

DUE DECEMBER 31 Pursuant to Public Resources Code § 6306

Fiscal/Calendar Year:

Grantee Name:

Contact Person:

Mailing Address:

1. Funds

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

YES NO

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

If “No”, under what fund are they accounted for?

b. Are separate financial statements prepared for the trust?

YES NO

If “Yes,” describe the organization of the separate financial statement.

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

2. Revenue

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

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

GRANTED PUBLIC TRUST LANDS STANDARDIZED REPORTING FORM

SLC 150 (formerly Form 12.26)

3. Expenses

- a. What was the total expenditure of funds received or generated from trust land or assets during the past fiscal year?

- b. What expenses were allocated or charged directly to the trust? Please list the source of the expenditure and the amount expended.

- c. Have there been any capital improvements over \$250,000 within the current fiscal year? Are any capital improvements over \$250,000 expected in the next fiscal year?

- d. Describe any other disposition of trust funds or assets or any other disposition of the trust lands or trust assets themselves. Include any internal funds that were transferred to other grantees, to the management of entity or under the management of another political subdivision of the grantee under an agreement, settlement, or memorandum of understanding.

4. Beginning and Ending Balance

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

CITY OF NEWPORT BEACH
Tide and Submerged Lands
Balance Sheet
June 30, 2023

	Tide and Submerged Land - Operating	Tide and Submerged Land - Harbor Capital	Tide and Submerged Land Total Funds
Assets			
Cash and investments	\$ 5,907,076	\$ 37,536,116	\$ 43,443,192
Receivables:			
Accounts (net of allowance)	1,181,864	-	1,181,864
Interest	37,474	114,936	152,410
Lease Receivables (note 2)	183,793,881	-	183,793,881
Public-private partnership receivable (note 3)	853,723	-	853,723
Total assets	\$ 191,774,018	\$ 37,651,052	\$ 229,425,070
 Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,187,543	\$ 509,582	\$ 1,697,125
Accrued payroll	53,305	-	53,305
Deposits payable	215,767	-	215,767
Unearned Revenue	757,105	-	757,105
Advance from other funds (note 4)	-	6,926,659	6,926,659
Total liabilities	2,213,720	7,436,241	9,649,961
 Deferred Inflows of Resources:			
Deferred amount from leases (note 2)	182,599,258	-	182,599,258
Deferred amount from public-private partnerships (note 3)	853,723	-	853,723
Total deferred inflows of resources	183,452,981	-	183,452,981
 Fund balances:			
Restricted:			
Upper Newport Bay restoration	1,479,188	-	1,479,188
Other	3,788,129	30,214,811	34,002,940
Committed:			
Oil and gas	840,000	-	840,000
Total fund balances	6,107,317	30,214,811	36,322,128
Total liabilities, deferred inflows of resources, and fund balances	\$ 191,774,018	\$ 37,651,052	\$ 229,425,070

See accompanying notes to basic financial statements

CITY OF NEWPORT BEACH
Tide and Submerged Lands
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2023

	Tide and Submerged Land - Operating	Tide and Submerged Land - Harbor Capital	Tide and Submerged Land Total Funds
Revenues:			
Licenses, permits, and fees	\$ 85,244	\$ -	\$ 85,244
Charges for services	27,057	-	27,057
Fines and forfeitures	52,101	-	52,101
Investment income	108,738	617,424	726,162
Net decrease in fair value of investments	(78,768)	(249,668)	(328,436)
Property Income			
Parking			
Balboa Lot	2,176,057	-	2,176,057
Other parking	1,875,636	-	1,875,636
Total Parking	4,051,693	-	4,051,693
Leases			
Balboa Yacht Basin Slips (net of increment)	653,171	893,523	1,546,694
Balboa Yacht Basin Garages (net of increment)	35,344	42,109	77,453
Balboa Yacht Basin Apartments (net of increment)	30,456	6,154	36,610
Balboa Yacht Basin Offices	18,304	-	18,304
Balboa Yacht Basin Electricity	9,007	-	9,007
Balboa Bay Club	3,011,162	2,623,738	5,634,900
Beacon Bay	1,788,754	-	1,788,754
Other Leases	1,358,100	214,376	1,572,476
Total Leases	6,904,298	3,779,900	10,684,198
Rent			
Moorings Off-Shore (net of increment)	620,650	566,842	1,187,492
Moorings On-Shore (net of increment)	69,546	95,896	165,442
Moorings Guest (net of increment)	-	353,354	353,354
Moorings Transfers (net of increment)	-	53,655	53,655
Residential Piers Rent (net of increment)	118,000	160,445	278,445
Commercial Piers Rent (net of increment)			
Large Com Marina Rent	248,441	589,833	838,274
Medium Com Marina Rent	-	90,671	90,671
Small Com Marina Rent	46,852	107,137	153,989
Vessel Charter Bus Rent	26,023	29,570	55,593
Vessel Rental Facility Rent	18,993	33,518	52,511
HOA NONMEM <13,000 sqf	5,693	15,869	21,562
HOA NONMEM 13K-30K sqf	6,927	8,639	15,566
Yacht Club Guest Slip Rent	13,471	2,170	15,641
Restaurant Rent	7,095	1,969	9,064
Shipyard Rent	6,559	11,182	17,741
Other Rent - Bldg over Tld	5,325	6,562	11,887
Fuel Dock - Base/Plus Rent	4,710	6,123	10,833
Sport Fishing Charter Rent	4,446	5,780	10,226
Total Commercial Piers Rent	394,535	909,023	1,303,558
Total Rent	1,202,731	2,139,215	3,341,946
Sale of Oil	1,287,532	-	1,287,532
Other	720,010	-	720,010
Total property income	14,166,264	5,919,115	20,085,379
Donations			
Other	-	12,415	12,415
Other	1,200	-	1,200
Total Revenues	\$ 14,361,836	\$ 6,299,286	\$ 20,661,122

See accompanying notes to basic financial statements

CITY OF NEWPORT BEACH
Tide and Submerged Lands
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2023

Continued

	Tide and Submerged Land - Operating	Tide and Submerged Land - Harbor Capital	Tide and Submerged Land Total Funds
Expenditures:			
General government:			
General government - Direct	\$ 432,505	\$ -	\$ 432,505
Total General government	<u>432,505</u>	<u>-</u>	<u>432,505</u>
Public works:			
Public works - Utilities - Direct	1,418,540	-	1,418,540
Public works - Tidelands management - Direct	471,231	-	471,231
Total Public works	<u>1,889,771</u>	<u>-</u>	<u>1,889,771</u>
Community development:			
Community development - Direct	12,784	-	12,784
Total Community development	<u>12,784</u>	<u>-</u>	<u>12,784</u>
Community services:			
Harbor operations - Direct	2,198,993	-	2,198,993
Total Community services	<u>2,198,993</u>	<u>-</u>	<u>2,198,993</u>
Capital improvement projects: - All are Direct			
Abandoned Watercraft Grant	14,589	-	14,589
American Legion Bulkhead	411	1,125,763	1,126,174
Arches Storm Drain Diversion	-	1,160	1,160
Balboa Island Seawall Assessment	-	67,379	67,379
Beach and Bay Sand Management	595,852	-	595,852
Eelgrass Survey	150,000	-	150,000
Harbor Dredging/Planning	-	10,558,218	10,558,218
Harbor Piers Rehabilitation	2,734	157,351	160,085
Newport Bay Water Wheel	57,001	-	57,001
Newport Pier Platform and Piles	5,500	-	5,500
Ocean Piers Inspection & Maintenance	-	15,815	15,815
Oil Well 5 Rehabilitation	249,867	-	249,867
Oil Well 12 Rehabilitation	81,946	-	81,946
Oil Well 15 Rehabilitation	41,943	-	41,943
Surfside Sunset Coastal Sand Replenishment	194,397	-	194,397
Tide Valve Replacement Program	-	270,723	270,723
TMDL Compliance/Water Quality Imp	39,824	22,538	62,362
Total Capital improvement projects	<u>1,434,064</u>	<u>12,218,947</u>	<u>13,653,011</u>
Total Expenditures	<u>\$ 5,968,117</u>	<u>\$ 12,218,947</u>	<u>\$ 18,187,064</u>
Other financing sources (uses):			
Transfers in	11,546,069	4,600,000	16,146,069
Transfers out	(18,380,271)	-	(18,380,271)
Total other financing sources (uses)	<u>(6,834,202)</u>	<u>4,600,000</u>	<u>(2,234,202)</u>
Net change in fund balances	1,559,517	(1,319,661)	239,856
Fund balance, beginning	<u>4,547,800</u>	<u>31,534,472</u>	<u>36,082,272</u>
Fund balance, ending	<u>\$ 6,107,317</u>	<u>\$ 30,214,811</u>	<u>\$ 36,322,128</u>

See accompanying notes to basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

1) Basis of Accounting and Measurement Focus

The basic financial statements of the Newport Beach, CA Tide and Submerged Lands are comprised of fund financial statements and notes to the financial statements.

The fund financial statements utilize the current financial resources measurement focus and thus have a short-term focus measuring inflows of current spendable assets. The resulting net difference between current financial assets, deferred outflows of resources, current financial liabilities, and deferred inflows of resources is otherwise known as fund balance. Fund balance is similar to net working capital in the private sector, a measure of the entity's ability to finance activities in the near term.

Tidelands are accounted for in two (2) Special Revenue funds. These Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for the Tide and Submerged Lands. Fund descriptions are:

Tide and Submerged Land – Operating Fund is a Special Revenue fund used to account for revenues related to the operation of the City's Tidelands, including beaches and marinas, and the related expenditures. Revenue from Tidelands operations includes, but is not limited to, rents from moorings, piers, and leases, as well as income from parking lots, meters, and the sale of oil.

Tide and Submerged Land – Harbor Capital Fund is used to account for incremental increases in revenue from certain property leases, piers, and mooring rentals that exceed Council designated base year revenue amounts, as well as other designated revenues and the related expenditures for capital projects, maintenance, and servicing of loan advances from the General Fund.

These funds are presented using the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for all revenues in the Tidelands Funds.

2) Leases

In FY 2021-22, the City implemented GASB Statement No. 87 – “Leases”, effective for periods beginning after June 15, 2021. This statement changed the calculation and presentation of lease related amounts in the City's financial statements.

Lease liabilities and receivables are estimated present values of future lease payments. Estimating present values involves various related estimates, including lease terms and interest rates. The estimated lease term is the time period that the lease is noncancelable, plus extension and termination time periods if based on the lease agreement it is reasonable that the extensions will be exercised and the terminations will not be exercised. When a lease's implicit interest rate is not known, estimates are made of either the City's incremental borrowing rate or the rate the City may charge a lessee. Non-lease components of lease agreements have been treated as separate non-lease agreements when practicable and are excluded from the City's estimated lease liabilities and receivables. Leases that do not meet the Governmental Accounting Standards Board's definition of a lease liability or receivable (e.g. short-term leases, etc.) also are excluded from the City's estimated lease liabilities and receivables.

Lease agreements that meet the requirements of GASB 87 for which the City is lessor are disclosed as lease receivables on the City's financial statements. GASB 87 excludes certain inflows (e.g. certain variable payments, etc.) from the measurement of lease receivables. For the fiscal year ending

June 30, 2023, both Tidelands Funds accounted for the succeeding amounts associated with GASB 87. Variable payments related to the lease receivables that were excluded from the measurement of the lease receivables amounted to \$4,701,780. Lease inflows, including inflows excluded from GASB 87, are included on the City's financial statements as property income. Lease inflows for interest revenue from amortization of the GASB 87 lease receivables totaled \$2,622,004. Lease inflows for lease revenue from amortization of the related GASB 87 deferred inflows of resources from leases was \$8,042,290. Lease receivables on June 30, 2023 were \$183,793,881.

3) Public-Private Partnership

In FY 2022-23, the City implemented GASB Statement No. 94 – “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, effective for periods beginning after June 15, 2022. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements.

The City's public-private partnership receivable is an estimated present value of future payments from the operator to the City. The estimated public-private partnership term is the time period that the operator's right to use the underlying public-private partnership asset is noncancelable, plus extension and termination time periods if based on the public-private partnership arrangement it is reasonable that the extensions will be exercised, and the terminations will not be exercised. When the public-private partnership arrangement's implicit interest rate is not known, an estimate is made of the rate the City may charge an operator. Non-public-private partnership components of public-private partnership arrangements have been treated as separate arrangements when practicable and are excluded from the City's estimated receivable. Arrangements that do not meet the Governmental Accounting Standards Board's definition of a public-private partnership (e.g. leases that do not require the operator to improve the City's existing assets, etc.) are also excluded from the City's estimated receivable

Agreements that meet the requirements of GASB 94 for which the City is transferor are disclosed as public-private partnerships (PPP) receivables on the City's financial statements. The City's PPP receivable is related to the facilities for the Balboa Island Ferry, Inc. (operator). GASB 94 excludes certain inflows (e.g. certain variable payments, etc.) from the measurement of PPP receivables. Payments from the operator to the City include variable payments, because the operator pays the City the greater of a minimum base amount or a specified percentage of the operator's gross receipts. For the fiscal year ending June 30, 2023, the City recognized \$1,815 of payments related to PPP receivables that were excluded from the measurement of the PPP receivables. A discount rate of 1.50% was applied to the measurement of the PPP receivable. The PPP agreement leases facilities to the operator for the continued operation of a ferry between Balboa Island and Balboa Peninsula. The City retains the right to inspect the property any time without notice to the operator. PPP receivables on June 30, 2023 were \$853,723.

4) Advances

Advances from the General Fund to the Harbor Capital Fund are primarily for the purpose of funding expenditures for dredging, seawall repairs and maintenance, and other high impact projects within the City's Tidelands, specifically within, or benefitting the Newport Harbor. Over the years, the General Fund has advanced \$15.8 million to the Harbor Capital Fund. The balance of advance due to the General Fund as of June 30, 2023 is \$6.9 million.

	<u>Advance from</u>	<u>Advance to</u>
General Fund	\$ 6,926,659	\$ -
Tide and Submerged Land - Harbor Capital Fund	-	6,926,659
Total	<u>\$ 6,926,659</u>	<u>\$ 6,926,659</u>

The advances will be paid back to the General Fund from incremental revenue increases generated from certain leases, mooring rents, and commercial and residential pier rents. Below is the repayment schedule:

Harbor Capital Fund Advance - Repayment Terms (Zero Interest Advance)			
	Advance #1 Dredging Projects	Advance #2 Marina Park Project	Total
Fiscal Year	Repayment	Repayment	Repayment
2024	750,000	500,000	1,250,000
2025	750,000	500,000	1,250,000
2026	750,000	500,000	1,250,000
2027	750,000	500,000	1,250,000
2028	426,659	500,000	926,659
2029	-	500,000	500,000
2030	-	500,000	500,000
Total	\$ 3,426,659	\$ 3,500,000	\$ 6,926,659

5) Revenue

In some instances, governmental accounting standards permit revenues in governmental funds to be reported net of certain costs. Accordingly, parking meter revenues and other property income are reported net of credit card service costs, refunds, rebates, and bad debt.