

PORT SAN LUIS HARBOR DISTRICT

FINANCIAL STATEMENTS

June 30, 2014

PORT SAN LUIS HARBOR DISTRICT
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June 30, 2014

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FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

2400 PROFESSIONAL PARKWAY, STE 205
SANTA MARIA, CA 93455
TEL: 805.925.2579
FAX: 805.925.2147
www.mlhcpas.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Port San Luis Harbor District (the District), as of and for the fiscal year ended June 30, 2014, 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 governmental activities, the business-type activities, and each major fund of the Port San Luis Harbor District as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the basic financial statements effective July 1, 2013, the Port San Luis Harbor District adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Correction-2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-10, the budgetary comparison information on page 38, and the Schedule of Funding Progress for Postemployment Benefits Other than Pensions on page 39, 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the Port San Luis Harbor District's basic financial statements. The accompanying Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Proprietary Fund and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Port San Luis Harbor School District.

The accompanying Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Proprietary Fund is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014, on our consideration of the Port San Luis Harbor District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss, Remy & Hargreaves LLP

Santa Maria, California
November 5, 2014

Management's Discussion and Analysis

This section of Port San Luis Harbor District's ("District") annual financial report represents an analysis of the District's financial performance and financial condition for the year ended June 30, 2014. This information should be read in conjunction with the District's financial statements, which follow the management's discussion and analysis.

Financial Highlights

- The District's government-wide net position was \$11,299,579 at June 30, 2014. The increase in net position of \$1,095,540 included a prior period adjustment for depreciation of \$470,760 resulting in a net position increase from current year operations of \$624,780.
- Revenues of \$5,486,646 were \$449,152 or 7.6% less than prior year revenues. Service revenues increased by \$65,089, grant revenues decreased by \$451,596, while general revenues decreased by \$62,645.
- Expenses of \$4,861,866 were \$113,445, or 2.3%, less than prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise 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.

Governmental-wide financial statements. The governmental-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to 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 general 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 11-13 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 the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds are 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 16) and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities (page 18) provide users visibility as to the differences between the respective statements at June 30, 2014 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 considered to be 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 15-18 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 District adopts an annual appropriated budget for its proprietary fund. A budgetary comparison statement has been provided for the enterprise fund to demonstrate compliance with this budget.

The proprietary fund financial statements can be found on pages 19-21 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 22-36 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. Required supplementary information can be found on pages 38 and 39 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 41-52 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 exceeded liabilities by \$11,299,579 at the close of the most recent fiscal year. Of this amount \$9,298,715 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. Additionally, the District has \$170,198 restricted for future capital projects. The remaining amount of \$1,830,666 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.

**Port San Luis Harbor District's Net Position
As of June 30th**

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$2,085,621	\$2,685,256	\$1,739,912	\$1,528,134	\$3,825,533	\$4,213,390
Capital assets	6,554,982	6,196,267	2,743,733	2,154,223	9,298,715	8,350,490
Total assets	8,640,603	8,881,523	4,483,645	3,682,357	13,124,248	12,563,880
Long-term liabilities	1,090,230	1,476,695	202,423	161,304	1,292,653	1,637,999
Other liabilities	387,679	523,659	144,337	198,183	532,016	721,842
Total liabilities	1,477,909	2,000,354	346,760	359,487	1,824,669	2,359,841
Net position:						
Invested in capital assets, net of related debt	6,554,982	6,196,267	2,743,733	2,154,223	9,298,715	8,350,490
Restricted for capital projects	170,198	97,280	-	-	170,198	97,280
Unrestricted	437,514	587,622	1,393,152	1,168,647	1,830,666	1,756,269
Total net position	\$7,162,694	\$6,881,169	\$4,136,885	\$3,322,870	\$11,299,579	\$10,204,039

During the year ended June 30, 2014, the District's government-wide net position increased by \$624,780. Program revenues were \$2,596,729 which includes \$823,209 in operating and capital grants and contributions. General revenues were \$2,889,917, consisting primarily of property tax revenues. Expenses of the District for the year ended June 30, 2014 totaled \$4,861,866.

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

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 1,773,520	\$ 1,708,431	\$ 1,773,520	\$ 1,708,431
Operating grants and contributions	140,825	138,851	-	-	140,825	138,851
Capital grants and contributions	510,000	920,449	172,384	215,505	682,384	1,135,954
General revenues:						
Property taxes	2,832,841	2,854,582	-	-	2,832,841	2,854,582
Investment income & other	12,049	109,309	45,027	(11,329)	57,076	97,980
Total revenues	<u>3,495,715</u>	<u>4,023,191</u>	<u>1,990,931</u>	<u>1,912,607</u>	<u>5,486,646</u>	<u>5,935,798</u>
Expenses:						
Administration	1,098,715	1,343,232	904,244	787,919	2,002,959	2,131,151
Operations	219,691	202,378	345,664	362,629	565,355	565,007
Maintenance	1,095,533	1,075,958	385,272	408,004	1,480,805	1,483,962
Safety and services	800,251	787,480	12,496	7,711	812,747	795,191
Total expenses	<u>3,214,190</u>	<u>3,409,048</u>	<u>1,647,676</u>	<u>1,566,263</u>	<u>4,861,866</u>	<u>4,975,311</u>
Increase in net position	281,525	614,143	343,255	346,344	624,780	960,487
Net position, beginning of fiscal year	6,881,169	7,383,404	3,322,870	2,976,526	10,204,039	10,359,930
Prior period adjustment	-	(1,116,378)	470,760	-	470,760	(1,116,378)
Net position, beginning of fiscal year, restated	-	6,267,026	3,793,630	2,976,526	3,793,630	9,243,552
Net position, end of fiscal year	<u>\$ 7,162,694</u>	<u>\$ 6,881,169</u>	<u>\$ 4,136,885</u>	<u>\$ 3,322,870</u>	<u>\$ 11,299,579</u>	<u>\$ 10,204,039</u>

Governmental activities. Total revenues for the governmental activities for the year ended June 30, 2014 were \$3,495,715 including \$2,832,841 of property tax revenue and \$650,825 of operating and capital contributions and grants. Governmental activities expenses were \$3,214,190 resulting in an increase in net position of \$281,525.

Business-type activities. Revenues for the business-type activities totaled \$1,990,931 for the fiscal year. Operating expenses were \$1,647,676. The excess of revenues over expenses resulted in an increase in net position of \$343,255 for the enterprise activities.

Beginning in 1992, an asset that was transferred from the enterprise fund to the general fund continued to be depreciated in the enterprise fund. This led to an over statement of depreciation in the enterprise fund of \$470,760. A prior period adjustment was made to decrease accumulated depreciation in the enterprise fund by \$470,760.

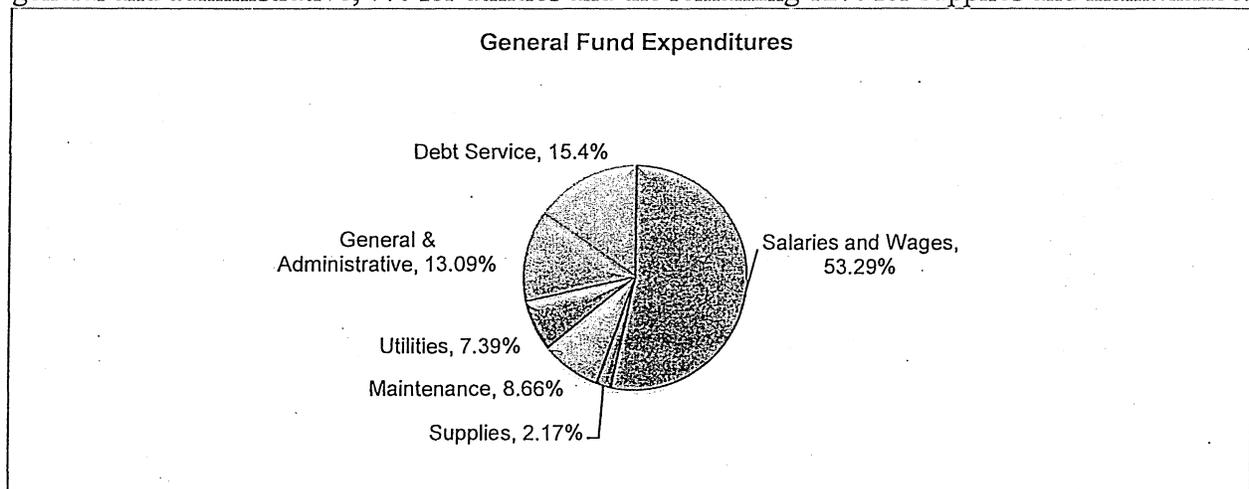
Financial Analysis of the District's Funds

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. At June 30, 2014, the District's governmental funds reported total assets of \$2,085,621 and a combined fund balance of \$1,705,000. Of the \$2,085,621 in assets \$1,881,322 is held in cash and investments. The liability balance was \$380,621 at June 30, 2014. Accordingly, current assets are sufficient to meet current obligations.

The general fund revenues were \$2,941,465 with \$2,832,841 coming from property tax revenue, \$96,575 from grants, and \$12,049 from use of money and property. This was a decrease of \$72,086 from last year's revenues of \$3,013,551.

General fund expenditures totaled \$3,199,543, a \$795,660 decrease from the prior year due to a one-time lump sum payment to pay off a CalPERS pension debt (side fund) of \$1,116,378 last year. The District paid an additional \$310,000 towards this liability during the 2013/14 fiscal year for a total payment of \$490,000 compared to the original budgeted payment of \$180,000. Of the total expenditures, 53% is for salaries, wages and benefits, 15% for debt service, 13% for general and administrative, 7% for utilities and the remaining 12% for supplies and maintenance.

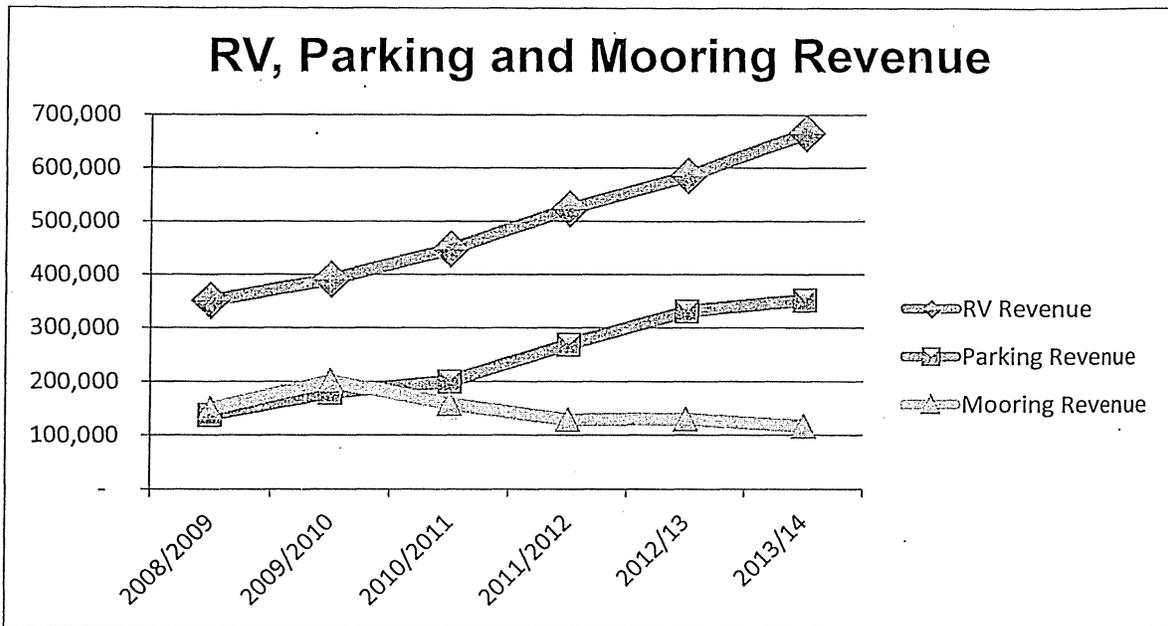


In February 2014, one of the District's two piers was damaged in a storm. Insurance proceeds of \$62,710 were received by the District to repair the damage.

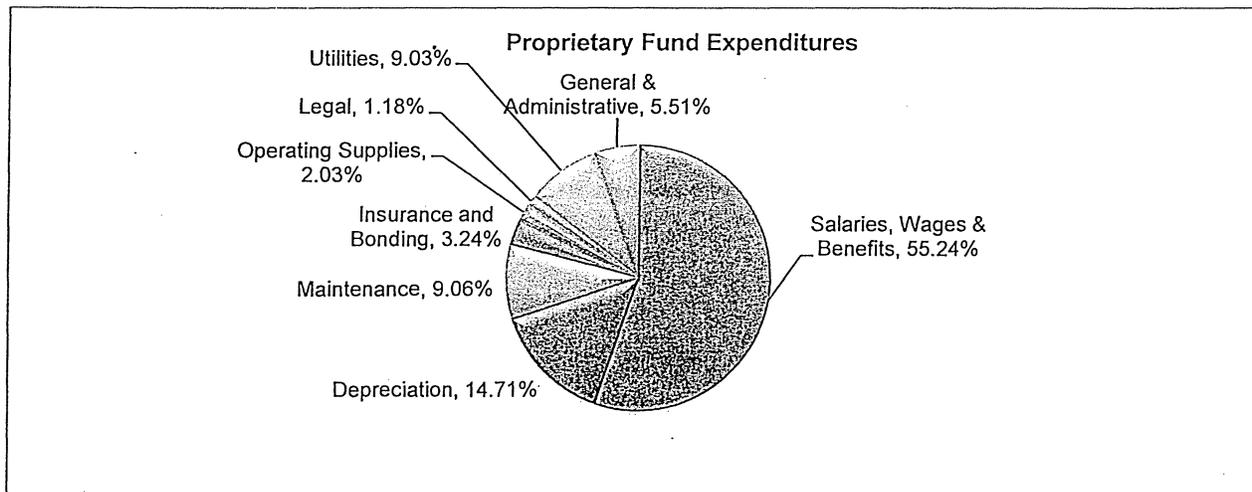
The capital projects fund had grant revenue of \$491,540 and project costs of \$787,868. The majority of the revenue and project costs related to the Harford Pier breezeway and construction of the Olde Port Beach restrooms.

Proprietary funds. The proprietary fund carries on business-like activities. Operating revenues less cost of goods sold were \$1,773,520 for the fiscal year, an increase of \$65,089 over the prior

year. This was primarily due to an increase in RV and Avila parking revenue offset by a decrease in mooring revenues. Other non-operating revenues totaled \$45,027.



Operating expenses were \$1,647,676 for the fiscal year, an \$81,413 or 5% increase over the prior fiscal year. Approximately 55% of the costs are salaries, wages and benefits, 15% is depreciation and amortization, 9% is utilities, and 3% is insurance. The remaining 18% is for supplies, general maintenance, legal services, and general and administrative costs.



General Fund Budgetary Highlights

The Final Budget included estimates of approximately \$2,749,200 in revenues and \$2,933,585 in expenditures, a decrease in fund balance of \$184,385. The actual net decrease in fund balance was \$258,078 or \$73,693 over budget.

Capital Assets

The District's investment of capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$9,298,715 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, District facilities, and piers. The total increase in the District's investment in capital assets for the current fiscal year was 11%.

Port San Luis Harbor District's Capital Assets

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 565,230	\$ 565,230	\$ 598,565	\$ 565,231	\$ 1,163,795	\$ 1,130,461
Buildings, facilities and improvements	11,113,673	10,934,388	4,497,112	4,564,963	15,610,785	15,499,351
Equipment and Machinery	1,249,165	1,242,253	692,578	737,352	1,941,743	1,979,605
Construction in progress	1,006,987	599,413	456,264	251,314	1,463,251	850,727
Less accumulated depreciation	(7,380,073)	(7,145,017)	(3,500,786)	(3,964,637)	(10,880,859)	(11,109,654)
Net capital assets	<u>\$ 6,554,982</u>	<u>\$ 6,196,267</u>	<u>\$ 2,743,733</u>	<u>\$ 2,154,223</u>	<u>\$ 9,298,715</u>	<u>\$ 8,350,490</u>

Capital asset events included the warehouse restoration at the end of Harford Pier, construction of new restrooms at Olde Port Beach, two new vehicles, new channel marker buoys, and replacement of the dredge pump and hose.

Economic Factors and Next Year's Budget and Rates

The District's projected overall revenues, including grant revenue, for next year are \$5,148,500 while projected expenditures are \$5,373,500. The \$225,000 variance will be funded by assigned reserve balances. The District's 2014/15 budget outlook is in accord with expected economic conditions.

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, 2014

	Governmental Activities	Business -type Activities	Total
ASSETS			
Cash and investments	\$ 1,881,322	\$ 1,569,550	\$ 3,450,872
Accounts receivable	467	54,404	54,871
Grants receivable	203,832	36,393	240,225
Interest receivable		2,604	2,604
Inventory		75,379	75,379
Prepaid expenses		1,582	1,582
Capital assets:			
Nondepreciable	1,572,217	1,054,829	2,627,046
Depreciable, net	4,982,765	1,688,904	6,671,669
 Total assets	 <u>8,640,603</u>	 <u>4,483,645</u>	 <u>13,124,248</u>
LIABILITIES			
Accounts payable	72,262	53,422	125,684
Accrued expenses	35,571	15,365	50,936
Accrued interest payable	7,058		7,058
Unearned revenue	272,788	60,605	333,393
Refundable deposits		14,945	14,945
Noncurrent liabilities:			
Due within one year	24,688	10,714	35,402
Due in more than one year	1,065,542	191,709	1,257,251
 Total liabilities	 <u>1,477,909</u>	 <u>346,760</u>	 <u>1,824,669</u>
NET POSITION			
Net investment in capital assets	6,554,982	2,743,733	9,298,715
Restricted for capital projects	170,198		170,198
Unrestricted	437,514	1,393,152	1,830,666
 Total net position	 <u>\$ 7,162,694</u>	 <u>\$ 4,136,885</u>	 <u>\$ 11,299,579</u>

The notes to basic financial statements are an integral part of this statement.

PORT SAN LUIS HARBOR DISTRICT
 STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
Administration	\$ 1,098,715	\$ -	\$ 140,825	\$ 510,000
Operations	219,691			
Maintenance	1,095,533			
Safety and services	800,251			
Total governmental activities	<u>3,214,190</u>		<u>140,825</u>	<u>510,000</u>
Business-type activities:				
Administration	904,244	23,519		172,384
Operations	345,664	1,361,880		
Maintenance	385,272	351,479		
Safety and services	12,496	36,642		
Total business-type activities	<u>1,647,676</u>	<u>1,773,520</u>		<u>172,384</u>
Total government	<u>\$ 4,861,866</u>	<u>\$ 1,773,520</u>	<u>\$ 140,825</u>	<u>\$ 682,384</u>

General Revenues

Taxes:

Property taxes and assessments

Investment income and earnings

Other

Total general revenues

Change in net position

Net position, beginning of fiscal year

Prior period adjustment

Net position, beginning of fiscal year, restated

Net position, end of fiscal year

The notes to basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (447,890)	\$ -	\$ (447,890)
(219,691)		(219,691)
(1,095,533)		(1,095,533)
<u>(800,251)</u>		<u>(800,251)</u>
<u>(2,563,365)</u>		<u>(2,563,365)</u>
	(708,341)	(708,341)
	1,016,216	1,016,216
	(33,793)	(33,793)
	<u>24,146</u>	<u>24,146</u>
	<u>298,228</u>	<u>298,228</u>
<u>(2,563,365)</u>	<u>298,228</u>	<u>(2,265,137)</u>
2,832,841		2,832,841
12,049	6,678	18,727
	<u>38,349</u>	<u>38,349</u>
<u>2,844,890</u>	<u>45,027</u>	<u>2,889,917</u>
<u>281,525</u>	<u>343,255</u>	<u>624,780</u>
6,881,169	3,322,870	10,204,039
	<u>470,760</u>	<u>470,760</u>
<u>6,881,169</u>	<u>3,793,630</u>	<u>10,674,799</u>
<u>\$ 7,162,694</u>	<u>\$ 4,136,885</u>	<u>\$ 11,299,579</u>

PORT SAN LUIS HARBOR DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 1,881,322	\$ -	\$ 1,881,322
Accounts receivable	467		467
Grants receivable	<u>29,916</u>	<u>173,916</u>	<u>203,832</u>
Total assets	<u>\$ 1,911,705</u>	<u>\$ 173,916</u>	<u>\$ 2,085,621</u>

continued

The notes to basic financial statements are an integral part of this statement.

PORT SAN LUIS HARBOR DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Capital Projects Fund	Total
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 68,544	\$ 3,718	\$ 72,262
Payroll and related liabilities	35,571		35,571
Unearned revenue	272,788		272,788
Total liabilities	376,903	3,718	380,621
Fund Balances:			
Restricted:			
Capital projects		170,198	170,198
Assigned:			
Dredge	11,535		11,535
TRAN reserve			
Facilities	125,000		125,000
Vehicle replacement	170		170
OPEB	41,400		41,400
Equipment	3,250		3,250
Building improvements	33,210		33,210
Hoist	9,500		9,500
Crane	14,738		14,738
Utility	45,800		45,800
Election	45,000		45,000
Trailer park closure	65,520		65,520
Computer equipment	10,729		10,729
Safety equipment	12,000		12,000
Coastal gateway	14,790		14,790
Waste treatment plant	20,000		20,000
Discretionary	960		960
Unassigned	1,081,200		1,081,200
Total fund balances	1,534,802	170,198	1,705,000
Total liabilities and fund balances	\$ 1,911,705	\$ 173,916	\$ 2,085,621

The notes to basic financial statements are an integral part of this statement.

PORT SAN LUIS HARBOR DISTRICT
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 June 30, 2014

Total fund balances - governmental funds \$ 1,705,000

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$ 13,935,055	
Accumulated depreciation	<u>7,380,073</u>	6,554,982

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported.

Long-term liabilities and interest payable relating to governmental activities consist of:

OPEB payable	\$ 209,035	
Capital lease obligation	7,718	
Note payable	651,467	
Accrued interest payable	7,058	
Compensated absences payable	<u>222,010</u>	<u>(1,097,288)</u>

Total net position - governmental activities \$ 7,162,694

The notes to basic financial statements are an integral part of this statement.

PORT SAN LUIS HARBOR DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	General Fund	Capital Projects Fund	Total
Revenues:			
Property taxes and assessments	\$ 2,832,841	\$ -	\$ 2,832,841
Grant income	96,575	491,540	588,115
Use of money and property	12,049		12,049
Total revenues	2,941,465	491,540	3,433,005
Expenditures:			
Salaries and wages	1,180,528		1,180,528
Employee benefits	419,189		419,189
Contract services	105,185		105,185
Supplies	69,404		69,404
Maintenance	277,168		277,168
Capital outlay		787,868	787,868
Utilities	236,366		236,366
General and administrative	418,689		418,689
Debt service	493,014		493,014
Total expenditures	3,199,543	787,868	3,987,411
Excess of revenues over (under) expenditures	(258,078)	(296,328)	(554,406)
Other Financing Sources (Uses):			
Insurance proceeds	62,710		62,710
Operating transfers in		369,246	369,246
Operating transfers out	(369,246)		(369,246)
Total other financing sources (uses)	(306,536)	369,246	62,710
Net change in fund balances	(564,614)	72,918	(491,696)
Fund balances, beginning of fiscal year	2,099,416	97,280	2,196,696
Fund balances, end of fiscal year	\$ 1,534,802	\$ 170,198	\$ 1,705,000

The notes to basic financial statements are an integral part of this statement.

PORT SAN LUIS HARBOR DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

Net change in fund balances - governmental funds	\$ (491,696)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay additions of \$804,789 was more than depreciation expense of \$446,074 in the period.</p>	358,715
<p>In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities.</p>	467,208
<p>In governmental funds, expenses incurred during the period but not expended to be liquidated with expendable available financial resources are not recorded. In the government-wide statements, these expenses are recorded during the period related to the liabilities that are still outstanding at year-end.</p>	5,036
<p>In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amount paid). This fiscal year, vacation earned exceeded the amounts used by \$14,927.</p>	(14,927)
<p>In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between OPEB costs and actual employer contributions was:</p>	<u>(42,811)</u>
Change in net position - governmental activities	<u><u>\$ 281,525</u></u>

The notes to basic financial statements are an integral part of this statement.

PORT SAN LUIS HARBOR DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2014

	<u>Enterprise Fund</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 1,569,550
Accounts receivable, net of allowance	54,404
Grants Receivable	36,393
Interest receivable	2,604
Prepaid expenses	1,582
Inventory	<u>75,379</u>
Total current assets	<u>1,739,912</u>
Capital Assets:	
Construction in progress	456,264
Land	598,565
Plant and facilities	4,497,110
Machinery and equipment	692,579
Less: accumulated depreciation	<u>(3,500,785)</u>
Net capital assets	<u>2,743,733</u>
Total assets	<u>4,483,645</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	53,422
Payroll and related items	15,365
Unearned revenue	60,605
Deposits	14,945
Compensated absences	<u>10,714</u>
Total current liabilities	<u>155,051</u>
Noncurrent Liabilities:	
Compensated absences	96,425
OPEB payable	<u>95,284</u>
Total noncurrent liabilities	<u>191,709</u>
Total liabilities	<u>346,760</u>
Net Position	
Net investment in capital assets	2,743,733
Unrestricted	<u>1,393,152</u>
Total net position	<u><u>\$ 4,136,885</u></u>

The notes to basic financial statements are an integral part of this statement.

PORT SAN LUIS HARBOR DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2014

	<u>Enterprise Fund</u>
Operating Revenues:	
Moorage operations	\$ 117,401
Service charges and fees	416,866
Leases, licenses, and rentals	1,218,702
Diesel sales	<u>20,551</u>
Total operating revenues	<u>1,773,520</u>
Operating Expenses:	
Salaries and wages	500,372
Payroll taxes and benefits	403,493
Contract labor	6,329
Depreciation and amortization	242,325
Maintenance and repairs	149,302
Insurance and bonding	53,432
Operating supplies	33,394
Legal	19,499
Utilities	148,819
General and administrative overhead	<u>90,711</u>
Total operating expenses	<u>1,647,676</u>
Operating income	<u>125,844</u>
Non-Operating Income (Expenses):	
Investment income and earnings	6,678
Miscellaneous income	<u>38,349</u>
Total non-operating revenues (expenses)	<u>45,027</u>
Capital Contributions:	
Grant revenue	<u>172,384</u>
Total capital contributions	<u>172,384</u>
Change in net position	<u>343,255</u>
Total net position, beginning of fiscal year	3,322,870
Prior period adjustment	<u>470,760</u>
Total net position, beginning of fiscal year restated	<u>3,793,630</u>
Total net position, end of fiscal year	<u>\$ 4,136,885</u>

The notes to basic financial statements are an integral part of this statement.

PORT SAN LUIS HARBOR DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2014

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities:	
Receipts from customers and users	\$ 1,783,792
Payments to suppliers	(543,671)
Payments to employees	(872,434)
Net cash provided by operating activities	<u>367,687</u>
Cash Flows from Capital and Related Financing Activities:	
Grant revenue received	320,728
Purchase of capital assets	(327,740)
Net cash used by capital and related financing activities	<u>(7,012)</u>
Cash Flows from Non-Capital and Related Financing Activities:	
Miscellaneous revenues	38,349
Net cash provided by non-capital and related financing activities	<u>38,349</u>
Cash Flows from Investing Activities:	
Investment income	7,024
Net cash provided by investing activities	<u>7,024</u>
Net increase in cash and cash equivalents	406,048
Cash and cash equivalents, beginning of fiscal year	<u>1,163,502</u>
Cash and cash equivalents, end of fiscal year	<u>\$ 1,569,550</u>
Reconciliation to Statement of Net Position:	
Cash and investments	<u>\$ 1,569,550</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 125,844
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization	242,325
Change in operating assets and liabilities:	
(Increase) decrease in accounts receivable	9,188
(Increase) decrease in prepaid expenses	769
(Increase) decrease in inventory	2,288
Increase (decrease) in accounts payable	(45,242)
Increase (decrease) in accrued payroll	(103)
Increase (decrease) in unearned revenue	(4,916)
Increase (decrease) in deposits	6,000
Increase (decrease) in accrued compensation	11,290
Increase (decrease) in OPEB payable	20,244
Net cash provided by operating activities	<u>\$ 367,687</u>

The notes to basic financial statements are an integral part of this statement.

NOTE 1 – REPORTING ENTITY AND 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, Measurement Focus, and Financial Statements Presentation

The accounting methods and procedures adopted by the District conform to generally accepted accounting principles as applied to governmental entities.

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole. These statements include separate columns for the governmental activities and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the District.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. 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.

Fund financial statements for the primary government are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting, Measurement Focus, and Financial Statements Presentation (Continued)

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified - accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. Revenue recognition is subject to the measurable and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent net current assets. Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the fiscal year that resources were expended, rather than as capital assets. The proceeds of long-term debt are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenditures/expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

The District reports the following major governmental funds:

The *General Fund* is the District’s primary operating fund. The General Fund is used to account 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.

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

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting, Measurement Focus, and Financial Statements Presentation (Continued)

The District reports the following major proprietary fund:

The *Enterprise Fund* is used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes.

Proprietary funds distinguish *operating* revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with proprietary funds' principal ongoing operations.

C. Budgetary Basis of Accounting

In accordance with the provisions of 6093.3 of the California Harbors and Navigation Code, the District prepares and legally adopts a final budget for each fiscal year on or before August 30. Budgeted expenditures are approved through a resolution to adopt the final budget. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded unless subsequent amendments to the budget are approved by the District's Board of Commissioners.

A preliminary budget is adopted each fiscal year. Expenditures are controlled at the budget category within the budget fund for the District. The budget category within a budget fund is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between budget categories within the same budget fund are authorized by the District Manager's office and must be approved by the Board of Commissioners. Supplementary appropriations normally financed by unanticipated revenues during the fiscal year must be approved by the Board of Commissioners. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year as approved by the Board of Commissioners.

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date required.

The District follows the practice of pooling cash and investments, which represent deposits, time certificates of deposit, and U.S. Government securities. The securities are stated at fair market value.

The District considers all cash and investments held in the Treasury and mutual funds as cash equivalents.

E. Investments

Investments are stated at fair value.

PORT SAN LUIS HARBOR DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventories

Inventories in the enterprise fund consist of fuel and mooring equipment. 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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and estimated useful life exceeding one reporting period.

Capital assets include public domain (infrastructure) capital assets consisting of certain improvements including roads, streets, sidewalks, piers, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the applicable governmental or business-type activity column in the government-wide financial statements. Depreciation is charged as an expense against operations. The estimated useful lives are as follows:

Equipment	2 to 10 years
Improvements	5 to 60 years

I. Long-term Obligations

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.

J. 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.

K. Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balances (Continued)

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

L. 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.

M. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 65, “Items Previously Reported as Assets and Liabilities.” This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the GASB Statement No. 65 did not have an impact on the District’s financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Correction - 2012.” This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”, and GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the District’s financial statements for the fiscal year ended June 30, 2014.

PORT SAN LUIS HARBOR DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 67, “Financial Reporting for Pension Plans.” This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans” and No. 50 “Pension Disclosures” as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the District’s financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 70, “Accounting and Financial Reporting for Non-exchange Financial Guarantees.” This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions.. Implementation of the GASB Statement No. 70 did not have an impact on the District’s financial statements for the fiscal year ended June 30, 2014.

NOTE 2 - CASH AND INVESTMENTS

The District pools idle cash from all funds for the purpose of increasing income through investment. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balances of each fund.

On June 30, 2014, the District had the following cash and investments:

Deposits:	
Cash on hand	\$ 930
Cash in banks	<u>187,959</u>
	<u>188,889</u>
Pooled Investment Funds:	
Cash and investments in San Luis Obispo	
County Treasury	61,977
State of California Local Agency Investment Fund (LAIF)	<u>2,853,721</u>
	<u>2,915,698</u>
Investments:	
U.S. Government Securities Fund	<u>346,285</u>
	<u>346,285</u>
Total Cash and Investments	<u>\$ 3,450,872</u>

PORT SAN LUIS HARBOR DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills, Notes, bonds	5 YR	100%	No Limit
Federal Agencies	5 YR	100%	No Limit
Federal Instrumentalities	5 YR	100%	No Limit
State and Local Agencies			
District's Own Bonds	5 YR	100%	No Limit
State Instruments	5 YR	10%	No Limit
Other Local Agency (within CA Only)	5 YR	10%	No Limit
Repurchase Agreements/Reserve repurchase agreements	1 YR	20%	No Limit
Prime Commercial Paper	270 days	15%	10%
Bankers' Acceptances	180 days	40%	30%
Collateralized Bank Deposits	5 YR	100%	No Limit
Medium-Term Notes	5 YR	30%	No Limit
Local Agency Investment Fund (LAIF)	N/A	100%	No Limit
Money Market Mutual Funds	1 YR	15%	No Limit
Negotiable Certificates of Deposit	5 YR	30%	No Limit
Mortgage Pass-Through Securities	5 YR	20%	No Limit
County Investment Pool	N/A	100%	No Limit

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. 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 to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
San Luis Obispo County Investment Pool	\$ 61,977	\$ 61,977	\$ -	\$ -	\$ -
U.S. Government Securities Fund	346,285	346,285			
LAIF	<u>2,853,721</u>	<u>2,853,721</u>			
Total	<u>\$ 3,261,983</u>	<u>\$ 3,261,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PORT SAN LUIS HARBOR DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
San Luis Obispo County Investment Pool	\$ 61,977	N/A	\$ -	\$ -	\$ -	\$ 61,977
U.S. Government Securities Fund	346,285	N/A		346,285		
LAIF	<u>2,853,721</u>	N/A				<u>2,853,721</u>
Total	<u>\$ 3,261,983</u>		<u>\$ -</u>	<u>\$ 346,285</u>	<u>\$ -</u>	<u>\$ 2,915,698</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer 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 California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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 of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in government investment pools (such as LAIF).

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

PORT SAN LUIS HARBOR DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - PROPERTY TAXES

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Tax Collections - are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.

Tax Levy Apportionments - Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California FY 90-91 Budget Act, authorized counties to collect an administrative fee for collection and is reported as an administrative expense.

Tax Levies - are limited to 1% of fair value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates - are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Property Valuations - are established by the Assessor of the County of San Luis Obispo for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of fair value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

NOTE 4 – PREPAID LAND LEASE

In June 1980, the District purchased two consecutive 99 year leasehold agreement for land in the amount of \$40,000. The District was considered the sub-lessee and the term of the first 99 year agreement began on December 25, 1968. The District previously amortized the amount of the prepaid in the amount of \$202 each fiscal year. During the 2013/14 fiscal year, the District acquired the land and fully amortized the lease.

PORT SAN LUIS HARBOR DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 – CAPITAL ASSETS

	Balance July, 1 2013	Additions	Deletions	Reclassification	Balance June 30, 2014
Governmental Activities					
Nondepreciable capital assets:					
Land	\$ 565,230	\$ -	\$ -	\$ -	\$ 565,230
Construction in progress	599,413	591,064		(183,490)	1,006,987
Total nondepreciable capital assets	1,164,643	591,064		(183,490)	1,572,217
Depreciable capital assets:					
Buildings and improvements	10,934,388	58,373	62,578	183,490	11,113,673
Equipment	1,242,253	155,352	148,440		1,249,165
Total depreciable capital assets	12,176,641	213,725	211,018	183,490	12,362,838
Less accumulated depreciation	7,145,017	446,074	211,018		7,380,073
Net depreciable capital assets	5,031,624	(232,349)		183,490	4,982,765
Net capital assets	\$ 6,196,267	\$ 358,715	\$ -	\$ -	\$ 6,554,982

	Balance July, 1 2013	Additions	Deletions	Reclassification	Prior Period Adjustment	Balance June 30, 2014
Business-Type Activities						
Nondepreciable capital assets:						
Land	\$ 565,231	\$ 33,334	\$ -	\$ -	\$ -	\$ 598,565
Construction in progress	251,314	207,367		(2,417)		456,264
Total nondepreciable capital assets	816,545	240,701		(2,417)		1,054,829
Depreciable capital assets:						
Plant and facilities	4,564,963	32,712	102,980	2,417		4,497,112
Machinery and equipment	737,352	54,327	99,101			692,578
Total depreciable capital assets	5,302,315	87,039	202,081	2,417		5,189,690
Less accumulated depreciation	3,964,637	208,990	202,081		(470,760)	3,500,786
Net depreciable capital assets	1,337,678	(121,951)	-	2,417	470,760	1,688,904
Net capital assets	\$ 2,154,223	\$ 118,750	\$ -	\$ -	470,760	\$ 2,743,733

Depreciation expense was charged as follows:

Governmental Activities	\$ 446,074
Business-type Activities	208,990
	<u>\$ 655,064</u>

PORT SAN LUIS HARBOR DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 6 – LONG-TERM DEBT

Changes in long-term liabilities

The following is a summary of long-term liabilities activity for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Governmental activities:					
OPEB payable	\$ 166,224	\$ 51,781	\$ 8,970	\$ 209,035	\$ -
Note payable	1,116,378		464,911	651,467	
Capital lease payable	10,015		2,297	7,718	2,487
Compensated absences	207,083	57,846	42,919	222,010	22,201
	<u>\$ 1,499,700</u>	<u>\$ 109,627</u>	<u>\$ 519,097</u>	<u>\$ 1,090,230</u>	<u>\$ 24,688</u>
Business-type activities:					
OPEB payable	\$ 75,040	\$ 24,485	\$ 4,241	\$ 95,284	\$ -
Compensated absences	95,849	28,577	17,287	107,139	10,714
	<u>\$ 170,889</u>	<u>\$ 53,062</u>	<u>\$ 21,528</u>	<u>\$ 202,423</u>	<u>\$ 10,714</u>

A. Compensated Absences

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.

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

B. Tax and Revenue Anticipation Note

On January 22, 2013, the District entered into a Note Purchase Contract with San Luis Obispo County Treasurer in an amount not to exceed \$1,200,000. The Note is in the form of a Tax Revenue Anticipation Note (TRAN) which pledges property tax revenues for payment of principal and interest on the Note. The principal amount borrowed of \$1,116,378 was used to pay-down side fund retirement liabilities with CalPERS (refer to Note 10). The Note's annual interest rate is 2.60% versus the side fund retirement liability interest rate of 7.5% previously paid by the District to CalPERS. Interest payments were due annually on January 31 and the principal payment was due on January 30, 2018. On October 1, 2013 and January 31, 2014 the District prepaid a portion of the principal due respectively. The updated payment schedule is as follows:

Fiscal Year Ending June 30	Principal	Interest
2015	\$ -	\$ 17,052
2016		17,052
2017		17,052
2018	651,467	10,044
	<u>\$ 651,467</u>	<u>\$ 61,200</u>

PORT SAN LUIS HARBOR DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 7 – CAPITAL LEASE PAYABLE

On March 6, 2012, the District entered into a capital lease agreement with Avaya Financial Services for a new phone system. The lease carries an interest rate of 7.99% with 60 monthly payments of \$251.18. Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Amount
2015	3,014
2016	3,014
2017	<u>2,635</u>
Total minimum lease payments	8,663
Less amount representing interest	<u>(945)</u>
Present value on net minimum lease payments	<u><u>\$ 7,718</u></u>

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District provides a defined benefit healthcare plan (the “Retiree Health Plan”). The Retiree Health Plan provides lifetime healthcare insurance for eligible retirees through the CalPERS Health Benefit Program, which covers both active and retired members. Spouses are also covered throughout his or her life. The District only pays up to the required minimum employer premium contribution calculated using the unequal contribution method. Under this method, the District’s contribution for retiree is calculated by the number of years the District has participated in CalPERS, multiplied by at least five percent (5%), and multiplied by the current employer contribution toward active employees, which is adjusted based on the medical care portion of the Consumer Price Index. Benefit provisions are established by the Board of Commissioners.

Funding Policy

The District’s Board of Commissioners will not be funding the plan in the current fiscal year. The Board will review the funding requirements and policy annually. However, the Board of Commissioners assigned \$41,400 of the general fund balance for future OPEB liabilities.

Annual OPEB Cost and Net OPEB Obligation

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the remaining period of 30 years. The following table shows the components of the District’s annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in its net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 73,591
Interest on net OPEB obligation	9,651
Adjustment to annual required contribution	<u>(6,976)</u>
Annual OPEB cost (expense)	76,266
Contributions made	<u>13,211</u>
Increase in net OPEB obligation	63,055
Net OPEB obligation - beginning of fiscal year	<u>241,264</u>
Net OPEB obligation - end of fiscal year	<u><u>\$ 304,319</u></u>

PORT SAN LUIS HARBOR DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the current fiscal year is as follows:

Fiscal Year Ended	OPEB Cost	Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 64,013	7%	\$ 128,827
June 30, 2012	\$ 63,991	9%	\$ 187,099
June 30, 2013	\$ 63,970	15%	\$ 241,264
June 30, 2014	\$ 76,266	17%	\$ 304,319

Funding Status and Funding Progress

As of July 1, 2013, the actuarial accrued liability (AAL) for benefits was \$821,325, all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amount determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress present multiyear trend information about whether the actuarial value of the Plan’s assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

NOTE 9 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2013-2014 fiscal year, are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ -	\$ 369,246
Capital Projects Fund	<u>369,246</u>	<u> </u>
Totals	<u>\$ 369,246</u>	<u>\$ 369,246</u>

PORT SAN LUIS HARBOR DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 10 - DISTRICT EMPLOYEES' RETIREMENT PLAN/DEFINED BENEFIT PENSION PLAN (FULL TIME EMPLOYEES)

Plan Description

Port San Luis Harbor District (District) contributes to the California Public Employees Retirement System (CalPERS) in a cost sharing multiple-employer defined benefit pension plan administered by CalPERS. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California and provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A menu of benefit provisions and other requirements are established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District ordinance.

CalPERS issues a separate comprehensive annual financial report which is available to the public on the web-site at www.calpers.ca.gov. Copies of the CalPERS' annual financial report may be obtained by contacting the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

On September 12, 2012, the State of California adopted assembly bill 340 "Public Employees' Pension Reform Act of 2013". The changes to Public Employee's Retirement Law include a definition of types of memberships- a new plan member versus a classic plan member. A new plan member is defined as a member that was brought into CalPERS membership on or after January 1, 2013 whereas a classic plan member was brought into CalPERS membership before January 1, 2013. There are special rules if an employee has a break in service or the employee was in a reciprocal retirement plan. Beginning with the passage of this law CalPERS has the sole authority to establish or amend the obligation of the employer, employees, or others that are required to contribute to the plans.

CalPERS administers different risk pools and the District contributes to these risk pools at varying rates. District Employees are assigned to the different risk pools based on date of hire, whether the employee is a classic member or new member, and whether the employee is a safety member or miscellaneous member. As of June 30, 2014 the District is eligible to contribute to five risk pools including:

- 1) 3% at 50 Safety Police Plan- for safety members hired prior to December 23, 2012. The members in this plan are required to contribute 9% of eligible pay as required by CalPERS. A contract was negotiated with the applicable bargaining unit that requires the District to contribute 1% of the 9% on behalf of the member. In addition, the District's contribution rate for normal cost was 17.802% and for payment on an amortization bases was 7.366% for a total contribution rate of 25.168%.
- 2) 2% at 50 Safety Police Plan- for safety members hired on or after December 23, 2012 and are considered classic plan members (i.e. previously employed by an agency that participated in CalPERS retirement or a reciprocal retirement plan). As of June 30, 2014 there are no members in this plan.
- 3) 2.7% at 57 Safety Police Plan- for safety members hired on or after December 23, 2012 and are considered new plan members. As of June 30, 2014 there are no members in this plan.
- 4) 2.7% at 55 Miscellaneous Plan- for non-safety members hired before January 1, 2013 or are classic members. The members in this plan are required to contribute 8% of eligible pay as required by CalPERS. The District's contribution rate for normal cost was 10.222% plus payment on an amortization bases was 4.842% for a total contribution rate of 15.064%.
- 5) 2% at 62 Miscellaneous Plan for non-safety employees hired on or after January 1, 2013 and are new plan members. CalPERS requires members of this plan to contribute 6.25% and the District to contribute 6.25%.

For calendar year beginning January 1, 2013, the maximum amount that contribution rates may be applied to is \$255,000 for classic members and \$136,440 for new members. New member contribution rates must be 50% of the total normal cost rate of the risk pool up to 8% for non-safety employees and 12% for safety employees.

In February of 2013, the District submitted lump sum payments of \$217,396 to the 3% at 50 Safety Police Plan and \$898,982 to the 2.7% at 55 Miscellaneous Plan to pay off side fund liabilities. These liabilities were created when the District entered into a contract with CalPERS to increase the benefits of the defined benefit plan in 2008 and 2003 respectively.

The District's required and actual contributions to CalPERS for the fiscal year ending June 30, 2014, 2013, and 2012 was \$242,206, \$352,883 (not including pay off of side funds), and \$410,139 respectively.

PORT SAN LUIS HARBOR DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 10 - DISTRICT EMPLOYEES' RETIREMENT PLAN/DEFINED BENEFIT PENSION PLAN (FULL TIME EMPLOYEES) (continued)

The required contribution for classic member risk pools was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20% depending on age, service and type of employment, (c) 2.75% cost-of-living adjustment, and (d) 3.00% payroll growth. The actuarial value of plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen year period.

The unfunded actuarial accrued liability is being amortized as a percentage of projected payroll. For classic members the remaining amortization period at June 30, 2011 was twenty years for non-safety members and twenty-one years for safety members.

NOTE 11 – NET POSITION

The government-wide activity and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

NOTE 13 – RISK MANAGEMENT

Consistent with the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the District's risk management activities are managed in the District's purchased insurance policies.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

During a previous fiscal year, an asset that was transferred from the enterprise fund to the general fund continued to be depreciated in the enterprise fund. This led to an over statement of depreciation in the enterprise fund of \$470,760. A prior period adjustment was made to decrease accumulated depreciation in the enterprise fund by \$470,760.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available for issuance which is November 5, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

PORT SAN LUIS HARBOR DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes and assessments	\$ 2,734,800	\$ 2,734,800	\$ 2,832,841	\$ 98,041
Grant income			96,575	96,575
Use of money and property	14,400	14,400	12,049	(2,351)
Total revenues	2,749,200	2,749,200	2,941,465	192,265
Expenditures:				
Salaries and wages	1,139,029	1,164,029	1,180,528	(16,499)
Employee benefits	582,868	406,068	419,189	(13,121)
Contract services	91,767	91,767	105,185	(13,418)
Supplies	76,888	76,888	69,404	7,484
Maintenance	156,234	154,234	277,168	(122,934)
Utilities	218,291	223,291	236,366	(13,075)
General and administrative	364,093	324,208	418,689	(94,481)
Debt service	183,100	493,100	493,014	86
Total expenditures	2,812,270	2,933,585	3,199,543	(265,958)
Excess of revenues over (under) expenditures	(63,070)	(184,385)	(258,078)	(73,693)
Other Financing Sources (Uses):				
Insurance proceeds		35,000	62,710	62,710
Operating transfers out	(295,650)	(295,810)	(369,246)	(369,246)
Total other financing sources (uses)	(295,650)	(260,810)	(306,536)	(45,726)
Net change in fund balance	(358,720)	(445,195)	(564,614)	(119,419)
Fund balance, beginning of fiscal year	2,099,416	2,099,416	2,099,416	
Fund balance, end of fiscal year	\$ 1,740,696	\$ 1,654,221	\$ 1,534,802	\$ (119,419)

PORT SAN LUIS HARBOR DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS
For the Fiscal Year Ended June 30, 2014

The following table provides required supplementary information regarding the District's postemployment healthcare benefits.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Liability (AAL) Entry Age (a)	Actuarial Value of Assets (b)	Unfunded Liability (UAAL) (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a % of payroll ([a-b]/c)
7/1/2009	\$ 564,431	\$ -	\$ 564,431	0%	\$ 1,342,761	42.0%
7/1/2010	\$ 493,493	\$ -	\$ 493,493	0%	\$ 1,349,423	36.6%
7/1/2013	\$ 821,325	\$ -	\$ 821,325	0%	\$ 1,520,000	54.0%

OTHER SUPPLEMENTARY INFORMATION

PORT SAN LUIS HARBOR DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Moorage operations	\$ 122,100	\$ 122,100	\$ 117,401	\$ (4,699)
Service charges and fees	326,700	371,700	416,866	45,166
Leases, licenses, and rentals	1,090,300	1,090,300	1,218,702	128,402
Diesel sales	19,500	19,500	20,551	1,051
Total revenues	1,558,600	1,603,600	1,773,520	169,920
Expenses:				
Salaries and wages	482,771	509,871	500,372	9,499
Payroll taxes and benefits	257,232	257,232	403,493	(146,261)
Contract labor	3,833	3,800	6,329	(2,529)
Depreciation and amortization			242,325	(242,325)
Operating supplies	25,012	30,012	33,394	(3,382)
Maintenance	93,466	111,466	109,166	2,300
Utilities	150,809	155,809	148,819	6,990
General and administrative	202,907	174,807	163,642	11,165
Major maintenance & capital projects	261,250	297,250	40,136	257,114
Total expenses	1,477,280	1,540,247	1,647,676	(107,429)
Operating income (loss)	81,320	63,353	125,844	62,491
Non-Operating Income (Expenses):				
Interest income	3,600	3,600	6,678	3,078
Miscellaneous income	3,500	21,500	38,349	16,849
Total non-operating revenues (expenses)	7,100	25,100	45,027	19,927
Capital Contributions:				
Grant revenue			172,384	172,384
Total grant revenue			172,384	172,384
Change in net position	88,420	88,453	343,255	254,802
Net position, beginning of fiscal year	3,322,870	3,322,870	3,322,870	
Prior period adjustment			470,760	470,760
Net position, beginning of fiscal year, restated	3,322,870	3,322,870	3,793,630	470,760
Net position, end of fiscal year	\$ 3,411,290	\$ 3,411,323	\$ 4,136,885	\$ 725,562

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in capital assets	\$ 3,053,869	\$ 2,902,171	\$ 3,018,402	\$ 4,149,297	\$ 5,157,728	\$ 5,406,485	\$ 5,294,829	\$ 5,693,366	\$ 6,196,267	\$ 6,554,982
Restricted	99,221	-	-	-	-	-	175,362	89,104	97,280	170,198
Unrestricted	1,403,334	1,246,771	1,457,320	1,890,931	1,736,671	1,806,418	1,665,840	1,600,934	587,622	437,514
Total governmental activities net position	<u>\$ 4,556,424</u>	<u>\$ 4,148,942</u>	<u>\$ 4,475,722</u>	<u>\$ 6,040,228</u>	<u>\$ 6,894,399</u>	<u>\$ 7,212,903</u>	<u>\$ 7,136,031</u>	<u>\$ 7,383,404</u>	<u>\$ 6,881,169</u>	<u>\$ 7,162,694</u>
Business-Type Activities										
Net investment in capital assets	\$ 2,377,140	\$ 2,258,306	\$ 2,222,025	\$ 2,171,853	\$ 2,266,272	\$ 2,202,998	\$ 2,174,871	\$ 2,139,198	\$ 2,154,223	\$ 2,743,733
Restricted	248,762	-	-	-	-	-	-	-	-	-
Unrestricted	331,379	628,266	614,198	594,158	555,203	630,049	687,703	837,328	1,168,647	1,393,152
Total business-type activities net position	<u>\$ 2,957,281</u>	<u>\$ 2,886,572</u>	<u>\$ 2,836,223</u>	<u>\$ 2,766,011</u>	<u>\$ 2,821,475</u>	<u>\$ 2,833,047</u>	<u>\$ 2,862,574</u>	<u>\$ 2,976,526</u>	<u>\$ 3,322,870</u>	<u>\$ 4,136,885</u>
Port San Luis Harbor District										
Net investment in capital assets	\$ 5,431,009	\$ 5,160,477	\$ 5,240,427	\$ 6,321,150	\$ 7,424,000	\$ 7,609,483	\$ 7,469,700	\$ 7,832,564	\$ 8,350,490	\$ 9,298,715
Restricted	347,983	-	-	-	-	-	175,362	89,104	97,280	170,198
Unrestricted	1,734,713	1,875,037	2,071,518	2,485,089	2,291,874	2,436,467	2,353,543	2,438,262	1,756,269	1,830,666
Total Port San Luis Harbor District net position	<u>\$ 7,513,705</u>	<u>\$ 7,035,514</u>	<u>\$ 7,311,945</u>	<u>\$ 8,806,239</u>	<u>\$ 9,715,874</u>	<u>\$ 10,045,950</u>	<u>\$ 9,998,605</u>	<u>\$ 10,359,930</u>	<u>\$ 10,204,039</u>	<u>\$ 11,299,579</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
Administration	\$ 940,746	\$ 984,880	\$ 1,042,015	\$ 1,190,013	\$ 1,224,844	\$ 1,248,513	\$ 1,295,334	\$ 1,290,041	\$ 1,343,232	\$ 1,098,715
Operations	48,300	50,550	62,461	51,448	48,364	68,959	102,894	96,904	202,378	219,691
Maintenance	655,696	779,239	818,863	762,503	857,447	1,121,389	1,095,883	1,079,954	1,075,958	1,095,533
Safety and Services	654,991	712,945	661,261	712,853	730,883	798,720	713,753	801,061	787,480	800,251
Total governmental activities expenses	2,299,733	2,527,614	2,584,600	2,716,817	2,861,538	3,237,581	3,207,864	3,267,960	3,409,048	3,214,190
Business-Type Activities:										
Administration	\$ 606,890	\$ 652,876	\$ 671,880	\$ 741,382	\$ 660,578	\$ 688,884	\$ 759,817	\$ 745,510	\$ 787,919	\$ 904,244
Operations	360,087	471,186	452,765	409,105	442,503	490,227	538,150	631,076	362,629	345,664
Maintenance	214,257	241,178	279,765	269,226	288,041	361,969	350,548	373,989	408,004	385,272
Safety and Services	1,613	2,236	1,881	2,426	2,596	4,268	7,650	6,954	7,711	12,496
Total business-type activities expenses	1,182,847	1,367,476	1,406,291	1,422,139	1,393,718	1,545,348	1,656,165	1,757,529	1,566,263	1,647,676
Total Harbor District expenses	\$ 3,482,580	\$ 3,895,090	\$ 3,990,891	\$ 4,138,956	\$ 4,255,256	\$ 4,782,929	\$ 4,864,029	\$ 5,025,489	\$ 4,975,311	\$ 4,861,866
Program Revenues										
Governmental Activities:										
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Contributions and Grants	-	-	-	-	-	11,415	47,886	35,425	138,851	140,825
Capital Contributions and Grants	141,317	27,191	233,889	1,401,478	847,632	737,235	311,872	749,141	920,449	510,000
Total governmental activities program revenues	141,317	27,191	233,889	1,401,478	847,632	748,650	359,758	784,566	1,059,300	650,825
Business-Type Activities:										
Charges for Services										
Administration	1,948	2,519	5,571	4,316	3,753	6,602	22,202	9,611	49,757	23,519
Operations	958,344	1,083,561	1,066,081	1,083,811	1,125,852	1,232,462	1,322,398	1,474,900	1,293,374	1,361,880
Maintenance	81,789	104,174	108,561	114,242	137,501	179,056	200,133	268,849	330,828	351,479
Safety and Services	47,668	46,754	15,637	23,452	9,193	23,328	31,573	20,819	34,472	36,642
Operating Contributions and Grants	-	12,300	8,525	-	-	192	-	-	-	-
Capital Contributions and Grants	51,474	57,840	42,301	97,268	147,743	97,596	101,236	89,410	215,505	172,384
Total business-type activities program revenues	1,141,223	1,307,148	1,246,676	1,323,089	1,424,042	1,539,236	1,677,542	1,863,589	1,923,936	1,945,904
Total Harbor District program revenues	\$ 1,282,540	\$ 1,334,339	\$ 1,480,565	\$ 2,724,567	\$ 2,271,674	\$ 2,287,886	\$ 2,037,300	\$ 2,648,155	\$ 2,983,236	\$ 2,596,729
Net revenue/(expense)										
Governmental Activities	\$ (2,158,416)	\$ (2,500,423)	\$ (2,350,711)	\$ (1,315,339)	\$ (2,013,906)	\$ (2,488,931)	\$ (2,848,106)	\$ (2,483,394)	\$ (2,349,748)	\$ (2,563,365)
Business-Type Activities	(41,624)	(60,328)	(159,615)	(99,050)	30,324	(6,112)	21,377	106,060	357,673	298,228
Total Harbor District net revenue/(expense)	\$ (2,200,040)	\$ (2,560,751)	\$ (2,510,326)	\$ (1,414,389)	\$ (1,983,582)	\$ (2,495,043)	\$ (2,826,729)	\$ (2,377,334)	\$ (1,992,075)	\$ (2,265,137)

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes and Assessments	\$ 1,787,592	\$ 2,020,643	\$ 2,564,403	\$ 2,682,631	\$ 2,821,329	\$ 2,780,238	\$ 2,748,461	\$ 2,712,469	\$ 2,854,582	\$ 2,832,841
Investment Income and Earnings	49,661	72,298	92,033	96,390	46,748	27,197	22,773	18,298	14,319	12,049
Miscellaneous	1,011	-	-	100,824	-	-	-	-	94,990	-
Transfers	-	-	21,055	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-	-	(1,116,378)	-
Total governmental activities general revenues	1,838,264	2,092,941	2,677,491	2,879,845	2,868,077	2,807,435	2,771,234	2,730,767	1,847,513	2,844,890
Business-Type Activities:										
Investment Income and Earnings	(54,402)	(14,963)	8,516	26,212	20,951	17,620	5,257	7,721	(14,277)	6,678
Miscellaneous	1,139	4,582	121,805	2,626	4,189	64	2,893	171	2,948	38,349
Transfers	-	-	(21,055)	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-	-	-	470,760
Total business-type activities general revenues	(53,263)	(10,381)	109,266	28,838	25,140	17,684	8,150	7,892	(11,329)	515,787
Total Harbor District general revenues	\$ 1,785,001	\$ 2,082,560	\$ 2,786,757	\$ 2,908,683	\$ 2,893,217	\$ 2,825,119	\$ 2,779,384	\$ 2,738,659	\$ 1,836,184	\$ 3,360,677
Change in Net Position										
Governmental Activities	\$ (320,152)	\$ (407,482)	\$ 326,780	\$ 1,564,506	\$ 854,171	\$ 318,504	\$ (76,872)	\$ 247,373	\$ (502,235)	\$ 281,525
Business-Type Activities	(94,887)	(70,709)	(50,349)	(70,212)	55,464	11,572	29,527	113,952	346,344	814,015
Total Harbor District change in net position	\$ (415,039)	\$ (478,191)	\$ 276,431	\$ 1,494,294	\$ 909,635	\$ 330,076	\$ (47,345)	\$ 361,325	\$ (155,891)	\$ 1,095,540

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,514	\$ 175	\$ -	\$ -	
Restricted	-	-	-	-	-	-	-	-	-	
Committed	-	-	-	-	-	-	-	-	-	
Assigned	99,221	100,471	133,627	-	-	307,709	344,772	303,292	678,977	453,602
Unassigned	<u>1,578,080</u>	<u>1,356,814</u>	<u>1,448,782</u>	<u>1,707,106</u>	<u>1,841,515</u>	<u>1,627,595</u>	<u>1,603,151</u>	<u>1,618,439</u>	<u>1,420,439</u>	<u>1,081,200</u>
Total general fund	<u>\$ 1,677,301</u>	<u>\$ 1,457,285</u>	<u>\$ 1,582,409</u>	<u>\$ 1,707,106</u>	<u>\$ 1,841,515</u>	<u>\$ 2,008,818</u>	<u>\$ 1,948,098</u>	<u>\$ 1,921,731</u>	<u>\$ 2,099,416</u>	<u>\$ 1,534,802</u>
Capital Projects Fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	175,362	89,104	97,280	\$ 170,198
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	5,339	60,179	351,014	88,766	34,686	-	-	-	-
Unassigned	<u>(28,239)</u>	<u>-</u>								
Total capital projects fund	<u>\$ (28,239)</u>	<u>\$ 5,339</u>	<u>\$ 60,179</u>	<u>\$ 351,014</u>	<u>\$ 88,766</u>	<u>\$ 34,686</u>	<u>\$ 175,362</u>	<u>\$ 89,104</u>	<u>\$ 97,280</u>	<u>\$ 170,198</u>

*The terminology for fund balances has changed over the last ten years. For fiscal years 2005-2010, "Assigned" fund balances refer to those that were previously titled "Reserved" or "Designated" while "Unassigned" refer to those that were "Unreserved" or "Undesignated." "Non-spendable" fund balances refer to those that were previously titled "Reserved."

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property Taxes and Assessments	\$ 1,787,592	\$ 2,020,643	\$ 2,564,403	\$ 2,682,631	\$ 2,821,329	\$ 2,780,238	\$ 2,748,461	\$ 2,712,469	\$ 2,854,582	\$ 2,832,841
Grant Income	141,317	27,191	233,889	1,401,478	847,632	748,650	359,758	784,566	434,300	588,115
Use of Money and Property	49,846	72,298	92,033	96,390	46,748	27,197	22,773	18,298	14,319	12,049
Miscellaneous	1,011	-	-	101,353	-	-	-	-	-	-
Total revenues	1,979,766	2,120,132	2,890,325	4,281,852	3,715,709	3,556,085	3,130,992	3,515,333	3,303,201	3,433,005
Expenditures										
Salaries and Wages	877,372	889,628	850,802	956,660	959,053	1,086,989	1,073,617	1,156,037	1,105,657	1,180,528
Employee Benefits	432,551	491,159	464,797	485,265	544,311	613,238	650,436	707,099	1,786,921	419,189
Contract Services	76,078	68,772	133,516	107,185	87,615	95,243	97,022	88,547	103,441	105,185
Supplies	65,201	78,001	84,084	64,087	69,750	63,323	59,955	66,191	68,230	69,404
Maintenance	73,580	86,279	148,357	124,084	99,632	263,432	169,298	188,535	308,975	277,168
Capital Outlay	289,266	168,693	439,106	1,571,998	1,416,721	697,473	360,834	868,662	333,505	787,868
Utilities	145,765	169,624	200,223	197,013	251,367	218,073	228,957	229,874	235,189	236,366
General and Administrative	341,857	396,235	410,531	360,028	415,099	405,091	410,917	336,302	386,790	418,689
Debt Service	-	-	-	-	-	-	-	-	-	493,014
Total expenditures	2,301,670	2,348,391	2,731,416	3,866,320	3,843,548	3,442,862	3,051,036	3,641,247	4,328,708	3,987,411
Excess of revenues over (under) expenditures	(321,904)	(228,259)	158,909	415,532	(127,839)	113,223	79,956	(125,914)	(1,025,507)	(554,406)
Other Financing Sources (Uses)										
Proceeds from Capital Lease	-	-	-	-	-	-	-	13,289	-	-
Proceeds from Note	-	-	-	-	-	-	-	-	1,116,378	-
Proceeds from Insurance	-	-	-	-	-	-	-	-	94,990	62,710
Operating Transfers In	-	-	278,333	-	-	-	-	-	-	-
Operating Transfers Out	-	-	(257,278)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	21,055	-	-	-	-	13,289	1,211,368	62,710
Prior period adjustment	-	41,821	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (321,904)	\$ (186,438)	\$ 179,964	\$ 415,532	\$ (127,839)	\$ 113,223	\$ 79,956	\$ (112,625)	\$ 185,861	\$ (491,696)

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Secured	\$ 12,459,606	\$ 13,756,975	\$ 15,526,497	\$ 16,936,067	\$ 17,865,279	\$ 17,937,062	\$ 17,842,918	\$ 17,538,473	\$ 17,629,489	\$ 18,135,640
Unsecured	423,601	446,187	469,943	486,299	517,160	503,223	482,663	465,187	484,382	509,324
Exemptions	(141,958)	(142,213)	(141,814)	(142,703)	(143,448)	(143,148)	(143,048)	(143,013)	(142,200)	(141,081)
Net Assessed Valuations	\$ 12,741,249	\$ 14,060,949	\$ 15,854,626	\$ 17,279,663	\$ 18,238,991	\$ 18,297,137	\$ 18,182,533	\$ 17,860,647	\$ 17,971,671	\$ 18,503,883
Percentage Increase from Prior Year	9.3%	10.4%	12.8%	9.0%	5.6%	0.3%	-0.6%	-1.8%	0.6%	3.0%
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	0.00223	0.00222	0.00221	0.00220	0.00220	0.00220	0.00290	0.00300	0.00400	0.00400
Total Direct Rate	1.00223	1.00222	1.00221	1.00220	1.00220	1.00220	1.00290	1.00300	1.00400	1.00400
Property Tax Revenue	\$ 1,788	\$ 2,021	\$ 2,564	\$ 2,683	\$ 2,821	\$ 2,780	\$ 2,748	\$ 2,712	\$ 2,855	\$ 2,833
District Tax Rate	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%

Source: County of San Luis Obispo Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2012, County Property Tax Booklet "2013-14 Tax Rate Information and Assessed Valuations"

*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, 2012)

**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*
Principal Property Taxpayers
Current Year and Ten Years Ago (in Thousands)

Taxpayer	Industry	Fiscal Year 2014			Fiscal Year 2005		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	\$ 2,565,300	1	5.96%	\$ 2,168,919	1	7.28%
Beringer Wine Estate Co.	Winery	95,337	2	0.22%	65,500	5	0.22%
Plains Exploration & Production	Petroleum & Gas	82,999	3	0.19%	-	-	-
Mustang-UCAL LLC	Apartments	78,423	4	0.18%	-	-	-
Pacific Bell Telephone Co.	Telephone	72,603	5	0.17%	72,519	4	0.24%
E&J Gallo Winery	Winery	63,115	6	0.15%	-	-	-
Martin Hotel Management Co. LLC	Hotel	61,484	7	0.14%	-	-	-
SoCal Gas Company	Utility	60,148	8	0.14%	48,983	7	0.16%
Pasquini Charles Jr. Tre Etal	Private	56,778	9	0.13%	-	-	-
Twin Cities Community Hospital Inc.	Hospital	54,445	10	0.13%	-	-	-
Tosco Corp.	Oil & Construction	-	-	-	174,001	2	0.58%
Duke Energy Morro Bay LLC	Utility	-	-	-	130,715	3	0.44%
UHS-Corona Inc.	Health Care	-	-	-	55,470	6	0.19%
Sierra Vista Hospital Inc.	Health Care	-	-	-	45,941	8	0.15%
Charter Communications Properties LLC	Utility	-	-	-	40,246	9	0.14%
ESI Centers LLC	Real Estate	-	-	-	32,432	10	0.11%
		<u>\$ 3,190,632</u>		<u>7.41%</u>	<u>\$ 2,834,726</u>		<u>9.51%</u>
Total County Assessed Value		\$ 43,059,945			\$ 29,807,844		

Source: County Property Tax Information Booklet "2013-14 Property Tax Perspective", San Luis Obispo County 2004-05 Comprehensive Annual Financial Report

*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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,926	\$ 10,015	\$ 7,718
Note Payable	-	-	-	-	-	-	-	-	1,116,378	651,467
Total governmental activities debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,926</u>	<u>\$ 1,126,393</u>	<u>\$ 659,185</u>
Business-Type Activities										
Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable	60,868	31,102	-	-	-	-	-	-	-	-
Total business-type activities debt	<u>\$ 60,868</u>	<u>\$ 31,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Port San Luis Harbor District										
Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,926	\$ 10,015	\$ 7,718
Note Payable	60,868	31,102	-	-	-	-	-	-	1,116,378	651,467
Total Port San Luis Harbor District ndebt	<u>\$ 60,868</u>	<u>\$ 31,102</u>	<u>\$ -</u>	<u>\$ 12,926</u>	<u>\$ 1,126,393</u>	<u>\$ 659,185</u>				

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 1,911,187	\$ 2,109,142	\$ 2,378,194	\$ 2,591,949	\$ 2,735,849	\$ 2,744,571	\$ 2,727,380	\$ 2,679,097	\$ 2,695,751	\$ 2,775,582
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 1,911,187</u>	<u>\$ 2,109,142</u>	<u>\$ 2,378,194</u>	<u>\$ 2,591,949</u>	<u>\$ 2,735,849</u>	<u>\$ 2,744,571</u>	<u>\$ 2,727,380</u>	<u>\$ 2,679,097</u>	<u>\$ 2,695,751</u>	<u>\$ 2,775,582</u>
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%	0.00%	0.00%

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**

<u>Calendar Year</u>	<u>Population (1,2)</u>	<u>Personal Income (in thousands) (2, 3)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (2)</u>
2004	260,456	\$ 8,334,258	\$ 32,524	4.6%
2005	262,928	8,727,001	33,855	4.3%
2006	264,936	9,488,605	36,544	3.9%
2007	267,252	9,977,057	38,114	4.3%
2008	270,289	10,709,753	41,094	5.7%
2009	271,821	10,237,494	40,103	9.0%
2010	269,713	10,532,649	38,994	10.0%
2011	270,119	10,966,438	40,322	9.5%
2012	271,021	N/A	N/A	8.0%
2013	272,357	N/A	N/A	6.7%

Sources:

1. California Department of Finance
2. Employment Development Department
3. San Luis Obispo County Annual Financial Report

*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
 Full-time Equivalent Government Employees by Function
 Last Ten Fiscal Years

Function	Full-Time Equivalent Employees as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration	5.60	5.60	6.60	5.60	6.60	6.60	5.60	6.60	6.75	6.75
Public Safety	6	6	5	5	6	5	5	6	5	4
Maintenance	12	13	12	12	11	13	13	13	11	12
Total	24	25	24	23	24	25	24	26	23	23

**Port San Luis Harbor District
Operating Indicators by Function
2014**

Function	Fiscal Year	
	2013	2014
Administration		
Recruitments	3	3
Claims filed against District	6	1
Lien sales	4	2
Prior patrons on no services list (as of June 30th)	16	23
RFP's released	4	5
Public Safety		
Agency to agency assistance	223	188
Tows	Not Avail.	35
Bay rescues	Not Avail.	112
Water taxi passengers	Not Avail.	3,506
Wildlife rescues	117	75
Maintenance		
Commercial Fishermen	24	24
Dredge hours	655	467
Invitation for bids released	6	7
Major maintenance and capital projects completed	20	26
Amount of major maintenance and capital projects completed	\$ 838,035	\$ 1,379,542
Revenue producing activities		
Avila parking lot spaces	62,716	69,923
RV camping nights	12,058	13,744
Parking citations	473	709
Coastal Gateway room rentals	5	8
Special event permits	60	47
Leases (as of June 30th)	10	10
Licenses (as of June 30th)	11	11
Mooring patrons (as of June 30th)	164	154
Skiff storage patrons	51	50
Boat storage patrons	35	34
Gear storage patrons	12	13
Boats fueled	199	215
Grants received	6	6
Amount of grants received	\$ 784,126	\$ 492,016

