

City of Crescent City

Crescent City, California

Annual Audit Report and Financial Statements

For the year ended June 30, 2024

City of Crescent City
Annual Audit Report and Financial Statements
For the year ended June 30, 2024

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INTRODUCTORY SECTION

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City of Crescent City
City Officials
For the year ended June 30, 2024

<u>Name</u>	<u>Office</u>
Blake Inscore	Mayor
Ray Altman	Mayor Pro Tem
Jason Greenough	Council Member
Kelly Schellong	Council Member
Isaiah Wright	Council Member

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent City, California (City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, other post-employment benefit plans information, and pension plan information on pages 15-36 and 106-116 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards on pages 120-133, and 143 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 schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Audit Report and Financial Statements

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Badawi & Associates, CPAs
Berkeley, California
December 30, 2024

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MANAGEMENT DISCUSSION AND ANALYSIS

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CITY OF CRESCENT CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

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, 2024. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements (beginning on page 41).

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 MD&A is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

Financial Highlights

Government-Wide Financial Statements

The government-wide financial statements (pages 41-43) report information about the City as a whole, using the economic resources measurement focus and accrual basis of accounting. This means that all assets and liabilities (both short-term and long-term) are presented, revenues are recorded when they are earned, and expenditures or expenses are recorded when they are incurred, regardless of the timing of related cash flows. For the most part, transactions between funds have been removed, except when eliminating the interfund transactions would obscure the costs of providing services.

Total assets and deferred outflows of resources of the City were \$95,776,822 and total liabilities and deferred inflows of resources were \$48,388,421 on June 30, 2024. The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$47,388,401 (net position) for the fiscal year reported. This is an increase of \$5,865,768 from the previous year when assets exceeded liabilities by \$41,522,633.

The increase includes:

- \$2,872,769 increase in net investment in capital assets (capital assets less depreciation and outstanding debt related to the assets) due to capital improvement projects and asset purchases, including grant-funded projects, and debt payments.
- (\$70,115) decrease in restricted net position, which includes balances for capital projects, grant-funded projects, and low-income housing programs.
- \$3,063,114 increase in unrestricted net position.

Total net position is the difference between (1) total assets and deferred outflows of resources and (2) total liabilities and deferred inflows of resources. Net position includes both short-term and long-term assets and liabilities, and is comprised of the following:

- Capital assets, net of related debt and accumulated depreciation, of \$33,709,801 includes real property, construction-in-progress, structures and improvements, equipment, and infrastructure.
- Net position of \$1,652,198 is restricted for capital projects, community development, low-income housing, and other purposes.
- Unrestricted net position of \$12,026,402 represents the resources available to meet the City's ongoing obligations to citizens and creditors.

Fund Financial Statements

The fund financial statements (pages 50-67) present information about each major fund of the City and the aggregate of all non-major funds. A fund is a group of related accounts that 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 of the City can be divided into three categories:

- *Governmental funds*: These funds are used to account for activities primarily supported by taxes, grants, and similar revenue sources. These are 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 use the current financial resources measurement focus (near-term inflows and outflows of spendable resources). This information may be useful in evaluating a government's near-term financing requirements.
- *Proprietary funds*: These funds are used to account for activities which are primarily supported by fees and charges for services. Proprietary funds, like the government-wide financial statements, use the economic resources measurement focus. The City maintains two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. Internal service funds are used to allocate the costs of centralized activities and services performed by certain departments of the City for other departments of the City.
- *Fiduciary funds*: These funds are used to account for resources that the City holds as a trustee or agent on behalf of another party. These funds are not included in the government-wide statements, as the resources cannot be used to support the City's own programs.

Governmental Funds

Governmental funds include the General Fund, special revenue funds, and capital projects funds. The City currently has three major governmental funds (General Fund, Housing Authority Fund, and General CIP Fund) and twelve non-major governmental funds. Financial statements for each major fund and the aggregate of all non-major funds are presented on pages 50-53. Individual fund data for each non-major fund is provided in the form of combining statements on pages 120-126.

The City's governmental funds reported total ending fund balance of \$9,407,143 this year. This compares to the prior year ending fund balance of \$6,832,623 and is an increase of \$2,574,520 which includes:

- \$600,805 net increase in the General Fund balance due to total revenues exceeding total expenditures. (See the section on General Fund budget comparison for more details.)
- \$87,152 net increase in the Housing Authority fund balance due to revenues exceeding expenditures. The fund balance is restricted to low and moderate-income housing programs.
- \$871,285 net increase in the General CIP Fund due to revenues exceeding expenditures. This fund is used to account for most capital improvement projects that are not related to enterprise funds.
- \$1,015,278 net increase in other governmental funds, including an increase of \$565,619 in the CDBG Fund for the receipt of grant funds reimbursing expenditures of the prior year, an increase of \$259,133 in the Fire Vehicle and Equipment Replacement Fund of funds transferred for future replacements of vehicles and equipment, \$148,539 increase in the

RMRA Fund for RMRA (also referred to as SB1) gas tax revenues received but not yet expended, and small increases and decreases in other minor funds.

The major governmental funds are discussed in greater detail below in the section “Financial Analysis of the City’s Funds.”

Proprietary Funds

The City’s proprietary funds include three enterprise funds (Sewer Fund, Water Fund, and Recreational Vehicle (RV) Park Fund) and six internal service funds. Financial statements for each enterprise fund and the aggregate of all internal service funds are presented on pages 58-61. Individual fund data for each internal service fund is provided in the form of combining statements on pages 128-133.

The enterprise funds reported total ending net position of \$21,681,186 as of June 30, 2024. This compares to net position as of the prior year of \$20,090,086 and is an increase of \$1,591,100 which includes:

- \$1,003,554 net increase in the Sewer Fund net position.
- \$584,450 net increase in the Water Fund net position.
- \$3,096 net increase in the RV Park Fund net position.

The internal service funds reported total ending net position of \$2,027,056 as of June 30, 2024. This represents a net increase of \$307,711 from the prior year net position of \$1,719,345.

The proprietary funds are discussed in greater detail below in the section “Financial Analysis of the City’s Funds.”

Fiduciary Funds

The City maintains one fiduciary fund: the Successor Agency RDA Fund represents the wind-down activities of the Successor Agency to the dissolved former Redevelopment Agency. The fiduciary fund financial statements are presented on pages 66-67.

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 leave).

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, Finance, Attorney, Economic Development, etc.), Public Safety (Police and Fire), Community Development, 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. In the government-wide statements, internal service funds are included here as well.

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 Maintenance, Equipment Services, Insurance, and Information Technology. Since these activities predominantly benefit governmental rather than business-type functions, they are included with the governmental activities in the government-wide financial statements. However in the fund financial statements, internal service funds are reported with the proprietary funds because they use the same basis of accounting.

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 on page 71. The notes include information on the City's accounting policies, cash and investments, receivables, capital assets, long-term debts, interfund activity, employee retirement plans and other post-employment benefits, risk management, contingencies, pledged revenues, the successor trust for the former redevelopment agency, and changes from the prior year reporting.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information beginning on page 106. 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 and the Housing Authority Fund are also included here.

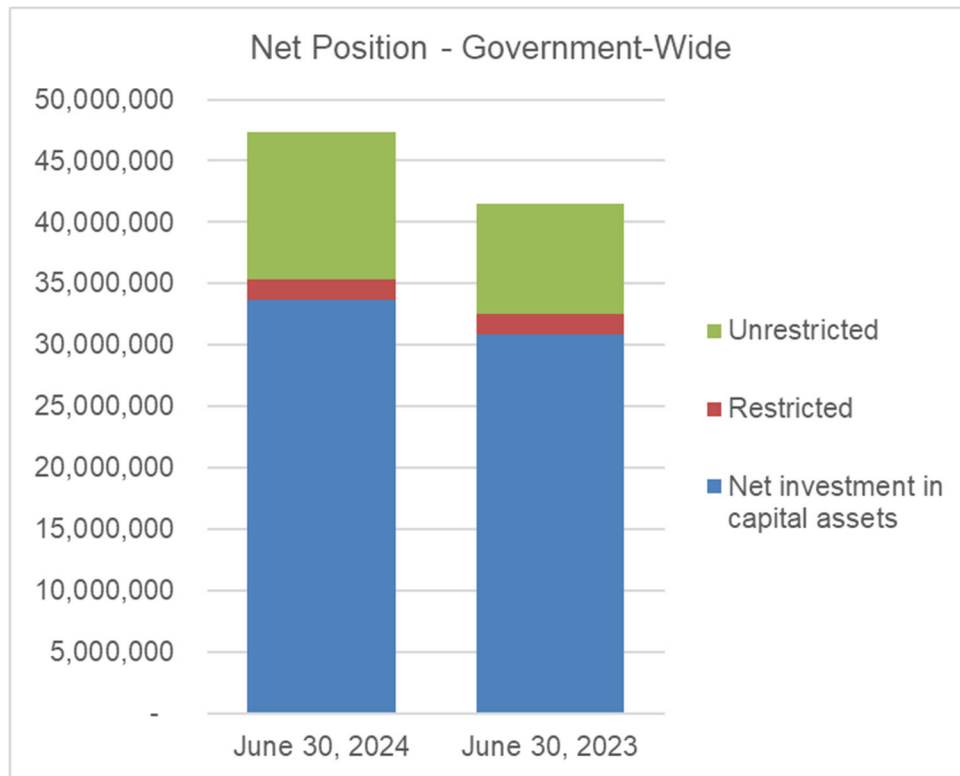
Supplementary Information

This section, beginning on page 120, 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 1) and changes in net position (Table 2) of the governmental and business-type activities for the fiscal year ending June 30, 2024. This information is shown in greater detail in the government-wide financial statements on pages 41-43.

Table 1 - Net Position						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Assets:						
Current and other	13,148,542	11,845,936	14,287,863	12,930,714	27,436,405	24,776,650
Capital assets	21,291,163	18,895,099	41,394,509	42,803,907	62,685,672	61,699,006
Total assets	34,439,705	30,741,035	55,682,372	55,734,621	90,122,077	86,475,656
Deferred outflow of resources	3,560,974	3,484,741	2,093,771	2,114,646	5,654,745	5,599,387
Total assets and deferred outflows of resources	38,000,679	34,225,776	57,776,143	57,849,267	95,776,822	92,075,043
Liabilities						
Current and other	2,540,725	3,214,065	2,785,581	2,726,258	5,326,306	5,940,323
Long-term liabilities	8,891,328	8,490,440	32,574,148	34,049,615	41,465,476	42,540,055
Total liabilities	11,432,053	11,704,505	35,359,729	36,775,873	46,791,782	48,480,378
Deferred inflow of resources	861,411	1,088,724	735,228	983,308	1,596,639	2,072,032
Total liabilities and deferred inflows of resources	12,293,464	12,793,229	36,094,957	37,759,181	48,388,421	50,552,410
Net Position						
Net investment in capital assets	21,175,557	18,766,053	12,534,244	12,070,979	33,709,801	30,837,032
Restricted	1,652,198	1,371,769	-	350,544	1,652,198	1,722,313
Unrestricted	2,879,460	1,294,725	9,146,942	7,668,563	12,026,402	8,963,288
Total Net Position, as restated	25,707,215	21,432,547	21,681,186	20,090,086	47,388,401	41,522,633

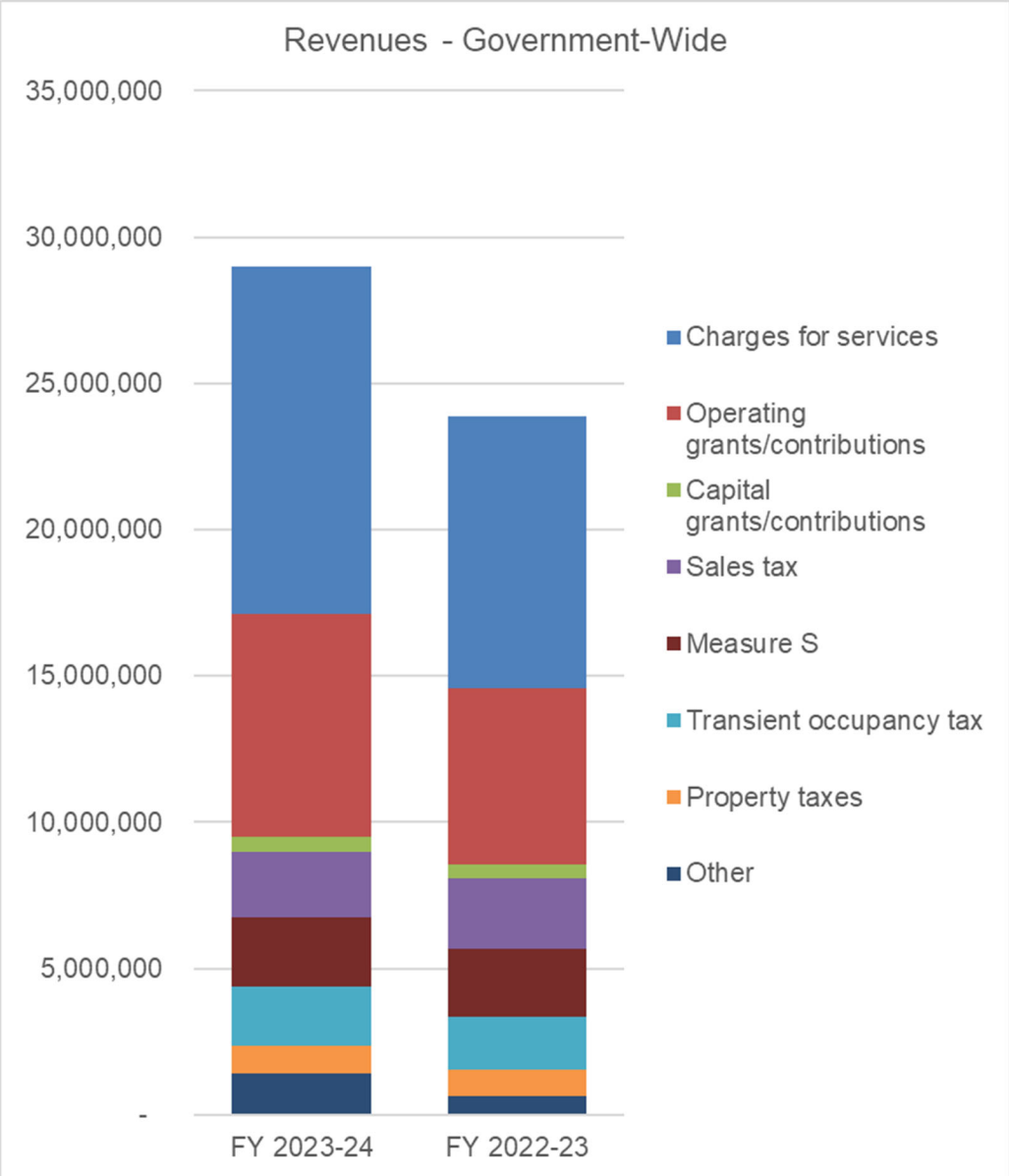


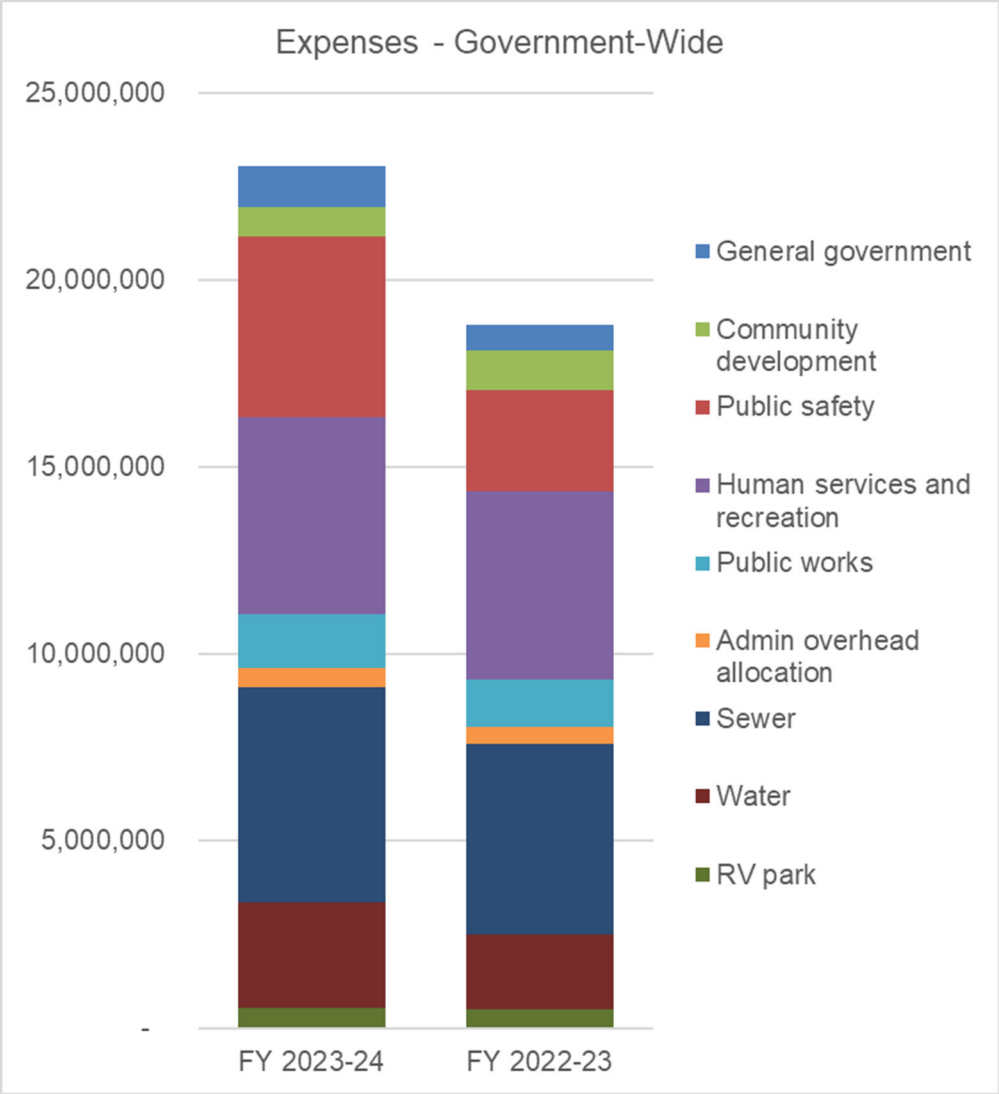
In fiscal year 2023-24, governmental activities increased the City’s net position by \$4,274,668 and business-type activities increased the City’s net position by \$1,591,100 as compared to the prior fiscal year. In fiscal year 2023-24 government-wide revenues increased by \$5,138,141 and total expenses increased by \$4,259,200 compared to the prior year.

Revenues in governmental activities increased by \$3,154,082 and expenses increased by \$2,714,258 compared to the prior year. In business-type activities, revenues increased by \$1,984,059 and expenses increased by \$1,544,942. There were significant increases in revenues related to grants as well as charges for services. More detailed information for the major funds is provided below. A large portion of the increase in expenses was related to the complex pension liability adjustments required by GASB 68. In fiscal year 2023-24, these calculations resulted in a large adjustment to pension expense. In future years, current balances of deferred outflows and deferred inflows required by GASB 68 will continue to be amortized and recognized as pension expenses. See the section Notes to Basic Financial Statements (Note 8) for additional information about long-term pension liabilities.

Table 2 - Changes in Net Position
For the periods ending June 30

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:					-	-
Charges for services	1,771,643	948,765	10,122,243	8,350,879	11,893,886	9,299,644
Operating grants/contributions	7,375,867	5,644,986	233,395	358,442	7,609,262	6,003,428
Capital grants/contributions	523,734	490,880	-	-	523,734	490,880
General revenues:						
Sales tax	2,230,286	2,375,421	-	-	2,230,286	2,375,421
Measure S	2,345,019	2,319,969	-	-	2,345,019	2,319,969
Transient occupancy tax	2,028,328	1,822,738	-	-	2,028,328	1,822,738
Property taxes	968,171	886,639	-	-	968,171	886,639
Other	848,646	448,214	547,065	209,323	1,395,711	657,537
Total Revenues	18,091,694	14,937,612	10,902,703	8,918,644	28,994,397	23,856,256
Expenses:						
General government	1,102,525	685,398	-	-	1,102,525	685,398
Public safety	4,837,435	2,695,080	-	-	4,837,435	2,695,080
Community development	783,437	1,067,127	-	-	783,437	1,067,127
Human services and recreation	5,259,643	5,035,660	-	-	5,259,643	5,035,660
Public works	1,471,012	1,287,898	-	-	1,471,012	1,287,898
Admin overhead allocation	506,316	474,947	-	-	506,316	474,947
Sewer	-	-	5,818,499	5,066,026	5,818,499	5,066,026
Water	-	-	2,793,526	1,969,710	2,793,526	1,969,710
RV park	-	-	556,236	526,428	556,236	526,428
Total Expenses	13,960,368	11,246,110	9,168,261	7,562,164	23,128,629	18,808,274
Excess (Deficiency) before other items	4,131,326	3,691,502	1,734,442	1,356,480	5,865,768	5,047,982
Transfers	143,342	96,446	(143,342)	(96,446)	-	-
Increase (Decrease) in net position	4,274,668	3,787,948	1,591,100	1,260,034	5,865,768	5,047,982
Net position - beginning of year	21,432,547	17,599,059	20,090,086	18,830,052	41,522,633	36,429,111
Restatement	-	45,540	-	-	-	45,540
Net position - beginning of year as restated	21,432,547	17,644,599	20,090,086	18,830,052	41,522,633	36,474,651
Net position - end of year	25,707,215	21,432,547	21,681,186	20,090,086	47,388,401	41,522,633





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 (GASB 54), 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 (such as inventories or prepaid expenses) 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 major governmental funds. The non-major governmental funds are reported in aggregate in the governmental fund financial statements beginning on page 50, and in detail in the combining statements beginning on page 120.

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 \$1,695,252; transfers in and out and proceeds from the sale of assets netted to a negative (\$1,094,447). This resulted in a net increase in Fund Balance of \$600,805.

The following tables, Revenues by Source (Table 3) and Expenditures by Function (Table 4), provide a two-year comparison of General Fund activity. Accompanying the tables are brief explanations of significant changes. Fiscal year 2023-24 General Fund revenue increased by \$1,380,606 (approximately 15%), most of which was in charges for services, grant revenues, taxes, and interest. Primary variations from the prior fiscal year include:

- Charges for services increased \$755,633 from \$739,361 in fiscal year 2022-23 to \$1,494,994 in fiscal year 2023-24. The increases were the result of higher fire service fees (largely due to reimbursements for mutual aid provided during large fire events) and increased plan check and building permit fees related to increased development.
- Intergovernmental or grant revenues increased \$231,912 from \$305,099 in fiscal year 2022-23 to \$537,011 in fiscal year 2023-24. This was largely due to grant revenues to fund police programs and planning activities.
- Tax revenue increased \$165,085 from \$7,459,608 in fiscal year 2022-23 to \$7,624,693 in fiscal year 2023-24. Nearly all of the increase was in transient occupancy tax.
- Interest revenues increased \$137,970 from \$87,930 in fiscal year 2022-23 to \$225,900 in fiscal year 2023-24. This reflects the recovery of interest revenues from the prior downturn during and after the COVID pandemic.

Table 3 - General Fund Revenues by Source						
For the periods ending June 30						
	2024		2023		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Taxes and assessments	7,624,693	72.2%	7,459,608	81.2%	165,085	12.0%
Use of money and property:						
Interest	225,900	2.1%	87,930	1.0%	137,970	10.0%
Rental Income	49,462	0.5%	71,537	0.8%	(22,075)	-1.6%
Licenses and permits	395,868	3.7%	291,245	3.2%	104,623	7.6%
Fines and penalties	12,275	0.1%	80,009	0.9%	(67,734)	-4.9%
Intergovernmental revenue	537,011	5.1%	305,099	3.3%	231,912	16.8%
Charges for services	1,494,994	14.2%	739,361	8.1%	755,633	54.7%
Gifts and donations	29,412	0.3%	20,761	0.2%	8,651	0.6%
Other revenue	194,394	1.8%	127,853	1.4%	66,541	4.8%
Total	10,564,009	100.0%	9,183,403	100.0%	1,380,606	15.0%

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, Economic Development, 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 Building Inspection, Code Enforcement, and Planning.
- Human Services and Recreation includes the Cultural Center and Fred Endert Municipal 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 \$1,387,265 (approximately 18.5%) from the prior fiscal year. Most of the increase was in public safety and included:

- Increase of \$805,364 in Fire expenses, including the implementation of three new full-time paid Fire Captain positions, equipment purchases, and increased mutual aid provided to CalFire (offset by revenues).
- Increase of \$376,508 in Police expenses, mostly related to staffing.

Table 4 - Expenditures by Type						
General Fund						
For the periods ending June 30						
	2024		2023		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General government	1,065,221	12.0%	999,508	13.4%	65,713	4.7%
Public safety	4,581,613	51.7%	3,399,741	45.4%	1,181,872	85.2%
Community development	699,453	7.9%	561,464	7.5%	137,989	9.9%
Human services and recreation	1,001,539	11.3%	924,236	12.4%	77,303	5.6%
Public works	1,043,574	11.8%	1,146,534	15.3%	(102,960)	-7.4%
Admin overhead allocation	477,357	5.4%	450,009	6.0%	27,348	2.0%
Total	8,868,757	100.0%	7,481,492	100.0%	1,387,265	18.5%

For the fiscal year ending June 30, 2024, the fund balance of the General Fund was \$5,176,051. Of this amount \$4,037,817 is unassigned.

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 and other programs. Administrative funds are designated for any costs associated with administering the programs.

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, 2024. In fiscal year 2023-24, the Housing Authority experienced a

surplus of revenues over expenditures and other financing uses in the amount of \$87,152. This increased the Housing Authority's fund balance from \$379,755 to \$466,907. 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. In addition, in order to maintain or increase its funding, the Housing Authority must spend the HAP funds it receives without building up an excessive reserve.

General CIP Fund. The General CIP Fund qualifies as a major fund this year. This fund includes most of the capital improvement projects that are not included in the enterprise funds. These include capital improvement projects relating to governmental facilities (such as City Hall and the Police Department), parks, streets, and the swimming pool. These projects are funded with a combination of grants and transfers from other City funds (such as the General Fund). General CIP Fund revenues and transfers in exceeded expenditures by \$871,285 this year, which increased the fund balance from \$1,385,238 to \$2,256,523.

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 2023-24, the change in net position was a positive \$1,003,554. The increase in net position was due to operating expenses exceeding operating revenues plus interest and transfers. The largest change in revenue from the prior year was in sewer connections, which increase by \$1,233,582 due to significant development projects. Expenses increased by \$752,473, which includes the pension expense adjustment required by GASB 68. This year the GASB 68 adjustment was an increase of \$345,298, while the required adjustment in fiscal year 2022-23 was a decrease of (\$795,117).

In future years, current balances of deferred outflows and deferred inflows required by GASB 68 will be amortized and recognized as pension expenses. See the section Notes to Basic Financial Statements (Note 8) for additional information about long-term pension liabilities.

Table 5 - Sewer Fund
For the periods ending June 30

	2024	2023	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Operating revenues				
Sewer treatment	4,570,412	4,580,643	(10,231)	-0.2%
External lab revenues	51,004	51,169	(165)	-0.3%
Sewer connections	1,483,378	249,796	1,233,582	493.8%
Other	296,599	219,403	77,196	35.2%
Grants	152,565	358,442	(205,877)	
Expenses	(5,818,499)	(5,066,026)	(752,473)	14.9%
Non-operating revenue (expense)	290,291	124,116	166,175	133.9%
Net changes before transfers and capital contributions	1,025,750	517,542	508,208	98.2%
Net transfers and capital contributions	(22,196)	(35,470)	13,274	-37.4%
Change in net position	1,003,554	482,072	521,482	108.2%

The increase in net position of \$1,003,554 is comprised of an increase in net investment in capital assets of \$184,002 and an increase of \$819,552 in unrestricted net position. Unrestricted net position represents the total net assets available to meet ongoing operations. This is not the same as available cash, as not all assets are cash, and also not the same as working capital. Working capital is the difference between current assets (cash plus receivables expected to be collected within one year) and current liabilities (liabilities due within one year) and can be used as an indication of the fund's ability to meet its near-term obligations. This should be considered in the context of the enterprise fund's capital improvement plan. When capital assets are purchased or constructed with cash, the current asset (cash) is converted to a non-current asset (capital asset) and is no longer available working capital.

Table 6 - Sewer Fund
For the periods ending June 30

	2024	2023	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Assets				
Current assets	7,313,255	6,677,521	635,734	9.5%
Capital assets (net of depreciation)	32,152,440	33,666,101	(1,513,661)	-4.5%
Other non-current assets	542,313	211,271	331,042	
Total assets	40,008,008	40,554,893	(546,885)	-1.3%
Deferred outflows of resources	1,292,802	1,305,330	(12,528)	-1.0%
Liabilities				
Current liabilities	2,345,338	2,212,380	132,958	6.0%
Long-term liabilities	30,502,794	32,055,360	(1,552,566)	-4.8%
Total liabilities	32,848,132	34,267,740	(1,419,608)	-4.1%
Deferred inflows of resources	334,223	477,582	(143,359)	-30.0%
Net position	8,118,455	7,114,901	1,003,554	14.1%
Net investment in capital assets (net of depreciation and related debt)	3,292,175	3,108,173	184,002	5.9%
Unrestricted	4,826,280	4,006,728	819,552	20.5%
Total net position	8,118,455	7,114,901	1,003,554	14.1%
Current assets	7,313,255	6,677,521	635,734	9.5%
Current liabilities	2,345,338	2,212,380	132,958	6.0%
Working capital	4,967,917	4,465,141	502,776	11.3%

Water Fund. In fiscal year 2023-24, the change in net position was an increase of \$584,450 due to revenues exceeding expenses.

	2024	2023	Variance	
	Amount	Amount	Amount	Percent
Water Fund				
Operating revenues				
Water service	2,642,970	2,576,657	66,313	2.6%
Water connections	476,461	90,789	385,672	424.8%
Other	69,614	60,939	8,675	14.2%
Grants	-	-	-	
Expenses	(2,793,526)	(1,969,710)	(823,816)	41.8%
Non-operating revenue (expense)	310,077	76,070	234,007	307.6%
Net changes before transfers and capital contributions	705,596	834,746	(129,150)	-15.5%
Net transfers and capital contributions	(121,146)	(60,976)	(60,170)	98.7%
Change in net position	584,450	773,770	(189,320)	-24.5%

Water operating revenues increased slightly while connection revenue increased by \$385,672 due to significant development projects. Expenses increased by \$823,816, which includes the pension expense adjustment required by GASB 68. This year the GASB 68 adjustment was an increase of \$214,899, while the required adjustment in fiscal year 2022-23 was a decrease of (\$494,847).

In future years, current balances of deferred outflows and deferred inflows required by GASB 68 will be amortized and recognized as pension expenses. See the section Notes to Basic Financial Statements (Note 8) for additional information about long-term pension liabilities.

The increase in net position of \$584,450 is comprised of an increase in net investment in capital assets of \$335,561, a decrease of (\$350,544) in restricted net position (because the loan requiring these funds to be restricted was paid off in fiscal year 2023-24 and the restriction was removed), and an increase of \$599,433 in unrestricted net position (including the reclassification of \$350,544 that was previously restricted). Unrestricted net position represents the total net assets available to meet ongoing operations. This is not the same as available cash, as not all assets are cash, and also not the same as working capital. Working capital is the difference between current assets (cash plus receivables expected to be collected within one year) and current liabilities (liabilities due within one year) and can be used as an indication of the fund's ability to meet its near-term obligations. This should be considered in the context of the enterprise fund's capital improvement plan. When capital assets are purchased or constructed with cash, the current asset (cash) is converted to a non-current asset (capital asset) and is no longer available working capital.

Water fund net position has increased over the last several years due to a series of rate increases implemented in 2013 – 2017. These funds are intended to be used for several large capital improvement projects, including upcoming projects for tank rehabilitation, water main redundancy, and water meter upgrades.

Table 8 - Water Fund
For the periods ending June 30

	2024	2023	Variance	
	Amount	Amount	Amount	Percent
Water Fund				
Assets				
Current assets	4,658,876	4,377,500	281,376	6.4%
Capital assets (net of depreciation)	8,544,429	8,383,868	160,561	1.9%
Other non-current assets	1,141,286	1,137,310	3,976	0.3%
Total assets	14,344,591	13,898,678	445,913	3.2%
Deferred outflows of resources	800,969	809,316	(8,347)	-1.0%
Liabilities				
Current liabilities	371,123	490,699	(119,576)	-24.4%
Long-term liabilities	2,066,365	1,988,952	77,413	3.9%
Total liabilities	2,437,488	2,479,651	(42,163)	-1.7%
Deferred inflows of resources	401,005	505,726	(104,721)	-20.7%
Net position	12,307,067	11,722,617	584,450	5.0%
Net investment in capital assets (net of depreciation and related debt)	8,544,429	8,208,868	335,561	4.1%
Restricted		350,544	(350,544)	-100.0%
Unrestricted	3,762,638	3,163,205	599,433	19.0%
Total net position	12,307,067	11,722,617	584,450	5.0%
Current assets	4,658,876	4,377,500	281,376	6.4%
Current liabilities	371,123	490,699	(119,576)	-24.4%
Restricted net position	-	350,544	(350,544)	-100.0%
Working capital	4,287,753	3,536,257	751,496	21.3%

Lighthouse Cove Recreational Vehicle (RV) Park. The RV Park Fund revenues exceeded expenses by \$3,096 in fiscal year 2023-24.

Table 9 - RV Park Fund				
For the periods ending June 30				
	2024	2023	Variance	
	Amount	Amount	Amount	Percent
RV Park Fund				
Operating revenues	531,805	519,712	12,093	2.3%
Other	-	1,771	(1,771)	-100.0%
Expenses	(556,236)	(526,428)	(29,808)	5.7%
Non-operating revenue (expense)	27,527	9,137	18,390	201.3%
Change in net position	3,096	4,192	(1,096)	-26.1%

The increase in net position of \$3,096 is a combination of a decrease of \$56,298 in net investment in capital assets and an increase of \$59,394 in unrestricted net position due to operations.

Table 10 - RV Park Fund				
For the periods ending June 30				
	2024	2023	Variance	
	Amount	Amount	Amount	Percent
RV Park Fund				
Assets				
Current assets	632,133	527,112	105,021	19.9%
Capital assets (net of depreciation)	697,640	753,938	(56,298)	-7.5%
Total assets	1,329,773	1,281,050	48,723	3.8%
Liabilities				
Current liabilities	69,120	23,179	45,941	198.2%
Long-term liabilities	4,989	-	4,989	
Total liabilities	74,109	23,179	50,930	219.7%
Net position	1,255,664	1,257,871	(2,207)	-0.2%
Net investment in capital assets (net of depreciation and related debt)	697,640	753,938	(56,298)	-7.5%
Unrestricted	558,024	498,630	59,394	11.9%
Total net position	1,255,664	1,252,568	3,096	0.2%
Current assets	632,133	527,112	105,021	19.9%
Current liabilities	69,120	23,179	45,941	198.2%
Working capital	563,013	503,933	59,080	11.7%

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 FY 2023-24 included a projected deficit of \$1,392,165, which would decrease the General Fund reserve balance. Actual results were a surplus of \$600,805.

Actual General Fund revenues (not including transfers) were over budget by \$437,136. Revenues with significant variances are listed below:

- Transient Occupancy Tax was over budget by \$135,782.
- Interest (including adjustment to fair market value) was over budget by \$165,900.
- Property tax in-lieu of VLF was over budget by \$82,367.
- Building permits were over budget by \$110,487.
- Gifts and donations were under budget by (\$99,579) due to a donation that will not be recognized until the next fiscal year.

Actual General Fund expenditures (not including transfers out) were under budget by (\$1,589,178.)

There were a variety of factors affecting these variances:

- Wages and benefits were under budget by (\$313,012) due to vacancies and unused benefits.
- Contract services were under budget by (\$612,175), including \$293,000 for a sidewalk maintenance project that was not completed and was re-budgeted in the next year.
- Materials and supplies were under budget by (\$328,424), including \$100,000 for equipment for the Fire department that was not purchased and was re-budgeted in the next year.

As discussed above, the City budgets expenditures conservatively, with all authorized positions 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.

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

	2024			2023		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues	10,361,097	10,798,233	437,136	9,565,726	9,399,402	(166,324)
Expenditures	(10,692,159)	(9,102,981)	1,589,178	(9,795,474)	(7,697,491)	2,097,983
Operating results	(331,062)	1,695,252	2,026,314	(229,748)	1,701,911	1,931,659
Transfers in	312,797	273,422	(39,375)	323,796	279,581	(44,215)
Transfers out	(1,373,900)	(1,369,479)	4,421	(1,507,094)	(1,501,303)	5,791
Other		1,610	1,610			-
Net change in Fund Balance	(1,392,165)	600,805	1,992,970	(1,413,046)	480,189	1,893,235

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 operations (not including capital expenditures or grant-funded programs), including an assumption that 5% of the adopted budget will not be spent. The

original adopted General Fund budget (expenditures plus transfers out) for the next fiscal year 2024-25 was \$11,522,001, of which \$10,025,296 is considered operational, resulting in a required reserve of \$2,506,324. The unassigned fund balance at June 30, 2024 was \$3,551,643. The difference between the required reserve and the unassigned fund balance may be used for additional city priorities, and most of this difference has already been budgeted to be spent in fiscal year 2024-25.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2024, the City had a total net investment in capital assets of \$33,709,801 (original value of assets less accumulated depreciation and associated debt). This is an increase of \$2,872,769 over the net investment in capital assets as of June 30, 2023. The increase is 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. The most significant of these additions in fiscal year 2023-24 included:

- Construction-in-progress for reconstruction of Front Street
- Construction-in-progress for improvements in Beachfront Park
- Construction-in-progress for a water meter project to replace and upgrade all meters to an automatic read system
- Purchase of vehicles and equipment for Police and Public Works

Table 12 - Net Investment in Capital Assets			
Governmental Funds			
2024	2023	Variance \$	Variance %
21,175,557	18,766,053	2,409,504	12.8%
Business-type Funds			
2024	2023	Variance \$	Variance %
12,534,244	12,070,979	463,265	3.8%
Total			
2024	2023	Variance \$	Variance %
33,709,801	30,837,032	2,872,769	9.3%

Long-term debt. As of June 30, 2024, the City had total debt outstanding of \$29,387,633; this is a decrease of (\$1,843,093) from the total debt outstanding on June 30, 2023. This reduction is due to loan principal payments totaling \$1,872,663 and small increases in other long-term obligations (compensated absences payable and subscriptions payable).

Table 13 - Total Debt						
For the periods ending June 30						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2024	2023	2024	2023	2024	2023
Compensated absences	309,016	260,693	102,746	108,059	411,762	368,752
Subscriptions payable	115,606	129,046	-	-	115,606	129,046
Safe Drinking Water Loan	-	-	-	175,000	-	175,000
State Revolving Loan	-	-	28,860,265	30,557,928	28,860,265	30,557,928
Total	424,622	389,739	28,963,011	30,840,987	29,387,633	31,230,726

Currently Known Facts, Decisions, or Conditions

The City Council, working with City staff, continues to evaluate revenues and expenses closely as well as future economic trends and capital improvement needs. One strategy the City continues to implement is to actively seek grant funding for projects to maximize the availability of ongoing revenues to meet ongoing expenses. Current and upcoming grant-funded projects include Prop 68 grants for Beachfront Park improvements, street reconstruction, economic development projects, and planning grants.

In November 2020, city voters approved a 1% transactions and use tax to fund essential city services. This tax (called Measure S) became effective April 1, 2021 and is projected to increase General Fund revenues by \$2.3 million annually. The City Council established an oversight committee made up of five City residents and two non-voting City staff members to review the revenues and expenditures of the Measure S tax and make recommendations to the City Council for future spending. Measure S spending is directed toward streets, police, fire, and the swimming pool and contributes to both ongoing operational needs and capital improvements. There was a local initiative to repeal Measure S, which was on the November 8, 2022 ballot. City voters overwhelmingly rejected the repeal and kept Measure S in place to continue funding these priorities.

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 is experiencing significant housing development, with several multi-family projects currently in the permitting and/or construction stage. The City has used internal resources as well as obtained several grants to assist these projects with loans.

The City is currently finalizing design work on improvements to the Police Department facility. Design is anticipated to be completed in fiscal year 2024-25, and the City is in the process of exploring USDA financing for construction.

Multiple large grant-funded projects are either underway or scheduled to begin within the next two years, including major projects to reconstruct Front Street, repair storm damage to Pebble Beach Drive, and construct improvements in Beachfront Park. The City is currently in discussions with its financial advisor and banking institution regarding short-term borrowing to provide for cash flow needs for these projects which are largely on a reimbursement basis (the City will pay the contractors and then wait for reimbursement from the granting agency.)

Sewer Fund net position and working capital increased in fiscal year 2023-24, largely due to one-time connection fees. Projections for this fund show that ongoing revenues are not sufficient to support the operational needs, debt service, and future capital improvements of the utility. 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. The City was also 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 allows the City to invest those funds in needed capital improvements. In August 2019, the City entered into a contract with Operations Maintenance International, Inc. (also known as Jacobs Engineering) to provide the operations, maintenance, and management of the City's Wastewater Treatment Plant. This contract will ensure staffing is maintained and needed projects are completed. This also means the City will have the resources to implement deferred projects, which will improve the reliability and efficiency of the facilities but will also reduce available working capital as reserves are spent on these projects. The City continues to examine ways to reduce costs, increase efficiencies, obtain grants, and finally increase revenues. The City is currently in the process of developing a new rate study.

The Water Fund net position has increased significantly in recent years, due to successful implementation of rate increases in anticipation of capital improvement needs. The final rate increase was effective July 1, 2017. The City has plans for several major capital projects (water tank rehabilitation, additional water main redundancy, and new water meters) and is evaluating the best approach to fund those improvements. The City is currently in the process of an updated rate study.

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**

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Crescent City
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 8,788,213	\$ 11,453,556	\$ 20,241,769
Receivables (net)	749,102	1,132,906	1,882,008
Due from other governments	2,344,935	-	2,344,935
Prepaid items	78,400	17,802	96,202
Due from RDA Successor Agency	88,198	351,992	440,190
Notes receivable	1,290,291	663,059	1,953,350
Leases receivable	265,624	212,327	477,951
Internal balances	(456,221)	456,221	-
Nondepreciable capital assets	8,413,830	2,243,838	10,657,668
Depreciable capital assets, net	12,877,333	39,150,671	52,028,004
Total Assets	<u>34,439,705</u>	<u>55,682,372</u>	<u>90,122,077</u>
Deferred outflow of resources			
Pension related amounts	3,394,755	1,988,087	5,382,842
OPEB related amounts	166,219	105,684	271,903
Total deferred outflow of resources	<u>3,560,974</u>	<u>2,093,771</u>	<u>5,654,745</u>
Liabilities			
Accounts payable	1,481,060	465,154	1,946,214
Accrued wages	172,817	-	172,817
Deposits	18,398	492,853	511,251
Unearned revenue	568,089	36,839	604,928
Long term liabilities			
Compensated absences - due within one year	243,691	93,072	336,763
Compensated absences - due in more than one year	65,325	9,674	74,999
Net pension liability	8,329,888	5,123,925	13,453,813
Net OPEB liability	437,179	277,947	715,126
Long-term debt - due within one year	56,670	1,697,663	1,754,333
Long-term debt - due in more than one year	58,936	27,162,602	27,221,538
Total Liabilities	<u>11,432,053</u>	<u>35,359,729</u>	<u>46,791,782</u>
Deferred inflow of resources			
Pension related amounts	465,518	435,287	900,805
OPEB related amounts	155,441	98,826	254,267
Leases	240,452	201,115	441,567
Total deferred inflow of resources	<u>861,411</u>	<u>735,228</u>	<u>1,596,639</u>
Net Position			
Net Investment in capital assets	21,175,557	12,534,244	33,709,801
Restricted for:			
Capital projects and community development	1,110,803	-	1,110,803
Other purposes	541,395	-	541,395
Unrestricted	2,879,460	9,146,942	12,026,402
Total Net Position	<u>\$ 25,707,215</u>	<u>\$ 21,681,186</u>	<u>\$ 47,388,401</u>

City of Crescent City
Statement of Activities
For the year ended June 30, 2024

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 1,102,525	\$ 22,604	\$ 1,423	\$ 543
Public safety	4,837,435	1,000,660	438,273	-
Community development	783,437	488,650	2,218,037	-
Human services and recreation	5,259,643	251,686	4,054,629	-
Public works	1,471,012	8,043	663,505	523,191
Administrative overhead allocation	506,316	-	-	-
Total governmental activities	13,960,368	1,771,643	7,375,867	523,734
Business-type activities:				
Sewer	5,818,499	6,401,393	152,565	-
Water	2,793,526	3,189,045	80,830	-
RV Park	556,236	531,805	-	-
Total business-type activities	9,168,261	10,122,243	233,395	-
Total primary government	\$ 23,128,629	\$ 11,893,886	\$ 7,609,262	\$ 523,734

General Revenues and Transfers:

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

Net position - end of year

Net (Expense) Revenue and Changes in Net Position			
Total	Governmental Activities	Business -Type Activities	Total
\$ 24,570	\$ (1,077,955)	\$ -	\$ (1,077,955)
1,438,933	(3,398,502)	-	(3,398,502)
2,706,687	1,923,250	-	1,923,250
4,306,315	(953,328)	-	(953,328)
1,194,739	(276,273)	-	(276,273)
-	(506,316)	-	(506,316)
9,671,244	(4,289,124)	-	(4,289,124)
6,553,958	-	735,459	735,459
3,269,875	-	476,349	476,349
531,805	-	(24,431)	(24,431)
10,355,638	-	1,187,377	1,187,377
\$ 20,026,882	(4,289,124)	1,187,377	(3,101,747)
	299,652	-	299,652
	4,575,306	-	4,575,306
	668,519	-	668,519
	198,759	-	198,759
	2,028,328	-	2,028,328
	52,888	-	52,888
	7,823,452	-	7,823,452
	453,727	527,933	981,660
	143,271	19,132	162,403
	143,342	(143,342)	-
	8,563,792	403,723	8,967,515
	4,274,668	1,591,100	5,865,768
	21,432,547	20,090,086	41,522,633
\$	25,707,215	\$ 21,681,186	\$ 47,388,401

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FUND FINANCIAL STATEMENTS

Governmental Funds Financial Statements

Proprietary Funds Financial Statements

Fiduciary Funds Financial Statements

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GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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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.

Capital Improvement Projects - this is a capital project fund that accounts for all governmental capital projects at the City.

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

City of Crescent City
Balance Sheet
Governmental Funds
June 30, 2024

	Major Funds				Total Governmental Funds
	General	Housing Authority Section 8	Capital Improvement Projects	Non-Major Governmental Funds	
ASSETS					
Cash and investments	\$ 4,658,922	\$ 466,996	\$ 1,847,635	\$ 1,129,201	\$ 8,102,754
Receivables:					
Consumers and others	564,275	-	-	-	564,275
County/State/Federal Government	1,396,701	-	790,749	157,485	2,344,935
Interest receivable	55,640	2,207	18,086	25,466	101,399
Due from RDA Successor Agency	-	-	-	88,198	88,198
Due from other funds	256,000	-	-	-	256,000
Prepaid items	51,138	-	-	-	51,138
Note receivable	750,000	-	-	540,291	1,290,291
Leases receivable	265,624	-	-	-	265,624
Total assets	\$ 7,998,300	\$ 469,203	\$ 2,656,470	\$ 1,940,641	\$ 13,064,614
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	734,452	1,463	365,347	139,193	\$ 1,240,455
Unearned revenue	489,000	833	34,600	43,656	568,089
Deposits	18,398	-	-	-	18,398
Advance from other funds	456,221	-	-	-	456,221
Due to other funds	-	-	-	225,000	225,000
Total liabilities	1,698,071	2,296	399,947	407,849	2,508,163
Deferred inflows of resources:					
Unavailable revenues	883,726	-	-	25,130	908,856
Leases	240,452	-	-	-	240,452
Total deferred inflow of resources	1,124,178	-	-	25,130	1,149,308
Fund balances:					
Nonspendable	51,138	-	-	-	51,138
Restricted:					
Low and moderate income housing	-	466,907	-	643,896	1,110,803
Other purposes	15,949	-	-	578,175	594,124
Assigned:					
Capital improvement and vehicle replacement	486,174	-	2,256,523	463,860	3,206,557
Safety programs	7,108	-	-	6,690	13,798
Business improvement district	946	-	-	-	946
Measure S	1,063,093	-	-	-	1,063,093
Unassigned	3,551,643	-	-	(184,959)	3,366,684
Total fund balances	5,176,051	466,907	2,256,523	1,507,662	9,407,143
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,998,300	\$ 469,203	\$ 2,656,470	\$ 1,940,641	\$ 13,064,614

City of Crescent City
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Funds \$ 9,407,143

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: 2,027,056

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This amount is all capital assets net of internal service funds capital assets of \$1,746,949. 19,544,214

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 908,856

Employer contributions for pension and OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are recorded as deferred outflows of resources.

Pension contributions 996,699
OPEB contributions 67,056

In the Government-Wide Financial Statements certain differences between actuarial estimates and actual results, changes in assumptions, differences between actual and projected investment earnings, and differences resulting from changes in allocation percentages are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded.

Deferred outflows of resources - pension 2,398,056
Deferred outflows of resources - OPEB 99,163
Deferred inflows of resources - pension (465,518)
Deferred inflows of resources - OPEB (155,441)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences - due within one year (243,691)
Compensated absences - due in more than one year (65,325)
Long-term debt - due within one year, net of internal service funds debt of \$35,108 (21,562)
Long-term debt - due in more than one year, net of internal service funds debt of \$36,512 (22,424)
Net pension liability (8,329,888)
Net OPEB Liability (437,179)

Net position of governmental activities \$ 25,707,215

City of Crescent City
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2024

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General	Housing Authority Section 8	Capital Improvement Projects		
REVENUES:					
Taxes	\$ 7,624,693	\$ -	\$ -	-	\$ 7,624,693
Use of money and property:					
Interest	225,900	10,967	69,721	97,715	404,303
Rental income	49,462	-	-	-	49,462
Licenses and permits	395,868	-	-	-	395,868
Fines and forfeitures	12,275	-	-	-	12,275
Intergovernmental	537,011	4,010,734	1,194,282	2,615,593	8,357,620
Charges for services	1,494,994	-	-	-	1,494,994
Gifts and donations	29,412	-	-	-	29,412
Other reimbursements	175,085	-	-	-	175,085
Other revenue	19,309	24,032	-	-	43,341
Total revenues	10,564,009	4,045,733	1,264,003	2,713,308	18,587,053
EXPENDITURES:					
Current:					
General government	1,065,221	-	-	-	1,065,221
Public safety	4,581,613	-	76,042	100,156	4,757,811
Community development	699,453	-	-	74,503	773,956
Human services and recreation	1,001,539	3,994,340	70,385	214,156	5,280,420
Public works	1,043,574	-	2,445,483	177,438	3,666,495
Administrative overhead allocation	477,357	28,959	-	-	506,316
Total expenditures	8,868,757	4,023,299	2,591,910	566,253	16,050,219
REVENUES OVER (UNDER) EXPENDITURES	1,695,252	22,434	(1,327,907)	2,147,055	2,536,834
OTHER FINANCING SOURCES (USES):					
Transfers in	273,422	-	2,199,192	359,077	2,831,691
Transfers out	(1,369,479)	-	-	(1,561,102)	(2,930,581)
Proceeds from long-term debt	-	64,718	-	-	64,718
Proceeds from sale of assets	1,610	-	-	70,248	71,858
Total other financing sources (uses)	(1,094,447)	64,718	2,199,192	(1,131,777)	37,686
Net change in fund balances	600,805	87,152	871,285	1,015,278	2,574,520
FUND BALANCES:					
Beginning of year	4,575,246	379,755	-	1,877,622	6,832,623
Reclassification from nonmajor to major	-	-	1,385,238	(1,385,238)	-
Beginning of the year, as restated	4,575,246	379,755	1,385,238	492,384	6,832,623
End of year	\$ 5,176,051	\$ 466,907	\$ 2,256,523	\$ 1,507,662	\$ 9,407,143

See accompanying Notes to Basic Financial Statements

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, 2024

Net change in fund balance - governmental funds	\$ 2,574,520
Amounts reported for governmental activities in the statements of activities are different because:	
Governmental funds reported additions of capital assets as 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, \$433,209).	2,832,695
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, \$250,916).	(600,373)
In the Statement of Activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds proceeds from sales increases financial resources. This is the loss on disposal of capital assets.	(18,551)
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.	307,711
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. This is the change in unavailable revenues for the year.	(636,871)
Loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of activities, however, issuing debt increases long-term liabilities and does not affect the statement of activities.	(64,718)
Principal payments on long-term debt is an expense in the governmental funds, but on the Statement of Activities, it reduces the debt instead.	20,732
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.	
Pension contributions	996,699
OPEB contributions	67,056
Pension and OPEB expenses are recorded as incurred in the Government-Wide Statement of Activities, however these expenses are not recognized in the governmental funds.	(1,155,909)
Compensated absences 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 funds. In addition, some expenditures recorded in the governmental funds have already been expensed in the government-wide financial statements in prior years.	(48,323)
Change in net position of governmental activities	\$ 4,274,668

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PROPRIETARY FUND FINANCIAL STATEMENTS

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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, 2024

	Enterprise Funds				Governmental
	Sewer	Water	RV Park	Total	Activities Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 6,556,520	\$ 4,276,098	\$ 620,938	\$ 11,453,556	\$ 685,459
Accounts receivable	691,425	302,456	11	993,892	80,582
Interest receivable	64,550	68,385	6,079	139,014	2,846
Prepaid items	760	11,937	5,105	17,802	27,262
Total current assets	<u>7,313,255</u>	<u>4,658,876</u>	<u>632,133</u>	<u>12,604,264</u>	<u>796,149</u>
Noncurrent assets:					
Notes receivable	542,313	120,746	-	663,059	-
Leases receivable	-	212,327	-	212,327	-
Advance to RDA Successor Agency	-	351,992	-	351,992	-
Advance to other funds	-	456,221	-	456,221	-
Capital assets:					
Non-depreciable	161,790	2,074,422	7,626	2,243,838	42,525
Depreciable, net	31,990,650	6,470,007	690,014	39,150,671	1,704,424
Total capital assets	<u>32,152,440</u>	<u>8,544,429</u>	<u>697,640</u>	<u>41,394,509</u>	<u>1,746,949</u>
Total noncurrent assets	<u>32,694,753</u>	<u>9,685,715</u>	<u>697,640</u>	<u>43,078,108</u>	<u>1,746,949</u>
Total assets	<u>40,008,008</u>	<u>14,344,591</u>	<u>1,329,773</u>	<u>55,682,372</u>	<u>2,543,098</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	1,225,432	762,655	-	1,988,087	-
OPEB related amounts	67,370	38,314	-	105,684	-
Total deferred outflows of resources	<u>1,292,802</u>	<u>800,969</u>	<u>-</u>	<u>2,093,771</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	269,243	167,380	28,531	465,154	240,605
Accrued wages	-	-	-	-	172,817
Deposits	339,171	153,682	-	492,853	-
Due to other funds	-	-	-	-	31,000
Unearned revenue	(2,946)	4,956	34,829	36,839	-
Current maturities of long term debt:					
Compensated absences payable	42,207	45,105	5,760	93,072	-
Current portion of loans payable	1,697,663	-	-	1,697,663	35,108
Total current liabilities	<u>2,345,338</u>	<u>371,123</u>	<u>69,120</u>	<u>2,785,581</u>	<u>479,530</u>
Noncurrent liabilities:					
Compensated absences payable	4,685	-	4,989	9,674	-
Net pension liability	3,158,322	1,965,603	-	5,123,925	-
Net OPEB liability	177,185	100,762	-	277,947	-
Loans payable - due in more than one year	27,162,602	-	-	27,162,602	36,512
Total noncurrent liabilities	<u>30,502,794</u>	<u>2,066,365</u>	<u>4,989</u>	<u>32,574,148</u>	<u>36,512</u>
Total liabilities	<u>32,848,132</u>	<u>2,437,488</u>	<u>74,109</u>	<u>35,359,729</u>	<u>516,042</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	271,222	164,065	-	435,287	-
OPEB related amounts	63,001	35,825	-	98,826	-
Leases	-	201,115	-	201,115	-
Total deferred inflows of resources	<u>334,223</u>	<u>401,005</u>	<u>-</u>	<u>735,228</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	3,292,175	8,544,429	697,640	12,534,244	1,675,329
Unrestricted	4,826,280	3,762,638	558,024	9,146,942	351,727
Total net position	<u>\$ 8,118,455</u>	<u>\$ 12,307,067</u>	<u>\$ 1,255,664</u>	<u>\$ 21,681,186</u>	<u>\$ 2,027,056</u>

City of Crescent City
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2024

	Enterprise Funds				Governmental
	Sewer	Water	RV Park	Total	Activities Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 6,367,769	\$ 3,155,506	\$ 531,805	\$ 10,055,080	\$ 1,661,765
Other	33,624	33,539	-	67,163	78,542
Total operating revenues	6,401,393	3,189,045	531,805	10,122,243	1,740,307
OPERATING EXPENSES:					
Personnel services	1,079,445	1,101,460	190,981	2,371,886	642,121
Materials, supplies, rent, and services	2,029,407	559,927	176,027	2,765,361	699,824
Repair and maintenance	417,431	214,670	47,451	679,552	271,010
Administrative overhead	577,511	610,123	80,067	1,267,701	-
Depreciation	1,714,705	307,346	61,710	2,083,761	250,916
Total operating expenses	5,818,499	2,793,526	556,236	9,168,261	1,863,871
OPERATING INCOME (LOSS)	582,894	395,519	(24,431)	953,982	(123,564)
NONOPERATING REVENUES (EXPENSES):					
Interest income	290,291	210,115	27,527	527,933	13,205
Rental revenue	-	19,132	-	19,132	-
Grant revenue	152,565	80,830	-	233,395	-
Interest expense	-	-	-	-	(5,138)
Total nonoperating revenues (expenses)	442,856	310,077	27,527	780,460	8,067
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,025,750	705,596	3,096	1,734,442	(115,497)
Contributions	-	-	-	-	180,976
Transfers in	27,087	26,707	-	53,794	267,982
Transfers out	(49,283)	(147,853)	-	(197,136)	(25,750)
Total contributions and transfers	(22,196)	(121,146)	-	(143,342)	423,208
Change in net position	1,003,554	584,450	3,096	1,591,100	307,711
NET POSITION					
Beginning of year	7,114,901	11,722,617	1,252,568	20,090,086	1,719,345
End of year	\$ 8,118,455	\$ 12,307,067	\$ 1,255,664	\$ 21,681,186	\$ 2,027,056

City of Crescent City
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2024

	Enterprise Funds				Governmental
	Sewer	Water	RV Park	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 6,382,158	\$ 3,236,857	\$ 568,394	\$ 10,187,409	\$ -
Cash received from other funds	-	-	-	-	1,724,854
Cash payments to suppliers for goods and services	(2,919,365)	(1,316,028)	(300,353)	(4,535,746)	(931,702)
Cash paid to employees	(1,067,996)	(1,104,803)	(188,480)	(2,361,279)	(642,121)
Net cash provided (used) by operating activities	2,394,797	816,026	79,561	3,290,384	151,031
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES:					
Grant cash receipts	152,565	80,830	-	233,395	-
Cash received from other funds	27,087	47,444	-	74,531	290,114
Cash disbursements to other funds	(49,283)	(147,853)	-	(197,136)	(21,882)
Net cash provided (used) by noncapital financing activities	130,369	(19,579)	-	110,790	268,232
CASH FLOWS FROM CAPITAL AND RELATED					
FINANCING ACTIVITIES:					
Cash capital contributions	-	-	-	-	180,976
Cash received from leasing assets	-	15,878	-	15,878	-
Acquisition of capital assets	(201,044)	(467,907)	(5,412)	(674,363)	(433,209)
Long-term debt repayments	(1,697,663)	(175,000)	-	(1,872,663)	(57,426)
Interest paid and fiscal charges	-	-	-	-	(5,138)
Net cash provided (used) by capital and related financing activities	(1,898,707)	(627,029)	(5,412)	(2,531,148)	(314,797)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment revenue/gains	267,802	196,474	25,053	489,329	12,094
Net cash provided (used) by investing activities	267,802	196,474	25,053	489,329	12,094
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	894,261	365,892	99,202	1,359,355	116,560
CASH AND CASH EQUIVALENTS - Beginning of year	5,662,259	3,910,206	521,736	10,094,201	568,899
CASH AND CASH EQUIVALENTS - End of year	\$ 6,556,520	\$ 4,276,098	\$ 620,938	\$ 11,453,556	\$ 685,459

City of Crescent City
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2024

	Enterprise Funds				Governmental
	Sewer	Water	RV Park	Total	Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 582,894	\$ 395,519	\$ (24,431)	\$ 953,982	(123,564)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,714,705	307,346	61,710	2,083,761	250,916
Changes in assets, deferred outflows and inflows of resources, and liabilities					
Receivables	(50,166)	60,846	1,760	12,440	(11,911)
Prepaid items	140	78	(5,105)	(4,887)	(16,681)
Deferred outflows of resources - pension	22,787	14,182	-	36,969	-
Deferred outflows of resources - OPEB	(10,259)	(5,835)	-	(16,094)	-
Accounts payable	104,844	68,614	8,297	181,755	41,740
Accrued wages	-	-	-	-	10,531
Deposits payable	33,877	(17,990)	-	15,887	-
Unearned revenue	(2,946)	4,956	34,829	36,839	-
Compensated leaves payable	1,868	(9,682)	2,501	(5,313)	-
Net pension liability	132,074	82,197	-	214,271	-
Net OPEB liability	8,338	4,742	-	13,080	-
Deferred inflows of resources - pension	(137,146)	(85,414)	-	(222,560)	-
Deferred inflows of resources - OPEB	(6,213)	(3,533)	-	(9,746)	-
Total adjustments	1,811,903	420,507	103,992	2,336,402	274,595
Net cash provided (used) by operating activities	\$ 2,394,797	\$ 816,026	\$ 79,561	\$ 3,290,384	\$ 151,031

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FIDUCIARY FUND FINANCIAL STATEMENTS

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FIDUCIARY FUNDS FINANCIAL STATEMENTS

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

City of Crescent City
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Successor Agency RDA
ASSETS	
Cash and investments	\$ 181,763
Interest receivable	167
Total assets	<u>181,930</u>
LIABILITIES	
Interest payable	43,252
Due to the City of Crescent City	88,198
Due to the City of Crescent City (Water Utility Fund)	351,992
Total liabilities	<u>483,442</u>
NET POSITION	
Restricted for dissolution of RDA	<u>(301,512)</u>
Total net position	<u><u>\$ (301,512)</u></u>

City of Crescent City
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the year ended June 30, 2024

	Successor Agency RDA
	<u> </u>
ADDITIONS:	
Taxes	\$ 165,419
Use of money and property:	
Interest	<u>3,196</u>
Total additions	<u>168,615</u>
 DEDUCTIONS:	
Payroll	1,660
Other	<u>5,100</u>
Total deductions	<u>6,760</u>
Change in net position	161,855
 NET POSITION:	
Beginning of year	<u>(463,367)</u>
End of year	<u><u>\$ (301,512)</u></u>

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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.

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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

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.

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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

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 fund represent a Private-purpose Trust Fund, which is 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, 2024

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.

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.

Capital Improvement Fund – is a capital projects fund that accounts for the majority of the City’s governmental fund capital projects.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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.

The Lighthouse Cove Recreational Vehicle Park Fund (RV Park) 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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

Assets, Liabilities and Net Position or Equity

Cash and Investments

The City pools cash and investments of all funds except the Housing Authority and a portion of the CDBG and Water Funds. Each participating 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 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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

Leases

The City is a lessor for several long-term leases and recognizes a lease receivable and deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The City uses its estimated incremental borrowing rate at the discount rate for leases.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 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 acquisition value at the date of donation.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

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	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 to June 30, 2023

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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

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 assets 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 assets 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.

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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

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, then 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.

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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

New Pronouncements

In 2024, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statement:

- GASB Statement No. 100, *Accounting Changes and Error Corrections* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. For the year ended June 30, 2024, the City added a line item showing the aggregated restatements when moving a fund from nonmajor to major as a result of this Statement.

2. CASH AND INVESTMENTS

As of June 30, 2024, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 20,241,769
Fiduciary Funds	181,763
Total Cash and Investments	<u>\$ 20,423,532</u>

As of June 30, 2024, the City's cash and investments consisted of the following:

Cash:

Cash on hand	\$ 1,600
Deposits	1,815,615
Total Cash	<u>1,817,215</u>

As of June 30, 2024 the City's investments consisted of the following:

Investments:

In California Local Agency Investment Fund (at fair value)	18,606,317
Total Investments	<u>18,606,317</u>
Total Cash and Investments	<u>\$ 20,423,532</u>

At year end, the carrying amount of the City's cash deposits (including amounts in checking accounts and money market accounts) was \$1,815,615 and the bank balance was \$2,131,374. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

2. CASH AND INVESTMENTS, CONTINUED

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.

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, 2024, the City's investments were in compliance with concentration of credit risk per State law.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

2. CASH AND INVESTMENTS, CONTINUED

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, 2024 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, 2024, the City had \$18,606,317 invested in LAIF, which had 3.00% 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 0.996316042 to the total investments held by LAIF.

Investments - The City reports its investments in accordance with GASB Statement 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.

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.

Outstanding notes receivable for the year ended June 30, 2024 were as follows:

Business Enterprise Notes	\$	663,059
Rehab & Sidewalk Notes		45,415
CDBG 03/04 Program Loans		34,876
Successor Housing Notes and Loans		460,000
Crescent City Developer Note		750,000
	\$	<u>1,953,350</u>

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

3. NOTES RECEIVABLE, CONTINUED

Business enterprise notes represent loans made to businesses, homeowners, or developers to finance the water and/or sewer connection charges associated with new developments.

Rehab & sidewalk notes represent the balances of loans made under previous programs to finance sidewalk improvements or home improvements to bring houses up to code. These programs are currently closed to new applicants.

CDBG loans represent balances of loans made under a previous CDBG program to allow low-income homeowners to bring their houses up to code.

Successor Housing notes represent balances of one loan made to a housing developer for the rehab of existing housing units and one loan for the sale of a parcel of property to a housing developer for the construction of a new housing development. These notes are to be repaid from residual receipts (profits) of the development once finished, over a 55-year payment term. Payments are to be retained in the Successor Housing fund for future low-income housing development projects.

Crescent City developer note represents the balance of a note to be paid by a developer of housing units to be paid from residual receipts (profits) of the development once finished, over a 55-year payment term. Payments are to be deposited into the General Fund to help offset increased costs of providing services.

4. LEASES RECEIVABLE

In implementing GASB Statement 87 - *Leases*, the City recognized lease receivables and deferred inflows of resources for the leasing of attachment space for cellular communications and part of a parking lot for electric vehicle charging. In the fiscal year ended June 30, 2024, the City recognized \$46,514 in revenues for these leases.

The follow is a summary of the City’s lease receivables:

<u>Lease</u>	<u>General Fund</u>	<u>Water Fund</u>	<u>Balance at June 30, 2024</u>
City Cell Tower	\$ 240,527	\$ -	\$ 240,527
City Parking Lot	25,097	-	25,097
Water Cell Tower	-	212,327	212,327
Total	<u>\$ 265,624</u>	<u>\$ 212,327</u>	<u>\$ 477,951</u>

City Cell Tower

The City entered into an agreement with a telecommunications company in 2010 to lease space on a tower at a City-owned building. The lease term is 30 years, made up of 5 years plus five 5-year options. The City considers each term to likely be exercised by the lessee. The monthly payments started at \$1,000 and increase by 15% each 5-year renewal term. The interest rate on the lease is 4%. Monthly lease receipts were \$1,322.50 for the fiscal year ended June 30, 2024.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

4. LEASES RECEIVABLE, CONTINUED

City Parking Lot

In January of 2022, the City signed a 10-year lease with a company to lease space in a City-owned parking lot for electric vehicle charging. The City received a signing payment of \$1,000 in the fiscal year ended June 30, 2022. Monthly payments of \$300 commenced in August 2022. The interest rate on the lease is 4%. In the fiscal year ended June 30, 2024, additional inflows of resources due to the change in the number of parking spaces rented were \$2,400.

Water Cell Tower

In 2007, the City entered into an agreement with a telecommunications company to lease space on a City-owned water tower. The lease term is 30 years, made up of 5 years plus five 5-year options. The City considers each term to likely be exercised by the lessee. The monthly payments started at \$1,500 and increase by the change in the Consumer Price Index (CPI) each 5-year renewal term. The interest rate on the lease is 4%. The change in CPI is not included in the measurement of the lease receivable. In the fiscal year ended June 30, 2024, additional inflows of resources due to the change in the CPI were \$3,358.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Transfers/ Retirements	Balance June 30, 2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,823,819	\$ -	\$ -	\$ 2,823,819
Other non-depreciable	694,500	-	-	694,500
Construction in progress	2,276,444	2,619,067	-	4,895,511
Total Capital Assets, Not Being Depreciated	5,794,763	2,619,067	-	8,413,830
Capital Assets, Being Depreciated:				
Building and improvements	8,718,523	97,003	(13,002)	8,802,524
Machinery and equipment	4,192,421	485,116	(9,257)	4,668,280
Right-to-use software	145,471	64,718	-	210,189
Infrastructure	9,574,632	-	-	9,574,632
Total Capital Assets, Being Depreciated:	22,631,047	646,837	(22,259)	23,255,625
Less Accumulated Depreciation for:				
Building and improvements	(5,216,791)	(144,820)	-	(5,361,611)
Machinery and equipment	(2,724,703)	(233,811)	3,708	(2,954,806)
Right-to-use software	(25,038)	(66,935)	-	(91,973)
Infrastructure	(1,564,179)	(405,723)	-	(1,969,902)
Total Accumulated Depreciation	(9,530,711)	(851,289)	3,708	(10,378,292)
Total Capital Assets, Being Depreciated, Net	13,100,336	(204,452)	(18,551)	12,877,333
Total Governmental Activities, Net	\$ 18,895,099	\$ 2,414,615	\$ (18,551)	\$ 21,291,163

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

5. CAPITAL ASSETS, CONTINUED

	Balance June 30, 2023	Additions	Transfers	Balance June 30, 2024
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 493,855	\$ -	\$ -	\$ 493,855
Construction in progress	1,292,873	514,557	(57,447)	1,749,983
Total Capital Assets, Not Being Depreciated	1,786,728	514,557	(57,447)	2,243,838
Capital Assets, Being Depreciated:				
Structures and improvements	42,536,821	5,954	57,447	42,600,222
Machinery and equipment	11,132,111	98,959	-	11,231,070
Infrastructure	22,967,277	54,893	-	23,022,170
Total Capital Assets, Being Depreciated:	76,636,209	159,806	57,447	76,853,462
Less Accumulated Depreciation for:				
Structures and improvements	(18,707,063)	(1,096,878)	-	(19,803,941)
Machinery and equipment	(5,918,000)	(526,951)	-	(6,444,951)
Infrastructure	(10,993,967)	(459,932)	-	(11,453,899)
Total Accumulated Depreciation	(35,619,030)	(2,083,761)	-	(37,702,791)
Total Capital Assets, Being Depreciated, Net	41,017,179	(1,923,955)	57,447	39,150,671
Total Business-Type Activities, Net	<u>\$ 42,803,907</u>	<u>\$ (1,409,398)</u>	<u>\$ -</u>	<u>\$ 41,394,509</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 61,426
Public works	504,958
Public safety	162,142
Human services and recreation	122,763
Total Depreciation Expense - Governmental Functions	<u>\$ 851,289</u>

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

Sewer	\$ 1,714,705
Water	307,346
RV Park	61,710
Total Depreciation Expense - Business-Type Functions	<u>\$ 2,083,761</u>

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

6. LONG-TERM DEBT

Long-term debt for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Adjustments/ Retirements	Balance June 30, 2024	Due Within One year	More Than One year
Governmental Activities						
Compensated Absences (Note 1)	\$ 260,693	\$ 274,001	\$ (225,678)	\$ 309,016	\$ 243,691	\$ 65,325
Subscriptions Payable	129,046	64,718	(78,158)	115,606	56,670	58,936
Total Governmental Activities	<u>\$ 389,739</u>	<u>\$ 338,719</u>	<u>\$ (303,836)</u>	<u>\$ 424,622</u>	<u>\$ 300,361</u>	<u>\$ 124,261</u>
					Amounts Due Within One year	Amounts Due in More Than One year
Business-Type Activities						
Loans Payable:						
Safe Water Revolving Loan	\$ 175,000	\$ -	\$ (175,000)	\$ -	\$ -	\$ -
State Water Resources - Safe Water Loan	30,557,928	-	(1,697,663)	28,860,265	1,697,663	27,162,602
Subtotal Loans Payable	30,732,928	-	(1,872,663)	28,860,265	1,697,663	27,162,602
Compensated Absences (Note 1)	108,059	90,847	(96,160)	102,746	93,072	9,674
Total Business-Type Activities	<u>\$ 30,840,987</u>	<u>\$ 90,847</u>	<u>\$ (1,968,823)</u>	<u>\$ 28,963,011</u>	<u>\$ 1,790,735</u>	<u>\$ 27,172,276</u>

Compensated Absences

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. Employees accrue vacation up to certain maximums based on the employee’s bargaining unit or employee contract. The City accrues the liability for compensated leave as it is earned by employees. The amount of compensated leaves payable outstanding was \$411,762 at June 30, 2024. Compensated absences will be paid from: General Fund, Housing Authority Fund, RV Park Fund, Sewer Fund, Water Fund, Equipment Fund, Building Maintenance Fund, and IT Fund.

Subscriptions Payable

In fiscal year 2023, the City implemented GASB 96, Subscription-based Information Technology Arrangements. The City has three such arrangements that meet the GASB 96’s definition of a long-term subscription: Office365, the City’s ERP system, and the software used for the Housing Authority. Interest on all subscriptions is 4%.

Office365: The City entered into a 3-year contract to obtain licenses to Office 365 through December 2023. Annual payments are \$16,492. In the fiscal year ended June 30, 2024, the City paid off the remainder of the payable.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

6. LONG-TERM DEBT, CONTINUED

ERP system: In April 2024, the City entered into a 3-year agreement to obtain access to the cloud-based version of the City’s ERP system. Annual payments are due every July in the amount of \$37,973. An additional implementation payment in July 2023 of \$15,750 was included in the liability.

Housing Authority Software: In July 2023, the City entered into a 3-year contract to obtain access to the cloud-based version of the Housing Authority’s software. Payments are annual every July 1 at \$23,321.

Below are the principal and interest payments through the end of the subscription terms:

Year Ending June 30	Subscriptions		Total
	Principal	Interest	
2025	\$ 56,670	\$ 4,624	\$ 61,294
2026	58,936	2,357	61,293
Total	\$ 115,606	\$ 6,981	\$ 122,587

California Water Resources Control Board, Safe Drinking Water Revolving Loan

On June 10, 2011, the City entered into a 30 year loan with the California Water Resources Control Board in the amount of \$45,407,931. The interest is 0% and the debt matures in fiscal year 2041. The loan proceeds were used for wastewater system improvements. At June 30, 2024, the remaining balance on the loan was \$28,860,265.

The annual aggregate maturities for the years subsequent to June 30, 2024 are as follows:

Year Ending June 30	Water Resources Control Board		
	Principal	Interest	Total
2025	\$ 1,697,663	\$ -	\$ 1,697,663
2026	1,697,663	-	1,697,663
2027	1,697,663	-	1,697,663
2028	1,697,663	-	1,697,663
2029	1,697,663	-	1,697,663
2030-2034	8,488,312	-	8,488,312
2035-2039	8,488,312	-	8,488,312
2040-4041	3,395,326	-	3,395,326
Total	\$ 28,860,265	\$ -	\$ 28,860,265

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. 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, 2024:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 256,000	\$ -
CDBG Special Revenue Fund	-	194,000
CPLHA Grant Fund	-	31,000
Internal Service Funds	-	31,000
Total	<u>\$ 256,000</u>	<u>\$ 256,000</u>

Advance To/From Other Funds

Advances to and from funds represent longer term loans between those funds. The City had one such loan between the Water Fund and the General Fund as of June 30, 2024 totaling \$456,221.

This loan was originally part of a loan from the Water Fund to the RDA. The State disallowed \$518,433 of the loan from being a recognized obligation of the Successor Agency. The Council approved the General Fund assuming the disallowed portion. Commencing in fiscal year 2022, the General Fund pays the principal of the loan in equal payments of \$20,737 over 25 years, with the final payment in fiscal year 2046.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. 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 schedule on the following page presents the interfund transfers for fiscal year ended June 30, 2024:

Transfers Out	Transfers In						Total
	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Sewer	Water	Internal Service Funds	
Major Funds:							
General Fund	\$ -	\$ 981,000	\$ 333,383	\$ -	\$ -	\$ 55,096	\$ 1,369,479
Non-Major Governmental Funds	263,422	1,218,192	25,694	27,087	26,707	-	1,561,102
Major Enterprise Funds:							
Sewer	-	-	-	-	-	49,283	49,283
Water	-	-	-	-	-	147,853	147,853
Internal Service Funds	10,000	-	-	-	-	15,750	25,750
Total	\$ 273,422	\$ 2,199,192	\$ 359,077	\$ 27,087	\$ 26,707	\$ 267,982	\$ 3,153,467

- The purpose of the transfer from Non-Major Governmental Funds (Gas Tax Fund and ARPA Fund) to the General Fund was to allocate gas tax revenues to fund street maintenance and support the Economic Development / Community Support / Grants department, respectively.
- The purpose of the transfer from the General Fund and Non-Major Governmental Funds to the Capital Improvement Fund was to fund various capital projects.
- The General fund transfer to Non-Major Governmental Funds was to fund the purchase of safety vehicles.
- The Sewer and Water funds transferred money to the Internal Service Funds to purchase new equipment.
- The Internal Service Funds transferred insurance amounts to the General fund for safety expenses.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

8. 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 six rate plans (miscellaneous classic, miscellaneous PEPRA, safety police classic, safety police

PEPRA, safety fire classic, and safety fire PEPRA). 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.

The Plans’ provisions and benefits in effect at June 30, 2024 are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	13.34%	7.68%
Required employer dollar UAL payment (annual)	\$649,375	\$0

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

8. EMPLOYEE RETIREMENT PLANS, CONTINUED

B. Benefits Provided, Continued

	Safety (Police)		Safety (Fire)
	Prior to	On or after	Prior to
Hire date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2% @ 50	2.7% @ 57	2% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-57	50
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%	2.0%
Required employee contribution rates	9.00%	13.00%	9.00%
Required employer contribution rates	19.95%	13.54%	19.95%
Required employer dollar UAL payment (annual)	\$248,523	\$522	\$16,293

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 measurement period ended June 30, 2023, the contributions recognized against net pension liability for the Plan were \$1,432,963.

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

As of June 30, 2024, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan of \$13,453,813.

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, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The City’s proportionate share 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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

8. EMPLOYEE RETIREMENT PLANS, CONTINUED

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

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2023 and June 30, 2022 were as follows:

Proportion - June 30, 2022	0.11151%
Proportion - June 30, 2023	0.10784%
Change - Increase (Decrease)	<u>-0.00367%</u>

For the year ended June 30, 2024, the City recognized pension expense (income) of \$1,668,890. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 1,527,993	\$ -
Changes of assumptions	804,392	-
Differences between expected and actual experience	774,661	100,203
Changes in employer's proportion	-	629,038
Differences between the employer's contribution and the employer's proportionate share of contributions	195,535	171,564
Net differences between projected and actual earnings on plan investments	<u>2,080,261</u>	<u>-</u>
Total	<u>\$ 5,382,842</u>	<u>\$ 900,805</u>

\$1,527,993 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	
<u> </u>	
2024	\$ 737,726
2025	543,595
2026	1,613,449
2027	59,274

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

8. EMPLOYEE RETIREMENT PLANS, CONTINUED

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, 2022 actuarial valuations were determined using the following actuarial assumptions:

Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by entry age and service
Investment rate of return	6.90%
Maturity Rate Table ⁽¹⁾	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies. ¹

(1) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2023 for the Plan was 6.90. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A detailed report testing these projections can be obtained from the CalPERS website.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

8. EMPLOYEE RETIREMENT PLANS, CONTINUED

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

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return ^(a,b)
Global Equity - cap-weighted	30.00%	4.54%
Global Equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study

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

The following schedule 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:

1% Decrease	5.90%
Net Pension Liability	\$ 19,142,786
Current Discount Rate	6.90%
Net Pension Liability	\$ 13,453,813
1% Increase	7.90%
Net Pension Liability	\$ 8,780,610

D. Payable to the Pension Plan

At June 30, 2024, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

9. 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 (\$157 per month for calendar year 2024)
- 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
Fire	150

B. Employees Covered

As of the July 1, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	65
Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to, but not yet receiving benefits	39
	128

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 measurement period ended June 30, 2023, the City's cash contribution was \$89,800 in payments to the trust and direct benefit payments, and the estimated implicit subsidy was \$16,581 resulting in total contributions of \$106,381.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2023 that was used to determine the June 30, 2023 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions

Discount Rate	6.35%
General Inflation	2.5% per year
Salary Increases	3.0% per year
Investment Rate of Return	6.35%
Funding Method	Entry Age Normal Cost, level percent of pay
Mortality Improvement ⁽¹⁾	MacLeod Watts Scale 2022 applied generationally from 2017
Healthcare Trend Rate	Actual for 2024, 6.5% for 2025, decreasing to an ultimate rate of 3.9% in 2075 and later years

Notes:

(1) Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of CalPERS using data from 1997 to 2019, except for a different basis used to project future mortality improvements.

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

Asset Class	Expected Return		Risk	Allocation
	5 Year	30 Year		
Domestic Equity	7.00%	7.50%	16.0%	47.0%
Core Fixed Income	6.20%	4.70%	5.0%	27.0%
International Development Equity	8.20%	7.10%	17.0%	7.0%
Short-Term Bonds	5.00%	3.70%	3.0%	6.8%
Cash	3.80%	2.70%	1.0%	4.9%
Emerging Markets Equity	8.60%	7.40%	20.0%	4.0%
REITs	8.40%	7.00%	16.0%	2.0%
High Yield	8.30%	6.80%	9.0%	1.3%
Total				<u>100.00%</u>

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

D. Net OPEB Liability, Continued

At the time the valuation was prepared, the City was invested in the Balanced Portfolio, which had an expected return of 6.88% over 5 years and 6.45% over 30 years. Based on the City's OPEB trust balance, the City assumed 10 basis points in non-imbedded fees and inflation adjustments for a net expected return of 6.35%. The City approved 6.35% as the assumed long-term return on trust assets.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.35 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to or exceeding 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.

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, 2023			
(Measurement date 06/30/2022)	\$ 1,512,904	\$ 831,431	\$ 681,473
Changes in the year:			
Service cost	67,048	-	67,048
Interest	90,458	-	90,458
Differences between expected and actual experience	97,032	-	97,032
Assumption changes	(42,423)	-	(42,423)
Contribution - employer	-	106,381	(106,381)
Net investment income	-	72,081	(72,081)
Benefit payments	(93,528)	(93,528)	-
Administrative expenses	-	-	-
Net changes	118,587	84,934	33,653
Balance at June 30, 2024			
(Measurement date 06/30/2023)	\$ 1,631,491	\$ 916,365	\$ 715,126

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

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

	1% Decrease 5.35%	Current Discount Rate 6.35%	1% Increase 7.35%
Net OPEB Liability (Asset)	\$ 906,165	\$ 715,126	\$ 554,213

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

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability (Asset)	\$ 575,770	\$ 715,126	\$ 902,539

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.

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 and is calculated using the 4 different employee groups' Expected Average Remaining Service Life (EARSL). For the measurement period ended June 30, 2023, the EARSL was 10.65 years. The recognition periods for various gains and losses created in the June 30, 2023 measurement are as follows:

Net difference between projected and actual earnings on OPEB plan investments	5 years
Changes in assumption	EARSL
Differences between expected and actual experience	EARSL

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

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

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

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$76,864. For the fiscal year ended June 30, 2024, 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	\$ 109,690	\$ -
Differences Between Expected and Actual Experience	87,921	185,738
Changes of Assumptions	35,241	68,529
Net differences between projected and actual earnings on plan investments	39,051	-
Total	<u>\$ 271,903</u>	<u>\$ 254,267</u>

\$109,690 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June, 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/Inflows of Resources
2025	\$ (19,816)
2026	(24,397)
2027	4,719
2028	(23,364)
2029	(17,955)
Thereafter	(11,241)

10. 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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

10. RISK MANAGEMENT, CONTINUED

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.

The City is a participant in the GSRMA workers' compensation risk pool, which provides up to \$5,000,000 in per occurrence limits for employers' liability. The City has no deductible for workers' compensation. During the fiscal year ended June 30, 2024, the City contributed \$936,344 to GSRMA for general liability, property, and workers compensation.

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

11. 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.

12. 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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2024

12. PLEDGED REVENUE, CONTINUED

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 28,860,265.

Principal and interest paid for the current year and net system revenues were \$1,697,663 and \$2,801,610 respectively.

13. 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, 2024

13. 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, 2024, cash and investments in the amount of \$181,833 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 \$88,198 and \$351,992 respectively. All of these amounts were advanced to the Crescent City Redevelopment Agency prior to its dissolution under State law. Activity relating to these obligations were as follows for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Adjustments/ Additions	Retirements	Balance June 30, 2024	Amounts Due Within One Year
Fiduciary Fund Debt					
Successor Housing Agency	\$ 106,198	\$ -	\$ (18,000)	\$ 88,198	\$ -
City Water Fund	423,992	-	(72,000)	351,992	-
Total Fiduciary Fund Debt	\$ 530,190	\$ -	\$ (90,000)	\$ 440,190	\$ -

14. CHANGE WITHIN FINANCIAL REPORTING ENTITY

In fiscal year 2024, the City's Capital Improvement Projects Capital Projects Fund (previously reported with nonmajor funds) met the criteria to be reported as a major fund. Below is the effect on fund balance.

	Capital Improvement Projects	Nonmajor Governmental Funds
June 30, 2023, as previously reported	\$ -	\$ 1,877,622
Change from nonmajor to major fund	1,385,238	(1,385,238)
June 30, 2023, as restated	\$ 1,385,238	\$ 492,384

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2024

1. OTHER POST EMPLOYMENT BENEFITS

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

<i>Measurement Period</i>	2023	2022	2021	2020
Total OPEB Liability				
Service cost	\$ 67,048	\$ 65,095	\$ 69,216	\$ 71,080
Interest on the total OPEB liability	90,458	86,776	94,635	92,061
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	97,032	-	(148,995)	-
Changes of assumptions	(42,423)	-	51,258	(21,038)
Benefit payments, including refunds of employee contributions	(93,528)	(89,311)	(97,401)	(101,393)
Net change in total OPEB liability	118,587	62,560	(31,287)	40,710
Total OPEB liability - beginning	1,512,904	1,450,344	1,481,631	1,440,921
Total OPEB liability - ending (a)	\$ 1,631,491	\$ 1,512,904	\$ 1,450,344	\$ 1,481,631
Plan Fiduciary Net Position				
Contributions - employer	\$ 106,381	\$ 140,237	\$ 136,471	\$ 161,094
Contributions - employee	-	-	-	-
Net investment income	72,081	(124,519)	181,984	17,217
Benefit payments, including refunds of employee contributions	(93,528)	(89,311)	(97,401)	(101,393)
Administrative expense	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	84,934	(73,593)	221,054	76,918
Plan fiduciary net position - beginning	831,431	905,024	683,970	607,052
Plan fiduciary net position - ending (b)	\$ 916,365	\$ 831,431	\$ 905,024	\$ 683,970
Net OPEB liability/(asset) - ending (a) - (b)	\$ 715,126	\$ 681,473	\$ 545,320	\$ 797,661
Plan fiduciary net position as a percentage of the total OPEB liability	56%	55%	62%	46%
Covered-employee payroll	\$ 3,815,841	\$ 3,702,370	\$ 3,594,534	\$ 2,941,134
Net OPEB liability as a percentage of covered-employee payroll	18.74%	18.41%	15.17%	27.12%

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, 2024

1. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

2019	2018	2017
\$ 73,899	\$ 71,573	\$ 84,805
100,416	96,582	111,248
-	-	-
(147,813)	-	(257,555)
(57,501)	-	138,952
(96,190)	(123,018)	(117,859)
(127,189)	45,137	(40,409)
1,568,110	1,522,973	1,563,382
<u>\$ 1,440,921</u>	<u>\$ 1,568,110</u>	<u>\$ 1,522,973</u>
\$ 156,211	\$ 179,438	\$ 156,803
-	-	-
33,991	31,754	39,562
(96,190)	(123,018)	(117,859)
-	-	-
56,421	-	-
150,433	88,174	78,506
456,619	368,445	289,939
<u>\$ 607,052</u>	<u>\$ 456,619</u>	<u>\$ 368,445</u>
\$ 833,869	\$ 1,111,491	\$ 1,154,528
42%	29%	24%
\$ 3,466,680	\$ 3,217,205	\$ 3,045,658
24.05%	34.55%	37.91%

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2024

1. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years *

	2024	2023	2022	2021
Actuarially Determined Contribution (ADC)	\$ 109,690	\$ 106,381	\$ 140,237	\$ 136,471
Contributions in relation to the ADC	(109,690)	(106,381)	(140,237)	(136,471)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,822,816	\$ 3,815,841	\$ 3,702,370	\$ 3,594,534
Contributions as a percentage of covered-employee payroll	2.27%	2.79%	3.79%	3.80%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Valuation Date used to determine ADC	6/30/2021	6/30/2021	6/30/2019	6/30/2019
Discount rate used to determine ADC	5.90%	5.90%	6.30%	6.30%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay
Amortization Period	30 Years Closed	30 Years Closed	30 Years Closed	30 Years Closed
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Inflation	2.50%	2.50%	2.50%	2.50%
Payroll Growth	3.00%	3.00%	3.00%	3.00%
Healthcare cost-trend rates	5.8% in 2023 to 3.9% by 2076	5.8% in 2023 to 3.9% by 2076	8.0% in 2018 to 5.0%	8.0% in 2018 to 5.0%
Retirement Age	50 to 75	50 to 75	50 to 75	50 to 75
Mortality Improvement	MW Scale 2017 generationally	MW Scale 2017 generationally	MW Scale 2017 generationally	MW Scale 2017 generationally

* 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, 2024

1. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years, Continued

2020	2019	2018
\$ 161,094	\$ 156,211	\$ 179,438
(161,094)	(156,211)	(179,438)
\$ -	\$ -	\$ -
\$ 2,941,134	\$ 3,466,680	\$ 3,217,205
5.48%	4.51%	5.58%

7/1/2017	7/1/2017	7/1/2015
6.30%	6.30%	7.00%
Entry Age Normal	Entry Age Normal	Entry Age Normal
Level % of Pay	Level % of Pay	Level % of Pay
30 Years Closed	30 Years Closed	30 Years Closed
Market Value	Market Value	Market Value
2.75%	2.75%	2.75%
3.25%	3.25%	3.25%
8.0% in 2018 to 5.0%	8.0% in 2018 to 5.0%	7.5% in 2017 to 4.5%
50 to 75	50 to 75	50 to 75
MW Scale 2017 generationally	MW Scale 2017 generationally	MW Scale 2017 generationally

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2024

2. DEFINED BENEFIT PENSION PLAN

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

Fiscal Year	2024	2023	2022	2021	2020	2019
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Proportion of the net pension liability	0.10784317%	0.11151406%	0.13907182%	0.10398944%	0.10353226%	0.10454965%
Proportionate share of the net pension liability	\$13,453,813	\$12,880,772	\$ 7,521,405	\$11,314,498	\$10,608,990	\$10,074,682
Covered payroll	\$ 3,784,091	\$ 3,520,793	\$ 3,381,533	\$ 3,272,924	\$ 3,466,680	\$ 3,217,205
Proportionate Share of the net pension liability as percentage of covered payroll	355.54%	365.85%	222.43%	345.70%	306.03%	313.15%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	76.68%	88.29%	75.10%	75.26%	75.26%

Notes to Schedule:

The CalPERS discount rate increased from 7.5% to 7.65% in fiscal year 2016
The CalPERS discount rate decreased from 7.65% to 7.15% in fiscal year 2018.
The CalPERS discount rate decreased from 7.15% to 6.90% in fiscal year 2023.
The CalPERS mortality assumptions were adjusted in fiscal year 2019.

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2024

2. DEFINED BENEFIT PENSION PLAN, CONTINUED

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

2018	2017	2016	2015
6/30/2017	6/30/2016	6/30/2015	6/30/2014
0.10411817%	0.10614935%	0.10970704%	0.10061430%
\$10,325,662	\$ 9,185,205	\$ 7,530,194	\$ 6,260,676
\$ 3,045,658	\$ 2,979,180	\$ 2,915,615	\$ 2,782,613
339.03%	308.31%	258.27%	224.99%
73.31%	74.06%	78.40%	79.82%

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2024

2. DEFINED BENEFIT PENSION PLAN, CONTINUED

B. Schedule of Contributions - Last 10 Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 1,452,993	\$ 1,362,963	\$ 1,239,641	\$ 1,140,497	\$ 1,046,884	\$ 935,710
Contribution in relation to the contractually required contribution	<u>(1,527,993)</u>	<u>(1,432,963)</u>	<u>(1,314,641)</u>	<u>(1,140,497)</u>	<u>(1,108,169)</u>	<u>(968,710)</u>
Contribution deficiency (excess)	<u>\$ (75,000)</u>	<u>\$ (70,000)</u>	<u>\$ (75,000)</u>	<u>\$ -</u>	<u>\$ (61,285)</u>	<u>\$ (33,000)</u>
Covered payroll	\$ 4,553,819	\$ 3,784,091	\$ 3,520,793	\$ 3,381,533	\$ 3,272,924	\$ 3,466,680
Contributions as a percentage of covered payroll	33.55%	37.87%	37.34%	33.73%	31.99%	26.99%

Notes to Schedule

Valuation date:	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value

Inflation:	2.50%	2.50%	2.50%	2.50%	2.63%	2.75%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	7.00%	7.00%	7.00%	7.00%	7.25%	7.375%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) 50 for all plans, with the exception of 52 for Miscellaneous PEPRA 2%@62

(4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2024

2. DEFINED BENEFIT PENSION PLAN, CONTINUED

B. Schedule of Contributions - Last 10 Years, Continued

2018	2017	2016	2015
\$ 948,296	\$ 851,158	\$ 763,462	\$ 625,852
(948,296)	(851,158)	(763,462)	(625,852)
\$ -	\$ -	\$ -	\$ -
\$ 3,217,205	\$ 3,045,658	\$ 2,979,180	\$ 2,915,615
29.48%	27.95%	25.63%	21.47%

6/30/2015	6/30/2014	6/30/2013	6/30/2012
Entry Age	Entry Age	Entry Age	Entry Age
(1)	(1)	(1)	(1)
Market Value	Market Value	Market Value	15 Year Smoothed Market Method
2.75%	2.75%	2.75%	2.75%
(2)	(2)	(2)	(2)
7.50%	7.50%	7.50%	7.50%
(3)	(3)	(3)	(3)
(4)	(4)	(4)	(4)

City of Crescent City
Notes to the Required Supplementary Information
For the year ended June 30, 2024

3. BUDGETARY INFORMATION

The City Council has the responsibility for adoption of the City’s budgets. Budgets are adopted for governmental and proprietary 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 the General Fund and Major Special Revenue Funds that have legally adopted budgets. Budget amounts are adopted on a basis consistent with accounting principles accepted in the United States of America, except for cost allocation charges that are budgeted as revenues in the General Fund and not netted against expenses.

Reconciliation of Budgetary Basis to GAAP - General Fund

Revenues per budgetary schedule	\$ 10,798,233
(less interfund charges)	<u>(234,224)</u>
Revenues per GAAP	<u>\$ 10,564,009</u>
Expenditures per budgetary schedule	\$ 9,102,981
Interfund charges	<u>(234,224)</u>
Expenditures per GAAP	<u>\$ 8,868,757</u>

City of Crescent City

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

General Fund (Budgetary Basis)

For the year ended June 30, 2024 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 7,076,346	\$ 7,344,346	\$ 7,624,693	\$ 280,347
Use of money and property:				
Interest	7,000	60,000	225,900	165,900
Rental income	47,582	47,582	49,462	1,880
Licenses and permits	292,100	292,100	395,868	103,768
Fines and forfeitures	7,050	7,050	12,275	5,225
Intergovernmental	386,990	579,571	537,011	(42,560)
Charges for services	1,010,075	1,545,218	1,494,994	(50,224)
Gifts and donations	123,340	128,991	29,412	(99,579)
Other reimbursements	127,840	94,199	175,085	80,886
Other revenue	20,800	20,800	19,309	(1,491)
Interfund services provided	246,777	241,240	234,224	7,016
Total revenues	9,345,900	10,361,097	10,798,233	437,136
EXPENDITURES:				
Current:				
General government	1,616,115	1,582,027	1,299,445	282,582
Public safety	4,615,001	5,017,608	4,581,613	435,995
Community development	501,068	771,279	699,453	71,826
Human services and recreation	1,014,091	1,155,090	1,001,539	153,551
Public works	1,438,938	1,602,686	1,043,574	559,112
Administrative overhead allocation	521,135	498,469	477,357	21,112
Debt Service:				
Interest on advances from other funds	65,000	65,000	-	65,000
Total expenditures	9,771,348	10,692,159	9,102,981	1,589,178
REVENUES OVER (UNDER) EXPENDITURES	(425,448)	(331,062)	1,695,252	2,026,314
OTHER FINANCING SOURCES (USES)				
Transfers in	334,860	312,797	273,422	(39,375)
Transfers out	(1,221,500)	(1,373,900)	(1,369,479)	4,421
Proceeds from sale of assets	-	-	1,610	1,610
Total other financing sources (uses)	(886,640)	(1,061,103)	(1,094,447)	(33,344)
Net change in fund balance	\$ (1,312,088)	\$ (1,392,165)	600,805	\$ 1,992,970
FUND BALANCE:				
Beginning of year			4,575,246	
End of year			<u>\$ 5,176,051</u>	

* Refer to Budgetary Information for reconciliation of revenues and expenditures to GAAP basis.

City of Crescent City

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

Housing Section 8 Special Revenue Fund

For the year ended June 30, 2023 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 140	\$ 140	\$ 10,967	\$ 10,827
Intergovernmental	4,251,856	4,251,856	4,010,734	(241,122)
Other revenue	30,000	30,000	24,032	(5,968)
Total revenues	4,281,996	4,281,996	4,045,733	(236,263)
EXPENDITURES:				
Current:				
Human services and recreation	4,283,193	4,290,793	3,994,340	296,453
Administrative overhead allocation	31,449	30,337	28,959	1,378
Total expenditures	4,314,642	4,321,130	4,023,299	297,831
REVENUES OVER (UNDER) EXPENDITURES	(32,646)	(39,134)	22,434	61,568
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	-	64,718	64,718
Total other financing sources (uses)	-	-	64,718	64,718
Net change in fund balance	\$ (32,646)	\$ (39,134)	87,152	\$ 126,286
FUND BALANCE:				
Beginning of year			379,755	
End of year			<u>\$ 466,907</u>	

SUPPLEMENTARY INFORMATION

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City of Crescent City
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds				
	CDBG Funds	89-93 Rehab & Sidewalk Funds	Gas Tax Fund	Successor Housing Fund	RMRA Fund
ASSETS					
Cash and investments	\$ 27,672	\$ 21,585	\$ 16,425	\$ 81,395	\$ 396,011
Receivables:					
County/State/Federal Government	86,344	-	15,842	-	30,349
Interest receivable	5	218	357	14,303	3,866
Due from RDA Successor Agency	-	-	-	88,198	-
Note Receivable	34,876	45,415	-	460,000	-
Total assets	\$ 148,897	\$ 67,218	\$ 32,624	\$ 643,896	\$ 430,226
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	80,257	-	3,723	-	8,930
Unearned revenue	-	-	-	-	-
Due to other funds	194,000	-	-	-	-
Total liabilities	274,257	-	3,723	-	8,930
Deferred inflows of resources:					
Unavailable revenue	180	-	-	-	-
Total deferred inflows of resources	180	-	-	-	-
Fund Balances:					
Restricted					
Low and moderate income housing	-	-	-	643,896	-
Other Purposes	-	67,218	28,901	-	421,296
Assigned					
Capital improvement and vehicle replacement	-	-	-	-	-
Safety programs	-	-	-	-	-
Unassigned	(125,540)	-	-	-	-
Total fund balances	(125,540)	67,218	28,901	643,896	421,296
Total liabilities, deferred inflows of resources, and fund balances	\$ 148,897	\$ 67,218	\$ 32,624	\$ 643,896	\$ 430,226

Special Revenue Funds				Capital Projects Funds		
ARPA Fund	Volunteer Firefighter Support	Clean CA Grant Fund	CPLHA Grant Fund	Capital Improvement Fund	Beachfront Park CIP Fund	Fire Vehicle Replacement Fund
\$ 102,579	\$ 6,623	\$ -	\$ 382	\$ -	\$ 9,113	\$ 446,686
-	-	24,950	-	-	-	-
1,837	67	-	-	-	92	4,512
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 104,416</u>	<u>\$ 6,690</u>	<u>\$ 24,950</u>	<u>\$ 382</u>	<u>\$ -</u>	<u>\$ 9,205</u>	<u>\$ 451,198</u>
-	-	24,950	3,851	-	-	-
43,656	-	-	-	-	-	-
-	-	-	31,000	-	-	-
<u>43,656</u>	<u>-</u>	<u>24,950</u>	<u>34,851</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	24,950	-	-	-	-
-	-	24,950	-	-	-	-
-	-	-	-	-	-	-
60,760	-	-	-	-	-	-
-	-	-	-	-	9,205	451,198
-	6,690	-	-	-	-	-
-	-	(24,950)	(34,469)	-	-	-
<u>60,760</u>	<u>6,690</u>	<u>(24,950)</u>	<u>(34,469)</u>	<u>-</u>	<u>9,205</u>	<u>451,198</u>
<u>\$ 104,416</u>	<u>\$ 6,690</u>	<u>\$ 24,950</u>	<u>\$ 382</u>	<u>\$ -</u>	<u>\$ 9,205</u>	<u>\$ 451,198</u>

City of Crescent City
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2024

	Capital Projects Funds	
	Vehicle Replacement Funds	Nonmajor Governmental Funds
ASSETS		
Cash and investments	\$ 20,730	\$ 1,129,201
Receivables:		
County/State/Federal Government	-	157,485
Interest receivable	209	25,466
Due from RDA Successor Agency	-	88,198
Note Receivable	-	540,291
Total assets	\$ 20,939	\$ 1,940,641
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	17,482	139,193
Unearned revenue	-	43,656
Due to other funds	-	225,000
Total liabilities	17,482	407,849
Deferred inflows of resources:		
Unavailable revenue	-	25,130
Total deferred inflows of resources	-	25,130
Fund Balances:		
Restricted		
Low and moderate income housing	-	643,896
Other Purposes	-	578,175
Assigned		
Capital improvement and vehicle replacement	3,457	463,860
Safety programs	-	6,690
Unassigned	-	(184,959)
Total fund balances	3,457	1,507,662
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,939	\$ 1,940,641

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City of Crescent City
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds				
	CDBG Funds	89-93 Rehab & Sidewalk Funds	Gas Tax Fund	Successor Housing Fund	RMRA Fund
REVENUES:					
Use of money and property					
Interest	\$ 35	\$ 1,041	\$ 1,581	\$ 18,383	\$ 15,140
Intergovernmental	897,395	-	184,854	-	174,139
Total revenues	<u>897,430</u>	<u>1,041</u>	<u>186,435</u>	<u>18,383</u>	<u>189,279</u>
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Community development	74,503	-	-	-	-
Human services and recreation	179,687	-	-	-	-
Public works	99,714	-	12,034	-	40,740
Total expenditures	<u>353,904</u>	<u>-</u>	<u>12,034</u>	<u>-</u>	<u>40,740</u>
REVENUES OVER (UNDER) EXPENDITURES	543,526	1,041	174,401	18,383	148,539
OTHER FINANCING SOURCES (USES):					
Transfers in	25,693	-	-	-	-
Transfers out	(3,601)	(23,893)	(174,402)	-	-
Proceeds from sale of assets	-	-	-	70,248	-
Total other financing sources (uses)	<u>22,092</u>	<u>(23,893)</u>	<u>(174,402)</u>	<u>70,248</u>	<u>-</u>
Net change in fund balance	565,618	(22,852)	(1)	88,631	148,539
FUND BALANCES:					
Beginning of year	(691,158)	90,070	28,902	555,265	272,757
Reclassification from nonmajor to major	-	-	-	-	-
Beginning of year, as restated	<u>(691,158)</u>	<u>90,070</u>	<u>28,902</u>	<u>555,265</u>	<u>272,757</u>
End of year	<u>\$ (125,540)</u>	<u>\$ 67,218</u>	<u>\$ 28,901</u>	<u>\$ 643,896</u>	<u>\$ 421,296</u>

Special Revenue Funds				Capital Projects Funds		
ARPA Fund	Volunteer Firefighter Support	Clean CA Grant Fund	CPLHA Grant Fund	Capital Improvement Fund	Beachfront Park CIP Fund	Fire Vehicle Replacement Fund
\$ 46,603	\$ 131	\$ -	\$ -	\$ -	\$ 440	\$ 13,632
1,359,205	-	-	-	-	-	-
1,405,808	131	-	-	-	440	13,632
-	1,325	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	34,469	-	-	-
-	-	24,950	-	-	-	-
-	1,325	24,950	34,469	-	-	-
1,405,808	(1,194)	(24,950)	(34,469)	-	440	13,632
-	7,884	-	-	-	-	245,500
(1,359,206)	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,359,206)	7,884	-	-	-	-	245,500
46,602	6,690	(24,950)	(34,469)	-	440	259,132
14,158	-	-	-	1,385,238	8,765	192,066
-	-	-	-	(1,385,238)	-	-
14,158	-	-	-	-	8,765	192,066
\$ 60,760	\$ 6,690	\$ (24,950)	\$ (34,469)	\$ -	\$ 9,205	\$ 451,198

City of Crescent City
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Capital Projects Funds	
	Police Vehicle Replacement Funds	Total Nonmajor Governmental Funds
REVENUES:		
Use of money and property		
Interest	\$ 729	\$ 97,715
Intergovernmental	-	2,615,593
Total revenues	729	2,713,308
EXPENDITURES:		
Current:		
Public safety	98,831	100,156
Community development	-	74,503
Human services and recreation	-	214,156
Public works	-	177,438
Total expenditures	98,831	566,253
REVENUES OVER (UNDER) EXPENDITURES	(98,102)	2,147,055
OTHER FINANCING SOURCES (USES):		
Transfers in	80,000	359,077
Transfers out	-	(1,561,102)
Proceeds from sale of assets	-	70,248
Total other financing sources (uses)	80,000	(1,131,777)
Net change in fund balance	(18,102)	1,015,278
FUND BALANCES:		
Beginning of year	21,559	1,877,622
Reclassification from nonmajor to major	-	(1,385,238)
Beginning of year, as restated	21,559	492,384
End of year	\$ 3,457	\$ 1,507,662

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City of Crescent City
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	Information Tech Fund	Maintenance Building Fund	Equipment Fund
ASSETS			
Current assets:			
Cash and investments	\$ 124	\$ 48,270	\$ 152,089
Accounts receivable	5,582	-	-
Interest receivable	-	-	1,434
Prepaid items	27,262	-	-
Total current assets	<u>32,968</u>	<u>48,270</u>	<u>153,523</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	-	42,525
Depreciable, net	75,070	-	1,629,354
Total capital assets	<u>75,070</u>	<u>-</u>	<u>1,671,879</u>
Total noncurrent assets	<u>75,070</u>	<u>-</u>	<u>1,671,879</u>
Total assets	<u>108,038</u>	<u>48,270</u>	<u>1,825,402</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,202	48,821	10,377
Accrued wages	-	-	-
Due to other funds	31,000	-	-
Current portion of subscriptions payable	35,108	-	-
Total current liabilities	<u>69,310</u>	<u>48,821</u>	<u>10,377</u>
Noncurrent liabilities:			
Subscriptions payable - due in more than one year	36,512	-	-
Total noncurrent liabilities	<u>36,512</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>105,822</u>	<u>48,821</u>	<u>10,377</u>
NET POSITION			
Net investment in capital assets	3,450	-	1,671,879
Unrestricted	(1,234)	(551)	143,146
Total net position	<u>\$ 2,216</u>	<u>\$ (551)</u>	<u>\$ 1,815,025</u>

Payroll Trust Fund	Insurance Reserve Fund	OPEB Trust Contributions Fund	Total
\$ 349,822	\$ 133,954	\$ 1,200	\$ 685,459
-	75,000	-	80,582
-	1,353	59	2,846
-	-	-	27,262
<u>349,822</u>	<u>210,307</u>	<u>1,259</u>	<u>796,149</u>
-	-	-	42,525
-	-	-	<u>1,704,424</u>
-	-	-	<u>1,746,949</u>
-	-	-	<u>1,746,949</u>
<u>349,822</u>	<u>210,307</u>	<u>1,259</u>	<u>2,543,098</u>
177,005	-	1,200	240,605
172,817	-	-	172,817
-	-	-	31,000
-	-	-	35,108
<u>349,822</u>	<u>-</u>	<u>1,200</u>	<u>479,530</u>
-	-	-	36,512
-	-	-	36,512
<u>349,822</u>	<u>-</u>	<u>1,200</u>	<u>516,042</u>
-	-	-	1,675,329
-	210,307	59	351,727
<u>\$ -</u>	<u>\$ 210,307</u>	<u>\$ 59</u>	<u>\$ 2,027,056</u>

City of Crescent City
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the year ended June 30, 2024

	Information Tech Fund	Maintenance Building Fund	Equipment Fund
OPERATING REVENUES:			
Charges for services	\$ 404,892	\$ 275,698	\$ 300,324
Other	-	-	3,542
Total operating revenues	<u>404,892</u>	<u>275,698</u>	<u>303,866</u>
OPERATING EXPENSES:			
Personnel services	254,766	129,526	148,139
Materials, supplies, rent, and services	44,959	8,801	74,537
Repair and maintenance	59,587	137,922	73,501
Depreciation	45,363	-	205,553
Total operating expenses	<u>404,675</u>	<u>276,249</u>	<u>501,730</u>
OPERATING INCOME (LOSS)	<u>217</u>	<u>(551)</u>	<u>(197,864)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest income	-	-	6,470
Interest expense	(5,138)	-	-
Total nonoperating revenues (expenses)	<u>(5,138)</u>	<u>-</u>	<u>6,470</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(4,921)</u>	<u>(551)</u>	<u>(191,394)</u>
Capital contributions	-	-	180,976
Transfers in	15,750	-	252,232
Transfers out	-	-	-
Total contributions and transfers	<u>15,750</u>	<u>-</u>	<u>433,208</u>
Change in net position	10,829	(551)	241,814
NET POSITION			
Beginning of year	<u>(8,613)</u>	<u>-</u>	<u>1,573,211</u>
End of year	<u>\$ 2,216</u>	<u>\$ (551)</u>	<u>\$ 1,815,025</u>

Payroll Trust Fund	Insurance Reserve Fund	OPEB Trust Contributions Fund	Total
\$ -	\$ 567,046	\$ 113,805	\$ 1,661,765
-	75,000	-	78,542
-	642,046	113,805	1,740,307
-	-	109,690	642,121
-	567,047	4,480	699,824
-	-	-	271,010
-	-	-	250,916
-	567,047	114,170	1,863,871
-	74,999	(365)	(123,564)
-	6,611	124	13,205
-	-	-	(5,138)
-	6,611	124	8,067
-	81,610	(241)	(115,497)
-	-	-	180,976
-	-	-	267,982
-	(25,750)	-	(25,750)
-	(25,750)	-	423,208
-	55,860	(241)	307,711
-	154,447	300	1,719,345
\$ -	\$ 210,307	\$ 59	\$ 2,027,056

City of Crescent City
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2024

	Information Tech Fund	Maintenance Building Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from other funds	\$ 399,310	\$ 275,698
Cash payments to suppliers for goods and services	(124,415)	(128,368)
Cash paid to employees	(254,766)	(129,526)
Net cash provided (used) by operating activities	<u>20,129</u>	<u>17,804</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grant cash receipts	-	-
Cash received from other funds	41,750	-
Cash disbursements to other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>41,750</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash capital contributions	-	-
Acquisition of capital assets	-	-
Long-term debt repayments	(57,426)	-
Interest paid and fiscal charges	(5,138)	-
Net cash provided (used) by capital and related financing activities	<u>(62,564)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	-	-
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(685)	17,804
CASH AND CASH EQUIVALENTS - Beginning of year	809	30,466
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 124</u>	<u>\$ 48,270</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 217	\$ (551)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	45,363	-
Changes in assets, deferred outflows and inflows of resources, and liabilities		
Accounts receivable, net	(5,582)	-
Prepaid items	(16,681)	-
Accounts payable	(3,188)	18,355
Accrued wages	-	-
Total adjustments	<u>19,912</u>	<u>18,355</u>
Net cash provided (used) by operating activities	<u>\$ 20,129</u>	<u>\$ 17,804</u>

Equipment Fund	Payroll Trust Fund	Insurance Reserve Fund	OPEB Trust Contributions Fund	Total
\$ 302,461	\$ -	\$ 633,580	\$ 113,805	\$ 1,724,854
(152,597)	44,305	(567,047)	(3,580)	(931,702)
(148,139)	-	-	(109,690)	(642,121)
1,725	44,305	66,533	535	151,031
-	-	-	-	-
252,232	-	(3,868)	-	290,114
-	-	(21,882)	-	(21,882)
252,232	-	(25,750)	-	268,232
180,976	-	-	-	180,976
(433,209)	-	-	-	(433,209)
-	-	-	-	(57,426)
-	-	-	-	(5,138)
(252,233)	-	-	-	(314,797)
5,850	-	6,034	210	12,094
5,850	-	6,034	210	12,094
7,574	44,305	46,817	745	116,560
144,515	305,517	87,137	455	568,899
\$ 152,089	\$ 349,822	\$ 133,954	\$ 1,200	\$ 685,459
\$ (197,864)	\$ -	\$ 74,999	\$ (365)	\$ (123,564)
205,553	-	-	-	250,916
2,137	-	(8,466)	-	(11,911)
-	-	-	-	(16,681)
(8,101)	33,774	-	900	41,740
-	10,531	-	-	10,531
199,589	44,305	(8,466)	900	274,595
\$ 1,725	\$ 44,305	\$ 66,533	\$ 535	\$ 151,031

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SINGLE AUDIT SECTION

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

INDEPENDENT AUDITORS' REPORT

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, 2024, 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 30, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

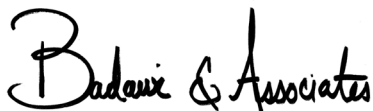
To the Honorable Mayor and Members of the City Council
of the City of Crescent City
Crescent City, California
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Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Badawi & Associates, CPAs
Berkeley, California
December 30, 2024

**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

Opinion on Each Major Federal Program

We have audited the City of Crescent City, California (City)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

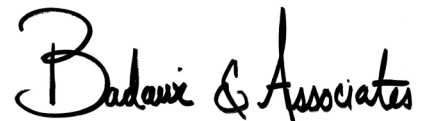
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

To the Honorable Mayor and Members of the City Council
of the City of Crescent City
Crescent City, California
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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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Badawi & Associates, CPAs
Berkeley, California
December 30, 2024

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City of Crescent City
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures	Subrecipient Payment
<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	\$ 3,959,422	\$ -
Housing Voucher Cluster Total			3,959,422	-
CDBG State Administered Program:				
<i>Passed through State of California Department of Housing And Community Development:</i>				
Community Development Block Grant	14.228	20-CDBG-12011	22,420	21,073
Community Development Block Grant	14.228	20-CDBG-12012	58,525	58,345
Community Development Block Grant	14.228	20-CDBG-12056	74,502	-
COVID-19 Community Development Block Grant	14.228	20-CDBG-CV2-3-00230	98,743	98,045
Community Development Block Grant	14.228	22-CDBG-PL-20041	99,714	-
CDBG State Administered Program Total			353,904	177,463
Total U.S. Department of Housing and Urban Development			4,313,326	177,463
<u>Department of Transportation</u>				
<i>Passed through California Department of Transportation:</i>				
Highway Planning and Construction	20.205	ER-32D0(013)	82,665	-
Total Department of Transportation			82,665	-
<u>U.S. Department of Treasury</u>				
<i>Direct Programs:</i>				
COVID-19 State and Local Fiscal Recovery Funds (ARPA)	21.027	N/A	1,359,205	-
<i>Passed through State of California Water Resources Control Board:</i>				
COVID-19 State and Local Fiscal Recovery Funds (ARPA)	21.027	A00152	186,837	-
State and Local Fiscal Recovery Funds (ARPA) Total			1,546,042	-
Total Department of Treasury			1,546,042	-
<u>Department of Homeland Security</u>				
<i>Passed through California Office of Emergency Services</i>				
Emergency Management Performance Grants	97.042	2022-075	21,027	-
<i>Passed through Del Norte Office of Emergency Services</i>				
Investments for Public Works and Economic Development Facilities	97.067	2022-15	17,873	-
Total Department of Homeland Security			38,900	-
Total Federal Expenditures			\$ 5,980,933	\$ 177,463

City of Crescent City
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

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, 2024

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:

Assistance Listing Number(s)	Name of Federal Cluster or Program	Expenditures
21.027	State and Local Fiscal Recovery Funds	1,546,042
	Total Expenditures of all Major Programs	\$ 1,546,042
	Total Expenditures of Federal Award	\$ 5,980,933
	Percentage of Total Expenditure of Federal Award	26%

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, 2024

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.