

Board of Harbor Commissioners

Crescent City Harbor District

19 September 2023

Regular Harbor Commission Meeting



Regular Meeting

Board of Harbor Commissioners of the Crescent City Harbor District

Wes White, President Harry Adams, Secretary
Rick Shepherd, Commissioner; Brian Stone, Commissioner; Gerhard Weber, Commissioner

AGENDA

Date: **Tuesday, September 19 2023**

Time: **Open Session 2:00 p.m., Closed Session follows**

Place: **101 Citizens Dock, Crescent City, CA, and via Zoom Webinar,**

VIRTUAL MEETING OPTIONS

TO WATCH (via online)

<https://us02web.zoom.us/j/6127377734>

TO LISTEN (via telephone)

Dial (669) 900-6833, please enter 612 737 7734# (meeting ID)
or, one tap mobile: +16699006833,,6127377734#

Call to Order

Roll Call

Pledge of Allegiance

Public Comment

This portion of the Agenda allows the public to comment to the Board on any issue not itemized on this Agenda, however, the Board may not take action or engage in discussion on any item that does not appear on the Agenda. Periods when public comments are allowed, Harbor Commissioners will allow attendees to submit questions and/or comments using the Zoom in-meeting chat function. The Harbor Commission asks that members of the public keep questions and comments succinct and relevant.

Regular Session

1. Comptroller's Report, Review Balances

2. New Business

- a. Review and Vote to Approve FY21-22 Audit**
- b. Review Pre-Publication Fee Schedule**

3. Unfinished Business

- a. Grants Update**
- b. South Beach Bathroom Project Update**
- c. Citizens' Dock Planning Update**
- d. Master Plan Grant Update**

4. Communications and Reports

- a. CEO/Harbormaster Report**
- b. Ad Hoc Committee Reports (as needed)**
- c. Harbor Commissioner Reports**

5. Closed Session

a. CONFERENCE WITH LEGAL COUNSEL – ONGOING LITIGATION

(Government Code section 54956.9(d)(2))

Ongoing Litigation: Two cases based on correspondence with Renewable Energy Capital regarding lease terms. Del Norte Superior Court - Case No.: CVUD-2023-2172 & CVUD-2023-2173

b. CONFERENCE WITH LEGAL COUNSEL – ONGOING LITIGATION

(Government Code section 54956.9(d)(2))

Ongoing Litigation: One case based on correspondence with Fashion Blacksmith, Inc., regarding claim for damages.

6. Adjourn Closed Session

7. Report out of Closed Session

8. MEETING ADJOURNMENT

Adjournment of the Board of Harbor Commissioners will be until the next meeting scheduled for Tuesday, October 3, 2023, at 2 p.m. PST. The Crescent City Harbor District complies with the Americans with Disabilities Act. Upon request, this agenda will be made available in appropriate alternative formats to person with disabilities, as required by Section 12132 of the Americans with Disabilities Act of 1990 (42 U.S.C. §12132). Any person with a disability who requires modification in order to participate in a meeting should direct such request to (707) 464-6174 at least 48 hours before the meeting, if possible.



1. Comptroller's Report, Review Balances

Public Comment?



2. New Business

- a. Review and Vote to Approve FY21-22 Audit**

Public Comment?

CRESCENT CITY HARBOR DISTRICT

**Independent Auditor's Report
Financial Statements
And
Supplementary Information
For Year Ended
June 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Crescent City Harbor District
Crescent City, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Crescent City Harbor District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Crescent City Harbor District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Crescent City Harbor District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Crescent City Harbor District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could influence the judgment made by a reasonable user based on the financial statements

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions to the Pension Plans, on pages 19-20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2023, on our consideration of Crescent City 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Crescent City Harbor District's 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 Crescent City Harbor District's internal control over financial reporting and compliance.

Nicholson & Olson

Nicholson & Olson, CPAs

Roseville, California

August 23, 2023

FINANCIAL STATEMENTS

**CRESCENT CITY HARBOR DISTRICT
STATEMENT OF NET POSITION
June 30, 2022**

ASSETS

Current Assets:

Cash and investments	\$ 1,486,082
Accounts receivable	4,331
Taxes receivable	50,776
Leases receivable	482,898
Inventory	19,508
Prepaid expenses	27,355
Total Current Assets	2,070,950

Noncurrent Assets:

Capital Assets:

Non-depreciable	465,511
Depreciable capital assets, net	27,789,691
Total Capital Assets, net of accumulated depreciation	28,255,202

Total Assets

30,326,152

DEFERRED OUTFLOWS OF RESOURCES

Pension contributions made subsequent to measurement date	82,863
	82,863

Total Assets and Deferred Outflows

30,409,015

LIABILITIES

Current Liabilities:

Accounts payable	88,974
Accrued payroll liabilities	80,560
Customer deposits	21,140
Interest payable	142,249
Compensated absences	46,812
Current portion of long-term debt	190,176
Current portion of lease liability	35,446
Total Current Liabilities	605,357

Noncurrent Liabilities:

Long-term debt	4,985,219
Lease liability	107,323
Net pension liability	441,179
Compensated absences	15,604
Total Noncurrent Liabilities	5,549,325

Total Liabilities

6,154,682

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pension	511,299
Deferred inflows related to leases	482,898
Total Deferred Inflows of Resources	994,197

NET POSITION

Net investment in capital assets	22,937,038
Unrestricted	323,098
Total Net Position	23,260,136

Total Liabilities, Deferred Inflows, and Net Position

\$ 30,409,015

The accompanying notes are an integral part of these financial statements

CRESCENT CITY HARBOR DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Year Ended June 30, 2022

OPERATING REVENUES:

Slip rentals	\$ 513,563
Commercial lease	640,346
RV park	627,319
Marina services and fees	94,315
Other operating income	4,517
	1,880,060
Total Operating Revenues	1,880,060

OPERATING EXPENSES:

Advertising	7,122
Audit	14,905
Auto expenses	1,718
Bad debts	181,572
Bank service fees	14,650
Consulting	208,516
Depreciation and amortization	3,788,690
Equipment and tools	87,428
Insurance	169,886
IT support	50,781
Legal	340,201
Miscellaneous	2,586
Office and admin	58,208
Operating expenses	57,844
Outside services	161,058
Payroll expenses	1,205,521
Repairs and maintenance	88,406
Travel	12,078
Utilities	388,179
	6,839,349
Total Operating Expenses	6,839,349
Operating Income (Loss)	(4,959,289)

NONOPERATING REVENUES (EXPENSES)

Property taxes and assessments income, net of admin fees	626,973
Grant revenue	486,658
Interest Income	1,653
Interest Expense	(171,717)
	943,567
Total Nonoperating Revenues (Expenses)	943,567
Change in Net Position (Loss)	(4,015,722)

NET POSITION:

Net position, beginning of year	27,442,194
Restatement	(166,336)
Restatement beginning of year	27,275,858
Net position end of year	\$ 23,260,136

The accompanying notes are an integral part of these financial statements

**CRESCENT CITY HARBOR DISTRICT
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net position	\$ (4,015,722)
Adjustments to reconcile change in net position to net cash flows from operating activities:	
Depreciation and amortization	3,788,690
Net change in pension assets and liabilities	(11,060)
(Increase) decrease in:	
Accounts receivable	52,848
Taxes receivable	92,342
Inventory	(4,563)
Prepaid expenses	8,838
Increase (decrease) in:	
Accounts payable	10,634
Accrued payroll liabilities	42,323
Compensated absences	(10,329)
Interest payable	(3,335)
Customer deposits	(2,086)
Net cash provided by (used in) operating activities	(51,420)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of capital assets	(77,442)
Net cash provided by (used in) investing activities	(77,442)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments of long-term debt	(195,527)
Payments on capital lease obligation	(4,627)
Net cash provided by (used in) financing activities	(200,154)

Net increase (decrease) in cash and investments (329,016)

CASH AND INVESTMENTS - Beginning of year 1,815,098

CASH AND INVESTMENTS - End of year \$ 1,486,082

SUPPLEMENTAL INFORMATION

Interest paid \$ 171,717

NON-CASH OPERATING AND INVESTING ACTIVITIES

Capital asset acquired with a financing lease \$ 147,396

Lease receivables acquired from leased property \$ 482,898

CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

The notes to financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the District as follows:

- Note 1 - The Organization
- Note 2 - Summary of Significant Accounting Policies
- Note 3 - Cash and Investments
- Note 4 - Capital Assets
- Note 5 - Long Term Debt
- Note 6 - Leases
- Note 7 - Pension Plan
- Note 8 - Prior Period Adjustment
- Note 9 - Commitments and Contingences
- Note 10 - Subsequent Events

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 1 - The Organization

The Crescent City Harbor District (the District) was established November 8, 1931, by the vote of the people of Del Norte County in accordance with chapter 704 of the statutes of 1931. The District started its operations in 1932; and in September 1963, the district received a land grant from the state of California under chapter 1510 of the new statutes of 1963. The Land Grant gave the District the title to the land on the seabed floor extending upward and inward to the mean high tide line of 1929, as shown on the maps attached to the Original Land Grant of Chapter 1510 of the statutes of 1963. Now, the District comprises of granted land and a few simple parcels acquired over time. The District's managed land is located along the Pacific Ocean at the South end of Crescent City. A portion of the District's property is within the city limits of Crescent City, but most of the property is located within the County of Del Norte.

The District was organized under the California Harbors and Navigation Code, Division 8, Part 3, and is governed by a five-person elected Board of Commissioners. The Board of Commissioners governs all the activities of the District. All registered voters in the County of Del Norte are eligible to run for the Board and vote in the election.

The District oversees improvement and operations of the harbor of Crescent City, construction, maintenance of wharfs, docks, piers, slips, quays, and facilities for the promotion and accommodation of commerce, navigation, fisheries, and public recreation. In addition, the district has leased several commercial buildings and businesses located upon the land owned by the district surrounding the harbor, from which rental income is received.

The Crescent City Harbor District is a legally separate and independent entity that has no component unit organization under its control. Therefore, this annual financial report and the financial statements contained within represent solely the activities, transactions, and status of the District.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

The government-wide financial statements (*i.e.*, the statement of net position, the statement of revenues, expenses and change in net position and the statement of cash flows) display information about the primary government (the District). These statements summarize the entire District's financial activities and financial position.

The Statement of Net Position reports the difference between the District's total assets and deferred outflows and the District's total liabilities and deferred inflows, including all the District's capital assets and its long-terms liabilities. The Statement of Net Position summarizes the financial position of all the District's Governmental Activities in a single column. GASB statement No. 63 requires the classification of net position into three components, these classifications are as follows:

Net investment in capital assets: this component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 2 - Summary of Significant Accounting Policies (Continued)

Restricted: This component of net position consists of constraints placed on resources through external constraints imposed by creditors, grantors, contributors, laws or regulation of governments or constraints imposed by law through constitutional provisions.

Unrestricted: This component of net position consists of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

The District’s main fund is an Enterprise fund. Enterprise funds operating and financing activities are similar to those of private businesses with the goal of providing continuing services to the general public with financed resources or via resources generated from operations.

Cash and Investments

The District maintains a cash and savings account at a bank. Excess funds are deposited with the State of California’s Local Agency Fund (LAIF) Operating Fund and are considered cash equivalents.

Fair Value Measurements

The District categorizes its fair value hierarchy that prioritizes the inputs to valuation techniques established by generally accepted accounting policies. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. Asset and liabilities are reported in three levels in the fair value hierarchy: using quoted prices in active markets for identical assets and liabilities (Level 1), using significant other observable inputs (Level 2), and using significant unobservable inputs (Level 3).

Capital Assets and Depreciation

Capital assets are reported in the statement of net position of the government-wide financial statements based on cost or estimated historical cost. Contributed fixed assets are valued at their estimated acquisition value. Capital assets include land, buildings and improvements, equipment, and vehicles. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

Assets	Estimated Useful Life
Vehicles	3-5 years
Wharves, Docks, and Marinas	5-30 years
Sewer Lift Station	5-30 years
Streets, Roads, and Parks	10-50 years
Buildings and Improvements	5-40 years
Machinery and Equipment	5-20 years

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 2 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligation

In the statement of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities statement of net position. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflow of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 7 for the list of deferred outflows and deferred inflows of resources that were recognized as of June 30, 2022.

Pension

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

Property Taxes

The State of California Constitution Article XIIA provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. The assessed value is calculated at one hundred percent (100%) market value as defined by Article XIII A and may be adjusted by no more than two percent (2%) per year unless the property is sold, transferred, or improved. The State Legislature has determined the method of distribution of receipts from one percent (1%) tax levy among counties, cities, school districts, and other districts.

The county of Del Norte assesses, bills for, and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien Dates	March 1	March 1
Levy Dates	July 1	July 1
Due Dates	50% November 1, 50% March 1	July 1
Delinquency Dates	December 10 (for November) April 10 (for March)	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land, or buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue when received in the fiscal year of the levy because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the District and the county of Del Norte. The Teeter Plan authorizes the Controller of the County to allocate 100% of the secured property taxes billed but not yet paid.

The county remits tax monies to the District in three installments:

- i) 55% remitted on December 15
- ii) 40% remitted on April 15
- iii) 5% remitted on June 15

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 2 - Summary of Significant Accounting Policies (Concluded)

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory

Inventory is carried at the lower of cost or net realizable value. Inventory is recorded at acquisition and expenses as cost of goods sold at the time of sale or use.

New Accounting Policies

In June 2022, GASB issued *Statement No. 101, Compensated Absences*. The provisions in Statement 101 are effective for fiscal years beginning after December 15, 2023. The District has decided to adopt GASB Statement No. 101 early, for this fiscal year ending December 31, 2022. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

GASB Statement No. 87, *Leases*, will better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District evaluated the lessor and lessee leases and has made the necessary adjustments to the financial statements.

Note 3 - Cash and Investments

At June 30, 2022, the District's cash balance of checking and savings accounts before reconciliation items totaled to \$154,298. The first \$250,000 of the District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are uncollateralized. The District's investment policy does not further limit its deposits. As of June 30, 2022, the District's cash in bank did not exceed the FDIC insured balance.

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2022, the District had \$1,596,610 invested in LAIF. The District's investments with LAIF on June 30, 2022, include a portion of the pool funds invested in U.S. Treasury Bills, U.S. Treasury Notes, Certificate of Deposits, Commercial Paper, and Corporate Bonds.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of 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 possession of an outside party.

To mitigate the custodial credit risk, the District requires that all its managed investments be held in the name of the District, and deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 3 - Cash and Investments

Concentrations 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. State law restricts the District's investments in commercial paper to 40% of its investment pool and to 10% per issuer and corporate bonds and medium-term notes to 30% of its investment pool and to 10% per issuer, and banker's acceptances to 15% of its investment pool and to 10% per issuer.

Note 4 - Capital Assets

Capital assets activity is comprised of the following:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 465,511	\$ -	\$ -	\$ 465,511
Total capital assets not being depreciated	<u>465,511</u>	<u>-</u>	<u>-</u>	<u>465,511</u>
Capital assets being depreciated:				
Equipment	357,501	-	-	357,501
Vehicles	15,217	-	-	15,217
Wharves, Docks and Marinas	61,689,501	43,830	-	61,733,331
Street, Roads and Parks	707,691	-	-	707,691
Sewer Lift Station	33,655	-	-	33,655
Building and Improvements	4,534,074	-	-	4,534,074
Leased Vehicles	-	147,396	-	147,396
Total capital assets being depreciated	<u>67,337,639</u>	<u>191,226</u>	<u>-</u>	<u>67,528,865</u>
Less: accumulated amortization on leased assets	-	(4,876)	-	(4,876)
Less: accumulated depreciation	<u>(35,950,484)</u>	<u>\$(3,783,814)</u>	<u>\$ -</u>	<u>(39,734,298)</u>
Total depreciable assets	<u>31,387,155</u>			<u>27,789,691</u>
Governmental Activity Capital Assets, Net	<u><u>\$31,852,666</u></u>			<u><u>\$28,255,202</u></u>

Depreciation and amortization expenses during the fiscal year ending June 30, 2022, totaled \$3,788,690.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 5 - Long Term Debt

The following was the summary of changes in long-term debt during the fiscal year ended June 30, 2022:

	Original Issue Amount	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
USDA Harbor Reconstruction Loan	\$ 5,425,000	\$ 4,963,685	\$ -	\$ (86,574)	\$ 4,877,111	\$ 89,604
Bayside RV Park buy out	\$ 600,000	407,237	-	(108,953)	298,284	100,572
Total Governmental Activity Debt		<u>\$ 5,370,922</u>	<u>\$ -</u>	<u>\$ (195,527)</u>	<u>\$ 5,175,395</u>	<u>\$ 190,176</u>

The District entered into an agreement with the Crescent City Harbor Public Financing Corporation to borrow \$5,425,000 under a Certificate of Participation dated September 27, 2012. The agreement calls for thirty-eight annual payments of principal and interest to be made on September 1st of each year. The agreement bears interest at 3.5%. The annual installment payable is \$260,303; the first repayment installment started on September 1, 2012. The following is the summary of annual debt requirements to amortize USDA Harbor reconstruction debt outstanding as of June 30, 2022:

Year Ending June 30:	Principal	Interest	Total
2023	\$ 89,604	\$ 170,699	\$ 260,303
2024	92,740	167,563	260,303
2025	95,986	164,317	260,303
2026	99,346	160,957	260,303
2027	102,823	157,480	260,303
Thereafter	<u>4,396,612</u>	<u>2,371,269</u>	<u>6,767,881</u>
	<u>\$ 4,877,111</u>	<u>\$ 3,192,285</u>	<u>\$ 8,069,396</u>

In July 2019, the District entered a buy-out arrangement for \$600,000 with the former lessees of the Bayside RV Park. The arrangement calls for seventy-one monthly payments of \$8,381 split evenly between the two former business partners and a final payment of \$4,949 due on August 1, 2025. The District commenced monthly payments on August 1, 2019. The following is the summary of annual debt service requirements to amortize Bayside RV Park Buyout agreement debts outstanding as of June 30, 2022.

Year Ending June 30:	Principal	Total
2023	\$ 100,572	\$ 100,572
2024	100,572	100,572
2025	<u>97,140</u>	<u>97,140</u>
	<u>\$ 298,284</u>	<u>\$ 298,284</u>

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 6 - Leases

Lessee

The District leases vehicles under capital leases, which are amortized on a straight-line basis over the length of the lease. As of June 30, 2022, net book value of the capitalized transportation equipment is as follows:

Vehicles leased	\$	147,396
Accumulated amortization		(4,876)
Net book value	<u>\$</u>	<u>142,520</u>

The future minimum annual payments under the capital leases are as follows:

Year ending June 30		
2023	\$	38,902
2024		38,902
2025		38,902
2026		33,762
Total minimum lease payments		150,468
Less: interest included in lease obligation		(7,699)
Present value of minimum lease payments		142,769
Less: Current maturities		35,446
Noncurrent maturities	<u>\$</u>	<u>107,323</u>

Lessor

The District leases several properties to various types of private businesses with lease terms that range from month-to-month to 20 years at varying monthly rental amounts. Lease receivables for operating leases that are longer than 12 months totaled \$482,898 as of June 30, 2022. Two of the long-term leases included in the lease receivable balance have variable payments related to gross receipts, these additional payments have been excluded from this balance. Interest is imputed at 2.05%. Future minimum lease revenue and interest income is as follow:

Year Ending June 30:	Lease Revenue	Interest Revenue	Total
2023	\$ 96,337	\$ 8,818	\$ 105,155
2024	98,331	6,824	105,155
2025	100,365	4,790	105,155
2026	102,442	2,713	105,155
2027	58,612	1,064	59,676
Thereafter	26,811	115	26,926
	\$ 482,898	\$ 24,324	\$ 507,222

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 7 - Pension Plan (Continued)

Plan Description

All qualified employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The District has the following cost-sharing plan:

- Miscellaneous Plan

CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at WWW.CALPERS.CA.GOV

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2022, are summarized as follows:

Hire date	Prior to Jan 1, 2013	On or after Jan 1, 2013
Benefit formula	2% at 55; max 2% COLA	2% at 62; max 2% COLA
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	55
Monthly benefits as a % of eligible compensation	2.418%	1.0% to 2.5%
Required employee contribution rates	7.0%	6.75%
Required employer contribution rates	11.031%	7.732%

Pension Liabilities

As of June 30, 2022, the District reported a net pension liability for its proportionate share of the net pension liability of the plans as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2021	0.01955%
Proportion - June 30, 2022	<u>0.02323%</u>
Change - Increase (Decrease)	0.00368%

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 7 - Pension Plan (Continued)

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, contributions made to the plan for the measurement period were \$33,389. In addition, the District was also required to make a payment of \$57,930 toward its unfunded actuarial liability.

Pension Expense

For the year ended June 30, 2022, the District recognized pension credit of \$321,330 for all plans combined.

Deferred Outflow/Inflows of Resources

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experience	49,474	-
Differences between Projected and Actual Investment Earnings	-	385,126
Differences between Employer's Contributions and Proportionate Share of Contributions	-	100,992
Change in Employer's Proportion	-	25,181
Pension Contributions Made Subsequent to Measurement Date	33,389	-
Total	\$ 82,863	\$ 511,299

The \$82,863 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30	
2023	\$ (133,962)
2024	(118,131)
2025	(103,304)
2026	(106,429)
2027	-
Thereafter	-
Total	\$ (461,826)

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 7 - Pension Plan (Continued)

Actuarial Assumptions

Total pension liabilities in the June 30, 2021, actuarial valuation for each of the Plan were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS Membership data for all funds

(1) Depending on entry age and service

(2) Net of pension plan investment expenses, including inflation

All other actuarial assumptions used in the June 30, 2015, valuation was based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study reports can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

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

In determining the long-term expected rate of return, CalPERS considered both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers would make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' assets classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 7 - Pension Plan (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	(0.92)%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.0% used for this period.

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

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

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

	Discount Rate - 1% 6.15%	Current Rate 7.15%	Discount Rate +1% 8.15%
Miscellaneous plan	\$ 885,559	\$ 441,179	\$ 73,783
Total	<u>\$ 885,559</u>	<u>\$ 441,179</u>	<u>\$ 73,783</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2022, the District had no outstanding contributions payable to the pension plan.

Note 8 - Prior Period Adjustment

The District restated its beginning net position by \$(166,336), this was the result of an adjustment to the beginning balances of deferred outflow and inflows related to pension expense.

**CRESCENT CITY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 9 - Commitments and Contingencies

The District is subject to litigation arising in the normal course of business. The District determined there is one pending litigation which meet the requirement for disclosure in these financial statements, information on the litigation are as follows.

In February of 2022 a commercial tenant filed a complaint against the Crescent City Harbor District alleging years of neglect by the District in regard to building maintenance and maintenance dredging under the sychrolift among other lessor allegations. The tenant argued that the District was contractually required to fix the building and dredge in the lease and due to permitting issues. The District has been unable to do so. The tenant claimed that they would be out of business by the end of 2023. In June of 2023 Arbitrators found in favor of the Tenant in an interim decision requiring that the District complete building and dredging work by the end of October 2023. Currently damages have been assessed at \$1,298,000 plus fees. The District is currently pursuing all legal and financial options to mitigate damages and finance a settlement.

Note 10 - Subsequent Event

The District's management has reviewed the results of operations for the period of time from its fiscal year end June 30, 2022, through August 23, 2023, the date the financial statements were available to be issued. The District's management has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure except for the following item:

In 2014, following the completion of the harbor replacement project due to the 2011 tsunami, the District identified multiple significant construction and project management issues with the docks, pilings, power, and water. At that time the District chose to pursue legal action against the parties involved. As of June 30, 2023 settlements have been reached with all but two of the defendants.

SUPPLEMENTARY INFORMATION

**CRESCENT CITY HARBOR DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (UNAUDITED)
LAST 10 YEARS (1)**

Fiscal Year	Measurement Period	Proportion of Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered- Employee Payroll - Measurement Period	Proportionate Share of Net Pension Liability as a Percentage of Covered	Plan Fiduciary Net Position as a Percentage of the Total Pension
Miscellaneous Plan:						
2022	2021	0.81600%	\$ 441,179	\$ 665,045	66.34%	90.49%
2021	2020	0.75800%	824,666	861,214	95.76%	75.10%
2020	2019	0.77300%	791,023	719,185	109.99%	75.06%
2019	2018	0.78500%	755,972	864,627	87.43%	75.26%
2018	2017	0.80700%	800,223	557,255	143.60%	73.31%
2017	2016	0.82700%	715,615	466,299	153.47%	74.06%
2016	2015	0.87200%	598,618	469,699	127.45%	78.40%
2015	2014	0.33800%	607,204	487,084	124.66%	79.82%

Notes to schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30th, 2015 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

(1) Omitted years - GASB 68 was implemented during June 30, 2015. No information was available prior to this date.

**CRESCENT CITY HARBOR DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
LAST 10 YEARS (1)**

Fiscal Year	Measurement Period	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (excess)	Covered Employee Payroll - Fiscal Year	Contributions as a % of Employee Payroll
Miscellaneous Plan:						
2022	2021	\$ 44,975	\$ (44,975)	-	\$ 665,045	6.76%
2021	2020	137,305	(137,305)	-	861,214	15.94%
2020	2019	35,558	(35,558)	-	719,185	4.94%
2019	2018	76,215	(76,215)	-	864,627	8.81%
2018	2017	50,484	(50,484)	-	557,255	9.06%
2017	2016	85,778	(85,778)	-	466,299	18.40%
2016	2015	60,880	(60,880)	-	469,699	12.96%
2015	2014	70,766	(70,766)	-	487,084	14.53%

Valuation Date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Asset valuation method	Market Value
Discount rate (4)	7.15%
Inflation	2.50%
Projected salary increases	Varies by entry age and service
Investment rate of return	7.50%
Retirement age and mortality	(5)

(1) Omitted years - GASB 68 was implemented during June 30, 2015. No information was available prior to this date.

(2) Change in Benefit Terms - No plan changes have occurred since the June 30, 2015 valuation date.

(3) Change in Assumption: The June, 2017 Actuarial valuation changed the discount rate from 7.65% to 7.15%

(4) Net of pension plan investment expenses, including inflation.

(5) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study of the years 1997 to 2007. Pre-retirement mortality rates include 5 years projected mortality improvement using scale AA published by the Society of Actuaries.

OTHER COMMUNICATIONS

Nicholson & Olson, LLP

Certified Public Accountants

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

To the Board of Commissioners
Crescent City Harbor District
Crescent City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Crescent City Harbor District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Crescent City Harbor District's basic financial statements and have issued our report thereon dated August 23, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies described in the accompanying schedule of current year findings as 2021-003 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year findings as 2021-003.

Nicholson & Olson, LLP

Certified Public Accountants

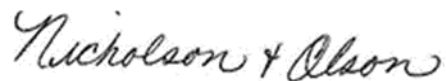
To the Board of Commissioners
Crescent City Harbor District
Crescent City, California

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and question costs. The District's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Certified Public Accountants
Roseville, California
August 23, 2023

**CRESCENT CITY HARBOR DISTRICT
SCHEDULE OF CURRENT YEAR'S AUDIT FINDINGS
JUNE 30, 2022**

FINDINGS – FINANCIAL STATEMENTS AUDIT

2021-002: Bank Reconciliation (Material Weakness)

Criteria: An effective internal control system over cash and investments includes frequent and timely reconciling of account balances to information provided by the bank and custodians.

Condition: During the performance of the audit, we noted that the District was behind in performing the monthly bank reconciliation for several years. It is unclear when the last bank reconciliation was prepared.

Cause: The District did not perform the bank reconciliations timely as there were not sufficient procedures in place to ensure completion of the process.

Effect: Errors and fraud can go undetected without frequent and timely bank reconciliation.

Recommendation: We recommend the District further implement policies over cash and investments that include the timely reconciling of accounts and include cash and investment accounts reported.

Current Status: Bank reconciliations were not completed monthly as recommended in the previous audit. During the fiscal year, the District contracted with a management consulting firm and hired a comptroller to manage the District's day-to-day operations. The comptroller has continued to follow the newly developed operating standards of the District.

Management Response: With the support of a contracted financial consultant all bank and investment accounts were reviewed in full as of June 30, 2022. In May 2022, the District upgraded its software Marina Office and QuickBooks Premier Plus. The District has begun performing bank reconciliations for the fiscal year ending June 30, 2023. The District has connected bank account and credit card feeds to QuickBooks and has developed policies and procedures to ensure reconciliations are performed in a timely and accurate manner.

**CRESCENT CITY HARBOR DISTRICT
SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
JUNE 30, 2022**

FINDINGS – FINANCIAL STATEMENTS AUDIT

2021-001: Restatement of Previously Issued Financial Statements (Material Weakness)

Recommendation: We recommend that the District enhance its internal control over financial reporting to ensure complete and accurate financial reporting.

Current Status: The recommendation was implemented during the current fiscal year.

2021-003: Documentation of the Review Process (Material Weakness)

Recommendation: We recommend the District improve the documentation procedures to document the reviews.

Current Status: The recommendation was implemented during the current fiscal year.

2021-004: Account Reconciliation (Material Weakness)

Recommendation: We recommend the District implement more procedures to reconcile the general ledger accounts on a regular basis

Current Status: The recommendation was implemented during the current fiscal year.

2021-005: OPEB Liability not Reported (Significant Deficiencies)

Recommendation: It was recommended the District implement sufficient procedures to confirm if there are other liabilities during year-end closing procedures.

Current Status: The recommendation was implemented during the current fiscal year.



2. New Business

b. Review Pre-Publication Fee Schedule

Public Comment?

CRESCENT CITY HARBOR DISTRICT: 2023-2024 FEE SCHEDULE (proposed - not yet approved)

ITEM DESCRIPTION	RATE
Storage	
Storage in Designated Spaces	\$150 \$200 per month (Harbormaster determines availability and any special rates)
Storage in North Yard (per item or pair, not to exceed 325 sq. ft.)	\$65 \$85 per month
Failure to Vacate Storage Space When Required	\$200 \$350 per month
Vessel Dry Storage	\$2-50 \$3 per foot, monthly (34' and under) / \$2-75 \$3.25 for 35' and up, \$50 min
Trailer Inside of Storage Area	\$65 \$85 per month
RV Parks	
Bayside RV Park Fees	Back in: \$40/day, \$200/week, \$385/month Pull Thru: \$50/day, \$240/week, \$450/month
Redwood Harbor Village Fees	Spaces 1-26: \$50/day, \$330/week, \$500/month Spaces 27-83: \$45/day, \$300/week, \$400/month Spaces 84-101: \$45/day, \$300/week, \$450/month Spaces 102-117: \$50/day, \$330/week, No monthly
Reservation Fee	First night paid in advance
Cancellation	All fees are non-refundable upon cancellation
Water Tank Fill	\$10 minimum, \$25 maximum (depending on RV size)
Dump Station	\$10 minimum, \$25 maximum (depending on RV size)
Showers	No charge (available to current tenants only)
Pet Fees	\$10 per pet, daily / if staying 30 days, then \$30 per pet for the month
Additional Occupancy	For occupancy above 4 persons per site: extra daily fee of \$2 per person, or weekly fee of \$10 per person, or monthly fee of \$30 per person
Concession Fees / Signage	
Special Event Fee Schedule A (open to public, requires no Harbor District staff)	\$100 \$120 per 4 hour event - Up to 1,000 square feet
Special Event Fee Schedule B (open to public, requires no Harbor District staff)	\$150 \$180 per 4 hour event - Up to 2,500 square feet.
Special Event Fee Schedule C (public or private, minimal Harbor District staff involvement, staff time billed at regular rates in addition to base \$500 \$600 fee)	\$500 \$600 per day; plus actual staff time & expenses, \$250 \$300 non-refundable deposit for staff time. Up to 5,000 square feet.
Special Event Fee Schedule C (public or private, Harbor District staff involvement billed at regular rates in addition to base \$1000 \$1,200 fee)	\$1,000 \$1,200 per day; plus actual staff time & expenses, \$500 \$600 non-refundable deposit for staff time. Up to 10,000 square feet.
Concession Fee for Food Carts – no electricity, no more than 100 square feet, contingent on Health Dept. inspection and approval	\$25 \$30 per day (4 hours)
Concession Fee for Self-Contained Food Trucks – no electricity, no more than 500 square feet, contingent on Health Dept. inspection and approval	\$25 \$30 per day (4 hours)
Concession Fee for Non-Food Sales on District Property - no electricity, no lease, three days or more, no more than 100 square feet	\$25 \$30 per day (4 hours)
Concession Fee for Food Sales on District Property - no electricity, no lease, three days or more, contingent on Health Dept. inspection and approval	\$25 \$30 per day (4 hours)
Concession Fee for Dockside Sales of Seafood	\$25 \$30/day (4 hours) / \$125 \$150/month / \$1,000 \$1,200 annual
Concession Fee for Wholesale Purchase of Seafood Products (without a hoist lease)	\$500 \$600 Clerical and Legal Processing Fee \$12,000 \$14,400 Annual fee, plus standard poundage fees

Daily Permit Fees for Filming / Still Photography	\$400 \$480 per day filming / \$100 \$120 per day still photography
Commercial Displays or Demonstrations	To be negotiated by Harbormaster per event
Commercial Vehicle, Vessel or RV Displays	To be negotiated by Harbormaster per event
Wayfinding Signage (single entry marker)	\$100 \$120 Quarterly

Maintenance and Crew Services	
Personnel / Labor	\$150 \$180 per hour between 0700 and 1530 (1 hour minimum) \$250 \$300 per hour between 1530 and 0700 (1 hour minimum)
Forklift	\$100 \$120 per hour (minimum 1/2 hour), includes operator
Backhoe	\$150 \$180 per hour (minimum 1/2 hour), equipment only
Mobile Crane	\$200 \$240 per hour (minimum 1/2 hour), equipment only
Port Small Boat	\$125 \$150 per hour (minimum 1/2 hour), equipment only
Port Landing Craft	\$175 \$225 per hour (minimum 1/2 hour), equipment only
Lay Days in Self-Help Area	\$1.50 \$2.00 per foot, daily (\$20 minimum per day)
Boat Stands at Harbor	\$10 \$12 per stand, monthly
Work Dock	\$25 \$40 per day plus moorage. Tenants allowed 3 free days per year.
Boat Pump Out by District Staff	\$100 \$200 per hour, includes two District Staff
Boat Pump Rental to CCHD Tenants (not available to general public)	\$20 \$24 per day for electric / \$50 \$60 per day for gasoline / personnel cost is extra
Waste Oil/ Bilge Water Disposal	\$1.75 \$2.25 per gallon plus labor charge
Oil Absorbing Pads	\$2.50 \$3.00 per pad

Vessels and Marina	
Launch Fee	\$6 \$7 Daily / \$50 \$60 Monthly / \$150 \$180 Annual
Vessel Inspection and Documentation Fee (annually)	\$200 \$240
Live Aboard Fees	\$200 \$240 per month for up to 2 persons; \$100- \$120 per person thereafter.
Charter Boat Fee (9 Passengers or less)	\$500 \$600 w/annual moorage contract (charter endorsement valid for 1 year) \$750 \$900 w/o annual moorage contract (charter endorsement valid for 1 year)
Charter Boat Fee (10 Passengers or more)	\$1000 \$1200 w/annual moorage contract (charter endorsement valid for 1 year) \$1500 \$1800 w/o annual moorage contract (charter endorsement valid for 1 year)
Anchorage Fee	\$15 per day
Boat Without Insurance	\$150 \$180
Electric Meter Administrative Fee	\$25 \$30 per month (waived if enrolled in auto-pay or pre-pay)
Annual Parking Permit - Commercial Fishing	\$75 \$90 per year (2 permits included with annual slip rent)
Annual Parking Permit - Recreational Fishing	\$100 \$120 per year (1 permit included with annual slip rent)
Showers	No charge (available to current marina tenants only)

Administrative/Office	
Copies	\$0.50 per page
Paper Copies of Public Documents	\$0.50 per page
Electronic Media Copies of Public Documents	Actual cost of duplication
Meeting Agendas: Email, Fax or Pick-up	No charge
Meeting Agendas: First Class Mail	Must provide stamped, self-addressed envelopes
Sending and Receiving Faxes	\$1.00 per page
Clerical Processing Fee (General)	\$75 \$90 per hour
Clerical & Legal Processing Fee (Revocations)	\$350 \$425
Clerical & Legal Processing Fee (Lease Modifications)	\$750 \$900

Paper Statement Fee	\$10 \$12 per mailed statement
CEQA Fee	\$500 \$600 deposit, subject to change depending on the extent of CEQA review
Late Fee	\$25 \$30 per month for each invoice.
Paper Billing Invoice Fee	\$10
Electronic Key Fob	\$35 \$42
Returned Check	\$25 \$30 for first returned check, \$50 \$60 for subsequent returned checks

Ordinance Violations	
Parking Violation - Schedule A (standard unauthorized space)	\$35
Parking Violation - Schedule B (handicapped space, blocking fire hydrant, etc.)	\$250
Civil Infraction - Schedule A	\$100
Civil Infraction - Schedule B	\$250
Civil Infraction - Schedule C	\$500
Criminal Misdemeanor - Schedule A	\$500
Criminal Misdemeanor - Schedule B	\$1,000



3. Unfinished Business

a. Grants Update

Public Comment?

Crescent City Harbor District Grant Tracking Chart 9_15_23

GRANT AWARD ANNOUNCED								
Grant Name	Grant Funder	Funded Projects	Project Amount	s	Match Requirement	Grant Start Date	Project Timeline	Next Steps
Port Infrastructure Development Grants (PIDP)	ODOT - Maritime Administration	1) Construction of a new seawall 2) repair and renovate the seafood packing and trucking area 3) replace the aged cargo handling equipment atop the seawall	\$ 9,208,207.00	\$ 7,366,565.60	\$1,841,641.40 (20% required)	Jan-23	1-Jan-28	Combined Environmental Study and Design with Citizens Dock ES- Contract awarded to Moffat and Nichol. Contract at Attorney for review.
Port Economic Recovery Grant	California State Lands Commission	Create Technical Reports required for Seawall Construction Grant	\$ 37,001.65	\$ 321,195.65	\$ 115,806.00	Nov-22	Dec-23	Funds being used as match for PIDP grant
STPG Climate Adaptation Transportation Planning (partnering with Del Norte Local Transportation Commission)	Caltrans and OPR	Planning Study to identify climate mitigation projects along U.S. Hwy 101 and Anchor Way along South Beach.	\$250,000	\$ 120,000.00	\$ 4,000.00	Summer 2023	30 months	Awarded, Managed by Del Norte Local Transportation Commission. Project kick of meeting this week.
CA Coastal Conservancy Grant Citizen's Dock Planning	CA Coastal Conservancy	Funds Design, Environmental Impact Studies and Permitting for a new Citizen's Dock.	\$927,000	\$927,000	\$237,000 (In-Kind)	Jun-23	36 months	Combined Environmental Study and Design with Seawall ES- Contract awarded to Moffat and Nichol. Contract at Attorney for review.
CA Coastal Conservancy Grant South Beach Bathroom	CA Coastal Conservancy	Funds Design, Permitting and Construction of Bathrooms and Showers on Anchor Way, near Starfish Way.	\$450,000	\$450,000	\$117,000 (In-Kind)	Jun-23	36 months	Design and Construction contract awarded to Marshall Jones. Contract at attorney for review.

GRANTS APPLIED FOR UNDER REVIEW								
Grant Name	Grant Funder	Project Applied For	Project Amount	Grant Amount Requested	Match Requirement	Announcement Date	Project Timeline	Next Steps
Harbor Mitigation Grant Program (HMGP)	Cal OES and FEMA	Technical Reports; Design & Engineering; NEPA/CEQA; Construction Permits required for Harbor water area		\$ 1,125,000.00	\$ 375,000.00	Awaiting Announcement	Completed within 5 years of obligation	FEMA Final Grant Review underway
Port Infrastructure Development Grants (PIDP) 2023-2024	ODOT - Maritime Administration	Construction of new Breakwaters to meet 100 year storm surge, 50-year tsunami events and sea level rise.	\$9,861,707	\$8,875,536	10%-20%	Sep-23	5 years	Application submitted to US DOT MARAD

Crescent City Harbor District Grant Tracking Chart 9_15_23

Storm Damage Disaster Response 4683	FEMA	Repair of Anchor Way Breakwater, Anchor Way road and Whaler Island Groin Breakwater	\$7,695,828	\$7,695,828	6% - 20%	Q3 2023	18 months	FEMA requested we submit Hazard Mitigation proposal. Working with M&N on submission items.
CA Coastal Conservancy Grant Fish Filet Bathroom	Coastal Conservancy	Construction for bathroom and pop-up store for fish filet station	\$500,000	\$500,000	20% -in-kind	Aug-23	Oct-23	Application submitted by FRRCC DNATL to Coastal Conservancy. Scheduled for November CC meeting
GRANTS WORKING ON								
Grant Name	Grant Funder	Project Applying For	Project Amount	Grant Amount To Request	Cost Sharing/Match Requirement	Grant Submittal Date	Grant Announcement	Next Steps
Storm Damage Mitigation, Section 406	FEMA	Construct new Anchor Way Breakwater, Anchor Way road and Whaler Island Groin Breakwater.	TBD	TBD	TBD	Spring 2024	2Q 2024	FEMA requested we submit Section 406 plan for improvements to infrastructure
CA Coastal Conservancy	CA Coastal Conservancy	Crescent City Harbor District Strategic Plan Implementation	\$750,000	\$750,000	\$0	9/22/23	January	Preapplication reviewed with Board. Submit preapplication 9/22/23
Boating Infrastructure Grant	DBW	Lighting, communications, buoys, beacons, signals, markers, signs, security features.	\$200,000	\$200,000	TBD	Sep-23	Apr-24	Working on Application
CA Coastal Conservancy Grant Recreational Area Planning	Coastal Conservancy	Planning and Permitting for harbor recreational area including proposed food/beer garden	\$200,000	\$200,000	20% - can be in-kind	Aug-23	Oct-23	Working on Application
NOAA Climate Resilience Regional Challenge	NOS, NOAA	Construction of new Breakwaters to meet 100 year storm surge, 50-year tsunami events and sea level rise.	\$350,000	\$350,000	\$0	August 2023	October 1, 2024	Letter of Intent submitted for 4 ports - Del Norte, Humboldt, Mendocino, Sonoma
Grants Opportunities Being Reviewed								
Grant Name	Grant Funder	Project Applying For	Project Amount	Grant Amount To Request	Cost Sharing/Match Requirement	Grant Submittal Date	Grant Announcement	Next Steps
EDA Public Works Program	U.S. EDA	Infrastructure Construction Projects and new equipment	\$ 3,450,000.00	\$ 3,000,000.00	\$ 450,000.00	Rolling Application	Funding available in 2024	Reviewing project eligibility criteria
Boat Launching Facility Grant Program	DBW	Replace boarding floats	TBD	TBD	TBD	Winter 2024	Funding available in 2024	Budget being prepared
Rural and Tribal Assistance Pilot Program	DOT	Fund staff to complete studies for climate and resiliency for roads in harbor	\$320,000-\$360,000	\$320,000-\$360,000	\$0	August 14, 2023	October 2023	Reviewing eligibility criteria

Crescent City Harbor District Grant Tracking Chart 9_15_23

Program to Support Offshore Wind Infrastructure Improvement	CA Department of Energy	Planning Studies and Commercial Area Development/Construction to support offshore wind efforts	\$2,000,000	\$2,000,000	\$200,000	3Q 2023	4Q 2023	Working on list of projects to include once the application is released
Boating Safety & Enforcement Equipment Grant Program (BSEE)	DBW	Purchase of new Patrol Boat	\$ 1,250,000.00	\$ 1,250,000.00	\$ 250,000.00	Spring 2024	Funding available in 2024	Grant application not released yet, due March-April 2024



3. Unfinished Business

b. South Beach Bathroom Project Update

Public Comment?



3. Unfinished Business

c. Citizens' Dock Planning Update

Public Comment?



Update for Board of Harbor Commissioners

September 19th, 2023

1. Review of September's Community Meeting Regarding Citizens' Dock Planning
 2. Outline concerns expressed at Community Meeting
 3. Request to appoint ad-hoc committee to explore concerns raised at Community Meeting.
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3. Unfinished Business

d. Master Plan Grant Update

Public Comment?

**STATE COASTAL CONSERVANCY
GRANT APPLICATION
PRE-PROPOSAL**

CONTACT INFORMATION

Organization: Crescent City Harbor District
Contact Person: Timothy Petrick
Email: tpetrick@ccharbor.com
Phone: (707) 954-0129
Mailing Address: 101 Citizen's Dock Road, Crescent City, CA 95531

PROJECT INFORMATION

Project Name: Crescent City Harbor District Strategic Plan Implementation

LOCATION INFORMATION

County: Del Norte
Latitude: 41.746611
Longitude: -124.180666
What point is represented by the lat/long (e.g. parking lot, center of site, etc.): Center of Harbor

Project Description. In 2-3 paragraphs, please describe the proposed project. Please quantify the project's goals and expected outcomes. Identify the major tasks involved in the project. Attach a map of the project location (and photos if helpful), and briefly describe the project location. Be specific about the portion of the project that would be funded by this request.

The Crescent City Harbor District has an adopted 2018-2028 Strategic Plan which it has been implementing in stages, often with assistance from the California Coastal Commission. The Plan has four goals: **Goal I: Financial Management; Goal II: Planned Development; Goal III: Infrastructure; Goal IV: Increase Tourism.** The strategies for some of the goals overlap in a way that implementation for one can meet objectives of several of them.

CCHD is requesting funds to Implements several of the Plan's strategies to meet long term objectives of the CCHD which also meet Coastal Conservancy objectives to "revitalize coastal and inland waterfronts that provide significant public benefits, promote sustainable economic development, and expand environmental education efforts to improve public understanding, use, and stewardship of coastal resources." And "Continue construction of the coastal trail and harbor revitalization in Crescent City" and "Develop the California Coastal Trail as a major recreational amenity, tourist attraction, and alternative transportation system."

Coastal Conservancy funds will be used as follows:

1. Undertake Goal II, "Strategy IV: Utilize underdeveloped land: Assess development potential: Commercial, Retail, Lodging."

The CCHD just completed the process of having a high-level opportunities and constraints report prepared for its property. The CCHD is requesting Coastal Conservancy funds to develop a Master Implementation and Business Recruitment Plan for all the vacant and under-utilized Harbor properties to guide CCHD's efforts to expand public access to the coast by building off of the Coastal Trail as an amenity to improve visitor and recreational services. This plan would allow the Harbor to identify and pencil-out projects for income generators prior to investing; and then hire a firm to recruit businesses to create additional employment opportunities in the commercial fishing industry and other ocean related industries, enhance local economic development opportunities and job creation efforts and create more revenue for the Harbor District to continue CCHD's ongoing work in enhancing the long-term resilience of the Harbor.

2. Goal IV: Increase Tourism: Objective: To increase the Harbor's visibility, aesthetics, and visitor experiences. Strategy IV: Increase Events & Activities.

Under this strategy the harbor would work with local non-profits and other organizations to encourage the use of Harbor properties for their events and implement new events & activities. Coastal Conservancy funds would be used to 1) hire a firm to handle event coordination and marketing and 2) improve the old Englund Marine building to have a multi-agency center that works together to promote, market, and showcase the area.

New events and activities will require planning and an assessment of each activity to gauge if it will be a money maker, break even, or a loss to the Harbor. And implementing activities is only effective if the visitors find the Harbor, requiring promotion of the events. The event expertise and the marketing expertise the Harbor would contract for over a two-year basis to determine if those positions should stay on contract or be brought in house.

The old Englund Marine Building is on Citizens Dock Road and has views of the Commercial Boat Basin, is a short walk from Citizens' Dock and is in relatively good condition. The Fire Marshall estimates hold approximately 200 people for an event. We are tentatively calling the center the California Coastal Trail Visitors Center. This space would allow us to host more events in the Harbor and help meet the Strategic Plan objective "to increase the Harbor's visibility, aesthetics, and visitor experiences."

Undertaking these strategies will assist the Harbor as we continue to move toward establishing long-term successes which lead to a more financially stable future. Undertaking these efforts will be done around the shared goals of the Harbor and of California Coastal Conservancy: providing public access to the coast; visitor amenities and recreational opportunities; promoting environmental equity and justice for the underserved populations in and around the Harbor; pinpointing future opportunities to introduce sustainability, green practices and infrastructure increasing the Harbor's resilience to climate change.

Assistance from the Coastal Conservancy assists the Harbor to continue its economic development renaissance by expanding green and blue economic opportunities to current and future tenants, all of which brings revenue into the local economy, as well as to the Harbor District through rent and revenue sharing with Harbor tenants.

Strategic Plan Implementation Tasks

1. Initiate Stakeholder and Public Engagement.
2. Develop Vision and Goals for Harbor Development.
3. Identify Development Options for Each Parcel.
4. Conduct Economic Analysis.
5. Create a Funding and Financing Strategy.
6. Hire a firm to recruit businesses.
7. Hire a firm to handle event coordination and marketing.
8. Improve the old Englund Marine building to have a multi-agency center that works together to promote, market, and showcase the area.

Preliminary Budget. Please include the total cost of the project, and the proposed sources of funding. Include proposed funding sources even if they are not yet secured, but please make status clear. Estimate the budget by major task identified in the project description.

Total budget requested is \$750,000.

Project Schedule.

We estimate the entire project will take 2 years.

TASK BREAKDOWN

We estimate the entire project will take 2 years.

Who's Involved.

We will add the organizations, agencies, and community-based partners that are involved with the project.



4. Communications and Reports

a. CEO/Harbormaster Report

We continue to work with the City on beneficial use permitting for the soil in the dredge ponds. There is a small amount of testing still required but we are getting close to having an application with a permitted project for submittal to the Regional Water Board.

The new commercial filet trailer to be operated by Josh Mims on behalf of the Food Council has been delivered. It looks great. The grant request for the restroom and pop up stalls has been submitted to Coastal Conservancy and we are hoping to be able to have the trailer operational in the spring.

Tuna is coming in and there is fresh caught tuna available on the docks. For the fishermen, all charter boats will need to pay the charter boat fee and all vessels must pay launch fees. If you plan on selling your catch on the docks you must pay a selling fee.



4. Communications and Reports

a. CEO/Harbormaster Report *(continued)*

The harbor will be hosting multiple events this fall. Vendors if you would like to participate please contact the harbor office. We are also looking for vendors that are looking for a permanent location in the harbor area.

We continue to move forward with grant funded infrastructure projects and we hope to have a very busy 2024/2025 and beyond with funding and construction. Keep your eyes open for community planning meetings hosted in different venues around town by CSS.



4. Communications and Reports

b. Ad Hoc Committee Reports

Public Comment?



4. Communications and Reports

c. Harbor Commissioner Reports

(1) Commissioner Gerhard Weber

(2) Commissioner Rick Shepherd

(3) Commissioner Brian Stone

(4) Secretary Harry Adams

(5) President Wes White

Public Comment?



5. Adjourn to Closed Session

a. CONFERENCE WITH LEGAL COUNSEL – ONGOING LITIGATION

(Government Code section 54956.9(d)(2))

Ongoing Litigation: Two cases based on correspondence with Renewable Energy Capital regarding lease terms. Del Norte Superior Court - Case No.: CVUD-2023-2172 & CVUD-2023-2173

b. CONFERENCE WITH LEGAL COUNSEL – ONGOING LITIGATION

(Government Code section 54956.9(d)(2))

Ongoing Litigation: One case based on correspondence with Fashion Blacksmith regarding claim for damages

6. Adjourn Closed Session

7. Report out of Closed Session

8. MEETING ADJOURNMENT

Adjournment of the Board of Harbor Commissioners will be until the next meeting scheduled for Tuesday, October 3, 2023, at 2 p.m. PDT. The Crescent City Harbor District complies with the Americans with Disabilities Act. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 12132 of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132). Any person with a disability who requires modification in order to participate in a meeting should direct such request to (707) 464-6174 at least 48 hours before the meeting, if possible.

