



**AGENDA NO: B-1**

**MEETING DATE: March 9, 2021**

**STAFF PRESENTATION  
RECEIVED BY THE CITY COUNCIL FOR  
PUBLIC REVIEW PRIOR TO THE MEETING**



# City of Morro Bay City Council

## Community Development Block Grant (CDBG) Program

Review and Adopt Final Funding  
Recommendations for 2021 Program Year

# CDBG Program

- Annual federal entitlement funding via participation with the Urban County consortium.
- Funding availability for 2021 year is \$59,858 plus \$41,880 from 2020 year.
- Draft funding recommendations made by Council on November 17, 2020. Recommendations were forwarded to County Board of Supervisors.

# CDBG Program

Application Name	Brief Project Description	Amount Requested	Final Amount Recommended
Morro Bay Family Apartments, 405 Atascadero by SLONP	Acquisition of property to assist with construction of 35 new affordable rentals	\$250,000	\$81,129
Supportive Housing Program by PSHH	Provide supportive services to 4 existing affordable rental developments in Morro Bay	\$8,637	\$8,637
Subsistence Payments, Homeless Assistance by 5CHC	Provide emergency rental payment assistance for homeless or people at risk of homelessness	\$900	0
Salvation Army SLO County PSH II	Funding for acquisition of property to provide 4 units of supportive housing for homeless	\$300,000	0

# CDBG Staff Recommendation

- Recommendation: Morro Bay Family Apartment project at 405 Atascadero by SLONP for \$81,129, PSHH Supportive Housing Program for \$8,637, and City administration at \$4,190 for a total 2021 funding allocation of \$93,956.
- Additionally, authorize the City Manager to make pro rata adjustments to the allocation based on any HUD budgetary changes to the approved final 2021 CDBG funding amount from San Luis Obispo County.



**AGENDA NO: C-1**

**MEETING DATE: March 9, 2021**

**STAFF PRESENTATION  
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THE MEETING**

# CITY OF MORRO BAY

Presentation to the City Council  
For the Fiscal Year Ended June 30, 2020

March 9, 2021



# CONTENTS

- Scope of Work
- Audit Responsibilities
- Overview of Financial Statements
- Financial Indicators and Key Pension Information
- Audit Results
- Thank You!



# SCOPE OF WORK

# Scope Of Work

- **Financial Audit**
  - City of Morro Bay's Comprehensive Annual Financial Statement for June 30, 2020
- **Compliance Audits**
  - Audit of TDA Funds for June 30, 2020
    - Local Transportation Fund - Roads
    - Transit Enterprise Fund
    - Local Transportation Fund – Non-Transit, The Bike Path
- **Single Audit – Finalizing**
  - CFDA#66.958 - Water Infrastructure & Innovations Act Credit Agreements (WIFIA)

# AUDIT RESPONSIBILITIES

# Management's Responsibilities

- Responsible for the financial statements
- Present the financial statements in accordance with accounting principles generally accepted in the United States of America
- Adopt sound accounting policies
- Establish and maintain internal controls over financial reporting and compliance
- Provide evidence supporting the amounts and disclosures in the financial statements
- Prevent and detect fraud

# Auditors' Responsibilities

- Perform the audit in conformity with Auditing Standards Generally Accepted in the United States of America and the standards applicable to Financial Audits contained in *Government Auditing Standards*
- Communicate Annually with “Those Charged with Governance”
- Assess audit risk of internal control over financial reporting and compliance
- Determine fairness presentation of the financial statements
- Render opinions

# OVERVIEW OF THE FINANCIAL STATEMENTS

# Comprehensive Annual Financial Report

## *Introductory Section*

- Letter of Transmittal
- List of Elected and City Officials
- Organization Chart

## *Financial Section*

- Independent Auditors' Reports
- Management's Discussion and Analysis – RSI (Unaudited)
- Basic Financial Statements:
  - Government-Wide Financial Statements
  - Fund Financial Statements
  - Notes to Basic Financial Statements
- Required Supplementary Information (Unaudited)
  - Budgetary Information
  - Budgetary Comparison Schedule – General Fund
  - Schedule of Changes in Proportionate Share of NPL and Related Ratio
  - Schedule of Contributions
  - Schedule of Changes in Total OPEB Liability and Related Ratios
- Supplementary Information

# Comprehensive Annual Financial Report

## *Statistical Section*

- Financial Trends Information
- Revenue Capacity Information
- Debt Capacity Information
- Demographic and Economic Information
- Operating Information



# City of Morro Bay Government-Wide Summary Statement of Net Position June 30, 2020

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>	<u>\$ 136,315,361</u>	<u>\$ 60,401,397</u>	<u>\$ 196,716,758</u>
<b>Deferred Outflows of Resources</b>	<u>6,832,268</u>	<u>1,987,201</u>	<u>8,819,469</u>
<b>Liabilities</b>	<u>28,081,352</u>	<u>13,641,619</u>	<u>41,722,971</u>
<b>Deferred Inflows of Resources</b>	<u>1,944,625</u>	<u>563,787</u>	<u>2,508,412</u>
<b>Net Position:</b>			
Net investments in capital assets	116,860,483	38,313,796	155,174,279
Restricted	6,423,819	-	6,423,819
Unrestricted (deficit)	<u>(10,162,650)</u>	<u>9,869,396</u>	<u>(293,254)</u>
<b>Total Net Position</b>	<u><u>\$ 113,121,652</u></u>	<u><u>\$ 48,183,192</u></u>	<u><u>\$ 161,304,844</u></u>

**City of Morro Bay  
Government-Wide Summary  
Statement of Activities  
For the Year Ended June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Expenses</b>	<u>\$ (19,570,474)</u>	<u>\$ (9,335,477)</u>	<u>\$ (28,905,951)</u>
<b>Program Revenues</b>			
Charges for services	3,734,358	18,684,942	22,419,300
Operating grants and contributions	2,172,972	541,250	2,714,222
Capital grants and contributions	95,208	-	95,208
<b>Total program revenues</b>	<u>6,002,538</u>	<u>19,226,192</u>	<u>25,228,730</u>
<b>Net Cost of Services</b>	(13,567,936)	9,890,715	(3,677,221)
General Revenues	10,524,692	431,079	10,955,771
Transfers	820,839	(820,839)	-
<b>Change in Net Position</b>	<u><u>\$ (2,222,405)</u></u>	<u><u>\$ 9,500,955</u></u>	<u><u>\$ 7,278,550</u></u>

# City of Morro Bay General Fund Summary Balance Sheet June 30, 2020

<b>Assets</b>	<u>\$ 8,749,726</u>
<b>Liabilities</b>	<u>\$ 1,424,656</u>
<b>Fund Balance</b>	
Nonspendable	3,972,600
Committed	94,624
Unassigned	<u>3,257,846</u>
<b>Total Fund Balance</b>	<u>7,325,070</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 8,749,726</u>

**City of Morro Bay  
General Fund Summary  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2020**

<b>Revenues</b>	\$ 12,797,147
<b>Expenditures</b>	<u>(14,808,957)</u>
<b>Revenues over Expenditures</b>	(2,011,810)
<b>Other Financing Sources and Uses</b>	
Transfers (Net)	<u>622,611</u>
<b>Change in Fund Balance</b>	<u><u>\$ (1,389,199)</u></u>

# FINANCIAL INDICATORS AND KEY PENSION INFORMATION

**City of Morro Bay  
Governmental Activities  
Net Cost of Services to Tax Revenues  
For the Year Ended June 30, 2020**

<b>Net Cost of Services</b>	\$ 13,567,936
<b>Tax Revenues</b>	<u>10,268,339</u>
<b>Ratio</b>	<u><u>132.13%</u></u>

**City of Morro Bay  
General Fund  
Unassigned Fund Balance to Annual Expenditures  
For the Year Ended June 30, 2020**

<b>Unassigned Fund Balance</b>	\$ 3,257,846
<b>Annual Expenditures</b>	<u>14,808,957</u>
<b>Ratio</b>	<u><u>22.00%</u></u>

**GASB 68 and 71 – The Pension Standards**  
**As of reporting date June 30, 2020**  
**(Measurement date June 30, 2019)**

	<b>Disount Rate -1%</b> <b>6.15%</b>	<b>Current Discount</b> <b>Rate 7.15%</b>	<b>Disount Rate +1%</b> <b>8.15%</b>
<b>Miscellaneous</b>	\$ 22,972,896	\$ 14,321,787	\$ 7,180,908
<b>Safety</b>	16,880,895	11,145,215	6,442,856
<b>Total</b>	<b>\$ 39,853,791</b>	<b>\$ 25,467,002</b>	<b>\$ 13,623,764</b>



**GASB 75 – The OPEB Standards**  
**As of reporting date June 30, 2020**  
**(Measurement date June 30, 2020)**

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

<b>Discount Rate -1%</b>	<b>Current Discount</b>	<b>Discount Rate +1%</b>
<b>-1.20%</b>	<b>Rate (2.20%)</b>	<b>-3.20%</b>
\$ 5,988,780	\$ 5,273,881	\$ 4,685,834

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

<b>Trend 1%</b>	<b>Valuation</b>	<b>Trend 1%</b>
<b>Lower</b>	<b>Trend</b>	<b>Higher</b>
\$ 4,517,946	\$ 5,273,881	\$ 6,230,406

# AUDIT RESULTS

# Audit Result

- Opinions
  - ***Unmodified Opinions are issued to all Opinion Units***
    - Financial Statements are fairly presented in all material respect
    - Accounting policies have been consistently applied
    - Estimates are reasonable
    - Disclosures are properly reflected in the financial statements
  - ***TDA Compliance Audits - Unmodified Opinions, No Findings***
  - ***Single Audit - Finalizing***

# AU-C 260 Required Communications

- New Accounting Standard Adopted – GASB Statement No. 95
  - Delayed Implementation of Other Standards Due to COVID-19
- Significant Estimates and Disclosures
  - Estimates: Fair Value of Investments, Capital Asset Depreciation, OPEB and Pension Liability
  - Disclosures: COVID-19 Disclosures (Notes 13 & 14)
- Corrected and Uncorrected Misstatements
  - All Adjustments Recorded
- No Disagreement with Management
- No Significant Deficiencies were Identified in Internal Control over Financial Reporting



THE  
PUN GROUP  
ACCOUNTANTS & ADVISORS



**HQ - ORANGE COUNTY**

200 E. Sandpointe Avenue  
Suite 600  
Santa Ana, CA 92707

**SAN DIEGO**

4365 Executive Drive  
Suite 710  
San Diego, CA 92121

**BAY AREA**

2121 North California Blvd.  
Suite 290  
Walnut Creek, CA 94596

**LAS VEGAS**

1050 Indigo Drive  
Suite 110  
Las Vegas, NV 89145

**PHOENIX**

4742 North 24th Street  
Suite 300  
Phoenix, AZ 85016