

DUE DECEMBER 31 Pursuant to Public Resources Code § 6306

Fiscal/Calendar Year: 2019/20

Grantee Name: City of Morro Bay

Contact Person: Scott Collins, City Manager

Mailing Address: 595 Harbor Street Morro Bay, CA 93442

1. Funds

a. Is a separate fund maintained for trust assets, liabilities, revenues and expenditures?

YES NO

If "Yes", please list the name(s) of the fund(s).

331-Harbor Operating Fund, 055 Harbor Equipment Replacement Fund, 923 Harbor Capital Improvement Fund and 953 Harbor Accumulation Fund

If "No", under what fund are they accounted for?

b. Are separate financial statements prepared for the trust?

YES NO

If "Yes," describe the organization of the separate financial statement.

If "No," in which financial statements are they included? (Name of the document(s) and the applicable page number(s)).

City of Morro Bay Comprehensive Annual Financial Report (CAFR) for the Year Ending June 30, 2020. Statements of Net Position relating to the Harbor Funds listed above are on pages 36,38,40,42 & 43.

2. Revenue

a. What was the gross revenue received or generated from trust land or trust assets during the past fiscal year?

\$1,807,274 (1,782,406 operating revenue + 24,868 non-operating revenue (aka State Grants))

b. Please list all sources of revenue and the amount of revenue generated from each source (e.g., permits, rentals, percentage of lease, etc.).

Rental Income from Harbor Leases, Mooring & slips, Other Harbor Services, State Grants, Penalties & Interest, see attached 5 yr trend page for detailed amounts (gray column is FY 19-20). This is also page 155 of the CAFR.

3. Expenses

- a. What was the total expenditure of funds received or generated from trust land or assets during the past fiscal year?
\$1,925,405 (\$1,596,566 Operating Expenses + 30,151 Non-operating expense (Interest) + 298,688 CAP Transfers)
- b. What expenses were allocated or charged directly to the trust? Please list the source of the expenditure and the amount expended.
City of Morro Bay's Cost Allocation Plan (CAP) for administrative support, legal and other overhead expenses.
- c. Have there been any capital improvements over \$250,000 within the current fiscal year? Are any capital improvements over \$250,000 expected in the next fiscal year?
FY 19-20 None (\$1.9 million Dept of Boating & Waterways Grant Application was not finalized)
FY 20-21 Budget Planned for \$482,052 but was deferred due to Covid-19 pandemic and impact on leaseholders businesses.
- d. Describe any other disposition of trust funds or assets or any other disposition of the trust lands or trust assets themselves. Include any internal funds that were transferred to other grantees, to the management of entity or under the management of another political subdivision of the grantee under an agreement, settlement, or memorandum of understanding.
None

4. Beginning and Ending Balance

Please list the beginning and ending balances for the tidelands trust fund(s) for this past fiscal year.

Fund Balance Beginning July 1, 2019 <\$1,380,429>

Fund Balance Ending June 30, 2020 <\$1,498,560>

City of Morro Bay
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities		
	Major Funds		
	Water Fund	Sewer Fund	Harbor Fund
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 5,445,576	\$ 11,368,753	\$ 272,811
Accounts receivable, net	955,755	1,150,214	278,928
Other receivables	1,925	110,072	-
Intergovernmental receivables	-	-	-
Investment in Joint Powers Agreement	-	8,674	-
Prepaid items	884,526	8,380	11,974
Total Current Assets	7,287,782	12,646,093	563,713
Noncurrent Assets:			
Capital assets, nondepreciable	6,396,049	19,443,574	106,790
Capital assets, depreciable	6,151,922	6,498,501	348,316
Total Noncurrent Assets	12,547,971	25,942,075	455,106
Total Assets	19,835,753	38,588,168	1,018,819
DEFERRED OUTFLOWS OF RESOURCES			
Pensions related outflows of resources	146,327	578,416	555,516
Other postemployment benefits related outflows of resources	186,785	351,059	169,098
Total Deferred Outflows of Resources	333,112	929,475	724,614

City of Morro Bay
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2020

	Business-Type Activities		
	Major Funds		
	Water Fund	Sewer Fund	Harbor Fund
LIABILITIES			
Current Liabilities:			
Accounts payable	161,826	4,066,750	40,606
Accrued payroll and benefits	30,742	23,041	39,000
Interest payable	-	5,216	10,398
Deposits payable	88,784	-	4,128
Unearned revenues	-	-	53,291
Compensated absences, due within one year	24,760	64,219	46,491
Notes payable, due within one year	-	-	123,496
Total Current Liabilities	306,112	4,159,226	317,410
Noncurrent Liabilities:			
Compensated absences, due in more than one year	6,472	29,842	48,350
Note payable, due in more than one year	681,917	687,800	129,028
Aggregate net pension liability	638,752	2,524,931	2,217,793
Aggregate net other postemployment benefits liability	367,589	690,878	332,782
Total Noncurrent Liabilities	1,694,730	3,933,451	2,727,953
Total Liabilities	2,000,842	8,092,677	3,045,363
DEFERRED INFLOWS OF RESOURCES			
Pensions related deferred inflows of resources	54,581	215,761	166,191
Other postemployment benefits related amounts	33,622	63,193	30,439
Total Deferred Inflows of Resources	88,203	278,954	196,630
NET POSITION			
Net investment in capital assets	12,547,971	25,254,275	202,582
Unrestricted (deficit)	5,531,849	5,891,737	(1,701,142)
Total Net Position	\$ 18,079,820	\$ 31,146,012	\$ (1,498,560)

City of Morro Bay
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	Business-Type Activities		
	Water Fund	Sewer Fund	Harbor Fund
Operating Revenues:			
Charges for services	\$ 7,424,377	\$ 9,453,715	\$ 1,697,431
Other revenues	4,323	-	84,975
Total operating revenues	<u>7,428,700</u>	<u>9,453,715</u>	<u>1,782,406</u>
Operating Expenses:			
Employee wages and benefits	747,267	1,053,616	1,127,831
Insurance costs	45,206	33,412	56,635
Transportation services	-	-	-
Public works	-	1,384,911	7,721
Depreciation	210,808	513,208	51,818
Maintenance	54,687	76,799	54,387
Administration	2,989,799	126,398	239,171
Supplies	144,878	59,252	59,003
Total operating expenses	<u>4,192,645</u>	<u>3,247,596</u>	<u>1,596,566</u>
Operating income (loss)	<u>3,236,055</u>	<u>6,206,119</u>	<u>185,840</u>
Nonoperating Revenues (Expenses):			
Intergovernmental	-	-	24,868
Rental income	-	17,245	-
Investment earnings	132,075	269,547	-
Interest expense	-	-	(30,151)
Total nonoperating revenues (expenses)	<u>132,075</u>	<u>286,792</u>	<u>(5,283)</u>
Net income (loss) before transfers	<u>3,368,130</u>	<u>6,492,911</u>	<u>180,557</u>
Transfers:			
Transfers in	3,746,979	3,709,539	-
Transfers out	(3,954,733)	(3,976,925)	(298,688)
Total transfers	<u>(207,754)</u>	<u>(267,386)</u>	<u>(298,688)</u>
Changes in net position	3,160,376	6,225,525	(118,131)
Net Position:			
Beginning of the year	14,919,444	24,920,487	(1,380,429)
End of the year	<u>\$ 18,079,820</u>	<u>\$ 31,146,012</u>	<u>\$ (1,498,560)</u>

City of Morro Bay
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities		
	Water Operating Fund	Sewer Fund	Harbor Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from services provided	\$ 7,242,735	\$ 9,097,093	\$ 2,055,736
Cash paid to suppliers for goods and services	(2,971,366)	731,448	(449,157)
Cash paid to employees	(768,356)	(620,671)	(1,040,232)
Net Cash Provided by (Used in) Operating Activities	<u>3,503,013</u>	<u>9,207,870</u>	<u>566,347</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in and out	(207,754)	(267,386)	(298,688)
Due to and from other funds	14,099	103,725	-
Intergovernmental	1,795	-	50,452
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(191,860)</u>	<u>(163,661)</u>	<u>(248,236)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payment on long-term debt	-	-	(118,177)
Proceeds from borrowing	681,917	475,575	-
Interest paid	-	-	(19,753)
Acquisition of capital assets	(3,886,255)	(9,113,614)	(15,558)
Net Cash (Used in) Capital and Related Financing Activities	<u>(3,204,338)</u>	<u>(8,638,039)</u>	<u>(153,488)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	132,075	286,792	-
Net Cash Provided by Investing Activities	<u>132,075</u>	<u>286,792</u>	<u>-</u>
Net Increase (Decrease) In Cash and Cash Equivalents	238,890	692,962	164,623
CASH AND CASH EQUIVALENTS:			
Beginning of Year	5,206,686	10,675,791	108,188
End of Year	<u>\$ 5,445,576</u>	<u>\$ 11,368,753</u>	<u>\$ 272,811</u>

City of Morro Bay
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities		
	Water Operating Fund	Sewer Fund	Harbor Fund
Reconciliation of Operating Income (Loss) to to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (loss)	\$ 3,236,055	\$ 6,206,119	\$ 185,840
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	210,808	513,208	51,818
Changes in assets, liabilities, and deferred outflows/inflows of resources:			
(Increase)/decrease in accounts receivables	(185,965)	(248,475)	232,180
(Increase)/decrease in prepaid items	148,672	(568)	(2,592)
(Increase)/decrease in deferred outflows of resources related to pension	7,884	(110,999)	8,021
(Increase)/decrease in deferred outflows of resources related to other postemployment benefits	(174,735)	(339,009)	(154,772)
Increase/(decrease) in accounts payable	112,996	2,412,788	(24,648)
Increase/(decrease) in accrued payroll and benefits	10,246	3,585	4,269
Increase/(decrease) in deposits payable	1,536	-	(5,000)
Increase/(decrease) in unearned revenue	-	-	41,150
Increase/(decrease) in compensated absences	6,934	7,775	19,187
Increase/(decrease) in net pension liabilities	(130,885)	192,136	(99,007)
Increase/(decrease) in deferred inflows of resources related to pension	8,274	75,404	125,034
Increase/(decrease) in net OPEB liabilities	217,571	540,860	154,428
Increase/(decrease) in deferred inflows of resources related to pension	33,622	63,193	30,439
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3,503,013</u>	<u>\$ 9,207,870</u>	<u>\$ 566,347</u>

City of Morro Bay
Changes in Fund Balances of Proprietary Funds (Continued)
Harbor
Last Five Fiscal Years

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
HARBOR FUND					
Operating revenue:					
Harbor leases	\$ 1,484,070	\$ 1,461,696	\$ 1,584,933	\$ 1,623,984	\$ 1,445,560
North T-Pier dockage	43,404	47,481	44,912	42,571	10,384
South T-Pier dockage	66,475	58,999	56,423	45,285	43,819
Mooring	101,606	96,604	99,824	107,140	113,245
Slip rental	142,764	145,543	145,522	110,442	109,246
Other services	62,892	48,544	55,493	132,721	13,832
Penalties	14,924	8,855	6,600	2,103	3,290
Other local income	11,243	11,561	3,605	15,442	43,030
Total operating revenues	<u>1,927,378</u>	<u>1,879,283</u>	<u>1,997,312</u>	<u>2,079,688</u>	<u>1,782,406</u>
Operating expenses:					
Employee wage and benefits	977,764	1,320,740	988,272	1,423,174	1,127,831
Insurance costs	77,012	62,967	61,987	65,798	56,635
Depreciation	167,591	165,133	151,182	115,492	51,818
Maintenance	62,870	71,555	46,587	43,638	62,108
Administration	373,252	276,685	308,948	249,175	239,171
Supplies	88,774	176,802	170,595	68,256	59,003
Total expenses	<u>1,747,263</u>	<u>2,073,882</u>	<u>1,727,571</u>	<u>1,965,533</u>	<u>1,596,566</u>
Operating income (loss)	<u>180,115</u>	<u>(194,599)</u>	<u>269,741</u>	<u>114,155</u>	<u>185,840</u>
Non-operating income (loss):					
Intergovernmental	11,904	68,451	67,376	34,384	24,868
Rental income	-	-			
Refunds and adjustments	-	-			
Investment earnings	10,792	6,131	7,383	11,996	
Gain (loss) on sale of capital assets	-	-			
Interest on debt	(35,760)	(31,300)	(26,640)	(21,771)	(30,151)
Other non-operating	-	-			
Total non-operating	<u>(13,064)</u>	<u>43,282</u>	<u>48,119</u>	<u>24,609</u>	<u>(5,283)</u>
Net income (loss) before transfers	<u>167,051</u>	<u>(151,317)</u>	<u>317,860</u>	<u>138,764</u>	<u>180,557</u>
Transfers:					
Transfers in	-	2,627	168,361		
Transfers out	(300,236)	(290,286)	(480,445)	(396,700)	(298,688)
Total transfers	<u>(300,236)</u>	<u>(287,659)</u>	<u>(312,084)</u>	<u>(396,700)</u>	<u>(298,688)</u>
Change in net position	<u>(133,185)</u>	<u>(438,976)</u>	<u>5,776</u>	<u>(257,936)</u>	<u>(118,131)</u>
Net Position:					
Beginning of year, restated (17/18)	<u>1,072,950</u>	<u>939,765</u>	<u>(1,128,269)</u>	<u>(1,122,493)</u>	<u>(1,380,429)</u>
End of year	<u>\$ 939,765</u>	<u>\$ 500,789</u>	<u>\$ (1,122,493)</u>	<u>\$ (1,380,429)</u>	<u>\$ (1,498,560)</u>