

City of Crescent City

Crescent City, California

Annual Audit Report and Financial Statements

For the year ended June 30, 2021

City of Crescent City
Annual Audit Report and Financial Statements
For the year ended June 30, 2021

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INTRODUCTORY SECTION

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City of Crescent City
City Officials
For the year ended June 30, 2021

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

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, other post-employment benefit plans information, and budgetary comparison information on pages 15-36 and 104-111, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

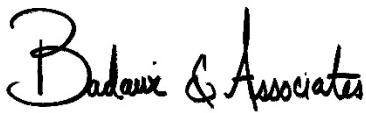
The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information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

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

To the Honorable Mayor and Members of the City Council
of the City of Crescent City
Crescent City, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Badawi & Associates, CPAs
Berkeley, California
December 31, 2021

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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, 2021

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, 2021. 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, and revenues are recorded when they are earned and expenditures or expenses are recorded when they are incurred, regardless of the timing of 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 \$85,296,651 and total liabilities and deferred inflows of resources were \$50,314,946 on June 30, 2021. The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$34,981,705 (net position) for the fiscal year reported. This is an increase of \$7,214,308 from the previous year when assets exceeded liabilities by \$27,767,397.

The increase includes:

- \$6,161,765 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.
- \$590,608 increase in restricted net position, which includes an increase of \$109,555 in the Housing Authority Fund (for low and moderate-income housing programs), increase of \$115,043 in the RMRA Fund (for street projects), and a reclassification in the CDBG Fund.
- \$461,935 increase in unrestricted net position due to operating results.

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 \$27,667,647 includes real property, construction-in-progress, structures and improvements, equipment, and infrastructure.
- Net position of \$1,115,395 is restricted for capital projects, community development, low-income housing, and other purposes.

- Net position of \$350,273 is restricted for debt service.
- Unrestricted net position of \$5,848,390 represents the portion 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 maintains three major governmental funds (General Fund, Housing Authority Fund, and CDBG Fund) and nine 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 114-117.

The City's governmental funds reported total ending fund balance of \$3,178,696 this year. This compares to the prior year ending net position of \$2,478,254 and is an increase of \$700,442 which includes:

- \$2,069,952 net increase in the General Fund balance due to total revenues exceeding total expenditures. Of this amount, \$651,738 was due to the General Fund contributing to a CIP project in Fiscal Year 2019-20 (Pebble Beach Bank Stabilization Project) which was not fully grant funded at the time. In the current Fiscal Year, the City was awarded grant funding for the project, and the amount was returned to the General Fund. The remaining increase of \$1,418,214 was the result of operations. (See the section on General Fund budget comparison for more details.)

- \$109,555 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.
- \$561,176 net decrease in the CDBG balance due to the timing of the receipt of grant revenues for expenditures incurred.
- \$917,889 net decrease in other governmental funds due to the return of \$651,738 from the CIP Fund back to the General Fund, as well as decreases due to the timing of grant revenues for expenditures incurred.

For the fiscal year ending June 30, 2021, the fund balance of the General Fund was \$3,497,523. 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. The original adopted General Fund budget (expenditures plus transfers out) for fiscal year 2021-22 was \$7,990,667, with the fund balance \$1,427,571 being 44%. The City Council has the authority to amend the budget during the fiscal year as needed. The original budgeted expenditures compared to budgeted revenues for fiscal year 2021-22 are projected to decrease the fund balance by \$605,507 which would bring the fund balance to \$2,892,016 or 36% of the original budgeted expenditures.

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 118-123.

The enterprise funds reported total ending net position of \$19,707,601 as of June 30, 2020. This compares to net position as of the prior year of \$19,093,776 and is an increase of \$613,825 which includes:

- \$215,955 net decrease in the Sewer Fund net position due to expenses exceeding revenues.
- \$746,267 net increase in the Water Fund net position due to revenues exceeding expenses by \$549,267 plus grant contributions of \$197,000.
- \$83,513 net increase in the RV Park Fund net position due to revenues exceeding expenses.

The internal service funds reported total ending net position of \$1,212,980 as of June 30, 2021. This represents a net increase of \$21,099 from the prior year net position of \$1,191,881.

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, General and Fiscal Services), 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 and Equipment Services, Insurance, and Information Technology funds. Since these activities predominantly benefit governmental rather than business-type functions, they are included with the governmental activities in the government-wide financial statements. 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.

Required Supplementary Information

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

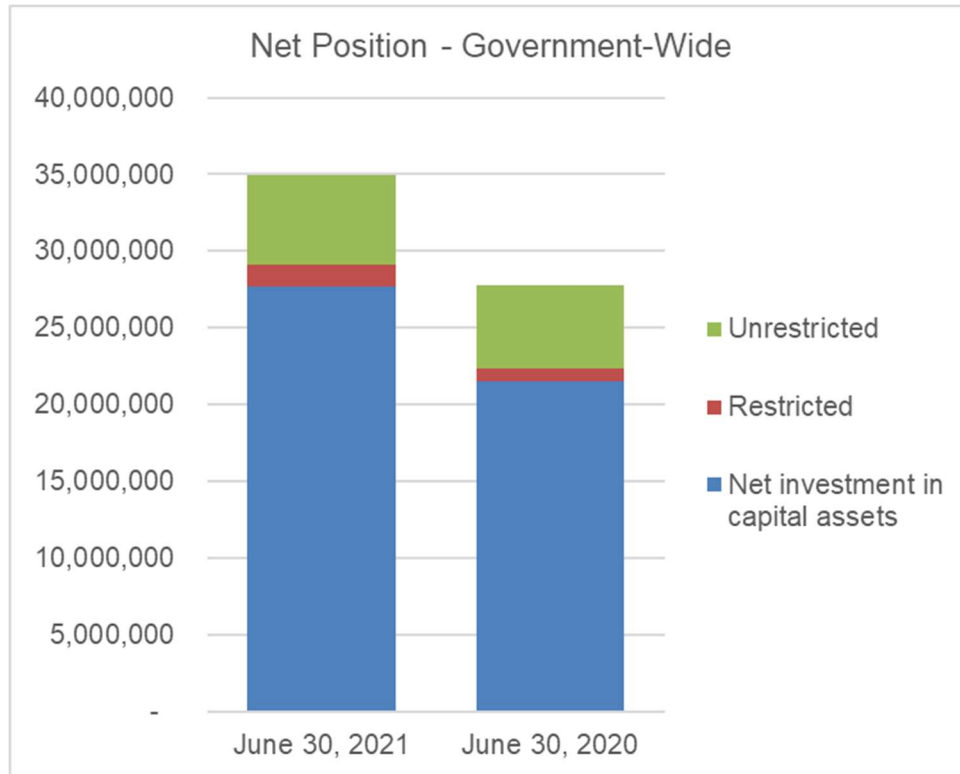
Supplementary Information

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

Financial Analysis of the City as a Whole

This analysis will focus on the City’s net position (Table 1) and changes in net position (Table 2) of the governmental and business-type activities for the fiscal year ending June 30, 2021. This information is shown in greater detail in the government-wide financial statements on pages 41-43.

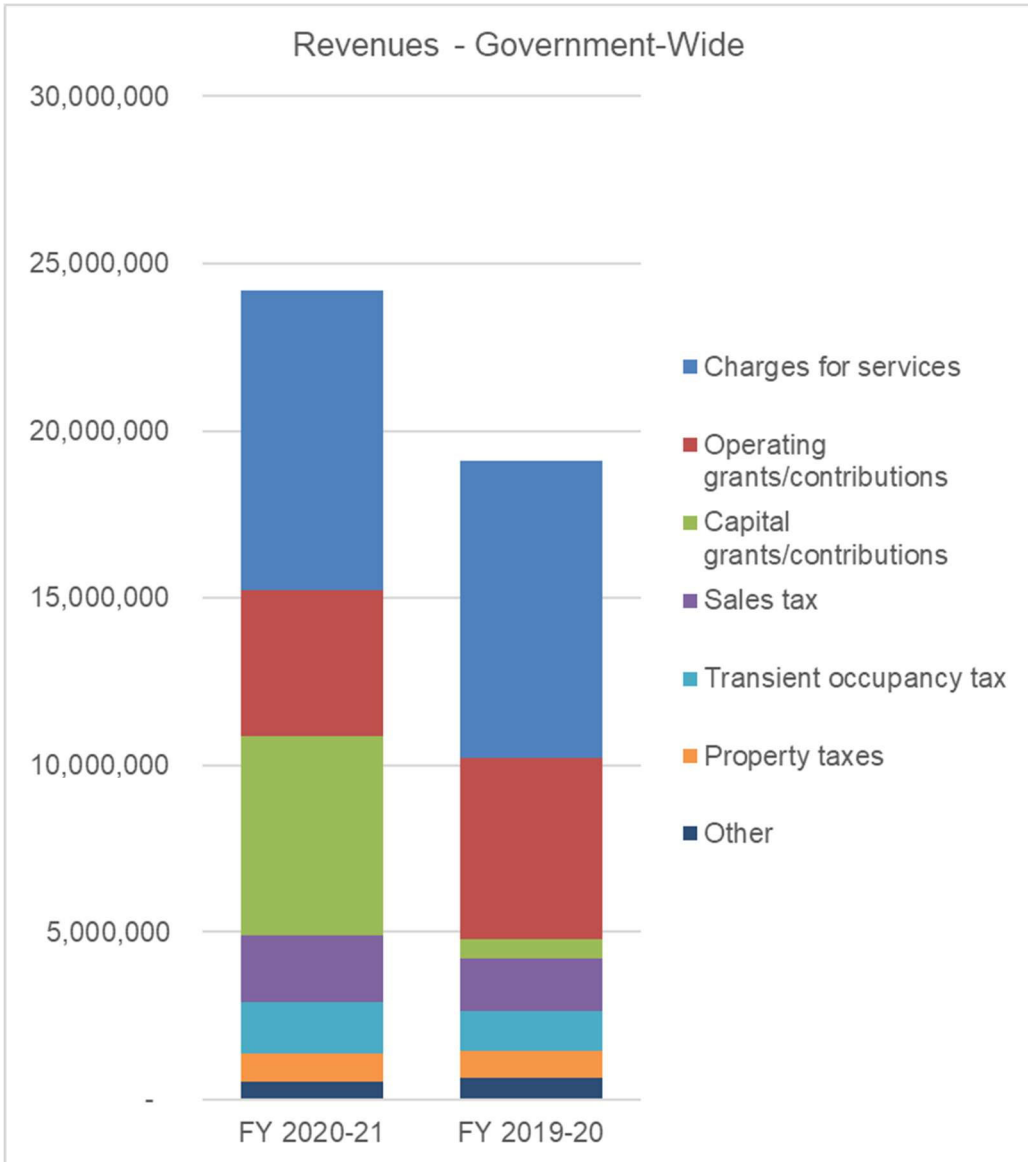
Table 1 - Net Position						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Assets:						
Current and other	6,508,354	4,630,486	13,898,230	13,752,698	20,406,584	18,383,184
Capital assets	16,773,630	11,529,032	45,722,270	46,755,103	62,495,900	58,284,135
Total assets	23,281,984	16,159,518	59,620,500	60,507,801	82,902,484	76,667,319
Deferred outflow of resources	1,539,328	1,548,473	854,839	999,472	2,394,167	2,547,945
Total assets and deferred outflows of resources	24,821,312	17,707,991	60,475,339	61,507,273	85,296,651	79,215,264
Liabilities						
Current and other	1,544,269	1,343,265	3,054,466	2,656,210	4,598,735	3,999,475
Long-term liabilities	7,542,030	7,020,171	37,488,738	39,315,524	45,030,768	46,335,695
Total liabilities	9,086,299	8,363,436	40,543,204	41,971,734	49,629,503	50,335,170
Deferred inflow of resources	460,909	670,934	224,534	441,763	685,443	1,112,697
Total liabilities and deferred inflows of resources	9,547,208	9,034,370	40,767,738	42,413,497	50,314,946	51,447,867
Net Position						
Net investment in capital assets	16,773,630	11,529,032	10,894,017	9,976,850	27,667,647	21,505,882
Restricted	1,115,395	524,815	350,273	350,245	1,465,668	875,060
Unrestricted	(2,614,921)	(3,380,226)	8,463,311	8,766,681	5,848,390	5,386,455
Total Net Position	15,274,104	8,673,621	19,707,601	19,093,776	34,981,705	27,767,397

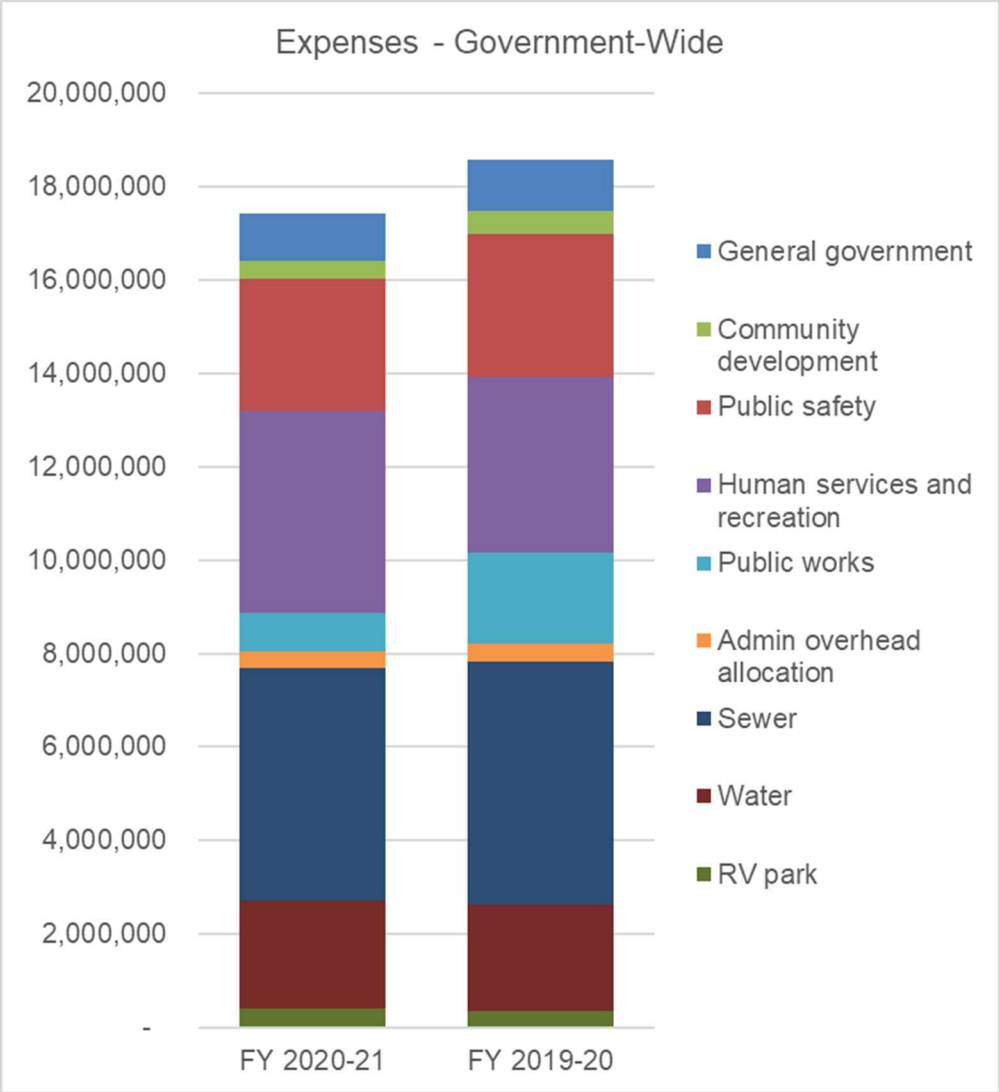


In fiscal year 2020-21, governmental activities increased the City's net position by \$6,600,483 and business-type activities increased the City's net position by \$613,825 as compared to the prior fiscal year. In fiscal year 2020-21 government-wide revenues increased by \$5,543,834 (largely due to grants and increased tax revenue compared to the prior year) and expenses decreased \$1,133,440 compared to the prior year. Revenues in governmental activities increased by \$5,260,413 compared to the prior year, and expenses decreased by \$995,737. In business-type activities, revenues increased by \$283,421 and expenses decreased by \$137,703.

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:					-	-
Charges for services	845,450	1,140,181	8,122,566	7,729,552	8,968,016	8,869,733
Operating grants/contributions	4,375,106	5,464,020	-	-	4,375,106	5,464,020
Capital grants/contributions	5,973,126	487,960	-	93,511	5,973,126	581,471
General revenues:						
Sales tax	1,964,470	1,554,752	-	-	1,964,470	1,554,752
Measure S	452,930	-	-	-	452,930	-
Transient occupancy tax	1,540,803	1,191,592	-	-	1,540,803	1,191,592
Property taxes	855,716	785,996	-	-	855,716	785,996
Other	318,320	441,007	202,814	218,896	521,134	659,903
Total Revenues	16,325,921	11,065,508	8,325,380	8,041,959	24,651,301	19,107,467
Expenses:						
General government	1,021,107	1,085,185	-	-	1,021,107	1,085,185
Public safety	2,826,170	3,068,297	-	-	2,826,170	3,068,297
Community development	390,871	490,766	-	-	390,871	490,766
Human services and recreation	4,318,858	3,749,669	-	-	4,318,858	3,749,669
Public works	835,821	1,946,888	-	-	835,821	1,946,888
Admin overhead allocation	353,532	401,291	-	-	353,532	401,291
Sewer	-	-	4,972,497	5,190,626	4,972,497	5,190,626
Water	-	-	2,313,090	2,287,188	2,313,090	2,287,188
RV park	-	-	405,047	350,523	405,047	350,523
Total Expenses	9,746,359	10,742,096	7,690,634	7,828,337	17,436,993	18,570,433
Excess (Deficiency) before other items	6,579,562	323,412	634,746	213,622	7,214,308	537,034
Transfers	20,921	-	(20,921)	-	-	-
Increase (Decrease) in net position	6,600,483	323,412	613,825	213,622	7,214,308	537,034
Net position - beginning of year	8,673,621	8,350,209	19,093,776	18,880,154	27,767,397	27,230,363
Net position - end of year	15,274,104	8,673,621	19,707,601	19,093,776	34,981,705	27,767,397





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 114.

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 \$1,197,546; transfers in and out netted to a positive \$872,406. This resulted in a net increase in Fund Balance of \$2,069,952.

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 2020-21 General Fund revenue decreased by \$1,216,058 (approximately 23%), in comparison with the prior year. Primary variations from the prior fiscal year include:

- Tax revenue increased \$1,280,693 from \$3,587,193 in fiscal year 2019-20 to \$4,867,886 in fiscal year 2020-21. The primary increases were in sales tax and transient occupancy tax, both of which were impacted by the COVID-19 pandemic in FY 2019-20 but recovered in FY 2020-21, plus the addition of a new local tax measure (Measure S), which was approved by voters in November 2020 and went into effect in April 2021, providing three months of revenue in FY 2020-21.
- Intergovernmental revenues increased \$226,821 from \$228,448 in fiscal year 2019-20 to \$455,269 in fiscal year 2020-21. This was due to increased grant revenues and Supplemental Law Enforcement Services Fund revenue.
- Charges for services decreased by \$228,279 from \$811,074 in fiscal year 2019-20 to \$582,795 in fiscal year 2020-21. The City’s swimming pool was closed for most of FY 2020-21 due to COVID-19, and the City’s charges for fire services (billed to the Crescent Fire Protection District) decreased due to reduced expenditures and a renegotiated cost sharing agreement.

	2021		2020		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Taxes and assessments	4,867,886	75.6%	3,587,193	68.6%	1,280,693	105.3%
Use of money and property:						
Interest	2,824	0.0%	52,282	1.0%	(49,458)	-4.1%
Rental Income	35,969	0.6%	40,320	0.8%	(4,351)	-0.4%
Licenses and permits	299,500	4.6%	323,435	6.2%	(23,935)	-2.0%
Fines and penalties	8,151	0.1%	31,899	0.6%	(23,748)	-2.0%
Intergovernmental revenue	455,269	7.1%	228,448	4.4%	226,821	18.7%
Charges for services	582,795	9.0%	811,074	15.5%	(228,279)	-18.8%
Gifts and donations	55,549	0.9%	19,440	0.4%	36,109	3.0%
Other revenue	135,027	2.1%	132,822	2.5%	2,205	0.2%
Total	6,442,970	100.0%	5,226,913	100.0%	1,216,057	23.3%

General Fund expenditures are grouped into the following categories:

- General Government includes City Council, City Manager, City Attorney, City Clerk, Finance, Human Resources, Community Support, and payments made under agreements with other agencies, such as revenue sharing agreements with the County.
- Public Safety includes Police and Fire.
- Community Development includes Building Inspection, Code Enforcement, and Planning.
- Human Services and Recreation includes the Cultural Center and 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, decreased by \$682,170 from the prior fiscal year. The primary contributors to this increase include:

- \$184,146 decrease in Public Safety expenditures. Public Safety includes the Police Department and the Fire Department.
 - Police Department expenditures decreased \$149,238 compared to the prior year. Most of the variance is due to a computer system upgrade purchased in the prior year.
 - Fire Department expenditures decreased \$55,756 compared to the prior fiscal year. Most Fire Department expenditures are subject to a cost sharing agreement with the Fire District, so a decrease in expenditures often results in a decrease in revenue and vice versa.
- Decrease of \$307,955 in Human Services and Recreation. This is largely due to the swimming pool being closed for most of the fiscal year.

Table 4 - Expenditures by Type						
General Fund						
For the periods ending June 30						
	2021		2020		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General government	947,961	18.1%	1,017,396	17.2%	(69,435)	10.2%
Public safety	2,576,286	49.1%	2,760,432	46.6%	(184,146)	27.0%
Community development	257,627	4.9%	283,909	4.8%	(26,282)	3.9%
Human services and recreation	337,003	6.4%	644,958	10.9%	(307,955)	45.1%
Public works	784,791	15.0%	838,265	14.1%	(53,474)	7.8%
Admin overhead allocation	335,141	6.4%	382,634	6.5%	(47,493)	7.0%
Interest	6,615	0.1%		0.0%	6,615	-1.0%
Total	5,245,424	99.9%	5,927,594	100.0%	(682,170)	-11.5%

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, 2021. In fiscal year 2020-21, the Housing Authority experienced a surplus of revenues over expenditures in the amount of \$109,555. This increased the Housing Authority's fund balance from \$330,292 to \$439,847. 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.

CDBG Fund. The CDBG Fund accounts for projects and programs funded by the Community Development Block Grant program. These grants are funded on a reimbursement basis, meaning the City pays eligible project costs and then applies for reimbursement from the State Department of Housing and Community Development, which administers the CDBG program in which the City participates. The fund balance in this fund fluctuates depending on the number and value of projects underway and the timing of related cash flows. Net revenues compared to expenditures for fiscal year 2020-21 were a negative \$561,176, bringing the fund balance from the prior fiscal year's negative \$365,683 to a negative \$926,859. The negative balance is due to the delay between the City's expenditure of grant project funds and receiving reimbursement from the State and will be resolved when the grant revenues are received.

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 2020-21, the change in net position was a negative \$215,955. The decrease in net position was due to operating expenses exceeding operating revenues plus interest and transfers.

	2021	2020	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Operating revenues				
Sewer treatment	4,398,255	4,233,630	164,625	3.9%
External lab revenues	40,135	39,780	354	0.9%
Sewer connections	111,348	154,517	(43,169)	-27.9%
Other	235,439	125,577	109,862	87.5%
Grants	-	-	-	
Expenses	(4,972,497)	(5,190,626)	218,129	-4.2%
Non-operating revenue (expense)	(4,818)	150,645	(155,463)	-103.2%
Net changes before transfers and capital c	(192,139)	(486,477)	294,339	-60.5%
Net transfers and capital contributions	(23,816)	93,511	(117,327)	-125.5%
Change in net position	(215,955)	(392,966)	177,012	-45.0%

Sewer operating revenues increased by a total of \$164,625. Despite the increase, operating revenues are still below the pre-pandemic amount. Operating expenses decreased by \$218,129 compared to the prior fiscal year.

The decrease in net position of \$215,955 is comprised of an increase in net investment in capital assets of \$214,776 and a decrease of \$430,731 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				
	2021	2020	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Assets				
Current assets	7,862,740	8,068,348	(205,608)	-2.5%
Capital assets (net of depreciation)	36,414,891	37,800,115	(1,385,224)	-3.7%
Other non-current assets	199,044	208,507	(9,463)	
Total assets	44,476,675	46,076,970	(1,600,295)	-3.5%
Deferred outflows of resources	528,635	618,008	(89,373)	-14.5%
Liabilities				
Current liabilities	2,174,846	1,956,929	217,917	11.1%
Long-term liabilities	35,155,127	36,712,393	(1,557,266)	-4.2%
Total liabilities	37,329,973	38,669,322	(1,339,349)	-3.5%
Deferred inflows of resources	143,857	278,221	(134,364)	-48.3%
Net position	7,531,480	7,747,435	(215,955)	-2.8%
Net investment in capital assets (net of depreciation and related debt)	2,461,638	2,246,862	214,776	9.6%
Unrestricted	5,069,842	5,500,573	(430,731)	-7.8%
Total net position	7,531,480	7,747,435	(215,955)	-2.8%
Current assets	7,862,740	8,068,348	(205,608)	-2.5%
Current liabilities	2,174,846	1,956,929	217,917	11.1%
Working capital	5,687,894	6,111,419	(423,525)	-6.9%

Water Fund. In fiscal year 2020-21, the change in net position was a positive \$746,257 due to revenues exceeding expenses.

Table 7 - Water Fund				
For the periods ending June 30				
	2021	2020	Variance	
	Amount	Amount	Amount	Percent
Water Fund				
Operating revenues				
Water service	2,718,851	2,730,067	(11,216)	-0.4%
Water connections	70,590	57,525	13,065	22.7%
Other	62,371	38,789	23,583	60.8%
Grants	197,000	-	197,000	
Expenses	(2,313,090)	(2,287,188)	(25,902)	1.1%
Non-operating revenue (expense)	10,044	63,308	(53,264)	-84.1%
Net changes before transfers and ca	745,766	602,501	143,266	23.8%
Net transfers and capital contributor	501	-	501	
Change in net position	746,267	602,501	143,767	23.9%

Water operating revenues increased slightly, and the Water Fund received grant contributions of \$197,000. Operating expenses increased by \$25,902.

The increase in net position of \$746,267 is comprised of an increase in net investment in capital assets of \$761,369, an increase of \$28 in restricted net position, and a decrease of \$15,130 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. Additionally, working capital was increased this year due to the General Fund loan repayment from the prior year. The General Fund had borrowed \$651,738 from the Water Fund for a capital project. The project was approved for grant funding, and the General Fund repaid the Water Fund this year in full (plus interest) rather than repaying over a period of time. Since the Water Fund now has increased cash (a current asset) instead of a receivable (a non-current asset), the working capital has improved.

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

	2021	2020	Variance	
	Amount	Amount	Amount	Percent
Water Fund				
Assets				
Current assets	4,238,433	3,379,786	858,647	25.4%
Capital assets (net of depreciation)	8,475,290	8,063,921	411,369	5.1%
Other non-current assets	1,211,266	1,855,457	(644,191)	-34.7%
Total assets	13,924,989	13,299,164	625,825	4.7%
Deferred outflows of resources	326,204	381,464	(55,260)	-14.5%
Liabilities				
Current liabilities	862,037	683,563	178,474	26.1%
Long-term liabilities	2,328,000	2,599,311	(271,311)	-10.4%
Total liabilities	3,190,037	3,282,874	(92,837)	-2.8%
Deferred inflows of resources	80,677	163,542	(82,865)	-50.7%
Net position	10,980,479	10,234,212	746,267	7.3%
Net investment in capital assets (net of depreciation and related debt)	7,600,290	6,838,921	761,369	11.1%
Restricted	350,273	350,245	28	0.0%
Unrestricted	3,029,916	3,045,046	(15,130)	-0.5%
Total net position	10,980,479	10,234,212	746,267	7.3%
Current assets	4,238,433	3,379,786	858,647	25.4%
Current liabilities	862,037	683,563	178,474	26.1%
Restricted net position	350,273	350,245	28	0.0%
Working capital	3,026,123	2,345,978	680,145	29.0%

Shoreline Recreational Vehicle (RV) Park. Shoreline RV Park Fund revenues exceeded expenses by \$83,513 in fiscal year 2020-21. Operating revenues increased by \$143,202 and have now exceeded the pre-pandemic amounts. Operating expenses increased by \$54,524, primarily due to repairs and remodeling.

Table 9 - RV Park Fund				
For the periods ending June 30				
	2021	2020	Variance	
	Amount	Amount	Amount	Percent
RV Park Fund				
Operating revenues	485,578	342,376	143,202	41.8%
Other	588	7,291	(6,703)	-91.9%
Expenses	(405,047)	(350,523)	(54,524)	15.6%
Non-operating revenue (expense)	2,394	4,943	(2,549)	-51.6%
Change in net position	83,513	4,087	79,426	1943.4%

The increase in net position of \$83,513 is a combination of a decrease of \$58,978 in net investment in capital assets (due to depreciation) and an increase of \$142,491 in unrestricted net position due to operations.

Table 10 - RV Park Fund				
For the periods ending June 30				
	2021	2020	Variance	
	Amount	Amount	Amount	Percent
RV Park Fund				
Assets				
Current assets	386,747	240,600	146,147	60.7%
Capital assets (net of depreciation)	832,089	891,067	(58,978)	-6.6%
Total assets	1,218,836	1,131,667	87,169	7.7%
Liabilities				
Current liabilities	17,583	15,718	1,865	11.9%
Long-term liabilities	5,611	3,820	1,791	46.9%
Total liabilities	23,194	19,538	3,656	18.7%
Net position	1,195,642	1,112,129	83,513	7.5%
Net investment in capital assets (net of depreciation and related debt)	832,089	891,067	(58,978)	-6.6%
Unrestricted	363,553	221,062	142,491	64.5%
Total net position	1,195,642	1,112,129	83,513	7.5%
Current assets	386,747	240,600	146,147	60.7%
Current liabilities	17,583	15,718	1,865	11.9%
Working capital	369,164	224,882	144,282	64.2%

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

At the time of the FY 2020-21 budget preparation (spring of 2020), the COVID-19 pandemic had recently begun. The City Council declared a local emergency on March 16, 2020. Tax revenues, particularly sales tax and transient occupancy tax, were projected to decrease dramatically due to health orders limiting or closing businesses, a ban on nonessential travel, and orders to stay home. The municipal swimming pool, which is funded through the General Fund, was closed for health reasons in March 2020. Due to uncertainty regarding both the health emergency and the City's finances, the FY 2020-21 budget planned for the pool to remain closed. All departments were directed to reduce spending wherever possible. Even with these cuts, the adopted FY 2020-21 budget included a deficit of \$791,555 to come out of the existing fund balance. City staff provided multiple budget updates to the City Council throughout the fiscal year as the situation evolved, and the Council adopted several budget amendments as more information became known.

During the fiscal year, tax revenues came in higher than initially projected. As information was received, updates were brought to the City Council for consideration. Also, the City was awarded additional grant funding for the design of the Pebble Beach Bank Stabilization project (in FY 2019-20, the City Council had approved transferring \$651,738 from the General Fund to the CIP Fund for this priority project). The grant approval allowed the CIP Fund to transfer the funds back to the General Fund in FY 2020-21, which improved the General Fund balance. Finally, City voters approved a 1% local transactions and use tax in November 2020 (Measure S) to fund essential City services. These revenue improvements allowed the City to reopen the swimming pool and budget for items that had been cut from the original budget, as well as rebuild the General Fund balance that had been significantly reduced in FY 2019-20. The final General Fund budget for FY 2020-21 was a projected surplus of \$653,774, which would increase the General Fund reserve balance.

Actual General Fund revenues (including transfers) were over budget by \$243,486. Specific revenues with significant variances (both over budget and under budget) are listed below:

- Sales tax over budget by \$210,406
- Measure S over budget by \$152,930
- Transient Occupancy Tax over budget by \$224,603
- Transfers In over budget by \$57,731 (representing CARES Act funding that was approved to reimburse COVID-related expenses)
- Police Dept grant revenue under budget by \$129,449 for a grant that was not able to be fully utilized
- Other grant revenues under budget by \$313,965 for grants that were not fully expended in FY 2020-21 but have been carried forward to FY 2021-22

Actual General Fund expenditures (including transfers out) were under budget by \$1,172,692. There were a variety of factors affecting these variances:

- Regular wages and benefits under budget by \$382,594
 - Police Department under budget \$45,228 in overtime. New scheduling practices, as well as improvements in training opportunities which reduce required travel and overtime, have resulted in improved department operations. This reduction in overtime has been incorporated into the FY 2021-22 budget.
 - Police Department under budget \$116,157 for other wages and benefits that were unused.

- Swimming Pool under budget \$60,586. The pool was approved to reopen and staff that were previously laid off were brought back in March 2021. However, not all staff returned and some of the positions were unfilled. Additionally, swimming pool programs were limited due to COVID restrictions, so the pool was open for reduced hours.
- Fire Department under budget \$37,872 for a part-time maintenance position that was eliminated and reduced volunteer stipends, as fewer volunteers were used due to COVID-19 protocols.
- Public Works Admin under budget \$22,358 due to staff turnover.
- Parks under budget \$74,687 due to staff reallocation and seasonal positions that were not fully filled.
- Projects under budget by \$400,551 (carried over to next year)
 - Several grant-funded projects were budgeted in FY 2020-21 and not completed. Significant projects are listed below; all were carried over to the FY 2021-22 budget.
 - Economic Development grant \$105,000 (for developing partnerships and building economic resiliency)
 - Cultural Diversity grant \$30,000 (for strengthening the City's relationships with local tribal governments)
 - Planning grants \$228,000 (for updating housing-related ordinances, updating General Plan elements, and road safety planning)
- Projects under budget by \$107,412 (not carried over)
 - Police Department under by \$65,368 for a grant-funded position. The position was not able to be filled and the grant has expired.
 - \$16,500 for the City's portion of a partnership to install a new public restroom, which was not completed.
- Parts and supplies under budget by \$116,780
 - These variances were spread across all departments, with no single item being significant. Fuel was under budget by \$21,356; public safety was under budget in miscellaneous supplies by \$27,652, etc.
- Utilities across all departments were under budget by \$61,496. The most significant item was electricity for streetlights, which was under budget by \$24,064.

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.

Table 8 - General Fund Budget-to-Actual						
For the periods ending June 30						
	2021			2020		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues	6,244,908	6,442,970	198,062	5,914,043	5,226,913	(687,130)
Expenditures	(6,430,371)	(5,245,424)	1,184,947	(6,507,826)	(5,927,594)	580,232
Operating results	(185,463)	1,197,546	1,383,009	(593,783)	(700,681)	(106,898)
Transfers in	839,237	884,661	45,424	246,500	186,290	(60,210)
Transfers out	-	(12,255)	(12,255)	(656,738)	(656,738)	-
Net change in Fund Bal	653,774	2,069,952	1,416,178	(1,004,021)	(1,171,129)	(167,108)

Capital Asset and Debt Administration

Capital assets. As of June 30, 2021, the City had a total net investment in capital assets of \$27,667,647 (original value of assets less accumulated depreciation and associated debt). This is an increase of \$6,161,765 over the net investment in capital assets as of June 30, 2020. The increase is primarily due to the City's increased investment in capital projects, both City-funded and grant-funded, which more than offset the decrease in net investment due to depreciation. The most significant of these was a storm drain improvement project on C Street and Front Street, Sunset Circle multi-use trail, Pebble Beach Bank Stabilization project, drainage improvements at the wastewater treatment plant, and improvements to sewer lift stations, replacement of water collection pumps, and replacement of a water main along Front Street.

Table 9 - Net Investment in Capital Assets			
Governmental Funds			
2021	2020	Variance \$	Variance %
16,773,630	11,529,032	5,244,598	45.5%
Business-type Funds			
2021	2020	Variance \$	Variance %
10,894,017	9,976,850	917,167	9.2%
Total			
2021	2020	Variance \$	Variance %
27,667,647	21,505,882	6,161,765	28.7%

Long-term debt. As of June 30, 2021, the City had total debt outstanding of \$35,194,182; this is a decrease of \$1,906,225 from the total debt outstanding on June 30, 2020 which was \$37,100,107. This reduction is due to loan principal payments totaling \$1,950,000 and an increase in compensated absences payable.

Table 10 - Total Debt						
For the periods ending June 30						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2021	2020	2021	2020	2021	2020
Compensated absences	239,310	205,726	126,619	116,428	365,929	322,154
Safe Drinking Water Loan	-	-	875,000	1,225,000	875,000	1,225,000
State Revolving Loan	-	-	33,953,253	35,553,253	33,953,253	35,553,253
Total	239,310	205,726	34,954,872	36,894,681	35,194,182	37,100,407

Economic Factors and Next Year's Budget and Rates

The City Council, working with City staff, continues to evaluate revenues and expenses closely as well as future economic trends and capital improvement needs. For many years, the City has been challenged to allocate limited resources to the needs of the community. 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 the Pebble Beach bank stabilization, a Prop 68 grant for Beachfront Park improvements, Amador water tank rehab, economic development projects, and planning grants.

The City recently completed 10-Year Master Plans for both the Fire Department and the municipal swimming pool, as well as a staffing plan update for the Police Department. In order to fund these goals and other general fund needs such as street maintenance, the City proposed a 1% transactions and use tax (local sales tax) which was approved by voters in November 2020. This tax (called Measure S) became effective April 1, 2021 and is currently projected to increase General Fund revenues by \$1.3 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.

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.

Sewer Fund net position has again decreased slightly. Projections for this fund show that ongoing revenues may not be sufficient to support the operational needs, debt service, and needed capital improvements. 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 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. Design has begun for one of the water tank rehab projects, grant-funded in a partnership with Elk Valley Rancheria. The City is currently working with Johnson Controls, Inc. to design a project that will replace the City's aging water meters with a remote read system.

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, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 3,590,883	\$ 11,474,391	\$ 15,065,274
Receivables (net)	594,285	1,003,668	1,597,953
Due from other governments	2,603,724	-	2,603,724
Prepaid items	19,555	9,861	29,416
Due from RDA Successor Agency	18,904	685,286	704,190
Land held for redevelopment	89,752	-	89,752
Notes receivable	109,684	206,591	316,275
Internal balances	(518,433)	518,433	-
Nondepreciable capital assets	10,179,687	2,400,416	12,580,103
Depreciable capital assets, net	6,593,943	43,321,854	49,915,797
Total Assets	23,281,984	59,620,500	82,902,484
Deferred outflow of resources			
Pension related amounts	1,410,844	773,150	2,183,994
OPEB related amounts	128,484	81,689	210,173
Total deferred outflow of resources	1,539,328	854,839	2,394,167
Liabilities			
Accounts payable	1,042,996	485,658	1,528,654
Accrued wages	108,316	-	108,316
Deposits	9,051	452,591	461,642
Unearned revenue	224,550	-	224,550
Long term liabilities			
Compensated absences - due within one year	159,356	68,554	227,910
Compensated absences - due in more than one year	79,954	58,065	138,019
Net pension liability	6,974,442	4,340,056	11,314,498
Net OPEB liability	487,634	310,027	797,661
Loans payable - due within one year	-	2,047,663	2,047,663
Loans payable - due in more than one year	-	32,780,590	32,780,590
Total Liabilities	9,086,299	40,543,204	49,629,503
Deferred inflow of resources			
Pension related amounts	268,857	102,433	371,290
OPEB related amounts	192,052	122,101	314,153
Total deferred inflow of resources	460,909	224,534	685,443
Net Position			
Net Investment in capital assets	16,773,630	10,894,017	27,667,647
Restricted for:			
Capital projects and community development	847,241	-	847,241
Debt service	-	350,273	350,273
Other purposes	268,154	-	268,154
Unrestricted	(2,614,921)	8,463,311	5,848,390
Total Net Position	\$ 15,274,104	\$ 19,707,601	\$ 34,981,705

City of Crescent City
Statement of Activities
For the year ended June 30, 2021

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 1,021,107	\$ 236,618	\$ 113,216	\$ -
Public safety	2,826,170	415,675	322,146	-
Community development	390,871	123,263	208,640	-
Human services and recreation	4,318,858	67,730	3,629,850	-
Public works	835,821	2,164	101,254	5,973,126
Administrative overhead allocation	353,532	-	-	-
Total governmental activities	9,746,359	845,450	4,375,106	5,973,126
Business-type activities:				
Sewer	4,972,497	4,785,176	-	-
Water	2,313,090	2,851,812	-	-
RV Park	405,047	485,578	-	-
Total business-type activities	7,690,634	8,122,566	-	-
Total primary government	\$ 17,436,993	\$ 8,968,016	\$ 4,375,106	\$ 5,973,126

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
\$ 349,834	\$ (671,273)	\$ -	\$ (671,273)
737,821	(2,088,349)	-	(2,088,349)
331,903	(58,968)	-	(58,968)
3,697,580	(621,278)	-	(621,278)
6,076,544	5,240,723	-	5,240,723
-	(353,532)	-	(353,532)
11,193,682	1,447,323	-	1,447,323
4,785,176	-	(187,321)	(187,321)
2,851,812	-	538,722	538,722
485,578	-	80,531	80,531
8,122,566	-	431,932	431,932
<u>\$ 19,316,248</u>	<u>1,447,323</u>	<u>431,932</u>	<u>1,879,255</u>
	283,378	-	283,378
	2,417,400	-	2,417,400
	572,338	-	572,338
	195,932	-	195,932
	1,540,803	-	1,540,803
	53,968	-	53,968
	5,063,819	-	5,063,819
	32,519	5,814	38,333
	35,901	197,000	232,901
	20,921	(20,921)	-
	5,153,160	181,893	5,335,053
	6,600,483	613,825	7,214,308
	8,673,621	19,093,776	27,767,397
<u>\$ 15,274,104</u>	<u>\$ 19,707,601</u>	<u>\$ 34,981,705</u>	

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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.

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

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

City of Crescent City
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General	Housing Authority Section 8	CDBG		
ASSETS					
Cash and investments	\$ 2,096,950	\$ 498,402	\$ 9,929	\$ 559,162	\$ 3,164,443
Receivables:					
Consumers and others	524,990	-	-	-	524,990
County/State/Federal Government	963,303	-	921,918	718,503	2,603,724
Interest receivable	2,155	240	-	393	2,788
Due from RDA Successor Agency	-	-	-	18,904	18,904
Due from other funds	1,105,000	-	-	-	1,105,000
Prepaid items	2,908	7,111	-	-	10,019
Land held for redevelopment	-	-	-	89,752	89,752
Note receivable	-	-	40,376	69,308	109,684
Total assets	\$ 4,695,306	\$ 505,753	\$ 972,223	\$ 1,456,022	\$ 7,629,304
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	370,364	2,628	427,164	138,699	\$ 938,855
Unearned revenue	161,272	63,278	-	-	224,550
Deposits	9,051	-	-	-	9,051
Advance from other funds	518,433	-	-	-	518,433
Due to other funds	-	-	550,000	550,000	1,100,000
Total liabilities	1,059,120	65,906	977,164	688,699	2,790,889
Deferred inflows of resources:					
Unavailable revenues	138,663	-	921,918	599,138	1,659,719
Total deferred inflow of resources	138,663	-	921,918	599,138	1,659,719
Fund balances:					
Nonspendable	2,908	7,111	-	-	10,019
Restricted:					
Low and moderate income housing	-	432,736	-	407,394	840,130
Other purposes	-	-	-	268,154	268,154
Assigned:					
Capital improvement and vehicle replacement	-	-	-	74,064	74,064
Police programs	10,211	-	-	-	10,211
Business improvement district	946	-	-	-	946
Measure S	332,467	-	-	-	332,467
Unassigned	3,150,991	-	(926,859)	(581,427)	1,642,705
Total fund balances	3,497,523	439,847	(926,859)	168,185	3,178,696
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,695,306	\$ 505,753	\$ 972,223	\$ 1,456,022	\$ 7,629,304

City of Crescent City
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds	<u>\$ 3,178,696</u>
Amounts reported for governmental activities in the statement of net positions are different because:	
Internal Service Funds are used by the City to charge the cost of information technology and communications, building maintenance, fleet services, insurance, and OPEB contributions to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position is:	1,212,980
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,845,676
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	1,659,719
Employer contributions for pension and OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.	805,462
In the Government-Wide Financial Statements certain differences between actuarial estimates and actual results for pension and OPEB are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded.	272,957
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	(159,356)
Compensated absences - due in more than one year	(79,954)
Net pension liability	(6,974,442)
Net OPEB Liability	<u>(487,634)</u>
Net position of governmental activities	<u><u>\$ 15,274,104</u></u>

City of Crescent City
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2021

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General	Housing Authority Section 8	CDBG		
REVENUES:					
Taxes	\$ 4,867,886	\$ -	\$ -	-	\$ 4,867,886
Use of money and property:					
Interest	2,824	1,246	1	(1,028)	3,043
Rental income	35,969	-	-	-	35,969
Licenses and permits	299,500	-	-	-	299,500
Fines and forfeitures	8,151	-	-	-	8,151
Intergovernmental	455,269	3,771,794	3,958,027	1,220,188	9,405,278
Charges for services	582,795	-	-	-	582,795
Gifts and donations	55,549	-	-	-	55,549
Other reimbursements	130,090	104	-	-	130,194
Other revenue	4,937	42,710	-	-	47,647
Total revenues	6,442,970	3,815,854	3,958,028	1,219,160	15,436,012
EXPENDITURES:					
Current:					
General government	947,961	-	-	2,158	950,119
Public safety	2,576,286	-	-	-	2,576,286
Community development	257,627	-	128,090	-	385,717
Human services and recreation	337,003	3,687,950	140,992	-	4,165,945
Public works	784,791	-	4,235,905	1,261,668	6,282,364
Administrative overhead allocation	335,141	18,391	-	-	353,532
Debt service:					
Interest on advances from other funds	6,615	-	-	-	6,615
Total expenditures	5,245,424	3,706,341	4,504,987	1,263,826	14,720,578
REVENUES OVER (UNDER)					
EXPENDITURES	1,197,546	109,513	(546,959)	(44,666)	715,434
OTHER FINANCING SOURCES					
(USES):					
Transfers in	884,661	42	-	14,217	898,920
Transfers out	(12,255)	-	(14,217)	(887,440)	(913,912)
Total other financing sources					
(uses)	872,406	42	(14,217)	(873,223)	(14,992)
Net change in fund balances	2,069,952	109,555	(561,176)	(917,889)	700,442
FUND BALANCES:					
Beginning of year	1,427,571	330,292	(365,683)	1,086,074	2,478,254
End of year	\$ 3,497,523	\$ 439,847	\$ (926,859)	\$ 168,185	\$ 3,178,696

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, 2021

Net change in fund balance - governmental funds	\$ 700,442
Amounts reported for governmental activities in the statements of activities are different because:	
Governmental funds reported additions of capital assets as capital outlay and program expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period (net of Internal Service Funds, \$35,413).	5,513,894
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, \$104,197).	(229,774)
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.	21,099
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	889,909
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.	805,462
Pension and OPEB expenses are recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.	(1,066,965)
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.	<u>(33,584)</u>
Change in net position of governmental activities	<u><u>\$ 6,600,483</u></u>

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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, 2021

	Enterprise Funds				Governmental
	Sewer	Water	RV Park	Total	Activities Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 7,211,271	\$ 3,876,628	\$ 386,492	\$ 11,474,391	\$ 426,440
Accounts receivable	645,746	350,078	-	995,824	66,318
Interest receivable	4,985	2,604	255	7,844	189
Prepaid items	738	9,123	-	9,861	9,536
Total current assets	7,862,740	4,238,433	386,747	12,487,920	502,483
Noncurrent assets:					
Notes receivable	199,044	7,547	-	206,591	-
Advance to RDA Successor Agency	-	685,286	-	685,286	-
Advance to other funds	-	518,433	-	518,433	-
Capital assets:					
Non-depreciable	398,689	1,994,101	7,626	2,400,416	42,525
Depreciable, net	36,016,202	6,481,189	824,463	43,321,854	885,429
Total capital assets	36,414,891	8,475,290	832,089	45,722,270	927,954
Total noncurrent assets	36,613,935	9,686,556	832,089	47,132,580	927,954
Total assets	44,476,675	13,924,989	1,218,836	59,620,500	1,430,437
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	476,560	296,590	-	773,150	-
OPEB related amounts	52,075	29,614	-	81,689	-
Total deferred outflows of resources	528,635	326,204	-	854,839	-
LIABILITIES					
Current liabilities:					
Accounts payable	156,157	313,805	15,696	485,658	104,141
Accrued wages	-	-	-	-	108,316
Deposits	293,100	159,491	-	452,591	-
Due to other funds	-	-	-	-	5,000
Current maturities of long term debt:					
Compensated absences payable	27,926	38,741	1,887	68,554	-
Current portion of loans payable	1,697,663	350,000	-	2,047,663	-
Total current liabilities	2,174,846	862,037	17,583	3,054,466	217,457
Noncurrent liabilities:					
Compensated absences payable	26,747	25,707	5,611	58,065	-
Net pension liability	2,675,155	1,664,901	-	4,340,056	-
Net OPEB liability	197,635	112,392	-	310,027	-
Loans payable - due in more than one year	32,255,590	525,000	-	32,780,590	-
Total noncurrent liabilities	35,155,127	2,328,000	5,611	37,488,738	-
Total liabilities	37,329,973	3,190,037	23,194	40,543,204	217,457
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	66,018	36,415	-	102,433	-
OPEB related amounts	77,839	44,262	-	122,101	-
Total deferred inflows of resources	143,857	80,677	-	224,534	-
NET POSITION					
Net investment in capital assets	2,461,638	7,600,290	832,089	10,894,017	927,954
Restricted for debt service	-	350,273	-	350,273	-
Unrestricted	5,069,842	3,029,916	363,553	8,463,311	285,026
Total net position	\$ 7,531,480	\$ 10,980,479	\$ 1,195,642	\$ 19,707,601	\$ 1,212,980

City of Crescent City
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2021

	Enterprise Funds				Governmental
	Sewer	Water	RV Park	Total	Activities Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 4,715,130	\$ 2,816,703	\$ 485,578	\$ 8,017,411	\$ 1,127,699
Other	70,046	35,109	-	105,155	65,440
Total operating revenues	4,785,176	2,851,812	485,578	8,122,566	1,193,139
OPERATING EXPENSES:					
Personnel services	926,591	963,041	116,411	2,006,043	612,766
Materials, supplies, rent, and services	1,757,718	497,103	126,812	2,381,633	371,992
Repair and maintenance	136,432	224,805	56,292	417,529	128,845
Administrative overhead	373,043	401,542	46,554	821,139	-
Depreciation	1,778,713	226,599	58,978	2,064,290	102,585
Total operating expenses	4,972,497	2,313,090	405,047	7,690,634	1,216,188
OPERATING INCOME (LOSS)	(187,321)	538,722	80,531	431,932	(23,049)
NONOPERATING REVENUES (EXPENSES):					
Interest income	(4,818)	10,044	588	5,814	514
Gain (loss) on disposal of assets	-	-	-	-	7,721
Total nonoperating revenues (expenses)	(4,818)	10,044	588	5,814	8,235
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(192,139)	548,766	81,119	437,746	(14,814)
Contributions	-	197,000	-	197,000	-
Transfers in	372	501	2,394	3,267	57,795
Transfers out	(24,188)	-	-	(24,188)	(21,882)
Total contributions and transfers	(23,816)	197,501	2,394	176,079	35,913
Change in net position	(215,955)	746,267	83,513	613,825	21,099
NET POSITION					
Beginning of year	7,747,435	10,234,212	1,112,129	19,093,776	1,191,881
End of year	\$ 7,531,480	\$ 10,980,479	\$ 1,195,642	\$ 19,707,601	\$ 1,212,980

City of Crescent City
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2021

	Enterprise Funds				Governmental
	Sewer	Water	RV Park	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 4,740,037	\$ 2,854,177	\$ 485,578	\$ 8,079,792	\$ -
Cash received from other funds	-	-	-	-	1,128,069
Cash payments to suppliers for goods and services	(2,162,145)	(955,797)	(227,615)	(3,345,557)	(456,461)
Cash paid to employees	(838,025)	(908,708)	(114,798)	(1,861,531)	(612,766)
Net cash provided (used) by operating activities	1,739,867	989,672	143,165	2,872,704	58,842
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES:					
Grant cash receipts	-	-	-	-	-
Cash received from other funds	1	652,239	2,394	654,634	62,795
Cash disbursements to other funds	(23,817)	-	-	(23,817)	(21,882)
Net cash provided (used) by noncapital financing activities	(23,816)	652,239	2,394	630,817	40,913
CASH FLOWS FROM CAPITAL AND RELATED					
FINANCING ACTIVITIES:					
Cash capital contributions	-	197,000	-	197,000	-
Proceeds from sale of capital assets	-	-	-	-	7,721
Acquisition of capital assets	(393,489)	(637,968)	-	(1,031,457)	(63,063)
Long-term debt repayments	(1,600,000)	(350,000)	-	(1,950,000)	-
Net cash provided (used) by capital and related financing activities	(1,993,489)	(790,968)	-	(2,784,457)	(55,342)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received	14,752	18,014	1,110	33,876	999
Net cash provided (used) by investing activities	14,752	18,014	1,110	33,876	999
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(262,686)	868,957	146,669	752,940	45,412
CASH AND CASH EQUIVALENTS - Beginning of year	7,473,957	3,007,671	239,823	10,721,451	381,028
CASH AND CASH EQUIVALENTS - End of year	\$ 7,211,271	\$ 3,876,628	\$ 386,492	\$ 11,474,391	\$ 426,440

City of Crescent City
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2021

	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)	\$ (187,321)	\$ 538,722	\$ 80,531	\$ 431,932	(23,049)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,778,713	226,599	58,978	2,064,290	102,585
Changes in assets, deferred outflows and inflows of resources, and liabilities					
Receivables	(66,447)	3,916	-	(62,531)	(65,070)
Prepaid items	(738)	(9,123)	-	(9,861)	(1,997)
Deferred outflows of resources - pension	82,617	51,418	-	134,035	-
Deferred outflows of resources - OPEB	6,756	3,842	-	10,598	-
Accounts payable	105,786	176,776	2,043	284,605	23,460
Accrued wages	-	-	-	-	22,913
Deposits payable	21,308	(1,551)	-	19,757	-
Compensated leaves payable	6,313	2,265	1,613	10,191	-
Net pension liability	136,215	84,775	-	220,990	-
Net OPEB liability	(8,971)	(5,102)	-	(14,073)	-
Deferred inflows of resources - pension	(120,208)	(74,813)	-	(195,021)	-
Deferred inflows of resources - OPEB	(14,156)	(8,052)	-	(22,208)	-
Total adjustments	1,927,188	450,950	62,634	2,440,772	81,891
Net cash provided (used) by operating activities	\$ 1,739,867	\$ 989,672	\$ 143,165	\$ 2,872,704	\$ 58,842

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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, 2021

	Successor Agency RDA
ASSETS	
Cash and investments	\$ 97,807
Intergovernmental receivable	2,500
Interest receivable	58
Total assets	<u>100,365</u>
LIABILITIES	
Due to the City of Crescent City	18,904
Due to the City of Crescent City (Water Utility Fund)	685,286
Total liabilities	<u>704,190</u>
NET POSITION	
Restricted for dissolution of RDA	<u>(603,825)</u>
Total net position	<u><u>\$ (603,825)</u></u>

City of Crescent City
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the year ended June 30, 2021

	Successor Agency RDA
	<u> </u>
ADDITIONS:	
Taxes	\$ 21,396
Use of money and property:	
Interest	11
	<u> </u>
Total additions	<u>21,407</u>
DEDUCTIONS:	
Payroll	1,400
Other	1,026
	<u> </u>
Total deductions	<u>2,426</u>
Change in net position	18,981
NET POSITION:	
Beginning of year	<u>(622,806)</u>
End of year	<u>\$ (603,825)</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, 2021

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

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

The entity is fiscally dependent upon the City.

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

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

- Crescent City Housing Authority
- Crescent City Public Financing Corporation - Inactive

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

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

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The City considers all revenues as available if they are collected within sixty days of the end of the current fiscal period, except for sales tax which has a ninety day availability period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

Fiduciary funds financial statements include a statement of fiduciary net position and statement of changes in fiduciary net position. The City's fiduciary 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, 2021

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.

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the government's internal services funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Position or Equity

Cash and Investments

The City pools cash and investments of all funds 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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

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

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

General Receivables and Property Taxes Receivable

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

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

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

Inventories

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

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as 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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

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.

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, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

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

Deferred Outflows/Inflows of Resources

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

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

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

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

The spendable portion of the fund balance comprises the remaining four classifications; restricted, committed, assigned, and unassigned.

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, 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, 2021

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

New Pronouncements

In 2021, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 84, *Fiduciary Activities* –The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City removed the Retired Employees Health Care Plan fiduciary fund from the financial statements as a result of this statement.
- GASB Statement No. 90, *Majority Equity Interests* – The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement No. 93, *Interbank offered rates (except LIBOR removal and lease modifications)* – The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement did not apply to the City for the current fiscal year.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

2. CASH AND INVESTMENTS

As of June 30, 2021, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 15,065,274
Fiduciary Funds	97,807
	<hr/>
Total Cash and Investments	<u>\$ 15,163,081</u>

As of June 30, 2021, the City's cash and investments consisted of the following:

Cash:

Cash on hand	\$ 1,300
Deposits	1,639,820
	<hr/>
Total Cash	<u>1,641,120</u>

As of June 30, 2021 the City's investments consisted of the following:

Investments:

In California Local Agency Investment Fund (at fair value)	13,521,961
	<hr/>
Total Investments	<u>13,521,961</u>
	<hr/>
Total Cash and Investments	<u>\$ 15,163,081</u>

At year end, the carrying amount of the City's cash deposits (including amounts in checking accounts and money market accounts) was \$1,231,726 and the bank balance was \$830,659. For restricted cash at year end, the carrying amount of the City's deposits was \$409,394 and the bank balance was \$409,394. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

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

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

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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

2. CASH AND INVESTMENTS, CONTINUED

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, 2021, the City's investments were in compliance with concentration of credit risk per State law.

Investment in Local Agency Investment Fund - Investment in Local Agency Investment Fund - The City of Crescent City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 and is managed by the Treasurer of the State of California. The Local Investment Advisory Board, which consists of five members as designed by State statute, has oversight responsibility for LAIF. Investments in LAIF are available upon demand. The City's investment with LAIF at June 30, 2021 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, 2021, the City had \$13,521,961 invested in LAIF, which had 2.31% 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 1.00008297 to the total investments held by LAIF.

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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, 2021 were as follows:

Business Enterprise Notes	\$	206,591
Rehab & Sidewalk Notes		69,308
CDBG 03/04 Program Loans		40,376
	\$	<u>316,275</u>

4. CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Adjustments/ Retirements	Balance June 30, 2021
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,823,284	\$ 535	\$ -	\$ 2,823,819
Construction in progress	1,898,688	5,457,180	-	7,355,868
Total Capital Assets, Not Being Depreciated	<u>4,721,972</u>	<u>5,457,715</u>	<u>-</u>	<u>10,179,687</u>
Capital Assets, Being Depreciated:				
Building and improvements	8,700,744	1,625	-	8,702,369
Machinery and equipment	3,687,622	87,925	(152,234)	3,623,313
Infrastructure	2,749,791	29,692	-	2,779,483
Total Capital Assets, Being Depreciated:	<u>15,138,157</u>	<u>119,242</u>	<u>(152,234)</u>	<u>15,105,165</u>
Less Accumulated Depreciation	<u>(8,331,098)</u>	<u>(332,358)</u>	<u>152,234</u>	<u>(8,511,222)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,807,059</u>	<u>(213,116)</u>	<u>-</u>	<u>6,593,943</u>
Total Governmental Activities, Net	<u>\$ 11,529,031</u>	<u>\$ 5,244,599</u>	<u>\$ -</u>	<u>\$ 16,773,630</u>

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

4. CAPITAL ASSETS, CONTINUED

	Balance June 30, 2020	Additions	Transfers	Balance June 30, 2021
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 493,855	\$ -	\$ -	\$ 493,855
Construction in progress	1,952,840	662,963	(709,242)	1,906,561
Total Capital Assets, Not Being Depreciated	2,446,695	662,963	(709,242)	2,400,416
Capital Assets, Being Depreciated:				
Structures and improvements	42,494,252	-	-	42,494,252
Machinery and equipment	9,539,265	204,493	87,858	9,831,616
Infrastructure	21,701,772	163,999	621,384	22,487,155
Total Capital Assets, Being Depreciated:	73,735,289	368,492	709,242	74,813,023
Less Accumulated Depreciation	(29,426,880)	(2,064,289)	-	(31,491,169)
Total Capital Assets, Being Depreciated, Net	44,308,409	(1,695,797)	709,242	43,321,854
Total Business-Type Activities, Net	\$ 46,755,104	\$ (1,032,834)	\$ -	\$ 45,722,270

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 24,287
Public ways and facilities	88,377
Public protections	118,261
Culture and recreation	101,433
Total Depreciation Expense - Governmental Functions	<u>\$ 332,358</u>

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

Sewer	\$ 1,778,713
Water	226,599
RV Park	58,977
Total Depreciation Expense - Business-Type Functions	<u>\$ 2,064,289</u>

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

5. LONG-TERM DEBT

Long-term debt for the year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Additions	Adjustments/ Retirements	Balance June 30, 2021	Amounts Due Within One year	Amounts Due in More Than One year
Governmental Activities						
Compensated Absences (Note 1)	\$ 205,726	\$ 189,617	\$ (156,033)	\$ 239,310	\$ 159,356	\$ 79,954
Total Governmental Activities	<u>\$ 205,726</u>	<u>\$ 189,617</u>	<u>\$ (156,033)</u>	<u>\$ 239,310</u>	<u>\$ 159,356</u>	<u>\$ 79,954</u>
Business-Type Activities						
Loans Payable:						
Safe Water Revolving Loan	\$ 1,225,000	\$ -	\$ (350,000)	\$ 875,000	\$ 350,000	\$ 525,000
State Water Resources - Safe Water Loan	35,553,253	-	(1,600,000)	33,953,253	1,697,663	32,255,590
Subtotal Loans Payable	36,778,253	-	(1,950,000)	34,828,253	2,047,663	32,780,590
Compensated Absences (Note 1)	116,428	76,244	(66,053)	126,619	68,554	58,065
Total Business-Type Activities	<u>\$ 36,894,681</u>	<u>\$ 76,244</u>	<u>\$ (2,016,053)</u>	<u>\$ 34,954,872</u>	<u>\$ 2,116,217</u>	<u>\$ 32,838,655</u>

	Business-Type Activities
At June 30, 2021 loans consisted of the following:	
California Water Resources Control Board, Safe Drinking Water Revolving Loan in the amount of \$45,407,931, dated June 10, 2011, payable on a graduated plan with an interest rate of 0% and maturity date in fiscal year 2041. Loan proceeds were used for wastewater system improvements.	\$ 33,953,253
California Department of Health Services, Safe Drinking Water Revolving Loan in the amount of \$7,000,000, dated June 28, 2004, payable in annual installments of \$350,000 with an interest rate of 0% and maturity of January 1, 2024. The loan agreement for this loan requires a debt service reserve of \$350,000. Loan proceeds were used for water system improvements.	875,000
Total Loans	<u>\$ 34,828,253</u>

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

5. LONG-TERM DEBT, CONTINUED

The annual aggregate maturities for the years subsequent to June 30, 2021 are as follows:

Year Ended June 30	Loans				Total
	Safe Drinking Water		Water Resources Control Board		
	Principal	Interest	Principal	Interest	
2022	\$ 350,000	-	\$ 1,697,663	-	\$ 2,047,663
2023	350,000	-	1,697,663	-	2,047,663
2024	175,000	-	1,697,663	-	1,872,663
2025	-	-	1,697,663	-	1,697,663
2026	-	-	1,697,663	-	1,697,663
2027-2031	-	-	8,488,313	-	8,488,313
2032-2036	-	-	8,488,313	-	8,488,313
2037-2041	-	-	8,488,312	-	8,488,312
Total	\$ 875,000	\$ -	\$ 33,953,253	\$ -	\$ 34,828,253

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 \$365,929. 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.

6. INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2021:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 1,105,000	\$ -
CDBG Special Revenue Fund	-	550,000
Capital Projects Fund	-	550,000
Internal Service Funds	-	5,000
Total	\$ 1,105,000	\$ 1,105,000

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

6. INTERFUND TRANSACTIONS, CONTINUED

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, 2021 totaling \$518,433.

This loan was originally part of a loan from the Water Fund to the RDA. The State disallowed this portion of the loan from being a recognized obligation of the Successor Agency. The Council approved the General Fund assuming the loan. The repayment will begin when the Successor Agency begins to repay the portion of the loan that was allowed as a recognized obligation, which will be after the SERAF loan is paid off. The City projects that will begin in fiscal year 2022.

In fiscal year 2020, City Council approved a loan from the Water Fund to the General Fund in the amount of \$651,738 for the Pebble Beach Bank Stabilization Project. After obtaining a grant to fund the project, the General Fund paid off the loan in fiscal year 2021.

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, 2021:

Transfers Out	Transfers In							Total
	General Fund	Housing Authority Section 8	Non-Major Governmental Funds	Sewer	Water	RV Park	Internal Service Funds	
Major Funds:								
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,255	\$ 12,255
CDBG	-	-	14,217	-	-	-	-	14,217
Non-Major Governmental Funds	862,779	42	-	372	501	2,394	21,352	887,440
Major Enterprise Funds:								
Sewer	-	-	-	-	-	-	24,188	24,188
Internal Service Funds	21,882	-	-	-	-	-	-	21,882
Total	\$ 884,661	\$ 42	\$ 14,217	\$ 372	\$ 501	\$ 2,394	\$ 57,795	\$ 959,982

- The purpose of the transfer from Non-Major Governmental Funds (Gas Tax Fund) to the General Fund was to allocate gas tax revenues to fund street maintenance.
- The purpose of the transfer from the CDBG Special Revenue Fund to Non-Major Governmental Funds (Capital Improvement Fund) was to provide funding for a future project.
- The purpose of the transfer from the Non-Major Governmental Funds (Capital Improvement Fund) to the General Fund was to reimburse funding for the Pebble Beach Bank Stabilization capital project.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

6. INTERFUND TRANSACTIONS, CONTINUED

- The purpose of the transfers from the General Fund and Sewer was to transfer vehicles purchased during the year to the Equipment Fund.
- The purpose of the transfers from the Non-major Governmental Funds (CARES Act Fund) to the General Fund, Housing Authority Section 8, Sewer, Water, RV Park, and Internal Service Funds was to reimburse COVID-related expenditures.

7. EMPLOYEE RETIREMENT PLANS

A. *Plan Description*

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors 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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

7. EMPLOYEE RETIREMENT PLANS, CONTINUED

B. Benefits Provided, Continued

The Plans' provisions and benefits in effect at June 30, 2021 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	8.000%	6.750%				
Required employer contribution rates	11.742%	7.732%				
Required employer dollar UAL payment (annual)	\$537,758	\$6,936				
	Safety (Police)		Safety (Fire)			
	Prior to	On or after	Prior to	On or after		
Hire date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013		
Benefit formula	2% @ 50	2.7% @ 57	2% @ 50	2.7% @ 57		
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service		
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life		
Retirement age	50	50-57	50	50-57		
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%	2.0%	2.0% to 2.7%		
Required employee contribution rates	9.000%	12.000%	9.000%	12.000%		
Required employer contribution rates	18.152%	13.044%	18.152%	13.044%		
Required employer dollar UAL payment (annual)	\$194,600	\$3,595	\$11,738	\$0		

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, 2020, the contributions recognized against net pension liability for the Plan were \$1,108,169.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

7. EMPLOYEE RETIREMENT PLANS, CONTINUED

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

As of June 30, 2021, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan of \$11,314,498.

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, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2019 and 2020 were as follows:

Proportion - June 30, 2019	0.10353%
Proportion - June 30, 2020	0.10399%
Change - Increase (Decrease)	<u>0.00046%</u>

For the year ended June 30, 2021, the City recognized pension expense of \$1,602,395. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,140,497	
Changes of assumptions		68,411
Differences between expected and actual experience	667,153	-
Changes in employer's proportion	65,999	108,401
Differences between the employer's contribution and the employer's proportionate share of contributions	-	194,478
Net differences between projected and actual earnings on plan investments	<u>310,345</u>	<u>-</u>
Total	<u>\$ 2,183,994</u>	<u>\$ 371,290</u>

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

7. EMPLOYEE RETIREMENT PLANS, CONTINUED

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

\$1,140,497 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, 2022. 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:	
2022	\$ 9,560
2023	270,191
2024	242,099
2025	150,357

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by entry age and service
Investment of return	7.15%
Maturity Rate Table ⁽¹⁾	Derived by CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies. ¹

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvement using Society of Actuaries Scale 90% of scale MP2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS) demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability for the Plan was 7.15%. 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.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

7. EMPLOYEE RETIREMENT PLANS, CONTINUED

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

7. EMPLOYEE RETIREMENT PLANS, CONTINUED

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –
 The following 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		6.15%
Net Pension Liability	\$	16,428,897
Current Discount Rate		7.15%
Net Pension Liability	\$	11,314,498
1% Increase		8.15%
Net Pension Liability	\$	7,097,522

C. Payable to the Pension Plan

At June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

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

- a) The minimum required contribution under PEMHCA (\$139 per month for calendar year 2020)
- b) The amounts shown in the table below (pursuant to collective bargaining or other employee agreements)

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

B. Employees Covered

As of the July 1, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	42
Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to, but not yet receiving benefits	38
	102

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, 2020, the City's cash contribution was \$134,579 in payments to the trust and the estimated implicit subsidy was \$26,515 resulting in total payments of \$161,094.

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2019 that was used to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions

Discount Rate	6.3%
General Inflation	2.5% per annum
Salary Increases	3.0% per year
Investment Rate of Return	6.3%
Funding Method	Entry Age Normal Cost, level percent of pay
Mortality Improvement ⁽¹⁾	MacLeod Watts Scale 2020 applied generationally from 2015
Healthcare Trend Rate	Actual for 2020, 6.5% for 2021, decreasing to an ultimate rate of 4.00% in 2076 and later years

Notes:

(1) Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of CalPERS using data from 1997 to 2015, except for a different basis used to project future mortality improvements. The representative mortality rates were the published CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

D. Net OPEB Liability, Continued

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

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

At the time the valuation was prepared, the City was invested in the Balanced Portfolio, which had an expected return of 6.82%. Based on the City's OPEB trust balance, the City assumed 50 basis points in non-imbedded fees for a net expected return of 6.32%. The City approved 6.3% as the assumed long term return on trust assets, providing some margin for potential adverse returns.

E. Discount Rate

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

F. Changes in the OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2020 (Measurement date 06/30/2019)	\$ 1,440,921	\$ 607,052	\$ 833,869
Changes in the year:			
Service cost	71,080	-	71,080
Interest	92,061	-	92,061
Differences between expected and actual experience	-	-	-
Assumption changes	(21,038)	-	(21,038)
Contribution - employer	-	161,094	(161,094)
Net investment income	-	17,217	(17,217)
Benefit payments	(101,393)	(101,393)	-
Net changes	40,710	76,918	(36,208)
Balance at June 30, 2021 (Measurement date 06/30/2020)	\$ 1,481,631	\$ 683,970	\$ 797,661

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

	1% Decrease	Current Discount Rate	1% Increase
	5.30%	6.30%	7.30%
Net OPEB Liability (Asset)	\$ 968,692	\$ 797,661	\$ 654,223

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)	\$ 688,711	\$ 797,661

I. OPEB Plan Fiduciary Net Position

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

J. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss and is calculated using the 4 different employee groups' Expected Average Remaining Service Life (EARSL). The recognition periods for various gains and losses created in the June 30, 2020 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

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

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$70,396. For the fiscal year ended June 30, 2021, 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	\$ 136,471	\$ -
Differences Between Expected and Actual Experience	-	224,411
Changes of Assumptions	55,244	60,887
Net differences between projected and actual earnings on plan investments	18,458	28,855
Total	<u>\$ 210,173</u>	<u>\$ 314,153</u>

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

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

The \$136,471 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June, 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/Inflows of Resources</u>
2022	\$ (52,619)
2023	(49,041)
2024	(29,981)
2025	(18,585)
2026	(18,199)
Thereafter	(72,026)

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

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

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

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

9. RISK MANAGEMENT, CONTINUED

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

During the fiscal year ended June 30, 2021, the City contributed \$531,945 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.

10. CONTINGENCIES

Contingent Liabilities

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

11. PLEDGED REVENUE

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

The City has pledged future revenues derived from the operation of the Crescent City Wastewater System, net of operating and maintenance expenses, to repay a \$45,407,931 loan payable to the State Water Resources Control Board. Proceeds from the loan provided financing for improvements to the Wastewater System. The loan is payable solely from the net earnings of the Wastewater System and are payable through 2041. The total principal and interest remaining to be paid on the loan is \$33,953,253.

Principal and interest paid for the current year and net system revenues were \$1,600,000 and \$1,591,392 respectively.

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

11. PLEDGED REVENUE, CONTINUED

The City has pledged future revenues derived from the operation of the Crescent City Water System, net of operating and maintenance expenses, to repay a \$7,000,000 loan payable to the State Water Resources Control Board. Proceeds from the loan provided financing for improvements to the Water System. The loan is payable solely from the net earnings of the Water System and are payable through 2024. The total principal and interest remaining to be paid on the loan is \$875,000.

Principal and interest paid for the current year and net system revenues were \$350,000, and \$775,365 respectively.

12. SUCCESSOR TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

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

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

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

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

City of Crescent City
Notes to Basic Financial Statements
For the year ended June 30, 2021

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

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

In accordance with the time line set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Cash and investments

As of June 30, 2021, cash and investments in the amount of \$97,807 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 \$18,904 and \$685,286 respectively. Of these amounts, \$18,904 and \$685,286 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, 2021:

	Balance June 30, 2020	Additions	Adjustments/ Retirements	Balance June 30, 2021	Amounts Due Within One year	Amounts Due in More Than One year
Fiduciary Fund Debt						
Successor Housing Agency	\$ 35,300	\$ -	\$ (16,396)	\$ 18,904	\$ 18,904	\$ -
City Water Fund	685,286	-	-	685,286	5,296	679,990
Total Fiduciary Fund Debt	\$ 720,586	\$ -	\$ (16,396)	\$ 704,190	\$ 24,200	\$ 679,990

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**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2021

1. OTHER POST EMPLOYMENT BENEFITS

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

<i>Measurement Period</i>	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 71,080	\$ 73,899	\$ 71,573	\$ 84,805
Interest on the total OPEB liability	92,061	100,416	96,582	111,248
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	(147,813)	-	(257,555)
Changes of assumptions	(21,038)	(57,501)	-	138,952
Benefit payments, including refunds of employee contributions	(101,393)	(96,190)	(123,018)	(117,859)
Net change in total OPEB liability	40,710	(127,189)	45,137	(40,409)
Total OPEB liability - beginning	1,440,921	1,568,110	1,522,973	1,563,382
Total OPEB liability - ending (a)	\$ 1,481,631	\$ 1,440,921	\$ 1,568,110	\$ 1,522,973
Plan Fiduciary Net Position				
Contributions - employer	\$ 161,094	\$ 156,211	\$ 179,438	\$ 156,803
Contributions - employee	-	-	-	-
Net investment income	17,217	33,991	31,754	39,562
Benefit payments, including refunds of employee contributions	(101,393)	(96,190)	(123,018)	(117,859)
Administrative expense	-	-	-	-
Other	-	56,421	-	-
Net change in plan fiduciary net position	76,918	150,433	88,174	78,506
Plan fiduciary net position - beginning	607,052	456,619	368,445	289,939
Plan fiduciary net position - ending (b)	\$ 683,970	\$ 607,052	\$ 456,619	\$ 368,445
Net OPEB liability/(asset) - ending (a) - (b)	\$ 797,661	\$ 833,869	\$ 1,111,491	\$ 1,154,528
Plan fiduciary net position as a percentage of the total OPEB liability	46%	42%	29%	24%
Covered-employee payroll	\$ 2,941,134	\$ 3,466,680	\$ 3,217,205	\$ 3,045,658
Net OPEB liability as a percentage of covered-employee payroll	27.12%	24.05%	34.55%	37.91%

Notes to Schedule:

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

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2021

1. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

B. Schedule of Contributions Last Ten Fiscal Years *

	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 136,471	\$ 161,094	\$ 156,211	\$ 179,438
Contributions in relation to the ADC	(136,471)	(161,094)	(156,211)	(179,438)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 3,594,534	\$ 2,941,134	\$ 3,466,680	\$ 3,217,205
Contributions as a percentage of covered-employee payroll	3.80%	5.48%	4.51%	5.58%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Valuation Date used to determine ADC	7/1/2019	7/1/2017	7/1/2017	7/1/2015
Discount rate used to determine ADC	6.30%	6.30%	6.30%	7.00%
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	20 Years Closed	20 Years Closed	21 Years Closed	22 Years Closed
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Inflation	2.50%	2.75%	2.75%	2.75%
Payroll Growth	3.00%	3.25%	3.25%	3.25%
Healthcare cost-trend rates	8.0% in 2018 to 5.0%	8.0% in 2018 to 5.0%	8.0% in 2018 to 5.0%	7.5% in 2017 to 4.5%
Retirement Age	50 to 75	50 to 75	50 to 75	50 to 75
Mortality	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, 2021

2. DEFINED BENEFIT PENSION PLAN

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

Fiscal Year	2021	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.10398944%	0.10353226%	0.10454965%	0.10411817%	0.10614935%	0.10970704%	0.10061430%
Proportionate share of the net pension liability	\$11,314,498	\$10,608,990	\$10,074,682	\$10,325,662	\$ 9,185,205	\$ 7,530,194	\$ 6,260,676
Covered payroll	\$ 3,272,924	\$ 3,466,680	\$ 3,217,205	\$ 3,045,658	\$ 2,979,180	\$ 2,915,615	\$ 2,782,613
Proportionate Share of the net pension liability as percentage of covered payroll	345.70%	306.03%	313.15%	339.03%	308.31%	258.27%	224.99%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

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

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

City of Crescent City
Required Supplementary Information
For the year ended June 30, 2021

2. DEFINED BENEFIT PENSION PLAN, CONTINUED

B. Schedule of Contributions - Last 10 Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,140,497	\$ 1,108,169	\$ 968,710	\$ 948,296	\$ 851,158	\$ 763,462	\$ 625,852
Contribution in relation to the contractually required contribution	(1,140,497)	(1,108,169)	(968,710)	(948,296)	(851,158)	(763,462)	(625,852)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,381,533	\$ 3,272,924	\$ 3,466,680	\$ 3,217,205	\$ 3,045,658	\$ 2,979,180	\$ 2,915,615
Contributions as a percentage of covered payroll	33.73%	33.86%	27.94%	29.48%	27.95%	25.63%	21.47%

Notes to Schedule

Valuation date (for contractually required contribution):	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation:	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(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.

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

City of Crescent City
Notes to the Required Supplementary Information
For the year ended June 30, 2021

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.

City of Crescent City

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

General Fund

For the year ended June 30, 2021 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 3,073,484	\$ 4,217,793	\$ 4,867,886	\$ 650,093
Use of money and property:				
Interest	25,167	25,167	2,824	(22,343)
Rental income	34,029	36,029	35,969	(60)
Licenses and permits	297,766	311,766	299,500	(12,266)
Fines and forfeitures	9,950	9,950	8,151	(1,799)
Intergovernmental	461,692	697,210	455,269	(241,941)
Charges for services	600,668	617,326	582,795	(34,531)
Gifts and donations	33,000	172,050	55,549	(116,501)
Other reimbursements	85,726	147,617	130,090	(17,527)
Other revenue	10,000	10,000	4,937	(5,063)
Total revenues	4,631,482	6,244,908	6,442,970	198,062
EXPENDITURES:				
Current:				
General government	979,609	1,138,454	947,961	190,493
Public safety	2,872,737	2,994,140	2,576,286	417,854
Community development	363,503	459,383	257,627	201,756
Human services and recreation	213,975	445,272	337,003	108,269
Public works	814,831	1,017,942	784,791	233,151
Administrative overhead allocation	343,766	361,950	335,141	26,809
Debt Service:				
Interest on advances from other funds	13,230	13,230	6,615	6,615
Total expenditures	5,601,651	6,430,371	5,245,424	1,184,947
REVENUES OVER (UNDER) EXPENDITURES	(970,169)	(185,463)	1,197,546	1,383,009
OTHER FINANCING SOURCES (USES)				
Transfers in	178,614	839,237	884,661	45,424
Transfers out	-	-	(12,255)	(12,255)
Total other financing sources (uses)	178,614	839,237	872,406	33,169
Net change in fund balance	\$ (791,555)	\$ 653,774	2,069,952	\$ 1,416,178
FUND BALANCE:				
Beginning of year			1,427,571	
End of year			\$ 3,497,523	

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, 2021 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 140	\$ 140	\$ 1,246	\$ 1,106
Intergovernmental	3,769,481	3,921,405	3,771,794	(149,611)
Other reimbursements	574	574	104	(470)
Other revenue	29,548	29,548	42,710	13,162
Total revenues	3,799,743	3,951,667	3,815,854	(135,813)
EXPENDITURES:				
Current:				
Human services and recreation	3,863,737	3,933,753	3,687,950	245,803
Administrative overhead allocation	20,202	20,325	18,391	1,934
Total expenditures	3,883,939	3,954,078	3,706,341	247,737
REVENUES OVER (UNDER) EXPENDITURES	(84,196)	(2,411)	109,513	111,924
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	42	42
Total other financing sources (uses)	-	-	42	42
Net change in fund balance	\$ (84,196)	\$ (2,411)	109,555	\$ 111,966
FUND BALANCE:				
Beginning of year			330,292	
End of year			\$ 439,847	

City of Crescent City

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

CDBG Special Revenue Fund

For the year ended June 30, 2021 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ -	\$ -	\$ 1	\$ 1
Intergovernmental	4,529,504	6,536,523	3,958,027	(2,578,496)
Total revenues	4,529,504	6,536,523	3,958,028	(2,578,495)
EXPENDITURES:				
Current:				
Community development	107,110	848,735	128,090	720,645
Human services and recreation	285,879	956,491	140,992	815,499
Public works	4,079,929	4,314,241	4,235,905	78,336
Total expenditures	4,472,918	6,119,467	4,504,987	1,614,480
REVENUES OVER (UNDER) EXPENDITURES	56,586	417,056	(546,959)	(964,015)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,800	7,800	-	(7,800)
Transfers out	(42,800)	(42,800)	(14,217)	28,583
Total other financing sources (uses)	(35,000)	(35,000)	(14,217)	20,783
Net change in fund balance	\$ 21,586	\$ 382,056	(561,176)	\$ (943,232)
FUND BALANCE:				
Beginning of year			(365,683)	
End of year			\$ (926,859)	

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SUPPLEMENTARY INFORMATION

City of Crescent City
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	89-93 Rehab & Sidewalk Funds	Gas Tax Fund	Successor Housing Fund	RMRA Fund
ASSETS				
Cash and investments	\$ 20,549	\$ 19,645	\$ 298,526	\$ 141,399
Receivables:				
County/State/Federal Government	-	-	-	25,820
Interest receivable	15	19	212	94
Due from RDA Successor Agency	-	-	18,904	-
Land held for redevelopment	-	-	89,752	-
Note Receivable	69,308	-	-	-
Total assets	\$ 89,872	\$ 19,664	\$ 407,394	\$ 167,313
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	-	2,199	-	6,719
Due to other funds	-	-	-	-
Total liabilities	-	2,199	-	6,719
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted				
Low and moderate income housing	-	-	407,394	-
Other Purposes	89,872	17,465	-	160,594
Assigned for Capital Improvement and Vehicle Replacement	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	89,872	17,465	407,394	160,594
Total liabilities, deferred inflows of resources, and fund balances	\$ 89,872	\$ 19,664	\$ 407,394	\$ 167,313

Special Revenue Funds		Capital Projects Funds				Nonmajor Governmental Funds
CARES Act Fund	Capital Improvement Fund	Beachfront Park CIP Fund	Fire Vehicle Replacement Fund	Police Vehicle Replacement Funds		
\$ 223	\$ 4,809	\$ 1,069	\$ 54,658	\$ 18,284	\$ 559,162	
-	692,683	-	-	-	718,503	
-	-	1	39	13	393	
-	-	-	-	-	18,904	
-	-	-	-	-	89,752	
-	-	-	-	-	69,308	
<u>\$ 223</u>	<u>\$ 697,492</u>	<u>\$ 1,070</u>	<u>\$ 54,697</u>	<u>\$ 18,297</u>	<u>\$ 1,456,022</u>	
-	129,781	-	-	-	138,699	
-	550,000	-	-	-	550,000	
-	679,781	-	-	-	688,699	
-	599,138	-	-	-	599,138	
-	599,138	-	-	-	599,138	
-	-	-	-	-	407,394	
223	-	-	-	-	268,154	
-	-	1,070	54,697	18,297	74,064	
-	(581,427)	-	-	-	(581,427)	
<u>223</u>	<u>(581,427)</u>	<u>1,070</u>	<u>54,697</u>	<u>18,297</u>	<u>168,185</u>	
<u>\$ 223</u>	<u>\$ 697,492</u>	<u>\$ 1,070</u>	<u>\$ 54,697</u>	<u>\$ 18,297</u>	<u>\$ 1,456,022</u>	

City of Crescent City
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds			
	89-93 Rehab & Sidewalk Funds	Gas Tax Fund	Successor Housing Fund	RMRA Fund
REVENUES:				
Use of money and property				
Interest	\$ (4)	\$ 93	\$ (13)	\$ 374
Intergovernmental	-	166,679	-	141,690
Total revenues	(4)	166,772	(13)	142,064
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public works	-	13,369	-	27,021
Total expenditures	-	13,369	-	27,021
REVENUES OVER (UNDER) EXPENDITURES	(4)	153,403	(13)	115,043
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(153,310)	-	-
Total other financing sources (uses)	-	(153,310)	-	-
Net change in fund balance	(4)	93	(13)	115,043
FUND BALANCES:				
Beginning of year	89,876	17,372	407,407	45,551
End of year	<u>\$ 89,872</u>	<u>\$ 17,465</u>	<u>\$ 407,394</u>	<u>\$ 160,594</u>

Special Revenue Funds	Capital Projects Funds					
CARES Act Fund	Capital Improvement Fund	Beachfront Park CIP Fund	Fire Vehicle Replacement Fund	Police Vehicle Replacement Funds	Total Nonmajor Governmental Funds	
\$ 223	\$ (1,694)	\$ 5	\$ (9)	\$ (3)	\$ (1,028)	
82,392	829,427	-	-	-	1,220,188	
82,615	827,733	5	(9)	(3)	1,219,160	
-	2,158	-	-	-	2,158	
-	1,221,278	-	-	-	1,261,668	
-	1,223,436	-	-	-	1,263,826	
82,615	(395,703)	5	(9)	(3)	(44,666)	
-	14,217	-	-	-	14,217	
(82,392)	(651,738)	-	-	-	(887,440)	
(82,392)	(637,521)	-	-	-	(873,223)	
223	(1,033,224)	5	(9)	(3)	(917,889)	
-	451,797	1,065	54,706	18,300	1,086,074	
\$ 223	\$ (581,427)	\$ 1,070	\$ 54,697	\$ 18,297	\$ 168,185	

City of Crescent City
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Information Tech Fund	Maintenance Building Fund	Equipment Fund
ASSETS			
Current assets:			
Cash and investments	\$ 2,985	\$ 903	\$ 112,177
Accounts receivable	-	-	878
Interest receivable	-	-	52
Prepaid items	8,999	-	-
Total current assets	<u>11,984</u>	<u>903</u>	<u>113,107</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	-	42,525
Depreciable, net	-	-	885,429
Total capital assets	<u>-</u>	<u>-</u>	<u>927,954</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>927,954</u>
Total assets	<u>11,984</u>	<u>903</u>	<u>1,041,061</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,984	903	21,592
Accrued wages	-	-	-
Due to other funds	5,000	-	-
Total current liabilities	<u>11,984</u>	<u>903</u>	<u>21,592</u>
Total liabilities	<u>11,984</u>	<u>903</u>	<u>21,592</u>
NET POSITION			
Net investment in capital assets	-	-	927,954
Unrestricted	-	-	91,515
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019,469</u>

Payroll Trust Fund	Insurance Reserve Fund	OPEB Trust Contributions Fund	Total
\$ 181,841	\$ 127,965	\$ 569	\$ 426,440
-	65,440	-	66,318
-	106	31	189
537	-	-	9,536
182,378	193,511	600	502,483
-	-	-	42,525
-	-	-	885,429
-	-	-	927,954
-	-	-	927,954
182,378	193,511	600	1,430,437
74,062	-	600	104,141
108,316	-	-	108,316
-	-	-	5,000
182,378	-	600	217,457
182,378	-	600	217,457
-	-	-	927,954
-	193,511	-	285,026
\$ -	\$ 193,511	\$ -	\$ 1,212,980

City of Crescent City
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the year ended June 30, 2021

	Information Tech Fund	Maintenance Building Fund	Equipment Fund
OPERATING REVENUES:			
Charges for services	\$ 213,816	\$ 141,863	\$ 342,266
Other	-	-	-
Total operating revenues	<u>213,816</u>	<u>141,863</u>	<u>342,266</u>
OPERATING EXPENSES:			
Personnel services	147,326	128,905	200,064
Materials, supplies, rent, and services	16,548	5,758	56,298
Repair and maintenance	71,317	7,221	50,307
Depreciation	-	-	102,585
Total operating expenses	<u>235,191</u>	<u>141,884</u>	<u>409,254</u>
OPERATING INCOME (LOSS)	<u>(21,375)</u>	<u>(21)</u>	<u>(66,988)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest income	-	-	76
Grant revenue	-	-	-
Gain (loss) on disposal of assets	-	-	7,721
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>7,797</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(21,375)</u>	<u>(21)</u>	<u>(59,191)</u>
Transfers in	21,331	21	36,443
Transfers out	-	-	-
Total contributions and transfers	<u>21,331</u>	<u>21</u>	<u>36,443</u>
Change in net position	(44)	-	(22,748)
NET POSITION			
Beginning of year	44	-	1,042,217
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019,469</u>

Payroll Trust Fund	Insurance Reserve Fund	OPEB Trust Contributions Fund	Total
\$ -	\$ 289,446	\$ 140,308	\$ 1,127,699
-	65,440	-	65,440
-	354,886	140,308	1,193,139
-	-	136,471	612,766
-	289,446	3,942	371,992
-	-	-	128,845
-	-	-	102,585
-	289,446	140,413	1,216,188
-	65,440	(105)	(23,049)
-	333	105	514
-	-	-	-
-	-	-	7,721
-	333	105	8,235
-	65,773	-	(14,814)
-	-	-	57,795
-	(21,882)	-	(21,882)
-	(21,882)	-	35,913
-	43,891	-	21,099
-	149,620	-	1,191,881
\$ -	\$ 193,511	\$ -	\$ 1,212,980

City of Crescent City
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2021

	Information Tech Fund	Maintenance Building Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from other funds	\$ 213,816	\$ 141,863
Cash payments to suppliers for goods and services	(90,964)	(13,496)
Cash paid to employees	(147,326)	(128,905)
Net cash provided (used) by operating activities	(24,474)	(538)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grant cash receipts	-	-
Cash received from other funds	26,331	21
Cash disbursements to other funds	-	-
Net cash provided (used) by noncapital financing activities	26,331	21
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	-	-
Acquisition of capital assets	-	-
Net cash provided (used) by capital and related financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	-	-
Net cash provided (used) by investing activities	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,857	(517)
CASH AND CASH EQUIVALENTS - Beginning of year	1,128	1,420
CASH AND CASH EQUIVALENTS - End of year	\$ 2,985	\$ 903
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (21,375)	\$ (21)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	-	-
Changes in assets, deferred outflows and inflows of resources, and liabilities		
Accounts receivable, net	-	-
Prepaid items	(2,450)	-
Accounts payable	(649)	(517)
Accrued wages	-	-
Total adjustments	(3,099)	(517)
Net cash provided (used) by operating activities	\$ (24,474)	\$ (538)

Equipment Fund	Payroll Trust Fund	Insurance Reserve Fund	OPEB Trust Contributions Fund	Total
\$ 342,418	\$ 218	\$ 289,446	\$ 140,308	\$ 1,128,069
(95,608)	36,995	(289,446)	(3,942)	(456,461)
(200,064)	-	-	(136,471)	(612,766)
46,746	37,213	-	(105)	58,842
-	-	-	-	-
36,443	-	-	-	62,795
-	-	(21,882)	-	(21,882)
36,443	-	(21,882)	-	40,913
7,721	-	-	-	7,721
(63,063)	-	-	-	(63,063)
(55,342)	-	-	-	(55,342)
273	-	590	136	999
273	-	590	136	999
28,120	37,213	(21,292)	31	45,412
84,057	144,628	149,257	538	381,028
\$ 112,177	\$ 181,841	\$ 127,965	\$ 569	\$ 426,440
\$ (66,988)	\$ -	\$ 65,440	\$ (105)	\$ (23,049)
102,585	-	-	-	102,585
152	218	(65,440)	-	(65,070)
-	453	-	-	(1,997)
10,997	13,629	-	-	23,460
-	22,913	-	-	22,913
113,734	37,213	(65,440)	-	81,891
\$ 46,746	\$ 37,213	\$ -	\$ (105)	\$ 58,842

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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, 2021, 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 31, 2021.

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.

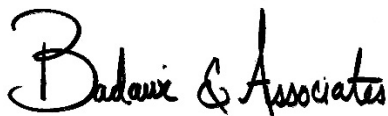
To the Honorable Mayor and Members of the City Council
of the City of Crescent City
Crescent City, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 31, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Crescent City, California (City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

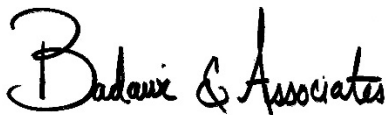
Report on Internal Control Over Compliance

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

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

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

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



Badawi & Associates, CPAs
Berkeley, California
December 31, 2021

City of Crescent City
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA 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	\$ 3,581,938	\$ -
COVID-19 - Section 8 Housing Choice Vouchers	14.871	n/a	124,402	-
Housing Voucher Cluster Total			<u>3,706,340</u>	<u>-</u>
CDBG State Administered Program:				
<i>Passed through State of California Department of Housing And Community Development:</i>				
Community Development Block Grant	14.228	17-CDBG-12092	4,424,919	55,768
Community Development Block Grant	14.228	20-CDBG-12011	6,204	3,343
Community Development Block Grant	14.228	20-CDBG-12012	22,907	12,748
Community Development Block Grant	14.228	20-CDBG-12040	13,042	-
Community Development Block Grant	14.228	20-CDBG-12056	17,794	-
Community Development Block Grant	14.228	Loans Outstanding	40,376	-
COVID-19 Community Development Block Grant	14.228	20-CDBG-CV1-00048	10,395	2,658
CDBG State Administered Program Total			<u>4,535,637</u>	<u>71,859</u>
Total U.S. Department of Housing and Urban Development			<u>8,241,977</u>	<u>74,517</u>
<u>Department of Transportation</u>				
<i>Passed through California Department of Transportation:</i>				
Highway Planning and Construction	20.205	ER-32D0(013)	535,526	-
Total Department of Transportation			<u>535,526</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
<i>Passed through California Department of Finance</i>				
COVID-19 Coronavirus Relief Fund	21.019	N/A	82,392	-
Total Department of Commerce			<u>82,392</u>	<u>-</u>
<u>U.S. Department of Justice:</u>				
<i>Direct Programs:</i>				
2018 Bulletproof Vest Partnership	16.607	2018BUBX18095585	1,361	-
Total U.S. Department of Justice			<u>1,361</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 8,861,256</u>	<u>\$ 74,517</u>

City of Crescent City
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021

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, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Types of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Any noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 (a) of the Uniform Guidance? No

Identification of major programs:

CFDA Number(s)	Name of Federal Cluster or Program	Expenditures
14.228	CDBG State Administered Protram	4,535,637
	Total Expenditures of all Major Programs	\$ 4,535,637
	Total Expenditures of Federal Award	\$ 8,861,256
	Percentage of Total Expenditure of Federal Award	51%

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, 2021

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.