

**CITY OF ARCATA, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2024**



Prepared by:

**Tabatha Miller**  
Finance Director

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**City of Arcata, California  
Basic Financial Statements  
For the year ended June 30, 2024**

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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

**March 20, 2025**

*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, 2024. 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 issues 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, 2024, 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, 2024, 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 2024, the City has grown to an estimated population of just under 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.

According to the California Employment Development Department in 2024, the total labor force in Arcata is approximately 9,300. Unemployment in Arcata is approximately 7.7 percent.

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

For fiscal year 2024, the City's efforts were focused in the following areas.

*Resident and Community Health:*

The City approved and adopted the Arcata Gateway Specific Area Plan and an update to its General Plan with key policies that encourage infill housing to support overall economic growth in the community for the next 20 years.

By using the remaining American Rescue Plan Act (ARPA) funding the City continued the Mobile Intervention Services Team (MIST) program and focus on outreach projects to provide access to needed services. For FY 2023-24, Humboldt County agreed to fund the Safe Parking program, that was established with City of Arcata ARPA funding in FY 2022-23. The Safe Parking program provided households sleeping in their vehicles a safe staffed location for 24-hour parking with basic necessities and service referrals.

The City leveraged grant dollars by adopting the Manufactured Housing Opportunities Revitalization (MORE) Program Grant guidelines and began accepting applications to rehabilitate mobile homes for some of the City's most vulnerable citizens. Assisted over 66 low-income individuals with monthly rental assistance. Provided Permanent Local Housing Allocations (PLHA) funds for pre-development activities for the Roger's Garage affordable housing project – a 45-unit, mixed-use, affordable housing project to be located at 1622 Old Arcata Road.

*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 work to assist local businesses to provide loans for expansion and other economic development needs. In an effort to continue to support the business community, in June 2024, the City Council approved funding for the development of an updated Economic Development Plan. The most recent plan developed in 2014 was in need of updating and revision.

*Facilities and Infrastructure:*

Improving City streets, utilities and associated infrastructure continues to be a priority. During the fiscal year, the City kicked off construction of the long-awaited Old Arcata Road roadway, bicycle and pedestrian improvements including a roundabout at Jakoby Creek Road. Design work was completed for the safety improvement project at the intersection of Sunset Avenue and LK Wood Boulevard. The Wastewater Treatment Plant Upgrade continued work through the fiscal year with completion anticipated for early of FY 2025-26. A one-million-gallon potable water storage tank was completed and will provide additional storage to the area serving the highest number of residents (zone 1). The much-awaited large-scale playground replacement at Redwood park was completed and construction of Carlson Park into a river-themed playground with pickleball courts, a special event area and river access was completed in summer of 2024.

## ***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 the 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 Council adopted a Pension Funding Policy in early fiscal year 2023-24 to address the growing debt and interest costs associated with the City's unfunded pension liability. Consistent with that policy the City Council approved a one-time additional discretionary payment of \$5 million from the City's General Fund, Water Fund and Wastewater Fund to the California Public Employees' Retirement System (CalPERS) and \$2.5 million to establish a section 115 pension prefunding trust to offset future CalPERS obligations. The City Council also approved a \$488,000 additional contribution to the section 115 pension trust that represents 25 percent of the General Fund Surplus from the prior fiscal year 2023.

On June 12, 2024, the City Council unanimously approved placing a .75 percent transactions and use tax ballot question on November 5, 2024, election. The tax measure, designated Measure H, which needed a simple majority to pass, received more than 65% of the vote. Although Measure H was a general tax, the Council pledged the funds for voter identified priorities including homelessness and its impacts, mental health response to crisis, and maintenance and expansion of sidewalks, bike lanes, transit, roads, parks and trails. Measure H is effective April 1, 2025, and will continue until repealed by the voters.

## ***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, and Brett Jones, of JJACPA, Inc. and to the members of the City of Arcata 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,

*Tabatha Miller*

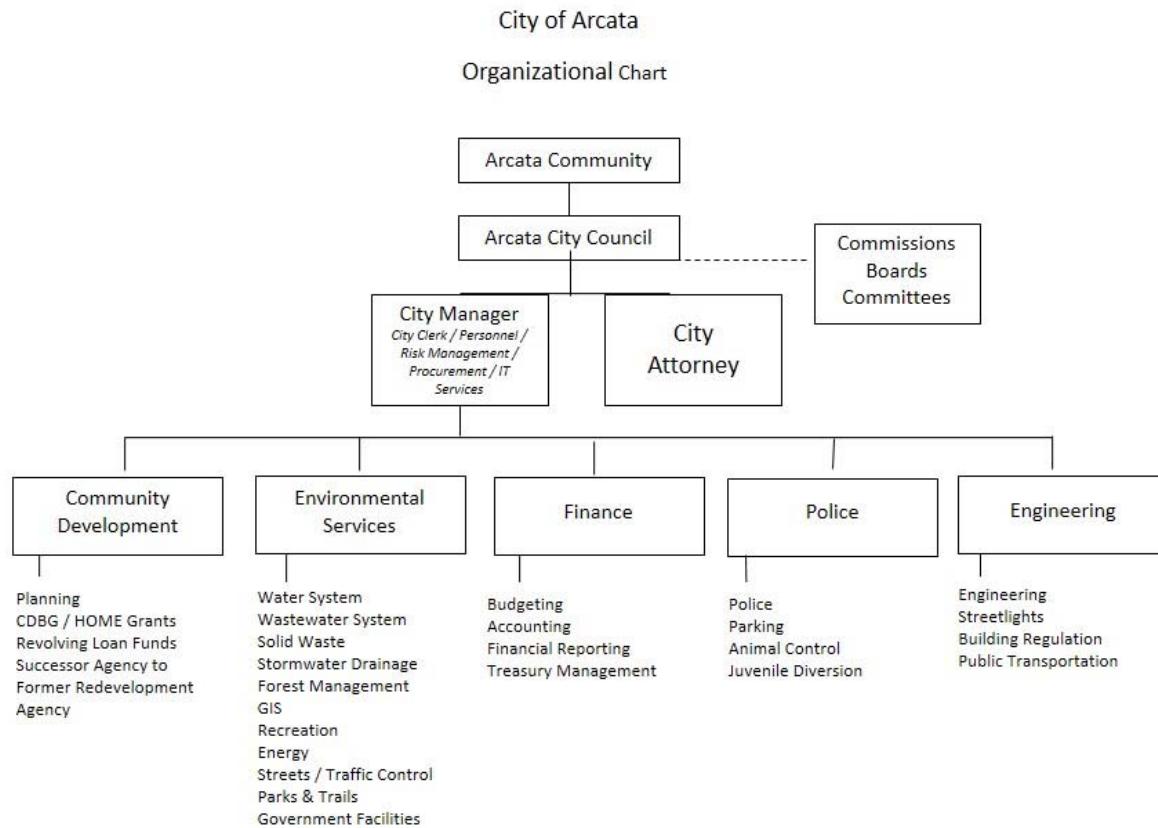
Tabatha Miller  
Finance Director

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**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

**Organization Chart**



**City of Arcata, California  
Basic Financial Statements  
For the year ended June 30, 2024**

**List of Officials**

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***CITY COUNCIL***

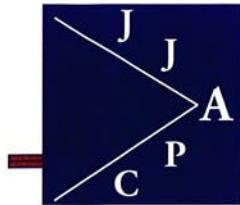
- Alexandra Stillman, Mayor
- Kimberley White, Vice Mayor
- Sarah Schaefer, Council Member
- Stacy Atkins-Salazar, Council Member
- Meredith Matthews, Council Member

***CITY OFFICIALS***

- Merritt Perry, City Manager
- Danette Demello, Assistant City Manager
- Tabatha Miller, Finance Director
- David Loya, Community Development Director
- Richard Silvers, Chief of Police
- Netra Khatri, City Engineer
- Emily Sinkhorn, Environmental Services Director
- Nancy Diamond, City Attorney

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**JJACPA, Inc.**

A Professional Accounting Services Corp.

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arcata (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-19, the budgetary comparison information on pages 96-99, the schedule of changes in the net OPEB liability and related ratios on page 101, the net OPEB liability schedule of contributions on page 102, the schedules of contributions on pages 103-104, and the schedules of the City's proportionate share of the net pension liability on pages 105-106 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The combining and individual nonmajor fund financial statements is the responsibility of management and was 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.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the City's internal control over financial reporting and compliance.

*JJACPA, Inc.*  
JJACPA, Inc.

March 20, 2025

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

**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, 2024. 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, 2024, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$159.1 million, an increase of \$30.5 million from the prior year. Of the total net position, \$106.7 million was invested in capital assets (net of related debt) and \$4.4 million had restrictions on use, leaving just under \$48.0 million, as unrestricted.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by \$17.6 million compared to the 2023 fiscal year. The largest portion of the increase, approximately \$21.8 million, was due to a significant increase in capital grants from state and federal programs. \$26.2 million attributed to a multi-year grant of \$64.8 million from the California Clean Water State Revolving Fund to reconfigure the City's Wastewater Treatment facility. The \$21.8 million increase in capital grants was offset by a reduction of \$5.6 million from operating grants. General revenues, which are primarily made of various taxes, remained relatively flat from the prior fiscal year, with the exception of use of money and property, which increased by over 400% or nearly \$2 million more than the prior year, due to increased interest rate earnings and changes in the market value of the City's investment holdings. Overall City-wide expenses increased by just over \$1.5 million. The increase in total City-wide expenses is a net combination of a \$5 million one-time additional discretionary pension payment to CalPERS (\$2.5 million from the City's General Fund, \$1.5 million from the Wastewater Fund and \$1 million from the Water Fund) and increased expenses in public safety of \$2.8 million from increased labor costs including recruitment and retention bonuses and pension obligations, which were mostly offset by the drop in Community Development Expenses of \$8.4 million, that was the result of the completion of the one-time West Village project, a 78-unit affordable housing facility in the 2023 fiscal year.
- ◆ The City's governmental funds net position increased by approximately \$3.5 million. The increase is the result of a net increase in revenues over expenditures. Both governmental funds expenses and governmental funds revenues decreased from the 2023 fiscal year, as a result of the related decrease in operating grants and the related expenses associated with the one-time \$8.4 million West Village project discussed in the paragraph above.
- ◆ The City's proprietary enterprise funds increased net position by \$27.0 million. The increase is the result of a net increase in revenues over expenditures, with the largest source attributable from the \$26.2 million capital grant revenue to reconfigure the City's Wastewater Treatment facility.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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

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**FINANCIAL HIGHLIGHTS, Continued**

- ◆ The General Fund reported a fund balance of \$15.9 million at the end of the 2024 fiscal year, a decrease of \$893,000. This decrease results from a decision to use fund balance to make a \$2.5 million additional discretionary payment made to CalPERS to pay down the City's Unfunded Pension Liability.
- ◆ The City also ended the fiscal year with \$20.7 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 \$6.4 million from 2023 and primarily results from the more than \$8.7 million increase in the Wastewater fund unrestricted net position as a result of revenues exceeding expenses.

**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.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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

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

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.
- ◆ ***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.

**City of Arcata, California  
Basic Financial Statements  
For the year ended June 30, 2024**

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

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

**Fund Financial Statements, Continued**

For the fiscal year ended June 30, 2024, 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
- ◆ Housing Improvement Projects
- ◆ 2107 & 2107.5 Gas Tax Funds

**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, 2024, 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.

**City of Arcata, California  
Basic Financial Statements  
For the year ended June 30, 2024**

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

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

**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 51–99 of this report. Required Supplementary Information follows the notes on pages 96–106.

**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 110–153 of this report.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

**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 \$159.1 million as of June 30, 2024. The Summary of Net position as of June 30, 2024, and 2023, follows:

	Summary of Net Position					
	2024			2023		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 65,062,928	\$ 29,994,116	\$ 95,057,044	\$ 66,445,363	\$ 24,817,931	\$ 91,263,294
Noncurrent assets	42,632,284	66,434,532	109,066,816	36,364,961	45,955,236	82,320,197
Deferred outflows of resources	8,841,298	2,000,850	10,842,148	9,731,948	2,180,696	11,912,644
Total assets and deferred outflows of resources	116,536,510	98,429,498	214,966,008	112,542,272	72,953,863	185,496,135
Current and other liabilities	8,361,576	2,877,713	11,239,289	5,365,122	4,694,135	10,059,257
Long-term liabilities	31,050,435	8,225,512	39,275,947	29,130,599	7,852,648	36,983,247
Deferred inflows of resources	3,997,189	1,323,991	5,321,180	8,459,084	1,396,889	9,855,973
Total liabilities and deferred inflows of resources	43,409,200	12,427,216	55,836,416	42,954,805	13,943,672	56,898,477
Net position:						
Net invested in						
Capital Assets	41,363,921	65,329,593	106,693,514	34,968,161	44,740,928	79,709,089
Restricted	4,443,661	-	4,443,661	4,034,692	-	4,034,692
Unrestricted	27,319,728	20,672,689	47,992,417	30,584,614	14,269,263	44,853,877
<b>Total net position</b>	<b>\$ 73,127,310</b>	<b>\$ 86,002,282</b>	<b>\$ 159,129,592</b>	<b>\$ 69,587,467</b>	<b>\$ 59,010,191</b>	<b>\$ 128,597,658</b>

The City's total net position increased by more than \$30.5 million (\$3.5 million for governmental activities and \$27.0 million for business-type activities, respectively). Total city-wide assets and deferred outflows of resources increased by nearly \$29.5 million, \$4 million in governmental activities and \$25.5 million in business-type activities. The increase in governmental activities' assets is due to an increase of more than \$6.3 million in noncurrent assets from investments in capital assets, offset by decreases in current assets and deferred outflows of resources. For the business-type activities, the increase in total assets and deferred outflows primarily results from the purchase and construction of capital assets in the amount of \$20.5 million and an increase in current assets of \$5.2 million resulting from an increase in current assets in part due to an increase in current liabilities, which freed up cash and liquid investments. Total city-wide liabilities increased by \$2.4 million, as a result of a \$2.3 million increase in long-term liabilities due to increased pension obligations. Deferred inflows of resources decreased by \$3.5 million, as a result of changes from the City's pension and other post-employment benefits (OPEB).

The largest portion of the City's net assets, approximately 66.0%, 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. The amount of net investment in capital assets increased \$27.0 million from the fiscal year 2023 (\$6.4 million in governmental activities and \$20.6 million in business-type activities). The majority of the increase in investment in capital assets was funded from capital grants and contributions.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

**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%, 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, \$27.3 million is held by governmental activities and just under \$20.7 million is held by business-type activities. Together, unrestricted net position increased by \$3.1 million from the prior fiscal year 2023.

**Revenues**

The City's total revenues for governmental and business-type activities were \$76.3 million for the fiscal year ended June 30, 2024, an increase of \$17.6 million from the prior year. Significant revenues for the City for fiscal year 2024 were derived from capital grants and contributions (35.9%), charges for services (25.2%), operating grants and contributions (16.7%), and taxes (15.2%).

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

- 1. General Revenues – Taxes.** Annual receipts for general revenues increased by \$2.0 million or 13.2%. The increase was attributable to the \$2.0 million change in use of money and property due to higher interest rate earnings and changes in the market value of the City's investment holdings. Tax revenues were relatively flat with a small decrease of \$38,000 or -.03%. Sales and use tax revenues increased by \$152,000 or 2.6% compared to the prior fiscal year 2023. Some of the fluctuations in sales taxes are timing of payments which are measured by receipt date and not the period for which it applies. Transient and Occupancy Tax (TOT) revenues decreased by \$105,000 or -6.4% from the prior year. Spring graduation at Cal Poly Humboldt typically drives a noticeable increase in TOT revenue in May. In fiscal year 2024, graduation ceremonies were cancelled due to the occupation of the campus by Pro-Palestine protestors. The Utility Users Tax decreased by \$4,300 and property taxes and assessments decreased by \$55,000.
- 2. Program Revenues- Grants and contributions.** Annual receipts increased by \$15.6 million or 35.8% for charges for services, operating and capital grant revenues. The largest increase was in capital grant revenues, which increased \$21.8 million from the prior fiscal year 2023 (\$200,000 from government activities and \$21.6 million from business-type activities). The increase was primarily due to the \$26.2 million attributed to a multi-year grant of \$64.8 million from the California Clean Water State Revolving Fund to reconfigure the City's Wastewater Treatment facility under business-type activities.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Revenues, continued**

**3. Program Revenues-** Charges for Services. Annual charges for services decreased by approximately \$492,000 or 3.1% from the prior fiscal year 2023 (\$58,000 for government activities and a decrease of \$551,000 for business-type activities). The decrease in charges for services in business-type activities was primarily due to the decrease of \$907,000 in one-time reimbursement revenue received in fiscal year 2023 for capital improvements in the Water Enterprise fund. Wastewater Water fund charges for services increased \$561,000 as the result of the final 8% increase in rates as part of the last year of a five-rate study initiated in 2020. Transit revenue decreased by \$288,000 and was primarily due to one-time capital contributions for purchasing electric buses in fiscal year 2023 of \$274,000. Solid waste increased by \$11,000 or 2.1%. Stormwater revenues increased by \$57,000 or 13.0%, attributable to \$61,000 in state grant proceeds not received in fiscal year 2023.

**Expenses**

- ◆ Governmental and business-type activity expenses of the City for the year totaled just under \$45.8 million. This is an increase of \$1.5 million from the prior fiscal year. Larger increases in fiscal year 2024 in most programs were offset by an \$8.4 decrease in Community Development as the result of the one-time \$8.5 Homekey project expense which converted a hotel into a 78-unit housing facility with a priority for chronically homeless in fiscal year 2023.
- ◆ Governmental activity expenses totaled \$28.3 million, or 61.9% of total expenses. Public Safety programs represented 33.4% of total expenses, followed by Community Development at 25.9% of governmental activities expenses. Business-type activities incurred expenses of \$17.4 million, or 38.1% of total expenses during the fiscal year. Water and Wastewater expenses represent the bulk of the business-type activities at \$14.2 million (\$6.8 million for Water and \$7.4 million for Wastewater) and or 81.6%.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The change in net position for the fiscal years ended June 30, 2024, and 2023 follows:

	Changes in Net Position					
	2024			2023		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,186,834	\$ 17,024,126	\$ 19,210,960	\$ 2,128,410	\$ 17,574,860	\$ 19,703,270
Grants and contributions:						
Operating	12,708,678	-	12,708,678	18,336,062	-	18,336,062
Capital	617,029	26,759,136	27,376,165	415,177	5,202,364	5,617,541
General revenues:						
Property taxes and assessments	2,240,199	-	2,240,199	2,295,010	-	2,295,010
Transient occupancy taxes	1,545,401	-	1,545,401	1,650,284	-	1,650,284
Sales and use tax	5,991,027	-	5,991,027	5,839,324	-	5,839,324
Franchise taxes	323,808	-	323,808	316,730	-	316,730
Utility users tax	1,207,451	-	1,207,451	1,211,738	-	1,211,738
Other taxes	277,551	-	277,551	310,514	-	310,514
Motor vehicle in lieu	2,189,882	-	2,189,882	2,054,077	-	2,054,077
Use of money and property	1,586,896	861,014	2,447,910	380,758	104,890	485,648
Other general	791,150	-	791,150	868,526	-	868,526
Total revenues	<u>31,665,906</u>	<u>44,644,276</u>	<u>76,310,182</u>	<u>35,806,610</u>	<u>22,882,114</u>	<u>58,688,724</u>
<b>Expenses:</b>						
Governmental activities:						
General government	5,644,216	-	5,644,216	3,188,127	-	3,188,127
Public safety	9,481,144	-	9,481,144	6,675,096	-	6,675,096
Public works	3,719,725	-	3,719,725	4,439,566	-	4,439,566
Community development	7,332,687	-	7,332,687	15,782,449	-	15,782,449
Parks and recreation	2,139,520	-	2,139,520	1,834,721	-	1,834,721
Interest and fiscal charges	28,065	-	28,065	29,188	-	29,188
Business-type activities:						
Water	-	6,792,046	6,792,046	-	4,775,859	4,775,859
Wastewater	-	7,434,188	7,434,188	-	4,964,061	4,964,061
Transit	-	1,814,622	1,814,622	-	1,457,981	1,457,981
Solid Waste	-	575,121	575,121	-	533,881	533,881
Stormwater	-	816,914	816,914	-	571,089	571,089
Total expenses	<u>28,345,357</u>	<u>17,432,891</u>	<u>45,778,248</u>	<u>31,949,147</u>	<u>12,302,871</u>	<u>44,252,018</u>
Excess (Deficiency) of revenues over expenditures before transfers	<u>3,320,549</u>	<u>27,211,385</u>	<u>30,531,934</u>	<u>3,857,463</u>	<u>10,579,243</u>	<u>14,436,706</u>
Transfers	<u>219,294</u>	<u>(219,294)</u>	<u>-</u>	<u>732,088</u>	<u>(732,088)</u>	<u>-</u>
Change in net position	3,539,843	26,992,091	30,531,934	4,589,551	9,847,155	14,436,706
Net position:						
Beginning of year	<u>69,587,467</u>	<u>59,010,191</u>	<u>128,597,658</u>	<u>64,997,916</u>	<u>49,163,036</u>	<u>114,160,952</u>
End of year	<u>\$ 73,127,310</u>	<u>\$ 86,002,282</u>	<u>\$ 159,129,592</u>	<u>\$ 69,587,467</u>	<u>\$ 59,010,191</u>	<u>\$ 128,597,658</u>

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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

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**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, 2024, and 2023, are as follows:

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 5,644,216	\$ (1,690,517)	\$ 3,188,127	\$ 201,544
Public safety	9,481,144	(9,039,719)	6,675,096	(5,905,985)
Public works	3,719,725	1,204,584	4,439,566	1,628,670
Community development	7,332,687	(3,611,158)	15,782,449	(5,516,739)
Parks and recreation	2,139,520	332,059	1,834,721	(1,447,800)
Interest and fiscal charges	28,065	(28,065)	29,188	(29,188)
Total	<u>\$ 28,345,357</u>	<u>\$ (12,832,816)</u>	<u>\$ 31,949,147</u>	<u>\$ (11,069,498)</u>

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

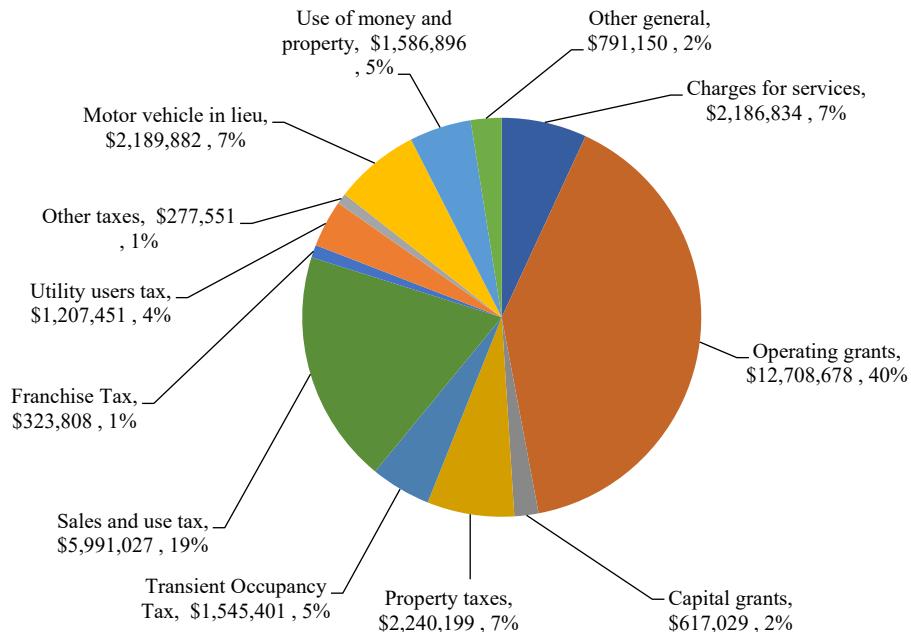
**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

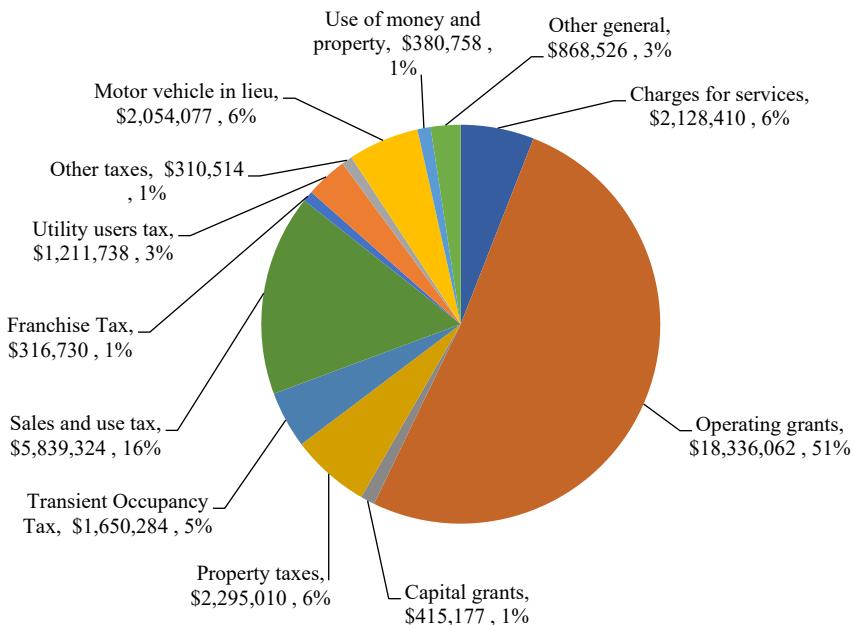
**Governmental Activities, continued**

Revenues by source for the fiscal years ended June 30, 2024, and 2023, are as follows:

**Revenues by Source - Governmental Activities 2024**



**Revenues by Source - Governmental Activities 2023**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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

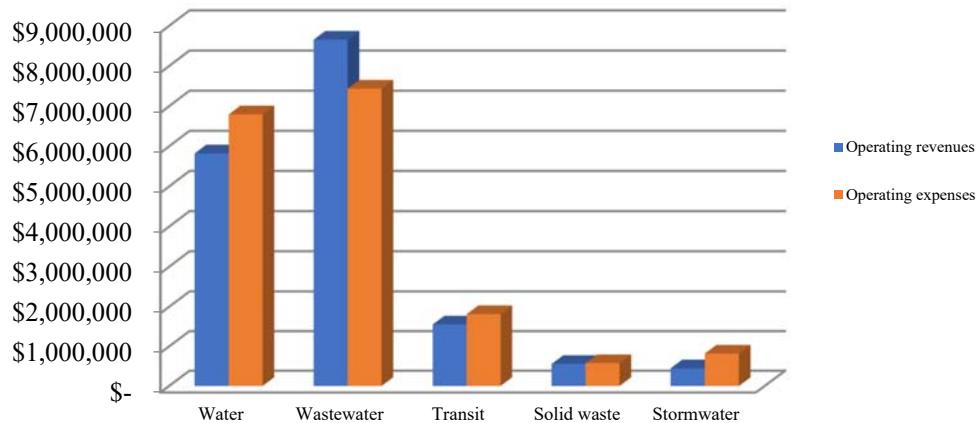
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

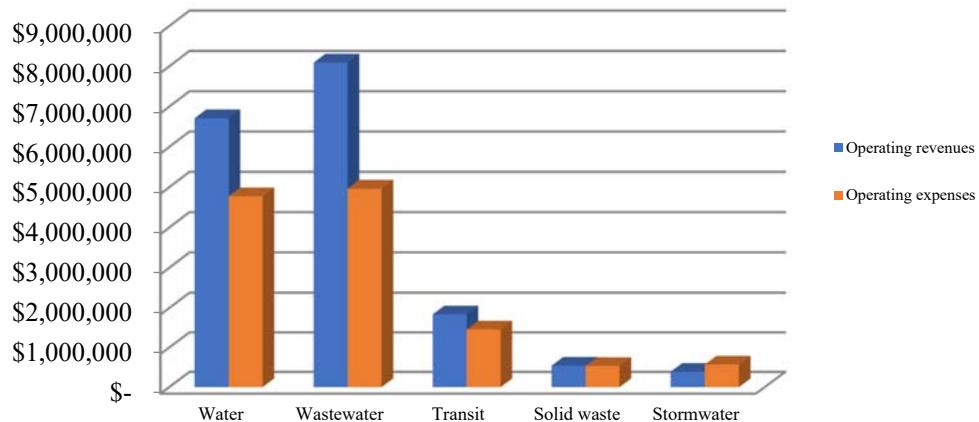
**Business-type Activities**

Business-type activities have increased the City's net position by \$27.0 million. The City has five business-type activities: Water, Wastewater, Transit, Solid Waste, and Stormwater Operations. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2024, and 2023, are as follows:

**Operating Revenues and Expenses  
Business-type Activities  
2024**



**Operating Revenues and Expenses  
Business-type Activities  
2023**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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

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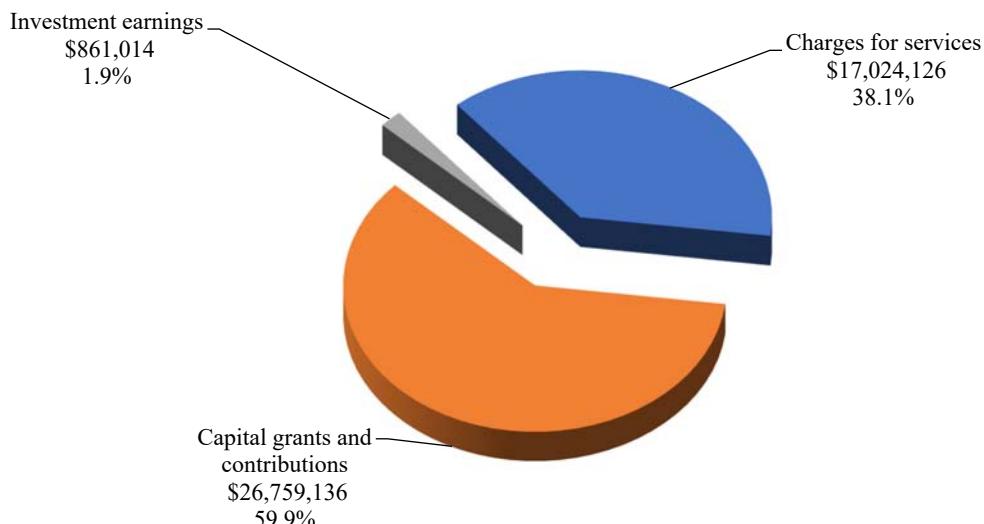
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

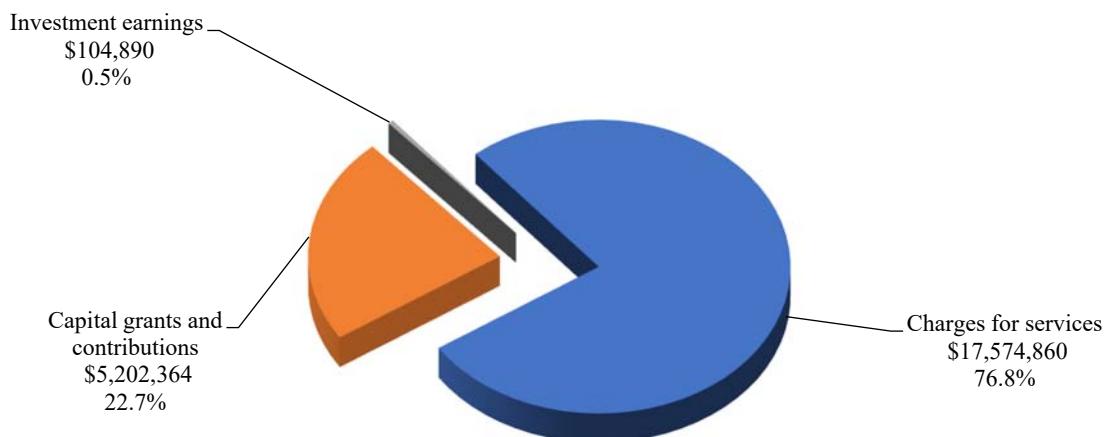
**Business-type Activities, continued**

The revenues by source for the business-type activities for the fiscal years ended June 30, 2024, and 2023, are as follows:

**Revenues by Source - Business-type Activities  
2024**



**Revenues by Source - Business-type Activities  
2023**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

**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, 2024, the City's governmental funds reported combined fund balances of \$27.3 million. This is a decrease of nearly \$604,000 or -2.2% from last fiscal year.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2024, General Fund unassigned fund balance totaled nearly \$15.9 million. This is a decrease of \$893,000 from the prior fiscal year. This is the result of expenditures exceeding revenues. Both revenues and expenditures increased in fiscal year 2024, \$3.9 million and just over \$ 5.7 million, respectively. The largest increase in revenue of nearly \$2.7 million was from grants, including \$1.7 million in legislative allocations for parks and \$1.7 million from an Infill Infrastructure Grant. The second largest increase in revenue was from use of money and property, which increased by \$807,000 due to increased interest rate earnings and changes in the market value of the City's investment holdings.

**General Fund Budgetary Highlights**

The difference between the final budget and actual revenues was less than budget by \$937,000 or 3.8% of budget. This was primarily due to intergovernmental revenue associated with grants that were lower than budgeted due to slower expenditure and reimbursement than anticipated. The difference between the final budget and actual expenditures differs favorably by nearly \$4.4 million or 16.1% of budget. This is primarily the result of grant projects 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, 2024**

**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, 2024, amounted to \$109.1 million. This investment in capital assets includes land, construction in progress costs for road and median improvements, buildings and improvements, infrastructure, furniture and equipment, and vehicles.

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 17,228,821	\$ 17,228,821	\$ 7,569,579	\$ 7,569,579	\$ 24,798,400	\$ 24,798,400
Undergrounding facilities	90,025	90,025	9,912,035	10,234,654	10,002,060	10,324,679
Buildings and structures	4,664,317	4,713,219	1,023,793	1,232,442	5,688,110	5,945,661
Furniture and equipment	1,840,975	583,813	447,990	490,502	2,288,965	1,074,315
Other Improvements	13,354,597	8,376,619	45,320,525	24,002,641	58,675,122	32,379,260
Infrastructure	3,746,656	3,895,699	-	-	3,746,656	3,895,699
Vehicles	1,341,739	1,228,211	2,130,876	2,394,110	3,472,615	3,622,321
Right-to-use equipment	95,716	90,441	-	-	95,716	90,441
Right-to-use asset (SBITA)	269,438	158,113	29,734	-	299,172	158,113
Total	<u>\$ 42,632,284</u>	<u>\$ 36,364,961</u>	<u>\$ 66,434,532</u>	<u>\$ 45,923,928</u>	<u>\$ 109,066,816</u>	<u>\$ 82,288,889</u>

More detail of the capital assets and current activity can be found in the notes to the financial statements on page 61 for significant accounting policies and Note 5 on pages 73 – 74 for other capital asset information.

**Long-Term Debt**

At June 30, 2024, the City had total debt obligations of just over than \$3.5 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	
	2024	2023	2024	2023	2024	2023
2015 Refunding of 2008 Lease	\$ 637,000	\$ 681,800	\$ 1,183,000	\$ 1,266,200	\$ 1,820,000	\$ 1,948,000
CalPERS UAL Debt	513,000	715,000	-	-	513,000	715,000
Lease payable	95,904	88,859	-	-	95,904	88,859
Subscription payable	179,569	131,321	17,187	-	196,756	131,321
Compensated absences	801,534	498,850	201,128	149,074	1,002,662	647,924
Total	<u>\$ 2,227,007</u>	<u>\$ 2,115,830</u>	<u>\$ 1,401,315</u>	<u>\$ 1,415,274</u>	<u>\$ 3,628,322</u>	<u>\$ 3,531,104</u>

**City of Arcata, California  
Basic Financial Statements  
For the year ended June 30, 2024**

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

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

The budget for Fiscal Year 2024-25, adopted on June 12, 2024, was balanced and the economic outlook for the short- and long-term is stable. Revenues that experienced significant growth after the pandemic stay-at-home orders were eased, stabilized and in some cases experienced small drops from the prior year but have remained well above pre-pandemic levels. The City will continue to benefit from grants and other state and federal funding that is budgeted at comparatively high levels for fiscal year 2024-25.

The City also entered year five of a five-year rate increase for water and wastewater service fee revenues on July 1, 2024. In the workplan for fiscal year 2024-25 is an updated water and wastewater rate study to determine the appropriate level of funds needed 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, 2024

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 26,203,519	\$ 21,020,616	\$ 47,224,135
Restricted cash and investments	4,145,447	1,250,000	5,395,447
Receivables:			
Accounts	7,196,810	7,478,313	14,675,123
Leases	-	127,778	127,778
Loans/Notes receivable	27,129,556	-	27,129,556
Due from Successor Agency	179,512	-	179,512
Prepaid items	84,800	-	84,800
Inventory	123,284	113,381	236,665
Deposit	-	4,028	4,028
<b>Total current assets</b>	<b>65,062,928</b>	<b>29,994,116</b>	<b>95,057,044</b>
<b>Noncurrent assets:</b>			
Capital assets:			
Nondepreciable	17,228,821	7,569,579	24,798,400
Depreciable	25,403,463	58,864,953	84,268,416
<b>Total noncurrent assets</b>	<b>42,632,284</b>	<b>66,434,532</b>	<b>109,066,816</b>
<b>Total assets</b>	<b>107,695,212</b>	<b>96,428,648</b>	<b>204,123,860</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB	2,001,694	-	2,001,694
Pension Plan	6,839,604	2,000,850	8,840,454
<b>Total assets and deferred outflows of resources</b>	<b>\$ 116,536,510</b>	<b>\$ 98,429,498</b>	<b>\$ 214,966,008</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 4,164,540	\$ 2,514,268	\$ 6,678,808
Interest payable	-	2,573	2,573
Unearned revenue	1,010,983	75,000	1,085,983
Deposits payable	58,010	140,342	198,352
Other liabilities	2,581,560	-	2,581,560
Compensated absences - current portion	200,384	50,282	250,666
Due within one year	346,099	95,248	441,347
<b>Total current liabilities</b>	<b>8,361,576</b>	<b>2,877,713</b>	<b>11,239,289</b>
<b>Noncurrent liabilities:</b>			
Long-term liabilities:			
Compensated absences	601,150	150,846	751,996
Due after one year	1,079,374	1,104,939	2,184,313
Net OPEB liability	6,190,945	-	6,190,945
Net pension liability	23,178,966	6,969,727	30,148,693
<b>Total noncurrent liabilities</b>	<b>31,050,435</b>	<b>8,225,512</b>	<b>39,275,947</b>
<b>Total liabilities</b>	<b>39,412,011</b>	<b>11,103,225</b>	<b>50,515,236</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB	1,123,359	-	1,123,359
Pension Plan	2,873,830	1,201,103	4,074,933
Leases	-	122,888	122,888
<b>Total defered inflows of resources</b>	<b>3,997,189</b>	<b>1,323,991</b>	<b>5,321,180</b>
<b>NET POSITION</b>			
Net investment in capital assets	41,363,921	65,329,593	106,693,514
Restricted	4,443,661	-	4,443,661
Unrestricted	27,319,728	20,672,689	47,992,417
<b>Total net position</b>	<b>73,127,310</b>	<b>86,002,282</b>	<b>159,129,592</b>
<b>Total liabilities, defered inflows of resources and net position</b>	<b>\$ 116,536,510</b>	<b>\$ 98,429,498</b>	<b>\$ 214,966,008</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, 2024**

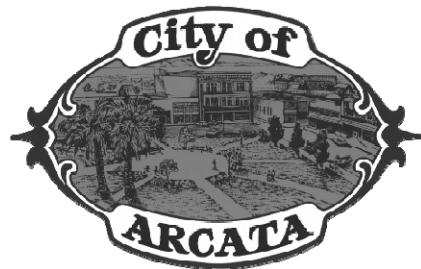
Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 5,644,216	\$ 133,741	\$ 3,819,958	\$ -
Public safety	9,481,144	161,005	280,420	-
Public works	3,719,725	993,525	3,313,755	617,029
Community development	7,332,687	556,902	3,164,627	-
Parks and recreation	2,139,520	341,661	2,129,918	-
Interest and fiscal charges	28,065	-	-	-
Total governmental activities	28,345,357	2,186,834	12,708,678	617,029
Business-type activities:				
Water	6,792,046	5,820,901	-	-
Wastewater	7,434,188	8,653,442	-	26,681,904
Transit	1,814,622	1,551,666	-	72,196
Solid waste	575,121	554,284	-	5,036
Stormwater utility	816,914	443,833	-	-
Total business-type activities	17,432,891	17,024,126	-	26,759,136
<b>Total primary government</b>	<b>\$ 45,778,248</b>	<b>\$ 19,210,960</b>	<b>\$ 12,708,678</b>	<b>\$ 27,376,165</b>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Transient occupancy tax, levied for general purposes				
Sales taxes				
Franchise taxes				
Utility users tax				
Other taxes				
Intergovernmental:				
State motor vehicle in-lieu tax (MVLF)				
Use of money and property				
Other general revenues				
Total general revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position:				
Beginning of year				
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>
\$ (1,690,517)	\$ -	\$ (1,690,517)
(9,039,719)	-	(9,039,719)
1,204,584	-	1,204,584
(3,611,158)	-	(3,611,158)
332,059	-	332,059
(28,065)	-	(28,065)
<u>(12,832,816)</u>	<u>-</u>	<u>(12,832,816)</u>
 - (971,145)	 27,901,158	 (971,145) 27,901,158
- (190,760)		(190,760)
- (15,801)		(15,801)
- (373,081)		(373,081)
<u>- 26,350,371</u>	<u>26,350,371</u>	<u>26,350,371</u>
 (12,832,816)	 26,350,371	 13,517,555
 2,240,199	 -	 2,240,199
1,545,401	-	1,545,401
5,991,027	-	5,991,027
323,808	-	323,808
1,207,451	-	1,207,451
277,551	-	277,551
 2,189,882	 -	 2,189,882
1,586,896	861,014	2,447,910
791,150	-	791,150
<u>16,153,365</u>	<u>861,014</u>	<u>17,014,379</u>
 219,294	 (219,294)	 -
<u>16,372,659</u>	<u>641,720</u>	<u>17,014,379</u>
 3,539,843	 26,992,091	 30,531,934
 69,587,467	 59,010,191	 128,597,658
<u>\$ 73,127,310</u>	<u>\$ 86,002,282</u>	<u>\$ 159,129,592</u>

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

<b>Fund</b>	<b>Description</b>
<b>Governmental Funds:</b>	
General	Governmental funds are used for taxes and grants.
CDBG Housing Special Revenue	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
Housing Revolving Special Revenue	Accounts for activities related to housing and the related CDBG funding.
Basic Business Loan Revolving	Accounts for the City's business loan program.
Housing Improvement Projects	Accounts for funds transferred to the City from the former Arcata Community Development Agency for housing improvement projects.
2107 & 2107.5 Gas Tax Funds	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.

# City of Arcata, California

## Balance Sheet

### Governmental Funds

June 30, 2024

	<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	\$ 14,245,395	\$ 347,239	\$ 242,442
Restricted cash and investments	1,250,000	-	-
Receivables:			
Taxes	507,622	-	-
Interest	94,476	-	-
Intergovernmental	5,014,654	-	-
Loans/Notes receivable	-	8,731,033	11,220,610
Other receivable	73,653	92,442	1,083
Due from other funds	982,426	593,105	-
Due from Successor Agency	-	-	-
Prepaid	-	-	-
Inventory	1,004	-	-
<b>Total assets</b>	<b>\$ 22,169,230</b>	<b>\$ 9,763,819</b>	<b>\$ 11,464,135</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 3,109,069	\$ 1,861	\$ 410
Due to other funds	488,772	-	-
Deposits payable	29,895	-	-
Unearned revenue	100,201	-	-
Other liabilities	2,581,560	-	-
<b>Total liabilities</b>	<b>6,309,497</b>	<b>1,861</b>	<b>410</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue		8,763,795	11,239,409
<b>Total deferred inflows of resources:</b>	<b>-</b>	<b>8,763,795</b>	<b>11,239,409</b>
<b>Total Liabilities and deferred inflows</b>	<b>6,309,497</b>	<b>8,765,656</b>	<b>11,239,819</b>
<b>Fund balances:</b>			
Nonspendable	1,004	-	-
Restricted	-	998,163	224,316
Assigned	-	-	-
Unassigned (Deficit)	15,858,729	-	-
<b>Total fund balances</b>	<b>15,859,733</b>	<b>998,163</b>	<b>224,316</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 22,169,230</b>	<b>\$ 9,763,819</b>	<b>\$ 11,464,135</b>

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

<b>Major Funds</b>					
<b>Basic Business Loan Revolving</b>	<b>Housing Improvement Projects</b>	<b>2107 &amp; 2107.5 Gas Tax Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>	
\$ 1,457,503	\$ 367,711	\$ 1,061,384	\$ 5,775,010 2,895,447	\$ 23,496,684 4,145,447	
-	15	-	5,294	512,931	
-	-	-	-	94,476	
-	-	128,902	1,158,739	6,302,295	
3,079,274	3,996,148	-	102,491	27,129,556	
21,359	-	-	98,571	287,108	
-	-	-	-	1,575,531	
-	-	-	179,512	179,512	
-	-	-	84,800	84,800	
-	-	1,327	99,304	101,635	
<b>\$ 4,558,136</b>	<b>\$ 4,363,874</b>	<b>\$ 1,191,613</b>	<b>\$ 10,399,168</b>	<b>\$ 63,909,975</b>	
\$ -	\$ 1,857	\$ 68,765	\$ 924,022	\$ 4,105,984	
-	-	142,500	944,259	1,575,531	
-	-	-	28,115	58,010	
-	-	-	910,782	1,010,983	
-	-	-	-	2,581,560	
-	1,857	211,265	2,807,178	9,332,068	
<b>3,079,273</b>	<b>4,121,149</b>	<b>-</b>	<b>104,491</b>	<b>27,308,117</b>	
<b>3,079,273</b>	<b>4,121,149</b>	<b>-</b>	<b>104,491</b>	<b>27,308,117</b>	
<b>3,079,273</b>	<b>4,123,006</b>	<b>211,265</b>	<b>2,911,669</b>	<b>36,640,185</b>	
-	-	1,327	184,104	186,435	
-	-	979,021	2,242,161	4,443,661	
1,478,863	240,868	-	5,232,016	6,951,747	
-	-	-	(170,782)	15,687,947	
1,478,863	240,868	980,348	7,487,499	27,269,790	
<b>\$ 4,558,136</b>	<b>\$ 4,363,874</b>	<b>\$ 1,191,613</b>	<b>\$ 10,399,168</b>	<b>\$ 63,909,975</b>	

# City of Arcata, California

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

June 30, 2024

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**Total fund balances - total governmental funds** \$ 27,269,790

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. 40,453,812

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	\$ (758,446)
Due within one year	(280,289)
Due after one year	(988,074)
Net OPEB obligation	(6,190,945)
Net pension liability	<u>(22,155,284)</u> (30,373,038)

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.

27,308,117

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

Deferred outflows - OPEB	2,001,694
Deferred outflows - Pension	6,839,604
Deferred inflows - OPEB	(1,123,359)
Deferred inflows - Pension	<u>(2,873,830)</u> 4,844,109

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	2,728,484
Noncurrent assets	2,178,472
Accounts payable and accrued liabilities	(135,138)
Noncurrent liabilities	<u>(1,147,298)</u> 3,624,520
<b>Net Position of governmental activities</b>	<u><u>\$ 73,127,310</u></u>

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

# City of Arcata, California

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

### Governmental Activities

June 30, 2024

	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	\$ 23,496,684	\$ -	\$ -	\$ 2,706,835	\$ 26,203,519
Restricted cash and investments	4,145,447	-	-	-	4,145,447
Receivables:					
Taxes	512,931	-	-	-	512,931
Interest	94,476	-	-	-	94,476
Intergovernmental	6,302,295	-	-	-	6,302,295
Loans/Notes receivable	27,129,556	-	-	-	27,129,556
Other receivable	287,108	-	-	-	287,108
Due from other funds	1,575,531	(1,575,531)	-	-	-
Due from Successor Agency	179,512	-	-	-	179,512
Prepaid items	84,800	-	-	-	84,800
Inventory	101,635	-	-	21,649	123,284
<b>Total current assets</b>	<b>63,909,975</b>	<b>(1,575,531)</b>	<b>-</b>	<b>2,728,484</b>	<b>65,062,928</b>
<b>Noncurrent assets:</b>					
Capital assets, net	-	-	40,453,812	2,178,472	42,632,284
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>40,453,812</b>	<b>2,178,472</b>	<b>42,632,284</b>
<b>Total assets</b>	<b>63,909,975</b>	<b>(1,575,531)</b>	<b>40,453,812</b>	<b>4,906,956</b>	<b>107,695,212</b>
<b>Deferred outflows of resources:</b>					
OPEB	-	-	2,001,694	-	2,001,694
Pension Plan	-	-	6,466,008	373,596	6,839,604
<b>Total assets and deferred outflows of resources</b>	<b>\$ 63,909,975</b>	<b>\$ (1,575,531)</b>	<b>\$ 48,921,514</b>	<b>\$ 5,280,552</b>	<b>\$ 116,536,510</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 4,105,984	\$ -	\$ -	\$ 58,556	\$ 4,164,540
Due to other funds	1,575,531	(1,575,531)	-	-	-
Deposits payable	58,010	-	-	-	58,010
Unearned revenue	1,010,983	-	-	-	1,010,983
Compensated absences - current portion	-	-	189,612	10,772	200,384
Other liabilities	2,581,560	-	-	-	2,581,560
Due within one year	-	-	280,289	65,810	346,099
<b>Total current liabilities</b>	<b>9,332,068</b>	<b>(1,575,531)</b>	<b>469,901</b>	<b>135,138</b>	<b>8,361,576</b>
<b>Noncurrent liabilities:</b>					
Long-term liabilities:					
Compensated absences	-	-	568,834	32,316	601,150
Due after one year	-	-	988,074	91,300	1,079,374
Net OPEB liability	-	-	6,190,945	-	6,190,945
Net pension liability	-	-	22,155,284	1,023,682	23,178,966
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>29,903,137</b>	<b>1,147,298</b>	<b>31,050,435</b>
<b>Total liabilities</b>	<b>9,332,068</b>	<b>(1,575,531)</b>	<b>30,373,038</b>	<b>1,282,436</b>	<b>39,412,011</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	27,308,117	-	(27,308,117)	-	-
OPEB	-	-	1,123,359	-	1,123,359
Pension plan	-	-	2,824,872	48,958	2,873,830
<b>Total liabilities and deferred inflows of resources:</b>	<b>36,640,185</b>	<b>(1,575,531)</b>	<b>7,013,152</b>	<b>1,331,394</b>	<b>43,409,200</b>
<b>FUND BALANCES/NET POSITION</b>					
<b>Fund balances:</b>					
Nonspendable	186,435	(186,435)	-	-	-
Restricted	4,443,661	(4,443,661)	-	-	-
Assigned	6,951,747	(6,951,747)	-	-	-
Unassigned (deficit)	15,687,947	(15,687,947)	-	-	-
<b>Net position:</b>					
Net investment in capital assets	-	-	39,185,449	2,178,472	41,363,921
Restricted	-	-	4,443,661	-	4,443,661
Unrestricted	-	27,269,790	(1,720,748)	1,770,686	27,319,728
<b>Total fund balances/net position</b>	<b>27,269,790</b>	<b>-</b>	<b>41,908,362</b>	<b>3,949,158</b>	<b>73,127,310</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 63,909,975</b>	<b>\$ (1,575,531)</b>	<b>\$ 48,921,514</b>	<b>\$ 5,280,552</b>	<b>\$ 116,536,510</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, 2024

	Major Funds		
	General Fund	CDBG Housing Special Revenue	Housing Revolving Special Revenue
<b>REVENUES:</b>			
Taxes and assessments	\$ 11,378,519	\$ -	\$ -
Licenses and permits	638,356	-	-
Fines and forfeitures	179,739	-	-
Intergovernmental	6,904,048	-	-
Use of money and property	1,044,462	532,515	33,312
Charges for services	909,643	-	-
Reimbursements	2,098,592	-	-
Other revenues	531,115	-	140
<b>Total revenues</b>	<b>23,684,474</b>	<b>532,515</b>	<b>33,452</b>
<b>EXPENDITURES:</b>			
Current:			
General government	4,408,035	-	-
Public safety	7,482,425	-	-
Public works	803,113	-	-
Community development	1,867,734	13,250	146,239
Parks and recreation	1,447,966	-	-
Capital outlay	6,576,652	-	-
Debt service:			
Principal	90,021	-	-
Interest and fiscal charges	27,365	-	-
<b>Total expenditures</b>	<b>22,703,311</b>	<b>13,250</b>	<b>146,239</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>981,163</b>	<b>519,265</b>	<b>(112,787)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Payments to CalPERS	(2,500,000)	-	-
Transfers in	1,432,890	-	-
Transfers out	(807,500)	-	-
<b>Total other financing sources (uses)</b>	<b>(1,874,610)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(893,447)</b>	<b>519,265</b>	<b>(112,787)</b>
<b>FUND BALANCES:</b>			
Beginning of year	16,753,180	478,898	337,103
End of year	<b>\$ 15,859,733</b>	<b>\$ 998,163</b>	<b>\$ 224,316</b>

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

Major Funds						
Basic Business Loans Revolving	Housing Improvement Projects	2107 & 2107.5 Gas Tax Funds	Other Governmental Funds	Totals		
\$ -	\$ -	\$ -	\$ 38,001	\$ 11,416,520		
-	-	-	7,776	646,132		
-	-	-	19,668	199,407		
		1,003,701	5,646,397	13,554,146		
145,519	87,218	42,731	707,944	2,593,701		
-	-	-	-	909,643		
-	-	-	-	2,098,592		
	21,765	-	219,749	772,769		
<u>145,519</u>	<u>108,983</u>	<u>1,046,432</u>	<u>6,639,535</u>	<u>32,190,910</u>		
-	-	-	145,000	4,553,035		
-	-	-	885,437	8,367,862		
-	-	1,355,317	1,718,573	3,877,003		
2,782	16,947	-	2,999,066	5,046,018		
-	-	-	375,175	1,823,141		
-	-	139,029	-	6,715,681		
-	-	-	13,700	103,721		
-	-	-	700	28,065		
<u>2,782</u>	<u>16,947</u>	<u>1,494,346</u>	<u>6,137,651</u>	<u>30,514,526</u>		
<u>142,737</u>	<u>92,036</u>	<u>(447,914)</u>	<u>501,884</u>	<u>1,676,384</u>		
-	-	-	-	(2,500,000)		
-	-	540,000	285,701	2,258,591		
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,231,797)</u>	<u>(2,039,297)</u>		
-	-	540,000	(946,096)	(2,280,706)		
<u>142,737</u>	<u>92,036</u>	<u>92,086</u>	<u>(444,212)</u>	<u>(604,322)</u>		
<u>1,336,126</u>	<u>148,832</u>	<u>888,262</u>	<u>7,931,711</u>	<u>27,874,112</u>		
<u>\$ 1,478,863</u>	<u>\$ 240,868</u>	<u>\$ 980,348</u>	<u>\$ 7,487,499</u>	<u>\$ 27,269,790</u>		

# City of Arcata, California

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

For the year ended June 30, 2024

Functions/Programs	Capital												Government-wide
	Fund Based		Debt		Compensated		Internal		Asset		Pension		Unavailable
	Totals	Service	Service	Absences	Service	Depreciation	Retirements	OPEB	Obligation	Plan	Revenue		Totals
<b>Governmental activities:</b>													
General government	\$ 4,553,035	\$ (35,148)	\$ 285,986	\$ 6,836	\$ 418,069	\$ -	\$ 121,436	\$ 294,002	\$ -	\$ -	\$ -	\$ 5,644,216	
Public safety	8,367,862	(64,597)	-	-	414,360	-	223,181	540,338	-	-	-	9,481,144	
Public works	3,877,003	(29,929)	-	-	494,063	(975,166)	103,404	250,350	-	-	-	3,719,725	
Community development	7,546,018	(58,252)	-	-	106,147	-	201,261	487,269	(949,756)	-	-	7,332,687	
Parks and recreation	1,823,141	(14,074)	-	-	164,102	-	48,625	117,726	-	-	-	2,139,520	
Capital outlay	6,715,681	-	-	-	-	(6,715,681)	-	-	-	-	-	-	
Debt service/Interest	131,786	(103,721)	-	-	-	-	-	-	-	-	-	-	28,065
<b>Total governmental activities</b>	<b>\$ 33,014,526</b>	<b>\$ (305,721)</b>	<b>\$ 285,986</b>	<b>\$ 6,836</b>	<b>\$ 1,596,741</b>	<b>\$ (7,690,847)</b>	<b>\$ 697,907</b>	<b>\$ 1,689,685</b>	<b>\$ (949,756)</b>	<b>\$ 28,345,357</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, 2024**

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<b>Net change in fund balances - total governmental funds</b>	\$ (604,322)
---	--------------

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

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

Capital asset purchases capitalized	\$ 7,690,847
Depreciation expense	<u>(1,596,741)</u>
	6,094,106

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.

424,752

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	103,721
CalPERS UAL Debt	<u>202,000</u>
	305,721

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	(285,986)
--------------------------------	-----------

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	(697,907)
Pension Plan	<u>(1,689,685)</u>
	(2,387,592)

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.

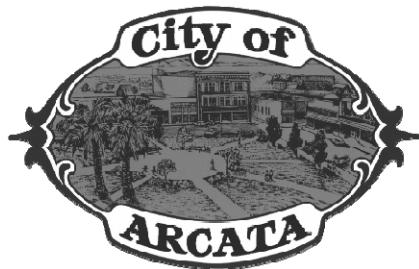
(6,836)

**Change in Net Position of governmental activities**

\$ 3,539,843

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

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## ENTERPRISE FUNDS

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

**City of Arcata, California**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2024**

	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Transit Fund</b>	<b>Solid Waste Fund</b>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 9,528,336	\$ 10,240,815	\$ 210,551	\$ 933,821
Restricted cash and investments	500,000	750,000	-	-
Receivables:				
Accounts	570,478	866,508	150	-
Intergovernmental	-	5,682,862	302,410	1,817
Interest	-	-	-	-
Leases	-	-	-	-
Inventory	90,171	22,846	-	-
Deposit	2,014	2,014	-	-
<b>Total current assets</b>	<b>10,690,999</b>	<b>17,565,045</b>	<b>513,111</b>	<b>935,638</b>
<b>Noncurrent assets:</b>				
Capital assets, net	6,064,668	49,632,936	2,834,777	243
<b>Total noncurrent assets</b>	<b>6,064,668</b>	<b>49,632,936</b>	<b>2,834,777</b>	<b>243</b>
<b>Total Assets</b>	<b>16,755,667</b>	<b>67,197,981</b>	<b>3,347,888</b>	<b>935,881</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan	641,239	802,056	262,460	97,181
<b>Total assets and deferrd outflows of resources</b>	<b>\$ 17,396,906</b>	<b>\$ 68,000,037</b>	<b>\$ 3,610,348</b>	<b>\$ 1,033,062</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 289,304	\$ 1,927,278	\$ 131,145	\$ 24,342
Accrued payroll	45,619	52,711	3,910	6,694
Interest payable	-	2,573	-	-
Unearned revenue	-	-	-	75,000
Deposits payable	76,200	61,742	-	-
Compensated absences - current portion	19,403	22,528	2,782	2,003
Due within one year	88,628	6,620	-	-
<b>Total current liabilities</b>	<b>519,154</b>	<b>2,073,452</b>	<b>137,837</b>	<b>108,039</b>
<b>Noncurrent liabilities:</b>				
Compensated absences	58,210	67,585	8,346	6,008
Due after one year	1,097,594	7,345	-	-
Net pension liability	2,321,561	2,832,644	726,156	367,083
<b>Total noncurrent liabilities</b>	<b>3,477,365</b>	<b>2,907,574</b>	<b>734,502</b>	<b>373,091</b>
<b>Total liabilities</b>	<b>3,996,519</b>	<b>4,981,026</b>	<b>872,339</b>	<b>481,130</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan	520,501	490,460	61,124	33,438
Leases	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>520,501</b>	<b>490,460</b>	<b>61,124</b>	<b>33,438</b>
<b>Net Position:</b>				
Net investment in capital assets	4,967,074	49,625,591	2,834,777	243
Unrestricted	7,912,812	12,902,960	(157,892)	518,251
<b>Total net position</b>	<b>12,879,886</b>	<b>62,528,551</b>	<b>2,676,885</b>	<b>518,494</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 17,396,906</b>	<b>\$ 68,000,037</b>	<b>\$ 3,610,348</b>	<b>\$ 1,033,062</b>

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

Stormwater Utility Fund		Governmental Activities	
		Internal Service Funds	
Totals			
\$ 107,093	\$ 21,020,616	\$ 2,706,835	
-	1,250,000	-	
23,741	1,460,877	-	
30,057	6,017,146	-	
290	290	-	
127,778	127,778	-	
364	113,381	21,649	
-	4,028	-	
<u>289,323</u>	<u>29,994,116</u>	<u>2,728,484</u>	
<u>7,901,908</u>	<u>66,434,532</u>	<u>2,178,472</u>	
<u>7,901,908</u>	<u>66,434,532</u>	<u>2,178,472</u>	
<u>8,191,231</u>	<u>96,428,648</u>	<u>4,906,956</u>	
 <u>197,914</u>	<u>2,000,850</u>	<u>373,596</u>	
<u>\$ 8,389,145</u>	<u>\$ 98,429,498</u>	<u>\$ 5,280,552</u>	
 \$ 23,493	\$ 2,395,562	\$ 43,719	
9,772	118,706	14,837	
-	2,573	-	
-	75,000	-	
2,400	140,342	-	
3,566	50,282	10,772	
-	95,248	65,810	
<u>39,231</u>	<u>2,877,713</u>	<u>135,138</u>	
 10,697	150,846	32,316	
-	1,104,939	91,300	
<u>722,283</u>	<u>6,969,727</u>	<u>1,023,682</u>	
<u>732,980</u>	<u>8,225,512</u>	<u>1,147,298</u>	
<u>772,211</u>	<u>11,103,225</u>	<u>1,282,436</u>	
 95,580	1,201,103	48,958	
<u>122,888</u>	<u>122,888</u>	<u>-</u>	
<u>218,468</u>	<u>1,323,991</u>	<u>48,958</u>	
 7,901,908	65,329,593	2,178,472	
<u>(503,442)</u>	<u>20,672,689</u>	<u>1,770,686</u>	
<u>7,398,466</u>	<u>86,002,282</u>	<u>3,949,158</u>	
 <u>\$ 8,389,145</u>	<u>\$ 98,429,498</u>	<u>\$ 5,280,552</u>	

# City of Arcata, California

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

### Proprietary Funds

For the year ended June 30, 2024

	Water Fund	Wastewater Fund	Transit Fund
<b>OPERATING REVENUES:</b>			
Charges for service	\$ 5,820,901	\$ 8,653,310	\$ 1,551,403
Interdepartmental charges	-	-	-
Other operating revenue	-	132	263
<b>Total operating revenues</b>	<b>5,820,901</b>	<b>8,653,442</b>	<b>1,551,666</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	1,786,128	2,161,518	169,974
Contractual services	243,362	807,633	365,326
Materials and supplies	277,701	273,302	616
Repairs and maintenance	351,045	242,584	814,663
Purchased water	1,580,080	-	-
Utilities	85,338	516,916	1,759
Insurance	362,385	344,037	73,849
Taxes and fees	55,103	46,510	810
Allocated overhead	811,644	857,092	48,832
Depreciation and amortization	185,562	683,929	338,793
<b>Total operating expenses</b>	<b>5,738,348</b>	<b>5,933,521</b>	<b>1,814,622</b>
<b>OPERATING INCOME</b>	<b>82,553</b>	<b>2,719,921</b>	<b>(262,956)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Gain (Loss) from the sale of capital assets	-	-	-
Intergovernmental revenues (expenses)	-	26,681,904	72,196
Interest revenue	474,905	328,685	12,241
Interest expense	(53,698)	(667)	-
Payments to CalPERS	(1,000,000)	(1,500,000)	-
<b>Total non-operating revenues, net</b>	<b>(578,793)</b>	<b>25,509,922</b>	<b>84,437</b>
<b>NET INCOME BEFORE TRANSFERS</b>	<b>(496,240)</b>	<b>28,229,843</b>	<b>(178,519)</b>
Transfers in	-	-	-
Transfers out	(100,000)	(149,294)	-
<b>Total transfers</b>	<b>(100,000)</b>	<b>(149,294)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>(596,240)</b>	<b>28,080,549</b>	<b>(178,519)</b>
<b>NET POSITION:</b>			
Beginning of year	13,476,126	34,448,002	2,855,404
End of year	<b>\$ 12,879,886</b>	<b>\$ 62,528,551</b>	<b>\$ 2,676,885</b>

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

<b>Solid Waste Fund</b>	<b>Stormwater Utility Fund</b>		<b>Totals</b>	<b>Governmental Activities</b>	
				<b>Internal Service Funds</b>	
\$ 541,380	\$ 442,594		\$ 17,009,588	\$ -	
-	-		-	2,209,993	
12,904	1,239		14,538	-	
<b>554,284</b>	<b>443,833</b>		<b>17,024,126</b>	<b>2,209,993</b>	
262,345	388,320		4,768,285	649,067	
208,894	262,739		1,887,954	132,628	
6,108	52,346		610,073	459,828	
21,626	29,538		1,459,456	82,450	
-	-		1,580,080	-	
-	219		604,232	-	
18,349	27,523		826,143	148,874	
-	24,882		127,305	-	
57,580	23,500		1,798,648	55,464	
219	68,568		1,277,071	405,082	
<b>575,121</b>	<b>877,635</b>		<b>14,939,247</b>	<b>1,933,393</b>	
<b>(20,837)</b>	<b>(433,802)</b>		<b>2,084,879</b>	<b>276,600</b>	
-	-		-	12,394	
5,036	60,721		26,819,857	-	
35,753	9,430		861,014	116,272	
-			(54,365)	(7,020)	
-	-		(2,500,000)	-	
<b>40,789</b>	<b>70,151</b>		<b>25,126,506</b>	<b>121,646</b>	
19,952	(363,651)		27,211,385	398,246	
-	30,000		30,000	-	
-	-		(249,294)	-	
-	30,000		(219,294)	-	
<b>19,952</b>	<b>(333,651)</b>		<b>26,992,091</b>	<b>398,246</b>	
498,542	7,732,117		59,010,191	3,550,912	
<b>\$ 518,494</b>	<b>\$ 7,398,466</b>		<b>\$ 86,002,282</b>	<b>\$ 3,949,158</b>	

**City of Arcata, California**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2024**

	<b>Water Fund</b>	<b>Wastewater Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers/users for services provided	\$ 5,745,099	\$ 7,067,603
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(3,618,519)	(5,136,832)
Cash payments to employees for services	(1,569,728)	(1,915,859)
<b>Net cash provided by operating activities</b>	<b>556,852</b>	<b>14,912</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers received	-	-
Transfers paid	(100,000)	(149,294)
Grant income	-	26,681,904
Payments to CalPERS	(1,000,000)	(1,500,000)
<b>Net cash used by noncapital financing activities</b>	<b>(1,100,000)</b>	<b>25,032,610</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	-	-
Acquisition and construction of capital assets	(1,754,625)	(19,996,167)
Principal paid on long term debt	(79,978)	13,965
Interest paid on long term debt	(22,390)	(87)
Proceeds from the sale of capital assets	-	-
<b>Net cash (used) by capital and related financing activities</b>	<b>(1,856,993)</b>	<b>(19,982,289)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income (loss)	474,905	328,685
<b>Net cash provided by investing activities</b>	<b>474,905</b>	<b>328,685</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,925,236)</b>	<b>5,393,918</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	11,953,572	5,596,897
End of year	<b>\$ 10,028,336</b>	<b>\$ 10,990,815</b>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>		
Operating income	\$ 82,553	\$ 2,719,921
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	185,562	683,929
Pension expense	180,468	205,491
(Increase) decrease in current assets:		
Accounts receivable	(70,452)	(183,494)
Intergovernmental receivables	-	(1,402,345)
Inventory	70,350	(5,181)
Increase (decrease) in liabilities:		
Accounts payable	77,789	(2,043,577)
Accrued liabilities	15,507	16,664
Unavailable revenues	-	-
Deposits payable	(5,350)	-
Compensated absences	20,425	23,504
<b>Net cash provided by operating activities</b>	<b>\$ 556,852</b>	<b>\$ 14,912</b>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2024.

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

Transit Fund	Solid Waste Fund	Stormwater Utility Fund	Totals	Governmental Activities	
				Internal Service Funds	
\$ 1,735,774	\$ 662,808	\$ 437,074	\$ 15,648,358	\$ -	2,209,993
-	-	-	-		(867,334)
(1,226,430)	(365,680)	(424,192)	(10,771,653)		(566,699)
(156,106)	(232,333)	(342,038)	(4,216,064)		
<u>353,238</u>	<u>64,795</u>	<u>(329,156)</u>	<u>660,641</u>		<u>775,960</u>
-	-	30,000	30,000	-	
(190,439)	-	-	(439,733)	-	
72,196	-	-	26,754,100	-	
-	-	-	(2,500,000)		
<u>(118,243)</u>	<u>-</u>	<u>30,000</u>	<u>23,844,367</u>		<u>-</u>
-	5,036	60,721	65,757	-	
(36,885)	-	2	(21,787,675)	(830,289)	
-	-	-	(66,013)	(63,070)	
-	-	-	(22,477)	(7,020)	
-	-	-	-	36,586	
<u>(36,885)</u>	<u>5,036</u>	<u>60,723</u>	<u>(21,810,408)</u>		<u>(863,793)</u>
12,241	35,753	9,430	861,014	116,272	
<u>12,241</u>	<u>35,753</u>	<u>9,430</u>	<u>861,014</u>		<u>116,272</u>
210,351	105,584	(229,003)	3,555,614	28,439	
200	828,237	336,096	18,715,002	2,678,396	
<u>\$ 210,551</u>	<u>\$ 933,821</u>	<u>\$ 107,093</u>	<u>\$ 22,270,616</u>		<u>\$ 2,706,835</u>
\$ (262,956)	\$ (20,837)	\$ (433,802)	\$ 2,084,879	\$ 276,600	
338,793	219	68,568	1,277,071	405,082	
15,957	25,690	39,764	467,370	64,713	
97	34,517	(1,574)	(220,906)	-	
184,011	(993)	(5,185)	(1,224,512)	-	
-	-	1,580	66,749	5,920	
79,425	(53,123)	(5,025)	(1,944,511)	5,990	
(4,212)	1,864	2,974	32,797	957	
-	75,000	-	75,000	-	
-	-	-	(5,350)	-	
<u>2,123</u>	<u>2,458</u>	<u>3,544</u>	<u>52,054</u>	<u>16,698</u>	
<u>\$ 353,238</u>	<u>\$ 64,795</u>	<u>\$ (329,156)</u>	<u>\$ 660,641</u>		<u>\$ 775,960</u>

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## FIDUCIARY ACTIVITIES

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

**City of Arcata, California**  
**Statement of Fiduciary Net Position**  
**Fiduciary Activities**  
**June 30, 2024**

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	<u>Successor Agency</u>
	Former Arcata
	Community
	Development
	<u>Agency</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 380,996
<b>Total assets</b>	<u>380,996</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension plan	54,871
<b>Total assets and deferred outflows of resources</b>	<u>\$ 435,867</u>
<b>LIABILITIES</b>	
Current liabilities:	
Due to City of Arcata	\$ 497,974
Due within one year	500,213
Total current liabilities	<u>998,187</u>
Long-term liabilities:	
Due after one year	3,348,373
Net pension liability	182,398
Total long-term liabilities	<u>3,530,771</u>
<b>Total liabilities</b>	<u>4,528,958</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension plan	103,194
<b>Total deferred inflows of resources</b>	<u>103,194</u>
<b>NET POSITION (DEFICIT)</b>	
Net position held in trust for	
Redevelopment Dissolution	(4,196,285)
<b>Total Net Position (deficit)</b>	<u>(4,196,285)</u>
<b>Total liabilities and net position</b>	<u>\$ 435,867</u>

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

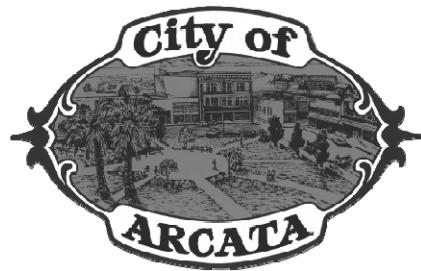
**City of Arcata, California**  
**Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Funds**  
**For the year ended June 30, 2024**

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	<u>Successor Agency</u>
Former Arcata	Community
Community	Development
Development	Agency
	<hr/>
<b>ADDITIONS:</b>	
Property taxes	\$ 471,913
Investment income	<hr/> 3,337
<b>Total operating revenues</b>	<hr/> 475,250
	<hr/>
<b>DEDUCTIONS:</b>	
Interest and trustee fees	139,911
<b>Total operating expenses</b>	<hr/> 139,912
	<hr/>
<b>CHANGE IN FIDUCIARY NET ASSETS</b>	335,338
<b>NET ASSETS (DEFICIT):</b>	<hr/>
Beginning of year	(4,531,623)
End of year	<hr/> \$ (4,196,285)

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, 2024**

**Index to Notes to Basic Financial Statements**

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**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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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, 2024**

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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
- Basic Business Loan Revolving Fund
- Housing Improvement Projects Fund
- 2107 & 2107.5 Gas Tax Funds

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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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, 2024**

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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, 2024**

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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, 2024**

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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, 2024**

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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

Subscription-Based Information Technology Arrangements (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

***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, 2024**

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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, 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, 2024**

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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, 2024**

---

**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, 2024**

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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, 2024**

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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, 2024. 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, 2024**

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**2. CASH AND INVESTMENTS**

At June 30, 2024, 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		
<b><u>Cash equivalents and investments pooled</u></b>					
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$ 9,711,875	\$ 9,711,875
Petty cash	-	-	-	1,700	1,700
Total pooled items	-	-	-	9,713,575	9,713,575
<b><u>Pooled investments, at fair value</u></b>					
Interest obligations					
Par	Rate				
24,030,000	0.25 - 4.875%	US Treasury Notes	3,360,194	8,525,553	11,452,317
		Cash equivalent	75,035	-	-
			19,873,904	-	-
State of California Local Agency Investment Fund					19,873,904
Total pooled investments - interest obligations			23,309,133	8,525,553	11,452,317
Total cash equivalents and investments pooled			\$ 23,309,133	\$ 8,525,553	\$ 11,452,317
				\$ 9,713,575	\$ 53,000,578
<b>Amounts reported in:</b>					
Governmental activities					\$ 26,203,519
Governmental activities - Restricted					4,145,447
Business-type activities					21,020,616
Business-type activities - Restricted					1,250,000
Fiduciary activities					380,996
Total					\$ 53,000,578
<b>Investment Type</b>		<b>Fair Value</b>		<b>Weighted Average Maturity (Years)</b>	
U.S. Treasury notes		\$ 23,338,064		2.82	
Money market funds		75,035		-	
State investment pool		19,873,904		-	
Total fair value		\$ 43,287,003			
Portfolio weighted average maturity				1.52	

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**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, 2024, 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.

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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, 2024, 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 3% 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, 2024, the carrying amount of the City's deposits was \$9,711,625 and the balances in financial institutions were \$7,526,305. Of the balance in financial institutions, \$500,000 was covered by federal depository insurance and \$7,026,305 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, 2024, 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, 2024, the City's investment in LAIF was \$19,873,904. The total amount invested by all public agencies at that date was \$21.974 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2024 has a balance of \$179 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).

**City of Arcata, California**  
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**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2024:

	<u>Receivables</u>
Governmental Activities	
Accounts receivable	\$ 287,108
Intergovernmental	6,302,295
Interest	94,476
Taxes	512,931
	<u>\$ 7,196,810</u>
Business-type activities	
Interest	290
Accounts receivable	\$ 1,460,877
Intergovernmental	6,017,146
Leases	127,778
	<u>\$ 7,606,091</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	87.02%
Individuals/Business	12.34%
Financial	0.64%

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, 2024, consisted of the following:

	Beginning July 1, 2023	Additions	Deletions	Ending June 30, 2024
Community Development Block Grant	\$ 8,248,532	\$ 842,237	\$ (359,736)	\$ 8,731,033
HOME loans	11,258,515	-	(37,905)	11,220,610
Public Improvement business loans	60,205	-	(19,922)	40,283
Basic business revolving loans	78,218	-	(35,247)	42,971
Mobile home park/ low income housing assistance	2,121,299	-	-	2,121,299
First time home buyers	37,641	-	(2,637)	35,004
Rehabilitation loans	880,000	-	-	880,000
Housing successor loans	4,009,264	-	(13,116)	3,996,148
Parkland in Lieu	62,208	-	-	62,208
Total loans/notes receivable	<u>\$ 26,755,882</u>	<u>\$ 842,237</u>	<u>\$ (468,563)</u>	<u>\$ 27,129,556</u>

**City of Arcata, California**  
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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, 2024:

***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, 2024, was \$8,731,033.

***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, 2024, was \$11,260,010.

***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, 2024, was \$40,283.

***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, 2024, was \$42,971.

***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, 2024, was \$2,121,299.

***First-Time Home Buyers*** - The City maintains loans receivable for Low and Moderate Income Housing. The notes receivable principal balances are recorded in the fund based statements as loans receivable. Interest on certain loans may be waived by the City if the loan remains outstanding for the full term; therefore, interest income is recorded when received. The balance of these loans at June 30, 2024, was \$35,004.

***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, 2024, was \$880,000.

**City of Arcata, California**  
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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. The balance of these loans at June 30, 2024, was \$3,996,148.

**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, 2024 was \$62,208.

**5. CAPITAL ASSETS**

Governmental capital asset activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
<b>Governmental activities:</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 17,228,821	\$ -	\$ -	\$ 17,228,821
Undergrounding facilities	90,025	-	-	90,025
<b>Total nondepreciable assets</b>	<b>17,318,846</b>	<b>-</b>	<b>-</b>	<b>17,318,846</b>
<b>Depreciable assets:</b>				
Buildings and structures	13,478,045	252,691	-	13,730,736
Furniture and equipment	6,586,718	1,659,308	-	8,246,026
Improvements	13,205,202	5,338,754	-	18,543,956
Infrastructure	44,850,104	-	-	44,850,104
Vehicles	5,365,647	337,314	-	5,702,961
Right-to-use equipment	113,051	41,828	-	154,879
Technology subscription	178,537	234,169	-	412,706
<b>Total depreciable assets</b>	<b>83,777,304</b>	<b>7,864,064</b>	<b>-</b>	<b>91,641,368</b>
<b>Total</b>	<b>101,096,150</b>	<b>7,864,064</b>	<b>-</b>	<b>108,960,214</b>
<b>Accumulated depreciation:</b>				
Buildings and structures	(8,764,826)	(301,593)	-	(9,066,419)
Furniture and equipment	(6,002,905)	(402,146)	-	(6,405,051)
Improvements	(4,828,583)	(360,776)	-	(5,189,359)
Infrastructure	(40,954,405)	(149,043)	-	(41,103,448)
Vehicles	(4,137,436)	(223,786)	-	(4,361,222)
Right-to-use equipment	(22,610)	(36,553)	-	(59,163)
Technology subscription	(20,424)	(122,844)	-	(143,268)
<b>Total accumulated depreciation</b>	<b>(64,731,189)</b>	<b>(1,596,741)</b>	<b>-</b>	<b>(66,327,930)</b>
<b>Net depreciable assets</b>	<b>19,046,115</b>	<b>6,267,323</b>	<b>-</b>	<b>25,313,438</b>
<b>Total net capital assets</b>	<b>\$ 36,364,961</b>	<b>\$ 6,267,323</b>	<b>\$ -</b>	<b>\$ 42,632,284</b>

**City of Arcata, California**  
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**5. CAPITAL ASSETS, continued**

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

General government	\$ 418,069
Public safety	414,360
Public works	494,063
Community development	106,147
Parks and recreation	164,102
	<u>\$ 1,596,741</u>

Business-type capital asset activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
<b>Business-type activities</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	17,009,396	175,496	-	17,184,892
Buildings and structures	9,380,544	10,422	-	9,390,966
Furniture and equipment	3,572,360	21,595	-	3,593,955
Other improvements	28,366,432	21,535,562	-	49,901,994
Vehicles	4,801,834	-	-	4,801,834
Technology subscription	-	44,603	-	44,603
<b>Total depreciable assets</b>	<u>63,130,566</u>	<u>21,787,678</u>	<u>-</u>	<u>84,873,641</u>
<b>Total</b>	<u>70,700,145</u>	<u>21,787,678</u>	<u>-</u>	<u>92,443,220</u>
<b>Accumulated depreciation:</b>				
Undergrounding facilities	(6,774,742)	(498,115)	-	(7,272,857)
Buildings and structures	(8,148,102)	(219,071)	-	(8,367,173)
Furniture and equipment	(3,081,858)	(64,107)	-	(3,145,965)
Other improvements	(4,363,791)	(217,678)	-	(4,581,469)
Vehicles	(2,407,724)	(263,234)	-	(2,670,958)
Technology subscription	-	(14,869)	-	(14,869)
<b>Total accumulated depreciation</b>	<u>(24,776,217)</u>	<u>(1,277,074)</u>	<u>-</u>	<u>(26,053,291)</u>
<b>Net depreciable assets</b>	<u>38,354,349</u>	<u>20,510,604</u>	<u>-</u>	<u>58,864,953</u>
<b>Total net capital assets</b>	<u>\$ 45,923,928</u>	<u>\$ 20,510,604</u>	<u>\$ -</u>	<u>\$ 66,434,532</u>

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

Water	\$ 185,562
Wastewater	683,929
Transit	338,793
Solid Waste	219
Stormwater	68,568
	<u>\$ 1,277,071</u>

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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2024:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 3,576,206	\$ 2,395,562	\$ 5,971,768
Accrued payroll and related liabilities	588,334	118,706	707,040
<b>Total</b>	<b>\$ 4,164,540</b>	<b>\$ 2,514,268</b>	<b>\$ 6,678,808</b>

These amounts resulted in the following concentrations in payables:

Vendors	89%
Employees	11%

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, 2024:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
<b>Governmental Activities:</b>					
2015 Refunding of 2008 Lease					
Governmental share	\$ 681,800	\$ -	\$ (44,800)	\$ 637,000	\$ 46,900
CalPERS UAL Debt	715,000	-	(202,000)	513,000	172,000
Lease payable	88,859	41,828	(34,783)	95,904	40,431
SBITA payable	131,321	134,890	(86,642)	179,569	86,768
<b>Total governmental debt</b>	<b>\$ 1,616,980</b>	<b>\$ 176,718</b>	<b>\$ (368,225)</b>	<b>\$ 1,425,473</b>	<b>\$ 346,099</b>
Compensated absences	498,850	302,684	-	801,534	200,384
<b>Total governmental activities</b>	<b>\$ 2,115,830</b>	<b>\$ 479,402</b>	<b>\$ (368,225)</b>	<b>\$ 2,227,007</b>	<b>\$ 546,483</b>
<b>Business-type activities</b>					
2015 Refunding of 2008 Lease					
Water Enterprise Share	\$ 1,266,200	\$ -	\$ (83,200)	\$ 1,183,000	\$ 87,100
SBITA payable	-	25,693	(8,506)	17,187	8,148
<b>Total business-type activity debt</b>	<b>\$ 1,266,200</b>	<b>\$ 25,693</b>	<b>\$ (91,706)</b>	<b>\$ 1,200,187</b>	<b>\$ 95,248</b>
Compensated absences	149,074	52,054	-	201,128	50,282
<b>Total business-type activities</b>	<b>\$ 1,415,274</b>	<b>\$ 77,747</b>	<b>\$ (91,706)</b>	<b>\$ 1,401,315</b>	<b>\$ 145,530</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 6.9%. 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.

**Lease Payable**

During fiscal year 2023, the City entered into a five-year lease agreement as lessee for the acquisition and use of server equipment. An initial lease liability was recorded in the amount of \$113,051 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$67,777. The City is required to make annual principal and interest payments of \$24,192. The lease has an interest rate of 3.5%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$113,051 and had accumulated amortization of \$45,220.

On October 5, the City entered into a 27 month lease agreement as lessee for the use of a building. An initial lease liability was recorded in the amount of \$41,828 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$28,127. The City is required to make monthly principal and interest payments of \$1,600. The lease has an interest rate of 3%. The building has a 27-month estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$27,885 and had accumulated amortization of \$13,943.

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

The future principal and interest lease payments as of June 30, 2024, were as follows:

<b>Year Ending June 30,</b>	<b>Total</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 40,431	\$ 2,961	\$ 43,392
2026	32,101	1,691	33,792
2027	23,373	818	24,191
	<b>\$ 95,904</b>	<b>\$ 5,471</b>	<b>\$ 77,184</b>

**Subscription-Based Information Technology Arrangements**

The City has entered into subscription based-information technology arrangements (SBITAs) for various software applications. The SBITA arrangements expire at various dates through 2033 and provide for renewal options.

As of June 30, 2024, SBITA assets and the related accumulated amortization totaled \$412,706 and \$143,268, respectively, for governmental activities. SBITA assets and the related accumulated amortization totaled \$44,603 and \$14,869, respectively, for business-type activities.

The future subscription payments under SBITA agreements are as follows:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 86,768	\$ 6,555	\$ 93,322	\$ 8,148	\$ 502	\$ 8,650
2026	92,802	1,969	94,771	9,039	40	9,079
	<b>\$ 179,569</b>	<b>\$ 8,524</b>	<b>\$ 188,093</b>	<b>\$ 17,187</b>	<b>\$ 542</b>	<b>\$ 17,729</b>

***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.

**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 \$1,002,662 at June 30, 2024, of that amount \$250,666 is expected to be paid within a year.

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

**Debt Service**

Future debt service for Governmental Activities at June 30, 2024, 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
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	50,750	22,456		105,000	6,563	155,750	29,019
2028	52,850	20,350		68,000	2,963	120,850	23,313
2029	55,300	18,156		28,000	788	83,300	18,944
2030 - 2034	311,850	54,469		-	-	311,850	54,469
2035 - 2039	70,350	2,920		-	-	70,350	2,920
Total	<u>\$ 637,000</u>	<u>\$ 169,276</u>		<u>\$ 513,000</u>	<u>\$ 39,452</u>	<u>\$ 1,150,000</u>	<u>\$ 208,728</u>
Due within one year	\$ 46,900	\$ 26,436		\$ 172,000	\$ 17,644	\$ 218,900	\$ 44,080
Due after one year	<u>590,100</u>	<u>142,840</u>		<u>341,000</u>	<u>21,808</u>	<u>931,100</u>	<u>164,648</u>
Total	<u>\$ 637,000</u>	<u>\$ 169,276</u>		<u>\$ 513,000</u>	<u>\$ 39,452</u>	<u>\$ 1,150,000</u>	<u>\$ 208,728</u>

Future debt service for Business-type Activities at June 30, 2024, is as follows:

Year Ending June 30,	Business Type Activities		
	2015 Refunding of 2008 Lease		
	Water Enterprise share		
	Principal	Interest	
2025	\$ 87,100	\$ 49,095	
2026	91,000	45,480	
2027	94,250	41,703	
2028	98,150	37,792	
2029	102,700	33,719	
2029 - 2033	579,150	101,156	
2034 - 2038	<u>130,650</u>	<u>5,422</u>	
Total	<u>\$ 1,183,000</u>	<u>\$ 314,367</u>	
Due within one year	\$ 87,100	\$ 49,095	
Due after one year	<u>1,095,900</u>	<u>265,272</u>	
Total	<u>\$ 1,183,000</u>	<u>\$ 314,367</u>	

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**8. NET POSITION/ FUND BALANCES**

**Net position**

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 41,363,921	\$ 65,329,593	\$ 106,693,514
Restricted	4,443,661	-	4,443,661
Unrestricted	<u>27,319,728</u>	<u>20,672,689</u>	<u>47,992,417</u>
Total	<u>\$ 73,127,310</u>	<u>\$ 86,002,282</u>	<u>\$ 159,129,592</u>

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

**Fund Balance**

Nonspendable and Restricted fund balance consisted of the following at June 30, 2024:

Nonspendable:	
Inventory	\$ 101,635
Prepaid items	<u>84,800</u>
<b>Total Nonspendable</b>	<u>\$ 186,435</u>
Restricted:	
Governmental Funds:	
CDBG Housing	\$ 998,163
Housing Revolving	224,316
Gas Tax	979,021
STIP	173,472
Permanent Local Housing Allocation	190,613
Federal Grants	<u>1,878,076</u>
<b>Total Restricted</b>	<u>\$ 4,443,661</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.
- **Prepaid items** – represents resources that have been paid in advance.

**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.
- **Housing Revolving** – represents restricted revenue received for the City's activities related to housing and the related funding applicable to the City's loan programs.

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

- **Gas Tax** – represents amounts restricted for street maintenance purposes as defined in Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.
- **STIP** – represents amounts restricted for the State Transportation Improvement Program.
- **Permanent Local Housing Allocation** – represents restricted amounts received from the State of California for housing-related projects and programs that assist in addressing the unmet housing needs in Arcata.
- **Federal Grants** – represents restricted amounts received from Federal Grants for various city programs.

**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, 2024:

	Due from Other Funds	Due to Other Funds
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 982,426	\$ 488,772
CDBG Housing	593,105	-
2107 & 2107.5 Gas Tax Funds	-	142,500
Total Major Funds	<u>1,575,531</u>	<u>631,272</u>
<b>Nonmajor Funds:</b>		
STIP	-	251,676
Traffic Safety	-	67,874
Yurok Housing Authority MOU	-	23,607
Federal Grant Funds	-	601,102
Total Nonmajor Funds	<u>-</u>	<u>944,259</u>
Total Governmental Funds	<u>1,575,531</u>	<u>1,575,531</u>
Total Transfers	<u>\$ 1,575,531</u>	<u>\$ 1,575,531</u>

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**9. INTERFUND TRANSACTIONS, continued**

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

Transfers consisted of the following at June 30, 2024:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 1,432,890	\$ 807,500
Gas Tax Funds	<u>540,000</u>	-
Total Major Funds	<u>1,972,890</u>	807,500
<b>Nonmajor Funds:</b>		
STIP	-	13,907
Traffic Safety	175,000	-
Open Space Parks, Trails	47,500	-
Federal Grant Funds	-	700,000
In Lieu Fee Funds	-	480,000
Assessment District Funds	-	37,890
City Capital Projects Fund	63,201	-
Total Nonmajor Funds	<u>285,701</u>	<u>1,231,797</u>
Total Governmental Funds	<u>2,258,591</u>	2,039,297
<b>Proprietary Funds</b>		
Water Fund	-	100,000
Wastewater Fund	-	149,294
Solid Waste Fund	<u>30,000</u>	-
Total Proprietary Funds	<u>30,000</u>	249,294
Total Transfers	<u><u>\$ 2,288,591</u></u>	<u><u>\$ 2,288,591</u></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 California Intergovernmental Risk Authority (CIRA), a statewide risk-sharing Joint Powers Authority (JPA) providing comprehensive coverage to cities, towns, and non-municipal public agencies throughout California. The purpose of CIRA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

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

The City of Arcata participates in the following CIRA 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. CIRA is a member of the California Joint Powers Risk Management Authority, which provides CIRA with an additional \$4,500,000 liability insurance coverage over and above CIRA 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.

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## **10. RISK MANAGEMENT, continued**

### ***Property Insurance***

The City participates in CIRA'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.

***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.

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

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	<b>Miscellaneous</b>	<b>Miscellaneous Second Tier</b>
Hire date	Prior to January 1, 2013	Prior to January 1, 2013
Benefit formula	2.7% @ 55	2% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63
Monthly benefits, as a % of eligible compensation	2% - 7%	1.4% - 2.4%
Required employee contribution rates	8%	7%
Required employer contribution rates	15.95%	11.84%
	<b>PEPRA Miscellaneous</b>	<b>Safety Plan</b>
Hire date	On or after January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 62	3% @ 50
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	52 - 67	50
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%	3%
Required employee contribution rates	6.25%	9.0%
Required employer contribution rates	7.68%	27.11%
	<b>Safety Second Tier</b>	<b>PEPRA Safety Police</b>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	11.5%
Required employer contribution rates	22.83%	13.54%

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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, 2024, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous		PEPRA		PEPRA Safety	
	Miscellaneous	Second Tier	Miscellaneous Plan	Safety Plan	Safety Second Tier Plan	Police Plan
Contributions - employer	\$ 280,247	\$ 30,715	\$ 272,543	\$ 209,625	\$ 37,198	\$ 145,112

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

As of June 30, 2024, 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	\$ 19,463,002
Safety	\$ 10,868,089
<b>Total Net Pension Liability</b>	<b>\$ 30,331,091</b>

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, 2023, 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, 2022 rolled forward to June 30, 2023 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, 2024 and 2023 was as follows:

	<u>Miscellaneous</u>	<u>Safey</u>
Proportion - June 30, 2023	0.39102%	0.14664%
Proportion - June 30, 2024	0.38923%	0.14539%
Change - Increase (Decrease)	-0.00179%	-0.00125%

For the year ended June 30, 2024, the City recognized pension expense of \$2,777,860. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> of Resources	<u>Deferred Inflow</u> of Resources
Changes in assumptions	\$ 1,809,346	\$ -
Differences between expected and actual experiences	1,569,647	-
Differences between projected and actual investment	4,638,530	-
Differences between the employer's contributions and the employer's proportionate share of the contributions	-	3,596,901
Change in employer's proportion	321,710	581,226
Pension contributions subsequent to measurement date	556,092	-
<b>Total</b>	<b>\$ 8,895,325</b>	<b>\$ 4,178,127</b>

\$556,092 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, 2025. 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</u>
<u>30-Jun</u>
2025 \$ 496,035
2026 417,346
2027 3,115,789
2028 131,935
2029 -
Thereafter -

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

***Actuarial Assumptions*** - The total pension liabilities in the June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

<b>Actuarial Assumptions</b>	
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	6.9%
Inflation	2.3%
Salary increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.3% until purchasing power protection allowance floor on purchasing power applies

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

***Discount Rate*** - The discount rate used to measure the total pension liability was 6.9 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 6.9 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 6.9 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	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>1,2</sup>
Global Equity - Cap-weighted	30.0%	4.45%
Global equity non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	0.05	0.0248
Private Debt	0.05	0.0357
Real Assets	0.15	0.0321
Leverage	-0.05	-0.0059

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management study.

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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 (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
<b>Net Pension Liability as of</b>			
June 30, 2024			
Miscellaneous	\$ 28,522,590	\$ 19,463,003	\$ 12,006,184
Safety	<u>15,861,586</u>	<u>10,868,089</u>	<u>6,785,549</u>
<b>Total</b>	<b><u>\$ 44,384,176</u></b>	<b><u>\$ 30,331,092</u></b>	<b><u>\$ 18,791,733</u></b>

***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, 2024, the following employees were covered by the benefit terms:

Inactive Employees Receiving Benefits	17
Inactive Employees Entitled to But Not Receiving Benefits	0
Participating Active Employees	115
<b>Total Number of participants</b>	<b>132</b>

***Net OPEB Liability***

The City's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2024 based on the following actuarial methods and assumptions:

<b>Actuarial Assumptions:</b>	
Discount Rate	4.31%
Inflation	2.50%
Salary Increases	2.75% per annum
Investment Rate of Return	4.31%
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> The mortality assumptions are based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

<sup>(2)</sup> The retirement assumptions are based on the 2021 CalPERS 2.0%@62 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

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	CERBT Strategy 2	Rate of Return
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 4.31 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 6/30/2023*	\$ 6,539,194	\$ 594,470	\$ 5,944,724
Changes for the year			
Service Cost	567,302	-	567,302
Interest	255,745	-	255,745
Expected Investment Income	-	37,138	(37,138)
Administrative expenses	-	(517)	517
Employer Contributions as Benefit Payments	-	185,406	(185,406)
Actual Benefit Payments from Employer	(185,406)	(185,406)	-
Experience Gains/Losses	-	-	-
Changes in Assumptions	(342,942)	-	(342,942)
Investment Gains/(Losses)	-	11,857	(11,857)
Net Changes	294,699	48,478	246,221
Balance at 6/30/2024*	\$ 6,833,893	\$ 642,948	\$ 6,190,945

\*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 2024 is 4.31%. 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, 2024:

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	3.31%	4.31%	5.31%
Net OPEB Liability	\$ 6,857,985	\$ 6,190,945	\$ 5,622,677

***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, 2024:

Change in Healthcare Cost Trend Rate	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 5,271,536	\$ 6,190,945	\$ 7,269,508

***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)

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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, 2024, the City recognized OPEB expense of \$883,313. As of fiscal year, ended June 30, 2024, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 165,123	\$ (807,635)
Changes in assumptions	1,802,060	(315,724)
Net difference between projected and actual earnings on plan investments	34,511	-
<b>Total</b>	<b>\$ 2,001,694</b>	<b>\$ (1,123,359)</b>

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

Fiscal Year Ended June 30,	Deferred Outflow	Deferred Inflows
2025	\$ 202,607	\$ (106,807)
2026	217,108	(106,807)
2027	192,421	(106,807)
2028	189,383	(106,807)
2029	191,752	(106,807)
Thereafter	<u>1,008,423</u>	<u>(589,324)</u>
<b>Total</b>	<b><u>\$ 2,001,694</u></b>	<b><u>\$ (1,123,359)</u></b>

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

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

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2015, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 112-10.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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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).

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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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, 2024:

<b>Trust Activities:</b>	<b>Balance</b>			<b>Balance</b>	<b>Due Within One Year</b>
	<b>July 1, 2023</b>	<b>Additions</b>	<b>Retirements</b>		
2015 Tax Allocation Refunding Bonds	\$ 4,171,369	\$ -	\$ (322,783)	\$ 3,848,586	\$ 500,213
<b>Total trust fund debt</b>	<b>\$ 4,171,369</b>	<b>\$ -</b>	<b>\$ (322,783)</b>	<b>\$ 3,848,586</b>	<b>\$ 500,213</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, 2024, is as follows:

<b>Year Ending June 30,</b>	<b>Fiduciary Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2025	500,213	124,763
2026	516,464	107,886
2027	534,421	90,429
2028	551,472	72,378
2029	570,087	53,764
2030-2032	1,175,929	49,066
<b>Total</b>	<b>\$ 3,848,586</b>	<b>\$ 498,286</b>
Due within one year	\$ 500,213	\$ 124,763
Due after one year	3,348,373	373,523
<b>Total</b>	<b>\$ 3,848,586</b>	<b>\$ 498,286</b>

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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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, 2024.

## **15. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued Statement No. 99, "*Omnibus 2022*." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs will take effect for financial statements starting with the fiscal year that ends 2024. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 100, "*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*." The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 101, "*Compensated Absences*." The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2024**

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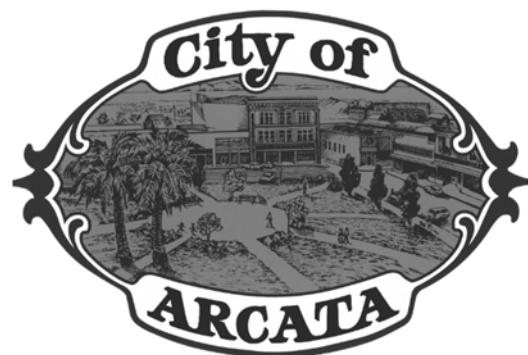
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**15. NEW ACCOUNTING PRONOUNCEMENTS, continued**

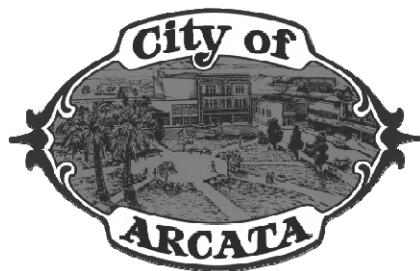
The GASB has issued Statement No. 102, “*Certain Risk Disclosures*.” The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

The GASB has issued Statement No. 103, “*Financial Reporting Model Improvements*.” The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2026.

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**REQUIRED SUPPLEMENTARY INFORMATION**



**City of Arcata, California**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - Major Funds**  
**For the year ended June 30, 2024**

	<b>General Fund</b>				Variance w/Final Positive (Negative)	
	<b>Budgeted Amounts</b>		<b>Actual</b>			
	<b>Original</b>	<b>Final</b>				
<b>REVENUES:</b>						
Taxes and assessments	\$ 10,840,000	\$ 11,057,000	\$ 11,378,519	\$ 321,519		
Licenses and permits	616,000	614,000	638,356	24,356		
Fines and forfeitures	175,000	210,000	179,739	(30,261)		
Intergovernmental	7,924,849	8,594,454	6,904,048	(1,690,406)		
Use of money and property	(8,300)	456,700	1,044,462	587,762		
Charges for services	976,900	1,005,450	909,643	(95,807)		
Reimbursements	2,287,170	2,165,170	2,098,592	(66,578)		
Other revenues	20,500	519,579	531,115	11,536		
<b>Total revenues</b>	<b>22,832,119</b>	<b>24,622,353</b>	<b>23,684,474</b>	<b>(937,879)</b>		
<b>EXPENDITURES:</b>						
Current:						
General government	3,872,971	4,779,114	4,408,035	371,079		
Public safety	7,904,841	7,735,851	7,482,425	253,426		
Public works	971,332	1,038,096	803,113	234,983		
Community development	1,671,776	2,131,065	1,867,734	263,331		
Parks and recreation	1,553,287	1,592,947	1,447,966	144,981		
Capital outlay	9,041,566	9,705,807	6,576,652	3,129,155		
Debt service:						
Principal	44,800	44,800	90,021	(45,221)		
Interest and fiscal charges	28,295	28,295	27,365	930		
<b>Total expenditures</b>	<b>25,088,868</b>	<b>27,055,975</b>	<b>22,703,311</b>	<b>4,352,664</b>		
<b>REVENUES OVER (UNDER)</b> <b>EXPENDITURES</b>	<b>(2,256,749)</b>	<b>(2,433,622)</b>	<b>981,163</b>	<b>3,414,785</b>		
<b>OTHER FINANCING SOURCES (USES):</b>						
Payments to CALPERS	-	-	(2,500,000)	(2,500,000)		
Transfers in	1,452,890	1,452,890	1,432,890	(20,000)		
Transfers out	(807,500)	(807,500)	(807,500)	-		
<b>Total other financing sources (uses)</b>	<b>645,390</b>	<b>645,390</b>	<b>(1,874,610)</b>	<b>(2,520,000)</b>		
<b>Net change in fund balances</b>	<b>(1,611,359)</b>	<b>(1,788,232)</b>	<b>(893,447)</b>	<b>894,785</b>		
<b>FUND BALANCES:</b>						
Beginning of year	16,753,180	16,753,180	16,753,180	-		
End of year	<b>\$ 15,141,821</b>	<b>\$ 14,964,948</b>	<b>\$ 15,859,733</b>	<b>\$ 894,785</b>		

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

CDBG Housing Special Revenue Fund					Housing Revolving Special Revenue Fund				
Budgeted Amounts		Variance w/Final			Budgeted Amounts		Variance w/Final		
Original	Final	Actual	Positive (Negative)		Original	Final	Actual	Positive (Negative)	
\$		\$	\$		\$		\$	\$	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
321,000	341,000	532,515	191,515		102,000	102,000	33,312	(68,688)	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	140	140	
<u>321,000</u>	<u>341,000</u>	<u>532,515</u>	<u>191,515</u>		<u>102,000</u>	<u>102,000</u>	<u>33,312</u>	<u>(68,688)</u>	
<u>321,000</u>	<u>341,000</u>	<u>532,515</u>	<u>191,515</u>		<u>102,000</u>	<u>102,000</u>	<u>33,312</u>	<u>(68,688)</u>	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
114,924	117,124	13,250	103,874		402,000	403,500	146,239	257,261	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>114,924</u>	<u>117,124</u>	<u>13,250</u>	<u>103,874</u>		<u>402,000</u>	<u>403,500</u>	<u>146,239</u>	<u>257,261</u>	
<u>114,924</u>	<u>117,124</u>	<u>13,250</u>	<u>103,874</u>		<u>402,000</u>	<u>403,500</u>	<u>146,239</u>	<u>257,261</u>	
206,076	223,876	519,265	295,389	(300,000)	(301,500)	(112,787)	188,713		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>206,076</u>	<u>223,876</u>	<u>519,265</u>	<u>295,389</u>		<u>(300,000)</u>	<u>(301,500)</u>	<u>(112,787)</u>	<u>188,713</u>	
478,898	478,898	478,898	-	337,103	337,103	337,103	-		
<u>\$ 684,974</u>	<u>\$ 702,774</u>	<u>\$ 998,163</u>	<u>\$ 295,389</u>	<u>\$ 37,103</u>	<u>\$ 35,603</u>	<u>\$ 224,316</u>	<u>\$ 188,713</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, 2024**

<b>Basic Business Loan Revolving</b>					
	Budgeted Amounts		Variance w/Final		
	Original	Final	Actual	Positive (Negative)	
<b>REVENUES:</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	- -	- -	- -	- -	-
Fines and forfeitures	- -	- -	- -	- -	-
Intergovernmental	- -	- -	- -	- -	-
Use of money and property	16,600	26,600	145,519	118,919	118,919
Charges for services	- -	- -	- -	- -	-
Reimbursements	- -	- -	- -	- -	-
Other revenues	- -	- -	- -	- -	-
<b>Total revenues</b>	<b>16,600</b>	<b>26,600</b>	<b>145,519</b>	<b>118,919</b>	<b>118,919</b>
<b>EXPENDITURES:</b>					
Current:					
General government	- -	- -	- -	- -	-
Public safety	- -	- -	- -	- -	-
Public works	- -	- -	- -	- -	-
Community development	- -	2,783	2,782	2,782	1
Parks and recreation	- -	- -	- -	- -	-
Capital outlay	- -	- -	- -	- -	-
Debt service:					
Principal	- -	- -	- -	- -	-
Interest and fiscal charges	- -	- -	- -	- -	-
<b>Total expenditures</b>	<b>- -</b>	<b>2,783</b>	<b>2,782</b>	<b>2,782</b>	<b>1</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>16,600</b>	<b>23,817</b>	<b>142,737</b>	<b>118,920</b>	<b>118,920</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Payments to CALPERS	- -	- -	- -	- -	-
Transfers in	- -	- -	- -	- -	-
Transfers out	- -	- -	- -	- -	-
<b>Total other financing sources (uses)</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>
<b>Net change in fund balances</b>	<b>16,600</b>	<b>23,817</b>	<b>142,737</b>	<b>118,920</b>	<b>118,920</b>
<b>FUND BALANCES:</b>					
Beginning of year	1,336,126	1,336,126	1,336,126	1,336,126	-
End of year	<b>\$ 1,352,726</b>	<b>\$ 1,359,943</b>	<b>\$ 1,478,863</b>	<b>\$ 118,920</b>	<b>\$ 118,920</b>

Housing Improvement Projects				2017 & 2107.5 Gas Tax Funds			
Budgeted Amounts		Variance w/Final		Budgeted Amounts		Variance w/Final	
Original	Final	Actual	Positive (Negative)	Original	Final	Actual	Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	999,299	999,299	1,003,701	4,402
82,000	82,000	87,218	5,218	-	-	42,731	42,731
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
23,000	23,000	21,765	-	-	-	-	-
105,000	105,000	108,983	5,218	999,299	999,299	1,046,432	47,133
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,576,684	1,471,618	1,355,317	(116,301)
123,007	123,007	16,947	106,060	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	851,599	862,599	139,029	(723,570)
-	-	-	-	-	-	-	-
123,007	123,007	16,947	106,060	2,428,283	2,334,217	1,494,346	(839,871)
(18,007)	(18,007)	92,036	110,043	(1,428,984)	(1,334,918)	(447,914)	887,004
-	-	-	-	-	-	-	-
-	-	-	-	540,000	540,000	540,000	-
-	-	-	-	-	-	-	-
-	-	-	-	540,000	540,000	540,000	-
(18,007)	(18,007)	92,036	110,043	(888,984)	(794,918)	92,086	887,004
148,832	148,832	148,832	-	-	-	888,262	-
\$ 130,825	\$ 130,825	\$ 240,868	\$ 110,043	\$ (888,984)	\$ (794,918)	\$ 980,348	\$ 887,004

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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,

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>							
Service Cost	\$ 567,302	\$ 416,594	\$ 346,850	\$ 304,780	\$ 296,623	\$ 197,701	\$ 187,260
Interest on the total OPEB liability	255,745	324,359	324,591	295,740	268,525	210,984	193,076
Differences between expected and actual experience	-	(764,072)	-	224,631	-	(278,533)	-
Changes of benefit terms	-	-	-	-	-	-	-
Changes of assumptions	(342,942)	857,555	467,449	180,490	-	968,799	-
Benefit payments	(185,406)	(322,173)	(263,970)	(251,085)	(301,085)	(225,244)	-
<b>Net change in total OPEB liability</b>	<b>294,699</b>	<b>512,263</b>	<b>874,920</b>	<b>754,556</b>	<b>264,063</b>	<b>873,707</b>	<b>380,336</b>
<b>Total OPEB liability - beginning</b>	<b>6,539,194</b>	<b>6,026,931</b>	<b>5,152,011</b>	<b>4,397,455</b>	<b>4,133,392</b>	<b>3,259,685</b>	<b>2,879,349</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 6,833,893</b>	<b>\$ 6,539,194</b>	<b>\$ 6,026,931</b>	<b>\$ 5,152,011</b>	<b>\$ 4,397,455</b>	<b>\$ 4,133,392</b>	<b>\$ 3,259,685</b>
<b>Plan fiduciary net position</b>							
Expected investment income	\$ 48,995	\$ 35,878	\$ 41,059	\$ -	\$ 33,885	\$ 31,673	\$ -
Contributions - employer	185,406	322,173	263,970	251,085	-	-	500,000
Contributions - employee	-	(490)	-	-	-	-	-
Benefit payments	(185,406)	(322,173)	(263,970)	(251,085)	-	-	-
Actual investment income	-	(15,209)	(123,438)	108,221	(5,448)	2,786	(12,338)
Administrative expense	(517)	-	(552)	(515)	(453)	(417)	(172)
<b>Net change in plan fiduciary net position</b>	<b>48,478</b>	<b>20,179</b>	<b>(82,931)</b>	<b>107,706</b>	<b>27,984</b>	<b>34,042</b>	<b>487,490</b>
<b>Plan fiduciary net position - beginning</b>	<b>594,470</b>	<b>574,291</b>	<b>657,222</b>	<b>549,516</b>	<b>521,532</b>	<b>487,490</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 642,948</b>	<b>\$ 594,470</b>	<b>\$ 574,291</b>	<b>\$ 657,222</b>	<b>\$ 549,516</b>	<b>\$ 521,532</b>	<b>\$ 487,490</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 6,190,945</b>	<b>\$ 5,944,724</b>	<b>\$ 5,452,640</b>	<b>\$ 4,494,789</b>	<b>\$ 3,847,939</b>	<b>\$ 3,611,860</b>	<b>\$ 2,772,195</b>
Covered-employee payroll	\$ 8,550,329	\$ 7,701,150	\$ 7,132,760	\$ 7,522,869	\$ 7,499,978	\$ 6,635,743	\$ 6,229,622
Net OPEB liability as a percentage of covered-employee payroll	72.41%	77.19%	76.45%	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, 2024**

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Contributions in relation to the ADC	-	-	-	-	-	-	500,000
Contribution deficiency (excess)	<u>\$ -</u>						
Covered-employee payroll	\$ 8,550,329	\$ 7,701,150	\$ 7,132,760	\$ 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%	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\*

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution (actuarially determined)	\$ 338,836	\$ 501,705	\$ 481,240	\$ 465,770	\$ 485,602	\$ 431,631	\$ 849,162	\$ 529,092
Contributions in relation to the actuarially determined contributions	<u>(338,836)</u>	<u>(501,705)</u>	<u>(481,240)</u>	<u>(465,770)</u>	<u>(485,602)</u>	<u>(431,631)</u>	<u>(849,162)</u>	<u>(529,092)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Covered-employee payroll	\$ 6,554,845	\$ 5,839,684	\$ 5,458,001	\$ 5,119,010	\$ 5,590,371	\$ 4,958,187	\$ 4,735,901	\$ 4,761,772
Contribution as a percentage of covered-employee payroll	5.17%	8.59%	8.82%	9.10%	8.69%	8.71%	17.93%	11.11%

**Notes to Schedule**

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

\*Additional years will be presented as they become available.

**City of Arcata, California****Required Supplementary Information - Schedule of Contributions**

## Safety Plan

Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 217,256	\$ 311,281	\$ 308,595	\$ 326,897	\$ 334,961	\$ 282,010	\$ 476,322	\$ 519,850
Contributions in relation to the actuarially determined contributions	<u>(217,256)</u>	<u>(311,281)</u>	<u>(308,595)</u>	<u>(326,897)</u>	<u>(334,961)</u>	<u>(282,010)</u>	<u>(476,322)</u>	<u>(519,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Covered-employee payroll	\$ 1,995,484	\$ 1,861,466	\$ 1,674,759	\$ 1,756,782	\$ 1,909,608	\$ 1,677,556	\$ 1,493,721	\$ 1,654,498
Contribution as a percentage of covered-employee payroll	10.89%	16.72%	18.43%	18.61%	17.54%	16.81%	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\*

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Plan's Proportion of the Net Pension Liability/(Asset)	0.38923%	0.39102%	0.51195%	0.37027%	0.36052%	0.35128%	0.34198%	0.34460%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 19,463,003	\$ 18,296,844	\$ 9,720,913	\$ 15,618,438	\$ 22,274,743	\$ 13,238,704	\$ 13,481,206	\$ 11,971,084
Plan's Covered-Employee Payroll	\$ 6,554,845	\$ 5,839,684	\$ 5,458,001	\$ 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 Payroll	296.93%	313.32%	178.10%	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	70.94%	71.60%	83.74%	73.45%	74.48%	75.60%	74.31%	74.83%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 1,975,618	\$ 2,392,247	\$ 1,968,666	\$ 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\*

	2023	2022	2021	2020	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.14539%	0.14664%	0.15201%	0.12943%	0.12556%	0.12278%	0.11894%	0.12179%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 10,868,089	\$ 10,076,244	\$ 5,334,928	\$ 8,623,267	\$ 7,837,861	\$ 7,204,004	\$ 7,106,979	\$ 6,307,600
Plan's Covered-Employee Payroll	\$ 1,995,484	\$ 1,861,466	\$ 1,674,759	\$ 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 Payroll	544.63%	541.31%	318.55%	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	70.14%	71.08%	83.48%	71.90%	73.57%	74.75%	73.88%	74.66%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 1,017,463	\$ 1,652,478	\$ 1,440,567	\$ 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, 2024**

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	Governmental Funds		
	Special Revenue Funds	City Capital Projects Fund	Non-Major Funds Totals
<b>ASSETS</b>			
Cash and investments	\$ 5,455,886	\$ 319,124	\$ 5,775,010
Restricted cash and investments	2,895,447	-	2,895,447
Receivables:			
Taxes	5,294	-	5,294
Intergovernmental	1,158,739	-	1,158,739
Loans/Notes receivable	102,491	-	102,491
Other receivable	98,571	-	98,571
Due from successor agency	179,512	-	179,512
Prepads	84,800	-	84,800
Inventory	99,304	-	99,304
<b>Total assets</b>	<b>\$ 10,080,044</b>	<b>\$ 319,124</b>	<b>\$ 10,399,168</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 919,601	\$ 4,421	\$ 924,022
Due to other funds	944,259	-	944,259
Deposits Payable	28,115	-	28,115
Unearned revenue	910,782	-	910,782
<b>Total liabilities:</b>	<b>2,802,757</b>	<b>4,421</b>	<b>2,807,178</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	104,491		104,491
<b>Total deferred inflows of resources</b>	<b>104,491</b>	<b>-</b>	<b>104,491</b>
<b>Total liabilities and deferred inflows</b>	<b>2,907,248</b>	<b>4,421</b>	<b>2,911,669</b>
<b>Fund Balances:</b>			
Nonspendable	184,104	-	184,104
Restricted	2,242,161	-	2,242,161
Assigned	4,917,313	314,703	5,232,016
Unassigned (deficit)	(170,782)	-	(170,782)
<b>Total fund balances</b>	<b>7,172,796</b>	<b>314,703</b>	<b>7,487,499</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 10,080,044</b>	<b>\$ 319,124</b>	<b>\$ 10,399,168</b>

**City of Arcata, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2024**

	Governmental Funds		
	Special Revenue Funds	City Capital Projects Fund	Non-Major Funds Totals
<b>REVENUES:</b>			
Taxes and assessments	\$ 38,001	\$ -	\$ 38,001
Licenses and permits	7,776	-	7,776
Fines and forfeitures	19,668	-	19,668
Intergovernmental	5,646,397	-	5,646,397
Use of money and property	696,735	11,209	707,944
Other revenues	211,046	8,703	219,749
<b>Total revenues</b>	<b>6,619,623</b>	<b>19,912</b>	<b>6,639,535</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety	885,437	-	885,437
Public works	1,669,774	48,799	1,718,573
Community development	2,999,066	-	2,999,066
Parks and recreation	375,175	-	375,175
Debt Service			
Principal	13,700	-	13,700
Interest and fiscal charges	700	-	700
<b>Total expenditures</b>	<b>6,088,852</b>	<b>48,799</b>	<b>6,137,651</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>530,771</b>	<b>(28,887)</b>	<b>501,884</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	222,500	63,201	285,701
Transfers out	(1,231,797)	-	(1,231,797)
<b>Total other financing sources (uses)</b>	<b>(1,009,297)</b>	<b>63,201</b>	<b>(946,096)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>(478,526)</b>	<b>34,314</b>	<b>(444,212)</b>
<b>FUND BALANCES:</b>			
Beginning of year	7,651,322	280,389	7,931,711
End of year	<b>\$ 7,172,796</b>	<b>\$ 314,703</b>	<b>\$ 7,487,499</b>

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## NON-MAJOR SPECIAL REVENUE FUNDS

<b>Fund</b>	<b>Description</b>
STIP	Accounts for funds received and expended for the State Transportation Improvement Program.
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.
Public Improvement Program	Accounts for funds transferred to the City from the former Arcata Community Development Agency for public improvement projects.
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.
Open Space Parks, Trails	Accounts for the annual special parcel taxes designed for acquisition, improvements and maintenance of City parks, trails, forest and open spaces.
ARPA	Accounts for the Federal American Rescue Plan Act funding received by the City.
Homekey Fund	Accounts for two Homekey grants that the City received to convert hotels into housing for persons experiencing homelessness or at risk of homelessness.
Permanent Local Housing Allocation (PLHA)	Accounts for the State of California funds received and expended for housing-related projects and programs that assist in addressing the unmet housing needs in Arcata.
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
Federal Grants	Accounts for funds received and expended for federal grant purposes that are not accounted for in other funds.
<b>In Lieu Fee Funds:</b>	
Parkland	Accounts for revenues and expenditures associated with the parkland maintenance.
Parking	Accounts for revenues and expenditures associated with downtown parking programs.
<b>Assessment Districts:</b>	
Curtis Heights	Accounts for funds collected for the assessment districts shown within the City limits for which the City is obligated to maintain.
Janes Creek Meadows	
Windsong	
Mad River	

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**City of Arcata, California**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2024**

	STIP	Forest Management	Traffic Safety	Industrial Park	Public Improvement Program
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 713,030	\$ -	\$ 337,628	\$ 541,011
Restricted cash and investments	-	-	-	-	2,895,447
Receivables:					
Taxes	-	-	-	-	5,294
Intergovernmental	419,477	-	6,342	-	-
Loans/Notes receivable	-	-	-	-	40,283
Other receivable	72,342	-	-	26,229	-
Due from successor agency	-	-	-	-	179,512
Prepays	-	-	-	-	-
Inventory	-	-	99,304	-	-
<b>Total assets</b>	<b>\$ 491,819</b>	<b>\$ 713,030</b>	<b>\$ 105,646</b>	<b>\$ 363,857</b>	<b>\$ 3,661,547</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 66,671	\$ 9,285	\$ 6,172	\$ 10,829	\$ 35,324
Due to other funds	251,676	-	67,874	-	-
Deposits payable	-	-	-	28,115	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities:</b>	<b>318,347</b>	<b>9,285</b>	<b>74,046</b>	<b>38,944</b>	<b>35,324</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	-	42,283
<b>Total deferred inflows of resources:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,283</b>
<b>Total liabilities and deferred inflows</b>	<b>318,347</b>	<b>9,285</b>	<b>74,046</b>	<b>38,944</b>	<b>77,607</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	99,304	-	-
Restricted	173,472	-	-	-	-
Assigned	-	703,745	-	324,913	3,583,940
Unassigned (deficit)	-	-	(67,704)	-	-
<b>Total fund balances</b>	<b>173,472</b>	<b>703,745</b>	<b>31,600</b>	<b>324,913</b>	<b>3,583,940</b>
<b>Total liabilities deferred inflows and fund balances</b>	<b>\$ 491,819</b>	<b>\$ 713,030</b>	<b>\$ 105,646</b>	<b>\$ 363,857</b>	<b>\$ 3,661,547</b>

Yurok Housing Authority MOU	Open Space Parks, Trails	ARPA	Homekey Fund	Permanent Local Housing Allocation		Federal Grant Funds	In Lieu Fee Funds	Assessment District Funds		Totals
\$ -	\$ 253,849	\$ 926,410	585,121	\$ 190,613	\$ 1,852,005	\$ 21,206	\$ 35,013	\$ 5,455,886		
										\$ 2,895,447
-	-	-	-	-	-	-	-	-	-	5,294
-	4,437	-	-	-	728,272	-	211	1,158,739		
-	-	-	-	-	-	62,208	-	102,491		
-	-	-	-	-	-	-	-	98,571		
-	-	-	-	-	-	-	-	179,512		
-	80,000	4,800	-	-	-	-	-	84,800		
										99,304
\$ -	\$ 338,286	\$ 931,210	\$ 585,121	\$ 190,613	\$ 2,580,277	\$ 83,414	\$ 35,224	\$ 10,080,044		
\$ -	\$ 10,001	\$ 95,099	585,121	\$ -	\$ 101,099	\$ -	\$ -	\$ 919,601		
23,607	-	-	-	-	601,102	-	-	944,259		
-	-	-	-	-	-	-	-	28,115		
-	-	910,782	-	-	-	-	-	910,782		
23,607	10,001	1,005,881	585,121	-	702,201	-	-	2,802,757		
-	-	-	-	-	-	62,208	-	104,491		
-	-	-	-	-	-	62,208	-	104,491		
23,607	10,001	1,005,881	585,121	-	702,201	62,208	-	2,907,248		
-	80,000	4,800	-	-	-	-	-	184,104		
-	-	-	-	190,613	1,878,076	-	-	2,242,161		
-	248,285	-	-	-	-	21,206	35,224	4,917,313		
(23,607)	-	(79,471)	-	-	-	-	-	(170,782)		
(23,607)	328,285	(74,671)	-	190,613	1,878,076	21,206	35,224	7,172,796		
\$ -	\$ 338,286	\$ 931,210	\$ 585,121	\$ 190,613	\$ 2,580,277	\$ 83,414	\$ 35,224	\$ 10,080,044		

**City of Arcata, California**

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

**Nonmajor Special Revenue Funds**

**For the year ended June 30, 2024**

	STIP	Forest Management	Traffic Safety	Industrial Park	Public Improvement Program
<b>REVENUES:</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	19,668	-	-
Intergovernmental	1,031,528	-	-	-	-
Use of money and property	269	34,100	-	302,713	170,690
Other revenues	208,190	2,856	-	-	-
<b>Total revenues</b>	<b>1,239,987</b>	<b>36,956</b>	<b>19,668</b>	<b>302,713</b>	<b>170,690</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	259,857	-	-
Public works	890,243	-	-	-	-
Community development	-	-	-	348,210	77,783
Parks and recreation	-	247,531	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>890,243</b>	<b>247,531</b>	<b>259,857</b>	<b>348,210</b>	<b>77,783</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>349,744</b>	<b>(210,575)</b>	<b>(240,189)</b>	<b>(45,497)</b>	<b>92,907</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-		175,000	-	-
Transfers out	(13,907)	-	-	-	-
<b>Total other financing sources and uses</b>	<b>(13,907)</b>		<b>175,000</b>		
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>335,837</b>	<b>(210,575)</b>	<b>(65,189)</b>	<b>(45,497)</b>	<b>92,907</b>
<b>FUND BALANCES (DEFICITS):</b>					
Beginning of year	(162,365)	914,320	96,789	370,410	3,491,033
End of year	<b>\$ 173,472</b>	<b>\$ 703,745</b>	<b>\$ 31,600</b>	<b>\$ 324,913</b>	<b>\$ 3,583,940</b>

Yurok Housing Authority MOU	Open Space Parks, Trails	ARPA	Homekey Fund	Permanent			In Lieu Fee Funds	Assessment District Funds	Totals
				Local Housing Allocation	Federal Grant Funds	In Lieu Fee Funds			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,001	\$ 38,001	
						\$ 7,776			\$ 7,776
-	-	-	-	-	-	-	-	-	19,668
-	168,917	1,792,685	1,450,029	189,470	1,013,768	-	-	-	5,646,397
-	11,111	65,407	-	1,143	97,863	12,029	1,410		696,735
-	-	-	-	-	-	-	-	-	211,046
-	180,028	1,858,092	1,450,029	190,613	1,111,631	19,805	39,411		6,619,623
-	-	145,000	-	-	-	-	-	-	145,000
-	-	625,580	-	-	-	-	-	-	885,437
-	-	670,524	-	-	109,007	-	-	-	1,669,774
-	-	337,183	1,497,672	-	738,218	-	-	-	2,999,066
-	127,644	-	-	-	-	-	-	-	375,175
-	-	13,700	-	-	-	-	-	-	13,700
-	-	700	-	-	-	-	-	-	700
-	127,644	1,792,687	1,497,672	-	847,225	-	-	-	6,088,852
-	52,384	65,405	(47,643)	190,613	264,406	19,805	39,411		530,771
-	47,500	-	-	-	-	-	-	-	222,500
-	-	-	-	-	(700,000)	(480,000)	(37,890)		(1,231,797)
-	47,500	-	-	-	(700,000)	(480,000)	(37,890)		(1,009,297)
-	99,884	65,405	(47,643)	190,613	(435,594)	(460,195)	1,521		(478,526)
(23,607)	228,401	(140,076)	47,643	-	2,313,670	481,401	33,703		7,651,322
\$ (23,607)	\$ 328,285	\$ (74,671)	\$ -	\$ 190,613	\$ 1,878,076	\$ 21,206	\$ 35,224		\$ 7,172,796

# City of Arcata, California

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

### STIP Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 2,871,633	\$ 3,134,219	\$ 1,031,528	\$ (2,102,691)
Use of money and property	-	-	269	269
Other revenues	36,000	36,000	208,190	172,190
<b>Total revenues</b>	<b>2,907,633</b>	<b>3,170,219</b>	<b>1,239,987</b>	<b>(1,930,232)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	3,038,962	3,776,179	890,243	2,885,936
<b>Total expenditures</b>	<b>3,038,962</b>	<b>3,776,179</b>	<b>890,243</b>	<b>2,885,936</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(131,329)</b>	<b>(605,960)</b>	<b>349,744</b>	<b>955,704</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(13,907)	(13,907)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(13,907)</b>	<b>(13,907)</b>
<b>Net change in fund balances</b>	<b>(131,329)</b>	<b>(605,960)</b>	<b>335,837</b>	<b>941,797</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(162,365)	(162,365)	(162,365)	-
End of year	\$ (293,694)	\$ (768,325)	\$ 173,472	\$ 941,797

# 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, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 500	\$ 500	\$ -	\$ (500)
Use of money and property	-	-	34,100	34,100
Other revenues	473,000	473,000	2,856	(470,144)
<b>Total revenues</b>	<b>473,500</b>	<b>473,500</b>	<b>36,956</b>	<b>(436,544)</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	528,986	767,802	247,531	520,271
Capital outlay	200	200	-	200
<b>Total expenditures</b>	<b>529,186</b>	<b>768,002</b>	<b>247,531</b>	<b>520,471</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(55,686)</b>	<b>(294,502)</b>	<b>(210,575)</b>	<b>83,927</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>(55,686)</b>	<b>(294,502)</b>	<b>(210,575)</b>	<b>83,927</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	914,320	914,320	914,320	-
End of year	\$ 858,634	\$ 619,818	\$ 703,745	\$ 83,927

# 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, 2024

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	(Negative)
<b>REVENUES:</b>					
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 19,668	\$ 4,668	
Use of money and property	-	-	-	-	
<b>Total revenues</b>	<b>15,000</b>	<b>15,000</b>	<b>19,668</b>	<b>4,668</b>	
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	
Public safety	280,838	280,838	259,857	20,981	
<b>Total expenditures</b>	<b>280,838</b>	<b>280,838</b>	<b>259,857</b>	<b>20,981</b>	
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(265,838)</b>	<b>(265,838)</b>	<b>(240,189)</b>	<b>25,649</b>	
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	175,000	175,000	175,000	-	
<b>Total other financing sources (uses)</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>(90,838)</b>	<b>(90,838)</b>	<b>(65,189)</b>	<b>25,649</b>	
<b>FUND BALANCES:</b>					
Beginning of year	96,789	96,789	96,789	-	
End of year	\$ 5,951	\$ 5,951	\$ 31,600	\$ 25,649	

# 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, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Use of money and property	\$ 275,000	\$ 275,000	\$ 302,713	\$ 27,713
Other revenues	200,000	200,000	-	(200,000)
<b>Total revenues</b>	<b>475,000</b>	<b>475,000</b>	<b>302,713</b>	<b>(172,287)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	482,996	362,996	348,210	14,786
<b>Total expenditures</b>	<b>482,996</b>	<b>362,996</b>	<b>348,210</b>	<b>14,786</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(7,996)</b>	<b>112,004</b>	<b>(45,497)</b>	<b>(157,501)</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>(7,996)</b>	<b>112,004</b>	<b>(45,497)</b>	<b>(157,501)</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	370,410	370,410	370,410	-
End of year	\$ 362,414	\$ 482,414	\$ 324,913	\$ (157,501)

# 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, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Use of money and property	\$ 38,500	\$ 188,500	\$ 170,690	\$ (17,810)
<b>Total revenues</b>	<b>38,500</b>	<b>188,500</b>	<b>170,690</b>	<b>(17,810)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	678,158	698,158	77,783	620,375
<b>Total expenditures</b>	<b>678,158</b>	<b>698,158</b>	<b>77,783</b>	<b>620,375</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(639,658)</b>	<b>(509,658)</b>	<b>92,907</b>	<b>602,565</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(639,658)</b>	<b>(509,658)</b>	<b>92,907</b>	<b>602,565</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	3,491,033	3,491,033	3,491,033	-
End of year	\$ 2,851,375	\$ 2,981,375	\$ 3,583,940	\$ 602,565

# City of Arcata, California

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

### Yurok Housing Authority MOU Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Other revenues	\$ 17,500	\$ 17,500	\$ -	\$ (17,500)
<b>Total revenues</b>	<b>17,500</b>	<b>17,500</b>	<b>-</b>	<b>(17,500)</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>17,500</b>	<b>17,500</b>	<b>-</b>	<b>(17,500)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>17,500</b>	<b>17,500</b>	<b>-</b>	<b>(17,500)</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(23,607)	(23,607)	(23,607)	-
End of year	\$ (6,107)	\$ (6,107)	\$ (23,607)	\$ (17,500)

# City of Arcata, California

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

### Open Space Parks, Trails Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 168,000	\$ 168,000	\$ 168,917	\$ 917
Use of money and property	-	-	11,111	11,111
<b>Total revenues</b>	<b>168,000</b>	<b>168,000</b>	<b>180,028</b>	<b>12,028</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	277,362	277,362	127,644	149,718
<b>Total expenditures</b>	<b>277,362</b>	<b>277,362</b>	<b>127,644</b>	<b>149,718</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(109,362)</b>	<b>(109,362)</b>	<b>52,384</b>	<b>161,746</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	47,500	47,500	47,500	-
<b>Total other financing sources (uses)</b>	<b>47,500</b>	<b>47,500</b>	<b>47,500</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(61,862)</b>	<b>(61,862)</b>	<b>99,884</b>	<b>161,746</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	228,401	228,401	228,401	-
End of year	\$ 166,539	\$ 166,539	\$ 328,285	\$ 161,746

# City of Arcata, California

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

### ARPA Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 2,020,634	\$ 2,020,634	\$ 1,792,685	\$ (227,949)
Use of money and property	-	40,000	65,407	25,407
<b>Total revenues</b>	<b>2,020,634</b>	<b>2,060,634</b>	<b>1,858,092</b>	<b>(202,542)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	105,000	190,000	145,000	45,000
Public safety	456,834	755,526	625,580	129,946
Public works	882,258	857,258	670,524	186,734
Community development	576,539	566,445	337,183	229,262
Debt service:				
Principal	-	-	13,700	(13,700)
Interest	-	-	700	(700)
<b>Total expenditures</b>	<b>2,020,631</b>	<b>2,369,229</b>	<b>1,792,687</b>	<b>576,542</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3</b>	<b>(308,595)</b>	<b>65,405</b>	<b>374,000</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>3</b>	<b>(308,595)</b>	<b>65,405</b>	<b>374,000</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(140,076)	(140,076)	(140,076)	-
End of year	\$ (140,073)	\$ (448,671)	\$ (74,671)	\$ 374,000

# City of Arcata, California

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

### Homekey Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$	-	\$ 1,450,029	\$ 1,450,029
Use of money and property		-	-	-
<b>    Total revenues</b>		-	<b>1,450,029</b>	<b>1,450,029</b>
<b>EXPENDITURES:</b>				
Current:				
Community development		-	1,450,029	1,497,672
<b>        Total expenditures</b>		-	<b>1,450,029</b>	<b>1,497,672</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>		-	<b>(1,450,029)</b>	<b>(47,643)</b>
				1,402,386
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in		-	-	-
Transfers out		-	-	-
<b>    Total other financing sources (uses)</b>		-	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>		-	<b>(1,450,029)</b>	<b>(47,643)</b>
				1,402,386
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year		47,643	47,643	47,643
End of year	\$	<b>47,643</b>	\$ <b>(1,402,386)</b>	\$ <b>-</b>
				\$ 1,402,386

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**City of Arcata, California**  
**Combining Balance Sheet**  
**Federal Grant Special Revenue Funds**  
**June 30, 2024**

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	HUD Block Grant	ISTEA	FEMA/ OES	COPS
<b>ASSETS</b>				
Cash and investments	\$ 1,366,143	\$ 166,141	\$ 97,847	\$ 216,712
Receivables:				
Intergovernmental	6,054	134,766	-	-
<b>Total assets</b>	<b>\$ 1,372,197</b>	<b>\$ 300,907</b>	<b>\$ 97,847</b>	<b>\$ 216,712</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	599	\$ 94,018	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>599</b>	<b>94,018</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	1,371,598	206,889	97,847	216,712
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>1,371,598</b>	<b>206,889</b>	<b>97,847</b>	<b>216,712</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,372,197</b>	<b>\$ 300,907</b>	<b>\$ 97,847</b>	<b>\$ 216,712</b>

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HOME Grants	Community Development Grants	Federal Grants	Totals
\$ -	\$ -	\$ 5,162	\$ 1,852,005
<u>527,443</u>	<u>57,160</u>	<u>2,849</u>	<u>728,272</u>
<u><u>\$ 527,443</u></u>	<u><u>\$ 57,160</u></u>	<u><u>\$ 8,011</u></u>	<u><u>\$ 2,580,277</u></u>
\$ -	6,308	\$ 174	\$ 101,099
<u>566,331</u>	<u>26,934</u>	<u>7,837</u>	<u>601,102</u>
<u><u>566,331</u></u>	<u><u>33,242</u></u>	<u><u>8,011</u></u>	<u><u>702,201</u></u>
(38,888)	23,918	-	1,878,076
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(38,888)</u>	<u>23,918</u>	<u>-</u>	<u>1,878,076</u>
<u><u>\$ 527,443</u></u>	<u><u>\$ 57,160</u></u>	<u><u>\$ 8,011</u></u>	<u><u>\$ 2,580,277</u></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, 2024

	HUD Block Grant	ISTEA	FEMA/ OES	COPS
<b>REVENUES:</b>				
Intergovernmental	\$ 339,241	\$ 134,766	\$ 10,583	\$ 177,430
Use of money and property	71,281	16,299	2,930	1,062
<b>Total revenues</b>	<b>410,522</b>	<b>151,065</b>	<b>13,513</b>	<b>178,492</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	109,007	-	-
Community development	335,172	-	-	-
<b>Total expenditures</b>	<b>335,172</b>	<b>109,007</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	<b>75,350</b>	<b>42,058</b>	<b>13,513</b>	<b>178,492</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	(450,000)	-	(250,000)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>(450,000)</b>	<b>-</b>	<b>(250,000)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>				
	<b>75,350</b>	<b>(407,942)</b>	<b>13,513</b>	<b>(71,508)</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	1,296,248	614,831	84,334	288,220
End of year	<b>\$ 1,371,598</b>	<b>\$ 206,889</b>	<b>\$ 97,847</b>	<b>\$ 216,712</b>

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HOME Grants	Community Development Grants	Federal Grants	Totals
\$ 289,819	\$ 52,786	\$ 9,143	\$ 1,013,768
(1)	6,292	-	97,863
<u>289,818</u>	<u>59,078</u>	<u>9,143</u>	<u>1,111,631</u>
322,808	71,095	9,143	109,007
<u>322,808</u>	<u>71,095</u>	<u>9,143</u>	<u>738,218</u>
(32,990)	(12,017)	-	264,406
-	-	-	-
-	-	-	(700,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(700,000)</u>
(32,990)	(12,017)	-	(435,594)
(5,898)	35,935	-	2,313,670
<u>\$ (38,888)</u>	<u>\$ 23,918</u>	<u>\$ -</u>	<u>\$ 1,878,076</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, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 322,500	\$ 735,665	\$ 339,241	\$ (396,424)
Use of money and property	-	-	71,281	71,281
Other revenues	109,000	109,000	-	(109,000)
<b>Total revenues</b>	<b>431,500</b>	<b>844,665</b>	<b>410,522</b>	<b>(434,143)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	62,674	678,339	335,172	343,167
<b>Total expenditures</b>	<b>62,674</b>	<b>678,339</b>	<b>335,172</b>	<b>343,167</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>368,826</b>	<b>166,326</b>	<b>75,350</b>	<b>(90,976)</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>368,826</b>	<b>166,326</b>	<b>75,350</b>	<b>(90,976)</b>
<b>FUND BALANCES:</b>				
Beginning of year	1,296,248	1,296,248	1,296,248	-
<b>End of year</b>	<b>\$ 1,665,074</b>	<b>\$ 1,462,574</b>	<b>\$ 1,371,598</b>	<b>\$ (90,976)</b>

# 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, 2024

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
<b>REVENUES:</b>					
Intergovernmental	\$ 120,000	\$ 120,000	\$ 134,766	\$ 14,766	
Use of money and property	-	-	16,299	16,299	
<b>Total revenues</b>	<b>120,000</b>	<b>120,000</b>	<b>151,065</b>	<b>31,065</b>	
<b>EXPENDITURES:</b>					
Current:					
Public works	235,000	235,000	109,007	125,993	
Capital outlay	-	-	-	-	
<b>Total expenditures</b>	<b>235,000</b>	<b>235,000</b>	<b>109,007</b>	<b>125,993</b>	
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>(115,000)</b>	<b>(115,000)</b>	<b>42,058</b>	<b>157,058</b>	
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	(450,000)	(450,000)	(450,000)	-	
<b>Total other financing sources (uses)</b>	<b>(450,000)</b>	<b>(450,000)</b>	<b>(450,000)</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>(565,000)</b>	<b>(565,000)</b>	<b>(407,942)</b>	<b>157,058</b>	
<b>FUND BALANCES:</b>					
Beginning of year	614,831	614,831	614,831	-	
End of year	\$ 49,831	\$ 49,831	\$ 206,889	\$ 157,058	

# 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, 2024

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	(Negative)
<b>REVENUES:</b>					
Intergovernmental	\$ -	\$ (5,000)	\$ 10,583	\$ 15,583	
Use of money and property	-	-	2,930	2,930	
<b>    Total revenues</b>	<b>-</b>	<b>(5,000)</b>	<b>13,513</b>	<b>18,513</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>(5,000)</b>	<b>13,513</b>	<b>18,513</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>-</b>	<b>(5,000)</b>	<b>13,513</b>	<b>18,513</b>	
<b>FUND BALANCES:</b>					
Beginning of year	84,334	84,334	84,334		
End of year	\$ 84,334	\$ 79,334	\$ 97,847	\$ 18,513	

# 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, 2024

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
<b>REVENUES:</b>					
Intergovernmental	\$ 160,000	\$ 160,000	\$ 177,430	\$ 17,430	
Use of money and property	-	-	1,062	1,062	
<b>    Total revenues</b>	<b>160,000</b>	<b>160,000</b>	<b>178,492</b>		<b>18,492</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	-	-	-
<b>    Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>160,000</b>	<b>160,000</b>	<b>178,492</b>		<b>18,492</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	(250,000)	(250,000)	(250,000)	(250,000)	-
<b>    Total other financing sources (uses)</b>	<b>(250,000)</b>	<b>(250,000)</b>	<b>(250,000)</b>		<b>-</b>
<b>Net change in fund balances</b>	<b>(90,000)</b>	<b>(90,000)</b>	<b>(71,508)</b>		<b>18,492</b>
<b>FUND BALANCES:</b>					
Beginning of year	288,220	288,220	288,220	288,220	-
<b>    End of year</b>	<b>\$ 198,220</b>	<b>\$ 198,220</b>	<b>\$ 216,712</b>		<b>\$ 18,492</b>

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**City of Arcata, California**  
**Combining Balance Sheet**  
**In Lieu Fee Special Revenue Funds**  
**June 30, 2024**

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	Parkland In Lieu	Parking In Lieu	Totals
<b>ASSETS</b>			
Cash and investments	\$ 12,614	\$ 8,592	\$ 21,206
Receivables:			
Loans/Notes receivable	62,208	-	62,208
<b>Total assets</b>	<b>\$ 74,822</b>	<b>\$ 8,592</b>	<b>\$ 83,414</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	62,208	-	62,208
<b>Total deferred inflows of resources:</b>	<b>62,208</b>	<b>-</b>	<b>62,208</b>
<b>Total liabilities and deferred inflows</b>	<b>62,208</b>	<b>-</b>	<b>62,208</b>
<b>Fund Balances:</b>			
Assigned	12,614	8,592	21,206
<b>Total fund balances</b>	<b>12,614</b>	<b>8,592</b>	<b>21,206</b>
<b>Total liabilities and fund balances</b>	<b>\$ 74,822</b>	<b>\$ 8,592</b>	<b>\$ 83,414</b>

# City of Arcata, California

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances In Lieu Fee Special Revenue Funds For the year ended June 30, 2024

	Parkland In Lieu	Parking In Lieu	Totals
<b>REVENUES:</b>			
Licenses and permits	\$ 7,776	\$ -	\$ 7,776
Use of money and property	5,156	6,873	12,029
<b>Total revenues</b>	<b>12,932</b>	<b>6,873</b>	<b>19,805</b>
<b>EXPENDITURES:</b>			
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,932</b>	<b>6,873</b>	<b>19,805</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	(200,000)	(280,000)	(480,000)
<b>Total other financing sources and uses</b>	<b>(200,000)</b>	<b>(280,000)</b>	<b>(480,000)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>(187,068)</b>	<b>(273,127)</b>	<b>(460,195)</b>
<b>FUND BALANCES (DEFICIT):</b>			
Beginning of year	199,682	281,719	481,401
End of year	\$ 12,614	\$ 8,592	\$ 21,206

# 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, 2024

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive (Negative)	
<b>REVENUES:</b>					
Licenses and permits	\$ 14,000	\$ 14,000	\$ 7,776	\$ (6,224)	
Use of money and property	-	-	5,156	5,156	
<b>Total revenues</b>	<b>14,000</b>	<b>14,000</b>	<b>12,932</b>	<b>(1,068)</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>14,000</b>	<b>14,000</b>	<b>12,932</b>	<b>(1,068)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	
Transfers out	(200,000)	(200,000)	(200,000)	-	
<b>Total other financing sources (uses)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>(186,000)</b>	<b>(186,000)</b>	<b>(187,068)</b>	<b>(1,068)</b>	
<b>FUND BALANCES:</b>					
Beginning of year	199,682	199,682	199,682	-	
End of year	\$ 13,682	\$ 13,682	\$ 12,614	\$ (1,068)	

# 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, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	6,873	6,873
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>6,873</b>	<b>6,873</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	-	-	6,873	6,873
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(280,000)	(280,000)	(280,000)	-
<b>Total other financing sources (uses)</b>	<b>(280,000)</b>	<b>(280,000)</b>	<b>(280,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(280,000)</b>	<b>(280,000)</b>	<b>(273,127)</b>	<b>6,873</b>
<b>FUND BALANCES:</b>				
Beginning of year	281,719	281,719	281,719	-
End of year	\$ 1,719	\$ 1,719	\$ 8,592	\$ 6,873

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**City of Arcata, California**

**Combining Balance Sheet**

**Assessment District Special Revenue Funds**

**June 30, 2024**

	<u>Curtis Heights</u>	<u>Janes Creek Meadows</u>	<u>Windsong</u>	<u>Mad River Business Park</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and investments	\$ 1,274	\$ 18,173	\$ 7,704	\$ 7,862	\$ 35,013
Receivables:					
Intergovernmental	-	41	170	-	211
<b>Total assets</b>	<b>\$ 1,274</b>	<b>\$ 18,214</b>	<b>\$ 7,874</b>	<b>\$ 7,862</b>	<b>\$ 35,224</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Assigned	1,274	18,214	7,874	7,862	35,224
<b>Total fund balances</b>	<b>1,274</b>	<b>18,214</b>	<b>7,874</b>	<b>7,862</b>	<b>35,224</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,274</b>	<b>\$ 18,214</b>	<b>\$ 7,874</b>	<b>\$ 7,862</b>	<b>\$ 35,224</b>

**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, 2024**

	Curtis Heights	Janes Creek Meadows	Windsong	Mad River Business Park	Totals
<b>REVENUES:</b>					
Taxes and assessments	\$ -	\$ 16,655	\$ 14,868	6,478	\$ 38,001
Use of money and property	52	731	304	323	1,410
<b>Total revenues</b>	<b>52</b>	<b>17,386</b>	<b>15,172</b>	<b>6,801</b>	<b>39,411</b>
<b>EXPENDITURES:</b>					
Current:					
Parks and recreation	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>52</b>	<b>17,386</b>	<b>15,172</b>	<b>6,801</b>	<b>39,411</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	-	(16,000)	(14,850)	(7,040)	(37,890)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>(16,000)</b>	<b>(14,850)</b>	<b>(7,040)</b>	<b>(37,890)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>52</b>	<b>1,386</b>	<b>322</b>	<b>(239)</b>	<b>1,521</b>
<b>FUND BALANCES (DEFICIT) :</b>					
Beginning of year	1,222	16,828	7,552	8,101	33,703
End of year	\$ 1,274	\$ 18,214	\$ 7,874	\$ 7,862	\$ 35,224

**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, 2024**

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	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
<b>REVENUES:</b>					
Use of money and property	\$ -	\$ -	\$ 52	\$	52
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>52</b>		<b>52</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>					
	-	-	52		52
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>52</b>		<b>52</b>
<b>FUND BALANCES:</b>					
Beginning of year	1,222	1,222	1,222		-
End of year	\$ 1,222	\$ 1,222	\$ 1,274	\$	52

# 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, 2024

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
<b>REVENUES:</b>					
Taxes and assessments	\$ 16,080	\$ 16,080	\$ 16,655	\$ 575	
Use of money and property	-	-	731	731	
<b>Total revenues</b>	<b>16,080</b>	<b>16,080</b>	<b>17,386</b>	<b>1,306</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>16,080</b>	<b>16,080</b>	<b>17,386</b>	<b>1,306</b>	
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	(16,000)	(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>(16,000)</b>	
<b>Net change in fund balances</b>	<b>80</b>	<b>80</b>	<b>1,386</b>	<b>1,306</b>	
<b>FUND BALANCES (DEFICIT):</b>					
Beginning of year	16,828	16,828	16,828	16,828	-
<b>End of year</b>	<b>\$ 16,908</b>	<b>\$ 16,908</b>	<b>\$ 18,214</b>	<b>\$ 1,306</b>	

# 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, 2024

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
<b>REVENUES:</b>					
Taxes and assessments	\$ 14,850	\$ 14,850	\$ 14,868	\$ 18	
Use of money and property	-	-	304	304	
<b>Total revenues</b>	<b>14,850</b>	<b>14,850</b>	<b>15,172</b>		<b>322</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>14,850</b>	<b>14,850</b>	<b>15,172</b>		<b>322</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	(14,850)	(14,850)	(14,850)		-
<b>Total other financing sources (uses)</b>	<b>(14,850)</b>	<b>(14,850)</b>	<b>(14,850)</b>		<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>322</b>		<b>322</b>
<b>FUND BALANCES:</b>					
Beginning of year	7,552	7,552	7,552		-
End of year	\$ 7,552	\$ 7,552	\$ 7,874	\$ 322	

# 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, 2024

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Taxes and assessments	\$ 7,040	\$ 7,040	6,478	\$ (562)
Use of money and property	-	-	323	323
<b>Total revenues</b>	<b>7,040</b>	<b>7,040</b>	<b>6,801</b>	<b>(239)</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>7,040</b>	<b>7,040</b>	<b>6,801</b>	<b>(239)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			-	-
Transfers out	(7,040)	(7,040)	(7,040)	-
<b>Total other financing sources (uses)</b>	<b>(7,040)</b>	<b>(7,040)</b>	<b>(7,040)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(239)</b>	<b>(239)</b>
<b>FUND BALANCES:</b>				
Beginning of year	8,101	8,101	8,101	-
End of year	\$ 8,101	\$ 8,101	\$ 7,862	\$ (239)

## **INTERNAL SERVICE FUNDS**

<b>Fund Type</b>	<b>Description</b>
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, 2024**

	<b>Central Garage Fund</b>	<b>Information Technology Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 2,418,103	\$ 288,732	\$ 2,706,835
Inventory	21,649	-	21,649
<b>Total current assets</b>	<b>2,439,752</b>	<b>288,732</b>	<b>2,728,484</b>
<b>Noncurrent assets:</b>			
Capital assets, net	2,019,922	158,550	2,178,472
<b>Total noncurrent assets</b>	<b>2,019,922</b>	<b>158,550</b>	<b>2,178,472</b>
<b>Total assets</b>	<b>4,459,674</b>	<b>447,282</b>	<b>4,906,956</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan	164,421	209,175	373,596
<b>Total assets and deferred outflows of resources</b>	<b>4,624,095</b>	<b>656,457</b>	<b>5,280,552</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 23,609	\$ 20,110	\$ 43,719
Accrued liabilities	6,930	7,907	14,837
Compensated absences - current portion	7,294	3,478	10,772
Due within one year	-	65,810	65,810
<b>Total current liabilities</b>	<b>37,833</b>	<b>97,305</b>	<b>135,138</b>
<b>Noncurrent liabilities:</b>			
Compensated absences	21,882	10,434	32,316
Due after one year	-	91,300	91,300
Net pension liability	497,560	526,122	1,023,682
<b>Total liabilities</b>	<b>557,275</b>	<b>725,161</b>	<b>1,282,436</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Plan	48,958	-	48,958
<b>Total deferred inflows of resources</b>	<b>48,958</b>	<b>-</b>	<b>48,958</b>
<b>NET POSITION</b>			
Net investment in capital assets	2,019,922	158,550	2,178,472
Unrestricted	1,997,940	(227,254)	1,770,686
<b>Total net position</b>	<b>4,017,862</b>	<b>(68,704)</b>	<b>3,949,158</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 4,624,095</b>	<b>\$ 656,457</b>	<b>\$ 5,280,552</b>

**City of Arcata, California**

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

**Internal Service Funds**

**For the year ended June 30, 2024**

	<b>Central Garage Fund</b>	<b>Information Technology Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES:</b>			
Interdepartmental charges	\$ 1,600,664	\$ 609,329	\$ 2,209,993
<b>Total operating revenues</b>	<b>1,600,664</b>	<b>609,329</b>	<b>2,209,993</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	304,607	344,460	649,067
Contractual services	15,543	117,085	132,628
Materials and supplies	393,727	66,101	459,828
Repairs and maintenance	72,421	10,029	82,450
Insurance	148,874	-	148,874
Allocated overhead	46,472	8,992	55,464
Depreciation	332,254	72,828	405,082
<b>Total operating expenses</b>	<b>1,313,898</b>	<b>619,495</b>	<b>1,933,393</b>
<b>OPERATING INCOME (LOSS)</b>	<b>286,766</b>	<b>(10,166)</b>	<b>276,600</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Proceeds from the sale of capital assets	12,394	-	12,394
Interest revenue	107,309	8,963	116,272
Interest expense	-	(7,020)	(7,020)
<b>Total non-operating revenues (expenses)</b>	<b>119,703</b>	<b>1,943</b>	<b>121,646</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>406,469</b>	<b>(8,223)</b>	<b>398,246</b>
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>406,469</b>	<b>(8,223)</b>	<b>398,246</b>
<b>NET POSITION (DEFICIT):</b>			
Beginning of year	3,611,393	(60,481)	3,550,912
End of year	<b>\$ 4,017,862</b>	<b>\$ (68,704)</b>	<b>\$ 3,949,158</b>

**City of Arcata, California**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2024**

	<b>Central Garage Fund</b>	<b>Information Technology Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from interfund services provided	\$ 1,600,664	\$ 609,329	\$ 2,209,993
Cash paid to suppliers for goods and services	(672,762)	(194,572)	(867,334)
Cash paid to employees for services	(261,177)	(305,522)	(566,699)
<b>Net cash provided (used) by operating activities</b>	<b>666,725</b>	<b>109,235</b>	<b>775,960</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	(830,289)	-	(830,289)
Proceeds from the sale of capital assets	12,394	24,192	36,586
Principal paid on long-term debt	-	(63,070)	(63,070)
Interest paid on long-term debt	-	(7,020)	(7,020)
<b>Net cash (used) by capital and related financing activities</b>	<b>(817,895)</b>	<b>(45,898)</b>	<b>(863,793)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	107,309	8,963	116,272
<b>Net cash provided by investing activities</b>	<b>107,309</b>	<b>8,963</b>	<b>116,272</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(43,861)</b>	<b>72,300</b>	<b>28,439</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	2,461,964	216,432	2,678,396
End of year	<b>\$ 2,418,103</b>	<b>\$ 288,732</b>	<b>\$ 2,706,835</b>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 286,766	\$ (10,166)	\$ 276,600
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	332,254	72,828	405,082
Pension expense	29,116	35,597	64,713
(Increase) decrease in current assets:			
Inventory	5,920	-	5,920
Increase (decrease) in liabilities:			
Accounts payable	(1,645)	7,635	5,990
Accrued liabilities	1,121	(164)	957
Compensated absences	<b>13,193</b>	<b>3,505</b>	<b>16,698</b>
<b>Net cash provided by operating activities</b>	<b>\$ 666,725</b>	<b>\$ 109,235</b>	<b>\$ 775,960</b>

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

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**CITY OF ARCATA, CALIFORNIA**  
**SINGLE AUDIT REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**City of Arcata, California**  
**Single Audit Reports**  
**For the year ended June 30, 2024**

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**City of Arcata, California**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2024**

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 Coronavirus Response (CDBG-CV2)	14.228	20-CDBG-CV2-3-00213	\$ 136,588
Community Development Block Grant Coronavirus Response (CDBG-CV2)	14.228	20-CDBG-CV2-3-00212	15,392
Community Development Block Grant Coronavirus Response (CDBG-CV2)	14.228	22-CDBG-PL-20035	4,656
Community Development Block Grant Coronavirus Response (CDBG-CV2)	14.228	22-CDBG-ED-300442	182,396
Community Development Block Grant		Program Income	256,488
<i>Total for Community Development Block Grant</i>			<u>595,520</u>
HOME Investment Partnership Program	14.239	16-HOME-11386	322,808
HOME Investment Partnership Program	14.239	Program Income	28,097
<i>Total for HOME Investment Partnership Program</i>			<u>350,905</u>
<b>Total U.S. Department of Housing and Urban Development</b>			
<b>U.S. Department of the Interior</b>			
<i>Direct program:</i>			
US Fish and Wildlife	15.630		<u>52,634</u>
<b>Total U.S. Department of the Interior</b>			<u>52,634</u>
<b>U.S. Department of Transportation</b>			
<i>Pass through program from:</i>			
<i>State of California Department of Transportation</i>			
STIP Regional Improvement Program	20.205	RPSTPL-5021 (023)	101,175
STIP Regional Improvement Program	20.509	Project 0122000144	500,000
<b>Total U.S. Department of Transportation</b>			<u>601,175</u>
<b>U.S. Environmental Protection Agency</b>			
<i>Direct program:</i>			
Brownfields Assessment and Cleanup Cooperative Agreement	66.818		<u>9,143</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>9,143</u>
<b>U.S. Department of the Treasury</b>			
<i>Pass through program from:</i>			
<i>State of California Department of Housing and Community Development</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	21-HK-17183	1,450,029
<i>State of California Department of Finance</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-3272	1,749,257
<i>State of California Water Resources Control Board</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	A00099	325,293
<b>Total U.S. Department of the Treasury</b>			<u>3,524,579</u>
<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	<u>29,149</u>
<b>Total U.S. Department of Homeland Security - FEMA</b>			<u>29,149</u>
<b>Total Federal Expenditures</b>			<u>\$ 5,163,105</u>

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, 2024**

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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**

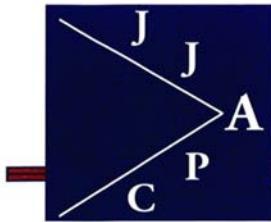
#### **Coronavirus State and Local Fiscal Recovery Funds (SLFRF) (CFDA #21.027)**

The purpose of the program is to provide direct payments to states, Tribal governments, metropolitan cities, counties, and non-entitlement units of local government to:

1. Respond to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including by providing assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that perform essential work or by providing grants to eligible employers that have eligible workers who are performing essential works;
3. Provide government services, to the extent of the reduction in revenue of the eligible entities due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the eligible entities prior to the emergency; and
4. Make necessary investments in water, sewer, or broadband infrastructure.

### **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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 20, 2025.

**Report on 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) as a basis for designing 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 City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Compliance and Other Matters**

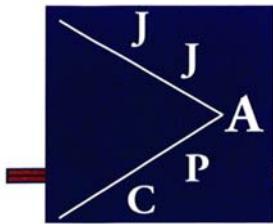
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

## **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.

March 20, 2025

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



**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**

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

We have audited the City of Arcata, California's (City) compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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.

In our opinion, the City complied, in all material respects, with the 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, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arcata as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated March 20, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

March 20, 2025

*JJACPA, Inc.*

**JJACPA, Inc.  
Dublin, CA**

**City of Arcata, California**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2024**

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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?	None reported
• 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>
21.027	Coronavirus State and Local Fiscal Recovery Funds

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, 2024**

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**Section II – Financial Statement Findings**

There are no current year financial statement findings.

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

There are no current year Federal award findings or questioned costs.

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

**Finding 2023-01 – Timeliness**

CFDA Title and Number: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Federal Agency: U.S. Department of Housing and Urban Development

Pass-through Entity: State of California Department of Housing and Community Development

Year: 2023

CFDA Title and Number: Coronavirus State and Local Fiscal Recovery Funds

Federal Agency: U.S. Department of the Treasury

Pass-through Entity: State of California Department of Housing and Community Development

Year: 2023

**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.

**City of Arcata, California**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the year ended June 30, 2024**

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

***Responsible Official's Response and Corrective Action Planned:*** Management will file the audited financial statements for the year ended June 30, 2023, as soon as possible. The City developed procedures, including a fiscal year-end closing schedule to assist in meeting the timeliness requirements of Section 200.512(a) of the Uniform Guidance. The City has identified the need for additional accounting staff hours to complete the procedures outlined in the fiscal year-end closing schedule.

***Status:*** Implemented