

# 2021

## *Comprehensive Annual Financial Report*

Fiscal Year End: June 30, 2021



## **Port San Luis Harbor District**

3950 Avila Beach Drive/PO Box 249 Avila Beach, California 93424

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT AS OF JUNE 30 2021

Port San Luis Harbor District



## Board of Commissioners

Jim Blecha, President

Mary Matakovich, Vice President

Bob Vessely, Secretary

Bill Barrow, Commissioner

Drew Brandy, Commissioner

Phillip Sexton, Treasurer

Prepared by the Accounting Department

Port San Luis Harbor District  
3950 Avila Beach Dr./P.O. Box 249, Avila Beach, California 93424  
(805) 595-5400 [www.portsanluis.com](http://www.portsanluis.com)

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# INTRODUCTORY SECTION

Port San Luis Harbor District



- Transmittal Letter
- Principal Officers
- Organizational Chart
- GFOA Certificate

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**BOARD OF COMMISSIONERS**

**JIM BLECHA**  
**MARY MATAKOVICH**  
**BOB VESSELY**  
**DREW BRANDY**  
**BILL BARROW**

*President*  
*Vice President*  
*Secretary*  
*Commissioner*  
*Commissioner*



**P.O. BOX 249 · AVILA BEACH**  
**CALIFORNIA 93424**  
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**ANDREA LUEKER** *Harbor Manager*  
**JEFFREY A. MINNERY** *Legal Counsel*  
**PHILLIP J. SEXTON, CPA** *Treasurer*

December 14, 2021

To the Members of the Harbor Commission and  
Citizens of the Harbor District

**REPORT PURPOSE AND ORGANIZATION**

We are pleased to present to you the Comprehensive Annual Financial Report of the Port San Luis Harbor District, a California special district, for the fiscal year ended June 30, 2021. California Government Code Section 26909 requires an annual audit of the District. This report is being issued in compliance with this requirement.

The Comprehensive Annual Financial Report consists of Management’s representations concerning the finances of the Port San Luis Harbor District (District). Management assumes full responsibility for the completeness and reliability of the information presented in the report, based upon a comprehensive framework of internal control that the District has established for this purpose. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement.

**Audited Financial Statements**

The District’s financial statements have been audited by Badawi & Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide an opinion as to whether the financial statements of the District for the fiscal year ended June 30, 2021 are free from material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District’s financial statements for the fiscal year ended June 30, 2021 are fairly presented in all material respects in accordance with the generally accepted accounting principles in the United States of America. The independent auditors’ report is located on page 1, in the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors on page 5.

**PROFILE OF THE PORT SAN LUIS HARBOR DISTRICT**

The Port San Luis Harbor District was formed on January 27, 1954, under the California Harbors and Navigation Code. It is located on the California coast, about eight miles south of San Luis Obispo, just past the town of Avila Beach. According to the California Department of Finance, it is estimated that 282,625 people lived in San Luis Obispo County as of January 2021.

## **Form of Government**

The District operates under a council-manager form of government. Policy making and legislative authority are vested in the Harbor Commission which consists of five elected members. The Harbor Commission is responsible for setting policy, adopting the District's budget, and hiring the Harbor Manager, among other matters. The Harbor Manager is responsible, among other matters, for carrying out the policies, overseeing the daily operations, managing budgetary compliance, and appointing other employees. The Harbor Commission is elected to four-year, staggered terms.

## **District Services**

The District provides a wide array of services provided by three separate Departments. The District's Harbor Patrol department ensures the safety of District patrons, as well as property in the Harbor. The Facilities Department oversees the District's infrastructure including maintenance of District facilities including, but not limited to, District piers, parking lots, beaches, and restrooms, as well as many permitting and regulatory functions. The Business Department oversees many administration functions, Accounting, IT, and Human Resources, as well as the many leases and licenses that generate revenue for the District.

Port San Luis Harbor District includes the uses of three commercial piers, commercial fishing, recreational boating, marine repairs, and wholesale of fresh fish. The Harbor remains a regional destination for recreational fishermen, who use the District's facilities for launching trailer-able boats to fish and host a very active commercial fishing industry that continues to thrive. Records show landings in 2019 reached approximately 603,000 pounds. The top species landed in the Port in terms of pounds are Pacific Hagfish, Chinook Salmon, Dungeness Crab, Brown and Gopher Rockfish, and California Halibut. In 2018, the Port partnered with the local Fisherman's Association to complete the Commercial Fishing Economic Impact Report and has scheduled an updated report in 2022.

The District has other business-type activities, including the provision of moorings, sale of diesel fuel, recreational RV camping spaces, leases and licenses to do business on District property, facility rental, and special events.

## **Budget Process**

The District's budget serves as the main financial planning tool for the District. The budget is prepared annually by the Accounting Department in consultation with the Harbor Manager and Department Managers, on a consolidated as well as a fund basis. The proposed budget is brought to the Harbor Commission for review and eventual adoption. The Commission holds public hearings on the proposed budget and legally adopts the final budget.

The Harbor Commission level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is maintained at the fund and budget category level, with more stringent control over major maintenance and capital assets, which are maintained at the line-item level. District staff requests approval from the Harbor Commission for budgetary transfers between budget category levels and any line-item additions to major maintenance and capital assets throughout the year.

## **ECONOMIC CONDITION**

### **Local Economy**

After a year of unprecedented economic and social uncertainties brought on by COVID-19, the District is optimistic for FY 21/22, with expected revenues improving as operations at the District return to pre-COVID-19 levels. The District's 2021/22 Budget forecasts revenues will return to levels typically expected pre-COVID-19. Factors included in forecasting revenues include a modest fee increase for District services at 1.6% that went into effect on

July 1, 2021, increase in RV reservations and visitor traffic supporting parking revenues, lease businesses, and return to full time Port operations.

Locally, the continued desire to live in the area increased San Luis Obispo County's median home price to \$650,000 as of May 2021. This is an increase of 2.77% from the same period in the prior year. Year-to-date statewide home sales were up 1.7% in May 2021. California median home prices edged higher as lower interest rates helped bolster home sales in May. The California Real Estate Association reports that May's statewide median home price was \$611,190. Tax revenue indicators illustrate the strength of the local economy. The San Luis Obispo County Tax Assessor's Office released its 2020-2021 Annual Report which shows total assessed value of over \$62.7 billion, which is an 3.88% county-wide increase in assessed value from the previous report.

Unemployment rate in San Luis Obispo County was 5.5% in August 2021, down from a revised 5.7% percent in July 2021, and above the year-ago estimate of 8.6% percent. This compares with an unadjusted unemployment rate of 7.5% for California and 5.3% for the nation during the same period.

The largest employer in San Luis Obispo County, Pacific Gas & Electric Co., announced the closure of the Diablo Canyon Power Plant by 2025. Diablo Canyon provides 1,500 head-of-household jobs locally, and the effect of its closure in 2025 is certainly not inconsequential; however, it presents an opportunity to transform the existing facilities and infrastructure including 12,000 acres of pristine land and 14 miles of unspoiled coastline that has the potential to provide a catalyst for economic opportunity for San Luis Obispo County and Avila Beach. Additionally, in 2021 the District received approximately \$315,760 in tax revenues associated with the power plant and received \$383,176 in SB 1090 Mitigation Funds, allowing the Harbor District to prepare to replace such tax revenue and/or adjust spending and services. These amounts will decrease until the power plant has ceased operations.

## **Long-Term Financial Planning**

The District has adopted several financial policies that assist in the financial planning process. These policies help prioritize staffing resources, revenue generating opportunities, long-term capital projects, establish contingency amounts, and describe the overall long-term planning processes. It is through these policies that the District develops its annual budget and long-term planning. Relevant financial policies are described below.

## **Relevant Financial Policies**

The following District policies and guidelines provide guidance for the fiscal activities of the District. Some of these policies include:

### *Financial Planning and Accountability:*

1. **Accountability/Transparency:** Information about how public monies are spent and the outcomes they achieve are to be clear, transparent and understandable.
2. **Balanced Budget/Fiscal Stability:** A structurally balanced budget (ongoing revenues equal to ongoing expenditures) for the combined General Fund, Capital Projects Fund, and Enterprise Fund will be presented to the Harbor Commission at a scheduled public hearing. The Preliminary Budget will be adopted prior to June 15th each year, and the Final Budget shall be adopted prior to June 30th.
3. **Identify & Mitigate Future Risk:** The Harbor Manager will identify issues, events, and circumstances which pose significant risks and present strategies to reduce the impact of those risks.
4. **Contingency Funds:** Budget procedures state that the District should dedicate 1.75% of general and enterprise fund revenues into budget contingency accounts spread-out to all major expense categories. Additionally, 2% of revenues (not including grant revenues) should be placed into an overall budget contingency line item to be used by the Harbor Commission for unusual budget circumstances or emergencies.

### *Major Maintenance & Capital Purchases and Improvement:*

1. **Funding:** The District policy goal is to annually fund projects equal to annual depreciation expense. District staff will aggressively seek grants to fund projects.
2. **Budget Planning:** District staff will present to the Harbor Commission, on an annual basis, a five-year plan for project costs and funding needs. The development of the capital improvement budget will be incorporated into the development of the operating budget. Annually, an inventory of capital assets and condition of those assets will be presented to the Harbor Commission.
3. **Priority:** The following guidelines will provide a hierarchy of funding priorities for the annual budget:
  - Projects that ensure the safety of the general public and District employee's safety.
  - Major maintenance and capital assets that have been deemed to be in 'poor' condition and are essential to the operations of the District.
  - Projects that have the capacity to earn profits that can be used to offset costs for essential operations.
  - Projects that will greatly improve the service to the public and are used in the essential operation of the District.
  - Non-essential projects.

### *Fund Balance Policy*

The District's fund balance policy establishes a minimum level at which fund balance is to be maintained. The District believes that sound financial management principles always require that sufficient funds be retained by the District to provide a stable financial base. To retain this stable financial base, the District needs to maintain fund balance sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. The limits defined in the District's Fiscal Goals Policy is intended to "maintain a prudent level of financial resources to protect against reducing service levels or raising fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting).

The District's goal is to establish and maintain an operating reserve (aka unassigned fund balance) equal to 50% of the District's operating expenditures, excluding capital outlay (Policy 3020). Using 2019/20 expenditures, the operating reserve should equal \$2.6 million. The reserve shall never be lower than \$1.3 million to ensure that District cash flow needs are met.

### **COVID-19 Pandemic**

On March 4, 2020, the Governor of the State of California declared a State of Emergency in the state of California because of the threat of COVID-19, and by resolution dated March 24, 2020, the Harbor Commission adopted Resolution 20-07 declaring a State of Emergency to Exist in the Port San Luis Harbor District due to the COVID-19 pandemic.

The Port San Luis Harbor District staff includes a total of 26 full-time employees, as well as non-benefited seasonal lifeguards, seasonal facilities maintenance workers, and harbor patrol reserve officers. After March 4, 2020, Harbor District staff were immediately transformed from employees of a special district into the category of an Essential Worker. As an Essential Worker, staff continued their work at the District, as well as the daily pivots, adjustments, and increased workload brought on by the pandemic. As the pandemic continued and more state-wide mandated closures occurred, the public were specifically directed by both the state and county to move their recreating and leisure activities to outdoors. This directive was heard, and the public made their way to Port San Luis, resulting in over 3,000 hours of additional staff hours dedicated to mandated sanitizing of District restrooms, facilities, pay stations, etc.; trash output increased exponentially and over 6,000 COVID-19 related beach contacts were made both by Harbor Patrol and lifeguards. In addition to the increased workload that was specifically generated from the pandemic, District staff continued with daily required duties and tasks of the District. District staff continued to

demonstrate their dedication for exemplary service and work for the Port San Luis Harbor District. Their efforts have ensured that visitors could continue recreating in a safe environment, leases could maintain operations in the parameters set by the state, and the goals and mission of the District could continue to be carried out.

## **Economic Outlook**

Property Tax revenues comprise most of the General Fund revenues and FY 2020/21 has continued to see growth in its revenues. The District has seen a 17.22% increase in property taxes over the last five years, approximately 3.41% per year. While the District anticipates property taxes to continue to rise, the District anticipates a loss in unitary taxes and mitigation funds when the Diablo Canyon Power Plant closes by 2025. For the 2020/21 fiscal year, the District received approximately \$315,761 in unitary taxes and \$383,176 in mitigation funds from PG&E.

The District's enterprise fund revenues increased by 12.24% in FY 2020/21, largely due to increased visitor traffic to the Port. The District anticipates that revenues will continue to rebound during the current fiscal year as restrictions are lifted throughout California.

The District anticipates additional camping revenues going forward due to the opening of the Harbor Terrace development project located on a 32-acre parcel within the District. In 1977, the District purchased the site now known as Harbor Terrace, intending for the land to be financially and physically supportive of District operations. With the Coastal Development Permit in place, a developer/operator identified, and a 50-year ground lease executed, the project has completed the first of four phases of construction. Harbor Terrace features space for marine gear and boat storage; District uses; and overnight accommodations, including the more rustic walk-in tent camping to RV sites and self-contained cabins. The site will also feature commercial space and a swimming pool. While maintaining its essential functions in support of coastal dependent uses, the project will also increase visitor access to the District and the coast and provide revenue to further support District operations. The operator opened phase one of the property now called Flying Flags Avila Beach at Port San Luis in late October 2021.

The District was able to complete a majority of its maintenance and capital projects. The District's fiscal goal policy is to be able to fund major maintenance and capital projects at the same rate that capital assets are depreciating. For fiscal year ending June 30, 2021, the District spent \$1,603,966, including grant funded projects, and recorded a depreciation expense of \$479,675. This was possible due to use of \$427,558 in grant funds. The District continues to be dependent on grant funds that can be used to restore and maintain current capital assets in order to meet the District's fiscal goal.

The Avila Pier Rehabilitation is one of the District's larger capital projects. The pier suffered storm damage in 1983 and was rebuilt using funds from FEMA. As a part of the Unocal funded oil clean-up, a small portion at the base of the pier was rebuilt in 2002. However, the remainder of the pier is over 30 years old, and many of the piles show deterioration from high surf and wood boring organisms. The District closed the Avila Pier in June 2015 due to public safety concerns. In 2018, a "Capacity Study" was performed on the pier, which revealed that pier restoration instead of replacement is possible. The District has applied for several grants and has been successful in receiving the following: Wildlife Conservation Board - \$1.25M, Avila Beach Community Foundation - \$10K, State Coastal Conservancy - \$250K, and is awaiting final approval on a grant from the Division of Boating and Waterways - \$200K. In addition, the District continues to work closely with the Friends of Avila Pier, a nonprofit 501(c)(3) who are fundraising with success. The District is currently working with an engineering firm who has finalized a repair plan that was presented to the District's governing board for review and approval. Construction could begin as early as 2022.

## **District Goals**

As part of the annual budget process, the Harbor Commission adopted a list of major objectives and goals for the District moving forward. Each goal speaks to the mission of the Harbor District: To serve the public with an array of commercial and recreational boating; fishing; and coastal-related opportunities, while ensuring an environmentally responsible, safe, well-managed, and financially sustainable harbor that preserves our marine heritage and character. The 2020-21 major objectives and goals include:

**Objective #1:** *Keep Harbor functional for boaters:*

### **Goals**

- Dredge the harbor with planning and preparation for timely execution.
- Continue participation in regional sediment management efforts.
- Explore options to extend reach with mobile hoist or other means.

**Objective #2:** *Expand money generating opportunities to support Harbor operations that are consistent with affordability and accessibility for the Public:*

### **Goals**

- Continue oversight of Harbor Terrace project with site planning for harbor yard, trailer boat storage, and fishermen's gear storage.
- Develop plan to repair terminus of Harford Pier with sequencing events to boost financial returns from Harford Pier reserve funding for materials.
- Develop, issue, and advertise RFPs for leases for available footprint.
- Explore other financial opportunities, parking meters, to promote revenue and turnover.

**Objective #3:** *Ensure efficient and effective facilities to deliver critical District services:*

### **Goals**

- *Assess needs of staff and facilities requirements, including update for developments on Harford Pier and Harbor Terrace, and identification of opportunities for improvement.*
- *Review District Master Plan to determine any needs for updates.*

**Objective #4:** *Plan for long-term financial sustainability*

### **Goal**

- *Identify alternative scenarios for financial future of District to inform planning.*

The District has already completed many of these goals and is optimistic that it will be able to meet many more during the remaining part of the 2021/22 fiscal year.

## **AWARD AND ACKNOWLEDGEMENT**

### **Certificate of Achievement for Excellence in Financial Reporting Program**

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Port San Luis Harbor District for its Comprehensive Annual Financial Report for the 2019-2020 fiscal year.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. It is valid for a period of one year only. The District believes its current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement program requirements and will be submitting it to GFOA to determine its eligibility for another certificate.

## **Distinguished Budget Presentation Award**

The Government Finance Officers Association (GFOA) awarded the Distinguished Budget Presentation Award to the Port San Luis Harbor District for its annual budgets for the 2015 - 2021 fiscal years. This award is the highest form of recognition in governmental budgeting.

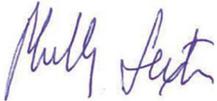
## **Acknowledgements**

The preparation of this report would not have been possible without the dedicated services of the Accounting Department, the District Treasurer, and the independent auditors. We would like to extend our appreciation to all members of the departments who assisted and contributed to the preparation of this report. We would also like to thank the members of the Harbor Commission and District Management for their continued interest in the quality of the District's financial reporting and internal control.

Respectfully submitted,



Kristen Stout  
*Business Manager*



Phillip Sexton  
*Treasurer*

*Linda Hendy*  
Linda Hendy  
*Accountant*



# PRINCIPAL OFFICERS

Port San Luis Harbor District



## **Board of Commissioners**

Jim Blecha, President

Mary Matakovich, Vice President

Bob Vessely, Secretary

Bill Barrow, Commissioner

Drew Brandy, Commissioner

## **Executive Management Team**

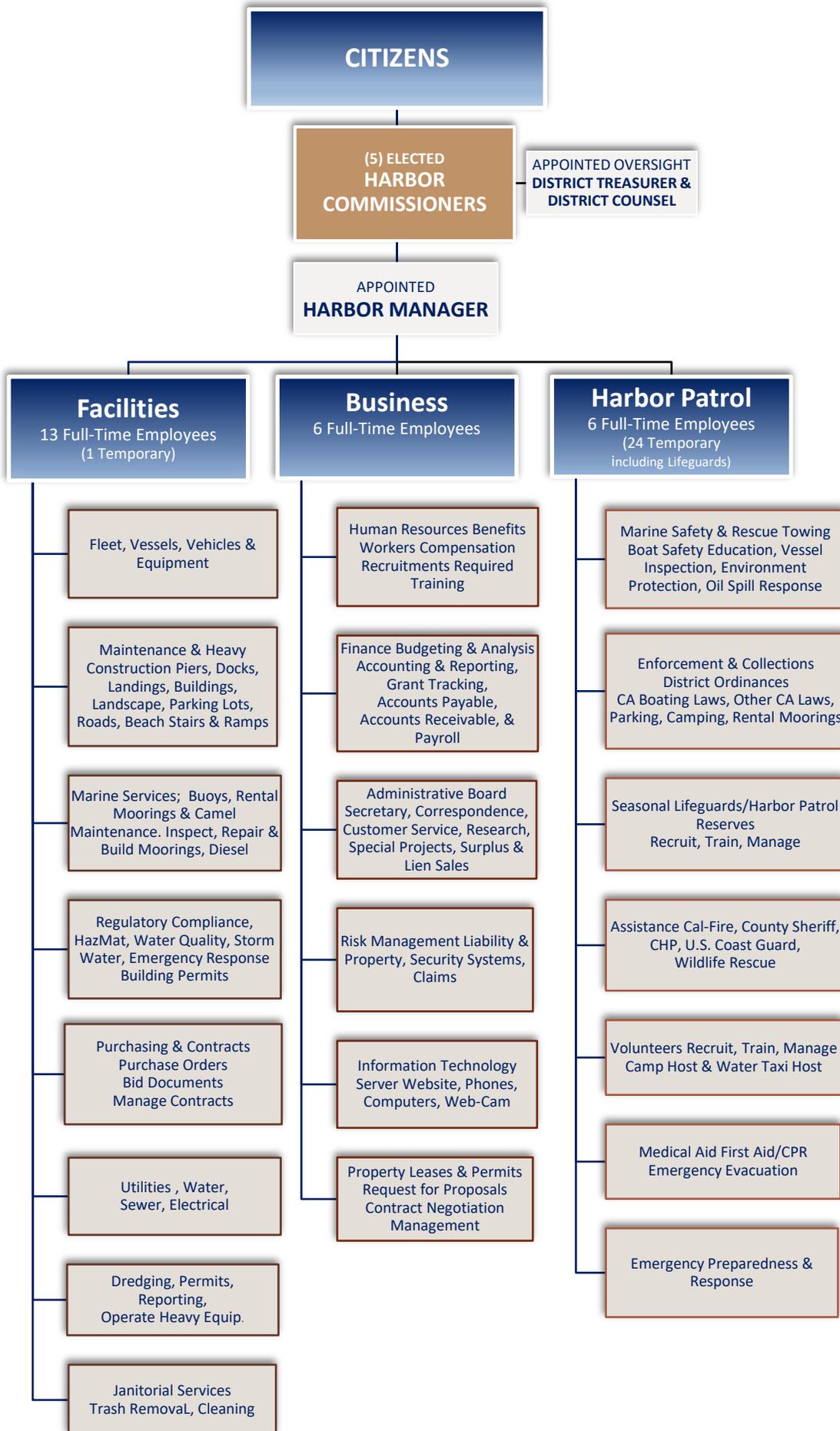
Phillip Sexton, District Treasurer

Jeff Minnery, District Council

Matt Ashton, Chief Harbor Patrol Officer

Kristen Stout, Business Manager

Chris Munson, Facilities Manager





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Port San Luis Harbor District  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# FINANCIAL SECTION

Port San Luis Harbor District



- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to Basic Financial Statements
- Required Supplementary Information

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
of the Port San Luis Harbor District  
Avila Beach, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Port San Luis Harbor District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, and OPEB information on pages 5 to 12 and 53 to 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory section and Statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

To the Board of Commissioners  
of the Port San Luis Harbor District  
Avila Beach, California  
Page 3

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Badawi & Associates, CPAs  
Berkeley, California  
December 14, 2021

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**Port San Luis Harbor District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021**

As management of the Port San Luis Harbor District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

**Financial Highlights – Government Wide Financial Statements**

- The District's government-wide net position was \$8,652,048 on June 30, 2021. This was an increase of \$235,417, or 2.80%, for the year.
- Revenues of \$6,816,244 were \$635,919, or 10.29%, more than prior year revenues. Operating revenues increased by \$211,195; grant revenues increased by \$301,752; while non-Operating revenues increased by \$122,972.
- Expenses of \$6,580,827 were \$157,581, or 2.45%, more than prior year.
- The District's working capital was \$6,668,138, which consisted of current assets of \$7,645,429 including cash and cash equivalents of \$7,204,254 and current liabilities of \$977,291.
- Aggregate net pension liabilities are \$4,867,876, and net Other Post-Employment Benefits liabilities are \$1,763,847.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner like a private-sector business.

The *statement of net position* presents information on all the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows and cash uses in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities and business-type activities include administration; operations; maintenance of structures and public infrastructure; and safety and services. Governmental activities are related to public use, while business-type activities support

services that require the user to pay rent, fees, or charges for the use of the service (mooring operations, RV park use, property leases, licenses, etc.).

The government-wide financial statements can be found on pages 13-15 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District can be divided into governmental funds and a proprietary fund.

**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 fiscal year 2020/21. 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 government's near-term financing decisions. The Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position (page 17) and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities (page 19) provide users visibility as to the differences between the respective statements on June 30, 2021, and the current year changes thereto.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital outlay fund, both of which are major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-18 of this report.

**Proprietary Funds.** The District maintains one proprietary (enterprise) fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its activities that generate operating revenues such as 1) leases of real property to proprietors for restaurants, fish markets, fishing expeditions, mooring rentals, fuel, boat launching, and bait and tackle shops; 2) mooring rental for both recreational and fishing vessels; 3) space storage for gear and trailer boats; 4) overnight RV space rentals; 5) parking; and 6) boat haul out and repair facilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 20-23 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-50 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in

funding its obligation to provide post-employment benefits for its retirees and the District's pension plans. Required supplementary information can be found on pages 53-56 of this report.

**Statistical Section.** The statistical section of the financial report offers operational, economic, and historical data that provide a context for assessing the District's economic condition. It is designed to meet five objectives: 1) provide information on financial trends; 2) provide information on revenue capacity; 3) provide information on debt capacity; 4) provide demographic and economic information; and 5) provide operating information. The statistical section can be found on pages 60-72 of this report.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,652,048 at the close of the most recent fiscal year. Of this amount, \$7,932,637 is invested in capital assets (net of debt) such as land, buildings, piers, beaches, machinery, and equipment. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The remaining amount of \$719,411 is unrestricted. This unrestricted amount is available for unforeseen events, general operating purposes, capital asset replacement, and for future development opportunities that will provide the District with additional revenue sources.

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$2,383,231	\$2,458,099	\$5,262,198	\$5,374,731	\$7,645,429	\$7,832,830
Capital assets	5,411,121	4,892,212	2,860,141	2,339,101	8,271,262	7,231,313
Total assets	<u>7,794,352</u>	<u>7,350,311</u>	<u>8,122,339</u>	<u>7,713,832</u>	<u>15,916,691</u>	<u>15,064,143</u>
Deferred pensions	848,772	834,029	397,634	390,382	1,246,406	1,224,411
Total deferred outflows of resources	<u>848,772</u>	<u>834,029</u>	<u>397,634</u>	<u>390,382</u>	<u>1,246,406</u>	<u>1,224,411</u>
Long-term liabilities	170,163	171,687	404,920	81,449	575,083	253,136
Net pension liability	3,328,115	3,074,712	1,539,761	1,422,524	4,867,876	4,497,236
Net OPEB liability	1,172,978	1,091,423	590,869	549,785	1,763,847	1,641,208
Other liabilities	436,677	415,773	540,614	640,165	977,291	1,055,938
Total liabilities	<u>5,107,933</u>	<u>4,753,595</u>	<u>3,076,164</u>	<u>2,693,923</u>	<u>8,184,097</u>	<u>7,447,518</u>
Deferred pensions	220,335	337,689	106,617	161,716	326,952	499,405
Total deferred inflows of resources	<u>220,335</u>	<u>337,689</u>	<u>106,617</u>	<u>161,716</u>	<u>326,952</u>	<u>499,405</u>
Net position:						
Net investment in capital assets	5,411,121	4,892,212	2,521,516	2,339,101	7,932,637	7,231,313
Unrestricted	<u>(2,096,265)</u>	<u>(1,799,156)</u>	<u>2,815,676</u>	<u>2,909,474</u>	<u>719,411</u>	<u>1,110,318</u>
Total net position	<u>\$3,314,856</u>	<u>\$3,093,056</u>	<u>\$5,337,192</u>	<u>\$5,248,575</u>	<u>\$8,652,048</u>	<u>\$8,341,631</u>
Prior period adjustment	-	-	-	\$75,000	-	\$75,000
Net position restated	<u>\$3,314,856</u>	<u>\$3,093,056</u>	<u>\$5,337,192</u>	<u>\$5,323,575</u>	<u>\$8,652,048</u>	<u>\$8,416,631</u>

The District implemented Governmental Accounting Standards Board Statement No.75 (GASB 75) effective July 1, 2017. GASB 75 requires the reporting of Other Post-Employment Benefits (OPEB) to be reflected in the Government-Wide Statement of Net Position.

The deferred outflows and deferred inflows reported on the Statement of Net Position represent the unamortized portion of changes to the net pension and OPEB liabilities to be recognized in future periods.

Program revenues were \$2,363,896, which includes \$427,559 in operating and capital grants and contributions. General revenues were \$4,452,348, consisting primarily of property tax revenues. Expenses of the District for the year ended June 30, 2021, totaled \$6,580,827.

**Port San Luis Harbor District's Changes in Net Position**  
**Fiscal year ended June 30th**

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 1,936,337	\$ 1,725,142	\$ 1,936,337	\$ 1,725,142
Operating grants and contributions	13,664	17,510	55,337	4,108	69,001	21,618
Capital grants and contributions	358,558	104,189	-	-	358,558	104,189
General revenues:						
Property taxes	3,928,658	3,799,254	-	-	3,928,658	3,799,254
SB 1090 Mitigation Funds	383,176	383,176	-	-	383,176	383,176
Investment income & other	12,918	39,293	-	-	12,918	39,293
Other Revenues	85,000	-	42,596	107,653	127,596	107,653
Total revenues	<u>4,781,974</u>	<u>4,343,422</u>	<u>2,034,270</u>	<u>1,836,903</u>	<u>6,816,244</u>	<u>6,180,325</u>
Expenses:						
Administration	1,250,143	847,202	731,548	886,327	1,981,691	1,733,529
Operations	324,353	363,904	549,534	440,106	873,887	804,010
Maintenance	1,825,594	1,980,217	718,857	628,965	2,544,451	2,609,182
Safety and services	1,160,084	1,239,969	20,714	36,556	1,180,798	1,276,525
Total expenses	<u>4,560,174</u>	<u>4,431,292</u>	<u>2,020,653</u>	<u>1,991,954</u>	<u>6,580,827</u>	<u>6,423,246</u>
Transfer between funds	-	-	-	-	-	-
Increase (decrease) in net position	221,800	(87,870)	13,617	(155,051)	235,417	(242,921)
Net position, beginning of fiscal year	3,093,056	3,180,926	5,248,575	5,403,626	8,341,631	8,584,552
Prior period adjustment	-	-	75,000	-	75,000	-
Net position, beginning of fiscal year - restated	<u>3,093,056</u>	<u>3,180,926</u>	<u>5,323,575</u>	<u>5,403,626</u>	<u>8,416,631</u>	<u>8,584,552</u>
Net position, end of fiscal year	<u>\$ 3,314,856</u>	<u>\$ 3,093,056</u>	<u>\$ 5,337,192</u>	<u>\$ 5,248,575</u>	<u>\$ 8,652,048</u>	<u>\$ 8,341,631</u>

**Governmental Activities.** Total revenues for the governmental activities for fiscal year 2020/21, were \$4,781,974, including \$3,928,658 of property tax revenue, \$383,176 SB 1090 mitigation funds and \$372,222 of operating and capital contributions and grants. The property tax received in 2021 has increased by \$129,404 from prior year 2020. Other Revenues in the amount of \$85,000 is contributed to the asset sale of one Harbor Patrol boat to a local agency. Governmental activities expenses were \$4,560,174, resulting in an increase in net position of \$221,800. While Operations, Maintenance, and Safety and Services expenses decreased, the District had additional administration expenses. Overall expenses reflect a slight increase of \$128,882 from prior fiscal year 2019/2020.

**Business-Type Activities.** Revenues for the business-type activities totaled \$2,034,270 for fiscal year 2020/21. Charges for service in the amount of \$1,936,337 was \$211,195 above prior fiscal year 2019/2020 income. Other Revenues include \$42,596 interest income and misc. non-operating income. Operating expenses were \$2,020,653. The excess of revenues over expenses resulted in an increase in net position of \$13,617 for the business type activities.

**District Fund Financial Analysis**

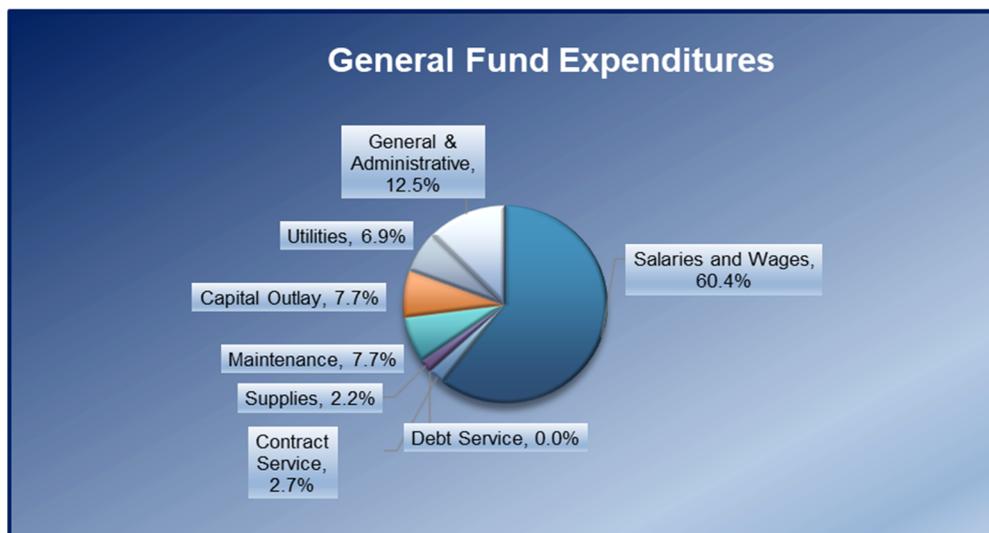
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The governmental funds are represented by two funds, general governmental services (“general fund”) and capital projects. On June 30, 2021, the District’s governmental funds reported total assets of \$2,532,575 and a combined fund balance of \$1,815,461. Of the \$2,532,575 in assets, \$2,223,323 is held in cash and investments. The current liability balance was \$567,114 on June 30, 2021. Accordingly, current assets are sufficient to meet current obligations.

The general fund revenues were \$4,338,416 with \$3,928,658 coming from property tax revenue, \$13,664 from grants, \$12,918 from interest income, and \$383,176 received for SB 1090 mitigation funding. This was an increase of \$99,183 from last year’s revenues of \$4,239,233.



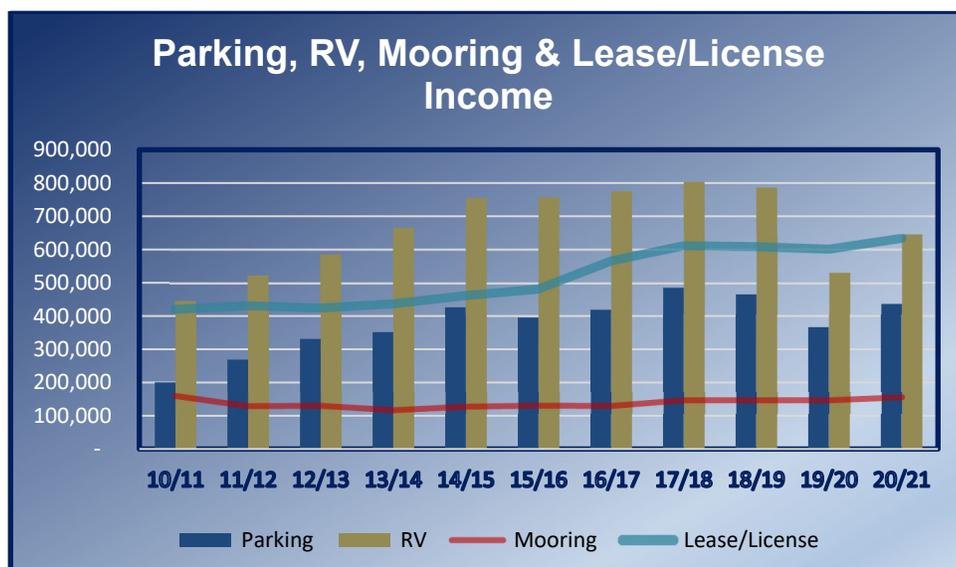
General fund expenditures totaled \$4,068,651 a \$269,910 increase from the prior year. Of the total expenditures, 60.4% are for salaries, wages, and benefits; 0% for debt service; 12.5% for general and administrative; 6.9% for utilities; 2.7% contract services; and the remaining 2.2% are for supplies, 7.7% for maintenance, and 7.7% for capital outlay. Expenses contributing to the increase were consultant costs from capital project Harbor Terrace that was expensed to General and Administrative at the close of fiscal year 2020/21, along with miscellaneous major maintenance line-items expensed at closing.



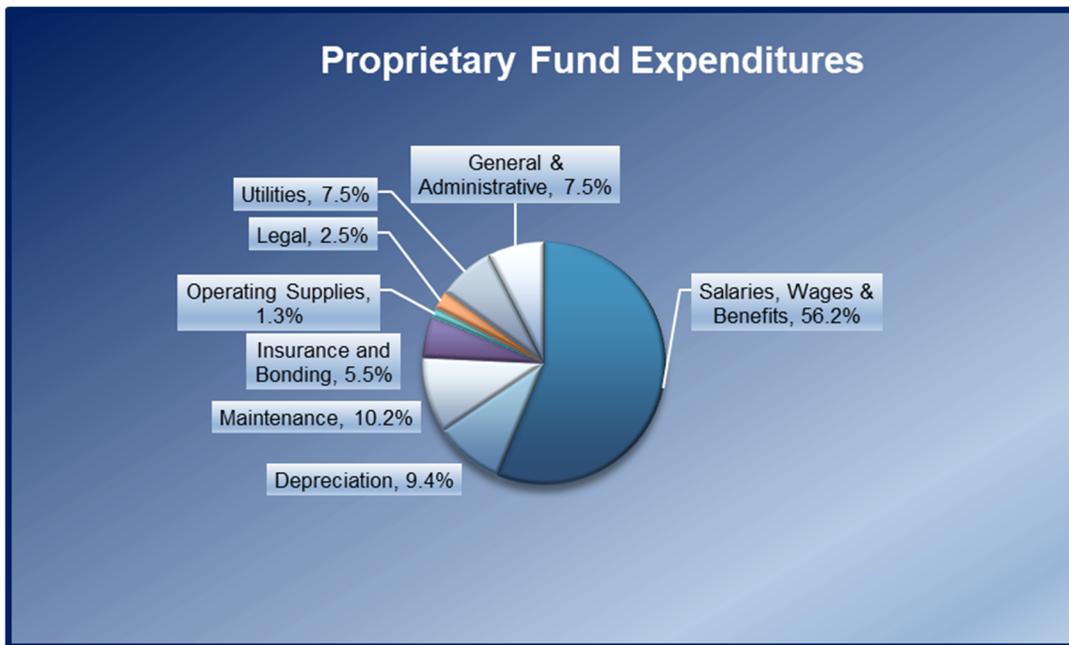
The capital projects fund had project costs of \$809,264. The District began the Avila Pier Rehabilitation project, completed the Harford pier site plan and pier canopy repair, continued Harbor Terrace project monitoring and development, and replaced the Harbor Patrol radios.

General Fund budgetary variances for fiscal year 2020/21 show operating revenues had a small increase of \$137,270, or 6.6%, while the District continued to recover from COVID-19 restrictions that affected budgeted revenue of parking fees and camping fees. The District's Lessee's continued to see revenues rebound due to the increased visitor traffic to Avila Beach. General Fund expenditures (including capital outlay) budget variance reflects a decrease of \$1,180,035, or 22.48%. Major maintenance and capital projects were expensed at the end of fiscal year 2020/21 that contributed to the increased variance. Additional budgetary variances include increased expenses for line items such as Clothing/Equipment in the amount of \$21,320, which was over budget by \$8,320. The increase was due to new requirements for protective equipment and clothing due to COVID-19. Election costs for fiscal year 2020/21 totaled \$138,670, which was over budget by \$43,670. This was due to the increase in number of ballots mailed and increased cost by San Luis Obispo County.

*Proprietary funds.* The proprietary fund carries on business-like activities. Operating revenues less cost of goods sold were \$1,936,337 for fiscal year 2020/21, an increase of \$211,195, or 12.24%, higher than the prior year. The increase in revenues can be attributed to the increase of visitors to the District properties and Lessee businesses. The District projects continued revenue recovery from the COVID-19 Pandemic. Other non-operating revenues totaled \$97,933 for fiscal year 2020/21, a decrease of \$13,828 from prior year.



Operating expenses were \$2,020,653 for fiscal year 2020/21 a \$28,699, or a 1.44 %, increase from prior fiscal year 2019/2020. Salaries, wages, and benefits expenses were 56.2% of the costs; depreciation and amortization were 9.4%; utilities were 7.5%; and insurance was 5.5%. The remaining 21.40% is for supplies, maintenance, legal services, and general and administrative costs. Salaries, wages, and benefits increase reflects a 3% wage increase and an increase in cost for health insurance and workers compensation insurance.



The District’s fund financial statements can be found on pages 16-23 of this report.

### Capital Assets

The District’s investment of capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$8,271,262 (net of accumulated depreciation). This investment in capital assets includes land, intangibles, buildings, improvements, machinery and equipment, District facilities, and piers. The total increase in the District’s investment in capital assets for fiscal year 2020/21 was 7.84%.

Port San Luis Harbor District's Capital Assets						
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 565,230	\$ 565,230	\$ 598,565	\$ 598,565	\$ 1,163,795	\$ 1,163,795
Intangible	-	-	438,625	438,625	438,625	438,625
Buildings, facilities and improvements	12,952,048	12,613,738	5,824,202	5,582,034	18,776,250	18,195,772
Equipment and Machinery	1,724,262	1,421,720	905,099	875,302	2,629,361	2,297,022
Construction in progress	-	-	-	-	-	-
Less accumulated depreciation	(9,830,419)	(9,708,476)	(4,906,350)	(4,716,800)	(14,736,769)	(14,425,276)
Net capital assets	<b>\$ 5,411,121</b>	<b>\$ 4,892,212</b>	<b>\$ 2,860,141</b>	<b>\$ 2,777,726</b>	<b>\$ 8,271,262</b>	<b>\$ 7,669,938</b>

Capital asset events included a new Harbor Patrol Lifeproof Vessel, Parking Pay Station, construction of Harbor Terrace gear storage, and new District Staff Landing.

The District’s capital asset statements can be found in Note 3 on pages 37-38

### **Economic Factors and Next Year's Budget and Rates**

For next fiscal year, the District budgeted operating and non-operating revenues of \$6,311,650, and operating expenditures of \$5,736,250, resulting in an increase of \$575,400 available to fund major maintenance and capital projects. In addition to the \$575,400, the District has budgeted an additional \$660,000 for such projects, which will be funded from reserves.

### **Request for Information**

This financial report is designed to provide a general overview of the Port San Luis Harbor District's finances and to demonstrate the District's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to the Port San Luis Harbor District, P.O. Box 249, Avila Beach, CA 93424.

**Port San Luis Harbor District**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,223,323	\$ 4,980,931	\$ 7,204,254
Receivables:			
Accounts receivable	-	152,299	152,299
Grants receivable	159,908	-	159,908
Interest receivable	-	5,540	5,540
Inventories	-	90,943	90,943
Prepays and deposits	-	32,485	32,485
<b>Total current assets</b>	<b>2,383,231</b>	<b>5,262,198</b>	<b>7,645,429</b>
Noncurrent assets:			
Capital assets:			
Not being depreciated	565,230	1,037,190	1,602,420
Being depreciated, net	4,845,891	1,822,951	6,668,842
<b>Total capital assets</b>	<b>5,411,121</b>	<b>2,860,141</b>	<b>8,271,262</b>
<b>Total noncurrent assets</b>	<b>5,411,121</b>	<b>2,860,141</b>	<b>8,271,262</b>
<b>Total assets</b>	<b>7,794,352</b>	<b>8,122,339</b>	<b>15,916,691</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	727,910	336,750	1,064,660
Deferred outflows of resources - OPEB	120,862	60,884	181,746
<b>Total deferred outflows of resources</b>	<b>848,772</b>	<b>397,634</b>	<b>1,246,406</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	56,555	28,491	85,046
Accrued expense	79,531	34,508	114,039
Unearned revenue	281,684	422,543	704,227
Refundable deposits	-	19,928	19,928
Compensated absences - due within one year	18,907	10,144	29,051
Loan payable - due within one year	-	25,000	25,000
<b>Total current liabilities</b>	<b>436,677</b>	<b>540,614</b>	<b>977,291</b>
Noncurrent liabilities:			
Compensated absences - due in more than one year	170,163	91,295	261,458
Loan payable - due in more than one year	-	313,625	313,625
Total OPEB liability	1,172,978	590,869	1,763,847
Net pension liability	3,328,115	1,539,761	4,867,876
<b>Total noncurrent liabilities</b>	<b>4,671,256</b>	<b>2,535,550</b>	<b>7,206,806</b>
<b>Total liabilities</b>	<b>5,107,933</b>	<b>3,076,164</b>	<b>8,184,097</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	109,329	50,582	159,911
Deferred inflows of resources - OPEB	111,006	56,035	167,041
<b>Total deferred inflows of resources</b>	<b>220,335</b>	<b>106,617</b>	<b>326,952</b>
<b>NET POSITION</b>			
Net investment in capital assets	5,411,121	2,521,516	7,932,637
Unrestricted	(2,096,265)	2,815,676	719,411
<b>Total net position</b>	<b>\$ 3,314,856</b>	<b>\$ 5,337,192</b>	<b>\$ 8,652,048</b>

The accompanying notes are an integral part of these financial statements.

**Port San Luis Harbor District**  
**Statement of Activities**  
**For the year ended June 30, 2021**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Total
		Charges for Services	Operating Contributions and Grants	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT:</b>					
<b>GOVERNMENTAL ACTIVITIES:</b>					
Administration	\$ 1,250,143	\$ -	\$ 13,664	\$ 358,558	\$ 372,222
Operations	324,353	-	-	-	-
Maintenance	1,825,594	-	-	-	-
Safety and services	1,160,084	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	4,560,174	-	13,664	358,558	372,222
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Administration	731,548	6,839	55,337	-	62,176
Operations	549,534	1,464,597	-	-	1,464,597
Maintenance	718,857	439,183	-	-	439,183
Safety and services	20,714	25,718	-	-	25,718
TOTAL BUSINESS-TYPE ACTIVITIES	2,020,653	1,936,337	55,337	-	1,991,674
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,580,827</b>	<b>\$ 1,936,337</b>	<b>\$ 69,001</b>	<b>\$ 358,558</b>	<b>\$ 2,363,896</b>

**GENERAL REVENUES:**

Property taxes and assessments  
Investment income and earnings  
SB 1090 mitigation funds  
Other revenues

**Total general revenues**

**Change in net position**

**Net position - beginning of year, as restated**

**Net position - end of year**

Change in Net Position		
Governmental Activities	Business- type Activities	Total
\$ (877,921)	\$ -	\$ (877,921)
(324,353)	-	(324,353)
(1,825,594)	-	(1,825,594)
(1,160,084)	-	(1,160,084)
(4,187,952)	-	(4,187,952)
-	(669,372)	(669,372)
-	915,063	915,063
-	(279,674)	(279,674)
-	5,004	5,004
-	(28,979)	(28,979)
(4,187,952)	(28,979)	(4,216,931)
3,928,658	-	3,928,658
12,918	23,363	36,281
383,176	-	383,176
85,000	19,233	104,233
4,409,752	42,596	4,452,348
221,800	13,617	235,417
3,093,056	5,323,575	8,416,631
\$ 3,314,856	\$ 5,337,192	\$ 8,652,048

The accompanying notes are an integral part of these financial statements.

**Port San Luis Harbor District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General Fund	Capital Projects Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 2,223,323	\$ -	\$ 2,223,323
Receivables:			
Grants receivable	9,908	150,000	159,908
Due from other funds	149,344	-	149,344
<b>Total assets</b>	<b>\$ 2,382,575</b>	<b>\$ 150,000</b>	<b>\$ 2,532,575</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 55,899	\$ 656	\$ 56,555
Payroll and related liabilities	79,531	-	79,531
Unearned revenue	281,684	-	281,684
Due to other funds	-	149,344	149,344
<b>Total liabilities</b>	<b>417,114</b>	<b>150,000</b>	<b>567,114</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	-	150,000	150,000
<b>Fund Balances:</b>			
Assigned:			
Vehicle replacement	154,000	-	154,000
Tidelands	50,223	-	50,223
Dredge	2,541	-	2,541
Election	45,000	-	45,000
Facilities	194,445	-	194,445
OPEB	41,400	-	41,400
Building improvements	34,910	-	34,910
Hoist	9,500	-	9,500
Crane	7,900	-	7,900
Utility	47,875	-	47,875
Harbor Terrace	23,737	-	23,737
Computer equipment	4,571	-	4,571
Safety equipment	12,000	-	12,000
Coastal Gateway	14,790	-	14,790
Waste treatment plant	17,250	-	17,250
Water tank	26,536	-	26,536
Discretionary	1,760	-	1,760
Subtotal assigned	688,438	-	688,438
Unassigned	1,277,023	(150,000)	1,127,023
<b>Total fund balances</b>	<b>1,965,461</b>	<b>(150,000)</b>	<b>1,815,461</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,382,575</b>	<b>\$ 150,000</b>	<b>\$ 2,532,575</b>

The accompanying notes are an integral part of these financial statements.

**Port San Luis Harbor District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2021**

<b>Fund Balances of Governmental Funds</b>	\$ 1,815,461
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,411,121
In the Government-Wide Financial Statements, contributions made subsequent to the measurement date are deferred and applied to the net pension liability, and certain differences between actuarial amounts and actual results for pension are deferred and amortized over a period of time, however these differences do not impact the Governmental Funds Balance Sheet:	
Deferred outflows of resources - pension	727,910
Deferred outflows of resources - OPEB	120,862
Deferred inflows of resources - pension	(109,329)
Deferred inflows of resources - OPEB	(111,006)
Revenues that are not considered available are reported as unavailable revenue in the governmental funds, however, these amounts are recognized in the Government-Wide Statement of Activities.	150,000
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the funds.	
Compensated absences - due within one year	(18,907)
Compensated absences - due in more than one year	(170,163)
Net OPEB liability	(1,172,978)
Net pension liability	(3,328,115)
<b>Net Position of Governmental Activities</b>	<u>\$ 3,314,856</u>

**Port San Luis Harbor District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2021**

	General Fund	Capital Projects Fund	Total
<b>REVENUES:</b>			
Property taxes and assessments	\$ 3,928,658	\$ -	\$ 3,928,658
SB 1090 mitigation funds	383,176	-	383,176
Grant revenue	13,664	208,558	222,222
Use of money and property	12,918	-	12,918
<b>Total revenues</b>	<b>4,338,416</b>	<b>208,558</b>	<b>4,546,974</b>
<b>EXPENDITURES:</b>			
Current			
Salaries and wages	1,608,436	-	1,608,436
Employee benefits	849,869	-	849,869
Contract services	110,481	-	110,481
Supplies	88,514	-	88,514
Maintenance	311,526	-	311,526
Utilities	280,411	-	280,411
General and administrative	508,031	-	508,031
Capital outlay	311,383	809,264	1,120,647
<b>Total expenditures</b>	<b>4,068,651</b>	<b>809,264</b>	<b>4,877,915</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>269,765</b>	<b>(600,706)</b>	<b>(330,941)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of capital assets	85,000	-	85,000
Transfers in	-	464,589	464,589
Transfers out	(464,589)	-	(464,589)
<b>Total other financing sources (uses)</b>	<b>(379,589)</b>	<b>464,589</b>	<b>85,000</b>
<b>Net change in fund balances</b>	<b>(109,824)</b>	<b>(136,117)</b>	<b>(245,941)</b>
<b>FUND BALANCES:</b>			
Beginning of year	2,075,285	(13,883)	2,061,402
End of year	\$ 1,965,461	\$ (150,000)	\$ 1,815,461

The accompanying notes are an integral part of these financial statements.

**Port San Luis Harbor District**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Government-Wide Statement of Activities**  
**For the year ended June 30, 2021**

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**Net Change in Fund Balances** \$ (245,941)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Current year acquisitions	809,263
Current year depreciation	(290,354)

Revenues that are not considered available are reported as unavailable revenue in the governmental funds; however, these amounts are recognized in the Government-Wide Statement of Activities.	150,000
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Employer contributions for pension paid after the measurement date and prior to the reporting date were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements, these contributions are deferred.	363,145
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Employer contributions for OPEB paid after the measurement date and prior to the reporting date were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements, these contributions are deferred.	42,614
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Pension expense is recorded as incurred in the Government-Wide Statement of Activities; however, pension expense is not recognized in the governmental funds.	(514,663)
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OPEB expense is recorded as incurred in the Government-Wide Statement of Activities; however, OPEB expense is not recognized in the governmental funds.	(93,957)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. In the current period these amounts are:

Compensated absences	1,693
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 221,800</b>
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**Port San Luis Harbor District**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 4,980,931
Receivables:	
Accounts receivable, net of allowance	152,299
Interest receivable	5,540
Inventories	90,943
Prepays and deposits	32,485
Total current assets	<u>5,262,198</u>
Noncurrent assets:	
Capital assets:	
Not being depreciated	1,037,190
Being depreciated, net	1,822,951
Total capital assets	<u>2,860,141</u>
Total noncurrent assets	<u>2,860,141</u>
<b>Total assets</b>	<u>8,122,339</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - pension	336,750
Deferred outflows of resources - OPEB	60,884
<b>Total deferred outflows of resources</b>	<u>397,634</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	28,491
Accrued expenses	34,508
Unearned revenue	422,543
Deposits	19,928
Compensated absence - due within one year	10,144
Loan payable - due within one year	25,000
Total current liabilities	<u>540,614</u>
Noncurrent liabilities:	
Compensated absence - due in more than one year	91,295
Loan payable - due in more than one year	313,625
Total OPEB liability	590,869
Net pension liability	1,539,761
Total noncurrent liabilities	<u>2,535,550</u>
<b>Total liabilities</b>	<u>3,076,164</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pension	50,582
Deferred inflows of resources - OPEB	56,035
<b>Total deferred inflows of resources</b>	<u>106,617</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,521,516
Unrestricted	2,815,676
<b>Total net position</b>	<u>\$ 5,337,192</u>

The accompanying notes are an integral part of these financial statements.

**Port San Luis Harbor District**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**For the year ended June 30, 2021**

	<u>Enterprise Fund</u>
<b>OPERATING REVENUES:</b>	
Moorage operations	\$ 154,687
Charge for services	480,570
Leases, licenses, and rentals	1,277,004
Diesel sales	24,076
<b>Total operating revenues</b>	<u>1,936,337</u>
<b>OPERATING EXPENSES:</b>	
Salaries and wages	645,369
Payroll taxes and benefits	490,129
Depreciation	189,321
Maintenance and repairs	205,309
Insurance and bonding	110,680
Operating supplies	25,660
Legal	49,981
Utilities	152,451
General and administrative overhead	151,753
<b>Total operating expenses</b>	<u>2,020,653</u>
<b>OPERATING INCOME</b>	(84,316)
<b>NONOPERATING REVENUES:</b>	
Interest income	23,363
Grant revenues	55,337
Other nonoperating revenues	19,233
<b>Total nonoperating revenues</b>	<u>97,933</u>
<b>CHANGE IN NET POSITION</b>	13,617
<b>NET POSITION</b>	
Beginning of year, as restated	<u>5,323,575</u>
End of year	<u>\$ 5,337,192</u>

The accompanying notes are an integral part of these financial statements.

**Port San Luis Harbor District**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the year ended June 30, 2021**

	<u>Enterprise Fund</u>
<b>CASH FLOWS FROM</b>	
<b>OPERATING ACTIVITIES:</b>	
Receipts from customers and users	\$ 1,764,085
Payments to suppliers	(669,707)
Payments to employees	(1,018,670)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>75,708</u>
<b>CASH FLOWS FROM NONCAPITAL</b>	
<b>FINANCING ACTIVITIES:</b>	
Operating grants and reimbursements	<u>60,446</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>60,446</u>
<b>CASH FLOWS FROM CAPITAL</b>	
<b>AND RELATED FINANCING ACTIVITIES:</b>	
Payments made on loan payable	(25,000)
Purchase of capital assets	(271,736)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(296,736)</u>
<b>CASH FLOWS FROM NONCAPITAL</b>	
<b>AND RELATED FINANCING ACTIVITIES:</b>	
Cash receipts from recycling pick up and auctions	<u>19,233</u>
<b>NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING</b>	
<b>ACTIVITIES</b>	<u>19,233</u>
<b>CASH FLOWS FROM</b>	
<b>INVESTING ACTIVITIES:</b>	
Interest received	<u>43,678</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>43,678</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(97,671)
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>5,078,602</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u><u>\$ 4,980,931</u></u>

The accompanying notes are an integral part of these financial statements.

**Port San Luis Harbor District**  
**Statement of Cash Flows, Continued**  
**Proprietary Fund**  
**For the year ended June 30, 2021**

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (84,316)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	189,321
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable	(38,150)
Prepays and deposits	36,958
Inventory	(9,370)
Deferred outflows of resources	(7,252)
Accounts payable	(1,461)
Accrued expenses	9,918
Unearned revenue	(124,102)
Deposits	(10,000)
Accrued compensation	10,940
Net pension liability	117,237
Deferred inflows of resources	(55,099)
Total OPEB liability	41,084
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 75,708</u></u>

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**Port San Luis Harbor District**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Port San Luis Harbor District (District) was formed on January 27, 1954, under the California Harbors and Navigation Code. It is governed by an elected board of five commissioners. The District was created to provide stewardship for the use and development of the land and water areas under its jurisdiction.

**B. Basis of Accounting and Measurement Focus**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses. These funds are established for the purpose for carrying out specific activities or certain objectives in accordance with specific regulations, restrictions, or limitations. Governmental 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.

**Government-Wide Financial Statements**

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business—Type Activities for the District accompanied by a total column.

These financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liabilities are incurred.

Certain types of transactions reported as program revenues for the District are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, interfund services provided and used, and those transactions between governmental and business-type activities, have not been eliminated. There were no interfund activities requiring elimination in fiscal year ended 2021.

The District applies all applicable GASB pronouncements and interpretations currently in effect.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for the District's major governmental fund. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements.

Governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The District reports the following funds as major governmental funds of the District:

General Fund accounts for all revenues and expenditures necessary to carry out the basic governmental activities of the District that are not accounted for through other funds. For the District, the General Fund includes such activities as public protection, public ways and facilities, and recreational services.

Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital assets and facilities (other than those financed by proprietary funds).

Revenues are recorded when received in cash, except that revenues subject to accrual (generally, those received 60 days after year-end) are recognized when due. The primary revenue sources that have been treated susceptible to accrual by the District are earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Governmental Fund Financial Statements to the Government-Wide Financial Statements is provided.

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

**Proprietary Fund Financial Statements, Continued**

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the Enterprise fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the Enterprise fund. All other expenses are reported as nonoperating expenses.

The District reports the following major proprietary fund.

Port Enterprise Fund accounts for port activities that are funded by user fees.

**C. Cash, Cash Equivalents, and Investments**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs. For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, including restricted assets and the District's investment in the State of California Local Agency Investment Fund (LAIF).

**D. Accounts Receivable**

Accounts Receivable arise from billings to customers for services such as moorage, leases, and licenses.

**E. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenses/expenditures in the reimbursing fund and as reductions of expenses/expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**F. Inventory**

Inventories in the enterprise fund consist of fuel, mooring equipment, and branded port merchandise. Inventory for fuel is valued at the lower of cost (first-in, first-out) or market. Inventory for mooring equipment is valued at first-in, first-out.

**G. Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Such assets are recorded at historical cost if purchased or constructed. Donated or contributed assets are recorded at acquisition cost at the date of donation. Capital assets owned by the proprietary funds are recorded at cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed on the straight-line basis over the estimated useful lives of the various classes of assets as follows:

Plant and facilities	5-60 years
Equipment	2-10 years

It is the District's policy to capitalize all capital assets with a useful life of more than one year, and original cost of \$5,000 or greater. Costs of the assets sold or retired (all the related amounts of accumulated depreciation) are eliminated from the statement of net position in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

**H. Long-Term Debt**

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

**I. Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Sick and vacation pay is accrued when incurred in the government-wide and proprietary fund statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**J. Unearned Revenue**

Unearned revenues recorded during the year represent prepaid leases for rent to be earned in subsequent fiscal years, camping reservations, and unearned grant revenues.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**K. Net Position and Fund Balance**

The government-wide and proprietary fund financial statements present net position. Net position is categorized as the net investment in capital assets, restricted, and unrestricted:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation, net of any capital related debt.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

In the Governmental Fund Financial Statements, fund balances are in classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. Fund balances are classified in the following categories:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds. The District did not report any fund balance as nonspendable as of June 30, 2021.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws, or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation. The District did not report any fund balance as restricted as of June 30, 2021.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body through resolutions, etc., and that remain binding unless removed in the same manner. The Board of Commissioners is considered the highest authority for the District.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for the purpose. The Board of Commissioners currently has not delegated the authority to assign fund balance.

Unassigned - This category is for any balances that have no restrictions placed upon them. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**K. Net Position and Fund Balance, Continued**

When expenditures are incurred for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, the District considers restricted amounts to have been spent first. When expenditures are incurred for which any class of unrestricted fund balance could be used, the District considers committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

**L. Use of Estimates**

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

**M. Risk Management**

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and through the District's participation in the Special District Risk Management Authority as described in Note 7. The insurance is subject to a deductible. No significant claims occurred during the year ended June 30, 2021. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from the prior year.

**N. Deferred Outflows/Inflows of Resources**

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

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

**O. Pensions**

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 positions of the District's California Public Employee's 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 benefit terms. Investments are reported at fair value.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**P. Other Postemployment Benefits (OPEB)**

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

**Q. New Pronouncements**

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

GASB Statement No. 84, *Fiduciary Activities* – The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local government. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement did not apply to the District.

GASB Statement No. 90, *Majority Equity Interest* – The objective of this statement is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the government’s holding of the equity meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. The requirements of this statement did not apply to the District.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* – The objective of this statement is to address the accounting and financial reporting implications that result from the elimination of the London Interbank Offered Rate (LIBOR) that is notably used in most agreements in which variable payments made or received depend on an interbank offered rate (IBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirements of this statement did not apply to the District.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Q. Net Pronouncements, Continued*

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32 – The objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. There was no impact on net position as a result of implementation of this statement.

**2. CASH AND INVESTMENTS**

*A. Summary of Cash and Investments*

Cash and investments are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position		
	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 2,223,323	\$ 4,980,931	\$ 7,204,254
<b>Total cash and investments</b>	<b>\$ 2,223,323</b>	<b>\$ 4,980,931</b>	<b>\$ 7,204,254</b>

Cash and investments were classified according to GASB Statement No.40 as follows as of June 30:

Cash on hand	\$ 1,380
Deposits with financial institution	446,216
Total cash on hand and deposits	<u>447,596</u>
Local Agency Investment funds	6,381,826
San Luis Obispo County Pool	60,365
Mutual Fund	314,467
Total investments	<u>6,756,658</u>
<b>Total cash and investments</b>	<b>\$ <u>7,204,254</u></b>

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**2. CASH AND INVESTMENTS, Continued**

**B. Deposits**

The carrying amount of the District's cash deposit was \$446,216 at June 30, 2021. Balance before reconciling amounts were a positive amount of \$797,750 at June 30, 2021. The District's cash deposits were fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

The California Government Code (Code) requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The fair value of the pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits.

The District follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**C. Investments**

Investments are reported at fair value. California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restricted) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**2. CASH AND INVESTMENTS, Continued**

**B. Investments, Continued**

The District's permissible investments include the following instruments:

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
U.S Treasury Bills, Notes, Bonds	5 years	100%	None
Federal Agencies	5 years	100%	None
Federal Instrumentalities	5 years	100%	None
State and Local Agencies:			
District's own bonds	5 years	100%	None
State Instruments	5 years	10%	None
Other Local Agency (within CA only)	5 years	10%	None
Repurchase Agreements/Reserve repurchase agreements	1 year	20%	None
Prime Commercial Paper	270 days	15%	10%
Bankers' Acceptances	180 days	40%	30%
Collateralized Bank Deposits	5 years	100%	None
Medium-Term Notes	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	100%	None
Money Market Mutual Funds	1 year	15%	None
Mutual Funds	N/A	20%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Mortgage Pass-Through Securities	5 years	20%	None
County Investment Pool	N/A	100%	None

The District complied with the provisions of the California Government Code and its investment policy pertaining to the types of investments held, the institutions in which deposits were made, and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

The District's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally, the District's practice is to buy and hold investments until maturity dates. Consequently, the District's investments are carried at fair value.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**2. CASH AND INVESTMENTS, Continued**

**C. Investments, Continued**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District's investments with LAIF at June 30, 2021 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30, 2021, the District had \$6,381,826 invested in LAIF, which had invested 2.31% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 3.37% in the previous year. The LAIF fair value factor of 1.00008297 was used to calculate the fair value of the investments in LAIF.

*Interest Risk:* Interest rate risk is the fair value fluctuation due to overall changes in the interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2021:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	2 years	3 years	4 years	5 years or More
Local Agency Investment Fund	\$ 6,381,826	\$ 6,381,826	\$ -	\$ -	\$ -	\$ -
San Luis Obispo County Pool	60,365	60,365	-	-	-	-
Mutual Fund	314,467	314,467	-	-	-	-
<b>Total</b>	<b>\$ 6,756,658</b>	<b>\$ 6,756,658</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**2. CASH AND INVESTMENTS, Continued**

**D. Risk Disclosures**

*Credit Risk:* Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2021, the District's deposits and investments were rated as follows:

Investment Type	Fair Value	Ratings as of Fiscal Year End	
		AAA	Not Rated
Local Agency Investment Fund	\$ 6,381,826	\$ -	\$ 6,381,826
San Luis Obispo County Pool	60,365	-	60,365
Mutual Fund	314,467	314,467	-
<b>Total</b>	<b>\$ 6,756,658</b>	<b>\$ 314,467</b>	<b>\$ 6,442,191</b>

*Concentration of Credit Risk:* The California Government Code limits the amount the District may invest in any one issuer, with the exception of U.S. Treasury obligations, U.S. Agency securities, and LAIF. The District has no investments in any one issuer (other than money market mutual funds and external investment pools) that represent 5% or more of total District investments.

*Custodial credit risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value for its investment or collateral securities that are in the possession of another party.

Investments (except money market accounts that are included as part of restricted cash and investments) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2021 are described below:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Mutual Fund	\$ 314,467	\$ 314,467	\$ -	\$ -
<b>Total</b>	<b>\$ 314,467</b>	<b>\$ 314,467</b>	<b>\$ -</b>	<b>\$ -</b>

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**2. CASH AND INVESTMENTS, Continued**

*E. Investment Valuation*

The District's investment in the Franklin U.S. Government Securities Series Class A Mutual Fund (Mutual Fund) is categorized as Level 1, as valuation inputs used to measure its fair value were quoted prices in active markets for identical assets.

**3. CAPITAL ASSETS**

The following is a summary of capital assets for governmental activities:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 565,230	\$ -	\$ -	\$ 565,230
Total capital assets, not being depreciated	565,230	-	-	565,230
Capital assets, being depreciated/amortized:				
Buildings and improvements	12,613,738	338,310	-	12,952,048
Equipment	1,421,720	470,953	(168,411)	1,724,262
Total capital assets, being depreciated/amortized	14,035,458	809,263	(168,411)	14,676,310
<i>Less accumulated depreciation/amortization for:</i>				
Buildings and improvements	8,560,444	231,469	-	8,791,913
Equipment	1,148,032	58,885	(168,411)	1,038,506
Total accumulated depreciation	9,708,476	290,354	(168,411)	9,830,419
Total capital assets, being depreciated/amortized, net	4,326,982	518,909	-	4,845,891
<b>Governmental activities capital assets, net</b>	<b>\$ 4,892,212</b>	<b>\$ 518,909</b>	<b>\$ -</b>	<b>\$ 5,411,121</b>

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**3. CAPITAL ASSETS, Continued**

The following is a summary of capital assets for business-type activities:

	Balance June 30, 2020 (as restated)	Additions	Reclassifications	Balance June 30, 2021
<b>Business-type Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 598,565	\$ -	\$ -	\$ 598,565
Intangible	438,625	-	-	438,625
Total capital assets, not being depreciated	<u>1,037,190</u>	<u>-</u>	<u>-</u>	<u>1,037,190</u>
Capital assets, being depreciated/amortized:				
Plant and facilities	5,582,034	242,168	-	5,824,202
Equipment	875,302	29,568	229	905,099
Total capital assets, being depreciated/amortized	<u>6,457,336</u>	<u>271,736</u>	<u>229</u>	<u>6,729,301</u>
<i>Less accumulated depreciation/amortization for:</i>				
Plant and facilities	3,894,049	160,319	143,527	4,197,895
Equipment	822,751	29,002	(143,298)	708,455
Total accumulated depreciation	<u>4,716,800</u>	<u>189,321</u>	<u>229</u>	<u>4,906,350</u>
Total capital assets, being depreciated/amortized, net	<u>1,740,536</u>	<u>82,415</u>	<u>-</u>	<u>1,822,951</u>
<b>Business-type Activities</b> <b>capital assets, net</b>	<u>\$ 2,777,726</u>	<u>\$ 82,415</u>	<u>\$ -</u>	<u>\$ 2,860,141</u>

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

<b>Governmental Activities:</b>	
Administration	\$ 777
Operation	49,984
Maintenance	218,963
Safety and services	20,630
<b>Total Governmental Activities</b>	<u>\$ 290,354</u>
<b>Business-type Activities:</b>	
Administration	\$ 518
Operation	55,962
Maintenance	132,841
Safety and services	-
<b>Total Business-type Activities</b>	<u>\$ 189,321</u>

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**4. LONG-TERM OBLIGATIONS**

The following is a summary of long-term liability activity for the years ended June 30:

	Balance July 1, 2020 (as restated)	Additions	Reductions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
Governmental activities:						
Compensated absences	\$ 190,763	\$ 19,076	\$ (20,769)	\$ 189,070	\$ 18,907	\$ 170,163
Total Governmental activities	\$ 190,763	\$ 19,076	\$ (20,769)	\$ 189,070	\$ 18,907	\$ 170,163
Business type activities:						
Loan payable	\$ 363,625	\$ -	\$ (25,000)	\$ 338,625	\$ 25,000	\$ 313,625
Compensated absences	90,499	19,050	(8,110)	101,439	10,144	91,295
Total Business type activities	\$ 454,124	\$ 19,050	\$ (33,110)	\$ 440,064	\$ 35,144	\$ 404,920

**A. Compensated Absence**

A total of twelve to twenty days vacation and twelve days sick leave per year may be accumulated by each employee. Employees may only accumulate vacation time up to 240 hours and sick leave up to 960 hours. The District accrues a liability for compensated absences which meet the following criteria:

- The District’s obligation relating to employees’ rights to receive compensation for future absences is attributable to employees’ services already rendered.
- The obligation is related to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

The District uses the General Fund to liquidate compensated absences for governmental activities.

**B. Loan Payable**

The District entered into an agreement with California Coastal Conservancy (“Agreement”) on June 24, 2013 and amended on December 15, 2015 to fund entitlements related to the proposed Harbor Terrace Development. Per the terms of the Agreement, the District will repay California Coastal Conservancy per stipulated repayment terms stated in the Agreement. Repayments would be made from revenues generated from the proposed development on Harbor Terrace, however a minimum payment of \$25,000 is required per year regardless of income generated from the project until Coastal Conservancy is paid in full. Subsequently, the District is only required to make payments to Coastal Conservancy based on a percentage of revenues generated from the project.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**4. LONG-TERM OBLIGATIONS, Continued**

*B. Loan Payable, Continued*

There is no specified repayment schedule, however the following repayment schedule describes the future minimum required payments, until the Coastal Conservancy is paid in full.

	<u>Principal</u>
2022	\$ 25,000
2023	25,000
2024	25,000
2025	25,000
2026	25,000
2027-2031	125,000
2032-2035	88,625
	<u>\$ 338,625</u>

**5. RETIREMENT BENEFITS**

*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 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 District sponsors two miscellaneous rate plans and three safety rate plans. Benefit provisions under the Plan are established by State statute and District 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.

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 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 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 Public Employees’ Retirement Law.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**5. RETIREMENT BENEFITS, Continued**

**B. Benefits Provided**

The rate plans' provisions and benefits in effect at June 30, 2021 is summarized as follows:

	<u>Miscellaneous - Classic*</u>		<u>Miscellaneous - PEPRA</u>
Hire date	Prior to January 1, 2013		On or after January 1, 2013
Benefit vesting schedule	5 years service		5 years service
Benefit payment	Monthly for life		Monthly for life
Retirement age	50-55		52-67
Monthly benefits, as a % of annual salary	2.0% to 2.7%		1.0% to 2.5%
Required employee contribution rates	8.000%		6.750%
Required employer contribution rates	13.515%		7.732%
Required unfunded liability payment	\$ 246,399	\$	2,550
	<u>Safety - Classic</u>		<u>Safety - PEPRA</u>
Hire date	Prior to January 1, 2013		On or after January 1, 2013
Benefit vesting schedule	5 years service		5 years service
Benefit payment	Monthly for life		Monthly for life
Retirement age	50		50-57
Monthly benefits, as a % of annual salary	3%		2.0% to 2.7%
Required employee contribution rates	9.000%		13.000%
Required employer contribution rates	22.437%		13.044%
Required unfunded liability payment	\$ 58,615	\$	3,844
	<u>Safety - 2nd Tier</u>		
Hire date	On or after January 1, 2013		
Benefit vesting schedule	5 years service		
Benefit payment	Monthly for life		
Retirement age	50-55		
Monthly benefits, as a % of annual salary	2.0% to 2.7%		
Required employee contribution rates	None		
Required employer contribution rates	18.152%		
Required unfunded liability payment	\$ 65		

\*A new employee may transfer into the Classic Member formula if he/she comes from another agency participating in the CalPERS or reciprocal retirement system and did not have more than a six month break in service.

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The General Fund has typically been used in prior years to liquidate pension liabilities.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**5. RETIREMENT BENEFITS, Continued**

**B. Benefits Provided, Continued**

The District's contributions to the Plan for the measurement period ended June 30, 2020 was \$470,088.

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

As of June 30, 2021, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$4,867,876.

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

The District's proportionate share of the net pension liability for the plan as of the measurement dates June 30, 2019 and 2020 was as follows:

Proportion - June 30, 2019	0.04389%
Proportion - June 30, 2020	<u>0.04474%</u>
Change - Increase (Decrease)	0.00085%

For the year ended June 30, 2021, the District recognized pension expense of \$752,786. At June 30, 2021, the District 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	\$ 531,155	\$ -
Changes in employer's proportion	120,260	-
Differences between the employer's contribution and the employer's proportionate share of contributions	-	128,939
Changes of assumptions	-	30,972
Differences between expected and actual experiences	276,496	-
Net differences between projected and actual earnings on plan investments	<u>136,749</u>	-
Total	<u>\$ 1,064,660</u>	<u>\$ 159,911</u>

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**5. RETIREMENT BENEFITS, Continued**

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

\$531,155 was reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (Income) as follows:

Fiscal Year	
Ending June 30:	
2022	\$ 51,183
2023	143,604
2024	112,760
2025	66,047

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return <sup>(1)</sup>	7.15%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan administrative expenses.

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Discount Rate** - The discount rate used to measure the total pension liabilities was 7.15 percent for the Plan for the measurement date June 30, 2020. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**5. RETIREMENT PLANS, Continued**

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

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

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

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

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**5. RETIREMENT PLANS, Continued**

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

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

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

1% Decrease		6.15%
Net Pension Liability	\$	7,120,614
Current Discount Rate		7.15%
Net Pension Liability	\$	4,867,876
1% Increase		8.15%
Net Pension Liability	\$	3,009,216

*Pension Plan Fiduciary Net Position* – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2021, the District reported a payable of \$8,634 for outstanding amount of required contributions to the pension plan required.

**6. OTHER POSTEMPLOYMENT BENEFITS PLAN**

*A. Plan Description*

The District provides a defined benefit healthcare plan (the “Retiree Health Plan”). The Retiree Health Plan is a single employer plan and provides healthcare insurance for eligible retirees through CalPERS Health Benefit Program, which covers both active and retired member to the age of sixty-five. Spouses are also covered throughout his or her life. The District also pays the required minimum employer premium each year. For calender year 2020, the required minimum contribution was \$139 per month and is adjusted based on the medical care portion of the Consumer Price Index. Benefit Provisions are established by the Board of Commissioners.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**6. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued**

**B. Employees Covered**

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Retiree Health Plan:

Active employees	25
Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to, but not yet receiving benefits	0
<b>Total</b>	<b>38</b>

**C. Contributions**

The Board will review the funding requirements and policy annually. The District funds the Retiree Health Plan on a pay as you go basis.

**D. Total OPEB Liability**

The District's total OPEB liability was measured as of June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal Level % of Pay
Actuarial Assumptions:	
Discount Rate	2.66%
Inflation	2.50%
Salary Increases	3.00%
Mortality <sup>(1)</sup>	CalPERS 2017 Experience Study; Projected with MW Scale 2020
Healthcare cost trend rates:	4.0 to 5.4%

<sup>(1)</sup> Demographic actuarial assumptions used are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015 with adjustments for improvements per Macleod Watts Scale 2020.

Change of assumption - For measurement date June 30, 2020, the discount rate was lowered to 2.66%.

**E. Discount Rate**

The discount rate used to measure the total OPEB liability was 2.66%. The District's OPEB Plan is an unfunded plan; therefore, the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as of the measurement date.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**6. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued**

*F. Changes in the Total OPEB Liability*

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

	Total OPEB Liability
<b>Balance at June 30, 2019</b>	<b>\$ 1,641,208</b>
<b>Changes in the year:</b>	
Service cost	105,305
Interest on the total OPEB liability	47,816
Differences between actual and expected experience	-
Changes in assumptions	34,858
Changes in benefit terms	-
Benefit payments	(65,340)
<b>Net changes</b>	<b>122,639</b>
<b>Balance at June 30, 2020</b>	<b>\$ 1,763,847</b>

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

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

1% Decrease - 1.66%	
Total OPEB liability	\$ 2,069,745
Current Discount Rate - 2.66%	
Total OPEB liability	\$ 1,763,847
1% Increase - 3.66%	
Total OPEB liability	\$ 1,520,185

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

**6. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued**

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

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

1% Decrease - 4.4% Decreasing to 3.00%		
Total OPEB liability	\$	1,490,546
Current Discount Rate - 5.4% Decreasing to 4.00%		
Total OPEB liability	\$	1,763,847
1% Increase - 6.4% Decreasing to 5.00%		
Total OPEB liability	\$	2,119,482

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$141,287. For the fiscal year ended June 30, 2021, the District reported deferred outflows of resources and 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	\$ 64,078	\$ -
Differences between expected and actual experience	60,031	-
Changes of assumptions	57,637	167,041
Total	<u>\$ 181,746</u>	<u>\$ 167,041</u>

The \$64,078, reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date, will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense (income) as follows:

Fiscal Year Ending June 30:	
2022	\$ (11,834)
2023	(11,834)
2024	(11,834)
2025	(11,834)
2026	(2,080)
Thereafter	43

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**7. RISK MANAGEMENT**

The District is a member of the Special District Risk Management Authority (SDRMA). The SDRMA is a risk-pooling self-insurance authority created under the provisions of the California Government Code Section 6500 et seq. Its purpose is to provide a full risk management program for California local governments. The District pays an annual premium to SDRMA for general and auto liability, errors and omissions, property, boiler and machinery, and employee dishonesty insurance coverage. The District annual premium is based on its pro-rata share of charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the SDRMA. The District’s coverage and corresponding deductibles follow. Note that the high deductibles below are used only in limited circumstances, such as in the case of a terrorist attack.

Coverage	Amount	Deductible
General and auto liability (including errors and omissions)	\$ 10,000,000	\$500 to 50,000
Property damage	800,000,000	1,000
Uninsured motorist	1,000,000	1,000
Boiler and machinery	100,000,000	1,000
Employee dishonesty	1,000,000	None
Worker's compensation	5,000,000	None
Board member liability	500,000	1000

**8. COMMITMENTS AND CONTIGENCIES**

State and Federal Financial Assistance

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Litigation

The District is not aware of any contingent liabilities that are outstanding or lawsuits that are pending of any real financial consequence.

Harbor Terrace Revenue Sharing

The District entered into an agreement with California Coastal Conservancy (“Agreement”) on June 24, 2013 and amended on December 15, 2015 to fund entitlements related to the proposed Harbor Terrace Development. Per the terms of the Agreement, the District will repay California Coastal Conservancy per stipulated repayment terms stated in the Agreement. Repayments would be made from revenues generated from the proposed development on Harbor Terrace.

Revenue sharing commences upon full repayment of the \$436,285 at approximately 1.6% of project revenues until June 23, 2043 at which time the Agreement terminates.

**Port San Luis Harbor District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2021**

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**9. NEGATIVE FUND BALANCE**

The Capital Projects Fund reported a deficit fund balance of \$150,000. The deficit will be alleviated with collection of outstanding grant receivables.

**10. PRIOR PERIOD ADJUSTMENTS**

The District recorded a prior period adjustment to report an intangible asset and a loan payable for entitlements obtained by Coastal Conservancy on behalf of the District. The District is liable to Coastal Conservancy for the amounts that were paid on its behalf. Adjustments are described below:

	Net Position, as Previously Stated June 30, 2020	Prior Period Adjustments		Net Position, as Restated June 30, 2020
		Capital Assets	Loan Payable	
Business-type Activities	\$ 5,248,575	\$ 438,625	\$ (363,625)	\$ 5,323,575
Enterprise Fund	\$ 5,248,575	\$ 438,625	\$ (363,625)	\$ 5,323,575

**REQUIRED SUPPLEMENTARY INFORMATION**

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**Port San Luis Harbor District**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**1. BUDGETARY COMPARISON INFORMATION - GENERAL FUND (GAAP BASIS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes and assessments	\$ 4,033,447	\$ 3,840,859	\$ 3,928,658	\$ 87,799
SB1090 mitigation funds	-	-	383,176	383,176
Grant income	1,532,200	308,287	13,664	(294,623)
Use of money and property	32,000	52,000	12,918	(39,082)
<b>Total revenues</b>	<b>5,597,647</b>	<b>4,201,146</b>	<b>4,338,416</b>	<b>137,270</b>
<b>EXPENDITURES:</b>				
Current:				
Salaries and wages	1,599,383	1,606,400	1,608,436	(2,036)
Employee benefits	971,163	946,900	849,869	97,031
Contract services	119,000	119,000	110,481	8,519
Supplies	90,387	94,300	88,514	5,786
Maintenance	185,433	182,437	311,526	(129,089)
Utilities	338,465	338,350	280,411	57,939
General and administrative	642,024	645,929	508,031	137,898
Capital outlay	2,186,150	1,315,370	311,383	1,003,987
<b>Total expenditures</b>	<b>6,132,005</b>	<b>5,248,686</b>	<b>4,068,651</b>	<b>1,180,035</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(534,358)</b>	<b>(1,047,540)</b>	<b>269,765</b>	<b>1,317,305</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	85,000	85,000
Transfer out	-	-	(464,589)	(464,589)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(379,589)</b>	<b>(379,589)</b>
<b>Net change in fund balance</b>	<b>\$ (534,358)</b>	<b>\$ (1,047,540)</b>	<b>(109,824)</b>	<b>\$ 937,716</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,075,285	
End of year			<u>\$ 1,965,461</u>	

**Port San Luis Harbor District**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**2. DEFINED BENEFIT PENSION PLAN**

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

Fiscal year	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.04474%	0.04389%	0.04291%	0.04211%	0.04153%	0.04066%	0.03482%
Proportionate share of the net pension liability	\$ 4,867,876	\$ 4,497,236	\$ 4,135,352	\$ 4,176,535	\$ 3,593,614	\$ 2,791,198	\$ 2,166,927
Covered payroll	\$ 1,809,051	\$ 1,777,692	\$ 1,725,915	\$ 1,595,434	\$ 1,507,959	\$ 1,471,763	\$ 1,443,877
Proportionate share of the net pension liability as a percentage of covered payroll	269.08%	252.98%	239.60%	261.78%	238.31%	189.65%	150.08%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

**Notes to Schedule**

\*Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

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

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

**B. Schedule of Contributions – Last 10 Years\***

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 531,155	\$ 470,088	\$ 409,609	\$ 362,147	\$ 322,091	\$ 294,153	\$ 255,797
Contribution in relation to the actuarially determined contributions	(531,155)	(470,088)	(409,609)	(362,147)	(322,091)	(294,153)	(255,797)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,909,099	\$ 1,809,051	\$ 1,777,692	\$ 1,725,915	\$ 1,595,434	\$ 1,507,959	\$ 1,471,763
Contributions as a percentage of covered payroll	27.82%	25.99%	23.04%	20.98%	20.19%	19.51%	17.38%

**Port San Luis Harbor District  
Required Supplementary Information  
For the year ended June 30, 2021**

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

**2. Schedule of Contributions – Last 10 Years\*, Continued**

Notes to Schedule

\*Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

Methods and assumptions used to determine contribution rates:

Fiscal year:	2021	2020	2019	2018	2017	2016	2015
Valuation date (for contractually required contribution):	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Actuarial cost method:	Entry Age						
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	15 Year Smoothed Market Method					
Inflation:	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed

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

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

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

**3. OTHER POSTEMPLOYMENT BENEFIT PLAN**

**A. Schedule of Changes in Total OPEB Liability and Related Ratios During the Measurement Period – Last 10 Years\***

	2020	2019	2018	2017
<b>Total OPEB liability</b>				
Service cost	\$ 105,305	\$ 98,255	\$ 91,690	\$ 99,361
Interest on the total OPEB liability	47,816	50,041	48,410	42,437
Differences between actual and expected experience	-	77,583	-	-
Benefit payments	(65,340)	(54,384)	(57,472)	(53,171)
Change in assumption	34,858	(138,468)	41,848	(115,625)
<b>Net changes</b>	<b>122,639</b>	<b>33,027</b>	<b>124,476</b>	<b>(26,998)</b>
<b>Total OPEB liability - beginning of year</b>	<b>1,641,208</b>	<b>1,608,181</b>	<b>1,483,705</b>	<b>1,510,703</b>
<b>Total OPEB liability - end of year</b>	<b>\$ 1,763,847</b>	<b>\$ 1,641,208</b>	<b>\$ 1,608,181</b>	<b>\$ 1,483,705</b>
<b>Covered-employee payroll</b>	<b>\$ 2,280,787</b>	<b>\$ 1,809,051</b>	<b>\$ 1,777,692</b>	<b>\$ 1,725,915</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>77.34%</b>	<b>90.72%</b>	<b>90.46%</b>	<b>85.97%</b>

**Port San Luis Harbor District  
Required Supplementary Information  
For the year ended June 30, 2021**

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**3. OTHER POSTEMPLOYMENT BENEFIT PLAN, Continued**

Notes to Schedule

\*Measurement period 2017 was the first year of implementation.

Fiduciary Net Position - There are currently no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

Change of Assumption:

In 2018, the discount rate was changed from 3.13% to 2.98%.

In 2019, the discount rate was changed from 2.98% to 2.79%, inflation was updated from 2.75% to 2.5%, mortality information was updated based on updated experience studies, and the healthcare cost trend rates were changed from a range of '5% to 8%' to a range of '4% to 5.4%'.

In 2020, the discount rate was changed from 2.79% to 2.66%.

# STATISTICAL SECTION

Port San Luis Harbor District



- Financial Trend Information
- Revenue Capacity Information
- Debt Capacity Information
- Demographic, Economic and Operating Information

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# STATISTICAL SECTION

## Port San Luis Harbor District

This part of the Port San Luis Harbor District comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### **Financial Trends**

These schedules contain financial trend information for assessing the District's financial performance and well-being over time.

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

### **Revenue Capacity**

These schedules present revenue capacity information to assess the District's ability to generate revenues. Property taxes, charges for services and developer fees, and contributions are the District's most significant revenue sources.

1. Principal Property Taxpayers
2. Assessed Value of Taxable Property

### **Debt Capacity**

These schedules present information on computation of legal debt margin. The District has an outstanding debt balance of \$338,625 as of June 30, 2021 and does not project to issue additional new debt during the 2021/22 fiscal year.

1. Outstanding Debt by Type
2. Computation of Legal Debt Margin Information

### **Demographic and Economic Information**

These schedules provide information on the demographic and economic environment in which the District conducts business.

1. Demographic and Economic Statistics
2. Principal Employers

### **Operating Information**

These schedules provide information on the District's service infrastructure to assist the reader in understanding how the information in the District's financial report relates to the services the District provides and the activities it performs.

1. Full-Time District Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### **Sources**

Unless otherwise noted, the information in these schedules are derived from the comprehensive annual financial reports of the relevant years.

**Port San Luis Harbor District**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 5,693,366	\$ 6,196,267	\$ 6,554,982	\$ 6,109,778	\$ 5,780,658	\$ 5,644,194	\$ 5,364,913	\$ 5,071,161	\$ 4,892,212	\$ 5,411,121
Restricted	89,104	97,280	170,198	154,050	12,230	-	-	-	-	-
Unrestricted	1,600,934	587,622	437,514	(1,365,927)	(865,945)	(1,034,801)	(1,766,144)	(1,890,235)	(1,799,156)	(2,096,265)
Total governmental activities net position	\$ 7,383,404	\$ 6,881,169	\$ 7,162,694	\$ 4,897,901	\$ 4,926,943	\$ 4,609,393	\$ 3,598,769	\$ 3,180,926	\$ 3,093,056	\$ 3,314,856
Business-type activities										
Net investment in capital assets	\$ 2,139,198	\$ 2,154,223	\$ 2,743,733	\$ 2,910,474	\$ 2,748,637	\$ 2,672,048	\$ 2,467,644	\$ 2,353,513	\$ 2,339,101	\$ 2,521,516
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	837,328	1,168,647	1,393,152	1,228,948	1,522,551	1,968,808	2,352,484	3,050,113	2,909,474	2,815,676
Prior period adjustment	-	-	-	-	-	-	-	-	75,000	-
Total business-type activities net position	\$ 2,976,526	\$ 3,322,870	\$ 4,136,885	\$ 4,139,422	\$ 4,271,188	\$ 4,640,856	\$ 4,820,128	\$ 5,403,626	\$ 5,323,575	\$ 5,337,192
Port San Luis Harbor District										
Net investment in capital assets	\$ 7,832,564	\$ 8,350,490	\$ 9,298,715	\$ 9,020,252	\$ 8,529,295	\$ 8,316,242	\$ 7,832,557	\$ 7,424,674	\$ 7,231,313	\$ 7,932,637
Restricted	89,104	97,280	170,198	154,050	12,230	-	-	-	-	-
Unrestricted	2,438,262	1,756,269	1,830,666	(136,979)	656,606	934,007	586,340	1,159,878	1,110,318	719,411
Total Port San Luis Harbor District net position	\$ 10,359,930	\$ 10,204,039	\$ 11,299,579	\$ 9,037,323	\$ 9,198,131	\$ 9,250,249	\$ 8,418,897	\$ 8,584,552	\$ 8,341,631	\$ 8,652,048

**Port San Luis Harbor District**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities:										
Administration	\$ 1,290,041	\$ 1,343,232	\$ 1,098,715	\$ 1,316,743	\$ 1,134,580	\$ 926,926	\$ 1,039,755	\$ 1,188,944	\$ 847,202	\$ 1,250,143
Operations	96,904	202,378	219,691	105,034	131,448	261,224	207,529	405,624	363,904	324,353
Maintenance	1,079,954	1,075,958	1,095,533	1,156,489	1,219,212	1,593,987	1,647,158	1,586,315	1,980,217	1,825,594
Safety and services	801,061	787,480	800,251	806,265	877,904	980,336	1,130,674	1,050,058	1,239,969	1,160,084
Total governmental activities expenses	<u>3,267,960</u>	<u>3,409,048</u>	<u>3,214,190</u>	<u>3,384,531</u>	<u>3,363,144</u>	<u>3,762,473</u>	<u>4,025,116</u>	<u>4,230,941</u>	<u>4,431,292</u>	<u>4,560,174</u>
Business-type activities:										
Administration	745,510	787,919	904,244	725,515	986,333	731,895	773,441	782,036	886,327	731,548
Operations	631,076	362,629	345,664	365,736	370,377	403,144	430,623	434,807	440,106	549,534
Maintenance	373,989	408,004	385,272	439,270	455,634	593,405	610,351	567,980	628,965	718,857
Safety and services	6,954	7,711	12,496	10,580	11,015	25,507	12,928	23,634	36,556	20,714
Total business-type activities expenses	<u>1,757,529</u>	<u>1,566,263</u>	<u>1,647,676</u>	<u>1,541,101</u>	<u>1,823,359</u>	<u>1,753,951</u>	<u>1,827,343</u>	<u>1,808,457</u>	<u>1,991,954</u>	<u>2,020,653</u>
Total Harbor District expenses	<u>\$ 5,025,489</u>	<u>\$ 4,975,311</u>	<u>\$ 4,861,866</u>	<u>\$ 4,925,632</u>	<u>\$ 5,186,503</u>	<u>\$ 5,516,424</u>	<u>\$ 5,852,459</u>	<u>\$ 6,039,398</u>	<u>\$ 6,423,246</u>	<u>\$ 6,580,827</u>
<b>Program revenues</b>										
Governmental activities:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating contributions and grants	35,425	138,851	140,825	37,000	69,974	77,991	79,599	69,285	17,510	13,664
Capital contributions and grants	749,141	920,449	510,000	-	-	-	35,000	6,671	104,189	358,558
Total governmental activities program revenues	<u>784,566</u>	<u>1,059,300</u>	<u>650,825</u>	<u>37,000</u>	<u>69,974</u>	<u>77,991</u>	<u>114,599</u>	<u>75,956</u>	<u>121,699</u>	<u>372,222</u>
Business-type activities:										
Charges for services										
Administration	9,611	49,757	23,519	54,011	98,260	20,748	31,516	34,217	9,993	6,839
Operations	1,474,900	1,293,374	1,361,880	1,490,837	1,528,314	1,621,878	1,737,160	1,700,422	1,293,858	1,464,597
Maintenance	268,849	330,828	351,479	429,162	395,133	421,680	486,971	467,185	366,472	439,183
Safety and services	20,819	34,472	36,642	32,392	39,138	26,417	24,617	67,617	54,819	25,718
Operating contributions and grants	-	-	-	-	-	7,200	2,001	7,133	4,108	55,337
Capital contributions and grants	89,410	215,505	172,384	291,456	8,859	18,500	4	-	-	-
Total business-type activities program revenues	<u>1,863,589</u>	<u>1,923,936</u>	<u>1,945,904</u>	<u>2,297,858</u>	<u>2,069,704</u>	<u>2,116,423</u>	<u>2,282,269</u>	<u>2,276,574</u>	<u>1,729,250</u>	<u>1,991,674</u>
Total Harbor District program revenues	<u>\$ 2,648,155</u>	<u>\$ 2,983,236</u>	<u>\$ 2,596,729</u>	<u>\$ 2,334,858</u>	<u>\$ 2,139,678</u>	<u>\$ 2,194,414</u>	<u>\$ 2,396,868</u>	<u>\$ 2,352,530</u>	<u>\$ 1,850,949</u>	<u>\$ 2,363,896</u>
Net revenue/(expense)										
Governmental activities	\$ (2,483,394)	\$ (2,349,748)	\$ (2,563,365)	\$ (3,347,531)	\$ (3,293,170)	\$ (3,684,482)	\$ (3,910,517)	\$ (4,154,985)	\$ (4,309,593)	\$ (4,187,952)
Business-type activities	106,060	357,673	298,228	756,757	246,345	362,472	454,926	468,117	(262,704)	(28,979)
Total Harbor District net revenue/(expense)	<u>\$ (2,377,334)</u>	<u>\$ (1,992,075)</u>	<u>\$ (2,265,137)</u>	<u>\$ (2,590,774)</u>	<u>\$ (3,046,825)</u>	<u>\$ (3,322,010)</u>	<u>\$ (3,455,591)</u>	<u>\$ (3,686,868)</u>	<u>\$ (4,572,297)</u>	<u>\$ (4,216,931)</u>
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Property taxes and assessments	\$ 2,712,469	\$ 2,854,582	\$ 2,832,841	\$ 3,011,338	\$ 3,181,468	\$ 3,351,619	\$ 3,505,000	\$ 3,692,758	\$ 4,182,430	\$ 3,928,658
SB 90 Mitigation Funds	-	-	-	-	-	-	-	-	-	383,176
Investment income and earnings	18,298	14,319	12,049	10,347	12,242	15,313	12,135	44,384	39,293	12,918
Other revenues	-	-	-	-	-	-	-	-	-	85,000
Miscellaneous	-	94,990	-	-	(6,798)	-	21,083	-	-	-
Transfers	-	-	-	-	135,300	-	-	-	-	-

Total governmental activities general revenues	<u>2,730,767</u>	<u>2,963,891</u>	<u>2,844,890</u>	<u>3,021,685</u>	<u>3,322,212</u>	<u>3,366,932</u>	<u>3,538,218</u>	<u>3,737,142</u>	<u>4,221,723</u>	<u>4,409,752</u>
Business-Type Activities:										
Investment Income and Earnings	7,721	(14,277)	6,678	3,078	10,222	22,520		111,655	105,869	23,363
Miscellaneous	171	2,948	38,349	3,297	10,499	(15,324)	45,890	3,726	1,784	
Other Revenues	-	-	-	-	-	-	-	-	-	19,233
Transfers	-	-	-	-	(135,300)	-	-	-	-	
Total business-type activities general revenues	<u>7,892</u>	<u>(11,329)</u>	<u>45,027</u>	<u>6,375</u>	<u>(114,579)</u>	<u>7,196</u>	<u>45,890</u>	<u>115,381</u>	<u>107,653</u>	<u>42,596</u>
Total Harbor District general revenues	<u>\$ 2,738,659</u>	<u>\$ 2,952,562</u>	<u>\$ 2,889,917</u>	<u>\$ 3,028,060</u>	<u>\$ 3,207,633</u>	<u>\$ 3,374,128</u>	<u>\$ 3,584,108</u>	<u>\$ 3,852,523</u>	<u>\$ 4,329,376</u>	<u>\$ 4,452,348</u>
<b>Change in net position</b>										
Governmental activities before prior period adjustment	\$ 247,373	\$ 614,143	\$ 281,525	\$ (325,846)	\$ 29,042	\$ (317,550)	\$ (372,299)	\$ (417,843)	\$ (87,870)	\$ 221,800
Prior period adjustment		\$ (1,116,378)		\$ (1,938,947)			\$ (638,307)	\$ -		
Governmental activities change in net position	\$ 247,373	\$ (502,235)	\$ 281,525	\$ (2,264,793)	\$ 29,042	\$ (317,550)	\$ (1,010,606)	\$ (417,843)	\$ (87,870)	\$ 221,800
Business-type activities before prior period adjustment	113,952	346,344	343,255	763,132	131,766	369,668	500,816	583,498	(155,051)	13,617
Prior period adjustment			\$ 470,760	\$ (760,595)			\$ (321,562)	\$ -	\$ 75,000	\$ -
Business-type activities change in net position	113,952	346,344	814,015	2,537	131,766	369,668	179,254	583,498	(80,051)	13,617
Total Harbor District change in net position	<b>\$ 361,325</b>	<b>\$ (155,891)</b>	<b>\$ 1,095,540</b>	<b>\$ (2,262,256)</b>	<b>\$ 160,808</b>	<b>\$ 52,118</b>	<b>\$ (831,352)</b>	<b>\$ 165,655</b>	<b>\$ (167,921)</b>	<b>\$ 235,417</b>

The beginning fund balance was restated in 2013, 2015, and 2018 as a result of:

2013 - Implementation of Governmental Accounting Standards Board Statement No. 63 "Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources and Net Position"

2015 - Implementation of Governmental Accounting Standards Board Statement No. 68 "Accounting and Financial Reporting for Pensions"

Governmental Accounting Standards Board Statement No. 71 "Pension and Transition for Contributions Made Subsequent to the Measurement Date"

2018 - Implementation of Governmental Accounting Standards Board Statement No. 75 "Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions"

**Port San Luis Harbor District  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	303,292	678,977	453,602	469,102	710,752	547,352	565,209	631,107	688,438	688,438
Unassigned	1,618,439	1,420,439	1,081,200	1,032,076	941,046	825,727	1,006,321	1,042,837	1,386,847	893,847
Total general fund	\$ 1,921,731	\$ 2,099,416	\$ 1,534,802	\$ 1,501,178	\$ 1,651,798	\$ 1,373,079	\$ 1,571,530	\$ 1,673,944	\$ 2,075,285	\$ 1,582,285
Capital projects fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	89,104	97,280	170,198	154,050	12,230	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(10,709)	(4,387)	(19,261)	(13,883)	(150,000)
Total capital projects fund	\$ 89,104	\$ 97,280	\$ 170,198	\$ 154,050	\$ 12,230	\$ (10,709)	\$ (4,387)	\$ (19,261)	\$ (13,883)	\$ (150,000)

**Port San Luis Harbor District**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Property taxes and assessments	\$ 2,712,469	\$ 2,854,582	\$ 2,832,841	\$ 3,011,338	\$ 3,181,468	\$ 3,351,619	\$ 3,505,000	\$ 3,692,758	\$ 4,182,430	\$ 3,928,658
SB 1090 mitigation funds	-	-	-	-	-	-	-	-	-	383,176
Grant income	784,566	434,300	588,115	75,809	69,974	77,991	114,599	75,956	121,699	222,222
Use of money and property	18,298	14,319	12,049	10,347	12,242	14,313	12,135	44,384	39,293	12,918
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>3,515,333</b>	<b>3,303,201</b>	<b>3,433,005</b>	<b>3,097,494</b>	<b>3,263,684</b>	<b>3,443,923</b>	<b>3,631,734</b>	<b>3,813,098</b>	<b>4,343,422</b>	<b>4,546,974</b>
<b>Expenditures</b>										
Salaries and wages	1,156,037	1,105,657	1,180,528	1,208,488	1,329,536	1,361,898	1,408,878	1,445,870	1,215,183	1,608,436
Employee benefits	707,099	1,786,921	419,189	740,341	799,533	596,340	699,584	805,816	1,157,507	849,869
Contract services	88,547	103,441	105,185	118,723	105,762	104,381	114,937	131,425	127,789	110,481
Supplies	66,191	68,230	69,404	67,900	73,468	85,964	82,744	87,878	78,303	88,514
Maintenance	188,535	308,975	277,168	279,781	371,573	217,780	270,252	429,377	407,579	311,526
Capital outlay	868,662	333,505	787,868	56,278	141,820	333,690	121,740	50,502	309,990	280,411
Utilities	229,874	235,189	236,366	266,779	272,372	287,581	293,959	316,122	205,600	508,031
General and administrative	336,302	386,790	418,689	410,297	296,120	444,612	455,950	458,568	434,752	1,120,647
Debt service	-	-	493,014	-	-	313,335	-	-	-	-
<b>Total expenditures</b>	<b>3,641,247</b>	<b>4,328,708</b>	<b>3,987,411</b>	<b>3,148,587</b>	<b>3,390,184</b>	<b>3,745,581</b>	<b>3,448,044</b>	<b>3,725,558</b>	<b>3,936,703</b>	<b>4,877,915</b>
Excess of revenues over (under) expenditures	(125,914)	(1,025,507)	(554,406)	(51,093)	(126,500)	(301,658)	183,690	87,540	406,719	(330,941)
<b>Other financing sources (uses)</b>										
Proceeds from capital lease	13,289	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-	-	-	-	-	-	85,000
Proceeds from note	-	1,116,378	-	-	-	-	-	-	-	-
Proceeds from insurance	-	94,990	62,710	1,321	-	-	21,083	-	-	-
Transfers in	-	-	-	-	135,300	-	93,062	28,957	39,151	464,589
Transfers out	-	-	-	-	-	-	(93,062)	(28,957)	(39,151)	(464,589)
<b>Total other financing sources (uses)</b>	<b>13,289</b>	<b>1,211,368</b>	<b>62,710</b>	<b>1,321</b>	<b>135,300</b>	<b>-</b>	<b>21,083</b>	<b>-</b>	<b>-</b>	<b>85,000</b>
<b>Net change in fund balances</b>	<b>\$ (112,625)</b>	<b>\$ 185,861</b>	<b>\$ (491,696)</b>	<b>\$ (49,772)</b>	<b>\$ 8,800</b>	<b>\$ (301,658)</b>	<b>\$ 204,773</b>	<b>\$ 87,540</b>	<b>\$ 406,719</b>	<b>\$ (245,941)</b>

**Port San Luis Harbor District  
Assessed Valuation\*  
Last Ten Fiscal Years (in thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Secured	\$ 17,538,473	\$ 17,629,489	\$ 18,135,640	\$ 19,196,460	\$ 20,529,917	\$ 21,785,031	\$ 23,025,453	\$ 24,505,067	\$ 25,923,852	\$ 27,492,319
Unsecured	465,187	484,382	509,324	517,865	519,592	526,631	562,396	596,616	629,246	652,244
Exemptions	(143,013)	(142,200)	(141,081)	(140,986)	(142,728)	(143,524)	(144,320)	(145,946)	(146,303)	(146,823)
Net assessed valuations	\$ 17,860,647	\$ 17,971,671	\$ 18,503,883	\$ 19,573,339	\$ 20,906,781	\$ 22,168,138	\$ 23,443,529	\$ 24,955,737	\$ 26,406,795	\$ 27,997,740
Percentage increase from prior year	-1.8%	0.6%	3.0%	5.8%	6.8%	6.0%	5.8%	6.4%	5.8%	6.1%
County direct rates										
General	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
State water project	0.00300	0.00400	0.00400	0.00400	0.00374	0.00400	0.00400	0.00400	0.00400	0.00400
Total direct rate	1.00300	1.00400	1.00400	1.00400	1.00374	1.00400	1.00400	1.00400	1.00400	1.00400
Property tax revenue	\$ 2,712	\$ 2,855	\$ 2,855	\$ 2,833	\$ 3,181	\$ 3,352	\$ 3,505	\$ 3,693	\$ 4,182	\$ 3,929
District tax rate	0.02%	0.02%	0.02%	0.01%	0.02%	0.02%	0.01%	0.01%	0.02%	0.01%

Source: County of San Luis Obispo Assessed Values, Exemptions and Growth % 2020-2021, County Property Tax Rates 2020-2021

<https://www.slocounty.ca.gov>

\*Due to Article XIII A, added to the California Constitution by Proposition 13 in 1978, the County does not track the estimated actual value of all county properties. Proposition 13 fixed the base for valuation of real property at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased to reflect: (1) annual inflation up to two percent; (2) current market value at time of ownership change; and (3) market value for new construction. As a result, similar properties can have substantially different assessed values based on the date of purchase. (Source: County of San Luis Obispo Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018)

\*\*The District participates in the Teeter Plan ( Rev. and Tax. Code §4701). Property tax is apportioned to the District at the end of each fiscal year based on the taxes that are levied regardless of when the tax levy is collected. Therefore, San Luis Obispo County receives the interest and penalty revenue on delinquent property tax payments.

\*\*\*Unitary Roll is not included in the assessed valuations but is included in the property tax revenue.

**County of San Luis Obispo  
Port San Luis Harbor District\*  
Top 20 Employers in San Luis Obispo County**

**Fiscal Year 2021**

<b>Employer</b>	<b># of Employees</b>
California Polytechnic University	3,000
County of San Luis Obispo	2,920
Department of State Hospitals - Atascadero	2,000
Pacific Gas & Electric	1,866
California Men's Colony	1,517
Cal Poly Corp.	1,400
Tenet Healthcare	1,305
Compass Health Inc.	1,200
Lucia Mar Unified School District	1,000
Paso Robles Public Schools	935
MINDBODY	929
San Luis Coastal Unified School District	760
Atascadero Unified School District	600
French Hospital Medical Center	600
California Department of Transportation	550
Community Action Partnership of San Luis Obispo County	541
California State Parks	450
Cuesta College	440
Arroyo Grande Community Hospital	415
City of San Luis Obispo	400

Source: County of San Luis Obispo, Fiscal Year 2021-22 Budget

<https://www.slocounty.ca.gov>

\*Although the Harbor District only represents a portion of San Luis Obispo County, information is presented for the entire County.

**County of San Luis Obispo  
Port San Luis Harbor District\*  
Principal Property Taxpayers  
Current Year and Ten Years Ago (in Thousands)**

Taxpayer	Industry	Fiscal Year 2021			Fiscal Year 2012		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	\$ 1,773,686,832	1	3.15%	\$ 2,543,033,182	1	6.00%
High Plains Ranch II LLC	Solar Ranch	802,327,215	2	1.43%			
Phillips 66 Company	Oil Refinery	169,952,453	3	0.30%			
Jamestown Premier	Commercial	151,906,879	4	0.27%			
Southern California Gas Co.	Utility	140,745,071	5	0.25%	63,737,636	7	0.15%
E & J Gallo Winery	Winery	99,551,597	6	0.18%			
CAP VIII - Mustang Village LLC	Apartments	97,029,544	7	0.17%	75,358,197	6	0.18%
Firestone Walker LLC	Brewery	91,102,743	8	0.16%			
Treasury Wine Estates Americas Co	Winery	88,181,856	9	0.16%			
Sierra Vista Hospital	Hospital	83,300,472	10	0.15%	56,614,908	9	0.13%
Tosco Corp.	Petroleum & Gas	-	-	-	138,970,292	2	0.33%
Beringer Wine Estates	Winery	-	-	-	89,882,293	4	0.21%
Plains Exploration & Prod Co	Petroleum & Gas	-	-	-	91,305,224	3	0.22%
Martin Hotel Mgmt Co LLC	Hotel	-	-	-	61,074,457	8	0.14%
Twin Cities Community Hospital	Hospital	-	-	-	53,787,595	10	0.13%
Pacific Bell Telephone	Telephone	-	-	-	81,038,107	5	0.19%
Charter Communications	Communications	-	-	-			
		<b>\$ 3,497,784,662</b>		<b>6.21%</b>	<b>\$ 3,254,801,891</b>		<b>7.67%</b>
Total County Assessed Value		<b>\$ 56,286,668,297</b>			<b>\$ 42,416,718,305</b>		

Source: County Property Tax Information Booklet "2020-21 Property Tax Perspective", County Property Tax Information Booklet "2011-12 Property Tax Perspective"  
<file:///C:/Users/Dell/Documents/Accounting/Audit/2021%20Audit/Annual%20Report%20Content%202021/Stat%20Section/Property-Tax-Perspective-2020-21.pdf>

\*Although the Harbor District only represents a portion of San Luis Obispo County, information is presented for the entire County.

**Port San Luis Harbor District  
Outstanding Debt by Type  
Last Ten Fiscal Years**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Capital lease	\$ 12,926	\$ 10,015	\$ 7,718	\$ 5,231	\$ 2,537	\$ -	\$ -	\$ -	\$ -	\$ -
Note payable	-	1,116,378	651,467	488,359	303,922	-	-	-	-	-
Total governmental activities debt	\$ 12,926	\$ 1,126,393	\$ 659,185	\$ 493,590	\$ 306,459	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities										
Capital lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Note payable	-	-	-	-	-	-	-	-	363,625	338,625
Total business-type activities debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 363,625	\$ 338,625
Port San Luis Harbor District										
Capital lease	\$ 12,926	\$ 10,015	\$ 7,718	\$ 5,231	\$ 2,537	\$ -	\$ -	\$ -	\$ -	\$ -
Note payable	-	1,116,378	651,467	488,359	303,922	-	-	-	363,625	338,625
Total Port San Luis Harbor District debt	\$ 12,926	\$ 1,126,393	\$ 659,185	\$ 493,590	\$ 306,459	\$ -	\$ -	\$ -	\$ 363,625	\$ 338,625

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.  
Business-type activity note payable: Harbor Terrace Entitlements

**Port San Luis Harbor District  
Legal Debt Margin Information  
Last Ten Fiscal Years (in thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 2,679,097	\$ 2,695,751	\$ 2,775,582	\$ 2,936,001	\$ 3,136,017	\$ 3,325,221	\$ 3,516,529	\$ 3,743,360	\$ 3,961,019	\$ 4,199,661
Total net debt applicable to limit	-	-	-	-	-	-	-	-	363,625	338,625
Legal debt margin	<b>\$ 2,679,097</b>	<b>\$ 2,695,751</b>	<b>\$ 2,775,582</b>	<b>\$ 2,936,001</b>	<b>\$ 3,136,017</b>	<b>\$ 3,325,221</b>	<b>\$ 3,516,529</b>	<b>\$ 3,743,360</b>	<b>\$ 3,597,394</b>	<b>\$ 3,861,036</b>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	9.18%	8.06%

Note: California Harbors and Navigation Code Section 6077 prescribes that the bonded indebtedness of the District not exceed 15% of the assessed value of property within the District.

**County of San Luis Obispo  
Port San Luis Harbor District\*  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Age (4,c)</b>	<b>School Enrollment (3,b,e)</b>	<b>Unemployment Rate</b>
2012	271,021	12,172,289	44,324	40.3%	43,022	8.5%
2013	272,357	12,547,278	45,388	39.2%	42,600	6.4%
2014	273,323	12,823,005	31,060	39.5%	42,911	5.3%
2015	281,401	14,034,209	49,873	39.5%	41,853	4.4%
2016	282,887	14,905,254	52,803	39.3%	43,117	4.5%
2017	278,680	15,680,360	55,328	39.0%	43,112	3.6%
2018	280,101	Not Avail.	Not Avail.	Not Avail.	42,713	2.9%
2019	283,111	Not Avail.	Not Avail.	Not Avail.	Not Avail.	2.4%
2020	272,177	Not Avail.	Not Avail.	Not Avail.	Not Avail.	11.5%
2021	282,625	Not Avail.	Not Avail.	Not Avail.	Not Avail.	5.9%

Sources:

1. California Department of Finance
2. Employment Development Department, Research Division, Los Angeles
3. California Department of Education & Cuesta College
4. U.S. Census Bureau Labor Statistics [https://www.bls.gov/eag/eag.ca\\_sanluisobispo\\_msa.htm](https://www.bls.gov/eag/eag.ca_sanluisobispo_msa.htm)
5. San Luis Obispo Chamber of Commerce - Demographics

Notes:

Not Avail. = data not available

- a. Data for Calendar Years
- b. Data includes kindergarten through 12th grade and Cuesta College
- c. Calendar year 2012-2016 figures are projections based on the American Community Survey 5-Year Estimates
- d. Prior years were revised per the US Department of Commerce
- e. Data for School Year ending in the stated calendar year

**Port San Luis Harbor District**  
**Full-time Equivalent Government Employees by Function**  
**Last Ten Fiscal Years**

	<b>Full-Time Equivalent Employees as of June 30</b>									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Function</b>										
Administration	6.60	6.75	6.75	6.75	6.75	6.75	6.75	7.00	7.00	7.00
Public safety	6	5	4	5	6	6.46	7.00	6.00	6.00	6.00
Maintenance	13	11	12	12	13	13	13	13	13	13
Total	25.60	22.75	22.75	23.75	25.75	26.21	26.75	26.00	26.00	26.00

**Port San Luis Harbor District  
Operating Indicators by Function  
Last Nine Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Function</b>										
<b>Administration</b>										
Claims filed against District	Not Avail.	6	1	1	-	2	1	1	2	2
Lien sales	Not Avail.	4	2	1	-	1	0	0	1	-
Prior patrons on no services list (as of June 30th)	Not Avail.	16	23	12	6	7	8	6	10	12
Recruitments	Not Avail.	3	3	3	12	3	4	6	7	5
RFP's released	Not Avail.	4	5	5	6	7	4	6	3	4
<b>Public safety</b>										
Agency to agency assistance	Not Avail.	223	188	155	141	98	132	173	227	216
Water taxi passengers	Not Avail.	Not Avail.	3,506	5,377	5,609	4,681	4,847	5,148	3,284	4,264
Wildlife rescues	Not Avail.	117	75	109	64	23	24	87	121	92
<b>Maintenance</b>										
Commercial fishermen	Not Avail.	24	24	28	27	28	28	28	25	24
Dredge hours	Not Avail.	655	467	520	493	535	348	600	458	388
Invitation for bids released	Not Avail.	6	7	4	4	5	4	3	2	3
Major maintenance and capital projects completed	Not Avail.	20	26	17	18	17	9	15	24	17
Amount of major maintenance and capital projects completed	Not Avail.	\$ 838,035	\$ 1,379,542	\$ 688,216	\$ 475,320	\$ 644,915	\$ 366,570	\$ 456,248	\$ 726,327	\$ 1,769,434
<b>Revenue producing activities</b>										
Avila parking lot spaces	Not Avail.	62,716	69,923	84,353	79,591	70,174	78,228	78,228	60,851	75,029
RV camping nights	Not Avail.	12,059	13,744	13,840	13,931	13,827	14,344	13,359	8,375	7,682
Parking citations	Not Avail.	473	741	483	583	339	280	316	433	368
Coastal Gateway room rentals	Not Avail.	5	8	4	12	10	14	14	8	Covid-19 Closure
Special event permits	Not Avail.	60	47	60	49	7	57	56	24	7
Leases (as of June 30th)	Not Avail.	10	10	10	10	13	11	11	10	10
Licenses (as of June 30th)	Not Avail.	11	11	10	12	11	11	12	12	6
Mooring patrons (as of June 30th)	Not Avail.	164	154	154	153	148	151	155	163	167
Skiff storage patrons	Not Avail.	51	50	50	47	50	52	56	59	61
Boat storage patrons	Not Avail.	35	34	48	44	49	48	Temp Closure	Temp Closure	Temp Closure
Gear storage patrons	Not Avail.	12	13	14	13	15	15	15	13	13
Boats fueled	Not Avail.	199	215	285	288	340	275	275	205	300
Grants received	Not Avail.	6	6	6	5	7	9	7	11	6
Amount of grants received	Not Avail.	\$ 784,126	\$ 492,016	\$ 64,545	\$ 60,450	\$ 64,864	116,604	83,090	125,806	284,500

**Source:**

1. Manager Reports - Harbor Patrol, Business Dept., Facilities Dept.
2. Phoenix Group Information System
3. VenTek Parking Systems

**Notes prior year variance 2018/19 - 2019/20 - 2020/21**

**Due to the Covid-19 Pandemic, the following list were closed for 1-1/2 months 2020/21**

- Water taxi passengers
- RV camping nights
- Avila parking lot spaces
- Boat launch and fueling



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

Independent Auditors' Report

To the Board of Commissioners  
of the Port San Luis Harbor District  
Avila Beach, 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, and each major fund of the Port of San Luis Harbor District, California (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 Board of Commissioners  
of the Port San Luis Harbor District  
Avila Beach, California  
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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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.

Badawi & Associates, CPAs  
Berkeley, California  
December 14, 2021