

SAN MATEO COUNTY HARBOR DISTRICT

400 OYSTER Point Blvd., Suite 300 South San Francisco, CA 94080 PHONE (650) 583-4400 FAX (650) 583-4611



FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

June 30, 2011

Board of Commissioners

Peter Grenell
General Manager

Genevieve Frederick
Director of Finance

Marietta Harris
Human Resources Manager

SAN MATEO COUNTY HARBOR DISTRICT

June 30, 2011

TABLE OF CONTENTS

	Page
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Financial Statements	
Comparative Statement of Net Assets.....	9
Comparative Statement of Revenues, Expenses and Changes In Net Assets.....	10
Comparative Statement of Cash Flow.....	11
Notes to the Financial Statement.....	12
Required Supplementary Information.....	23
Supplementary Information:	
Comparative Schedule of Operating Expenses.....	25
Schedule of Operating Expenses – Budget and Actual.....	26
Comparative Statement of Revenues and Expenses – Pillar Point Harbor.....	27
Comparative Statement of Revenues and Expenses – Oyster Point Marina/ Park.....	28
Comparative Statement of Revenues and Expenses – Administration.....	29
Comparative Statement of Revenues and Expenses – Harbor Commission.....	30

Shwiff • Levy • Polo, LLP
Certified Public Accountants
Management Consultants

433 California Street, Suite 1000
San Francisco, CA 94104

Telephone 415.291.8600
Fax 415.296.8631

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, 2011 and 2010, 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, 2011 and 2010, 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 analysis and budgetary comparison information on page 26 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 23 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 25 through 30 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.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. 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.

Shwiff, Levy & Polo, LLP.

San Francisco, California
February 13, 2012

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 ending June 30, 2011. 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 pursuant to an act of the State Legislature as an autonomous Special District whose boundaries are co-terminus 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 at large 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 guest dock, a boat launching ramp, fuel dock, restrooms, and a 200 foot recreational 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, boat repair, and yacht sales at the marina. Other operations include the Oyster Point Bait and Tackle and the Oyster Point Yacht Club. The San Francisco Bay Area Water Emergency Transportation Authority (WETA), under a lease from the Harbor District, began construction of a new ferry terminal in late 2010. The terminal was completed in December 2011.

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

Pillar Point Harbor

Pillar Point Harbor is owned by the District. It is within a State tidelands grant made to the District by the State Legislature (Ch. 68, Statutes of 1960). 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. All three fish buyer leases are set to expire in 2012. A fuel dock and ice machine are run by KN Properties, also under lease. There are two restaurants and two charter sport fishing services operating in the Pillar Point Harbor: Ketch Joanne Restaurant and Harbor Bar, Princeton Seafood, Half Moon Bay Sport Fishing and Huck Finn Sport fishing. The lease for Huck Finn Sports fishing was reassigned in October 2011 to Princeton Pantry. A retail store, Mavericks Surf Shop, opened in late 2010 under a new lease.

The Harbor District owns an RV Park that is under lease, and a vacant "Post Office" lot both in El Granada. The vacant "Post Office" lot is zoned for commercial development and open space.

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 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"). Revenues are recognized when earned, not when received; and expenses are recognized when incurred, not when paid. Capital assets other than land and easements are capitalized and depreciated 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 conclusion of the fiscal year ending June 30, 2011. 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.

The summary below reflects the District's Assets, Liabilities and Net Assets at June 30 and allows for a comparison of three years of data:

Net Assets	Twelve Months Ended				
	Audited June 30 2011	%	Audited June 30 2010	%	Audited June 30 2009
	↕	Change	↕	Change	↕
Current and other assets	11,913,716	6%	11,268,024	43%	7,885,129
Restricted assets - cash	1,691,043	1%	1,672,274	1%	1,651,280
Capital assets, net	22,230,753	(4%)	23,136,314	(5%)	24,256,015
Total assets	<u>35,835,512</u>	(1%)	<u>36,076,612</u>	7%	<u>33,792,424</u>
Short-term debt outstanding	929,865	5%	889,024	27%	700,624
Long-term debt outstanding	9,153,509	(9%)	10,083,374	(31%)	14,683,629
Other liabilities	7,188,051	(5%)	7,557,777	186%	2,644,750
Total liabilities	<u>17,271,425</u>	(7%)	<u>18,530,175</u>	3%	<u>18,029,003</u>
Net assets					
Invested in capital assets, net of related debt	12,147,379	(0%)	12,163,916	37%	8,865,084
Restricted for:					
Debt service	1,500,000	0%	1,500,000	0%	1,500,000
Restricted for:					
Other uses - OPEB	-	100%		100%	812,191
Unrestricted	4,916,708	27%	3,882,521	(15%)	4,586,146
Total net assets	<u>18,564,087</u>	6%	<u>17,546,437</u>	11%	<u>15,763,421</u>

Total Net Assets as of June 30, 2011 increased by approximately \$1,017,650 or 6%.

Unrestricted net assets increased approximately \$1,034,187 or 27%. Two-thirds of this increase is a result of \$645,692 increase in current assets and the remaining one-third of the change is a result of the slight decrease in current liabilities.

Capital assets increased by approximately \$635,200 as a result of the completion of the East Basin Dredging project at Oyster Point Marina, approximately \$91,000 for expenses related to the purchase of Wave Attenuators at Oyster Point Marina, approximately \$101,600 related to design and planning to extend a portion of land at Pillar Point Harbor, and additional smaller capital projects, such as roof replacements, added to the District's capital assets. The value of these additional assets helped offset District depreciation expenses of \$1,365,879 recorded for the fiscal year ending June 30, 2011.

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

GASB 54 establishes new guidelines for the classification of net assets. The table above and the Comparative Statement of Net Assets found in the Financial Statements section of this document classify net assets as they have been classified in previous years in order to allow for a year over year comparison. Based on the guidelines outlined in GASB 54, the net assets for the fiscal year ending June 30, 2011 would be categorized as follows:

Non-Spendable –	\$12,163,916
Restricted –	\$2,484,466
Committed –	\$0
Assigned –	\$3,818,303
Unassigned –	\$0

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 between fiscal year ending June 30, 2011 and fiscal year ending June 30, 2010. 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		Audited		Audited	
	June 30 2011	% Change	June 30 2010	% Change	June 30 2009	
Operating Revenues	3,406,274	4%	3,286,209	(5%)	3,461,953	
Operating Grant	-	0%	-	(100%)	83,084	
Tax Revenues	4,271,109	(3%)	4,389,358	3%	4,268,792	
Interest Income	133,166	42%	93,900	(52%)	196,571	
Other Income	141,141	100%	10,106	100%	-	
Total revenues	<u>7,951,690</u>	2%	<u>7,779,573</u>	(3%)	<u>8,010,400</u>	
Operating/administrative expenses	4,995,378	10%	4,561,607	(10%)	5,046,166	
OPEB Expense	140,612	(100%)	1,248,559	100%	812,191	
Depreciation	1,365,879	3%	1,321,694	78%	1,846,000	
Interest expense	483,649	(13%)	554,179	65%	743,544	
Lehman Bros Loss	-	(100%)	-	100%	335,571	
Other expense	-	(100%)	-	100%	29,316	
Total expenses	<u>6,985,518</u>	(9%)	<u>7,686,039</u>	(13%)	<u>8,812,788</u>	
Grants	51,478	(96%)	1,340,000	100%	823,000	
Asset Sales/Deletions	-	100%	349,482	100%	(1,262)	
Change in net assets	1,017,650	(43%)	1,783,016	9115%	19,350	
Net assets, beginning of year	<u>17,546,437</u>	11%	<u>15,763,421</u>	0%	<u>15,744,071</u>	
Net assets, end of year	<u>18,564,087</u>	6%	<u>17,546,437</u>	11%	<u>15,763,421</u>	

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

Operating revenues increased (\$120,065) or (4%) in fiscal year ending June 30, 2011. Many of the tenants that lease land and buildings from the District have contracts that include annual inflationary increases. In fiscal year ending June 30, 2011, the District collected payments for prior years' rents from those tenants that had not been paying the incremental increases. This resulted in a one-time increase of \$37,000 in operating revenues. In addition, the District received an additional \$90,133 over the prior year's rents from these tenants as the rents had been adjusted to reflect several years of inflationary increases. The District also had increase revenues from Commercial Activity Permits. These increases were offset by slight reductions in other operating revenues and the net impact was an overall increase of 4%.

Other income increased by \$131,035. This is primarily a result of an accounting adjustment to reduce the election liability to reflect the amount agreed upon with the County.

As a phase 3 agency, the District is required to disclose its OPEB liability. 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 budgets for actual annual expenses based on participant's eligibility.

Grants are booked as non-operating receipts, as these are one-time funds. In fiscal year ending June 30, 2011 the District received grant funds to dispose of abandoned water craft.

FINANCIAL STATEMENTS

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF NET ASSETS
JUNE 30, 2010 and 2011**

ASSETS

	Total	
	2010	2011
Current Assets		
Cash and investments (Notes 1 and 2)	\$ 11,212,020	\$ 11,805,185
Accounts receivable, net (Note 1)	19,582	64,259
Interest receivable	29,996	37,340
Prepaid expenses (Note 1)	6,426	6,932
Total current assets	11,268,024	11,913,716
Noncurrent Assets		
Restricted cash (Note 4)	1,672,274	1,691,043
Total noncurrent assets	1,672,274	1,691,043
Capital assets (Note 1 and 3):		
Non-depreciable	1,020,265	616,861
Depreciable, net of accumulated depreciation	22,116,049	21,613,892
Total capital assets, net	23,136,314	22,230,753
Total Assets	36,076,612	35,835,512

LIABILITIES

Current liabilities:		
Accounts payable	\$ 430,002	\$ 194,954
Accrued interest payable	252,035	231,614
Compensated absences payable (Note 1)	238,324	258,429
Accrued wages payable and other payroll liabilities	57,606	81,887
Accrued liabilities	561,125	286,325
Other post employment benefit liabilities	2,060,751	2,201,363
Deferred revenue	3,694,280	3,660,025
Deposits	263,654	273,454
Notes payable within one year (Notes 1, 4, and 7)	889,024	929,865
Total current liabilities	8,446,801	8,117,916
Long-term liabilities:		
Notes payable (Notes 1, 4, and 7)	10,083,374	9,153,509
Total long-term liabilities	10,083,374	9,153,509
Total Liabilities	18,530,175	17,271,425

NET ASSETS

Invested in capital assets, net of related debt	12,163,916	12,147,379
Restricted for:		
Debt service (Note 4)	1,500,000	1,500,000
Other post employment benefits	-	-
Unrestricted	3,882,521	4,916,708
Total Net Assets	\$ 17,546,437	\$ 18,564,087

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2011**

	Total	
	2010	2011
OPERATING REVENUES:		
Berth rental	\$ 2,306,670	2,265,867
Dock box fees	6,960	5,674
Launching fees	94,001	92,140
Mooring fees	43,279	42,410
Recreational vehicles	25,386	23,814
Rents and concessions	555,573	682,706
Transient berths and dockage	181,081	168,619
Other sales and services	73,259	125,044
Total operating revenues	<u>3,286,209</u>	<u>3,406,274</u>
OPERATING EXPENSES:		
Maintenance and operations	5,810,166	5,135,990
Depreciation (Note 3)	1,321,694	1,365,879
Total operating expenses	<u>7,131,860</u>	<u>6,501,869</u>
Operating Loss	(3,845,651)	(3,095,595)
NONOPERATING REVENUES (EXPENSES) (Note 1)		
Grants	1,340,000	51,478
Interest earned	93,900	133,166
Local government taxes	4,389,358	4,271,109
Miscellaneous	-	91,317
Interest expense	(554,179)	(483,649)
Asset sale and disposal	349,482	-
Insurance settlements	10,106	49,824
Total nonoperating revenues (expense)	<u>5,628,667</u>	<u>4,113,245</u>
Change in Net Assets	<u>1,783,016</u>	<u>1,017,650</u>
NET ASSETS:		
Beginning of year	15,763,421	17,546,437
End of year	<u>\$ 17,546,437</u>	<u>\$ 18,564,087</u>

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2011**

	Total	
	2010	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 6,874,274	\$ 3,337,142
Cash payments to suppliers for goods and services	(4,390,673)	(5,461,346)
Net cash used by operating activities	2,483,601	(2,124,204)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants	1,340,000 ✓	51,478 ✓
Local government taxes	4,389,358 ✓	4,271,109 ✓
Other nonoperating income	-	91,317 ✓
Net cash provided by noncapital financing activities	5,729,358	4,413,904
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets - net (Note 3)	147,490	(460,318)
Principal paid on capital debt (Note 4)	(4,411,855)	(889,024)
Interest paid on capital debt	(655,519)	(504,070)
Insurance settlements	10,106 ✓	49,824
Net cash used by capital and related financing activities	(4,909,778)	(1,803,588)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	112,388	125,822
Net cash provided by investing activities	112,388	125,822
Net increase in cash and cash equivalents	3,415,569	611,934
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Beginning of year	9,468,725	12,884,294
End of year	\$ 12,884,294	\$ 13,496,228
Cash and Investments	11,212,020	11,805,185
Restricted Cash	1,672,274	1,691,043
Total Cash, Cash Equivalents, and Restricted Cash	\$ 12,884,294	\$ 13,496,228
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (3,845,651)	\$ (3,095,595)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,321,694 ✓	1,365,879
Change in current assets and liabilities:		
Accounts receivable	(7,174)	(44,677)
Prepaid expense	365	(506)
Accounts payable	289,694	(235,048)
Deferred revenues	3,610,514	(34,255)
Other payables	1,129,434	(89,802)
Customer deposits	(15,275)	9,800
Net cash provided (used) by operating activities	\$ 2,483,601	\$ (2,124,204)

SAN MATEO COUNTY HARBOR DISTRICT NOTES TO THE FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity and Accounting Policies

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.

The financial statements of the District have been prepared in conformity with accounting principles generally acceptable in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting.

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 runs all expenses and revenues through a governmental fund. The following is a brief description of the fund:

The General is used to account for resources traditionally associated with the District which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the District's general operating expenditures and capital costs.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the Comparative Statement of Net Assets, governmental activities are presented using the economic resource measurement focus. The accounting objectives of this measurement focus are the determination of the net income, financial position and cash flow. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net Assets, which serves as an indicator of financial position.

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

Basis of Accounting

Governmental funds are accounted for using the accrual basis of accounting. Revenues, including unbilled services, are recognized when they are earned and become measurable. Measurable means knowing or being able to reasonably estimate the amount. Expenses are recognized when they are incurred.

Cash and Investments

The District pools cash resources from all activities in order to facilitate the management of cash. The balance in the cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing accounts.

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 San Mateo County titled San Mateo County Pool (SMCP) and well as an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF). Both pools have a diversified portfolio but are subject to some market risks.

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.

Receivables

All accounts receivable are shown net of an allowance for doubtful accounts. Throughout the year every effort is made to collect on accounts in arrears. In June, the Director of Finance identifies those accounts that are uncollectable and brings forward a request to the Commission to write off these accounts. The allowance for doubtful accounts is also adjusted each year to reflect the delinquent accounts that are still in the process of being collected but may eventually be deemed uncollectable. The District uses the amount of receivables that are more than 90 day in arrears as the estimate to set the allowance for doubtful accounts balance.

Prepaid Accounts

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid expenses.

When the District's tenants pre-pay their monthly berth rents, these are recorded as customer deposits until the rents are earned and are transferred to a revenue account.

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

Capital Assets

The District's 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.

During the fiscal year ending June 30, 2011, the District did not have any bond or loan proceeds for capital projects under construction; therefore, no interest expense was accrued. If the District had incurred an interest expense related to capital financing during asset construction, such interest would be capitalized as a part of the asset's cost.

Depreciation of exhaustible capital assets is charged as an expense against 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 50 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, 2011.

Use of Estimates

The preparation of financial statements in conformity with generally 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

The Comparative Statement of Net Assets classifies net assets into the following three 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."

GASB 54 requires that net assets also be classified by the following five categories: non-spendable,

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

restricted, committed, assigned and unassigned. GASB 54 further requires that the Commission take a formal action prior to the end of the fiscal year to classify funds as non-spendable or restricted. On October 18, 2010, the Commission took formal action to recognize \$14,648,382 of the District's fund balance as either non-spendable or restricted. This total includes \$812,191 for an OPEB Reserves as the Commission was informed at the time the resolution was passed that external entities required the District to maintain reserves in this amount for OPEB liabilities. An OPEB reserve is not reflected in the Comparative Statement of Net Assets because there is no external requirement to set aside reserves for unfunded OPEB liabilities. The Board also identified future spending plans in excess of the available fund balance. Based on this Board Resolution, the District's net assets would be classified as follows:

Non-Spendable –	\$12,163,916
Restricted –	\$2,484,466
Committed –	\$0
Assigned –	\$3,818,303
Unassigned –	\$0

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 in the period they are earned and leave balances accrued as of June 30th are reflected as current liabilities in the financial statements.

(2) CASH AND INVESTMENTS

The District earns both Operating and Non-operating Revenues. Operating Revenues are earned in the course of the District's normal operations and are primarily comprised of fees charged for services that directly benefit those that are paying the fees. Monthly berth rental fees are an example of Operating Revenues. Individuals that pay such fees are directly benefitting from the District's facilities. Operating Revenues are used to offset the District's costs to provide these direct benefits. Grants that are provided to enable the District to carry out its normal operational functions, such as grants that pay the costs to remove abandoned vessels, are also classified as Operating Revenues. Non-Operating Revenues are comprised of taxes. Non-Operating Revenues and are used for District activities that provide general good to the public, such as trash collection or landscape maintenance.

The investments made by the District Treasurer are limited to those allowable under California Government Code 53601 as incorporated into the District's Investment Policy dated August 16, 2006. As of June 30, 2011, the District had 92% of its cash invested in the San Mateo County Investment Pool. The District has the ability to withdraw its funds from the pool at any time.

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

As of June 30, 2011, this pool had an average of 1.5 years to maturity for all pooled investments and \$2,540,750,000 in par value which was invested as follows:

Fixed Income Investments

US T-Notes	\$430,000,000
Federal Agencies	\$403,000,000
Corporate Notes	\$155,750,000
Floating Rate Securities	\$197,000,000

Short Term Investments

Federal Agencies	\$472,000,000
Floating Rate Securities	\$55,000,000
Commercial Paper	\$90,000,000
US T-Bills	\$528,000,000
Repurchase Agreements	\$210,000,000

Deposits

At June 30, 2011, the carrying amount of the District's demand deposits was \$1,001,899 and the bank balances were \$1,026,648. The District's demand deposits are 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.

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

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

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 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, 2011 and 2010, the District's cash and investments, excluding restricted funds, classified by risk category consisted of the following:

	<u>Category 1</u>	<u>Uncategorized</u>	<u>2011</u>	<u>2010</u>
Cash Deposits:				
Demand accounts	\$ 1,000,538	\$ -	\$ 1,000,538	\$ 1,312,382
Total cash deposits	<u>1,000,538</u>	<u>-</u>	<u>1,000,538</u>	<u>1,312,382</u>
Investments:				
San Mateo County Pool	-	10,797,829	10,797,829	9,892,854
Local Agency Investment Fund	-	6,818	6,818	6,784
Total investments	<u>-</u>	<u>10,804,647</u>	<u>10,804,647</u>	<u>9,899,638</u>
Total cash and investments	<u>\$ 1,000,538</u>	<u>\$ 10,804,647</u>	<u>\$ 11,805,185</u>	<u>\$ 11,212,020</u>

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

The maturities of investments at June 30, 2011 and 2010 are as follows:

Maturity	Carrying Value	
	2011	2010
Current to one year	\$ 10,804,647	\$ 9,899,638

(3) CAPITAL ASSETS

Capital assets of the District at June 30, 2011, consisted of the following:

	Balance June 30, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Non-depreciable Assets:					
Land	\$ 374,017				\$ 374,017
Construction in progress	646,248	241,156	(502,731)	(141,829)	242,844
Total non-depreciable assets	<u>1,020,265</u>	<u>241,156</u>	<u>(502,731)</u>	<u>(141,829)</u>	<u>616,861</u>
Depreciable Assets:					
Structure and improvements	50,580,208	832,583			51,412,791
Equipment	840,938	21,041			861,979
Autos and trucks	105,190	10,098			115,288
Boat and radar	607,753				607,753
Total depreciable assets	<u>52,134,089</u>	<u>863,722</u>		-	<u>52,997,811</u>
Less accumulated depreciation	<u>(30,018,040)</u>	<u>(1,365,879)</u>			<u>(31,383,919)</u>
Total depreciable assets, net	<u>22,116,049</u>	<u>(502,157)</u>		-	<u>21,613,892</u>
Total capital assets	<u>\$ 23,136,314</u>	<u>\$ (261,001)</u>	<u>\$ (502,731)</u>	<u>\$ (141,829)</u>	<u>\$ 22,230,753</u>

Depreciation expense of the District was \$1,365,879 and \$1,321,694 for the years ended June 30, 2011 and 2010, respectively.

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

(4) NOTES PAYABLE

Activity in notes payable for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Cal Boating	\$ 10,972,398	\$ -	\$ (889,024)	\$ 10,083,374
Total	<u>\$ 10,972,398</u>	<u>\$ -</u>	<u>\$ (889,024)</u>	<u>\$ 10,083,374</u>
Less current portion	(889,024)			(929,865)
Total	<u>\$ 10,083,374</u>			<u>\$ 9,153,509</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.

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 Treasury having a beginning balance of \$1,500,000. 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 THE FINANCIAL STATEMENTS
(CONTINUED)**

The annual debt service requirements to amortize the notes outstanding at June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Total
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
Thereafter	4,986,789	585,586	5,572,375
Total	\$ 9,153,508	\$ 1,991,242	\$ 11,144,750

(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 P Street, Sacramento, California 95814.

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 ending June 30, 2011, the District contributed 7% of covered payroll on behalf of the majority of its Employee and those Employee 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, 2010 and June 30, 2011 are \$127,544 and \$129,577, respectively.

Annual Pension Cost - For 2010-2011, the District's annual pension cost of \$419,330 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost-sharing, multiple employer method. The 2010-11 rate was 14.672% for the 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, 2009 was 20 years for all employees for the prior year and current service unfunded liability.

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

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year Ending June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	407,573	100%	-
2010	387,640	100%	-
2011	407,977	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 and are not terminated for good cause. The benefits are effective immediately upon District employment termination. On June 30, 2011, there were nine 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, 2011 and June 30, 2010 were \$84,524 and \$72,503, respectively.

(6) LEASE

On July 23, 2009, the District amended its office lease agreement for Administration by extending the lease to May 31, 2014. The minimum future rental payments required under the non-cancelable lease as of June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Amount
2012	88,384
2013	90,589
2014	84,893
	<u>\$ 263,866</u>

(7) SUBSEQUENT EVENTS

The District's Management has evaluated subsequent events through February 21, 2012 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

**PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)
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)
6/30/2008	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	1,473,430,831	340,993,809	81.4%	355,150,151	96.0%
6/30/2010	1,972,910,641	1,603,482,152	369,428,489	81.3%	352,637,380	104.8%

REQUIRED SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY HARBOR DISTRICT
 COMPARATIVE SCHEDULES OF OPERATING EXPENSES
 FOR THE YEARS ENDED JUNE 30, 2010 AND 2011

	Total	
	2010	2011
OPERATING EXPENSES:		
Advertising & promotion	\$ 32,354	\$ 27,964
Auto Mileage	3,102	3,087
Bad Debt Expense	-	115,576
Bank Charges	5,764	9,201
Citation Processing Fees	1,029	362
Collection/credit card fees	21,494	20,864
Contractual services	338,256	286,794
Dues and subscriptions	16,322	13,655
Equipment rental	3,884	9,384
Gas and oil	15,407	16,467
Insurance	236,072	235,861
LAFCO fees	4,604	4,635
Lawsuit Settlement	-	2,093
License and permits	2,282	539
Lot rental/ingress	900	-
Miscellaneous	25	1,775
Office rental	94,518	90,547
Office supplies	32,970	27,143
OPEB Reserve	1,248,559	140,613
Operating and safety equipment	30,788	19,265
Operating supplies	66,782	112,061
Personnel administration	2,388	6,045
Postage	8,049	7,295
Property tax administration and other tax	27,488	28,363
Repairs and maintenance	147,333	338,485
Salaries and payroll burden	3,041,464	3,169,464
Sewer fees	28,552	32,256
Telephone	33,430	30,043
Training, seminars, and professional development	15,291	4,853
Travel, conferences, and meetings	4,888	21,681
Uniforms	20,343	17,031
Utilities	300,825	285,251
Vessel destruction	25,003	57,337
Total Operating Expenses Before Depreciation	\$ 5,810,166	\$ 5,135,990
Depreciation (Note 3)	1,321,694	1,365,879
Total Operating Expenses After Depreciation	7,131,860	6,501,869

**SAN MATEO COUNTY HARBOR DISTRICT
SCHEDULES OF OPERATING EXPENSES - Budget and Actual
FOR THE YEARS ENDED JUNE 30, 2010 AND 2011**

	2010			2011		
	Budget	Actual	Variance	Budget	Actual	Variance
OPERATING EXPENSES:						
Advertising & promotion	\$ 32,500	\$ 32,354	\$ 146	\$ 33,000	\$ 27,964	\$ 5,036
Auto mileage	5,950	3,102	\$ 2,848	5,450	3,087	2,363
Bad debts	40,000	-	\$ 40,000	40,000	115,576	(75,576)
Bank charges	6,800	5,764	\$ 1,036	7,400	9,201	(1,801)
Citation processing fees	2,050	1,029	\$ 1,021	2,550	362	2,188
Collection/credit card fees	25,809	21,494	\$ 4,315	22,000	20,864	1,136
Contractual services	338,500	338,256	\$ 244	428,500	286,794	141,706
Dues and subscriptions	20,000	16,322	\$ 3,678	20,000	13,655	6,345
Elections	300,000	-	\$ 300,000	-	-	-
Equipment rental	9,500	3,884	\$ 5,616	9,500	9,384	116
Gas and oil	27,500	15,407	\$ 12,093	23,000	16,467	6,533
Insurance	318,000	236,072	\$ 81,928	380,000	235,861	144,139
LAFCO fees	7,000	4,604	\$ 2,396	7,000	4,635	2,365
Lawsuit Settlement	-	-	\$ -	-	2,093	(2,093)
License and permits	1,650	2,282	\$ (632)	1,650	539	1,111
Lot rental/ingress	1,200	900	\$ 300	1,200	-	1,200
Miscellaneous	2,500	25	\$ 2,475	2,500	1,775	725
Office rental	96,000	94,518	\$ 1,482	98,000	90,547	7,453
Office supplies	20,500	32,970	\$ (12,470)	20,500	27,143	(6,643)
Other post employment benefits	-	1,248,559	\$ (1,248,559)	-	140,613	(140,613)
Operating and safety equipment	16,011	30,788	\$ (14,777)	24,000	19,265	4,735
Operating supplies	46,000	66,782	\$ (20,782)	60,000	112,061	(52,061)
Personnel administration	5,104	2,388	\$ 2,716	5,150	6,045	(895)
Postage	13,000	8,049	\$ 4,951	11,000	7,295	3,705
Property tax administration	-	27,488	\$ (27,488)	15,000	28,363	(13,363)
Repairs and maintenance	94,500	147,333	\$ (52,833)	205,500	338,485	(132,985)
Salaries and payroll burden	3,625,362	3,041,464	\$ 583,898	3,588,944	3,169,464	419,480
Sewer fees	50,000	28,552	\$ 21,448	30,000	32,256	(2,256)
Telephone	22,000	33,430	\$ (11,430)	37,500	30,043	7,457
Training and seminars	18,800	15,291	\$ 3,509	22,300	4,853	17,447
Travel, conferences, and meetings	9,500	4,888	\$ 4,612	10,500	21,681	(11,181)
Uniforms	25,000	20,343	\$ 4,657	25,000	17,031	7,969
Utilities	297,750	300,825	\$ (3,075)	343,250	285,251	57,999
Vessel destruction	40,000	25,003	\$ 14,997	40,000	57,337	(17,337)
Total operating expenses before depreciation	\$ 5,518,486	\$ 5,810,166	\$ (291,680)	\$ 5,520,394	\$ 5,135,990	\$ 384,404
Depreciation (Note 3)	1,827,363	1,321,694	505,669	2,027,500	1,365,879	661,621
Total operating expenses after depreciation	\$ 7,345,849	\$ 7,131,860	\$ 213,989	\$ 7,547,894	\$ 6,501,869	\$ 1,046,025

SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
PILLAR POINT HARBOR
FOR THE YEARS ENDED JUNE 30, 2010 AND 2011

	Total	
	2010	2011
OPERATING REVENUES:		
Berth rental	\$ 1,238,586	\$ 1,255,385
Launching fees	61,729	68,091
Mooring fees	43,279	42,410
Recreational vehicles	25,386	23,814
Rents & concessions	266,853	393,471
Transient berths & dockage	64,720	60,628
Other sales & services	45,576	83,629
Total operating revenues	<u>1,746,128</u>	<u>1,927,428</u>
OPERATING EXPENSES:		
Advertising and promotion	7,469	5,024
Auto mileage	910	488
Bad debts	-	53,376
Bank charges	3,193	4,518
Citations processing fees	828	272
Collection/credit card fees	11,665	10,000
Contractual services	99,239	105,510
Dues and subscriptions	456	-
Equipment rental	3,040	3,598
Gas and oil	10,176	10,221
Insurance	113,206	113,100
Lawsuit Settlement	-	1,836
License and permits	1,274	-
Lot rental/ingress	900	-
Miscellaneous	-	1,587
Office supplies	12,072	8,093
Operating and safety equipment	29,791	16,141
Operating supplies	47,660	78,860
Other Post Employment Benefits	542,490	(36,445)
Personnel administration	182	3,445
Postage	2,602	3,172
Repairs & maintenance	94,286	296,756
Salaries and payroll burden	1,167,321	1,221,719
Sewer fees	28,552	32,256
Telephone	13,665	13,520
Training, seminars and professional development	2,895	138
Travel, conferences, and meetings	1,820	4,592
Uniforms	11,095	8,380
Utilities	157,441	154,679
Vessel destruction	4,375	35,904
Total operating expenses	<u>2,368,603</u>	<u>2,150,740</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	<u>(622,475)</u>	<u>(223,312)</u>
Depreciation (Note 3)	658,447	656,792
OPERATING INCOME (LOSS) AFTER DEPRECIATION	<u>(1,280,922)</u>	<u>(880,104)</u>
NONOPERATING REVENUES (EXPENSES):		
Gain (Loss) on disposal of asset	(49,973)	-
Insurance settlements	-	47,324
Interest Expense	(270,922)	(247,818)
Total nonoperating revenues (expenses)	<u>(320,895)</u>	<u>(200,494)</u>
Net income (loss)	<u>\$ (1,601,817)</u>	<u>\$ (1,080,598)</u>

SAN MATEO COUNTY HARBOR DISTRICT
 COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
 OYSTER POINT MARINA/PARK
 FOR THE YEARS ENDED JUNE 30, 2010 AND 2011

	Total	
	2010	2011
OPERATING REVENUES:		
Berth rental	\$ 1,068,084	\$ 1,010,482
Dock box fees	6,960	5,674
Launching fees	32,272	24,049
Rents & concessions	288,720	289,235
Transient berths & dockage	116,362	107,991
Other sales & services	27,683	41,415
Total operating revenues	<u>1,540,080</u>	<u>1,478,846</u>
OPERATING EXPENSES:		
Advertising and promotion	22,813	21,195
Auto mileage	287	269
Bad debts	-	62,200
Bank charges	2,953	4,943
Citations processing fees	201	90
Collection/credit card fees	9,829	10,864
Contractual services	123,090	118,883
Dues and subscriptions	138	138
Equipment rental	135	3,752
Gas and oil	5,230	6,246
Insurance	113,204	113,100
License and permits	1,008	539
Miscellaneous	(3)	-
Office supplies	8,209	7,741
Operating and safety equipment	997	3,124
Operating supplies	19,122	33,201
Other Post Employment Benefits	495,518	166,414
Personnel administration	285	801
Postage	2,923	2,149
Repairs & maintenance	49,025	39,730
Salaries and payroll burden	1,045,377	1,067,146
Telephone and communications	7,030	7,228
Training, seminars and professional development	1,124	-
Travel, conferences, and meetings	522	3,517
Uniforms	9,247	8,651
Utilities	143,384	130,572
Vessel destruction	20,628	21,433
Total operating expenses	<u>2,082,276</u>	<u>1,833,926</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	<u>(542,196)</u>	<u>(355,080)</u>
Depreciation (Note 3)	<u>663,247</u>	<u>700,773</u>
OPERATING INCOME (LOSS) AFTER DEPRECIATION	<u>(1,205,443)</u>	<u>(1,055,853)</u>
NONOPERATING REVENUES (EXPENSES):		
Grants	-	50,606
Cost Recovery	1,340,000	-
Gain (Loss) on disposal of asset	(388,856)	-
Insurance settlements	10,106	2,500
Interest Expense	(283,257)	(235,831)
Total nonoperating revenues (expenses)	<u>677,993</u>	<u>(182,725)</u>
Net income (loss)	<u>\$ (527,450)</u>	<u>\$ (1,238,578)</u>

**SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
ADMINISTRATION
FOR THE YEARS ENDED JUNE 30, 2010 AND 2011**

	Total	
	2010	2011
OPERATING EXPENSES:		
Advertising and promotion	\$ 1,135	\$ 394
Auto mileage	1,415	2,240
Bank charges	(382)	(260)
Contractual services	113,330	56,894
Dues and subscriptions	15,482	13,306
Equipment rental	709	2,034
Insurance	605	-
LAFCO fees	4,604	4,635
Miscellaneous	27	188
Office rental	94,518	90,547
Office supplies	12,158	10,979
Other Post Employment Benefits	74,242	10,734
Personnel administration	1,921	1,799
Postage	2,525	1,809
Property tax administration	27,488	28,363
Repairs & maintenance	4,022	1,999
Salaries and payroll burden	714,672	782,219
Telephone and communications	12,735	9,295
Training, seminars and professional development	9,228	-
Travel, conferences, and meetings	1,867	10,405
Total operating expenses	<u>1,092,301</u>	<u>1,027,580</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	<u>1,092,301</u>	<u>(1,027,580)</u>
Depreciation (Note 3)	-	8,314
OPERATING INCOME (LOSS) AFTER DEPRECIATION	<u>(1,092,301)</u>	<u>(1,035,894)</u>
NONOPERATING REVENUES (EXPENSES):		
Grants	-	872
Gain (Loss) on disposal of asset	788,311	-
Interest income	93,900	133,166
Local government taxes	4,389,358	4,271,109
Miscellaneous	-	91,317
Total nonoperating revenues (expenses)	<u>5,271,569</u>	<u>4,496,464</u>
Net income (loss)	<u>\$ 4,179,268</u>	<u>\$ 3,460,570</u>

SAN MATEO COUNTY HARBOR DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES
HARBOR COMMISSIONERS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2011

	Total	
	2010	2011
OPERATING EXPENSES:		
Advertising and promotion	\$ 937	\$ 1,351
Auto mileage	491	90
Contractual services	2,597	5,507
Dues and subscriptions	247	211
Insurance	9,056	9,661
Lawsuit Settlement	-	257
Office supplies	531	330
Other post employment benefits	136,309	(90)
Postage	-	165
Salaries and payroll burden	114,095	98,380
Training, seminars and professional development	2,044	4,715
Travel, conferences, and meetings	679	3,167
Total operating expenses	<u>266,986</u>	<u>123,744</u>
Net loss	<u>\$ (266,986)</u>	<u>\$ (123,744)</u>