



## Staff Report

**TO:** Board of Harbor Commissioners

**FROM:** Julie van Hoff, Director of Administrative Services  
Boomer Henthorne, Accounting Manager

**DATE:** March 15, 2023

**SUBJECT:** Fiscal Year 2021/22 Audited Basic Financial Statements

**Recommendation:**

Receive 2021/22 San Mateo County Harbor District Audited Basic Financial Statements.

**Policy Implications:**

- California Code of Regulations 1131.2 describes minimum audit requirements for Special Districts.
- Harbors and Navigation Code §6062 requires Harbor Districts to complete an annual audit by a licensed certified public accountant.

**Fiscal Implications/Budget Status:**

None

**Alternatives Considered:**

None

**Background/Discussion:**

San Mateo County Harbor District independent auditor Maze & Associates has submitted audited financial statements for the fiscal year ended June 30, 2022 (FY 2021/22). These financial statements were prepared by District staff and audited by Maze & Associates. The audited financials, which include the audit opinion and required communications are provided as attachments to this staff report.

A financial statement audit involves procedures to obtain audit evidence about the amounts and financial disclosures the District makes in its annual financial statements. Our auditors obtain this audit evidence through several ways, including–

- Interviewing District staff to learn about policy changes, changes in staffing, or changes in our process that may have occurred since last fiscal year's audit that could potentially affect our internal controls.
- Talking to us to gain an understanding of our business and the internal controls we have in place to determine if our controls can be relied upon to potentially catch accounting errors, detect, or prevent fraud.
- Reviewing our account balances from this fiscal year and comparing it to last fiscal year to identify material changes and corroborating the reasons for those changes.
- Testing specific accounts at the detailed transaction level to determine if the District recorded them properly and to see if the District is following its policies (like our Purchasing and Procurement policy).

Audit Opinion:

Maze & Associates has provided a “clean” unmodified opinion on the District's financial statements. This means the auditors did not find any material misstatements during their audit, and believe our financial statements fairly represent the District's financial position as of June 30, 2022, in conformity with generally accepted accounting principles in the United States. The audit affirms the continuing stable financial position of the District and the accuracy of our year-end financial statements.

Memorandum of Internal Control:

As a part of the independent audit, Maze & Associates provided a Memorandum of Internal Control to the Board of Commissioners. No new matters were identified. Additionally, our auditors did not find any significant deficiencies or material weaknesses in our internal controls. This means the auditors did not find any large departures from what our policies and processes say we should be doing compared to what we are doing in practice.

Financial Highlights:

- The District's financial statements reflect a net position of \$53,811,196 in FY 2021/22, which was an increase of \$6,590,935 compared to \$47,220,261 in FY 2020/21.
- The District's operating revenues increased by \$170,404 or 4.1% while non-operating revenues increased by \$751,898 or 8.2%.
- The District's operating expenses decreased by \$3,472,158 or 31.3%, due to no election costs in the fiscal year, and a decrease in salaries and wages.
- Aggregate net pension liabilities are \$285,821 and net OPEB (other post-employment benefit) liabilities are \$2,764,384.

The District's auditing firm, Maze & Associates, will be attending the board meeting on March 15, 2023, to answer questions that the Board may have about the report.

**Attachments:**

- 1) [FY 2021/22 Audited Basic Financial Statements by Maze & Associates](#)
- 2) [Memorandum of Internal Control by Maze & Associates](#)
- 3) [Required Communications by Maze & Associates](#)