-	-	-	-	-	-	37,964	
Total governmental activities	\$ 13,589,059	\$ (442,553)	\$ 685,090	\$ 1,364,883	\$ (949,112)	\$ -	\$ (176,869)	\$ 570,064	\$ 14,640,562	

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, 2021

Net change in fund balances - total governmental funds	\$ 1,942,612
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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	\$ 949,112	
Proceeds from sale of capital assets	(8,624)	
Depreciation expense	<u>(1,364,883)</u>	(424,395)

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. (23,886)

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		
CalPERS side fund		80,436

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	429,926	
Change in compensated absences	<u>(67,809)</u>	362,117

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	176,869	
Net Pension obligation	<u>(570,064)</u>	(393,195)

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. (48,152)

Change in Net Position of governmental activities	\$ 1,495,537
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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, 2021

	General Fund			
	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 5,146,043	\$ 6,350,835	\$ 7,246,123	\$ 895,288
Licenses and permits	89,792	89,792	91,566	1,774
Fines and forfeitures	24,142	24,142	36,952	12,810
Intergovernmental	266,363	426,564	169,567	(256,997)
Use of money and property	30,201	30,201	(75,200)	(105,401)
Charges for services	54,914	54,914	47,329	(7,585)
Reimbursements	2,277,993	2,312,993	2,246,723	(66,270)
Other revenues	35,095	295,465	109,359	(186,106)
Total revenues	7,924,543	9,584,906	9,872,419	287,513
EXPENDITURES:				
Current:				
General government:				
City Council	150,247	173,140	131,495	41,645
Administrative services	655,008	856,520	751,316	105,204
Finance	456,495	483,691	468,474	15,217
Other - unclassified	871,458	1,174,443	872,371	302,072
Public safety:				
Police Department	3,424,636	3,426,010	3,467,709	(41,699)
Fire Department	441,871	441,871	439,962	1,909
Public works:				
Administration and engineering	415,004	455,740	515,727	(59,987)
Parks and facilities	40,775	68,775	31,927	36,848
Street maintenance	118,000	118,000	107,606	10,394
Storm drains	14,300	14,300	10,847	3,453
Corporation yard	671,316	680,314	634,446	45,868
Traffic and safety	23,800	23,800	24,023	(223)
Community development	203,936	380,156	301,984	78,172
Marketing and promotions	-	111,700	93,060	18,640
Cost allocations	789,222	789,222	478,497	310,725
Debt service:				
Principal	-	-	37,626	(37,626)
Interest and fiscal charges	-	-	338	(338)
Total expenditures	8,276,068	9,197,682	8,367,408	830,274
REVENUES OVER (UNDER) EXPENDITURES	(351,525)	387,224	1,505,011	1,117,787
OTHER FINANCING SOURCES (USES):				
Cost allocations				
Proceeds from sales of assets	8,803	8,803	8,624	(179)
Transfers in	-	225,790	465,962	240,172
Transfers out	-	-	(486,624)	(486,624)
Total other financing sources (uses)	8,803	234,593	(12,038)	(246,631)
Net change in fund balances	(342,722)	621,817	1,492,973	871,156
FUND BALANCES (DEFICITS):				
Beginning of year	2,691,242	2,691,242	2,691,242	-
End of year	\$ 2,348,520	\$ 3,313,059	\$ 4,184,215	\$ 871,156

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, 2021

	Special Sales Tax Special Revenue			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 636,903	\$ 876,004	\$ 1,099,049	\$ 223,045
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	28,096	28,096	18,968	(9,128)
Charges for services	-	-	-	-
Reimbursements	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>664,999</u>	<u>904,100</u>	<u>1,118,017</u>	<u>213,917</u>
EXPENDITURES:				
Current:				
General government:				
City Council	-	-	-	-
Administrative services	-	-	-	-
Finance	-	-	-	-
Other - unclassified	-	-	-	-
Public safety:				
Police Department	-	-	-	-
Fire Department	-	-	-	-
Public works:				
Administration and engineering	-	3,000	195,231	(192,231)
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>-</u>	<u>3,000</u>	<u>195,231</u>	<u>(192,231)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>664,999</u>	<u>901,100</u>	<u>922,786</u>	<u>21,686</u>
OTHER FINANCING SOURCES (USES):				
Cost allocations				
Transfer to Successor Agency	-	-	-	-
Transfers in	-	-	-	-
Transfers out	0	0	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>664,999</u>	<u>901,100</u>	<u>922,786</u>	<u>21,686</u>
FUND BALANCES:				
Beginning of year	1,573,560	1,573,560	1,573,560	-
End of year	<u>\$ 2,238,559</u>	<u>\$ 2,474,660</u>	<u>\$ 2,496,346</u>	<u>\$ 21,686</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, 2021

	Water Fund	Sewer Fund	CV Starr Center Fund	Totals	Governmental Activities Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 7,545,470	\$ 3,813,608	\$ 1,628,374	\$ 12,987,452	\$ 920,539
Restricted cash and investments	108,064	-	-	108,064	-
Receivables:					
Accounts	429,157	496,739	272,619	1,198,515	-
Inventory and prepaids	51,192	4,971	996	57,159	-
Total current assets	8,133,883	4,315,318	1,901,989	14,351,190	920,539
Noncurrent assets:					
Capital assets, net	7,131,550	25,938,794	19,216,126	52,286,470	1,258,770
Total noncurrent assets	7,131,550	25,938,794	19,216,126	52,286,470	1,258,770
Total Assets	15,265,433	30,254,112	21,118,115	66,637,660	2,179,309
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	383,821	-	383,821	-
Deferred loss on debt refunding	90,106	-	-	90,106	-
Total assets and deferred outflows of resources	\$ 15,355,539	\$ 30,637,933	\$ 21,118,115	\$ 67,111,587	\$ 2,179,309
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 82,489	\$ 78,233	\$ 356,243	\$ 516,965	\$ 51,204
Accrued payroll	-	25,684	-	25,684	3,038
Interest payable	16,386	-	-	16,386	-
Unearned revenue	-	6,466	-	6,466	-
Deposits payable	149,604	250	18,796	168,650	-
Compensated absences - current portion	2,417	3,553	1,522	7,492	-
Due within one year	364,889	89,000	-	453,889	-
Total current liabilities	615,785	203,186	376,561	1,195,532	54,242
Noncurrent liabilities:					
Compensated absences	21,561	32,290	36,422	90,273	-
Due after one year	1,128,002	4,738,000	-	5,866,002	-
Net pension liability	-	1,099,512	-	1,099,512	-
Total noncurrent liabilities	1,149,563	5,869,802	36,422	7,055,787	-
Total liabilities	1,765,348	6,072,988	412,983	8,251,319	54,242
DEFERRED INFLOWS OF RESOURCES					
Pension Plan	-	143,822	-	143,822	-
Total deferred inflows of resources	-	143,822	-	143,822	-
NET POSITION					
Net Position:					
Net investment in capital assets	6,003,548	21,111,794	19,216,126	46,331,468	1,258,770
Restricted for debt service	108,064	-	-	108,064	-
Unrestricted	7,478,579	3,309,329	1,489,006	12,276,914	866,297
Total net position	13,590,191	24,421,123	20,705,132	58,716,446	2,125,067
Total liabilities, deferred inflows and net position	\$ 15,355,539	\$ 30,637,933	\$ 21,118,115	\$ 67,111,587	\$ 2,179,309

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, 2021

	Water Fund	Sewer Fund	CV Starr Center Fund	Totals	Governmental Activities Internal Service Funds
OPERATING REVENUES:					
Charges for service	\$ 3,634,615	\$ 3,896,767	\$ -	\$ 7,531,382	\$ -
Other operating revenue	25,653	120,467	-	146,120	5,826
Interdepartmental charges	-	-	-	-	625,019
Total operating revenues	3,660,268	4,017,234	-	7,677,502	630,845
OPERATING EXPENSES:					
Personnel services	452,486	686,111	264,720	1,403,317	314,860
Administration	470,943	693,735	4,404	1,169,082	-
Repairs and maintenance	36,517	60,669	40,252	137,438	63,385
Materials and supplies	149,769	272,529	24,103	446,401	291,452
Utilities	117,070	198,320	76,877	392,267	-
Contractual services	56,769	164,551	6,497	227,817	2,643
Insurance	17,230	53,032	52,515	122,777	-
Other operating	2,318	-	61,449	63,767	-
Depreciation	319,552	816,300	698,075	1,833,927	82,487
Total operating expenses	1,622,654	2,945,247	1,228,892	5,796,793	754,827
OPERATING INCOME	2,037,614	1,071,987	(1,228,892)	1,880,709	(123,982)
NONOPERATING REVENUES (EXPENSES):					
Property taxes	-	-	262,787	262,787	-
Sales taxes	-	-	1,099,510	1,099,510	-
Interest revenue	66,697	36,824	11,919	115,440	-
Interest expense	(64,949)	(97,760)	-	(162,709)	-
Total non-operating revenues, net	1,748	(60,936)	1,374,216	1,315,028	-
NET INCOME BEFORE TRANSFERS	2,039,362	1,011,051	145,324	3,195,737	(123,982)
Transfers in	-	1,036,527	-	1,036,527	636,938
Transfers out	(135,619)	-	-	(135,619)	-
Total transfers	(135,619)	1,036,527	-	900,908	636,938
CHANGE IN NET POSITION	1,903,743	2,047,578	145,324	4,096,645	512,956
NET POSITION:					
Beginning of year	11,686,448	22,373,545	20,559,808	54,619,801	1,612,111
End of year	\$ 13,590,191	\$ 24,421,123	\$ 20,705,132	\$ 58,716,446	\$ 2,125,067

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, 2021

	Water Fund	Sewer Fund	CV Starr Center Fund	Totals	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers/users for services provided	\$ 3,572,866	\$ 4,639,187	\$ -	\$ 8,212,053	\$ -
Cash received from interfund services provided	-	-	-	-	630,845
Cash payments to suppliers for goods and services	(907,965)	(2,722,323)	(344,529)	(3,974,817)	(347,963)
Cash payments to employees for services	(455,863)	(638,198)	(245,163)	(1,339,224)	(313,477)
Net cash provided by operating activities	<u>2,209,038</u>	<u>1,278,666</u>	<u>(589,692)</u>	<u>2,898,012</u>	<u>(30,595)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers received	-	723,929	-	723,929	636,938
Transfers paid	(135,619)	-	-	(135,619)	-
Taxes received	-	-	1,362,296	1,362,296	-
Net cash used by noncapital financing activities	<u>(135,619)</u>	<u>723,929</u>	<u>1,362,296</u>	<u>1,950,606</u>	<u>636,938</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(547,173)	(1,306,075)	-	(1,853,248)	(643,595)
Principal paid on long term debt	(379,742)	(87,000)	-	(466,742)	-
Interest paid on long term debt	(64,949)	(97,760)	-	(162,709)	-
Net cash (used) by capital and related financing activities	<u>(991,864)</u>	<u>(1,490,835)</u>	<u>-</u>	<u>(2,482,699)</u>	<u>(643,595)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	66,697	36,824	11,919	115,440	-
Net cash provided by investing activities	<u>66,697</u>	<u>36,824</u>	<u>11,919</u>	<u>115,440</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>1,148,252</u>	<u>548,584</u>	<u>784,523</u>	<u>2,481,359</u>	<u>(37,252)</u>
CASH AND CASH EQUIVALENTS:					
Beginning of year	6,505,282	3,265,024	843,851	10,614,157	957,791
End of year	<u>\$ 7,653,534</u>	<u>\$ 3,813,608</u>	<u>\$ 1,628,374</u>	<u>\$ 13,095,516</u>	<u>\$ 920,539</u>
Presentation in Statement of Financial Position:					
Cash and investments	\$ 7,545,470	\$ 3,813,608	\$ 1,628,374	\$ 12,987,452	\$ 920,539
Restricted cash and investments	108,064	-	-	108,064	-
Total Cash and investments	<u>\$ 7,653,534</u>	<u>\$ 3,813,608</u>	<u>\$ 1,628,374</u>	<u>\$ 13,095,516</u>	<u>\$ 920,539</u>
Reconciliation of income from operations to net cash provided by operating activities:					
Operating income	\$ 2,037,614	\$ 1,071,987	\$ (1,228,892)	\$ 1,880,709	\$ (123,982)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	319,552	816,300	698,075	1,833,927	82,487
Pension	-	43,975	-	43,975	-
(Increase) decrease in current assets:					
Accounts receivable	(86,832)	621,953	(59,394)	475,727	-
Inventory and prepaids	(7,976)	18	(18)	(7,976)	-
Increase (decrease) in liabilities:					
Accounts payable	(49,373)	(1,279,505)	(19,020)	(1,347,898)	9,517
Accrued liabilities	-	7,567	-	7,567	1,383
Deposits payable	(570)	-	-	(570)	-
Compensated absences	(3,377)	(3,629)	19,557	12,551	-
Net cash provided by operating activities	<u>\$ 2,209,038</u>	<u>\$ 1,278,666</u>	<u>\$ (589,692)</u>	<u>\$ 2,898,012</u>	<u>\$ (30,595)</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2021.

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, 2021

	<u>Successor Agency</u> <u>Former Fort Bragg</u> <u>Redevelopment</u> <u>Agency</u>
ASSETS AND DEFERRED OUTFLOWS	
Current assets:	
Cash and investments	\$ 153,184
Total current assets	<u>153,184</u>
Total assets	<u>153,184</u>
Deferred outflows of resources	
Deferred loss on debt refunding	<u>75,155</u>
Total deferred outflows of resources	<u>75,155</u>
Total assets and deferred outflows of resources	<u>\$ 228,339</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Current liabilities:	
Accounts payable and accrued liabilities	\$ -
Interest payable	36,758
Due within one year	<u>163,380</u>
Total current liabilities	<u>200,138</u>
Long-term liabilities:	
Due after one year	<u>2,990,776</u>
Total long-term liabilities	<u>2,990,776</u>
Deferred inflows of resources	
Unavailable revenue	<u>275,300</u>
Total liabilities and deferred inflows of resources	<u>3,466,214</u>
Net Position (Deficit)	<u>(3,237,875)</u>
Total liabilities and net position	<u>\$ 228,339</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, 2021

	<u>Successor Agency</u> <u>Former Fort Bragg</u> <u>Redevelopment</u> <u>Agency</u>
ADDITIONS:	
Property taxes	\$ 382,100
Total operating revenues	<u>382,100</u>
DEDUCTIONS:	
Community development	126,732
Interest and trustee fees	101,508
Total operating expenses	<u>228,240</u>
CHANGE IN FIDUCIARY NET ASSETS	<u>153,860</u>
NET ASSETS (DEFICIT):	
Beginning of year	<u>(3,391,735)</u>
End of year	<u>\$ (3,237,875)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS



City of Fort Bragg, California
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For the year ended June 30, 2021

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City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021.

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, 2021

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, 2021, 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, 2021

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, 2021

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, 2021

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, 2021

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, 2021, are summarized below.

Fund	Amount
DDA	\$ 38,044
General Fund	63,208
Water	62,804
Wastewater	494,878
IT	14,758
Fleet	6,274
Facilities	7,239
HEAP	3,000,000
COVID Related	103,845
	<u>\$ 3,791,050</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, 2021

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, 2021

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 2020/20 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, 2020
Measurement Date	June 30, 2020
Measurement Period	July 1, 2018 to June 30, 2020

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

2. CASH AND INVESTMENTS

At June 30, 2021, 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	\$ -	\$ -	\$ -	\$ 2,769,052	2,769,052
Petty cash	-	-	-	1,098	1,098
Total pooled items	-	-	-	2,770,150	2,770,150
<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	2,246,553	2,585,621	-
		Money Market Funds			108,064
State of California Local Agency Investment Fund			-	-	12,929,575
Total pooled investments - interest obligations			2,246,553	2,585,621	13,037,639
Total cash equivalents and investments pooled			\$ 2,246,553	\$ 2,585,621	\$ 15,807,789

Amounts reported in:

Governmental activities (unrestricted)	\$ 7,391,263
Business-type activities (unrestricted)	12,987,452
Business-type activities (restricted)	108,064
Fiduciary activities	153,184
Total	<u>\$ 20,639,963</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of Deposit	\$ 4,832,174	1.03
Money market funds	108,064	-
LAIF	12,929,575	-
Total fair value	<u>\$ 17,869,813</u>	
Portfolio weighted average maturity		0.28

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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, 2021, 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, 2021

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, 2021, 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, 2021, the carrying amount of the City's cash deposits (including fiduciary funds) was \$2,769,052 of which \$250,000 was covered by federal depository insurance and \$2,519,052 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, 2021, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million. Investment balances equaled \$17,869,813.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

2. CASH AND INVESTMENTS, Continued

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

Investment in LAIF

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2021 was \$37,066,592,514 of which the City had a balance of \$12,929,575. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2021 has a portfolio with market valuation including accrued interest of \$193,463,490,764. 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, 2021:

	<u>Receivables</u>
Governmental Activities	
Taxes	\$ 1,386
Intergovernmental	914,889
Other	<u>1,169,944</u>
	<u>\$ 2,086,219</u>
Business-type activities	
Accounts Receivable	\$ 1,198,515
	<u>\$ 1,198,515</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	28%	Individuals/Business	72%
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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, 2021

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, 2021, consisted of the following:

	Beginning		Ending	
	June 30, 2020	Additions	Deletions	June 30, 2021
CDBG Revolving Loans	\$ 1,380,868	\$ 1,526	\$ (55,967)	\$ 1,326,427
Mendocino Coast Hospitality Center Loan	904,292	-	-	904,292
Rural Community Housing Development Corporation Loans	300,125	6,750	-	306,875
Employee Loans	1,746	625	-	2,371
Wastewater Enterprise Capacity fee loan	-	-	-	-
Total loans/notes receivable	\$ 2,587,031	\$ 8,901	\$ (55,967)	\$ 2,539,965

The following are descriptions of the loans and notes receivable outstanding as of June 30, 2021:

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, 2021

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2021, was as follows:

	Balance			Balance
	June 30, 2020	Additions	Deletions	June 30, 2021
Governmental activities:				
Nondepreciable assets:				
Land	\$ 12,952,262	\$ -	\$ -	\$ 12,952,262
Construction in progress	2,291,055	245,166	-	2,536,221
Total nondepreciable assets	15,243,317	245,166	-	15,488,483
Depreciable assets:				
Buildings	4,675,798	-	-	4,675,798
Machinery, equipment and vehicles	2,162,624	705,828	(78,614)	2,789,838
Infrastructure	34,413,370	-	-	34,413,370
Total depreciable assets	41,251,792	705,828	(78,614)	41,879,006
Total	56,495,109	950,994	(78,614)	57,367,489
Accumulated depreciation:				
Buildings	(3,284,803)	(109,992)	-	(3,394,795)
Machinery, equipment and vehicles	(1,439,019)	(119,437)	76,732	(1,481,724)
Infrastructure	(9,669,630)	(1,135,454)	-	(10,805,084)
Total accumulated depreciation	(14,393,452)	(1,364,883)	76,732	(15,681,603)
Net depreciable assets	26,858,340	(659,055)	(1,882)	26,197,403
Total net capital assets	\$ 42,101,657	\$ (413,889)	\$ (1,882)	\$ 41,685,886

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

General government	\$ 92,470
Public safety	136,231
Public works	1,136,182
	<u>\$ 1,364,883</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

5. CAPITAL ASSETS, Continued

Business-type capital asset activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2021
<u>Business-type activities</u>					
Nondepreciable assets:					
Land	\$ 785,079	\$ -	\$ -	\$ -	\$ 785,079
Construction in progress	18,118,805	547,173	-	(17,732,828)	933,150
Total nondepreciable assets	18,903,884	547,173	-	(17,732,828)	1,718,229
Depreciable assets:					
Buildings	29,299,821	-	-	-	29,299,821
Machinery, equipment and vehicles	6,753,001	-	(437,562)	5,933	6,321,372
Infrastructure	20,248,293	1,397,150	(93,761)	17,726,895	39,278,577
Land improvements	542,303	-	-	-	542,303
Total depreciable assets	56,843,418	1,397,150	(531,323)	17,732,828	75,442,073
Total	75,747,302	1,944,323	(531,323)	-	77,160,302
Accumulated depreciation:					
Buildings	(8,144,993)	(713,258)	-	-	(8,858,251)
Machinery, equipment and vehicles	(5,118,441)	(147,845)	396,146	(27,883)	(4,898,023)
Infrastructure	(9,778,359)	(918,594)	71,986	-	(10,624,967)
Land improvements	(438,361)	(54,230)	-	-	(492,591)
Total accumulated depreciation	(23,480,154)	(1,833,927)	468,132	(27,883)	(24,873,832)
Net depreciable assets	33,363,264	(436,777)	(63,191)	17,704,945	50,568,241
Total net capital assets	\$ 52,267,148	\$ 110,396	\$ (63,191)	\$ (27,883)	\$ 52,286,470

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

Water	\$ 319,552
Sewer	816,300
CV Starr Center	698,075
	<u>\$ 1,833,927</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued payroll and related liabilities consisted of the following at June 30, 2021:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 631,665	\$ 511,200	\$ 1,142,865
Accrued payroll and related liabilities	151,501	31,449	182,950
Total	<u>\$ 783,166</u>	<u>\$ 542,649</u>	<u>\$ 1,325,815</u>

These amounts resulted in the following concentrations in payables:

Vendors	86%
Employees	14%

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, 2021:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 501,392	\$ 118,371	\$ (50,562)	\$ 569,201	\$ 60,756
Landfill post-closure	1,069,730	-	(429,926)	639,804	211,595
CalPERS side fund	497,479	-	(80,436)	417,043	114,491
Total governmental activities	<u>\$ 2,068,601</u>	<u>\$ 118,371</u>	<u>\$ (560,924)</u>	<u>\$ 1,626,048</u>	<u>\$ 386,842</u>
Business-type activities					
Bonds payable:					
2014 Water Revenue Refunding Bond	1,268,000	-	(304,000)	964,000	312,000
2018 WW Plant Certificates of Participation	4,914,000	-	(87,000)	4,827,000	89,000
Loans payable:					
SDWRL	537,913	-	(89,652)	448,261	44,826
SDWRL discount	96,756	-	(16,126)	80,630	8,063
Total business-type activity debt	<u>6,816,669</u>	<u>-</u>	<u>(496,778)</u>	<u>6,319,891</u>	<u>453,889</u>
Compensated absences	85,214	20,043	(7,492)	97,765	7,492
Total business-type activities	<u>\$ 6,901,883</u>	<u>\$ 20,043</u>	<u>\$ (504,270)</u>	<u>\$ 6,417,656</u>	<u>\$ 461,381</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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, 2021, 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, 2021, 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, 2021 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, 2021

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, 2021 was \$4,827,000.

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, 2021, 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, 2021 was \$569,201 with \$60,756 expected to be paid within a year; The business-type activities compensated absences balance at June 30, 2021 was \$84,413 with \$7,492 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 \$80,436 for the year end June 30, 2021. 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, 2021

7. LONG-TERM LIABILITIES, Continued

Debt Service, Continued

Future debt service for Business-Type Activities at June 30, 2021, 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
2022	\$ 89,000	\$ 95,650	\$ 312,000	\$ 24,725	\$ 52,889	\$ -
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	97,000	88,210	-	-	105,778	-
2027-2031	515,000	410,850	-	-	52,890	-
2032-2036	566,000	356,840	-	-	-	-
2037-2041	626,000	297,300	-	-	-	-
2042-2046	691,000	231,510	-	-	-	-
2047-2051	761,000	158,990	-	-	-	-
2052-2056	842,000	78,860	-	-	-	-
2057-2061	361,000	7,250	-	-	-	-
Total	\$ 4,827,000	\$ 2,001,450	\$ 964,000	\$ 44,860	\$ 528,891	\$ -
Due within one year	\$ 89,000	\$ 95,650	\$ 312,000	\$ 24,725	\$ 52,889	\$ -
Due after one year	4,738,000	1,905,800	652,000	20,135	476,002	-
Total	\$ 4,827,000	\$ 2,001,450	\$ 964,000	\$ 44,860	\$ 528,891	\$ -

Year Ending June 30,	Total	
	Principal	Interest
2022	\$ 453,889	\$ 120,375
2023	516,778	108,905
2024	530,778	97,090
2025	200,778	90,130
2026	202,778	88,210
2027-2031	567,890	410,850
2032-2036	566,000	356,840
2037-2041	626,000	297,300
2042-2046	691,000	231,510
2047-2051	761,000	158,990
2052-2056	842,000	78,860
2057-2061	361,000	7,250
Total	\$ 6,319,891	\$ 2,046,310
Due within one year	\$ 453,889	\$ 120,375
Due after one year	5,866,002	1,925,935
Total	\$ 6,319,891	\$ 2,046,310

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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	\$ 41,685,886	\$ 46,331,468	\$ 88,017,354
Restricted	2,947,301	108,064	3,055,365
Unrestricted (deficit)	(4,140,106)	12,276,914	8,136,808
Total	<u>\$ 40,493,081</u>	<u>\$ 58,716,446</u>	<u>\$ 99,209,527</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, 2021:

Nonspendable:	
Prepaid & Inventory	\$ 4,165
Loans/ Notes Receivable	2,371
Total Nonspendable	<u>\$ 6,536</u>
Restricted:	
Governmental Funds:	
Special Sales Tax	\$ 2,496,346
Asset Forfeiture	394,953
Gas tax	54,668
Federal & State Grant Funds	1,334
Total Restricted	<u>\$ 2,947,301</u>
Committed:	
Governmental Funds:	
Operating reserve	\$ 1,989,419
Recession reserve	489,929
Litigation reserve	200,000
Total Committed	<u>\$ 2,679,348</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, 2021

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:

Funds	June 30, 2021
Major Funds:	
Street Resurfacing Capital Projects Fund	\$ (26,132)
Non-Major Funds:	
<i>Capital Project Funds:</i>	
Coastal Trail	(220,813)
Total	\$ (246,945)

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, 2021

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, 2021:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 733,469	\$ -
Street Resurfacing Capital Projects	-	26,132
Total Major Funds	<u>733,469</u>	<u>26,132</u>
Nonmajor Funds:		
<i>Special Revenue Funds</i>		
RMRA	-	44,549
MCOG Overall Work Plan	-	41,369
<i>State and Federal Grant Funds:</i>		
CDBG Super NOFA	-	94,679
HCD HOME Grant	-	464,980
Other State Grants	-	18,861
CDBG Grant	-	17,093
CDBG Grant COVID	-	5,916
<i>Capital Project Funds:</i>		
Coastal Trail	-	19,890
Total Nonmajor Funds	<u>-</u>	<u>707,337</u>
Total	<u><u>\$ 733,469</u></u>	<u><u>\$ 733,469</u></u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 465,962	\$ 486,624
Street Resurfacing Capital Projects	228,274	118,400
Total Major Funds	<u>694,236</u>	<u>605,024</u>
Non-major Funds:		
<i>Special Revenue Funds</i>		
RMRA	-	200,000
Developer Deposit Account	-	17,302
<i>State and Federal Grant Funds</i>		
STP D1 Streets and Highway Allocation	-	81,259
Other State Grants	-	1,499,882
<i>Capital Projects Fund</i>		
Coastal Trail	171,385	-
Total Non-major Funds	<u>171,385</u>	<u>1,798,443</u>
Internal Service Funds		
Fleet Services	636,938	
Total Internal Service Funds	<u>636,938</u>	-
Total Governmental Funds	<u>1,502,559</u>	<u>2,403,467</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds		
Water	-	135,619
Sewer	1,036,527	-
Total Proprietary Funds	<u>1,036,527</u>	<u>135,619</u>
Total Transfers	<u>\$ 2,539,086</u>	<u>\$ 2,539,086</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, 2021

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 2020/21 were as follows:

<u>Insurance Program</u>	<u>Premium</u>
Workers' Compensation	\$ 252,082
Liability	195,865
Property, Flood & Earthquake	172,300
Auto Physical Damage	13,528
	<u>\$ 633,775</u>

Claims Paid by the City for the 2020/21 fiscal year:

<u>Insurance Program</u>	<u>Claims</u>
Workers' Compensation	\$ 21,578
Liability and Property	9,461
	<u>\$ 31,039</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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, 2021, are summarized as follows:

	<u>Miscellaneous</u>	<u>PEPRA Miscellaneous</u>
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hire date	2% @ 55	2% @ 62
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	55	52 - 67
Retirement age	1.4% - 2.0%	1.0% to 2.5%
Monthly benefits, as a % of eligible compensation	6.90%	6.50%
Required employee contribution rates	11.199%	7.874%
Required employer contribution rates		
	<u>Safety - Police</u>	<u>PEPRA Safety - Police</u>
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hire date	2% @ 50	2.7% @ 57
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	50 - 57
Retirement age	2%	2.0% to 2.7%
Monthly benefits, as a % of eligible compensation	8.94%	12.00%
Required employee contribution rates	18.152%	13.044%
Required employer contribution rates		
	<u>Fire Safety</u>	
	Prior to	
	January 1, 2013	
Hire date	3% @ 50	
Benefit formula	5 years service	
Benefit vesting schedule	monthly for life	
Benefit payments	50	
Retirement age	2.00%	
Monthly benefits, as a % of eligible compensation	0%	
Required employee contribution rates	0%	
Required employer contribution rates		

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous Plans	Safety Plans
Contributions - employer	\$ 540,516	\$ 558,561

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

As of June 30, 2021, 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	\$ 5,488,390
Safety Plans	5,192,221
Total Net Pension Liability	<u>\$ 10,680,611</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, 2020, 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, 2020 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 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. The City's proportionate share of the net pension liability for each Plan as of June 30, 2020 and 2021 was as follows:

	Miscellaneous	Safety - Police	Total
Proportion - June 30, 2020	0.12508%	0.07899%	0.09700%
Proportion - June 30, 2021	0.13012%	0.07793%	0.09816%
Change - Increase/(Decrease)	0.00504%	-0.00106%	0.00116%

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2021, the City recognized pension expense of \$1,028,169 for the Miscellaneous Plan and \$684,949 for the Safety Plan. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan		Total	
	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources
Changes in assumptions	\$ -	\$ 39,145	\$ -	\$ 17,295	\$ -	\$ 56,440
Differences between expected and actual experiences	282,833	-	402,630	-	685,463	-
Differences between projected and actual investment earnings	163,041	-	112,849	-	275,890	-
Differences between the employer's contributions and proportionate share of the	-	294,338	8,885	62,104	8,885	356,442
Change in employer's proportion	241,588	-	-	52,323	241,588	52,323
Pension contributions subsequent to measurement date	540,516	-	558,561	-	1,099,077	-
Total	\$ 1,227,978	\$ 333,483	\$ 1,082,925	\$ 131,722	\$ 2,310,903	\$ 465,205

\$1,099,077 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, 2022. 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:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2022	\$ 37,745	\$ 48,680	\$ 86,425
2023	127,178	164,957	292,135
2024	110,857	122,460	233,317
2025	78,199	56,544	134,743
2026	-	-	-
Thereafter	-	-	-
	\$ 353,979	\$ 392,641	\$ 746,620

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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-19	30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19
Measurement	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20
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, 2020 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, 2021

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	8,405,569	5,488,390	3,078,016
Employer's Net Pension Liability/(Asset) - Safety	7,538,685	5,192,221	3,266,725
Employer's Net Pension Liability/(Asset) - Total	\$ 15,944,254	\$ 10,680,611	\$ 6,344,741

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, 2021

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, 2021, expenditures of \$269,166 were recognized for the cost of these post-retirement benefits. The OPEB plan does not issue a separate financial report.

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, 2021

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Employees Covered by benefit terms

At June 30, 2021, the following employees were covered by the benefit terms:

Active employees	16
Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to, but not yet receiving benefits	-
Total Number of participants	57

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, 2021, the City's cash contributions were \$5,000 in payments to the trust, \$384,407 cash benefit payments, and the estimated implied subsidy was \$36,000 resulting in total payments of \$425,407.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020 that was rolled forward to determine the June 30, 2021 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, 2021

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 6/30/2020*	\$ 5,778,269	\$ 2,591,182	\$ 3,187,087
Changes for the year			
Service Cost	81,253	-	81,253
Interest	383,562	-	383,562
Difference between actual and expected experience	-	-	-
Assumption changes	(96,029)	-	(96,029)
Contributions - employer	-	359,262	(359,262)
Contributions - employee	-	-	-
Net investment income	-	91,502	(91,502)
Benefit payments	(354,262)	(354,262)	-
Administrative expenses	-	(1,266)	1,266
Net Changes	14,524	95,236	(80,712)
Balance at 6/30/2021**	\$ 5,792,793	\$ 2,686,418	\$ 3,106,375

*Measurement date 6/30/2019

** Measurement date 6/30/2020

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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 2021 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, 2020:

	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	\$ 3,772,590	\$ 3,106,375	\$ 2,547,047

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, 2020 (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	\$ 2,464,912	\$ 3,106,375	\$ 3,874,580

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, 2020)

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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, 2021, the City recognized OPEB expense of \$289,198. As of fiscal year ended June 30, 2021, 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	\$ -	\$ 143,652
Changes in assumptions	109,252	66,929
Net difference between projected and actual earnings on plan investments	54,070	-
Employer contributions made subsequent to the measurement date	<u>425,407</u>	<u>-</u>
Total	<u>\$ 588,729</u>	<u>\$ 210,581</u>

The \$425,407 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. 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>
2022	(42,673)
2023	(31,925)
2024	10,664
2025	16,675
2026	-
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, 2021

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, 2021:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Trust Activities:					
2015 Refunding Tax Allocation Bonds	\$ 3,340,000	\$ -	\$ (160,000)	\$ 3,180,000	\$ 165,000
2015 Refunding Tax Allocation Bonds Discount	(27,541)	-	1,697	(25,844)	(1,620)
Total trust fund debt	\$ 3,312,459	\$ -	\$ (158,303)	\$ 3,154,156	\$ 163,380
Deferred outflows:					
2015 Refunding Tax Allocation Bonds Deferred Loss	80,090		(4,935)	75,155	4,711

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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, 2021 was \$3,335,000.

Year Ending June 30,	Fiduciary Activities					
	2015 Refunding Bonds		2015 Refunding Bonds Discount		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	175,000	75,425	(1,620)	-	173,380	75,425
2027-2031	960,000	293,650	(8,100)	-	951,900	293,650
2032-2036	1,120,000	133,800	(8,100)	-	1,111,900	133,800
2037-2041	250,000	4,063	(1,544)	-	248,456	4,063
Total	<u>\$ 3,180,000</u>	<u>\$ 846,388</u>	<u>\$ (25,844)</u>	<u>\$ -</u>	<u>\$ 3,154,156</u>	<u>\$ 846,388</u>
Due within one year	\$ 165,000	\$ 89,900	\$ (1,620)	\$ -	\$ 163,380	\$ 89,900
Due after one year	3,015,000	756,488	(24,224)	-	2,990,776	756,488
Total	<u>\$ 3,180,000</u>	<u>\$ 846,388</u>	<u>\$ (25,844)</u>	<u>\$ -</u>	<u>\$ 3,154,156</u>	<u>\$ 846,388</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 2020/20 no claims were disallowed.

Commitments

The City's unexpended contractual commitments as of June 30, 2021 are listed in note 1 on page 60.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

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. 92, "*Omnibus 2020*". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. 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. 93, "*Replacement of Interbank Offered Rates*". The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2021

15. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued statement No. 94, *“Public-Private and Public-Public Partnerships and Availability Payment Arrangements”*. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. 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. 96, *“Subscription-Based Information Technology Arrangements”*. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. 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. 97, *“Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”*. The primary objectives of this Statement are to (a) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (c) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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,

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 81,253	\$ 104,512	\$ 111,530	\$ 119,019
Interest on the total OPEB liability	383,562	378,816	366,137	353,775
Experience (Gains)/Losses	-	(287,306)	-	-
Changes of benefit terms	-	-	-	-
Changes of assumptions	(96,029)	218,506	-	-
Benefit payments	(354,262)	(287,648)	(277,993)	(286,331)
Net change in total OPEB liability	14,524	126,880	199,674	186,463
Total OPEB liability - beginning	5,778,269	5,651,389	5,451,715	5,265,252
Total OPEB liability - ending (a)	\$ 5,792,793	\$ 5,778,269	\$ 5,651,389	\$ 5,451,715
Plan fiduciary net position				
Contributions - employer	\$ 359,262	\$ 292,648	\$ 492,993	\$ 534,256
Contributions - employee	-	-	-	-
Actual investment income	91,502	150,805	164,052	172,839
Administrative expense	(1,266)	(522)	(3,826)	(883)
Benefit payments	(354,262)	(287,648)	(277,993)	(286,331)
Net change in plan fiduciary net position	95,236	155,283	375,226	419,881
Plan fiduciary net position - beginning	2,591,182	2,435,899	2,060,673	1,640,792
Plan fiduciary net position - ending (b)	\$ 2,686,418	\$ 2,591,182	\$ 2,435,899	\$ 2,060,673
Net OPEB liability - ending (a) - (b)	\$ 3,106,375	\$ 3,187,087	\$ 3,215,490	\$ 3,391,042
Covered payroll	\$ 1,132,693	\$ 1,834,372	\$ 2,370,484	\$ 2,197,777
Net OPEB liability as a percentage of covered payroll	274.25%	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. Additional years will be added as they become available.

City of Fort Bragg, California

Required Supplementary Information - Net OPEB Liability Schedule of Contributions

June 30, 2021

Fiscal Year Ended June 30,	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 348,790	\$ 374,658	\$ 375,390	\$ 559,726
Contributions in relation to the ADC	425,407	359,262	292,648	492,993
Contribution deficiency (excess)	\$ (76,617)	\$ 15,396	\$ 82,742	\$ 66,733
Covered payroll	1,132,693	1,893,338	1,834,372	2,730,484
Contributions as a percentage of covered payroll	37.56%	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. Additional years will be added as they become available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 540,516	\$ 514,099	\$ 455,093	\$ 430,051	\$ 392,300
Contributions in relation to the actuarially determined contributions	<u>(540,516)</u>	<u>(514,099)</u>	<u>(394,321)</u>	<u>(430,051)</u>	<u>392,300</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,772</u>	<u>\$ -</u>	<u>\$ 784,600</u>
Covered payroll	\$ 2,327,258	\$ 2,661,903	\$ 2,833,921	\$ 2,641,425	\$ 2,598,675
Contribution as a percentage of covered-employee payroll	23.23%	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 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 Contributions

Safety Plan

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 558,561	\$ 637,647	\$ 471,193	\$ 298,630	\$ 387,206
Contributions in relation to the actuarially determined contributions	<u>(558,561)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 1,071,290	\$ 1,145,799	\$ 1,048,497	\$ 1,268,709	\$ 1,245,549
Contribution as a percentage of covered-employee payroll	52.14%	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 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

Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.13012%	0.12508%	0.12037%	0.11653%	0.11210%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,488,390	\$ 5,008,648	\$ 4,593,661	\$ 4,593,661	\$ 3,894,091
Plan's Covered Payroll	\$ 2,661,903	\$ 2,833,921	\$ 2,788,318	\$ 2,641,425	\$ 2,551,931
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	206.18%	176.74%	164.75%	173.91%	152.59%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	74.96%	76.25%	76.38%	76.38%	82.66%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 734,213	\$ 455,093	\$ 394,321	\$ 430,051	\$ 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 PEPRAs 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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.07793%	0.07899%	0.07811%	0.08042%	0.08218%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,192,221	\$ 4,931,069	\$ 4,667,131	\$ 4,165,367	\$ 3,320,431
Plan's Covered Payroll	\$ 1,145,799	\$ 1,048,497	\$ 1,268,709	\$ 1,245,549	\$ 1,188,962
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	453.15%	470.30%	367.86%	334.42%	353.81%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	69.95%	70.68%	69.76%	70.60%	75.04%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 625,589	\$ 637,647	\$ 578,574	\$ 387,206	\$ 315,525

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 PEPRAs 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, 2021

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Capital Projects Funds	
ASSETS			
Cash and investments	\$ 1,217,997	\$ 13,408	\$ 1,231,405
Receivables:			
Intergovernmental	687,324	-	687,324
Loans/Notes receivable	201,407	-	201,407
Total assets	\$ 2,106,728	\$ 13,408	\$ 2,120,136
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 162,564	\$ 214,331	\$ 376,895
Due to other funds	687,447	19,890	707,337
Total liabilities:	850,011	234,221	1,084,232
Deferred inflows of resources:			
Unavailable revenue	201,407	-	201,407
Total deferred inflows of resources	201,407	-	201,407
Total liabilities and deferred inflows	1,051,418	234,221	1,285,639
Fund Balances:			
Restricted	450,955	-	450,955
Assigned	605,482	-	605,482
Unassigned (deficit)	(1,127)	(220,813)	(221,940)
Total fund balances	1,055,310	(220,813)	834,497
Total liabilities, deferred inflows and fund balances	\$ 2,106,728	\$ 13,408	\$ 2,120,136

City of Fort Bragg, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2021

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	Capital Projects Funds	
REVENUES:			
Taxes and assessments	\$ 66,414	\$ -	\$ 66,414
Fines and forfeitures	66,488	-	66,488
Intergovernmental	5,713,791	-	5,713,791
Use of money and property	9,967	-	9,967
Charges for services	110	-	110
Other revenues	16,127	-	16,127
Total revenues	5,872,897	-	5,872,897
EXPENDITURES:			
Current:			
General government	32,378	-	32,378
Public safety	186,069	-	186,069
Public works	327,050	-	327,050
Community development	3,816,253	-	3,816,253
Capital outlay	-	386,931	386,931
Total expenditures	4,361,750	386,931	4,748,681
REVENUES OVER (UNDER) EXPENDITURES	1,511,147	(386,931)	1,124,216
OTHER FINANCING SOURCES (USES):			
Transfers in	-	171,385	171,385
Transfers out	(1,798,443)	-	(1,798,443)
Total other financing sources (uses)	(1,798,443)	171,385	(1,627,058)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(287,296)	(215,546)	(502,842)
FUND BALANCES:			
Beginning of year	1,342,606	(5,267)	1,337,339
End of year	\$ 1,055,310	\$ (220,813)	\$ 834,497

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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.

(continued)

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.

(continued)

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, 2021

	General Plan Maintenance Fee	Housing	Parking	Parking In-lieu Fees
ASSETS				
Cash and investments	\$ 207,740	\$ 76,606	\$ 34,541	\$ -
Receivables:				
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	0	-	-
Total assets	<u>\$ 207,740</u>	<u>\$ 76,606</u>	<u>\$ 34,541</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	207,740	76,606	34,541	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>207,740</u>	<u>76,606</u>	<u>34,541</u>	<u>-</u>
Total liabilities deferred inflows and fund balances	<u>\$ 207,740</u>	<u>\$ 76,606</u>	<u>\$ 34,541</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
\$ 127,579	\$ 16,849	\$ 15,963	\$ 394,953	\$ 598	\$ 269	\$ 8,444
-	-	19	-	-	-	46,224
-	-	-	-	-	-	-
<u>\$ 127,579</u>	<u>\$ 16,849</u>	<u>\$ 15,982</u>	<u>\$ 394,953</u>	<u>\$ 598</u>	<u>\$ 269</u>	<u>\$ 54,668</u>

\$ -	\$ -	\$ 3,873	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	3,873	-	-	-	-

-	-	-	-	-	-	-
-	-	-	394,953	-	-	54,668
127,579	16,849	12,109	-	598	269	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>127,579</u>	<u>16,849</u>	<u>12,109</u>	<u>394,953</u>	<u>598</u>	<u>269</u>	<u>54,668</u>
<u>\$ 127,579</u>	<u>\$ 16,849</u>	<u>\$ 15,982</u>	<u>\$ 394,953</u>	<u>\$ 598</u>	<u>\$ 269</u>	<u>\$ 54,668</u>

(continued)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
June 30, 2021

ASSETS	RMRA	Traffic & Safety	Fire Equipment	MCOG Overall Work Plan
Cash and investments	\$ -	\$ -	\$ 158,173	\$ -
Receivables:				
Intergovernmental	44,549	-	-	48,285
Loans/Notes receivable	-	-	-	-
Total assets	\$ 44,549	\$ -	\$ 158,173	\$ 48,285
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	44,549	-	-	41,369
Total liabilities:	44,549	-	-	41,369
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources:	-	-	-	-
Total liabilities and deferred inflows	44,549	-	-	41,369
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	158,173	6,916
Unassigned (deficit)	-	-	-	-
Total fund balances	-	-	158,173	6,916
Total liabilities deferred inflows and fund balances	\$ 44,549	\$ -	\$ 158,173	\$ 48,285

OJ Park Maintenance Fund	Developer Deposit Accounts	Federal and State Grant Funds	Total
\$ 2,110	\$ 116,385	\$ 57,787	\$ 1,217,997
-	-	548,247	-
-	-	201,407	687,324
<u>\$ 2,110</u>	<u>\$ 116,385</u>	<u>\$ 807,441</u>	<u>\$ 2,106,728</u>
\$ -	\$ 117,512	\$ 41,179	\$ 162,564
-	-	601,529	687,447
<u>-</u>	<u>117,512</u>	<u>642,708</u>	<u>850,011</u>
-	-	201,407	201,407
<u>-</u>	<u>-</u>	<u>201,407</u>	<u>201,407</u>
-	117,512	844,115	1,051,418
-	-	-	-
-	-	1,334	450,955
2,110	-	(38,008)	605,482
<u>-</u>	<u>(1,127)</u>	<u>-</u>	<u>(1,127)</u>
<u>2,110</u>	<u>(1,127)</u>	<u>(36,674)</u>	<u>1,055,310</u>
<u>\$ 2,110</u>	<u>\$ 116,385</u>	<u>\$ 807,441</u>	<u>\$ 2,106,728</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, 2021

	General Plan Maintenance Fee	Housing	Parking	Parking In-lieu Fees
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	2,159	758	339	-
Charges for services	110	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>2,269</u>	<u>758</u>	<u>339</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government	32,230	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	3,000	-	-
Total expenditures	<u>32,230</u>	<u>3,000</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(29,961)</u>	<u>(2,242)</u>	<u>339</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(29,961)</u>	<u>(2,242)</u>	<u>339</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Beginning of year	237,701	78,848	34,202	-
End of year	<u>\$ 207,740</u>	<u>\$ 76,606</u>	<u>\$ 34,541</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,907
-	-	-	62,657	-	-	-
-	2,632	2,811	-	-	-	167,188
1,250	151	138	3,469	-	-	466
-	-	-	-	-	-	-
-	-	-	16,127	-	-	-
1,250	2,783	2,949	82,253	-	-	180,561
-	-	148	-	-	-	-
-	-	-	25,496	-	-	-
-	-	-	-	-	-	128,744
-	-	-	-	-	-	-
-	-	148	25,496	-	-	128,744
1,250	2,783	2,801	56,757	-	-	51,817
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,250	2,783	2,801	56,757	-	-	51,817
126,329	14,066	9,308	338,196	598	269	2,851
\$ 127,579	\$ 16,849	\$ 12,109	\$ 394,953	\$ 598	\$ 269	\$ 54,668

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, 2021

	RMRA	Traffic & Safety	Fire Equipment	MCOG Overall Work Plan
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 53,507	\$ -
Fines and forfeitures	-	3,831	-	-
Intergovernmental	157,145	-	-	41,362
Use of money and property	-	-	1,237	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	157,145	3,831	54,744	41,362
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	3,831	-	-
Public works	162,247	-	-	36,059
Community development	-	-	-	-
Total expenditures	162,247	3,831	-	36,059
REVENUES OVER (UNDER) EXPENDITURES	(5,102)	-	54,744	5,303
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(200,000)	-	-	-
Total other financing sources and uses	(200,000)	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(205,102)	-	54,744	5,303
FUND BALANCES (DEFICITS):				
Beginning of year	205,102	-	103,429	1,613
End of year	\$ -	\$ -	\$ 158,173	\$ 6,916

OJ Park Maintenance Fund	Developer Deposit Account	Federal and State Grant Funds	Totals
\$ -	\$ -	\$ -	\$ 66,414
-	-	-	66,488
-	-	5,342,653	5,713,791
-	-	-	9,967
-	-	-	110
-	-	-	16,127
-	-	5,342,653	5,872,897
-	-	-	32,378
-	-	156,742	186,069
-	-	-	327,050
-	-	3,813,253	3,816,253
-	-	3,969,995	4,361,750
-	-	1,372,658	1,511,147
-	-	-	-
-	(17,302)	(1,581,141)	(1,798,443)
-	(17,302)	(1,581,141)	(1,798,443)
-	(17,302)	(208,483)	(287,296)
2,110	16,175	171,809	1,342,606
\$ 2,110	\$ (1,127)	\$ (36,674)	\$ 1,055,310

City of Fort Bragg, California
Combining Balance Sheet
Federal and State Grant Special Revenue Funds
June 30, 2021

	CDBG Unclassified Program Income	COPS	CDBG Super NOFA
ASSETS			
Cash and investments	\$ 7,025	\$ -	\$ 34,496
Restricted cash and investments		-	-
Receivables:			
Intergovernmental	-	-	31,385
Loans/Notes receivable	-	-	-
Total assets	<u>\$ 7,025</u>	<u>\$ -</u>	<u>\$ 65,881</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 360
Due to other funds	-	-	94,679
Total liabilities	<u>-</u>	<u>-</u>	<u>95,039</u>
Deferred inflows of resources:			
Unavailable revenue			
Total deferred inflows of resources:	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	<u>-</u>	<u>-</u>	<u>95,039</u>
Fund Balances:			
Restricted	7,025	-	-
Unassigned (deficit)	-	-	(29,158)
Total fund balances	<u>7,025</u>	<u>-</u>	<u>(29,158)</u>
Total liabilities deferred inflows and fund balances	<u>\$ 7,025</u>	<u>\$ -</u>	<u>\$ 65,881</u>

STP D1 Streets and Highway Allocation	State Parks Prop 84 Grant	HCD HOME Grant	Other State Grants	CDBG Grant	CDBG Grant Covid	Totals
\$ 1,266	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ 57,787
-						
-	591	453,901	47,211	15,159	-	548,247
-	-	201,407		-	-	201,407
<u>\$ 1,266</u>	<u>\$ 591</u>	<u>\$ 670,308</u>	<u>\$ 47,211</u>	<u>\$ 15,159</u>	<u>\$ -</u>	<u>\$ 807,441</u>
\$ -	\$ -	\$ -	\$ 39,819	\$ -	1,000	\$ 41,179
-	-	464,980	18,861	17,093	5,916	601,529
-	-	464,980	58,680	17,093	6,916	642,708
-	-	201,407	-	-	-	201,407
-	-	201,407	-	-	-	201,407
-	-	666,387	58,680	17,093	6,916	844,115
1,266	591	3,921	(11,469)	-	-	1,334
-	-	-	-	(1,934)	(6,916)	(38,008)
<u>1,266</u>	<u>591</u>	<u>3,921</u>	<u>(11,469)</u>	<u>(1,934)</u>	<u>(6,916)</u>	<u>(36,674)</u>
<u>\$ 1,266</u>	<u>\$ 591</u>	<u>\$ 670,308</u>	<u>\$ 47,211</u>	<u>\$ 15,159</u>	<u>\$ -</u>	<u>\$ 807,441</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, 2021

	CDBG Unclassified Program Income	COPS	CDBG Super NOFA
REVENUES:			
Intergovernmental	\$ -	\$ 156,742	134,852
Total revenues	<u>-</u>	<u>156,742</u>	<u>134,852</u>
EXPENDITURES:			
Current:			
Public safety	-	156,742	-
Community development	-	-	146,655
Total expenditures	<u>-</u>	<u>156,742</u>	<u>146,655</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(11,803)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>-</u>	<u>-</u>	<u>(11,803)</u>
FUND BALANCES (DEFICIT):			
Beginning of year	7,025	-	(17,355)
End of year	<u>\$ 7,025</u>	<u>\$ -</u>	<u>\$ (29,158)</u>

STP D1 Streets and Highway Allocation	State Parks Prop 84 Grant	HCD HOME Grant	Other State Grants	CDBG Grant	CDBG Grant COVID	Totals
\$ 81,259	\$ -	\$ 453,901	\$ 4,500,740	\$ 15,159	\$ -	\$ 5,342,653
81,259	-	453,901	4,500,740	15,159	-	5,342,653
-	-	-	-	-	-	156,742
-	-	473,267	3,169,322	17,093	6,916	3,813,253
-	-	473,267	3,169,322	17,093	6,916	3,969,995
81,259	-	(19,366)	1,331,418	(1,934)	(6,916)	1,372,658
-	-	-	-	-	-	-
(81,259)	-	-	(1,499,882)	-	-	(1,581,141)
(81,259)	-	-	(1,499,882)	-	-	(1,581,141)
-	-	(19,366)	(168,464)	(1,934)	(6,916)	(208,483)
1,266	591	23,287	156,995	-	-	171,809
\$ 1,266	\$ 591	\$ 3,921	\$ (11,469)	\$ (1,934)	\$ (6,916)	\$ (36,674)

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2021

	<u>Coastal Trail</u>
ASSETS	
Cash and investments	\$ 13,408
Total assets	<u>\$ 13,408</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 214,331
Due to other funds	19,890
Total liabilities:	<u>234,221</u>
Fund Balances:	
Unassigned (deficit)	<u>(220,813)</u>
Total fund balances	<u>(220,813)</u>
Total liabilities and fund balances	<u>\$ 13,408</u>

City of Fort Bragg, California
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances
Nonmajor Capital Projects Fund
For the year ended June 30, 2021

	Coastal Trail
REVENUES:	
Intergovernmental	\$ -
Other revenues	-
Total revenues	<u>-</u>
EXPENDITURES:	
Current:	
Community development	-
Capital outlay	386,931
Total expenditures	<u>386,931</u>
REVENUES OVER (UNDER)	
EXPENDITURES	<u>(386,931)</u>
OTHER FINANCING SOURCES (USES):	
Transfers in	171,385
Transfers out	-
Total other financing sources and uses	<u>171,385</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(215,546)</u>
FUND BALANCES (DEFICITS):	
Beginning of year	<u>(5,267)</u>
End of year	<u>\$ (220,813)</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, 2021

	Building Maintenance	Information Technology Fund	Fleet Services	Totals
ASSETS				
Current assets:				
Cash and investments	\$ 600,667	\$ 135,840	\$ 184,032	\$ 920,539
Total current assets	<u>600,667</u>	<u>135,840</u>	<u>184,032</u>	<u>920,539</u>
Noncurrent assets:				
Capital assets, net	47,400	30,822	1,180,548	1,258,770
Total noncurrent assets	<u>47,400</u>	<u>30,822</u>	<u>1,180,548</u>	<u>1,258,770</u>
Total assets	<u>\$ 648,067</u>	<u>\$ 166,662</u>	<u>\$ 1,364,580</u>	<u>\$ 2,179,309</u>
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 47	\$ 31,921	19,236	\$ 51,204
Accrued liabilities	-	3,038	-	3,038
Total current liabilities	<u>47</u>	<u>34,959</u>	<u>19,236</u>	<u>54,242</u>
Noncurrent liabilities:				
Compensated absences	-	-	-	-
Total liabilities	<u>47</u>	<u>34,959</u>	<u>19,236</u>	<u>54,242</u>
Net Position:				
Net investment in capital assets	47,400	30,822	1,180,548	1,258,770
Unrestricted	600,620	100,881	164,796	866,297
Total net position	<u>648,020</u>	<u>131,703</u>	<u>1,345,344</u>	<u>2,125,067</u>
Total liabilities and net position	<u>\$ 648,067</u>	<u>\$ 166,662</u>	<u>\$ 1,364,580</u>	<u>\$ 2,179,309</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, 2021

	Building Maintenance	Information Technology Fund	Fleet Services	Totals
OPERATING REVENUES:				
Interdepartmental charges	\$ 97,147	\$ 272,450	\$ 255,422	\$ 625,019
Other	5,826	-	-	5,826
Total operating revenues	<u>102,973</u>	<u>272,450</u>	<u>255,422</u>	<u>630,845</u>
OPERATING EXPENSES:				
Personnel services	78,810	91,506	144,544	314,860
Repairs and maintenance	19,738	-	43,647	63,385
Materials and supplies	-	194,562	96,890	291,452
Contractual services	-	24	2,619	2,643
Depreciation	-	(11,734)	94,221	82,487
Total operating expenses	<u>98,548</u>	<u>274,358</u>	<u>381,921</u>	<u>754,827</u>
OPERATING INCOME (LOSS)	<u>4,425</u>	<u>(1,908)</u>	<u>(126,499)</u>	<u>(123,982)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	4,425	(1,908)	(126,499)	(123,982)
Transfers in	-	-	636,938	636,938
Transfers out	-	-	-	-
Total transfers	-	-	636,938	636,938
Change in net position	4,425	(1,908)	510,439	512,956
NET POSITION (DEFICIT):				
Beginning of year	643,595	133,611	834,905	1,612,111
End of year	<u>\$ 648,020</u>	<u>\$ 131,703</u>	<u>\$ 1,345,344</u>	<u>\$ 2,125,067</u>

City of Fort Bragg, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2021

	Building Maintenance	Information Technology Fund	Fleet Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	\$ 102,973	\$ 272,450	\$ 255,422	\$ 630,845
Cash paid to suppliers for goods and services	(21,872)	(193,721)	(132,370)	(347,963)
Cash paid to employees for services	(78,810)	(90,123)	(144,544)	(313,477)
Net cash provided (used) by operating activities	2,291	(11,394)	(21,492)	(30,595)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	-	-	636,938	636,938
Transfers paid	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	636,938	636,938
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	1,402	1	(644,998)	(643,595)
Net cash (used) by capital and related financing activities	1,402	1	(644,998)	(643,595)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	-	-	-	-
Net cash provided by investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	3,693	(11,393)	(29,552)	(37,252)
CASH AND CASH EQUIVALENTS:				
Beginning of year	596,974	147,233	213,584	957,791
End of year	<u>\$ 600,667</u>	<u>\$ 135,840</u>	<u>\$ 184,032</u>	<u>\$ 920,539</u>
Reconciliation of income from operations to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 4,425	\$ (1,908)	\$ (126,499)	\$ (123,982)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	(11,734)	94,221	82,487
(Increase) decrease in current assets:				
Accounts receivable	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	(2,134)	865	10,786	9,517
Accrued liabilities	-	1,383	-	1,383
Net cash provided by operating activities	\$ 2,291	\$ (11,394)	\$ (21,492)	\$ (30,595)

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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

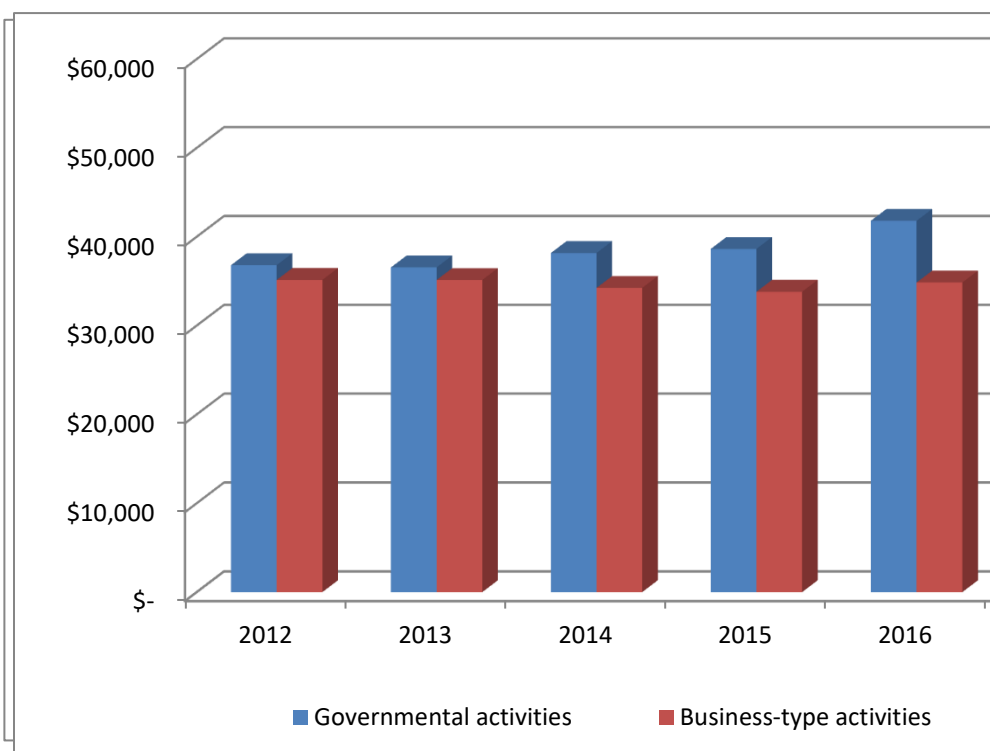
Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

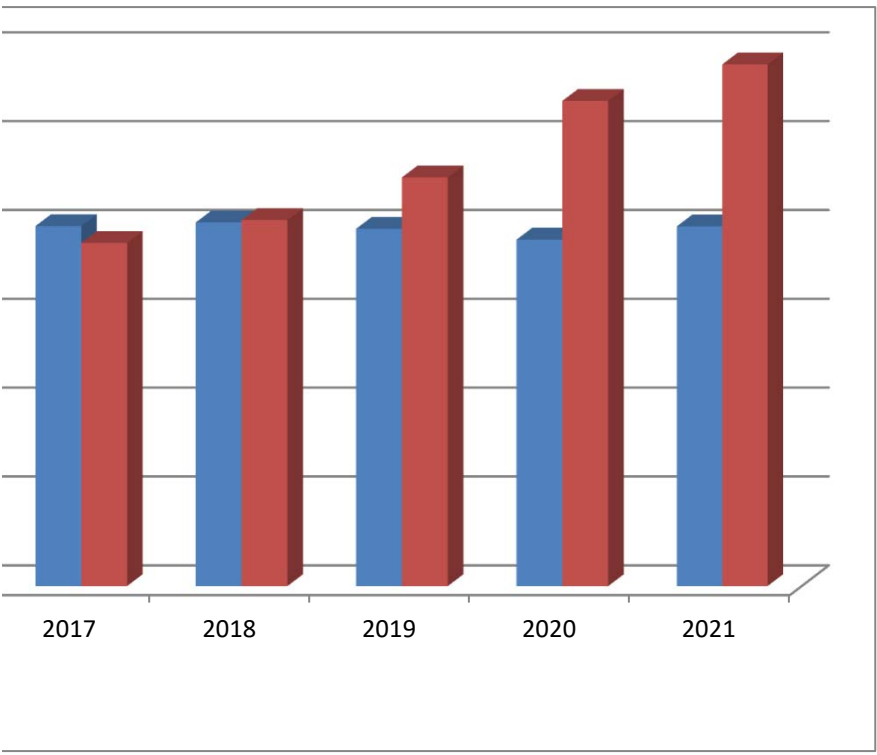
(In Thousands)

	2012	2013	2014
Governmental activities			
Net investment in capital assets	\$ 30,664	\$ 30,444	\$ 31,944
Restricted	4,776	5,671	5,987
Unrestricted (deficit)	1,356	428	232
Total governmental activities net position	\$ 36,796	\$ 36,543	\$ 38,163
Business-type activities			
Net investment in capital assets	\$ 31,319	\$ 30,764	\$ 30,531
Restricted	108	72	101
Unrestricted (deficit)	3,709	4,294	3,603
Total business-type activities net position	\$ 35,136	\$ 35,130	\$ 34,235
Primary government			
Net investment in capital assets	\$ 61,983	\$ 61,208	\$ 62,475
Restricted	4,884	5,743	6,088
Unrestricted (deficit)	5,065	4,722	3,835
Total primary government net position	\$ 71,932	\$ 71,673	\$ 72,398



Source: City Finance Department

2015	2016	2017	2018	2019	2020	2021
\$ 35,914	\$ 38,647	\$ 39,523	\$ 42,293	\$ 41,400	\$ 42,102	\$ 41,686
2,289	3,536	2,513	3,758	1,279	1,922	2,947
(203)	(399)	(1,518)	(5,115)	(2,456)	(5,026)	(4,140)
<u>\$ 38,625</u>	<u>\$ 41,784</u>	<u>\$ 40,518</u>	<u>\$ 40,935</u>	<u>\$ 40,223</u>	<u>\$ 38,998</u>	<u>\$ 40,493</u>
\$ 30,047	\$ 30,503	\$ 31,597	\$ 33,572	\$ 37,806	\$ 45,807	\$ 46,331
108	108	108	108	108	108	108
3,649	4,232	6,912	7,515	8,094	8,704	12,277
<u>\$ 33,804</u>	<u>\$ 34,843</u>	<u>\$ 38,617</u>	<u>\$ 41,195</u>	<u>\$ 46,008</u>	<u>\$ 54,619</u>	<u>\$ 58,716</u>
\$ 65,961	\$ 69,150	\$ 71,119	\$ 75,865	\$ 79,206	\$ 87,909	\$ 88,017
3,022	3,644	2,621	3,866	1,387	2,030	3,055
3,466	3,833	5,395	2,400	5,638	3,678	8,137
<u>\$ 72,429</u>	<u>\$ 76,627</u>	<u>\$ 79,135</u>	<u>\$ 82,131</u>	<u>\$ 86,231</u>	<u>\$ 93,617</u>	<u>\$ 99,209</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)

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

2015	2016	2017	2018	2019	2020	2021
\$ 2,593	\$ 2,877	\$ 2,221	\$ 2,804	\$ 2,384	\$ 2,623	\$ 3,581
3,663	4,187	4,388	4,461	4,338	5,374	4,386
2,435	2,108	2,750	2,873	2,979	3,122	2,438
840	1,700	1,018	1,208	1,056	876	4,105
-	-	38	-	-	-	-
-	-	-	-	-	186	93
30	26	21	53	47	5	38
<u>9,561</u>	<u>10,898</u>	<u>10,434</u>	<u>11,399</u>	<u>10,804</u>	<u>12,186</u>	<u>14,641</u>
2,286	2,264	2,158	2,034	1,920	1,676	1,688
2,801	2,897	2,847	2,569	2,674	2,302	3,043
2,382	2,292	2,320	2,386	2,722	2,081	1,229
<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>5,960</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>	<u>20,601</u>
2,809	2,818	1,967	1,324	1,108	880	978
50	289	299	365	371	290	252
102	344	558	1,049	1,155	1,980	1,583
-	30	232	520	293	-	0
4,702	725	1,251	2,259	765	800	3,974
2,383	3,762	922	3,324	3,296	1,345	1,584
<u>10,046</u>	<u>7,968</u>	<u>5,227</u>	<u>8,840</u>	<u>6,988</u>	<u>5,295</u>	<u>8,371</u>
2,496	2,624	2,683	2,909	3,077	3,181	3,660
3,194	3,332	3,305	3,495	3,599	3,484	4,017
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>7,678</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>	<u>16,049</u>
485	(2,930)	(5,207)	(2,558)	(3,817)	(6,891)	(6,270)
(1,073)	(775)	(642)	158	70	5,584	1,718
<u>(588)</u>	<u>(3,705)</u>	<u>(5,849)</u>	<u>(2,400)</u>	<u>(3,747)</u>	<u>(1,307)</u>	<u>(4,552)</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)

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

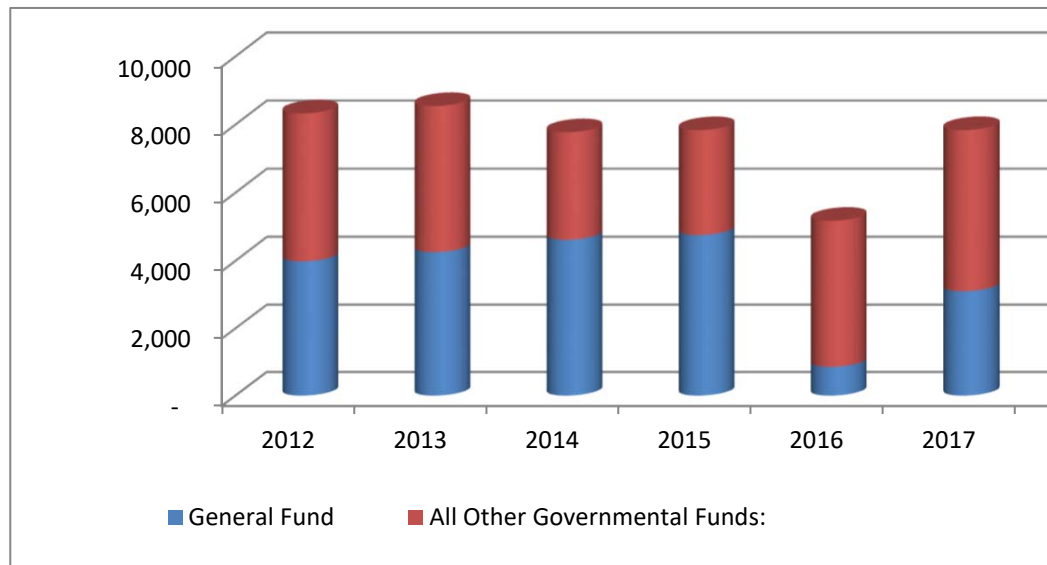
Source: City Finance Department

2015	2016	2017	2018	2019	2020	2021
909	1,007	1,084	1,035	1,075	1,157	1,152
2,523	2,458	2,414	1,785	1,728	2,743	3,127
1,858	1,948	2,149	2,619	2,640	2,204	3,322
493	491	-	-	-	590	626
435	403	674	719	762	185	185
87	113	(23)	(110)	66	107	112
-	-	-	-	195	228	(124)
67	120	151	61	8	24	266
		(507)	-	-	-	-
(89)	(451)	(2,003)	(898)	(1,029)	(1,573)	(901)
-	-	-	-	-	-	-
<u>6,283</u>	<u>6,089</u>	<u>3,940</u>	<u>5,210</u>	<u>5,445</u>	<u>5,665</u>	<u>7,765</u>
234	220	234	236	249	236	263
807	846	881	915	879	945	1,100
42	27	56	98	168	178	115
161	271	1,242	272	77	95	-
89	451	2,003	898	1,029	1,573	901
<u>1,333</u>	<u>1,815</u>	<u>4,416</u>	<u>2,420</u>	<u>2,402</u>	<u>3,027</u>	<u>2,379</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>	<u>10,144</u>
6,768	3,159	(1,267)	2,652	1,628	(1,226)	1,495
260	1,040	3,774	2,578	2,472	8,611	4,096
<u>\$ 7,028</u>	<u>\$ 4,199</u>	<u>\$ 2,507</u>	<u>\$ 5,230</u>	<u>\$ 4,100</u>	<u>\$ 7,385</u>	<u>\$ 5,591</u>

(concluded)

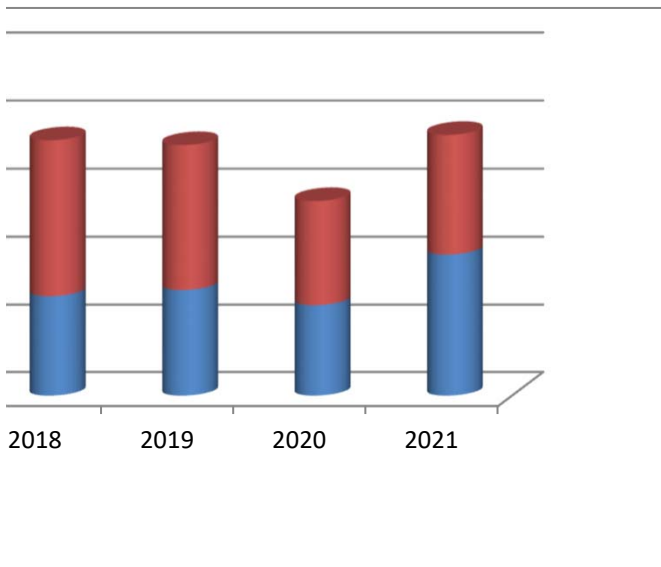
City of Fort Bragg, California
Fund Balances of Governmental
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Modified accrual basis of accounting)
(In Thousands)

	2012	2013	2014	2015	2016
General Fund:					
Nonspendable	\$ 211	\$ 248	\$ 185	\$ 205	\$ 66
Committed					-
Unassigned	3,775	4,007	4,434	4,553	790
Total general fund	3,986	4,255	4,619	4,758	856
All Other Governmental Funds:					
Restricted	4,530	4,590	4,598	2,914	3,536
Assigned	-	-	-	1,322	1,116
Unassigned (deficit)	(187)	(299)	(1,441)	(1,157)	(331)
Total all other governmental funds	4,343	4,291	3,157	3,079	4,321
Total all governmental funds	\$ 8,329	\$ 8,546	\$ 7,776	\$ 7,837	\$ 5,177



Source: City Finance Department

2017	2018	2019	2020	2021
\$ 4	\$ 94	\$ 9	\$ 3	\$ 7
2,135	1,694	1,682	2,160	2,679
968	1,172	1,451	529	1,498
3,107	2,959	3,142	2,692	4,184
2,530	3,758	1,267	1,922	2,947
1,472	1,292	3,005	1,426	814
731	(470)	(16)	(284)	(248)
4,733	4,580	4,256	3,064	3,513
\$ 7,839	\$ 7,539	\$ 7,398	\$ 5,756	\$ 7,697



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)

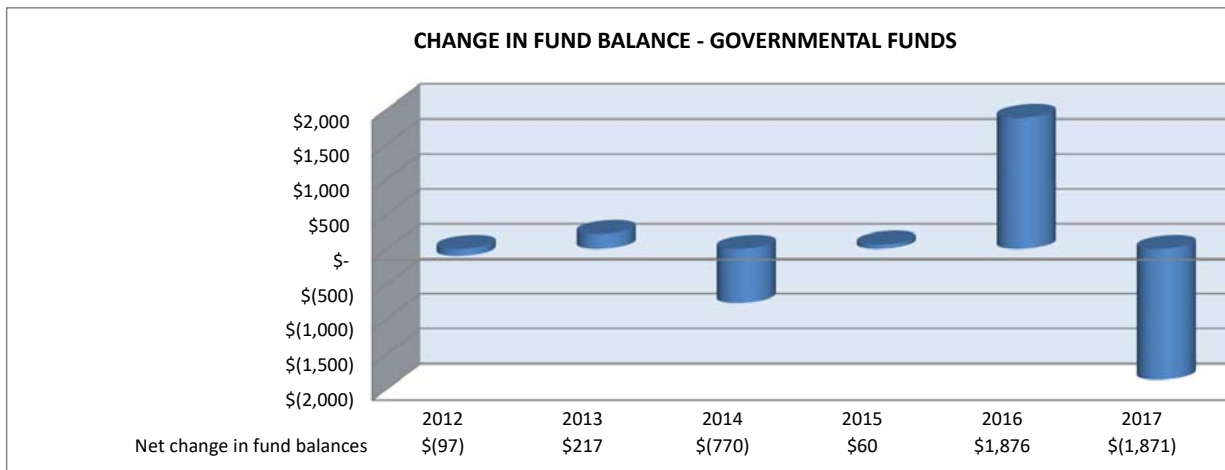
Revenues:	2012	2013	2014	2015	2016
Taxes and assessments	\$ 5,790	\$ 5,579	\$ 5,810	\$ 4,949	\$ 5,067
Intergovernmental	1,773	1,897	2,946	7,463	5,219
Charges for services	2,854	2,564	2,907	457	242
Fines, forfeitures and penalties	13	23	28	178	162
Licenses and permits	241	260	234	254	273
Use of money and property	84	103	84	120	174
Unrealized gains and losses	-	-	-	-	-
Reimbursements	-	-	-	2,930	3,413
Other	410	80	240	59	127
Total revenues	11,165	10,506	12,249	16,410	14,677

Expenditures:	2012	2013	2014	2015	2016
Current:					
General government	1,252	2,179	1,549	2,875	2,685
Public safety	3,351	3,410	3,829	3,581	4,100
Public works	1,386	1,472	1,594	3,469	1,874
Community development	1,975	2,191	3,460	834	1,693
Marketing and promotions	-	-	-	-	-
Cost allocations	-	-	-	-	-
Capital outlay	1,983	874	2,431	5,058	1,725
Debt Service:					
Principal Retirement	113	107	112	116	120
Interest and fiscal charges	161	40	36	31	26
Total expenditures	10,221	10,273	13,011	15,964	12,223

Reconciliation of Governmental Revenues

Less Expenditures to Fund Equity:	2012	2013	2014	2015	2016
Revenues over (under) expenditures	\$ 944	\$ 233	\$ (762)	\$ 446	\$ 2,454
Other financing sources (uses):					
Proceeds from sales of assets	-	-	-	-	-
Extraordinary loss on dissolution of redevelopment	(1,039)	-	-	-	-
Transfers in	1,910	1,950	1,091	5,683	2,714
Transfers out	(1,912)	(1,966)	(1,099)	(6,069)	(3,292)
Total other financing sources (uses)	(1,041)	(16)	(8)	(386)	(578)
Net change in fund balances	\$ (97)	\$ 217	\$ (770)	\$ 60	\$ 1,876

Debt service as a percentage of noncapital expenditures	3.33%	1.56%	1.40%	1.35%	1.39%
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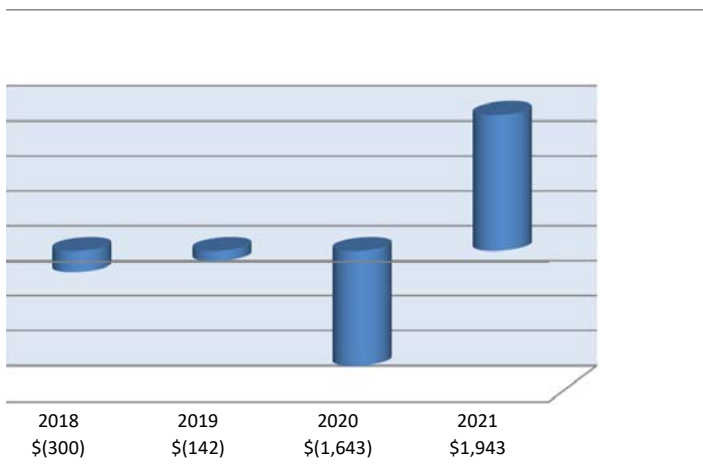


Source: City Finance Department

	2017	2018	2019	2020	2021
\$	6,486	\$ 7,131	\$ 7,138	\$ 6,878	\$ 8,412
	1,847	4,592	772	2,702	5,883
	203	139	128	61	47
	211	84	118	112	103
	97	132	128	97	92
	55	126	213	409	13
	-	-	195	-	-
	2,345	2,691	2,453	2,335	2,247
	210	82	37	22	264
	<u>11,454</u>	<u>14,976</u>	<u>11,182</u>	<u>12,616</u>	<u>17,061</u>

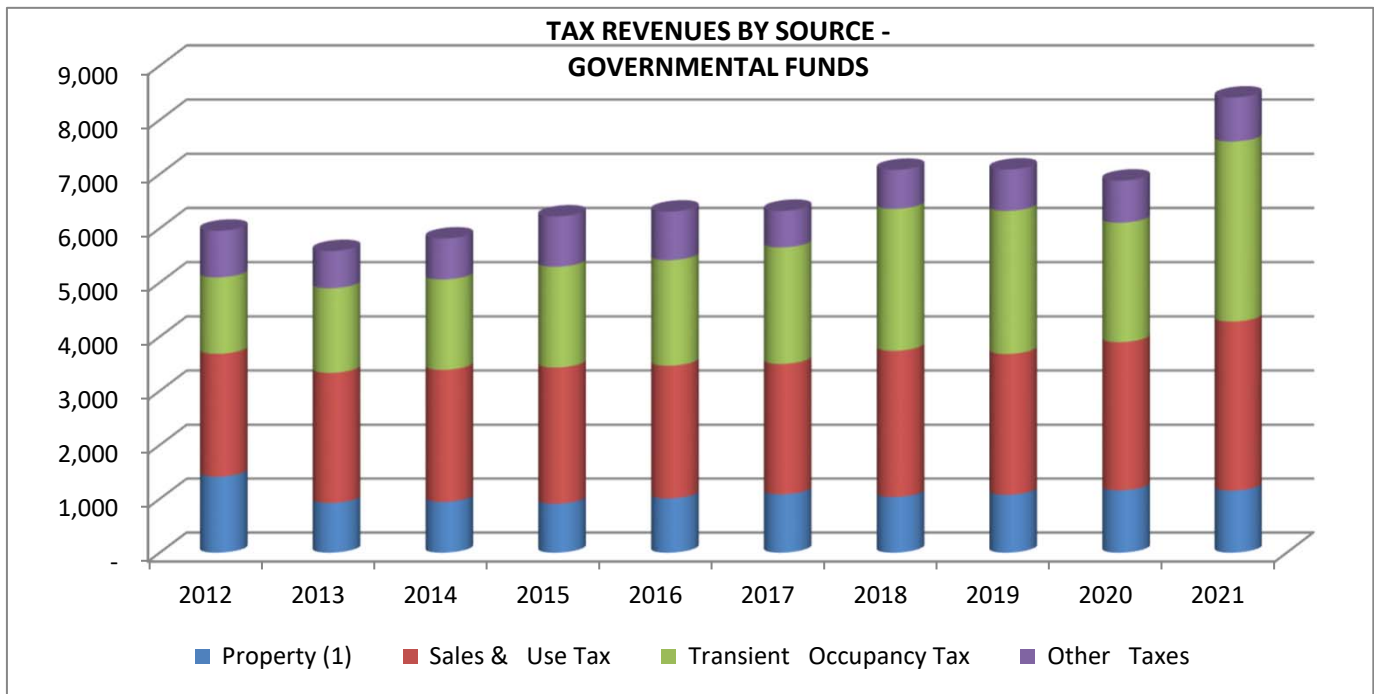
	2,548	2,881	2,522	\$ 2,094	2,256
	4,233	4,383	4,189	5,029	4,094
	1,902	1,947	1,968	1,901	1,847
	1,011	1,201	1,050	846	4,368
	-	-	-	186	93
	-	-	-	475	478
	1,992	3,780	282	1,975	415
	127	169	169	180	38
	21	17	17	5	0
	<u>11,834</u>	<u>14,378</u>	<u>10,197</u>	<u>12,691</u>	<u>13,589</u>

\$	(380)	\$ 598	\$ 985	\$ (75)	\$ 3,472
	-	-	-	6	9
	-	-	-	-	-
	3,775	2,944	2,830	616	866
	<u>(5,266)</u>	<u>(3,843)</u>	<u>(3,957)</u>	<u>(2,190)</u>	<u>(2,403)</u>
	<u>(1,491)</u>	<u>(898)</u>	<u>(1,127)</u>	<u>(1,568)</u>	<u>(1,529)</u>
\$	<u>(1,871)</u>	<u>\$ (300)</u>	<u>\$ (142)</u>	<u>\$ (1,643)</u>	<u>\$ 1,943</u>
	<u>1.50%</u>	<u>1.75%</u>	<u>1.88%</u>	<u>1.73%</u>	<u>0.29%</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
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	6,879
2021	1,152	3,127	3,322	811	8,412



(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

2020-21		2011-12	
Taxpayer	Business Type	Taxpayer	Business Type
Arco Am/Pm Mini Marts	Service Stations	Amerigas Propane	Energy Sales
Canclini TV & Appliance	Furniture/Appliance	Canclini TV & Appliance	Furniture/Appliance
Chevron Service Stations	Service Stations	Chevron Service Stations	Service Stations
CVS Pharmacy	Drug Stores	Coast To Coast Hardware	Bldg.Matls-Retail
Dollar Tree Stores	Department Stores	CVS Pharmacy	Drug Stores
Geo Aggregates	Bldg.Matls-Whsle	Denny's Restaurant	Restaurants
Harvest Market	Food Markets	Fort Bragg Feed & Pet	Miscellaneous Retail
Kemppe Liquid Gas	Energy Sales	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
Purity Supermarket	Food Markets	Mendocino County Hydrogarden	Florist/Nursery
Redwood Coast Fuels	Energy Sales	O'Reilly Auto Parts	Auto Parts/Repair
Rino Service Stations	Service Stations	Rhoads Auto Parts	Auto Parts/Repair
Rite Aid Drug Stores	Drug Stores	Rite Aid Drug Stores	Drug Stores
Rossi Building Materials	Bldg.Matls-Retail	Rossi Building Materials	Bldg.Matls-Retail
Safeway Stores	Food Markets	Safeway Stores	Food Markets
Sinclair Service Stations	Service Stations	Sears Hometown Stores	Furniture/Appliance
Sport Chrysler-Jeep-Dodge	Auto Sales - New	Speedex Service Station	Service Stations
Taco Bell	Restaurants	Sport Chrysler Jeep Dodge	Auto Sales - New
The Brewery Shop	Restaurants	The Brewery Shop	Restaurants
True Value Hardware	Bldg.Matls-Retail	Two Short Sales	Bldg.Matls-Whsle
Two Short Sales	Bldg.Matls-Whsle	Union 76 Service Stations	Service Stations
US Cellular	Miscellaneous Retail	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	2021Q1	2020Q1	2019Q1	2018Q1
Accommodation and Food Services	218,812	260,642	268,897	282,205
Agriculture, Forestry, Fishing and Hunting	5,009	10,830	9,978	3,608
Arts, Entertainment, and Recreation	189	5,903	5,394	3,516
Construction	39,062	47,775	51,700	35,262
Educational Services	866	1,310	2,082	7,876
Information	7,167	7,601	9,327	5,569
Manufacturing	7,990	8,735	8,236	7,647
Mining, Quarrying, and Oil and Gas Extraction	63,955	82,665	86,275	73,796
Other Services (except Public Administration)	27,701	31,619	31,125	30,343
Professional, Scientific, and Technical Services	4,443	5,929	5,880	7,944
Real Estate and Rental and Leasing	4,056	2,239	2,712	2,455
Retail Trade	1,031,320	1,049,729	1,041,404	1,054,885
Utilities	3,129	5,050	5,121	4,702
All Other NAICS Sectors	23,238	21,472	21,428	21,025
TOTAL	1,436,936	1,541,499	1,549,559	1,540,834

Source: MuniServices, LLC / Avenu Insights & Analytics

2017Q1	2016Q1	2015Q1	2014Q1	2013Q1	2012Q1
261,139	233,034	218,376	201,158	199,988	188,756
7,451	11,516	6,866	2,625	2,972	1,293
3,469	3,454	4,002	4,407	3,829	3,702
34,305	36,459	34,464	30,004	26,029	21,042
7,499	8,318	6,932	7,927	3,006	844
4,825	4,031	6,163	7,182	7,828	8,571
6,312	4,704	4,951	4,444	6,102	11,320
56,363	62,526	80,000	113,954	112,609	122,744
31,197	31,897	31,049	27,496	27,573	26,934
7,989	8,627	8,693	7,599	7,836	9,433
2,525	2,525	2,944	2,893	3,394	2,795
987,126	989,036	982,987	979,802	989,267	991,459
5,430	4,696	3,743	3,570	4,800	5,370
18,791	18,414	8,834	5,016	4,953	1,184
1,434,421	1,419,237	1,400,004	1,398,075	1,400,186	1,395,447

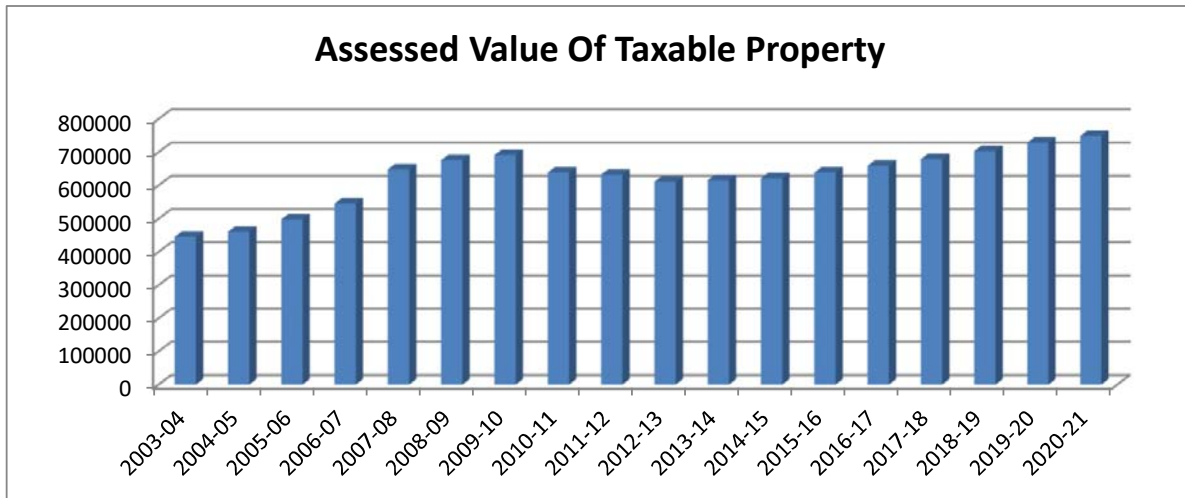
City of Fort Bragg, California

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

Last Ten Fiscal Years

(In Thousands)

Fiscal Year End	Taxable		Assessed Value	% Change	Total		Factor of Taxable Assessed Value (2)
	Secured Property*	Unsecured Property			Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	
2011-12	\$ 603,272	\$ 29,066	\$ 632,338	-8.5%	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
2020-21	\$ 715,581	\$ 33,149	\$ 748,730	6.5%	1.124000	805,819	1.076248



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

*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.

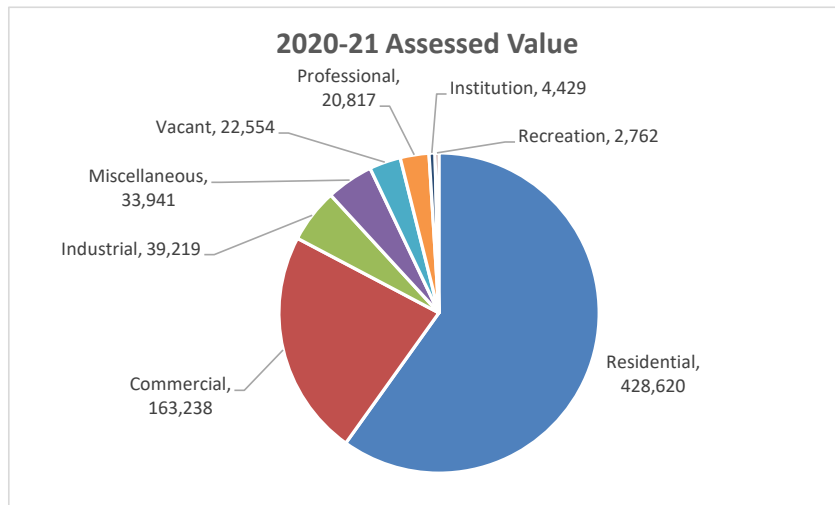
City of Fort Bragg, California

Assessed Value of Property by Use Code, City Wide

Last Nine Fiscal Years

(In Thousands)

Category	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Residential	347,694	351,259	357,224	369,852	393,470	375,474	395,888	410,229
Commercial	164,165	165,103	163,032	167,141	150,666	153,767	156,832	160,042
Industrial	30,593	36,342	36,807	37,595	37,908	38,037	39,021	40,900
Miscellaneous	689	698	701	735	1,120	31,285	31,187	33,043
Vacant	21,552	18,931	18,682	18,963	21,162	21,817	23,423	24,116
Professional	0	0	0	179	9,804	19,769	20,036	20,413
Institution	3,931	4,024	4,285	4,513	4,515	3,761	2,691	3,926
Recreation	9,119	7,905	7,593	6,391	7,101	2,676	2,613	2,719
Agriculture	34	33	34	34	34	0	0	0
Unitary	543	542	543	543	340	0	0	0
Unknown	1,130	1,149	1,178	1,192	0	0	0	0
Net Secured Value	230,626	233,578	590,079	607,137	626,121	646,586	671,692	695,389
Unsecured	31,513	29,641	31,347	31,275	32,889	32,288	31,556	33,240
Net Taxable Value	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

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
COUNTY GENERAL FUND	0.745000	0.745000	0.745000	0.745000	0.745000	0.745000
CITY OF FORT BRAGG	0.255000	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	0.012000	0.012000	0.011000	0.026000	0.025000	0.018000
SCHOOLS	0.111000	0.119000	0.114000	0.101000	0.107000	0.115000
TOTAL	0.123000	0.131000	0.125000	0.127000	0.132000	0.133000
TOTAL TAX RATE	1.123000	1.131000	1.125000	1.127000	1.132000	1.133000

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

2017-18	2018-19	2019-20	2020-21
0.745000	0.745000	0.745000	0.745000
0.255000	0.255000	0.255000	0.255000
1.000000	1.000000	1.000000	1.000000
0.026000	0.024000	0.024000	0.023000
0.107000	0.114000	0.107000	0.101000
0.133000	0.138000	0.131000	0.124000
1.133000	1.138000	1.131000	1.124000

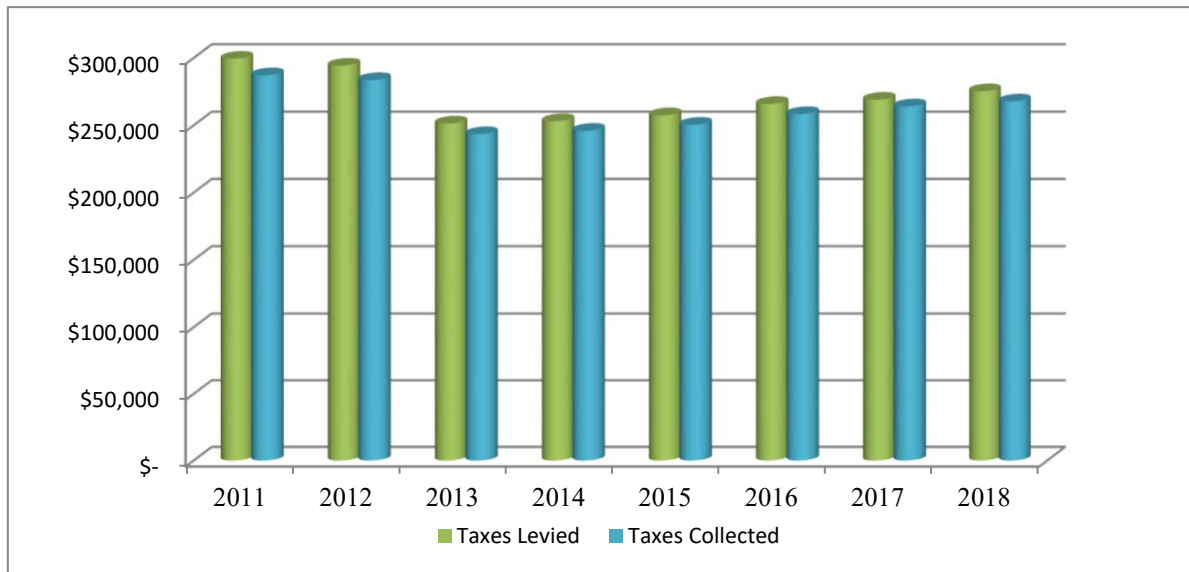
City of Fort Bragg, California
Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

Taxpayer	2020-21		2011-12	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Mendocino Railway	17,067,924	2.28%		
RAP Investors LP	11,727,177	1.57%	5,390,174	0.86%
Boatyard Associates Phase II The	10,666,731	1.42%	9,105,795	1.45%
Georgia Pacific LLC	8,856,946	1.18%	31,018,142	4.95%
Safeway Inc	7,148,356	0.95%	7,175,871	1.15%
North Coast Brewery	7,021,402	0.94%	2,716,933	0.43%
Anderson Logging	5,447,561	0.73%	3,315,398	0.53%
Colombi Jeanette Succttee	5,167,228	0.69%		
Hurst Jason S	5,003,053	0.67%		
Tanti Family II LLC	4,737,667	0.63%		
Kao Kuami	4,684,566	0.63%	4,063,335	0.65%
Ansari Ghulam Murtaza & Tenzila	4,534,135	0.61%		
Kashi Keshav Investments LLC	4,443,280	0.59%	4,289,706	0.68%
Grosvenor Van Ness Associates	4,370,400	0.58%	3,730,800	0.60%
Longs Drug Stores California LLC	4,073,878	0.54%	3,825,816	0.61%
Ray Ronald R Ttee	4,023,757	0.54%		
Fort Bragg Hotel LLC	3,773,139	0.50%		
Keaton Richard J & Julie	3,379,927	0.45%	2,886,371	0.46%
Fort Bragg Investments LLC	3,227,961	0.43%		
Moura Senior Housing	2,846,694	0.38%	2,406,352	0.38%
Kemppe Liquid Gas Corporation	2,815,632	0.38%		
RBJ & Associates LLC	2,764,254	0.37%	2,434,435	0.39%
Taubold Timothy E Ttee	2,694,373	0.36%		
Miller Helen TTEE	2,678,667	0.36%	2,291,250	0.37%
Country Properties LLC	2,604,949	0.35%		
Affinito Dominic J Juliette C			3,221,582	0.51%
Bell Ila Lynn Ttee			3,019,943	0.48%
Braxton Senior Living Property			3,351,253	0.53%
Colombi Robert Ttee			4,294,241	0.69%
Comcast			4,142,833	0.66%
Federal National Mortgage Asso			2,288,442	0.37%
Feil Scott E Diana E			5,955,220	0.95%
Hurst James C Barbara J Ttees			4,328,228	0.69%
North Otown Industrial Center			3,434,886	0.55%
Noyo Vista Inc.			2,846,204	0.45%
Tradewinds Lodge			7,190,604	1.15%
Total Top 25 Taxpayers	135,759,657	18.13%	128,723,814	20.54%
Total Taxable Value	748,729,937	100.00%	626,654,379	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
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
2020	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
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	-
2021	-	-	-	5,791	529	-

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⁾
\$ 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
6,320	6,320	3.1%	853

City of Fort Bragg, California

Legal Debt Margin Information

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Dollars in thousands)

	2012	2013	2014	2015	2016
Assessed Value	\$ 603,272	\$ 579,450	\$ 585,992	\$ 590,079	\$ 607,137
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Value	150,818	144,863	146,498	147,520	151,784
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt limit	22,623	21,729	21,975	22,128	22,768
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 22,623	\$ 21,729	\$ 21,975	\$ 22,128	\$ 22,768
Total net debt applicable to the limit as a percentage of debt limit	0%	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

2017	2018	2019	2020	2021
\$ 626,121	\$ 646,586	\$ 671,692	\$ 695,389	\$ 715,581
25%	25%	25%	25%	25%
156,530	161,647	147,520	173,847	178,895
15%	15%	15%	15%	15%
23,480	24,247	22,128	26,077	26,834
-	-	-	-	-
\$ 23,480	\$ 24,247	\$ 22,128	\$ 26,077	\$ 26,834
0%	0%	0%	0%	0%

City of Fort Bragg, California

Direct and Overlapping Debt

Current Year

June 30, 2021

<u>2020-21 Assessed Valuation:</u>	\$	748,746,723		
		Total Debt		City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		<u>6/30/2021</u>	<u>% Applicable ⁽¹⁾</u>	<u>Debt 6/30/2021</u>
Redwoods Joint Community College District	\$	23,865,000	4.059%	\$ 968,680
Fort Bragg Unified School District		40,687,337	37.771%	15,368,014
Mendocino Coast Hospital District		4,130,746	20.611%	851,388
City of Fort Bragg		-	100%	-
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$			17,188,082
<u>OVERLAPPING GENERAL FUND DEBT:</u>				
Mendocino County Certificates of Participation		14,710,000	5.925%	\$ 871,568
Mendocino County Pension Obligation Bonds		39,655,000	5.925%	2,349,559
TOTAL OVERLAPPING GENERAL FUND DEBT	\$			3,221,127
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		3,180,000	100.000%	3,180,000
DIRECT DEBT	\$			-
TOTAL OVERLAPPING DEBT	\$			23,589,209
COMBINED TOTAL DEBT	\$			23,589,209 ⁽²⁾

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

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

Ratios to 2020-20 Assessed Valuation:

Direct Debt	0.00%
Total Overlapping Tax and Assessment Debt	2.30%
Combined Total Debt	3.15%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$226,369,919):

Total Overlapping Tax Increment Debt	1.40%
--------------------------------------	-------

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		
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
2021	3,660	1,303	2,357	410	65	475	5.0

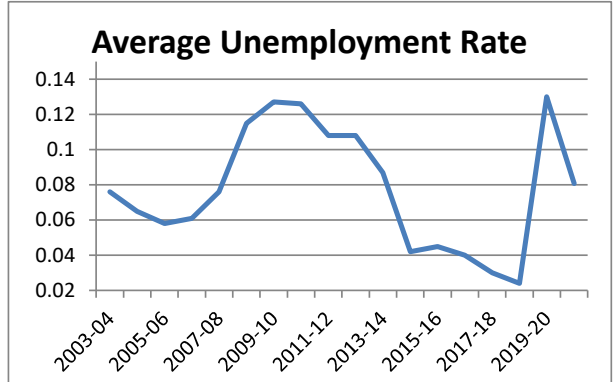
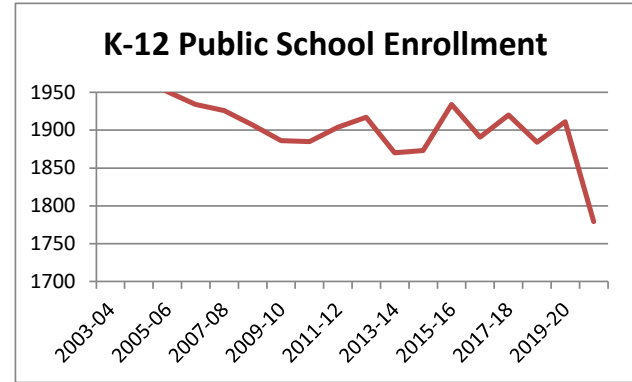
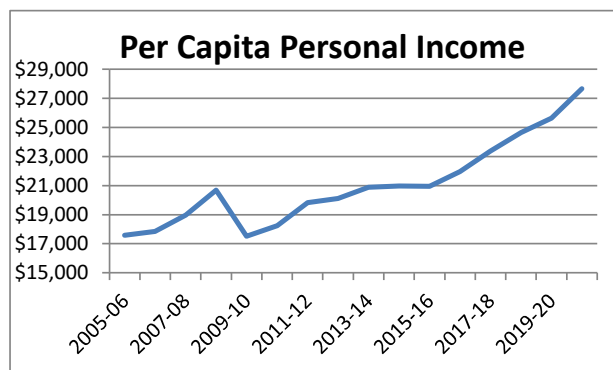
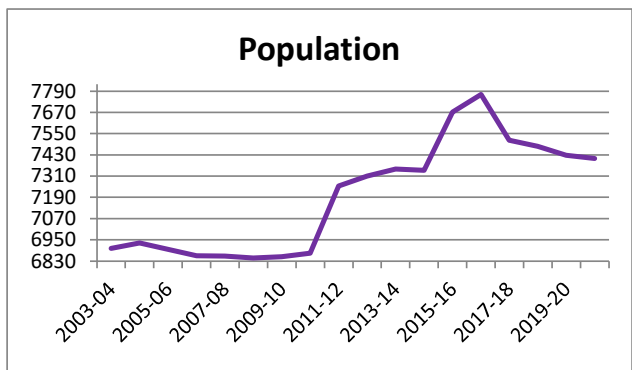
¹ Operating expenses exclude depreciation

Business-type Activities
Sewer Fund Debt

	Revenues & Transfers	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Total Debt Service	Coverage
				Principal	Interest		
\$	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	181	36.3
	4,017	2,129	1,888	87	98	185	10.2

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)
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%
2020-21	7,409	204,996	27,668	39.0	1,779	8.1%



Source: MuniServices, LLC / Avenu Insights & Analytics

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

- 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	2020-21		2011-12	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Mendocino Coast District Hospital	348	11.72%	350	11.74%
Mendocino Coast Clinics Inc	120	4.04%	114	3.83%
Mendocino County**	108	3.64%		
Sherwood Oaks Health Ctr	90	3.03%	92	3.09%
Fort Bragg Unified School District*	256	8.62%		
Parents & Friends Inc	152	5.12%		
Safeway	128	4.31%		
North Coast Brewing CO Inc (1)	106	3.57%	85	2.85%
Anderson Logging Inc	77	2.59%	87	2.92%
Silver At The Wharf (Anchor Lodge)	73	2.46%	55	1.85%
City of Fort Bragg			53	1.78%
Ocean Fresh Seafood Products			90	3.02%
Caito Fisheries			90	3.02%
Skunk Train			44	1.48%
Total Top Employers	1,458	49.09%	1,060	35.57%
Total City Employment (2)	2,970		2,980	

Source: MuniServices, LLC / Avenu Insights & Analytics

Source: 2011-12, previously published ACFR

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

(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.

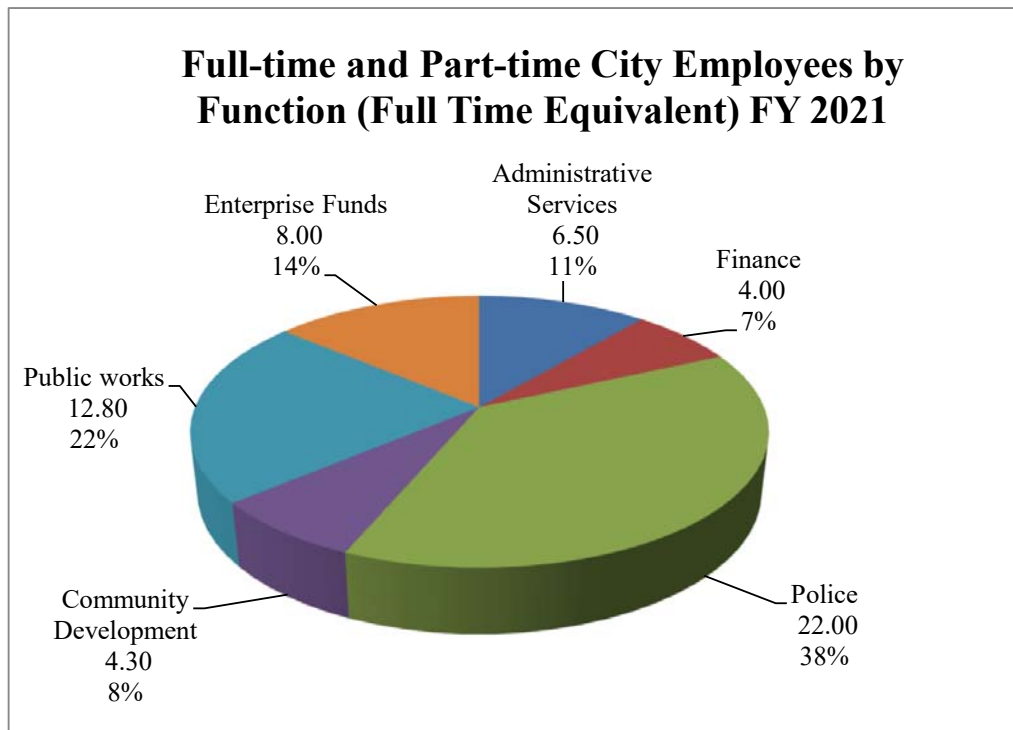
City of Fort Bragg, California

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

Last Ten Fiscal Years

(Fiscal year ended June 30)

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Administrative Services	4.80	6.00	6.00	6.00	6.50	6.50	7.00	7.00	6.50	6.00
Finance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00
Public Safety										
Police	21.00	21.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00
Community Services										
Community Development	3.80	3.80	4.30	4.00	4.30	4.50	4.80	4.80	4.30	4.00
Public works	12.60	12.60	13.60	12.60	12.80	12.80	14.00	14.00	12.80	13.00
Enterprise Funds	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00
Total	54.20	55.40	57.90	56.60	57.60	57.80	59.80	59.80	57.60	57.00



Source: City Finance Department

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

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

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

² In some categories historical information is not available

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

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	27.2	27.2	26.4	26.4
Alleys (miles)	19	19	19	19	19	19	19	19	19	19
Storm drains (miles)	10	10	10	10	10	10	10	10	10	10
Streetlights	725	725	725	725	725	725	744	744	725	725
Sidewalks	40	40	40	40	40	40	40	40	40	40
Water										
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	30	30	30	30	30	30	30.5	30.5	30	30
Raw water transmission line (miles)	5.75	5.75	5.75	5.75	5.75	5.75	5.85	5.85	5.75	5.75
Wastewater										
Wastewater treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	27	27	27	27	27	27	27	27	27	27
Parks and Facilities										
Parks	3	3	3	4	4	4	5	2	4	4
Recreational/Guest Facilities	3	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

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