

**CITY OF FORTUNA
FORTUNA, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

INTRODUCTORY SECTION

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April 4, 2022

Citizens of the City of Fortuna
Honorable Mayor and
Members of the City Council

We are pleased to submit the City of Fortuna's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. The city follows a policy of hiring a licensed certified public accountant to conduct an annual audit and to prepare a complete set of financial statements in conformity with generally accepted accounting principles (GAAP). This annual report is published to fulfill that policy for the fiscal year ended June 30, 2021.

Management of the City of Fortuna assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that the city has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the city's financial statements are free of material misstatements.

The firm of R.J. Ricciardi, Inc. Certified Public Accountants, has issued an unqualified independent auditor's report on the City of Fortuna's financial statements for the fiscal year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY AND ITS OPERATIONS

The City of Fortuna is located on the North Coast of California seven (7) miles inland from the Pacific Ocean to the west and 253 miles north of San Francisco on U.S. Route 101. Fortuna is surrounded by national, state and county redwood parks and is the gateway to the redwood forests of Northern California. The City has a large number of events and festivals including Art & Wine in the Park, the Annual Fortuna Rodeo, Redwood AutoXpo, Apple Harvest, Hops in Humboldt Festival, and the Fortuna Concert Series. There are many holiday events for both young and old including concerts and parades.

The City of Fortuna was incorporated in 1906 and is home to approximately 12,000 individuals. The city's boundaries encompass 4.8 square miles with a population that has been growing by an average rate of one-percent (1%) annually over the last decade.

Education, health care, and government services are the largest employment categories followed by retail trade and construction. Timber harvesting and production is no longer the driving economic factor on the North Coast. Agriculture, health care, education, and government jobs have filled the void left by the timber industry with a mix of retail sales and hospitality services increasingly supporting our local economic growth.

The city operates under a council-manager form of government. Policy making and legislative authority are vested in the City Council consisting of the Mayor and four other elected Council members. The Council is responsible, among other matters, for passing ordinances, adopting the city budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the daily operations of the city, and for appointing other employees. The Council is elected to four year staggered terms, with 2-3 members elected every two years. The Mayor is selected by and serves at the pleasure of the City Council for a two-year term.

City Hall
(707) 725-7600
Fax (707) 725-7610
621 11th Street

Police Department
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Parks and Recreation
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Fax (707) 725-7576
5 Park Street

Public Works
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180 Dinsmore Drive

April 4, 2022

Page 2

The city provides a full range of municipal services including police protection; construction and maintenance of city streets; storm drains, and similar infrastructure; park maintenance; community recreation activities; water and wastewater utilities; and a transit system for seniors and disabled citizens who reside within city limits.

The annual budget serves as the foundation for the City of Fortuna's financial planning and control system. The budget process is the vehicle through which the city establishes goals and objectives, and prioritizes the desired programs or services that the city provides and which can be financed by the city's anticipated revenue for the budget period. The annual budget is categorized by fund, function (e.g., supplies, services), and department (e.g., police, parks & recreation). The budget is the means through which policy decisions are made, effected, controlled and monitored. The City Manager is responsible for submitting and recommending an operating budget and a capital improvements budget for City Council consideration and adoption. Throughout the year, the budget serves as a financial management tool and an operational plan for the delivery of city services and capital projects.

In addition to the budget planning process the city maintains budgetary controls. The city's objective in maintaining budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is authorized to transfer budgeted amounts within funds as deemed necessary in order to meet the city's needs subject to policy defined in the city's administrative regulations. The City Council may amend the budget by resolution during the fiscal year.

The city maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders, contracts, and other commitments for expenditure of money are secured in order to reserve that portion of the applicable appropriation. Total expenditures of each fund may not exceed fund appropriations and total expenditures for each department may not exceed departmental appropriations. Unencumbered amounts lapse at year-end and may be appropriated as part of the following year's budget.

Financial statements contained in the Annual Comprehensive Financial Report ("ACFR") include budget to actual comparisons that are required supplementary information. Comparisons are presented for the general fund and other major governmental funds for which an appropriated annual budget has been adopted. Budget to actual comparisons are also presented for the city's non-major funds in the supplemental information section of this report.

LOCAL ECONOMY

The city's general fund sales tax revenue recognized growth this fiscal period. City-wide retail sales subject to tax grew to \$245.5 million over the year; greater than the previously highest recorded sales tax year – 2019/2020. This is good news for the local economy as the aforementioned growth indicates a full recovery from the economic downturn that reached bottom in 2009.

The unemployment rate for 2021 increased to 7.9% - the highest unemployment rate seen in the last 10 years was in 2012 when the unemployment rate was 10.0%. Property values remain stable with a slight increase as compared to the previous fiscal period. Looking forward, the city's 2021-22 budget reflects a continued conservative approach. The city anticipates ongoing economic recovery and will carefully monitor revenue to match and prioritize city services within available revenues.

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April 4, 2022

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MAJOR INITIATIVES

Capital Projects

The City of Fortuna is committed to investing in the city's future by improving and repairing essential water and sewer infrastructure projects, disability access improvements and more. Prior to fiscal year 2021 the city leveraged state grants, former Redevelopment Agency bond loan proceeds, and storm drainage funds to complete the nearly \$6.5 million of improvements to the Rohner Creek Flood Control and Riparian Habitat Improvement Project. The project was successfully completed in fiscal year 2018. Upon the completion of that project the City was able to move forward with the almost \$2.5 million Hillside Creek Flood Control Project which was completed in 2020. This project was 75% funded by a FEMA grant. Upon completion of these projects, in fiscal year 2021, the City submitted an updated Flood Mapping to FEMA and was successful in removing hundreds of homes out of the flood plain.

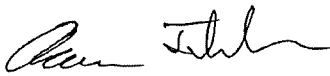
Redevelopment Dissolution

Pursuant to ABx 1 26 ("AB 26"), the Redevelopment Agency of the City of Fortuna ("Agency") was dissolved on February 1, 2012. The former Agency is now administered by the Successor Agency to the Former Redevelopment Agency of the City of Fortuna. The Successor Agency continues to wind down the affairs of the former Redevelopment Agency. The City of Fortuna Oversight Board was dissolved and replaced by a Countywide Oversight Board pursuant to Health and Safety Code Section 34179 (j). The new Countywide Oversight Board continues to meet regularly to review and approve the annual Recognized Obligation Payments Schedule (ROPs) request submitted to the California Department of Finance, as well as other business activity related to the Successor Agency.

ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the finance department, the auditing services of R.J. Ricciardi, Inc. CPA, and the cooperation of the various city departments. I would also like to acknowledge and thank the City Council and the City Manager for their continued support and leadership in responsibly managing the City of Fortuna's financial operations.

Respectfully submitted,



Aaron Felmlee, Finance Director

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CITY OF FORTUNA, CALIFORNIA
List of Principal Officials
June 30, 2021

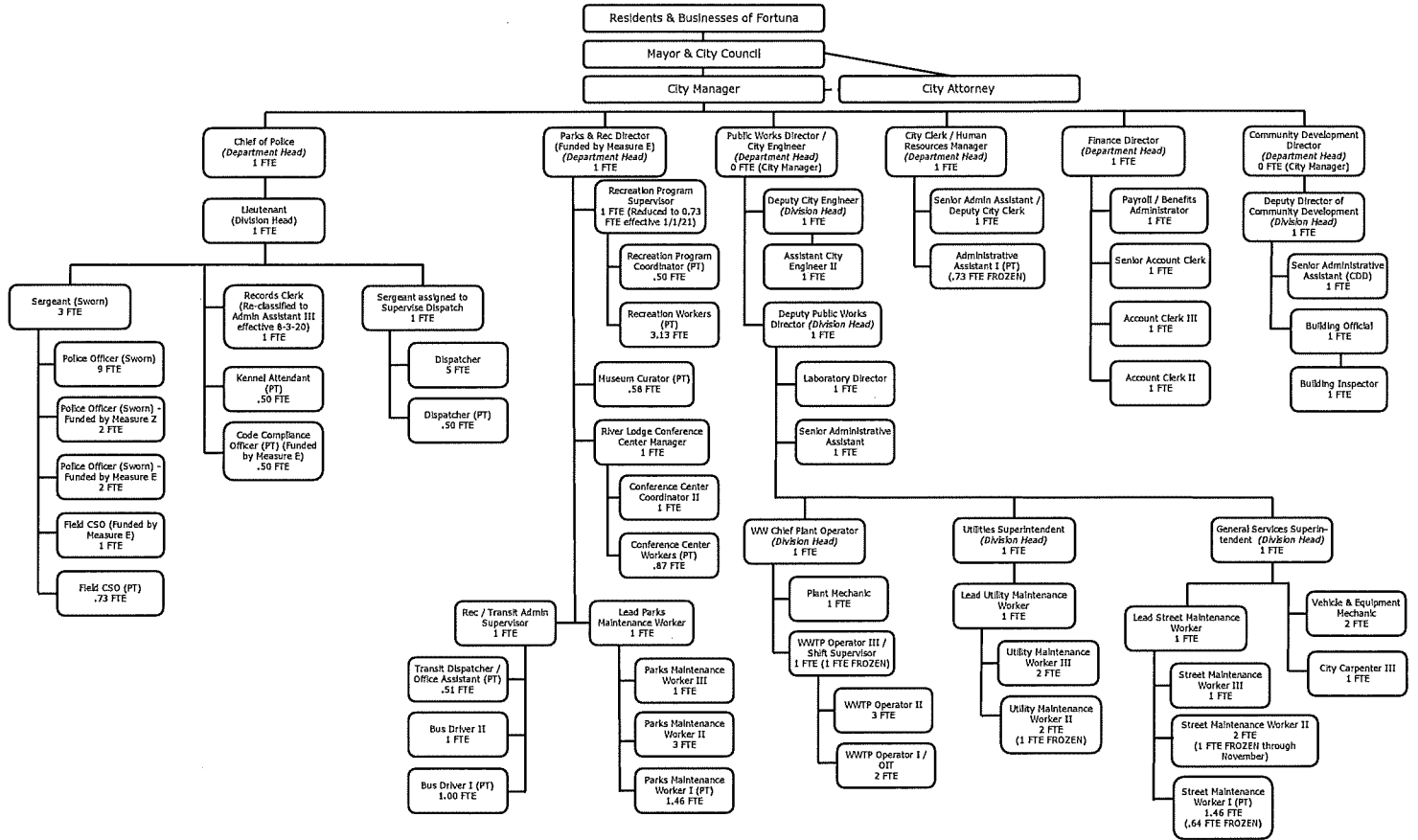
City Council

Mayor	Sue Long
Mayor Pro Tem	Tami Trent
Council Member	Mike Johnson
Council Member	Mike Losey
Council Member	Jeremy Stanfield

Appointed Officials

City Manager	Merritt Perry
Finance Director	Aaron Felmlee
Police Chief	Casey Day
Public Works Director	Brendan Byrd
Parks and Recreation Director	Cameron Mull
City Clerk	Siana Emmons

City of Fortuna Organizational Chart



FINANCIAL SECTION

R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Members
of the City Council
City of Fortuna
Fortuna, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fortuna, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Fortuna's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to City of Fortuna's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Fortuna's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and, where applicable, cash flows of City of Fortuna, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Fortuna's basic financial statements. The accompanying nonmajor fund combining financial statements, budget and actual schedules, schedules of capital assets, introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor fund combining financial statements, budget and actual schedules, and schedules of capital assets are the responsibility of management and were derived from and relate 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 nonmajor fund combining financial statements, budget to actual schedules, and schedules of capital assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
April 16, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of the City of Fortuna's annual financial report presents discussion and analysis of the city's financial performance during the fiscal year that ended on June 30, 2021. Please read this analysis in conjunction with the transmittal letter contained in the front of this report and the city's financial statements, which follow this section.

Financial Highlights

- The city's total net position continued to improve during the 2020-21 fiscal year with an increase of \$4.13 million at the end of the fiscal period. Net position is the difference between the city's assets and liabilities.
- The Successor Agency (Former Redevelopment Agency) continues to move forward with the completion of "winding down" the city's former redevelopment activities.
- The city's general funds earned \$9.41 million in revenues during the 2020-21 fiscal year with \$7.26 million in total expenditures, which resulted in an excess of revenues over expenditures of \$2.15 million.
- The citizens of Fortuna approved a ¼ cent sales tax measure, Measure E, on the November 8, 2016 ballot. Revenues from Measure E accounted for \$2.025 million of the \$9.41 million total general fund revenues. Measure E is a general tax that went into effect on April 1, 2017 and is set to terminate on March 31st, 2033.
- The fiscal period ending June 30, 2021, resulted in a general fund balance of \$10.59 million with \$10.58 million reported as unassigned (See pg. 14-15 for details). The City has designated about \$5.06 million from the end of year unassigned fund balance as stabilization reserves for contingencies and cash flow shortfalls.
- The city's water and wastewater programs generated approximately \$6.19 million in user fees and \$50,000 in miscellaneous revenue this fiscal period for a total of \$6.24 million in revenue. Utility fees continue to support daily operations, debt service, and capital improvement projects. The net position of the water enterprise increased by 0.18 percent to \$15.7 million and the wastewater enterprise net position increased by 1.17 percent to \$25.9 million indicating stable growth and management of the city's vital utility services.

OVERVIEW OF THE FINANCIAL STATEMENTS

The city's Comprehensive Annual Financial Report ("CAFR") consists of four main components: (1) the independent auditor's report and management's discussion and analysis; (2) the basic financial statements and notes to the financial statements; (3) required supplementary information; and (4) combining fund financial statements. The basic financial statements include two types of statements that present different views of the city; the government-wide and the fund financial statements.

- The government-wide financial statements provide both long-term and short-term information regarding the city's overall financial status.
- The fund financial statements focus on individual parts of city government, reporting the city's operations in more detail than the government-wide statements.

The basic financial statements also include notes that provide additional information essential to understanding the data contained in the government-wide and fund financial statements. The statements and notes are followed by required supplementary information, including budgetary comparison schedules for the general fund and other major governmental funds. In addition to these required elements, we have included combining statements and schedules that provide details about the city's non-major funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure A-1 summarizes the major features of the city's financial statements, including the portion of the city government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1 Major Features of the City of Fortuna's Government-Wide and Fund Financial Statements			
	Government-Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
<u>Scope</u>	Entire city government	The activities of the city that is not proprietary or fiduciary, such as the Police Dept. and Parks & Recreation.	Activities the city operates similar to private businesses: Water, sewer, and transit.
<u>Required financial statements</u>	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenditures, and changes in net position • Statement of cash flows
<u>Accounting basis and measurement focus</u>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<u>Type of asset/liability information</u>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be depleted and liabilities that are due and payable during the fiscal year. No capital assets are included.	All assets and liabilities, both financial and capital, including short-term and long-term liabilities.
<u>Type of inflow/outflow information</u>	All revenues earned or received; and expenditures incurred during fiscal period, regardless of when cash is received or expended.	Revenues for which cash is received during or soon after the end of the year. Expenditures when goods or services have been received and payment is due during the fiscal year.	All revenues and expenditures received/incurred during the fiscal year, regardless of when cash is received or expended.

Government-Wide Statements

Government-wide statements report information similar to those used by private-sector companies. Current year revenues and expenditures are accounted for in the statement of activities on a full accrual basis regardless of when cash is *actually* received or disbursed.

The government-wide financial statements provide a broad overview of the city's activities as a whole. These financial statements are comprised of the:

- 1) *Statement of Net Position* - Includes *all* of the city's assets and liabilities and is used to measure total economic resources. Net position is the difference between the city's assets and liabilities. Over time, increases or decreases in the net position is an indicator of whether the city's financial health is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 2) *The Statement of Activities* - Provides information regarding the city's total revenues and full accrual expenses and is critical in measuring the net revenues and expenses (including depreciation) of each of the city's programs.

The government-wide financial statements of the city are divided into two categories:

- *Governmental activities* – The majority of the city's basic services are reported as *governmental activities*, including general government, police, streets, public works, parks and recreation. Activities are primarily financed with property taxes, sales taxes, transient occupancy taxes, user charges and fees, and state and federal grants.
- *Business-type activities* – The city's water, wastewater, and transit systems are reported as *business-type activities*. These programs are financed with user fees and transit subsidies that are intended to cover the long-term costs of services including capital infrastructure and debt financing.

Fund Financial Statements

A **fund** is a grouping of related accounts that is used to maintain control and monitor resources that have been segregated or "restricted" 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. The concept of major funds, and the determination of which are major funds is established by the Governmental Accounting Standards Board (GASB).

- *Governmental funds* – Most of the city's basic services are included in governmental funds which focus on (1) *How cash and other financial assets* can readily be converted to cash flow; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term view* that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the city's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is included at the bottom of the governmental funds statement, or on subsequent pages, that explain the relationship (or differences) between them.
- *Proprietary funds* – Services for which the city charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. Similarly, the city's enterprise funds (one type of proprietary fund) are essentially equal to its *business-type activities*, but provide more detail and information such as cash flow.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position. The city's total combined net position increased \$4.13 million during the 2020-21 fiscal year. See Table A-1 below:

Table A-1							
City of Fortuna's Net Position							
(in thousands of dollars)							
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percentage Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Current and other assets	\$ 31,482	\$ 29,031	\$ 24,089	\$ 23,863	\$ 55,571	\$ 52,894	5.1%
Capital assets, net	22,963	21,313	34,956	35,114	57,919	56,427	2.6%
Total assets	54,445	50,344	59,045	58,977	113,490	109,321	3.8%
Pension related items	1,855	1,618	840	734	2,695	2,352	14.6%
Total deferred outflows	1,855	1,618	840	734	2,695	2,352	14.6%
Current liabilities	1,188	1,259	1,195	869	2,383	2,128	12.0%
Long-term liabilities	8,170	7,482	16,871	17,289	25,041	24,771	1.1%
Total liabilities	9,358	8,741	18,066	18,158	27,424	26,899	2.0%
Deferred inflows:							
Pension related items	282	390	86	119	368	509	-27.7%
Net position:							
Invested in capital assets	22,939	21,272	22,437	22,074	45,376	43,346	4.7%
Restricted	3,557	3,434	-	-	3,557	3,434	3.6%
Unrestricted	20,164	18,125	19,296	19,360	39,460	37,485	5.3%
Total net position	\$ 46,660	\$ 42,831	\$ 41,733	\$ 41,434	\$ 88,393	\$ 84,265	4.9%

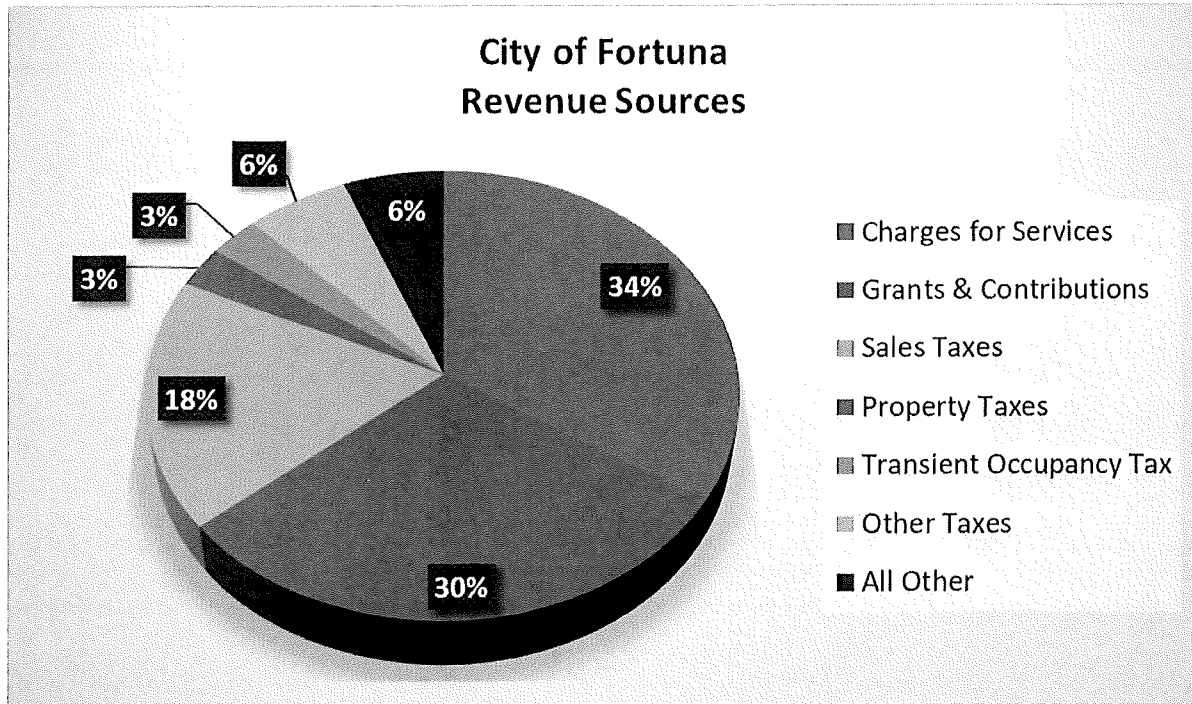
The net position of the city's governmental activities increased by 8.94 percent to \$46.7 million during the 2020-21 fiscal year. The city currently does not have any long-term debt related to assets used in its governmental activities. Net capital assets for governmental activities increased to \$22.9 million at year-end, the increase primarily due from street and drainage infrastructure improvements.

The net position of the city's business-type activities increased by approximately \$0.30 million this fiscal year to \$41.7 million. Assets generated from business-type activities are restricted to supporting the continuing operations of the city's utility and transit services.

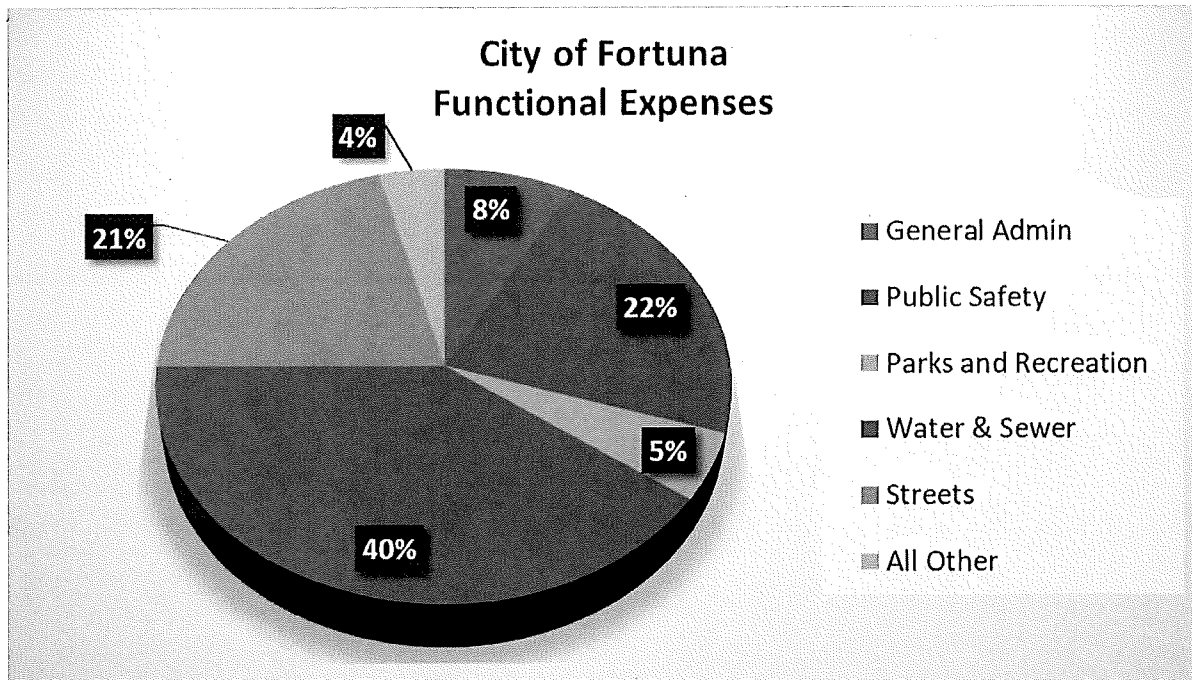
Combined Revenues and Expenditures

City revenues increased overall by twelve percent (12%) ending the year with a combined total of \$23.46 million. In comparing revenues to the previous fiscal year, it is important to consider that there was an increase in one time grants and contributions revenue of \$1.2 million from the previous fiscal year. This increase in capital grants and contributions nearly accounted for half the entire increase in overall revenues. (See Table A-2.)

MANAGEMENT'S DISCUSSION AND ANALYSIS



The total cost of city programs and services increased by \$1.5 million to \$19.3 million during fiscal year ending 2021, an increase of eight percent (8%). Streets funding had a large one-time project cost for fiscal year 2021 which resulted in an over \$1.5 million increase in streets funding for fiscal year ending 2021 alone. Costs cover a variety of services with approximately 42% of total costs attributed to business-type activities (water, wastewater, and transit) and the remaining 58% related to general government, public safety, streets, parks and recreation programs, and other services provided to the community.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Contributions increased by twelve percent (12%) during the 2020-21 fiscal year. A majority of this increase was due to a forty-five percent (45%) increase in operating grant revenue. Business-type activities saw a total of \$8.3 million in revenues finance operating costs of \$8.0 million, which provided cash flow for principal payments on water and wastewater revenue bonds and continued investment in capital improvement projects to maintain the city's water and wastewater infrastructure.

Table A-2							
Changes in the City's Net Position (in thousands of dollars)							
	Governmental Activities		Business-type		Totals City Wide		Percent Change
	2021	2020	2021	2020	2021	2020	
Revenues							
Program revenues							
Charges for services	\$ 1,845	\$ 1,485	\$ 6,239	\$ 5,928	\$ 8,084	\$ 7,413	9%
Operating Grants	-	-	2,018	1,395	2,018	1,395	45%
Capital Grants	5,008	4,408	-	-	5,008	4,408	14%
General revenues							
Taxes	6,996	5,869	-	-	6,996	5,869	19%
Investment Earnings	230	311	61	664	291	975	-70%
Other	1,061	936	-	-	1,061	936	13%
Total revenues	15,140	13,009	8,318	7,987	23,458	20,996	12%
Expenses							
General government	1,623	1,551	-	-	1,623	1,551	5%
Public safety	4,171	4,902	-	-	4,171	4,902	-15%
Streets	4,072	2,594	-	-	4,072	2,594	57%
Parks and recreation	1,027	1,201	-	-	1,027	1,201	-14%
Sanitation	414	204	-	-	414	204	103%
Water	-	-	2,963	2,820	2,963	2,820	5%
Wastewater	-	-	4,691	4,214	4,691	4,214	11%
Transit	-	-	369	353	369	353	5%
Other	-	-	-	-	-	-	
Total expenses	11,307	10,452	8,023	7,387	19,330	17,839	8%
Increase (Decrease)	3,833	2,557	295	600	4,128	3,157	
Transfers	(4)	(6)	4	6	-	-	
Change in net position	3,829	2,551	299	606	4,128	3,157	31%
Net Position, beginning, as restated	42,831	40,280	41,434	40,828	84,265	81,108	
Prior Period Adjustment	-	-	-	-	-	-	
Net Position, end of year	\$46,660	\$42,831	\$41,733	\$41,434	\$88,393	\$84,265	5%

The cost of the city's *governmental activities* this year was \$11.3 million, an increase of \$0.9 million or 8.2%, compared to last fiscal year as presented in Table A-2. The cost of the city's *business type activities* this year was \$8.0 million, an increase of \$0.6 million or 7.9%, compared to last fiscal year as presented in Table A-2. Water and Wastewater expenses accounted for nearly all of the \$0.6 million increase. These increased costs were primarily for capital outlay and infrastructure improvements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The city uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and regulations. The fund financial statements focus on individual parts of city government in order to report city operations in more detail than the government-wide statements.

Governmental Funds

The general fund, HOME fund, and city housing fund are reported as major governmental funds. Other non-major governmental fund programs include gas tax(s), storm drain maintenance, federal and state grants, debt service, and capital projects.

The general fund reported \$9.41 million in tax, intergovernmental, fee and other revenues during the year. These revenues supported \$4.1 million in public safety programs, \$1.0 million to support parks and recreation programs and services, and the remainder supported streets, capital improvement projects, and general administration. The general fund had a fund balance of \$10.60 million at year-end.

On a budgetary basis, general fund revenues exceeded budget estimates by approximately \$2.0 million. Property, sales, and other tax revenues exceeded projections by nearly \$1.5 million with license, permits, and miscellaneous revenues exceeding projections by the remaining \$500,000. In total, general fund expenditures and transfers were \$400,000 below approved budget appropriations.

The city's HOME grant fund continues to administer an approximate \$9.8 million portfolio of federally funded housing loans. No new loans were extended during the year.

The city continues to administer a \$3.2 million portfolio of low-to-moderate income housing loans that were originally funded by Community Development Block Grants ("CDBG") and by set-aside requirements of the former redevelopment agency. Administration of these assets is a result of the city's ongoing commitment to support low and moderate income housing programs within city limits.

Business-Type Funds

The water fund earned \$2.5 million in user fees during the year to support operating costs, debt service, and capital improvements.

The wastewater fund earned \$3.7 million in user fees during the year to support operating costs, debt service, maintenance costs and investments in system improvements.

The nonmajor transit fund earned over \$17,000 in fees during the 2020-21 fiscal period. Operating subsidies of over \$317,000 combined with user fees supports the operating costs necessary to provide essential transportation services to city residents.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The city continues to invest in improvements to maintain and improve the city's infrastructure. At the end of 2021, the city has invested \$57.9 million in a broad range of capital assets (net of accumulated depreciation) that support the essential services provided to the city's residents and businesses. Assets include land, equipment, vehicles, buildings, park facilities, and water and wastewater systems. (See Table A-3) Additional information about the city's capital assets can be found in Note 4, Section C, of the notes to the basic financial statements.

Table A-3							
Capital Assets (net of depreciation) (in thousands of dollars)							
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percent Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Land	\$ 667	\$ 808	\$ 154	\$ 154	\$ 821	\$ 962	-15%
Construction in progress	3,883	1,266	1,936	1,092	5,819	2,358	147%
Water/Wastewater plant & system	-	-	53,981	53,750	53,981	53,750	0%
Buildings, structures & systems	4,535	4,983	-	-	4,535	4,983	-9%
Machinery and equipment	1,656	1,886	2,405	2,341	4,061	4,227	-4%
Vehicles	1,446	1,408	1,397	1,352	2,843	2,760	3%
Infrastructure	22,082	21,162	-	-	22,082	21,162	4%
Improvements	1,968	1,968	-	-	1,968	1,968	0%
Total Capital Assets	<u>\$36,237</u>	<u>\$33,481</u>	<u>\$59,873</u>	<u>\$58,689</u>	<u>\$96,110</u>	<u>\$92,170</u>	4%
Less:							
Accumulated depreciation	(13,316)	(12,210)	(24,916)	(23,575)	(38,232)	(35,785)	7%
Capital Assets, net of Accumulated depreciation	<u>\$22,921</u>	<u>\$21,271</u>	<u>\$34,957</u>	<u>\$35,114</u>	<u>\$57,878</u>	<u>\$56,385</u>	3%

Long-Term Debt

The city ended the 2020-21 fiscal year with \$12.5 million in principal owed for the city's revenue bonds. The following is a breakdown of the outstanding principal by fund:

General Fund - Capital leases and loans	\$ 24,328
Water Fund	4,785,000
Wastewater Fund	<u>7,735,000</u>
City Total:	\$ 12,544,328

For further detail, see Notes to the Basic Financial Statements, Long-Term Debt, contained in the CAFR.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PENSION ACCOUNTING MATTERS

The City's overall actuarially determined net pension liability was \$11.05 million at the end of fiscal year 2021. Compared to \$10.17 million at the end of fiscal year 2020. Additional information on the City's pension liability and related matters can be found in Note 5E to the CAFR.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Fortuna, along with the rest of our nation, is emerging from one of the most difficult periods in recent history. For almost two-years, the COVID-10 pandemic has dominated lives and impacted virtually everyone. In addition to the toll in human life, COVID-19 brought with it a worldwide economic recession resulting in record high unemployment, business closures, and a drop in economic activity. The local and national economies are realizing strong recovery in some areas, while other sectors appear to be very slow to recover, furthering belief that a "K" type recovery/recession will continue to occur. Fortunately, the City has benefited from the upside of the recovery. Some sales tax categories, such as automobile sales and online purchases, have been robust. The city continues to remain conservative, yet optimistic, in projecting revenues for the fiscal year 2021-22 budget anticipating stable revenue growth through the next fiscal year.

Future year expenditures are expected to continue to face cost pressures in maintaining existing and essential services to city residents. In particular, energy, pension, and health benefit costs have increased significantly over the past decade and are projected to increase again in 2021-22 and beyond. As the city monitors budget results during the current fiscal period; Council and staff are mindful to be financially prudent when prioritizing the services that are sustainable with existing revenue streams such as property and sales tax, grants, and fees for services.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the city's finances and to demonstrate the city's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, City of Fortuna, 621 Eleventh Street, P.O. Box 545, Fortuna, California 95540.

City of Fortuna
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 11,724,543	\$ 23,386,471	\$ 35,111,014
Net receivables	3,332,206	561,074	3,893,280
Prepayments	3,968	-	3,968
Inventory	-	140,301	140,301
Total current assets	<u>15,060,717</u>	<u>24,087,846</u>	<u>39,148,563</u>
Noncurrent assets:			
Notes receivable-long term	14,358,678	-	14,358,678
Loan receivable successor agency	2,063,220	-	2,063,220
Capital assets not being depreciated	4,591,926	2,089,677	6,681,603
Capital assets being depreciated, net	<u>18,371,022</u>	<u>32,867,058</u>	<u>51,238,080</u>
Total noncurrent assets	<u>39,384,846</u>	<u>34,956,735</u>	<u>74,341,581</u>
Total assets	<u>54,445,563</u>	<u>59,044,581</u>	<u>113,490,144</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	<u>1,854,845</u>	<u>840,696</u>	<u>2,695,541</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,050,267	354,448	1,404,715
Accrued liabilities	85,765	-	85,765
Compensated absences	-	7,939	7,939
Deposits	35,638	78,120	113,758
Accrued interest payable	-	139,761	139,761
Leases and bonds due in one year	<u>16,218</u>	<u>614,245</u>	<u>630,463</u>
Total current liabilities	<u>1,187,888</u>	<u>1,194,513</u>	<u>2,382,401</u>
Noncurrent liabilities:			
Compensated absences	348,107	30,304	378,411
Net pension liability	7,813,791	3,232,840	11,046,631
Revenue bonds due in more than one year	-	11,970,000	11,970,000
Capital leases due in more than one year	8,110	-	8,110
Premium from sale of bonds, net	<u>-</u>	<u>1,638,287</u>	<u>1,638,287</u>
Total noncurrent liabilities	<u>8,170,008</u>	<u>16,871,431</u>	<u>25,041,439</u>
Total liabilities	<u>9,357,896</u>	<u>18,065,944</u>	<u>27,423,840</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	<u>282,271</u>	<u>86,024</u>	<u>368,295</u>
Total deferred inflows	<u>282,271</u>	<u>86,024</u>	<u>368,295</u>
NET POSITION			
Net investment in capital assets	22,938,620	22,436,735	45,375,355
Restricted for:			
Affordable housing	420,783	-	420,783
Public works and streets	1,486,961	-	1,486,961
Economic development	1,649,497	-	1,649,497
Unrestricted	<u>20,164,380</u>	<u>19,296,574</u>	<u>39,460,954</u>
Total net position	<u>\$ 46,660,241</u>	<u>\$ 41,733,309</u>	<u>\$ 88,393,550</u>

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

City of Fortuna
STATEMENT OF ACTIVITIES
For the year ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	City Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 1,622,797	\$ -	\$ -	\$ -	\$ (1,622,797)	\$ -	\$ (1,622,797)
Public safety	4,171,065	30,773	-	-	(4,140,292)	-	(4,140,292)
Public works & streets	4,071,600	777,428	-	5,007,997	1,713,825	-	1,713,825
Parks and recreation	1,027,191	1,036,462	-	-	9,271	-	9,271
Sanitation	414,414	-	-	-	(414,414)	-	(414,414)
Business development and housing	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	11,307,067	1,844,663	-	5,007,997	(4,454,407)	-	(4,454,407)
Business-type activities:							
Water	2,963,179	2,504,339	465,195	-	-	6,355	6,355
Wastewater	4,691,028	3,717,201	1,236,324	-	-	262,497	262,497
Transit	369,082	17,674	316,695	-	-	(34,713)	(34,713)
Total business-type activities	8,023,289	6,239,214	2,018,214	-	-	234,139	234,139
Total City government	\$ 19,330,356	\$ 8,083,877	\$ 2,018,214	\$ 5,007,997	(4,454,407)	234,139	(4,220,268)
General revenues and transfers:							
Taxes:							
Property taxes					611,929	-	611,929
Sales taxes					4,295,714	-	4,295,714
Transient occupancy taxes					755,125	-	755,125
Other taxes					28,551	-	28,551
Property tax in lieu VLF					1,305,039	-	1,305,039
Other income					1,061,319	-	1,061,319
Unrestricted investment earnings					230,087	60,780	290,867
Transfers					(4,431)	4,431	-
Total general revenues and transfers					8,283,333	65,211	8,348,544
Change in net position					3,828,926	299,350	4,128,276
Net position, beginning					42,831,315	41,433,959	84,265,274
Net position, ending					\$ 46,660,241	\$ 41,733,309	\$ 88,393,550

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

City of Fortuna
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021

	General Fund	HOME Grants	City Housing Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 8,902,416	\$ 206,415	\$ 172,652	\$ 2,443,060	\$ 11,724,543
Accounts receivable	1,291,772	-	-	1,355,076	2,646,848
Taxes receivable	685,358	-	-	-	685,358
Due from other funds	3,463	-	-	-	3,463
Prepayments	3,968	-	-	-	3,968
Notes receivable	1,320	9,793,815	3,183,561	1,379,982	14,358,678
Loan receivable from successor agency	2,063,220	-	-	-	2,063,220
Land held for resale	-	-	41,716	-	41,716
Total assets	<u>\$ 12,951,517</u>	<u>\$ 10,000,230</u>	<u>\$ 3,397,929</u>	<u>\$ 5,178,118</u>	<u>\$ 31,527,794</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 181,241	\$ -	\$ -	\$ 869,026	\$ 1,050,267
Accrued liabilities	85,765	-	-	-	85,765
Due to other funds	-	-	-	3,463	3,463
Deposits	35,638	-	-	-	35,638
Total liabilities	<u>302,644</u>	<u>-</u>	<u>-</u>	<u>872,489</u>	<u>1,175,133</u>
Deferred inflows of resources:					
Long-term receivables	<u>2,063,220</u>	<u>9,793,815</u>	<u>3,183,561</u>	<u>1,379,982</u>	<u>16,420,578</u>
Fund balances:					
Non-spendable	3,968	-	-	-	3,968
Restricted for economic development	-	-	-	1,649,497	1,649,497
Restricted for affordable housing	-	206,415	214,368	-	420,783
Restricted for streets and storm drains	-	-	-	1,486,961	1,486,961
Unassigned	<u>10,581,685</u>	<u>-</u>	<u>-</u>	<u>(210,811)</u>	<u>10,370,874</u>
Total fund balances	<u>10,585,653</u>	<u>206,415</u>	<u>214,368</u>	<u>2,925,647</u>	<u>13,932,083</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,951,517</u>	<u>\$ 10,000,230</u>	<u>\$ 3,397,929</u>	<u>\$ 5,178,118</u>	<u>\$ 31,527,794</u>
Total Governmental Fund Balances					\$ 13,932,083
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds					22,921,232
Long-term notes receivable do not provide current financial resources and are therefore reported as deferred inflows of resources					16,420,578
The net pension liability and related deferred outflows of resources and deferred inflows of resources do not provide or use current financial resources and are not reported in the funds					(6,241,217)
Some liabilities, including bonds, leases, compensated absences, and accrued interest are not due and payable in the current period and are therefore not reported in the funds					(372,435)
Net Position of Governmental Activities					<u>\$ 46,660,241</u>

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

City of Fortuna
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2021

	General Fund	HOME Grants	City Housing Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 611,929	\$ -	\$ -	\$ -	\$ 611,929
Sales taxes	4,295,714	-	-	-	4,295,714
Other taxes	28,551	-	-	-	28,551
Transient occupancy taxes	755,125	-	-	-	755,125
Property tax in lieu VLF	1,305,039	-	-	-	1,305,039
Licenses and permits	777,428	-	-	-	777,428
Fines and forfeits	30,773	-	-	-	30,773
Intergovernmental	660,218	18,161	-	4,329,618	5,007,997
Interest	219,283	557	464	9,783	230,087
Charges for services	449,270	-	-	587,192	1,036,462
Miscellaneous	277,821	-	50,000	733,498	1,061,319
Total revenues	<u>9,411,151</u>	<u>18,718</u>	<u>50,464</u>	<u>5,660,091</u>	<u>15,140,424</u>
EXPENDITURES					
Current:					
General government	1,622,417	380	-	-	1,622,797
Public safety	4,120,076	-	-	-	4,120,076
Public works & streets	487,883	-	-	5,233,696	5,721,579
Parks and recreation	1,027,191	-	-	-	1,027,191
Health and welfare	-	-	-	414,414	414,414
Business development and housing	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>7,257,567</u>	<u>380</u>	<u>-</u>	<u>5,648,110</u>	<u>12,906,057</u>
Excess (deficiency) of revenues over expenditures	<u>2,153,584</u>	<u>18,338</u>	<u>50,464</u>	<u>11,981</u>	<u>2,234,367</u>
OTHER FINANCING SOURCES (USES)					
Capital lease financing					
Transfers in	338,549	-	-	143,136	481,685
Transfers out	(486,116)	-	-	-	(486,116)
Total other financing sources (uses)	<u>(147,567)</u>	<u>-</u>	<u>-</u>	<u>143,136</u>	<u>(4,431)</u>
Net change in fund balances	<u>2,006,017</u>	<u>18,338</u>	<u>50,464</u>	<u>155,117</u>	<u>2,229,936</u>
Fund balances, July 1	8,503,000	188,077	163,904	2,770,530	11,625,511
Prior period adjustment	76,636	-	-	-	76,636
Fund balances, July 1 restated	<u>8,579,636</u>	<u>188,077</u>	<u>163,904</u>	<u>2,770,530</u>	<u>11,702,147</u>
Fund balances, June 30	<u>\$ 10,585,653</u>	<u>\$ 206,415</u>	<u>\$ 214,368</u>	<u>\$ 2,925,647</u>	<u>\$ 13,932,083</u>

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

City of Fortuna
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 2,229,936
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The changes in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$3,243,913) exceeds depreciation (\$1,593,934) in the current period.	1,649,979
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Repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any affect on net position.	6,908
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The recording of accrued compensated absences does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. The liability is included in the statement of activities.	-
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Long-term receivables are deferred in the funds until collected and available for use. In the statement of activities, no revenues are recognized from the collection of receivables.	216,831
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The net change in pension expense either contributed to pension plan in current fiscal year not included on statement of activities; or expenses reported in statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(274,728)</u>
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Changes in net position of governmental activities	<u>\$ 3,828,926</u>
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The accompanying notes are an integral part of these financial statements.

City of Fortuna
STATEMENT OF NET POSITION
 Proprietary Funds
 June 30, 2021

	Enterprise Funds			
	Water	Wastewater	Nonmajor Transit Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 8,818,105	\$ 14,278,733	\$ 289,633	\$ 23,386,471
Net receivables	204,873	356,201	-	561,074
Inventory	120,396	19,905	-	140,301
Due from other funds	-	-	-	-
Total current assets	9,143,374	14,654,839	289,633	24,087,846
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	26,996	126,695	-	153,691
Construction in progress	135,814	1,800,172	-	1,935,986
Total capital assets not being depreciated	162,810	1,926,867	-	2,089,677
Capital assets being depreciated:				
Collection system	-	9,290,233	-	9,290,233
Pumping system	-	1,137,677	-	1,137,677
Treatment system	-	23,460,374	-	23,460,374
Distribution and treatment system	20,092,983	-	-	20,092,983
Equipment	822,065	1,583,027	-	2,405,092
Vehicles	483,373	603,148	310,870	1,397,391
Less accumulated depreciation	(8,539,639)	(16,196,191)	(180,862)	(24,916,692)
Total capital assets being depreciated	12,858,782	19,878,268	130,008	32,867,058
Total noncurrent assets	13,021,592	21,805,135	130,008	34,956,735
Total assets	22,164,966	36,459,974	419,641	59,044,581
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan deferrals	344,154	463,936	32,606	840,696
LIABILITIES				
Current liabilities:				
Accounts payable	43,031	145,020	166,397	354,448
Compensated absences	2,904	4,857	178	7,939
Deposits	78,120	-	-	78,120
Accrued interest payable	48,431	91,330	-	139,761
Premium from sale of bonds, net	17,758	46,487	-	64,245
Bonds and Notes due within one year	210,000	340,000	-	550,000
Total current liabilities	400,244	627,694	166,575	1,194,513
Noncurrent liabilities:				
Compensated absences	11,084	18,539	681	30,304
Net pension liability	1,298,227	1,750,060	184,553	3,232,840
Revenue bonds and notes	4,575,000	7,395,000	-	11,970,000
Premium from sale of bonds, net	452,831	1,185,456	-	1,638,287
Total noncurrent liabilities	6,337,142	10,349,055	185,234	16,871,431
Total liabilities	6,737,386	10,976,749	351,809	18,065,944
DEFERRED INFLOWS OF RESOURCES				
Bonds	-	-	-	-
Pension plan deferrals	34,545	46,568	4,911	86,024
Total deferred inflows of resources	34,545	46,568	4,911	86,024
NET POSITION				
Net investment in capital assets	8,236,592	14,070,135	130,008	22,436,735
Restricted	-	-	-	-
Unrestricted	7,500,597	11,830,458	(34,481)	19,296,574
Total net position	\$ 15,737,189	\$ 25,900,593	\$ 95,527	\$ 41,733,309

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

City of Fortuna
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Proprietary Funds
June 30, 2021

	Enterprise Funds			
	Water	Wastewater	Nonmajor Transit Fund	Total
OPERATING REVENUES				
Sales of water	\$ 2,357,225	\$ -	\$ -	\$ 2,357,225
Service fees	118,154	3,701,632	11,689	3,831,475
Miscellaneous	28,960	15,569	5,985	50,514
Total operating revenues	<u>2,504,339</u>	<u>3,717,201</u>	<u>17,674</u>	<u>6,239,214</u>
OPERATING EXPENSES				
Employee services	1,127,918	1,394,093	151,449	2,673,460
Contract services	365,102	991,628	173,407	1,530,137
Purchased power	245,854	253,783	-	499,637
Supplies and materials	549,960	956,406	20,101	1,526,467
Depreciation and amortization	478,620	726,599	24,125	1,229,344
Total operating expenses	<u>2,767,454</u>	<u>4,322,509</u>	<u>369,082</u>	<u>7,459,045</u>
Operating income (loss)	<u>(263,115)</u>	<u>(605,308)</u>	<u>(351,408)</u>	<u>(1,219,831)</u>
NON-OPERATING REVENUES (EXPENSES)				
Operating subsidiaries	465,195	1,236,324	316,695	2,018,214
Interest expense	(195,725)	(368,519)	-	(564,244)
Interest and investment revenue	22,578	38,150	52	60,780
Net nonoperating revenues (expenses)	<u>292,048</u>	<u>905,955</u>	<u>316,747</u>	<u>1,514,750</u>
Income (loss) before contributions and transfers	<u>28,933</u>	<u>300,647</u>	<u>(34,661)</u>	<u>294,919</u>
Contributions and transfers:				
Transfer in	-	-	4,431	4,431
Transfer out	-	-	-	-
Net contributions and transfers	<u>-</u>	<u>-</u>	<u>4,431</u>	<u>4,431</u>
Change in net position	28,933	300,647	(30,230)	299,350
Total net position, July 1	<u>15,708,256</u>	<u>25,599,946</u>	<u>125,757</u>	<u>41,433,959</u>
Total net position, June 30	<u>\$ 15,737,189</u>	<u>\$ 25,900,593</u>	<u>\$ 95,527</u>	<u>\$ 41,733,309</u>

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

City of Fortuna
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2021

	Business-Type Activities-Enterprise Funds			
	Water	Wastewater	Nonmajor Transit Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,498,340	\$ 3,689,457	\$ 17,674	\$ 6,205,471
Payments to suppliers	(1,158,444)	(2,122,815)	(28,579)	(3,309,838)
Payments to employees for services	(1,078,787)	(1,331,243)	(142,053)	(2,552,083)
Net cash provided by operating activities	261,109	235,399	(152,958)	343,550
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidiaries	465,195	1,236,324	316,695	2,018,214
Transfers in	-	-	4,431	4,431
Transfers out	-	-	-	-
Net cash provided (used) by noncapital financing activities	465,195	1,236,324	321,126	2,022,645
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset dispositions	38,254	141,503	-	179,757
Payments on long-term debt principal	(217,758)	(366,488)	-	(584,246)
Interest paid on long-term debt	(197,725)	(371,719)	-	(569,444)
Purchases of capital assets	(268,933)	(983,210)	-	(1,252,143)
Net cash provided (used) by capital and related financing activities	(646,162)	(1,579,914)	-	(2,226,076)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	22,578	38,150	52	60,780
Net cash provided by investing activities	22,578	38,150	52	60,780
Net increase (decrease) in cash and cash equivalents	102,720	(70,041)	168,220	200,899
Cash and equivalents, July 1	8,715,385	14,348,774	121,413	23,185,572
Cash and equivalents, June 30	\$ 8,818,105	\$ 14,278,733	\$ 289,633	\$ 23,386,471
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	\$ (263,115)	\$ (605,308)	\$ (351,408)	\$ (1,219,831)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	478,620	726,599	24,125	1,229,344
(Increase) decrease in deferred outflows of resources	(43,831)	(59,087)	(4,153)	(107,071)
Accounts receivable	(5,999)	(27,744)	-	(33,743)
Inventories	9,480	300	-	9,780
Interfund accounts	-	-	-	-
Increase (decrease) in accounts payable	(3,828)	78,702	164,929	239,803
Compensated absences	3,350	1,136	810	5,296
Deferred inflows of resources	(13,195)	(17,787)	(1,876)	(32,858)
Net pension liability	102,807	138,588	14,615	256,010
Customer deposits	(3,180)	-	-	(3,180)
Net cash provided (used) by operating activities	\$ 261,109	\$ 235,399	\$ (152,958)	\$ 343,550
Noncash Transactions				
Bond premium amortization	\$ 17,758	\$ 46,487	\$ -	\$ 64,245

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

City of Fortuna
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2021

	<u>Private-Purpose Trust Fund</u>
	Successor Agency to the RDA Fund
Assets	
Cash and investments	\$ 503,786
Due from other governments	<u>250,000</u>
Total assets	<u>753,786</u>
Liabilities	
Accrued expenses	249,783
Long-term debt:	
Due within one year	275,125
Due more than one year	<u>10,026,412</u>
Total liabilities	<u>10,551,320</u>
Net position (deficit):	
Held in trust for private purposes	<u>\$ (9,797,534)</u>

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

City of Fortuna
PRIVATE PURPOSE TRUST FUND
STATEMENT OF CHANGES IN NET POSITION
For the year ended June 30, 2021

	<u>Private-Purpose Trust Fund</u>
	Successor Agency to the RDA Fund
Additions	
Property tax	\$ 972,261
Investment earnings	<u>1</u>
Total additions	<u>972,262</u>
Deductions	
Current	
Community development	-
Principal	250,000
Interest & other charges	<u>(27,582)</u>
Total deductions	<u>222,418</u>
Increase (decrease) in net position	749,844
Net position - beginning	<u>(10,547,378)</u>
Net position - ending	<u>\$ (9,797,534)</u>

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

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Fortuna (the City) is a municipal corporation governed by an elected five-member City Council. The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable.

Blended Component Units - The Fortuna Public Financing Authority is separate legal entity created for the purpose of improving the economic conditions of the City, making public improvements and providing financing for these purposes. This entity is governed by the City Council of the City of Fortuna and is therefore reported as if it was part of the City. The Authority is reported as part of the City's special revenue, capital projects and debt service funds. The component unit redevelopment agency was dissolved effective February 1, 2012 and all residual assets and liabilities are reported as private purpose fiduciary funds.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Proprietary Funds - the City's Enterprise Funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned, and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Because of their spending measurement *focus*, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Property taxes, sales taxes, transient occupancy 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 period. All other revenue items are considered to be measurable and available only when cash is received by the government.

General Fund - the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

HOME Grant Fund - To account for grants and loans related to multi-family affordable housing projects.

City Housing Fund - To account for low and moderate income housing programs, and the residual assets from the dissolution of the housing fund of the City's dissolved redevelopment agency.

The City reports the following major proprietary funds:

Water and Wastewater Funds - To account for the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (concluded)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and wastewater enterprise funds are charges to the customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees, connection fees and impact fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Trust Funds and Agency Funds are used to account for assets held by the City as an agent or trustee for individuals, private organizations, and other governments. The Successor Agency Private-purpose Trust Funds account for receipt of incremental property tax and payment of enforceable obligations (debts) assumed by the Successor Agency from the former Redevelopment Agency. The financial activities of these funds are excluded from the Government-wide financial statements but are presented in separate Fiduciary Fund financial statements.

D. Assets, Liabilities, Net Position or Equity

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. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, the State Treasurer's Investment Pool, the Humboldt County Treasurer's Pool and other permitted investments

Investments for the City are reported at fair value. The State Treasurer's Investment Pool and the Humboldt County Treasurer's Pool operate in accordance with appropriate state laws and regulations. The reported value in the pools is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are not shown net of an allowance for uncollectibles.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Net Position or Equity (continued)

Expenditures for long-term notes receivable are reported in the fund statements when made; and the related receivable is recorded as an asset in the fund statements but is offset by deferred inflows of resources accounts until the receivables are realized by the funds. Long-term receivables are recorded as assets in the statement of net position when the transaction is consummated by the City and are not offset by deferred inflows of resources accounts.

Property Taxes

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of Humboldt collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The City receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan". Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City. The City recognizes property tax revenues in the fiscal year in which they are due to the City.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased. 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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for equipment and vehicles and \$10,000 for other capital assets having an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at estimated fair market value at the date of donation. Under the GASB 34 Implementation Rules, the City was not required to record infrastructure assets existing or acquired prior to July 1, 2003; and the City has not recorded such assets. The City may elect to record such infrastructure assets in the future. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	25 years
Public domain infrastructure	20 years
System infrastructure	15-50 years
Vehicles and equipment	5 years

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Net Position or Equity (continued)

Compensated Absences and Other Post-Employment Benefits (OPEB)

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for a portion of unpaid accumulated sick leave since the City does have a policy to pay certain amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The unpaid sick leave is considered a general fund obligation, and it is recorded in the general fund only when current financial resources will be required. The entire liability is reported in the statement of net position for governmental activities in the government-wide financial statements. The City provides no post-employment benefits other than its participation in the Public Employees Retirement System (PERS).

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond Premiums Discounts/Issuance Costs For Governmental-Wide Financial Statements and Proprietary Funds Financial Statements - issuance costs are recognized during the current period. Any bond premiums and discounts are capitalized and amortized over the life of the bonds. Bond proceeds, premiums and discounts are reported as other financing sources in the governmental fund financial statements.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of California Public Employees Retirement System (PERS) and additions to or deductions from the PERS fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

Net Position

GASB Statement 34 added the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Net Position or Equity (concluded)

Net Position is the excess of all City's assets over its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement 34. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Invested in Capital, net of related debt describes the portion of Net Position that is represented by the current book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements outside parties, governmental regulations, laws, or other restrictions that the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Position that is not restricted as to use.

Fund Balances - Governmental Funds

Fund balances for governmental funds are reported in classifications based primarily on the extent to which the City is bound to honor constraints about the specific purposes for which amounts in those funds can be spent. These classifications include (1) nonspendable, (2) restricted, (3) committed, (4) assigned and (5) unassigned amounts.

Nonspendable amounts are generally items not expected to be converted into cash within a short period of time such that the cash would not be available to pay reported liabilities of the current period. These nonspendable items typically include inventories, prepayments, long-term receivables not offset by deferred revenue accounts, and advances by the City to its component unit redevelopment agency. *Restricted* amounts include those where the constraints placed on the uses or resources are externally imposed by grantors, contributors, other governments or by laws and regulations. *Committed* amounts are those that can only be used for a specific purpose as determined by the City Council. Such committed amounts may be redeployed for other uses only by the direction of the City Council. *Assigned* amounts are fund balance amounts constrained by the City's intent to be used for specific purposes as determined by the City's Finance Director or City Manager. *Assigned* amounts can be redeployed for other uses by direction of the City Manager or Finance Director. *Unassigned* fund balance amounts are the residual amounts of the General Fund only or funds having deficit fund balances.

When expenditures are incurred for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, the City considers restricted amounts to have been spent first. When expenditures are incurred for which any class of unrestricted fund balance could be used, the City considers committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

Fund Balance and Net Position Deficits

The following funds had deficit fund balances at June 30, 2021. Deficits will be covered by future revenues and/or General Fund transfers.

Special Revenue Funds	
Fund 240 Abatement	Fund 270 STIP/TEA
Fund 273 Engineering	Fund 300 Special Grants
Fund 350 Capital Projects	Fund 359 Fish and Wildlife

The Special Revenue funds are expected to have their deficit eliminated through grant reimbursements for prior year expenditures and transfers from the General Fund.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Prior Period Adjustment

The prior period adjustment of \$76,636 was to correct the accrual of the current government activities portion of compensated absences liability reported in the General Fund as of June 30, 2020, as follows:

	General Fund	Government Activities
Fund balance, beginning of period	\$ 8,503,000	\$ 11,625,511
Prior period adjustment	<u>76,636</u>	<u>76,636</u>
Fund balance, beginning of period restated	<u>\$ 8,579,636</u>	<u>\$ 11,702,147</u>

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance — total governmental funds* and *net position — governmental activities* as reported in the government-wide statements of net position. One element of that reconciliation explains that “capital assets are not financial resources and are not reported in the funds.” The details of this \$22,921,232 difference are as follows:

Capital assets	\$ 36,236,824
Accumulated depreciation	<u>(13,315,592)</u>
Net adjustment to increase <i>fund balance — total governmental funds</i> to arrive at <i>net position — governmental activities</i>	<u>\$ 22,921,232</u>

Another element of the reconciliation explains that “long-term liabilities” are not due and payable in the current period and are therefore not reported in the funds. The details of this \$(372,435) difference are as follows:

Long-Term Debt Obligations:	
Capital leases	\$ (24,328)
Unpaid vacation and sick leave	<u>(348,107)</u>
Net adjustment to decrease <i>fund balance — total governmental funds</i> to arrive at <i>net position — governmental activities</i>	<u>\$ (372,435)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances — total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,598,990 difference and other significant components of the difference are as follows:

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT (concluded)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (concluded)

Capital outlay	\$ 3,243,913
Depreciation expense	(1,593,934)
Repayment of long-term debt principal	6,908
Long-term notes receivable	216,831
Net pension liability and related deferrals	<u>(274,728)</u>
Net adjustment to decrease <i>net changes in fund balances — total governmental funds</i> to arrive at <i>changes in net position — governmental activities</i>	<u>\$ 1,598,990</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end. On or before the end of each fiscal year, all agencies of the City submit requests for appropriations to the City Manager so that a budget may be prepared. By May 15 of each year, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Council made no supplemental budgetary appropriations during the fiscal year. Encumbrance accounting is not employed in governmental funds. The General Fund expenditures were under appropriations by \$417,123.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Cash Equivalents and Investments

Deposits and investments consisted of the following at June 30, 2021:

Statement of net position:

Cash and investments	\$ 35,111,014
Successor Agency (Fiduciary Funds)	<u>503,786</u>
Total cash and investments	<u>\$ 35,614,800</u>

Cash and investments consist of the following:	Maturity 12 Months or Less
Cash on hand	\$ 1,425
Deposits with financial institutions	13,050,364
Humboldt County	8,819,743
Investments in LAIF	<u>13,743,268</u>
Total cash and investments	<u>\$ 35,614,800</u>

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Cash Equivalents and Investments (concluded)

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the City's name and places the City ahead of general creditors of the institution.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City has a formal policy which limits City purchased investments to securities having a remaining maturity date from time of purchase to five years or less.

Credit Risk - The City's investment policy limits investments in mutual and money market funds to the top two ratings issued by nationally recognized statistical ratings organizations. Investments in obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require the disclosure of credit quality. The Local Agency Investment Fund and Humboldt County Treasurer's Investment Pool are unrated. The JP Morgan Money Market Fund was rated AAA.

Concentration of Credit Risk - Investments explicitly guaranteed by the U.S. Government and investments in mutual funds, and external investment pools such as those held by the City are excluded from concentration of credit risk disclosures.

Custodial Credit Risk - For an investment, custodial credit risk 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 the collateral securities that are in the possession of an outside party. Investments in mutual funds and external investment pools are not subject to custodial credit risk because these investments are not evidenced by specific securities.

Fair Value Measurements - The City categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, and Level 3 inputs are other significant unobservable inputs. The City's investments in the Local Agency Investment Fund and Humboldt County Treasurer's Pool were an uncategorized input and not defined as a Level 1-3 input.

B. Receivables

Receivables as of year-end for the government's individual major and nonmajor funds in the aggregate, net of the applicable allowances for uncollectible accounts are as follows:

	General Fund	HOME & City Housing Funds	Nonmajor Funds	Total Governmental	Water Enterprise	Wastewater and Transit Enterprise
Receivables:						
Taxes	\$ 685,358	\$ -	\$ -	\$ 685,358	\$ -	\$ -
Accounts	<u>1,291,772</u>	<u>-</u>	<u>1,355,076</u>	<u>2,646,848</u>	<u>204,873</u>	<u>356,201</u>
Subtotal current	<u>1,977,130</u>	<u>-</u>	<u>1,355,076</u>	<u>3,332,206</u>	<u>204,873</u>	<u>356,201</u>
Loan receivable	2,063,220	-	-	2,063,220	-	-
Notes receivable	<u>1,320</u>	<u>12,977,376</u>	<u>1,379,982</u>	<u>14,358,678</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 4,041,670</u>	<u>\$ 12,977,376</u>	<u>\$ 2,735,058</u>	<u>\$ 19,754,104</u>	<u>\$ 204,873</u>	<u>\$ 356,201</u>

Revenues of the water and wastewater enterprises are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are not material at year-end.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables (concluded)

Long-term notes receivable of \$14,358,678 consists of two notes relating to affordable housing projects for \$9,793,815 (with accumulated and unpaid interest) and various other notes for \$4,564,863 relating to business development and redevelopment projects. The notes for \$9,793,815 bear interest at 3 percent per annum, mature in 55 years, and are repayable annually to the extent that the housing projects have residual receipts with the unpaid balance due at maturity. The notes are secured by a deed of trust on the housing projects. The other notes are generally repayable in monthly installments of principal and interest at various rates and terms.

The loan receivable of \$2,063,220 in the General Fund is the amount determined to be an enforceable obligation of the successor agency to the former redevelopment agency of the City. When the redevelopment agency was dissolved in fiscal year 2012, previously approved loans between the City and the former redevelopment agency were deemed to not be an enforceable obligation of the successor agency under the dissolution rules and were written off at that time. The Dissolution Act further provided that after a successor agency receives a Finding of Completion by the California Department of Finance, such previously disallowed loans may be deemed to be enforceable obligations of the successor agency and repayable to the City. The successor agency has received its Finding of Completion and the Oversight Board has approved the loan agreement and its validity as an enforceable obligation. The loan is repayable in semiannual installments to the extent that funds are available under the formula-based method specified in the dissolution rules which also contain a provision that 20 percent of any such repayment shall be placed by the City in its Low and Moderate Income Housing Fund.

C. Capital Assets

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

	Balance 7/1/20	Increases	Decreases	Balance 6/30/21
Governmental-type Activities				
Capital assets not being depreciated:				
Land	\$ 808,004	\$ -	\$ 141,054	\$ 666,950
Construction in progress	1,266,210	3,099,644	482,594	3,883,260
Total capital assets not being depreciated:	2,074,214	3,099,644	623,648	4,550,210
Capital assets being depreciated:				
Buildings	4,982,553	-	447,224	4,535,329
Improvements	1,967,516	-	-	1,967,516
Equipment	1,886,567	28,211	258,667	1,656,111
Vehicles	1,408,326	102,382	64,537	1,446,171
Infrastructure—primarily street systems	21,161,654	919,833	-	22,081,487
Total capital assets being depreciated:	31,406,616	1,050,426	770,428	31,686,614
Less accumulated depreciation for:				
Buildings	(3,251,634)	(156,227)	(112,972)	(3,294,889)
Improvements	(1,188,216)	(64,133)	-	(1,252,349)
Equipment	(1,694,716)	(111,815)	(288,088)	(1,518,443)
Vehicles	(1,063,346)	(157,685)	(64,536)	(1,156,495)
Infrastructure	(5,011,665)	(1,104,074)	(22,323)	(6,093,416)
Total accumulated depreciation	(12,209,577)	(1,593,934)	(487,919)	(13,315,592)
Net capital assets being depreciated, net	19,197,039	(543,508)	282,509	18,371,022
Governmental activities capital assets, net	\$ 21,271,253	\$ 2,556,136	\$ 906,157	\$ 22,921,232

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (concluded)

	Balance 7/1/20	Additions	Deletions	Balance 6/30/21
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 153,691	\$ -	\$ -	\$ 153,691
Construction in progress	<u>1,091,543</u>	<u>862,521</u>	<u>18,078</u>	<u>1,935,986</u>
Total capital assets not being depreciated:	<u>1,245,234</u>	<u>862,521</u>	<u>18,078</u>	<u>2,089,677</u>
Capital assets being depreciated:				
Wastewater collection system	9,290,233	-	-	9,290,233
Wastewater pumping	1,137,677	-	-	1,137,677
Wastewater treatment plant	23,460,374	-	-	23,460,374
Water treatment and distribution	19,862,202	238,993	8,212	20,092,983
Equipment	2,340,828	105,536	41,272	2,405,092
Vehicles	<u>1,352,298</u>	<u>45,094</u>	<u>-</u>	<u>1,397,392</u>
Total capital assets, being depreciated:	<u>57,443,612</u>	<u>389,623</u>	<u>49,484</u>	<u>57,783,751</u>
Less accumulated depreciation for:				
Wastewater system	(15,340,454)	(868,103)	(12,365)	(16,196,192)
Water system	(8,077,961)	(498,796)	(37,119)	(8,539,638)
Transit system	<u>(156,737)</u>	<u>(24,125)</u>	<u>-</u>	<u>(180,862)</u>
Total accumulated depreciation	<u>(23,575,152)</u>	<u>(1,391,024)</u>	<u>(49,484)</u>	<u>(24,916,692)</u>
Net capital assets being depreciated, net	<u>33,868,460</u>	<u>(1,001,401)</u>	<u>-</u>	<u>32,867,059</u>
Business-type activities capital assets, net	<u>\$ 35,113,694</u>	<u>\$ (138,880)</u>	<u>\$ 18,078</u>	<u>\$ 34,956,736</u>

Depreciation was charged to functions/programs of the City as follows:

Government Activities:

Streets	\$ 1,593,934
Total depreciation expense – governmental activities	<u>\$ 1,593,934</u>

Business-type Activities:

Water	\$ 478,620
Wastewater	726,599
Transit	<u>24,125</u>
Total depreciation expense – business-type activities	<u>\$ 1,229,344</u>

D. Inter-fund Transfers and Intergovernmental Expenditures

Interfund transfers at June 30, 2021 were as follows:

	Transfer In	Transfer Out
General Fund	\$ 338,549	\$ 486,116
Transit	4,431	-
Abatement	25,000	-
Gas tax	<u>118,136</u>	<u>-</u>
Total	<u>\$ 486,116</u>	<u>\$ 486,116</u>

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. Inter-fund Transfers and Intergovernmental Expenditures-(concluded)

The transfers out of the general fund were made for the purpose of providing debt service funds for repayment of long-term obligations.

The composition of inter-fund balances was as follows:

	<u>Due from Asset</u>	<u>Due to Liability</u>
General Fund	\$ 3,463	\$ -
Engineering Fund 273	-	3,463
Total	<u>\$ 3,463</u>	<u>\$ 3,463</u>

The above balances generally resulted from a time lag between the dates that inter-fund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payment between funds are made.

E. Long-Term Debt

Water Revenue Bonds - During the 2007 fiscal year, the City's Public Financing Authority issued \$8,085,000 in water revenue bonds, series 2006 for the purpose of providing long-term financing for the water treatment plant project of the City. The Fortuna Public Financing Authority entered into an installment sale agreement with the City whereby the City agreed to pay debt service on the bonds in exchange for financing.

The installment sale agreement between the City and its Public Financing Authority have been eliminated from these financial statements. The revenue bonds bear interest at rates from 3.375% to 5.0% and are payable each April 1 and October 1 through 2037. The bonds are secured by a pledge of the water system net revenues. These bonds were refunded by the Water Revenue Refunding Bonds, Series 2017.

Wastewater Revenue Bonds - During the 2007 fiscal year, the City's Public Financing Authority issued \$13,820,000 in wastewater revenue bonds, series 2006 for the purpose of providing long-term financing for the wastewater treatment plant project of the City. The Fortuna Public Financing Authority entered into an installment sale agreement with the City whereby the City agreed to pay the debt service on the bonds in exchange for the financing. These bonds were refunded by the Wastewater Revenue Refunding Bonds, Series 2017.

Wastewater Revenue Refunding Bonds, Series 2017 - In November 2017, the City issued \$8,740,000 in Wastewater Revenue Refunding Bonds, Series 2017 with interest rates ranging from 2.0% to 5.0%. The proceeds were used to refund the \$11,010,000 of outstanding 2007 Wastewater revenue bonds which had interest rates ranging from 3.25% to 5.0%.

The net proceeds of \$10,999,950 from the Wastewater Revenue Refunding Bonds, Series 2017 (including a \$1,394,652 premium and after payment of \$263,273 in underwriting fees and other issuance costs) were used to redeem the refunded bonds soon thereafter. The City refunded the 2007 Wastewater revenue bonds to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of \$1,664,447.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

Future debt service in the Wastewater Revenue Refunding Bonds, Series 2017 is as follows:

<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Service</u>
10/1/2021	\$ 340,000	\$ 365,319	\$ 705,319
10/1/2022	350,000	351,719	701,719
10/1/2023	365,000	337,719	702,719
10/1/2024	375,000	322,469	697,469
10/1/2025	395,000	303,719	698,719
10/1/2026	415,000	283,969	698,969
10/1/2027	440,000	263,219	703,219
10/1/2028	460,000	241,219	701,219
10/1/2029	485,000	218,219	703,219
10/1/2030	510,000	193,969	703,969
10/1/2031	535,000	168,469	703,469
10/1/2032	560,000	141,719	701,719
10/1/2033	585,000	113,719	698,719
10/1/2034	615,000	84,469	699,469
10/1/2035	635,000	65,250	700,250
10/1/2036	<u>670,000</u>	<u>33,500</u>	<u>703,500</u>
	<u>\$ 7,735,000</u>	<u>\$ 3,488,663</u>	<u>\$ 11,223,663</u>

Water Revenue Refunding Bonds, Series 2017 - In November 2017, the City issued \$5,405,000 in Water Revenue Refunding Bonds, Series 2017 with interest rates ranging from 2.0% to 5.0%. The proceeds were used to refund the \$6,750,000 of outstanding 2007 Water revenue bonds which had interest rates ranging from 3.375% to 5.0%. The net proceeds of \$6,798,087 from the Wastewater Revenue Refunding Bonds, Series 2017 (including a \$532,742 premium and after payment of \$218,020 in underwriting fees and other issuance costs) were used to redeem the refunded bonds soon thereafter. The City refunded the 2007 Water revenue bonds to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of \$1,045,437.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

Future debt service in the Water Revenue Refunding Bonds, Series 2017 is as follows:

<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
10/1/2021	\$ 210,000	\$ 193,725	\$ 403,725
10/1/2022	220,000	185,325	405,325
10/1/2023	225,000	176,525	401,525
10/1/2024	240,000	165,275	405,275
10/1/2025	250,000	153,275	403,275
10/1/2026	265,000	140,775	405,775
10/1/2027	275,000	127,525	402,525
10/1/2028	290,000	113,775	403,775
10/1/2029	305,000	99,275	404,275
10/1/2030	320,000	87,075	407,075
10/1/2031	335,000	74,275	409,275
10/1/2032	345,000	60,875	405,875
10/1/2033	360,000	47,075	407,075
10/1/2034	370,000	36,275	406,275
10/1/2035	380,000	24,713	404,713
10/1/2036	<u>395,000</u>	<u>12,838</u>	<u>407,838</u>
	<u>\$ 4,785,000</u>	<u>\$ 1,698,600</u>	<u>\$ 6,483,600</u>

Capital Lease and Loan Obligations - In fiscal year 2016, the City entered into two capital leases and a loan agreement with PG&E for the purpose of purchasing computer software, police vehicles and installation of a LED lighting system for an aggregate amount of \$370,344. The leased equipment and lighting system have been capitalized by the City. The PG&E loan bears no interest. Future debt service is as follows:

<u>Year Ending June 30,</u>	<u>Future Minimum Lease Payments</u>	<u>Future Loan Payment</u>
2022	\$ -	\$ 16,218
2023	-	8,110
Thereafter	-	-
Total future minimum lease payments	-	24,328
Less amount representing interest	(-)	-
Net present value future minimum payments	<u>\$ -</u>	<u>\$ 24,328</u>

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS (concluded)

E. Long-Term Debt (concluded)

Changes in Long-term liabilities - Long-term debt activity for the 2021 fiscal year was as follows:

<u>Governmental Type</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
PGE Loan	\$ 40,547	\$ -	\$ 16,219	\$ 24,328	\$ 16,218
Compensated absences	262,160	85,947	-	348,107	-
Total	<u>\$ 302,707</u>	<u>\$ 85,947</u>	<u>\$ 16,219</u>	<u>\$ 372,435</u>	<u>\$ 16,218</u>

<u>Business Type</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
2017 Water Bonds	\$ 4,985,000	\$ -	\$ 200,000	\$ 4,785,000	\$ 210,000
2017 Wastewater Bonds	8,055,000	-	320,000	7,735,000	340,000
Bond premiums	1,766,778	-	64,245	1,702,533	64,245
Total	<u>\$14,806,778</u>	<u>\$ -</u>	<u>\$ 584,245</u>	<u>\$14,222,533</u>	<u>\$ 614,245</u>

Compensated Absences - It is the government's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is a liability for a portion of unpaid accumulated sick leave since the City does have a policy to pay certain amounts when certain employees separate from service with the City. All vacation and sick leave is accrued when incurred in the government-wide financial statements. The liability for vacation and sick leave is recorded in the fund financial statements only when immediately due and payable, such as amounts that arise from employee retirements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Current portion	\$ -	\$ 7,939	\$ 7,939
Non-current portion	348,107	30,304	378,411
Total	<u>\$ 348,107</u>	<u>\$ 38,243</u>	<u>\$ 386,350</u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Beginning balance	\$ 338,796	\$ 32,947	\$ 371,743
Additions	14,586	5,296	19,882
Deletions	(5,275)	-	(5,275)
Ending Balance	<u>\$ 348,107</u>	<u>\$ 38,243</u>	<u>\$ 386,350</u>

NOTE 5 - OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City is a member of the Redwood Empire Municipal Insurance Fund, a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, property and workers compensation claims. Under the program, the City has a \$10,000 general liability retention limit similar to a deductible with the Fund being responsible for losses above that amount up to \$500,000.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - OTHER INFORMATION (continued)

A. Risk Management (concluded)

The Fund carries excess liability coverage to a total of \$40 million in excess of its \$500,000 retention limit per occurrence through the California Joint Powers Risk Management Authority and its excess insurers.

The Fund covers workers compensation claims up to its self-insurance limit of \$1 million. A purchased excess policy insures the Fund for an additional \$1 million to provide aggregate coverage of up to \$2 million per claim. The City pays an annual premium to the Fund; the City may share in any surplus revenues or may be required to pay additional assessments based upon the Fund's operating results.

The Fund also provides property coverage up to \$300 million per occurrence. Financial statements of the JPA Fund may be obtained from their administrative offices located at 414 W. Napa Street, Sonoma, California 95476. Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverage for each of the past three fiscal years.

B. Contingencies and Commitments

Litigation - The City is involved in litigation incurred in the normal course of conducting City business. City management believes that, based upon consultation with its counsel, these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City.

C. Jointly Governed Organizations

Jointly governed organizations are legal entities or other organizations that result from a contractual arrangement and that are owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. The City is a participant in the following organizations:

Redwood Empire Municipal Insurance Fund - The City is a member of the Insurance Fund. The Fund, under the terms of a Joint Powers Agreement with the City and several other cities and governmental agencies, provides insurance coverage for general liability, automobile liability, and workers compensation claims.

Under the arrangement, the Fund purchases liability, automobile liability, and workers compensation insurance and charges participating cities and governmental agencies in amounts planned to match expenses of insurance premiums, estimated payments resulting from self-insurance programs, and operating expenses. The City's obligations are limited to contributions to pay for related insurance premiums.

D. Other Post-Employment Benefits

The City provides no post-employment benefits other than those associated with the Public Employees Retirement System.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - OTHER INFORMATION (continued)

E. Public Employee Pension Plans

Plan Description - The plans are a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The CalPERS is governed by a 13 member Board of Administration with six elected members, three appointed members and four ex officio members, who include the State Treasurer, the State Controller, the Director of the California Department of Human Services, and a designee of the State Personnel Board.

Benefits Provided - The CalPERS provides retirement, disability and death benefits. Retirement benefits are defined as 2.5 percent of the employees final 12 months average compensation times the employee's years of service (2.0 percent for safety employees) Employees with 10 years of continuous service are eligible to retire at age 55 (age 50 for safety employees) Employees are eligible for service-related disability benefits regardless of the length of service. Five years of service is required for non-service-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Pre-retirement death benefits equal an employee's final full-year salary. Both plans provide for a 2 percent Cost of Living Adjustment (COLA). The public safety plan is closed to new entrants.

Contributions - Section 20814 of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employees 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. The total plan contributions are determined through the CalPERS annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$11,046,631 for its proportionate share of the net pension liability for all plans. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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 plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2021, the City's proportion was 0.10153 percent compared to 0.09927 at June 30, 2020. For the June 30, 2021 fiscal year, the City recognized pension expense of \$1,877,117. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>All Plans</u>		
Pension contributions subsequent to the measurement date	\$ 1,486,308	\$ -
Differences between actual and expected experience	694,234	-
Changes in assumptions	-	60,526
Net differences between projected and actual earnings on plan investments	289,856	-
Change in employer's proportion	181,003	51,660
Change in proportions and differences between actual contributions and proportionate share of contributions	44,140	256,109
Total	<u>\$ 2,695,541</u>	<u>\$ 368,295</u>

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - OTHER INFORMATION (continued)

E. Public Employee Pension Plans (continued)

The \$1,486,308 reported as deferred outflows of resources is related to pensions from City contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 20, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	Deferred Outflows (Inflows) of Resources
2022	\$ 131,920
2023	324,674
2024	243,085
2025	141,259
2026	-
Thereafter	-
Total	<u>\$ 840,938</u>

Actuarial Assumptions - For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
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	Contract COLA up to 2.50% until purchasing power

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% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a 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. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - OTHER INFORMATION (continued)

E. Public Employee Pension Plans (concluded)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using 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 of cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent 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. These rates of return are net of administrative expenses.

<u>Asset Class (*)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92)%
Total	100%		

(*) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

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:

	<u>All Plans</u>
1% Decrease	6.15%
Net Pension Liability	\$16,550,322
Current Discount Rate	7.15%
Net Pension Liability	\$11,046,631
1% Increase	8.15%
Net Pension Liability	\$6,512,636

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

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - OTHER INFORMATION (continued)

F. Restricted Net Position and Non-spendable Fund Balances

Restricted Net Position

The \$3,557,241 restricted amount for debt service, affordable housing, streets and other in the governmental activities statement of net position represents amounts to be used only for specific purposes and for which restrictions are imposed by laws, formal agreements or other governments and primarily relate to housing funds restricted by law to only certain specified uses. The \$0 restricted for business-type activities represents spendable net resources in the wastewater and water funds restricted for debt service.

Non-spendable Fund Balances

The non-spendable fund balances in the governmental fund types represent amounts not available for immediate use to pay current liabilities and consist of:

<u>Non-spendable Amounts</u>	<u>General Fund</u>	<u>Nonmajor Funds</u>
Prepaid items	\$ 3,968	\$ -
Total	\$ 3,968	\$ -

G. Successor Agency Trust for Assets of Former Redevelopment Agency

The Dissolution Process

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the financial reporting entity of the City of Fortuna that previously had reported a redevelopment agency within the financial 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 governmental unit of local government will agree to serve as the successor agency to hold assets until they are distributed to other units of State and local government. The City Council of the City of Fortuna elected to have the City become the Successor Agency for the former redevelopment agency and to become the housing successor for the agency.

After enactment of the law, which occurred 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 revenues 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 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 the 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 by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City (including the amounts disallowed by the State Department of Finance) and others are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - OTHER INFORMATION (continued)

G. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

The City's position on these issues is not a position of settled law and there is considerable legal uncertainty regarding these issues. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial or other authorized body that would resolve any of the dissolution matters unfavorable 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.

Enforceable Obligations

2007 Revenue Bonds - Successor Agency Obligations

The City and its former component unit redevelopment agency entered into a loan agreement with the Fortuna Public Financing Authority (also a component unit of the City), dated October 1, 2007, wherein the Authority sold \$17,500,000 in its revenue bonds, series 2007. From the sale of the Authority's Revenue bonds, \$13,280,000 was loaned to the component unit redevelopment agency and \$4,220,000 was loaned to the City. The loans receivable and payable between the City and the City's former redevelopment agency and the City's component unit Financing Authority have been eliminated from the accompanying financial statements.

From the bond proceeds, the former redevelopment agency deposited \$2,525,000 into an Escrowed Project Fund Account until October 15, 2010, of the escrow bonds which bonds are defined as the bonds maturing November 1, 2038 with an interest rate of 4.9 percent. On October 15, 2010 the Trustee shall transfer all amounts then on deposit in the Escrowed Project Fund to the Principal Fund, to be applied to the mandatory redemption on November 1, 2010 of Escrow Bonds pursuant to Section 4.07 of the Trust Agreement. Notwithstanding the foregoing, the former Agency may postpone such redemption to any later date identified in a certificate of the former Agency which sets forth the new date for the transfer of amounts in the Escrowed Project Fund to the Principal Fund to be used to redeem Escrow Bonds pursuant to Section 4.07 of the Trust Agreement and which is accompanied by cash in an amount which is certified by the former Agency as sufficient, together with the earnings thereon, to pay interest on the portion of the Escrow Bonds which represent the funds then on deposit in the Escrowed Project Fund from November 1, 2010 to the redemption date as identified in such certificate of the Agency. The former Agency exercised its option to postpone this redemption until November 1, 2011. The redemption of the \$2,525,000 was completed in fiscal 2014 by the Successor Agency.

The 2007 revenue bonds mature each November 1, commencing November 1, 2008 through 2038, bear interest at rates from 3.75 to 5.0 percent and consist of \$5,365,000 in serial bonds, \$4,110,000 in term bonds due November 2031, \$2,525,000 in term bonds due November 1, 2038 (the escrow bonds), and \$5,500,000 in term bonds due November 1, 2038. The bonds are subject to early redemptions from certain prepayments, bonds maturing on or after November 1, 2018 are subject to optional early redemption, the escrow bonds are subject to mandatory early redemption on November 1, 2010 and the term bonds maturing November 1, 2031 and 2038 are subject to mandatory sinking fund redemptions on or after November 1, 2024 and 2032, respectively.

The former redevelopment agency had pledged future incremental property tax revenues to repay its \$13,060,000 share of the 2007 revenue bonds. The agency's share of the revenue bonds was payable solely from the pledged tax increment revenues and from certain trust accounts held by the bond trustee. Total principal and interest remaining on the Successor Agency's share of the bonds is \$19,798,835. These bonds were refunded by the Tax Allocation Refunding Bonds, Series 2018.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - OTHER INFORMATION (continued)

G. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

Successor Agency Tax Allocation Refunding Bonds, Series 2018

In February 2018, the City issued \$8,635,000 in Tax Allocation Refunding Bonds, Series 2018 with interest rates ranging from 2.0% to 5.0%. The proceeds were used to refund the \$9,760,000 of outstanding 2007 Revenue bonds which had interest rates ranging from 3.75% to 5.0%. The net proceeds of \$10,075,743 from the Tax Allocation Refunding Bonds, Series 2018 (including a \$303,756 premium and after payment of \$367,169 in underwriting fees and other issuance costs) were used to redeem the refunded bonds soon thereafter. The City refunded the 2007 Revenue bonds to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of \$1,451,235. Future debt service in the Tax Allocation Refunding Bonds, Series 2018 is as follows:

<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
11/1/2021	\$ 265,000	\$ 267,688	\$ 532,688
11/1/2022	280,000	262,388	542,388
11/1/2023	295,000	255,388	550,388
11/1/2024	295,000	248,013	543,013
11/1/2025	320,000	233,263	553,263
11/1/2026	340,000	226,863	566,863
11/1/2027	360,000	220,063	580,063
11/1/2028	390,000	202,063	592,063
11/1/2029	420,000	182,563	602,563
11/1/2030	455,000	161,563	616,563
11/1/2031	495,000	138,813	633,813
11/1/2032	520,000	123,963	643,963
11/1/2033	545,000	108,363	653,363
11/1/2034	560,000	92,013	652,013
11/1/2035	580,000	75,213	655,213
11/1/2036	600,000	57,813	657,813
11/1/2037	615,000	39,063	654,063
11/1/2038	635,000	19,844	654,844
	<u>\$ 7,970,000</u>	<u>\$ 2,914,931</u>	<u>\$ 10,884,931</u>

Loan City of Fortuna

On November 1, 2013, the City received from the State Department of Finance (DOF) a Finding of Completion Letter as regards the Successor Agency to the City's former redevelopment agency that had been dissolved effective February 1, 2012. The DOF letter authorized the City to request a finding be made by the Oversight Board to the Successor Agency that the City's loan agreements between the former redevelopment agency and the City be qualified as enforceable obligations of the Successor Agency under the laws governing the dissolution of the former agency. In addition, there is a requirement that the accumulated and unpaid interest on any such loans be recalculated using a DOF specified method, that any future repayments, if approved, are to be made subject to a specified formula, and that there will be amounts available pursuant to the formula that will enable the repayments to be made.

City of Fortuna
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - OTHER INFORMATION (continued)

G. Successor Agency Trust for Assets of Former Redevelopment Agency (concluded)

In addition, all such loan agreements, recalculations of interest, and formula-based repayments, are subject to approval of the Successor Agency's Oversight Board and the DOF. The DOF had initially denied approval of this loan as an enforceable obligation of the Successor Agency, but on May 16, 2014, the DOF rescinded this denial and the loan was approved as an enforceable obligation with an effective date of July 1, 2014, which date has approval of both the DOF and the Successor Agency's Oversight Board. The City and the Successor Agency reinstated this loan for financial reporting purposes in fiscal 2015. The original repayment schedule was as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 94,339	\$ 11,506	\$ 105,845
2023	293,807	6,193	300,000
2024-2030	1,675,074	84,859	1,759,933
Total	<u>\$ 2,063,220</u>	<u>\$ 102,558</u>	<u>\$ 2,165,778</u>

The degree to which the above repayment schedule will be realized by the Successor Agency is not determinable at this time.

Changes in Long-Term Enforceable Obligations

Changes in long-term enforceable obligations for the year ended June 30, 2021 were:

<u>Private Purpose Trust</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
2018 Tax Allocation Bonds	\$ 8,220,000	\$ -	\$ 250,000	\$ 7,970,000	\$ 265,000
Bond premium	278,443	-	10,126	268,317	10,125
Loan City of Fortuna	<u>2,301,681</u>	<u>-</u>	<u>238,461</u>	<u>2,063,220</u>	<u>-</u>
Total	<u>\$10,800,124</u>	<u>\$ -</u>	<u>\$ 498,587</u>	<u>\$10,301,537</u>	<u>\$ 275,125</u>

NOTE 6 - CONTINGENCY – CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the City's operations includes restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

REQUIRED SUPPLEMENTAL
INFORMATION SECTION

City of Fortuna
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the fiscal year ended June 30, 2021

	2021			
	<u>Budgeted Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over (Under)</u>
REVENUES				
Property tax	\$ 476,500	\$ 476,500	\$ 611,929	\$ 135,429
Sales tax	2,980,000	2,980,000	4,295,714	1,315,714
Other taxes	25,000	25,000	28,551	3,551
Transient occupancy taxes	475,000	475,000	755,125	280,125
Property tax in lieu VLF	1,166,000	1,166,000	1,305,039	139,039
Licenses and permits	916,022	916,022	777,428	(138,594)
Fines and forfeitures	48,000	48,000	30,773	(17,227)
Intergovernmental	591,733	591,733	660,218	68,485
Investment earnings	230,536	230,536	219,283	(11,253)
Charges for services	427,700	427,700	449,270	21,570
Miscellaneous	59,500	59,500	277,821	218,321
Total revenues	<u>7,395,991</u>	<u>7,395,991</u>	<u>9,411,151</u>	<u>2,015,160</u>
EXPENDITURES				
General government	1,657,180	1,657,180	1,622,417	34,763
Public safety	3,983,989	3,983,989	4,120,076	(136,087)
Public works and streets	609,218	609,218	487,883	121,335
Parks and recreation	1,424,303	1,424,303	1,027,191	397,112
Business development and housing	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>7,674,690</u>	<u>7,674,690</u>	<u>7,257,567</u>	<u>417,123</u>
Excess (deficiency) of revenues over expenditures	<u>(278,699)</u>	<u>(278,699)</u>	<u>2,153,584</u>	<u>2,432,283</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	883,704	883,704	338,549	(545,155)
Transfers out	<u>(913,704)</u>	<u>(913,704)</u>	<u>(486,116)</u>	<u>427,588</u>
Total other financing sources and (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(147,567)</u>	<u>(117,567)</u>
Net change in fund balance	<u>\$ (308,699)</u>	<u>\$ (308,699)</u>	<u>2,006,017</u>	<u>\$ 2,314,716</u>
Fund balance - beginning			8,503,000	
Prior period adjustment			76,636	
Fund balance - beginning (restated)			<u>8,579,636</u>	
Fund balance - ending			<u>\$ 10,585,653</u>	

City of Fortuna
CITY HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	2021			Variance
	Budgeted Amounts			With Final
	Original	Final	Actual	Budget
				Over (Under)
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Investment earnings	500	500	464	(36)
Charges for services	-	-	-	-
Miscellaneous	48,884	48,884	50,000	1,116
Total revenues	49,384	49,384	50,464	1,080
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Public works and streets	-	-	-	-
Parks and recreation	-	-	-	-
Business development and housing	-	-	-	-
Debt service:				
Community development	25,000	25,000	-	25,000
Recreation and leisure	-	-	-	-
Total expenditures	25,000	25,000	-	25,000
Excess (deficiency) of revenues over expenditures	24,384	24,384	50,464	26,080
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	-	-	-	-
Net change in fund balance	\$ 24,384	\$ 24,384	50,464	\$ 26,080
Fund balance - beginning			163,904	
Fund balance - ending			\$ 214,368	

City of Fortuna
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - ALL PLANS
June 30, 2021

	Miscellaneous Risk Pool						
<u>Fiscal Year End</u>	2021	2020	2019	2018	2017	2016	2015
<u>Measurement Date</u>	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.05737%	0.05650%	0.05732%	0.05653%	0.05635%	0.05626%	0.04767%
Proportion share of the net pension liability	\$ 6,242,335	\$ 5,789,728	\$ 5,523,979	\$ 5,606,420	\$ 4,875,960	\$ 3,861,523	\$ 2,966,501
Covered - employee payroll	\$ 2,354,031	\$ 2,259,591	\$ 2,183,738	\$ 1,961,439	\$ 1,956,851	\$ 1,916,943	\$ 1,766,612
Proportionate share of the net pension liability as percentage of covered-employee payroll	149.85%	145.84%	144.23%	164.81%	143.54%	117.12%	92.41%
Plan fiduciary net position as a percentage of the total pension liability	42.44%	42.84%	42.91%	42.27%	42.67%	45.58%	43.93%
	Safety Risk Pool						
<u>Fiscal Year End</u>	2021	2020	2019	2018	2017	2016	2015
<u>Measurement Date</u>	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.04416%	0.04277%	0.04322%	0.04151%	0.04146%	0.04050%	0.03896%
Proportion share of the net pension liability	\$ 4,804,296	\$ 4,382,118	\$ 4,164,545	\$ 4,117,086	\$ 3,587,924	\$ 2,779,976	\$ 2,424,153
Covered - employee payroll	\$ 1,811,735	\$ 1,710,234	\$ 1,646,327	\$ 1,440,387	\$ 1,439,929	\$ 1,380,040	\$ 1,443,632
Proportionate share of the net pension liability as percentage of covered-employee payroll	115.33%	110.39%	108.73%	121.02%	105.63%	84.32%	75.51%
Plan fiduciary net position as a percentage of the total pension liability	32.66%	32.42%	32.35%	31.04%	31.39%	32.82%	35.89%

NOTES TO SCHEDULE:

Fiscal year 2015 was the 1st year of implementation.

City of Fortuna
SCHEDULE OF CONTRIBUTIONS - ALL PLANS
June 30, 2021

<u>Fiscal Year End</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Miscellaneous Risk Pool</u>							
Contractually required contribution							
(actuarially determined)	\$ 930,044	\$ 663,266	\$ 771,079	\$ 510,867	\$ 451,381	\$ 427,550	\$ 352,387
Contributions in relation to the actuarially determined contributions	<u>(930,044)</u>	<u>(663,266)</u>	<u>(771,079)</u>	<u>(510,867)</u>	<u>(451,381)</u>	<u>(427,550)</u>	<u>(352,387)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered - employee payroll	 \$ 2,363,708	 \$ 2,354,031	 \$ 2,259,591	 \$ 2,183,738	 \$ 1,961,439	 \$ 1,956,851	 \$ 1,916,943
Contributions as a percentage of covered-employee payroll	39.35%	28.18%	34.12%	23.39%	23.01%	21.85%	18.38%
 <u>Safety Risk Pool</u>							
Contractually required contribution							
(actuarially determined)	\$ 556,264	\$ 468,825	\$ 544,179	\$ 369,424	\$ 322,559	\$ 296,164	\$ 250,264
Contributions in relation to the actuarially determined contributions	<u>(556,264)</u>	<u>(468,825)</u>	<u>(544,179)</u>	<u>(369,424)</u>	<u>(322,559)</u>	<u>(296,164)</u>	<u>(250,264)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered - employee payroll	 \$ 1,783,149	 \$ 1,811,735	 \$ 1,710,234	 \$ 1,646,327	 \$ 1,440,387	 \$ 1,439,929	 \$ 1,380,040
Contributions as a percentage of covered-employee payroll	31.20%	25.88%	31.82%	22.44%	22.39%	20.57%	18.13%

NOTES TO SCHEDULE:

Fiscal year 2015 was the 1st year of implementation.

SUPPLEMENTAL SECTION

City of Fortuna
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue												Total Special Revenue Funds
	Integrated Waste	Storm Drain Maintenance	Drainage Facility	Trans- portation Fund SB325	Engineering Fund 273	Gas Tax 2105	Gas Tax 2107.5	RMRA-SB1	Business Improve- ment	Unrestricted Business Revolving Loan	RSTP HSIP and HCAOG	CDBG Business	
Assets													
Cash and investments	\$ 68,609	\$ 9,036	\$ 286,316	\$ 672,074	\$ -	\$ (20,749)	\$ -	\$ 39,546	\$ 108	\$ 550,232	\$ 313,070	\$ 865,192	\$ 2,783,434
Receivables:													
Accounts receivable	4,476	4,287	-	103,690	12,790	26,148	-	40,955	-	561	-	830	193,737
Notes receivable	-	-	-	11,126	-	-	-	-	-	368,048	-	1,000,808	1,379,982
Total assets	<u>\$ 73,085</u>	<u>\$ 13,323</u>	<u>\$ 286,316</u>	<u>\$ 786,890</u>	<u>\$ 12,790</u>	<u>\$ 5,399</u>	<u>\$ -</u>	<u>\$ 80,501</u>	<u>\$ 108</u>	<u>\$ 918,841</u>	<u>\$ 313,070</u>	<u>\$ 1,866,830</u>	<u>\$ 4,357,153</u>
Liabilities													
Liabilities													
Accounts payable	\$ 214	\$ 992	\$ -	\$ 53,892	\$ 9,419	\$ 5,399	\$ -	\$ -	\$ 108	\$ -	\$ -	\$ -	\$ 70,024
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	3,463	-	-	-	-	-	-	-	3,463
Total liabilities	<u>214</u>	<u>992</u>	<u>-</u>	<u>53,892</u>	<u>12,882</u>	<u>5,399</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,487</u>
Deferred inflows of resources													
Long-term notes receivable	-	-	-	11,126	-	-	-	-	-	368,048	-	1,000,808	1,379,982
Fund balances													
Restricted for:													
Capital projects													
CCC facility	-	-	-	-	-	-	-	-	-	550,793	-	866,022	1,416,815
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety & streets	72,871	12,331	286,316	721,872	-	-	-	80,501	-	-	313,070	-	1,486,961
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	(92)	-	-	-	-	-	-	-	(92)
Total fund balances	<u>72,871</u>	<u>12,331</u>	<u>286,316</u>	<u>721,872</u>	<u>(92)</u>	<u>-</u>	<u>-</u>	<u>80,501</u>	<u>-</u>	<u>550,793</u>	<u>313,070</u>	<u>866,022</u>	<u>2,903,684</u>
Total liabilities & fund balances	<u>\$ 73,085</u>	<u>\$ 13,323</u>	<u>\$ 286,316</u>	<u>\$ 786,890</u>	<u>\$ 12,790</u>	<u>\$ 5,399</u>	<u>\$ -</u>	<u>\$ 80,501</u>	<u>\$ 108</u>	<u>\$ 918,841</u>	<u>\$ 313,070</u>	<u>\$ 1,866,830</u>	<u>\$ 4,357,153</u>

City of Fortuna
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue										
	CDBG Unrestricted	HOPS, Rodeo, & McClean Small Parks	FEMA	Safe Routes	Fish and Wildlife	STIP/TEA Fund	Abatement Fund	Capital Proj. Fund	NPDES Compliance	Special Grants	Totals
Assets											
Cash and investments	\$ 227,708	\$ 5,000	\$ 78	\$ -	\$ (14,464)	\$ (418,296)	\$ (41,453)	\$ (87,870)	\$ -	\$ (11,077)	\$ 2,443,060
Receivables:											
Accounts receivable	-	-	-	-	-	1,083,602	-	77,737	-	-	1,355,076
Notes receivable	-	-	-	-	-	-	-	-	-	-	1,379,982
Total assets	<u>\$ 227,708</u>	<u>\$ 5,000</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ (14,464)</u>	<u>\$ 665,306</u>	<u>\$ (41,453)</u>	<u>\$ (10,133)</u>	<u>\$ -</u>	<u>\$ (11,077)</u>	<u>\$ 5,178,118</u>
Liabilities											
Liabilities											
Accounts payable	\$ 26	\$ -	\$ 78	\$ -	\$ 52,973	\$ 712,359	\$ -	29,940	\$ -	3,626	\$ 869,026
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	3,463
Total liabilities	<u>26</u>	<u>-</u>	<u>78</u>	<u>-</u>	<u>52,973</u>	<u>712,359</u>	<u>-</u>	<u>29,940</u>	<u>-</u>	<u>3,626</u>	<u>872,489</u>
Deferred inflows of resources											
Long-term notes receivable	-	-	-	-	-	-	-	-	-	-	1,379,982
Fund balances											
Restricted for:											
Capital projects	-	-	-	-	-	-	-	-	-	-	-
CCC facility	-	-	-	-	-	-	-	-	-	-	-
Economic development	227,682	5,000	-	-	-	-	-	-	-	-	1,649,497
Public safety & streets	-	-	-	-	-	-	-	-	-	-	1,486,961
Debt service	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	(67,437)	(47,053)	(41,453)	(40,073)	-	(14,703)	(210,811)
Total fund balances	<u>227,682</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>(67,437)</u>	<u>(47,053)</u>	<u>(41,453)</u>	<u>(40,073)</u>	<u>-</u>	<u>(14,703)</u>	<u>2,925,647</u>
Total liabilities & fund balances	<u>\$ 227,708</u>	<u>\$ 5,000</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ (14,464)</u>	<u>\$ 665,306</u>	<u>\$ (41,453)</u>	<u>\$ (10,133)</u>	<u>\$ -</u>	<u>\$ (11,077)</u>	<u>\$ 5,178,118</u>

City of Fortuna
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue											Total Special Revenue Funds
	Integrated Waste	Storm Drain Maintenance	Drainage Facility	Transportation Fund SB325	Engineering Fund 273	Gas Tax 2105	RA/RA-SB1	Business Improvement	Unrestricted Business Revolving Loan	RSTP HSIP & HCAOG	CDBG Business	Total Special Revenue Funds
Revenues												
Intergovernmental	\$ -	\$ -	\$ -	\$ 112,269	\$ 129,018	\$ 276,193	\$ 224,743	\$ -	\$ -	\$ 146,403	\$ -	\$ 888,626
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	27,004	9,482	18,045	-	-	-	-	-	532,661	-	-	587,192
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-
Interest	163	254	990	3,477	-	128	297	-	1,318	456	2,094	9,177
Miscellaneous	135	-	-	654,462	-	-	1	-	-	-	78,900	733,498
Total revenues	27,302	9,736	19,035	770,208	129,018	276,321	225,041	-	533,979	146,859	80,994	2,218,493
Expenditures												
Current:												
Public works & streets	-	70,817	69,246	1,018,589	118,241	394,457	200,000	-	37	6,727	-	1,878,114
Economic development	-	-	-	-	-	-	-	-	360,000	-	15,847	375,847
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation and recycling	17,844	-	-	-	-	-	-	-	-	-	-	17,844
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	17,844	70,817	69,246	1,018,589	118,241	394,457	200,000	-	360,037	6,727	15,847	2,271,805
Excess (deficiency) of revenues over expenditures	9,458	(61,081)	(50,211)	(248,381)	10,777	(118,136)	25,041	-	173,942	140,132	65,147	(53,312)
Other Financing Sources (Uses)												
Transfers in	-	-	-	-	-	118,136	-	-	-	-	-	118,136
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	118,136	-	-	-	-	-	118,136
Net change in fund balances	9,458	(61,081)	(50,211)	(248,381)	10,777	-	25,041	-	173,942	140,132	65,147	64,824
Fund balances, July 1	63,413	73,412	336,527	970,253	(10,869)	-	55,460	-	376,851	172,938	800,875	2,838,860
Fund balances, June 30	\$ 72,871	\$ 12,331	\$ 286,316	\$ 721,872	\$ (92)	\$ -	\$ 80,501	\$ -	\$ 550,793	\$ 313,070	\$ 866,022	\$ 2,903,684

City of Fortuna
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue												
	CDBG Unrestricted	Household Waste	HOPS, Rodeo, & McClean Small Parks	FEMA	NPDES Compliance	Safe Routes	Fish and Wildlife	STIP/TEA Fund	Abatement Fund	Capital Proj. Fund	Parking In Lieu	Special Grants	Totals
Revenues													
Intergovernmental	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 439,997	\$ 1,211,021	1,083,602	\$ -	\$ 668,790	\$ -	\$ 32,582	\$ 4,329,618
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	587,192
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	606	-	-	-	-	-	-	-	-	-	-	-	9,783
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	733,498
Total revenues	606	-	5,000	-	-	439,997	1,211,021	1,083,602	-	668,790	-	32,582	5,660,091
Expenditures													
Current:													
Public works & streets	-	-	-	-	-	425,626	-	1,130,655	-	614,641	-	47,285	4,096,321
Economic development	-	-	4,894	-	-	-	-	-	-	-	-	-	380,741
Public safety	-	-	-	-	-	-	-	-	33,673	-	-	-	33,673
Sanitation and recycling	-	-	-	-	-	-	1,119,531	-	-	-	-	-	1,137,375
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	4,894	-	-	425,626	1,119,531	1,130,655	33,673	614,641	-	47,285	5,648,110
Excess (deficiency) of revenues over expenditures	606	-	106	-	-	14,371	91,490	(47,053)	(33,673)	54,149	-	(14,703)	11,981
Other Financing Sources (Uses)													
Transfers in	-	-	-	-	-	-	-	-	25,000	-	-	-	143,136
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	25,000	-	-	-	143,136
Net change in fund balances	606	-	106	-	-	14,371	91,490	(47,053)	(8,673)	54,149	-	(14,703)	155,117
Fund balances, July 1	227,076	-	4,894	-	-	(14,371)	(158,927)	-	(32,780)	(94,222)	-	-	2,770,530
Fund balances, June 30	\$ 227,682	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ (67,437)	\$ (47,053)	\$ (41,453)	\$ (40,073)	\$ -	\$ (14,703)	\$ 2,925,647

City of Fortuna
INTEGRATED WASTE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget</u>
				<u>Over (Under)</u>
Revenues				
Charges for services:	\$ 24,000	\$ 24,000	\$ 27,004	\$ 3,004
Intergovernmental	5,000	5,000	-	(5,000)
Interest	-	-	163	163
Miscellaneous	-	-	135	135
Total revenues	<u>29,000</u>	<u>29,000</u>	<u>27,302</u>	<u>(1,698)</u>
Expenditures				
Sanitation and recycling	<u>30,124</u>	<u>30,124</u>	<u>17,844</u>	<u>12,280</u>
Total expenditures	<u>30,124</u>	<u>30,124</u>	<u>17,844</u>	<u>12,280</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,124)</u>	<u>\$ (1,124)</u>	9,458	<u>\$ 10,582</u>
Fund balance - beginning			<u>63,414</u>	
Fund balance - ending			<u>\$ 72,872</u>	

City of Fortuna
STORM DRAIN MAINTENANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget Over (Under)</u>
Revenues				
Charges for services:	\$ 46,000	\$ 46,000	\$ 9,482	\$ (36,518)
Interest	-	-	254	254
Total revenues	<u>46,000</u>	<u>46,000</u>	<u>9,736</u>	<u>(36,264)</u>
Expenditures				
Public works and streets	<u>71,059</u>	<u>71,059</u>	<u>70,817</u>	<u>242</u>
Total expenditures	<u>71,059</u>	<u>71,059</u>	<u>70,817</u>	<u>242</u>
Excess (deficiency) of revenues over expenditures	<u>(25,059)</u>	<u>(25,059)</u>	<u>(61,081)</u>	<u>(36,022)</u>
Other financing sources (uses)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (25,059)</u>	<u>\$ (25,059)</u>	<u>(61,081)</u>	<u>\$ (36,022)</u>
Fund balance - beginning			<u>73,412</u>	
Fund balance - ending			<u>\$ 12,331</u>	

City of Fortuna
DRAINAGE FACILITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for services:	\$ 24,000	\$ 24,000	\$ 18,045	\$ (5,955)
Interest	-	-	990	990
Total revenues	<u>24,000</u>	<u>24,000</u>	<u>19,035</u>	<u>(4,965)</u>
Expenditures				
Sanitation and recycling	-	-	69,246	(69,246)
Total expenditures	<u>-</u>	<u>-</u>	<u>69,246</u>	<u>(69,246)</u>
Excess (deficiency) of revenues over expenditures	<u>24,000</u>	<u>24,000</u>	<u>(50,211)</u>	<u>(74,211)</u>
Other financing sources (uses)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>(50,211)</u>	<u>\$ (74,211)</u>
Fund balance - beginning			<u>336,527</u>	
Fund balance - ending			<u>\$ 286,316</u>	

City of Fortuna
TRANSPORTATION SB325 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget Over (Under)</u>
Revenues				
Intergovernmental	\$ 126,000	\$ 126,000	\$ 112,269	\$ (13,731)
Interest	4,000	4,000	3,477	(523)
Miscellaneous	625,000	625,000	654,462	29,462
Total revenues	755,000	755,000	770,208	15,208
Expenditures				
Parks and recreation	1,008,000	1,008,000	1,018,589	(10,589)
Total expenditures	1,008,000	1,008,000	1,018,589	(10,589)
Excess (deficiency) of revenues over expenditures	(253,000)	(253,000)	(248,381)	4,619
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ (253,000)	\$ (253,000)	(248,381)	\$ 4,619
Fund balance - beginning			970,253	
Fund balance - ending			\$ 721,872	

City of Fortuna
GAS TAX 2105 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Revenues				
Gas tax 2105	\$ 64,052	\$ 64,052	\$ 61,763	\$ (2,289)
Gas tax 2106	48,560	48,560	46,974	(1,586)
Gas tax 2107	77,055	77,055	83,575	6,520
Gas tax 2107.5	3,000	3,000	3,000	-
Gas tax 2103	102,100	102,100	80,881	(21,219)
Interest	1,500	1,500	128	(1,372)
Total revenues	<u>296,267</u>	<u>296,267</u>	<u>276,321</u>	<u>(19,946)</u>
Expenditures				
Public works and streets	<u>456,750</u>	<u>456,750</u>	<u>394,457</u>	<u>62,293</u>
Total expenditures	<u>456,750</u>	<u>456,750</u>	<u>394,457</u>	<u>62,293</u>
Excess (deficiency) of revenues over expenditures	<u>(160,483)</u>	<u>(160,483)</u>	<u>(118,136)</u>	<u>42,347</u>
Other financing sources (uses)				
Transfers in	-	-	118,136	118,136
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>118,136</u>	<u>118,136</u>
Net change in fund balance	<u>\$ (160,483)</u>	<u>\$ (160,483)</u>	-	<u>\$ 160,483</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ -</u>	

City of Fortuna
RMRA-SB1 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 207,683	\$ 207,683	\$ 224,743	\$ 17,060
Interest	500	500	297	(203)
Total revenues	<u>208,183</u>	<u>208,183</u>	<u>225,041</u>	<u>16,857</u>
Expenditures				
Public works & streets	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>8,183</u>	<u>8,183</u>	<u>25,041</u>	<u>16,857</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 8,183</u>	<u>\$ 8,183</u>	25,041	<u>\$ 16,857</u>
Fund balance - beginning			<u>55,460</u>	
Fund balance - ending			<u>\$ 80,501</u>	

City of Fortuna
UNRESTRICTED BUSINESS REVOLVING LOAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for service	\$ 24,000	\$ 24,000	\$ 532,661	\$ 508,661
Interest	-	-	1,318	1,318
Total revenues	<u>24,000</u>	<u>24,000</u>	<u>533,979</u>	<u>509,979</u>
Expenditures				
Economic development	<u>20,000</u>	<u>20,000</u>	<u>360,037</u>	<u>340,037</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>360,037</u>	<u>340,037</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 4,000</u>	<u>\$ 4,000</u>	173,942	<u>\$ 169,942</u>
Fund balance - beginning			<u>376,851</u>	
Fund balance - ending			<u>\$ 550,793</u>	

City of Fortuna
REGIONAL SURFACE TRANSPORTATION & HSIP SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental:	\$ 7,000	\$ 7,000	\$ 146,403	\$ 139,403
Interest	-	-	456	456
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>146,859</u>	<u>139,859</u>
Expenditures				
Public works and streets	<u>7,000</u>	<u>7,000</u>	<u>6,727</u>	<u>273</u>
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>6,727</u>	<u>273</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>140,132</u>	<u>140,132</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	140,132	<u>\$ 140,132</u>
Fund balance - beginning			<u>172,938</u>	
Fund balance - ending			<u>\$ 313,070</u>	

City of Fortuna
CDBG BUSINESS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget Over (Under)</u>
Revenues				
Interest	\$ -	\$ -	\$ 2,094	\$ 2,094
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>78,900</u>	<u>58,900</u>
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>80,994</u>	<u>60,994</u>
Expenditures				
Economic development	<u>505,000</u>	<u>505,000</u>	<u>15,847</u>	<u>489,153</u>
Total expenditures	<u>505,000</u>	<u>505,000</u>	<u>15,847</u>	<u>489,153</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (485,000)</u>	<u>\$ (485,000)</u>	65,147	<u>\$ 550,147</u>
Fund balance - beginning			<u>800,875</u>	
Fund balance - ending			<u>\$ 866,022</u>	

City of Fortuna
CDBG UNRESTRICTED SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$ -	\$ -	\$ 606	\$ 606
Total revenues	-	-	606	606
Expenditures				
Economic development	15,000	15,000	-	15,000
Total expenditures	15,000	15,000	-	15,000
Excess (deficiency) of revenues over expenditures	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	606	<u>\$ 15,606</u>
Fund balance - beginning			227,076	
Fund balance - ending			<u>\$ 227,682</u>	

City of Fortuna
RECYCLE GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget Over (Under)</u>
Revenues				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Interest	-	-	-	-
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Expenditures				
Economic development	-	-	4,894	(4,894)
Total expenditures	<u>-</u>	<u>-</u>	<u>4,894</u>	<u>(4,894)</u>
Excess (deficiency) of revenues over expenditures	<u>5,000</u>	<u>5,000</u>	<u>106</u>	<u>(4,894)</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 balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	106	<u>\$ (4,894)</u>
Fund balance - beginning			<u>4,894</u>	
Fund balance - ending			<u>\$ 5,000</u>	

STATISTICAL SECTION

Schedule 1
City of Fortuna
Net Position by Component
Ten Year Analysis
(Accrual basis of accounting)

Fiscal Years Ending June 30

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets under both governmental and business type activities and under primary government:	\$ 4,937,137	\$ 4,602,401	\$ 5,388,424	\$ 6,750,054	\$ 8,883,363	\$ 11,846,993	\$ 17,722,340	\$ 17,997,022	\$ 21,272,422	\$ 22,938,620
Restricted										
Debt Service	297,486	918,782	1,029,691	1,141,186	1,252,512	1,363,828	-	-	-	-
Capital projects	-	869,423	862,930	3,341,024	3,211,141	2,535,596	89	-	-	-
Affordable Housing	8,158,025	10,836,293	12,569,397	12,867,208	11,745,661	11,870,221	-	-	351,981	420,783
Streets	4,085,929	4,271,744	4,448,946	3,728,767	2,090,484	1,913,382	1,734,818	1,967,334	1,672,003	1,486,961
Economic development	3,240,785	1,128,676	1,075,228	1,240,613	2,648,818	2,782,407	-	-	1,409,696	1,649,497
Other purposes	272,359	85,255	168,719	229,962	10,774	10,558	-	-	-	-
Unrestricted	6,587,974	6,742,400	4,841,653	1,759,412	2,991,176	2,957,739	18,854,650	20,316,152	18,125,213	20,164,380
Total governmental activities net position:	\$ 27,579,695	\$ 29,454,974	\$ 30,384,988	\$ 31,058,226	\$ 32,833,929	\$ 35,280,724	\$ 38,311,897	\$ 40,280,508	\$ 42,831,315	\$ 46,660,241
Business-type activities:										
Net investment in capital assets	\$ 20,049,565	\$ 17,682,631	20,151,917	18,490,177	18,127,850	18,784,436	22,091,082	22,315,106	22,073,693	\$ 22,436,735
Restricted										
Debt Service	1,408,538	1,729,894	1,730,269	1,721,570	1,724,364	1,723,124	-	-	-	-
Capital Projects	1,144,405	1,080,881	1,052,316	525,940	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	12,783,281	15,878,312	14,826,409	16,665,027	18,282,153	18,962,159	18,007,098	18,512,484	19,360,266	19,296,574
Total business-type activities:	\$ 35,385,789	\$ 36,371,718	\$ 37,760,911	\$ 37,402,714	\$ 38,134,367	\$ 39,469,719	\$ 40,098,180	\$ 40,827,590	\$ 41,433,959	\$ 41,733,309
Primary Government - City-Wide Totals										
Invested in capital assets, net of related debt	\$ 24,986,702	\$ 22,285,032	\$ 25,540,341	\$ 25,240,231	\$ 27,011,213	\$ 30,631,429	\$ 39,813,422	\$ 40,312,128	\$ 43,346,115	\$ 45,375,355
Restricted	-	-	-	-	-	-	-	-	-	-
Debt Service	1,706,024	2,648,676	2,759,980	2,862,756	2,976,876	3,086,952	-	-	-	-
Capital Projects	1,144,405	1,950,304	1,915,246	3,866,964	3,211,141	2,535,596	89	-	-	-
Affordable Housing	8,158,025	10,836,293	12,569,397	12,867,208	11,745,661	11,870,221	-	-	351,981	420,783
Economic Development	3,240,785	1,128,676	1,075,228	1,240,613	2,648,818	2,782,407	-	-	1,409,696	1,649,497
Streets	4,085,929	4,271,744	4,448,946	3,728,767	2,090,484	1,913,382	1,734,818	1,967,334	1,672,003	1,486,961
Other purposes	272,359	85,255	168,719	229,962	10,774	10,558	-	-	-	-
Unrestricted	19,371,255	22,620,712	19,668,062	18,424,439	21,273,329	21,919,898	36,861,748	38,828,636	37,485,479	39,460,954
Total primary government net position:	\$ 62,965,484	\$ 65,826,692	\$ 68,145,899	\$ 68,460,940	\$ 70,968,296	\$ 74,750,443	\$ 78,410,077	\$ 81,108,098	\$ 84,265,274	\$ 88,393,550

Schedule 2
City of Fortuna
Changes in Net Position
(Accrual Basis of Accounting)

Fiscal Years Ending June 30

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government	\$ 1,175,737	\$ 1,030,061	\$ 1,029,182	\$ 1,685,735	\$ 1,056,456	\$ 1,171,423	\$ 948,148	\$ 1,023,535	\$ 1,551,022	\$ 1,622,797
Public safety	3,055,758	3,074,104	3,249,432	3,152,904	3,071,641	3,613,537	4,054,483	4,673,569	4,901,665	4,171,065
Streets	911,990	1,289,043	605,649	843,015	664,188	2,117,875	3,677,131	1,369,760	2,594,420	4,071,600
Parks and recreation	1,177,797	1,158,679	1,102,183	1,187,394	1,221,248	1,247,103	966,252	1,291,958	1,201,330	1,027,191
Sanitation	15,671	14,760	20,403	38,710	43,095	25,147	606,909	577,716	204,152	414,414
Redevelopment and housing	253,282	18,770	161,368	95,573	94,393	75,724	310,856	-	-	-
Interest on long-term debt	670,685	147,974	139,148	130,067	73,164	111,894	76,131	976	-	-
Total governmental activities expenses	7,260,920	6,733,391	6,307,365	7,133,398	6,224,185	8,362,703	10,639,910	8,937,514	10,452,589	11,307,067
Business-type activities:										
Water	1,372,233	1,438,707	1,840,193	1,896,253	2,206,878	2,213,797	2,754,457	3,265,841	2,820,380	2,963,179
Wastewater	3,132,473	2,980,990	2,958,764	3,082,638	3,331,929	3,391,969	3,980,231	4,099,072	4,213,456	4,691,028
Transit	191,602	219,358	250,901	268,291	344,951	306,147	318,957	332,764	352,824	369,082
Total business-type activities expenses	4,696,308	4,639,055	5,049,858	5,247,182	5,883,758	5,911,913	7,053,645	7,697,677	7,386,660	8,023,289
Total City government expenses	\$ 11,957,228	\$ 11,372,446	\$ 11,357,223	\$ 12,380,580	\$ 12,107,943	\$ 14,274,616	\$ 17,693,555	\$ 16,635,191	\$ 17,839,249	\$ 19,330,356
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 75,255	\$ 294,305	\$ 382,856	\$ 339,963	\$ 371,856	\$ 360,154	\$ -	\$ -	\$ -	\$ -
Public safety	431,240	427,063	522,289	542,634	504,948	575,304	44,667	75,145	44,610	30,773
Streets	115,718	65,891	108,685	115,493	83,551	75,645	796,693	760,656	742,421	777,428
Parks and recreation	600,358	543,820	510,088	551,930	458,292	421,856	814,528	865,276	697,775	1,036,462
Sanitation	32,005	15,390	27,464	35,865	53,873	23,039	-	-	-	-
Redevelopment and housing	257,472	211,338	452,314	472,132	434,634	442,268	-	-	-	-
Operating grants and contributions	663,264	508,059	612,583	854,800	650,242	758,046	-	-	-	-
Capital grants and contributions	314,001	405,942	655,015	3,457,829	996,076	3,574,696	4,956,839	2,237,448	4,407,521	5,007,997
Total governmental activities program revenues:	2,489,313	2,471,808	3,271,294	6,370,646	3,553,472	6,231,008	6,612,727	3,938,525	5,892,327	6,852,660
Business-type activities:										
Charges for services:										
Water	2,282,744	2,311,702	2,430,314	2,301,442	2,402,085	2,319,601	2,621,238	2,394,356	2,398,729	2,504,339
Wastewater	3,574,632	3,477,554	3,577,263	3,572,915	3,536,519	3,513,379	4,023,978	3,646,004	3,512,378	3,717,201
Transit	10,596	14,307	12,427	11,782	14,796	26,279	17,390	21,169	16,815	17,674
Operating grants and contributions	169,960	197,566	232,199	249,663	279,140	290,697	880,162	1,796,450	1,395,602	2,018,214
Capital grants and contributions	312,312	129,728	197,255	297,282	393,468	987,984	-	-	-	-
Total business-type activities programs revenues	6,350,244	6,130,857	6,449,458	6,433,084	6,626,008	7,137,940	7,542,768	7,857,979	7,323,524	8,257,428
Total City government program revenues	\$ 8,839,557	\$ 8,602,665	\$ 9,720,752	\$ 12,803,730	\$ 10,179,480	\$ 13,368,948	\$ 14,155,495	\$ 11,796,504	\$ 13,215,851	\$ 15,110,088

Schedule 2
City of Fortuna
Changes in Net Position
(Accrual Basis of Accounting)

Fiscal Years Ending June 30

Net(Expense)Revenue:										
Governmental activities	\$ (4,771,607)	\$ (4,261,583)	\$ (3,036,071)	\$ (762,752)	\$ (2,670,713)	\$ (2,131,695)	\$ (4,027,183)	\$ (4,998,989)	\$ (4,560,262)	\$ (4,454,407)
Business-type activities	1,653,936	1,491,802	1,399,600	1,185,902	742,250	1,226,027	489,123	160,302	(63,136)	234,139
Total City government	\$ (3,117,671)	\$ (2,769,781)	\$ (1,636,471)	\$ 423,150	\$ (1,928,463)	\$ (905,668)	\$ (3,538,060)	\$ (4,838,687)	\$ (4,623,398)	\$ (4,220,268)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 383,326	\$ 733,373	\$ 437,180	\$ 486,032	\$ 423,766	\$ 419,613	\$ 536,843	\$ 485,365	\$ 527,434	\$ 611,929
Incremental property taxes	558,994	-	-	-	-	-	-	-	-	-
Sales taxes	1,474,983	1,476,941	1,479,645	1,585,939	1,834,956	2,271,213	3,369,282	3,397,522	3,504,126	4,295,714
Transient occupancy taxes	516,376	524,544	524,542	537,055	610,627	683,432	695,921	612,993	549,218	755,125
Other taxes	354,924	382,018	382,136	391,784	417,310	443,133	136,328	24,193	36,371	28,551
Property Tax in lieu VLF	1,004,360	987,510	1,001,193	1,026,709	1,050,708	1,062,434	1,111,193	1,166,134	1,251,984	1,305,039
Unrestricted investment earnings	312,779	20,296	21,344	38,713	98,452	8,917	77,605	323,693	311,147	230,087
Other general revenues	36,302	94,028	118,791	2,491,735	-	-	1,108,711	961,512	936,480	1,061,319
Transfers	125,559	6,517	1,254	10,723	10,597	10,559	22,478	(3,832)	(5,691)	(4,431)
<i>Extraordinary item: Dissolution of the Redevelopment agency of the City of Fortuna</i>	56,745	2,032,150	-	-	-	-	-	-	-	-
Total governmental activities	4,824,348	6,257,377	3,966,085	6,568,690	4,446,416	4,899,301	7,058,361	6,967,600	7,111,069	8,283,333
Business-type activities										
Unrestricted investment earnings	-	-	-	-	-	-	161,816	565,280	663,814	60,780
Transfers	(125,559)	(6,517)	(1,254)	(10,723)	(10,597)	(10,559)	(22,478)	3,832	5,691	4,431
Total business-type activities	(125,559)	(6,517)	(1,254)	(10,723)	(10,597)	(10,559)	139,338	569,112	669,505	65,211
Total City government	\$ 4,698,789	\$ 6,250,860	\$ 3,964,831	\$ 6,557,967	\$ 4,435,819	\$ 4,888,742	\$ 7,197,699	\$ 7,536,712	\$ 7,780,574	\$ 8,348,544
Change in net position:										
Governmental activities	\$ 52,741	\$ 1,995,794	\$ 930,014	\$ 5,805,938	\$ 1,775,703	\$ 2,767,606	\$ 3,031,178	\$ 1,988,611	\$ 2,550,807	\$ 3,828,826
Business-type activities	1,528,377	1,485,285	1,398,346	1,175,179	731,653	1,215,468	628,461	729,414	606,369	299,350
Total City government	\$ 1,581,118	\$ 3,481,079	\$ 2,328,360	\$ 6,981,117	\$ 2,507,356	\$ 3,983,074	\$ 3,659,639	\$ 2,698,025	\$ 3,157,176	\$ 4,128,276

**Schedule 3
City of Fortuna
Fund Balances - Governmental Funds
Ten Year Analysis**

	Fiscal Years Ending June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved										
Unreserved										
Nonspendable	44,181	33,306	26,137	27,206	24,392	26,445	19,319	2,003	2,291	3,968
Restricted	1,018,026	840,042	749,742	860,840	-	-	-	-	-	-
Committed	865,000	-	-	-	-	-	-	-	-	-
Unassigned	3,968,257	4,780,091	4,481,081	3,845,878	4,855,162	5,233,809	7,096,062	8,313,297	8,500,709	10,581,685
Total General Fund	<u>\$ 5,895,464</u>	<u>\$ 5,653,439</u>	<u>\$ 5,256,960</u>	<u>\$ 4,733,924</u>	<u>\$ 4,879,554</u>	<u>\$ 5,260,254</u>	<u>\$ 7,115,381</u>	<u>\$ 8,315,300</u>	<u>\$ 8,503,000</u>	<u>\$ 10,585,653</u>
All Other Governmental Funds										
Reserved										
Nonspendable	486,192	-	-	-	-	-	-	-	-	-
Restricted	6,218,900	7,058,952	6,545,685	8,986,994	8,089,918	7,295,951	3,369,065	3,757,244	3,122,511	3,557,241
Unassigned	-	-	-	-	-	-	-	-	-	(210,811)
Total All Other Governmental Fund	<u>\$ 6,705,092</u>	<u>\$ 7,058,952</u>	<u>\$ 6,545,685</u>	<u>\$ 8,986,994</u>	<u>\$ 8,089,918</u>	<u>\$ 7,295,951</u>	<u>\$ 3,369,065</u>	<u>\$ 3,757,244</u>	<u>\$ 3,122,511</u>	<u>\$ 3,346,430</u>
Total All Governmental Funds	<u>\$ 12,600,556</u>	<u>\$ 12,712,391</u>	<u>\$ 11,802,645</u>	<u>\$ 13,720,918</u>	<u>\$ 12,969,472</u>	<u>\$ 12,556,205</u>	<u>\$ 10,484,446</u>	<u>\$ 12,072,544</u>	<u>\$ 11,625,511</u>	<u>\$ 13,932,083</u>

Notes and Data Sources:

1/ Effective 2013 committed funds reflected under General Fund are now shown in Other Governmental Funds - Capital Project Funds

Schedule 4
City of Fortuna
Changes in Fund Balances - Governmental Funds
Ten Year Analysis
(Thousands of Dollars)
(Modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 3,288	\$ 3,116	\$ 2,823	\$ 3,001	\$ 3,287	\$ 3,812	\$ 5,790	\$ 5,686	\$ 5,868	\$ 6,997
Licenses and permits	189	167	220	284	309	364	797	761	742	777
Fines and forfeits	68	83	72	76	57	47	44	75	45	31
Charges for services	896	1,082	1,159	1,204	993	967	815	865	698	1,036
Special assessments	54	52	53	56	55	253	60	-	-	-
Intergovernmental	1,990	1,842	2,211	2,302	2,654	5,029	4,957	2,237	4,408	5,008
Investment earnings	407	29	43	79	125	32	78	324	311	230
Other revenues	849	422	589	578	541	584	1,104	962	937	1,061
Total revenues:	7,741	6,793	7,170	7,580	8,021	11,088	13,645	10,910	13,009	15,140
Expenditures:										
General government	1,060	1,472	996	1,607	1,146	1,045	719	1,023	1,551	1,623
Public safety	2,987	2,958	3,188	3,128	3,541	3,403	3,575	4,796	4,640	4,120
Parks and recreation	1,121	965	992	1,028	1,023	1,103	966	1,292	1,201	1,027
Highways and streets	691	585	526	626	578	741	2,423	1,575	5,817	5,722
Health and welfare	16	15	14	39	43	25	607	578	204	414
Economic development and redevelopment	425	93	92	114	101	74	311	-	-	-
Education SERAF payments	-	-	-	-	-	-	-	-	-	-
Capital outlay	291	912	910	1,618	2,281	4,333	4,749	-	-	-
Debt service:										
Principal	305	215	220	240	316	323	2,313	53	37	-
Interest	763	151	143	134	125	116	76	1	-	-
Total expenditures:	7,659	7,366	7,081	8,534	9,154	11,163	15,739	9,318	13,450	12,906
Excess of revenues over(under) expenditures	82	(573)	89	(954)	(1,133)	(75)	(2,094)	1,592	(441)	2,234
Other Financing Sources(Uses)										
Capital Lease Financing	-	-	-	-	370	-	-	-	-	-
Contribution from Successor	-	-	-	2,900	-	-	-	-	-	-
Transfers in	12,103	464	460	379	436	1,512	1,545	279	563	482
Transfers out	(12,093)	(466)	(459)	(368)	(425)	(1,501)	(1,523)	(283)	(569)	(486)
Total other financing sources(uses)	10	(2)	1	2,911	381	11	22	(4)	(6)	(4)
Net change in fund balances	\$ 92	\$ (575)	\$ 90	\$ 1,957	\$ (752)	\$ (64)	\$ (2,072)	\$ 1,588	\$ (447)	\$ 2,230
Debt service as a percentage of noncapital expenditures	14.50%	5.67%	5.88%	5.41%	6.42%	6.43%	21.74%	0.58%	0.28%	0.00%

Schedule 5
City of Fortuna
Assessed Value and Estimated Actual Value of Taxable Property
Ten Year Analysis
(In thousands of dollars)

Fiscal Year	Assessed Taxable Values			Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Secured	Unsecured	Totals			
2012	827,882	35,988	863,870	1.00%	2,121,116	40.73%
2013	833,767	36,465	870,232	1.00%	2,136,510	40.73%
2014	847,801	35,502	883,303	1.00%	2,170,220	40.70%
2015	868,453	37,565	906,018	1.00%	2,224,797	40.72%
2016	887,691	39,721	927,412	1.00%	2,275,972	40.75%
2017	917,470	42,235	959,705	1.00%	2,354,011	40.77%
2018	942,807	42,444	985,251	1.00%	2,417,652	40.75%
2019	985,818	43,128	1,028,946	1.00%	2,526,156	40.73%
2020	1,047,984	53,733	1,101,717	1.00%	2,696,721	40.85%
2021	1,093,129	56,232	1,149,361	1.00%	2,813,154	40.86%

Notes and Data Sources:

HdL, Coren & Cone, Humboldt County Assessor Combined Tax Rolls.

Schedule 6
City of Fortuna
Direct and Overlapping Property Tax Rates
Ten Year Analysis
(Rates per \$100 of assessed value)

10-Year Detail of Taxpayer Rates for General Fund Tax Rate Area 005-0000 (direct rate agencies in bold)

<u>Agency</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City of Fortuna Tax And Fine Trust	0.0733	0.0733								
County of Humboldt General Tax District	-	-	0.1628	0.1552	0.1627	0.1626	0.1626	0.1553	0.1532	0.1671
County Library	0.0302	0.0302	0.0302	0.0302	0.0302	0.0302	0.0302	0.0302	0.0299	0.0326
County School Service	0.0147	0.0147	0.0147	0.0147	0.0147	0.0147	0.0147	0.0147	0.0146	0.0159
ERAF Share of County General Tax District	-	-	0.1585	0.1660	0.1585	0.1586	0.1586	0.1659	0.1643	0.1793
ERAF Share of Fortuna General Fund	-	-	0.0265	0.0283	0.0266	0.0270	0.0270	0.0286	0.0284	0.0305
Fortuna Cemetery District	0.0041	0.0041	0.0041	0.0041	0.0041	0.0041	0.0041	0.0041	0.0041	0.0044
Fortuna Fire Protection	0.0417	0.0417	0.0417	0.0417	0.0417	0.0417	0.0417	0.0417	0.0412	0.0450
Fortuna Union High School District	0.2134	0.2134	0.2134	0.2134	0.2134	0.2134	0.2134	0.2134	0.2114	0.2306
Fortuna School District	0.2196	0.2196	0.2196	0.2196	0.2196	0.2196	0.2196	0.2196	0.2297	0.1598
Fortuna General Fund	0.3212	0.3212	0.0467	0.0450	0.0466	0.0463	0.0463	0.0447	0.0442	0.0487
Humboldt Bay Harbor Recreation	0.0093	0.0093	0.0093	0.0093	0.0093	0.0093	0.0093	0.0093	0.0092	0.0101
Humboldt Flood Zone 1-1	0.0056	0.0056	0.0056	0.0056	0.0056	0.0056	0.0056	0.0056	0.0035	0.0039
Redwood Junior College District	0.0649	0.0649	0.0649	0.0649	0.0649	0.0649	0.0649	0.0649	0.0643	0.0700
Rohner Community Park & Recreation Dist.	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0021
Total Prop. 13 Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
CR 2005 Go Bond	0.0120	0.0110	0.0110	0.0130	0.0100	0.0080	0.0080	0.0080	0.0080	0.0050
Fortuna High Go Bonds 2000	0.0040	0.0030	0.0080	0.0080	0.0200	0.0170	0.0170	0.0160	0.0170	0.0150
Fortuna Elementary	0.0310	0.0300	0.0310	0.0310	0.0290	0.0330	0.0390	0.0720	0.0640	0.0680
Rohnerville School District 2010 Go Bond	0.0260	-	-	-	-	-	-	-	-	-
Total Voter Approved Rate	0.0730	0.0440	0.0500	0.0520	0.0590	0.0580	0.0640	0.0960	0.0890	0.0880
Total Tax Rate	1.0730	1.0440	1.0500	1.0520	1.0590	1.0580	1.0640	1.0960	1.0890	1.0880

Notes and Data Sources:

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are assessed for voter approved bonds.

Source: HDL Coren & Cone, and Humboldt County Assessor Tax Rate Tables

Schedule 7
City of Fortuna
Principal Property Tax Payers - Top Ten Payers
Ranked In Order of Gross Assessed Values
Ten Year Analysis
(Dollar Amounts in Thousands)

2011-12

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Sequoia Springs Cottages LLC	\$ 8,280	1	0.96%
Gagliardi Trust	6,388	2	0.74%
Fortuna Loop Inc.	5,967	3	0.69%
Giffra Ranch LLC	5,588	4	0.65%
John H Fothergill Living Trust	5,229	5	0.61%
Safeway Inc.	5,000	6	0.58%
Carl Marchetti Jr. Trust	4,605	7	0.53%
Realty Income Corporation	3,773	8	0.44%
Leonardo Logging and Construction Inc.	3,620	9	0.42%
Bear River Band of Rohnerville Rancheria	3,514	10	0.41%
Total	\$ 51,964		6.02%

2020-21

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bear River Band of Rohnerville Rancheria	\$ 12,200	1	1.06%
Mercer Fraser Company	8,924	2	0.78%
Eretz Fortuna Properties LP PT	8,240	3	0.72%
Bank of America NA & Donna Minardi	7,744	4	0.67%
Sarti Enterprises Delaware LLC	7,309	5	0.64%
White Circle Commerce LLC	6,700	6	0.58%
ARCP TS Fortuna LLC	5,605	7	0.49%
Travis L Schneider and Stephanie M Bode	5,151	8	0.45%
Wendt Construction Company Inc.	5,038	9	0.44%
Carlos and Antonia Luna Trust	4,906	10	0.43%
Total	\$ 71,817		6.25%

Notes and Data Sources:

HdL, Coren & Cone

**Schedule 8
City of Fortuna
Property Tax Levies and Collections
Ten Year Analysis**

Fiscal Year Ended June 30	Taxes Levied	Collected Within The Fiscal Year of The Levy	
		Amount	Percentage of Levy
2012	1,461,754	1,461,754	100%
2013	1,594,422	1,594,422	100%
2014	412,502	437,180	106%
2015	486,032	486,032	100%
2016	423,766	423,766	100%
2017	419,613	419,613	100%
2018	487,024	487,024	100%
2019	444,411	444,411	100%
2020	491,394	491,394	100%
2021	546,042	546,042	100%

Notes and Data Sources:

Note: Effective 2014 Successor Agency (Former RDA) taxes are not included in annual total
City of Fortuna Tax Collection records and County of Humboldt Assessor's Office

**Schedule 8-A
City of Fortuna
Sales Tax Revenue Base Data
Ten Year Review**

<u>Fiscal Year</u>	<u>City-Wide Retail Sales Subject to Tax</u>	<u>Total Retail Sales Tax Rate</u>	<u>City Direct Tax Rate</u>	<u>Revenue Recognized By the City</u>
2012	145,102,000	7.25%	1.00%	1,474,983
2013	151,910,000	7.50%	1.00%	1,476,941
2014	152,695,000	7.50%	1.00%	1,479,645
2015	158,593,900	7.50%	1.00%	1,585,939
2016	183,495,600	8.00%	1.00%	1,834,956
2017 (1)	129,783,600	8.50%	1.75%	2,271,213
2018	192,530,400	8.50%	1.75%	3,369,282
2019	194,144,114	8.50%	1.75%	3,397,522
2020	200,235,771	8.50%	1.75%	3,504,126
2021	245,469,371	8.50%	1.75%	4,295,714

Notes and Data Sources:

The City's direct retail sales tax rate is established by the State of California.

Any increase in the City's direct tax rate requires voter approval by City residents.

(1) In November, 2016 City voters approved Measure E, creating a new general use sales tax of 3/4%. This tax was implemented on April 1, 2017 and is effective for 16 years.

Schedule 8-B
City of Fortuna
Top 25 Sales Tax Producers
Comparison with
(In Alphabetical Order)

2011-2012		2020-2021	
Business Name	Business Category	Business Name	Business Category
Ace Hardware & Garden	Building Materials	Ace Hardware & Garden	Lumber/Building Materials
Beverage Plus Foods	Convenience Stores/Liquor	Beverage Plus Foods	Convenience Stores/Liquor
Burger King	Quick-Service Restaurants	Cigarette Payless	Cigarette/Cigar Stores
Daves 76	Service Stations	Eel River Brewing	Casual Dining
Dollar Tree	Variety Stores	Eel Valley Appliance	Electronics/Appliance Stores
Eel River Brewing	Casual Dining	Forbusco Lumber	Lumber/Building Materials
Eel River Hydroponics	Garden/Agricultural Supplies	Fortuna Chevron	Service Stations
Forbusco Lumber	Lumber/Building Materials	Fortuna Gas 4 Less	Service Stations
Fortuna Chevron	Service Stations	Grocery Outlet	Grocery Stores
Fortuna Ford Motors	Used Auto Dealers	Hummel Tire & Wheel	Automotive Supply Stores
Fortuna Gas 4 Less	Service Stations	Les Schwab Tire Center	Petroleum Prod/Equip
Gary Crivellos Cars	Used Auto Dealers	McDonalds	Automotive Supply Stores
Hummel Tire & Wheel	Automotive Supply Stores	Mercer Fraser	Restaurants No Alcohol
L & M Renner	Petroleum Prod/Equip	Northcoast Horticulture Supply	Contractors
Les Schwab Tire Centers	Automotive Supply Stores	O'Reilly Auto Parts	Garden/Agricultural Supplies
McDonalds	Restaurants No Alcohol	Peterson Tractor	Automotive Supply Stores
Northcoast Horticulture Supply	Garden/Agricultural Supplies	Ray's Quality Cars	Used Automotive Dealer
O'Reilly Auto Parts	Automotive Supply Stores	Rite Aid	Drug Stores
Peterson Tractor	Farm/Construction Equip	Safeway	Grocery Stores Liquor
Rays Food Place	Grocery Stores Liquor	Sequoia Gas	Service Stations
Rite Aid	Drug Stores	Sunbelt Rentals	Repair Shop/Equip. Rentals
Rohnerville 76	Service Stations	Tractor Supply	Garden/Agricultural Supplies
Safeway	Grocery Stores Liquor	Village Sport & Cycle	Sporting Goods/Bike Stores
Village Sport & Cycle	Sporting Goods/Bike Stores	Walgreens	Drug Stores
Walgreens	Drug Stores	Wyckoff Plumbing	Plumbing/Electrical Services
Percent of Fiscal Year Total Paid By Top 25 Accounts	71.06%	Percent of Fiscal Year Total Paid By Top 25 Accounts	66.73%

Period: July 2011 Thru June 2012

Period: July 2020 Thru March 2021

Notes and Data Sources:

HdL, Coren & Cone, California State Board of Equalization

**Schedule 8-C
City of Fortuna
Transient Occupancy Tax Revenue Base Data
Ten Year Review**

<u>Fiscal Year</u>	<u>Revenue Base Room Revenues Subject to Tax</u>	<u>City Direct Tax Rate</u>	<u>Revenue Recognized By the City</u>
2012	\$ 5,163,760	10.00%	516,376
2013	\$ 5,236,028	10.00%	523,603
2014	\$ 5,245,420	10.00%	524,542
2015	\$ 5,362,890	10.00%	536,289
2016	\$ 6,106,268	10.00%	610,627
2017	\$ 6,821,250	10.00%	682,125
2018	\$ 6,959,210	10.00%	695,921
2019	\$ 6,129,930	10.00%	612,993
2020	\$ 5,492,180	10.00%	549,218
2021	\$ 7,551,250	10.00%	755,125

Notes and Data Sources:

Transient Occupancy Tax ("TOT") adoption requires a majority approval of voters.
Any subsequent changes to the established TOT rate requires a 2/3 voter approval.
City of Fortuna voters approved Measure W in Nov. 2002 which increased the TOT tax rate from 8% to the current rate of 10%.

Schedule 8-D
City of Fortuna
Principal Transient Occupancy Tax Payers
Ten Year Review
(In Alphabetical Order)

Fiscal Years Ending June 30

2017	2018	2019	2020	2021
Best Western Country Inn Comfort Inn & Suites Humboldt Redwood Inn Redwood Riverwalk Hotel Riverwalk RV Park Six Rivers Motel Super 8 Motel Travel Inn	Best Western Country Inn Comfort Inn & Suites Humboldt Redwood Inn Redwood Riverwalk Hotel Riverwalk RV Park Six Rivers Motel Super 8 Motel Travel Inn	Best Western Country Inn Comfort Inn & Suites Humboldt Redwood Inn Redwood Riverwalk Hotel Riverwalk RV Park Six Rivers Motel Super 8 Motel Travel Inn	Best Western Country Inn Comfort Inn & Suites Humboldt Redwood Inn Redwood Riverwalk Hotel Riverwalk RV Park Six Rivers Motel Super 8 Motel Travel Inn	Best Western Country Inn Comfort Inn & Suites Humboldt Redwood Inn Redwood Riverwalk Hotel Riverwalk RV Park Six Rivers Motel Super 8 Motel Travel Inn
2012	2013	2014	2015	2016
Best Western Motel Comfort Inn Fortuna Travel Inn Holiday Inn Express National Nine Riverwalk RV Park Six Rivers Motel Super 8 Motel	Best Western Motel Comfort Inn Fortuna Travel Inn National Nine Riverwalk RV Park Six Rivers Motel Super 8 Motel The Redwood Fortuna	Best Western Country Inn Comfort Inn & Suites Holiday Inn Express National 9 Inn Riverwalk RV Park Six Rivers Motel Super 8 Motel The Redwood Fortuna	Best Western Country Inn Comfort Inn & Suites Humboldt Redwood Inn Redwood Riverwalk Hotel Riverwalk RV Park Six Rivers Motel Super 8 Motel Travel Inn	Best Western Country Inn Comfort Inn & Suites Humboldt Redwood Inn Redwood Riverwalk Hotel Riverwalk RV Park Six Rivers Motel Super 8 Motel Travel Inn

Notes and Data Sources:
City Data

**Schedule 8-E
City of Fortuna
Water and Sewer Rates
Last Ten Fiscal Years**

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate Per 100 Cubic Feet	Monthly Base Rate	Rate Per 100 Cubic Feet
2012	23.04	1.90	38.75	8.61
2013	23.04	1.90	38.75	8.61
2014	23.04	1.90	38.75	8.61
2015	23.04	1.90	38.75	8.61
2016	23.04	1.90	38.75	8.61
2017	23.04	1.90	38.75	8.61
2018	23.04	1.90	38.75	8.61
2019	23.04	1.90	38.75	8.61
2020	23.04	1.90	38.75	8.61
2021	23.04	1.90	38.75	8.61

Notes and Data Sources:
City of Fortuna Fee Schedule

**Schedule 8-F
City of Fortuna
Water and Sewer Rates
Last Ten Fiscal Years
Water Revenue Concentration Data**

	Residential		Non-Residential		Totals	
Fiscal Year	Revenue In Dollars	# of Connections	Revenue In Dollars	# of Connections	Revenue In Dollars	# of Connections
2012	\$ 1,553,984	4970	\$ 760,276	543	\$ 2,314,260	5513
2013	\$ 1,634,059	4987	\$ 787,063	545	\$ 2,421,123	5532
2014	\$ 1,535,339	5004	\$ 785,263	549	\$ 2,320,602	5553
2015	\$ 1,458,261	5011	\$ 745,841	551	\$ 2,204,102	5562
2016	\$ 1,506,778	5016	\$ 742,145	551	\$ 2,248,923	5567
2017	\$ 1,514,301	5025	\$ 762,843	554	\$ 2,277,144	5579
2018	\$ 1,547,679	5077	\$ 783,156	554	\$ 2,330,835	5631
2019	\$ 1,577,636	5141	\$ 781,898	554	\$ 2,359,534	5695
2020	\$ 1,640,307	5155	\$ 795,649	557	\$ 2,435,956	5712
2021	\$ 1,636,317	5181	\$ 788,066	557	\$ 2,424,383	5738

Wastewater Revenue Concentration Data

	Residential		Non-Residential		Totals	
Fiscal Year	Revenue In Dollars	# of Connections	Revenue In Dollars	# of Connections	Revenue In Dollars	# of Connections
2012	\$ 2,553,294	4716	\$ 859,951	494	\$ 3,413,245	5210
2013	\$ 2,497,156	4729	\$ 815,325	495	\$ 3,312,481	5224
2014	\$ 2,623,430	4742	\$ 840,563	498	\$ 3,463,993	5240
2015	\$ 2,596,862	4750	\$ 840,563	498	\$ 3,437,425	5248
2016	\$ 2,588,628	4764	\$ 826,449	499	\$ 3,415,077	5263
2017	\$ 2,609,255	4771	\$ 842,141	501	\$ 3,451,396	5272
2018	\$ 2,651,219	4806	\$ 855,685	503	\$ 3,506,904	5309
2019	\$ 2,676,609	4870	\$ 858,663	504	\$ 3,535,272	5374
2020	\$ 2,659,708	4885	\$ 847,436	507	\$ 3,507,144	5392
2021	\$ 2,640,931	4907	\$ 851,112	508	\$ 3,492,043	5415

Schedule 9
City of Fortuna
Ratios of Outstanding Debt By Type
Ten Year Review
(Dollars in Thousands except for Per Capita)

Fiscal Year	Government Activities			Business-type Activities		Total City Debt	Total City Debt as Percentage of Personal Income	Total City Debt Per Capita	Population	Per Capita Personal Income
	General Obligation Bonds	Redevelopment Bonds	Capital Lease Obligations	Loans	Revenue Bonds					
2012	3,440	12,965	-	-	20,285	36,690	13.50%	\$ 3,099	11,840	22,949
2013	3,225	12,860	-	-	19,820	35,905	13.14%	\$ 3,021	11,885	22,990
2014	3,000	12,735	-	-	19,335	35,070	13.84%	\$ 2,924	11,994	21,127
2015	2,760	12,590	-	-	18,835	34,185	13.49%	\$ 2,850	11,994	21,127
2016	2,515	12,425	-	-	18,310	33,250	12.96%	\$ 2,806	11,848	21,654
2017	2,260	12,240	-	-	17,760	32,260	13.25%	\$ 2,691	11,989	20,302
2018	-	8,635	-	-	14,145	22,780	9.27%	\$ 1,892	12,042	20,406
2019	-	8,450	-	-	13,550	22,000	8.61%	\$ 1,821	12,084	21,149
2020	-	8,220	-	-	13,040	21,260	7.90%	\$ 1,754	12,123	22,207
2021	-	7,970	-	-	12,520	20,490	6.80%	\$ 1,718	11,926	25,257

Notes and Data Sources:

Population: California State Department of Finance, Unemployment data: California Development Department
Income, Age and Education Data-US Census Bureau, most recent American Community Survey

Source: Hdl, Coren & Cone

Schedule 10
City of Fortuna
Ratios of General Bonded Debt Outstanding
Ten Year Analysis
(Dollars in Thousands except for Per Capita)

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Revenue Bonds	Tax Allocation Bonds	Total		
2012	3,440	12,965	-	16,405	1.90%	1,386
2013	3,225	12,860	-	16,085	1.85%	1,353
2014	3,000	12,735	-	15,735	1.78%	1,324
2015	2,760	12,590	-	15,350	1.69%	1,280
2016	2,515	12,425	-	14,940	1.61%	1,261
2017	2,260	12,240	-	14,500	1.51%	1,209
2018	-	8,635	-	8,635	0.88%	717
2019	-	8,450	-	8,450	0.82%	699
2020	-	8,220	-	8,220	0.75%	678
2021	-	7,970	-	7,970	0.69%	668

Notes and Data Sources:

See schedule 5 for total assessed values of property.

Schedule 11
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021
CITY OF FORTUNA

2020-21 Assessed Property Valuation: \$ 1,149,361,276

<u>Overlapping Tax and Assessment Debt</u>	<u>Total Debt 6/30/2021</u>	<u>Applicable Percentage</u>	<u>City of Fortuna Share of Debt 6/30/2021</u>
Redwoods Joint Community College District	\$ 23,865,000	6.2%	\$ 1,486,790
Fortuna Union High School District	10,112,989	48.9%	4,949,600
Fortuna Union School District	15,382,629	83.3%	12,808,808
Total Overlapping tax and Assessment Debt:	<u>\$ 49,360,618</u>		<u>\$ 19,245,198</u>
<u>Direct and Overlapping General Fund Debt</u>			
Humboldt County General Fund Obligations	\$ 6,510,000	7.8%	\$ 508,626
Humboldt County Board of Education COP	2,845,000	7.8%	222,280
Total Direct and Overlapping General Fund Debt:	<u>\$ 9,355,000</u>		<u>\$ 730,906</u>
Overlapping Tax Increment Debt:	<u>\$ 7,970,000</u>	100%	<u>\$ 7,970,000</u>
Total Direct Debt:	\$ -		\$ -
Total Overlapping Debt:	<u>66,685,618</u>		<u>27,946,104</u>
Combined Total Debt:	<u>\$ 66,685,618</u>		<u>\$ 27,946,104</u>

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.670%
Total Direct Debt 0.000%
Combined Total Debt..... 2.430%

Ratios to Redevelopment Incremental Valuation:

Total Overlapping Tax Increment Debt..... 3.23%

Notes and Data Sources:

- a. The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- b. Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.
Source: Humboldt County Assessor Tax Rate Table and HdL, Coren & Cone

Schedule 12
City of Fortuna
Legal Debt Margin Information
Ten Year Review

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Debt Applicable To Limit</u>	<u>Total Debt Applicable To Limit as Percentage of Debt Limit</u>
2012	\$ 129,580,488	-	0%
2013	\$ 130,534,727	-	0%
2014	\$ 132,495,586	-	0%
2015	\$ 135,902,700	-	0%
2016	\$ 139,111,800	-	0%
2017	\$ 143,955,750	-	0%
2018	\$ 147,787,650	-	0%
2019	\$ 154,341,900	-	0%
2020	\$ 165,257,550	-	0%
2021	\$ 172,404,150	-	0%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 1,149,361
Debt limit (15% of assessed value)	172,404
Less debt applicable to limit:	
General obligation bonds	-
Total debt applicable to limit	-
Legal debt margin	<u>\$ 172,404</u>

Notes and Data Sources:

California finance law states that the city's outstanding general obligation bonded debt should not exceed 15 percent of total assessed property value.

Source of Assessed Taxable Values: HdL, Coren and Cone,

**Schedule 13
City of Fortuna
Pledged Revenue Coverage
Ten Year Review**

Water Revenue Bonds

Year	Water Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		*Ratio
					Principal	Interest	
2012	2,282,744	84,435	1,068,732	1,298,447	170,000	358,798	2.46
2013	2,311,702	14,053	1,074,878	1,250,877	175,000	352,760	2.37
2014	2,337,351	54,582	1,049,050	1,342,883	185,000	345,998	2.53
2015	2,301,442	90,899	1,091,030	1,301,311	190,000	337,548	2.47
2016	2,402,085	64,231	1,414,885	1,051,431	200,000	328,798	1.99
2017	2,319,601	110,734	1,417,440	1,012,895	210,000	319,548	1.91
2018	2,621,238	127,259	2,020,616	727,881	220,000	251,799	1.54
2019	2,394,356	97,887	2,559,467	(67,224)	225,000	206,750	(0.16)
2020	2,398,729	40,615	2,137,358	301,986	195,000	202,700	0.76
2021	2,504,339	86,956	2,288,834	302,461	200,000	195,725	0.76

Wastewater Revenue Bonds

Year	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		*Ratio
					Principal	Interest	
2012	3,574,632	176,530	1,845,457	1,905,705	280,000	582,673	2.21
2013	3,477,554	115,675	1,680,980	1,912,249	290,000	575,148	2.21
2014	3,490,890	39,952	1,685,519	1,845,323	300,000	564,073	2.14
2015	3,466,823	139,383	1,685,519	1,920,687	310,000	550,321	2.23
2016	3,526,664	157,956	2,045,983	1,638,637	325,000	536,073	1.90
2017	3,513,379	190,818	2,209,407	1,494,790	340,000	521,073	1.74
2018	4,023,978	238,579	2,700,738	1,561,819	355,000	439,470	1.97
2019	3,646,004	182,880	2,862,388	966,496	370,000	386,269	1.28
2020	3,512,378	112,088	3,105,133	519,333	315,000	379,694	0.75
2021	3,717,201	234,343	3,595,910	355,634	320,000	368,519	0.52

Successor Agency Revenue Bonds*

Year	RPTTF Revenue	Debt Service		*Ratio
		Principal	Interest	
2012	1,078,428	95,000	617,449	1.51
2013	861,049	105,000	612,974	1.20
2014	750,654	125,000	608,350	1.02
2015	387,086	145,000	603,052	0.52
2016	778,067	150,000	473,099	1.25
2017	980,149	165,000	465,246	1.56
2018	1,092,080	185,000	422,369	1.80
2019	1,118,426	185,000	284,663	2.38
2020	722,031	230,000	277,283	1.42
2021	980,158	250,000	270,188	1.88

Notes and Data Sources:

a. *Ratio is determined by dividing Net Available Revenue by total payment (principle and interest)

b. Minimum Debt Ratio Requirement is 1.25

c. Water & Wastewater revenues include operating revenues, interest revenues, and capital impact fees.

d. Operating expenses exclude depreciation and amortization

*The Successor Agency to the former Redevelopment Agency receives tax increment revenues only in the amount necessary to pay enforceable obligations. Any surplus tax is then redistributed to the taxing agencies.

**Schedule 14
City of Fortuna
Demographic and Economic Statistics
Ten Year Review**

<u>Fiscal Year</u>	<u>Population</u> ¹	<u>Personal Income</u> ³	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u> ²	<u>Median Age</u> ³
2012	11,840	267,691,000	\$ 22,609	10.00%	38.2
2013	11,885	272,749,000	\$ 22,949	7.40%	40.8
2014	11,902	273,627,000	\$ 22,990	6.50%	42.6
2015	11,994	253,397,000	\$ 21,127	6.80%	38.3
2016	11,848	256,553,000	\$ 21,654	5.60%	38.1
2017	11,989	243,406,000	\$ 20,302	4.90%	39.2
2018	12,042	245,724,000	\$ 20,406	3.90%	39.4
2019	12,084	255,561,000	\$ 21,149	4.20%	39.9
2020	12,123	269,218,000	\$ 22,207	3.10%	39.9
2021	11,926	301,213,000	\$ 25,257	7.90%	40.8

Notes and Data Sources:

- 1 Source: California State Department of Finance
- 2 Source: California Employment Development Department
- 3 Source: US Census Bureau, most recent American Community Survey

Source: HdL, Coren & Cone

**Schedule 15
City of Fortuna
Principal Employers (Ten Largest)
(In Alphabetical Order)**

FYE 2021

City of Fortuna
Eel River Brewery
Eel River Disposal
Emeitus Senior Living
Fortuna Rehab and Wellness
Fortuna Union Elementary School District
Fortuna Union High School District
Ray's Food Place
Redwood Memorial Hospital
Safeway

FYE 2016

City of Fortuna
Eel River Brewery
Eel River Disposal
Emeitus Senior Living
Fortuna Rehab and Wellness
Fortuna Union Elementary School District
Fortuna Union High School District
Ray's Food Place
Redwood Memorial Hospital
Safeway

FYE 2020

City of Fortuna
Eel River Brewery
Eel River Disposal
Emeitus Senior Living
Fortuna Rehab and Wellness
Fortuna Union Elementary School District
Fortuna Union High School District
Ray's Food Place
Redwood Memorial Hospital
Safeway

FYE 2015

City of Fortuna
Eel River Brewery
Eel River Disposal
Emeitus Senior Living
Fortuna Rehab and Wellness
Fortuna Union Elementary School District
Fortuna Union High School District
Ray's Food Place
Redwood Memorial Hospital
Safeway

FYE 2019

City of Fortuna
Eel River Brewery
Eel River Disposal
Emeitus Senior Living
Fortuna Rehab and Wellness
Fortuna Union Elementary School District
Fortuna Union High School District
Ray's Food Place
Redwood Memorial Hospital
Safeway

FYE 2014

City of Fortuna
Eel River Brewery
Eel River Disposal
Emeitus Senior Living
Fortuna Rehab and Wellness
Fortuna Union Elementary School District
Fortuna Union High School District
Ray's Food Place
Redwood Memorial Hospital
Safeway

FYE 2018

City of Fortuna
Eel River Brewery
Eel River Disposal
Emeitus Senior Living
Fortuna Rehab and Wellness
Fortuna Union Elementary School District
Fortuna Union High School District
Ray's Food Place
Redwood Memorial Hospital
Safeway

FYE 2013

City of Fortuna
Eel River Brewery
Eel River Disposal
Emeitus Senior Living
Fortuna Rehab and Wellness
Fortuna Union Elementary School District
Fortuna Union High School District
Ray's Food Place
Redwood Memorial Hospital
Safeway

FYE 2017

City of Fortuna
Eel River Brewery
Eel River Disposal
Emeitus Senior Living
Fortuna Rehab and Wellness
Fortuna Union Elementary School District
Fortuna Union High School District
Ray's Food Place
Redwood Memorial Hospital
Safeway

FYE 2012

City of Fortuna
Eel River Brewery
Eel River Disposal
Fortuna Rehab and Wellness
Fortuna Union Elementary School District
Fortuna Union High School District
Ray's Food Place
Redwood Memorial Hospital
Safeway
Sequoia Springs Assisted Living

Schedule 16
City of Fortuna
Full-Time Equivalent City Government Employees by Function/Program
Ten Year Analysis

Function/Program:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
City Manager	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Police	26.00	25.00	24.00	24.00	24.00	23.00	28.00	28.00	27.00	26.00
Community Development	4.20	4.20	4.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Public Works	30.50	30.00	30.00	30.00	30.00	30.00	31.00	31.00	31.00	30.00
Parks and Recreation	7.50	7.50	7.00	6.00	6.00	6.00	9.00	9.00	8.00	8.00
River Lodge Conference Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Transit	<u>2.00</u>	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
Totals	<u><u>80.20</u></u>	<u><u>77.70</u></u>	<u><u>75.00</u></u>	<u><u>73.00</u></u>	<u><u>74.00</u></u>	<u><u>73.00</u></u>	<u><u>82.00</u></u>	<u><u>83.00</u></u>	<u><u>81.00</u></u>	<u><u>79.00</u></u>

Schedule 17
City of Fortuna
Operating Indicators by Function/Program
Ten Year Analysis

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Physical arrest	1,154	1,134	1044	1088	963	1039	1098	1134	751	887
Traffic violations	765	720	649	439	267	351	563	724	250	412
Planning:										
Building permits issued	328	366	357	334	354	367	387	333	341	353
Public works:										
Street lane miles resurfaced	0.25	0.50	3.00	1.45	1.60	1.60	0.25	1.25	2.05	0.50
Riverlodge/Monday Club:										
Community Events	404	408	386	376	347	335	326	346	253	57
Parks and Recreation:										
Recreation Program Admissions (1)	10,055	9,949	9,500	7,322	6,549	6,937	6,694	6,051	3,126	541
Water:										
Number new connections	11	19	20	9	5	12	52	64	17	26
Daily average water production in MGD	1.20	1.13	1.13	1.10	1.10	1.10	1.08	1.08	1.20	1.25
Daily average water consumption in MGD	1.20	1.13	1.14	0.93	0.91	0.92	0.93	0.93	0.94	1.00
Wastewater:										
Number new connections	11	14	15	8	15	9	37	65	18	23
Daily average treatment in millions gallons(MGD)	1.10	1.90	1.90	1.16	1.03	1.60	1.42	1.42	1.15	1.14

(1) Starting in fiscal year 2014-15 the Recreation Program Admissions were calculated based on the number of people signed up for Recreation Programs.

Schedule 18
City of Fortuna
Capital Asset Statistics by Function/Program
Ten Year Analysis

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	15	15	15	15	15	15	15	15	15
Public Works:										
Miles of streets	54	54	54	54	54	54	54	54	54	54
Streetlights	523	523	523	523	523	523	523	523	523	523
Traffic signals	5	5	5	5	5	5	5	5	5	5
Riverlodge/Monday Club										
Community centers	2	2	2	2	2	2	2	2	2	2
Parks and Recreation:										
Parks	2	2	2	2	2	2	2	2	2	2
Park acreage	85	85	85	85	85	85	85	85	85	85
Skate Pavilion	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Water:										
Number connections	5,513	5,532	5,553	5,562	5,567	5,579	5,631	5,695	5,712	5,738
Maximum plant capacity in millions gallons	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
Wastewater:										
Miles of sewers	42	42	42	42	42	42	42	42	42	42
Number connections	5,210	5,224	5,240	5,248	5,263	5,272	5,309	5,374	5,392	5,415
Maximum plant capacity in millions gallons	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

OTHER REPORTS

R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
THE STATUTES, RULES, AND REGULATIONS OF THE
CALIFORNIA TRANSPORTATION DEVELOPMENT ACT
AND THE ALLOCATION INSTRUCTIONS AND RESOLUTIONS
OF THE LOCAL TRANSPORTATION COMMISSION

To the Honorable Members
of the City Council
City of Fortuna
Fortuna, California

We have audited the financial statements of the City of Fortuna allocated for non-transit purposes as of and for the year ended June 30, 2021 and have issued a report thereon dated April 16, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As part of obtaining reasonable assurance about whether the City of Fortuna's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that expenditures paid by the City of Fortuna were made in accordance with the allocation instructions and resolutions of the Humboldt Council of Governments and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6664, and 6666-6667 that are applicable to the City of Fortuna. In connection with our audit, nothing came to our attention that caused us to believe the Transportation Development Act Funds allocated for non-transit purposes to City of Fortuna failed to comply with the Statutes, Rules, and Regulations of the California Transportation Development Act and the allocation instructions and resolutions of the Humboldt Council of Governments. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Also, as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and the state accounting requirements.

This report is intended solely for the information and use of management of the City of Fortuna, the Humboldt Council of Governments, the California Department of Transportation, and the State Controller's Office and should not be used by anyone other than these specified parties.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
April 16, 2022