

**CITY OF ARCATA, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2023**



Prepared by:

**Tabatha Miller**  
Finance Director

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**City of Arcata, California  
Basic Financial Statements  
For the year ended June 30, 2023**

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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

**May 15, 2024**

*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, 2023. 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, 2023, 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, 2023, 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 2023, 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.

In Arcata in 2023, the total labor force is approximately 9,800. Unemployment in Arcata is approximately 7.4 percent.

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

For fiscal year 2023, the City's efforts were focused in the following areas.

*Resident and Community Health:*

Development of affordable housing and cooperative housing models with onsite services and support is a priority for the City. During the fiscal year, the City completed the second of two Project Homekey housing facilities which converted a hotel to 78 housing units with a priority for chronically homeless and homeless youth populations.

The City continued planning for 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.

By using American Rescue Plan Act (ARPA) funding the City was able to continue and expand the Mobile Intervention Services Team (MIST) program and focus on outreach projects to provide access to needed services. ARPA funds were also used for a Safe Parking program and Humboldt County agreed to fund the program so it will continue in fiscal year 2023-24.

*Sustainable Development:*

Economic Development – Promoting economic development (recruitment and retention of businesses) continues to be one of the City's key operational priorities. City staff continuously works to assist local businesses to provide loans for expansion and other economic development needs.

During this fiscal year, the City continued development of the Arcata Gateway including completion of the environmental impact report and anticipates adoption in fiscal year 2023-24.

*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 phase one of the Wastewater Treatment Plant Upgrade; conducted the annual streets paving program; completed phase 2 of the upgrade at Shay Park, completed the bike pump track at Redwood Park and nearly completed the new and much improved Redwood Park playground equipment; purchased and implemented two new electric buses and have nearly completed the Arcata Police Department radio upgrade project.

***Current Economic Conditions and Outlook***

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

When it adopted the fiscal year 2023-24 budget, the City increased its fiscal reserve policy which promotes maintaining fund balances or working capital balances of at least 30 percent of operating expenditures. The City Council also 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.

### ***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*

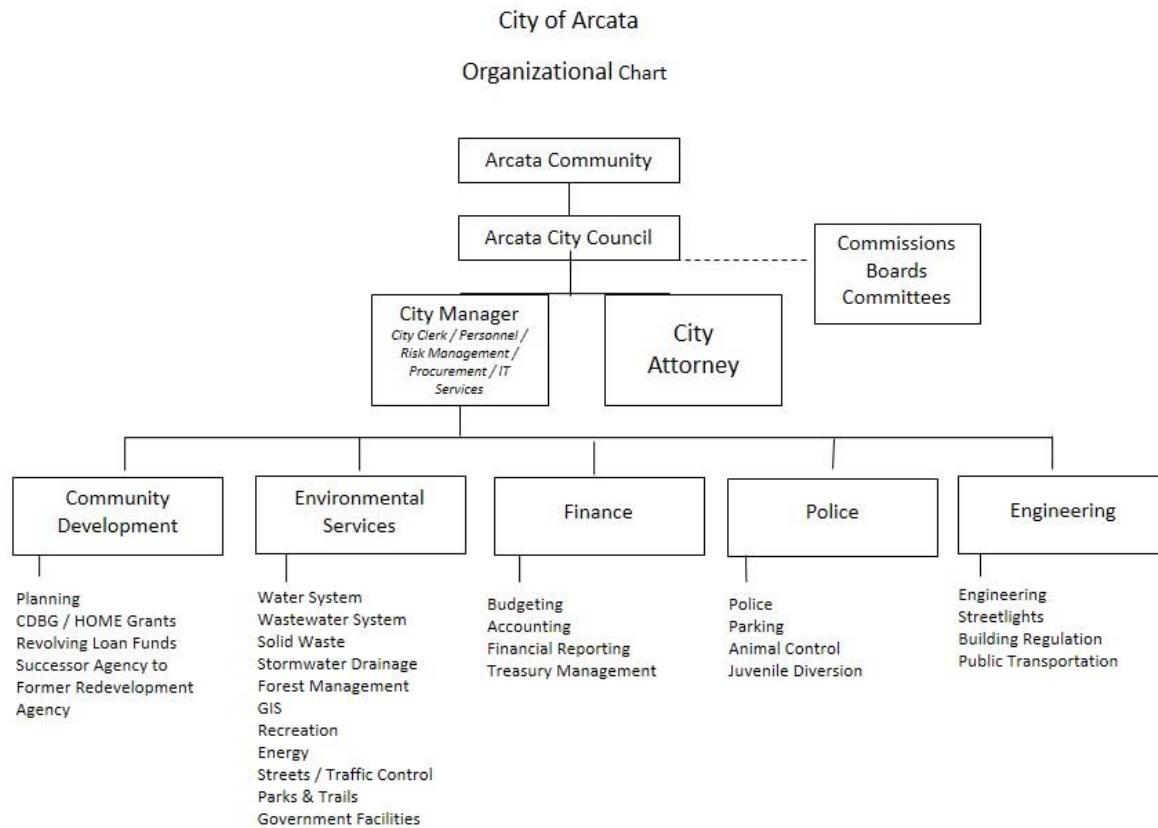
Tabatha Miller  
Finance Director

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**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

**Organization Chart**



**City of Arcata, California  
Basic Financial Statements  
For the year ended June 30, 2023**

**List of Officials**

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***CITY COUNCIL***

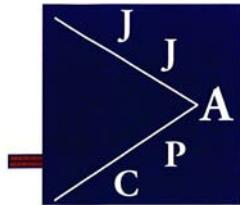
- Sarah Schaefer, Mayor
- Meredith Matthews, Vice Mayor
- Alexandra Stillman, Council Member
- Stacy Atkins-Salazar, Council Member
- Kimberley White, Council Member

***CITY OFFICIALS***

- Karen Diemer, City Manager
- Danette Demello, Assistant City Manager
- Tabatha Miller, Finance Director
- David Loya, Community Development Director
- Brian Ahearn, 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, the aggregate remaining fund information, and the budgetary comparison information of the City of Arcata (City), as of and for the year ended June 30, 2023, 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, the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2023, 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.

#### *Change in Accounting Principle*

As described in Note 1 to the financial statements, effective July 1, 2022, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

#### *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.

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

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.

### ***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 4–17, 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.

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

### ***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.

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 May 15, 2024 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.

May 15, 2024

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

**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, 2023. 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, 2023, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$128.6 million, an increase of \$14.4 million from the prior year. Of the total net position, \$79.7 million was invested in capital assets (net of related debt) and \$4.0 million had restrictions on use, leaving just under \$44.9 million as unrestricted.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by about \$22.0 million compared to the 2022 fiscal year. The largest portion, approximately \$13.4 million, of the increase was due to a significant increase in operating grants from continued state and federal pandemic and post-pandemic programs. The second largest portion was an increase of \$5.3 million from capital grants and contributions. Of the \$5.3 million, \$4.3 million is the first part of a multi-year grant from a \$64.8 million California Clean Water State Revolving Fund Grant to reconfigure the City's Wastewater Treatment facility. Charges for Services increased by about \$2.5 million primarily as a result of an increase in Wastewater rates and increased water usage over the prior year. General revenues and taxes remained relatively flat overall with the exception of Use of Money and Property, which increased by over \$900,000, due to increased interest rate earnings and changes in the market value of the City's investment holdings. Overall City-wide expenses increased by \$10.3 million. The largest grant project was the \$ 8.5 million to develop and open the West Village project, a 78-unit affordable housing facility with priorities for chronically homeless and homeless youth.
- ◆ The City's governmental funds increased net position by approximately \$4.6 million. The increase is the result of a net increase in revenues over expenditures. The governmental funds expenses increased as a result of spending the increased grant revenue in the Community development activity but the other governmental activities expenses experienced a net reduction from the 2022 fiscal year of \$1.8 million.
- ◆ The City's proprietary enterprise funds increased net position by \$9.8 million. This is the result of increased Charges for Services of \$2.4 million, primarily as a result of increased water and wastewater fees and increased water usage and the capital grant proceeds of \$5.2 million.
- ◆ The General Fund reported a fund balance of \$16.8 million at the end of the 2023 fiscal year, an increase of nearly \$2.0 million. This increase resulted from an increase in Intergovernmental Revenues, specifically the additional grant funds received for parks development and transportation projects.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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

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**FINANCIAL HIGHLIGHTS, Continued**

- ◆ The City also ended the fiscal year with \$14.3 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 a decrease of \$5.9 million from 2022 and primarily results from an increase in current and long-term liabilities of \$6.2 million.

**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, 2023**

**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, 2023**

**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, 2023, 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, 2023, 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, 2023**

**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 55–97 of this report. Required Supplementary Information follows the notes on pages 101–106.

**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 110–155 of this report.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

**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 nearly \$128.6 million as of June 30, 2023. The Summary of Net position as of June 30, 2023, and 2022, follows:

	Summary of Net Position					
	2023			2022		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 66,445,363	\$ 24,817,931	\$ 91,263,294	\$ 59,819,908	\$ 27,645,321	\$ 87,465,229
Noncurrent assets	36,364,961	45,955,236	82,320,197	35,897,618	30,265,996	66,163,614
Deferred outflows of resources	9,731,948	2,180,696	11,912,644	4,007,052	834,875	4,841,927
Total assets and deferred outflows of resources	112,542,272	72,953,863	185,496,135	99,724,578	58,746,192	158,470,770
Current and other liabilities	5,365,122	4,694,135	10,059,257	5,115,432	1,063,164	6,178,596
Long-term liabilities	29,130,599	7,852,648	36,983,247	18,405,855	5,155,703	23,561,558
Deferred inflows of resources	8,459,084	1,396,889	9,855,973	11,205,375	3,364,289	14,569,664
Total liabilities and deferred inflows of resources	42,954,805	13,943,672	56,898,477	34,726,662	9,583,156	44,309,818
Net position:						
Net invested in						
Capital Assets	34,968,161	44,740,928	79,709,089	34,227,768	28,961,863	63,189,631
Restricted	4,034,692	-	4,034,692	3,024,443	-	3,024,443
Unrestricted	30,584,614	14,269,263	44,853,877	27,745,705	20,201,173	47,946,878
<b>Total net position</b>	<b>\$ 69,587,467</b>	<b>\$ 59,010,191</b>	<b>\$ 128,597,658</b>	<b>\$ 64,997,916</b>	<b>\$ 49,163,036</b>	<b>\$ 114,160,952</b>

The City's total net position increased by more than \$14.4 million (\$4.6 million for governmental activities and \$9.8 million for business-type activities, respectively). Total city-wide assets increased by more than \$ 27.0 million, \$12.8 million in governmental activities and \$14.2 million in business-type activities. The increase in governmental activities' assets is due to an increase of more than \$6.2 million in current assets from revenues exceeding expenditures and an increase of more than \$5.7 million in deferred outflows of resources. For the business-type activities, this increase in net capital assets primarily results from the purchase and construction of capital assets in the amount of \$15.8 million. Total city-wide liabilities increased by \$12.6 million. Of this amount, the liabilities in governmental activities increased by more than \$8.2 million and the liabilities in business-type activities by just under \$4.4 million. The increase in liabilities is primarily due to increases in the actuarial amounts to be provided for pension and other post-employment benefits (OPEB) in future years.

The largest portion of the City's net assets, approximately 62.0%, 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.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

A portion of the City's net position, 3.1%, 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, \$30.6 million is held by governmental activities and \$14.3 million is held by business-type activities.

**Revenues**

The City's total revenues for governmental and business-type activities were \$58.7 million for the fiscal year ended June 30, 2023, an increase of \$22.0 million from the prior year. Significant revenues for the City for fiscal year 2022-23 were derived from charges for services (35.6%), operating grants and contributions (31.2%), and taxes (19.8%).

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

- 1. General Revenues – Taxes.** Annual receipts were nearly flat, down \$36,700 or 0.3%. Sales and use tax revenues decreased by \$244,000 compared to the prior year. Transient and Occupancy tax revenues also decreased by \$379,000. Utility Users Tax increased by \$181,000 and property taxes and assessments increased by \$470,000. Transient occupancy tax decreased due to the conversion of two hotels to affordable housing Homekey projects and the use of a third hotel as university student housing for CalPoly. The decrease in Sales taxes reflects an easing of the strong consumer impacts experienced just after lifting the shelter in place restrictions from the COVID-19 pandemic. The increase in utility users tax revenue was driven by higher and lower temperature shifts and increases in local utility rates, including the City's water and wastewater utilities.
- 2. Program Revenues- Grants and contributions.** Annual receipts increased by \$13.4 million or 270% for operating and capital grant revenues. The City recognized several large grants in 2023, including the \$8.5 Project Homekey grant for development of the 79-unit low-income housing project, \$1.4 million in American Rescue Plan Act (ARPA) funds, \$1.2 of California Infill and Infrastructure and \$4.3 million for the California State Revolving Fund grant to reconfigure the City's Wastewater Treatment Plant .
- 3. Program Revenues- Charges for Services.** Annual charges for services increased \$2.5 million or 14.4%, primarily in Business-type activities. Water revenue increased just under \$1.3 million or 23.5%, while a small portion of the increase was associated with the 1.5% increase in rates, the more significant increase was in usage due to warmer than normal temperatures during spring and summer months. Wastewater revenues increased 11.7% or \$847,000 and were primarily due to the 8.0% rate increase. Transit revenue increased by \$154,000 and was primarily due to increased contracts for bus services at the CalPoly University Campus. Solid waste and Stormwater revenues both experienced small decreases of \$6,200 decrease or 1.1% and \$1,080 or .3%, respectively.

**City of Arcata, California  
Basic Financial Statements  
For the year ended June 30, 2023**

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

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Expenses**

- ◆ Governmental and business-type activity expenses of the City for the year totaled just under \$44.3 million. This is an increase of \$10.3 million from the prior fiscal year. This resulted primarily from a \$11.7 million increase in grant funded expenditures related to Community Development, including the \$8.5 Homekey project, \$1.4 ARPA funded projects, \$1.2 million from a California Infill and Infrastructure and several smaller Community Development Block Grants.

Governmental activity expenses totaled \$31.9 million, or 72.2% of total expenses. Community Development programs represented 49.4% of total expenses, followed by Public safety at 20.9% of governmental activities expenses. Business-type activities incurred expenses of \$12.3 million, or 27.8% of total expenses during the fiscal year. Water and Wastewater expenses represent the bulk of the business-type activities at \$9.7 million or 79.2%.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The change in net position for the fiscal years ended June 30, 2023, and 2022 follows:

	Changes in Net Position					
	2023			2022		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,128,410	\$ 17,574,860	\$ 19,703,270	\$ 1,908,139	\$ 15,302,414	\$ 17,210,553
Grants and contributions:						
Operating	18,336,062	-	18,336,062	4,765,729	183,761	4,949,490
Capital	415,177	5,202,364	5,617,541	354,194	-	354,194
General revenues:						
Property taxes and assessments	2,295,010	-	2,295,010	1,824,621	-	1,824,621
Transient occupancy taxes	1,650,284	-	1,650,284	2,029,489	-	2,029,489
Sales and use tax	5,839,324	-	5,839,324	6,083,471	-	6,083,471
Franchise taxes	316,730	-	316,730	282,645	-	282,645
Utility users tax	1,211,738	-	1,211,738	1,030,498	-	1,030,498
Other taxes	310,514	-	310,514	409,580	-	409,580
Motor vehicle in lieu	2,054,077	-	2,054,077	1,941,133	-	1,941,133
Use of money and property	380,758	104,890	485,648	(160,224)	(275,385)	(435,609)
Other general	868,526	-	868,526	975,930	-	975,930
Total revenues	35,806,610	22,882,114	58,688,724	21,445,205	15,210,790	36,655,995
<b>Expenses:</b>						
Governmental activities:						
General government	3,188,127	-	3,188,127	4,427,490	-	4,427,490
Public safety	6,675,096	-	6,675,096	7,202,057	-	7,202,057
Public works	4,439,566	-	4,439,566	4,848,658	-	4,848,658
Community development	15,782,449	-	15,782,449	4,131,423	-	4,131,423
Parks and recreation	1,834,721	-	1,834,721	1,499,256	-	1,499,256
Interest and fiscal charges	29,188	-	29,188	30,938	-	30,938
Business-type activities:						
Water	-	4,775,859	4,775,859	-	4,731,744	4,731,744
Wastewater	-	4,964,061	4,964,061	-	4,608,417	4,608,417
Transit	-	1,457,981	1,457,981	-	1,409,161	1,409,161
Solid Waste	-	533,881	533,881	-	433,084	433,084
Stormwater	-	571,089	571,089	-	652,421	652,421
Total expenses	31,949,147	12,302,871	44,252,018	22,139,822	11,834,827	33,974,649
Excess (Deficiency) of revenues over expenditures before transfers	3,857,463	10,579,243	14,436,706	(694,617)	3,375,963	2,681,346
Transfers	732,088	(732,088)	-	(182,510)	182,510	-
Change in net position	4,589,551	9,847,155	14,436,706	(877,127)	3,558,473	2,681,346
Net position:						
Beginning of year	64,997,916	49,163,036	114,160,952	65,875,043	45,604,563	111,479,606
End of year	\$ 69,587,467	\$ 59,010,191	\$ 128,597,658	\$ 64,997,916	\$ 49,163,036	\$ 114,160,952

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

**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, 2023, and 2022, are as follows:

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,188,127	\$ 201,544	\$ 4,427,490	\$ (2,469,061)
Public safety	6,675,096	(5,905,985)	7,202,057	(6,551,472)
Public works	4,439,566	1,628,670	4,848,658	(1,879,812)
Community development	15,782,449	(5,516,739)	4,131,423	(3,001,782)
Parks and recreation	1,834,721	(1,447,800)	1,499,256	(1,178,695)
Interest and fiscal charges	29,188	(29,188)	30,938	(30,938)
Total	<u>\$ 31,949,147</u>	<u>\$ (11,069,498)</u>	<u>\$ 22,139,822</u>	<u>\$ (15,111,760)</u>

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

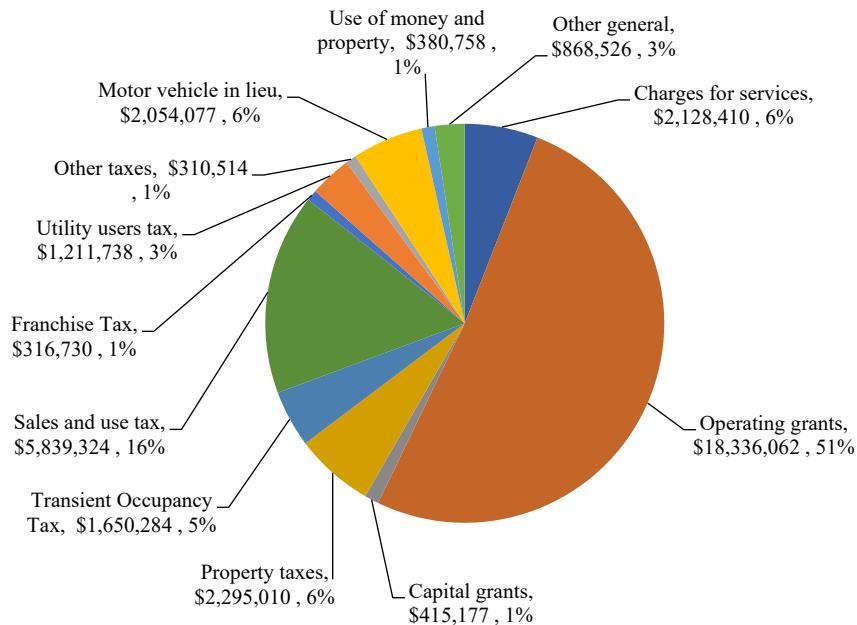
**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

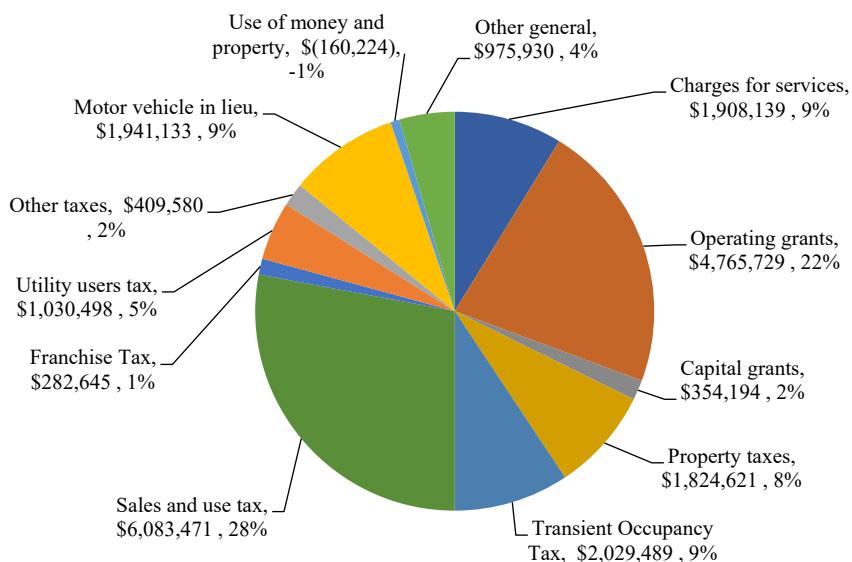
**Governmental Activities, continued**

Revenues by source for the fiscal years ended June 30, 2023, and 2022, are as follows:

**Revenues by Source - Governmental Activities 2023**



**Revenues by Source - Governmental Activities 2022**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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

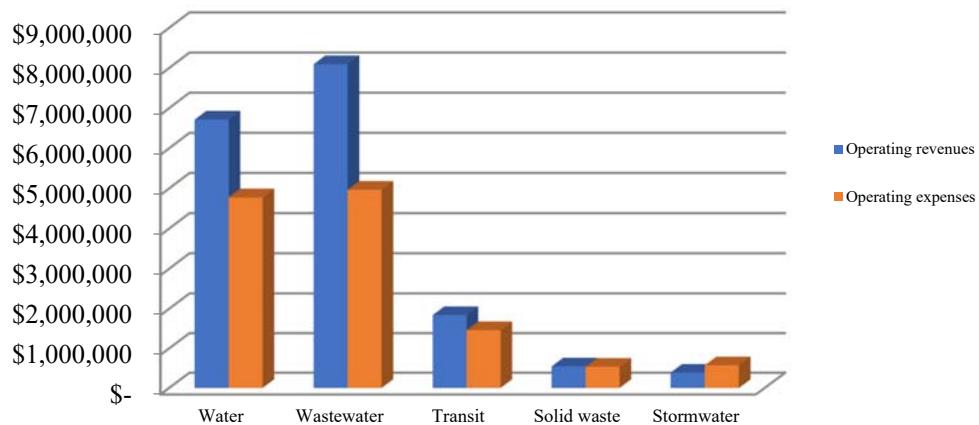
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

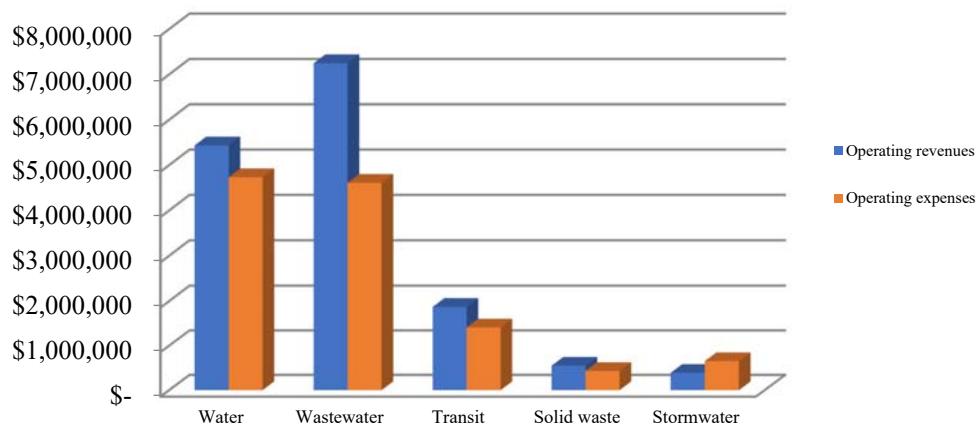
**Business-type Activities**

Business-type activities have increased the City's net position by \$9.8 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, 2023, and 2022, are as follows:

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



**Operating Revenues and Expenses  
Business-type Activities  
2022**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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

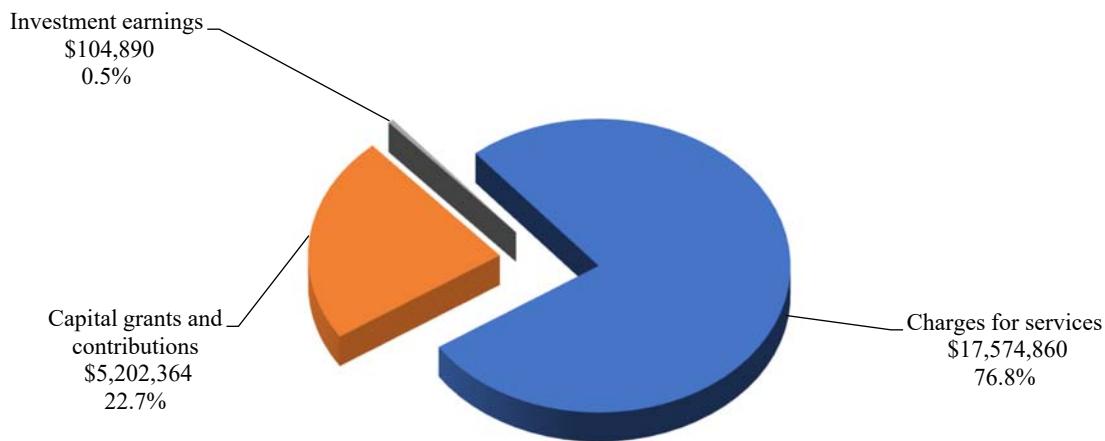
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

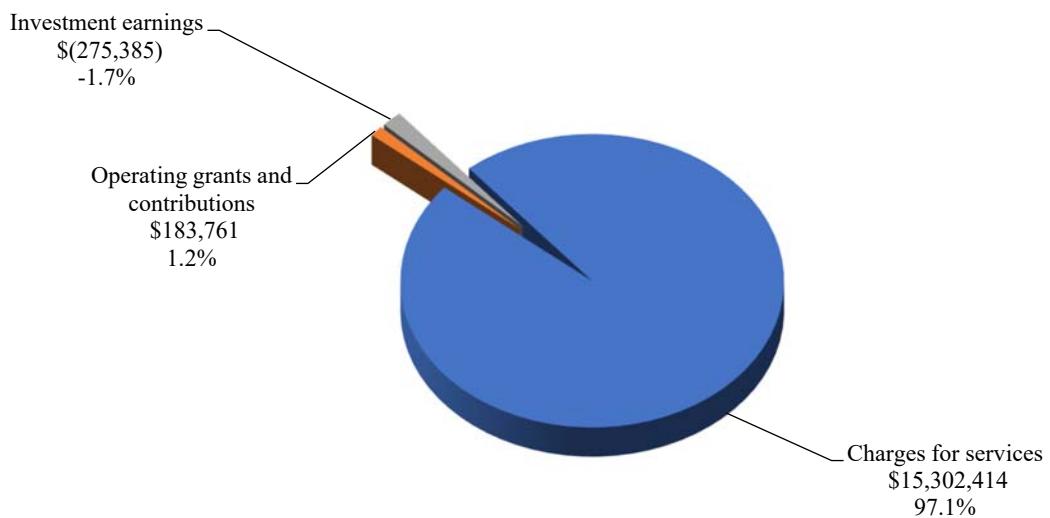
**Business-type Activities, continued**

The revenues by source for the business-type activities for the fiscal years ended June 30, 2023, and 2022, are as follows:

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



**Revenues by Source - Business-type Activities  
2022**



**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

**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, 2023, the City's governmental funds reported combined fund balances of \$27.9 million. This is an increase of nearly \$3.5 million or 14.1% from last year.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2023, General Fund unassigned fund balance totaled nearly \$16.8 million. This is an increase of \$1.9 million from the prior year. This is the result of revenues exceeding expenditures similar to the prior year. Both revenues and expenditures increased in fiscal year 2023, \$2.9 million and just over \$ 3 million, respectively. The largest increase in revenue of nearly \$1.6 million was from Community Development grants and the second largest increase of \$631,000 was from reimbursement revenue, the result of reimbursement of cost from outside sources and the Enterprise Funds. Other tax revenue and fees increased modestly at \$410,000 or 3.2%.

Proprietary funds. The City also ended the fiscal year with \$14.3 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 a decrease of approximately \$5.9 million from 2022 and primarily results from the increased investment in capital assets, the largest of which is the Reconfiguration of the Wastewater Treatment Plant, a multi-year \$65 million project.

**General Fund Budgetary Highlights**

The difference between the final budget and actual revenues was less than budget by nearly \$1.9 million or 8.6% of budget. This was mainly due to grants or Intergovernmental Revenue 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 \$5.4 million. 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, 2023**

**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, 2023, amount to \$82.3 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	
	2023	2022	2023	2022	2023	2022
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	10,234,654	10,524,311	10,324,679	10,614,336
Buildings and structures	4,713,219	5,023,584	1,232,442	1,461,253	5,945,661	6,484,837
Furniture and equipment	583,813	648,137	490,502	445,707	1,074,315	1,093,844
Other Improvements	8,376,619	7,940,966	24,002,641	9,420,263	32,379,260	17,361,229
Infrastructure	3,895,699	4,044,683	-	-	3,895,699	4,044,683
Vehicles	1,228,211	921,402	2,394,110	806,920	3,622,321	1,728,322
Right-to-use equipment	90,441	-	-	-	90,441	-
Right-to-use asset (SBITA)	158,113	-	-	-	158,113	-
<b>Total</b>	<b>\$ 36,364,961</b>	<b>\$ 35,897,618</b>	<b>\$ 45,923,928</b>	<b>\$ 30,228,033</b>	<b>\$ 82,288,889</b>	<b>\$ 66,125,651</b>

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, 2023, 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	
	2023	2022	2023	2022	2023	2022
2015 Refunding of 2008 Lease	\$ 681,800	\$ 724,850	\$ 1,266,200	\$ 1,346,150	\$ 1,948,000	\$ 2,071,000
CalPERS UAL Debt	715,000	945,000	-	-	715,000	945,000
Lease payable	88,859	-	-	-	88,859	-
Subscription payable	131,321	-	-	-	131,321	-
2015 Refunding of 2008 Loan	-	-	-	178,000	-	178,000
Compensated absences	498,850	586,429	149,074	174,062	647,924	760,491
<b>Total</b>	<b>\$ 2,115,830</b>	<b>\$ 2,256,279</b>	<b>\$ 1,415,274</b>	<b>\$ 1,698,212</b>	<b>\$ 3,531,104</b>	<b>\$ 3,954,491</b>

**City of Arcata, California  
Basic Financial Statements  
For the year ended June 30, 2023**

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

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

The budget for Fiscal Year 2023-24, adopted on June 21, 2023, 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 high levels for Fiscal Year 2023-24.

The City also entered year four of a five-year rate increase for water and wastewater service fee revenues. Water rate increase was implemented effective July 1, 2020, and wastewater increase was implemented effective January 1, 2021. Water and Wastewater increases were implemented on July 1, 2023, and planned for July 1, 2024. The increases are to assist in covering the respective funds' operational, capital, and future debt service costs.

**Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

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**City of Arcata, California**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 30,920,330	\$ 18,715,002	\$ 49,635,332
Restricted cash and investments	2,782,269	-	2,782,269
Receivables:			
Accounts	5,458,239	6,109,210	11,567,449
Loans/Notes receivable	26,755,882	-	26,755,882
Internal balances	190,439	(190,439)	-
Due from Successor Agency	179,547	-	179,547
Prepaid items	29,253	-	29,253
Inventory	129,404	180,130	309,534
Deposit	-	4,028	4,028
<b>Total current assets</b>	<b>66,445,363</b>	<b>24,817,931</b>	<b>91,263,294</b>
<b>Noncurrent assets:</b>			
Prepaid issuance costs	-	31,308	31,308
Capital assets:			
Nondepreciable	17,318,846	7,569,579	24,888,425
Depreciable	19,046,115	38,354,349	57,400,464
<b>Total noncurrent assets</b>	<b>36,364,961</b>	<b>45,955,236</b>	<b>82,320,197</b>
<b>Total assets</b>	<b>102,810,324</b>	<b>70,773,167</b>	<b>173,583,491</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB	2,217,245	-	2,217,245
Pension Plan	7,514,703	2,180,696	9,695,399
<b>Total assets and deferred outflows of resources</b>	<b>\$ 112,542,272</b>	<b>\$ 72,953,863</b>	<b>\$ 185,496,135</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 2,136,321	\$ 4,425,982	\$ 6,562,303
Interest payable	-	1,993	1,993
Deposits payable	27,704	145,692	173,396
Compensated absences - current portion	252,964	37,268	290,232
Other liabilities	2,638,295	-	2,638,295
Due within one year	309,838	83,200	393,038
<b>Total current liabilities</b>	<b>5,365,122</b>	<b>4,694,135</b>	<b>10,059,257</b>
<b>Noncurrent liabilities:</b>			
Long-term liabilities:			
Compensated absences	245,886	111,806	357,692
Due after one year	1,307,142	1,183,000	2,490,142
Net OPEB liability	5,944,724	-	5,944,724
Net pension liability	21,632,847	6,557,842	28,190,689
<b>Total noncurrent liabilities</b>	<b>29,130,599</b>	<b>7,852,648</b>	<b>36,983,247</b>
<b>Total liabilities</b>	<b>34,495,721</b>	<b>12,546,783</b>	<b>47,042,504</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB	887,224	-	887,224
Pension Plan	3,340,650	1,325,464	4,666,114
Unavailable revenue	4,231,210	71,425	4,302,635
<b>Total defered inflows of resources</b>	<b>8,459,084</b>	<b>1,396,889</b>	<b>9,855,973</b>
<b>NET POSITION</b>			
Net investment in capital assets	34,968,161	44,740,928	79,709,089
Restricted	4,034,692	-	4,034,692
Unrestricted	30,584,614	14,269,263	44,853,877
<b>Total net position</b>	<b>69,587,467</b>	<b>59,010,191</b>	<b>128,597,658</b>
<b>Total liabilities, defered inflows of resources and net position</b>	<b>\$ 112,542,272</b>	<b>\$ 72,953,863</b>	<b>\$ 185,496,135</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, 2023**

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 3,188,127	\$ 172,107	\$ 3,217,314	\$ 250	
Public safety	6,675,096	133,790	635,321	-	
Public works	4,439,566	988,935	4,664,374	414,927	
Community development	15,782,449	525,279	9,740,431	-	
Parks and recreation	1,834,721	308,299	78,622	-	
Interest and fiscal charges	29,188	-	-	-	
Total governmental activities	31,949,147	2,128,410	18,336,062	415,177	
Business-type activities:					
Water	4,775,859	6,712,853	-	-	
Wastewater	4,964,061	8,092,784	-	4,282,679	
Transit	1,457,981	1,839,638	-	914,685	
Solid waste	533,881	543,058	-	5,000	
Stormwater utility	571,089	386,527	-	-	
Total business-type activities	12,302,871	17,574,860	-	5,202,364	
<b>Total primary government</b>	<b>\$ 44,252,018</b>	<b>\$ 19,703,270</b>	<b>\$ 18,336,062</b>	<b>\$ 5,617,541</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:

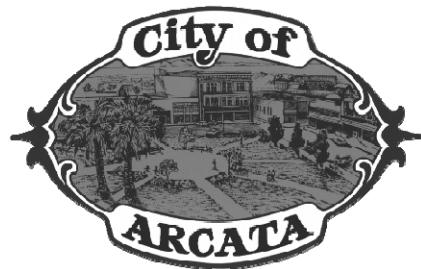
- Beginning of year
- End of year

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>
\$ 201,544	\$ -	\$ 201,544
(5,905,985)	-	(5,905,985)
1,628,670	-	1,628,670
(5,516,739)	-	(5,516,739)
(1,447,800)	-	(1,447,800)
(29,188)	-	(29,188)
<u>(11,069,498)</u>	<u>-</u>	<u>(11,069,498)</u>
 - 1,936,994	 - 7,411,402	 1,936,994
- 1,296,342	- 14,177	1,296,342
- (184,562)	<u>10,474,353</u>	<u>(184,562)</u>
<u>(11,069,498)</u>	<u>10,474,353</u>	<u>(595,145)</u>
 2,295,010	 - 2,054,077	 2,295,010
1,650,284	380,758	1,650,284
5,839,324	868,526	5,839,324
316,730	-	316,730
1,211,738	14,926,961	1,211,738
310,514	732,088	310,514
<u>2,054,077</u>	<u>104,890</u>	<u>2,054,077</u>
<u>380,758</u>	<u>(732,088)</u>	<u>485,648</u>
<u>868,526</u>	<u>(627,198)</u>	<u>868,526</u>
<u>14,926,961</u>	<u>104,890</u>	<u>15,031,851</u>
<u>732,088</u>	<u>(627,198)</u>	<u>-</u>
<u>15,659,049</u>	<u>9,847,155</u>	<u>15,031,851</u>
 4,589,551	 64,997,916	 14,436,706
<u>4,589,551</u>	<u>64,997,916</u>	<u>14,436,706</u>
 \$ 69,587,467	 \$ 59,010,191	 \$ 128,597,658

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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, 2023

	<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	\$ 15,516,482	\$ -	\$ 308,899
Restricted cash and investments	-	-	-
Receivables:			
Taxes	565,916	-	-
Interest	263,552	-	-
Intergovernmental	3,389,916	-	-
Loans/Notes receivable	-	8,248,532	11,258,515
Other receivable	4,731	80,342	-
Due from other funds	1,672,249	401,647	-
Due from Successor Agency	35	-	-
Inventory	900	-	-
Prepaid items	-	-	29,253
<b>Total assets</b>	<b>\$ 21,413,781</b>	<b>\$ 8,730,521</b>	<b>\$ 11,596,667</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 884,407	\$ 2,725	\$ 567
Due to other funds	1,016,757	366	-
Deposits payable	-	-	-
Other liabilities	2,638,295	-	-
<b>Total liabilities</b>	<b>4,539,459</b>	<b>3,091</b>	<b>567</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	121,142	8,248,532	11,258,997
<b>Total deferred inflows of resources:</b>	<b>121,142</b>	<b>8,248,532</b>	<b>11,258,997</b>
<b>Total Liabilities and deferred inflows</b>	<b>4,660,601</b>	<b>8,251,623</b>	<b>11,259,564</b>
<b>Fund balances:</b>			
Nonspendable	900	-	29,253
Restricted	-	478,898	307,850
Assigned	-	-	-
Unassigned (Deficit)	16,752,280	-	-
<b>Total fund balances</b>	<b>16,753,180</b>	<b>478,898</b>	<b>337,103</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 21,413,781</b>	<b>\$ 8,730,521</b>	<b>\$ 11,596,667</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>	
\$ 1,037,578	206,218	\$ 878,434	\$ 10,294,323	\$ 28,241,934	
-			2,782,269	2,782,269	
-	-	-	5,358	571,274	
-	-	-	-	263,552	
-	-	114,717	1,028,652	4,533,285	
3,117,158	4,009,264	-	122,413	26,755,882	
4,687	-	-	368	90,128	
293,863	69,376	-	-	2,437,135	
-			179,512	179,547	
-	-	1,631	99,304	101,835	
-	-	-	-	29,253	
<b>\$ 4,453,286</b>	<b>\$ 4,284,858</b>	<b>\$ 994,782</b>	<b>\$ 14,512,199</b>	<b>\$ 65,986,094</b>	
\$ -	\$ 1,762	\$ 106,520	\$ 1,088,731	\$ 2,084,712	
-	-	-	1,229,573	2,246,696	
-	-	-	27,704	27,704	
-	-	-	-	2,638,295	
-	1,762	106,520	2,346,008	6,997,407	
3,117,160	4,134,264	-	4,234,480	31,114,575	
3,117,160	4,134,264	-	4,234,480	31,114,575	
3,117,160	4,136,026	106,520	6,580,488	38,111,982	
-	-	1,631	99,304	131,088	
-	-	886,631	2,361,313	4,034,692	
1,336,126	148,832	-	5,799,657	7,284,615	
-	-	-	(328,563)	16,423,717	
1,336,126	148,832	888,262	7,931,711	27,874,112	
<b>\$ 4,453,286</b>	<b>\$ 4,284,858</b>	<b>\$ 994,782</b>	<b>\$ 14,512,199</b>	<b>\$ 65,986,094</b>	

# City of Arcata, California

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

June 30, 2023

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**Total fund balances - total governmental funds** \$ 27,874,112

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. 34,587,504

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	\$ (472,460)
Due within one year	(246,800)
Due after one year	(1,150,000)
Net OPEB obligation	(5,944,724)
Net pension liability	<u>(20,666,195)</u> (28,480,179)

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. 26,883,365

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

Deferred outflows - OPEB	2,217,245
Deferred outflows - Pension	7,514,703
Deferred inflows - OPEB	(887,224)
Deferred inflows - Pension	<u>(3,340,650)</u> 5,504,074

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	2,705,965
Noncurrent assets	1,777,457
Accounts payable and accrued liabilities	(129,050)
Noncurrent liabilities	<u>(1,135,781)</u> 3,218,591
<b>Net Position of governmental activities</b>	<u><u>\$ 69,587,467</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, 2023

	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	\$ 28,241,934	\$ -	\$ -	\$ 2,678,396	\$ 30,920,330
Restricted cash and investments	2,782,269	-	-	-	2,782,269
Receivables:					
Taxes	571,274	-	-	-	571,274
Interest	263,552	-	-	-	263,552
Intergovernmental	4,533,285	-	-	-	4,533,285
Loans/Notes receivable	26,755,882	-	-	-	26,755,882
Other receivable	90,128	-	-	-	90,128
Due from other funds	2,437,135	(2,437,135)	-	-	-
Due from Successor Agency	179,547	-	-	-	179,547
Internal balances	-	190,439	-	-	190,439
Prepaid items	29,253	-	-	-	29,253
Inventory	101,835	-	-	27,569	129,404
<b>Total current assets</b>	<b>65,986,094</b>	<b>(2,246,696)</b>	<b>-</b>	<b>2,705,965</b>	<b>66,445,363</b>
<b>Noncurrent assets:</b>					
Capital assets, net	-	-	34,587,504	1,777,457	36,364,961
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>34,587,504</b>	<b>1,777,457</b>	<b>36,364,961</b>
<b>Total assets</b>	<b>65,986,094</b>	<b>(2,246,696)</b>	<b>34,587,504</b>	<b>4,483,422</b>	<b>102,810,324</b>
<b>Deferred outflows of resources:</b>					
OPEB	-	-	2,217,245	-	2,217,245
Pension Plan	-	-	7,116,205	398,498	7,514,703
<b>Total assets and deferred outflows of resources</b>	<b>\$ 65,986,094</b>	<b>\$ (2,246,696)</b>	<b>\$ 43,920,954</b>	<b>\$ 4,881,920</b>	<b>\$ 112,542,272</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 2,084,712	\$ -	\$ -	\$ 51,609	\$ 2,136,321
Due to other funds	2,246,696	(2,246,696)	-	-	-
Deposits payable	27,704	-	-	-	27,704
Compensated absences - current portion	-	-	238,561	14,403	252,964
Other liabilities	2,638,295	-	-	-	2,638,295
Due within one year	-	-	246,800	63,038	309,838
<b>Total current liabilities</b>	<b>6,997,407</b>	<b>(2,246,696)</b>	<b>485,361</b>	<b>129,050</b>	<b>5,365,122</b>
<b>Noncurrent liabilities:</b>					
Long-term liabilities:					
Compensated absences	-	-	233,899	11,987	245,886
Due after one year	-	-	1,150,000	157,142	1,307,142
Net OPEB liability	-	-	5,944,724	-	5,944,724
Net pension liability	-	-	20,666,195	966,652	21,632,847
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>27,994,818</b>	<b>1,135,781</b>	<b>29,130,599</b>
<b>Total liabilities</b>	<b>6,997,407</b>	<b>(2,246,696)</b>	<b>28,480,179</b>	<b>1,264,831</b>	<b>34,495,721</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	31,114,575	-	(26,883,365)	-	4,231,210
OPEB	-	-	887,224	-	887,224
Pension plan	-	-	3,274,473	66,177	3,340,650
<b>Total liabilities and deferred inflows of resources:</b>	<b>38,111,982</b>	<b>(2,246,696)</b>	<b>5,758,511</b>	<b>1,331,008</b>	<b>42,954,805</b>
<b>FUND BALANCES/NET POSITION</b>					
<b>Fund balances:</b>					
Nonspendable	131,088	(131,088)	-	-	-
Restricted	4,034,692	(4,034,692)	-	-	-
Assigned	7,284,615	(7,284,615)	-	-	-
Unassigned (deficit)	16,423,717	(16,423,717)	-	-	-
<b>Net position:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net investment in capital assets	-	-	33,190,704	1,777,457	34,968,161
Restricted	-	-	4,034,692	-	4,034,692
Unrestricted	-	27,874,112	937,047	1,773,455	30,584,614
<b>Total fund balances/net position</b>	<b>27,874,112</b>	<b>-</b>	<b>38,162,443</b>	<b>3,550,912</b>	<b>69,587,467</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 65,986,094</b>	<b>\$ (2,246,696)</b>	<b>\$ 43,920,954</b>	<b>\$ 4,881,920</b>	<b>\$ 112,542,272</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, 2023

	Major Funds		
	General Fund	CDBG Housing Special Revenue	Housing Revolving Special Revenue
<b>REVENUES:</b>			
Taxes and assessments	\$ 11,417,457	\$ -	\$ -
Licenses and permits	661,479	-	-
Fines and forfeitures	192,471	-	-
Intergovernmental	4,243,668	-	-
Use of money and property	236,611	340,703	146,153
Charges for services	840,695	-	-
Reimbursements	2,185,103	-	-
Other revenues	41,192	-	-
<b>Total revenues</b>	<b>19,818,676</b>	<b>340,703</b>	<b>146,153</b>
<b>EXPENDITURES:</b>			
Current:			
General government	3,255,294	-	-
Public safety	6,372,892	-	-
Public works	2,746,614	-	-
Community development	2,507,224	806,024	94,115
Parks and recreation	1,431,142	-	-
Capital outlay	570,880	-	-
Debt service:			
Principal	43,050	-	-
Interest and fiscal charges	29,188	-	-
<b>Total expenditures</b>	<b>16,956,284</b>	<b>806,024</b>	<b>94,115</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,862,392</b>	<b>(465,321)</b>	<b>52,038</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	36,755	-	-
Transfers out	(966,381)	-	-
<b>Total other financing sources (uses)</b>	<b>(929,626)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,932,766</b>	<b>(465,321)</b>	<b>52,038</b>
<b>FUND BALANCES:</b>			
Beginning of year	14,820,414	944,219	285,065
End of year	<b>\$ 16,753,180</b>	<b>\$ 478,898</b>	<b>\$ 337,103</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		
\$ -	\$ -	\$ -	\$ 37,571	\$ 11,455,028		
-	-	-	15,552	677,031		
-	-	-	21,010	213,481		
		896,691	13,127,217	18,267,576		
36,234	80,278	3,037	402,036	1,245,052		
-	-	-	-	840,695		
-	-	-	-	2,185,103		
	23,043	-	1,272,022	1,336,257		
<u>36,234</u>	<u>103,321</u>	<u>899,728</u>	<u>14,875,408</u>	<u>36,220,223</u>		
-	-	-	4,706	3,260,000		
-	-	-	696,166	7,069,058		
-	-	1,213,190	833,762	4,793,566		
-	90,706	-	11,291,756	14,789,825		
-	-	-	419,120	1,850,262		
-	-	133,739	-	704,619		
-	-	-	-	43,050		
-	-	-	-	29,188		
<u>-</u>	<u>90,706</u>	<u>1,346,929</u>	<u>13,245,510</u>	<u>32,539,568</u>		
<u>36,234</u>	<u>12,615</u>	<u>(447,201)</u>	<u>1,629,898</u>	<u>3,680,655</u>		
-	-	1,035,000	283,000	1,354,755		
<u>-</u>	<u>-</u>	<u>-</u>	<u>(616,561)</u>	<u>(1,582,942)</u>		
-	-	1,035,000	(333,561)	(228,187)		
<u>36,234</u>	<u>12,615</u>	<u>587,799</u>	<u>1,296,337</u>	<u>3,452,468</u>		
<u>1,299,892</u>	<u>136,217</u>	<u>300,463</u>	<u>6,635,374</u>	<u>24,421,644</u>		
<u>\$ 1,336,126</u>	<u>\$ 148,832</u>	<u>\$ 888,262</u>	<u>\$ 7,931,711</u>	<u>\$ 27,874,112</u>		

# City of Arcata, California

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

For the year ended June 30, 2023

Functions/Programs	Compensated				Capital				Government-wide					
	Fund Based		Absences/		Asset									
	Debt	Internal Service	Depreciation	Retirements	OPEB	Pension	Unavailable	UAL						
Totals	Service	Service			Obligation	Plan	Revenue	Debt						
<b>Governmental activities:</b>														
General government	\$ 3,260,000	\$ (81,219)	\$ (518,268)	\$ 252,953	\$ -	\$ 509,317	\$ (211,049)	\$ -	\$ (23,607)	\$ 3,188,127				
Public safety	7,069,058	-	-	114,867	-	-	(457,641)	-	(51,188)	6,675,096				
Public works	4,793,566	-	-	159,057	(168,017)	-	(310,329)	-	(34,711)	4,439,566				
Community development	14,789,825	-	-	399,481	-	-	(957,473)	1,657,712	(107,096)	15,782,449				
Parks and recreation	1,850,262	-	-	117,640	-	-	(119,783)	-	(13,398)	1,834,721				
Capital outlay	704,619	-	-	-	(704,619)	-	-	-	-	-				
Debt service/Interest	<u>72,238</u>	<u>(43,050)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,188</u>			
<b>Total governmental activities</b>	<b>\$ 32,539,568</b>	<b>\$ (124,269)</b>	<b>\$ (518,268)</b>	<b>\$ 1,043,998</b>	<b>\$ (872,636)</b>	<b>\$ 509,317</b>	<b>\$ (2,056,275)</b>	<b>\$ 1,657,712</b>	<b>\$ (230,000)</b>	<b>\$ 31,949,147</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, 2023**

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<b>Net change in fund balances - total governmental funds</b>	\$ 3,452,468
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital asset purchases capitalized	\$ 872,636
Disposal of capital assets	-
Depreciation expense	<u>(1,043,998)</u> (171,362)

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.

(2,071,325)

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	43,050
CalPERS UAL Debt	<u>230,000</u> 273,050

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences	81,219
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Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Position:

Net OPEB obligation	(509,317)
Pension Plan	<u>2,056,275</u> 1,546,958

Internal services funds are used by management to charge the costs of certain activities, such as central garage, to individual funds. The change in Net Position of the Internal Service Funds is included in the governmental activities in the government-wide Statement of Net Position less transfers and depreciation.

1,478,543

**Change in Net Position of governmental activities**

\$ 4,589,551

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

**City of Arcata, California**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - Major Funds**  
**For the year ended June 30, 2023**

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	<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	\$ 10,258,525	\$ 10,583,525	\$ 11,417,457	\$ 833,932	
Licenses and permits	665,000	618,000	661,479	43,479	
Fines and forfeitures	100,000	150,000	192,471	42,471	
Intergovernmental	6,559,566	6,913,415	4,243,668	(2,669,747)	
Use of money and property	39,000	51,000	236,611	185,611	
Charges for services	1,010,195	928,503	840,695	(87,808)	
Reimbursements	2,265,872	2,406,402	2,185,103	(221,299)	
Other revenues	8,700	24,000	41,192	17,192	
<b>Total revenues</b>	<b>20,906,858</b>	<b>21,674,845</b>	<b>19,818,676</b>	<b>(1,856,169)</b>	
<b>EXPENDITURES:</b>					
Current:					
General government	3,702,702	3,677,362	3,255,294	422,068	
Public safety	7,070,925	7,149,756	6,372,892	776,864	
Public works	5,541,957	4,902,303	2,746,614	2,155,689	
Community development	1,321,545	2,738,339	2,507,224	231,115	
Parks and recreation	1,475,786	1,654,450	1,431,142	223,308	
Capital outlay	1,919,163	2,126,444	570,880	1,555,564	
Debt service:					
Principal	43,050	43,050	43,050	-	
Interest and fiscal charges	30,081	30,081	29,188	893	
<b>Total expenditures</b>	<b>21,105,209</b>	<b>22,321,785</b>	<b>16,956,284</b>	<b>5,365,501</b>	
<b>REVENUES OVER (UNDER)</b> <b>EXPENDITURES</b>	<b>(198,351)</b>	<b>(646,940)</b>	<b>2,862,392</b>	<b>3,509,332</b>	
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer from fiduciary activities	-	-	-	-	
Transfers in	7,000	7,000	36,755	29,755	
Transfers out	(492,650)	(810,837)	(966,381)	(155,544)	
<b>Total other financing sources (uses)</b>	<b>(485,650)</b>	<b>(803,837)</b>	<b>(929,626)</b>	<b>(125,789)</b>	
<b>Net change in fund balances</b>	<b>(684,001)</b>	<b>(1,450,777)</b>	<b>1,932,766</b>	<b>3,383,543</b>	
<b>FUND BALANCES:</b>					
Beginning of year	14,820,414	14,820,414	14,820,414	-	
End of year	<b>\$ 14,136,413</b>	<b>\$ 13,369,637</b>	<b>\$ 16,753,180</b>	<b>\$ 3,383,543</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)	
\$	\$	\$	\$		\$	\$	\$	\$	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
300,000	360,000	340,703	(19,297)		115,000	118,000	146,153	28,153	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
300,000	360,000	340,703	(19,297)		115,000	118,000	146,153	28,153	
<hr/>									
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
138,234	138,235	806,024	(667,789)		105,000	170,000	94,115	75,885	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
138,234	138,235	806,024	(667,789)		105,000	170,000	94,115	75,885	
<hr/>									
161,766	221,765	(465,321)	(687,086)		10,000	(52,000)	52,038	104,038	
<hr/>									
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
161,766	221,765	(465,321)	(687,086)		10,000	(52,000)	52,038	104,038	
<hr/>									
944,219	944,219	944,219	-		285,065	285,065	285,065	-	
\$ 1,105,985	\$ 1,165,984	\$ 478,898	\$ (687,086)		\$ 295,065	\$ 233,065	\$ 337,103	\$ 104,038	

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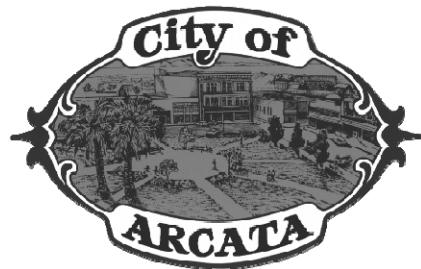
**City of Arcata, California**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - Major Funds**  
**For the year ended June 30, 2023**

<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	25,000	25,000	36,234	11,234	11,234
Charges for services	-	-	-	-	-
Reimbursements	-	-	-	-	-
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>25,000</b>	<b>25,000</b>	<b>36,234</b>	<b>11,234</b>	<b>11,234</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community development	25,000	25,000	-	25,000	25,000
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>25,000</b>	<b>25,000</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>36,234</b>	<b>36,234</b>	<b>36,234</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer from fiduciary activities	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>36,234</b>	<b>36,234</b>	<b>36,234</b>
<b>FUND BALANCES:</b>					
Beginning of year	1,299,892	1,299,892	1,299,892	-	-
End of year	<b>\$ 1,299,892</b>	<b>\$ 1,299,892</b>	<b>\$ 1,336,126</b>	<b>\$ 36,234</b>	<b>\$ 36,234</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)
\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	908,728	879,461	896,691	-
12,000	57,000	80,278	23,278	-	-	3,037	3,037
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,000	25,000	23,043	-	-	-	-	-
27,000	82,000	103,321	23,278	908,728	879,461	899,728	3,037
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,422,333	1,424,834	1,213,190	-
11,856	50,856	90,706	(39,850)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	520,000	531,228	133,739	-
-	-	-	-	-	-	-	-
11,856	50,856	90,706	(39,850)	1,942,333	1,956,062	1,346,929	-
15,144	31,144	12,615	(18,529)	(1,033,605)	(1,076,601)	(447,201)	629,400
-	-	-	-	-	-	-	-
-	-	-	-	1,035,000	1,035,000	1,035,000	-
-	-	-	-	-	-	-	-
-	-	-	-	1,035,000	1,035,000	1,035,000	-
15,144	31,144	12,615	(18,529)	1,395	(41,601)	587,799	629,400
136,217	136,217	136,217	-	-	-	300,463	-
\$ 151,361	\$ 167,361	\$ 148,832	\$ (18,529)	\$ 1,395	\$ (41,601)	\$ 888,262	\$ 629,400

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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, 2023**

	<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	\$ 11,953,572	\$ 5,596,897	\$ 200	\$ 828,237
Receivables:				
Accounts	500,026	683,014	247	34,517
Intergovernmental	-	4,280,517	486,421	824
Interest	-	-	-	-
Inventory	160,521	17,665	-	-
Deposit	2,014	2,014	-	-
<b>Total current assets</b>	<b>12,616,133</b>	<b>10,580,107</b>	<b>486,868</b>	<b>863,578</b>
<b>Noncurrent assets:</b>				
Prepaid debt issuance costs	31,308	-	-	-
Capital assets, net	4,495,605	30,320,698	3,136,685	462
<b>Total noncurrent assets</b>	<b>4,526,913</b>	<b>30,320,698</b>	<b>3,136,685</b>	<b>462</b>
<b>Total Assets</b>	<b>17,143,046</b>	<b>40,900,805</b>	<b>3,623,553</b>	<b>864,040</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan	710,684	881,130	268,600	107,067
<b>Total assets and deferrd outflows of resources</b>	<b>\$ 17,853,730</b>	<b>\$ 41,781,935</b>	<b>\$ 3,892,153</b>	<b>\$ 971,107</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 211,515	\$ 3,970,855	\$ 51,720	\$ 77,465
Accrued payroll	30,112	36,047	8,122	4,830
Due to other funds	-	-	190,439	-
Interest payable	-	1,993	-	-
Deposits payable	81,550	61,742	-	-
Compensated absences - current portion	14,297	16,652	2,251	1,388
Due within one year	83,200	-	-	-
<b>Total current liabilities</b>	<b>420,674</b>	<b>4,087,289</b>	<b>252,532</b>	<b>83,683</b>
<b>Noncurrent liabilities:</b>				
Compensated absences	42,891	49,957	6,754	4,165
Due after one year	1,183,000	-	-	-
Net pension liability	2,162,518	2,651,549	712,093	344,443
<b>Total noncurrent liabilities</b>	<b>3,388,409</b>	<b>2,701,506</b>	<b>718,847</b>	<b>348,608</b>
<b>Total liabilities</b>	<b>3,809,083</b>	<b>6,788,795</b>	<b>971,379</b>	<b>432,291</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan	568,521	545,138	65,370	40,274
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>568,521</b>	<b>545,138</b>	<b>65,370</b>	<b>40,274</b>
<b>Net Position:</b>				
Net investment in capital assets	3,312,605	30,320,698	3,136,685	462
Unrestricted	10,163,521	4,127,304	(281,281)	498,080
<b>Total net position</b>	<b>13,476,126</b>	<b>34,448,002</b>	<b>2,855,404</b>	<b>498,542</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 17,853,730</b>	<b>\$ 41,781,935</b>	<b>\$ 3,892,153</b>	<b>\$ 971,107</b>

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

Stormwater Utility Fund		Governmental Activities Internal Service Funds	
		Totals	
\$ 336,096	\$ 18,715,002	\$ 2,678,396	
98,482	1,316,286		-
24,872	4,792,634		-
290	290		-
1,944	180,130	27,569	
-	4,028		-
<u>461,684</u>	<u>25,008,370</u>	<u>2,705,965</u>	
-	31,308		-
<u>7,970,478</u>	<u>45,923,928</u>	<u>1,777,457</u>	
<u>7,970,478</u>	<u>45,955,236</u>	<u>1,777,457</u>	
<u>8,432,162</u>	<u>70,963,606</u>	<u>4,483,422</u>	
<u>213,215</u>	<u>2,180,696</u>	<u>398,498</u>	
<u>\$ 8,645,377</u>	<u>\$ 73,144,302</u>	<u>\$ 4,881,920</u>	
\$ 28,518	\$ 4,340,073	\$ 37,729	
6,798	85,909	11,417	
-	190,439		-
-	1,993	2,463	
2,400	145,692		-
2,680	37,268	14,403	
-	83,200	63,038	
<u>40,396</u>	<u>4,884,574</u>	<u>129,050</u>	
8,039	111,806	11,987	
-	1,183,000	157,142	
<u>687,239</u>	<u>6,557,842</u>	<u>966,652</u>	
<u>695,278</u>	<u>7,852,648</u>	<u>1,135,781</u>	
<u>735,674</u>	<u>12,737,222</u>	<u>1,264,831</u>	
<u>106,161</u>	<u>1,325,464</u>	<u>66,177</u>	
<u>71,425</u>	<u>71,425</u>	<u>-</u>	
<u>177,586</u>	<u>1,396,889</u>	<u>66,177</u>	
7,970,478	44,740,928	1,777,457	
(238,361)	14,269,263	1,773,455	
<u>7,732,117</u>	<u>59,010,191</u>	<u>3,550,912</u>	
<u>\$ 8,645,377</u>	<u>\$ 73,144,302</u>	<u>\$ 4,881,920</u>	

# City of Arcata, California

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

### Proprietary Funds

For the year ended June 30, 2023

	Water Fund	Wastewater Fund	Transit Fund
<b>OPERATING REVENUES:</b>			
Charges for service	\$ 6,712,600	\$ 8,092,784	\$ 1,564,838
Interdepartmental charges	-	-	-
Other operating revenue	253	-	274,800
<b>Total operating revenues</b>	<b>6,712,853</b>	<b>8,092,784</b>	<b>1,839,638</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	1,304,221	1,539,675	339,737
Contractual services	170,719	727,410	368,345
Materials and supplies	194,331	328,932	2,956
Repairs and maintenance	242,398	197,447	255,600
Purchased water	1,529,359	-	-
Utilities	71,944	441,764	1,926
Insurance	332,928	313,132	71,446
Taxes and fees	23,631	88,335	810
Allocated overhead	675,030	700,110	69,070
Depreciation	174,483	621,101	348,091
<b>Total operating expenses</b>	<b>4,719,044</b>	<b>4,957,906</b>	<b>1,457,981</b>
<b>OPERATING INCOME</b>	<b>1,993,809</b>	<b>3,134,878</b>	<b>381,657</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Contributed capital	-	-	850,000
Gain (Loss) from the sale of capital assets	-	-	-
Intergovernmental revenues (expenses)	-	4,282,679	64,685
Interest revenue	44,698	55,260	230
Interest expense	(56,815)	(6,155)	-
<b>Total non-operating revenues, net</b>	<b>(12,117)</b>	<b>4,331,784</b>	<b>914,915</b>
<b>NET INCOME BEFORE TRANSFERS</b>	<b>1,981,692</b>	<b>7,466,662</b>	<b>1,296,572</b>
Transfers in	-	-	-
Transfers out	(144,101)	(507,987)	-
<b>Total transfers</b>	<b>(144,101)</b>	<b>(507,987)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>1,837,591</b>	<b>6,958,675</b>	<b>1,296,572</b>
<b>NET POSITION:</b>			
Beginning of year	11,638,535	27,489,327	1,558,832
End of year	<b>\$ 13,476,126</b>	<b>\$ 34,448,002</b>	<b>\$ 2,855,404</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>	
\$ 525,715	\$ 365,622		\$ 17,261,559	\$ -	
-	-		-	1,713,292	
17,343	20,905		313,301	-	
<b>543,058</b>	<b>386,527</b>		<b>17,574,860</b>	<b>1,713,292</b>	
201,605	300,365		3,685,603	451,083	
201,646	81,505		1,549,625	170,638	
38,621	61,267		626,107	408,048	
21,383	10,314		727,142	35,239	
-	-		1,529,359	-	
-	191		515,825	-	
16,857	25,286		759,649	127,395	
-	22,454		135,230	-	
53,550	-		1,497,760	8,970	
219	69,707		1,213,601	85,384	
<b>533,881</b>	<b>571,089</b>		<b>12,239,901</b>	<b>1,286,757</b>	
<b>9,177</b>	<b>(184,562)</b>		<b>5,334,959</b>	<b>426,535</b>	
-	-		850,000		
-	-		-	1,796	
5,000	-		4,352,364	-	
3,380	1,322		104,890	8,161	
-			(62,970)	(3,608)	
<b>8,380</b>	<b>1,322</b>		<b>5,244,284</b>	<b>6,349</b>	
17,557	(183,240)		10,579,243	432,884	
-	0		-	960,275	
(75,000)	(5,000)		(732,088)	-	
(75,000)	(5,000)		(732,088)	960,275	
(57,443)	(188,240)		9,847,155	1,393,159	
555,985	7,920,357		49,163,036	2,157,753	
<b>\$ 498,542</b>	<b>\$ 7,732,117</b>		<b>\$ 59,010,191</b>	<b>\$ 3,550,912</b>	

**City of Arcata, California**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

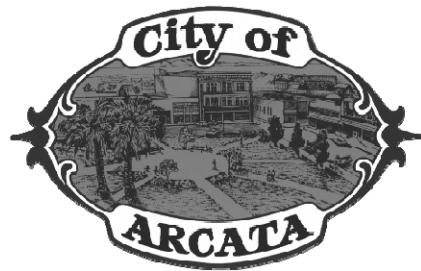
	<b>Water Fund</b>	<b>Wastewater Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers/users for services provided	\$ 6,642,326	\$ 3,825,384
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(3,209,212)	1,021,541
Cash payments to employees for services	(1,534,682)	(1,842,800)
<b>Net cash provided by operating activities</b>	<b>1,898,432</b>	<b>3,004,125</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers received	-	-
Transfers paid	(144,101)	(507,987)
Grant income	-	4,282,679
<b>Net cash used by noncapital financing activities</b>	<b>(144,101)</b>	<b>3,774,692</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	-	-
Acquisition and construction of capital assets	(1,140,378)	(13,693,052)
Principal paid on long term debt	(79,950)	(178,000)
Interest paid on long term debt	(54,206)	(2,109)
Proceeds from the sale of capital assets	-	-
<b>Net cash (used) by capital and related financing activities</b>	<b>(1,274,534)</b>	<b>(13,873,161)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income (loss)	44,698	55,260
<b>Net cash provided by investing activities</b>	<b>44,698</b>	<b>55,260</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>524,495</b>	<b>(7,039,084)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	11,429,077	12,635,981
End of year	<b>\$ 11,953,572</b>	<b>\$ 5,596,897</b>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>		
Operating income	\$ 1,993,809	\$ 3,134,878
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	174,483	621,101
Pension expense	(188,533)	(238,626)
(Increase) decrease in current assets:		
Accounts receivable	(48,164)	4,917
Intergovernmental receivables	-	(4,280,517)
Inventory	16,192	1,988
Increase (decrease) in liabilities:		
Accounts payable	14,936	3,816,683
Accrued liabilities	(40,269)	(50,482)
Uneavailable revenues	-	-
Deposits payable	(22,363)	8,200
Compensated absences	(1,659)	(14,017)
<b>Net cash provided by operating activities</b>	<b>\$ 1,898,432</b>	<b>\$ 3,004,125</b>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2023.

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	
\$ 1,749,847	\$ 547,115	\$ 342,026	\$ 13,106,698	\$ -	
-	-	-	-	1,713,292	
(739,800)	(267,612)	(109,572)	(3,304,655)	(794,356)	
(436,727)	(237,158)	(365,290)	(4,416,657)	(616,066)	
<u>573,320</u>	<u>42,345</u>	<u>(132,836)</u>	<u>5,385,386</u>	<u>302,870</u>	
-	-	(5,000)	(5,000)	960,275	
(97,409)	(75,000)	-	(824,497)	-	
<u>64,685</u>	<u>-</u>	<u>-</u>	<u>4,347,364</u>	<u>-</u>	
<u>(32,724)</u>	<u>(75,000)</u>	<u>(5,000)</u>	<u>3,517,867</u>	<u>960,275</u>	
-	5,000	-	5,000		
(1,226,066)	-	-	(16,059,496)	(638,705)	
-	-	-	(257,950)	220,180	
-	-	-	(56,315)	(3,608)	
-	-	-	-	1,796	
<u>(1,226,066)</u>	<u>5,000</u>	<u>-</u>	<u>(16,368,761)</u>	<u>(420,337)</u>	
<u>230</u>	<u>3,380</u>	<u>1,032</u>	<u>104,600</u>	<u>8,161</u>	
<u>230</u>	<u>3,380</u>	<u>1,032</u>	<u>104,600</u>	<u>8,161</u>	
<u>(685,240)</u>	<u>(24,275)</u>	<u>(136,804)</u>	<u>(7,360,908)</u>	<u>850,969</u>	
<u>685,440</u>	<u>852,512</u>	<u>472,900</u>	<u>26,075,910</u>	<u>1,827,427</u>	
<u>\$ 200</u>	<u>\$ 828,237</u>	<u>\$ 336,096</u>	<u>\$ 18,715,002</u>	<u>\$ 2,678,396</u>	
\$ 381,657	\$ 9,177	\$ (184,562)	\$ 5,334,959	\$ 426,535	
348,091	219	69,707	1,213,601	85,384	
(76,150)	(27,615)	(54,828)	(585,752)	(145,002)	
69,546	4,206	(78,748)	(48,243)	-	
(159,337)	(149)	34,247	(4,405,756)	-	
-	-	-	18,180	(5,048)	
30,353	64,445	20,020	3,946,437	(39,018)	
(11,381)	(7,880)	(10,302)	(120,314)	(13,621)	
-	-	71,425	71,425		
-	-	-	(14,163)	-	
<u>(9,459)</u>	<u>(58)</u>	<u>205</u>	<u>(24,988)</u>	<u>(6,360)</u>	
<u>\$ 573,320</u>	<u>\$ 42,345</u>	<u>\$ (132,836)</u>	<u>\$ 5,385,386</u>	<u>\$ 302,870</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, 2023**

---

	<u>Successor Agency</u>
	Former Arcata
	Community
	Development
	<u>Agency</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 50,014
Total current assets	<u>50,014</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension plan	54,871
<b>Total assets and deferred outflows of resources</b>	<u>\$ 104,885</u>
<b>LIABILITIES</b>	
Current liabilities:	
Due to City of Arcata	\$ 179,547
Due within one year	322,783
Total current liabilities	<u>502,330</u>
Long-term liabilities:	
Due after one year	3,848,586
Net pension liability	182,398
Total long-term liabilities	<u>4,030,984</u>
<b>Total liabilities</b>	<u>4,533,314</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	(4,531,623)
<b>Total Net Position (deficit)</b>	<u>(4,531,623)</u>
<b>Total liabilities and net position</b>	<u>\$ 104,885</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, 2023**

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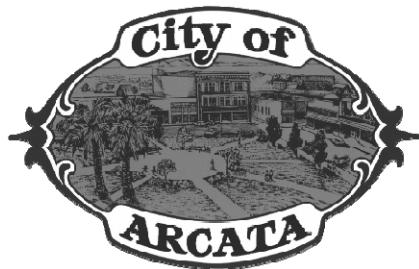


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	<u>Successor Agency</u>
Former Arcata	Community
Community	Development
Development	Agency
	<hr/>
<b>ADDITIONS:</b>	
Property taxes	\$ 304,031
Investment income	<hr/> 180
<b>Total operating revenues</b>	<hr/> 304,211
	<hr/>
<b>DEDUCTIONS:</b>	
Interest and trustee fees	145,039
<b>Total operating expenses</b>	<hr/> 145,039
	<hr/>
<b>CHANGE IN FIDUCIARY NET ASSETS</b>	159,172
<b>NET ASSETS (DEFICIT):</b>	
Beginning of year	(4,690,795)
End of year	<hr/> \$ (4,531,623)

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, 2023**

**Index to Notes to Basic Financial Statements**

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**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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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, 2023**

---

**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, 2023**

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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, 2023**

---

**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, 2023**

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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, 2023**

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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, 2023**

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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, 2023**

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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, 2023**

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

**Equity Classification, Continued**

*Fund Financial Statements, continued*

***Committed Fund Balance –***

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

***Assigned Fund Balance –***

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

***Unassigned Fund Balance –***

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

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

**Property Tax**

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

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

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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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, 2023**

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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, 2023. 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.

**Adoption of New Accounting Standards**

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The City adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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**2. CASH AND INVESTMENTS**

At June 30, 2023, 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	\$ -	\$ -	\$ -	\$ (205,488)	\$ (205,488)
Petty cash	-	-	-	1,700	1,700
Total pooled items	-	-	-	(203,788)	(203,788)
<b><u>Pooled investments, at fair value</u></b>					
Interest obligations					
Par	Rate				
23,625,000	0.125 - 4.75%	US Treasury Notes	2,530,283	11,773,424	8,153,916
		Cash equivalent	40,300	-	-
			30,173,480	-	-
State of California Local Agency Investment Fund					30,173,480
Total pooled investments - interest obligations			32,744,063	11,773,424	8,153,916
Total cash equivalents and investments pooled			\$ 32,744,063	\$ 11,773,424	\$ 8,153,916
				\$ (203,788)	\$ 52,467,615
<b>Amounts reported in:</b>					
Governmental activities					\$ 30,920,330
Governmental activities - Restricted					2,782,269
Business-type activities					18,715,002
Fiduciary activities					50,014
Total					\$ 52,467,615
 <b>Weighted Average Maturity (Years)</b>					
<b>Investment Type</b>	<b>Fair Value</b>				
U.S. Treasury notes	\$ 22,457,623				2.53
Money market funds	40,300				-
State investment pool	30,173,480				-
Total fair value	\$ 52,671,403				
Portfolio weighted average maturity					1.08

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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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, 2023, the City's permissible investments included the following instruments:

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

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

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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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, 2023, the City’s investments in money market funds were rated AAA by Standard & Poor’s and Fitch Ratings, and Aaa by Moody’s Investors Service. The State of California Local Agency Investment Fund is not rated.

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

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 2.78% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

**City of Arcata, California**  
**Basic Financial Statements**  
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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, 2023, the carrying amount of the City's deposits was (\$205,488) and the balances in financial institutions were \$4,351,255. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$4,101,255 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, 2023, 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, 2023, the City's investment in LAIF was \$30,173,480. The total amount invested by all public agencies at that date was \$25.67 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2023 has a balance of \$177 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**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2023:

	<u>Receivables</u>
Governmental Activities	
Accounts receivable	\$ 90,128
Intergovernmental	4,533,285
Interest	263,552
Taxes	571,274
	<u>\$ 5,458,239</u>
Business-type activities	
Interest	290
Accounts receivable	\$ 1,316,286
Intergovernmental	4,792,634
	<u>\$ 6,109,210</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	85.6%
Individuals/Business	12.1%
Financial	2.3%

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, 2023, consisted of the following:

	Beginning July 1, 2022	Additions	Deletions	Ending June 30, 2023
Community Development Block Grant	\$ 8,285,061	\$ 339,333	\$ (375,862)	\$ 8,248,532
HOME loans	11,318,044	65,000	(124,529)	11,258,515
Public Improvement business loans	79,839	-	(19,634)	60,205
Basic business revolving loans	96,274	-	(18,056)	78,218
Mobile home park/ low income housing assistance	2,121,299	-	-	2,121,299
First time home buyers	57,872	-	(20,231)	37,641
Rehabilitation loans	880,000	-	-	880,000
Housing successor loans	4,146,849	-	(137,585)	4,009,264
Parkland in Lieu	62,208	-	-	62,208
Total loans/notes receivable	<u>\$ 27,047,446</u>	<u>\$ 404,333</u>	<u>\$ (695,897)</u>	<u>\$ 26,755,882</u>

**City of Arcata, California**  
**Basic Financial Statements**  
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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, 2023:

***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, 2023, was \$8,248,532.

***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, 2023, was \$11,258,515.

***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, 2022, was \$60,205.

***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, 2023, was \$78,218.

***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, 2023, 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, 2023, was \$37,641.

***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, 2023, was \$880,000.

**City of Arcata, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2023**

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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, 2023, was \$4,009,264.

**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, 2023 was \$62,208.

**5. CAPITAL ASSETS**

Governmental capital asset activity for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
<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	-	-	13,478,045
Furniture and equipment	6,403,349	183,369	-	6,586,718
Improvements	12,509,717	695,485	-	13,205,202
Infrastructure	44,850,104	-	-	44,850,104
Vehicles	5,082,324	340,899	(57,576)	5,365,647
Right-to-use equipment	-	113,051	-	113,051
Right-to-use asset (SBITA)	-	178,537	-	178,537
<b>Total depreciable assets</b>	<b>82,323,539</b>	<b>1,511,341</b>	<b>(57,576)</b>	<b>83,777,304</b>
<b>Total</b>	<b>99,642,385</b>	<b>1,511,341</b>	<b>(57,576)</b>	<b>101,096,150</b>
<b>Accumulated depreciation:</b>				
Buildings and structures	(8,454,461)	(310,365)	-	(8,764,826)
Furniture and equipment	(5,755,212)	(247,693)	-	(6,002,905)
Improvements	(4,568,751)	(259,832)	-	(4,828,583)
Infrastructure	(40,805,421)	(148,984)	-	(40,954,405)
Vehicles	(4,160,922)	(34,090)	57,576	(4,137,436)
Right-to-use equipment	-	(22,610)	-	(22,610)
Right-to-use asset (SBITA)	-	(20,424)	-	(20,424)
<b>Total accumulated depreciation</b>	<b>(63,744,767)</b>	<b>(1,043,998)</b>	<b>57,576</b>	<b>(64,731,189)</b>
<b>Net depreciable assets</b>	<b>18,578,772</b>	<b>467,343</b>	<b>-</b>	<b>19,046,115</b>
<b>Total net capital assets</b>	<b>\$ 35,897,618</b>	<b>\$ 467,343</b>	<b>\$ -</b>	<b>\$ 36,364,961</b>

**City of Arcata, California**  
**Basic Financial Statements**  
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**5. CAPITAL ASSETS, continued**

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

General government	\$ 252,953
Public safety	114,867
Public works	159,057
Community development	399,481
Parks and recreation	117,640
	<u>\$ 1,043,998</u>

Business-type capital asset activity for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
<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	16,801,304	208,092	-	17,009,396
Buildings and structures	9,377,462	3,082	-	9,380,544
Furniture and equipment	3,471,378	100,982	-	3,572,360
Other improvements	13,630,987	14,735,445	-	28,366,432
Vehicles	2,939,940	1,861,894	-	4,801,834
<b>Total depreciable assets</b>	<u>46,221,071</u>	<u>16,909,495</u>	<u>-</u>	<u>63,130,566</u>
<b>Total</b>	<u>53,790,650</u>	<u>16,909,495</u>	<u>-</u>	<u>70,700,145</u>
<b>Accumulated depreciation:</b>				
Undergrounding facilities	(6,276,992)	(497,750)	-	(6,774,742)
Buildings and structures	(7,916,209)	(231,893)	-	(8,148,102)
Furniture and equipment	(3,025,671)	(56,187)	-	(3,081,858)
Other improvements	(4,210,724)	(153,067)	-	(4,363,791)
Vehicles	(2,133,020)	(274,704)	-	(2,407,724)
<b>Total accumulated depreciation</b>	<u>(23,562,616)</u>	<u>(1,213,601)</u>	<u>-</u>	<u>(24,776,217)</u>
<b>Net depreciable assets</b>	<u>22,658,455</u>	<u>15,695,894</u>	<u>-</u>	<u>38,354,349</u>
<b>Total net capital assets</b>	<u>\$ 30,228,034</u>	<u>\$ 15,695,894</u>	<u>\$ -</u>	<u>\$ 45,923,928</u>

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

Water	\$ 174,483
Wastewater	621,101
Transit	348,091
Solid Waste	219
Stormwater	69,707
	<u>\$ 1,213,601</u>

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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2023:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 1,689,317	\$ 4,340,073	\$ 6,029,390
Accrued payroll and related liabilities	447,004	85,909	532,913
<b>Total</b>	<b>\$ 2,136,321</b>	<b>\$ 4,425,982</b>	<b>\$ 6,562,303</b>

These amounts resulted in the following concentrations in payables:

Vendors	92%
Employees	8%

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, 2023:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
<b>Governmental Activities:</b>					
2015 Refunding of 2008 Lease					
Governmental share	\$ 724,850	\$ -	\$ (43,050)	\$ 681,800	\$ 44,800
CalPERS UAL Debt	945,000	-	(230,000)	715,000	202,000
Lease payable	-	113,051	(24,192)	88,859	21,082
Subscription payable	-	175,493	(44,172)	131,321	41,956
<b>Total governmental debt</b>	<b>\$ 1,669,850</b>	<b>\$ 288,544</b>	<b>\$ (341,414)</b>	<b>\$ 1,616,980</b>	<b>\$ 309,838</b>
Compensated absences	586,429	-	(87,579)	498,850	252,964
<b>Total governmental activities</b>	<b>\$ 2,256,279</b>	<b>\$ 288,544</b>	<b>\$ (428,993)</b>	<b>\$ 2,115,830</b>	<b>\$ 562,802</b>
<b>Business-type activities</b>					
2015 Refunding of 2008 Loan	\$ 178,000	\$ -	\$ (178,000)	\$ -	\$ -
2015 Refunding of 2008 Lease					
Water Enterprise Share	1,346,150	-	(79,950)	1,266,200	83,200
<b>Total business-type activity debt</b>	<b>1,524,150</b>	<b>-</b>	<b>(257,950)</b>	<b>1,266,200</b>	<b>83,200</b>
Compensated absences	174,062	-	(24,988)	149,074	37,268
<b>Total business-type activities</b>	<b>\$ 1,698,212</b>	<b>\$ -</b>	<b>\$ (282,938)</b>	<b>\$ 1,415,274</b>	<b>\$ 120,468</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 the current fiscal year, 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, 2023, the value of the lease liability was \$88,859. 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 \$22,610.

The future principal and interest lease payments as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 21,082	\$ 3,110	\$ 24,192
2025	21,820	2,372	24,192
2026	22,584	1,608	24,192
2027	23,373	818	24,191
	<u>\$ 88,859</u>	<u>\$ 7,908</u>	<u>\$ 72,576</u>

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

**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, 2023, SBITA assets and the related accumulated amortization totaled \$178,537 and \$20,424, respectively.

The future subscription payments under SBITA agreements are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 41,956	\$ 5,975	\$ 47,931
2025	43,991	3,919	47,910
2026	45,374	1,760	47,134
	<b>\$ 131,321</b>	<b>\$ 11,654</b>	<b>\$ 142,975</b>

***Business-type Activities***

**2015 Refunding of 2008 Loan**

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

***Fiduciary Activities***

**2015 Tax Allocation Refunding Bond**

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

**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 \$647,924 at June 30, 2023, of that amount \$290,232 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, 2023, 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		CalPERS UAL Debt		Principal		Interest	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 44,800	\$ 28,295	\$ 202,000	\$ 24,938	\$ 246,800	\$ 53,233		
2025	46,900	26,436	172,000	17,644	218,900	44,080		
2026	49,000	24,489	140,000	11,494	189,000	35,983		
2027	50,750	22,456	105,000	6,563	155,750	29,019		
2028	52,850	20,350	96,000	3,750	148,850	24,100		
2029 - 2033	299,600	66,902	-	-	299,600	66,902		
2034 - 2038	137,900	8,642	-	-	137,900	8,642		
Total	<u>\$ 681,800</u>	<u>\$ 197,570</u>	<u>\$ 715,000</u>	<u>\$ 64,389</u>	<u>\$ 1,396,800</u>	<u>\$ 261,959</u>		
Due within one year	\$ 44,800	\$ 28,295	\$ 202,000	\$ 24,938	\$ 246,800	\$ 53,233		
Due after one year	637,000	169,275	513,000	39,451	1,150,000	208,726		
Total	<u>\$ 681,800</u>	<u>\$ 197,570</u>	<u>\$ 715,000</u>	<u>\$ 64,389</u>	<u>\$ 1,396,800</u>	<u>\$ 261,959</u>		

Future debt service for Business-type Activities at June 30, 2023, is as follows:

Year Ending June 30,	Business Type Activities		
	2015 Refunding of 2008 Lease		
	Water Enterprise share		
	Principal	Interest	
2024	\$ 83,200	\$ 52,547	
2025	87,100	49,095	
2026	91,000	45,480	
2027	94,250	41,703	
2028	98,150	37,792	
2029 - 2033	556,400	124,247	
2034 - 2038	256,100	16,050	
Total	<u>\$ 1,266,200</u>	<u>\$ 366,914</u>	
Due within one year	\$ 83,200	\$ 52,547	
Due after one year	1,183,000	314,367	
Total	<u>\$ 1,266,200</u>	<u>\$ 366,914</u>	

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**8. NET POSITION/ FUND BALANCES**

**Net position**

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 34,968,161	\$ 44,740,928	\$ 79,709,089
Restricted	4,034,692	-	4,034,692
Unrestricted	30,584,614	14,269,263	44,853,877
Total	<u>\$ 69,587,467</u>	<u>\$ 59,010,191</u>	<u>\$ 128,597,658</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, 2023:

Nonspendable:	
Inventory	\$ 101,835
Prepaid items	29,253
<b>Total Nonspendable</b>	<u>\$ 131,088</u>
Restricted:	
Governmental Funds:	
CDBG Housing	\$ 478,898
Housing Revolving	307,850
Gas Tax	886,631
Homekey Fund	47,643
Federal Grants	2,313,670
<b>Total Restricted</b>	<u>\$ 4,034,692</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.
- **Homekey Fund** – represents amounts restricted for two Homekey grants that the City received to convert hotels into housing for persons experiencing homelessness or at risk of homelessness.
- **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, 2023:

	Due from Other Funds	Due to Other Funds
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 1,672,249	\$ 1,016,757
CDBG Housing	401,647	366
Basic Business Loan Revolving	293,863	-
Housing Improvement Projects	69,376	-
<b>Total Major Funds</b>	<b>2,437,135</b>	<b>1,017,123</b>
<b>Nonmajor Funds:</b>		
STIP	-	263,992
Traffic Safety	-	161
Yurok Housing Authority MOU	-	23,607
Federal Grant Funds	-	941,813
<b>Total Nonmajor Funds</b>	<b>-</b>	<b>1,229,573</b>
<b>Total Governmental Funds</b>	<b>2,437,135</b>	<b>2,246,696</b>
<b><u>Proprietary Funds</u></b>		
Transit Fund	-	190,439
<b>Total Proprietary Funds</b>	<b>-</b>	<b>190,439</b>
<b>Total Transfers</b>	<b>\$ 2,437,135</b>	<b>\$ 2,437,135</b>

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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, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 36,755	\$ 966,381
Gas Tax Funds	<u>1,035,000</u>	-
Total Major Funds	<u>1,071,755</u>	<u>966,381</u>
<b>Nonmajor Funds:</b>		
Traffic Safety	283,000	-
Open Space Parks, Trails	-	1,000
Federal Grant Funds	-	579,711
In Lieu Fee Funds	-	-
Assessment District Funds	-	35,850
Total Nonmajor Funds	<u>283,000</u>	<u>616,561</u>
Total Governmental Funds	<u>1,354,755</u>	<u>1,582,942</u>
<b><u>Proprietary Funds</u></b>		
Water Fund	-	144,101
Wastewater Fund	-	507,987
Solid Waste Fund	-	75,000
Stormwater Utility Fund	-	5,000
Total Proprietary Funds	<u>-</u>	<u>732,088</u>
<b><u>Internal Service Funds</u></b>		
Central Garage Fund	775,275	-
Technology Fund	<u>185,000</u>	-
Total Internal Service Funds	<u>960,275</u>	-
Total Transfers	<u>\$ 2,315,030</u>	<u>\$ 2,315,030</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, 2023, 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	14.03%	10.32%
	<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	7.47%	23.75%
	<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	20.64%	12.78%

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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, 2023, the contributions recognized as part of pension expense for each Plan were as follows:

	PEPRA				PEPRA	
	Miscellaneous		Miscellaneous		Safety	Second
	Miscellaneous	Second Tier	Plan	Safety Plan	Tier Plan	Police
Contributions - employer	\$ 259,961	\$ 21,269	\$ 226,009	\$ 178,717	\$ 15,736	\$ 111,295
Contributions - employee	\$ 218,523	\$ 25,717	\$ 303,412	\$ 101,956	\$ 10,513	\$ 142,934

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

As of June 30, 2023, 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	\$ 18,296,843
Safety	10,076,244
<b>Total Net Pension Liability</b>	<b>\$ 28,373,087</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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2023 and 2022 was as follows:

	<u>Miscellaneous</u>	<u>Safey</u>
Proportion - June 30, 2022	0.51195%	0.15201%
Proportion - June 30, 2023	0.39102%	0.14664%
Change - Increase (Decrease)	-0.12093%	-0.00538%

For the year ended June 30, 2023, the City recognized pension expense of \$1,974,043. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflow</u> <u>of Resources</u>
Changes in assumptions	\$ 2,890,884	\$ -
Differences between expected and actual experiences	428,943	-
Net differences between projected and actual earnings on plan investments	4,942,675	-
Differences between the employer's contributions and the employer's proportionate share of the contributions	-	3,830,722
Adjustments due to differences in proportion	674,781	938,586
Pension contributions subsequent to measurement date	812,986	-
<b>Total</b>	<b>\$ 9,750,270</b>	<b>\$ 4,769,308</b>

\$812,986 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, 2023. 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>
2022	\$ 432,646
2023	399,389
2024	315,411
2025	3,020,529
2026	-
Thereafter	-

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

***Actuarial Assumptions*** - The total pension liabilities in the June 30, 2023 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, 2023			
Miscellaneous	\$ 27,077,932	\$ 18,296,843	\$ 11,072,187
Safety	14,888,314	10,076,244	6,143,463
<b>Total</b>	<b><u>\$ 41,966,246</u></b>	<b><u>\$ 28,373,087</u></b>	<b><u>\$ 17,215,651</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, 2023, 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, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 based on the following actuarial methods and assumptions:

<b>Actuarial Assumptions:</b>	
Discount Rate	3.80%
Inflation	2.50%
Salary Increases	2.75% per annum
Investment Rate of Return	3.80%
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 2017 CalPERS Mortality for Miscellaneous and Safety Employees tables 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 2017 CalPERS tables 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 3.8 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 6/30/2022	\$ 6,026,931	\$ 574,291	\$ 5,452,640
Changes for the year			
Service Cost	416,594	-	416,594
Interest	324,359	20,669	303,690
Administrative expenses	-	(490)	490
Employer Contributions as Benefit Payments	-	322,173	(322,173)
Actual Benefit Payments from Employer	(322,173)	(322,173)	-
Experience Gains/Losses	(764,072)	-	(764,072)
Changes in Assumptions	857,555	-	857,555
Net Changes	512,263	20,179	492,084
Balance at 6/30/2023*	\$ 6,539,194	\$ 594,470	\$ 5,944,724

\*May include a slight rounding error

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

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

The discount rate used for the fiscal year end 2021 is 3.8%. 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, 2023:

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	2.80%	3.80%	4.80%
Net OPEB Liability	\$ 6,562,576	\$ 5,944,724	\$ 5,379,571

***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, 2023:

Change in Healthcare Cost Trend Rate	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 5,105,707	\$ 5,944,724	\$ 6,949,187

***Recognition of Deferred Outflows and Deferred Inflows of Resources***

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.0 Years at June 30, 2023)

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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, 2023, the City recognized OPEB expense of \$831,490. As of fiscal year, ended June 30, 2023, 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	\$ 180,000	\$ (887,224)
Changes in assumptions	1,978,935	-
Net difference between projected and actual earnings on plan investments	58,310	-
<b>Total</b>	<b><u>\$ 2,217,245</u></b>	<b><u>\$ (887,224)</u></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
2024	\$ 206,066	\$ (79,589)
2025	204,979	(79,589)
2026	219,480	(79,589)
2027	194,793	(79,589)
2028	191,752	(79,589)
Thereafter	<u>1,200,175</u>	<u>(489,279)</u>
<b>Total</b>	<b><u>\$ 2,217,245</u></b>	<b><u>\$ (887,224)</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.

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

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

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

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

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

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City included in the fund financial statements as Former Redevelopment Agency Special Revenue Fund and Low/Moderate Income Housing Fund.

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

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

**Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

<b>Trust Activities:</b>	Balance			<b>Balance</b> <b>June 30, 2023</b>	<b>Due Within One Year</b>
	<b>July 1, 2022</b>	<b>Additions</b>	<b>Retirements</b>		
2015 Tax Allocation Refunding Bonds	\$ 4,321,162	\$ -	\$ (149,793)	\$ 4,171,369	\$ 322,783
<b>Total trust fund debt</b>	<b>\$ 4,321,162</b>	<b>\$ -</b>	<b>\$ (149,793)</b>	<b>\$ 4,171,369</b>	<b>\$ 322,783</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, 2023, is as follows:

<b>Year Ending June 30,</b>	<b>Fiduciary Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 322,783	138,430
2025	500,213	124,763
2026	516,464	107,886
2027	534,421	90,429
2028	551,472	72,378
2029-2032	<u>1,746,016</u>	<u>105,229</u>
<b>Total</b>	<b>\$ 4,171,369</b>	<b>\$ 639,115</b>
Due within one year	\$ 322,783	\$ 138,430
Due after one year	3,848,586	500,685
<b>Total</b>	<b>\$ 4,171,369</b>	<b>\$ 639,115</b>

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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, 2023.

## **15. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*". The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The implementation of this statement did not have an effect on the financial statements.

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 June 30, 2023. 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 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.

**City of Arcata, California**  
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**15. NEW ACCOUNTING PRONOUNCEMENTS, continued**

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 June 30, 2025.

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**REQUIRED SUPPLEMENTARY INFORMATION**



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**City of Arcata, California**

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

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service Cost	\$ 416,594	\$ 346,850	\$ 304,780	\$ 296,623	\$ 197,701	\$ 187,260
Interest on the total OPEB liability	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	857,555	467,449	180,490	-	968,799	-
Benefit payments	(322,173)	(263,970)	(251,085)	(301,085)	(225,244)	-
<b>Net change in total OPEB liability</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>6,026,931</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>\$ 6,539,194</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	\$ 35,878	\$ 41,059	\$ -	\$ 33,885	\$ 31,673	\$ -
Contributions - employer	322,173	263,970	251,085	-	-	500,000
Contributions - employee	(490)	-	-	-	-	-
Benefit payments	(322,173)	(263,970)	(251,085)	-	-	-
Actual investment income	(15,209)	(123,438)	108,221	(5,448)	2,786	(12,338)
Administrative expense	-	(552)	(515)	(453)	(417)	(172)
<b>Net change in plan fiduciary net position</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>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>\$ 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>\$ 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	\$ 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	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, 2023**

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

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Contractually required contribution (actuarially determined)	\$ 501,705	\$ 481,240	\$ 465,770	\$ 485,602	\$ 431,631	\$ 849,162	\$ 529,092
Contributions in relation to the actuarially determined contributions	<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	\$ 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	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\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Contractually required contribution (actuarially determined)	\$ 311,281	\$ 308,595	\$ 326,897	\$ 334,961	\$ 282,010	\$ 476,322	\$ 519,850
Contributions in relation to the actuarially determined contributions	<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	\$ 1,861,466	\$ 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	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>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)	0.39102%	0.51195%	0.37027%	0.36052%	0.35128%	0.34198%	0.34460%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 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	\$ 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	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	71.60%	83.74%	73.45%	74.48%	75.60%	74.31%	74.83%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 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\***

	<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)	0.14664%	0.15201%	0.12943%	0.12556%	0.12278%	0.11894%	0.12179%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 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	\$ 1,861,466	\$ 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	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	71.08%	83.48%	71.90%	73.57%	74.75%	73.88%	74.66%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 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, 2023**

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	Governmental Funds		
	Special Revenue Funds	City Capital Projects Fund	Non-Major Funds Totals
<b>ASSETS</b>			
Cash and investments	\$ 10,108,499	\$ 185,824	\$ 10,294,323
Restricted cash and investments	2,782,269	-	2,782,269
Receivables:			
Taxes	5,358	-	5,358
Intergovernmental	933,087	95,565	1,028,652
Loans/Notes receivable	122,413	-	122,413
Other receivable	368	-	368
Due from successor agency	179,512		179,512
Inventory	99,304	-	99,304
<b>Total assets</b>	<b>\$ 14,230,810</b>	<b>\$ 281,389</b>	<b>\$ 14,512,199</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,087,731	\$ 1,000	\$ 1,088,731
Due to other funds	1,229,573	-	1,229,573
Deposits Payable	27,704	-	27,704
<b>Total liabilities:</b>	<b>2,345,008</b>	<b>1,000</b>	<b>2,346,008</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	4,234,480		4,234,480
<b>Total deferred inflows of resources</b>	<b>4,234,480</b>	<b>-</b>	<b>4,234,480</b>
<b>Total liabilities and deferred inflows</b>	<b>6,579,488</b>	<b>1,000</b>	<b>6,580,488</b>
<b>Fund Balances:</b>			
Nonspendable	99,304	-	99,304
Restricted	2,361,313	-	2,361,313
Assigned	5,519,268	280,389	5,799,657
Unassigned (deficit)	(328,563)	-	(328,563)
<b>Total fund balances</b>	<b>7,651,322</b>	<b>280,389</b>	<b>7,931,711</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 14,230,810</b>	<b>\$ 281,389</b>	<b>\$ 14,512,199</b>

# City of Arcata, California

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

### Nonmajor Governmental Funds

For the year ended June 30, 2023

	Governmental Funds		
	Special Revenue Funds	City Capital Projects Fund	Non-Major Funds Totals
<b>REVENUES:</b>			
Taxes and assessments	\$ 37,571	\$ -	\$ 37,571
Licenses and permits	15,552	-	15,552
Fines and forfeitures	21,010	-	21,010
Intergovernmental	13,127,217	-	13,127,217
Use of money and property	401,371	665	402,036
Other revenues	1,170,457	101,565	1,272,022
<b>Total revenues</b>	<b>14,773,178</b>	<b>102,230</b>	<b>14,875,408</b>
<b>EXPENDITURES:</b>			
Current:			
Public safety	696,166	-	696,166
Public works	833,762	-	833,762
Community development	11,291,756	-	11,291,756
Parks and recreation	419,120	-	419,120
<b>Total expenditures</b>	<b>13,245,510</b>	<b>-</b>	<b>13,245,510</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,527,668</b>	<b>102,230</b>	<b>1,629,898</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	283,000	-	283,000
Transfers out	(616,561)	-	(616,561)
<b>Total other financing sources (uses)</b>	<b>(333,561)</b>	<b>-</b>	<b>(333,561)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>1,194,107</b>	<b>102,230</b>	<b>1,296,337</b>
<b>FUND BALANCES:</b>			
Beginning of year	6,457,215	178,159	6,635,374
End of year	<b>\$ 7,651,322</b>	<b>\$ 280,389</b>	<b>\$ 7,931,711</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.
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
<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, 2023**

	STIP	Forest Management	Traffic Safety	Industrial Park	Public Improvement Program
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 918,559	\$ -	\$ 402,763	\$ 526,895
Restricted cash and investments	-	-	-	-	2,782,269
Receivables:					
Taxes	-	-	-	-	5,358
Intergovernmental	173,129	-	7,342	-	-
Loans/Notes receivable	-	-	-	-	60,205
Other receivable	368	-	-	-	-
Due from successor agency	-	-	-	-	179,512
Inventory	-	-	99,304	-	-
<b>Total assets</b>	<b>\$ 173,497</b>	<b>\$ 918,559</b>	<b>\$ 106,646</b>	<b>\$ 402,763</b>	<b>\$ 3,554,239</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 71,870	\$ 4,239	\$ 9,696	\$ 4,649	\$ 1,002
Due to other funds	263,992	-	161	-	-
Deposits payable	-	-	-	27,704	-
<b>Total liabilities:</b>	<b>335,862</b>	<b>4,239</b>	<b>9,857</b>	<b>32,353</b>	<b>1,002</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	-	62,204
<b>Total deferred inflows of resources:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,204</b>
<b>Total liabilities and deferred inflows</b>	<b>335,862</b>	<b>4,239</b>	<b>9,857</b>	<b>32,353</b>	<b>63,206</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	99,304	-	-
Restricted	-	-	-	-	-
Assigned	-	914,320	-	370,410	3,491,033
Unassigned (deficit)	(162,365)	-	(2,515)	-	-
<b>Total fund balances</b>	<b>(162,365)</b>	<b>914,320</b>	<b>96,789</b>	<b>370,410</b>	<b>3,491,033</b>
<b>Total liabilities deferred inflows and fund balances</b>	<b>\$ 173,497</b>	<b>\$ 918,559</b>	<b>\$ 106,646</b>	<b>\$ 402,763</b>	<b>\$ 3,554,239</b>

Yurok		Assessment					
Housing Authority MOU	Open Space Parks, Trails	ARPA	Homekey Fund	Federal Grant Funds	In Lieu Fee Funds	District Funds	Totals
\$ -	\$ 216,616	\$ 2,723,739	2,080,880	\$ 2,725,492	\$ 481,401	\$ 32,154	\$ 10,108,499
	-	-	-	-	-	-	2,782,269
	-	-	-	-	-	-	5,358
	-	11,785	-	739,282	-	1,549	933,087
	-	-	-	-	62,208	-	122,413
	-	-	-	-	-	-	368
	-	-	-	-	-	-	179,512
	-	-	-	-	-	-	99,304
<b>\$ -</b>	<b>\$ 228,401</b>	<b>\$ 2,723,739</b>	<b>\$ 2,080,880</b>	<b>\$ 3,464,774</b>	<b>\$ 543,609</b>	<b>\$ 33,703</b>	<b>\$ 14,230,810</b>
<hr/>							
\$ -	\$ 203,776	583,208	\$ 209,291	\$ -	\$ -	\$ -	\$ 1,087,731
23,607	-	-	941,813	-	-	-	1,229,573
-	-	-	-	-	-	-	27,704
<b>23,607</b>	<b>-</b>	<b>203,776</b>	<b>583,208</b>	<b>1,151,104</b>	<b>-</b>	<b>-</b>	<b>2,345,008</b>
<hr/>							
-	2,660,039	1,450,029	-	62,208	-	-	4,234,480
-	2,660,039	1,450,029	-	62,208	-	-	4,234,480
<b>23,607</b>	<b>-</b>	<b>2,863,815</b>	<b>2,033,237</b>	<b>1,151,104</b>	<b>62,208</b>	<b>-</b>	<b>6,579,488</b>
<hr/>							
-	-	-	-	-	-	-	99,304
-	-	47,643	2,313,670	-	-	-	2,361,313
-	228,401	-	-	481,401	33,703	-	5,519,268
<b>(23,607)</b>	<b>-</b>	<b>(140,076)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(328,563)</b>
<b>(23,607)</b>	<b>228,401</b>	<b>(140,076)</b>	<b>47,643</b>	<b>2,313,670</b>	<b>481,401</b>	<b>33,703</b>	<b>7,651,322</b>
<b>\$ -</b>	<b>\$ 228,401</b>	<b>\$ 2,723,739</b>	<b>\$ 2,080,880</b>	<b>\$ 3,464,774</b>	<b>\$ 543,609</b>	<b>\$ 33,703</b>	<b>\$ 14,230,810</b>

**City of Arcata, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the year ended June 30, 2023**

	STIP	Forest Management	Traffic Safety	Industrial Park	Public Improvement Program
<b>REVENUES:</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	21,010	-	-
Intergovernmental	615,824	-	-	-	-
Use of money and property	-	3,668	-	280,328	51,650
Other revenues	-	358,982	-	-	-
<b>Total revenues</b>	<b>615,824</b>	<b>362,650</b>	<b>21,010</b>	<b>280,328</b>	<b>51,650</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	304,394	-	-
Public works	547,383	-	-	-	-
Community development	-	-	-	223,949	4,631
Parks and recreation	-	311,573	-	-	-
<b>Total expenditures</b>	<b>547,383</b>	<b>311,573</b>	<b>304,394</b>	<b>223,949</b>	<b>4,631</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>68,441</b>	<b>51,077</b>	<b>(283,384)</b>	<b>56,379</b>	<b>47,019</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-		283,000	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>283,000</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>68,441</b>	<b>51,077</b>	<b>(384)</b>	<b>56,379</b>	<b>47,019</b>
<b>FUND BALANCES (DEFICITS):</b>					
Beginning of year	(230,806)	863,243	97,173	314,031	3,444,014
End of year	\$ (162,365)	\$ 914,320	\$ 96,789	\$ 370,410	\$ 3,491,033



# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 1,258,029	\$ 1,605,883	\$ 615,824	\$ (990,059)
Use of money and property	-	-	-	-
<b>Total revenues</b>	<b>1,258,029</b>	<b>1,605,883</b>	<b>615,824</b>	<b>(990,059)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,274,029	1,640,083	547,383	1,092,700
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>1,274,029</b>	<b>1,640,083</b>	<b>547,383</b>	<b>1,092,700</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(16,000)</b>	<b>(34,200)</b>	<b>68,441</b>	<b>102,641</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>(16,000)</b>	<b>(34,200)</b>	<b>68,441</b>	<b>102,641</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(230,806)	(230,806)	(230,806)	-
End of year	\$ (246,806)	\$ (265,006)	\$ (162,365)	\$ 102,641

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 3,668	\$ 3,668
Other revenues	\$ 353,500	\$ 373,547	\$ 358,982	\$ (14,565)
<b>Total revenues</b>	<b>353,500</b>	<b>373,547</b>	<b>362,650</b>	<b>(10,897)</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	394,719	629,078	311,573	317,505
Capital outlay	190,000	111,421	-	111,421
<b>Total expenditures</b>	<b>584,719</b>	<b>740,499</b>	<b>311,573</b>	<b>428,926</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(231,219)</b>	<b>(366,952)</b>	<b>51,077</b>	<b>418,029</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(45,000)	(45,000)	-	45,000
<b>Total other financing sources (uses)</b>	<b>(45,000)</b>	<b>(45,000)</b>	<b>-</b>	<b>45,000</b>
<b>Net change in fund balances</b>	<b>(276,219)</b>	<b>(411,952)</b>	<b>51,077</b>	<b>463,029</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	863,243	863,243	863,243	-
End of year	\$ 587,024	\$ 451,291	\$ 914,320	\$ 463,029

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Fines and forfeitures	\$ 40,000	\$ 30,000	\$ 21,010	\$ (8,990)
Use of money and property	-	-	-	-
<b>Total revenues</b>	<b>40,000</b>	<b>30,000</b>	<b>21,010</b>	<b>(8,990)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	314,534	314,534	304,394	10,140
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>314,534</b>	<b>314,534</b>	<b>304,394</b>	<b>10,140</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(274,534)</b>	<b>(284,534)</b>	<b>(283,384)</b>	<b>1,150</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	283,000	283,000	283,000	-
<b>Total other financing sources (uses)</b>	<b>283,000</b>	<b>283,000</b>	<b>283,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>8,466</b>	<b>(1,534)</b>	<b>(384)</b>	<b>1,150</b>
<b>FUND BALANCES:</b>				
Beginning of year	97,173	97,173	97,173	-
End of year	\$ 105,639	\$ 95,639	\$ 96,789	\$ 1,150

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Use of money and property	\$ 245,000	\$ 275,000	\$ 280,328	\$ 5,328
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>245,000</b>	<b>275,000</b>	<b>280,328</b>	<b>5,328</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	259,196	260,562	223,949	36,613
Capital outlay	18,000	18,000	-	18,000
<b>Total expenditures</b>	<b>277,196</b>	<b>278,562</b>	<b>223,949</b>	<b>54,613</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(32,196)</b>	<b>(3,562)</b>	<b>56,379</b>	<b>59,941</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>(32,196)</b>	<b>(3,562)</b>	<b>56,379</b>	<b>59,941</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	314,031	314,031	314,031	-
End of year	\$ 281,835	\$ 310,469	\$ 370,410	\$ 59,941

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Use of money and property	\$ 45,000	\$ 45,000	\$ 51,650	\$ 6,650
<b>Total revenues</b>	<b>45,000</b>	<b>45,000</b>	<b>51,650</b>	<b>6,650</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	160,000	165,885	4,631	161,254
<b>Total expenditures</b>	<b>160,000</b>	<b>165,885</b>	<b>4,631</b>	<b>161,254</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(115,000)</b>	<b>(120,885)</b>	<b>47,019</b>	<b>167,904</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>(115,000)</b>	<b>(120,885)</b>	<b>47,019</b>	<b>167,904</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	3,444,014	3,444,014	3,444,014	-
End of year	\$ 3,329,014	\$ 3,323,129	\$ 3,491,033	\$ 167,904

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Other revenues	770,000	896,900	811,475	(85,425)
<b>Total revenues</b>	<b>770,000</b>	<b>896,900</b>	<b>811,475</b>	<b>(85,425)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	770,000	896,900	798,836	98,064
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>770,000</b>	<b>896,900</b>	<b>798,836</b>	<b>98,064</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>12,639</b>	<b>12,639</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>-</b>	<b>-</b>	<b>12,639</b>	<b>12,639</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(36,246)	(36,246)	(36,246)	-
End of year	\$ (36,246)	\$ (36,246)	\$ (23,607)	\$ 12,639

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 150,000	\$ 160,000	\$ 168,572	\$ 8,572
Use of money and property	-	-	857	857
<b>Total revenues</b>	<b>150,000</b>	<b>160,000</b>	<b>169,429</b>	<b>9,429</b>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>150,000</b>	<b>160,000</b>	<b>169,429</b>	<b>9,429</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(135,000)	(135,000)	(1,000)	134,000
<b>Total other financing sources (uses)</b>	<b>(135,000)</b>	<b>(135,000)</b>	<b>(1,000)</b>	<b>134,000</b>
<b>Net change in fund balances</b>	<b>15,000</b>	<b>25,000</b>	<b>168,429</b>	<b>143,429</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	167,519	167,519	167,519	-
End of year	\$ 182,519	\$ 192,519	\$ 335,948	\$ 143,429

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 2,625,576	\$ 2,625,576	\$ 1,358,642	\$ (1,266,934)
Use of money and property	-	-	12,230	12,230
<b>Total revenues</b>	<b>2,625,576</b>	<b>2,625,576</b>	<b>1,370,872</b>	<b>(1,254,704)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	239,500	239,500	4,706	234,794
Public safety	691,546	691,546	391,772	299,774
Public works	929,077	929,076	284,546	644,530
Community development	1,097,454	1,097,454	677,619	419,835
<b>Total expenditures</b>	<b>2,957,577</b>	<b>2,957,576</b>	<b>1,358,643</b>	<b>1,598,933</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(332,001)</b>	<b>(332,000)</b>	<b>12,229</b>	<b>344,229</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>(332,001)</b>	<b>(332,000)</b>	<b>12,229</b>	<b>344,229</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(152,305)	(152,305)	(152,305)	-
End of year	\$ (484,306)	\$ (484,305)	\$ (140,076)	\$ 344,229

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 9,935,282	\$ 8,485,253	\$ (1,450,029)
Use of money and property	-	-	47,643	47,643
<b>    Total revenues</b>	<b>-</b>	<b>9,935,282</b>	<b>8,532,896</b>	<b>(1,402,386)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	9,935,282	8,485,253	1,450,029
<b>    Total expenditures</b>	<b>-</b>	<b>9,935,282</b>	<b>8,485,253</b>	<b>1,450,029</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>47,643</b>	<b>47,643</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>-</b>	<b>-</b>	<b>47,643</b>	<b>47,643</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ 47,643	\$ 47,643

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**City of Arcata, California**  
**Combining Balance Sheet**  
**Federal Grant Special Revenue Funds**  
**June 30, 2023**

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	HUD Block Grant	ISTEA	FEMA/ OES	COPS
<b>ASSETS</b>				
Cash and investments	\$ 1,693,095	\$ 472,096	\$ 41,500	\$ 288,220
Receivables:				
Intergovernmental	178,960	142,735	42,834	-
<b>Total assets</b>	<b>\$ 1,872,055</b>	<b>\$ 614,831</b>	<b>\$ 84,334</b>	<b>\$ 288,220</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	174,160	\$ -	\$ -	\$ -
Due to other funds	401,647	-	-	-
<b>Total liabilities</b>	<b>575,807</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	1,296,248	614,831	84,334	288,220
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>1,296,248</b>	<b>614,831</b>	<b>84,334</b>	<b>288,220</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,872,055</b>	<b>\$ 614,831</b>	<b>\$ 84,334</b>	<b>\$ 288,220</b>

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HOME Grants	Community Development Grants	Totals
\$ -	230,581	\$ 2,725,492
<u>242,160</u>	<u>132,593</u>	<u>739,282</u>
<u><u>\$ 242,160</u></u>	<u><u>\$ 363,174</u></u>	<u><u>\$ 3,464,774</u></u>
\$ 1,755	33,376	\$ 209,291
<u>246,303</u>	<u>293,863</u>	<u>941,813</u>
<u><u>248,058</u></u>	<u><u>327,239</u></u>	<u><u>1,151,104</u></u>
(5,898)	35,935	2,313,670
<u>-</u>	<u>-</u>	<u>-</u>
<u>(5,898)</u>	<u>35,935</u>	<u>2,313,670</u>
<u><u>\$ 242,160</u></u>	<u><u>\$ 363,174</u></u>	<u><u>\$ 3,464,774</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, 2023

	HUD Block Grant	ISTEA	FEMA/ OES	COPS
<b>REVENUES:</b>				
Intergovernmental	\$ 1,769,876	\$ 142,735	\$ 25,196	\$ 162,880
Use of money and property	(1,447)	1,778	1,304	1,425
<b>Total revenues</b>	<b>1,768,429</b>	<b>144,513</b>	<b>26,500</b>	<b>164,305</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	1,833	-	-
Community development	792,027	-	-	-
<b>Total expenditures</b>	<b>792,027</b>	<b>1,833</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>976,402</b>	<b>142,680</b>	<b>26,500</b>	<b>164,305</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(219,711)	(360,000)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>(219,711)</b>	<b>(360,000)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>976,402</b>	<b>142,680</b>	<b>(193,211)</b>	<b>(195,695)</b>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	319,846	472,151	277,545	483,915
End of year	<b>\$ 1,296,248</b>	<b>\$ 614,831</b>	<b>\$ 84,334</b>	<b>\$ 288,220</b>

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HOME Grants	Community Development Grants	Totals
\$ 242,235	156,004	\$ 2,498,926
-	-	3,060
<u>242,235</u>	<u>156,004</u>	<u>2,501,986</u>
248,133	61,308	1,833
248,133	61,308	1,101,468
<u>248,133</u>	<u>61,308</u>	<u>1,103,301</u>
(5,898)	<u>94,696</u>	<u>1,398,685</u>
-	-	-
-	-	(579,711)
-	-	(579,711)
(5,898)	94,696	818,974
-	(58,761)	1,494,696
<u>\$ (5,898)</u>	<u>\$ 35,935</u>	<u>\$ 2,313,670</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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 3,133,722	\$ 2,228,344	\$ 1,769,876	\$ (458,468)
Use of money and property	-	-	(1,447)	(1,447)
<b>Total revenues</b>	<b>3,133,722</b>	<b>2,228,344</b>	<b>1,768,429</b>	<b>(459,915)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	993,356	842,357	792,027	50,330
<b>Total expenditures</b>	<b>993,356</b>	<b>842,357</b>	<b>792,027</b>	<b>50,330</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,140,366</b>	<b>1,385,987</b>	<b>976,402</b>	<b>(409,585)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,387,752	2,387,752	-	(2,387,752)
<b>Total other financing sources (uses)</b>	<b>2,387,752</b>	<b>2,387,752</b>	<b>-</b>	<b>(2,387,752)</b>
<b>Net change in fund balances</b>	<b>4,528,118</b>	<b>3,773,739</b>	<b>976,402</b>	<b>(2,797,337)</b>
<b>FUND BALANCES:</b>				
Beginning of year	319,846	319,846	319,846	-
End of year	\$ 4,847,964	\$ 4,093,585	\$ 1,296,248	\$ (2,797,337)

# 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, 2023

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
<b>REVENUES:</b>					
Intergovernmental	\$ 120,000	\$ 120,000	\$ 142,735	\$ 22,735	
Use of money and property	-	-	1,778	1,778	
<b>Total revenues</b>	<b>120,000</b>	<b>120,000</b>	<b>144,513</b>	<b>24,513</b>	
<b>EXPENDITURES:</b>					
Current:					
Public works	115,000	115,000	1,833	113,167	
Capital outlay	-	-	-	-	
<b>Total expenditures</b>	<b>115,000</b>	<b>115,000</b>	<b>1,833</b>	<b>113,167</b>	
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>5,000</b>	<b>5,000</b>	<b>142,680</b>	<b>137,680</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>5,000</b>	<b>5,000</b>	<b>142,680</b>	<b>137,680</b>	
<b>FUND BALANCES:</b>					
Beginning of year	472,151	472,151	472,151	-	
<b>End of year</b>	<b>\$ 477,151</b>	<b>\$ 477,151</b>	<b>\$ 614,831</b>	<b>\$ 137,680</b>	

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 531,500	\$ 531,500	\$ 25,196	\$ (506,304)
Use of money and property	-	-	1,304	1,304
<b>Total revenues</b>	<b>531,500</b>	<b>531,500</b>	<b>26,500</b>	<b>(505,000)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>531,500</b>	<b>531,500</b>	<b>26,500</b>	<b>(505,000)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(531,500)	(531,500)	(219,711)	311,789
<b>Total other financing sources (uses)</b>	<b>(531,500)</b>	<b>(531,500)</b>	<b>(219,711)</b>	<b>311,789</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(193,211)</b>	<b>(193,211)</b>
<b>FUND BALANCES:</b>				
Beginning of year	277,545	277,545	277,545	-
End of year	<b>\$ 277,545</b>	<b>\$ 277,545</b>	<b>\$ 84,334</b>	<b>\$ (193,211)</b>

# 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, 2023

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
<b>REVENUES:</b>					
Intergovernmental	\$ 100,000	\$ 160,000	\$ 162,880	\$ 2,880	
Use of money and property	-	-	1,425	1,425	
<b>Total revenues</b>	<b>100,000</b>	<b>160,000</b>	<b>164,305</b>	<b>4,305</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>100,000</b>	<b>160,000</b>	<b>164,305</b>	<b>4,305</b>	
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	
Transfers out	(360,000)	(360,000)	(360,000)	-	
<b>Total other financing sources (uses)</b>	<b>(360,000)</b>	<b>(360,000)</b>	<b>(360,000)</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>(260,000)</b>	<b>(200,000)</b>	<b>(195,695)</b>	<b>4,305</b>	
<b>FUND BALANCES:</b>					
Beginning of year	483,915	483,915	483,915	-	
End of year	\$ 223,915	\$ 283,915	\$ 288,220	\$ 4,305	

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**City of Arcata, California**  
**Combining Balance Sheet**  
**In Lieu Fee Special Revenue Funds**  
**June 30, 2023**

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	Parkland In Lieu	Parking In Lieu	Totals
<b>ASSETS</b>			
Cash and investments	\$ 199,682	\$ 281,719	\$ 481,401
Receivables:			
Loans/Notes receivable	62,208	-	62,208
<b>Total assets</b>	<b>\$ 261,890</b>	<b>\$ 281,719</b>	<b>\$ 543,609</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	199,682	281,719	481,401
<b>Total fund balances</b>	<b>199,682</b>	<b>281,719</b>	<b>481,401</b>
<b>Total liabilities and fund balances</b>	<b>\$ 261,890</b>	<b>\$ 281,719</b>	<b>\$ 543,609</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, 2023

	Parkland In Lieu	Parking In Lieu	Totals
<b>REVENUES:</b>			
Licenses and permits	\$ 15,552	\$ -	\$ 15,552
Use of money and property	720	1,018	1,738
<b>Total revenues</b>	<b>16,272</b>	<b>1,018</b>	<b>17,290</b>
<b>EXPENDITURES:</b>			
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>16,272</b>	<b>1,018</b>	<b>17,290</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>16,272</b>	<b>1,018</b>	<b>17,290</b>
<b>FUND BALANCES (DEFICIT):</b>			
Beginning of year	183,410	280,701	464,111
End of year	<b>\$ 199,682</b>	<b>\$ 281,719</b>	<b>\$ 481,401</b>

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Licenses and permits	\$ 10,000	\$ 14,000	\$ 15,552	\$ 1,552
Use of money and property	-	-	720	720
<b>Total revenues</b>	<b>10,000</b>	<b>14,000</b>	<b>16,272</b>	<b>2,272</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>10,000</b>	<b>14,000</b>	<b>16,272</b>	<b>2,272</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(20,000)	(20,000)	-	20,000
<b>Total other financing sources (uses)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>-</b>	<b>20,000</b>
<b>Net change in fund balances</b>	<b>(10,000)</b>	<b>(6,000)</b>	<b>16,272</b>	<b>22,272</b>
<b>FUND BALANCES:</b>				
Beginning of year	183,410	183,410	183,410	-
End of year	\$ 173,410	\$ 177,410	\$ 199,682	\$ 22,272

# City of Arcata, California

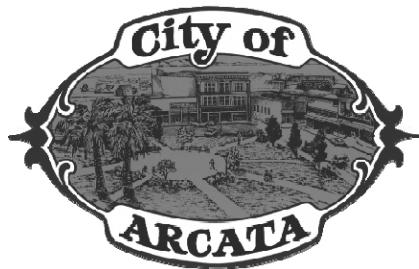
## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

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

For the year ended June 30, 2023

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	(Negative)
<b>REVENUES:</b>					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,018	1,018	
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,018</b>	<b>1,018</b>	
<b>EXPENDITURES:</b>					
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>REVENUES OVER (UNDER) EXPENDITURES</b>					
	-	-	1,018	1,018	
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>1,018</b>	<b>1,018</b>	
<b>FUND BALANCES:</b>					
Beginning of year	280,701	280,701	280,701	280,701	-
End of year	\$ 280,701	\$ 280,701	\$ 281,719	\$ 1,018	

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**City of Arcata, California****Combining Balance Sheet****Assessment District Special Revenue Funds****June 30, 2023**


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	Curtis Heights	Janes Creek Meadows	Windsong	Mad River Business Park
<b>ASSETS</b>				
Cash and investments	\$ 1,222	\$ 16,544	\$ 6,661	7,727
Receivables:				
Intergovernmental	-	284	891	374
<b>Total assets</b>	<b>\$ 1,222</b>	<b>\$ 16,828</b>	<b>\$ 7,552</b>	<b>\$ 8,101</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>Fund Balances:</b>				
Assigned	1,222	16,828	7,552	8,101
<b>Total fund balances</b>	<b>1,222</b>	<b>16,828</b>	<b>7,552</b>	<b>8,101</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,222</b>	<b>\$ 16,828</b>	<b>\$ 7,552</b>	<b>\$ 8,101</b>

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Totals

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\$ 32,154

1,549

\$ 33,703

\$ -

-

33,703

33,703

\$ 33,703

# 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, 2023

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	Curtis Heights	Janes Creek Meadows	Windsong
<b>REVENUES:</b>			
Taxes and assessments	\$ -	\$ 16,121	\$ 14,923
Use of money and property	4	96	57
<b>Total revenues</b>	<b>4</b>	<b>16,217</b>	<b>14,980</b>
<b>EXPENDITURES:</b>			
Current:			
Parks and recreation	-	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>			
	4	16,217	14,980
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	-	(16,000)	(14,850)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>(16,000)</b>	<b>(14,850)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>			
	4	217	130
<b>FUND BALANCES (DEFICIT) :</b>			
Beginning of year	1,218	16,611	7,422
End of year	<u>\$ 1,222</u>	<u>\$ 16,828</u>	<u>\$ 7,552</u>

Mad River Business Park		Totals
6,527	\$	37,571
40		197
<u>6,567</u>		<u>37,768</u>
<u>6,567</u>		<u>37,768</u>
(5,000)		(35,850)
(5,000)		(35,850)
1,567		1,918
<u>6,534</u>		<u>31,785</u>
<u>\$ 8,101</u>	<u>\$</u>	<u>33,703</u>

**City of Arcata, California****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual****Curtis Heights Assessment District Special Revenue Fund****For the year ended June 30, 2023**

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	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
<b>REVENUES:</b>					
Use of money and property	\$ -	\$ -	\$ 4	\$	4
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>4</b>		<b>4</b>
<b>EXPENDITURES:</b>					
Current:					
Parks and recreation	-	-	-		-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>4</b>		<b>4</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>4</b>		<b>4</b>
<b>FUND BALANCES:</b>					
Beginning of year	1,218	1,218	1,218		-
End of year	\$ 1,218	\$ 1,218	\$ 1,222	\$	4

# 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, 2023

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
<b>REVENUES:</b>					
Taxes and assessments	\$ 16,080	\$ 16,080	\$ 16,121	\$ 41	
Use of money and property	-	-	96	96	
<b>Total revenues</b>	<b>16,080</b>	<b>16,080</b>	<b>16,217</b>		<b>137</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>16,217</b>		<b>137</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	(16,000)	(16,000)	(16,000)		-
<b>Total other financing sources (uses)</b>	<b>(16,000)</b>	<b>(16,000)</b>	<b>(16,000)</b>		<b>-</b>
<b>Net change in fund balances</b>	<b>80</b>	<b>80</b>	<b>217</b>		<b>137</b>
<b>FUND BALANCES (DEFICIT):</b>					
Beginning of year	16,611	16,611	16,611		-
<b>End of year</b>	<b>\$ 16,691</b>	<b>\$ 16,691</b>	<b>\$ 16,828</b>		<b>\$ 137</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, 2023

	Budgeted Amounts			Variance w/Final	
	Original	Final	Actual	Positive	
				(Negative)	
<b>REVENUES:</b>					
Taxes and assessments	\$ 14,850	\$ 14,850	\$ 14,923	\$ 73	
Use of money and property	-	-	57	57	
<b>Total revenues</b>	<b>14,850</b>	<b>14,850</b>	<b>14,980</b>		<b>130</b>
<b>EXPENDITURES:</b>					
Current:					
Parks and recreation	-	-	-	-	
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>14,850</b>	<b>14,850</b>	<b>14,980</b>		<b>130</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>130</b>		<b>130</b>
<b>FUND BALANCES:</b>					
Beginning of year	7,422	7,422	7,422		-
End of year	\$ 7,422	\$ 7,422	\$ 7,552	\$ 130	

# 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, 2023

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Taxes and assessments	\$ 6,522	\$ 6,522	6,527	\$ 5
Use of money and property	-	-	40	40
<b>Total revenues</b>	<b>6,522</b>	<b>6,522</b>	<b>6,567</b>	<b>45</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>6,522</b>	<b>6,522</b>	<b>6,567</b>	<b>45</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			-	-
Transfers out	(5,000)	(5,000)	(5,000)	-
<b>Total other financing sources (uses)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,522</b>	<b>1,522</b>	<b>1,567</b>	<b>45</b>
<b>FUND BALANCES:</b>				
Beginning of year	6,534	6,534	6,534	-
End of year	\$ 8,056	\$ 8,056	\$ 8,101	\$ 45

## **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, 2023**

	<b>Central Garage Fund</b>	<b>Information Technology Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 2,461,964	\$ 216,432	\$ 2,678,396
Inventory	27,569	-	27,569
<b>Total current assets</b>	<b>2,489,533</b>	<b>216,432</b>	<b>2,705,965</b>
<b>Noncurrent assets:</b>			
Capital assets, net	1,521,887	255,570	1,777,457
<b>Total noncurrent assets</b>	<b>1,521,887</b>	<b>255,570</b>	<b>1,777,457</b>
<b>Total assets</b>	<b>4,011,420</b>	<b>472,002</b>	<b>4,483,422</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan	176,544	221,954	398,498
<b>Total assets and deferred outflows of resources</b>	<b>4,187,964</b>	<b>693,956</b>	<b>4,881,920</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 25,254	\$ 12,475	\$ 37,729
Accrued liabilities	5,809	5,608	11,417
Interest payable	-	2,463	2,463
Compensated absences - current portion	3,996	10,407	14,403
Due within one year	-	63,038	63,038
<b>Total current liabilities</b>	<b>35,059</b>	<b>93,991</b>	<b>129,050</b>
<b>Noncurrent liabilities:</b>			
Compensated absences	11,987	-	11,987
Due after one year	-	157,142	157,142
Net pension liability	469,796	496,856	966,652
<b>Total liabilities</b>	<b>516,842</b>	<b>747,989</b>	<b>1,264,831</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Plan	59,729	6,448	66,177
<b>Total deferred inflows of resources</b>	<b>59,729</b>	<b>6,448</b>	<b>66,177</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,521,887	255,570	1,777,457
Unrestricted	2,089,506	(316,051)	1,773,455
<b>Total net position</b>	<b>3,611,393</b>	<b>(60,481)</b>	<b>3,550,912</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 4,187,964</b>	<b>\$ 693,956</b>	<b>\$ 4,881,920</b>

# City of Arcata, California

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

### Internal Service Funds

For the year ended June 30, 2023

	Central Garage Fund	Information Technology Fund	Information Technology Fund	Totals
<b>OPERATING REVENUES:</b>				
Interdepartmental charges	\$ 1,133,576	\$ 579,716	\$ 1,713,292	
<b>Total operating revenues</b>	<b>1,133,576</b>	<b>579,716</b>	<b>1,713,292</b>	
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	248,774	202,309	451,083	
Contractual services	19,593	151,045	170,638	
Materials and supplies	351,607	56,441	408,048	
Repairs and maintenance	27,745	7,494	35,239	
Insurance	127,395	-	127,395	
Allocated overhead	-	8,970	8,970	
Depreciation	35,334	50,050	85,384	
<b>Total operating expenses</b>	<b>810,448</b>	<b>476,309</b>	<b>1,286,757</b>	
<b>OPERATING INCOME (LOSS)</b>	<b>323,128</b>	<b>103,407</b>	<b>426,535</b>	
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Proceeds from the sale of capital assets	1,796	-	1,796	
Interest revenue	8,298	(137)	8,161	
Interest expense	-	(3,608)	(3,608)	
<b>Total non-operating revenues (expenses)</b>	<b>10,094</b>	<b>(3,745)</b>	<b>6,349</b>	
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>333,222</b>	<b>99,662</b>	<b>432,884</b>	
Transfers in	775,275	185,000	960,275	
Transfers out	-	-	-	
<b>Total transfers</b>	<b>775,275</b>	<b>185,000</b>	<b>960,275</b>	
<b>Change in net position</b>	<b>1,108,497</b>	<b>284,662</b>	<b>1,393,159</b>	
<b>NET POSITION (DEFICIT):</b>				
Beginning of year	2,502,896	(345,143)	2,157,753	
End of year	<b>\$ 3,611,393</b>	<b>\$ (60,481)</b>	<b>\$ 3,550,912</b>	

**City of Arcata, California**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2023**

	<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	\$ 1,133,576	\$ 579,716	\$ 1,713,292
Cash paid to suppliers for goods and services	(563,062)	(231,294)	(794,356)
Cash paid to employees for services	(328,008)	(288,058)	(616,066)
<b>Net cash provided (used) by operating activities</b>	<b>242,506</b>	<b>60,364</b>	<b>302,870</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers received	775,275	185,000	960,275
<b>Net cash provided (used) by noncapital financing activities</b>	<b>775,275</b>	<b>185,000</b>	<b>960,275</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(347,117)	(291,588)	(638,705)
Proceeds from the sale of capital assets	1,796	-	1,796
Principal paid on long-term debt	-	220,180	220,180
Interest paid on long-term debt	-	(3,608)	(3,608)
<b>Net cash (used) by capital and related financing activities</b>	<b>(345,321)</b>	<b>(75,016)</b>	<b>(420,337)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	8,298	(137)	8,161
<b>Net cash provided by investing activities</b>	<b>8,298</b>	<b>(137)</b>	<b>8,161</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>680,758</b>	<b>170,211</b>	<b>850,969</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	1,781,206	46,221	1,827,427
End of year	<b>\$ 2,461,964</b>	<b>\$ 216,432</b>	<b>\$ 2,678,396</b>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 323,128	\$ 103,407	\$ 426,535
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	35,334	50,050	85,384
Pension expense	(59,955)	(85,047)	(145,002)
(Increase) decrease in current assets:			
Inventory	(5,048)	-	(5,048)
Increase (decrease) in liabilities:			
Accounts payable	(31,674)	(7,344)	(39,018)
Accrued liabilities	(11,003)	(2,618)	(13,621)
Compensated absences	(8,276)	1,916	(6,360)
<b>Net cash provided by operating activities</b>	<b>\$ 242,506</b>	<b>\$ 60,364</b>	<b>\$ 302,870</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, 2023**

**City of Arcata, California**  
**Single Audit Reports**  
**For the year ended June 30, 2023**

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**City of Arcata, California**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2023**

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><u>State of California Department of Housing and Community Development</u></i>			
2017 CDBG Program	14.228	17-CDBG-12017	\$ 1,376,374
Community Development Block Grant Coronavirus Response (CDBG-CV2)	14.228	20-CDBG-CV2-3-00213	302,330
Community Development Block Grant Coronavirus Response (CDBG-CV2)	14.228	20-CDBG-CV2-3-00212	86,598
Community Development Block Grant		Program Income	809,638
<i>Total for Community Development Block Grant</i>			<u>2,574,940</u>
HOME Investment Partnership Program	14.239	16-HOME-11386	242,159
HOME Investment Partnership Program	14.239	Program Income	142,115
<i>Total for HOME Investment Partnership Program</i>			<u>384,274</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>2,959,214</u>
<b>U.S. Department of the Interior</b>			
<i>Direct Program:</i>			
US Fish and Wildlife	15.630		<u>14,243</u>
<b>Total U.S. Department of the Interior</b>			<u>14,243</u>
<b>U.S. Department of Transportation</b>			
<i>Pass through Program From:</i>			
<i><u>State of California Department of Transportation</u></i>			
STIP Regional Improvement Prgram	20.205	RPSTPL-5021 (023)	<u>515,917</u>
<b>Total U.S. Department of Transportation</b>			<u>515,917</u>
<b>U.S. Environmental Protection Agency</b>			
<i>Direct Program:</i>			
Brownfields Assessment and Cleanup Cooperative Agreement	66.818		<u>4,574</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>4,574</u>
<b>U.S. Department of the Treasury</b>			
<i>Pass through Program From:</i>			
<i><u>State of California Department of Housing and Community Development</u></i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	21-HK-17183	8,485,253
<i><u>State of California Department of Finance</u></i>			
COVID19 - Coronavirus Relief Fund	21.027	SLT-3272	<u>1,358,642</u>
<b>Total U.S. Department of the Treasury</b>			<u>9,843,895</u>
<b>U.S. Department of Homeland Security - FEMA</b>			
<i>Pass through Program From:</i>			
<i><u>State of California Governor's Office of Emergency Services</u></i>			
Hazard Mitigation Grant Program	97.039	FEMA-4344-DR-CA	<u>42,834</u>
<b>Total U.S. Department of Homeland Security - FEMA</b>			<u>42,834</u>
<b>Total Federal Expenditures</b>			<u>\$ 13,380,677</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, 2023**

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### **1. BASIS OF PRESENTATION**

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

### **2. DESCRIPTION OF MAJOR PROGRAMS**

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

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

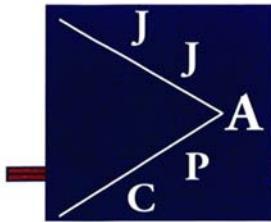
#### **Coronavirus State and Local Fiscal Recovery Funds (SLFRF) (CFDA #20.027)**

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 15, 2024.

**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**

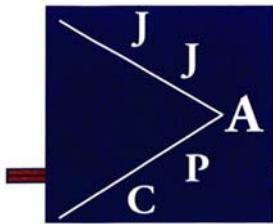
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

May 15, 2024

*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, 2023. 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, 2023.

***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 City as of and for the year ended June 30, 2023, and have issued our report thereon dated May 15, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

May 15, 2024

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

**City of Arcata, California**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2023**

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

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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**City of Arcata, California**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the year ended June 30, 2023**

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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**

**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, 2023**

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

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

**Finding 2022-01 - Material Weakness of Noncompliance with California Government Code – Filing Deadline Expiration**

Resolved.

**Finding 2022-02 – Timeliness**

See current year finding 2023-01.