



CITY OF CRESCENT CITY

Mayor Blake Inscore
Council Member Alex Fallman
Council Member Isaiah Wright

Mayor Pro Tem Heidi Kime
Council Member Jason Greenough

AGENDA
SPECIAL CITY COUNCIL MEETING
FLYNN CENTER
981 H STREET
CRESCENT CITY, CA 95531

TUESDAY

JANUARY 22, 2019

6:00 P.M.

Notice Regarding Americans with Disabilities Act: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meeting, please contact the City Clerk's office at (707)464-7483 ext. 223. Notification 48 hours before the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting [28 CFR 35.102-35.104 ADA Title II] For TTYDD use for speech and hearing impaired, please dial 711. A full agenda packet may be reviewed at City Hall, 377 J Street, Crescent City, CA or on our website: www.crescentcity.org

There will not be a closed session as there are no items to discuss

OPEN SESSION

Call to order
Roll call
Pledge of Allegiance

PUBLIC COMMENT PERIOD

Any member of the audience is invited to address the City Council on any matter that is within the jurisdiction of the City of Crescent City. Comments of public interest or on matters appearing on the agenda are accepted. Note, however, that the Council is not able to undertake extended discussion or act on non-agendized items. Such items can be referred to staff for appropriate action, which may include placement on a future agenda. All comments shall be directed toward the entire Council. Any comments that are not at the microphone are out of order and will not be a part of the public record. After receiving recognition from the Mayor, please state your name and city or county residency for the record. Public comment is limited to three (3) minutes. The public is additionally allotted three minutes each in which to speak on any item on the agenda prior to any action taken by the Council.

CEREMONIAL ITEMS

1. Presentation of Crescent City Centenarian Certificate to Mabel Smith, 101 years old

REPORTS AND PRESENTATIONS

2. Presentation by Jeff Harris, “In Del Norte”

CONSENT CALENDAR

3. Regular Council Meeting Minutes

- *Recommendation: Approve the January 7, 2019 regular meeting minutes of the City Council. (City Clerk/Administrative Analyst)*

4. Warrant Claims List

- *Recommendation: Receive and file the warrant claims list for the period December 29, 2018 through January 11, 2019 (Finance Director)*

5. Payroll Report

- *Recommendation: Receive and file the biweekly payroll report for the period ending January 5, 2019 paid January 11, 2019Per. (Finance Director)*

6. Budget-to-Actual Financial Report for December 2018

- *Recommendation: Receive and file monthly budget-to-actual financial report of the City’s major operating funds for the month of December 2018. (Finance Director)*

7. Quarterly Cash and Investments Report as of December 31, 2018

- *Recommendation: Receive and file quarterly cash and investments report as of December 31, 2018 Cash Report. (Finance Director)*

8. CDBG Housing Rehab Loan Program Modifications

- *Recommendation: Approve and ratify City Manager’s signing of Amendments to Promissory Notes for three loans under the CDBG housing rehabilitation program. (Finance Director)*

9. League of California Cities Voting Delegate

- *Recommendation: Adopt Resolution 2019-04 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA APPOINTING REPRESENTATIVES TO REPRESENT AND VOTE ON BEHALF OF THE CITY AT THE LEAGUE OF CALIFORNIA CITIES, REDWOOD EMPIRE DIVISION BUSINESS MEETINGS AND REPRESENT THE CITY AND VOTE AT DIVISION LEGISLATIVE COMMITTEE MEETINGS. (City Clerk/Administrative Analyst)*

Take public comment on consent calendar items before adoption.

PUBLIC HEARINGS - None

NOTE: If you challenge the decision of the City Council in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing. (Gov’t Code § 65009)

CRESCENT CITY HOUSING AUTHORITY

No meeting as there are no items to discuss

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

No meeting as there are no items to discuss

CONTINUING BUSINESS

10. Bank Stabilization Project for Pebble Beach Drive

- *Recommendation: Hear staff report*
- *Take public comment*
- *Approve Resolution No. 2019-02, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA AUTHORIZING THE CITY MANAGER TO EXECUTE ANY AND ALL GRANT AGREEMENTS AND ADMINISTER THEM – FHWA PROJECT NO. 32D0(013)*
- *Approve Resolution No. 2019-03, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA AMENDING THE FISCAL YEAR 2018-19 BUDGET OF THE CITY OF CRESCENT CITY*
- *Direct staff to issue an RFQ; take action as necessary and appropriate. (Public Works Director/Engineering Project Manager)*

NEW BUSINESS

11. Fiscal Year 2017-18 Annual Financial Report

- *Recommendation: Hear staff report*
- *Take public comment*
- *Receive and file Fiscal Year 17/18 audit reports (Finance Director)*

12. Vehicle Response Mitigation Fee Recovery Report

- *Recommendation: Hear staff report*
- *Take public comment*
- *Consider directing staff to continue with the process of establishing a vehicle response mitigation fee recovery program and associated mitigation fees. (Interim Fire Chief)*

CITY COUNCIL ITEMS

- **Legislative Matters** – Consider miscellaneous legislative matters pertinent to the City of Crescent City. Authorize the Mayor to sign the appropriate letters and/or positions with respect to such matters.
- **City Manager Report and City Council Directives** - Pursuant to Crescent City Municipal Code § 2.08.200, the City Council may instruct the city manager on matters of importance to the administrative services of the City and provide direction with respect to subordinates of the City Manager. (Directives from individual Council Members that are not objected to by any member present shall be considered an order of the City Council.)
- **Reports, Concerns, Referrals, Council travel and training reports** – In accordance with Gov't Code § 54954.2(a), City Council Members may make brief announcements or brief reports on their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.

ADJOURNMENT

*****Adjourn to the next regular meeting of the City Council of the City of Crescent City scheduled for Monday, February 4, 2019 at 5:00 p.m. at the Flynn Center, 981 H Street, Crescent City, CA 95531.**

POSTED:

January 18, 2019

/s/ Robin Patch

City Clerk/Administrative Analyst

Vision:

The City of Crescent City will continue to stand the test of time and promote quality of life and community pride for our residents, businesses and visitors through leadership, diversity, and teamwork.

Mission:

The purpose of our city is to promote a high quality of life, leadership and services to the residents, businesses, and visitors we serve. The City is dedicated to providing the most efficient, innovative and economically sound municipal services building on our diverse history, culture and unique natural resources.

Values:

Accountability
Honesty & Integrity
Excellent Customer Service
Effective & Active Communication
Teamwork
Fiscally Responsible

CRESCENT CITY CENTENARIAN

Label Smith

Born on January 23, 1918, is hereby recognized and honored for her lifetime of contributions to her community, friends and family.

Presented this 22nd day of January 2019 by the City Council of the City of Crescent City, California

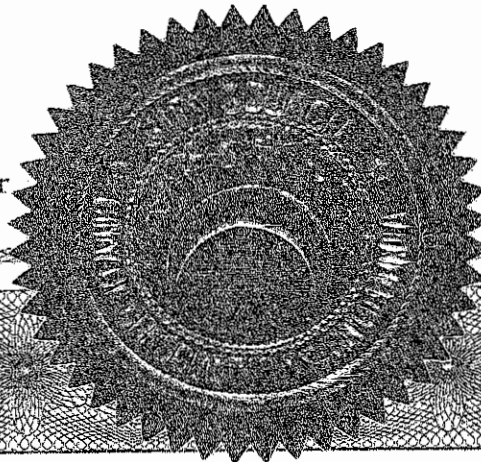
Blake Inscore, Mayor

Heidi Kime, Mayor Pro Tem

Alex Fallman, Council Member

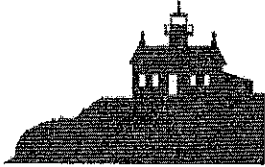
Jason Greenough, Council Member

Isaiah Wright, Council Member



PRESENTATION
BY
DEL NORTE UNIFIED SCHOOL DISTRICT
SUPERINTENDENT JEFF HARRIS

“IN DEL NORTE”



CITY OF CRESCENT CITY

Mayor Blake Inscore
Council Member Alex Fallman
Council Member Isaiah Wright

Mayor Pro Tem Heidi Kime
Council Member Jason Greenough

MINUTES
REGULAR CITY COUNCIL MEETING
FLYNN CENTER
981 H STREET
CRESCENT CITY, CA 95531

MONDAY

JANUARY 7, 2019

6:00 P.M.

CLOSED SESSION

Call to order Mayor Inscore called the closed session to order at 5:01 p.m.

Roll call Council Members present: Mayor Blake Inscore, Mayor Pro Tem Heidi Kime, Council Member Alex Fallman, Council Member Jason Greenough and Council Member Isaiah Wright
Staff present: City Manager Eric Wier and City Attorney Martha Rice

ANNOUNCEMENT OF CLOSED SESSION ITEMS

- **Conference with Legal Counsel: Existing Litigation** (Govt. Code § 54956.9(d)) 4 cases) Crescent City v. Dalton Harrington, et al. Del Norte County Superior Court Case No. CVUJ-18-1022; Crescent City v. Kap Soo Jeong, et al. Del Norte County Superior Court Case No. CVUJ-18-1020, Stephen Wakefield v. City of Crescent City and Golden State Risk Management Authority, WCAB Case No. ADJ11260796, Patrick M. Barry, Trustee of the Patrick M Barry Trust Dated October 2, 2009 v. City of Crescent City, inclusive Del Norte County Superior Court Case No. CVUJ-18-1287 and Martin v. City of Crescent City, Del Norte County Superior Court Case No. CVUJ-18-1219
- **Conference with Legal Counsel: Pending Litigation** (Govt. Code § 54956.9(d)(4)) (3 cases)

OPEN SESSION

Call to order Mayor Inscore called the open session to order at 6:03 p.m.

Roll call Council Members present: Mayor Blake Inscore, Mayor Pro Tem Heidi Kime, Council Member Alex Fallman, Council Member Jason Greenough, and Council Member Isaiah Wright
Staff present: City Manager Eric Wier, City Attorney Martha Rice, City Clerk/Administrative Analyst Robin Patch, Public Works Director Jon Olson, Interim Fire Chief Bill Gillespie and Police Chief Ivan Minsal

Pledge of Allegiance led by Mayor Inscore

REPORT OUT OF CLOSED SESSION

City Attorney Martha Rice reported no actions were taken on closed session items.

PUBLIC COMMENT PERIOD

The following citizens addressed the Council:

Bev Noll: gave compliments to staff, especially Pool Manager Matt Hildebrandt, for the successful Swim Camp. Asked for a proclamation to recognize the Community Assistance League and all the volunteer hours they pour into the community.

Eileen Cooper: made copies of sections the book Cascadia's Fault for the Council and brought with them. She spoke to her desire to see evacuation centers in the Harbor.

CEREMONIAL ITEMS - None

REPORTS AND PRESENTATIONS - None

CONSENT CALENDAR

1. Regular Council Meeting Minutes

- *Recommendation: Approve the December 17, 2018 regular meeting minutes of the City Council. (City Clerk/Administrative Analyst)*

2. Warrant Claims List

- *Recommendation: Receive and file the warrant claims list for the period December 8, 2018 through December 28, 2018 (Finance Director)*

3. Payroll Report

- *Recommendation: Receive and file the biweekly payroll report for the period ending December 22, 2018, paid December 28, 2018. (Finance Director)*

4. Professional Services Agreement with ThinkPlace West, Inc., for Public Outreach Program and Staff Training

- *Recommendation: Approve professional services agreement between the City of Crescent City and ThinkPlace West, Inc. to provide a public outreach program and staff training related to the 10-year Pool Master Plan and authorize the City Manager to sign the agreement. (Finance Director)*

5. Border Coast Regional Airport Authority Board of Commissioners Appointment

- *Recommendation: Approve Resolution No. 2019-01, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY APPOINTING ONE MEMBER AND ONE ALTERNATE MEMBER TO THE BORDER COAST REGIONAL AIRPORT AUTHORITY BOARD OF COMMISSIONERS. (City Clerk/Administrative Analyst)*

Take public comment on consent calendar items before adoption.

On a motion by Council Member Fallman, seconded by Council Member Greenough, and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City adopted the consent calendar consisting of items 1-5 as presented.

PUBLIC HEARINGS - None

CONTINUING BUSINESS - None

NEW BUSINESS

6. Smoke-Free Multi Housing Presentation by Angela Glore

- *Recommendation: Hear presentation*
- *Take public comment*
- *Consider a request from Coalition for a Smoke-Free Del Norte and TUPP to direct staff to work with the Coalition to develop an ordinance to ban smoking in multi-housing and to bring back options for implementation of a Tobacco Retail License; take action as necessary and appropriate.*

Angela Glore of The Coalition for a Tobacco-Free Del Norte addressed the Council and gave a PowerPoint Presentation on the dangers of smoking. Many counties and municipalities in California have enacted ordinances that ban smoking in multi-unit housing, including balconies. If the City is interested in adopting the same kind of ordinance, TUPP staff is available to help draft the ordinance to reduce City staff time. Ms. Glore also spoke on youth addiction and how e-cigarettes has increased in popularity by use of youth and that pharmacies should not sell tobacco products. She asks the City Council to approve City staff to create a Tobacco Retail License Ordinance which will outline who must obtain a license, the eligibility for a license, enforcement and violations as well as requirements and prohibitions for licenses. Mayor Pro Tem Kime asked Director Glore about flavored tobacco, Phillip Morris bought out Jewel, does she think there will be a natural decline of the flavored tobacco as a result? Ms. Glore stated maybe, however, there are other companies that sell it. Mayor Pro Tem Kime additionally asked what the policies are for the school district when a student is caught with an e-cigarette. Tobacco Use Prevention Program Coordinator Amber Wier stated that cigarettes are confiscated, e-cigarettes are given to the parents, Council Member Greenough asked about tobacco prevention programs in the schools? Coordinator Wier stated that Tobacco Use Prevention Education (TUPE) provides the students with education on prevention. Council Member Greenough stated the Council should advocate at a State level to get more funds directed to this, does not agree to go straight to a ban before effective education. He is in opposition of government telling a citizen what they can and cannot do in their own home. Jay McCovery, from Humboldt County, stated he has 25 years of experience in tobacco control. Tobacco use amongst teenagers had been decreasing, however e-cigarette usage in teenagers has skyrocketed. TUPE grants used to be competitive, however, the tobacco industry outspends the public health programs and the public health programs cannot compete with that. He is of the opinion that Tobacco Retail Licensing and Multi-Housing Smoking ban will help protect children. Council Member Wright asked about what about elementary school, shouldn't it start early, not when they become addicted? Mr. McCovery stated there is a new curriculum that is specifically about the science of addiction for the 7th & 8th grades, however there is not currently anything that is geared towards a younger audience. Council Member Greenough stated that the product is not for sale to those that are underage, therefore, if a gas station or retailer is selling to the youth, a crime is already being committed. Coordinator Wier explained that the DOJ has sent out grants and Del Norte Sheriff's Office received one to do undercover stings at gas stations, etc, here locally. Council Member Greenough stated his belief that the most effective way to combat youth smoking is education and enforcement. Is not in favor of restricting what adults do in their own home. Mayor Inscore stated that by doing nothing, then 75-80% of

people's health, including children, will be affected by those who choose to smoke around them. Director Glore explained that much like a noise complaint can be reported for music being too loud, neighbors should not be exposed by someone else's smoking. Further stating that there can be designated smoking areas in the multi-housing developments, just a ban on smoking within the unit, not a ban on smoking. Council Member Greenough reiterated his concern on people losing personal freedom. Mayor Pro Tem Kime stated there will be a domino effect of having a smoking ban in multi-housing by showing a reduction in crime and numbers of those smoking being reduced. Council Member Greenough was in disagreement with linking criminal behavior to smoking. Mayor Inscore agrees that education is important. Council Member Greenough wanted to clarify that he does not support smoking at all, is not a smoker, but is a huge proponent for personal freedom, does not want government to tell someone how to live their life. Director Glore we can have personal freedom; however, our personal freedom should not affect your neighbor's health. Council Member Greenough stated this should not be at a Council level, should be the responsibility of the property owner to make this decision. Council Member Fallman disagrees with the responsibility falling on the property owner. Mayor Inscore stated that education is important and agrees with the fact that this should be argued at a State level, to ensure that the money allocated for tobacco prevention is used for it. He further stated that the TUPP funding shouldn't necessarily go towards a School Resource Officer, it should go towards education; education needs to be a priority over paying salaries. Mayor Inscore further stated that marketing needs to be changed at the retailer level. He agrees that personal freedom is important, but we also have laws in place to protect others, such as someone speeding down a neighborhood street with children present. Mayor Pro Tem Kime asked where we ranked amongst other counties in the state; Coordinator Wier answered that Del Norte County is at 27%; we are second to the worst in the whole state for having a high volume of smokers.

City Manager Wier clarified that what is being asked of the Council is to take the first step to direct staff to work with TUPP to draft ordinances that will come before the Council. He would like to have School Superintendent Jeff Harris to attend at a future meeting to inform the Council on what is happening with the School District. Council Member Wright stated that we are fighting an uphill battle if we don't start with the younger kids. Mayor Inscore asked if there were other specific retailers that you would want included in the ordinance; Coordinator Wier answered that in a model ordinance there are different things to put in, it is requested to have flavored tobacco products banned and to have tobacco-free pharmacies. The advertising in window space ordinance is already in place as well as no smoking within 25 feet of an entrance from a public building. She further stated that the ordinance could also include what the repercussions would be if a retailer is found to be selling the banned items.

The following citizens addressed the Council:

Eileen Cooper: supports this controlled use of tobacco products.

Jim Sanders, Landlord for Seawood Village: stated that the apartment complex has adopted a non-smoking policy and it has saved quite a bit of money. He stated that typically after a smoker has moved from a unit, it can cost up to \$1500 per unit to clean everything properly for a new tenant.

Discussion continued at a Council level in regards to government involvement in people's everyday lives and smoking affecting more than just the smoker, that everyone's rights need to be considered when discussing this matter. After this dialogue, Mayor Inscore asked for Council (unanimous) consensus to allocate staff time to start working on these ordinances. There was not (unanimous) consensus from the Council, therefore Mayor Inscore entertained a motion on the matter. Council Member Fallman stated he would have preferred to have a draft ordinance to review beforehand.

On a motion by Council Member Fallman, seconded by Mayor Pro Tem Kime, and carried on a 4-1 polled vote with Council Member Greenough voting no, the City Council of the City of Crescent City directed staff to work with the Coalition to develop an ordinance to ban smoking in multi-housing and to bring back options for implementation of a Tobacco Retail License.

Mayor Inscore asked if there were any further comments from the public:

Angela Davis, of the Northern California Indian Development Council – supports this ordinance and stated that they provide education regarding tobacco use prevention for children as young as kindergarten. Wanted to encourage the Council that attempts are being made to educate children on the hazards of smoking.

7. Request to Waive Fees for the Rental of the Cultural Center in Support of our Sister City Relationship

- *Recommendation: Hear staff report*
- *Take public comment*
- *Consider a request from the Del Norte High School Japan Club and other Delegates to waive the fees to rent the Cultural Center for January 7-10, 2019 to use when the students and Delegation from Rikuzentakata, Japan arrive. Staff has drafted the following motion if the City Council decides to grant the request: (City Manager)*

Motion to waive the fees for the use of the Cultural Center for January 7 - 10, 2019 to use when the students and Delegation from Rikuzentakata, Japan are in town, based on the finding that the waiver of fees is not a gift of public funds because the use of the facility is supporting the education of the youth in our community as well as our Sister City relationship.

City Manager Wier reported to the Council and explained the Japan Club will host students from Rikuzentakata, Japan. Initially, there was going to be a Tsunami Walk, however rain is in the forecast, therefore they need the space. There will be tsunami kiosks, photos from both Delegations, to include the calligraphy art created by the students at Takata High School and will be from 10 am – 5pm starting tomorrow. The students will use the Cultural Center Wednesday from 1pm-3pm. There will be a welcoming ceremony for the Delegation the following day at 3:30 pm. at the Cultural Center.

On a motion by Council Member Greenough, seconded by Council Member Kime, and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City approved to waive the fees for the use of the Cultural Center for January 7 - 10, 2019 to use when the students and Delegation from Rikuzentakata, Japan are in town, based on the finding that the waiver of fees is not a gift of public funds because the use of the facility is supporting the education of the youth in our community as well as our Sister City relationship.

Mayor Inscore reported that there will be a tailgate party at 6pm before the high school basketball game on Thursday. Also on Thursday at 3:30 p.m., there will be a welcoming ceremony for the Delegation and everyone is invited to welcome them. Mayor Inscore will be going to Sacramento with the Delegation and Supervisor Chris Howard to meet with Assembly Member Jim Wood and Senator Mike McGuire.

8. Council Member Travel to Sacramento for New Mayors and Council Members Academy

- *Recommendation: Hear staff report*
- *Take public comment*

- Consider and approve the travel for Mayor Pro Tem Kime and Council Member Wright to attend the New Mayors and Council Members Academy in Sacramento from January 16 – 18, 2019; take action as necessary and appropriate. (City Manager)

City Manager Wier reported to the Council that due to the Council Travel Policy, this item has come before them tonight because it falls within the guidelines to do so. This travel is estimated to be \$1,300 per person, with two Council Members attending this Academy.

On a motion by Council Member Fallman, seconded by Council Member Greenough and carried unanimously on a 5-0 polled vote, the City Council of the City of Crescent City approved the travel for Mayor Pro Tem Kime and Council Member Wright to attend the New Mayors and Council Members Academy in Sacramento from January 16 – 18, 2019.

CITY COUNCIL ITEMS

- **Legislative Matters – None**
- **City Manager Report and City Council Directives –**
 - GSRMA Committee Members

Mayor Inscore nominated himself to be on the committee and asked for another volunteer to serve; Council Member Wright volunteered. On a consensus by the Council, Mayor Inscore and Council Member Wright were appointed to the GSRMA Committee. Council Member Fallman would like to see the loss injury data.

City Manager Wier gave the following report:

- Swim Camp was hugely successful, City Manager Wier commended staff for its success.
- RFPs for the WWTP came back from companies interested in the contract for operating the WWTP; Engineering firms are on retainer that will make us more efficient as an agency.
- The pool master plan – we are looking at January 31st for the first public meeting; a time is to be determined upon Council availability.
- There was a wind storm on Saturday and a lot of trees were lost in the park. No major issues, just some power blips that caused generators to be brought to the lift station.
- The City received the SRO grant from TUPP in the amount of \$350k. City Manager Wier stated he will bring back the plan back to the Council on how to staff it and utilize the grant. There are some aspects of it that involve education and enforcement.

➤ **Reports, Concerns, Referrals, Council travel and training reports –**

Council Member Greenough: attended the Del Norte Solid Waste Management Authority (DNSWMA) meeting.

Council Member Fallman: attended the Redwood Coast Transit Authority (RCT) meeting.

Council Member Wright: reported his students and family that attended the Swim Camp enjoyed it. He has a desire to share the Yurok language with the Council and public, therefore at each meeting will teach two new words. Today he taught “yes and no”: “iee” is yes and “paa” is no

Mayor Pro Tem Kime: attended the RCT meeting.

Mayor Inscore: attended the DNSWMA meeting, meetings in preparation for the arrival of the Delegation from Japan, and the Rotary dinner.

ADJOURNMENT

There being no further business to come before the Council, Mayor Inscore adjourned the meeting at 7:45 p.m. to the next special meeting of the City Council of the City of Crescent City scheduled for Tuesday, January 22, 2019 at 5:00 p.m. at the Flynn Center, 981 H Street, Crescent City, CA 95531.

ATTEST:

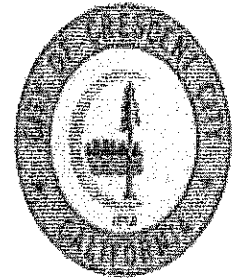
Robin Patch
City Clerk/Administrative Analyst

Accounts Payable

Checks by Date - Summary by Check Number

User: crawlings
 Printed: 1/15/2019 10:12 AM

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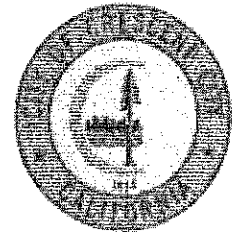
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ACH	PERS1	Public Emp Retirement Sys	01/04/2019	0.00	56,275.83
ACH	EDDTAX	State of California EDD TAX Auto Pay	01/11/2019	0.00	6,273.43
ACH	FITTAX	FIT Payroll Taxes Auto Pay	01/11/2019	0.00	24,810.37
ACH	PERS2	Public Emp Retirement Sys	01/11/2019	0.00	24,791.45
ACH	EDDTAX	State of California EDD TAX Auto Pay	12/31/2018	0.00	5,645.95
ACH	FITTAX	FIT Payroll Taxes Auto Pay	12/31/2018	0.00	21,825.93
ACH	PERS2	Public Emp Retirement Sys	12/31/2018	0.00	26,080.28
432922	WAMUTU	Crescent City Employees Association	12/31/2018	0.00	90.00
432923	CCPOLI	Crescent City Police Officer's Association	12/31/2018	0.00	350.00
432924	ICMARE	Icma Retirement Trust-457	12/31/2018	0.00	1,911.53
432925	CALORE	AirMedCare	01/04/2019	0.00	4,180.00
432926	AMFAM	American Family Life	01/04/2019	0.00	2,239.96
432927	AMLIF	Ameritas Life Ins. Corp.	01/04/2019	0.00	4,857.60
432928	CLEA	California Law Enforcement Association	01/04/2019	0.00	245.00
432929	CLEMENM	Clementi, Mark A, Ph.d	01/04/2019	0.00	685.00
432930	DNCOHE	Del Norte County Health/Human Services	01/04/2019	0.00	182.00
432931	MYERSS	Myers-Stevens & Toohey Co, Inc	01/04/2019	0.00	105.00
432932	STANDAI	Standard Insurance Co	01/04/2019	0.00	2,378.95
432933	VISION	Vision Service Plan	01/04/2019	0.00	1,230.15
432934	AWWA	American Wtr Works Assoc	01/04/2019	0.00	790.00
432935	BLUEST	Blue Star Gas	01/04/2019	0.00	7,797.90
432936	CHARTEC	Charter Communication Inc	01/04/2019	0.00	294.96
432937	CACEHA	Crescent Ace Hardware	01/04/2019	0.00	1,399.87
432938	CUMMIN	Cummins Pacific LLC	01/04/2019	0.00	369.81
432939	CURRYE	Curry Equipment	01/04/2019	0.00	34.75
432940	DNCOCL	D N Co Clerk	01/04/2019	0.00	6,120.00
432941	DNOFFI	Del Norte Office Supply	01/04/2019	0.00	54.83
432942	FREEMMRK	Freeman Rock, Inc.	01/04/2019	0.00	696.75
432943	FRESWATE	Freshwater Environmental Services	01/04/2019	0.00	1,620.00
432944	VERIZO2	Frontier	01/04/2019	0.00	59.58
432945	GRAING	Grainger	01/04/2019	0.00	270.82
432946	HILDEB	Matt Hildebrandt	01/04/2019	0.00	76.26
432947	Home Dep	Home Depot Credit Services	01/04/2019	0.00	3,025.87
432948	INDUSTE	Industrial Electric Arcata Inc	01/04/2019	0.00	61.24
432949	INSCOREB	Blake Inscore	01/04/2019	0.00	192.60
432950	BESTSTOR	Brian Iorg	01/04/2019	0.00	130.00
432951	LEXISNEX	Lexis Nexis Risk Solutions	01/04/2019	0.00	400.00
432952	MASOND	David Wayne Mason	01/04/2019	0.00	1,702.36
432953	MINSAL	Ivan Minsal	01/04/2019	0.00	158.40
432954	MISSIO	Mission Uniform & Linen	01/04/2019	0.00	14.13
432955	MOBLEYCC	Mobley Construction	01/04/2019	0.00	4,705.00
432956	OFFICEDE	Office Depot	01/04/2019	0.00	201.55
432957	OWENJ	Jennifer Owen	01/04/2019	0.00	158.40
432958	PIECEBY	Piece By Piece Pottery	01/04/2019	0.00	1,000.00
432959	DNDISP	Recology Del Norte	01/04/2019	0.00	706.30
432960	RKI	RKI Instruments, Inc.	01/04/2019	0.00	207.72
432961	SOUTHCOA	South Coast Lighting & Design, Inc.	01/04/2019	0.00	13,966.40

Check No	Vendor No	Vendor Name	Check Date	Void Checks	Check Amount
432962	ZCAWTRI	St Wtr Resource Cntrl Brd	01/04/2019	0.00	295.00
432963	WRIGHTS	Wrights Custom Framing	01/04/2019	0.00	261.63
432964	WAMUTU	Crescent City Employees Association	01/11/2019	0.00	85.00
432965	CCPOLI	Crescent City Police Officer's Association	01/11/2019	0.00	350.00
432966	ICMARE	Icma Retirement Trust-457	01/11/2019	0.00	2,520.81
432967	ATTClets	A T & T	01/11/2019	0.00	103.28
432968	ASBURYEN	Asbury Environmental Services	01/11/2019	0.00	65.00
432969	Badawi	Badawi & Associates	01/11/2019	0.00	22,476.00
432970	BLUEST	Blue Star Gas	01/11/2019	0.00	140.99
432971	BOOKCTR	BookingCenter.com LLC	01/11/2019	0.00	150.00
432972	BURTONS	Burton's Fire	01/11/2019	0.00	783.24
432973	CRENNE	C Renner Petroleum Inc	01/11/2019	0.00	5,494.41
432974	CAMPTO	Campton Electric Inc	01/11/2019	0.00	169.54
432975	CCDNCH	Ce-Dn Chamber Of Commerce	01/11/2019	0.00	36,000.00
432976	CHARTEC	Charter Communication Inc	01/11/2019	0.00	105.64
432977	DNCOC2	D N Co Dept Inform Tech	01/11/2019	0.00	79.50
432978	DNOFFI	Del Norte Office Supply	01/11/2019	0.00	585.63
432979	MISSVS	Virginia Delatorre	01/11/2019	0.00	1,540.00
432980	PINCEN	DP Trading	01/11/2019	0.00	452.00
432981	FASTENAL	Fastenal Company	01/11/2019	0.00	290.69
432982	FRASER&A	Fraser & Associates	01/11/2019	0.00	750.00
432983	VERIZO2	Frontier	01/11/2019	0.00	2,844.38
432984	G.H. Out	G.H. Outreach	01/11/2019	0.00	114.59
432985	GEORGE	George's Auto & Diesel	01/11/2019	0.00	176.56
432986	EFFDEL	Ernie & Cheri Hardaway	01/11/2019	0.00	30.00
432987	HEMMIN	Hemmingsen Const Inc	01/11/2019	0.00	1,290.00
432988	RECALL	Iron Mountain	01/11/2019	0.00	69.08
432989	LESSCH	Les Schwab Tire Co	01/11/2019	0.00	994.68
432990	LINCOL	Lincoln Equipment Inc	01/11/2019	0.00	244.24
432991	MEYERSPO	Bradley Meyers	01/11/2019	0.00	600.00
432992	MISSIO	Mission Uniform & Linen	01/11/2019	0.00	102.42
432993	MORRISON	Morrison and Company Consulting, Inc.	01/11/2019	0.00	229.50
432994	101	National Auto Parts Warehouse	01/11/2019	0.00	195.55
432995	NCLAB	North Coast Laboratories	01/11/2019	0.00	189.00
432996	OFFICEDE	Office Depot	01/11/2019	0.00	125.75
432997	ORBILLY	Ozark Automotive Dis. Inc.	01/11/2019	0.00	28.02
432998	PACPOW	Pacific Power	01/11/2019	0.00	55,579.63
432999	PAPEMAT	Pape Material Handling	01/11/2019	0.00	341.95
433000	Quality	Quality Control Services	01/11/2019	0.00	1,250.00
433001	RKI	RKI Instruments, Inc.	01/11/2019	0.00	283.60
433002	ZCAWTRI	St Wtr Resource Cntrl Brd	01/11/2019	0.00	90.00
433003	ZCAFISH	St. Ca.:dept Fish & Wildlife	01/11/2019	0.00	2,354.75
433004	THRIFT	Thrifty Supply	01/11/2019	0.00	141.87
433005	TIDEWA	Tidewater Contractors Inc	01/11/2019	0.00	526.75
433006	TWOGUY	Two Guys	01/11/2019	0.00	12.90
433007	UNIVAR	Univar USA Inc.	01/11/2019	0.00	13,331.40
433008	CALCARDS	US Bank Corporate Pmt Systems	01/11/2019	0.00	11,227.20
433010	ZONES	Zones	01/11/2019	0.00	13,097.35
Report Total (95 checks):				0.00	408,543.46

Accounts Payable

12-29-18 to 1-11-19 Council

CR



User: crawlings

Printed: 01/15/2019 - 10:10 AM

Check Num	Check Da	Account	Description	Amount	Selected for Vo
0	12/31/2018	610-000-2185-0000C	PR Batch 00002.12.2018 State Income Tax	5,645.95	no
0	12/31/2018	610-000-2189-0000C	PR Batch 00002.12.2018 Federal Income Tax	16,898.49	no
0	12/31/2018	610-000-2188-0000C	PR Batch 00002.12.2018 Medicare Employee Portion	2,463.72	no
0	12/31/2018	610-000-2188-0000C	PR Batch 00002.12.2018 Medicare Employer Portion	2,463.72	no
0	12/31/2018	610-000-2187-0000C	PR Batch 00002.12.2018 EE Contribution	11,496.10	no
0	12/31/2018	610-000-2187-0000C	PR Batch 00002.12.2018 ER Contribution	14,113.23	no
0	12/31/2018	610-000-2187-0000C	PR Batch 00002.12.2018 Service Credit Purchase	414.18	no
0	12/31/2018	610-000-2187-0000C	PR Batch 00002.12.2018 Survivor Benefit	56.77	no
0	01/04/2019	610-000-2173-0000C	Jan 19 Premiums	50,125.99	no
0	01/04/2019	001-470-4125-0000C	Jan 19 Premiums-Morelos	866.95	no
0	01/04/2019	630-000-4125-0000C	Jan 19 Premiums-Retiree	5,140.00	no
0	01/04/2019	630-000-4125-0000C	Jan 19 Admin Fees-Retiree	25.61	no
0	01/04/2019	001-111-4125-0000C	Jan 19 Admin Fees	117.28	no
0	01/11/2019	610-000-2185-0000C	PR Batch 00001.01.2019 State Income Tax	4,532.63	no
0	01/11/2019	610-000-2189-0000C	PR Batch 00001.01.2019 Federal Income Tax	14,710.57	no
0	01/11/2019	610-000-2188-0000C	PR Batch 00001.01.2019 Medicare Employee Portion	2,300.72	no
0	01/11/2019	610-000-2188-0000C	PR Batch 00001.01.2019 Medicare Employer Portion	2,300.72	no
0	01/11/2019	610-000-2187-0000C	PR Batch 00001.01.2019 EE Contribution	10,673.90	no
0	01/11/2019	610-000-2187-0000C	PR Batch 00001.01.2019 ER Contribution	13,257.74	no
0	01/11/2019	610-000-2187-0000C	PR Batch 00001.01.2019 Service Credit Purchase	414.18	no
0	01/11/2019	610-000-2187-0000C	PR Batch 00001.01.2019 Survivor Benefit	55.84	no
0	01/11/2019	610-000-2185-0000C	PR Batch 00111.01.2019 State Income Tax	178.74	no
0	01/11/2019	610-000-2189-0000C	PR Batch 00111.01.2019 Federal Income Tax	480.07	no
0	01/11/2019	610-000-2188-0000C	PR Batch 00111.01.2019 Medicare Employee Portion	46.76	no
0	01/11/2019	610-000-2188-0000C	PR Batch 00111.01.2019 Medicare Employer Portion	46.76	no
0	01/11/2019	610-000-2187-0000C	PR Batch 00111.01.2019 EE Contribution	172.62	no
0	01/11/2019	610-000-2187-0000C	PR Batch 00111.01.2019 ER Contribution	216.24	no
0	01/11/2019	610-000-2187-0000C	PR Batch 00111.01.2019 Survivor Benefit	0.93	no
0	01/11/2019	610-000-2185-0000C	PR Batch 00222.01.2019 State Income Tax	348.97	no
0	01/11/2019	610-000-2189-0000C	PR Batch 00222.01.2019 Federal Income Tax	872.80	no
0	01/11/2019	610-000-2188-0000C	PR Batch 00222.01.2019 Medicare Employee Portion	69.01	no
0	01/11/2019	610-000-2188-0000C	PR Batch 00222.01.2019 Medicare Employer Portion	69.01	no
0	01/11/2019	610-000-2185-0000C	PR Batch 00333.01.2019 State Income Tax	1,213.09	no
0	01/11/2019	610-000-2189-0000C	PR Batch 00333.01.2019 Federal Income Tax	3,534.79	no
0	01/11/2019	610-000-2188-0000C	PR Batch 00333.01.2019 Medicare Employee Portion	189.58	no
0	01/11/2019	610-000-2188-0000C	PR Batch 00333.01.2019 Medicare Employer Portion	189.58	no
432922	12/31/2018	610-000-2184-0000C	PR Batch 00002.12.2018 Misc EE Association Fund	90.00	no
432923	12/31/2018	610-000-2181-0000C	PR Batch 00002.12.2018 CCPOA Dues	350.00	no
432924	12/31/2018	610-000-2178-0000C	Plan#300878	708.77	no
432924	12/31/2018	610-000-2178-0000C	Plan#300878	465.90	no
432924	12/31/2018	610-000-2186-0000C	Plan#306752	127.73	no
432924	12/31/2018	610-000-2186-0000C	Plan#306752	609.13	no
432925	01/04/2019	001-110-4125-0000C	2019 Subscription Renewal	55.00	no
432925	01/04/2019	001-470-4125-0000C	2019 Subscription Renewal	55.00	no
432925	01/04/2019	610-000-1510-0000C	2019 Subscription Renewal	2,640.00	no

Check Num	Check Da	Account	Description	Amount	Selected for Vo
432925	01/04/2019	001-230-4125-0000C	2019 Subscription Renewal	1,430.00	no
432926	01/04/2019	610-000-2174-0000C	Jan 19 Premiums	2,239.96	no
432927	01/04/2019	001-470-4125-0000C	Jan 19 Premiums-Morelos	88.32	no
432927	01/04/2019	610-000-2177-0000C	Jan 19 Premiums	4,769.28	no
432928	01/04/2019	610-000-2179-0000C	Jan 19 Premiums	245.00	no
432929	01/04/2019	001-240-4407-0000C	Pre-employment Evaluation	685.00	no
432930	01/04/2019	001-470-4407-0000C	Hep A & B	182.00	no
432931	01/04/2019	001-240-4125-0000C	Dec 18 Premiums	105.00	no
432932	01/04/2019	001-470-4125-0000C	Jan 19 Premiums-Morelos	24.41	no
432932	01/04/2019	610-000-2179-0000C	Jan 19 Premiums	2,354.54	no
432933	01/04/2019	001-470-4125-0000C	Jan 19 Premiums-Morelos	20.85	no
432933	01/04/2019	610-000-2175-0000C	Jan 19 Premiums	1,209.30	no
432934	01/04/2019	419-371-4550-0000C	Subscription renewal	790.00	no
432935	01/04/2019	001-480-4220-0000C	Propane (ACCT# 02-0065442)	7,786.90	no
432935	01/04/2019	001-471-4220-0000C	Propane (ACCT #02-0065468)	11.00	no
432936	01/04/2019	412-100-4230-0000C	Internet Service - 01/01/19-01/31/19	134.98	no
432936	01/04/2019	419-371-4230-0000C	broadband for security- 12/26/18-01/25/19	79.99	no
432936	01/04/2019	419-371-4230-0000C	broadband for security- 12/25/18-01/24/19	79.99	no
432937	01/04/2019	419-371-4390-0000C	paint, painting supplies	231.79	no
432937	01/04/2019	413-357-4390-0000C	extension pole	19.34	no
432937	01/04/2019	001-471-4390-0000C	gal bucket, pour spout, bucket grid	10.58	no
432937	01/04/2019	506-506-4390-0000C	paint	59.64	no
432937	01/04/2019	001-470-4390-0000C	drain grate	5.78	no
432937	01/04/2019	413-357-4390-0000C	painting supplies	27.89	no
432937	01/04/2019	419-371-4390-0000C	paint	115.26	no
432937	01/04/2019	001-112-4392-0000C	premium df	39.37	no
432937	01/04/2019	001-112-4392-0000C	jig blade set, nails/screws	32.76	no
432937	01/04/2019	419-371-4390-0000C	primer	49.17	no
432937	01/04/2019	506-506-4390-0000C	vinegar, mr clean erascrs- corp yard	9.22	no
432937	01/04/2019	419-371-4390-0000C	batteries	34.93	no
432937	01/04/2019	419-371-4390-0000C	paint scraper, tape, rollers, brushes	38.61	no
432937	01/04/2019	419-371-4390-0000C	paint, brushes	11.28	no
432937	01/04/2019	413-357-4390-0000C	paint, brushes	41.00	no
432937	01/04/2019	001-480-4340-0000C	muriatic acid	30.92	no
432937	01/04/2019	419-371-4390-0000C	brushes	13.31	no
432937	01/04/2019	001-112-4392-0000C	tarp	5.79	no
432937	01/04/2019	419-371-4390-0000C	paint, brushes	31.10	no
432937	01/04/2019	413-352-4390-0000C	drill bits	8.84	no
432937	01/04/2019	001-364-4390-10025	bolts	9.25	no
432937	01/04/2019	001-470-4390-0000C	rod float	12.56	no
432937	01/04/2019	001-480-4340-0000C	muriatic acid	123.69	no
432937	01/04/2019	001-471-4390-0000C	light speckling, paint	159.88	no
432937	01/04/2019	001-470-4390-0000C	wire, bolt cutter, cap post	45.61	no
432937	01/04/2019	413-351-4390-0000C	distilled water	14.34	no
432937	01/04/2019	413-357-4390-0000C	paint, painting supplies	63.23	no
432937	01/04/2019	419-371-4390-0000C	batteries	34.93	no
432937	01/04/2019	413-357-4390-0000C	paint, painting supplies	62.45	no
432938	01/04/2019	508-508-4390-0000C	parts/servicing of Unit #32	369.81	no
432939	01/04/2019	001-470-4390-0000C	knob	27.91	no
432939	01/04/2019	001-470-4390-0000C	plate, nylon cutting	6.84	no
432940	01/04/2019	001-113-4402-0000C	2018 General Election expenses	6,120.00	no
432941	01/04/2019	413-351-4310-0000C	calendars	54.83	no
432942	01/04/2019	001-364-4390-10025	5 yds of concrete for 3rd and G St.	696.75	no
432943	01/04/2019	413-352-4409-0000C	Turnover of pretreat prog syst, training	1,620.00	no
432944	01/04/2019	413-353-4230-0000C	Lift Station Phone PL0-0009 - 12/25/18-01/24/19	59.58	no

Check Num	Check Da	Account	Description	Amount	Selected for Vo
432945	01/04/2019	413-352-4390-0000C	calibration solution	93.87	no
432945	01/04/2019	508-508-4390-0000C	continuous hinge	41.89	no
432945	01/04/2019	413-352-4390-0000C	fyrite CO2 reconditioning kit	119.57	no
432945	01/04/2019	001-230-4391-0000C	spring clip arm assembly	2.41	no
432945	01/04/2019	413-352-4390-0000C	notice sign	13.08	no
432946	01/04/2019	001-480-4378-0000C	REIMB: Winco purchase of snacks for pool store	76.26	no
432947	01/04/2019	001-112-4392-0000C	Holiday lights	349.32	no
432947	01/04/2019	001-112-4392-0000C	Holiday lights	19.31	no
432947	01/04/2019	001-470-4390-0000C	water	9.95	no
432947	01/04/2019	001-112-4392-0000C	RETURN: holiday lights	-121.30	no
432947	01/04/2019	001-112-4392-0000C	holiday lights	41.85	no
432947	01/04/2019	413-357-4390-0000C	schlage handle for MBR	36.53	no
432947	01/04/2019	413-357-4390-0000C	RETURN: schlage handle for MBR	-36.53	no
432947	01/04/2019	001-364-4390-10025	brush, trim kit, paint	41.83	no
432947	01/04/2019	001-112-4392-0000C	extension cords for holiday lights	28.96	no
432947	01/04/2019	419-371-4390-0000C	connectors, staples	30.92	no
432947	01/04/2019	419-371-4390-0000C	screwdriver	2.87	no
432947	01/04/2019	412-100-4390-0000C	blue tape	34.38	no
432947	01/04/2019	001-112-4392-0000C	builder's paper	13.62	no
432947	01/04/2019	001-112-4392-0000C	holiday lights	237.95	no
432947	01/04/2019	001-470-4390-0000C	rags, drop cloth	32.13	no
432947	01/04/2019	001-112-4392-0000C	paint	17.98	no
432947	01/04/2019	419-371-4390-0000C	primer 5 gallon	84.50	no
432947	01/04/2019	508-508-4390-0000C	screwdriver set	21.48	no
432947	01/04/2019	001-112-4392-0000C	holiday lights	57.97	no
432947	01/04/2019	001-470-4390-0000C	hinge	4.69	no
432947	01/04/2019	001-112-4392-0000C	red duct tape	14.99	no
432947	01/04/2019	001-471-4390-0000C	drop cloths	58.85	no
432947	01/04/2019	506-506-4390-0000C	paint, kickplate, blinds for city hall door	76.91	no
432947	01/04/2019	413-357-4390-0000C	relief cord connector	20.34	no
432947	01/04/2019	508-508-4390-0000C	ratch screwdriver, tool cabinet	208.52	no
432947	01/04/2019	001-470-4390-0000C	step stools	66.61	no
432947	01/04/2019	001-470-4390-0000C	channel blocks, scraper w/ blades	33.15	no
432947	01/04/2019	412-100-4390-0000C	T12 fl netral 2pk	9.64	no
432947	01/04/2019	508-508-4390-0000C	framing saw blade, bandsaw blade	32.19	no
432947	01/04/2019	419-371-4390-0000C	gloves, voltage tester	85.87	no
432947	01/04/2019	412-100-4390-0000C	repl lens	11.55	no
432947	01/04/2019	412-100-4390-0000C	RETURN: repl lens	-11.55	no
432947	01/04/2019	001-364-4350-10023	breaker	22.37	no
432947	01/04/2019	001-112-4392-0000C	paint tray, trim kits, water	24.49	no
432947	01/04/2019	001-112-4392-0000C	cable ties	28.00	no
432947	01/04/2019	419-371-4390-0000C	pocket hose, diablo 14 pc set	95.01	no
432947	01/04/2019	419-371-4390-0000C	RETURN: pocket hose	-30.07	no
432947	01/04/2019	001-112-4392-0000C	extension cords for holiday lights	36.99	no
432947	01/04/2019	001-112-4392-0000C	plywood	119.68	no
432947	01/04/2019	419-371-4390-0000C	ridgid air move w/ whls & hndl	213.93	no
432947	01/04/2019	001-364-4390-10025	water, glove, kneepads, sand	45.63	no
432947	01/04/2019	001-112-4392-0000C	holiday lights	190.49	no
432947	01/04/2019	001-364-4390-10025	sand	32.25	no
432947	01/04/2019	001-364-4390-10025	shipping tape	11.79	no
432947	01/04/2019	001-112-4392-0000C	holiday lights	85.61	no
432947	01/04/2019	001-112-4392-0000C	extension cords for holiday lights	113.78	no
432947	01/04/2019	001-112-4392-0000C	surge protector, holiday lights	37.41	no
432947	01/04/2019	413-357-4390-0000C	switch cover, toggle switch	16.54	no
432947	01/04/2019	001-470-4390-0000C	10 weather/tamper GFCI outlets	185.98	no

Check Num	Check Da	Account	Description	Amount	Selected for Vo
432947	01/04/2019	001-112-4392-0000C	holiday lights/ ext cords	96.90	no
432947	01/04/2019	001-112-4392-0000C	RETURN: extension cords	-47.65	no
432947	01/04/2019	001-112-4392-0000C	extension cords, adapters	23.46	no
432947	01/04/2019	001-470-4390-0000C	LED lights	28.98	no
432947	01/04/2019	001-470-4390-0000C	pistol grip grease gun	32.23	no
432947	01/04/2019	419-371-4390-0000C	LED search light	106.43	no
432947	01/04/2019	413-353-4390-0000C	adapters, couplings, elbows, clamps	40.16	no
432948	01/04/2019	413-356-4390-35022	New breakers for Pebble Beach LS	61.24	no
432949	01/04/2019	001-110-4530-0000C	Sister City event (Sac): meals, airfare, 1/14-15/19 (ADVANCE)	192.60	no
432950	01/04/2019	001-113-4450-0000C	Physical document storage: JAN 2018	130.00	no
432951	01/04/2019	001-130-4550-0000C	Electronic research service: DEC 2018	200.00	no
432951	01/04/2019	001-130-4550-0000C	Electronic research service: NOV 2018	200.00	no
432952	01/04/2019	001-251-4450-0034C	Receiver services	1,702.36	no
432953	01/04/2019	001-240-4530-0000C	Body Cam Trng: meals, 1/15-18/19 (ADVANCE)	158.40	no
432954	01/04/2019	508-508-4320-0000C	uniforms	14.13	no
432955	01/04/2019	413-356-4450-35022	Vactor Truck service	3,528.75	no
432955	01/04/2019	413-352-4450-0000C	Vactor Truck service	1,176.25	no
432957	01/04/2019	001-240-4530-0000C	Body Camera Trng: meals, 1/15-8/19 (ADVANCE)	158.40	no
432958	01/04/2019	001-111-4409-0000C	Tile murals for Cultural Center	1,000.00	no
432959	01/04/2019	412-100-4225-0000C	Refuse disposal: DEC 2018	706.30	no
432960	01/04/2019	413-357-4390-0000C	power supply retrofit kit	207.72	no
432961	01/04/2019	001-364-4390-10025	Phase 2 Way Finding Signs Hwy 101 (40% DEPOSIT)	13,966.40	no
432962	01/04/2019	413-352-4530-0000C	G3 WWTP Exam registration, Trevor McCaffrey, 4/12-13/19	295.00	no
432963	01/04/2019	001-110-4515-0000C	Retirement plaques for staff and councilmember recognition	261.63	no
432964	01/11/2019	610-000-2184-0000C	PR Batch 00001.01.2019 Misc EE Association Fund	85.00	no
432965	01/11/2019	610-000-2181-0000C	PR Batch 00001.01.2019 CCPOA Dues	350.00	no
432966	01/11/2019	610-000-2178-0000C	Plan#300878	1,355.78	no
432966	01/11/2019	610-000-2178-0000C	Plan#300878	518.22	no
432966	01/11/2019	610-000-2186-0000C	Plan#306752	112.12	no
432966	01/11/2019	610-000-2186-0000C	Plan#306752	534.69	no
432967	01/11/2019	001-240-4230-0000C	DOJ/CLETS line FY19: DEC 2018	103.28	no
432968	01/11/2019	508-508-4390-0000C	used oil services	65.00	no
432969	01/11/2019	001-120-4420-0000C	Annual audit	7,020.00	no
432969	01/11/2019	151-485-4420-1621a	Annual audit	2,977.00	no
432969	01/11/2019	412-120-4420-0000C	Annual audit	375.00	no
432969	01/11/2019	413-120-4420-0000C	Annual audit	5,549.00	no
432969	01/11/2019	419-120-4420-0000C	Annual audit	3,405.00	no
432970	01/11/2019	413-351-4220-0000C	Propane (ACCT# 02-1010727	140.99	no
432971	01/11/2019	412-100-4450-0000C	Website booking engine: DEC 2018	150.00	no
432972	01/11/2019	508-508-4390-60001	Solenoid for vehicle #5172	783.24	no
432973	01/11/2019	508-508-4330-0000C	gasoline	3,739.20	no
432973	01/11/2019	508-508-4330-0000C	Diesel fuel	1,755.21	no
432974	01/11/2019	001-364-4350-10023	conn block	42.44	no
432974	01/11/2019	001-470-4390-0000C	GFCI rept	57.53	no
432974	01/11/2019	001-364-4350-10023	conn block, tap conn	69.57	no
432975	01/11/2019	001-112-4431-0000C	Annual contribution: VB & Fireworks (2nd Qtr FY 2019)	18,000.00	no
432975	01/11/2019	001-112-4431-0000C	Annual contribution: VB & Fireworks (3rd Qtr FY 2019)	18,000.00	no
432976	01/11/2019	001-230-4230-0000C	Cable & Internet Service- 12/20/18-01/19/19	105.64	no
432977	01/11/2019	412-100-4390-0000C	RV park passes	79.50	no
432978	01/11/2019	413-352-4310-0000C	toner cartridge- WWTP	98.78	no
432978	01/11/2019	001-113-4310-0000C	Toner (magenta x2)	292.95	no
432978	01/11/2019	001-120-4310-0000C	bank stamp & pad	11.37	no
432978	01/11/2019	001-113-4310-0000C	Toner (black)	136.52	no
432978	01/11/2019	506-506-4390-0000C	ruler, scissors, calendar	23.25	no
432978	01/11/2019	413-120-4310-0000C	bank stamp & pad	11.38	no

Check Num	Check Da	Account	Description	Amount	Selected for Vo
432978	01/11/2019	419-120-4310-0000C	bank stamp & pad	11.38	no
432979	01/11/2019	001-470-4450-0000C	Cleaning service: 7 days/wk for parks restrooms (12/02-12/29/18)	1,540.00	no
432980	01/11/2019	001-111-4310-0000C	300 City lapel pins	75.00	no
432980	01/11/2019	419-111-4310-0000C	300 City lapel pins	151.00	no
432980	01/11/2019	413-111-4310-0000C	300 City lapel pins	151.00	no
432980	01/11/2019	001-113-4310-0000C	300 City lapel pins	75.00	no
432981	01/11/2019	413-352-4390-0000C	gloves	290.69	no
432982	01/11/2019	001-120-4409-0000C	Consultant for Successor Agency	750.00	no
432983	01/11/2019	001-480-4230-0000C	Pool Phone 465-5761 -12/30/18-01/29/19	120.31	no
432983	01/11/2019	412-100-4230-0000C	Monthly Phone Bill-12/30/18-01/29/19	118.45	no
432983	01/11/2019	413-352-4230-0000C	WWTP phone-12/30/18-01/29/19	261.03	no
432983	01/11/2019	413-351-4230-0000C	Lab phone 464-5416-12/30/18-01/29/19	109.69	no
432983	01/11/2019	001-111-4230-0000C	City Hall Shared Phone --12/30/18-01/29/19	44.34	no
432983	01/11/2019	001-113-4230-0000C	City Hall Shared Phone --12/30/18-01/29/19	44.34	no
432983	01/11/2019	001-120-4230-0000C	City Hall Shared Phone --12/30/18-01/29/19	175.38	no
432983	01/11/2019	413-120-4230-0000C	City Hall Shared Phone--12/30/18-01/29/19	44.34	no
432983	01/11/2019	001-114-4230-0000C	City Hall Shared Phone --12/30/18-01/29/19	44.34	no
432983	01/11/2019	001-313-4230-0000C	City Hall Shared Phone--12/30/18-01/29/19	44.34	no
432983	01/11/2019	419-120-4230-0000C	City Hall Shared Phone--12/30/18-01/29/19	44.34	no
432983	01/11/2019	420-115-4230-0000C	City Hall Shared Phone--12/30/18-01/29/19	44.34	no
432983	01/11/2019	001-251-4230-0000C	City Hall Shared Phone--12/30/18-01/29/19	21.84	no
432983	01/11/2019	001-350-4230-0000C	City Hall Shared Phone--12/30/18-01/29/19	154.20	no
432983	01/11/2019	413-352-4230-0000C	Trt Plt phone line-12/30/18-01/29/19	175.19	no
432983	01/11/2019	001-471-4230-0000C	Cult Cntr Elev Alm 707-464-4582-12/30/18-01/29/19	59.75	no
432983	01/11/2019	413-352-4230-0000C	Treatment Plant Phone: 465-3054-12/30/18-01/29/19	421.56	no
432983	01/11/2019	001-350-4230-0000C	707-464-9506 monthly phone-12/30/18-01/29/19	134.26	no
432983	01/11/2019	413-120-4230-0000C	707-465-6208 monthly phone-12/30/18-01/29/19	31.48	no
432983	01/11/2019	419-120-4230-0000C	707-465-6208 monthly phone-12/30/18-01/29/19	31.47	no
432983	01/11/2019	508-508-4230-0000C	707-464-9565 monthly phone-12/30/18-01/29/19	108.65	no
432983	01/11/2019	001-230-4230-0000C	707-464-9113 monthly phone-12/30/18-01/29/19	30.96	no
432983	01/11/2019	413-352-4230-0000C	707-464-7023 monthly phone-12/30/18-01/29/19	62.95	no
432983	01/11/2019	001-471-4230-0000C	707-465-3914 monthly phone-12/30/18-01/29/19	68.11	no
432983	01/11/2019	001-480-4230-0000C	707-464-6940 monthly phone-12/30/18-01/29/19	57.43	no
432983	01/11/2019	413-120-4230-0000C	707-464-6517 monthly phone-12/30/18-01/29/19	15.91	no
432983	01/11/2019	419-120-4230-0000C	707-464-6517 monthly phone-12/30/18-01/29/19	15.91	no
432983	01/11/2019	001-240-4230-0000C	707-464-2133 monthly phone-12/30/18-01/29/19	159.87	no
432983	01/11/2019	001-350-4230-0000C	707 465-4405 downstairs fax-12/30/18-01/29/19	7.81	no
432983	01/11/2019	001-251-4230-0000C	707 465-4405 downstairs fax-12/30/18-01/29/19	1.11	no
432983	01/11/2019	420-115-4230-0000C	707 465-4405 downstairs fax-12/30/18-01/29/19	2.24	no
432983	01/11/2019	413-120-4230-0000C	707 465-4405 downstairs fax-12/30/18-01/29/19	2.25	no
432983	01/11/2019	419-120-4230-0000C	707 465-4405 downstairs fax-12/30/18-01/29/19	2.24	no
432983	01/11/2019	001-111-4230-0000C	707 465-4405 downstairs fax-12/30/18-01/29/19	2.25	no
432983	01/11/2019	001-113-4230-0000C	707 465-4405 downstairs fax-12/30/18-01/29/19	2.25	no
432983	01/11/2019	001-114-4230-0000C	707 465-4405 downstairs fax-12/30/18-01/29/19	2.24	no
432983	01/11/2019	001-120-4230-0000C	707 465-4405 downstairs fax-12/30/18-01/29/19	8.88	no
432983	01/11/2019	001-313-4230-0000C	707 465-4405 downstairs fax-12/30/18-01/29/19	2.25	no
432983	01/11/2019	001-120-4230-0000C	707 465-1719 upstairs fax-12/30/18-01/29/19	8.43	no
432983	01/11/2019	001-111-4230-0000C	707 465-1719 upstairs fax-12/30/18-01/29/19	2.13	no
432983	01/11/2019	001-313-4230-0000C	707 465-1719 upstairs fax-12/30/18-01/29/19	2.14	no
432983	01/11/2019	001-113-4230-0000C	707 465-1719 upstairs fax-12/30/18-01/29/19	2.13	no
432983	01/11/2019	001-114-4230-0000C	707 465-1719 upstairs fax-12/30/18-01/29/19	2.13	no
432983	01/11/2019	001-251-4230-0000C	707 465-1719 upstairs fax-12/30/18-01/29/19	1.05	no
432983	01/11/2019	001-350-4230-0000C	707 465-1719 upstairs fax-12/30/18-01/29/19	7.41	no
432983	01/11/2019	413-120-4230-0000C	707 465-1719 upstairs fax-12/30/18-01/29/19	2.14	no
432983	01/11/2019	419-120-4230-0000C	707 465-1719 upstairs fax-12/30/18-01/29/19	2.13	no

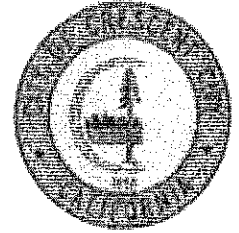
Check Num	Check Da	Account	Description	Amount	Selected for Vo
432983	01/11/2019	420-115-4230-0000C	707 465-1719 upstairs fax-12/30/18-01/29/19	2.13	no
432985	01/11/2019	001-470-4390-0000C	cutler hammer	25.75	no
432985	01/11/2019	508-508-4390-0000C	misc, veh parts	150.81	no
432986	01/11/2019	413-352-4470-0000C	Sample delivery to North Coast Labs	30.00	no
432987	01/11/2019	419-371-4390-0000C	Rock/asphalt grindings	580.50	no
432987	01/11/2019	419-371-4390-0000C	Rock/asphalt grindings	580.50	no
432987	01/11/2019	001-364-4390-10025	river sand	64.50	no
432987	01/11/2019	419-371-4390-0000C	river sand	64.50	no
432988	01/11/2019	001-113-4450-0000C	Document shredding service: 11/28/18-12/24/18	69.08	no
432989	01/11/2019	001-240-4391-0000C	New tires for #60	994.68	no
432990	01/11/2019	001-480-4390-0000C	flame sensor, hot surface ignitor	145.71	no
432990	01/11/2019	001-480-4390-0000C	flame sensors	98.53	no
432991	01/11/2019	001-240-4380-0000C	Monthly maintenance training for K9s: DEC 2018	600.00	no
432992	01/11/2019	413-357-4320-0000C	uniforms	12.12	no
432992	01/11/2019	508-508-4320-0000C	uniforms	14.13	no
432992	01/11/2019	413-351-4320-0000C	uniforms	16.07	no
432992	01/11/2019	001-120-4370-0000C	janitorial supplies/services	9.25	no
432992	01/11/2019	413-352-4320-0000C	uniforms	41.60	no
432992	01/11/2019	001-120-4370-0000C	janitorial supplies/services	9.25	no
432993	01/11/2019	151-485-4796-1618C	Microenterprise Technical Assistance services: DEC 2018	229.50	no
432994	01/11/2019	508-508-4390-0000C	permatex oils #50	149.87	no
432994	01/11/2019	413-357-4390-0000C	5 gal air tank	45.68	no
432995	01/11/2019	413-352-4470-0000C	External lab tests: sewer	189.00	no
432997	01/11/2019	508-508-4390-0000C	coolant hoses, adapter	71.08	no
432997	01/11/2019	508-508-4390-0000C	RETURN: import window, core	-80.01	no
432997	01/11/2019	001-240-4391-0000C	blower restr	12.58	no
432997	01/11/2019	001-240-4391-0000C	blower restr	24.37	no
432998	01/11/2019	001-111-4210-0000C	Electricity FY19: 11/29/18-12/28/18	34.42	no
432998	01/11/2019	001-113-4210-0000C	Electricity FY19: 11/29/18-12/28/18	100.26	no
432998	01/11/2019	001-114-4210-0000C	Electricity FY19: 11/29/18-12/28/18	100.26	no
432998	01/11/2019	001-120-4210-0000C	Electricity FY19: 11/29/18-12/28/18	396.55	no
432998	01/11/2019	001-230-4210-0000C	Electricity FY19: 11/29/18-12/28/18	364.88	no
432998	01/11/2019	001-240-4210-0000C	Electricity FY19: 11/29/18-12/28/18	670.67	no
432998	01/11/2019	001-251-4210-0000C	Electricity FY19: 11/29/18-12/28/18	49.38	no
432998	01/11/2019	001-313-4210-0000C	Electricity FY19: 11/29/18-12/28/18	100.26	no
432998	01/11/2019	001-350-4210-0000C	Electricity FY19: 11/29/18-12/28/18	348.66	no
432998	01/11/2019	001-364-4210-10023	Electricity FY19: 11/29/18-12/28/18	6,199.36	no
432998	01/11/2019	001-470-4210-0000C	Electricity FY19: 11/29/18-12/28/18	1,093.68	no
432998	01/11/2019	001-471-4210-0000C	Electricity FY19: 11/29/18-12/28/18	1,710.74	no
432998	01/11/2019	001-480-4210-0000C	Electricity FY19: 11/29/18-12/28/18	3,456.33	no
432998	01/11/2019	412-100-4210-0000C	Electricity FY19: 11/29/18-12/28/18	4,469.79	no
432998	01/11/2019	413-111-4210-0000C	Electricity FY19: 11/29/18-12/28/18	32.92	no
432998	01/11/2019	413-120-4210-0000C	Electricity FY19: 11/29/18-12/28/18	100.26	no
432998	01/11/2019	413-351-4210-0000C	Electricity FY19: 11/29/18-12/28/18	1,169.24	no
432998	01/11/2019	413-352-4210-0000C	Electricity FY19: 11/29/18-12/28/18	16,976.98	no
432998	01/11/2019	413-353-4210-0000C	Electricity FY19: 11/29/18-12/28/18	13.29	no
432998	01/11/2019	413-353-4210-35015	Electricity FY19: 11/29/18-12/28/18	535.80	no
432998	01/11/2019	419-111-4210-0000C	Electricity FY19: 11/29/18-12/28/18	32.92	no
432998	01/11/2019	419-371-4210-0000C	Electricity FY19: 11/29/18-12/28/18	15,967.29	no
432998	01/11/2019	420-115-4210-0000C	Electricity FY19: 11/29/18-12/28/18	100.26	no
432998	01/11/2019	508-508-4210-0000C	Electricity FY19: 11/29/18-12/28/18	1,132.30	no
432998	01/11/2019	419-120-4210-0000C	Electricity FY19: 11/29/18-12/28/18	100.26	no
432999	01/11/2019	508-508-4390-0000C	parts to rebuild the forklift transmission	269.78	no
432999	01/11/2019	508-508-4390-0000C	gaskets	25.60	no
432999	01/11/2019	508-508-4390-0000C	seals, o-rings, misc other auto parts	46.57	no

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433000	01/11/2019	413-351-4450-0000C	Annual onsite calibration	1,250.00	no
433001	01/11/2019	413-357-4390-0000C	sensor	283.60	no
433002	01/11/2019	001-111-4530-0000C	Drinking Water Dist Operator Certification: Eric Wier (Grade D3)	90.00	no
433003	01/11/2019	152-485-4409-1721A	CDBG Storm Drain Project filing fee	2,354.75	no
433004	01/11/2019	419-371-4390-0000C	galv plumbing parts	141.87	no
433005	01/11/2019	419-371-4390-0000C	Concrete for Condor/Gary St.	526.75	no
433006	01/11/2019	506-506-4390-0000C	8' angle	12.90	no
433007	01/11/2019	413-352-4340-0000C	Sodium hypochlorite	4,602.03	no
433007	01/11/2019	413-352-4340-0000C	25% SBS	7,214.97	no
433007	01/11/2019	001-480-4340-0000C	Sodium Hypochlorite (12.5% HC filtered NSF grade)	216.34	no
433007	01/11/2019	419-371-4340-0000C	Sodium hypochlorite	1,298.06	no
433008	01/11/2019	001-240-4530-0000C	UNITED: Body Cam Trng: air, J.Owen, 1/15-18/19	413.60	no
433008	01/11/2019	001-240-4530-0000C	UNITED: Body Cam Trng: air, I.Minsal, 1/15-18/19	413.60	no
433008	01/11/2019	001-240-4530-0000C	UNITED: K9 Conf: airfare, A.Lopez, 3/5-8/19	393.60	no
433008	01/11/2019	001-240-4530-0000C	UNITED: K9 Conf: airfare, 3/5-8/19, C.Votruba	393.60	no
433008	01/11/2019	412-100-4390-0000C	AMAZON: surge protectors	299.88	no
433008	01/11/2019	001-471-4390-0000C	AMAZON: Security cameras plus lighting for Cultural Center	3,100.71	no
433008	01/11/2019	001-240-4390-0000C	STREAKWAVE: camera system for K9 kennels	672.31	no
433008	01/11/2019	001-000-1350-0000C	Computer Loan Purchase: Vanessa Duncan	987.88	no
433008	01/11/2019	001-240-4530-0000C	HOLIDAY INN: Radar Training: hotel, J.Wright, 11/26-28/18	302.94	no
433008	01/11/2019	001-240-4530-0000C	UNITED: Body Cam Trng: air, E.Wilson, 1/15-18/19	413.60	no
433008	01/11/2019	001-480-4390-0000C	SANTABARBARACONTROLS: repair Chemtrol for Pool	505.26	no
433008	01/11/2019	001-240-4530-0000C	POLICE RECO: Body Cam Trng: reg, J.Owen, 1/15-18/19	385.00	no
433008	01/11/2019	001-240-4530-0000C	CHEVRON: Street Survival Seminar: gas, J.Wright, 12/2-5	47.00	no
433008	01/11/2019	001-240-4530-0000C	CALIBRE PRESS: Street Survival Trng: reg, J.Owen, 3/3-5/19	169.00	no
433008	01/11/2019	412-100-4230-0000C	DISHNETWORK: monthly cable service 11/25/18-12/24/18	559.68	no
433008	01/11/2019	001-240-4530-0000C	CHEVRON: Street Survival Seminar: gas J.Wright, 12/2-5	35.21	no
433008	01/11/2019	001-240-4550-0000C	APWA: law enforcement ICS x 3	137.48	no
433008	01/11/2019	001-240-4530-0000C	SHELL: Street Survival Seminar: gas, J.Wright, 12/2-5	29.25	no
433008	01/11/2019	001-240-4530-0000C	POLICE RECO: Body Cam Trng: reg, I.Minsal, 1/15-18/19	385.00	no
433008	01/11/2019	001-240-4530-0000C	POLICE RECO: Body Cam Trng: reg, E.Wilson, 1/15-18/19	385.00	no
433008	01/11/2019	001-240-4530-0000C	SILVER INN: Surv Seminar: hotel J.Wright 12/2-5 (Nov chrg refund)	-655.44	no
433008	01/11/2019	001-240-4530-0000C	CHEVRON: Street Survival Seminar: gas, J.Wright, 12/2-5	35.93	no
433008	01/11/2019	001-240-4530-0000C	CHEVRON: Radar Training: gas, J.Wright, 11/26-28/18	44.55	no
433008	01/11/2019	001-120-4550-0000C	CSMFO: membership dues, C. Rawlings	36.67	no
433008	01/11/2019	001-240-4530-0000C	CHEVRON: Street Survival Seminar: gas J.Wright, 12/2-5	22.03	no
433008	01/11/2019	001-230-4390-0000C	WALMART: misc supplies for trucks	105.98	no
433008	01/11/2019	001-240-4530-0000C	SILVER CLD INN: Street Survival Seminar: hotel, J.Wright, 12/2-5	568.96	no
433008	01/11/2019	001-230-4390-0000C	HOMEDEPOT: misc supplies for trucks/tires	164.57	no
433008	01/11/2019	413-120-4550-0000C	CSMFO: membership dues, C. Rawlings	36.67	no
433008	01/11/2019	001-240-4390-0000C	TACTICAL GEAR: helmet pads	77.26	no
433008	01/11/2019	001-480-4390-0000C	TYLOHELO: sensor	55.52	no
433008	01/11/2019	001-240-4390-0000C	AMAZON: helmet pads	55.81	no
433008	01/11/2019	001-000-2122-0000C	(TAX) AMAZON: helmet pads	-3.89	no
433008	01/11/2019	419-120-4550-0000C	CSMFO: membership dues, C. Rawlings	36.66	no
433008	01/11/2019	001-000-2122-0000C	(TAX) TACTICAL GEAR: helmet pads	-4.83	no
433008	01/11/2019	001-112-4392-0000C	WALMART: holiday lights	40.23	no
433008	01/11/2019	001-112-4392-0000C	WALMART: holiday lights	180.08	no
433008	01/11/2019	413-351-4390-0000C	SAFEWAY: distilled water	14.40	no
433008	01/11/2019	001-350-4310-0000C	DN OFFICE SUPPLY: write-in-rain notebooks	5.68	no
433008	01/11/2019	419-371-4390-0000C	AMAZON: battery	16.50	no
433008	01/11/2019	419-000-2122-0000C	(TAX) AMAZON: battery	-1.15	no
433008	01/11/2019	413-352-4310-0000C	DN OFFICE SUPPLY: write-in-rain notebooks	5.68	no
433008	01/11/2019	419-371-4310-0000C	DN OFFICE SUPPLY: write-in-rain notebooks	5.68	no
433008	01/11/2019	420-115-4450-0000C	SPAMHERO: monthly service	10.00	no

Check Num	Check Da	Account	Description	Amount	Selected for Vo
433008	01/11/2019	420-115-4390-0000	BIRCHGROVE: ActivTrak Plan Software	90.00	no
433008	01/11/2019	420-115-4450-0000	FUTUREQUEST: monthly service	33.95	no
433008	01/11/2019	001-350-4310-0000	AMAZON: flash drives	53.70	no
433008	01/11/2019	420-115-4390-0000	AMAZON: flash drives	23.63	no
433008	01/11/2019	001-000-2122-0000	(TAX) AMAZON: flash drives	-3.75	no
433008	01/11/2019	420-000-2122-0000	(TAX) AMAZON: flash drives	-1.65	no
433008	01/11/2019	001-000-2122-0000	(TAX)AMAZON: Security cameras plus lighting for Cultural Center	-126.00	no
433010	01/11/2019	420-115-4450-0000	Office 365 renewal Jan-June 2019	6,548.68	no
433010	01/11/2019	420-000-1510-0000	Office 365 renewal July-Dec 2019	6,548.67	no
				404,162.92	

Accounts Payable
 12.29-18 to 1-11-19 Housing

OR



User: crawlings
 Printed: 01/15/2019 - 10:11 AM

Check Num	Check Dat	Account	Description	Amount	Selected for Void
432937	01/04/2019	110-490-4390-00000	bolt set for toilet, wax ring	8.11	no
432937	01/04/2019	110-490-4390-00000	compression cap, toilet tank repr complt	31.31	no
432937	01/04/2019	110-490-4390-00000	RETURN: toilet tank repr complt	-22.24	no
432937	01/04/2019	110-490-4390-00000	tank to bowl gasket, bolts	17.38	no
432937	01/04/2019	110-490-4390-00000	screw set toilet, closet flange, wax ring	51.80	no
432937	01/04/2019	110-490-4390-00000	RETURN: screw set toilet, closet flange	-29.01	no
432956	01/04/2019	110-490-4310-00000	Supplies: folders, adding mach tape, binders, pens	164.49	no
432956	01/04/2019	110-490-4310-00000	Supplies: phone notes	37.06	no
432969	01/11/2019	110-490-4420-00000	Annual audit	3,150.00	no
432983	01/11/2019	110-490-4230-00000	707-464-9216 montly phone-12/30/18-01/29/19	134.26	no
432984	01/11/2019	110-490-4450-00000	Shredding of confidential material	114.59	no
432996	01/11/2019	110-490-4310-00000	Supplies: hanging folders, binder clips	125.75	no
432998	01/11/2019	110-490-4210-00000	Electricity FY19: 11/29/18-12/28/18	322.87	no
433008	01/11/2019	110-490-4450-00000	PITNEY BOWES: Lease	190.86	no
433008	01/11/2019	110-490-4450-00000	BIMART: wall clock	10.89	no
433008	01/11/2019	110-490-4450-00000	HOME DEPOT: door hanger, smoke alarm	11.57	no
433008	01/11/2019	110-490-4450-00000	DN OFFICE SUPPLY: nameplate holder	56.68	no
433008	01/11/2019	110-490-4450-00000	WALMART: wall clock	4.17	no
				4,380.54	

CITY OF CRESCENT CITY
 BI-WEEKLY PAYROLL REPORT

PAYROLL END DATE
 PAYROLL PAID DATE
 CHECK NUMBERS

January 5, 2019
 January 11, 2019
 CKS # 109625-109636

	Regular Pay	Overtime	Gross Pay	# Empl	Notes
Dept #110 City Council	2,109.84		2,109.84	5	
Dept #111 Admin/City Manager	10,573.05		10,573.05	2 + 1 part-time	
Dept #114 Human Resources	2,026.22		2,026.22	1	
Dept #120 Finance/Utility Billing	14,614.31		14,614.31	6	
Dept #230 Fire Department	6,692.15		6,692.15	3 + 2 part-time	
Dept #240 Police Department	30,876.82	4,663.44	35,540.26	13	
Dept #313 Planning			3,964.80	2	
Dept #350 Public Works-All Depts	74,523.78	4,963.96	79,487.74	28+ 2 Part-time	Includes 2 separations
Dept #360 Bldg Maint & Equipment				-	Merged with Dept 350
Dept #480 Swimming Pool Fund	9,651.83	9.94	9,661.77	2+17 Part-time	
Dept #490 Housing Authority	7,747.58		7,747.58	3 + 1 Part-time	
TOTALS	158,815.58	9,637.34	172,417.72	65 + 23 Part-time	

The payroll summarized above is listed where assigned. The actual costs of each employee are allocated each pay period to the department and/or fund where the actual work was performed.



CITY COUNCIL AGENDA REPORT

TO: MAYOR INSCORE AND MEMBERS OF THE CITY COUNCIL
FROM: ERIC WIER, CITY MANAGER
BY: LINDA LEAVER, FINANCE DIRECTOR
DATE: JANUARY 22, 2019
SUBJECT: BUDGET-TO-ACTUAL FINANCIAL REPORT FOR DECEMBER 2018

RECOMMENDATION

- Receive and file monthly budget-to-actual financial report of the City's major operating funds for the month of December 2018

BACKGROUND

In order to provide timely information to the City Council and to the public, the City's Finance Department has prepared the attached monthly budget-to-actual report. This report provides a summary overview as of December 31, 2018 of the year-to-date revenues and expenses of the City's major operating funds: General Fund, Housing Authority Fund, Shoreline RV Park Fund, Sewer Fund and Water Fund.

ITEM ANALYSIS

As of December 31, 2018, we are 50% of the way through the fiscal year, with 50% of the year remaining. If revenues were received and expenditures made evenly throughout the year, there would be 50% of each budget line remaining. However, revenues and expenditures are not even throughout the year for many reasons. Many revenues are not received evenly throughout the year (particularly tax revenues and grant reimbursements), many routine expenses are not recorded until the invoice is received in the following month, and budgets may include large projects that have not yet been completed.

This report summarizes the actual revenues and expenditures for the year to date; additional information is provided in the budget-to-actual report attached.

- **General Fund**

General Fund revenues show that 62% of the budgeted amount is yet to be received. This is dependent on the timing of when certain revenues are received. For example, most taxes, third party billings, and grant reimbursements are received quarterly. In addition, certain

grant revenues for FY18 projects were not received in time to be considered FY18 revenues and are now reported as additional FY19 revenues. As a comparison, at the same time last year, 62% of the budgeted revenues were yet to be received. General Fund actual expenditures show that 60% of the budgeted amount is yet to be expended.

- **Housing Authority Fund**

The Housing Authority is funded by monthly disbursements from the federal government. At this point, actual revenues show 52% remaining to be collected and actual expenditures have remaining amounts of 52%.

- **Shoreline RV Park Fund**

Revenues collected by the Shoreline Recreational Vehicle Park (RV Park) show 39% remaining to be collected. RV Park revenues are highly seasonal, and most rental revenues are received in the summer months. Actual expenses in the RV Park show 60% of the budget left to be expended.

- **Sewer Fund**

The Sewer Fund earns revenue primarily from charges to the users of its services. Actual revenues show 47% of the total revenue budget remaining to be collected. Operational expenses (not including debt service or capital improvements) show 66% of the budget remaining to be expended.

- **Water Fund**

The Water Fund earns revenue primarily from charges for service. Actual revenues show 41% of the budget remaining to be collected and 61% of budgeted operational expenses (not including debt service or capital improvements) remaining to be expended.

- **Summary**

The following table summarizes the actual revenues and expenses for the City's five major operating funds, not including encumbrances:

	Budget	Actual	Remaining \$	Remaining %
General Fund				
Revenue	5,563,921	2,119,573	3,444,348	62%
Expense	6,032,440	2,387,371	3,645,069	60%
Net	(468,519)	(267,798)		
Housing Fund				
Revenue	3,546,487	1,710,078	1,836,409	52%
Expense	3,545,209	1,687,144	1,858,065	52%
Net	1,278	22,934		
RV Park Fund				
Revenue	366,000	221,431	144,569	39%
Expense	294,664	117,072	177,592	60%
Repayment to General Fund	235,099	-	235,099	100%
Net	(163,763)	104,359		
Sewer Fund				
Revenue	4,730,817	2,496,842	2,233,975	47%
Operating Expense	3,523,013	1,193,013	2,330,000	66%
Debt Service	1,400,000	1,400,000	-	0%
Transfer to CIP	376,800	7,550	369,250	98%
Net	(568,996)	(103,722)		
Water Fund				
Revenue	2,632,165	1,562,977	1,069,188	41%
Operating Expense	2,051,575	800,061	1,251,514	61%
Debt Service	350,000	175,000	175,000	50%
Transfer to CIP	730,000	1,406	728,594	100%
Net	(499,410)	586,510		

After the mid-point of each fiscal year, City staff reviews all budgeted revenues and expenses and begins preparing the mid-year budget proposal. This process is currently underway and is anticipated to be brought to the Council in February.

- **Long-term Liabilities**

The City's long-term liability balances are included in the table below.

Liability	Fund	Balance
Net Pension Liability	Multiple	10,325,662
Compensated Absences	Multiple	297,410
SRF Loan	Sewer	37,053,253
SRF Loan	Water	1,750,000

FISCAL ANALYSIS

Preparation of this report is informational in nature and has no direct fiscal impact.

STRATEGIC PLAN ASSESSMENT

This report is consistent with Strategic Plan Goal 3 to “Maintain responsible fiscal management and accountability.”

ATTACHMENTS

1. Monthly budget-to-actual report for December 2018

Staff review:


CM

City of Crescent City
FY 2018-19 General Fund Operating Report
As of December 31, 2018

% of Year Remaining: 50%

Description	Notes	Budget	Actual	Remaining before Encumbrances		Encumbrances	Remaining after Encumbrances	
				\$ Remaining	% Remaining		\$ Remaining	% Remaining
Non-Departmental Revenue								
Tax Revenue	1	3,735,316	1,160,779	2,574,537	69%	-	2,574,537	69%
Licenses & Permits	1	276,165	67,531	208,634	76%	-	208,634	76%
Interest Income	1	19,789	11,365	8,424	43%	-	8,424	43%
Lease-Rental Income		27,907	17,764	10,143	36%	-	10,143	36%
Other Revenue		11,150	2,702	8,448	76%	-	8,448	76%
Departmental Revenue								
City Council	2	86,496	29,216	57,280	66%	-	57,280	66%
City Manager		1,000	1,000	-	-	-	-	0%
City Clerk	2	101,867	44,141	57,726	57%	-	57,726	57%
Human Resources		1,000	-	1,000	100%	-	1,000	100%
Fire	1, 5	523,002	208,623	314,379	60%	-	314,379	60%
Police	1	189,321	78,863	110,458	58%	-	110,458	58%
Building & Code Enforcement	3	136,045	71,394	64,651	48%	-	64,651	48%
Planning	4	2,950	2,515	435	15%	-	435	15%
PW Admin		6,613	1,002	5,611	85%	-	5,611	85%
Streets	5	168,500	283,278	(114,778)	-68%	-	(114,778)	-68%
Parks	4	4,000	1,020	2,980	75%	-	2,980	75%
Cultural Center	4	15,000	5,270	9,730	65%	-	9,730	65%
Swimming Pool		257,800	133,110	124,690	48%	-	124,690	48%
General Fund Revenue Total		5,563,921	2,119,573	3,444,348	62%	-	3,444,348	62%
Non-Departmental Expenditures								
City Council	6	152,709	61,487	91,222	60%	91,865	(643)	0%
Administration		62,979	25,096	37,883	60%	1,607	36,276	58%
Community Support	7	113,439	41,311	72,128	64%	54,349	17,779	16%
City Clerk		155,687	64,866	90,821	58%	11,154	79,668	51%
Human Resources		58,770	27,073	31,697	54%	787	30,910	53%
Finance		231,201	93,611	137,590	60%	15,836	121,754	53%
City Attorney	8	66,130	21,152	44,978	68%	1,600	43,378	66%
Fire		828,663	278,598	550,065	66%	49,361	500,704	60%
Police		2,046,040	904,508	1,141,532	56%	95,604	1,045,928	51%
Building & Code Enforcement		157,009	49,137	107,872	69%	3,272	104,601	67%
Planning	9	149,541	78,603	70,938	47%	126	70,812	47%
Public Works - Admin	10	184,171	69,097	115,074	62%	3,366	111,708	61%
Public Works - Streets		550,125	198,657	351,468	64%	97,954	253,515	46%
Public Works - Parks		362,044	135,587	226,457	63%	18,658	207,799	57%
Cultural Center	11	113,019	16,440	96,579	85%	19,037	77,542	69%
Swimming Pool		668,197	275,973	392,224	59%	94,326	297,898	45%
General Fund Expenditure Total		6,032,440	2,387,371	3,645,069	60%	559,419	3,085,651	51%
NET OPERATING RESULTS		(468,519)	(267,798)					

GENERAL FUND NOTES:

- 1 General Fund revenues are not received evenly throughout the year. Many taxes, third party billings, interest, and grant revenues are received quarterly or semiannually.
- 2 Revenue is based on actual expenditures charged to other funds; lower expenses will result in lower revenue.
- 3 Includes budgeted abatement revenue. Actual revenue depends on receiving reimbursements for abatement expenses.
- 4 Budgeted revenues are based on prior experience; actual usage will vary.
- 5 Actual includes reimbursements for FY18 that were received too late to be included in FY18 numbers.
- 6 Includes revenue sharing agreements with County (sales tax and property-tax in-lieu of VLF).
- 7 Budget includes contributions to Chamber of Commerce, BCRAA, and other community events.
- 8 Attorney services are used as needed.
- 9 Includes annual LAFCO contribution (already paid).
- 10 Under budget in wages/benefits. Public Works Director position was vacant for three months this fiscal year.
- 11 Budget includes siding repair project.

Beachfront Park CIP
As of December 31, 2018

Project	Bucket	Donations, Grants, Transfers, and Interest Earnings					Total
		FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	
Interest Earnings - unallocated		-	17	70	27	-	115
Amphitheater and Concessions	BFP01	-	-	-	-	-	-
Artistic Improvements	BFP02	-	-	-	-	-	-
Beach Access Improvements	BFP03	5,600	-	-	-	-	5,600
Bus Stop	BFP04	-	-	-	-	-	-
Disc Golf	BFP05	-	-	-	-	-	-
Dog Park	BFP06	1,053	3,601	-	18,395	-	23,049
Game Center	BFP07	-	-	-	-	-	-
General	BFP08	-	-	66	-	-	66
Howe Park East	BFP09	-	233	-	-	-	233
Pedestrian Access Improvements	BFP10	-	-	-	-	-	-
Playing Fields	BFP11	-	-	-	-	-	-
Street and Parking Improvements	BFP12	-	-	-	-	-	-
Trees and Beautification	BFP13	-	-	-	-	-	-
Town Square and Plaza	BFP14	-	-	-	-	-	-
		6,653	3,851	136	18,422	-	29,063

Project	Bucket	Expenditures					Total
		FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	
Interest Earnings - unallocated		-	-	-	-	-	-
Amphitheater and Concessions	BFP01	-	-	-	-	-	-
Artistic Improvements	BFP02	-	-	-	-	-	-
Beach Access Improvements	BFP03	-	-	-	-	-	-
Bus Stop	BFP04	-	-	-	-	-	-
Disc Golf	BFP05	-	-	-	-	-	-
Dog Park	BFP06	-	-	1,600	31,492	-	33,092
Game Center	BFP07	-	-	-	-	-	-
General	BFP08	-	-	-	-	-	-
Howe Park East	BFP09	-	-	-	-	-	-
Pedestrian Access Improvements	BFP10	-	-	-	-	-	-
Playing Fields	BFP11	-	-	-	-	-	-
Street and Parking Improvements	BFP12	-	-	-	-	-	-
Trees and Beautification	BFP13	-	-	-	-	-	-
Town Square and Plaza	BFP14	-	-	-	-	-	-
		-	-	1,600	31,492	-	33,092

**Code Enforcement Abatement Program
Inception through December 31, 2018**

	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19 as of 12/31/18
Beginning Balance	-	68,962	(3,694)	(8,166)	12,314	(16,821)	70,569
1 Revenues	94,000	42,361	56,191	59,404	4,645	150,555	19,307
2 Expenses	(25,038)	(115,017)	(60,663)	(38,924)	(33,780)	(63,165)	(7,490)
Ending Balance	68,962	(3,694)	(8,166)	12,314	(16,821)	70,569	82,386

- 1 Revenues include General Fund seed money of \$94,000 in FY 2012-13.
- 2 Expenses include only legal, abatement, and receiver expenses directly related to identified projects.

City of Crescent City
FY 2018-19 Housing Fund Operating Report
As of December 31, 2018

% of Year Remaining: 50%

Description	Notes	Budget	Actual	Remaining before Encumbrances		Encumbrances	Remaining after Encumbrances	
				\$ Remaining	% Remaining		\$ Remaining	% Remaining
Revenue								
Interest	1	140	23	117	83%	-	117	83%
Recovery-Admin Fee 50%	2	12,600	3,622	8,978	71%	-	8,978	71%
Recovery-HAP 50%	2	12,600	3,622	8,978	71%	-	8,978	71%
HUD Admin Revenue		425,147	231,993	193,154	45%	-	193,154	45%
HUD Housing Assistance		3,094,000	1,470,168	1,623,832	52%	-	1,623,832	52%
Other PHA Housing Assistance		-	217	(217)	-	-	(217)	-
HAP Owner Reimbursement	3	-	432	(432)	-	-	(432)	-
Port In - HAP	3	-	-	-	-	-	-	-
Port In - Admin	3	-	-	-	-	-	-	-
Other Revenue		2,000	-	2,000	-	-	2,000	100%
Revenue Total		3,546,487	1,710,078	1,836,409	52%	-	1,836,409	52%
Expense								
Housing Assistance Payments		3,094,000	1,492,509	1,601,491	52%	-	1,601,491	52%
Port In - HAP		-	-	-	-	-	-	-
Personnel								
Housing		351,701	148,446	203,255	58%	-	203,255	58%
Admin / HR		8,579	3,877	4,702	55%	-	4,702	55%
Finance		15,600	6,901	8,699	56%	-	8,699	56%
City Attorney	4	500	-	500	100%	-	500	100%
Utilities and telephone		8,061	3,746	4,315	54%	2,413	1,902	24%
Materials and supplies		23,163	9,860	13,303	57%	6,869	6,433	28%
Contracts and services	5	24,178	15,248	8,930	37%	4,752	4,177	17%
Employee Support		6,700	1,466	5,234	78%	-	5,234	78%
Interest remitted to HUD	6	140	-	140	100%	-	140	100%
ISF Allocations		12,587	5,090	7,497	60%	-	7,497	60%
Expense Total		3,545,209	1,687,144	1,858,065	52%	14,035	1,844,030	52%
NET OPERATING RESULTS		1,278	22,934					

NOTES:

- 1 The majority of Interest (LAIF) is received quarterly.
- 2 Fraud recovery is recorded after payments are received.
- 3 These revenues are reimbursements.
- 4 Attorney services are used as needed.
- 5 Includes annual computer maintenance, which has already been paid.
- 6 HUD requires that interest earned on funds held by the Housing Authority is to be remitted to HUD. To date the amount of interest earned has been de minimus; transfers will not be made unless the amount is significant.

City of Crescent City
FY 2018-19 RV Park Fund Operating Report
As of December 31, 2018

% of Year Remaining: 50%

Description	Notes	Budget	Actual	Remaining before Encumbrances		Encumbrances	Remaining after Encumbrances	
				\$ Remaining	% Remaining		\$ Remaining	% Remaining
Revenue								
Interest	1	1,000	1,502	(502)	-50%	-	(502)	-50%
Misc sales		5,000	1,992	3,008	60%	-	3,008	60%
Rental revenue non-TOT	2	90,000	42,838	47,162	52%	-	47,162	52%
Rental revenue - subject to TOT	2	270,000	175,099	94,901	35%	-	94,901	35%
Other revenue		-	-	-	-	-	-	-
Revenue Total		366,000	221,431	144,569	39%	-	144,569	39%
Expense								
Personnel								
RV Park		61,123	27,001	34,122	56%	-	34,122	56%
Admin / HR		11,888	5,119	6,769	57%	-	6,769	57%
Finance		11,462	5,054	6,408	56%	-	6,408	56%
Utilities and telephone		99,185	39,882	59,303	60%	41,201	18,102	18%
Materials and supplies		22,595	559	22,036	98%	797	21,238	94%
Contracts and services		40,285	14,894	25,391	63%	10,581	14,810	37%
Other operating uses		500	175	325	65%	-	325	65%
ISF Allocations		47,626	24,387	23,239	49%	-	23,239	49%
Expense Total		294,664	117,072	177,592	60%	52,579	125,012	42%
Debt Service	3	235,099	-	-	-	-	-	-
Total Expenditures		529,763	117,072					
NET OPERATING RESULTS		(163,763)	104,359					

Non-TOT = visitors staying longer than 30 days
Subject to TOT = visitors staying less than 30 days

NOTES:

- 1 LAIF interest is received quarterly.
- 2 Revenues are highly seasonal.
- 3 Repayment of General Fund loan budgeted for this FY.

City of Crescent City
FY 2018-19 Sewer Fund Operating Report
As of December 31, 2018

% of Year Remaining: 50%

Description	Notes	Budget	Actual	Remaining before Encumbrances		Encumbrances	Remaining after Encumbrances	
				\$ Remaining	% Remaining		\$ Remaining	% Remaining
Revenue								
Interest	1	31,191	26,921	4,270	14%	-	4,270	14%
Other Income		15,431	17,667	(2,236)	-14%	-	(2,236)	-14%
Charges for services		4,415,729	2,293,164	2,122,565	48%	-	2,122,565	48%
Sewer connections	2	38,728	116,105	(77,377)	-200%	-	(77,377)	-200%
Sewer lab	3	120,347	31,929	88,418	73%	-	88,418	73%
County collection systems	4	104,278	11,056	93,222	89%	-	93,222	89%
Grant revenue		5,113	-	5,113	100%	-	5,112	100%
Revenue Total		4,730,817	2,496,842	2,233,975	47%	-	2,233,974	47%
Expense								
Admin / HR		130,060	52,793	77,267	59%	185	77,082	59%
Finance		326,407	130,067	196,340	60%	23,355	172,985	53%
City attorney	5	26,685	6,553	20,132	75%	-	20,132	75%
Sewer lab		408,162	161,864	246,298	60%	48,043	198,255	49%
WWTP operations		1,464,509	526,893	937,616	64%	292,281	645,335	44%
City collection systems		281,833	110,702	171,131	61%	12,642	158,489	56%
County collection systems		104,277	30,673	73,604	71%	8,688	64,916	62%
WWTP major maintenance		781,080	173,468	607,612	78%	31,136	576,476	74%
Operating Expense Total		3,523,013	1,193,013	2,330,000	66%	416,330	1,913,670	54%
Debt service	6	1,400,000	1,400,000					
Transfers to CIP fund		376,800	7,550					
Total		5,299,813	2,600,564					
Net		(568,996)	(103,722)					

NOTES:

- 1 The majority of interest (LAIF) is received quarterly.
- 2 Connections are budgeted based on prior experience; actual results depend on the number of connections requested.
- 3 Internal lab services are billed quarterly.
- 4 Amounts depend on actual expenditures, billed quarterly.
- 5 Attorney services are used as needed.
- 6 Annual debt service payment has been made.

City of Crescent City
FY 2018-19 Water Fund Operating Report
As of December 31, 2018

% of Year Remaining: 50%

Description	Notes	Budget	Actual	Remaining before Encumbrances		Encumbrances	Remaining after Encumbrances	
				\$ Remaining	% Remaining		\$ Remaining	% Remaining
Revenue								
Interest	1	12,403	12,503	(100)	-1%	-	(100)	-1%
Rental revenue		19,869	12,417	7,452	38%	-	7,452	38%
Other revenue	2	15,080	-	15,080	100%	-	15,080	100%
Charges for services		2,528,000	1,479,880	1,048,120	41%	-	1,048,120	41%
Water connections	3	48,400	56,604	(8,204)	-17%	-	(8,204)	-17%
Water CSD admin revenue		3,300	1,574	1,726	52%	-	1,726	52%
Grant revenue		5,113	-	5,113	100%	-	5,113	100%
Revenue Total		2,632,165	1,562,977	1,069,188	41%	-	1,069,188	41%
Expense								
Admin / HR		134,231	55,321	78,910	59%	185	78,725	59%
Finance		323,722	137,776	185,946	57%	17,048	168,898	52%
City attorney	4	16,685	4,298	12,387	74%	-	12,387	74%
Water operations		1,542,738	585,170	957,568	62%	202,122	755,446	49%
Water CSD		34,199	17,496	16,703	49%	-	16,703	49%
Expense Total		2,051,575	800,061	1,251,514	61%	219,355	1,032,159	50%
Debt service	5	350,000	175,000					
Transfers to CIP fund		730,000	1,406					
Total Expenditures		3,131,575	976,467					
Net Operating Results		(499,410)	586,510					

NOTES:

- 1 The majority of interest (LAIF) is received quarterly.
- 2 NSF and late fees are allocated at the end of the year.
Includes both the connection fee and charges for equipment/materials related to the connection. Water connection revenues are dependent upon new connections requested; budgets are estimated based on prior year activity and actual results will vary.
- 3 activity and actual results will vary.
- 4 Attorney services are used as needed.
- 5 This is a placeholder to reserve cash to make the required debt service payments in December and June.

CITY COUNCIL AGENDA REPORT



TO: MAYOR INSCORE AND MEMBERS OF THE CITY COUNCIL

FROM: ERIC WIER, CITY MANAGER

BY: LINDA LEAVER, FINANCE DIRECTOR

DATE: JANUARY 22, 2019

**SUBJECT: QUARTERLY CASH AND INVESTEMENTS REPORT AS OF
DECEMBER 31, 2018**

RECOMMENDATION

- Receive and file quarterly cash and investments report as of December 31, 2018

BACKGROUND

California Government Code Section 53600 requires timely reporting of local agency investment transactions and portfolio to the agency's legislative body. The Government Finance Officers Association's (GFOA) best practice recommendation is for local agencies to periodically report cash and investments to the governing body. Per the City of Crescent City Investment Policy adopted January 22, 2018, the City Treasurer shall provide the City Council and City Manager an investment report at least quarterly and within 30 days of the quarter end. This is that report for the quarter ending December 31, 2018.

ITEM ANALYSIS

Below is a summary of the City's cash and investments as of December 31, 2018 (general ledger balances). These totals do not include fiduciary funds that are held by other entities (e.g. trust account held by PARS for the City's OPEB liability).

Account	Balance
Petty Cash	1,300
Bank Accounts	
US Bank Main	815,264
US Bank Payroll	-
US Bank Savings (CDBG Program Income)	1,300
US Bank Housing Authority	167,232
US Bank Sewer Fund Capital Reserve	659,011
US Bank Water Fund Debt Service Reserve	350,155
Investment (Pooled Funds)	
Local Agency Investment Fund	10,359,922
Total Cash and Investments	12,354,185

- **Cash**

- **Petty Cash**

The City maintains petty cash in various departments for change drawers and incidental purchases.

Location/Purpose	Amount
Administration - Petty Cash	300
Swimming Pool - Change Drawer	150
RV Park - Change Drawer	350
Utility Billing - Change Drawers	500
Total	1,300

- **Bank Accounts**

Amounts listed are general ledger amounts and reflect activity through December 31, 2018. These amounts include checks that have been written but not yet presented to the bank (outstanding checks) and deposits that have been made but not yet recorded by the bank (deposits in transit). The general ledger balance reflects the City's balances more accurately than does the bank statement of the same date.

- US Bank Main – This is the City's checking account. All cash receipts and accounts payable are processed through this account. Balances fluctuate based on activity and cash flow needs. When excess funds accumulate, they are transferred to LAIF. When additional funds are required to meet immediate needs, they are transferred from LAIF into the main checking account.
 - US Bank Payroll – This is a Zero Balance Account (ZBA). When payroll expenditures (direct deposits, checks, and wire transfers) are presented to the bank, the amount of the expenditure is automatically transferred from the main checking account into the payroll account.

- US Bank Savings (CDBG Program Income) – The California Department of Housing and Community Development (HCD), which administers our Community Development Block Grant (CDBG) strongly suggests using a separate, interest-bearing bank account for Program Income. Interest earned on Program Income is also qualified as Program Income.
- US Bank Housing Authority – This account is used to receive funding from the Federal Department of Housing and Urban Development (HUD). Housing Assistance Payments are made from this account. The amount allowed by HUD for administrative costs is periodically transferred into the City’s main checking account and allocated for costs within the Housing Authority Fund.
- US Bank Sewer Fund Capital Reserve – This account was required under the terms of the State Revolving Fund loan. Over a period of 10 years, the City was required to set aside \$2,187,700 as a capital reserve. The balance in this account represents the first three years’ contributions plus interest. In October 2017, the City successfully negotiated a contract amendment to the SRF loan, removing the Capital Reserve Requirement. The funds in this account are now held pending assignment to a project.
- US Bank Water Fund Debt Service Reserve – This account is required under the terms of the Safe Drinking Water loan. The funds will only be available to make the debt service payment should the Water Fund be unable to make payments from its operating account. The debt service reserve will be held in this account until the loan is paid off in 2024. The balance in this account is one year’s debt service plus interest.

○ **Pooled Cash**

With the exception of restricted bank accounts (US Bank Savings, US Bank Housing Authority, US Bank Sewer Fund Capital Reserve, and US Bank Water Fund Debt Service Reserve), the City’s cash and investment resources are pooled. The pooling of cash and investments provides several advantages, including better physical custody and control, enhanced investment opportunities, and ease of operations. It also simplifies custody, collection, and disbursements.

It is important to note that the City’s pooled resources include fiduciary, grant, and capital project funds as well as the City’s major operating funds. The cash and investment totals represent balances as of a specific date and do not necessarily represent amounts available for future appropriations.

• **Investments**

○ **Local Agency Investment Fund (LAIF)**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 and managed by the Treasurer of the State of California. Cash is pooled with cash from state-wide local agencies and invested. Each agency has its own account within the pool. Each participating agency has a maximum account limit of \$65 million, with no minimum balance, and is permitted to make up to 15 transactions per month. Investments in LAIF are available upon demand, although 24-hour notice is required for withdrawals of \$10 million or more. More information about LAIF can be found at their website: <http://www.treasurer.ca.gov/pmia-laif/laif.asp>.

○ **Current Investment Portfolio**

The City’s investment portfolio at this time is 100% in LAIF.

○ **Individual Transactions During Quarter**

The following transactions were made during the October – December 2018 quarter

LAIF Transactions			
10/9/2018	Deposit	350,000	Transfer accumulated cash from main checking
10/15/2018	Deposit	45,970	Interest earned July - September 2018
10/17/2018	Deposit	350,000	Transfer accumulated cash from main checking
10/30/2018	Deposit	300,000	Transfer accumulated cash from main checking
11/15/2018	Deposit	400,000	Transfer accumulated cash from main checking

○ **Individual Securities Held**

N/A

○ **Realized and Unrealized Gains/Losses and Market Value**

Although the City does not hold any securities with a maturity over one year, the City does recognize a Fair Market Value (FMV) adjustment for its investment in LAIF, consistent with GASB 72. The FMV adjustment is calculated quarterly, and the adjustment as of December 31, 2018 was a loss of \$9,839,58. This adjustment represents the City’s estimated loss if the entire portfolio had been sold on that date. There is no actual (realized) loss unless or until the portfolio is sold at a loss.

○ **Return on Investments**

The quarterly yield as of December 31, 2018 was 2.21%. The effective monthly yield as of December 2018 was 2.291%. Crescent City’s Investment Policy specifies the two-year Treasury note as a benchmark, to be used for reference purposes only. The daily treasury yield for two-year notes on December 31, 2018 was 2.48%.

○ **Percentage of Portfolio**

- 100% LAIF

○ **Compliance Statement**

The City's investment portfolio as of December 31, 2018 is in compliance with the City's Investment Policy and is meeting the policy objectives of (1) safety, (2) liquidity, and (3) yield.

FISCAL ANALYSIS

Preparation of this report is informational in nature and has no direct fiscal impact.

STRATEGIC PLAN ASSESSMENT

This report is consistent with Strategic Plan Goal 3, ongoing priority to "Maintain responsible fiscal management and accountability."

ATTACHMENTS

1. None

Staff review:


CM

CITY COUNCIL AGENDA REPORT



TO: MAYOR INSCORE AND MEMBERS OF THE CITY COUNCIL
FROM: ERIC WIER, CITY MANAGER
BY: LINDA LEAVER, DIRECTOR OF FINANCE
DATE: JANUARY 22, 2019
SUBJECT: CDBG HOUSING REHAB LOAN PROGRAM MODIFICATIONS

RECOMMENDATION

- Approve and ratify City Manager's signing of Amendments to Promissory Notes for three loans under the CDBG housing rehabilitation program

BACKGROUND

In the 1990s and early 2000s, the City participated in Community Development Block Grant (CDBG) programs to provide loans to low-income residents to make improvements to their homes. The loans that were issued in the 1990s were set up with 0% interest and all payment deferred until the property changed ownership. There are currently four participants with outstanding loans under that program. The loans issued in 2003-2004 were set up to defer payments for 15 years, with the full balance due January 15, 2019. The loan agreements include a provision that the participants may refinance their loans with the City at that time. There are now three participants with outstanding loans under this program.

ITEM ANALYSIS

As the due date of January 15, 2019 approached, the City contacted the four borrowers with outstanding loans to determine whether they intended to repay their loans or request refinancing. One participant paid the loan in full, and three participants indicated they would like to refinance. Following CDBG guidance, the City Manager appointed a Loan Committee consisting of the City Manager, Finance Director, and a member of the public with commercial banking and loan experience to review the loans and determine a set of guidelines for refinancing. The Committee was also advised by the City Attorney, Accountant (who administers the City's CDBG programs), and CDBG consultant Lorie Adams.

The existing loan agreements stipulated that the City could refinance the loans at 3% interest for an additional 15 years. The Loan Committee reviewed those terms in light of the older loans from the 1990s (which offered 0% interest and no payment due until change of ownership) as well as

the purpose and intent of the CDBG program. The Loan Committee developed a set of Program Guidelines reflecting the priorities of fulfilling the original intent of the CDBG loan program, protecting the City's interest in recovering the outstanding loan balances, and providing fairness between the various borrowers.

The purpose of the original program was to use CDBG funds to assist low-income homeowners, not to generate additional revenue for the City. Therefore, the Loan Committee agreed to offer 0% interest on the refinanced loans and to waive any late payment fees. Additionally, there will be no penalty for prepaying the loan.

In order to allow the participants the greatest flexibility based on their individual circumstances, the Loan Committee created three options for refinancing:

- **Option A:** Refinance the outstanding balance at 0% interest for 15 years. This option is available to all borrowers.
- **Option B:** Refinance the outstanding balance at 0% interest with all payment deferred until property changes ownership. These terms are in accordance with the prior loan program that was offered in the 1990s. To protect the City's interest in the event of foreclosure or default, this option is only available if the current value of the property is equal to or greater than the total of all amounts owed on the property.
- **Option C:** Refinance the outstanding balance at 0% interest with payments of \$50.00 per month for 15 years. At the end of 15 years, the remaining balance will be due. This option is available to all borrowers.

The borrowers were advised of the three options and signed a request for the option of their choice. One participant selected Option A and two selected Option C. The City Attorney has drafted Amendments to the Promissory Notes to reflect each loan modification, which will be filed with the County when approved.

In addition to the loan modifications, the Loan Committee also advised each borrower that resources are available for anyone experiencing financial difficulty in repaying their loans. Resources include free financial counseling as well as services available within the community such as food pantry, housing assistance, etc.

Other terms included in the original loans remain in effect, including

- The property must be occupied by the owner
- The property must be kept in good repair
- Property tax must be kept current
- Home insurance is required, with the City names as loss payee or additional insured

FISCAL ANALYSIS

These loans were funded by CDBG grants. When repayments are made to the City, they are considered Program Income. In any fiscal year where the City receives less than \$35,000 in Program Income, the money is defederalized and may be used at the City's discretion. If the

amount received in a fiscal year is \$35,000 or greater, it must either be used on a CDBG project or returned to the State.

The three loans will be modified as follows:

- **Loan 1:** Outstanding balance as of 1/11/19 is \$15,156. Borrower has selected Option A to refinance at 0% interest for 15 years, with monthly payments of \$84.20. Maturity date of 1/15/2034. No penalty for prepayment and no late fees.
- **Loan 2:** Outstanding balance as of 1/11/19 is \$15,376. Borrower has selected Option C to refinance at 0% interest with monthly payments of \$50.00 for 15 years. Remaining balance due in full on the maturity date of 1/15/2034. No penalty for prepayment and no late fees.
- **Loan 3:** Outstanding balance as of 1/11/19 is \$28,725. Borrower has selected Option C to refinance at 0% interest with monthly payments of \$50.00 for 15 years. Remaining balance due in full on the maturity date of 1/15/2034. No penalty for prepayment and no late fees.

The Amendments to Promissory Notes attached to this staff report have the borrowers' names redacted for privacy.

STRATEGIC PLAN ASSESSMENT

This action supports the following Strategic Plan goals:

- Goal 2(F): Expand on the success of grant funding by maximizing utilization of opportunities with corresponding community needs

ATTACHMENTS

1. Loan 1 Amendment to Promissory Note
2. Loan 2 Amendment to Promissory Note
3. Loan 3 Amendment to Promissory Note

Staff review:


CM


Legal

**CITY OF CRESCENT CITY
CDBG HOUSING REHABILITATION PROGRAM
AMENDMENT TO PROMISSORY NOTE**

This Amendment to the promissory note dated 04/15/2004 and secured by deed of trust recorded 12/31/2003 in Del Norte County Official Records as Doc# 20039515 is hereby entered into by and between the City of Crescent City, a California municipal corporation (hereinafter referred to as the "City"), and [REDACTED] (hereinafter referred to as the "Borrowers").

This Amendment modifies the original Promissory Note as follows:

PAYMENT: Borrowers will pay the loan in full on 1/15/2034 ("Maturity Date"). Borrowers will make minimum principal payments of \$84.20 per month until the Maturity Date with the first payment due 2/15/2019. No other monthly payments are required. Additional principal payments are allowed without penalty. All principal payments will reduce the principal due at the Maturity Date. The principal balance remaining will be due in full on the Maturity Date. The annual interest rate shall remain 0.0%.

LATE FEES & COLLECTION CHARGES: There will be no late fees charged for late payments.

All other terms and conditions of the original promissory note, as amended, not affected by this Amendment remain valid and enforceable.

Executed and effective as of the date first written below at Crescent City, California.

CITY OF CRESCENT CITY

BORROWERS

**CITY OF CRESCENT CITY
CDBG HOUSING REHABILITATION PROGRAM
AMENDMENT TO PROMISSORY NOTE**

This Amendment to the promissory note dated 04/13/2004 (amended 06/30/2010) and secured by deed of trust recorded 12/31/2003 in Del Norte County Official Records as Doc# 20039523 is hereby entered into by and between the City of Crescent City, a California municipal corporation (hereinafter referred to as the "City"), and [REDACTED] (hereinafter referred to as the "Borrowers").

This Amendment modifies the original Promissory Note as follows:

PAYMENT: Borrowers will pay the loan in full on 1/15/2034 ("Maturity Date"). Borrowers will make minimum principal payments of \$50.00 per month until the Maturity Date. No other monthly payments are required. Additional principal payments are allowed without penalty. All principal payments will reduce the principal due at the Maturity Date. The principal balance remaining will be due in full on the Maturity Date. The annual interest rate shall remain 0.0%.

All other terms and conditions of the original promissory note, as amended, not affected by this Amendment remain valid and enforceable.

*NO PREPAYMENT PENALTY
NO LATE FEES*

Executed and effective as of the date first written below at Crescent City, California.

CITY OF CRESCENT CITY

BORROWERS

**CITY OF CRESCENT CITY
CDBG HOUSING REHABILITATION PROGRAM
AMENDMENT TO PROMISSORY NOTE**

This Amendment to the promissory note executed 04/14/2004 (amended 02/26/2007) and secured by deed of trust recorded 02/26/2007 in Del Norte County Official Records as Doc# 20071114 is hereby entered into by and between the City of Crescent City, a California municipal corporation (hereinafter referred to as the "City"), and [REDACTED] (hereinafter referred to as the "Borrowers").

This Amendment modifies the original Promissory Note as follows:

PAYMENT: Borrowers will pay the loan in full on 1/15/2034 ("Maturity Date"). Borrowers will make minimum principal payments of \$50.00 per month until the Maturity Date with the first payment due 2/15/2019. No other monthly payments are required. Additional principal payments are allowed without penalty. All principal payments will reduce the principal due at the Maturity Date. The principal balance remaining will be due in full on the Maturity Date. The annual interest rate shall remain 0.0%.

LATE FEES & COLLECTION CHARGES: There will be no late fees charged for late payments.

All other terms and conditions of the original promissory note, as amended, not affected by this Amendment remain valid and enforceable.

Executed and effective as of the date first written below at Crescent City, California.

CITY OF CRESCENT CITY

BORROWERS

CITY COUNCIL AGENDA REPORT



TO: MAYOR INSCORE AND MEMBERS OF THE CITY COUNCIL
FROM: ERIC WIER, CITY MANAGER
BY: ROBIN PATCH, CITY CLERK/ADMINISTRATIVE ANALYST
DATE: JANUARY 22, 2019
SUBJECT: LEAGUE OF CALIFORNIA CITIES VOTING DELEGATE

RECOMMENDATION

- Adopt Resolution No. 2019-04 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY APPOINTING REPRESENTATIVES TO REPRESENT AND VOTE ON BEHALF OF THE CITY AT THE LEAGUE OF CALIFORNIA CITIES, REDWOOD EMPIRE DIVISION BUSINESS MEETINGS AND REPRESENT THE CITY AND VOTE AT DIVISION LEGISLATIVE COMMITTEE MEETINGS

BACKGROUND

Annually, the League of California Cities requires appointments to be made for the City to be represented as voting delegates at the Redwood Empire Division Business Meetings and Division Legislative Committee Meetings. These appointments are made by the Mayor and adopted by resolution.

- Blake Inscore, Member
- Jason Greenough, Alternate

Adoption of the resolution confirms these appointments by resolution as required of the League of California Cities.

ATTACHMENTS

1. Resolution No. 2019-04

EW
CM

RESOLUTION NO. 2019-04

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY,
CALIFORNIA APPOINTING REPRESENTATIVES TO REPRESENT AND VOTE ON
BEHALF OF THE CITY AT THE LEAGUE OF CALIFORNIA CITIES, REDWOOD
EMPIRE DIVISION BUSINESS MEETINGS AND REPRESENT THE CITY AND VOTE
AT DIVISION LEGISLATIVE COMMITTEE MEETINGS.**

WHEREAS, the City is a member of the League of California Cities, an association of California city officials who work together to enhance their knowledge and skills, exchange information, and combine resources so that they may influence policy decisions that affect cities; and

WHEREAS, mayors, council members and other officials set League policies and priorities from member cities who serve on the League Board of Directors, League policy committees, regional division boards, departments, caucuses, and task forces where League policies and priorities are formulated and set; and

WHEREAS, the City is an active member of the Redwood Empire Division, League of California Cities; and

WHEREAS, the Redwood Empire Division By-laws, Article III, Section 3, states representatives of each member city shall cast one vote by city; and

WHEREAS, the Redwood Empire Division By-laws, Article VIII, creates a Redwood Empire Division Legislative Committee to review and respond to bills that impact Redwood Empire Cities; and

WHEREAS, the City must appoint one elected official to attend and represent the city at Division Business meetings who can vote on behalf of the city; and

WHEREAS, the City must appoint one elected official to attend and represent the city at Legislative Committee meetings who can vote on behalf of the city; and

WHEREAS, an alternate elected official should be appointed to represent the city in the event the regular member is not available to attend; and

WHEREAS, appointments should be reviewed and updated annually.

NOW, THEREFORE, BE IT RESOLVED that the 2019 appointment for the Redwood Empire Division are as follows:

Division Business Meeting Primary: Mayor Blake Inscore
Division Business Meeting Alternate: Council Member Jason Greenough
Legislative Committee Primary: Mayor Blake Inscore
Legislative Committee Alternate: Council Member Jason Greenough

PASSED AND ADOPTED and made effective the same day by the City Council of the City of Crescent City on this 22nd day of January, 2019, by the following polled vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Blake Inscore, Mayor

ATTEST:

Robin Patch, City Clerk



**League of California Cities®
Redwood Empire Division**

Schedule of 2019 Division Events:

March 1: Hosted by the City of Ukiah
1st Quarterly Division Event

1:30 p.m. Legislative Committee Meeting
3:00 p.m. General Membership Business Meeting
5:00 p.m. Reception or City Tour
Dinner to follow

April 24: Legislative Action Day, Sacramento
Meetings at the Capitol with Legislators

May 24: Hosted by the City of Blue Lake
2nd Quarterly Division Event

1:00 p.m. Legislative Committee Meeting
3:00 p.m. General Membership Business Meeting
5:00 p.m. Reception or City Tour
Dinner to follow

August 9: Hosted by the City of Point Arena
3rd Quarterly Division Event

3:00 p.m. General Membership Business Meeting
5:00 p.m. Reception or City Tour
Dinner to follow

**October 16–18: Annual Conference
& 4th Quarterly Division Meeting, Long Beach**

CITY COUNCIL AGENDA REPORT



TO: MAYOR INSCORE AND MEMBERS OF THE CITY COUNCIL

FROM: ERIC WIER, CITY MANAGER

BY: JON OLSON, PUBLIC WORKS DIRECTOR
NACOLE SUTTERFIELD, ENGINEERING PROJECT MANAGER

DATE: JANUARY 22, 2019

SUBJECT: BANK STABILIZATION PROJECT FOR PEBBLE BEACH DRIVE

RECOMMENDATION

- Hear staff report
- Take public comment
- Approve Resolution 2019-02, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA AUTHORIZING THE CITY MANAGER, TO EXECUTE ANY AND ALL GRANT AGREEMENTS AND ADMINISTER THEM – FHWA PROJECT NO. 32D0(013)
- Approve Resolution 2019-03, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA AMENDING THE FISCAL YEAR 2018-19 BUDGET OF THE CITY OF CRESCENT CITY
- Direct staff to issue an RFQ; take action as necessary and appropriate

BACKGROUND

The December 2016 storms caused significant erosion along Pebble Beach Drive from Preston Island to Sixth Street. Initial efforts to secure Federal funding through the emergency relief program for bank stabilization were taken. These efforts included filling out and receiving approval of a Damage Assessment Form (DAF) and contracting SHN to provide a geotechnical report of the affected area. Staff met with the California Coastal Commission, spoke with geotechnical design and construction firms and revised the project cost estimate to more accurately reflect the rise in construction costs. Revised project costs are estimated at 3.8 million dollars. Staff received approval for the updated project cost estimate November 1st from Caltrans (the implementing Agency). Since then, staff has received the authorization to proceed with Preliminary Engineering (PE) work from Caltrans (Implementing Agency).

ANALYSIS

This project is broken down into two phases, PE and Construction (CON). During the PE phase, environmental review, permitting and Plans, Specifications, and Estimate (PS&E) will be completed. The PE phase of this project is funded fully through Federal Highways Administration (FHWA), CalOES and the Del Norte Local Transportation Commission (DNLTC). The CON phase will implement the design of the project. The City will not be able to request for CON funds until PE clearance is received from FHWA and Caltrans. The table below shows a breakdown of the estimated cost for each phase and each funding source:

Phase	Total Cost	FHWA	CalOES	Local
PE Costs	\$ 458,000.00	\$ 405,467.40	\$ 39,399.45	\$ 13,133.15
CON Costs	\$ 3,382,950.00	\$ 2,994,925.64	\$ 291,018.27	\$ 97,006.09
	\$ 3,840,950.00	\$ 3,400,393.04	\$ 330,417.72	\$ 110,139.24

On November 19, 2018 staff gave Council an update for this project and Council authorized the City Manager to sign a letter requesting matching funds from the DNLTC for the Pebble Beach Drive Bank Stabilization Project. Staff went before the DNLTC with the request for \$110,140. Due to the lack of funds available in the current fiscal year, only \$85,140 was allocated in matching funds. Even though the full \$110,140 matching dollars were not allocated from DNLTC, the PE phase, which only requires \$13,133.00 of local match, is fully funded. However, currently based on the estimated preliminary costs the CON phase of this project does not have full funding secured. Once PE is completed, staff will have a more accurate construction estimate and will evaluate local match funding options at that time.

Staff is anticipating PE work to take about 6 months on a best-case scenario. Per Emergency Relief (ER) funding rules, the City should be requesting CON allocation in August of 2019. An extension might be needed due to the proximity of this project to the Coastal Zone and the requirement of a Coastal Development Permit (CDP). Staff anticipates that Coastal Commission will require special studies which may delay issuance for CDP. An extension is feasible for this project given its location in the coastal zone and the requirements needed for a Coastal Development Permit. However, an extension will not be granted if the reason is “we do not have money” or “we do not have enough staff.” If an extension is denied, the City would need to close the project and request forgiveness of expended funds. Forgiveness is a standard practice when no extension is given based on discussion with Caltrans. Since time is of the essence for this project, staff is recommending Council direct staff to issue a request for qualifications (RFQ) for the PE phase and take actions as needed to expedite this project.

Resolution 2019-02 will authorize the City Manager, as agent of the City of Crescent City, to administer and execute any and all grant agreements associated with this project.

FISCAL ANALYSIS

The budget amendment is requesting an increase in revenue and expenditure of \$458,000, resulting in a net zero adjustment. This expenditure is related to the PE phase of this project and is fully

funded by FHWA, CalOES and DNLTC. Funds for ER funding are on a first come first serve basis. As of May 2018, additional funding was allocated for this event totaling 20 million dollars. If funds are depleted before the project is complete, more funds may become available if Congress allocates more to the December 2016 disaster. If funds are depleted, using City funds for Advanced Construction (AC) funds gives the City first priority to funds when they become available. Using AC funds also shows FHWA that more funds are needed for that specific disaster.

ATTACHMENT:

- A. Resolution 2019-02, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA AUTHORIZING THE CITY MANAGER, TO EXECUTE ANY AND ALL GRANT AGREEMENTS AND ADMINISTER THEM-- FHWA PROJECT NO. 32D0(013)
- B. Resolution 2019-03, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA AMENDING THE FISCAL YEAR 2018-19 BUDGET OF THE CITY OF CRFESCENT CITY
- C. Authorization Agreement Summary (E-76)

Staff review:


CM


Finance


Attorney

RESOLUTION NO. 2019-02

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA
AUTHORIZING THE CITY MANAGER TO EXECUTE ANY AND ALL GRANT AGREEMENTS
AND TO ADMINISTER THEM**

FHWA PROJECT NO. 32D0(013)

WHEREAS, the bluffs along Pebble Beach Drive suffered significant damage from the December 2016 storms; and

WHEREAS, the City of Crescent City intends to repair and better the damage caused by the December 2016 storms along Pebble Beach Drive from 7th Street to Preston Island; and

WHEREAS, the Project is eligible for Emergency Relief funding (ER) administered through Federal Highways Administration (FHWA); and

WHEREAS, the City requested Emergency Relief funds from the Emergency Relief Program to assist with stabilizing the bluff; and

WHEREAS, the Emergency Relief Program is funding 88.53% of the \$3,840,953 project and the California Disaster Assistance Act is paying 8.6% of the Match, Del Norte Local Transportation is paying 2.22% and the City is responsible for 0.65%; and

WHEREAS, on November 7, 2018 FHWA allocated \$458,000 for the completion of Preliminary Engineering and Environmental documents; and

WHEREAS, the City Council must authorize the nomination of ER funds, accept the eligibility determination and authorize an agent of the City of Crescent City to administer the program agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AS FOLLOWS:

1. The City Manager is authorized as agent of the City of Crescent City to execute any and all grant agreements and to administer them.

PASSED AND ADOPTED and made effective the same day by the City Council of the City of Crescent City on this 22nd day of January, 2019, by the following polled vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Blake Inscore, Mayor

ATTEST:

Robin Patch, City Clerk

RESOLUTION NO. 2019-03

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRESCENT CITY, CALIFORNIA
AMENDING THE FISCAL YEAR 2018-19 BUDGET OF THE CITY OF CRESCENT CITY**

WHEREAS, the budget for the fiscal year beginning July 1, 2018, as submitted by the City Manager, was reviewed by the City Council and a public hearing was held thereon the 4th day of June 2018; and

WHEREAS, the City Council adopted said budget; and

WHEREAS, the City Council has the authority to amend said budget from time to time; and

WHEREAS, the bluffs along Pebble Beach Drive suffered significant damage from the December 2016 storms; and

WHEREAS, the City requested Emergency Relief funds from the Emergency Relief Program administered through the Federal Highways Administration (FHWA) to assist with stabilizing the bluff; and

WHEREAS, the City of Crescent City has been offered \$458,000 in funding to complete the Preliminary Engineering phase of work for the December 2016 storm damage along Pebble Beach Drive from 7th to Preston Island; and

WHEREAS, fulfillment of these priorities requires an amendment to the City's Fiscal Year 2018-19 operating budget.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CRESCENT CITY AS FOLLOWS:

1. That the Fiscal Year 2018-19 City of Crescent City Annual Budget is hereby amended and appropriated in the amounts identified below:

Fund	Revenue Increase	Expenditure Increase
General CIP Fund	\$458,000	\$458,000

PASSED AND ADOPTED and made effective the same day by the City Council of the City of Crescent City on this 22nd day of January, 2019, by the following polled vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Blake Inscore, Mayor

ATTEST:

Robin Patch, City Clerk

AUTHORIZATION / AGREEMENT SUMMARY - (E-76)

CALIFORNIA DEPARTMENT OF TRANSPORTATION

FEDERAL AID PROGRAM

DLA LOCATOR: 01-DN-0-CRC
 PREFIX: ER
 PROJECT NO: 32D0(013)
 SEQ NO: 1
 STATE PROJ NO: 0117000154L-N
 AGENCY: CRESCENT CITY
 ROUTE:
 DISASTER NO: CA2017-1
 TIP DATA
 MPO: NON-MPO
 FSTIP YR: 16/17
 STIP REF: 230-0000-0029
 FSTIP ID NO: SH_EMER

PROJECT LOCATION:
 IN CRESCENT CITY ON PEBBLE BEACH DRIVE FROM 7TH STREET TO PRESTON ISLAND
 TYPE OF WORK:
 PERMANENT RESTORATION
 FED RR NO'S:
 PUC CODES:
 PROJ OVERSIGHT: ASSUMED/LOCAL ADMIN
 ENV STATUS / DT:
 RW STATUS / DT:
 INV RTE:
 BEG MP:
 END MP:

PREV AUTH / AGREE DATES:

PE:
 R/W:
 CON:
 SPR:
 MCS:
 OTH:

BRIDGE NO:

PROG CODE	LINE NO	IMPV TYPE	FUNC SYS	URBAN AREA	URB/RURAL	DEMO ID
ER12	10	15				

FUNDING SUMMARY

PHASE	PROJECT COST	FEDERAL COST	AC COST
PE	PREV. OBLIGATION	\$0.00	\$0.00
	THIS REQUEST	\$458,000.00	\$405,467.40
	SUBTOTAL	\$458,000.00	\$405,467.40
R/W	PREV. OBLIGATION	\$0.00	\$0.00
	THIS REQUEST	\$0.00	\$0.00
	SUBTOTAL	\$0.00	\$0.00
CON	PREV. OBLIGATION	\$0.00	\$0.00
	THIS REQUEST	\$0.00	\$0.00
	SUBTOTAL	\$0.00	\$0.00
OTH	PREV. OBLIGATION	\$0.00	\$0.00
	THIS REQUEST	\$0.00	\$0.00
	SUBTOTAL	\$0.00	\$0.00
TOTAL:		\$458,000.00	\$405,467.40

STATE REMARKS

07/23/2018 Seq01: This is a request for authorization for permanent restoration PE.

FEDERAL REMARKS

AUTHORIZATION

AUTHORIZATION TO PROCEED WITH REQUEST: PRE
 FOR: PR PE AUTHORIZATION
 DOCUMENT TYPE: AAGR

PREPARED IN FADS BY: MUELLER, MARK
 REVIEWED IN FADS BY: HUANG, BILL
 SUBMITTED IN FADS BY: HUANG, BILL
 PROCESSED IN FADS BY: HUEY, SHUN
 E-76 AUTHORIZED DATE IN FMIS BY: TASIA PAPAJOHN

ON 2018-09-24 441-3977
 ON 2018-11-02 653-4348
 ON 2018-11-02 FOR CALTRANS
 ON 2018-11-08 FOR FHWA
 ON 2018-11-08 16:11:22.0

SIGNATURE HISTORY FOR PROJECT NUMBER 32D0(013) AS OF 11/09/2018

FHWA FMIS SIGNATURE HISTORY

<u>MOD #</u>	<u>SIGNED BY</u>	<u>SIGNED ON</u>
0	SHUN HUEY	11/07/2018
	SHUN HUEY	11/07/2018
	TASIA PAPAJOHN	11/08/2018

FHWA FMIS 3.0 SIGNATURE HISTORY

CALTRANS SIGNATURE HISTORY

<u>DOCUMENT TYPE</u>	<u>SIGNED BY</u>	<u>SIGNED ON</u>
AUTH/AGREE	HUANG, BILL	11/02/2018

CITY COUNCIL AGENDA REPORT



TO: MAYOR INSCORE AND MEMBERS OF THE CITY COUNCIL

FROM: ERIC WIER, CITY MANAGER

BY: LINDA LEAVER, DIRECTOR OF FINANCE

DATE: JANUARY 22, 2019

SUBJECT: FISCAL YEAR 2017-18 ANNUAL FINANCIAL REPORT

RECOMMENDATION

- Hear staff report
- Take public comment
- Receive and file Fiscal Year 2017-18 audit reports

BACKGROUND AND ANALYSIS

The City's financial statements are provided to give an accurate financial snapshot at a specific point in time. The City Council engages a Certified Public Accountant (CPA) to independently audit these statements to provide users of financial reports with assurance concerning their reliability and that the statements are fairly presented.

This is the fifth year that Badawi & Associates has audited the City's financial statements. The auditor provides an opinion on whether the financial statements present fairly, in all material respects, the financial position of the City. Mr. Badawi's opinion is that they do in fact present fairly, in all material respects, the financial position of the City as of June 30, 2018.

The financial report contains the Independent Auditor's Report, the Management Discussion and Analysis (MD&A), government-wide financial statements, fund financial statements, notes to the financial statements, required supplemental information, combining financial statements and the single audit report.

Also included in the agenda packet is the Auditor's Communication with Those Charged with Governance. This letter describes the responsibilities of the auditor, how the audit was planned and performed, and the limitations inherent in the audit process.

The third item included in the agenda packet is the Auditor's Report on Agreed-Upon Procedures Applied to Appropriations Limit Schedule. As part of the City's annual budget process, the Appropriations Limit (also known as the Gann Limit) is calculated for the upcoming fiscal year.

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The City's auditor reviews the factors chosen by the City to calculate the limit and verifies that the calculations are correct compared to the prior year.

FISCAL ANALYSIS

Receiving and filing the annual audit reports does not have a direct fiscal impact. The City's use of an independent auditor each year is a requirement for certain funding agencies, and the cost associated with the audit contract is included in each annual budget.


STRATEGIC PLAN ASSESSMENT

This report is consistent with Strategic Plan Goal #3B: Maintain responsible fiscal management and accountability.

ATTACHMENTS

1. Fiscal Year 2017-18 Audited Financial Report
2. SAS114 Auditor's Communication with Those Charged with Governance
3. Report on Agreed-Upon Procedures Applied to Appropriations Limit Schedule

Staff review:


CM

City of Crescent City

Crescent City, California

Annual Audit Report and Financial Statements

For the year ended June 30, 2018



BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

City of Crescent City
Annual Audit Report and Financial Statements
For the year ended June 30, 2018

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City of Crescent City
Annual Audit Report and Financial Statements
For the year ended June 30, 2018

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INTRODUCTORY SECTION

City of Crescent City
City Officials
For the year ended June 30, 2018

<u>Name</u>	<u>Office</u>
Blake Inscore	Mayor
Heidi Kime	Mayor Pro Tem
Alexander Fallman	Council Member
Jason Greenough	Council Member
Darrin Short	Council Member

FINANCIAL SECTION



BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Crescent City
Crescent City, 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 the City of Crescent City, California (City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the auditor considers internal control relevant to the entity'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 the entity'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 of the City as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules and budgetary comparison information and other post-employment benefit plans information, on pages 7-22 and 86-92, 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 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 the City's basic financial statements. The introductory section, and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section 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.

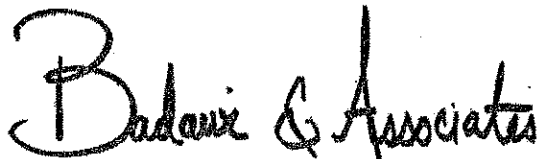
Change in Accounting Principle

As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

To the Honorable Mayor and Members of the City Council
of the City of Crescent City
Crescent City, California
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates
Certified Public Accountants
Oakland, California
December 28, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

**CITY OF CRESCENT CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018**

As Management of the City of Crescent City (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements following this section.

The Management's Discussion and Analysis (MD&A) presents financial highlights: an overview of the accompanying financial statements, an analysis of financial position and results of operations, a current-to-prior year analysis, a discussion on restrictions and commitments, and a discussion of significant activity involving capital assets and long-term debt. The discussion focuses on the City's primary government and unless otherwise noted, component units reported separately from government are not included.

Financial Highlights

Government-Wide

All funds of the City are reported together in the Government-Wide Reports. Total assets and deferred outflows of resources of the City were \$79,265,552 and total liabilities and deferred inflows of resources were \$54,010,349 at June 30, 2018. The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$25,255,203 (net position) for the fiscal year reported. This is an increase of \$1,116,915 from the previous year when assets exceeded liabilities by \$24,138,288. As part of the required implementation of GASB Statement 75, the City's net position as of June 30, 2017 was restated to recognize deferred outflows of resources and net OPEB liability. The result of that implementation is shown in Table 1.

Table 1 - Restatement of Net Position			
	Governmental Activities	Business- Type Activities	Total
Net Position as previously reported at June 30, 2017	\$ 8,245,899	\$15,892,389	\$24,138,288
Restatement of Net Position (GASB Statement 75)	(682,635)	(434,005)	(1,116,640)
Net Position restated	7,563,264	15,458,384	23,021,648
Fiscal Year 2018 Activities	759,846	1,473,709	2,233,555
Net Position at June 30, 2018	\$ 8,323,110	\$16,932,093	\$25,255,203

The government-wide increase in net position related to Fiscal Year 2017-18 activities was \$2,233,555. The increase includes:

- \$994,629 increase in the net investment in capital assets primarily due to capital improvement projects, including grant-funded projects.
- \$718,011 decrease in restricted net position, comprised of

- \$658,852 decrease due to a negotiated amendment to the City's agreement with the State Water Resource Control Board, removing the requirement for a capital reserve in the Sewer Fund and reclassifying that net position as unrestricted.
- \$70,448 decrease for low and moderate-income housing and community development.
- \$11,289 increase for other purposes.
- \$1,956,937 increase in unrestricted net position due to operating results and grant funding, as well as the transfer of \$658,852 restricted net position to unrestricted.

Total net position is comprised of the following:

- Capital assets, net of related debt and accumulated depreciation, of \$19,953,440 includes property and equipment.
- Net assets of \$555,869 are restricted for low and moderate-income housing and community development.
- Net assets of \$350,118 are restricted for debt service.
- Net assets of \$117,347 are restricted for other purposes.
- Unrestricted net assets of \$4,278,429 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

Fund Based - Governmental Funds

Governmental funds include the General Fund and all other funds, except those classified as business-type. The City's governmental funds reported total ending fund balance of \$2,903,835 this year. This compares to the prior year ending net position of \$2,859,675 and is an increase of \$44,160 which was the result of operations and includes:

- \$185,294 net increase in the General Fund balance due to revenues exceeding expenditures by approximately 4%. The General Fund is discussed in greater detail below.
- \$71,655 net decrease in the Housing Authority balance due to expenditures exceeding revenues by approximately 2%. The City reports on a July 1 through June 30 fiscal year and the Federal Government funds the Housing Authority on a calendar year. Accordingly, there will always be some disconnect between the City's annual report and the Federal Governments funding cycles.
- \$147,851 net increase in the CDBG balance due to the receipt of grant revenues for expenditures incurred in the prior fiscal year.
- \$217,330 net decrease in other governmental funds due primarily to completion of capital projects and purchases of vehicles.

For the fiscal year ending June 30, 2018, the fund balance of the General Fund was \$2,245,976. The Fund Balance Reserve Policy states the City Council's goal is to achieve and maintain a minimum of 25% of the annual general fund appropriations. For the fiscal year 2017-18, the \$2,245,976 fund balance reserve is 42% of reported expenditures and transfers out (\$5,359,774). The \$2,245,976 is 38% of the fiscal year 2018-19 General Fund expenditures and transfers out budget (\$5,922,059).

Fund Based - Proprietary Funds

The City's proprietary funds include the Sewer Fund, the Water Fund, and the Recreational Vehicle (RV) Fund. These funds reported total ending net position of \$16,932,093 as of June 30, 2018. Net position as of the prior year was \$15,892,389, which was restated to \$15,458,384 to account for the implementation of GASB Statement 75 this fiscal year. This restatement (a reduction in net position of \$434,005) combined with the current year increase in net position of \$1,473,709 result in this year's ending net position of \$16,932,093. The proprietary funds are discussed in greater detail below.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction of the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements present both long-term and short-term information about the City's overall financial picture. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis of full accrual accounting and elimination or reclassification of internal activities.

The *Statement of Net Position* is measured as the difference between (a) assets and deferred outflow of resources and (b) liabilities and deferred inflow of resources. This is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position may serve as an indicator of whether its financial health is improving or deteriorating.

The *Statement of Activities* presents information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that only result in cash flows in future periods; e.g. earned but unused vacation leaves.

In both the Statement of Net Position and Statement of Activities we divide the City into two kinds of activities:

Governmental Activities - Most of the City's basic services are reported here, including General Government (City Council, City Clerk, City Manager's Department, General and Fiscal Services), Public Safety (Police and Fire), Community Development and Planning, Swimming Pool, Parks and Public Works. Revenues from property taxes, transient occupancy taxes (TOT), sales tax, business license tax, etc. finance most of these activities.

Business-type Activities - The City charges a fee to customers to recover all or most of certain services it provides. The City's water, sewer, and recreational vehicle park are included in this category.

Fund Financial Statements

The Fund Financial Statements are designed to report information about groupings (funds) of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The City uses all three types, each using different accounting methods.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided in the Required Supplementary Information section of this report.

Proprietary Funds - Proprietary funds are primarily used to account for when the City charges for the services it provides, whether to outside customers or to other units of the City. These funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, using an accrual basis of accounting. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities that are reported in the government-wide financial statements but provide more detailed information, such as the statement of cash flows. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as Building and Equipment Services, Insurance, and Information Technology funds. Since these activities predominantly benefit governmental rather than business-type functions, they are included with the governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. In these cases, the City has a fiduciary responsibility and is acting as a trustee. The Statement of Fiduciary Net Position separately reports all of the City's fiduciary activities. The City excludes those activities from the City's other financial statements because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information. Information regarding the City's contributions to Other Post-Employment Benefits and the Defined Benefit Pension Plan is included here. Statements of Revenues, Expenditures, and Changes in Fund balances – Budget and Actual for the General Fund, the Housing Authority Section 8 Fund, and the CDBG Funds are also included here.

Supplementary Information

This section includes the individual fund statements for the nonmajor governmental funds and the internal service funds.

Financial Analysis of the City as a Whole

This analysis will focus on the City's net position (Table 2) and changes in net position (Table 3) of the governmental and business-type activities for the fiscal year ending June 30, 2018.

In fiscal year 2017-18, governmental activities increased the City's net position by \$759,846 and business-type activities increased the City's net position by \$1,473,709 as compared to the prior fiscal year.

Table 2 - Net Position (FY 2016-17 as Restated)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Assets:						
Current and other	\$ 4,178,676	\$ 4,078,626	\$ 11,598,178	\$ 10,040,055	\$ 15,776,854	\$ 14,118,681
Capital assets	10,355,922	9,380,639	49,975,771	51,606,425	60,331,693	60,987,064
Total assets	14,534,598	13,459,265	61,573,949	61,646,480	76,108,547	75,105,745
Deferred outflow of resources	1,981,960	1,646,588	1,175,045	956,887	3,157,005	2,603,475
Liabilities						
Current and other	809,871	771,975	2,440,606	2,559,392	3,250,477	3,331,367
Long-term liabilities	7,087,068	6,547,418	43,068,348	44,375,367	50,155,416	50,922,785
Total liabilities	7,896,939	7,319,393	45,508,954	46,934,759	53,405,893	54,254,152
Deferred inflow of resources	296,509	223,196	307,947	210,224	604,456	433,420
Net Position						
Invested in capital assets						
net of related debt	10,355,922	9,380,639	9,597,518	9,578,172	19,953,440	18,958,811
Restricted	673,216	732,423	350,118	1,008,922	1,023,334	1,741,345
Unrestricted	(2,706,028)	(2,549,798)	6,984,457	4,871,290	4,278,429	2,321,492
Total Net Position	\$ 8,323,110	\$ 7,563,264	\$ 16,932,093	\$ 15,458,384	\$ 25,255,203	\$ 23,021,648

Including grants, fiscal year 2017-18 government-wide revenues increased \$921,819 and expenses increased \$1,132,568 compared to the prior year. Revenues increased in governmental activities primarily due to grants and tax revenues and in business-type activities primarily due to charges for services and grants.

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues	\$6,043,050	\$6,073,209	\$8,192,140	\$7,700,478	\$14,235,190	\$13,773,687
Capital grants/contributions	-	-	-	-	-	-
General revenues	4,024,566	3,856,906	531,871	239,215	4,556,437	4,096,121
Total Revenues	10,067,616	9,930,115	8,724,011	7,939,693	18,791,627	17,869,808
Expenses:						
General government	1,100,803	866,863	-	-	1,100,803	866,863
Public safety	2,499,338	1,939,940	-	-	2,499,338	1,939,940
Community Development	282,045	295,509	-	-	282,045	295,509
Human services and recreation	4,318,303	4,234,425	-	-	4,318,303	4,234,425
Public works	803,408	979,630	-	-	803,408	979,630
Admin overhead allocation	300,390	277,179	-	-	300,390	277,179
Sewer	-	-	4,948,555	4,605,005	4,948,555	4,605,005
Water	-	-	2,006,626	1,951,386	2,006,626	1,951,386
RV park	-	-	298,604	275,567	298,604	275,567
Total Expenses	9,304,287	8,593,546	7,253,785	6,831,958	16,558,072	15,425,504
Transfers	(3,483)	-	3,483	-	-	-
Increase(Decrease) in Net Position	\$ 759,846	\$ 1,336,569	\$1,473,709	\$1,107,735	\$ 2,233,555	\$ 2,444,304

Financial Analysis of the City's Funds

As noted earlier, the City of Crescent City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Under the Government Accounting Standards Board Statement 54 (GASB54), fund balances are classified as Nonspendable, Restricted, and Unassigned. Nonspendable fund balances are amounts that are inherently Nonspendable, i.e. cannot be spent because of their form or because they must be maintained intact. Restricted fund balances are amounts with externally enforceable limitations on use, such as limitations imposed by creditors or grantors, and limitations imposed by other governments. Unassigned fund balances (residual net resources) are the amount in excess of Nonspendable and Restricted amounts.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financial requirements.

The following discussion focuses on the City's three primary operating fund types.

General Fund. The General Fund is the chief operating fund of the City of Crescent City. The General Fund experienced an excess of revenues over expenditures in the amount of \$196,510;

transfers in and out netted to a negative \$11,216. This resulted in a net change in Fund Balance of \$185,294.

The following tables, Revenues by Source (Table 4) and Expenditures by Function (Table 5), provide a two-year comparison of General Fund activity. Accompanying the tables are brief explanations of significant changes. Fiscal year 2017-18 General Fund revenue increased by \$307,031 (approximately 6%), in comparison with the prior year. Primary variations from the prior fiscal year include:

- Tax revenue increased \$185,105 (approximately 3.7%) from \$3,493,606 in fiscal year 2016-17 to \$3,678,711 in fiscal year 2017-18. The largest differences were in transient occupancy tax, which increased \$118,124 (approximately 2.4%) and sales tax, which increased \$45,013 (approximately 0.9%).
- Fines and penalties increased \$149,968 (approximately 3%) from \$10,382 in fiscal year 2016-17 to \$160,350 in fiscal year 2017-18, primarily due to the successful resolution of code enforcement cases.
- Intergovernmental revenues decreased \$120,901 (approximately 2.4%) from \$669,087 in fiscal year 2016-17 to \$548,186 in fiscal year 2017-18. This was largely due to fiscal year 2016-17 revenues of \$188,936 from the Local Transportation Commission for repairs to Harding Avenue and Cooper Avenue which were not repeated in fiscal year 2017-18.

	2018		2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Taxes and assessments	\$3,678,711	69.0%	\$3,493,606	65.6%	\$185,105	3.7%
Use of money and property:						
Interest	20,924	0.4%	8,226	0.2%	12,698	0.3%
Rental Income	48,478	0.9%	41,673	0.8%	6,805	0.1%
Licenses and permits	362,357	6.8%	349,923	6.6%	12,434	0.2%
Fines and penalties	160,350	3.0%	10,382	0.2%	149,968	3.0%
Intergovernmental revenues	548,186	10.3%	669,087	12.6%	(120,901)	-2.4%
Charges for services	385,634	7.2%	370,485	7.0%	15,149	0.3%
Gifts and donations	59,892	1.1%	21,963	0.4%	37,929	0.8%
Other revenue	63,329	1.2%	55,485	1.0%	7,844	0.2%
Total	\$5,327,861	100.0%	\$5,020,830	94.2%	\$307,031	6.1%

General Fund expenditures are grouped into the following categories:

- General Government includes City Council, City Manager, City Attorney, City Clerk, Finance, Human Resources, Community Support, and payments made under agreements with other agencies, such as revenue sharing agreements with the County.
- Public Safety includes Police and Fire.
- Community Development includes Buildings & Code Enforcement and Planning.
- Human Services and Recreation includes Cultural Center and Swimming Pool.
- Public Works includes Engineering, Streets, and Parks.

- Administrative Overhead includes charges for services provided to the General Fund by other City departments (Information Technology, Building Maintenance, Equipment, and Insurance).

Total General Fund expenditures, not including transfers, increased by \$224,096, or 4.6%, from the prior fiscal year. The primary contributors to this increase include:

- \$32,329 increase in General Government spending, largely due to increases in revenue sharing with Del Norte County. The City has several agreements with the County whereby the City shares a portion of certain revenues with the County. When these revenues increase, the amount passed through to the County also increases.
- \$296,582 increase in Public Safety expenditures. Public Safety includes the Police Department and the Fire Department.
 - Police Department expenditures increased \$215,090 over the prior fiscal year. This includes an increase of \$194,854 in personnel costs due to higher wages, higher pension costs, and more positions being filled, and an increase of \$20,236 in other operational costs.
 - Fire Department expenditures increased \$81,492 over the prior fiscal year, including \$49,068 increase in personnel costs due to the need for an Interim Fire Chief and increased volunteer stipends, and an increase of \$32,427 in other operational costs including the purchase of new equipment. Most Fire Department expenditures are subject to a cost sharing agreement with the Fire District, so increased expenditures are partially offset by increased revenues from the District.
- \$67,749 increase in Human Services & Recreation expenditures, primarily due to replacing the Cultural Center roof, increases in part-time wages for the Swimming Pool, and the purchase of equipment for the Swimming Pool.
- \$181,439 decrease in Public Works expenditures. Expenditures for emergency projects (repair of Harding Avenue and Cooper Avenue) decreased \$187,825 from the prior fiscal year as the projects were completed.
- Included in personnel cost increases across all categories is an increase in PERS (pension) employer cost of \$47,259 over the prior year. This is largely driven by increased contributions toward the unfunded actuarial liability. Further details on pension funding are included in the Notes to the Financial Statements (Note 7) and in the Required Supplementary Information (Note 2).

Table 5 - Expenditures by Type
General Fund
For the periods ending June 30

	2018		2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General government	\$ 740,201	14.4%	\$ 707,872	13.8%	\$ 32,329	0.7%
Public safety	2,385,575	46.5%	2,088,993	40.7%	296,582	6.0%
Community development	282,045	5.5%	295,509	5.8%	(13,464)	-0.3%
Human services and recreation	593,311	11.6%	525,562	10.2%	67,749	1.4%
Public works	841,522	16.4%	1,022,961	19.9%	(181,439)	-3.7%
Admin overhead allocation	288,697	5.6%	266,358	5.2%	22,339	0.5%
Total	\$ 5,131,351	100.0%	\$ 4,907,255	95.6%	\$ 224,096	4.6%

Housing Fund. The Housing Authority revenues are provided by the Department of Housing and Urban Development (HUD) on a calendar year basis. They are provided to the Housing Authority (HA) through Housing Assistance Payments (HAP) and Administrative funds. The HAP payments are designated for rental assistance for tenants and are paid to property owners through the Housing Choice Vouchers (HCV) program. Administrative funds are designated for any costs associated with administering the HCV program.

The Housing Authority is included in these financials as a governmental fund. It is a Basic Component Unit of the City of Crescent City and, as such, it is more fully reported on in its stand-alone financial statement, also issued as of June 30, 2018. In fiscal year 2018, the Housing Authority experienced a deficit of revenues over expenditures in the amount of \$71,655. This decreased the Housing Authority's fund balance from \$230,334 to \$158,679. As described above, the Housing Authority's fund balance fluctuates year to year due to timing differences between the City's fiscal year reporting and the Federal funding, which operates on a calendar year basis.

CDBG Fund. The CDBG Fund accounts for projects and programs funded by the Community Development Block Grant program. These grants are funded on a reimbursement basis, meaning the City pays eligible project costs and then applies for reimbursement from the State Department of Housing and Community Development, which administers the CDBG program in which the City participates. The fund balance in this fund fluctuates depending on the number and value of projects underway and the timing of related cash flows. Net revenues over expenditures for fiscal year 2017-18 were a positive \$147,851, bringing the fund balance from the prior fiscal year's negative \$136,852 to a positive \$10,999. The prior year negative fund balance was related to project expenditures that were paid by the City but not yet reimbursed by the State. Those reimbursements were received in the current fiscal year, bringing the fund balance to a small positive balance.

Proprietary funds. Proprietary funds operate in a business-type environment. The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The City's proprietary funds include the

Sewer and Water utilities and the Recreational Vehicle (RV) Park. A two-year comparison of change in net assets for these funds is in the following tables.

Sewer Fund. In fiscal year 2017-18, the change in net position was a positive \$121,200 which is \$242,716 less than the change in net position in the prior fiscal year.

	2018	2017	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Operating revenues				
Sewer treatment	\$ 4,457,480	\$ 4,403,246	\$ 54,234	1.2%
Lab revenues	41,227	36,877	4,350	11.8%
Sewer connections	334,997	29,046	305,951	1053.3%
Other	96,305	174,232	(77,927)	-44.7%
Grants and other revenues	22,465	142,105	(119,640)	-84.2%
Expenses	(4,948,555)	(4,597,632)	(350,923)	7.6%
Non-operating revenue (expense)	53,798	14,101	39,697	281.5%
Net changes before transfers and capital contributions	57,717	201,975	(144,258)	-71.4%
Net transfers and capital contributions	63,483	161,941	(98,458)	-60.8%
Change in net assets	\$ 121,200	\$ 363,916	\$ (242,716)	-66.7%

Sewer treatment revenues increased by \$54,234 or 1.2%. This increase was due to an increase in sewer accounts; there has been no rate increase since 2014. Sewer connection revenue increased by \$305,951, primarily due to the connection of an existing mobile home park to the City's system. Grants and other revenues decreased by \$119,640, because in the prior fiscal year the City received funds from Cal OES to repair storm damage which did not reoccur in the current fiscal year.

Other revenues decreased by \$77,927, largely in CSA revenue (decrease of \$60,205). Del Norte County owns the sewer collection system in the Community Service Area (CSA), and the City provides the maintenance of the CSA system. The County reimburses the City for time and materials used to maintain the CSA system, so when the City's CSA expenses are lower, the reimbursement revenue is also lower. Current year expenses were lower primarily due to upgrades to lift stations, which has greatly reduced staff time and parts costs associated with maintenance.

Sewer Fund operating expenses increased by \$350,923 over the prior fiscal year. This includes an increase of \$164,296 in personnel costs, largely due to increased pension costs. Repairs and maintenance costs increased by \$107,935 due to several major repairs during the year, including sludge pumps, odor scrubber, and radiator for the backup generator.

In fiscal year 2016-17, there was a grant capital contribution of \$161,941 related to the completion of the B Street Sewer Rehabilitation project. In fiscal year 2017-18, the Sewer Fund

received a capital contribution of \$60,000 related to a sewer line camera that was purchased jointly between the City and County and will be owned by the City.

Water Fund. In fiscal year 2017-18, the change in net position was a positive \$1,263,185 which is \$565,121 more than the change in net position in the prior fiscal year.

	2018	2017	Variance	
	Amount	Amount	Amount	Percent
Water Fund				
Operating revenues				
Water service	\$ 2,728,281	\$ 2,508,419	\$ 219,862	8.8%
Water connections	64,980	38,100	26,880	70.6%
Other	23,516	28,017	(4,501)	-16.1%
Grants and other revenues	432,496	67,772	364,724	538.2%
Expenses	(2,006,626)	(1,951,386)	(55,240)	2.8%
Non-operating revenue (expense)	20,538	7,142	13,396	187.6%
Change in net assets	\$ 1,263,185	\$ 698,064	\$ 565,121	81.0%

Water service revenues increased \$219,862 over the prior fiscal year partly due to a rate increase that went into effect July 1, 2017 (the last of a series of planned rate increases) and partly due to increased connections and water usage. Grant revenues include \$387,924 in the current fiscal year related to a grant-funded project to replace an elevated water tank with a pressure-regulated valve system.

Operating expenses in the Water Fund increased by \$55,240, approximately 2.8%, primarily due to increased pension costs.

Shoreline Recreational Vehicle (RV) Park. Operating revenues in fiscal year 2017-18 increased \$64,754 or approximately 20% from the preceding fiscal year due to increased usage of the Park. Operating expenses increased by \$23,037 in materials and supplies, which includes utilities and parts.

	2018	2017	Variance	
	Amount	Amount	Amount	Percent
RV Park Fund				
Operating revenues	\$ 385,354	\$ 320,600	\$ 64,754	20.2%
Expenses	(298,604)	(275,567)	(23,037)	8.4%
Non-operating revenue (expense)	2,574	722	1,852	256.5%
Change in net assets	\$ 89,324	\$ 45,755	\$ 43,569	95.2%

General Fund Budgetary Highlights. In preparing its annual budgets, the City attempts to estimate revenues using realistic and conservative methods and budgets its expenditure activities in a prudent manner. The City Council adopts budget adjustments during the fiscal year to reflect changed priorities and availability of additional revenues.

The final General Fund budget for fiscal year 2017-18 was projected with a deficit of \$505,472. This included an original estimated deficit of \$232,136 for ongoing operations and \$130,236 for one-time projects including wayfinding signs, tree wells, termite abatement at the Police Department building, and several other small projects. A further \$143,100 was authorized by the City Council during the fiscal year, primarily for the purchase of a building that is intended to become a new City Hall.

As discussed above, the City budgets expenditures conservatively, with all authorized positions fully funded as well as all anticipated operational needs and projects. Actual expenditures will be under budget when positions are unfilled for all or a portion of the fiscal year, employees do not utilize all of their allowed benefits, projects are deferred, or operational needs come in lower than anticipated.

Actual expenditures in the General Fund were under budget by \$855,419. Of this variance, \$258,168 is due to wages and related benefits due to unfilled positions. An additional \$212,867 is due to unused health benefits. The City's practice for many years has been to budget for 100% of allowed benefits. However, as many employees do not use their full allotment of benefits, this practice has resulted in a significant budget-to-actual variance. Beginning in fiscal year 2018-19, the City has changed its budgeting methodology related to health benefits to reduce this variance. Contract expenses were under budget \$190,260, including \$29,739 in unused legal expenses, a \$55,000 deferred street project, and \$105,521 in other budgeted but unused services and projects. Final parts and supplies expenses were under budget \$108,125, with \$34,031 in Public Safety and \$52,564 in Public Works.

General Fund revenues were under budget \$159,492, approximately 3%. While tax revenues and fine revenues came in higher than budgeted, projected intergovernmental revenues (typically grants) came in under budget. This variance in grant revenue is related to the timing of reimbursements, and the City expects to receive an additional \$328,416 in grant revenues in the next fiscal year.

Table 8 shows a two-year comparison of General Fund budgets and actual results.

**Table 9 - General Fund Budget-to-Actual
For the periods ending June 30**

	2018			2017		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues	\$ 5,487,353	\$ 5,327,861	\$ (159,492)	\$ 5,042,342	\$ 5,020,830	\$ (21,512)
Expenditures	(5,986,770)	(5,131,351)	855,419	(5,622,938)	(4,907,255)	715,683
Operating results	(499,417)	196,510	695,927	(580,596)	113,575	694,171
Transfers in	222,368	217,207	(5,161)	214,419	206,164	(8,255)
Transfers out	(228,423)	(228,423)	-	(39,000)	(44,000)	(5,000)
Net result	(505,472)	185,294	690,766	(405,177)	275,739	680,916
Extraordinary item	-	-	-	-	-	-
Net change in Fund Balance	\$ (505,472)	\$ 185,294	\$ 690,766	\$ (405,177)	\$ 275,739	\$ 680,916

Capital Asset and Debt Administration

Capital assets. As of June 30, 2018, the City had a total net investment in capital assets of \$19,953,440 (original value of assets less accumulated depreciation and associated debt). This is an increase of \$994,629 over the net investment in capital assets as of June 30, 2017. The increase is primarily due to the City's increased investment in capital projects, both City-funded and grant-funded, which more than offset the decrease in net investment due to depreciation. Capital projects in fiscal year 2017-18 included rehabilitation of a City-owned building used for a Head Start program, the purchase of land and building intended to be used for a new City Hall, purchase of several public safety vehicles, and completion of the Harding Avenue repair project, coastal access project, and Dog Park. Works in progress include elevated tank replacement, SCADA upgrade, storm drains, Pebble Beach pedestrian improvements, and the Sunset Circle multi-use trail.

Table 10 - Net Investment in Capital Assets

Governmental Funds				
2018	2017	Variance \$	Variance %	
\$ 10,355,922	\$ 9,380,639	\$ 975,283	10.4%	
Business-type Funds				
2018	2017	Variance \$	Variance %	
\$ 9,597,518	\$ 9,578,172	\$ 19,346	0.2%	
Total				
2018	2017	Variance \$	Variance %	
\$ 19,953,440	\$ 18,958,811	\$ 994,629	5.2%	

Long-term debt. As of June 30, 2018, the City had total debt outstanding of \$40,675,663; this is a decrease of \$1,653,683 from the total debt outstanding at June 30, 2017 of \$42,329,346. This reduction is due to loan principal payments.

Table 11 - Total Debt
For the periods ending June 30

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Compensated absences	\$ 177,761	\$ 190,900	\$ 119,649	\$ 110,193	\$ 297,410	\$ 301,093
Safe Drinking Water Loan	-	-	1,925,000	2,275,000	1,925,000	2,275,000
State Revolving Loan	-	-	38,453,253	39,753,253	38,453,253	39,753,253
Total	\$ 177,761	\$ 190,900	\$ 40,497,902	\$ 42,138,446	\$ 40,675,663	\$ 42,329,346

Economic Factors and Next Year's Budget and Rates

The City Council, working with City staff, continues to evaluate revenues and expenses closely as well as the future economic trends and capital improvement needs. The City continues to actively seek grant funding to maximize the availability of ongoing revenues to meet ongoing expenses. The City will be working with both the County and the Harbor District to develop a Comprehensive Economic Development Strategy (CEDS) through a joint grant-funded project. Additionally, the City was awarded a Community Development Block Grant (CDBG) for a more targeted, City-focused economic development plan. Those projects are expected to begin in fiscal year 2018-19 or 2019-20.

Increasing pension costs in addition to general inflation will continue to put pressure on City budgets, and the City is committed to maintaining prudent financial policies to meet these obligations. The City Council authorized an additional payment of \$33,000 toward unfunded pension liabilities in fiscal year 2018-19 and continues to evaluate long-term strategies for reducing the interest cost of these liabilities.

The City's budget for fiscal year 2018-19 in the General Fund reflects the City's priority to provide essential services as well as an investment of fund balance in one-time project costs. These include the development of 10-year master plan documents for the both the Fire Department and the Swimming Pool, additional wayfinding signs, repairs of the Cultural Center, and an update to the City's Housing Element (required for certain federal grant funding). This reflects Council and staff's commitment to prioritize the development of long-term strategies, maximize revenues including grant opportunities, and maintain the City's assets.

Sewer Fund net position has improved over the last several years as revenues have exceeded operating revenues, however future projections reveal a structural deficit that needs to be addressed. Projected revenues plus the available working capital are not anticipated to be sufficient to meet increasing operational costs as well as capital improvement needs. In addition to the City's successful request for interest relief on the State Revolving Fund loan, the City completed a sewer revenue sufficiency study to determine the rate structure necessary to address the ongoing needs of the Sewer Fund. Although the resulting rate increase was defeated in a referendum, the City remains committed to addressing the long-term health of this fund. Recently, the City was successful in negotiating an amendment to its loan contract with the State Water Resources Control Board, eliminating the requirement for a Capital Reserve Fund. This will allow the City to invest those funds in needed capital improvements.

The City is also assessing the efficiency of the Wastewater Treatment Plant (WWTP). The City Council has authorized staff to develop a Request for Proposals to evaluate the possibility of third-party contract operations of the WWTP. Contractor proposals will be compared to existing operations, to determine the most efficient method of plant operation moving forward.

The Water Fund net position has increased significantly in recent years, due to successful implementation of annual rate increases in anticipation of capital improvement needs. The final rate increase was effective July 1, 2017. The City has completed the preliminary engineer's report for several major capital projects (water tank rehabilitation, additional water main redundancy, and new water meters) and is evaluating the best approach to funding those improvements. The City is also investing working capital from the Water Fund in additional improvements, including an upgraded SCADA system.

The City's commitment to elimination of blight within City limits continues to improve health and safety conditions as well as aesthetics. It is hoped that this improvement will continue to attract businesses and residents to the City thus continuing to increase the transient occupancy tax and sales tax revenue base. In support of this goal, the City applied for and was awarded a Community Development Block Grant (CDBG) for approximately \$243,000 to increase code enforcement in blighted areas of the City. This project is expected to begin in fiscal year 2018-19.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department, 377 J Street, Crescent City, CA 95531, (707) 464-7483.

**BASIC
FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

City of Crescent City
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 2,803,170	\$ 9,254,896	\$ 12,058,066
Receivables (net)	645,230	1,363,263	2,008,493
Due from other governments	630,407	-	630,407
Due from Successor Agency	179,690	685,286	864,976
Prepaid items	4,295	6,300	10,595
Land held for redevelopment	89,752	-	89,752
Notes receivable	114,565	-	114,565
Internal balances	(288,433)	288,433	-
Nondepreciable capital assets	3,277,639	1,250,905	4,528,544
Depreciable capital assets, net	7,078,283	48,724,866	55,803,149
Total Assets	14,534,598	61,573,949	76,108,547
Deferred outflow of resources			
Employer pension contribution	640,093	308,203	948,296
Pension related amounts	1,160,019	751,227	1,911,246
Employer OPEB contribution	109,696	69,742	179,438
OPEB related amounts	72,152	45,873	118,025
Total deferred outflow of resources	1,981,960	1,175,045	3,157,005
Liabilities			
Accounts payable	526,766	167,394	694,160
Accrued wages	61,984	-	61,984
Unearned revenue	39,123	40,963	80,086
Deposits	4,237	409,573	413,810
Long term liabilities			
Compensated absences - Due within one year	177,761	72,676	250,437
Compensated absences - Due in more than one year	-	46,973	46,973
Net pension liability	6,381,270	3,944,392	10,325,662
Net OPEB Liability	705,798	448,730	1,154,528
Loans and Leases Payable - Due within one year	-	1,750,000	1,750,000
Loans Payable - Due in more than one year	-	38,628,253	38,628,253
Total Liabilities	7,896,939	45,508,954	53,405,893
Deferred inflow of resources			
Pension related amounts	154,016	217,351	371,367
OPEB related amounts	142,493	90,596	233,089
Total deferred inflow of resources	296,509	307,947	604,456
Net Position			
Net Investment in capital assets	10,355,922	9,597,518	19,953,440
Restricted for:			
Capital projects and community development	555,869	-	555,869
Debt service	-	350,118	350,118
Other purposes	117,347	-	117,347
Unrestricted	(2,706,028)	6,984,457	4,278,429
Total Net Position	\$ 8,323,110	\$ 16,932,093	\$ 25,255,203

City of Crescent City
Statement of Activities
For the year ended June 30, 2018

Functions/Programs:	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 1,100,803	\$ 139,754	\$ 4,132	\$ -	\$ 143,886
Public safety	2,499,338	348,350	272,146	430,554	1,051,050
Community development	282,045	251,523	10,293	-	261,816
Human services and recreation	4,318,303	289,324	3,782,887	-	4,072,211
Public works	803,408	9,370	227,370	277,347	514,087
Administrative overhead allocation	300,390	-	-	-	-
Total governmental activities	9,304,287	1,038,321	4,296,828	707,901	6,043,050
Business-type activities:					
Sewer	4,948,555	4,930,009	-	60,000	4,990,009
Water	2,006,626	2,816,777	-	-	2,816,777
RV Park	298,604	385,354	-	-	385,354
Total business-type activities	7,253,785	8,132,140	-	60,000	8,192,140
Total primary government	\$ 16,558,072	\$ 9,170,461	\$ 4,296,828	\$ 767,901	\$ 14,235,190
General Revenues:					
Taxes:					
Property					
Sales tax and Sales Tax in-lieu					
Property tax in lieu of VLF					
Franchise fees					
Transient occupancy taxes					
Business Licenses					
Total Taxes					
Unrestricted investment earnings					
Other					
Transfers					
Total general revenues and transfers					
Change in net position					
Net position - beginning of year, as restated					
Net position - end of year					

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business -Type Activities	Total
\$ (956,917)	\$ -	\$ (956,917)
(1,448,288)	-	(1,448,288)
(20,229)	-	(20,229)
(246,092)	-	(246,092)
(289,321)	-	(289,321)
(300,390)	-	(300,390)
(3,261,237)	-	(3,261,237)
-	41,454	41,454
-	810,151	810,151
-	86,750	86,750
-	938,355	938,355
(3,261,237)	938,355	(2,322,882)
231,341	-	231,341
1,399,082	-	1,399,082
538,067	-	538,067
231,501	-	231,501
1,510,221	-	1,510,221
50,619	-	50,619
3,960,831	-	3,960,831
51,845	76,910	128,755
11,890	454,961	466,851
(3,483)	3,483	-
4,021,083	535,354	4,556,437
759,846	1,473,709	2,233,555
7,563,264	15,458,384	23,021,648
<u>\$ 8,323,110</u>	<u>\$ 16,932,093</u>	<u>\$ 25,255,203</u>

FUND
FINANCIAL STATEMENTS

Governmental Funds Financial Statements

Proprietary Funds Financial Statements

Fiduciary Funds Financial Statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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

Housing Authority - is the fund that accounts for the City's low income housing activities.

CDBG - accounts for revenue and expenditures of CDBG funds awarded by the State Department of Housing and Community Development.

Non-Major Governmental Funds is the aggregate of all the non-major governmental funds.

City of Crescent City
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			Total Nonmajor Governmental Funds	Total Governmental Funds
	General	Housing Authority Section 8	CDBG		
Assets					
Cash and investments	\$ 2,088,167	\$ 159,285	\$ 6,523	\$ 303,324	\$ 2,557,299
Receivables:					
Consumers and others County/State/Federal Government	582,734	185	22	949	583,890
Due from RDA Successor Agency	-	-	-	179,690	179,690
Due from other funds	107,000	-	-	-	107,000
Advance to other funds	230,000	-	-	-	230,000
Prepaid items	3,050	-	-	-	3,050
Land held for redevelopment	-	-	-	89,752	89,752
Note Receivable	-	-	45,257	69,308	114,565
Total Assets	\$ 3,434,846	\$ 159,470	\$ 94,268	\$ 807,069	\$ 4,495,653
Liabilities, Deferred Inflow of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ 298,661	\$ 791	\$ 32,803	\$ 86,198	\$ 418,453
Unearned Revenue	39,123	-	-	-	39,123
Deposits	4,237	-	-	-	4,237
Advance from other funds	518,433	-	-	-	518,433
Due to other funds	-	-	8,000	85,000	93,000
Total Liabilities	860,454	791	40,803	171,198	1,073,246
Deferred Inflow of Resources					
Unavailable revenues	328,416	-	42,466	147,690	518,572
Total Deferred Inflow of Resources	328,416	-	42,466	147,690	518,572
Fund Balance:					
Nonspendable	233,050	-	-	-	233,050
Restricted					
Low and moderate income housing	-	158,679	-	397,190	555,869
Other Purposes	-	-	10,999	106,348	117,347
Assigned for Capital Improvement and Vehicle Replacement	2,981	-	-	86,655	89,636
Unassigned	2,009,945	-	-	(102,012)	1,907,933
Total Fund Balance	2,245,976	158,679	10,999	488,181	2,903,835
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	\$ 3,434,846	\$ 159,470	\$ 94,268	\$ 807,069	\$ 4,495,653

City of Crescent City
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Total Fund Balance - Governmental Funds	<u>\$ 2,903,835</u>
Amounts reported for governmental activities in the statement of net positions are different because:	
Internal Service Funds are used by the City to charge the cost of information technology and communications, building maintenance, fleet services, insurance, and OPEB contributions to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position is:	1,237,548
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,242,533
Revenues from Grants, Taxes, and Miscellaneous Revenue that are funded in this fiscal year that will not be collected for several months after the City's fiscal year ends are not considered "available" revenue and are classified as deferred inflow of resources in the governmental funds	518,572
Employer contributions for pension and OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred.	749,789
In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pension and OPEB are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded.	935,662
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(6,381,270)
Net OPEB Liability	(705,798)
Compensated absences	<u>(177,761)</u>
Net position of governmental activities	<u><u>\$ 8,323,110</u></u>

City of Crescent City
Statements of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2018

	Major Funds			Total Nonmajor Governmental Funds	Total Governmental Funds
	General	Housing Authority Section 8	CDBG		
Revenues					
Taxes	\$ 3,678,711	\$ -	\$ -	\$ -	\$ 3,678,711
Use of Money and Property					
Interest	20,924	294	30	2,983	24,231
Rental Income	48,478	-	-	-	48,478
Licenses and permits	362,357	-	-	-	362,357
Fines and forfeitures	160,350	-	-	-	160,350
Intergovernmental	548,186	3,402,910	530,083	459,673	4,940,852
Charges for services	385,634	-	-	-	385,634
Gifts and donations	59,892	-	-	-	59,892
Other reimbursements	40,919	-	-	-	40,919
Other revenue	22,410	29,419	993	-	52,822
Total Revenues	5,327,861	3,432,623	531,106	462,656	9,754,246
Expenditures					
Current:					
General government	740,201	-	-	197,048	937,249
Public safety	2,385,575	-	21,469	170,686	2,577,730
Community development	282,045	-	-	-	282,045
Human services and recreation	593,311	3,492,585	174,899	-	4,260,795
Public works	841,522	-	108,986	397,886	1,348,394
Administrative overhead allocation	288,697	11,693	-	-	300,390
Total Expenditures	5,131,351	3,504,278	305,354	765,620	9,706,603
Excess (Deficit) of Revenues Over Expenditures	196,510	(71,655)	225,752	(302,964)	47,643
Other Financing Sources (Uses)					
Transfers in	217,207	-	6,125	246,818	470,150
Transfers out	(228,423)	-	(84,026)	(161,184)	(473,633)
Total Other Financing Sources (Uses)	(11,216)	-	(77,901)	85,634	(3,483)
Net Change in Fund Balance	185,294	(71,655)	147,851	(217,330)	44,160
Fund Balance - Beginning of year	2,060,682	230,334	(136,852)	705,511	2,859,675
Fund Balance - End of year	\$ 2,245,976	\$ 158,679	\$ 10,999	\$ 488,181	\$ 2,903,835

City of Crescent City

Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statements of Activities For the Year Ended June 30, 2018

Net change in fund balance - governmental funds	\$ 44,160
Amounts reported for governmental activities in the statements of activities are different because:	
Governmental funds reported additions of capital assets as capital outlay and program expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period (net of Internal Service Funds, \$611,824).	1,029,191
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds (net of Internal Services Funds, \$135,273).	(230,984)
Gain on disposal of assets do not is not recorded in the Governmental Funds but is recorded in the Government-Wide Statement of Activities	1,968
Capital assets transferred from the Governmental Funds to the Internal Service Funds did not require the use of current financial resources and therefore not reported in the Governmental Funds but are recorded in the Government-Wide Statement of Activities	(301,442)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.	524,127
Revenues from Grants, Taxes, and Miscellaneous Revenue that are funded in this fiscal year that will not be collected for several months after the City's fiscal year ends are not considered "available" revenue and are classified as deferred inflow of resources in the governmental funds	10,293
Current year employer pension and OPEB contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	749,789
Pension and OPEB expenses are recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.	(1,080,395)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. In addition, some expenditures recorded in the governmental funds have already been expensed in the government-wide in prior years.	<u>13,139</u>
Change in net position of governmental activities	<u><u>\$ 759,846</u></u>

PROPRIETARY FUND FINANCIAL STATEMENTS

PROPRIETARY FUNDS FINANCIAL STATEMENTS

The Water Utility Fund accounts for the operations of the City's water utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses

The Sewer Utility Fund accounts for the operations of the City's wastewater utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

The RV Park Fund accounts for the operations of the City-owned recreational vehicle park, a self-supporting activity which renders a service on a user-charge basis to residents and travelers

Internal Service Funds Account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

City of Crescent City
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities Enterprise Funds			Totals	Business-type Activities - Internal Service Funds
	Sewer	Water	RV Park		
Assets					
Current assets:					
Cash and investments	\$ 6,547,326	\$ 2,423,505	\$ 284,065	\$ 9,254,896	\$ 245,871
Accounts Receivable	891,495	470,697	1,071	1,363,263	61,135
Interest Receivable	-	-	-	-	205
Prepaid items	-	6,300	-	6,300	1,245
Due from RDA Successor Agency	-	685,286	-	685,286	-
Total Current Assets	<u>7,438,821</u>	<u>3,585,788</u>	<u>285,136</u>	<u>11,309,745</u>	<u>308,456</u>
Non Current Assets:					
Advance to other funds	-	518,433	-	518,433	-
Capital assets not being depreciated	52,171	1,191,108	7,626	1,250,905	50,407
Net capital assets being depreciated	40,910,587	6,812,882	1,001,397	48,724,866	1,062,982
Total assets	<u>48,401,579</u>	<u>12,108,211</u>	<u>1,294,159</u>	<u>61,803,949</u>	<u>1,421,845</u>
Deferred outflow of resources					
Employer pension contribution	189,973	118,230	-	308,203	-
Pension related amounts	463,046	288,181	-	751,227	-
Employer OPEB contribution	44,459	25,283	-	69,742	-
OPEB related amounts	29,243	16,630	-	45,873	-
Total deferred outflow of resources	<u>726,721</u>	<u>448,324</u>	<u>-</u>	<u>1,175,045</u>	<u>-</u>
Liabilities					
Current liabilities:					
Accounts payable	120,728	40,740	5,926	167,394	108,313
Accrued wages	-	-	-	-	61,984
Deposits	285,588	123,985	-	409,573	-
Due to other funds	-	-	-	-	14,000
Unearned revenue	26,025	14,938	-	40,963	-
Current maturities of long term debt:					
Compensated absences payable	45,071	26,693	912	72,676	-
Current portion of loans payable	1,400,000	350,000	-	1,750,000	-
Total Current Liabilities	<u>1,877,412</u>	<u>556,356</u>	<u>6,838</u>	<u>2,440,606</u>	<u>184,297</u>
Long-term Liabilities:					
Advance from other funds	-	-	230,000	230,000	-
Compensated absences payable	18,030	22,053	6,890	46,973	-
Net pension liability	2,431,273	1,513,119	-	3,944,392	-
Net OPEB liability	286,054	162,676	-	448,730	-
Loans payable	37,053,253	1,575,000	-	38,628,253	-
Total Liabilities	<u>41,666,022</u>	<u>3,829,204</u>	<u>243,728</u>	<u>45,738,954</u>	<u>184,297</u>
Deferred inflow of resources					
Pension related amounts	133,973	83,378	-	217,351	-
OPEB related amounts	57,753	32,843	-	90,596	-
Total deferred inflow of resources	<u>191,726</u>	<u>116,221</u>	<u>-</u>	<u>307,947</u>	<u>-</u>
Net Position					
Net investment in capital assets	2,509,505	6,078,990	1,009,023	9,597,518	1,113,389
Restricted:					
Debt service	-	350,118	-	350,118	-
Unrestricted	4,761,047	2,182,002	41,408	6,984,457	124,159
Total Net Position	<u>\$ 7,270,552</u>	<u>\$ 8,611,110</u>	<u>\$ 1,050,431</u>	<u>\$ 16,932,093</u>	<u>\$ 1,237,548</u>

See accompanying Notes to Basic Financial Statements.

City of Crescent City
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2018

	<u>Business-type Activities Enterprise Funds</u>				<u>Business-type Activities - Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>RV Park</u>	<u>Totals</u>	
Operating revenues					
Charges for services	\$ 4,930,009	\$ 2,816,777	\$ 385,354	\$ 8,132,140	\$ 1,018,954
Grant and Other Revenue	22,465	432,496	-	454,961	65,269
Total operating revenues	<u>4,952,474</u>	<u>3,249,273</u>	<u>385,354</u>	<u>8,587,101</u>	<u>1,084,223</u>
Operating expenses:					
Personnel services	1,647,134	993,847	85,201	2,726,182	556,147
Materials, supplies, rent and services	653,117	355,293	96,814	1,105,224	360,863
Repair and maintenance	353,426	93,095	20,832	467,353	112,332
Administrative Overhead	293,961	322,898	36,617	653,476	-
Depreciation	2,000,917	241,493	59,140	2,301,550	135,273
Total operating expenses	<u>4,948,555</u>	<u>2,006,626</u>	<u>298,604</u>	<u>7,253,785</u>	<u>1,164,615</u>
Operating income (loss)	<u>3,919</u>	<u>1,242,647</u>	<u>86,750</u>	<u>1,333,316</u>	<u>(80,392)</u>
Non-operating revenues (expense):					
Interest income	53,798	20,538	2,574	76,910	577
Total non-operating revenues (expenses)	<u>53,798</u>	<u>20,538</u>	<u>2,574</u>	<u>76,910</u>	<u>577</u>
Transfers:					
Transfers in	3,483	-	-	3,483	-
Capital Contribution	60,000	-	-	60,000	603,942
Change in net position	<u>121,200</u>	<u>1,263,185</u>	<u>89,324</u>	<u>1,473,709</u>	<u>524,127</u>
Net Position - beginning, as restated	<u>7,149,352</u>	<u>7,347,925</u>	<u>961,107</u>	<u>15,458,384</u>	<u>713,421</u>
Net Position - ending	<u>\$ 7,270,552</u>	<u>\$ 8,611,110</u>	<u>\$ 1,050,431</u>	<u>\$ 16,932,093</u>	<u>\$ 1,237,548</u>

City of Crescent City
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

	Sewer	Water	RV Park	Totals	Internal Service Funds
Cash flows from operating activities:					
Receipts from customers	\$ 4,885,890	\$ 3,117,147	\$ 386,933	\$ 8,389,970	\$ -
Receipts from other funds	-	-	-	-	1,029,797
Payments to suppliers	(1,314,161)	(783,377)	(154,037)	(2,251,575)	(443,107)
Payments to employees	(1,450,870)	(872,622)	(84,789)	(2,408,281)	(548,643)
Net cash provided (used) by operating activities	2,120,859	1,461,148	148,107	3,730,114	38,047
Cash flows from noncapital financing activities:					
Due to other funds	-	-	-	-	14,000
Transfers	3,483	-	-	3,483	-
Net cash provided (used) by noncapital financing activities	3,483	-	-	3,483	14,000
Cash flows from capital and related financing activities:					
Principal payments on capital debt	(1,300,000)	(350,000)	-	(1,650,000)	-
Acquisition of capital assets	(111,517)	(559,382)	-	(670,899)	(7,881)
Capital Contribution	60,000	-	-	60,000	-
Net cash provided (used) by capital and related financing activities	(1,351,517)	(909,382)	-	(2,260,899)	(7,881)
Cash flows from investing activities:					
Interest earned	53,798	20,538	2,574	76,910	372
Net cash provided by investing activities	53,798	20,538	2,574	76,910	372
Net increase (decrease) in cash and cash equivalents	826,623	572,304	150,681	1,549,608	44,538
Cash and cash equivalents - beginning of period	5,720,703	1,851,201	133,384	7,705,288	201,333
Cash and cash equivalents - end of period	\$ 6,547,326	\$ 2,423,505	\$ 284,065	\$ 9,254,896	\$ 245,871

City of Crescent City
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

	<u>Sewer</u>	<u>Water</u>	<u>RV Park</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:					
Operating income (loss)	\$ 3,919	\$ 1,242,647	\$ 86,750	\$ 1,333,316	\$ (80,392)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	2,000,917	241,493	59,140	2,301,550	135,273
Changes in certain assets and liabilities:					
Accounts receivable	136,321	(140,115)	1,579	(2,215)	(54,426)
Prepaid expenses	-	(6,300)	-	(6,300)	(82)
Accounts payable	(13,657)	(5,791)	226	(19,222)	30,170
Accrued wages	-	-	-	-	7,504
Deposits and unearned revenue	(202,905)	7,989	-	(194,916)	-
Compensated absences	6,359	2,686	412	9,457	-
Net pension liability	292,843	182,252	-	475,095	-
Net OPEB liability	(29,463)	(16,755)	-	(46,218)	-
Deferred inflows of resources - OPEB related amounts	57,753	32,843	-	90,596	-
Deferred outflow of resources- Employer OPEB Contribution	(5,608)	(3,189)	-	(8,797)	-
Deferred outflow of resources-OPEB Related	(29,243)	(16,630)	-	(45,873)	-
Deferred inflows of resources - pension related amounts	4,393	2,734	-	7,127	-
Deferred outflow of resources- Employer Pension Contribution	(17,396)	(10,826)	-	(28,222)	-
Deferred outflow of resources-Pension Related	(83,374)	(51,890)	-	(135,264)	-
Total adjustments	<u>2,116,940</u>	<u>218,501</u>	<u>61,357</u>	<u>2,396,798</u>	<u>118,439</u>
Net cash provided (used) by operating activities	<u>\$ 2,120,859</u>	<u>\$ 1,461,148</u>	<u>\$ 148,107</u>	<u>\$ 3,730,114</u>	<u>\$ 38,047</u>

FIDUCIARY FUND FINANCIAL STATEMENTS

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Successor Agency RDA Fund is a fiduciary fund type used to report activities of the former dissolved Redevelopment Agency

Retired Employees Health Care Plan Trust Fund is used to report resources that are required to be held in trust by the City for the members and beneficiaries of defined benefit OPEB plans

City of Crescent City
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Retired Employees Health Care Plan	Successor Agency RDA	Totals Trust Funds
Assets			
Cash and investments	456,619	\$ 101,782	\$ 558,401
Interest receivable	-	405	405
Notes receivable	-	297,166	297,166
Land held for redevelopment	-	67,500	67,500
Total Assets	456,619	466,853	923,472
Liabilities			
Due to Other Agency	-	208,215	208,215
Due to the City of Crescent City	-	179,690	179,690
Due to the City of Crescent City (Water Utility Fund)	-	685,286	685,286
Total Liabilities		1,073,191	1,073,191
Net Position			
Unrestricted	-	(606,338)	(606,338)
Held in trust restricted for other postemployment benefits	456,619	-	456,619
Total Net Position	\$ 456,619	\$ (606,338)	\$ (149,719)

City of Crescent City
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the year ended June 30, 2018

	Retired Employees Health Care Plan	Successor Agency RDA	Totals Trust Funds
Additions			
Use of money and property:			
Interest	\$ -	\$ 4,523	\$ 4,523
Contributions:			
Employer	56,133	-	56,133
Investment Income:			
Net appreciation in fair value of investments	32,041	-	32,041
Total additions	<u>88,174</u>	<u>4,523</u>	<u>92,697</u>
Deductions			
Current:			
Payroll and Benefites	-	-	-
Investment fees	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of additions over (under) deductions	<u>88,174</u>	<u>4,523</u>	<u>92,697</u>
Net Position - beginning	<u>368,445</u>	<u>(610,861)</u>	<u>(242,416)</u>
Net Position - ending	<u>\$ 456,619</u>	<u>\$ (606,338)</u>	<u>\$ (149,719)</u>

NOTES TO BASIC FINANCIAL STATEMENTS

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the City of Crescent City (City), all of which conform to generally accepted accounting principles as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection; water, and wastewater services; the construction and maintenance of streets and infrastructure; recreational activities and cultural events.

As required by GAAP, the accompanying basic financial statements present the City and its component units. Component units are entities for which the City is considered to be financially accountable. GASB defines component units as legally separate entities that meet any one of the following tests:

The City appoints the voting majority of the board of the entity and:

is able to impose its will on the entity and/or
is in a relationship of financial benefit or burden with the entity.

The entity is fiscally dependent upon the City.

The financial statements of the City would be misleading if data from the entity were omitted.

Management determined that the following component units should be blended based on the criteria above:

Crescent City Housing Authority
Crescent City Public Financing Corporation - Inactive

These component units are included in the primary government because of the significance of their financial or operational relationship and the same City governing body.

Each of the blended component units in the accompanying basic financial statements of the City are described below:

Crescent City Housing Authority (Authority) manages certain programs which are funded by the U.S Department of Housing and Urban Development, primarily to provide services under the Housing Assistance Payments Program.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The five City Council members, in a separate session, serve as the governing board of the Authority. There is also a Housing Advisory Commission made up of 3 tenant participants and 4 community members. The Commission makes recommendations to the Board. The financial activity of the Authority has been included in the City's financial statements as a special revenue fund.

Crescent City Public Financing Corporation was created with the purpose of financing public capital improvements. City Council members, in a separate session, serve as the governing board of the Corporation. The financing corporation is not active at this time.

Financial statements for the Crescent City Housing Authority may be obtained from the Finance Department of the City at 377 J. Street, Crescent City, California 95531.

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 primary government and its component units. For the most part, the effect of inter-fund 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 segment 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 included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement 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.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

The City considers all revenues as available if they are collected within sixty days of the end of the current fiscal period, except for sales tax which has a ninety day availability 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.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Property taxes, sales taxes, transient occupancy tax, grants, licenses, fees, charges 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fiduciary funds financial statements include a statement of fiduciary net position and statement of changes in fiduciary net position. The City's fiduciary funds represent a Private-purpose Trust Fund and OPEB trust fund. Those funds are accounted for on the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate self-balancing set of accounts for its assets, other debits, liabilities, other credits, equity, revenue and expenditures or expenses, as appropriate.

Governmental Funds - Government 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.

Enterprise Funds - account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Internal Service Funds – Account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. Internal service funds used by the City are:

Equipment Fund – This fund is used to account for vehicle maintenance.

Information Technology Fund – This fund is used to provide computer technology services as well as providing programming and general information systems support services.

General Building Maintenance Fund – This fund is used to account for general government building and maintenance services.

Insurance Reserve Fund – This fund is used to account for the accumulation of monies necessary to pay for liability insurance claims and retentions under a self-insurance program.

Payroll Trust Fund – This fund is used to account for the various payroll disbursements related to providing benefits City wide.

Retired Employees Health Care Plan Trust Fund – This fund is used to accumulate the costs associated with providing funding of the City's liability for Other Post-Employment Benefits.

Fiduciary Funds

Private-purpose Trust Fund – is a fiduciary fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and interest benefit individuals, private organizations, or other governments.

Retired Employees Health Care Plan Trust Funds are used to report resources that are required to be held in trust by the City for the members and beneficiaries of defined benefit OPEB plans.

Major Governmental Funds

The City reports the following major governmental funds:

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

Housing Authority – is the fund that accounts for the City's low income housing activities.

CDBG - accounts for revenue and expenditures of CDBG funds awarded by the State Department of Housing and Community Development.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports the following major proprietary funds:

The Water Utility Fund accounts for the operations of the City's water utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

The Sewer Utility Fund accounts for the operations of the City's wastewater utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

Additionally, the following non-major proprietary fund is also discretely presented:

The Shoreline Recreational Vehicle Park Fund accounts for the operations of the City-owned recreational vehicle park, a self-supporting activity which renders a service on a user-charge basis to residents and travelers.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business type activities 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.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 enterprise funds and of the government's internal services funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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 non-operating revenues and expenses.

Assets, Liabilities and Net Position or Equity

Cash and Investments

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. State statutes authorize the City to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Investment income from pooled investments is allocated to all funds in the pool. Interest is allocated on the basis of average monthly cash balance at quarter end in relation to the total pool investments. The interest income is

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

recorded in the fund that earned the interest, except for those funds which have a negative cash balance and are excluded from the interest apportionment.

Investments are reported in the accompanying balance sheet at fair value which is determined using selected bases annually. Short term investments are reported at cost, which approximates fair value. All other investments are reported at fair value.

For the purpose of the statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

General Receivables and Property Taxes Receivable

The City records an allowance for doubtful accounts on general accounts receivable based on the experience method.

Del Norte County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1. Secured property taxes become a lien on real property on January 1 of the preceding fiscal year.

Secured property taxes are due in two installments, on November 1 and March 1. Property taxes become delinquent after December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

Inventories

Inventories are physically counted at year-end and valued at their average cost. All inventories consist of expendable supplies held for consumption. The cost is recorded as inventory when items are purchased and as expenditures when the items are used (the consumption method of accounting for inventories). The weighted average method is used for establishing the cost of inventory consumed.

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 government as

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

assets with an initial cost of more than \$5,000 and an estimated useful life in excess of three years. Such depreciation has been provided over the estimated useful lives using the straight-line method.

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

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3-10 years
Structures and improvements	20-50 years
Infrastructure	20-50 years

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life 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.

Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/ deductions from the Plan's fiduciary-net position have been determined on the same basis as they are reported by CalPERS. 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.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/ deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2017
Measurement Period	June 30, 2016 to June 30, 2017

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Vacation and Sick Pay

Vacation pay is vested to the employees as it accrues and is payable upon retirement or termination. Sick leave, however, does not vest to the employees and is payable only when sick leave is taken.

Unused vacation has been accrued in the accompanying government-wide financial statements and the accompanying proprietary fund financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Obligations

In the government-wide financial statements and the 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. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications; restricted, committed, assigned, and unassigned.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by the City Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City Council's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, the unrestricted resources-committed, assigned, and unassigned-in order as needed.

Net Position

Net position is comprised of three categories: (1) net investment in capital assets (2) restricted net position, and (3) unrestricted net position. Each component of net position is reported separately on the statements of net position.

Net investment in capital assets represents the balance of capital assets less accumulated depreciation, net of outstanding related debt.

Restricted net position is subject to constraints externally imposed by funding agencies or legislation. The amount of restricted net position is calculated by reducing the carrying value of restricted assets by their related liabilities. These items are restricted by agreements that detail specific purpose and use.

The unrestricted component of net position represents the portion remaining after the "invested in capital assets" and "restricted" amounts have been determined. The City's positive value of unrestricted net position may be used to meet ongoing obligations.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements

In 2018, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - The objective of this statement is to address reporting by governments that provide other postemployment benefits (OPEB) to their employees and for governments that finance OPEB for employees of other governments. The City restated its beginning net position as part of implementation of this statement.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* - The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement No. 85, *Omnibus 2017* - The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). There was no effect on net position as a result of implementation of this statement.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* - The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources--resources other than the proceeds of refunding debt--are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement did not apply to the City for the current fiscal year.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. Cash and Investments

As of June 30, 2018, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 12,058,066
Fiduciary Funds	558,401
Total Cash and Investments	<u>\$ 12,616,467</u>

As of June 30, 2018, the City's cash and investments consisted of the following:

Cash:	
Cash on hand:	\$ 1,300
Deposits	2,347,653
Total Cash	<u>2,348,953</u>

As of June 30, 2018 the City's investments consisted of the following:

Investments:	
In California Local Agency Investment Fund (at market):	9,810,895
Total Investments	<u>9,810,895</u>
Investments held in trust for other postemployment benefits	<u>456,619</u>

Total Cash and Investments	<u>\$ 12,616,467</u>
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At year end, the carrying amount of the City's cash deposits (including amounts in checking accounts and money market accounts) was \$2,347,653 and the bank balance was \$2,293,736. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit Risk For Deposits - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 110 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized. The City's investment policy does not further limit its deposits.

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All investments of the City are pooled with the State of California Local Agency Investment Fund.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, CONTINUED

Interest Rate Risk -The City's investment policy generally limits investment maturities as needed to maintain adequate liquidity to meet the City's cash flow requirements and to limit its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and City investment policy limits investments in commercial paper to the rating of A or better by Standards & Poor's or P-1 or better by Moody's Investors Service; corporate bonds to the rating of A or better by both Standards & Poor's and Moody's Investors Service. No limits are placed on U.S. government agency securities and U.S. Treasuries. The City's investment policy does not further limit its investment choices.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law restricts the City's investments in commercial paper to 40% of its investment pool and to 10% per issuer and corporate bonds and medium term notes to 30% of its investment pool and to 10% per issuer, and banker's acceptances to 15% of its investment pool and to 10% per issuer. The City has invested all cash, other than deposits and imprest cash, in the California Local Agency Investment Fund (LAIF). At June 30, 2018, the City's investments were in compliance with concentration of credit risk State law.

Investment in Local Agency Investment Fund - Investment in Local Agency Investment Fund - The City of Crescent City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 and is managed by the Treasurer of the State of California. The Local Investment Advisory Board, which consists of five members as designed by State statute, has oversight responsibility for LAIF. Investments in LAIF are available upon demand. The City's investment with LAIF at June 30, 2018 includes a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as collateralized mortgage obligations) or credit card receivables.

As of June 30, 2018, the City had \$9,810,895 invested in LAIF, which had 1.89% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 0.998126869 to the total investments held by LAIF.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, CONTINUED

Investments - The City reports its investments in accordance with GASB Statement Number 31. This standard requires that the City's investments be reported at fair value with realized and unrealized gains or losses reported in the statement of operations.

Investments held in Trust for Other Postemployment Benefits

The City established an irrevocable Section 115 OPEB Trust with Public Agency Retirement Services (PARS). As of June 30, 2018, the trust had a balance of \$456,619. PARS' policy for allocation of invested assets is established and may be amended by the PARS Board of Trustees through a majority vote. It is the policy of the Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of specific asset classes. The investment policy has a long-term focus. It discourages both major shifts of asset class allocations over a short time span, and except for liquidity purposes, the use of cash equivalents. The following was the PARS' Board's adopted asset allocation policy as of June 30, 2018:

OPEB Trust	
Asset Class	Target Allocation
Global Equity	43.22%
Global Fixed Income	39.60%
Liquidity	17.18%
Total	100.00%

At June 30, 2018, PARS held no investments in any one organization that represented 5% or more of fiduciary net position.

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expenses, was 7.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

3. NOTES RECEIVABLE

The City engages in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms. The notes carry various interest rates and payment dates.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

3. NOTES RECEIVABLE, CONTINUED

Business Enterprise Notes	\$	297,166
Sidewalk Notes		-
Housing Rehabilitation and Affordable Housing Notes		114,565
	\$	<u>411,731</u>

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Adjustments/ Retirements	Balance June 30, 2018
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,772,052	\$ 51,232	\$ -	\$ 2,823,284
Construction in progress	544,638	634,850	(725,133)	454,355
Total Capital Assets, Not Being Depreciated	3,316,690	686,082	(725,133)	3,277,639
Capital Assets, Being Depreciated:				
Building and improvements	8,145,297	348,479	(101,010)	8,392,766
Machinery and equipment	3,023,089	611,706	(70)	3,634,725
Infrastructure	2,209,963	519,449	-	2,729,412
Total Capital Assets, Being Depreciated:	13,378,348	1,479,634	(101,080)	14,756,902
Less Accumulated Depreciation	(7,314,400)	(366,257)	2,038	(7,678,619)
Total Capital Assets, Being Depreciated, Net	6,063,948	1,113,377	(99,042)	7,078,283
Total Governmental Activities, Net	\$ 9,380,638	\$ 1,799,459	\$ (824,175)	\$ 10,355,922
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 493,855	\$ -	\$ -	\$ 493,855
Construction in progress	176,148	580,902	-	757,050
Total Capital Assets, Not Being Depreciated	670,003	580,902	-	1,250,905
Capital Assets, Being Depreciated:				
Structures and improvements	42,494,252	15,198	(15,198)	42,494,252
Machinery and equipment	9,748,181	89,994	-	9,838,175
Infrastructure	21,701,772	-	-	21,701,772
Total Capital Assets, Being Depreciated:	73,944,205	105,192	(15,198)	74,034,199
Less Accumulated Depreciation	(23,007,783)	(2,301,550)	-	(25,309,333)
Total Capital Assets, Being Depreciated, Net	50,936,422	(2,196,358)	(15,198)	48,724,866
Total Business-Type Activities, Net	\$ 51,606,425	\$ (1,615,456)	\$ (15,198)	\$ 49,975,771

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

4. CAPITAL ASSETS, CONTINUED

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$	27,593
Public ways and facilities		114,030
Public protections		128,116
Culture and recreation		96,518
Total Depreciation Expense - Governmental Functions	\$	<u>366,257</u>

Depreciation expense was charged to the business-type functions as follows:

Sewer	\$	2,000,917
Water		241,493
RV Park		59,140
Total Depreciation Expense - Business-Type Functions	\$	<u>2,301,550</u>

5. LONG-TERM DEBT

Long-term debt for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Adjustments/ Retirements	Balance June 30, 2018	Amounts Due Within One year
<u>Governmental Activities</u>					
Compensated Absences (Note 1)	\$ 190,900	\$ 160,571	\$ (173,710)	\$ 177,761	\$ 177,761
Total Governmental Activities	<u>\$ 190,900</u>	<u>\$ 160,571</u>	<u>\$ (173,710)</u>	<u>\$ 177,761</u>	<u>\$ 177,761</u>
	Balance June 30, 2017	Additions	Adjustments/ Retirements	Balance June 30, 2018	Amounts Due Within One year
<u>Business-Type Activities</u>					
Safe Water Revolving Loan	\$ 2,275,000	\$ -	\$ (350,000)	\$ 1,925,000	\$ 350,000
State Water Resources - Safe Water Loan	39,753,253	-	(1,300,000)	38,453,253	1,400,000
Compensated Absences (Note 1)	110,193	76,919	(67,463)	119,649	72,676
Total Business-Type Activities	<u>\$ 42,138,446</u>	<u>\$ 76,919</u>	<u>\$ (1,717,463)</u>	<u>\$ 40,497,902</u>	<u>\$ 1,822,676</u>

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

5. LONG-TERM DEBT, CONTINUED

At June 30, 2018, loans consisted of the following:

	Activities
California Water Resources Control Board, Safe Drinking Water Revolving Loan in the amount of \$45,407,931, dated June 10, 2011, payable on a graduated plan with an interest rate of 0% and maturity date in fiscal year 2041. Loan proceeds were used for wastewater system improvements.	\$ 38,453,253
California Department of Health Services, Safe Drinking Water Revolving Loan in the amount of \$7,000,000, dated June 28, 2004, payable in annual installments of \$350,000 with an interest rate of 0% and maturity of January 1, 2024. The loan agreement for this loan requires a debt service reserve of \$350,000. Loan proceeds were used for water system improvements.	1,925,000
Total Loans	\$ 40,378,253

The annual aggregate maturities for the years subsequent to June 30, 2018, are as follows:

Year Ended June 30	Loans				Total
	Safe Drinking Water		Water Resources Control Board		
	Principal	Interest	Principal	Interest	
2019	\$ 350,000	\$ -	\$ 1,400,000	\$ -	\$ 1,750,000
2020	350,000	-	1,500,000	-	1,850,000
2021	350,000	-	1,600,000	-	1,950,000
2022	350,000	-	1,697,663	-	2,047,663
2023-2027	525,000	-	8,488,313	-	9,013,313
2028-2032	-	-	8,488,313	-	8,488,313
2033-2037	-	-	8,488,313	-	8,488,313
2038-2041	-	-	6,790,651	-	6,790,651
Total Governmental Activities	\$ 1,925,000	\$ -	\$38,453,253	\$ -	\$40,378,253

Compensated Absences

The compensated absences liability will be paid from the General Fund, Housing Authority, Street Maintenance, Community Development, Water Utility, Sewer Utility, Information Systems, General Support Services, and Risk Management.

The City's changes in compensated absences for the year ended June 30, 2018 were as follows:

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

5. LONG-TERM DEBT, CONTINUED

	Balance June 30, 2017	Additions	Adjustments/ Retirements	Balance June 30, 2018	Amounts Due Within One year
Governmental Activities	\$ 190,900	\$ 160,571	\$ 173,710	\$ 177,761	\$ 177,761
Business-Type Activities	110,193	76,919	67,463	119,649	72,676
Total	\$ 301,093	\$ 237,490	\$ 245,585	\$ 297,410	\$ 250,437

6. INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2018:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 107,000	\$ -
CDBG	-	8,000
Capital Improvements Project Fund	-	85,000
Insurance Department	-	14,000
Total	\$ 107,000	\$ 107,000

Advance To/From Other Funds

There was a \$230,000 loan from General Fund to RV Park Fund to complete a renovation project. It was originally going to be repaid over 10 years, but the Council voted to defer payment until fiscal year 2019 and then repay the loan in full. It is in the fiscal year 2019 budget for full repayment.

There was a \$518,433 loan from Water Fund to General Fund. This was originally part of a loan from the Water Fund to the RDA. The State disallowed this portion of the loan from being a recognized obligation of the Successor Agency. The Council approved the General Fund assuming the loan. The repayment will begin when the Successor Agency begins to repay the portion of the loan that was allowed as a recognized obligation, which will be after the SERAF loan is paid off. The City projects that will begin in fiscal year 2021.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

6. INTERFUND TRANSACTIONS, CONTINUED

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2018:

<u>Transfer To:</u>		<u>Transfer From:</u>	
General Fund	\$ 217,207	Gas Tax Fund	\$ 142,789
		CDBG Fund	74,418
CDBG	6,125	CDBG Fund	6,125
Fire Vehicle Replacement Fund	33,160	General Fund	33,160
Police Vehicle Replacement Fund	44,454	General Fund	44,454
Capital Improvement Fund	150,809	General Fund	150,809
Sewer Fund	3,483	CDBG Fund	3,483
Beachfront Park CIP Fund	18,395	Capital Improvement Fund	18,395
Total	<u>\$ 473,633</u>		<u>\$ 473,633</u>

- The purpose of the transfer from the Gas Tax Fund to the General Fund was to allocate gas tax revenues to fund street maintenance.
- The purpose of the transfer from the CDBG fund to General Fund was to allocate CDBG grant revenue to fund the swimming pool.
- The transfer from the Rehab Loan to CDBG Fund was to allocate loan payments received and to transfer program income earned in current year.
- The transfer from the General Fund to Police Vehicle Replacement Fund was a donation received for a new K9 vehicle. The donation was transferred to the vehicle replacement fund for the vehicle to be purchased.
- The transfer from the General Fund to Fire Vehicle Replacement was to transfer funds for USDA grant match.
- The transfer from General Fund to Capital Improvement Fund was for the purchase of City Hall building.
- The transfer from CDBG fund to Sewer Fund was to reconcile a previous CDBG-funded sewer project that has been completed.
- The transfer from Capital Improvement Fund to Beachfront Park CIP fund was to transfer defederalized CDBG Program Income for Dog Park.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. EMPLOYEE RETIREMENT PLANS

A. *Plan Description*

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors five rate plans (miscellaneous classic, miscellaneous PEPRA, safety police classic, safety police PEPRA and safety fire). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

B. *Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 to 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the contracting agency's contract.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. EMPLOYEE RETIREMENT PLANS, CONTINUED

The Plans' provisions and benefits in effect at June 30, 2018 are summarized as follows:

	Miscellaneous		Safety (Fire)	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 62	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	52-62	50	50-57
Monthly benefits , as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	8.00%	6.25%	9.00%	11.50%
Required employer contribution rates	9.54%	6.53%	14.97%	11.50%
Required employer dollar UAL payment (annual)	\$ 374,343	\$ 154	\$ 5,424	
	Safety (Police)			
	Prior to January 1, 2013	On or after January 1, 2013		
Hire date	January 1, 2013	January 1, 2013		
Benefit formula	2% @ 50	2.7% @ 57		
Benefit vesting schedule	5 years service	5 years service		
Benefit payments	monthly for life	monthly for life		
Retirement age	50	50-57		
Monthly benefits , as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%		
Required employee contribution rates	9.00%	11.50%		
Required employer contribution rates	14.97%	11.99%		
Required employer dollar UAL payment (annual)	\$ 258,254	\$ 5		

B. Benefits Provided, Continued

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions recognized against net pension liability for the Plan were \$851,158.

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan \$10,325,662.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. EMPLOYEE RETIREMENT PLANS, CONTINUED

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

Proportion - June 30, 2015	0.10614934%
Proportion - June 30, 2016	0.10411817%
Change - Increase (Decrease)	<u>-0.00203118%</u>

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

For the year ended June 30, 2018, the City recognized pension expense of \$1,613,832. At June 30, 2018, 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
Pension contributions subsequent to measurement date	\$ 948,296	\$ -
Changes of assumptions	1,476,515	112,800
Differences between expected and actual experience	629	87,065
Changes in employer's proportion	103,874	48,920
Differences between the employer's contribution and the employer's proportionate share of contributions	-	122,582
Net differences between projected and actual earnings on plan investments	330,228	-
Total	<u>\$ 2,859,542</u>	<u>\$ 371,367</u>

\$948,296 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. EMPLOYEE RETIREMENT PLANS, CONTINUED

Measurement Period	
Ended June 30:	
2019	\$ 378,105
2020	845,229
2021	511,754
2022	(195,208)

C. *Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued*

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increase	Varies by entry age and service
Investment of return	7.15%
Maturity Rate Table	(1) Derived by CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

(1) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 that can be obtained from the CalPERS website.

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. EMPLOYEE RETIREMENT PLANS, CONTINUED

C. *Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued*

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 cash flows. Using historical returns of all the funds' asset classes, expected compound 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 fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set 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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-2.20%	-2.70%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

C. *Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued*

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the 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:

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. EMPLOYEE RETIREMENT PLANS, CONTINUED

1% Decrease	6.15%
Net Pension Liability	\$ 15,196,004
Current Discount Rate	7.15%
Net Pension Liability	\$ 10,325,662
1% Increase	8.15%
Net Pension Liability	\$ 6,308,164

D. Payable to the Pension Plan

At June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City has established an Other Postemployment Benefit plan (OPEB Plan) and participates in an agent multiple-employer defined benefit retiree healthcare plan. The City participates in the CalPERS medical program as permitted under the Public Employees' Medical and Hospital and Care Act (PEMHCA). As such, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. Based on CalPERS' requirements and the terms of the PEMHCA resolutions, the City is currently obligated to provide the greater of the following amounts to its retirees:

- a) The minimum required contribution under PEMHCA (\$133 per month for 2018)
- b) The amounts shown in the table below (pursuant to collective bargaining or other employee agreements)

Monthly Subsidy Toward Medical	
CCMEA Council Elected	\$ 296
CCPOA	150
CECC	250
CCEA	150

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED

B. *Employees Covered*

As of the July 1, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	58
Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to, but not yet receiving benefits	-
	82

C. *Contributions*

The contribution requirements of plan members and the City are established and may be amended by the City's governing board. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the City's cash contribution were \$134,281 in payments to the trust and the estimated implied subsidy was \$45,157 resulting in total payments of \$179,438.

D. *Net OPEB Liability*

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumption

Discount Rate	6.30%
General Inflation	2.75% per annum
Salary Increases	3.25% per year
Assumed Wage Inflation	3.00% per year
Investment Rate of Return	6.30%
Mortality Rate	(1) Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	8.00% for 2018, decreasing to an ultimate rate of 5.00% in 2025 and later years

Notes:

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Large Cap Core	32.00%	6.70%
Mid Cap Core	6.00%	7.00%
Small Cap Core	9.00%	7.90%
Real Estate	2.00%	5.70%
International	7.00%	7.30%
Emerging Markets	4.00%	9.70%
Fixed Income	35.00%	
Short Term Bond	6.75%	3.80%
Intermediate Term Bond	27.00%	4.60%
High Yield	1.25%	6.00%
Cash	5.00%	2.10%
TOTAL	100.00%	

At the time the valuation was prepared, the City was invested in the Balanced Portfolio, which had an expected return of 6.85%. Based on the City's OPEB trust balance, the City assumed 55 basis points in non-embedded fees for a net expected return of 6.30%.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.30 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED

F. Changes in the OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017 (Measurement date 06/30/2017)	\$ 1,563,382	\$ 289,939	\$ 1,273,443
Changes in the year:			
Service cost	84,805	-	84,805
Interest	111,248	-	111,248
Investment experience	-	17,903	(17,903)
Plan experience	(257,555)	-	(257,555)
Assumption changes	138,952	-	138,952
Contribution - employer	-	156,803	(156,803)
Expected investment income	-	21,659	(21,659)
Benefit payments	(117,859)	(117,859)	-
Net changes	(40,409)	78,506	(118,915)
Balance at June 30, 2018 (Measurement date 06/30/2018)	\$ 1,522,973	\$ 368,445	\$ 1,154,528

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.30%	6.30%	7.30%
Net OPEB Liability (Asset)	\$1,329,543	\$1,154,528	\$ 1,008,273

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

	Current		
	1% Decrease	Trend Rate	1% Increase
Net OPEB Liability (Asset)	\$ 1,022,713	\$ 1,154,528	\$ 1,384,272

I. OPEB Plan Fiduciary Net Position

PARS issues a publicly available financial report that may be obtained from the Public Agency Retirement Services, 4350 Von Karman Ave, Newport Beach, CA 92660.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED

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

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

Net difference between projected and actual earnings on OPEB plan investments	5 Years
All other amounts	Straight-line recognition over 6.64 years, the expected average remaining service lifetime(EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive members are counted, with the latter two groups having 0 remaining service years.

K. *OPEB Expense and Deferred Outflows/ (Inflows) of Resources Related to OPEB*

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$152,952. For the fiscal year ended June 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 179,438	\$ -
Differences Between Expected and Actual Experience	-	218,767
Changes of Assumptions	118,025	-
Net differences between projected and actual earnings on plan investments	-	14,322
Total	<u>\$ 297,463</u>	<u>\$ 233,089</u>

City of Crescent City
Notes to Basic Financial Statements
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8. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED

The \$179,438 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June, 30, 2019. Amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/Inflows of Resources
2019	\$ (21,442)
2020	(21,442)
2021	(21,442)
2022	(21,442)
2023	(17,861)
Thereafter	(11,437)

9. 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. The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these risk pools exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued.

Each risk pool is governed by a board consisting of representatives from member agencies. Each board controls the operations of the respective risk pool, including selection of management and approval of operation budgets, independent of any influence by member agencies. Obligations and liabilities of these risk pools are not the City's responsibility.

Golden State Risk Management Authority (GSRMA) covers general liability up to \$250,000 per occurrence. GSRMA purchases excess general liability coverage from the CSAC Excess Insurance Authority (EIA) that provides \$49,750,000 limits in excess of GSRMA's \$250,000 for total limits of \$50,000,000 per occurrence. The City has no deductible for general liability.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

9. RISK MANAGEMENT, CONTINUED

The City is a participant in the GSRMA workers' compensation risk pool, which provides \$300,000 per occurrence coverage. GSRMA participates in the EIA Excess Workers' Compensation program, which provides statutory limits in excess of GSRMA's \$300,000 limits for workers' compensation losses and \$5,000,000 in per occurrence limits for employers' liability.

During the fiscal year ended June 30, 2018, the City incurred costs of \$568,572 for coverage premiums including general liability, workers compensation, property, automobile, and crime bond.

There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

10. CONTINGENCIES

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

11. PLEDGED REVENUE

Revenue Pledge	Borrowing Fund/Entity - Bond/Loan	Use of Funds	Year of Loan or Year Repayments and/or Interest Payments Began	Original Issue/Loan Amount	Payments Amortized Through
Net Revenues	Wastewater Utility / Loan	System Expansion and Improvements	2011	\$45,407,931	2041
Net Revenues	Water Utility / Loan	System Expansion and Improvements	2004	7,000,000	2024

The City has pledged future revenues derived from the operation of the Crescent City Wastewater System, net of operating and maintenance expenses, to repay a \$45,407,931 loan payable to the State Water Resources Control Board. Proceeds from the loan provided financing for improvements to the Wastewater System. The loan is payable solely from the net earnings of the Wastewater System and are payable through 2041. The total principal and interest remaining to be paid on the loan is \$38,453,253.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

11. PLEDGED REVENUE, CONTINUED

Principal and interest paid for the current year and net system revenues were \$1,300,000 and \$2,004,836 respectively.

The City has pledged future revenues derived from the operation of the Crescent City Water System, net of operating and maintenance expenses, to repay a \$7,000,000 loan payable to the State Water Resources Control Board. Proceeds from the loan provided financing for improvements to the Water System. The loan is payable solely from the net earnings of the Water System and are payable through 2024. The total principal and interest remaining to be paid on the loan is \$1,925,000. Principal and interest paid for the current year and net system revenues were \$350,000, and \$1,484,140 respectively.

12. SUCCESSOR TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-03.

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).

Successor agencies are only allocating revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

12. SUCCESSOR TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, CONTINUED

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

In accordance with the time line 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.

Cash and investments

As of June 30, 2018, cash and investments in the amount of \$101,782 were reported in the accompanying financial statements in the Fiduciary funds.

Long-Term Debt

The Successor Agency is obligated to the Successor Housing Agency and the City Water Fund in the amounts of \$179,690 and \$685,286 respectively. Of these amounts, \$179,690 and \$685,286 were advanced to the Crescent City Redevelopment Agency prior to its dissolution under State law.

	Balance June 30, 2017	Additions	Adjustments/ Retirements	Balance June 30, 2018	Amounts Due Within One year
Fiduciary Fund Debt					
Successor Housing Agency	\$ 236,871	\$ -	\$ 57,181	\$ 179,690	\$ -
City Water Fund	685,286	-	-	685,286	-
Total Fiduciary Fund Debt	\$ 992,157	\$ -	\$ 57,181	\$ 864,976	\$ -

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2018

13. RESTATEMENT

The City recorded a prior period adjustment to recognize deferred outflows of resources and net OPEB liability as of June 30, 2017.

	Net Position, as Previously Reported at June 30, 2017	Prior Period Adjustments		Net Position, as Restated at June 30, 2017
		Deferred Employer OPEB Contributions	Net OPEB Liability	
Government-Wide Statements				
Governmental Activities	\$ 8,245,899	\$ 95,860	\$ (778,495)	\$ 7,563,264
Business-type Activities	\$ 15,892,389	\$ 60,943	\$ (494,948)	\$ 15,458,384
Fund Statements				
Sewer Enterprise	\$ 7,426,019	\$ 38,850	\$ (315,517)	\$ 7,149,352
Water Enterprise	\$ 7,505,263	\$ 22,093	\$ (179,431)	\$ 7,347,925

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Crescent City
 Required Supplementary Information
 For the year ended June 30, 2018

1. OTHER POST EMPLOYMENT BENEFITS

A. Schedule of Changes in the Net OPEB Liability and Related Ratios

<i>Measurement Period</i>	2017
Total OPEB Liability	
Service Cost	\$ 84,805
Interest on the total OPEB liability	111,248
Changes in benefit terms	-
Differences between expected and actual experience	(257,555)
Changes of assumptions	138,952
Benefit payments, including refunds of employee contributions	(117,859)
Net change in total OPEB liability	(40,409)
Total OPEB liability - beginning	1,563,382
Total OPEB liability - ending (a)	\$ 1,522,973
 Plan Fiduciary Net Position	
Contributions - employer	\$ 156,803
Contributions - employee	
Net investment income	39,562
Benefit payments, including refunds of employee contributions	(117,859)
Administrative expense	-
Other	-
Net change in plan fiduciary net position	78,506
Plan fiduciary net position - beginning	289,939
Plan fiduciary net position - ending (b)	\$ 368,445
Net OPEB liability/(asset) - ending (a) - (b)	\$ 1,154,528
Plan fiduciary net position as a percentage of the total OPEB liability	24%
Covered-employee payroll	3,045,658
Net OPEB liability as a percentage of covered-employee payroll	37.91%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2018

1. OTHER POST EMPLOYMENT BENEFITS, Continued

B. Schedule of Contributions Last Ten Fiscal Years

	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 179,438
Contributions in relation to the ADC	<u>(179,438)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	3,217,205
Contributions as a percentage of covered-employee payroll	5.58%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Straightline Amortization
Asset Valuation Method	Market value
Inflation	2.75% per year
Payroll Growth	3.25% annual increases
Investment Rate of Return	6.30%
Healthcare cost-trend rates	8.00% for 2018, decreasing to an ultimate rate of 5.00% in 2025 and later years
Retirement Age	Age 65
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

*C. Schedule of Investment Returns - PARS OPEB Trust Program - Last 10 Years**

<u>Year*</u>	<u>Annual Money-weighted Rate of Return, Net of Investment Expenses</u>
2017	9.38%
2018	7.16%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Crescent City
 Required Supplementary Information
 For the year ended June 30, 2018

2. DEFINED BENEFIT PENSION PLAN

A. Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Years*

Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.10411817%	0.10614935%	0.10970704%	0.10061430%
Proportionate share of the net pension liability	\$10,325,662	\$9,185,205	\$ 7,530,194	\$ 6,260,676
Covered payroll	\$ 3,045,658	\$ 2,979,180	\$ 2,915,615	\$ 2,782,613
Proportionate Share of the net pension liability as percentage of covered payroll	339.03%	308.31%	258.27%	224.99%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

* - Fiscal year 2015 was the 1st year of implementation

B. Schedule of Contributions - Last 10 Years*

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 948,296	\$ 851,158	\$ 763,462	\$ 625,852
Contribution in relation to the actuarially determined contributions	(948,296)	(851,158)	(763,462)	(625,852)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,217,205	\$ 3,045,658	\$ 2,979,180	\$ 2,915,615
Contributions as a percentage of covered payroll	29.48%	27.95%	25.63%	21.47%
Note to Schedule				
Valuation date:	6/30/2016	6/30/2015	6/30/2014	6/30/2013

* - Fiscal year 2015 was the 1st year of implementation

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2018

3. BUDGETARY INFORMATION

The City Council has the responsibility for adoption of the City's budgets. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended.

Budgetary comparisons are provided in the accompanying financial statements for all funds with legally adopted budgets. Budget amounts are adopted on a basis consistent with accounting principles accepted in the United States of America.

City of Crescent City

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

General Fund

For the year ended June 30, 2018 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,573,102	\$ 3,596,380	\$ 3,678,711	\$ 82,331
Use of Money and Property				
Interest	5,476	5,476	20,924	15,448
Rental Income	43,907	43,907	48,478	4,571
Licenses and permits	318,866	318,866	362,357	43,491
Fines and forfeitures	59,238	79,238	160,350	81,112
Intergovernmental	591,227	872,757	548,186	(324,571)
Charges for services	404,150	431,703	385,634	(46,069)
Gifts and donations	10,500	67,105	59,892	(7,213)
Other reimbursements	20,000	28,561	40,919	12,358
Other revenue	22,350	43,360	22,410	(20,950)
Total Revenues	<u>5,048,816</u>	<u>5,487,353</u>	<u>5,327,861</u>	<u>(159,492)</u>
Expenditures				
Current:				
General government	877,983	916,545	740,201	176,344
Public safety	2,623,494	2,682,820	2,385,575	297,245
Community Development	318,542	351,978	282,045	69,933
Human services and recreation	547,532	620,701	593,311	27,390
Public works	996,796	1,098,897	841,522	257,375
Administrative overhead allocation	316,260	315,829	288,697	27,132
Total Expenditures	<u>5,680,607</u>	<u>5,986,770</u>	<u>5,131,351</u>	<u>855,419</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(631,791)</u>	<u>(499,417)</u>	<u>196,510</u>	<u>695,927</u>
Other Financing Sources (Uses)				
Transfers in	269,419	222,368	217,207	(5,161)
Transfers out	-	(228,423)	(228,423)	-
Total Other Financing Sources (Uses)	<u>269,419</u>	<u>(6,055)</u>	<u>(11,216)</u>	<u>(5,161)</u>
Net Change in Fund Balance	<u>\$ (362,372)</u>	<u>\$ (505,472)</u>	185,294	<u>\$ 690,766</u>
Fund Balance - Beginning of year			2,060,682	
Fund Balance - End of year			<u>\$ 2,245,976</u>	

City of Crescent City

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

Housing Authority Section 8 Fund

For the year ended June 30, 2018 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of Money and Property				
Interest	\$ 140	\$ 140	\$ 294	\$ 154
Intergovernmental	3,477,174	3,526,033	3,402,910	(123,123)
Other reimbursements	2,000	2,000	-	(2,000)
Other revenue	20,975	20,975	29,419	8,444
Total Revenues	<u>3,500,289</u>	<u>3,549,148</u>	<u>3,432,623</u>	<u>(116,525)</u>
Expenditures				
Current:				
Human services and recreation	3,486,288	3,538,530	3,492,585	45,945
Administrative overhead allocation	13,620	13,401	11,693	1,708
Total Expenditures	<u>3,499,908</u>	<u>3,551,931</u>	<u>3,504,278</u>	<u>47,653</u>
Excess (Deficit) of Revenues Over Expenditures	<u>381</u>	<u>(2,783)</u>	<u>(71,655)</u>	<u>(68,872)</u>
Net Change in Fund Balance	<u>\$ 381</u>	<u>\$ (2,783)</u>	<u>(71,655)</u>	<u>\$ (68,872)</u>
Fund Balance - Beginning of year			<u>230,334</u>	
Fund Balance - End of year			<u>\$ 158,679</u>	

City of Crescent City

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

CDBG Fund

For the year ended June 30, 2018 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of Money and Property				
Interest	\$ -	\$ -	\$ 30	\$ 30
Intergovernmental	850,629	850,629	530,083	(320,546)
Other revenue	-	-	993	993
Total Revenues	<u>850,629</u>	<u>850,629</u>	<u>531,106</u>	<u>(319,523)</u>
Expenditures				
Current:				
Public safety	47,606	47,606	21,469	26,137
Human services and recreation	673,842	673,842	174,899	498,943
Public works	129,181	129,181	108,986	20,195
Total Expenditures	<u>850,629</u>	<u>850,629</u>	<u>305,354</u>	<u>545,275</u>
Excess (Deficit) of Revenues Over Expenditures	-	-	225,752	225,752
Other Financing Sources (Uses)				
Transfers in (Note 4)	10,106	10,106	6,125	(3,981)
Transfers out (Note 4)	(56,781)	(56,781)	(84,026)	(27,245)
Total Other Financing Sources (Uses)	<u>(46,675)</u>	<u>(46,675)</u>	<u>(77,901)</u>	<u>(31,226)</u>
Net Change in Fund Balance	<u>\$ (46,675)</u>	<u>\$ (46,675)</u>	147,851	<u>\$ 194,526</u>
Fund Balance - Beginning of year			<u>(136,852)</u>	
Fund Balance - End of year			<u>\$ 10,999</u>	

SUPPLEMENTARY INFORMATION

City of Crescent City
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Fund 106	Fund 115	Fund 116	Fund 117	Fund 901	Fund 902	Fund 930	Fund 940	
	89-93 Rehab & Sidewalk Funds	Gas Tax Fund	Successor Housing Fund	RMRA Fund	Capital Improvement Fund	Beachfront Park CIP Fund	Fire Vehicle Replacement Fund	Police Vehicle Replacement Funds	
Assets									
Cash and investments	\$ 19,593	\$ 21,490	\$ 127,235	\$ 3,421	\$ 496	\$ 236	\$ 68,985	\$ 61,868	\$ 303,324
Receivables:									
Consumers and others	79	109	513	14	-	-	167	67	949
County/State/Federal									
Government	-	-	-	16,199	147,847	-	-	-	164,046
Due from RDA Successor Agency	-	-	179,690	-	-	-	-	-	179,690
Land held for redevelopment	-	-	89,752	-	-	-	-	-	89,752
Note Receivable	69,308	-	-	-	-	-	-	-	69,308
Total Assets	\$ 88,980	\$ 21,599	\$ 397,190	\$ 19,634	\$ 148,343	\$ 236	\$ 69,152	\$ 61,935	\$ 807,069
Liabilities and Fund Balance									
Liabilities:									
Accounts payable	\$ -	4,231	\$ -	\$ 19,634	\$ 14,604	\$ 3,297	\$ -	\$ 44,432	\$ 86,198
Due to other funds	-	-	-	-	85,000	-	-	-	85,000
Total Liabilities	-	4,231	-	19,634	99,604	3,297	-	44,432	171,198
Deferred Inflow of resources									
Unavailable Revenue	-	-	-	-	147,690	-	-	-	147,690
Total Liabilities and Deferred Inflow of resources	-	4,231	-	19,634	247,294	3,297	-	44,432	318,888
Fund Balance:									
Restricted									
Low and moderate income housing	-	-	397,190	-	-	-	-	-	397,190
Other Purposes	88,980	17,368	-	-	-	-	-	-	106,348
Assigned for Capital Improvement and Vehicle Replacement	-	-	-	-	-	-	69,152	17,503	86,655
Unassigned	-	-	-	-	(98,951)	(3,061)	-	-	(102,012)
Total Fund Balance	88,980	17,368	397,190	-	(98,951)	(3,061)	69,152	17,503	488,181
Total Liabilities and Fund Balance	\$ 88,980	\$ 21,599	\$ 397,190	\$ 19,634	\$ 148,343	\$ 236	\$ 69,152	\$ 61,935	\$ 807,069

City of Crescent City
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Fund 106	Fund 115	Fund 116	Fund 117	Fund 901	Fund 902	Fund 930	Fund 940	
	89-93 Rehab & Sidewalk Funds	Gas Tax Fund	Successor Housing Fund	RMRA Fund	Capital Improvement Fund	Beachfront Park CIP Fund	Fire Vehicle Replacement Fund	Police Vehicle Replacement Funds	
Revenues									
Use of Money and Property									
Interest	\$ 240	\$ 273	\$ 1,207	\$ -	\$ 549	\$ 27	\$ 427	\$ 260	\$ 2,983
Intergovernmental	-	159,843	-	44,785	216,255	-	-	38,790	459,673
Total Revenues	240	160,116	1,207	44,785	216,804	27	427	39,050	462,656
Expenditures									
Current:									
General Government	-	-	-	-	197,048	-	-	-	197,048
Public Works	-	17,325	-	44,785	304,244	31,532	-	-	397,886
Public safety	-	-	-	-	1,985	-	-	168,701	170,686
Total Expenditures	-	17,325	-	44,785	503,277	31,532	-	168,701	765,620
Excess (Deficit) of Revenues Over Expenditures	240	142,791	1,207	-	(286,473)	(31,505)	427	(129,651)	(302,964)
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	150,809	18,395	33,160	44,454	246,818
Transfers out	-	(142,789)	-	-	(18,395)	-	-	-	(161,184)
Total Other Financing Sources (Uses)	-	(142,789)	-	-	132,414	18,395	33,160	44,454	85,634
Net Change in Fund Balance	240	2	1,207	-	(154,059)	(13,110)	33,587	(85,197)	(217,330)
Fund Balance - Beginning of year	88,740	17,366	395,983	-	55,108	10,049	35,565	102,700	705,511
Fund Balance - End of year	\$ 88,980	\$ 17,368	\$ 397,190	\$ -	\$ (98,951)	\$ (3,061)	\$ 69,152	\$ 17,503	\$ 488,181

City of Crescent City
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Fund 420 Information Tech Fund	Fund 506 Maintenance Building Fund	Fund 508 Equipment Fund	Fund 610 Payroll Trust Fund	Fund 620 Insurance Reserve Fund	Fund 630 OPEB Trust Contributions Fund	Totals
Assets							
Current assets:							
Cash and investments	\$ 3,152	\$ 16,473	\$ 93,913	\$ 131,297	\$ 436	\$ 600	\$ 245,871
Accounts Receivable	-	-	1,517	-	59,618	-	61,135
Interest Receivable	-	-	205	-	-	-	205
Prepaid items	-	-	-	1,245	-	-	1,245
Total Current Assets	3,152	16,473	95,635	132,542	60,054	600	308,456
Non Current Assets:							
Nondepreciable capital assets	-	-	50,407	-	-	-	50,407
Depreciable capital assets, net	-	-	1,062,982	-	-	-	1,062,982
Total assets	3,152	16,473	1,209,024	132,542	60,054	600	1,421,845
Liabilities							
Current liabilities:							
Accounts payable	3,152	16,371	17,632	70,558	-	600	108,313
Accrued wages	-	-	-	61,984	-	-	61,984
Due to Other Funds	-	-	-	-	14,000	-	14,000
Total Current Liabilities	3,152	16,371	17,632	132,542	14,000	600	184,297
Total Liabilities	3,152	16,371	17,632	132,542	14,000	600	184,297
Net Position							
Invested in capital assets	-	-	1,113,389	-	-	-	1,113,389
Unrestricted	-	102	78,003	-	46,054	-	124,159
Total Net Position	\$ -	\$ 102	\$ 1,191,392	\$ -	\$ 46,054	\$ -	\$ 1,237,548

City of Crescent City

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

Internal Service Funds

For the year ended June 30, 2018

	Fund 420 Information Tech Fund	Fund 506 Maintenance Building Fund	Fund 508 Equipment Fund	Fund 610 Payroll Trust Fund	Fund 620 Insurance Reserve Fund	Fund 630 OPEB Trust Contributions Fund	Totals
Operating revenues							
Charges for services	\$ 192,288	\$ 125,426	\$ 302,146	\$ -	\$ 216,056	\$ 183,038	\$ 1,018,954
Grant and Other Revenue	-	-	-	-	65,269	-	65,269
Total operating revenues	192,288	125,426	302,146	-	281,325	183,038	1,084,223
Operating expenses:							
Personnel services	141,324	48,311	187,074	-	-	179,438	556,147
Materials, supplies, rent and services	9,963	50,504	55,271	-	241,525	3,600	360,863
Repair and maintenance	41,001	26,509	44,822	-	-	-	112,332
Depreciation	-	-	135,273	-	-	-	135,273
Total operating expenses	192,288	125,324	422,440	-	241,525	183,038	1,164,615
Operating income (loss)	-	102	(120,294)	-	39,800	-	(80,392)
Non-operating revenues (expense):							
Interest income	-	-	577	-	-	-	577
Total non-operating revenues (expenses)	-	-	577	-	-	-	577
Transfers:							
Capital contribution	-	-	603,942	-	-	-	603,942
Change in net position	-	102	484,225	-	39,800	-	524,127
Net Position - beginning	-	-	707,167	-	6,254	-	713,421
Net Position - ending	\$ -	\$ 102	\$ 1,191,392	\$ -	\$ 46,054	\$ -	\$ 1,237,548

City of Crescent City
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2018

	Fund 420	Fund 506	Fund 508	Fund 610	Fund 620	Fund 630	Totals
	Information	Maintenance	Equipment	Payroll	Insurance	OPEB Trust	
	Tech	Building	Fund	Trust	Reserve	Contributions	
	Fund	Fund	Fund	Fund	Fund	Fund	
Cash flows from operating activities:							
Charges received from other funds	\$ 192,288	\$ 125,426	\$ 307,338	\$ -	\$ 221,707	\$ 183,038	\$ 1,029,797
Payments to suppliers	(51,277)	(75,951)	(84,711)	13,957	(241,525)	(3,600)	(443,107)
Payments to employees	(141,324)	(48,311)	(187,074)	7,504	-	(179,438)	(548,643)
Net cash provided (used) by operating activities	(313)	1,164	35,553	21,461	(19,818)	-	38,047
Cash flows from noncapital financing activities:							
Due to other funds activities	-	-	-	-	14,000	-	14,000
	-	-	-	-	14,000	-	14,000
Cash flows from capital and related financing activities:							
Acquisition of capital assets	-	-	(7,881)	-	-	-	(7,881)
Net cash provided (used) by capital and related financing activities	-	-	(7,881)	-	-	-	(7,881)
Cash flows from investing activities:							
Interest earned	-	-	372	-	-	-	372
Net cash provided by investing activities	-	-	372	-	-	-	372
Net increase (decrease) in cash and cash equivalents	(313)	1,164	28,044	21,461	(5,818)	-	44,538
Cash and cash equivalents - beginning of period	3,465	15,309	65,869	109,836	6,254	600	201,333
Cash and cash equivalents - end of period	\$ 3,152	\$ 16,473	\$ 93,913	\$ 131,297	\$ 436	\$ 600	\$ 245,871
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:							
Operating income (loss)	\$ -	\$ 102	\$ (120,294)	\$ -	\$ 39,800	\$ -	\$ (80,392)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	-	-	135,273	-	-	-	135,273
Changes in certain assets and liabilities:							
Accounts receivable	-	-	5,192	-	(59,618)	-	(54,426)
Prepaid expenses	-	-	-	(82)	-	-	(82)
Accounts payable	(313)	1,062	15,382	14,039	-	-	30,170
Accrued expenses	-	-	-	7,504	-	-	7,504
Total adjustments	(313)	1,062	155,847	21,461	(59,618)	-	118,439
Net cash provided (used) by operating activities	\$ (313)	\$ 1,164	\$ 35,553	\$ 21,461	\$ (19,818)	\$ -	\$ 38,047

SINGLE AUDIT SECTION



INDEPENDENT AUDITORS' 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

To the Honorable Mayor and Members of the City Council
of the City of Crescent City
Crescent City, 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, and the aggregate remaining fund information of the City of Crescent City, California (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 28, 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.

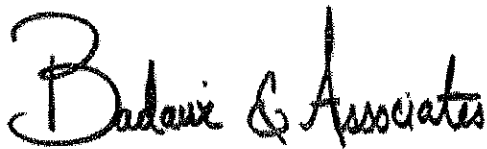
To the Honorable Mayor and Members of the City Council
of the City of Crescent City
Crescent City, California
Page 2

Compliance and Other Matters

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



Badawi & Associates, CPAs
Oakland, California
December 28, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the City Council
of the City of Crescent City
Crescent City, California

Report on Compliance for Each Major Federal Program

We have audited the City of Crescent City, California (City)'s 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, 2018. 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, 2018.

To the Honorable Mayor and Members of the City Council
of the City of Crescent City
Crescent City, California.
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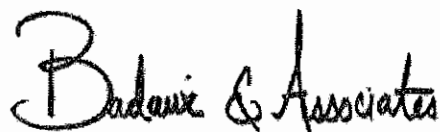
Report on Internal Control Over Compliance

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.



Badawi & Associates, CPAs
Oakland, California
December 28, 2018

City of Crescent City
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Subrecipient Payment
<u>U.S. Department of Agriculture</u>				
<i>Direct Programs:</i>				
Community Facilities Loans and Grant	10.766	n/a	\$ 13,035	\$ -
Community Facilities Loans and Grant	10.766	n/a	19,165	-
Total U.S. Department of Justice			<u>32,200</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development:</u>				
Housing Voucher Cluster:				
<i>Direct Programs:</i>				
Section 8 Housing Choice Vouchers	14.871	n/a	3,504,282	-
		Housing Voucher Cluster Total	<u>3,504,282</u>	<u>-</u>
CDBG State Administered Program:				
<i>Passed through State of California Department of Housing And Community Development:</i>				
Community Development Block Grant	14.228	14-CDBG-9880	193,662	49,897
Community Development Block Grant	14.228	16-CDBG-11136	188,688	42,940
Community Development Block Grant	14.228	Loans Outstanding	90,090	-
		CDBG State Administered Program Total	<u>472,440</u>	<u>92,837</u>
Total U.S. Department of Housing and Urban Development			<u>3,976,722</u>	<u>92,837</u>
<u>U.S. Department of Justice:</u>				
<i>Direct Programs:</i>				
COPS Hiring Program	16.710	n/a	50,586	-
Total U.S. Department of Justice			<u>50,586</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 4,059,508</u>	<u>\$ 92,837</u>

City of Crescent City

Notes to the Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

A. *Basis of Accounting*

Funds received under the various grant programs have been recorded within the general fund, special revenue funds and enterprise funds of the City. The City utilizes the modified accrual method of accounting for the general fund and special revenue funds and full accrual basis of accounting for the enterprise funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented in accordance with the requirements of 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 the Schedule may differ from amounts presented in, or used in, the preparation of City's basic financial statements.

B. *Indirect Costs*

The City did not elect to use the 10% de minimis indirect cost rate.

City of Crescent City
Schedule of Findings and Questioned Costs
For the year ended June 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Types of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? None noted

Any noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness identified? No
- Significant deficiencies identified? None noted

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 Section 200.516 (a) of the Uniform Guidance? No

Identification of major programs:

CFDA Number(s)	Name of Federal Cluster or Program	Expenditures
14.871	Section 8 Housing Choice Vouchers	3,504,282
	Total Expenditures of all Major Programs	\$ 3,504,282
	Total Expenditures of Federal Award	\$ 4,059,508
	Percentage of Total Expenditure of Federal Award	86%

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee under Section 200.520? Yes

City of Crescent City
Schedule of Findings and Questioned Costs
For the year ended June 30, 2018

SECTION II - CURRENT YEAR FINDINGS

A. Current Year Findings- Financial Statement Audit

No current year financial statement audit finding.

B. Current Year Findings and Questioned Costs- Major Federal Award Program Audit

No current year federal award program finding.

SECTION III - PRIOR YEAR FINDINGS

A. Prior Year Findings- Financial Statement Audit

No prior year financial statement audit finding.

B. Prior Year Findings and Questioned Costs- Major Federal Award Program Audit

No prior year federal award program finding.

Crescent City

Crescent City California

*Auditor's Communication with
Those Charged with Governance*

For the year ended June 30, 2018



BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

December 28, 2018

To The Honorable Mayor and Members
of the City Council of the City of Crescent City
Crescent City, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent City, California (City) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, Government Auditing Standards, and the Uniform Guidance

As stated in our engagement letter dated July 4, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

We performed the audit according to the timing previously communicated to you in the engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements, the City changed accounting policies related to financial reporting by adopting Statements of Governmental Accounting Standards (GASB Statement) in 2018:

- GASB No. 75, *Account and Reporting for Postemployment Benefits Plans Other than Pensions*
- GASB No. 81, *Irrevocable Split – Interest Agreements*
- GASB No. 85, *Omnibus 2017*
- GASB No. 86, *Certain Debt Extinguishment Issues*

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Depreciable lives and estimated residual value of property and equipment
- Pension plans (actuarial assumptions)
- Allowance for uncollectible accounts
- Other Post-employment Benefits (OPEB) Plan (actuarial assumptions)

To The Honorable Mayor and Members
of the City Council of the City of Crescent City
Crescent City, California
Page 3

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

- Cash and Investments
- Long Term Debt
- Capital Assets
- Employee Retirement Plans
- Other Postemployment Benefits (OPEB) Plan
- Contingencies and subsequent events
- Successor Trust for Assets of Former Redevelopment Agency

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letters dated December 28, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To The Honorable Mayor and Members
of the City Council of the City of Crescent City
Crescent City, California
Page 4

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

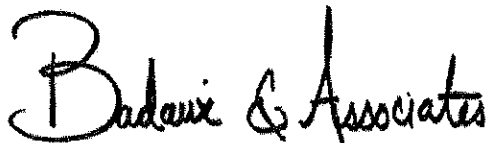
We were engaged to report on the combining and individual nonmajor fund financials, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section, which accompanies the financial statements but are not RSI. Such information has 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 it.

Restriction on Use

This information is intended solely for the use of City Council and management of City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates,
Certified Public Accountants
Oakland, California
December 28, 2018

City of Crescent City

Crescent City, California

*Independent Accountant's Report on
Agreed-Upon Procedures Applied to
Appropriations Limit Schedule*

For the year ending June 30, 2019



BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS



BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT ACCOUNTANT'S REPORT ON LIMITED
PROCEDURES REVIEW OF APPROPRIATIONS LIMIT UNDER
ARTICLE XIII-B OF THE CALIFORNIA CONSTITUTION**

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

We have performed the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of Crescent City (City) for the fiscal year ending June 30, 2019. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City management is responsible for the Appropriations Limit Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings are described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2019, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.

Finding: No exceptions were noted as a result of our procedures.

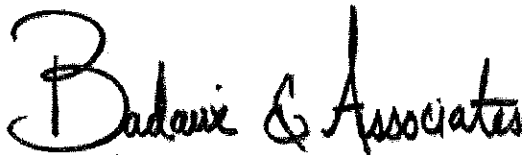
4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Schedule to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures.

To the Honorable Mayor and Members of City Council
of the City of Crescent City
Crescent City, California

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriation Limit Schedule. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates
Certified Public Accountants
Oakland, California
December 28, 2018

City of Crescent City
 Appropriations Limit Schedule
 For the year ending June 30, 2019

	Amount	Source
A. Appropriations limit for the year ended June 30, 2018	\$ 27,139,233	Prior year schedule
B. Calculation factors:		
1. Population increase %	0.9963	State Department of Finance
2. Inflation increase %	1.0367	State Department of Finance
3. Total adjustment factor %	<u>1.0329</u>	B1 * B2
C. Annual adjustment increase	891,909	[(B3-1)*A]
D. Other adjustments:		
Loss responsibility (-)	-	N/A
Transfers to private (-)	-	N/A
Transfers to fees (-)	-	N/A
Assumed responsibility (+)	<u>-</u>	N/A
E. Total adjustments	<u>891,909</u>	(C+D)
F. Appropriations limit for the year ending June 30, 2019	<u>\$ 28,031,142</u>	(A+E)

City of Crescent City
Notes to Appropriations Limit Schedule
For the year ending June 30, 2019

1. PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to this agreed upon procedures engagement.

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. INFLATION FACTORS

A California governmental agency may use as its inflation factor either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City for fiscal year 2018-2019 represents the percentage change in the 4th quarter per capita personal income.

4. POPULATION FACTORS

A California governmental agency may use as its population factor either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City for fiscal year 2018-2019 represents the annual percentage change in population for the City.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. There were no adjustments made for the fiscal year ending June 30, 2019.

CITY COUNCIL AGENDA REPORT



TO: MAYOR INSCORE AND MEMBERS OF THE CITY COUNCIL

FROM: ERIC WIER, CITY MANAGER

BY: BILL GILLESPIE, INTERIM FIRE CHIEF

DATE: JANUARY 22, 2019

SUBJECT: VEHICLE RESPONSE MITIGATION FEE RECOVERY REPORT

RECOMMENDATION

- Hear staff report
- Take public comment
- Consider directing staff to continue with the process of establishing a vehicle response mitigation fee recovery program and associated mitigation fees.

BACKGROUND

Crescent City Fire & Rescue (CCFR) responds to an ever-increasing number of emergency and non-emergency incidents within our jurisdiction. These responses generate a cost for the department that directly impacts the City of Crescent City fiscally. With US highway 101 running through the City's jurisdiction combined with our over 30 miles of surface streets and roads, vehicle related incidents are common.

For several years, fire departments across the country have effectively recovered some response costs through emergency response mitigation billing. One of the most common areas of response fee recovery is through mitigation fees applied to traffic collisions, extrications with the Jaws of Life, and other vehicle related incidents such as vehicle fires and hazardous material mitigation from fluid spills. In 2018, Crescent City Fire & Rescue responded to the following vehicle related incidents within the City limits:

- 16 Vehicle Accidents with injuries
- 2 Motor vehicle/pedestrian accidents
- 1 Passenger vehicle fire

Within all vehicle insurance policies is a mitigation fee component that is designed to cover response and scene mitigation. If mitigation fee requests are not submitted by a responding agency to the at-fault party to help cover or offset costs, the insurance company retains this portion of the insurance policy as profit each year.

This topic was brought to the City Council in late 2012, and again on January 22, 2013. At that time, the council was presented with several cost recovery options to review, including false alarm billing, motor vehicle collisions, and structure fire response recovery. At the time, members of the public were largely against the implementation of fees based upon structure fire and motor vehicle collision responses. Nine community members spoke during public comment at the January 22nd meeting. Of the speakers, five resided within the City. Two spoke in total opposition to the fees (one agreed with fees for those who abuse the system), one in support of false alarm fees, but against fees for accidental fires (reference to structure fire response fees), one in favor of false alarm fees, and one who felt that rescues at sea should be included. The remaining four speakers resided in the County, and all spoke against the implementation of fees. Following discussion, the Council requested staff remove structure fire and vehicle accident responses from the draft ordinance. The amended draft ordinance was passed February 4, 2013 to address false alarm fees only.

The topic of vehicle response fee recovery has recently been brought to the Crescent Fire Protection District Board for consideration as a method to help offset ever increasing response costs. The District Board is interested in establishing a vehicle response mitigation fee recovery program, as there are several vehicle related responses to Highways 101 and 199, and the other areas within the District. Crescent City Fire & Rescue responded to the following vehicle related incidents within the fire district during 2018:

- 54 Vehicle Accidents with injuries
- 1 Motor vehicle/pedestrian accident
- 6 Motor vehicle accident with no injuries
- 9 Passenger vehicle fire
- 1 Road freight or transport vehicle fire
- 2 Camper or recreational vehicle fire
- 1 Mobile Property vehicle fire

The District Board plans to review a resolution to establish a vehicle response mitigation fee recovery program and associated mitigation fee rate schedule at its next meeting tentatively scheduled in February.

ITEM ANALYSIS

With the ever-increasing number of emergency responses for vehicle related traffic incidents, combined with the overall cost per response that includes salaries, volunteer stipends, workers comp insurance, liability insurance, fuel costs, apparatus and equipment use and maintenance costs, road flares, absorbent for vehicle fluids, and maintenance of personnel protective equipment, Crescent City Fire & Rescue expends considerable time and cost toward vehicle related responses. Many of the vehicle responses occurring on Highway 101 and 199 are for parties living outside our response jurisdiction. A portion of these responses also occur within the jurisdiction of Gasquet Volunteer Fire Department and Klamath Volunteer Fire Department where Crescent City Fire & Rescue responds under our automatic-aid agreement. A vehicle response mitigation fee recovery program would bill the at-fault party's insurance rather than directly billing the party. Such a program would also allow vehicle response fee recovery into our neighboring jurisdictions.

Because administrative time can be considerable to track down insurance carriers, and because CCFR staff is not familiar with the insurance agency billing process, contracting with a company that specializes in emergency response cost recovery is vital. The Fire Chief is aware of two companies who operate in the Northern California/Southern Oregon area. Both provide recovery services. Both companies utilize a recognized mitigation fee rate that is billed to the insurance carrier. In research, one vendor said that if the mitigation fees do not fit what the insurance companies recognize as "industry standard," the company will often reject the fee request. If the mitigation fee is rejected by the insurance carrier or not able to be collected for any reason, the claim would be dropped; no private individuals would be held responsible for paying the fee. For companies providing this service, typical fees are around 20% retained on fees recovered.

If authorized to proceed, staff will create a RFP to select a consultant firm to be responsible for emergency response cost recovery, draft a revised ordinance, and establish a fee schedule to be adopted by the Council for implementing these fees (See attached typical vehicle mitigation rates).

The proposed schedule would be as follows:

- January 2019: Receive direction from Council to proceed with an emergency response cost recovery program for fire response
- March 2019: Bring back to Council the proposed consultant contract, introduce proposed revisions to the City's municipal code regarding cost recovery for Emergency Services (CCMC 8.30) and proposed new mitigation fees.
- April / May 2019: Adopt the proposed changes to the municipal code and a separate resolution establishing mitigation fees.

FISCAL ANALYSIS

There is no foreseeable negative fiscal impact through implementing an emergency response cost recovery Program. Crescent City Fire & Rescue would have the ability to recoup response mitigation fees from a portion of the vehicle related responses to help offset expenses. The amount recovered would vary from year to year. Recovery companies typically see a recovery rate on billing of 60-80%.

Of the listed responses within the City in 2018, using a minimum mitigation fee level and lower return percentage (60%), the following fee recovery is possible:

o 16	Vehicle Accidents with injuries billed at \$487 mitigation fee	\$7,792
o 2	Motor vehicle/pedestrian accidents billed at \$487 mitigation fee	\$ 974
o 1	Passenger vehicle fire billed at \$677 mitigation fee	<u>\$ 677</u>
	Total	\$9,443
	At a 60% successful recovery rate	\$5,665
	20% recovery company fee	<u>(\$1,133)</u>
	Total Recovered Fee to City	\$4,532

Actual rates billed may exceed the minimum mitigations rates due to multiple engines/trucks required on scene, additional time more than one hour, or other services provided.

STRATEGIC PLAN ASSESSMENT

This action supports Strategic Plan Goal 1, "Support quality services, community safety, and health to enhance the quality of life and experience of our residents and visitors," and Goal 1C, "Empower and utilize Police, Fire, and Public Works departments to make Crescent City one of the safest cities in the United States."

ATTACHMENTS

1. Typical Vehicle Mitigation Rates

Staff review:


CM


Finance


Legal

Attachment 1
"Exhibit A"

**MITIGATION RATES
BASED ON PER HOUR INVOICE CHARGE**

The mitigation rates below are average "billing levels", and are typical for the incident responses listed, however, when a claim is submitted, it will be itemized and based on the actual services provided.

These rates are based on actual costs using amortized schedules for apparatus (including useful life, equipment, repairs, and maintenance). Labor rates include an average department's actual burdened labor costs and not just a firefighter's wage. These include wages, retirement, benefits, workers comp, etc.

MOTOR VEHICLE INCIDENTS

Level 1 - \$487.00

Provide hazardous materials assessment and scene stabilization. This will be the most common "billing level". This occurs almost every time the fire department responds to an accident/incident.

Level 2 - \$554.00

Includes Level 1 services as well as clean up and material used (sorbents) for hazardous fluid clean up and disposal. We will bill at this level if the fire department has to clean up any gasoline or other automotive fluids that are spilled as a result of the accident/incident.

Level 3 - CAR FIRE - \$677.00

Provide scene safety, fire suppression, breathing air, rescue tools, hand tools, hose, tip use, foam, structure protection, and clean up gasoline or other automotive fluids that are spilled as a result of the accident/incident.

ADD-ON SERVICES:

Extrication - \$1,461.00

Includes heavy rescue tools, ropes, airbags, cribbing etc. This charge will be added if the fire department has to free/remove anyone from the vehicle(s) using any equipment. We will not bill at this level if the patient is simply unconscious and fire department is able to open the door to access the patient. This level is to be billed only if equipment is deployed.

Creating a Landing Zone - \$448.00

Includes Air Care (multi-engine company response, mutual aid, helicopter) . We will bill at this level any time a helicopter landing zone is created and/or is utilized to transport the patient(s).

Itemized Response: You have the option to bill each incident as an independent event with custom mitigation rates, for each incident using, itemized rates deemed usual,

customary and reasonable (UCR). These incidents will be billed, itemized per apparatus, per personnel, plus products and equipment used.

ADDITIONAL TIME ON-SCENE

Engine billed at \$448 per hour.

Truck billed at \$560 per hour.

Miscellaneous equipment billed at \$336.

HAZMAT

Level 1 - \$784.00

Basic Response: Claim will include engine response, first responder assignment, perimeter establishment, evacuations, set-up and command.

Level 2 - \$2,800.00

Intermediate Response: Claim will include engine response, first responder assignment, hazmat certified team and appropriate equipment, perimeter establishment, evacuations, set-up and command, Level A or B suit donning, breathing air and detection equipment. Set-up and removal of decon center.

Level 3 - \$6,608.00

Advanced Response: Claim will include engine response, first responder assignment, hazmat certified team and appropriate equipment, perimeter establishment, evacuations, first responder set-up and command, Level A or B suit donning, breathing air and detection equipment and robot deployment. Set-up and removal of decon center, detection equipment, recovery and identification of material. Disposal and environment clean up. Includes above in addition to any disposal rates of material and contaminated equipment and material used at scene. Includes 3 hours of on scene time - **each additional hour @ \$336.00 per HAZMAT team.**

ADDITIONAL TIME ON-SCENE (for all levels of service)

Engine billed at \$448 per hour.

Truck billed at \$560 per hour.

Miscellaneous equipment billed at \$336.

MITIGATION RATE NOTES

The mitigation rates above are average "billing levels", and are typical for the incident responses listed, however, when a claim is submitted, it will be itemized and based on the actual services provided.

These average mitigation rates were determined by itemizing costs for a typical run (from the time a fire apparatus leaves the station until it returns to the station) and are based on the actual costs, using amortized schedules for apparatus (including useful life, equipment, repairs, and maintenance) and labor rates (an average department's "actual personnel expense" and not just a firefighter's basic wage). The actual personnel expense includes costs such as wages, retirement, benefits, workers comp, insurance, etc.