

**BOARD OF PILOT COMMISSIONERS
FOR THE BAYS OF SAN FRANCISCO,
SAN PABLO, AND SUISUN**

Independent Accountant's Report

AGREED-UPON PROCEDURES

For the Review of the

**SAN FRANCISCO BAR PILOTS
AND THE SAN FRANCISCO BAR PILOTS
BENEVOLENT AND PROTECTIVE ASSOCIATION**

January 1, 2019, through December 31, 2019



**BOPC Received
12-14-2020**

BETTY T. YEE
California State Controller

December 2020



BETTY T. YEE
California State Controller

December 14, 2020

Allen Garfinkle, Executive Director
Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun
660 Davis Street
San Francisco, CA 94111

Dear Mr. Garfinkle:

The State Controller's Office has applied agreed-upon procedures for the Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun for the review of the San Francisco Bar Pilots and the San Francisco Bar Pilots Benevolent and Protective Association. We applied the agreed-upon procedures under Agreement No. 15M900003 for the period of January 1, 2019, through December 31, 2019.

We found that a total of \$1,200 was under-billed between January 24, 2019, and July 25, 2019, and a total of \$680 was over-billed between August 23 and August 25, 2019. Our findings are discussed in the results for Agreed-upon Procedure No. 8.

As mutually agreed at the exit conference on December 2, 2020, we will not issue a draft report.

If you have any questions, please contact Joel James, Chief, Financial Audits Bureau, by telephone at (916) 323-1573.

Sincerely,

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

JLS/as

cc: Roma Cristia-Plant, Assistant Director
Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun
Captain John Carlier, President
San Francisco Bar Pilots

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BETTY T. YEE
California State Controller

**INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Executive Director of the Board of Pilot Commissioners for the Bay of San Francisco, San Pablo and Suisun:

The State Controller’s Office (SCO) has performed the procedures enumerated below, which were agreed to by the Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun (Board) and the San Francisco Bar Pilots Benevolent and Protective Association to test financial-schedule data against selected criteria; the procedures included determining conformance with selected criteria and Harbors and Navigation Code sections for the period of January 1, 2019, through December 31, 2019. The procedures were performed to assist the Board in evaluating the San Francisco Bar Pilots compliance with billing, collecting, depositing, and accounting for surcharges. This agreed-upon procedures engagement was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. The accuracy of the records is solely the responsibility of the San Francisco Bar Pilots. Consequently, the SCO makes no representation regarding the sufficiency of the procedures described below or the accuracy of the accounting records provided, either for the purpose for which this report has been requested or for any other purpose.

The procedure and associated findings are as follows:

AGREED-UPON PROCEDURES	RESULTS
Schedule of Board Operations Surcharges, Billings, and Disbursements (Schedule 1) 1 – Sampling 15 invoices per year, verify that the mathematical accuracy of the calculations of billing rates charged for pilotage services were in accordance with the rates established in the Harbors and Navigation Code.	We found no exceptions as a result of this procedure.
2 – Sampling 15 invoices per year, verify that the mathematical accuracy of the calculations used for billing Board Operations Surcharges were in accordance with rates established by the Board.	We found no exceptions as a result of this procedure.
3 – Sampling 15 invoices per year, verify that Board Operations Surcharges were billed, collected, deposited, and accounted for in the Schedule of Board Operations Surcharges, Billings and Disbursements.	We found no exceptions as a result of this procedure.

AGREED-UPON PROCEDURES	RESULTS
4 – Sampling 15 invoices per year, verify that the Schedule of Board Operations Surcharges, Billings and Disbursements contains the disbursements of surcharges in compliance with Harbors and Navigation Code.	We found no exceptions as a result of this procedure.
<p>Schedule of Pilot Trainee Training Program Surcharges, Billings, and Disbursements (Schedule 2)</p> <p>5 – Sampling 15 invoices per year, verify that the surcharges used for the training program were per trainee, per vessel movement, in accordance with the rates established by the Board.</p>	We found no exceptions as a result of this procedure.
6 – Sampling 15 invoices per year, verify the mathematical accuracy of the calculations used for billing surcharges for the trainee training program.	We found no exceptions as a result of this procedure.
7 – Sampling 15 invoices per year, verify that revenues (billings) were billed, collected, deposited, and accounted for in the Schedule of Pilot Trainee Training Program Surcharges, Billings and Disbursements.	We found no exceptions as a result of this procedure.
8 – Sampling 15 invoices per year, verify that the Schedule of Pilot Trainee Training Program Surcharges, Billings and Disbursements contains the disbursements of surcharges in compliance with Harbors and Navigation Code.	<p>We found the pilot trainee training program surcharge amounts were under- or over-billed as follows:</p> <p>One-hundred five dollars was billed and remitted per vessel move on January 24, 2019. The charge was based on seven program participants, although there were nine participants in the program during this period. The charge should have been \$135 per vessel move. As a result, \$600 was under-billed and remitted for 20 vessel moves during this period.</p> <p>Ninety dollars was billed and remitted per vessel move on April 25, 2019. The charge was based on six program participants, although there were seven participants in the program during this period. The charge should have been \$105 per vessel move. As a result, \$360 was under-billed and remitted for 24 vessel moves during this period.</p> <p>Fifty dollars was billed and remitted per vessel move on July 25, 2019. The charge was based on five program participants, although there were six participants in the program during this period. The charge should have been \$60 per vessel move. As a result, \$240 was under-billed and remitted for 24 vessel moves during this period.</p>

AGREED-UPON PROCEDURES	RESULTS
8 – (continued)	Seventy dollars was billed and remitted per vessel move for August 23, 2019, through August 25, 2019. The charge was based on seven program participants, although there were six participants in the program during this period. The charge should have been \$60 per vessel move. As a result, \$680 was over-billed and remitted for 68 vessel moves during this period.
<p>Schedule of Pilot Continuing Education Surcharges, Billings, and Disbursements (Schedule 3)</p> <p>9 – Sampling 15 invoices per year, verify that the surcharges used for the pilot continuing education program were per vessel movement in accordance with the rates established by the Board.</p>	We found no exceptions as a result of this procedure.
10 – Sampling 15 invoices per year, verify the mathematical accuracy of the calculations used for billing surcharges for the pilot continuing education program.	We found no exceptions as a result of this procedure.
11 – Sampling 15 invoices per year, verify that revenues (billings) were billed, collected, deposited, and accounted for in the Schedule of Pilot Continuing Education Surcharges, Billings and Disbursements.	We found no exceptions as a result of this procedure.
12 – Sampling 15 invoices per year, verify that the Schedule of Pilot Continuing Education Surcharges, Billings and Disbursements contains the disbursements of surcharges in compliance with Harbors and Navigation Code.	We found no exceptions as a result of this procedure.
<p>Schedule of Navigation Technology Billings and Expenses (Schedule 4)</p> <p>13 – Sampling 15 invoices per year, verify that the Navigation Technology Surcharges were per vessel movement in accordance with the rate established by the Board.</p>	We found no exceptions as a result of this procedure.
14 – Sampling 15 invoices per year, verify the mathematical accuracy of the calculations for the amounts used for billings of the Navigation Technology Surcharges.	We found no exceptions as a result of this procedure.
15 – Sampling 15 invoices per year, verify that revenues (billings) were billed, collected, deposited, and accounted for in the Schedule of Navigation Technology Billings and Expenses.	We found no exceptions as a result of this procedure.
16 – Sampling 15 invoices per year, verify that the Schedule of Navigation Technology Billings and Expenses contains the disbursements of surcharges in compliance with Harbors and Navigation Code.	We found no exceptions as a result of this procedure.

AGREED-UPON PROCEDURES	RESULTS
<p>Schedule of Pilot Pension Plan Surcharges, Billings, and Disbursements (Schedule 5) ¹</p> <p>17 – Sampling 15 invoices per year, verify that the San Francisco Bar Pilot Pension Plan (Pilot Pension Plan) surcharges were per the applicable mill rate per high-gross-registered ton for each vessel subject to the basic bar pilotage fee and surcharges in accordance with the Harbors and Navigation Code and the rates approved by the Pension Plan Fiduciary.</p>	We found no exceptions as a result of this procedure.
<p>18 – Sampling 15 invoices per year, verify the mathematical accuracy of the calculations used for billing Pilot Pension Plan surcharges.</p>	We found no exceptions as a result of this procedure.
<p>19 – Sampling 15 invoices per year, verify that Pilot Pension Plan revenues (billings) were billed, collected, deposited, and accounted for in the Schedule of Pilot Pension Plan Surcharges, Billings and Disbursements.</p>	We found no exceptions as a result of this procedure.
<p>20 – Sampling 15 invoices per year, verify that the Schedule of Pilot Pension Plan Surcharges, Billings and Disbursements contains the disbursements of surcharges in compliance with Harbors and Navigation Code and as approved by the Pilot Pension Plan Fiduciary.</p>	We found no exceptions as a result of this procedure.

The SCO was not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion on the Agreed-Upon Procedures set forth in the accompanying schedules.² Accordingly, the SCO does not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and the San Francisco Bar Pilots. It is not intended to be and should not be used by anyone other than those specific parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

Sacramento, California

December 14, 2020

¹ The accompanying schedule, as revised by the Board, is titled 2019 Pilot Pension Plan Surcharges Fiscal Activity.

² The accompanying schedules were prepared by the San Francisco Bar Pilots and included as supplementary information at the request of the Board.

**Schedule 1—
2019 Board Operations
Surcharges, Billings, and Disbursements
(Prepared by the San Francisco Bar Pilots)**

Accounts Receivable Details Historical Report as of December 31, 2018	\$ 118,055
Plus: Unremitted Surcharges to the Board as of December 31, 2018	83,754
Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2018	<u>\$ 201,809</u>
Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2018	\$ 201,809
Plus: Amount Billed in 2019	1,194,375
Less: Amount Remitted in 2019	<u>(1,187,284)</u>
Calculated Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2019	<u>\$ 208,900</u>
Accounts Receivable Details Historical Report as of December 31, 2019	\$ 103,468
Plus: Unremitted Surcharges to the Board as of December 31, 2019	102,527
Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2019	<u>\$ 205,995</u>
Unknown Difference Between Calculated Accounts Receivable less Account Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2019	<u>\$ 2,905</u>
General Ledger as of December 31, 2019	\$ 205,026
Unknown Difference Between Accounts Receivable Historical Report and Unremitted Surcharges to the Board less General Ledger as of December 31, 2019	<u>\$ 969</u>

**Schedule 2—
2019 Pilot Trainee Training Program
Surcharges, Billings, and Disbursements
(Prepared by the San Francisco Bar Pilots)**

Accounts Receivable Details Historical Report as of December 31, 2018	\$ 83,632
Plus: Unremitted Surcharges to the Board as of December 31, 2018	72,030
Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2018	<u>\$ 155,662</u>
Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2018	\$ 155,662
Plus: Amount Billed in 2019	740,285
Less: Amount Remitted in 2019	(777,755)
Calculated Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2019	<u>\$ 118,192</u>
Accounts Receivable Details Historical Report as of December 31, 2019	\$ 57,610
Plus: Unremitted Surcharges to the Board as of December 31, 2019	60,185
Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2019	<u>\$ 117,795</u>
Unknown Difference Between Calculated Accounts Receivable less Account Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2019	<u>\$ 397</u>
General Ledger as of December 31, 2019	\$ 117,240
Unknown Difference Between Accounts Receivable Historical Report and Unremitted Surcharges to the Board less General Ledger as of December 31, 2019	<u>\$ 555</u>

**Schedule 3—
2019 Pilot Continuing Education
Surcharges, Billings, and Disbursements
(Prepared by the San Francisco Bar Pilots)**

Accounts Receivable Details Historical Report as of December 31, 2018	\$ 19,360
Plus: Unremitted Surcharges to the Board as of December 31, 2018	15,250
Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2018	<u>\$ 34,610</u>
Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2018	\$ 34,610
Plus: Amount Billed in 2019	258,605
Less: Amount Remitted in 2019	(241,800)
Calculated Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2019	<u>\$ 51,415</u>
Accounts Receivable Details Historical Report as of December 31, 2019	\$ 25,235
Plus: Unremitted Surcharges to the Board as of December 31, 2019	26,290
Accounts Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2019	<u>\$ 51,525</u>
Unknown Difference Between Calculated Accounts Receivable less Account Receivable Details Historical Report and Unremitted Surcharges to the Board as of December 31, 2019	<u>\$ (110)</u>
General Ledger as of December 31, 2019	\$ 51,355
Unknown Difference Between Accounts Receivable Historical Report and Unremitted Surcharges to the Board less General Ledger as of December 31, 2019	<u>\$ 170</u>

**Schedule 4—
2019 Navigation Technology
Billings and Expenses
(Prepared by the San Francisco Bar Pilots)**

Navigation Technology Billings 2017	\$	177,880
Navigation Technology Billings 2018		342,640
Navigation Technology Billings 2019		345,160
Total Navigation Technology Billings	<u>\$</u>	<u>865,680</u>
Navigation Technology Expenses 2017	\$	851,296
Navigation Technology Expenses 2018		102,115
Navigation Technology Expenses 2019		43,945
Total Navigation Technology Expenses	<u>\$</u>	<u>997,356</u>

**Schedule 5—
2019 Pilot Pension Plan Surcharges Fiscal Activity
(Prepared by the San Francisco Bar Pilots)**

2019 Pension Surcharge Disbursements: ¹	
Pension Surcharge Billings Reported to the Board (December 2018-November 2019)	\$ 10,787,673
Less: Administrative Costs Paid	<u>(41,561)</u>
Surcharge Available for Disbursement to Beneficiaries	10,746,112
Less: Retained Amounts Due to Beneficiaries	(2,424)
Add: Disbursed Retained Amounts Due to Beneficiaries	2,424
Less: Deductions for Union Dues at Request of Beneficiaries	(7,200)
Less: Deductions for Health Plan Dues at Request of Beneficiaries	<u>(497,781)</u>
Net Amount Remitted to Payroll Agent for Disbursement to Beneficiaries	<u><u>\$ 10,241,131</u></u>
Beneficiary Actual-to-Target Pension Amounts:	
Surcharge Available for Disbursement to Beneficiaries	\$ 10,746,112
Beneficiary Total Target Pension Amount (December 2018-November 2019)	10,955,344
Over (Under) Target Pension Amounts	<u><u>\$ (209,232)</u></u>

¹ Pension Surcharge amounts billed in one month are available to be disbursed in the following month. On occasion, the Plan Primary Fiduciary may withhold a beneficiary's monthly payment(s), typically until a successor in interest can be determined. Otherwise, there is no other retention or investment of Pension Plan Surcharge monies.

**State Controller's Office
Division of Audits
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<http://www.sco.ca.gov>