

SAN MATEO COUNTY HARBOR DISTRICT
Report to the Board of Harbor Commissioners
For the Fiscal Year Ended
June 30, 2023

NIGRO & NIGRO^{PC}

SAN MATEO COUNTY HARBOR DISTRICT

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Board of Harbor Commissioners
San Mateo County Harbor District
El Granada, California

We are pleased to present this report related to our audit of the financial statements of the San Mateo County Harbor District (District) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Harbor Commissioners and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

A handwritten signature in blue ink that reads 'Nigro & Nigro, PC'. The signature is written in a cursive, flowing style.

Murrieta, California
March 20, 2024

Required Communications

SAN MATEO COUNTY HARBOR DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2023

Generally accepted auditing standards (AU-C 260, *The Auditor’s Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<p>Our Responsibilities with Regard to the Financial Statement Audit</p>	<p>Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated September 20, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
<p>Overview of the Planned Scope and Timing of the Financial Statement Audit</p>	<p>An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.</p>
<p>Accounting Policies and Practices</p>	<p>Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted.</p> <p>Adoption of, or Change in, Significant Accounting Policies or Their Application Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management’s Judgments and Accounting Estimates Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.</p>
<p>Audit Adjustments</p>	<p>Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries.</p>
<p>Uncorrected Misstatements</p>	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>

SAN MATEO COUNTY HARBOR DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2023

Area	Comments
Discussions With Management	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	No significant difficulties were encountered in performing our audit.
Required Supplementary Information	We applied certain limited procedures to the: <ol style="list-style-type: none">1. Management's Discussion and Analysis2. Required Pension Plan Disclosures3. Required OPEB Plan Disclosures Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

SAN MATEO COUNTY HARBOR DISTRICT
Required Communications
For the Fiscal Year Ended June 30, 2023

Area	Comments
Supplementary Information	<p>We were engaged to report on the, Supplementary Information:</p> <ol style="list-style-type: none"> 1. Schedule of Rev, Exp & Net Position - Administration 2. Schedule of Rev, Exp & Net Position - Pillar Point 3. Schedule of Rev, Exp & Net Position - Oyster Point <p>Which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

This information is intended solely for the information and use of Board of Harbor Commissioners and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Summary of Adjusting Journal Entries

SAN MATEO COUNTY HARBOR DISTRICT

*Summary of Adjusting Journal Entries
For the Fiscal Year Ended June 30, 2023*

See Attached Report

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To True up disposal of assets			
100-201-789000	Depreciation Expense	4,765.00	
100-201-420900	PPH Asset Disposal Prof(Loss)		4,765.00
Total		4,765.00	4,765.00
Adjusting Journal Entries JE # 2			
To record GASB 68			
100-000-115000	Deferred Outflows - Pension	1,438,806.00	
100-000-215000	Deferred Inflows - Pension	424,182.00	
100-103-520001	Retirement-ER Portion	209,165.00	
100-103-520500	Retirement - UAL Expense	232,881.00	
100-201-520001	Retirement-ER Portion	340,640.00	
100-201-520500	Retirement - UAL Expense	295,000.00	
100-301-520001	Retirement-ER Portion	208,522.00	
100-301-520500	Retirement - UAL Expense	181,521.00	
100-000-210100	GASB 68 PensionLiability		3,330,717.00
Total		3,330,717.00	3,330,717.00
Adjusting Journal Entries JE # 3			
To Reclass Customer Unapplied Credits			
100-000-110145	Unapplied Credits - PPH	39,338.08	
100-000-110148	Unapplied Credits - OPM	34,648.84	
100-000-210080	Customer Prepays - OPM		34,648.84
100-000-210081	Customer Prepays - PPH		39,338.08
Total		73,986.92	73,986.92
Adjusting Journal Entries JE # 4			
To Reclass Property Taxes - FOR FINANCIAL REPORTING			
100-103-410095	Property Taxes	936,023.60	
100-103-410075	RPTTF, RDA, Successor Agency		1,481.87
100-103-410076	ERAF 3 Refunds		934,541.73
Total		936,023.60	936,023.60
Adjusting Journal Entries JE # 5			
To Reclass FEMA Grant			
100-103-410081	Miscellaneous Income	75,478.07	
100-201-420490	FEMA Grant		75,478.07
Total		75,478.07	75,478.07

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 6			
To record GASB 75			
100-000-116000	Deferred Outflows - OPEB	8,266.00	
100-000-216000	Deferred Inflows - OPEB	132,239.00	
100-103-523002	Health Ins.-Retirees	2,344.00	
100-103-523011	Life Insurance-Retirees	83.00	
100-201-523002	Health Ins.-Retirees	14,569.00	
100-201-523011	Life Insurance-Retirees	754.00	
100-301-523002	Health Ins.-Retirees	14,136.00	
100-301-523011	Life Insurance-Retirees	505.00	
100-000-210095	Longevity Benefit Payable		172,896.00
Total		172,896.00	172,896.00
Adjusting Journal Entries JE # 7			
To Accrue Property Tax Receivable			
100-000-110070	Property Tax Receivable	19,852.47	
100-103-410075	RPTTF, RDA, Successor Agency		19,852.47
Total		19,852.47	19,852.47
Adjusting Journal Entries JE # 8			
To get beginnig net position to roll forward.			
100-000-390000	Fund Balance	1.55	
100-103-730000	Office Supplies		1.55
Total		1.55	1.55
Adjusting Journal Entries JE # 9			
To adjust lease receivable and related DIR to 6/30/2023 balances. GASB87			
100-000-110055	Lease Receivable - GASB87	259,591.00	
100-000-217000	Deferred Inflows - Lease		162,320.00
100-201-420300	Interest Income - GASB87		52,764.00
100-201-420301	Lease Revenue Adjustment		44,507.00
Total		259,591.00	259,591.00
Adjusting Journal Entries JE # 10			
To record fair market value adjustment for the Districts investment is the San Mateo County Investment Fund.			
100-103-430082	FMV Adjustment	660,291.79	
100-000-110019.1	SMCIF FMV		660,291.79
Total		660,291.79	660,291.79
	Total Adjusting Journal Entries	5,533,603.40	5,533,603.40