

CITY OF ARCATA, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020



Prepared by:

Ondrea Starzhevskiy
Finance Director

This page intentionally left blank.



**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	i
Letter of Transmittal	v
Organization Chart	x
List of Officials	xi
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net position	21
Statement of Activities	22
<i>Fund Financial Statements:</i>	
Governmental Funds:	
Balance Sheet	26
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net position	28
Reconciliation of Fund Basis Balance Sheet to Government-wide	
Statement of Net position – Governmental Activities	29
Statement of Revenues, Expenditures, and Changes	
in Fund Balances – Governmental Funds.....	30
Reconciliation of Fund Basis Statements to Government-wide	
Statement of Activities	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities.....	33
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Budget to Actual – General Fund and	
Major Special Revenue Funds	34

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

Table of Contents, Continued

	<u>Page</u>
Basic Financial Statements, Continued:	
<i>Fund Financial Statements, Continued:</i>	
Proprietary Funds:	
Statement of Net position – Proprietary Funds	38
Statement of Revenues, Expenses, and Changes in Fund Net position –	
Proprietary Funds	40
Statement of Cash Flows – Proprietary Funds	42
Fiduciary Activities:	
Statement of Fiduciary Net position – Fiduciary Activities	46
Statement of Changes in Fiduciary Net position – Private Purpose Trust Funds.....	47
Notes to Basic Financial Statements	51
Other Supplemental Information:	
Required Supplementary Information:	
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	99
Net OPEB Liability Schedule of Contributions.....	100
Schedule of Contributions – Miscellaneous Plan	101
Schedule of Contributions – Safety Plan	102
Schedule of the City’s Proportionate Share of the Net Pension Liability –	
Miscellaneous Plan	103
Schedule of the City’s Proportionate Share of the Net Pension Liability –	
Safety Plan	104
Nonmajor Governmental Funds:	
Combining Balance Sheet	108
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances	109
Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	114
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances.....	116
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Forest Management	118
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Traffic Safety	119

**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

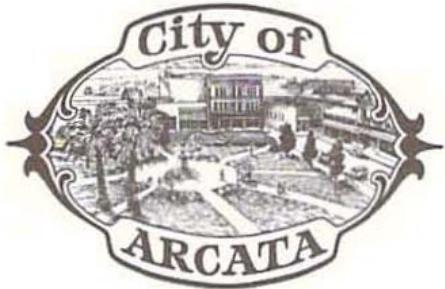
Table of Contents, Continued

	Page
Combining and Individual Fund Financial Statements and Schedules:	
Nonmajor Special Revenue Funds, Continued:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Industrial Park	120
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Public Improvement Program	121
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Gas Tax 2107 and 2107.5.....	122
Combining Balance Sheet – Federal Grant Special Revenue Funds.....	124
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances – Federal Grant Special Revenue Funds.....	126
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – HUD Block Grant.....	128
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – ISTEA Grant.....	129
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – FEMA/OES Grants.....	130
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – COPS Grant.....	131
Combining Balance Sheet – In Lieu Fee Special Revenue Funds.....	133
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances – In Lieu Fee Special Revenue Funds.....	134
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Parkland in Lieu	135
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Parking in Lieu	136
Combining Balance Sheet – Assessment District Special Revenue Funds	138
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances – Assessment District Special Revenue Funds	140
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Curtis Heights.....	142
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Janes Creek Meadow	143
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Windsong.....	144
Schedule of Revenues, Expenditures, and Changes in Fund Balances –	
Budget to Actual – Mad River Business Park Assessment District	145

**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

Table of Contents, Continued

	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedules, Continued:	
Internal Service Funds:	
Combining Statement of Net position – Internal Service Funds	147
Combining Statement of Revenues, Expenses, and Changes in Net position – Internal Service Funds	148
Combining Statement of Cash Flows – Internal Service Funds	149



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

May 19, 2022

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's Annual Financial Report for the fiscal year ended June 30, 2020. It is the policy of the Council that a licensed certified public accountant conducts 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, 2020, 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, 2020, are fairly presented in conformity with GAAP. The independent auditor's 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. As of 2020, the City has grown to an estimated population of approximately 18,000. It is 85.5 percent 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 Successor Agency of 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 California State Polytechnic University, Humboldt.

In Arcata, the total labor force is approximately 12,000. Unemployment in Arcata is approximately 6.0 percent, this figure grew to over 13 percent at the height of the COVID-19 pandemic in April of 2020.

The City of Arcata is committed to providing high quality services in an economical manner.

For fiscal year 2020, the City's efforts were focused in the following areas.

Resident and Community Health:

Development of Affordable Housing- Development of affordable housing continues to be a priority. During the fiscal year, the City was awarded \$4.4 million in grant funds for various housing related objectives.

Sustainable Development:

Economic Development – Promoting economic development (recruitment and retention of businesses) continues to be one of the City's key operational priorities. City staff continuously works to assist local businesses to provide loans for expansion and other economic development needs. To assist local businesses negatively impacted during the pandemic, Arcata created the COVID-19 Business Resiliency Emergency Loan Program (BRELP). To date, this program has assisted local businesses with over \$200,000 in funding.

Facilities and Infrastructure:

Improving City streets and associated infrastructure continues to be a priority. During the fiscal year, the City's Streets & Utilities department has been working on several projects including completion of our Sewer Inflow and Infiltration (I&I) project.

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.

The City has a reserve policy which promotes maintaining fund balances or working capital balances of at least 25 percent 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

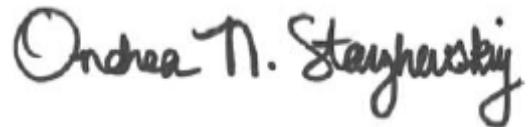
There were no changes to the City's financial policies or items in which policies impacted the financial information or presentation. Information concerning significant accounting policies affecting the finances of the City is summarized in the Notes to the Financial Statements.

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, CPA, and Fortune Andzouana 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,

A handwritten signature in black ink that reads "Ondrea N. Starzhevskiy". The signature is fluid and cursive, with "Ondrea" and "Starzhevskiy" being the most prominent parts.

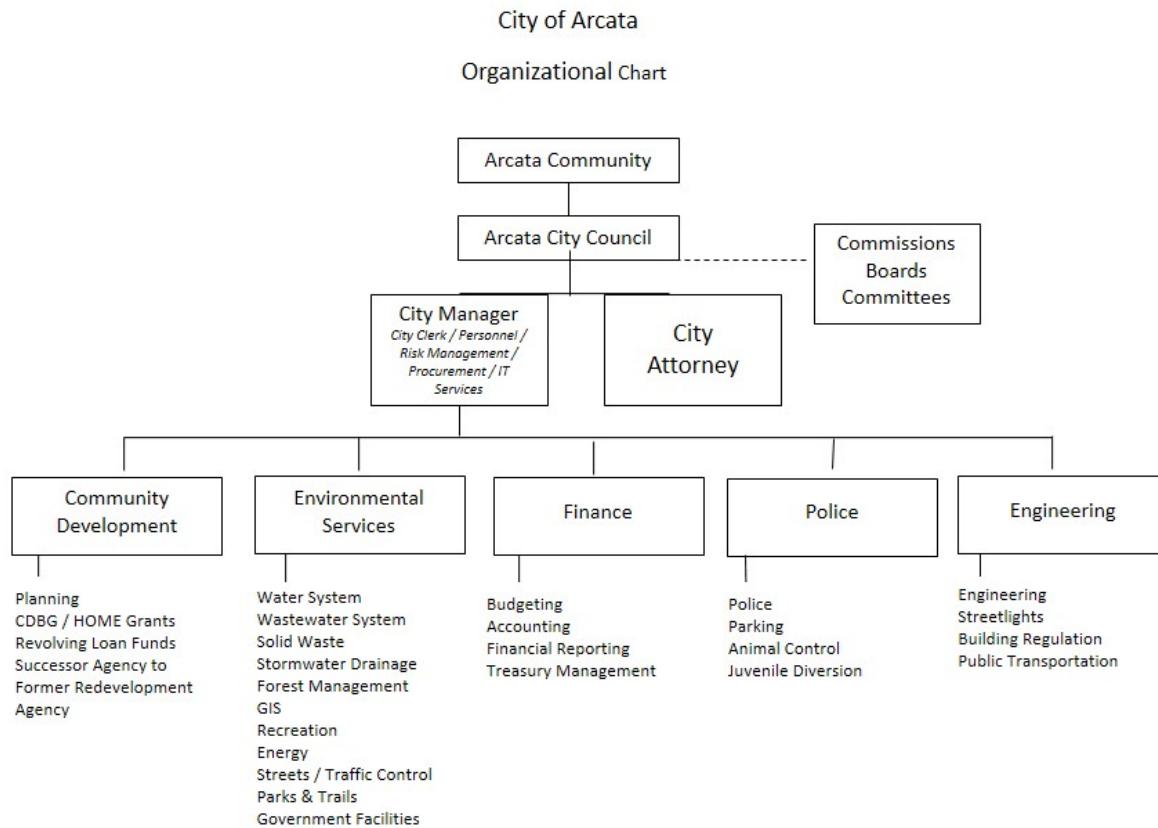
Ondrea Starzhevskiy
Finance Director

This page intentionally left blank.



City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

Organization Chart



**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

List of Officials

CITY COUNCIL

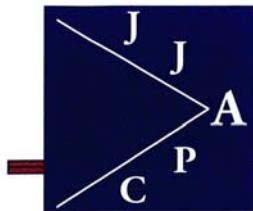
- Stacy Atkins- Salazar, Mayor
- Sarah Schaefer, Vice- Mayor
- Meredith Matthews, Council Member
- Brett Watson, Council Member

CITY OFFICIALS

- Karen Diemer, City Manager
- Danette Demello, Assistant City Manager
- Ondrea Starzhevskiy, Finance Director
- David Loya, Community Development Director
- Brian Ahearn, Chief of Police
- Netra Khatri, City Engineer
- Nancy Diamond, City Attorney

This page intentionally left blank.





JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Arcata, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3–17, the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 99, the Net OPEB Liability Schedule of Contributions on page 100, the Schedules of Contribution on pages 101-102, and the Schedules of the City's Proportionate Share of the Net Pension Liability on page 103-104, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory section 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

May 19, 2022

**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

Management's Discussion and Analysis, Continued

This section of the annual financial report provides a narrative overview and analysis of the financial activities of the City of Arcata (City) for the fiscal year ended June 30, 2020. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

The following outlines the financial highlights for the year:

- ◆ At June 30, 2020, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$104.9 million, an increase of \$8.5 million from the prior year. Of the total net position, \$62.6 million was invested in capital assets (net of related debt) and \$2.8 million had restrictions in their use leaving \$39.5 million as unrestricted.
- ◆ Overall City-wide revenues from all governmental and business-type activities decreased by about \$318,000 compared to the 2019 fiscal year. Most of the decrease was associated with charges for service-related revenues. The City's total expense for all programs in fiscal year 2020 increased by \$1.02 million. This resulted primarily from increases in both Water and Wastewater Fund expenditures.
- ◆ The City's governmental funds increased net position by \$2.5 million. This is in part due to reduction of capital projects to minimize general fund expenditure burden at the beginning of the COVID-19 pandemic.
- ◆ The City's proprietary enterprise funds increased net position by \$6.0 million. This is due to planned accumulation of funds to complete current and future capital projects in the Water and Wastewater Funds.
- ◆ The General Fund reported a fund balance of \$9.2 million at the end of the 2020 fiscal year, an increase of about \$846,000. This increase was partly due to the fact that several projects budgeted as capital improvements using general funds were reduced or not completed in fiscal year 2020.
- ◆ The City also ended the fiscal year with \$14.5 million reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of approximately \$6.0 million from 2019 and primarily results from the accumulation of cash and investments for major capital improvement projects to the water and wastewater systems that are anticipated in the near future.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

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.

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 are comprised of the Statement of Net position and the Statement of Activities. The Statement of Net position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by private sector entities. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net position for the year.

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

Government-wide financial statements, prepared on the accrual basis, measure the flow of all economic resources of the City. There are two basic statements presented here: the Statement of Net Position and Statement of Activities. These statements present information about the following activities.

- ◆ ***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 permit fees.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

- ◆ ***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.

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, 2020, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- ◆ General Fund
- ◆ CDBG Housing Special Revenue Fund
- ◆ Housing Revolving Loan Special Revenue Fund
- ◆ Basic Business Loan Revolving Special Revenue Fund

**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

PROPRIETARY FUNDS:

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

For the fiscal year ended June 30, 2020, 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.

Fiduciary Statements

The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. The fiduciary statements provide financial information about the activities of special deposits, such as successor agency activities for the former redevelopment agency, for which the City acts solely as an agent. They provide information about the cash balances and activities of these funds.

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 51–95 of this report. Required Supplementary Information follows the notes on pages 99-104.

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 108–149 of this report.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$104.9 million as of June 30, 2020. The Summary of Net position as of June 30, 2020, and 2019, follows:

	Summary of Net Position					
	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 50,063,624	\$ 21,229,770	\$ 71,293,394	\$ 47,123,798	\$ 20,109,383	\$ 67,233,181
Noncurrent assets	37,473,441	29,266,648	66,740,089	36,478,837	24,734,537	61,213,374
Deferred outflows of resources	4,514,869	1,234,703	5,749,572	4,307,337	1,128,049	5,435,386
Total assets and deferred outflows of resources	92,051,934	51,731,121	143,783,055	87,909,972	45,971,969	133,881,941
Current and other liabilities	4,299,078	1,915,283	6,214,361	4,120,370	2,561,224	6,681,594
Long-term liabilities	22,946,501	7,255,161	30,201,662	21,654,885	6,965,457	28,620,342
Deferred inflows of resources	1,800,988	611,473	2,412,461	1,621,610	532,646	2,154,256
Total liabilities and deferred inflows of resources	29,046,567	9,781,917	38,828,484	27,396,865	10,059,327	37,456,192
Net position:						
Net invested in Capital Assets	35,188,391	27,440,525	62,628,916	33,854,637	22,651,059	56,505,696
Restricted	2,847,655	-	2,847,655	3,509,147	-	3,509,147
Unrestricted	24,969,321	14,508,679	39,478,000	23,149,323	13,261,583	36,410,906
Total net position	\$ 63,005,367	\$ 41,949,204	\$ 104,954,571	\$ 60,513,107	\$ 35,912,642	\$ 96,425,749

The City's total net position increased by \$8.5 million (\$2.5 million and \$6.0 million for governmental activities and business-type activities, respectively). Total city-wide assets increased \$9.9 million, \$4.1 million in governmental activities and \$5.7 million in business-type activities. The increase in governmental activities assets results from several projects budgeted as capital improvements using general funds were not completed in fiscal year 2020. For the business-type activities, this increase in assets results from the accumulation of cash and investments for major capital improvement projects to the water and wastewater systems that are anticipated in the near future. Total city-wide liabilities, increased by \$1.3 million. Of this amount, the liabilities in governmental activities increased by \$1.6 million, offset by a decrease of \$277,000 in business-type activities liabilities.

The largest portion of the City's net assets, approximately 59.7 percent, is represented by the City's net investment in its capital assets such as buildings, land, equipment, utility systems, and facilities. The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

A portion of the City's net position 2.7 percent represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$24.9 million is held by governmental activities and \$14.5 million is held by business-type activities.

Revenues

The City's total revenues for governmental and business-type activities were \$37.3 million for the fiscal year ended June 30, 2020, a decrease of \$318,000. Significant revenues for the City for fiscal year 2019/20 were derived from charges for services (44.9 percent), taxes (31.5 percent), and operating grants and contributions (21 percent).

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

1. **Program Revenues- Grants and contributions-** Annual receipts increased by \$862,439 or 10.95% for operating and capital grant revenues. The City experienced an increase of \$485,235 related to government related operating/ capital grants and contributions along with an increase of \$377,204 related to business type activities.
2. **General Revenues – Taxes.** Annual receipts decreased \$806,000 or 33.74%. This decrease is primarily a result of motor vehicle in lieu tax revenues decreasing by \$587,000. Prior year included one-time revenue increases for motor vehicle in lieu tax, not expected in subsequent periods. Transient and Occupancy tax revenues also decreased by \$297,000. Sales and use tax revenues decreased by \$146,000 compared to prior year. Both transient and occupancy tax and sales taxes decreases were due to negative consumer impacts by shelter in place activities at the height of the 2020 pandemic. The aforementioned decreases were slightly offset by increases in property tax revenues of \$155,000 and utility users tax revenues increase of \$60,000.
3. **Program Revenues- Charges for Services.** Annual charges for services decreased \$590,000, or 3.5 percent. This is mostly attributable to decreases experienced on both the Transit and Stormwater business type activities. Transit revenue decrease was primarily due to lower operational funding sources such as State Transit Assistance \$186,000 and a \$25,500 decrease of Proposition 1B funds. These reductions combined with decreased ridership as an impact of the pandemic, transit experienced an overall decrease in program revenues of \$307,000. Stormwater decrease was primarily due to lower operational funds from a State Coastal Conservancy grant of \$315,000, compared to prior year.

**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

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 \$28.7 million. This is an increase of \$1,028,000 from the prior fiscal year. Notable increases occurred in General Government \$460,000, Public Safety \$476,000, Water \$455,000 and Wastewater \$996,000. These increases were offset by large decreases in Public Works \$1.1 million, and Community Development decrease of \$332,000. Fluctuations occur year to year as many of the expenses are driven by one- time activities such as grant funded projects that will occur in a given fiscal year but not in a subsequent year.

Governmental activity expenses totaled \$17.2 million, or 60.1 percent of total expenses. Public safety costs represented 43.1 percent of total governmental activities expenses, followed by public works at 16 percent and general government at 20.8 percent. Business-type activities incurred expenses of \$11.4 million, or 39.9 percent of total expenses during the fiscal year.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2020, and 2019 follows:

	Changes in Net Position					
	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,342,070	\$ 13,920,640	\$ 16,262,710	\$ 2,421,620	\$ 14,431,179	\$ 16,852,799
Grants and contributions:						
Operating	5,601,793	13,339	5,615,132	4,969,624	38,919	5,008,543
Capital	1,925	3,122,276	3,124,201	148,859	2,719,492	2,868,351
General revenues:						
Property taxes and assessments	1,790,796	-	1,790,796	1,635,469	-	1,635,469
Transient occupancy taxes	1,170,560	-	1,170,560	1,468,493	-	1,468,493
Sales and use tax	4,905,058	-	4,905,058	5,051,087	-	5,051,087
Franchise taxes	275,712	-	275,712	264,359	-	264,359
Utility users tax	887,065	-	887,065	889,449	-	889,449
Other taxes	205,185	-	205,185	145,014	-	145,014
Motor vehicle in lieu	1,803,778	-	1,803,778	2,390,873	-	2,390,873
Use of money and property	649,038	401,798	1,050,836	652,534	310,058	962,592
Other general	163,954	-	163,954	36,077	-	36,077
Total revenues	19,796,934	17,458,053	37,254,987	20,073,458	17,499,648	37,573,106
Expenses:						
Governmental activities:						
General government	3,581,623	-	3,581,623	3,121,456	-	3,121,456
Public safety	7,433,354	-	7,433,354	6,956,924	-	6,956,924
Public works	2,768,444	-	2,768,444	3,935,505	-	3,935,505
Community development	1,524,627	-	1,524,627	1,857,143	-	1,857,143
Parks and recreation	1,911,248	-	1,911,248	1,873,734	-	1,873,734
Interest and fiscal charges	34,243	-	34,243	35,797	-	35,797
Business-type activities:						
Water	-	4,355,422	4,355,422	-	3,899,946	3,899,946
Wastewater	-	4,689,829	4,689,829	-	3,693,655	3,693,655
Transit	-	1,233,195	1,233,195	-	1,239,159	1,239,159
Solid Waste	-	460,156	460,156	-	405,834	405,834
Stormwater	-	734,024	734,024	-	678,095	678,095
Total expenses	17,253,539	11,472,626	28,726,165	17,780,559	9,916,689	27,697,248
Excess (Deficiency) of revenues over expenditures before transfers	2,543,395	5,985,427	8,528,822	2,292,899	7,582,959	9,875,858
Transfer from fiduciary activities	-	-	-	-	-	-
Transfers	(51,135)	51,135	-	(70,346)	70,346	-
Change in net position	2,492,260	6,036,562	8,528,822	2,222,553	7,653,305	9,875,858
Net position:						
Beginning of year	60,513,107	35,912,642	96,425,749	58,290,554	28,259,337	86,549,891
End of year	\$ 63,005,367	\$ 41,949,204	\$ 104,954,571	\$ 60,513,107	\$ 35,912,642	\$ 96,425,749

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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, 2020, and 2019, are as follows:

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,581,623	\$ 1,795,861	\$ 3,121,456	\$ 553,252
Public safety	7,433,354	6,510,811	6,956,924	6,073,917
Public works	2,768,444	(417,456)	3,935,505	1,062,900
Community development	1,524,627	82,838	1,857,143	1,175,500
Parks and recreation	1,911,248	1,301,454	1,873,734	1,339,090
Interest and fiscal charges	34,243	34,243	35,797	35,797
Total	<u>\$ 17,253,539</u>	<u>\$ 9,307,751</u>	<u>\$ 17,780,559</u>	<u>\$ 10,240,456</u>

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

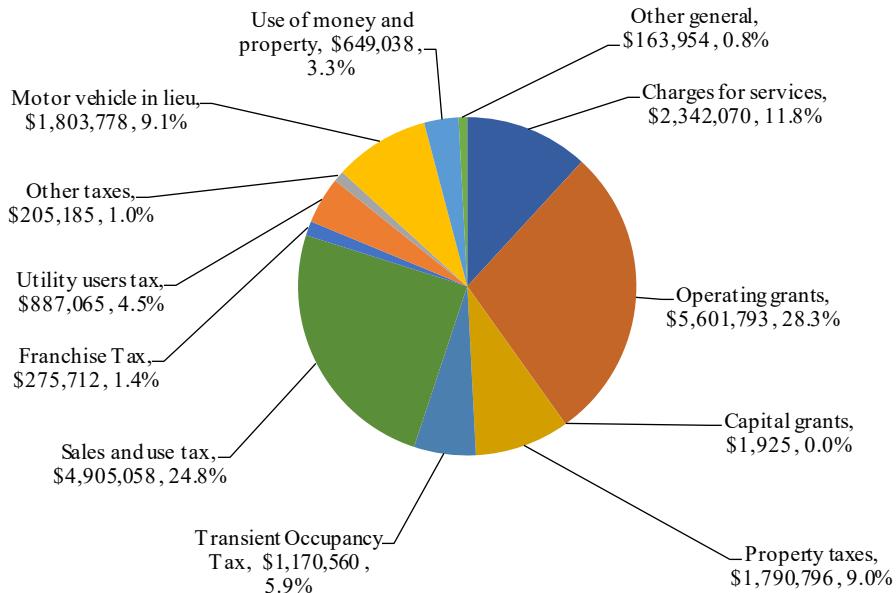
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

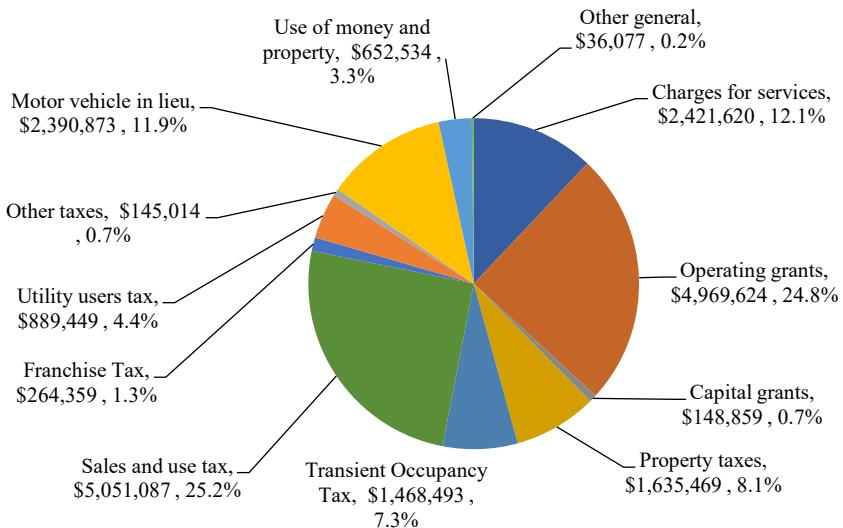
Governmental Activities, continued

Revenues by source for the fiscal years ended June 30, 2020, and 2019, are as follows:

Revenues by Source - Governmental Activities 2020



Revenues by Source - Governmental Activities 2019



City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

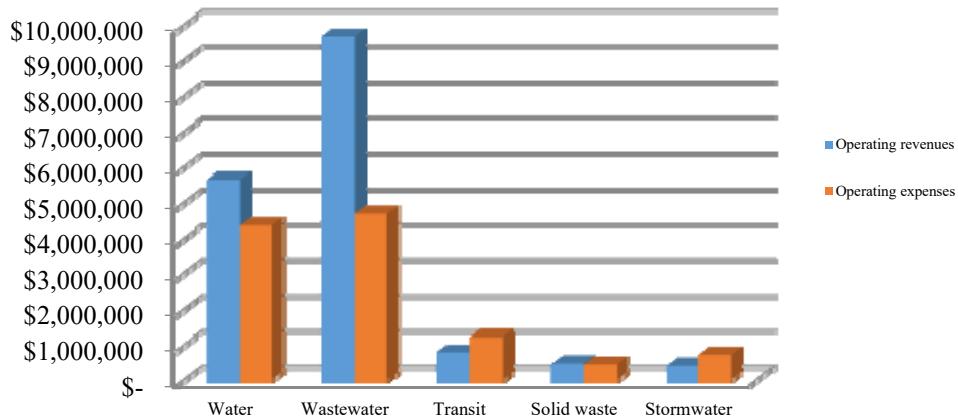
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

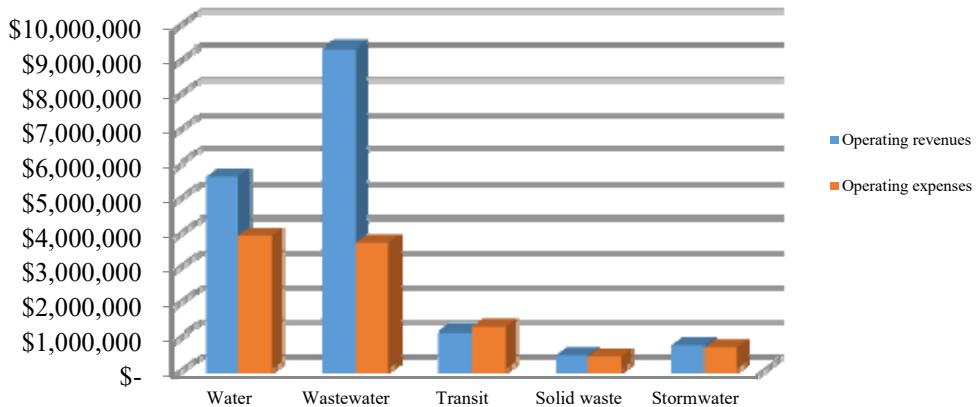
Business-type Activities

Business-type activities have increased the City's net position by \$6.0 million. 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, 2020, and 2019, are as follows:

**Operating Revenues and Expenses
Business-type Activities
2020**



**Operating Revenues and Expenses
Business-type Activities
2019**



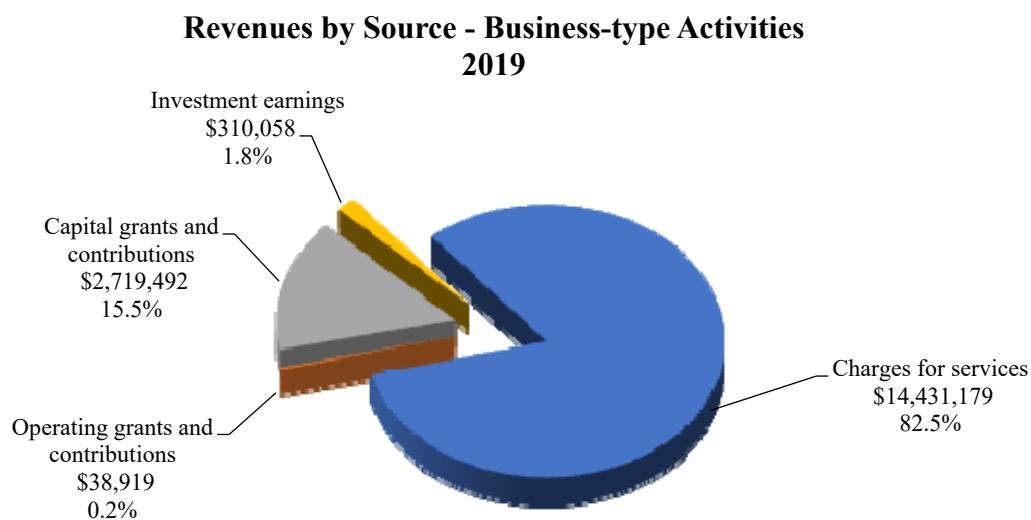
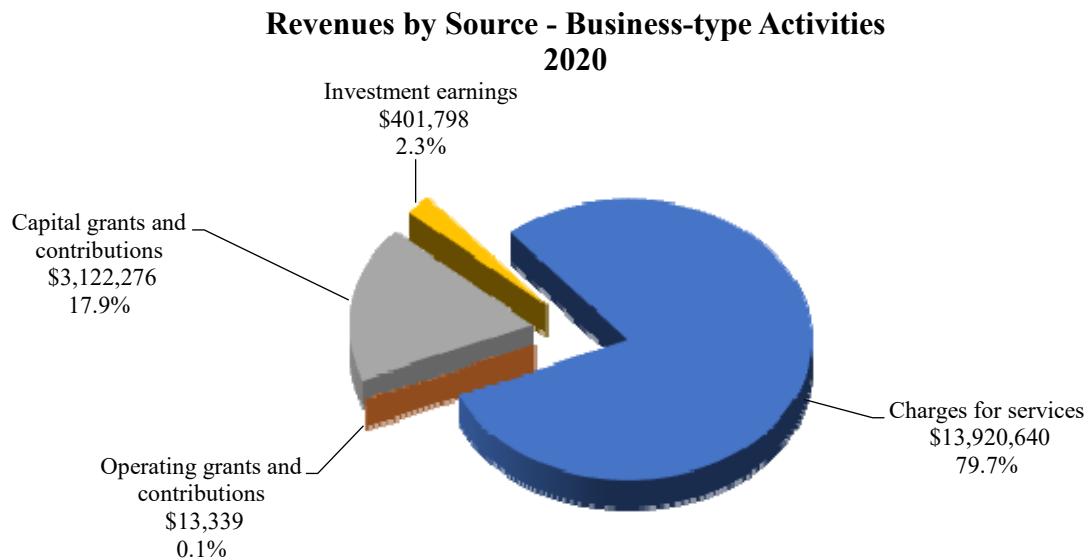
City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type Activities, continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2020, and 2019, are as follows:



**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

Management's Discussion and Analysis, Continued

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, 2020, the City's governmental funds reported combined fund balances of \$18.7 million. This is a decrease of \$205,000 or 1.1 percent from last year. This decrease is primarily a result of expenditures exceeding revenues for the Housing and Basic Business Revolving funds.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2020, General Fund unassigned fund balance totaled \$9.2 million. This is an increase of \$846,000 from the prior year. This increase was partly due to the fact that several projects budgeted as capital improvements using general funds were reduced or not completed in fiscal year 2020.

Proprietary funds. The City ended the fiscal year with \$14.5 million reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of approximately \$6.0 million from 2019 and results primarily from the accumulation of cash and investments for major water and wastewater capital improvement projects that are anticipated in the near future.

General Fund Budgetary Highlights

The difference between the final budget and actual revenues differs unfavorably by \$546,000 or 3 percent of budget. This was mainly due to lower than anticipated tax and assessment revenues. The difference between the final budget and actual expenditures differs favorably by \$2.7 million. This results primarily from capital outlay expenditure improvements which were budgeted but reduced as cost savings measures at the onset of the COVID-19 pandemic.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

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, 2020, amount to \$61.1 million. 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	
	2020	2019	2020	2019	2020	2019
Land	\$ 17,193,821	\$ 17,193,821	\$ 7,569,579	\$ 7,569,579	\$ 24,763,400	\$ 24,763,400
Undergrounding facilities	90,025	90,025	10,924,557	8,034,144	11,014,582	8,124,169
Buildings and structures	5,602,045	4,779,931	1,913,170	2,120,411	7,515,215	6,900,342
Furniture and equipment	835,679	701,625	84,316	126,485	919,995	828,110
Other Improvements	8,277,901	8,141,400	7,636,103	5,771,935	15,914,004	13,913,335
Infrastructure	4,342,771	4,491,814	-	-	4,342,771	4,491,814
Vehicles	1,131,200	1,080,221	1,087,650	1,054,055	2,218,850	2,134,276
Total	\$ 37,473,442	\$ 36,478,837	\$ 29,215,375	\$ 24,676,609	\$ 66,688,817	\$ 61,155,446

More detail of the capital assets and current activity can be found in the notes to the financial statements on page 57 for significant accounting policies and Note 5 on pages 69 – 70 for other capital asset information.

Long-Term Debt

At June 30, 2020, the City had total debt obligations of \$5.04 million. Additional information about the City's long-term debt can be found in Note 7 to the basic financial statements.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
2015 Refunding of 2008 Lease	\$ 806,050	\$ 844,200	\$ 1,496,950	\$ 1,567,800	\$ 2,303,000	\$ 2,412,000
CalPERS UAL Debt	1,479,000	1,780,000	-	-	1,479,000	1,780,000
2015 Refunding of 2008 Loan	-	-	522,000	688,000	522,000	688,000
Compensated absences	546,869	460,517	189,614	170,101	736,483	630,618
Total	\$ 2,831,919	\$ 3,084,717	\$ 2,208,564	\$ 2,425,901	\$ 5,040,483	\$ 5,510,618

**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

Management's Discussion and Analysis, Continued

Economic Outlook and Next Year's Budget and Rates

The budget for Fiscal Year 2020/21, adopted on June 17, 2020, was balanced and the economic outlook for the short- and long-term was relatively unstable. The City took several proactive measures to combat the expected negative economic impacts of the COVID-19 global pandemic. As the City entered the budget cycle for FY2021, hiring freezes were instituted for various vacant positions and suspension or reductions occurred for non-essential contracts.

The City entered Fiscal Year 2020/21 in a financial position prepared to face potential revenue decreases during the first year of the pandemic. The budget adopted by Council was based on various scenarios for when the local Shelter-In-Place Order (SIP) would be lifted and estimated timeframe to expect negative impacts from the SIP on the community. This assumption was based on estimates that the SIP would be revoked or the community would see an easing of restrictions effective July 1, 2020.

During this time the City also implemented a five year rate increase for water and wastewater service fee revenues. Water rate increase was implemented effective July 1, 2020 and wastewater increase was implemented effective January 1, 2021. Both increases were to assist in covering the respective funds' operational, capital, and future debt service costs.

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.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.



City of Arcata, California

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 18,109,849	\$ 19,804,382	\$ 37,914,231
Restricted cash and investments	2,917,886	-	2,917,886
Receivables:			
Accounts	2,812,886	1,237,428	4,050,314
Loans/Notes receivable	25,897,543	-	25,897,543
Internal balances	2,573	(2,573)	-
Due from Successor Agency	179,512	-	179,512
Inventory	143,375	186,505	329,880
Deposit	-	4,028	4,028
Total current assets	50,063,624	21,229,770	71,293,394
Noncurrent assets:			
Prepaid issuance costs	-	51,273	51,273
Capital assets:			
Nondepreciable	17,283,846	7,569,579	24,853,425
Depreciable	20,189,595	21,645,796	41,835,391
Total noncurrent assets	37,473,441	29,266,648	66,740,089
Total assets	87,537,065	50,496,418	138,033,483
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	841,347	-	841,347
Pension Plan	3,673,522	1,234,703	4,908,225
Total assets and deferred outflows of resources	\$ 92,051,934	\$ 51,731,121	\$ 143,783,055
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,251,671	\$ 1,404,499	\$ 2,656,170
Interest payable	-	1,993	1,993
Deposits payable	25,537	217,288	242,825
Compensated absences - current portion	136,717	47,403	184,120
Other liabilities	2,566,253	-	2,566,253
Due within one year	318,900	244,100	563,000
Total current liabilities	4,299,078	1,915,283	6,214,361
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	410,152	142,211	552,363
Due after one year	1,966,150	1,774,850	3,741,000
Net OPEB liability	3,847,939	-	3,847,939
Net pension liability	16,722,260	5,338,100	22,060,360
Total noncurrent liabilities	22,946,501	7,255,161	30,201,662
Total liabilities	27,245,579	9,170,444	36,416,023
DEFERRED INFLOWS OF RESOURCES			
OPEB	242,307	-	242,307
Pension Plan	1,558,681	611,473	2,170,154
Total defered inflows of resources	1,800,988	611,473	2,412,461
NET POSITION			
Net investment in capital assets	35,188,391	27,440,525	62,628,916
Restricted	2,847,655	-	2,847,655
Unrestricted	24,969,321	14,508,679	39,478,000
Total net position	63,005,367	41,949,204	104,954,571
Total liabilities, defered inflows of resources and net position	\$ 92,051,934	\$ 51,731,121	\$ 143,783,055

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,581,623	\$ 142,173	\$ 1,641,664	\$ 1,925
Public safety	7,433,354	266,338	656,205	-
Public works	2,768,444	1,137,942	2,047,958	-
Community development	1,524,627	474,566	967,223	-
Parks and recreation	1,911,248	321,051	288,743	-
Interest and fiscal charges	34,243	-	-	-
Total governmental activities	<u>17,253,539</u>	<u>2,342,070</u>	<u>5,601,793</u>	<u>1,925</u>
Business-type activities:				
Water	4,355,422	5,658,079	-	-
Wastewater	4,689,829	6,563,229	-	3,122,276
Transit	1,233,195	794,288	13,339	-
Solid waste	460,156	482,640	-	-
Stormwater utility	734,024	422,404	-	-
Total business-type activities	<u>11,472,626</u>	<u>13,920,640</u>	<u>13,339</u>	<u>3,122,276</u>
Total primary government	<u>\$ 28,726,165</u>	<u>\$ 16,262,710</u>	<u>\$ 5,615,132</u>	<u>\$ 3,124,201</u>

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 (MVLF)

Use of money and property

Other general revenues

- Total general revenues

Transfer from Fiduciary Activities

Transfers

- Total general revenues and transfers

Change in net position

Net position:

- Beginning of year

- End of year

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Totals
\$ (1,795,861)	\$ -	\$ (1,795,861)
(6,510,811)	-	(6,510,811)
417,456	-	417,456
(82,838)	-	(82,838)
(1,301,454)	-	(1,301,454)
(34,243)	-	(34,243)
<hr/>	<hr/>	<hr/>
(9,307,751)	-	(9,307,751)
-	1,302,657	1,302,657
-	4,995,676	4,995,676
-	(425,568)	(425,568)
-	22,484	22,484
-	(311,620)	(311,620)
<hr/>	<hr/>	<hr/>
-	5,583,629	5,583,629
<hr/>	<hr/>	<hr/>
(9,307,751)	5,583,629	(3,724,122)
1,790,796	-	1,790,796
1,170,560	-	1,170,560
4,905,058	-	4,905,058
275,712	-	275,712
887,065	-	887,065
205,185	-	205,185
1,803,778	-	1,803,778
649,038	401,798	1,050,836
163,954	-	163,954
<hr/>	<hr/>	<hr/>
11,851,146	401,798	12,252,944
-	-	-
(51,135)	51,135	-
<hr/>	<hr/>	<hr/>
11,800,011	452,933	12,252,944
2,492,260	6,036,562	8,528,822
60,513,107	35,912,642	96,425,749
<hr/>	<hr/>	<hr/>
\$ 63,005,367	\$ 41,949,204	\$ 104,954,571

This page intentionally left blank.



FUND FINANCIAL STATEMENTS
MAJOR FUNDS

Fund	Description
Governmental Funds:	
General	Governmental funds are used for taxes and grants.
CDBG Housing Special Revenue	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
Housing Revolving Special Revenue	Accounts for activities related to housing and the related CDBG funding.
Basic Business Loan Revolving	Accounts for the City's business loan program.

City of Arcata, California

Balance Sheet

Governmental Funds

June 30, 2020

	Major Funds		
	General Fund	CDBG Housing Special Revenue	Housing Revolving Special Revenue
ASSETS			
Cash and investments	\$ 10,390,033	\$ 1,000,511	\$ 127,964
Restricted cash and investments	-	-	-
Receivables:			
Taxes	445,626	-	-
Interest	24,213	-	-
Intergovernmental	2,077,903	-	-
Loans/Notes receivable	-	7,160,540	11,438,663
Other receivable	14,304	9,141	21,893
Due from other funds	29,651	84,702	50,469
Due from Successor Agency	-	-	-
Inventory	1,765	-	-
Total assets	\$ 12,983,495	\$ 8,254,894	\$ 11,638,989
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,055,852	\$ 3,041	\$ 351
Due to other funds	27,078	-	-
Deposits payable	-	-	-
Other liabilities	2,566,253	-	-
Total liabilities	3,649,183	3,041	351
Deferred inflows of resources:			
Unavailable revenue	91,012	7,160,540	11,438,659
Total deferred inflows of resources:	91,012	7,160,540	11,438,659
Total Liabilities and deferred inflows	3,740,195	7,163,581	11,439,010
Fund balances:			
Nonspendable	1,765	-	-
Restricted	-	1,091,313	199,979
Assigned	-	-	-
Unassigned (Deficit)	9,241,535	-	-
Total fund balances	9,243,300	1,091,313	199,979
Total liabilities, deferred inflows and fund balances	\$ 12,983,495	\$ 8,254,894	\$ 11,638,989

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

Major Funds

Basic	Business	Nonmajor	
	Loan	Governmental	
	Revolving	Funds	Totals
	\$ 715,395	\$ 4,163,073	\$ 16,396,976
	-	2,917,886	2,917,886
	-	2,656	448,282
	-	-	24,213
	-	164,686	2,242,589
3,305,504		3,992,836	25,897,543
52,464		-	97,802
11,000		-	175,822
-		179,512	179,512
-		122,649	124,414
\$ 4,084,363	\$ 11,543,298	\$ 48,505,039	
	\$ 105	\$ 150,555	\$ 1,209,904
	-	146,171	173,249
	-	25,537	25,537
	-	-	2,566,253
105	322,263	3,974,943	
3,305,502		3,992,836	25,988,549
3,305,502		3,992,836	25,988,549
3,305,607		4,315,099	29,963,492
	-	122,649	124,414
	-	1,556,363	2,847,655
778,756		5,637,792	6,416,548
-		(88,605)	9,152,930
778,756	7,228,199	18,541,547	
\$ 4,084,363	\$ 11,543,298	\$ 48,505,039	

City of Arcata, California

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2020

Total fund balances - total governmental funds \$ 18,541,547

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 36,144,272

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	\$ (520,972)
Due within one year	(318,900)
Due after one year	(1,966,150)
Net OPEB obligation	(3,847,939)
Net pension liability	<u>(16,134,122)</u> (22,788,083)

Governmental funds notes receivable from various loan programs are deferred under the current financial resources measurement focus. The notes receivable are recognized in the government-wide Statement of Net Position under the accrual basis of accounting. 25,988,549

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

Deferred outflows - OPEB	841,347
Deferred outflows - Pension	3,673,522
Deferred inflows - OPEB	(242,307)
Deferred inflows - Pension	<u>(1,558,681)</u> 2,713,881

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	1,731,834
Noncurrent assets	1,329,169
Accounts payable and accrued liabilities	(48,241)
Noncurrent liabilities	<u>(607,561)</u> 2,405,201
Net Position of governmental activities	<u><u>\$ 63,005,367</u></u>

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 Position

Governmental Activities

June 30, 2020

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets:					
Cash and investments	\$ 16,396,976	\$ -	\$ -	\$ 1,712,873	\$ 18,109,849
Restricted cash and investments	2,917,886	-	-	-	2,917,886
Receivables:					
Taxes	448,282	-	-	-	448,282
Interest	24,213	-	-	-	24,213
Intergovernmental	2,242,589	-	-	-	2,242,589
Loans/Notes receivable	25,897,543	-	-	-	25,897,543
Other receivable	97,802	-	-	-	97,802
Due from other funds	175,822	(175,822)	-	-	-
Due from Successor Agency	179,512	-	-	-	179,512
Internal balances	-	2,573	-	-	2,573
Inventory	124,414	-	-	18,961	143,375
Total current assets	48,505,039	(173,249)	-	1,731,834	50,063,624
Noncurrent assets:					
Capital assets, net	-	-	36,144,272	1,329,169	37,473,441
Total noncurrent assets	-	-	36,144,272	1,329,169	37,473,441
Total assets	48,505,039	(173,249)	36,144,272	3,061,003	87,537,065
Deferred outflows of resources:					
OPEB	-	-	841,347	-	841,347
Pension Plan	-	-	3,548,102	125,420	3,673,522
Total assets and deferred outflows of resources	\$ 48,505,039	\$ (173,249)	\$ 40,533,721	\$ 3,186,423	\$ 92,051,934
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,209,904	\$ -	\$ -	\$ 41,767	\$ 1,251,671
Due to other funds	173,249	(173,249)	-	-	-
Deposits payable	25,537	-	-	-	25,537
Compensated absences - current portion	-	-	130,243	6,474	136,717
Other liabilities	2,566,253	-	-	-	2,566,253
Due within one year	-	-	318,900	-	318,900
Total current liabilities	3,974,943	(173,249)	449,143	48,241	4,299,078
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	390,729	19,423	410,152
Due after one year	-	-	1,966,150	-	1,966,150
Net OPEB liability	-	-	3,847,939	-	3,847,939
Net pension liability	-	-	16,134,122	588,138	16,722,260
Total noncurrent liabilities	-	-	22,338,940	607,561	22,946,501
Total liabilities	3,974,943	(173,249)	22,788,083	655,802	27,245,579
Deferred inflows of resources					
Unavailable revenue	25,988,549	-	(25,988,549)	-	-
OPEB	-	-	242,307	-	242,307
Pension plan	-	-	1,503,957	54,724	1,558,681
Total liabilities and deferred inflows of resources:	29,963,492	(173,249)	(1,454,202)	710,526	29,046,567
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	124,414	(124,414)	-	-	-
Restricted	2,847,655	(2,847,655)	-	-	-
Assigned	6,416,548	(6,416,548)	-	-	-
Unassigned (deficit)	9,152,930	(9,152,930)	-	-	-
Net position:					
Net investment in capital assets	-	-	33,859,222	1,329,169	35,188,391
Restricted	-	-	2,847,655	-	2,847,655
Unrestricted	-	18,541,547	5,281,046	1,146,728	24,969,321
Total fund balances/net position	18,541,547	-	41,987,923	2,475,897	63,005,367
Total liabilities, deferred inflows and net position	\$ 48,505,039	\$ (173,249)	\$ 40,533,721	\$ 3,186,423	\$ 92,051,934

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, 2020

	Major Funds		
	General Fund	CDBG Housing Special Revenue	Housing Revolving Special Revenue
REVENUES:			
Taxes and assessments	\$ 9,198,155	\$ -	\$ -
Licenses and permits	708,938	-	-
Fines and forfeitures	188,469	-	-
Intergovernmental	2,579,897	-	-
Use of money and property	277,446	473,831	208,429
Charges for services	900,515	-	-
Reimbursements	1,696,310	-	-
Other revenues	164,801	-	127,737
Total revenues	15,714,531	473,831	336,166
EXPENDITURES:			
Current:			
General government	3,139,145	-	-
Public safety	6,753,174	-	-
Public works	609,322	-	-
Community development	1,046,678	231,488	1,364,571
Parks and recreation	1,410,452	-	-
Capital outlay	1,127,141	-	-
Debt service:			
Principal	38,150	-	-
Interest and fiscal charges	34,243	-	-
Total expenditures	14,158,305	231,488	1,364,571
REVENUES OVER (UNDER) EXPENDITURES	1,556,226	242,343	(1,028,405)
OTHER FINANCING SOURCES (USES):			
Transfers in	15,000	-	-
Transfers out	(725,150)	-	-
Total other financing sources (uses)	(710,150)	-	-
Net change in fund balances	846,076	242,343	(1,028,405)
FUND BALANCES:			
Beginning of year	8,397,224	848,970	1,228,384
End of year	\$ 9,243,300	\$ 1,091,313	\$ 199,979

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

Major Funds			
Basic			
Business	Other		
Loans	Governmental		
Revolving	Funds	Totals	
\$ -	\$ 36,221	\$ 9,234,376	
-	30,085	739,023	
-	83,085	271,554	
	2,075,007	4,654,904	
78,962	498,615	1,537,283	
-	-	900,515	
-	-	1,696,310	
	470,431	762,969	
<u>78,962</u>	<u>3,193,444</u>	<u>19,796,934</u>	
-	-	3,139,145	
-	252,867	7,006,041	
-	1,613,347	2,222,669	
555,613	1,028,194	4,226,544	
-	293,551	1,704,003	
-	619,206	1,746,347	
-	-	38,150	
-	-	34,243	
<u>555,613</u>	<u>3,807,165</u>	<u>20,117,142</u>	
<u>(476,651)</u>	<u>(613,721)</u>	<u>(320,208)</u>	
-	785,865	800,865	
<u>-</u>	<u>(126,850)</u>	<u>(852,000)</u>	
-	659,015	(51,135)	
<u>(476,651)</u>	<u>45,294</u>	<u>(371,343)</u>	
<u>1,255,407</u>	<u>7,182,905</u>	<u>18,912,890</u>	
<u>\$ 778,756</u>	<u>\$ 7,228,199</u>	<u>\$ 18,541,547</u>	

City of Arcata, California

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

For the year ended June 30, 2020

Functions/Programs	Compensated				Capital				Government-wide					
	Fund Based		Absences/		Asset									
	Debt	Internal	(Additions)/	OPEB	Pension	Unavailable	UAL							
Functions/Programs	Totals	Service	Service	Depreciation	Retirements	Obligation	Plan	Revenue	Debt	Totals				
Governmental activities:														
General government	\$ 3,139,145	\$ 81,553	\$ (223,442)	\$ 154,708	\$ -	\$ 278,120	\$ 203,176	\$ -	\$ (51,637)	\$ 3,581,623				
Public safety	7,006,041	-	-	89,107	-	-	453,452	-	(115,246)	7,433,354				
Public works	2,222,669	-	-	416,261	22,218	-	143,858	-	(36,562)	2,768,444				
Community development	4,226,544	-	-	98,004	-	-	273,554	(3,003,950)	(69,525)	1,524,627				
Parks and recreation	1,704,003	-	-	124,987	-	-	110,288	-	(28,030)	1,911,248				
Capital outlay	1,746,347	-	-	-	(1,746,347)	-	-	-	-	-				
Debt service/Interest	72,393	(38,150)	-	-	-	-	-	-	-	-	34,243			
Total governmental activities	\$ 20,117,142	\$ 43,403	\$ (223,442)	\$ 883,067	\$ (1,724,129)	\$ 278,120	\$ 1,184,328	\$ (3,003,950)	\$ (301,000)	\$ 17,253,539				

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, 2020

Net change in fund balances - total governmental funds	\$ (371,343)
---	--------------

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

Capital asset purchases capitalized	\$ 1,724,129
Depreciation expense	<u>(883,067)</u>
	841,062

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.

3,003,950

Repayment and issuance of debt is an expenditure and other financing source in the governmental funds, but the repayment reduces and the issuance increases long-term liabilities in the Statement of Net Position:

Debt principal payments	38,150
CalPERS UAL Debt	301,000

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 compensated absences	(81,553)
--------------------------------	----------

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

Net OPEB obligation	(278,120)
Pension Plan	<u>(1,184,328)</u>
	(1,462,448)

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 Position of the Internal Service Funds is included in the governmental activities in the government-wide Statement of Net Position less transfers.

223,442

Change in Net Position of governmental activities	<u>\$ 2,492,260</u>
--	---------------------

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, 2020

	General Fund			Variance w/Final Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES:					
Taxes and assessments	\$ 9,653,550	\$ 9,653,550	\$ 9,198,155	\$ (455,395)	
Licenses and permits	547,178	547,178	708,938	161,760	
Fines and forfeitures	250,000	250,000	188,469	(61,531)	
Intergovernmental	2,542,386	2,542,386	2,579,897	37,511	
Use of money and property	233,039	233,039	277,446	44,407	
Charges for services	987,525	987,525	900,515	(87,010)	
Reimbursements	1,762,538	1,762,538	1,696,310	(66,228)	
Other revenues	285,244	285,244	164,801	(120,443)	
Total revenues	16,261,460	16,261,460	15,714,531	(546,929)	
EXPENDITURES:					
Current:					
General government	3,610,393	3,610,393	3,139,145	471,248	
Public safety	6,712,784	6,712,784	6,753,174	(40,390)	
Public works	873,256	873,256	609,322	263,934	
Community development	1,165,590	1,165,590	1,046,678	118,912	
Parks and recreation	1,515,634	1,515,634	1,410,452	105,182	
Capital outlay	2,919,905	2,919,905	1,127,141	1,792,764	
Debt service:					
Principal	38,150	38,150	38,150	-	
Interest and fiscal charges	35,150	35,150	34,243	907	
Total expenditures	16,870,862	16,870,862	14,158,305	2,712,557	
REVENUES OVER (UNDER) EXPENDITURES	(609,402)	(609,402)	1,556,226	2,165,628	
OTHER FINANCING SOURCES (USES):					
Transfer from fiduciary activities	-	-	-	-	
Transfers in	20,000	20,000	15,000	(5,000)	
Transfers out	(979,620)	(979,620)	(725,150)	254,470	
Total other financing sources (uses)	(959,620)	(959,620)	(710,150)	249,470	
Net change in fund balances	(1,569,022)	(1,569,022)	846,076	2,415,098	
FUND BALANCES:					
Beginning of year	8,397,224	8,397,224	8,397,224	-	
End of year	\$ 6,828,202	\$ 6,828,202	\$ 9,243,300	\$ 2,415,098	

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

CDBG Housing Special Revenue Fund				Housing Revolving Special Revenue Fund			
Budgeted Amounts		Variance w/Final		Budgeted Amounts		Variance w/Final	
Original	Final	Actual	Positive (Negative)	Original	Final	Actual	Positive (Negative)
\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
405,000	405,000	473,831	68,831	151,500	151,500	208,429	56,929
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	127,737	127,737
405,000	405,000	473,831	68,831	151,500	151,500	336,166	184,666
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
817,868	817,868	231,488	586,380	1,625,147	1,625,147	1,364,571	260,576
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
817,868	817,868	231,488	586,380	1,625,147	1,625,147	1,364,571	260,576
(412,868)	(412,868)	242,343	655,211	(1,473,647)	(1,473,647)	(1,028,405)	445,242
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(412,868)	(412,868)	242,343	655,211	(1,473,647)	(1,473,647)	(1,028,405)	445,242
848,970	848,970	848,970	-	1,228,384	1,228,384	1,228,384	-
\$ 436,102	\$ 436,102	\$ 1,091,313	\$ 655,211	\$ (245,263)	\$ (245,263)	\$ 199,979	\$ 445,242

(continued)

City of Arcata, California
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - Major Funds
For the year ended June 30, 2020

Basic Business Loan Revolving					
	Budgeted Amounts		Variance w/Final		
	Original	Final	Actual	Positive (Negative)	
REVENUES:					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	- -	- -	- -	- -	-
Fines and forfeitures	- -	- -	- -	- -	-
Intergovernmental	- -	- -	- -	- -	-
Use of money and property	23,000	23,000	78,962	55,962	55,962
Charges for services	- -	- -	- -	- -	-
Reimbursements	- -	- -	- -	- -	-
Other revenues	- -	- -	- -	- -	-
Total revenues	23,000	23,000	78,962	55,962	55,962
EXPENDITURES:					
Current:					
General government	- -	- -	- -	- -	-
Public safety	- -	- -	- -	- -	-
Public works	- -	- -	- -	- -	-
Community development	605,000	605,000	555,613	49,387	49,387
Parks and recreation	- -	- -	- -	- -	-
Capital outlay	- -	- -	- -	- -	-
Debt service:					
Principal	- -	- -	- -	- -	-
Interest and fiscal charges	- -	- -	- -	- -	-
Total expenditures	605,000	605,000	555,613	49,387	49,387
REVENUES OVER (UNDER)					
EXPENDITURES	(582,000)	(582,000)	(476,651)	105,349	105,349
OTHER FINANCING SOURCES (USES):					
Transfer from fiduciary activities	- -	- -	- -	- -	-
Transfers in	- -	- -	- -	- -	-
Transfers out	- -	- -	- -	- -	-
Total other financing sources (uses)	- -	- -	- -	- -	- -
Net change in fund balances	(582,000)	(582,000)	(476,651)	105,349	105,349
FUND BALANCES:					
Beginning of year	1,255,407	1,255,407	1,255,407	-	-
End of year	\$ 673,407	\$ 673,407	\$ 778,756	\$ 105,349	\$ 105,349

ENTERPRISE FUNDS

Fund	Description
Major Funds:	
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 Position
Proprietary Funds
June 30, 2020

	Water Fund	Wastewater Fund	Transit Fund
ASSETS			
Current assets:			
Cash and investments	\$ 9,232,229	\$ 9,311,716	\$ 107,151
Receivables:			
Accounts	529,754	640,478	-
Intergovernmental	-	-	13,339
Inventory	158,932	22,774	-
Deposit	2,014	2,014	-
Total current assets	9,922,929	9,976,982	120,490
Noncurrent assets:			
Prepaid debt issuance costs	39,135	12,138	-
Capital assets, net	3,600,440	15,864,034	1,738,884
Total noncurrent assets	3,639,575	15,876,172	1,738,884
Total Assets	\$ 13,562,504	\$ 25,853,154	\$ 1,859,374
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	415,426	505,776	124,547
Total assets and deferrd outflows of resources	\$ 13,977,930	\$ 26,358,930	\$ 1,983,921
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 311,587	\$ 839,256	\$ 30,195
Accrued payroll	54,682	50,536	12,999
Due to other funds	-	-	2,573
Interest payable	-	1,993	-
Deposits payable	156,493	58,395	-
Compensated absences - current portion	17,164	19,695	3,060
Due within one year	74,100	170,000	-
Total current liabilities	614,026	1,139,875	48,827
Noncurrent liabilities:			
Compensated absences	51,491	59,087	9,181
Due after one year	1,422,850	352,000	-
Net pension liability	1,849,285	2,149,480	521,984
Total noncurrent liabilities	3,323,626	2,560,567	531,165
Total liabilities	3,937,652	3,700,442	579,992
DEFERRED INFLOWS OF RESOURCES			
Pension plan	218,092	244,789	48,870
Total deferred inflows of resources	218,092	244,789	48,870
Net Position:			
Net investment in capital assets	2,177,590	15,512,034	1,738,884
Unrestricted	7,644,596	6,901,665	(383,825)
Total net position	9,822,186	22,413,699	1,355,059
Total liabilities, deferred inflows of resources and net position	\$ 13,977,930	\$ 26,358,930	\$ 1,983,921

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

Solid Waste Fund	Stormwater Utility Fund	Totals	Governmental Activities	
			Internal Service Funds	
\$ 701,572	\$ 451,714	\$ 19,804,382	\$ 1,712,873	
31,452	15,305	1,216,989	-	
266	6,834	20,439	-	
-	4,799	186,505	18,961	
-	-	4,028	-	
<u>733,290</u>	<u>478,652</u>	<u>21,232,343</u>	<u>1,731,834</u>	
-	-	51,273	-	
1,118	8,010,899	29,215,375	1,329,169	
1,118	8,010,899	29,266,648	1,329,169	
<u>734,408</u>	<u>8,489,551</u>	<u>50,498,991</u>	<u>3,061,003</u>	
<u>65,565</u>	<u>123,389</u>	<u>1,234,703</u>	<u>125,420</u>	
<u>\$ 799,973</u>	<u>\$ 8,612,940</u>	<u>\$ 51,733,694</u>	<u>\$ 3,186,423</u>	
\$ 78,460	\$ 2,744	\$ 1,262,242	\$ 22,058	
9,477	14,563	142,257	19,709	
-	-	2,573	-	
-	-	1,993	-	
-	2,400	217,288	-	
2,746	4,738	47,403	6,474	
-	-	244,100	-	
<u>90,683</u>	<u>24,445</u>	<u>1,917,856</u>	<u>48,241</u>	
8,238	14,214	142,211	19,423	
-	-	1,774,850	-	
<u>264,001</u>	<u>553,350</u>	<u>5,338,100</u>	<u>588,138</u>	
<u>272,239</u>	<u>567,564</u>	<u>7,255,161</u>	<u>607,561</u>	
<u>362,922</u>	<u>592,009</u>	<u>9,173,017</u>	<u>655,802</u>	
<u>32,077</u>	<u>67,645</u>	<u>611,473</u>	<u>54,724</u>	
<u>32,077</u>	<u>67,645</u>	<u>611,473</u>	<u>54,724</u>	
1,118	8,010,899	27,440,525	1,329,169	
403,856	(57,613)	14,508,679	1,146,728	
404,974	7,953,286	41,949,204	2,475,897	
<u>\$ 799,973</u>	<u>\$ 8,612,940</u>	<u>\$ 51,733,694</u>	<u>\$ 3,186,423</u>	

City of Arcata, California

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

Proprietary Funds

For the year ended June 30, 2020

	Water Fund	Wastewater Fund	Transit Fund
OPERATING REVENUES:			
Charges for service	\$ 5,658,079	\$ 6,563,229	\$ 791,514
Interdepartmental charges	-	-	-
Other operating revenue	-	-	2,774
Total operating revenues	5,658,079	6,563,229	794,288
OPERATING EXPENSES:			
Salaries and benefits	1,519,366	1,868,550	425,522
Contractual services	135,158	706,767	330,699
Materials and supplies	253,618	848,019	28,397
Repairs and maintenance	173,282	102,789	139,768
Purchased water	1,394,923	-	-
Utilities	62,346	170,585	634
Insurance	77,473	77,473	47,018
Taxes and fees	18,740	44,619	324
Allocated overhead	465,300	465,290	80,300
Depreciation	170,076	387,353	180,533
Total operating expenses	4,270,282	4,671,445	1,233,195
OPERATING INCOME	1,387,797	1,891,784	(438,907)
NONOPERATING REVENUES (EXPENSES):			
Gain (Loss) from the sale of capital assets	-	-	-
Intergovernmental revenues (expenses)	-	3,122,276	13,339
Interest revenue	185,863	196,538	(3,145)
Interest expense	(85,140)	(18,384)	-
Total non-operating revenues, net	100,723	3,300,430	10,194
NET INCOME BEFORE TRANSFERS	1,488,520	5,192,214	(428,713)
Transfers in	-	-	-
Transfers out	(80,000)	(80,000)	-
Total transfers	(80,000)	(80,000)	-
CHANGE IN NET POSITION	1,408,520	5,112,214	(428,713)
NET POSITION:			
Beginning of year	8,413,666	17,301,485	1,783,772
End of year	\$ 9,822,186	\$ 22,413,699	\$ 1,355,059

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

Solid Waste Fund	Stormwater Utility Fund	Totals	Governmental Activities	
			Internal Service Funds	
\$ 462,630	\$ 420,551	\$ 13,896,003	\$ -	
-	-	-	1,622,353	
20,010	1,853	24,637	-	
<u>482,640</u>	<u>422,404</u>	<u>13,920,640</u>	<u>1,622,353</u>	
237,441	409,852	4,460,731	507,245	
131,271	104,829	1,408,724	65,753	
36,976	77,086	1,244,096	307,464	
3,821	8,552	428,212	39,457	
-	-	1,394,923	-	
-	55	233,620	-	
4,768	13,539	220,271	151,579	
-	11,065	74,748	-	
45,660	68,190	1,124,740	48,703	
219	40,856	779,037	310,387	
<u>460,156</u>	<u>734,024</u>	<u>11,369,102</u>	<u>1,430,588</u>	
22,484	(311,620)	2,551,538	191,765	
-	-	-	15	
-	0	3,135,615	-	
14,033	8,509	401,798	30,725	
-		(103,524)	937	
<u>14,033</u>	<u>8,509</u>	<u>3,433,889</u>	<u>31,677</u>	
36,517	(303,111)	5,985,427	223,442	
-	246,135	246,135	-	
(35,000)	-	(195,000)	-	
<u>(35,000)</u>	<u>246,135</u>	<u>51,135</u>	<u>-</u>	
1,517	(56,976)	6,036,562	223,442	
<u>403,457</u>	<u>8,010,262</u>	<u>35,912,642</u>	<u>2,252,455</u>	
<u>\$ 404,974</u>	<u>\$ 7,953,286</u>	<u>\$ 41,949,204</u>	<u>\$ 2,475,897</u>	

City of Arcata, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Water Fund	Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/users for services provided	\$ 5,466,899	\$ 6,536,660
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(2,469,085)	(2,803,733)
Cash payments to employees for services	(1,347,769)	(1,661,027)
Net cash provided by operating activities	1,650,045	2,071,900
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received	-	-
Transfers paid	(80,000)	(80,000)
Grant income	-	3,122,276
Net cash used by noncapital financing activities	(80,000)	3,042,276
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	-	-
Acquisition and construction of capital assets	2	(5,100,126)
Principal paid on long term debt	(70,850)	(166,000)
Interest paid on long term debt	(82,531)	(14,338)
Proceeds from the sale of capital assets	-	-
Net cash (used) by capital and related financing activities	(153,379)	(5,280,464)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	185,863	196,538
Net cash provided by investing activities	185,863	196,538
Net increase (decrease) in cash and cash equivalents	1,602,529	30,250
CASH AND CASH EQUIVALENTS:		
Beginning of year	7,629,700	9,281,466
End of year	\$ 9,232,229	\$ 9,311,716
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	\$ 1,387,797	\$ 1,891,784
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	170,076	387,353
Pension expense	165,204	212,250
(Increase) decrease in current assets:		
Accounts receivable	(5,762)	(7,217)
Intergovernmental receivables	-	-
Inventory	(57,250)	(6,370)
Deposits	-	-
Increase (decrease) in liabilities:		
Accounts payable	169,005	(381,821)
Accrued liabilities	834	(13,172)
Unearned revenues	-	-
Deposits payable	(185,418)	(19,352)
Compensated absences	5,559	8,445
Net cash provided by operating activities	\$ 1,650,045	\$ 2,071,900

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2020.

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

Transit Fund	Solid Waste Fund	Stormwater Utility Fund	Totals	Governmental Activities	
				Internal Service Funds	
\$ 1,344,166	\$ 476,667	\$ 431,974	\$ 14,256,366	\$ -	
-	-	-	-	1,622,353	
(925,910)	(148,590)	(289,213)	(6,636,531)	(625,624)	
(389,770)	(212,437)	(352,378)	(3,963,381)	(446,132)	
<u>28,486</u>	<u>115,640</u>	<u>(209,617)</u>	<u>3,656,454</u>	<u>550,597</u>	
2,573	-	246,135	248,708	-	
-	(35,000)	-	(195,000)	-	
-	-	-	3,122,276	-	
<u>2,573</u>	<u>(35,000)</u>	<u>246,135</u>	<u>3,175,984</u>	<u>-</u>	
13,339		-	13,339		
(189,654)	(1)	(28,024)	(5,317,803)	(463,930)	
-	-	-	(236,850)	-	
-	-	-	(96,869)	937	
-	-	-	-	15	
<u>(176,315)</u>	<u>(1)</u>	<u>(28,024)</u>	<u>(5,638,183)</u>	<u>(462,978)</u>	
(3,145)	14,033	8,509	401,798	30,725	
<u>(3,145)</u>	<u>14,033</u>	<u>8,509</u>	<u>401,798</u>	<u>30,725</u>	
(148,401)	94,672	17,003	1,596,053	118,344	
<u>255,552</u>	<u>606,900</u>	<u>434,711</u>	<u>18,208,329</u>	<u>1,594,529</u>	
<u>\$ 107,151</u>	<u>\$ 701,572</u>	<u>\$ 451,714</u>	<u>\$ 19,804,382</u>	<u>\$ 1,712,873</u>	
\$ (438,907)	\$ 22,484	\$ (311,620)	\$ 2,551,538	\$ 191,765	
180,533	219	40,856	779,037	310,387	
35,207	22,718	55,964	491,343	55,151	
-	(5,757)	(430)	(19,166)	-	
549,878	(216)	10,000	559,662	-	
-	-	(3,783)	(67,403)	(6,739)	
(298,770)	73,906	(2,114)	(439,794)	(5,929)	
(840)	464	(792)	(13,506)	1,163	
-	-	-	-	-	
-	-	-	(204,770)	-	
1,385	1,822	2,302	19,513	4,799	
<u>\$ 28,486</u>	<u>\$ 115,640</u>	<u>\$ (209,617)</u>	<u>\$ 3,656,454</u>	<u>\$ 550,597</u>	

This page intentionally left blank.



FIDUCIARY ACTIVITIES

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

City of Arcata, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2020

	<u>Successor Agency</u>
Current assets:	Former Arcata
Cash and investments	<u>Community</u>
Total current assets	<u>Development</u>
	<u>Agency</u>
ASSETS	
Current assets:	
Cash and investments	\$ 250,756
Total current assets	<u>250,756</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	60,902
Total assets and deferred outflows of resources	<u>\$ 311,658</u>
LIABILITIES	
Current liabilities:	
Due to City of Arcata	\$ 179,512
Due within one year	<u>215,999</u>
Total current liabilities	<u>395,511</u>
Long-term liabilities:	
Due after one year	4,465,265
Net pension liability	<u>214,383</u>
Total long-term liabilities	<u>4,679,648</u>
Total liabilities	<u>5,075,159</u>
DEFERRED INFLOWS OF RESOURCES	
Pension plan	50,811
Total deferred inflows of resources	<u>50,811</u>
NET POSITION (DEFICIT)	
Net position held in trust for	
Redevelopment Dissolution	(4,814,312)
Total Net Position (deficit)	<u>(4,814,312)</u>
Total liabilities and net position	<u>\$ 311,658</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, 2020

	<u>Successor Agency</u>
Former Arcata	Community
Community	Development
Development	Agency
	<hr/>
ADDITIONS:	
Property taxes	\$ 744,250
Investment income	60
Total operating revenues	<hr/> 744,310
DEDUCTIONS:	
Community development	7,033
Interest and trustee fees	166,204
Transfer to City	-
Total operating expenses	<hr/> 173,237
CHANGE IN FIDUCIARY NET ASSETS	<hr/> 571,073
NET ASSETS (DEFICIT):	
Beginning of year	(5,385,385)
End of year	<hr/> \$ (4,814,312)

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

This page intentionally left blank.



NOTES TO BASIC FINANCIAL STATEMENTS

**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

Index to Notes to Basic Financial Statements

	<u>Page</u>
Note 1 - Summary of Significant Accounting Policies.....	51
Financial Reporting Entity.....	51
Basis of Presentation.....	52
Measurement Focus	54
Basis of Accounting.....	54
Assets, Liabilities, and Equity	55
Revenues, Expenditures, and Expenses.....	60
Budgetary Accounting	61
Note 2 – Cash and Investments.....	63
Note 3 – Accounts Receivable	67
Note 4 – Loans and Notes Receivable	67
Note 5 – Capital Assets	69
Note 6 – Accounts Payable and Accrued Liabilities	71
Note 7 – Long-term Liabilities.....	71
Note 8 – Net Position/Fund Balances	74
Note 9 – Interfund Transactions	77
Note 10 – Risk Management	79
Note 11 – Public Employee Retirement System	80
Note 12 – Other Post-Employment Benefits.....	86
Note 13 – Successor Agency for Assets of Former Redevelopment Agency.....	90
Note 14 – Commitments and Contingencies.....	93
Note 15 – New Accounting Pronouncements.....	93
Note 16 – Pandemic Effects.....	95

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

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.

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.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Presentation

Government-Wide Financial Statements

The statement of net position 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
- CDBG Housing Special Revenue Fund
- Housing Revolving Special Revenue Fund

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

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
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Fiduciary Funds

Basis of Presentation, Continued

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 position 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 position, 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 position.

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 position 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.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Accounting, Continued

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 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.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

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 position. 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.

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.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

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.

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

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items that qualify for reporting in this category, deferred charges on the City's pension plans and other post-employment benefits reported on the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only two types of these items, deferred inflows on the City's pension plans and other post-employment benefits reported in the government-wide statement of net position.

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 40 to 120 hours of unused annual leave depending upon their length of service. 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.

Unearned Revenues

Unearned 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 position 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).

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

Equity Classification

Government-Wide Statements

Equity is classified as net position 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 position* – consists of net position 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 position* – all other net position 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).

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).

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Equity Classification, Continued

Fund Financial Statements, continued

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).

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.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Revenues, Expenditures, and Expenses, continued

Property Tax, continued

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

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.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

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, 2020. 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
Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS

At June 30, 2020, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	Maturities (in years)			Deposits	Fair Market Value
	<1	1 to 3	3 to 5		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$ 18,989,978	\$ 18,989,978
Petty cash	-	-	-	1,425	1,425
Total pooled items	-	-	-	18,991,403	18,991,403
<u>Pooled investments, at fair value</u>					
Interest obligations					
Par	Rate				
7445000	1.125 - 2.750%	Federal Agency Securities	397,762	2,722,040	4,277,812
800,000	1.250 - 2.625%	Corporate notes	256,118	51,646	-
5,985,000	0.875 - 2.625%	US Treasury Notes	1,525,679	902,811	5,265,829
		Cash equivalent	23,303	-	-
			6,668,468	-	-
State of California Local Agency Investment Fund					
Total pooled investments - interest obligations	\$ 8,871,330		\$ 3,676,497	\$ 9,543,641	\$ 22,091,468
Total cash equivalents and investments pooled	\$ 8,871,330		\$ 3,676,497	\$ 9,543,641	\$ 41,082,871
Amounts reported in:					
Governmental activities					\$ 18,188,709
Governmental activities - Restricted					2,917,886
Business-type activities					19,725,647
Fiduciary activities					250,629
Total					\$ 41,082,871

Investment Type	Fair Value	Weighted Average Maturity (Years)
Federal agency securities	\$ 7,397,614	2.58
Corporate notes	307,764	0.55
U.S. Treasury notes	7,694,319	-
Money market funds	23,303	2.71
State investment pool	6,668,468	-
Total fair value	\$ 22,091,468	
Portfolio weighted average maturity		2.60

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

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, 2020, the City’s permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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
Basic Financial Statements
For the year ended June 30, 2020

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, 2020, the City’s investments in money market funds were rated AAA by Standard & Poor’s and Fitch Ratings, and Aaa by Moody’s Investors Service. The State of California Local Agency Investment Fund is not rated.

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

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 1.89% 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
Basic Financial Statements
For the year ended June 30, 2020

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, 2020, the carrying amount of the City's deposits was \$18,989,978 and the balances in financial institutions were \$18,991,408. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$18,741,408 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, 2020, 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

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute and is chaired by the State Treasurer who is responsible for day-to-day administration of LAIF. The total amount invested by all public agencies as of June 30, 2020 was \$22,548,942,230 of which the City had a balance of \$6,668,468. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020 has a portfolio with market valuation of \$ 105,739,565 thousand. Of the total invested, 97.33% was invested in non-derivative financial products and 2.43% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2020:

	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities			
Accounts receivable	\$ 97,802	\$ -	\$ 97,802
Intergovernmental	2,242,589	-	2,242,589
Interest	107,071	-	107,071
Taxes	448,282	-	448,282
	<u>\$ 2,895,744</u>	<u>\$ -</u>	<u>\$ 2,895,744</u>
Business-type activities			
Accounts receivable	\$ 1,216,989	\$ -	\$ 1,216,989
Intergovernmental	20,439	-	20,439
	<u>\$ 1,237,428</u>	<u>\$ -</u>	<u>\$ 1,237,428</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	65.60%
Individuals/Business	31.81%
Financial	2.59%

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.

Loans and notes receivable for the year ended June 30, 2020, consisted of the following:

	<u>Beginning</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>June 30, 2020</u>
Community Development Block Grant	\$ 7,489,130	\$ -	\$ (328,590)	\$ 7,160,540
HOME loans	10,269,630	1,295,000	(125,967)	11,438,663
Public improvement business loans	-	147,344	-	147,344
Basic business revolving loans	69,831	55,548	(5,783)	119,596
Mobile home park low income housing assistance	1,721,299	500,000	-	2,221,299
First time home buyers	87,303	-	(2,695)	84,608
Rehabilitation loans	880,000	-	-	880,000
Housing successor loans	2,358,478	1,490,000	(2,985)	3,845,493
Total loans/notes receivable	<u>\$ 22,875,671</u>	<u>\$ 3,487,892</u>	<u>\$ (466,020)</u>	<u>\$ 25,897,543</u>

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

4. LOANS AND NOTES RECEIVABLE, *continued*

The following is a summary of the loans and notes receivable outstanding as of June 30, 2020:

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, 2020, was \$7,160,540.

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. The balance of these loans at June 30, 2020, was \$11,438,663.

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. The balance of these loans at June 30, 2020, was \$119,596.

Public Improvement Business Loans – The City created a program with the purpose of assisting local business with economic development loans to mitigate the revenue loss impacts of the COVID-19 pandemic. The balance of these loans at June 30, 2020, was \$147,344.

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. The balance of these loans at June 30, 2020, was \$2,221,299.

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. The balance of these loans at June 30, 2020, was \$84,608.

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. The balance of these loans at June 30, 2020, was \$880,000.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

4. LOANS AND NOTES RECEIVABLE, continued

Housing Successor Loans – In its April 2014 Asset Transfer Review Report (“SCO Review Report”), the State Controller’s Office determined that the former Arcata Community Development Agency had transferred \$30,586,012 in cash, investment funds and other assets to the City of Arcata and ordered the City to transfer \$8,751,178 of these assets to the Successor Agency.

In order to comply with the SCO Review Report, the Arcata City Council approved the transfer of non-housing real property (valued at \$1,320,297) and non-housing note receivable (\$294,226) to the Successor Agency. On August 20, 2014, the remaining cash and investments on hand, which totaled \$3,881,539, was also transferred to the Successor Agency. The City of Arcata entered into a promissory note in favor of the Successor Agency for the remaining balance of \$3,255,106. At June 30, 2020, the balance of this promissory note was \$2,358,257.

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Governmental activities:					
Nondepreciable assets:					
Land	\$ 17,193,821	\$ -	\$ -	\$ -	\$ 17,193,821
Undergrounding facilities	90,025	-	-	-	90,025
Total nondepreciable assets	17,283,846	-	-	-	17,283,846
Depreciable assets:					
Buildings and structures	12,315,206	1,097,172	-	-	13,412,378
Furniture and equipment	5,658,839	374,248	-	-	6,033,087
Improvements	11,920,315	379,636	-	-	12,299,951
Infrastructure	44,850,104	-	-	-	44,850,104
Vehicles	4,708,853	337,003	-	-	5,045,856
Total depreciable assets	79,453,317	2,188,059	-	-	81,641,376
Total	96,737,163	2,188,059	-	-	98,925,222
Accumulated depreciation:					
Buildings and structures	(7,535,275)	(275,058)	-	-	(7,810,333)
Furniture and equipment	(4,957,214)	(240,194)	-	-	(5,197,408)
Improvements	(3,778,916)	(243,134)	-	-	(4,022,050)
Infrastructure	(40,358,289)	(149,044)	-	-	(40,507,333)
Vehicles	(3,628,632)	(286,024)	-	-	(3,914,656)
Total accumulated depreciation	(60,258,326)	(1,193,454)	-	-	(61,451,780)
Net depreciable assets	19,194,991	994,605	-	-	20,189,596
Total net capital assets	\$ 36,478,837	\$ 994,605	\$ -	\$ -	\$ 37,473,442

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

5. CAPITAL ASSETS, *continued*

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

General government	\$ 154,708
Public safety	89,107
Public works	416,261
Community development	98,004
Parks and recreation	124,987
Central Garage	295,689
Information Technology	14,698
	<hr/>
	\$ 1,193,454

Business-type capital asset activity for the year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
<u>Business-type activities</u>					
Nondepreciable assets:					
Land	\$ 7,569,579		\$ -	\$ -	\$ 7,569,579
Total nondepreciable assets	7,569,579	-	-	-	7,569,579
Depreciable assets:					
Underground facilities	13,136,777	3,118,625	-	-	16,255,402
Buildings and structures	9,343,239	25,023	-	-	9,368,262
Furniture and equipment	3,040,578	-	-	-	3,040,578
Other improvements	9,465,074	2,011,066	-	-	11,476,140
Vehicles	2,776,851	163,087	-	-	2,939,938
Total depreciable assets	37,762,519	5,317,801	-	-	43,080,320
Total	45,332,098	5,317,801	-	-	50,649,899
Accumulated depreciation:					
Undergrounding facilities	(5,102,633)	(228,212)	-	-	(5,330,845)
Buildings and structures	(7,222,828)	(232,264)	-	-	(7,455,092)
Furniture and equipment	(2,914,093)	(42,169)	-	-	(2,956,262)
Other improvements	(3,693,139)	(146,898)	-	-	(3,840,037)
Vehicles	(1,722,796)	(129,492)	-	-	(1,852,288)
Total accumulated depreciation	(20,655,489)	(779,035)	-	-	(21,434,524)
Net depreciable assets	17,107,030	4,538,766	-	-	21,645,796
Total net capital assets	\$ 24,676,609	\$ 4,538,766	\$ -	\$ -	\$ 29,215,375

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

Water	\$ 170,076
Wastewater	387,353
Transit	180,531
Solid Waste	219
Stormwater	40,856
	<hr/>
	\$ 779,035

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2020:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 638,911	\$ 1,276,749	\$ 1,915,660
Accrued payroll and related liabilities	612,760	142,257	755,017
Total	\$ 1,251,671	\$ 1,419,006	\$ 2,670,677

These amounts resulted in the following concentrations in payables:

Vendors	72%
Employees	28%

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, 2020:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
2015 Refunding of 2008 Lease Governmental share	\$ 844,200	\$ -	\$ (38,150)	\$ 806,050	\$ 39,900
CalPERS UAL Debt	1,780,000	-	(301,000)	1,479,000	279,000
Total governmental debt	\$ 2,624,200	\$ -	\$ (339,150)	\$ 2,285,050	\$ 318,900
Compensated absences	460,517	86,352	-	546,869	136,717
Net OPEB obligation	3,611,860	-	-	3,611,860	-
Net Pension Liability	15,412,587	-	-	15,412,587	-
Total other governmental long-term liabilities	19,484,964	86,352	-	19,571,316	136,717
Total governmental activities	\$ 22,109,164	\$ 86,352	\$ (339,150)	\$ 21,856,366	\$ 455,617
Business-type activities					
2015 Refunding of 2008 Loan	\$ 688,000	\$ -	\$ (166,000)	\$ 522,000	\$ 170,000
2015 Refunding of 2008 Lease Water Enterprise Share	1,567,800	-	(70,850)	1,496,950	74,100
Total business-type activity debt	2,255,800	-	(236,850)	2,018,950	244,100
Compensated absences	170,101	19,513	-	189,614	47,403
Total business-type activities	\$ 2,425,901	\$ 19,513	\$ (236,850)	\$ 2,208,564	\$ 291,503

**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

7. LONG-TERM LIABILITIES, *continued*

Governmental Activities

Capital Lease Obligations

The City entered into a lease/purchase agreement to purchase a new telephone system. The lease obligation is payable through fiscal year 2020, at which time the buyout will be \$1. The lease obligation, proceeds, and the related asset was recorded in the internal service fund. The principal balance of the capital lease as of June 30, 2020, was \$0.

2015 Refunding of 2008 Lease

On June 24, 2015, the City of Arcata obtained a \$1,050,000 loan to refund and defease the 2008 lease from Municipal Finance Corporation which was used to finance city hall and water system improvements. The loan is distributed among the general fund (35%) and the water enterprise fund (65%). The loan bears an interest of 4.15% per annum and are payable on January 1 and July 1 of each year the bonds are outstanding beginning July 1, 2015. Principal is repaid annually beginning January 1, 2016. The loan will mature on January 1, 2035.

CalPERS UAL Debt

In fiscal year 2016, the City authorized and directed the execution and delivery of its City of Arcata, Series 2015 Refunding Lease Obligation with Umpqua Bank in the amount of \$3,226,000 to refinance a portion of the City's unfunded accrued actuarial liability with California Public Employee's Retirement System (CalPERS). Under the City's contract with CalPERS the City is obligated to make certain payments to CalPERS in respect of retired public safety and miscellaneous employees under the Side Fund program of CalPERS which amortizes such obligations over a fixed period of time. The current annual interest rate imputed by PERS to side funds is 7.5%. Debt service will be funded from the revenue of the general fund. The interest rate is 3.75%. The principal installments and interest are payable annually beginning on December 1, 2016 and the final payment will be made on June 1, 2029.

Business-type Activities

2015 Refunding of 2008 Loan

On June 24, 2015, the City obtained \$1,307,000 loan to defease the 2008 Municipal Loan. The loan bears an interest of 2.37% per annum and are payable on June 1 and December 1 of each year beginning December 1, 2015. Principal repayment is payable annually on December 1 beginning December 1, 2015. The loan will mature on December 1, 2022.

Fiduciary Activities

2015 Tax Allocation Refunding Bond

On January 28, 2015, the Community Development Agency of the City of Arcata issued the 2015 Tax Allocation Refunding Bonds in the amount of \$6,655,926. The proceeds of the Bonds was used to defease the 1994 and 2003 loans from the Arcata Joint Powers Financing Authority. The bonds bear an interest rate of 3.35% per annum. Interests and principal are payable annually on February 1 and August 1 beginning on August 1, 2015. The bonds will mature on August 1, 2031.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM LIABILITIES, *continued*

Compensated Absences

The City records employee absences, such as vacation and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of \$736,483 at June 30, 2020, of that amount \$184,120 is expected to be paid within a year.

Debt Service

Future debt service for Governmental Activities at June 30, 2020, is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Governmental Activities						
	2015 Refunding of 2008 Lease		CalPERS UAL Debt		Total		
	Governmental Share	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 39,900	\$ 33,451		\$ 279,000	\$ 52,875	\$ 318,900	\$ 86,326
2022	41,300	31,795		255,000	42,638	296,300	74,433
2023	43,050	30,081		230,000	33,300	273,050	63,381
2024	44,800	28,295		202,000	24,938	246,800	53,233
2025	46,900	26,436		172,000	17,644	218,900	44,080
2026 - 2030	265,300	101,312		341,000	21,806	606,300	123,118
2031 - 2035	324,800	41,527		-	-	324,800	41,527
2036 - 2037	-	-		-	-	-	-
Total	<u>\$ 806,050</u>	<u>\$ 292,897</u>		<u>\$ 1,479,000</u>	<u>\$ 193,201</u>	<u>\$ 2,285,050</u>	<u>\$ 486,098</u>
Due within one year	\$ 39,900	\$ 33,451		\$ 279,000	\$ 52,875	\$ 318,900	\$ 86,326
Due after one year	<u>766,150</u>	<u>259,446</u>		<u>1,200,000</u>	<u>140,326</u>	<u>1,966,150</u>	<u>399,772</u>
Total	<u>\$ 806,050</u>	<u>\$ 292,897</u>		<u>\$ 1,479,000</u>	<u>\$ 193,201</u>	<u>\$ 2,285,050</u>	<u>\$ 486,098</u>

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM LIABILITIES, continued

Future debt service for Business-type Activities at June 30, 2020, is as follows:

Year Ending June 30,	Business Type Activities					
	2015 Refunding of 2008 Loan		2015 Refunding of 2008 Lease Water Enterprise share		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 170,000	\$ 10,357	\$ 74,100	\$ 62,123	\$ 244,100	\$ 72,480
2022	174,000	6,281	76,700	59,048	250,700	65,329
2023	178,000	2,109	79,950	55,865	257,950	57,974
2024	-	-	83,200	52,547	83,200	52,547
2025	-	-	87,100	49,095	87,100	49,095
2026 - 2030	-	-	492,700	188,151	492,700	188,151
2031 - 2035	-	-	603,200	77,121	603,200	77,121
2036 - 2037	-	-	-	-	-	-
Total	\$ 522,000	\$ 18,747	\$ 1,496,950	\$ 543,950	\$ 2,018,950	\$ 562,697
Due within one year	\$ 170,000	\$ 10,357	\$ 74,100	\$ 62,123	\$ 244,100	\$ 72,480
Due after one year	352,000	8,390	1,422,850	481,827	1,774,850	490,217
Total	\$ 522,000	\$ 18,747	\$ 1,496,950	\$ 543,950	\$ 2,018,950	\$ 562,697

8. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 35,188,392	\$ 27,433,275	\$ 62,621,667
Restricted	2,844,282	-	2,844,282
Unrestricted	24,783,359	14,364,580	39,147,939
Total	\$ 62,816,033	\$ 41,797,855	\$ 104,613,888

- 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
Basic Financial Statements
For the year ended June 30, 2020

8. NET POSITION/ FUND BALANCES, continued

Fund Balance

Nonspendable and Restricted fund balance consisted of the following at June 30, 2020:

Nonspendable:	
Inventory	\$ 124,414
Total Nonspendable	<u>\$ 124,414</u>
Restricted:	
Governmental Funds:	
CDBG Housing	\$ 1,090,084
Housing Revolving	199,956
Traffic Safety	27,028
Gas Tax	517,441
Federal Grants	1,009,773
Total Restricted	<u>\$ 2,844,282</u>

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

- **CDBG Housing and Housing Revolving** – 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.
- **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.

**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

8. NET POSITION/ FUND BALANCES, continued

Fund Balance Deficits

Deficit fund balances consisted of the following:

	<u>As of</u> <u>June 30, 2020</u>
Nonmajor Special Revenue Funds:	
Federal Grant Funds:	
HUD Block Grant	\$ (88,605)
Total Nonmajor Funds	<u>(88,605)</u>
Total Fund Balance Deficits	<u><u>\$ (88,605)</u></u>

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

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

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, 2020:

	Due from Other Funds	Due to Other Funds
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 29,651	\$ 27,078
CDBG Housing	135,171	-
Basic Business Loan Revolving	11,000	-
Total Major Funds	175,822	27,078
Nonmajor Funds:		
Public Improvement Program	- 11,000	11,000
Federal Grant Funds	- 135,171	135,171
Total Nonmajor Funds	- 146,171	146,171
Total Governmental Funds	175,822	173,249
<u>Proprietary Funds</u>		
Transit Fund	- 2,573	2,573
Total Proprietary Funds	- 2,573	2,573
Total Transfers	\$ 175,822	\$ 175,822

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
Basic Financial Statements
For the year ended June 30, 2020

9. INTERFUND TRANSACTIONS, *continued*

Transfers consisted of the following at June 30, 2020:

	Transfers In	Transfers Out
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 15,000	\$ 725,150
Total Major Funds	<u>15,000</u>	<u>725,150</u>
Nonmajor Funds:		
Traffic Safety	143,250	-
Industrial Park	-	1,000
GAS Tax Funds	642,615	-
Federal Grant Funds	-	75,000
In Lieu Fee Funds	-	14,000
Assessment District Funds	-	36,850
Total Nonmajor Funds	<u>785,865</u>	<u>126,850</u>
Total Governmental Funds	<u>800,865</u>	<u>852,000</u>
<u>Proprietary Funds</u>		
Water Fund	-	80,000
Wastewater Fund	-	80,000
Solid Waste Fund	-	35,000
Stormwater Utility Fund	246,135	-
Total Proprietary Funds	<u>246,135</u>	<u>195,000</u>
Total Transfers	<u>\$ 1,047,000</u>	<u>\$ 1,047,000</u>

The transfers out from the enterprise funds were primarily incurred to support street maintenance activities due to wear and tear on streets due to utility infrastructure maintenance and repairs, and from heavy trucks and buses.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

10. RISK MANAGEMENT

The City is an associate member of the Redwood Empire Municipal Insurance Fund (REMF), a public entity pool comprised of fifteen member cities (seven voting and eight associate members) and three non-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.

The following is a summary of the financial statements of REMIF as of and for the fiscal year ended June 30, 2019, the most recent period available:

Total assets	\$ 31,189,650
Total deferred outflows of resources	659,765
Total liabilities	(30,229,545)
Total Deferred inflows of resources	(216,372)
Members' equity	<u><u>\$ 1,403,498</u></u>
Total revenue	\$ 26,443,540
Total expense	(25,661,506)
Operating income (loss)	<u><u>\$ 782,034</u></u>

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.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

10. RISK MANAGEMENT, *Continued*

The City of Arcata participates in the following 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 general liability, comprehensive general automotive liability, personal injury, employment practices liability, and certain other coverage. REMIF is a member of the California Joint Powers Risk Management Authority (CJPRMA), which provides REMIF with an additional \$40,000,000 liability insurance coverage over and above REMIF retention level of \$500,000.

Worker's Compensation

Annual premiums are paid by member cities and are adjusted retrospectively to cover costs. The City of Arcata 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, depending on the entity's deductible amount. Participating cities then share in the next \$5,000 to \$1,000,000 per loss occurrence. REMIF participates in commercial coverage for losses in excess of \$1,000,000.

Property Insurance

The City participates in REMIF's property insurance program, through California Joint Powers Risk Management Authority (CJPRMA). 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 \$100,000 for all property coverage and a coverage limit of \$290,000,000 declared value.

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plans

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

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), *continued*

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

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	Miscellaneous Second Tier
Hire date	Prior to January 1, 2013	Prior to January 1, 2013
Benefit formula	2.7% @ 55	2% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63
Monthly benefits, as a % of eligible compensation	2% - 7%	1.4% - 2.4%
Required employee contribution rates	8%	7%
Required employer contribution rates	11.675%	8.418%
	PEPRA Miscellaneous	Safety Plan
Hire date	On or after January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 62	3% @ 50
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	52 - 67	50
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%	3%
Required employee contribution rates	6.25%	9.0%
Required employer contribution rates	6.53%	19.723%
	Safety Second Tier	PEPRA Safety Police
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	11.5%
Required employer contribution rates	16.824%	11.990%

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), *continued*

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

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous		Miscellaneous		PEPRA		
	Miscellaneous	Second Tier	Plan	Safety Plan	Safety Second Tier Plan	PEPRA Safety Police Plan	
Contributions - employer	\$ 324,828	\$ 14,920	\$ 145,853	\$ 180,931	\$ 40,012	\$ 114,018	
Contributions - employee	\$ 294,388	\$ 19,044	\$ 207,573	\$ 113,107	\$ 29,547	\$ 133,454	

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

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 14,436,882
Safety	\$ 7,837,861
Total Net Pension Liability	\$ 22,274,743

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), *continued*

The City's proportionate share of the net pension liability for each Plan as of June 30, 2019 and 2020 was as follows:

	<u>Miscellaneous</u>	<u>Safey</u>
Proportion - June 30, 2019	0.35128%	0.12278%
Proportion - June 30, 2020	0.36052%	0.12556%
Change - Increase (Decrease)	0.00924%	0.00278%

For the year ended June 30, 2016, the City recognized pension expense of \$3,602,862. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Changes in assumptions	\$ 1,009,678	\$ 306,732
Differences between expected and actual experiences	1,514,443	77,689
Net differences between projected and actual earnings on plan investments	-	360,224
Differences between the employer's contributions and the employer's proportionate share of the contributions	-	1,476,320
Adjustments due to differences in proportion	575,985	-
Pension contributions subsequent to measurement date	1,869,021	-
Total	\$ 4,969,127	\$ 2,220,965

\$1,869,021 reported as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun
2021 \$ 1,177,417
2022 (452,267)
2023 82,009
2024 71,982
2025 -
Thereafter -

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), *continued*

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Assumptions	
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funs
Post-retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.

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

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

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

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), *continued*

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

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

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

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

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), *continued*

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

	1% Decrease <u>(6.15%)</u>	Current <u>Discount Rate</u> <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
Net Pension Liability as of		Current	
June 30, 2020		Discount Rate	
Miscellaneous	\$ 22,045,379	\$ 14,436,882	\$ 8,156,605
Safety	<u>11,902,451</u>	<u>7,837,861</u>	<u>4,505,532</u>
Total	<u><u>\$ 33,947,830</u></u>	<u><u>\$ 22,274,743</u></u>	<u><u>\$ 12,662,137</u></u>

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

12. OTHER POST EMPLOYMENT BENEFITS

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 of Arcata 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.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS, *continued*

Employees Covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees Receiving Benefits	23
Inactive Employees Entitled to But Not Receiving Benefits	0
Participating Active Employees	118
Total Number of participants	141

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020 based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Salary Increases	2.75% per annum
Investment Rate of Return	6.50%
Mortality Rate ⁽¹⁾	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover ⁽²⁾	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	4.00%

⁽¹⁾ Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

⁽²⁾ The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

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

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS, *continued*

Asset Class Component	CERBT Strategy 2	Rate of Return
US Large Cap	40%	7.7950%
US Small Cap	10%	7.7950%
Long-Term Corporate Bond	18%	5.2950%
Long-Term Government Bond	6%	4.5000%
Treasury Inflation Protected Securities	15%	7.7950%
US Real Estate	8%	7.7950%
All Commodities	3%	7.7950%
	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

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

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2019	\$ 4,133,392	\$ 521,532	\$ 3,611,860
Changes for the year			
Service Cost	296,623	-	296,623
Interest	268,525	-	268,525
Expected Investment Income	-	33,885	(33,885)
Administrative expenses	-	(453)	453
Employer Contributions as Benefit Payments	-	301,085	(301,085)
Actual Benefit Payments from Employer	(301,085)	(301,085)	-
Experience Gains/Losses	-	-	-
Changes in Assumptions	-	-	-
Investment Gains/Losses	-	(5,448)	5,448
Net Changes	264,063	27,984	236,079
Balance at 6/30/2020*	\$ 4,397,455	\$ 549,516	\$ 3,847,939

*May include a slight rounding error

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS, Continued

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

The discount rate used for the fiscal year end 2020 is 6.5%. The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Change in Discount Rate			
Net OPEB Liability	\$ 4,208,013	\$ 3,847,939	\$ 3,526,575

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

Change in Healthcare Cost Trend Rate	1% Decrease \$ 3,477,423	Current Trend \$ 3,847,939	1% Increase \$ 4,255,366
Net OPEB Liability			

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.0 Years at June 30, 2020)

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS, Continued

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

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$278,120. As of fiscal year, ended June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (240,637)
Changes in assumptions	836,989	-
Net difference between projected and actual earnings on plan investments	4,358	(1,670)
Total	<u>\$ 841,347</u>	<u>\$ (242,307)</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflow	Deferred Inflows
2021	\$ 66,995	\$ (19,506)
2022	66,995	(19,506)
2023	66,995	(19,502)
2024	66,993	(18,948)
2025	65,905	(18,948)
Thereafter	<u>507,464</u>	<u>(145,897)</u>
Total	<u>\$ 841,347</u>	<u>\$ (242,307)</u>

**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, 2015, 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 112-10.

**City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020**

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

After enactment of the law on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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).

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

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, 2020:

Trust Activities:	Balance			Balance	Due Within One Year
	July 1, 2019	Additions	Retirements		
2015 Tax Allocation Refunding Bonds	\$ 5,021,408	\$ -	\$ (340,144)	\$ 4,681,264	\$ 215,999
Total trust fund debt	\$ 5,021,408	\$ -	\$ (340,144)	\$ 4,681,264	\$ 215,999

2015 Tax Allocation Refunding Bonds

On January 28, 2015, the Community Development Agency issued \$6,655,926 of Tax Allocation Refunding Bonds for the purpose of defeasing 1994 and 2003 Loans from the Arcata Joint Powers Financing Authority.

The 2015 Tax Allocation Refunding Bonds bear interest rates of 3.35 percent per annum. Principal and interest are payable on each August 1 and February 1, on and after August 1, 2015 through August 1, 2031. The bonds are subject to optional early redemption on or after February 1, 2015, from any available funds with premium as specified in the bond documents.

Future debt service for Fiduciary Activities at June 30, 2020, is as follows:

Year Ending June 30,	Fiduciary Activities	
	Principal	Interest
2021	\$ 215,999	\$ 154,398
2022	144,103	148,373
2023	149,793	143,539
2024	322,783	138,430
2025	500,213	124,763
2026-2030	2,762,240	373,525
2031-2032	586,133	2,398
Total	\$ 4,681,264	\$ 1,085,426
Due within one year	\$ 215,999	\$ 154,398
Due after one year	4,465,265	931,028
Total	\$ 4,681,264	\$ 1,085,426

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

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, 2020.

15. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 87, "*Leases*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

15. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 91, "*Conduit Debt Obligations*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

The GASB has issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2020

16. PANDEMIC EFFECTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The City is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the City's employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the City's financial position and changes in net position, fund balance and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

This page intentionally left blank.



REQUIRED SUPPLEMENTARY INFORMATION



This page intentionally left blank.



City of Arcata, California
Required Supplementary Information - Schedule of
Changes in the Net OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30,

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 296,623	\$ 197,701	\$ 187,260
Interest on the total OPEB liability	268,525	210,984	193,076
Differences between expected and actual experience	-	(278,533)	-
Changes of benefit terms	-	-	-
Changes of assumptions	-	968,799	-
Benefit payments	(301,085)	(225,244)	-
Net change in total OPEB liability	264,063	873,707	380,336
Total OPEB liability - beginning	4,133,392	3,259,685	2,879,349
Total OPEB liability - ending (a)	\$ 4,397,455	\$ 4,133,392	\$ 3,259,685
Plan fiduciary net position			
Expected investment income	\$ 33,885	\$ 31,673	\$ -
Contributions - employer	-	-	500,000
Contributions - employee	-	-	-
Actual investment income	(5,448)	2,786	(12,338)
Administrative expense	(453)	(417)	(172)
Net change in plan fiduciary net position	27,984	34,042	487,490
Plan fiduciary net position - beginning	521,532	487,490	-
Plan fiduciary net position - ending (b)	\$ 549,516	\$ 521,532	\$ 487,490
Net OPEB liability - ending (a) - (b)	\$ 3,847,939	\$ 3,611,860	\$ 2,772,195
Covered-employee payroll	\$ 7,499,978	\$ 6,635,743	\$ 6,229,622
Net OPEB liability as a percentage of covered-employee payroll	51.31%	54.43%	44.50%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Additional years will be presented as they become available.

City of Arcata, California**Required Supplementary Information - Net OPEB Liability Schedule of Contributions****June 30, 2020**

Fiscal Year Ended June 30,	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ 500,000
Contributions in relation to the ADC	-	-	500,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	7,499,978	6,635,743	6,229,622
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	8.03%

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Additional years will be presented as they become available.

City of Arcata, California

Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years*

	2020	2019	2018	2017
Contractually required contribution (actuarially determined)	\$ 1,013,055	\$ 902,985	\$ 849,162	\$ 529,092
Contributions in relation to the actuarially determined contributions	<u>(1,013,055)</u>	<u>(902,985)</u>	<u>(849,162)</u>	<u>(529,092)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,590,371	\$ 4,958,187	\$ 4,735,901	\$ 4,761,772
Contribution as a percentage of covered-employee payroll	18.12%	18.21%	17.93%	11.11%

Notes to Schedule

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

*Additional years will be presented as they become available.

City of Arcata, California

Required Supplementary Information - Schedule of Contributions

Safety Plan

Last 10 Fiscal Years*

	2020	2019	2018	2017
Contractually required contribution (actuarially determined)	\$ 855,966	\$ 746,698	\$ 476,322	\$ 519,850
Contributions in relation to the actuarially determined contributions	<u>(855,966)</u>	<u>(746,698)</u>	<u>(476,322)</u>	<u>(519,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,909,608	\$ 1,677,556	\$ 1,493,721	\$ 1,654,498
Contribution as a percentage of covered-employee payroll	44.82%	44.51%	31.89%	31.42%

Notes to Schedule

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

*Additional years will be presented as they become available.

City of Arcata, California

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

Miscellaneous Plan

Last 10 Fiscal Years*

	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.36052%	0.35128%	0.34198%	0.34460%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 22,274,743	\$ 13,238,704	\$ 13,481,206	\$ 11,971,084
Plan's Covered-Employee Payroll	\$ 5,590,371	\$ 4,958,187	\$ 4,735,901	\$ 4,761,772
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	398.45%	267.01%	284.66%	251.40%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	74.48%	75.60%	74.31%	74.83%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 1,745,723	\$ 1,562,524	\$ 1,475,506	\$ 1,325,580

Notes to Schedule

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

*Additional years will be presented as they become available.

City of Arcata, California

Required Supplementary Information - Schedule of the City's Proportionate

Share of the Net Pension Liability

Safety Plan

Last 10 Fiscal Years*

	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.12556%	0.12278%	0.11894%	0.12179%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 7,837,861	\$ 7,204,004	\$ 7,106,979	\$ 6,307,600
Plan's Covered-Employee Payroll	\$ 1,909,608	\$ 1,677,556	\$ 1,493,721	\$ 1,654,498
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	410.44%	429.43%	475.79%	381.24%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.57%	74.75%	73.88%	74.66%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 956,977	\$ 899,707	\$ 693,799	\$ 642,026

Notes to Schedule

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

* Additional years will be presented as they become available.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

This page intentionally left blank.



NON-MAJOR GOVERNMENTAL FUNDS

Fund Type	Description
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, 2020

	Governmental Funds		
	Special Revenue Funds	City Capital Projects Fund	Non-Major Funds Totals
ASSETS			
Cash and investments	\$ 3,998,463	\$ 164,610	\$ 4,163,073
Restricted cash and investments	2,917,886	-	2,917,886
Receivables:			
Taxes	2,656	-	2,656
Intergovernmental	164,686	-	164,686
Loans/Notes receivable	3,992,836	-	3,992,836
Due from other funds	-	-	-
Due from successor agency	179,512		179,512
Inventory	122,649	-	122,649
Total assets	\$ 11,378,688	\$ 164,610	\$ 11,543,298
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 150,555	\$ -	\$ 150,555
Due to other funds	146,171	-	146,171
Deposits Payable	25,537	-	25,537
Total liabilities:	322,263	-	322,263
Deferred inflows of resources:			
Unavailable revenue	3,992,836		3,992,836
Total deferred inflows of resources	3,992,836	-	3,992,836
Total liabilities and deferred inflows	4,315,099	-	4,315,099
Fund Balances:			
Nonspendable	122,649	-	122,649
Restricted	1,556,363	-	1,556,363
Assigned	5,473,182	164,610	5,637,792
Unassigned (deficit)	(88,605)	-	(88,605)
Total fund balances	7,063,589	164,610	7,228,199
Total liabilities, deferred inflows and fund balances	\$ 11,378,688	\$ 164,610	\$ 11,543,298

City of Arcata, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2020

	Governmental Funds		
	Special Revenue Funds	City Capital Projects Fund	Non-Major Funds Totals
REVENUES:			
Taxes and assessments	\$ 36,221	\$ -	\$ 36,221
Licenses and permits	30,085	-	30,085
Fines and forfeitures	83,085	-	83,085
Intergovernmental	2,075,007	-	2,075,007
Use of money and property	495,138	3,477	498,615
Reimbursements	-	-	-
Other revenues	470,431	-	470,431
Total revenues	3,189,967	3,477	3,193,444
EXPENDITURES:			
Current:			
Public safety	252,867	-	252,867
Public works	1,613,347	-	1,613,347
Community development	1,028,194	-	1,028,194
Parks and recreation	293,551	-	293,551
Capital outlay	619,206	-	619,206
Total expenditures	3,807,165	-	3,807,165
REVENUES OVER (UNDER) EXPENDITURES	(617,198)	3,477	(613,721)
OTHER FINANCING SOURCES (USES):			
Transfer from fiduciary activities	-	-	-
Transfers in	785,865	-	785,865
Transfers out	(126,850)	-	(126,850)
Total other financing sources (uses)	659,015	-	659,015
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	41,817	3,477	45,294
FUND BALANCES:			
Beginning of year	7,021,772	161,133	7,182,905
End of year	\$ 7,063,589	\$ 164,610	\$ 7,228,199

This page intentionally left blank.



NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
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.
Housing Improvement Projects	Accounts for funds transferred to the City from the former Arcata Community Development Agency for housing improvement projects.
Public Improvement Program	Accounts for funds transferred to the City from the former Arcata Community Development Agency for public improvement projects.
Gas Tax Funds: 2105 2106 2107 & 2107.5	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.
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.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
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.
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:	
Curtis Heights	Accounts for funds collected for the assessment districts shown within the City limits for which the City is obligated to maintain.
Janes Creek Meadows	
Windsong	
Mad River	

(concluded)

This page intentionally left blank.



City of Arcata, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	<u>Forest Management</u>	<u>Traffic Safety</u>	<u>Industrial Park</u>
ASSETS			
Cash and investments	\$ 959,064	\$ 28,986	\$ 191,437
Restricted cash and investments	-	-	-
Receivables:			
Taxes	-	-	-
Interest	-	-	-
Intergovernmental	24,610	9,145	-
Loans/Notes receivable	-	-	-
Other receivable	-	-	-
Due from other funds	-	-	-
Due from successor agency	-	-	-
Inventory	-	121,356	-
Advances to other funds	-	-	-
Total assets	<u>\$ 983,674</u>	<u>\$ 159,487</u>	<u>\$ 191,437</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,066	\$ 11,058	\$ 15,014
Due to other funds	-	-	-
Deposits payable	-	-	25,537
Total liabilities:	<u>4,066</u>	<u>11,058</u>	<u>40,551</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	-
Total deferred inflows of resources:	<u>4,066</u>	<u>11,058</u>	<u>40,551</u>
Total liabilities and deferred inflows			
Nonspendable	-	121,356	-
Restricted	-	27,073	-
Committed	-	-	-
Assigned	979,608	-	150,886
Unassigned (deficit)	-	-	-
Total fund balances	<u>979,608</u>	<u>148,429</u>	<u>150,886</u>
Total liabilities deferred inflows and fund balances	<u>\$ 983,674</u>	<u>\$ 159,487</u>	<u>\$ 191,437</u>

Housing Improvement Projects	Public Improvement Program	2107.5 Gas Tax Funds	Federal Grant Funds	In Lieu Fee Funds	Assessment District Funds	Totals
\$ 378,228	\$ 370,981	504,764	\$ 1,058,486	\$ 476,128	\$ 30,389	\$ 3,998,463
-	2,917,886	-	-	-	-	2,917,886
	2,656					2,656
46	-	87,267	43,264	-	354	164,686
3,845,492	147,344	-	-	-	-	3,992,836
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	179,512	-	-	-	-	179,512
-	-	1,293	-	-	-	122,649
-	-	-	-	-	-	-
<u>\$ 4,223,766</u>	<u>\$ 3,618,379</u>	<u>\$ 593,324</u>	<u>\$ 1,101,750</u>	<u>\$ 476,128</u>	<u>\$ 30,743</u>	<u>\$ 11,378,688</u>
\$ 2,168	\$ 324	73,838	\$ 44,087	\$ -	\$ -	\$ 150,555
-	11,000	-	135,171	-	-	146,171
-	-	-	-	-	-	25,537
2,168	11,324	73,838	179,258	-	-	322,263
<u>3,845,492</u>	<u>147,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,992,836</u>
<u>3,845,492</u>	<u>147,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,992,836</u>
<u>3,847,660</u>	<u>158,668</u>	<u>73,838</u>	<u>179,258</u>	<u>-</u>	<u>-</u>	<u>4,315,099</u>
-	-	1,293	-	-	-	122,649
-	-	518,193	1,011,097	-	-	1,556,363
-	-	-	-	-	-	-
376,106	3,459,711	-	-	476,128	30,743	5,473,182
-	-	-	(88,605)	-	-	(88,605)
376,106	3,459,711	519,486	922,492	476,128	30,743	7,063,589
<u>\$ 4,223,766</u>	<u>\$ 3,618,379</u>	<u>\$ 593,324</u>	<u>\$ 1,101,750</u>	<u>\$ 476,128</u>	<u>\$ 30,743</u>	<u>\$ 11,378,688</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, 2020

	Forest Management	Traffic Safety	Industrial Park
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	83,085	-
Intergovernmental	26,163	-	-
Use of money and property	18,540	509	236,190
Other revenues	409,001	-	-
Total revenues	453,704	83,594	236,190
EXPENDITURES:			
Current:			
Public safety	-	252,867	-
Public works	-	-	-
Community development	-	-	202,224
Parks and recreation	293,551	-	-
Capital outlay	17,345	-	219,083
Total expenditures	310,896	252,867	421,307
REVENUES OVER (UNDER) EXPENDITURES	142,808	(169,273)	(185,117)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	143,250	-
Transfers out	-	-	(1,000)
Total other financing sources and uses	-	143,250	(1,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	142,808	(26,023)	(186,117)
FUND BALANCES (DEFICITS):			
Beginning of year	836,800	174,452	337,003
End of year	\$ 979,608	\$ 148,429	\$ 150,886

Housing Improvement Projects	Public Improvement Program	2107.5 Gas Tax Funds	Federal Grant Funds	In Lieu Fee Funds	Assessment District Funds	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,221	\$ 36,221
-	-	-	-	30,085	-	30,085
-	-	-	-	-	-	83,085
-	-	1,320,154	728,690	-	-	2,075,007
34,853	165,876	8,681	20,021	9,907	561	495,138
60,235	-	1,195	-	-	-	470,431
95,088	165,876	1,330,030	748,711	39,992	36,782	3,189,967
<hr/>						
-	-	-	-	-	-	252,867
-	-	1,613,347	-	-	-	1,613,347
71,073	172,340	-	582,557	-	-	1,028,194
-	-	-	-	-	-	293,551
-	-	382,778	-	-	-	619,206
71,073	172,340	1,996,125	582,557	-	-	3,807,165
<hr/>						
24,015	(6,464)	(666,095)	166,154	39,992	36,782	(617,198)
<hr/>						
-	-	642,615	-	-	-	785,865
-	-	-	(75,000)	(14,000)	(36,850)	(126,850)
<hr/>						
-	-	642,615	(75,000)	(14,000)	(36,850)	659,015
<hr/>						
24,015	(6,464)	(23,480)	91,154	25,992	(68)	41,817
<hr/>						
352,091	3,466,175	542,966	831,338	450,136	30,811	7,021,772
\$ 376,106	\$ 3,459,711	\$ 519,486	\$ 922,492	\$ 476,128	\$ 30,743	\$ 7,063,589

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, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 26,163	\$ 26,163
Use of money and property	1,500	1,500	18,540	17,040
Other revenues	1,923,100	1,923,100	409,001	(1,514,099)
Total revenues	1,924,600	1,924,600	453,704	(1,470,896)
EXPENDITURES:				
Current:				
Parks and recreation	354,959	354,959	293,551	61,408
Capital outlay	30,350	30,350	17,345	13,005
Total expenditures	385,309	385,309	310,896	74,413
REVENUES OVER (UNDER) EXPENDITURES	1,539,291	1,539,291	142,808	(1,396,483)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	1,539,291	1,539,291	142,808	(1,396,483)
FUND BALANCES (DEFICIT):				
Beginning of year	836,800	836,800	836,800	-
End of year	\$ 2,376,091	\$ 2,376,091	\$ 979,608	\$ (1,396,483)

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, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Fines and forfeitures	\$ 100,000	\$ 100,000	\$ 83,085	\$ (16,915)
Use of money and property	500	500	509	9
Total revenues	100,500	100,500	83,594	(16,906)
EXPENDITURES:				
Current:				
Public safety	283,847	\$ 283,847	252,867	30,980
Total expenditures	283,847	283,847	252,867	30,980
REVENUES OVER (UNDER) EXPENDITURES	(183,347)	(183,347)	(169,273)	14,074
OTHER FINANCING SOURCES (USES):				
Transfers in	184,000	184,000	143,250	(40,750)
Total other financing sources (uses)	184,000	184,000	143,250	(40,750)
Net change in fund balances	653	653	(26,023)	(26,676)
FUND BALANCES:				
Beginning of year	174,452	174,452	174,452	-
End of year	\$ 175,105	\$ 175,105	\$ 148,429	\$ (26,676)

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, 2020

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
REVENUES:					
Use of money and property	\$ 308,000	\$ 308,000	\$ 236,190	\$ (71,810)	
Other revenues	25,000	25,000	-	(25,000)	
Total revenues	333,000	333,000	236,190		(96,810)
EXPENDITURES:					
Current:					
Community development	215,615	215,615	202,224	13,391	
Capital outlay	254,760	254,760	219,083	35,677	
Total expenditures	470,375	470,375	421,307		49,068
REVENUES OVER (UNDER)					
EXPENDITURES	(137,375)	(137,375)	(185,117)		(47,742)
OTHER FINANCING SOURCES (USES):					
Transfers out	1,000	1,000	1,000	-	
Total other financing sources (uses)	1,000	1,000	1,000		-
Net change in fund balances	(136,375)	(136,375)	(184,117)		(47,742)
FUND BALANCES (DEFICIT):					
Beginning of year	337,003	337,003	337,003	-	
End of year	\$ 200,628	\$ 200,628	\$ 152,886	\$ (47,742)	

City of Arcata, California

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

Public Improvement Program Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	\$ 50,000	\$ 50,000	\$ 165,876	\$ 115,876
Total revenues	50,000	50,000	165,876	115,876
EXPENDITURES:				
Current:				
Community development	182,546	182,546	172,340	10,206
Total expenditures	182,546	182,546	172,340	10,206
REVENUES OVER (UNDER) EXPENDITURES	(132,546)	(132,546)	(6,464)	126,082
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of long-term debt	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(132,546)	(132,546)	(6,464)	126,082
FUND BALANCES (DEFICIT):				
Beginning of year	3,466,175	3,466,175	3,466,175	-
End of year	\$ 3,333,629	\$ 3,333,629	\$ 3,459,711	\$ 126,082

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, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)	
	Original	Final	Actual		
REVENUES:					
Intergovernmental	\$ 1,498,873	\$ 1,498,873	\$ 1,320,154	\$ (178,719)	
Use of money and property	2,000	2,000	8,681	6,681	
Reimbursements	4,000	4,000	399	(3,601)	
Other revenues	796	796	796	-	
Total revenues	1,505,669	1,505,669	1,330,030	(175,639)	
EXPENDITURES:					
Current:					
Public works	1,916,736	1,916,736	1,613,347	303,389	
Capital outlay	504,600	504,600	382,778	121,822	
Total expenditures	2,421,336	2,421,336	1,996,125	425,211	
REVENUES OVER (UNDER) EXPENDITURES	(915,667)	(915,667)	(666,095)	249,572	
OTHER FINANCING SOURCES (USES):					
Transfers in	937,624	937,624	642,615	(295,009)	
Transfers out	-	-	-	-	
Total other financing sources (uses)	937,624	937,624	642,615	(295,009)	
Net change in fund balances	21,957	21,957	(23,480)	(45,437)	
FUND BALANCES:					
Beginning of year	542,966	542,966	542,966	-	
End of year	\$ 564,923	\$ 564,923	\$ 519,486	\$ (45,437)	

This page intentionally left blank.



City of Arcata, California
Combining Balance Sheet
Federal Grant Special Revenue Funds
June 30, 2020

	HUD Block Grant	ISTEA	FEMA/ OES	COPS
ASSETS				
Cash and investments	\$ -	\$ 625,674	\$ -	\$ 432,812
Receivables:				
Intergovernmental	40,184	-	-	3,080
Loans/Notes receivable	-	-	-	-
Other receivable	-	-	-	-
Due from other funds	-	-	-	-
Other assets	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	\$ 40,184	\$ 625,674	\$ -	\$ 435,892
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	44,087	\$ -	\$ -	\$ -
Due to other funds	84,702	-	-	-
Total liabilities	128,789	-	-	-
Fund Balances:				
Restricted	-	625,674	-	435,892
Unassigned (deficit)	(88,605)	-	-	-
Total fund balances	(88,605)	625,674	-	435,892
Total liabilities and fund balances	\$ 40,184	\$ 625,674	\$ -	\$ 435,892

HOME Grants	Totals
\$ -	\$ 1,058,486
-	43,264
-	-
-	-
-	-
<hr/>	<hr/>
\$ -	\$ 1,101,750

\$ -	\$ 44,087
<u>50,469</u>	<u>135,171</u>
<u>50,469</u>	<u>179,258</u>
(50,469)	1,011,097
-	(88,605)
<u>(50,469)</u>	<u>922,492</u>
<hr/>	<hr/>
\$ -	\$ 1,101,750

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, 2020

	HUD Block Grant	ISTEA	FEMA/ OES	COPS
REVENUES:				
Intergovernmental	86,037	\$ 115,992	\$ -	\$ 159,426
Use of money and property	(422)	13,484	-	7,176
Total revenues	85,615	129,476	-	166,602
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	165,067	-	-	-
Capital outlay	-	-	-	-
Total expenditures	165,067	-	-	-
REVENUES OVER (UNDER) EXPENDITURES				
	(79,452)	129,476	-	166,602
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(75,000)	-	-
Total other financing sources and uses	-	(75,000)	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)				
	(79,452)	54,476	-	166,602
FUND BALANCES (DEFICIT):				
Beginning of year	(9,153)	571,198	-	269,290
End of year	<u>\$ (88,605)</u>	<u>\$ 625,674</u>	<u>\$ -</u>	<u>\$ 435,892</u>

HOME Grants	Totals
\$ 367,235	\$ 728,690
(217)	20,021
<u>367,018</u>	<u>748,711</u>
-	-
-	-
417,490	582,557
-	-
<u>417,490</u>	<u>582,557</u>
<u>(50,472)</u>	<u>166,154</u>
-	-
-	(75,000)
-	(75,000)
(50,472)	91,154
<u>3</u>	<u>831,338</u>
<u>\$ (50,469)</u>	<u>\$ 922,492</u>

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, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ 10,425,000	\$ 10,425,000	86,037	\$ (10,338,963)
Use of money and property	-	-	(422)	(422)
 Total revenues	10,425,000	10,425,000	85,615	(10,339,385)
EXPENDITURES:				
Current:				
Community development	5,331,344	5,331,344	165,067	5,166,277
 Total expenditures	5,331,344	5,331,344	165,067	5,166,277
REVENUES OVER (UNDER) EXPENDITURES	5,093,656	5,093,656	(79,452)	(5,173,108)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
 Total other financing sources (uses)	-	-	-	-
Net change in fund balances	5,093,656	5,093,656	(79,452)	(5,173,108)
FUND BALANCES:				
Beginning of year	(9,153)	(9,153)	(9,153)	-
End of year	\$ 5,084,503	\$ 5,084,503	\$ (88,605)	\$ (5,173,108)

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, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 115,992	\$ 5,992
Use of money and property	3,000	3,000	13,484	10,484
Total revenues	113,000	113,000	129,476	16,476
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	113,000	113,000	129,476	16,476
OTHER FINANCING SOURCES (USES):				
Transfers out	(75,000)	(75,000)	(75,000)	-
Total other financing sources (uses)	(75,000)	(75,000)	(75,000)	-
Net change in fund balances	38,000	38,000	54,476	16,476
FUND BALANCES:				
Beginning of year	571,198	571,198	571,198	-
End of year	\$ 609,198	\$ 609,198	\$ 625,674	\$ 16,476

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, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES:				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

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, 2020

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
REVENUES:					
Intergovernmental	\$ 258,000	\$ 258,000	\$ 159,426	\$ (98,574)	
Use of money and property	100	100	7,176	7,076	
Total revenues	258,100	258,100	166,602	(91,498)	
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	
Total expenditures	-	-	-	-	
REVENUES OVER (UNDER)					
EXPENDITURES	258,100	258,100	166,602	(91,498)	
Net change in fund balances	258,100	258,100	166,602	(91,498)	
FUND BALANCES:					
Beginning of year	269,290	269,290	269,290	-	
End of year	\$ 527,390	\$ 527,390	\$ 435,892	\$ (91,498)	

This page intentionally left blank.



City of Arcata, California
Combining Balance Sheet
In Lieu Fee Special Revenue Funds
June 30, 2020

	Parkland In Lieu	Parking In Lieu	Totals
ASSETS			
Cash and investments	\$ 192,345	\$ 283,783	\$ 476,128
Total assets	\$ 192,345	\$ 283,783	\$ 476,128
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -
Fund Balances:			
Assigned	192,345	283,783	476,128
Total fund balances	192,345	283,783	476,128
Total liabilities and fund balances	\$ 192,345	\$ 283,783	\$ 476,128

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, 2020

	Parkland In Lieu	Parking In Lieu	Totals
REVENUES:			
Licenses and permits	\$ 30,085	\$ -	\$ 30,085
Use of money and property	3,912	5,995	9,907
Total revenues	33,997	5,995	39,992
EXPENDITURES:			
Capital outlay	-	-	-
Total expenditures	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	33,997	5,995	39,992
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(14,000)	-	(14,000)
Total other financing sources and uses	(14,000)	-	(14,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	19,997	5,995	25,992
FUND BALANCES (DEFICIT):			
Beginning of year	172,348	277,788	450,136
End of year	\$ 192,345	\$ 283,783	\$ 476,128

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, 2020

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
REVENUES:					
Licenses and permits	\$ 14,000	\$ 14,000	\$ 30,085	\$ 16,085	
Use of money and property	400	400	3,912	3,512	
Total revenues	14,400	14,400	33,997		19,597
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Total expenditures	-	-	-		-
REVENUES OVER (UNDER) EXPENDITURES	14,400	14,400	33,997		19,597
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	14,000	14,000	(14,000)	(28,000)	
Total other financing sources (uses)	14,000	14,000	(14,000)		(28,000)
Net change in fund balances	28,400	28,400	19,997		(8,403)
FUND BALANCES:					
Beginning of year	172,348	172,348	172,348		-
End of year	\$ 200,748	\$ 200,748	\$ 192,345	\$ (8,403)	

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, 2020

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
REVENUES:					
Use of money and property	\$ 3,000	\$ 3,000	\$ 5,995	\$ 2,995	
Total revenues	3,000	3,000	5,995	2,995	
EXPENDITURES:					
Capital outlay	-	-	-	-	
Total expenditures	-	-	-	-	
REVENUES OVER (UNDER) EXPENDITURES					
	3,000	3,000	5,995	2,995	
Net change in fund balances	3,000	3,000	5,995	2,995	
FUND BALANCES:					
Beginning of year	277,788	277,788	277,788		-
End of year	\$ 280,788	\$ 280,788	\$ 283,783	\$ 2,995	

This page intentionally left blank.



City of Arcata, California**Combining Balance Sheet****Assessment District Special Revenue Funds****June 30, 2020**

	Curtis Heights	Janes Creek Meadows	Windsong
ASSETS			
Cash and investments	\$ 1,231	\$ 15,676	\$ 6,730
Receivables:			
Intergovernmental	-	278	76
Total assets	\$ 1,231	\$ 15,954	\$ 6,806
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund Balances:			
Assigned	1,231	15,954	6,806
Total fund balances	1,231	15,954	6,806
Total liabilities and fund balances	\$ 1,231	\$ 15,954	\$ 6,806

Mad River	
Business Park	<u>Totals</u>
6,752	\$ 30,389
-	354
<u>\$ 6,752</u>	<u>\$ 30,743</u>

\$	-	\$	-
-	-	-	-
6,752		30,743	
6,752		30,743	
<u>6,752</u>	<u>\$</u>	<u>30,743</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, 2020

	Curtis Heights	Janes Creek Meadows	Windsong	Mad River Business Park
REVENUES:				
Taxes and assessments	\$ -	\$ 16,067	\$ 14,823	5,331
Use of money and property	26	295	103	137
Total revenues	26	16,362	14,926	5,468
EXPENDITURES:				
Current:				
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	26	16,362	14,926	5,468
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(16,000)	(14,850)	(6,000)
Total other financing sources and uses	-	(16,000)	(14,850)	(6,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	26	362	76	(532)
FUND BALANCES (DEFICIT) :				
Beginning of year	1,205	15,592	6,730	7,284
End of year	<u>\$ 1,231</u>	<u>\$ 15,954</u>	<u>\$ 6,806</u>	<u>\$ 6,752</u>

Totals

\$	36,221
	561
	<u>36,782</u>

36,782

(36,850)
(36,850)

(68)

30,811
\$ 30,743

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, 2020**

	Budgeted Amounts			Variance w/Final	
	Original		Final	Actual	Positive
					(Negative)
REVENUES:					
Use of money and property	\$ 10	\$ 10	\$ 26	\$ 16	
Total revenues	10	10	26		16
EXPENDITURES:					
Current:					
Parks and recreation	-	-	-	-	-
Total expenditures	-	-	-		-
REVENUES OVER (UNDER) EXPENDITURES					
	10	10	26		16
Net change in fund balances	10	10	26		16
FUND BALANCES:					
Beginning of year	1,205	1,205	1,205		-
End of year	\$ 1,215	\$ 1,215	\$ 1,231	\$ 16	

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, 2020

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
REVENUES:					
Taxes and assessments	\$ 16,000	\$ 16,000	\$ 16,067	\$ 67	
Use of money and property	60	60	295	235	
Total revenues	16,060	16,060	16,362	302	
EXPENDITURES:					
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	
REVENUES OVER (UNDER) EXPENDITURES	16,060	16,060	16,362	302	
OTHER FINANCING SOURCES (USES):					
Transfers out	(16,000)	(16,000)	(16,000)		-
Total other financing sources (uses)	(16,000)	(16,000)	(16,000)	-	
Net change in fund balances	60	60	362	302	
FUND BALANCES (DEFICIT):					
Beginning of year	15,592	15,592	15,592		-
End of year	\$ 15,652	\$ 15,652	\$ 15,954	\$ 302	

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, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes and assessments	\$ 14,850	\$ 14,850	\$ 14,823	\$ (27)
Use of money and property		40	103	63
Total revenues	14,850	14,890	14,926	36
EXPENDITURES:				
Current:				
Parks and recreation	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	14,850	14,890	14,926	36
OTHER FINANCING SOURCES (USES):				
Transfers out	(14,850)	(14,850)	(14,850)	-
Total other financing sources (uses)	(14,850)	(14,850)	(14,850)	-
Net change in fund balances	-	40	76	36
FUND BALANCES:				
Beginning of year	6,730	6,730	6,730	-
End of year	\$ 6,730	\$ 6,770	\$ 6,806	\$ 36

City of Arcata, California

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

Mad River Business Park Assessment District Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes and assessments	\$ 6,000	\$ 6,000	5,331	\$ (669)
Use of money and property	10	10	137	127
Total revenues	6,010	6,010	5,468	(542)
EXPENDITURES:				
Current:				
Parks and recreation	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	6,010	6,010	5,468	(542)
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of long-term debt	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	-
Transfers in			-	-
Transfers out	14,850	14,850	(6,000)	(20,850)
Total other financing sources (uses)	14,850	14,850	(6,000)	(20,850)
Net change in fund balances	20,860	20,860	(532)	(21,392)
FUND BALANCES:				
Beginning of year	7,284	7,284	7,284	-
End of year	\$ 28,144	\$ 28,144	\$ 6,752	\$ (21,392)

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 Position
Internal Service Funds
For the year ended June 30, 2020

	Central Garage Fund	Information Technology Fund	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 1,651,948	\$ 60,925	\$ 1,712,873
Inventory	18,961	-	18,961
Total current assets	1,670,909	60,925	1,731,834
Noncurrent assets:			
Capital assets, net	1,291,502	37,667	1,329,169
Total noncurrent assets	1,291,502	37,667	1,329,169
Total assets	2,962,411	98,592	3,061,003
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	67,526	57,894	125,420
Total assets and deferred outflows of resources	3,029,937	156,486	3,186,423
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 16,842	\$ 5,216	\$ 22,058
Accrued liabilities	11,831	7,878	19,709
Compensated absences - current portion	4,758	1,716	6,474
Total current liabilities	33,431	14,810	48,241
Noncurrent liabilities:			
Compensated absences	14,274	5,149	19,423
Net pension liability	321,764	266,374	588,138
Total liabilities	369,469	286,333	655,802
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	37,369	17,355	54,724
Total deferred inflows of resources	37,369	17,355	54,724
NET POSITION			
Net investment in capital assets	1,291,502	37,667	1,329,169
Unrestricted	1,331,597	(184,869)	1,146,728
Total net position	2,623,099	(147,202)	2,475,897
Total liabilities, deferred inflows of resources and net position	\$ 3,029,937	\$ 156,486	\$ 3,186,423

City of Arcata, California

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

Internal Service Funds

For the year ended June 30, 2020

	Central Garage Fund	Information Technology Fund	Totals
OPERATING REVENUES:			
Interdepartmental charges	\$ 1,372,382	\$ 249,971	\$ 1,622,353
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>1,372,382</u>	<u>249,971</u>	<u>1,622,353</u>
OPERATING EXPENSES:			
Salaries and benefits	288,424	218,821	507,245
Contractual services	23,928	41,825	65,753
Materials and supplies	261,851	45,613	307,464
Repairs and maintenance	28,298	11,159	39,457
Insurance	151,579	<u>-</u>	151,579
Allocated overhead	42,350	6,353	48,703
Depreciation	<u>295,689</u>	<u>14,698</u>	<u>310,387</u>
Total operating expenses	<u>1,092,119</u>	<u>338,469</u>	<u>1,430,588</u>
OPERATING INCOME (LOSS)	<u>280,263</u>	<u>(88,498)</u>	<u>191,765</u>
NONOPERATING REVENUES (EXPENSES):			
Proceeds from the sale of capital assets	15	<u>-</u>	15
Interest revenue	30,725	<u>-</u>	30,725
Interest expense	<u>-</u>	<u>937</u>	<u>937</u>
Total non-operating revenues (expenses)	<u>30,740</u>	<u>937</u>	<u>31,677</u>
NET INCOME (LOSS) BEFORE TRANSFERS	311,003	(87,561)	223,442
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	311,003	(87,561)	223,442
NET POSITION (DEFICIT):			
Beginning of year	<u>2,312,096</u>	<u>(59,641)</u>	<u>2,252,455</u>
End of year	<u>\$ 2,623,099</u>	<u>\$ (147,202)</u>	<u>\$ 2,475,897</u>

City of Arcata, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2020

	Central Garage Fund	Information Technology Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interfund services provided	\$ 1,372,382	\$ 249,971	\$ 1,622,353
Cash paid to suppliers for goods and services	(524,885)	(100,739)	(625,624)
Cash paid to employees for services	(257,273)	(188,859)	(446,132)
Net cash provided (used) by operating activities	590,224	(39,627)	550,597
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(463,930)	-	(463,930)
Proceeds from the sale of capital assets	15	-	15
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	937	937
Net cash (used) by capital and related financing activities	(463,915)	937	(462,978)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	30,725	-	30,725
Net cash provided by investing activities	30,725	-	30,725
Net increase (decrease) in cash and cash equivalents	157,034	(38,690)	118,344
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,494,914	99,615	1,594,529
End of year	\$ 1,651,948	\$ 60,925	\$ 1,712,873
Reconciliation of income from operations to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 280,263	\$ (88,498)	\$ 191,765
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	295,689	14,698	310,387
Pension expense	27,446	27,705	55,151
(Increase) decrease in current assets:			
Inventory	(6,739)	-	(6,739)
Increase (decrease) in liabilities:			
Accounts payable	(10,140)	4,211	(5,929)
Accrued liabilities	727	436	1,163
Compensated absences	2,978	1,821	4,799
Net cash provided by operating activities	\$ 590,224	\$ (39,627)	\$ 550,597

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