

# City of Crescent City

Crescent City, California

*Annual Audit Report and Financial Statements*

*For the year ended June 30, 2025*



**City of Crescent City**  
**Annual Audit Report and Financial Statements**  
**For the year ended June 30, 2025**

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# INTRODUCTORY SECTION

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**City of Crescent City**  
**City Officials**  
**For the year ended June 30, 2025**

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<u>Name</u>	<u>Office</u>
Ray Altman	Mayor
Isaiah Wright	Mayor Pro Tem
Daran Dooley	Council Member
Jason Greenough	Council Member
Candace Tinkler	Council Member

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# FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent City, California (City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

#### *Auditor Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a

material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, other post-employment benefit plans information, and pension plan information on pages 15-38 and 112-123 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

***Supplementary Information***

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

The combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards on pages 126-139, and 149 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information Included in the Annual Audit Report and Financial Statements***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Badawi & Associates, CPAs  
Emeryville, California  
December 30, 2025

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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, 2025**

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, 2025. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements (beginning on page 43).

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 43-45) report information about the City as a whole, using the economic resources measurement focus and accrual basis of accounting. This means that all assets and liabilities (both short-term and long-term) are presented, revenues are recorded when they are earned, and expenditures or expenses are recorded when they are incurred, regardless of the timing of related cash flows. For the most part, transactions between funds have been removed, except when eliminating the interfund transactions would obscure the costs of providing services.

Total assets and deferred outflows of resources of the City were \$116,409,583 and total liabilities and deferred inflows of resources were \$55,612,297 on June 30, 2025. The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$60,797,286 (net position) for the fiscal year reported. This is an increase of \$13,909,716 from the previous year when assets exceeded liabilities by \$46,887,570 (as restated due to implementation of GASB 101). Most of the increase was due to grant-funded activities.

The increase includes:

- \$10,708,123 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. Significant increases in capital asset investment include
  - \$4,821,487 added to the Pebble Beach Drive rehabilitation project funded by the Federal Highways Administration, Cal OES, and Caltrans
  - \$1,558,897 in improvements to Beachfront Park funded by Prop 68, California Parks, Coastal Conservancy, and the California Endowment
  - \$1,458,851 in improvements to Front Street, funded by HUD, Caltrans, and the City's General Fund
  - \$1,330,095 in improvements to the Swimming Pool, funded by the City's General Fund (including Measure S)
  - Reduction in outstanding long-term debt of \$1,697,663 due to the Sewer Fund's payment on the SRF loan
  - Other increases due to capital projects and equipment purchases, offset by annual depreciation

- \$4,739,031 increase in restricted net position, which includes balances for capital projects, grant-funded projects, and low-income housing programs. The majority of this increase is due to a Competitive Public Local Housing Allocation (CPLHA) grant that funded a loan of \$4,750,000 to a housing developer. The note receivable is restricted net position, and payments that are received over time will be used for future low-income housing projects.
- (\$1,537,438) decrease in unrestricted net position. This includes decreases in overall net position due to allocating resources to priority projects as well as the investment of unrestricted cash into capital assets.

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 \$44,417,924 includes real property, construction-in-progress, structures and improvements, equipment, and infrastructure.
- Net position of \$6,391,229 is restricted for capital projects, community development, low-income housing, and other purposes.
- Unrestricted net position of \$9,988,133 represents the resources available to meet the City's ongoing obligations to citizens and creditors.

### Fund Financial Statements

The fund financial statements (pages 52-71) present information about each major fund of the City and the aggregate of all non-major funds. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the City can be divided into three categories:

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

### Governmental Funds

Governmental funds include the General Fund, special revenue funds, and capital projects funds. The City currently has five major governmental funds (General Fund, Housing Authority Fund, CPLHA Fund, General CIP Fund, and Pebble Beach Drive Bank Stabilization Fund) and thirteen non-major

governmental funds. Financial statements for each major fund and the aggregate of all non-major funds are presented on pages 52-58. Individual fund data for each non-major fund is provided in the form of combining statements on pages 126-139.

The City's governmental funds reported total ending fund balance of \$8,167,586 this year. This compares to the prior year ending fund balance of \$9,407,143 and is a decrease of (\$1,239,557) which includes:

- (\$636,297) net decrease in the General Fund balance due to total expenditures exceeding total revenues. This includes planned expenditures of prior year Measure S fund balance for priority projects including SCBA replacements for the Fire Department, street repair projects, and continuing work on the Police Department facility improvements.
- \$1,337 net increase in the Housing Authority fund balance due to revenues slightly exceeding expenditures. The fund balance is restricted to low and moderate-income housing programs.
- \$4,809,415 net increase in the CPLHA fund due to grant funding for a low-income housing project.
- (\$912,669) net decrease in the General CIP Fund due to planned expenditures of prior year fund balance, most significantly the Swimming Pool HVAC project.
- (\$4,589,248) net decrease in the Pebble Beach Drive Bank Stabilization Project Fund. This fund is used to track the long-term project to stabilize Pebble Beach Drive after significant storm damage. In FY 2024-25, an emergency project was done to reopen a failed portion of the street using funding from the Federal Highway Administration and Caltrans. Because this fund uses the current financial resources measurement focus, only revenues which are received within 60 days of the end of the fiscal year are counted as revenues. Due to the timing of federal emergency project reimbursement, the grant revenues that will pay for this project were not received and therefore not counted as revenue in this fiscal year. When the funds are received, the revenue will be recorded and the negative fund balance will be relieved. In the meantime, the City was able to manage the cash flow for this project using funds from Caltrans.
- \$87,905 net increase in non-major governmental funds.

The major governmental funds are discussed in greater detail below in the section "Financial Analysis of the City's Funds."

### Proprietary Funds

The City's proprietary funds include three enterprise funds (Sewer Fund, Water Fund, and Recreational Vehicle (RV) Park Fund) and six internal service funds. Financial statements for each enterprise fund and the aggregate of all internal service funds are presented on pages 62-65. Individual fund data for each internal service fund is provided in the form of combining statements on pages 134-139.

The enterprise funds reported total ending net position of \$21,382,878 as of June 30, 2025. This compares to net position as of the prior year (restated due to GASB 101) of \$21,540,814 and is a decrease of (\$157,936) which includes:

- (\$309,475) net decrease in the Sewer Fund net position.
- \$87,266 net increase in the Water Fund net position.
- \$64,273 net increase in the RV Park Fund net position.

The internal service funds reported total ending net position of \$2,374,582 as of June 30, 2025. This represents a net increase of \$347,526 from the prior year net position of \$2,027,056.

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 70-71.

## **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, future grant reimbursements, etc.).

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

*Governmental Activities* – Most of the City’s basic services are reported here, including General Government (City Council, City Clerk, City Manager’s Department, Finance, Attorney, Economic Development, etc.), Public Safety (Police and Fire), Community Development, Planning, Swimming Pool, Parks, Public Works, Housing Authority, etc. Revenues from taxes and grants finance most of these activities. In the government-wide statements, internal service funds are included here as well.

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

## Fund Financial Statements

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

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

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

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

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

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

### Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements on page 75. The notes include information on the City's accounting policies, cash and investments, receivables, capital assets, long-term debts, interfund activity, employee retirement plans and other post-employment benefits, risk management, contingencies, pledged revenues, the successor trust for the former redevelopment agency, and any changes from the prior year reporting.

### Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information beginning on page 112. 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 CPLHA Fund are also included here.

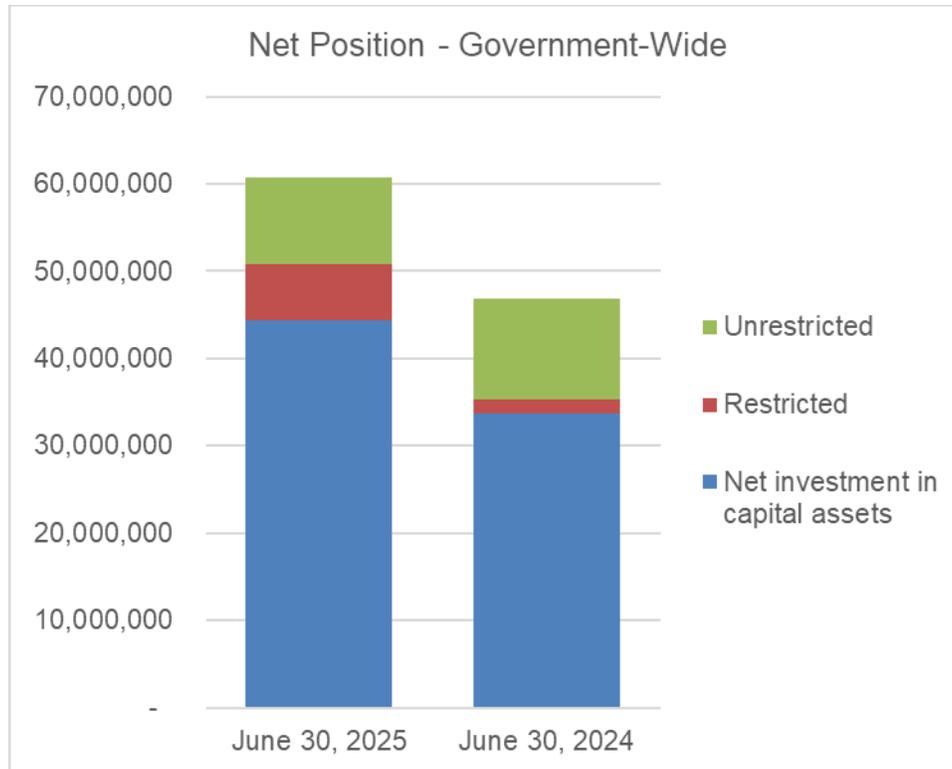
### Supplementary Information

This section, beginning on page 126, includes the individual fund statements for the non-major 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, 2025. This information is shown in greater detail in the government-wide financial statements on pages 43-45.

<b>Table 1 - Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Government-Wide Totals</b>	
	<b>FY 2024-25</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2023-24</b>
<b>Assets:</b>						
Current and other	26,206,584	13,148,542	13,986,361	14,287,863	40,192,945	27,436,405
Capital assets	31,412,264	21,291,163	40,286,481	41,394,509	71,698,745	62,685,672
<b>Total assets</b>	<b>57,618,848</b>	<b>34,439,705</b>	<b>54,272,842</b>	<b>55,682,372</b>	<b>111,891,690</b>	<b>90,122,077</b>
Deferred outflow of resources	2,870,383	3,560,974	1,647,510	2,093,771	4,517,893	5,654,745
<b>Total assets and deferred outflows of resources</b>	<b>60,489,231</b>	<b>38,000,679</b>	<b>55,920,352</b>	<b>57,776,143</b>	<b>116,409,583</b>	<b>95,776,822</b>
<b>Liabilities</b>						
Current and other	10,949,518	2,544,259	1,230,771	2,786,932	12,180,289	5,331,191
Long-term liabilities	9,439,660	9,248,253	32,766,492	32,713,169	42,206,152	41,961,422
<b>Total liabilities</b>	<b>20,389,178</b>	<b>11,792,512</b>	<b>33,997,263</b>	<b>35,500,101</b>	<b>54,386,441</b>	<b>47,292,613</b>
Deferred inflow of resources	685,645	861,411	540,211	735,228	1,225,856	1,596,639
<b>Total liabilities and deferred inflows of resources</b>	<b>21,074,823</b>	<b>12,653,923</b>	<b>34,537,474</b>	<b>36,235,329</b>	<b>55,612,297</b>	<b>48,889,252</b>
<b>Net Position</b>						
Net invest in capital assets	31,294,046	21,175,557	13,123,878	12,534,244	44,417,924	33,709,801
Restricted	6,391,229	1,652,198	-	-	6,391,229	1,652,198
Unrestricted	1,729,133	2,519,001	8,259,000	9,006,570	9,988,133	11,525,571
<b>Total Net Position, as restated</b>	<b>39,414,408</b>	<b>25,346,756</b>	<b>21,382,878</b>	<b>21,540,814</b>	<b>60,797,286</b>	<b>46,887,570</b>

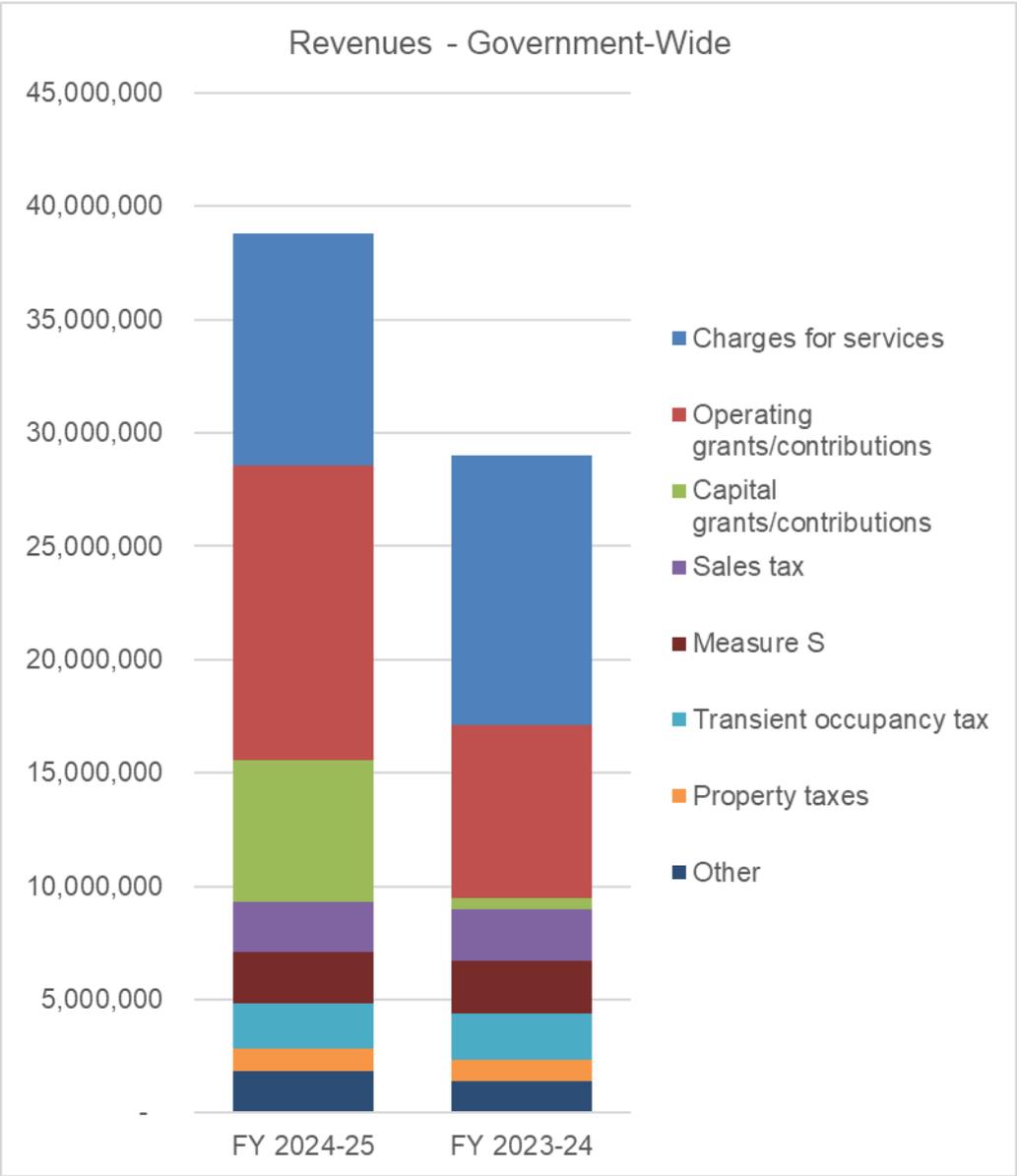


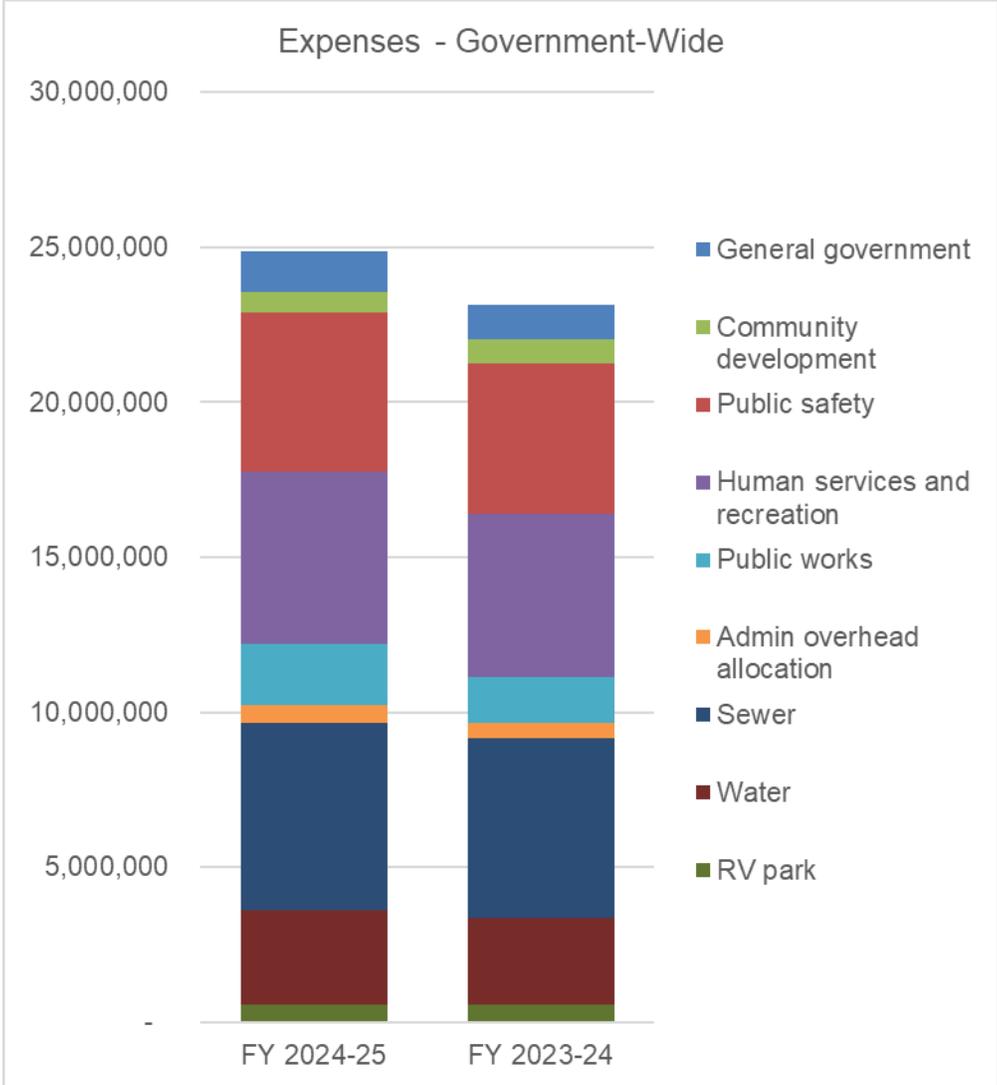
In fiscal year 2024-25, governmental activities increased the City's net position by \$14,067,652 and business-type activities decreased the City's net position by (\$157,936) as compared to the prior fiscal year. In fiscal year 2024-25 government-wide revenues increased by \$9,788,525 and total expenses increased by \$1,744,577 compared to the prior year.

Revenues in governmental activities increased by \$11,159,873 due to increased grant revenues and expenses increased by \$1,274,901 compared to the prior year. In business-type activities, revenues decreased by (\$1,371,348) because the prior year included one-time water and sewer connection fees for large developments and expenses increased by \$469,676.

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:					-	-
Charges for services	1,667,645	1,771,643	8,527,135	10,122,243	10,194,780	11,893,886
Operating grants/contributions	12,634,780	7,375,867	395,886	233,395	13,030,666	7,609,262
Capital grants/contributions	6,226,496	523,734	-	-	6,226,496	523,734
General revenues:						
Sales tax	2,226,843	2,230,286	-	-	2,226,843	2,230,286
Measure S	2,297,334	2,345,019	-	-	2,297,334	2,345,019
Transient occupancy tax	1,988,638	2,028,328	-	-	1,988,638	2,028,328
Property taxes	1,003,825	968,171	-	-	1,003,825	968,171
Other	1,206,006	848,646	608,334	547,065	1,814,340	1,395,711
<b>Total Revenues</b>	<b>29,251,567</b>	<b>18,091,694</b>	<b>9,531,355</b>	<b>10,902,703</b>	<b>38,782,922</b>	<b>28,994,397</b>
Expenses:						
General government	1,305,400	1,102,525	-	-	1,305,400	1,102,525
Public safety	5,119,084	4,837,435	-	-	5,119,084	4,837,435
Community development	692,483	783,437	-	-	692,483	783,437
Human services and recreation	5,555,026	5,259,643	-	-	5,555,026	5,259,643
Public works	1,972,021	1,471,012	-	-	1,972,021	1,471,012
Admin overhead allocation	591,255	506,316	-	-	591,255	506,316
Sewer	-	-	6,001,987	5,818,499	6,001,987	5,818,499
Water	-	-	3,043,084	2,793,526	3,043,084	2,793,526
RV park	-	-	592,866	556,236	592,866	556,236
<b>Total Expenses</b>	<b>15,235,269</b>	<b>13,960,368</b>	<b>9,637,937</b>	<b>9,168,261</b>	<b>24,873,206</b>	<b>23,128,629</b>
Excess (Deficiency) before other items	14,016,298	4,131,326	(106,582)	1,734,442	13,909,716	5,865,768
Transfers	51,354	143,342	(51,354)	(143,342)	-	-
<b>Increase (Decrease) in net position</b>	<b>14,067,652</b>	<b>4,274,668</b>	<b>(157,936)</b>	<b>1,591,100</b>	<b>13,909,716</b>	<b>5,865,768</b>
<b>Net position - beginning of year</b>	<b>25,707,215</b>	<b>21,432,547</b>	<b>21,681,186</b>	<b>20,090,086</b>	<b>47,388,401</b>	<b>41,522,633</b>
<b>Restatement</b>	<b>(360,459)</b>	<b>-</b>	<b>(140,372)</b>	<b>-</b>	<b>(500,831)</b>	<b>-</b>
<b>Net position - beginning of year as restated</b>	<b>25,346,756</b>	<b>21,432,547</b>	<b>21,540,814</b>	<b>20,090,086</b>	<b>46,887,570</b>	<b>41,522,633</b>
<b>Net position - end of year</b>	<b>39,414,408</b>	<b>25,707,215</b>	<b>21,382,878</b>	<b>21,681,186</b>	<b>60,797,286</b>	<b>47,388,401</b>





**Financial Analysis of the City’s Funds**

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

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

The following discussion focuses on the City’s three major governmental funds. The non-major governmental funds are reported in aggregate in the governmental fund financial statements beginning on page 50, and in detail in the combining statements beginning on page 120.

*General Fund.* The General Fund is the chief operating fund of the City of Crescent City. The General Fund experienced an excess of revenues over expenditures in the amount of \$459,192; transfers in and out and proceeds from the sale of assets netted to a negative (\$1,095,489). This resulted in a net decrease in Fund Balance of (\$636,297).

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 2024-25 General Fund revenue decreased by (\$533,467) (approximately 5%). Primary variations from the prior fiscal year include:

- Charges for services decreased (\$568,473) from \$1,494,994 in fiscal year 2023-24 to \$926,521 in fiscal year 2024-25. The decreases were largely the result of lower fire service fees (due to reimbursements for mutual aid provided in the prior year and reimbursements for current year expenses that are not counted as revenue for fiscal year 2024-25 because they were not received within the measurement period and will be included in the next fiscal year’s revenues).
- Intergovernmental or grant revenues decreased (\$142,403) from \$537,011 in fiscal year 2023-24 to \$394,608 in fiscal year 2024-25. This was largely related to a planning grant in the prior year that was not repeated.
- Licenses and permit revenues increased \$336,733 from \$395,868 in fiscal year 2023-24 to \$732,631 in fiscal year 2024-25 due to building permit revenues related to a large development.

<b>Table 3 - General Fund Revenues by Source</b>						
<b>For the periods ending June 30</b>						
	<b>2025</b>		<b>2024</b>		<b>Increase/(Decrease)</b>	
	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>	<b>Percent of Total</b>
Taxes and assessments	7,572,953	75.5%	7,624,693	72.2%	(51,740)	-0.5%
Use of money and property:						
Interest	238,040	2.4%	225,900	2.1%	12,140	0.1%
Rental Income	46,566	0.5%	49,462	0.5%	(2,896)	0.0%
Licenses and permits	732,631	7.3%	395,868	3.7%	336,763	3.4%
Fines and penalties	51,847	0.5%	12,275	0.1%	39,572	0.4%
Intergovernmental revenues	394,608	3.9%	537,011	5.1%	(142,403)	-1.4%
Charges for services	926,521	9.2%	1,494,994	14.2%	(568,473)	-5.7%
Gifts and donations	11,555	0.1%	29,412	0.3%	(17,857)	-0.2%
Other reimbursements	35,416	0.4%	-	0.0%	35,416	0.4%
Other revenue	20,405	0.2%	194,394	1.8%	(173,989)	-1.7%
<b>Total</b>	<b>10,030,542</b>	<b>100%</b>	<b>10,564,009</b>	<b>100%</b>	<b>(533,467)</b>	<b>-5%</b>

General Fund expenditures are grouped into the following categories:

- General Government includes City Council, City Manager, City Attorney, City Clerk, Finance, Human Resources, Community Support, Economic Development, and payments made under agreements with other agencies, such as revenue sharing agreements with the County.
- Public Safety includes Police and Fire.
- Community Development includes Building Inspection, Code Enforcement, and Planning.
- Human Services and Recreation includes the Cultural Center and Fred Endert Municipal Swimming Pool.
- Public Works includes Engineering, Streets, and Parks.
- Administrative Overhead includes charges for services provided to the General Fund by other City departments (Information Technology, Building Maintenance, Equipment, and Insurance).

Total General Fund expenditures, not including transfers, increased by \$703,593 (approximately 8%) from the prior fiscal year. Significant changes included:

- Increase of \$384,117 in Public Works, including an increase in staffing (due to filling vacant positions), street maintenance projects, and park maintenance.
- Increase of \$154,347 in Public Safety, including expenditure of Measure S funds on SCBA replacements for the Fire Department.
- Increase of \$133,183 in General Government, including increase in staffing and contract services in Finance (due to filling vacant positions, implementing a new online business license program, and financial advisory services), and increases in payments to the County under revenue sharing agreements.

<b>Table 4 - Expenditures by Type</b>						
<b>General Fund</b>						
<b>For the periods ending June 30</b>						
	<b>2025</b>		<b>2024</b>		<b>Increase/(Decrease)</b>	
	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>	<b>Percent of Total</b>
General government	1,198,404	12.5%	1,065,221	12.0%	133,183	19.0%
Public safety	4,735,960	49.5%	4,581,613	51.7%	154,347	22.0%
Community development	678,901	7.1%	699,453	7.9%	(20,552)	-2.9%
Human services and recreation	964,357	10.1%	1,001,539	11.3%	(37,182)	-5.3%
Public works	1,427,691	14.9%	1,043,574	11.8%	384,117	54.7%
Admin overhead allocation	566,037	5.9%	477,357	5.4%	88,680	12.6%
<b>Total</b>	<b>9,571,350</b>	<b>100.0%</b>	<b>8,868,757</b>	<b>100.0%</b>	<b>702,593</b>	<b>7.9%</b>

For the fiscal year ending June 30, 2025, the fund balance of the General Fund was \$4,539,754. Of this amount \$2,818,539 is unassigned.

*Housing Fund.* The Housing Authority revenues are provided by the Department of Housing and Urban Development (HUD) on a calendar year basis. They are provided to the Housing Authority (HA) as

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, 2025. In fiscal year 2024-25, the Housing Authority experienced a minor surplus of revenues over expenditures and other financing uses in the amount of \$1,337. This increased the Housing Authority's fund balance from \$466,907 to \$468,244. 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.

*CPLHA Fund.* The CPLHA Fund is a special revenue fund for tracking the revenues and expenditures associated with the CPLHA grant to fund low-income housing development. Activity in this fund included the receipt of the CPLHA grant and disbursement of a loan for housing development. The loan is a restricted asset in this fund, and payments received in the future will remain in the fund for future low-income housing projects.

*General CIP Fund.* The General CIP Fund includes most of the capital improvement projects that are not included in the enterprise funds or stand-alone capital improvement funds. These include capital improvement projects relating to governmental facilities, parks, streets, and the swimming pool. These projects are funded with a combination of grants and transfers from other City funds (such as the General Fund, including Measure S funds). General CIP Fund expenditures exceeded revenues and transfers in by (\$912,669) this year, which decreased the fund balance from \$2,402,793 to \$1,490,124. The most significant change was the use of prior year fund balance for the HVAC project at the Swimming Pool.

*Pebble Beach Drive Bank Stabilization Fund.* The Pebble Beach Drive Bank Stabilization Fund is for tracking revenues and expenditures associated with the Pebble Beach Drive project, a long-term project to repair and stabilize the road and bank due to storm damage. An emergency construction project was done this fiscal year to repair and reopen a section of the road that collapsed. This project is funded by the Federal Highway Administration and Caltrans. The federal emergency funding through FHA will take time to be reimbursed, which results in a negative fund balance in this fund until the reimbursements are received. In the meantime, the City received a cash advance from Caltrans to manage the cash flow of the emergency opening and assist with the permanent restoration project. Fund balance in this fund is negative (\$4,735,518).

*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 2024-25, the change in net position was a negative (\$309,475). The largest change in revenue from the prior year was in sewer connections, which decreased by (\$1,160,640) due to one-time development projects in the prior year. Expenses increased by \$183,488 (approximately 3%).

**Table 5 - Sewer Fund**  
**For the periods ending June 30**

	2025	2024	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Operating revenues				
Sewer treatment	4,508,421	4,570,412	(61,991)	-1.4%
External lab revenues	60,574	51,004	9,570	18.8%
Sewer connections	322,738	1,483,378	(1,160,640)	-78.2%
Other	209,739	296,599	(86,860)	-29.3%
Grants	273,935	152,565	121,370	79.6%
Expenses	(6,001,987)	(5,818,499)	(183,488)	3.2%
Non-operating revenue (expense)	336,276	290,291	45,985	15.8%
Net changes before transfers and capital contributions	(290,304)	1,025,750	(1,316,054)	-128.3%
Net transfers and capital contributions	(19,171)	(22,196)	3,025	-13.6%
<b>Change in net position</b>	<b>(309,475)</b>	<b>1,003,554</b>	<b>(1,313,029)</b>	<b>-130.8%</b>

The decrease in net position of (\$309,475) is comprised of an increase in net investment in capital assets of \$388,808 due to depreciation, payment of debt service, and new assets, and a decrease of (\$771,034) in unrestricted net position due to operations. 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 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**

	2025	2024	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Assets				
Current assets	6,722,736	7,313,255	(590,519)	-8.1%
Capital assets (net of deprec	30,843,586	32,152,440	(1,308,854)	-4.1%
Other non-current assets	611,644	542,313	69,331	12.8%
Total assets	38,177,966	40,008,008	(1,830,042)	-4.6%
Deferred outflows of resource	1,017,656	1,292,802	(275,146)	-21.3%
Liabilities				
Current liabilities	2,383,428	2,345,949	37,479	1.6%
Long-term liabilities	28,852,408	30,574,934	(1,722,526)	-5.6%
Total liabilities	31,235,836	32,920,883	(1,685,047)	-5.1%
Deferred inflows of resources	223,557	334,223	(110,666)	-33.1%
Net position (restated)	<b>7,736,229</b>	<b>8,045,704</b>	<b>(309,475)</b>	-3.8%
Net investment in capital assets (net of depreciation and related debt)	3,680,983	3,292,175	388,808	11.8%
Unrestricted	4,055,246	4,753,529	(698,283)	-14.7%
Total net position (restated)	<b>7,736,229</b>	<b>8,045,704</b>	<b>(309,475)</b>	-3.8%
Current assets	6,722,736	7,313,255	(590,519)	-8.1%
Current liabilities	2,383,428	2,345,949	37,479	1.6%
Working capital	<b>4,339,308</b>	<b>4,967,306</b>	<b>(627,998)</b>	-12.6%

Water Fund. In fiscal year 2024-25, the change in net position was an increase of \$87,266.

<b>Table 7 - Water Fund</b>				
<b>For the periods ending June 30</b>				
	<b>2025</b>	<b>2024</b>	<b>Variance</b>	
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Percent</b>
Water Fund				
Operating revenues				
Water service	2,604,342	2,642,970	(38,628)	-1.5%
Water connections	133,546	476,461	(342,915)	-72.0%
Other	169,846	69,614	100,232	144.0%
Grants	4,879	-	4,879	
Expenses	(3,043,084)	(2,793,526)	(249,558)	8.9%
Non-operating revenue (expense)	238,855	310,077	(71,222)	-23.0%
Net changes before transfers and capital contributions	108,384	705,596	(597,212)	-84.6%
Net transfers and capital contributions	(21,118)	(121,146)	100,028	-82.6%
<b>Change in net position</b>	<b>87,266</b>	<b>584,450</b>	<b>(497,184)</b>	<b>-85.1%</b>

Water connection revenue decreased by (\$342,915) due to significant one-time development projects in the prior year. Expenses increased by \$249,558 (approximately 9%). The most significant increases were in electricity costs and maintenance projects (some of which were reimbursed by Community Service Districts).

The increase in net position of \$87,266 is comprised of an increase in net investment in capital assets of \$254,603 due to depreciation and investment in new assets and a decrease of (\$166,797) in unrestricted net position due to operations. 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 8 - Water Fund**  
**For the periods ending June 30**

	2025	2024	Variance	
	Amount	Amount	Amount	Percent
Water Fund				
Assets				
Current assets	4,865,053	4,658,876	206,177	4.4%
Capital assets (net of depreciation)	8,798,492	8,544,429	254,063	3.0%
Other non-current assets	991,727	1,141,286	(149,559)	-13.1%
<b>Total assets</b>	<b>14,655,272</b>	<b>14,344,591</b>	<b>310,681</b>	<b>2.2%</b>
Deferred outflows of resources	629,854	800,969	(171,115)	-21.4%
Liabilities				
Current liabilities	509,291	371,779	137,512	37.0%
Long-term liabilities	2,121,697	2,122,558	(861)	0.0%
<b>Total liabilities</b>	<b>2,630,988</b>	<b>2,494,337</b>	<b>136,651</b>	<b>5.5%</b>
Deferred inflows of resources	316,654	401,005	(84,351)	-21.0%
<b>Net position (restated)</b>	<b>12,337,484</b>	<b>12,250,218</b>	<b>87,266</b>	<b>0.7%</b>
Net investment in capital assets (net of depreciation and related debt)	8,798,492	8,544,429	254,063	3.0%
Unrestricted	3,538,992	3,705,789	(166,797)	-4.5%
<b>Total net position (restated)</b>	<b>12,337,484</b>	<b>12,250,218</b>	<b>87,266</b>	<b>0.7%</b>
Current assets	4,865,053	4,658,876	206,177	4.4%
Current liabilities	509,291	371,779	137,512	37.0%
<b>Working capital</b>	<b>4,355,762</b>	<b>4,287,097</b>	<b>68,665</b>	<b>1.6%</b>

*Lighthouse Cove Recreational Vehicle (RV) Park.* The RV Park Fund revenues exceeded expenses by \$64,273 in fiscal year 2024-25. Operating revenues increased \$103,196 due to rate increases while expenses increased \$36,630 due to implementing a security service contract.

<b>Table 9 - RV Park Fund</b>				
<b>For the periods ending June 30</b>				
	<b>2025</b>	<b>2024</b>	<b>Variance</b>	
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Percent</b>
RV Park Fund				
Operating revenues	635,001	531,805	103,196	19.4%
Expenses	(592,866)	(556,236)	(36,630)	6.6%
Non-operating revenue (expense)	33,203	27,527	5,676	20.6%
Net changes before transfers and capital contributions	75,338	3,096	72,242	2333.4%
Net transfers and capital contributions	(11,065)		(11,065)	
<b>Change in net position</b>	<b>64,273</b>	<b>3,096</b>	<b>72,242</b>	<b>2333.4%</b>

The increase in net position of \$64,273 is a combination of a decrease of (\$53,237) in net investment in capital assets due to depreciation and an increase of \$117,510 in unrestricted net position due to operations.

<b>Table 10 - RV Park Fund</b>				
<b>For the periods ending June 30</b>				
	<b>2025</b>	<b>2024</b>	<b>Variance</b>	
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Percent</b>
RV Park Fund				
Assets				
Current assets	795,201	632,133	163,068	25.8%
Capital assets (net of depreciation)	644,403	697,640	(53,237)	-7.6%
<b>Total assets</b>	<b>1,439,604</b>	<b>1,329,773</b>	<b>109,831</b>	<b>8.3%</b>
Liabilities				
Current liabilities	115,078	69,203	45,875	66.3%
Long-term liabilities	15,361	15,678	(317)	
<b>Total liabilities</b>	<b>130,439</b>	<b>84,881</b>	<b>45,558</b>	<b>53.7%</b>
<b>Net position (restated)</b>	<b>1,309,165</b>	<b>1,244,892</b>	<b>64,273</b>	<b>5.2%</b>
Net investment in capital assets (net of depreciation and related debt)	644,403	697,640	(53,237)	-7.6%
Unrestricted	664,762	547,252	117,510	21.5%
<b>Total net position (restated)</b>	<b>1,309,165</b>	<b>1,244,892</b>	<b>64,273</b>	<b>5.2%</b>
Current assets	795,201	632,133	163,068	25.8%
<b>Working capital</b>	<b>680,123</b>	<b>562,930</b>	<b>117,193</b>	<b>20.8%</b>

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

The final General Fund budget for FY 2024-25 included a projected deficit of (\$1,350,976), which would decrease the General Fund reserve balance. Actual results were a deficit of (\$636,297).

Actual General Fund revenues (not including transfers) were under budget by (\$551,763). Revenues with significant variances are listed below:

- Fire service fees were under budget by (\$380,155), including \$273,188 in reimbursements that were not received within the measurement period and will be included in the next year's revenues when received.
- Police grant revenues were under budget by (\$139,473) due to reimbursements that were not received within the measurement period and will be included in next year's revenues.
- Gifts and donations were under budget by (\$92,377) due to a donation that will not be recognized until the next fiscal year.

Actual General Fund expenditures (not including transfers out) were under budget by (\$1,274,435.) There were a variety of factors affecting these variances:

- Wages and benefits were under budget by (\$566,314) due to vacancies and unused benefits.
- Planned economic resiliency and cultural projects for \$94,288 funded by The California Endowment were not completed and will be budgeted next year.
- Dispatch and other contract services for the Police Department were under budget by (\$96,531).
- Other projects that were either not completed or completed under budget.

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.

<b>Table 11 - General Fund Budget-to-Actual</b>						
<b>For the periods ending June 30</b>						
	<b>2025</b>			<b>2024</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues	10,582,305	10,030,542	(551,763)	10,361,097	10,798,233	437,136
Expenditures	(10,845,785)	(9,571,350)	1,274,435	(10,692,159)	(9,102,981)	1,589,178
Operating results	(263,480)	459,192	722,672	(331,062)	1,695,252	2,026,314
Transfers in	250,645	238,201	(12,444)	312,797	273,422	(39,375)
Transfers out	(1,338,141)	(1,333,920)	4,221	(1,373,900)	(1,369,479)	4,421
Other	-	230	230	-	1,610	1,610
<b>Net change in Fund Balance</b>	<b>(1,350,976)</b>	<b>(636,297)</b>	<b>714,679</b>	<b>(1,392,165)</b>	<b>600,805</b>	<b>1,992,970</b>

The Fund Balance Reserve Policy states the City Council's goal is to achieve and maintain a minimum of 25% of the annual general fund appropriations for operations (not including capital expenditures or grant-funded programs), including an assumption that 5% of the adopted budget will not be spent. The original adopted General Fund budget (expenditures plus transfers out) for the next fiscal year 2025-26 was \$12,068,233, of which \$10,782,686 is considered operational, resulting in a required reserve of \$2,695,672. The unassigned fund balance at June 30, 2025 is \$2,818,539.

## Capital Asset and Debt Administration

*Capital assets.* As of June 30, 2025, the City had a total net investment in capital assets of \$44,417,924 (original value of assets less accumulated depreciation and associated debt). This is an increase of \$10,708,123 over the net investment in capital assets as of June 30, 2024. The increase is due to the City's increased investment in capital projects, both City-funded and grant-funded, which more than offset the decrease in net investment due to depreciation. The most significant of these additions in fiscal year 2024-25 included:

- Reconstruction of a portion of Front Street
- Reconstruction of a portion of Pebble Beach Drive
- Construction-in-progress for improvements in Beachfront Park
- Construction-in-progress for a water meter project to replace and upgrade all meters to an automatic read system
- Improvements at the Swimming Pool including HVAC, dehumidification, and flooring
- Purchase of vehicles and equipment for Police and Public Works

<b>Table 12 - Net Investment in Capital Assets</b>			
<b>Governmental Activities</b>			
<b>2025</b>	<b>2024</b>	<b>Variance \$</b>	<b>Variance %</b>
31,294,046	21,175,557	10,118,489	47.8%
<b>Business-type Activities</b>			
<b>2025</b>	<b>2024</b>	<b>Variance \$</b>	<b>Variance %</b>
13,123,878	12,534,244	589,634	4.7%
<b>Total</b>			
<b>2025</b>	<b>2024</b>	<b>Variance \$</b>	<b>Variance %</b>
<b>44,417,924</b>	<b>33,709,801</b>	<b>10,708,123</b>	<b>31.8%</b>

*Long-term debt.* As of June 30, 2025, the City had total debt outstanding of \$28,195,755; this is a decrease of (\$1,692,689) from the total debt outstanding on June 30, 2024 (as restated). This reduction is due to loan principal payments totaling \$1,697,662 and small increases in other long-term obligations (compensated absences payable and subscriptions payable).

<b>Table 13 - Total Debt</b>						
<b>For the periods ending June 30</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Government-Wide Totals</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Compensated absences	713,576	669,475	201,378	243,118	914,954	912,593
Subscriptions payable	118,218	115,606	-	-	118,218	115,606
State Revolving Loan	-	-	27,162,603	28,860,265	27,162,603	28,860,265
<b>Total</b>	<b>831,794</b>	<b>785,081</b>	<b>27,363,981</b>	<b>29,103,383</b>	<b>28,195,775</b>	<b>29,888,464</b>

## **Currently Known Facts, Decisions, or Conditions**

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

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

Increasing pension costs in addition to general inflation will continue to put pressure on City budgets, and the City is committed to maintaining prudent financial policies to meet these obligations.

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

The City is currently finalizing design work on improvements to the Police Department facility. Design is anticipated to be completed in fiscal year 2025-26, and the City is in the process of exploring USDA financing for construction.

Sewer Fund net position and working capital decreased in fiscal year 2024-25. Projections for this fund show that ongoing revenues are not sufficient to support the operational needs, debt service, and future capital improvements of the utility. In addition to the City's successful request for interest relief on the State Revolving Fund loan, the City completed a sewer revenue sufficiency study to determine the rate structure necessary to address the ongoing needs of the Sewer Fund. Although the resulting rate increase was defeated in a referendum, the City remains committed to addressing the long-term health of this fund. The City was also successful in negotiating an amendment to its loan contract with the State Water Resources Control Board, eliminating the requirement for a Capital Reserve Fund. This allows the City to invest those funds in needed capital improvements. In August 2019, the City entered into a contract with Operations Maintenance International, Inc. (also known as Jacobs Engineering) to provide the operations, maintenance, and management of the City's Wastewater Treatment Plant. This contract will ensure staffing is maintained and needed projects are completed. This also means the City will have the resources to implement deferred projects, which will improve the reliability and efficiency of the facilities but will also reduce available working capital as reserves are spent on these projects. The City continues to examine ways to reduce costs, increase efficiencies, obtain grants, and finally increase revenues. The City is currently in the process of finalizing an updated rate study.

In 2025, the City received a new NPDES permit for its wastewater treatment facility with more strict requirements. In August 2025, the City received an Administrative Civil Liability notice due to multiple violations of the new permit. The current wastewater treatment facility is not able to meet the new permit requirements year-round and is actively working on design for improvements needed to meet the permit. The current phase of design is funded through a State Water Resources Control Board grant, and the

City is pursuing additional grant funding to complete the design and for eventual construction of the improvements.

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

### **Contacting the City's Financial Management**

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

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**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, 2025**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 12,299,496	\$ 10,925,215	\$ 23,224,711
Receivables (net)	967,668	1,440,767	2,408,435
Due from other governments	6,881,434	-	6,881,434
Prepaid items	143,189	17,008	160,197
Due from RDA Successor Agency	55,114	219,656	274,770
Notes receivable	6,038,589	748,934	6,787,523
Leases receivable	256,578	199,297	455,875
Internal balances	(435,484)	435,484	-
Nondepreciable capital assets	9,357,823	2,561,755	11,919,578
Depreciable capital assets, net	22,054,441	37,724,726	59,779,167
<b>Total Assets</b>	<b>57,618,848</b>	<b>54,272,842</b>	<b>111,891,690</b>
<b>Deferred outflow of resources</b>			
Pension related amounts	2,709,826	1,545,429	4,255,255
OPEB related amounts	160,557	102,081	262,638
<b>Total deferred outflow of resources</b>	<b>2,870,383</b>	<b>1,647,510</b>	<b>4,517,893</b>
<b>Liabilities</b>			
Accounts payable	1,089,283	676,147	1,765,430
Accrued wages	223,330	-	223,330
Deposits	20,687	499,183	519,870
Unearned revenue	9,616,218	55,441	9,671,659
Long term liabilities			
Compensated absences - due within one year	209,816	79,363	289,179
Compensated absences - due in more than one year	503,760	201,378	705,138
Net pension liability	8,197,825	5,062,455	13,260,280
Net OPEB liability	410,041	260,693	670,734
Long-term debt - due within one year	73,024	1,697,663	1,770,687
Long-term debt - due in more than one year	45,194	25,464,940	25,510,134
<b>Total Liabilities</b>	<b>20,389,178</b>	<b>33,997,263</b>	<b>54,386,441</b>
<b>Deferred inflow of resources</b>			
Pension related amounts	319,647	264,653	584,300
OPEB related amounts	141,904	90,216	232,120
Leases	224,094	185,342	409,436
<b>Total deferred inflow of resources</b>	<b>685,645</b>	<b>540,211</b>	<b>1,225,856</b>
<b>Net Position</b>			
Net Investment in capital assets	31,294,046	13,123,878	44,417,924
Restricted for:			
Capital projects and community development	5,892,276	-	5,892,276
Other purposes	498,953	-	498,953
Unrestricted	1,729,133	8,259,000	9,988,133
<b>Total Net Position</b>	<b>\$ 39,414,408</b>	<b>\$ 21,382,878</b>	<b>\$ 60,797,286</b>

**City of Crescent City**  
**Statement of Activities**  
**For the year ended June 30, 2025**

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 1,305,399	\$ 23,979	\$ 1,828	\$ -
Public safety	5,119,084	741,510	363,454	-
Community development	692,483	562,832	366,511	-
Human services and recreation	5,555,026	334,456	4,507,233	4,789,157
Public works	1,972,021	4,868	7,395,754	1,437,339
Administrative overhead allocation	591,255	-	-	-
Total governmental activities	15,235,268	1,667,645	12,634,780	6,226,496
<b>Business-type activities:</b>				
Sewer	6,001,987	5,101,472	273,935	-
Water	3,043,084	2,790,662	121,951	-
RV Park	592,866	635,001	-	-
Total business-type activities	9,637,937	8,527,135	395,886	-
Total primary government	\$ 24,873,205	\$ 10,194,780	\$ 13,030,666	\$ 6,226,496

**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**

**Restatement**

**Restated beginning of year**

**Net position - end of year**

Net (Expense) Revenue and Changes in Net Position			
Total	Governmental Activities	Business -Type Activities	Total
\$ 25,807	\$ (1,279,592)	\$ -	\$ (1,279,592)
1,104,964	(4,014,120)	-	(4,014,120)
929,343	236,860	-	236,860
9,630,846	4,075,820	-	4,075,820
8,837,961	6,865,940	-	6,865,940
-	(591,255)	-	(591,255)
<u>20,528,921</u>	<u>5,293,653</u>	<u>-</u>	<u>5,293,653</u>
5,375,407	-	(626,580)	(626,580)
2,912,613	-	(130,471)	(130,471)
635,001	-	42,135	42,135
<u>8,923,021</u>	<u>-</u>	<u>(714,916)</u>	<u>(714,916)</u>
<u>\$ 29,451,942</u>	<u>5,293,653</u>	<u>(714,916)</u>	<u>4,578,737</u>
	308,770	-	308,770
	4,524,177	-	4,524,177
	695,055	-	695,055
	232,743	-	232,743
	1,988,638	-	1,988,638
	<u>56,313</u>	<u>-</u>	<u>56,313</u>
	7,805,696	-	7,805,696
	573,176	590,492	1,163,668
	343,773	17,842	361,615
	51,354	(51,354)	-
	<u>8,773,999</u>	<u>556,980</u>	<u>9,330,979</u>
	14,067,652	(157,936)	13,909,716
	25,707,215	21,681,186	47,388,401
	(360,459)	(140,372)	(500,831)
	<u>25,346,756</u>	<u>21,540,814</u>	<u>46,887,570</u>
	<u>\$ 39,414,408</u>	<u>\$ 21,382,878</u>	<u>\$ 60,797,286</u>

See accompanying Notes to Basic Financial Statements

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# FUND FINANCIAL STATEMENTS

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*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.

*CPLHA Grant Fund* - this fund accounts for the City's activities related to the State's California Planning and Local Housing Allocation (CPLHA) program, including eligible planning, housing, and development expenditures.

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

*Pebble Beach Drive Bank Stabilization Project* - this is a capital project fund used to account for the Pebble Beach Drive bank stabilization improvements, including design, construction, and related project expenditures.

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

**City of Crescent City**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	Major Funds			
	General	Housing Authority Section 8	CPLHA Grant Fund	Capital Improvement Projects
<b>ASSETS</b>				
Cash and investments	\$ 4,125,136	\$ 470,132	\$ 233,334	\$ 1,155,900
Receivables:				
Consumers and others	686,392	-	-	-
County/State/Federal Government	1,128,904	-	-	741,464
Interest receivable	77,343	1,335	105,523	12,396
Due from RDA Successor Agency	-	-	-	-
Due from other funds	67,000	-	-	-
Prepaid items	56,981	156	-	-
Note receivable	750,000	-	4,750,000	-
Leases receivable	256,578	-	-	-
<b>Total assets</b>	<b>\$ 7,148,334</b>	<b>\$ 471,623</b>	<b>\$ 5,088,857</b>	<b>\$ 1,909,760</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	572,855	3,379	-	167,414
Unearned revenue	158,348	-	210,843	73,909
Deposits	20,687	-	-	-
Advance from other funds	435,484	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>1,187,374</b>	<b>3,379</b>	<b>210,843</b>	<b>241,323</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	1,197,112	-	103,068	178,313
Leases	224,094	-	-	-
<b>Total deferred inflow of resources</b>	<b>1,421,206</b>	<b>-</b>	<b>103,068</b>	<b>178,313</b>
<b>Fund balances:</b>				
Nonspendable	56,981	156	-	-
Restricted:				
Low and moderate income housing	-	468,088	4,774,946	-
Other purposes	13,231	-	-	-
Assigned:				
Capital improvement and vehicle replacement	1,220,091	-	-	1,490,124
Safety programs	5,441	-	-	-
Business improvement district	946	-	-	-
Measure S	424,525	-	-	-
Unassigned	2,818,539	-	-	-
<b>Total fund balances</b>	<b>4,539,754</b>	<b>468,244</b>	<b>4,774,946</b>	<b>1,490,124</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 7,148,334</b>	<b>\$ 471,623</b>	<b>\$ 5,088,857</b>	<b>\$ 1,909,760</b>

<u>Major Funds</u>			
<u>Pebble Beach Drive Bank Stabilization Project</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 3,184,836	\$ 2,352,704	\$ 11,522,042	
-	-	686,392	
4,798,044	213,022	6,881,434	
35,561	44,769	276,927	
-	55,114	55,114	
-	-	67,000	
-	-	57,137	
-	538,589	6,038,589	
-	-	256,578	
<u>\$ 8,018,441</u>	<u>\$ 3,204,198</u>	<u>\$ 25,841,213</u>	
23,947	91,885	\$ 859,480	
7,933,333	1,239,785	9,616,218	
-	-	20,687	
-	-	435,484	
-	64,000	64,000	
<u>7,957,280</u>	<u>1,395,670</u>	<u>10,995,869</u>	
4,796,679	178,492	6,453,664	
-	-	224,094	
<u>4,796,679</u>	<u>178,492</u>	<u>6,677,758</u>	
-	-	57,137	
-	652,907	5,895,941	
-	406,618	419,849	
-	733,352	3,443,567	
-	11,082	16,523	
-	-	946	
-	-	424,525	
<u>(4,735,518)</u>	<u>(173,923)</u>	<u>(2,090,902)</u>	
<u>(4,735,518)</u>	<u>1,630,036</u>	<u>8,167,586</u>	
<u>\$ 8,018,441</u>	<u>\$ 3,204,198</u>	<u>\$ 25,841,213</u>	

# City of Crescent City

## Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2025

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<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 8,167,586</b>
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Amounts reported for governmental activities in the statement of net positions are different because:

Internal Service Funds are used by the City to charge the cost of information technology and communications, building maintenance, fleet services, insurance, and OPEB contributions to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position is: 2,374,582

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This amount is all capital assets net of internal service funds capital assets of \$2,058,654. 29,353,610

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 6,453,664

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

Pension contributions	1,073,304
OPEB contributions	94,099

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

Deferred outflows of resources - pension	1,636,522
Deferred outflows of resources - OPEB	66,458
Deferred inflows of resources - pension	(319,647)
Deferred inflows of resources - OPEB	(141,904)

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	(209,816)
Compensated absences - due in more than one year	(503,760)
Long-term debt - due within one year, net of internal service funds debt of \$50,600.	(22,424)
Long-term debt - due in more than one year, net of internal service funds debt of \$45,194.	-
Net pension liability	(8,197,825)
Net OPEB Liability	(410,041)

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<b>Net position of governmental activities</b>	<b>\$ 39,414,408</b>
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**City of Crescent City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2025**

	Major Funds			
	General	Housing Authority Section 8	CPLHA Grant Fund	Capital Improvement Projects
<b>REVENUES:</b>				
Taxes	\$ 7,572,953	\$ -	\$ -	\$ -
Use of money and property:				
Interest	238,040	7,460	24,946	76,092
Rental income	46,566	-	-	-
Licenses and permits	732,631	-	-	-
Fines and forfeitures	51,847	-	-	-
Intergovernmental	394,608	4,359,319	4,789,157	2,919,957
Charges for services	926,521	-	-	-
Gifts and donations	11,555	-	-	-
Other reimbursements	35,416	550	-	-
Other revenue	20,405	39,275	-	-
<b>Total revenues</b>	<b>10,030,542</b>	<b>4,406,604</b>	<b>4,814,103</b>	<b>2,996,049</b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,198,404	-	-	-
Public safety	4,735,960	-	-	154,684
Community development	678,901	-	-	-
Human services and recreation	964,357	4,380,049	4,688	1,612,751
Public works	1,427,691	-	-	2,987,346
Administrative overhead allocation	566,037	25,218	-	-
<b>Total expenditures</b>	<b>9,571,350</b>	<b>4,405,267</b>	<b>4,688</b>	<b>4,754,781</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>459,192</b>	<b>1,337</b>	<b>4,809,415</b>	<b>(1,758,732)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	238,201	-	-	846,063
Transfers out	(1,333,920)	-	-	-
Proceeds from sale of assets	230	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,095,489)</b>	<b>-</b>	<b>-</b>	<b>846,063</b>
<b>Net change in fund balances</b>	<b>(636,297)</b>	<b>1,337</b>	<b>4,809,415</b>	<b>(912,669)</b>
<b>FUND BALANCES:</b>				
Beginning of year	5,176,051	466,907	-	2,256,523
Reclassification from nonmajor to major	-	-	(34,469)	-
Reclassification due to fund restructuring	-	-	-	146,270
Beginning of the year, as restated	5,176,051	466,907	(34,469)	2,402,793
End of year	\$ 4,539,754	\$ 468,244	\$ 4,774,946	\$ 1,490,124

Major Funds		
Pebble Beach Drive Bank Stabilization Project	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 7,572,953
121,948	71,037	539,523
-	-	46,566
-	-	732,631
-	-	51,847
113,944	821,692	13,398,677
-	-	926,521
-	-	11,555
-	-	35,966
-	571	60,251
235,892	893,300	23,376,490
-	-	1,198,404
-	252,549	5,143,193
-	-	678,901
-	22,311	6,984,156
4,825,140	710,928	9,951,105
-	-	591,255
4,825,140	985,788	24,547,014
(4,589,248)	(92,488)	(1,170,524)
-	425,391	1,509,655
-	(244,998)	(1,578,918)
-	-	230
-	180,393	(69,033)
(4,589,248)	87,905	(1,239,557)
-	1,507,662	9,407,143
-	34,469	-
(146,270)	-	-
(146,270)	1,542,131	9,407,143
\$ (4,735,518)	\$ 1,630,036	\$ 8,167,586

**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, 2025**

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Net change in fund balance - governmental funds	\$ (1,239,557)
Amounts reported for governmental activities in the statements of activities are different because:	
Governmental funds reported additions of capital assets as program expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period (net of Internal Service Funds, \$596,207).	10,481,396
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, \$232,293).	(671,999)
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.	347,526
Revenues from Grants, Taxes, and Miscellaneous Revenue that are funded in this fiscal year that will not be collected for several months after the City's fiscal year ends are not considered "available" revenue and are classified as deferred inflow of resources in the governmental funds. This is the change in unavailable revenues for the year.	5,544,808
Principal payments on long-term debt is an expense in the governmental funds, but on the Statement of Activities, it reduces the debt instead.	21,562
Current year employer pension and OPEB contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	
Pension contributions	1,073,304
OPEB contributions	94,099
Pension and OPEB expenses are recorded as incurred in the Government-Wide Statement of Activities, however these expenses are not recognized in the governmental funds.	(1,539,386)
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.	(44,101)
<b>Change in net position of governmental activities</b>	<b>\$ 14,067,652</b>

**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, 2025**

	Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer	Water	RV Park	Total	
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 5,767,259	\$ 4,375,107	\$ 782,849	\$ 10,925,215	\$ 777,454
Accounts receivable	895,435	404,795	-	1,300,230	1,141
Interest receivable	59,782	72,857	7,898	140,537	3,208
Prepaid items	260	12,294	4,454	17,008	86,052
Total current assets	6,722,736	4,865,053	795,201	12,382,990	867,855
Noncurrent assets:					
Notes receivable	611,644	137,290	-	748,934	-
Leases receivable	-	199,297	-	199,297	-
Advance to RDA Successor Agency	-	219,656	-	219,656	-
Advance to other funds	-	435,484	-	435,484	-
Capital assets:					
Non-depreciable	240,836	2,304,749	16,170	2,561,755	245,616
Depreciable, net	30,602,750	6,493,743	628,233	37,724,726	1,813,038
Total capital assets	30,843,586	8,798,492	644,403	40,286,481	2,058,654
Total noncurrent assets	31,455,230	9,790,219	644,403	41,889,852	2,058,654
<b>Total assets</b>	<b>38,177,966</b>	<b>14,655,272</b>	<b>1,439,604</b>	<b>54,272,842</b>	<b>2,926,509</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related amounts	952,583	592,846	-	1,545,429	-
OPEB related amounts	65,073	37,008	-	102,081	-
<b>Total deferred outflows of resources</b>	<b>1,017,656</b>	<b>629,854</b>	<b>-</b>	<b>1,647,510</b>	<b>-</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	312,531	307,887	55,729	676,147	229,803
Accrued wages	-	-	-	-	223,330
Deposits	334,751	164,432	-	499,183	-
Due to other funds	-	-	-	-	3,000
Unearned revenue	-	2,054	53,387	55,441	-
Current maturities of long term debt:					
Compensated absences payable	38,483	34,918	5,962	79,363	-
Current portion of loans payable	1,697,663	-	-	1,697,663	50,600
Total current liabilities	2,383,428	509,291	115,078	3,007,797	506,733
Noncurrent liabilities:					
Compensated absences payable	100,849	85,168	15,361	201,378	-
Net pension liability	3,120,433	1,942,022	-	5,062,455	-
Net OPEB liability	166,186	94,507	-	260,693	-
Loans payable - due in more than one year	25,464,940	-	-	25,464,940	45,194
Total noncurrent liabilities	28,852,408	2,121,697	15,361	30,989,466	45,194
<b>Total liabilities</b>	<b>31,235,836</b>	<b>2,630,988</b>	<b>130,439</b>	<b>33,997,263</b>	<b>551,927</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related amounts	166,045	98,608	-	264,653	-
OPEB related amounts	57,512	32,704	-	90,216	-
Leases	-	185,342	-	185,342	-
<b>Total deferred inflows of resources</b>	<b>223,557</b>	<b>316,654</b>	<b>-</b>	<b>540,211</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	3,680,983	8,798,492	644,403	13,123,878	1,962,860
Unrestricted	4,055,246	3,538,992	664,762	8,259,000	411,722
<b>Total net position</b>	<b>\$ 7,736,229</b>	<b>\$ 12,337,484</b>	<b>\$ 1,309,165</b>	<b>\$ 21,382,878</b>	<b>\$ 2,374,582</b>

See accompanying Notes to Basic Financial Statements

**City of Crescent City**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2025**

	Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer	Water	RV Park	Total	
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 5,066,675	\$ 2,737,888	\$ 635,001	\$ 8,439,564	\$ 1,915,888
Other Reimbursements	-	117,072	-	117,072	-
Other	34,797	52,774	-	87,571	96,428
<b>Total operating revenues</b>	<b>5,101,472</b>	<b>2,907,734</b>	<b>635,001</b>	<b>8,644,207</b>	<b>2,012,316</b>
<b>OPERATING EXPENSES:</b>					
Personnel services	1,310,566	1,263,350	190,904	2,764,820	710,691
Materials, supplies, rent, and services	2,162,482	628,732	225,956	3,017,170	800,676
Repair and maintenance	397,866	262,827	41,914	702,607	396,768
Administrative overhead	537,129	577,958	72,311	1,187,398	-
Depreciation	1,593,944	310,217	61,781	1,965,942	232,293
<b>Total operating expenses</b>	<b>6,001,987</b>	<b>3,043,084</b>	<b>592,866</b>	<b>9,637,937</b>	<b>2,140,428</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(900,515)</b>	<b>(135,350)</b>	<b>42,135</b>	<b>(993,730)</b>	<b>(128,112)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest income	338,266	219,023	33,203	590,492	14,590
Rental revenue	-	19,132	-	19,132	-
Grant revenue	273,935	4,879	-	278,814	-
Interest expense	-	-	-	-	(5,259)
Gain (loss) on disposal of assets	(1,990)	700	-	(1,290)	15,652
<b>Total nonoperating revenues (expenses)</b>	<b>610,211</b>	<b>243,734</b>	<b>33,203</b>	<b>887,148</b>	<b>24,983</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(290,304)</b>	<b>108,384</b>	<b>75,338</b>	<b>(106,582)</b>	<b>(103,129)</b>
Contributions	-	-	-	-	330,038
Transfers in	12,938	10,991	-	23,929	245,866
Transfers out	(32,109)	(32,109)	(11,065)	(75,283)	(125,249)
<b>Total contributions and transfers</b>	<b>(19,171)</b>	<b>(21,118)</b>	<b>(11,065)</b>	<b>(51,354)</b>	<b>450,655</b>
<b>Change in net position</b>	<b>(309,475)</b>	<b>87,266</b>	<b>64,273</b>	<b>(157,936)</b>	<b>347,526</b>
<b>NET POSITION</b>					
Beginning of year	8,118,455	12,307,067	1,255,664	21,681,186	2,027,056
Restatement	(72,751)	(56,849)	(10,772)	(140,372)	
Restated beginning of year	8,045,704	12,250,218	1,244,892	21,540,814	2,027,056
End of year	\$ 7,736,229	\$ 12,337,484	\$ 1,309,165	\$ 21,382,878	\$ 2,374,582

**City of Crescent City**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2025**

	Enterprise Funds				Governmental
	Sewer	Water	RV Park	Total	Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 4,826,657	\$ 2,929,035	\$ 653,570	\$ 8,409,262	\$ -
Cash received from other funds	-	-	-	-	2,091,669
Cash payments to suppliers for goods and services	(3,053,689)	(1,329,367)	(312,332)	(4,695,388)	(1,216,435)
Cash paid to employees	(1,175,285)	(1,172,517)	(191,102)	(2,538,904)	(710,691)
<b>Net cash provided (used) by operating activities</b>	<b>597,683</b>	<b>427,151</b>	<b>150,136</b>	<b>1,174,970</b>	<b>164,543</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Grant cash receipts	273,935	4,879	-	278,814	-
Cash received from other funds	12,938	31,728	(11,065)	33,601	114,499
Cash disbursements to other funds	(32,109)	(32,109)	-	(64,218)	(21,882)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>254,764</b>	<b>4,498</b>	<b>(11,065)</b>	<b>248,197</b>	<b>92,617</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Cash capital contributions	-	-	-	-	330,038
Cash received from leasing assets	-	16,389	-	16,389	-
Acquisition of capital assets	(285,090)	(563,580)	(8,544)	(857,214)	(543,998)
Long-term debt repayments	(1,697,662)	-	-	(1,697,662)	24,174
Gain (loss) on asset disposal	(1,990)	-	-	(1,990)	-
Interest paid and fiscal charges	-	-	-	-	(5,259)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,984,742)</b>	<b>(547,191)</b>	<b>(8,544)</b>	<b>(2,540,477)</b>	<b>(179,393)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment revenue/gains	343,034	214,551	31,384	588,969	14,228
<b>Net cash provided (used) by investing activities</b>	<b>343,034</b>	<b>214,551</b>	<b>31,384</b>	<b>588,969</b>	<b>14,228</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(789,261)</b>	<b>99,009</b>	<b>161,911</b>	<b>(528,341)</b>	<b>91,995</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>6,556,520</b>	<b>4,276,098</b>	<b>620,938</b>	<b>11,453,556</b>	<b>685,459</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 5,767,259</b>	<b>\$ 4,375,107</b>	<b>\$ 782,849</b>	<b>\$ 10,925,215</b>	<b>\$ 777,454</b>

**City of Crescent City**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2025**

	Enterprise Funds				Governmental
	Sewer	Water	RV Park	Total	Activities Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>					
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (900,515)	\$ (135,350)	\$ 42,135	\$ (993,730)	(128,112)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,593,944	310,217	61,781	1,965,942	232,293
Changes in assets, deferred outflows and inflows of resources, and liabilities					
Receivables	(273,341)	13,453	11	(259,877)	79,441
Prepaid items	500	(357)	651	794	(58,790)
Deferred outflows of resources - pension	272,849	169,809	-	442,658	-
Deferred outflows of resources - OPEB	2,297	1,306	-	3,603	-
Accounts payable	43,288	140,507	27,198	210,993	(10,802)
Accrued wages	-	-	-	-	50,513
Deposits payable	(4,420)	10,750	-	6,330	-
Unearned revenue	2,946	(2,902)	18,558	18,602	-
Compensated leaves payable	19,689	18,132	(198)	37,623	-
Net pension liability	(37,889)	(23,581)	-	(61,470)	-
Net OPEB liability	(10,999)	(6,255)	-	(17,254)	-
Deferred inflows of resources - pension	(105,177)	(65,457)	-	(170,634)	-
Deferred inflows of resources - OPEB	(5,489)	(3,121)	-	(8,610)	-
<b>Total adjustments</b>	<b>1,498,198</b>	<b>562,501</b>	<b>108,001</b>	<b>2,168,700</b>	<b>292,655</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 597,683</b>	<b>\$ 427,151</b>	<b>\$ 150,136</b>	<b>\$ 1,174,970</b>	<b>\$ 164,543</b>

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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, 2025**

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	Successor Agency RDA
<b>ASSETS</b>	
Cash and investments	\$ 65,517
Interest receivable	212
<b>Total assets</b>	<u>65,729</u>
<b>LIABILITIES</b>	
Interest payable	45,312
Due to the City of Crescent City	55,114
Due to the City of Crescent City (Water Utility Fund)	219,656
<b>Total liabilities</b>	<u>320,082</u>
<b>NET POSITION</b>	
Restricted for dissolution of RDA	<u>(254,353)</u>
<b>Total net position</b>	<u>\$ (254,353)</u>

**City of Crescent City**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the year ended June 30, 2025**

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	Successor Agency RDA
	<u>                    </u>
<b>ADDITIONS:</b>	
Taxes	\$ 45,387
Use of money and property:	
Interest	<u>3,831</u>
<b>Total additions</b>	<u>49,218</u>
 <b>DEDUCTIONS:</b>	
Other	<u>2,059</u>
<b>Total deductions</b>	<u>2,059</u>
<b>Change in net position</b>	47,159
 <b>NET POSITION:</b>	
Beginning of year	<u>(301,512)</u>
End of year	<u><u>\$ (254,353)</u></u>

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

*Reporting Entity*

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

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

The City appoints the voting majority of the board of the entity and:  
is able to impose its will on the entity and/or  
is in a relationship of financial benefit or burden with the entity.

The entity is fiscally dependent upon the City.

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

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

Crescent City Housing Authority  
Crescent City Public Financing Corporation – Inactive

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

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

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

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

*Reporting Entity, Continued*

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

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

*Government-Wide and Fund Financial Statements*

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

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

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

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

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

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation, 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.

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

*Basis of Presentation, Continued*

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.

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.

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

*Major Governmental Funds, Continued*

CPLHA Grant Fund - this fund accounts for the City's activities related to the State's California Planning and Local Housing Allocation (CPLHA) program, including eligible planning, housing, and development expenditures.

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

Pebble Beach Drive Bank Stabilization Project - this is a capital project fund used to account for the Pebble Beach Drive bank stabilization improvements, including design, construction, and related project expenditures.

The City reports the following major proprietary funds:

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

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

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

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

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

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

*Assets, Liabilities and Net Position or Equity*

**Cash and Investments**

The City pools cash and investments of all funds except the Housing Authority and a portion of the Housing Authority, CDBG, and Clean California grant funds. Each participating fund's share in this pool is displayed in the accompanying financial statements as cash and investments. State statutes authorize the City to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Investment income from pooled investments is allocated to all funds in the pool. Interest is allocated on the basis of average monthly cash balance at quarter end in relation to the total pool investments. The interest income is recorded in the fund that earned the interest, except for those funds which have a negative cash balance and are excluded from the interest apportionment.

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

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

**General Receivables and Property Taxes Receivable**

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

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

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

**Leases**

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

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

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

**Inventories**

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

**Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of three years. Such depreciation has been provided over the estimated useful lives using the straight-line method.

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

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

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

**Capital assets, Continued**

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

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

**Pension Plan**

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

**Other Postemployment Benefits (OPEB)**

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023 to June 30, 2024

**Vacation and Sick Pay**

Vacation pay is vested to the employees as it accrues and is payable upon retirement or termination. Sick leave, however, does not vest to the employees and is payable only when sick leave is taken. Unused vacation has been accrued in the accompanying government-wide financial statements and the accompanying proprietary fund financial statements.

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

**Vacation and Sick Pay, Continued**

Compensated absences comprise unused vacation, sick leave, and similar compensatory leave balances. Compensated absences (unpaid vacation, sick leave, and other compensatory leave) are recorded in the statements of net position. Liabilities for leave are assumed to be accrued using the First In, First Out (FIFO) method, meaning the leave that was earned first is used or paid first. The City has recorded a liability only when it is more likely than not the leave will be taken or paid for. All compensated absences and related costs are reported as incurred in the governmental-wide and proprietary fund financial statements, as these amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees. The liability for compensated absences is determined annually.

**Deferred Outflows/Inflows of Resources**

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

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

**Long-Term Obligations**

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

**Fund Equity**

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

**Fund Equity, Continued**

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

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

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

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.

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

**Use of Estimates**

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

**New Pronouncements**

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

*GASB Statement No. 101, Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The City restated its beginning compensated absence balances and its current year accounting and disclosures as part of implementation of this Statement.

*GASB Statement No. 102, Certain Risk Disclosures* - The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement did not apply to the City for the current fiscal year OR The City implemented the requirement of this statement during the current fiscal year. It resulted in no disclosure.

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**2. CASH AND INVESTMENTS**

As of June 30, 2025, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 23,224,711
Fiduciary Funds	65,517
	<hr/>
Total Cash and Investments	<u>\$ 23,290,228</u>

As of June 30, 2025, the City's cash and investments consisted of the following:

Cash:

Cash on hand	\$ 1,850
Deposits	2,491,671
	<hr/>
Total Cash	<u>2,493,521</u>

As of June 30, 2025 the City's investments consisted of the following:

Investments:

In California Local Agency Investment Fund (at fair value)	20,796,707
	<hr/>
Total Investments	<u>20,796,707</u>
	<hr/>
Total Cash and Investments	<u>\$ 23,290,228</u>

At year end, the carrying amount of the City's cash deposits (including amounts in checking accounts and money market accounts) was \$2,493,521 and the bank balance was \$3,102,369. 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, 2025**

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**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, 2025, 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, 2025 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, 2025, the City had \$20,796,707 invested in LAIF, which had 3.00% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 1.00119831 to the total investments held by LAIF.

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**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, 2025 were as follows:

Business Enterprise Notes	\$	748,934
Rehab & Sidewalk Notes		45,413
CDBG 03/04 Program Loans		33,176
Successor Housing Notes and Loans		460,000
CPLHA Grant Fund Notes		4,750,000
Crescent City Developer Note		750,000
	\$	<u>6,787,523</u>

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

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

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

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

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**4. LEASES RECEIVABLE**

In implementing GASB Statement 87 - *Leases*, the City recognized lease receivables and deferred inflows of resources for the leasing of attachment space for cellular communications and part of a parking lot for electric vehicle charging. In the fiscal year ended June 30, 2025, the City recognized \$46,514 in revenues for these leases.

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

<u>Lease</u>	<u>General Fund</u>	<u>Water Fund</u>	<u>Balance at June 30, 2025</u>
City Cell Tower	\$ 234,162	\$ -	\$ 234,162
City Parking Lot	22,416	-	22,416
Water Cell Tower	-	199,297	199,297
Total	<u>\$ 256,578</u>	<u>\$ 199,297</u>	<u>\$ 455,875</u>

***City Cell Tower***

The City entered into an agreement with a telecommunications company in 2010 to lease space on a tower at a City-owned building. The lease term is 30 years, made up of 5 years plus five 5-year options. The City considers each term to likely be exercised by the lessee. The monthly payments started at \$1,000 and increase by 15% each 5-year renewal term. The interest rate on the lease is 4%. Monthly lease receipts were \$1,322.50 for the fiscal year ended June 30, 2025.

***City Parking Lot***

In January of 2022, the City signed a 10-year lease with a company to lease space in a City-owned parking lot for electric vehicle charging. The City received a signing payment of \$1,000 in the fiscal year ended June 30, 2022. Monthly payments of \$300 commenced in August 2022. The interest rate on the lease is 4%. In the fiscal year ended June 30, 2025, additional inflows of resources due to the change in the number of parking spaces rented were \$2,400.

***Water Cell Tower***

In 2007, the City entered into an agreement with a telecommunications company to lease space on a City-owned water tower. The lease term is 30 years, made up of 5 years plus five 5-year options. The City considers each term to likely be exercised by the lessee. The monthly payments started at \$1,500 and increase by the change in the Consumer Price Index (CPI) each 5-year renewal term. The interest rate on the lease is 4%. The change in CPI is not included in the measurement of the lease receivable. In the fiscal year ended June 30, 2025, additional inflows of resources due to the change in the CPI were \$3,358.

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**5. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Transfers/ Retirements	Balance June 30, 2025
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,823,819	\$ -	\$ -	\$ 2,823,819
Other non-depreciable	694,500	-	-	694,500
Construction in progress	4,895,511	9,788,752	(8,844,759)	5,839,504
Total Capital Assets, Not Being Depreciated	8,413,830	9,788,752	(8,844,759)	9,357,823
Capital Assets, Being Depreciated:				
Building and improvements	8,802,524	406,621	-	9,209,145
Machinery and equipment	4,668,280	532,540	(236,540)	4,964,280
Right-to-use software	210,189	73,369	-	283,558
Infrastructure	9,574,632	276,320	8,844,759	18,695,711
Total Capital Assets, Being Depreciated:	23,255,625	1,288,850	8,608,219	33,152,694
Less Accumulated Depreciation for:				
Building and improvements	(5,361,611)	(152,835)	-	(5,514,446)
Machinery and equipment	(2,954,806)	(269,879)	236,540	(2,988,145)
Right-to-use software	(91,973)	(73,782)	-	(165,755)
Infrastructure	(1,969,902)	(460,005)	-	(2,429,907)
Total Accumulated Depreciation	(10,378,292)	(956,501)	236,540	(11,098,253)
Total Capital Assets, Being Depreciated, Net	12,877,333	332,349	8,844,759	22,054,441
Total Governmental Activities, Net	\$ 21,291,163	\$ 10,121,101	\$ -	\$ 31,412,264

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**5. CAPITAL ASSETS, CONTINUED**

	Balance June 30, 2024	Additions	Adjustments / Retirements	Transfers	Balance June 30, 2025
<b>Business-Type Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 493,855	\$ -	\$ -	\$ -	\$ 493,855
Construction in progress	1,749,983	773,852	-	(455,935)	2,067,900
Total Capital Assets, Not Being Depreciated	2,243,838	773,852	-	(455,935)	2,561,755
Capital Assets, Being Depreciated:					
Structures and improvements	42,600,222	63,917	(6,127)	93,998	42,752,010
Machinery and equipment	11,231,070	22,136	(8,236)	-	11,244,970
Infrastructure	23,022,170	-	-	361,937	23,384,107
Total Capital Assets, Being Depreciated:	76,853,462	86,053	(14,363)	455,935	77,381,087
Less Accumulated Depreciation for:					
Structures and improvements	(19,803,941)	(1,080,756)	-	-	(20,884,697)
Machinery and equipment	(6,444,951)	(419,851)	12,373	-	(6,852,429)
Infrastructure	(11,453,899)	(465,336)	-	-	(11,919,235)
Total Accumulated Depreciation	(37,702,791)	(1,965,943)	12,373	-	(39,656,361)
Total Capital Assets, Being Depreciated, Net	39,150,671	(1,879,890)	(1,990)	455,935	37,724,726
Total Business-Type Activities, Net	<u>\$ 41,394,509</u>	<u>\$ (1,106,038)</u>	<u>\$ (1,990)</u>	<u>\$ -</u>	<u>\$ 40,286,481</u>

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 74,437
Public works	575,227
Public safety	181,716
Human services and recreation	125,121
Total Depreciation Expense - Governmental Functions	<u>\$ 956,501</u>

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

Sewer	\$ 1,593,944
Water	310,217
RV Park	61,781
Total Depreciation Expense - Business-Type Functions	<u>\$ 1,965,942</u>

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**6. LONG-TERM DEBT**

Long-term debt for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024 (restated)	Additions	Adjustments/ Retirements	Balance June 30, 2025	Amounts Due Within One year	Amounts Due in More Than One year
<b>Governmental Activities</b>						
Compensated Absences (Note 1)	\$ 669,475	\$ 44,101	\$ -	\$ 713,576	\$ 209,816	\$ 503,760
Subscriptions Payable	115,606	73,370	(70,758)	118,218	73,024	45,194
<b>Total Governmental Activities</b>	<b>\$ 785,081</b>	<b>\$ 117,471</b>	<b>\$ (70,758)</b>	<b>\$ 831,794</b>	<b>\$ 282,840</b>	<b>\$ 548,954</b>
<b>Business-Type Activities</b>						
Loans Payable:						
State Water Resources - Safe Water Loan	\$ 28,860,265	\$ -	\$ (1,697,662)	\$ 27,162,603	\$ 1,697,663	\$ 25,464,940
Subtotal Loans Payable	28,860,265	-	(1,697,662)	27,162,603	1,697,663	25,464,940
Compensated Absences (Note 1)	243,118	37,623	-	280,741	79,363	201,378
<b>Total Business-Type Activities</b>	<b>\$ 29,103,383</b>	<b>\$ 37,623</b>	<b>\$ (1,697,662)</b>	<b>\$ 27,443,344</b>	<b>\$ 1,777,026</b>	<b>\$ 25,666,318</b>

**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 \$994,316 at June 30, 2025. Compensated absences will be paid from: General Fund, Housing Authority Fund, RV Park Fund, Sewer Fund, Water Fund, Equipment Fund, Building Maintenance Fund, and IT Fund.

**Subscriptions Payable**

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

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**6. LONG-TERM DEBT, CONTINUED**

**Subscriptions Payable, Continued**

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

*Spot AI:* In August 2024, the City entered into a 5-year agreement with Carahsoft Technology Corporation to obtain access to the cloud-based SPOT AI camera monitoring platform. The subscription term extends through June 2029, with annual payments of \$16,481 due each fiscal year.

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

Year Ending June 30	Subscriptions		Total
	Principal	Interest	
2026	\$ 73,024	\$ 4,750	\$ 77,775
2027	14,651	1,829	16,481
2028	15,237	1,243	16,481
2029	15,306	634	16,481
Total	\$ 118,218	\$ 8,456	\$ 127,218

**California Water Resources Control Board, Safe Drinking Water Revolving Loan**

On June 10, 2011, the City entered into a 30 year loan with the California Water Resources Control Board in the amount of \$45,407,931. The interest is 0% and the debt matures in fiscal year 2041. The loan proceeds were used for wastewater system improvements. At June 30, 2025, the remaining balance on the loan was \$27,162,602.

The annual aggregate maturities for the years subsequent to June 30, 2025 are as follows:

Year Ending June 30	Water Resources Control Board		
	Principal	Interest	Total
2026	\$ 1,697,663	\$ -	\$ 1,697,663
2027	1,697,663	-	1,697,663
2028	1,697,663	-	1,697,663
2029	1,697,663	-	1,697,663
2030	1,697,663	-	1,697,663
2031-2035	8,488,315	-	8,488,315
2036-2040	8,488,315	-	8,488,315
2041	1,697,663	-	1,697,663
Total	\$ 27,162,608	\$ -	\$ 27,162,608

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**7. INTERFUND TRANSACTIONS**

**Due To/From Other Funds**

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2025:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 67,000	\$ -
CDBG Special Revenue Fund	-	64,000
Internal Service Funds	-	3,000
Total	<u>\$ 67,000</u>	<u>\$ 67,000</u>

**Advance To/From Other Funds**

Advances to and from funds represent longer term loans between those funds. The City had one such loan between the Water Fund and the General Fund as of June 30, 2025 totaling \$435,484.

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

Advance To/From Other Funds \$ 435,484

**City of Crescent City**  
**Notes to Basic Financial Statements**  
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**7. INTERFUND TRANSACTIONS, CONTINUED**

**Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The schedule on the following page presents the interfund transfers for fiscal year ended June 30, 2025:

Transfers Out	Transfers In						Total
	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Sewer	Water	Internal Service Funds	
Major Funds:							
General Fund	\$ -	\$ 820,350	\$ 425,391	\$ -	\$ -	\$ 88,179	\$ 1,333,920
Non-Major Governmental Funds	197,303	25,713	-	10,991	10,991	-	244,998
Major Enterprise Funds:							
Sewer	-	-	-	-	-	32,109	32,109
Water	-	-	-	-	-	32,109	32,109
RV Park	-	-	-	-	-	11,065	11,065
Internal Service Funds	40,898	-	-	1,947	-	82,404	125,249
Total	\$ 238,201	\$ 846,063	\$ 425,391	\$ 12,938	\$ 10,991	\$ 245,866	\$ 1,779,450

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**8. EMPLOYEE RETIREMENT PLANS**

*A. Plan Description*

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

PEPRA, safety fire classic, and safety fire PEPRA). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

*B. Benefits Provided*

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

The Plans’ provisions and benefits in effect at June 30, 2025 are summarized as follows:

	<b>Miscellaneous</b>	
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.75%
Required employer contribution rates	13.34%	7.87%
Required employer dollar UAL payment (annual)	\$778,277	\$6,741

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**8. EMPLOYEE RETIREMENT PLANS, CONTINUED**

**B. Benefits Provided, Continued**

	Safety (Police)		Safety (Fire)
	Prior to	On or after	Prior to
Hire date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2% @ 50	2.7% @ 57	2% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-57	50
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%	2.0%
Required employee contribution rates	9.00%	13.75%	9.00%
Required employer contribution rates	20.09%	13.76%	20.09%
Required employer dollar UAL payment (annual)	\$299,095	\$2,855	\$20,589

**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, 2024, the contributions recognized against net pension liability for the Plan were \$1,527,993.

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

As of June 30, 2025, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan of \$13,260,280.

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, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The City's proportionate share of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**8. EMPLOYEE RETIREMENT PLANS, CONTINUED**

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

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2024 and June 30, 2023 were as follows:

Proportion - June 30, 2023	0.10784%
Proportion - June 30, 2024	0.10934%
Change - Increase (Decrease)	<u>0.00150%</u>

For the year ended June 30, 2025, the City recognized pension expense (income) of \$2,266,674. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,649,124	\$ -
Changes of assumptions	336,738	
Differences between expected and actual experience	1,127,882	41,975
Changes in employer's proportion	-	489,406
Differences between the employer's contribution and the employer's proportionate share of contributions	413,524	52,919
Net differences between projected and actual earnings on plan investments	<u>727,987</u>	<u>-</u>
Total	<u>\$ 4,255,255</u>	<u>\$ 584,300</u>

\$1,649,124 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending <u>June 30:</u>	
2026	\$ 578,980
2027	1,663,422
2028	28,802
2029	(249,373)

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**8. EMPLOYEE RETIREMENT PLANS, CONTINUED**

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

*Actuarial Assumptions* – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

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

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

**Discount Rate** – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2024 for the Plan was 6.90. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A detailed report testing these projections can be obtained from the CalPERS website.

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**8. EMPLOYEE RETIREMENT PLANS, CONTINUED**

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

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

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

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

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

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

The following schedule presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		5.90%
Net Pension Liability	\$	19,131,720
Current Discount Rate		6.90%
Net Pension Liability	\$	13,260,280
1% Increase		7.90%
Net Pension Liability	\$	8,436,558

**D. Payable to the Pension Plan**

At June 30, 2025, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

*A. Plan Description*

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

- a) The minimum required contribution under PEMHCA (\$157 per month for calendar year 2024)
- b) The amounts shown in the table below (pursuant to collective bargaining or other employee agreements)

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

*B. Employees Covered*

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

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

*C. Contributions*

The contribution requirements of plan members and the City are established and may be amended by the City's governing board. The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2024, the City's cash contribution was \$88,583 in payments to the trust and direct benefit payments, and the estimated implicit subsidy was \$21,107 resulting in total contributions of \$109,690.

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

**D. Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2023 that was used to determine the June 30, 2024 total OPEB liability, based on the following actuarial methods and assumptions:

**Actuarial Assumptions**

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

Notes:

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

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

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

**City of Crescent City**  
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**9. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED**

***D. Net OPEB Liability, Continued***

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

***E. Discount Rate***

The discount rate used to measure the total OPEB liability was 6.35 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to or exceeding the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***F. Changes in the OPEB Liability***

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
<b>Balance at June 30, 2024</b> (Measurement date 06/30/2023)	\$ 1,631,491	\$ 916,365	\$ 715,126
<b>Changes in the year:</b>			
Service cost	82,119	-	82,119
Interest	105,783	-	105,783
Differences between expected and actual experience	-	63,963	(63,963)
Assumption changes	-	-	-
Contribution - employer	-	109,690	(109,690)
Net investment income	-	58,641	(58,641)
Benefit payments	(95,467)	(95,467)	-
Administrative expenses	-	-	-
<b>Net changes</b>	<b>92,435</b>	<b>136,827</b>	<b>(44,392)</b>
<b>Balance at June 30, 2025</b> (Measurement date 06/30/2024)	<b>\$ 1,723,926</b>	<b>\$ 1,053,192</b>	<b>\$ 670,734</b>

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

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

	1% Decrease 5.35%	Current Discount Rate 6.35%	1% Increase 7.35%
Net OPEB Liability (Asset)	\$ 874,830	\$ 670,734	\$ 499,016

*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)	\$ 523,483	\$ 670,734	\$ 868,765

**I. OPEB Plan Fiduciary Net Position**

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

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

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss and is calculated using the 4 different employee groups' Expected Average Remaining Service Life (EARSL). For the measurement period ended June 30, 2024, the EARSL was 10.65 years. The recognition periods for various gains and losses created in the June 30, 2024 measurement are as follows:

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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

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

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of \$96,652. For the fiscal year ended June 30, 2025, 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	\$ 153,926	\$ -
Differences Between Expected and Actual Experience	78,810	157,316
Changes of Assumptions	29,902	54,280
Net differences between projected and actual earnings on plan investments	-	20,524
Total	<u>\$ 262,638</u>	<u>\$ 232,120</u>

\$153,926 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2024 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June, 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/Inflows of Resources
2026	\$ (37,190)
2027	(8,074)
2028	(36,157)
2029	(30,746)
2030	(17,955)
Thereafter	6,714

**10. RISK MANAGEMENT**

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

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
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**10. RISK MANAGEMENT, CONTINUED**

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

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

The City is a participant in the GSRMA workers' compensation risk pool, which provides up to \$5,000,000 in per occurrence limits for employers' liability. The City has no deductible for workers' compensation. During the fiscal year ended June 30, 2025, the City contributed \$1,201,015 to GSRMA for general liability, property, and workers compensation.

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

**11. CONTINGENCIES**

Contingent Liabilities

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

**12. PLEDGED REVENUE**

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

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**12. PLEDGED REVENUE, CONTINUED**

The City has pledged future revenues derived from the operation of the Crescent City Wastewater System, net of operating and maintenance expenses, to repay a \$45,407,931 loan payable to the State Water Resources Control Board. Proceeds from the loan provided financing for improvements to the Wastewater System. The loan is payable solely from the net earnings of the Wastewater System and are payable through 2041. The total principal and interest remaining to be paid on the loan is \$27,162,602.

Principal and interest paid for the current year and net system revenues were \$1,697,663 and \$1,305,630 respectively.

**13. SUCCESSOR TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

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

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

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

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

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

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**13. SUCCESSOR TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, CONTINUED**

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

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

**Cash and investments**

As of June 30, 2025, cash and investments in the amount of \$65,517 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 \$55,114 and \$219,656 respectively. All of these amounts were advanced to the Crescent City Redevelopment Agency prior to its dissolution under State law. Activity relating to these obligations were as follows for the fiscal year ended June 30, 2025:

	Balance June 30, 2024	Adjustments/ Additions	Retirements	Balance June 30, 2025	Amounts Due Within One Year
<b>Fiduciary Fund Debt</b>					
Successor Housing Agency	\$ 88,198	\$ -	\$ (33,084)	\$ 55,114	\$ -
City Water Fund	351,992	-	(132,336)	219,656	-
Total Fiduciary Fund Debt	<u>\$ 440,190</u>	<u>\$ -</u>	<u>\$ (165,420)</u>	<u>\$ 274,770</u>	<u>\$ -</u>

**14. CHANGE WITHIN FINANCIAL REPORTING ENTITY**

In fiscal year 2025, the City's CPLHA Grant Fund and Pebble Beach Drive Bank Stabilization Project (previously reported with nonmajor funds) met the criteria to be reported as a major fund. Below is the effect on fund balance.

	CPLHA Grant Fund	Capital Improvement	Pebble Beach Drive Bank Stabilization Project	Nonmajor Governmental Funds
June 30, 2024, as previously reported	\$ -	\$ 2,256,523	\$ -	\$ 1,507,662
Movement of continued operation	-	146,270	(146,270)	-
Change from nonmajor to major fund	(34,469)	-	-	34,469
June 30, 2024, as restated	<u>\$ (34,469)</u>	<u>\$ 2,402,793</u>	<u>\$ (146,270)</u>	<u>\$ 1,542,131</u>

**City of Crescent City**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2025**

**15. RESTATEMENTS**

In accordance with the provisions of GASB Statement No. 100, the City has restated its financial statement for the prior period due to changes in the classification of the following funds:

- Business-type activities - Change in accounting principles (\$140,372) due to implementation of the requirements of GASB 101 – Compensated Absences.
- Governmental activities - Change in accounting principles (\$360,459) due to implementation of the requirements of GASB 101 – Compensated Absences.

Summary of the restatements are as follows:

	Reporting Units Affected by Restatements of Beginning Balances				
	Funds			Government-Wide	
	Sewer	Water	RV Park	Governmental Activities	Business-type Activities
Fund balance/net position as previously reported at June 30, 2024	\$ 8,118,455	\$ 12,307,067	\$ 1,255,664	\$ 25,707,215	\$ 21,681,186
Change in accounting estimate due to implementation of GASB 101	(72,751)	(56,849)	(10,772)	(360,459)	(140,372)
Fund balance/net position as restated at June 30, 2024	\$ 8,045,704	\$ 12,250,218	\$ 1,244,892	\$ 25,346,756	\$ 21,540,814

**16. SUBSEQUENT EVENT - ADMINISTRATIVE CIVIL LIABILITY COMPLAINT**

On August 26, 2025, the City received an Administrative Civil Liability Complaint issued by the California Regional Water Quality Control Board, North Coast Region, related to violations of effluent limitations contained in the City’s Waste Discharge Requirements and National Pollutant Discharge Elimination System permit for the wastewater treatment facility. The complaint alleges violations occurring between January 1, 2024 and August 1, 2025 and proposes mandatory minimum penalties totaling \$228,000 pursuant to California Water Code sections 13385(h) and (i).

The complaint represents a proposed enforcement action and provides the City with options including payment of the proposed penalty, settlement negotiations, or proceeding to a hearing before the Regional Water Quality Control Board. As of the issuance date of the financial statements, the matter has not been resolved. No liability has been recorded in the accompanying financial statements related to this matter.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Crescent City**  
**Required Supplementary Information**  
**For the year ended June 30, 2025**

**1. OTHER POST EMPLOYMENT BENEFITS**

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

<i>Measurement Period</i>	2024	2023	2022	2021
<b>Total OPEB Liability</b>				
Service cost	\$ 82,119	\$ 67,048	\$ 65,095	\$ 69,216
Interest on the total OPEB liability	105,783	90,458	86,776	94,635
Differences between expected and actual experience	-	97,032	-	(148,995)
Changes of assumptions	-	(42,423)	-	51,258
Benefit payments, including refunds of employee contributions	(95,467)	(93,528)	(89,311)	(97,401)
<b>Net change in total OPEB liability</b>	<b>92,435</b>	<b>118,587</b>	<b>62,560</b>	<b>(31,287)</b>
<b>Total OPEB liability - beginning</b>	<b>1,631,491</b>	<b>1,512,904</b>	<b>1,450,344</b>	<b>1,481,631</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 1,723,926</b>	<b>\$ 1,631,491</b>	<b>\$ 1,512,904</b>	<b>\$ 1,450,344</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 109,690	\$ 106,381	\$ 140,237	\$ 136,471
Net investment income	122,604	72,081	(124,519)	181,984
Benefit payments, including refunds of employee contributions	(95,467)	(93,528)	(89,311)	(97,401)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>136,827</b>	<b>84,934</b>	<b>(73,593)</b>	<b>221,054</b>
<b>Plan fiduciary net position - beginning</b>	<b>916,365</b>	<b>831,431</b>	<b>905,024</b>	<b>683,970</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,053,192</b>	<b>\$ 916,365</b>	<b>\$ 831,431</b>	<b>\$ 905,024</b>
<b>Net OPEB liability/(asset) - ending (a) - (b)</b>	<b>\$ 670,734</b>	<b>\$ 715,126</b>	<b>\$ 681,473</b>	<b>\$ 545,320</b>
Plan fiduciary net position as a percentage of the total OPEB liability	61%	56%	55%	62%
Covered-employee payroll	\$ 4,822,816	\$ 3,815,841	\$ 3,702,370	\$ 3,594,534
Net OPEB liability as a percentage of covered-employee payroll	13.91%	18.74%	18.41%	15.17%

**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, 2025**

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**1. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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

2020	2019	2018	2017
\$ 71,080	\$ 73,899	\$ 71,573	\$ 84,805
92,061	100,416	96,582	111,248
-	(147,813)	-	(257,555)
(21,038)	(57,501)	-	138,952
(101,393)	(96,190)	(123,018)	(117,859)
<u>40,710</u>	<u>(127,189)</u>	<u>45,137</u>	<u>(40,409)</u>
1,440,921	1,568,110	1,522,973	1,563,382
<u>\$ 1,481,631</u>	<u>\$ 1,440,921</u>	<u>\$ 1,568,110</u>	<u>\$ 1,522,973</u>
\$ 161,094	\$ 156,211	\$ 179,438	\$ 156,803
17,217	33,991	31,754	39,562
(101,393)	(96,190)	(123,018)	(117,859)
-	56,421	-	-
<u>76,918</u>	<u>150,433</u>	<u>88,174</u>	<u>78,506</u>
607,052	456,619	368,445	289,939
<u>\$ 683,970</u>	<u>\$ 607,052</u>	<u>\$ 456,619</u>	<u>\$ 368,445</u>
\$ 797,661	\$ 833,869	\$ 1,111,491	\$ 1,154,528
46%	42%	29%	24%
\$ 2,941,134	\$ 3,466,680	\$ 3,217,205	\$ 3,045,658
27.12%	24.05%	34.55%	37.91%

**City of Crescent City**  
**Required Supplementary Information**  
**For the year ended June 30, 2025**

**1. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**B. Schedule of Contributions Last Ten Fiscal Years \***

	2025	2024	2023	2022
Actuarially Determined Contribution (ADC)	\$ 153,926	\$ 109,690	\$ 106,381	\$ 140,237
Contributions in relation to the ADC	(153,926)	(109,690)	(106,381)	(140,237)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,911,618	\$ 4,822,816	\$ 3,815,841	\$ 3,702,370
Contributions as a percentage of covered-employee payroll	3.13%	2.27%	2.79%	3.79%

**Notes to Schedule:**

**Methods and assumptions used to determine contributions:**

	6/30/2023	6/30/2021	6/30/2021	6/30/2019
Valuation Date used to determine ADC	6/30/2023	6/30/2021	6/30/2021	6/30/2019
Discount rate used to determine ADC	6.35%	5.90%	5.90%	6.30%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay
Amortization Period	30 Years Closed	30 Years Closed	30 Years Closed	30 Years Closed
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Inflation	2.50%	2.50%	2.50%	2.50%
Payroll Growth	3.00%	3.00%	3.00%	3.00%
Healthcare cost-trend rates	6.5% in 2025 to 3.9% by 2075	5.8% in 2023 to 3.9% by 2076	5.8% in 2023 to 3.9% by 2076	8.0% in 2018 to 5.0%
Retirement Age	50 to 75	50 to 75	50 to 75	50 to 75
Mortality Improvement	CalPERS 2021 Experience Study	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, 2025**

**1. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

***B. Schedule of Contributions Last Ten Fiscal Years, Continued***

2021	2020	2019	2018
\$ 136,471	\$ 161,094	\$ 156,211	\$ 179,438
(136,471)	(161,094)	(156,211)	(179,438)
\$ -	\$ -	\$ -	\$ -
\$ 3,594,534	\$ 2,941,134	\$ 3,466,680	\$ 3,217,205
3.80%	5.48%	4.51%	5.58%

6/30/2019	7/1/2017	7/1/2017	7/1/2015
6.30%	6.30%	6.30%	7.00%
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Level % of Pay			
30 Years Closed	30 Years Closed	30 Years Closed	30 Years Closed
Market Value	Market Value	Market Value	Market Value
2.50%	2.75%	2.75%	2.75%
3.00%	3.25%	3.25%	3.25%
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%
50 to 75	50 to 75	50 to 75	50 to 75
MW Scale 2017 generationally			

**City of Crescent City**  
**Required Supplementary Information**  
**For the year ended June 30, 2025**

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**2. DEFINED BENEFIT PENSION PLAN**

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

Fiscal Year	2025	2024	2023	2022	2021
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Proportion of the net pension liability	0.10934113%	0.10784317%	0.11151406%	0.13907182%	0.10398944%
Proportionate share of the net pension liability	\$13,260,280	\$13,453,813	\$12,880,772	\$ 7,521,405	\$11,314,498
Covered payroll	\$ 4,553,819	\$ 3,784,091	\$ 3,520,793	\$ 3,381,533	\$ 3,272,924
Proportionate Share of the net pension liability as percentage of covered payroll	291.19%	355.54%	365.85%	222.43%	345.70%
Plan fiduciary net position as a percentage of the total pension liability	78.08%	76.21%	76.68%	88.29%	75.10%

**Notes to Schedule:**

The CalPERS discount rate increased from 7.5% to 7.65% in fiscal year 2016

The CalPERS discount rate decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS discount rate decreased from 7.15% to 6.90% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

**City of Crescent City**  
**Required Supplementary Information**  
**For the year ended June 30, 2025**

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**2. DEFINED BENEFIT PENSION PLAN, CONTINUED**

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

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<i>6/30/2019</i>	<i>6/30/2018</i>	<i>6/30/2017</i>	<i>6/30/2016</i>	<i>6/30/2015</i>
0.10353226%	0.10454965%	0.10411817%	0.10614935%	0.10970704%
\$10,608,990	\$10,074,682	\$10,325,662	\$ 9,185,205	\$ 7,530,194
\$ 3,466,680	\$ 3,217,205	\$ 3,045,658	\$ 2,979,180	\$ 2,915,615
306.03%	313.15%	339.03%	308.31%	258.27%
75.26%	75.26%	73.31%	74.06%	78.40%

**City of Crescent City**  
**Required Supplementary Information**  
**For the year ended June 30, 2025**

**2. DEFINED BENEFIT PENSION PLAN, CONTINUED**

**B. Schedule of Contributions - Last 10 Years**

	2025	2024	2023	2022	2021	2020
Contractually required contribution	\$ 1,649,124	\$ 1,452,993	\$ 1,362,963	\$ 1,239,641	\$ 1,140,497	\$ 1,046,884
Contribution in relation to the contractually required contribution	(1,649,124)	(1,527,993)	(1,432,963)	(1,314,641)	(1,140,497)	(1,108,169)
Contribution deficiency (excess)	\$ -	\$ (75,000)	\$ (70,000)	\$ (75,000)	\$ -	\$ (61,285)
Covered payroll	\$ 4,669,302	\$ 4,553,819	\$ 3,784,091	\$ 3,520,793	\$ 3,381,533	\$ 3,272,924
Contributions as a percentage of covered payroll	35.32%	33.55%	37.87%	37.34%	33.73%	31.99%

**Notes to Schedule**

Valuation date:	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Actuarial cost method:	Entry Age					
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value					

Inflation:	2.30%	2.50%	2.50%	2.50%	2.50%	2.63%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	6.80%	7.00%	7.00%	7.00%	7.00%	7.25%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)	(4)	(4)

<sup>(1)</sup> Level percentage of payroll, closed

<sup>(2)</sup> Depending on age, service, and type of employment

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

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

**City of Crescent City**  
**Required Supplementary Information**  
**For the year ended June 30, 2025**

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**2. DEFINED BENEFIT PENSION PLAN, CONTINUED**

***B. Schedule of Contributions - Last 10 Years, Continued***

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 935,710	\$ 948,296	\$ 851,158	\$ 763,462
(968,710)	(948,296)	(851,158)	(763,462)
<u>\$ (33,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,466,680	\$ 3,217,205	\$ 3,045,658	\$ 2,979,180
26.99%	29.48%	27.95%	25.63%

6/30/2016	6/30/2015	6/30/2014	6/30/2013
Entry Age	Entry Age	Entry Age	Entry Age
(1)	(1)	(1)	(1)
Market Value	Market Value	Market Value	Market Value

2.75%	2.75%	2.75%	2.75%
(2)	(2)	(2)	(2)
7.375%	7.50%	7.50%	7.50%
(3)	(3)	(3)	(3)
(4)	(4)	(4)	(4)

**City of Crescent City**  
**Notes to the Required Supplementary Information**  
**For the year ended June 30, 2025**

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**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. For the fiscal year ended June 30, 2025, the City revised its budgetary practices for governmental fund services provided to other funds to conform with GAAP.

# City of Crescent City

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

### General Fund (Budgetary Basis)

For the year ended June 30, 2025 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 7,549,710	\$ 7,630,135	\$ 7,572,953	\$ (57,182)
Use of money and property:				
Interest	60,000	150,000	238,040	88,040
Rental income	45,582	45,582	46,566	984
Licenses and permits	309,550	646,859	732,631	85,772
Fines and forfeitures	68,650	68,650	51,847	(16,803)
Intergovernmental	355,881	554,816	394,608	(160,208)
Charges for services	1,117,020	1,329,844	926,521	(403,323)
Gifts and donations	101,056	102,498	11,555	(90,943)
Other reimbursements	18,840	31,504	35,416	3,912
Other revenue	15,750	22,417	20,405	(2,012)
<b>Total revenues</b>	<b>9,642,039</b>	<b>10,582,305</b>	<b>10,030,542</b>	<b>(551,763)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,365,761	1,329,962	1,198,404	131,558
Public safety	4,988,709	5,306,949	4,735,960	570,989
Community development	822,409	746,519	678,901	67,618
Human services and recreation	1,044,421	1,210,520	964,357	246,163
Public works	1,451,456	1,659,663	1,427,691	231,972
Administrative overhead allocation	568,154	592,172	566,037	26,135
Debt Service:				
Interest on advances from other funds	65,000	-	-	-
<b>Total expenditures</b>	<b>10,305,910</b>	<b>10,845,785</b>	<b>9,571,350</b>	<b>1,274,435</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(663,871)</b>	<b>(263,480)</b>	<b>459,192</b>	<b>722,672</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	255,554	250,645	238,201	(12,444)
Transfers out	(1,216,091)	(1,338,141)	(1,333,920)	4,221
Proceeds from sale of assets	-	-	230	230
<b>Total other financing sources (uses)</b>	<b>(960,537)</b>	<b>(1,087,496)</b>	<b>(1,095,489)</b>	<b>(7,993)</b>
<b>Net change in fund balance</b>	<b>\$ (1,624,408)</b>	<b>\$ (1,350,976)</b>	<b>(636,297)</b>	<b>\$ 714,679</b>
<b>FUND BALANCE:</b>				
Beginning of year			5,176,051	
End of year			<u>\$ 4,539,754</u>	

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

**City of Crescent City**

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

**Housing Section 8 Special Revenue Fund**

**For the year ended June 30, 2024 (Unaudited)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ 140	\$ 140	\$ 7,460	\$ 7,320
Intergovernmental	4,350,399	4,247,962	4,359,319	111,357
Other revenue	19,000	19,000	39,275	20,275
<b>Total revenues</b>	<b>4,369,539</b>	<b>4,267,102</b>	<b>4,406,604</b>	<b>139,502</b>
<b>EXPENDITURES:</b>				
Current:				
Human services and recreation	4,404,433	4,337,733	4,380,049	(42,316)
Administrative overhead allocation	24,922	25,372	25,218	154
<b>Total expenditures</b>	<b>4,429,355</b>	<b>4,363,105</b>	<b>4,405,267</b>	<b>(42,162)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(59,816)</b>	<b>(96,003)</b>	<b>1,337</b>	<b>97,340</b>
<b>Net change in fund balance</b>	<b>\$ (59,816)</b>	<b>\$ (96,003)</b>	<b>1,337</b>	<b>\$ 97,340</b>
<b>FUND BALANCE:</b>				
Beginning of year			466,907	
End of year			<u>\$ 468,244</u>	

# City of Crescent City

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

### CPLHA Grant Fund

For the year ended June 30, 2024 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ -	\$ -	\$ 24,946	\$ 24,946
Intergovernmental	5,000,000	5,000,000	4,789,157	(210,843)
<b>Total revenues</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>4,814,103</b>	<b>(185,897)</b>
<b>EXPENDITURES:</b>				
Current:				
Human services and recreation	5,000,000	4,965,531	4,688	4,960,843
<b>Total expenditures</b>	<b>5,000,000</b>	<b>4,965,531</b>	<b>4,688</b>	<b>4,960,843</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>34,469</b>	<b>4,809,415</b>	<b>4,774,946</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 34,469</b>	<b>4,809,415</b>	<b>\$ 4,774,946</b>
<b>FUND BALANCE:</b>				
Beginning of year			-	
Restatement			(34,469)	
Restated beginning of year			(34,469)	
End of year			<u>\$ 4,774,946</u>	

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# SUPPLEMENTARY INFORMATION

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**City of Crescent City**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	Special Revenue Funds				
	CDBG Funds	89-93 Rehab & Sidewalk Funds	Gas Tax Fund	Successor Housing Fund	RMRA Fund
<b>ASSETS</b>					
Cash and investments	\$ 4,787	\$ 23,284	\$ 16,116	\$ 118,831	\$ 293,036
Receivables:					
County/State/Federal Government	16,940	-	15,956	-	32,374
Interest receivable	5	283	336	28,941	3,141
Due from RDA Successor Agency	-	-	-	55,114	-
Note Receivable	33,176	45,413	-	460,000	-
<b>Total assets</b>	<b>\$ 54,908</b>	<b>\$ 68,980</b>	<b>\$ 32,408</b>	<b>\$ 662,886</b>	<b>\$ 328,551</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	813	-	3,507	-	19,814
Unearned revenue	-	-	-	-	-
Due to other funds	64,000	-	-	-	-
<b>Total liabilities</b>	<b>64,813</b>	<b>-</b>	<b>3,507</b>	<b>-</b>	<b>19,814</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	16,940	-	-	13,800	-
<b>Total deferred inflows of resources</b>	<b>16,940</b>	<b>-</b>	<b>-</b>	<b>13,800</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted					
Low and moderate income housing	-	-	-	649,086	-
Other Purposes	-	68,980	28,901	-	308,737
Assigned					
Capital improvement and vehicle replacement	-	-	-	-	-
Safety programs	-	-	-	-	-
Unassigned	(26,845)	-	-	-	-
<b>Total fund balances</b>	<b>(26,845)</b>	<b>68,980</b>	<b>28,901</b>	<b>649,086</b>	<b>308,737</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 54,908</b>	<b>\$ 68,980</b>	<b>\$ 32,408</b>	<b>\$ 662,886</b>	<b>\$ 328,551</b>

Special Revenue Funds				Capital Projects Funds			
ARPA Fund	Volunteer Firefighter Support	Clean CA Grant Fund	PLHA and PIP Awards Fund	Capital Improvement Fund	Beachfront Park CIP Fund	Fire Vehicle Replacement Fund	
\$ 63,534	\$ 15,658	\$ 789,295	\$ 343,598	\$ -	\$ 9,551	\$ 668,926	
-	-	147,752	-	-	-	-	
667	165	-	3,608	-	100	7,459	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 64,201</u>	<u>\$ 15,823</u>	<u>\$ 937,047</u>	<u>\$ 347,206</u>	<u>\$ -</u>	<u>\$ 9,651</u>	<u>\$ 676,385</u>	
-	4,741	39,973	-	-	-	23,037	
-	-	896,400	343,385	-	-	-	
-	-	-	-	-	-	-	
-	4,741	936,373	343,385	-	-	23,037	
-	-	147,752	-	-	-	-	
-	-	147,752	-	-	-	-	
-	-	-	3,821	-	-	-	
-	-	-	-	-	-	-	
64,201	-	-	-	-	9,651	653,348	
-	11,082	-	-	-	-	-	
-	-	(147,078)	-	-	-	-	
<u>64,201</u>	<u>11,082</u>	<u>(147,078)</u>	<u>3,821</u>	<u>-</u>	<u>9,651</u>	<u>653,348</u>	
<u>\$ 64,201</u>	<u>\$ 15,823</u>	<u>\$ 937,047</u>	<u>\$ 347,206</u>	<u>\$ -</u>	<u>\$ 9,651</u>	<u>\$ 676,385</u>	

**City of Crescent City**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	Capital Projects Funds	
	Vehicle Replacement Funds	Nonmajor Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ 6,088	\$ 2,352,704
Receivables:		
County/State/Federal Government	-	213,022
Interest receivable	64	44,769
Due from RDA Successor Agency	-	55,114
Note Receivable	-	538,589
<b>Total assets</b>	<b>\$ 6,152</b>	<b>\$ 3,204,198</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	-	91,885
Unearned revenue	-	1,239,785
Due to other funds	-	64,000
<b>Total liabilities</b>	<b>-</b>	<b>1,395,670</b>
<b>Deferred inflows of resources:</b>		
Unavailable revenue	-	178,492
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>178,492</b>
<b>Fund Balances:</b>		
Restricted		
Low and moderate income housing	-	652,907
Other Purposes	-	406,618
Assigned		
Capital improvement and vehicle replacement	6,152	733,352
Safety programs	-	11,082
Unassigned	-	(173,923)
<b>Total fund balances</b>	<b>6,152</b>	<b>1,630,036</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,152</b>	<b>\$ 3,204,198</b>

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**City of Crescent City**  
**Combining Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

	Special Revenue Funds				
	CDBG Funds	89-93 Rehab & Sidewalk Funds	Gas Tax Fund	Successor Housing Fund	RMRA Fund
<b>REVENUES:</b>					
Use of money and property					
Interest	\$ 25	\$ 1,191	\$ 1,630	\$ 5,190	\$ 17,686
Intergovernmental	270,989	-	188,929	-	183,710
Other revenue	-	571	-	-	-
<b>Total revenues</b>	<b>271,014</b>	<b>1,762</b>	<b>190,559</b>	<b>5,190</b>	<b>201,396</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	-	-	-
Human services and recreation	21,322	-	-	-	-
Public works	125,285	-	15,239	-	313,955
<b>Total expenditures</b>	<b>146,607</b>	<b>-</b>	<b>15,239</b>	<b>-</b>	<b>313,955</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>124,407</b>	<b>1,762</b>	<b>175,320</b>	<b>5,190</b>	<b>(112,559)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	(25,712)	-	(175,320)	-	-
<b>Total other financing sources (uses)</b>	<b>(25,712)</b>	<b>-</b>	<b>(175,320)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>98,695</b>	<b>1,762</b>	<b>-</b>	<b>5,190</b>	<b>(112,559)</b>
<b>FUND BALANCES:</b>					
Beginning of year	(125,540)	67,218	28,901	643,896	421,296
Reclassification from nonmajor to major	-	-	-	-	-
Beginning of year, as restated	(125,540)	67,218	28,901	643,896	421,296
End of year	\$ (26,845)	\$ 68,980	\$ 28,901	\$ 649,086	\$ 308,737

Special Revenue Funds					Capital Projects Funds		
ARPA Fund	Volunteer Firefighter Support	Clean CA Grant Fund	PLHA and PIP Awards Fund	CPLHA Grant Fund	Beachfront Park CIP Fund	Fire Vehicle Replacement Fund	
\$ 3,751	\$ 673	\$ 726	\$ 3,997	\$ -	\$ 446	\$ 34,542	
43,656	-	133,595	813	-	-	-	
-	-	-	-	-	-	-	
47,407	673	134,321	4,810	-	446	34,542	
-	6,172	-	-	-	-	167,892	
-	-	-	989	-	-	-	
-	-	256,449	-	-	-	-	
-	6,172	256,449	989	-	-	167,892	
47,407	(5,499)	(122,128)	3,821	-	446	(133,350)	
-	9,891	-	-	-	-	335,500	
(43,966)	-	-	-	-	-	-	
(43,966)	9,891	-	-	-	-	335,500	
3,441	4,392	(122,128)	3,821	-	446	202,150	
60,760	6,690	(24,950)	-	(34,469)	9,205	451,198	
-	-	-	-	34,469	-	-	
60,760	6,690	(24,950)	-	-	9,205	451,198	
\$ 64,201	\$ 11,082	\$ (147,078)	\$ 3,821	\$ -	\$ 9,651	\$ 653,348	

**City of Crescent City**  
**Combining Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

	Capital Projects Funds	
	Police Vehicle Replacement Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>		
Use of money and property		
Interest	\$ 1,180	\$ 71,037
Intergovernmental	-	821,692
Other revenue	-	571
<b>Total revenues</b>	<b>1,180</b>	<b>893,300</b>
<b>EXPENDITURES:</b>		
Current:		
Public safety	78,485	252,549
Human services and recreation	-	22,311
Public works	-	710,928
<b>Total expenditures</b>	<b>78,485</b>	<b>985,788</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(77,305)</b>	<b>(92,488)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	80,000	425,391
Transfers out	-	(244,998)
<b>Total other financing sources (uses)</b>	<b>80,000</b>	<b>180,393</b>
<b>Net change in fund balance</b>	<b>2,695</b>	<b>87,905</b>
<b>FUND BALANCES:</b>		
Beginning of year	3,457	1,507,662
Reclassification from nonmajor to major	-	34,469
Beginning of year, as restated	3,457	1,542,131
End of year	<b>\$ 6,152</b>	<b>\$ 1,630,036</b>

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**City of Crescent City**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2025**

	Information Tech Fund	Maintenance Building Fund	Equipment Fund
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 270	\$ 5,025	\$ 168,861
Accounts receivable	-	-	1,141
Interest receivable	-	-	1,378
Prepaid items	86,052	-	-
Total current assets	<u>86,322</u>	<u>5,025</u>	<u>171,380</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	-	245,616
Depreciable, net	96,231	-	1,716,807
Total capital assets	<u>96,231</u>	<u>-</u>	<u>1,962,423</u>
Total noncurrent assets	<u>96,231</u>	<u>-</u>	<u>1,962,423</u>
<b>Total assets</b>	<u>182,553</u>	<u>5,025</u>	<u>2,133,803</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	18,635	5,576	13,453
Accrued wages	-	-	-
Due to other funds	3,000	-	-
Current portion of subscriptions payable	50,600	-	-
Total current liabilities	<u>72,235</u>	<u>5,576</u>	<u>13,453</u>
Noncurrent liabilities:			
Subscriptions payable - due in more than one year	45,194	-	-
Total noncurrent liabilities	<u>45,194</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>117,429</u>	<u>5,576</u>	<u>13,453</u>
<b>NET POSITION</b>			
Net investment in capital assets	437	-	1,962,423
Unrestricted	64,687	(551)	157,927
<b>Total net position</b>	<u>\$ 65,124</u>	<u>\$ (551)</u>	<u>\$ 2,120,350</u>

Payroll Trust Fund	Insurance Reserve Fund	OPEB Trust Contributions Fund	Total
\$ 414,269	\$ 187,918	\$ 1,111	\$ 777,454
-	-	-	1,141
-	1,741	89	3,208
-	-	-	86,052
<u>414,269</u>	<u>189,659</u>	<u>1,200</u>	<u>867,855</u>
-	-	-	245,616
-	-	-	<u>1,813,038</u>
-	-	-	<u>2,058,654</u>
-	-	-	<u>2,058,654</u>
<u>414,269</u>	<u>189,659</u>	<u>1,200</u>	<u>2,926,509</u>
190,939	-	1,200	229,803
223,330	-	-	223,330
-	-	-	3,000
-	-	-	50,600
<u>414,269</u>	<u>-</u>	<u>1,200</u>	<u>506,733</u>
-	-	-	45,194
-	-	-	45,194
<u>414,269</u>	<u>-</u>	<u>1,200</u>	<u>551,927</u>
-	-	-	1,962,860
-	189,659	-	411,722
<u>\$ -</u>	<u>\$ 189,659</u>	<u>\$ -</u>	<u>\$ 2,374,582</u>

**City of Crescent City**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2025**

	Information Tech Fund	Maintenance Building Fund	Equipment Fund
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 446,683	\$ 280,033	\$ 412,112
Other	-	-	88
<b>Total operating revenues</b>	<b>446,683</b>	<b>280,033</b>	<b>412,200</b>
<b>OPERATING EXPENSES:</b>			
Personnel services	281,191	112,129	198,013
Materials, supplies, rent, and services	28,783	17,577	96,209
Repair and maintenance	150,946	150,327	95,495
Depreciation	-	-	232,293
<b>Total operating expenses</b>	<b>460,920</b>	<b>280,033</b>	<b>622,010</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(14,237)</b>	<b>-</b>	<b>(209,810)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest income	-	-	5,983
Interest expense	(5,259)	-	-
Gain (loss) on disposal of assets	-	-	15,652
<b>Total nonoperating revenues (expenses)</b>	<b>(5,259)</b>	<b>-</b>	<b>21,635</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(19,496)</b>	<b>-</b>	<b>(188,175)</b>
Capital contributions	-	-	330,038
Transfers in	82,404	-	163,462
Transfers out	-	-	-
<b>Total contributions and transfers</b>	<b>82,404</b>	<b>-</b>	<b>493,500</b>
<b>Change in net position</b>	<b>62,908</b>	<b>-</b>	<b>305,325</b>
<b>NET POSITION</b>			
Beginning of year	2,216	(551)	1,815,025
End of year	<b>\$ 65,124</b>	<b>\$ (551)</b>	<b>\$ 2,120,350</b>

Payroll Trust Fund	Insurance Reserve Fund	OPEB Trust Contributions Fund	Total
\$ -	\$ 654,026	\$ 123,034	\$ 1,915,888
-	96,340	-	96,428
-	750,366	123,034	2,012,316
-	-	119,358	710,691
-	654,026	4,081	800,676
-	-	-	396,768
-	-	-	232,293
-	654,026	123,439	2,140,428
-	96,340	(405)	(128,112)
-	8,261	346	14,590
-	-	-	(5,259)
-	-	-	15,652
-	8,261	346	24,983
-	104,601	(59)	(103,129)
-	-	-	330,038
-	-	-	245,866
-	(125,249)	-	(125,249)
-	(125,249)	-	450,655
-	(20,648)	(59)	347,526
-	210,307	59	2,027,056
\$ -	\$ 189,659	\$ -	\$ 2,374,582

**City of Crescent City**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2025**

	Information Tech Fund	Maintenance Building Fund	Equipment Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from other funds	\$ 452,265	\$ 280,033	\$ 410,971
Cash payments to suppliers for goods and services	(223,086)	(211,149)	(188,540)
Cash paid to employees	(281,191)	(112,129)	(198,013)
<b>Net cash provided (used) by operating activities</b>	<b>(52,012)</b>	<b>(43,245)</b>	<b>24,418</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash received from other funds	54,404	-	163,462
Cash disbursements to other funds	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>54,404</b>	<b>-</b>	<b>163,462</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Cash capital contributions	-	-	330,038
Proceeds from sale of capital assets	-	-	15,652
Acquisition of capital assets	(21,161)	-	(522,837)
Long-term debt repayments	24,174	-	-
Interest paid and fiscal charges	(5,259)	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(2,246)</b>	<b>-</b>	<b>(177,147)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received	-	-	6,039
<b>Net cash provided (used) by investing activities</b>	<b>-</b>	<b>-</b>	<b>6,039</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>146</b>	<b>(43,245)</b>	<b>16,772</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>124</b>	<b>48,270</b>	<b>152,089</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 270</b>	<b>\$ 5,025</b>	<b>\$ 168,861</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (14,237)	\$ -	\$ (209,810)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	-	232,293
Changes in assets, deferred outflows and inflows of resources, and liabilities			
Accounts receivable, net	5,582	-	(1,141)
Prepaid items	(58,790)	-	-
Accounts payable	15,433	(43,245)	3,076
Accrued wages	-	-	-
<b>Total adjustments</b>	<b>(37,775)</b>	<b>(43,245)</b>	<b>234,228</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (52,012)</b>	<b>\$ (43,245)</b>	<b>\$ 24,418</b>

Payroll Trust Fund	Insurance Reserve Fund	OPEB Trust Contributions Fund	Total
\$ -	\$ 825,366	\$ 123,034	\$ 2,091,669
64,447	(654,026)	(4,081)	(1,216,435)
-	-	(119,358)	(710,691)
64,447	171,340	(405)	164,543
-	(103,367)	-	114,499
-	(21,882)	-	(21,882)
-	(125,249)	-	92,617
-	-	-	330,038
-	-	-	15,652
-	-	-	(543,998)
-	-	-	24,174
-	-	-	(5,259)
-	-	-	(179,393)
-	7,873	316	14,228
-	7,873	316	14,228
64,447	53,964	(89)	91,995
349,822	133,954	1,200	685,459
\$ 414,269	\$ 187,918	\$ 1,111	\$ 777,454
\$ -	\$ 96,340	\$ (405)	\$ (128,112)
-	-	-	232,293
-	75,000	-	79,441
-	-	-	(58,790)
13,934	-	-	(10,802)
50,513	-	-	50,513
64,447	75,000	-	292,655
\$ 64,447	\$ 171,340	\$ (405)	\$ 164,543

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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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 30, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

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Badawi & Associates, CPAs  
Emeryville, California  
December 30, 2025

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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Crescent City, California (City)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Report on Internal Control Over Compliance***

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

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

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

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

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

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Badawi & Associates, CPAs  
Emeryville, California  
December 30, 2025

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**City of Crescent City**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2025**

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Agency or Pass-Through Number	Federal Expenditures	Subrecipient Payment
<b><u>U.S. Department of Housing and Urban Development:</u></b>				
<i>Direct Programs:</i>				
<i>Housing Voucher Cluster:</i>				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 4,405,267	\$ -
Housing Voucher Cluster Total			4,405,267	-
Community Project Funding	14.251	B-23-CP-CA-0133	750,000	-
<i>CDBG State Administered Program:</i>				
<i>Passed through State of California Department of Housing And Community Development:</i>				
Community Development Block Grant	14.228	20-CDBG-CV2-3-00230	21,322	21,322
Community Development Block Grant	14.228	22-CDBG-PL-20041	120,705	-
Community Development Block Grant	14.228	23-CDBG-10002	1,217	-
Community Development Block Grant	14.228	23A-CDBG-20003	3,363	-
CDBG State Administered Program Total			146,607	21,322
<b>Total U.S. Department of Housing and Urban Development</b>			5,301,874	21,322
<b><u>Department of Transportation</u></b>				
<i>Passed through California Department of Transportation:</i>				
Bluff Stabilization Project	20.205	ER-32D0(013)	15,126	-
Bluff Stabilization Project - Emergency Opening	20.205	PMP-CRC-002-0	4,570,632	-
<b>Total Department of Transportation</b>			4,585,758	-
<b><u>U.S. Department of Treasury</u></b>				
<i>Passed through California Department of Finance:</i>				
State and Local Fiscal Recovery Funds (ARPA)	21.027	N/A	43,966	-
<b>Total Department of Treasury</b>			43,966	-
<b><u>U.S. Department of Homeland Security / Federal Emergency Management Agency</u></b>				
<i>Passed through California Office of Emergency Services / DN Office of Emergency Services</i>				
Homeland Security Grant Program	97.067	DNCO 2023-227	7,691	-
Homeland Security Grant Program	97.067	DNCO 2022-073	7,391	-
<b>Total Department of Homeland Security</b>			15,082	-
<b>Total Federal Expenditures</b>			\$ 9,946,680	\$ 21,322

**City of Crescent City**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2025**

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**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, 2025**

**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:

<b>Assistance Listing</b>	<b>Name of Federal Cluster or Program</b>	<b>Expenditures</b>
<b>Number(s)</b>		
14.871	Section 8 Housing Choice Vouchers	4,405,267
20.205	Bluff Stabilization Project	4,585,758
	Total Expenditures of all Major Programs	\$ 8,991,025
	Total Expenditures of Federal Award	\$ 9,946,680
	Percentage of Total Expenditure of Federal Award	90%

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, 2025**

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**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.