

**CITY OF ARCATA, CALIFORNIA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**



Prepared by:

**Ondrea Starzhevskiy**  
Finance Director

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**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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736 F Street  
Arcata, CA 95521

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

*September 29, 2022*

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

We are pleased to submit the City of Arcata's Annual Financial Report for the fiscal year ended June 30, 2021. 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, 2021, 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, 2021, 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 2021, the City has grown to an estimated population of approximately 19,000. 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 12,500. Unemployment in Arcata is approximately 3.7 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 2021, 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 \$2.1 million in grant funds for various housing and related wraparound programs.

*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 phase one of the Plunkett waterline rehabilitation project.

During this fiscal year, the City was also awarded \$315,000 in grant funds related to the Arcata Gateway Specific Area Plan.

***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***

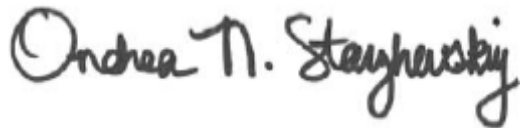
There were no changes to the City's financial policies or items in which policies impacted the financial information or presentation. Information concerning significant accounting policies affecting the finances of the City is summarized in the Notes to the Financial Statements.

## ***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.

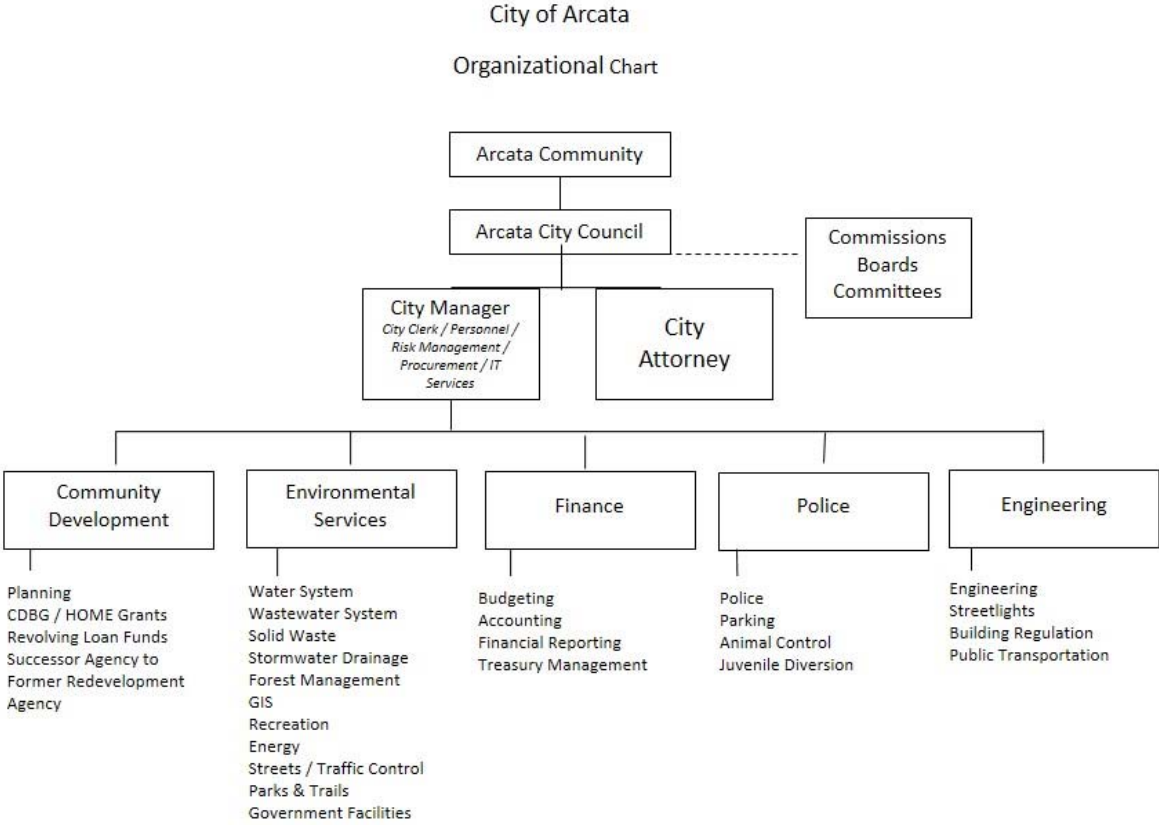
Ondrea Starzhevskiy  
Finance Director

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**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Organization Chart**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**List of Officials**

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***CITY COUNCIL***

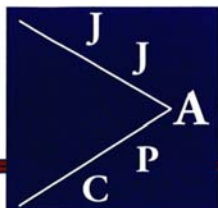
- Stacy Atkins-Salazar, Mayor
- Sarah Schaefer, Vice Mayor
- Meredith Matthew, Council Member
- Alexandra Stillman, Council Member
- Brett Watson, Council Member

***CITY OFFICIALS***

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

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**JJACPA, Inc.**

A Professional Accounting Services Corp.

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## **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, 2021, 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, 2021, 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 97, the Net OPEB Liability Schedule of Contributions on page 98, the Schedules of Contribution on pages 99-10, and the Schedules of the City's Proportionate Share of the Net Pension Liability on page 101-102, 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 September 29, 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.

September 29, 2022

*JJACPA, Inc.*

**JJACPA, Inc.  
Dublin, CA**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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

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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, 2021. 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, 2021, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$111.4 million, an increase of \$6.4 million from the prior year. Of the total net position, \$62.1 million was invested in capital assets (net of related debt) and \$3.1 had restrictions in their use leaving \$46.2 as unrestricted.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by about \$542,000 compared to the 2021 fiscal year. Most of the increase resulted from charges for service-related revenues and operating grant revenues. The City's total expense for all programs in fiscal year 2021 increased by \$2.6 million. This resulted primarily from a \$1.3 million increase in grant funded expenditures related to Community Development and a \$1.2 million increase in public works related expenditures. Public works related capital projects were drastically reduced to combat expected revenue losses at the beginning of the COVID-19 pandemic. Expenditures increase in 2021 demonstrates spending levels increased back to pre-pandemic levels.
- ◆ The City's governmental funds increased net position by approximately \$2.8 million. This is a slight increase compared to prior fiscal year 2020 of \$312,000. This primarily results from higher than expected tax and assessment revenues combined with reduced capital outlay expenditures
- ◆ The City's proprietary enterprise funds increased net position by \$3.6 million. This is a \$2.4 million decrease compared to prior fiscal year 2020. Prior year revenues included one time wastewater capital project reimbursements. Although smaller than prior year, the City is still experiencing an increase to net position. This is in part 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 \$12.5 million at the end of the 2021 fiscal year, an increase of about \$3.3 million. This increase resulted from greater than expected tax and assessment revenues combined with decreased expenditures as several budgeted capital improvements were not completed in fiscal year 2021.
- ◆ The City also ended the fiscal year with \$18 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 \$3.5 million from 2021 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, 2021**

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

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**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, 2021**

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

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**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, 2021, 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
- ◆ STIP

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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

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**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, 2021, 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 97-102.

**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 106–147 of this report.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**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 \$111.4 million as of June 30, 2021. The Summary of Net position as of June 30, 2021, and 2020, follows:

	Summary of Net Position					
	2021			2020		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 55,984,732	\$ 25,128,475	\$ 81,113,207	\$ 50,063,624	\$ 21,229,770	\$ 71,293,394
Noncurrent assets	36,512,344	30,256,979	66,769,323	37,473,441	29,266,648	66,740,089
Deferred outflows of resources	3,839,551	902,238	4,741,789	4,514,869	1,234,703	5,749,572
Total assets and deferred outflows of resources	96,336,627	56,287,692	152,624,319	92,051,934	51,731,121	143,783,055
Current and other liabilities	4,250,869	1,612,287	5,863,156	4,299,078	1,915,283	6,214,361
Long-term liabilities	24,778,306	8,574,408	33,352,714	22,946,501	7,255,161	30,201,662
Deferred inflows of resources	1,498,113	496,434	1,994,547	1,800,988	611,473	2,412,461
Total liabilities and deferred inflows of resources	30,527,288	10,683,129	41,210,417	29,046,567	9,781,917	38,828,484
Net position:						
Net invested in:						
Capital Assets	34,546,194	27,581,421	62,127,615	35,188,391	27,440,525	62,628,916
Restricted	3,125,784	-	3,125,784	2,847,655	-	2,847,655
Unrestricted	28,137,361	18,023,142	46,160,503	24,969,321	14,508,679	39,478,000
<b>Total net position</b>	<b>\$ 65,809,339</b>	<b>\$ 45,604,563</b>	<b>\$ 111,413,902</b>	<b>\$ 63,005,367</b>	<b>\$ 41,949,204</b>	<b>\$ 104,954,571</b>

The City’s total net position increased by \$6.4 million (\$2.8 million and \$3.6 million for governmental activities and business-type activities, respectively). Total city-wide assets increased \$8.8 million, \$4.3 in governmental activities and \$4.5 million in business-type activities. The increase in governmental activities assets are due to greater than expected tax and assessment revenues combined with costs savings as the city did not utilize all budgeted general fund capital outlay expenditures in fiscal year 2021. 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 anticipated in the near future. Total city-wide liabilities, increased by \$2.3 million. Of this amount, the liabilities in governmental activities increased by \$1.4 million and the liabilities in business-type activities increased by \$901,000. \$1.1 million of the increase in long term liabilities includes additions for our State Water Resources Control Board Loan which was funded for completion of the City’s Inflow and Infiltration (I&I) project.

The largest portion of the City’s net assets, approximately 55.8 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, 2021**

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

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

A portion of the City's net position, 2.8 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, \$28.1 million is held by governmental activities and \$18.0 million is held by business-type activities.

**Revenues**

The City's total revenues for governmental and business-type activities were \$37.8 million for the fiscal year ended June 30, 2021, an increase of \$542,000. Significant revenues for the City for fiscal year 2020/21 were derived from charges for services (46 percent), taxes (34 percent), and operating grants and contributions (18.9 percent).

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

1. **General Revenues – Taxes.** Annual receipts increased \$1,816,000 or 16.45%. Sales and use tax revenues increased by \$847,000 compared to prior year. Transient and Occupancy tax revenues also increased by \$471,000. Utility users tax experienced an increase of \$243,000 and property taxes and assessments increased by \$122,000. Both transient and occupancy tax and sales taxes increases were due to positive consumer impacts as the local economy continued to recover from lifted shelter in place restrictions during the COVID-19 pandemic. Utility users tax revenues included a one-time payment of \$174,000 for delinquent taxes, not expected in future years.
2. **Program Revenues- Grants and contributions.** Annual receipts decreased by \$1,599,000 or 18.3% for operating and capital grant revenues. The City experienced an increase of \$1,471,000 related to government related operating/ capital grants and contributions along with a decrease of \$3,122,000 related to business type activities.
3. **Program Revenues- Charges for Services.** Annual charges for services increased \$1.1 million or 7 percent. Notable increases were experienced on the Transit fund, Wastewater fund and Stormwater Utility Fund. Transit revenue increase was primarily due to increased operational funding sources such as State Transit Assistance \$327,000, \$166,000 increase for CARES Act and a \$65,000 increase of Proposition 1B funds. Wastewater fund service charges increased by \$214,000, driven primarily by wastewater utility consumption charges. Stormwater increase was due to greater operational funds from State Coastal Conservancy grant revenues resulting in a \$46,000 increase and US Fish and Wildlife Services grant revenues increase of \$87,000, compared to prior year.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Expenses**

Governmental and business-type activity expenses of the City for the year totaled \$31.3 million. This is an increase of \$2.6 million from the prior fiscal year. Notable increases occurred in Community Development \$1.3 million, Public Works \$1.2 million and General Government \$330,000. These increases were partially offset by large decreases in Parks and Recreation \$278,000, and Public Safety decrease of \$212,000. 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 \$19.6 million, or 62.6 percent of total expenses. Public safety costs represented 36.8 percent of total governmental activities expenses, followed by public works at 20.4 percent and general government 19.9 percent. Business-type activities incurred expenses of \$11.7 million, or 37.4 percent of total expenses during the fiscal year.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The change in net position for the fiscal years ended June 30, 2021, and 2020 follows:

	Changes in Net Position					
	2020			2020		
	Gov- ern- men- tal Acti- vities	Busi- ness- type Acti- vities	Total	Gov- ern- men- tal Acti- vities	Busi- ness- type Acti- vities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,093,814	\$ 15,305,607	\$ 17,399,421	\$ 2,342,070	\$ 13,920,640	\$ 16,262,710
Grants and contributions:						
Operating	7,074,655	65,464	7,140,119	5,601,793	13,339	5,615,132
Capital	-	-	-	1,925	3,122,276	3,124,201
General revenues:						
Property taxes and assessments	1,912,655	-	1,912,655	1,790,796	-	1,790,796
Transient occupancy taxes	1,641,954	-	1,641,954	1,170,560	-	1,170,560
Sales and use tax	5,752,263	-	5,752,263	4,905,058	-	4,905,058
Franchise taxes	279,119	-	279,119	275,712	-	275,712
Utility users tax	1,130,348	-	1,130,348	887,065	-	887,065
Other taxes	258,746	-	258,746	205,185	-	205,185
Motor vehicle in lieu	1,878,807	-	1,878,807	1,803,778	-	1,803,778
Use of money and property	248,295	2,383	250,678	649,038	401,798	1,050,836
Other general	153,151	-	153,151	163,954	-	163,954
Total revenues	22,423,807	15,373,454	37,797,261	19,796,934	17,458,053	37,254,987
Expenses:						
Governmental activities:						
General government	3,912,148	-	3,912,148	3,581,623	-	3,581,623
Public safety	7,221,818	-	7,221,818	7,433,354	-	7,433,354
Public works	4,003,110	-	4,003,110	2,768,444	-	2,768,444
Community development	2,815,833	-	2,815,833	1,524,627	-	1,524,627
Parks and recreation	1,633,579	-	1,633,579	1,911,248	-	1,911,248
Interest and fiscal charges	32,623	-	32,623	34,243	-	34,243
Business-type activities:						
Water	-	4,426,788	4,426,788	-	4,355,422	4,355,422
Wastewater	-	4,869,897	4,869,897	-	4,689,829	4,689,829
Transit	-	1,264,200	1,264,200	-	1,233,195	1,233,195
Solid Waste	-	490,770	490,770	-	460,156	460,156
Stormwater	-	667,164	667,164	-	734,024	734,024
Total expenses	19,619,111	11,718,819	31,337,930	17,253,539	11,472,626	28,726,165
Excess (Deficiency) of revenues over expenditures before transfers						
	2,804,696	3,654,635	6,459,331	2,543,395	5,985,427	8,528,822
Transfer from fiduciary activities						
	-	-	-	-	-	-
Transfers						
	(724)	724	-	(51,135)	51,135	-
Change in net position						
	2,803,972	3,655,359	6,459,331	2,492,260	6,036,562	8,528,822
Net position:						
Beginning of year	63,005,367	41,949,204	104,954,571	60,513,107	35,912,642	96,425,749
End of year	\$ 65,809,339	\$ 45,604,563	\$ 111,413,902	\$ 63,005,367	\$ 41,949,204	\$ 104,954,571



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**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, 2021, and 2020, are as follows:

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,912,148	\$ (2,128,415)	\$ 3,581,623	\$ 1,795,861
Public safety	7,221,818	(6,269,287)	7,433,354	6,510,811
Public works	4,003,110	342,585	2,768,444	(417,456)
Community development	2,815,833	(1,086,249)	1,524,627	82,838
Parks and recreation	1,633,579	(1,276,653)	1,911,248	1,301,454
Interest and fiscal charges	32,623	(32,623)	34,243	34,243
Total	<u>\$ 19,619,111</u>	<u>\$ (10,450,642)</u>	<u>\$ 17,253,539</u>	<u>\$ 9,307,751</u>

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

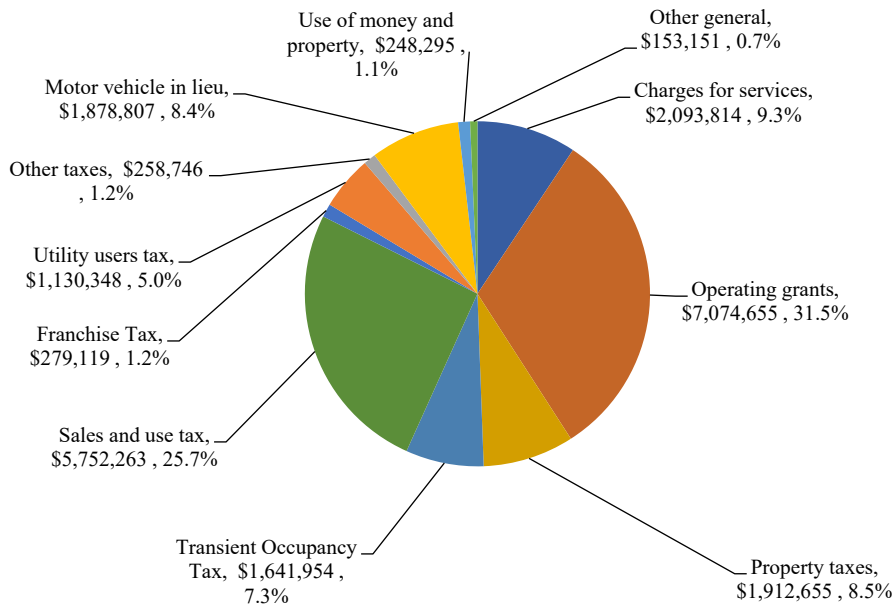
**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

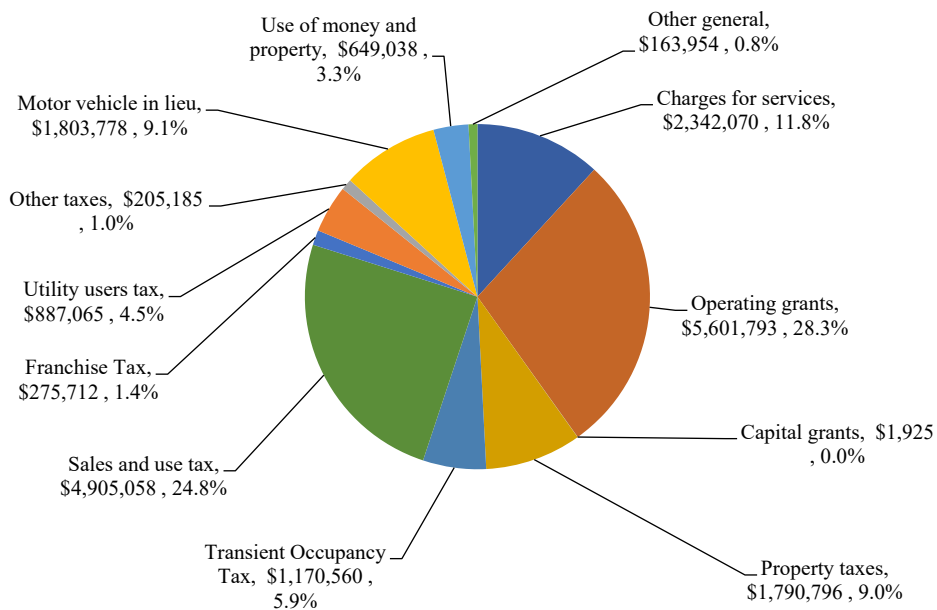
**Governmental Activities, continued**

Revenues by source for the fiscal years ended June 30, 2021, and 2020, are as follows:

**Revenues by Source - Governmental Activities 2021**



**Revenues by Source - Governmental Activities 2020**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

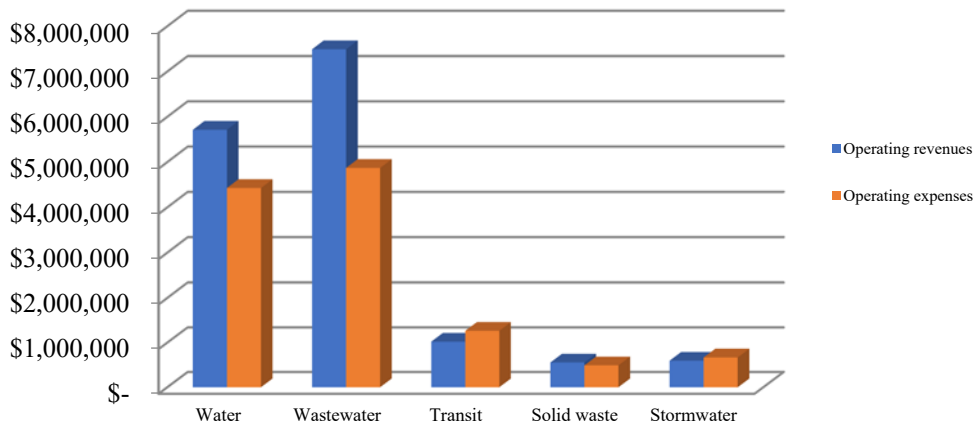
**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

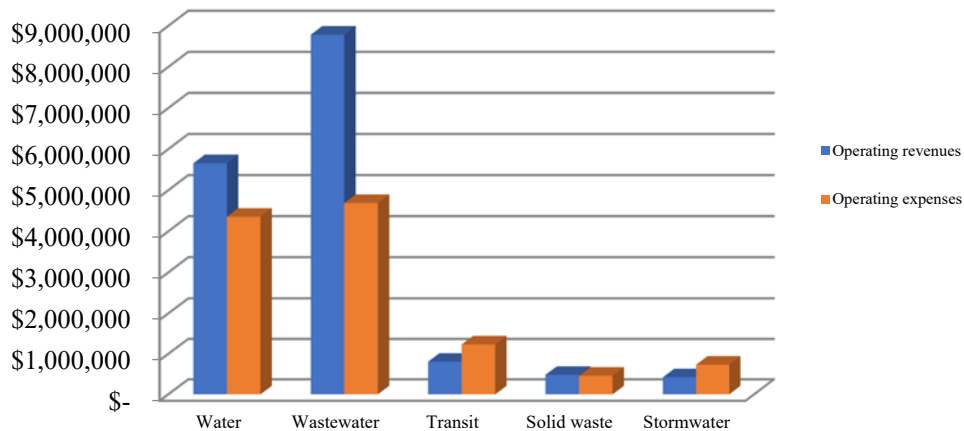
**Business-type Activities**

Business-type activities have increased the City’s net position by \$3.6 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, 2021, and 2020, are as follows:

**Operating Revenues and Expenses  
Business-type Activities  
2021**



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



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

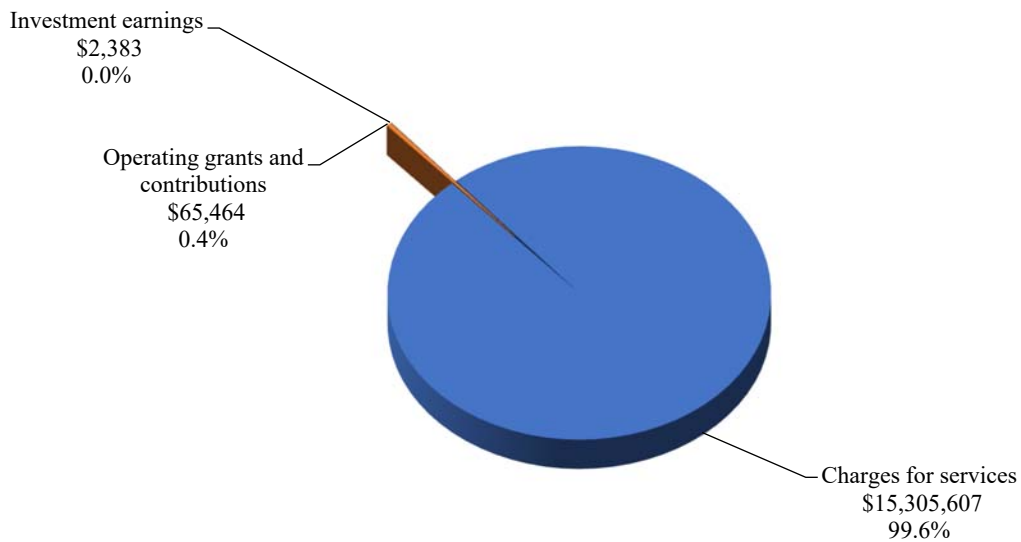
**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

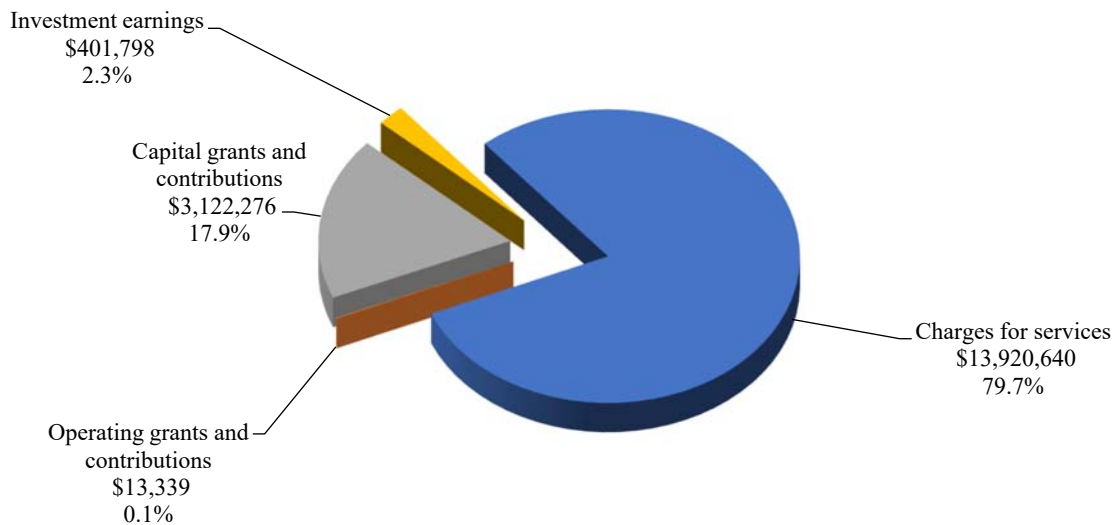
**Business-type Activities, continued**

The revenues by source for the business-type activities for the fiscal years ended June 30, 2021, and 2020, are as follows:

**Revenues by Source - Business-type Activities  
2021**



**Revenues by Source - Business-type Activities  
2020**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

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

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

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2021, the City's governmental funds reported combined fund balances of \$22.8 million. This is an increase of \$4.3 million or 23.3 percent from last year. This increase resulted due to the fact that several major projects which were budgeted for fiscal year 2021 were not completed.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2021, General Fund unassigned fund balance totaled \$12.5 million. This is an increase of \$3.3 million from the prior year. This increase results from increased tax and assessment revenues, combined with expenditure savings as several budgeted capital improvements were not completed in fiscal year 2021.

Proprietary funds. The City ended the fiscal year with \$18 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 \$3.5 million from 2021 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 favorably by \$2.8 million or 20 percent of budget. This was mainly due to higher than anticipated tax and assessments revenue. The difference between the final budget and actual expenditures differs favorably by \$1 million. This results in part from salary and benefit costs savings due to vacancies but is primarily a result of capital outlay expenditure improvements which were budgeted but not completed during the year. These will be carried over to the subsequent fiscal year.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**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, 2021, amount to \$66.7 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 17,228,821	\$ 17,193,821	\$ 7,569,579	\$ 7,569,579	\$ 24,798,400	\$ 24,763,400
Undergrounding facilities	90,025	90,025	10,755,644	10,924,557	10,845,669	11,014,582
Buildings and structures	5,348,193	5,602,045	1,689,098	1,913,170	7,037,291	7,515,215
Furniture and equipment	623,650	835,679	182,055	84,316	805,705	919,995
Other Improvements	8,219,917	8,277,901	9,068,700	7,636,103	17,288,617	15,914,004
Infrastructure	4,193,727	4,342,771	-	-	4,193,727	4,342,771
Vehicles	808,011	1,131,200	947,285	1,087,650	1,755,296	2,218,850
Total	\$ 36,512,344	\$ 37,473,442	\$ 30,212,361	\$ 29,215,375	\$ 66,724,705	\$ 66,688,817

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 – 71 for other capital asset information.

**Long-Term Debt**

At June 30, 2021, the City had total debt obligations of \$5.5 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	
	2021	2020	2021	2020	2021	2020
2015 Refunding of 2008 Lease	\$ 766,150	\$ 806,050	\$1,422,850	\$1,496,950	\$2,189,000	\$2,303,000
CalPERS UAL Debt	1,200,000	1,479,000	-	-	1,200,000	1,479,000
2015 Refunding of 2008 Loan	-	-	352,000	522,000	352,000	522,000
SWRCB Loan	-	-	1,140,152	-	1,140,152	-
Compensated absences	538,400	546,869	148,519	189,614	686,919	736,483
Total	\$ 2,504,550	\$ 2,831,919	\$3,063,521	\$2,208,564	\$5,568,071	\$5,040,483

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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

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**Economic Outlook and Next Year's Budget and Rates**

The budget for Fiscal Year 2021/22, adopted on June 24, 2021, was balanced and the economic outlook for the short- and long-term was somewhat stabilizing compared to prior year. As the City entered FY2022, several of the hiring freezes implemented in FY2021 were retained to continue maintenance of a balanced budget.

The City entered Fiscal Year 2021/22 in a financial position prepared to face the second year of the COVID-19 pandemic. The restrictions from shelter in place orders were steadily being lifted, allowing local businesses to reopen or expand hours.

The City also entered year two of 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 are 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).

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## **BASIC FINANCIAL STATEMENTS**



**City of Arcata, California**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 20,390,240	\$ 23,287,155	\$ 43,677,395
Restricted cash and investments	2,914,895	-	2,914,895
Receivables:			
Accounts	4,649,073	2,039,261	6,688,334
Loans/Notes receivable	27,381,781	-	27,381,781
Internal balances	392,247	(392,247)	-
Due from Successor Agency	179,512	-	179,512
Inventory	142,688	190,278	332,966
Deposit	-	4,028	4,028
<b>Total current assets</b>	<b>56,050,436</b>	<b>25,128,475</b>	<b>81,178,911</b>
<b>Noncurrent assets:</b>			
Prepaid issuance costs	-	44,618	44,618
Capital assets:			
Nondepreciable	17,318,846	7,569,579	24,888,425
Depreciable	19,193,498	22,642,782	41,836,280
<b>Total noncurrent assets</b>	<b>36,512,344</b>	<b>30,256,979</b>	<b>66,769,323</b>
<b>Total assets</b>	<b>92,562,780</b>	<b>55,385,454</b>	<b>147,948,234</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB	1,152,643	-	1,152,643
Pension Plan	2,686,908	902,238	3,589,146
<b>Total assets and deferred outflows of resources</b>	<b>\$ 96,402,331</b>	<b>\$ 56,287,692</b>	<b>\$ 152,690,023</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,129,288	\$ 1,126,086	\$ 2,255,374
Interest payable	-	1,993	1,993
Deposits payable	26,806	163,017	189,823
Compensated absences - current portion	141,832	37,129	178,961
Other liabilities	2,656,643	-	2,656,643
Due within one year	296,300	284,062	580,362
<b>Total current liabilities</b>	<b>4,250,869</b>	<b>1,612,287</b>	<b>5,863,156</b>
<b>Noncurrent liabilities:</b>			
Long-term liabilities:			
Compensated absences	425,496	111,390	536,886
Due after one year	1,669,850	2,630,940	4,300,790
Net OPEB liability	4,494,789	-	4,494,789
Net pension liability	18,188,171	5,832,078	24,020,249
<b>Total noncurrent liabilities</b>	<b>24,778,306</b>	<b>8,574,408</b>	<b>33,352,714</b>
<b>Total liabilities</b>	<b>29,029,175</b>	<b>10,186,695</b>	<b>39,215,870</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB	280,816	-	280,816
Pension Plan	1,217,297	496,434	1,713,731
<b>Total deferred inflows of resources</b>	<b>1,498,113</b>	<b>496,434</b>	<b>1,994,547</b>
<b>NET POSITION</b>			
Net investment in capital assets	34,546,194	27,581,421	62,127,615
Restricted	3,125,784	-	3,125,784
Unrestricted	28,203,065	18,023,142	46,226,207
<b>Total net position</b>	<b>65,875,043</b>	<b>45,604,563</b>	<b>111,479,606</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 96,402,331</b>	<b>\$ 56,287,692</b>	<b>\$ 152,690,023</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, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 3,912,148	\$ 55,470	\$ 1,728,263	\$ -
Public safety	7,221,818	144,902	807,629	-
Public works	4,003,110	1,243,195	3,102,500	-
Community development	2,750,129	444,175	1,285,409	-
Parks and recreation	1,633,579	206,072	150,854	-
Interest and fiscal charges	32,623	-	-	-
Total governmental activities	<u>19,553,407</u>	<u>2,093,814</u>	<u>7,074,655</u>	<u>-</u>
Business-type activities:				
Water	4,426,788	5,713,260	-	-
Wastewater	4,869,897	7,490,011	-	-
Transit	1,264,200	954,921	65,464	-
Solid waste	490,770	553,756	-	-
Stormwater utility	667,164	593,659	-	-
Total business-type activities	<u>11,718,819</u>	<u>15,305,607</u>	<u>65,464</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 31,272,226</u>	<u>\$ 17,399,421</u>	<u>\$ 7,140,119</u>	<u>\$ -</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 (MVLTF)

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.

**Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (2,128,415)	\$ -	\$ (2,128,415)
(6,269,287)	-	(6,269,287)
342,585	-	342,585
(1,020,545)	-	(1,020,545)
(1,276,653)	-	(1,276,653)
(32,623)	-	(32,623)
<u>(10,384,938)</u>	<u>-</u>	<u>(10,384,938)</u>
-	1,286,472	1,286,472
-	2,620,114	2,620,114
-	(243,815)	(243,815)
-	62,986	62,986
-	(73,505)	(73,505)
-	<u>3,652,252</u>	<u>3,652,252</u>
<u>(10,384,938)</u>	<u>3,652,252</u>	<u>(6,732,686)</u>
1,912,655	-	1,912,655
1,641,954	-	1,641,954
5,752,263	-	5,752,263
279,119	-	279,119
1,130,348	-	1,130,348
258,746	-	258,746
1,878,807	-	1,878,807
248,295	2,383	250,678
153,151	-	153,151
<u>13,255,338</u>	<u>2,383</u>	<u>13,257,721</u>
-	-	-
(724)	724	-
<u>13,254,614</u>	<u>3,107</u>	<u>13,257,721</u>
2,869,676	3,655,359	6,525,035
63,005,367	41,949,204	104,954,571
<u>\$ 65,875,043</u>	<u>\$ 45,604,563</u>	<u>\$ 111,479,606</u>

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

<b>Fund</b>	<b>Description</b>
<b>Governmental Funds:</b>	Governmental funds are used for taxes and grants.
General	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
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.
STIP	Accounts for funds received and expended for the State Transportation Improvement Program.

# City of Arcata, California

## Balance Sheet

### Governmental Funds

June 30, 2021

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>CDBG Housing Special Revenue</b>	<b>Housing Revolving Special Revenue</b>
<b>ASSETS</b>			
Cash and investments	\$ 12,597,728	\$ 520,268	\$ 293,384
Restricted cash and investments	-	-	-
Receivables:			
Taxes	684,258	-	-
Interest	5,464	-	-
Intergovernmental	2,440,379	-	-
Loans/Notes receivable	-	8,686,374	11,344,530
Other receivable	21,862	109,087	7,798
Due from other funds	392,247	84,702	-
Due from Successor Agency	-	-	-
Inventory	1,182	-	-
<b>Total assets</b>	<b>\$ 16,143,120</b>	<b>\$ 9,400,431</b>	<b>\$ 11,645,712</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 853,117	\$ 2,377	\$ 320
Due to other funds	-	-	-
Deposits payable	-	-	-
Other liabilities	2,656,643	-	-
<b>Total liabilities</b>	<b>3,509,760</b>	<b>2,377</b>	<b>320</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	95,076	8,686,375	11,344,526
<b>Total deferred inflows of resources:</b>	<b>95,076</b>	<b>8,686,375</b>	<b>11,344,526</b>
<b>Total Liabilities and deferred inflows</b>	<b>3,604,836</b>	<b>8,688,752</b>	<b>11,344,846</b>
<b>Fund balances:</b>			
Nonspendable	1,182	-	-
Restricted	-	711,679	300,866
Assigned	-	-	-
Unassigned (Deficit)	12,537,102	-	-
<b>Total fund balances</b>	<b>12,538,284</b>	<b>711,679</b>	<b>300,866</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 16,143,120</b>	<b>\$ 9,400,431</b>	<b>\$ 11,645,712</b>

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



<b>Major Funds</b>			
<b>Basic Business Loan Revolving</b>	<b>STIP</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
\$ 873,189	\$ -	\$ 4,173,437	\$ 18,458,006
-	-	2,914,895	2,914,895
-	-	-	684,258
-	-	-	5,464
-	10,164	1,367,422	3,817,965
3,202,352	-	4,148,525	27,381,781
2,639	-	-	141,386
399,825	-	-	876,774
-	-	179,512	179,512
-	-	120,478	121,660
<u>\$ 4,478,005</u>	<u>\$ 10,164</u>	<u>\$ 12,904,269</u>	<u>\$ 54,581,701</u>
\$ 280	\$ -	\$ 224,183	\$ 1,080,277
-	-	484,527	484,527
-	-	26,806	26,806
-	-	-	2,656,643
<u>280</u>	<u>-</u>	<u>735,516</u>	<u>4,248,253</u>
3,202,353	-	4,150,525	27,478,855
<u>3,202,353</u>	<u>-</u>	<u>4,150,525</u>	<u>27,478,855</u>
3,202,633	-	4,886,041	31,727,108
-	-	120,478	121,660
-	-	2,113,239	3,125,784
1,275,372	10,164	5,784,511	7,070,047
-	-	-	12,537,102
<u>1,275,372</u>	<u>10,164</u>	<u>8,018,228</u>	<u>22,854,593</u>
<u>\$ 4,478,005</u>	<u>\$ 10,164</u>	<u>\$ 12,904,269</u>	<u>\$ 54,581,701</u>

**City of Arcata, California**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2021**

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**Total fund balances - total governmental funds** \$ 22,854,593

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. 35,537,946

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	\$ (538,400)	
Due within one year	(296,300)	
Due after one year	(1,669,850)	
Net OPEB obligation	(4,494,789)	
Net pension liability	<u>(17,529,358)</u>	(24,528,697)

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. 27,478,855

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

Deferred outflows - OPEB	1,152,643	
Deferred outflows - Pension	2,686,908	
Deferred inflows - OPEB	(280,816)	
Deferred inflows - Pension	<u>(1,217,297)</u>	2,341,438

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	1,953,262	
Noncurrent assets	974,398	
Accounts payable and accrued liabilities	(56,243)	
Noncurrent liabilities	<u>(680,509)</u>	2,190,908

**Net Position of governmental activities** \$ 65,875,043

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, 2021

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Current assets:</b>					
Cash and investments	\$ 18,458,006	\$ -	\$ -	\$ 1,932,234	\$ 20,390,240
Restricted cash and investments	2,914,895	-	-	-	2,914,895
Receivables:					
Taxes	684,258	-	-	-	684,258
Interest	5,464	-	-	-	5,464
Intergovernmental	3,817,965	-	-	-	3,817,965
Loans/Notes receivable	27,381,781	-	-	-	27,381,781
Other receivable	141,386	-	-	-	141,386
Due from other funds	876,774	(876,774)	-	-	-
Due from Successor Agency	179,512	-	-	-	179,512
Internal balances	-	392,247	-	-	392,247
Inventory	121,660	-	-	21,028	142,688
<b>Total current assets</b>	<b>54,581,701</b>	<b>(484,527)</b>	<b>-</b>	<b>1,953,262</b>	<b>56,050,436</b>
<b>Noncurrent assets:</b>					
Capital assets, net	-	-	35,537,946	974,398	36,512,344
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>35,537,946</b>	<b>974,398</b>	<b>36,512,344</b>
<b>Total assets</b>	<b>54,581,701</b>	<b>(484,527)</b>	<b>35,537,946</b>	<b>2,927,660</b>	<b>92,562,780</b>
<b>Deferred outflows of resources:</b>					
OPEB	-	-	1,152,643	-	1,152,643
Pension Plan	-	-	2,609,055	77,853	2,686,908
<b>Total assets and deferred outflows of resources</b>	<b>\$ 54,581,701</b>	<b>\$ (484,527)</b>	<b>\$ 39,299,644</b>	<b>\$ 3,005,513</b>	<b>\$ 96,402,331</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,080,277	\$ -	\$ -	\$ 49,011	\$ 1,129,288
Due to other funds	484,527	(484,527)	-	-	-
Deposits payable	26,806	-	-	-	26,806
Compensated absences - current portion	-	-	134,600	7,232	141,832
Other liabilities	2,656,643	-	-	-	2,656,643
Due within one year	-	-	296,300	-	296,300
<b>Total current liabilities</b>	<b>4,248,253</b>	<b>(484,527)</b>	<b>430,900</b>	<b>56,243</b>	<b>4,250,869</b>
<b>Noncurrent liabilities:</b>					
Long-term liabilities:					
Compensated absences	-	-	403,800	21,696	425,496
Due after one year	-	-	1,669,850	-	1,669,850
Net OPEB liability	-	-	4,494,789	-	4,494,789
Net pension liability	-	-	17,529,358	658,813	18,188,171
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>24,097,797</b>	<b>680,509</b>	<b>24,778,306</b>
<b>Total liabilities</b>	<b>4,248,253</b>	<b>(484,527)</b>	<b>24,528,697</b>	<b>736,752</b>	<b>29,029,175</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	27,478,855	-	(27,478,855)	-	-
OPEB	-	-	280,816	-	280,816
Pension plan	-	-	1,179,032	38,265	1,217,297
<b>Total liabilities and deferred inflows of resources:</b>	<b>31,727,108</b>	<b>(484,527)</b>	<b>(1,490,310)</b>	<b>775,017</b>	<b>30,527,288</b>
<b>FUND BALANCES/NET POSITION</b>					
<b>Fund balances:</b>					
Nonspendable	121,660	(121,660)	-	-	-
Restricted	3,125,784	(3,125,784)	-	-	-
Assigned	7,070,047	(7,070,047)	-	-	-
Unassigned (deficit)	12,537,102	(12,537,102)	-	-	-
<b>Net position:</b>					
Net investment in capital assets	-	-	33,571,796	974,398	34,546,194
Restricted	-	-	3,125,784	-	3,125,784
Unrestricted	-	22,854,593	4,092,374	1,256,098	28,203,065
<b>Total fund balances/net position</b>	<b>22,854,593</b>	<b>-</b>	<b>40,789,954</b>	<b>2,230,496</b>	<b>65,875,043</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 54,581,701</b>	<b>\$ (484,527)</b>	<b>\$ 39,299,644</b>	<b>\$ 3,005,513</b>	<b>\$ 96,402,331</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, 2021

	Major Funds		
	General Fund	CDBG Housing Special Revenue	Housing Revolving Special Revenue
<b>REVENUES:</b>			
Taxes and assessments	\$ 10,939,112	\$ -	\$ -
Licenses and permits	720,131	-	-
Fines and forfeitures	145,799	-	-
Intergovernmental	2,627,849	-	-
Use of money and property	40,324	450,668	272,330
Charges for services	921,525	-	-
Reimbursements	1,336,116	-	-
Other revenues	38,885	-	-
<b>Total revenues</b>	<b>16,769,741</b>	<b>450,668</b>	<b>272,330</b>
<b>EXPENDITURES:</b>			
Current:			
General government	2,816,784	-	-
Public safety	6,234,620	-	-
Public works	998,898	-	-
Community development	756,878	330,302	203,224
Parks and recreation	1,025,026	-	-
Capital outlay	293,698	-	-
Debt service:			
Principal	39,900	-	-
Interest and fiscal charges	32,623	-	-
<b>Total expenditures</b>	<b>12,198,427</b>	<b>330,302</b>	<b>203,224</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,571,314</b>	<b>120,366</b>	<b>69,106</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	20,000	-	31,781
Transfers out	(1,296,330)	(500,000)	-
<b>Total other financing sources (uses)</b>	<b>(1,276,330)</b>	<b>(500,000)</b>	<b>31,781</b>
<b>Net change in fund balances</b>	<b>3,294,984</b>	<b>(379,634)</b>	<b>100,887</b>
<b>FUND BALANCES:</b>			
Beginning of year	9,243,300	1,091,313	199,979
End of year	\$ 12,538,284	\$ 711,679	\$ 300,866

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

<b>Major Funds</b>			
<b>Basic Business Loans Revolving</b>	<b>STIP</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ -	\$ -	\$ 35,973	\$ 10,975,085
-	-	29,608	749,739
-	-	39,189	184,988
-	10,164	3,901,987	6,540,000
15,385	-	400,405	1,179,112
-	-	-	921,525
-	-	-	1,336,116
-	-	498,357	537,242
<u>15,385</u>	<u>10,164</u>	<u>4,905,519</u>	<u>22,423,807</u>
-	-	-	2,816,784
-	-	257,884	6,492,504
-	-	2,258,001	3,256,899
18,769	-	2,445,767	3,754,940
-	-	325,974	1,351,000
-	-	71,689	365,387
-	-	-	39,900
-	-	-	32,623
<u>18,769</u>	<u>-</u>	<u>5,359,315</u>	<u>18,110,037</u>
<u>(3,384)</u>	<u>10,164</u>	<u>(453,796)</u>	<u>4,313,770</u>
500,000	-	1,655,680	2,207,461
-	-	(411,855)	(2,208,185)
<u>500,000</u>	<u>-</u>	<u>1,243,825</u>	<u>(724)</u>
496,616	10,164	790,029	4,313,046
<u>778,756</u>	<u>-</u>	<u>7,228,199</u>	<u>18,541,547</u>
<u>\$ 1,275,372</u>	<u>\$ 10,164</u>	<u>\$ 8,018,228</u>	<u>\$ 22,854,593</u>

**City of Arcata, California**

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

**For the year ended June 30, 2021**

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt		Internal Service	Depreciation	Capital Asset (Additions)/ Retirements		OPEB Obligation	Pension Plan	Unavailable Revenue	UAL Debt	Government- wide Totals
		Service	Service			Retirements	Retirements					
<b>Governmental activities:</b>												
General government	\$ 2,816,784	\$ 17,428	\$ 245,401	\$ 182,667	\$ -	\$ 374,063	\$ 320,275	\$ -	\$ (44,470)	\$ -	\$ -	\$ 3,912,148
Public safety	6,492,504	-	-	93,604	-	-	738,211	-	(102,501)	-	-	7,221,818
Public works	3,256,899	-	-	427,290	24	-	370,316	-	(51,419)	-	-	4,003,110
Community development	3,754,940	-	-	113,125	-	-	426,945	(1,485,600)	(59,281)	-	-	2,750,129
Parks and recreation	1,351,000	-	-	150,296	-	-	153,612	-	(21,329)	-	-	1,633,579
Capital outlay	365,387	-	-	-	(365,387)	-	-	-	-	-	-	-
Debt service/Interest	72,523	(39,900)	-	-	-	-	-	-	-	-	-	32,623
<b>Total governmental activities</b>	<b>\$ 18,110,037</b>	<b>\$ (22,472)</b>	<b>\$ 245,401</b>	<b>\$ 966,982</b>	<b>\$ (365,363)</b>	<b>\$ 374,063</b>	<b>\$ 2,009,359</b>	<b>\$ (1,485,600)</b>	<b>\$ (279,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,553,407</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, 2021**

**Net change in fund balances - total governmental funds** **\$ 4,313,046**

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	\$ 365,363	
Depreciation expense	<u>(966,982)</u>	(601,619)

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. 1,485,600

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		39,900
CalPERS UAL Debt		279,000

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		(17,428)
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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	(374,063)	
Pension Plan	<u>(2,009,359)</u>	(2,383,422)

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. (245,401)

**Change in Net Position of governmental activities** **\$ 2,869,676**

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, 2021

	<b>General Fund</b>			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 7,348,500	\$ 8,200,699	\$ 10,939,112	\$ 2,738,413
Licenses and permits	501,100	583,515	720,131	136,616
Fines and forfeitures	200,000	150,000	145,799	(4,201)
Intergovernmental	2,383,545	2,770,034	2,627,849	(142,185)
Use of money and property	128,040	61,489	40,324	(21,165)
Charges for services	966,525	758,140	921,525	163,385
Reimbursements	1,821,361	1,400,850	1,336,116	(64,734)
Other revenues	23,450	18,500	38,885	20,385
<b>Total revenues</b>	<b>13,372,521</b>	<b>13,943,227</b>	<b>16,769,741</b>	<b>2,826,514</b>
<b>EXPENDITURES:</b>				
Current:				
General government	3,288,728	2,949,226	2,816,784	132,442
Public safety	6,306,263	6,283,060	6,234,620	48,440
Public works	982,538	1,151,695	998,898	152,797
Community development	667,129	856,680	756,878	99,802
Parks and recreation	1,300,299	1,327,977	1,025,026	302,951
Capital outlay	464,293	648,977	293,698	355,279
Debt service:				
Principal	36,750	39,900	39,900	-
Interest and fiscal charges	36,550	33,400	32,623	777
<b>Total expenditures</b>	<b>13,082,550</b>	<b>13,290,915</b>	<b>12,198,427</b>	<b>1,092,488</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>289,971</b>	<b>652,312</b>	<b>4,571,314</b>	<b>3,919,002</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer from fiduciary activities	-	-	-	-
Transfers in	20,000	20,000	20,000	-
Transfers out	(595,330)	(1,351,330)	(1,296,330)	55,000
<b>Total other financing sources (uses)</b>	<b>(575,330)</b>	<b>(1,331,330)</b>	<b>(1,276,330)</b>	<b>55,000</b>
<b>Net change in fund balances</b>	<b>(285,359)</b>	<b>(679,018)</b>	<b>3,294,984</b>	<b>3,974,002</b>
<b>FUND BALANCES:</b>				
Beginning of year	9,243,300	9,243,300	9,243,300	-
End of year	<b>\$ 8,957,941</b>	<b>\$ 8,564,282</b>	<b>\$ 12,538,284</b>	<b>\$ 3,974,002</b>

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



<b>CDBG Housing Special Revenue Fund</b>				<b>Housing Revolving Special Revenue Fund</b>			
<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance w/Final Positive (Negative)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance w/Final Positive (Negative)</u>
<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
405,000	525,000	450,668	(74,332)	151,500	185,000	272,330	87,330
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>405,000</u>	<u>525,000</u>	<u>450,668</u>	<u>(74,332)</u>	<u>151,500</u>	<u>185,000</u>	<u>272,330</u>	<u>87,330</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
390,755	1,155,707	330,302	825,405	-	260,271	203,224	57,047
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>390,755</u>	<u>1,155,707</u>	<u>330,302</u>	<u>825,405</u>	<u>-</u>	<u>260,271</u>	<u>203,224</u>	<u>57,047</u>
14,245	(630,707)	120,366	751,073	151,500	(75,271)	69,106	144,377
-	-	-	-	-	-	-	-
-	-	-	-	-	-	31,781	31,781
-	-	(500,000)	(500,000)	-	-	-	-
-	-	(500,000)	(500,000)	-	-	31,781	31,781
14,245	(630,707)	(379,634)	251,073	151,500	(75,271)	100,887	176,158
1,091,313	1,091,313	1,091,313	-	199,979	199,979	199,979	-
<u>\$ 1,105,558</u>	<u>\$ 460,606</u>	<u>\$ 711,679</u>	<u>\$ 251,073</u>	<u>\$ 351,479</u>	<u>\$ 124,708</u>	<u>\$ 300,866</u>	<u>\$ 176,158</u>

(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, 2021**

	<b>Basic Business Loan Revolving</b>			
	Budgeted Amounts		Actual	Variance w/Final Positive (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	15,385	(7,615)
Charges for services	-	-	-	-
Reimbursements	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>23,000</b>	<b>23,000</b>	<b>15,385</b>	<b>(7,615)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	106,955	106,955	18,769	88,186
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>106,955</b>	<b>106,955</b>	<b>18,769</b>	<b>88,186</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(83,955)</b>	<b>(83,955)</b>	<b>(3,384)</b>	<b>80,571</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>500,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(83,955)</b>	<b>(83,955)</b>	<b>496,616</b>	<b>80,571</b>
<b>FUND BALANCES:</b>				
Beginning of year	778,756	778,756	778,756	-
End of year	<b>\$ 694,801</b>	<b>\$ 694,801</b>	<b>\$ 1,275,372</b>	<b>\$ 80,571</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, 2021**

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Transit Fund</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 10,352,916	\$ 11,831,924	\$ -
Receivables:			
Accounts	569,007	728,223	-
Intergovernmental	-	54,176	514,647
Inventory	163,679	21,800	-
Deposit	2,014	2,014	-
<b>Total current assets</b>	<u>11,087,616</u>	<u>12,638,137</u>	<u>514,647</u>
<b>Noncurrent assets:</b>			
Prepaid debt issuance costs	36,526	8,092	-
Capital assets, net	3,659,117	16,895,600	1,559,912
<b>Total noncurrent assets</b>	<u>3,695,643</u>	<u>16,903,692</u>	<u>1,559,912</u>
<b>Total Assets</b>	<u>14,783,259</u>	<u>29,541,829</u>	<u>2,074,559</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan	302,077	360,609	100,449
<b>Total assets and deferrd outflows of resources</b>	<u>\$ 15,085,336</u>	<u>\$ 29,902,438</u>	<u>\$ 2,175,008</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 182,521	\$ 749,254	\$ 44,564
Accrued payroll	44,845	41,379	13,525
Due to other funds	-	-	392,247
Interest payable	-	1,993	-
Deposits payable	111,135	49,482	-
Compensated absences - current portion	14,058	16,129	3,743
Due within one year	76,700	207,362	-
<b>Total current liabilities</b>	<u>429,259</u>	<u>1,065,599</u>	<u>454,079</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	42,176	48,386	11,229
Due after one year	1,346,150	1,284,790	-
Net pension liability	2,017,700	2,365,170	557,788
<b>Total noncurrent liabilities</b>	<u>3,406,026</u>	<u>3,698,346</u>	<u>569,017</u>
<b>Total liabilities</b>	<u>3,835,285</u>	<u>4,763,945</u>	<u>1,023,096</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan	178,871	194,559	40,532
<b>Total deferred inflows of resources</b>	<u>178,871</u>	<u>194,559</u>	<u>40,532</u>
<b>Net Position:</b>			
Net investment in capital assets	2,312,967	15,610,810	1,559,912
Unrestricted	8,758,213	9,333,124	(448,532)
<b>Total net position</b>	<u>11,071,180</u>	<u>24,943,934</u>	<u>1,111,380</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 15,085,336</u>	<u>\$ 29,902,438</u>	<u>\$ 2,175,008</u>

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

<b>Solid Waste Fund</b>	<b>Stormwater Utility Fund</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
\$ 678,191	\$ 424,124	\$ 23,287,155	\$ 1,932,234
73,596	12,680	1,383,506	-
2,838	84,094	655,755	-
-	4,799	190,278	21,028
-	-	4,028	-
<u>754,625</u>	<u>525,697</u>	<u>25,520,722</u>	<u>1,953,262</u>
-	-	44,618	-
899	8,096,833	30,212,361	974,398
899	8,096,833	30,256,979	974,398
<u>755,524</u>	<u>8,622,530</u>	<u>55,777,701</u>	<u>2,927,660</u>
46,226	92,877	902,238	77,853
<u>\$ 801,750</u>	<u>\$ 8,715,407</u>	<u>\$ 56,679,939</u>	<u>\$ 3,005,513</u>
\$ 30,833	\$ 2,717	\$ 1,009,889	\$ 31,158
6,010	10,438	116,197	17,853
-	-	392,247	-
-	-	1,993	-
-	2,400	163,017	-
896	2,303	37,129	7,232
-	-	284,062	-
<u>37,739</u>	<u>17,858</u>	<u>2,004,534</u>	<u>56,243</u>
2,689	6,910	111,390	21,696
-	-	2,630,940	-
292,736	598,684	5,832,078	658,813
295,425	605,594	8,574,408	680,509
<u>333,164</u>	<u>623,452</u>	<u>10,578,942</u>	<u>736,752</u>
25,385	57,087	496,434	38,265
<u>25,385</u>	<u>57,087</u>	<u>496,434</u>	<u>38,265</u>
899	8,096,833	27,581,421	974,398
442,302	(61,965)	18,023,142	1,256,098
<u>443,201</u>	<u>8,034,868</u>	<u>45,604,563</u>	<u>2,230,496</u>
<u>\$ 801,750</u>	<u>\$ 8,715,407</u>	<u>\$ 56,679,939</u>	<u>\$ 3,005,513</u>

**City of Arcata, California**

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

**Proprietary Funds**

**For the year ended June 30, 2021**

	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Transit Fund</b>
<b>OPERATING REVENUES:</b>			
Charges for service	\$ 5,713,260	\$ 6,777,434	\$ 953,509
Interdepartmental charges	-	712,408	-
Other operating revenue	-	169	1,412
<b>Total operating revenues</b>	<b>5,713,260</b>	<b>7,490,011</b>	<b>954,921</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	1,564,844	2,031,158	409,022
Contractual services	132,326	631,790	356,381
Materials and supplies	171,341	415,577	3,390
Repairs and maintenance	143,365	114,373	177,154
Purchased water	1,436,533	-	-
Utilities	55,667	194,367	1,583
Insurance	153,693	153,693	55,012
Taxes and fees	32,328	203,597	324
Allocated overhead	503,420	503,420	64,940
Depreciation	170,076	607,519	196,394
<b>Total operating expenses</b>	<b>4,363,593</b>	<b>4,855,494</b>	<b>1,264,200</b>
<b>OPERATING INCOME</b>	<b>1,349,667</b>	<b>2,634,517</b>	<b>(309,279)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Gain (Loss) from the sale of capital assets	-	-	-
Intergovernmental revenues (expenses)	-	-	65,464
Interest revenue	1,798	121	136
Interest expense	(63,195)	(14,403)	-
<b>Total non-operating revenues, net</b>	<b>(61,397)</b>	<b>(14,282)</b>	<b>65,600</b>
<b>NET INCOME BEFORE TRANSFERS</b>	<b>1,288,270</b>	<b>2,620,235</b>	<b>(243,679)</b>
Transfers in	-	-	-
Transfers out	(39,276)	(90,000)	-
<b>Total transfers</b>	<b>(39,276)</b>	<b>(90,000)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>1,248,994</b>	<b>2,530,235</b>	<b>(243,679)</b>
<b>NET POSITION:</b>			
Beginning of year	9,822,186	22,413,699	1,355,059
End of year	<u>\$ 11,071,180</u>	<u>\$ 24,943,934</u>	<u>\$ 1,111,380</u>

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

<b>Solid Waste Fund</b>	<b>Stormwater Utility Fund</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds</b>
\$ 525,788	\$ 589,309	\$ 14,559,300	\$ -
-	-	712,408	1,299,696
27,968	4,350	33,899	-
<u>553,756</u>	<u>593,659</u>	<u>15,305,607</u>	<u>1,299,696</u>
253,735	397,704	4,656,463	571,868
83,322	81,681	1,285,500	111,625
86,960	60,044	737,312	293,399
6,765	11,495	453,152	39,149
-	-	1,436,533	-
1	279	251,897	-
9,458	27,192	399,048	125,680
-	2,138	238,387	-
50,310	28,390	1,150,480	48,530
219	58,241	1,032,449	359,480
<u>490,770</u>	<u>667,164</u>	<u>11,641,221</u>	<u>1,549,731</u>
62,986	(73,505)	3,664,386	(250,035)
-	-	-	4,500
-	-	65,464	-
241	87	2,383	142
-	-	(77,598)	(8)
<u>241</u>	<u>87</u>	<u>(9,751)</u>	<u>4,634</u>
63,227	(73,418)	3,654,635	(245,401)
-	155,000	155,000	-
(25,000)	-	(154,276)	-
<u>(25,000)</u>	<u>155,000</u>	<u>724</u>	<u>-</u>
38,227	81,582	3,655,359	(245,401)
404,974	7,953,286	41,949,204	2,475,897
<u>\$ 443,201</u>	<u>\$ 8,034,868</u>	<u>\$ 45,604,563</u>	<u>\$ 2,230,496</u>

**City of Arcata, California**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2021**

	<b>Water Fund</b>	<b>Wastewater Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers/users for services provided	\$ 5,628,649	\$ 7,339,177
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(2,762,486)	(2,305,845)
Cash payments to employees for services	(1,344,559)	(1,743,955)
<b>Net cash provided by operating activities</b>	<b>1,521,604</b>	<b>3,289,377</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers received	-	-
Transfers paid	(39,276)	(90,000)
Grant income	-	-
<b>Net cash used by noncapital financing activities</b>	<b>(39,276)</b>	<b>(90,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	-	-
Acquisition and construction of capital assets	(228,753)	(1,639,085)
Principal paid on long term debt	(74,100)	970,152
Interest paid on long term debt	(60,586)	(10,357)
Proceeds from the sale of capital assets	-	-
<b>Net cash (used) by capital and related financing activities</b>	<b>(363,439)</b>	<b>(679,290)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income received	1,798	121
<b>Net cash provided by investing activities</b>	<b>1,798</b>	<b>121</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,120,687</b>	<b>2,520,208</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	9,232,229	9,311,716
End of year	<b>\$ 10,352,916</b>	<b>\$ 11,831,924</b>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>		
Operating income	\$ 1,349,667	\$ 2,634,517
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	170,076	607,519
Pension expense	242,543	310,627
(Increase) decrease in current assets:		
Accounts receivable	(39,253)	(87,745)
Intergovernmental receivables	-	(54,176)
Inventory	(4,747)	974
Deposits	-	-
Increase (decrease) in liabilities:		
Accounts payable	(129,066)	(90,002)
Accrued liabilities	(9,837)	(9,157)
Unearned revenues	-	-
Deposits payable	(45,358)	(8,913)
Compensated absences	(12,421)	(14,267)
<b>Net cash provided by operating activities</b>	<b>\$ 1,521,604</b>	<b>\$ 3,289,377</b>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2021.

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
\$ 453,613	\$ 509,040	\$ 519,024	\$ 14,449,503	\$ -
-	-	-	-	1,299,696
(644,415)	(284,443)	(211,246)	(6,208,435)	(611,350)
(354,201)	(223,219)	(346,280)	(4,012,214)	(468,910)
(545,003)	1,378	(38,502)	4,228,854	219,436
389,674	-	155,000	544,674	-
-	(25,000)	-	(154,276)	-
-	-	-	-	-
389,674	(25,000)	155,000	390,398	-
65,464	-	-	65,464	-
(17,422)	-	(144,175)	(2,029,435)	(4,709)
-	-	-	896,052	-
-	-	-	(70,943)	(8)
-	-	-	-	4,500
48,042	-	(144,175)	(1,138,862)	(217)
136	241	87	2,383	142
136	241	87	2,383	142
(107,151)	(23,381)	(27,590)	3,482,773	219,361
107,151	701,572	451,714	19,804,382	1,712,873
\$ -	\$ 678,191	\$ 424,124	\$ 23,287,155	\$ 1,932,234
\$ (309,279)	\$ 62,986	\$ (73,505)	\$ 3,664,386	\$ (250,035)
196,394	219	58,241	1,032,449	359,480
51,564	41,382	65,288	711,404	101,783
-	(42,144)	2,625	(166,517)	-
(501,308)	(2,572)	(77,260)	(635,316)	-
-	-	-	(3,773)	(2,067)
-	-	-	-	-
14,369	(47,627)	(27)	(252,353)	9,100
526	(3,467)	(4,125)	(26,060)	(1,856)
-	-	-	-	-
-	-	-	(54,271)	-
2,731	(7,399)	(9,739)	(41,095)	3,031
\$ (545,003)	\$ 1,378	\$ (38,502)	\$ 4,228,854	\$ 219,436

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## 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, 2021**

	<u>Successor Agency</u> Former Arcata Community Development Agency
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 184,251
Total current assets	<u>184,251</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension plan	56,141
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 240,392</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Due to City of Arcata	\$ 179,512
Due within one year	144,103
Total current liabilities	<u>323,615</u>
Long-term liabilities:	
Due after one year	4,321,162
Net pension liability	221,456
Total long-term liabilities	<u>4,542,618</u>
<b>Total liabilities</b>	<u>4,866,233</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension plan	49,164
<b>Total deferred inflows of resources</b>	<u>49,164</u>
<b>NET POSITION (DEFICIT)</b>	
Net position held in trust for	
Redevelopment Dissolution	<u>(4,675,005)</u>
<b>Total Net Position (deficit)</b>	<u>(4,675,005)</u>
<b>Total liabilities and net position</b>	<u><u>\$ 240,392</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, 2021**

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	<u>Successor Agency</u>
	Former Arcata Community Development Agency
	<u>Agency</u>
<b>ADDITIONS:</b>	
Property taxes	\$ 305,187
Investment income	16
<b>Total operating revenues</b>	<u>305,203</u>
<b>DEDUCTIONS:</b>	
Community development	10,198
Interest and trustee fees	155,698
Transfer to City	-
<b>Total operating expenses</b>	<u>165,896</u>
<b>CHANGE IN FIDUCIARY NET ASSETS</b>	<u>139,307</u>
<b>NET ASSETS (DEFICIT):</b>	
Beginning of year	(4,814,312)
End of year	<u>\$ (4,675,005)</u>

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

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Index to Notes to Basic Financial Statements**

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**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

***Financial Reporting Entity***

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

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

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, 2021**

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**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, 2021**

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

***Basis of Presentation, Continued***

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

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

*Special Revenue Funds*

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

*Capital Project Funds*

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

**Proprietary Funds**

*Enterprise Funds*

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

*Internal Service Funds*

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

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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**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, 2021**

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**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 190 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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021. 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, 2021**

**2. CASH AND INVESTMENTS**

At June 30, 2021, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	Maturities (in years)			Deposits	Fair Market Value
	<1	1 to 3	3 to 5		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$ 24,675,294	\$ 24,675,294
Petty cash	-	-	-	1,425	1,425
Total pooled items	-	-	-	24,676,719	24,676,719
<u>Pooled investments, at fair value</u>					
Interest obligations					
<u>Par</u>	<u>Rate</u>				
800,000	1.250 - 2.625%	Corporate notes	50,584	-	50,584
5,985,000	0.875 - 2.625%	US Treasury Notes	2,237,050	6,216,924	15,323,630
		Cash equivalent	32,974	-	32,974
		State of California Local Agency Investment Fund	6,692,634	-	6,692,634
		Total pooled investments - interest obligations	9,013,242	6,216,924	22,099,822
		Total cash equivalents and investments pooled	\$ 9,013,242	\$ 6,216,924	\$ 46,776,541
<b>Amounts reported in:</b>					
					\$ 20,390,240
					2,914,895
					23,287,155
					184,251
					<u>\$ 46,776,541</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Corporate notes	\$ 50,584	0.30
U.S. Treasury notes	15,323,630	-
Money market funds	32,974	0.20
State investment pool	6,692,634	-
Total fair value	<u>\$ 22,099,822</u>	
Portfolio weighted average maturity		2.95

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**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, 2021, 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, 2021**

**2. CASH AND INVESTMENTS, *continued***

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

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

*Credit risk* – As of June 30, 2021, the City’s investments in money market funds were rated AAA by Standard & Poor’s and Fitch Ratings, and Aaa by Moody’s Investors Service. The State of California Local Agency Investment Fund is not rated.

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

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 2.31% 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.

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**2. CASH AND INVESTMENTS, *continued***

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

At June 30, 2021, the carrying amount of the City’s deposits was \$24,675,294 and the balances in financial institutions were \$24,670,788. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$24,420,788 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, 2021, 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 balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the City’s position in the LAIF pool. The State Treasurer determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available. As of June 30, 2021, the City’s investment in LAIF was \$6,692,634. The total amount invested by all public agencies at that date was \$37.07 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2021 has a balance of \$193.46 billion. Financial Statements of LAIF and PMIA may be obtained from the California Treasurer’s web site at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).



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**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2021:

	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities			
Accounts receivable	\$ 141,386	\$ -	\$ 141,386
Intergovernmental	3,817,965	-	3,817,965
Interest	5,464	-	5,464
Taxes	684,258	-	684,258
	<u>\$ 4,649,073</u>	<u>\$ -</u>	<u>\$ 4,649,073</u>
Business-type activities			
Accounts receivable	\$ 1,383,506	\$ -	\$ 1,383,506
Intergovernmental	655,755	-	655,755
	<u>\$ 2,039,261</u>	<u>\$ -</u>	<u>\$ 2,039,261</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	77.12%
Individuals/Business	22.80%
Financial	0.08%

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, 2021, consisted of the following:

	<u>Beginning</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>June 30, 2021</u>
Community Development Block Grant	\$ 7,160,540	\$ 1,906,628	\$ (380,794)	\$ 8,686,374
HOME loans	11,438,663	157,212	(251,345)	11,344,530
Public Improvement business loans	147,344	-	(23,441)	123,903
Basic business revolving loans	119,596	10,000	(10,277)	119,319
Mobile home park/ low income housing assistance	2,221,299	399,825	(500,000)	2,121,124
First time home buyers	84,608	-	(2,699)	81,909
Rehabilitation loans	880,000	-	-	880,000
Housing successor loans	3,845,493	125,000	(11,575)	3,958,918
Parkland in Lieu	-	65,704	-	65,704
Total loans/notes receivable	<u>\$ 25,897,543</u>	<u>\$ 2,664,369</u>	<u>\$ (1,180,131)</u>	<u>\$ 27,381,781</u>

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

The following is a summary of the loans and notes receivable outstanding as of June 30, 2021:

***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, 2021, was \$8,686,374.

***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, 2021, was \$11,344,530.

***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 \$123,903.

***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, 2021, was \$119,320.

***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, 2021, was \$2, 121,124.

***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, 2021, was \$81,910.

***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, 2021, was \$880,000.

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**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.

*Parkland in Lieu Loan* - This loan was created to assist borrower with payment of parkland in lieu fee permit amounts associated with a Q Street, eighteen unit subdivision. The balance of this loan at June 30, 2021 was \$65,704.

**5. CAPITAL ASSETS**

Governmental capital asset activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
<b><u>Governmental activities:</u></b>				
<b>Nondepreciable assets:</b>				
Land	\$ 17,193,821	\$ 35,000	\$ -	\$ 17,228,821
Undergrounding facilities	90,025	-	-	90,025
<b>Total nondepreciable assets</b>	<b>17,283,846</b>	<b>35,000</b>	<b>-</b>	<b>17,318,846</b>
<b>Depreciable assets:</b>				
Buildings and structures	13,412,378	65,667	-	13,478,045
Furniture and equipment	6,033,087	54,930	-	6,088,017
Improvements	12,299,951	209,767	-	12,509,718
Infrastructure	44,850,104	-	-	44,850,104
Vehicles	5,045,856	-	-	5,045,856
<b>Total depreciable assets</b>	<b>81,641,376</b>	<b>330,364</b>	<b>-</b>	<b>81,971,740</b>
<b>Total</b>	<b>98,925,222</b>	<b>365,364</b>	<b>-</b>	<b>99,290,586</b>
<b>Accumulated depreciation:</b>				
Buildings and structures	(7,810,333)	(319,519)	-	(8,129,852)
Furniture and equipment	(5,197,408)	(266,959)	-	(5,464,367)
Improvements	(4,022,050)	(267,751)	-	(4,289,801)
Infrastructure	(40,507,333)	(149,044)	-	(40,656,377)
Vehicles	(3,914,656)	(323,189)	-	(4,237,845)
<b>Total accumulated depreciation</b>	<b>(61,451,780)</b>	<b>(1,326,462)</b>	<b>-</b>	<b>(62,778,242)</b>
<b>Net depreciable assets</b>	<b>20,189,596</b>	<b>(996,098)</b>	<b>-</b>	<b>19,193,498</b>
<b>Total net capital assets</b>	<b>\$ 37,473,442</b>	<b>\$ (961,098)</b>	<b>\$ -</b>	<b>\$ 36,512,344</b>

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**5. CAPITAL ASSETS, *continued***

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

General government	\$	182,667
Public safety		93,604
Public works		427,290
Community development		113,125
Parks and recreation		150,296
Central Garage		344,782
Information Technology		14,698
	\$	<u>1,326,462</u>

Business-type capital asset activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
<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>7,569,579</u>
<b>Depreciable assets:</b>				
Underground facilities	16,255,402	298,941	-	16,554,343
Buildings and structures	9,368,262	9,200	-	9,377,462
Furniture and equipment	3,040,578	137,710	-	3,178,288
Other improvements	11,476,140	1,583,585	-	13,059,725
Vehicles	2,939,938	-	2	2,939,940
<b>Total depreciable assets</b>	<u>43,080,320</u>	<u>2,029,436</u>	<u>2</u>	<u>45,109,758</u>
<b>Total</b>	<u>50,649,899</u>	<u>2,029,436</u>	<u>2</u>	<u>52,679,337</u>
<b>Accumulated depreciation:</b>				
Undergrounding facilities	(5,330,845)	(467,854)	-	(5,798,699)
Buildings and structures	(7,455,092)	(233,272)	-	(7,688,364)
Furniture and equipment	(2,956,262)	(39,971)	-	(2,996,233)
Other improvements	(3,840,037)	(150,988)	-	(3,991,025)
Vehicles	(1,852,288)	(140,367)	-	(1,992,655)
<b>Total accumulated depreciation</b>	<u>(21,434,524)</u>	<u>(1,032,452)</u>	<u>-</u>	<u>(22,466,976)</u>
<b>Net depreciable assets</b>	<u>21,645,796</u>	<u>996,984</u>	<u>2</u>	<u>22,642,782</u>
<b>Total net capital assets</b>	<u>\$ 29,215,375</u>	<u>\$ 996,984</u>	<u>\$ 2</u>	<u>\$ 30,212,361</u>

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

Water	\$	170,076
Wastewater		607,520
Transit		196,395
Solid Waste		219
Stormwater		58,242
	\$	<u>1,032,452</u>

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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2021:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 542,429	\$ 1,009,889	\$ 1,552,318
Accrued payroll and related liabilities	586,859	116,197	703,056
<b>Total</b>	<b>\$ 1,129,288</b>	<b>\$ 1,126,086</b>	<b>\$ 2,255,374</b>

These amounts resulted in the following concentrations in payables:

Vendors	68%
Employees	32%

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, 2021:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
<b>Governmental Activities:</b>					
2015 Refunding of 2008 Lease					
Governmental share	\$ 806,050	\$ -	\$ (39,900)	\$ 766,150	\$ 41,300
CalPERS UAL Debt	1,479,000	-	(279,000)	1,200,000	255,000
<b>Total governmental debt</b>	<b>\$ 2,285,050</b>	<b>\$ -</b>	<b>\$ (318,900)</b>	<b>\$ 1,966,150</b>	<b>\$ 296,300</b>
Compensated absences	546,869	-	(8,469)	538,400	134,600
Net OPEB obligation	3,611,860	882,929	-	4,494,789	-
Net Pension Liability	15,412,587	2,775,584	-	18,188,171	-
<b>Total other governmental long-term liabilities</b>	<b>19,571,316</b>	<b>3,658,513</b>	<b>(8,469)</b>	<b>23,221,360</b>	<b>134,600</b>
<b>Total governmental activities</b>	<b>\$ 21,856,366</b>	<b>\$ 3,658,513</b>	<b>\$ (327,369)</b>	<b>\$ 25,187,510</b>	<b>\$ 430,900</b>
<b>Business-type activities</b>					
2015 Refunding of 2008 Loan	\$ 522,000	\$ -	\$ (170,000)	\$ 352,000	\$ 174,000
SWRCB Loan	-	1,140,152	-	1,140,152	33,362
2015 Refunding of 2008 Lease					
Water Enterprise Share	1,496,950	-	(74,100)	1,422,850	76,700
<b>Total business-type activity debt</b>	<b>2,018,950</b>	<b>1,140,152</b>	<b>(244,100)</b>	<b>2,915,002</b>	<b>284,062</b>
Compensated absences	189,614	-	(41,095)	148,519	37,129
<b>Total business-type activities</b>	<b>\$ 2,208,564</b>	<b>\$ 1,140,152</b>	<b>\$ (285,195)</b>	<b>\$ 3,063,521</b>	<b>\$ 321,191</b>

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

***Governmental Activities***

**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.

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**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, 2021, of that amount \$166,754 is expected to be paid within a year.

**Debt Service**

Future debt service for Governmental Activities at June 30, 2021, is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Governmental Activities					
	2015 Refunding of 2008 Lease		CalPERS UAL Debt		Total	
	Governmental Share					
	Principal	Interest	Principal	Interest	Principal	Interest
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	49,000	24,489	140,000	11,494	189,000	35,983
2027 - 2031	276,150	90,302	201,000	10,313	477,150	100,615
2032 - 2036	264,950	28,048	-	-	264,950	28,048
<b>Total</b>	<b>\$ 766,150</b>	<b>\$ 259,446</b>	<b>\$ 1,200,000</b>	<b>\$ 140,327</b>	<b>\$ 1,966,150</b>	<b>\$ 399,773</b>
Due within one year	\$ 41,300	\$ 31,795	\$ 255,000	\$ 42,638	\$ 296,300	\$ 74,433
Due after one year	724,850	227,651	945,000	97,689	1,669,850	325,340
<b>Total</b>	<b>\$ 766,150</b>	<b>\$ 259,446</b>	<b>\$ 1,200,000</b>	<b>\$ 140,327</b>	<b>\$ 1,966,150</b>	<b>\$ 399,773</b>

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

Future debt service for Business-type Activities at June 30, 2021, is as follows:

Year Ending June 30,	Business Type Activities					
	2015 Refunding of 2008 Loan		2015 Refunding of 2008 Lease Water Enterprise share		State Water Resource Control Board Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 174,000	\$ 6,281	\$ 76,700	\$ 59,048	\$ 33,362	\$ 15,962
2023	178,000	2,109	79,950	55,865	29,402	19,922
2024	-	-	83,200	52,547	29,931	19,393
2025	-	-	87,100	49,095	30,470	18,854
2026	-	-	91,000	45,480	31,018	18,306
2027 - 2031	-	-	512,850	167,704	163,669	82,950
2032 - 2036	-	-	492,050	52,089	178,939	67,680
2037 - 2041	-	-	-	-	195,634	50,985
2042 - 2046	-	-	-	-	213,886	32,733
2047 - 2051	-	-	-	-	233,841	12,778
<b>Total</b>	<b>\$ 352,000</b>	<b>\$ 8,390</b>	<b>\$ 1,422,850</b>	<b>\$ 481,828</b>	<b>\$ 1,140,152</b>	<b>\$ 339,563</b>
Due within one year	\$ 174,000	\$ 6,281	\$ 76,700	\$ 59,048	\$ 33,362	\$ 15,962
Due after one year	178,000	2,109	1,346,150	422,780	1,106,790	323,601
<b>Total</b>	<b>\$ 352,000</b>	<b>\$ 8,390</b>	<b>\$ 1,422,850</b>	<b>\$ 481,828</b>	<b>\$ 1,140,152</b>	<b>\$ 339,563</b>

**8. NET POSITION/ FUND BALANCES**

**Net position**

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 34,546,194	\$ 27,581,421	\$ 62,127,615
Restricted	3,086,532	-	3,086,532
Unrestricted	28,176,613	18,023,142	46,199,755
<b>Total</b>	<b>\$ 65,809,339</b>	<b>\$ 45,604,563</b>	<b>\$ 111,413,902</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.



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**8. NET POSITION/ FUND BALANCES, continued**

**Fund Balance**

Nonspendable and Restricted fund balance consisted of the following at June 30, 2021:

Nonspendable:	
Inventory	\$ 121,660
<b>Total Nonspendable</b>	<u>\$ 121,660</u>
Restricted:	
Governmental Funds:	
CDBG Housing	\$ 711,679
Housing Revolving	300,866
Traffic Safety	52,025
Gas Tax	721,046
Federal Grants	1,340,168
<b>Total Restricted</b>	<u>\$ 3,125,784</u>

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

**Nonspendable**

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

**Restricted**

- **CDBG Housing and Housing Revolving** – represents amounts restricted for the City’s HOME revolving loan program and CDBG housing activities as these programs are supported by specific grants requiring the restriction.
- **Traffic Safety** – represents restricted revenue received for the City’s programs associated with the maintenance of equipment and supplies for traffic law enforcement and traffic accident prevention as provided by Office of Traffic Safety grant provisions.
- **Gas Tax** – represents amounts restricted for street maintenance purposes as defined in Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.
- **Federal Grants** – represents restricted amounts received from Federal Grants for various city programs.

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**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, 2021:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 392,247	\$ -
CDBG Housing	84,702	-
Basic Business Loan Revolving	399,825	-
Total Major Funds	<u>876,774</u>	<u>-</u>
<b>Nonmajor Funds:</b>		
Federal Grant Funds	-	484,527
Total Nonmajor Funds	<u>-</u>	<u>484,527</u>
Total Governmental Funds	<u>876,774</u>	<u>484,527</u>
<b><u>Proprietary Funds</u></b>		
Transit Fund	-	392,247
Total Proprietary Funds	<u>-</u>	<u>392,247</u>
Total Transfers	<u>\$ 876,774</u>	<u>\$ 876,774</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.

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

Transfers consisted of the following at June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 20,000	\$ 1,296,330
CDBG Housing	-	500,000
Housing Revolving	31,781	-
Basic Business Loan Revolving	500,000	-
Total Major Funds	<u>551,781</u>	<u>1,796,330</u>
<b>Nonmajor Funds:</b>		
Traffic Safety	252,381	-
GAS Tax Funds	1,403,299	-
Federal Grant Funds	-	355,005
In Lieu Fee Funds	-	20,000
Assessment District Funds	-	36,850
Total Nonmajor Funds	<u>1,655,680</u>	<u>411,855</u>
Total Governmental Funds	<u>2,207,461</u>	<u>2,208,185</u>
<b><u>Proprietary Funds</u></b>		
Water Fund	-	39,276
Wastewater Fund	-	90,000
Solid Waste Fund	-	25,000
Stormwater Utility Fund	155,000	-
Total Proprietary Funds	<u>155,000</u>	<u>154,276</u>
Total Transfers	<u>\$ 2,362,461</u>	<u>\$ 2,362,461</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.

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**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, 2020, the most recent period available:

Total assets	\$ 34,311,556
Total deferred outflows of resources	659,939
Total liabilities	(31,672,831)
Total Deferred inflows of resources	(185,787)
Members' equity	<u>\$ 3,112,877</u>
Total revenue	\$ 29,710,466
Total expense	(28,800,927)
Operating income (loss)	<u>\$ 909,539</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.

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**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 comprehensive and general automotive liability, personal injury, contractual liability, professional liability, and certain other coverage. REMIF is a member of the California Joint Powers Risk Management Authority, which provides REMIF with an additional \$4,500,000 liability insurance coverage over and above REMIF retention level of \$500,000.

***Worker's Compensation***

Periodic deposits 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.

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

***Property Insurance***

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

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**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, 2021, are summarized as follows:

	<b>Miscellaneous</b>	<b>Miscellaneous Second Tier</b>
	Prior to	Prior to
Hire date	January 1, 2013	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	14.194%	10.484%
	<b>PEPRA Miscellaneous</b>	<b>Safety Plan</b>
	On or after	On or after
Hire date	January 1, 2013	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	7.73%	23.674%
	<b>Safety Second Tier</b>	<b>PEPRA Safety Police</b>
	Prior to	On or after
Hire date	January 1, 2013	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	20.585%	13.044%

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**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, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

	PEPRA					
	Miscellaneous	Miscellaneous Second Tier	Miscellaneous Plan	Safety Plan	Safety Second Tier Plan	PEPRA Safety Police Plan
Contributions - employer	\$ 289,305	\$ 15,313	\$ 161,151	\$ 179,003	\$ 41,468	\$ 106,426
Contributions - employee	\$ 242,972	\$ 17,854	\$ 209,563	\$ 102,514	\$ 27,872	\$ 132,410

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

As of June 30, 2021, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 15,618,438
Safety	8,623,267
Total Net Pension Liability	<u>\$ 24,241,705</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, 2020, 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, 2019 rolled forward to June 30, 2020 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.

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

The City's proportionate share of the net pension liability for each Plan as of June 30, 2020 and 2021 was as follows:

	<u>Miscellaneous</u>	<u>Safey</u>
Proportion - June 30, 2020	0.36052%	0.12556%
Proportion - June 30, 2021	<u>0.37027%</u>	<u>0.12943%</u>
Change - Increase (Decrease)	0.00975%	0.00387%

For the year ended June 30, 2016, the City recognized pension expense of \$3,625,400. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes in assumptions	\$ -	\$ 140,121
Differences between expected and actual experiences	1,473,555	-
Net differences between projected and actual earnings on plan investments	651,390	-
Differences between the employer's contributions and the employer's proportionate share of the contributions	-	1,622,774
Adustments due to differences in proportion	727,675	-
Pension contributions subsequent to measurement date	<u>792,667</u>	<u>-</u>
Total	<u>\$ 3,645,287</u>	<u>\$ 1,762,895</u>

\$792,667 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, 2022. 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 30-Jun</u>	
2022	\$ (97,462)
2023	446,591
2024	424,155
2025	316,441
2026	-
Thereafter	-



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

**Actuarial Assumptions** -The total pension liabilities in the June 30, 2020 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 2007 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.

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**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.

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**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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability as of June 30, 2020			
Miscellaneous	\$ 23,445,926	\$ 15,618,438	\$ 9,150,831
Safety	12,790,833	8,623,267	5,203,385
Total	<u>\$ 36,236,759</u>	<u>\$ 24,241,705</u>	<u>\$ 14,354,216</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.

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

*Employees Covered by benefit terms*

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees Receiving Benefits	21
Inactive Employees Entitled to But Not Receiving Benefits	0
Participating Active Employees	118
<b>Total Number of participants</b>	<b>139</b>

*Net OPEB Liability*

The City’s net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions:

<b>Actuarial Assumptions:</b>	
Discount Rate	6.25%
Inflation	2.50%
Salary Increases	2.75% per annum
Investment Rate of Return	6.25%
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:

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

Asset Class Component	<u>CERBT Strategy 2</u>	<u>Rate of Return</u>
All Equities	40%	7.5450%
All Fixed Income	43%	4.2500%
Real Estate Investment Trusts	8%	7.2500%
All Commodities	4%	7.5450%
Treasury Inflation Protected Securities (TIPS)	5%	3.0000%
	<u>100%</u>	

***Discount Rate***

The discount rate used to measure the total OPEB liability was 6.25 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 Liability</b>	<b>Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at 6/30/2020	\$ 4,397,455	\$ 549,516	\$ 3,847,939
Changes for the year			
Service Cost	304,780	-	304,780
Interest	295,740	108,221	187,519
Administrative expenses	-	(515)	515
Employer Contributions as Benefit Payments	-	251,085	(251,085)
Actual Benefit Payments from Employer	(251,085)	(251,085)	-
Experience Gains/Losses	224,631	-	224,631
Changes in Assumptions	180,490	-	180,490
Net Changes	754,556	107,706	646,850
Balance at 6/30/2021*	\$ 5,152,011	\$ 657,222	\$ 4,494,789

\*May include a slight rounding error

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**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 2021 is 6.25%. 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, 2021:

Change in Discount Rate	1% Decrease 5.25%	Current Rate 6.25%	1% Increase 7.25%
Net OPEB Liability	\$ 4,946,077	\$ 4,494,789	\$ 4,086,253

*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, 2021:

Change in Healthcare Cost Trend Rate	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 3,915,047	\$ 4,494,789	\$ 5,182,384

*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, 2021)

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

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

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$278,120. As of fiscal year, ended June 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 209,754	\$ 221,689
Changes in assumptions	939,621	-
Net difference between projected and actual earnings on plan investments	<u>3,268</u>	<u>59,127</u>
Total	<u>\$ 1,152,643</u>	<u>\$ 280,816</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Deferred Outflow</u>	<u>Deferred Inflows</u>
2022	\$ 93,825	\$ (34,010)
2023	93,825	(34,006)
2024	93,823	(33,452)
2025	92,735	(33,451)
2026	92,735	(18,948)
Thereafter	<u>685,700</u>	<u>(126,949)</u>
Total	<u>\$ 1,152,643</u>	<u>\$ (280,816)</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.

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**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).



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**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, 2021:

<b>Trust Activities:</b>	Balance	Additions	Retirements	Balance	Due Within
	July 1, 2020			June 30, 2021	One Year
2015 Tax Allocation Refunding Bonds	\$ 4,681,264	\$ -	\$ (215,999)	\$ 4,465,265	\$ 144,103
<b>Total trust fund debt</b>	<b>\$ 4,681,264</b>	<b>\$ -</b>	<b>\$ (215,999)</b>	<b>\$ 4,465,265</b>	<b>\$ 144,103</b>

**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, 2021, is as follows:

Year Ending June 30,	Fiduciary Activities	
	Principal	Interest
2022	\$ 144,103	\$ 148,373
2023	149,793	143,539
2024	322,783	138,430
2025	500,213	124,763
2026	516,464	107,886
2027-2031	2,688,716	265,638
2032-2033	143,193	2,398
<b>Total</b>	<b>\$ 4,465,265</b>	<b>\$ 931,027</b>
Due within one year	\$ 144,103	\$ 148,373
Due after one year	4,321,162	782,654
<b>Total</b>	<b>\$ 4,465,265</b>	<b>\$ 931,027</b>

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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**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, 2021.

**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, 2021**

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**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. 92, "*Omnibus 2020*". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. 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. 93, "*Replacement of Interbank Offered Rates*". The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. 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. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*". The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. 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. 96, "*Subscription-Based Information Technology Arrangements*". The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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**15. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED**

The GASB has issued statement No. 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*”. The primary objectives of this Statement are to (a) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (c) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**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.

**REQUIRED SUPPLEMENTARY INFORMATION**



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**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,

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 304,780	\$ 296,623	\$ 197,701	\$ 187,260
Interest on the total OPEB liability	295,740	268,525	210,984	193,076
Differences between expected and actual experience	224,631	-	(278,533)	-
Changes of benefit terms	-	-	-	-
Changes of assumptions	180,490	-	968,799	-
Benefit payments	(251,085)	(301,085)	(225,244)	-
<b>Net change in total OPEB liability</b>	<u>754,556</u>	<u>264,063</u>	<u>873,707</u>	<u>380,336</u>
<b>Total OPEB liability - beginning</b>	<u>4,397,455</u>	<u>4,133,392</u>	<u>3,259,685</u>	<u>2,879,349</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 5,152,011</u>	<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	251,085	-	-	500,000
Contributions - employee	-	-	-	-
Benefit payments	(251,085)	-	-	-
Actual investment income	108,221	(5,448)	2,786	(12,338)
Administrative expense	(515)	(453)	(417)	(172)
<b>Net change in plan fiduciary net position</b>	<u>107,706</u>	<u>27,984</u>	<u>34,042</u>	<u>487,490</u>
<b>Plan fiduciary net position - beginning</b>	<u>549,516</u>	<u>521,532</u>	<u>487,490</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 657,222</u>	<u>\$ 549,516</u>	<u>\$ 521,532</u>	<u>\$ 487,490</u>
<b>Net OPEB liability - ending (a) - (b)</b>	<u>\$ 4,494,789</u>	<u>\$ 3,847,939</u>	<u>\$ 3,611,860</u>	<u>\$ 2,772,195</u>
Covered-employee payroll	\$ 7,522,869	\$ 7,499,978	\$ 6,635,743	\$ 6,229,622
Net OPEB liability as a percentage of covered-employee payroll	59.75%	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, 2021**

Fiscal Year Ended June 30,	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -	\$ 500,000
Contributions in relation to the ADC	-	-	-	500,000
Contribution deficiency ( excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	7,522,869	7,499,978	6,635,743	6,229,622
Contributions as a percentage of covered-employee payroll	0.00%	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\*

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	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 465,770	\$ 1,013,055	\$ 902,985	\$ 849,162	\$ 529,092
Contributions in relation to the actuarially determined contributions	<u>(465,770)</u>	<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>	<u>\$ -</u>
Covered-employee payroll	\$ 5,119,010	\$ 5,590,371	\$ 4,958,187	\$ 4,735,901	\$ 4,761,772
Contribution as a percentage of covered-employee payroll	9.10%	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\*

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	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 326,897	\$ 855,966	\$ 746,698	\$ 476,322	\$ 519,850
Contributions in relation to the actuarially determined contributions	<u>-</u>	<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>	<u>\$ -</u>
Covered-employee payroll	\$ 1,756,782	\$ 1,909,608	\$ 1,677,556	\$ 1,493,721	\$ 1,654,498
Contribution as a percentage of covered-employee payroll	18.61%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.37027%	0.36052%	0.35128%	0.34198%	0.34460%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 15,618,438	\$ 22,274,743	\$ 13,238,704	\$ 13,481,206	\$ 11,971,084
Plan's Covered-Employee Payroll	\$ 5,119,010	\$ 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 Payrol	305.11%	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	73.45%	74.48%	75.60%	74.31%	74.83%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 1,930,224	\$ 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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.12943%	0.12556%	0.12278%	0.11894%	0.12179%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 8,623,267	\$ 7,837,861	\$ 7,204,004	\$ 7,106,979	\$ 6,307,600
Plan's Covered-Employee Payroll	\$ 1,756,782	\$ 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 Payrol	490.86%	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	71.90%	73.57%	74.75%	73.88%	74.66%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 1,142,099	\$ 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**

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**NON-MAJOR GOVERNMENTAL FUNDS**

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

**City of Arcata, California**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	City Capital Projects Fund	
<b>ASSETS</b>			
Cash and investments	\$ 3,998,300	\$ 175,137	\$ 4,173,437
Restricted cash and investments	2,914,895	-	2,914,895
Receivables:			
Taxes	-	-	-
Intergovernmental	1,367,422	-	1,367,422
Loans/Notes receivable	4,148,525	-	4,148,525
Due from other funds	-	-	-
Due from successor agency	179,512	-	179,512
Inventory	120,478	-	120,478
<b>Total assets</b>	<b>\$ 12,729,132</b>	<b>\$ 175,137</b>	<b>\$ 12,904,269</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 223,183	\$ 1,000	\$ 224,183
Due to other funds	484,527	-	484,527
Deposits Payable	26,806	-	26,806
Deferred revenue	-	-	-
<b>Total liabilities:</b>	<b>734,516</b>	<b>1,000</b>	<b>735,516</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	4,150,525	-	4,150,525
<b>Total deferred inflows of resources</b>	<b>4,150,525</b>	<b>-</b>	<b>4,150,525</b>
<b>Total liabilities and deferred inflows</b>	<b>4,885,041</b>	<b>1,000</b>	<b>4,886,041</b>
<b>Fund Balances:</b>			
Nonspendable	120,478	-	120,478
Restricted	2,113,239	-	2,113,239
Assigned	5,610,374	174,137	5,784,511
Unassigned (deficit)	-	-	-
<b>Total fund balances</b>	<b>7,844,091</b>	<b>174,137</b>	<b>8,018,228</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 12,729,132</b>	<b>\$ 175,137</b>	<b>\$ 12,904,269</b>



**City of Arcata, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2021**

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	City Capital Projects Fund	
<b>REVENUES:</b>			
Taxes and assessments	\$ 35,973	\$ -	\$ 35,973
Licenses and permits	29,608	-	29,608
Fines and forfeitures	39,189	-	39,189
Intergovernmental	3,901,987	-	3,901,987
Use of money and property	400,378	27	400,405
Reimbursements	-	-	-
Other revenues	488,857	9,500	498,357
<b>Total revenues</b>	<b>4,895,992</b>	<b>9,527</b>	<b>4,905,519</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety	257,884	-	257,884
Public works	2,258,001	-	2,258,001
Community development	2,445,767	-	2,445,767
Parks and recreation	325,974	-	325,974
Capital outlay	71,689	-	71,689
<b>Total expenditures</b>	<b>5,359,315</b>	<b>-</b>	<b>5,359,315</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(463,323)</b>	<b>9,527</b>	<b>(453,796)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer from fiduciary activities	-	-	-
Transfers in	1,655,680	-	1,655,680
Transfers out	(411,855)	-	(411,855)
<b>Total other financing sources (uses)</b>	<b>1,243,825</b>	<b>-</b>	<b>1,243,825</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>780,502</b>	<b>9,527</b>	<b>790,029</b>
<b>FUND BALANCES:</b>			
Beginning of year	7,063,589	164,610	7,228,199
End of year	\$ 7,844,091	\$ 174,137	\$ 8,018,228

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## NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Forest Management	Accounts for funds received and expended for the City's forest management programs.
Traffic Safety	Accounts for revenue received for the City's programs associated with the maintenance of equipment and supplies for traffic law enforcement and traffic accident prevention.
Industrial Park	Accounts for revenues received for the maintenance and rehabilitation of the industrial park.
Housing Improvement Projects	Accounts for funds transferred to the City from the former Arcata Community Development Agency for housing improvement projects.
Public Improvement Program	Accounts for funds transferred to the City from the former Arcata Community Development Agency for public improvement projects.
Gas Tax Funds: 2105 2106 2107 & 2107.5	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.
Yurok Housing Authority MOU	Accounts for reimbursement funds from the City's Memorandum of Understanding with the YHA for construction of the 30th Street Commons Project.
Federal Grant Funds: HUD Block Grant	Accounts for activities related to housing and the related Community Development Block Grant funding.
ISTEA	Accounts for activities related to streets and the related Intermodal Surface Transportation Efficiency Act funding.
FEMA/OES	Accounts for revenues and expenditures associated with grants provided from the Federal Emergency Management Agency and Office of Emergency Services.

(continued)

**NON-MAJOR SPECIAL REVENUE FUNDS, Continued**

<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.
Community Development Grants	Non CDBG or HOME Community Development Grants that the City applies for and receives are budgeted and accounted for in this fund
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	

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**City of Arcata, California**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2021**

	Forest Management	Traffic Safety	Industrial Park	Housing Improvement Projects
<b>ASSETS</b>				
Cash and investments	\$ 1,028,591	\$ 67,916	\$ 294,993	\$ 294,978
Restricted cash and investments	-	-	-	-
Receivables:				
Intergovernmental	3,300	17,480	-	61
Loans/Notes receivable	-	-	-	3,958,918
Due from successor agency	-	-	-	-
Inventory	-	118,688	-	-
<b>Total assets</b>	<b>\$ 1,031,891</b>	<b>\$ 204,084</b>	<b>\$ 294,993</b>	<b>\$ 4,253,957</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 6,232	\$ 33,371	\$ 14,658	\$ 1,762
Due to other funds	-	-	-	-
Deposits payable	-	-	26,806	-
<b>Total liabilities:</b>	<b>6,232</b>	<b>33,371</b>	<b>41,464</b>	<b>1,762</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	3,958,918
<b>Total deferred inflows of resources:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,958,918</b>
<b>Total liabilities and deferred inflows</b>	<b>6,232</b>	<b>33,371</b>	<b>41,464</b>	<b>3,960,680</b>
<b>Fund Balances:</b>				
Nonspendable	-	118,688	-	-
Restricted	-	52,025	-	-
Assigned	1,025,659	-	253,529	293,277
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>1,025,659</b>	<b>170,713</b>	<b>253,529</b>	<b>293,277</b>
<b>Total liabilities deferred inflows and fund balances</b>	<b>\$ 1,031,891</b>	<b>\$ 204,084</b>	<b>\$ 294,993</b>	<b>\$ 4,253,957</b>

Public Improvement Program	2107 & 2107.5 Gas Tax Funds	Yurok Housing Authority MOU	Federal Grant Funds	In Lieu Fee Funds	Assessment District Funds	Totals
\$ 426,668	682,584	\$ 5,931	\$ 697,544	\$ 485,860	\$ 13,235	\$ 3,998,300
2,914,895	-	-	-	-	-	2,914,895
-	84,770	-	1,245,154	-	16,657	1,367,422
123,903	-	-	-	65,704	-	4,148,525
179,512	-	-	-	-	-	179,512
-	1,790	-	-	-	-	120,478
<u>\$ 3,644,978</u>	<u>\$ 769,144</u>	<u>\$ 5,931</u>	<u>\$ 1,942,698</u>	<u>\$ 551,564</u>	<u>\$ 29,892</u>	<u>\$ 12,729,132</u>
\$ 323	46,308	\$ 2,526	\$ 118,003	\$ -	\$ -	\$ 223,183
-	-	-	484,527	-	-	484,527
-	-	-	-	-	-	26,806
<u>323</u>	<u>46,308</u>	<u>2,526</u>	<u>602,530</u>	<u>-</u>	<u>-</u>	<u>734,516</u>
125,903	-	-	-	65,704	-	4,150,525
125,903	-	-	-	65,704	-	4,150,525
126,226	46,308	2,526	602,530	65,704	-	4,885,041
-	1,790	-	-	-	-	120,478
-	721,046	-	1,340,168	-	-	2,113,239
3,518,752	-	3,405	-	485,860	29,892	5,610,374
-	-	-	-	-	-	-
<u>3,518,752</u>	<u>722,836</u>	<u>3,405</u>	<u>1,340,168</u>	<u>485,860</u>	<u>29,892</u>	<u>7,844,091</u>
<u>\$ 3,644,978</u>	<u>\$ 769,144</u>	<u>\$ 5,931</u>	<u>\$ 1,942,698</u>	<u>\$ 551,564</u>	<u>\$ 29,892</u>	<u>\$ 12,729,132</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, 2021**

	Forest Management	Traffic Safety	Industrial Park	Housing Improvement Projects
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	39,189	-	-
Intergovernmental	237	-	-	-
Use of money and property	176	(2)	255,567	75,048
Other revenues	409,337	-	-	22,430
<b>Total revenues</b>	<u>409,750</u>	<u>39,187</u>	<u>255,567</u>	<u>97,478</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	257,884	-	-
Public works	-	-	-	-
Community development	-	-	143,402	180,307
Parks and recreation	325,974	-	-	-
Capital outlay	37,725	11,400	9,522	-
<b>Total expenditures</b>	<u>363,699</u>	<u>269,284</u>	<u>152,924</u>	<u>180,307</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>46,051</u>	<u>(230,097)</u>	<u>102,643</u>	<u>(82,829)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	252,381	-	-
Transfers out	-	-	-	-
<b>Total other financing sources and uses</b>	<u>-</u>	<u>252,381</u>	<u>-</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>46,051</u>	<u>22,284</u>	<u>102,643</u>	<u>(82,829)</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	979,608	148,429	150,886	376,106
End of year	<u>\$ 1,025,659</u>	<u>\$ 170,713</u>	<u>\$ 253,529</u>	<u>\$ 293,277</u>



Public Improvement Program	2107 & 2107.5 Gas Tax Funds	Yurok Housing Authority MOU	Federal Grant Funds	In Lieu Fee Funds	Assessment District Funds	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,973	\$ 35,973
-	-	-	-	29,608	-	29,608
-	-	-	-	-	-	39,189
-	785,417	-	3,116,333	-	-	3,901,987
68,939	631	-	(131)	124	26	400,378
-	50,590	6,500	-	-	-	488,857
68,939	836,638	6,500	3,116,202	29,732	35,999	4,895,992
-	-	-	-	-	-	257,884
-	2,023,545	-	234,456	-	-	2,258,001
9,898	-	3,095	2,109,065	-	-	2,445,767
-	-	-	-	-	-	325,974
-	13,042	-	-	-	-	71,689
9,898	2,036,587	3,095	2,343,521	-	-	5,359,315
59,041	(1,199,949)	3,405	772,681	29,732	35,999	(463,323)
-	1,403,299	-	-	-	-	1,655,680
-	-	-	(355,005)	(20,000)	(36,850)	(411,855)
-	1,403,299	-	(355,005)	(20,000)	(36,850)	1,243,825
59,041	203,350	3,405	417,676	9,732	(851)	780,502
3,459,711	519,486	-	922,492	476,128	30,743	7,063,589
\$ 3,518,752	\$ 722,836	\$ 3,405	\$ 1,340,168	\$ 485,860	\$ 29,892	\$ 7,844,091

**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, 2021**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ (62,418)	\$ 237	\$ 62,655
Use of money and property	1,500	1,500	176	(1,324)
Other revenues	366,000	407,720	409,337	1,617
<b>Total revenues</b>	<b>367,500</b>	<b>346,802</b>	<b>409,750</b>	<b>62,948</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	334,428	317,694	325,974	(8,280)
Capital outlay	14,050	50,550	37,725	12,825
<b>Total expenditures</b>	<b>348,478</b>	<b>368,244</b>	<b>363,699</b>	<b>4,545</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>19,022</b>	<b>(21,442)</b>	<b>46,051</b>	<b>67,493</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>19,022</b>	<b>(21,442)</b>	<b>46,051</b>	<b>67,493</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	979,608	979,608	979,608	-
End of year	\$ 998,630	\$ 958,166	\$ 1,025,659	\$ 67,493

**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, 2021**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 39,189	\$ (10,811)
Use of money and property	500	500	(2)	(502)
<b>Total revenues</b>	<b>50,500</b>	<b>50,500</b>	<b>39,187</b>	<b>(11,313)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	270,115	270,115	257,884	12,231
Capital outlay	11,400	11,400	11,400	-
<b>Total expenditures</b>	<b>281,515</b>	<b>281,515</b>	<b>269,284</b>	<b>12,231</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(231,015)</b>	<b>(231,015)</b>	<b>(230,097)</b>	<b>918</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	240,000	240,000	252,381	12,381
<b>Total other financing sources (uses)</b>	<b>240,000</b>	<b>240,000</b>	<b>252,381</b>	<b>12,381</b>
<b>Net change in fund balances</b>	<b>8,985</b>	<b>8,985</b>	<b>22,284</b>	<b>13,299</b>
<b>FUND BALANCES:</b>				
Beginning of year	148,429	148,429	148,429	-
End of year	\$ 157,414	\$ 157,414	\$ 170,713	\$ 13,299

**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, 2021**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 207,000	\$ 211,240	\$ 255,567	\$ 44,327
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>207,000</b>	<b>211,240</b>	<b>255,567</b>	<b>44,327</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	165,034	182,711	143,402	39,309
Capital outlay	5,000	14,077	9,522	4,555
<b>Total expenditures</b>	<b>170,034</b>	<b>196,788</b>	<b>152,924</b>	<b>43,864</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>36,966</b>	<b>14,452</b>	<b>102,643</b>	<b>88,191</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
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>36,966</b>	<b>14,452</b>	<b>102,643</b>	<b>88,191</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	150,886	150,886	150,886	-
End of year	\$ 187,852	\$ 165,338	\$ 253,529	\$ 88,191

**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, 2021**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 50,000	\$ 40,000	\$ 68,939	\$ 28,939
<b>Total revenues</b>	<u>50,000</u>	<u>40,000</u>	<u>68,939</u>	<u>28,939</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	108,622	108,622	9,898	98,724
<b>Total expenditures</b>	<u>108,622</u>	<u>108,622</u>	<u>9,898</u>	<u>98,724</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(58,622)</u>	<u>(68,622)</u>	<u>59,041</u>	<u>127,663</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(58,622)</u>	<u>(68,622)</u>	<u>59,041</u>	<u>127,663</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	3,459,711	3,459,711	3,459,711	-
End of year	<u>\$ 3,401,089</u>	<u>\$ 3,391,089</u>	<u>\$ 3,518,752</u>	<u>\$ 127,663</u>

# City of Arcata, California

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

### Gas Tax 2107 & 2107.5 Special Revenue Fund

For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 806,187	\$ 851,187	\$ 785,417	\$ (65,770)
Use of money and property	2,000	2,000	631	(1,369)
Reimbursements	1,000	19,000	4,833	(14,167)
Other revenues	700	35,700	45,757	10,057
<b>Total revenues</b>	<b>809,887</b>	<b>907,887</b>	<b>836,638</b>	<b>(71,249)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,409,940	2,085,405	2,023,545	61,860
Capital outlay	12,700	13,200	13,042	158
<b>Total expenditures</b>	<b>1,422,640</b>	<b>2,098,605</b>	<b>2,036,587</b>	<b>62,018</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(612,753)</b>	<b>(1,190,718)</b>	<b>(1,199,949)</b>	<b>(9,231)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	652,180	1,474,680	1,403,299	(71,381)
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>652,180</b>	<b>1,474,680</b>	<b>1,403,299</b>	<b>(71,381)</b>
<b>Net change in fund balances</b>	<b>39,427</b>	<b>283,962</b>	<b>203,350</b>	<b>(80,612)</b>
<b>FUND BALANCES:</b>				
Beginning of year	519,486	519,486	519,486	-
End of year	\$ 558,913	\$ 803,448	\$ 722,836	\$ (80,612)

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**City of Arcata, California**  
**Combining Balance Sheet**  
**Federal Grant Special Revenue Funds**  
**June 30, 2021**

	HUD Block Grant	ISTEA	FEMA/ OES	COPS
<b>ASSETS</b>				
Cash and investments	\$ (564,989)	\$ 544,850	\$ 281,585	\$ 436,098
Receivables:				
Intergovernmental	750,889	-	59,526	-
<b>Total assets</b>	<u>\$ 185,900</u>	<u>\$ 544,850</u>	<u>\$ 341,111</u>	<u>\$ 436,098</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	58,541	\$ 24,723	\$ -	\$ -
Due to other funds	84,702	-	-	-
<b>Total liabilities</b>	<u>143,243</u>	<u>24,723</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted	42,657	520,127	341,111	436,098
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<u>42,657</u>	<u>520,127</u>	<u>341,111</u>	<u>436,098</u>
<b>Total liabilities and fund balances</b>	<u>\$ 185,900</u>	<u>\$ 544,850</u>	<u>\$ 341,111</u>	<u>\$ 436,098</u>





<u>HOME</u> <u>Grants</u>	<u>Community</u> <u>Development</u> <u>Grants</u>	<u>Totals</u>
\$ -	\$ -	\$ 697,544
-	434,739	1,245,154
<u>\$ -</u>	<u>\$ 434,739</u>	<u>\$ 1,942,698</u>
\$ -	34,739	\$ 118,003
-	399,825	484,527
-	434,564	602,530
-	175	1,340,168
-	-	-
-	175	1,340,168
<u>\$ -</u>	<u>\$ 434,739</u>	<u>\$ 1,942,698</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, 2021

	HUD Block Grant	ISTEA	FEMA/ OES	COPS
<b>REVENUES:</b>				
Intergovernmental	1,780,947	\$ 238,658	\$ 399,250	\$ 155,222
Use of money and property	(451)	251	85	(16)
<b>Total revenues</b>	<u>1,780,496</u>	<u>238,909</u>	<u>399,335</u>	<u>155,206</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
Public works	-	234,456	-	-
Community development	1,649,234	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>1,649,234</u>	<u>234,456</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>131,262</u>	<u>4,453</u>	<u>399,335</u>	<u>155,206</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	(110,000)	(58,224)	(155,000)
<b>Total other financing sources and uses</b>	<u>-</u>	<u>(110,000)</u>	<u>(58,224)</u>	<u>(155,000)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>131,262</u>	<u>(105,547)</u>	<u>341,111</u>	<u>206</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(88,605)	625,674	-	435,892
End of year	<u>\$ 42,657</u>	<u>\$ 520,127</u>	<u>\$ 341,111</u>	<u>\$ 436,098</u>

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HOME Grants	Community Development Grants	Totals
\$ 107,517	434,739	\$ 3,116,333
-	-	(131)
<u>107,517</u>	<u>434,739</u>	<u>3,116,202</u>
-	-	-
-	-	234,456
25,267	434,564	2,109,065
-	-	-
<u>25,267</u>	<u>434,564</u>	<u>2,343,521</u>
<u>82,250</u>	<u>175</u>	<u>772,681</u>
-	-	-
(31,781)	-	(355,005)
<u>(31,781)</u>	<u>-</u>	<u>(355,005)</u>
50,469	175	417,676
(50,469)	0	922,492
<u>\$ -</u>	<u>\$ 175</u>	<u>\$ 1,340,168</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, 2021**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 6,310,000	\$ 2,197,253	1,807,088	\$ (390,165)
Use of money and property	-	-	(451)	(451)
<b>Total revenues</b>	<u>6,310,000</u>	<u>2,197,253</u>	<u>1,806,637</u>	<u>(390,616)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	5,317,836	3,702,927	1,675,375	2,027,552
<b>Total expenditures</b>	<u>5,317,836</u>	<u>3,702,927</u>	<u>1,675,375</u>	<u>2,027,552</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>992,164</u>	<u>(1,505,674)</u>	<u>131,262</u>	<u>1,636,936</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>	992,164	(1,505,674)	131,262	1,636,936
<b>FUND BALANCES:</b>				
Beginning of year	(88,605)	(88,605)	(88,605)	-
End of year	<u>\$ 903,559</u>	<u>\$ (1,594,279)</u>	<u>\$ 42,657</u>	<u>\$ 1,636,936</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, 2021**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 238,658	\$ 128,658
Use of money and property	3,000	3,000	251	(2,749)
<b>Total revenues</b>	<b>113,000</b>	<b>113,000</b>	<b>238,909</b>	<b>125,909</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	280,386	234,456	45,930
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>280,386</b>	<b>234,456</b>	<b>45,930</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>113,000</b>	<b>(167,386)</b>	<b>4,453</b>	<b>171,839</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(280,000)	(342,000)	(110,000)	232,000
<b>Total other financing sources (uses)</b>	<b>(280,000)</b>	<b>(342,000)</b>	<b>(110,000)</b>	<b>232,000</b>
<b>Net change in fund balances</b>	<b>(167,000)</b>	<b>(509,386)</b>	<b>(105,547)</b>	<b>403,839</b>
<b>FUND BALANCES:</b>				
Beginning of year	625,674	625,674	625,674	-
End of year	\$ 458,674	\$ 116,288	\$ 520,127	\$ 403,839

**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, 2021**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 399,250	\$ 399,250
Use of money and property	-	-	85	85
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>399,335</b>	<b>399,335</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>399,335</b>	<b>399,335</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(295,050)	(295,050)	(58,224)	236,826
<b>Total other financing sources (uses)</b>	<b>(295,050)</b>	<b>(295,050)</b>	<b>(58,224)</b>	<b>236,826</b>
<b>Net change in fund balances</b>	<b>(295,050)</b>	<b>(295,050)</b>	<b>341,111</b>	<b>636,161</b>
<b>FUND BALANCES:</b>				
Beginning of year	-	-	-	-
End of year	\$ (295,050)	\$ (295,050)	\$ 341,111	\$ 636,161

**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, 2021**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 155,222	\$ 55,222
Use of money and property	100	100	(16)	(116)
<b>Total revenues</b>	<b>100,100</b>	<b>100,100</b>	<b>155,206</b>	<b>55,106</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	0	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>100,100</b>	<b>100,100</b>	<b>155,206</b>	<b>55,106</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(100,000)	(100,000)	(155,000)	(55,000)
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(155,000)</b>	<b>(55,000)</b>
<b>Net change in fund balances</b>	<b>100</b>	<b>100</b>	<b>206</b>	<b>106</b>
<b>FUND BALANCES:</b>				
Beginning of year	435,892	435,892	435,892	-
End of year	\$ 435,992	\$ 435,992	\$ 436,098	\$ 106

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**City of Arcata, California**  
**Combining Balance Sheet**  
**In Lieu Fee Special Revenue Funds**  
**June 30, 2021**

	Parkland In Lieu	Parking In Lieu	Totals
<b>ASSETS</b>			
Cash and investments	\$ 202,013	\$ 283,847	\$ 485,860
Receivables:			
Loans/Notes receivable	65,704	-	65,704
<b>Total assets</b>	<u>\$ 267,717</u>	<u>\$ 283,847</u>	<u>\$ 551,564</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	65,704	-	65,704
<b>Total deferred inflows of resources:</b>	<u>65,704</u>	<u>-</u>	<u>65,704</u>
<b>Total liabilities and deferred inflows</b>	<u>65,704</u>	<u>-</u>	<u>65,704</u>
<b>Fund Balances:</b>			
Assigned	202,013	283,847	485,860
<b>Total fund balances</b>	<u>202,013</u>	<u>283,847</u>	<u>485,860</u>
<b>Total liabilities and fund balances</b>	<u>\$ 267,717</u>	<u>\$ 283,847</u>	<u>\$ 551,564</u>

**City of Arcata, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**In Lieu Fee Special Revenue Funds**  
**For the year ended June 30, 2021**

	Parkland In Lieu	Parking In Lieu	Totals
<b>REVENUES:</b>			
Licenses and permits	\$ 29,608	\$ -	\$ 29,608
Use of money and property	60	64	124
<b>Total revenues</b>	<b>29,668</b>	<b>64</b>	<b>29,732</b>
<b>EXPENDITURES:</b>			
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>29,668</b>	<b>64</b>	<b>29,732</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	(20,000)	-	(20,000)
<b>Total other financing sources and uses</b>	<b>(20,000)</b>	<b>-</b>	<b>(20,000)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>9,668</b>	<b>64</b>	<b>9,732</b>
<b>FUND BALANCES (DEFICIT):</b>			
Beginning of year	192,345	283,783	476,128
End of year	\$ 202,013	\$ 283,847	\$ 485,860

**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, 2021**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 55,000	\$ 55,000	\$ 29,608	\$ (25,392)
Use of money and property	400	400	60	(340)
<b>Total revenues</b>	<b>55,400</b>	<b>55,400</b>	<b>29,668</b>	<b>(25,732)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>55,400</b>	<b>55,400</b>	<b>29,668</b>	<b>(25,732)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(20,000)	(20,000)	(20,000)	-
<b>Total other financing sources (uses)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>35,400</b>	<b>35,400</b>	<b>9,668</b>	<b>(25,732)</b>
<b>FUND BALANCES:</b>				
Beginning of year	192,345	192,345	192,345	-
End of year	\$ 227,745	\$ 227,745	\$ 202,013	\$ (25,732)

**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, 2021**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 3,000	\$ 3,000	\$ 64	\$ (2,936)
<b>Total revenues</b>	<u>3,000</u>	<u>3,000</u>	<u>64</u>	<u>(2,936)</u>
<b>EXPENDITURES:</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,000</u>	<u>3,000</u>	<u>64</u>	<u>(2,936)</u>
<b>Net change in fund balances</b>	3,000	3,000	64	(2,936)
<b>FUND BALANCES:</b>				
Beginning of year	<u>283,783</u>	<u>283,783</u>	<u>283,783</u>	<u>-</u>
End of year	<u>\$ 286,783</u>	<u>\$ 286,783</u>	<u>\$ 283,847</u>	<u>\$ (2,936)</u>

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**City of Arcata, California**  
**Combining Balance Sheet**  
**Assessment District Special Revenue Funds**  
**June 30, 2021**

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	<u>Curtis Heights</u>	<u>Janes Creek Meadows</u>	<u>Windsong</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,231	\$ 8,650	\$ (101)
Receivables:			
Intergovernmental	<u>-</u>	<u>7,117</u>	<u>6,837</u>
<b>Total assets</b>	<u><u>\$ 1,231</u></u>	<u><u>\$ 15,767</u></u>	<u><u>\$ 6,736</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>15,767</u>	<u>6,736</u>
<b>Total fund balances</b>	<u>1,231</u>	<u>15,767</u>	<u>6,736</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 1,231</u></u>	<u><u>\$ 15,767</u></u>	<u><u>\$ 6,736</u></u>

Mad River Business Park	Totals
3,455	\$ 13,235
<u>2,703</u>	<u>16,657</u>
<u>\$ 6,158</u>	<u>\$ 29,892</u>
<u>\$ -</u>	<u>\$ -</u>
<u>6,158</u>	<u>29,892</u>
<u>6,158</u>	<u>29,892</u>
<u>6,158</u>	<u>\$ 29,892</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, 2021

	Curtis Heights	Janes Creek Meadows	Windsong
<b>REVENUES:</b>			
Taxes and assessments	\$ -	\$ 15,800	\$ 14,769
Use of money and property	-	13	11
<b>Total revenues</b>	<u>-</u>	<u>15,813</u>	<u>14,780</u>
<b>EXPENDITURES:</b>			
Current:			
Parks and recreation	-	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>15,813</u>	<u>14,780</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	-	(16,000)	(14,850)
<b>Total other financing sources and uses</b>	-	(16,000)	(14,850)
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	-	(187)	(70)
<b>FUND BALANCES (DEFICIT) :</b>			
Beginning of year	1,231	15,954	6,806
End of year	<u>\$ 1,231</u>	<u>\$ 15,767</u>	<u>\$ 6,736</u>



Mad River Business Park	Totals
5,404	\$ 35,973
<u>2</u>	<u>26</u>
<u>5,406</u>	<u>35,999</u>
-	-
-	-
-	-
<u>5,406</u>	<u>35,999</u>
<u>(6,000)</u>	<u>(36,850)</u>
(6,000)	(36,850)
(594)	(851)
<u>6,752</u>	<u>30,743</u>
<u>\$ 6,158</u>	<u>\$ 29,892</u>

**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, 2021**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 10	\$ 10	\$ -	\$ (10)
<b>Total revenues</b>	<u>10</u>	<u>10</u>	<u>-</u>	<u>(10)</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>-</u>	<u>(10)</u>
<b>Net change in fund balances</b>	10	10	-	(10)
<b>FUND BALANCES:</b>				
Beginning of year	1,231	1,231	1,231	-
End of year	<u>\$ 1,241</u>	<u>\$ 1,241</u>	<u>\$ 1,231</u>	<u>\$ (10)</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, 2021**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ 16,000	\$ 16,000	\$ 15,800	\$ (200)
Use of money and property	60	60	13	(47)
<b>Total revenues</b>	<b>16,060</b>	<b>16,060</b>	<b>15,813</b>	<b>(247)</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>16,060</b>	<b>16,060</b>	<b>15,813</b>	<b>(247)</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>(187)</b>	<b>(247)</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	15,954	15,954	15,954	-
End of year	<u>\$ 16,014</u>	<u>\$ 16,014</u>	<u>\$ 15,767</u>	<u>\$ (247)</u>

**City of Arcata, California**

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

**Windsong Assessment District Special Revenue Fund**

**For the year ended June 30, 2021**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 14,850	\$ 14,850	\$ 14,769	\$ (81)
Use of money and property	40	40	11	(29)
<b>Total revenues</b>	<b>14,890</b>	<b>14,890</b>	<b>14,780</b>	<b>(110)</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>14,890</b>	<b>14,890</b>	<b>14,780</b>	<b>(110)</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>40</b>	<b>40</b>	<b>(70)</b>	<b>(110)</b>
<b>FUND BALANCES:</b>				
Beginning of year	6,806	6,806	6,806	-
End of year	<u>\$ 6,846</u>	<u>\$ 6,846</u>	<u>\$ 6,736</u>	<u>\$ (110)</u>

**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, 2021**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 6,000	\$ 6,000	5,404	\$ (596)
Use of money and property	10	10	2	(8)
<b>Total revenues</b>	<u>6,010</u>	<u>6,010</u>	<u>5,406</u>	<u>(604)</u>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>6,010</u>	<u>6,010</u>	<u>5,406</u>	<u>(604)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			-	-
Transfers out	(6,000)	(6,000)	(6,000)	-
<b>Total other financing sources (uses)</b>	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	10	10	(594)	(604)
<b>FUND BALANCES:</b>				
Beginning of year	6,752	6,752	6,752	-
End of year	<u>\$ 6,762</u>	<u>\$ 6,762</u>	<u>\$ 6,158</u>	<u>\$ (604)</u>

## INTERNAL SERVICE FUNDS

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

**City of Arcata, California**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2021**

	<b>Central Garage Fund</b>	<b>Information Technology Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 1,851,279	\$ 80,955	\$ 1,932,234
Inventory	21,028	-	21,028
<b>Total current assets</b>	<u>1,872,307</u>	<u>80,955</u>	<u>1,953,262</u>
<b>Noncurrent assets:</b>			
Capital assets, net	951,430	22,968	974,398
<b>Total noncurrent assets</b>	<u>951,430</u>	<u>22,968</u>	<u>974,398</u>
<b>Total assets</b>	<u>2,823,737</u>	<u>103,923</u>	<u>2,927,660</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan	44,406	33,447	77,853
<b>Total assets and deferred outflows of resources</b>	<u>2,868,143</u>	<u>137,370</u>	<u>3,005,513</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 25,160	\$ 5,998	\$ 31,158
Accrued liabilities	10,844	7,009	17,853
Compensated absences - current portion	5,166	2,066	7,232
<b>Total current liabilities</b>	<u>41,170</u>	<u>15,073</u>	<u>56,243</u>
<b>Noncurrent liabilities:</b>			
Long term debt - due in more than one year	-	-	-
Compensated absences	15,498	6,198	21,696
Due after one year - capital lease payable	-	-	-
Net pension liability	356,115	302,698	658,813
<b>Total liabilities</b>	<u>412,783</u>	<u>323,969</u>	<u>736,752</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Plan	29,369	8,896	38,265
<b>Total deferred inflows of resources</b>	<u>29,369</u>	<u>8,896</u>	<u>38,265</u>
<b>NET POSITION</b>			
Net investment in capital assets	951,430	22,968	974,398
Unrestricted	1,474,561	(218,463)	1,256,098
<b>Total net position</b>	<u>2,425,991</u>	<u>(195,495)</u>	<u>2,230,496</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 2,868,143</u>	<u>\$ 137,370</u>	<u>\$ 3,005,513</u>

**City of Arcata, California**

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

**Internal Service Funds**

**For the year ended June 30, 2021**

	<b>Central Garage Fund</b>	<b>Information Technology Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES:</b>			
Interdepartmental charges	\$ 925,671	\$ 374,025	\$ 1,299,696
<b>Total operating revenues</b>	<b>925,671</b>	<b>374,025</b>	<b>1,299,696</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	318,598	253,270	571,868
Contractual services	20,515	91,110	111,625
Materials and supplies	249,484	43,915	293,399
Repairs and maintenance	28,692	10,457	39,149
Insurance	125,680	-	125,680
Taxes and fees	-	-	-
Allocated overhead	39,670	8,860	48,530
Depreciation	344,782	14,698	359,480
<b>Total operating expenses</b>	<b>1,127,421</b>	<b>422,310</b>	<b>1,549,731</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(201,750)</b>	<b>(48,285)</b>	<b>(250,035)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Proceeds from the sale of capital assets	4,500	-	4,500
Interest revenue	142	-	142
Interest expense	-	(8)	(8)
<b>Total non-operating revenues (expenses)</b>	<b>4,642</b>	<b>(8)</b>	<b>4,634</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(197,108)</b>	<b>(48,293)</b>	<b>(245,401)</b>
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(197,108)</b>	<b>(48,293)</b>	<b>(245,401)</b>
<b>NET POSITION (DEFICIT):</b>			
Beginning of year	2,623,099	(147,202)	2,475,897
End of year	<u>\$ 2,425,991</u>	<u>\$ (195,495)</u>	<u>\$ 2,230,496</u>



**City of Arcata, California**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2021**

	<b>Central Garage</b>	<b>Information Technology</b>	<b>Totals</b>
	<b>Fund</b>	<b>Fund</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from interfund services provided	\$ 925,671	\$ 374,025	\$ 1,299,696
Cash paid to suppliers for goods and services	(457,790)	(153,560)	(611,350)
Cash paid to employees for services	(268,482)	(200,428)	(468,910)
<b>Net cash provided (used) by operating activities</b>	<b>199,399</b>	<b>20,037</b>	<b>219,436</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	(4,710)	1	(4,709)
Proceeds from the sale of capital assets	4,500	-	4,500
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	(8)	(8)
<b>Net cash (used) by capital and related financing activities</b>	<b>(210)</b>	<b>(7)</b>	<b>(217)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	142	-	142
<b>Net cash provided by investing activities</b>	<b>142</b>	<b>-</b>	<b>142</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>199,331</b>	<b>20,030</b>	<b>219,361</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	1,651,948	60,925	1,712,873
End of year	<u>\$ 1,851,279</u>	<u>\$ 80,955</u>	<u>\$ 1,932,234</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (201,750)	\$ (48,285)	\$ (250,035)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	344,782	14,698	359,480
Pension expense	49,471	52,312	101,783
(Increase) decrease in current assets:			
Inventory	(2,067)	-	(2,067)
Increase (decrease) in liabilities:			
Accounts payable	8,318	782	9,100
Accrued liabilities	(987)	(869)	(1,856)
Compensated absences	1,632	1,399	3,031
<b>Net cash provided by operating activities</b>	<b>\$ 199,399</b>	<b>\$ 20,037</b>	<b>\$ 219,436</b>

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

**CITY OF ARCATA, CALIFORNIA**  
**SINGLE AUDIT REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**City of Arcata, California**  
**Single Audit Reports**  
**For the year ended June 30, 2021**

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**City of Arcata, California**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2021**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identification Number	Total Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<i>Pass through programs from:</i>			
<i>State of California Department of Housing and Community Development</i>			
Community Development Block Grant	14.228	17-CDBG-12017	\$ 1,671,020
Community Development Block Grant Coronavirus Response Round 1 (CDBG-CV1)	14.228	20-CDBG-CV1-00012	26,141
Community Development Block Grant	14.228	Program Income	830,301
<i>Total for Community Development Block Grant</i>			2,527,462
HOME Investment Partnership Program	14.239	16-HOME-11386	25,267
HOME Investment Partnership Program	14.239	Program Income	203,220
<i>Total for HOME Investment Partnership Program</i>			228,487
<b>Total U.S. Department of Housing and Urban Development</b>			2,755,949
<b>U.S. Department of the Interior</b>			
<i>Direct Program:</i>			
US Fish and Wildlife	15.630		91,984
<b>Total U.S. Department of the Interior</b>			91,984
<b>U.S. Department of Transportation</b>			
<i>Pass through Program From:</i>			
<i>State of California Department of Transportation</i>			
CARES Act	20.509	64VO20-01030	165,849
<b>Total U.S. Department of Transportation</b>			165,849
<b>U.S. Environmental Protection Agency</b>			
<i>Direct Program:</i>			
Brownfields Assessment and Cleanup Cooperative Agreement	66.818		67,441
<b>Total U.S. Environmental Protection Agency</b>			67,441
<b>U.S. Department of the Treasury</b>			
<i>Pass through Program From:</i>			
<i>State of California Department of Finance</i>			
CARES Act	21.019	383	66,267
<b>Total U.S. Department of the Treasury</b>			66,267
<b>U.S. Department of Homeland Security - FEMA</b>			
<i>Pass through Program From:</i>			
<i>State of California Governor's Office of Emergency Services</i>			
Hazard Mitigation Grant Program	97.039	FEMA-4344-DR-CA	157,784
<b>Total U.S. Department of Homeland Security - FEMA</b>			157,784
<b>Total Federal Expenditures</b>			\$ 3,305,274

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this supplementary information.

**City of Arcata, California**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2021**

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**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

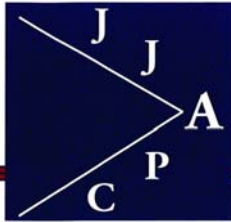
**2. DESCRIPTION OF MAJOR PROGRAMS**

**Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA # 14.228)**

The primary objective of the Community Development Block Grants (CDBG)/State's Program and Non-Entitlement Grants in Hawaii (State CDBG Program) is the development of viable communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low- and moderate-income. This objective can be achieved in two ways. First, funds can only be used to assist eligible activities that fulfill one or more of three national objectives. Second, the grantee must spend at least 70 percent of its funds over a period of up to three years, as specified by the grantee in its certification, for activities that address the national objective of benefiting low- and moderate-income persons.

**3. INDIRECT COST ELECTION**

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

**Independent Auditor's Report**

The Honorable City Council  
City of Arcata  
Arcata, California

We have audited, in accordance with the 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, the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 29, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-01 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The City's Response to Findings**

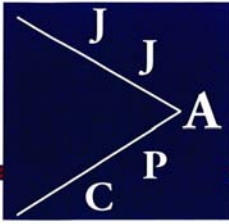
The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 29, 2022

*JJACPA, Inc.*  
**JJACPA, Inc.**  
**Dublin, CA**



JJACPA, Inc.

A Professional Accounting Services Corp.

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**Independent Auditor's Report**

The Honorable City Council  
City of Arcata  
Arcata, California

**Report on Compliance for Each Major Federal Program**

We have audited the City of Arcata, California's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



## **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the City as of and for the year ended June 30, 2021, and have issued our report thereon dated September 29, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

September 29, 2022

*JJACPA, Inc.*

**JJACPA, Inc.  
Dublin, CA**

**City of Arcata, California**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2021**

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**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**City of Arcata, California**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the year ended June 30, 2021**

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**Section II – Financial Statement Findings**

**Finding 2021-01**

**Material Weakness of Noncompliance with California Government Code – Filing Deadline Expiration**

**Criteria:** California Government Code, Section 26909, (a) (2), requires Cities to file an annual audit of the accounts and records with the California State Controller within 12 months of the end of the fiscal year.

**Condition:** For the year ended June 30, 2021 the City of Arcata (City) did not file an annual audit of the accounts and records with the California State Controller within 12 months of the end of the fiscal year.

**Cause:** Management of the City has not implemented procedures to meet the filing requirements outlined in the California Government Code.

**Effect:** The information reported to the public and other government agencies is not timely or relevant to current City operations.

**Recommendation:** Management should file the audited financial statements for the year ended June 30, 2021 immediately. Additionally, the City should implement procedures for meeting the filing requirements outlined in the California Government Code in order to provide timely reporting for the fiscal year ended June 30, 2022.

**Responsible Official's Response:** Management agrees with the finding and will file the audited financial statements for the year ended June 30, 2021 as soon as possible. The City has implemented procedures effective April 1, 2021 which include a fiscal year end closing schedule to assist in meeting timeliness requirements of California Government Code, Section 26909, (a) (2).

**City of Arcata, California**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the year ended June 30, 2021**

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**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**Section IV – Status of Prior Year Audit Findings**

**Finding 2020-02 – Timeliness**

CFDA Title and Number: Home Investment Partnerships Program (CFDA #14.239)  
Federal Agency: U.S. Department of Housing and Urban Development  
Pass-through Entity: State of California Department of Housing and Community  
Development  
Year: 2020

**Criteria:** Section 200.512(a) of the Uniform Guidance states that an audit must be completed and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor’s report or nine months after the end of the audit period.

**Condition:** The City did not complete the audit and submit the data collection form and reporting package within nine months after the end of the fiscal year.

**Questioned Costs:** None

**Context:** The City did not complete its audit of the annual financial statements until after the deadline had passed.

**Effect or Potential Effect:** The City did not meet the audit requirements as provided in Section 200.512(a).

**Cause:** The City did not have policies and procedures in place to have the financial audit completed by the deadline.

**Recommendation:** The City should implement policies and procedures to have the financial audit completed by the deadline.

**Responsible Official’s Response and Corrective Action Planned:** Management agrees with the finding and will file the audited financial statements for the year ended June 30, 2021, as soon as possible. The City has implemented procedures effective June 15, 2022, which include a fiscal year end closing schedule to assist in meeting timeliness requirements of Section 200.512(a) of the Uniform Guidance. In order to effectively implement the year end close schedule, the City has identified the need for accounting staff. Staffing needs are expected to be fulfilled post June 15, 2022. As such, timeliness findings are expected for the 2021 fiscal year end audit. Corrective action will assist with the 2022 fiscal year end audit.

**Status:** Implemented

**City of Arcata, California**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the year ended June 30, 2021**

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**Section IV – Status of Prior Year Audit Findings, Continued**

**Finding 2020-01 - Material Weakness of Noncompliance with California Government Code – Filing Deadline Expiration**

See current year finding 2021-01.