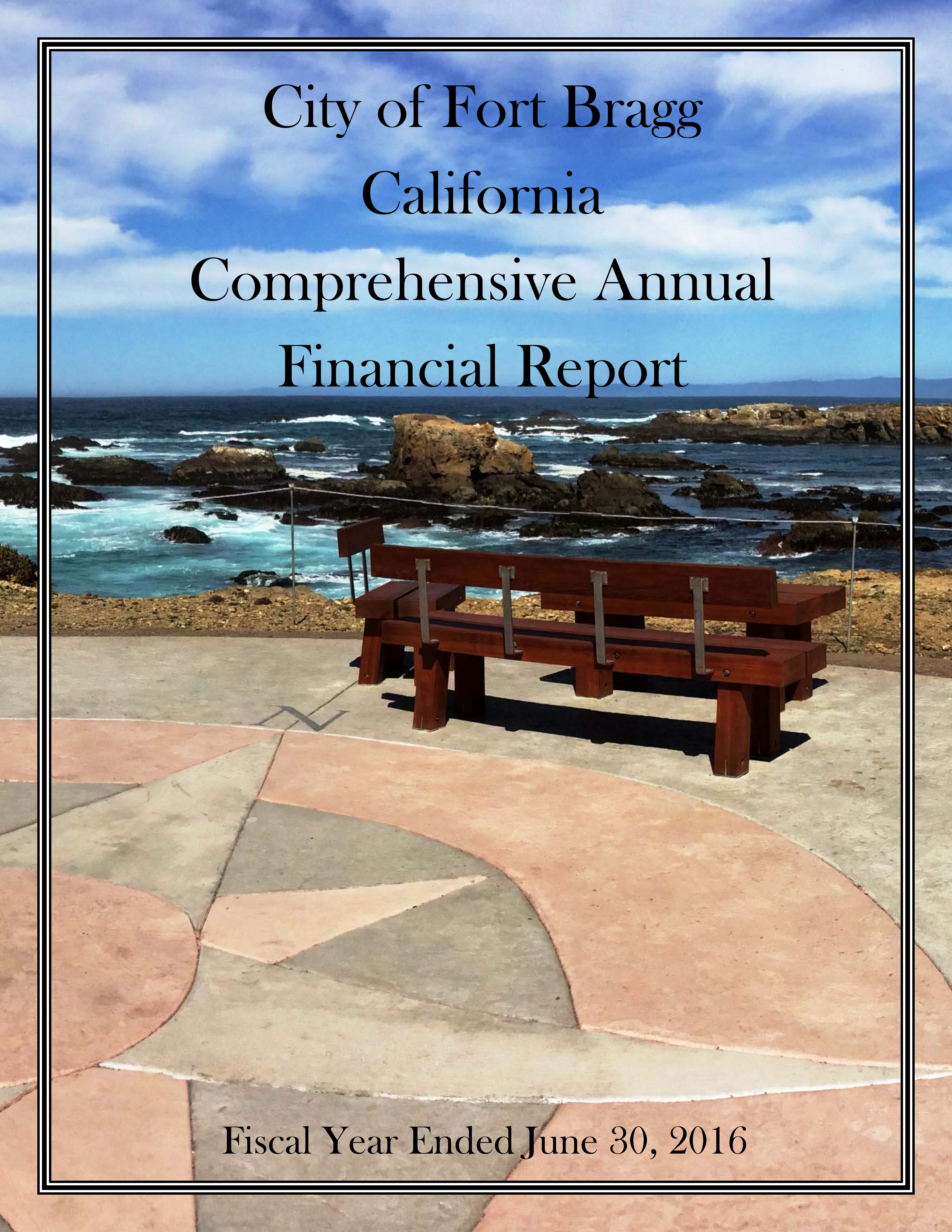
City of Fort Bragg California Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2016

City of Fort Bragg, California

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016

Prepared by City of Fort Bragg Finance Department

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City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2016

Table of Contents

Page

INTRODUCTORY SECTION

FINANCIAL SECTION

Table of Contents, Continued

Table of Contents, Continued

Page

Basic Financial Statements, Continued:

Statistical Section

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INTRODUCTORY SECTION

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

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MEMORANDUM

DATE: January 23, 2016

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

FROM: Finance Director Victor Damiani

RE: Presentation of the Comprehensive Annual Financial Report

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As required by state and federal law, the Comprehensive Annual Financial Report (CAFR) of the City of Fort Bragg (City) for the fiscal year ended June 30, 2016, 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 unqualified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

This report combines the financial statements of the City, the Successor Agency to the Fort Bragg Redevelopment Agency (Successor Agency), and the Fort Bragg Municipal Improvement District No. 1 (MID) in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The financial operations of the Successor Agency and MID, though legally separate from the City, are closely related to the City. The City Council members serve as the governing board for the MID, which is presented as a blended component unit in the financial statements. Component units are legally separate entities for which the primary government is financially accountable. For a more detailed overview of the City's component units, see the Management Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements on pages 3-20 and 54-98, respectively.

Profile of the Government

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

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

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

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

The annual budget provides a comprehensive statement of the City's organization, operations and resources and it expresses City Council and Municipal Improvement District Board policies and priorities in all areas of the City's operations. The budget process is the vehicle through which the City establishes goals and objectives and prioritizes 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 XIIIB 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, 2016, the City was $3.8 million or 43% under the total Article XIHB (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2015/16.

Citywide Achievements in FY 2015/16

Public Safety Programs. Continued to increase community awareness on a variety of issues including traffic safety, downtown foot patrol and traffic enforcement in and around our schools. Collaborated with other service agencies to define effective ways to address issues related to our homeless population that impact public safety, emergency services, personal well-being and the quality of life in our community. Established a Canine Program consisting of two dogs and two handlers. Established a Cadet Program to introduce local youth to the law enforcement profession.

Infrastructure Improvements. Completed construction of the Green Alleys Project and Town Hall Remodel Project. Initiated construction of Summers Lane Reservoir, completed design for Chestnut Street Multi-Use Trail project, initiated design of Streets & Alleys rehabilitation project, completed 90% plans for the Wastewater Treatment Facility Upgrade project.

Fort Bragg Coastal Restoration & Trail Project. Completed Phase 1 of the Coastal Trail project. Now both the north and south sections of Noyo Headlands Park are open for public access to the coast. Made significant progress on the design and engineering of Phase 2, the central connecting segment of the Coastal Trail. Construction of Phase 2 is anticipated in FY 2016/17.

Completed Community Planning Processes. The following long-range plans were prepared to help guide improvements to public facilities over the next several years: School Fields Master Plan, C.V. Starr Center Phase 3 Master Plan, City of Trails Plan, Bainbridge Park Master Plan.

Upgraded City's Information Technology System. Lit up downtown Fort Bragg with a free public WiFi network. Continued to add to governmental website by providing access to a vast amount of digital content, and publicizing interactive features such as the Notify Me and Request Tracker applications.

Began live-streaming all Standing Committee meetings on City website in addition to City Council and Planning Commission meetings. Expanded social media presence by adding Instagram and Twitter to City's social media repertoire.

Grants. Assisted a number of non-profit organizations serving our community through the City's Community Development Block Grant program, including: Redwood Coast Senior Center, Fort Bragg Food Bank, Project Sanctuary, Mendocino Coast Hospitality Center, Mendocino Coast Clinics, West Company, and the Home Energy Links Program. Administered business assistance loan program and housing rehabilitation loan program.

Capital Projects. The following capital projects were either in progress or completed by the end of FY 2015/16:

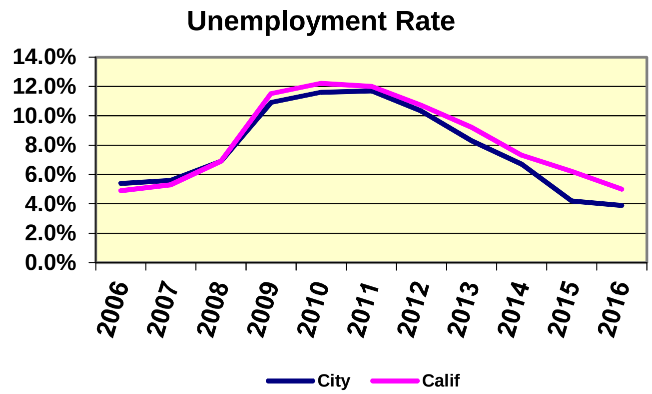
- Coastal Restoration & Trail Project – Phase 1
- Town Hall Remodel Project
- Green Alleys Project
- On-Site Sodium Hypochlorite Generation System at Wastewater Treatment Plant
- Summers Lane Reservoir

Local Economy

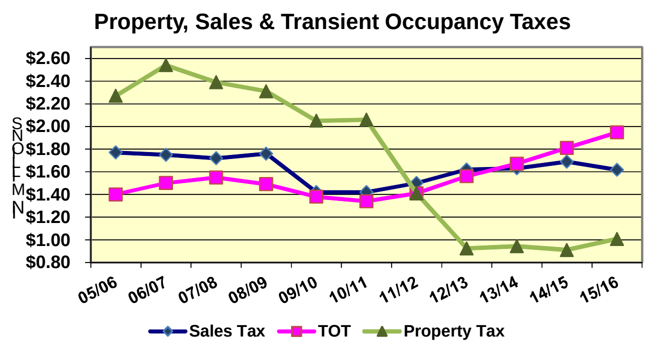
During FY 2015/16, the City saw the positive employment trends of the last few years continue. As reported by the State Employment Development Department, the local unemployment rate decreased to 3.9% at June 30, 2016, compared to 4.2% at June 30, 2015. This represents the lowest unemployment rate in the past ten years.

City tax revenues that are dependent on the state of the economy continued to show slow but steady overall growth. Local general fund sales taxes were lower year over year with a decrease of 4% in FY 2015/16. However, Transient Occupancy Tax increased 5%, totaling $1.95 million in FY 2015/16 as compared to $1.86 million in FY 2014/15. The City's largest source of discretionary revenue is comprised of these two taxes.

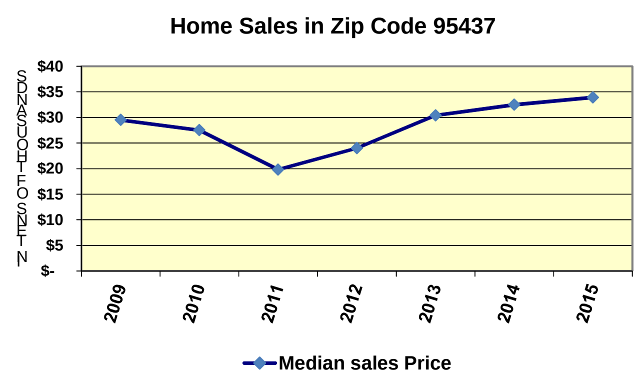
Median home prices (according to Trulia.com) increased 4.3% to $339,000 over December 2015. General fund property taxes increased 11% for the year. Assessed valuations are up 2.7% for FY 2015/16 over FY 2014/15. However, the City's property tax revenue is down 29% since 2012 when the State



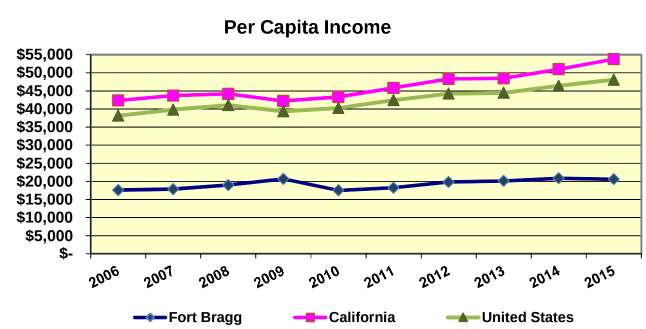
Source: California Employment Development Department



Source: City of Fort Bragg, Department of Finance



Source: city-data.com; trulia.com



Source: U.S. Bureau of Economic Analysis mandated redistribution of tax increment from the dissolution of Redevelopment Agencies.

Overall general fund revenues for FY 2015/16 grew 2.6% over the prior year. Several factors, including energy market volatility and actions by the federal and state governments, continue to cause concern about the sustainability of a healthy local economy. The City, along with governments at all levels, remains under pressure to contain operating expenditures and enhance revenue streams where possible to ensure that costs do not grow at a rate that exceeds revenue growth. A balanced budget in the short- and long-term can quickly become unbalanced if costs are not managed closely. Many of the current economic uncertainties are offset by positive economic developments, leading to an overall outlook of cautious optimism.

Long-term Financial Planning

An analysis and update of the City's Fiscal Policies, including Fund Balance & Reserve Policies was conducted as part of the FY 2016/17 budget process. The results of the analysis prompted the City Council to commit to new reserve levels. The following General Fund reserves include both committed fund balance and unrestricted fund balance and in FY 2016/17 total $1,504,690:

- Emergency Contingency Reserve: The General Fund balance committed for emergency contingencies is established at an amount equivalent to 10% to 15% of the City's annual operating budget for the General Fund. Depending on the type and severity of the emergency, this range is intended to provide for an initial municipal response to events such as natural disasters, catastrophic accidents, or other declared emergency incidents sufficient to provide a bridge until access to county, state or federal support can be achieved. The Emergency Contingency Reserve is committed fund balance and may only be used when there is a declaration of a state or federal state of emergency or a local emergency as defined in Fort Bragg Municipal Code Section 2.24.020. In FY 2016/17 the reserve will be drawn down to zero per direction from the City Council to re-pay the Water and Wastewater Enterprises for prior year indirect cost over-allocations.

- Economic Stabilization Reserve: The General Fund balance committed for the purpose of stabilizing the delivery of City services during periods of severe operational budget deficits and to mitigate the effects of major unforeseen changes in revenues and/or expenditures is established at an amount equivalent to 5% to 10% of the City's annual operating budget for the General Fund. This range serves as a cushion to safeguard the City's fiscal health against fluctuations in revenues and costs due to economic volatility. City Council approval shall be required before expending any portion of this committed fund balance. Access to these funds will be reserved for economic emergency situations such as unanticipated major declines in revenue, budgeted revenue taken over by another entity, or a catastrophe exceeding funds in Emergency Contingency Reserve. In FY 2016/17 the reserve will be drawn down to zero per direction from the City Council to re-pay the Water and Wastewater Enterprises for prior year indirect cost over-allocations.

- General Fund Operating Reserve: The City will maintain an unrestricted fund balance of at least 15% to 20% of the annual operating expenditures in the General Fund, as an "Operating Reserve" to ensure liquidity of the General Fund and to ensure adequate cash flow throughout the year. This reserve is necessary to accommodate fluctuations in the timing of expenditures and the receipt of revenues. The reserve is not committed fund balance and may be tapped into, with Council authorization, for unforeseen operating or capital needs. In FY 2016/17, 15% is $1,304,690.

- Litigation Reserve: The City will maintain a $300,000 Litigation Reserve to cover unforeseen legal expenses, including unbudgeted settlement costs that are not covered by the City's insurance pool. In FY2016/17 the reserve will be established at $200,000 per direction from the City Council to assist with the repayment of prior year indirect cost over-allocation in the Water and Wastewater Enterprise Funds.

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

The City has worked hard to address its fiscal challenges and its efforts have been successful. In 2010, the City significantly reduced its workforce and implemented across-the-board salary concessions. All City employees agreed to multi-year labor agreements with escalating employee contributions to offset pension costs. In FY 2014/15 the City was in position to offer modest salary increases to all of its employee groups for the first time since the financial downturn. The FY2016/17 budget process, however, uncovered an accounting error in previous years which resulted in over-allocations from the general fund to the enterprise funds. While the error has been remedied in regard to previous years, the general fund is likely to continue to see budget deficits for the next few years. In the short term the City will likely be able to fill budget deficits with appropriated fund balance.

Certificate of Achievement

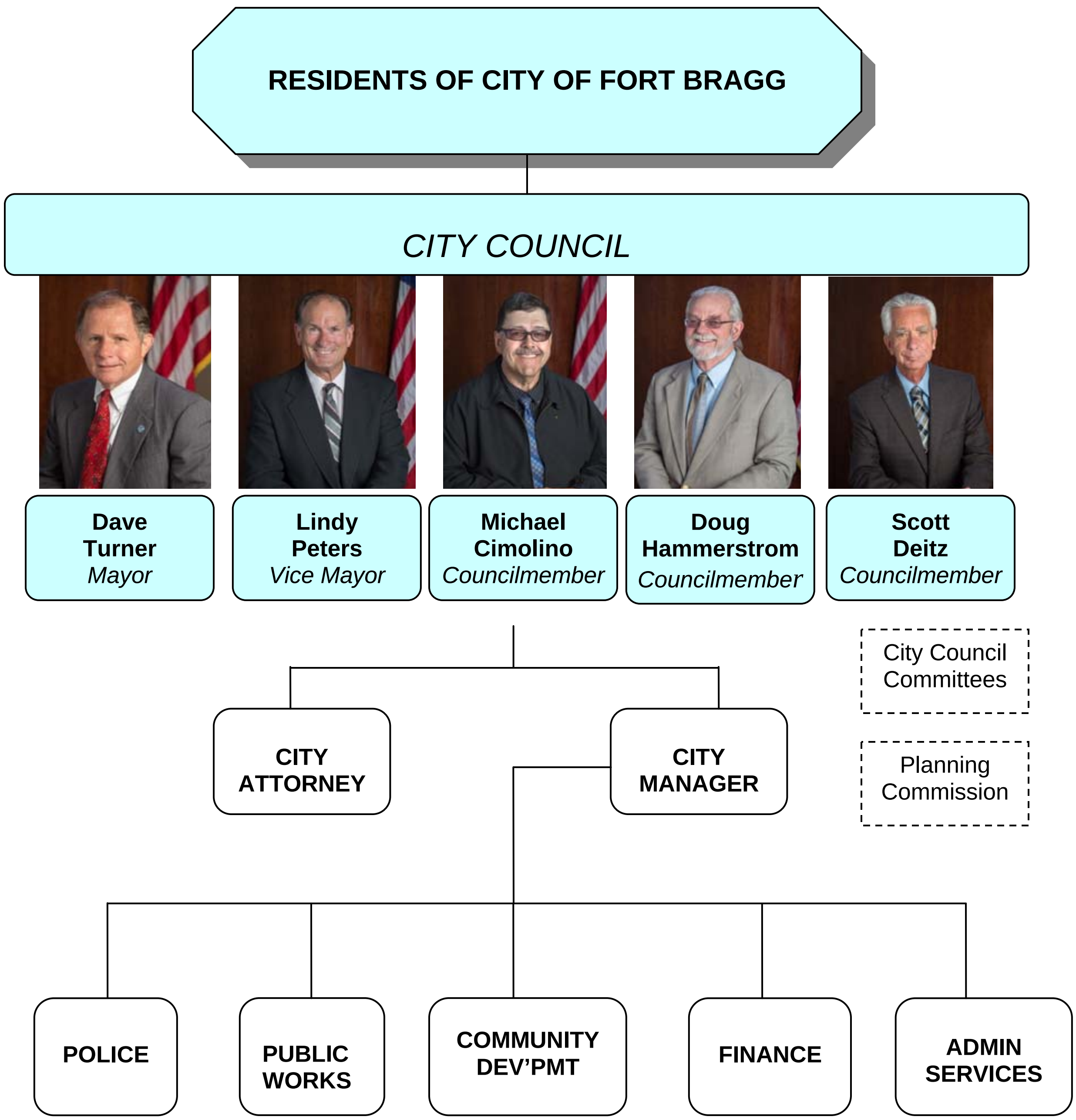
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the fifth year in a row that the City of Fort Bragg has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Organization Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Bragg
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

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

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JJACPA, Inc.
A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Fort Bragg, California (City), as of and for the year ended June 30, 2016, 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, 2016, 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.

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www.jjacpa.com

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 Other Post Employment Benefits Schedule of Funding Progress on page 100, the City's Schedules of Contributions on pages 101-105, and the Schedules of the City's proportionate Share of the Net Pension Liability on pages 106-110, 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 30, 2016 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.

JJACPA, Inc.

December 30, 2016

JJACPA, Inc.
Dublin, CA

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, 2016. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's Net Position increased $4.2M to $76.6M. Several factors contributed to the increase in Net Position and are discussed in more detail subsequently in the analysis.
- At the close of the most recent fiscal year, the City's governmental funds reported combined fund balances of $9.7M, an increase of $1.9M in comparison with the prior fiscal year. Approximately 5% of combined fund balance at June 30, 2016 ($460k) is available for spending at the government's discretion (*unassigned fund balance).*
- General Fund revenues outpaced budget by $303k.
- General Fund expenditures were under budget by $951k.
- The balance of the General Fund increased $631k to $5.4M.
- The Water Enterprise Net Position increased $1M and the Wastewater Enterprise Net Position increased $516k while the C.V. Starr Center Net Position decreased $496k. The most significant draw on C.V. Starr Net Position is the non-cash item depreciation ($735k). The Center increased cash by $168k for the year.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

1) **Introductory section**, which includes the Transmittal Letter and general information; and,

2) **Financial section**, which includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements, and Combining and Individual Fund Financial Statements and Schedules.

3) **Statistical section**, which includes detailed information as a context for understanding what the information in the financial statements, and footnotes says about the City's overall financial health.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

The Basic Financial Statements

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

Government-wide Financial Statements

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

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

♦ ***Governmental activities*** – All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works and administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.

♦ ***Business-type activities*** – All the City's enterprise activities are reported here, including Water, Sewer, and the C.V. Starr Center. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

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

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

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

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor 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, 2016, 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

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2016, the City adopted annual appropriated budgets for all funds. Budgetary comparison schedules have been provided for the general fund and major governmental funds to demonstrate compliance with this budget and may be found on pages 36-38.

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, Sewer, 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.

PROPRIETARY FUNDS:

- Water Enterprise Fund
- Sewer 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 can be found on pages 54–98 of this report. Required Supplementary Information follows the notes on page 100.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds are presented on pages 114-137 of this report. Combining statements for internal services funds are presented on pages 139-141.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $76.6M as of June 30, 2016. The following table represents a comparative analysis of the net assets of governmental and business-type activities as of June 30, 2016 and June 30, 2015. Year over year assets increased $2.9M and liabilities decreased $1.5M. No new debt was issued.

Summary of Net Position

	2016			2015		
	Govern-mental Activities	Business-type Activities	Total	Govern-mental Activities	Business-type Activities	Total
Current and other assets	$ 14,521,357	$ 6,088,990	$ 20,610,347	$ 13,367,483	$ 5,130,339	$ 18,497,822
Noncurrent assets	39,186,169	33,823,508	73,009,677	38,284,427	33,982,412	72,266,839
Deferred outflows of resources	1,716,238	477,984	2,194,222	568,069	383,194	951,263
Total assets and deferred outflows of resources	55,423,764	40,390,482	93,620,024	52,219,979	39,495,945	90,764,661
Current and other liabilities	1,800,742	1,248,231	3,048,973	2,127,800	1,012,678	3,140,478
Long-term liabilities	9,192,458	4,004,899	13,197,357	10,064,265	4,525,525	14,589,790
Deferred inflows of resources	2,645,603	294,359	2,939,962	1,403,223	153,580	1,556,803
Total liabilities and deferred inflows of resources	13,638,803	5,547,489	16,246,330	13,595,288	5,691,783	17,730,268
Net position:						
Net investment in Capital Assets	38,647,498	30,503,157	69,150,655	35,914,130	30,047,385	65,961,515
Restricted	3,536,462	108,064	3,644,526	2,913,717	108,064	3,021,781
Unrestricted	(398,999)	4,231,772	3,832,773	(203,156)	3,648,713	3,445,557
Total net position	$ 41,784,961	$ 34,842,993	$ 76,627,954	$ 38,624,691	$ 33,804,162	$ 72,428,853

Overall, net position increased by approximately $4.2M. Governmental activities contributed $3.2M while business-type activities contributed $1M. Year-over-year analysis is somewhat distorted due to the Implementation of GASB 68. GASB 68 required the City to present long-term pension plan assets and liabilities beginning with fiscal year 2014/15. For sake of comparison, results for FY2014/15 prior to the initial GASB 68 adjustment showed an increase to net position of $7M. Therefore, despite the current year overall increase, performance year over year has decreased approximately $2.8M. The revenue and expense factors contributing to the year over year performance decrease are discussed in further detail in the ensuing sections of this report.

A large portion (90%) of the City of Fort Bragg's net assets reflect its investment in capital assets (e.g., land, easements, buildings, machinery, and infrastructure); less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Restricted net position is comprised of revenues held for expenditure for specified purposes (special revenue) as well as amounts held for debt service. Examples of special revenues are street sales tax and CDBG program income. Overall restricted net position increased year over year by approximately $625k. The increase is due largely to an increase in accrued special sales tax for street repairs ($785k) offset by a spend down of accumulated asset forfeiture funds ($160k)

Unrestricted Net Position increased $390k over the previous year and is now $3.8M. The increase is attributable to cash increases by the City's enterprise funds ($820k) offset by the residual effects of GASB 68 implementation in governmental activities. The net effect of GASB 68 implementation in fiscal year 2015/16 is a decrease in net position of roughly $420k.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2016, and 2015, follows:

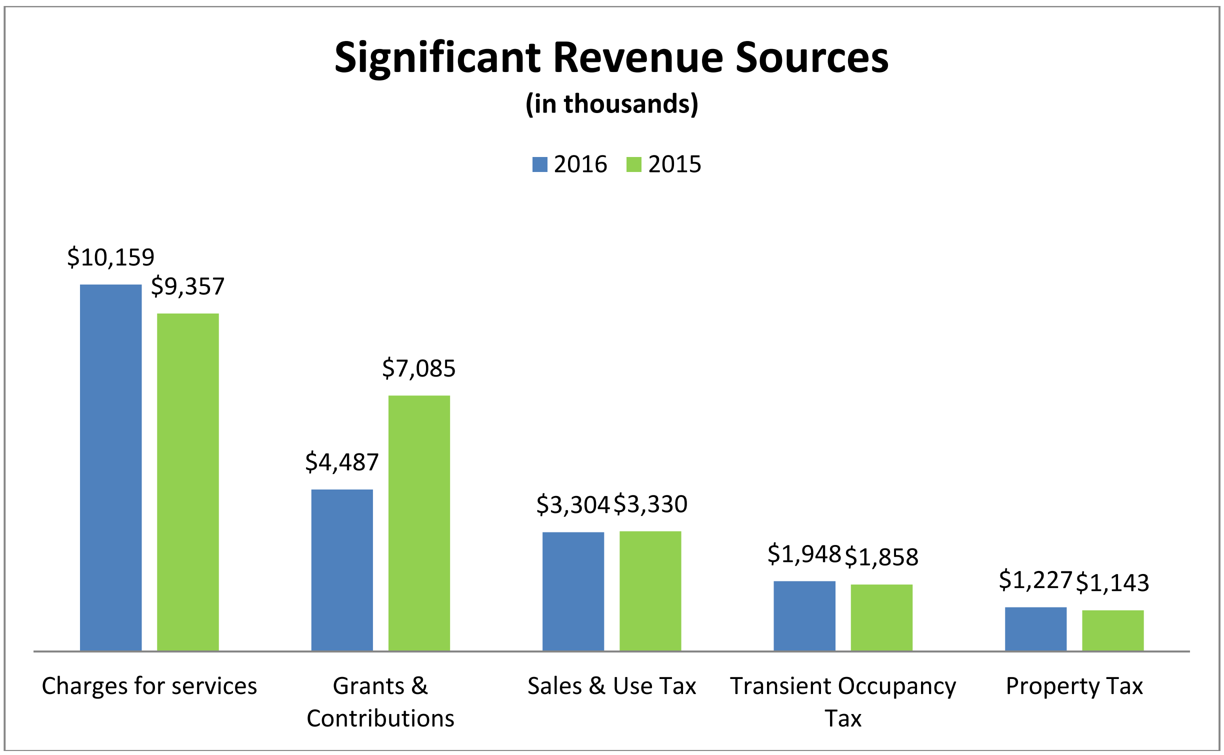
Changes in Net Position

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 3,480,882	$ 6,678,035	$ 10,158,917	$ 2,961,325	$ 6,395,308	$ 9,356,633
Grants and contributions:						
Operating	725,218	-	725,218	4,702,008	-	4,702,008
Capital	3,761,821	-	3,761,821	2,382,825	-	2,382,825
General revenues:						
Property taxes and assessments	1,006,969	220,208	1,227,177	909,374	233,861	1,143,235
Sales and use tax	2,458,444	845,787	3,304,231	2,523,203	806,967	3,330,170
Transient occupancy taxes	1,947,703	-	1,947,703	1,857,831	-	1,857,831
Franchise taxes	491,132	-	491,132	493,064	-	493,064
Other taxes	403,025	-	403,025	435,266	-	435,266
Use of money and property	112,939	27,469	140,408	86,501	42,043	128,544
Other general	119,727	270,555	390,282	67,153	160,975	228,128
Total revenues	14,507,860	8,042,054	22,549,914	16,418,550	7,639,154	24,057,704
Expenses:						
Governmental activities:						
General government	2,876,749	-	2,876,749	2,593,268	-	2,593,268
Public safety	4,186,726	-	4,186,726	3,663,063	-	3,663,063
Public works	2,107,597	-	2,107,597	2,434,526	-	2,434,526
Community development	1,700,049	-	1,700,049	840,275	-	840,275
Interest and fiscal charges	25,949	-	25,949	30,478	-	30,478
Business-type activities:						
Water	-	2,263,997	2,263,997	-	2,286,150	2,286,150
Sewer	-	2,897,479	2,897,479	-	2,800,501	2,800,501
C.V. Starr Center	-	2,292,267	2,292,267	-	2,382,091	2,382,091
Total expenses	10,897,070	7,453,743	18,350,813	9,561,610	7,468,742	17,030,352
Excess (Deficiency) of revenues over expenditures before transfers	3,610,790	588,311	4,199,101	6,856,940	170,412	7,027,352
Transfer to Successor Agency	-			-		
Transfers	(450,520)	450,520	-	(89,366)	89,366	-
Change in net position	3,160,270	1,038,831	4,199,101	6,767,574	259,778	7,027,352
Net position:						
Beginning of year	38,624,691	33,804,162	72,428,853	38,162,925	34,234,542	72,397,467
Adjustments	-	-	-	(6,305,808)	(690,158)	(6,995,966)
Beginning, as adjusted	38,624,691	33,804,162	72,428,853	31,857,117	33,544,384	65,401,501
End of year	$ 41,784,961	$ 34,842,993	$ 76,627,954	$ 38,624,691	$ 33,804,162	$ 72,428,853

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were $22.5M for the fiscal year ended June 30, 2016 which represents a 6% decrease over the previous fiscal year. Governmental activities decreased $1.9M while business-type activities increased $385k. Significant revenues for the City for fiscal year 2015/16 were derived from charges for services (45%) grants and contributions (20%), sales and use tax (15%), transient occupancy tax (9%) and property tax (5%).



Following is a discussion of variances in key revenues from the prior fiscal year:

1. **Charges for Services.** Charges for Services increased $800k or 9%. An increase of $520k is attributable to Governmental Activities and an increase of $280k is attributable to Business-type Activities. Charges for services for governmental activities is made up mostly of salary, benefit and overhead charges to the business-type activities as well as charges to various grants for staff time and administrative costs. It should be noted that cost allocations in FY2015/16 were found to contain errors which will be corrected in FY2016/17. In subsequent years, charges for services for governmental activities are expected to decline significantly.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Charges for services for the business-type activities are comprised largely of direct charges to consumers. The increase in business-type charges for services is related to scheduled rate increases.

2. **Grants and Contributions.** Annual receipts decreased by $2.6M, or 37%. The decrease in grants and contributions results primarily from the wind-down of the Fort Bragg Coastal Restoration and Trail project. Notable revenue received for grant funded capital projects include the Green Alleys project ($600k) and the final reimbursement for the Waterfall Gulch Water Line Replacement project ($423k). CDBG grants received approximately $750k in fiscal year 2015/16.

3. **Sales and Use Tax.** Sales and use taxes decreased by $26k, or less than 1%. An extended period of low fuel prices has caused this category to be stagnant rather than showing growth. This trend will continue into the next fiscal year. Sales and use tax for the business-type activities is received for the C.V. Starr Center special sales tax ($845k).

4. **Transient Occupancy Tax.** Annual receipts increased by $90k, or 5%. TOT continues to show healthy year-over-year increases.

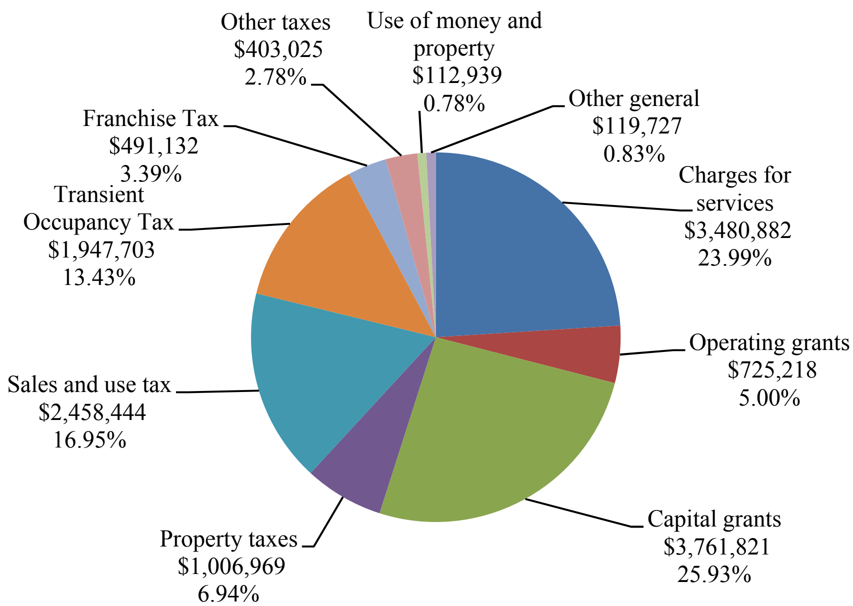
5. **Property Tax.** Property taxes increased $85k or 7%. The increase is due to an increase in home sales and median home prices. This is the first increase in property tax receipts since 2011. Property tax for the business-type activities is received for the C.V. Starr Center ($220k)

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

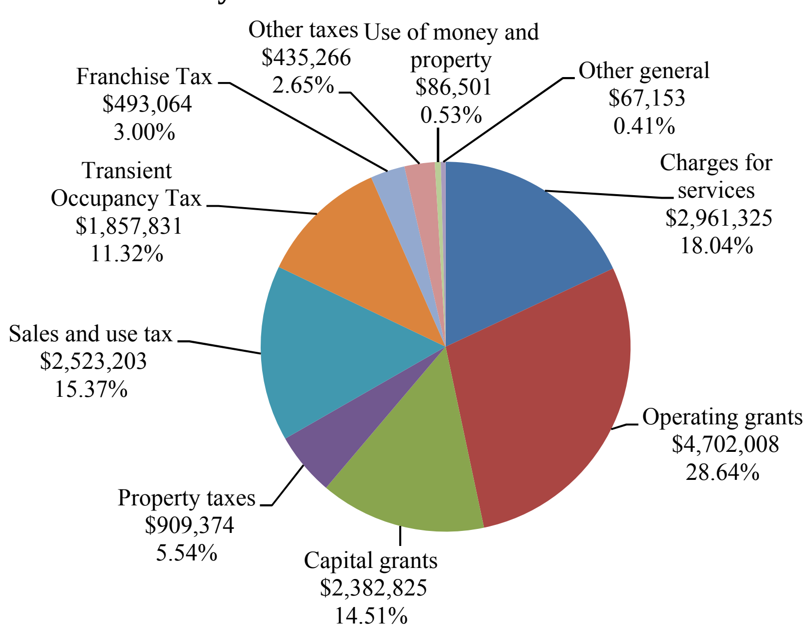
Governmental Activities, continued

Revenues by source for the fiscal years ended June 30, 2016, and 2015, are as follows:

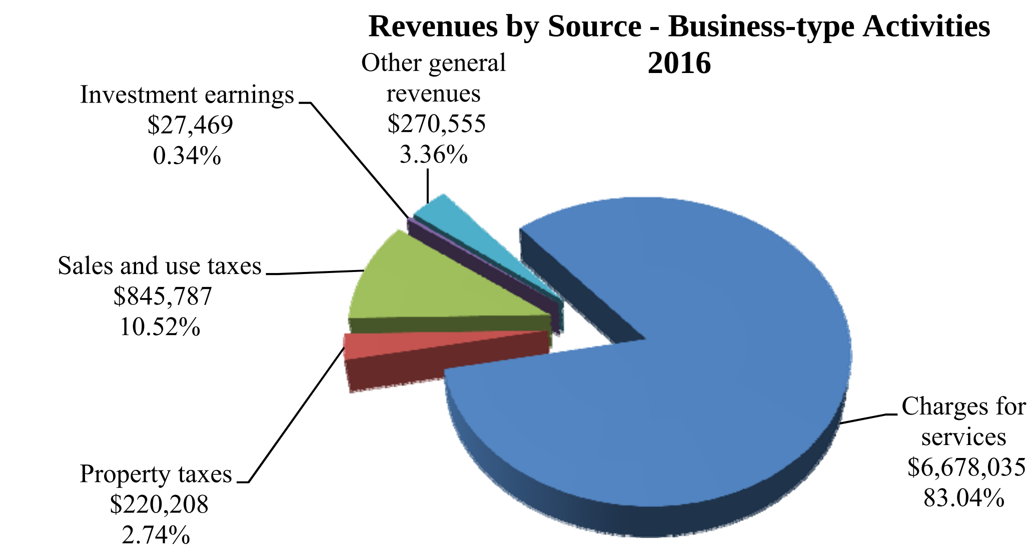
Revenues by Source - Governmental Activities 2016

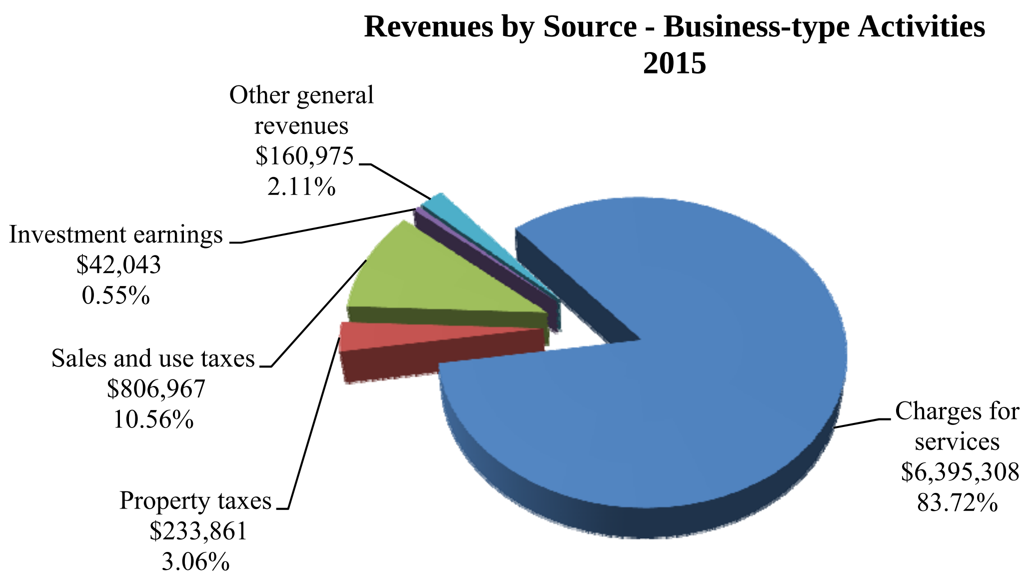


Revenues by Source - Governmental Activities 2015



GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

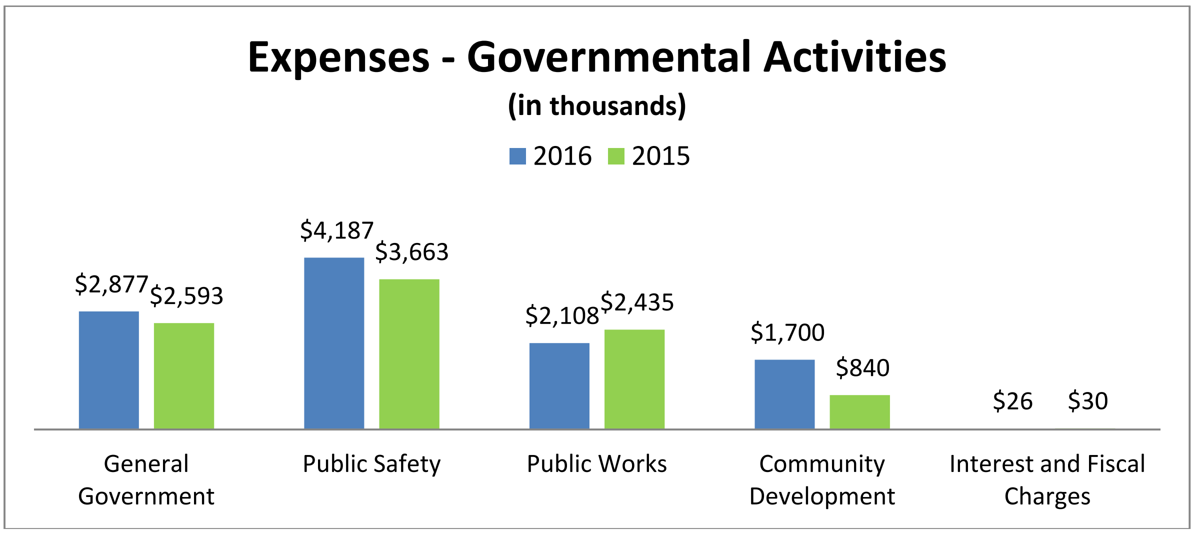




GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and business-type activity expenses of the City for the year totaled $18.4M which represents an 8% increase over the previous fiscal year. Governmental activity expenses were $10.9M or 59% of total expenses while business-type activities were $7.5M or 41% of total expenses. Public safety costs represented 22% of city-wide expenses, followed by wastewater (16%) and general government (16%).



Following is a discussion of significant variances in key expense categories from the prior fiscal year:

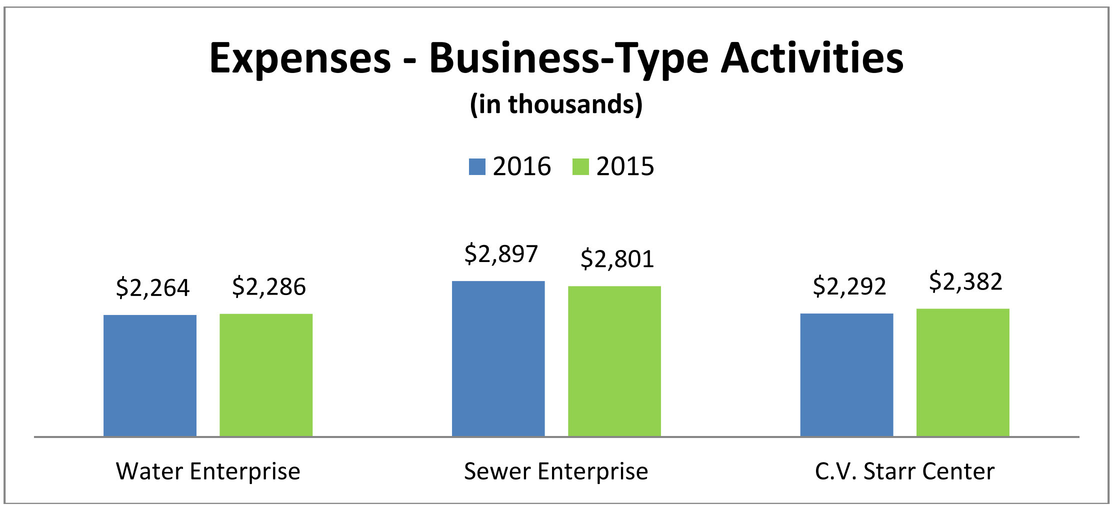
1. **Public Safety**. Expenses increased $525k or 14%. Notable factors contributing to the increase are as follows: Personnel costs increased $75k; the Fire Department purchased a new water tender and a new pickup truck ($112k); certain costs such as the COPS grant and Asset Forfeiture funds were classified in previous years as inter-fund transfers whereas in fiscal year 2015/16 they were classified as expense ($245k).

2. **General Government**. Year-over-year general government expenses increased $283k or 11%. Most notably, net pension plan obligations increased in FY2015/16 by $302k (see reconciliation page 35). Additionally, OPEB obligations decreased by $88k in FY2014/15 while only decreasing by $18k in FY 2015/16 causing a year-over-year variance of $70k. These increases were offset by lower personnel costs due to unfilled positions and new staff starting at lower step levels ($82k).

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

3. **Public Works**. Expenses decreased $326k or 13%. The decrease is the result of several factors: professional services decreased $68k as the engineering division moved to hire in-house rather than contracting; in FY2015/16, fund 318 for the Noyo Center was re-classified from public works to community development ($126k); the remaining variance is made up of smaller amounts across multiple categories.

4. **Community Development**. Expenses increased $860k or 102%. The increase is mainly the result of the cyclical nature of CDBG operating grants ($720k). Additionally the re-classification of the Noyo Center as mentioned previously increased year-over-year costs by $126k).



Following is a discussion of significant variances in key business-type expense categories from the prior fiscal year:

1. **Wastewater Enterprise.** Expenses increased $97k or 3.5%. The increase is the result of various factors: Personnel costs increased $23k; fleet costs increased $15k and IT costs increased $11k per budgeted Internal Service funding requirements; Non-routine maintenance increased $46k year-over-year but was well below the budgeted amount of $333k

2. **C.V. Starr Center.** Expenses decreased $90k or 4% resulting from decreased personnel costs due to unfilled positions ($81k). Capital costs increased with the installation of higher efficiency equipment ($57k); utility costs were down $64k year over year.

3. **Water Enterprise.** Water expenses were essentially flat showing only a slight decrease over the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Net Program Costs

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2016, and 2015, are as follows:

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	$ 2,876,749	$ (94,291)	$ 2,593,268	$ (573,377)
Public safety	4,186,726	3,589,112	3,663,063	3,245,094
Public works	2,107,597	321,641	2,434,526	1,747,520
Community development	1,700,049	(913,262)	840,275	(4,934,263)
Interest and fiscal charges	25,949	25,949	30,478	30,478
Total	$ 10,897,070	$ 2,929,149	$ 9,561,610	$ (484,548)

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, 2016, the City's governmental funds reported combined fund balances of $9.7M. This is an increase of $1.9M over the previous year.

The general fund is the chief operating fund of the City. Overall, the general fund balance increased by $631k to $5.4M in fiscal year 2015/16. General fund unassigned fund balance totaled $790k. This is a decrease of $3.8M from the prior year. It should be noted however, that in FY2016/17 certain segments of fund balance have been classified in the "committed" category, while in previous years they were not. Committed fund balance includes $471k of funds encumbered by contract or purchase order from prior fiscal years, $557k of funds that were appropriated to cover a projected deficit in FY2016/17, $1.3M in the operating reserve, $200k in the litigation reserve and $2M appropriated from fund balance in the FY16-17 budget for repayment of cost over-allocations to the enterprise funds.

FUND FINANCIAL ANALYSIS, Continued

Enterprise Funds

Enterprise funds increased the City's net position by $1M. The City has three business-type activities: Water, Wastewater and the C.V. Starr Center.

The Water enterprise net position increased $1M or 37% to $3.8M; the Wastewater enterprise Net Position increased $516k or 7% to $8.2M; and the C.V. Starr Center Net Position decreased $496k or 2% to $22.8M.

Water operating revenues exceeded operating expenses by $492k, primarily due to scheduled rate increases. The utility is generating sufficient revenue to cover operating expenses as well as maintaining an operating reserve and funding a capital reserve. Additionally, in FY2015/16 the water enterprise received an unexpected reimbursement from the State Water Resources Control Board for the Waterfall Gulch raw water line replacement project in the amount of $423k.

Wastewater operating revenues exceeded operating expenses by $446k again due primarily to the previously mentioned rate increases. The utility is generating sufficient revenue to cover operating expenses as well as maintaining an operating reserve and funding a capital reserve.

The operation of the C. V. Starr Center is contracted to the Mendocino Coast Recreation and Park District and is supported by property and sales tax and user fees. The C.V. Starr Center's operating expenses exceeded operating revenue by $1.6 M. This operating loss is offset to some extent by non-operating revenue including the tax revenue mentioned above, with the resulting change in Net Position a decrease of $496k. The decrease includes a significant non- cash expense – depreciation. Depreciation expense for the C.V. Starr Center totaled $735k. The C.V. Starr Center increased cash in FY 2015/16 by $168k

OTHER ANALYSIS

Budgetary Highlights

General Fund

The difference between the final budget and actual revenues differs favorably by $1.3M. The City generated revenues in excess of budgeted revenue by $303k due to strong showings in transient occupancy tax, property tax and charges for services. Expenditures were held below budget by $951k with savings across all categories. One significant budget variance is caused by $390k encumbered for payment of Caspar Landfill post-closure costs. $390k was re-appropriated as an encumbrance but no invoices were received or paid in FY 2015/16. Budget variances for FY2015/16 will be discussed in greater detail at the City's budget workshop in 2017.

OTHER ANALYSIS, Continued

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amount to $73M. 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	
	2016	2015	2016	2015	2016	2015
Land	$ 12,952,262	$ 12,952,262	$ 785,079	$ 785,079	$ 13,737,341	$ 13,737,341
Construction in progress	379,412	2,838,177	1,427,055	469,938	1,806,467	3,308,115
Buildings	1,885,295	1,997,364	22,938,385	23,605,816	24,823,680	25,603,180
Machinery, equipment and vehicles	387,745	198,957	1,936,376	1,984,779	2,324,121	2,183,736
Infrastructure	23,581,455	20,297,667	6,415,750	6,761,707	29,997,205	27,059,374
Land improvements	-	-	320,863	375,093	320,863	375,093
Total	$ 39,186,169	$ 38,284,427	$ 33,823,508	$ 33,982,412	$ 73,009,677	$ 72,266,839

There was an increase in capital assets of approximately $750k (net of annual depreciation costs) primarily due to completion of the Fort Bragg Coastal Restoration and Trail project and the Green Alleys project. More detail of the capital assets and current activity can be found in the notes to the financial statements on Page 60 for significant accounting policies and Note 5 on Page 72 for other capital asset information.

Debt Administration

At June 30, 2016, total City debt outstanding, including projected interest, was $4.7M. This represents a decrease of $786k over the previous year. Overall Governmental debt decreased by $148k as a result of normal required payments. Business-type debt decreased $638k resulting from normal required payments. No new debt was issued. Additional information about the City's outstanding debt and other long term liabilities is presented in Note 7 on pages 74 through 78.

Economic Outlook

At the time of budget preparation for FY 2016/17, the economic outlook for the City continued to be stable. The economic outlook for calendar year 2017 however brings many uncertainties due to the change of administration at the Federal level. The General Fund Budget for FY 2016/17 of approximately $8.9M was adopted in June of 2016 and included a fund balance appropriation in the amount of $557k. Fund balance was appropriated to cover a budget deficit which was caused by the uncovering of a cost allocation error in prior years.

OTHER ANALYSIS, Continued

A revised cost allocation will result in significantly lower revenues for the general fund in the coming years. Additionally, $2M was appropriated to refund the enterprise funds for the erroneous cost allocations in prior years. As a result, the General Fund's Litigation Reserve was reduced from $300k to $200k, the Economic Stabilization reserve was reduced to zero and the Emergency Contingency reserve was reduced to zero. Besides maintaining the previously mentioned $200k Litigation Reserve, the General Fund also maintained a $1.3M operating reserve. In order for the general fund to return to a balanced or surplus position and rebuild the emergency reserves it is imperative that the City continue to budget conservatively and hold down costs while developing new and enhancing existing sources of revenue.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

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City of Fort Bragg, California
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 9,151,771	$ 5,134,156	$ 14,285,927
Restricted cash and investments	-	108,064	108,064
Receivables:			
Accounts	2,694,630	851,238	3,545,868
Loans/Notes receivable	2,569,501	-	2,569,501
Internal balances	63,459	(63,459)	-
Due from fiduciary activities	37,766	-	37,766
Inventory	4,230	58,991	63,221
Total current assets	14,521,357	6,088,990	20,610,347
Capital assets:			
Nondepreciable	13,331,674	2,212,134	15,543,808
Depreciable	25,854,495	31,611,374	57,465,869
Total noncurrent assets	39,186,169	33,823,508	73,009,677
Total assets	53,707,526	39,912,498	93,620,024
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	1,690,219	189,455	1,879,674
Deferred loss on debt refunding	26,019	288,529	314,548
Total deferred outflows of resources	1,716,238	477,984	2,194,222
Total assets and deferred outflows	$ 55,423,764	$ 40,390,482	$ 95,814,246
LIABILITIES			
Accounts payable and accrued liabilities	947,872	537,688	1,485,560
Interest payable	2,283	21,966	24,249
Unearned revenue	-	19,487	19,487
Deposits payable	47,426	136,119	183,545
Compensated absences - current portion	50,692	9,561	60,253
Due within one year	752,469	523,410	1,275,879
Total current liabilities	1,800,742	1,248,231	3,048,973
Long-term liabilities:			
Compensated absences	456,232	102,422	558,654
Lease payable	412,162	-	412,162
Landfill post-closure	981,652	-	981,652
Due after one year	-	3,279,432	3,279,432
CalPERS side fund	763,302	-	763,302
Net OPEB obligation	896,610	-	896,610
Net pension liability	5,682,500	623,045	6,305,545
Total noncurrent liabilities	9,192,458	4,004,899	13,197,357
Total liabilities	10,993,200	5,253,130	16,246,330
DEFERRED INFLOWS OF RESOURCES			
Pension plan	2,645,603	294,359	2,939,962
Total deferred inflows of resources	2,645,603	294,359	2,939,962
NET POSITION			
Net investment in capital assets	38,647,498	30,503,157	69,150,655
Restricted for:			
CDBG Program Income	27,182		27,182
Gas Tax	60,025	-	60,025
State and Federal Grants	12,325	-	12,325
Special Sales Tax	2,974,451	-	2,974,451
Asset Forfeiture	462,479	-	462,479
Debt Service	-	108,064	108,064
Unrestricted	(398,999)	4,231,772	3,832,773
Total net position	41,784,961	34,842,993	76,627,954
Total liabilities, deferred inflows and net position	$ 55,423,764	$ 40,390,482	$ 95,814,246

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, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 2,876,749	$ 2,818,253	$ 152,787	$ -
Public safety	4,186,726	288,814	308,800	-
Public works	2,107,597	343,815	76,088	1,366,053
Community development	1,700,049	30,000	187,543	2,395,768
Interest and fiscal charges	25,949	-	-	-
Total governmental activities	10,897,070	3,480,882	725,218	3,761,821
Business-type activities:				
Water	2,263,997	2,623,946	-	-
Sewer	2,897,479	3,332,333	-	-
CV Starr Center	2,292,267	721,756	-	-
Total business-type activities	7,453,743	6,678,035	-	-
Total primary government	$ 18,350,813	$ 10,158,917	$ 725,218	$ 3,761,821

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
Other general revenues
Total general revenues
Transfers
Total general revenues and transfers

Change in net position
Net position:
Beginning of year
End of year

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
$ 94,291	$ -	$ 94,291
(3,589,112)	-	(3,589,112)
(321,641)	-	(321,641)
913,262	-	913,262
(25,949)	-	(25,949)
(2,929,149)	-	(2,929,149)
-	359,949	359,949
-	434,854	434,854
-	(1,570,511)	(1,570,511)
-	(775,708)	(775,708)
(2,929,149)	(775,708)	(3,704,857)
1,006,969	220,208	1,227,177
2,458,444	845,787	3,304,231
1,947,703	-	1,947,703
491,132	-	491,132
403,025	-	403,025
112,939	27,469	140,408
119,727	270,555	390,282
6,539,939	1,364,019	7,903,958
(450,520)	450,520	-
6,089,419	1,814,539	7,903,958
3,160,270	1,038,831	4,199,101
38,624,691	33,804,162	72,428,853
$ 41,784,961	$ 34,842,993	$ 76,627,954

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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, 2016

	Major Funds		
	General Fund	CDBG Program Income Special Revenue	Housing Successor Agency Special Revenue
ASSETS			
Cash and investments	$ 3,401,859	$ 27,182	$ 369,010
Receivables:			
Taxes	3,779	-	-
Intergovernmental	-	-	-
Loans/Notes receivable	1,951	2,285,277	273,125
Other receivable	1,046,563	-	-
Due from other funds	1,529,747	-	-
Due from fiduciary activities	-	-	37,766
Advances to other funds	63,459	-	-
Inventory	2,595	-	-
Total assets	$ 6,049,953	$ 2,312,459	$ 679,901
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	$ 614,033	$ -	$ -
Due to other funds	-	-	-
Deposits payable	47,426	-	-
Total liabilities	661,459	-	-
Deferred inflows of resources:			
Unavailable revenue	-	2,285,277	273,125
Total deferred inflows of resources:	-	2,285,277	273,125
Total Liabilities and deferred inflows	661,459	2,285,277	273,125
Fund balances:			
Nonspendable			
Prepaids and Inventory	2,595	-	-
Advances to other funds	63,459	-	-
Restricted	-	27,182	-
Committed	4,532,444		
Assigned	-	-	406,776
Unassigned (deficit)	789,996	-	-
Total fund balances	5,388,494	27,182	406,776
Total liabilities, deferred inflows and fund balances	$ 6,049,953	$ 2,312,459	$ 679,901

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
$ 2,839,551	$ 74,424	$ 1,146,313	$ 7,858,339
-	-	-	3,779
134,900	-	1,401,145	1,536,045
-	-	9,148	2,569,501
-	-	107,661	1,154,224
-	-	-	1,529,747
-	-	-	37,766
-	-	-	63,459
-	-	-	2,595
$ 2,974,451	$ 74,424	$ 2,664,267	$ 14,755,455
$ -	$ 74,424	$ 219,530	$ 907,987
-	90,538	1,439,209	1,529,747
-	-	-	47,426
-	164,962	1,658,739	2,485,160
-	-	2,250	2,560,652
-	-	2,250	2,560,652
-	164,962	1,660,989	5,045,812
-	-	-	2,595
-	-	-	63,459
2,974,451	-	534,829	3,536,462
	-	-	4,532,444
-	-	709,294	1,116,070
-	(90,538)	(240,845)	458,613
2,974,451	(90,538)	1,003,278	9,709,643
$ 2,974,451	$ 74,424	$ 2,664,267	$ 14,755,455

City of Fort Bragg, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Total fund balances - total governmental funds		$ 9,709,643
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.		38,745,347
Deferred outflows of resources represent losses associated with the refunding of long-term debt which are deferred and amortized over the period during which the debt is outstanding. The losses are reported as expenditures of current financial resources in governmental funds.		
Loss on refunding of debt	95,837	
Less: accumulated amortization	(69,818)	26,019
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	$ (506,924)	
Lease payable	(538,671)	
Landfill post-closure	(1,487,602)	
CalPERS side fund	(883,312)	
Net OPEB obligation	(896,610)	
Net pension liability	(5,682,500)	(9,995,619)
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.		2,560,652
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		(2,283)
Pension obligations result in deferred outflows and inflows of resouces associated with the actuarial value of contributions, assets, and liaiblities		
Deferred outflows	1,690,219	
Deferred inflows	(2,645,603)	(955,384)
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	1,295,649	
Noncurrent assets	440,822	
Accounts payable and accrued liabilities	(39,885)	
Noncurrent liabilities	-	1,696,586
Net Position of governmental activities		$ 41,784,961

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, 2016

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current assets:					
Cash and investments	$ 7,858,339	$ -	$ -	$ 1,293,432	$ 9,151,771
Receivables:					
Taxes	3,779	-	-	-	3,779
Interest	-	-	-	-	-
Intergovernmental	1,536,045	-	-	-	1,536,045
Loans/Notes receivable	2,569,501	-	-	-	2,569,501
Other receivable	1,154,224	-	-	582	1,154,806
Due from other funds	1,529,747	(1,529,747)	-	-	-
Due from fiduciary activities	37,766	-	-	-	37,766
Advances to other funds	63,459	(63,459)	-	-	-
Internal balances	-	63,459	-	-	63,459
Inventory	2,595	-	-	1,635	4,230
Total current assets	14,755,455	(1,529,747)	-	1,295,649	14,521,357
Noncurrent assets:					
Capital assets, net	-	-	38,745,347	440,822	39,186,169
Total noncurrent assets	-	-	38,745,347	440,822	39,186,169
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	-	1,690,219	-	1,690,219
Deferred loss on refunding	-	-	26,019	-	26,019
Total assets and deferred outflows of resources	$ 14,755,455	$ (1,529,747)	$ 40,461,585	$ 1,736,471	$ 55,423,764
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	$ 907,987	$ -	$ -	$ 39,885	$ 947,872
Interest payable	-	-	2,283	-	2,283
Due to other funds	1,529,747	(1,529,747)	-	-	-
Deposits payable	47,426	-	-	-	47,426
Compensated absences - current portion	-	-	50,692	-	50,692
Due within one year	-	-	752,469	-	752,469
Total current liabilities	2,485,160	(1,529,747)	805,444	39,885	1,800,742
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	456,232	-	456,232
Lease payable	-	-	412,162	-	412,162
Landfill post-closure	-	-	981,652	-	981,652
CalPERS side fund	-	-	763,302	-	763,302
Net OPEB obligation	-	-	896,610	-	896,610
Net pension liability	-	-	5,682,500	-	5,682,500
Total noncurrent liabilities	-	-	9,192,458	-	9,192,458
Total liabilities	2,485,160	(1,529,747)	9,997,902	39,885	10,993,200
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,560,652	-	(2,560,652)	-	-
Pension Plan	-	-	2,645,603	-	2,645,603
Total liabities and deferred inflows:	5,045,812	(1,529,747)	10,082,853	39,885	13,638,803
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	66,054	(66,054)	-	-	-
Restricted	3,536,462	(3,536,462)	-	-	-
Committed	4,532,444	(4,532,444)	-	-	-
Assigned	1,116,070	(1,116,070)	-	-	-
Unassigned (deficit)	458,613	(458,613)	-	-	-
					-
Net position:					-
Net investment in capital assets	-	-	38,206,676	440,822	38,647,498
Restricted	-	-	3,536,462	-	3,536,462
Unrestricted	-	9,709,643	(11,364,406)	1,255,764	(398,999)
Total fund balances/net position	9,709,643	-	30,378,732	1,696,586	41,784,961
Total liabilities, deferred inflows and net position	$ 14,755,455	$ (1,529,747)	$ 40,461,585	$ 1,736,471	$ 55,423,764

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, 2016

	Major Funds		
	General Fund	CDBG Program Income Special Revenue	Housing Successor Agency Special Revenue
REVENUES:			
Taxes and assessments	$ 5,012,651	$ -	$ -
Licenses and permits	272,924	-	-
Fines and forfeitures	18,140	-	-
Intergovernmental	33,466	-	-
Use of money and property	44,011	87,083	3,858
Charges for services	206,855	-	-
Reimbursements	3,413,306	-	-
Other revenues	112,311	-	-
Total revenues	9,113,664	87,083	3,858
EXPENDITURES:			
Current:			
General government	2,655,894	-	-
Public safety	3,670,183	-	-
Public works	1,596,338	-	-
Community development	405,360	-	-
Capital outlay	-	-	-
Debt service:			
Principal	121,418	-	-
Interest and fiscal charges	26,152	-	-
Total expenditures	8,475,345	-	-
REVENUES OVER (UNDER) EXPENDITURES	638,319	87,083	3,858
OTHER FINANCING SOURCES (USES):			
Proceeds from sales of assets	40	-	-
Transfers in	73,276	-	-
Transfers out	(80,930)	(41,100)	-
Total other financing sources (uses)	(7,614)	(41,100)	-
Net change in fund balances	630,705	45,983	3,858
FUND BALANCES (DEFICITS):			
Beginning of year	4,757,789	(18,801)	402,918
End of year	$ 5,388,494	$ 27,182	$ 406,776

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
$ -	$ -	$ 54,167	$ 5,066,818
-	-	-	272,924
-	-	144,050	162,190
840,393	-	4,345,182	5,219,041
27,322	-	12,091	174,365
-	-	35,041	241,896
-	-	-	3,413,306
-	-	14,867	127,178
867,715	-	4,605,398	14,677,718
-	-	30,031	2,685,925
-	-	429,740	4,099,923
-	-	278,812	1,875,150
-	-	1,288,047	1,693,407
-	598,176	1,126,745	1,724,921
-	-	-	121,418
-	-	-	26,152
-	598,176	3,153,375	12,226,896
867,715	(598,176)	1,452,023	2,450,822
-	-	-	40
-	637,606	2,003,454	2,714,336
(82,681)	-	(3,087,647)	(3,292,358)
(82,681)	637,606	(1,084,193)	(577,982)
785,034	39,430	367,830	1,872,840
2,189,417	(129,968)	635,448	7,836,803
$ 2,974,451	$ (90,538)	$ 1,003,278	$ 9,709,643

City of Fort Bragg, California
Reconciliation of Fund Basis Statements to Government-wide Statement of Activities
For the year ended June 30, 2016

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt Service	Internal Service	Depreciation	Capital Asset (Additions)/ Retirements	OPEB Obligation	Amortization	Pension plan	Government-wide Totals
Governmental activities:									
General government	$ 2,685,925	$ 67,239	$ (186,288)	$ 74,939	$ (7,028)	$ (18,805)	$ -	$ 260,767	$ 2,876,749
Public safety	4,099,923	-	-	86,803	-	-	-	-	4,186,726
Public works	1,875,150	(636,978)	-	869,425	-	-	-	-	2,107,597
Community development	1,693,407	-	-	-	-	-	6,642	-	1,700,049
Capital outlay	1,724,921	-	-	-	(1,724,921)	-	-		-
Debt service/Interest	147,570	(121,621)	-	-	-	-	-	-	25,949
Total governmental activities	$ 12,226,896	$ (691,360)	$ (186,288)	$ 1,031,167	$ (1,731,949)	$ (18,805)	$ 6,642	$ 260,767	$ 10,897,070

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, 2016

Net change in fund balances - total governmental funds		$ 1,872,840
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	$ 1,731,949	
Proceeds from sale of capital assets	-	
Depreciation expense	(1,031,167)	700,782
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.		(169,898)
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	121,418	
CalPERS side fund	113,164	234,582
Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized and amortized on the Statement of Net Position. This is the amount of amortization in the current period.		
Amortization of deferred loss on refunding	(6,642)	(6,642)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in interest payable	203	
Landfill closure liability	636,978	
Change in compensated absences	(67,239)	569,942
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	18,805	
Net Pension obligation	(373,931)	(355,126)
Internal services funds are used by management to charge the costs of certain activities, such as fleet services, to individual funds. The change in Net Position of the Internal Service Funds net of transfers out of $127,502 are included in the governmental activities in the government-wide Statement of Net Position.	186,288 127,502	313,790
Change in Net Position of governmental activities		$ 3,160,270

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, 2016

	General Fund			
	Budgeted Amounts			Variance w/Final Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes and assessments	$ 4,904,820	$ 4,904,820	$ 5,012,651	$ 107,831
Licenses and permits	253,150	253,150	272,924	19,774
Fines and forfeitures	12,700	12,700	18,140	5,440
Intergovernmental	-	-	33,466	33,466
Use of money and property	31,000	31,000	44,011	13,011
Charges for services	150,300	150,300	206,855	56,555
Reimbursements	3,378,375	3,378,375	3,413,306	34,931
Other revenues	80,000	80,000	112,311	32,311
Total revenues	8,810,345	8,810,345	9,113,664	303,319
EXPENDITURES:				
Current:				
General government:				
City Council	141,451	141,451	125,006	16,445
Administrative services	919,171	951,271	925,044	26,227
Finance	454,664	454,664	414,855	39,809
Other - unclassified	1,348,559	1,701,595	1,190,989	510,606
Public safety:				
Police Department	3,401,154	3,429,854	3,286,121	143,733
Fire Department	389,250	389,250	384,062	5,188
Public works:				
Administrative services	532,348	573,119	519,673	53,446
Parks and facilities	234,467	242,467	194,348	48,119
Street maintenance	165,394	192,886	166,344	26,542
Storm drains	69,533	69,533	27,024	42,509
Coporation yard	587,097	587,097	618,316	(31,219)
Traffic and safety	90,977	112,228	70,633	41,595
Community development	425,061	433,293	405,360	27,933
Debt service:				
Principal	121,418	121,418	121,418	-
Interest and fiscal charges	26,151	26,151	26,152	(1)
Total expenditures	8,906,695	9,426,277	8,475,345	950,932
REVENUES OVER (UNDER) EXPENDITURES	(96,350)	(615,932)	638,319	1,254,251
OTHER FINANCING SOURCES (USES):				
Proceeds from sales of assets	-	-	40	40
Transfers in	45,000	65,694	73,276	7,582
Transfers out	(112,500)	(112,500)	(80,930)	31,570
Total other financing sources (uses)	(67,500)	(46,806)	(7,614)	39,192
Net change in fund balances	(163,850)	(662,738)	630,705	1,293,443
FUND BALANCES (DEFICITS):				
Beginning of year	4,757,789	4,757,789	4,757,789	-
End of year	$ 4,593,939	$ 4,095,051	$ 5,388,494	$ 1,293,443

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

CDBG Program Income Special Revenue Fund				Housing Successor Agency Special Revenue Fund			
Budgeted Amounts			Variance w/Final Positive (Negative)	Budgeted Amounts			Variance w/Final Positive (Negative)
Original	Final	Actual		Original	Final	Actual	
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
130,000	130,000	87,083	(42,917)	275	275	3,858	3,583
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
130,000	130,000	87,083	(42,917)	275	275	3,858	3,583
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
130,000	130,000	87,083	(42,917)	275	275	3,858	3,583
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(150,000)	(150,000)	(41,100)	108,900	-	-	-	-
(150,000)	(150,000)	(41,100)	108,900	-	-	-	-
(20,000)	(20,000)	45,983	65,983	275	275	3,858	3,583
(18,801)	(18,801)	(18,801)	-	402,918	402,918	402,918	-
$ (38,801)	$ (38,801)	$ 27,182	$ 65,983	$ 403,193	$ 403,193	$ 406,776	$ 3,583

(continued)

City of Fort Bragg, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General and Major Special Revenue Funds

For the year ended June 30, 2016

	Special Sales Tax Special Revenue			
	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes and assessments	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	820,000	820,000	840,393	20,393
Use of money and property	7,500	7,500	27,322	19,822
Charges for services	-	-	-	-
Reimbursements	-	-	-	-
Other revenues	-	-	-	-
Total revenues	827,500	827,500	867,715	40,215
EXPENDITURES:				
Current:				
General government:				
City Council	-	-	-	-
Administrative services	-	-	-	-
Finance	-	-	-	-
Other - unclassified	-	-	-	-
Public safety:				
Police Department	-	-	-	-
Fire Department	-	-	-	-
Public works:				
Administrative services	20,000	20,000	-	20,000
Parks and facilities	-	-	-	-
Street maintenance	-	-	-	-
Storm drains	-	-	-	-
Coporation yard	-	-	-	-
Traffic and safety	-	-	-	-
Community development	-	-	-	-
Debt service:	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	20,000	20,000	-	20,000
REVENUES OVER (UNDER) EXPENDITURES	807,500	807,500	867,715	60,215
OTHER FINANCING SOURCES (USES):				
Transfer to Successor Agency	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,850,000)	(1,850,000)	(82,681)	1,767,319
Total other financing sources (uses)	(1,850,000)	(1,850,000)	(82,681)	1,767,319
Net change in fund balances	(1,042,500)	(1,042,500)	785,034	1,827,534
FUND BALANCES:				
Beginning of year	2,189,417	2,189,417	2,189,417	-
End of year	$ 1,146,917	$ 1,146,917	$ 2,974,451	$ 1,827,534

(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, 2016

	Water Fund	Sewer Fund	CV Starr Center Fund
ASSETS			
Current assets:			
Cash and investments	$ 2,893,077	$ 1,555,118	$ 685,961
Restricted cash and investments	108,064	-	-
Receivables:			
Accounts	305,992	351,607	179,021
Intergovernmental	-	-	14,618
Due from other funds	-	-	-
Inventory and prepaids	49,788	8,757	446
Total current assets	3,356,921	1,915,482	880,046
Noncurrent assets:			
Capital assets, net	4,218,236	7,394,588	22,210,684
Total Assets	7,575,157	9,310,070	23,090,730
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	-	189,455	-
Deferred loss on debt refunding	288,529	-	-
Total assets and defered outflows of resources	$ 7,863,686	$ 9,499,525	$ 23,090,730
LIABILITIES			
Current liabilities:			
Accounts payable	$ 283,517	$ 137,323	$ 106,774
Accrued payroll	-	10,074	-
Due to fiduciary activities	-	-	-
Interest payable	19,846	2,120	-
Unearned revenue	-	6,375	13,112
Deposits payable	136,119	-	-
Compensated absences - current portion	1,889	6,294	1,378
Due within one year	452,050	50,000	21,360
Total current liabilities	893,421	212,186	142,624
Noncurrent liabilities:			
Compensated absences	17,000	56,650	28,772
Advance from other funds	-	-	63,459
Due after one year	3,146,892	110,000	22,540
Net pension liability	-	623,045	-
Total noncurrent liabilities	3,163,892	789,695	114,771
Total liabilities	4,057,313	1,001,881	257,395
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	-	294,359	-
Total deferred inflows of resources	-	294,359	-
NET POSITION			
Net Position:			
Net investment in capital assets	1,071,344	7,284,588	22,147,225
Restricted for debt service	108,064	-	-
Unrestricted	2,626,965	918,697	686,110
Total net position	3,806,373	8,203,285	22,833,335
Total liabilities, deferred inflows and net position	$ 7,863,686	$ 9,499,525	$ 23,090,730

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

Totals	Governmental Activities Internal Service Funds
$ 5,134,156	$ 1,293,432
108,064	
836,620	582
14,618	-
-	-
58,991	1,635
6,152,449	1,295,649
33,823,508	440,822
39,975,957	1,736,471
189,455	-
288,529	-
$ 40,453,941	$ 1,736,471
$ 527,614	$ 37,543
10,074	2,342
-	-
21,966	-
19,487	-
136,119	-
9,561	-
523,410	-
1,248,231	39,885
102,422	-
63,459	
3,279,432	-
623,045	-
4,068,358	-
5,316,589	39,885
294,359	-
294,359	-
30,503,157	440,822
108,064	-
4,231,772	1,255,764
34,842,993	1,696,586
$ 40,453,941	$ 1,736,471

City of Fort Bragg, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2016

	Water Fund	Sewer Fund	CV Starr Center Fund
OPERATING REVENUES:			
Charges for service	$ 2,595,679	$ 3,332,333	$ 719,894
Interdepartmental charges	-	-	-
Other operating revenue	28,267	-	1,862
Total operating revenues	2,623,946	3,332,333	721,756
OPERATING EXPENSES:			
Personnel services	673,226	1,150,738	876,434
Administration	622,660	849,141	24,328
Repairs and maintenance	98,235	84,425	82,050
Materials and supplies	227,644	196,505	57,723
Utilities	105,090	119,393	206,618
Contractual services	90,478	102,494	26,550
Insurance	16,755	17,967	30,949
Other operating	-	47,404	250,918
Allocated overhead	-	-	-
Depreciation	298,264	317,785	735,468
Total operating expenses	2,132,352	2,885,852	2,291,038
OPERATING INCOME	491,594	446,481	(1,569,282)
NONOPERATING REVENUES (EXPENSES):			
Property taxes	-	-	220,208
Sales taxes			845,787
Other nonoperating revenues	182,744	82,957	-
Interest revenue	14,847	8,420	4,202
Refunds and rebates	-	-	4,854
Interest expense	(131,645)	(11,627)	(1,229)
Total non-operating revenues, net	65,946	79,750	1,073,822
NET INCOME BEFORE TRANSFERS	557,540	526,231	(495,460)
Transfers in	547,175	335,589	-
Transfers out	(86,308)	(345,936)	-
Total transfers	460,867	(10,347)	-
CHANGE IN NET POSITION	1,018,407	515,884	(495,460)
NET POSITION:			
Beginning of year	2,787,966	7,687,401	23,328,795
End of year	$ 3,806,373	$ 8,203,285	$ 22,833,335

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

Totals	Governmental Activities Internal Service Funds
$ 6,647,906	$ -
-	1,071,315
30,129	15,582
6,678,035	1,086,897
2,700,398	344,379
1,496,129	
264,710	112,249
481,872	90,881
431,101	-
219,522	47,846
65,671	-
298,322	-
-	229,778
1,351,517	75,476
7,309,242	900,609
(631,207)	186,288
220,208	-
845,787	-
265,701	-
27,469	-
4,854	-
(144,501)	-
1,219,518	-
588,311	186,288
882,764	590,015
(432,244)	(462,513)
450,520	127,502
1,038,831	313,790
33,804,162	1,382,796
$ 34,842,993	$ 1,696,586

City of Fort Bragg, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

	Water Fund	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/users for services provided	$ 2,702,524	$ 3,320,162
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(912,018)	(1,279,240)
Cash payments to employees for services	(670,171)	(1,122,836)
Net cash provided by operating activities	1,120,335	918,086
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received	547,175	320,056
Transfers paid	(86,308)	(345,936)
Taxes received	-	-
Refunds and rebates received	-	-
Net cash used by noncapital financing activities	460,867	(25,880)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
Acquisition and construction of capital assets	(480,329)	(712,284)
Principal paid on long term debt	(454,389)	(50,000)
Interest paid on long term debt	(132,175)	(12,289)
Net cash (used) by capital and related financing activities	(1,066,893)	(774,573)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	14,847	8,420
Net cash provided by investing activities	14,847	8,420
Net increase (decrease) in cash and cash equivalents	529,156	126,053
CASH AND CASH EQUIVALENTS:		
Beginning of year	2,471,985	1,429,065
End of year	$ 3,001,141	$ 1,555,118
Presentation in Statement of Financial Position:		
Cash and investments	$ 2,893,077	$ 1,555,118
Restricted cash and investments	108,064	-
Total Cash and investments	$ 3,001,141	$ 1,555,118
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	$ 491,594	$ 446,481
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	298,264	317,785
Pension	-	42,372
(Increase) decrease in current assets:		
Accounts receivable	(44,505)	(12,171)
Intergovernmental receivables	-	-
Inventory and prepaids	8,247	(937)
Prepaid items	-	-
Increase (decrease) in liabilities:		
Accounts payable	240,597	85,943
Accrued liabilities	-	(20,569)
Unearned revenues	182,744	53,083
Deposits payable	(59,661)	-
Compensated absences	3,055	6,099
Net cash provided by operating activities	$ 1,120,335	$ 918,086

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2016.

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

CV Starr Center Fund	Totals	Governmental Activities Internal Service Funds
$ 694,723	$ 6,717,409	$ -
-	-	1,086,315
(664,225)	(2,855,483)	(512,776)
(877,062)	(2,670,069)	(349,257)
(846,564)	1,191,857	224,282
-	867,231	590,015
(59,730)	(491,974)	(462,513)
1,065,995	1,065,995	-
4,854	4,854	-
1,011,119	1,446,106	127,502
-	(1,192,613)	(276,435)
-	(504,389)	-
(1,229)	(145,693)	-
(1,229)	(1,842,695)	(276,435)
4,202	27,469	-
4,202	27,469	-
167,528	822,737	75,349
518,433	4,419,483	1,218,083
$ 685,961	$ 5,242,220	$ 1,293,432
$ 685,961	$ 5,134,156	$ 1,293,432
-	108,064	-
$ 685,961	$ 5,242,220	$ 1,293,432
$ (1,569,282)	$ (631,207)	$ 186,288
735,468	1,351,517	75,476
-	42,372	-
(12,755)	(69,431)	(582)
(14,063)	(14,063)	-
-	7,310	(1,635)
	-	
14,911	341,451	(30,387)
(16,998)	(37,567)	(4,878)
(215)	235,612	-
-	(59,661)	-
16,370	25,524	-
$ (846,564)	$ 1,191,857	$ 224,282

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FIDUCIARY ACTIVITIES

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

City of Fort Bragg, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2016

	Successor Agency Former Fort Bragg Redevelopment Agency
ASSETS AND DEFERRED OUTFLOWS	
Current assets:	
Cash and investments	$ 224,235
Total current assets	224,235
Total assets	224,235
Deferred outflows of resources	
Deferred loss on debt refunding	98,935
Total deferred outflows of resources	98,935
Total assets and deferred outflows of resources	$ 323,170
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Current liabilities:	
Interest payable	$ 36,759
Payable to the City of Fort Bragg	37,766
Due within one year	150,000
Total current liabilities	224,525
Long-term liabilities:	
Due after one year	3,765,978
Total long-term liabilities	3,765,978
Deferred inflows of resources	
Unavailable revenue	327,091
Total liabilities and deferred inflows of resources	4,317,594
Net Position (Deficit)	(3,994,424)
Total liabilities and net position	$ 323,170

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, 2016

	Successor Agency Former Fort Bragg Redevelopment Agency
ADDITIONS:	
Property taxes	$ 172,967
Investment income	110
Total operating revenues	173,077
DEDUCTIONS:	
Community development	245,499
Interest and trustee fees	119,456
Total operating expenses	364,955
CHANGE IN FIDUCIARY NET ASSETS	(191,878)
NET ASSETS (DEFICIT):	
Beginning of year	(3,802,546)
End of year	$ (3,994,424)

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Fort Bragg, California
Basic Financial Statements
For the year ended June 30, 2016

Index to Notes to Basic Financial Statements

Page

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.

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 sewer 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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Additionally, the City reports the following fund types:

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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 Sewer 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) <u>Budgetary basis of accounting</u>

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.

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.

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 no prepaid items as of June 30, 2016.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation. 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, 2016, 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:

Capital Asset Class	Estimated Useful Life
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) <u>Net position flow assumption</u>

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

6) Deferred outflows/inflows of resources

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

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

7) Fund Balance flow assumptions

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

8) Net Position/Fund Balance

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

11) Encumbrances
Encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by appropriate authorities as of June 30, 2016, are summarized below.

Fund	Amount
General Fund	$ 471,218
CDBG General Allocation Grants	392,024
HCD HOME Grant	40,640
MCOG Overall Work Program	25,199
Coastal Trail	18,741
Street Resurfacing	40,871
Chestnut Street Multi Use Trail	606
Information Technology Fund	12,733
Water fund	1,143,974
Sewer fund	210,112
	$ 2,356,118

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

12) Long-Term Obligations

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

H. Revenues and expenditures/expenses

1) Program revenues

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

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

2) Property taxes

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Revenues and expenditures/expenses, Continued

3) Compensated absences

Vacation

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

Sick Leave

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

4) Proprietary funds operating and nonoperating revenues and expenses

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

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

I. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Reclassifications

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

2. CASH AND INVESTMENTS

At June 30, 2016, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

			Maturities (in years) <1	1 to 3	3 to 5	Deposits	Fair Market Value
Cash equivalents and investments pooled							
Pooled cash, at fair value							
Cash in bank			$ -	$ -	$ -	$ 7,396,057	7,396,057
Petty cash			-	-	-	2,298	2,298
Total pooled items			-	-	-	7,398,355	7,398,355
Pooled investments, at fair value							
Interest obligations							
Par	Rate						
$ 250,000	1.90%	Federal Agency Securities	-	255,753		-	255,753
2,040,000	0.85% - 2.1%	Certificates of Deposits	744,994	2,261,759	1,250,030	-	4,256,784
1,540,000	0.850% - 1.750%	Corporate notes	751,047	797,798			1,548,845
		Money Market Funds				42,712	42,712
State of California Local Agency Investment Fund			-	-	-	1,007,713	1,007,713
Total pooled investments - interest obligations			1,496,041	3,315,311	1,250,030	1,050,425	7,111,807
Total cash equivalents and investments pooled			$ 1,496,041	$ 3,315,311	$ 1,250,030	$ 8,448,780	$ 14,510,162

Amounts reported in:	
Governmental activities	$ 7,858,339
Business-type activities	5,134,156
Internal services activities	1,293,432
Fiduciary activities	224,235
Total	$ 14,510,162

Investment Type	Fair Value	Weighted Average Maturity (Years)
Federal Farm Credit Bank	255,753	3.05
Corporate	1,548,845	1.62
Fixed Income	4,256,784	2.56
Money market funds	42,712	-
LAIF	1,007,713	-
Total fair value	$ 7,111,807	
Portfolio weighted average maturity		2.06

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, 2016, 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 are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

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, 2016, the City's investments in money market funds were rated AAA by Standard & Poor's and Fitch Ratings, and Aaa by Moody's Investors Service. The State of California Local Agency Investment Fund is not rated.

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

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 1.55% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits.

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.

At June 30, 2016, the carrying amount of the City's deposits was $7,396,057 and the balances in financial institutions were $7,288,720. Of the balance in financial institutions, $250,000 was covered by federal depository insurance and $7,038,720 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. As of June 30, 2016, 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.

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, 2016 was $22,712,084,628 of which the City had a balance of $1,007,713. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2016 has a portfolio with market valuation of $75,497,087 thousand. Of the total invested, 98.45% was invested in non-derivative financial products and 1.55% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2016:

	Receivables
Governmental Activities	
Taxes	$ 3,779
Intergovernmental	1,536,045
Other	1,154,806
	$ 2,694,630
Business-type activities	
Accounts receivable	$ 836,620
Intergovernmental	14,618
	$ 851,238

These amounts resulted in the following concentrations in receivables:

Other Governments	43.8%	Individuals/Business	56.2%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

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, 2016, consisted of the following:

	Beginning July 1, 2015	Additions	Deletions	Ending June 30, 2016
CDBG Revolving Loans	$ 1,442,411	$ 9,148	(61,427)	$ 1,390,132
Mendocino Coast Hospitality Center Loan	904,293	-	-	904,293
Rural Community Housing Development Corporation Loans	266,375	6,750	-	273,125
Employee Loans	3,648	-	(1,697)	1,951
Total loans/notes receivable	$ 2,616,727	$ 15,898	$ (63,124)	$ 2,569,501

The following is a summary of the loans and notes receivable outstanding as of June 30, 2016:

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

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

Rural Community Housing Development Corporation Loans – These loans are to the Rural Community Housing Development Corporation (RCHDC), a non-profit organization for housing rehabilitation projects within the City. The balance of these loans at June 30, 2016 was $273,125.

Employee Loans – Employees have the option of entering into equipment purchasing loan plans with the City, which may be utilized to assist the employee to purchase equipment that may be used both on and off duty to improve the employee's job performance. The balance of these loans at June 30, 2016 was $1,951.

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2016
Governmental activities:					
Nondepreciable assets:					
Land	$ 12,952,262	$ -	$ -	$ -	$ 12,952,262
Construction in progress	2,838,177	165,776	-	(2,624,541)	379,412
Total nondepreciable assets	15,790,439	165,776	-	(2,624,541)	13,331,674
Depreciable assets:					
Buildings	5,289,868	24,696	-	-	5,314,564
Machinery, equipment and vehicles	1,375,222	191,403	-	97,838	1,664,463
Infrastructure	24,774,649	1,626,510	-	2,526,703	28,927,862
Total depreciable assets	31,439,739	1,842,609	-	2,624,541	35,906,889
Total	47,230,178	2,008,385	-	-	49,238,563
Accumulated depreciation:					
Buildings	(3,292,504)	(136,765)	-	-	(3,429,269)
Machinery, equipment and vehicles	(1,176,265)	(100,453)	-	-	(1,276,718)
Infrastructure	(4,476,982)	(869,425)	-	-	(5,346,407)
Total accumulated depreciation	(8,945,751)	(1,106,643)	-	-	(10,052,394)
Net depreciable assets	22,493,988	735,966	-	2,624,541	25,854,495
Total net capital assets	$ 38,284,427	$ 901,742	$ -	$ -	$ 39,186,169

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

General government	$ 74,939
Public safety	86,803
Public works	869,425
Information technolgy	3,096
Vehicle operations	72,380
	$ 1,106,643

5. CAPITAL ASSETS, Continued

Business-type capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Business-type activities					
Nondepreciable assets:					
Land	$ 785,079	$ -	$ -	$ -	$ 785,079
Construction in progress	469,938	1,067,054	(109,937)	-	1,427,055
Total nondepreciable assets	1,255,017	1,067,054	(109,937)	-	2,212,134
Depreciable assets:					
Buildings	27,709,783	-	-	-	27,709,783
Machinery, equipment and vehicles	6,663,788	206,601	(373,191)	-	6,497,198
Infrastructure	14,470,113	28,895	-	-	14,499,008
Land improvements	542,303	-	-		542,303
Total depreciable assets	49,385,987	235,496	(373,191)	-	49,248,292
Total	50,641,004	1,302,550	(483,128)	-	51,460,426
Accumulated depreciation:					
Buildings	(4,103,967)	(667,431)	-	-	(4,771,398)
Machinery, equipment and vehicles	(4,679,009)	(255,004)	373,191	-	(4,560,822)
Infrastructure	(7,708,406)	(374,852)	-	-	(8,083,258)
Land improvements	(167,210)	(54,230)	-	-	(221,440)
Total accumulated depreciation	(16,658,592)	(1,351,517)	373,191	-	(17,636,918)
Net depreciable assets	32,727,395	(1,116,021)	-	-	31,611,374
Total net capital assets	$ 33,982,412	$ (48,967)	$ (109,937)	$ -	$ 33,823,508

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

Water	$ 298,264
Sewer	317,785
CV Starr Center	735,468
	$ 1,351,517

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2016:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	$ 830,639	$ 527,614	$ -	$ 1,358,253
Accrued payroll and related liabilities	117,233	10,074	-	127,307
Total	$ 947,872	$ 537,688	$ -	$ 1,485,560

These amounts resulted in the following concentrations in payables:

Vendors	90.29%
Employees	9.71%

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

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated absences	$ 439,685	$ 67,239	$ -	$ 506,924	$ 50,692
Capital Lease Obligations	660,089	-	(121,418)	538,671	126,509
Landfill post-closure	2,124,580	-	(636,978)	1,487,602	505,950
CalPERS side fund	996,476	-	(113,164)	883,312	120,010
OPEB obligation	915,415	-	(18,805)	896,610	-
Net pension liability	5,396,138	286,362	-	5,682,500	-
Total governmental activities	$ 10,532,383	$ 353,601	$ (890,365)	$ 9,995,619	$ 803,161
Business-type activities					
Bonds payable:					
1998 Revenue Bond	210,000	-	(50,000)	160,000	50,000
2014 Water Revenue Refunding Bond	2,686,000	-	(268,000)	2,418,000	276,000
Loans payable:					
SDWRL	906,435	-	(65,063)	841,372	31,093
SDWRL discount	257,125	-	(40,716)	216,409	21,796
California energy commission	43,900	-	-	43,900	21,360
Capital lease	239,837	-	(116,676)	123,161	123,161
Total business-type activity debt	4,343,297	-	(540,455)	3,802,842	523,410
Compensated absences	86,459	25,524	-	111,983	9,561
Net Pension Liability	590,596	32,449	-	623,045	-
Total business-type activities	$ 5,020,352	$ 57,973	$ (540,455)	$ 4,537,870	$ 532,971

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, 2016, the City's estimated liability for its share of landfill closure and post-closure care costs was $1,487,602. This estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2016, as determined by the last engineering study performed. However, the actual cost of closure and post-closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

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

Business-type Activities

1998 Wastewater Revenue Bond

In 1998, the City on behalf of the Fort Bragg Municipal Improvement District entered into an agreement with the Association of Bay Area Governments (ABAG) whereby ABAG issued $770,000 in revenue bonds to provide resources for the District to acquire and construct capital improvements to the District's sewer system. The bonds are an obligation of ABAG and are payable solely from and secured by revenues that consist primarily of payments on an installment obligation of the City. For the purposes of this report, the City has reported its liability under the terms of the installment agreement as 1998 Wastewater Revenue Bonds. Annual interest accrues at varying rates between 3.75% and 5.30%. Interest became payable commencing October 1, 1998, and semi-annually thereafter each October 1st and April 1st. Principal is paid in annual installments commencing October 1, 1998, through the year 2018 in amounts ranging from $25,000 through $55,000. The outstanding principal balance as of June 30, 2016 was $160,000.

2014 Water Revenue Refunding Bonds

On June 5, 2014, the City issued $2,962,000 of Water Revenue Refunding Bonds bearing interest of 3.06% and payable semi-annually on October 1 and April 1, maturing on October 1, 2023. These bonds were used to advance refund the 2004 California Statewide Communities Development Authority Bonds, which were issued originally to advance refund the 1993 COP's, which had been used for various capital improvements to the City's water system. The outstanding principal balance as of June 30, 2016 was $2,418,000.

7. LONG-TERM LIABILITIES, Continued

2014 Water Revenue Refunding Bonds, Continued

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

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

Safe Drinking Water Revolving Loan (SDWRL)

In fiscal year 2005, the City entered into a non-interest bearing loan agreement with the State of California Department of Water Resources to finance the construction of a project to meet safe drinking water standards. The maximum amount of the loan cannot exceed $2,325,500, of which the City had borrowed $2,141,532. At June 30, 2016, the balance of the loan payable was $841,372. Loan principal payments of $53,538 are required semi-annually on January 1st and July 1st for twenty (20) years commencing January 1, 2007.

California Energy Commission Loan

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

The outstanding principal balance of the loan at June 30, 2016 was $43,900. As of June 30, 2016, the total amount of the loan has not been drawn-down by the City.

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. Compensated absences had a balance of $618,907 at June 30, 2016; of that amount $60,253 is expected to be paid within a year.

7. LONG-TERM LIABILITIES, Continued

Net OPEB Obligation

A net OPEB obligation is the cumulative differences between annual OPEB cost and an employer's contributions to a plan. At June 30, 2016, the City had a Net OPEB Obligation of $896,610. See Note 12 for further discussion on OPEB.

Capital Leases

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

Debt Service

Future debt service for Governmental Activities at June 30, 2016, is as follows:

Year Ending June 30,	Governmental Activities Capital Lease	
	Principal	Interest
2017	$ 126,509	$ 21,060
2018	131,814	15,755
2019	137,341	10,228
2020	143,007	4,469
2021	-	
2021-2025	-	-
Total	$ 538,671	$ 51,512
Due within one year	$ 126,509	$ 21,060
Due after one year	412,162	30,452
Total	$ 538,671	$ 51,512

7. LONG-TERM LIABILITIES, Continued

Debt Service, Continued

Future debt service for Business-Type Activities at June 30, 2016, is as follows:

	Business-Type Activities					
Year Ending June 30,	1998 Wastewater Revenue Bonds		2014 Water Revenue Refunding Bonds		Safe Drinking Water Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 50,000	$ 7,155	$ 276,000	$ 69,768	$ 52,889	$ -
2018	55,000	4,373	284,000	61,200	105,778	-
2019	55,000	1,458	290,000	52,418	105,778	-
2020	-	-	300,000	43,391	105,778	-
2021	-	-	304,000	34,150	105,778	-
2022-2026	-	-	964,000	44,860	528,891	-
2027-2031	-	-	-	-	52,889	-
Total	$ 160,000	$ 12,986	$ 2,418,000	$ 305,787	$ 1,057,781	$ -
Due within one year	$ 50,000	$ 7,155	$ 276,000	$ 69,768	$ 52,889	$ -
Due after one year	110,000	5,831	2,142,000	236,019	1,004,892	-
Total	$ 160,000	$ 12,986	$ 2,418,000	$ 305,787	$ 1,057,781	$ -

Year Ending June 30,	California Energy Commission Loan		Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 21,360	$ 1,349	$ 123,161	$ 4,627	$ 523,410	$ 82,899
2018	22,540	169	-	-	467,318	65,742
2019	-	-	-	-	450,778	53,876
2020	-	-	-	-	405,778	43,391
2021	-	-	-	-	409,778	34,150
2022-2026	-	-	-	-	1,492,891	44,860
2027-2031	-	-			52,889	-
Total	$ 43,900	$ 1,518	$ 123,161	$ 4,627	$ 3,802,842	$ 324,918
Due within one year	$ 21,360	$ 1,349	$ 123,161	$ 4,627	$ 523,410	$ 82,899
Due after one year	22,540	169	-	-	3,279,432	242,019
Total	$ 43,900	$ 1,518	$ 123,161	$ 4,627	$ 3,802,842	$ 324,918

8. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	$ 38,647,498	$ 30,503,157	$ 69,150,655
Restricted	3,536,462	108,064	3,644,526
Unrestricted	(398,999)	4,231,772	3,832,773
Total	$ 41,784,961	$ 34,842,993	$ 76,627,954

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

Fund Balance

Nonspendable, Restricted and Committed fund balance consisted of the following at June 30, 2016:

Nonspendable:	
Inventory	$ 2,595
Advances to other funds	63,459
Total Nonspendable	$ 66,054
Restricted:	
Governmental Funds:	
CDBG Program Income	$ 27,182
Special Sales Tax	2,974,451
Asset Forfeiture	462,479
Gas Tax	60,025
Federal and State Grant Funds	12,325
Total Restricted	$ 3,536,462
Committed:	
Encumbrances	$ 471,218
Reserves	3,504,690
Appropriated fund balance	556,536
Total Committed	$ 4,532,444

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

Nonspendable

- **Inventory** – represents nonspendable amounts classified as inventory.
- **Advances to other funds** – represents nonspenable amounts advanced to other funds.

8. NET POSITION/ FUND BALANCES, Continued

Restricted

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

Committed

- **Encumbrances –** represents amounts designated by the City Council for outstanding purchase orders and contracts.
- **Reserves –** represents amounts designated by the City Council for future contingencies, which include a $1,304,690 operating reserve, a $200,000 litigation reserve and $2,000,000 reserve to repay the enterprise funds for cost over-allocations.
- **Appropriated fund balance –** represents amounts designated by the City Council to be incorporated into the subsequent year's budget.

Fund Balance Deficits

Deficit fund balances consisted of the following:

Funds	As of June 30, 2016
Major Funds:	
Street Resurfacing Capital Projects Fund	$ (90,538)
Non-Major Funds:	
Special Revenue Funds	
MCOG Overall Work Program	(20)
State and Federal Grant Funds	(235,155)
Capital Project Funds	
Chestnut Street Multi Use Trail	(5,670)
Total	$ (331,383)

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.

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, 2016:

	Due from Other Funds	Due to Other Funds
Governmental Funds		
Major Funds:		
General Fund	$ 1,529,747	$ -
Street Resurfacing Capital Projects	-	90,538
Total Major Funds	1,529,747	90,538
Nonmajor Funds:		
MCOG Overall Work Program	-	4,018
Noyo Center for Marine Sciences	-	4,887
Federal and State Grant Funds	-	1,390,984
Coastal Trail		25,231
Chestnut Street Multi Use Trail		14,089
Total Nonmajor Funds	-	1,439,209
Total Governmental Funds	1,529,747	1,529,747
Total	$ 1,529,747	$ 1,529,747

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.

9. INTERFUND TRANSACTIONS, Continued

Transfers consisted of the following at June 30, 2016:

	Transfers In	Transfers Out
Governmental Funds		
Major Funds:		
General Fund	$ 73,276	$ (80,930)
CDBG Program Income Special Revenue	-	(41,100)
Special Sales Tax Special Revenue	-	(82,681)
Street Resurfacing Capital Projects	637,606	-
Total Major Funds	710,882	(204,711)
Non-major Funds:		
Special Revenue Funds:		
Parking	-	(8,080)
Parking In-lieu Fees	8,080	-
Asset Forfeiture	582	(117,286)
Waste Management Community Benefit Payment	-	(10,000)
MCOG Main St. Planning	4,738	-
North Coast Integrated Water Management	-	(973,285)
Noyo Center for Marine Sciences	19,000	-
State and Federal Grant Funds	41,100	(1,968,536)
Capital Projects Fund		
Skate Park	-	(103)
Coastal Trail	1,817,520	-
Town Hall Remodel	-	(10,357)
Chestnut Street Multi Use Trail	112,434	-
Total Non-major Funds	2,003,454	(3,087,647)
Internal Service Funds		
Building Maintenance	125,567	(125,567)
Information Technology Fund	48,802	(33,713)
Vehicle Operations	415,646	(303,233)
Total Internal Service Funds	590,015	(462,513)
Total Governmental Funds	3,304,351	(3,754,871)
Proprietary Funds		
Major Enterprise Funds		
Water	547,175	(86,308)
Sewer	335,589	(345,936)
Total Proprietary Funds	882,764	(432,244)
Total Transfers	$ 4,187,115	$ (4,187,115)

10. RISK MANAGEMENT

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

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

Insurance Program	Loss Limits	Deductibles
Property	$ 299,975,000	$ 10,000
Boiler and Machinery	21,245,000	5,000
Liability	25,000,000	5,000
Earthquake and Flood	20,000,000	100,000 or 5% of value of building
Auto Physical Damage	9,990,000	5,000
Workers' Compensation	2,000,000	5,000

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 2015/16 are as follows:

Insurance Program	Premium
Workers' Compensation	$ 165,336
Liability	115,334
Earthquake and Flood	48,386
Property	25,270
Auto Physical Damage	5,295
Boiler and Machinery	2,634
Pollution & Environment	4,656
	$ 366,911

Claims Paid by the City for the 2015-16 fiscal year:

Insurance Program	Claims
Workers' Compensation	$ 98,793
Liability and Property	40,396
	$ 139,189

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 (CaIPERS). 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, 2016, are summarized as follows:

	Miscellaneous
Hire date	Prior to January 1, 2013
Benefit formula	2% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	55
Monthly benefits, as a % of eligible compensation	1.4% - 2.0%
Required employee contribution rates	7%
Required employer contribution rates	8.84%

	Safety - Police
Hire date	Prior to January 1, 2013
Benefit formula	2% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	2%
Required employee contribution rates	9%
Required employer contribution rates	13.813%

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

	PEPRA Miscellaneous
Hire date	On or after January 1, 2013
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%
Required employee contribution rates	6.50%
Required employer contribution rates	6.73%

	PEPRA Safety - Police
Hire date	On or after January 1, 2013
Benefit formula	2.7% @ 57
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 57
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%
Required employee contribution rates	11.5%
Required employer contribution rates	11.153%

	Fire Safety
Hire date	Prior to January 1, 2013
Benefit formula	2% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	2.00%
Required employee contribution rates	0%
Required employer contribution rates	0%

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 CaIPERS. 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.

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
Contributions - employer	$ 346,287	$ 315,525	$ 24,845	$ 256,888	$ 3,213
Contributions - employee (paid employer)	$ -	$ -	$ -	$ -	$ -

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

As of June 30, 2016, 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	$ 2,919,890
Safety - Police	3,320,432
PEPRA Miscellaneous	(438)
PEPRA Safety - Police	(735)
Fire Safety	66,397
Total Net Pension Liability	$ 6,305,546

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, 2015, 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, 2014 rolled forward to June 30, 2015 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. The City's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
Proportion - June 30, 2014	0.04472%	0.05059%	0.00000%	0.00000%	0.00090%
Proportion - June 30, 2015	0.10643%	0.08058%	-0.00002%	-0.00002%	0.00161%
Change - Increase (Decrease)	0.06171%	0.02999%	-0.00002%	-0.00002%	0.00071%

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2016, the City recognized pension expense of $416,303. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	$ 706,835	$ -
Adustments due to differences in proportion	-	(395,153)
Changes in assumptions	-	(466,027)
Differences between the employer's contributions and the employer's proportionate share of the contributions	-	(946,758)
Differences between expected and actual experiences	-	(44,573)
Net differences between projected and actual earnings on plan investments	1,172,839	(1,087,451)
Total	$ 1,879,674	$ (2,939,962)

$706,835 reported as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2016	$ 548,267
2017	548,267
2018	548,267
2019	450,762
2020	(328,440)
Thereafter	-

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions -The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
Valuation Date	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
Measurement	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15
Actuarial Cost Method			Entry-Age Normal Cost Method		
Actuarial Assumptions:					
Discount Rate	7.65%	7.65%	7.65%	7.65%	7.65%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3%	3%	3%	3%	3%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	3.3% - 14.2% (1)	.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)	7.5% (2)
Mortality			Derived using CalPERS' Membership Data for all Funds		

(1) Depending on age, service, and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

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

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

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

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

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net Pension Liability as of June 30, 2015			
Miscellaneous	$ 4,896,860	$ 2,919,890	$ 1,287,672
Safety - Police	5,323,792	3,320,431	1,677,713
PEPRA Miscellaneous	(734)	(438)	(193)
PEPRA Safety - Police	(1,178)	(734)	(371)
Fire Safety	106,457	66,397	33,548
Total	$ 10,325,197	$ 6,305,546	$ 2,998,369

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

12. OTHER POST EMPLOYMENT BENEFITS

Plan Description: The City offers its employees a post-retirement health program, which includes medical and dental coverage. Upon retirement for service or disability, employees hired prior to July 1, 2011 (January 1, 2012 for Fort Bragg Police Officer Association members) retiring directly from service at age 50 or over with 10 years of service may continue coverage for themselves and their spouse's (to whom they are married at retirement) as detailed below. Currently 30 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, 2016, expenditures of $566,445 were recognized for the cost of these post-retirement benefits. The City pays portions of the premiums dependent on bargaining group and employee hire date as follows:

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

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

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

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

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

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

12. OTHER POST EMPLOYMENT BENEFITS, Continued

The following table shows the components of the City's annual OPEB cost for the fiscal year ended June 30, 2016, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	$ 559,013
Interest on net OPEB Obligation	66,368
Amortization of net OBEP Obligation	(78,181)
Adjustment to annual required contribution	19,909
Annual OPEB cost (expense)	567,109
Employer contributions made	(585,914)
Increase (Decrease) in net OPEB obligation	(18,805)
Net OPEB Obligation - beginning of year	915,415
Net OPEB Obligation - end of year	$ 896,610

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	$ 519,138	104%	$ 1,015,425
6/30/15	575,750	102%	915,415
6/30/16	567,109	103%	896,610

Funded Status and Funding Progress

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

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

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

12. OTHER POST EMPLOYMENT BENEFITS, Continued

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

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

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

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

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

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

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

Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Trust Activities:					
2015 Refunding Tax Allocation Bonds	$ 4,040,000	$ -	$ (90,000)	$ 3,950,000	$ 150,000
2015 Refunding Tax Allocation Bonds Discount	(35,642)	-	1,620	(34,022)	(1,620)
Total trust fund debt	$ 4,004,358	$ -	$ (88,380)	$ 3,915,978	$ 148,380

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.

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

Long-term Liabilities, continued

The Bonds bear annual interest at rates varying between 2.00% and 3.25%. The Bonds were issued as a fully registered note in denominations of $5,000. Interest on the bonds are payable semi-annually each September 1 and March 1. Principal is paid in annual installments each September 1, 2016, through the year 2036 in amounts ranging from $90,000 through $250,000. The outstanding principal balance as of June 30, 2016 was $3,950,000.

	Fiduciary Activities					
Year Ending June 30,	2015 Refunding Bonds		2015 Refunding Bonds Discount		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 150,000	$ 105,450	$ (1,620)	$ -	$ 148,380	$ 105,450
2018	150,000	102,450	(1,620)	-	148,380	102,450
2019	155,000	99,400	(1,620)	-	153,380	99,400
2020	155,000	96,300	(1,620)	-	153,380	96,300
2021	160,000	93,150	(1,620)		158,380	93,150
2022-2026	850,000	414,875	(8,100)	-	841,900	414,875
2027-2031	960,000	293,650	(8,100)	-	951,900	293,650
2032-2036	1,120,000	133,800	(8,100)	-	1,111,900	133,800
2037-2041	250,000	4,063	(1,622)		248,378	4,063
Total	$ 3,950,000	$ 1,343,138	$ (34,022)	$ -	$ 3,915,978	$ 1,343,138
Due within one year	$ 150,000	$ 105,450	$ (1,620)	$ -	$ 148,380	$ 105,450
Due after one year	3,800,000	1,237,688	(32,402)	-	3,767,598	1,237,688
Total	$ 3,950,000	$ 1,343,138	$ (34,022)	$ -	$ 3,915,978	$ 1,343,138

Receivable and Payable to the City of Fort Bragg

Fund Receiving Advance	Fund Making Advance	Amount
Fiduciary fund:	Major governmental fund:	
Successor Agency Trust Fund	Housing Successor Special Revenue Fund	$ (37,766)
Payable to the City of Fort Bragg		$ (37,766)

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

14. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants and Allocations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Commitments

The City had no significant unexpended contractual commitments as of June 30, 2016.

15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 72, "*Fair Value Measurement and Application"*. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements,* and other relevant literature. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The City implemented this statement for year ended June 30, 2016. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, "*Accounting and Financial Reporting for Pensions*", as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, "*Financial Reporting for Pension Plans*", and Statement 68 for pension plans and pensions that are within their respective scopes.

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The City will evaluate the applicability of the provisions of this Statement and implement it in the applicable year, accordingly.

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

The GASB has issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*s". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*", as amended, and No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*", for OPEB. Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

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

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Fort Bragg, California

Required Supplementary Information - Schedule of Funding Progress

June 30, 2016

Other Post Employment Benefits

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
6/30/2011	$ 4,693,481		$ 4,693,481	0.0%	$ 3,321,101	141.3%
6/30/2013	5,790,855	672,100	5,118,755	11.6%	2,670,713	191.7%
6/30/2015	6,724,709	1,371,622	5,353,087	20.4%	2,046,730	261.5%

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years*

	2015	2014
Contractually required contribution (actuarially determined)	$ 346,287	$ 263,429
Contributions in relation to the actuarially determined contributions	(346,287)	(263,429)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 1,939,462	$ 2,389,021
Contribution as a percentage of covered-employee payroll	17.85%	11.03%

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 2016 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

PEPRA Miscellaneous Plan

Last 10 Fiscal Years*

	2015	2014
Contractually required contribution (actuarially determined)	$ 28,845	$ 10,052
Contributions in relation to the actuarially determined contributions	(28,845)	(10,052)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 523,107	$ 37,212
Contribution as a percentage of covered-employee payroll	5.51%	27.01%

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 2016 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California
Required Supplementary Information - Schedule of Contributions
Safety Police Plan
Last 10 Fiscal Years*

	2015	2014
Contractually required contribution (actuarially determined)	$ 315,525	$ 285,300
Contributions in relation to the actuarially determined contributions	(315,525)	(285,300)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 938,481	$ 1,063,646
Contribution as a percentage of covered-employee payroll	33.62%	26.82%

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 2016 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

PEPRA Safety Police Plan

Last 10 Fiscal Years*

	2015	2014
Contractually required contribution (actuarially determined)	$ 246,888	$ 14,329
Contributions in relation to the actuarially determined contributions	(246,888)	(14,329)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 250,481	$ 57,040
Contribution as a percentage of covered-employee payroll	98.57%	25.12%

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 2016 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

Required Supplementary Information - Schedule of Contributions

Safety Fire Plan

Last 10 Fiscal Years*

	2015	2014
Contractually required contribution (actuarially determined)	$ 3,213	$ 1,966
Contributions in relation to the actuarially determined contributions	(3,213)	(1,966)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	N/A	N/A
Contribution as a percentage of covered-employee payroll	N/A	N/A

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 2016 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

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

Miscellaneous Plan

Last 10 Fiscal Years*

		2015		2014
Plan's Proportion of the Net Pension Liability/(Asset)		0.10643%		0.04472%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$	2,919,890	$	2,782,487
Plan's Covered-Employee Payroll	$	1,939,462	$	2,389,021
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll		150.55%		116.47%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability		82.46%		82.66%
Plan's Proportionate Share of Aggregate Employer Contribution	$	346,287	$	358,600

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 2016 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

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

PEPRA Miscellaneous Plan

Last 10 Fiscal Years*

		2015		2014
Plan's Proportion of the Net Pension Liability/(Asset)		-0.00002%		0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$	(438)	$	51
Plan's Covered-Employee Payroll	$	523,107	$	37,212
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll		-0.08%		0.14%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability		102.45%		82.89%
Plan's Proportionate Share of Aggregate Employer Contribution	$	24,845	$	7

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 2016 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

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

Safety Police Plan

Last 10 Fiscal Years*

	2015	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.08058%	0.05059%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$ 3,320,431	$ 3,148,254
Plan's Covered-Employee Payroll	$ 938,481	$ 1,063,646
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	353.81%	295.99%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.04%	74.36%
Plan's Proportionate Share of Aggregate Employer Contribution	$ 315,525	$ 258,436

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 2016 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

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

PEPRA Safety Police Plan

Last 10 Fiscal Years*

	2015	2014
Plan's Proportion of the Net Pension Liability/(Asset)	-0.00002%	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$ (734)	$ 53
Plan's Covered-Employee Payroll	$ 250,481	$ 57,040
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	-0.29%	0.09%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability	102.30%	81.34%
Plan's Proportionate Share of Aggregate Employer Contribution	$ 256,888	$ 7

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 2016 was the first year of implementation, therefore only the first year was available.

City of Fort Bragg, California

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

Safety Fire Plan

Last 10 Fiscal Years*

	2015	2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.00161%	0.00090%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$ 66,397	$ 55,890
Plan's Covered-Employee Payroll	N/A	N/A
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.23%	81.42%
Plan's Proportionate Share of Aggregate Employer Contribution	$ 3,213	$ 6,933

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 2016 was the first year of implementation, therefore only the first year was available.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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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, 2016

	Governmental Funds		
	Special Revenue Funds	Capital Projects Funds	Non-Major Funds Totals
ASSETS			
Cash and investments	$ 1,114,601	$ 31,712	$ 1,146,313
Receivables:			
Intergovernmental	1,401,145	-	1,401,145
Other receivable	86,585	21,076	107,661
Total assets	$ 2,611,479	$ 52,788	$ 2,664,267
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	$ 199,754	$ 19,776	$ 219,530
Due to other funds	1,399,889	39,320	1,439,209
Total liabilities:	1,599,643	59,096	1,658,739
Deferred inflows of resources:			
Unavailable revenue	-	2,250	2,250
Total deferred inflows of resources	-	2,250	2,250
Total liabilities and deferred inflows	1,599,643	61,346	1,660,989
Fund Balances:			
Restricted	534,829	-	534,829
Assigned	712,182	(2,888)	709,294
Unassigned (deficit)	(235,175)	(5,670)	(240,845)
Total fund balances	1,011,836	(8,558)	1,003,278
Total liabilities, deferred inflows and fund balances	$ 2,611,479	$ 52,788	$ 2,664,267

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2016

	Governmental Funds		
	Special Revenue Funds	Capital Projects Funds	Non-Major Funds Totals
REVENUES:			
Taxes and assessments	$ 54,167	$ -	$ 54,167
Fines and forfeitures	144,050	-	144,050
Intergovernmental	4,340,010	5,172	4,345,182
Use of money and property	12,091	-	12,091
Charges for services	35,041	-	35,041
Other revenues	4,912	9,955	14,867
Total revenues	4,590,271	15,127	4,605,398
EXPENDITURES:			
Current:			
General government	30,031	-	30,031
Public safety	429,740	-	429,740
Public works	278,812	-	278,812
Community development	1,288,047	-	1,288,047
Capital outlay	-	1,126,745	1,126,745
Total expenditures	2,026,630	1,126,745	3,153,375
REVENUES OVER (UNDER) EXPENDITURES	2,563,641	(1,111,618)	1,452,023
OTHER FINANCING SOURCES (USES):			
Transfers in	73,500	1,929,954	2,003,454
Transfers out	(3,077,187)	(10,460)	(3,087,647)
Total other financing sources (uses)	(3,003,687)	1,919,494	(1,084,193)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(440,046)	807,876	367,830
FUND BALANCES:			
Beginning of year	1,451,882	(816,434)	635,448
End of year	$ 1,011,836	$ (8,558)	$ 1,003,278

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description

Special Revenue Funds account for revenues received that have special restrictions placed on their use or are committed to expenditure for specified purposes either through statute or by Council policy. The City has a number of different special revenue funds which are part of the non-operating budget. The City's nonmajor special revenue funds include the following:

General Plan Maintenance Fee	To account for General Plan Maintenance fee revenue which is required to be used for costs related to the update of the City's General Plan and zoning code.
Housing Trust	To account for Inclusionary Housing In-Lieu fee revenue which is required to be used for affordable housing activities.
Parking	To account for parking permit revenues and the cost of maintaining City owned public parking lots.
Parking In-Lieu Fees	To account for payments made by downtown property owners in lieu of providing on-site parking. Accumulated funds must be used for activities related to providing off-street parking facilities in the central business district.
Parkland Monitoring and Reporting	To account for payments made by Georgia Pacific for monitoring and maintenance of the Coastal Trail remediation area.
State Tobacco License Fee	To account for funds received for the annual Tobacco Retail License to cover costs associated with administration of the licensing program and compliance checks.
State Disability Access Fee	To account for funds received under California SB-1186 which mandates a state fee of $1 on any applicant for or renewal of a local business license. The purpose is to increase disability access and compliance with construction-related accessibility requirements and to develop educational resources for businesses in order to facilitate compliance with federal and state disability laws.
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.
Traffic & Safety	To account for the revenue received from traffic fines which is restricted to City street repairs and traffic safety.
Mendocino Council of Governments (MCOG) Main Street Planning	To account for monies received from the Mendocino Council of Governments (MCOG), a joint powers agency that serves as the Regional Transportation Planning Agency in Mendocino County for various projects including the Main Street Realignment and Cedar Street Pedestrian Enhancement projects.
Mendocino Council of Governments (MCOG) Overall Work Program (OWP) Grants	To account for local transportation funds awarded for transportation planning and technical assistance.
Fire Equipment	To account for property tax revenues designated for the purchase of equipment for the Fort Bragg Fire Department.
North Coast Integrated Water Management Grant	To account for funds awarded by the State of California to NCIWM (now know as North Coast Resource Partnership) and sub-granted to the City. Prior funding was used for the Waterfall Gulch Raw Water Line Replacement project. Current funding provided by Prop. 84 was awarded for the Summers Lane Reservoir Project.

(continued)

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

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
Housing Related Park Grant	To account for State funding awarded for park improvements related to eligible housing activities.
CDBG General Allocation Grant	To account for CDBG grants awarded under the 2009 Recovery Act allocation for a housing project rehabilitation and under the 2010 General Allocation for two housing programs, public facility improvements, and a public service program.
STP D1 Streets & Highways Allocation	To account for the City's share of highways users' tax revenues that are legally restricted to the planning, construction, improvement, maintenance and operation of City roads and streets.
2012 CDBG SuperNOFA	To account for Federal Community Development Block Grant funds received from the State of California to be used for the Homeless and Mental Health Intervention Program.
Coastal Conservancy Grant	To account for monies received from the California State Coastal Conservancy to complete the Noyo Headlands park construction.
State Parks Prop 84 Grant	To account for monies received from the State of California for construction of the Fort Bragg Coastal Restoration and Trail project.
CalTrans Federal Funding Grants	To account for Federal funds received from Cal Trans to be used in the construction of the Chestnut Street Multi-Use Trail.
HCD HOME Grant	To account for Federal Funding to be used to re-establish a Housing Rehabilitation Loan program for qualified low- and moderate-income homeowners.

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City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	General Plan Maintenance Fee	Housing	Parking	Parking In-lieu Fees
ASSETS				
Cash and investments	$ 183,612	$ 75,723	$ 40,583	$ 36
Receivables:				
Intergovernmental	-	-	-	-
Loans/Notes receivable	-	9,148	-	-
Other receivable	-	-	-	-
Total assets	$ 183,612	$ 84,871	$ 40,583	$ 36
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Total liabilities:	-	-	-	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources:	-	-	-	-
Total liabilities and deferred inflows	-	-	-	-
Fund Balances:				
Restricted	-	-	-	-
Assigned	183,612	84,871	40,583	36
Unassigned (deficit)	-	-	-	-
Total fund balances	183,612	84,871	40,583	36
Total liabilities deferred inflows and fund balances	$ 183,612	$ 84,871	$ 40,583	$ 36

Parkland Monitoring/ Reporting	State Tobacco License Fee	State Disability Access Fee	Asset Forfeiture	Construction/ Demolition Ordinance	Waste Management Community Benefit Pymt	Gas Tax
$ 124,777	$ 6,614	$ 2,552	$ 413,141	$ 46,724	$ 27,108	$ 41,440
-	-	3	82,242	-	-	18,585
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 124,777	$ 6,614	$ 2,555	$ 495,383	$ 46,724	$ 27,108	$ 60,025
$ -	$ -	$ 247	$ 32,904	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	247	32,904	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	247	32,904	-	-	-
-	-	-	462,479	-	-	60,025
124,777	6,614	2,308	-	46,724	27,108	-
-	-	-	-	-	-	-
124,777	6,614	2,308	462,479	46,724	27,108	60,025
$ 124,777	$ 6,614	$ 2,555	$ 495,383	$ 46,724	$ 27,108	$ 60,025

(continued)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Special Revenue Funds, continued
June 30, 2016

	Traffic and Safety	MCOG Main St Planning	MCOG Overall Work Program
ASSETS			
Cash and investments	$ 1,912	$ -	$ -
Receivables:			
Intergovernmental	570	-	-
Loans/Notes receivable	-	-	-
Other receivable	-	-	17,335
Total assets	$ 2,482	$ -	$ 17,335
AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	13,337
Due to other funds	-	-	4,018
Total liabilities:	-	-	17,355
Deferred inflows of resources:			
Unavailable revenue	-	-	-
Total deferred inflows of resources:	-	-	-
Total liabilities and deferred inflows	-	-	17,355
Fund Balances:			
Restricted	-	-	-
Assigned	2,482	-	-
Unassigned (deficit)	-	-	(20)
Total fund balances	2,482	-	(20)
Total liabilities deferred inflows and fund balances	$ 2,482	$ -	$ 17,335

Fire Equipment	North Coast Integrated Water Management	Noyo Center for Marine Sciences	Federal and State Grant Funds	Totals
128,729	$ -	$ -	$ 21,650	$ 1,114,601
-	27,500	-	1,272,245	1,401,145
-	-	-	-	9,148
0	64,338	4,912	-	86,585
$ 128,729	$ 91,838	$ 4,912	$ 1,293,895	$ 2,611,479
-	$ 27,500	$ 25	$ 125,741	$ 199,754
-	-	4,887	1,390,984	1,399,889
-	27,500	4,912	1,516,725	1,599,643
-	-	0	-	-
-	-	-	-	-
-	27,500	4,912	1,516,725	1,599,643
-	-	-	12,325	534,829
128,729	64,338	-	-	712,182
-	-	-	(235,155)	(235,175)
128,729	64,338	-	(222,830)	1,011,836
$ 128,729	$ 91,838	$ 4,912	$ 1,293,895	$ 2,611,479

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, 2016

	General Plan Maintenance Fee	Housing	Parking	Parking In-lieu Fees
REVENUES:				
Taxes and assessments	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	1,884	845	438	-
Charges for services	35,041	-	-	-
Other revenues	-	-	-	-
Total revenues	36,925	845	438	-
EXPENDITURES:				
Current:				
General government	30,000	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	9,148	-	8,096
Total expenditures	30,000	9,148	-	8,096
REVENUES OVER (UNDER) EXPENDITURES	6,925	(8,303)	438	(8,096)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-		8,080
Transfers out	-	-	(8,080)	-
Total other financing sources and uses	-	-	(8,080)	8,080
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	6,925	(8,303)	(7,642)	(16)
FUND BALANCES (DEFICITS):				
Beginning of year	176,687	93,174	48,225	52
End of year	$ 183,612	$ 84,871	$ 40,583	$ 36

Parkland Monitoring/ Reporting	State Tobacco License Fee	State Disability Access Fee	Asset Forfeiture	Construction/ Demolition Ordinance	Waste Management Community Benefit Pymt	Gas Tax
$ -	$ -	$ -	$ -	$ -	$ -	$ 4,806
-	-	-	138,948	-	-	-
-	2,292	620	-	-	-	160,233
1,296	59	24	4,895	1,385	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,296	2,351	644	143,843	1,385	-	165,039
-	-	31	-	-	-	-
-	-	-	186,397	-	-	-
-	-	-	-	-	-	172,655
-	1,100	-	-	-	150,000	-
-	1,100	31	186,397	-	150,000	172,655
1,296	1,251	613	(42,554)	1,385	(150,000)	(7,616)
-	-	-	582	-	-	-
-	-	-	(117,286)	-	(10,000)	-
-	-	-	(116,704)	-	(10,000)	-
1,296	1,251	613	(159,258)	1,385	(160,000)	(7,616)
123,481	5,363	1,695	621,737	45,339	187,108	67,641
$ 124,777	$ 6,614	$ 2,308	$ 462,479	$ 46,724	$ 27,108	$ 60,025

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, 2016

	Traffic and Safety	MCOG Main St Planning	MCOG Overall Work Program	Fire Equipment	North Coast Integrated Water Management
REVENUES:					
Taxes and assessments	$ -	$ -	$ -	$ 49,361	$ -
Fines and forfeitures	5,102	-	-	-	-
Intergovernmental	-	-	83,889	-	1,037,623
Use of money and property	-	-	-	1,265	-
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	5,102	-	83,889	50,626	1,037,623
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	4,891	-	-	112,230	-
Public works	-	5,000	83,909	-	-
Community development	-	-	-	-	-
Total expenditures	4,891	5,000	83,909	112,230	-
REVENUES OVER (UNDER) EXPENDITURES	211	(5,000)	(20)	(61,604)	1,037,623
OTHER FINANCING SOURCES (USES):					
Transfers in	-	4,738	-	-	-
Transfers out	-	-	-	-	(973,285)
Total other financing sources and uses	-	4,738	-	-	(973,285)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	211	(262)	(20)	(61,604)	64,338
FUND BALANCES (DEFICITS):					
Beginning of year	2,271	262	-	190,333	-
End of year	$ 2,482	$ -	$ (20)	$ 128,729	$ 64,338

Noyo Center for Marine Sciences	Federal and State Grant Funds	Totals
$ -	$ -	$ 54,167
-	-	144,050
52,655	3,002,698	4,340,010
-	-	12,091
-	-	35,041
4,912	-	4,912
57,567	3,002,698	4,590,271
-	-	30,031
-	126,222	429,740
-	17,248	278,812
56,720	1,062,983	1,288,047
56,720	1,206,453	2,026,630
847	1,796,245	2,563,641
19,000	41,100	73,500
-	(1,968,536)	(3,077,187)
19,000	(1,927,436)	(3,003,687)
19,847	(131,191)	(440,046)
(19,847)	(91,639)	1,451,882
$ -	$ (222,830)	$ 1,011,836

City of Fort Bragg, California
Combining Balance Sheet
Federal and State Grant Special Revenue Funds
June 30, 2016

	Safe Routes to School	CDBG Unclassified Program Income	COPS	Bulletproof Vest Partnership Grant	Housing Related Park Grant	CDBG General Allocation Grants
ASSETS						
Cash and investments	$ 679	$ 19,805	$ -	$ -	$ -	$ -
Receivables:						
Intergovernmental	-	-	11,253	-	-	28,733
Total assets	$ 679	$ 19,805	$ 11,253	$ -	$ -	$ 28,733
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 58,638
Due to other funds	-	-	11,253	8,159	-	185,713
Total liabilities	-	-	11,253	8,159	-	244,351
Deferred inflows of resources:						
Unavailable revenue						-
Total deferred inflows of resources:	-	-	-	-	-	-
Total liabilities and deferred inflows	-	-	11,253	8,159	-	244,351
Fund Balances:						
Restricted	679	19,805	-	(8,159)	-	-
Unassigned (deficit)	-	-	-	-	-	(215,618)
Total fund balances	679	19,805	-	(8,159)	-	(215,618)
Total liabilities deferred inflows and fund balances	$ 679	$ 19,805	$ 11,253	$ -	$ -	$ 28,733

(continued)

City of Fort Bragg, California
Combining Balance Sheet
Federal and State Grant Special Revenue Funds, Continued
June 30, 2016

	STP D1 Streets and Highway Allocation	2012 CDBG SuperNOFA	Coastal Conservancy Grant	State Parks Prop 84 Grant	CalTrans Federal Funding Grants	HCD HOME Grant	Totals
ASSETS							
Cash and investments	$ 1,166	$ -	$ -	$ -	$ -	$ -	$ 21,650
Receivables:							
Intergovernmental	-	-	-	968,898	21,076	242,285	1,272,245
Total assets	$ 1,166	$ -	$ -	$ 968,898	$ 21,076	$ 242,285	$ 1,293,895
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	$ -	$ -	$ -	$ -	$ 21,076	$ 46,027	$ 125,741
Due to other funds	-	91	-	968,918	-	216,850	1,390,984
Total liabilities	-	91	-	968,918	21,076	262,877	1,516,725
Deferred inflows of resources:							
Unavailable revenue		-					-
Total deferred inflows of resources:	-	-	-	-	-	-	-
Total liabilities and deferred inflows	-	91	-	968,918	21,076	262,877	1,516,725
Fund Balances:							
Restricted	-	-	-	-			12,325
Unassigned (deficit)	1,166	(91)	-	(20)	-	(20,592)	(235,155)
Total fund balances	1,166	(91)	-	(20)	-	(20,592)	(222,830)
Total liabilities and fund balances	$ 1,166	$ -	$ -	$ 968,898	$ 21,076	$ 242,285	$ 1,293,895

(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, 2016

	Safe Routes to School	CDBG Unclassified Program Income	COPS	Bulletproof Vest Partnership Grant	Housing Related Park Grant	CDBG General Allocation Grants
REVENUES:						
Intergovernmental	$ -	$ -	$ 101,977	$ 1,755	$ 98,550	$ 257,439
Use of money and property	-	-	-	-	-	-
Total revenues	-	-	101,977	1,755	98,550	257,439
EXPENDITURES:						
Current:						
Public safety	-	-	114,740	11,482	-	-
Public works	107	-	-	-	-	215
Community development	-	-	-	-	98,550	492,834
Total expenditures	107	-	114,740	11,482	98,550	493,049
REVENUES OVER (UNDER) EXPENDITURES	(107)	-	(12,763)	(9,727)	-	(235,610)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	41,100
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	41,100
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(107)	-	(12,763)	(9,727)	-	(194,510)
FUND BALANCES (DEFICIT):						
Beginning of year	786	19,805	12,763	1,568	-	(21,108)
End of year	$ 679	$ 19,805	$ -	$ (8,159)	$ -	$ (215,618)

(continued)

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Federal and State Grant Special Revenue Funds, Continued

For the year ended June 30, 2016

	STP D1 Streets and Highway Allocation	2012 CDBG SuperNOFA	Coastal Conservancy Grant	State Parks Prop 84 Grant	CalTrans Federal Funding Grants	HCD HOME Grant	Totals
REVENUES:							
Intergovernmental	$ 101,370	$ 266,760	$ 296,204	$ 1,500,851	$ 128,510	$ 249,282	$ 3,002,698
Use of money and property	-	-	-	-	-	-	-
Total revenues	101,370	266,760	296,204	1,500,851	128,510	249,282	3,002,698
EXPENDITURES:							
Current:							
Public safety	-	-	-	-	-	-	126,222
Public works	-	-	-	-	16,926	-	17,248
Community development	-	208,671	-	-	-	262,928	1,062,983
Total expenditures	-	208,671	-	-	16,926	262,928	1,206,453
REVENUES OVER (UNDER) EXPENDITURES	101,370	58,089	296,204	1,500,851	111,584	(13,646)	1,796,245
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	41,100
Transfers out	(59,897)	-	(296,204)	(1,500,851)	(111,584)	-	(1,968,536)
Total other financing sources and uses	(59,897)	-	(296,204)	(1,500,851)	(111,584)	-	(1,927,436)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	41,473	58,089	-	-	-	(13,646)	(131,191)
FUND BALANCES (DEFICIT):							
Beginning of year	(40,307)	(58,180)	-	(20)	-	(6,946)	(91,639)
End of year	$ 1,166	$ (91)	$ -	$ (20)	$ -	$ (20,592)	$ (222,830)

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2016

	Otis Johnson Park		Skate Park		Coastal Trail		Noyo Center for Marine Sciences	
ASSETS								
Cash and investments	$	12,064	$	-	$	19,598	$	50
Receivables:								
Other receivable		-		-		-		-
Due from other funds		-		-		-		-
Total assets	$	12,064	$	-	$	19,598	$	50
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	$	-	$	-	$	7,119	$	-
Due to other funds		-		-		25,231		-
Deposits payable		-		-		-		-
Total liabilities:		-		-		32,350		-
Deferred inflows of resources:								
Unavailable revenue		2,250		-		-		-
Total deferred inflows of resources:		2,250		-		-		-
Total liabilities and deferred inflows		2,250		-		32,350		-
Fund Balances:								
Restricted		-		-		-		-
Assigned		9,814		-		(12,752)		50
Unassigned (deficit)		-		-		-		-
Total fund balances		9,814		-		(12,752)		50
Total liabilities deferred inflows and fund balances	$	12,064	$	-	$	19,598	$	50

Chestnut Street Multi Use Trail	Totals
$ -	$ 31,712
21,076	21,076
-	-
$ 21,076	$ 52,788
$ 12,657	$ 19,776
14,089	39,320
-	-
26,746	59,096
-	2,250
-	2,250
26,746	61,346
-	-
-	(2,888)
(5,670)	(5,670)
(5,670)	(8,558)
$ 21,076	$ 52,788

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the year ended June 30, 2016

	Otis Johnson Park	Skate Park	Coastal Trail	Noyo Center for Marine Sciences
REVENUES:				
Intergovernmental	$ 5,172	$ -	$ -	$ -
Other revenues			9,905	50
Total revenues	5,172	-	9,905	50
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Capital outlay	5,358	-	978,883	-
Total expenditures	5,358	-	978,883	-
REVENUES OVER (UNDER) EXPENDITURES	(186)	-	(968,978)	50
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,817,520	-
Transfers out	-	(103)	-	-
Total other financing sources and uses	-	(103)	1,817,520	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(186)	(103)	848,542	50
FUND BALANCES (DEFICITS):				
Beginning of year	10,000	103	(861,294)	-
End of year	$ 9,814	$ -	$ (12,752)	$ 50

Town Hall Remodel	Chestnut Street Multi Use Trail	Totals
$ -	$ -	$ 5,172
		9,955
-	-	15,127
-	-	-
24,697	117,807	1,126,745
24,697	117,807	1,126,745
(24,697)	(117,807)	(1,111,618)
-	112,434	1,929,954
(10,357)	-	(10,460)
(10,357)	112,434	1,919,494
(35,054)	(5,373)	807,876
35,054	(297)	(816,434)
$ -	$ (5,670)	$ (8,558)

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, 2016

ASSETS	Building Maintenance	Information Technology Fund	Fleet Services	Totals
Current assets:				
Cash and investments	$ 653,715	$ 175,462	$ 464,255	$ 1,293,432
Receivables:				
Accounts	-	-	582	582
Prepaid items	-	618	1,017	1,635
Total current assets	653,715	176,080	465,854	1,295,649
Noncurrent assets:				
Capital assets, net	10,275	60,531	370,016	440,822
Total noncurrent assets	10,275	60,531	370,016	440,822
Total assets	$ 663,990	$ 236,611	$ 835,870	$ 1,736,471
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable	$ 6,483	$ 20,953	$ 10,107	$ 37,543
Accrued liabilities	-	1,414	928	2,342
Total current liabilities	6,483	22,367	11,035	39,885
Noncurrent liabilities:				
Compensated absences	-	-	-	-
Total liabilities	6,483	22,367	11,035	39,885
Net Position:				
Net investment in capital assets	10,275	60,531	370,016	440,822
Unrestricted	647,232	153,713	454,819	1,255,764
Total net position	657,507	214,244	824,835	1,696,586
Total liabilities and net position	$ 663,990	$ 236,611	$ 835,870	$ 1,736,471

City of Fort Bragg, California

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

Internal Service Funds

For the year ended June 30, 2016

	Building Maintenance	Information Technology Fund	Fleet Services	Totals
OPERATING REVENUES:				
Interdepartmental charges	$ 183,627	$ 376,569	$ 511,119	$ 1,071,315
Other	-	14,035	1,547	15,582
Total operating revenues	183,627	390,604	512,666	1,086,897
OPERATING EXPENSES:				
Salaries and benefits	80,575	154,002	109,802	344,379
Repairs and maintenance	34,388	33,002	44,859	112,249
Materials and supplies	-	16,611	74,270	90,881
Contractual services	-	46,214	1,632	47,846
Allocated overhead	58,389	91,775	79,614	229,778
Depreciation	-	3,096	72,380	75,476
Total operating expenses	173,352	344,700	382,557	900,609
OPERATING INCOME (LOSS)	10,275	45,904	130,109	186,288
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	-	-	-	-
Interest expense	-	-	-	-
Total non-operating revenues (expenses)	-	-	-	-
NET INCOME (LOSS) BEFORE TRANSFERS	10,275	45,904	130,109	186,288
Transfers in	125,567	48,802	415,646	590,015
Transfers out	(125,567)	(33,713)	(303,233)	(462,513)
Total transfers	-	15,089	112,413	127,502
Change in net position	10,275	60,993	242,522	313,790
NET POSITION (DEFICIT):				
Beginning of year	647,232	153,251	582,313	1,382,796
End of year	$ 657,507	$ 214,244	$ 824,835	$ 1,696,586

City of Fort Bragg, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2016

	Building Maintenance	Information Technology Fund	Fleet Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	$ 183,627	$ 390,604	$ 512,084	$ 1,086,315
Cash paid to suppliers for goods and services	(93,393)	(187,215)	(232,168)	(512,776)
Cash paid to employees for services	(80,575)	(156,815)	(111,867)	(349,257)
Net cash provided (used) by operating activities	9,659	46,574	168,049	224,282
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers received	125,567	48,802	415,646	590,015
Transfers paid	(125,567)	(33,713)	(303,233)	(462,513)
Net cash provided (used) by noncapital financing activities	-	15,089	112,413	127,502
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(10,275)	(63,627)	(202,533)	(276,435)
Net cash (used) by capital and related financing activities	(10,275)	(63,627)	(202,533)	(276,435)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	-	-	-	-
Net cash provided by investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(616)	(1,964)	77,929	75,349
CASH AND CASH EQUIVALENTS:				
Beginning of year	654,331	177,426	386,326	1,218,083
End of year	$ 653,715	$ 175,462	$ 464,255	$ 1,293,432
Reconciliation of income from operations to net cash provided (used) by operating activities:				
Operating income (loss)	$ 10,275	$ 45,904	$ 130,109	$ 186,288
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	3,096	72,380	75,476
(Increase) decrease in current assets:				
Accounts receivable	-	-	(582)	(582)
Prepaid items	-	(618)	(1,017)	(1,635)
Increase (decrease) in liabilities:				
Accounts payable	(616)	1,005	(30,776)	(30,387)
Accrued liabilities	-	(2,813)	(2,065)	(4,878)
Compensated absences	-	-	-	-
Net cash provided by operating activities	$ 9,659	$ 46,574	$ 168,049	$ 224,282

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STATISTICAL SECTION

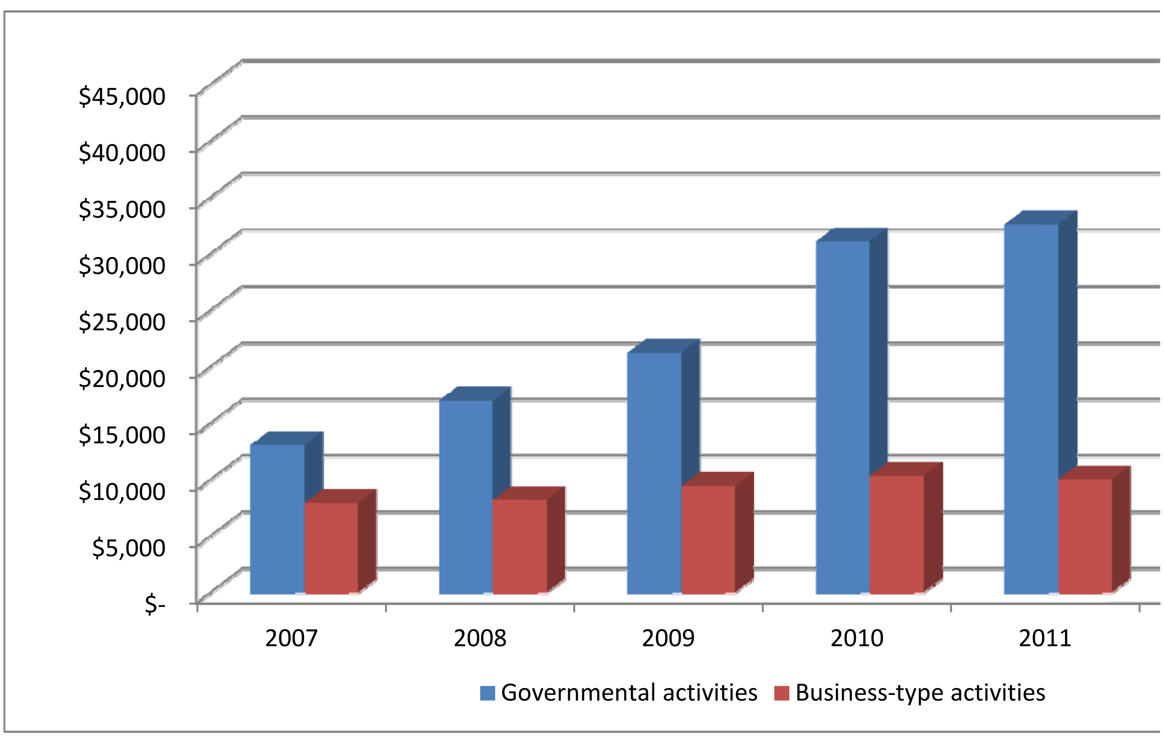
This part of the City of Fort Bragg's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health.

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.	144-154
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.	155-161
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	162-170
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.	171-173
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.	174-176

City of Fort Bragg, California

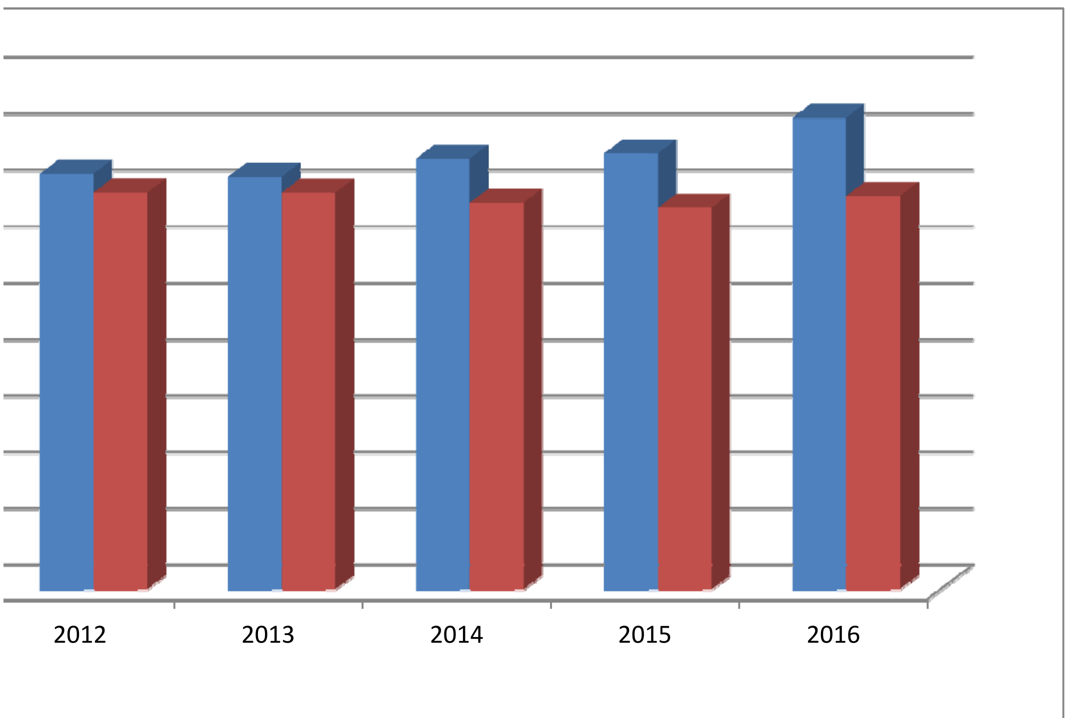
Net Position by Component
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Accrual basis of accounting)
(In Thousands)

	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	$ 5,356	$ 8,522	$ 13,862	$ 24,795
Restricted	2,464	2,912	3,822	4,450
Unrestricted	5,240	5,572	3,552	1,843
Total governmental activities net position	$ 13,060	$ 17,006	$ 21,236	$ 31,088
Business-type activities				
Net investment in capital assets	$ 5,460	$ 6,030	$ 7,170	7,255
Restricted	35	35	35	64
Unrestricted	2,420	2,122	2,223	2,997
Total business-type activities net position	$ 7,915	$ 8,187	$ 9,428	$ 10,316
Primary government				
Net investment in capital assets	$ 10,816	$ 14,552	$ 21,032	$ 32,050
Restricted	2,499	2,947	3,857	4,514
Unrestricted	7,660	7,694	5,775	4,840
Total primary government net position	$ 20,975	$ 25,193	$ 30,664	$ 41,404



Source: City Finance Department

2011	2012	2013	2014	2015	2016
$ 25,801	$ 30,664	$ 30,444	$ 31,944	$ 35,914	$ 38,647
4,825	4,776	5,671	5,987	2,289	3,536
1,953	1,356	428	232	(203)	(399)
$ 32,579	$ 36,796	$ 36,543	$ 38,163	$ 38,625	$ 41,784
$ 7,121	$ 31,319	$ 30,764	$ 30,531	$ 30,047	$ 30,503
108	108	72	101	108	108
2,775	3,709	4,294	3,603	3,649	4,232
$ 10,004	$ 35,136	$ 35,130	$ 34,235	$ 33,804	$ 34,843
$ 32,922	$ 61,983	$ 61,208	$ 62,475	$ 65,961	$ 69,150
4,933	4,884	5,743	6,088	3,022	3,644
4,728	5,065	4,722	3,835	3,466	3,833
$ 42,583	$ 71,932	$ 71,673	$ 72,398	$ 72,429	$ 76,627



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

	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	$ 2,294	$ 1,621	$ 2,013	$ 2,518
Public safety	3,071	3,332	3,387	4,011
Public works	912	970	1,846	2,286
Community development	1,474	867	2,922	2,489
Interest and fiscal charges	326	325	323	311
Total governmental activities expenses	8,077	7,115	10,491	11,615
Business-type activities:				
Water	1,794	1,899	2,050	2,401
Sewer	1,792	1,865	2,233	2,465
C.V. Starr Center	-	-	-	-
Total business-type activities expenses	3,586	3,764	4,283	4,866
Total primary government expenses	11,663	10,879	14,774	16,481
Program revenues				
Governmental activities:				
Charges for services:				
General government	492	724	2,306	3,193
Public safety	147	210	133	30
Public works	191	101	50	13
Community development	383	246	188	5
Operating grants and contributions	410	695	1,101	10,622
Capital grants and contributions	2,075	2,279	3,673	2,108
Total governmental activities program revenues	3,698	4,255	7,451	15,971
Business-type activities:				
Charges for services:				
Water	1,891	1,925	2,042	2,017
Sewer	1,470	1,505	1,930	2,216
C.V. Starr Center	-	-	-	-
Operating grants and contributions	-	-	288	-
Capital grants and contributions	482	-	1,239	85
Total business-type activities program revenues	3,843	3,430	5,499	4,318
Total primary government program revenues	7,541	7,685	12,950	20,289
Net (Expense)/Revenue				
Governmental activities	(4,379)	(2,860)	(3,040)	4,356
Business-type activities	257	(334)	1,216	(548)
Total primary government net expense	(4,122)	(3,194)	(1,824)	3,808

2011	2012	2013	2014	2015	2016
$ 2,591	$ 2,540	$ 2,708	$ 1,500	$ 2,593	$ 2,877
3,596	3,493	3,399	3,851	3,663	4,187
1,532	1,532	1,874	2,176	2,435	2,108
3,361	1,877	1,529	3,485	840	1,700
296	177	49	42	30	26
11,376	9,619	9,559	11,054	9,561	10,898
2,179	2,107	2,138	2,539	2,286	2,264
2,425	2,983	3,063	3,095	2,801	2,897
-	183	2,236	2,262	2,382	2,292
4,604	5,273	7,437	7,896	7,469	7,453
15,980	14,892	16,996	18,950	17,030	18,351
3,087	2,718	2,701	2,851	2,809	2,818
30	29	40	72	50	289
5	4	5	34	102	344
9	349	100	58	-	30
2,138	684	1,572	1,567	4,702	725
602	1,096	303	1,818	2,383	3,762
5,871	4,880	4,721	6,400	10,046	7,968
2,108	2,194	2,404	2,229	2,496	2,624
2,773	2,945	3,197	3,004	3,194	3,332
-	-	591	635	706	722
-	-	-	-	-	-
-	25,132	-	-	-	-
4,881	30,271	6,192	5,868	6,396	6,678
10,752	35,151	10,913	12,268	16,442	14,646
(5,505)	(4,739)	(4,838)	(4,654)	485	(2,930)
277	24,998	(1,245)	(2,028)	(1,073)	(775)
(5,228)	20,259	(6,083)	(6,682)	(588)	(3,705)

(continued)

City of Fort Bragg, California

Changes in Net Position

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

(In Thousands)

Continued from previous page:

	2007	2008	2009	2010
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	2,477	2,328	2,249	1,988
Sales and use tax	2,524	2,545	2,657	2,154
Transient lodging tax	1,504	1,553	1,492	1,379
Franchise taxes	231	278	495	457
Other taxes	232	315	274	26
Use of money and property	119	106	41	58
Other general revenues	-	-	-	424
Transfer in (out)	(11)	(319)	49	(2)
Extraordinary item: Redevelopment dissolution	-	-	-	-
Total governmental activities	7,076	6,806	7,257	6,484
Business-type activities:				
Property taxes	55	68	3	
Sales and use tax				
Use of money and property	156	132	72	21
Other revenues	-	-	-	322
Transfer in (out)	11	319	(49)	2
Total business-type activities	222	519	26	345
Total primary government	7,298	7,325	7,283	6,829
Changes in Net Position				
Governmental activities	2,697	3,946	4,217	10,840
Business-type activities	479	185	1,242	(203)
Total primary government	$ 3,176	$ 4,131	$ 5,459	$ 10,637

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

Source: City Finance Department

2011	2012	2013	2014	2015	2016
2,075	1,413	924	943	909	1,007
2,147	2,271	2,390	2,490	2,523	2,458
1,341	1,411	1,536	1,667	1,858	1,948
469	470	482	496	493	491
-	225	203	411	435	403
51	91	103	45	87	113
71	399	81	222	67	120
(55)	(2)	(17)	(1)	(89)	(451)
-	3,070	-	-	-	-
6,099	9,348	5,702	6,273	6,283	6,089
	19	231	216	234	220
		772	811	807	846
21	16	8	33	42	27
407	97	98	72	161	271
55	2	17	1	89	451
483	134	1,126	1,133	1,333	1,815
6,582	9,482	6,828	7,406	7,616	7,904
594	4,609	864	1,619	6,768	3,159
760	25,132	(119)	(895)	260	1,040
$ 1,354	$ 29,741	$ 745	$ 724	$ 7,028	$ 4,199

(concluded)

City of Fort Bragg, California

Fund Balances of Governmental Funds

Last Ten Fiscal Years

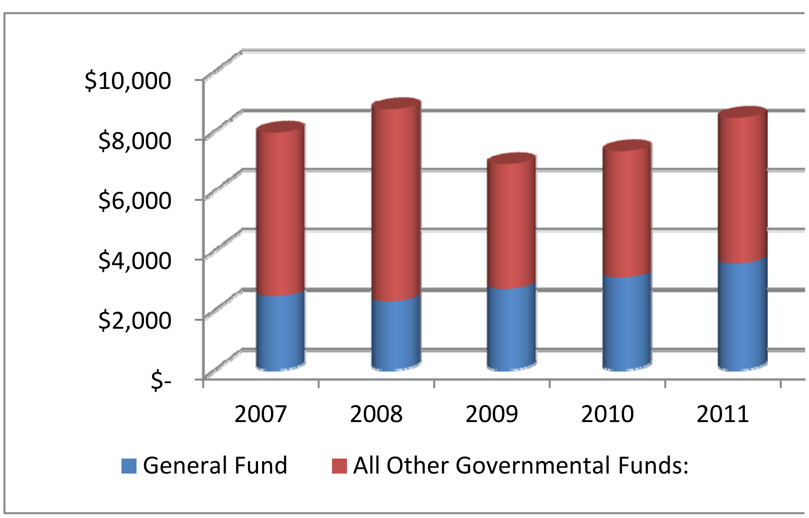
(Fiscal year ended June 30)

(Modified accrual basis of accounting)

(In Thousands)

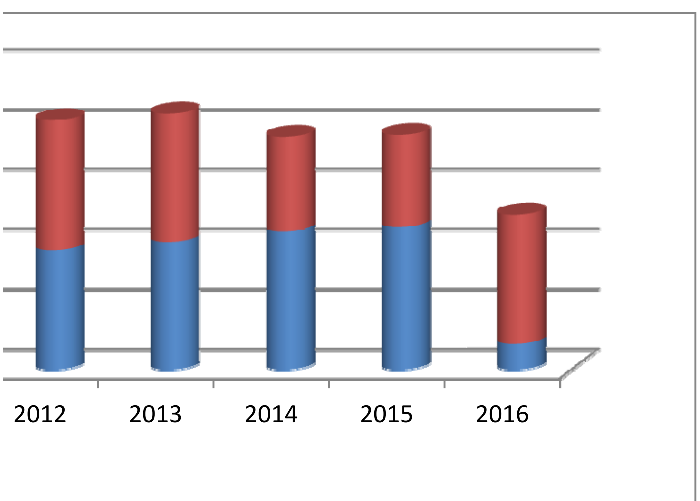
	2007	2008	2009	2010	2011
General Fund					
Reserved	$ 410	$ 46	$ 80	$ 707	
Unreserved	2,031	2,238	2,613	2,364	
Total general fund	$ 2,441	$ 2,284	$ 2,693	$ 3,071	
All Other Governmental Funds:					
Reserved	$ 1,653	$ 2,159	$ 2,020	$ 3,789	
Unreserved (deficit) reported in:					
Special revenue funds	2,197	1,934	2,671	1,088	
Capital projects funds	1,627	2,340	(513)	(654)	
Total all other governmental funds	5,477	6,433	4,178	4,223	
Total all governmental funds	$ 7,918	$ 8,717	$ 6,871	$ 7,294	
General Fund:					
Nonspendable					$ 1
Unassigned					3,560
Total general fund					3,561
All Other Governmental Funds:					
Restricted					4,865
Assigned					-
Unassigned (deficit)					-
Total all other governmental funds					4,865
Total all governmental funds					$ 8,426

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



Source: City Finance Department

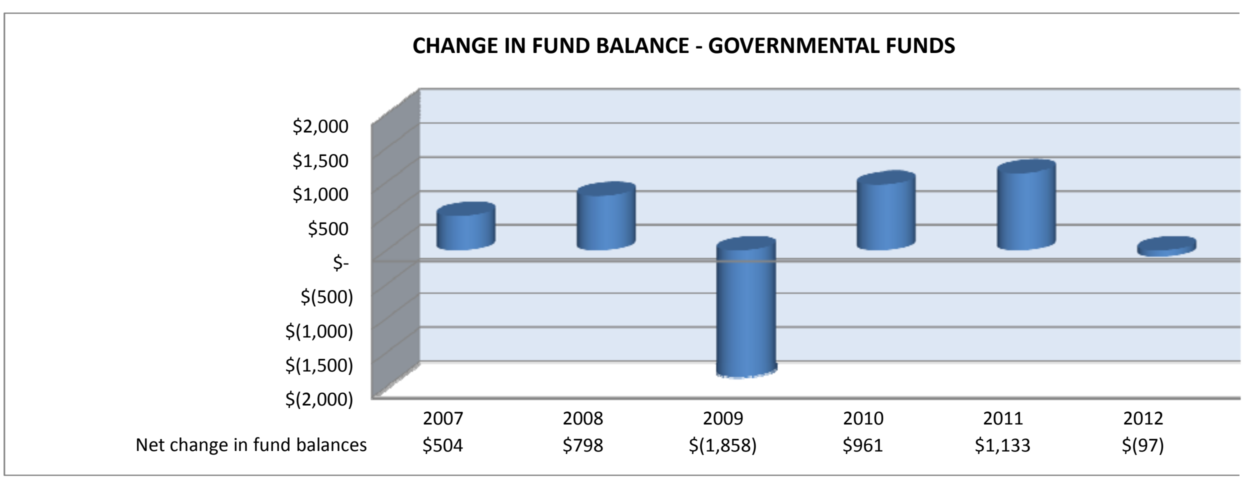
2012	2013	2014	2015	2016
$ 211	$ 248	$ 185	$ 205	$ 66
3,775	4,007	4,434	4,553	790
3,986	4,255	4,619	4,758	856
4,530	4,590	4,598	2,914	3,536
-	-	-	1,322	1,116
(187)	(299)	(1,441)	(1,157)	(331)
4,343	4,291	3,157	3,079	4,321
$ 8,329	$ 8,546	$ 7,776	$ 7,837	$ 5,177



City of Fort Bragg, California

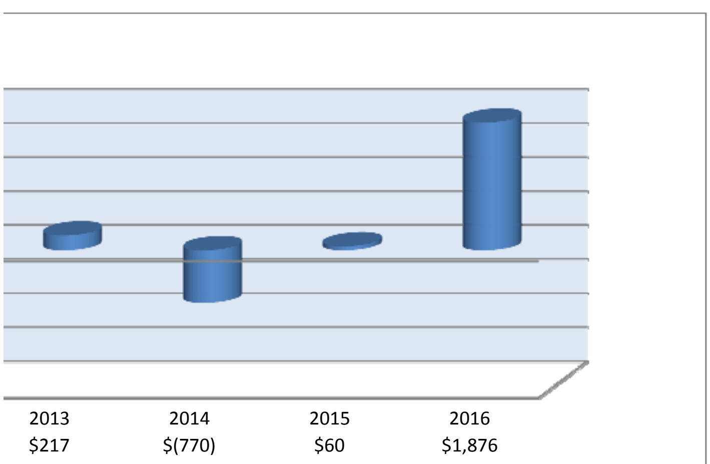
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Modified accrual basis of accounting)
(In Thousands)

	2007	2008	2009	2010	2011
Revenues:					
Taxes and assessments	$ 6,783	$ 6,813	$ 6,939	$ 6,052	$ 6,032
Intergovernmental	2,520	2,963	4,162	7,760	2,692
Charges for services	401	279	2,170	2,726	2,463
Fines, forfeitures and penalties	78	186	109	14	17
Licenses and permits	273	260	272	307	252
Use of money and property	415	338	158	52	51
Reimbursements					
Other	323	541	209	377	118
Total revenues	10,793	11,380	14,019	17,288	11,625
Expenditures:					
Current:-					
General government	2,278	1,592	2,100	1,742	1,178
Public safety	2,858	3,174	3,217	3,535	3,237
Public works	746	788	1,540	1,519	1,332
Community development	1,395	865	2,893	2,434	3,009
Capital outlay	2,492	3,408	5,648	6,513	1,286
Debt Service:-					
Principal Retirement	194	210	224	308	107
Interest and fiscal charges	315	310	304	297	282
Total expenditures	10,278	10,347	15,926	16,348	10,431
Reconciliation of Governmental Revenues Less Expenditures to Fund Equity:					
Revenues over (under) expenditures	$ 515	$ 1,033	$ (1,907)	$ 940	$ 1,194
Other financing sources (uses):					
Proceeds from capital lease		84			
Proceeds from issuance of debt					
Extraordinary loss on dissolution of redevelopment	-	-	-	-	-
Transfers in	5,493	4,812	1,623	2,287	1,122
Transfers out	(5,504)	(5,131)	(1,574)	(2,266)	(1,183)
Total other financing sources (uses)	(11)	(235)	49	21	(61)
Net change in fund balances	$ 504	$ 798	$ (1,858)	$ 961	$ 1,133
Debt service as a percentage of noncapital expenditures	6.99%	8.10%	5.42%	6.55%	4.44%



Source: City Finance Department

2012	2013	2014	2015	2016
$ 5,790	$ 5,579	$ 5,810	$ 4,949	$ 5,067
1,773	1,897	2,946	7,463	5,219
2,854	2,564	2,907	457	242
13	23	28	178	162
241	260	234	254	273
84	103	84	120	174
		-	2,930	3,413
410	80	240	59	127
11,165	10,506	12,249	16,410	14,677
1,252	2,179	1,549	2,875	2,685
3,351	3,410	3,829	3,581	4,100
1,386	1,472	1,594	3,469	1,874
1,975	2,191	3,460	834	1,693
1,983	874	2,431	5,058	1,725
113	107	112	116	120
161	40	36	31	26
10,221	10,273	13,011	15,964	12,223
$ 944	$ 233	$ (762)	$ 446	$ 2,454
(1,039)	-	-	-	-
1,910	1,950	1,091	5,683	2,714
(1,912)	(1,966)	(1,099)	(6,069)	(3,292)
(1,041)	(16)	(8)	(386)	(578)
$ (97)	$ 217	$ (770)	$ 60	$ 1,876
3.44%	1.59%	1.42%	1.37%	1.21%



City of Fort Bragg, California

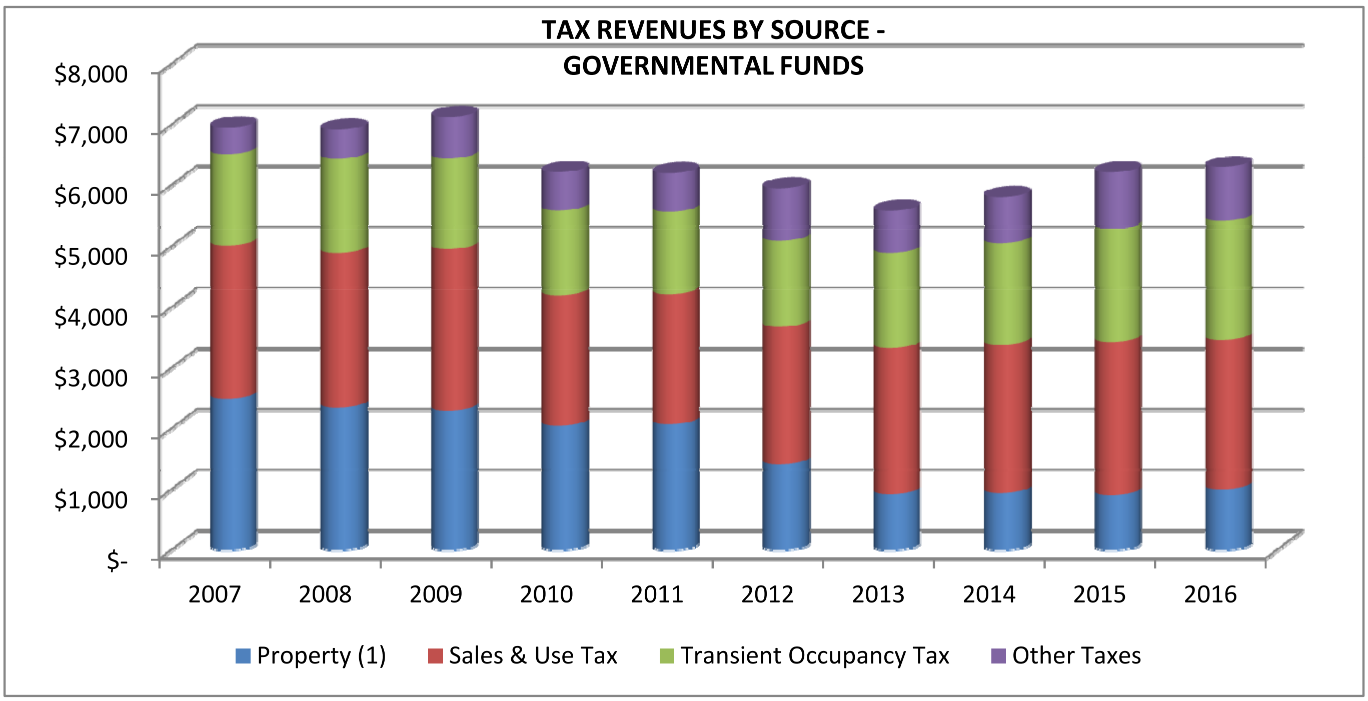
Governmental Fund Tax Revenue By Source

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
2007	$ 2,494	$ 2,524	$ 1,504	$ 440	$ 6,962
2008	2,349	2,544	1,553	478	6,924
2009	2,301	2,657	1,492	686	7,136
2010	2,050	2,155	1,379	637	6,221
2011	2,075	2,147	1,341	639	6,202
2012	1,413	2,271	1,411	859	5,954
2013	924	2,409	1,561	685	5,579
2014	943	2,445	1,668	754	5,810
2015	909	2,523	1,858	928	6,218
2016	1,007	2,458	1,948	894	6,307



(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

2015-16		2006-07	
Taxpayer	**Business Type**	**Taxpayer**	**Business Type**
Arco AM/PM Mini Marts	Service Stations	AmeriGas Propane	Energy Sales
Boatyard Tobacco	Miscellaneous Retail	Baxman Gravel	Bldg.Matls-Whsle
Chevron Service Stations	Service Stations	Canclini TV & Appliance	Furniture/Appliance
Coast To Coast Hardware	Bldg.Matls-Retail	Chevron Service Stations	Service Stations
CVS/Pharmacy	Drug Stores	Coast To Coast Hardware	Bldg.Matls-Retail
Denny's Restaurant	Restaurants	CVS/Pharmacy	Drug Stores
Dollar Tree Stores	Department Stores	Denny's Restaurant	Restaurants
Eel River Fuels	Energy Sales	Fred Holmes Lumber	Bldg.Matls-Whsle
Fort Bragg Feed & Pet	Florist/Nursery	Harvest Market	Food Markets
Geo Aggregates	Heavy Industry	Kemppe Liquid Gas	Energy Sales
Harvest Market	Food Markets	Mcdonald's Restaurants	Restaurants
Mcdonald's Restaurants	Restaurants	Mendo Mill & Lumber Company	Bldg.Matls-Retail
Mendo Mill & Lumber Company	Bldg.Matls-Retail	Mendocino Coast Petroleum	Energy Sales
Mendocino County Hydrogarden	Florist/Nursery	Mendocino County Hydrogarden	Florist/Nursery
New Trend Wireless	Miscellaneous Retail	North Coast Brewery	Restaurants
North Coast Brewery	Restaurants	Quality Suites	Restaurants
O'Reilly Auto Parts	Auto Parts/Repair	Rinehart Distributing	Service Stations
Rhoads Auto Parts	Auto Parts/Repair	Rite Aid Drug Stores	Drug Stores
Rite Aid Drug Stores	Drug Stores	Rossi's Building Materials	Bldg.Matls-Retail
Rossi's Building Materials	Bldg.Matls-Retail	Safeway Stores	Food Markets
Safeway Stores	Food Markets	Sears Roebuck & Company	Department Stores
Sears Hometown Stores	Furniture/Appliance	Speedex Service Station	Service Stations
Speedex Service Station	Service Stations	Sport Chrysler Jeep Dodge	Auto Sales - New
Sport Chrysler Jeep Dodge	Auto Sales - New	Two Short Sales	Bldg.Matls-Whsle
Union 76 Service Stations	Service Stations	Walsh Oil Company	Energy Sales

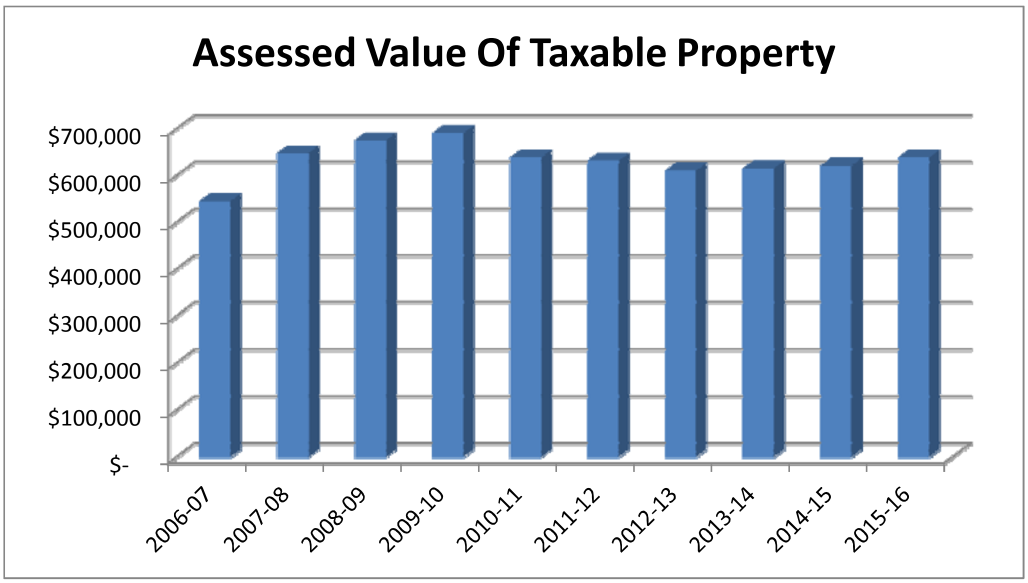
Source: MuniServices, LLC
Top Sales Tax Producers listed in alphabetical order.

City of Fort Bragg, California

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

Last Ten Fiscal Years (In Thousands)

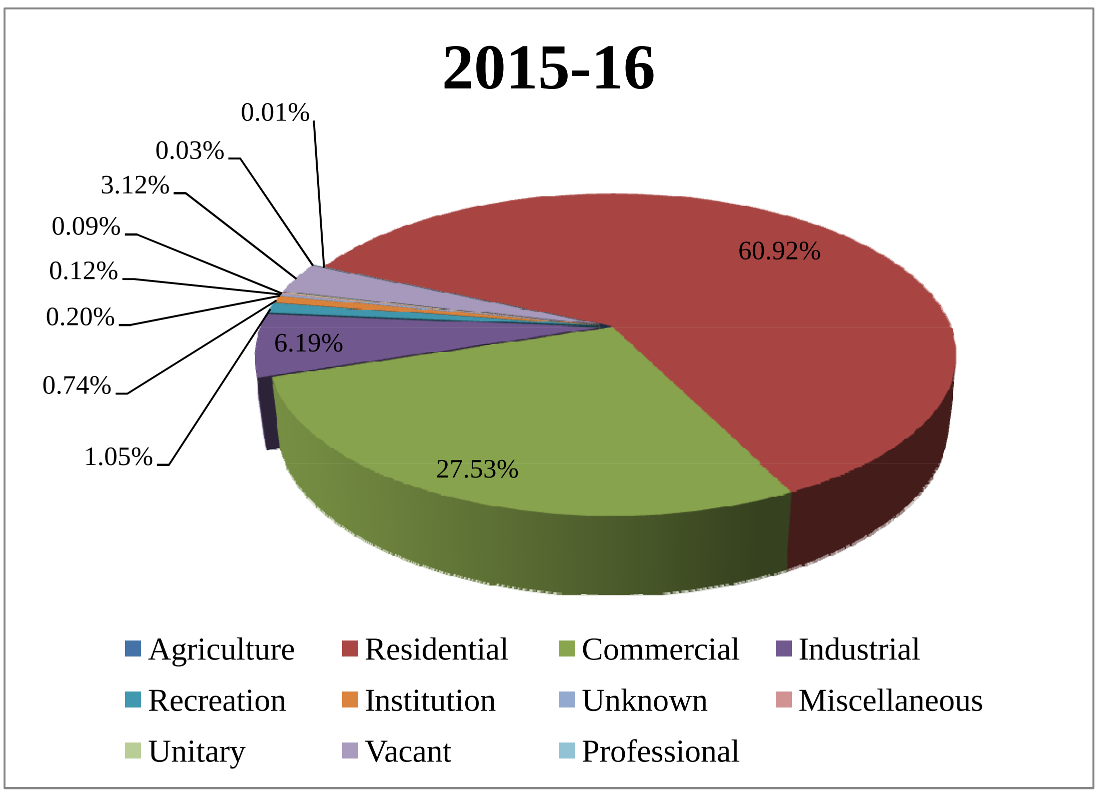
Fiscal Year End		Secured Property*		Unsecured Property		Taxable Assessed Value	% Change	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2006-07	$	518,473	$	27,020	$	545,493	9.5%	1.082000	-	-
2007-08	$	619,707	$	28,618	$	648,325	18.9%	1.070000	-	-
2008-09	$	645,784	$	30,044	$	675,828	4.2%	1.088000	-	-
2009-10	$	660,917	$	30,217	$	691,134	2.3%	1.082000	-	-
2010-11	$	609,153	$	29,654	$	638,807	-7.6%	1.102000	-	-
2011-12	$	603,272	$	29,066	$	632,338	-1.0%	1.123000	710,404	1.123456
2012-13	$	579,450	$	31,513	$	610,963	-4.4%	1.113100	611,333	1.000606
2013-14	$	585,992	$	29,641	$	615,633	-2.6%	1.125000	624,469	1.014352
2014-15	$	590,079	$	31,347	$	621,426	1.7%	1.127000	689,061	1.108838
2015-16	$	607,137	$	31,275	$	638,412	3.7%	1.132000	702,975	1.101131



Source: Mendocino County Assessor data, MuniServices, LLC
Source: 2010-11 and prior: previously published CAFR Report
*Secured Property is net of exemptions and includes Unitary value.
1.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale

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

Category	2011-12	2012-13	2013-14	2014-15	2015-16
Agriculture	-	34	33	34	34
Residential	361,278	347,694	351,259	357,224	369,852
Commercial	161,784	164,165	165,103	163,032	167,141
Industrial	43,763	30,593	36,342	36,807	37,595
Recreation	8,962	9,119	7,905	7,593	6,391
Institution	3,826	3,931	4,024	4,285	4,513
Unknown	1,044	1,130	1,149	1,178	1,192
Miscellaneous	477	689	698	701	735
Unitary	670	543	542	543	543
Vacant	21,468	21,552	18,931	18,682	18,963
Professional	-	-	-	-	179
Net Secured Value	603,272	579,416	585,953	590,045	607,137
Unsecured	29,066	31,513	29,641	31,347	31,275
Net Taxable Value	632,338	610,929	615,594	621,392	638,412



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

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

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
County General Fund	0.000000	0.000000	0.000000	0.000000	0.000000	0.745000
City of Fort Bragg	0.000000	0.000000	0.000000	0.000000	0.000000	0.255000
Total	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments						
Local Special Districts	0.023000	0.023000	0.011000	0.010000	0.013000	0.012000
Schools	0.059000	0.047000	0.077000	0.072000	0.089000	0.111000
Total	0.082000	0.070000	0.088000	0.082000	0.102000	0.123000
Total Tax Rate	1.082000	1.070000	1.088000	1.082000	1.102000	1.123000

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

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

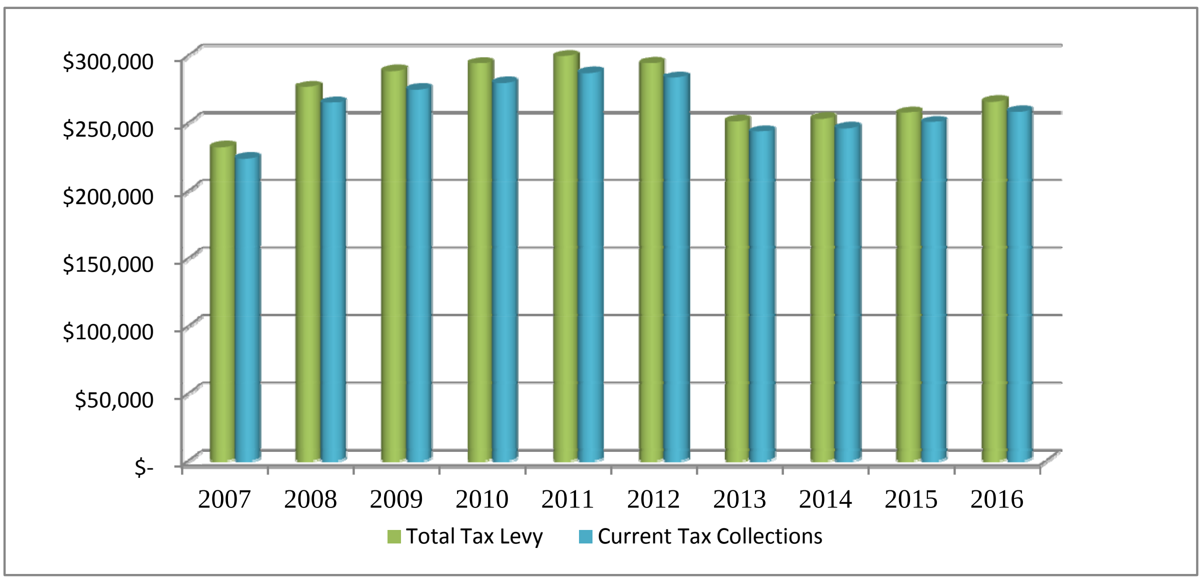
City of Fort Bragg, California
Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

Taxpayer	2015-16 Taxable Value ($)	2015-16 Percent of Total City Taxable Value (%)	2006-07 Taxable Value ($)	2006-07 Percent of Total City Taxable Value (%)
Georgia Pacific Corp	31,832,861	4.99%	7,176,125	1.33%
Rap Investors Lp	10,792,639	1.69%	5,087,598	0.95%
Boatyard Assoc Phase Ii	9,706,645	1.52%	6,446,546	1.20%
North Coast Brewery	7,064,018	1.11%	-	-
Safeway Inc.	7,010,172	1.10%	6,478,759	1.20%
Tanti Family Ii Llc	5,255,551	0.82%	-	-
Colombi Jeanette Succttee	5,098,440	0.80%	-	-
Hurst Jason S	4,605,491	0.72%	-	-
Anderson Logging Inc.	4,306,579	0.67%	3,684,447	0.68%
Kao Kuami	4,302,429	0.67%	3,781,906	0.70%
Kashi Keshav Investments Llc	4,157,643	0.65%	-	-
Ansari Ghulam Murtaza Tenzila	4,135,244	0.65%	-	-
Grosvenor Van Ness Assoc	3,976,992	0.62%	3,497,664	0.65%
Longs Drug Stores California L	3,888,947	0.61%	3,735,647	0.69%
Ray Ronald R Ttee	3,661,559	0.57%	-	-
Fort Bragg Hotel Llc	3,565,385	0.56%	-	-
Moura Senior Housing	3,479,168	0.54%	2,249,016	0.42%
Keaton Richard J Julie	3,083,116	0.48%	2,693,957	0.50%
Noyo Vista Inc.	3,026,662	0.47%	2,671,859	0.50%
Kemppe Liquid Gas Corp	2,925,418	0.46%	4,118,026	0.76%
Rbj Assoc Llc	2,595,058	0.41%	2,034,036	0.38%
Comcast	2,541,344	0.40%	-	-
Miller Helen Centeno	2,461,240	0.39%	-	-
Taubold Timothy E Ttee	2,451,214	0.38%	-	-
Lee Michael V Dona H Ttees	2,344,716	0.37%	-	-
Tradewinds Lodge	-	-	12,179,792	2.26%
Hunt Robert A	-	-	5,619,774	1.04%
Colombi Robert Ttee 1/2	-	-	5,251,647	0.98%
Baxman Land Partnership	-	-	5,152,634	0.96%
Hurst James C & Barbara J Ttee	-	-	4,074,616	0.76%
Affinito Dominic J & Juliette	-	-	4,058,445	0.75%
Bell Charles H & Ila Lynn Ttee	-	-	3,992,250	0.74%
Mendocino Coast Medical Plaza	-	-	3,665,690	0.68%
North Otown Industrial Center	-	-	3,220,242	0.60%
Kolberg John J & Arlene P	-	-	2,742,682	0.51%
Adelphia Communications	-	-	2,346,850	0.44%
Miller Donald Y & Helen Centen	-	-	2,173,049	0.40%
Total Top 25 Taxpayers	138,268,531	21.66%	108,133,257	20.09%
Total Taxable Value	638,412,338	100.00%	538,330,112	100.00%

Source: Mendocino County Assessor data, MuniServices, LLC

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2007	$ 231,862	$ 223,485	96.4%
2008	276,668	264,845	95.7%
2009	288,495	274,649	95.2%
2010	293,999	279,753	95.2%
2011	299,429	287,121	95.9%
2012	294,235	283,594	96.4%
2013	251,307	243,397	96.9%
2014	253,017	245,915	97.2%
2015	257,387	250,358	97.3%
2016	265,826	258,276	97.2%



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)

	Governmental Activities			Business-type Activities		
Fiscal Year Ended June 30,	**Certificates of Participation**	**Capital Leases**	**Total Governmental Activities**	**Certificates of Participation**	**Notes Payable**	**Capital Leases**
2006	$ 6,470	$ -	$ 6,470	$ 5,390	$ -	$ -
2007	6,175	-	6,175	5,130	-	-
2008	6,021	-	6,021	4,870	2,267	-
2009	5,864	160	6,024	4,590	2,151	982
2010	5,702	98	5,800	4,360	1,874	878
2011	5,533	32	5,565	4,130	1,767	769
2012 (2)	943	-	943	3,237	1,481	626
2013	842	-	842	3,013	1,375	457
2014	777	-	777	3,217	1,314	367
2015	660	-	660	2,896	1,207	240
2016	539	-	539	2,578	1,102	123

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)
$ 5,390	$ 11,860	8.4%	$ 1,720
5,130	11,305	7.7%	1,648
7,137	13,158	8.8%	1,918
7,723	13,747	9.8%	2,007
7,112	12,912	8.9%	1,884
6,666	12,231	N/A	1,779
5,344	6,287	4.4%	867
4,845	5,687	3.9%	778
4,898	5,675	3.7%	772
4,343	5,003	3.2%	681
3,803	4,342	2.8%	591

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

Fiscal Year	Tax Allocation Bonds [1]	Less: Amounts Restricted for Debt Service	Net Bonded Debt	Percentage of Personal Income [2]	% of Actual Assessed Value of Property [3]	Per Capita [2]
2005-06	$ 4,620	$ 314	$ 4,306	3.1%	0.9%	624
2006-07	4,550	314	4,236	2.9%	0.8%	617
2007-08	4,480	314	4,166	2.8%	0.6%	607
2008-09	4,410	314	4,096	2.9%	0.6%	598
2009-10	4,335	314	4,021	2.8%	0.6%	587
2010-11	4,255	314	3,941	N/A	0.6%	573
2011-12	4,175	314	3,861	2.7%	0.6%	532
2012-13	4,096	314	3,782	2.6%	0.6%	517
2013-14	4,005	314	3,691	2.4%	0.6%	502
2014-15	4,040	-	4,040	2.6%	0.7%	550
2015-16	3,950	-	3,950	2.5%	0.6%	515

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

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

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

Source: City financial records
N/A indicates information not available

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

	2007	2008	2009	2010
Assessed Value	$ 518,473	$ 619,707	$ 645,784	$ 660,917
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Value	129,618	154,927	161,446	165,229
Debt Limit Percentage	15%	15%	15%	15%
Debt limit	19,443	23,239	24,217	24,784
Total net debt applicable to limit	-	-	-	-
Legal debt margin	$ 19,443	$ 23,239	$ 24,217	$ 24,784
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

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

Source: City Finance Department

2011	2012	2013	2014	2015	2016
$ 609,153	$ 603,272	$ 579,450	$ 585,992	$ 590,079	$ 607,137
25%	25%	25%	25%	25%	25%
152,288	150,818	144,863	146,498	147,520	151,784
15%	15%	15%	15%	15%	15%
22,843	22,623	21,729	21,975	22,128	22,768
-	-	-	-	-	-
$ 22,843	$ 22,623	$ 21,729	$ 21,975	$ 22,128	$ 22,768
0%	0%	0%	0%	0%	0%

City of Fort Bragg, California
Direct and Overlapping Debt
Current Year
June 30, 2016

	Total Debt 6/30/2016	% Applicable [1]	City's Share of Debt 6/30/2016
2015-16 Assessed Valuation:	$ 639,867,918		
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Redwoods Joint Community College District	$ 31,015,000	3.788%	$ 1,174,848
Fort Bragg Unified School District	32,719,536	38.390%	12,561,030
Mendocino Coast Hospital District	4,525,504	20.897%	945,695
City of Fort Bragg	-	100.000%	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$ 14,681,573
OVERLAPPING GENERAL FUND DEBT:			
Mendocino County Certificates of Participation	20,480,000	6.067%	$ 1,242,522
Mendocino County Pension Obligation Bonds	64,150,000	6.067%	3,891,981
Redwoods Joint Community College District Certificates of Participation	56,200	3.788%	2,129
TOTAL OVERLAPPING GENERAL FUND DEBT			$ 5,136,632
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	3,950,000	100.000%	3,950,000
DIRECT DEBT			**$ 538,671**
TOTAL OVERLAPPING DEBT			$ 24,306,876
COMBINED TOTAL DEBT			$ 24,306,876 [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 and mortgage revenue bonds and non-bonded lease obligations.

Ratios to 2014-15 Assessed Valuation:	
Direct Debt	0.00%
Total Overlapping Tax and Assessment Debt	2.29%
Combined Total Debt	3.71%
Ratios to Redevelopment Successor Agency Incremental Valuation ($191,191,893):	
Total Overlapping Tax Increment Debt	2.07%

Source: MuniServices, LLC

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

Fiscal Year Ended June 30,	Business-type Activities Water Fund Debt						
	Revenues & Transfers	Less: Operating Expenses [1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
2007	$ 2,025	$ 1,313	$ 712	$ 293	$ 227	$ 520	1.4
2008	2,054	1,341	713	402	273	675	1.1
2009	2,113	2,078	35	387	265	652	0.1
2010	2,058	1,792	266	322	293	615	0.4
2011	2,159	1,632	527	365	245	610	0.9
2012	2,044	1,585	459	360	158	518	0.9
2013	2,420	1,623	797	327	151	478	1.7
2014	2,172	1,953	219	369	171	540	0.4
2015	2,595	1,806	789	493	147	640	1.2
2016	3,085	1,834	1,251	490	132	622	2.0

[1] Operating expenses exclude depreciation

Source: City Finance Department

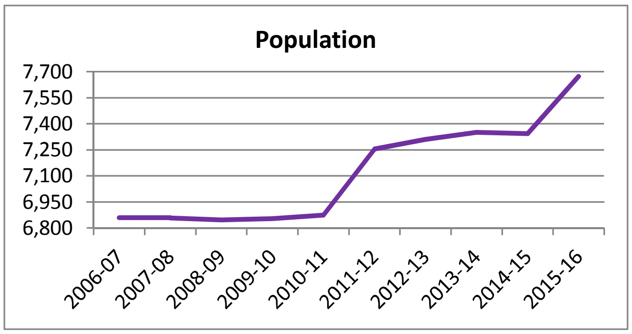
Business-type Activities
Sewer Fund Debt

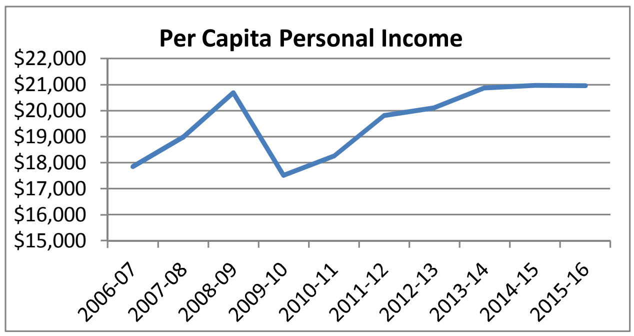
Revenues & Transfers	Less: Operating Expenses [1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
$ 2,085	$ 1,431	$ 654	$ 75	$ 45	$ 120	5.5
1,959	1,523	436	85	35	120	3.6
2,160	1,908	252	53	32	85	3.0
2,517	2,116	401	35	12	47	8.5
3,152	2,078	1,074	40	21	61	17.6
2,943	2,637	306	40	19	59	5.2
3,263	2,733	530	40	17	57	9.3
2,985	2,633	352	45	17	62	5.7
3,184	2,470	714	45	16	61	11.7
3,322	2,568	754	50	12	62	12.2

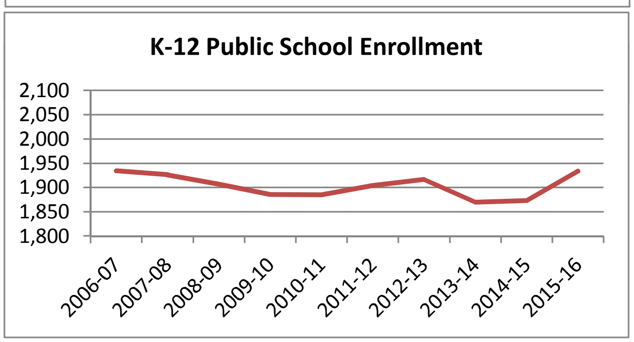
(continued)

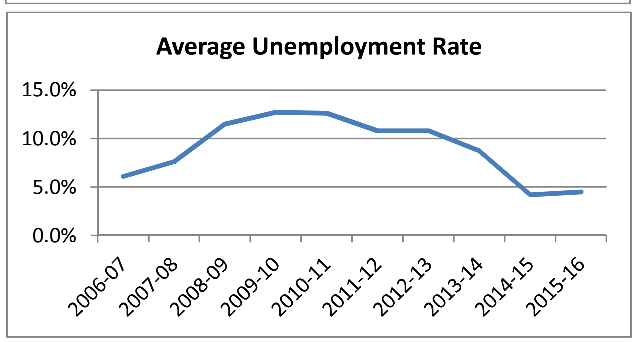
City of Fort Bragg, California
Demographic and Economic Statistics
Last Ten Fiscal Years

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









Source: MuniServices, LLC
Source: 2010-11 and prior, previously published CAFR Report
The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.
(-) Indicates data unavailable.
1.) Population Projections are provided by the California Department of Finance Projections.
2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.
3.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

City of Fort Bragg, California
Principal Employers
2015-16 and 4 years ago

Business Name	2015-16		2011-12	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Mendocino Coast District Hosp	310	8.68%	325	9.64%
Fort Bragg Unified School District	277	7.76%	265	7.86%
Safeway	130	3.64%	115	3.41%
Parents & Friends Inc	130	3.64%	-	-
Mendocino Coast Clinics Inc	118	3.31%	104	3.09%
North Coast Brewing CO Inc (1)	104	2.91%	112	3.32%
Mendocino County	88	2.46%	58	1.72%
Sherwood Oaks Health Ctr	80	2.24%	100	2.97%
CV Starr Community Center	80	2.24%	-	-
Silvers At the Wharf (Anchor Lodge)	70	1.96%	-	-
City of Fort Bragg	-	-	58	1.72%
Anderson Logging Inc	-	-	87	2.58%
Fort Bragg Recreation Ctr	-	-	56	1.66%
Total Top Employers	1,387	38.85%	1,280	37.98%
Total City Employment (3)	3,570		3370	

Source: MuniServices, LLC

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

1.) Includes summer and seasonal employees

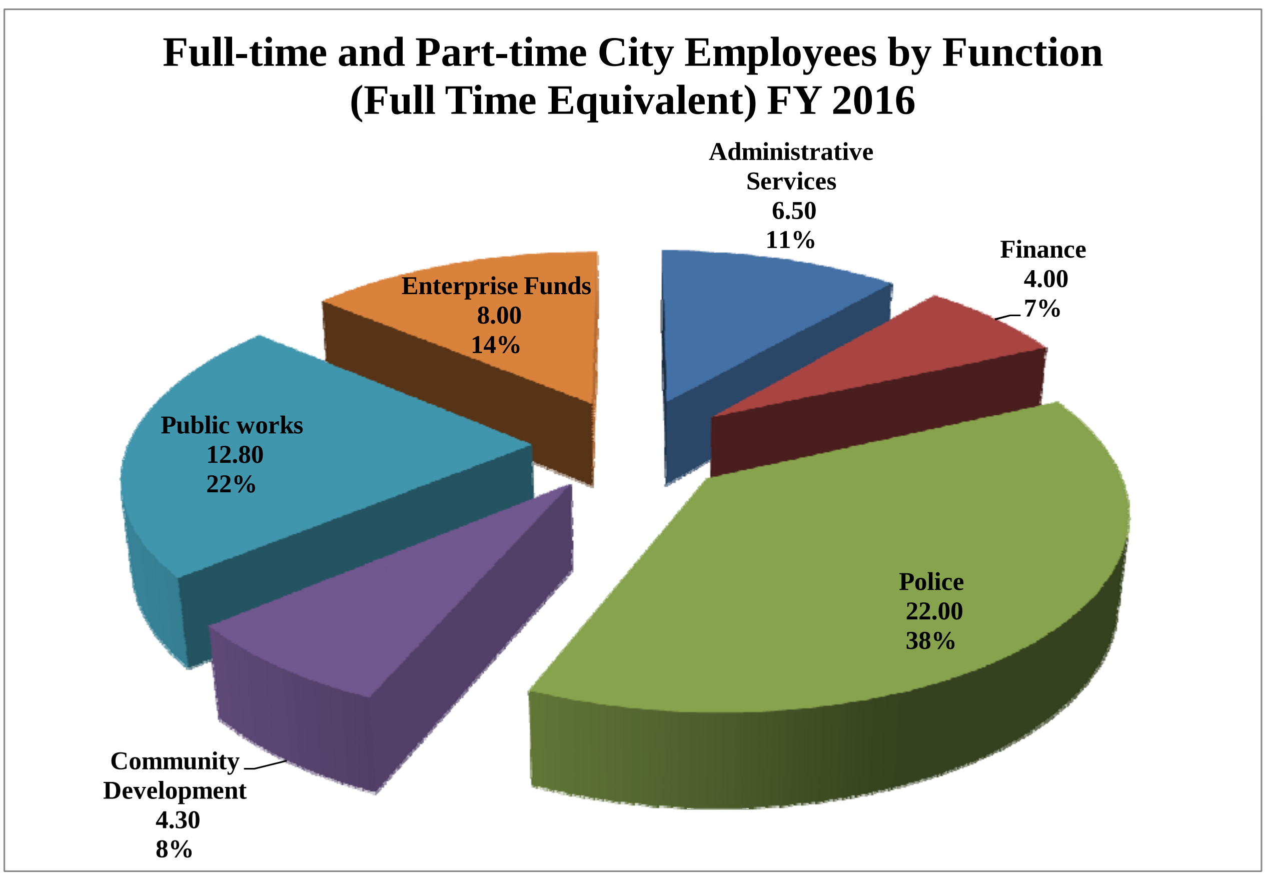
2.) Includes all satellite offices of county departments in the City of Fort Bragg

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

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Administrative Services	5.00	5.00	5.00	5.00	4.80	4.80	6.00	6.00	6.00	6.50
Finance	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Public Safety										
Police	22.00	24.00	23.00	23.00	21.00	21.00	21.00	22.00	22.00	22.00
Community Services										
Community Development	4.75	5.75	5.75	4.75	3.80	3.80	3.80	4.30	4.00	4.30
Public works	13.00	13.00	13.00	14.50	12.60	12.60	12.60	13.60	12.60	12.80
Enterprise Funds	9.00	9.00	9.00	8.00	7.00	8.00	8.00	8.00	8.00	8.00
Total	58.75	61.75	60.75	60.25	53.20	54.20	55.40	57.90	56.60	57.60



Source: City Finance Department

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Building Permits Issued			174	204	204	210	125	272	192	141
New Construction										
Single Family Residential	9	3	1	2	3	2	0	0	0	2
Second Unit	4	1	3	2	1	1	1	1	1	3
Mixed Use, Commercial & Residential	0	0	0	1	0	0	0	0	2	1
Multi-Family Residential						0	0	1	0	0
Low Income Residential	1		1		2	0	0	0	4	0
City Clerk										
Council/Agency Resolutions Passed	131	110	148	112	93	108	93	87	127	98
Number of Ordinances Passed	6	4	13	3	9	9	2	4	3	5
Number of Contracts Approved	10	11	11	9	13	32	29	31	30	69
Public Safety										
Traffic Accidents	125	100	111	116	112	139	163	174	172	221
Traffic Violations - DUI	52	78	53	42	37	33	62	45	26	28
Bookings	714	845	521	501	621	608	744	689	737	668
Moving Cites	438	1,075	852	550	514	841	1,001	1,614	949	498
Parking Cites					405	374	355	833	484	835
Field Interviews and Information Cases							1,450	2,211	1,301	1,217
Crime Reports	1,471	1,323	1,288	1,150	1,274	1,454	1,610	1,576	1,317	1,501
Fire [1]										
Total Number of Calls	596	577	640	504	601	632	500	525	617	579
Structure Fires	44	63	38	35	30	27	29	29	21	29
Vehicle Fires	18	12	6	7	9	9	9	17	9	3
Vegetation Fires	33	43	55	33	15	29	25	41	40	31
Misc Fires (Chimney, Debris, Electronically, etc.)							17	24	17	36
Medical Aid	174	143	110	102	186	209	110	142	163	150
Rescue	128	132	135	114	112	129	11	13	10	22
Hazardous Condition/Materials Calls	49	54	62	53	37	46	73	48	41	70
Mutual Aid/Agency Assist							6	3	9	12
Traffic Accidents							88	89	98	133
Services Call	87	105	120	100	161	115	128	117	96	91
Other Calls & Incidents	63	25	114	60	81	68	4	2	113	2
Water										
Number of customer accounts billed	16,300	16,541	33,965	33,771	33,521	32,523	33,924	32,300	33,716	33,671
Water annual demand in thousand gallons	2,302	2,626	2,401	2,233	2,176	2,312	2,255	2,245	2,044	1,895
Available supply of water in thousand gallons	3,078	2,917	2,688	2,524	2,442	3,066	2,574	2,490	2,398	20,800
total Customer service calls		1,592	1,451	1,421	1,531	1,448	1,439	1,254	1,177	1,253
Meter installs/removals/change outs		280	38	36	49	40	2	11	14	16
Meter repairs		7	4	1	3	2	44	1	8	1
Leak investigations		57	24	15	15	16	21	3	6	11
Service profiles		159	180	98	131	81	93	52	57	65
Turn on/off		1,028	1,120	1,244	1,255	1,267	1,248	139	508	669
Manual Reads		484	522	556	555	565	527	513	453	416
Misc.		52	78	26	27	36	33	49	60	75
Wastewater										
Customer service calls, wastewater				38	39	37	52	71	41	52
New customer sewer lines installed				2	2	0	2	2	3	1
Sewer mains cleaned/flushed in miles				15	19	19	18	14	15.5	15
Sewer mains and laterals repaired in number of jobs				38	39	34	0	8	16	11
Sewer manholes inspected				370	371	373	371	362	363	363
Sewer manholes installed				1	3	1	0	0	0	0
Sewer spill responses				3	4	1	3	7	7	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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police :										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4
Alleys (miles)	19	19	19	19	19	19	19	19	19	19
Storm drains (miles)	10	10	10	10	10	10	10	10	10	10
Streetlights	725	725	725	725	725	725	725	725	725	725
Sidewalks	40	40	40	40	40	40	40	40	40	40
Water										
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	30	30	30	30	30	30	30	30	30	30
Raw water transmission line (miles)	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Wastewater										
Wastewater treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	27	27	27	27	27	27	27	27	27	27
Parks and Facilities										
Parks	3	3	3	3	3	3	3	3	4	4
Recreational/Guest Facilities	2	2	2	2	2	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