

CITY OF ARCATA, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022



Prepared by:

Tabatha Miller
Finance Director

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City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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736 F Street
Arcata, CA 95521

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

September 14, 2023

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, 2022. It is the policy of the Council that a licensed certified public accountant conducts an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to them. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. We believe the data presented in this report is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City’s financial activities have been included.

Management of the City has established an internal control framework that is designed both to protect the City’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City’s framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City of Arcata, City staff, creditors, investors, and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The City’s financial statements have been audited by JJACPA, Inc., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2022, 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, 2022, 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 2022, 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, the total labor force is approximately 12,300. Unemployment in Arcata is approximately 3.4 percent.

The City of Arcata is committed to providing high quality services in an economical manner. For fiscal year 2022, the City's efforts were focused in the following areas.

Resident and Community Health:

Development of Affordable Housing- 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 was awarded two Project Homekey grants which will convert two hotels to much needed housing projects targeted for homeless.

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.

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 kicked off development of the Arcata Gateway Specific Area Plan, starting with a series of public meetings to seek input and ideas from the community.

Facilities and Infrastructure:

Improving City streets and associated infrastructure continues to be a priority. During the fiscal year, the City's Streets & Utilities department completed worked on the Plunkett waterline rehabilitation project; completed the planning, design and permitting of phase one of the Wastewater Treatment Plant Upgrade; conducted the annual sidewalk improvement program; and purchased and installed several generators in City Facilities as part of the City's ongoing emergency response plan.

Current Economic Conditions and Outlook

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

The City has a reserve policy which promotes maintaining fund balances or working capital balances of at least 25 percent of operating expenditures. However, in order to assure that the City Council has some discretion, these reserves may be reduced in order to fund unforeseeable financial conditions such as transition funding in a recessionary economy, one-time expenditures or other budget shortfall stop gap measures of a temporary nature.

Financial Information

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

Acknowledgements

The preparation of this Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department and the auditing firm of JJACPA, Inc. I would like to express my appreciation to Joseph Arch, CPA, Brett Jones, CPA, and Fortune Andzouana of JJACPA, Inc. and to the members of the Finance Department who assisted and contributed to its preparation.

I would also like to thank members of the City Council, the City Manager, and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully Submitted,

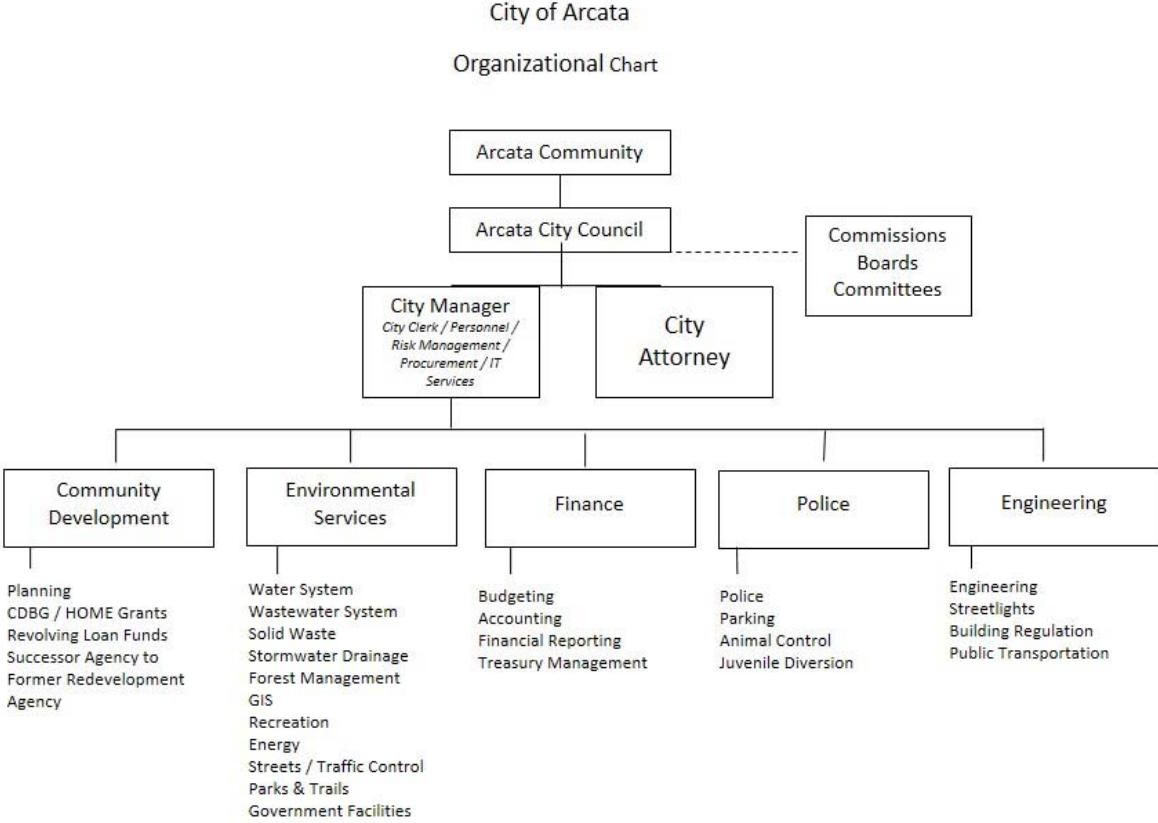
Tabatha Miller
Finance Director

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City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

Organization Chart



City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

List of Officials

CITY COUNCIL

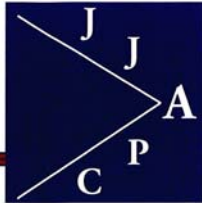
- Sarah Schaefer, Mayor
- Meredith Matthews, Vice Mayor
- Stacy Atkins-Salazar, Council Member
- Brett Watson, Council Member
- Vacant

CITY OFFICIALS

- Karen Diemer, City Manager
- Danette Demello, Assistant City Manager
- Ondrea Starzhevskiy, Finance Director
- David Loya, Community Development Director
- Brian Ahearn, Chief of Police
- Netra Khatri, City Engineer
- 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, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–17, the schedule of changes in the net OPEB liability and related ratios on page 97, the net OPEB liability schedule of contributions on page 98, the schedules of contributions on pages 99–100, and the schedules of the City's proportionate share of the net pension liability on pages 101–102 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2023 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.

September 14, 2023

JJACPA, Inc.

JJACPA, Inc.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

This section of the annual financial report provides a narrative overview and analysis of the financial activities of the City of Arcata (City) for the fiscal year ended June 30, 2022. 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, 2022, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$114.2 million, an increase of \$2.7 million from the prior year. Of the total net position, \$63.2 million was invested in capital assets (net of related debt) and \$3.0 million had restrictions on use, leaving \$47.9 million as unrestricted.
- ◆ Overall City-wide revenues from all governmental and business-type activities increased by about \$1.14 million compared to the 2021 fiscal year. The largest portion, approximately \$2.2 million, of the decrease was from reduced operating grants, which had benefited from a \$1.5 million increase in 2021 over the prior year. The second largest portion was a decrease of \$686,000 in use of money and property primarily resulting from changes in the fair market value of the cities investments as rising interest rates and inflation decreased the carrying values of those assets. The city-wide decreases were offset by a \$820,000 increase in other revenues and a \$720,000 increase in Transient Occupancy Tax (TOT) and sales and use tax revenues. The City's total expense for all programs in fiscal year 2022 increased by \$2.7 million. This resulted primarily from a \$1.4 million increase in grant funded expenditures related to Community Development and an \$845,000 increase in public works related expenditures. Public works related capital projects were drastically reduced to combat expected revenue losses at the beginning of the COVID-19 pandemic. Expenditures in 2022 and 2021 demonstrate spending increased back to pre-pandemic levels.
- ◆ The City's governmental funds decreased net position by approximately \$880,000. This is a slight decrease compared to prior years \$2.9 million increase as the result of a bump in expending as travel began to open during from the pandemic closures and rural outdoor focused destinations quickly became popular, increasing local tax revenues.
- ◆ The City's proprietary enterprise funds increased net position by \$3.6 million. This is a \$2.4 million decrease compared to prior fiscal year 2020. This is in part due to planned accumulation of funds to complete current and future capital projects in the Water and Wastewater Funds.
- ◆ The General Fund reported a fund balance of \$14.8 million at the end of the 2022 fiscal year, an increase of nearly \$2.3 million. This increase resulted from greater than expected tax and assessment revenues combined with decreased in transfers to other funds.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

FINANCIAL HIGHLIGHTS, Continued

- ◆ The City also ended the fiscal year with \$20.2 million reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of \$2.2 million from 2021 and primarily results from the accumulation of cash and investments for major capital improvement projects to the water and wastewater systems that are anticipated to begin in fiscal year 2022-23.

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, 2022

Management's Discussion and Analysis, Continued

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, 2022

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2022, 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, 2022, 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, 2022

Management's Discussion and Analysis, Continued

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 110–153 of this report.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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 \$114.2 million as of June 30, 2022. The Summary of Net position as of June 30, 2022, and 2021, follows:

	Summary of Net Position					
	2022			2021		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 59,819,908	\$ 27,645,321	\$ 87,465,229	\$ 55,984,732	\$ 25,128,475	\$ 81,113,207
Noncurrent assets	35,897,618	30,265,996	66,163,614	36,512,344	30,256,979	66,769,323
Deferred outflows of resources	4,007,052	834,875	4,841,927	3,839,551	902,238	4,741,789
Total assets and deferred outflows of resources	99,724,578	58,746,192	158,470,770	96,336,627	56,287,692	152,624,319
Current and other liabilities	5,115,432	1,063,164	6,178,596	4,250,869	1,612,287	5,863,156
Long-term liabilities	18,405,855	5,155,703	23,561,558	24,778,306	8,574,408	33,352,714
Deferred inflows of resources	11,205,375	3,364,289	14,569,664	1,498,113	496,434	1,994,547
Total liabilities and deferred inflows of resources	34,726,662	9,583,156	44,309,818	30,527,288	10,683,129	41,210,417
Net position:						
Net invested in						
Capital Assets	34,227,768	28,961,863	63,189,631	34,546,194	27,581,421	62,127,615
Restricted	3,024,443	-	3,024,443	3,125,784	-	3,125,784
Unrestricted	27,745,705	20,201,173	47,946,878	28,137,361	18,023,142	46,160,503
Total net position	\$ 64,997,916	\$ 49,163,036	\$ 114,160,952	\$ 65,809,339	\$ 45,604,563	\$ 111,413,902

The City’s total net position increased by more than \$2.7 million (-\$877,000 and \$3.6 million for governmental activities and business-type activities, respectively). Total city-wide assets increased by more than \$5.8 million, \$3.4 in governmental activities and \$2.5 million in business-type activities. The increase in governmental activities assets is due to greater than expected tax and assessment revenues combined with costs savings as the city did not utilize all budgeted general fund capital outlay expenditures in fiscal year 2022. For the business-type activities, this increase in assets results from the accumulation of cash and investments for major capital improvement projects to the water and wastewater systems anticipated to begin in fiscal year 2022-23. Total city-wide liabilities, increased by \$3.1 million. Of this amount, the liabilities in governmental activities increased by \$4.2 million and the liabilities in business-type activities decreased by \$1.1 million. The increase in governmental 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 \$1.1 million decrease in business-type activities is primarily the result of early payoff of the State Water State Water Resources Control Board Loan which funded completion of the City’s Inflow and Infiltration (I&I) project.

The largest portion of the City’s net assets, approximately 55.4%, 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, 2022

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

A portion of the City's net position, 2.6% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$27.7 million is held by governmental activities and \$20.2 million is held by business-type activities.

Revenues

The City's total revenues for governmental and business-type activities were \$36.7 million for the fiscal year ended June 30, 2022, a decrease of \$1.1 million from the prior year. Significant revenues for the City for fiscal year 2021-22 were derived from charges for services (47.0%), taxes (36.3%), and operating grants and contributions (14.5%).

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

1. **General Revenues – Taxes.** Annual receipts increased \$744,000 or 5.9%. Sales and use tax revenues increased by \$331,000 compared to prior year. Transient and Occupancy tax revenues also increased by \$388,000. Utility Users Tax experienced decrease of \$100,000 and property taxes and assessments decreased by \$88,000. Both transient and occupancy tax and sales taxes increases were due to positive consumer impacts as the local economy continued to recover from lifted shelter in place restrictions during the COVID-19 pandemic. In 2021, utility users tax revenues included a one-time payment of \$174,000 for delinquent taxes, so the decrease in revenue for 2022 was expected.
2. **Program Revenues- Grants and contributions.** Annual receipts decreased by \$2.2 million or 31% for operating and capital grant revenues. The City experienced a decrease of \$2.3 million from government related operating/ capital grants and contributions and an increase of \$118,000 related to business type activities.
3. **Program Revenues- Charges for Services.** Annual charges for services decreased \$189,000 or 1.1%, primarily in governmental activities. While charges for service for business type activities in total only decreased by \$3,193, more notable changes were experienced in the Transit fund, Wastewater fund and Stormwater Utility Fund. Transit revenue increase by \$731,000 and was primarily due to increased operational funding sources such as Local Transportation Funds and CARES act funding. Wastewater fund service charges increased by \$468,000 driven primarily by wastewater utility consumption charges. The Stormwater decrease was due to one-time operational funds from State Coastal Conservancy and US Fish and Wildlife Services grant revenues received in 2021 but not 2022.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

- ◆ Governmental and business-type activity expenses of the City for the year totaled \$34 million. This is an increase of \$2.7 million from the prior fiscal year. This resulted primarily from a \$1.4 million increase in grant funded expenditures related to Community Development and an \$845,000 increase in public works related expenditures. Public works related capital projects were drastically reduced to combat expected revenue losses at the beginning of the COVID-19 pandemic. Expenditures increase in 2022 and 2021 demonstrates spending levels increased back to pre-pandemic levels. Fluctuations occur year to year as many of the expenses are driven by one-time activities such as grant funded projects that will occur in a given fiscal year, but not in a subsequent year.

Governmental activity expenses totaled \$22.1 million, or 65% of total expenses. Public safety costs represented 33% of total governmental activities expenses, followed by public works at 22% and general government at 20%. Business-type activities incurred expenses of \$11.8 million, or 35% of total expenses during the fiscal year.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2022, and 2021 follows:

	Changes in Net Position			2021		
	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,908,139	\$ 15,302,414	\$ 17,210,553	\$ 2,093,814	\$ 15,305,607	\$ 17,399,421
Grants and contributions:						
Operating	4,765,729	183,761	4,949,490	7,074,655	65,464	7,140,119
Capital	354,194	-	354,194	-	-	-
General revenues:						
Property taxes and assessments	1,824,621	-	1,824,621	1,912,655	-	1,912,655
Transient occupancy taxes	2,029,489	-	2,029,489	1,641,954	-	1,641,954
Sales and use tax	6,083,471	-	6,083,471	5,752,263	-	5,752,263
Franchise taxes	282,645	-	282,645	279,119	-	279,119
Utility users tax	1,030,498	-	1,030,498	1,130,348	-	1,130,348
Other taxes	409,580	-	409,580	258,746	-	258,746
Motor vehicle in lieu	1,941,133	-	1,941,133	1,878,807	-	1,878,807
Use of money and property	(160,224)	(275,385)	(435,609)	248,295	2,383	250,678
Other general	975,930	-	975,930	153,151	-	153,151
Total revenues	21,445,205	15,210,790	36,655,995	22,423,807	15,373,454	37,797,261
Expenses:						
Governmental activities:						
General government	4,427,490	-	4,427,490	3,912,148	-	3,912,148
Public safety	7,202,057	-	7,202,057	7,221,818	-	7,221,818
Public works	4,848,658	-	4,848,658	4,003,110	-	4,003,110
Community development	4,131,423	-	4,131,423	2,750,129	-	2,750,129
Parks and recreation	1,499,256	-	1,499,256	1,633,579	-	1,633,579
Interest and fiscal charges	30,938	-	30,938	32,623	-	32,623
Business-type activities:						
Water	-	4,731,744	4,731,744	-	4,426,788	4,426,788
Wastewater	-	4,608,417	4,608,417	-	4,869,897	4,869,897
Transit	-	1,409,161	1,409,161	-	1,264,200	1,264,200
Solid Waste	-	433,084	433,084	-	490,770	490,770
Stormwater	-	652,421	652,421	-	667,164	667,164
Total expenses	22,139,822	11,834,827	33,974,649	19,553,407	11,718,819	31,272,226
Excess (Deficiency) of revenues over expenditures before transfers	(694,617)	3,375,963	2,681,346	2,870,400	3,654,635	6,525,035
Transfer from fiduciary activities	-	-	-	-	-	-
Transfers	(182,510)	182,510	-	(724)	724	-
Change in net position	(877,127)	3,558,473	2,681,346	2,869,676	3,655,359	6,525,035
Net position:						
Beginning of year	65,875,043	45,604,563	111,479,606	63,005,367	41,949,204	104,954,571
End of year	\$ 64,997,916	\$ 49,163,036	\$ 114,160,952	\$ 65,875,043	\$ 45,604,563	\$ 111,479,606

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The following table shows the cost of each of the City’s major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City’s taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2022, and 2021, are as follows:

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 4,427,490	\$ (2,469,061)	\$ 3,912,148	\$ (2,128,415)
Public safety	7,202,057	(6,551,472)	7,221,818	(6,269,287)
Public works	4,848,658	(1,879,812)	4,003,110	342,585
Community development	4,131,423	(3,001,782)	2,750,129	(1,020,545)
Parks and recreation	1,499,256	(1,178,695)	1,633,579	(1,276,653)
Interest and fiscal charges	30,938	(30,938)	32,623	(32,623)
Total	<u>\$ 22,139,822</u>	<u>\$ (15,111,760)</u>	<u>\$ 19,553,407</u>	<u>\$ (10,384,938)</u>

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

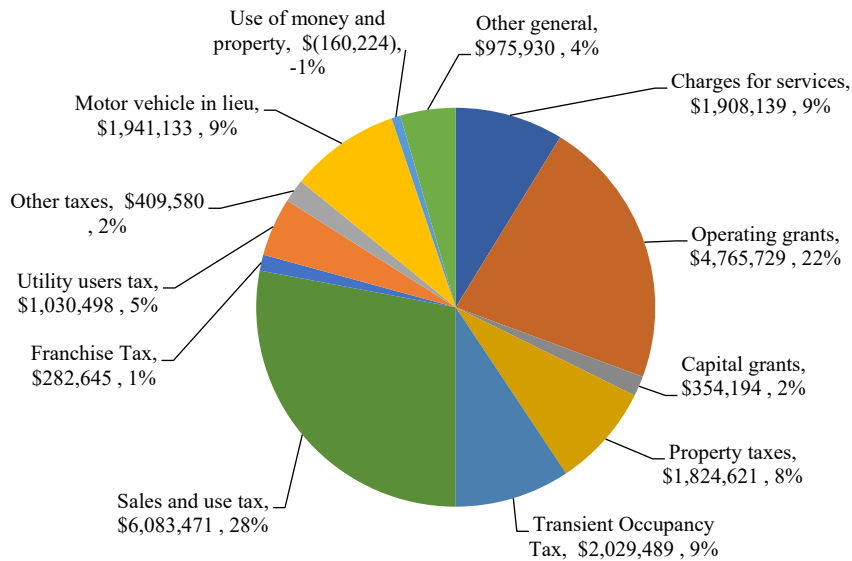
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

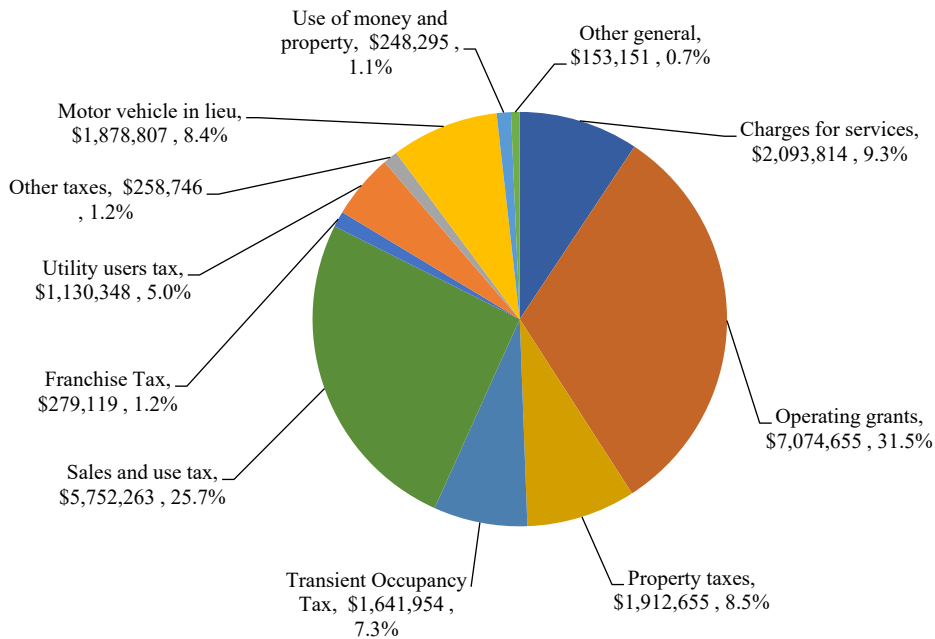
Governmental Activities, continued

Revenues by source for the fiscal years ended June 30, 2022, and 2021, are as follows:

Revenues by Source - Governmental Activities 2022



Revenues by Source - Governmental Activities 2021



City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

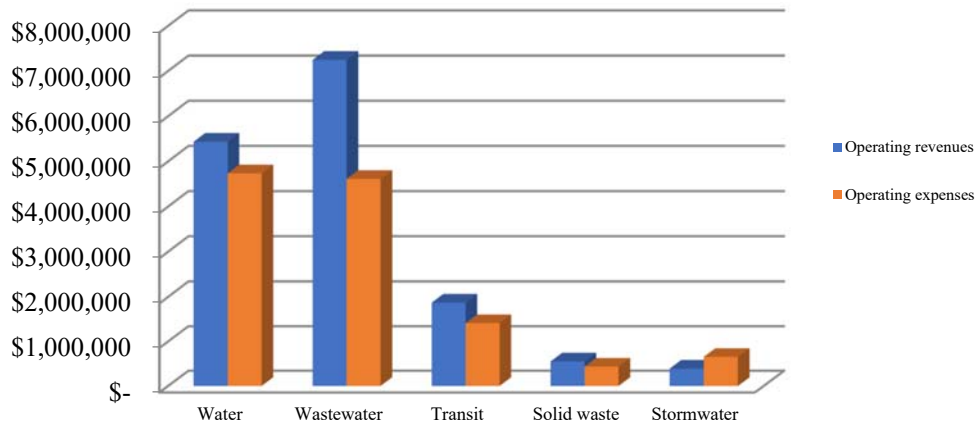
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

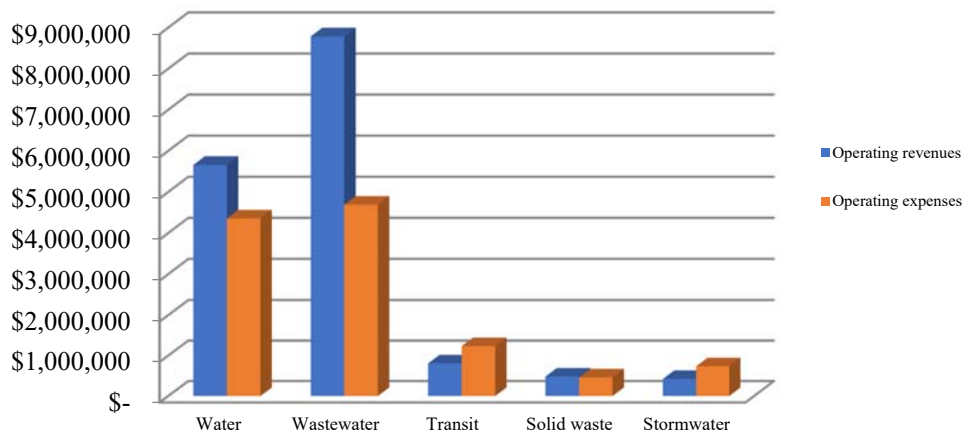
Business-type Activities

Business-type activities have increased the City’s net position by \$3.6 million. The City has five business-type activities: Water, Wastewater, Transit, Solid Waste, and Stormwater Operations. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2022, and 2021, are as follows:

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



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



City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

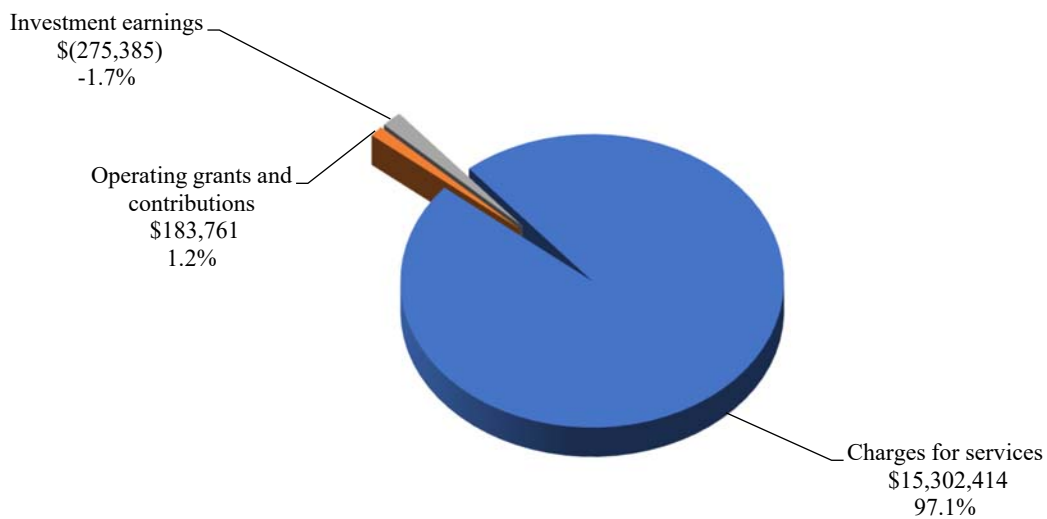
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

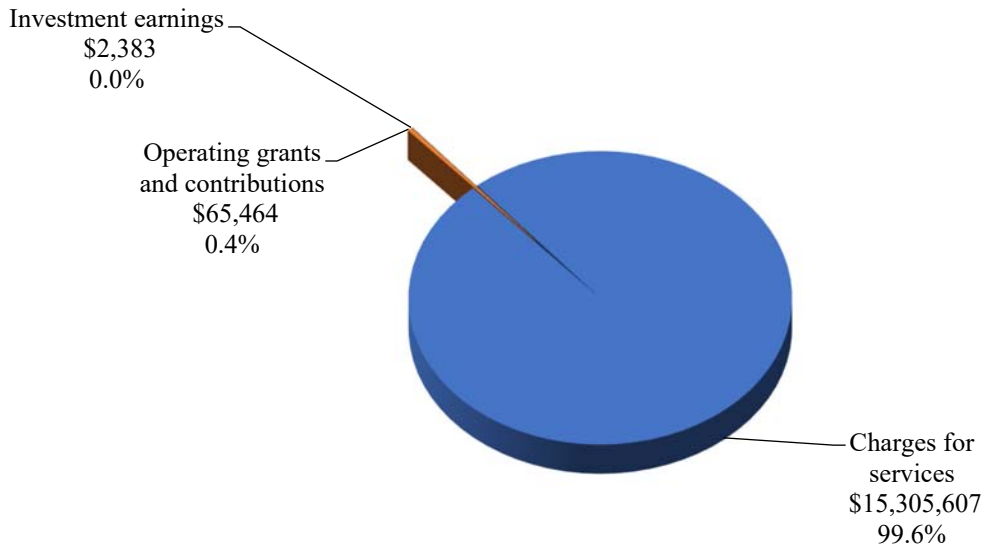
Business-type Activities, continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2022, and 2021, are as follows:

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



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



City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

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

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2022, the City's governmental funds reported combined fund balances of \$24.4 million. This is an increase of nearly \$1.6 million or 6.9% from last year.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2022, General Fund unassigned fund balance totaled \$14.8 million. This is an increase of \$2.3 million from the prior year. This increase results from small increased tax and assessment revenues, combined with expenditure savings from projects planned for but not completed during the fiscal year - similar to activities in fiscal year 2021.

Proprietary funds. The City also ended the fiscal year with \$20.2 million reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of approximately \$2.2 million from 2021 and primarily results from the accumulation of cash and investments for major capital improvement projects to the water and wastewater systems that are anticipated to begin in fiscal year 2022-23.

General Fund Budgetary Highlights

The difference between the final budget and actual revenues differs favorably by approximately \$2.0 million or 10% of budget. This was mainly due to higher than anticipated Intergovernmental revenue. The difference between the final budget and actual expenditures differs favorably by \$5.8 million. This results in part from salary and benefit costs savings due to vacancies but is primarily a result of capital outlay expenditure improvements which were budgeted but not completed during the year. These will be carried over to the subsequent fiscal year.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022, amount to \$66.1 million. This investment in capital assets includes land, construction in progress costs for road and median improvements, buildings and improvements, infrastructure, furniture and equipment, and vehicles.

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
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	10,524,311	10,755,644	10,614,336	10,845,669
Buildings and structures	5,023,584	5,348,193	1,461,253	1,689,098	6,484,837	7,037,291
Furniture and equipment	648,137	623,650	445,707	182,055	1,093,844	805,705
Other Improvements	7,940,966	8,219,917	9,420,263	9,068,700	17,361,229	17,288,617
Infrastructure	4,044,683	4,193,727	-	-	4,044,683	4,193,727
Vehicles	921,402	808,011	806,920	947,285	1,728,322	1,755,296
Total	\$ 35,897,618	\$ 36,512,344	\$ 30,228,033	\$ 30,212,361	\$ 66,125,651	\$ 66,724,705

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, 2022, the City had total debt obligations of just less than \$4.0 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	
	2022	2021	2022	2021	2022	2021
2015 Refunding of 2008 Lease	\$ 724,850	\$ 766,150	\$1,346,150	\$1,422,850	\$2,071,000	\$2,189,000
CalPERS UAL Debt	945,000	1,200,000	-	-	945,000	1,200,000
2015 Refunding of 2008 Loan	-	-	178,000	352,000	178,000	352,000
SWRCB Loan	-	-	-	1,140,152	-	1,140,152
Compensated absences	586,429	538,400	174,062	148,519	760,491	686,919
Total	\$ 2,256,279	\$ 2,504,550	\$1,698,212	\$3,063,521	\$3,954,491	\$5,568,071

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

Economic Outlook and Next Year's Budget and Rates

The budget for Fiscal Year 2021-22, adopted on June 24, 2021, was balanced and the economic outlook for the short- and long-term was somewhat stabilizing compared to prior year. As the City entered FY 2022, several of the hiring freezes implemented in FY 2021 were retained to continue maintenance of a balanced budget.

The City entered Fiscal Year 2021-22 in a financial position prepared to face the second year of the COVID-19 pandemic. The restrictions from shelter in place orders were steadily being lifted, allowing local businesses to reopen or expand hours. The regional also benefited from intrastate travel, where the rural outdoor oriented environment appealed to travelers during and following the pandemic.

The City also entered year three 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, 2022, and planned for July 1, 2023. 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.

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BASIC FINANCIAL STATEMENTS



City of Arcata, California
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 24,442,989	\$ 25,426,109	\$ 49,869,098
Restricted cash and investments	2,787,226	649,801	3,437,027
Receivables:			
Accounts	4,939,827	1,654,921	6,594,748
Loans/Notes receivable	27,047,446	-	27,047,446
Internal balances	287,848	(287,848)	-
Due from Successor Agency	179,512	-	179,512
Inventory	135,060	198,310	333,370
Deposit	-	4,028	4,028
Total current assets	59,819,908	27,645,321	87,465,229
Noncurrent assets:			
Prepaid issuance costs	-	37,963	37,963
Capital assets:			
Nondepreciable	17,318,846	7,569,579	24,888,425
Depreciable	18,578,772	22,658,454	41,237,226
Total noncurrent assets	35,897,618	30,265,996	66,163,614
Total assets	95,717,526	57,911,317	153,628,843
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	1,549,995	-	1,549,995
Pension Plan	2,457,057	834,875	3,291,932
Total assets and deferred outflows of resources	\$ 99,724,578	\$ 58,746,192	\$ 158,470,770
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,977,079	\$ 599,859	\$ 2,576,938
Interest payable	-	1,993	1,993
Deposits payable	27,041	159,855	186,896
Compensated absences - current portion	144,508	43,477	187,985
Other liabilities	2,693,754	-	2,693,754
Due within one year	273,050	257,980	531,030
Total current liabilities	5,115,432	1,063,164	6,178,596
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	441,921	130,585	572,506
Due after one year	1,396,800	1,266,170	2,662,970
Net OPEB liability	5,452,640	-	5,452,640
Net pension liability	11,114,494	3,758,948	14,873,442
Total noncurrent liabilities	18,405,855	5,155,703	23,561,558
Total liabilities	23,521,287	6,218,867	29,740,154
DEFERRED INFLOWS OF RESOURCES			
OPEB	202,741	-	202,741
Pension Plan	11,002,634	3,364,289	14,366,923
Total deferred inflows of resources	11,205,375	3,364,289	14,569,664
NET POSITION			
Net investment in capital assets	34,227,768	28,961,863	63,189,631
Restricted	3,024,443	-	3,024,443
Unrestricted	27,745,705	20,201,173	47,946,878
Total net position	64,997,916	49,163,036	114,160,952
Total liabilities, deferred inflows of resources and net position	\$ 99,724,578	\$ 58,746,192	\$ 158,470,770

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, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 4,427,490	\$ 40,125	\$ 1,918,304	\$ -
Public safety	7,202,057	182,420	468,165	-
Public works	4,848,658	917,738	1,696,914	354,194
Community development	4,131,423	480,020	649,621	-
Parks and recreation	1,499,256	287,836	32,725	-
Interest and fiscal charges	30,938	-	-	-
Total governmental activities	<u>22,139,822</u>	<u>1,908,139</u>	<u>4,765,729</u>	<u>354,194</u>
Business-type activities:				
Water	4,731,744	5,434,013	-	-
Wastewater	4,608,417	7,245,669	-	-
Transit	1,409,161	1,685,799	183,761	-
Solid waste	433,084	549,319	-	-
Stormwater utility	652,421	387,614	-	-
Total business-type activities	<u>11,834,827</u>	<u>15,302,414</u>	<u>183,761</u>	<u>-</u>
Total primary government	<u>\$ 33,974,649</u>	<u>\$ 17,210,553</u>	<u>\$ 4,949,490</u>	<u>\$ 354,194</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Transient occupancy tax, levied for general purposes

Sales taxes

Franchise taxes

Utility users tax

Other taxes

Intergovernmental:

State motor vehicle in-lieu tax (MVLF)

Use of money and property

Other general revenues

Total general revenues

Transfer from Fiduciary Activities

Transfers

Total general revenues and transfers

Change in net position

Net position:

Beginning of year

End of year

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

Changes in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (2,469,061)	\$ -	\$ (2,469,061)
(6,551,472)	-	(6,551,472)
(1,879,812)	-	(1,879,812)
(3,001,782)	-	(3,001,782)
(1,178,695)	-	(1,178,695)
(30,938)	-	(30,938)
<u>(15,111,760)</u>	<u>-</u>	<u>(15,111,760)</u>
-	702,269	702,269
-	2,637,252	2,637,252
-	460,399	460,399
-	116,235	116,235
-	(264,807)	(264,807)
-	<u>3,651,348</u>	<u>3,651,348</u>
<u>(15,111,760)</u>	<u>3,651,348</u>	<u>(11,460,412)</u>
1,824,621	-	1,824,621
2,029,489	-	2,029,489
6,083,471	-	6,083,471
282,645	-	282,645
1,030,498	-	1,030,498
409,580	-	409,580
1,941,133	-	1,941,133
(160,224)	(275,385)	(435,609)
975,930	-	975,930
<u>14,417,143</u>	<u>(275,385)</u>	<u>14,141,758</u>
-	-	-
(182,510)	182,510	-
<u>14,234,633</u>	<u>(92,875)</u>	<u>14,141,758</u>
(877,127)	3,558,473	2,681,346
65,875,043	45,604,563	111,479,606
<u>\$ 64,997,916</u>	<u>\$ 49,163,036</u>	<u>\$ 114,160,952</u>

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

Fund	Description
Governmental Funds:	Governmental funds are used for taxes and grants.
General	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
CDBG Housing Special Revenue	Accounts for activities related to housing and the related CDBG funding.
Housing Revolving Special Revenue	Accounts for activities related to housing and the related funding applicable to the City's loan programs.
Basic Business Loan Revolving	Accounts for the City's business loan program.
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, 2022

	Major Funds		
	General Fund	CDBG Housing Special Revenue	Housing Revolving Special Revenue
ASSETS			
Cash and investments	\$ 15,060,744	\$ 390,000	\$ 286,346
Restricted cash and investments	-	-	-
Receivables:			
Taxes	668,300	-	-
Interest	12,564	-	-
Intergovernmental	2,261,962	-	-
Loans/Notes receivable	-	8,285,061	11,318,044
Other receivable	41,303	161,489	1,373
Due from other funds	629,755	401,647	-
Due from Successor Agency	-	-	-
Inventory	1,486	-	-
Total assets	\$ 18,676,114	\$ 9,238,197	\$ 11,605,763
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,001,947	\$ 8,919	\$ 2,171
Due to other funds	69,376	-	-
Deposits payable	-	-	-
Other liabilities	2,693,754	-	-
Total liabilities	3,765,077	8,919	2,171
Deferred inflows of resources:			
Unavailable revenue	90,623	8,285,059	11,318,527
Total deferred inflows of resources:	90,623	8,285,059	11,318,527
Total Liabilities and deferred inflows	3,855,700	8,293,978	11,320,698
Fund balances:			
Nonspendable	1,486	-	-
Restricted	-	944,219	285,065
Assigned	-	-	-
Unassigned (Deficit)	14,818,928	-	-
Total fund balances	14,820,414	944,219	285,065
Total liabilities, deferred inflows and fund balances	\$ 18,676,114	\$ 9,238,197	\$ 11,605,763

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

Major Funds				
Basic Business Loan Revolving	Housing Improvement Projects	2107 & 2107.5 Gas Tax Funds	Nonmajor Governmental Funds	Totals
\$ 1,002,546	68,573	\$ 378,243	\$ 5,429,110	\$ 22,615,562
-			2,787,226	2,787,226
-	31	-	14,396	682,727
-	-	-	-	12,564
-	-	100,289	1,495,784	3,858,035
3,155,445	4,146,849	-	142,047	27,047,446
4,483	-	-	177,853	386,501
293,863	69,376	-	-	1,394,641
-			179,512	179,512
-		3,943	107,110	112,539
<u>\$ 4,456,337</u>	<u>\$ 4,284,829</u>	<u>\$ 482,475</u>	<u>\$ 10,333,038</u>	<u>\$ 59,076,753</u>
\$ 1,000	\$ 1,762	\$ 182,012	\$ 675,020	\$ 1,872,831
-		-	1,037,417	1,106,793
-	-	-	27,041	27,041
-	-	-	-	2,693,754
<u>1,000</u>	<u>1,762</u>	<u>182,012</u>	<u>1,739,478</u>	<u>5,700,419</u>
3,155,445	4,146,850	-	1,958,186	28,954,690
<u>3,155,445</u>	<u>4,146,850</u>	<u>-</u>	<u>1,958,186</u>	<u>28,954,690</u>
3,156,445	4,148,612	182,012	3,697,664	34,655,109
-	-	-	107,110	108,596
-	-	300,463	1,494,696	3,024,443
1,299,892	136,217	-	5,462,862	6,898,971
-	-	-	(429,294)	14,389,634
<u>1,299,892</u>	<u>136,217</u>	<u>300,463</u>	<u>6,635,374</u>	<u>24,421,644</u>
<u>\$ 4,456,337</u>	<u>\$ 4,284,829</u>	<u>\$ 482,475</u>	<u>\$ 10,333,038</u>	<u>\$ 59,076,753</u>

City of Arcata, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total fund balances - total governmental funds \$ 24,421,644

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. 34,673,482

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	\$ (553,679)	
Due within one year	(273,050)	
Due after one year	(1,396,800)	
Net OPEB obligation	(5,452,640)	
Net pension liability	<u>(10,840,706)</u>	(18,516,875)

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. 28,954,690

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

Deferred outflows - OPEB	1,549,995	
Deferred outflows - Pension	2,457,057	
Deferred inflows - OPEB	(202,741)	
Deferred inflows - Pension	<u>(11,002,634)</u>	(7,198,323)

Internal services funds are used by management to charge the costs of certain activities, such as central garage, to individual funds. The assets and liabilities of the internal service funds are:

Current assets	1,849,948	
Noncurrent assets	1,224,136	
Accounts payable and accrued liabilities	(112,436)	
Noncurrent liabilities	<u>(298,350)</u>	2,663,298

Net Position of governmental activities \$ 64,997,916

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, 2022

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Internal Services Balances	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets:					
Cash and investments	\$ 22,615,562	\$ -	\$ -	\$ 1,827,427	\$ 24,442,989
Restricted cash and investments	2,787,226	-	-	-	2,787,226
Receivables:					
Taxes	682,727	-	-	-	682,727
Interest	12,564	-	-	-	12,564
Intergovernmental	3,858,035	-	-	-	3,858,035
Loans/Notes receivable	27,047,446	-	-	-	27,047,446
Other receivable	386,501	-	-	-	386,501
Due from other funds	1,394,641	(1,394,641)	-	-	-
Due from Successor Agency	179,512	-	-	-	179,512
Internal balances	-	287,848	-	-	287,848
Inventory	112,539	-	-	22,521	135,060
Total current assets	59,076,753	(1,106,793)	-	1,849,948	59,819,908
Noncurrent assets:					
Capital assets, net	-	-	34,673,482	1,224,136	35,897,618
Total noncurrent assets	-	-	34,673,482	1,224,136	35,897,618
Total assets	59,076,753	(1,106,793)	34,673,482	3,074,084	95,717,526
Deferred outflows of resources:					
OPEB	-	-	1,549,995	-	1,549,995
Pension Plan	-	-	2,391,716	65,341	2,457,057
Total assets and deferred outflows of resources	\$ 59,076,753	\$ (1,106,793)	\$ 38,615,193	\$ 3,139,425	\$ 99,724,578
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,872,831	\$ -	\$ -	\$ 104,248	\$ 1,977,079
Due to other funds	1,106,793	(1,106,793)	-	-	-
Deposits payable	27,041	-	-	-	27,041
Compensated absences - current portion	-	-	136,320	8,188	144,508
Other liabilities	2,693,754	-	-	-	2,693,754
Due within one year	-	-	273,050	-	273,050
Total current liabilities	5,700,419	(1,106,793)	409,370	112,436	5,115,432
Noncurrent liabilities:					
Long-term liabilities:					
Compensated absences	-	-	417,359	24,562	441,921
Due after one year	-	-	1,396,800	-	1,396,800
Net OPEB liability	-	-	5,452,640	-	5,452,640
Net pension liability	-	-	10,840,706	273,788	11,114,494
Total noncurrent liabilities	-	-	18,107,505	298,350	18,405,855
Total liabilities	5,700,419	(1,106,793)	18,516,875	410,786	23,521,287
Deferred inflows of resources					
Unavailable revenue	28,954,690	-	(28,954,690)	-	-
OPEB	-	-	202,741	-	202,741
Pension plan	-	-	10,431,748	570,886	11,002,634
Total liabilities and deferred inflows of resources:	34,655,109	(1,106,793)	196,674	981,672	34,726,662
FUND BALANCES/NET POSITION					
Fund balances:					
Nonspendable	108,596	(108,596)	-	-	-
Restricted	3,024,443	(3,024,443)	-	-	-
Assigned	6,898,971	(6,898,971)	-	-	-
Unassigned (deficit)	14,389,634	(14,389,634)	-	-	-
Net position:					
Net investment in capital assets	-	-	33,003,632	1,224,136	34,227,768
Restricted	-	-	3,024,443	-	3,024,443
Unrestricted	-	24,421,644	2,390,444	933,617	27,745,705
Total fund balances/net position	24,421,644	-	38,418,519	2,157,753	64,997,916
Total liabilities, deferred inflows and net position	\$ 59,076,753	\$ (1,106,793)	\$ 38,615,193	\$ 3,139,425	\$ 99,724,578

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, 2022

	Major Funds		
	General Fund	CDBG Housing Special Revenue	Housing Revolving Special Revenue
REVENUES:			
Taxes and assessments	\$ 11,455,703	\$ -	\$ -
Licenses and permits	510,259	-	-
Fines and forfeitures	145,114	-	-
Intergovernmental	2,370,979	-	-
Use of money and property	(23,993)	543,544	144,011
Charges for services	871,034	-	-
Reimbursements	1,553,359	-	-
Other revenues	21,924	-	-
Total revenues	16,904,379	543,544	144,011
EXPENDITURES:			
Current:			
General government	3,217,572	-	-
Public safety	6,413,281	-	-
Public works	1,892,691	-	-
Community development	1,080,704	311,004	159,812
Parks and recreation	1,137,552	-	-
Capital outlay	125,287	-	-
Debt service:			
Principal	41,300	-	-
Interest and fiscal charges	30,938	-	-
Total expenditures	13,939,325	311,004	159,812
REVENUES OVER (UNDER) EXPENDITURES	2,965,054	232,540	(15,801)
OTHER FINANCING SOURCES (USES):			
Transfers in	7,000	-	-
Transfers out	(689,924)	-	-
Total other financing sources (uses)	(682,924)	-	-
Net change in fund balances	2,282,130	232,540	(15,801)
FUND BALANCES:			
Beginning of year	12,538,284	711,679	300,866
End of year	\$ 14,820,414	\$ 944,219	\$ 285,065

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
\$ -	\$ -	\$ -	\$ 36,436	\$ 11,492,139
-	-	-	3,496	513,755
-	-	-	28,168	173,282
36,995	71,450	778,554	2,459,733	5,609,266
-	-	(7,978)	114,537	878,566
-	-	-	-	871,034
-	-	-	-	1,553,359
-	20,726	-	953,583	996,233
<u>36,995</u>	<u>92,176</u>	<u>770,576</u>	<u>3,595,953</u>	<u>22,087,634</u>
-	-	-	248,244	3,465,816
-	-	-	330,299	6,743,580
-	-	1,590,962	605,814	4,089,467
12,475	249,236	-	2,331,088	4,144,319
-	-	-	169,609	1,307,161
-	-	356,897	18,921	501,105
-	-	-	-	41,300
-	-	-	-	30,938
<u>12,475</u>	<u>249,236</u>	<u>1,947,859</u>	<u>3,703,975</u>	<u>20,323,686</u>
<u>24,520</u>	<u>(157,060)</u>	<u>(1,177,283)</u>	<u>(108,022)</u>	<u>1,763,948</u>
-	-	754,910	190,000	951,910
-	-	-	(458,883)	(1,148,807)
-	-	754,910	(268,883)	(196,897)
<u>24,520</u>	<u>(157,060)</u>	<u>(422,373)</u>	<u>(376,905)</u>	<u>1,567,051</u>
<u>1,275,372</u>	<u>293,277</u>	<u>722,836</u>	<u>7,012,279</u>	<u>22,854,593</u>
<u>\$ 1,299,892</u>	<u>\$ 136,217</u>	<u>\$ 300,463</u>	<u>\$ 6,635,374</u>	<u>\$ 24,421,644</u>

City of Arcata, California

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

For the year ended June 30, 2022

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt		Internal Service	Depreciation	Capital Asset (Additions)/ Retirements		OPEB Obligation	Pension Plan	Unavailable Revenue	UAL Debt	Government- wide Totals
		Service	Service			Retirements	Retirements					
Governmental activities:												
General government	\$ 3,465,816	\$ 15,279	\$ 87,130	\$ 189,078	\$ -	\$ 482,424	\$ 232,510	\$ -	\$ (44,747)	\$ -	\$ -	\$ 4,427,490
Public safety	6,743,580	-	-	93,138	-	-	452,406	-	(87,067)	-	-	7,202,057
Public works	4,089,467	-	-	161,495	376,146	-	274,350	-	(52,800)	-	-	4,848,658
Community development	4,144,319	-	-	424,433	-	-	278,030	(661,851)	(53,508)	-	-	4,131,423
Parks and recreation	1,307,161	-	-	121,279	-	-	87,693	-	(16,877)	-	-	1,499,256
Capital outlay	501,105	-	-	-	(501,105)	-	-	-	-	-	-	-
Debt service/Interest	72,238	(41,300)	-	-	-	-	-	-	-	-	-	30,938
Total governmental activities	\$ 20,323,686	\$ (26,021)	\$ 87,130	\$ 989,423	\$ (124,959)	\$ 482,424	\$ 1,324,989	\$ (661,851)	\$ (254,999)	\$ -	\$ -	\$ 22,139,822

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, 2022

Net change in fund balances - total governmental funds \$ 1,567,051

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	\$ 124,959	
Depreciation expense	(989,423)	(864,464)

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. 19,422

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	41,300	
CalPERS UAL Debt	254,999	296,299

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		(15,279)
--------------------------------	--	----------

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	(482,424)	
Pension Plan	(1,324,989)	(1,807,413)

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. (72,743)

Change in Net Position of governmental activities \$ (877,127)

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, 2022

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 9,175,665	\$ 9,845,665	\$ 11,455,703	\$ 1,610,038
Licenses and permits	661,114	627,114	510,259	(116,855)
Fines and forfeitures	150,000	94,700	145,114	50,414
Intergovernmental	5,743,547	5,713,533	2,370,979	(3,342,554)
Use of money and property	67,000	189,500	(23,993)	(213,493)
Charges for services	932,770	949,562	871,034	(78,528)
Reimbursements	1,446,760	1,446,760	1,553,359	106,599
Other revenues	9,500	9,500	21,924	12,424
Total revenues	18,186,356	18,876,334	16,904,379	(1,971,955)
EXPENDITURES:				
Current:				
General government	3,268,422	3,500,702	3,217,572	283,130
Public safety	6,921,267	7,149,255	6,413,281	735,974
Public works	3,879,368	4,245,797	1,892,691	2,353,106
Community development	1,188,318	1,291,530	1,080,704	210,826
Parks and recreation	1,479,579	1,450,953	1,137,552	313,401
Capital outlay	1,989,387	1,984,717	125,287	1,859,430
Debt service:				
Principal	41,300	41,300	41,300	-
Interest and fiscal charges	15,898	30,939	30,938	1
Total expenditures	18,783,539	19,695,193	13,939,325	5,755,868
REVENUES OVER (UNDER) EXPENDITURES	(597,183)	(818,859)	2,965,054	3,783,913
OTHER FINANCING SOURCES (USES):				
Transfer from fiduciary activities	-	-	-	-
Transfers in	7,000	7,000	7,000	-
Transfers out	(337,944)	(182,056)	(689,924)	(507,868)
Total other financing sources (uses)	(330,944)	(175,056)	(682,924)	(507,868)
Net change in fund balances	(928,127)	(993,915)	2,282,130	3,276,045
FUND BALANCES:				
Beginning of year	12,538,284	12,538,284	12,538,284	-
End of year	\$ 11,610,157	\$ 11,544,369	\$ 14,820,414	\$ 3,276,045

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

CDBG Housing Special Revenue Fund				Housing Revolving Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final Positive (Negative)	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
422,000	422,000	543,544	121,544	180,000	396,000	144,011	(251,989)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
422,000	422,000	543,544	121,544	180,000	396,000	144,011	(251,989)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
723,714	347,233	311,004	36,229	458,000	372,500	159,812	212,688
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
723,714	347,233	311,004	36,229	458,000	372,500	159,812	212,688
(301,714)	74,767	232,540	157,773	(278,000)	23,500	(15,801)	(39,301)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(301,714)	74,767	232,540	157,773	(278,000)	23,500	(15,801)	(39,301)
711,679	711,679	711,679	-	300,866	300,866	300,866	-
\$ 409,965	\$ 786,446	\$ 944,219	\$ 157,773	\$ 22,866	\$ 324,366	\$ 285,065	\$ (39,301)

(continued)

City of Arcata, California
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - Major Funds
For the year ended June 30, 2022

	Basic Business Loan Revolving			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	15,000	25,000	36,995	11,995
Charges for services	-	-	-	-
Reimbursements	-	-	-	-
Other revenues	-	-	-	-
Total revenues	15,000	25,000	36,995	11,995
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	100,000	100,000	12,475	87,525
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	100,000	100,000	12,475	87,525
REVENUES OVER (UNDER)				
EXPENDITURES	(85,000)	(75,000)	24,520	99,520
OTHER FINANCING SOURCES (USES):				
Transfer from fiduciary activities	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(85,000)	(75,000)	24,520	99,520
FUND BALANCES:				
Beginning of year	1,275,372	1,275,372	1,275,372	-
End of year	\$ 1,190,372	\$ 1,200,372	\$ 1,299,892	\$ 99,520

Housing Improvement Projects				2017 & 2107.5 Gas Tax Funds			
Budgeted Amounts		Actual	Variance w/Final	Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	827,322	830,890	778,554	-
82,000	82,000	71,450	(10,550)	-	-	(7,978)	(7,978)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
20,000	10,000	20,726	-	37,786	-	-	-
102,000	92,000	92,176	(10,550)	865,108	830,890	770,576	(7,978)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,422,265	1,906,911	1,590,962	-
51,204	252,298	249,236	3,062	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	358,500	365,397	356,897	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
51,204	252,298	249,236	3,062	1,780,765	2,272,308	1,947,859	-
50,796	(160,298)	(157,060)	3,238	(915,657)	(1,441,418)	(1,177,283)	264,135
-	-	-	-	-	-	-	-
-	-	-	-	337,000	844,590	754,910	-
-	-	-	-	-	-	-	-
-	-	-	-	337,000	844,590	754,910	-
50,796	(160,298)	(157,060)	3,238	(578,657)	(596,828)	(422,373)	264,135
293,277	293,277	293,277	-	-	-	722,836	-
\$ 344,073	\$ 132,979	\$ 136,217	\$ 3,238	\$ (578,657)	\$ (596,828)	\$ 300,463	\$ 264,135

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ENTERPRISE FUNDS

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

City of Arcata, California
Statement of Net Position
Proprietary Funds
June 30, 2022

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Transit Fund</u>	<u>Solid Waste Fund</u>
ASSETS				
Current assets:				
Cash and investments	\$ 11,429,077	\$ 12,635,981	\$ 35,639	\$ 852,512
Restricted cash and investments	-	-	649,801	-
Receivables:				
Accounts	451,862	687,931	69,793	38,723
Intergovernmental	-	-	327,084	675
Inventory	176,713	19,653	-	-
Deposit	2,014	2,014	-	-
Total current assets	<u>12,059,666</u>	<u>13,345,579</u>	<u>1,082,317</u>	<u>891,910</u>
Noncurrent assets:				
Prepaid debt issuance costs	33,917	4,046	-	-
Capital assets, net	3,529,710	17,248,747	1,408,710	681
Total noncurrent assets	<u>3,563,627</u>	<u>17,252,793</u>	<u>1,408,710</u>	<u>681</u>
Total Assets	<u>15,623,293</u>	<u>30,598,372</u>	<u>2,491,027</u>	<u>892,591</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan	277,511	332,864	93,640	43,618
Total assets and deferrd outflows of resources	<u>\$ 15,900,804</u>	<u>\$ 30,931,236</u>	<u>\$ 2,584,667</u>	<u>\$ 936,209</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 196,579	\$ 154,172	\$ 21,367	\$ 13,020
Accrued payroll	70,381	86,529	19,503	12,710
Due to other funds	-	-	287,848	-
Interest payable	-	1,993	-	-
Deposits payable	103,913	53,542	-	-
Compensated absences - current portion	14,712	20,157	4,610	1,396
Due within one year	79,980	178,000	-	-
Total current liabilities	<u>465,565</u>	<u>494,393</u>	<u>333,328</u>	<u>27,126</u>
Noncurrent liabilities:				
Compensated absences	44,135	60,469	13,854	4,215
Due after one year	1,266,170	-	-	-
Net pension liability	1,261,652	1,511,323	348,231	212,489
Total noncurrent liabilities	<u>2,571,957</u>	<u>1,571,792</u>	<u>362,085</u>	<u>216,704</u>
Total liabilities	<u>3,037,522</u>	<u>2,066,185</u>	<u>695,413</u>	<u>243,830</u>
DEFERRED INFLOWS OF RESOURCES				
Pension plan	1,224,747	1,375,724	330,422	136,394
Total deferred inflows of resources	<u>1,224,747</u>	<u>1,375,724</u>	<u>330,422</u>	<u>136,394</u>
Net Position:				
Net investment in capital assets	2,263,540	17,248,747	1,408,710	681
Unrestricted	9,374,995	10,240,580	150,122	555,304
Total net position	<u>11,638,535</u>	<u>27,489,327</u>	<u>1,558,832</u>	<u>555,985</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 15,900,804</u>	<u>\$ 30,931,236</u>	<u>\$ 2,584,667</u>	<u>\$ 936,209</u>

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

Stormwater Utility Fund	Totals	Governmental Activities Internal Service Funds
\$ 472,900	\$ 25,426,109	\$ 1,827,427
-	649,801	-
19,734	1,268,043	-
59,119	386,878	-
1,944	198,310	22,521
-	4,028	-
<u>553,697</u>	<u>27,933,169</u>	<u>1,849,948</u>
-	37,963	-
<u>8,040,185</u>	<u>30,228,033</u>	<u>1,224,136</u>
<u>8,040,185</u>	<u>30,265,996</u>	<u>1,224,136</u>
<u>8,593,882</u>	<u>58,199,165</u>	<u>3,074,084</u>
87,242	834,875	65,341
<u>\$ 8,681,124</u>	<u>\$ 59,034,040</u>	<u>\$ 3,139,425</u>
\$ 8,498	\$ 393,636	\$ 76,747
17,100	206,223	27,501
-	287,848	-
-	1,993	-
2,400	159,855	-
2,602	43,477	8,188
-	257,980	-
<u>30,600</u>	<u>1,351,012</u>	<u>112,436</u>
7,912	130,585	24,562
-	1,266,170	-
<u>425,253</u>	<u>3,758,948</u>	<u>273,788</u>
<u>433,165</u>	<u>5,155,703</u>	<u>298,350</u>
<u>463,765</u>	<u>6,506,715</u>	<u>410,786</u>
297,002	3,364,289	570,886
<u>297,002</u>	<u>3,364,289</u>	<u>570,886</u>
8,040,185	28,961,863	1,224,136
(119,828)	20,201,173	933,617
<u>7,920,357</u>	<u>49,163,036</u>	<u>2,157,753</u>
<u>\$ 8,681,124</u>	<u>\$ 59,034,040</u>	<u>\$ 3,139,425</u>

City of Arcata, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2022

	Water Fund	Wastewater Fund	Transit Fund
OPERATING REVENUES:			
Charges for service	\$ 5,434,013	\$ 7,245,659	\$ 1,685,023
Interdepartmental charges	-	-	-
Other operating revenue	-	10	776
Total operating revenues	<u>5,434,013</u>	<u>7,245,669</u>	<u>1,685,799</u>
OPERATING EXPENSES:			
Salaries and benefits	1,655,061	2,014,225	506,014
Contractual services	162,455	547,618	344,957
Materials and supplies	154,837	212,703	7,990
Repairs and maintenance	165,662	153,333	210,008
Purchased water	1,514,091	-	-
Utilities	58,279	273,416	2,038
Insurance	200,862	189,218	67,555
Taxes and fees	29,478	(28,547)	810
Allocated overhead	558,370	558,370	77,920
Depreciation	172,583	663,445	191,869
Total operating expenses	<u>4,671,678</u>	<u>4,583,781</u>	<u>1,409,161</u>
OPERATING INCOME	<u>762,335</u>	<u>2,661,888</u>	<u>276,638</u>
NONOPERATING REVENUES (EXPENSES):			
Gain (Loss) from the sale of capital assets	-	-	-
Intergovernmental revenues (expenses)	-	-	178,761
Interest revenue	(122,584)	(131,699)	(7,947)
Interest expense	(60,066)	(24,636)	-
Total non-operating revenues, net	<u>(182,650)</u>	<u>(156,335)</u>	<u>170,814</u>
NET INCOME BEFORE TRANSFERS	<u>579,685</u>	<u>2,505,553</u>	<u>447,452</u>
Transfers in	-	39,840	-
Transfers out	(12,330)	-	-
Total transfers	<u>(12,330)</u>	<u>39,840</u>	<u>-</u>
CHANGE IN NET POSITION	<u>567,355</u>	<u>2,545,393</u>	<u>447,452</u>
NET POSITION:			
Beginning of year	11,071,180	24,943,934	1,111,380
End of year	<u>\$ 11,638,535</u>	<u>\$ 27,489,327</u>	<u>\$ 1,558,832</u>

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

Solid Waste Fund	Stormwater Utility Fund	Totals	Governmental Activities Internal Service Funds
\$ 536,764	\$ 386,041	\$ 15,287,500	\$ -
-	-	-	1,462,613
12,555	1,573	14,914	-
<u>549,319</u>	<u>387,614</u>	<u>15,302,414</u>	<u>1,462,613</u>
233,680	379,994	4,788,974	682,113
66,947	105,289	1,227,266	118,024
55,654	43,572	474,756	329,613
9,108	16,847	554,958	38,634
-	-	1,514,091	-
-	1,466	335,199	-
11,646	17,464	486,745	127,395
-	20,262	22,003	-
55,830	-	1,250,490	49,846
219	67,527	1,095,643	279,804
<u>433,084</u>	<u>652,421</u>	<u>11,750,125</u>	<u>1,625,429</u>
116,235	(264,807)	3,552,289	(162,816)
-	-	-	93,418
5,000	-	183,761	-
(8,451)	(4,704)	(275,385)	(17,732)
-	-	(84,702)	-
<u>(3,451)</u>	<u>(4,704)</u>	<u>(176,326)</u>	<u>75,686</u>
112,784	(269,511)	3,375,963	(87,130)
-	155,000	194,840	14,387
-	-	(12,330)	-
<u>-</u>	<u>155,000</u>	<u>182,510</u>	<u>14,387</u>
112,784	(114,511)	3,558,473	(72,743)
443,201	8,034,868	45,604,563	2,230,496
<u>\$ 555,985</u>	<u>\$ 7,920,357</u>	<u>\$ 49,163,036</u>	<u>\$ 2,157,753</u>

City of Arcata, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2022

	Water Fund	Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/users for services provided	\$ 5,543,936	\$ 7,344,197
Cash received from interfund services provided	-	-
Cash payments to suppliers for goods and services	(2,843,010)	(2,499,046)
Cash payments to employees for services	(1,312,518)	(1,597,901)
Net cash provided by operating activities	1,388,408	3,247,250
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received	-	39,840
Transfers paid	(12,330)	-
Net cash used by noncapital financing activities	(12,330)	39,840
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	-	-
Acquisition and construction of capital assets	(43,176)	(1,016,592)
Principal paid on long term debt	(76,700)	(1,314,152)
Interest paid on long term debt	(57,457)	(20,590)
Proceeds from the sale of capital assets	-	-
Net cash (used) by capital and related financing activities	(177,333)	(2,351,334)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income (loss)	(122,584)	(131,699)
Net cash provided by investing activities	(122,584)	(131,699)
Net increase (decrease) in cash and cash equivalents	1,076,161	804,057
CASH AND CASH EQUIVALENTS:		
Beginning of year	10,352,916	11,831,924
End of year	<u>\$ 11,429,077</u>	<u>\$ 12,635,981</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	\$ 762,335	\$ 2,661,888
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	172,583	663,445
Pension expense	314,394	355,063
(Increase) decrease in current assets:		
Restricted cash and investments	-	-
Accounts receivable	117,145	40,292
Intergovernmental receivables	-	54,176
Inventory	(13,034)	2,147
Increase (decrease) in liabilities:		
Accounts payable	14,058	(595,082)
Deposits payable	(7,222)	4,060
Compensated absences	2,613	16,111
Net cash provided by operating activities	\$ 1,388,408	\$ 3,247,250

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2022.

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
\$ 1,153,768	\$ 586,355	\$ 405,535	\$ 15,033,791	\$ -
-	-	-	-	1,462,613
(734,475)	(216,998)	(196,264)	(6,489,793)	(619,416)
(409,402)	(191,584)	(299,912)	(3,811,317)	(508,535)
9,891	177,773	(90,641)	4,732,681	334,662
(104,399)	-	155,000	90,441	14,387
-	-	-	(12,330)	-
(104,399)	-	155,000	78,111	14,387
178,761	5,000	-	183,761	-
(40,667)	(1)	(10,879)	(1,111,315)	(529,542)
-	-	-	(1,390,852)	-
-	-	-	(78,047)	-
-	-	-	-	93,418
138,094	4,999	(10,879)	(2,396,453)	(436,124)
(7,947)	(8,451)	(4,704)	(275,385)	(17,732)
(7,947)	(8,451)	(4,704)	(275,385)	(17,732)
35,639	174,321	48,776	2,138,954	(104,807)
-	678,191	424,124	23,287,155	1,932,234
\$ 35,639	\$ 852,512	\$ 472,900	\$ 25,426,109	\$ 1,827,427
\$ 276,638	\$ 116,235	\$ (264,807)	\$ 3,552,289	\$ (162,816)
191,869	219	67,527	1,095,643	279,804
87,142	33,370	72,119	862,088	160,108
(649,801)	-	-	(649,801)	-
(69,793)	34,873	(7,054)	115,463	-
187,563	2,163	24,975	268,877	-
-	-	2,855	(8,032)	(1,493)
(23,197)	(17,813)	5,781	(616,253)	45,589
-	-	-	(3,162)	-
3,492	2,026	1,301	25,543	3,822
\$ 9,891	\$ 177,773	\$ (90,641)	\$ 4,732,681	\$ 334,662

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FIDUCIARY ACTIVITIES

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

City of Arcata, California
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2022

	<u>Successor Agency</u>
	Former Arcata Community Development Agency
	<u>Agency</u>
ASSETS	
Current assets:	
Cash and investments	\$ 40,600
Total current assets	<u>40,600</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	54,871
Total assets and deferred outflows of resources	<u><u>\$ 95,471</u></u>
LIABILITIES	
Current liabilities:	
Due to City of Arcata	\$ 179,512
Due within one year	149,793
Total current liabilities	<u>329,305</u>
Long-term liabilities:	
Due after one year	4,171,369
Net pension liability	182,398
Total long-term liabilities	<u>4,353,767</u>
Total liabilities	<u>4,683,072</u>
DEFERRED INFLOWS OF RESOURCES	
Pension plan	103,194
Total deferred inflows of resources	<u>103,194</u>
NET POSITION (DEFICIT)	
Net position held in trust for	
Redevelopment Dissolution	(4,690,795)
Total Net Position (deficit)	<u>(4,690,795)</u>
Total liabilities and net position	<u><u>\$ 95,471</u></u>

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

City of Arcata, California
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2022

	<u>Successor Agency</u> Former Arcata Community Development Agency
ADDITIONS:	
Property taxes	\$ 150,581
Investment income	(456)
Total operating revenues	<u>150,125</u>
DEDUCTIONS:	
Community development	16,242
Interest and trustee fees	149,673
Transfer to City	-
Total operating expenses	<u>165,915</u>
CHANGE IN FIDUCIARY NET ASSETS	<u>(15,790)</u>
NET ASSETS (DEFICIT):	
Beginning of year	(4,675,005)
End of year	<u>\$ (4,690,795)</u>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Assets, Liabilities, and Equity, Continued

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

Government-Wide Statements

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. No depreciation is recorded in the year of acquisition or in the year of disposition.

The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Assets, Liabilities, and Equity, Continued

Equity Classification

Government-Wide Statements

Equity is classified as net position and is displayed in three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or bylaws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

Nonspendable Fund Balance –

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022

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, 2022

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, 2022. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

2. CASH AND INVESTMENTS

At June 30, 2022, the City’s pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	Maturities (in years)			Deposits	Fair		
	<1	1 to 3	3 to 5		Market Value		
<u>Cash equivalents and investments pooled</u>							
Pooled cash, at fair value							
Cash in bank	\$ -	\$ -	\$ -	\$ 31,988,222	\$ 31,988,222		
Petty cash	-	-	-	1,700	1,700		
Total pooled items	-	-	-	31,989,922	31,989,922		
<u>Pooled investments, at fair value</u>							
Interest obligations							
<u>Par</u>	<u>Rate</u>						
15,255,000	0.125 - 3.375%	US Treasury Notes	2,411,671	6,444,057	5,840,056	-	14,695,784
		Cash equivalent	36,588	-	-	-	36,588
		State of California Local Agency Investment Fund	6,624,365	-	-	-	6,624,365
Total pooled investments - interest obligations			9,072,624	6,444,057	5,840,056	-	21,356,737
Total cash equivalents and investments pooled			\$ 9,072,624	\$ 6,444,057	\$ 5,840,056	\$ 31,989,922	\$ 53,346,659
Amounts reported in:							
Governmental activities					\$ 24,442,989		
Governmental activities - Restricted					2,787,226		
Business-type activities					25,426,109		
Business-type activities - Restricted					649,801		
Fiduciary activities					40,534		
Total					\$ 53,346,659		

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury notes	\$ 14,695,784	2.55
Money market funds	36,588	-
State investment pool	6,624,365	-
Total fair value	\$ 21,356,737	
Portfolio weighted average maturity		1.76

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022, 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, 2022

2. CASH AND INVESTMENTS, *continued*

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

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

Credit risk – As of June 30, 2022, the City’s investments in money market funds were rated AAA by Standard & Poor’s and Fitch Ratings, and Aaa by Moody’s Investors Service. The State of California Local Agency Investment Fund is not rated.

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

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 1.88% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022, the carrying amount of the City’s deposits was \$31,988,222 and the balances in financial institutions were \$32,448,729. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$32,198,729 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, 2022, 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, 2022, the City’s investment in LAIF was \$6,624,365. The total amount invested by all public agencies at that date was \$35.76 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2022 has a balance of \$297.81 billion. Financial Statements of LAIF and PMIA may be obtained from the California Treasurer’s web site at www.treasurer.ca.gov.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2022:

	<u>Receivables</u>
Governmental Activities	
Accounts receivable	\$ 682,727
Intergovernmental	3,858,035
Interest	12,564
Taxes	386,501
	<u>\$ 4,939,827</u>
Business-type activities	
Accounts receivable	\$ 1,268,043
Intergovernmental	386,878
	<u>\$ 1,654,921</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	70.23%
Individuals/Business	29.58%
Financial	0.19%

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, 2022, consisted of the following:

	<u>Beginning</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>June 30, 2022</u>
Community Development Block Grant	\$ 8,686,374	\$ 109,480	\$ (510,793)	\$ 8,285,061
HOME loans	11,344,530	98,845	(125,331)	11,318,044
Public Improvement business loans	123,903	-	(44,064)	79,839
Basic business revolving loans	119,319	-	(23,045)	96,274
Mobile home park/ low income housing assistance	2,121,124	175	-	2,121,299
First time home buyers	81,909	-	(24,037)	57,872
Rehabilitation loans	880,000	-	-	880,000
Housing successor loans	3,958,918	200,000	(12,069)	4,146,849
Parkland in Lieu	65,704	-	(3,496)	62,208
Total loans/notes receivable	<u>\$ 27,381,781</u>	<u>\$ 408,500</u>	<u>\$ (742,835)</u>	<u>\$ 27,047,446</u>

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

4. LOANS AND NOTES RECEIVABLE, continued

The following is a summary of the loans and notes receivable outstanding as of June 30, 2022:

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, 2022, was \$8,285,061.

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, 2022, was \$11,318,044.

Public Improvement Business Loans - The City created a program with the purpose of assisting local business with economic development loans to mitigate the revenue loss impacts of the COVID-19 pandemic. The balance of these loans at June 30, 2020, was \$79,839.

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, 2022, was \$96,274.

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, 2022, 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, 2022, was \$57,872.

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, 2022, was \$880,000.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

4. LOANS AND NOTES RECEIVABLE, continued

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

Parkland in Lieu Loan - This loan was created to assist borrower with payment of parkland in lieu fee permit amounts associated with a Q Street, eighteen unit subdivision. The balance of this loan at June 30, 2022 was \$62,208.

5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
<u>Governmental activities:</u>				
Nondepreciable assets:				
Land	\$ 17,228,821	\$ -	\$ -	\$ 17,228,821
Undergrounding facilities	90,025	-	-	90,025
Total nondepreciable assets	17,318,846	-	-	17,318,846
Depreciable assets:				
Buildings and structures	13,478,045	-	-	13,478,045
Furniture and equipment	6,088,017	315,332	-	6,403,349
Improvements	12,509,718	-	(1)	12,509,717
Infrastructure	44,850,104	-	-	44,850,104
Vehicles	5,045,856	339,169	(302,701)	5,082,324
Total depreciable assets	81,971,740	654,501	(302,702)	82,323,539
Total	99,290,586	654,501	(302,702)	99,642,385
Accumulated depreciation:				
Buildings and structures	(8,129,852)	(324,609)	-	(8,454,461)
Furniture and equipment	(5,464,367)	(290,845)	-	(5,755,212)
Improvements	(4,289,801)	(278,950)	-	(4,568,751)
Infrastructure	(40,656,377)	(149,043)	(1)	(40,805,421)
Vehicles	(4,237,845)	(225,777)	302,700	(4,160,922)
Total accumulated depreciation	(62,778,242)	(1,269,224)	302,699	(63,744,767)
Net depreciable assets	19,193,498	(614,723)	(3)	18,578,772
Total net capital assets	\$ 36,512,344	\$ (614,723)	\$ (3)	\$ 35,897,618

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

5. CAPITAL ASSETS, continued

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

General government	\$	198,011
Public safety		364,006
Public works		424,433
Community development		121,279
Parks and recreation		161,495
	\$	<u>1,269,224</u>

Business-type capital asset activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
<u>Business-type activities</u>				
Nondepreciable assets:				
Land	\$ 7,569,579		\$ -	\$ 7,569,579
Total nondepreciable assets	<u>7,569,579</u>	<u>-</u>	<u>-</u>	<u>7,569,579</u>
Depreciable assets:				
Underground facilities	16,554,343	246,961	-	16,801,304
Buildings and structures	9,377,462	-	-	9,377,462
Furniture and equipment	3,178,288	293,090	-	3,471,378
Other improvements	13,059,725	571,262	-	13,630,987
Vehicles	2,939,940	-	-	2,939,940
Total depreciable assets	<u>45,109,758</u>	<u>1,111,313</u>	<u>-</u>	<u>46,221,071</u>
Total	<u>52,679,337</u>	<u>1,111,313</u>	<u>-</u>	<u>53,790,650</u>
Accumulated depreciation:				
Undergrounding facilities	(5,798,699)	(478,296)	2	(6,276,993)
Buildings and structures	(7,688,364)	(227,845)	-	(7,916,209)
Furniture and equipment	(2,996,233)	(29,438)	-	(3,025,671)
Other improvements	(3,991,025)	(219,699)	-	(4,210,724)
Vehicles	(1,992,655)	(140,365)	-	(2,133,020)
Total accumulated depreciation	<u>(22,466,976)</u>	<u>(1,095,643)</u>	<u>2</u>	<u>(23,562,617)</u>
Net depreciable assets	<u>22,642,782</u>	<u>15,670</u>	<u>2</u>	<u>22,658,454</u>
Total net capital assets	<u>\$ 30,212,361</u>	<u>\$ 15,670</u>	<u>\$ 2</u>	<u>\$ 30,228,033</u>

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

Water	\$	172,583
Wastewater		663,445
Transit		191,869
Solid Waste		219
Stormwater		67,527
	\$	<u>1,095,643</u>

City of Arcata, California
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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2022:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 1,219,969	\$ 393,636	\$ 1,613,605
Accrued payroll and related liabilities	757,110	206,223	963,333
Total	<u>\$ 1,977,079</u>	<u>\$ 599,859</u>	<u>\$ 2,576,938</u>

These amounts resulted in the following concentrations in payables:

Vendors	63%
Employees	37%

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, 2022:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
2015 Refunding of 2008 Lease					
Governmental share	\$ 766,150	\$ -	\$ (41,300)	\$ 724,850	\$ 43,050
CalPERS UAL Debt	1,200,000	-	(255,000)	945,000	230,000
Total governmental debt	<u>\$ 1,966,150</u>	<u>\$ -</u>	<u>\$ (296,300)</u>	<u>\$ 1,669,850</u>	<u>\$ 273,050</u>
Compensated absences	538,400	48,029	-	586,429	144,508
Total governmental activities	<u>\$ 2,504,550</u>	<u>\$ 48,029</u>	<u>\$ (296,300)</u>	<u>\$ 2,256,279</u>	<u>\$ 417,558</u>
Business-type activities					
2015 Refunding of 2008 Loan	\$ 352,000	\$ -	\$ (174,000)	\$ 178,000	\$ 178,000
SWRCB Loan	1,140,152	-	(1,140,152)	-	-
2015 Refunding of 2008 Lease					
Water Enterprise Share	1,422,850	-	(76,700)	1,346,150	79,980
Total business-type activity debt	<u>2,915,002</u>	<u>-</u>	<u>(1,390,852)</u>	<u>1,524,150</u>	<u>257,980</u>
Compensated absences	148,519	25,543	-	174,062	43,477
Total business-type activities	<u>\$ 3,063,521</u>	<u>\$ 25,543</u>	<u>\$ (1,390,852)</u>	<u>\$ 1,698,212</u>	<u>\$ 301,457</u>

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

7. LONG-TERM LIABILITIES, continued

Governmental Activities

2015 Refunding of 2008 Lease

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

CalPERS UAL Debt

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

Business-type Activities

2015 Refunding of 2008 Loan

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

Fiduciary Activities

2015 Tax Allocation Refunding Bond

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

City of Arcata, California
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7. LONG-TERM LIABILITIES, continued

Compensated Absences

The City records employee absences, such as vacation and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of \$760,491 at June 30, 2022, of that amount \$187,985 is expected to be paid within a year.

Debt Service

Future debt service for Governmental Activities at June 30, 2022, is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Governmental Activities					
	2015 Refunding of 2008 Lease		CalPERS UAL Debt		Total	
	Governmental Share					
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 43,050	\$ 30,081	\$ 230,000	\$ 33,300	\$ 273,050	\$ 63,381
2024	44,800	28,295	202,000	24,938	246,800	53,233
2025	46,900	26,436	172,000	17,644	218,900	44,080
2026	49,000	24,489	140,000	11,494	189,000	35,983
2027	50,750	22,456	105,000	6,563	155,750	29,019
2028 - 2032	287,700	78,842	96,000	3,750	383,700	82,592
2033 - 2037	202,650	17,052	-	-	202,650	17,052
Total	<u>\$ 724,850</u>	<u>\$ 227,651</u>	<u>\$ 945,000</u>	<u>\$ 97,689</u>	<u>\$ 1,669,850</u>	<u>\$ 325,340</u>
Due within one year	\$ 43,050	\$ 30,081	\$ 230,000	\$ 33,300	\$ 273,050	\$ 63,381
Due after one year	681,800	197,570	715,000	64,389	1,396,800	261,959
Total	<u>\$ 724,850</u>	<u>\$ 227,651</u>	<u>\$ 945,000</u>	<u>\$ 97,689</u>	<u>\$ 1,669,850</u>	<u>\$ 325,340</u>

City of Arcata, California
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7. LONG-TERM LIABILITIES, continued

Future debt service for Business-type Activities at June 30, 2022, is as follows:

Year Ending June 30,	Business Type Activities			
	2015 Refunding of 2008 Loan		2015 Refunding of 2008 Lease Water Enterprise share	
	Principal	Interest	Principal	Interest
2023	\$ 178,000	\$ 2,109	\$ 79,950	\$ 55,865
2024	-	-	83,200	52,547
2025	-	-	87,100	49,095
2026	-	-	91,000	45,480
2027	-	-	94,250	41,703
2028 - 2032	-	-	534,300	146,420
2033 - 2037	-	-	376,350	31,669
Total	\$ 178,000	\$ 2,109	\$ 1,346,150	\$ 422,779
Due within one year	\$ 178,000	\$ 2,109	\$ 79,950	\$ 55,865
Due after one year	-	-	1,266,200	366,914
Total	\$ 178,000	\$ 2,109	\$ 1,346,150	\$ 422,779

8. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 34,227,768	\$ 28,961,863	\$ 63,189,631
Restricted	3,024,443	-	3,024,443
Unrestricted	27,745,705	20,201,173	47,946,878
Total	\$ 64,997,916	\$ 49,163,036	\$ 114,160,952

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

City of Arcata, California
Basic Financial Statements
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8. NET POSITION/ FUND BALANCES, continued

Fund Balance

Nonspendable and Restricted fund balance consisted of the following at June 30, 2022:

Nonspendable:	
Inventory	\$ 107,110
Total Nonspendable	\$ 107,110
Restricted:	
Governmental Funds:	
CDBG Housing	\$ 944,219
Housing Revolving	285,065
Gas Tax	300,463
Federal Grants	1,494,696
Total Restricted	\$ 3,024,443

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

Nonspendable

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

Restricted

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

City of Arcata, California
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9. INTERFUND TRANSACTIONS

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to and due from other funds consisted of the following as of June 30, 2022:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 629,755	\$ 69,376
CDBG Housing	401,647	-
Basic Business Loan Revolving	293,863	-
Housing Improvement Projects	69,376	-
Total Major Funds	<u>1,394,641</u>	<u>69,376</u>
Nonmajor Funds:		
STIP	-	253,873
Yurok Housing Authority MOU	-	88,034
Federal Grant Funds	-	695,510
Total Nonmajor Funds	<u>-</u>	<u>1,037,417</u>
Total Governmental Funds	<u>1,394,641</u>	<u>1,106,793</u>
<u>Proprietary Funds</u>		
Transit Fund	-	287,848
Total Proprietary Funds	<u>-</u>	<u>287,848</u>
Total Transfers	<u>\$ 1,394,641</u>	<u>\$ 1,394,641</u>

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

City of Arcata, California
Basic Financial Statements
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9. INTERFUND TRANSACTIONS, continued

Transfers consisted of the following at June 30, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 7,000	\$ 689,924
Gas Tax Funds	754,910	-
Total Major Funds	<u>761,910</u>	<u>689,924</u>
Nonmajor Funds:		
STIP	-	83,500
Forest Management	-	1,531
Traffic Safety	190,000	-
Federal Grant Funds	-	319,776
In Lieu Fee Funds	-	20,000
Assessment District Funds	-	34,076
Total Nonmajor Funds	<u>190,000</u>	<u>458,883</u>
Total Governmental Funds	<u>951,910</u>	<u>1,148,807</u>
<u>Proprietary Funds</u>		
Water Fund	-	12,330
Wastewater Fund	39,840	-
Stormwater Utility Fund	155,000	-
Total Proprietary Funds	<u>194,840</u>	<u>12,330</u>
<u>Internal Service Funds</u>		
Central Garage Fund	13,207	-
Technology Fund	1,180	-
Total Internal Service Funds	<u>14,387</u>	<u>-</u>
Total Transfers	<u>\$ 1,161,137</u>	<u>\$ 1,161,137</u>

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

City of Arcata, California
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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.

City of Arcata, California
Basic Financial Statements
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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.

City of Arcata, California
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11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), continued

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>Miscellaneous</u>	<u>Miscellaneous Second Tier</u>
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	14.0200%	10.34%
	<u>PEPRA Miscellaneous</u>	<u>Safety Plan</u>
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	7.59%	23.710%
	<u>Safety Second Tier</u>	<u>PEPRA Safety Police</u>
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%	13.13%

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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, 2022, the contributions recognized as part of pension expense for each Plan were as follows:

	PEPRA					
	Miscellaneous	Miscellaneous Second Tier	Miscellaneous Plan	Safety Plan	Safety Second Tier Plan	PEPRA Safety Police Plan
Contributions - employer	\$ 273,598	\$ 16,028	\$ 191,614	\$ 175,297	\$ 17,134	\$ 116,164
Contributions - employee	\$ 227,740	\$ 18,993	\$ 253,695	\$ 100,035	\$ 11,452	\$ 144,874

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

As of June 30, 2022, 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	\$ 9,720,912
Safety	5,334,928
Total Net Pension Liability	<u>\$ 15,055,840</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, 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, 2020 rolled forward to June 30, 2021 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

City of Arcata, California
Basic Financial Statements
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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, 2022 and 2021 was as follows:

	<u>Miscellaneous</u>	<u>Safey</u>
Proportion - June 30, 2021	0.37027%	0.12943%
Proportion - June 30, 2022	<u>0.51195%</u>	<u>0.15201%</u>
Change - Increase (Decrease)	0.14168%	0.02258%

For the year ended June 30, 2022, the City recognized pension expense of \$4,190,676. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes in assumptions	\$ -	\$ -
Differences between expected and actual experiences	2,001,564	-
Differences between projected and actual investment earnings	-	11,661,150
Differences between employer's contributions and proportionate share of contributions	-	2,701,059
Change in employer's proportion	555,404	107,908
Pension contributions subsequent to measurement date	<u>789,835</u>	<u>-</u>
Total	<u>\$ 3,346,803</u>	<u>\$ 14,470,117</u>

\$789,835 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:

Year Ended <u>30-Jun</u>	
2022	\$ (2,818,850)
2023	(2,890,853)
2024	(2,984,596)
2025	(3,218,850)
2026	-
Thereafter	-

City of Arcata, California
Basic Financial Statements
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11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), continued

Actuarial Assumptions -The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Assumptions	
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
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 2.50% 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 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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

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

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

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

Asset Class	Current Target Allocation	Real Return Years 1 - 10 ¹	Real Return Year 11+ ²
Public equity	50.0%	438.00%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	77.00%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	375.00%	4.93%
Liquidity	1.0%	0.00%	-0.92%

(1) An expected inflation of 2.0% used for this period.

(2) An expected inflation of 2.92% used for this period.

City of Arcata, California
Basic Financial Statements
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11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), continued

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability as of June 30, 2021			
Miscellaneous	\$ 17,612,927	\$ 9,720,912	\$ 3,196,697
Safety	9,682,654	5,334,928	1,763,808
Total	<u>\$ 27,295,581</u>	<u>\$ 15,055,840</u>	<u>\$ 4,960,505</u>

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

12. OTHER POST EMPLOYMENT BENEFITS

The City provides certain health insurance benefits to retired employees in accordance with memorandums of understanding with each employee group as follows:

For employees who retire from the City of Arcata after at least ten (10) years of service with the City and who continue health insurance through a City-sponsored health insurance plan, the City will contribute two percent (2%) of the health insurance premium for each year of service, as an employee with the City, rounded to the nearest whole year. For employees with at least twenty (20) years of service for the City who qualify for this benefit, the rate of the City's contribution will be three percent (3%) of the health insurance premium. Such contributions will not continue past Medicare eligibility.

City of Arcata, California
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12. OTHER POST EMPLOYMENT BENEFITS, continued

Employees Covered by benefit terms

At June 30, 2022, the following employees were covered by the benefit terms:

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

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022 based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	5.34%
Inflation	2.50%
Salary Increases	2.75% per annum
Investment Rate of Return	5.34%
Mortality Rate ⁽¹⁾	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover ⁽²⁾	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	4.00%

⁽¹⁾ 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.

⁽²⁾ 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:

City of Arcata, California
Basic Financial Statements
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12. OTHER POST EMPLOYMENT BENEFITS, continued

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

Discount Rate

The discount rate used to measure the total OPEB liability was 5.34 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

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

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2021	\$ 5,152,011	\$ 657,222	\$ 4,494,789
Changes for the year			
Service Cost	346,850	-	346,850
Interest	324,591	(82,379)	406,970
Employer Contributions	-	263,970	(263,970)
Benefit Payments	(263,970)	(263,970)	-
Administrative expenses	-	(552)	552
Experience Gains/Losses	-	-	-
Changes in Assumptions	467,449	-	467,449
Net Changes	874,920	(82,931)	957,851
Balance at 6/30/2022	\$ 6,026,931	\$ 574,291	\$ 5,452,640

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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 5.34%. 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, 2022:

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	<u>4.34%</u>	<u>5.34%</u>	<u>6.34%</u>
Net OPEB Liability	\$ 5,963,278	\$ 5,452,640	\$ 4,943,464

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, 2022:

	1% Decrease	Current Trend	1% Increase
Change in Healthcare Cost Trend Rate			
Net OPEB Liability	\$ 4,723,989	\$ 5,452,640	\$ 6,384,295

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, 2022)

City of Arcata, California
Basic Financial Statements
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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, 2022, the City recognized OPEB expense of \$746,394. As of fiscal year, ended June 30, 2022, 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	\$ 194,877	\$ 202,741
Changes in assumptions	1,298,255	-
Net difference between projected and actual earnings on plan investments	56,863	-
Total	<u>\$ 1,549,995</u>	<u>\$ 202,741</u>

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

Fiscal Year Ended June 30,	Deferred Outflow	Deferred Inflows
2023	\$ 134,412	\$ (18,948)
2024	134,964	(18,948)
2025	133,877	(18,948)
2026	148,378	(18,948)
2027	123,692	(18,948)
Thereafter	874,672	(108,001)
Total	<u>\$ 1,549,995</u>	<u>\$ (202,741)</u>

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

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

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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

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

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

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

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

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

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

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022:

Trust Activities:	Balance	Additions	Retirements	Balance	Due Within
	July 1, 2021			June 30, 2022	One Year
2015 Tax Allocation Refunding Bonds	\$ 4,465,265	\$ -	\$ (144,103)	\$ 4,321,162	\$ 149,793
Total trust fund debt	\$ 4,465,265	\$ -	\$ (144,103)	\$ 4,321,162	\$ 149,793

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, 2022, is as follows:

Year Ending June 30,	Fiduciary Activities	
	Principal	Interest
2023	\$ 149,793	\$ 143,539
2024	322,783	138,430
2025	500,213	124,763
2026	516,464	107,886
2027	534,421	90,429
2028-2032	2,297,488	177,607
Total	\$ 4,321,162	\$ 782,654
Due within one year	\$ 149,793	\$ 143,539
Due after one year	4,171,369	639,115
Total	\$ 4,321,162	\$ 782,654

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

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, 2022.

15. NEW ACCOUNTING PRONOUNCEMENTS

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

The GASB has issued statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

City of Arcata, California
Basic Financial Statements
For the year ended June 30, 2022

15. NEW ACCOUNTING PRONOUNCEMENTS, continued

The GASB has issued statement No. 96, “Subscription-Based Information Technology Arrangements”. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

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

16. PANDEMIC EFFECTS

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

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REQUIRED SUPPLEMENTARY INFORMATION



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City of Arcata, California
Required Supplementary Information -
for the Measurement Periods Ended June 30,

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 346,850	\$ 304,780	\$ 296,623	\$ 197,701	\$ 187,260
Interest on the total OPEB liability	324,591	295,740	268,525	210,984	193,076
Differences between expected and actual experience	-	224,631	-	(278,533)	-
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	467,449	180,490	-	968,799	-
Benefit payments	(263,970)	(251,085)	(301,085)	(225,244)	-
Net change in total OPEB liability	874,920	754,556	264,063	873,707	380,336
Total OPEB liability - beginning	5,152,011	4,397,455	4,133,392	3,259,685	2,879,349
Total OPEB liability - ending (a)	\$ 6,026,931	\$ 5,152,011	\$ 4,397,455	\$ 4,133,392	\$ 3,259,685
Plan fiduciary net position					
Expected investment income	\$ 41,059	\$ -	\$ 33,885	\$ 31,673	\$ -
Contributions - employer	263,970	251,085	-	-	500,000
Contributions - employee	-	-	-	-	-
Benefit payments	(263,970)	(251,085)	-	-	-
Actual investment income	(123,438)	108,221	(5,448)	2,786	(12,338)
Administrative expense	(552)	(515)	(453)	(417)	(172)
Net change in plan fiduciary net position	(82,931)	107,706	27,984	34,042	487,490
Plan fiduciary net position - beginning	657,222	549,516	521,532	487,490	-
Plan fiduciary net position - ending (b)	\$ 574,291	\$ 657,222	\$ 549,516	\$ 521,532	\$ 487,490
Net OPEB liability - ending (a) - (b)	\$ 5,452,640	\$ 4,494,789	\$ 3,847,939	\$ 3,611,860	\$ 2,772,195
Covered-employee payroll	\$ 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	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, 2022**

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Contributions in relation to the ADC	-	-	-	-	500,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	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%	8.03%

Notes to Schedule

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

City of Arcata, California

Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 481,240	\$ 465,770	\$ 485,602	\$ 431,631	\$ 849,162	\$ 529,092
Contributions in relation to the actuarially determined contributions	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 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	8.82%	9.10%	8.69%	8.71%	17.93%	11.11%

Notes to Schedule

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

*Additional years will be presented as they become available.

City of Arcata, California

Required Supplementary Information - Schedule of Contributions

Safety Plan

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 308,595	\$ 326,897	\$ 334,961	\$ 282,010	\$ 476,322	\$ 519,850
Contributions in relation to the actuarially determined contributions	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 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	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*

	2021	2020	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.51195%	0.37027%	0.36052%	0.35128%	0.34198%	0.34460%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 9,720,913	\$ 15,618,438	\$ 22,274,743	\$ 13,238,704	\$ 13,481,206	\$ 11,971,084
Plan's Covered-Employee Payroll	\$ 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	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	83.74%	73.45%	74.48%	75.60%	74.31%	74.83%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 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*

	2021	2020	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.15201%	0.12943%	0.12556%	0.12278%	0.11894%	0.12179%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,334,928	\$ 8,623,267	\$ 7,837,861	\$ 7,204,004	\$ 7,106,979	\$ 6,307,600
Plan's Covered-Employee Payroll	\$ 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	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	83.48%	71.90%	73.57%	74.75%	73.88%	74.66%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 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

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

City of Arcata, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Governmental Funds		
	Special Revenue Funds	City Capital Projects Fund	Non-Major Funds Totals
ASSETS			
Cash and investments	\$ 5,249,951	\$ 179,159	\$ 5,429,110
Restricted cash and investments	2,787,226	-	2,787,226
Receivables:			
Taxes	14,396	-	14,396
Intergovernmental	1,495,784	-	1,495,784
Loans/Notes receivable	142,047	-	142,047
Other receivable	177,853	-	177,853
Due from successor agency	179,512	-	179,512
Inventory	107,110	-	107,110
Total assets	\$ 10,153,879	\$ 179,159	\$ 10,333,038
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 674,020	\$ 1,000	\$ 675,020
Due to other funds	1,037,417	-	1,037,417
Deposits Payable	27,041	-	27,041
Deferred revenue	-	-	-
Total liabilities:	1,738,478	1,000	1,739,478
Deferred inflows of resources:			
Unavailable revenue	1,958,186	-	1,958,186
Total deferred inflows of resources	1,958,186	-	1,958,186
Total liabilities and deferred inflows	3,696,664	1,000	3,697,664
Fund Balances:			
Nonspendable	107,110	-	107,110
Restricted	1,494,696	-	1,494,696
Assigned	5,284,703	178,159	5,462,862
Unassigned (deficit)	(429,294)	-	(429,294)
Total fund balances	6,457,215	178,159	6,635,374
Total liabilities, deferred inflows and fund balances	\$ 10,153,879	\$ 179,159	\$ 10,333,038

City of Arcata, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2022

	Governmental Funds		Non-Major Funds Totals
	Special Revenue Funds	City Capital Projects Fund	
REVENUES:			
Taxes and assessments	\$ 36,436	\$ -	\$ 36,436
Licenses and permits	3,496	-	3,496
Fines and forfeitures	28,168	-	28,168
Intergovernmental	2,459,733	-	2,459,733
Use of money and property	116,515	(1,978)	114,537
Reimbursements	-	-	-
Other revenues	947,583	6,000	953,583
Total revenues	3,591,931	4,022	3,595,953
EXPENDITURES:			
Current:			
Public safety	330,299	-	330,299
Public works	605,814	-	605,814
Community development	2,331,088	-	2,331,088
Parks and recreation	169,609	-	169,609
Capital outlay	18,921	-	18,921
Total expenditures	3,703,975	-	3,703,975
REVENUES OVER (UNDER) EXPENDITURES	(112,044)	4,022	(108,022)
OTHER FINANCING SOURCES (USES):			
Transfer from fiduciary activities	-	-	-
Transfers in	190,000	-	190,000
Transfers out	(458,883)	-	(458,883)
Total other financing sources (uses)	(268,883)	-	(268,883)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(380,927)	4,022	(376,905)
FUND BALANCES:			
Beginning of year	6,838,142	174,137	7,012,279
End of year	\$ 6,457,215	\$ 178,159	\$ 6,635,374

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
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 receive by the City.
Federal Grant Funds:	
HUD Block Grant	Accounts for activities related to housing and the related Community Development Block Grant funding.
ISTEA	Accounts for activities related to streets and the related Intermodal Surface Transportation Efficiency Act funding.
FEMA/OES	Accounts for revenues and expenditures associated with grants provided from the Federal Emergency Management Agency and Office of Emergency Services.

(continued)

NON-MAJOR SPECIAL REVENUE FUNDS, Continued

Fund	Description
COPS	Accounts for revenues and expenditures associated with community policing grants.
HOME Grants	Accounts for activities related to housing and the related Home Program funding.
Community Development Grants	Non CDBG or HOME Community Development Grants that the City applies for and receives are budgeted and accounted for in this fund
In Lieu Fee Funds:	
Parkland	Accounts for revenues and expenditures associated with the parkland maintenance.
Parking	Accounts for revenues and expenditures associated with downtown parking programs.
Assessment Districts:	
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, 2022

ASSETS	STIP	Forest Management	Traffic Safety	Industrial Park
Cash and investments	\$ -	\$ 871,930	\$ 4,198	\$ 352,784
Restricted cash and investments	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Intergovernmental	91,879	-	4,856	-
Loans/Notes receivable	-	-	-	-
Other receivable	16,496	-	-	-
Due from other funds	-	-	-	-
Due from successor agency	-	-	-	-
Inventory	-	-	107,110	-
Total assets	<u>\$ 108,375</u>	<u>\$ 871,930</u>	<u>\$ 116,164</u>	<u>\$ 352,784</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 85,308	\$ 8,687	\$ 18,991	\$ 11,712
Due to other funds	253,873	-	-	-
Deposits payable	-	-	-	27,041
Total liabilities:	<u>339,181</u>	<u>8,687</u>	<u>18,991</u>	<u>38,753</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	<u>339,181</u>	<u>8,687</u>	<u>18,991</u>	<u>38,753</u>
Fund Balances:				
Nonspendable	-	-	107,110	-
Restricted	-	-	-	-
Assigned	-	863,243	-	314,031
Unassigned (deficit)	(230,806)	-	(9,937)	-
Total fund balances	<u>(230,806)</u>	<u>863,243</u>	<u>97,173</u>	<u>314,031</u>
Total liabilities deferred inflows and fund balances	<u>\$ 108,375</u>	<u>\$ 871,930</u>	<u>\$ 116,164</u>	<u>\$ 352,784</u>

Public Improvement Program	Yurok Housing Authority MOU	Open Space Parks, Trails	ARPA	Federal Grant Funds	In Lieu Fee Funds	Assessment District Funds	Totals
\$ 465,192	\$ -	\$ 154,957	\$ 1,781,763	\$ 1,125,115	\$ 464,111	\$ 29,901	\$ 5,249,951
2,787,226	-	-	-	-	-	-	2,787,226
14,396	-	-	-	-	-	-	14,396
-	-	12,562	-	1,384,603	-	1,884	1,495,784
79,839	-	-	-	-	62,208	-	142,047
-	161,357	-	-	-	-	-	177,853
-	-	-	-	-	-	-	-
179,512	-	-	-	-	-	-	179,512
-	-	-	-	-	-	-	107,110
<u>\$ 3,526,165</u>	<u>\$ 161,357</u>	<u>\$ 167,519</u>	<u>\$ 1,781,763</u>	<u>\$ 2,509,718</u>	<u>\$ 526,319</u>	<u>\$ 31,785</u>	<u>\$ 10,153,879</u>
\$ 311	\$ 109,569	\$ -	\$ 119,930	\$ 319,512	\$ -	\$ -	\$ 674,020
-	88,034	-	-	695,510	-	-	1,037,417
-	-	-	-	-	-	-	27,041
<u>311</u>	<u>197,603</u>	<u>-</u>	<u>119,930</u>	<u>1,015,022</u>	<u>-</u>	<u>-</u>	<u>1,738,478</u>
81,840	-	-	1,814,138	-	62,208	-	1,958,186
81,840	-	-	1,814,138	-	62,208	-	1,958,186
82,151	197,603	-	1,934,068	1,015,022	62,208	-	3,696,664
-	-	-	-	-	-	-	107,110
-	-	-	-	1,494,696	-	-	1,494,696
3,444,014	-	167,519	-	-	464,111	31,785	5,284,703
-	(36,246)	-	(152,305)	-	-	-	(429,294)
<u>3,444,014</u>	<u>(36,246)</u>	<u>167,519</u>	<u>(152,305)</u>	<u>1,494,696</u>	<u>464,111</u>	<u>31,785</u>	<u>6,457,215</u>
<u>\$ 3,526,165</u>	<u>\$ 161,357</u>	<u>\$ 167,519</u>	<u>\$ 1,781,763</u>	<u>\$ 2,509,718</u>	<u>\$ 526,319</u>	<u>\$ 31,785</u>	<u>\$ 10,153,879</u>

City of Arcata, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2022

	STIP	Forest Management	Traffic Safety	Industrial Park
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	28,168	-
Intergovernmental	151,291	-	-	-
Use of money and property	2	(10,355)	(81)	243,478
Other revenues	-	20,738	-	-
Total revenues	151,293	10,383	28,087	243,478
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	291,627	-
Public works	307,103	-	-	-
Community development	-	-	-	182,456
Parks and recreation	-	169,609	-	-
Capital outlay	1,660	1,659	-	520
Total expenditures	308,763	171,268	291,627	182,976
REVENUES OVER (UNDER) EXPENDITURES	(157,470)	(160,885)	(263,540)	60,502
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	190,000	-
Transfers out	(83,500)	(1,531)	-	-
Total other financing sources and uses	(83,500)	(1,531)	190,000	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(240,970)	(162,416)	(73,540)	60,502
FUND BALANCES (DEFICITS):				
Beginning of year	10,164	1,025,659	170,713	253,529
End of year	<u>\$ (230,806)</u>	<u>\$ 863,243</u>	<u>\$ 97,173</u>	<u>\$ 314,031</u>

Public Improvement Program	Yurok Housing Authority MOU	Open Space Parks, Trails	ARPA	Federal Grant Funds	In Lieu Fee Funds	Assessment District Funds	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,436	\$ 36,436
-	-	-	-	-	3,496	-	3,496
-	-	-	-	-	-	-	28,168
-	-	168,165	390,405	1,749,872	-	-	2,459,733
(74,634)	-	(646)	(21,456)	(14,081)	(5,245)	(467)	116,515
-	926,845	-	-	-	-	-	947,583
(74,634)	926,845	167,519	368,949	1,735,791	(1,749)	35,969	3,591,931
-	-	-	248,244	-	-	-	248,244
-	-	-	38,672	-	-	-	330,299
-	-	-	46,912	251,799	-	-	605,814
104	966,496	-	172,344	1,009,688	-	-	2,331,088
-	-	-	15,082	-	-	-	169,609
-	-	-	15,082	-	-	-	18,921
104	966,496	-	521,254	1,261,487	-	-	3,703,975
(74,738)	(39,651)	167,519	(152,305)	474,304	(1,749)	35,969	(112,044)
-	-	-	-	-	-	-	190,000
-	-	-	-	(319,776)	(20,000)	(34,076)	(458,883)
-	-	-	-	(319,776)	(20,000)	(34,076)	(268,883)
(74,738)	(39,651)	167,519	(152,305)	154,528	(21,749)	1,893	(380,927)
3,518,752	3,405	-	-	1,340,168	485,860	29,892	6,838,142
\$ 3,444,014	\$ (36,246)	\$ 167,519	\$ (152,305)	\$ 1,494,696	\$ 464,111	\$ 31,785	\$ 6,457,215

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 450,000	\$ 336,081	\$ 151,291	\$ (184,790)
Use of money and property	-	-	2	2
Total revenues	450,000	336,081	151,293	(184,788)
EXPENDITURES:				
Current:				
Public works	278,000	314,000	307,103	6,897
Capital outlay	-	-	1,660	(1,660)
Total expenditures	278,000	314,000	308,763	5,237
REVENUES OVER (UNDER) EXPENDITURES	172,000	22,081	(157,470)	(179,551)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(172,000)	(172,000)	(83,500)	88,500
Total other financing sources (uses)	(172,000)	(172,000)	(83,500)	88,500
Net change in fund balances	-	(149,919)	(240,970)	(91,051)
FUND BALANCES (DEFICIT):				
Beginning of year	10,164	10,164	10,164	-
End of year	\$ 10,164	\$ (139,755)	\$ (230,806)	\$ (91,051)

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ (10,355)	\$ (10,355)
Other revenues	427,400	14,700	20,738	6,038
Total revenues	427,400	14,700	10,383	(4,317)
EXPENDITURES:				
Current:				
Parks and recreation	352,763	219,898	169,609	50,289
Capital outlay	150,000	150,000	1,659	148,341
Total expenditures	502,763	369,898	171,268	198,630
REVENUES OVER (UNDER)				
EXPENDITURES	(75,363)	(355,198)	(160,885)	194,313
OTHER FINANCING SOURCES (USES):				
Transfers in	(150,000)	(148,469)	(1,531)	146,938
Total other financing sources (uses)	(150,000)	(148,469)	(1,531)	146,938
Net change in fund balances	(225,363)	(503,667)	(162,416)	341,251
FUND BALANCES (DEFICIT):				
Beginning of year	1,025,659	1,025,659	1,025,659	-
End of year	\$ 800,296	\$ 521,992	\$ 863,243	\$ 341,251

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 80,000	\$ 80,000	\$ 28,168	\$ (51,832)
Use of money and property	-	-	(81)	(81)
Total revenues	80,000	80,000	28,087	(51,913)
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	286,890	291,218	291,627	(409)
Capital outlay	-	-	-	-
Total expenditures	286,890	291,218	291,627	(409)
REVENUES OVER (UNDER) EXPENDITURES	(206,890)	(211,218)	(263,540)	(52,322)
OTHER FINANCING SOURCES (USES):				
Transfers in	190,000	190,000	190,000	-
Total other financing sources (uses)	190,000	190,000	190,000	-
Net change in fund balances	(16,890)	(21,218)	(73,540)	(52,322)
FUND BALANCES:				
Beginning of year	170,713	170,713	170,713	-
End of year	\$ 153,823	\$ 149,495	\$ 97,173	\$ (52,322)

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 245,000	\$ 245,000	\$ 243,478	\$ (1,522)
Other revenues	-	-	-	-
Total revenues	245,000	245,000	243,478	(1,522)
EXPENDITURES:				
Current:				
Community development	225,865	228,696	182,456	46,240
Capital outlay	18,000	18,000	520	17,480
Total expenditures	243,865	246,696	182,976	63,720
REVENUES OVER (UNDER) EXPENDITURES	1,135	(1,696)	60,502	62,198
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	1,135	(1,696)	60,502	62,198
FUND BALANCES (DEFICIT):				
Beginning of year	253,529	253,529	253,529	-
End of year	\$ 254,664	\$ 251,833	\$ 314,031	\$ 62,198

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 105,000	\$ 105,000	\$ (74,634)	\$ (179,634)
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>(74,634)</u>	<u>(179,634)</u>
EXPENDITURES:				
Current:				
Community development	-	104	104	-
Total expenditures	<u>-</u>	<u>104</u>	<u>104</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>105,000</u>	<u>104,896</u>	<u>(74,738)</u>	<u>(179,634)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>105,000</u>	<u>104,896</u>	<u>(74,738)</u>	<u>(179,634)</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>3,518,752</u>	<u>3,518,752</u>	<u>3,518,752</u>	<u>-</u>
End of year	<u>\$ 3,623,752</u>	<u>\$ 3,623,648</u>	<u>\$ 3,444,014</u>	<u>\$ (179,634)</u>

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Other revenues	1,900,000	2,080,000	926,845	(1,153,155)
Total revenues	<u>1,900,000</u>	<u>2,080,000</u>	<u>926,845</u>	<u>(1,153,155)</u>
EXPENDITURES:				
Current:				
Community development	1,900,000	2,080,000	966,496	1,113,504
Total expenditures	<u>1,900,000</u>	<u>2,080,000</u>	<u>966,496</u>	<u>1,113,504</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(39,651)</u>	<u>(39,651)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(39,651)</u>	<u>(39,651)</u>
FUND BALANCES (DEFICIT):				
Beginning of year	3,405	3,405	3,405	-
End of year	<u>\$ 3,405</u>	<u>\$ 3,405</u>	<u>\$ (36,246)</u>	<u>\$ (39,651)</u>

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 173,000	\$ 173,000	\$ 168,165	\$ (4,835)
Use of money and property	-	-	(646)	(646)
Total revenues	<u>173,000</u>	<u>173,000</u>	<u>167,519</u>	<u>(5,481)</u>
EXPENDITURES:				
Current:				
Parks and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>173,000</u>	<u>173,000</u>	<u>167,519</u>	<u>(5,481)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(162,500)	(162,500)	-	162,500
Total other financing sources (uses)	<u>(162,500)</u>	<u>(162,500)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,500	10,500	167,519	(5,481)
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	<u>\$ 10,500</u>	<u>\$ 10,500</u>	<u>\$ 167,519</u>	<u>\$ (5,481)</u>

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 537,524	\$ 390,405	\$ (147,119)
Use of money and property	-	-	(21,456)	(21,456)
Total revenues	-	537,524	368,949	(168,575)
EXPENDITURES:				
Current:				
General government	-	-	248,244	(248,244)
Public safety	-	88,491	38,672	49,819
Public works	-	66,269	46,912	19,357
Community development	-	366,764	172,344	194,420
Capital outlay	-	16,000	15,082	918
Total expenditures	-	537,524	521,254	16,270
REVENUES OVER (UNDER) EXPENDITURES	-	-	(152,305)	(152,305)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(152,305)	(152,305)
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ (152,305)	\$ (152,305)

City of Arcata, California
Combining Balance Sheet
Federal Grant Special Revenue Funds
June 30, 2022

	HUD Block Grant	ISTEA	FEMA/ OES	COPS
ASSETS				
Cash and investments	\$ (7,568)	\$ 365,275	\$ 277,545	\$ 482,295
Receivables:				
Intergovernmental	873,503	208,682	-	1,620
Total assets	<u>\$ 865,935</u>	<u>\$ 573,957</u>	<u>\$ 277,545</u>	<u>\$ 483,915</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	144,442	\$ 101,806	\$ -	\$ -
Due to other funds	401,647	-	-	-
Total liabilities	<u>546,089</u>	<u>101,806</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	319,846	472,151	277,545	483,915
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>319,846</u>	<u>472,151</u>	<u>277,545</u>	<u>483,915</u>
Total liabilities and fund balances	<u>\$ 865,935</u>	<u>\$ 573,957</u>	<u>\$ 277,545</u>	<u>\$ 483,915</u>

HOME Grants	Community Development Grants	Totals
\$ -	7,568	\$ 1,125,115
-	300,798	1,384,603
<u>\$ -</u>	<u>\$ 308,366</u>	<u>\$ 2,509,718</u>
\$ -	73,264	\$ 319,512
-	293,863	695,510
-	367,127	1,015,022
-	(58,761)	1,494,696
-	-	-
-	(58,761)	1,494,696
<u>\$ -</u>	<u>\$ 308,366</u>	<u>\$ 2,509,718</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, 2022

	HUD Block Grant	ISTEA	FEMA/ OES	COPS
REVENUES:				
Intergovernmental	\$ 1,060,984	\$ 208,682	\$ 26,411	\$ 152,998
Use of money and property	-	(4,859)	(4,041)	(5,181)
Total revenues	<u>1,060,984</u>	<u>203,823</u>	<u>22,370</u>	<u>147,817</u>
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Public works	-	251,799	-	-
Community development	649,955	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>649,955</u>	<u>251,799</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>411,029</u>	<u>(47,976)</u>	<u>22,370</u>	<u>147,817</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(133,840)	-	(85,936)	(100,000)
Total other financing sources and uses	<u>(133,840)</u>	<u>-</u>	<u>(85,936)</u>	<u>(100,000)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>277,189</u>	<u>(47,976)</u>	<u>(63,566)</u>	<u>47,817</u>
FUND BALANCES (DEFICIT):				
Beginning of year	42,657	520,127	341,111	436,098
End of year	<u>\$ 319,846</u>	<u>\$ 472,151</u>	<u>\$ 277,545</u>	<u>\$ 483,915</u>

HOME Grants	Community Development Grants	Totals
\$ -	300,797	\$ 1,749,872
-	-	(14,081)
-	300,797	1,735,791
-	-	-
-	-	251,799
-	359,733	1,009,688
-	-	-
-	359,733	1,261,487
-	(58,936)	474,304
-	-	-
-	-	(319,776)
-	-	(319,776)
-	(58,936)	154,528
-	175	1,340,168
\$ -	\$ (58,761)	\$ 1,494,696

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,649,757	\$ 3,055,922	\$ 1,060,984	\$ (1,994,938)
Use of money and property	-	-	-	-
Total revenues	<u>2,649,757</u>	<u>3,055,922</u>	<u>1,060,984</u>	<u>(1,994,938)</u>
EXPENDITURES:				
Current:				
Community development	569,131	981,755	649,955	331,800
Total expenditures	<u>569,131</u>	<u>981,755</u>	<u>649,955</u>	<u>331,800</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,080,626</u>	<u>2,074,167</u>	<u>411,029</u>	<u>(1,663,138)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,338,400	2,338,400	(133,840)	(2,472,240)
Total other financing sources (uses)	<u>2,338,400</u>	<u>2,338,400</u>	<u>(133,840)</u>	<u>(2,472,240)</u>
Net change in fund balances	4,419,026	4,412,567	277,189	(4,135,378)
FUND BALANCES:				
Beginning of year	42,657	42,657	42,657	-
End of year	<u>\$ 4,461,683</u>	<u>\$ 4,455,224</u>	<u>\$ 319,846</u>	<u>\$ (4,135,378)</u>

City of Arcata, California

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

ISTEA Grant - Federal Grant Special Revenue Fund

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 208,682	\$ 208,682	\$ 208,682	\$ -
Use of money and property	-	-	(4,859)	(4,859)
Total revenues	<u>208,682</u>	<u>208,682</u>	<u>203,823</u>	<u>(4,859)</u>
EXPENDITURES:				
Current:				
Public works	115,000	254,789	251,799	2,990
Capital outlay	-	-	-	-
Total expenditures	<u>115,000</u>	<u>254,789</u>	<u>251,799</u>	<u>2,990</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>93,682</u>	<u>(46,107)</u>	<u>(47,976)</u>	<u>(1,869)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	93,682	(46,107)	(47,976)	(1,869)
FUND BALANCES:				
Beginning of year	<u>520,127</u>	<u>520,127</u>	<u>520,127</u>	<u>-</u>
End of year	<u>\$ 613,809</u>	<u>\$ 474,020</u>	<u>\$ 472,151</u>	<u>\$ (1,869)</u>

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 281,500	\$ 281,500	\$ 26,411	\$ (255,089)
Use of money and property	-	-	(4,041)	(4,041)
Total revenues	<u>281,500</u>	<u>281,500</u>	<u>22,370</u>	<u>(259,130)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>281,500</u>	<u>281,500</u>	<u>22,370</u>	<u>(259,130)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(281,500)	(281,500)	(85,936)	195,564
Total other financing sources (uses)	<u>(281,500)</u>	<u>(281,500)</u>	<u>(85,936)</u>	<u>195,564</u>
Net change in fund balances	-	-	(63,566)	(63,566)
FUND BALANCES:				
Beginning of year	341,111	341,111	341,111	-
End of year	<u>\$ 341,111</u>	<u>\$ 341,111</u>	<u>\$ 277,545</u>	<u>\$ (63,566)</u>

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 152,998	\$ 52,998
Use of money and property	-	-	(5,181)	(5,181)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>147,817</u>	<u>47,817</u>
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>100,000</u>	<u>100,000</u>	<u>147,817</u>	<u>47,817</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	-	-	47,817	47,817
FUND BALANCES:				
Beginning of year	<u>436,098</u>	<u>436,098</u>	<u>436,098</u>	-
End of year	<u>\$ 436,098</u>	<u>\$ 436,098</u>	<u>\$ 483,915</u>	<u>\$ 47,817</u>

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City of Arcata, California
Combining Balance Sheet
In Lieu Fee Special Revenue Funds
June 30, 2022

	Parkland In Lieu	Parking In Lieu	Totals
ASSETS			
Cash and investments	\$ 183,410	\$ 280,701	\$ 464,111
Receivables:			
Loans/Notes receivable	62,208	-	62,208
Total assets	\$ 245,618	\$ 280,701	\$ 526,319
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenue	62,208	-	62,208
Total deferred inflows of resources:	62,208	-	62,208
Total liabilities and deferred inflows	62,208	-	62,208
Fund Balances:			
Assigned	183,410	280,701	464,111
Total fund balances	183,410	280,701	464,111
Total liabilities and fund balances	\$ 245,618	\$ 280,701	\$ 526,319

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, 2022

	Parkland In Lieu	Parking In Lieu	Totals
REVENUES:			
Licenses and permits	\$ 3,496	\$ -	\$ 3,496
Use of money and property	(2,099)	(3,146)	(5,245)
Total revenues	1,397	(3,146)	(1,749)
EXPENDITURES:			
Capital outlay	-	-	-
Total expenditures	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	1,397	(3,146)	(1,749)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(20,000)	-	(20,000)
Total other financing sources and uses	(20,000)	-	(20,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(18,603)	(3,146)	(21,749)
FUND BALANCES (DEFICIT):			
Beginning of year	202,013	283,847	485,860
End of year	\$ 183,410	\$ 280,701	\$ 464,111

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, 2022

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 20,000	\$ 10,000	\$ 3,496	\$ (6,504)
Use of money and property	-	-	(2,099)	(2,099)
Total revenues	<u>20,000</u>	<u>10,000</u>	<u>1,397</u>	<u>(8,603)</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>20,000</u>	<u>10,000</u>	<u>1,397</u>	<u>(8,603)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(20,000)	(20,000)	(20,000)	-
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balances	-	(10,000)	(18,603)	(8,603)
FUND BALANCES:				
Beginning of year	202,013	202,013	202,013	-
End of year	<u>\$ 202,013</u>	<u>\$ 192,013</u>	<u>\$ 183,410</u>	<u>\$ (8,603)</u>

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Licenses and permits	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Use of money and property	-	-	(3,146)	(3,146)
Total revenues	15,000	15,000	(3,146)	(18,146)
EXPENDITURES:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	15,000	15,000	(3,146)	(18,146)
Net change in fund balances	15,000	15,000	(3,146)	(18,146)
FUND BALANCES:				
Beginning of year	283,847	283,847	283,847	-
End of year	\$ 298,847	\$ 298,847	\$ 280,701	\$ (18,146)

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City of Arcata, California
Combining Balance Sheet
Assessment District Special Revenue Funds
June 30, 2022

	Curtis Heights	Janes Creek Meadows	Windsong	Mad River Business Park
ASSETS				
Cash and investments	\$ 1,218	\$ 15,538	\$ 6,611	6,534
Receivables:				
Intergovernmental	-	1,073	811	-
Total assets	<u>\$ 1,218</u>	<u>\$ 16,611</u>	<u>\$ 7,422</u>	<u>\$ 6,534</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Assigned	1,218	16,611	7,422	6,534
Total fund balances	<u>1,218</u>	<u>16,611</u>	<u>7,422</u>	<u>6,534</u>
Total liabilities and fund balances	<u>\$ 1,218</u>	<u>\$ 16,611</u>	<u>\$ 7,422</u>	<u>6,534</u>

Totals

\$ 29,901

1,884

\$ 31,785

\$ -

-

31,785

31,785

\$ 31,785

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, 2022

	Curtis Heights	Janes Creek Meadows	Windsong
REVENUES:			
Taxes and assessments	\$ -	\$ 16,091	\$ 14,872
Use of money and property	(13)	(231)	(126)
Total revenues	<u>(13)</u>	<u>15,860</u>	<u>14,746</u>
EXPENDITURES:			
Current:			
Parks and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(13)</u>	<u>15,860</u>	<u>14,746</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	-	(15,016)	(14,060)
Total other financing sources and uses	-	(15,016)	(14,060)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(13)	844	686
FUND BALANCES (DEFICIT) :			
Beginning of year	1,231	15,767	6,736
End of year	<u>\$ 1,218</u>	<u>\$ 16,611</u>	<u>\$ 7,422</u>

Mad River Business Park	Totals
5,473	\$ 36,436
(97)	(467)
<u>5,376</u>	<u>35,969</u>
-	-
-	-
-	-
<u>5,376</u>	<u>35,969</u>
<u>(5,000)</u>	<u>(34,076)</u>
(5,000)	(34,076)
376	1,893
<u>6,158</u>	<u>29,892</u>
<u>\$ 6,534</u>	<u>\$ 31,785</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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ (13)	\$ (13)
Total revenues	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>(13)</u>
EXPENDITURES:				
Current:				
Parks and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>(13)</u>
Net change in fund balances	-	-	(13)	(13)
FUND BALANCES:				
Beginning of year	1,231	1,231	1,231	-
End of year	<u>\$ 1,231</u>	<u>\$ 1,231</u>	<u>\$ 1,218</u>	<u>\$ (13)</u>

City of Arcata, California

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

Janes Creek Meadows Assessment District Special Revenue Fund

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 16,000	\$ 16,000	\$ 16,091	\$ 91
Use of money and property	-	-	(231)	(231)
Total revenues	16,000	16,000	15,860	(140)
EXPENDITURES:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	16,000	16,000	15,860	(140)
OTHER FINANCING SOURCES (USES):				
Transfers out	(16,000)	(16,000)	(15,016)	984
Total other financing sources (uses)	(16,000)	(16,000)	(15,016)	984
Net change in fund balances	-	-	844	844
FUND BALANCES (DEFICIT):				
Beginning of year	15,767	15,767	15,767	-
End of year	\$ 15,767	\$ 15,767	\$ 16,611	\$ 844

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, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 14,850	\$ 14,850	\$ 14,872	\$ 22
Use of money and property	-	-	(126)	(126)
Total revenues	<u>14,850</u>	<u>14,850</u>	<u>14,746</u>	<u>(104)</u>
EXPENDITURES:				
Current:				
Parks and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>14,850</u>	<u>14,850</u>	<u>14,746</u>	<u>(104)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(14,850)	(14,850)	(14,060)	790
Total other financing sources (uses)	<u>(14,850)</u>	<u>(14,850)</u>	<u>(14,060)</u>	<u>790</u>
Net change in fund balances	-	-	686	686
FUND BALANCES:				
Beginning of year	6,736	6,736	6,736	-
End of year	<u>\$ 6,736</u>	<u>\$ 6,736</u>	<u>\$ 7,422</u>	<u>\$ 686</u>

City of Arcata, California

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

Mad River Business Park Assessment District Special Revenue Fund

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 5,000	\$ 5,000	5,473	\$ 473
Use of money and property	-	-	(97)	(97)
Total revenues	5,000	5,000	5,376	376
EXPENDITURES:				
Current:				
Parks and recreation	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	5,000	5,000	5,376	376
OTHER FINANCING SOURCES (USES):				
Transfers in			-	-
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	(5,000)	(5,000)	(5,000)	-
Net change in fund balances	-	-	376	376
FUND BALANCES:				
Beginning of year	6,158	6,158	6,158	-
End of year	\$ 6,158	\$ 6,158	\$ 6,534	\$ 376

INTERNAL SERVICE FUNDS

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

City of Arcata, California
Combining Statement of Net Position
Internal Service Funds
For the year ended June 30, 2022

	Central Garage Fund	Information Technology Fund	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 1,781,206	\$ 46,221	\$ 1,827,427
Inventory	22,521	-	22,521
Total current assets	1,803,727	46,221	1,849,948
Noncurrent assets:			
Capital assets, net	1,210,104	14,032	1,224,136
Total noncurrent assets	1,210,104	14,032	1,224,136
Total assets	3,013,831	60,253	3,074,084
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	38,791	26,550	65,341
Total assets and deferred outflows of resources	3,052,622	86,803	3,139,425
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 56,928	\$ 19,819	\$ 76,747
Accrued liabilities	16,812	10,689	27,501
Compensated absences - current portion	6,065	2,123	8,188
Total current liabilities	79,805	32,631	112,436
Noncurrent liabilities:			
Long term debt - due in more than one year	-	-	-
Compensated absences	18,194	6,368	24,562
Due after one year - capital lease payable	-	-	-
Net pension liability	183,312	90,476	273,788
Total liabilities	281,311	129,475	410,786
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	268,415	302,471	570,886
Total deferred inflows of resources	268,415	302,471	570,886
NET POSITION			
Net investment in capital assets	1,210,104	14,032	1,224,136
Unrestricted	1,292,792	(359,175)	933,617
Total net position	2,502,896	(345,143)	2,157,753
Total liabilities, deferred inflows of resources and net position	\$ 3,052,622	\$ 86,803	\$ 3,139,425

City of Arcata, California

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

Internal Service Funds

For the year ended June 30, 2022

	Central Garage Fund	Information Technology Fund	Totals
OPERATING REVENUES:			
Interdepartmental charges	\$ 1,068,880	\$ 393,733	\$ 1,462,613
Total operating revenues	1,068,880	393,733	1,462,613
OPERATING EXPENSES:			
Salaries and benefits	373,923	308,190	682,113
Contractual services	20,665	97,359	118,024
Materials and supplies	217,994	111,619	329,613
Repairs and maintenance	31,394	7,240	38,634
Insurance	127,395	-	127,395
Taxes and fees	-	-	-
Allocated overhead	38,766	11,080	49,846
Depreciation	270,868	8,936	279,804
Total operating expenses	1,081,005	544,424	1,625,429
OPERATING INCOME (LOSS)	(12,125)	(150,691)	(162,816)
NONOPERATING REVENUES (EXPENSES):			
Proceeds from the sale of capital assets	93,418	-	93,418
Interest revenue	(17,595)	(137)	(17,732)
Interest expense	-	-	-
Total non-operating revenues (expenses)	75,823	(137)	75,686
NET INCOME (LOSS) BEFORE TRANSFERS	63,698	(150,828)	(87,130)
Transfers in	13,207	1,180	14,387
Transfers out	-	-	-
Total transfers	13,207	1,180	14,387
Change in net position	76,905	(149,648)	(72,743)
NET POSITION (DEFICIT):			
Beginning of year	2,425,991	(195,495)	2,230,496
End of year	<u>\$ 2,502,896</u>	<u>\$ (345,143)</u>	<u>\$ 2,157,753</u>

City of Arcata, California
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2022

	Central Garage	Information	
	Fund	Technology	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from interfund services provided	\$ 1,068,880	\$ 393,733	\$ 1,462,613
Cash paid to suppliers for goods and services	(405,939)	(213,477)	(619,416)
Cash paid to employees for services	(292,502)	(216,033)	(508,535)
Net cash provided (used) by operating activities	370,439	(35,777)	334,662
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received	13,207	1,180	14,387
Net cash provided (used) by noncapital financing activities	13,207	1,180	14,387
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(529,542)	-	(529,542)
Proceeds from the sale of capital assets	93,418	-	93,418
Principal paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Net cash (used) by capital and related financing activities	(436,124)	-	(436,124)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	(17,595)	(137)	(17,732)
Net cash provided by investing activities	(17,595)	(137)	(17,732)
Net increase (decrease) in cash and cash equivalents	(70,073)	(34,734)	(104,807)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,851,279	80,955	1,932,234
End of year	<u>\$ 1,781,206</u>	<u>\$ 46,221</u>	<u>\$ 1,827,427</u>
Reconciliation of income from operations to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (12,125)	\$ (150,691)	\$ (162,816)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	270,868	8,936	279,804
Pension expense	71,858	88,250	160,108
(Increase) decrease in current assets:			
Inventory	(1,493)	-	(1,493)
Increase (decrease) in liabilities:			
Accounts payable	31,768	13,821	45,589
Accrued liabilities	5,968	3,680	9,648
Compensated absences	3,595	227	3,822
Net cash provided by operating activities	\$ 370,439	\$ (35,777)	\$ 334,662

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

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