

BOARD MEMBERS AND OFFICERS

Attachment 3, Exhibit G

of

RESIDENT OWNED PARKS, INC.

Dan Hauser serves as a Director. Mr. Hauser and his wife Donna live in the City of Arcata, Humboldt County, in the far north coast California redwoods. They have two grown children and two grandchildren. Dan graduated from Humboldt State University and served two terms on the Arcata City Council from 1974 to 1982. From 1978 to 1982 he was Mayor of Arcata. He was elected to the California Legislature in 1982 representing the 1st Assembly District for 14 years. His Assembly District included Del Norte, Humboldt, Lake, Mendocino and Sonoma Counties. Dan served a total of 14 years in the Assembly until termed out in 1996. For 9 years he chaired the Committee on Housing and Community Development where he authored significant legislation involving mobilehomes and mobilehome parks. During his Assembly career, Dan Hauser (a Democrat) had a total of 306 pieces of legislation signed into law by Republican Governors. Following his service in the California Legislature, Dan was Executive Director of the North Coast Railroad Authority and General Manager of the Northwestern Pacific Railroad. For the last 5 years and 6 months before his retirement he was the City Manager for the City of Arcata. Dan and Donna are enjoying their retirement traveling the world, being heavily involved in Boy Scouts, Kiwanis and (for Donna) quilting. His extensive experience as the author of mobilehome legislation, and his expertise in local and state government gained during his career as an elected official serving the City of Arcata and the State of California is a tremendous resource to ROP and its clients.

Steve Clute serves as a Director. He is a former Member of the California State Legislature, where he served in the State Assembly from 1982-1992 for the district which included Riverside County. As an elected official at the State Capitol, Steve developed a reputation as a legislative champion for residents in mobilehome parks. He worked closely with GSMOL legislative advocate Maurice Priest to author and move legislation to benefit homeowners and residents. One of his measures, AB 4069, chaptered in 1988, was one of the first legislative bills to assist residents with purchase of their parks. Steve served as the first Chairman of the Assembly Select Committee on Mobilehomes. Prior to his service in the California Legislature, Steve Clute was a Navy jet pilot who flew the McDonnell Douglas A4 and several other naval aircraft. He served as a Navy instructor pilot, teaching advanced jet flying and tactics to junior Naval and Marine Corps officers. Prior to his military service, Steve graduated from the University California at Riverside (UCR) in 1971. As a student and athlete he was inducted into the UCR Athletic Hall of Fame. While in the Navy, he earned his Master's Degree in Management through Webster College of St. Louis. Steve will continue to promote and protect affordable housing, and remain active on issues including health care, veterans and education.

John G. Tennyson serves as a Director. He was a Principal Consultant to the Senate Select Committee on Manufactured Homes and Communities at the Capitol in Sacramento for 26 years. During that time, he helped draft and analyze over 150 pieces of legislation relating to manufactured homes, mobile homes, manufactured housing communities, common interest developments, and recreational vehicle parks. John is also versed in housing and local government law, having previously or simultaneously served as a bill analyst and consultant to both the Assembly Local Government and Senate Local Government Committees and as the manufactured housing consultant to the Senate Housing & Community Development Committee. John is a Vietnam veteran and graduate of Cal Poly San Luis Obispo and the McGeorge School of Law in Sacramento. Retiring at the beginning of 2010, John resides in Sacramento with his wife, Nancy. He now devotes time to managing family real estate, volunteering at the Jed Smith Elementary School and Trinity Episcopal Cathedral, helping staff dinners for homeless programs, and serving as a docent at the California Automobile Museum.

Maurice A. Priest serves as President and Director. He has been a practicing attorney in California for over 40 years. The emphasis of his practice has been in the area of mobilehome law, representing the interests of mobilehome owners who reside in rental mobilehome parks. Mr. Priest served as legislative advocate at the State Capitol in Sacramento for Golden State Manufactured-Home Owners League, Inc.(GSMOL), a statewide consumer organization which protects the rights of mobilehome owners from 1980 through 2008. In 1982 he was appointed the Founding Chairman of the State Bar Committee on Mobilehome Law, a subdivision of the Landlord-Tenant section. During his 28 years as a legislative advocate for GSMOL, Mr. Priest worked on over 175 bills introduced in the Legislature which became law. His work included all new laws which facilitate the resident acquisition of mobilehome parks to preserve affordable housing. Mr. Priest earned his A.A. degree with Distinction from Sacramento City College in 1971 and his B.A. degree with Honors from U.C. Santa Barbara in 1973. He earned his Juris Doctor degree from Western State University College of Law, Fullerton, California in 1977. Mr. Priest is licensed by the State of California as both a real estate broker and manufactured home dealer. Because of his experience and expertise in all matters concerning mobilehome parks, Mr. Priest is a frequent consultant to cities and counties, homeowner associations, and is a consultant to homeowner cooperatives and other forms of resident owned parks seeking an evaluation of their park operations and property management. Mr. Priest has served as an expert witness in legal proceedings concerning mobilehome parks in courts throughout California.

Bruce Kemp is Vice-President and Director who earned his A.A. degree from American River College, Sacramento, California in 1960 and attended management courses at California State University Sacramento. He served as logistics manager for Aerojet General Corporation from 1956-1968. Mr. Kemp worked in the area of soil engineering & testing and served as V.P. for Lowry & Associates commencing in 1969. Thereafter he worked in the same area for Geomechanics, and then from 1981 to 1986 for Earthtec performing soil engineering, geology, testing and inspection. Mr. Kemp has served as a consultant for land developers from 1986 to the present, and has held a California state real estate sales license from 1990 to the present. In all acquisitions Bruce Kemp leads due diligence inspections and negotiates any rehab contracts for ROP communities.

Diane Priest is Secretary/Treasurer, Director, and Vice President of Property Management. Ms. Priest has over 25 years of experience as property manager, with particular expertise in mobilehome park management. She oversees the hiring and training of all park resident managers, assistant managers, and oversees park management requirements for state and local governments and lenders. She oversees all income certifications for low-income residents of ROP communities, assuring continued compliance with lenders.

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE****Community Development Block Grant (CDBG) Program**

2020 West El Camino Avenue, Suite 500 (95833)

P. O. Box 952054

Sacramento, CA 94252-2054

(855) 333-CDBG

FAX (916) 263-2762

www.hcd.ca.gov**RECEIVED**

JUN 04 2018

CITY OF ARCATA
CITY MANAGER'S OFFICE

May 24, 2018

Karen Diemer
City Manager
City of Arcata
736 F Street
Arcata, CA 95521

RE: CLOSEOUT OF CDBG STANDARD AGREEMENT NO. 12-CDBG-8372

Dear Ms. Diemer:

All closeout requirements for the above referenced contract have been met and all grant funds have been disbursed. This contract is now completed and closed.

Please be aware that this contract may be subject to an audit by the Department of Housing and Community Development (HCD) in accordance with the provisions of the Federal Office of Management and Budget (OMB) Circular A-133. All books and records pertaining to this contract must be retained for at least five (5) years from the close out date of the HCD contract with the U.S. Department of Housing and Urban Development (HUD). This 5 year holding period has not yet begun; the County must maintain all grant related records until they have received notification from HCD.

Please contact Max Emami at 916-263-1679 or via e-mail at max.emami@hcd.ca.gov with questions you may have on this contract closeout.

Sincerely,

For

Gwyn Reese
Grant Management Manager

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 500, 95833
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771 / FAX (916) 263-2763
www.hcd.ca.gov

Attachment 3, Exhibit 11

April 25, 2018

Karen Diemer, City Manager
City of Arcata
Arcata City Hall
736 F Street
Arcata, CA 95521

Dear Karen Diemer:

**RE: Award Announcement – City of Arcata
Contract #: 17-CDBG-12017 / CFDA #: 14.228**

The Department of Housing and Community Development (Department) is pleased to announce the City of Arcata has been awarded a Community Development Block Grant (CDBG) in the amount of \$5,000,000. This letter constitutes notice of the award of CDBG funds for use in Humboldt County.

Grant expenditures may be incurred, with Department approval, prior to the execution of the Standard Agreement. These costs will be incurred at the jurisdiction's own risk. For approval to be granted and active, the City of Arcata must submit a written request and receive written approval from the Department.

Congratulations on your successful application. A fact sheet summarizing your 2017 award, supplemental activities and funding information is enclosed. In addition, the Department encourages review of the *General Conditions* checklists for awarded and supplemental activities. This information is located on the Department website at <http://www.hcd.ca.gov/grants-funding/grants-forms.shtml> within the CDBG link: Annual Performance Reports, General Conditions Clearance Checklists. For further information, please contact your jurisdiction's CDBG Program Representative. A map identifying the CDBG staff contact by county can also be found at the above mentioned website.

Sincerely,

Lisa Bates
Deputy Director

Enclosure

**Award Information for 2017
Community Development Block Grant (CDBG) Program**

**City of Arcata
Contract #: 17-CDBG-12017**

<u>Activity Funding</u>	<u>Activity Amount</u>
Water/Sewer Improvements	\$2,491,694
Activity Delivery - Water/Sewer Improvements	\$ 299,003
Rehabilitation: Multi-Unit Residential	\$1,717,442
Activity Delivery - Rehabilitation: Multi-Unit Residential	\$ 50,000
Planning Only - CD	\$ 93,023
General Program Administration	\$ 348,838

TOTAL AWARD: \$5,000,000

Supplemental Activities:

ED - Direct Financial Assistance for For-Profits
Microenterprise Loans/Grants
Microenterprise Technical Assistance

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771 / FAX (916) 263-2763
www.hcd.ca.gov

Attachment 3, Ex



July 13, 2017

Ms. Karen Diemer
City Manager
City of Arcata
736 F Street
Arcata, CA 95521

**RE: Award Announcement – City of Arcata
Contract #: 16-HOME-11386**

Dear Ms. Diemer:

The Department of Housing and Community Development (Department) is pleased to announce that the City of Arcata has been awarded \$500,000 for the 2016 application for Home Investment Partnerships Program (HOME) funding. This letter constitutes notice of the award of HOME funds for use in the City of Arcata in Humboldt County.

The City of Arcata will be able to draw down funds when the Standard Agreement is fully executed, and the Department has cleared all general and special conditions in writing. In addition, grant expenditures may not be incurred prior to the execution of the Standard Agreement.

Please be advised that this award is subject to the terms and conditions of the Standard Agreement, which must be fully executed within ninety (90) days of the date of this award letter. Failure by the City of Arcata to sign and return the Standard Agreement upon receipt from the Department within this timeframe may result in award cancellation.

Congratulations on your successful application. A Fact Sheet depicting your 2016 award activities and funding information is enclosed. For further information, please contact Sabrina Sassman, NOFA Section Chief, at (916) 263-2742 or Sabrina.Sassman@hcd.ca.gov. The Department looks forward to working with you to promote the success of your affordable housing activities.

Sincerely,

A handwritten signature in black ink, appearing to read "Laura A. Whittall-Scherfee".

Laura A. Whittall-Scherfee
Deputy Director

Enclosure

City of Arcata HEAP Application

**Award Information for 2016 State HOME Program
City of Arcata Fact Sheet**

<u>Activity Funding</u>	<u>Award Amount</u>	<u>HOME Units</u>	<u>Total Units</u>
Tenant-Based Rental Assistance	\$ 487,500	40	40
State Recipient Administration	\$ 12,500		
TOTAL	<u>\$ 500,000</u>		

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE

2020 West El Camino Avenue, Suite 500, 95833
P.O. Box 952054, Sacramento, CA 94252-2054
(916) 263-2771 / FAX (916) 263-2763
www.hcd.ca.gov

Attachment 3, Exhibit H

October 7, 2014

Mr. Randal J. Mendosa
City Manager
City of Arcata
736 F Street
Arcata, CA 95521

RE: Award Announcement - City of Arcata
Contract Number: 14-CDBG-9811 / CFDA #: 14.228

Dear Mr. Mendosa:

The Department of Housing and Community Development (Department) is pleased to announce that the City of Arcata has been awarded a Community Development Block Grant (CDBG) in the amount of \$1,600,000. This letter constitutes notice of the award of those CDBG funds for use in the City.

Grant expenditures may be incurred, with Department approval, prior to the execution of the Grant Agreement; however, these costs will be incurred at the jurisdiction's own risk. For approval to be granted and active, the City must submit a written request and receive written approval from the Department.

Congratulations on your successful application. A fact sheet depicting your 2014 award activities and funding information is enclosed. For further information, please contact your jurisdiction's CDBG Program Representative. A CDBG staff contact list by jurisdiction can be found at www.hcd.ca.gov/fa/cdbg.

Sincerely,

Laura A. Whittall-Scherfee
Deputy Director

Enclosure

Award Information for 2014 State CDBG Program

City of Arcata Fact Sheet

Attachment 3, Exhibit H

<u>Activity Funding</u>	<u>Award Amount</u>
Rehabilitation: Multi-Unit Residential	\$781,708
Activity Delivery - Multi-Unit (14B)	\$148,525
ED - Direct Financial Assistance to For-Profits	\$242,669
Activity Delivery - ED Direct Financial Assistance to For-Profits	\$36,400
ED Microenterprise Loans / Grants	\$161,780
Activity Delivery - ED Microenterprise Loans / Grants	\$24,267
Planning Only	\$93,023
General Program Administration	\$111,628
	<u><u>\$1,600,000</u></u>

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE

1800 Third Street, Suite 390
P.O. Box 952054
Sacramento, CA 95811
(916) 322-1560
FAX (916) 327-6660

Attachment 3, Exhibit H



January 24, 2013

Mr. Randal Mendosa
City Manager
City of Arcata
736 F Street
Arcata, CA 95521

Dear Mr. Mendosa:

Re: City of Arcata - 12-HOME-8573

The State Department of Housing and Community Development is pleased to inform you it has awarded \$500,000 for your 2012 application for HOME Investment Partnerships Program funding. A Fact Sheet with your 2012 HOME award activities and funding information is enclosed.

Once again, congratulations for having submitted a successful application. The Department looks forward to working with you to promote the success of your affordable housing activities. If you have any questions, please contact Tom Bettencourt, Federal Programs Branch Chief, at (916) 327-3635.

Sincerely,

Laura Whittall-Scherfee
Deputy Director

Enclosure

Award Information for 2012 State HOME Program
City of Arcata Fact Sheet

<u>Activity Funding and Units</u>	<u>Award Amount</u>	<u>HOME Units</u>	<u>Total Units</u>
First-Time Homebuyer Program	\$390,000	5	5
Owner-Occupied Rehabilitation Program	\$97,500	9	9
State Recipient Administration	\$12,500		
	<u>\$500,000</u>		



References

SONOMA COUNTY MOBILEHOME OWNERS ASSOCIATION, INC.

Protecting our Rights and Lifestyle
With Education, Communications and Integrity
P.O. Box 1884
Windsor, CA 95492-1884
(707) 836-9639
skipper1069@sbcglobal.net

August 15, 2011

Subject: **SCMOA Endorsement and Recommendation of Resident Owned Parks, Inc.**

To Whom It May Concern:

Sonoma County Mobilehome Owners Association, Inc. (SCMOA) highly recommends Maurice Priest and Resident Owned Parks, Inc. (ROP) to any interested park owner or homeowners association in California. SCMOA has an excellent working relationship with Mr. Priest spanning several years and can testify to his honesty and fairness in dealing with both the park owners and the park residents in the nonprofit purchase of parks to preserve affordable housing.

Mr. Priest and ROP have a proven track record of successful transitions from private owned parks to nonprofit status of a resident owned park. In our view, ROP is the best solution for both the park owners and the park residents.

Sincerely,

Len Carlson, President
Sonoma County Mobile Home Owners, Assn., Inc.

CITY OF ARCATA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2017

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City of Arcata, California
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017

Attachment 3, Exhibit J

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identification Number	Federal		
			Expenditures ARRA*	Expenditures Non-ARRA	Total Expenditures
U.S. Department of Housing and Urban Development					
Pass through programs from:					
<u>State of California Department of Housing and Community Development</u>					
Community Development Block Grant	14.228	2014-CDBG-9811	\$ -	\$ 651,809	\$ 651,809
Community Development Block Grant	14.228	2015-CDBG-10672	-	544	544
Community Development Block Grant	14.228	Program Income	-	385,983	385,983
Total for Community Development Block Grant			-	1,038,336	1,038,336
HOME Investment Partnership Program	14.239	Program Income	-	6,910	6,910
Total for HOME Investment Partnership Program			-	6,910	6,910
Total U.S. Department of Housing and Urban Development			-	1,045,246	1,045,246
U.S. Department of the Interior					
Direct Program:					
US Fish and Wildlife	15.630		-	12,159	12,159
US Fish and Wildlife	15.631			1,515	1,515
US Fish and Wildlife	15.630		-	23,075	23,075
US Fish and Wildlife	15.630		-	5,000	5,000
US Fish and Wildlife	15.630		-	11,672	11,672
Total U.S. Department of the Interior			-	53,421	53,421
U.S. Department of Transportation					
Pass through Program From:					
<u>State of California Department of Transportation</u>					
Operating Project	20.509	FTA Section 5311	-	80,373	80,373
Total U.S. Department of Transportation			-	80,373	80,373
Total Federal Expenditures			\$ -	\$ 1,179,040	\$ 1,179,040

* ARRA indicates American Recovery and Reinvestment Act of 2009.

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

1. BASIS OF PRESENTATION

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

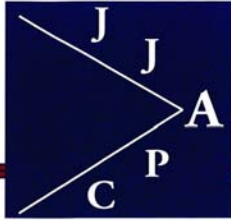
2. DESCRIPTION OF MAJOR PROGRAMS

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

This program allows for the City carry out community development activities funded by the State. Eligible activities are directed toward neighborhood revitalization, economic development, or provision of improved community facilities and services. Specific activities that can be carried out with block grant funds include: Acquisition, rehabilitation or construction of certain public works facilities and improvements, such as streets, water and sewer facilities, neighborhood centers, recreation facilities, and other public works; demolition and clearance; rehabilitation of public and private buildings including housing; code enforcement; relocation payments and assistance; economic development; planning activities; certain public services with some restrictions; and administrative expenses. Grant recipients may provide assistance to for-profit entities when the recipient determines that the provision of such assistance is appropriate to carry out an economic development project. Communities are restricted from constructing or rehabilitating public facilities for the general conduct of government and from making housing allowances or other income maintenance-type payments. Each State may use a limited portion of its grant, subject to a matching requirement, to administer the program. Each State may also use a limited portion of its grant, with no matching requirement, to provide technical assistance to local governments and nonprofit program recipients. At least seventy percent of the funds received must benefit low and moderate income persons.

3. INDIRECT COST ELECTION

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



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

Independent Auditor's Report

The Honorable City Council
City of Arcata
Arcata, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison information of the City of Arcata, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 3, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

Attachment 3, Exhibit J

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

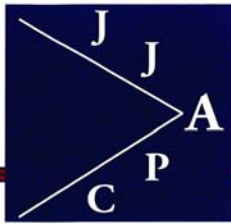
Purpose of this Report

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

January 3, 2018

JJACPA, Inc.

**JJACPA, Inc.
Dublin, CA**



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

Independent Auditor's Report

The Honorable City Council
City of Arcata
Arcata, California

Report on Compliance for Each Major Federal Program

We have audited the City of Arcata, California's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Attachment 3, Exhibit J

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

We have audited the financial statements of the City as of and for the year ended June 30, 2017, and have issued our report thereon dated January 3, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

January 3, 2018

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Status of Prior Year Audit Findings

No prior year audit findings.

Section V – Corrective Action Plan

There were neither current year findings nor questioned costs (see Section III above).

CITY OF ARCATA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2016

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City of Arcata, California
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2016

Attachment 3, Exhibit J

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identification Number	Expenditures ARRA*	Federal Expenditures Non-ARRA	Total Expenditures
U.S. Department of Housing and Urban Development					
Pass through programs from:					
<u>State of California Department of Housing and Community Development</u>					
Community Development Block Grant	14.228	2014-CDBG-9811	\$ -	\$ 24,737	\$ 24,737
Community Development Block Grant	14.228	2015-CDBG-10672	-	2,216,522	2,216,522
Community Development Block Grant	14.228	Program Income	-	1,762,209	1,762,209
Total for Community Development Block Grant			-	4,003,468	4,003,468
Total U.S. Department of Housing and Urban Development			-	4,003,468	4,003,468
U.S. Department of the Interior					
Direct Program:					
US Fish and Wildlife	15.630		-	3,406	3,406
US Fish and Wildlife	15.630		-	17,250	17,250
US Fish and Wildlife	15.630		-	9,335	9,335
US Fish and Wildlife	15.630		-	33,995	33,995
Total U.S. Department of the Interior			-	63,986	63,986
U.S. Department of Commerce					
Direct Program:					
Habitat Conservation	11.463		-	23,194	23,194
Total U.S. Department of Commerce			-	23,194	23,194
Total Federal Expenditures			\$ -	\$ 4,090,648	\$ 4,090,648

* ARRA indicates American Recovery and Reinvestment Act of 2009.

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

1. BASIS OF PRESENTATION

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

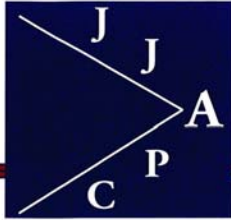
2. DESCRIPTION OF MAJOR PROGRAMS

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

This program allows for the City carry out community development activities funded by the State. Eligible activities are directed toward neighborhood revitalization, economic development, or provision of improved community facilities and services. Specific activities that can be carried out with block grant funds include: Acquisition, rehabilitation or construction of certain public works facilities and improvements, such as streets, water and sewer facilities, neighborhood centers, recreation facilities, and other public works; demolition and clearance; rehabilitation of public and private buildings including housing; code enforcement; relocation payments and assistance; economic development; planning activities; certain public services with some restrictions; and administrative expenses. Grant recipients may provide assistance to for-profit entities when the recipient determines that the provision of such assistance is appropriate to carry out an economic development project. Communities are restricted from constructing or rehabilitating public facilities for the general conduct of government and from making housing allowances or other income maintenance-type payments. Each State may use a limited portion of its grant, subject to a matching requirement, to administer the program. Each State may also use a limited portion of its grant, with no matching requirement, to provide technical assistance to local governments and nonprofit program recipients. At least seventy percent of the funds received must benefit low and moderate income persons.

3. INDIRECT COST ELECTION

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



JJACPA, Inc.

A Professional Accounting Services Corp.

Attachment 3, Exhibit J

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

Independent Auditor's Report

The Honorable City Council
City of Arcata
Arcata, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison information of the City of Arcata, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 6, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

Attachment 3, Exhibit J

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

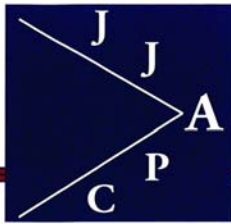
Purpose of this Report

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

January 6, 2017

JJACPA, Inc.

**JJACPA, Inc.
Dublin, CA**



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

Independent Auditor's Report

The Honorable City Council
City of Arcata
Arcata, California

Report on Compliance for Each Major Federal Program

We have audited the City of Arcata, California's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Attachment 3, Exhibit J

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

We have audited the financial statements of the City as of and for the year ended June 30, 2016, and have issued our report thereon dated January 6, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

January 6, 2017

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Status of Prior Year Audit Findings

No prior year audit findings.

Section V – Corrective Action Plan

There were neither current year findings nor questioned costs (see Section III above).



Date: March 14, 2019
To: County of Humboldt, HEAP Application
From: Jennifer Dart, Deputy Director of Community Development
Regarding: Article XXXIV Letter – Applicable to Proposed Project

The attached Article XXXIV letter was recently drafted by the City of Arcata Attorney, Nancy Diamond, for a recent Affordable Housing Sustainable Communities (AHSC) grant application.

If the City is awarded HEAP funds for our proposed project, staff will request the City Attorney draft a similar letter specific to the HEAP program.

The City of Arcata's Measure L applies to the 5 proposed units in our HEAP project in the same way it applies to the affordable housing project proposed to the AHSC. Documentation regarding Measure L is attached to the example attorney letter.

February 11, 2019

Re: Proposed Affordable Housing Rental Project,
I and 8 Streets, Arcata, California
"Isaacson's Housing Project"

To Whom It May Concern,

I am the City Attorney for the City of Arcata and have been asked to forward this letter to you concerning the development of the above-referenced 44-unit mobile home park project at I and 8 Streets in the City of Arcata. Please let this letter serve as notification that Article XXXIV approvals for this project will not be necessary. Measure L (Housing Development for Elderly, Handicapped and Low Income Households) was approved through a Municipal Election which was held in the City of Arcata on April 14, 1992 (see attachments).

I hope this information assists you with your efforts. If I or my staff can help in any way, please do not hesitate to contact us.

Sincerely,



Nancy Diamond
City Attorney, City of Arcata

Attachments

c: David Loya, Director Community Development

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Datevote 38

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2-27-92
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OFFICIAL BALLOT
GENERAL MUNICIPAL ELECTION
CITY OF ARCATA
HUMBOLDT COUNTY APRIL 14, 1992

This ballot stub shall be removed by a precinct
board member and handed to the voter before
the ballot is placed in the ballot container.

CITY OF ARCATA		
Member, City Council	Vote for no more than Three	
VICTOR SCHAUB Arcata City Councilmember	+	
LOUIS A. BLASER Retired Business Manager	+	
PAUL "TEX" BUTTERFIELD	+	
GARY K. MOORE	+	
DWAIN GOFORTH Scientist and Business Owner	+	
CARL E. PELLATZ Insurance Agent	+	
SAM PENNISI Incumbent	+	
ELIZABETH LEE Incumbent	+	
MEASURES SUBMITTED TO VOTE OF VOTERS		
HOUSING DEVELOPMENT FOR ELDERLY, HANDICAPPED AND LOW INCOME HOUSEHOLDS MEASURE L		
L Shall private or public sponsors be authorized to develop, construct, or acquire up to 250 units of housing, or up to 5% of the total number of housing units in the City of Arcata, whichever is greater, for elderly, handicapped, or other low income households using financing provided by private, federal, state or local sources, or any combination thereof, pursuant to Article XXXIV of the State Constitution?	YES	+
	NO	+
CAMPAIGN CONTRIBUTION LIMITATION MEASURE M		
M Shall campaign contributions by any one person to a candidate for public office in the City of Arcata be limited to \$100.00 per election cycle?	YES	+
	NO	+
END OF BALLOT		

RESOLUTION NO. 912-65

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCATA
DECLARING RESULTS OF THE MUNICIPAL ELECTION
HELD ON APRIL 14, 1992

WHEREAS, a Municipal Election was held in the City of Arcata on April 14, 1992, for the purpose of filling three (3) City Council seats, each for full terms of four (4) years. Further, two measures were placed before the voters; and

WHEREAS, an official canvass of this election by the County Clerk, County of Humboldt, reports that a total of 16,059 votes were cast, with the following results:

<u>Candidate</u>	<u>Votes Cast</u>
Victor Schaub	2,517
Louis A. Blaser	2,395
Paul "Tex" Butterfield	1,185
Gary K. Moore	2,063
Dwain Goforth	2,136
Carl E. Pellatz	2,343
Sam Pennisi	1,129
Elizabeth Lee	2,291

Measure

L, Housing Development for Elderly, Handicapped
and Low Income Households

Yes	3,019
No	2,194

M, Municipal Campaign Contribution Limitation

Yes	3,562
No	1,760

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Arcata declares the canvass presented at their meeting of April 21, 1992 to be the official results of the April 14, 1992 Municipal Election.

DATED: April 21, 1992

ATTEST:

Aline Harris
City Clerk, City of Arcata

APPROVE:

Chas. Schaub
Mayor, City of Arcata

CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution No. 912-65, passed and adopted at a special meeting of the Arcata City Council, held on the 21st day of April, 1992, by the following vote:

AYES: Canning, Lee, Ornelas, Pennisi, Schaub

NOES: None

ABSENT: None

Aline Harris
City Clerk, City of Arcata