

**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**

**Page**

**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:**

*Government-Wide Financial Statements:*

    Statement of Net position .....21

    Statement of Activities .....22

*Fund Financial Statements:*

**Governmental Funds:**

    Balance Sheet .....26

    Reconciliation of Governmental Funds Balance Sheet to the  
        Statement of Net position .....28

    Reconciliation of Fund Basis Balance Sheet to Government-wide  
        Statement of Net position – Governmental Activities .....29

    Statement of Revenues, Expenditures, and Changes  
        in Fund Balances – Governmental Funds .....30

    Reconciliation of Fund Basis Statements to Government-wide  
        Statement of Activities .....32

    Reconciliation of the Statement of Revenues, Expenditures, and Changes  
        in Fund Balances of Governmental Funds to the Statement of Activities.....33

    Statement of Revenues, Expenditures, and Changes in  
        Fund Balances - Budget to Actual – General Fund and  
        Major Special Revenue Funds .....34

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

**Table of Contents, Continued**

---

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

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

**Table of Contents, Continued**

|  | <b>Page</b> |
|--|-------------|
| <b>Combining and Individual Fund Financial Statements and Schedules:</b>   |             |
| <b>Nonmajor Special Revenue Funds, Continued:</b>  |             |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – Industrial Park .....                             | 120         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – Public Improvement Program .....                  | 121         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>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<br>in Fund Balances – Federal Grant Special Revenue Funds.....                  | 126         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – HUD Block Grant.....                              | 128         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – ISTEA Grant.....                                  | 129         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – FEMA/OES Grants.....                              | 130         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – COPS Grant.....                                   | 131         |
| Combining Balance Sheet – In Lieu Fee Special Revenue Funds.....   | 133         |
| Combining Statement of Revenues, Expenditures, and Changes<br>in Fund Balances – In Lieu Fee Special Revenue Funds.....                    | 134         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – Parkland in Lieu .....                            | 135         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – Parking in Lieu .....                             | 136         |
| Combining Balance Sheet – Assessment District Special Revenue Funds.....   | 138         |
| Combining Statement of Revenues, Expenditures, and Changes<br>in Fund Balances – Assessment District Special Revenue Funds .....           | 140         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – Curtis Heights.....                               | 142         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – Janes Creek Meadow .....                          | 143         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget to Actual – Windsong.....                                     | 144         |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances –<br>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> |
|--|-------------|
| <b>Combining and Individual Fund Financial Statements and Schedules, Continued:</b>                      |             |
| <b>Internal Service Funds:</b>   |             |
| Combining Statement of Net position – Internal Service Funds .....                                       | 147         |
| Combining Statement of Revenues, Expenses, and Changes<br>in Net position – Internal Service Funds ..... | 148         |
| Combining Statement of Cash Flows – Internal Service Funds .....   | 149         |



736 F Street  
Arcata, CA 95521

|                                   |                                    |                          |                            |
|-----------------------------------|------------------------------------|--------------------------|----------------------------|
| City Manager<br>(707) 822-5953    | Environmental Services<br>822-8184 | Police<br>822-2428       | Recreation<br>822-7091     |
| Community Development<br>822-5955 | Finance<br>822-5951                | Public Works<br>822-5957 | Transportation<br>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’ 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***

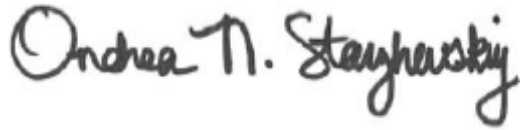
There were no changes to the City's financial policies or items in which policies impacted the financial information or presentation. Information concerning significant accounting policies affecting the finances of the City is summarized in the Notes to the Financial Statements.

## *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 written in a cursive, slightly slanted style.

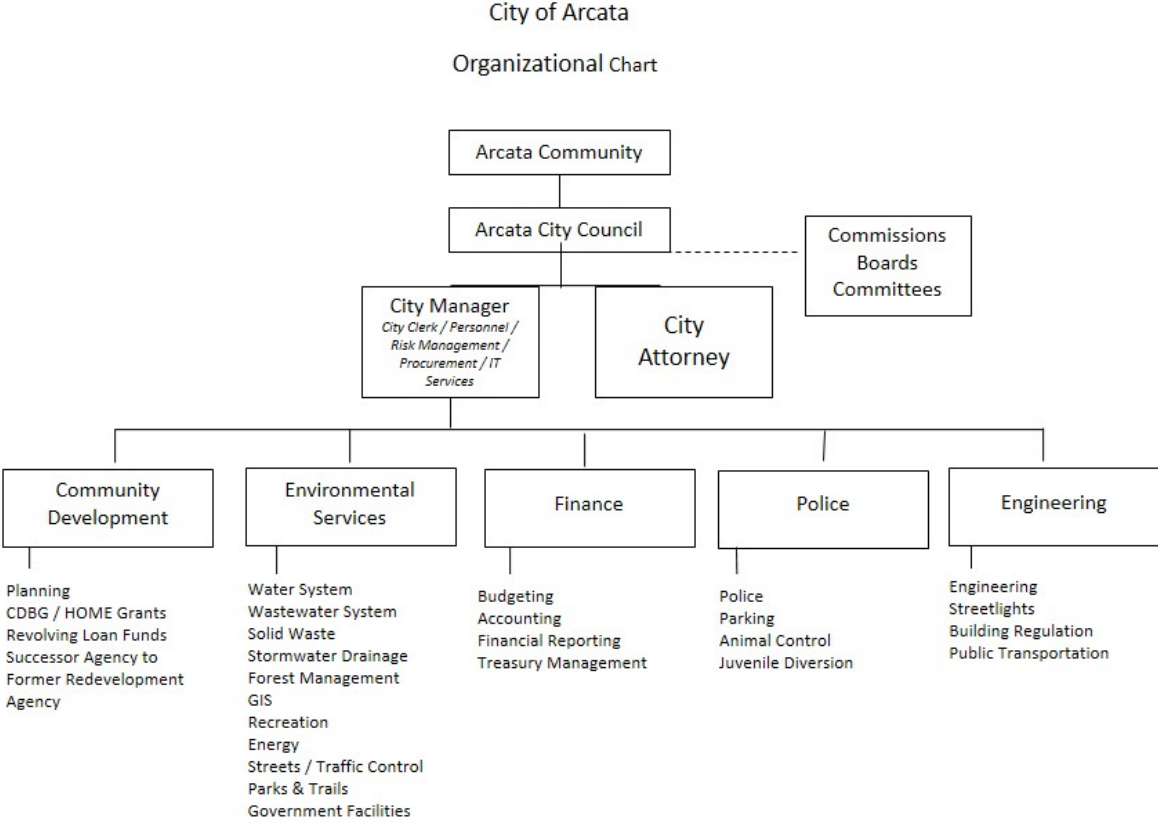
Ondrea Starzhevskiy  
Finance Director

*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***

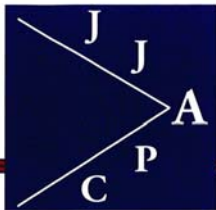
- Stacy Atkins- Salazar, Mayor
- Sarah Schaefer, Vice- Mayor
- Meredith Matthews, Council Member
- Brett Watson, Council Member

***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.

***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.

May 19, 2022

*JJACPA, Inc.*

**JJACPA, Inc.  
Dublin, CA**



**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                            |                                 |                      |
|   | Govern-<br>mental<br>Activities | Business-<br>type<br>Activities | Total                 | Govern-<br>mental<br>Activities | Business-<br>type<br>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           |
| <b>Total net position</b>                           | <b>\$ 63,005,367</b>            | <b>\$ 41,949,204</b>            | <b>\$ 104,954,571</b> | <b>\$ 60,513,107</b>            | <b>\$ 35,912,642</b>            | <b>\$ 96,425,749</b> |

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                            |                                 |               |
|  | Govern-<br>mental<br>Activities | Business-<br>type<br>Activities | Total          | Govern-<br>mental<br>Activities | Business-<br>type<br>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<br>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<br>of Services | Net Cost<br>of Services | Total Cost<br>of Services | Net Cost<br>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**

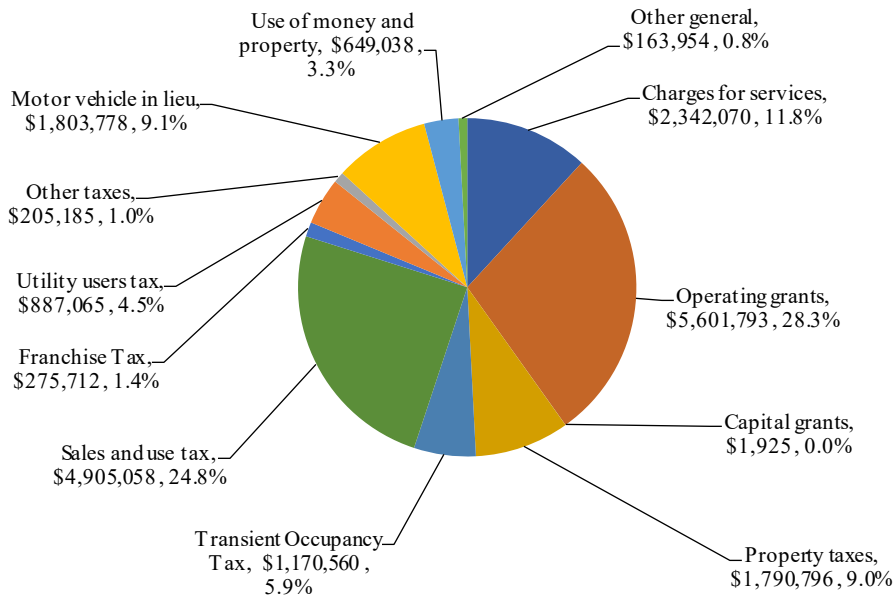
**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

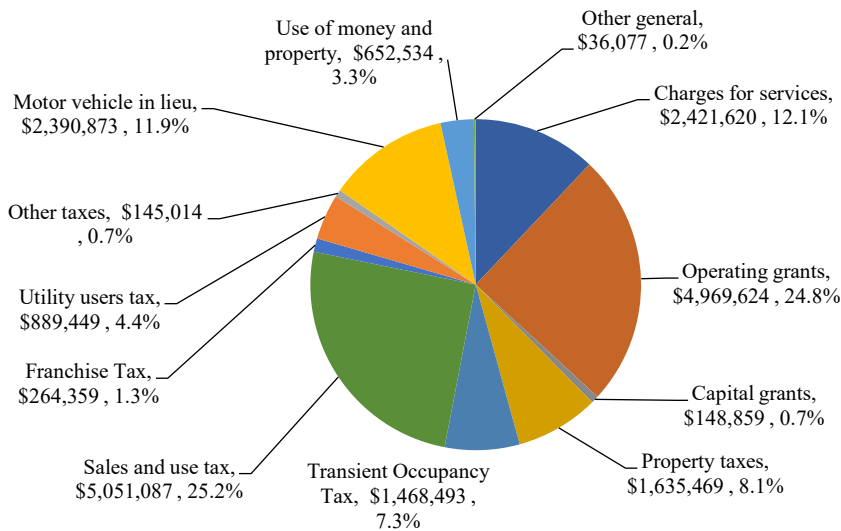
**Governmental Activities, continued**

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**

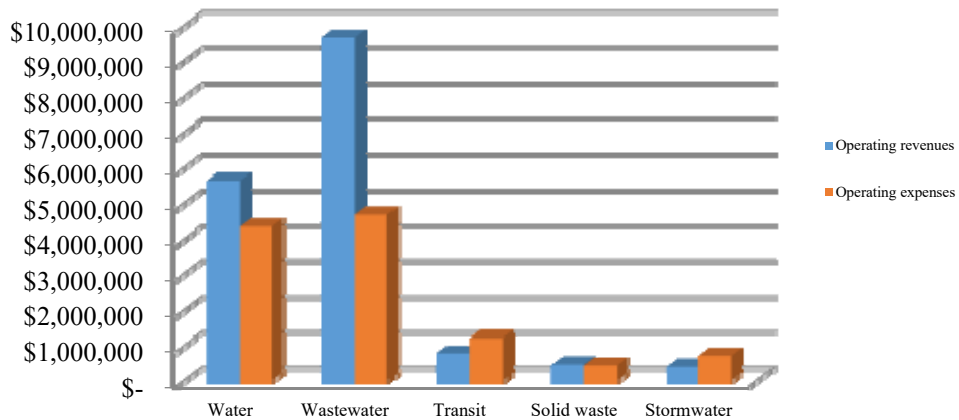
**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

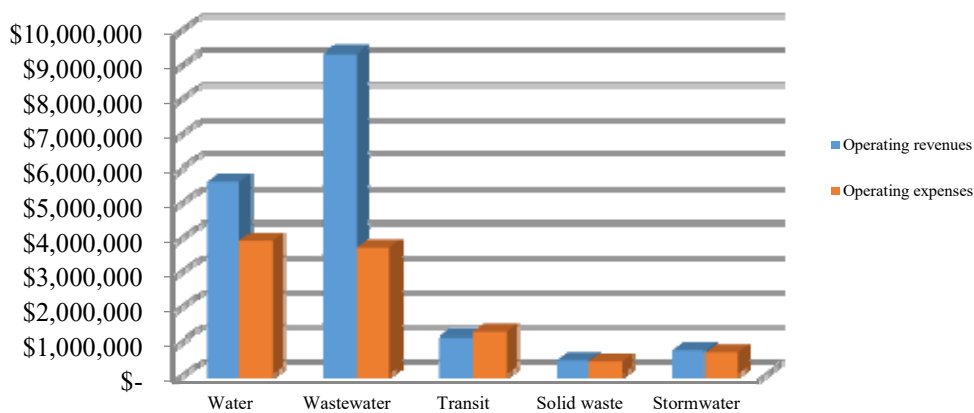
**Business-type Activities**

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**



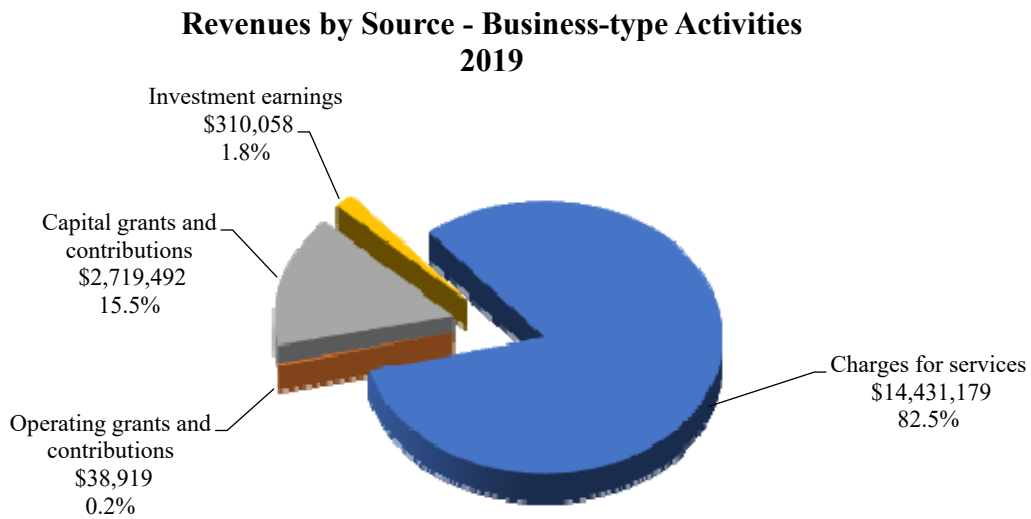
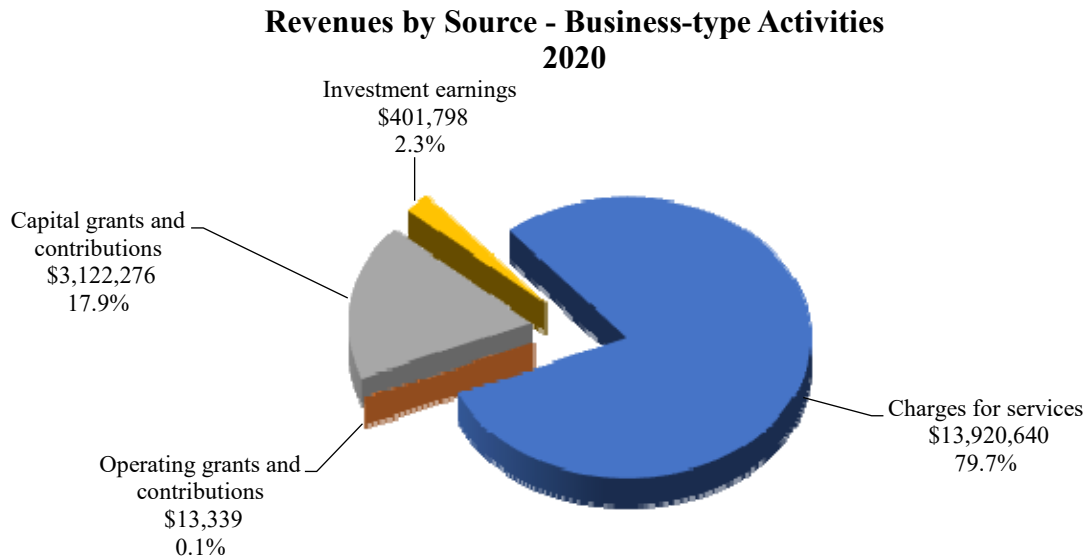
**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**

**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](http://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**

|  | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
|--|------------------------------------|-------------------------------------|-----------------------|
| <b>ASSETS</b>  |                                    |                                     |                       |
| <b>Current assets:</b>   |                                    |                                     |                       |
| 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                 |
| <b>Total current assets</b>  | <b>50,063,624</b>                  | <b>21,229,770</b>                   | <b>71,293,394</b>     |
| <b>Noncurrent assets:</b>  |                                    |                                     |                       |
| 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            |
| <b>Total noncurrent assets</b>   | <b>37,473,441</b>                  | <b>29,266,648</b>                   | <b>66,740,089</b>     |
| <b>Total assets</b>  | <b>87,537,065</b>                  | <b>50,496,418</b>                   | <b>138,033,483</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                                    |                                     |                       |
| OPEB   | 841,347                            | -                                   | 841,347               |
| Pension Plan   | 3,673,522                          | 1,234,703                           | 4,908,225             |
| <b>Total assets and deferred outflows of resources</b>                   | <b>\$ 92,051,934</b>               | <b>\$ 51,731,121</b>                | <b>\$ 143,783,055</b> |
| <b>LIABILITIES</b>   |                                    |                                     |                       |
| <b>Current liabilities:</b>  |                                    |                                     |                       |
| 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               |
| <b>Total current liabilities</b>   | <b>4,299,078</b>                   | <b>1,915,283</b>                    | <b>6,214,361</b>      |
| <b>Noncurrent liabilities:</b>   |                                    |                                     |                       |
| 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            |
| <b>Total noncurrent liabilities</b>                                      | <b>22,946,501</b>                  | <b>7,255,161</b>                    | <b>30,201,662</b>     |
| <b>Total liabilities</b>   | <b>27,245,579</b>                  | <b>9,170,444</b>                    | <b>36,416,023</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                                    |                                     |                       |
| OPEB   | 242,307                            | -                                   | 242,307               |
| Pension Plan   | 1,558,681                          | 611,473                             | 2,170,154             |
| <b>Total deferred inflows of resources</b>                               | <b>1,800,988</b>                   | <b>611,473</b>                      | <b>2,412,461</b>      |
| <b>NET POSITION</b>  |                                    |                                     |                       |
| 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            |
| <b>Total net position</b>  | <b>63,005,367</b>                  | <b>41,949,204</b>                   | <b>104,954,571</b>    |
| <b>Total liabilities, deferred inflows of resources and net position</b> | <b>\$ 92,051,934</b>               | <b>\$ 51,731,121</b>                | <b>\$ 143,783,055</b> |

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

**City of Arcata, California**  
**Statement of Activities**  
**For the year ended June 30, 2020**

| Functions/Programs              | Expenses             | Program Revenues     |                                    |                                  |
|---------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                 |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary government:</b>      |                      |                      |                                    |                                  |
| 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>                 |
| <b>Total primary government</b> | <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 (MVLFF)
- 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**

| <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Totals</b>  |
|------------------------------------|-------------------------------------|----------------|
| \$ (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)       |
| (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)      |
| -                                  | 5,583,629                           | 5,583,629      |
| (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        |
| 11,851,146                         | 401,798                             | 12,252,944     |
| -                                  | -                                   | -              |
| (51,135)                           | 51,135                              | -              |
| 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     |
| \$ 63,005,367                      | \$ 41,949,204                       | \$ 104,954,571 |

*This page intentionally left blank.*



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

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

# City of Arcata, California

## Balance Sheet

### Governmental Funds

June 30, 2020

|  | <b>Major Funds</b>      |   |  |
|--|-------------------------|---|--|
|  | <b>General<br/>Fund</b> | <b>CDBG<br/>Housing<br/>Special Revenue</b> | <b>Housing<br/>Revolving<br/>Special Revenue</b> |
| <b>ASSETS</b>  |                         |   |  |
| 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                   | -   | -  |
| <b>Total assets</b>  | <b>\$ 12,983,495</b>    | <b>\$ 8,254,894</b>                         | <b>\$ 11,638,989</b>                             |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCES</b>   |                         |   |  |
| <b>Liabilities:</b>  |                         |   |  |
| Accounts payable and accrued liabilities                     | \$ 1,055,852            | \$ 3,041                                    | \$ 351   |
| Due to other funds   | 27,078                  | -   | -  |
| Deposits payable   | -                       | -   | -  |
| Other liabilities  | 2,566,253               | -   | -  |
| <b>Total liabilities</b>                                     | <b>3,649,183</b>        | <b>3,041</b>                                | <b>351</b>                                       |
| <b>Deferred inflows of resources:</b>                        |                         |   |  |
| Unavailable revenue  | 91,012                  | 7,160,540                                   | 11,438,659                                       |
| <b>Total deferred inflows of resources:</b>                  | <b>91,012</b>           | <b>7,160,540</b>                            | <b>11,438,659</b>                                |
| <b>Total Liabilities and deferred inflows</b>                | <b>3,740,195</b>        | <b>7,163,581</b>                            | <b>11,439,010</b>                                |
| <b>Fund balances:</b>  |                         |   |  |
| Nonspendable   | 1,765                   | -   | -  |
| Restricted   | -                       | 1,091,313                                   | 199,979  |
| Assigned   | -                       | -   | -  |
| Unassigned (Deficit)   | 9,241,535               | -   | -  |
| <b>Total fund balances</b>                                   | <b>9,243,300</b>        | <b>1,091,313</b>                            | <b>199,979</b>                                   |
| <b>Total liabilities, deferred inflows and fund balances</b> | <b>\$ 12,983,495</b>    | <b>\$ 8,254,894</b>                         | <b>\$ 11,638,989</b>                             |

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



| <b>Major Funds</b>                               |  |                      |
|--|--|----------------------|
| <b>Basic<br/>Business<br/>Loan<br/>Revolving</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Totals</b>        |
| \$ 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              |
| <u>\$ 4,084,363</u>                              | <u>\$ 11,543,298</u>                       | <u>\$ 48,505,039</u> |
| <br>   |  |                      |
| \$ 105   | \$ 150,555                                 | \$ 1,209,904         |
| -  | 146,171                                    | 173,249              |
| -  | 25,537                                     | 25,537               |
| -  | -  | 2,566,253            |
| <u>105</u>                                       | <u>322,263</u>                             | <u>3,974,943</u>     |
| <br>   |  |                      |
| 3,305,502  | 3,992,836                                  | 25,988,549           |
| <u>3,305,502</u>                                 | <u>3,992,836</u>                           | <u>25,988,549</u>    |
| <br>   |  |                      |
| 3,305,607  | 4,315,099                                  | 29,963,492           |
| <br>   |  |                      |
| -  | 122,649                                    | 124,414              |
| -  | 1,556,363                                  | 2,847,655            |
| 778,756  | 5,637,792                                  | 6,416,548            |
| -  | (88,605)                                   | 9,152,930            |
| <u>778,756</u>                                   | <u>7,228,199</u>                           | <u>18,541,547</u>    |
| <u>\$ 4,084,363</u>                              | <u>\$ 11,543,298</u>                       | <u>\$ 48,505,039</u> |

**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** \$ 63,005,367

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<br>Funds<br>Balance Sheet | Reclassifications   | Changes<br>in GAAP   | Internal<br>Services<br>Balances | Statement of<br>Net Position |
|---|--|---------------------|----------------------|----------------------------------|------------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>            |  |                     |                      |                                  |                              |
| <b>Current assets:</b>                                      |  |                     |                      |                                  |                              |
| 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                      |
| <b>Total current assets</b>                                 | <b>48,505,039</b>                      | <b>(173,249)</b>    | <b>-</b>             | <b>1,731,834</b>                 | <b>50,063,624</b>            |
| <b>Noncurrent assets:</b>                                   |  |                     |                      |                                  |                              |
| Capital assets, net   | -                                      | -                   | 36,144,272           | 1,329,169                        | 37,473,441                   |
| <b>Total noncurrent assets</b>                              | <b>-</b>                               | <b>-</b>            | <b>36,144,272</b>    | <b>1,329,169</b>                 | <b>37,473,441</b>            |
| <b>Total assets</b>   | <b>48,505,039</b>                      | <b>(173,249)</b>    | <b>36,144,272</b>    | <b>3,061,003</b>                 | <b>87,537,065</b>            |
| <b>Deferred outflows of resources:</b>                      |  |                     |                      |                                  |                              |
| OPEB  | -                                      | -                   | 841,347              | -                                | 841,347                      |
| Pension Plan  | -                                      | -                   | 3,548,102            | 125,420                          | 3,673,522                    |
| <b>Total assets and deferred outflows of resources</b>      | <b>\$ 48,505,039</b>                   | <b>\$ (173,249)</b> | <b>\$ 40,533,721</b> | <b>\$ 3,186,423</b>              | <b>\$ 92,051,934</b>         |
| <b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>        |  |                     |                      |                                  |                              |
| <b>Current liabilities:</b>                                 |  |                     |                      |                                  |                              |
| 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                      |
| <b>Total current liabilities</b>                            | <b>3,974,943</b>                       | <b>(173,249)</b>    | <b>449,143</b>       | <b>48,241</b>                    | <b>4,299,078</b>             |
| <b>Noncurrent liabilities:</b>                              |  |                     |                      |                                  |                              |
| 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                   |
| <b>Total noncurrent liabilities</b>                         | <b>-</b>                               | <b>-</b>            | <b>22,338,940</b>    | <b>607,561</b>                   | <b>22,946,501</b>            |
| <b>Total liabilities</b>                                    | <b>3,974,943</b>                       | <b>(173,249)</b>    | <b>22,788,083</b>    | <b>655,802</b>                   | <b>27,245,579</b>            |
| <b>Deferred inflows of resources</b>                        |  |                     |                      |                                  |                              |
| Unavailable revenue   | 25,988,549                             | -                   | (25,988,549)         | -                                | -                            |
| OPEB  | -                                      | -                   | 242,307              | -                                | 242,307                      |
| Pension plan  | -                                      | -                   | 1,503,957            | 54,724                           | 1,558,681                    |
| <b>Total liabilities and deferred inflows of resources:</b> | <b>29,963,492</b>                      | <b>(173,249)</b>    | <b>(1,454,202)</b>   | <b>710,526</b>                   | <b>29,046,567</b>            |
| <b>FUND BALANCES/NET POSITION</b>                           |  |                     |                      |                                  |                              |
| <b>Fund balances:</b>                                       |  |                     |                      |                                  |                              |
| 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)         | -                    | -                                | -                            |
| <b>Net position:</b>  |  |                     |                      |                                  |                              |
| 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                   |
| <b>Total fund balances/net position</b>                     | <b>18,541,547</b>                      | <b>-</b>            | <b>41,987,923</b>    | <b>2,475,897</b>                 | <b>63,005,367</b>            |
| <b>Total liabilities, deferred inflows and net position</b> | <b>\$ 48,505,039</b>                   | <b>\$ (173,249)</b> | <b>\$ 40,533,721</b> | <b>\$ 3,186,423</b>              | <b>\$ 92,051,934</b>         |

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

# City of Arcata, California

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

### Governmental Funds

For the year ended June 30, 2020

|   | Major Funds       |                              |                                   |
|---|-------------------|------------------------------|-----------------------------------|
|   | General Fund      | CDBG Housing Special Revenue | Housing Revolving Special Revenue |
| <b>REVENUES:</b>                            |                   |                              |                                   |
| 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                           |
| <b>Total revenues</b>                       | <b>15,714,531</b> | <b>473,831</b>               | <b>336,166</b>                    |
| <b>EXPENDITURES:</b>                        |                   |                              |                                   |
| 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            | -                            | -                                 |
| <b>Total expenditures</b>                   | <b>14,158,305</b> | <b>231,488</b>               | <b>1,364,571</b>                  |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>1,556,226</b>  | <b>242,343</b>               | <b>(1,028,405)</b>                |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                   |                              |                                   |
| Transfers in                                | 15,000            | -                            | -                                 |
| Transfers out                               | (725,150)         | -                            | -                                 |
| <b>Total other financing sources (uses)</b> | <b>(710,150)</b>  | <b>-</b>                     | <b>-</b>                          |
| <b>Net change in fund balances</b>          | <b>846,076</b>    | <b>242,343</b>               | <b>(1,028,405)</b>                |
| <b>FUND BALANCES:</b>                       |                   |                              |                                   |
| 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.

| <b>Major Funds</b> |                     |                      |
|--------------------|---------------------|----------------------|
| <b>Basic</b>       |                     |                      |
| <b>Business</b>    | <b>Other</b>        |                      |
| <b>Loans</b>       | <b>Governmental</b> |                      |
| <b>Revolving</b>   | <b>Funds</b>        | <b>Totals</b>        |
| \$ -               | \$ 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              |
| -                  | (126,850)           | (852,000)            |
| -                  | 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                   | Fund Based<br>Totals | Compensated<br>Absences/<br>Debt |                     | Internal<br>Service | Depreciation          | Capital<br>Asset<br>(Additions)/<br>Retirements |                     | OPEB<br>Obligation    | Pension<br>Plan     | Unavailable<br>Revenue | UAL<br>Debt         | Government-          |
|--------------------------------------|----------------------|----------------------------------|---------------------|---------------------|-----------------------|---|---------------------|-----------------------|---------------------|------------------------|---------------------|----------------------|
|                                      |                      | Service                          | Service             |                     |                       | Retirements                                     | Retirements         |                       |                     |                        |                     | wide<br>Totals       |
| <b>Governmental activities:</b>      |                      |                                  |                     |                     |                       |   |                     |                       |                     |                        |                     |                      |
| General government                   | \$ 3,139,145         | \$ 81,553                        | \$ (223,442)        | \$ 154,708          | \$ -                  | \$ 278,120                                      | \$ 203,176          | \$ -                  | \$ (51,637)         | \$ -                   | \$ (51,637)         | \$ 3,581,623         |
| Public safety                        | 7,006,041            | -                                | -                   | 89,107              | -                     | -   | 453,452             | -                     | (115,246)           | -                      | (115,246)           | 7,433,354            |
| Public works                         | 2,222,669            | -                                | -                   | 416,261             | 22,218                | -   | 143,858             | -                     | (36,562)            | -                      | (36,562)            | 2,768,444            |
| Community development                | 4,226,544            | -                                | -                   | 98,004              | -                     | -   | 273,554             | (3,003,950)           | (69,525)            | -                      | (69,525)            | 1,524,627            |
| Parks and recreation                 | 1,704,003            | -                                | -                   | 124,987             | -                     | -   | 110,288             | -                     | (28,030)            | -                      | (28,030)            | 1,911,248            |
| Capital outlay                       | 1,746,347            | -                                | -                   | -                   | (1,746,347)           | -   | -                   | -                     | -                   | -                      | -                   | -                    |
| Debt service/Interest                | 72,393               | (38,150)                         | -                   | -                   | -                     | -   | -                   | -                     | -                   | -                      | -                   | 34,243               |
| <b>Total governmental activities</b> | <b>\$ 20,117,142</b> | <b>\$ 43,403</b>                 | <b>\$ (223,442)</b> | <b>\$ 883,067</b>   | <b>\$ (1,724,129)</b> | <b>\$ 278,120</b>                               | <b>\$ 1,184,328</b> | <b>\$ (3,003,950)</b> | <b>\$ (301,000)</b> | <b>\$ -</b>            | <b>\$ (301,000)</b> | <b>\$ 17,253,539</b> |

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

**City of Arcata, California**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the year ended June 30, 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** \$ 2,492,260

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<br>Positive<br>(Negative) |
|---|--------------------|--------------------|-------------------|--|
|   | Budgeted Amounts   |                    | Actual            |  |
|   | Original           | Final              |                   |  |
| <b>REVENUES:</b>                              |                    |                    |                   |  |
| 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)                                  |
| <b>Total revenues</b>                         | <b>16,261,460</b>  | <b>16,261,460</b>  | <b>15,714,531</b> | <b>(546,929)</b>                           |
| <b>EXPENDITURES:</b>                          |                    |                    |                   |  |
| 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  |
| <b>Total expenditures</b>                     | <b>16,870,862</b>  | <b>16,870,862</b>  | <b>14,158,305</b> | <b>2,712,557</b>                           |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>(609,402)</b>   | <b>(609,402)</b>   | <b>1,556,226</b>  | <b>2,165,628</b>                           |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                    |                    |                   |  |
| Transfer from fiduciary activities            | -                  | -                  | -                 | -  |
| Transfers in                                  | 20,000             | 20,000             | 15,000            | (5,000)                                    |
| Transfers out                                 | (979,620)          | (979,620)          | (725,150)         | 254,470                                    |
| <b>Total other financing sources (uses)</b>   | <b>(959,620)</b>   | <b>(959,620)</b>   | <b>(710,150)</b>  | <b>249,470</b>                             |
| <b>Net change in fund balances</b>            | <b>(1,569,022)</b> | <b>(1,569,022)</b> | <b>846,076</b>    | <b>2,415,098</b>                           |
| <b>FUND BALANCES:</b>                         |                    |                    |                   |  |
| 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                  |            | Actual       | Variance w/Final<br>Positive<br>(Negative) | Budgeted Amounts                       |              | Actual      | Variance w/Final<br>Positive<br>(Negative) |
| Original                          | Final      |              |  | Original                               | Final        |             |  |
| \$ -                              | \$ -       | \$ -         | \$ -                                       | \$ -                                   | \$ -         | \$ -        | \$ -                                       |
| -                                 | -          | -            | -  | -                                      | -            | -           | -  |
| -                                 | -          | -            | -  | -                                      | -            | -           | -  |
| -                                 | -          | -            | -  | -                                      | -            | -           | -  |
| 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**

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

## ENTERPRISE FUNDS

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

**City of Arcata, California**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

|  | <u>Water<br/>Fund</u> | <u>Wastewater<br/>Fund</u> | <u>Transit<br/>Fund</u> |
|--|-----------------------|----------------------------|-------------------------|
| <b>ASSETS</b>  |                       |                            |                         |
| <b>Current assets:</b>   |                       |                            |                         |
| 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                      | -                       |
| <b>Total current assets</b>  | <u>9,922,929</u>      | <u>9,976,982</u>           | <u>120,490</u>          |
| <b>Noncurrent assets:</b>  |                       |                            |                         |
| Prepaid debt issuance costs  | 39,135                | 12,138                     | -                       |
| Capital assets, net  | 3,600,440             | 15,864,034                 | 1,738,884               |
| <b>Total noncurrent assets</b>   | <u>3,639,575</u>      | <u>15,876,172</u>          | <u>1,738,884</u>        |
| <b>Total Assets</b>  | <u>13,562,504</u>     | <u>25,853,154</u>          | <u>1,859,374</u>        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                       |                            |                         |
| Pension plan   | 415,426               | 505,776                    | 124,547                 |
| <b>Total assets and deferrd outflows of resources</b>                    | <u>\$ 13,977,930</u>  | <u>\$ 26,358,930</u>       | <u>\$ 1,983,921</u>     |
| <b>LIABILITIES</b>   |                       |                            |                         |
| <b>Current liabilities:</b>  |                       |                            |                         |
| 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                    | -                       |
| <b>Total current liabilities</b>   | <u>614,026</u>        | <u>1,139,875</u>           | <u>48,827</u>           |
| <b>Noncurrent liabilities:</b>   |                       |                            |                         |
| 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                 |
| <b>Total noncurrent liabilities</b>                                      | <u>3,323,626</u>      | <u>2,560,567</u>           | <u>531,165</u>          |
| <b>Total liabilities</b>   | <u>3,937,652</u>      | <u>3,700,442</u>           | <u>579,992</u>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                       |                            |                         |
| Pension plan   | 218,092               | 244,789                    | 48,870                  |
| <b>Total deferred inflows of resources</b>                               | <u>218,092</u>        | <u>244,789</u>             | <u>48,870</u>           |
| <b>Net Position:</b>   |                       |                            |                         |
| Net investment in capital assets   | 2,177,590             | 15,512,034                 | 1,738,884               |
| Unrestricted   | 7,644,596             | 6,901,665                  | (383,825)               |
| <b>Total net position</b>  | <u>9,822,186</u>      | <u>22,413,699</u>          | <u>1,355,059</u>        |
| <b>Total liabilities, deferred inflows of resources and net position</b> | <u>\$ 13,977,930</u>  | <u>\$ 26,358,930</u>       | <u>\$ 1,983,921</u>     |

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

| <b>Solid Waste<br/>Fund</b> | <b>Stormwater<br/>Utility<br/>Fund</b> | <b>Totals</b>        | <b>Governmental<br/>Activities<br/>Internal<br/>Service Funds</b> |
|-----------------------------|--|----------------------|---|
| \$ 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   |
| <u>1,118</u>                | <u>8,010,899</u>                       | <u>29,266,648</u>    | <u>1,329,169</u>  |
| <u>734,408</u>              | <u>8,489,551</u>                       | <u>50,498,991</u>    | <u>3,061,003</u>  |
| 65,565                      | 123,389                                | 1,234,703            | 125,420   |
| <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>  |
| 32,077                      | 67,645                                 | 611,473              | 54,724  |
| <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   |
| <u>403,856</u>              | <u>(57,613)</u>                        | <u>14,508,679</u>    | <u>1,146,728</u>  |
| <u>404,974</u>              | <u>7,953,286</u>                       | <u>41,949,204</u>    | <u>2,475,897</u>  |
| <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<br>Fund       | Wastewater<br>Fund   | Transit<br>Fund     |
|---|---------------------|----------------------|---------------------|
| <b>OPERATING REVENUES:</b>                  |                     |                      |                     |
| Charges for service                         | \$ 5,658,079        | \$ 6,563,229         | \$ 791,514          |
| Interdepartmental charges                   | -                   | -                    | -                   |
| Other operating revenue                     | -                   | -                    | 2,774               |
| <b>Total operating revenues</b>             | <u>5,658,079</u>    | <u>6,563,229</u>     | <u>794,288</u>      |
| <b>OPERATING EXPENSES:</b>                  |                     |                      |                     |
| 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             |
| <b>Total operating expenses</b>             | <u>4,270,282</u>    | <u>4,671,445</u>     | <u>1,233,195</u>    |
| <b>OPERATING INCOME</b>                     | <u>1,387,797</u>    | <u>1,891,784</u>     | <u>(438,907)</u>    |
| <b>NONOPERATING REVENUES (EXPENSES):</b>    |                     |                      |                     |
| 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)             | -                   |
| <b>Total non-operating revenues, net</b>    | <u>100,723</u>      | <u>3,300,430</u>     | <u>10,194</u>       |
| <b>NET INCOME BEFORE TRANSFERS</b>          | <u>1,488,520</u>    | <u>5,192,214</u>     | <u>(428,713)</u>    |
| Transfers in                                | -                   | -                    | -                   |
| Transfers out                               | (80,000)            | (80,000)             | -                   |
| <b>Total transfers</b>                      | <u>(80,000)</u>     | <u>(80,000)</u>      | <u>-</u>            |
| <b>CHANGE IN NET POSITION</b>               | <u>1,408,520</u>    | <u>5,112,214</u>     | <u>(428,713)</u>    |
| <b>NET POSITION:</b>                        |                     |                      |                     |
| Beginning of year                           | 8,413,666           | 17,301,485           | 1,783,772           |
| End of year                                 | <u>\$ 9,822,186</u> | <u>\$ 22,413,699</u> | <u>\$ 1,355,059</u> |

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

| <b>Solid Waste<br/>Fund</b> | <b>Stormwater<br/>Utility<br/>Fund</b> | <b>Totals</b>        | <b>Governmental<br/>Activities<br/>Internal<br/>Service Funds</b> |
|-----------------------------|--|----------------------|---|
| \$ 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>  |
| <u>22,484</u>               | <u>(311,620)</u>                       | <u>2,551,538</u>     | <u>191,765</u>  |
| -                           | -                                      | -                    | 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   |
| 403,457                     | 8,010,262                              | 35,912,642           | 2,252,455   |
| <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**

|   | <b>Water<br/>Fund</b> | <b>Wastewater<br/>Fund</b> |
|---|-----------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                       |                            |
| 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)                |
| <b>Net cash provided by operating activities</b>  | <b>1,650,045</b>      | <b>2,071,900</b>           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                       |                       |                            |
| Transfers received  | -                     | -                          |
| Transfers paid  | (80,000)              | (80,000)                   |
| Grant income  | -                     | 3,122,276                  |
| <b>Net cash used by noncapital financing activities</b>                                       | <b>(80,000)</b>       | <b>3,042,276</b>           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                              |                       |                            |
| 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  | -                     | -                          |
| <b>Net cash (used) by capital and related financing activities</b>                            | <b>(153,379)</b>      | <b>(5,280,464)</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                       |                            |
| Investment income received  | 185,863               | 196,538                    |
| <b>Net cash provided by investing activities</b>  | <b>185,863</b>        | <b>196,538</b>             |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                   | <b>1,602,529</b>      | <b>30,250</b>              |
| <b>CASH AND CASH EQUIVALENTS:</b>   |                       |                            |
| Beginning of year   | 7,629,700             | 9,281,466                  |
| End of year   | <b>\$ 9,232,229</b>   | <b>\$ 9,311,716</b>        |
| <b>Reconciliation of income from operations to net cash provided by operating activities:</b> |                       |                            |
| 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                      |
| <b>Net cash provided by operating activities</b>  | <b>\$ 1,650,045</b>   | <b>\$ 2,071,900</b>        |

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>        |
| <u>(3,145)</u>    | <u>14,033</u>     | <u>8,509</u>            | <u>401,798</u>       | <u>30,725</u>           |
| <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                 |
| 255,552           | 606,900           | 434,711                 | 18,208,329           | 1,594,529               |
| <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)            | -                       |
| <u>1,385</u>      | <u>1,822</u>      | <u>2,302</u>            | <u>19,513</u>        | <u>4,799</u>            |
| <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  |
|--|--|
| <hr/> <b>Private Purpose Trust Funds are used for resources held for other individuals and entities in a manner similar to private enterprise.</b> <hr/> |  |
| <b>Private Purpose Trust Funds</b>   |  |
| Successor Agency - Arcata Community Development Agency   | Accounts for funds collected and disbursed for the dissolution of the former Arcata Community Development Agency related to Administration and Retirement of enforceable obligations |

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

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

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

**City of Arcata, California**  
**Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Funds**  
**For the year ended June 30, 2020**

---

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

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> |
|---|-------------|
| <b>Note 1 - Summary of Significant Accounting Policies</b> .....                  | 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          |
| <b>Note 2 – Cash and Investments</b> .....  | 63          |
| <b>Note 3 – Accounts Receivable</b> .....   | 67          |
| <b>Note 4 – Loans and Notes Receivable</b> .....                                  | 67          |
| <b>Note 5 – Capital Assets</b> .....  | 69          |
| <b>Note 6 – Accounts Payable and Accrued Liabilities</b> .....                    | 71          |
| <b>Note 7 – Long-term Liabilities</b> .....                                       | 71          |
| <b>Note 8 – Net Position/Fund Balances</b> .....                                  | 74          |
| <b>Note 9 – Interfund Transactions</b> .....                                      | 77          |
| <b>Note 10 – Risk Management</b> .....  | 79          |
| <b>Note 11 – Public Employee Retirement System</b> .....                          | 80          |
| <b>Note 12 – Other Post-Employment Benefits</b> .....                             | 86          |
| <b>Note 13 – Successor Agency for Assets of Former Redevelopment Agency</b> ..... | 90          |
| <b>Note 14 – Commitments and Contingencies</b> .....                              | 93          |
| <b>Note 15 – New Accounting Pronouncements</b> .....                              | 93          |
| <b>Note 16 – Pandemic Effects</b> .....   | 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<br>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                           |                       |  |              |               |                      |               |               |
| <u>Par</u>                                     | <u>Rate</u>           |  |              |               |                      |               |               |
| 744,500  | 1.125 - 2.750%        | Federal Agency Securities                        | 397,762      | 2,722,040     | 4,277,812            | -             | 7,397,614     |
| 800,000  | 1.250 - 2.625%        | Corporate notes                                  | 256,118      | 51,646        | -                    | -             | 307,764       |
| 5,985,000                                      | 0.875 - 2.625%        | US Treasury Notes                                | 1,525,679    | 902,811       | 5,265,829            | -             | 7,694,319     |
|  |                       | Cash equivalent                                  | 23,303       | -             | -                    | -             | 23,303        |
|  |                       | State of California Local Agency Investment Fund | 6,668,468    | -             | -                    | -             | 6,668,468     |
|  |                       | 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         | \$ 18,991,403 | \$ 41,082,871 |
| <b>Amounts reported in:</b>                    |                       |  |              |               |                      |               |               |
|  |                       | 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 |               |

| <u>Investment Type</u>              | <u>Fair Value</u> | <u>Weighted Average<br/>Maturity (Years)</u> |
|-------------------------------------|-------------------|--|
| 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<br>Maturity | Maximum<br>Percentage<br>of Portfolio | Maximum<br>Investment<br>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<br>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>Ending</u>        |
|--|----------------------|---------------------|----------------------|
|  | <u>July 1, 2019</u>  | <u>Additions</u>    | <u>June 30, 2020</u> |
|  |                      | <u>Deletions</u>    |                      |
| Community Development Block Grant              | \$ 7,489,130         | \$ -                | \$ 7,160,540         |
| HOME loans                                     | 10,269,630           | 1,295,000           | 11,438,663           |
| Public improvement business loans              | -                    | 147,344             | 147,344              |
| Basic business revolving loans                 | 69,831               | 55,548              | 119,596              |
| Mobile home park low income housing assistance | 1,721,299            | 500,000             | 2,221,299            |
| First time home buyers                         | 87,303               | -                   | 84,608               |
| Rehabilitation loans                           | 880,000              | -                   | 880,000              |
| Housing successor loans                        | 2,358,478            | 1,490,000           | 3,845,493            |
| Total loans/notes receivable                   | <u>\$ 22,875,671</u> | <u>\$ 3,487,892</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<br>June 30, 2019 | Additions          | Deletions   | Transfers   | Balance<br>June 30, 2020 |
|---------------------------------------|--------------------------|--------------------|-------------|-------------|--------------------------|
| <b>Governmental activities:</b>       |                          |                    |             |             |                          |
| <b>Nondepreciable assets:</b>         |                          |                    |             |             |                          |
| Land                                  | \$ 17,193,821            | \$ -               | \$ -        | \$ -        | \$ 17,193,821            |
| Undergrounding facilities             | 90,025                   | -                  | -           | -           | 90,025                   |
| <b>Total nondepreciable assets</b>    | <b>17,283,846</b>        | <b>-</b>           | <b>-</b>    | <b>-</b>    | <b>17,283,846</b>        |
| <b>Depreciable assets:</b>            |                          |                    |             |             |                          |
| 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                |
| <b>Total depreciable assets</b>       | <b>79,453,317</b>        | <b>2,188,059</b>   | <b>-</b>    | <b>-</b>    | <b>81,641,376</b>        |
| <b>Total</b>                          | <b>96,737,163</b>        | <b>2,188,059</b>   | <b>-</b>    | <b>-</b>    | <b>98,925,222</b>        |
| <b>Accumulated depreciation:</b>      |                          |                    |             |             |                          |
| 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)              |
| <b>Total accumulated depreciation</b> | <b>(60,258,326)</b>      | <b>(1,193,454)</b> | <b>-</b>    | <b>-</b>    | <b>(61,451,780)</b>      |
| <b>Net depreciable assets</b>         | <b>19,194,991</b>        | <b>994,605</b>     | <b>-</b>    | <b>-</b>    | <b>20,189,596</b>        |
| <b>Total net capital assets</b>       | <b>\$ 36,478,837</b>     | <b>\$ 994,605</b>  | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 37,473,442</b>     |

**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           |
|                        | \$ | <u>1,193,454</u> |

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

|  | Balance<br>June 30, 2019 | Additions           | Deletions   | Transfers   | Balance<br>June 30, 2020 |
|--|--------------------------|---------------------|-------------|-------------|--------------------------|
| <b><u>Business-type activities</u></b> |                          |                     |             |             |                          |
| <b>Nondepreciable assets:</b>          |                          |                     |             |             |                          |
| Land                                   | \$ 7,569,579             |                     | \$ -        | \$ -        | \$ 7,569,579             |
| <b>Total nondepreciable assets</b>     | <u>7,569,579</u>         | <u>-</u>            | <u>-</u>    | <u>-</u>    | <u>7,569,579</u>         |
| <b>Depreciable assets:</b>             |                          |                     |             |             |                          |
| 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                |
| <b>Total depreciable assets</b>        | <u>37,762,519</u>        | <u>5,317,801</u>    | <u>-</u>    | <u>-</u>    | <u>43,080,320</u>        |
| <b>Total</b>                           | <u>45,332,098</u>        | <u>5,317,801</u>    | <u>-</u>    | <u>-</u>    | <u>50,649,899</u>        |
| <b>Accumulated depreciation:</b>       |                          |                     |             |             |                          |
| 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)              |
| <b>Total accumulated depreciation</b>  | <u>(20,655,489)</u>      | <u>(779,035)</u>    | <u>-</u>    | <u>-</u>    | <u>(21,434,524)</u>      |
| <b>Net depreciable assets</b>          | <u>17,107,030</u>        | <u>4,538,766</u>    | <u>-</u>    | <u>-</u>    | <u>21,645,796</u>        |
| <b>Total net capital assets</b>        | <u>\$ 24,676,609</u>     | <u>\$ 4,538,766</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 29,215,375</u>     |

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         |
|             | \$ | <u>779,035</u> |

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

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<br>July 1, 2019 | Additions        | Retirements         | Balance<br>June 30, 2020 | Due Within<br>One Year |
|---|-------------------------|------------------|---------------------|--------------------------|------------------------|
| <b>Governmental Activities:</b>                       |                         |                  |                     |                          |                        |
| 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                |
| <b>Total governmental debt</b>                        | <b>\$ 2,624,200</b>     | <b>\$ -</b>      | <b>\$ (339,150)</b> | <b>\$ 2,285,050</b>      | <b>\$ 318,900</b>      |
| 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               | -                      |
| <b>Total other governmental long-term liabilities</b> | <b>19,484,964</b>       | <b>86,352</b>    | <b>-</b>            | <b>19,571,316</b>        | <b>136,717</b>         |
| <b>Total governmental activities</b>                  | <b>\$ 22,109,164</b>    | <b>\$ 86,352</b> | <b>\$ (339,150)</b> | <b>\$ 21,856,366</b>     | <b>\$ 455,617</b>      |
| <b>Business-type activities</b>                       |                         |                  |                     |                          |                        |
| 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                 |
| <b>Total business-type activity debt</b>              | <b>2,255,800</b>        | <b>-</b>         | <b>(236,850)</b>    | <b>2,018,950</b>         | <b>244,100</b>         |
| Compensated absences                                  | 170,101                 | 19,513           | -                   | 189,614                  | 47,403                 |
| <b>Total business-type activities</b>                 | <b>\$ 2,425,901</b>     | <b>\$ 19,513</b> | <b>\$ (236,850)</b> | <b>\$ 2,208,564</b>      | <b>\$ 291,503</b>      |

**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<br>June 30, | Governmental Activities      |                   |                     |                   |                     |                   |
|-------------------------|------------------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
|                         | 2015 Refunding of 2008 Lease |                   | CalPERS UAL Debt    |                   | Total               |                   |
|                         | 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             | -                            | -                 | -                   | -                 | -                   | -                 |
| <b>Total</b>            | <b>\$ 806,050</b>            | <b>\$ 292,897</b> | <b>\$ 1,479,000</b> | <b>\$ 193,201</b> | <b>\$ 2,285,050</b> | <b>\$ 486,098</b> |
| Due within one year     | \$ 39,900                    | \$ 33,451         | \$ 279,000          | \$ 52,875         | \$ 318,900          | \$ 86,326         |
| Due after one year      | 766,150                      | 259,446           | 1,200,000           | 140,326           | 1,966,150           | 399,772           |
| <b>Total</b>            | <b>\$ 806,050</b>            | <b>\$ 292,897</b> | <b>\$ 1,479,000</b> | <b>\$ 193,201</b> | <b>\$ 2,285,050</b> | <b>\$ 486,098</b> |

**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<br>June 30, | Business Type Activities    |                  |  |                   |                     |                   |
|-------------------------|-----------------------------|------------------|--|-------------------|---------------------|-------------------|
|                         | 2015 Refunding of 2008 Loan |                  | 2015 Refunding of 2008 Lease<br>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             | -                           | -                | -  | -                 | -                   | -                 |
| <b>Total</b>            | <b>\$ 522,000</b>           | <b>\$ 18,747</b> | <b>\$ 1,496,950</b>                                    | <b>\$ 543,950</b> | <b>\$ 2,018,950</b> | <b>\$ 562,697</b> |
| 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           |
| <b>Total</b>            | <b>\$ 522,000</b>           | <b>\$ 18,747</b> | <b>\$ 1,496,950</b>                                    | <b>\$ 543,950</b> | <b>\$ 2,018,950</b> | <b>\$ 562,697</b> |

**8. NET POSITION/ FUND BALANCES**

**Net position**

|                                  | Governmental<br>Activities | Business-type<br>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            |
| <b>Total</b>                     | <b>\$ 62,816,033</b>       | <b>\$ 41,797,855</b>        | <b>\$ 104,613,888</b> |

- 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          |
| <b>Total Nonspendable</b> | <b>\$ 124,414</b>   |
| 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           |
| <b>Total Restricted</b>   | <b>\$ 2,844,282</b> |

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

**Nonspendable**

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

**Restricted**

- **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><br><u>June 30, 2020</u> |
|--|--------------------------------------|
| <b>Nonmajor Special Revenue Funds:</b> |                                      |
| Federal Grant Funds:                   |                                      |
| HUD Block Grant                        | \$ (88,605)                          |
| <b>Total Nonmajor Funds</b>            | <u>(88,605)</u>                      |
| <b>Total Fund Balance Deficits</b>     | <u>\$ (88,605)</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:

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

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

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

**9. INTERFUND TRANSACTIONS, *continued***

Transfers consisted of the following at June 30, 2020:

|                                  | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------------------|---------------------|----------------------|
| <b><u>Governmental Funds</u></b> |                     |                      |
| <b>Major Funds:</b>              |                     |                      |
| General Fund                     | \$ 15,000           | \$ 725,150           |
| Total Major Funds                | <u>15,000</u>       | <u>725,150</u>       |
| <b>Nonmajor Funds:</b>           |                     |                      |
| 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>       |
| <b><u>Proprietary Funds</u></b>  |                     |                      |
| Water Fund                       | -                   | 80,000               |
| Wastewater Fund                  | -                   | 80,000               |
| Solid Waste Fund                 | -                   | 35,000               |
| Stormwater Utility Fund          | <u>246,135</u>      | <u>-</u>             |
| 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 (REMIF), 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  | <u>(216,372)</u>    |
| Members' equity                      | <u>\$ 1,403,498</u> |
| <br>                                 |                     |
| Total revenue                        | \$ 26,443,540       |
| Total expense                        | <u>(25,661,506)</u> |
| Operating income (loss)              | <u>\$ 782,034</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:

|   | <b>Miscellaneous</b>           | <b>Miscellaneous Second Tier</b> |
|---|--------------------------------|----------------------------------|
| Hire date   | Prior to<br>January 1, 2013    | Prior to<br>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%                           |
|   | <b>PEPRA Miscellaneous</b>     | <b>Safety Plan</b>               |
| Hire date   | On or after<br>January 1, 2013 | On or after<br>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%                          |
|   | <b>Safety Second Tier</b>      | <b>PEPRA Safety Police</b>       |
| Hire date   | Prior to<br>January 1, 2013    | On or after<br>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<br>Second Tier | PEPRA<br>Miscellaneous<br>Plan | Safety Plan | Safety Second<br>Tier Plan | PEPRA Safety<br>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<br>of Net Pension Liability |
|-----------------------------|---|
| Miscellaneous               | \$ 14,436,882                                   |
| Safety                      | 7,837,861                                       |
| Total Net Pension Liability | <u>\$ 22,274,743</u>                            |

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 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   | <u>0.36052%</u>      | <u>0.12556%</u> |
| 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:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflow<br/>of Resources</u> |
|--|---|---|
| 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                               |
| Adustments due to differences in proportion  | 575,985                                   | -                                       |
| Pension contributions subsequent to measurement date   | <u>1,869,021</u>                          | <u>-</u>                                |
| Total  | <u>\$ 4,969,127</u>                       | <u>\$ 2,220,965</u>                     |

\$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:

| <u>Year Ended<br/>30-Jun</u> |              |
|------------------------------|--------------|
| 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 <sup>1</sup> | Real Return Year 11+ <sup>2</sup> |
|-------------------------------|---------------------------|---------------------------------------|-----------------------------------|
| 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<br>(6.15%) | Current<br>Discount Rate<br>(7.15%) | 1% Increase<br>(8.15%) |
|--|------------------------|-------------------------------------|------------------------|
| Net Pension Liability as of<br>June 30, 2020 |                        |                                     |                        |
| Miscellaneous                                | \$ 22,045,379          | \$ 14,436,882                       | \$ 8,156,605           |
| Safety                                       | 11,902,451             | 7,837,861                           | 4,505,532              |
| Total  | <u>\$ 33,947,830</u>   | <u>\$ 22,274,743</u>                | <u>\$ 12,662,137</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        |
| <b>Total Number of participants</b>                       | <b>141</b> |

*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:

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

<sup>(1)</sup> 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](http://www.calpers.ca.gov) under Forms and Publications.

<sup>(2)</sup> 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](http://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       | <u>CERBT Strategy 2</u> | <u>Rate of Return</u> |
|-----------------------------|-------------------------|-----------------------|
| US Large Cap                | 40%                     | 7.7950%               |
| US Small Cap                | 10%                     | 7.7950%               |
| Long-Term Corporate Bon     | 18%                     | 5.2950%               |
| Long-Term Government B      | 6%                      | 4.5000%               |
| Treasury Inflation Protecte | 15%                     | 7.7950%               |
| US Real Estate              | 8%                      | 7.7950%               |
| All Commodities             | 3%                      | 7.7950%               |
|                             | <u>100%</u>             |                       |

***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:

|  | <b>Total OPEB<br/>Liability</b> | <b>Fiduciary<br/>Net Position</b> | <b>Net OPEB<br/>Liability</b> |
|--|---------------------------------|-----------------------------------|-------------------------------|
| 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:

| Change in Discount Rate | 1% Decrease<br>5.50% | Current Rate<br>6.50% | 1% Increase<br>7.50% |
|-------------------------|----------------------|-----------------------|----------------------|
| 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  | Current Trend | 1% Increase  |
|--------------------------------------|--------------|---------------|--------------|
| Net OPEB Liability                   | \$ 3,477,423 | \$ 3,847,939  | \$ 4,255,366 |

*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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
|  | <u>                    </u>          | <u>                    </u>         |
| 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<br>Ended June 30, | Deferred<br>Outflow         | Deferred<br>Inflows         |
|-------------------------------|-----------------------------|-----------------------------|
| <u>                    </u>   | <u>                    </u> | <u>                    </u> |
| 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                    | 507,464                     | (145,897)                   |
| 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:

| <b>Trust Activities:</b>            | Balance             | Additions   | Retirements         | Balance             | Due Within        |
|-------------------------------------|---------------------|-------------|---------------------|---------------------|-------------------|
|                                     | July 1, 2019        |             |                     | June 30, 2020       | One Year          |
| 2015 Tax Allocation Refunding Bonds | \$ 5,021,408        | \$ -        | \$ (340,144)        | \$ 4,681,264        | \$ 215,999        |
| <b>Total trust fund debt</b>        | <u>\$ 5,021,408</u> | <u>\$ -</u> | <u>\$ (340,144)</u> | <u>\$ 4,681,264</u> | <u>\$ 215,999</u> |

**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<br>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               |
| <b>Total</b>            | <u>\$ 4,681,264</u>  | <u>\$ 1,085,426</u> |
| Due within one year     | \$ 215,999           | \$ 154,398          |
| Due after one year      | 4,465,265            | 931,028             |
| <b>Total</b>            | <u>\$ 4,681,264</u>  | <u>\$ 1,085,426</u> |

**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                |
|--|---------------------|---------------------|---------------------|
| <b>Total OPEB Liability</b>                                    |                     |                     |                     |
| 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)           | -                   |
| <b>Net change in total OPEB liability</b>                      | <u>264,063</u>      | <u>873,707</u>      | <u>380,336</u>      |
| <b>Total OPEB liability - beginning</b>                        | <u>4,133,392</u>    | <u>3,259,685</u>    | <u>2,879,349</u>    |
| <b>Total OPEB liability - ending (a)</b>                       | <u>\$ 4,397,455</u> | <u>\$ 4,133,392</u> | <u>\$ 3,259,685</u> |
| <b>Plan fiduciary net position</b>                             |                     |                     |                     |
| 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)               |
| <b>Net change in plan fiduciary net position</b>               | <u>27,984</u>       | <u>34,042</u>       | <u>487,490</u>      |
| <b>Plan fiduciary net position - beginning</b>                 | <u>521,532</u>      | <u>487,490</u>      | <u>-</u>            |
| <b>Plan fiduciary net position - ending (b)</b>                | <u>\$ 549,516</u>   | <u>\$ 521,532</u>   | <u>\$ 487,490</u>   |
| <b>Net OPEB liability - ending (a) - (b)</b>                   | <u>\$ 3,847,939</u> | <u>\$ 3,611,860</u> | <u>\$ 2,772,195</u> |
| 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\*

---

---

|   | <u>2020</u>        | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      |
|---|--------------------|------------------|------------------|------------------|
| 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\*

---

---

|   | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      |
|---|------------------|------------------|------------------|------------------|
| 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\*

|   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>   |
|---|---------------|---------------|---------------|---------------|
| 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\*

|   | <u>2019</u>  | <u>2018</u>  | <u>2017</u>  | <u>2016</u>  |
|---|--------------|--------------|--------------|--------------|
| 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**

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

**City of Arcata, California**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

|  | Governmental Funds       |                               | Non-Major<br>Funds Totals |
|--|--------------------------|-------------------------------|---------------------------|
|  | Special<br>Revenue Funds | City Capital<br>Projects Fund |                           |
| <b>ASSETS</b>  |                          |                               |                           |
| 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                   |
| <b>Total assets</b>  | <b>\$ 11,378,688</b>     | <b>\$ 164,610</b>             | <b>\$ 11,543,298</b>      |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCES</b>   |                          |                               |                           |
| <b>Liabilities:</b>  |                          |                               |                           |
| Accounts payable and accrued liabilities                     | \$ 150,555               | \$ -                          | \$ 150,555                |
| Due to other funds   | 146,171                  | -                             | 146,171                   |
| Deposits Payable   | 25,537                   | -                             | 25,537                    |
| <b>Total liabilities:</b>                                    | <b>322,263</b>           | <b>-</b>                      | <b>322,263</b>            |
| <b>Deferred inflows of resources:</b>                        |                          |                               |                           |
| Unavailable revenue  | 3,992,836                | -                             | 3,992,836                 |
| <b>Total deferred inflows of resources</b>                   | <b>3,992,836</b>         | <b>-</b>                      | <b>3,992,836</b>          |
| <b>Total liabilities and deferred inflows</b>                | <b>4,315,099</b>         | <b>-</b>                      | <b>4,315,099</b>          |
| <b>Fund Balances:</b>  |                          |                               |                           |
| 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)                  |
| <b>Total fund balances</b>                                   | <b>7,063,589</b>         | <b>164,610</b>                | <b>7,228,199</b>          |
| <b>Total liabilities, deferred inflows and fund balances</b> | <b>\$ 11,378,688</b>     | <b>\$ 164,610</b>             | <b>\$ 11,543,298</b>      |

**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       |                               | Non-Major<br>Funds Totals |
|--|--------------------------|-------------------------------|---------------------------|
|  | Special<br>Revenue Funds | City Capital<br>Projects Fund |                           |
| <b>REVENUES:</b>   |                          |                               |                           |
| 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                   |
| <b>Total revenues</b>  | <b>3,189,967</b>         | <b>3,477</b>                  | <b>3,193,444</b>          |
| <b>EXPENDITURES:</b>   |                          |                               |                           |
| 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                   |
| <b>Total expenditures</b>  | <b>3,807,165</b>         | <b>-</b>                      | <b>3,807,165</b>          |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>  | <b>(617,198)</b>         | <b>3,477</b>                  | <b>(613,721)</b>          |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                          |                               |                           |
| Transfer from fiduciary activities   | -                        | -                             | -                         |
| Transfers in   | 785,865                  | -                             | 785,865                   |
| Transfers out  | (126,850)                | -                             | (126,850)                 |
| <b>Total other financing<br/>sources (uses)</b>  | <b>659,015</b>           | <b>-</b>                      | <b>659,015</b>            |
| <b>REVENUES AND OTHER FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND OTHER<br/>FINANCING (USES)</b> | <b>41,817</b>            | <b>3,477</b>                  | <b>45,294</b>             |
| <b>FUND BALANCES:</b>  |                          |                               |                           |
| 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:<br>2105<br>2106<br>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:<br>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**

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

(concluded)

*This page intentionally left blank.*



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

| <b>ASSETS</b>   | Forest<br>Management | Traffic<br>Safety | Industrial<br>Park |
|---|----------------------|-------------------|--------------------|
| 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                                     | -                    | -                 | -                  |
| <b>Total assets</b>   | <b>\$ 983,674</b>    | <b>\$ 159,487</b> | <b>\$ 191,437</b>  |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCES</b>  |                      |                   |                    |
| <b>Liabilities:</b>   |                      |                   |                    |
| Accounts payable  | \$ 4,066             | \$ 11,058         | \$ 15,014          |
| Due to other funds  | -                    | -                 | -                  |
| Deposits payable  | -                    | -                 | 25,537             |
| <b>Total liabilities:</b>                                   | <b>4,066</b>         | <b>11,058</b>     | <b>40,551</b>      |
| <b>Deferred inflows of resources:</b>                       |                      |                   |                    |
| Unavailable revenue   | -                    | -                 | -                  |
| <b>Total deferred inflows of resources:</b>                 | <b>-</b>             | <b>-</b>          | <b>-</b>           |
| <b>Total liabilities and deferred inflows</b>               | <b>4,066</b>         | <b>11,058</b>     | <b>40,551</b>      |
| <b>Fund Balances:</b>                                       |                      |                   |                    |
| Nonspendable  | -                    | 121,356           | -                  |
| Restricted  | -                    | 27,073            | -                  |
| Committed   | -                    | -                 | -                  |
| Assigned  | 979,608              | -                 | 150,886            |
| Unassigned (deficit)  | -                    | -                 | -                  |
| <b>Total fund balances</b>                                  | <b>979,608</b>       | <b>148,429</b>    | <b>150,886</b>     |
| <b>Total liabilities deferred inflows and fund balances</b> | <b>\$ 983,674</b>    | <b>\$ 159,487</b> | <b>\$ 191,437</b>  |



| Housing Improvement Projects | Public Improvement Program | 2107 & 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               |
| <u>2,168</u>        | <u>11,324</u>       | <u>73,838</u>     | <u>179,258</u>      | <u>-</u>          | <u>-</u>         | <u>322,263</u>       |
| <u>3,845,492</u>    | <u>147,344</u>      | <u>-</u>          | <u>-</u>            | <u>-</u>          | <u>-</u>         | <u>3,992,836</u>     |
| <u>3,845,492</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)             |
| <u>376,106</u>      | <u>3,459,711</u>    | <u>519,486</u>    | <u>922,492</u>      | <u>476,128</u>    | <u>30,743</u>    | <u>7,063,589</u>     |
| <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<br>Management | Traffic<br>Safety | Industrial<br>Park |
|--|----------------------|-------------------|--------------------|
| <b>REVENUES:</b>   |                      |                   |                    |
| 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              | -                 | -                  |
| <b>Total revenues</b>  | <b>453,704</b>       | <b>83,594</b>     | <b>236,190</b>     |
| <b>EXPENDITURES:</b>   |                      |                   |                    |
| Current:   |                      |                   |                    |
| Public safety  | -                    | 252,867           | -                  |
| Public works   | -                    | -                 | -                  |
| Community development  | -                    | -                 | 202,224            |
| Parks and recreation   | 293,551              | -                 | -                  |
| Capital outlay   | 17,345               | -                 | 219,083            |
| <b>Total expenditures</b>  | <b>310,896</b>       | <b>252,867</b>    | <b>421,307</b>     |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>  | <b>142,808</b>       | <b>(169,273)</b>  | <b>(185,117)</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                      |                   |                    |
| Transfers in   | -                    | 143,250           | -                  |
| Transfers out  | -                    | -                 | (1,000)            |
| <b>Total other financing<br/>sources and uses</b>  | <b>-</b>             | <b>143,250</b>    | <b>(1,000)</b>     |
| <b>REVENUES AND OTHER FINANCING<br/>SOURCES OVER (UNDER)<br/>EXPENDITURES AND OTHER<br/>FINANCING (USES)</b> | <b>142,808</b>       | <b>(26,023)</b>   | <b>(186,117)</b>   |
| <b>FUND BALANCES (DEFICITS):</b>   |                      |                   |                    |
| Beginning of year  | 836,800              | 174,452           | 337,003            |
| End of year  | <b>\$ 979,608</b>    | <b>\$ 148,429</b> | <b>\$ 150,886</b>  |

| Housing Improvement Projects | Public Improvement Program | 2107 & 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    |
| -                            | -                          | -                           | -                   | -                 | -                         | 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    |
| 24,015                       | (6,464)                    | (666,095)                   | 166,154             | 39,992            | 36,782                    | (617,198)    |
| -                            | -                          | 642,615                     | -                   | -                 | -                         | 785,865      |
| -                            | -                          | -                           | (75,000)            | (14,000)          | (36,850)                  | (126,850)    |
| -                            | -                          | 642,615                     | (75,000)            | (14,000)          | (36,850)                  | 659,015      |
| 24,015                       | (6,464)                    | (23,480)                    | 91,154              | 25,992            | (68)                      | 41,817       |
| 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 |                  | Actual         | Variance w/Final       |
|---|------------------|------------------|----------------|------------------------|
|   | Original         | Final            |                | Positive<br>(Negative) |
| <b>REVENUES:</b>                            |                  |                  |                |                        |
| 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)            |
| <b>Total revenues</b>                       | <b>1,924,600</b> | <b>1,924,600</b> | <b>453,704</b> | <b>(1,470,896)</b>     |
| <b>EXPENDITURES:</b>                        |                  |                  |                |                        |
| Current:                                    |                  |                  |                |                        |
| Parks and recreation                        | 354,959          | 354,959          | 293,551        | 61,408                 |
| Capital outlay                              | 30,350           | 30,350           | 17,345         | 13,005                 |
| <b>Total expenditures</b>                   | <b>385,309</b>   | <b>385,309</b>   | <b>310,896</b> | <b>74,413</b>          |
| <b>REVENUES OVER (UNDER)</b>                |                  |                  |                |                        |
| <b>EXPENDITURES</b>                         | <b>1,539,291</b> | <b>1,539,291</b> | <b>142,808</b> | <b>(1,396,483)</b>     |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                  |                  |                |                        |
| Transfers in                                | -                | -                | -              | -                      |
| <b>Total other financing sources (uses)</b> | <b>-</b>         | <b>-</b>         | <b>-</b>       | <b>-</b>               |
| <b>Net change in fund balances</b>          | <b>1,539,291</b> | <b>1,539,291</b> | <b>142,808</b> | <b>(1,396,483)</b>     |
| <b>FUND BALANCES (DEFICIT):</b>             |                  |                  |                |                        |
| 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  |                   | Actual            | Variance w/Final<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|--|
|   | Original          | Final             |                   |  |
| <b>REVENUES:</b>                              |                   |                   |                   |  |
| Fines and forfeitures                         | \$ 100,000        | \$ 100,000        | \$ 83,085         | \$ (16,915)                                |
| Use of money and property                     | 500               | 500               | 509               | 9  |
| <b>Total revenues</b>                         | <u>100,500</u>    | <u>100,500</u>    | <u>83,594</u>     | <u>(16,906)</u>                            |
| <b>EXPENDITURES:</b>                          |                   |                   |                   |  |
| Current:                                      |                   |                   |                   |  |
| Public safety                                 | 283,847           | \$ 283,847        | 252,867           | 30,980                                     |
| <b>Total expenditures</b>                     | <u>283,847</u>    | <u>283,847</u>    | <u>252,867</u>    | <u>30,980</u>                              |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <u>(183,347)</u>  | <u>(183,347)</u>  | <u>(169,273)</u>  | <u>14,074</u>                              |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                   |                   |                   |  |
| Transfers in                                  | 184,000           | 184,000           | 143,250           | (40,750)                                   |
| <b>Total other financing sources (uses)</b>   | <u>184,000</u>    | <u>184,000</u>    | <u>143,250</u>    | <u>(40,750)</u>                            |
| <b>Net change in fund balances</b>            | 653               | 653               | (26,023)          | (26,676)                                   |
| <b>FUND BALANCES:</b>                         |                   |                   |                   |  |
| Beginning of year                             | 174,452           | 174,452           | 174,452           | -  |
| End of year                                   | <u>\$ 175,105</u> | <u>\$ 175,105</u> | <u>\$ 148,429</u> | <u>\$ (26,676)</u>                         |

**City of Arcata, California**

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

**Industrial Park Special Revenue Fund**

**For the year ended June 30, 2020**

|   | Budgeted Amounts |                  | Actual           | Variance w/Final       |
|---|------------------|------------------|------------------|------------------------|
|   | Original         | Final            |                  | Positive<br>(Negative) |
| <b>REVENUES:</b>                            |                  |                  |                  |                        |
| Use of money and property                   | \$ 308,000       | \$ 308,000       | \$ 236,190       | \$ (71,810)            |
| Other revenues                              | 25,000           | 25,000           | -                | (25,000)               |
| <b>Total revenues</b>                       | <b>333,000</b>   | <b>333,000</b>   | <b>236,190</b>   | <b>(96,810)</b>        |
| <b>EXPENDITURES:</b>                        |                  |                  |                  |                        |
| Current:                                    |                  |                  |                  |                        |
| Community development                       | 215,615          | 215,615          | 202,224          | 13,391                 |
| Capital outlay                              | 254,760          | 254,760          | 219,083          | 35,677                 |
| <b>Total expenditures</b>                   | <b>470,375</b>   | <b>470,375</b>   | <b>421,307</b>   | <b>49,068</b>          |
| <b>REVENUES OVER (UNDER)</b>                |                  |                  |                  |                        |
| <b>EXPENDITURES</b>                         | <b>(137,375)</b> | <b>(137,375)</b> | <b>(185,117)</b> | <b>(47,742)</b>        |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                  |                  |                  |                        |
| Transfers out                               | 1,000            | 1,000            | 1,000            | -                      |
| <b>Total other financing sources (uses)</b> | <b>1,000</b>     | <b>1,000</b>     | <b>1,000</b>     | <b>-</b>               |
| <b>Net change in fund balances</b>          | <b>(136,375)</b> | <b>(136,375)</b> | <b>(184,117)</b> | <b>(47,742)</b>        |
| <b>FUND BALANCES (DEFICIT):</b>             |                  |                  |                  |                        |
| 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    |                     | Actual              | Variance w/Final<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|--|
|   | Original            | Final               |                     |  |
| <b>REVENUES:</b>                              |                     |                     |                     |  |
| Use of money and property                     | \$ 50,000           | \$ 50,000           | \$ 165,876          | \$ 115,876                                 |
| <b>Total revenues</b>                         | <b>50,000</b>       | <b>50,000</b>       | <b>165,876</b>      | <b>115,876</b>                             |
| <b>EXPENDITURES:</b>                          |                     |                     |                     |  |
| Current:                                      |                     |                     |                     |  |
| Community development                         | 182,546             | 182,546             | 172,340             | 10,206                                     |
| <b>Total expenditures</b>                     | <b>182,546</b>      | <b>182,546</b>      | <b>172,340</b>      | <b>10,206</b>                              |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> |                     |                     |                     |  |
|   | <b>(132,546)</b>    | <b>(132,546)</b>    | <b>(6,464)</b>      | <b>126,082</b>                             |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                     |                     |                     |  |
| Proceeds from issuance of long-term debt      | -                   | -                   | -                   | -  |
| Payments to refunding bond escrow agent       | -                   | -                   | -                   | -  |
| Transfers in                                  | -                   | -                   | -                   | -  |
| Transfers out                                 | -                   | -                   | -                   | -  |
| <b>Total other financing sources (uses)</b>   | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>                                   |
| <b>Net change in fund balances</b>            | <b>(132,546)</b>    | <b>(132,546)</b>    | <b>(6,464)</b>      | <b>126,082</b>                             |
| <b>FUND BALANCES (DEFICIT):</b>               |                     |                     |                     |  |
| Beginning of year                             | 3,466,175           | 3,466,175           | 3,466,175           | -  |
| End of year                                   | <b>\$ 3,333,629</b> | <b>\$ 3,333,629</b> | <b>\$ 3,459,711</b> | <b>\$ 126,082</b>                          |

**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 |                  | Actual           | Variance w/Final       |
|---|------------------|------------------|------------------|------------------------|
|   | Original         | Final            |                  | Positive<br>(Negative) |
| <b>REVENUES:</b>                            |                  |                  |                  |                        |
| 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              | -                      |
| <b>Total revenues</b>                       | <b>1,505,669</b> | <b>1,505,669</b> | <b>1,330,030</b> | <b>(175,639)</b>       |
| <b>EXPENDITURES:</b>                        |                  |                  |                  |                        |
| Current:                                    |                  |                  |                  |                        |
| Public works                                | 1,916,736        | 1,916,736        | 1,613,347        | 303,389                |
| Capital outlay                              | 504,600          | 504,600          | 382,778          | 121,822                |
| <b>Total expenditures</b>                   | <b>2,421,336</b> | <b>2,421,336</b> | <b>1,996,125</b> | <b>425,211</b>         |
| <b>REVENUES OVER (UNDER)</b>                |                  |                  |                  |                        |
| <b>EXPENDITURES</b>                         | <b>(915,667)</b> | <b>(915,667)</b> | <b>(666,095)</b> | <b>249,572</b>         |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                  |                  |                  |                        |
| Transfers in                                | 937,624          | 937,624          | 642,615          | (295,009)              |
| Transfers out                               | -                | -                | -                | -                      |
| <b>Total other financing sources (uses)</b> | <b>937,624</b>   | <b>937,624</b>   | <b>642,615</b>   | <b>(295,009)</b>       |
| <b>Net change in fund balances</b>          | <b>21,957</b>    | <b>21,957</b>    | <b>(23,480)</b>  | <b>(45,437)</b>        |
| <b>FUND BALANCES:</b>                       |                  |                  |                  |                        |
| 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<br>Block<br>Grant | ISTEA             | FEMA/<br>OES | COPS              |
|--|-----------------------|-------------------|--------------|-------------------|
| <b>ASSETS</b>                              |                       |                   |              |                   |
| 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                    | -                     | -                 | -            | -                 |
| <b>Total assets</b>                        | <u>\$ 40,184</u>      | <u>\$ 625,674</u> | <u>\$ -</u>  | <u>\$ 435,892</u> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                       |                   |              |                   |
| <b>Liabilities:</b>                        |                       |                   |              |                   |
| Accounts payable                           | 44,087                | \$ -              | \$ -         | \$ -              |
| Due to other funds                         | 84,702                | -                 | -            | -                 |
| <b>Total liabilities</b>                   | <u>128,789</u>        | <u>-</u>          | <u>-</u>     | <u>-</u>          |
| <b>Fund Balances:</b>                      |                       |                   |              |                   |
| Restricted                                 | -                     | 625,674           | -            | 435,892           |
| Unassigned (deficit)                       | (88,605)              | -                 | -            | -                 |
| <b>Total fund balances</b>                 | <u>(88,605)</u>       | <u>625,674</u>    | <u>-</u>     | <u>435,892</u>    |
| <b>Total liabilities and fund balances</b> | <u>\$ 40,184</u>      | <u>\$ 625,674</u> | <u>\$ -</u>  | <u>\$ 435,892</u> |

---



---

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

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

# City of Arcata, California

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

### Federal Grant Special Revenue Funds

For the year ended June 30, 2020

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

---

| HOME<br>Grants     | Totals            |
|--------------------|-------------------|
| \$ 367,235         | \$ 728,690        |
| (217)              | 20,021            |
| <u>367,018</u>     | <u>748,711</u>    |
| -                  | -                 |
| -                  | -                 |
| 417,490            | 582,557           |
| <u>-</u>           | <u>-</u>          |
| <u>417,490</u>     | <u>582,557</u>    |
| <u>(50,472)</u>    | <u>166,154</u>    |
| -                  | -                 |
| <u>-</u>           | <u>(75,000)</u>   |
| -                  | (75,000)          |
| (50,472)           | 91,154            |
| 3                  | 831,338           |
| <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    |                     | Actual             | Variance w/Final       |
|---|---------------------|---------------------|--------------------|------------------------|
|   | Original            | Final               |                    | Positive<br>(Negative) |
| <b>REVENUES:</b>                            |                     |                     |                    |                        |
| Intergovernmental                           | \$ 10,425,000       | \$ 10,425,000       | 86,037             | \$ (10,338,963)        |
| Use of money and property                   | -                   | -                   | (422)              | (422)                  |
| <b>Total revenues</b>                       | <u>10,425,000</u>   | <u>10,425,000</u>   | <u>85,615</u>      | <u>(10,339,385)</u>    |
| <b>EXPENDITURES:</b>                        |                     |                     |                    |                        |
| Current:                                    |                     |                     |                    |                        |
| Community development                       | 5,331,344           | 5,331,344           | 165,067            | 5,166,277              |
| <b>Total expenditures</b>                   | <u>5,331,344</u>    | <u>5,331,344</u>    | <u>165,067</u>     | <u>5,166,277</u>       |
| <b>REVENUES OVER (UNDER)</b>                |                     |                     |                    |                        |
| <b>EXPENDITURES</b>                         | <u>5,093,656</u>    | <u>5,093,656</u>    | <u>(79,452)</u>    | <u>(5,173,108)</u>     |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                     |                     |                    |                        |
| Transfers in                                | -                   | -                   | -                  | -                      |
| <b>Total other financing sources (uses)</b> | <u>-</u>            | <u>-</u>            | <u>-</u>           | <u>-</u>               |
| <b>Net change in fund balances</b>          | 5,093,656           | 5,093,656           | (79,452)           | (5,173,108)            |
| <b>FUND BALANCES:</b>                       |                     |                     |                    |                        |
| Beginning of year                           | (9,153)             | (9,153)             | (9,153)            | -                      |
| End of year                                 | <u>\$ 5,084,503</u> | <u>\$ 5,084,503</u> | <u>\$ (88,605)</u> | <u>\$ (5,173,108)</u>  |

**City of Arcata, California**

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

**ISTEA Grant - Federal Grant Special Revenue Fund**

**For the year ended June 30, 2020**

|   | Budgeted Amounts |                 | Actual          | Variance w/Final       |
|---|------------------|-----------------|-----------------|------------------------|
|   | Original         | Final           |                 | Positive<br>(Negative) |
| <b>REVENUES:</b>                            |                  |                 |                 |                        |
| Intergovernmental                           | \$ 110,000       | \$ 110,000      | \$ 115,992      | \$ 5,992               |
| Use of money and property                   | 3,000            | 3,000           | 13,484          | 10,484                 |
| <b>Total revenues</b>                       | <b>113,000</b>   | <b>113,000</b>  | <b>129,476</b>  | <b>16,476</b>          |
| <b>EXPENDITURES:</b>                        |                  |                 |                 |                        |
| Current:                                    |                  |                 |                 |                        |
| Public works                                | -                | -               | -               | -                      |
| Capital outlay                              | -                | -               | -               | -                      |
| <b>Total expenditures</b>                   | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>               |
| <b>REVENUES OVER (UNDER)</b>                |                  |                 |                 |                        |
| <b>EXPENDITURES</b>                         | <b>113,000</b>   | <b>113,000</b>  | <b>129,476</b>  | <b>16,476</b>          |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                  |                 |                 |                        |
| Transfers out                               | (75,000)         | (75,000)        | (75,000)        | -                      |
| <b>Total other financing sources (uses)</b> | <b>(75,000)</b>  | <b>(75,000)</b> | <b>(75,000)</b> | <b>-</b>               |
| <b>Net change in fund balances</b>          | <b>38,000</b>    | <b>38,000</b>   | <b>54,476</b>   | <b>16,476</b>          |
| <b>FUND BALANCES:</b>                       |                  |                 |                 |                        |
| 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 |       | Actual | Variance w/Final<br>Positive<br>(Negative) |
|---|------------------|-------|--------|--|
|   | Original         | Final |        |  |
| <b>REVENUES:</b>                              |                  |       |        |  |
| Use of money and property                     | \$ -             | \$ -  | \$ -   | \$ -                                       |
| <b>Total revenues</b>                         | -                | -     | -      | -  |
| <b>EXPENDITURES:</b>                          |                  |       |        |  |
| Current:                                      |                  |       |        |  |
| Community development                         | -                | -     | -      | -  |
| <b>Total expenditures</b>                     | -                | -     | -      | -  |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | -                | -     | -      | -  |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                  |       |        |  |
| Transfers out                                 | -                | -     | -      | -  |
| <b>Total other financing sources (uses)</b>   | -                | -     | -      | -  |
| <b>Net change in fund balances</b>            | -                | -     | -      | -  |
| <b>FUND BALANCES:</b>                         |                  |       |        |  |
| 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  |                   | Actual            | Variance w/Final       |
|---|-------------------|-------------------|-------------------|------------------------|
|   | Original          | Final             |                   | Positive<br>(Negative) |
| <b>REVENUES:</b>                              |                   |                   |                   |                        |
| Intergovernmental                             | \$ 258,000        | \$ 258,000        | \$ 159,426        | \$ (98,574)            |
| Use of money and property                     | 100               | 100               | 7,176             | 7,076                  |
| <b>Total revenues</b>                         | <u>258,100</u>    | <u>258,100</u>    | <u>166,602</u>    | <u>(91,498)</u>        |
| <b>EXPENDITURES:</b>                          |                   |                   |                   |                        |
| Current:                                      |                   |                   |                   |                        |
| Public safety                                 | -                 | -                 | -                 | -                      |
| <b>Total expenditures</b>                     | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>               |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <u>258,100</u>    | <u>258,100</u>    | <u>166,602</u>    | <u>(91,498)</u>        |
| <b>Net change in fund balances</b>            | 258,100           | 258,100           | 166,602           | (91,498)               |
| <b>FUND BALANCES:</b>                         |                   |                   |                   |                        |
| Beginning of year                             | <u>269,290</u>    | <u>269,290</u>    | <u>269,290</u>    | <u>-</u>               |
| End of year                                   | <u>\$ 527,390</u> | <u>\$ 527,390</u> | <u>\$ 435,892</u> | <u>\$ (91,498)</u>     |

*This page intentionally left blank.*



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

---

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

**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<br>Lieu | Parking In<br>Lieu | Totals          |
|--|---------------------|--------------------|-----------------|
| <b>REVENUES:</b>   |                     |                    |                 |
| Licenses and permits   | \$ 30,085           | \$ -               | \$ 30,085       |
| Use of money and property  | 3,912               | 5,995              | 9,907           |
| <b>Total revenues</b>  | <b>33,997</b>       | <b>5,995</b>       | <b>39,992</b>   |
| <b>EXPENDITURES:</b>   |                     |                    |                 |
| Capital outlay   | -                   | -                  | -               |
| <b>Total expenditures</b>  | <b>-</b>            | <b>-</b>           | <b>-</b>        |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>  | <b>33,997</b>       | <b>5,995</b>       | <b>39,992</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                     |                    |                 |
| Transfers in   | -                   | -                  | -               |
| Transfers out  | (14,000)            | -                  | (14,000)        |
| <b>Total other financing sources and uses</b>  | <b>(14,000)</b>     | <b>-</b>           | <b>(14,000)</b> |
| <b>REVENUES AND OTHER FINANCING SOURCES<br/>OVER (UNDER) EXPENDITURES AND OTHER<br/>FINANCING (USES)</b> | <b>19,997</b>       | <b>5,995</b>       | <b>25,992</b>   |
| <b>FUND BALANCES (DEFICIT):</b>  |                     |                    |                 |
| 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 |               | Actual          | Variance w/Final<br>Positive<br>(Negative) |
|---|------------------|---------------|-----------------|--|
|   | Original         | Final         |                 |  |
| <b>REVENUES:</b>                              |                  |               |                 |  |
| Licenses and permits                          | \$ 14,000        | \$ 14,000     | \$ 30,085       | \$ 16,085                                  |
| Use of money and property                     | 400              | 400           | 3,912           | 3,512                                      |
| <b>Total revenues</b>                         | <b>14,400</b>    | <b>14,400</b> | <b>33,997</b>   | <b>19,597</b>                              |
| <b>EXPENDITURES:</b>                          |                  |               |                 |  |
| Current:                                      |                  |               |                 |  |
| General government                            | -                | -             | -               | -  |
| <b>Total expenditures</b>                     | <b>-</b>         | <b>-</b>      | <b>-</b>        | <b>-</b>                                   |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>14,400</b>    | <b>14,400</b> | <b>33,997</b>   | <b>19,597</b>                              |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                  |               |                 |  |
| Transfers in                                  | -                | -             | -               | -  |
| Transfers out                                 | 14,000           | 14,000        | (14,000)        | (28,000)                                   |
| <b>Total other financing sources (uses)</b>   | <b>14,000</b>    | <b>14,000</b> | <b>(14,000)</b> | <b>(28,000)</b>                            |
| <b>Net change in fund balances</b>            | <b>28,400</b>    | <b>28,400</b> | <b>19,997</b>   | <b>(8,403)</b>                             |
| <b>FUND BALANCES:</b>                         |                  |               |                 |  |
| 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  |                   | Actual            | Variance w/Final<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|--|
|   | Original          | Final             |                   |  |
| <b>REVENUES:</b>                              |                   |                   |                   |  |
| Use of money and property                     | \$ 3,000          | \$ 3,000          | \$ 5,995          | \$ 2,995                                   |
| <b>Total revenues</b>                         | <u>3,000</u>      | <u>3,000</u>      | <u>5,995</u>      | <u>2,995</u>                               |
| <b>EXPENDITURES:</b>                          |                   |                   |                   |  |
| Capital outlay                                | -                 | -                 | -                 | -  |
| <b>Total expenditures</b>                     | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>                                   |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <u>3,000</u>      | <u>3,000</u>      | <u>5,995</u>      | <u>2,995</u>                               |
| <b>Net change in fund balances</b>            | 3,000             | 3,000             | 5,995             | 2,995                                      |
| <b>FUND BALANCES:</b>                         |                   |                   |                   |  |
| Beginning of year                             | <u>277,788</u>    | <u>277,788</u>    | <u>277,788</u>    | <u>-</u>                                   |
| End of year                                   | <u>\$ 280,788</u> | <u>\$ 280,788</u> | <u>\$ 283,783</u> | <u>\$ 2,995</u>                            |

*This page intentionally left blank.*



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

---

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



| Mad River<br>Business Park | Totals           |
|----------------------------|------------------|
| 6,752                      | \$ 30,389        |
| -                          | 354              |
| <u>\$ 6,752</u>            | <u>\$ 30,743</u> |
| <u>\$ -</u>                | <u>\$ -</u>      |
| <u>6,752</u>               | <u>30,743</u>    |
| <u>6,752</u>               | <u>30,743</u>    |
| <u>6,752</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<br>Heights | Janes Creek<br>Meadows | Windsong        | Mad River<br>Business Park |
|--|-------------------|------------------------|-----------------|----------------------------|
| <b>REVENUES:</b>   |                   |                        |                 |                            |
| Taxes and assessments  | \$ -              | \$ 16,067              | \$ 14,823       | 5,331                      |
| Use of money and property  | 26                | 295                    | 103             | 137                        |
| <b>Total revenues</b>  | <u>26</u>         | <u>16,362</u>          | <u>14,926</u>   | <u>5,468</u>               |
| <b>EXPENDITURES:</b>   |                   |                        |                 |                            |
| Current:   |                   |                        |                 |                            |
| Parks and recreation   | -                 | -                      | -               | -                          |
| Capital outlay   | -                 | -                      | -               | -                          |
| <b>Total expenditures</b>  | <u>-</u>          | <u>-</u>               | <u>-</u>        | <u>-</u>                   |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>  | <u>26</u>         | <u>16,362</u>          | <u>14,926</u>   | <u>5,468</u>               |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                   |                        |                 |                            |
| Transfers out  | -                 | (16,000)               | (14,850)        | (6,000)                    |
| <b>Total other financing sources and uses</b>  | -                 | (16,000)               | (14,850)        | (6,000)                    |
| <b>REVENUES AND OTHER FINANCING SOURCES<br/>OVER (UNDER) EXPENDITURES AND OTHER<br/>FINANCING (USES)</b> | 26                | 362                    | 76              | (532)                      |
| <b>FUND BALANCES (DEFICIT) :</b>   |                   |                        |                 |                            |
| 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

---

36,782

---

-  
-  
-

---

---

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

**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 |                 | Actual          | Variance w/Final       |
|---|------------------|-----------------|-----------------|------------------------|
|   | Original         | Final           |                 | Positive<br>(Negative) |
| <b>REVENUES:</b>                            |                  |                 |                 |                        |
| Taxes and assessments                       | \$ 16,000        | \$ 16,000       | \$ 16,067       | \$ 67                  |
| Use of money and property                   | 60               | 60              | 295             | 235                    |
| <b>Total revenues</b>                       | <b>16,060</b>    | <b>16,060</b>   | <b>16,362</b>   | <b>302</b>             |
| <b>EXPENDITURES:</b>                        |                  |                 |                 |                        |
| Capital outlay                              | -                | -               | -               | -                      |
| <b>Total expenditures</b>                   | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>               |
| <b>REVENUES OVER (UNDER)</b>                |                  |                 |                 |                        |
| <b>EXPENDITURES</b>                         | <b>16,060</b>    | <b>16,060</b>   | <b>16,362</b>   | <b>302</b>             |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                  |                 |                 |                        |
| Transfers out                               | (16,000)         | (16,000)        | (16,000)        | -                      |
| <b>Total other financing sources (uses)</b> | <b>(16,000)</b>  | <b>(16,000)</b> | <b>(16,000)</b> | <b>-</b>               |
| <b>Net change in fund balances</b>          | <b>60</b>        | <b>60</b>       | <b>362</b>      | <b>302</b>             |
| <b>FUND BALANCES (DEFICIT):</b>             |                  |                 |                 |                        |
| 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 |                 | Actual          | Variance w/Final<br>Positive<br>(Negative) |
|---|------------------|-----------------|-----------------|--|
|   | Original         | Final           |                 |  |
| <b>REVENUES:</b>                              |                  |                 |                 |  |
| Taxes and assessments                         | \$ 14,850        | \$ 14,850       | \$ 14,823       | \$ (27)                                    |
| Use of money and property                     |                  | 40              | 103             | 63   |
| <b>Total revenues</b>                         | <b>14,850</b>    | <b>14,890</b>   | <b>14,926</b>   | <b>36</b>                                  |
| <b>EXPENDITURES:</b>                          |                  |                 |                 |  |
| Current:                                      |                  |                 |                 |  |
| Parks and recreation                          | -                | -               | -               | -  |
| <b>Total expenditures</b>                     | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>                                   |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>14,850</b>    | <b>14,890</b>   | <b>14,926</b>   | <b>36</b>                                  |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                  |                 |                 |  |
| Transfers out                                 | (14,850)         | (14,850)        | (14,850)        | -  |
| <b>Total other financing sources (uses)</b>   | <b>(14,850)</b>  | <b>(14,850)</b> | <b>(14,850)</b> | <b>-</b>                                   |
| <b>Net change in fund balances</b>            | <b>-</b>         | <b>40</b>       | <b>76</b>       | <b>36</b>                                  |
| <b>FUND BALANCES:</b>                         |                  |                 |                 |  |
| 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 |               | Actual         | Variance w/Final<br>Positive<br>(Negative) |
|---|------------------|---------------|----------------|--|
|   | Original         | Final         |                |  |
| <b>REVENUES:</b>                              |                  |               |                |  |
| Taxes and assessments                         | \$ 6,000         | \$ 6,000      | 5,331          | \$ (669)                                   |
| Use of money and property                     | 10               | 10            | 137            | 127  |
| <b>Total revenues</b>                         | <b>6,010</b>     | <b>6,010</b>  | <b>5,468</b>   | <b>(542)</b>                               |
| <b>EXPENDITURES:</b>                          |                  |               |                |  |
| Current:                                      |                  |               |                |  |
| Parks and recreation                          | -                | -             | -              | -  |
| <b>Total expenditures</b>                     | <b>-</b>         | <b>-</b>      | <b>-</b>       | <b>-</b>                                   |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>6,010</b>     | <b>6,010</b>  | <b>5,468</b>   | <b>(542)</b>                               |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                  |               |                |  |
| 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)                                   |
| <b>Total other financing sources (uses)</b>   | <b>14,850</b>    | <b>14,850</b> | <b>(6,000)</b> | <b>(20,850)</b>                            |
| <b>Net change in fund balances</b>            | <b>20,860</b>    | <b>20,860</b> | <b>(532)</b>   | <b>(21,392)</b>                            |
| <b>FUND BALANCES:</b>                         |                  |               |                |  |
| 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**

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

**City of Arcata, California**

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

**Internal Service Funds**

**For the year ended June 30, 2020**

|  | <b>Central Garage<br/>Fund</b> | <b>Information<br/>Technology<br/>Fund</b> | <b>Totals</b>       |
|--|--------------------------------|--|---------------------|
| <b>OPERATING REVENUES:</b>                     |                                |  |                     |
| Interdepartmental charges                      | \$ 1,372,382                   | \$ 249,971                                 | \$ 1,622,353        |
| Other  | -                              | -  | -                   |
| <b>Total operating revenues</b>                | <b>1,372,382</b>               | <b>249,971</b>                             | <b>1,622,353</b>    |
| <b>OPERATING EXPENSES:</b>                     |                                |  |                     |
| 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                        | -  | 151,579             |
| Allocated overhead                             | 42,350                         | 6,353                                      | 48,703              |
| Depreciation                                   | 295,689                        | 14,698                                     | 310,387             |
| <b>Total operating expenses</b>                | <b>1,092,119</b>               | <b>338,469</b>                             | <b>1,430,588</b>    |
| <b>OPERATING INCOME (LOSS)</b>                 | <b>280,263</b>                 | <b>(88,498)</b>                            | <b>191,765</b>      |
| <b>NONOPERATING REVENUES (EXPENSES):</b>       |                                |  |                     |
| Proceeds from the sale of capital assets       | 15                             | -  | 15                  |
| Interest revenue                               | 30,725                         | -  | 30,725              |
| Interest expense                               | -                              | 937  | 937                 |
| <b>Total non-operating revenues (expenses)</b> | <b>30,740</b>                  | <b>937</b>                                 | <b>31,677</b>       |
| <b>NET INCOME (LOSS) BEFORE TRANSFERS</b>      | <b>311,003</b>                 | <b>(87,561)</b>                            | <b>223,442</b>      |
| Transfers in                                   | -                              | -  | -                   |
| Transfers out                                  | -                              | -  | -                   |
| <b>Total transfers</b>                         | <b>-</b>                       | <b>-</b>                                   | <b>-</b>            |
| <b>Change in net position</b>                  | <b>311,003</b>                 | <b>(87,561)</b>                            | <b>223,442</b>      |
| <b>NET POSITION (DEFICIT):</b>                 |                                |  |                     |
| Beginning of year                              | 2,312,096                      | (59,641)                                   | 2,252,455           |
| 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**

|  | <b>Central Garage</b> | <b>Information</b> |                     |
|--|-----------------------|--------------------|---------------------|
|  | <b>Fund</b>           | <b>Technology</b>  | <b>Totals</b>       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                       |                    |                     |
| 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)           |
| <b>Net cash provided (used) by operating activities</b>  | <b>590,224</b>        | <b>(39,627)</b>    | <b>550,597</b>      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>  |                       |                    |                     |
| Transfers received   | -                     | -                  | -                   |
| <b>Net cash provided (used) by noncapital financing activities</b>                                   | <b>-</b>              | <b>-</b>           | <b>-</b>            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                     |                       |                    |                     |
| 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                 |
| <b>Net cash (used) by capital and related financing activities</b>                                   | <b>(463,915)</b>      | <b>937</b>         | <b>(462,978)</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                       |                    |                     |
| Interest on investments  | 30,725                | -                  | 30,725              |
| <b>Net cash provided by investing activities</b>   | <b>30,725</b>         | <b>-</b>           | <b>30,725</b>       |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>157,034</b>        | <b>(38,690)</b>    | <b>118,344</b>      |
| <b>CASH AND CASH EQUIVALENTS:</b>  |                       |                    |                     |
| Beginning of year  | 1,494,914             | 99,615             | 1,594,529           |
| End of year  | <u>\$ 1,651,948</u>   | <u>\$ 60,925</u>   | <u>\$ 1,712,873</u> |
| <b>Reconciliation of income from operations to net cash provided (used) by operating activities:</b> |                       |                    |                     |
| 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               |
| <b>Net cash provided by operating activities</b>   | <b>\$ 590,224</b>     | <b>\$ (39,627)</b> | <b>\$ 550,597</b>   |

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