

SAN MATEO COUNTY HARBOR DISTRICT

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FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

June 30, 2010

Board of Harbor Commissioners

**Peter Grenell
General Manager**

**Julie Turner
Director of Finance**

**Marietta Harris
Human Resources Manager**

**Robert Johnson
Harbor Master**

San Mateo County Harbor District

June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Harbor Commissioners
of the San Mateo County Harbor District
South San Francisco, California

We have audited the accompanying financial statements of San Mateo County Harbor District as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of San Mateo County Harbor District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of San Mateo County Harbor District at June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Schedule of Funding Progress of Public Employee Retirement Systems on page 28 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Operating Expenses on pages 30 through 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Shuff, Leng & Polo, LLP

San Francisco, California
December 9, 2010

San Mateo County Harbor District Management's Discussion and Analysis (unaudited)

Management's Discussion and Analysis

Introduction

The following discussion and analysis of the financial performance and activities of the San Mateo County Harbor District (the "District") provides an introduction and understanding of the financial statements of the District for the fiscal year ended June 30, 2010. This Management's Discussion and Analysis has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes, which follow this section.

The San Mateo County Harbor District was established in 1933 by State Charter as an autonomous Special District whose boundaries are co-terminous with San Mateo County. Its mission is to provide the public with safe, clean, well-managed, financially sound and environmentally pleasant marinas.

The District is administered by the Board of Harbor Commissioners. The Board is comprised of five commissioners, each elected to staggered four year terms. The District's General Manager reports directly to the Board. The General Manager oversees the executive management team consisting of the General Manager, Finance Director, Human Resources Manager and Harbor Master. The management team supervises the support staff consisting of harbor, administrative, technical, accounting and clerical staff.

The District is organized into four departments. Of these four departments, two are revenue departments: Oyster Point Marina/Park and Pillar Point Harbor; and two are support departments: Administration and the Harbor Commission.

Oyster Point Marina/Park

Oyster Point Marina/Park is located in South San Francisco on San Francisco Bay and is owned by the City of South San Francisco. The District operates Oyster Point Marina/Park under a 50-year Joint Powers Agreement ("JPA") signed in 1977 by the District and the City of South San Francisco that expires in 2026. Its facilities include a 455 berth marina, a boat launching ramp, fuel dock, and a 200 foot fishing pier. Other amenities include a 33 acre park with hiking and jogging trail, picnic facilities, a 2.5 acre sandy beach, and free parking. Berth sizes range from 26 feet to 60 feet.

The District also leases land at the Oyster Point Marina/Park to five tenants for a variety of uses. Oyster Point MV, LLC operates the Oyster Point Marina Inn, a thirty-room inn which also houses the inn's restaurant, and Drake Marine, a subtenant of Marine Collections' lease, which manages boat storage and yacht sales at the marina. Other operations include the Oyster Point Bait and Tackle, Boat and Motor Mart (another Oyster Point MV, LLC subtenant) and the Oyster Point Yacht Club. The San Francisco Bay Area Water

San Mateo County Harbor District
Management's Discussion and Analysis
(unaudited)

Emergency Transportation Authority (WETA), under a lease from the Harbor District, will begin construction of a new ferry terminal in late 2010.

Pillar Point Harbor

Pillar Point Harbor is owned by the District. It is a small-craft harbor located at the northern end of Half Moon Bay approximately 25 miles south of San Francisco and 4 miles north of the city of Half Moon Bay. The Harbor is protected by a pair of rubble-mound breakwaters and an inner breakwater system. There are three piers in the harbor: Johnson Pier, inside the inner breakwater; a small recreational fishing pier and Romeo Pier, which is located in the outer harbor on the shore of Princeton-by-the-Sea. Romeo Pier has been closed for structural safety reasons.

Pillar Point Harbor has 369 berths for recreational and commercial fishing, a boat launching ramp, restrooms and public access walkways. Operations on the Johnson Pier include three wholesale commercial fish buyers: Pillar Point Seafood, Morningstar Fisheries, and Three Captains Sea Products. A fuel dock and ice machine are run by KN Properties. There are two restaurants and two charter services operating in the Pillar Point Harbor: Ketch Joanne Restaurant and Harbor Bar, Princeton Seafood, Half Moon Bay Sport Fishing and Huck Finn Sportfishing. A new retail store, Mavericks Surf Shop, will be opening in late 2010.

The Harbor District leases land it owns to KN Properties, which includes an RV lot and a vacant "Post Office" lot in El Granada, which is targeted for commercial development.

Financial Statement Overview

The District's financial report includes Management's Discussion and Analysis, the basic financial statements, and the notes to the basic financial statements. The report includes the following three basic financial statements: the Comparative Statement of Net Assets, the Comparative Statement of Revenues, Expenses, and Changes in Net Assets; and the Comparative Statement of Cash Flows.

The District, an enterprise fund, prepares the basic financial statements on an accrual basis in accordance with generally accepted accounting principles ("GAAP") promulgated by the Governmental Accounting Standards Board ("GASB"). As an enterprise fund, revenues are recognized when earned, not when received; and expenses are recognized when incurred, not when paid. Capital assets are capitalized and depreciated, with the exception of land and easements, over their useful lives.

San Mateo County Harbor District
Management's Discussion and Analysis
(unaudited)

Summary of Net Assets

The Statement of Net Assets presents the financial position of the District at the end of the fiscal year. The statement includes all assets and liabilities of the District. Net assets, the difference between assets and liabilities, are an indicator of the current fiscal health of the District, and can give an indication of its financial position over time.

A summarized comparison of the District's Assets, Liabilities and Net Assets at June 30 is as follows:

Net Assets	Twelve Months Ended				
	Audited June 30 2010	% Change	Audited June 30 2009	% Change	Audited June 30 2008
Current and other assets	11,268,024	43%	7,885,129	(1%)	7,950,741
Restricted assets - cash	1,672,274	1%	1,651,280	(3%)	1,702,749
Capital assets, net	23,136,314	(5%)	24,256,015	(4%)	25,174,669
Total assets	36,076,612	7%	33,792,424	(3%)	34,828,159
Short-term debt outstanding	889,024	27%	700,624	(57%)	1,634,490
Long-term debt outstanding	10,083,374	(31%)	14,683,629	(5%)	15,376,838
Other liabilities	7,557,777	186%	2,644,750	28%	2,072,760
Total liabilities	18,530,175	3%	18,029,003	(6%)	19,084,088
Net assets					
Invested in capital assets, net of related debt	12,163,916	37%	8,865,084	9%	8,163,341
Restricted for:					
Debt service	1,500,000	0%	1,500,000	0%	1,500,000
Restricted for:					
Other uses - OPEB	-	100%	812,191	100%	-
Unrestricted	3,882,521	(15%)	4,586,146	(25%)	6,080,730
Total net assets	17,546,437	11%	15,763,421	0%	15,744,071

Total Net Assets as of June 30, 2010 increased by approximately \$1,783,016, or 11.3%.

Net assets invested in capital assets, net of related debt, increased by approximately \$3,298,832, or 37.2%. The increase is the combined result of net capital asset additions and the reduction of debt service obligations to the Department of Boating and Waterways.

Unrestricted net assets decreased approximately \$703,625 or 15.3% as a result of the WETA agreement and the increase in funds set aside for other post employment benefits (OPEB).

San Mateo County Harbor District
Management's Discussion and Analysis
(unaudited)

Summary of Revenues, Expenses, and Changes in Net Assets

The Statements of Revenues, Expenses, and Changes in Net Assets reflect how the District's Net Assets changed during the most recent fiscal year compared to the prior year. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The following is summary of the Statements of Revenues, Expenses, and Changes in Net Assets:

Changes in Net Assets	Twelve Months Ended				
	Audited June 30 2010	% Change	Audited June 30 2009	% Change	Audited June 30 2008
Operating Revenues	3,286,209	(5.1%)	3,461,953	5%	3,286,738
Operating Grants	-	(100%)	83,084	100%	-
Tax Revenues	4,389,358	3%	4,268,792	9%	3,911,267
Interest Income	93,900	(52%)	196,571	(52%)	405,570
Other Income	10,106	100%	-	(100%)	2,621
Total revenues	7,779,573	(3%)	8,010,400	5%	7,606,196
Operating/administrative expenses	4,561,607	(9.6%)	5,046,166	7%	4,711,623
OPEB Expense	1,248,559	(100%)	812,191	100%	-
Depreciation	1,321,694	(28%)	1,846,000	12%	1,653,367
Interest expense	554,179	(25%)	743,544	(7%)	800,702
Lehman Bros Loss	-	(100%)	335,571	100%	-
Other expense	-	(100%)	29,316	100%	-
Total expenses	7,686,039	(13%)	8,812,788	23%	7,165,692
Grants for capital projects	1,340,000	63%	823,000	100%	-
Asset Sales/Deletions	349,482	100%	(1,262)	(100%)	(423,677)
Change in net assets	1,783,016	9115%	19,350	15%	16,827
Net assets, beginning of year	15,763,421	0%	15,744,071	0%	15,727,244
Net assets, end of year	<u>17,546,437</u>	11%	<u>15,763,421</u>	0%	<u>15,744,071</u>

Operating revenues decreased \$175,744 or 5.1% in fiscal year 2010. The decrease is primarily the result of the lack of grant proceeds for vessel destruction and a decrease in rents and concessions related to the economic downturn. Absent the need to increase the election expense liability reserve, operating expenses decreased \$484,559 or 9.6%.

The District typically records election expenses across two fiscal years. Due to the magnitude of the election costs, currently estimated at between \$500,000 and \$1,000,000, or 5%-9% of the District's budget, the District is confident that its current reserves are adequate to cover the costs of the election in FY2010-11. In FY2006-07 and FY2008-09 the District allocated \$459,000 and \$100,000 respectively into a liability account for future election expense.

San Mateo County Harbor District
Management's Discussion and Analysis
(unaudited)

As a phase 3 agency, the District is required to disclose its OPEB liability. In preparation for that disclosure, the District hired an actuary in FY2008-09 to calculate the District's OPEB accrued liability and annual expense. Given the small number of eligible participants and the limited benefits of the District's plan, the District has elected to use its own method of calculating the OPEB liability. As a result of the District's calculation, the District has funded its OPEB obligation by setting aside \$2,060,751 for its accrued liability and will budget an additional increase annually based on changes in participant eligibility.

Proceeds from the disposition of assets increased \$349,482 in FY2009-10. This increase was primarily due to the sale of land in El Granada for \$850,000, offset by the removal of 2 docks at Oyster Point Marina/Park in preparation for the construction of the new ferry terminal.

Grants for capital projects are booked as non-operating receipts, as these are one-time grants, to assist in the design and construction of facilities that would be beneficial to the public, such as public fishing piers or launch ramps. In FY2009-10, the City of South San Francisco granted \$1,340,000 to the District to modify the breakwater in preparation of the arrival of the WETA ferries.

Budgetary Highlights

The economic outlook for the District is positive as the California and National economies continue a slow recovery out of the recession. During FY2009-10 the District maintained a firm position on reducing expenditures. The majority of operating expense budget categories were under spent by over \$800,000. Significant savings were realized in the categories of bad debt expense, insurance expense and salaries and payroll burden. Expenditures in excess of budget were less than \$150,000 before funding the OPEB liability. These additional expenditures were required to update technology, equipment and facilities for the District.

Contingencies

On November 20, 2007, a Government Tort Claim was filed in the court by a District employee. The District filed a motion to dismiss the suit in its entirety, which was denied by the trial court. In March, 2010, the California Court of Appeals overturned that decision in favor of the District. There is no further liability for the District in this case.

FINANCIAL STATEMENTS

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF NET ASSETS
JUNE 30, 2009 and 2010**

ASSETS

	Total	
	2009	2010
Current Assets		
Cash and investments (Notes 1 and 2)	\$ 7,817,446	\$ 11,212,020
Accounts receivable, net (Note 1)	12,408	19,582
Interest receivable	48,484	29,996
Prepaid expenses (Note 1)	6,791	6,426
Total current assets	7,885,129	11,268,024
Noncurrent Assets		
Restricted cash (Note 4)	1,651,280	1,672,274
Total noncurrent assets	1,651,280	1,672,274
Capital assets (Note 1 and 3):		
Non-depreciable	1,409,779	1,020,265
Depreciable, net of accumulated depreciation	22,846,236	22,116,049
Total capital assets, net	24,256,015	23,136,314
Total Assets	33,792,424	36,076,612

LIABILITIES

Current liabilities:		
Accounts payable	\$ 140,309	\$ 430,002
Accrued interest payable	353,375	252,035
Compensated absences payable (Note 1)	264,027	238,324
Accrued wages payable and other payroll liabilities	111,190	57,606
Accrued liabilities	600,963	561,125
Other post employment benefit liabilities	812,191	2,060,751
Deferred revenue	83,766	3,694,280
Deposits	278,929	263,654
Notes payable within one year (Notes 1, 4, and 7)	700,624	889,024
Total current liabilities	3,345,374	8,446,801
Long-term liabilities:		
Notes payable (Notes 1, 4, and 7)	14,683,629	10,083,374
Total long-term liabilities	14,683,629	10,083,374
Total Liabilities	18,029,003	18,530,175

NET ASSETS

Invested in capital assets, net of related debt	8,865,083	12,163,916
Restricted for:		
Debt service (Note 4)	1,500,000	1,500,000
Other post employment benefits	812,191	-
Unrestricted	4,586,146	3,882,521
Total Net Assets	\$ 15,763,421	\$ 17,546,437

See accompanying Notes to Financial Statements

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2010**

	Total	
	2009	2010
OPERATING REVENUES: (Note 1)		
Berth rental	\$ 2,454,142	\$ 2,306,670
Dock box fees	7,194	6,960
Launching fees	83,863	94,001
Mooring fees	47,179	43,279
Recreational vehicles	20,515	25,386
Rents and concessions	525,174	555,573
Transient berths and dockage	169,389	181,081
Other sales and services	154,497	73,259
Total operating revenues	3,461,953	3,286,209
OPERATING EXPENSES:		
Maintenance and operations	5,858,357	5,810,166
Depreciation (Note 3)	1,846,000	1,321,694
Total operating expenses	7,704,357	7,131,860
Operating Loss	(4,242,404)	(3,845,651)
NONOPERATING REVENUES (EXPENSES): (Note 1)		
Grants	906,084	1,340,000
Interest earned	196,571	93,900
Local government taxes	4,268,792	4,389,358
Miscellaneous	5,046	-
Interest expense	(743,544)	(554,179)
Asset sale and disposal	(35,623)	349,482
Insurance settlements	-	10,106
Investment loss	(335,571)	-
Total nonoperating revenues (expense)	4,261,754	5,628,667
Change in Net Assets	19,350	1,783,016
NET ASSETS:		
Beginning of year	15,744,071	15,763,421
End of year	\$ 15,763,421	\$ 17,546,437

See accompanying Notes to Financial Statements

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2010**

	Total	
	2009	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 3,491,715	\$ 6,874,274
Cash payments to suppliers for goods and services	(5,262,773)	(4,390,673)
Net cash used by operating activities	(1,771,058)	2,483,601
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants	906,084	1,340,000
Local government taxes	4,268,792	4,389,358
Other nonoperating income	5,046	-
Net cash provided by noncapital financing activities	5,179,922	5,729,358
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets - net (Note 3)	(962,969)	147,490
Principal paid on capital debt (Note 4)	(1,627,076)	(4,411,855)
Interest paid on capital debt	(772,924)	(655,519)
Insurance settlements	-	10,106
Loss on investments	(335,571)	-
Net cash used by capital and related financing activities	(3,698,540)	(4,909,778)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	201,107	112,388
Net cash provided by investing activities	201,107	112,388
Net increase in cash and cash equivalents	(88,569)	3,415,569
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Beginning of year	9,557,294	9,468,725
End of year	\$ 9,468,725	\$ 12,884,294
Cash and Investments	7,817,445	11,212,020
Restricted Cash	1,651,280	1,672,274
Total Cash, Cash Equivalents, and Restricted Cash	\$ 9,468,725	\$ 12,884,294
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (4,242,404)	\$ (3,845,651)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,846,000	1,321,694
Change in current assets and liabilities:		
Accounts receivable	23,256	(7,174)
Prepaid expense	720	365
Accounts payable	(320,381)	289,694
Deferred revenues	(23,537)	3,610,514
Other payables	915,245	1,129,434
Customer deposits	30,043	(15,275)
Net cash provided (used) by operating activities	\$ (1,771,058)	\$ 2,483,601

See accompanying Notes to Financial Statements

SAN MATEO COUNTY HARBOR DISTRICT NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The San Mateo County Harbor District (District) was created pursuant to the appropriate provisions of the California Government Code for special districts and the Harbors and Navigation Code dealing with Harbor Districts. The District is governed by a five-member Board of Harbor Commissioners. The Commissioners are elected at large and serve 4-year terms. The District operates two facilities, Pillar Point, which it owns, and Oyster Point Marina/Park that it operates under a joint powers agreement with the City of South San Francisco, which owns the Oyster Point Facility.

Fund Accounting

The accounts of the District are on a fund basis of accounting. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The District operates and reports as a proprietary fund. The following is a brief description of the fund:

Enterprise Fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise and where it is the stated intent that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus

Proprietary funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the balance sheet. Their reported net assets present total net assets. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net assets.

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

Basis of Accounting

Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and become measurable; expenses are recognized when they are incurred. Unbilled service revenues are recorded as accounts receivable and as revenue when earned.

For proprietary type activities, the District has elected to apply all applicable Government Accounting Standards Board (GASB) pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) unless they contradict or conflict with GASB pronouncements.

Cash and Investments

The District pools cash resources in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair market value. Market value is used as fair value for those securities for which market quotations are readily available.

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the District and are presented as "Cash and Investments" in the accompanying financial statements.

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

Receivables

All accounts receivable are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is \$56,673 and is based on an estimate determined by the Director of Finance. The determination is based on past history and professional judgment.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets

Proprietary fund capital assets are valued at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

Interest accrued during construction, if any, of capital assets within proprietary funds is capitalized as a part of the asset cost.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations. Capital assets are reported net of accumulated depreciation on the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method for all classes of capital assets. The estimated useful lives range from 3 to 40 years as follows:

(1) Buildings	20 - 40 Years
(2) Improvements other than buildings	10 - 20 Years
(3) Machinery and Equipment	3 - 10 Years

Long-Term Obligations

Long-term obligations consist of loans payable due in more than one year or longer from June 30, 2010.

Use of Estimates

The preparation of financial statements in conformity with generally

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

Net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Compensated Absences

Compensated absences include employees' accrued Paid Time Off (PTO) and Extended Illness Bank (EIB) hours based on hours worked and are reported as a liability.

Compensated absences are expensed as a portion of labor charges to the various funds in the period they are earned. Each fund's share of the unpaid liability is recorded as a current liability of the fund.

Revenues

Certain types of transactions reported as revenues for the District are reported in two categories:

Operating Revenues – This amount consists of all revenues generated directly from the operations of the District.

Non-Operating Revenues – This category includes revenues and other financing sources unrelated to the operations of the District. Transactions included in this category are tax revenues, interest

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

income, grant proceeds, proceeds from the sale and disposal of assets and other non-recurring sources of revenue.

(2) CASH AND INVESTMENTS

The investments made by the District Treasurer are limited to those allowable under State statutes as incorporated into the District's Investment Policy, dated September 15, 2004, and is more conservative than that allowed by State statute.

Under provisions of this policy, the District is authorized to invest in the following types of investments:

- Securities backed by the full faith and credit of the U.S. Government with maturities not exceeding five years,
- Deposits including certificates of deposits and time deposits, placed with approved depositories, as long as the amount invested does not exceed 30% of investable cash and exposure does not exceed that which is insured by FDIC.
- California Local Agency Investment Fund (LAIF), so long as the total amount invested does not exceed 25% of investable cash unless specifically authorized by the Board of Harbor Commissioners.
- Money Market Funds that invest substantially all assets on obligations carrying the full faith and credit guarantee of the U.S. Government or carry the highest available credit rating issued by either Standard and Poor's or Moody's Investor Services, up to 15% of investable cash.
- Short-Term Funds that invest exclusively in debt securities and cash and cash equivalents which are at all times U.S. dollar-denominated, meet the Money Market Fund requirements, and have at all times a weighted average portfolio duration of not less than 0 and not greater than 2 years, up to 15% of investable cash.

Money Market and Short-Term Funds must have net assets of at least \$1 billion at the time of purchase and must be managed by a company having fund assets under management of at least \$25 billion.

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

Repurchase Agreements

As a matter of investment policy, the District does not invest in Repurchase Agreements.

Reverse-Purchase Agreements

As a matter of investment policy, the District does not borrow funds through the use of Reverse-Repurchase Agreements.

Local Agency Investment Fund (LAIF)

The District's investments with LAIF at June 30, 2010, include a small portion of the pool funds invested in structured notes and asset-backed securities. These investments may include the following: (1) Structured Notes - debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend on one or more indices and/or that have embedded forwards or options; (2) Assets-backed Securities - generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, CMO's) or credit card receivables.

As of June 30, 2010, the District had \$6,784 invested in LAIF which had invested 0.0951% of the statewide pool in Structured Notes and Asset-Backed Securities.

Deposits

At June 30, 2010, the carrying amount of the District's demand deposits was \$1,311,082 and the bank balances were \$1,330,056, total amount of which was insured and collateralized with securities held by the pledging financial institutions in the District's name.

The District's deposits at year-end are categorized below to give an indication of the level of credit risk assumed by the District.

Category 1 - Deposits which are insured by the FDIC and held by the entity or its agent in the entity's name.

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

Category 2 - Deposits which are collateralized and held by the pledging financial institution's trust department or agent in the entity's name. The California Government Code requires California banks and savings and loan associations to secure a District's deposits by pledging government securities with a value of 110% of a District's deposits, or by pledging first trust deed mortgage notes having a value of 150% of a District's total deposits.

Category 3 - Deposits which are uninsured or uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.

Investments

The District's investments at year-end are categorized below to give an indication of the level of credit risk assumed by the District.

Category 1 - Investments which are insured by the Securities Investors Protection Corporation (SIPC), or investments which are held in definitive form by the District or the District's agent in the District's name, or investments acquired through the federal reserve book-entry system where the financial institution or broker/dealer associated with the purchase is adequately segregated from the custodial safekeeping agent on the same investments, and where the investments are recorded on the books and records of the financial institution or broker/dealer in the name of the District.

Category 2 - Investments which are uninsured, where the investments are acquired through a financial institution's investment or trading department, but are held in the same financial institution's trust department and are recorded in the District's name in the trust department's systems and records.

Category 3 - Investments which are uninsured, (1) where the investments are acquired through a financial institution's investments department but are held for custodial purposes in the same financial institution's safekeeping department; (2) where the investments are acquired through a financial institution's trust department and held for custodial safekeeping by the same trust department; (3) where the investments are acquired through, and held for safekeeping by the same broker/dealer; or (4) where

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

investments are not held in the District's name in the systems and records of the financial institution or broker/dealer.

Uncategorized - Certain cash deposits and investments are not subject to categorization under GASB Statement No. 3 and are identified as "Not Required to be Categorized."

The District has no risk Category 2 nor risk Category 3 deposits or investments.

At June 30, 2010 and 2009, the District's cash and investments, excluding restricted funds, classified by risk category consisted of the following:

	Category 1	Not required to be Categorized	2010	2009
Cash Deposits:				
Demand accounts	\$ 1,312,382	\$ -	\$ 1,312,382	\$ 557,255
Total cash deposits	<u>1,312,382</u>	<u>-</u>	<u>1,312,382</u>	<u>557,255</u>
Investments:				
San Mateo County Pool	-	9,892,854	9,892,854	7,253,467
Local Agency Investment Fund	-	6,784	6,784	6,724
Total investments	<u>-</u>	<u>9,899,638</u>	<u>9,899,638</u>	<u>7,260,191</u>
Total cash and investments	<u>\$ 1,312,382</u>	<u>\$ 9,899,638</u>	<u>\$ 11,212,020</u>	<u>\$ 7,817,446</u>

The maturities of investments at June 30, 2010 and 2009 are as follows:

Maturity	Carrying Value	
	2010	2009
Current to one year	\$ 9,899,638	\$ 7,260,191

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

(3) CAPITAL ASSETS

Capital assets of the District at June 30, 2010, consisted of the following:

	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Non-depreciable Assets:					
Land	\$ 381,597	\$ -	\$ (7,580)	\$ -	\$ 374,017
Construction in progress	1,028,182	584,092	(50,223)	(915,803)	646,248
Total non-depreciable assets	<u>1,409,779</u>	<u>584,092</u>	<u>(57,803)</u>	<u>(915,803)</u>	<u>1,020,265</u>
Depreciable Assets:					
Structure and improvements	51,319,117	-	(1,654,712)	915,803	50,580,208
Equipment	785,849	66,922	(11,833)	-	840,938
Autos and trucks	105,190	-	-	-	105,190
Boat and radar	607,753	-	-	-	607,753
Total depreciable assets	<u>52,817,909</u>	<u>66,922</u>	<u>(1,666,545)</u>	<u>915,803</u>	<u>52,134,089</u>
Less accumulated depreciation	<u>(29,971,673)</u>	<u>(1,321,694)</u>	<u>1,275,327</u>	<u>-</u>	<u>(30,018,040)</u>
Total depreciable assets, net	<u>22,846,236</u>	<u>(1,254,772)</u>	<u>(391,218)</u>	<u>915,803</u>	<u>22,116,049</u>
Total capital assets	<u>\$ 24,256,015</u>	<u>\$ (670,680)</u>	<u>\$ (449,021)</u>	<u>\$ -</u>	<u>\$ 23,136,314</u>

Depreciation expense of the District was \$1,321,694 and \$1,846,000 for the years ended June 30, 2010 and 2009, respectively.

(4) NOTES PAYABLE

Activity in notes payable for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Cal Boating	\$ 15,384,253	\$ -	\$ (4,411,855)	\$ 10,972,398
Total	<u>\$ 15,384,253</u>	<u>\$ -</u>	<u>\$ (4,411,855)</u>	<u>\$ 10,972,398</u>
Less current portion	<u>(700,624)</u>			<u>(889,024)</u>
Total	<u>\$ 14,683,629</u>			<u>\$ 10,083,374</u>

Cal Boating

The District has thirteen loans outstanding from the California Department of Boating and Waterways (Department) for construction projects at Oyster Point Marina/Park and at Pillar Point Harbor. The interest rate for all fifteen loans was adjusted to 4.50 percent as of January 1, 1993. The total original loans and debt obligation of the District amounted to \$19,473,934.

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

On May 14, 1997, the District received a three-year loan deferral from the Department. There were no principal or interest payments due for three years. At the end of the deferral period, the loans and deferred interests were re-amortized over the remaining life of the loans.

On July 18, 2001, the District executed an "Approval of Concept" agreement with the Department in order to receive another five-year moratorium on the principal portions of the debt service payments for the years 2002 through 2006. The District made interest only payments from 2001 through 2006. Beginning 2007, the District made principal and interest payments on the outstanding loan balance.

Effective October 12, 2004, the District entered into a Consolidated Loan Agreement consolidating the seventeen previous separate loans into one loan with the Department. The collateral to secure payment of the consolidated loan, and any future loans, is all property tax revenues received by the District and a restricted account with the San Mateo County Treasurer having a beginning balance of \$1,500,000. This restricted account, not including the accumulated interest earned, is reflected as a restricted net asset to comply with stipulations from the Department. The restricted cash is reported as a noncurrent asset and the current balance includes portfolio income earned. In addition, the District has assigned the rents and leases from Pillar and Oyster Point harbors to the Department to secure performance of the tenants leasing berths in the event of default on the consolidated loan agreement by the District.

On June 24, 2009, the District entered into an agreement with the Water Emergency Transit Authority (WETA) and the City of South San Francisco to build a commuter ferry terminal at Oyster Point Marina. The construction of the ferry terminal required the removal of 134 of the 589 berths at Oyster Point Marina. In return for the loss of the physical docks and future revenue stream of those docks, WETA agreed to pay \$3.66 million to the District to pay down the loan with the Department. Accordingly, the loan with the Department was re-amortized on December 31, 2008.

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

The annual debt service requirements to amortize the notes outstanding at June 30, 2010 are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 929,865	\$ 463,228	\$ 1,393,093
2012	972,583	420,511	1,393,094
2013	1,017,264	375,830	1,393,094
2014	1,063,996	329,097	1,393,093
2015	1,112,876	280,218	1,393,094
2016-2019	4,986,789	585,586	5,572,375
Total	\$ 10,083,373	\$ 2,454,470	\$ 12,537,843

(5) PUBLIC EMPLOYEES RETIREMENT SYSTEMS

Plan Description - The District contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 Q Street, Sacramento, California 95811.

Funding Policy - The current Employee contribution rate is 8% of covered payroll subject to statutory change. The District can make contributions on behalf of the Employee. For fiscal year 2009-10, the District contributed 7% of covered payroll on behalf of a majority of its Employees and those Employees contributed 1%. Employees hired after July 1, 2009, contributed 6% while the District contributed 2% on their behalf. The total Employee contributions for fiscal years ending June 30, 2009 and June 30, 2010 are \$144,795 and \$127,544, respectively.

Annual Pension Cost - For 2009-10, the District's annual pension cost of \$327,045 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost-sharing, multiple employer method. The current rate is 13.967% for the

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

employer contribution. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases ranging from 3.25% to 14.45% depending on age, service, and type of employment; and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payrolls. The amortization period at June 30, 2007 was 20 years for all employees for the prior year and current service unfunded liability.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year Ending June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	398,249	100%	-
2009	407,573	100%	-
2010	387,640	100%	-

The District provides post employment health, dental and vision ("medical") benefits and life insurance to District employees, officers and officials who have a minimum of twelve years of service, are not terminated for good cause and were hired prior to July 1, 2009. The benefits are effective immediately upon District employment termination. On June 30, 2010, there were six individuals who qualified for the medical benefits and life insurance.

The District pays for the premiums and other charges for the qualifying individual's medical benefits and life insurance. For each two months of service by the individual, the District pays one month of medical benefits and life insurance.

If the individual dies before the District's obligation to pay the premium expires, the District will continue to pay the applicable premiums for the individual's spouse and/or dependent, if any, until the District's obligation expires.

Payments for medical benefits and life insurance during the fiscal years ended June 30, 2010 and 2009 were \$72,503 and \$86,281, respectively.

**SAN MATEO COUNTY HARBOR DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

(7) LEASE

The District amended its office lease agreement for its Administration offices on July 23, 2009. The original lease term terminated on May 31, 2009. The District extended the original lease for an additional five years to May 31, 2014. The minimum future rental payments required under the non-cancelable lease as of June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Amount
2011	\$ 90,625
2012	88,384
2013	90,589
2014	84,893
	<u>\$ 354,491</u>

(8) SUBSEQUENT EVENTS

The District's Management has evaluated subsequent events through December 9, 2010, the date the financial statements were available to be issued. It has been determined that no subsequent events require disclosure in connection with the financial statements.

**REQUIRED
SUPPLEMENTARY INFORMATION**

**SAN MATEO COUNTY HARBOR DISTRICT
SCHEDULE OF FUNDING PROGRESS**

As of the June 30, 2005, valuation report, the District's asset value is not distinguished from the pool of employers who are part of a cost-sharing multiple-employer defined benefit plan. The District is required to participate in the CalPERS Miscellaneous Plan since it has less than 100 active members. In compliance with GASB Statement 27, the benefit plan has disclosed that the pension benefit plan operates under a cost-sharing, multiple employer benefit plan. Presented below is the three most recent years of available information for the CalPERS Miscellaneous Plan.

(A)	(B)	(C)	(D)	(E)	(F)	
Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability/ (Excess) (UAL) (B-A)	Fund Status (B/A)	Annual Covered Payroll	UAL as a Percentage of Covered Payroll (C/E)
6/30/2007	\$ 1,315,454,361	\$ 1,149,247,298	\$ 166,207,063	87.4%	\$ 289,090,187	57.5%
6/30/2008	1,537,909,933	1,337,707,835	200,202,098	87.0%	333,307,600	60.1%
6/30/2009	1,834,424,640	1,493,430,831	340,993,809	81.4%	355,150,151	96.0%

SUPPLEMENTARY INFORMATION

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2010**

	Total	
	2009	2010
OPERATING EXPENSES:		
Advertising & promotion	\$ 43,261	\$ 32,354
Auto Mileage	4,651	3,102
Bad Debts	40,000	-
Bank Charges	2,757	5,764
Citation Processing Fees	966	1,029
Collection/credit card fees	24,489	21,494
Contractual services	430,955	338,256
Dues and subscriptions	18,348	16,322
Elections	100,000	-
Equipment rental	7,533	3,884
Gas and oil	17,645	15,407
Insurance	240,188	236,072
LAFCO fees	5,419	4,604
License and permits	37,411	2,282
Lot rental/ingress	1,200	900
Miscellaneous	142	25
Office rental	75,396	94,518
Office supplies	30,001	32,970
OPEB Reserve	812,191	1,248,559
Operating and safety equipment	7,561	30,788
Operating supplies	59,978	66,782
Personnel administration	1,850	2,388
Postage	8,985	8,049
Property tax administration and other tax	13,020	27,488
Repairs and maintenance	109,596	147,333
Salaries and payroll burden	3,288,038	3,041,464
Sewer fees	30,983	28,552
Telephone	23,439	33,430
Training, seminars, and professional development	18,266	15,291
Travel, conferences, and meetings	5,952	4,888
Uniforms	19,583	20,343
Utilities	288,881	300,825
Vessel destruction	89,672	25,003
Total Operating Expenses Before Depreciation	\$ 5,858,357	\$ 5,810,166
Depreciation (Note 3)	1,846,000	1,321,694
Total Operating Expenses After Depreciation	7,704,357	7,131,860

**SAN MATEO COUNTY HARBOR DISTRICT
SCHEDULES OF OPERATING EXPENSES - Budget and Actual
FOR THE YEARS ENDED JUNE 30, 2009 AND 2010**

	2009			2010		
	Budget	Actual	Variance	Budget	Actual	Variance
OPERATING EXPENSES:						
Advertising & promotion	\$ 30,500	\$ 43,261	\$ (12,761)	\$ 32,500	\$ 32,354	\$ 146
Auto mileage	5,950	4,651	1,299	5,950	3,102	2,848
Bad debts	40,000	40,000	-	40,000	-	40,000
Bank charges	5,500	2,757	2,743	6,800	5,764	1,036
Citation processing fees	-	966	(966)	2,050	1,029	1,021
Collection/credit card fees	8,500	24,489	(15,989)	25,809	21,494	4,315
Contractual services	243,000	430,955	(187,955)	338,500	338,256	244
Dues and subscriptions	16,000	18,348	(2,348)	20,000	16,322	3,678
Elections	300,000	100,000	200,000	300,000	-	300,000
Equipment rental	7,500	7,533	(33)	9,500	3,884	5,616
Gas and oil	27,500	17,645	9,855	27,500	15,407	12,093
Insurance	298,000	240,188	57,812	318,000	236,072	81,928
LAFCO fees	6,250	5,419	831	7,000	4,604	2,396
License and permits	1,000	37,411	(36,411)	1,650	2,282	(632)
Lot rental/ingress	1,200	1,200	-	1,200	900	300
Miscellaneous	2,500	142	2,358	2,500	25	2,475
Office rental	85,000	75,396	9,604	96,000	94,518	1,482
Office supplies	20,500	30,001	(9,501)	20,500	32,970	(12,470)
Other post employment benefits	-	812,191	(812,191)	-	1,248,559	(1,248,559)
Operating and safety equipment	19,000	7,561	11,439	16,011	30,788	(14,777)
Operating supplies	36,000	59,978	(23,978)	46,000	66,782	(20,782)
Penalties and fines	-	-	-	-	-	-
Personnel administration	4,500	1,850	2,650	5,104	2,388	2,716
Postage	12,000	8,985	3,015	13,000	8,049	4,951
Property tax administration	-	13,020	(13,020)	-	27,488	(27,488)
Repairs and maintenance	87,000	109,596	(22,596)	94,500	147,333	(52,833)
Salaries and payroll burden	3,475,365	3,288,038	187,327	3,625,362	3,041,464	583,898
Sewer fees	35,000	30,983	4,017	50,000	28,552	21,448
Telephone	22,000	23,439	(1,439)	22,000	33,430	(11,430)
Training and seminars	14,500	18,266	(3,766)	18,800	15,291	3,509
Travel, conferences, and meetings	9,500	5,952	3,548	9,500	4,888	4,612
Uniforms	24,000	19,583	4,417	25,000	20,343	4,657
Utilities	253,084	288,881	(35,797)	297,750	300,825	(3,075)
Vessel destruction	73,765	89,672	(15,907)	40,000	25,003	14,997
Total operating expenses before depreciation	\$ 5,164,614	\$ 5,858,357	\$ (693,743)	\$ 5,518,486	\$ 5,810,166	\$ (291,680)
Depreciation (Note 3)	1,700,000	1,846,000	(146,000)	1,827,363	1,321,694.14	505,669
Total operating expenses after depreciation	\$ 6,864,614	\$ 7,704,357	\$ (839,743)	\$ 7,345,849	\$ 7,131,860	\$ 213,989

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
PILLAR POINT HARBOR
FOR THE YEARS ENDED JUNE 30, 2009 AND 2010**

	Total	
	2009	2010
OPERATING REVENUES:		
Berth rental	\$ 1,291,122	\$ 1,238,586
Launching fees	52,108	61,729
Mooring fees	47,179	43,279
Recreational vehicles	20,515	25,386
Rents & concessions	293,783	266,853
Transient berths & dockage	73,762	64,720
Other sales & services	75,973	45,576
Total operating revenues	<u>1,854,442</u>	<u>1,746,128</u>
OPERATING EXPENSES:		
Advertising and promotion	2,035	7,469
Auto mileage	2,123	910
Bad debts	20,000	-
Bank charges	1,833	3,193
Citations processing fees	811	828
Collection/credit card fees	10,280	11,665
Contractual services	148,046	99,239
Dues and subscriptions	489	456
Equipment rental	5,002	3,040
Gas and oil	11,959	10,176
Insurance	115,264	113,206
License and permits	1,771	1,274
Lot rental/ingress	1,200	900
Miscellaneous	44	0
Office supplies	7,557	12,072
Operating and safety equipment	3,347	29,791
Operating supplies	36,258	47,660
Other Post Employment Benefits	355,943	542,490
Personnel administration	161	182
Postage	3,329	2,602
Repairs & maintenance	54,336	94,286
Salaries and payroll burden	1,232,402	1,167,321
Sewer fees	30,983	28,552
Telephone	7,419	13,665
Training, seminars and professional development	3,480	2,895
Travel, conferences, and meetings	617	1,820
Uniforms	10,770	11,095
Utilities	150,568	157,441
Vessel destruction	28,129	4,375
Total operating expenses	<u>2,246,156</u>	<u>2,368,603</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	<u>(391,714)</u>	<u>(622,475)</u>
Depreciation (Note 3)	<u>(863,242)</u>	<u>658,447</u>
OPERATING INCOME (LOSS) AFTER DEPRECIATION	<u>(1,254,956)</u>	<u>(1,280,922)</u>
NONOPERATING REVENUES (EXPENSES):		
Cost Recovery	83,084	-
Gain (Loss) on disposal of asset	(35,623)	(49,973)
Insurance settlements	-	-
Interest Expense	<u>(273,157)</u>	<u>(270,922)</u>
Total nonoperating revenues (expenses)	<u>(225,696)</u>	<u>(320,895)</u>
Net income (loss)	<u>\$ (1,480,652)</u>	<u>\$ (1,601,817)</u>

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
OYSTER POINT MARINA/PARK
FOR THE YEARS ENDED JUNE 30, 2009 AND 2010**

	Total	
	2009	2010
OPERATING REVENUES:		
Berth rental	\$ 1,163,019	\$ 1,068,084
Dock box fees	7,194	6,960
Launching fees	31,755	32,272
Rents & concessions	231,391	288,720
Transient berths & dockage	95,627	116,362
Other sales & services	78,524	27,683
Total operating revenues	1,607,510	1,540,080
OPERATING EXPENSES:		
Advertising and promotion	25,286	22,813
Auto mileage	390	287
Bad debts	20,000	-
Bank charges	1,523	2,953
Citations processing fees	155	201
Collection/credit card fees	14,209	9,829
Contractual services	128,687	123,090
Dues and subscriptions	439	138
Equipment rental	2,112	135
Gas and oil	5,686	5,230
Insurance	115,264	113,206
License and permits	35,640	1,008
Miscellaneous	-	(3)
Office supplies	7,785	8,209
Operating and safety equipment	4,215	997
Operating supplies	23,720	19,122
Other Post Employment Benefits	327,187	495,518
Personnel administration	263	285
Postage	3,682	2,923
Repairs & maintenance	53,015	49,025
Salaries and payroll burden	1,192,791	1,045,377
Telephone and communications	6,272	7,030
Training, seminars and professional development	3,299	1,124
Travel, conferences, and meetings	386	522
Uniforms	8,813	9,247
Utilities	138,313	143,384
Vessel destruction	61,543	20,628
Total operating expenses	2,180,675	2,082,276
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(573,165)	(542,196)
Depreciation (Note 3)	(980,270)	663,247
OPERATING INCOME (LOSS) AFTER DEPRECIATION	(1,553,435)	(1,205,443)
NONOPERATING REVENUES (EXPENSES):		
Cost Recovery	823,000	1,340,000
Gain (Loss) on disposal of asset	-	(388,856)
Insurance settlements	-	10,106
Interest Expense	(470,387)	(283,257)
Total nonoperating revenues (expenses)	352,613	677,993
Net income (loss)	\$ (1,200,822)	\$ (527,450)

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
ADMINISTRATION
FOR THE YEARS ENDED JUNE 30, 2009 AND 2010**

	Total	
	2009	2010
OPERATING EXPENSES:		
Advertising and promotion	\$ 3,305	\$ 1,135
Auto mileage	1,860	1,415
Bank charges	(599)	(382)
Contractual services	151,838	113,330
Dues and subscriptions	17,098	15,482
Equipment rental	418	709
Insurance	-	605
LAFCO fees	5,419	4,604
Miscellaneous	-	27
Office rental	75,396	94,518
Office supplies	13,928	12,158
Other Post Employment Benefits	66,731	74,242
Personnel administration	1,426	1,921
Postage	1,974	2,525
Property tax administration	13,020	27,488
Repairs & maintenance	2,245	4,022
Salaries and payroll burden	752,356	714,672
Telephone and communications	9,748	12,735
Training, seminars and professional development	7,677	9,228
Travel, conferences, and meetings	3,956	1,867
Total operating expenses	<u>1,127,796</u>	<u>1,092,301</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	<u>(1,127,796)</u>	<u>(1,092,301)</u>
Depreciation (Note 3)	<u>(2,488)</u>	<u>-</u>
OPERATING INCOME (LOSS) AFTER DEPRECIATION	<u>(1,130,284)</u>	<u>(1,092,301)</u>
NONOPERATING REVENUES (EXPENSES):		
Gain (Loss) on disposal of asset	-	788,311
Investment loss	(335,571)	-
Interest income	196,571	93,900
Local government taxes	4,268,792	4,389,358
Miscellaneous	5,046	-
Total nonoperating revenues (expenses)	<u>4,134,838</u>	<u>5,271,569</u>
Net income (loss)	<u>\$ 3,004,554</u>	<u>\$ 4,179,268</u>

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
HARBOR COMMISSIONERS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2010**

	Total	
	2009	2010
OPERATING EXPENSES:		
Advertising and promotion	\$ 12,635	\$ 937
Auto mileage	278	491
Contractual services	2,384	2,597
Dues and subscriptions	322	247
Elections	100,000	-
Insurance	9,661	9,056
Miscellaneous	97	-
Office supplies	731	531
Other post employment benefits	62,330	136,309
Salaries and payroll burden	110,490	114,095
Training, seminars and professional development	3,810	2,044
Travel, conferences, and meetings	992	679
Total operating expenses	<u>303,730</u>	<u>266,986</u>
 Net loss	 <u><u>\$ (303,730)</u></u>	 <u><u>\$ (266,986)</u></u>