

**CITY OF ARCATA, CALIFORNIA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2012**



Prepared by:

**Janet Luzzi**  
Finance Director

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**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Table of Contents**

**Page**

**INTRODUCTORY SECTION**

<b>Table of Contents</b> .....	i
<b>Letter of Transmittal</b> .....	v
<b>Organization Chart</b> .....	x
<b>List of Officials</b> .....	xi

**FINANCIAL SECTION**

<b>Independent Auditors' Report</b> .....	1
<b>Management's Discussion and Analysis (Required Supplementary Information)</b> .....	3
<b>Basic Financial Statements:</b>	
<i><b>Government-Wide Financial Statements:</b></i>	
Statement of Net Assets .....	19
Statement of Activities .....	20
<i><b>Fund Financial Statements:</b></i>	
<b>Governmental Funds:</b>	
Balance Sheet .....	24
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Assets .....	26
Reconciliation of Fund Basis Balance Sheet to Government-wide	
Statement of Net Assets – Governmental Activities .....	27
Statement of Revenues, Expenditures, and Changes	
in Fund Balances – Governmental Funds .....	28
Reconciliation of Fund Basis Statements to Government-wide	
Statement of Activities .....	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities .....	31
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Budget to Actual – General Fund and	
Major Special Revenue Funds .....	32

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Table of Contents, Continued**

	<u><b>Page</b></u>
<b>Basic Financial Statements, Continued:</b>	
<i><b>Fund Financial Statements, Continued:</b></i>	
<b>Proprietary Funds:</b>	
Statement of Net Assets – Proprietary Funds .....	38
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds .....	40
Statement of Cash Flows – Proprietary Funds .....	42
<b>Fiduciary Activities:</b>	
Statement of Fiduciary Net Assets – Fiduciary Activities.....	46
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds .....	47
<b>Notes to Basic Financial Statements</b> .....	45
<b>Other Supplemental Information:</b>	
<b>Required Supplementary Information:</b>	
Other Postemployment Benefits – Schedule of Funding Progress .....	90
<b>Combining and Individual Fund Financial Statements and Schedules:</b>	
<b>Nonmajor Governmental Funds:</b>	
Combining Balance Sheet .....	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	95
<b>Nonmajor Special Revenue Funds:</b>	
Combining Balance Sheet.....	100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	102
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Former Community Development Agency .....	104
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Forest Management .....	105
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Traffic Safety .....	106
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Industrial Park .....	107
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Basic Business Loan Revolving .....	108
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – STIP .....	109
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Public Improvement .....	110

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Table of Contents, Continued**

	<u><b>Page</b></u>
<b>Combining and Individual Fund Financial Statements and Schedules, Continued:</b>	
<b>Nonmajor Special Revenue Funds, Continued:</b>	
Combining Balance Sheet – Gas Tax Special Revenue Funds .....	111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Gas Tax Special Revenue Funds.....	112
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Gas Tax 2105.....	113
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Gas Tax 2106.....	114
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Gas Tax 2107 and 2107.5.....	115
Combining Balance Sheet – Federal Grant Special Revenue Funds.....	116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Federal Grant Special Revenue Funds.....	118
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – HUD Block Grant.....	120
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – ISTEA Grant.....	121
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – FEMA/OES Grants.....	122
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – COPS Grant.....	123
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – HOME Grant.....	124
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – ARRA Grant.....	125
Combining Balance Sheet – In Lieu Fee Special Revenue Funds.....	126
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – In Lieu Fee Special Revenue Funds.....	127
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Parkland in Lieu .....	128

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Table of Contents, Continued**

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**Page**

**Combining and Individual Fund Financial Statements and Schedules, Continued:**

**Nonmajor Special Revenue Funds, Continued:**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Parking in Lieu .....	129
Combining Balance Sheet – Assessment District Special Revenue Funds .....	130
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Assessment District Special Revenue Funds .....	131
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Curtis Heights .....	132
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Janes Creek Meadow .....	133
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Windsong.....	134

**Internal Service Funds:**

Combining Statement of Net Assets – Internal Service Funds .....	136
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds .....	137
Combining Statement of Cash Flows – Internal Service Funds .....	138



736 F Street  
Arcata, CA 95521

City Manager (707) 822-5953	Environmental Services 822-8184	Police 822-2428	Recreation 822-7091
Community Development 822-5955	Finance 822-5951	Public Works 822-5957	Transportation 822-3775

**March 5, 2012**

***To the Honorable Mayor and Members of the City Council and Citizens of the City of Arcata:***

We are pleased to submit the City of Arcata Annual Financial Report for the fiscal year ended June 30, 2012. It is the policy of the Council that a licensed certified public accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to them. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. We believe the data presented in this report is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included. Management of the City has established an internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City of Arcata, City staff, creditors, investors, and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The City's financial statements have been audited by JJACPA, Inc., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.



The independent audit of the financial statements of the City was 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 fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City of Arcata**

The City of Arcata is located 275 miles north of San Francisco. It is situated in an 11 square mile area in the northern coast region of California at the western mid-point of Humboldt County. The City is framed by the Pacific Ocean on the west, forested hills on the east, the Mad River on the North, and Humboldt Bay to the south. The City of Arcata was incorporated as the Town of Union in 1858. It was renamed "Arcata" in 1860. Arcata reincorporated as a general law city on May 4, 1903, under the Municipal Corporation Act of the State of California. The original township (including surrounding area) had a population of 553 persons. By 2010, the City has grown to an estimated population of approximately 17,500. It is 85.5% developed and is graced with a strong business base and a well established residential community.

The City of Arcata operates under a Council-Manager form of government and provides municipal services that include public safety, public works, community development, and parks and recreation. In addition, the City provides water, wastewater, transit, solid waste, and stormwater services in the form of enterprise activities. This report includes all funds of the City of Arcata and its blended component unit, the Arcata Community Development Agency, for which the City is financially accountable.

The City Council establishes annual budgets for the General Fund, Proprietary Funds, and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The Arcata City Council consists of five members, elected at-large to four-year overlapping terms. Council members must be residents of the City. The positions of Mayor and Vice Mayor are chosen by the City Council through policy direction determined by the City Council. The Mayor conducts the Council meetings and represents the City on ceremonial occasions.



The City Council serves as the policy board for the municipality. As an elected Board of Directors, the City Council provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, City Attorney, and all members of advisory boards, commissions, and committees.

Arcata is retail-oriented and is fortunate to have a large area which serves as a hub for students at Humboldt State University.

The Arcata business climate has experienced benchmarked transformation initiated by local businesses as well as City-business partnerships. Improvements and programs include infrastructure renovations, façade improvements, a street banner program, and the adoption of a redevelopment plan area.

In Arcata, the total labor force is approximately 8,200. Unemployment in Arcata is approximately 8.9%. Within ten miles, there is a diverse labor force specializing in such occupations as sales, executive and managerial services, technical support, professional specialties, and other services.

The City of Arcata is committed to providing high quality services in an economical manner. For fiscal year 2011/12, the City's efforts were focused in the following areas:

*Facilities and Infrastructure* – Improving city streets continues to be a priority. During the year, the City's Public Works Department was working on several ARRA projects for street improvements.

*Economic Development* – Promoting economic development (recruitment and retention of businesses) continues to be one of the City's key operational priorities. The City Manager works closely with staff and the development community to ensure the redevelopment and development of key sites. In addition, City staff works to assist local businesses to provide loans needed for expansion and other economic development needs.

### **Current Economic Conditions and Outlook**

The City's economic development efforts and implementation of the City's financial policies help to promote Arcata's long-term fiscal stability. Since incorporation, at the direction of Council, staff has conducted a systematic review of operations, resulting in some cases in the transition from contract service to an in-house operational model; in other instances a renegotiation of existing service contracts; and in other instances, retention of the contract operational model with a different service provider. These operational analyses and reforms are intended to promote long-term savings to the City and ensure long-term stability. As part of this operational review, the City has established appropriation limits in key operational areas such as law enforcement, which has promoted increased operational efficiency.

The City's principle general fund revenue sources are sales tax, transactions and use tax, and vehicle license fees. For FY 2011/12, sales tax revenues remained stable. Transactions and use tax increased by 14.616.0%. Vehicle license fee revenues increased slightly by 2.6%.

Sales tax is projected to remain steady for FY 2012-13. The City is 85.5% built out and no new significant sales tax generating businesses are anticipated in the future. Motor Vehicle License Fees are projected to remain steady for FY 2012-13.

The City of Arcata anticipates minimal revenue growth for the next ten years. The City has a reserve policy which promotes maintaining a fund balances or working capital balances of at least 20% of operating expenditures. However, in order to assure that the City Council has some discretion, these reserves may be reduced in order to fund unforeseeable financial conditions such as transition funding in a recessionary economy, one-time expenditures or other budget shortfall stop gap measures of a temporary nature.

### **Financial Information**

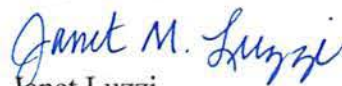
During the past fiscal year, there were no changes to the City's financial policies or items in which policies impacted the financial information or presentation. Information concerning significant accounting policies affecting the finances of the City is summarized in the Notes to the Financial Statements.

### **Acknowledgements**

The preparation of this Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department and the auditing firm of JJACPA, Inc. I would like to express my appreciation to Joseph Arch, CPA, Brett Jones, Taiwo Abugan, and Tika Koshiyama-Diaz of JJACPA, Inc. and to the members of the Finance Department who assisted and contributed to its preparation.

I would also like to thank members of the City Council, the City Manager, and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully Submitted,



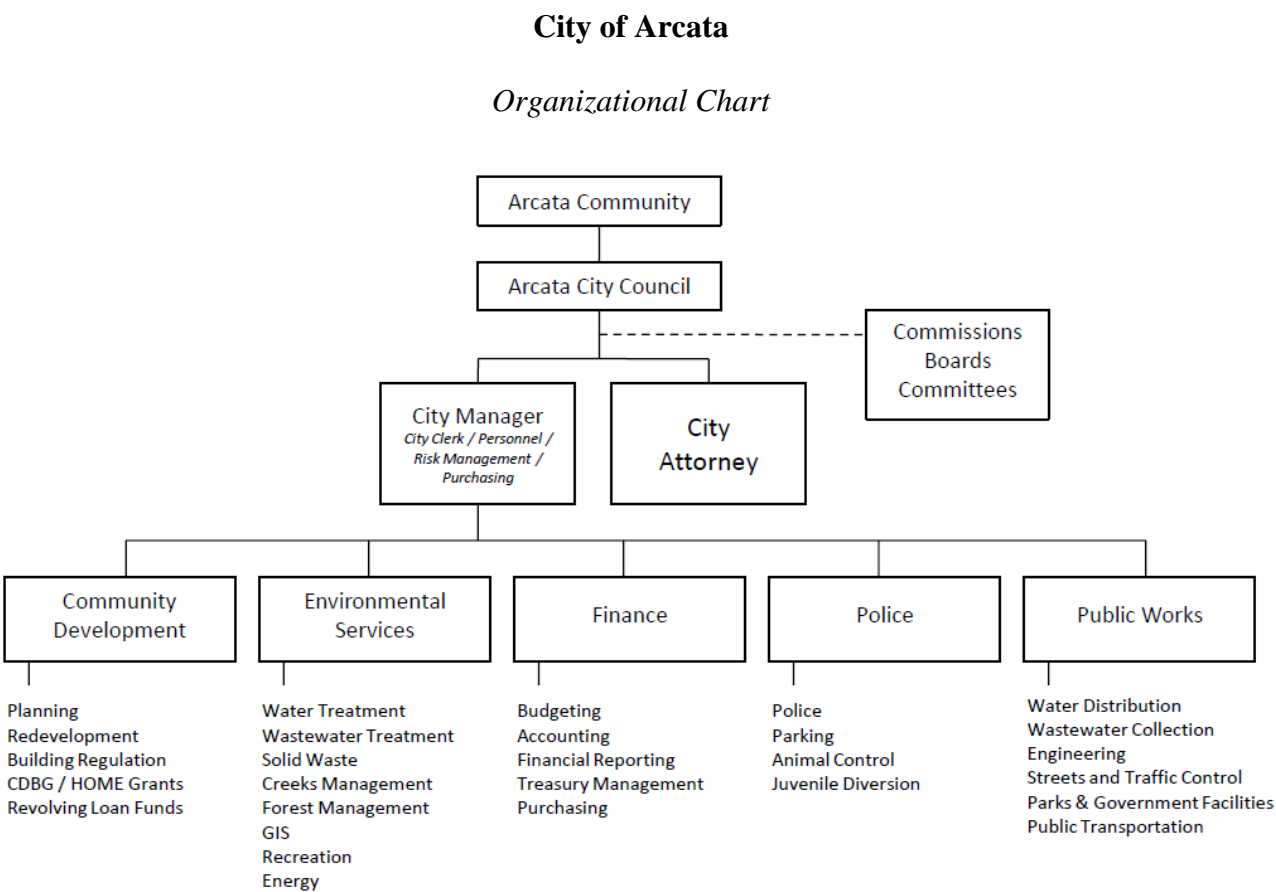
Janet Luzzi  
Finance Director

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**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Organization Chart**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**List of Officials**

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***CITY COUNCIL***

- Michael Winkler, Mayor
- Shane Brinton, Vice Mayor
- Susan Ornelas
- Alex Stillman
- Mark Wheatley

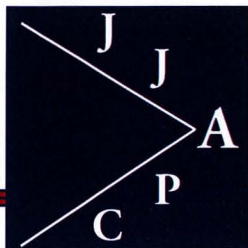
***CITY OFFICIALS***

- Randy Mendosa, City Manager
- Janet Luzzi, Finance Director
- Larry Oetker, Community & Economic Development Director
- Tom Chapman, Chief of Police
- Doby Class, Public Works Director
- Mark Andre, Environmental Services Director
- Nancy Diamond, City Attorney

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# JJACPA, Inc.

A Professional Accounting Services Corp.

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
of the City of Arcata  
Arcata, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arcata, California (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management; 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2013, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



To the Honorable Mayor and City Council  
of the City of Arcata  
Arcata, California  
Page 2

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information 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 evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, which includes the combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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.

*JJACPA, Inc.*

March 8, 2013

**JJACPA, Inc.**

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis**

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This section provides a narrative overview and analysis of the financial activities of the City of Arcata (City) for the fiscal year ended June 30, 2012. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

**FINANCIAL HIGHLIGHTS**

- ◆ The City's total net assets increased by about \$5.4 million over the course of this year's operations after conducting all City operations and programs. The assets of the City exceeded its liabilities by about \$81.8 million at the end of the 2012 fiscal year. Of that amount, \$34.7 million (the unrestricted net assets) may be used to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by about \$1.4 million compared to the 2011 fiscal year. Most of the increase resulted from increases in program revenues, particularly grants and contributions; and increases in general revenues, primarily from increased sales tax, transactions and use tax, and transient occupancy tax revenues. The City's total expense of all programs in fiscal 2012 increased by about \$0.8 million compared to the 2011 fiscal year; a 2.8 percent increase. This increase resulted primarily from the acquisition of additional timber properties using grant revenues.
- ◆ The general fund reported a fund balance of \$4.1 million at the end of the 2012 fiscal year, a decrease of about \$492,000. This decrease resulted from increased expenditure of funds for street improvements.
- ◆ The City also ended the fiscal year with \$4.2 million reported in the proprietary enterprise funds (the amount of net assets available for use, including unrestricted net assets, but excluding the investment in capital assets net of related debt). This is a slight decrease from 2011 of approximately \$400,000.

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

This Annual Financial Report is in two 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.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued**

**The Basic Financial Statements**

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

**Government-wide Financial Statements**

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net Assets 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 Assets 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, parks and recreation, public safety, animal control, engineering, community events, public improvements, planning and zoning, building inspections, and general administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees. The City's governmental activities include the activities of a separate legal entity, the City of Arcata Community Development Agency, because the City is financially accountable for the Agency.
- ◆ ***Business-type activities*** – All the City's enterprise activities are reported here, including Water, Wastewater, Transit, Solid Waste, and Stormwater. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

**Fund Financial Statements**

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

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued**

**Fund Financial Statements, Continued**

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

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

For the fiscal year ended June 30, 2012, the City's major funds are as follows:

**GOVERNMENTAL FUNDS:**

- ◆ General Fund
- ◆ Former Community Development Agency Low/Moderate Income Housing Special Revenue Fund
- ◆ Former Community Development Agency Capital Projects Fund
- ◆ Former Community Development Agency Debt Service Fund
- ◆ CDBG Housing Special Revenue Fund
- ◆ Housing Revolving Loan Special Revenue

**PROPRIETARY FUNDS:**

- ◆ Water Enterprise Fund
- ◆ Wastewater Enterprise Fund
- ◆ Transit Enterprise Fund
- ◆ Solid Waste Enterprise Fund
- ◆ Stormwater Utility Enterprise Fund

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued**

**Fund Financial Statements, Continued**

For the fiscal year ended June 30, 2012, the City adopted annual appropriated budgets for all governmental funds.

***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, Transit, Solid Waste, and Stormwater 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 fleet of vehicles and its information technology assets. 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.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 45–89 of this report. Required Supplementary Information follows the notes on Page 90.

**Combining and Individual Fund Financial Statements and Schedules**

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 94–138 of this report.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$81,529,823 as of June 30, 2012. The Summary of Net Assets as of June 30, 2012, and 2011, follows:

	Summary of Net Assets					
	2012			2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 37,084,080	\$ 5,268,940	\$ 42,353,020	\$ 40,840,043	\$ 5,592,164	\$ 46,432,207
Noncurrent assets	26,419,023	20,633,306	47,052,329	29,915,839	20,185,129	50,100,968
Total assets	63,503,103	25,902,246	89,405,349	70,755,882	25,777,293	96,533,175
Current and other liabilities	2,533,928	771,110	3,305,038	2,875,913	699,613	3,575,526
Long-term liabilities	1,923,883	2,646,605	4,570,488	13,708,693	2,879,454	16,588,147
Total liabilities	4,457,811	3,417,715	7,875,526	16,584,606	3,579,067	20,163,673
Net assets:						
Invested in capital assets	25,813,373	18,295,774	44,109,147	16,886,824	17,638,987	34,525,811
Restricted	2,756,820	-	2,756,820	6,111,033	-	6,111,033
Unrestricted	30,475,099	4,188,757	34,663,856	31,173,419	4,559,239	35,732,658
<b>Total net assets</b>	<b>\$ 59,045,292</b>	<b>\$ 22,484,531</b>	<b>\$ 81,529,823</b>	<b>\$ 54,171,276</b>	<b>\$ 22,198,226</b>	<b>\$ 76,369,502</b>

Overall, total net assets increased by approximately \$5,400,000. Of this amount, net assets for governmental activities increased by approximately \$5,100,000 and net assets for business-type activities increased by approximately \$300,000. About 54.0 percent of the net assets of the City are represented by the City's net investment in its capital assets such as buildings, land, equipment, utility systems, and facilities. Cash, investments, and receivables essentially represent the other 46.0 percent. About 40 percent of the City's total liabilities are represented by long-term obligations including revenue bonds, tax allocation bonds, and certificates of participation.

Restricted net assets decreased by \$3,354,213 and unrestricted net assets decreased by \$1,054,914. The decrease in restricted net assets is due to the dissolution of the Arcata Community Development Agency. This dissolution impacted the reporting entity of the City of Arcata that previously had reported the former redevelopment agency as a blended component unit. The decrease in unrestricted net assets results primarily from the expenditure of assigned funds for housing improvement projects, and the reimbursement of funds to the former redevelopment agency for operating costs which resulted in a cash deficit at the time of dissolution.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Revenues**

The City's total revenues for governmental and business-type activities were \$30,804,623 for the fiscal year ended June 30, 2012. Significant revenues for the City for fiscal year 2011/12 were derived from taxes (27%), operating grants and contributions (27%), capital grants and contributions (6%) and State motor vehicle in-lieu tax (5%).

The following discusses variances in key revenues from the prior fiscal year:

1. **Property Tax.** Property taxes decreased by \$1,276,607, or 39%. This is due primarily to the dissolution of the Arcata Community Development Agency on January 31, 2012.
2. **Sales Tax.** Annual receipts remained steady during the fiscal year 2011/12.
3. **Transactions and Use Tax.** Annual receipts are up approximately 15%. This increase resulted from higher gasoline prices when compared to the prior year.
4. **State Motor Vehicle In-Lieu Tax.** Annual receipts remained steady for fiscal year 2011/12.
5. **Grants and Contributions – Governmental Activities Operating** – The increase in operating grants and contributions results from one-time capital grant funds which were received for the purpose of acquiring timber properties.
6. **Grants and Contributions – Capital** – The increase in capital grants and contributions is due to the receipt of ARRA funds which were used for street improvements.



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The change in net assets for the fiscal years ended June 30, 2012, and 2010, follows:

	Changes in Net Assets					
	2012			2011		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,614,423	\$ 9,113,048	\$ 10,727,471	\$ 1,682,086	\$ 8,600,651	\$ 10,282,737
Grants and contributions:						
Operating	7,940,558	-	7,940,558	7,702,594	-	7,702,594
Capital	1,910,498	-	1,910,498	530,729	-	530,729
General revenues:						
Property taxes						
and assessments	1,987,237	-	1,987,237	3,263,844	-	3,263,844
Transient occupancy taxes	1,037,968	-	1,037,968	933,985	-	933,985
Sales and use tax	4,264,439	-	4,264,439	4,042,282	-	4,042,282
Franchise taxes	240,008	-	240,008	255,690	-	255,690
Utility users tax	856,012	-	856,012	845,091	-	845,091
Other taxes	30,829	-	30,829	30,902	-	30,902
Motor vehicle in lieu	1,396,236	-	1,396,236	1,435,958	-	1,435,958
Use of money and property	364,503	43,149	407,652	418,755	34,138	452,893
Other general	5,715	-	5,715	136,870	-	136,870
Total revenues	21,648,426	9,156,197	30,804,623	21,278,786	8,634,789	29,913,575
Expenses:						
Governmental activities:						
General government	2,874,459	-	2,874,459	3,958,427	-	3,958,427
Public safety	5,608,636	-	5,608,636	5,096,380	-	5,096,380
Public works	1,195,250	-	1,195,250	2,039,105	-	2,039,105
Community development	8,971,193	-	8,971,193	6,127,918	-	6,127,918
Parks and recreation	1,696,048	-	1,696,048	2,541,216	-	2,541,216
Interest and fiscal charges	586,220	-	586,220	693,572	-	693,572
Business-type activities:						
Water	-	3,413,625	3,413,625	-	3,149,737	3,149,737
Wastewater	-	3,483,234	3,483,234	-	3,492,520	3,492,520
Transit	-	1,207,174	1,207,174	-	1,084,673	1,084,673
Solid Waste	-	329,791	329,791	-	320,576	320,576
Stormwater	-	508,390	508,390	-	560,215	560,215
Total expenses	20,931,806	8,942,214	29,874,020	20,456,618	8,607,721	29,064,339
Excess (Deficiency) of revenues over						
expenditures before transfers	716,620	213,983	930,603	822,168	27,068	849,236
Transfers	(72,322)	72,322	-	(855,065)	855,065	-
Extraordinary item	4,229,718	-	4,229,718	-	-	-
Change in net assets	4,874,016	286,305	5,160,321	(32,897)	882,133	849,236
Net assets:						
Beginning of year	54,171,276	22,198,226	76,369,502	54,204,173	21,316,093	75,520,266
End of year	\$ 59,045,292	\$ 22,484,531	\$ 81,529,823	\$ 54,171,276	\$ 22,198,226	\$ 76,369,502

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Expenses**

Governmental and business-type activity expenses of the City for the year totaled \$29,874,020. Governmental activity expenses totaled \$20,931,806 or 70% of total expenses. Business-type activities incurred \$8,942,214 of expenses during the fiscal year. Public safety costs represented 27% of total governmental activities expenses. Public safety and community development costs represented the largest, 68%, combined expense for governmental activities.

**Governmental Activities**

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, 2012, and 2011, are as follows:

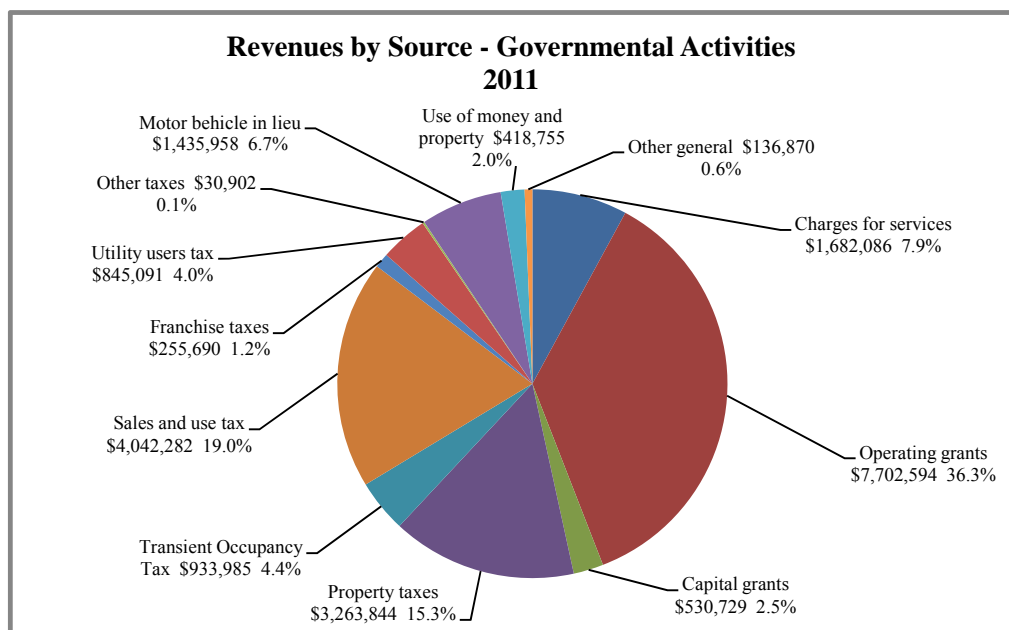
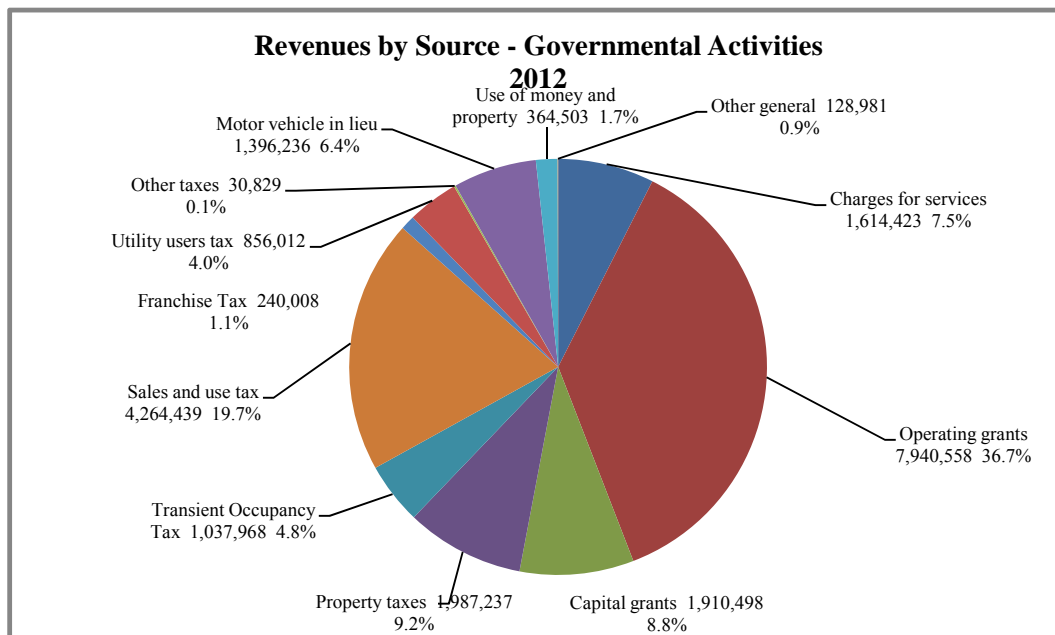
	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,874,459	\$ (1,276,630)	\$ 3,958,427	\$ 1,271,135
Public safety	5,608,636	4,747,900	5,096,380	4,584,059
Public works	1,195,250	(168,868)	2,039,105	(81,910)
Community development	8,971,193	4,296,842	6,127,918	2,188,586
Parks and recreation	1,696,048	1,280,863	2,541,216	1,885,767
Interest and fiscal charges	586,220	586,220	693,572	693,572
Total	<u>\$ 20,931,806</u>	<u>\$ 9,466,327</u>	<u>\$ 20,456,618</u>	<u>\$ 10,541,209</u>

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

Revenues by source for the fiscal years ended June 30, 2012, and 2011, are as follows:



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

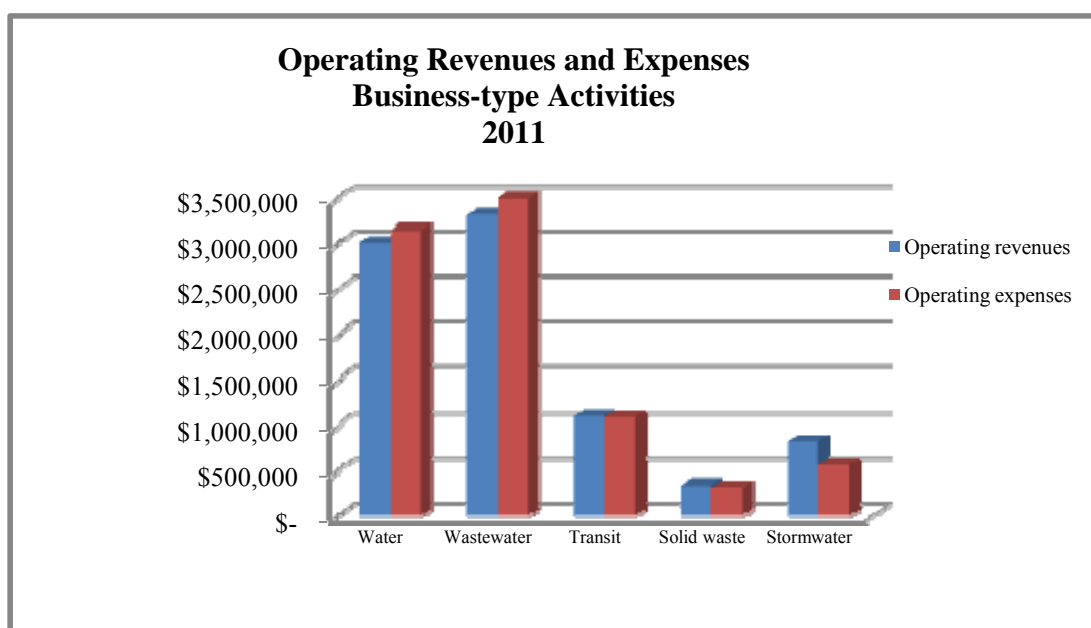
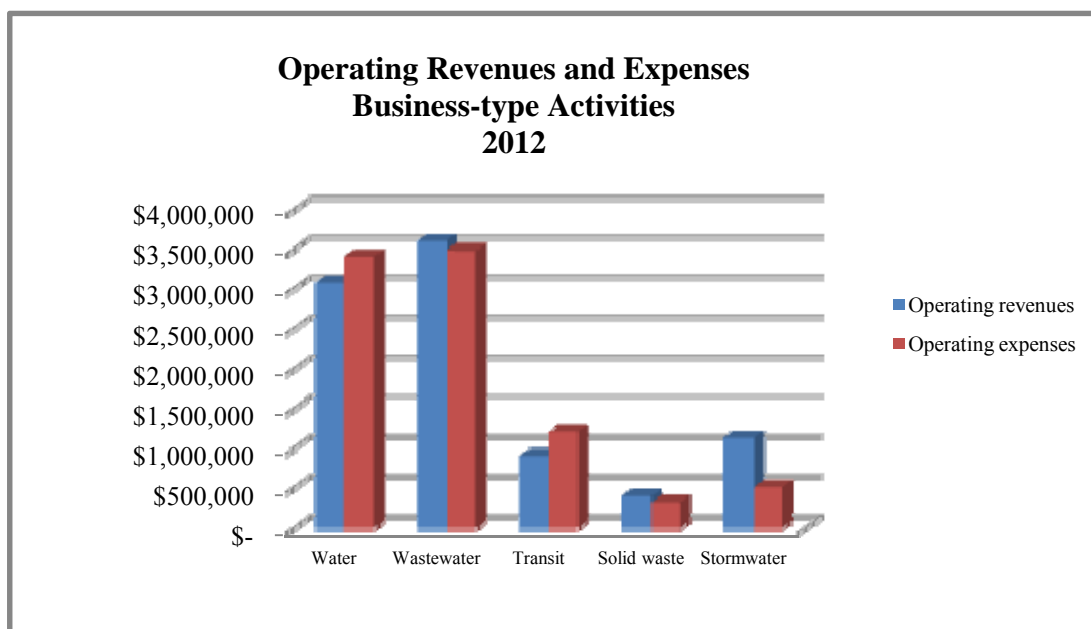
**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Business-type activities.** Business-type activities increased the City's net assets by \$286,305. The City has five business-type activities: Water, Wastewater, Transit, Solid Waste, and Stormwater Operations. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2012, and 2011, are as follows:



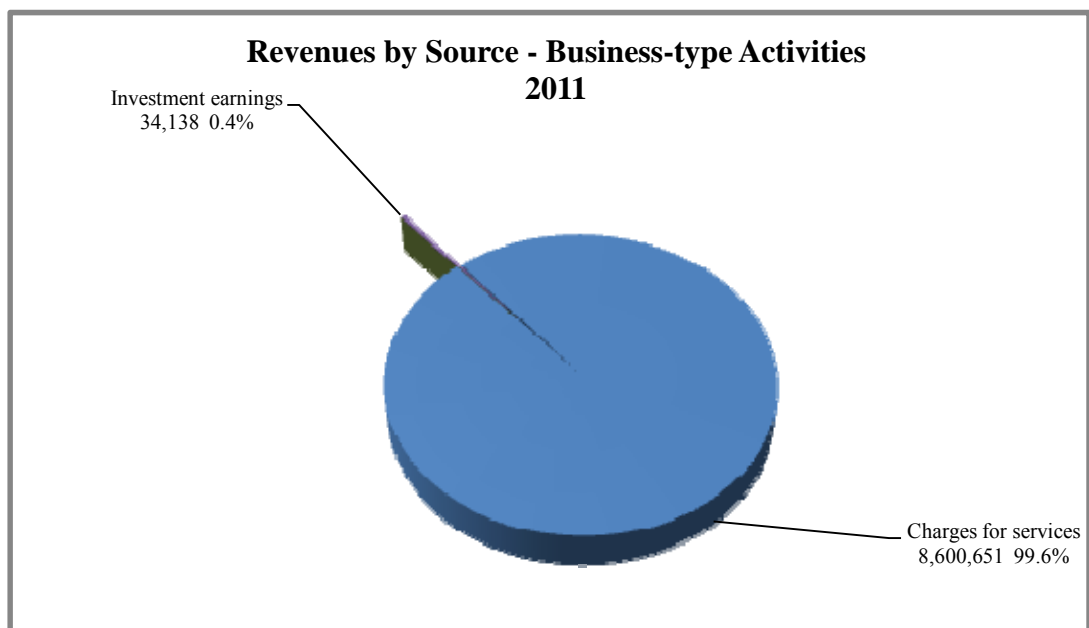
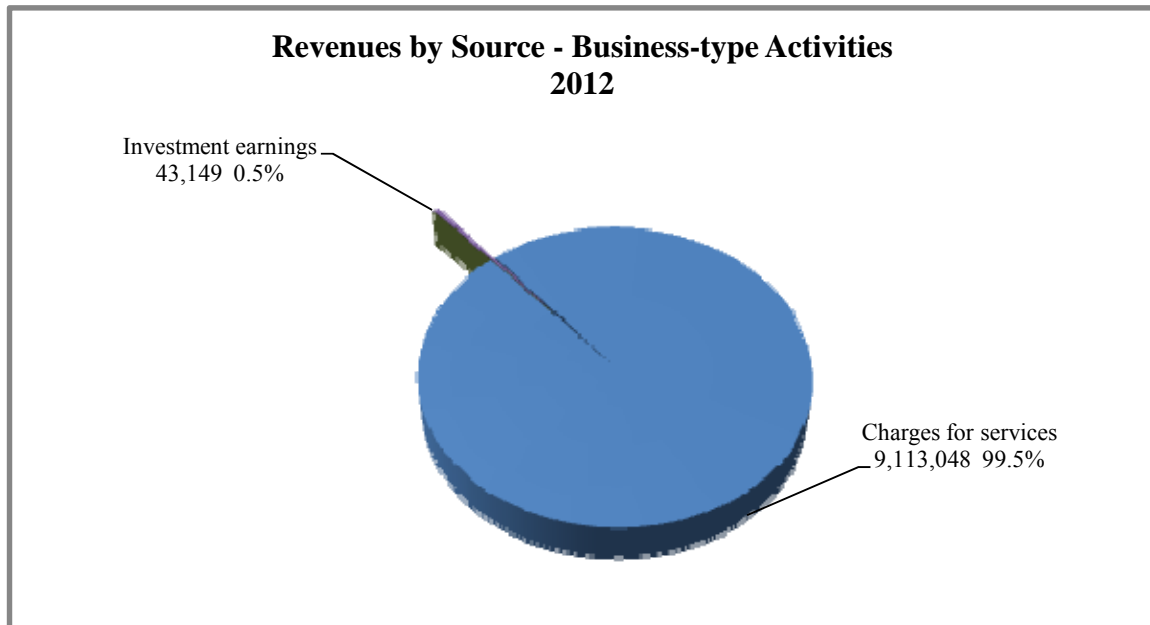
**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The revenues by source for the business-type activities for the fiscal years ended June 30, 2012, and 2011, are as follows:



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Financial Analysis of the Government's Funds**

The City of Arcata 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, 2012, the City's governmental funds reported combined fund balances of \$13,897,398. This is a decrease of \$5,178,664 or 27.1% from last year. The most significant cause of the decrease of fund balance is mainly due to the dissolution of the Arcata Community Development Agency. This dissolution impacted the reporting entity of the City of Arcata that previously had reported the former redevelopment agency as a blended component unit. In addition, during the year, the City was able to complete significant street projects using funds that were received and appropriated in prior fiscal years. Finally, the City expended funds toward the completion of low income housing units.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2012, General Fund unassigned fund balance totaled \$4,089,014. This is a decrease of \$495,006 from the prior year.

The Housing Improvement Projects and Public Improvement Program funds account for funds that were transferred to the City of Arcata from the former Arcata Community Development Agency in March 2011. The assigned balance of these funds totaled \$974,955 and \$3,854,346 at June 30, 2012, respectively. These assets are reserved for the purpose of implementing projects outlined in the Agreement between the City and former agency. The fund balance of these funds decreased \$521,541 and \$774,657, respectively, due to contributions towards the construction of low income housing units and pedestrian improvements.

**Proprietary funds.** The City's proprietary funds unrestricted net assets decreased by \$356,632 in the fiscal year ended June 30, 2012. This was due primarily from operating losses realized in the Water and Transit Funds.

**General Fund Budgetary Highlights**

The difference between the final budget and actual revenues differs unfavorably by \$116,353, or 0.1% of budget. This was mainly due to grant revenue that was not expended or received during the fiscal year.

There was a \$1,374,217 difference between the total original budget and the total final amended budget. This was due primarily to the carryover of various capital outlay appropriations for street improvements from fiscal year 2010/11. Actual expenditures were \$1,526,062 under budget (11.0% of budget). This resulted primarily from unspent capital outlay appropriations for street projects.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amount to \$47,023,697. This investment in capital assets includes land, construction in progress costs for road and median improvements, buildings and improvements, infrastructure, furniture and equipment, and vehicles.

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 11,376,981	\$ 12,299,024	\$ 6,838,447	\$ 5,994,370	\$ 18,215,428	\$ 18,293,394
Undergrounding facilities	90,025	90,025	4,705,462	4,833,427	4,795,487	4,923,452
Buildings and structures	4,136,867	5,974,753	3,563,793	3,772,467	7,700,660	9,747,220
Furniture and equipment	955,078	562,363	352,063	455,349	1,307,141	1,017,712
Other Improvements	2,148,873	2,273,784	4,098,123	3,968,902	6,246,996	6,242,686
Infrastructure	6,567,490	7,636,468	-	-	6,567,490	7,636,468
Vehicles	1,143,709	708,260	1,046,786	1,128,822	2,190,495	1,837,082
Total	<u>\$ 26,419,023</u>	<u>\$ 29,544,677</u>	<u>\$ 20,604,674</u>	<u>\$ 20,153,337</u>	<u>\$ 47,023,697</u>	<u>\$ 49,698,014</u>

Major capital asset events during the year included the acquisition of two pieces of property that are adjacent to the City's forest. Also, the City made substantial improvements to the facilities at Larson Park. The City also made improvements to two sewer lift stations and continued constructing levees and ponds at McDaniel's Slough.

More detail of the capital assets and current activity can be found in the notes to the financial statements on Pages 56 and 57 for significant accounting policies and Note 5 on Page 68 for other capital asset information.

**Economic Outlook**

Turning the economic corner in fiscal year 2011/12, the local and national economy grew slowly. The US economy grew 2.7 percent in fiscal year 2012, as unemployment began to drop and consumer confidence rose. The Humboldt County region lagged behind but made progress. Though the local job market remains anemic, we are seeing local businesses starting to recover from the Great Recession. Foreclosure inventory continue to make its way through the housing market, and home values are starting to return – albeit slowly. Finally, the state's impact on, and relationship with, local government will continue to impose many barriers to economic growth within the City and in unincorporated Humboldt County as a result of the dissolution of redevelopment, realignment and as it continues to require additional revenue and impose stricter regulatory requirements on local government and small business.



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Requests for Information**

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the City of Arcata Finance Department, 736 F Street, Arcata, CA 95521, or visit the City's web page at [www.cityofarcata.org](http://www.cityofarcata.org).

## **BASIC FINANCIAL STATEMENTS**

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**City of Arcata, California**  
**Statement of Net Assets**  
**June 30, 2012**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 12,525,702	\$ 4,069,337	\$ 16,595,039
Restricted cash and investments	2,534,361	-	2,534,361
Receivables:			-
Accounts	2,689,946	1,155,719	3,845,665
Loans/Notes receivable	19,159,342	-	19,159,342
Internal balances	37,103	(37,103)	-
Inventory	137,626	80,987	218,613
<b>Total current assets</b>	<b>37,084,080</b>	<b>5,268,940</b>	<b>42,353,020</b>
<b>Noncurrent assets:</b>			
Deferred charges - net of accumulated amortization	-	-	-
Prepaid issuance costs	-	28,632	28,632
Capital assets:			
Nondepreciable	11,467,006	6,838,447	18,305,453
Depreciable	14,952,017	13,766,227	28,718,244
<b>Total noncurrent assets</b>	<b>26,419,023</b>	<b>20,633,306</b>	<b>47,052,329</b>
<b>Total assets</b>	<b>\$ 63,503,103</b>	<b>\$ 25,902,246</b>	<b>\$ 89,405,349</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,801,157	\$ 286,401	\$ 2,087,558
Interest payable	10,405	8,847	19,252
Unearned revenue	-	219,006	219,006
Deposits payable	19,233	212,771	232,004
Compensated absences - current portion	110,208	44,085	154,293
Other liabilities	592,925	-	592,925
<b>Total current liabilities</b>	<b>2,533,928</b>	<b>771,110</b>	<b>3,305,038</b>
<b>Noncurrent liabilities:</b>			
Long-term liabilities:			
Compensated absences	367,951	132,255	500,206
Due within one year	239,471	205,450	444,921
Due after one year	604,857	2,308,900	2,913,757
Net OPEB obligation	711,604	-	711,604
<b>Total noncurrent liabilities</b>	<b>1,923,883</b>	<b>2,646,605</b>	<b>4,570,488</b>
<b>Total liabilities</b>	<b>4,457,811</b>	<b>3,417,715</b>	<b>7,875,526</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	25,813,373	18,295,774	44,109,147
Restricted	2,756,820	-	2,756,820
Unrestricted	30,475,099	4,188,757	34,663,856
<b>Total net assets</b>	<b>59,045,292</b>	<b>22,484,531</b>	<b>81,529,823</b>
<b>Total liabilities and net assets</b>	<b>\$ 63,503,103</b>	<b>\$ 25,902,246</b>	<b>\$ 89,405,349</b>

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

**City of Arcata, California**  
**Statement of Activities**  
**For the year ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,874,459	\$ 27,771	\$ 3,852,415	\$ 270,903
Public safety	5,608,636	239,955	620,781	-
Public works	1,195,250	561,212	802,906	-
Community development	8,971,193	386,177	2,648,579	1,639,595
Parks and recreation	1,696,048	399,308	15,877	-
Interest and fiscal charges	586,220	-	-	-
Total governmental activities	20,931,806	1,614,423	7,940,558	1,910,498
Business-type activities:				
Water	3,413,625	3,074,424	-	-
Wastewater	3,483,234	3,599,074	-	-
Transit	1,207,174	912,474	-	-
Solid waste	329,791	396,803	-	-
Stormwater utility	508,390	1,130,273	-	-
Total business-type activities	8,942,214	9,113,048	-	-
<b>Total primary government</b>	<b>\$ 29,874,020</b>	<b>\$ 10,727,471</b>	<b>\$ 7,940,558</b>	<b>\$ 1,910,498</b>

General revenues:

Taxes:

Property taxes, levied for general purposes  
Transient occupancy tax, levied for general purposes  
Sales taxes  
Franchise taxes  
Utility users tax  
Other taxes

Intergovernmental:

State motor vehicle in-lieu tax (MVLFF)  
Use of money and property  
Contributions  
Other general revenues

Total general revenues

Transfers

Total general revenues and transfers

Extraordinary item:

Gain on dissolution of redevelopment agency  
Change in net assets

Net assets:

Beginning of year  
End of year

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Totals
\$ 1,276,630	\$ -	\$ 1,276,630
(4,747,900)	-	(4,747,900)
168,868	-	168,868
(4,296,842)	-	(4,296,842)
(1,280,863)	-	(1,280,863)
(586,220)	-	(586,220)
(9,466,327)	-	(9,466,327)
-	(339,201)	(339,201)
-	115,840	115,840
-	(294,700)	(294,700)
-	67,012	67,012
-	621,883	621,883
-	170,834	170,834
(9,466,327)	170,834	(9,295,493)
1,987,237	-	1,987,237
1,037,968	-	1,037,968
4,264,439	-	4,264,439
240,008	-	240,008
856,012	-	856,012
30,829	-	30,829
1,396,236	-	1,396,236
364,503	43,149	407,652
-	-	-
5,715	-	5,715
10,182,947	43,149	10,226,096
(72,322)	72,322	-
10,110,625	115,471	10,226,096
4,229,718	-	4,229,718
4,874,016	286,305	5,160,321
54,171,276	22,198,226	76,369,502
\$ 59,045,292	\$ 22,484,531	\$ 81,529,823

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**FUND FINANCIAL STATEMENTS**  
**MAJOR FUNDS**

<b>Fund</b>	<b>Description</b>
<b>Governmental Funds:</b>	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.
Former Community Development Agency Low/Moderate Income Housing	Accounted for tax increment revenues received and expended for low/moderate income housing purposes.
Former Community Development Agency Capital Projects	Accounted for capital projects in the Agency's single project area.
Former Community Development Agency Debt Service	Accounted for debt service for all Agency debt.
CDBG Housing Special Revenue	Accounts for activities related to housing and the related CDBG funding.
Housing Revolving Special Revenue	Accounts for activities related to housing and the related funding applicable to the City's loan programs.



# City of Arcata, California

## Balance Sheet

### Governmental Funds

June 30, 2012

	Major Funds			
	Former Community Development Agency			
	General Fund	Low/Moderate Income Housing Special Revenue	Capital Projects	Debt Service
<b>ASSETS</b>				
Cash and investments	\$ 4,428,361	\$ -	\$ -	\$ -
Restricted cash and investments	-	-	-	-
Receivables:				
Taxes	370,165	-	-	-
Interest	2,422	-	-	-
Intergovernmental	1,160,366	-	-	-
Loans/Notes receivable	-	-	-	-
Other receivable	747	-	-	-
Due from other funds	91,724	-	-	-
Inventory	8,903	-	-	-
<b>Total assets</b>	<b>\$ 6,062,688</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,089,322	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Deferred revenue	282,524	-	-	-
Other liabilities	592,925	-	-	-
<b>Total liabilities</b>	<b>1,964,771</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>				
Nonspendable	8,903	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	4,089,014	-	-	-
<b>Total fund balances</b>	<b>4,097,917</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,062,688</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

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<b>Major Funds</b>			
<b>CDBG Housing Special Revenue</b>	<b>Housing Revolving Special Revenue</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
\$ 675,757	\$ 40,401	\$ 6,442,247	\$ 11,586,766
-	-	2,534,361	2,534,361
-	-	-	370,165
-	405,065	-	407,487
-	-	708,220	1,868,586
4,304,897	11,158,612	3,695,833	19,159,342
18,694	7,477	16,790	43,708
48,878	81,587	314,439	536,628
-	-	123,346	132,249
<u>\$ 5,048,226</u>	<u>\$ 11,693,142</u>	<u>\$ 13,835,236</u>	<u>\$ 36,639,292</u>

\$ 7,724	\$ 4,398	\$ 681,837	\$ 1,783,281
-	-	499,525	499,525
-	-	19,233	19,233
4,304,896	11,563,677	3,695,833	19,846,930
-	-	-	592,925
<u>4,312,620</u>	<u>11,568,075</u>	<u>4,896,428</u>	<u>22,741,894</u>
-	-	2,358	11,261
735,606	125,067	1,896,147	2,756,820
-	-	7,112,932	7,112,932
-	-	(72,629)	4,016,385
<u>735,606</u>	<u>125,067</u>	<u>8,938,808</u>	<u>13,897,398</u>
<u>\$ 5,048,226</u>	<u>\$ 11,693,142</u>	<u>\$ 13,835,236</u>	<u>\$ 36,639,292</u>

**City of Arcata, California**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2012**

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<b>Total fund balances - total governmental funds</b>	<b>\$ 13,897,398</b>
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	25,167,351
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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	\$ (454,664)	
Due within one year	(209,587)	
Due after one year	(384,217)	
Net OPEB obligation	<u>(711,604)</u>	(1,760,072)

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 Assets under the accrual basis of accounting.	19,846,930
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Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.	(10,405)
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Internal services funds are used by management to charge the costs of certain activities, such as central garage, to individual funds. The assets and liabilities of the internal service funds are:

Current assets	944,313	
Noncurrent assets	1,251,672	
Accounts payable and accrued liabilities	(23,750)	
Noncurrent liabilities	<u>(268,145)</u>	1,904,090
<b>Net assets of governmental activities</b>		<b><u>\$ 59,045,292</u></b>

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

# City of Arcata, California

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

### Governmental Activities

June 30, 2012

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Assets
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$ 11,586,766	\$ -	\$ -	\$ 938,936	\$ 12,525,702
Restricted cash and investments	2,534,361	-	-	-	2,534,361
Receivables:					
Taxes	370,165	-	-	-	370,165
Interest	407,487	-	-	-	407,487
Intergovernmental	1,868,586	-	-	-	1,868,586
Loans/Notes receivable	19,159,342	-	-	-	19,159,342
Other receivable	43,708	-	-	-	43,708
Due from other funds	536,628	(536,628)	-	-	-
Internal balances	-	37,103	-	-	37,103
Inventory	132,249	-	-	5,377	137,626
<b>Total current assets</b>	<b>36,639,292</b>	<b>(499,525)</b>	<b>-</b>	<b>944,313</b>	<b>37,084,080</b>
<b>Noncurrent assets:</b>					
Capital assets, net	-	-	25,167,351	1,251,672	26,419,023
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>25,167,351</b>	<b>1,251,672</b>	<b>26,419,023</b>
<b>Total assets</b>	<b>\$ 36,639,292</b>	<b>\$ (499,525)</b>	<b>\$ 25,167,351</b>	<b>\$ 2,195,985</b>	<b>\$ 63,503,103</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,783,281	\$ -	\$ -	\$ 17,876	\$ 1,801,157
Interest payable	-	-	10,405	-	10,405
Due to other funds	499,525	(499,525)	-	-	-
Deposits payable	19,233	-	-	-	19,233
Deferred revenue	19,846,930	(19,846,930)	-	-	-
Compensated absences - current portion	-	-	104,334	5,874	110,208
Other liabilities	592,925	-	-	-	592,925
<b>Total current liabilities</b>	<b>22,741,894</b>	<b>(20,346,455)</b>	<b>114,739</b>	<b>23,750</b>	<b>2,533,928</b>
<b>Noncurrent liabilities:</b>					
Long-term liabilities:					
Compensated absences	-	-	350,330	17,621	367,951
Due within one year	-	-	209,587	29,884	239,471
Due after one year	-	-	384,217	220,640	604,857
Net OPEB obligation	-	-	711,604	-	711,604
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>1,655,738</b>	<b>268,145</b>	<b>1,923,883</b>
<b>Total liabilities</b>	<b>22,741,894</b>	<b>(20,346,455)</b>	<b>1,770,477</b>	<b>291,895</b>	<b>4,457,811</b>
<b>FUND BALANCES/NET ASSETS</b>					
<b>Fund balances:</b>					
Nonspendable	11,261	(11,261)	-	-	-
Restricted	2,756,820	(2,756,820)	-	-	-
Assigned	7,112,932	(7,112,932)	-	-	-
Unassigned (deficit)	4,016,385	(4,016,385)	-	-	-
<b>Net assets:</b>					
Invested in capital assets, net of related debt	-	-	24,573,547	1,239,826	25,813,373
Restricted	-	-	2,756,820	-	2,756,820
Unrestricted	-	33,744,328	(3,933,493)	664,264	30,475,099
<b>Total fund balances/ net assets</b>	<b>13,897,398</b>	<b>19,846,930</b>	<b>23,396,874</b>	<b>1,904,090</b>	<b>59,045,292</b>
<b>Total liabilities and net assets</b>	<b>\$ 36,639,292</b>	<b>\$ (499,525)</b>	<b>\$ 25,167,351</b>	<b>\$ 2,195,985</b>	<b>\$ 63,503,103</b>

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

**City of Arcata, California**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2012**

	<b>Major Funds</b>			
	<b>Former Community Development Agency</b>			
	<b>General Fund</b>	<b>Low/Moderate Income Housing Special Revenue</b>	<b>Capital Projects</b>	<b>Debt Service</b>
<b>REVENUES:</b>				
Taxes and assessments	\$ 7,106,528	\$ 255,827	\$ -	\$ 1,023,309
Licenses and permits	331,799	-	-	-
Fines and forfeitures	235,603	-	-	-
Intergovernmental	1,887,365	-	-	-
Use of money and property	229,931	2,364	(134)	18,098
Charges for services	627,034	-	-	-
Reimbursements	1,686,038	-	-	-
Other revenues	24,973	-	-	-
<b>Total revenues</b>	<b>12,129,271</b>	<b>258,191</b>	<b>(134)</b>	<b>1,041,407</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,707,039	-	-	-
Public safety	5,291,502	-	-	-
Public works	374,455	-	-	-
Community development	936,425	4,264	-	-
Parks and recreation	1,273,816	-	-	-
Capital outlay	1,636,937	-	-	-
Debt service:				
Principal	55,722	-	-	285,000
Interest and fiscal charges	22,336	-	-	352,196
<b>Total expenditures</b>	<b>12,298,232</b>	<b>4,264</b>	<b>-</b>	<b>637,196</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(168,961)</b>	<b>253,927</b>	<b>(134)</b>	<b>404,211</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Extraordinary gain (loss) on dissolution of redevelopment	-	(553,973)	-	(1,745,731)
Payments to escrow agent	-	-	-	(705,850)
Transfers in	126,528	-	-	9,248
Transfers out	(449,285)	-	(9,248)	-
<b>Total other financing sources (uses)</b>	<b>(322,757)</b>	<b>(553,973)</b>	<b>(9,248)</b>	<b>(2,442,333)</b>
<b>Net change in fund balances</b>	<b>(491,718)</b>	<b>(300,046)</b>	<b>(9,382)</b>	<b>(2,038,122)</b>
<b>FUND BALANCES:</b>				
Beginning of year	4,589,635	300,046	9,382	2,038,122
End of year	\$ 4,097,917	\$ -	\$ -	\$ -

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

<b>Major Funds</b>			
<b>CDBG Housing Special Revenue</b>	<b>Housing Revolving Special Revenue</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ -	\$ -	\$ 30,046	\$ 8,415,710
-	-	-	331,799
-	-	70,470	306,073
-	-	6,219,052	8,106,417
145,699	35,114	448,034	879,106
-	-	-	627,034
-	-	13,003	1,699,041
-	-	405,109	430,082
145,699	35,114	7,185,714	20,795,262
-	-	-	2,707,039
-	-	289,944	5,581,446
-	-	750,208	1,124,663
85,964	(72,682)	3,142,567	4,096,538
-	-	275,080	1,548,896
-	-	5,494,744	7,131,681
-	-	-	340,722
-	-	-	374,532
85,964	(72,682)	9,952,543	22,905,517
59,735	107,796	(2,766,829)	(2,110,255)
-	-	(3,701)	(2,303,405)
-	-	-	(705,850)
-	-	1,239,628	1,375,404
-	-	(976,025)	(1,434,558)
-	-	259,902	(3,068,409)
59,735	107,796	(2,506,927)	(5,178,664)
675,871	17,271	11,445,735	19,076,062
\$ 735,606	\$ 125,067	\$ 8,938,808	\$ 13,897,398

# City of Arcata, California

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

For the year ended June 30, 2012

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt Service		Internal Service	Depreciation	Capital Asset (Additions)/ Retirements		OPEB Obligation	Government- wide Totals
<b>Governmental activities:</b>									
General government	\$ 2,707,039	\$ 24,016	\$ (258,379)	\$ 240,333	\$ -	\$ 161,450	\$ 2,874,459		
Public safety	5,581,446	-	-	27,190	-	-	5,608,636		
Public works	1,124,663	-	-	70,587	-	-	1,195,250		
Community development	4,802,388	-	-	1,357,625	2,811,180	-	8,971,193		
Parks and recreation	1,548,896	-	-	147,152	-	-	1,696,048		
Capital outlay	7,131,681	-	-	-	(7,131,681)	-	-		
Debt service/Interest	715,254	(129,034)	-	-	-	-	586,220		
<b>Total governmental activities</b>	<b>\$ 23,611,367</b>	<b>\$ (105,018)</b>	<b>\$ (258,379)</b>	<b>\$ 1,842,887</b>	<b>\$ (4,320,501)</b>	<b>\$ 161,450</b>	<b>\$ 20,931,806</b>		

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

# City of Arcata, California

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2012

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Net change in fund balances - total governmental funds		\$ (5,178,664)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital asset purchases capitalized	\$ 4,320,501	
Attributable to redevelopment dissolution	(5,603,268)	
Depreciation expense	<u>(1,842,887)</u>	(3,125,654)

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.

851,861

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

Debt principal payments	340,722
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Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized and amortized on the Statement of Net Assets. This is the amount of amortization in the current period.

Elimination of deferred charges due to redevelopment dissolution	(371,162)	
Amortization of bond premium	<u>-</u>	(371,162)

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	257,343	
Capital lease obligations	(220,643)	
Attributable to redevelopment dissolution	12,260,468	
Change in compensated absences	<u>(24,016)</u>	12,273,152

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 Assets:

Net OPEB obligation	(161,450)
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Internal services funds are used by management to charge the costs of certain activities, such as central garage, to individual funds. The change in net assets of the Internal Service Funds (\$9,256), which includes net transfers out of \$13,168 is included in the governmental activities in the government-wide Statement of Net Assets less amounts due depreciation expense of \$267,635 reported above for capital assets.

(9,256)	
267,635	
<u>(13,168)</u>	245,211

<b>Change in net assets of governmental activities</b>	<b>\$ 4,874,016</b>
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The accompanying notes are an integral part of these basic financial statements.



# City of Arcata, California

## Statement of Revenues, Expenditures, and Changes in Fund Balances -

### Budget to Actual - Major Funds

For the year ended June 30, 2012

	General Fund			Variance w/Final
	Budgeted Amounts			Positive
	Original	Final	Actual	(Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ 6,867,600	\$ 6,867,600	\$ 7,106,528	\$ 238,928
Licenses and permits	374,550	374,550	331,799	(42,751)
Fines and forfeitures	235,000	245,000	235,603	(9,397)
Intergovernmental	1,670,124	1,777,931	1,887,365	109,434
Use of money and property	290,375	290,375	229,931	(60,444)
Charges for services	682,230	680,798	627,034	(53,764)
Reimbursements	1,869,770	1,969,770	1,686,038	(283,732)
Other revenues	33,600	39,600	24,973	(14,627)
<b>Total revenues</b>	<b>12,023,249</b>	<b>12,245,624</b>	<b>12,129,271</b>	<b>(116,353)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	3,087,929	3,107,364	2,707,039	400,325
Public safety	5,234,865	5,246,457	5,291,502	(45,045)
Public works	412,862	410,958	374,455	36,503
Community development	971,053	999,756	936,425	63,331
Parks and recreation	1,359,614	1,394,302	1,273,816	120,486
Capital outlay	1,298,384	2,587,487	1,636,937	950,550
Debt service:				
Principal	54,785	54,785	55,722	(937)
Interest and fiscal charges	23,185	23,185	22,336	849
<b>Total expenditures</b>	<b>12,442,677</b>	<b>13,824,294</b>	<b>12,298,232</b>	<b>1,526,062</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(419,428)</b>	<b>(1,578,670)</b>	<b>(168,961)</b>	<b>1,409,709</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Extraordinary loss on dissolution of redevelopment	-	-	-	-
Payments to escrow agent	-	-	-	-
Proceeds from sales of assets	-	-	-	-
Transfers in	-	-	126,528	126,528
Transfers out	239,157	(264,157)	(449,285)	(185,128)
<b>Total other financing sources (uses)</b>	<b>239,157</b>	<b>(264,157)</b>	<b>(322,757)</b>	<b>(58,600)</b>
<b>Net change in fund balances</b>	<b>(180,271)</b>	<b>(1,842,827)</b>	<b>(491,718)</b>	<b>1,351,109</b>
<b>FUND BALANCES:</b>				
Beginning of year	4,589,635	4,589,635	4,589,635	-
End of year	\$ 4,409,364	\$ 2,746,808	\$ 4,097,917	\$ 1,351,109

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

Former Community Development Agency Low/Moderate Income Housing Special Revenue Fund				Former Community Development Agency Capital Projects Fund			
Budgeted Amounts		Actual	Variance w/Final Positive (Negative)	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
Original	Final			Original	Final		
\$ 500,000	\$ 500,000	\$ 255,827	\$ (244,173)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50,000	50,000	2,364	(47,636)	-	-	(134)	(134)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
550,000	550,000	258,191	(291,809)	-	-	(134)	(134)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,408,000	1,408,000	4,264	1,403,736	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,408,000	1,408,000	4,264	1,403,736	-	-	-	-
-	-	-	-	-	-	-	-
(858,000)	(858,000)	253,927	1,111,927	-	-	(134)	(134)
-	-	(553,973)	(553,973)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(9,248)	(9,248)
-	-	(553,973)	(553,973)	-	-	(9,248)	(9,248)
(858,000)	(858,000)	(300,046)	557,954	-	-	(9,382)	(9,382)
300,046	300,046	300,046	-	9,382	9,382	9,382	-
\$ (557,954)	\$ (557,954)	\$ -	\$ 557,954	\$ 9,382	\$ 9,382	\$ -	\$ (9,382)

(continued)

# City of Arcata, California

## Statement of Revenues, Expenditures, and Changes in Fund Balances -

### Budget to Actual - Major Funds, Continued

For the year ended June 30, 2012

Former Community Development Agency Debt Service Fund				
	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 2,000,000	\$ 2,000,000	\$ 1,023,309	\$ (976,691)
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	5,000	5,000	18,098	13,098
Charges for services	-	-	-	-
Reimbursements	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<u>2,005,000</u>	<u>2,005,000</u>	<u>1,041,407</u>	<u>(963,593)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	1,941,500	1,941,500	285,000	1,656,500
Interest and fiscal charges	651,250	651,250	352,196	299,054
<b>Total expenditures</b>	<u>2,592,750</u>	<u>2,592,750</u>	<u>637,196</u>	<u>1,955,554</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(587,750)</u>	<u>(587,750)</u>	<u>404,211</u>	<u>991,961</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Extraordinary loss on dissolution of redevelopment	-	-	(1,745,731)	(1,745,731)
Payments to escrow agent	-	-	(705,850)	(705,850)
Proceeds from sales of assets	-	-	-	-
Transfers in	-	-	9,248	9,248
Transfers out	(125,000)	(125,000)	-	125,000
<b>Total other financing sources (uses)</b>	<u>(125,000)</u>	<u>(125,000)</u>	<u>(2,442,333)</u>	<u>(2,317,333)</u>
<b>Net change in fund balances</b>	<u>(712,750)</u>	<u>(712,750)</u>	<u>(2,038,122)</u>	<u>(1,325,372)</u>
<b>FUND BALANCES:</b>				
Beginning of year	2,038,122	2,038,122	2,038,122	-
End of year	<u>\$ 1,325,372</u>	<u>\$ 1,325,372</u>	<u>\$ -</u>	<u>\$ (1,325,372)</u>

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

CDBG Housing Special Revenue Fund				Housing Revolving Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final	Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
285,000	285,000	145,700	(139,300)	130,000	130,000	35,114	(94,886)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	40,000	40,000	-	(40,000)
285,000	285,000	145,700	(139,300)	170,000	170,000	35,114	(134,886)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
533,803	546,553	85,964	460,589	663,551	546,051	72,682	473,369
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
533,803	546,553	85,964	460,589	663,551	546,051	72,682	473,369
(248,803)	(261,553)	59,736	321,289	(493,551)	(376,051)	(37,568)	338,483
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,695	3,695	-	(3,695)
-	-	-	-	-	-	-	-
-	-	-	-	3,695	3,695	-	(3,695)
(248,803)	(261,553)	59,736	321,289	(489,856)	(372,356)	(37,568)	334,788
675,870	675,870	675,870	-	17,271	17,271	17,271	-
\$ 427,067	\$ 414,317	\$ 735,606	\$ 321,289	\$ (472,585)	\$ (355,085)	\$ (20,297)	\$ 334,788

(concluded)

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## ENTERPRISE FUNDS

Fund	Description
<b>Major Funds:</b>	
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.
Transit Fund	Accounts for Transportation Development Act revenues restricted for the City's transportation needs and fare revenue for the City's Dial a Ride program.
Solid Waste Fund	Accounts for all activities associated with the operation and maintenance of providing solid waste services.
Stormwater Utility Fund	Accounts for revenues and expenses associated with the administration and coordination of stormwater drainage activities in conjunction with the County of Humboldt.

# City of Arcata, California

## Statement of Net Assets

### Proprietary Funds

June 30, 2012

	Water Fund	Wastewater Fund	Transit Fund
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 1,403,589	\$ 1,172,467	\$ 1,212,544
Receivables:			
Accounts	313,885	445,357	-
Intergovernmental	-	4,435	-
Due from other funds	222,581	-	-
Inventory	62,999	13,157	-
<b>Total current assets</b>	<b>2,003,054</b>	<b>1,635,416</b>	<b>1,212,544</b>
<b>Noncurrent assets:</b>			
Prepaid debt issuance costs	11,217	17,415	-
Capital assets, net	3,549,097	8,496,433	1,730,619
<b>Total noncurrent assets</b>	<b>3,560,314</b>	<b>8,513,848</b>	<b>1,730,619</b>
	<b>\$ 5,563,368</b>	<b>\$ 10,149,264</b>	<b>\$ 2,943,163</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 111,991	\$ 63,088	\$ 42,513
Accrued payroll	19,862	21,507	7,700
Due to other funds	-	-	-
Interest payable	-	8,847	-
Unearned revenue	-	-	219,006
Deposits payable	210,371	-	-
Compensated absences - current portion	14,939	16,394	5,220
<b>Total current liabilities</b>	<b>357,163</b>	<b>109,836</b>	<b>274,439</b>
<b>Noncurrent liabilities:</b>			
Compensated absences	44,817	49,183	15,659
Due within one year	86,450	119,000	-
Due after one year	822,900	1,486,000	-
<b>Total noncurrent liabilities</b>	<b>954,167</b>	<b>1,654,183</b>	<b>15,659</b>
<b>Total liabilities</b>	<b>1,311,330</b>	<b>1,764,019</b>	<b>290,098</b>
<b>Net Assets:</b>			
Invested in capital assets net of related debt	2,726,197	7,010,433	1,730,619
Unrestricted	1,525,841	1,374,812	922,446
<b>Total net assets</b>	<b>4,252,038</b>	<b>8,385,245</b>	<b>2,653,065</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,563,368</b>	<b>\$ 10,149,264</b>	<b>\$ 2,943,163</b>

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

<b>Solid Waste Fund</b>	<b>Stormwater Utility Fund</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
\$ 280,737	\$ -	\$ 4,069,337	\$ 938,936
24,294	73,867	857,403	-
4,478	289,403	298,316	-
-	-	222,581	-
-	4,831	80,987	5,377
309,509	368,101	5,528,624	944,313
-	-	28,632	-
8,021	6,820,504	20,604,674	1,251,672
8,021	6,820,504	20,633,306	1,251,672
\$ 317,530	\$ 7,188,605	\$ 26,161,930	\$ 2,195,985
\$ 11,291	\$ 1,672	\$ 230,555	\$ 12,292
1,847	4,930	55,846	5,584
-	259,684	259,684	-
-	-	8,847	-
-	-	219,006	-
-	2,400	212,771	-
2,246	5,286	44,085	5,874
15,384	273,972	1,030,794	23,750
6,738	15,858	132,255	17,621
-	-	205,450	29,884
-	-	2,308,900	220,640
6,738	15,858	2,646,605	268,145
22,122	289,830	3,677,399	291,895
8,021	6,820,504	18,295,774	1,239,826
287,387	78,271	4,188,757	664,264
295,408	6,898,775	22,484,531	1,904,090
\$ 317,530	\$ 7,188,605	\$ 26,161,930	\$ 2,195,985



# City of Arcata, California

## Statement of Revenues, Expenses, and Changes in Fund Net Assets

### Proprietary Funds

For the year ended June 30, 2012

	Water Fund	Wastewater Fund	Transit Fund
<b>OPERATING REVENUES:</b>			
Charges for service	\$ 3,074,424	\$ 3,585,953	\$ 912,469
Interdepartmental charges	-	-	-
Other operating revenue	-	13,121	5
<b>Total operating revenues</b>	<u>3,074,424</u>	<u>3,599,074</u>	<u>912,474</u>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	1,201,723	1,339,861	432,518
Contractual services	73,702	424,659	193,584
Materials and supplies	471,605	355,287	85,960
Repairs and maintenance	160,431	145,893	193,085
Purchased water	758,830	-	-
Utilities	57,428	161,345	4,557
Insurance	83,391	83,817	30,248
Taxes and fees	21,391	30,279	324
Allocated overhead	398,460	398,470	74,580
Depreciation	144,984	469,984	192,318
<b>Total operating expenses</b>	<u>3,371,945</u>	<u>3,409,595</u>	<u>1,207,174</u>
<b>OPERATING INCOME</b>	<u>(297,521)</u>	<u>189,479</u>	<u>(294,700)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Intergovernmental revenues (expenses)	-	-	-
Interest revenue	25,183	-	14,549
Interest expense	(41,680)	(73,639)	-
<b>Total non-operating revenues, net</b>	<u>(16,497)</u>	<u>(73,639)</u>	<u>14,549</u>
<b>NET INCOME BEFORE TRANSFERS</b>	<u>(314,018)</u>	<u>115,840</u>	<u>(280,151)</u>
Transfers in	-	-	-
Transfers out	(33,163)	(19,981)	(23,869)
<b>Total transfers</b>	<u>(33,163)</u>	<u>(19,981)</u>	<u>(23,869)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(347,181)</u>	<u>95,859</u>	<u>(304,020)</u>
<b>NET ASSETS:</b>			
Beginning of year	<u>4,599,219</u>	<u>8,289,386</u>	<u>2,957,085</u>
End of year	<u>\$ 4,252,038</u>	<u>\$ 8,385,245</u>	<u>\$ 2,653,065</u>

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

<b>Solid Waste Fund</b>	<b>Stormwater Utility Fund</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
\$ 383,983	\$ 1,081,163	\$ 9,037,992	\$ -
-	-	-	1,030,869
12,820	49,110	75,056	-
396,803	1,130,273	9,113,048	1,030,869
128,760	274,968	3,377,830	313,030
86,223	58,160	836,328	43,089
19,959	24,390	957,201	305,752
1,473	8,471	509,353	26,935
-	-	758,830	-
-	348	223,678	-
3,032	15,162	215,650	45,486
-	10,500	62,494	620
82,400	85,840	1,039,750	37,260
7,944	25,056	840,286	267,635
329,791	502,895	8,821,400	1,039,807
67,012	627,378	291,648	(8,938)
-	-	-	-
3,417	-	43,149	12,850
-	(5,495)	(120,814)	-
3,417	(5,495)	(77,665)	12,850
70,429	621,883	213,983	3,912
-	176,556	176,556	3,090
(27,221)	-	(104,234)	(16,258)
(27,221)	176,556	72,322	(13,168)
43,208	798,439	286,305	(9,256)
252,200	6,100,336	22,198,226	1,913,346
\$ 295,408	\$ 6,898,775	\$ 22,484,531	\$ 1,904,090

**City of Arcata, California**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2012**

	<b>Water Fund</b>	<b>Wastewater Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers/users for services provided	\$ 3,211,273	\$ 3,593,005
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(2,032,978)	(1,618,205)
Cash payments to employees for services	(1,245,329)	(1,386,218)
<b>Net cash provided by operating activities</b>	<b>(67,034)</b>	<b>588,582</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers received	39,353	-
Transfers paid	(33,163)	(19,981)
<b>Net cash used by noncapital financing activities</b>	<b>6,190</b>	<b>(19,981)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(380,590)	(110,826)
Proceeds from issuance of long-term debt	-	-
Principal paid on long term debt	(80,600)	(111,000)
Interest paid on long term debt	(41,680)	(73,242)
<b>Net cash (used) by capital and related financing activities</b>	<b>(502,870)</b>	<b>(295,068)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income received	25,183	-
<b>Net cash provided by investing activities</b>	<b>25,183</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(538,531)</b>	<b>273,533</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	1,942,120	898,934
End of year	<u>\$ 1,403,589</u>	<u>\$ 1,172,467</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>		
Operating income	\$ (297,521)	\$ 189,479
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	144,984	469,984
(Increase) decrease in current assets:		
Accounts receivable	23,617	(105,424)
Intergovernmental receivables	70,810	99,355
Inventory	8,175	1,666
Increase (decrease) in liabilities:		
Accounts payable	(15,915)	(20,121)
Accrued liabilities	(42,878)	(46,806)
Unearned revenues	-	-
Deposits payable	42,422	-
Compensated absences	(728)	449
<b>Net cash provided by operating activities</b>	<b>\$ (67,034)</b>	<b>\$ 588,582</b>

**There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2012.**

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

<b>Transit Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater Utility Fund</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
\$ 1,131,483	\$ 391,395	\$ 1,222,186	\$ 9,549,342	\$ -
-	-	-	-	1,030,869
(560,499)	(192,893)	(303,429)	(4,708,004)	(468,840)
(444,261)	(134,404)	(285,289)	(3,495,501)	(317,012)
126,723	64,098	633,468	1,345,837	245,017
-	-	103,438	142,791	3,090
(23,869)	(27,221)	-	(104,234)	(16,258)
(23,869)	(27,221)	103,438	38,557	(13,168)
(65,636)	-	(731,411)	(1,288,463)	(690,033)
-	-	-	-	192,250
-	-	-	(191,600)	-
-	-	(5,495)	(120,417)	-
(65,636)	-	(736,906)	(1,600,480)	(497,783)
14,549	3,417	-	43,149	12,850
14,549	3,417	-	43,149	12,850
51,767	40,294	-	(172,937)	(253,084)
1,160,777	240,443	-	4,242,274	1,192,020
\$ 1,212,544	\$ 280,737	\$ -	\$ 4,069,337	\$ 938,936
\$ (294,700)	\$ 67,012	\$ 627,378	\$ 291,648	\$ (8,938)
192,318	7,944	25,056	840,286	267,635
-	(930)	60,311	(22,426)	-
3	(4,478)	31,602	197,292	-
-	-	(655)	9,186	3,218
21,839	194	(99,903)	(113,906)	(12,916)
(13,468)	(6,157)	(11,198)	(120,507)	(9,617)
219,006	-	-	219,006	-
-	-	-	42,422	-
1,725	513	877	2,836	5,635
\$ 126,723	\$ 64,098	\$ 633,468	\$ 1,345,837	\$ 245,017

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## FIDUCIARY ACTIVITIES

Fund	Description
<b>Private Purpose Trust Funds are used for resources held for other individuals and entities in a manner similar to private enterprise.</b>	
<b>Private Purpose Trust Funds</b>	
Successor Agency - Arcata Community Development Agency	Accounts for funds collected and disbursed for the dissolution of the former Arcata Community Development Agency related to Administration and Retirement of enforceable obligations
Housing	Accounts for funds collected and disbursed for the dissolution of the former Arcata Community Development Agency's housing related debts.

**City of Arcata, California**  
**Statement of Fiduciary Net Assets**  
Fiduciary Activities  
June 30, 2012

	Successor Agency		
	Former Arcata Community Development Agency	Housing	Totals
Current assets:			
Cash and investments	\$ 2,269,611	\$ 557,062	\$ 2,826,673
Cash and investments with trustee/fiscal agent	980,009	-	980,009
Intergovernmental receivable		11,881	11,881
Other receivable		92	92
Prepaid items	-	-	-
Total current assets	<u>3,249,620</u>	<u>569,035</u>	<u>3,818,655</u>
Property, plant and equipment	1,320,297	4,512,578	5,832,875
Less accumulated depreciation	<u>-</u>	<u>(229,607)</u>	<u>(229,607)</u>
Property, plant, and equipment, net	<u>1,320,297</u>	<u>4,282,971</u>	<u>5,603,268</u>
Other assets:			
Deferred charges	355,024	-	355,024
Total other assets	<u>355,024</u>	<u>-</u>	<u>355,024</u>
<b>Total assets</b>	<u><u>\$ 4,924,941</u></u>	<u><u>\$ 4,852,006</u></u>	<u><u>\$ 9,776,947</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,122,748	\$ -	\$ 1,122,748
Interest payable	250,786	-	250,786
Total current liabilities	<u>1,373,534</u>	<u>-</u>	<u>1,373,534</u>
Long-term liabilities:			
Compensated absences	-	-	-
Due within one year	301,199	-	301,199
Due after one year	11,490,164	-	11,490,164
Total long-term liabilities	<u>11,791,363</u>	<u>-</u>	<u>11,791,363</u>
<b>Total liabilities</b>	<u>13,164,897</u>	<u>-</u>	<u>13,164,897</u>
<b>Net Assets (Deficit):</b>			
Invested in capital assets, net of related debt	(10,471,066)	4,282,971	(6,188,095)
Net assets held in trust for		-	-
Redevelopment Dissolution	2,231,110	569,035	2,800,145
<b>Total net assets (deficit)</b>	<u>(8,239,956)</u>	<u>4,852,006</u>	<u>(3,387,950)</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 4,924,941</u></u>	<u><u>\$ 4,852,006</u></u>	<u><u>\$ 9,776,947</u></u>

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

# City of Arcata, California

## Statement of Changes in Fiduciary Net Assets

Private Purpose Trust Funds

For the year ended June 30, 2012

	Successor Agency		
	Former Arcata Community Development Agency	Housing	Totals
<b>ADDITIONS:</b>			
Property taxes	\$ 1,258,958	-	\$ 1,258,958
Investment income	2,883	11,882	14,765
Net assets received upon dissolution of redevelopment	(9,069,842)	4,840,124	(4,229,718)
<b>Total operating revenues</b>	<b>(7,808,001)</b>	<b>4,852,006</b>	<b>(2,955,995)</b>
<b>DEDUCTIONS:</b>			
Community development	135,514	-	135,514
Interest and trustee fees	280,303	-	280,303
Depreciation and amortization	16,138	-	16,138
<b>Total operating expenses</b>	<b>431,955</b>	<b>-</b>	<b>431,955</b>
<b>CHANGE IN FIDUCIARY NET ASSETS</b>	<b>(8,239,956)</b>	<b>4,852,006</b>	<b>(3,387,950)</b>
<b>NET ASSETS (DEFICIT):</b>			
Beginning of year			-
End of year	<b>\$ (8,239,956)</b>	<b>\$ 4,852,006</b>	<b>\$ (3,387,950)</b>

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



## **NOTES TO BASIC FINANCIAL STATEMENTS**

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Index to Notes to Basic Financial Statements**

	<u><b>Page</b></u>
<b>Note 1 - Summary of Significant Accounting Policies</b> .....	50
Financial Reporting Entity.....	50
Basis of Presentation.....	52
Measurement Focus.....	54
Basis of Accounting.....	54
Assets, Liabilities, and Equity.....	55
Revenues, Expenditures, and Expenses.....	60
Budgetary Accounting.....	61
<b>Note 2 – Cash and Investments</b> .....	62
<b>Note 3 – Accounts Receivable</b> .....	66
<b>Note 4 – Loans and Notes Receivable</b> .....	66
<b>Note 5 – Capital Assets</b> .....	68
<b>Note 6 – Accounts Payable and Accrued Liabilities</b> .....	70
<b>Note 7 – Long-term Liabilities</b> .....	70
<b>Note 8 – Net Assets/Fund Balances</b> .....	74
<b>Note 9 – Interfund Transactions</b> .....	77
<b>Note 10 – Risk Management</b> .....	79
<b>Note 11 – Public Employee Retirement System</b> .....	80
Plan Description.....	80
Funding Policy.....	81
<b>Note 12 – Other Post-Employment Benefits</b> .....	81
<b>Note 13 – Successor Agency for Assets of Former Redevelopment Agency</b> .....	83
<b>Note 14 – Commitments and Contingencies</b> .....	87
<b>Note 15 – New Accounting Pronouncements</b> .....	88

**City of Arcata, California**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Arcata (City) was incorporated in 1858, under the laws and regulations of the State of California (State). The City operates under a City Council/Manager form of government and provides the following services: public safety (Police), highways and streets, solid waste, storm water utility, public improvements, planning and zoning, and general administration.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements to its activities.

In addition, the City applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

***Financial Reporting Entity***

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include sales taxes, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Financial Reporting Entity, Continued***

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component units, if applicable as indicated below, may be obtained by writing to the City of Arcata, Finance Department, 736 F Street, Arcata, CA 95521.

The City's reporting entity includes the following blended component unit:

**Former Community Development Agency of the City of Arcata**

The former Community Development Agency, City of Arcata (Agency) was formed as a separate legal entity under the Community Redevelopment Law. The City Council acted as the governing board of the Agency in concurrent session. The City Manager acted as the Agency's Executive Director. The annual budget was approved by the former Agency's Board of Directors. The Agency provided services entirely for the benefit of the City and the governing board consisted solely of the members of the City Council. The Agency was treated as a blended component unit and dissolved in the current fiscal year. All funds of the former Agency have been included in the governmental activities section in the fund financial statements. Note 13 provides further information on the dissolution process.

The above component unit is included in the City's basic financial statements using the blended method. There are no component units of the City that meet the criteria for discrete presentation.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Basis of Presentation***

*Government-Wide Financial Statements*

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions restricted to the operating or capital requirements of a specific function or segment. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The City reports the following major funds:

- General Fund
- Former Community Development Agency Low/Moderate Income Housing Special Revenue Fund
- Former Community Development Agency Capital Projects Fund
- Former Community Development Agency Debt Service Fund
- CDBG Housing Special Revenue Fund
- Housing Revolving Special Revenue Fund

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Basis of Presentation, Continued***

Descriptions of these funds are included on the divider page preceding the Governmental Funds Balance Sheet.

The funds of the financial reporting entity are described below:

**Governmental Funds**

***General Fund***

The General Fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

***Special Revenue Funds***

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

***Capital Project Funds***

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

**Proprietary Funds**

***Enterprise Funds***

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

***Internal Service Funds***

Internal Service Funds are used to account for financial transactions related to the City's Garage Department and Information Technology Department. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Fiduciary Funds**

*Private Purpose Trust Funds*

Private Purpose Trust Funds account for resources held for other individuals or entities in a manner similar to private enterprise.

***Measurement Focus***

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net Assets and the Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net Assets, which serves as an indicator of financial position.

In the fund financial statements, the “current financial resources” measurement focus is used for governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The enterprise funds and private purpose trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. Enterprise fund and private purpose trust funds equity is classified as net assets.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

***Basis of Accounting***

In the government-wide Statement of Net Assets and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means the amount is collectible within the current period or soon enough thereafter to pay current liabilities. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end, with the exception of grant revenues and Transportation Development Act (TDA) revenues. Grant revenues are considered to be

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Basis of Accounting, Continued***

available if collected within 180 days and TDA revenues are considered to be available if collected within 90 days of the end of the current fiscal period.

Property 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 year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The enterprise funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

***Assets, Liabilities, and Equity***

**Cash Deposits and Investments**

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.

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, utility user taxes, intergovernmental subventions, interest earnings, and expense reimbursements.



**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Assets, Liabilities, and Equity, Continued***

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, utility user tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements. The City's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

**Inventory**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of supplies are expended when purchased because the amounts are not considered to be material. Inventories of governmental funds are recorded as expenditures when used or consumed.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are offset with a reservation of fund balance for long-term assets to indicate they do not constitute current resources available for appropriation.

**Capital Assets**

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

***Government-Wide Statements***

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized, since then these assets have been valued at estimated historical cost.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Assets, Liabilities, and Equity, Continued*

**Capital Assets, Continued**

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. No depreciation is recorded in the year of acquisition or in the year of disposition.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5 – 50 years
Roadway improvements	50 years
Sidewalks, curbs, and gutters	50 years
Storm drain pipes/structures	50 years
Traffic signal devices	5 – 40 years
Landscaping	30 years
Signage	25 years
Leasehold improvements	5 years
Machinery and equipment	3 – 5 years
Vehicles	3 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

**Compensated Absences**

Employees accrue vacation, sick, holiday, and compensatory time off benefits. City employees have vested interests in the amount of accrued time off, with the exception of sick time, and are paid on termination. Also, annually an employee may elect to be compensated for up to 40 hours of unused annual leave. However, this is contingent upon the employee using at least 40 hours during the previous year and the employee having a minimum balance of 80 annual leave hours after the payment. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements and is currently payable. The City had no employee resignations or retirements for which compensated absences should be accrued in governmental funds at year-end. The general fund is typically used to liquidate compensated absences.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Assets, Liabilities, and Equity, Continued*

**Deferred and Unearned Revenues**

Deferred revenues in governmental funds arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues in enterprise funds and the statement of net assets arise when resources are received by the City before it has legal claim to them, (i.e., when grant monies are received prior to the incurrence of qualifying expenses).

**Equity Classification**

*Government-Wide Statements*

Equity is classified as net assets and is displayed in three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net assets* – consists of net assets with constraints placed on the use by external groups such as creditors, grantors, contributors, or bylaws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Financial Statements*

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

***Nonspendable Fund Balance* –**

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Equity Classification, Continued**

***Restricted Fund Balance –***

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

***Committed Fund Balance –***

- Self imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.
- Council resolution is required to be taken to establish, modify or rescind a fund balance commitment

***Assigned Fund Balance –***

- Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.
- Assigned amounts for a specific purpose are as authorized by the City's Finance Director through its fund balance policy.

***Unassigned Fund Balance –***

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Revenues, Expenditures, and Expenses***

**Property Tax**

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes.

Property Valuations – are established by the Assessor of the County of Humboldt (County) for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies – are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates – are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections – are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

The County levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the “alternate method of property tax distribution”, known as the Teeter Plan, by the City and the County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, but not yet paid. The County remits tax monies to the City in three installments as follows:

50 percent remitted in December  
45 percent remitted in April  
5 percent remitted in June

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Interfund Transfers**

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

***Budgetary Accounting***

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Manager is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2012. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

**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.

**Reclassifications**

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

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**2. CASH AND INVESTMENTS**

At June 30, 2012, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

			Maturities (in years)				Fair
			<1	1 to 3	3 to 5	Deposits	Market Value
<u>Cash equivalents and investments pooled</u>							
Pooled cash, at fair value							
Cash in bank			\$ -	\$ -	\$ -	\$ 5,441,883	\$ 5,441,883
Petty cash			-	-	-	1,185	1,185
Total pooled items			-	-	-	5,443,068	5,443,068
Pooled investments, at fair value							
<u>Interest obligations</u>							
Par	Rate						
\$ 3,365,000	1.250 - 4.500%	US Treasury Notes	1,642,172	174,782	1,616,205	-	3,433,159
8,825,000	0.375 - 5.375%	Federal Agency Securities	2,049,860	3,557,346	3,861,885	-	9,469,091
630,000	1.800 - 2.375%	Corporate notes	635,616		599,527	-	1,235,143
626,242	0.010%	Money market	625,574	-	-	-	625,574
State of California Local Agency Investment Fund			2,730,047	-	-	-	2,730,047
Total pooled investments - interest obligations			7,683,269	3,732,128	6,077,617	-	17,493,014
Total cash equivalents and investments pooled			\$ 7,683,269	\$ 3,732,128	\$ 6,077,617	\$ 5,443,068	\$ 22,936,082
<b>Amounts reported in:</b>							
Governmental activities							\$ 12,525,702
Governmental activities - Restricted							2,534,361
Business-type activities							4,069,337
Fiduciary activities							2,826,673
Fiduciary activities - Restricted							980,009
Total							\$ 22,936,082

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury notes	\$ 1,816,954	3.18
Federal agency securities	9,088,616	2.50
Corporate medium term notes	635,616	1.13
Money market funds	301,127	0.00
State investment pool	2,730,047	0.00
Held by bond trustees:		
US. Treasury notes	1,616,198	1.66
Federal agency securities	380,482	1.43
Corporate medium term notes	599,527	
Money market funds	324,447	0.00
Total fair value	\$ 17,493,014	

Portfolio weighted average maturity 1.85

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**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, 2012, the City’s permissible investments included the following instruments:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Bankers' Acceptances	180 days	40%	None
Certificates of Deposits	180 days	20%	None
Negotiable Certificates of Deposit	180 days	30%	None
Commercial Paper	180 days	15%	None
State of California Local Agency Investment Fund (State Pool)	N/A	Unlimited	\$50 Million per entity
Medium Term Notes	5 years	30%	None
Money Market Funds	N/A	Unlimited	None
Passbook Savings and Money Market Accounts (Insured)	None	Unlimited	None
U.S. Treasury Obligations	None	Unlimited	None
U.S. Government Agency Issues	None	Unlimited	None
Repurchase Agreements	30 days	10%	None
Mortgage pass-through and asset backed securities	5 years	20%	None

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



**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**2. CASH AND INVESTMENTS, Continued**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund (State Pool)	N/A	None	None
Certificates of Deposit with Banks and Savings and Loans	None	None	None
Municipal Obligations	None	None	None

*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, 2012, 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 0.76% 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.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**2. CASH AND INVESTMENTS, Continued**

*Custodial credit risk – deposits.* For deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's Investment Policy addresses custodial credit risk, which follows the Government Code.

At June 30, 2012, the carrying amount of the City's deposits was \$5,441,883 and the balances in financial institutions were \$5,792,696. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$5,531,517 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2012, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

*Custodial credit risk – investments.* For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

**Investment in LAIF**

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$60,612,199,285 of which the City had a balance of \$2,730,047, which approximated market value and was managed by the State Treasurer. Of the total invested, 99.24% was invested in non-derivative financial products and 0.76% in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. 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.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2012:

	Receivables	Allowance	Net
Governmental Activities			
Taxes	\$ 370,165	\$ -	\$ 370,165
Interest	407,487	-	407,487
Intergovernmental	1,868,586	-	1,868,586
Other Receivables	44,608	(900)	43,708
	<u>\$ 2,690,846</u>	<u>\$ (900)</u>	<u>\$ 2,689,946</u>
Business-type activities			
Accounts	\$ 906,303	\$ (48,900)	\$ 857,403
Interest	-	-	-
Intergovernmental	298,316	-	298,316
Other Receivables	-	-	-
	<u>\$ 1,204,619</u>	<u>\$ (48,900)</u>	<u>\$ 1,155,719</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	66.0%	Financial	10.6%
Individuals/Business	22.3%	Other	1.1%

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

**4. LOANS AND NOTES RECEIVABLE**

Through the City's various housing rehabilitation funds and first-time home buyer's funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Interest is accrued on the loans that bear interest. Some of these loans were transferred to the successor agency and are reported in the respective trust fund.

Loans and notes receivable for the year ended June 30, 2012, consisted of the following:

	Beginning July 1, 2011	Additions	Deletions	Ending June 30, 2012
Community Development Block Grant	\$ 4,389,806	\$ 10,000	\$ (94,909)	\$ 4,304,897
HOME loans	9,792,279	1,766,804	(400,471)	11,158,612
Basic business revolving loans	123,679	-	(7,965)	115,714
Business loan: Arcata Theatre	285,846	-	(25,971)	259,875
Mobile home park low income housing assistance	1,624,405	583,000	-	2,207,405
First time home buyers	239,217	-	(6,378)	232,839
Rehabilitation loans	880,000	-	-	880,000
Total loans/notes receivable	<u>\$ 17,335,232</u>	<u>\$ 2,359,804</u>	<u>\$ (535,694)</u>	<u>\$ 19,159,342</u>

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**4. LOANS AND NOTES RECEIVABLE, Continued**

The following is a summary of the loans and notes receivable outstanding as of June 30, 2012:

***Community Development Block Grant*** – The City participates in a CDBG Revolving loan program. The program is federally funded and provides housing rehabilitation loans to eligible applicants. The City makes loans to resident homeowners who qualify as low income, some of which are deferred and are not repaid until the title to property changes. The balance of these loans at June 30, 2012, was \$4,304,896

***HOME Loans*** – The City participates in a HOME Loan program. The program is federally funded and provides loans for first-time homebuyers to eligible participants. The City makes loans available to resident homeowners who qualify as low income. These loans are deferred and the City maintains an equity sharing agreement with the participant.

***Basic Business Revolving Loans*** – These loans are made from unrestricted program income for the purpose of assisting local business with economic development loans for specifically identified purposes.

***Business Loan: Arcata Theatre*** – During 2008, the City loaned money to the owners of a historic theatre in downtown district for rehabilitation.

***Mobile Home Park Low Income Housing Assistance*** – The City began a program of housing assistance to help low and moderate income individuals with purchases of a mobile home. Qualifying individuals receive down payment assistance with the loan deferred as long as it is an owner-occupied dwelling. Interest and/or principal may be waived if certain terms are met by the borrower.

***First-Time Home Buyers*** – The City maintains loans receivable for Low and Moderate Income Housing. The notes receivable principal balances are recorded in the fund-based statements as loans receivable. Interest on certain loans may be waived by the City if the loan remains outstanding for the full term; therefore, interest income is recorded when received.

***Rehabilitation Loan*** – The City loaned \$880,000 to the Humboldt Bay Housing and Development Corporation for Low and Moderate Income Housing for Janes Creek Meadows. Land purchased by the City was deposited into the Community Land Trust for development purposes. The notes receivable principal balances are recorded in the fund-based statements as loans receivable. Upon development, the principal and interest on the loan may be waived by the City if the loan remains outstanding for the full term and the development is accepted by the City; therefore, interest income is recorded when received.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**5. CAPITAL ASSETS**

Governmental capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
<b>Governmental activities:</b>					
<b>Nondepreciable assets:</b>					
Land	\$ 12,299,024	\$ 3,010,526	\$ -	\$ (3,932,569)	\$ 11,376,981
Undergrounding facilities	90,025	-	-	-	90,025
<b>Total nondepreciable assets</b>	<u>12,389,049</u>	<u>3,010,526</u>	<u>-</u>	<u>(3,932,569)</u>	<u>11,467,006</u>
<b>Depreciable assets:</b>					
Buildings and structures	11,508,051	52,697	-	(1,900,306)	9,660,442
Furniture and equipment	4,120,604	680,598	(67,749)	-	4,733,453
Improvements	4,692,544	-	-	-	4,692,544
Infrastructure	41,748,019	-	-	-	41,748,019
Vehicles	3,289,323	644,429	-	-	3,933,752
<b>Total depreciable assets</b>	<u>65,358,541</u>	<u>1,377,724</u>	<u>(67,749)</u>	<u>(1,900,306)</u>	<u>64,768,210</u>
<b>Total</b>	<u>77,747,590</u>	<u>4,388,250</u>	<u>(67,749)</u>	<u>(5,832,875)</u>	<u>76,235,216</u>
<b>Accumulated depreciation:</b>					
Buildings and structures	(5,533,298)	(219,884)		229,607	(5,523,575)
Furniture and equipment	(3,558,241)	(220,134)		-	(3,778,375)
Improvements	(2,418,760)	(124,911)		-	(2,543,671)
Infrastructure	(34,111,551)	(1,068,978)	-	-	(35,180,529)
Vehicles	(2,581,063)	(208,980)	-	-	(2,790,043)
<b>Total accumulated depreciation</b>	<u>(48,202,913)</u>	<u>(1,842,887)</u>	<u>-</u>	<u>229,607</u>	<u>(49,816,193)</u>
<b>Net depreciable assets</b>	<u>17,155,628</u>	<u>(465,163)</u>	<u>(67,749)</u>	<u>(1,670,699)</u>	<u>14,952,017</u>
<b>Total net capital assets</b>	<u>\$ 29,544,677</u>	<u>\$ 2,545,363</u>	<u>\$ (67,749)</u>	<u>\$ (5,603,268)</u>	<u>\$ 26,419,023</u>

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

General government	\$ 240,333
Public safety	27,190
Public works	70,587
Community development	1,357,625
Parks and recreation	147,152
	<u>\$ 1,842,887</u>

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**5. CAPITAL ASSETS, Continued**

Business-type capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
<b><u>Business-type activities</u></b>					
<b>Nondepreciable assets:</b>					
Land	\$ 5,994,370	\$ 844,077	\$ -	\$ -	\$ 6,838,447
<b>Total nondepreciable assets</b>	<u>5,994,370</u>	<u>844,077</u>	<u>-</u>	<u>-</u>	<u>6,838,447</u>
<b>Depreciable assets:</b>					
Undergrounding facilities	8,502,008	57,319		-	8,559,327
Buildings and structures	9,213,626	53,680		-	9,267,306
Furniture and equipment	3,046,835	19,033	(9,411)	-	3,056,457
Other improvements	6,282,864	381,909	(57,319)	-	6,607,454
Vehicles	1,770,860	28,674		-	1,799,534
<b>Total depreciable assets</b>	<u>28,816,193</u>	<u>540,615</u>	<u>(66,730)</u>	<u>-</u>	<u>29,290,078</u>
<b>Total</b>	<u>34,810,563</u>	<u>1,384,692</u>	<u>(66,730)</u>	<u>-</u>	<u>36,128,525</u>
<b>Accumulated depreciation:</b>					
Undergrounding facilities	(3,668,581)	(185,284)		-	(3,853,865)
Buildings and structures	(5,441,159)	(238,185)	(24,169)	-	(5,703,513)
Furniture and equipment	(2,591,486)	(110,738)	(2,170)	-	(2,704,394)
Other improvements	(2,313,962)	(195,369)		-	(2,509,331)
Vehicles	(642,038)	(110,710)		-	(752,748)
<b>Total accumulated depreciation</b>	<u>(14,657,226)</u>	<u>(840,286)</u>	<u>(26,339)</u>	<u>-</u>	<u>(15,523,851)</u>
<b>Net depreciable assets</b>	<u>14,158,967</u>	<u>(299,671)</u>	<u>(93,069)</u>	<u>-</u>	<u>13,766,227</u>
<b>Total net capital assets</b>	<u>\$ 20,153,337</u>	<u>\$ 544,406</u>	<u>\$ (93,069)</u>	<u>\$ -</u>	<u>\$ 20,604,674</u>

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

Water	\$ 144,984
Wastewater	469,984
Transit	192,318
Solid Waste	7,944
Stormwater	25,056
	<u>\$ 840,286</u>

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2012:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 1,637,440	\$ 230,560	\$ 1,122,748	\$ 2,990,748
Accrued payroll and related liabilities	163,717	55,841	-	219,558
Total	<u>\$ 1,801,157</u>	<u>\$ 286,401</u>	<u>\$ 1,122,748</u>	<u>\$ 3,210,306</u>

These amounts resulted in the following concentrations in payables:

Vendors	93%
Employees	7%

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

**7. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Transfers/ Retirements	Balance June 30, 2012	Due Within One Year
<b>Governmental Activities:</b>					
1994 Loan from the Arcata Joint Powers Financing Authority	\$ 2,920,000	\$ -	\$ (2,920,000)	\$ -	\$ -
2003 Loan from the Arcata Joint Powers Financing Authority	9,020,000	-	(9,020,000)	-	-
Energy Commission Loan	30,510	-	(11,835)	18,675	12,310
Capital Lease Obligations	58,274	721,578	(443,849)	336,003	180,611
2008 Municipal Lease - Governmental share	533,050	-	(43,400)	489,650	46,550
Bond premiums	142,562	-	(142,562)	-	-
<b>Total governmental debt</b>	<u>\$ 12,704,396</u>	<u>\$ 721,578</u>	<u>\$ (12,581,646)</u>	<u>\$ 844,328</u>	<u>\$ 239,471</u>
Compensated absences	454,143	24,016	-	478,159	110,208
Net OPEB obligation	550,154	315,067	(153,617)	711,604	-
<b>Total governmental activities</b>	<u>\$ 13,708,693</u>	<u>\$ 1,060,661</u>	<u>\$ (12,735,263)</u>	<u>\$ 2,034,091</u>	<u>\$ 349,679</u>
<b>Business-type activities</b>					
2008 Municipal Lease - Water Enterprise Share	989,950	-	(80,600)	909,350	86,450
2008 Municipal Loan	1,716,000	-	(111,000)	1,605,000	119,000
<b>Total business-type activity debt</b>	<u>2,705,950</u>	<u>-</u>	<u>(191,600)</u>	<u>2,514,350</u>	<u>205,450</u>
Compensated absences	157,322	19,018	-	176,340	44,085
<b>Total business-type activities</b>	<u>\$ 2,863,272</u>	<u>\$ 19,018</u>	<u>\$ (191,600)</u>	<u>\$ 2,690,690</u>	<u>\$ 249,535</u>

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**7. LONG-TERM LIABILITIES, Continued**

**Energy Commission Loan**

The California Energy Commission (Commission) issued the total of \$82,064 of Energy Conservation Assistance loan to the City in the fiscal years 2003-04 through 2005-2006. The proceeds were loaned by the Commission pursuant to a loan agreement. The loan bears interest at a rate of 3.95% per annum, payable each June and December 22 through 2013. The outstanding balance at June 30, 2012, was \$18,675.

**Capital Lease Obligations**

During fiscal year 2008, the City entered into three lease purchase agreements. During fiscal year 2008, the City purchased vehicles in the amount of \$240,799 under these agreements. The lease obligations, proceeds, and the related assets were recorded in the internal service fund. The principal balance of these capital leases as of June 30, 2012, was \$29,884. See *2008 Municipal Lease* for the other capital leases attributable to governmental activities. Additionally, in the 2011-12 fiscal year, the City purchased a mobile command vehicle and Con Vac truck. These lease obligations are payable through fiscal year 2014, at which time the buyout will be \$1.

**2008 Municipal Lease**

On April 22, 2008, the City entered into a lease agreement with Municipal Finance Corporation. The City and the Corporation have agreed to enter into a lease in the principal amount of \$1,894,000 for the purposes of refinancing the 1998 Refunding Certificates of Participation and to lease back the original leased property in the 1998 Refunding Certificates of Participation. The interest rate associated with the lease is 4.25%. Interest is payable semiannually on July 1 and January 1. Principal is payable annually beginning on January 1, 2009. The lease payments end on January 1, 2021. The outstanding balance of the lease at June 30, 2012, was \$489,650 for governmental activities and \$909,350 for business-type activities.

The lease is repayable in part by the City (35%) and in part by the City's water enterprise (65%). The City has a covenant to include all payments under the agreements, applicable to the City portion, in each of its annual budgets to make the necessary appropriations for such payments.

**2008 Municipal Loan**

On April 22, 2008, the City entered into a loan agreement with Municipal Finance Corporation. The City and the Corporation have agreed to enter into a loan in the principal amount of \$2,055,000 for the purpose of refinancing the 1997 Revenue Bonds. The interest rate associated with the loan is 4.30%. Interest is payable semi-annually on June 1 and December 1. Principal is payable annually beginning on December 1, 2008. The loan repayments end on December 1, 2022. The outstanding balance of the loan at June 30, 2012, was \$1,605,000.



**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**7. LONG-TERM LIABILITIES, Continued**

In 2011-12 the following debt was transferred from the Former Redevelopment Agency to the Successor Agency and is included in footnote 13:

1994 Loan from the Arcata Joint Powers Financing Authority

2003 Loan from the Arcata Joint Powers Financing Authority

**Compensated Absences**

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of \$654,499 at June 30, 2012, of that amount \$153,584 is expected to be paid within a year.

**Net OPEB Obligation**

A net OPEB obligation is the cumulative differences between annual OPEB cost and an employer's contributions to a plan. At June 30, 2012, the City had a Net OPEB Obligation of \$711,604. See Note 12 for further discussion on OPEB.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**7. LONG-TERM LIABILITIES, Continued**

Future debt service for Governmental Activities at June 30, 2012, is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Governmental Activities					
	Energy Commission Loan		Capital Lease Obligations		2008 Municipal Lease - Governmental Share	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 12,310	\$ 617	\$ 180,611	\$ 11,413	\$ 46,550	\$ 20,810
2014	6,365	123	155,392	5,179	47,950	18,832
2015	-	-	-	-	49,000	16,794
2016	-	-	-	-	51,800	14,711
2017	-	-	-	-	52,850	12,510
2018-2022	-	-	-	-	241,500	26,135
Total	<u>\$ 18,675</u>	<u>\$ 740</u>	<u>\$ 336,003</u>	<u>\$ 16,592</u>	<u>\$ 489,650</u>	<u>\$ 109,792</u>
Due within one year	\$ 12,310	\$ 617	\$ 180,611	\$ 11,413	\$ 46,550	\$ 20,810
Due after one year	6,365	123	155,392	5,179	443,100	88,982
Total	<u>\$ 18,675</u>	<u>\$ 740</u>	<u>\$ 336,003</u>	<u>\$ 16,592</u>	<u>\$ 489,650</u>	<u>\$ 109,792</u>
Total						
Principal						
Interest						
2013	\$ 239,471	\$ 32,840				
2014	209,707	24,134				
2015	49,000	16,794				
2016	51,800	14,711				
2017	52,850	12,510				
2018-2022	241,500	26,135				
Total	<u>\$ 844,328</u>	<u>\$ 127,124</u>				
Due within one year	\$ 239,471	\$ 32,840				
Due after one year	604,857	94,284				
Total	<u>\$ 844,328</u>	<u>\$ 127,124</u>				

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**7. LONG-TERM LIABILITIES, Continued**

Future debt service for Business-type Activities at June 30, 2012, is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Business Type Activities					
	2008 Municipal Lease - Water Enterprise share		2008 Municipal Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 86,450	\$ 38,647	\$ 119,000	\$ 66,457	\$ 205,450	\$ 105,104
2014	89,050	34,974	123,000	61,254	212,050	96,228
2015	91,000	31,188	126,000	55,900	217,000	87,088
2016	96,200	27,321	134,000	50,310	230,200	77,631
2017	98,150	23,233	137,000	44,483	235,150	67,716
2018-2022	448,500	48,537	789,000	125,797	1,237,500	174,334
2023	-	-	177,000	3,805	177,000	3,805
Total	<u>\$ 909,350</u>	<u>\$ 203,900</u>	<u>\$ 1,605,000</u>	<u>\$ 408,006</u>	<u>\$ 2,514,350</u>	<u>\$ 611,906</u>
Due within one year	\$ 86,450	\$ 38,647	\$ 119,000	\$ 66,457	\$ 205,450	\$ 105,104
Due after one year	822,900	165,253	1,486,000	341,549	2,308,900	506,802
Total	<u>\$ 909,350</u>	<u>\$ 203,900</u>	<u>\$ 1,605,000</u>	<u>\$ 408,006</u>	<u>\$ 2,514,350</u>	<u>\$ 611,906</u>

**8. NET ASSETS/ FUND BALANCES**

**Net Assets**

	Governmental Activities	Business-type Activities	Total
Invested in Capital Assets, net of related debt	\$ 25,813,373	\$ 18,295,774	\$ 44,109,147
Restricted	2,756,820	-	2,756,820
Unrestricted	30,475,099	4,188,757	34,663,856
Total	<u>\$ 59,045,292</u>	<u>\$ 22,484,531</u>	<u>\$ 81,529,823</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.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**8. NET ASSETS/ FUND BALANCES, Continued**

**Fund Balance**

Nonspendable and Restricted fund balance consisted of the following at June 30, 2012:

Nonspendable:	
Inventory	\$ 11,261
<b>Total Nonspendable</b>	<b>\$ 11,261</b>
Restricted:	
Governmental Funds:	
CDBG Housing	\$ 735,606
Housing Revolving	125,067
Traffic Safety	120,988
Gas Tax	1,119,791
Federal Grants	655,368
<b>Total Restricted</b>	<b>\$ 2,756,820</b>

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

**Nonspendable**

- **Inventory** – represents nonspendable amounts classified as inventory.

**Restricted**

- **Housing** – represents amounts restricted for the City’s HOME revolving loan program and CDBG housing activities as these programs are supported by specific grants requiring the restriction.
- **Traffic Safety** – represents restricted revenue received for the City’s programs associated with the maintenance of equipment and supplies for traffic law enforcement and traffic accident prevention as provided by Office of Traffic Safety grant provisions.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**8. NET ASSETS/ FUND BALANCES, Continued**

**Restricted, Continued**

- **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.
- **Federal Grants** – represents restricted amounts received from Federal Grants for various city programs.

**Fund Balance Deficits**

Deficit fund balances consisted of the following:

**Nonmajor Special Revenue Funds:**

Forest Management	\$(48,829)
HUD Block Grant	(5,309)
HOME Grants	(18,491)
Information Technology	(1,437)

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.

**Excess of Expenditures and Transfers over Appropriations:**

Expenditures and transfers exceeded appropriations for the year ended June 30, 2012, for the following funds:

<u>Fund</u>	<u>Final Appropriations</u>	<u>Expenditures and Transfers</u>	<u>Excess</u>
<b><u>Nonmajor Funds</u></b>			
<b><u>Special Revenue Funds:</u></b>			
Basic Business Loan Revolving	225,836	230,191	(4,355)
ISTEA Grant	506,100	506,363	(263)
COPS Grant	104,470	132,010	(27,540)

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**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, 2012:

	Due from Other Funds	Due to Other Funds
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 91,724	\$ -
CDBG Housing Special Revenue	48,878	-
Housing Revolving Special Revenue	81,587	-
Total Major Funds	<u>222,189</u>	<u>-</u>
<b>Nonmajor Funds:</b>		
<b>Special Revenue Funds:</b>		
Forest Management	-	54,621
Gas Tax 2107 and 2107.5	314,439	-
HUD Block Grant	-	48,878
HOME Grants	-	81,587
ARRA	-	314,439
Total Nonmajor Funds	<u>314,439</u>	<u>499,525</u>
Total Governmental Funds	<u>536,628</u>	<u>499,525</u>
<b><u>Proprietary Funds</u></b>		
<b>Major Enterprise Funds:</b>		
Water	222,581	-
Stormwater Utility	-	259,684
Major Enterprise Funds	<u>222,581</u>	<u>259,684</u>
<b>Total</b>	<u><u>\$ 759,209</u></u>	<u><u>\$ 759,209</u></u>

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.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**9. INTERFUND TRANSACTIONS, Continued**

Transfers consisted of the following at June 30, 2012:

	Transfers In	Transfers Out
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 126,528	\$ 449,285
Former Community Development Agency Capital Projects	-	9,248
Former Community Development Agency Debt Service	9,248	-
Total Major Funds	135,776	458,533
<b>Non-major Funds:</b>		
<b>Special Revenue Funds:</b>		
Former Community Development Agency Administration	472,806	-
Forest Management	1,403	-
Traffic Safety	55,100	
Industrial Park	-	1,519
Basic Business Loan Revolving	3,695	-
Public Improvement Program	-	565,404
Gas Tax 2105	-	81,429
Gas Tax 2106	-	73,423
Gas Tax 2107 and 2107.5	706,624	4,000
ISTEA	-	75,000
Janes Creek Meadows	-	17,000
Windsong	-	17,000
<b>Capital Projects Funds:</b>		
City Capital Projects	-	141,250
Total Non-major Special Revenue Funds	1,239,628	976,025
Total Governmental Funds	1,375,404	1,434,558
<b><u>Proprietary Funds</u></b>		
<b>Internal Service Fund:</b>		
Information Technology	3,090	16,258
<b>Major Enterprise Funds</b>		
Water	-	33,163
Wastewater	-	19,981
Transit	-	23,869
Solid Waste	-	27,221
Stormwater	176,556	-
Total Proprietary Funds	179,646	120,492
<b>Total Transfers</b>	<b>\$ 1,555,050</b>	<b>\$ 1,555,050</b>

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**9. INTERFUND TRANSACTIONS, Continued**

Transfers were made from the Community Development Agency to the Housing Improvement Projects and Public Improvement Projects Funds to account for monies granted by the Agency to the City for specific projects.

The Wastewater Fund transfer in was to provide resources recorded in other funds to wastewater projects.

Other Special Revenue and Capital Projects Funds transfers out were to fund various programs and projects expended out of other funds.

**10. RISK MANAGEMENT**

The City is an associate member of the Redwood Empire Municipal Insurance Fund (REMIF), a public entity pool comprised of fifteen northern California charter and associate member cities. REMIF is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of REMIF is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

For each of its insurance programs, REMIF has a multilevel risk sharing arrangement. Initially, each individual charter or associate member city participating in a program assumes its own losses up to a predetermined deductible level. Losses and claims in excess of the deductibles and within REMIF's stated retention limits are paid out of a central pool maintained by REMIF. This central pool is funded by all of the cities participating in that program through premium assessments. REMIF purchases excess loss insurance policies (reinsurance) to provide coverage for losses and claims in excess of REMIF's stated retention limits up to specified amounts. Losses and claims ceded to reinsurers would represent a contingent liability to REMIF if the reinsurers were unable to meet their existing obligations under the reinsurance agreements. Losses and claims which surpass the limits of the excess of loss insurance policies are the responsibility of the individual city in which the loss or claim originates.

The City of Arcata participates in the following three REMIF programs:

***General Liability Insurance***

Annual premiums are paid by the member cities and are adjusted retrospectively to cover costs. The City of Arcata self-insures for the first \$5,000 of each loss and pays 100% of all losses incurred under \$5,000. The City does not share or pay for losses of other cities under \$5,000, depending on the entity's deductible amount. Participating cities then share in the next \$5,000 to \$500,000 per loss occurrence. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, professional liability, and certain other coverage. REMIF is a member of the California Joint Powers Risk Management Authority, which provides REMIF with an additional \$9,500,000 liability insurance coverage over and above REMIF retention level of \$500,000.



**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**10. RISK MANAGEMENT, Continued**

***Workers' Compensation***

Periodic deposits are paid by member cities and are adjusted retrospectively to cover costs. The City is self-insured for the first \$5,000 of each loss and pays 100% of all losses incurred under \$5,000. The City does not share or pay for losses of other cities under \$5,000.

Losses of \$10,000 to \$300,000 are prorated among all participating cities. Losses in excess of \$300,000 are covered by excess insurance purchased by participating cities, as part of the pool, to State statutory limits.

***Property Insurance***

The City participates in REMIF's property insurance program. The annual deposits paid by participating member cities are based upon deductibility levels and are not subject to retroactive adjustments. The City of Arcata has a deductible level of \$10,000 and a coverage limit of \$300,000,000 declared value.

The following is a summary of the financial statements of REMIF as of and for the fiscal year ended June 30, 2012:

Total assets	\$ 18,010,735
Total liabilities	(14,429,297)
Members' equity	<u>\$ 3,581,438</u>
Total revenue	\$ 8,476,567
Total expense	(8,805,881)
Operating income (loss)	<u>\$ (329,314)</u>

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

***Plan Description***

The City contributes to the California Public Employees' Retirement System (PERS), an agent, multiple-employer, public employee, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustment, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. The California Public Employees' Retirement System issues a separate financial report which can be obtained by writing to PERS, Executive Office, 400 P Street, Sacramento, CA 95814.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

***Funding Policy***

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 20.15% for nonsafety employees and 30.54% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

***Annual Pension Cost***

For fiscal years 2010, 2011, and 2012, the City's annual pension costs of \$1,432,227, \$1,578,207, and \$1,821,913, respectively, were equal to the City's required and actual contributions.

The City's retirement plans for non-safety and safety employees are part of the CalPERS risk pools for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, stand-alone information of the schedule of the funding progress for the City's retirement plans is no longer available or disclosed.

**12. OTHER POST EMPLOYMENT BENEFITS**

***Plan Description.***

The City provides certain health insurance benefits to retired employees in accordance with memorandums of understanding with each employee group as follows:

For employees who retire from the City after at least ten (10) years of service with the City and who continue health insurance through a City-sponsored health insurance plan, the City will contribute two percent (2%) of the health insurance premium for each year of service, as an employee with the City, rounded to the nearest whole year. For employees with at least twenty (20) years of service for the City who qualify for this benefit, the rate of the City's contribution will be three percent (3%) of the health insurance premium. Such contributions will not continue past Medicare eligibility.

***Funding Policy***

The City's policy is to contribute an amount sufficient to pay the current year's premium. For fiscal year 2011-12, the City contributed \$153,617, which covered current premiums, but did not include any additional prefunding of benefits. Currently, there are 15 retirees who are receiving benefits.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**12. OTHER POST EMPLOYMENT BENEFITS, Continued**

***Annual OPEB Cost and Net OPEB Obligation***

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

Annual required contribution	\$315,067
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	\$315,067
Contributions made	(153,617)
Benefit payments made outside of trust	(-)
Increase in net OPEB obligation	\$161,450
Net OPEB obligation – beginning of year	550,154
Net OPEB obligation – end of year	<u>\$711,604</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2012 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	237,714	52%	385,152
6/30/11	315,067	48%	550,154
6/30/12	315,067	49%	711,604

***Funded Status and Funding Progress.***

The funded status of the Plan as of February, 2011, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 2,483,585
Actuarial value of Plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 2,483,585
Funded ratio (actuarial value of Plan assets/AAL)	0%
Covered payroll (active Plan participants)	\$ 6,764,536
UAAL as a percentage of covered payroll	37%

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**12. OTHER POST EMPLOYMENT BENEFITS, Continued**

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

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2011, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a five percent investment rate of return, which is the expected long-term investment returns on plan assets, a projected salary increase assumption rate of three percent, and an annual healthcare cost trend rate of four percent. The actuarial value of assets is not applicable (no assets as of the initial valuation date). The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at February 1, 2011, was thirty years.

**13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

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

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number .

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).

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

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.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

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 a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City included in the fund financial statements as Former Redevelopment Agency Special Revenue Fund and Low/Moderate Income Housing Fund.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds – increase to net assets of the Successor Agency Trust Fund	\$ 2,303,405
Some receivables are deferred in governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis of accounting, reduction to deferral – decrease to net assets of the Successor Agency Trust Fund	(465,404)
Capital assets recorded in the government-wide financial statements – increase to net assets of the Successor Agency Trust Fund	5,603,268
Deferred charges recorded in the government-wide financial statements – increase to net assets of the Successor Agency Trust Fund	371,162
Accrued bond interest reported in the government-wide financial statements – decrease to net assets of the Successor Agency Trust Fund	(250,786)
Long-term debt reported in the government-wide financial Statements – decrease to net assets of the Successor Agency Trust Fund	(11,791,363)
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	(\$4,229,718)

	Balance July 1, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
<b><u>Fiduciary activities:</u></b>					
<b>Nondepreciable assets:</b>					
Land	\$ -	\$ 1,320,297	\$ -	\$ -	\$ 1,320,297
<b>Total nondepreciable assets</b>	-	1,320,297	-	-	1,320,297
<b>Depreciable assets:</b>					
Buildings and structures	-	4,512,578	-	-	4,512,578
<b>Total depreciable assets</b>	-	4,512,578	-	-	4,512,578
<b>Total</b>	-	5,832,875	-	-	5,832,875
<b>Accumulated depreciation:</b>					
Buildings and structures		(229,607)		-	(229,607)
<b>Total accumulated depreciation</b>	-	(229,607)	-	-	(229,607)
<b>Net depreciable assets</b>	-	4,282,971	-	-	4,282,971
<b>Total net capital assets</b>	\$ -	\$ 5,603,268	\$ -	\$ -	\$ 5,603,268

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

**Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	Balance July 1, 2011	Transfers/ Additions	Retirements	Balance June 30, 2012	Due Within One Year
<b>Trust Activities:</b>					
1994 Loan from the Arcata Joint Powers Financing Authority	\$ -	\$2,920,000	\$ (155,000)	\$ 2,765,000	\$ 165,000
2003 Loan from the Arcata Joint Powers Financing Authority	-	9,020,000	(130,000)	8,890,000	130,000
Bond premiums	-	142,562	(6,199)	136,363	6,199
<b>Total trust fund debt</b>	<b>\$ -</b>	<b>#####</b>	<b>\$ (291,199)</b>	<b>\$ 11,791,363</b>	<b>\$ 301,199</b>

**1994 Loan from the Arcata Joint Powers Financing Authority**

On March 24, 1994, the City's Joint Powers Financing Authority issued \$7,620,000 of Tax Allocation Revenue Bonds, 1994 Series A, for the purpose of assisting the Agency in advance refunding and defeasing the Agency's 1988 Tax Allocation Bonds. The proceeds were loaned by the Authority pursuant to a loan agreement in which the Agency will repay the debt with tax increment revenues excluding amounts required to be set aside in the Agency's Low and Moderate Income Housing Fund and amounts payable under tax sharing agreements.

The 1994 Tax Allocation Bonds bear interest at rates of from 5.0 to 6.0 percent per annum, payable each February and August 1 through 2023. The bonds are subject to optional early redemption on or after August 1, 2004, from any available funds with premium as specified in the bond documents.

**2003 Loan from the Arcata Joint Powers Financing Authority**

On December 18, 2003, the City's Joint Powers Financing Authority issued \$9,865,000 of Tax Allocation Revenue Bonds, 2003 Series A, for the purpose of assisting the Agency in advance refunding and defeasing \$2,455,000 of the Agency's 1994 Tax Allocation Bonds and for the purpose of obtaining additional funding for projects. The proceeds were loaned by the Authority to the Agency pursuant to a loan agreement in which the Agency will repay the debt with tax increment revenues excluding amounts required to be set aside in the Agency's Low and Moderate Income Housing Fund and amounts payable under tax sharing agreements.

The 2003 Tax Allocation Bonds bear interest at rates of from 2.0 to 5.125 percent per annum, payable each February and August 1 through 2034. The bonds are subject to optional early redemption on or after August 1, 2013, from any available funds with premium as specified in the bond documents. The bonds consisted of \$6,905,000 in term bonds and \$2,960,000 in serial bonds. The term bonds are subject to mandatory sinking fund early redemption starting in 2024.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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

**Long-term Liabilities, continued**

Future debt service for Fiduciary Activities at June 30, 2012, is as follows

Year Ending June 30,	Fiduciary Activities					
	1994 Loan from the City of Arcata Joint Powers Financing Authority		2003 Loan from the City of Arcata Joint Powers Financing Authority		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 165,000	\$ 160,950	\$ 130,000	\$ 433,711	\$ 295,000	\$ 594,661
2014	175,000	150,750	135,000	428,905	310,000	579,655
2015	185,000	139,950	140,000	423,609	325,000	563,559
2016	195,000	128,550	145,000	417,908	340,000	546,458
2017	205,000	116,550	155,000	411,755	360,000	528,305
2018-2022	1,235,000	374,850	875,000	1,950,365	2,110,000	2,325,215
2023-2027	605,000	36,750	2,135,000	1,643,062	2,740,000	1,679,812
2028-2032	-	-	3,510,000	892,669	3,510,000	892,669
2033-2034	-	-	1,665,000	86,484	1,665,000	86,484
Total	<u>\$ 2,765,000</u>	<u>\$ 1,108,350</u>	<u>\$ 8,890,000</u>	<u>\$ 6,688,468</u>	<u>\$ 11,655,000</u>	<u>\$ 7,796,818</u>
Due within one year	\$ 165,000	\$ 160,950	\$ 130,000	\$ 433,711	\$ 295,000	\$ 594,661
Due after one year	2,600,000	947,400	8,760,000	6,254,757	11,360,000	7,202,157
Total	<u>\$ 2,765,000</u>	<u>\$ 1,108,350</u>	<u>\$ 8,890,000</u>	<u>\$ 6,688,468</u>	<u>\$ 11,655,000</u>	<u>\$ 7,796,818</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. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

***Commitments***

The City had no significant unexpended contractual commitments as of June 30, 2012.



**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**15. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements.” The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 61, “The Financial Reporting Entity: Omnibus.” The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The City will implement this Statement in fiscal year 2012-13.

The GASB has issued Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The City will implement this Statement in Fiscal year 2012-13.

The GASB has issued Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions.” The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 65, “Item Previously Reported as Assets and Liabilities.” This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City will implement this Statement in Fiscal year 2012-13.

**City of Arcata, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**15. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

The GASB has issued Statement No. 66, “Technical Corrections – 2012”. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The implementation of this Statement did not have an effect on these financial statements.

**City of Arcata, California**  
**Required Supplementary Information**  
**For the year ended June 30, 2012**

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**Required Supplementary Information**  
**Other Postemployment Benefits**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2/1/2008	\$ -	\$ 2,293,829	\$ 2,293,829	0.0%	\$ 5,391,561	42.5%
2/1/2011	\$ -	\$ 2,483,585	\$ 2,483,585	0.0%	\$ 6,764,536	36.7%

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## NON-MAJOR GOVERNMENTAL FUNDS

<b>Fund Type</b>	<b>Description</b>
Special Revenue	These funds account for restricted revenues (for specified purposes).
City Capital Projects Fund	This fund accounts for construction or acquisition of governmental capital assets (capital outlay).

**City of Arcata, California**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

	Governmental Funds		
	Special Revenue Funds	City Capital Projects Fund	Non-Major Funds Totals
<b>ASSETS</b>			
Cash and investments	\$ 6,076,276	\$ 365,971	\$ 6,442,247
Restricted cash and investments	2,534,361	-	2,534,361
Receivables:			
Intergovernmental	708,220	-	708,220
Loans/Notes receivable	3,695,833	-	3,695,833
Other receivable	16,790	-	16,790
Due from other funds	314,439	-	314,439
Inventory	123,346	-	123,346
<b>Total assets</b>	<u>\$ 13,469,265</u>	<u>\$ 365,971</u>	<u>\$ 13,835,236</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 681,837	\$ -	\$ 681,837
Due to other funds	499,525	-	499,525
Deposits Payable	19,233	-	19,233
Deferred revenue	3,695,833	-	3,695,833
<b>Total liabilities</b>	<u>4,896,428</u>	<u>-</u>	<u>4,896,428</u>
<b>Fund Balances:</b>			
Nonspendable	2,358	-	2,358
Restricted	1,896,147	-	1,896,147
Assigned	6,746,961	365,971	7,112,932
Unassigned (deficit)	(72,629)	-	(72,629)
<b>Total fund balances</b>	<u>8,572,837</u>	<u>365,971</u>	<u>8,938,808</u>
<b>Total liabilities and fund balances</b>	<u>\$ 13,469,265</u>	<u>\$ 365,971</u>	<u>\$ 13,835,236</u>

# City of Arcata, California

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

### Nonmajor Governmental Funds

For the year ended June 30, 2012

	Governmental Funds		
	Special Revenue Funds	City Capital Projects Fund	Non-Major Funds Totals
<b>REVENUES:</b>			
Taxes and assessments	\$ 30,046	\$ -	\$ 30,046
Licenses and permits	-	-	-
Fines and forfeitures	70,470	-	70,470
Intergovernmental	6,219,052	-	6,219,052
Use of money and property	442,507	5,527	448,034
Reimbursements	13,003	-	13,003
Other revenues	370,967	34,142	405,109
<b>Total revenues</b>	<b>7,146,045</b>	<b>39,669</b>	<b>7,185,714</b>
<b>EXPENDITURES:</b>			
Current:			
General government	-	-	-
Public safety	289,944	-	289,944
Public works	750,208	-	750,208
Community development	3,142,567	-	3,142,567
Parks and recreation	275,080	-	275,080
Capital outlay	5,494,744	-	5,494,744
<b>Total expenditures</b>	<b>9,952,543</b>	<b>-</b>	<b>9,952,543</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,806,498)</b>	<b>39,669</b>	<b>(2,766,829)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Extraordinary loss on dissolution of redevelopment	(3,701)	-	(3,701)
Transfers in	1,239,628	-	1,239,628
Transfers out	(834,775)	(141,250)	(976,025)
<b>Total other financing sources (uses)</b>	<b>401,152</b>	<b>(141,250)</b>	<b>259,902</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>(2,405,346)</b>	<b>(101,581)</b>	<b>(2,506,927)</b>
<b>RESIDUAL EQUITY TRANSFERS IN</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>			
Beginning of year	10,978,183	467,552	11,445,735
End of year	<u>\$ 8,572,837</u>	<u>\$ 365,971</u>	<u>\$ 8,938,808</u>



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## NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Former Community Development Agency Administration	Accounts for funds received and expended for Community Development Agency administration.
Forest Management	Accounts for funds received and expended for the City's forest management programs.
Traffic Safety	Accounts for revenue received for the City's programs associated with the maintenance of equipment and supplies for traffic law enforcement and traffic accident prevention.
Industrial Park	Accounts for revenues received for the maintenance and rehabilitation of the industrial park.
Basic Business Loan Revolving	Accounts for the City's business loan program.
STIP	Accounts for funds received and expended for the State Transportation Improvement Program.
Gas Tax Funds:	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.
2105	
2106	
2107 & 2107.5	
Federal Grant Funds:	
HUD Block Grant	Accounts for activities related to housing and the related Community Development Block Grant funding.
ISTEA	Accounts for activities related to streets and the related Intermodal Surface Transportation Efficiency Act funding.
FEMA/OES	Accounts for revenues and expenditures associated with grants provided from the Federal Emergency Management Agency and Office of Emergency Services.
COPS	Accounts for revenues and expenditures associated with community policing grants.
HOME Grants	Accounts for activities related to housing and the related Home Program funding.

(continued)

## NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
ARRA	Accounts for revenues and expenditures associated with the American Recovery and Reinvestment Act Grant.
In Lieu Fee Funds:	
Parkland	Accounts for revenues and expenditures associated with the parkland maintenance.
Parking	Accounts for revenues and expenditures associated with downtown parking programs.
Assessment Districts:	Accounts for funds collected for the assessment districts shown within the City limits for which the City is obligated to maintain.
Curtis Heights	
Janes Creek Meadows	
Windsong	

(concluded)

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**City of Arcata, California**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**

	Former Community Development Agency Administration	Forest Management	Traffic Safety	Industrial Park	Basic Business Loan Revolving
<b>ASSETS</b>					
Cash and investments	\$ -	\$ -	\$ 105,565	\$ 809,805	\$ 555,137
Restricted cash and investments	-	-	-	-	-
Receivables:					
Intergovernmental	-	7,966	21,394	-	-
Loans/Notes receivable	-	-	-	-	3,212,833
Other receivable	-	-	-	-	16,790
Due from other funds	-	-	-	-	-
Inventory	-	-	120,988	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 7,966</u>	<u>\$ 247,947</u>	<u>\$ 809,805</u>	<u>\$ 3,784,760</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 2,174	\$ 6,406	\$ 47,480	\$ 26,902
Due to other funds	-	54,621	-	-	-
Deposits payable	-	-	-	12,933	-
Deferred revenue	-	-	-	-	3,212,833
<b>Total liabilities</b>	<u>-</u>	<u>56,795</u>	<u>6,406</u>	<u>60,413</u>	<u>3,239,735</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	120,988	-	-
Assigned	-	-	120,553	749,392	545,025
Unassigned (deficit)	-	(48,829)	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>(48,829)</u>	<u>241,541</u>	<u>749,392</u>	<u>545,025</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 7,966</u>	<u>\$ 247,947</u>	<u>\$ 809,805</u>	<u>\$ 3,784,760</u>

STIP	Housing Improvement Projects	Public Improvement Program	Gas Tax Funds	Federal Grant Funds	In Lieu Fee Funds	Assessment District Funds	Totals
\$ 14,004	\$ 1,546,475	\$ 1,320,398	\$ 784,925	\$ 464,235	\$ 473,211	\$ 2,521	\$ 6,076,276
-	-	2,534,361	-	-	-	-	2,534,361
-	-	-	53,339	612,567	-	12,954	708,220
-	483,000	-	-	-	-	-	3,695,833
-	-	-	-	-	-	-	16,790
-	-	-	314,439	-	-	-	314,439
-	-	-	2,358	-	-	-	123,346
<u>\$ 14,004</u>	<u>\$ 2,029,475</u>	<u>\$ 3,854,759</u>	<u>\$ 1,155,061</u>	<u>\$ 1,076,802</u>	<u>\$ 473,211</u>	<u>\$ 15,475</u>	<u>\$ 13,469,265</u>
\$ -	\$ 571,520	\$ 413	\$ 26,612	\$ 330	\$ -	\$ -	\$ 681,837
-	-	-	-	444,904	-	-	499,525
-	-	-	6,300	-	-	-	19,233
-	483,000	-	-	-	-	-	3,695,833
-	1,054,520	413	32,912	445,234	-	-	4,896,428
-	-	-	2,358	-	-	-	2,358
-	-	-	1,119,791	655,368	-	-	1,896,147
14,004	974,955	3,854,346	-	-	473,211	15,475	6,746,961
-	-	-	-	(23,800)	-	-	(72,629)
14,004	974,955	3,854,346	1,122,149	631,568	473,211	15,475	8,572,837
<u>\$ 14,004</u>	<u>\$ 2,029,475</u>	<u>\$ 3,854,759</u>	<u>\$ 1,155,061</u>	<u>\$ 1,076,802</u>	<u>\$ 473,211</u>	<u>\$ 15,475</u>	<u>\$ 13,469,265</u>

# City of Arcata, California

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

### Nonmajor Special Revenue Funds

For the year ended June 30, 2012

	Former Community Development Agency Administration	Forest Management	Traffic Safety	Industrial Park	Basic Business Loan Revolving
<b>REVENUES:</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	70,470	-	-
Intergovernmental	-	3,002,973	-	-	-
Use of money and property	(1,955)	685	1,467	136,973	166,764
Reimbursements	-	-	-	-	-
Other revenues	-	100,064	-	270,903	-
<b>Total revenues</b>	<b>(1,955)</b>	<b>3,103,722</b>	<b>71,937</b>	<b>407,876</b>	<b>166,764</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	157,934	-	-
Public works	-	-	-	-	-
Community development	297,072	-	-	142,693	230,191
Parks and recreation	-	275,080	-	-	-
Capital outlay	-	3,014,901	-	77,234	-
<b>Total expenditures</b>	<b>297,072</b>	<b>3,289,981</b>	<b>157,934</b>	<b>219,927</b>	<b>230,191</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(299,027)</b>	<b>(186,259)</b>	<b>(85,997)</b>	<b>187,949</b>	<b>(63,427)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Extraordinary loss on dissolution of redevelopment	(3,701)	-	-	-	-
Transfers in	472,806	1,403	55,100	-	3,695
Transfers out	-	-	-	(1,519)	-
<b>Total other financing sources and uses</b>	<b>469,105</b>	<b>1,403</b>	<b>55,100</b>	<b>(1,519)</b>	<b>3,695</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>170,078</b>	<b>(184,856)</b>	<b>(30,897)</b>	<b>186,430</b>	<b>(59,732)</b>
<b>FUND BALANCES (DEFICITS):</b>					
Beginning of year	(170,078)	136,027	272,438	562,962	604,757
End of year	\$ -	\$ (48,829)	\$ 241,541	\$ 749,392	\$ 545,025

STIP	Housing Improvement Projects	Public Improvement Program	Gas Tax Funds	Federal Grant Funds	In Lieu Fee Funds	Assessment District Funds	Totals
\$ -	\$ -	\$ (783)	\$ -	\$ -	\$ -	\$ 30,829	\$ 30,046
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	70,470
-	-	-	649,085	2,566,994	-	-	6,219,052
-	24,646	87,815	8,615	10,837	6,284	376	442,507
-	-	-	13,003	-	-	-	13,003
-	-	-	-	-	-	-	370,967
-	24,646	87,032	670,703	2,577,831	6,284	31,205	7,146,045
-	-	-	-	-	-	-	-
-	-	-	-	132,010	-	-	289,944
-	-	-	750,208	-	-	-	750,208
-	546,187	296,285	-	1,630,139	-	-	3,142,567
-	-	-	-	-	-	-	275,080
-	-	-	423,196	1,968,325	-	11,088	5,494,744
-	546,187	296,285	1,173,404	3,730,474	-	11,088	9,952,543
-	(521,541)	(209,253)	(502,701)	(1,152,643)	6,284	20,117	(2,806,498)
-	-	-	-	-	-	-	(3,701)
-	-	-	706,624	-	-	-	1,239,628
-	-	(565,404)	(158,852)	(75,000)	-	(34,000)	(834,775)
-	-	(565,404)	547,772	(75,000)	-	(34,000)	401,152
-	(521,541)	(774,657)	45,071	(1,227,643)	6,284	(13,883)	(2,405,346)
14,004	1,496,496	4,629,003	1,077,078	1,859,211	466,927	29,358	10,978,183
\$ 14,004	\$ 974,955	\$ 3,854,346	\$ 1,122,149	\$ 631,568	\$ 473,211	\$ 15,475	\$ 8,572,837



**City of Arcata, California****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual****Former Community Development Agency Administration Special Revenue Fund****For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,000	\$ 1,000	\$ (1,955)	\$ (2,955)
<b>Total revenues</b>	1,000	1,000	(1,955)	(2,955)
<b>EXPENDITURES:</b>				
Current:				
Community development	317,652	315,572	297,072	18,500
<b>Total expenditures</b>	317,652	315,572	297,072	18,500
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(316,652)	(314,572)	(299,027)	15,545
<b>OTHER FINANCING SOURCES (USES):</b>				
Extraordinary loss on dissolution of redevelopment	-	-	(3,701)	(3,701)
Transfers in	5,000	5,000	472,806	467,806
<b>Total other financing sources (uses)</b>	5,000	5,000	469,105	464,105
<b>Net change in fund balances</b>	(311,652)	(309,572)	170,078	479,650
<b>FUND BALANCES:</b>				
Beginning of year	(170,078)	(170,078)	(170,078)	-
End of year	\$ (481,730)	\$ (479,650)	\$ -	\$ 479,650

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Forest Management Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 501,000	\$ 3,079,450	\$ 3,002,973	\$ (76,477)
Use of money and property	500	500	685	185
Other revenues	260,000	315,450	100,064	(215,386)
<b>Total revenues</b>	<u>761,500</u>	<u>3,395,400</u>	<u>3,103,722</u>	<u>(291,678)</u>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	236,469	236,469	275,080	(38,611)
Capital outlay	513,870	513,870	3,014,901	(2,501,031)
<b>Total expenditures</b>	<u>750,339</u>	<u>750,339</u>	<u>3,289,981</u>	<u>(2,539,642)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>11,161</u>	<u>2,645,061</u>	<u>(186,259)</u>	<u>(2,831,320)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,403	1,403	1,403	-
<b>Total other financing sources (uses)</b>	<u>1,403</u>	<u>1,403</u>	<u>1,403</u>	<u>-</u>
<b>Net change in fund balances</b>	12,564	2,646,464	(184,856)	(2,831,320)
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	136,027	136,027	136,027	-
End of year	<u>\$ 148,591</u>	<u>\$ 2,782,491</u>	<u>\$ (48,829)</u>	<u>\$ (2,831,320)</u>

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Traffic Safety Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Fines and forfeitures	\$ 100,000	\$ 100,000	\$ 70,470	\$ (29,530)
Use of money and property	3,000	3,000	1,465	(1,535)
<b>Total revenues</b>	<u>103,000</u>	<u>103,000</u>	<u>71,935</u>	<u>(31,065)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	<u>203,100</u>	<u>203,100</u>	<u>157,934</u>	<u>45,166</u>
<b>Total expenditures</b>	<u>203,100</u>	<u>203,100</u>	<u>157,934</u>	<u>45,166</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(100,100)</u>	<u>(100,100)</u>	<u>(85,999)</u>	<u>14,101</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>(5,100)</u>	<u>(5,100)</u>	<u>55,100</u>	<u>60,200</u>
<b>Total other financing sources (uses)</b>	<u>(5,100)</u>	<u>(5,100)</u>	<u>55,100</u>	<u>60,200</u>
<b>Net change in fund balances</b>	<u>(105,200)</u>	<u>(105,200)</u>	<u>(30,899)</u>	<u>74,301</u>
<b>FUND BALANCES:</b>				
Beginning of year	<u>272,440</u>	<u>272,440</u>	<u>272,440</u>	<u>-</u>
End of year	<u>\$ 167,240</u>	<u>\$ 167,240</u>	<u>\$ 241,541</u>	<u>\$ 74,301</u>

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Industrial Park Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Fines and forfeitures	\$ -	\$ 11,889	\$ -	\$ (11,889)
Use of money and property	156,000	156,000	136,973	(19,027)
Other revenues	272,466	272,466	270,903	(1,563)
<b>Total revenues</b>	<u>428,466</u>	<u>440,355</u>	<u>407,876</u>	<u>(32,479)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	118,281	118,281	142,693	(24,412)
Capital outlay	195,900	195,900	77,234	118,666
<b>Total expenditures</b>	<u>314,181</u>	<u>314,181</u>	<u>219,927</u>	<u>94,254</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>114,285</u>	<u>126,174</u>	<u>187,949</u>	<u>61,775</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	1,519	1,519	(1,519)	(3,038)
<b>Total other financing sources (uses)</b>	<u>1,519</u>	<u>1,519</u>	<u>(1,519)</u>	<u>(3,038)</u>
<b>Net change in fund balances</b>	115,804	127,693	186,430	58,737
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	562,962	562,962	562,962	-
End of year	<u>\$ 678,766</u>	<u>\$ 690,655</u>	<u>\$ 749,392</u>	<u>\$ 58,737</u>

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Basic Business Loan Revolving Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 90,000	\$ 90,000	\$ 166,763	\$ 76,763
<b>Total revenues</b>	90,000	90,000	166,763	76,763
<b>EXPENDITURES:</b>				
Current:				
Community development	15,836	15,836	230,191	(214,355)
<b>Total expenditures</b>	15,836	15,836	230,191	(214,355)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	74,164	74,164	(63,428)	(137,592)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	3,695	3,695
<b>Total other financing sources (uses)</b>	-	-	3,695	3,695
<b>Net change in fund balances</b>	74,164	74,164	(59,733)	(133,897)
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	604,758	604,758	604,758	-
End of year	\$ 678,922	\$ 678,922	\$ 545,025	\$ (133,897)

**City of Arcata, California****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual****STIP Special Revenue Fund****For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	110,000	110,000	\$ -	\$ (110,000)
<b>Total revenues</b>	110,000	110,000	-	(110,000)
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	110,000	110,000	-	110,000
<b>Total expenditures</b>	110,000	110,000	-	110,000
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	-	-
<b>Net change in fund balances</b>	-	-	-	-
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	14,004	14,004	14,004	-
End of year	\$ 14,004	\$ 14,004	\$ 14,004	\$ -

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Public Improvement Programs Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	75,000	75,000	\$ 87,815	\$ 12,815
<b>Total revenues</b>	75,000	75,000	87,032	12,032
<b>EXPENDITURES:</b>				
Current:				
Community development	705,000	846,929	296,285	550,644
<b>Total expenditures</b>	705,000	846,929	296,285	550,644
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(630,000)	(771,929)	(209,253)	562,676
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(600,000)	(600,000)	(565,404)	34,596
<b>Total other financing sources (uses)</b>	(600,000)	(600,000)	(565,404)	34,596
<b>Net change in fund balances</b>	(1,230,000)	(1,371,929)	(774,657)	597,272
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	4,629,003	4,629,003	4,629,003	-
End of year	\$ 3,399,003	\$ 3,257,074	\$ 3,854,346	\$ 597,272

**City of Arcata, California**  
**Combining Balance Sheet**  
**Gas Tax Special Revenue Funds**  
**June 30, 2012**

	2105	2106	2107 & 2107.5	Totals
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 784,925	\$ 784,925
Receivables:				
Intergovernmental	7,362	7,096	38,881	53,339
Due from other funds	-	-	314,439	314,439
Inventory	-	-	2,358	2,358
<b>Total assets</b>	<u>\$ 7,362</u>	<u>\$ 7,096</u>	<u>\$ 1,140,603</u>	<u>\$ 1,155,061</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 26,612	\$ 26,612
Deposits payable	-	-	6,300	6,300
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>32,912</u>	<u>32,912</u>
<b>Fund Balances:</b>				
Nonspendable	-	-	2,358	2,358
Restricted	7,362	7,096	1,105,333	1,119,791
<b>Total fund balances</b>	<u>7,362</u>	<u>7,096</u>	<u>1,107,691</u>	<u>1,122,149</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,362</u>	<u>\$ 7,096</u>	<u>\$ 1,140,603</u>	<u>\$ 1,155,061</u>



# City of Arcata, California

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

### Gas Tax Special Revenue Funds

For the year ended June 30, 2012

	2105	2106	2107 & 2107.5	Totals
<b>REVENUES:</b>				
Intergovernmental	\$ 80,606	\$ 73,705	\$ 494,774	\$ 649,085
Use of money and property	-	-	8,615	8,615
Reimbursements	-	-	13,003	13,003
<b>Total revenues</b>	<u>80,606</u>	<u>73,705</u>	<u>516,392</u>	<u>670,703</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	750,208	750,208
Capital outlay	-	-	423,196	423,196
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>1,173,404</u>	<u>1,173,404</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>80,606</u>	<u>73,705</u>	<u>(657,012)</u>	<u>(502,701)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	706,624	706,624
Transfers out	(81,429)	(73,423)	(4,000)	(158,852)
<b>Total other financing sources and uses</b>	<u>(81,429)</u>	<u>(73,423)</u>	<u>702,624</u>	<u>547,772</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>(823)</u>	<u>282</u>	<u>45,612</u>	<u>45,071</u>
<b>FUND BALANCES:</b>				
Beginning of year	8,185	6,814	1,062,079	1,077,078
End of year	<u>\$ 7,362</u>	<u>\$ 7,096</u>	<u>\$ 1,107,691</u>	<u>\$ 1,122,149</u>

**City of Arcata, California****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual****Gas Tax 2105 Special Revenue Fund****For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 93,500	\$ 93,500	\$ 80,606	\$ (12,894)
<b>Total revenues</b>	93,500	93,500	80,606	(12,894)
<b>EXPENDITURES:</b>				
Community development	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	93,500	93,500	80,606	(12,894)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(93,500)	(93,500)	(81,429)	12,071
<b>Total other financing sources (uses)</b>	(93,500)	(93,500)	(81,429)	12,071
<b>Net change in fund balances</b>	-	-	(823)	(823)
<b>FUND BALANCES:</b>				
Beginning of year	8,185	8,185	8,185	-
End of year	\$ 8,185	\$ 8,185	\$ 7,362	\$ (823)

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Gas Tax 2106 Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 78,500	\$ 78,500	\$ 73,705	\$ (4,795)
<b>Total revenues</b>	<u>78,500</u>	<u>78,500</u>	<u>73,705</u>	<u>(4,795)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>78,500</u>	<u>78,500</u>	<u>73,705</u>	<u>(4,795)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(78,500)	(78,500)	(73,423)	5,077
<b>Total other financing sources (uses)</b>	<u>(78,500)</u>	<u>(78,500)</u>	<u>(73,423)</u>	<u>5,077</u>
<b>Net change in fund balances</b>	-	-	282	282
<b>FUND BALANCES:</b>				
Beginning of year	6,814	6,814	6,814	-
End of year	<u>\$ 6,814</u>	<u>\$ 6,814</u>	<u>\$ 7,096</u>	<u>\$ 282</u>

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Gas Tax 2107 & 2107.5 Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 502,500	\$ 680,500	\$ 494,774	\$ (185,726)
Use of money and property	12,000	12,000	8,616	(3,384)
Reimbursements	12,000	12,000	13,003	1,003
<b>Total revenues</b>	<u>526,500</u>	<u>704,500</u>	<u>516,393</u>	<u>(188,107)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	783,772	783,772	750,208	33,564
Capital outlay	461,000	461,000	423,196	37,804
<b>Total expenditures</b>	<u>1,244,772</u>	<u>1,244,772</u>	<u>1,173,404</u>	<u>71,368</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(718,272)</u>	<u>(540,272)</u>	<u>(657,011)</u>	<u>(116,739)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	774,272	774,272	706,624	(67,648)
Transfers out	(4,000)	(4,000)	(4,000)	-
<b>Total other financing sources (uses)</b>	<u>770,272</u>	<u>770,272</u>	<u>702,624</u>	<u>(67,648)</u>
<b>Net change in fund balances</b>	<u>52,000</u>	<u>230,000</u>	<u>45,613</u>	<u>(184,387)</u>
<b>FUND BALANCES:</b>				
Beginning of year	1,062,078	1,062,078	1,062,078	-
End of year	<u>\$ 1,114,078</u>	<u>\$ 1,292,078</u>	<u>\$ 1,107,691</u>	<u>\$ (184,387)</u>

**City of Arcata, California**  
**Combining Balance Sheet**  
**Federal Grant Special Revenue Funds**  
**June 30, 2012**

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	HUD Block Grant	ISTEA	FEMA/ OES	COPS
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 329,241	\$ 6,773	\$ 128,221
Receivables:				
Intergovernmental	43,569	-	-	-
<b>Total assets</b>	<u>\$ 43,569</u>	<u>\$ 329,241</u>	<u>\$ 6,773</u>	<u>\$ 128,221</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	48,878	-	-	-
<b>Total liabilities</b>	<u>48,878</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted	-	329,241	6,773	128,221
Unassigned (deficit)	(5,309)	-	-	-
<b>Total fund balances</b>	<u>(5,309)</u>	<u>329,241</u>	<u>6,773</u>	<u>128,221</u>
<b>Total liabilities and fund balances</b>	<u>\$ 43,569</u>	<u>\$ 329,241</u>	<u>\$ 6,773</u>	<u>\$ 128,221</u>

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HOME Grants	ARRA	Totals
\$ -	\$ -	\$ 464,235
63,426	505,572	612,567
<u>\$ 63,426</u>	<u>\$ 505,572</u>	<u>\$ 1,076,802</u>

330	\$ -	\$ 330
81,587	314,439	444,904
<u>81,917</u>	<u>314,439</u>	<u>445,234</u>
-	191,133	655,368
<u>(18,491)</u>	<u>-</u>	<u>(23,800)</u>
<u>(18,491)</u>	<u>191,133</u>	<u>631,568</u>
<u>\$ 63,426</u>	<u>\$ 505,572</u>	<u>\$ 1,076,802</u>

# City of Arcata, California

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

### Federal Grant Special Revenue Funds

For the year ended June 30, 2012

	HUD Block Grant	ISTEA	FEMA/ OES	COPS
<b>REVENUES:</b>				
Intergovernmental	\$ 32,471	\$ (81,110)	\$ (690,367)	\$ 117,084
Use of money and property	-	8,939	95	1,803
<b>Total revenues</b>	<u>32,471</u>	<u>(72,171)</u>	<u>(690,272)</u>	<u>118,887</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	132,010
Public works	-	-	-	-
Community development	21,438	-	-	-
Capital outlay	-	506,363	-	-
<b>Total expenditures</b>	<u>21,438</u>	<u>506,363</u>	<u>-</u>	<u>132,010</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>11,033</u>	<u>(578,534)</u>	<u>(690,272)</u>	<u>(13,123)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(75,000)	-	-
<b>Total other financing sources and uses</b>	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>11,033</u>	<u>(653,534)</u>	<u>(690,272)</u>	<u>(13,123)</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(16,342)	982,775	697,045	141,344
End of year	<u>\$ (5,309)</u>	<u>\$ 329,241</u>	<u>\$ 6,773</u>	<u>\$ 128,221</u>

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HOME Grants	ARRA	Totals
\$ 1,583,463	\$ 1,605,453	\$ 2,566,994
-	-	10,837
1,583,463	1,605,453	2,577,831
-	-	132,010
-	-	-
1,608,701	-	1,630,139
-	1,461,962	1,968,325
1,608,701	1,461,962	3,730,474
(25,238)	143,491	(1,152,643)
-	-	(75,000)
-	-	(75,000)
(25,238)	143,491	(1,227,643)
6,747	47,642	1,859,211
\$ (18,491)	\$ 191,133	\$ 631,568



**City of Arcata, California****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual****HUD Block Grant - Federal Grant Special Revenue Fund****For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 2,201,493	\$ 2,201,493	\$ 32,471	\$ (2,169,022)
<b>Total revenues</b>	<u>2,201,493</u>	<u>2,201,493</u>	<u>32,471</u>	<u>(2,169,022)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	<u>2,201,493</u>	<u>2,201,493</u>	<u>21,438</u>	<u>2,180,055</u>
<b>Total expenditures</b>	<u>2,201,493</u>	<u>2,201,493</u>	<u>21,438</u>	<u>2,180,055</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>11,033</u>	<u>11,033</u>
<b>Net change in fund balances</b>	-	-	11,033	11,033
<b>FUND BALANCES:</b>				
Beginning of year	<u>(16,342)</u>	<u>(16,342)</u>	<u>(16,342)</u>	<u>-</u>
End of year	<u>\$ (16,342)</u>	<u>\$ (16,342)</u>	<u>\$ (5,309)</u>	<u>\$ 11,033</u>

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### ISTEA Grant - Federal Grant Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 130,600	\$ 130,600	\$ (81,110)	\$ (211,710)
Use of money and property	15,000	15,000	8,939	(6,061)
<b>Total revenues</b>	<u>145,600</u>	<u>145,600</u>	<u>(72,171)</u>	<u>(217,771)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	2,500	2,500	-	2,500
Capital outlay	<u>503,600</u>	<u>503,600</u>	<u>506,363</u>	<u>(2,763)</u>
<b>Total expenditures</b>	<u>506,100</u>	<u>506,100</u>	<u>506,363</u>	<u>(263)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(360,500)</u>	<u>(360,500)</u>	<u>(578,534)</u>	<u>(218,034)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>75,000</u>	<u>75,000</u>	<u>(75,000)</u>	<u>(150,000)</u>
<b>Total other financing sources (uses)</b>	<u>75,000</u>	<u>75,000</u>	<u>(75,000)</u>	<u>(150,000)</u>
<b>Net change in fund balances</b>	<u>(285,500)</u>	<u>(285,500)</u>	<u>(653,534)</u>	<u>(368,034)</u>
<b>FUND BALANCES:</b>				
Beginning of year	-	-	982,775	982,775
End of year	<u>\$ (285,500)</u>	<u>\$ (285,500)</u>	<u>\$ 329,241</u>	<u>\$ 614,741</u>

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### FEMA/OES Grants - Federal Grant Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ -	-	\$ (690,367)	\$ (690,367)
Use of money and property	500	500	95	(405)
<b>Total revenues</b>	500	500	(690,272)	(690,772)
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	500	500	(690,272)	(690,772)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Net change in fund balances</b>	500	500	(690,272)	(690,772)
<b>FUND BALANCES:</b>				
Beginning of year	697,045	697,045	697,045	-
End of year	\$ 697,545	\$ 697,545	\$ 6,773	\$ (690,772)

**City of Arcata, California****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual****COPS Grant - Federal Grant Special Revenue Fund****For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 117,084	\$ 17,084
Use of money and property	1,000	1,000	1,803	803
<b>Total revenues</b>	<u>101,000</u>	<u>101,000</u>	<u>118,887</u>	<u>17,887</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	104,470	104,470	132,010	(27,540)
<b>Total expenditures</b>	<u>104,470</u>	<u>104,470</u>	<u>132,010</u>	<u>(27,540)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,470)</u>	<u>(3,470)</u>	<u>(13,123)</u>	<u>(9,653)</u>
<b>Net change in fund balances</b>	(3,470)	(3,470)	(13,123)	(9,653)
<b>FUND BALANCES:</b>				
Beginning of year	141,345	141,345	141,345	-
End of year	<u>\$ 137,875</u>	<u>\$ 137,875</u>	<u>\$ 128,222</u>	<u>\$ (9,653)</u>

**City of Arcata, California****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual****HOME Grant - Federal Grant Special Revenue Fund****For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 2,324,166	\$ 2,324,166	\$ 1,583,463	\$ (740,703)
<b>Total revenues</b>	2,324,166	2,324,166	1,583,463	(740,703)
<b>EXPENDITURES:</b>				
Current:				
Community development	2,324,166	2,324,166	1,608,701	715,465
<b>Total expenditures</b>	2,324,166	2,324,166	1,608,701	715,465
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(25,238)	(25,238)
<b>FUND BALANCES:</b>				
Beginning of year	6,747	6,747	6,747	-
End of year	\$ 6,747	\$ 6,747	\$ (18,491)	\$ (25,238)

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### ARRA Grant - Federal Grant Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 1,700,509	\$ 1,605,453	\$ (95,056)
Use of money and property	500	500	-	(500)
<b>Total revenues</b>	500	1,701,009	1,605,453	(95,556)
<b>EXPENDITURES:</b>				
Capital outlay	-	1,700,509	1,461,962	238,547
<b>Total expenditures</b>	-	1,700,509	1,461,962	238,547
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	500	500	143,491	142,991
<b>Net change in fund balances</b>	500	500	143,491	142,991
<b>FUND BALANCES:</b>				
Beginning of year	47,642	47,642	47,642	-
End of year	\$ 48,142	\$ 48,142	\$ 191,133	\$ 142,991

**City of Arcata, California**  
**Combining Balance Sheet**  
**In Lieu Fee Special Revenue Funds**  
**June 30, 2012**

	Parkland In Lieu	Parking In Lieu	Totals
<b>ASSETS</b>			
Cash and investments	\$ 208,869	\$ 264,342	\$ 473,211
<b>Total assets</b>	<u>\$ 208,869</u>	<u>\$ 264,342</u>	<u>\$ 473,211</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	-	-	-
Compensated absences	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Assigned	208,869	264,342	473,211
<b>Total fund balances</b>	<u>208,869</u>	<u>264,342</u>	<u>473,211</u>
<b>Total liabilities and fund balances</b>	<u>\$ 208,869</u>	<u>\$ 264,342</u>	<u>\$ 473,211</u>

# City of Arcata, California

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

### In Lieu Fee Special Revenue Funds

For the year ended June 30, 2012

	Parkland In Lieu	Parking In Lieu	Totals
<b>REVENUES:</b>			
Licenses and permits	\$ -	\$ -	\$ -
Use of money and property	2,774	3,510	6,284
<b>Total revenues</b>	2,774	3,510	6,284
<b>EXPENDITURES:</b>			
Capital outlay	-	-	-
<b>Total expenditures</b>	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	2,774	3,510	6,284
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources and uses</b>	-	-	-
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	2,774	3,510	6,284
<b>FUND BALANCES (DEFICIT):</b>			
Beginning of year	206,095	260,832	466,927
End of year	\$ 208,869	\$ 264,342	\$ 473,211



# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Parkland In Lieu - In Lieu Fees Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Licenses and permits	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Use of money and property	4,500	4,500	2,773	(1,727)
<b>Total revenues</b>	14,500	14,500	2,773	(11,727)
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	14,500	14,500	2,773	(11,727)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	70,000	70,000	-	(70,000)
<b>Total other financing sources (uses)</b>	70,000	70,000	-	(70,000)
<b>Net change in fund balances</b>	84,500	84,500	2,773	(81,727)
<b>FUND BALANCES:</b>				
Beginning of year	206,096	206,096	206,096	-
End of year	\$ 290,596	\$ 290,596	\$ 208,869	\$ (81,727)

**City of Arcata, California****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual****Parking In Lieu - In Lieu Fees Special Revenue Fund****For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 5,000	\$ 5,000	\$ 3,510	\$ (1,490)
<b>Total revenues</b>	5,000	5,000	3,510	(1,490)
<b>EXPENDITURES:</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	5,000	5,000	3,510	(1,490)
<b>Net change in fund balances</b>	5,000	5,000	3,510	(1,490)
<b>FUND BALANCES:</b>				
Beginning of year	260,832	260,832	260,832	-
End of year	\$ 265,832	\$ 265,832	\$ 264,342	\$ (1,490)

**City of Arcata, California**  
**Combining Balance Sheet**  
**Assessment District Special Revenue Funds**  
**June 30, 2012**

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	Curtis Heights	Janes Creek Meadows	Windsong	Totals
<b>ASSETS</b>				
Cash and investments	\$ 1,144	\$ 870	\$ 507	\$ 2,521
Receivables:				
Intergovernmental	-	6,048	6,906	12,954
<b>Total assets</b>	<u>\$ 1,144</u>	<u>\$ 6,918</u>	<u>\$ 7,413</u>	<u>\$ 15,475</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Assigned	1,144	6,918	7,413	15,475
<b>Total fund balances</b>	<u>1,144</u>	<u>6,918</u>	<u>7,413</u>	<u>15,475</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,144</u>	<u>\$ 6,918</u>	<u>\$ 7,413</u>	<u>\$ 15,475</u>

# City of Arcata, California

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

### Assessment District Special Revenue Funds

For the year ended June 30, 2012

	Curtis Heights	Janes Creek Meadows	Windsong	Totals
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ 15,957	\$ 14,872	\$ 30,829
Use of money and property	15	127	234	376
<b>Total revenues</b>	15	16,084	15,106	31,205
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	-	-	-	-
Community enhancements				-
Capital outlay	-	11,088	-	11,088
<b>Total expenditures</b>	-	11,088	-	11,088
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	15	4,996	15,106	20,117
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(17,000)	(17,000)	(34,000)
<b>Total other financing sources and uses</b>	-	(17,000)	(17,000)	(34,000)
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	15	(12,004)	(1,894)	(13,883)
<b>FUND BALANCES (DEFICIT) :</b>				
Beginning of year	1,129	18,922	9,307	29,358
End of year	\$ 1,144	\$ 6,918	\$ 7,413	\$ 15,475

**City of Arcata, California****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual****Curtis Heights Assessment District Special Revenue Fund****For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 25	\$ 25	\$ 15	\$ (10)
<b>Total revenues</b>	25	25	15	(10)
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	25	25	15	(10)
<b>Net change in fund balances</b>	25	25	15	(10)
<b>FUND BALANCES:</b>				
Beginning of year	1,129	1,129	1,129	-
End of year	\$ 1,154	\$ 1,154	\$ 1,144	\$ (10)

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Janes Creek Meadows Assessment District Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 18,000	\$ 18,000	\$ 15,957	\$ (2,043)
Use of money and property	350	350	127	(223)
<b>Total revenues</b>	<u>18,350</u>	<u>18,350</u>	<u>16,084</u>	<u>(2,266)</u>
<b>EXPENDITURES:</b>				
Capital outlay	-	11,870	11,088	782
<b>Total expenditures</b>	<u>-</u>	<u>11,870</u>	<u>11,088</u>	<u>782</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>18,350</u>	<u>6,480</u>	<u>4,996</u>	<u>(1,484)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(17,000)	(17,000)	(17,000)	-
<b>Total other financing sources (uses)</b>	<u>(17,000)</u>	<u>(17,000)</u>	<u>(17,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	1,350	(10,520)	(12,004)	(1,484)
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	18,922	18,922	18,922	-
End of year	<u>\$ 20,272</u>	<u>\$ 8,402</u>	<u>\$ 6,918</u>	<u>\$ (1,484)</u>

# City of Arcata, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Windsong Assessment District Special Revenue Fund

For the year ended June 30, 2012

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Taxes and assessments	\$ 16,500	\$ 16,500	\$ 14,872	\$ (1,628)
Use of money and property	250	250	234	(16)
<b>Total revenues</b>	<u>16,750</u>	<u>16,750</u>	<u>15,106</u>	<u>(1,644)</u>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	<u>700</u>	<u>700</u>	<u>-</u>	<u>700</u>
<b>Total expenditures</b>	<u>700</u>	<u>700</u>	<u>-</u>	<u>700</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>16,050</u>	<u>16,050</u>	<u>15,106</u>	<u>(944)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>17,000</u>	<u>17,000</u>	<u>(17,000)</u>	<u>(34,000)</u>
<b>Total other financing sources (uses)</b>	<u>17,000</u>	<u>17,000</u>	<u>(17,000)</u>	<u>(34,000)</u>
<b>Net change in fund balances</b>	<u>33,050</u>	<u>33,050</u>	<u>(1,894)</u>	<u>(34,944)</u>
<b>FUND BALANCES:</b>				
Beginning of year	<u>9,307</u>	<u>9,307</u>	<u>9,307</u>	<u>-</u>
End of year	<u>\$ 42,357</u>	<u>\$ 42,357</u>	<u>\$ 7,413</u>	<u>\$ (34,944)</u>

## INTERNAL SERVICE FUNDS

Fund Type	Description
Central Garage Fund	Accounts for all activities of the City's central garage operations, the costs of which are distributed among designated user departments.
Information Technology Fund	Accounts for all activities of the City's computer networks, the costs of which are distributed among user departments using equitable formulas.



**City of Arcata, California**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**For the year ended June 30, 2012**

	<b>Central Garage Fund</b>	<b>Information Technology Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 927,817	\$ 11,119	\$ 938,936
Inventory	5,377	-	5,377
<b>Total current assets</b>	<b>933,194</b>	<b>11,119</b>	<b>944,313</b>
<b>Noncurrent assets:</b>			
Capital assets, net	1,251,672	-	1,251,672
<b>Total noncurrent assets</b>	<b>1,251,672</b>	<b>-</b>	<b>1,251,672</b>
<b>Total assets</b>	<b>\$ 2,184,866</b>	<b>\$ 11,119</b>	<b>\$ 2,195,985</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 10,354	\$ 1,938	\$ 12,292
Accrued liabilities	2,666	2,918	5,584
Compensated absences - current portion	3,949	1,925	5,874
<b>Total current liabilities</b>	<b>16,969</b>	<b>6,781</b>	<b>23,750</b>
<b>Noncurrent liabilities:</b>			
Compensated absences	11,846	5,775	17,621
Capital lease payable	250,524	-	250,524
<b>Total liabilities</b>	<b>279,339</b>	<b>12,556</b>	<b>291,895</b>
<b>Net Assets:</b>			
Invested in capital assets net of related debt	1,239,826	-	1,239,826
Unrestricted	665,701	(1,437)	664,264
<b>Total net assets</b>	<b>1,905,527</b>	<b>(1,437)</b>	<b>1,904,090</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,184,866</b>	<b>\$ 11,119</b>	<b>\$ 2,195,985</b>

**City of Arcata, California**

**Combining Statement of Revenues, Expenses, and Changes in Net Assets**

**Internal Service Funds**

**For the year ended June 30, 2012**

	<b>Central Garage Fund</b>	<b>Information Technology Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES:</b>			
Interdepartmental charges	\$ 863,170	\$ 167,699	\$ 1,030,869
Other	-	-	-
<b>Total operating revenues</b>	<u>863,170</u>	<u>167,699</u>	<u>1,030,869</u>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	169,779	143,251	313,030
Contractual services	28,433	14,656	43,089
Materials and supplies	291,889	13,863	305,752
Repairs and maintenance	23,341	3,594	26,935
Insurance	45,486	-	45,486
Taxes and fees	620	-	620
Allocated overhead	32,260	5,000	37,260
Depreciation	267,635	-	267,635
<b>Total operating expenses</b>	<u>859,443</u>	<u>180,364</u>	<u>1,039,807</u>
<b>OPERATING INCOME (LOSS)</b>	<u>3,727</u>	<u>(12,665)</u>	<u>(8,938)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	12,709	141	12,850
<b>Total non-operating revenues (expenses)</b>	<u>12,709</u>	<u>141</u>	<u>12,850</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	16,436	(12,524)	3,912
Transfers in	-	3,090	3,090
Transfers out	(16,258)	-	(16,258)
<b>Total transfers</b>	<u>(16,258)</u>	<u>3,090</u>	<u>(13,168)</u>
<b>Change in net assets</b>	178	(9,434)	(9,256)
<b>RESIDUAL EQUITY TRANSFERS OUT</b>	-	-	-
<b>NET ASSETS (DEFICIT):</b>			
Beginning of year	1,905,349	7,997	1,913,346
End of year	<u>\$ 1,905,527</u>	<u>\$ (1,437)</u>	<u>\$ 1,904,090</u>

**City of Arcata, California**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2012**

	<b>Central Garage Fund</b>	<b>Information Technology Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from interfund services provided	\$ 863,170	\$ 167,699	\$ 1,030,869
Cash paid to suppliers for goods and services	(430,459)	(38,381)	(468,840)
Cash paid to employees for services	(175,343)	(141,669)	(317,012)
<b>Net cash provided (used) by operating activities</b>	<b>257,368</b>	<b>(12,351)</b>	<b>245,017</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers received	-	3,090	3,090
Transfers paid	(16,258)	-	(16,258)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(16,258)</b>	<b>3,090</b>	<b>(13,168)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(690,033)	-	(690,033)
Proceeds from issuance of long-term debt	192,250	-	192,250
<b>Net cash (used) by capital and related financing activities</b>	<b>(497,783)</b>	<b>-</b>	<b>(497,783)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received	12,709	141	12,850
<b>Net cash provided by investing activities</b>	<b>12,709</b>	<b>141</b>	<b>12,850</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(243,964)</b>	<b>(9,120)</b>	<b>(253,084)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	1,171,781	20,239	1,192,020
End of year	<u>\$ 927,817</u>	<u>\$ 11,119</u>	<u>\$ 938,936</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 3,727	\$ (12,665)	\$ (8,938)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	267,635	-	267,635
(Increase) decrease in current assets:			
Inventory	3,218	-	3,218
Increase (decrease) in liabilities:			
Accounts payable	(11,648)	(1,268)	(12,916)
Accrued liabilities	(5,717)	(3,900)	(9,617)
Compensated absences	153	5,482	5,635
<b>Net cash provided by operating activities</b>	<b>\$ 257,368</b>	<b>\$ (12,351)</b>	<b>\$ 245,017</b>