

City of Fort Bragg California Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

City of Fort Bragg, California

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2013



Prepared by Finance Department
Rosana Cimolino
Finance Director/City Treasurer

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INTRODUCTORY SECTION

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

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Finance Department
Office of the Director

MEMORANDUM

DATE: February 24, 2014

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

FROM: Rosana Cimolino, Finance Director

RE: Presentation of the Comprehensive Annual Financial Report

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the City of Fort Bragg (City) for the fiscal year ended June 30, 2013, is hereby published to fulfill that requirement. This report has been prepared by the City's Finance Department. The City's financial statements included in this report were audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal 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 Moss, Levy & Hartzheim, LLP, an accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The independent auditors concluded that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2013 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 of both entities. As a result, the Successor Agency and MID are presented as blended component units in the financial statements. Component units are legally separate entities for which the primary government is financially accountable. For a more detailed overview of the City's component units, see the Management Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements on pages 4-16 and 37-71, 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 services, wholesale and retail trade, local government, public education, health care, and tourism. The mild climate and picturesque coastline make Fort Bragg a popular tourist and recreational area.

Fort Bragg is a general law city under California state law and its rights, powers, privileges, authority, and functions are established through the State constitution. The City operates under the Council-Manager form of government. The five members of the Fort Bragg City Council are elected by the voters to serve overlapping four-year terms. The Mayor is elected by, and from, the City Council for a two-year term. The City Council appoints the City Manager who serves at their discretion. The City Council is a policy-setting body that is responsible for, among other things, enacting ordinances, adopting the budget, and appointing committees. Several boards, commissions, and committees assist the City Council and Administration in carrying out various aspects and functions of city government. The members of the City Council also serve as the governing board for the Successor Agency to the Fort Bragg Redevelopment Agency and 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 the desired programs or services that the City should provide, and which can be financed by the City's projected revenue for the budget year. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). It is the means through which policy decisions are made, effected, controlled and monitored. The City Manager is responsible for submitting and recommending an operating budget and a capital improvements budget for City Council consideration and adoption. Throughout the year, the budget serves as a financial management tool and an operational plan for the delivery of City services and capital projects.

In addition to the budget planning process, the City maintains budgetary controls. The City's objective in maintaining budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is authorized to transfer budgeted amounts within funds as deemed necessary in order to meet the City's needs subject to policy defined in the City's Administrative Regulations. The City Council may amend the budget by resolution during the fiscal year.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders, contracts, and other commitments for expenditure of money are secured in order to reserve that portion of the applicable appropriation. Total expenditures of each fund may not exceed fund appropriations and total expenditures for each department may not exceed departmental appropriations. Encumbrances outstanding at year-end are reported as assigned fund balance. Unencumbered amounts lapse at year-end and may be appropriated as part of the following year's budget.

Spending Limitation

Article XIIB of the California Constitution, also known as the Gann spending limit, restricts the amount of "proceeds of taxes" California governments may spend. As of June 30, 2013, the City was \$3.6 million or 43% under the total Article XIIB (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2013.

Citywide Achievements in FY 2012/13

Financial Software Upgrades. The city completed an upgrade to the City's financial management software which enhanced reporting and efficiencies in departmental workflow.

Public Safety Programs. Established a Neighborhood Watch Program, collaborated with other service agencies to form the Interagency Coastal Homelessness Action Group, and continued work with the Coalition for Gang Awareness and Prevention—all of which are efforts to address issues that impact public safety, emergency services, personal well-being and the quality of life in our community.

North Fort Bragg Coastal Trail. Significant progress has been made on moving the North Fort Bragg Coastal Trail toward construction. Major FY 2013 accomplishments include: On-going consultation with Caltrans and the Sherwood Valley Rancheria, acquisition of the Johnson Property, negotiation of an agreement for the transfer of 14,000 cubic yards of dredge sands for restoration activities, ongoing negotiation of three easements associated with the project, and approval of a \$325k Caltrans Bicycle Transportation Account grant and a \$1.3 million State Coastal Conservancy grant for project funding.

Noyo Center for Science & Education Project. The Noyo Center project was substantially advanced over the past year. Major accomplishments include: Coordination of the Blue Whale project and establishment of a part-time Center coordinator responsible for moving the Noyo Center project forward.

Mill Site Specific Plan. A preliminary draft Mill Site Specific Plan was presented to the California Coastal Commission and the Board of Supervisors for input prior to Georgia-Pacific's withdrawal of its Specific Plan application.

Grants. Submitted a number of successful grant applications for the City, many of which fund a portion of staff activities. Grants covered a variety of activities in FY 2013 including:

Planning Grants

Wayfinding Signage Plan (MCOG OWP)

City Surrounded by a Park Plan (MCOG OWP)

Guest House Master Plan (CDBG)

Economic Development Grants

CDBG Economic Development Activities
Microenterprise Assistance (CDBG)
Business Assistance Loan Program (CDBG)

Housing Grants

Harrison Street House Rehabilitation (CDBG)
Housing Rehabilitation Loan Program (CDBG)

Community Services Grants

Homeless Mental Health Intervention Program (CDBG)

Parks Grants

Fort Bragg Coastal Restoration and Trail Project (Prop 84, Coastal Conservancy, and Bicycle Transportation Account Grants)
Johnson Property Acquisition (Coastal Conservancy Grant)
Otis Johnson Park Restoration (CalTrans & Prop 50/River Parkways)

Public Safety Grants

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

Streets & Circulation Improvement grants

Safe Routes to Schools (SR2S Grant)
Street Resurfacing (RAC Chip Seal Grant, State & Local Partnership Program)

Water Grants

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

Storm Drainage Grants

Green (LID) Alley Project (Prop 84 Grant)

Capital Projects. The following capital projects were completed or nearly completed by the end of FY 2013:

- Safe Routes to Schools
- Waterfall Gulch Raw Water Transmission Line Replacement
- Street Resurfacing & Structural Repairs
- Otis Johnson Park Project
- Wastewater Equipment Garage
- Sewer Manhole Installation
- Water Plant Pump Building Roof
- Wastewater Facility Fence Replacement
- Rehabilitation of Sludge Grease Lagoon

Local Economy

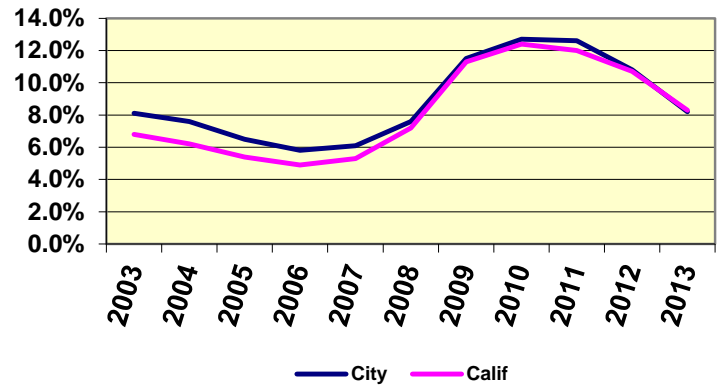
During FY 2012/13, the City saw positive trends in some economic segments, led by consumer spending and tourism. The local unemployment rate decreased by 2.4% to 8.2% at June 30, 2013, compared to 10.6% at June 30, 2012. The rate has dropped still further to 7.9% as of the end of October, according to the State Employment Development Department.

City tax revenues that are dependent on the state of the economy continue to show slow but steady growth. Local general fund sales tax increased 7.9% in FY 2012/13. Transient Occupancy Tax increased 10.7%, totaling \$1.56 million in FY 2012/13 as compared to \$1.41 million in FY 2011/12. The City's largest source of discretionary revenue is comprised of these two taxes.

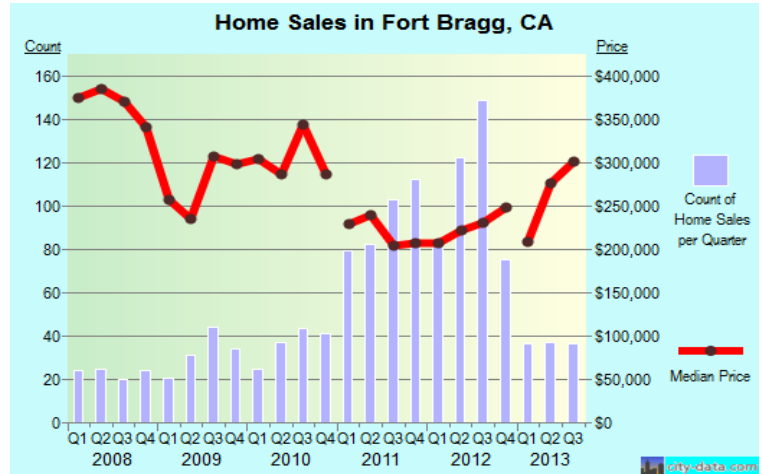
Median home prices increased 10.5% to \$275,250 over the past fiscal year. Property taxes decreased 34.1%. This decrease is the net result of decreases in revenue for adjustments to prior year taxes, current selling price of homes, and a redistribution of tax increment from the dissolution of the Redevelopment Agency. The real estate market has improved somewhat in terms of home sales and home prices but there was little growth in new construction.

Despite the growth in revenue, the City's fiscal situation remains uncertain. Several factors, including financial 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, particularly personnel-related costs, to ensure that such 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 these costs are not managed closely. To that end, the City has eliminated staff positions and continues to work with its bargaining units to achieve the results required to maintain a balanced budget. To date, salary adjustments and increases in employee contributions to their pensions have met budgetary assumptions. The next several years will be crucial in determining if desired results can continue to be achieved so that revenues and expenditures remain in alignment.

Unemployment Rate

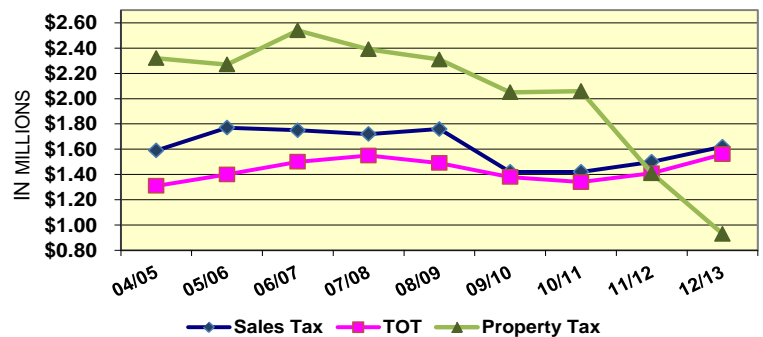


Source: California Employment Development Department



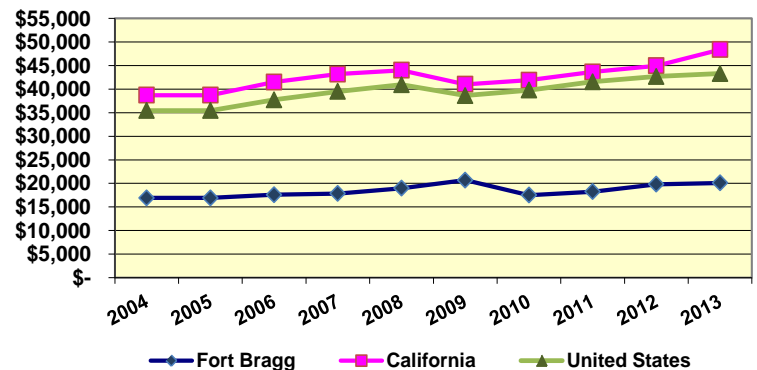
Source: city-data.com

Property, Sales & Transient Occupancy Taxes



Source: City of Fort Bragg, Department of Finance

Per Capita Income



Long-term Financial Planning

The City Council has committed to maintaining a general fund operating reserve equal to 20% of the annual expenditures. This reserve is necessary to accommodate fluctuations in the timing of expenditures and the receipt of revenues. The operating reserve established for FY 2014 is \$1.7 million. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at FY 2013 year end was \$4.2 million.

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. Nearly four years ago 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. Through the efforts and partnership of City Council, management, and employees, Fort Bragg was successful in presenting a structurally balanced budget for FY 2014 with fully funded reserves in accordance with established City Council policies for cash flow, operating reserves, litigation reserves, and capital reserves.

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, 2012. This was the second year in a row that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

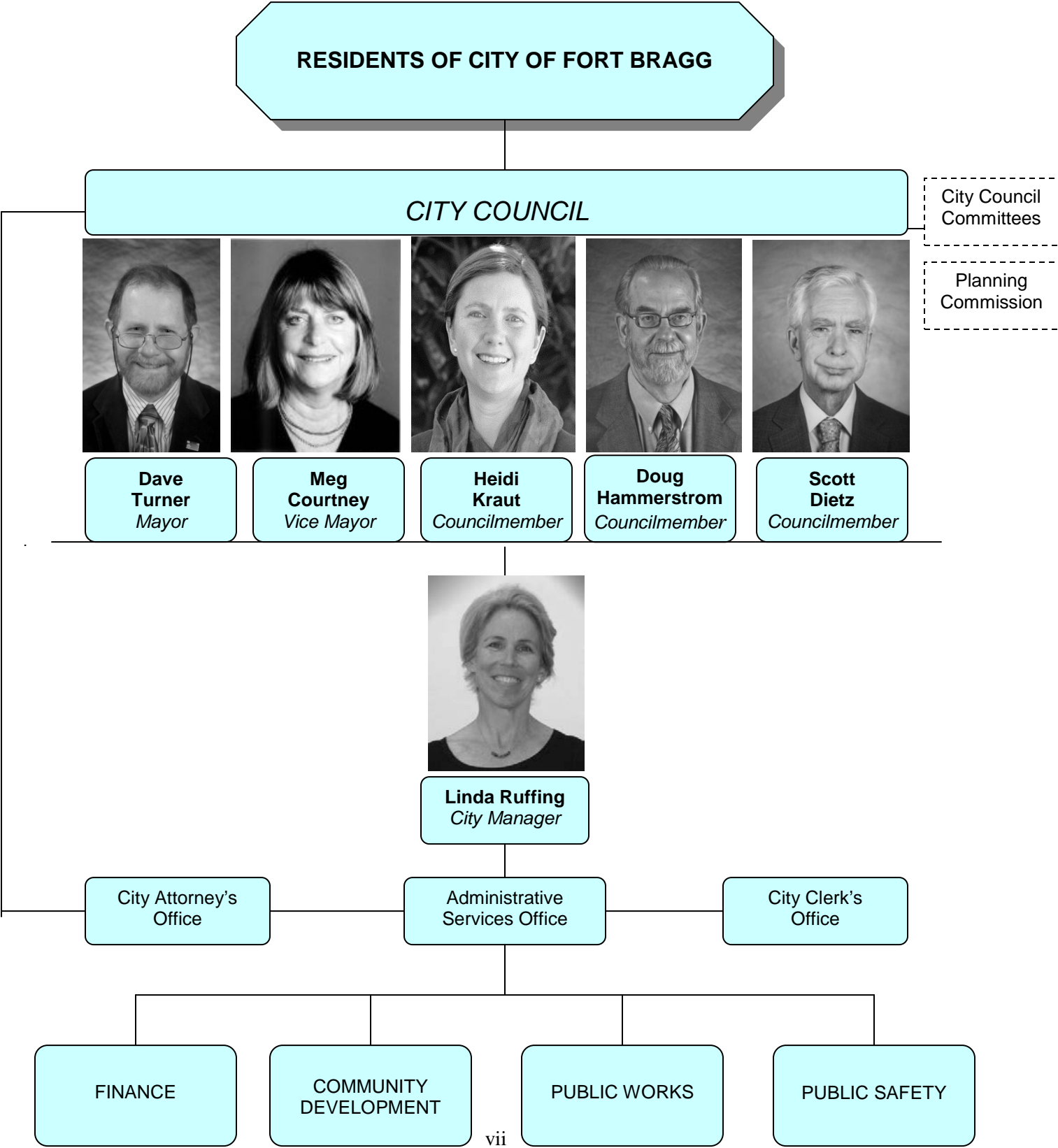
Acknowledgements

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

Respectfully submitted,

Rosana Cimolino
Finance Director

CITY OF FORT BRAGG
ORGANIZATIONAL CHART
As of June 30, 2013





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, 2012

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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MOSS, LEVY & HARTZHEIM LLP

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council of the 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, and the aggregate remaining fund information of the City of Fort Bragg (City), California, as of and for the fiscal year ended June 30, 2013, 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. 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, and the aggregate remaining fund information of the City of Fort Bragg, California, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements effective July 1, 2012, the City of Fort Bragg adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resource, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

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 4 through 16, the Schedule of Funding Progress – Other Postemployment Benefits on page 74, and Budgetary Comparison Schedules of the General Fund, Community Development Grant Program Income Special Revenue Fund, Housing Successor Agency Special Revenue Fund and Special Street Sales Tax Special Revenue Fund on pages 75 through 79 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 of Fort Bragg's basic financial statements. The Introductory Section, the Budgetary Comparison Schedules for the major Capital Projects Funds and the Nonmajor Governmental Funds, the Combining Financial Statements for the Nonmajor Governmental Funds, and the Statistical Section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Budgetary Comparison Schedules for the major Capital Projects Funds and the Nonmajor Governmental Funds and the Combining Financial Statements for the Nonmajor Governmental Funds are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issue our report dated February 4, 2014, 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 the City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim LLP
Culver City, CA
February 4, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fort Bragg, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements which follow this narrative.

Financial Highlights

- The assets of the City exceeded liabilities at the close of the fiscal year ended June 30, 2013 by \$71.7 million (*net position*). Of this amount, \$4.7 million was reported as *unrestricted net position* and may be used to meet the City's ongoing obligations to citizens and creditors. Another \$5.8 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining \$61.2 million represents the City's net investment in capital assets.
- The City's total net position decreased \$0.2 million from \$71.9 million to \$71.7 million. The net change primarily consists of: a decrease of \$0.4 million in unrestricted net position; an increase of \$0.7 million in funds restricted for street repair; and a decrease of \$0.5 million due to the transfer of low and moderate income housing funds to the County for distribution to other taxing entities as part of the continued dissolution of the Redevelopment Agency.
- At the close of the most recent fiscal year the City's governmental funds reported combined fund balances of \$8.5 million, an increase of \$0.2 million in comparison with the prior fiscal year. Approximately 43% of this amount (\$3.7 million) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the most recent fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$4.0 million, or approximately 52% of total general fund expenditures.
- The City's total outstanding long-term debt increased by \$0.6 million during the fiscal year ending June 30, 2013 due to the addition of the CalPERS side fund liability of \$1.1 million to the Statement of Net Position, which was offset by a \$0.5 million reduction in principal balances due to normal debt service payments. The City issued no new long-term debt during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Fort Bragg's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements (together referred to as the basic financial statements); and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business, including the use of accrual-based accounting to recognize revenues and expenses. They provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

The *statement of net position* presents information about the financial assets of the City as a whole. It includes all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the

change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, community development, public safety, and public works. The business-type activities of the City include three enterprise accounts; water, wastewater, and the C.V. Starr Center.

A component unit is included in the financial statements and is a legally separate entity for which the City is financially accountable. Financial information for the City's component unit, the Municipal Improvement District #1 (MID), is blended in the financial information of the primary government.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Fort Bragg, like other government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of the City of Fort Bragg can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Governmental activities include most of the City's basic services and are principally supported by taxes and intergovernmental revenues. Unlike the government-wide financial statements, governmental funds financial statements focus on short-term inflows and outflows of spendable resources and balances of these resources available at the end of the fiscal year. The fund statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. This information may be useful in evaluating a government's short-term financing requirements.

Governmental fund financial statements are prepared on the modified accrual basis which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 25 and 28.

The City maintains numerous individual governmental funds which, for financial reporting, are grouped according to their type (general fund, special revenue, and capital projects). Information is presented separately in the governmental funds balance sheet for the following major funds: General Fund, CDBG Program Income Fund, Housing Successor Agency Fund, Special Sales Tax Street Repair Fund, FY 12/13 Street Structural Repairs Project Fund and the FY 12/13 Resurfacing Project Fund. All other funds are grouped together as Non-Major Funds for reporting purposes. Individual fund data for each non-major governmental fund is provided in the form of combining statements found in the supplemental statements and schedules section of this report.

The City adopts annual appropriated budgets for all of its funds. Budgetary comparison schedules have been provided for the general fund and major governmental funds to demonstrate compliance with this budget and can be found on pages 75 through 83.

Proprietary Funds

Proprietary funds generally account for services for which customer fees are intended to finance the costs of operations and can include enterprise funds and internal service funds. The City of Fort Bragg maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operations and funding of the C.V. Starr Center. Enterprise fund financial statements are prepared on the full accrual basis. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Fort Bragg. The City uses internal service funds to account for facilities maintenance and repairs, technology maintenance and repairs, and fleet services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater, and C.V. Starr Center enterprises. The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 29 - 31.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting basis used for fiduciary funds is much like that used for proprietary funds. A Trust fiduciary fund reports the financial assets of the Fort Bragg Redevelopment Successor Agency.

The fiduciary fund financial statements can be found on pages 32 - 33.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 37 - 71 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information*. This section provides information regarding the Actuarial Accrued Liability for Other Postemployment Benefits on page 74 and the budgetary schedules of the General Fund and major special revenue funds on pages 75 – 79.

Other Supplemental Information

The budgetary schedule for the major capital projects funds are on pages 82 and 83.

Combining Fund Financial Statements

The combining statements referred to above in connection with non-major governmental funds can be found on pages 89 - 101.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

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

As noted above, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Fort Bragg, assets exceeded liabilities by \$71.7 million at the close of the most recent fiscal year. The following table represents a comparative analysis of the net position of governmental and business-type activities as of June 30, 2013 and June 30, 2012.

CITY OF FORT BRAGG SUMMARY OF NET POSITION						
June 30, 2013 and June 30, 2012						
	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$11,637,311	\$10,238,176	\$4,846,958	\$4,267,228	\$16,484,269	\$14,505,404
Noncurrent Assets:						
Deferred Charges	18,602	21,290	102,264	113,809	120,866	135,099
Capital Assets	31,267,505	31,585,763	35,506,870	36,481,275	66,774,375	68,067,038
Total Assets	42,923,418	41,845,229	40,456,092	40,862,312	83,379,510	82,707,541
Current Liabilities	1,589,868	1,163,166	373,535	382,244	1,963,403	1,545,410
Long-term Debt						
Due Within One Year	607,644	1,220,948	523,131	492,004	1,130,775	1,712,952
Due in More Than One Year	4,182,571	2,665,211	4,429,382	4,851,826	8,611,953	7,517,037
Total Liabilities	6,380,083	5,049,325	5,326,048	5,726,074	11,706,131	10,775,399
Net Position:						
Net Investment in Capital Assets	30,443,599	30,663,800	30,764,487	31,319,089	61,208,086	61,982,889
Restricted for:						
Housing	808,004	1,328,153			808,004	1,328,153
Debt service			71,463	108,063	71,463	108,063
Public safety	1,098,032	1,132,715			1,098,032	1,132,715
Community development	1,621,596	858,651			1,621,596	858,651
Streets	2,143,584	1,456,379			2,143,584	1,456,379
Unrestricted	428,520	1,356,206	4,294,094	3,709,086	4,722,614	5,065,292
Total Net Position	\$36,543,335	\$36,795,904	\$35,130,044	\$35,136,238	\$71,673,379	\$71,932,142

Analysis of Net Position

The City's overall net position decreased \$0.3 million, or .4% from the prior fiscal year. Details of the decrease can be found in the discussions of each asset category below.

A large portion (85.4%) of the City of Fort Bragg's net position reflect its investment in capital assets (e.g., land, easements, buildings, machinery, and infrastructure); less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City of Fort Bragg's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt

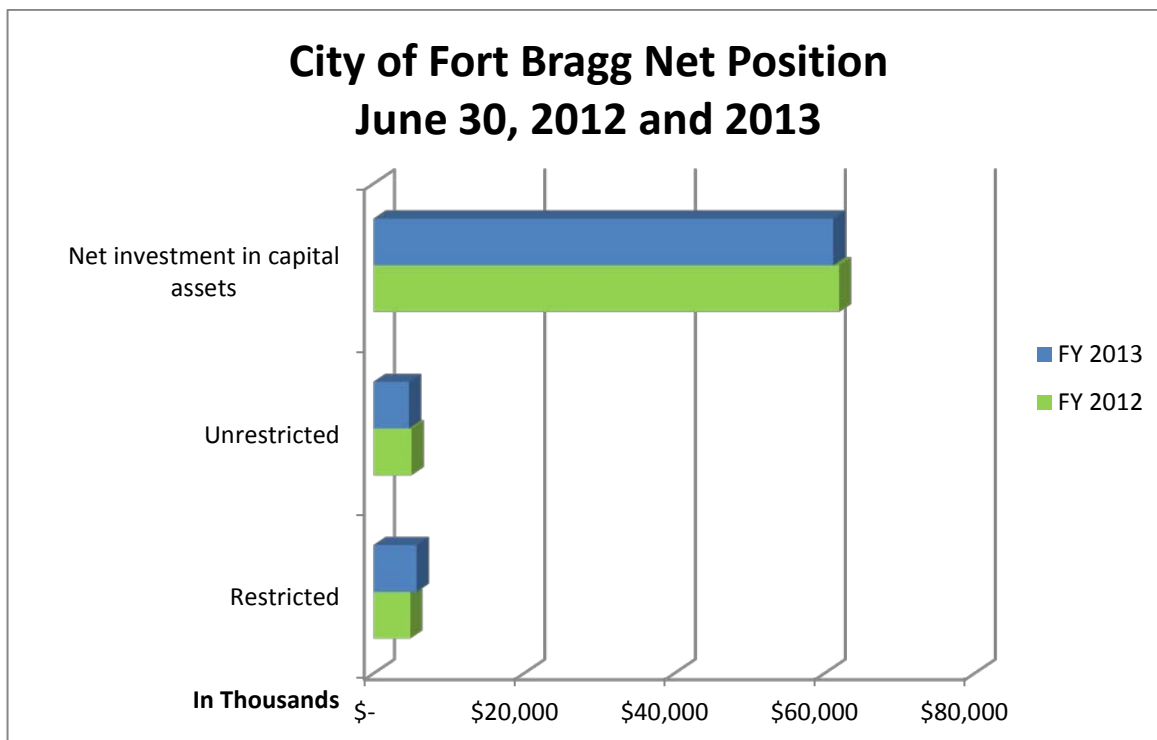
must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net investment in capital assets totaled \$61.2 million at fiscal year-end, a decrease of \$0.8 million. This total consisted of the investment in capital assets (net of accumulated depreciation) of \$66.8 million, less the related debt of \$5.6 million. The decrease in net investment in capital assets represents capital acquisitions and deletions, less current year depreciation, and the addition and/or retirement of related long-term debt.

An additional portion of the City's net position (8.0%) represents resources that are subject to external restrictions on how they may be used. Restricted net position is comprised of: (1) 38% dedicated to street maintenance, (2) 19% dedicated to public safety, (3) 28% in grant money restricted to specific activities, (4) 14% for housing, and (5) 1% in debt reserve. Restricted net position increased 17.6% from \$4.9 million at June 30, 2012 to \$5.7 million at June 30, 2013.

The remaining balance of \$4.7 million is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. Unrestricted net position decreased \$0.3 million, or 6.8%.

At the end of FY2012/13 the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



The following table shows the revenue, expenses, and changes in net position for governmental and business-type activities:

CITY OF FORT BRAGG CHANGES IN NET POSITION						
Fiscal Years Ending June 30, 2013 and June 30, 2012						
	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$2,846,784	\$3,100,583	\$6,192,007	\$5,171,882	\$9,038,791	\$8,272,465
Operating grants & Contributions	1,572,194	684,440			1,572,194	684,440
Capital grants & Contributions	303,257	1,096,305		25,131,530	303,257	26,227,835
General Revenues:						
Taxes:						
Property taxes	923,753	1,412,747	230,496	19,296	1,154,249	1,432,043
Other taxes	4,611,439	4,377,460	772,340		5,383,779	4,377,460
Miscellaneous	80,468	399,150	98,007	63,916	178,475	463,066
Unrestricted Investment Earnings	102,977	91,247	8,292	15,330	111,269	106,577
Total Revenues	10,440,872	11,161,932	7,301,142	30,401,954	17,742,014	41,563,886
Expenses:						
General Government	2,707,926	2,539,971			2,707,926	2,539,971
Public Safety	3,398,918	3,493,160			3,398,918	3,493,160
Public Works	1,874,036	1,531,539			1,874,036	1,531,539
Community Development	1,529,139	1,877,234			1,529,139	1,877,234
Interest and Fiscal Charges	49,118	177,222			49,118	177,222
Water			2,138,360	2,106,860	2,138,360	2,106,860
Wastewater			3,062,564	2,983,365	3,062,564	2,983,365
C. V. Starr Center			2,236,226	182,726	2,236,226	182,726
Total Expenses	9,559,137	9,619,126	7,437,150	5,272,951	16,996,287	14,892,077
Increase (decrease) in Net Position Before Transfers	881,735	1,542,806	(136,008)	25,129,003	745,727	26,671,809
Transfers	(16,554)	(2,522)	16,554	2,522		
Increase (decrease) in net position before prior period adjustment	865,181	1,540,284	(119,455)	25,131,525	745,727	26,671,809
Extraordinary item - gain on transfer of assets to successor agency trust fund		3,069,581				3,069,581
Increase (decrease) in net assets before prior period adjustment	865,181	4,609,865	(119,455)	25,131,525	745,727	29,741,390
Net Position, July 1	36,795,904	32,186,039	35,136,243	10,004,718	71,932,147	42,190,757
Prior Period Adjustments	(1,117,750)		113,255		(1,004,495)	
Net Position, July 1, restated	35,678,154	32,186,039	35,249,498	10,004,718	70,927,652	42,190,757
Net Position, June 30	\$36,543,335	\$36,795,904	\$35,130,043	\$35,136,243	\$71,673,379	\$71,932,147

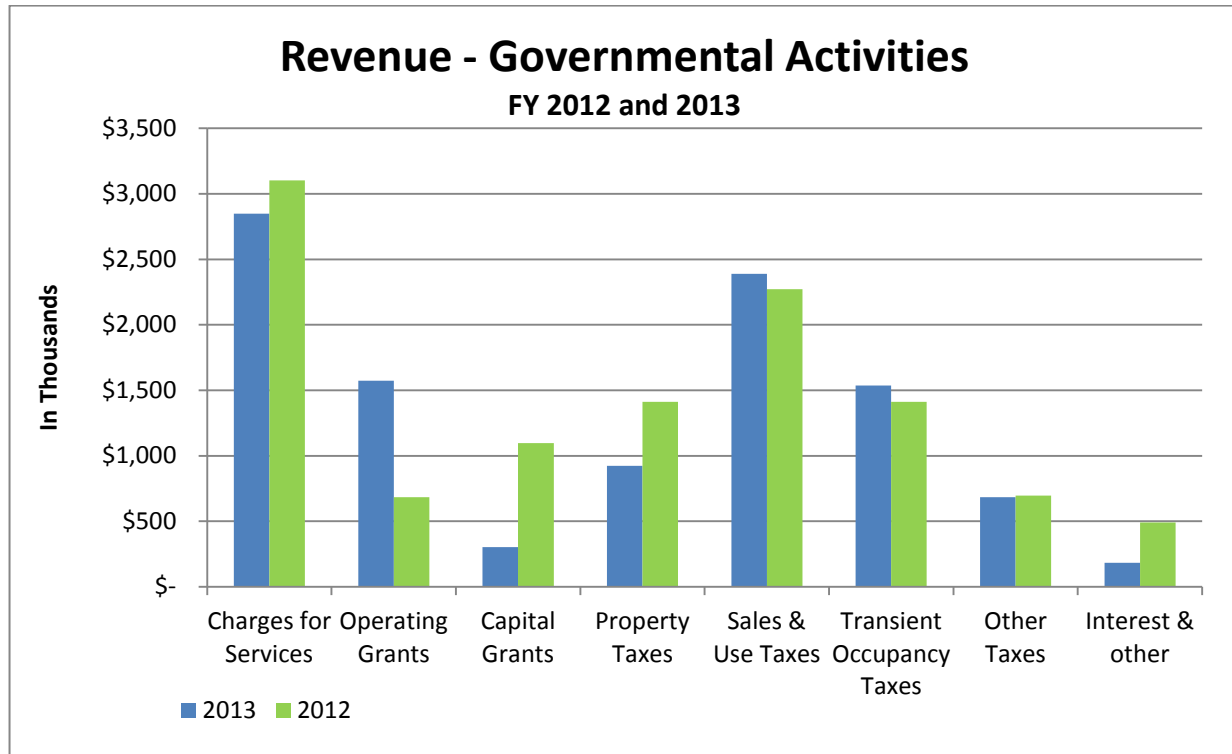
Analysis of Governmental Activities

Governmental activities decreased the City's net position by \$0.3 million for the fiscal year ended June 30, 2013.

Revenues: Total revenues for the City's governmental activities had an overall decrease from the prior fiscal year of \$0.7 million, or 6.5%, to \$10.4 million. Revenues are divided into two categories: program revenues and general revenues.

Program revenues had an overall decrease of \$0.2 million, or 3.3%, from the prior fiscal year primarily due to a decrease in capital grant and redevelopment activities.

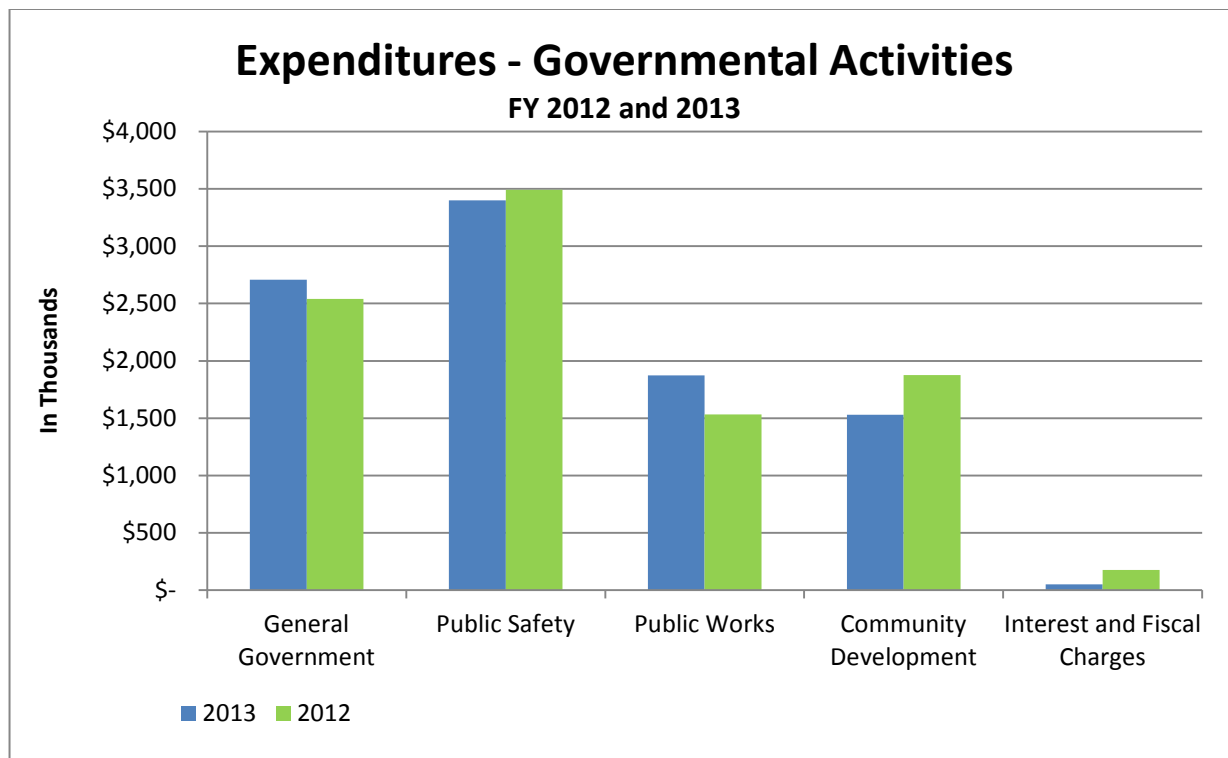
General revenues had an overall decrease of \$0.6 million (9.0%) from the prior fiscal year to \$5.7 million. While the amount is minimal there are differences in the revenue source. Property tax revenue decreased significantly due to the continued dissolution of the Redevelopment Agency. This decrease was partially offset by an increase in sales and transient occupancy tax. Investment interest increased due to increased investment in short and long term certificates of deposit.



Expenses: Total expenses for governmental activities were \$9.6 million, a slight decrease of \$59,989, or 0.6%, from the prior fiscal year.

As a service delivery entity, the City's major cost component is salaries and benefits, amounting to 55% of the total city governmental expenses. The average full time equivalent (FTE) employee count for the City (including business-type activities) remained the same as in the prior fiscal year. Salary and benefit costs increased \$49,914 or 1% over the prior fiscal year. The remainder of the City's increased benefit costs were offset by increases in employee benefit contributions.

Expenses related to services, supplies and other charges decreased 1.7% to \$4.4 million. A major factor in the decrease is the interest on the 2004 Redevelopment Bond. In FY 2011-12 half of the bond interest for the year was paid by the Redevelopment Agency and as such it was included in the governmental expenses. In FY 2012-13 the entire bond payment was paid by the Fort Bragg Redevelopment Successor Agency trust, which is not included in the City's financial statements.



Analysis of Business-type Activities:

For the City of Fort Bragg's business-type activities, the net position for the water enterprise increased 13% to \$2.7 million, the wastewater enterprise net position increased 3% to \$7.9 million and the C.V. Starr Center net position decreased 2% to \$24.5 million. Both the water and wastewater enterprises implemented a 4% rate increase July 1, 2012. As a result, revenues from water and wastewater activity charges for services increased 9.6% and 8.6% respectively over the previous fiscal year's amount. The increase in revenue indicates these activities generated revenues sufficient to cover the costs of day-to day operations in both enterprise funds. The 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. Details of the C.V. Starr Center operation can be found in a separate financial statement issued as of June 30, 2013.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

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

Governmental Funds

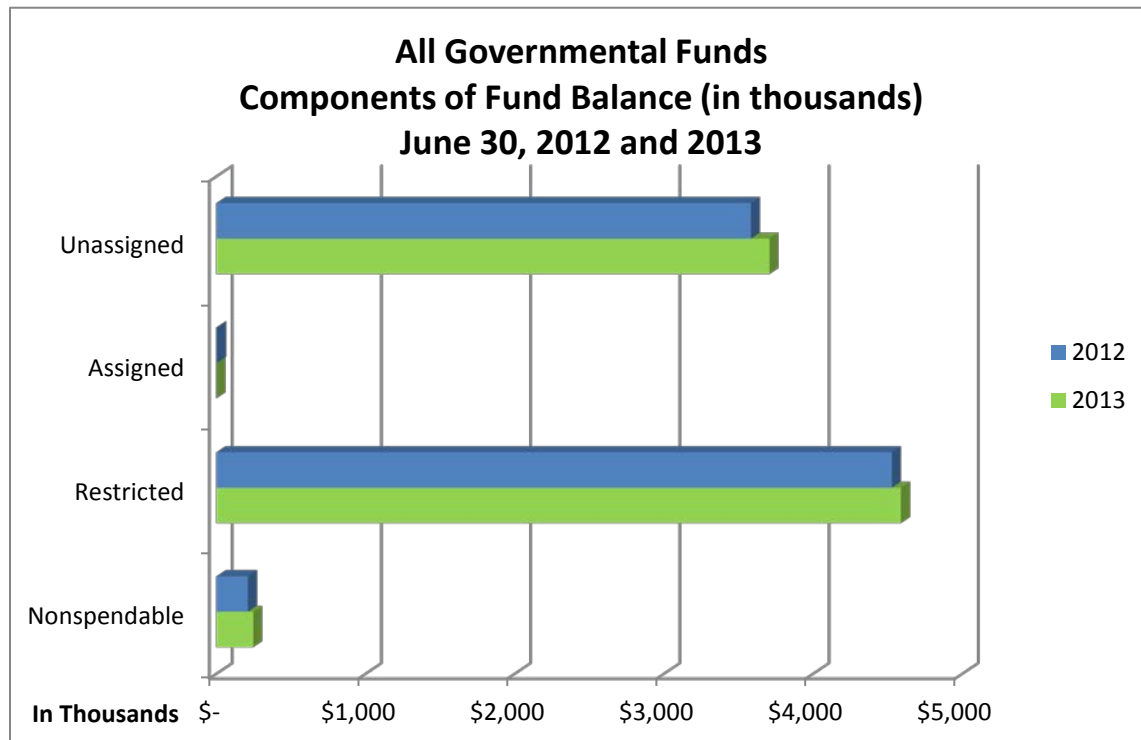
The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, special revenue funds, and capital projects funds.

At June 30, 2013, the City's governmental funds reported total fund balances of \$8.5 million, an increase of \$216,752 in comparison with the prior fiscal year's total ending fund balances of \$8.3 million. The increase is the net result of a variety of changes in fund balance as follows:

- The General Fund increased 6.7% to a fund balance of \$4.3 million primarily due to higher than anticipated sales and transient occupancy taxes which were partially offset by higher fleet and maintenance costs.
- The CDBG Program Income Fund increased 56.6% to a fund balance of \$47,097 due to interest earnings on loans receivable and cash and investments.
- The Housing Successor Agency fund transferred \$587,152 to Mendocino County for distribution to other taxing entities as required by Assembly Bill 1484. This transfer reduced the fund balance by 60% to \$396,655.
- The Street Sales Tax special revenue fund balance decreased \$764,711, or 57%, due to funds used for street maintenance projects.
- The FY 12/13 Street Structural Repairs fund balance increased \$13,072. This was due to grant revenues and transfers in exceeding capital outlays.
- The FY 12/13 Street Resurfacing Project fund balance increased \$1.2 million. This was due to a transfer from the Street Sales Tax fund for the street resurfacing project in process at June 30, 2013.

Components of total fund balance of the governmental funds are as follows:

- *Nonspendable fund balance.* Amounts that are not spendable in form, or are legally or contractually required to be maintained intact. At June 30, 2013 nonspendable fund balance in the governmental funds consists of inventory and prepaid expenses in the amount of \$247,561.
- *Restricted fund balance* consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. In the governmental funds restricted fund balance in the amount of \$4.6 million includes \$0.6 million for housing, \$2.1 million for street repair, \$1.1 million for public safety, and \$0.8 million for community development.
- *Committed fund balance* is committed for a particular purpose as established by the City Council. The balance at June 30, 2013 was \$0.
- *Assigned fund balance* represents fund balance assigned for particular purposes. The balance at June 30, 2013 was \$0.
- *Unassigned fund balance* of the total fund balances is available to meet the City's current and future needs. Unassigned balance in governmental funds at June 30, 2013 totaled \$3.7 million primarily held in the general fund. With the approval of the City Council, management can earmark a portion of fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, fund balances are available for appropriation at any time.



The General Fund is the main operating fund of the City. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. At June 30, 2013 unassigned fund balance of the general fund was \$4 million. Unassigned fund balance represents approximately 52% of total general fund expenditures.

The Community Development Block Grant (CDBG) Program Income fund is used to record expenditure and receipt of funds loaned to qualifying homeowners for housing rehabilitation and business owners through the CDBG Microenterprise Program.

The Housing Successor Agency fund is used to account for the former Redevelopment Agency's low and moderate income housing assets.

The Special Sales Tax – Street Repair fund is used to record the sales tax revenue and expenditures used for street maintenance. Revenue from sales taxes restricted for street maintenance increased 2.5% from last fiscal year to \$790,320. Street capital projects funded in FY 2012/13 totaled \$1.6 million and were recorded as transfers out.

The FY 2012/13 Street Structural Repair Fund is a capital project fund used to record the cost of street repairs performed to ready streets for resurfacing.

The FY 2012/13 Street Resurfacing Fund is a capital project fund used to record the cost of resurfacing various streets. This project was funded by the Special Sales Tax revenue. Expenditures in FY 2012/13 were minimal. Fund balance at fiscal year-end was \$1.2 million as the project was in process at fiscal year-end.

Non-major governmental funds totaled \$2.1 million as of June 30, 2013 as compared to \$2.0 million the prior fiscal year. The non-major governmental funds include special revenue and capital project funds.

Proprietary Funds

Proprietary funds generally account for services for which customer fees are intended to finance the costs of operations and can include enterprise funds and internal service funds. Activities for the internal service funds have been included within governmental activities in the government-wide financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but in greater detail.

The City accounts for the operation, construction, and maintenance of City waterworks in the Water Enterprise Fund. Water use rates and fees are set by the City Council to recover actual costs of operating and maintaining the system. As noted earlier, rates and fees were adjusted by the City Council effective July 1, 2012. The Water Enterprise charges for service increased 9.6% from \$2.2 million in FY 2011/12 to \$2.4 million in FY 2012/13. Operating expenses for the Water Enterprise increased 2.6%, totaling \$1.9 million for the fiscal year. The increase was primarily due to increases in personnel costs, supplies and materials, and professional services expenses partially offset by decreases in administration charges and the cost of utilities and insurance.

Net operating income for the Water Enterprise was \$468,755, an increase of \$160,863 over the prior fiscal year. Net position increased 13% primarily due to the reduction of debt principal resulting in an increase in net investment in capital assets.

Financial activities of the Fort Bragg Municipal Improvement District's (MID) sewer system serving the City are reported in the Wastewater Enterprise Fund (see also separate audited financial statements of the MID). Sewer service rates and fees are set by the City Council sitting as the District's Board of Directors to recover actual costs of operating and maintaining the system. As discussed previously rates, and fees were adjusted effective July 1, 2012. Total revenues from charges for service for the Municipal Improvement District were \$3.2 million, an increase of 8.6%.

Net operating income for the Municipal Improvement District was \$163,728, an increase of \$0.1 million over the prior fiscal year. The increased revenue from service charges was offset by increased cost of personnel, supplies and equipment, outside contractors, and administrative charges.

During fiscal year 2011/12 the City acquired the assets of the C. V. Starr Center. The citizens of the City voted for a district sales tax to support funding for operation of the Center and the Mendocino Coast Recreation and Park District transfers a portion of its property tax revenues to the City for operation of the Center. As mentioned previously, the Mendocino Coast Recreation and Park District is contracted to operate the Center. The City administers the sales and property tax revenue for the Center. Sales tax revenue for the Center totaled \$772,340 and property tax revenue totaled \$230,496 in FY 2012/13.

Total internal service funds net position increased by \$258,959 to \$442,459, due in part to a vehicle and equipment replacement program.

General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year there was no need for any significant amendments to increase or decrease either the original estimated revenues or original budgeted appropriations, other than decreasing the budgeted charges for current services by \$250,151 and increasing general government expenditures by \$280,862.

Final budget compared to actual results. The difference between total estimated revenues and actual revenues for the general fund was \$332,353 distributed as follows:

Revenue Source	Budgeted Revenues	Actual Revenues	Over/ (Under)
Taxes	\$ 4,305,750	\$ 4,564,564	\$ 258,814
Intergovernmental	34,500	51,899	17,399
Charges for services	2,534,990	2,504,126	(30,864)
Fines & forfeitures	14,100	16,061	1,961
Licenses & permits	257,100	259,847	2,747
Use of money & property	13,500	53,073	39,573
Miscellaneous	35,000	77,723	42,723
	<u>\$ 7,194,940</u>	<u>\$ 7,527,293</u>	<u>\$ 332,353</u>

A review of actual general fund expenditures compared to the appropriations in the final budget yields no significant variances. The final general fund appropriations totaled \$7.9 million. Actual expenditures totaled \$7.6 million with the majority of the savings in personnel costs due to unfilled positions during the fiscal year.

Capital Asset and Debt Administration

The capital assets of the City are those assets that are used in the performance of the City's functions. At June 30, 2013, the City of Fort Bragg's capital assets for its governmental and business-type activities totaled \$66.8 million (net of accumulated depreciation). The investment in capital assets includes land, easements, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. Net change to capital assets of the City is a decrease of \$1.3 million primarily due to depreciation.

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

- 2013 Safe Routes to Schools
- 2013 Street Structural Repair
- Cycle II Safe Routes to Schools

CITY OF FORT BRAGG CAPITAL ASSETS (net of depreciation)						
June 30, 2013 and June 30, 2012						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and Easements	\$12,598,426	\$12,556,925	\$785,079	\$785,079	\$13,383,505	\$13,342,004
Land Improvements			483,554	537,784	483,554	537,784
Buildings	1,958,178	2,084,618	24,891,957	25,432,771	26,850,135	27,517,389
Machinery and Equipment	236,097	196,509	2,125,900	2,279,111	2,361,997	2,475,620
Infrastructure	15,482,826	15,774,147	6,835,409	7,150,540	22,318,235	22,924,687
Construction in Progress	991,978	973,564	384,971	295,990	1,376,949	1,269,554
Total Capital Assets, net	\$31,267,505	\$31,585,763	\$35,506,870	\$36,481,275	\$66,774,375	\$68,067,038

Additional information about the City's capital assets is presented in Note IV.C. on pages 54 through 56.

Long-Term Debt

At June 30, 2013, total City debt outstanding was \$9.7 million, an increase of \$604,281. Governmental debt increased as a net result of (1) decreases in Caspar Landfill post-closure costs; (2) increases in Other Post-Employment Benefits (OPEB) liability; (3) the addition of the CalPERS side fund liability, and (4) decreases resulting from the reduction of lease principal. Business-type debt decreased as a net result of reduction of bond and loan principal and an increase in compensated absences. Additional information about the City's outstanding debt is presented in Note IV.H. on pages 62 through 65.

CITY OF FORT BRAGG OUTSTANDING DEBT						
June 30, 2013 and June 30, 2012						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Bonds Payable	\$ -	\$ -	\$3,012,711	\$3,236,877	\$3,012,711	\$3,236,877
Loans Payable			1,375,116	1,480,894	1,375,116	1,480,894
Capital Leases	842,508	943,253	456,820	558,221	1,299,328	1,501,474
CalPERS Side Fund	1,083,560				1,083,560	
Other	2,864,147	2,820,386	76,888	67,838	2,941,035	2,888,224
	\$ 4,790,215	\$3,763,639	\$4,921,535	\$5,343,830	\$9,711,750	\$9,107,469

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time of budget preparation for fiscal year 2014, the economic outlook for the City continued to be stable. The General Fund Budget for FY 2014 of approximately \$8 million was adopted as balanced. Particularly positive revenue categories are sales and transient occupancy taxes, which have shown slow but steady growth over the past two fiscal years.

The FY 2014 budget continues the practice of conservative revenue estimates, especially in the General Fund. Overall, the FY 2014 Adopted Budget anticipates modest increases in most revenues. For the General Fund this translates into a projected 6% increase over FY 2013 revenues. The City continues to replenish its reserves back to their target levels.

An element of any budget strategy is to consider enhancements to revenue streams within the City's control; however, any such increases must be weighed against the impact on City residents and businesses. For FY 2014 modest increases and decreases to a number of City fees and charges were approved by the City Council to better reflect the true cost of providing services

While the economy appears to be on relatively solid ground, several factors, including high unemployment and financial market volatility, continue to cause concern about the sustainability of a healthy economy. Further, the City of Fort Bragg, along with governments at all levels, will remain under pressure to contain operating expenditures, particularly personnel-related costs, to ensure that they do not grow at a rate that exceeds revenue growth. A balanced budget in the short- and long-term can quickly become unbalanced if these costs are not managed closely. The City entered FY 2014 in a solid position financially based on the efforts that it has made to restructure its operations to be more efficient and to better contain costs. While vulnerabilities exist, some within the City's control and some not, the City believes it has taken, and will continue to take, the actions necessary to maintain its solid financial foundation.

REQUESTS FOR INFORMATION

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

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



Basic Financial Statements

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CITY OF FORT BRAGG
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 8,643,674	\$ 4,163,302	\$ 12,806,976
Cash and investments with fiscal agents, restricted		108,063	108,063
Accounts receivable	1,293,095	707,796	2,000,891
Receivable due from Successor Agency trust fund	396,655		396,655
Interest receivable	1,759		1,759
Deposits receivable		695	695
Loans receivable	1,054,567		1,054,567
Inventory	2,957	111,706	114,663
Internal balances	244,604	(244,604)	
Deferred charges - net of accumulated amortization	18,602	102,264	120,866
Capital assets not being depreciated:			
Land	12,598,426	785,079	13,383,505
Construction in progress	991,978	384,971	1,376,949
Capital assets, net of accumulated depreciation:			
Land improvements		483,554	483,554
Buildings	1,958,178	24,891,957	26,850,135
Machinery, equipment, and vehicles	236,097	2,125,900	2,361,997
Infrastructure	15,482,826	6,835,409	22,318,235
Total assets	42,923,418	40,456,092	83,379,510
LIABILITIES			
Accounts payable	1,296,693	147,953	1,444,646
Accrued payroll and benefits	166,013	27,557	193,570
Accrued interest	3,448	40,575	44,023
Unearned revenue	43,248	20,108	63,356
Deposits payable	80,466	137,342	217,808
Noncurrent liabilities:			
Payable to Successor Agency trust fund		30,978	30,978
Due within one year	607,644	523,131	1,130,775
Due in more than one year	4,182,571	4,398,404	8,580,975
Total liabilities	6,380,083	5,326,048	11,706,131
NET POSITION			
Net investment in capital assets	30,443,599	30,764,487	61,208,086
Restricted for:			
Housing	808,004		808,004
Debt service		71,463	71,463
Public safety	1,098,032		1,098,032
Community development	1,621,596		1,621,596
Streets	2,143,584		2,143,584
Unrestricted	428,520	4,294,094	4,722,614
Total net position	\$ 36,543,335	\$ 35,130,044	\$ 71,673,379

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

CITY OF FORT BRAGG
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Governmental activities:				
General government	\$ 2,707,926	\$ 2,701,080	\$ -	\$ -
Community development	1,529,139	99,833	891,453	30,443
Public safety	3,398,918	40,392	297,337	
Public works	1,874,036	5,479	383,404	272,814
Interest on long-term debt	49,118			
Total governmental activities	9,559,137	2,846,784	1,572,194	303,257
Business-type activities:				
Water	2,138,360	2,404,047		
Sewer	3,062,564	3,196,968		
C.V. Starr Center	2,236,226	590,992		
Total business-type activities	7,437,150	6,192,007		
Total government	\$ 16,996,287	\$ 9,038,791	\$ 1,572,194	\$ 303,257

General Revenues

Taxes

Property taxes

Sales and use taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Use of money and property

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period adjustments

Net position - beginning, restated

Net position - ending

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
\$ (6,846)	\$ -	\$ (6,845)
(507,410)		(507,411)
(3,061,189)		(3,061,189)
(1,212,339)		(1,212,339)
(49,118)		(49,118)
(4,836,902)		(4,836,902)
	265,687	265,687
	134,404	134,404
	(1,645,234)	(1,645,234)
	(1,245,143)	(1,245,143)
(4,836,902)	(1,245,143)	(6,082,045)
923,753	230,496	1,154,249
2,390,363	772,340	3,162,703
1,536,395		1,536,395
482,075		482,075
202,606		202,606
102,977	8,292	111,269
80,468	98,007	178,475
(16,554)	16,554	
5,702,083	1,125,689	6,827,772
865,181	(119,454)	745,727
36,795,904	35,136,243	71,932,147
(1,117,750)	113,255	(1,004,495)
35,678,154	35,249,498	70,927,652
<u>\$ 36,543,335</u>	<u>\$ 35,130,044</u>	<u>\$ 71,673,379</u>

**CITY OF FORT BRAGG
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013**

	Special Revenue Funds			
	General	CDBG Program Income	Housing Successor	Special Sales Tax - Street Repair
ASSETS				
Cash and investments	\$ 3,978,977	\$ 47,097	\$ -	\$ 440,431
Receivables:				
Accounts	662,409			143,600
Interest	1,759			
Loans		801,692	252,875	
Inventory and prepaids	2,957			
Due from other funds	463,134			
Advances to other funds	244,604			
Due from Successor Agency trust fund			396,655	
Total Assets	\$ 5,353,840	\$ 848,789	\$ 649,530	\$ 584,031
LIABILITIES				
Accounts payable	\$ 831,316	\$ -	\$ -	\$ 126
Accrued payroll and benefits	166,013			
Unearned revenue	21,611			10,300
Deferred loans		801,692	252,875	
Deposits payable	80,466			
Due to other funds				
Total Liabilities	1,099,406	801,692	252,875	10,426
FUND BALANCES				
Nonspendable	247,561			
Restricted		47,097	396,655	573,605
Unassigned	4,006,873			
Total Fund Balances	4,254,434	47,097	396,655	573,605
Total Liabilities and Fund Balances	\$ 5,353,840	\$ 848,789	\$ 649,530	\$ 584,031

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

Capital Projects			
Funds			
FY 12/13 Street Structural Repairs	FY 12/13 Street Resurfacing	Total Nonmajor Funds	Totals
\$ 317,671	\$ 1,181,720	\$ 2,325,761	\$ 8,291,657
56,468		430,618	1,293,095
			1,759
			1,054,567
			2,957
			463,134
			244,604
			396,655
<u>\$ 374,139</u>	<u>\$ 1,181,720</u>	<u>\$ 2,756,379</u>	<u>\$ 11,748,428</u>
\$ 361,067	\$ -	\$ 90,997	\$ 1,283,506
			166,013
		122,824	154,735
			1,054,567
			80,466
		463,134	463,134
<u>361,067</u>		<u>676,955</u>	<u>3,202,421</u>
			247,561
13,072	1,181,720	2,378,337	4,590,486
		(298,913)	3,707,960
<u>13,072</u>	<u>1,181,720</u>	<u>2,079,424</u>	<u>8,546,007</u>
<u>\$ 374,139</u>	<u>\$ 1,181,720</u>	<u>\$ 2,756,379</u>	<u>\$ 11,748,428</u>

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CITY OF FORT BRAGG
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

FUND BALANCES - GOVERNMENTAL FUNDS \$ 8,546,007

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.

Capital assets	\$ 38,396,144	
Less: accumulated depreciation	<u>(7,232,268)</u>	31,163,876

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

Deferred charges	38,794	
Less: accumulated amortization	<u>(20,192)</u>	18,602

Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.

(3,448)

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

1,166,054

The liabilities below are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.

Capital lease payable	(842,508)	
Landfill postclosure costs	(1,319,169)	
CalPERS side fund	(1,083,560)	
Compensated absences	(506,758)	
Other postemployment benefits	<u>(1,038,220)</u>	(4,790,215)

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

442,459

NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 36,543,335

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

CITY OF FORT BRAGG
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	General	CDBG Program Income	Housing Successor	Special Sales Tax - Street Repair
Revenues				
Property taxes	\$ 873,456	\$ -	\$ -	\$ -
Sales taxes	1,619,165			790,320
Transient occupancy taxes	1,561,123			
Franchise taxes	482,075			
Miscellaneous taxes	28,745			
Intergovernmental	51,899			
Charges for current services	2,504,126			
Fines, forfeitures, and penalties	16,061			
Use of money and property	53,073	43,027		2,890
Licenses and permits	259,847			
Other	77,723			
Total revenues	7,527,293	43,027		793,210
Expenditures				
Current				
General government	1,591,434		587,153	
Public safety	3,330,018			
Public works	1,407,796			1,270
Community development	1,121,391		6,814	
Capital outlay	41,501			
Debt service				
Principal	107,387			
Interest	40,182			
Total expenditures	7,639,709		593,967	1,270
Excess (deficiency) of revenues over (under) expenditures	(112,416)	43,027	(593,967)	791,940
Other Financing Sources (Uses)				
Transfers in	398,932			
Transfers out	(18,554)	(26,000)		(1,556,651)
Total Other Financing Sources (Uses)	380,378	(26,000)		(1,556,651)
Net change in fund balances	267,962	17,027	(593,967)	(764,711)
Fund Balances, Beginning	3,986,472	30,070	990,622	1,338,316
Fund Balances, Ending	\$ 4,254,434	\$ 47,097	\$ 396,655	\$ 573,605

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

Capital Projects Funds		Total Nonmajor Governmental Funds	Totals
FY 12/13 Street Structural Repairs	FY 12/13 Street Resurfacing		
\$ -	\$ -	\$ 50,297	\$ 923,753
			2,409,485
			1,561,123
			482,075
		173,861	202,606
56,468		1,788,477	1,896,844
		59,397	2,563,523
		7,353	23,414
		3,987	102,977
			259,847
		2,745	80,468
56,468		2,086,117	10,506,115
			2,178,587
		79,853	3,409,871
		62,724	1,471,790
		1,062,908	2,191,113
375,731	564	456,083	873,879
			107,387
			40,182
375,731	564	1,661,568	10,272,809
(319,263)	(564)	424,549	233,306
332,335	1,182,284	36,000	1,949,551
		(364,900)	(1,966,105)
332,335	1,182,284	(328,900)	(16,554)
13,072	1,181,720	95,649	216,752
		1,983,775	8,329,255
\$ 13,072	\$ 1,181,720	\$ 2,079,424	\$ 8,546,007

CITY OF FORT BRAGG
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

NET CHANGE IN FUND BALANCES	\$	216,752
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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

Capital outlay expenditures are added back to fund balances	\$ 481,552		
Depreciation expense not reported in governmental funds	<u>(903,439)</u>		(421,887)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		111,487
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Repayment of long-term receivables is treated as revenue in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Position. Issuance of long-term receivables is treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Position.

Net - Principal payments received; loans issued		488,470
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Repayment of long-term debt is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Issuance of long term debt is subtracted from the fund balance.

Repayment of debt principal is added back to fund balance.

Amortization of deferred charges	(2,688)		
Interest payable, net change	394		
Capital lease payable	134,935		
Landfill post closure costs	124,962		
Compensated absences, net change	(50,245)		
Other postemployment benefits	<u>4,042</u>		211,400

Internal service funds are used by management to charge the costs of certain activities, such as maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.

		<u>258,959</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>865,181</u></u>
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The accompanying notes are an integral part of these basic financial statements.

**CITY OF FORT BRAGG
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Enterprise Funds				Governmental Activities Internal Service
Assets	Water	Sewer	CV Starr Ctr	Total	
Current Assets:					
Cash and investments	\$ 2,965,671	\$ 919,806	\$ 277,825	\$ 4,163,302	\$ 352,017
Restricted cash and investments, with fiscal agents	108,063			108,063	
Accounts receivable	243,920	303,726	160,150	707,796	
Deposits receivable			695	695	
Inventory	97,686	13,537	483	111,706	
Total Current Assets	<u>3,415,340</u>	<u>1,237,069</u>	<u>439,153</u>	<u>5,091,562</u>	<u>352,017</u>
Noncurrent Assets:					
Debt issuance costs (net)	85,386	16,878		102,264	
Capital assets					
Land	216,079	69,000	500,000	785,079	
Buildings	700,932	3,444,893	23,522,872	27,668,697	
Machinery, equipment and vehicles	4,139,381	1,545,177	566,355	6,250,913	120,819
Infrastructure	5,125,361	8,678,267	542,303	14,345,931	
Construction-in-progress	183,255	201,716		384,971	
Less-accumulated depreciation	<u>(6,379,342)</u>	<u>(6,765,902)</u>	<u>(783,477)</u>	<u>(13,928,721)</u>	<u>(17,190)</u>
Total Noncurrent Assets	<u>4,071,052</u>	<u>7,190,029</u>	<u>24,348,053</u>	<u>35,609,134</u>	<u>103,629</u>
Total Assets	<u>7,486,392</u>	<u>8,427,098</u>	<u>24,787,206</u>	<u>40,700,696</u>	<u>455,646</u>
Liabilities					
Current Liabilities:					
Accounts payable	20,415	72,213	55,325	147,953	13,187
Interest payable	36,600	3,975		40,575	
Accrued payroll and benefits		23,528	4,029	27,557	
Unearned revenue	5,819	2,230	12,059	20,108	
Deposits payable	137,342			137,342	
Compensated absences	14,871	53,620	8,397	76,888	
Advances from other funds			77,145	77,145	
Current portion of long-term liabilities	<u>401,243</u>	<u>45,000</u>		<u>446,243</u>	
Total Current Liabilities	<u>616,290</u>	<u>200,566</u>	<u>156,955</u>	<u>973,811</u>	<u>13,187</u>
Noncurrent Liabilities:					
Payable to Successor Agency trust fund		30,978		30,978	
Advances from other funds			167,459	167,459	
Leases payable	350,521			350,521	
Loans payable	1,269,338			1,269,338	
Bonds payable	<u>2,523,545</u>	<u>255,000</u>		<u>2,778,545</u>	
Total Long-term Liabilities	<u>4,143,404</u>	<u>285,978</u>	<u>167,459</u>	<u>4,596,841</u>	
Total Liabilities	<u>4,759,694</u>	<u>486,544</u>	<u>324,414</u>	<u>5,570,652</u>	<u>13,187</u>
Net Position					
Net investment in capital assets	(473,595)	6,890,029	24,348,053	30,764,487	103,629
Restricted for debt service	71,463			71,463	
Unrestricted	<u>3,128,830</u>	<u>1,050,525</u>	<u>114,739</u>	<u>4,294,094</u>	<u>338,830</u>
Total Net Position	<u>\$ 2,726,698</u>	<u>\$ 7,940,554</u>	<u>\$ 24,462,792</u>	<u>\$ 35,130,044</u>	<u>\$ 442,459</u>

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

**CITY OF FORT BRAGG
PROPRIETARY FUNDS
STATEMENT OF REVENUES , EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Enterprise Funds			Governmental Activities Internal Service
	Water	Sewer	CV Starr Ctr	Totals
Operating revenues				
Charges for services	\$ 2,404,047	\$ 3,196,968	\$ 590,992	\$ 6,192,007
Total Operating Revenues	2,404,047	3,196,968	590,992	6,192,007
Operating expenses				
Personnel services	768,093	1,440,698		2,208,791
Administration	311,999	477,386		789,385
Maintenance	201,762	257,142		458,904
Supplies and materials	152,608	127,737		280,345
Utilities	83,695	93,394		177,089
Outside contractors	65,085	286,004		351,089
Insurance	39,583	50,370		89,953
CV Starr operating			1,511,968	1,511,968
Depreciation	312,467	300,509	723,210	1,336,186
Total operating expenses	1,935,292	3,033,240	2,235,178	7,203,710
Operating income (loss)	468,755	163,728	(1,644,186)	(1,011,703)
Non-operating revenues (expenses)				
Property taxes			230,496	230,496
Sales taxes			772,340	772,340
Investment earnings	5,223	2,865	204	8,292
Other revenues	10,975	63,487	23,545	98,007
Amortization expense	(8,331)	(3,214)		(11,545)
Interest expenses and other charges	(194,737)	(26,110)	(1,048)	(221,895)
Total non-operating revenues (expenses)	(186,870)	37,028	1,025,537	875,695
Income (loss) before transfers	281,885	200,756	(618,649)	(136,008)
Transfers				
Transfers in	24,154			24,154
Transfers out		(7,600)		(7,600)
Changes in net position	306,039	193,156	(618,649)	(119,454)
Net position - beginning of fiscal year	2,420,659	7,747,398	24,968,186	35,136,243
Prior period adjustments			113,255	113,255
Net position - beginning of fiscal year, restated	2,420,659	7,747,398	25,081,441	35,249,498
Net position- end of fiscal year	\$ 2,726,698	\$ 7,940,554	\$ 24,462,792	\$ 35,130,044

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

**CITY OF FORT BRAGG
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	CV Starr Ctr	Totals	
Cash Flows from Operating Activities					
Receipts from customers	\$ 2,406,182	\$ 3,206,922	\$ 442,901	\$ 6,056,005	\$ -
Receipts from interfund services provided					704,971
Payments to employees	(780,357)	(1,434,864)	(660,108)	(2,875,329)	
Payments to suppliers and users	(885,443)	(1,263,935)	(815,383)	(2,964,761)	(441,261)
Net Cash Provided (Used) by Operating Activities	740,382	508,123	(1,032,590)	215,915	263,710
Cash Flows from Noncapital Financing Activities					
Other revenue	10,975	63,487	1,041,043	1,115,505	
Advances to/from other funds		(15,360)	244,604	229,244	
Transfers in	24,154			24,154	
Transfers out		(7,600)		(7,600)	
Net Cash Provided (Used) by Noncapital Financing Activities	35,129	40,527	1,285,647	1,361,303	
Cash Flows from Capital and Related Financing Activities					
Principal paid	(391,345)	(40,000)		(431,345)	
Purchase of capital assets	(89,732)	(272,049)		(361,781)	(120,819)
Interest and other charges	(198,079)	(26,140)	(1,048)	(225,267)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(679,156)	(338,189)	(1,048)	(1,018,393)	(120,819)
Cash Flows from Investing Activities					
Interest received	6,505	2,935	204	9,644	
Net Cash Provided (Used) by Investing Activities	6,505	2,935	204	9,644	
Net Increase (Decrease) in Cash and Cash Equivalents	102,860	213,396	252,213	568,469	142,891
Cash and Cash Equivalents at the Beginning of the Fiscal Year	2,970,874	706,410	25,612	3,702,896	209,126
Cash and Cash Equivalents at the End of the Fiscal Year	\$ 3,073,734	\$ 919,806	\$ 277,825	\$ 4,271,365	\$ 352,017
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:					
Cash and investments	\$ 2,965,671	\$ 919,806	\$ 277,825	\$ 4,163,302	\$ 352,017
Restricted cash and investments	108,063			108,063	
Total Cash and Cash Equivalents	\$ 3,073,734	\$ 919,806	\$ 277,825	\$ 4,271,365	\$ 352,017
Noncash Transactions					
Amortization of deferred charges	\$ 8,331	\$ 3,214	\$ -	\$ 11,545	\$ -
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 468,755	\$ 163,728	\$ (1,644,186)	\$ (1,011,703)	\$ 258,959
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	312,467	300,509	723,210	1,336,186	17,190
(Increase) Decrease in Operating Assets:					
Accounts receivable	11,424	9,954	(160,150)	(138,772)	
Inventory	(21,664)	2,995	(483)	(19,152)	17,451
Deposits receivable			(695)	(695)	
Increase (Decrease) in Operating Liabilities:					
Accounts payable	(9,047)	25,103	25,229	41,285	(29,890)
Accrued payroll and benefits		(7,083)	4,029	(3,054)	
Deposits payable	(803)			(803)	
Unearned revenue	(8,486)		12,059	3,573	
Compensated absences	(12,264)	12,917	8,397	9,050	
Net Cash Provided (Used) by Operating Activities	\$ 740,382	\$ 508,123	\$ (1,032,590)	\$ 215,915	\$ 263,710

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

CITY OF FORT BRAGG
STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2013

	Successor Agency Private-Purpose Trust Fund
<hr/>	
Assets	
Cash and investments	\$ 651,573
Cash and investments with fiscal agent	313,354
Accounts receivable	33,417
Due from City of Fort Bragg	30,978
Deferred charges - net of accumulated amortization	81,211
Total assets	<hr/> 1,110,533 <hr/>
Liabilities	
Current:	
Payable to City of Fort Bragg	396,655
Accounts payable	3,004
Interest payable	36,190
Long-term debt due within one year	86,021
Total current liabilities	<hr/> 521,870 <hr/>
Noncurrent:	
Long-term debt due in more than one year	3,914,151
Total liabilities	<hr/> 4,436,021 <hr/>
Net Position (Deficit)	<hr/> \$ (3,325,488) <hr/>

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

CITY OF FORT BRAGG
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2013

	<u>Successor Agency Private-Purpose Trust Fund</u>
Additions:	
Redevelopment Agency Property Tax Trust Fund	\$ 506,853
Use of money and property	<u>228</u>
Total additions	<u>507,081</u>
Deductions:	
City administrative expenses	250,000
Direct project management expences	94,159
Interest on bond payable	235,227
Legal fees related to projects	15,056
Payment to Coastal Conservancy	125,000
Audit fees	12,641
Professional services	<u>26,260</u>
Total deductions	<u>758,343</u>
Change in net position	(251,262)
Net position - beginning	<u>(3,074,226)</u>
Net position - ending	<u><u>\$ (3,325,488)</u></u>

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

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Basic Financial Statements

Notes to the Basic Financial Statements

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CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

Blended Component Units

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

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

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

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

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

Fund Financial Statements

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

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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** 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** special revenue fund is used to account for revenue received from local sales taxes restricted to street repairs.

The **FY13 Street Structural Repairs Fund** is a capital project fund used to account for costs associated with the Street Structural Repair project. This project is funded with local sales taxes collected specifically for street maintenance and repair.

The **FY13 Street Resurfacing Project Fund** is a capital project fund used to account for costs associated with the Street Resurfacing project. This project is funded with local sales taxes collected specifically for street maintenance and repair.

The City reports the following major proprietary funds:

The **Water** enterprise fund accounts for the activities of the City's water treatment and distribution operations.

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

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

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.

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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.

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 the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of a fiscal year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

E. Budgetary Information

1) Budgetary basis of accounting

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

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

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

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

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

2) Excess of expenditures over appropriations

For the fiscal year ended June 30, 2013, expenditures exceeded appropriations in four departments (the legal level of budgetary control) of the general fund by a total of \$162,157 as follows:

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

General Fund	
General Government	
City Attorney	\$ 96,136
Public Safety	
Administration	13,843
Public Works	
Parks & Facilities	1,174
Non-departmental	
Caspar Landfill & Transfer Station	51,004
	<u>\$ 162,157</u>

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 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 liabilities of the current period.

At June 30, 2013, the various components of unearned revenue reported in the governmental funds are as follows:

General Fund	
Sales Tax	\$ 21,611
Grants	122,824
Loans	
CDBG Housing Rehabilitation	457,031
CDBG Program Income	344,661
Rural Communities Housing Development Corporation	252,875
Special Revenue and Government-wide	
Measure J Street Repair Sales Tax	10,300
	<u>\$ 1,209,302</u>

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).

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

3) Inventories and prepaid items

Inventories for both governmental and proprietary funds consist principally of materials and supplies held for consumption and are valued at cost, approximating fair value, using the first-in, first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

4) Capital Assets

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

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation. During the current fiscal period, infrastructure projects that were incomplete are reported as "construction in progress."

Interest is capitalized on the construction of major assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For the fiscal year ended June 30, 2013, 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:

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

5) Net assets flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net assets and unrestricted – net 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.

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 government has a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge 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.

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 only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. 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.

7) Fund Balance flow assumptions

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

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

8) Net Position/Fund Balance

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

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

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

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

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

Unassigned Fund Balance – This balance represents net position in excess of resources classified in one of the three categories described above.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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, 2013, are summarized below.

<u>Category</u>	<u>Amount</u>
General Fund	\$ 31,621
Capital Projects	1,261,762
Grants	753,070
Public Safety	478
Public Works	34,816
Internal Service Fund	18,900
Water Enterprise	11,093
Wastewater Enterprise	350,928
	<u>\$ 2,462,668</u>

12) Long-Term Obligations

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

H. Revenues and expenditures/expenses

1) Program revenues

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

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

2) Property taxes

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

Mendocino County assesses properties, bills for, and collects secured and unsecured property taxes as follows:

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

3) Compensated absences

Vacation

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

Sick Leave

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

4) Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and internal service funds are charges to customers for sales and services. The C.V. Starr Center fund has two sources of revenue: property taxes and a district sales tax. The water and wastewater

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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. New Governmental Accounting Standards Board (GASB) Pronouncements

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statements No. 60, 61, 62, and 63 during the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of GASB Statement No. 60 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "The Financial Reporting Entity: Omnibus." This Statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of GASB Statement No. 61 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of GASB Statement No. 62 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the City's financial statements are explained in Note I.G.8.

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental funds balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.” The details of the \$31,163,876 are as follows:

Land	\$ 12,598,426
Construction/projects in progress	991,978
Buildings	4,994,522
Less: Accumulated depreciation	(3,036,344)
Infrastructure	18,657,240
Less: Accumulated depreciation	(3,174,414)
Machinery, equipment & vehicles	1,153,979
Less: Accumulated depreciation	<u>(1,021,511)</u>
Net adjustment to increase total governmental fund balance on the governmental funds balance sheet to arrive at net position on the government-wide statement of net position	<u><u>\$ 31,163,876</u></u>

Another element of the reconciliation explains that “internal service funds are used by management to charge the costs of certain activities, such as maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this \$442,459 difference are as follows:

Cash and investments	\$ 352,017
Vehicles (net of depreciation)	103,629
Accounts payable	<u>(13,187)</u>
Net adjustment to increase total governmental fund balance on the governmental funds balance sheet to arrive at net position on the government-wide statement of net position	<u><u>\$ 442,459</u></u>

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

Caspar 2005 COP	\$ (888,453)
Refunding loss (net of accumulated amortization)	45,945
	<u>\$ (842,508)</u>

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “certain notes receivable are reported in the governmental funds as expenditures and then offset by unearned revenue as they are not available to pay expenditures. Likewise, when the note is collected, it is reflected in revenue.” The details of this \$488,470 difference are as follows:

New loans issued	
Housing rehabilitation	\$ 417,797
Business	105,000
Interest on RCHDC loan	6,750
Loan principal received	(41,077)
	<u>\$ 488,470</u>

NOTE III – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit fund equity

The City receives grant funding for various activities on a reimbursement basis. The timing of expenditures and reimbursements will sometimes cause a temporary deficit balance in grant and capital project funds. Deficits in these funds will be replenished through grant billings and grant match funds transfers. The following nonmajor funds had deficit fund balances at June 30, 2013:

Parking In Lieu Fees	\$ 160
Safe Routes to Schools	28,351
Sustainable Communities Grant	35,667
Bulletproof Vest Partnership Grant	1,899
Prop 84 Grant - Coastal Trail	27,527
EDBG Planning and Technology Grants	37,849
CDBG Planning and Technology Grants	40
MCOG 2005 Main St Planning	59,377
HMHIP Federal Grant	53,506
Otis Johnson Park Capital Project Fund	20,205
Coastal Trail Capital Project Fund	34,332

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE IV – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits with financial institutions

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

As of June 30, 2013, \$3,631,193 of the City's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

B. Investments

The Local Agency Investment Fund (LAIF) is a special fund of the California State Treasury through which local governments may pool investments. The City may invest up to \$50 million in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Funds deposited in LAIF are invested in accordance with Government Code Sections 16430 and 16480. Oversight of LAIF is provided by the Pooled Money Investment Board whose members are the California State Treasurer, California Director of Finance, and the California State Controller. For the purpose of these financial statements, the fair value of amounts in LAIF is equivalent to the dollars held.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations. At June 30, 2013 72% of the City's cash and investments were in demand deposit accounts or investments with a maturity of no more than 12 months.

Statement of net position:

Cash and investments	\$ 12,806,976
Cash and investments with fiscal agents, restricted	108,063

Statement of fiduciary net position:

Cash and investments	651,573
Cash and investments with fiscal agents, restricted	313,354

Total	<u>\$ 13,879,966</u>
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CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

Cash and investments consist of the following:

Cash on hand	\$ 2,098
Demand deposits with financial institutions	5,949,040
Investments	
Money Market Funds	487,852
Certificates of Deposit	4,544,612
Local Agency Investment Fund	2,896,364
Total cash and investments	<u>\$ 13,879,966</u>

Investments Authorized by the California Government code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	\$50 Million
U. S. Treasury Obligations	5 years	None	None
U. S. Government Agency Issues	5 years	None	None
Repurchase Agreements	90 days	None	None
Bankers Acceptance (must be dollar denominated)	9 months	40%	None
Commercial Paper - A Rated Minimum	6 months	15%	None
Time Certificates of Deposit - FDIC Insured	5 years	30%	None
General Obligations of any State or Political Subdivision - AA Rated Minimum	5 years	30%	None
Money Market Mutual Funds Holding Cash and U. S. Government Obligations	N/A	None	None

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

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U. S. Treasury Obligations	5 years	None	None
U. S. Government Agency Securities	5 years	None	None
Bankers Acceptance	270 days	40%	15%
Commercial Paper	180 days	15%	15%
Money Market Mutual Funds	N.A	None	None

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

The following table represents the City's investments and their related maturity:

Investment Type	Totals	Remaining maturity (in months)				
		12 Months or less	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months
Local Agency Investment Fund (State Pool)	\$ 2,896,364	\$ 2,896,364	\$ -	\$ -	\$ -	\$ -
Time Certificates of Deposit*	4,544,612	794,612	790,000	500,000	1,218,000	1,242,000
Money Market Funds	66,424	66,424				
Held with Fiscal Agent - Money Market Funds	421,428	421,428				
	<u>\$ 7,928,828</u>	<u>\$ 4,178,828</u>	<u>\$ 790,000</u>	<u>\$ 500,000</u>	<u>\$ 1,218,000</u>	<u>\$ 1,242,000</u>

*Investment amount exceeds 30% of total portfolio, which is a violation of the City's investment policy.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments including investments held by bond trustees that are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Minimum Legal Rating	Rating as of Fiscal Year End					
		Amount	Exempt from Disclosure	AAA	AA	A	Not Rated
Local Agency Investment Fund (State Pool)	N/A	\$ 2,896,364	\$ -	\$ -	\$ -	\$ -	\$ 2,896,364
Time Certificates of Deposit*	N/A	4,544,612		4,544,612			
Money Market Funds	N/A	66,424		66,424			
Held with Fiscal Agent: Money Market Funds	N/A	421,428		421,428			
		<u>\$ 7,928,828</u>	<u>\$ -</u>	<u>\$ 5,032,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,896,364</u>

*Investment amount exceeds 30% of total portfolio, which is a violation of the City's investment policy.

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

C. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2013 was as follows:

Governmental Activities	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated				
Land	\$ 12,556,925	\$ 41,501	\$ -	\$ 12,598,426
Construction-in-progress	973,564	379,481		991,978
Total capital assets, not being depreciated	13,530,489	420,982		13,590,404
Capital assets, being depreciated				
Buildings	4,994,522			4,994,522
Machinery, equipment and vehicles	1,260,019	143,367	(128,588)	1,274,798
Infrastructure	18,258,150	38,022		18,657,239
Total capital assets, being depreciated	24,512,691	181,389	(128,588)	24,926,559
Less accumulated depreciation				
Buildings	(2,909,904)	(126,440)		(3,036,344)
Machinery, equipment and vehicles	(1,063,510)	(103,779)	128,588	(1,038,701)
Infrastructure	(2,484,003)	(690,410)		(3,174,413)
Total accumulated depreciation	(6,457,417)	(920,629)	128,588	(7,249,458)
Total capital assets being depreciated, net	18,055,274	(739,240)		17,677,101
Governmental activities capital assets, net	\$ 31,585,763	\$ (318,258)	\$ -	\$ 31,267,505

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

Governmental Activities:

General government	\$ 920,629
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CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

Capital asset activity for business-type funds for the fiscal year ended June 30, 2013 was as follows:

Business-type Activities - Water	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated				
Land	\$ 216,079	\$ -	\$ -	\$ 216,079
Construction-in-progress	183,255			183,255
Total capital assets, not being depreciated	399,334			399,334
Capital assets, being depreciated				
Buildings	700,932			700,932
Machinery, equipment and vehicles	4,053,399	89,732	(3,750)	4,139,381
Infrastructure	5,125,361			5,125,361
Total capital assets, being depreciated	9,879,692	89,732	(3,750)	9,965,674
Less accumulated depreciation				
Buildings	(451,583)	(24,212)		(475,795)
Machinery, equipment and vehicles	(2,671,160)	(129,237)	3,750	(2,796,647)
Infrastructure	(2,947,882)	(159,018)		(3,106,900)
Total accumulated depreciation	(6,070,625)	(312,467)	3,750	(6,379,342)
Total capital assets being depreciated, net	3,809,067	(222,735)		3,586,332
Business-type activities capital assets, net Water enterprise	<u>\$ 4,208,401</u>	<u>\$ (222,735)</u>	<u>\$ -</u>	<u>\$ 3,985,666</u>
Business-type Activities - Wastewater	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated				
Land	\$ 69,000	\$ -	\$ -	\$ 69,000
Construction-in-progress	112,735	88,981		201,716
Total capital assets, not being depreciated	181,735	88,981		270,716
Capital assets, being depreciated				
Buildings	3,322,742	122,151		3,444,893
Machinery, equipment and vehicles	1,521,659	24,776	(1,258)	1,545,177
Infrastructure	8,642,126	36,141		8,678,267
Total capital assets, being depreciated	13,486,527	183,068	(1,258)	13,668,337
Less accumulated depreciation				
Buildings	(1,613,186)	(50,681)		(1,663,867)
Machinery, equipment and vehicles	(1,184,400)	(57,574)	1,258	(1,240,716)
Infrastructure	(3,669,065)	(192,254)		(3,861,319)
Total accumulated depreciation	(6,466,651)	(300,509)	1,258	(6,765,902)
Total capital assets being depreciated, net	7,019,876	(117,441)		6,902,435
Business-type activities capital assets, net Wastewater enterprise	<u>\$ 7,201,611</u>	<u>\$ (28,460)</u>	<u>\$ -</u>	<u>\$ 7,173,151</u>

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

Business-type Activities - C.V. Starr Center	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated				
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Total capital assets, not being depreciated	500,000			500,000
Capital assets, being depreciated				
Buildings	23,522,872			23,522,872
Land improvements	542,303			542,303
Machinery, equipment and vehicles	566,355			566,355
Total capital assets, being depreciated	24,631,530			24,631,530
Less accumulated depreciation				
Buildings	(49,006)	(588,072)		(637,078)
Land improvements	(4,519)	(54,230)		(58,749)
Machinery, equipment and vehicles	(6,742)	(80,908)		(87,650)
Total accumulated depreciation	(60,267)	(723,210)		(783,477)
Total capital assets being depreciated, net	24,571,263	(723,210)		23,848,053
Business-type activities capital assets, net				
C.V. Starr Center	\$ 25,071,263	\$ (723,210)	\$ -	\$ 24,348,053

D. Accrued Liabilities

Accrued liabilities reported by governmental funds at June 30, 2013, were as follows:

Category	General Fund
Salaries and employee benefits	\$ 166,013

E. Defined Benefit Pension Plan

Plan Description

The City has three (3) defined benefit pension plans: the Miscellaneous Plan of the City of Fort Bragg (Miscellaneous Plan), the Safety Police Plan of the City of Fort Bragg (Police Plan), and the Safety Fire Plan (Fire Plan). Each Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employees within the State of California. CalPERS requires that plans with less than 100 active members must participate in a risk pool. As such, all three of the City's plans are required to participate in risk pools.

State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City of Fort Bragg selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in the Plans are required to contribute 7.0% (9.0% for Police employees) of their annual covered salary. The Fire Plan has no active members. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by CalPERS' Board of Administration. The required employer contribution rate for fiscal 2012/13 was 10.815% for miscellaneous employees, 27.631% for police, and 0% for fire employees. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

The annual required contribution for fiscal year 2012/13 was determined as part of the June 30, 2010, actuarial valuation using the entry age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions include the following:

	<u>Miscellaneous</u>	<u>Police</u>	<u>Fire</u>
Investment rate of return	7.75%	7.75%	7.75%
Projected salary increase	3.55% - 14.45%	3.55% - 14.45%	3.55% - 14.45%
Inflation	3.00%	3.00%	3.00%
Payroll growth	3.25%	3.25%	3.25%

For fiscal year 2012/13, the City's annual pension cost was \$793,402 as follows:

	<u>City Paid</u>	<u>Employee Paid</u>	<u>Total by Plan</u>
Police	\$ 320,022	\$ 62,748	\$ 382,770
Fire*	1,709		1,709
Miscellaneous	312,116	96,807	408,923
	<u>\$ 633,847</u>	<u>\$ 159,555</u>	<u>\$ 793,402</u>

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

The actuarial value of the Plan's assets was determined using a three-year smoothed market technique that reduces the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of the investment gains and/or losses. Each plan's unfunded actuarial liability is being amortized as a level percentage of projected payrolls over a closed period that began on the Plan's date of entry into the CalPERS system. Subsequent Plan amendments are amortized over 20 years. If the Plan's actuarial accrued liability exceeds the actuarial value of plan assets, then the amortization period on the total unfunded liability may not be lower than 30 years. As of June 30, 2010 the remaining average amortization period was 12 years for Miscellaneous and Police Funds. The Fire Fund has been fully amortized.

<u>Fiscal Year</u>	<u>Combined Annual</u>	<u>Percentage</u>	<u>Net Pension</u>
<u>Ending June 30,</u>	<u>Pension Cost</u>	<u>Contributed</u>	<u>Obligation</u>
2013	\$ 793,402	100%	\$ -
2012	774,633	100%	-
2011	674,299	100%	-

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

F. Other Postemployment Benefit (OPEB) Obligations

Plan Description. The City offers its employees a post-retirement health program, which includes medical and dental coverage. Upon retirement for service or disability, employees hired prior to July 1, 2011 (January 1, 2012 for Fort Bragg Police Officer Association members) retiring directly from service at age 50 or over with 10 years of service may continue coverage for themselves and their spouse's (to whom they are married at retirement) as detailed below. Currently 42 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, 2013, expenditures of \$198,644 were recognized for the cost of these post-retirement benefits. The City also contributed \$326,260 during the fiscal year to the California Employers' Retiree Benefit Trust Fund. The City pays portions of the premiums dependent on bargaining group and employee hire date as follows:

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

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

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

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

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

Funding Policy. The contribution requirement of plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to pre-fund benefits as determined annually by the City.

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

The following table shows the components of the City's annual OPEB cost for the fiscal year ended June 30, 2013, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

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Annual required contribution (ARC)	\$ 524,683
Interest on net OPEB obligation	79,316
Adjustment to ARC	(83,137)
Annual OPEB cost	520,862
Contributions made	(524,904)
Increase (decrease) in net OPEB obligation	(4,042)
Net OPEB obligation, beginning of year	1,042,262
Net OPEB obligation, end of year	<u>\$ 1,038,220</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years, are as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation/ Asset
2013	\$ 520,862	101%	\$ 1,038,220
2012	597,666	86%	1,042,262
2011	716,329	29%	959,038

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

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

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

Actuarial Methods and Assumptions. In the June 30, 2011, actuarial valuation, the level percentage of pay Entry Age Normal Cost Method has been used to calculate contribution levels and the Unfunded Actuarial Accrued Liability. The actuarial assumptions included a 7.61% percent investment rate of return, which is the expected long-term investment returns on plan assets and an annual healthcare cost trend rate starting from 9.5% in 2013 decreasing each year until 2020 to a minimum of 5.25% for Blue Cross premiums and starting from 10.0% in 2013 decreasing to a minimum of 5.25% for Hartford premiums. The actuarial

CITY OF FORT BRAGG
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June 30, 2013

value of assets was \$0. The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at June 30, 2011 was thirty years.

Risk Management

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

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

<u>Insurance Program</u>	<u>Loss Limits</u>	<u>Deductibles</u>
Property	\$ 290,000,000	\$ 10,000
Boiler and Machinery	21,245,000	5,000
Liability	20,000,000	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. A refund in the Liability program was made in which the City received \$33,338. The annual premiums paid to REMIF in FY 2012/13 are as follows:

<u>Insurance Program</u>	<u>Premium</u>
Workers' Compensation	\$ 129,790
Liability	74,886
Earthquake and Flood	64,323
Property	25,019
Auto Physical Damage	4,786
Boiler and Machinery	2,615
	<u>\$ 301,419</u>

CITY OF FORT BRAGG
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Claims paid by the City for the 2012/13 fiscal year:

<u>Insurance Program</u>	<u>Claims</u>
Workers' Compensation	\$ 479,998
Liability and Property	118,624
	<u>\$ 598,622</u>

G. Lease Obligations

Operating Leases as Lessee

The following is a schedule of future minimum rental payments required under operating leases entered into by the City that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2013:

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

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.

The City's future minimum lease payments and the net present value of future minimum lease payments at June 30, 2013, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fiscal year ended June 30,		
2014	\$ 147,569	\$ 126,565
2015	147,569	126,565
2016	147,569	126,565
2017	147,569	126,565
2018	147,569	
2019	147,569	
2020	147,569	
Total minimum lease payments	1,032,983	506,260
Less: Amount representing interest	(144,530)	(49,440)
Present value of minimum lease payments	<u>\$ 888,453</u>	<u>\$ 456,820</u>

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

H. Long-Term Liabilities

Caspar Landfill Closure and Post-Closure Cost

The Caspar Landfill site was closed in 1995. State and Federal laws and regulations require that the City place a final cover on its landfill when closed, and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. These costs are shared equally by the City and County of Mendocino. At June 30, 2013, the City's estimated liability for its share of landfill closure and post-closure care costs was \$1,319,169. 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, 2013, as determined by the last engineering study performed. However, the actual cost of closure and post-closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

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

2004 California Statewide Communities Development Authority Bonds (CSCDA)

In 2003 the City entered into an agreement with the California Statewide Communities Development Authority (CSCDA) whereby CSCDA issued \$4,855,000 in revenue bonds to provide resources for the City to refund the outstanding 1993 COP's that were issued for the costs of various capital improvements to the City's water system. The bonds are an obligation of CSCDA and are payable solely from and secured by revenues that consist primarily of payments on an installment obligation of the City. For the purposes of this report, the City has reported its liability under the terms of the installment obligation as 2004 CSCDA Bonds. Annual interest accrues at varying rates between 2.00% and 5.25%. Interest became payable commencing April 1, 2004, and semi-annually thereafter each October 1st and April 1st. Principal is payable in annual installments that commenced October 1, 2004, and continue through the year 2023 in amounts ranging from \$190,000 through \$360,000. The outstanding principal balance as of June 30, 2013 was \$3,080,000.

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

Fiscal Year			
Ended June 30,	Principal	Interest	Total
2014	\$ 225,000	\$ 142,036	\$ 367,036
2015	230,000	133,333	363,333
2016	245,000	123,335	368,335
2017	255,000	112,595	367,595
2018	265,000	101,803	366,803
2019	275,000	89,363	364,363
2020	290,000	75,238	365,238
2021	300,000	60,113	360,113
2022	315,000	43,969	358,969
2023	330,000	27,038	357,038
2024	350,000	9,188	359,188
Totals	<u>\$ 3,080,000</u>	<u>\$ 918,011</u>	<u>\$ 3,998,011</u>

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1998 Wastewater Revenue Bonds

In 1998, the City on behalf of the Fort Bragg Municipal Improvement District entered into an agreement with the Association of Bay Area Governments (ABAG) whereby ABAG issued \$770,000 in revenue bonds to provide resources for the District to acquire and construct capital improvements to the District's wastewater system. The bonds are an obligation of ABAG and are payable solely from and secured by revenues that consist primarily of payments on an installment obligation of the City. For the purposes of this report, the City has reported its liability under the terms of the installment agreement as 1998 Wastewater Revenue Bonds. Annual interest accrues at varying rates between 3.75% and 5.30%. Interest became payable commencing October 1, 1998, and semi-annually thereafter each October 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, 2013 was \$300,000.

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

Fiscal Year			
Ended June 30,	Principal	Interest	Total
2014	\$ 45,000	\$ 14,708	\$ 59,708
2015	45,000	12,322	57,322
2016	50,000	9,805	59,805
2017	50,000	7,155	57,155
2018	55,000	4,373	59,373
2019	55,000	1,458	56,458
Totals	<u>\$ 300,000</u>	<u>\$ 49,821</u>	<u>\$ 349,821</u>

Safe Drinking Water Revolving Loan (SDWRL)

In fiscal year 2005 the City entered into a non-interest bearing loan agreement with the State of California Department of Water Resources to finance the construction of a project to meet safe drinking water standards. The maximum amount of the loan cannot exceed \$2,325,500, of which the City had borrowed \$2,141,532. At June 30, 2013, the balance of the loan payable was \$1,028,059. Loan principal payments of \$53,538 are required semi-annually on January 1st and July 1st for twenty (20) years commencing January 1, 2007.

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

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Fiscal Year Ended June 30,	Principal
2014	\$ 105,778
2015	105,778
2016	105,778
2017	105,778
2018	105,778
2019	105,778
2020	105,778
2021	105,778
2022	105,778
2023	105,778
2024	105,778
2025	105,779
2026	105,779
Total payments	\$ 1,375,116
less: unamortized discount	(347,057)
Loans payable to SDWRL, net	<u>\$ 1,028,059</u>

Changes in Long-term Liabilities

Changes in the City's long-term liabilities for the fiscal year ended June 30, 2013 are as follows:

	Balance at July 1, 2012	Additions	Reductions	Prior Period Adjustments	Balance at June 30, 2013	Due within One year
Governmental activities:						
Capital lease	\$ 995,840	\$ -	\$ (107,387)	\$ -	\$ 888,453	\$ 107,528
Deferred refunding loss	(52,587)		6,642		(45,945)	(6,642)
Landfill post-closure	1,321,611		(2,442)		1,319,169	
Compensated absences	456,513	442,303	(392,058)		506,758	506,758
CalPERS side fund			(34,190)	1,117,750	1,083,560	
Postemployment benefits	1,042,262	520,862	(524,904)		1,038,220	
Governmental activities long-term liabilities	<u>\$ 3,763,639</u>	<u>\$ 963,165</u>	<u>\$ (1,054,339)</u>	<u>\$ 1,117,750</u>	<u>\$ 4,790,215</u>	<u>\$ 607,644</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
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	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013	Due within One year
Business-type activities:					
Bonds payable:					
1998 Revenue Bond	\$ 340,000	\$ -	\$ (40,000)	\$ 300,000	\$ 45,000
2004 CSCDA	3,300,000		(220,000)	3,080,000	225,000
2004 CSCDA premium	43,891		(3,901)	39,990	3,901
2004 CSCDA deferred refunding loss	(447,014)		39,735	(407,279)	(39,735)
Loans payable:					
SDWRL	1,084,868		(56,809)	1,028,059	59,437
SDWRL discount	396,026		(48,969)	347,057	46,341
Capital lease	558,221		(101,401)	456,820	106,299
Compensated absences	67,838	66,856	(57,806)	76,888	76,888
Business-type activities:					
long-term liabilities	<u>\$ 5,343,830</u>	<u>\$ 66,856</u>	<u>\$ (489,151)</u>	<u>\$ 4,921,535</u>	<u>\$ 523,131</u>

I. Fund Balance

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2013 are as follows:

Fund Balances	General Fund	CDBG Program Income Special Revenue Fund	Housing Successor Special Revenue Fund	Special Sales Tax - Street Repair Special Revenue Fund	FY 12/13 Street Structural Repairs Capital Projects Fund	FY 12/13 Street Resurfacing Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:								
Advances	\$ 244,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,604
Inventory and Prepaids	2,957							2,957
Total Nonspendable	247,561							247,561
Restricted for:								
Housing			396,655				158,474	555,129
Community Development		47,097					772,807	819,904
Streets and Roads				573,605	13,072	1,181,720	375,187	2,143,584
Public Safety							1,071,869	1,071,869
Total Restricted		47,097	396,655	573,605	13,072	1,181,720	2,378,337	4,590,486
Unassigned	4,006,873						(298,913)	3,707,960
Total Fund Balances	\$ 4,254,434	\$ 47,097	\$ 396,655	\$ 573,605	\$ 13,072	\$ 1,181,720	\$ 2,079,424	\$ 8,546,007

Although the City does not have stabilization arrangements as defined in GASB Statement No. 54, the City Council has established general fund reserves as follows:

A 20% operating reserve (based on projected annual expenditures) is maintained to ensure liquidity of the general fund and provide adequate cash flow throughout the year. The reserve was set at \$1.6 million for fiscal year ended June 30, 2013.

A \$300,000 liability and litigation reserve to cover unforeseen legal expenses, including unbudgeted settlement costs.

A \$400,000 capital reserve for unanticipated project cost overruns or capital equipment expenses.

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

J. Interfund Receivables and Payables

At June 30, 2013, the funds below had made/received advances which were not expected to be repaid within the next fiscal year.

<u>Fund Receiving Advance</u>	<u>Fund Making Advance</u>	<u>Amount</u>
Major proprietary fund:	Major governmental fund:	
C.V. Starr Center	General Fund	\$ 244,604

On May 9, 2012, the City approved an operating agreement with the Mendocino Coast Recreation and Park District (MCRPD District). The ownership of the C. V. Starr Center was transferred to the City. The MCRPD District accepted responsibility for the operation of the Center. At the time that the agreement was signed the Center was closed. The City advanced funds in the amount of \$244,604 to the MCRPD District (C.V. Starr Center fund) to pay for start-up costs of the Center. The Council approved a five year term for repayment of the loan. The payments are interest only for the first year and amortized for the next four years.

Certain funds borrow money from other funds to cover cash shortages. These borrowings constitute short-term loans because the intent is to repay them within one year from date of borrowing. The following table details the amounts due to/from other funds:

	<u>Due To</u>	<u>Due From</u>
Governmental Funds:		
Major Funds		
General	\$ 463,134	\$ -
Nonmajor Funds - Special Revenue		
Parking in-lieu		160
Safe Routes to Schools		27,056
Sustainable Communities Grant		35,342
Bulletproof Vest Partnership Grant		893
Prop 84 Grant - Coastal Trail		27,527
CDBG General Allocation Grants		161,031
EDBG Planning & Technology Grants		37,681
CDBG Planning & Technology Grants		40
Highway User Gasoline Taxes		3,537
Traffic & Safety		2,555
MCOG 2005 Main St. Planning		53,436
HMHIP Federal Grant		39,905
Franklin Street Intersection Evaluation		36,351
Nonmajor Funds - Capital Projects		
Otis Johnson Park		4,293
Coastal Trail		33,327
Totals	<u>\$ 463,134</u>	<u>\$ 463,134</u>

CITY OF FORT BRAGG
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

K. Interfund Transfers

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due.

The following table reflects transfer activity for the fiscal year ended June 30, 2013:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General	\$ 398,932	\$ 18,554
CDBG Program Income		26,000
Special Sales Tax Street Repair		1,556,651
FY 2012/13 Street Structural Repairs Capital Project	332,335	
FY 2012/13 Street Resurfacing Capital Project	1,182,284	
Major Proprietary Funds:		
Water Enterprise	24,154	
Wastewater Enterprise		7,600
Nonmajor Governmental Funds		
General Plan Maintenance Fee		50,000
Parking		8,000
Parking in-Lieu Fees	8,000	
COPS AB 1913 Allocation		100,000
Bulletproof Vest Partnership Grant	2,000	
CDBG General Allocation Grants	26,000	
Highway User Gasoline Taxes		199,600
Traffic & Safety		7,300
	<u>\$ 1,973,705</u>	<u>\$ 1,973,705</u>

L. RELATED ORGANIZATIONS

The City is a member of various joint powers authorities that provide goods or services to the City and other authority members. Under the criteria established by GASB Statement No. 14, the City does not have sufficient authority, influence, or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest or responsibility for any of these organizations as defined by GASB Statement No. 14. The names and general functions of these joint powers are as follows:

Caspar Landfill

The City has joint powers agreement with the County of Mendocino for post-closure maintenance of the Caspar Landfill and the operations of the Caspar Transfer Station. The City and the County equally share the cost for post-closure maintenance of the landfill. Operational costs of the transfer station are allocated based upon a pro-rata basis as defined in the agreement. The City paid \$143,641 under the costs sharing agreement during the fiscal year ended June 30, 2013.

CITY OF FORT BRAGG
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Mendocino Solid Waste Management Authority

This authority consists of three Mendocino County cities and the County of Mendocino (Authority). The Authority was created for the purpose of: (a) siting, licensing, developing, constructing, maintaining, and operating disposal sites and sanitary landfills and (b) preparing and implementing a solid waste management plan. A Commission comprised of one member from each city and two members that are appointed by the Mendocino County Board of Supervisors governs the Authority. A surcharge, based on the solid waste that is generated in the City and disposed of at disposal sites operated by the Authority, is paid by the entity disposing of the solid waste.

Fort Bragg Fire Protection Authority

In March 2005, the City entered into a joint powers agreement with the Fort Bragg Rural Fire District (District) for the purpose of providing fire suppression, fire prevention, and emergency rescue services within territorial limits of the City and the District. The agreement supersedes a former joint powers agreement between the two entities that was established in 1990. The Fort Bragg Fire Protection Authority (Authority) is governed by a five member Board of Directors of which two are appointed by the City, two by the District, and one appointed jointly by the City and the District. Costs for services are shared by the City and District on a pro-rata basis determined by the average number of fire and emergency calls responded to within the City or District during the three previous 12-month periods of July 1st to June 30th. However, in no case will either entity's share drop below 40%. During the current fiscal year ended June 30, 2013, the City paid \$351,768 under the terms of this agreement.

M. CONTINGENCIES

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City anticipates such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

N. SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2013, and through February 4, 2013, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

On July 22, 2013, the City Council awarded the bid for the 2013 Federal Safe Routes to School Project, to Akeff Construction Services, Inc. in an amount not-to-exceed \$590,946.

On July 22, 2013, the City Council awarded the bid for the Harrison Street House Rehabilitation Project to Swithenbank Construction, Inc. in an amount not-to-exceed \$591,304.

On August 12, 2013, the City Council approved change order #1 with Intermountain Slurry Seal, Inc. for the 2013 Street Resurfacing Project in an amount not-to-exceed \$223,052.

CITY OF FORT BRAGG
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On August 26, 2013, the City Council awarded the bid for the Waterfall Gulch Transmission Main Improvements Project to Akeff Construction Services, Inc. in an amount not-to-exceed \$630,943.

O. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of (\$1,117,750) was made on the Statement of Activities – governmental activities for an understatement of CalPERS side fund liability in the prior fiscal year.

A prior period adjustment of \$113,255 was made on the Statement of Activities – business-type activities for an overstatement of an accounts payable in the prior fiscal year.

A prior period adjustment of \$113,255 was made in the CV Starr Center Fund for an overstatement of an accounts payable in the prior fiscal year.

NOTE V – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

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

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

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

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

CITY OF FORT BRAGG
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2004 Tax Allocation Bonds

In 2004 the former Fort Bragg Redevelopment Agency issued \$4,830,000 of Tax Allocation Bonds for the purpose of refunding \$1,860,000 of outstanding 1993 Tax Allocation Bonds and making funds available for future capital projects. The refunding took advantage of lower interest rates which were available. The refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt, which has been deferred in accordance with GASB Statement No. 23. Deferred amounts for the loss on refunding, and the original discount and issue costs associated with the issuance of the 2004 Bonds are being amortized over the life of the 2004 issue using the straight line method.

The Bonds bear annual interest at rates varying between 1.8% and 5.5%. The Bonds were issued as a fully registered note in denominations of \$5,000. Interest on the bonds are payable semi-annually each November 1 and May 1. Principal is paid in annual installments each May 1, 2004, through the year 2037 in amounts ranging from \$65,000 through \$295,000. The outstanding principal balance as of June 30, 2013 was \$4,095,000.

The scheduled annual minimum debt service requirement at June 30, 2013 is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 90,000	\$ 221,965	\$ 311,965
2015	95,000	217,915	312,915
2016	100,000	212,880	312,880
2017	100,000	207,580	307,580
2018	110,000	202,280	312,280
2019-2023	625,000	919,445	1,544,445
2024-2028	820,000	732,025	1,552,025
2029-2033	1,065,000	482,350	1,547,350
2034-2037	1,090,000	154,000	1,244,000
	<u>\$ 4,095,000</u>	<u>\$ 3,350,440</u>	<u>\$ 7,445,440</u>

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013	Due within One year
Bonds payable:					
2004 Tax Allocation	\$ 4,175,000	\$ -	\$ (80,000)	\$ 4,095,000	\$ 90,000
2004 Tax Allocation deferred refunding loss	(19,241)		775	(18,466)	(775)
2004 Tax Allocation Premium	(79,566)		3,204	(76,362)	(3,204)
	<u>\$ 4,076,193</u>	<u>\$ -</u>	<u>\$ (76,021)</u>	<u>\$ 4,000,172</u>	<u>\$ 86,021</u>

Receivable and Payable to the City of Fort Bragg

Fund Receiving Advance	Fund Making Advance	Amount
Major proprietary fund:	Fiduciary fund:	
Wastewater Enterprise	Successor Agency Trust Fund	<u>\$ 30,978</u>
Fiduciary fund:	Major governmental fund:	
Successor Agency Trust Fund	Housing Successor Special Revenue Fund	<u>\$ 396,655</u>

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June 30, 2013

On June 30, 2010, the Redevelopment Agency Project Area special revenue fund advanced \$76,800 to the Municipal Improvement District #1 (MID) wastewater enterprise fund. The term of the advance is five years with payments of interest due at 0.56% and any and all unencumbered Wastewater enterprise capital fees and revenue available each fiscal year shall be paid quarterly commencing September 30, 2010. Principal repayments of \$15,026 and interest of \$406 were made during the fiscal year ended June 30, 2012. As of February 1, 2011 the Fort Bragg Redevelopment Agency was dissolved pursuant to California Assembly Bill 1X 26 (Bill). The assets and liabilities of the Redevelopment Agency Project Area special revenue fund were transferred to the Successor to the Fort Bragg Redevelopment Agency trust fund. Currently the quarterly payments are paid to the Successor Agency trust fund.

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

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Required Supplementary Information

CITY OF FORT BRAGG
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

Other Postemployment Benefits

Schedule of Funding Progress

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
1/1/2010	\$ 8,562,135	\$ -	\$ 8,562,135	0.0%	\$ 3,383,762	253.0%
6/30/2011	4,693,481		4,693,481	0.0%	3,321,101	141.3%

CITY OF FORT BRAGG
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes				
Property taxes	\$ 860,750	\$ 860,750	\$ 873,456	\$ 12,706
Sales and use taxes	1,523,000	1,523,000	1,619,165	96,165
Transient occupancy taxes	1,445,000	1,445,000	1,561,123	116,123
Franchise taxes	467,000	467,000	482,075	15,075
Other	10,000	10,000	28,745	18,745
Intergovernmental	34,500	34,500	51,899	17,399
Charges for current services	2,785,141	2,534,990	2,504,126	(30,864)
Fines, forfeitures, and penalties	14,100	14,100	16,061	1,961
Use of money and property	13,500	13,500	53,073	39,573
Licenses and permits	257,100	257,100	259,847	2,747
Other	35,000	35,000	77,723	42,723
Total Revenues	<u>7,445,091</u>	<u>7,194,940</u>	<u>7,527,293</u>	<u>332,353</u>
Expenditures				
Current				
General Government				
City council	139,217	142,217	121,272	20,945
City attorney	170,000	310,000	406,136	(96,136)
City manager	500,483	500,483	495,831	4,652
City clerk	188,089	188,089	182,993	5,096
Finance	397,755	397,755	385,202	12,553
Total General Government	<u>1,257,682</u>	<u>1,538,544</u>	<u>1,591,434</u>	<u>(52,890)</u>
Public Safety				
Operations	2,373,772	2,412,072	2,316,184	95,888
Administration	633,535	633,535	647,378	(13,843)
Fire	376,709	376,709	366,456	10,253
Total Public Safety	<u>3,364,696</u>	<u>3,422,316</u>	<u>3,330,018</u>	<u>92,298</u>
Expenditures				
Current				
Public Works				
Engineering	399,253	401,353	361,082	40,271
Streets	267,706	282,106	226,304	55,802
Storm drain	57,270	57,270	14,528	42,742
Corporation yard	741,024	748,024	715,308	32,716
Parks and facilities	89,400	89,400	90,574	(1,174)
Total Public Works	<u>1,455,337</u>	<u>1,578,153</u>	<u>1,407,796</u>	<u>170,357</u>

(Continued)

CITY OF FORT BRAGG

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Development				
Non-departmental	\$ 840,481	\$ 606,030	\$ 509,710	\$ 96,320
Community Development	393,101	393,101	363,613	29,488
Community organizations	26,624	26,624	6,896	19,728
Promotion committee	58,993	58,993	58,993	
Caspar landfill and transfer station	100,175	131,175	182,179	(51,004)
Total Community Development	1,410,176	1,215,923	1,121,391	94,532
Capital outlay		41,501	41,501	
Debt service				
Principal	107,341	107,341	107,387	(46)
Interest	40,228	40,228	40,182	46
Total Debt Service	171,540	147,569	147,569	
Total Expenditures	7,659,431	7,944,006	7,639,709	304,297
Excess (Deficit) of Revenues over Expenditures	(214,340)	(749,066)	(112,416)	636,650
Other Financing Sources (Uses)				
Transfers in	479,632	479,632	398,932	(80,700)
Transfers out	(16,000)	(16,000)	(18,554)	(2,554)
Total Other Financing Sources (Uses)	440,010	463,632	380,378	(83,254)
Net Changes in Fund Balance	225,670	(285,434)	267,962	553,396
Fund Balance, Beginning of Fiscal Year	3,986,470	3,986,470	3,986,472	
Fund Balance, End of Fiscal Year	\$ 4,212,140	\$ 3,701,036	\$ 4,254,434	\$ 553,396

CITY OF FORT BRAGG
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Grant loan principal payments	\$ -	\$ -	\$ 41,077	\$ 41,077
Interest		1,100	1,950	850
Total Revenues		1,100	43,027	41,927
Excess (Deficit) of Revenues over Expenditures		1,100	43,027	(41,927)
Other Financing Sources (Uses)				
Transfers out		(26,000)	(26,000)	
Total Other Financing Sources(Uses)		(26,000)	(26,000)	
Net Changes in Fund Balance		(24,900)	17,027	(41,927)
Fund Balance, Beginning of Fiscal Year		30,070	30,070	
Fund Balance, End of Fiscal Year	\$ -	\$ 5,170	\$ 47,097	\$ 41,927

CITY OF FORT BRAGG
HOUSING SUCCESSOR AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Current:				
Community development	\$ -	\$ 6,814	\$ 6,814	\$ -
General government		587,153	587,153	
Total Expenditures		593,967	593,967	
Net Changes in Fund Balance		(593,967)	(593,967)	
Fund Balance, Beginning of Fiscal Year		990,622	990,622	
Fund Balance, End of Fiscal Year	\$ -	\$ 396,655	\$ 396,655	\$ -

CITY OF FORT BRAGG
SPECIAL STREET SALES TAX
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Sales tax	\$ 745,000	\$ 745,000	\$ 790,320	\$ 45,320
Use of money and property	8,500	8,500	2,890	(5,610)
Total Revenues	753,500	753,500	793,210	39,710
Expenditures				
Current:				
Public works			1,270	(1,270)
Total Expenditures			1,270	(1,270)
Excess (Deficit) of Revenues over Expenditures	753,500	753,500	791,940	38,440
Other Financing Sources (Uses)				
Transfers out	(42,032)	(1,610,266)	(1,556,651)	53,615
Total Other Financing Sources(Uses)	(42,032)	(1,610,266)	(1,556,651)	53,615
Net Changes in Fund Balance	711,468	(856,766)	(764,711)	92,055
Fund Balance, Beginning of Fiscal Year	1,338,316	1,338,316	1,338,316	
Fund Balance, End of Fiscal Year	<u>\$ 2,049,784</u>	<u>\$ 481,550</u>	<u>\$ 573,605</u>	<u>\$ 92,055</u>

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Other Supplemental Information

CITY OF FORT BRAGG
FY 12/13 STREET STRUCTURAL REPAIRS PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Variance with
	Original	Final	Final Budget
			Positive
			(Negative)
Revenues			
Intergovernmental	\$ -	\$ 56,468	\$ 56,468
Total Revenues		56,468	56,468
Expenditures			
Capital outlay		442,418	375,731
Total Expenditures		442,418	375,731
Excess (Deficit) of Revenues over Expenditures		(385,950)	(319,263)
Other Financing Sources (Uses)			
Transfers in		385,950	332,335
Total Other Financing Sources(Uses)		385,950	332,335
Net Changes in Fund Balance			13,072
Fund Balance, Beginning of Fiscal Year			
Fund Balance, End of Fiscal Year	\$ -	\$ -	\$ 13,072

CITY OF FORT BRAGG
FY 12/13 STREET RESURFACING PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures				
Capital outlay	\$ -	\$ 1,182,284	\$ 564	\$ 1,181,720
Total Expenditures		1,182,284	564	1,181,720
Excess (Deficit) of Revenues over Expenditures		(1,182,284)	(564)	1,181,720
Other Financing Sources (Uses)				
Transfers in		1,182,284	1,182,284	
Total Other Financing Sources(Uses)		1,182,284	1,182,284	
Net Changes in Fund Balance			1,181,720	1,181,720
Fund Balance, Beginning of Fiscal Year				
Fund Balance, End of Fiscal Year	\$ -	\$ -	\$ 1,181,720	\$ 1,181,720

CITY OF FORT BRAGG

Nonmajor Governmental Funds

Special Revenue Funds

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

Community Development Block Grant Funds The Community Development Block Grant (CDBG/EBGB/STBG/HMHP) program enables local government to undertake a wide range of activities intended to create suitable living environments, provide decent affordable house, and create economic opportunities, primarily for persons of low and moderate income.

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

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

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

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

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

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. .

Safe Routes to Schools To account for a federal grant providing funding to improve the conditions and quality of bicycling and walking to school, as well as to educate the community about safety, health and environmental benefits of non-vehicular transport.

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

Mendocino Council of Governments (MCOG) Overall Work Program (OWP) Grants To account for local transportation funds awarded for transportation planning and technical assistance.

COPS AB1913 To account for monies received from the State or law enforcement services under the Citizens Option for Public Safety (COPS) Program established by AB 1913 which provides funding for a Community Services Officer position.

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

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

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

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

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

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

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

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

Construction/Demolition Ordinance Revenue To account for revenue received from construction/demolition permits. The funds will be used to improve construction and demolition waste recycling facilities, education, and programs within the City.

Waste Management Community Benefit Payment To account for contract extension fee received from Waste Management.

Highway User Gas Taxes To account for the City’s share of State of California’s Highway User Tax collected by the State that are legally restricted to the maintenance and improvement of City roads and streets.

Stp D1 Streets & Highways Allocation To account for the City’s share of highways users’ tax revenues that are legally restricted to the planning, construction, improvement, maintenance and operation of City roads and streets.

Traffic & Safety To account for the revenue received from traffic fines which is restricted to City street repairs and traffic safety.

Mendocino Council of Governments (MCOG) Funds To account for monies received from the Mendocino Council of Governments (MCOG), a joint powers agency that serves as the Regional Transportation Planning Agency in Mendocino County for various projects including the Main Street Realignment and Cedar Street Pedestrian Enhancement projects.

Fire Equipment To account for property tax revenues designated for the purchase of equipment for the Fort Bragg Fire Department.

Noyo Center Land Acquisiton To account for monies received from the Coastal Conservancy for the acquisition of the Noyo Center Land on the former Georgia Pacific Mill site.

Franklin Steet Intersection Evaluation To account for monies received from the Mendocino Council of Governments (MCOG) for traffic evaluation on Franklin Street.

CITY OF FORT BRAGG
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Total Special Revenue Funds	Total Capital Projects Funds	Totals
Assets			
Cash and investments	\$ 2,324,642	\$ 1,119	\$ 2,325,761
Receivables:			
Accounts	401,500	29,118	430,618
Total Assets	<u>\$ 2,726,142</u>	<u>\$ 30,237</u>	<u>\$ 2,756,379</u>
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 88,210	\$ 2,787	\$ 90,997
Due to other funds	425,514	37,620	463,134
Unearned revenue	<u>79,576</u>	<u>43,248</u>	<u>122,824</u>
Total Liabilities	<u>593,300</u>	<u>83,655</u>	<u>676,955</u>
 Fund Balances:			
Restricted	2,377,218	1,119	2,378,337
Unassigned	<u>(244,376)</u>	<u>(54,537)</u>	<u>(298,913)</u>
Total Fund Balances (Deficits)	<u>2,132,842</u>	<u>(53,418)</u>	<u>2,079,424</u>
Total Liabilities and Fund Balances	<u>\$ 2,726,142</u>	<u>\$ 30,237</u>	<u>\$ 2,756,379</u>

CITY OF FORT BRAGG
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Total Special Revenue Funds	Total Capital Projects Funds	Totals
Revenues			
Taxes and assessments	\$ 224,158	\$ -	\$ 224,158
Use of money and property	3,987		3,987
Intergovernmental	1,758,033	30,444	1,788,477
Charges for current services	59,397		59,397
Other	10,098		10,098
	<u>2,055,673</u>	<u>30,444</u>	<u>2,086,117</u>
Total Revenues			
	<u>2,055,673</u>	<u>30,444</u>	<u>2,086,117</u>
Expenditures			
Current			
Public safety	79,853		79,853
Public works	62,724		62,724
Community development	1,028,576	34,332	1,062,908
Capital outlay	434,243	21,840	456,083
	<u>1,605,396</u>	<u>56,172</u>	<u>1,661,568</u>
Total Expenditures			
	<u>1,605,396</u>	<u>56,172</u>	<u>1,661,568</u>
Excess (Deficit) of Revenues over Expenditures	<u>450,277</u>	<u>(25,728)</u>	<u>424,549</u>
Other Financing Sources (Uses)			
Transfers in	36,000		36,000
Transfers out	(364,900)		(364,900)
	<u>(328,900)</u>	<u></u>	<u>(328,900)</u>
Total Other Financing Sources (Uses)			
	<u>(328,900)</u>	<u></u>	<u>(328,900)</u>
Net Changes in Fund Balances	121,377	(25,728)	95,649
Fund Balances (Deficits), Beginning of Fiscal Year	<u>2,011,465</u>	<u>(27,690)</u>	<u>1,983,775</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 2,132,842</u>	<u>\$ (53,418)</u>	<u>\$ 2,079,424</u>

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**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Plan Maintenance Fee	Housing Trust	Parking	Parking In Lieu Fees	Parkland Monitoring/ Reporting	State Tobacco License Fee	State Disability Access Fee
Assets							
Cash and investments	\$ 200,701	\$ 91,628	\$63,731	\$ -	\$ 121,801	\$ 2,745	\$ 799
Receivables:							
Accounts							7
Total Assets	<u>\$ 200,701</u>	<u>\$ 91,628</u>	<u>\$63,731</u>	<u>\$ -</u>	<u>\$ 121,801</u>	<u>\$ 2,745</u>	<u>\$ 806</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 806
Due to other funds				160			
Unearned revenue							
Total Liabilities				<u>160</u>			<u>806</u>
Fund Balances:							
Restricted	200,701	91,628	63,731		121,801	2,745	
Unassigned				(160)			
Total Fund Balances (Deficits)	<u>200,701</u>	<u>91,628</u>	<u>63,731</u>	<u>(160)</u>	<u>121,801</u>	<u>2,745</u>	
Total Liabilities and Fund Balances	<u>\$ 200,701</u>	<u>\$ 91,628</u>	<u>\$63,731</u>	<u>\$ -</u>	<u>\$ 121,801</u>	<u>\$ 2,745</u>	<u>\$ 806</u>

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Safe Routes To School	CDBG Unclassified Program Income	Sustainable Comm Grant	OWP Grants	COPS AB1913 Allocation	Bulletproof Vest Partnership Grant	Prop 84 Grant - Coastal Trail
Assets							
Cash and investments	\$ -	\$ 19,805	\$ -	\$ 384	\$ 36,209	\$ -	\$ -
Receivables:							
Accounts					26,163		
Total Assets	<u>\$ -</u>	<u>\$ 19,805</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 62,372</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 1,295	\$ -	\$ 325	\$ -	\$ -	\$ 1,006	\$ -
Due to other funds	27,056		35,342			893	27,527
Unearned revenue					26,163		
Total Liabilities	<u>28,351</u>		<u>35,667</u>		<u>26,163</u>	<u>1,899</u>	<u>27,527</u>
Fund Balances:							
Restricted		19,805		384	36,209		
Unassigned	<u>(28,351)</u>		<u>(35,667)</u>			<u>(1,899)</u>	<u>(27,527)</u>
Total Fund Balances (Deficits)	<u>(28,351)</u>	<u>19,805</u>	<u>(35,667)</u>	<u>384</u>	<u>36,209</u>	<u>(1,899)</u>	<u>(27,527)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 19,805</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 62,372</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	CalTrans Planning Grant	STBG Housing Rehabilitation Grant	CDBG General Allocation Grants	CalTrans North Coastal Trail Grant	EDBG Planning and Technology Grants	CDBG Enterprise Fund	Asset Forfeiture
Assets							
Cash and investments	\$ 3,458	\$ 66,846	\$ -	\$ 49,326	\$ -	\$ 27,302	\$ 646,040
Receivables:							
Accounts			221,249				27,599
Total Assets	<u>\$ 3,458</u>	<u>\$ 66,846</u>	<u>\$ 221,249</u>	<u>\$ 49,326</u>	<u>\$ -</u>	<u>\$ 27,302</u>	<u>\$ 673,639</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 45,730	\$ 17,338	\$ 168	\$ 2,000	\$ -
Due to other funds			161,031		37,681		
Unearned revenue							
Total Liabilities			<u>206,761</u>	<u>17,338</u>	<u>37,849</u>	<u>2,000</u>	
Fund Balances:							
Restricted	3,458	66,846	14,488	31,988		25,302	673,639
Unassigned					(37,849)		
Total Fund Balances (Deficits)	<u>3,458</u>	<u>66,846</u>	<u>14,488</u>	<u>31,988</u>	<u>(37,849)</u>	<u>25,302</u>	<u>673,639</u>
Total Liabilities and Fund Balances	<u>\$ 3,458</u>	<u>\$ 66,846</u>	<u>\$ 221,249</u>	<u>\$ 49,326</u>	<u>\$ -</u>	<u>\$ 27,302</u>	<u>\$ 673,639</u>

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	CDBG Planning and Technology Grants	Bicycle Transportation Grant	Construction/ Demolition Ordinance Revenue	Waste Management Community Benefit Pymt	Highway User Gasoline Taxes	Stp D1 Streets & Highways Allocation	Traffic & Safety
Assets							
Cash and investments	\$ -	\$ 10,051	\$ 34,707	\$ 350,000	\$ -	\$ 301,682	\$ -
Receivables:							
Accounts					27,717		2,608
Total Assets	<u>\$ -</u>	<u>\$ 10,051</u>	<u>\$ 34,707</u>	<u>\$ 350,000</u>	<u>\$ 27,717</u>	<u>\$ 301,682</u>	<u>\$ 2,608</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	40				3,537		2,555
Unearned revenue							
Total Liabilities	<u>40</u>				<u>3,537</u>		<u>2,555</u>
Fund Balances:							
Restricted		10,051	34,707	350,000	24,180	301,682	53
Unassigned	(40)						
Total Fund Balances (Deficits)	<u>(40)</u>	<u>10,051</u>	<u>34,707</u>	<u>350,000</u>	<u>24,180</u>	<u>301,682</u>	<u>53</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 10,051</u>	<u>\$ 34,707</u>	<u>\$ 350,000</u>	<u>\$ 27,717</u>	<u>\$ 301,682</u>	<u>\$ 2,608</u>

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	MCOG 2005 Main St Planning	Fire Equipment Fund	HMHIP Federal Grant	Noyo Center Land Acquisition Grant	MCOG Overall Work Program	Franklin Street Intersection Evaluation	Totals
Assets							
Cash and investments	\$ -	\$ 292,543	\$ -	\$ 4,884	\$ -	\$ -	\$ 2,324,642
Receivables:							
Accounts		3,002	53,413			39,742	401,500
Total Assets	<u>\$ -</u>	<u>\$ 295,545</u>	<u>\$ 53,413</u>	<u>\$ 4,884</u>	<u>\$ -</u>	<u>\$ 39,742</u>	<u>\$ 2,726,142</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 5,941	\$ -	\$ 13,601	\$ -	\$ -	\$ -	\$ 88,210
Due to other funds	53,436		39,905			36,351	425,514
Unearned revenue			53,413				79,576
Total Liabilities	<u>59,377</u>		<u>106,919</u>			<u>36,351</u>	<u>593,300</u>
Fund Balances:							
Restricted		295,545		4,884		3,391	2,377,218
Unassigned	<u>(59,377)</u>		<u>(53,506)</u>				<u>(244,376)</u>
Total Fund Balances (Deficits)	<u>(59,377)</u>	<u>295,545</u>	<u>(53,506)</u>	<u>4,884</u>		<u>3,391</u>	<u>2,132,842</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 295,545</u>	<u>\$ 53,413</u>	<u>\$ 4,884</u>	<u>\$ -</u>	<u>\$ 39,742</u>	<u>\$ 2,726,142</u>

CITY OF FORT BRAGG
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General Plan Maintenance Fee</u>	<u>Housing Trust</u>	<u>Parking</u>	<u>Parking In Lieu Fees</u>	<u>Parkland Monitoring/ Reporting</u>	<u>State Tobacco License Fee</u>	<u>State Disability Access Fee</u>
Revenues							
Taxes							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other							
Use of money and property	502	222	273		294		
Intergovernmental							
Charges for current services	53,918						
Other						2,745	
Total Revenues	<u>54,420</u>	<u>222</u>	<u>273</u>		<u>294</u>	<u>2,745</u>	
Expenditures							
Current							
Public safety							
Public works							
Community development				8,160			
Capital outlay							
Total Expenditures				<u>8,160</u>			
Excess (Deficit) of Revenues over Expenditures	<u>54,420</u>	<u>222</u>	<u>273</u>	<u>(8,160)</u>	<u>294</u>	<u>2,745</u>	
Other Financing Sources (Uses)							
Transfers in				8,000			
Transfers out	<u>(50,000)</u>		<u>(8,000)</u>				
Total Other Financing Sources (Uses)	<u>(50,000)</u>		<u>(8,000)</u>	<u>8,000</u>			
Net Change in Fund Balances	4,420	222	(7,727)	(160)	294	2,745	
Fund Balances (Deficits), Beginning of Fiscal Year	<u>196,281</u>	<u>91,406</u>	<u>71,458</u>		<u>121,507</u>		
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 200,701</u>	<u>\$ 91,628</u>	<u>\$ 63,731</u>	<u>\$ (160)</u>	<u>\$ 121,801</u>	<u>\$ 2,745</u>	<u>\$ -</u>

CITY OF FORT BRAGG
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Safe Routes To School</u>	<u>CDBG Unclassified Program Income</u>	<u>Sustainable Comm Grant</u>	<u>OWP Grants</u>	<u>COPS AB1913 Allocation</u>	<u>Bulletproof Vest Partnership Grant</u>	<u>Prop 84 Grant - Coastal Trail</u>
Revenues							
Taxes							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other							
Use of money and property							
Intergovernmental	237,741		47,798	9,849	62,870		
Charges for current services							
Other							
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>237,741</u>		<u>47,798</u>	<u>9,849</u>	<u>62,870</u>		
Expenditures							
Current							
Public safety							
Public works							
Community development			51,320	11,217		3,987	13,548
Capital outlay	434,243						
	<u>434,243</u>	<u> </u>	<u>51,320</u>	<u>11,217</u>	<u> </u>	<u>3,987</u>	<u>13,548</u>
Total Expenditures	<u>434,243</u>		<u>51,320</u>	<u>11,217</u>		<u>3,987</u>	<u>13,548</u>
Excess (Deficit) of Revenues over Expenditures	<u>(196,502)</u>		<u>(3,522)</u>	<u>(1,368)</u>	<u>62,870</u>	<u>(3,987)</u>	<u>(13,548)</u>
Other Financing Sources (Uses)							
Transfers in						2,000	
Transfers out					(100,000)		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(100,000)</u>	<u>2,000</u>	<u> </u>
Total Other Financing Sources (Uses)					<u>(100,000)</u>	<u>2,000</u>	
Net Change in Fund Balances	(196,502)		(3,522)	(1,368)	(37,130)	(1,987)	(13,548)
Fund Balances (Deficits), Beginning of Fiscal Year	168,151	19,805	(32,145)	1,752	73,339	88	(13,979)
	<u>168,151</u>	<u>19,805</u>	<u>(32,145)</u>	<u>1,752</u>	<u>73,339</u>	<u>88</u>	<u>(13,979)</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ (28,351)</u>	<u>\$ 19,805</u>	<u>\$ (35,667)</u>	<u>\$ 384</u>	<u>\$ 36,209</u>	<u>\$ (1,899)</u>	<u>\$ (27,527)</u>

CITY OF FORT BRAGG
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	CalTrans Planning Grant	STBG Housing Rehabilitation Grant	CDBG General Allocation Grants	CalTrans North Coastal Trail Grant	EDBG Planning and Technology Grants	CDBG Enterprise Fund	Asset Forfeiture
Revenues							
Taxes							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other							1,925
Use of money and property							182,567
Intergovernmental			542,001	30,195	101,830	125,691	
Charges for current services							
Other							
Total Revenues			542,001	30,195	101,830	125,691	184,492
Expenditures							
Current							
Public safety							79,853
Public works							
Community development			492,981	62,771	118,160	126,869	
Capital outlay							
Total Expenditures			492,981	62,771	118,160	126,869	79,853
Excess (Deficit) of Revenues over Expenditures			49,020	(32,576)	(16,330)	(1,178)	104,639
Other Financing Sources (Uses)							
Transfers in			26,000				
Transfers out							
Total Other Financing Sources (Uses)			26,000				
Net Change in Fund Balances			75,020	(32,576)	(16,330)	(1,178)	104,639
Fund Balances (Deficits), Beginning of Fiscal Year	3,458	66,846	(60,532)	64,564	(21,519)	26,480	569,000
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 3,458</u>	<u>\$ 66,846</u>	<u>\$ 14,488</u>	<u>\$ 31,988</u>	<u>\$ (37,849)</u>	<u>\$ 25,302</u>	<u>\$ 673,639</u>

CITY OF FORT BRAGG
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	CDBG Planning and Technology Grants	Bicycle Transportation Grant	Construction/ Demolition Ordinance Revenue	Waste Management Community Benefit Pymt	Highway User Gasoline Taxes	Stp D1 Streets & Highways Allocation	Traffic & Safety
Revenues							
Taxes							
Property	\$ -	\$ -	\$ -	\$ -	\$ 6,202	\$ -	\$ -
Other					173,861		
Use of money and property							
Intergovernmental	34,797					333,382	
Charges for current services					5,479		
Other							7,353
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>34,797</u>				<u>185,542</u>	<u>333,382</u>	<u>7,353</u>
Expenditures							
Current							
Public safety							
Public works						7,692	
Community development	40,136						
Capital outlay							
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>40,136</u>					<u>7,692</u>	
Excess (Deficit) of Revenues over Expenditures	<u>(5,339)</u>				<u>185,542</u>	<u>325,690</u>	<u>7,353</u>
Other Financing Sources (Uses)							
Transfers in							
Transfers out					(199,600)		(7,300)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)					<u>(199,600)</u>		<u>(7,300)</u>
Net Change in Fund Balances	(5,339)				(14,058)	325,690	53
Fund Balances (Deficits), Beginning of Fiscal Year	<u>5,299</u>	<u>10,051</u>	<u>34,707</u>	<u>350,000</u>	<u>38,238</u>	<u>(24,008)</u>	
Fund Balances (Deficits), End of Fiscal Year	<u>\$ (40)</u>	<u>\$ 10,051</u>	<u>\$ 34,707</u>	<u>\$ 350,000</u>	<u>\$ 24,180</u>	<u>\$ 301,682</u>	<u>\$ 53</u>

CITY OF FORT BRAGG
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	MCOG 2005 Main St Planning	Fire Equipment Fund	HMHIP Federal Grant	Noyo Center Land Acquisition Grant	MCOG Overall Work Program	Franklin Street Intersection Evaluation	Totals
Revenues							
Taxes							
Property	\$ -	\$ 44,095	\$ -	\$ -	\$ -	\$ -	\$ 50,297
Other							173,861
Use of money and property		771					3,987
Intergovernmental			9,140		430	39,742	1,758,033
Charges for current services							59,397
Other							10,098
Total Revenues		44,866	9,140		430	39,742	2,055,673
Expenditures							
Current							
Public safety							79,853
Public works	55,032						62,724
Community development			62,646		430	36,351	1,028,576
Capital outlay							434,243
Total Expenditures	55,032		62,646		430	36,351	1,605,396
Excess (Deficit) of Revenues over Expenditures	(55,032)	44,866	(53,506)			3,391	450,277
Other Financing Sources (Uses)							
Transfers in							36,000
Transfers out							(364,900)
Total Other Financing Sources (Uses)							(328,900)
Net Change in Fund Balances	(55,032)	44,866	(53,506)			3,391	121,377
Fund Balances (Deficits), Beginning of Fiscal Year	(4,345)	250,679		4,884			2,011,465
Fund Balances (Deficits), End of Fiscal Year	<u>\$ (59,377)</u>	<u>\$ 295,545</u>	<u>\$ (53,506)</u>	<u>\$ 4,884</u>	<u>\$ -</u>	<u>\$ 3,391</u>	<u>\$ 2,132,842</u>

CITY OF FORT BRAGG

Nonmajor Governmental Funds

Capital Projects

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

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

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

Coastal Trail To account for cost of constructing the Coastal Trail on the former Georgia Pacific mill site.

**CITY OF FORT BRAGG
COMBINING BALANCE SHEET
CAPITAL PROJECTS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Otis Johnson Park	Skate Park Phase III	Coastal Trail	Totals
Assets				
Cash and investments	\$ -	\$ 1,119	\$ -	\$ 1,119
Receivables:				
Accounts	29,118			29,118
Total Assets	<u>\$ 29,118</u>	<u>\$ 1,119</u>	<u>\$ -</u>	<u>\$ 30,237</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,782	\$ -	\$ 1,005	\$ 2,787
Due to other funds	4,293		33,327	37,620
Unearned revenue	43,248			43,248
Total Liabilities	<u>49,323</u>		<u>34,332</u>	<u>83,655</u>
Fund Balances:				
Restricted		1,119		1,119
Unassigned	(20,205)		(34,332)	(54,537)
Total Fund Balances (Deficits)	<u>(20,205)</u>	<u>1,119</u>	<u>(34,332)</u>	<u>(53,418)</u>
Total Liabilities and Fund Balances	<u>\$ 29,118</u>	<u>\$ 1,119</u>	<u>\$ -</u>	<u>\$ 30,237</u>

CITY OF FORT BRAGG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

CAPITAL PROJECTS

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Otis Johnson Park	Skate Park Phase III	Coastal Trail	Totals
Revenues				
Intergovernmental	\$ 30,444	\$ -	\$ -	\$ 30,444
Total Revenues	<u>30,444</u>	<u></u>	<u></u>	<u>30,444</u>
Expenditures				
Current:				
Community development			34,332	34,332
Capital outlay	<u>20,187</u>	<u>1,653</u>	<u></u>	<u>21,840</u>
Total Expenditures	<u>20,187</u>	<u>1,653</u>	<u>34,332</u>	<u>56,172</u>
Net Change in Fund Balances	10,257	(1,653)	(34,332)	(25,728)
Fund Balances (Deficits), Beginning of Fiscal Year	<u>(30,462)</u>	<u>2,772</u>	<u></u>	<u>(27,690)</u>
Fund Balances (Deficits), End of Fiscal Year	<u><u>\$ (20,205)</u></u>	<u><u>\$ 1,119</u></u>	<u><u>\$ (34,332)</u></u>	<u><u>\$ (53,418)</u></u>

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Statistical Section

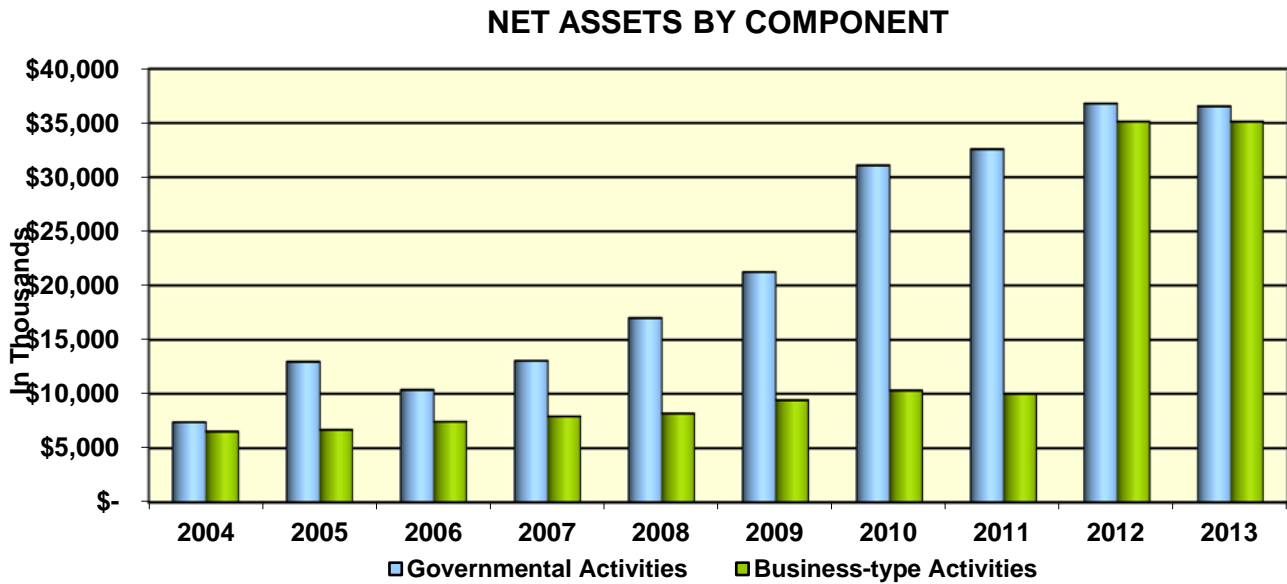
This part of the comprehensive annual financial report for the City of Fort Bragg presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	105
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	110
<i>These schedules contain information to help the reader assess the City's most significant revenue source.</i>	
Debt Capacity	117
<i>These schedules present information to help the reader assess the City's current levels of outstanding debt and its ability to issue additional debt in the future.</i>	
Demographic and Economic Information	122
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	125
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Governmental Activities										
Net investment in capital assets ¹	\$ 2,059	\$ 4,610	\$ 3,209	\$ 5,356	\$ 8,522	\$ 13,862	\$ 24,795	\$ 25,801	\$ 30,664	\$ 30,444
Restricted	1,689	2,233	1,980	2,464	2,912	3,822	4,450	4,825	4,776	5,671
Unrestricted	3,631	6,123	5,174	5,240	5,572	3,552	1,843	1,953	1,356	428
Total governmental activities net position	<u>\$ 7,379</u>	<u>\$ 12,966</u>	<u>\$ 10,363</u>	<u>\$ 13,060</u>	<u>\$ 17,006</u>	<u>\$ 21,236</u>	<u>\$ 31,088</u>	<u>\$ 32,579</u>	<u>\$ 36,796</u>	<u>\$ 36,543</u>
Business-type Activities										
Net investment in capital assets	\$ 3,267	\$ 4,703	\$ 4,476	\$ 5,460	\$ 6,030	\$ 7,170	\$ 7,255	\$ 7,121	\$ 31,319	\$ 30,764
Restricted	35	35	28	35	35	35	64	108	108	72
Unrestricted	3,213	1,939	2,933	2,420	2,122	2,223	2,997	2,775	3,709	4,294
Total business-type activities net position	<u>\$ 6,515</u>	<u>\$ 6,677</u>	<u>\$ 7,437</u>	<u>\$ 7,915</u>	<u>\$ 8,187</u>	<u>\$ 9,428</u>	<u>\$ 10,316</u>	<u>\$ 10,004</u>	<u>\$ 35,136</u>	<u>\$ 35,130</u>
Primary Government										
Net investment in capital assets	\$ 5,326	\$ 9,313	\$ 7,685	\$ 10,816	\$ 14,552	\$ 21,032	\$ 32,050	\$ 32,922	\$ 61,983	\$ 61,208
Restricted	1,724	2,268	2,008	2,499	2,947	3,857	4,514	4,933	4,884	5,743
Unrestricted	6,844	8,062	8,107	7,660	7,694	5,775	4,840	4,728	5,065	4,722
Total primary government net position	<u>\$ 13,894</u>	<u>\$ 19,643</u>	<u>\$ 17,800</u>	<u>\$ 20,975</u>	<u>\$ 25,193</u>	<u>\$ 30,664</u>	<u>\$ 41,404</u>	<u>\$ 42,583</u>	<u>\$ 71,932</u>	<u>\$ 71,673</u>

¹Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, equipment, and software.



Source: City of Fort Bragg, Department of Finance

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

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Expenses										
Governmental activities:										
General Government	\$ 2,033	\$ 2,254	\$ 2,062	\$ 2,294	\$ 1,621	\$ 2,013	\$ 2,518	\$ 2,591	\$ 2,540	\$ 2,708
Public safety	2,351	2,446	2,843	3,071	3,332	3,387	4,011	3,596	3,493	3,399
Public works	599	650	1,040	912	970	1,846	2,286	1,532	1,532	1,874
Community development	834	805	1,157	1,474	867	2,922	2,489	3,361	1,877	1,529
Interest on long-term debt	342	388	454	326	325	323	311	296	177	49
Total governmental activities expenses	<u>6,159</u>	<u>6,543</u>	<u>7,556</u>	<u>8,077</u>	<u>7,115</u>	<u>10,491</u>	<u>11,615</u>	<u>11,376</u>	<u>9,619</u>	<u>9,559</u>
Business-type Activities										
Water	1,625	1,584	1,438	1,794	1,899	2,050	2,401	2,179	2,107	2,138
Wastewater	1,375	1,497	1,686	1,792	1,865	2,233	2,465	2,425	2,983	3,063
C. V. Starr Center									183	2,236
Total business-type activities expenses	<u>3,000</u>	<u>3,081</u>	<u>3,124</u>	<u>3,586</u>	<u>3,764</u>	<u>4,283</u>	<u>4,866</u>	<u>4,604</u>	<u>5,273</u>	<u>7,437</u>
Total primary government expenses	<u>9,159</u>	<u>9,624</u>	<u>10,680</u>	<u>11,663</u>	<u>10,879</u>	<u>14,774</u>	<u>16,481</u>	<u>15,980</u>	<u>14,892</u>	<u>16,996</u>
Program Revenues										
Governmental activities:										
Charges for services										
General Government	324	207	555	492	724	2,306	3,193	3,087	2,718	2,701
Public safety	179	253	239	147	210	133	30	30	29	40
Public works	24	7	119	191	101	50	13	5	4	5
Community development	172	147	618	383	246	188	5	9	349	100
Operating grants and contributions	463	573	226	410	695	1,101	10,622	2,138	684	1,572
Capital grants and contributions	200	382	1,430	2,075	2,279	3,673	2,108	602	1,096	303
Total governmental program revenues	<u>1,362</u>	<u>1,569</u>	<u>3,187</u>	<u>3,698</u>	<u>4,255</u>	<u>7,451</u>	<u>15,971</u>	<u>5,871</u>	<u>4,880</u>	<u>4,722</u>
Business-type Activities										
Charges for services										
Water	1,803	1,665	1,775	1,891	1,925	2,042	2,017	2,108	2,194	2,404
Wastewater	1,073	1,315	1,392	1,470	1,505	1,930	2,216	2,773	2,945	3,197
C. V. Starr Center										591
Operating grants and contributions						288				
Capital grants and contributions	92	23	240	482		1,239	85		25,132	
Total business-type activities program revenues	<u>2,968</u>	<u>3,003</u>	<u>3,407</u>	<u>3,843</u>	<u>3,430</u>	<u>5,499</u>	<u>4,318</u>	<u>4,881</u>	<u>30,271</u>	<u>6,192</u>
Total primary government program revenues	<u>4,330</u>	<u>4,572</u>	<u>6,594</u>	<u>7,541</u>	<u>7,685</u>	<u>12,950</u>	<u>20,289</u>	<u>10,752</u>	<u>35,151</u>	<u>10,914</u>
Net (expense) revenue										
Government activities:										
General government	(4,797)	(4,974)	(4,369)	(4,379)	(2,860)	(3,040)	4,356	(5,505)	(4,739)	(4,837)
Business-type activities	(32)	(78)	283	257	(334)	1,216	(548)	277	24,998	(1,245)
Total government activities expenses	<u>(4,829)</u>	<u>(5,052)</u>	<u>(4,086)</u>	<u>(4,122)</u>	<u>(3,194)</u>	<u>(1,824)</u>	<u>3,808</u>	<u>(5,228)</u>	<u>20,259</u>	<u>(6,082)</u>

(Continued)

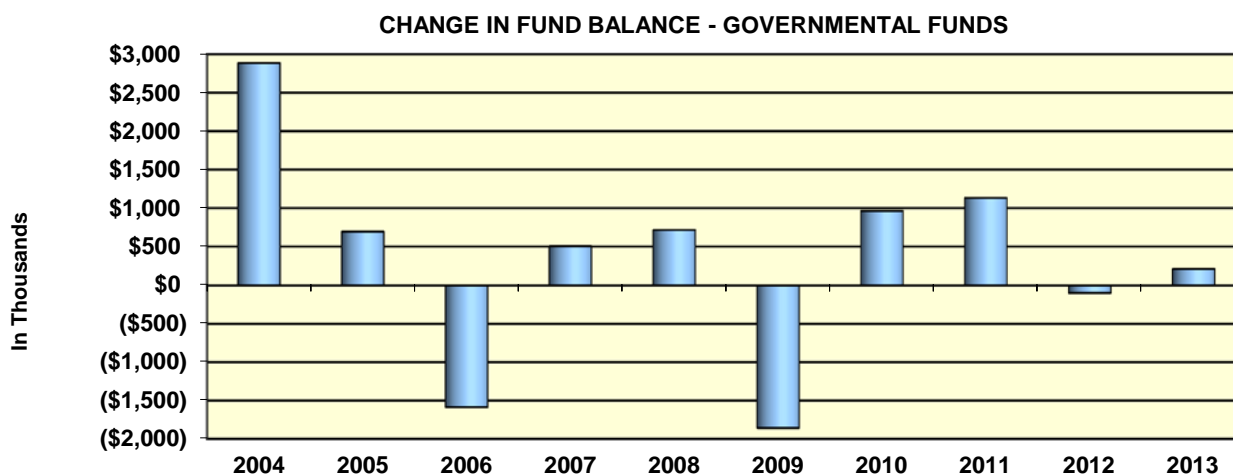
CITY OF FORT BRAGG
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General revenues and other changes in net assets										
Governmental activities:										
Taxes										
Property taxes	1,672	2,217	2,128	2,477	2,328	2,249	1,988	2,075	1,413	924
Sales and use taxes			2,551	2,524	2,545	2,657	2,154	2,147	2,271	2,390
Transient occupancy taxes			1,396	1,504	1,553	1,492	1,379	1,341	1,411	1,536
Franchise taxes			248	231	278	495	457	469	470	482
Other	3,260	3,673	222	232	315	274	26		225	203
Unrestricted investment earnings	252	203	85	119	106	41	58	51	91	103
Miscellaneous	525	517	52				424	71	399	81
Transfers	235	21	(283)	(11)	(319)	49	(2)	(55)	(2)	(17)
Total governmental activities	<u>5,944</u>	<u>6,631</u>	<u>6,399</u>	<u>7,076</u>	<u>6,806</u>	<u>7,257</u>	<u>6,484</u>	<u>6,099</u>	<u>6,278</u>	<u>5,702</u>
Business-type activities										
Property taxes			52	55	68	3			19	231
Sales and use taxes										772
Unrestricted investment earnings	63	75	142	156	132	72	21	21	16	8
Miscellaneous	59	58					322	407	97	98
Transfers	(235)	(21)	283	11	319	(49)	2	55	2	17
Total business-type activities	<u>(113)</u>	<u>112</u>	<u>477</u>	<u>222</u>	<u>519</u>	<u>26</u>	<u>345</u>	<u>483</u>	<u>134</u>	<u>1,126</u>
Total primary government	<u>5,831</u>	<u>6,743</u>	<u>6,876</u>	<u>7,298</u>	<u>7,325</u>	<u>7,283</u>	<u>6,829</u>	<u>6,582</u>	<u>6,412</u>	<u>6,828</u>
Extraordinary Items										
RDA dissolution transactions									3,070	
Prior period adjustments										
Governmental activities										(1,118)
Business-type activities										113
Change in net position										
Governmental activities	1,147	1,657	2,030	2,697	3,946	4,217	10,840	593	4,609	(253)
Business-type activities	(145)	34	760	479	185	1,242	(203)	761	25,132	(6)
Total primary government	<u>\$ 1,002</u>	<u>\$ 1,691</u>	<u>\$ 2,790</u>	<u>\$ 3,176</u>	<u>\$ 4,131</u>	<u>\$ 5,459</u>	<u>\$10,637</u>	<u>\$ 1,354</u>	<u>\$29,741</u>	<u>\$ (259)</u>

Source: City of Fort Bragg Department of Finance

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

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues										
Taxes and assessments	\$ 4,932	\$ 5,890	\$ 6,545	\$ 6,783	\$ 6,813	\$ 6,939	\$ 6,052	\$ 6,032	\$ 5,790	\$ 5,579
Intergovernmental	1,188	1,073	2,050	2,520	2,963	4,162	7,760	2,692	1,773	1,897
Charges for services	319	374	322	401	279	2,170	2,726	2,463	2,854	2,564
Fines, forfeitures and penalties	24	23	51	78	186	109	14	17	13	23
Licenses and permits	91	99	180	273	260	272	307	252	241	260
Investment earnings	252	203	320	415	338	158	52	51	84	103
Other	265	517	402	323	541	209	377	118	410	80
Total revenues	7,071	8,179	9,870	10,793	11,380	14,019	17,288	11,625	11,165	10,506
Expenditures										
Current										
General Government	2,005	2,122	2,051	2,278	1,592	2,100	1,742	1,178	1,252	2,179
Public safety	2,255	2,320	2,729	2,858	3,174	3,217	3,535	3,237	3,351	3,410
Public works	586	619	702	746	788	1,540	1,519	1,332	1,386	1,472
Community development	834	804	751	1,395	865	2,893	2,434	3,009	1,975	2,191
Debt Service										
Principal retirement	200	195	1,988	194	210	224	308	107	113	107
Interest and fiscal charges	345	389	441	315	310	304	297	282	161	40
Capital outlay	947	1,265	4,166	2,492	3,408	5,648	6,513	1,286	1,983	874
Total expenditures	7,172	7,714	12,828	10,278	10,347	15,926	16,348	10,431	10,221	10,273
Excess (deficiency) of revenues over expenditures	(101)	465	(2,958)	515	1,033	(1,907)	940	1,194	944	233
Other financing sources (uses)										
Proceeds from Capital Lease					84					
Bond proceeds, net	4,689	208	1,655							
Payment to refunded debt escrow	(1,938)									
Transfers in	4,007	2,314	2,700	5,493	4,812	1,623	2,287	1,122	1,910	1,950
Transfer out	(3,772)	(2,293)	(2,984)	(5,504)	(5,131)	(1,574)	(2,266)	(1,183)	(1,912)	(1,966)
Total other financing sources (uses)	2,986	229	1,371	(11)	(235)	49	21	(61)	(2)	(16)
Extraordinary Item									(1,039)	
Prior period adjustment										
Net change in fund balances	\$2,885	\$694	(\$1,587)	\$504	\$798	(\$1,858)	\$961	\$1,133	(97)	217
Debt service as a percentage of non-capital expenditures	8.76%	9.06%	28.04%	6.54%	7.49%	5.14%	6.15%	4.25%	3.33%	1.56%



Source: City of Fort Bragg, Department of Finance

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

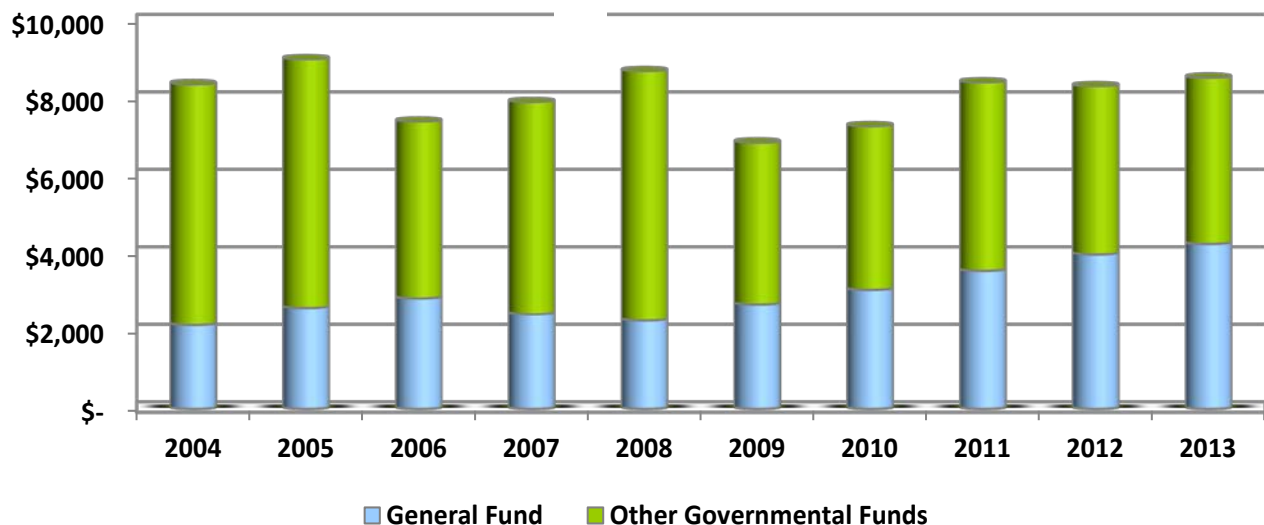
	Fiscal Year									
	2003-04⁽¹⁾	2004-05⁽¹⁾	2005-06⁽¹⁾	2006-07⁽¹⁾	2007-08⁽¹⁾	2008-09⁽¹⁾	2009-10⁽¹⁾	2010-11⁽²⁾	2011-12⁽²⁾	2012-13⁽²⁾
General Fund										
Reserved	\$ 117	\$ 107	\$ 491	\$ 410	\$ 46	\$ 80	\$ 707			
Unreserved	2,049	2,497	2,358	2,031	2,238	2,613	2,364			
Total General Fund	2,166	2,604	2,849	2,441	2,284	2,693	3,071			
Other Governmental Funds										
Reserved	3,348	2,949	2,043	1,653	2,159	2,020	3,789			
Unreserved, Reported in:										
Special Revenue Funds	2,717	3,051	709	2,197	1,934	2,671	1,088			
Capital Project Funds	147	419	1,813	1,627	2,340	(513)	(654)			
Total Other Governmental Funds	6,212	6,419	4,565	5,477	6,433	4,178	4,223			
Total All Governmental Funds	\$ 8,378	\$ 9,023	\$ 7,414	\$ 7,918	\$ 8,717	\$ 6,871	\$ 7,294			

General Fund	2010-11²	2011-12²	2012-13²
Nonspendable	1	211	248
Restricted			
Committed			
Assigned		4	
Unassigned	3,560	3,771	4,007
Total General Fund	3,561	3,986	4,255
Other Governmental Funds			
Nonspendable			
Restricted	4,865	4,530	4,590
Committed			
Assigned			
Unassigned		(187)	(299)
Total Other Governmental Funds	4,865	4,343	4,291
All Governmental Funds	\$ 8,426	\$ 8,329	\$ 8,546

⁽¹⁾The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) for fiscal year ended June 30, 2011.

⁽²⁾Balance distribution information prior to the implementation of GASB 54 is unavailable.

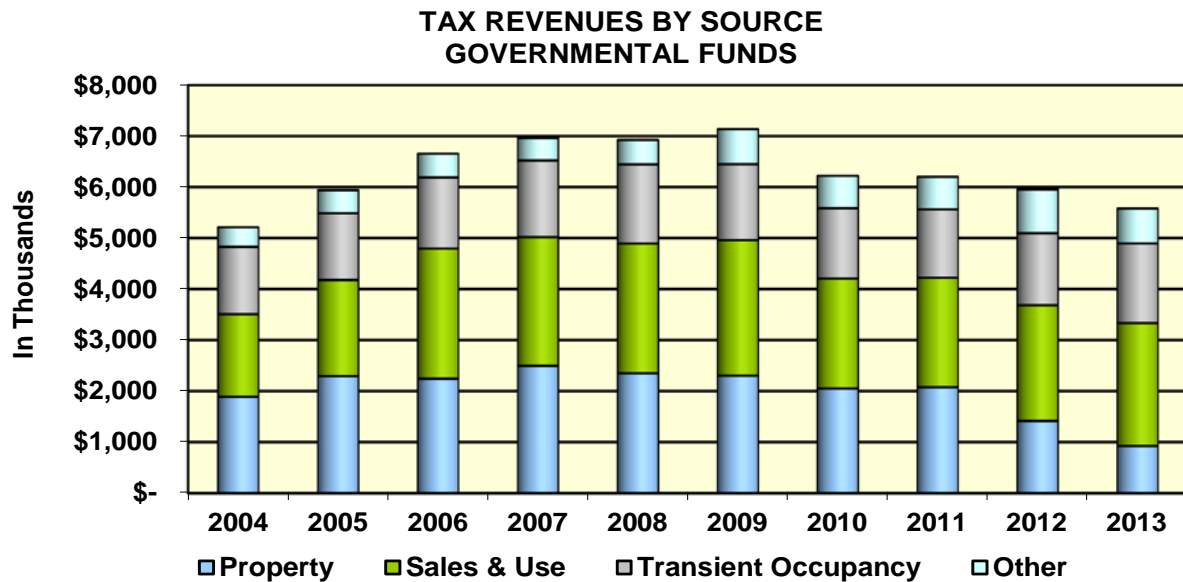
GOVERNMENTAL FUND BALANCES



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

Fiscal Year	Property⁽¹⁾	Sales & Use⁽²⁾	Transient Occupancy⁽³⁾	Other	Total
2004	\$ 1,888	\$ 1,619	\$ 1,320	\$ 385	\$ 5,212
2005	2,292	1,885	1,311	451	5,939
2006	2,242	2,551	1,396	466	6,655
2007	2,494	2,524	1,504	440	6,962
2008	2,349	2,544	1,553	478	6,924
2009	2,301	2,657	1,492	686	7,136
2010	2,050	2,155	1,379	637	6,221
2011	2,075	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

⁽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.



City of Fort Bragg

Principal Sales Tax Producers Last Fiscal Year and Nine Years Ago

2012-13		2003-04	
Taxpayer	Business Type	Taxpayer	Business Type
Chevron Service Stations	Service Stations	Acme Automotive Parts	Auto Parts/Repair
Circle K Service Stations	Service Stations	Baxman Gravel	Bldg.Matls-Whsle
Cliff House Restaurant	Restaurants	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
Eel River Fuels	Energy Sales	Fort Bragg Furniture Mart	Furniture/Appliance
Fort Bragg Feed & Pet	Miscellaneous Retail	Fred Holmes Lumber	Bldg.Matls-Whsle
Harvest Market	Food Markets	Harvest Market	Food Markets
Kemppe Liquid Gas	Energy Sales	Kemppe Liquid Gas	Energy Sales
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 Coast Petroleum	Energy Sales
Mendocino County Hydrogarden	Florist/Nursery	North Coast Brewery	Restaurants
North Coast Brewery	Restaurants	Rhoads Auto Parts	Auto Parts/Repair
O'Reilly Auto Parts	Auto Parts/Repair	Rinehart Distributing	Service Stations
Rite Aid Drug Stores	Drug Stores	Rite Aid Drug Stores	Drug Stores
Rossi's Building Materials	Bldg.Matls-Retail	Rossi's Building Materials	Bldg.Matls-Retail
Safeway Stores	Food Markets	Safeway Stores	Food Markets
Sears Hometown Stores	Furniture/Appliance	Sears Roebuck & Company	Department Stores
Speedex Service Station	Service Stations	Sport Chrysler Jeep Dodge	Auto Sales-New
Sport Chrysler Jeep Dodge	Auto Sales-New	Two Short Sales	Bldg.Matls-Whsle
Two Short Sales	Bldg.Matls-Whsle	Union 76 Service Stations	Service Stations
Union 76 Service Stations	Service Stations	Walsh Oil Company	Energy Sales
Walsh Oil Company	Energy Sales	Wind & Weather	Miscellaneous Retail

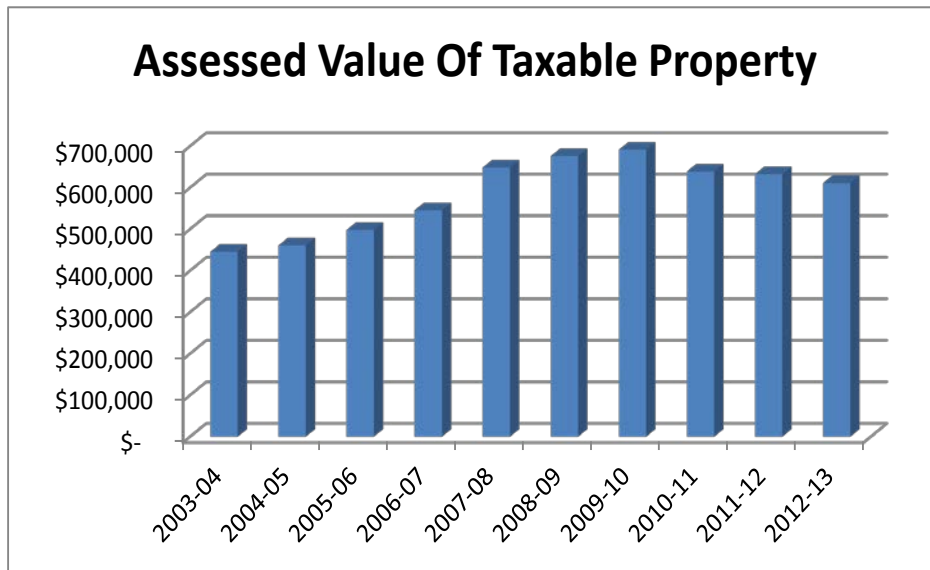
Source: SBOE data, MuniServices, LLC

Top Sales Tax Producers listed in alphabetical order.

City of Fort Bragg

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

Fiscal Year					Taxable Assessed		Total	Estimated Actual	Factor of
End	Secured Property*	Unsecured Property			Value	% Change	Direct Tax Rate (1)	Taxable Value (2)	Taxable Assessed Value (2)
2003-04	\$ 419,675	\$ 25,798	\$		445,473	-1.4%	1.028000	-	-
2004-05	\$ 434,259	\$ 26,519	\$		460,778	3.4%	1.078000	-	-
2005-06	\$ 471,474	\$ 26,517	\$		497,991	8.1%	1.082000	-	-
2006-07	\$ 518,473	\$ 27,020	\$		545,493	9.5%	1.082000	-	-
2007-08	\$ 619,707	\$ 28,618	\$		648,325	18.9%	1.070000	-	-
2008-09	\$ 645,784	\$ 30,044	\$		675,828	4.2%	1.088000	-	-
2009-10	\$ 660,917	\$ 30,217	\$		691,134	2.3%	1.082000	-	-
2010-11	\$ 609,153	\$ 29,654	\$		638,807	-7.6%	1.102000	-	-
2011-12	\$ 603,272	\$ 29,066	\$		632,338	-1.0%	1.123000	710,404	1.123456
2012-13	\$ 579,450	\$ 31,513	\$		610,963	-3.4%	1.131000	611,333	1.000606



Source: Mendocino County Assessor data, MuniServices, LLC

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

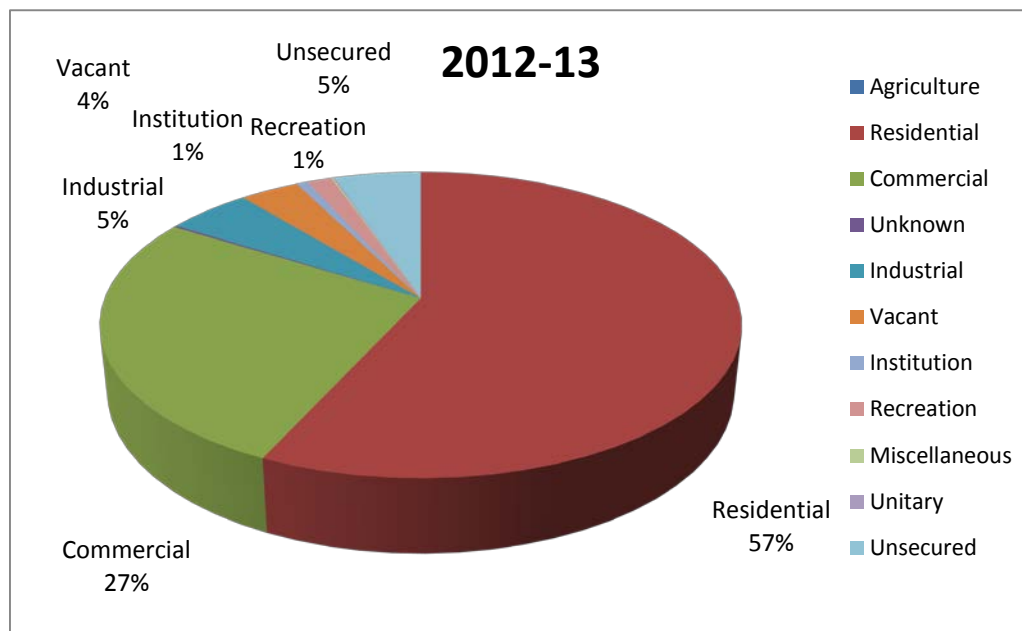
*Secured Property includes Unitary value.

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

City of Fort Bragg

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

Category	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Agriculture	0	0	0	0	0	0	0	0	0	34
Residential	0	0	0	0	0	0	0	0	361,278	347,694
Commercial	0	0	0	0	0	0	0	0	161,784	164,165
Unknown	0	0	0	0	0	0	0	0	1,044	1,130
Industrial	0	0	0	0	0	0	0	0	43,763	30,593
Vacant	0	0	0	0	0	0	0	0	21,468	21,552
Institution	0	0	0	0	0	0	0	0	3,826	3,931
Recreation	0	0	0	0	0	0	0	0	8,962	9,119
Miscellaneous	0	0	0	0	0	0	0	0	477	689
Unitary	0	0	0	0	0	0	0	0	670	543
Gross Secured Value	0	0	0	0	0	0	0	0	603,272	579,450
Unsecured	0	0	0	0	0	0	0	0	29,066	31,513
Net Taxable Value	0	0	0	0	0	0	0	0	632,338	610,963



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

City of Fort Bragg

Direct and Overlapping Property Tax Rates⁽¹⁾ Last Ten Fiscal Years

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
COUNTY GENERAL FUND	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.745000	0.745000
CITY OF FORT BRAGG	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.255000	0.255000
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments										
LOCAL SPECIAL DISTRICTS	-	0.024000	0.024000	0.023000	0.023000	0.011000	0.010000	0.013000	0.012000	0.012000
SCHOOLS	-	0.054000	0.058000	0.059000	0.047000	0.077000	0.072000	0.089000	0.111000	0.119000
TOTAL	0.028000	0.078000	0.082000	0.082000	0.070000	0.088000	0.082000	0.102000	0.123000	0.131000
TOTAL TAX RATE	<u>1.028000</u>	<u>1.078000</u>	<u>1.082000</u>	<u>1.082000</u>	<u>1.070000</u>	<u>1.088000</u>	<u>1.082000</u>	<u>1.102000</u>	<u>1.123000</u>	<u>1.131000</u>

Source: Mendocino County Auditor/Controller data, MuniServices, LLC

Source: 2010-11 and prior, not available

TRA 001-001 is represented for this report

Rates are not adjusted for ERAF

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

City of Fort Bragg

Principal Property Tax Payers Last Fiscal Year and Nine Years Ago

Taxpayer	2012-13		2003-04	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Georgia Pacific Corporation	25,132,882	4.11%	17,612,001	3.95%
Boatyard Associates Phase II	9,287,877	1.52%	5,304,191	1.19%
RAP Investors LP	8,284,562	1.36%	4,813,268	1.08%
Tradewinds Lodge	7,330,660	1.20%	9,740,610	2.19%
Safeway Inc	7,143,415	1.17%	6,621,367	1.49%
Feil Scott & Diane E	5,955,220	0.97%	0	0.00%
Colombi Jeanette Succttee	4,834,956	0.79%	4,924,993	1.11%
Hurst James S	4,412,754	0.72%	0	0.00%
Kashi Keshav Investments LLC	4,165,017	0.68%	0	0.00%
Kao Kuami	4,135,783	0.68%	0	0.00%
Comcast	3,880,723	0.64%	0	0.00%
Longs Drug Stores California	3,816,173	0.62%	3,652,761	0.82%
Grosvenor Van Ness Associates	3,805,392	0.62%	3,300,240	0.74%
Affinito Dominic J & Juliette	3,547,598	0.58%	3,928,349	0.88%
North O' Town Industrial Center	3,503,576	0.57%	0	0.00%
Braxton Senior Living Property	3,418,263	0.56%	0	0.00%
Moura Senior Housing	3,333,408	0.55%	2,873,797	0.65%
North Coast Brewery	3,151,272	0.52%	0	0.00%
Anderson Logging Inc.	3,076,905	0.50%	0	0.00%
Keaton Richard J & Julie	2,948,159	0.48%	0	0.00%
Noyo Vista Inc	2,903,543	0.48%	2,566,026	0.58%
De Lage Landen Operational Ser	2,529,981	0.41%	0	0.00%
RBJ & Associates LLC	2,483,104	0.41%	0	0.00%
Kemppe Liquid Gas Corp	2,427,248	0.40%	2,967,331	0.67%
Miller Helen Centeno	2,409,977	0.39%	2,034,305	0.46%
Hunt Robert A	0	0.00%	5,482,216	1.23%
Moilanen Donald W Judith J	0	0.00%	3,877,640	0.87%
Baxman Charles E Pearl	0	0.00%	3,245,583	0.73%
VIP Lodging Co LLC	0	0.00%	3,171,199	0.71%
Petersen Robert C Co Succ	0	0.00%	3,038,592	0.68%
Ray Ronald R Henni Co TTEES	0	0.00%	3,038,469	0.68%
Pollard Donald R	0	0.00%	2,114,432	0.47%
Azevedo Richard J Betty L	0	0.00%	1,955,052	0.44%
Walnut Apts	0	0.00%	1,926,374	0.43%
Brashear Ronald Lola L	0	0.00%	1,878,280	0.42%
Fort Bragg Associates	0	0.00%	1,831,485	0.41%
Orchard River Associates LP	0	0.00%	1,777,740	0.40%
Total Top 25 Taxpayers	127,918,448	20.94%	103,676,301	23.27%
Total Taxable Value	610,963,006	100.00%	445,473,000	100.00%

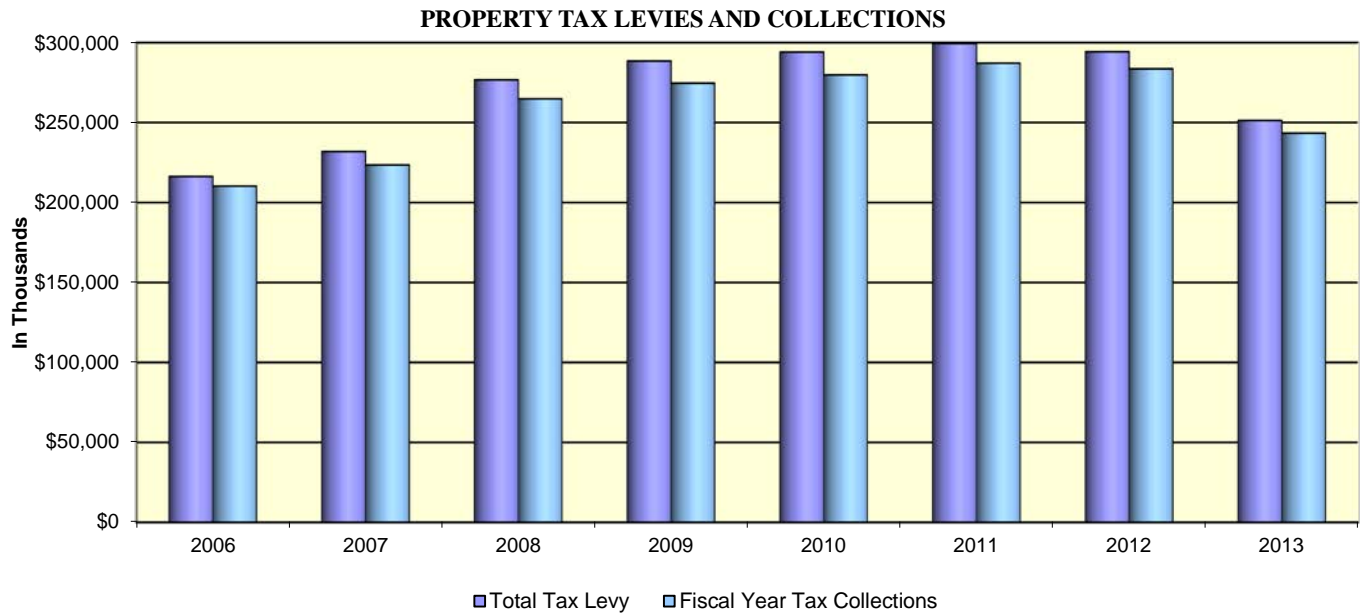
Source: Mendocino County Assessor data, MuniServices, LLC

**CITY OF FORT BRAGG
PROPERTY TAX LEVIES AND COLLECTIONS
LAST EIGHT FISCAL YEARS ¹
(In Thousands)**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected
2005-06	216,250	210,252	97.2%
2006-07	231,862	223,485	96.4%
2007-08	276,668	264,845	95.7%
2008-09	288,495	274,649	95.2%
2009-10	293,999	279,753	95.2%
2010-11	299,429	287,121	95.9%
2011-12	294,235	283,594	96.4%
2012-13	251,307	243,397	96.9%

Source: Mendocino County Office of Auditor-Controller

The County does not track collections of delinquent taxes by year in subsequent years.



CITY OF FORT BRAGG
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands, Except Per Capita Amount)

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income ⁽¹⁾⁽²⁾	Per Capita ⁽¹⁾
	Certificates of Participation	Other Long-term Obligation	Subtotal	Certificates of Participation	Notes Payable	Other Long-term Obligation	Subtotal			
2003-04	3,895		3,895	6,100			6,100	9,995	8.0%	1,448
2004-05	6,665		6,665	5,650			5,650	12,315	9.4%	1,776
2005-06	6,470		6,470	5,390			5,390	11,860	8.4%	1,720
2006-07	6,175		6,175	5,130			5,130	11,305	7.7%	1,648
2007-08	6,021		6,021	4,870	2,267		7,137	13,158	8.8%	1,918
2008-09	5,864	160	6,024	4,590	2,151	982	7,723	13,747	9.8%	2,007
2009-10	5,702	98	5,800	4,360	1,874	878	7,112	12,912	8.9%	1,884
2010-11	5,533	32	5,565	4,130	1,767	769	6,666	12,231	N/A	1,779
2011-12	943	2,821	3,764	3,237	1,481	626	5,344	9,108	6.3%	1,255
2012-13	842	3,948	4,790	3,013	1,375	534	4,922	9,712	6.6%	1,328

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

⁽²⁾ The Bureau of Economic Analysis did not have per capita and personal income information available for 2011.

Source: City of Fort Bragg Department of Finance

CITY OF FORT BRAGG
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Tax Allocation Bonds ⁽¹⁾	Less: Amounts Restricted for Debt Services	Net Bonded Debt	Percentage of Personal Income ⁽²⁾	% of Actual Assessed Value of Property ⁽³⁾	Per Capita ⁽²⁾
2003-04	\$ 4,750	\$ 330	\$ 4,420	3.5%	1.0%	640
2004-05	4,685	314	4,371	3.3%	0.9%	630
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	0.0%	0.6%	573
2011-12				0.0%	0.0%	
2012-13				0.0%	0.0%	

⁽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⁾In 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

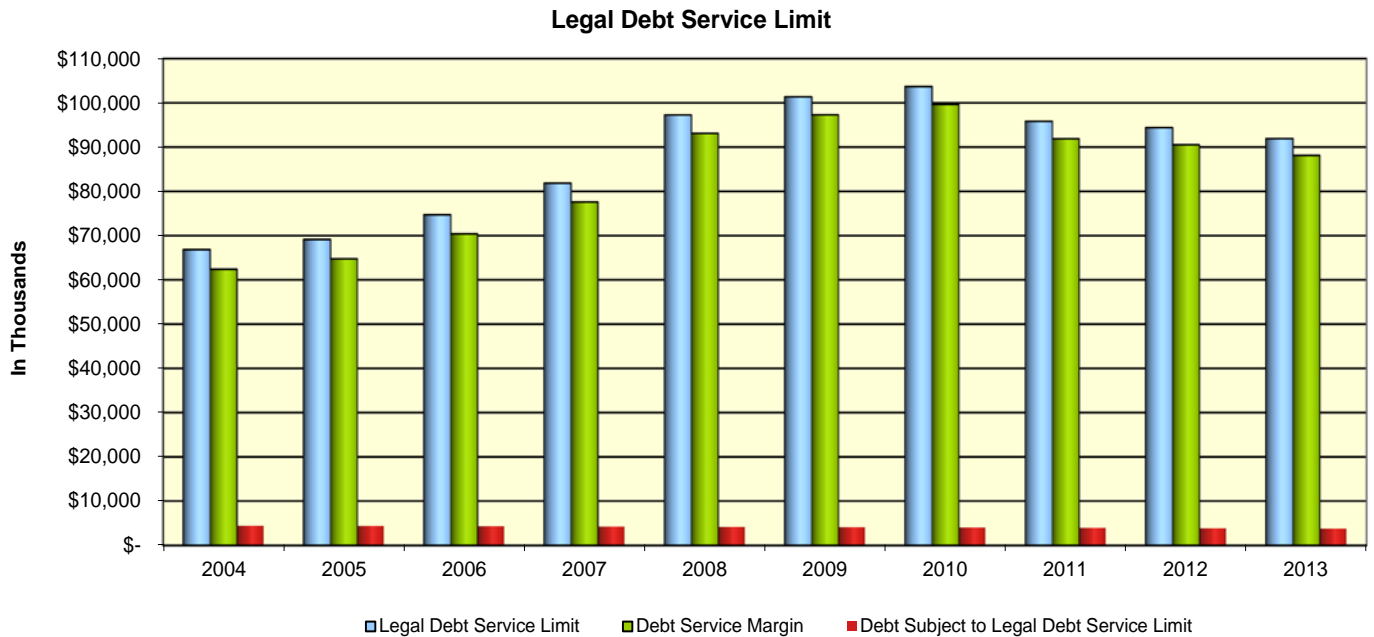
Source: City of Fort Bragg Department of Finance, Employment Development Department, U.S. Bureau of Census

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

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Assessed Value of Real and Personal Property	\$ 445,473	\$ 460,778	\$ 497,991	\$ 545,494	\$ 648,327	\$ 675,829	\$ 691,134	\$ 638,808	\$ 629,165	\$ 612,744
Legal Debt Service Limit ⁽¹⁾	66,821	69,117	74,699	81,824	97,249	101,374	103,670	95,821	94,375	91,912
Less: Amount Applicable to Debt Service Limit	4,420	4,371	4,306	4,236	4,166	4,096	4,021	3,941	3,861	3,782
Legal Debt Service Margin	\$ 62,401	\$ 64,746	\$ 70,393	\$ 77,588	\$ 93,083	\$ 97,278	\$ 99,649	\$ 91,880	\$ 90,514	\$ 88,130
Legal Debt Service Margin as a Percentage of Debt Service Limit	93.39%	93.68%	94.24%	94.82%	95.72%	95.96%	96.12%	95.89%	95.91%	95.89%

⁽¹⁾ California Governmental Code #43605 provides that a city shall not incur an indebtedness for public improvements which exceeds in the aggregate 15% of the assessed value of all real and personal property of the city.

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



**CITY OF FORT BRAGG
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2013**

2012-13 Assessed Valuation: \$612,744,036

	Total Debt 6/30/13	% Applicable (1)	City's Share of Debt 6/30/13
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Redwoods Joint Community College District	\$28,780,000	3.855%	\$ 1,109,469
Fort Bragg Unified School District	34,613,626	38.362	13,278,479
Mendocino Coast Hospital District	4,751,539	21.018	<u>998,678</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$15,386,626
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Mendocino County Certificates of Participation	\$23,530,000	6.183%	\$1,454,860
Mendocino County Pension Obligations	76,000,000	6.183	4,699,080
Redwoods Joint Community College District Certificates of Participation	325,100	3.855	<u>12,533</u>
TOTAL OVERLAPPING GENERAL FUND DEBT			\$6,166,473
<u>OVERLAPPING TAX INCREMENT DEBT:</u>	\$4,095,000	100. %	\$4,095,000
DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$25,648,099
COMBINED TOTAL DEBT			\$25,648,099 (2)

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 2.51%
Combined Total Debt..... 4.19%

Ratios to Redevelopment Incremental Valuation (\$182,064,731):

Total Overlapping Tax Increment Debt..... 2.25%

CITY OF FORT BRAGG
PLEDGED REVENUE COVERAGE
WATER ENTERPRISE FUND
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Operating Revenue	Operating Expenses ¹	Net Operating Income	Non- Operating Income	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2003-04	1,716	929	787	87	874	380	389	769	1.1
2004-05	1,665	1,055	610	51	661	190	236	426	1.6
2005-06	1,770	957	813	137	950	186	236	422	2.3
2006-07	1,885	1,313	572	140	712	293	227	520	1.4
2007-08	1,914	1,341	573	140	713	402	273	675	1.1
2008-09	2,041	2,078	(37)	72	35	387	265	652	0.1
2009-10	2,017	1,792	225	41	266	322	293	615	0.4
2010-11	2,108	1,632	476	51	527	365	245	610	0.9
2011-12	2,194	1,585	609	(150)	459	360	158	518	0.9
2012-13	2,404	1,623	781	16	797	367	151	518	1.5

CITY OF FORT BRAGG
PLEDGED REVENUE COVERAGE
WASTEWATER ENTERPRISE FUND
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Operating Revenue	Operating Expenses ¹	Net Operating Income	Non- Operating Income	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2003-04	1,073	1,098	(25)	214	189	70	49	119	1.6
2004-05	1,192	1,188	4	228	232	70	46	116	2.0
2005-06	1,288	1,363	(75)	406	331	91	51	142	2.3
2006-07	1,427	1,431	(4)	658	654	75	45	120	5.5
2007-08	1,476	1,523	(47)	483	436	85	35	120	3.6
2008-09	1,905	1,908	(3)	255	252	53	32	85	2.9
2009-10	2,208	2,116	92	309	401	35	12	47	8.5
2010-11	2,774	2,078	696	378	1,074	40	21	61	17.6
2011-12	2,978	2,637	341	(35)	306	40	19	59	5.2
2012-13	3,197	2,733	464	66	530	40	17	57	9.3

¹ Operating expense exclude depreciation; non-operating income excludes interest and amortization expense.

Source: City of Fort Bragg, Department of Finance

City of Fort Bragg

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age	Public School Enrollment	City Unemployment Rate (%) (3)
2003-04	6,902	125,230	16,596	-	2,075	7.6%
2004-05	6,933	131,491	16,928	-	1,975	6.5%
2005-06	6,897	140,958	17,589	-	1,951	5.8%
2006-07	6,860	146,738	17,852	-	1,934	6.1%
2007-08	6,859	149,379	18,977	-	1,926	7.6%
2008-09	6,848	140,416	20,685	38.3	1,907	11.5%
2009-10	6,855	144,629	17,513	38.4	1,886	12.7%
2010-11	6,875	-	18,247	40.9	1,885	12.6%
2011-12	7,255	143,775	19,817	40.5	1,904	10.8%
2012-13	7,311	146,997	20,106	37.4	1,917	10.8%

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.

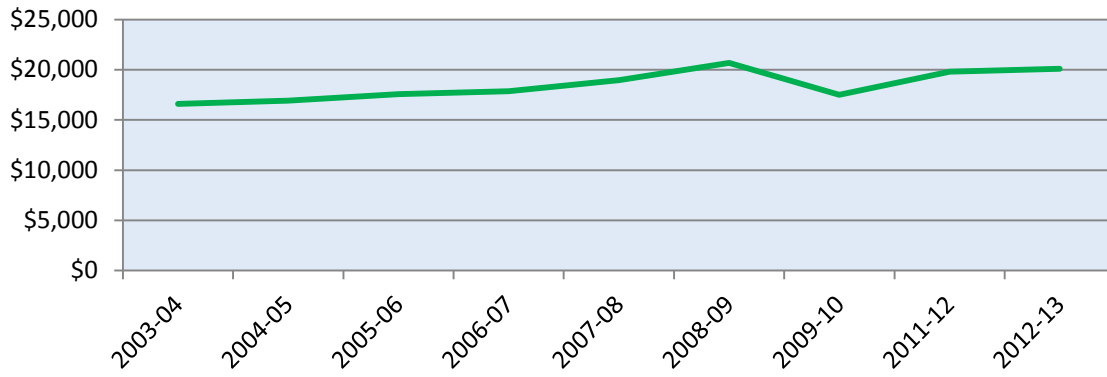
(-) Indicates data unavailable.

1.) Population Projections are provided by the California Department of Finance Projections.

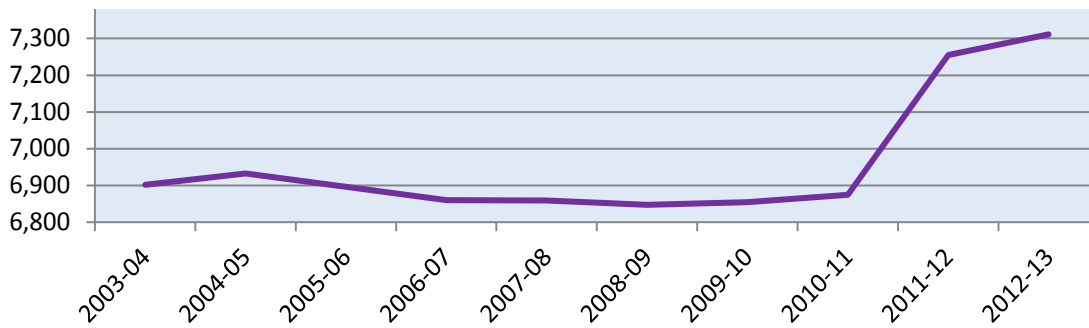
2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.

3.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

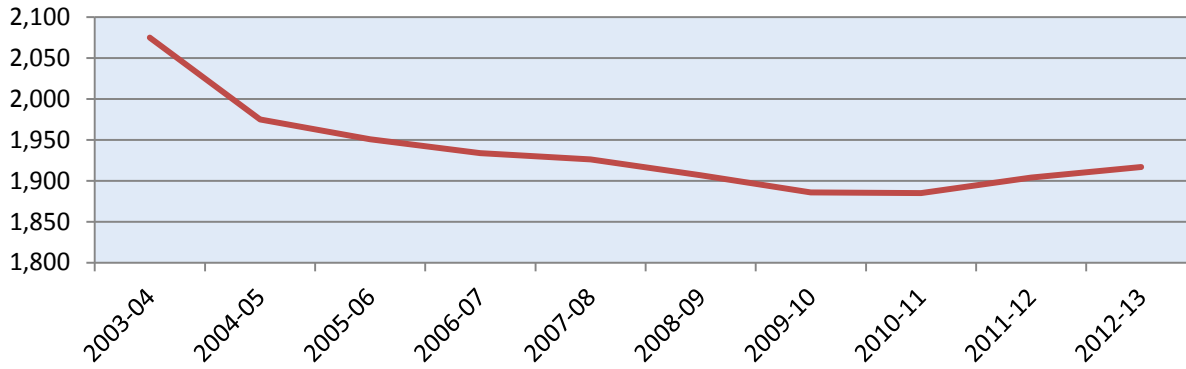
Per Capita Personal Income



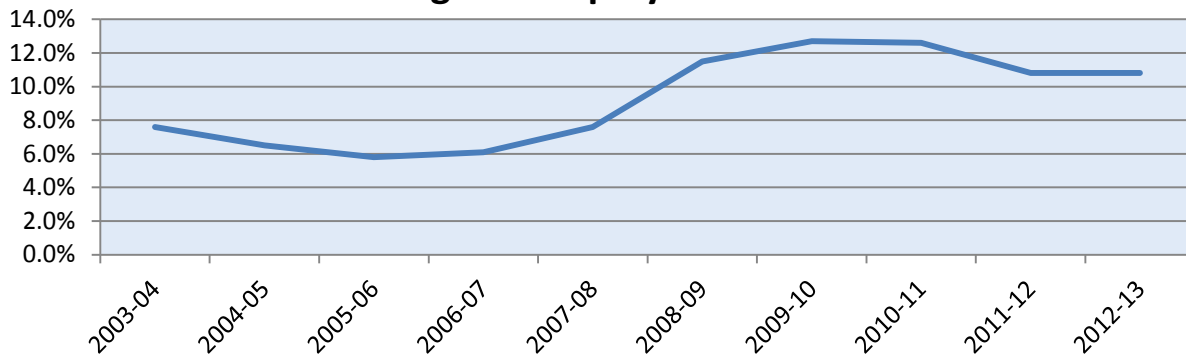
Population



K-12 Public School Enrollment



Average Unemployment Rate



City of Fort Bragg

Principal Employers Last Fiscal Year

Business Name	2012-13		2003-04	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Mendocino Coast District Hospital	296	8.78%	0	0.00%
Fort Bragg Unified School District	268	7.95%	0	0.00%
Safeway	120	3.56%	0	0.00%
Mendocino Coast Clinics Inc	110	3.26%	0	0.00%
North Coast Brewing Company (1)	106	3.15%	0	0.00%
Sherwood Oaks Health Center	100	2.97%	0	0.00%
Anderson Logging Inc	87	2.58%	0	0.00%
Fort Bragg Recreation Center	68	2.02%	0	0.00%
City of Fort Bragg	60	1.78%	0	0.00%
Mendocino County (2)	51	1.51%	0	0.00%
Total Top Employers	1,266	37.57%	0	0.00%
Total City Employment (3)	3,370			

Source: MuniServices, LLC

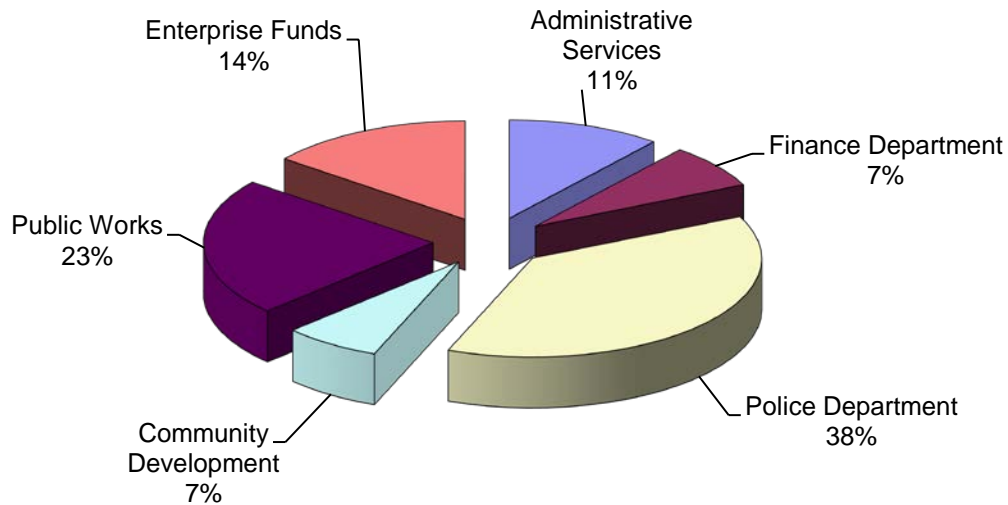
Results based on direct correspondence with city's local businesses.

- 1.) Excludes the seasonal employees
- 2.) Includes Health and Human Services
- 3.) Total City Labor Force provided by EDD Labor Force Data.
- 4.) Data for FY 2003-04 not available

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

Function	As of June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administrative Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.80	4.80	6.00
Finance Department	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Public Safety										
Police Department	22.50	21.00	21.00	22.00	24.00	23.00	23.00	21.00	21.00	21.00
Community Services										
Community Development	3.50	3.50	5.00	4.75	5.75	5.75	4.75	3.80	3.80	3.80
Public Works	13.50	13.50	14.00	13.00	13.00	13.00	14.50	12.60	12.60	12.60
Enterprise Funds	7.75	7.75	7.75	9.00	9.00	9.00	8.00	7.00	8.00	8.00
Total	57.25	55.75	57.75	58.75	61.75	60.75	60.25	53.20	54.20	55.40

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
FY 2012-13



Source: City of Fort Bragg Department of Finance

**CITY OF FORT BRAGG
OPERATING INDICATORS
LAST TEN FISCAL YEARS ²**

	FY 03-04	FY 04-05	FY 05-06	FY 06-07	Fy 07-08	Fy 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Function/Program										
Building Permits Issued						174	204	204	210	125
New Construction										
Single Family Residential	5	12	5	9	3	1	2	3	2	
Second Unit	9	6	2	4	1	3	2	1	1	1
Mixed Use, Commercial & Residential		2					1			
Multi-Family Residential										
Low Income Residential	3			1		1		2		
City Clerk										
Council/Agency Resolutions Passed	128	127	134	131	110	148	112	93	108	93
Number of Ordinances Passed	7	7	8	6	4	13	3	9	9	2
Number of Contracts Approved	5	7	4	10	11	11	9	13	32	29
Public Safety										
Traffic Accidents	146	140	181	125	100	111	116	112	139	163
Traffic Violation-DUI	55	42	53	52	78	53	42	37	33	62
Bookings	613	553	726	714	845	521	501	621	608	744
Cites	590	306	335	438	1,075	852	550	514	841	1,001
Field Interviews and Information Cases										1,450
Crime Reports	1,245	1,171	1,577	1,471	1,323	1,288	1,150	1,274	1,454	1,610
Fire ¹										
Total Number of Calls	636	708	546	596	577	640	504	601	632	500
Structure Fires	62	72	31	44	63	38	35	30	27	29
Vehicle Fires	13	15	17	18	12	6	7	9	9	9
Vegetation Fires	40	38	20	33	43	55	33	15	29	25
Misc Fires (Chimney, Debris, Electrical, etc.)										17
Medical Aid	186	204	146	174	143	110	102	186	209	110
Rescue	10	18	129	128	132	135	114	112	129	11
Hazardous Condition/Materials Calls	37	39	34	49	54	62	53	37	46	73
Mutual Aid/Agency Assist										6
Traffic Accidents										88
Services Call	104	125	93	87	105	120	100	131	115	128
Other Calls & Incidents	184	197	76	63	25	114	60	81	68	4

**CITY OF FORT BRAGG
OPERATING INDICATORS
LAST TEN FISCAL YEARS ²**

	FY 03-04	FY 04-05	FY 05-06	FY 06-07	Fy 07-08	Fy 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Function/Program										
Water										
Number of customer accounts billed	16,300	16,388	16,541	16,300	16,541	33,965	33,771	33,521	32,523	33,924
Water annual demand in thousand gallons	2,604	2,572	2,458	2,302	2,626	2,401	2,233	2,176	2,312	2,255
Available supply of water in thousand gallons	2,760	2,659	2,993	3,078	2,917	2,688	2,524	2,442	3,066	2,574
Total Customer service calls					1,592	1,451	1,421	1,531	1,448	1,439
Meter installs/removals/change outs					280	38	36	49	40	2
Meter repairs					7	4	1	3	2	44
Leak investigations					57	24	15	15	16	21
Service profiles					159	180	98	131	81	93
Turn on/off					1,028	1,120	1,244	1,255	1,267	1,248
Manual reads					484	522	556	555	565	527
Misc					52	78	26	27	36	33
Wastewater										
Customer service calls, wastewater							38	39	37	52
New customer sewer lines installed							2	2	-	2
Sewer mains cleaned/flushed in miles							15	19	19	18
Sewer mains and laterals repaired in number of jobs							38	39	34	-
Sewer manholes inspected							370	371	373	371
Sewer manholes installed							1	3	1	-
Sewer spill responses							3	4	1	3

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

² In some categories historical information is not available.

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

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

	FY 03- 04	FY 04- 05	FY 05- 06	FY 06- 07	Fy 07- 08	Fy 08- 09	FY 09- 10	FY 10- 11	FY 11- 12	FY 12- 13
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets in miles	23.7	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4
Alleys in miles	19	19	19	19	19	19	19	19	19	19
Storm drains in miles	10	10	10	10	10	10	10	10	10	10
Number of street lights	725	725	725	725	725	725	725	725	725	725
Sidewalks	40	40	40	40	40	40	40	40	40	40
Water										
Water mains in miles	30	30	30	30	30	30	30	30	30	30
Raw water transmission lines in miles	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Wastewater										
Sewer mains in miles	27	27	27	27	27	27	27	27	27	27
Parks and Facilities										
Number of Parks	2	2	2	3	3	3	3	3	3	3