

**City of Fort
Bragg
California**

**Comprehensive Annual
financial Report**

**fiscal Year
Ended June 30.
2018**

City of Fort Bragg, California

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018



Prepared by City of Fort Bragg Finance Director
Victor Damiani

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City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Table of Contents

Page

INTRODUCTORY SECTION

Table of Contents	i
Letter of Transmittal.....	vii
Organization Chart	xiv
GFOA Certificate of Achievement for Excellence in Financial Reporting	xv

FINANCIAL SECTION

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

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net position	21
Statement of Activities	22

Fund Financial Statements:

Governmental Funds:

Balance Sheet	26
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	28
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position – Governmental Activities	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	30
Reconciliation of Fund Basis Statements to Government-wide Statement of Activities	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual – General Fund and Major Special Revenue Funds	34

Proprietary Funds:

Statement of Net position – Proprietary Funds	38
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	39
Statement of Cash Flows – Proprietary Funds	40

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Table of Contents

	<u>Page</u>
Fiduciary Activities:	
Statement of Fiduciary Net position – Fiduciary Activities	42
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	43
 Notes to Basic Financial Statements	 46
 Required Supplementary Information:	
Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios	95
Schedule of Employer Contributions - OPEB	96
Schedule of Contributions – Miscellaneous Plan.....	97
Schedule of Contributions – Safety Plan.....	98
Schedule of City’s Proportionate Share of Net Pension Liability – Miscellaneous Plan	99
Schedule of City’s Proportionate Share of Net Pension Liability – Safety Plan	100
 Other Supplemental Information:	
 Combining and Individual Fund Financial Statements and Schedules:	
 Nonmajor Governmental Funds:	
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	105
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	116
Combining Balance Sheet – Federal and State Grant Special Revenue Funds	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Federal and State Grant Special Revenue Funds.....	122
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	125
 Internal Service Funds:	
Combining Statement of Net position – Internal Service Funds	127
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	128
Combining Statement of Cash Flows – Internal Service Funds	129

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Table of Contents

	<u>Page</u>
Statistical Section	
Financial Trends	
Net Position by Component.....	132
Change in Net Position.....	134
Fund Balances of Governmental Funds	138
Changes in Fund Balances of Governmental Funds.....	140
Governmental Fund Tax Revenues by Source	142
Revenue Capacity	
Principal Sales Tax Producers.....	143
Historical Sales Tax Amounts by Benchmark Year	144
Assessed Value and Estimated Actual Value of Taxable Property, City Wide	145
Assessed Value of Property by Use Code, City Wide	146
Direct and Overlapping Property Tax Rates.....	148
Principal Property Taxpayers	150
Property Tax Levies and Collections	151
Debt Capacity	
Ratios of Outstanding Debt by Type	152
Legal Debt Margin Information.....	154
Direct and Overlapping Debt	156
Pledged Revenue Coverage	158
Demographic and Economic Information	
Demographic and Economic Statistics	160
Principal Employers.....	161
Operating Information	
Full-Time and Part-Time City Employees by Function (Full-Time Equivalent).....	162
Operating Indicators by Function	163
Capital Asset Statistics by Function	164

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INTRODUCTORY SECTION

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

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LETTER OF TRANSMITTAL

DATE: January 28, 2019

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

FROM: Finance Director Victor Damiani

RE: Presentation of the Comprehensive Annual Financial Report

As required by State and federal law, the Comprehensive Annual Financial Report (CAFR) of the City of Fort Bragg (City) for the fiscal year ended June 30, 2018, is hereby published.

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

The City's basic financial statements have been audited by JJACPA, Inc., an accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The financial statements included in this report were audited in accordance with generally accepted auditing standards and government auditing standards. The independent auditors concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

This report combines the financial statements of the City, the Successor Agency to the Fort Bragg Redevelopment Agency (Successor Agency), and the Fort Bragg Municipal Improvement District No. 1 (MID) in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The financial operations of the Successor Agency and MID, though legally separate from the City, are closely related to the City. The City Council members serve as the governing board for the MID, which is presented as a blended component unit in the financial statements. Component units are legally separate entities for which the primary government is financially accountable. For a more detailed overview of the City's component units, see the Management Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements on pages 3-19 and 46-92, respectively.

Profile of the Government

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

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

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

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

The annual budget provides a comprehensive statement of the City's organization, operations and resources and it expresses City Council and Municipal Improvement District Board policies and priorities in all areas of the City's operations. The budget process is the vehicle through which the City establishes goals and objectives and prioritizes desired programs or services which can be financed by the City's projected revenue for the budget year. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). It is the means through which policy decisions are made, effected, controlled and monitored. The City Manager is responsible for submitting and recommending an operating budget and a capital improvements budget for City Council

consideration and adoption. Throughout the year, the budget serves as a financial management tool and an operational plan for the delivery of City services and capital projects.

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

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

Spending Limitation

Article XIII B of the California Constitution, also known as the Gann spending limit, restricts the amount of "proceeds of taxes" California governments may spend. As of June 30, 2018, the City was \$3.8 million or 37% under the total Article XIII B (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2017-18.

Citywide Achievements in FY 2018-19

- Adopted a balanced General Fund Budget, for the first time in many years.
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association, this was the third year the City has received this award.
- Completed the middle portion of the Coastal Trail, which links the north and the south Coastal Trails sections and for the first time in over a century, opens the entire length of the coast in Fort Bragg to the public.
- Completed and opened a second EV Charging Station in the Central Business District. Both stations were completed through a grant from the Mendocino Land Trust.
- Completed construction of a \$1.5 million finished water tank project. The new water tank funded by a federal grant has a capacity of 1.5 million gallons and was completed in late June, 2018. The new tank provides the City additional storage capacity and the ability to take other water tanks out of service for maintenance and repairs.
- The City successfully negotiated a Lake and Streambed Alteration Agreement with the California Department of Fish and Wildlife for the gravity-fed water diversion on Waterfall Gulch.
- Secured \$13.3 million in USDA and State Revolving Fund funding involving a combination of mostly grants and a low interest loan. Including the City's contribution of \$3.2 million, a \$15.3 million major Wastewater Treatment Plant upgrade is under construction. The project started in June, 2018 and anticipated completion is in the summer of 2020.

- Secured just over \$3 million in Community Development Block Grant (CDBG) program funds for Parents and Friends, Inc., a local nonprofit to provide housing and opportunities for developmentally challenged adults living with age-related disabilities.
- Completed the installation of the floating cover on Summers Lane Reservoir which will conserve water by reducing evaporation and limit algae growth.
- Implemented the Tourism Marketing and Promotion Plan with a revised Brown-Act Visit Fort Bragg Committee. Developed a new City logo, hired a marketing and public relations firm.
- Developed a new Cost Allocation Plan to better spread general administration and overhead costs to the City's Enterprise and Special Revenue funds.
- Adopted a new Records Retention Schedule, specifically addressing each department's unique records, needs and the requirements of state law.
- Implemented regular use of Body Worn Cameras by all Police Department field personnel, including a policy to guide staff protocol and video records management.
- Partnered with the Fort Bragg School District to conduct Active Shooter training on the local school campuses.
- Added live streaming of City Meetings to the City's website in order to provide better access and more transparency to local government. Continued to expand and add to the content.
- Undertook a \$1 million project to upgrade several sanitary sewer pump stations that are long overdue to be overhauled.
- Issued a \$233,000 design contract for the replacement of approximately three miles of the City's raw water supply pipe in a cost efficient manner that also will minimize environmental disruptions using innovative design and construction techniques.
- Performed a preliminary feasibility study examining the viability of using desalination technology to supplement the City's water supply. The study determined that further consideration of this technology is feasible and worthwhile.

Local Economy

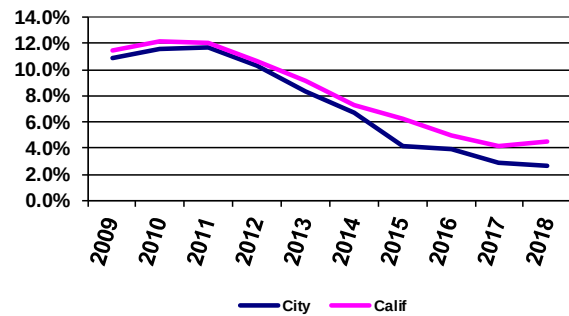
During FY 2017-18, the City saw the positive employment trends of the last few years continue. As reported by the State Employment Development Department, the local unemployment rate decreased to 2.7% at June 30, 2018, compared to 2.9% at June 30, 2017. This represents the lowest unemployment rate in the past ten years.

City tax revenues that are dependent on the state of the economy continued to show steady overall growth. Local general fund sales taxes increased year over year by 17% totaling \$1.79 million. The increase is tempered somewhat by multi-year filing errors by one of the City's top sales tax producers. Still, on a multi-year basis, sales tax is trending up. Transient Occupancy Tax increased 21%, totaling \$2.6 million in FY 2017-18 as compared to \$2.15 million in FY 2016/17. The significant increase is partially due to the increase in the TOT tax rate from 10% to 12%. The City's largest source of discretionary revenue is comprised of these two taxes.

Median home prices (according to Trulia.com) have increased slightly to approximately \$400k, a year over year increase of 4%. Number of home sales are up 12% year over year. Assessed valuations are up 3% for FY 2017-18 over FY 2016/17. General fund property taxes however remained flat year over year at \$1.03 million. The City's property tax revenue continues to trend 27% lower since 2012 when the State mandated redistribution of tax increment from the dissolution of Redevelopment Agencies.

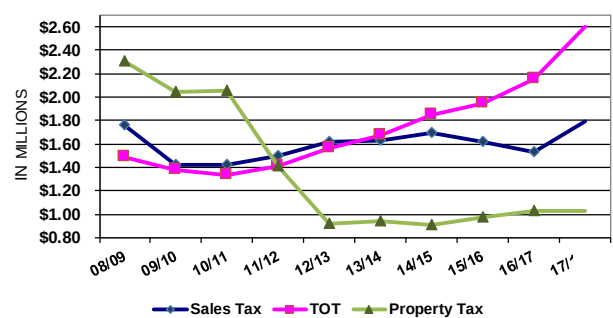
Overall general fund revenues for FY 2017-18 increased 12% over the prior year. The increase is largely due to the increased tax collections discussed above. A lack of revenue enhancement coupled with significant increases in pension costs has the potential to cause financial difficulty for the City in the next few years. The Fort Bragg City Council has recognized this potential and in response has placed a general sales tax measure on the November 2018 ballot entitled Measure H. The outcome of Measure H will play a substantial role in determining the City's financial health in the years to come. Should Measure H pass, the City plans to move to a fifteen year amortization of its unfunded pension liability which in the long term will save the City approximately \$4 million. If Measure H does not pass, the likelihood of service cuts will dramatically increase. Still, some of the current economic uncertainties have been offset by positive economic developments, leading to an overall outlook of guarded optimism.

Unemployment Rate



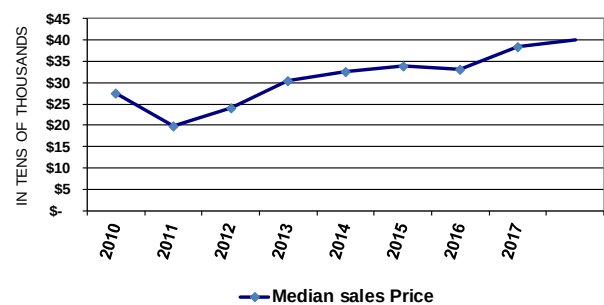
Source: California Employment Development Department

Property, Sales & Transient Occupancy Taxes



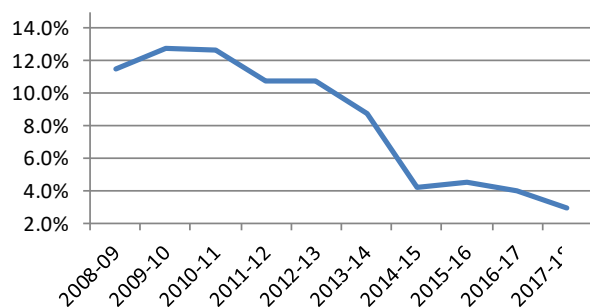
Source: City of Fort Bragg, Department of Finance

Home Sales in Zip Code 95437



Source: city-data.com; trulia.com

Average Unemployment Rate



Long-term Financial Planning

An analysis and update of the City's Fiscal Policies, including Fund Balance & Reserve Policies was conducted as part of the FY 2016-17 budget process. The results of the analysis prompted the City Council to commit to new reserve levels. The following General Fund reserves comprise committed fund balance and at Fiscal Year-end 2018/2019 these reserves total \$1,642,165:

- General Fund Operating Reserve: The City will maintain an unrestricted fund balance of at least 15% to 20% of the annual operating expenditures in the General Fund, as an "Operating Reserve" to ensure liquidity of the General Fund and to ensure adequate cash flow throughout the year. This reserve is necessary to accommodate fluctuations in the timing of expenditures and the receipt of revenues. The reserve is committed fund balance and may be used, with Council authorization, for unforeseen operating or capital needs. At Fiscal Year-end 2017-18, the reserve is funded at 15% which is \$1,428,044.
- Litigation Reserve: The City will maintain a \$200,000 Litigation Reserve to cover unforeseen legal expenses, including unbudgeted settlement costs that are not covered by the City's insurance pool. At Fiscal Year-end 2017-18, the reserve balance is \$214,121.

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

The City has worked hard to address its fiscal challenges and, overall, its efforts have been successful. In 2010, the City significantly reduced its workforce and implemented across-the-board salary concessions. All City employees agreed to multi-year labor agreements with escalating employee contributions to offset pension costs. In FY 2014/15 the City was in position to offer modest salary increases to all of its employee groups for the first time since the financial downturn. Labor agreements for FY 2017/18 and FY 2018/19 continued the moderate cost of living adjustments begun earlier. The FY 2016-17 budget process, however, uncovered an accounting error in previous years which resulted in over-allocations from the general fund to the enterprise funds. Correction of the error led to several years of continued budget deficits.

With hard work, some difficult decisions and fiscal discipline the City Manager and City Council succeeded in passing a balanced FY 2018/19 budget. This was the first balanced budget in many years. The budget was balanced by freezing one position in the Police Department and by moving to a less conservative revenue forecast. Further, the City opted not to budget a payment into its Other Post-Employment Benefits (OPEB) trust fund. The tradeoffs in balancing the budget include, a decrease in services (frozen police officer position) and a higher risk of a budgeted revenue miss in FY 2018/19. A budgeted revenue miss would increase the likelihood of a realized year-end deficit. The OPEB trust fund on the other hand has been diligently pre-funded for several years and even without continued payments the City appears poised to start drawing from the fund in order to offset increasing costs in the years to come.

Beginning with the FY 2017/18 budget the City's Finance department has prepared a five year budget forecast for the General fund. Till now the document has been a stand-alone document that is presented at the mid-year budget review meeting. Beginning with the FY 2019/20 budget the five year forecast will be incorporated into the main budget document. The five year forecast indicates that In the short term, the City will likely be able to

fill budgeted or realized deficits with appropriated fund balance. In the long-term, it is likely that revenue enhancements and/or cost-cutting measures will be necessary.

Impact of Fiscal Policies on Financial Statements

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

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

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the seventh year in a row that the City of Fort Bragg has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

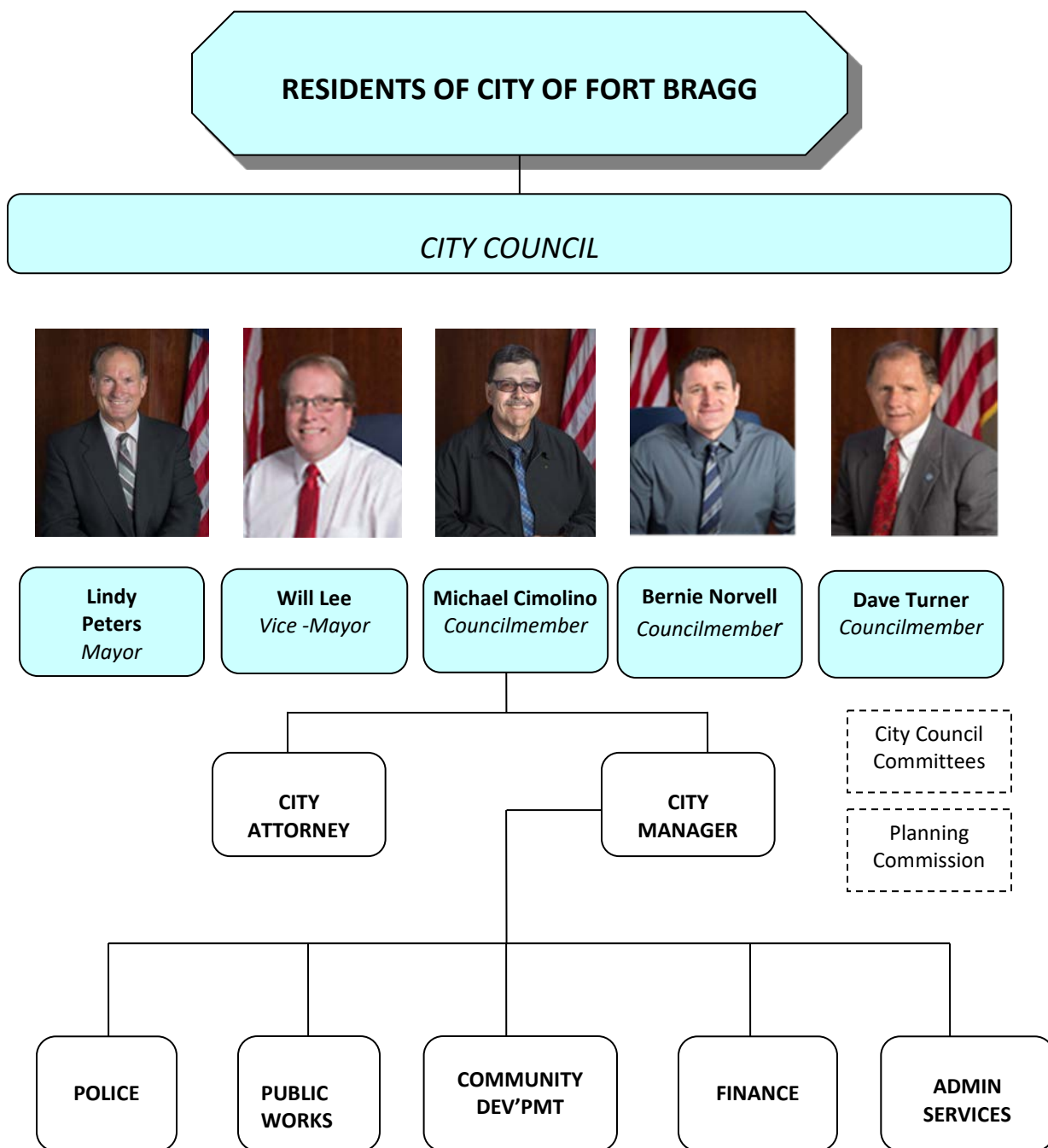
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Organization Chart





Government Finance Officers Association

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

Presented to

**City of Fort Bragg
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

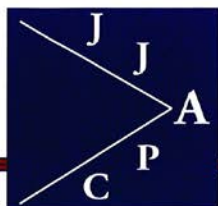
Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

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



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Fort Bragg, California (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–19, the Schedule of Changes in Net OPEB Liability and Related Ratios on page 95, the Other Post-Employment Benefits Schedule of Employer Contributions on page 96, the Pension Plan Schedule of Contributions on page 97-98, and the Schedules of the City's proportionate Share of the Net Pension Liability on pages 99–100, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Implementation of New Accounting Standards

As disclosed in the Note 1 to the financial statements, the City implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," during the fiscal year 2018. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

December 27, 2018

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

This section provides a narrative overview and analysis of the financial activities of the City of Fort Bragg (City) for the fiscal year ended June 30, 2018. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's Net Position increased \$3M to \$82.1M. Several factors contributed to the increase in Net Position and are discussed in more detail subsequently in the analysis
- At the close of the most recent fiscal year, the City's governmental funds reported combined fund balances of \$7.5M, a decrease of \$300k in comparison with the prior fiscal year. Approximately 9% of combined fund balance at June 30, 2018 (\$702k) is available for spending at the government's discretion (*unassigned fund balance*)
- General Fund revenues outpaced budget by \$118k or 1.3%
- General Fund expenditures were under the final amended budget by \$253k or 3%
- The balance of the General Fund decreased \$148k to \$3M.
- The Water Enterprise Net Position increased \$1.9M and the Wastewater Enterprise Net Position increased \$1.2M while the C.V. Starr Center Net Position decreased \$487k. The most significant draw on C.V. Starr Center Net Position is the non-cash item depreciation (\$741k). The Center increased cash by \$52k for the year.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

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

The Basic Financial Statements

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

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Fund Financial Statements, Continued

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

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

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

For the fiscal year ended June 30, 2018, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

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

For the fiscal year ended June 30, 2018, the City adopted annual appropriated budgets for all funds. Budgetary comparison schedules have been provided for the general fund and major governmental funds to demonstrate compliance with this budget and may be found on beginning on page 34.

Proprietary funds. The City maintains Enterprise-type and Internal Service proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the

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

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

ENTERPRISE-TYPE FUNDS:

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements may be found on pages 46-92 of this report. Required Supplementary Information follows the notes on page 95.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages 103-125 of this report. Combining statements for internal services funds are presented on pages 127-129.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$82.1M as of June 30, 2018. The following table represents a comparative analysis of the net assets of governmental and business-type activities as of June 30, 2018 and June 30, 2017. Year over year assets increased \$5.4M and liabilities increase \$4M. No new debt was issued.

	2018			2017		
	<u>Govern- mental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Govern- mental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Current and other assets	\$ 11,151,164	\$ 10,309,901	\$ 21,461,065	\$ 11,745,268	\$ 8,499,990	\$ 20,245,258
Noncurrent assets	<u>42,573,705</u>	<u>35,947,727</u>	<u>78,521,432</u>	<u>39,934,923</u>	<u>34,432,706</u>	<u>74,367,629</u>
Total assets	53,724,869	46,257,628	99,982,497	51,680,191	42,932,696	94,612,887
Deferred outflows of resources	<u>3,114,703</u>	<u>473,526</u>	<u>3,588,229</u>	<u>2,656,832</u>	<u>533,641</u>	<u>3,190,473</u>
Total assets and deferred outflows of resources	<u>56,839,572</u>	<u>46,731,154</u>	<u>103,570,726</u>	<u>54,337,023</u>	<u>43,466,337</u>	<u>97,803,360</u>
Current and other liabilities	1,174,015	2,026,572	3,200,587	1,345,316	894,916	2,240,232
Noncurrent liabilities	<u>14,057,706</u>	<u>3,431,521</u>	<u>17,489,227</u>	<u>10,705,055</u>	<u>3,759,175</u>	<u>14,464,230</u>
Total liabilities	15,231,721	5,458,093	20,689,814	12,050,371	4,654,091	16,704,462
Deferred inflows of resources	<u>822,501</u>	<u>77,781</u>	<u>900,282</u>	<u>1,769,036</u>	<u>195,123</u>	<u>1,964,159</u>
Total liabilities and deferred inflows of resources	<u>16,054,222</u>	<u>5,535,874</u>	<u>21,590,096</u>	<u>13,819,407</u>	<u>4,849,214</u>	<u>18,668,621</u>
Net position:						
Net investment in capital assets	42,293,357	33,571,793	75,865,150	39,522,761	31,596,615	71,119,376
Restricted	3,757,504	108,064	3,865,568	2,512,534	108,064	2,620,598
Unrestricted	<u>(5,115,419)</u>	<u>7,515,423</u>	<u>2,400,004</u>	<u>(1,517,680)</u>	<u>6,912,444</u>	<u>5,394,764</u>
Total net position	<u>\$ 40,935,442</u>	<u>\$ 41,195,280</u>	<u>\$ 82,130,722</u>	<u>\$ 40,517,614</u>	<u>\$ 38,617,123</u>	<u>\$ 79,134,737</u>

Overall, net position increased by approximately \$3M. Governmental activities increased \$418k while business-type activities contributed \$2.6M. Although revenues outpaced expenditures by \$5.2M, implementation of GASB statement 75 (related to reporting of OPEB liabilities) included a prior year adjustment to beginning net position of \$2.2M. The revenue and expense factors contributing to the year over year performance increase are discussed in further detail in the ensuing sections of this report.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

A large portion (92%) of the City of Fort Bragg's net assets reflect its investment in capital assets (e.g., land, easements, buildings, machinery, and infrastructure); less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. The balance in net investment in capital assets increased in FY 2017-18 by \$4.8M to a total of \$82M. The increase reflects capital outlay in multiple projects, including Street Resurfacing projects (\$2M), Chestnut Street Multi-Use Trail (\$1.5M), Alley Rehab Projects (\$400k), Coastal Trail Phase II (\$1.2M), Water Tank Replacement Project (\$1.5M) and kickoff of the Wastewater Treatment Facility Project (\$858k). Citywide total assets placed in service equaled \$6.3M which was offset by \$1.5M in depreciation.

Restricted net position is comprised of revenues held for expenditure for specified purposes (special revenue) as well as amounts held for debt service. Examples of special revenues are street sales tax and CDBG program income. Overall restricted net position increased year over year by approximately \$1.3M and ended with a balance of \$3.9M. Accumulation of special sales tax for street repair (\$407k) a receivable from the State Parks Prop 84 Grants for the Summer's Lane Reservoir Project (\$700k) and a receivable from the State Parks Prop 84 Grants for the Coastal Trail Phase II Project (\$295k) contributed to the increase.

Unrestricted Net Position decreased \$3M over the previous year and is now \$2.4M. Governmental Activities saw a decrease of \$3.6M in unrestricted net position whereas Business-type Activities saw an increase of \$603k. The decrease in unrestricted net position is largely due to implementation of GASB statement 68 (related to reporting of pension liabilities) and GASB statement 75 (related to reporting of OPEB liabilities).

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2018, and 2017, follows:

Changes in Net Position

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,257,145	\$ 7,146,794	\$ 10,403,939	\$ 3,054,289	\$ 6,683,468	\$ 9,737,757
Grants and contributions:						
Operating	2,258,542	-	2,258,542	1,251,088	-	1,251,088
Capital	3,324,209	-	3,324,209	922,119	-	922,119
General revenues:						
Property taxes and assessments	1,034,552	236,035	1,270,587	1,084,296	234,006	1,318,302
Sales and use tax	1,785,264	915,239	2,700,503	2,413,528	880,985	3,294,513
Transient occupancy taxes	2,619,227	-	2,619,227	2,149,404	-	2,149,404
Other taxes	718,762	-	718,762	673,736	-	673,736
Use of money and property	(110,374)	98,062	(12,312)	(22,602)	56,453	33,851
Other general	60,670	272,338	333,008	150,934	1,241,533	1,392,467
Loss on sale of capital assets						
Total revenues	14,947,997	8,668,468	23,616,465	11,676,792	9,096,445	20,773,237
Expenses:						
Governmental activities:						
General government	2,679,593	-	2,679,593	2,220,574	-	2,220,574
Public safety	4,535,363	-	4,535,363	4,387,530	-	4,387,530
Public works	2,922,026	-	2,922,026	2,749,701	-	2,749,701
Community development	1,207,939	-	1,207,939	1,017,906	-	1,017,906
Parks and recreation	-	-	-	37,582	-	37,582
Interest and fiscal charges	52,749	-	52,749	21,060	-	21,060
Business-type activities:	-			-		
Water	-	2,033,988	2,033,988	-	2,157,742	2,157,742
Wastewater	-	2,568,894	2,568,894	-	2,847,226	2,847,226
C.V. Starr Center	-	2,385,927	2,385,927	-	2,320,454	2,320,454
Total expenses	11,397,670	6,988,809	18,386,479	10,434,353	7,325,422	17,759,775
Excess (Deficiency) of revenues over expenditures before transfers	3,550,327	1,679,659	5,229,986	1,242,439	1,771,023	3,013,462
Transfers	(898,498)	898,498	-	(2,003,107)	2,003,107	-
Change in net position	2,651,829	2,578,157	5,229,986	(1,267,347)	3,774,130	2,506,783
Net position:						
Beginning of year	40,517,614	38,617,123	79,134,737	41,784,961	34,842,993	76,627,954
Beginning, as adjusted	38,283,613	38,617,123	76,900,736	41,784,961	34,842,993	76,627,954
End of year	\$ 40,935,442	\$ 41,195,280	\$ 82,130,722	\$ 40,517,614	\$ 38,617,123	\$ 79,134,737

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

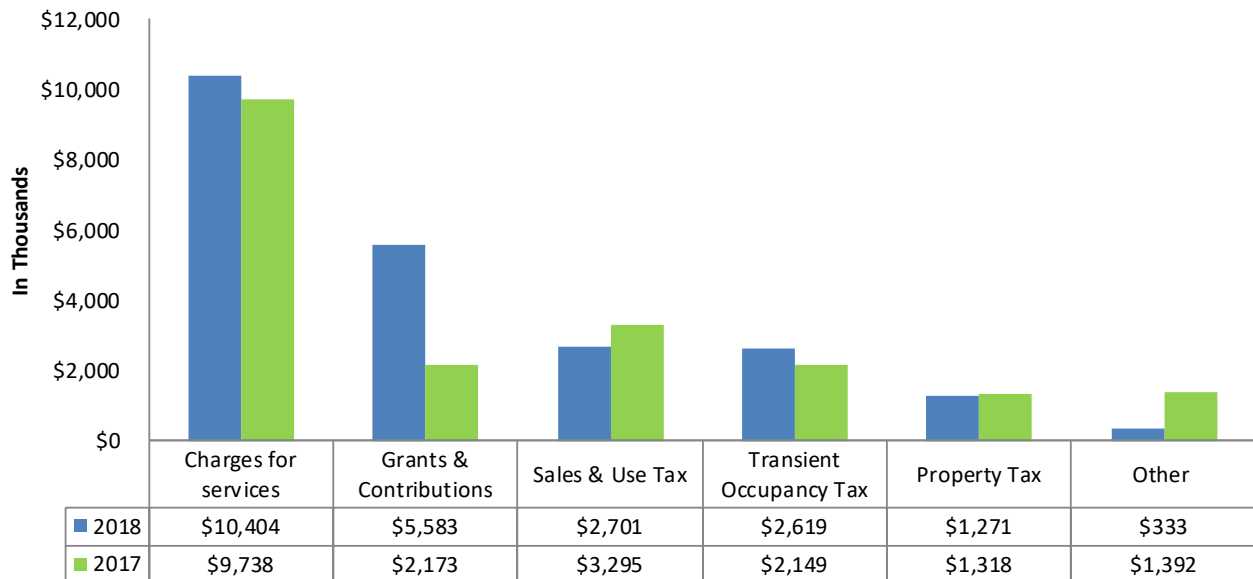
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for Governmental and Business-type Activities were \$23.6 M for the fiscal year ended June 30, 2018 which represents a 14% increase over the previous fiscal year. Governmental Activities increased \$3.3M while Business-type Activities decreased \$428k. Significant revenues for the City for fiscal year 2017-18 were derived from charges for services (55%) grants and contributions (13%), sales and use tax (11%), transient occupancy tax (11%) and property tax (5%).

Significant Revenue Sources



Following is a discussion of variances in key revenues for the fiscal year 2017-2018:

1. **Charges for Services.** Charges for Services increased \$666k or 7%. An increase of \$203k is attributable to Governmental Activities while Business-type Activities increased \$463k. Charges for services for Governmental Activities is made up mostly of salary, benefit and overhead charges to the Business-type Activities as well as charges to various grants for staff time and administrative costs. The total increase in cost allocation plan revenues year over year is \$254k. Revenue received from the Mendocino Council of Governments (MCOG) decreased by \$282k related to the one time purchase in FY 2016-17 of a new street sweeper. Additionally Community Development charges relating to building permits, development fees and general plan maintenance fees increased \$92k. Much of the increase is related to the Hare Creek Center shopping center development.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

- 2. Grants and Contributions.** Annual receipts increased by \$3.4M, or 57%. The increase in capital grants is related to several projects and sources: Special Sales tax for street projects generated \$920k, the State of California paid \$700k in reimbursement for the Summer's Lane reservoir as well as \$967k in reimbursement for the Central Coastal Trail project. CDBG operating grants showed a \$1.2M increase demonstrating the cyclical nature of these grants.
- 3. Sales and Use Tax (for general purposes).** Sales and use taxes decreased by \$594k, or 18%. The decrease is somewhat misleading as it is attributable to a change in accounting. Beginning in FY 2017-18 the City's special sales tax for street repairs has been classified as program revenue rather than general revenue. The change in accounting results in a negative year over year variance of \$920k. The negative variance is offset by strong growth in general sales and use tax of \$252k or 16% year over year. An extended period of low fuel prices over the last few years has caused this category to be stagnant rather than showing growth but now appears to have subsided. Sales and use taxes for Business-type Activities are received for the C.V. Starr Center special sales tax (\$915k).
- 4. Transient Occupancy Tax (TOT).** Annual receipts increased by \$470k, or 22%. In FY 2016-17, with the passage of Measures AA and AB, the City's TOT rate increased from 10% to 12%. The rate increase became effective April 1, 2017. FY 2017-18 is the first full year of TOT collection at the 12% tax rate. Year over year growth (with the effects of the rate change removed) is calculated at approximately 7% or \$149k. Since a majority of Measure AA taxes raised are invested in activities which promote Fort Bragg as a vacation destination, TOT revenue is expected to continue increasing in the years to come.
- 5. Property Tax.** Property taxes decreased by \$50k or 5%. The decrease is somewhat misleading as it is attributable to a change in accounting. Beginning in FY 2017-18 property tax received for the Fire Department equipment fund has been classified as program revenue rather than general revenue. The change in accounting results in a negative year over year variance of \$53k. With the effects of the change in accounting removed, property tax is calculated to have increased less than 1% or \$3k. All indications are that the City should be enjoying more robust growth in property tax and City staff have contacted County officials to help uncover the reason for the flat year over year results.

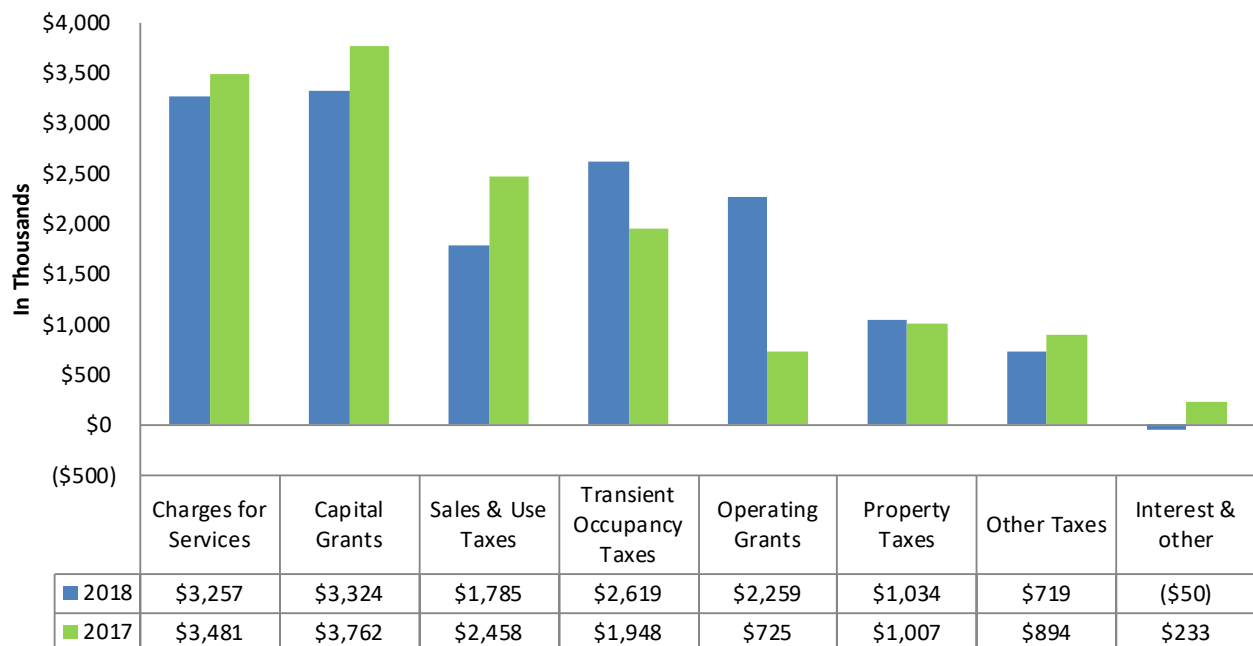
City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

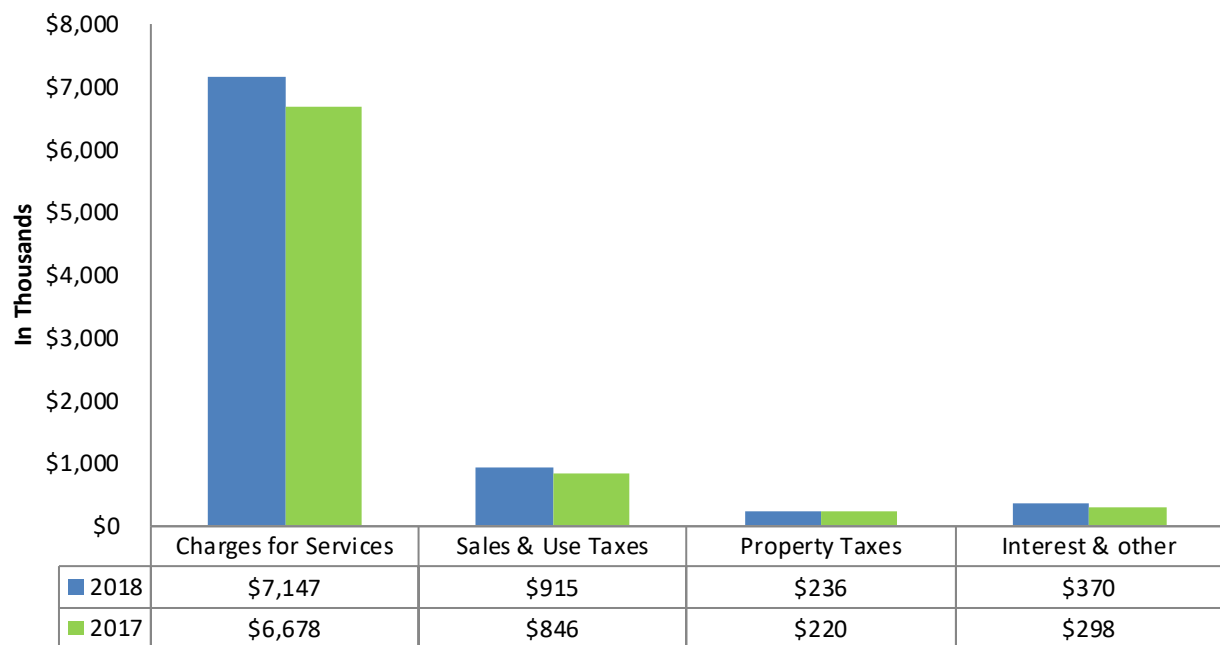
GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2018, and 2017, are as follows:

Revenue - Governmental Activities



Revenue - Business-type Activities



City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

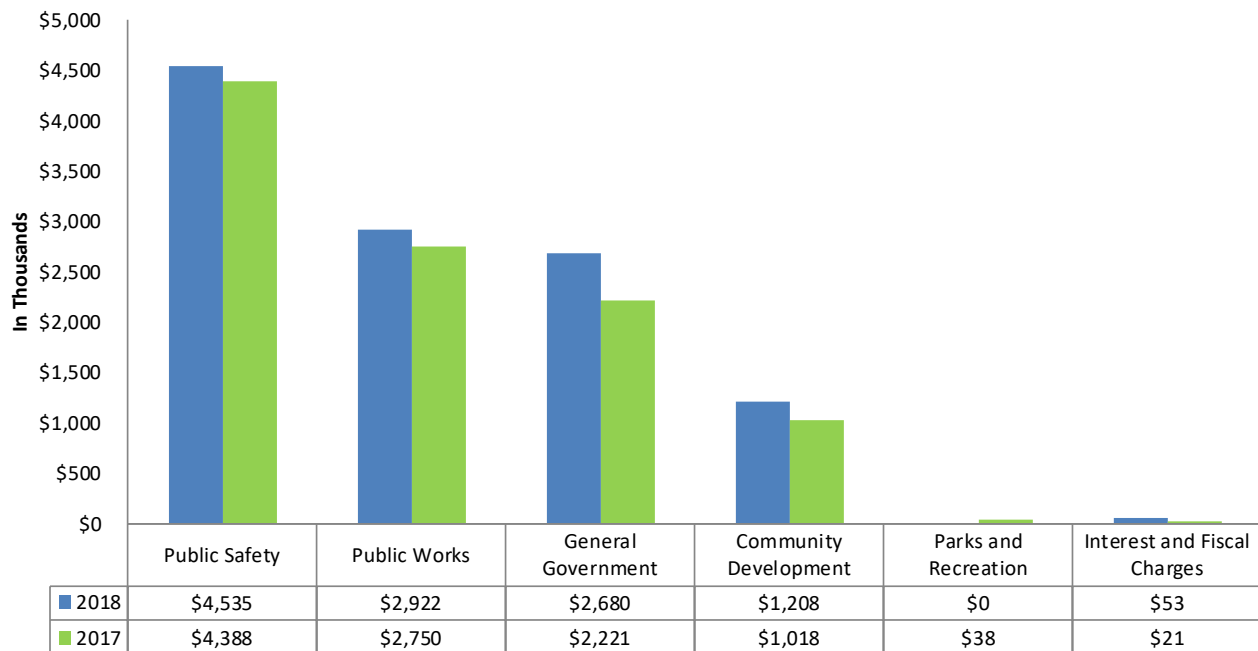
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and Business-type Activity expenses of the City for FY 2017-18 totaled \$18.4M which represents a 4% increase compared to the previous fiscal year. Governmental Activity expenses were \$11.4 M or 62% of total expenses while Business-type Activities were \$7M or 38% of total expenses. Public safety costs represented 25% of city-wide expenses, followed by Public Works (16%) and General Government (15%).

Expenses - Governmental Activities



Following is a discussion of significant variances in key expense categories for the fiscal year 2017-2018:

1. **Public Safety.** Expenses increased \$147k or 3%. The increase is mostly attributable to Police Department personnel costs which increased \$117k. Personnel cost increases were driven by increased pension costs as well as a 2% cost of living adjustment. AB109 funds which were available in FY 2016-17 were not available to spend in FY 2017-18 causing a year over year expenditure variance of \$38k. Program areas with lower expenditures included the Cadet Program and the Gang Reduction and Intervention Program (GRIP).
2. **Public Works.** Year-over-year public works expenses increased \$172k or 6%. The increase is mostly attributable to Public Works Department personnel costs which increased \$138k. Personnel cost increases were driven by increased pension costs as well as a 2% cost of living adjustment. Increases in personnel costs were offset by decreases in expenditures across multiple accounts and categories.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

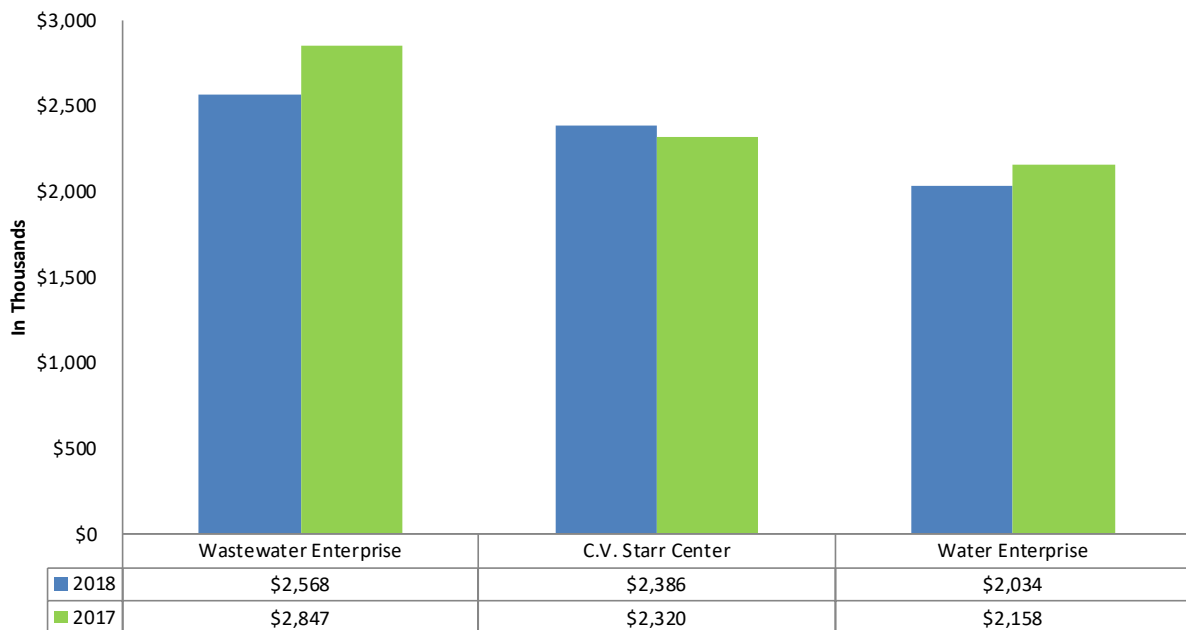
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses, Continued

3. **General Government.** Expenses increased \$459k or 21%. The increase is primarily the result of increases in City's net pension plan obligations (\$352k). See note on page 77 for further details regarding the public employee retirement system. "Other Pay", including leave accruals paid out to several long term employees upon retirement increased \$77k. Moreover, City Attorney costs increased \$40k from \$111k in FY 2016-17 to \$150k in FY 2017-18.
4. **Community Development.** Expenses increased \$190k or 19%. The increase is partially the result of increases in department personnel costs (\$60k). Personnel costs increased due to a 2% cost of living adjustment as well as a higher utilization of benefits in the department year over year. Additionally expenditures for the new Marketing and Promotion division were underway in FY 2017-18 (\$132k). Operating grants for the period saw a year over year decrease of \$14k.

Expenses - Business-Type Activities



Following is a discussion of significant variances in key business-type expense categories for the fiscal year 2017-2018:

1. **Wastewater Enterprise.** Expenses decreased \$279k or 10%. The decrease is the result of various factors: FY 2016-17 saw a one-time depreciation cost with the transfer of shared buildings from the general fund to the enterprise funds. The effect of the one-time cost is a positive variance of \$326k. The positive depreciation variance is offset by increases in personnel costs (\$115k) and increases in

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses, Continued

sludge hauling costs (\$55k). Personnel cost increases were driven by increases in pension costs and cost of living adjustments. Sludge hauling cost increases were due to changing logistics at the wastewater treatment plant as preparations were made for a complete re-build of the facility.

2. **C.V. Starr Center.** Expenses increased 66k or 3%. While personnel costs and insurance premiums increased \$50k and \$36k respectively, other general operations costs decreased \$25k.
3. **Water Enterprise.** Expenses decreased \$124k or 6%. The decrease is the result of various factors: FY 2016-17 saw a one-time depreciation cost with the transfer of shared buildings from the general fund to the enterprise funds. The effect of the one-time cost is a positive variance of \$326k. The positive depreciation variance is offset by increases in personnel costs (\$122k) and increases in utility costs (\$35k). Personnel cost increases were driven by increases in pension costs and cost of living adjustments. Utility increases were the result of increased water production. The water plant produced 8% more water in FY 2017-18 than FY 2016-17 and FY 2018-19 is expected to see continued growth in production.

Net Program Costs

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2018, and 2017, are as follows:

Net Program Costs

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,803,570	\$ 1,480,048	\$ 2,220,574	\$ 254,011
Public safety	4,460,569	3,819,842	4,387,530	3,764,444
Public works	2,872,843	(1,406,507)	2,749,701	1,269,939
Community development	1,207,939	(1,388,359)	1,017,906	(140,179)
Parks and recreation	-	-	37,582	37,582
Interest and fiscal charges	52,749	52,749	21,060	21,060
Total	\$ 11,397,670	\$ 2,557,774	\$ 10,434,353	\$ 5,206,857

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

FUND FINANCIAL ANALYSIS

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

Governmental funds

The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2018, the City's governmental funds reported combined fund balances of \$7.5M. This is a decrease of \$300k over the previous year.

General Fund

The general fund is the chief operating fund of the City. Overall, the general fund balance decreased \$148k to \$3M in FY 2017-18. General fund unassigned fund balance totaled \$1.2M. This is an increase of \$203k from the prior year. Committed fund balance totals \$1.7M and includes \$62k of funds encumbered by contract or purchase order from prior fiscal years plus \$1.4M in the operating reserve and \$200k in the litigation reserve.

Special Sales Tax – Streets

The Special Sales Tax for street repairs fund increased \$407k as the balance begins accumulating in preparation for the next round of street repairs.

Street Resurfacing Capital Projects

The Street Resurfacing Capital Projects fund decreased \$1.5M due to multiple street repair projects coming to completion. Funding is transferred from the Special Sales Tax for street repairs fund to the Street Resurfacing Capital Projects as projects are undertaken. Repairs to S. Franklin Street, N. Sanderson Way, and Boatyard/Oceanview Drive as well as four alleys that were undertaken in FY 2016-17 and but completed in FY 2017-18.

Enterprise Funds

Enterprise funds increased the City's net position by \$2.6M. The City has three business-type activities: Water, Wastewater and the C.V. Starr Center.

The Water enterprise net position increased from \$1.9M or 33% to \$7.7M; the Wastewater enterprise net position increased \$1.2M or 28% to \$11.6M; and the C.V. Starr Center enterprise net position decreased \$487k or 2% to \$21.9M. The Water enterprise received reimbursement from the Federal government for the Water Tank Replacement project (\$968k). This explains the increase in net position beyond the change attributed to operating income. The Water enterprise is in a strong position to accomplish many of the capital infrastructure projects listed in the City's Capital

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

FUND FINANCIAL ANALYSIS, Continued

Improvement Program over the next few years. Likewise, the Wastewater enterprise is in a strong position to replace the aging wastewater treatment plant in the next few years; a project with an estimated cost of over \$17M which kicked off in the final month of FY 2017-18.

Water operating revenues exceeded operating expenses by \$993k. The utility is generating sufficient revenue to cover operating expenses as well as maintaining an operating reserve and funding a capital reserve. The rate plan currently in effect is designed to accumulate \$1M per year in a capital projects reserve and the plan is working as designed.

Wastewater operating revenues exceeded operating expenses by \$932k. The utility is generating sufficient revenue to cover operating expenses as well as maintaining an operating reserve and funding a capital reserve. The rate plan currently in effect is designed to accumulate \$1M per year in a capital projects reserve and the plan is working as designed.

The operation of the C. V. Starr Center is contracted to the Mendocino Coast Recreation and Park District and is supported by property tax, sales tax and user fees. The C.V. Starr Center's operating expenses exceeded operating revenue (user fees) by \$1.6 M. The operating loss is subsidized with non-operating revenue including the tax revenue mentioned above, with the resulting change in Net Position a decrease of \$487k. The decrease includes a significant non-cash expense; depreciation. Depreciation expense for the C.V. Starr Center totaled \$741k. The C.V. Starr Center increased cash in FY 2017/18 by \$52k. The Center begun tackling impending capital improvements in FY 2017-18 and completed the Floor Drains Project in the facility's changing rooms. The project was completed at a cost of \$162k. FY 2018-19 will continue to see additional capital projects undertaken – most notably the resurfacing of the pool basin.

OTHER ANALYSIS

General Fund Budgetary Highlights

The difference between the final budget and actual results differs favorably by \$371k or 1.3%. The City generated revenues in excess of budgeted revenue by \$119k including positive variances in transient occupancy tax (\$15k) and sales and use tax (\$114K). Use of Money and Property shows a negative variance of \$145k. This is due to the requirement to value the City's investment holdings at market value. As interest rates go up the market value of certificates of deposit go down. This is a book loss only and assuming the investments are held till maturity, all of the principal amounts invested will be recovered in addition to interest earned.

Expenditures were held below the final amended budget by \$252k or 3% with savings across many categories. Expenses in the newly formed Marketing and Promotions division were below budget by approximately \$107k as the division underwent some organizational changes early on. Most of

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

OTHER ANALYSIS, Continued

the cost savings have since been re-appropriated in FY 2018-19. \$70k was budgeted for post-closure costs associated with the Caspar Landfill. The City however was not invoiced in FY 2018-19 by the County and the costs went unpaid. Staff is following up with County officials to request invoicing. \$54k was budgeted to be granted to the Fort Bragg Unified School District for improvements to the school playing fields. With no projects approved by the City Council no funds were granted.

Capital Assets

The City's investment in capital assets for its Governmental and Business-type Activities as of June 30, 2018, amount to \$79M. This investment in capital assets includes land, construction in progress costs, buildings, machinery and equipment, infrastructure and land improvements as shown in the chart below:

	Governmental Activities		Business-type Activities		Totals	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$ 12,952,262	\$ 12,952,262	\$ 785,079	\$ 785,079	\$ 13,737,341	\$ 13,737,341
Land	65,531	1,972,395	3,338,079	881,597	3,403,610	2,853,992
Construction in progress	1,637,314	1,331,093	22,279,861	22,761,230	23,917,175	24,092,323
Buildings	93,803	782,599	1,729,859	1,811,856	1,823,662	2,594,455
Machinery, equipment and vehicles	27,824,795	22,896,574	7,602,447	7,926,311	35,427,242	30,822,885
Infrastructure	-	-	212,402	266,633	212,402	266,633
Land improvements	<u>\$ 42,573,705</u>	<u>\$ 39,934,923</u>	<u>\$ 35,947,727</u>	<u>\$ 34,432,706</u>	<u>\$ 78,521,432</u>	<u>\$ 74,367,629</u>

There was an increase in capital assets of approximately \$4.2M (net of annual depreciation costs). The increase reflects capital outlay in multiple projects, including Street Resurfacing projects (\$2M), Chestnut Street Multi-Use Trail (\$1.5M), Alley Rehab Projects (\$400k), Coastal Trail Phase II (\$1.2M), Water Tank Replacement Project (\$1.5M) and kickoff of the Wastewater Treatment Facility Project (\$858k). Citywide total assets placed in service equaled \$6.3M which was offset by \$1.5M in depreciation. Construction in progress equaled \$550K. More detail of the capital assets and current activity may be found in the notes to the financial statements on Page 52 for Summary of significant accounting policies and Note 5 on Page 65 for other capital asset information.

Debt Administration

At June 30, 2018, total City debt outstanding, including projected interest, was \$3M. This represents a decrease of \$686k over the previous year. Overall Governmental debt decreased by \$148k as a result of normal required payments. Business-type debt decreased \$538k resulting from normal required payments. No new debt was issued during the fiscal year. Debt in the amount of \$7.3M (including projected interest) will be issued in FY 2018-19 in connection with the Wastewater Treatment Facility Project. Additional information about the City's outstanding debt and other long term liabilities is presented in Note 7 on pages 70 through 74.

City of Fort Bragg, California
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Management's Discussion and Analysis

Economic Outlook

At the time of budget preparation for FY 2018-19, the economic outlook for the City continued to be somewhat tentative. Most significantly, in the years to come, the City will see additional pressure on the general fund due to considerable pension cost increases projected by CalPERS. There have been however some hopeful developments.

The Fort Bragg City Council has recognized the looming pension cost increases and in response has placed a general sales tax measure on the November 2018 ballot entitled Measure H. The outcome of Measure H will play a substantial role in determining the City's financial health in the years to come. Should Measure H pass, the City plans to move to a fifteen year amortization of its unfunded pension liability which in the long term will save the City approximately \$4 million. If Measure H does not pass, the likelihood of service cuts will dramatically increase.

The General Fund Budget for FY 2018-19 of approximately \$9.5M was adopted in June of 2018 and for the first time in many years did not include a fund balance appropriation (operating deficit). The budget was adopted with a \$19k surplus. Balancing the budget did not come without some cost however. First, one position in the Police Department was frozen which equates to a service cut. Subsequently, early in the new fiscal year the Police Department was reorganized. The reorganization eliminated the Lieutenant position in favor of an additional Sergeant position and an additional Community Services Officer position. The reorganization reinstated the number of approved officers available in the force but depending on recruitment efforts may result in a tradeoff between quantity and experience. Further, the current recruiting atmosphere for police officers in California (particularly in rural areas) has made it very difficult to fill the additional positions so that at the time of this writing the department continues to be short two officers. Secondly, the methodology for estimating revenue was changed from "conservative" to "most likely". The change in forecasting methodology comes with the added risk that a revenue miss in FY 2018-19 could lead to a more substantial year-end realized deficit. Still, staff is hopeful that the balanced budget will result in a realized year-end surplus.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS



City of Fort Bragg, California
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash & Investments	\$ 5,518,182	\$ 9,066,196	\$ 14,584,378
Restricted cash & investments	-	108,064	108,064
Accounts Receivable	-	910,775	910,775
Taxes Receivable	5,741	-	5,741
Intergovernmental receivable	1,869,862	14,441	1,884,303
Loans/Notes receivable	2,767,776	4,110	2,771,886
Other receivable	881,723	-	881,723
Due from other funds	-	150,095	150,095
Inventory & Prepaid items	107,880	56,220	164,100
Total current assets	11,151,164	10,309,901	21,461,065
Noncurrent assets:			
Capital Assets			
Nondepreciable	13,017,791	4,123,160	17,140,951
Depreciable	29,555,914	31,824,567	61,380,481
Total noncurrent assets	42,573,705	35,947,727	78,521,432
Total assets	53,724,869	46,257,628	99,982,497
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding	12,735	180,212	192,947
OPEB, deferred outflow	492,993	-	-
Pension plan, deferred outflow	2,608,975	293,314	2,902,289
Total assets and deferred outflows of resources	\$ 56,839,572	\$ 46,731,154	\$ 103,077,733
LIABILITIES			
Current liabilities:			
Accounts Payable	\$ 335,845	\$ 1,447,476	\$ 1,783,321
Accrued Payroll	90,275	14,509	104,784
Accrued Liabilities	149,634	-	149,634
Due to Fiduciary activities	-	-	-
Interest payable	1,313	16,385	17,698
Unearned revenue	-	10,455	10,455
Deposits payable	70,222	141,594	211,816
Compensated Absences current	61,938	12,862	74,800
Due within one year	464,789	383,291	848,080
Due to Other Funds	(1)	-	(1)
Total current liabilities	1,174,015	2,026,572	3,200,587
Noncurrent liabilities			
Compensated Absences long term	557,438	126,819	684,257
Lease payable	143,007	-	143,007
Landfill post-closure	1,004,839	-	1,004,839
CalPers side fund	629,354	-	629,354
Due after one year	-	2,375,934	2,375,934
Net Pension Liability	8,332,026	928,768	9,260,794
Net OPEB Obligation	3,391,042	-	3,391,042
Total noncurrent liabilities	14,057,706	3,431,521	17,489,227
Total liabilities	15,231,721	5,458,093	20,689,814
DEFERRED INFLOWS OF RESOURCES			
OPEB, deferred inflow	42,999	-	-
Pension, deferred inflow	779,502	77,781	857,283
Total deferred inflows of resources:	822,501	77,781	857,283
Total liabilities and deferred inflows :	16,054,222	5,535,874	21,547,097
NET POSITION			
Net investment in capital assets	42,293,357	33,571,793	75,865,150
Restricted			
Gas Tax	9,971	-	9,971
State and Federal Grants	1,569,039	-	1,569,039
Special Sales Tax	1,890,040	-	1,890,040
Asset Forfeiture	288,454	-	288,454
Debt Service	-	108,064	108,064
Unrestricted	(5,115,419)	7,515,423	2,400,004
Total fund balances/net position	40,935,442	41,195,280	82,130,722
Total liabilities, deferred inflows and net position	\$ 56,989,664	\$ 46,731,154	\$ 103,677,819

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

City of Fort Bragg, California
Statement of Activities
For the year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,679,593	\$ 1,323,522	\$ -	\$ -
Public safety	4,535,363	364,835	184,082	91,810
Public works	2,922,026	1,049,014	-	3,230,335
Community development	1,207,939	519,774	2,074,460	2,064
Interest and fiscal charges	52,749	-	-	-
Total governmental activities	11,397,670	3,257,145	2,258,542	3,324,209
Business-type activities:				
Water	2,033,988	2,908,557	-	-
Wastewater	2,568,894	3,495,429	-	-
CV Starr Center	2,385,927	742,808	-	-
Total business-type activities	6,988,809	7,146,794	-	-
Total primary government	\$ 18,386,479	\$ 10,403,939	\$ 2,258,542	\$ 3,324,209

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales and use taxes, levied for general purposes

Transient occupancy tax, levied for general purposes

Other taxes, levied for general purposes

Use of money and property

Other general revenues

Total general revenues

Transfers

Total general revenues, and transfers

Change in net position

Net position:

Beginning of year

Prior Year Adjustments (OPEB Liability)

Beginning, as adjusted

End of year

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (1,356,071)	\$ -	\$ (1,356,071)
(3,894,636)	-	(3,894,636)
1,357,324	-	1,357,324
1,388,359	-	1,388,359
(52,749)	-	(52,749)
(2,557,774)	-	(2,557,774)
-	874,569	874,569
-	926,535	926,535
-	(1,643,119)	(1,643,119)
-	157,985	157,985
(2,557,774)	157,985	(2,399,789)
1,034,552	236,035	1,270,587
1,785,264	915,239	2,700,503
2,619,227	-	2,619,227
718,762	-	718,762
(110,374)	98,062	(12,312)
60,670	272,338	333,008
6,108,101	1,521,674	7,629,775
(898,498)	898,498	-
5,209,603	2,420,172	7,629,775
2,651,829	2,578,157	5,229,986
40,517,614	38,617,123	79,134,737
(2,234,001)	-	(2,234,001)
38,283,613	38,617,123	76,900,736
\$ 40,935,442	\$ 41,195,280	\$ 82,130,722

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

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

City of Fort Bragg, California
Balance Sheet
Governmental Funds
June 30, 2018

		Major Funds		
		General Fund	CDBG Program Income Special Revenue Fund	Housing Successor Agency Special Revenue Fund
ASSETS:				
Current Assets:				
Cash & Investments	\$	1,697,469	\$ 5,721	\$ 417,449
Taxes Receivable		2,033	-	-
Intergovernmental receivable		-	-	-
Loans/Notes receivable		6,867	2,252,388	286,625
Other receivable		881,715	-	-
Due from other funds		695,756	-	-
Due from fiduciary activities		-	-	(1)
Prepaid items		86,605	-	-
Inventory		828	-	-
Total assets		<u>3,371,273</u>	<u>2,258,109</u>	<u>704,073</u>
Deferred outflows of resources:				
Due to Wastewater Enterprise		150,093	-	-
Total deferred outflows of resources		<u>150,093</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows	\$	<u>3,521,366</u>	<u>\$ 2,258,109</u>	<u>\$ 704,073</u>
LIABILITIES , DEFERRED INFLOWS AND FUND BALANCES				
Current liabilities:				
Accounts Payable	\$	280,545	\$ -	\$ -
Accrued Payroll		85,869	-	-
Accrued Liabilities		150,095	-	-
Deposits payable		45,384	-	-
Due to Other Funds		-	-	-
Total liabilities		<u>561,893</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenue		-	2,252,388	286,625
Total deferred inflows of resources:		<u>-</u>	<u>2,252,388</u>	<u>286,625</u>
Total liabilities and deferred inflows :		<u>561,893</u>	<u>2,252,388</u>	<u>286,625</u>
Fund Balances:				
Nonspendable				
Prepays and Inventory		87,433	-	-
Loans/Notes receivable		6,867	-	-
Restricted		-	-	-
Committed		1,693,597	-	-
Assigned		-	-	417,448
Unassigned (deficit)		1,171,576	5,721	-
Total fund balances		<u>2,959,473</u>	<u>5,721</u>	<u>417,448</u>
Total liabilities deferred inflows and fund balances	\$	<u>3,521,366</u>	<u>\$ 2,258,109</u>	<u>\$ 704,073</u>

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

Major Funds			
Special Sales Tax Special Revenue	Street Resurfacing Capital Projects	Nonmajor Governmental Funds	Totals
\$ 1,743,884	\$ -	\$ 1,255,649	\$ 5,120,172
-	-	3,708	5,741
146,156	-	1,723,706	1,869,862
-	-	221,896	2,767,776
-	-	8	881,723
-	-	1	695,757
-	-	-	(1)
-	-	-	86,605
-	-	-	828
<u>1,890,040</u>	<u>-</u>	<u>3,204,968</u>	<u>11,428,463</u>
-	-	-	150,093
-	-	-	150,093
<u>\$ 1,890,040</u>	<u>\$ -</u>	<u>\$ 3,204,968</u>	<u>\$ 11,578,556</u>
\$ -	\$ -	\$ 12,602	\$ 293,147
-	-	-	85,869
-	-	(461)	149,634
-	-	24,838	70,222
-	26,132	658,687	684,819
-	26,132	695,666	1,283,691
-	-	216,407	2,755,420
-	-	216,407	2,755,420
-	26,132	912,073	4,039,111
-	-	-	87,433
-	-	-	6,867
1,890,040	-	1,867,464	3,757,504
-	-	-	1,693,597
-	-	874,589	1,292,037
-	(26,132)	(449,158)	702,007
<u>1,890,040</u>	<u>(26,132)</u>	<u>2,292,895</u>	<u>7,539,445</u>
<u>\$ 1,890,040</u>	<u>\$ -</u>	<u>\$ 3,204,968</u>	<u>\$ 11,578,556</u>

City of Fort Bragg, California
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2018

Total fund balances - total governmental funds	\$ 7,539,445
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Long-term receivables are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.

-

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.

41,667,897

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

Loss on refunding of debt	95,837	
Less: accumulated amortization	<u>(83,102)</u>	12,735

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences	(619,376)	
Lease payable	(280,348)	
Landfill post-closure	(1,205,806)	
CalPERS side fund	(755,835)	
Net OPEB obligation	(3,391,042)	
Net pension liability	<u>(8,332,026)</u>	(14,584,433)

Governmental funds notes receivable from various loan programs are deferred under the current financial resources measurement focus. The notes receivable are recognized in the government-wide Statement of Net Position under the accrual basis of accounting.

2,755,420

Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.

(1,313)

Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities

Deferred outflows - OPEB	492,993	
Deferred inflows - OPEB	(42,999)	
Deferred outflows - Pension	2,608,975	
Deferred inflows - Pension	<u>(779,502)</u>	2,279,467

Internal services funds are used by management to charge the costs of certain activities, such as fleet services, to individual funds. The assets and liabilities of the internal service funds are:

Current assets	418,457	
Noncurrent assets	905,808	
Current liabilities	(58,041)	
Noncurrent liabilities	<u>-</u>	1,266,224

Net Position of governmental activities	<u><u>\$ 40,935,442</u></u>
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The accompanying notes are an integral part of these basic financial statements.

City of Fort Bragg, California
Reconciliation of Fund Basis Balance Sheet
To Government-wide Statement of Net Position
June 30, 2018

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS					
Current Assets:					
Cash & Investments	\$ 5,120,172	\$ -	\$ -	\$ 398,010	\$ 5,518,182
Taxes Receivable	5,741	-	-	-	5,741
Intergovernmental receivable	1,869,862	-	-	-	1,869,862
Loans/Notes receivable	2,767,776	-	-	-	2,767,776
Other receivable	881,723	-	-	-	881,723
Due from other funds	695,757	(695,757)	-	-	-
Prepaid items	86,605	-	-	20,447	107,052
Total current assets	11,427,636	(695,757)	-	418,457	11,150,336
Noncurrent assets:					
Inventory	828	-	-	-	828
Capital assets, net	-	-	41,667,897	905,808	42,573,705
Total noncurrent assets	828	-	41,667,897	905,808	42,574,533
DEFERRED OUTFLOWS OF RESOURCES					
Due to Wastewater Enterprise	150,092	-	-	-	150,092
Deferred Loss	-	-	12,735	-	12,735
OPEB, deferred outflow	-	-	492,993	-	492,993
Pension, deferred outflow	-	-	2,608,975	-	2,608,975
Total assets and deferred outflows of resources	\$ 11,578,556	\$ (695,757)	\$ 44,782,600	\$ 1,324,265	\$ 56,989,664
LIABILITIES					
Current liabilities:					
Accounts Payable	\$ 293,147	\$ -	\$ -	\$ 42,698	\$ 335,845
Accrued Payroll	85,869	-	-	4,406	90,275
Accrued Liabilities	149,634	-	-	-	149,634
Interest payable	-	-	1,313	-	1,313
Deposits payable	70,222	-	-	-	70,222
Compensated Absences current	-	-	61,938	-	61,938
Due within one year	-	-	464,789	-	464,789
Due to Other Funds	684,819	(695,757)	-	10,937	(1)
Total current liabilities	1,283,691	(695,757)	528,040	58,041	1,174,015
Noncurrent liabilities					
Compensated Absences long term	-	-	557,438	-	557,438
Lease payable	-	-	143,007	-	143,007
Landfill post-closure	-	-	1,004,839	-	1,004,839
CalPers side fund	-	-	629,354	-	629,354
Net Pension Liability	-	-	8,332,026	-	8,332,026
Net OPEB Obligation	-	-	3,391,042	-	3,391,042
Total noncurrent liabilities	-	-	14,057,706	-	14,057,706
Total liabilities	1,283,691	(695,757)	14,585,746	58,041	15,231,721
Deferred inflows of resources:					
Unavailable revenue	2,755,420	-	(2,755,420)	-	-
OPEB, deferred inflow	-	-	42,999	-	42,999
Pension, deferred inflow	-	-	779,502	-	779,502
Total deferred inflows of resources:	2,755,420	-	(1,932,919)	-	822,501
Total liabilities and deferred inflows :	4,039,111	(695,757)	12,652,827	58,041	16,054,222
Fund Balances:					
Nonspendable					
Prepays and Inventory	87,433	(87,433)	-	-	-
Loans/Notes receivable	6,867	(6,867)	-	-	-
Restricted	3,757,504	(3,757,504)	-	-	-
Committed	1,693,597	(1,693,597)	-	-	-
Assigned	1,292,037	(1,292,037)	-	-	-
Unassigned (deficit)	702,007	(702,007)	-	-	-
Net position:					
Net investment in capital assets	-	-	41,387,549	905,808	42,293,357
Restricted	-	-	-	-	-
Unrestricted	-	7,539,445	(9,257,776)	360,416	(1,357,915)
Total fund balances/net position:	7,539,445	-	32,129,773	1,266,224	40,935,442
Total liabilities, deferred inflows and net position:	\$ 11,578,556	\$ (695,757)	\$ 44,782,600	\$ 1,324,265	\$ 56,989,664

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

City of Fort Bragg, California
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year-ended June 30, 2018

	Major Funds		
		CDBG Program	Housing
		Income Special	Successor
	General Fund	Revenue Fund	Agency Special
		Revenue Fund	Revenue Fund
REVENUES:			
Taxes and assessments	\$ 6,157,805	\$ -	\$ -
Fines and Forfeitures	34,563	-	-
Use of Money and Property	(110,374)	192,918	5,577
Intergovernmental	35,338	-	-
Charges for Services	63,296	-	-
Licenses and Permits	124,830	-	-
Other Revenue	78,946	-	-
Operating Grant Revenue	120,795	-	-
Reimbursements	2,690,623	-	-
Total revenues	9,195,822	192,918	5,577
EXPENDITURES:			
General Government	2,842,694	-	-
Public Safety	4,108,263	-	-
Public Works	1,674,260	-	-
Community Development	642,548	-	-
Capital Outlay	-	-	-
Principal	168,825	-	-
Interest and fiscal charges	16,708	-	-
Total expenditures	9,453,298	-	-
REVENUES OVER (UNDER) EXPENDITURES	(257,476)	192,918	5,577
OTHER FINANCING SOURCES (USES):			
Transfers In	198,789	140,000	-
Transfers out	(88,775)	(248,616)	-
Total other financing sources and uses	110,014	(108,616)	-
REVENUES AND OTHER FINANCING SOURCES			
OVER (UNDER) EXPENDITURES AND OTHER			
FINANCING (USES):	(147,462)	84,302	5,577
FUND BALANCES (DEFICITS):			
Beginning of year	3,106,935	(78,581)	411,871
End of year	\$ 2,959,473	\$ 5,721	\$ 417,448

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

Major Funds			
Special Sales Tax Special Revenue	Street Resurfacing Capital Projects	Other Governmental Funds	Totals
\$ 920,005	\$ -	\$ 52,973	\$ 7,130,783
-	-	49,924	84,487
24,847	-	13,066	126,034
-	-	4,435,558	4,470,896
-	-	75,301	138,597
-	-	7,208	132,038
-	-	3,000	81,946
-	-	-	120,795
-	-	-	2,690,623
<u>944,852</u>	<u>-</u>	<u>4,637,030</u>	<u>14,976,199</u>
-	-	38,297	2,880,991
-	-	274,365	4,382,628
16,797	-	256,097	1,947,154
-	-	558,749	1,201,297
-	2,214,990	1,565,146	3,780,136
-	-	-	168,825
-	-	-	16,708
<u>16,797</u>	<u>2,214,990</u>	<u>2,692,654</u>	<u>14,377,739</u>
<u>928,055</u>	<u>(2,214,990)</u>	<u>1,944,376</u>	<u>598,460</u>
50,501	691,704	1,863,072	2,944,066
(572,109)	-	(2,933,064)	(3,842,564)
<u>(521,608)</u>	<u>691,704</u>	<u>(1,069,992)</u>	<u>(898,498)</u>
<u>406,447</u>	<u>(1,523,286)</u>	<u>874,384</u>	<u>(300,038)</u>
<u>1,483,593</u>	<u>1,497,154</u>	<u>1,418,511</u>	<u>7,839,483</u>
<u>\$ 1,890,040</u>	<u>\$ (26,132)</u>	<u>\$ 2,292,895</u>	<u>\$ 7,539,445</u>

City of Fort Bragg, California

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

For the Year-ended June 30, 2018

<u>Functions/Programs</u>	<u>Fund Based Totals</u>	<u>Compensated Absences/ Debt Service</u>	<u>Internal Service</u>	<u>Depreciation</u>	<u>Capital Asset (Additions)/ Retirements</u>	<u>OPEB Obligation</u>	<u>Amort- ization</u>	<u>Pension plan</u>	<u>Government- wide Totals</u>
Governmental activities:									
General government	\$ 2,880,991	\$ (44,798)	\$(237,188)	\$ 91,575		\$ (55,647)	\$ -	\$ 44,660	\$ 2,679,593
Public safety	4,382,628	-	-	152,735			-	-	4,535,363
Public works	1,947,154	(176,096)	-	1,150,967			-	-	2,922,026
Community development	1,201,297	-	-	-	-		6,642	-	1,207,939
Capital outlay	3,780,136	-	-	-	(3,780,136)	-	-	-	-
Debt service/Interest	185,533	(132,784)	-	-	-	-	-	-	52,749
Total governmental activities	\$14,377,739	\$ (353,677)	\$(237,188)	\$ 1,395,277	\$(3,780,136)	\$ (55,647)	\$ 6,642	\$ 44,660	\$11,397,670

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

City of Fort Bragg, California
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual – General and Major Special Revenue Funds
For the Year-ended June 30, 2018

**Revenues and other financing sources over (under) expenditures
and other financing (uses):**

\$ (300,038)

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

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

Capital asset purchases capitalized	3,780,136	
Depreciation expense	<u>(1,395,277)</u>	2,384,859

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

(28,202)

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

Capital lease obligations	131,814	
CalPERS side fund	<u>68,265</u>	200,079

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

Amortization of deferred loss on refunding	<u>(6,642)</u>	(6,642)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in interest payable	970	
Landfill closure liability	176,096	
Change in compensated absences	<u>44,798</u>	221,864

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

Net OPEB obligation	55,647	
Net Pension obligation	<u>(112,925)</u>	(57,278)

Internal services funds are used by management to charge the costs of certain activities, such as fleet services, to individual funds. The change in Net Position of the Internal Service Funds net of transfers out of \$0 are included in the governmental activities in the government-wide Statement of Net Position.

237,188	
<u>-</u>	237,188

Certain special items

Change in Net Position of governmental activities

\$ 2,651,829

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

City of Fort Bragg, California
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual – General and Major Special Revenue Funds
For the Year-ended June 30, 2018

	<u>General Fund</u>			
	<u>Budgeted Amounts</u>			<u>Variance w/Final</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Taxes and assessments	\$ 5,974,275	\$ 5,974,275	\$ 6,157,805	\$ 183,530
Fines and Forfeitures	23,500	23,500	34,563	11,063
Use of Money and Property	34,200	34,200	(110,374)	(144,574)
Intergovernmental	45,500	45,500	35,338	(10,162)
Charges for Services	61,100	61,100	63,296	2,196
Licenses and Permits	99,629	99,629	124,830	25,201
Other Revenue	67,974	67,974	78,946	10,972
Operating Grant Revenue	160,000	160,000	120,795	(39,205)
Reimbursements	<u>2,610,857</u>	<u>2,610,857</u>	<u>2,690,623</u>	<u>79,766</u>
Total revenues	<u>9,077,034</u>	<u>9,077,034</u>	<u>9,195,822</u>	<u>118,788</u>
EXPENDITURES:				
General Government:				
City Council	135,067	135,067	123,845	11,222
Administrative services	858,708	1,041,457	1,034,486	6,971
Litigation reserve	-	-	21,420	(21,420)
Finance	499,617	500,134	498,008	2,126
Other - unclassified	1,228,461	1,269,017	1,164,935	104,082
Public Safety:				
Police Department	3,680,193	3,683,911	3,707,842	(23,931)
Fire Department	414,890	414,890	400,421	14,469
Public Works:				
Administration & engineering	542,025	543,318	531,488	11,830
Parks and facilities	172,819	185,519	191,691	(6,172)
Street maintenance	167,721	177,221	169,708	7,513
Storm drains	84,148	49,148	28,277	20,871
Corporation yard	696,728	696,728	708,985	(12,257)
Traffic and safety	58,201	58,201	44,111	14,090
Community Development	523,742	526,182	509,807	16,375
Marketing and promotions	244,500	239,500	132,741	106,759
Debt Service:				
Principal	168,825	168,825	168,825	-
Interest and fiscal charges	<u>16,708</u>	<u>16,708</u>	<u>16,708</u>	<u>-</u>
Total expenditures	<u>9,492,354</u>	<u>9,705,827</u>	<u>9,453,298</u>	<u>252,529</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(415,320)</u>	<u>(628,792)</u>	<u>(257,476)</u>	<u>371,316</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	77,386	77,386	198,789	121,403
Transfers out	<u>(101,013)</u>	<u>(136,013)</u>	<u>(88,775)</u>	<u>47,238</u>
Total other financing sources and uses	<u>(23,627)</u>	<u>(58,627)</u>	<u>110,014</u>	<u>168,641</u>
REVENUES AND OTHER FINANCING SOURCES				
OVER (UNDER) EXPENDITURES AND OTHER				
FINANCING (USES):	<u>(438,947)</u>	<u>(687,419)</u>	<u>(147,462)</u>	<u>539,957</u>
FUND BALANCES (DEFICITS):				
Beginning of year	<u>3,106,935</u>	<u>3,106,935</u>	<u>3,106,935</u>	<u>-</u>
End of year	<u>\$ 2,667,988</u>	<u>\$ 2,419,516</u>	<u>\$ 2,959,473</u>	<u>\$ 539,957</u>

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

(continued)

City of Fort Bragg, California

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

Budget to Actual – General and Major Special Revenue Funds

For the Year-ended June 30, 2018

	<u>Special Sales Tax Special Revenue</u>			
	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>w/Final Positive</u>
				<u>(Negative)</u>
REVENUES:				
Taxes and assessments	\$ 881,100	\$ 881,100	\$ 920,005	\$ 38,905
Fines and Forfeitures	-	-	-	-
Use of Money and Property	20,000	20,000	24,847	4,847
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Other Revenue	-	-	-	-
Operating Grant Revenue	-	-	-	-
Reimbursements	-	-	-	-
Total revenues	<u>901,100</u>	<u>901,100</u>	<u>944,852</u>	<u>43,752</u>
EXPENDITURES:				
General Government:				
City Council	-	-	-	-
Administrative services	-	-	-	-
Litigation reserve	-	-	-	-
Finance	-	-	-	-
Other - unclassified	-	-	-	-
Public Safety:				
Police Department	-	-	-	-
Fire Department	-	-	-	-
Public Works:				
Administration & engineering	-	-	-	-
Parks and facilities	-	-	-	-
Street maintenance	-	-	16,797	(16,797)
Storm drains	-	-	-	-
Corporation yard	-	-	-	-
Traffic and safety	-	-	-	-
Community Development	-	-	-	-
Marketing and promotions	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>16,797</u>	<u>(16,797)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>901,100</u>	<u>901,100</u>	<u>928,055</u>	<u>26,955</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	465,121	465,121	50,501	(414,620)
Transfers out	(812,300)	(812,300)	(572,109)	240,191
Total other financing sources and uses	<u>(347,179)</u>	<u>(347,179)</u>	<u>(521,608)</u>	<u>(174,429)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES):	<u>553,921</u>	<u>553,921</u>	<u>406,447</u>	<u>(147,474)</u>
FUND BALANCES (DEFICITS):				
Beginning of year	1,483,593	1,483,593	1,483,593	-
End of year	<u>\$ 2,037,514</u>	<u>\$ 2,037,514</u>	<u>\$ 1,890,040</u>	<u>\$ (147,474)</u>

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

(concluded)

ENTERPRISE FUNDS

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

City of Fort Bragg, California
Statement of Net Position
Proprietary Funds
June 30, 2018

	<u>Water</u>	<u>Wastewater</u>	<u>CV Starr Center</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS:					
Current Assets:					
Cash & Investments	\$ 3,615,031	\$ 4,577,825	\$ 873,340	\$ 9,066,196	\$ 398,010
Restricted cash & investments	108,064	-	-	108,064	-
Accounts Receivable	299,113	399,838	211,824	910,775	-
Intergovernmental receivable	-	-	14,441	14,441	-
Loans/Notes receivable	-	4,110	-	4,110	-
Due from other funds	-	150,095	-	150,095	-
Prepaid items	-	-	-	-	20,447
Total current assets	<u>4,022,208</u>	<u>5,131,868</u>	<u>1,099,605</u>	<u>10,253,681</u>	<u>418,457</u>
Noncurrent assets:					
Inventory	46,326	8,715	1,179	56,220	-
Capital assets, net	6,826,820	8,151,979	20,968,928	35,947,727	905,808
Total noncurrent assets	<u>6,873,146</u>	<u>8,160,694</u>	<u>20,970,107</u>	<u>36,003,947</u>	<u>905,808</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Loss	180,212	-	-	180,212	-
Pension, deferred outflow	-	293,314	-	293,314	-
Total assets and deferred outflows of resources	<u>\$ 11,075,566</u>	<u>\$ 13,585,876</u>	<u>\$ 22,069,712</u>	<u>\$ 46,731,154</u>	<u>\$ 1,324,265</u>
LIABILITIES:					
Current liabilities:					
Accounts Payable	\$ 461,627	\$ 810,507	\$ 175,342	\$ 1,447,476	\$ 42,698
Accrued Payroll	-	14,509	-	14,509	4,406
Interest payable	16,386	(1)	-	16,385	-
Unavailabe revenue	(9,039)	6,376	13,118	10,455	-
Deposits payable	141,594	-	-	141,594	-
Compensated Absences current	2,171	7,259	3,432	12,862	-
Due within one year	328,291	55,000	-	383,291	-
Due to Other Funds	-	-	-	-	10,937
Total current liabilities	<u>941,030</u>	<u>893,650</u>	<u>191,892</u>	<u>2,026,572</u>	<u>58,041</u>
Noncurrent liabilities:					
Compensated Absences long term	21,619	70,998	34,202	126,819	-
Due after one year	2,375,934	-	-	2,375,934	-
Net Pension Liability	-	928,768	-	928,768	-
Total noncurrent liabilities	<u>2,397,553</u>	<u>999,766</u>	<u>34,202</u>	<u>3,431,521</u>	<u>-</u>
Total liabilities	<u>3,338,583</u>	<u>1,893,416</u>	<u>226,094</u>	<u>5,458,093</u>	<u>58,041</u>
DEFERRED INFLOWS OF RESOURCES:					
Pension, deferred inflow	-	77,781	-	77,781	-
Total deferred inflows of resources	<u>-</u>	<u>77,781</u>	<u>-</u>	<u>77,781</u>	<u>-</u>
Deferred :					
Net Position:					
Net investment in capital assets	4,450,886	8,151,979	20,968,928	33,571,793	905,808
Restricted for debt service	108,064	-	-	108,064	-
Unrestricted	3,178,033	3,462,700	874,690	7,515,423	360,416
Total net position	<u>7,736,983</u>	<u>11,614,679</u>	<u>21,843,618</u>	<u>41,195,280</u>	<u>1,266,224</u>
Total liabilities, deferred inflows and net position	<u>\$ 11,075,566</u>	<u>\$ 13,585,876</u>	<u>\$ 22,069,712</u>	<u>\$ 46,731,154</u>	<u>\$ 1,324,265</u>

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

City of Fort Bragg, California
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year-ended June 30, 2018

	<u>Water</u>	<u>Wastewater</u>	<u>CV Starr Center</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
OPERATING REVENUES:					
Charges for Services	\$ 2,887,408	\$ 3,495,429	\$ 718,663	\$ 7,101,500	\$ -
Other Operating	21,149	-	24,145	45,294	-
Interdepartmental Charges	-	-	-	-	1,041,793
Total operating revenues	<u>2,908,557</u>	<u>3,495,429</u>	<u>742,808</u>	<u>7,146,794</u>	<u>1,044,110</u>
OPERATING EXPENSES:					
Personnel Services	788,551	1,310,724	1,002,953	3,102,228	445,050
Administration	271,330	306,314	24,400	602,044	-
Repairs & Maintenance	49,350	163,377	93,673	306,400	69,589
Materials & Supplies- Enterprise	167,373	175,061	24	342,458	222,693
Utilities	129,933	148,636	244,671	523,240	-
Contractual Services	167,238	151,992	8,044	327,274	1,037
Insurance	14,470	14,004	61,080	89,554	-
Other Operating	3,304	-	209,713	213,017	-
Allocated Overhead	-	-	-	-	68,553
Depreciation	323,902	293,317	741,200	1,358,419	136,153
Total operating expenses	<u>1,915,451</u>	<u>2,563,425</u>	<u>2,385,758</u>	<u>6,864,634</u>	<u>943,075</u>
OPERATING INCOME (LOSS)	<u>993,106</u>	<u>932,004</u>	<u>(1,642,950)</u>	<u>282,160</u>	<u>101,035</u>
NONOPERATING REVENUES (EXPENSES):					
Property taxes	-	-	236,035	236,035	-
Sales Taxes	-	-	915,239	915,239	-
Other nonoperating revenues	19,537	252,801	-	272,338	-
Interest revenues	38,576	54,542	4,944	98,062	-
Interest expense	(118,537)	(5,469)	(169)	(124,175)	-
Total nonoperating revenues, net	<u>(60,424)</u>	<u>301,874</u>	<u>1,156,049</u>	<u>1,397,499</u>	<u>-</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>932,682</u>	<u>1,233,878</u>	<u>(486,901)</u>	<u>1,679,659</u>	<u>101,035</u>
Transfers In	5,752,063	5,717,558	-	11,469,621	-
Transfers out	(4,767,247)	(5,803,876)	-	(10,571,123)	-
Total transfers	<u>984,816</u>	<u>(86,318)</u>	<u>-</u>	<u>898,498</u>	<u>-</u>
Change in net position	<u>1,917,498</u>	<u>1,147,560</u>	<u>(486,901)</u>	<u>2,578,157</u>	<u>101,035</u>
NET POSITION (DEFICIT):					
Beginning of year	<u>5,819,485</u>	<u>10,467,119</u>	<u>22,330,519</u>	<u>38,617,123</u>	<u>1,165,189</u>
End of year	<u>\$ 7,736,983</u>	<u>\$ 11,614,679</u>	<u>\$ 21,843,618</u>	<u>\$ 41,195,280</u>	<u>\$ 1,266,224</u>

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

City of Fort Bragg, California
Statement of Cash Flows
Proprietary Funds
For the Year-ended June 30, 2018

	<u>Water</u>	<u>Wastewater</u>	<u>CV Starr Center</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers/users for services provided	\$ 2,873,475	\$ 3,281,557	\$ 718,902	\$ 6,873,934	\$ -
Cash received from interfund services provided	-	-	-	-	1,044,110
Cash payments to suppliers for goods and services	(374,620)	(206,212)	(687,219)	(1,268,051)	(340,248)
Cash payments to employees for services	(787,674)	(1,294,659)	(998,435)	(3,080,768)	(432,776)
Net cash provided by operating activities	<u>1,711,181</u>	<u>1,780,686</u>	<u>(966,752)</u>	<u>2,525,115</u>	<u>271,085</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers received	5,752,063	5,717,558	-	11,469,621	-
Transfers paid	(4,767,247)	(5,803,876)	-	(10,571,123)	-
Taxes received	-	-	1,151,274	1,151,274	-
Net cash used by noncapital financing activities	<u>984,816</u>	<u>(86,318)</u>	<u>1,151,274</u>	<u>2,049,772</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(1,778,862)	(979,361)	(115,220)	(2,873,443)	(253,923)
Principal paid on long term debt	(389,778)	(55,000)	(22,540)	(467,318)	-
Interest paid on long term debt	(118,537)	(5,469)	(169)	(124,175)	-
Deferred loss on defeasance	56,738	-	-	56,738	-
Contributions received for capital purposes	19,537	252,801	-	272,338	-
Net cash (used) by capital and related financing activities	<u>(2,210,902)</u>	<u>(787,029)</u>	<u>(137,929)</u>	<u>(3,135,860)</u>	<u>(253,923)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	38,576	54,542	4,944	98,062	-
Net cash provided by investing activities	<u>38,576</u>	<u>54,542</u>	<u>4,944</u>	<u>98,062</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>523,671</u>	<u>961,881</u>	<u>51,537</u>	<u>1,537,089</u>	<u>17,162</u>
CASH AND CASH EQUIVALENTS:					
Beginning of year	3,199,424	3,615,944	821,803	7,637,171	380,848
End of year	<u>\$ 3,723,095</u>	<u>\$ 4,577,825</u>	<u>\$ 873,340</u>	<u>\$ 9,174,260</u>	<u>\$ 398,010</u>
Presentation in Statement of Financial Position:					
Cash and investments	\$ 3,615,031	\$ 4,577,825	\$ 873,340	\$ 9,066,196	\$ 398,010
Restricted cash and investments	108,064	-	-	108,064	-
Total Cash and investments	<u>\$ 3,723,095</u>	<u>\$ 4,577,825</u>	<u>\$ 873,340</u>	<u>\$ 9,174,260</u>	<u>\$ 398,010</u>
Reconciliation of income from operations to net cash provided by operating activities:					
Operating income	\$ 993,106	\$ 932,004	\$ (1,642,950)	\$ 282,160	\$ 101,035
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	323,902	293,317	741,200	1,358,419	136,153
Pension	-	13,391	-	13,391	-
(Increase) decrease in current assets:					
Accounts receivable	(34,175)	(63,777)	(19,566)	(117,518)	-
Intergovernmental receivables	-	(150,095)	(3,199)	(153,294)	-
Inventory and prepaids	(109)	(1,440)	(459)	(2,008)	-
Prepaid items	-	-	-	-	1,491
Increase (decrease) in liabilities:					
Accounts payable	428,487	754,612	(45,155)	1,137,944	20,132
Accrued payroll	-	1,115	-	1,115	12,274
Accrued liabilities	-	-	-	-	-
Unavailable revenues	-	-	(1,141)	(1,141)	-
Deposits payable	(907)	-	-	(907)	-
Compensated absences	877	1,559	4,518	6,954	-
Net cash provided by operating activities	<u>\$ 1,711,181</u>	<u>\$ 1,780,686</u>	<u>\$ (966,752)</u>	<u>\$ 2,525,115</u>	<u>\$ 271,085</u>

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

FIDUCIARY ACTIVITIES

Fund	Description
Private Purpose Trust Funds are used for resources held for other individuals and entities in a manner similar to private enterprise.	

Private Purpose Trust Fund	
Successor Agency - Fort Bragg Redevelopment Agency	Accounts for funds collected and disbursed for the dissolution of the former Fort Bragg Redevelopment Agency related to Administration and Retirement of enforceable obligations

City of Fort Bragg, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2018

	Successor Agency Former Fort Bragg Redevelopment Agency
ASSETS AND DEFERRED OUTFLOWS	
Cash & Investments	\$ 143,317
Total current assets	<u>143,317</u>
Deferred outflows of resources:	
Deferred Loss on debt refunding	89,513
Total deferred outflows of resources	<u>89,513</u>
Total assets and deferred outflows of resources	<u><u>\$ 232,830</u></u>
 LIABILITIES , DEFERRED INFLOWS AND NET POSITION	
Current liabilities:	
Interest payable	\$ 36,759
Due within one year	155,000
Total current liabilities	<u>191,759</u>
Noncurrent liabilities	
Due after one year	<u>3,464,219</u>
Total noncurrent liabilities	<u>3,464,219</u>
Deferred inflows of resources:	
Unavailable revenue	<u>265,089</u>
Total liabilities and deferred inflows of resources	<u>3,921,067</u>
Net Position (Deficit):	<u>(3,688,237)</u>
Total liabilities and net position	<u><u>\$ 232,830</u></u>

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

City of Fort Bragg, California
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year-ended June 30, 2018

	Successor Agency Former Fort Bragg Redevelopment <u>Agency</u>
ADDITIONS:	
Property Taxes	\$ 385,065
Total revenues	<u>385,065</u>
DEDUCTIONS:	
Community Development	148,238
Interest and trustee fees	<u>110,427</u>
Total expenses	<u>258,665</u>
CHANGE IN FIDUCIARY NET ASSETS	<u>126,400</u>
NET ASSETS (DEFICITS):	
Beginning of year	<u>(3,814,637)</u>
End of year	<u><u>\$ (3,688,237)</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS



City of Fort Bragg, California
Index to the Notes to the Basic Financial Statements
For the year ended June 30, 2018

	<u>Page</u>
Note 1 - Summary of Significant Accounting Policies	46
A. Description of Government-Wide Financial Statements	46
B. Reporting Entity.....	46
C. Basis of Presentation	47
D. Measurement Focus.....	49
E. Budgetary Information	50
F. Unearned Revenue	51
G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance	52
H. Revenues, Expenditures/Expenses	57
I. Use of Estimates	59
J. New and Closed Funds	59
K. Reclassifications.....	59
L. Prior Period Adjustment	59
M. Other Post-Employment Benefits (OPEB)	60
Note 2 – Cash and Investments	60
Note 3 – Accounts Receivable	64
Note 4 – Loans and Notes Receivable.....	65
Note 5 – Capital Assets.....	65
Note 6 – Accounts Payable and Accrued Liabilities.....	67
Note 7 – Long-term Liabilities	67
Note 8 – Net Position/Fund Balances	72
Note 9 – Interfund Transactions	74
Note 10 – Risk Management	76
Note 11 – Public Employee Retirement System	77
Note 12 – Other Post-Employment Benefits	83
Note 13 – Successor Agency for Trust for Assets of Former Redevelopment Agency	87
Note 14 – Commitments and Contingencies	89
Note 15 – New Accounting Pronouncements.....	90

City of Fort Bragg, California
Notes to the Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

Blended Component Units

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

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Presentation

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

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

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

Government-wide Financial Statements

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

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Presentation, Continued

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Presentation, Continued

Additionally, the City reports the following fund types:

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Measurement Focus and Basis of Accounting, continued

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

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

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

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

E. Budgetary Information

1) Budgetary basis of accounting

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Budgetary Information, Continued

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

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

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

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

F. Unearned Revenue

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

1) Cash and cash equivalents

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

2) Investments

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

3) Inventories and prepaid items

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

Certain payments to vendors represent costs applicable to future accounting periods and would be recorded as prepaid items in both the government-wide and fund financial statements. The City had \$107,052 in prepaid expenses in governmental activities as of June 30, 2018.

4) Capital Assets

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets, donated works of art and similar items as well as capital assets received in a service concession arrangement are reported at acquisition value. During the current fiscal period, infrastructure projects that were incomplete are reported as "construction in progress."

Interest is capitalized on the construction of major assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For the fiscal year ended June 30, 2018, there were no projects meeting the criteria for interest capitalization.

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

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

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

5) Net position flow assumption

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

6) Deferred outflows/inflows of resources

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

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

7) Fund Balance flow assumptions

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

8) Net Position/Fund Balance

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

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

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

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

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

9) Restricted Assets

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

10) Lease Obligations

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

11) Encumbrances

Encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by appropriate authorities as of June 30, 2018, are summarized below.

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 87,875
MCOG - OWP	39,902
2016 CDBG Grants	209,094
Cal Trans State Funding Grants	1,217
HCD HOME Grants	4,726
Street Resurfacing Capital Projects	14,883
	<u>\$ 357,697</u>

12) Long-Term Obligations

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

H. Revenues and expenditures/expenses

1) Program revenues

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

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

2) Property taxes

Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The City relies on the competency of the County of Mendocino Assessor's and Auditor-Controller's (County) offices to properly assess, collect, and distribute property taxes. The

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Revenues and expenditures/expenses, Continued

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 and wastewater funds are charges to customers for sales and services. The C.V. Starr Center fund has three sources of revenue: property taxes, district sales tax, and user fees. The water and wastewater funds also recognize as

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Revenues and expenditures/expenses, Continued

operating revenue the portion intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues not meeting this definition are reported as nonoperating revenues and expenses. Although Internal Service Funds are proprietary in nature, they are funded entirely by internal customers and reported as governmental activities.

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

I. Use of Estimates

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

J. New and Closed Funds

During the course of the fiscal year several funds were closed and new funds opened. Closed funds include the 2012 CDBG Super NOFA Grant and the North Coast Integrated Water Management fund. New funds include the Road Maintenance and Repair Account fund.

K. Reclassifications

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

L. Prior Period Adjustment

Due to the City's adoption of GASB 75, net position was adjusted at June 30, 2017. The following is a reconciliation of the total net position as previously reported at July 1, 2016, to the restated net position.

	Governmental Activities
Net Position at June 30, 2016	\$ 40,517,614
Adjustment:	
Adoption of GASB 75, OPEB	<u>(2,234,001)</u>
Total Adjustments	<u>(2,234,001)</u>
Net Position at July 1 , 2016	<u><u>\$ 38,283,613</u></u>

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Other Postemployment Benefits (OPEB)

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

2. CASH AND INVESTMENTS

At June 30, 2018, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	Maturities (in years)			Deposits	Fair Market Value
	<1	1 to 3	3 to 5		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$ 2,003,690	2,003,690
Petty cash	-	-	-	1,298	1,298
Total pooled items	-	-	-	2,004,988	2,004,988
<u>Pooled investments, at fair value</u>					
Interest obligations					
<u>Par</u> <u>Rate</u>					
\$ 7,939,000 1.25% - 3.25% Certificates of Deposits	1,271,462	3,246,711	3,488,513	-	8,006,686
Money Market Funds				108,282	108,282
State of California Local Agency Investment Fund	-	-	-	4,715,803	4,715,803
Total pooled investments - interest obligations	1,271,462	3,246,711	3,488,513	4,824,085	12,830,771
Total cash equivalents and investments pooled	\$ 1,271,462	\$ 3,246,711	\$ 3,488,513	\$ 6,829,073	\$ 14,835,759

Amounts reported in:

Governmental activities (unrestricted)	\$ 5,518,182
Business-type activities (unrestricted)	9,066,196
Business-type activities (restricted)	108,064
Fiduciary activities	143,317
Total	<u>\$ 14,835,759</u>

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of Deposit	\$ 8,006,686	2.77
Money market funds	108,282	-
LAIF	4,715,803	-
Total fair value	<u>\$ 12,830,771</u>	

Portfolio weighted average maturity 1.73

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code of the City's investment policy. During the year ended June 30, 2018, the City's permissible investments included the following instruments:

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

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

Investments Authorized by Debt Agreements

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

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

Credit risk – As of June 30, 2018, the City's investments in money market funds were rated AAA by Standard & Poor's and Fitch Ratings, and Aaa by Moody's Investors Service. The State of California Local Agency Investment Fund is not rated.

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

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 2.67% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. At June 30, 2018, the carrying amount of the City's cash deposits (including fiduciary funds) was \$2,003,690 of which \$250,000 was covered by federal depository insurance and \$1,753,690 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City.

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

As of June 30, 2018, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million. Investment balances equaled \$12,830,771.

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

Investment in LAIF

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2018 was \$22,548,942,230 of which the City had a balance of \$4,715,803. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2018 has a portfolio with market valuation of \$88,798,232,977. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2018:

	<u>Receivables</u>
Governmental Activities	
Taxes	\$ 5,741
Intergovernmental	1,869,862
Other	881,723
	<u>\$ 2,757,326</u>
Business-type activities	
Accounts receivable	\$ 910,775
Intergovernmental	14,441
	<u>\$ 925,216</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

3. ACCOUNTS RECEIVABLE, continued

These amounts resulted in the following concentrations in receivables:

Other Governments	51.2%	Individuals/Business	48.8%
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Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

4. LOANS AND NOTES RECEIVABLE

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

Loans and notes receivable for the year ended June 30, 2018, consisted of the following:

	Beginning June 30, 2017	Additions	Deletions	Ending June 30, 2018
CDBG Revolving Loans	\$ 1,500,256	\$ 154,582	(84,847)	\$ 1,569,991
Mendocino Coast Hospitality Center Loan	904,293	-	-	904,293
Rural Community Housing Development Corporation Loans	279,875	6,750	-	286,625
Employee Loans	2,872	7,059	(3,064)	6,867
Wastewater Enterprise Capacity fee loan	-	5,780	(1,670)	4,110
Total loans/notes receivable	\$ 2,687,296	\$ 174,171	\$ (89,581)	\$ 2,771,886

The following is a summary of the loans and notes receivable outstanding as of June 30, 2018:

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

Mendocino Coast Hospitality Center Loan – On January 12, 2016, the Fort Bragg City Council adopted a Resolution approving the use of 2015 Community Development Block Grant (CDBG) funds for acquisition and rehabilitation of the vacant Old Coast Hotel for the benefit of Mendocino Coast Hospitality Center, Inc. (MCHC). The facility will accommodate a variety of homeless and mental health services including transitional housing. The facility will be owned and operated by

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

4. LOANS AND NOTES RECEIVABLE, continued

MCHC. This loan is deferred for a term of 20 years. If various conditions are met during the term of the loan, the loan will be forgiven at the end of the 20 year term.

Rural Community Housing Development Corporation Loans – These loans are to the Rural Community Housing Development Corporation (RCHDC), a non-profit organization for housing rehabilitation projects within the City. The balance of these loans at June 30, 2018 was \$286,625.

Employee Loans – Employees have the option of entering into equipment purchasing loan plans with the City, which may be utilized to assist the employee to purchase equipment that may be used both on and off duty to improve the employee's job performance. The balance of these loans at June 30, 2018 was \$6,867.

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

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Governmental activities:</u>				
Nondepreciable assets:				
Land	\$ 12,952,262	\$ -	\$ -	\$ 12,952,262
Construction in progress	1,972,395	-	(1,906,866)	65,529
Total nondepreciable assets	14,924,657	-	(1,906,866)	13,017,791
Depreciable assets:				
Buildings	4,224,799	450,998		4,675,797
Machinery, equipment and vehicles	2,125,852	269,552	(373,577)	2,021,827
Infrastructure	29,192,995	5,220,375		34,413,370
Total depreciable assets	35,543,646	5,940,925	(373,577)	41,110,994
Accumulated depreciation:				
Buildings	(2,893,707)	(144,776)	-	(3,038,483)
Machinery, equipment and vehicles	(1,343,252)	(149,226)	373,577	(1,118,901)
Infrastructure	(6,296,421)	(1,101,275)	-	(7,397,696)
Total accumulated depreciation	(10,533,380)	(1,395,277)	373,577	(11,555,080)
Net depreciable assets	25,010,266	4,545,648	-	29,555,914
Total net capital assets	\$ 39,934,923	\$ 4,545,648	\$ (1,906,866)	\$ 42,573,705

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

5. CAPITAL ASSETS, Continued

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

General government	\$	91,575
Public safety		152,735
Public works		1,150,967
	\$	<u>1,395,277</u>

Business-type capital asset activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Business-type activities</u>				
Nondepreciable assets:				
Land	\$ 785,079	\$ -	\$ -	\$ 785,079
Construction in progress	881,597	2,617,606	(161,122)	3,338,081
Total nondepreciable assets	1,666,676	2,617,606	(161,122)	4,123,160
Depreciable assets:				
Buildings	28,868,445	205,117	(28,425)	29,045,137
Machinery, equipment and vehicles	6,595,628	146,849	(229,883)	6,512,594
Infrastructure	16,400,098	64,993	-	16,465,091
Land improvements	542,303	-	-	542,303
Total depreciable assets	52,406,474	416,959	(258,308)	52,565,125
Total	54,073,150	3,034,565	(419,430)	56,688,285
Accumulated depreciation:				
Buildings	(6,107,214)	(686,486)	28,424	(6,765,276)
Machinery, equipment and vehicles	(4,783,774)	(228,843)	229,881	(4,782,736)
Infrastructure	(8,473,786)	(388,858)	-	(8,862,644)
Land improvements	(275,670)	(54,232)	-	(329,902)
Total accumulated depreciation	(19,640,444)	(1,358,419)	258,305	(20,740,558)
Net depreciable assets	32,766,030	(941,460)	(3)	31,824,567
Total net capital assets	\$ 34,432,706	\$ 1,676,146	\$ (161,125)	\$ 35,947,727

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

Water	\$	323,902
Sewer		293,317
CV Starr Center		741,200
	\$	<u>1,358,419</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued payroll and related liabilities consisted of the following at June 30, 2018:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 335,845	\$ 1,447,476	\$ 1,783,321
Accrued payroll and related liabilities	90,275	14,509	104,784
Total	\$ 426,120	\$ 1,461,985	\$ 1,888,105

These amounts resulted in the following concentrations in payables:

Vendors	91%
Employees	9%

30% of accounts payable, accrued payroll and related liabilities were due to Wahlund Construction in relation to the Wastewater Treatment Facility upgrade project. There were no further significant concentrations (greater than 25%) with any single vendor or employee.

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 664,173	\$ 410,130	\$ (454,927)	\$ 619,376	\$ 61,938
Capital Lease Obligations	412,162	-	(131,814)	280,348	137,341
Landfill post-closure	1,381,901	-	(176,095)	1,205,806	200,967
CalPERS side fund	824,100	-	(68,265)	755,835	126,481
Total governmental activities	\$ 3,282,336	\$ 410,130	\$ (831,101)	\$ 2,861,365	\$ 526,727
Business-type activities					
Bonds payable:					
1998 Revenue Bond	110,000	-	(55,000)	55,000	55,000
2014 Water Revenue Refunding Bond	2,142,000	-	(284,000)	1,858,000	290,000
Loans payable:					
SDWRL	773,300	-	(71,220)	702,080	72,849
SDWRL discount	178,703	-	(34,558)	144,145	(34,558)
California energy commission	22,540	-	(22,540)	-	-
Total business-type activity debt	3,226,543	-	(467,318)	2,759,225	383,291
Compensated absences	132,727	67,651	(60,697)	126,819	12,862
Total business-type activities	\$ 3,359,270	\$ 67,651	\$ (528,015)	\$ 2,886,044	\$ 396,153

7. LONG-TERM LIABILITIES, Continued

Governmental Activities

Caspar Landfill Closure and Post-Closure Cost

The Caspar Landfill site was closed in 1995. State and federal laws and regulations require that the City place a final cover on its landfill when closed, and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. These costs are shared equally by the City and County of Mendocino. At June 30, 2018, the City's estimated liability for its share of landfill closure and post-closure care costs was \$1,205,806. 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, 2018, as determined by the last engineering study performed. However, the actual cost of closure and post-closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

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

Business-type Activities

1998 Wastewater Revenue Bond

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

2014 Water Revenue Refunding Bonds

On June 5, 2014, the City issued \$2,962,000 of Water Revenue Refunding Bonds bearing interest of 3.06% and payable semi-annually on October 1 and April 1, maturing on October 1, 2023. These bonds were used to advance refund the 2004 California Statewide Communities Development Authority Bonds, which were issued originally to advance refund the 1993 COP's, which had been used for various capital improvements to the City's water system. The outstanding principal balance as of June 30, 2018 was \$1,858,000.

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

7. LONG-TERM LIABILITIES, Continued

2014 Water Revenue Refunding Bonds, Continued

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

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

Safe Drinking Water Revolving Loan (SDWRL)

In FY 2004/05, the City entered into a non-interest bearing loan agreement with the State of California Department of Water Resources to finance the construction of a project to meet safe drinking water standards. The maximum amount of the loan cannot exceed \$2,325,500, of which the City had borrowed \$2,141,532. At June 30, 2018, the balance of the loan payable was \$702,080. Loan principal payments of \$52,889 are required semi-annually on January 1st and July 1st for twenty (20) years commencing January 1, 2007.

California Energy Commission Loan

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

The outstanding principal balance of the loan was paid in full as of June 30, 2018.

Compensated Absences

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. The governmental activities compensated absences balance at June 30, 2018 was \$619,376 with \$61,938 expected to be paid within a year; The business-type activities compensated absences balance at June 30, 2018 was \$139,681 with \$12,862 expected to be paid within a year.

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

7. LONG-TERM LIABILITIES, Continued

CalPERS Side Fund Debt

Under the City's contract with CalPERS the City is obligated to make certain payments to CalPERS in respect to retired public safety and miscellaneous employees under the Side Fund program of CalPERS which amortizes such obligations over a fixed period of time. The current annual interest rate imputed by PERS to side funds is 7.5%. Debt service will be funded from the revenue of the general fund. The initial side fund obligation amount was \$883,312, with a retirement in the amount of \$68,265 for the year end June 30, 2018. The amount is paid in July of each year as provided by CalPERS, therefore no maturity schedule is available for this debt.

Debt Service

Future debt service for Governmental Activities at June 30, 2018, is as follows:

Year Ending June 30,	Governmental Activities	
	Capital Lease	
	Principal	Interest
2019	137,341	10,228
2020	143,007	4,469
2021	-	-
2022	-	-
2023-2027	-	-
Total	<u>\$ 280,348</u>	<u>\$ 14,697</u>
Due within one year	\$ 137,341	\$ 10,228
Due after one year	143,007	4,469
Total	<u>\$ 280,348</u>	<u>\$ 14,697</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

7. LONG-TERM LIABILITIES, Continued

Debt Service, Continued

Future debt service for Business-Type Activities at June 30, 2018, is as follows:

June 30,	Revenue Bonds		Refunding Bonds		Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	55,000	1,458	290,000	52,418	105,778	-
2020	-	-	300,000	43,391	105,778	-
2021	-	-	304,000	34,150	105,778	-
2022	-	-	312,000	24,725	105,778	-
2023	-	-	320,000	15,055	105,778	-
2024-2027	-	-	332,000	29,805	317,335	-
Total	\$ 55,000	\$ 1,458	\$ 1,858,000	\$ 199,544	\$ 846,225	\$ -
Due within one year	\$ 55,000	\$ 1,458	\$ 290,000	\$ 52,418	\$ 105,778	\$ -
Due after one year	-	-	1,568,000	147,126	740,447	-
Total	\$ 55,000	\$ 1,458	\$ 1,858,000	\$ 199,544	\$ 846,225	\$ -

Year Ending June 30,	Total	
	Principal	Interest
2019	450,778	53,876
2020	405,778	43,391
2021	409,778	34,150
2022	417,778	24,725
2023	425,778	15,055
2024-2027	649,335	29,805
Total	\$ 2,759,225	\$ 201,002
Due within one year	\$ 450,778	\$ 53,876
Due after one year	2,308,447	147,126
Total	\$ 2,759,225	\$ 201,002

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

8. NET POSITION/ FUND BALANCES

Net position (deficit)

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 42,293,357	\$ 33,571,793	\$ 75,865,150
Restricted	3,757,504	108,064	3,865,568
Unrestricted (deficit)	(5,115,419)	7,515,423	2,400,004
Total	<u>\$ 40,935,442</u>	<u>\$ 41,195,280</u>	<u>\$ 82,130,722</u>

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

Fund Balance

Nonspendable, Restricted and Committed fund balance consisted of the following at June 30, 2018:

Nonspendable:

Prepays & Inventory	\$ 87,433
Loans/Notes Receivable	6,867
Total Nonspendable	<u>\$ 94,300</u>

Restricted:

Governmental Funds:

Special Sales Tax	\$ 1,890,040
Asset Forfeiture	288,454
Gas Tax	9,971
Federal and State Grant Funds	1,569,039
Debt Service	108,064
Total Restricted	<u>\$ 3,757,504</u>

Committed:

Encumbrances	\$ 62,228
Reserves	1,631,369
Total Committed	<u>\$ 1,693,597</u>

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

Nonspendable

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

8. NET POSITION/ FUND BALANCES, Continued

Restricted

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

Committed

- **Encumbrances** – represents amounts designated by the City Council for outstanding purchase orders and contracts.
- **Reserves** – represents amounts designated by the City Council for future contingencies, which include a \$1,431,369 operating reserve and a \$200,000 litigation reserve.

Fund Balance Deficits

Deficit fund balances consisted of the following:

<u>Funds</u>	As of <u>June 30, 2018</u>
Major Funds:	
Street Resurfacing Capital Projects Fund	(26,132)
Non-Major Funds:	
<i>Special Revenue Funds</i>	
Developer Deposit Accounts	(1,030)
<i>State and Federal Grant Funds:</i>	
OJP Bulletproof Vest Partnership	(1,628)
<i>Capital Project Funds:</i>	
Coastal Trail	(446,500)
Total	<u><u>(475,290)</u></u>

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

9. INTERFUND TRANSACTIONS

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

Due to and due from other funds consisted of the following as of June 30, 2018:

	Due from	Due to
	<u>Other Funds</u>	<u>Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 695,757	\$ -
Street Resurfacing Capital Projects	-	(26,132)
Total Major Funds	<u>695,757</u>	<u>(26,132)</u>
Nonmajor Funds:		
<i>Special Revenue Funds</i>		
Gas Tax	-	(18,023)
RMRA	-	(16,473)
MCOG Overall Work Plan	-	(18,819)
<i>State and Federal Grant Funds:</i>		
OJP Bullet Proof Vest Partnership	-	(1,628)
STP D1 Streets & Highway Allocation	-	(8,334)
State Parks Prop. 84 Grants	-	(60,001)
Safe Routes to School	-	(24,783)
CDBG Super NOFA	-	(51,724)
<i>Capital Project Funds:</i>		
Coastal Trail	-	(458,903)
Total Nonmajor Funds	<u>-</u>	<u>(658,688)</u>
Internal Service Funds:		
Fleet & Equipment Services	-	(10,937)
Total Governmental Funds	<u>695,757</u>	<u>(695,757)</u>
Total	<u><u>\$ 695,757</u></u>	<u><u>\$ (695,757)</u></u>

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

9. INTERFUND TRANSACTIONS, Continued

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

Transfers consisted of the following at June 30, 2018:

	Transfers In	Transfers Out
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 198,789	\$ (88,775)
CDBG Program Income Special Revenue	140,000	(248,616)
Special Sales Tax Special Revenue	50,501	(572,109)
Street Resurfacing Capital Projects	691,704	-
Total Major Funds	1,080,994	(909,500)
Non-major Funds:		
<i>Special Revenue Funds</i>		
Parking	-	(8,300)
Parking In-lieu Fees	8,300	-
Tobacco License Fees	-	(2,200)
Asset Forfeiture	14,910	(15,127)
Construction Demolition Fees	1,031	-
Waste Management Community Benefit Fund	13,273	(15,252)
Gas Tax		(45,540)
RMRA	45,540	
MCOG Main Street Planning	6	-
Fire Equipment Fund	23,345	-
OJ Park Maintenance	2,064	(2,064)
Other Grants	1,052	-
Noyo Center for Marine Sciences	-	(2,980)
Developer Deposit Accounts		(1,030)
<i>State and Federal Grant Funds:</i>		
CDBG Super NOFA	163,581	(1,225,279)
STP D1 Streets and Highway Allocation	-	(9,500)
State Parks Prop 84 Grants	-	(60,000)
Cal Trans Federal Funding Grants	-	(1,468,008)
Other Federal Grants		(25,219)
<i>Capital Projects Fund</i>		
OJ Park	2,064	(2,064)
Coastal Trail	672,860	-
Chestnut Street Multi Use Trail	855,148	(50,501)
Municipal Facilities Projects	59,898	-
Total Non-major Funds	1,863,072	(2,933,064)
Total Governmental Funds	2,944,066	(3,842,564)
<u>Proprietary Funds</u>		
Major Enterprise Funds		
Water	5,752,063	(4,767,247)
Wastewater	5,717,558	(5,803,876)
Total Enterprise Funds	11,469,621	(10,571,123)
Total Transfers	\$ 14,413,687	\$ (14,413,687)

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

10. RISK MANAGEMENT

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

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

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

Participating members of REMIF do not have a refundable deposit, and no dividends are paid. No refunds were received by the City in the Liability program. The annual premiums paid to REMIF in FY 2017-18 were as follows:

Insurance Program	Premium
Workers' Compensation	\$ 226,503
Liability	128,284
Flood & Earthquake	38,834
Property	26,971
Auto Physical Damage	8,323
Pollution & Environment	1,123
	<u>\$ 430,038</u>

Claims Paid by the City for the 2017-18 fiscal year:

Insurance Program	Claims
Workers' Compensation	\$ 107,883
Liability and Property	75,827
	<u>\$ 183,710</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plans

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

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

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous
	Prior to
	January 1, 2013
Hire date	
Benefit formula	2% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	55
Monthly benefits, as a % of eligible compensation	1.4% - 2.0%
Required employee contribution rates	7.00%
Required employer contribution rates	9.10%
	Safety - Police
	Prior to
	January 1, 2013
Hire date	
Benefit formula	2% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	2%
Required employee contribution rates	9.00%
Required employer contribution rates	14.971%

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

	PEPRA Miscellaneous
	On or after
	January 1, 2013
Hire date	
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%
Required employee contribution rates	6.50%
Required employer contribution rates	6.91
	PEPRA Safety - Police
	On or after
	January 1, 2013
Hire date	
Benefit formula	2.7% @ 57
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 57
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%
Required employee contribution rates	11.5%
Required employer contribution rates	11.99%
	Fire Safety
	Prior to
	January 1, 2013
Hire date	
Benefit formula	2% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	2.00%
Required employee contribution rates	0%
Required employer contribution rates	0%

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous Plans	Safety Plans
Contributions - employer	\$ 430,051	\$ 298,630
Contributions - employee (paid employer)	\$ -	\$ -

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows

	Proportionate Share of Net Pension Liability
Miscellaneous Plans	\$ 4,593,662
Safety Plans	4,667,132
Total Net Pension Liability	<u>\$ 9,260,794</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016 CalPERS combined the Miscellaneous Plan and PEPR Miscellaneous Plan for purposes of calculating net pension liability. Likewise the Safety-Police Plan, PEPR Safety-Police Plan and Safety-Fire Plans were combined for purposes of calculating net pension liability. The City's proportionate share of the net pension liability for each Plan as of June 30, 2017 and 2018 was as follows:

	Miscellaneous	Safety - Police	Total
Proportion - June 30, 2016	0.11210%	0.08042%	0.09314%
Proportion - June 30, 2017	0.11653%	0.07811%	0.09338%
Change - Increase/(Decrease)	0.00443%	-0.00232%	0.00024%

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2018, the City recognized pension expense of \$854,996. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Miscellaneous		Miscellaneous	
	Plan	Safety Plan	Plan	Safety Plan
Changes in assumptions	811,360	653,571	61,867	50,144
Differences between expected and actual experiences	6,539	45,066	93,686	11,750
Net differences between projected and actual investment	183,496	142,504	-	-
Differences between the employer's contributions and the employer's proportionate share of the contributions	260,718	-	-	505,898
Change in Employer's Proportion	56,338	14,016	79,682	54,255
Pension contributions subsequent to measurement date	430,051	298,630	-	-
Total	1,748,502	1,153,787	235,235	622,047

\$728,681 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Contributions made after the measurement date of the net pension liability/collective net pension liability but before the end of the City's fiscal year will be recognized as a reduction of the net pension liability/collective net pension liability in the subsequent fiscal year rather than in the current fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2019	\$ 278,011	\$ (99,409)	\$ 178,602
2020	583,727	246,160	829,888
2021	330,422	169,743	500,165
2022	(108,945)	(83,384)	(192,329)
2023	-	-	-
Thereafter	-	-	-
	<u>1,083,215</u>	<u>233,111</u>	<u>\$ 1,316,326</u>

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions -The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety - Police	PEPRA - Miscellaneous	PEPRA Safety - Police	Fire Safety
Valuation Date	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16
Measurement	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17
Actuarial Cost Method	Entry-Age Normal Cost Method				
Actuarial Assumptions:					
Discount Rate	7.15%	7.15%	7.15%	7.15%	7.15%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Projected Salary Increase	Varies by entry age and service				
Mortality	Derived using CalPERS' Membership Data for all Funds				

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

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund.

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

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

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

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

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

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Employer's Net Pension Liability/(Asset) - Miscellaneous	7,268,135	4,593,661	2,378,614
Employer's Net Pension Liability/(Asset) - Safety	6,826,257	4,667,131	2,902,152
Employer's Net Pension Liability/(Asset) - Total	\$ 14,094,393	\$ 9,260,792	\$ 5,280,766

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

12. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City offers its employees a post-retirement health program, a Single Employer plan, which includes medical and dental coverage. Upon retirement for service or disability, employees hired prior to July 1, 2011 (January 1, 2012 for Fort Bragg Police Officer Association members) retiring directly from service at age 50 or over with 10 years of service may continue coverage for themselves and their spouse's (to whom they are married at retirement) as detailed below. Currently 30 employees meet those eligibility requirements. Expenditures for these post-retirement benefits are recognized as monthly premiums are paid. During the fiscal year ended June 30, 2018, expenditures of \$566,445 were recognized for the cost of these post-retirement benefits. The City pays portions of the premiums dependent on bargaining group and employee hire date as follows:

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

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

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

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

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Employees Covered by benefit terms

At June 30, 2018, the following employees were covered by the benefit terms:

Active employees	29
Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to, but not yet receiving benefits	-
Total Number of participants	57

City Contribution to the Plan

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the City's cash contributions were \$215,000 in payments to the trust, \$260,528 cash benefit payments, and the estimated implied subsidy was \$17,465 resulting in total payments of \$492,993.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2016 that was rolled forward to determine the June 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2017
Contribution Policy	Pay benefits and pre-fund annual \$5,000 minimum contribution and additional amounts subject to budgetary surplus from prior fiscal year through CERBT asset Allocation Strategy 1, subject to maximum ADC
Discount Rate	6.75% at June 30, 2017 6.75% at June 30, 2016
Expected Long-Term Rate of Return on Investments	Same as discount rate. Plan assets projected to be sufficient to pay all benefits from trust
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Municipal Bond Rate	N/A
Participation at Retirement	Tier 1-3 Actives: 100% elect medical and dental Tier 4 Actives: 75% elect medical and dental

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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

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

Discount Rate

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

Changes in the OPEB Liability

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

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2017*	\$ 5,265,252	\$ 1,640,792	\$ 3,624,460
Changes for the year			
Service Cost	119,019	-	119,019
Interest	353,775	-	353,775
Difference between actual and expected experience	-	-	-
Assumption changes	-	-	-
Contributions - employer	-	534,256	(534,256)
Contributions - employee	-	-	-
Net investment income	-	172,839	(172,839)
Benefit payments	(286,331)	(286,331)	-
Administrative expenses	-	(883)	883
Net Changes	186,463	419,881	(233,418)
Balance at 6/30/2018**	\$ 5,451,715	\$ 2,060,673	\$ 3,391,042

*Measurement date 6/30/2016

** Measurement date 6/30/2017

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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

The discount rate used for the fiscal year end 2018 is 6.75%. The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	5.75%	6.75%	7.75%
Net OPEB Liability	\$ 4,043,018	\$ 3,391,042	\$ 2,844,296

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017 (Healthcare Cost Trend Rate was assumed to start at 7.5% and grade down to 4% for years 2076 and thereafter):

	1% Decrease	Current Trend	1% Increase
Change in Healthcare Cost Trend Rate			
Net OPEB Liability	\$ 2,810,206	\$ 3,391,042	\$ 4,088,198

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.0 Years at June 30, 2017)

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$343,837. As of fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	42,999
Employer contributions made subsequent to the measurement date	492,993	-
Total	<u>\$ 492,993</u>	<u>\$ 42,999</u>

The \$492,993 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2019	\$ (10,750)
2020	(10,750)
2021	(10,750)
2022	(10,750)
2023	-
Thereafter	-

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

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

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

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

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

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

Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>	<u>One Year</u>
Trust Activities:					
2015 Refunding Tax Allocation Bonds	\$ 3,800,000	\$ -	\$ (150,000)	\$ 3,650,000	\$ 155,000
2015 Refunding Tax Allocation Bonds Discount	(32,402)	-	1,621	(30,781)	(1,621)
Total trust fund debt	3,767,599	-	(148,379)	3,619,219	153,379
Deferred outflows:					
2015 Refunding Tax Allocation Bonds Deferred	94,224		(4,711)	89,513	4,711

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

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

2015 Refunding Tax Allocation Bonds

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

The Bonds bear annual interest at rates varying between 2.00% and 3.25%. The Bonds were issued as a fully registered note in denominations of \$5,000. Interest on the bonds are payable semi-annually each September 1 and March 1. Principal is paid in annual installments each September 1, 2016, through the year 2036 in amounts ranging from \$90,000 through \$250,000. The outstanding principal balance as of June 30, 2018 was \$3,800,000.

Year Ending June 30,	Fiduciary Activities					
	2015 Refunding Bonds		2015 Refunding Bonds Discount		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	155,000	99,400	(1,620)	-	153,380	99,400
2020	160,000	96,300	(1,620)	-	158,380	96,300
2021	165,000	93,150	(1,620)	-	163,380	93,150
2022	170,000	89,900	(1,620)	-	168,380	89,900
2023	165,000	86,550	(1,620)	-	163,380	86,550
2024-2028	910,000	373,075	(8,100)	-	901,900	373,075
2029-2033	1,050,000	234,056	(8,100)	-	1,041,900	234,056
2034-2038	875,000	62,807	(6,480)	-	868,520	62,807
Total	<u>\$ 3,650,000</u>	<u>\$ 1,135,238</u>	<u>\$ (30,780)</u>	<u>\$ -</u>	<u>\$ 3,619,220</u>	<u>\$ 1,135,238</u>
Due within one year	\$ 155,000	\$ 99,400	\$ (1,621)	\$ -	\$ 153,380	\$ 99,400
Due after one year	3,495,000	1,035,838	(29,159)	-	3,465,840	1,035,838
Total	<u>\$ 3,650,000</u>	<u>\$ 1,135,238</u>	<u>\$ (30,780)</u>	<u>\$ -</u>	<u>\$ 3,619,220</u>	<u>\$ 1,135,238</u>

14. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants and Allocations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. During the course of FY 2016-17

14. COMMITMENTS AND CONTINGENCIES, continued

approximately \$700,000 of grant funds claimed by the City's Water Enterprise fund relating to the Summer's Lane Reservoir were disallowed by the Department of Water Resources. The Department of Water Resources cites the lack of a Lake and Streambed Alteration Agreement (LSAA) with the Department of Fish & Wildlife and has indicated that the funds will be disbursed when the LSAA is obtained. The City disputed the reasons cited for disallowance. Early in FY 2018-19 the dispute was settled and reimbursement made albeit at a lower amount than the \$700,000 claimed. The amount reimbursed was \$630,000.

Commitments

The City's unexpended contractual commitments as of June 30, 2018 are listed in note 1 on page 57.

15. NEW ACCOUNTING PRONOUNCEMENTS

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

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

15. NEW ACCOUNTING PRONOUNCEMENTS, continued

the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

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

The GASB has issued Statement No. 83 *“Certain Asset Retirement Obligations”*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement will take effect for financial statement starting with the fiscal year that ends June 30, 2019. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

The GASB has issued Statement No. 84 *“Fiduciary Activities”*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will take effect for financial statement starting with the fiscal year that ends December 31, 2019. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

City of Fort Bragg, California
Notes to the Basic Financial Statements, continued
For the year ended June 30, 2018

15. NEW ACCOUNTING PRONOUNCEMENTS, continued

The GASB has issued Statement No. 85 *“Omnibus 2017”*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement will take effect for financial statement starting with the fiscal year that ends December 31, 2018. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

The GASB has issued Statement No. 86 *“Certain Debt Extinguishment Issues”*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement will take effect for financial statement starting with the fiscal year that ends December 31, 2018. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

The GASB has issued Statement No. 87 *“Leases”*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement will take effect for financial statement starting with the fiscal year that ends December 31, 2020. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2020.

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REQUIRED SUPPLEMENTARY INFORMATION



City of Fort Bragg, California
Other Post-Employment Benefits
Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios
For the year ended June 30, 2018

	As of Measurement Date; FY 2017
Changes in Total OPEB Liability	
Service Cost	\$ 119,019
Interest	353,775
Difference between actual and expected experience	-
Assumption changes	-
Benefit payments	(286,331)
Changes of benefit terms	-
Net Changes	186,463
Total OPEB Liability (beginning of year)	<u>5,265,252</u>
Total OPEB Liability (end of year)	<u><u>\$ 5,451,715</u></u>
Changes in Plan Fiduciary Net Position	
Contributions - employer	\$ 534,256
Contributions - employee	-
Net investment income	172,839
Benefit payments	(286,331)
Administrative expenses	(883)
Other Changes	-
Net Changes	419,881
Plan Fiduciary Net Position (beginning of year)	<u>1,640,792</u>
Plan Fiduciary Net Position (end of year)	<u><u>\$ 2,060,673</u></u>
Net OPEB Liability/(Asset)	\$ 3,391,042
Fiduciary Net Position as a percentage of the Total OPEB Liability	37.8%
Covered employee payroll**	\$ 2,197,777
Net OPEB Liability as a percentage of covered employee payroll	154.3%

** Determined for the 12 month period ending on June 30, 2017 (Measurement Date)

City of Fort Bragg, California
Other Post-Employment Benefits
Schedule of Employer Contributions
For the year ended June 30, 2018

	Fiscal Year 2017/2018*
Actuarially Determined Contribution (ADC)	\$ 559,726
Contributions in relation to the actuarially determined contribution*	492,993
Contribution deficiency/(excess)	66,733
Covered employee payroll **	\$ 2,730,484
Contributions as a percentage of covered employee payroll	20.8%

* Includes \$215,000 CERBT contribution, \$260,528 cash
benefit payments, and \$17,465 implied subsidy benefit payments.

**Determined for the 12 months period ending on June 30, 2018 (fiscal year end)

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

	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 430,051	\$ 392,300
Contributions in relation to the actuarially determined contributions	<u>(430,051)</u>	<u>(392,300)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,641,425	\$ 2,598,675
Contribution as a percentage of covered payroll	16.28%	15.10%

Notes to Schedule

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

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

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

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

	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 298,630	\$ 387,206
Contributions in relation to the actuarially determined contributions	<u>(298,630)</u>	<u>(387,206)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,268,709	\$ 1,245,549
Contribution as a percentage of covered payroll	23.54%	31.09%

Notes to Schedule

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

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

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

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

	2018	2017
Plan's Proportion of the Net Pension Liability/(Asset)	0.11653%	0.11210%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$4,593,661	\$3,894,091
Plan's Covered Payroll	\$ 2,641,425	\$ 2,598,675
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	173.91%	149.85%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.38%	77.82%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 430,051	\$ 392,300

Notes to Schedule

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

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

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

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

	2018	2017
Plan's Proportion of the Net Pension Liability/(Asset)	0.07811%	0.08042%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 4,667,131	\$ 4,165,367
Plan's Employee Payroll	\$ 1,268,709	\$ 1,245,549
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	367.86%	334.42%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	69.76%	70.60%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 298,630	\$ 387,206

Notes to Schedule

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

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



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NON-MAJOR GOVERNMENTAL FUNDS

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

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Governmental Funds		
	Special Revenue Funds	Capital Projects Funds	Nonmajor Funds Totals
ASSETS:			
Current Assets:			
Cash & Investments	\$ 1,138,514	\$ 117,135	\$ 1,255,649
Taxes Receivable	3,708	-	3,708
Intergovernmental receivable	1,723,706	-	1,723,706
Loans/Notes receivable	221,896	-	221,896
Other receivable	8	-	8
Due from other funds	-	1	1
Total Assets	\$ 3,087,832	\$ 117,136	\$ 3,204,968
LIABILITIES , DEFERRED INFLOWS AND FUND BALANCES:			
Current liabilities:			
Accounts Payable	\$ 6,010	\$ 6,592	\$ 12,602
Accrued Liabilities	(461)	-	(461)
Due to Other Funds	199,785	458,902	658,687
Total current liabilities	230,172	465,494	695,666
Total liabilities	230,172	465,494	695,666
Deferred inflows of resources:			
Unavailabe revenue	216,407	-	216,407
Total deferred inflows of resources	216,407	-	216,407
Total liabilities and deferred inflows	446,579	465,494	912,073
Fund Balances:			
Restricted	1,867,464	-	1,867,464
Assigned	776,447	98,142	874,589
Unassigned (deficit)	(2,658)	(446,500)	(449,158)
Total fund balances	2,641,253	(348,358)	2,292,895
Total liabilities deferred inflows and fund balances	\$ 2,871,425	\$ 117,136	\$ 2,988,561

City of Fort Bragg, California**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Governmental Funds****For the year ended June 30, 2018**

	Governmental Funds		
	Special Revenue Funds	Capital Projects Funds	Nonmajor Funds Totals
REVENUES:			
Taxes and assessments	\$ 52,973	\$ -	\$ 52,973
Fines and Forfeitures	49,924	-	49,924
Use of Money and Property	13,066	-	13,066
Intergovernmental	4,433,494	2,064	4,435,558
Charges for Services	75,301	-	75,301
Licenses and Permits	7,208	-	7,208
Other Revenue	3,000	-	3,000
Total revenues	<u>4,634,966</u>	<u>2,064</u>	<u>4,637,030</u>
EXPENDITURES:			
General Government	11,697	26,600	38,297
Community Development	558,749	-	558,749
Public Safety	274,365	-	274,365
Public Works	256,097	-	256,097
Capital Outlay	-	1,565,146	1,565,146
Total expenditures	<u>1,100,908</u>	<u>1,591,746</u>	<u>2,692,654</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,534,058</u>	<u>(1,589,682)</u>	<u>1,944,376</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	273,102	1,589,970	1,863,072
Transfers out	(2,880,499)	(52,565)	(2,933,064)
Total other financing sources and uses	<u>(2,607,397)</u>	<u>1,537,405</u>	<u>(1,069,992)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES):	<u>926,661</u>	<u>(52,277)</u>	<u>874,384</u>
FUND BALANCES (DEFICITS):			
Beginning of year	<u>1,714,592</u>	<u>(296,081)</u>	<u>1,418,511</u>
End of year	<u>\$ 2,641,253</u>	<u>\$ (348,358)</u>	<u>\$ 2,292,895</u>

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NON-MAJOR SPECIAL REVENUE FUNDS

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

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

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

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

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

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
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.
CDBG Super NOFA Awards	To account for CDBG grants awarded under the 2009 Recovery Act allocation for a housing project rehabilitation and under the 2010 General Allocation for two housing programs, public facility improvements, and a public service program.
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.
EDBG Planning and Technology Grants	To account for CDBG planning and technical assistance grants awarded from the Economic Development Allocation through June 2013.
CDBG Enterprise	To account for CDBG Enterprise Fund awards for economic development activities including Business Assistance Loan Programs and Microenterprise Assistance Programs, until June 2013.
CDBG Planning and Technology Grants	To account for CDBG planning and technical assistance grants awarded from the General Allocation through December 2013.
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.
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.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
State Parks Prop 84 Grant	To account for monies received from the State of California for construction of the Fort Bragg Coastal Restoration and Trail project.
CalTrans Federal Funding Grants	To account for Federal funds received from Cal Trans to be used in the construction of the Chestnut Street Multi-Use Trail.
HCD HOME Grant	To account for Federal Funding to be used to re-establish a Housing Rehabilitation Loan program for qualified low- and moderate-income homeowners.
Other State Grants	To account for all other State Grants. Includes grant monies received from the State of California for purchase of off highway vehicles for use by the City Police Department.
Other Federal Grants	To account for all other Federal Grants. Includes Federal grant monies received for the purchase, training and use of body worn cameras by the City Police Department.

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	General Plan Maintenance <u>Fees</u>	<u>Housing</u>	<u>Parking</u>	Parking In-lieu <u>Fees</u>
ASSETS:				
Cash & Investments	\$ 229,173	\$ 73,106	\$ 32,338	\$ 431
Intergovernmental receivable	-	-	-	-
Loans/Notes receivable	-	5,489	-	-
Other receivable	-	-	-	-
Total Assets	<u>\$ 229,173</u>	<u>\$ 78,595</u>	<u>\$ 32,338</u>	<u>\$ 431</u>
LIABILITIES , DEFERRED INFLOWS AND FUND BALANCES				
Current liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailabe revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	-	-	-	-
Assigned	229,173	78,595	32,338	431
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>229,173</u>	<u>78,595</u>	<u>32,338</u>	<u>431</u>
Total liabilities deferred inflows and fund balances	<u>\$ 229,173</u>	<u>\$ 78,595</u>	<u>\$ 32,338</u>	<u>\$ 431</u>

(continued)

<u>Parkland Monitoring/ Reporting</u>	<u>State Tobacco License Fee</u>	<u>State Disability Access Fee</u>	<u>Asset Forfeiture</u>	<u>Construction / Demolition Ordinance</u>	<u>Management Community Benefit Payment</u>	<u>Gas Tax</u>
\$ 125,591	\$ 9,360	\$ 6,256	\$ 268,066	\$ 41,921	\$ 268	\$ -
-	-	-	20,400	-	-	27,994
-	-	-	-	-	-	-
-	-	8	-	-	-	-
<u>\$ 125,591</u>	<u>\$ 9,360</u>	<u>\$ 6,264</u>	<u>\$ 288,466</u>	<u>\$ 41,921</u>	<u>\$ 268</u>	<u>\$ 27,994</u>

\$ -	\$ -	\$ -	\$ 12	\$ -	\$ -	\$ -
-	-	2,333	-	-	-	-
-	-	-	-	-	-	18,023
-	-	2,333	12	-	-	18,023

-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,333	12	-	-	18,023

-	-	-	288,454	-	-	9,971
125,591	9,360	3,931	-	41,921	268	-
-	-	-	-	-	-	-
<u>125,591</u>	<u>9,360</u>	<u>3,931</u>	<u>288,454</u>	<u>41,921</u>	<u>268</u>	<u>9,971</u>

<u>\$ 125,591</u>	<u>\$ 9,360</u>	<u>\$ 6,264</u>	<u>\$ 288,466</u>	<u>\$ 41,921</u>	<u>\$ 268</u>	<u>\$ 27,994</u>
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(continued)

City of Fort Bragg, California
Combining Balance Sheet, continued
Non-major Special Revenue Funds
June 30, 2018

	<u>RMRA</u>	<u>Traffic & Safety</u>	<u>MCOG Main Street Planning</u>	<u>Fire Equipment</u>
ASSETS:				
Cash & Investments	\$ -	\$ -	\$ -	\$ 220,771
Intergovernmental receivable	16,473	909	-	-
Loans/Notes receivable	-	-	-	-
Other receivable	-	-	-	-
Total Assets	<u>\$ 16,473</u>	<u>\$ 909</u>	<u>\$ -</u>	<u>\$ 224,479</u>
LIABILITIES , DEFERRED INFLOWS AND FUND BALANCES				
Current liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-
Due to Other Funds	16,473	-	-	-
Total liabilities	<u>16,473</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailabe revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	<u>16,473</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	-	-	-	-
Assigned	-	909	-	224,479
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>-</u>	<u>909</u>	<u>-</u>	<u>224,479</u>
Total liabilities deferred inflows and fund balances	<u>\$ 16,473</u>	<u>\$ 909</u>	<u>\$ -</u>	<u>\$ 224,479</u>

(continued)

MCOG Overall Work Plan	OJ Park Maintenance Fund	Other Grants	Noyo Ctr for Marine Sciences	Developer Deposit Accounts	Federal & State Grant Funds	Total
\$ -	\$ 2,931	\$ -	\$ -	\$ 23,808	\$ 104,494	\$ 1,138,514
47,257	-	-	-	-	1,610,673	1,723,706
-	-	-	-	-	216,407	221,896
-	-	-	-	-	-	8
<u>\$ 47,257</u>	<u>\$ 2,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,808</u>	<u>\$ 1,931,574</u>	<u>\$ 3,087,832</u>
\$ 1,918	\$ -	\$ -	\$ -	\$ -	\$ 4,080	\$ 6,010
-	-	-	-	-	(2,794)	(461)
18,819	-	-	-	-	146,470	199,785
<u>20,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,838</u>	<u>147,756</u>	<u>230,172</u>
-	-	-	-	-	216,407	216,407
-	-	-	-	-	216,407	216,407
<u>20,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,838</u>	<u>364,163</u>	<u>446,579</u>
-	-	-	-	-	1,569,039	1,867,464
26,520	2,931	-	-	-	-	776,447
-	-	-	-	(1,030)	(1,628)	(2,658)
<u>26,520</u>	<u>2,931</u>	<u>-</u>	<u>-</u>	<u>(1,030)</u>	<u>1,567,411</u>	<u>2,641,253</u>
<u>\$ 47,257</u>	<u>\$ 2,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,808</u>	<u>\$ 1,715,167</u>	<u>\$ 2,871,425</u>
(concluded)						

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds,

For the year ended June 30, 2018

	General Plan Maintenance			Parking In-lieu
	<u>Fees</u>	<u>Housing</u>	<u>Parking</u>	<u>Fees</u>
REVENUES:				
Property Tax	\$ -	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-	-
Use of Money and Property	2,791	1,015	470	3
Intergovernmental	-	-	-	-
Charges for Services	75,301	-	-	-
Licenses and Permits	-	-	3,889	-
Other Revenue	-	-	-	-
Total revenues	<u>78,092</u>	<u>1,015</u>	<u>4,359</u>	<u>3</u>
EXPENDITURES:				
General Government	-	-	-	8,208
Community Development	23,171	8,275	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Total expenditures	<u>23,171</u>	<u>8,275</u>	<u>-</u>	<u>8,208</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>54,921</u>	<u>(7,260)</u>	<u>4,359</u>	<u>(8,205)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	8,300
Transfers out	-	-	(8,300)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(8,300)</u>	<u>8,300</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES):	<u>54,921</u>	<u>(7,260)</u>	<u>(3,941)</u>	<u>95</u>
FUND BALANCES (DEFICITS):				
Beginning of year	<u>174,252</u>	<u>85,855</u>	<u>36,279</u>	<u>336</u>
End of year	<u>\$ 229,173</u>	<u>\$ 78,595</u>	<u>\$ 32,338</u>	<u>\$ 431</u>

(continued)

<u>Parkland Monitoring/ Reporting</u>	<u>State Tobacco License Fee</u>	<u>State Disability Access Fee</u>	<u>Asset Forfeiture</u>	<u>Construction / Demolition Ordinance</u>	<u>Waste Management Community Benefit Payment</u>	<u>Gas Tax</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	44,666	-	-	-
1,498	125	60	3,851	594	-	-
-	-	1,068	-	-	-	220,481
-	-	-	-	-	-	-
-	3,319	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,498</u>	<u>3,444</u>	<u>1,128</u>	<u>48,517</u>	<u>594</u>	<u>-</u>	<u>220,481</u>
2,269	1,100	120	-	-	-	-
-	-	-	-	5,000	7,500	-
-	-	-	120,977	-	-	-
-	-	-	-	-	-	190,320
<u>2,269</u>	<u>1,100</u>	<u>120</u>	<u>120,977</u>	<u>5,000</u>	<u>7,500</u>	<u>190,320</u>
<u>(771)</u>	<u>2,344</u>	<u>1,008</u>	<u>(72,460)</u>	<u>(4,406)</u>	<u>(7,500)</u>	<u>30,161</u>
-	-	-	14,910	1,031	13,273	-
-	(2,200)	-	(15,127)	-	(15,252)	(45,540)
-	(2,200)	-	(217)	1,031	(1,979)	(45,540)
<u>(771)</u>	<u>144</u>	<u>1,008</u>	<u>(72,677)</u>	<u>(3,375)</u>	<u>(9,479)</u>	<u>(15,379)</u>
<u>126,362</u>	<u>9,216</u>	<u>2,923</u>	<u>361,131</u>	<u>45,296</u>	<u>9,747</u>	<u>25,350</u>
<u>\$ 125,591</u>	<u>\$ 9,360</u>	<u>\$ 3,931</u>	<u>\$ 288,454</u>	<u>\$ 41,921</u>	<u>\$ 268</u>	<u>\$ 9,971</u>

(continued)

City of Fort Bragg, California

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

Nonmajor Special Revenue Funds

For the year ended June 30, 2018

	<u>RMRA</u>	<u>Traffic & Safety</u>	<u>MCOG Main Street Planning</u>	<u>Fire Equipment</u>
REVENUES:				
Property Tax	\$ -	\$ -	\$ -	\$ 52,973
Fines and Forfeitures	-	5,258	-	-
Use of Money and Property	-	-	24	2,635
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Other Revenue	-	-	-	-
Total revenues	<u>-</u>	<u>5,258</u>	<u>24</u>	<u>55,608</u>
EXPENDITURES:				
General Government	-	-	-	-
Community Development	-	-	-	-
Public Safety	-	5,825	-	38,002
Public Works	45,540	-	-	-
Total expenditures	<u>45,540</u>	<u>5,825</u>	<u>-</u>	<u>38,002</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(45,540)</u>	<u>(567)</u>	<u>24</u>	<u>17,606</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	45,540	-	6	23,345
Transfers out	-	-	-	-
Total other financing sources and uses	<u>45,540</u>	<u>-</u>	<u>6</u>	<u>23,345</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES):	<u>-</u>	<u>(567)</u>	<u>30</u>	<u>40,951</u>
FUND BALANCES (DEFICITS):				
Beginning of year	-	1,476	(30)	183,528
End of year	<u>\$ -</u>	<u>\$ 909</u>	<u>\$ -</u>	<u>\$ 224,479</u>

(continued)

MCOG Overall Work Plan	OJ Park Maintenance Fund	Other Grants	Noyo Ctr for Marine Sciences	Developer Deposit Accounts	Federal & State Grant Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,973
-	-	-	-	-	-	49,924
-	-	-	-	-	-	13,066
47,257	-	-	-	-	4,164,688	4,433,494
-	-	-	-	-	-	75,301
-	-	-	-	-	-	7,208
-	-	3,000	-	-	-	3,000
<u>47,257</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>4,164,688</u>	<u>4,634,966</u>
-	-	-	-	-	-	11,697
-	-	9,052	-	-	505,751	558,749
-	-	-	-	-	109,561	274,365
<u>20,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,097</u>
<u>20,237</u>	<u>-</u>	<u>9,052</u>	<u>-</u>	<u>-</u>	<u>615,312</u>	<u>1,100,908</u>
<u>27,020</u>	<u>-</u>	<u>(6,052)</u>	<u>-</u>	<u>-</u>	<u>3,549,376</u>	<u>3,534,058</u>
-	2,064	1,052	-	-	163,581	273,102
<u>-</u>	<u>(2,064)</u>	<u>-</u>	<u>(2,980)</u>	<u>(1,030)</u>	<u>(2,788,006)</u>	<u>(2,880,499)</u>
<u>-</u>	<u>-</u>	<u>1,052</u>	<u>(2,980)</u>	<u>(1,030)</u>	<u>(2,624,425)</u>	<u>(2,607,397)</u>
<u>27,020</u>	<u>-</u>	<u>(5,000)</u>	<u>(2,980)</u>	<u>(1,030)</u>	<u>924,951</u>	<u>926,661</u>
<u>(500)</u>	<u>2,931</u>	<u>5,000</u>	<u>2,980</u>	<u>-</u>	<u>642,460</u>	<u>1,714,592</u>
<u>\$ 26,520</u>	<u>\$ 2,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,030)</u>	<u>\$ 1,567,411</u>	<u>\$ 2,641,253</u>

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Federal and State Grant Special Revenue Funds
June 30, 2018

	Safe Routes to School	CDBG Unclassified Program Income	COPS	Bulletproof Vest Partnership Grant	CDBG Super NOFA Grants
ASSETS:					
Cash & Investments	\$ -	\$ 15,455	\$ 54,563	\$ -	\$ 24,188
Intergovernmental receivable	153,140	-	-	-	376,683
Loans/Notes receivable	-	-	-	-	-
Total Assets	<u>\$ 153,140</u>	<u>\$ 15,455</u>	<u>\$ 54,563</u>	<u>\$ -</u>	<u>\$ 400,871</u>
LIABILITIES , DEFERRED INFLOWS AND FUND BALANCES					
Current liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 4,080
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	24,783	-	-	1,628	51,724
Total liabilities	<u>24,783</u>	<u>-</u>	<u>-</u>	<u>1,628</u>	<u>55,804</u>
Deferred inflows of resources:					
Unavailabe revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	<u>24,783</u>	<u>-</u>	<u>-</u>	<u>1,628</u>	<u>55,804</u>
Fund Balances:					
Restricted	128,357	15,455	54,563	-	345,067
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	(1,628)	-
Total fund balances	<u>128,357</u>	<u>15,455</u>	<u>54,563</u>	<u>(1,628)</u>	<u>345,067</u>
Total liabilities deferred inflows and fund balances	<u>\$ 153,140</u>	<u>\$ 15,455</u>	<u>\$ 54,563</u>	<u>\$ -</u>	<u>\$ 400,871</u>

(continued)

STP D1 Streets & Highway Allocation	State Parks Prop 84 Grants	CalTrans Federal Funding Grants	HCD HOME Grant	Other State Grants	Other Federal Grants	Total
\$ -	\$ -	\$ -	\$ 10,288	\$ -	\$ -	\$ 104,494
9,600	1,054,506	-	-	16,744	-	1,610,673
-	-	-	216,407	-	-	216,407
<u>\$ 9,600</u>	<u>\$1,054,506</u>	<u>\$ -</u>	<u>\$ 226,695</u>	<u>\$ 16,744</u>	<u>\$ -</u>	<u>\$ 1,931,574</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,080
-	-	-	(2,794)	-	-	(2,794)
8,334	60,001	-	-	-	-	146,470
<u>8,334</u>	<u>60,001</u>	<u>-</u>	<u>(2,794)</u>	<u>-</u>	<u>-</u>	<u>147,756</u>

-	-	-	216,407	-	-	216,407
-	-	-	216,407	-	-	216,407
8,334	60,001	-	213,613	-	-	364,163

1,266	994,505	-	13,082	16,744	-	1,569,039
-	-	-	-	-	-	-
-	-	-	-	-	-	(1,628)
<u>1,266</u>	<u>994,505</u>	<u>-</u>	<u>13,082</u>	<u>16,744</u>	<u>-</u>	<u>1,567,411</u>
<u>\$ 9,600</u>	<u>\$1,054,506</u>	<u>\$ -</u>	<u>\$ 226,695</u>	<u>\$ 16,744</u>	<u>\$ -</u>	<u>\$ 1,931,574</u>

(concluded)

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Federal and State Grant Special Revenue Funds

For the Year-ended June 30, 2018

	<u>Safe Routes to School</u>	<u>CDBG Unclassified Program Income</u>	<u>COPS</u>	<u>Bulletproof Vest Partnership Grant</u>	<u>CDBG Super NOFA Grants</u>
REVENUES:					
Intergovernmental	\$ 153,140	\$ -	\$ 139,416	\$ -	\$ 1,825,507
Total revenues	<u>153,140</u>	<u>-</u>	<u>139,416</u>	<u>-</u>	<u>1,825,507</u>
EXPENDITURES:					
Community Development	-	600	-	-	431,207
Public Safety	<u>9,561</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>9,561</u>	<u>600</u>	<u>100,000</u>	<u>-</u>	<u>431,207</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>143,579</u>	<u>(600)</u>	<u>39,416</u>	<u>-</u>	<u>1,394,300</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	163,581
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,225,279)</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,061,698)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES):	<u>143,579</u>	<u>(600)</u>	<u>39,416</u>	<u>-</u>	<u>332,602</u>
FUND BALANCES (DEFICITS):					
Beginning of year	<u>(15,222)</u>	<u>16,055</u>	<u>15,147</u>	<u>(1,628)</u>	<u>12,465</u>
End of year	<u>\$ 128,357</u>	<u>\$ 15,455</u>	<u>\$ 54,563</u>	<u>\$ (1,628)</u>	<u>\$ 345,067</u>

(continued)

STP D1 Streets & Highway Allocation	State Parks Prop 84 Grants	CalTrans Federal Funding Grants	HCD HOME Grant	Other State Grants	Other Federal Grants	Total
\$ 9,600	\$ 1,054,575	\$ 865,421	\$ 75,066	\$ 16,744	\$ 25,219	\$ 4,164,688
<u>9,600</u>	<u>1,054,575</u>	<u>865,421</u>	<u>75,066</u>	<u>16,744</u>	<u>25,219</u>	<u>4,164,688</u>
-	-	-	73,944	-	-	505,751
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,561</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>73,944</u>	<u>-</u>	<u>-</u>	<u>615,312</u>
<u>9,600</u>	<u>1,054,575</u>	<u>865,421</u>	<u>1,122</u>	<u>16,744</u>	<u>25,219</u>	<u>3,549,376</u>
-	-	-	-	-	-	163,581
<u>(9,500)</u>	<u>(60,000)</u>	<u>(1,468,008)</u>	<u>-</u>	<u>-</u>	<u>(25,219)</u>	<u>(2,788,006)</u>
<u>(9,500)</u>	<u>(60,000)</u>	<u>(1,468,008)</u>	<u>-</u>	<u>-</u>	<u>(25,219)</u>	<u>(2,624,425)</u>
<u>100</u>	<u>994,575</u>	<u>(602,587)</u>	<u>1,122</u>	<u>16,744</u>	<u>-</u>	<u>924,951</u>
<u>1,166</u>	<u>(70)</u>	<u>602,587</u>	<u>11,960</u>	<u>-</u>	<u>-</u>	<u>642,460</u>
<u>\$ 1,266</u>	<u>\$ 994,505</u>	<u>\$ -</u>	<u>\$ 13,082</u>	<u>\$ 16,744</u>	<u>\$ -</u>	<u>\$ 1,567,411</u>

(concluded)

City of Fort Bragg, California
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2018

	Otis Johnson Park	Coastal Trail	Chestnut Street Multi Use Trail	Municipal Facilities Projects	Totals
ASSETS:					
Cash & Investments	\$ -	\$ 18,993	\$ -	\$ 98,142	\$ 117,135
Due from other funds	-	1	-	-	1
Total Assets	<u>\$ -</u>	<u>\$ 18,994</u>	<u>\$ -</u>	<u>\$ 98,142</u>	<u>\$ 117,136</u>
LIABILITIES , DEFERRED INFLOWS AND FUND BALANCES					
Current liabilities:					
Accounts Payable	\$ -	\$ 6,592	\$ -	\$ -	\$ 6,592
Due to Other Funds	-	458,902	-	-	458,902
Total current liabilities	-	465,494	-	-	465,494
Total liabilities	-	465,494	-	-	465,494
Fund Balances:					
Restricted	-	-	-	-	-
Assigned	-	-	-	98,142	98,142
Unassigned (deficit)	-	(446,500)	-	-	(446,500)
Total fund balances	-	(446,500)	-	98,142	(348,358)
Total liabilities deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 18,994</u>	<u>\$ -</u>	<u>\$ 98,142</u>	<u>\$ 117,136</u>

City of Fort Bragg, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the year ended June 30, 2018

	Otis Johnson Park	Coastal Trail	Chestnut Street Multi Use Trail	Municipal Facilities Projects	Totals
REVENUES:					
Intergovernmental	\$ 2,064	\$ -	\$ -	\$ -	\$ 2,064
Total revenues	<u>2,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,064</u>
EXPENDITURES:					
Repairs & Maintenance	-	26,600	-	-	26,600
Capital Outlay	-	1,110,166	136,204	318,776	1,565,146
Total expenditures	<u>-</u>	<u>1,136,766</u>	<u>136,204</u>	<u>318,776</u>	<u>1,591,746</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,064</u>	<u>(1,136,766)</u>	<u>(136,204)</u>	<u>(318,776)</u>	<u>(1,589,682)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	2,064	672,860	855,148	59,898	1,589,970
Transfers out	(2,064)	-	(50,501)	-	(52,565)
Total other financing sources and uses	<u>-</u>	<u>672,860</u>	<u>804,647</u>	<u>59,898</u>	<u>1,537,405</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES):	<u>2,064</u>	<u>(463,906)</u>	<u>668,443</u>	<u>(258,878)</u>	<u>(52,277)</u>
FUND BALANCES (DEFICITS):					
Beginning of year	(2,064)	17,406	(668,443)	357,020	(296,081)
End of year	<u>\$ -</u>	<u>\$ (446,500)</u>	<u>\$ -</u>	<u>\$ 98,142</u>	<u>\$ (348,358)</u>

INTERNAL SERVICE FUNDS

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

City of Fort Bragg, California
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	<u>Facilities Repair & Maintenance</u>	<u>Information Technology</u>	<u>Fleet & Equipment Services</u>	<u>Totals</u>
ASSETS:				
Current assets:				
Cash & Investments	\$ 304,063	\$ 93,947	\$ -	\$ 398,010
Prepaid items	-	20,447	-	20,447
Total current assets	<u>304,063</u>	<u>114,394</u>	<u>-</u>	<u>418,457</u>
Noncurrent assets:				
Capital assets, net	22,651	74,038	809,119	905,808
Total noncurrent assets	<u>22,651</u>	<u>74,038</u>	<u>809,119</u>	<u>905,808</u>
Total Assets	<u>\$ 326,714</u>	<u>\$ 188,432</u>	<u>\$ 809,119</u>	<u>\$ 1,324,265</u>
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts Payable	\$ 7,477	\$ 21,710	\$ 13,511	\$ 42,698
Accrued Payroll	-	2,932	1,474	4,406
Due to Other Funds	-	-	10,937	10,937
Total current liabilities	<u>7,477</u>	<u>24,642</u>	<u>25,922</u>	<u>58,041</u>
Total liabilities	<u>7,477</u>	<u>24,642</u>	<u>25,922</u>	<u>58,041</u>
Net position:				
Net Investment in Capital Assets	22,651	74,038	809,119	905,808
Unrestricted	296,586	89,752	(25,922)	360,416
Total net position	<u>319,237</u>	<u>163,790</u>	<u>783,197</u>	<u>1,266,224</u>
Total liabilities and net position	<u>\$ 326,714</u>	<u>\$ 188,432</u>	<u>\$ 809,119</u>	<u>\$ 1,324,265</u>

City of Fort Bragg, California

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Year-ended June 30, 2018

	<u>Facilities Repair & Maintenance</u>	<u>Information Technology</u>	<u>Fleet & Equipment Services</u>	<u>Totals</u>
OPERATING REVENUES:				
Use of Money and Property	\$ 2,317	\$ -	\$ -	\$ 2,317
Interdepartmental Charges	<u>215,189</u>	<u>399,366</u>	<u>427,238</u>	<u>1,041,793</u>
Total operating revenues	<u>217,506</u>	<u>399,366</u>	<u>427,238</u>	<u>1,044,110</u>
OPERATING EXPENSES:				
Personnel Services	116,683	208,595	119,772	445,050
Repairs & Maintenance	22,320	170	47,099	69,589
Materials & Supplies- Enterprise	-	146,688	76,005	222,693
Contractual Services	-	272	765	1,037
Allocated Overhead	17,973	32,131	18,449	68,553
Depreciation	<u>871</u>	<u>16,019</u>	<u>119,263</u>	<u>136,153</u>
Total operating expenses	<u>157,847</u>	<u>403,875</u>	<u>381,353</u>	<u>943,075</u>
OPERATING INCOME (LOSS)	<u>59,659</u>	<u>(4,509)</u>	<u>45,885</u>	<u>101,035</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>59,659</u>	<u>(4,509)</u>	<u>45,885</u>	<u>101,035</u>
 Change in net position	 59,659	 (4,509)	 45,885	 101,035
NET POSITION (DEFICIT):				
Beginning of year	<u>259,578</u>	<u>168,299</u>	<u>737,312</u>	<u>1,165,189</u>
End of year	<u>\$ 319,237</u>	<u>\$ 163,790</u>	<u>\$ 783,197</u>	<u>\$ 1,266,224</u>

City of Fort Bragg, California
Combining Statement of Cash Flows
Internal Service Funds
For the Year-ended June 30, 2018

	Facilities Repair & Maintenance	Information Technology	Fleet & Equipment Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	\$ 217,506	\$ 399,366	\$ 427,238	\$ 1,044,110
Cash paid to suppliers for goods and services	(33,429)	(156,754)	(150,065)	(340,248)
Cash paid to employees for services	(116,683)	(207,544)	(108,549)	(432,776)
Net cash provided (used) by operating activities	<u>67,394</u>	<u>35,068</u>	<u>168,624</u>	<u>271,086</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(13,589)	(17,997)	(222,337)	(253,923)
Net cash (used) by capital and related financing activities	<u>(13,589)</u>	<u>(17,997)</u>	<u>(222,337)</u>	<u>(253,923)</u>
Net increase (decrease) in cash and cash equivalents	<u>53,805</u>	<u>17,071</u>	<u>(53,713)</u>	<u>17,163</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year	250,258	76,876	53,713	380,847
End of year	<u>\$ 304,063</u>	<u>\$ 93,947</u>	<u>\$ -</u>	<u>\$ 398,010</u>
Reconciliation of income from operations to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 59,659	\$ (4,509)	\$ 45,885	\$ 101,035
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	871	16,019	119,263	136,153
(Increase) decrease in current assets:				
Prepaid items	-	1,491	-	1,491
Increase (decrease) in liabilities:				
Accounts payable	6,864	21,016	(7,747)	20,132
Accrued liabilities	-	1,051	11,223	12,274
Net cash provided by operating activities	<u>\$ 67,394</u>	<u>\$ 35,068</u>	<u>\$ 168,624</u>	<u>\$ 271,085</u>

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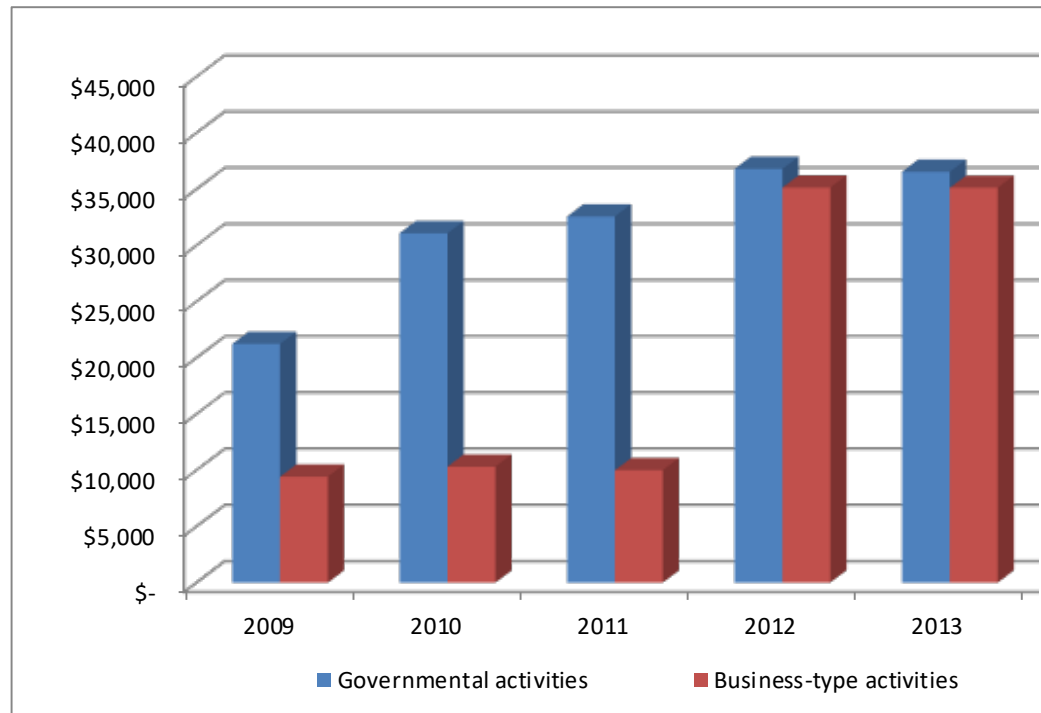
STATISTICAL SECTION

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

Contents	Page(s)
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	132-142
Revenue Capacity	
These schedules contain information to help the reader assess the City's ability to generate revenues. Property taxes, sales and use taxes, charges for services, licenses, permits and fees and intergovernmental revenue are the City's most significant revenue sources.	143-151
Debt Capacity	
These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	152-158
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	160-161
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	162-164

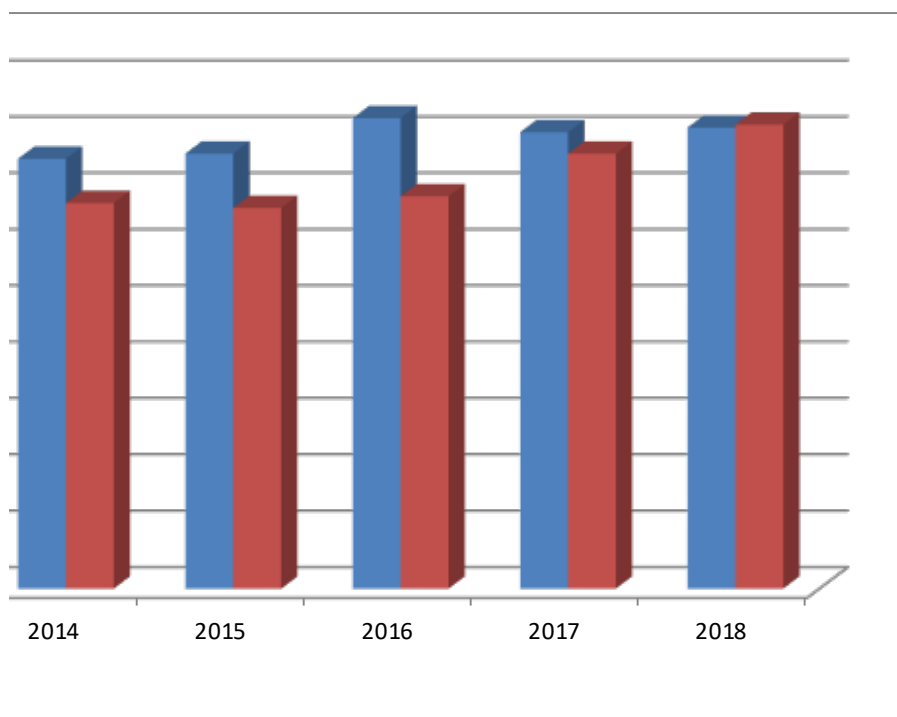
City of Fort Bragg, California
Net Position by Component
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Accrual basis of accounting)
(In Thousands)

	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 13,862	\$ 24,795	\$ 25,801	\$ 30,664
Restricted	3,822	4,450	4,825	4,776
Unrestricted	3,552	1,843	1,953	1,356
Total governmental activities net position	\$ 21,236	\$ 31,088	\$ 32,579	\$ 36,796
Business-type activities				
Net investment in capital assets	\$ 7,170	7,255	\$ 7,121	\$ 31,319
Restricted	35	64	108	108
Unrestricted	2,223	2,997	2,775	3,709
Total business-type activities net position	\$ 9,428	\$ 10,316	\$ 10,004	\$ 35,136
Primary government				
Net investment in capital assets	\$ 21,032	\$ 32,050	\$ 32,922	\$ 61,983
Restricted	3,857	4,514	4,933	4,884
Unrestricted	5,775	4,840	4,728	5,065
Total primary government net position	\$ 30,664	\$ 41,404	\$ 42,583	\$ 71,932



Source: City Finance Department

2013	2014	2015	2016	2017	2018
\$ 30,444	\$ 31,944	\$ 35,914	\$ 38,647	\$ 39,523	\$ 42,293
5,671	5,987	2,289	3,536	2,513	3,758
428	232	(203)	(399)	(1,518)	(5,115)
<u>\$ 36,543</u>	<u>\$ 38,163</u>	<u>\$ 38,625</u>	<u>\$ 41,784</u>	<u>\$ 40,518</u>	<u>\$ 40,935</u>
\$ 30,764	\$ 30,531	\$ 30,047	\$ 30,503	\$ 31,597	\$ 33,572
72	101	108	108	108	108
4,294	3,603	3,649	4,232	6,912	7,515
<u>\$ 35,130</u>	<u>\$ 34,235</u>	<u>\$ 33,804</u>	<u>\$ 34,843</u>	<u>\$ 38,617</u>	<u>\$ 41,195</u>
\$ 61,208	\$ 62,475	\$ 65,961	\$ 69,150	\$ 71,119	\$ 75,865
5,743	6,088	3,022	3,644	2,621	3,866
4,722	3,835	3,466	3,833	5,395	2,400
<u>\$ 71,673</u>	<u>\$ 72,398</u>	<u>\$ 72,429</u>	<u>\$ 76,627</u>	<u>\$ 79,135</u>	<u>\$ 82,131</u>



City of Fort Bragg, California

Changes in Net Position

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

(In Thousands)

	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 2,013	\$ 2,518	\$ 2,591	\$ 2,540	\$ 2,708
Public safety	3,387	4,011	3,596	3,493	3,399
Public works	1,846	2,286	1,532	1,532	1,874
Community development	2,922	2,489	3,361	1,877	1,529
Parks and recreation					
Interest and fiscal charges	323	311	296	177	49
Total governmental activities expenses	10,491	11,615	11,376	9,619	9,559
Business-type activities:					
Water	2,050	2,401	2,179	2,107	2,138
Sewer	2,233	2,465	2,425	2,983	3,063
C.V. Starr Center	-	-	-	183	2,236
Total business-type activities expenses	4,283	4,866	4,604	5,273	7,437
 Total primary government expenses	 14,774	 16,481	 15,980	 14,892	 16,996
Program revenues					
Governmental activities:					
Charges for services:					
General government	2,306	3,193	3,087	2,718	2,701
Public safety	133	30	30	29	40
Public works	50	13	5	4	5
Community development	188	5	9	349	100
Operating grants and contributions	1,101	10,622	2,138	684	1,572
Capital grants and contributions	3,673	2,108	602	1,096	303
Total governmental activities program revenues	7,451	15,971	5,871	4,880	4,721
Business-type activities:					
Charges for services:					
Water	2,042	2,017	2,108	2,194	2,404
Wastewater	1,930	2,216	2,773	2,945	3,197
C.V. Starr Center	-	-	-	-	591
Operating grants and contributions	288	-	-	-	-
Capital grants and contributions	1,239	85	-	25,132	-
Total business-type activities program revenues	5,499	4,318	4,881	30,271	6,192
 Total primary government program revenues	 12,950	 20,289	 10,752	 35,151	 10,913
Net (Expense)/Revenue					
Governmental activities	(3,040)	4,356	(5,505)	(4,739)	(4,838)
Business-type activities	1,216	(548)	277	24,998	(1,245)
 Total primary government net expense	 (1,824)	 3,808	 (5,228)	 20,259	 (6,083)

2014	2015	2016	2017	2018
\$ 1,500	\$ 2,593	\$ 2,877	\$ 2,221	\$ 2,804
3,851	3,663	4,187	4,388	4,461
2,176	2,435	2,108	2,750	2,873
3,485	840	1,700	1,018	1,208
			38	-
42	30	26	21	53
11,054	9,561	10,898	10,434	11,398
2,539	2,286	2,264	2,158	2,034
3,095	2,801	2,897	2,847	2,569
2,262	2,382	2,292	2,320	2,386
7,896	7,469	7,453	7,325	6,989
18,950	17,030	18,351	17,760	18,386
2,851	2,809	2,818	1,967	1,324
72	50	289	299	365
34	102	344	558	1,049
58	-	30	232	520
1,567	4,702	725	1,251	2,259
1,818	2,383	3,762	922	3,324
6,400	10,046	7,968	5,227	8,840
2,229	2,496	2,624	2,683	2,909
3,004	3,194	3,332	3,305	3,495
635	706	722	696	743
-	-	-	-	-
-	-	-	-	-
5,868	6,396	6,678	6,683	7,147
12,268	16,442	14,646	11,911	15,987
(4,654)	485	(2,930)	(5,207)	(2,558)
(2,028)	(1,073)	(775)	(642)	158
(6,682)	(588)	(3,705)	(5,849)	(2,400)

(continued)

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

	2009	2010	2011	2012
Governmental activities:				
Taxes:				
Property taxes	2,249	1,988	2,075	1,413
Sales and use tax	2,657	2,154	2,147	2,271
Transient lodging tax	1,492	1,379	1,341	1,411
Franchise taxes	495	457	469	470
Other taxes	274	26	-	225
Use of money and property	41	58	51	91
Other general revenues	-	424	71	399
Special Items				
Transfer in (out)	49	(2)	(55)	(2)
Extraordinary item: Redevelopment dissolution	-	-	-	3,070
Total governmental activities	7,257	6,484	6,099	9,348
Business-type activities:				
Property taxes	3			19
Sales and use tax				
Use of money and property	72	21	21	16
Other revenues	-	322	407	97
Transfer in (out)	(49)	2	55	2
Total business-type activities	26	345	483	134
Total primary government	7,283	6,829	6,582	9,482
Changes in Net Position				
Governmental activities	4,217	10,840	594	4,609
Business-type activities	1,242	(203)	760	25,132
Total primary government	\$ 5,459	\$ 10,637	\$ 1,354	\$ 29,741

Note: The City implemented Governmental Accounting Standards Board Statement No. 75 for fiscal year ended June 30, 2018. The implementation resulted in a prior period adjustment of \$2,234,001 for Governmental activities.

Source: City Finance Department

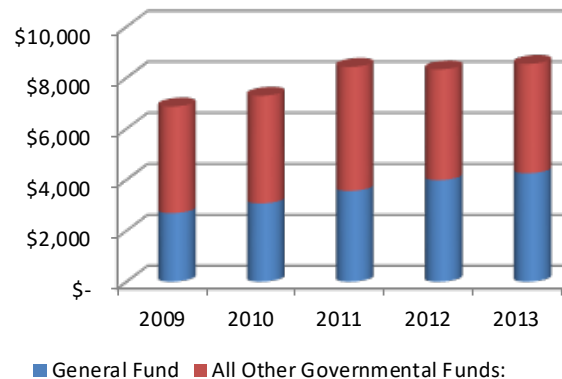
2013	2014	2015	2016	2017	2018
924	943	909	1,007	1,084	1,034.55
2,390	2,490	2,523	2,458	2,414	1,785
1,536	1,667	1,858	1,948	2,149	2,619
482	496	493	491	-	-
203	411	435	403	674	719
103	45	87	113	(23)	(110)
81	222	67	120	151	61
				(507)	-
(17)	(1)	(89)	(451)	(2,003)	(898)
-	-	-	-	-	-
5,702	6,273	6,283	6,089	3,940	5,210
231	216	234	220	234	236
772	811	807	846	881	915
8	33	42	27	56	98
98	72	161	271	1,242	272
17	1	89	451	2,003	898
1,126	1,133	1,333	1,815	4,416	2,420
6,828	7,406	7,616	7,904	8,356	7,630
864	1,619	6,768	3,159	(1,267)	2,652
(119)	(895)	260	1,040	3,774	2,578
\$ 745	\$ 724	\$ 7,028	\$ 4,199	\$ 2,507	\$ 5,230

(concluded)

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

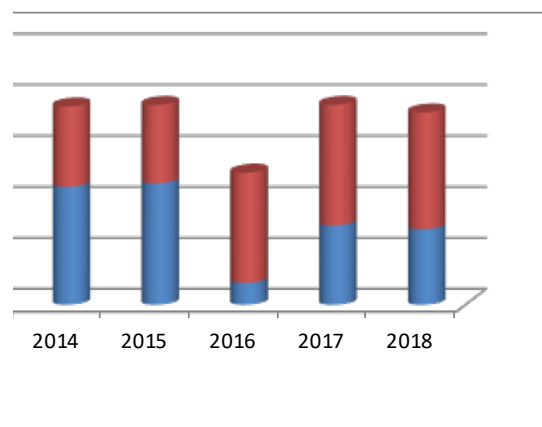
	2009	2010	2011	2012	2013
General Fund					
Reserved	\$ 80	\$ 707			
Unreserved	2,613	2,364			
Total general fund	\$ 2,693	\$ 3,071			
All Other Governmental Funds:					
Reserved	\$ 2,020	\$ 3,789			
Unreserved (deficit) reported in:					
Special revenue funds	2,671	1,088			
Capital projects funds	(513)	(654)			
Total all other governmental funds	4,178	4,223			
Total all governmental funds	\$ 6,871	\$ 7,294			
General Fund:					
Nonspendable			\$ 1	\$ 211	\$ 248
Restricted					
Committed					
Assigned					
Unassigned			3,560	3,775	4,007
Total general fund			3,561	3,986	4,255
All Other Governmental Funds:					
Restricted			4,865	4,530	4,590
Assigned			-	-	-
Unassigned (deficit)			-	(187)	(299)
Total all other governmental funds			4,865	4,343	4,291
Total all governmental funds			\$ 8,426	\$ 8,329	\$ 8,546

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



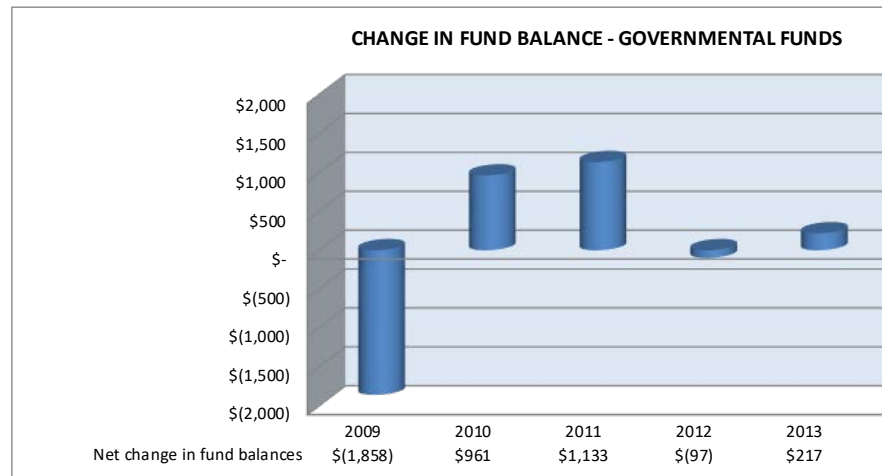
Source: City Finance Department

2014	2015	2016	2017	2018
\$ 185	\$ 205	\$ 66	\$ 4	\$ 94
		-	-	-
		-	2,135	1,694
		-	-	-
4,434	4,553	790	968	1,172
4,619	4,758	856	3,107	2,959
4,598	2,914	3,536	2,530	3,758
-	1,322	1,116	1,472	1,292
(1,441)	(1,157)	(331)	731	(470)
3,157	3,079	4,321	4,733	4,580
\$ 7,776	\$ 7,837	\$ 5,177	\$ 7,839	\$ 7,539



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

Revenues:	2009	2010	2011	2012	2013
Taxes and assessments	\$ 6,939	\$ 6,052	\$ 6,032	\$ 5,790	\$ 5,579
Intergovernmental	4,162	7,760	2,692	1,773	1,897
Charges for services	2,170	2,726	2,463	2,854	2,564
Fines, forfeitures and penalties	109	14	17	13	23
Licenses and permits	272	307	252	241	260
Use of money and property	158	52	51	84	103
Reimbursements					
Other	209	377	118	410	80
Total revenues	14,019	17,288	11,625	11,165	10,506
Expenditures:					
Current:-					
General government	2,100	1,742	1,178	1,252	2,179
Public safety	3,217	3,535	3,237	3,351	3,410
Public works	1,540	1,519	1,332	1,386	1,472
Community development	2,893	2,434	3,009	1,975	2,191
Capital outlay	5,648	6,513	1,286	1,983	874
Debt Service:-					
Principal Retirement	224	308	107	113	107
Interest and fiscal charges	304	297	282	161	40
Total expenditures	15,926	16,348	10,431	10,221	10,273
Reconciliation of Governmental Revenues					
Less Expenditures to Fund Equity:					
Revenues over (under) expenditures	\$ (1,907)	\$ 940	\$ 1,194	\$ 944	\$ 233
Other financing sources (uses):					
Proceeds from capital lease					
Proceeds from issuance of debt					
Extraordinary loss on dissolution of redevelopment	-	-	-	(1,039)	-
Transfers in	1,623	2,287	1,122	1,910	1,950
Transfers out	(1,574)	(2,266)	(1,183)	(1,912)	(1,966)
Total other financing sources (uses)	49	21	(61)	(1,041)	(16)
Net change in fund balances	\$ (1,858)	\$ 961	\$ 1,133	\$ (97)	\$ 217
Debt service as a percentage of noncapital expenditures	5.14%	6.15%	4.25%	3.33%	1.56%



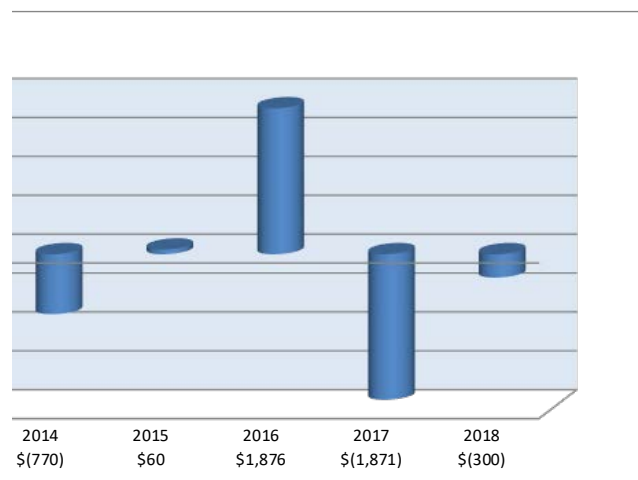
Source: City Finance Department

2014	2015	2016	2017	2018
\$ 5,810	\$ 4,949	\$ 5,067	\$ 6,486	\$ 7,131
2,946	7,463	5,219	1,847	4,592
2,907	457	242	203	139
28	178	162	211	84
234	254	273	97	132
84	120	174	55	126
-	2,930	3,413	2,345	2,691
240	59	127	210	82
12,249	16,410	14,677	11,454	14,976

1,549	2,875	2,685	2,548	2,881
3,829	3,581	4,100	4,233	4,383
1,594	3,469	1,874	1,902	1,947
3,460	834	1,693	1,011	1,201
2,431	5,058	1,725	1,992	3,780
112	116	120	127	169
36	31	26	21	17
13,011	15,964	12,223	11,834	14,378

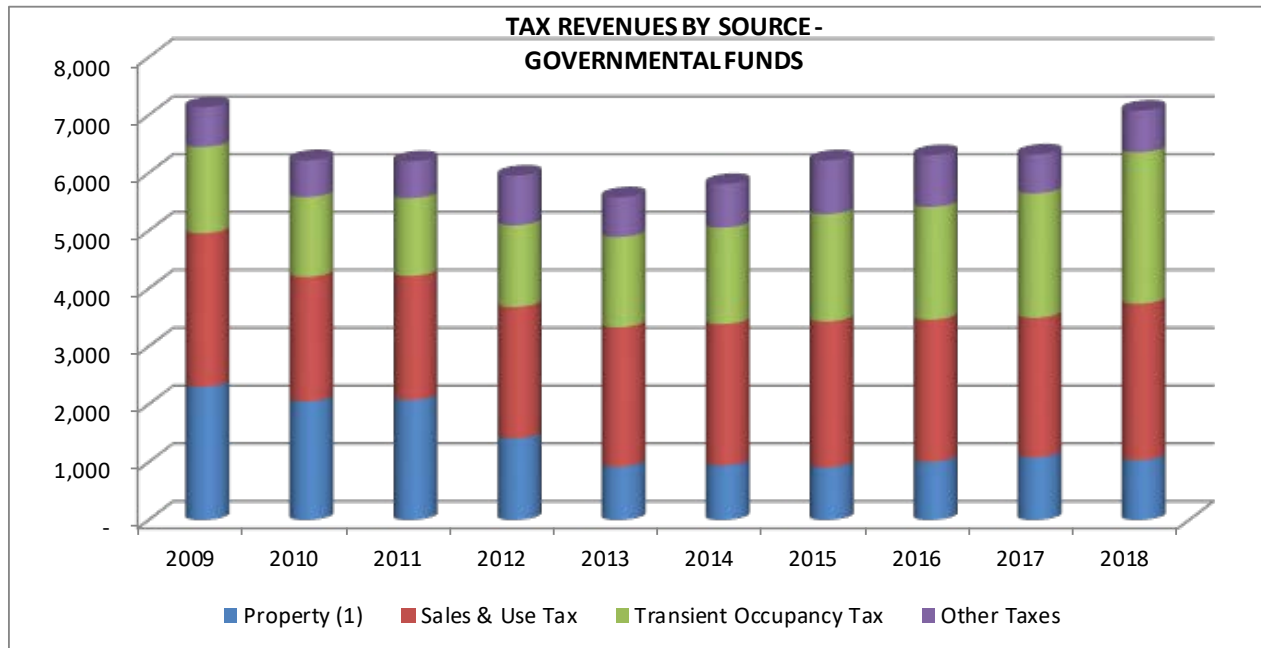
\$ (762) \$ 446 \$ 2,454 \$ (380) \$ 598

-	-	-	-	-
1,091	5,683	2,714	3,775.00	2,944.07
(1,099)	(6,069)	(3,292)	(5,266)	(3,843)
(8)	(386)	(578)	(1,491)	(898)
\$ (770)	\$ 60	\$ 1,876	\$ (1,871)	\$ (300)
1.40%	1.35%	1.39%	1.50%	1.75%



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

Fiscal Year Ended June 30,	Property (1)	Sales & Use Tax	Transient Occupancy Tax	Other Taxes	Total
2009	2,301	2,657	1,492	686	7,136
2010	2,050	2,155	1,379	637	6,221
2011	2,075	2,147	1,341	639	6,202
2012	1,413	2,271	1,411	859	5,954
2013	924	2,409	1,561	685	5,579
2014	943	2,445	1,668	754	5,810
2015	909	2,523	1,858	928	6,218
2016	1,007	2,458	1,948	894	6,307
2017	1,084	2,414	2,149	674	6,321
2018	1,035	2,705	2,619	719	7,078



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

Source: City Finance Department

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

2017-18		2008-09	
Taxpayer	Business Type	Taxpayer	Business Type
ARCO AM/PM MINI MARTS	SERVICE STATIONS	AMERIGAS PROPANE	ENERGY SALES
BOATYARD TOBACCO	MISCELLANEOUS RETAIL	BAXMAN GRAVEL	BLDG.MATLS-WHSLE
CANCLINI TV & APPLIANCE	FURNITURE/APPLIANCE	BRANESKY SHEET METAL	BLDG.MATLS-WHSLE
CHEVRON SERVICE STATIONS	SERVICE STATIONS	CANCLINI TV & APPLIANCE	FURNITURE/APPLIANCE
COAST TO COAST HARDWARE	BLDG.MATLS-RETAIL	CHEVRON SERVICE STATIONS	SERVICE STATIONS
CVS PHARMACY	DRUG STORES	CIRCLE K SERVICE STATIONS	SERVICE STATIONS
DENNY'S RESTAURANT	RESTAURANTS	COAST TO COAST HARDWARE	BLDG.MATLS-RETAIL
DOLLAR TREE STORES	DEPARTMENT STORES	CVS/PHARMACY	DRUG STORES
GEO AGGREGATES	BLDG.MATLS-WHSLE	DENNY'S RESTAURANT	RESTAURANTS
HARVEST MARKET	FOOD MARKETS	EXXON SERVICE STATIONS	SERVICE STATIONS
MCDONALD'S RESTAURANTS	RESTAURANTS	FRED HOLMES LUMBER	BLDG.MATLS-WHSLE
MENDO MILL & LUMBER COMPANY	BLDG.MATLS-RETAIL	HARVEST MARKET	FOOD MARKETS
MENDOCINO COUNTY HYDROGARDEN	FLORIST/NURSERY	KEMPPE LIQUID GAS	ENERGY SALES
NEW TREND WIRELESS	MISCELLANEOUS RETAIL	MCDONALD'S RESTAURANTS	RESTAURANTS
O'REILLY AUTO PARTS	AUTO PARTS/REPAIR	MENDO MILL & LUMBER COMPANY	BLDG.MATLS-RETAIL
REDWOOD COAST FUELS	SERVICE STATIONS	MENDOCINO COAST PETROLEUM	ENERGY SALES
RITE AID DRUG STORES	DRUG STORES	MENDOCINO COUNTY HYDROGARDEN	FLORIST/NURSERY
ROSSI'S BUILDING MATERIALS	BLDG.MATLS-RETAIL	NORTH COAST BREWING COMPANY	RESTAURANTS
ROUND TABLE PIZZA	RESTAURANTS	RITE AID DRUG STORES	DRUG STORES
SAFEWAY STORES	FOOD MARKETS	ROSSI'S BUILDING MATERIALS	BLDG.MATLS-RETAIL
SEARS HOMETOWN STORES	FURNITURE/APPLIANCE	SAFEWAY STORES	FOOD MARKETS
SPEEDEX SERVICE STATION	SERVICE STATIONS	SPEEDEX SERVICE STATION	SERVICE STATIONS
SPORT CHRYSLER JEEP DODGE	AUTO SALES - NEW	SPORT CHRYSLER JEEP DODGE	AUTO SALES - NEW
TACO BELL	RESTAURANTS	TWO SHORT SALES	BLDG.MATLS-WHSLE
UNION 76 SERVICE STATIONS	SERVICE STATIONS	WALSH OIL COMPANY	ENERGY SALES

Source: MuniServices, LLC

City of Fort Bragg, California
Historical Sales Tax Amounts by Benchmark Year

CATEGORY NAME	2008 Q1	2009 Q1	2010 Q1	2011 Q1	2012 Q1	2013 Q1	2014 Q1	2015 Q1	2016 Q1	2017 Q1
All Other Outlets	334,137	307,606	217,502	229,871	263,844	231,651	203,795	181,393	167,277	162,693
Apparel Stores	26,084	24,368	22,301	22,740	25,141	24,018	27,249	27,863	30,667	31,144
Auto Dealers & Auto	111,113	96,438	93,901	90,305	102,783	97,000	96,508	107,109	112,309	104,246
Bldg. Matrl. & Farm	219,889	200,580	172,163	159,834	170,397	188,180	197,668	188,275	193,277	199,094
Drug Stores	123,073	117,117	110,539	105,771	112,247	112,825	113,803	102,812	92,660	93,212
Eating & Drinking Pl	173,221	174,927	171,725	170,781	179,163	194,646	200,863	202,029	233,863	253,437
Food Stores	196,028	194,400	187,139	183,920	180,227	184,000	191,172	208,656	212,785	216,405
General Merchandise	19,016	13,297	299	234	162	74	61	3,381	13,274	13,856
Home Furnishings & A	46,279	41,454	47,720	46,700	43,144	42,319	43,877	43,712	42,246	42,651
Other Retail Stores	185,643	167,361	157,933	168,572	166,885	156,340	154,235	153,640	171,327	169,421
Packaged Liquor Stor	4,286	4,342	4,221	4,104	3,858	3,654	3,552	4,018	4,153	3,822
Service Station	142,865	132,360	121,996	143,758	147,384	158,288	165,258	164,208	149,523	141,680
TOTAL	1,581,634	1,474,250	1,307,439	1,326,590	1,395,235	1,392,995	1,398,041	1,387,096	1,423,361	1,431,661

Source: MuniServices, LLC

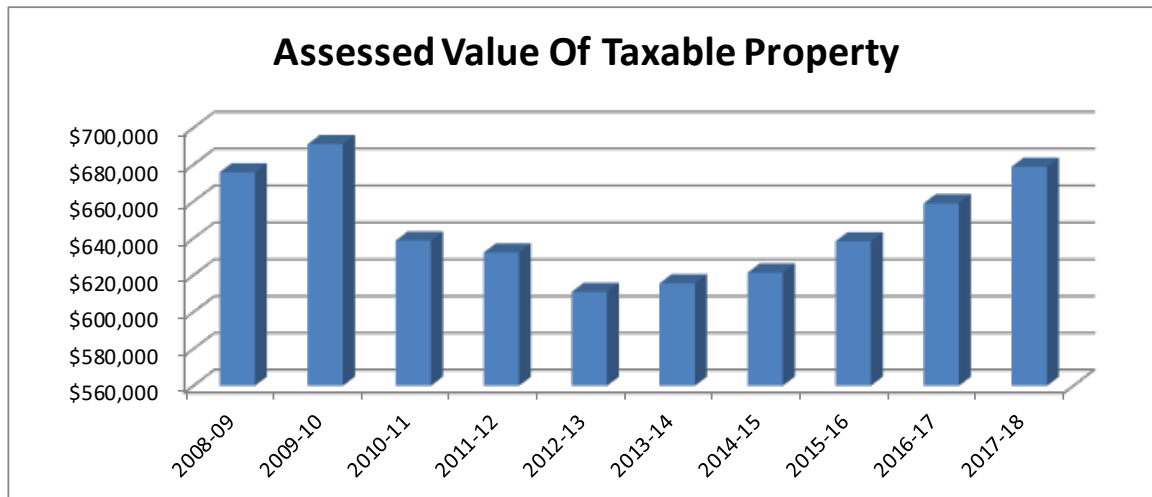
City of Fort Bragg, California

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

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Secured Property*		Unsecured Property		Taxable Assessed		Total	Estimated Actual	Factor of Taxable
End					Value	% Change	Direct Tax Rate (1)	Taxable Value (2)	Assessed Value (2)
2008-09	\$	645,784	\$	30,044	\$ 675,828	4.2%	1.088000	-	-
2009-10	\$	660,917	\$	30,217	\$ 691,134	2.3%	1.082000	-	-
2010-11	\$	609,153	\$	29,654	\$ 638,807	-7.6%	1.102000	-	-
2011-12	\$	603,272	\$	29,066	\$ 632,338	-1.0%	1.123000	710,404	1.123456
2012-13	\$	579,450	\$	31,513	\$ 610,963	-3.4%	1.113100	611,333	1.000606
2013-14	\$	585,992	\$	29,641	\$ 615,633	0.8%	1.125000	624,469	1.014352
2014-15	\$	590,079	\$	31,347	\$ 621,426	0.9%	1.127000	689,061	1.108838
2015-16	\$	607,137	\$	31,275	\$ 638,412	2.7%	1.132000	702,975	1.101131
2016-17	\$	626,121	\$	32,889	\$ 659,009	3.2%	1.133000	852,603	1.293765
2017-18	\$	646,586	\$	32,288	\$ 678,874	3.0%	1.133000	902,380	1.329231



Source: Mendocino County Assessor data, MuniServices, LLC.

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

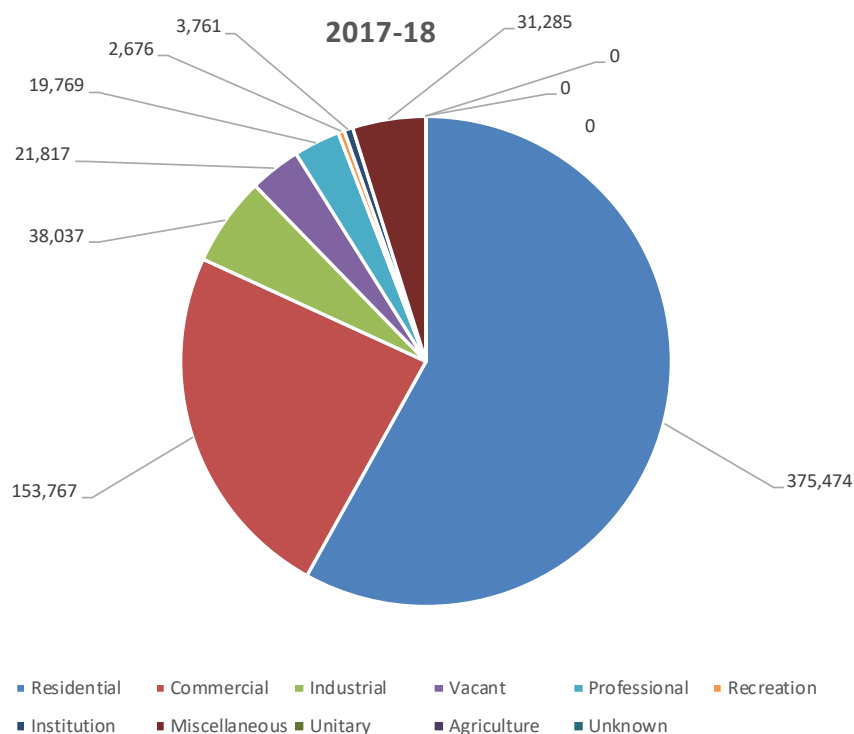
*Secured Property is net of exemptions and includes Unitary value.

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

(-) Indicates Data unavailable.

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

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Residential	361,278	347,694	351,259	357,224	369,852	393,470	375,474
Commercial	161,784	164,165	165,103	163,032	167,141	150,666	153,767
Industrial	43,763	30,593	36,342	36,807	37,595	37,908	38,037
Vacant	21,468	21,552	18,931	18,682	18,963	21,162	21,817
Professional	0	0	0	0	179	9,804	19,769
Recreation	8,962	9,119	7,905	7,593	6,391	7,101	2,676
Institution	3,826	3,931	4,024	4,285	4,513	4,515	3,761
Miscellaneous	477	689	698	701	735	1,120	31,285
Unitary	670	543	542	543	543	340	0
Agriculture	0	34	33	34	34	34	0
Unknown	1,044	1,130	1,149	1,178	1,192	0	0
Net Secured Value	603,272	579,450	585,986	590,079	607,137	626,121	646,586
Unsecured	29,066	31,513	29,641	31,347	31,275	32,889	32,288
Net Taxable Value	632,338	610,963	615,627	621,426	638,412	659,009	678,874



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

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

	2008-09	2009-10	2010-11	2011-12	2012-13
COUNTY GENERAL FUND	0.000000	0.000000	0.000000	0.745000	0.745000
CITY OF FORT BRAGG	0.000000	0.000000	0.000000	0.255000	0.255000
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments					
LOCAL SPECIAL DISTRICTS	0.011000	0.010000	0.013000	0.012000	0.012000
SCHOOLS	0.077000	0.072000	0.089000	0.111000	0.119000
TOTAL	0.088000	0.082000	0.102000	0.123000	0.131000
TOTAL TAX RATE	1.088000	1.082000	1.102000	1.123000	1.131000

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

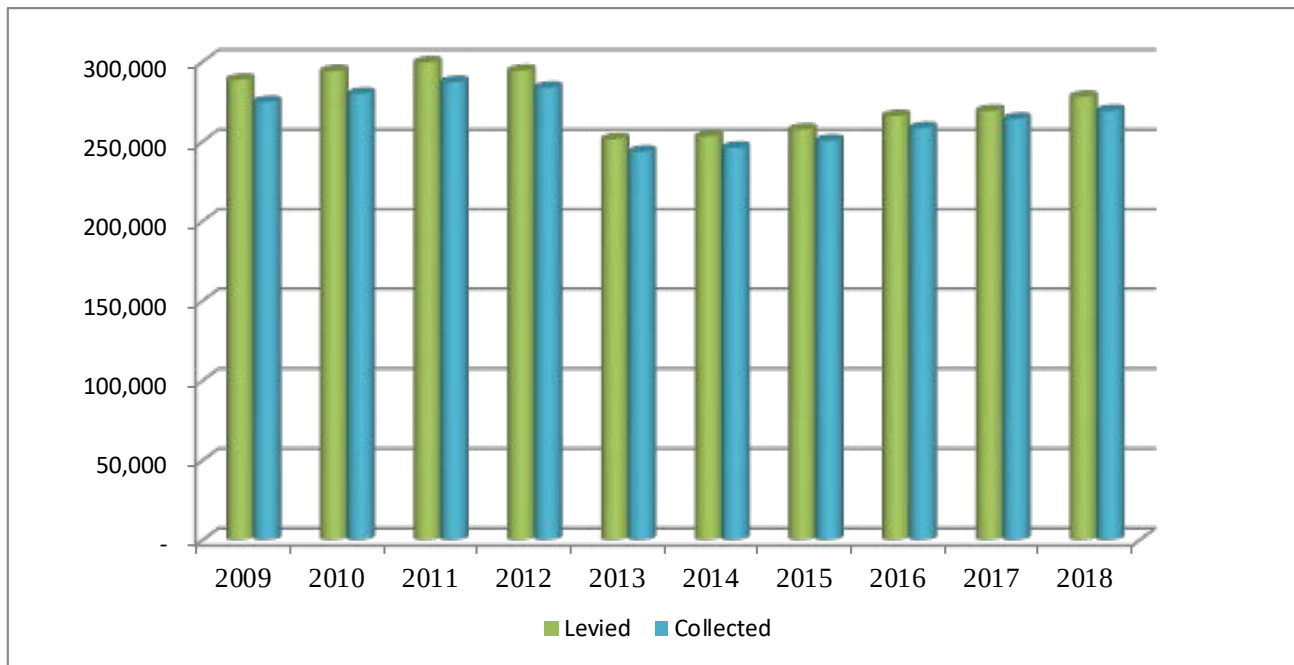
2013-14	2014-15	2015-16	2016-17	2017-18
0.745000	0.745000	0.745000	0.745000	0.745000
0.255000	0.255000	0.255000	0.255000	0.255000
1.000000	1.000000	1.000000	1.000000	1.000000
0.011000	0.026000	0.025000	0.018000	0.026000
0.114000	0.101000	0.107000	0.115000	0.107000
0.125000	0.127000	0.132000	0.133000	0.133000
1.125000	1.127000	1.132000	1.133000	1.133000

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

Taxpayer	2017-18		2008-09	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Georgia Pacific Corp	32,142,594	4.73%	76,860,330	11.41%
Rap Investors Lp	11,075,043	1.63%	5,186,075	0.77%
Boatyard Assoc Phase Ii	10,051,645	1.48%	8,881,619	1.32%
North Coast Brewery	7,106,028	1.05%		
Safeway Inc.	6,948,276	1.02%	7,258,286	1.08%
Tanti Family Ii LLC	5,364,966	0.79%		
Colombi Jeanette Succttee	4,819,399	0.71%		
Hurst Jason S	4,709,358	0.69%		
Kao Kuami	4,439,756	0.65%	3,919,134	0.58%
Ansari Ghulam Murtaza Tenzila	4,295,057	0.63%		
Kashi Keshav Investments LLC	4,227,115	0.62%	4,257,242	0.63%
Grosvenor Van Ness Assoc	4,118,352	0.61%	3,638,976	0.54%
Longs Drug Stores California L	3,938,526	0.58%	3,821,576	0.57%
Ray Ronald R Ttee	3,791,712	0.56%		
Fort Bragg Hotel LLC	3,584,413	0.53%		
Emerald Dolphin Inn Inc.	3,334,793	0.49%		
Keaton Richard J Julie	3,189,773	0.47%	2,806,065	0.42%
Noyo Vista Inc.	3,150,880	0.46%	2,773,557	0.41%
Moura Senior Housing	2,672,316	0.39%	3,183,929	0.47%
Rbj Assoc LLC	2,604,855	0.38%	2,374,499	0.35%
Miller Helen Centeno	2,539,344	0.37%		
Taubold Timothy E Ttee	2,538,598	0.37%		
Anderson Logging Inc.	2,532,089	0.37%	4,705,623	0.70%
Mendocino Coast Hotel LLC	2,447,602	0.36%		
Lee Michael V Dona H Ttees	2,428,879	0.36%		
Tradewinds Lodge			6,986,971	1.04%
Feil Scott E & Diana E			5,498,310	0.82%
Colombi Robert Ttee			4,483,294	0.67%
Hurst James C & Barbara J Ttee			4,253,601	0.63%
Kemppe Liquid Gas Corporation			4,219,613	0.63%
Bell Charles H & Ila Lynn Ttee			4,146,731	0.62%
Baxman Land Partnership			4,088,931	0.61%
Affinito Dominic J & Juliette			3,392,426	0.50%
North Otown Industrial Center			3,379,830	0.50%
Braxton Senior Living Property			3,268,750	0.49%
Reddy Govind & Sarojini			2,987,000	0.44%
Adelphia Communications			2,382,300	0.35%
Total Top 25 Taxpayers	138,051,369	20.34%	178,754,668	26.53%
Total Taxable Value	678,873,679	100.00%	673,832,823	100.00%

City of Fort Bragg, California
Property Tax Levies and Collections
For the Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2009	288,495	274,649	95.2%
2010	293,999	279,753	95.2%
2011	299,429	287,121	95.9%
2012	294,235	283,594	96.4%
2013	251,307	243,397	96.9%
2014	253,017	245,915	97.2%
2015	257,387	250,358	97.3%
2016	265,826	258,276	97.2%
2017	268,987	264,012	98.2%
2018	277,846	269,005	96.8%



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

Source: Mendocino County Auditor-Controller's Office

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

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities			
	Certificates of Participation	Capital Leases	Total Governmental Activities	Certificates of Participation	Notes Payable	Capital Leases	Total Business-type Activities
2009	5,864	160	6,024	4,590	2,151	982	7,723
2010	5,702	98	5,800	4,360	1,874	878	7,112
2011	5,533	32	5,565	4,130	1,767	769	6,666
2012 ⁽²⁾	943	-	943	3,237	1,481	626	5,344
2013	842	-	842	3,013	1,375	457	4,845
2014	777	-	777	3,217	1,314	367	4,898
2015	660	-	660	2,896	1,207	240	4,343
2016	539	-	539	2,578	1,102	123	3,803
2017	412	-	412	2,252	975	-	3,227
2018	280	-	280	1,913	846	-	2,759

N/A indicates information is not available

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

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

Source: City Finance Department

Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
13,747	9.8%	2,007
12,912	8.9%	1,884
12,231	N/A	1,779
6,287	4.4%	867
5,687	3.9%	778
5,675	3.7%	772
5,003	3.2%	681
4,342	2.7%	566
3,639	2.1%	474
3,039	1.7%	405

City of Fort Bragg, California
Legal Debt Margin Information
Last Ten Fiscal Years
(Fiscal Year-ended June 30)
(In Thousands)

	2009	2010	2011	2012
Assessed Value	\$ 645,784	\$ 660,917	\$ 609,153	\$ 603,272
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Value	161,446	165,229	152,288	150,818
Debt Limit Percentage	15%	15%	15%	15%
Debt limit	24,217	24,784	22,843	22,623
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 24,217	\$ 24,784	\$ 22,843	\$ 22,623
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

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

2013	2014	2015	2016	2017	2018
\$ 579,450	\$ 585,992	\$ 590,079	\$ 607,137	\$ 626,121	\$ 646,586
25%	25%	25%	25%	25%	25%
144,863	146,498	147,520	151,784	156,530	161,646
15%	15%	15%	15%	15%	15%
21,729	21,975	22,128	22,768	23,480	24,247
-	-	-	-	-	-
\$ 21,729	\$ 21,975	\$ 22,128	\$ 22,768	\$ 23,480	\$ 24,247
0%	0%	0%	0%	0%	0%

City of Fort Bragg, California
Direct and Overlapping Debt
Current Year
June 30, 2018

2017-18 Assessed Valuation: \$678,989,819

	Total Debt 6/30/18	% Applicable (1)	City's Share of Debt 6/30/18
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Redwoods Joint Community College District	\$28,440,000	3.762%	\$ 1,069,913
Fort Bragg Unified School District	31,630,267	37.938	11,999,891
Mendocino Coast Hospital District	4,518,773	20.694	935,115
City of Fort Bragg	280,348	100.	280,348
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$14,285,267

OVERLAPPING GENERAL FUND DEBT:

Mendocino County Certificates of Participation	\$18,280,000	5.971%	\$1,091,499
Mendocino County Pension Obligation Bonds	55,135,000	5.971	<u>3,292,111</u>
TOTAL OVERLAPPING GENERAL FUND DEBT			\$4,383,610

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$3,650,000	100. %	\$3,650,000
--	-------------	--------	-------------

DIRECT DEBT	\$280,348
TOTAL OVERLAPPING DEBT	\$22,038,529

COMBINED TOTAL DEBT	\$22,318,877 (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 2017-18 Assessed Valuation:

Direct Debt	0.04%
Total Direct and Overlapping Tax and Assessment Debt	2.10%
Combined Total Debt	3.29%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$204,104,752):

Total Overlapping Tax Increment Debt	1.79%
--	-------

AB : (\$500)

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

Fiscal Year Ended June 30,	Business-type Activities						
	Water Fund Debt						
	Operating Revenues	Less:	Net	Debt Service		Total	
		Operating Expenses ¹	Available Revenue	Principal	Interest	Debt Service	Coverage Ratio
2009	2,113	2,078	35	387	265	652	0.1
2010	2,058	1,792	266	322	293	615	0.4
2011	2,159	1,632	527	365	245	610	0.9
2012	2,044	1,585	459	360	158	518	0.9
2013	2,420	1,623	797	327	151	478	1.7
2014	2,172	1,953	219	369	171	540	0.4
2015	2,595	1,806	789	493	147	640	1.2
2016	3,085	1,834	1,251	490	132	622	2.0
2017	3,534	1,378	2,156	505	75	580	3.7
2018	2,909	1,592	1,317	390	62	452	2.9

¹ Operating expenses exclude depreciation

Source: City Finance Department

Business-type Activities

Sewer Fund Debt

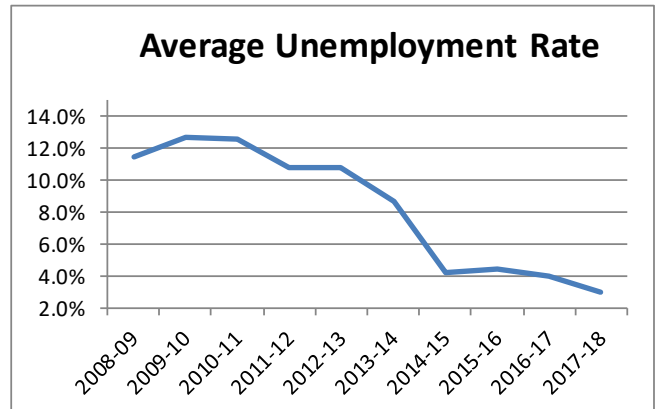
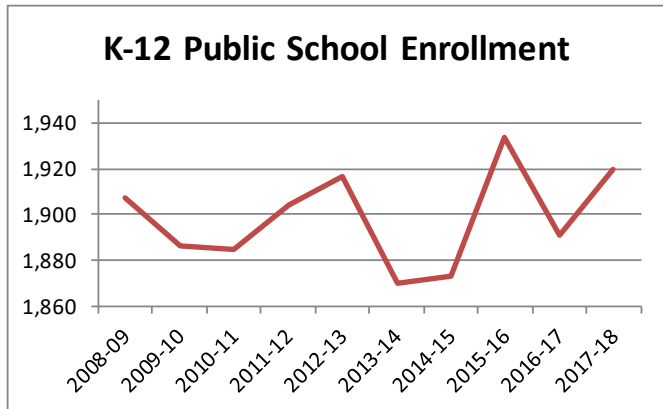
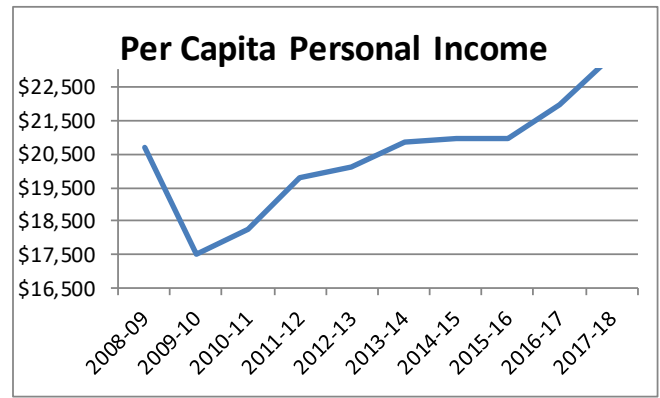
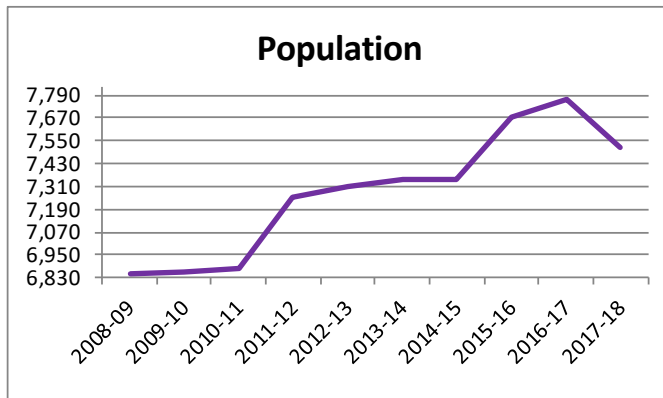
Operating	Less:	Net	Debt Service		Total	
Revenues	Operating	Available	Principal	Interest	Debt	Coverage Ratio
	Expenses ¹	Revenue			Service	
2,160	1,908	252	53	32	85	3.0
2,517	2,116	401	35	12	47	8.5
3,152	2,078	1,074	40	21	61	17.6
2,943	2,637	306	40	19	59	5.2
3,263	2,733	530	40	17	57	9.3
2,985	2,633	352	45	17	62	5.7
3,184	2,470	714	45	16	61	11.7
3,322	2,568	754	50	12	62	12.2
4,457	2,189	2,268	50	9	59	38.4
3,495	2,270	1,225	55	6	61	20.1

City of Fort Bragg, California

Demographic and Economic Statistics

For the Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age (3)	Public School Enrollment	City Unemployment Rate (%) (4)
2008-09	6,848	140,416	20,685	38.3	1,907	11.5%
2009-10	6,855	144,629	17,513	38.4	1,886	12.7%
2010-11	6,875	-	18,247	40.9	1,885	12.6%
2011-12	7,255	143,775	19,817	40.5	1,904	10.8%
2012-13	7,311	146,997	20,106	37.4	1,917	10.8%
2013-14	7,350	153,410	20,872	36.8	1,870	8.7%
2014-15	7,343	154,002	20,973	38.2	1,873	4.2%
2015-16	7,672	160,798	20,959	38.5	1,934	4.5%
2016-17	7,772	170,733	21,968	36.6	1,891	4.0%
2017-18	7,512	175,523	23,366	40.0	1,920	3.0%



Source: MuniServices, LLC

2010-11 and prior, previously published CAFR Report

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

(-) Indicates data unavailable

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

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

3.) Public School Enrollment is for the .

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

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

Business Name	2017-18		2010-11	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Mendocino Coast District Hosp	315	9.16%	350	-
Fort Bragg Unified School District*	267	7.76%		
Parents & Friends Inc	160	4.65%		
North Coast Brewing CO Inc (1)	142	4.13%	85	-
Safeway	127	3.69%		
Mendocino County**	119	3.46%		
Mendocino Coast Clinics Inc	117	3.40%	114	-
Anderson Logging Inc	88	2.56%	87	-
Sherwood Oaks Health Ctr	82	2.38%	92	-
Silvers At the Wharf (Anchor Lodge)	75	2.18%	55	-
Caito Fisheries			90	-
Ocean Fresh Seafood Products			90	-
City of Fort Bragg			53	-
Skunk Train			44	-
Total Top Employers	1,492	43.37%	1,060	-
Total City Employment (2)	3,440		-	

Source: MuniServices, LLC

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

(1) Includes summer and seasonal employees

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

*Excludes non bargaining on call subs or sports coaches

**Includes satellite offices of county departments

(-) Data not available.

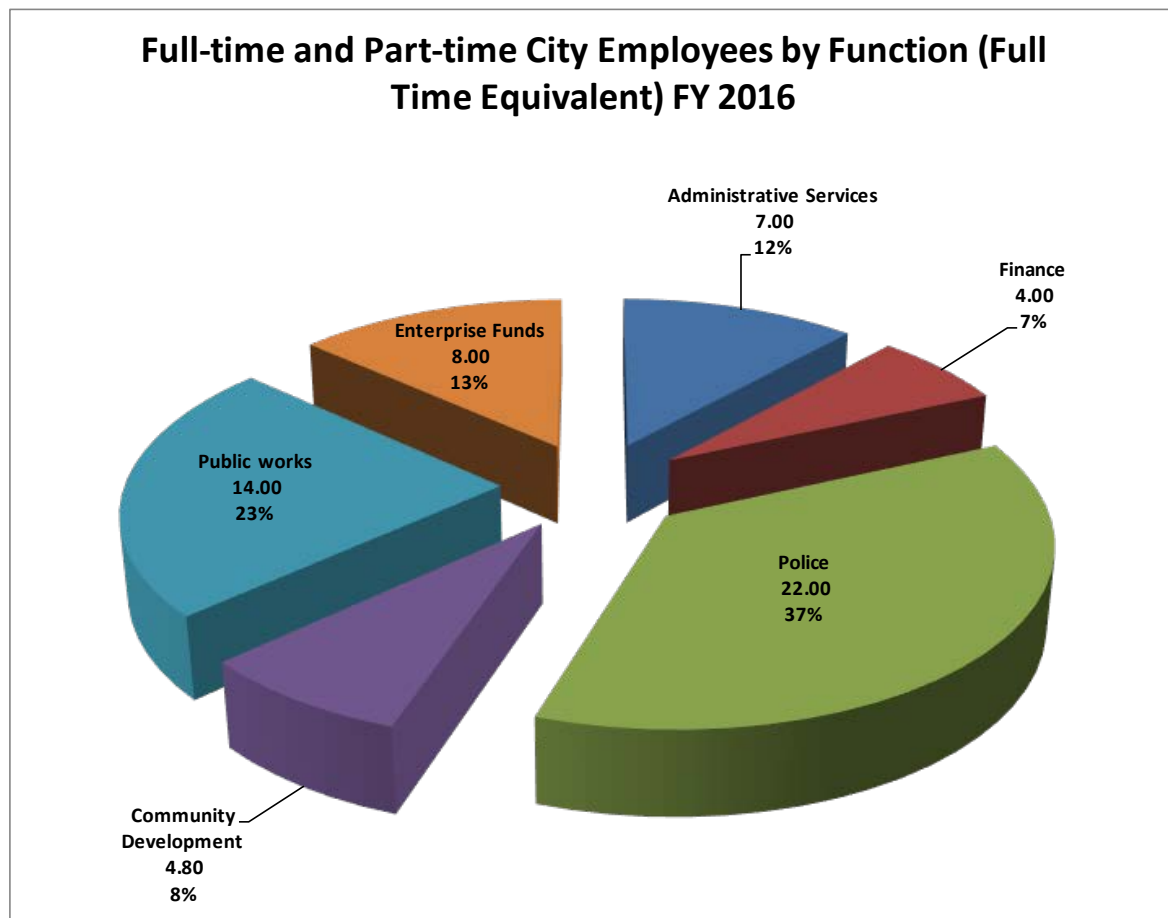
City of Fort Bragg, California

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

Last Ten Fiscal Years

(Fiscal Year-ended June 30)

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administrative Services	5.00	5.00	4.80	4.80	6.00	6.00	6.00	6.50	6.50	7.00
Finance	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Public Safety										
Police	23.00	23.00	21.00	21.00	21.00	22.00	22.00	22.00	22.00	22.00
Community Services										
Community Development	5.75	4.75	3.80	3.80	3.80	4.30	4.00	4.30	4.50	4.80
Public works	13.00	14.50	12.60	12.60	12.60	13.60	12.60	12.80	12.80	14.00
Enterprise Funds	9.00	8.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Total	60.75	60.25	53.20	54.20	55.40	57.90	56.60	57.60	57.80	59.80



Source: City Finance Department

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Building Permits Issued	174	204	204	210	125	272	192	141	122	162
New Construction	5	5	6	3	27	2	7	6	4	9
Single Family Residential	1	2	3	2	0	0	0	2	0	5
Second Unit	3	2	1	1	1	1	1	3	4	4
Mixed Use, Commercial & Residential	0	1	0	0	0	0	2	1	0	0
Multi-Family Residential				0	0	1	0	0	0	0
Low Income Residential	1		2	0	26	0	4	0	0	0
City Clerk										
Council/Agency Resolutions Passed	148	112	93	108	93	87	127	98	122	121
Number of Ordinances Passed	13	3	9	9	2	4	3	5	6	8
Number of Contracts Approved	11	9	13	32	29	31	30	69	74	105
Number of PRA Requests Processed	47	40	28	33	26	35	74	73	79	146
Public Safety										
Traffic Accidents	111	116	112	139	163	174	172	221	160	145
Traffic Violations - DUI	53	42	37	33	62	45	26	28	45	49
Bookings	521	501	621	608	744	689	737	668	619	795
Moving Cites	852	550	514	841	1,001	1,614	949	498	344	428
Parking Cites			405	374	355	833	484	835	842	941
Field Interviews and Information Cases					1,450	2,211	1,301	1,217	1,403	1,936
Crime Reports	1,288	1,150	1,274	1,454	1,610	1,576	1,317	1,501	1,496	1,554
Fire ¹										
Total Number of Calls	640	504	631	632	500	525	617	579	665	626
Structure Fires	38	35	30	27	29	29	21	29	38	10
Vehicle Fires	6	7	9	9	9	17	9	3	16	5
Vegetation Fires	55	33	15	29	25	41	40	31	33	23
Misc Fires (Chimney, Debris, Electronically, etc.)					17	24	17	36	18	81
Medical Aid	110	102	186	209	110	142	163	150	199	197
Rescue	135	114	112	129	11	13	10	22	16	11
Hazardous Condition/Materials Calls	62	53	37	46	73	48	41	70	75	58
Mutual Aid/Agency Assist					6	3	9	12	18	23
Traffic Accidents					88	89	98	133	98	115
Services Call	120	100	161	115	128	117	96	91	80	99
Other Calls & Incidents	114	60	81	68	4	2	113	2	74	4
Water										
Number of customer accounts billed	33,965	33,771	33,521	32,523	33,924	32,300	33,716	33,671	33,873	34,146
Water annual demand in thousand gallons	2,401	2,233	2,176	2,312	2,255	2,245	2,044	1,895	1,976	2,102
Available supply of water in thousand gallons	2,688	2,524	2,442	3,066	2,574	2,490	2,398	20,800	21,300	21,300
total Customer service calls	1,451	1,421	1,531	1,448	1,439	1,254	1,177	1,253	1,253	1,193
Meter installs/removals/change outs	38	36	49	40	2	11	14	16	14	24
Meter repairs	4	1	3	2	44	1	8	1	34	5
Leak investigations	24	15	15	16	21	3	6	11	34	29
Service profiles	180	98	131	81	93	52	57	65	31	63
Turn on/off	1,120	1,244	1,255	1,267	1,248	139	508	669	878	891
Manual Reads	522	556	555	565	527	513	453	416	444	126
Misc.	78	26	27	36	33	49	60	75	53	55
Wastewater										
Customer service calls, wastewater		38	39	37	52	71	41	52	43	33
New customer sewer lines installed		2	2	0	2	2	3	1	4	-
Sewer mains cleaned/flushed in miles		15	19	19	18	14	15.5	15	17.38	16
Sewer mains and laterals repaired in number of jobs		38	39	34	0	8	16	11	12	9
Sewer manholes inspected		370	371	373	371	362	363	363	374	374
Sewer manholes installed		1	3	1	0	0	0	0	0	-
Sewer spill responses		3	4	1	3	7	7	5	1	1

² In some categories historical information is not available

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

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police :										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	27.2
Alleys (miles)	19	19	19	19	19	19	19	19	19	19
Storm drains (miles)	10	10	10	10	10	10	10	10	10	10
Streetlights	725	725	725	725	725	725	725	725	725	744
Sidewalks	40	40	40	40	40	40	40	40	40	40
Water										
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	30	30	30	30	30	30	30	30	30	30.5
Raw water transmission line (miles)	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.85
Wastewater										
Wastewater treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	27	27	27	27	27	27	27	27	27	27
Parks and Facilities										
Parks	3	3	3	3	3	3	4	4	4	5
Recreational/Guest Facilities	2	2	2	3	3	3	3	3	3	3
Government Facilities	2	2	2	2	2	2	2	2	2	2