

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

SEWER AUTHORITY MID-COASTSIDE

**FOR FISCAL YEAR ENDED
JUNE 30, 2009**

**1000 North Cabrillo Highway
Half Moon Bay, California 94019-1466**



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**Prepared By:
Administrative Services Department, Sewer Authority Mid-Coastside**

SEWER AUTHORITY MID-COASTSIDE

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

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INTRODUCTORY SECTION

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November 16, 2009

Board of Directors
Sewer Authority Mid-Coastside
1000 North Cabrillo Highway
Half Moon Bay, CA 94019

The staff of Sewer Authority Mid-Coastside (SAM) is pleased to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

This report was prepared following guidelines set forth by the Governmental Accounting Standards Board. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with SAM. We believe the data, as presented, is accurate in all material respects and is reported in a manner designed to enhance your understanding of the financial condition of SAM.

This letter of transmittal is the Introductory Section and is designed to compliment the MD&A, which follows the Independent Auditor's Report in the Financial Section.

THE REPORTING ENTITY AND ITS SERVICES

The City of Half Moon Bay, Granada Sanitary District, and Montara Water and Sanitary District formed SAM in a Joint Exercise of Powers Agreement (JPA) dated February 3, 1976. SAM is a public agency created to meet the wastewater collection and treatment service requirements of each community within its three member agency boundaries. SAM's service area includes a population of approximately 25,000 people. SAM is an independent public agency and is not financially responsible for any other governmental entity nor is it a component unit of another governmental entity.

SAM is governed by a six-member Board of Directors who are appointed by their respective agencies. The Board is comprised of two members from each agency. Members of the Board elect the Chairperson, customarily for a one-year term of office. Historically, the tenure of directors has generally been long, thereby enabling SAM to maintain continuity and stability in policies and service. See Page number viii for the current members of the Board of Directors and their respective dates of initial appointment to the Board. A Manager, who serves at the pleasure of the Board of Directors, determines SAM affairs. SAM has employed Mr. John Foley III, the Manager, in this present capacity since July 1, 2003. There are 14 employees in the SAM Operations/NDWSCP, Collections and Administration departments.

SAM has existed for 33 years for the purpose of protecting and serving the public health of the member agency communities through construction and maintenance of a sewer system, and wastewater treatment. The SAM regional system includes three main pumping stations, an eight-mile transmission line, the wastewater treatment plant, and an ocean outfall, where final effluent is dispersed to the receiving ocean waters, which are a part of the Monterey Bay National Marine Sanctuary. SAM also provides contract services to neighboring communities to maintain the collection systems for its member agencies, which include 104.5 miles of sewer pipelines and 17 lift stations.

SAM collection system has 1.9 miles of gravity pipeline and 5.8 miles of force main. The flows at the pump stations range from an average of approximately 0.165 million gallons per day (MGD), at the lowest flow station to an average of approximately 0.805 MGD, at the highest flow station. SAM wastewater treatment system is permitted for 4.0 MGD in average dry weather flow (ADWF). Currently, SAM ADWF is about 1.536 MGD. Treatment process includes primary sedimentation, activated sludge, secondary clarification, disinfection and anaerobic sludge digestion. The remaining biosolids are removed and buried in landfill.

The U.S. Environmental Protection Agency, the California Regional Water Quality Control Board, the California Health Services Department, as well as other regulatory agencies provide the permits and the standards that SAM must meet in order to collect, treat, recycle, reuse, and dispose of wastewater.

SAM LOCATION

SAM is located in the rural seaside community of Half Moon Bay, which is located 30 miles south of San Francisco, 40 miles north of San Jose, and lies on the most western edge of the County of San Mateo. Geographically, the City and its neighboring unincorporated Coastside Communities are west of the population center of the peninsula and are separated from it by a scenic coastal mountain range. The Coastside residential communities offer a strong tourist economy with many shops, restaurants, beaches, and magnificent vistas. Yet, the Coastside still retains a small-town feel, an agricultural heritage and is one of Northern California's major floricultural centers. SAM's administrative office and wastewater treatment facility are located approximately 1 mile from downtown Half Moon Bay, directly off Scenic Coastal Route Highway 1.

SAM service area encompasses a total of approximately 24 square miles. Roughly 12 square miles (or 50% of the total) lie within the boundaries of the City of Half Moon Bay, in San Mateo County. The other 12 square miles are in unincorporated areas, 6 square miles (or 25% of the total) lie within the town of El Granada, and 6 square miles (or 25% of the total) lie within the town of Montara.

ECONOMIC CONDITION AND OUTLOOK

In its second quarterly report of 2009, the UCLA Anderson Forecast upgrades the condition of the national economy, moving it out of "intensive care" while noting that it is still "very sick."

The Forecast sees the gross domestic product improving from negative growth in the second quarter of this year to nearly perceptible growth in the final quarter while acknowledging that this tepid growth will be accompanied by an unemployment rate that will continue to rise well into 2010 and into double digits.

"What we are perhaps most concerned about is not the timing of the recession's end, but rather the shape of the recovery to come," writes UCLA Anderson Forecast senior economist David Shulman in an essay titled "Out of Intensive Care."

"We are forecasting the weakest economic recovery of the postwar era with real growth on the order of 2–3%," Shulman noted.

The Forecast predicts that recovery will be slow due to recession-scarred consumers who will focus on their savings, and the dramatic adjustment in financial services, the automotive industry and the retail sector. The recovery will also be inhibited by the financial excesses of 2003–07 in the form of millions of foreclosed homes and a plague of "upside-down" mortgages.

The Forecast also predicts that, after declining by an estimated 2.9 percent in the current quarter, real GDP growth will be zero in the third quarter of 2009 and 0.6 percent in the year's final three months. Unemployment is predicted to peak at 10.4 percent in 2010 and could still be close to 10 percent by the end of 2011.

State Budget Discussion

In California, the worst of the recession is beginning to ease, but any optimism must be tempered by the specter of a state government poised to contract at the worst possible time.

According to UCLA Anderson Forecast senior economist Jerry Nickelsburg, there is nothing happening in California that will help pull the state out of recession in advance of the nation.

"California," Nickelsburg writes, "is in for a continued rough ride for the balance of 2009 and is not going to see economic growth return until the end of the year, shortly after the U.S. economy begins to grow."

The dire conditions surrounding the state budget will contribute to prolonging tough conditions in California, according to the report.

In his essay, Nickelsburg notes that Gov. Arnold Schwarzenegger is attempting to close the state's \$24 billion budget gap with a combination of fee increases, forced borrowing from local government, the sale of state assets and primarily, budget cuts.

Yet that the real risk for California, Nickelsburg writes, is the possibility that there will be no budget agreement at all and that the chaotic and inefficient spending cuts that would likely follow would have an even more severe impact on the ability of California to stem the downturn in economic activity this year.

Overall, the forecast for California is for a very weak first two quarters of 2009, to be followed by very little growth in the last six months of the year. The economy will begin to pick up in 2010 and return to more normal levels of growth in 2011.

The expectation is that total employment will contract by 3.5 percent in 2009 and will not grow in 2010. Once growth returns in 2011, it will rise at 1.8 percent.

COMMUNICATION AND COMMUNITY INVOLVEMENT

SAM has for years recognized the value of providing its customers with information about wastewater, its process, and treatment. A vital part of SAM's public information program consists of a Source Control Program, which issues permits for close to 100 dischargers and monitors their compliance. Fats, oils, and greases are a high priority in the source control program and many of SAM dischargers are required to have and maintain grease traps. In addition to commercial discharge permitting, SAM has developed bi-annual Newsletters mailed to community residents to educate them on a variety of topics including proper maintenance of private sewer laterals and grease-related problems and solutions. Collection system maintenance and Source Control staff collaborate and identify hot spots that may need increased inspections, maintenance, or outreach.

Another part of SAM's public information program is the Outreach Program. SAM collaborates with local schools to teach pollution prevention, conservation and overall awareness of environmental issues. This program endeavors to teach young people environmental responsibility with respect to water pollution control. The program includes school classroom visits and tours of SAM wastewater treatment plant. SAM presentations to the students may include subjects such as water cycle, the differences between storm drains, and the sanitary sewer system, the different types of pollutant sources, the water treatment process, and the different jobs available in the field of water and wastewater treatment. SAM also extends tours to all interested parties and community groups. In August 2008, staff provided tours for over 100 students from Skyline College. In October 2008, SAM shared a booth with Coastside County Water District at the Half Moon Bay Pumpkin Festival. In June 2009, Half Moon Bay High School, with SAM assistance, kicked off the "Sewer Science 2009" program.

SAM staff has received certificates of commendation from the Surfrider Foundation, a volunteer water quality test group, and SAM has provided space and equipment for Surfrider Foundation to set up a water-testing laboratory so that local water quality information can be made available in a timely manner. Additionally, SAM supports its employee's participation in the California Water Environment Association, Bay Area Pollution Prevention Group, the California Association of Sanitary Agencies Fats, Oils and Grease Group.

MAJOR INITIATIVES

SAM is committed to providing continuous, reliable service. To maintain its infrastructure, SAM has a long-term Wet Weather Capital Improvement Program that includes a two-stage capital improvement plan. After extensive studies and peer review in 1999 and 2000, the first stage, increasing wet weather storage capacity in the northernmost part of the system, was initiated in 2002 and completed in 2003. It included construction of a 430,000-gallon storage facility at the Montara Pump Station – the Montara Storm Water Retention Tank. The phase 1 construction was followed by a sanitary sewer flow monitoring analysis to better identify the necessary elements of the second phase. Phase 2,

commenced in 2009, involves increasing wet weather storage capacity in the central part of the system near the Portola Pump Station.

SAM's Maintenance Program utilizes SAM staff and outside resources to maintain, repair, and upgrade all of its equipment and structures. Preventative maintenance ensures reliability, decreases downtime, decreases unscheduled repairs and in general, fixes issues before they become problems. Over the past 7 years, SAM has replaced or rebuilt all of the pumps in the Intertie Pipeline System (IPS). In addition, the IPS Junction Structures were replaced, 12 gravity manholes were either rehabilitated or replaced in the IPS gravity section upstream of Portola Pump Station and an odor control upgrade was done at Portola Pump Station. Also, over the past 10 years, SAM has greatly improved control and monitoring through the use of smarter, processor-based control systems. These processor-based control systems are currently being upgraded, as needed, to current technology PLC units with touch screen interfaces.

AWARDS

SAM has been the recipient of the California Sanitation Risk Management Workers' Compensation Program Honors for Lowest Claims Frequency and Severity Rates for eight consecutive years from 1996/97 through 2007/2008.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sewer Authority Mid-Coastside for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the fifth consecutive year that the Sewer Authority Mid-Coastside has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirement.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

FINANCIAL INFORMATION

Accounting System Changes

SAM replaced its former process of tracking capital assets on a spreadsheet and implemented a fixed asset software program "Fixed Asset CS". The program will improve the record keeping of capital assets including: asset cost, depreciation expense and accumulated depreciation.

SAM, in response to a GFOA comment for FY 2008, now reports the current and non-current portion of the liability for compensated absences.

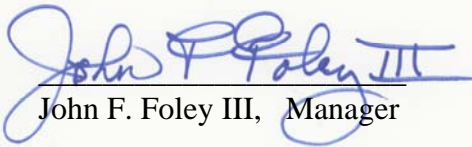
INDEPENDENT AUDIT

State statutes require an annual audit by an independent certified public accountant. Macias Gini & O'Connell LLP conducted the 2008 and the current 2009 audit and their audit report, which contains an unqualified opinion, is included in the financial section of this report.

ACKNOWLEDGEMENT

I wish to express my sincere appreciation to the Board of Directors and Parsons Accounting in the planning and implementation of the financial affairs of SAM. We appreciate and acknowledge the thorough, professional and timely manner in which our independent auditors, Macias Gini & O'Connell, conducted the audit.

I acknowledge the efforts of personnel in SAM's accounting department in following good financial management practices and SAM management, administrative and technical staff in providing information and assistance during the preparation of this report.



John F. Foley III, Manager

SEWER AUTHORITY MID-COASTSIDE

Principal Officials and Management

BOARD OF DIRECTORS

Marina Fraser
Vice-Chair
Since 2006

Richard Lohman
Secretary/Treasurer
Since 2004

Jim Harvey
Board Member
Since 2007

Leonard Woren
Vice-Chair
Since 1997

John Muller
Board Member
Since 2006

Scott Boyd
Board Member
Since 2008

General Counsel

James L. Copeland, Esq.
Sidley Austin, LLP

Management

Mr. John F. Foley III, Manager
Mr. Tony Pullin, Technical Services Supervisor
Ms. Jeannette L. Tracy, Supervisor of Administrative Services

Italicized Text Indicates Date Elected

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sewer Authority Mid-Coastside
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

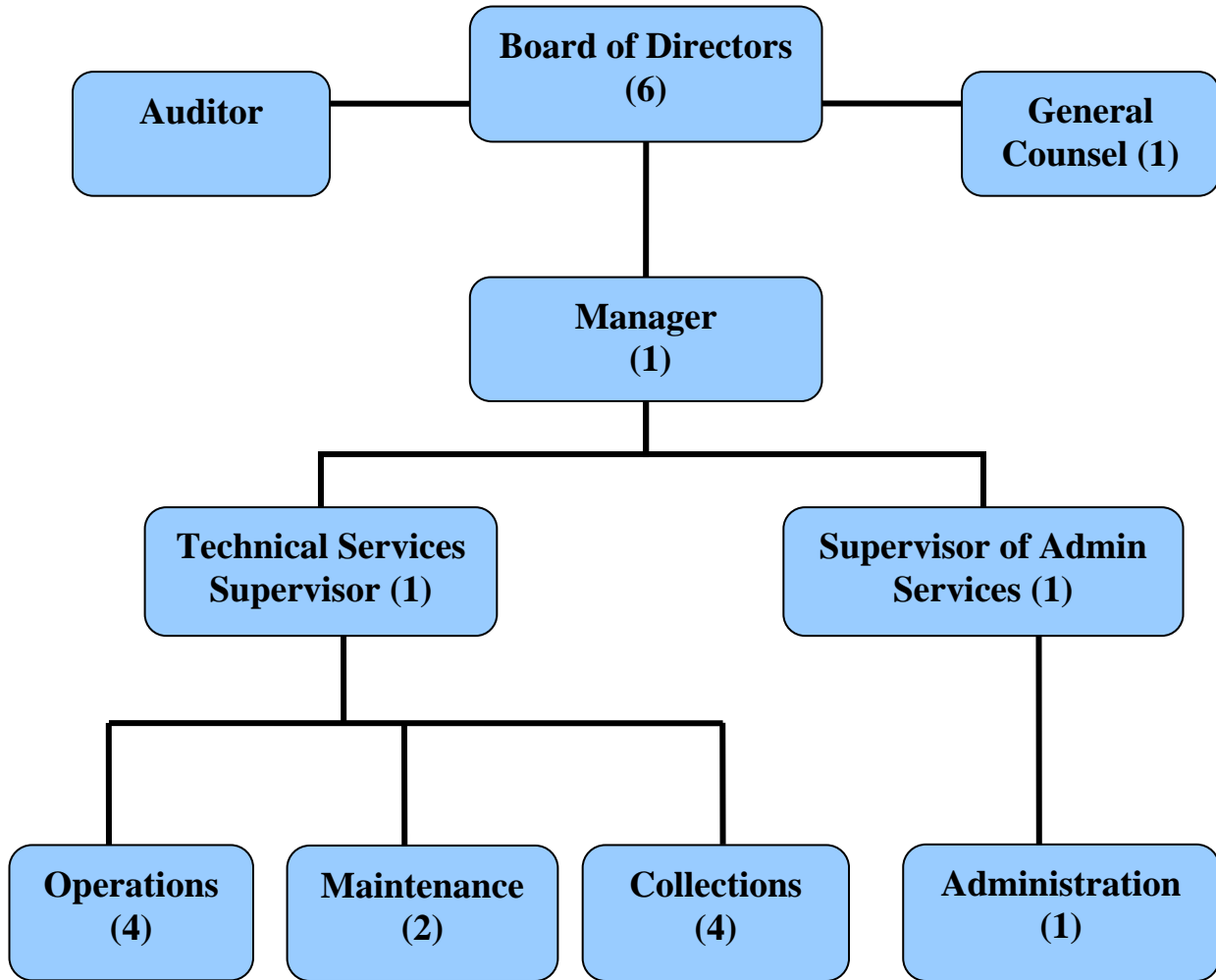
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

Sewer Authority Mid-Coastside

Organizational Chart



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FINANCIAL SECTION

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MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

WALNUT CREEK
2121 N. California Blvd., Suite 750
Walnut Creek, CA 94596
925.274.0190

SACRAMENTO

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN DIEGO

The Board of Directors of the
Sewer Authority Mid-Coastside
Half Moon Bay, California

Independent Auditor's Report

We have audited the accompanying basic financial statements of the Sewer Authority Mid-Coastside (Authority) as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2009 and 2008, and the changes in its financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2009 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis identified in the accompanying table of contents is not a required part of the basic financial statements but are 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 of the Authority. The accompanying introductory section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias Gini & Connell LLP
Certified Public Accountants

Walnut Creek, California
November 16, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

This section of Sewer Authority Mid-Coastside's (Authority) Comprehensive Annual Financial Report presents our analysis of the Authority's financial performance during the Fiscal Years ended on June 30, 2009 and 2008. Please read it in conjunction with the financial statements, which are presented on pages 9 through 11.

FINANCIAL HIGHLIGHTS

- The Authority's net assets at June 30, 2009 decreased by \$889,906 (4.1%) as compared to a decrease of \$869,516 (3.8%) at June 30, 2008.
- During Fiscal Year 2009, the Authority's operating revenues increased by \$224,468 (6.5%) and expenses decreased by \$111,548 (2.2%). The corresponding changes in Fiscal Year 2008 were increased operating revenues of \$353,777 (11.5%) and increased expenses of \$358,432 (7.6%).

BASIC FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Assets includes all of the Authority's assets and liabilities, and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Authority's operations over the past year and can be used to determine the Authority's credit worthiness and whether the Authority has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments. It also provides answers to such questions as: "Where did cash come from?", "What was cash used for?", and "What was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY

Our analysis of the Authority begins on page 4 of the Management's Discussion and Analysis. One of the most important questions asked about the Authority's finances is: "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Authority's activities in a way that will help answer this question. These two statements report the net assets of the Authority and changes in them. You can think of the Authority's net assets (the difference between assets and liabilities) as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

NET ASSETS

To begin our analysis, a summary of the Authority's Statements of Net Assets is presented in Tables 1 and 1.1.

Table 1
Condensed Statements of Net Assets (In thousands of dollars)

| | <u>FY 2009</u> | <u>FY 2008*</u> | <u>Variance</u> | <u>Total Percent Change</u> |
|---------------------------------|-------------------------|-------------------------|------------------------|--|
| Capital Assets | \$ 17,325 | \$ 18,396 | \$ (1,071) | (5.8%) |
| Other Assets | 4,608 | 4,108 | 500 | 12.2% |
| Total Assets | <u>21,933</u> | <u>22,504</u> | <u>(571)</u> | <u>(2.5%)</u> |
| Current Liabilities | 875 | 603 | 272 | 45.1% |
| Noncurrent Liabilities | 47 | - | 47 | - |
| Total Liabilities | <u>922</u> | <u>603</u> | <u>319</u> | <u>52.9%</u> |
| Net Assets: | | | | |
| Investment in Capital Assets | 17,326 | 18,396 | (1,070) | (5.8%) |
| Restricted for Capital Projects | 2,379 | 2,321 | 58 | 2.5% |
| Unrestricted | 1,306 | 1,184 | 122 | 10.3% |
| Total Net Assets | <u>\$ 21,011</u> | <u>\$ 21,901</u> | <u>\$ (890)</u> | <u>(4.1%)</u> |

Table 1.1
Condensed Statements of Net Assets (In thousands of dollars)

| | <u>FY 2008*</u> | <u>FY 2007*</u> | <u>Variance</u> | <u>Total Percent Change</u> |
|---------------------------------|-------------------------|------------------------|------------------------|--|
| Capital Assets | \$ 18,396 | \$19,834 | \$(1,438) | (7.3%) |
| Other Assets | 4,108 | 3,838 | 270 | 7.0% |
| Total Assets | <u>22,504</u> | <u>23,672</u> | <u>(1,168)</u> | <u>(4.9%)</u> |
| Current Liabilities | 603 | 902 | (299) | (33.1%) |
| Total Liabilities | <u>603</u> | <u>902</u> | <u>(299)</u> | <u>(33.1%)</u> |
| Net Assets: | | | | |
| Investment in Capital Assets | 18,396 | 19,834 | (1,438) | (7.3%) |
| Restricted for Capital Projects | 2,321 | 1,974 | 347 | 17.6% |
| Unrestricted | 1,184 | 962 | 222 | 23.1% |
| Total Net Assets | <u>\$ 21,901</u> | <u>\$22,770</u> | <u>\$(869)</u> | <u>(3.8%)</u> |

* During the year ended June 30, 2009, the Authority reclassified a portion of unrestricted net assets to restricted for capital projects.

As can be seen from the tables above, net assets at June 30, 2009 and 2008 decreased by \$889,906 and \$869,516, respectively, from its immediately preceding year. This decrease is the result of the following:

- Investment in Capital Assets decreased by \$1,070,226 and \$1,438,576 in Fiscal Year 2009 and 2008, respectively, mainly due to the annual depreciation expenses.
- Restricted Net Assets at June 30, 2009 and 2008 increased by \$57,973 and \$346,904, respectively, due to capital contributions less project expenditures.
- Unrestricted Net Assets at June 30, 2009 and 2008 (those that can be used to finance day-to-day operations) increased by \$122,347 and \$222,156 respectively, due to less expenditures on operations than was budgeted.

REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes. As can be seen in Tables 2 and 2.1, the loss of \$889,906 and \$869,516 is the source of the decrease in net assets in Fiscal Years 2009 and 2008 respectively.

Table 2
Condensed Statements of Revenues, Expenses and Changes in Net Assets
(In thousands of dollars)

| | <u>FY 2009</u> | <u>FY 2008*</u> | <u>Variance</u> | <u>Total Percent Change</u> |
|--|------------------|------------------|-----------------|-------------------------------------|
| Operation & maintenance | \$ 2,836 | \$ 2,666 | \$ 170 | 6.4% |
| Collection assessments | 765 | 699 | 66 | 9.4% |
| Service fees | 58 | 70 | (12) | (17.1%) |
| Operating Revenue | 3,659 | 3,435 | 224 | 6.5% |
| Depreciation expense | 1,545 | 1,681 | (136) | (8.1%) |
| Treatment | 1,507 | 1,618 | (111) | (6.8%) |
| Collection system | 761 | 699 | 62 | 9.0% |
| Industrial waste | 25 | 19 | 6 | 31.6% |
| Administration | 1,114 | 1,048 | 66 | 6.3% |
| Total Expenses | 4,953 | 5,065 | (112) | (2.2%) |
| Net Non-operating Revenue (Expense) | 97 | 171 | (74) | (43.3%) |
| Capital Contributions | 307 | 589 | (282) | (47.9%) |
| Change in Net Assets | (890) | (869) | (21) | 2.4% |
| Beginning Net Assets | 21,901 | 22,770 | (869) | (3.8%) |
| Ending Net Assets | \$ 21,011 | \$ 21,901 | \$ (890) | (4.1%) |

* During fiscal year June 30, 2009, the Authority reclassified capital assessments from operating revenues to capital contributions.

Table 2.1
Condensed Statements of Revenues, Expenses and Changes in Net Assets
(In thousands of dollars)

| | <u>FY 2008*</u> | <u>FY 2007*</u> | <u>Variance</u> | <u>Total Percent Change</u> |
|--|-------------------------|-------------------------|------------------------|--|
| Operation & maintenance | \$ 2,666 | \$ 2,481 | \$ 185 | 7.5% |
| Collection assessments | 699 | 544 | 155 | 28.5% |
| Service fees | 70 | 56 | 14 | 25.0% |
| Operating Revenue | <u>3,435</u> | <u>3,081</u> | <u>354</u> | <u>11.5%</u> |
| Depreciation Expense | 1,681 | 1,678 | 3 | 0.2% |
| Treatment | 1,618 | 1,616 | 2 | 0.1% |
| Collection system | 698 | 544 | 154 | 28.3% |
| Industrial waste | 19 | 3 | 16 | 533.3% |
| Administration | 1,048 | 865 | 183 | 21.2% |
| Total Expenses | <u>5,064</u> | <u>4,706</u> | <u>358</u> | <u>7.6%</u> |
| Net Non-operating Revenue (Expense) | <u>171</u> | <u>141</u> | <u>30</u> | <u>21.3%</u> |
| Capital Contributions Prior Period Adjustment | <u>-</u> | <u>(3,353)</u> | <u>3,353</u> | <u>(100.0%)</u> |
| Change in Net Assets | <u>(869)</u> | <u>(4,275)</u> | <u>3,406</u> | <u>(79.7%)</u> |
| Beginning Net Assets | <u>22,770</u> | <u>27,045</u> | <u>(4,275)</u> | <u>(15.8%)</u> |
| Ending Net Assets | <u>\$ 21,901</u> | <u>\$ 22,770</u> | <u>\$ (869)</u> | <u>(3.8%)</u> |

* During fiscal year June 30, 2009, the Authority reclassified capital assessments from operating revenues to capital contributions.

A closer examination of the source of changes in net assets reveals that the Authority's operating revenues increased by \$224,468 in Fiscal Year 2009 due to higher operation & maintenance assessments as compared to an increase of \$353,777 in Fiscal Year 2008. Non-operating revenues decreased by \$77,988 in Fiscal Year 2009 due to a lower LAIF interest yield. Non-operating revenue increased by \$29,631 in Fiscal Year 2008 mainly due to the increase in funds invested in LAIF during 2008.

Total expenses in Fiscal Year 2009 decreased by \$111,548 and increased in 2008 by \$358,432, respectively, due mainly to a combination of the following:

- Increase in collection system expenses of \$62,957 and \$154,877 in Fiscal Years 2009 and 2008, respectively, due to increased professional services costs in 2009 and the hiring of new employees in 2008.
- Increase in administration expenses by \$66,275 and \$182,774 in Fiscal Years 2009 and 2008, respectively, due to an increase in payroll costs, legal fees and engineering expenses.
- Decrease in treatment expenses of \$110,919 in Fiscal Year 2009 due to decreased maintenance expenditures and an increase of \$1,793 in Fiscal Year 2008 due to an increase in payroll costs.

CAPITAL ASSETS

At the end of Fiscal Year 2009, the Authority had invested approximately \$17.3 million in capital assets as shown in Table 3.

Table 3
Capital Assets (In thousands of dollars)

| | <u>FY 2009</u> | <u>FY 2008</u> | <u>Variance</u> | <u>Total Percent Change</u> |
|--------------------------------------|------------------|------------------|-------------------|-----------------------------|
| Non-depreciable Assets | \$ 955 | \$ 838 | \$ 117 | 14.0% |
| Depreciable Assets | 41,644 | 41,381 | 263 | 0.6% |
| Subtotal | 42,599 | 42,219 | 380 | 0.9% |
| Less Accumulated Depreciation | (25,273) | (23,823) | (1,450) | 6.1% |
| Net Capital Assets | \$ 17,326 | \$ 18,396 | \$ (1,070) | (5.8%) |

Table 3.1
Capital Assets (In thousands of dollars)

| | <u>FY 2008</u> | <u>FY 2007</u> | <u>Variance</u> | <u>Total Percent Change</u> |
|--------------------------------------|------------------|------------------|-------------------|-----------------------------|
| Non-depreciable Assets | \$ 838 | \$ 804 | \$ 34 | 4.2% |
| Depreciable Assets | 41,381 | 41,172 | 209 | 0.5% |
| Subtotal | 42,219 | 41,976 | 243 | 0.6% |
| Less Accumulated Depreciation | (23,823) | (22,142) | (1,681) | 7.6% |
| Net Capital Assets | \$ 18,396 | \$ 19,834 | \$ (1,438) | (7.3%) |

More information about the Authority's capital assets is presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S OUTLOOK

The Authority's Board of Directors and management considered many factors when setting the Fiscal Year 2010 budget and user rate charges. The proposed Fiscal Year 2010 budget is driven by the "services" provided to the three member agencies – the City of Half Moon Bay, the Montara Water and Sanitary District and the Granada Sanitary District - within our service area. It also reflects the commitment to providing, maintaining and operating a facility for the collection, transmission, treatment and disposal of wastewater for the benefit of inhabitants in these service areas at rates that are stable and reasonable.

The Authority's revenues are from three major sources: 1) operational and maintenance assessments, 2) collections assessments, and 3) service fees.

Operating revenues available for recovering operating costs are projected to be \$4.01 million, an increase of \$261,000 due to higher assessments and fees in Fiscal Year 2010.

Operating expenses are expected to increase by \$121,000 due to the increase in treatment, administration and collection expenses.

These indicators were taken into consideration when adopting the Authority's budget for Fiscal Year 2010.

CONTACTING THE AUTHORITY

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sewer Authority Mid-Coastside at 1000 N. Cabrillo Highway, Half Moon Bay, CA 94019 or call (650) 726-0124.

SEWER AUTHORITY MID-COASTSIDE

Statements of Net Assets

June 30, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 726,136 | \$ 687,216 |
| Investments | 3,750,311 | 3,310,527 |
| Accounts and interest receivable | 71,753 | 71,959 |
| Prepays and other assets | 59,794 | 38,971 |
| Total Current Assets | <u>4,607,994</u> | <u>4,108,673</u> |
| Noncurrent Assets: | | |
| Nondepreciable capital assets | 954,801 | 838,088 |
| Depreciable capital assets, net | 16,370,701 | 17,557,640 |
| Total Noncurrent Assets | <u>17,325,502</u> | <u>18,395,728</u> |
| Total Assets | <u>21,933,496</u> | <u>22,504,401</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | 202,394 | 183,586 |
| Due to member agencies | 518,153 | 231,744 |
| Accrued payroll liability | 61,913 | 59,049 |
| Current portion of accrued compensated absences | 92,692 | 129,145 |
| Total Current Liabilities | <u>875,152</u> | <u>603,524</u> |
| Noncurrent Liabilities: | | |
| Accrued compensated absences, net of current portion | 47,373 | - |
| Total Liabilities | <u>922,525</u> | <u>603,524</u> |
| NET ASSETS | | |
| Invested in capital assets | 17,325,502 | 18,395,728 |
| Restricted for capital projects | 2,379,050 | 2,321,077 |
| Unrestricted | 1,306,419 | 1,184,072 |
| Total Net Assets | <u>\$ 21,010,971</u> | <u>\$ 21,900,877</u> |

See accompanying notes to the basic financial statements.

SEWER AUTHORITY MID-COASTSIDE
 Statements of Revenues, Expenses and Changes in Net Assets
 For the Years Ended June 30, 2009 and 2008

| | 2009 | 2008 |
|---------------------------------------|---------------|---------------|
| Operating Revenues: | | |
| Operation and maintenance assessments | \$ 2,835,557 | \$ 2,665,939 |
| Collection assessments | 765,395 | 698,427 |
| Service fees | 57,974 | 70,092 |
| Total Operating Revenues | 3,658,926 | 3,434,458 |
| Operating Expenses: | | |
| Treatment | 1,507,393 | 1,618,312 |
| Collection system | 761,383 | 698,426 |
| Industrial waste | 24,752 | 19,153 |
| Administration | 1,113,901 | 1,047,626 |
| Depreciation | 1,545,549 | 1,681,009 |
| Total Operating Expenses | 4,952,978 | 5,064,526 |
| Operating Loss | (1,294,052) | (1,630,068) |
| Nonoperating Revenues (Expenses): | | |
| Interest on investments | 87,023 | 140,432 |
| Loss on asset disposal | (12,416) | - |
| Other income | 22,727 | 30,890 |
| Total Nonoperating Revenues | 97,334 | 171,322 |
| Loss Before Capital Contributions | (1,196,718) | (1,458,746) |
| Capital Contributions | 306,812 | 589,230 |
| Change in Net Assets | (889,906) | (869,516) |
| Net Assets, Beginning | 21,900,877 | 22,770,393 |
| Net Assets, Ending | \$ 21,010,971 | \$ 21,900,877 |

See accompanying notes to the basic financial statements.

SEWER AUTHORITY MID-COASTSIDE

Statements of Cash Flows

For the Years Ended June 30, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|----------------------------|----------------------------|
| Cash Flows from Operating Activities: | | |
| Receipts from users | \$ 3,736,816 | \$ 3,136,034 |
| Payments to suppliers for goods and services | (1,729,850) | (1,654,495) |
| Payments to employees | <u>(1,665,810)</u> | <u>(1,681,105)</u> |
| Net Cash Provided (Used) by Operating Activities | 341,156 | (199,566) |
| Cash Flows from Capital and Related Financing Activities: | | |
| Acquisition of capital assets | (487,739) | (242,433) |
| Capital assessments received | <u>527,880</u> | <u>589,230</u> |
| Net Cash Provided by Capital and Related Financing Activities | 40,141 | 346,797 |
| Cash Flows from Investing Activities: | | |
| Investment income received | <u>97,407</u> | <u>148,256</u> |
| Net Change in Cash and Cash Equivalents | 478,704 | 295,487 |
| Cash and Cash Equivalents, Beginning | <u>3,997,743</u> | <u>3,702,256</u> |
| Cash and Cash Equivalents, Ending | <u><u>\$ 4,476,447</u></u> | <u><u>\$ 3,997,743</u></u> |
| Reconciliation of Operating Loss to Net | | |
| Cash Provided (Used) by Operating Activities: | | |
| Operating loss | \$ (1,294,052) | \$ (1,630,068) |
| Adjustments to reconcile operating loss | | |
| to net cash provided (used) by operating activities: | | |
| Other income | 22,727 | 30,890 |
| Depreciation | 1,545,549 | 1,681,009 |
| (Increase) decrease in accounts receivable | (10,178) | 885 |
| (Increase) decrease in prepaids and other assets | (20,823) | 16,474 |
| Increase in accounts payable | 18,808 | 32,954 |
| Increase (decrease) in accrued payroll | 2,864 | (1,511) |
| Increase (decrease) in due to member agencies | 65,341 | (330,199) |
| Increase in accrued compensated absences | <u>10,920</u> | <u>-</u> |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$ 341,156</u></u> | <u><u>\$ (199,566)</u></u> |
| Supplemental disclosure of noncash Capital and Related Financing Activities: | | |
| Capital Contribution Reduction included in | | |
| Due to member agencies | \$ 221,068 | \$ - |

See accompanying notes to the basic financial statements.

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

1. Summary of Significant Accounting Policies

a. Organization

Sewer Authority Mid-Coastside (the Authority) is a public entity created on February 3, 1976 by a Joint Exercise of Powers Agreement between the City of Half Moon Bay, the Montara Water and Sanitary District and the Granada Sanitary District (member agencies). The Authority was formed pursuant to the provisions of Title 1, Division 7, Chapter 5 of the California Government Code. Under this agreement, the Authority has the power to construct, maintain and operate facilities for the collection, transmission, treatment and disposal of wastewater for the benefit of the land and its inhabitants within member agencies' respective boundaries. Authority revenue is derived from assessments for operations, maintenance and collections made on the member agencies.

b. Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Criteria used in evaluating the inclusion of a potential component unit includes, but is not limited to, financial interdependency, oversight responsibility, ability to significantly influence operations, scope of public service, and the existence of special financing relationships. Based upon the application of these criteria, no potential component units were identified that would be required to be included in the financial statements of the Authority.

c. Basis of Accounting

As defined by the Governmental Accounting Standards Board (GASB), the Authority is a proprietary fund and is accounted for on a cost of service measurement focus using the accrual basis of accounting in accordance with generally accepted accounting principles as promulgated by the GASB. In addition, the Authority applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. SAM has elected not to apply private sector standards issued after November 30, 1989.

d. Operating Income and Expense

Operating income and operating expense are defined as activities that result directly from the Authority's operations as a sewer service provider to its member agencies. Non-operating income and expense are defined as ancillary activities such as interest income on funds invested, and other costs not directly attributable to operating activities.

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

1. Summary of Significant Accounting Policies (Continued)

e. Statement of Cash Flows

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

f. Capital Assets

The Authority utilizes a capitalization threshold of \$1,000 for vehicles, machinery and equipment; and \$5,000 for easement, land and other facility and system improvements. Capital assets are recorded at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

| | |
|-----------------------------|------------|
| Sewage treatment facilities | 3-75 years |
| General plant facility | 3-25 years |
| Collection system | 3-10 years |

g. Compensated Absences

Employees may accumulate up to, but not more than, twice their yearly allowance of vacation time. Vacation which has been earned but not used by employees is accrued, and is included in accrued compensation and benefits. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

h. Net Assets

The financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, restricted and unrestricted.

- *Invested in capital assets* groups all capital assets into one component and the accumulated depreciation of these assets reduce the balance in this category.
- *Restricted net assets for capital projects* reflect net assets that are subject to constraints externally imposed by its member agencies. The Authority's capital project budget requires funding and project approval from each participating member agency governing body.
- *Unrestricted net assets* represents net assets of the Authority that are not restricted for any project or purpose.

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

1. Summary of Significant Accounting Policies (Continued)

i. Effect of New Pronouncements

In May 2007, GASB issued Statement No. 50, *Pension Disclosures*, which more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As described in Note 6, the Authority applied provisions of this statement during the fiscal year ended June 30, 2008.

In November 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the statement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning. The Authority applied provisions of this statement during the fiscal year ended June 30, 2009 and determined there was no effect on the financial statements for the years ended June 30, 2009 and 2008.

The Authority is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their costs and obligations related to post-employment healthcare and other non-pension benefits. Collectively, these benefits are commonly referred to as other post-employment benefits, or OPEB. The statement generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB costs for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

1. Summary of Significant Accounting Policies (Continued)

i. Effect of New Pronouncements

at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. Application of this statement is effective for the Authority's fiscal year ending June 30, 2010.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. Application of this statement is effective for the Authority's fiscal year ending June 30, 2010.

j. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

k. Reclassifications

During fiscal year 2009, the Authority reclassified a portion of operation, maintenance, and collection assessments presented in the June 30, 2008 audited financial statements to capital contributions and a portion of June 30, 2008 unrestricted net assets was reclassified to restricted net assets to conform to the presentation in the June 30, 2009 financial statements.

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

2. Cash and Investments

Cash and investments as of June 30, 2009 and 2008 consisted of the following:

| | <u>2009</u> | <u>2008</u> |
|----------------------------|---------------------|---------------------|
| Petty cash | \$ 500 | \$ 500 |
| Demand deposits | 724,708 | 686,715 |
| Cash on hand | 928 | - |
| Investments | <u>3,750,311</u> | <u>3,310,528</u> |
| Total Cash and Investments | <u>\$ 4,476,447</u> | <u>\$ 3,997,743</u> |

Investments Authorized by the Authority's Investment Policy

The Authority's investment policy permits investments pursuant to the California Government Code Section 53600 et seq. and 53630 et seq. and includes the following:

- A. United States Treasury Securities (Bills, Notes and Bonds).
- B. Obligations of United States Government Agencies such as Federal Home Loan Banks, Federal National Mortgage Association, and Federal Farm Credit Banks.
- C. Local Agency Investment Fund (LAIF).
- D. Certificate of Deposit (in any of the 50 largest F.D.I.C. Insured U.S. banks with which the Authority may have a credit or other business relationship).
- E. Passbook savings account demand deposits.
- F. Bankers' Acceptances of the U.S. Banks as defined in D. above.
- G. Negotiable Certificates of Deposit of the U.S. banks as defined in D. above.
- H. Repurchase Agreements executed against U.S. Government or Agency securities. Current market value of the collateral must be greater than or equal to the principal amount invested.

D, E, F, G and H above shall be insured or collateralized at the levels required by the Government Code.

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

2. Cash and Investments (Continued)

Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

As of June 30, 2009, the Authority's investment in LAIF was \$3,750,311. The total amount recorded by all public agencies in LAIF at June 30, 2009 was approximately \$25.2 billion. Of that amount, 85.29% was invested in non-derivative financial products and 14.71% in structured notes and asset backed securities. As of June 30, 2008, the Authority's investment in LAIF was \$3,310,528. The total amount recorded by all public agencies in LAIF at June 30, 2008 was approximately \$25.2 billion. Of that amount, 85.28% was invested in non-derivative financial products and 14.72% in structured notes and asset backed securities.

Investment Risks

Investments are subject to certain types of risks, including interest rate risk, custodial credit risk, credit quality risk, and concentration of credit risk. The following describes those risks.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal policy regarding interest rate risk. However, the Authority's practice to manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

| Investment Type | Remaining Maturity 12 Months or less | |
|------------------------------|--------------------------------------|--------------|
| | 2009 | 2008 |
| Local Agency Investment Fund | \$ 3,750,311 | \$ 3,310,528 |

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

2. Cash and Investments (Continued)

Custodial Credit Risk – Custodial credit risk is the risk that the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a formal policy regarding custodial credit risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority does not have a formal policy regarding credit risk. The Authority held investments in an investment pool administered by LAIF as of June 30, 2009 and 2008. LAIF does not receive a rating from a nationally recognized statistical rating organization.

Concentration of Credit Risk – The investment policy of the Authority contains no limitations on the amount that can be invested in any one issue beyond that stipulated by the California Government Code.

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

3. Related Party Transactions

The financial statements of the Authority include the following revenues from its member agencies, including assessments for designated funds for the years ended June 30, 2009 and 2008:

| | 2009 | | |
|-------------------------------------|---|---------------------------|------------------------|
| | Operation and Maintenance Assessments | Collection Assessments | Capital Assessments |
| City of Half Moon Bay | \$ 1,457,386 | \$ 278,500 | \$ 109,910 |
| Granada Sanitary District | 789,800 | 222,947 | 133,180 |
| Montara Water and Sanitary District | 588,371 | 263,948 | 63,722 |
| Total | <u>\$ 2,835,557</u> | <u>\$ 765,395</u> | <u>\$ 306,812</u> |

| | 2008 * | | |
|-------------------------------------|---|---------------------------|------------------------|
| | Operation and Maintenance Assessments | Collection Assessments | Capital Assessments |
| City of Half Moon Bay | \$ 1,367,052 | \$ 199,102 | \$ 255,012 |
| Granada Sanitary District | 783,344 | 243,264 | 217,374 |
| Montara Water and Sanitary District | 515,543 | 256,061 | 116,844 |
| Total | <u>\$ 2,665,939</u> | <u>\$ 698,427</u> | <u>\$ 589,230</u> |

* During fiscal year 2009 the Authority reclassified capital assessments from operating revenues to capital contributions.

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

4. Capital Assets

Changes in capital assets for the year ended June 30, 2009 were as follows:

| | Balance June 30, 2008 | Additions | Retirements | Balance June 30, 2009 |
|--------------------------------|--------------------------|-----------------------|--------------------|--------------------------|
| Nondepreciable Assets: | | | | |
| Easement | \$ 24,950 | \$ - | \$ - | \$ 24,950 |
| Land | 569,740 | - | - | 569,740 |
| Construction in progress | 243,398 | 116,713 | - | 360,111 |
| Total Nondepreciable Assets | <u>838,088</u> | <u>116,713</u> | <u>-</u> | <u>954,801</u> |
| Depreciable Assets: | | | | |
| Sewage treatment facilities | 40,563,690 | 355,152 | - | 40,918,842 |
| General plant facility | 340,202 | 8,600 | (33,625) | 315,177 |
| Collection system | 476,817 | 7,274 | (74,218) | 409,873 |
| Total Depreciable Assets | <u>41,380,709</u> | <u>371,026</u> | <u>(107,843)</u> | <u>41,643,892</u> |
| Less: Accumulated Depreciation | | | | |
| Sewage treatment facilities | (23,311,465) | (1,475,364) | | (24,786,829) |
| General plant facility | (161,813) | (13,114) | 33,625 | (141,302) |
| Collection system | (349,791) | (57,071) | 61,802 | (345,060) |
| Less: Accumulated Depreciation | <u>(23,823,069)</u> | <u>(1,545,549)</u> | <u>95,427</u> | <u>(25,273,191)</u> |
| Total Depreciable Assets, net | <u>17,557,640</u> | <u>(1,174,523)</u> | <u>(12,416)</u> | <u>16,370,701</u> |
| Total Capital Assets, net | <u>\$ 18,395,728</u> | <u>\$ (1,057,810)</u> | <u>\$ (12,416)</u> | <u>\$ 17,325,502</u> |

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

4. Capital Assets (Continued)

Changes in capital assets for the year ended June 30, 2008 were as follows:

| | Balance July 1, 2007 | Additions | Retirements | Balance June 30, 2008 |
|---------------------------------------|-------------------------|-----------------------|-------------|--------------------------|
| Nondepreciable Assets: | | | | |
| Easement | \$ 24,950 | \$ - | \$ - | \$ 24,950 |
| Land | 569,740 | - | - | 569,740 |
| Construction in progress | 208,923 | 34,475 | - | 243,398 |
| Total Nondepreciable Assets | 803,613 | 34,475 | - | 838,088 |
| Depreciable Assets: | | | | |
| Sewage treatment facilities | 40,382,174 | 181,516 | - | 40,563,690 |
| General plant facility | 313,760 | 26,442 | - | 340,202 |
| Collection system | 476,817 | - | - | 476,817 |
| Total Depreciable Assets | 41,172,751 | 207,958 | - | 41,380,709 |
| Less: Accumulated Depreciation | | | | |
| Sewage treatment facilities | (21,704,697) | (1,606,768) | - | (23,311,465) |
| General plant facility | (146,736) | (15,077) | - | (161,813) |
| Collection system | (290,627) | (59,164) | - | (349,791) |
| Total Accumulated Depreciation | (22,142,060) | (1,681,009) | - | (23,823,069) |
| Total Depreciable Assets, net | 19,030,691 | (1,473,051) | - | 17,557,640 |
| Total Capital Assets, net | \$ 19,834,304 | \$ (1,438,576) | \$ - | \$ 18,395,728 |

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

5. Insurance

The Authority mitigates its risk of property, liability, and workers' compensation losses by being a member of the California Sanitation Risk Management Authority (CSRMA) and participating in their risk sharing and insurance purchasing pools. The CSRMA risk sharing pools operate to share risk among the members. Members of the pool are assessed a yearly premium which, based upon experience, can be reduced by up to 50% or increased by up to 50%, retroactively. The members of the pool share losses which exceed the maximum premium assessment. Participation in CSRMA risk sharing pools provides the Authority general liability coverage up to \$15,750,000 subject to a \$2,500 deductible, and workers' compensation coverage up to \$750,000 per occurrence. Participation in CSRMA insurance purchasing pools provide the Authority general liability insurance excess coverage, workers' compensation insurance excess coverage and property insurance coverage to \$38 million.

The Authority has designated a portion of its net assets for future payment of minor claims and the deductible portion of insured claims. Claims paid have not been material to the financial statements and are charged to operations as incurred.

6. Employee Benefits

a. Employees Retirement Plan (Defined Benefit Pension Plan)

Plan Description. The Authority's defined benefit pension plan, (the "Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law.

The Authority selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through Board Action. PERS issues a separate annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office – 400 P Street – Sacramento, California 95814.

Funding Policy. Active plan members in the Plan are required to contribute 7% of their annual covered salary. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. Under the current memorandum of understanding (MOU), the Authority paid the employee and employer's portion for retirement. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration.

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

6. Employee Benefits (Continued)

The required employer contribution rate for the fiscal years ended June 30, 2009 and 2008 was 12.046% and 11.691%, respectively. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost. For fiscal years ended June 30, 2009 and 2008, the Authority's annual pension cost was \$128,124 and \$115,616, respectively, which was equal to the Authority's required and actual contribution.

Three-Year Trend Information for PERS

| <u>Fiscal Year</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------|----------------------------------|--------------------------------------|-------------------------------|
| June 30, 2007 | \$117,427 | 100% | \$-0- |
| June 30, 2008 | 115,616 | 100% | -0- |
| June 30, 2009 | 128,124 | 100% | -0- |

b. Other Postemployment Healthcare Benefits

In addition to providing pension benefits, the Authority provides certain healthcare benefits for retired employees. The Authority's MOU with its employees establishes the provisions for these postemployment healthcare benefits. Postemployment healthcare benefits eligibility is determined in accordance with regulations promulgated by CalPERS. The costs of retiree healthcare benefits are recognized as expenditures as claims are paid. For fiscal year 2009 and 2008, these costs totaled \$2,376 and \$1,751, respectively. At June 30, 2009 and 2008, two participants were eligible to receive these benefits.

c. Deferred Compensation Plans

The Authority maintains two deferred compensation plans, qualified under Section 457 of the Internal Revenue Code, in which substantially all employees may participate. Generally, deferred compensation is payable upon retirement, termination of employment, disability or death. The Authority made no contributions to the deferred compensation plans for the years ending June 30, 2009 and 2008. The plan assets are held in trust for the exclusive benefit of the participants and are not included in the Authority's financial statements.

SEWER AUTHORITY MID-COASTSIDE

Notes to Financial Statements

June 30, 2009 and 2008

6. Employee Benefits (Continued)

d. Compensated Absences

Accrued compensated absences at June 30, 2009 and 2008 were as follows:

| | Year Ended June 30, | |
|---------------------|---------------------|-------------------|
| | <u>2009</u> | <u>2008</u> |
| Beginning of year | \$ 129,145 | \$ 115,902 |
| Additions | 103,613 | 89,814 |
| Reductions | <u>(92,693)</u> | <u>(76,571)</u> |
| End of year | <u>\$ 140,065</u> | <u>\$ 129,145</u> |
| Due within one year | <u>\$ 92,692</u> | <u>\$ 129,145</u> |

STATISTICAL SECTION
(UNAUDITED)

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SEWER AUTHORITY MID-COASTSIDE

Statistical Section

June 30, 2009 and 2008

This part of the comprehensive annual financial report for the Authority presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority’s overall financial health.

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SEWER AUTHORITY MID-COASTSIDE

Table 1

Summary of Net Assets by Component

| | Fiscal Year Ended June 30 | | | | | |
|---------------------------------|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Invested in capital assets | \$ 17,325,502 | \$ 18,395,728 | \$ 19,834,304 | \$ 24,304,172 | \$ 25,336,782 | \$ 26,650,694 |
| Restricted for capital projects | 2,379,050 | 2,321,077 | 1,974,173 | 1,589,986 | 1,543,786 | 1,088,106 |
| Unrestricted * | 1,306,419 | 1,184,072 | 961,916 | 1,150,804 | 952,652 | 859,203 |
| Total Net Assets | <u>\$ 21,010,971</u> | <u>\$ 21,900,877</u> | <u>\$ 22,770,393</u> | <u>\$ 27,044,962</u> | <u>\$ 27,833,220</u> | <u>\$ 28,598,003</u> |

* Note: During the fiscal year 2009, the Authority reclassified a portion of net assets from Unrestricted to Restricted for capital projects. Information for years prior to 2004 is not available.

Source: Sewer Authority Mid-Coastside

SEWER AUTHORITY MID-COASTSIDE

Table 2
Summary of Changes in Net Assets

| | Fiscal Year Ended June 30 | | | | | |
|---|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2008* | 2007* | 2006** | 2005** | 2004** |
| Operating Revenues: | | | | | | |
| Operations and maintenance assessments | \$ 2,835,557 | \$ 2,665,939 | \$ 2,481,371 | \$ 2,249,663 | \$ 2,122,657 | \$ 2,052,418 |
| Collection assessments | 765,395 | 698,427 | 543,549 | 504,915 | 421,638 | 364,591 |
| Service fees | 57,974 | 70,092 | 55,761 | 46,065 | 37,303 | 46,586 |
| Total Operating Revenues | <u>3,658,926</u> | <u>3,434,458</u> | <u>3,080,681</u> | <u>2,800,643</u> | <u>2,581,598</u> | <u>2,463,595</u> |
| Operating Expenses: | | | | | | |
| Treatment | (1,507,393) | (1,618,312) | (1,616,519) | (1,559,142) | (1,442,136) | (1,380,169) |
| Collection system | (761,383) | (698,426) | (543,549) | (504,915) | (421,638) | (364,591) |
| Industrial waste | (24,752) | (19,153) | (3,028) | (9,714) | (17,639) | (16,583) |
| Administration | (1,113,901) | (1,047,626) | (864,852) | (690,521) | (680,161) | (672,249) |
| Depreciation | (1,545,549) | (1,681,009) | (1,678,146) | (1,507,123) | (1,494,316) | (1,602,914) |
| Total Operating Expenses | <u>(4,952,978)</u> | <u>(5,064,526)</u> | <u>(4,706,094)</u> | <u>(4,271,415)</u> | <u>(4,055,890)</u> | <u>(4,036,506)</u> |
| Non-Operating Revenue (Expense): | | | | | | |
| Interest on investments | 87,023 | 140,432 | 116,104 | 55,076 | 28,594 | 19,349 |
| Other income | 22,727 | 30,890 | 25,587 | 38,144 | 32,808 | 44,340 |
| Loss on disposal of capital assets | (12,416) | - | - | - | - | - |
| Total Non-Operating Revenue (Expense): | <u>97,334</u> | <u>171,322</u> | <u>141,691</u> | <u>93,220</u> | <u>61,402</u> | <u>63,689</u> |
| Changes in Net Assets Before Capital Contributions | <u>(1,196,718)</u> | <u>(1,458,746)</u> | <u>(1,483,722)</u> | <u>(1,377,552)</u> | <u>(1,412,890)</u> | <u>(1,509,222)</u> |
| Capital contributions | 306,812 | 589,230 | 562,054 | 520,008 | 636,084 | 666,492 |
| Changes in Net Assets | <u>\$ (889,906)</u> | <u>\$ (869,516)</u> | <u>\$ (921,668)</u> | <u>\$ (857,544)</u> | <u>\$ (776,806)</u> | <u>\$ (842,730)</u> |

* Note: During fiscal year 2009, the Authority reclassified a portion of operating revenues to capital contributions.

** Note: Restated assessments to reflect member agency refunds by adjustment made by audit adjustments in 2007/08.

Source: Sewer Authority Mid-Coastside

SEWER AUTHORITY MID-COASTSIDE

Table 3

Ten-Year Summary of Sewer Revenues by Component

| Fiscal year Ended June 30 | Operational and Maintenance Assessments | Collections Assessments | Service Fees | Total |
|------------------------------|--|----------------------------|--------------|--------------|
| 2009 | \$ 2,835,557 | \$ 765,395 | \$ 57,974 | \$ 3,658,926 |
| 2008* | 2,665,939 | 698,427 | 70,092 | 3,434,458 |
| 2007* | 2,481,371 | 543,549 | 55,761 | 3,080,681 |
| 2006** | 2,249,663 | 504,915 | 46,065 | 2,800,643 |
| 2005** | 2,122,657 | 421,638 | 37,303 | 2,581,598 |
| 2004** | 2,052,418 | 364,591 | 46,586 | 2,463,595 |
| 2003** | 2,144,739 | 279,079 | 43,013 | 2,466,831 |
| 2002** | 1,859,874 | 247,924 | 56,587 | 2,164,385 |
| 2001 | 1,897,900 | 275,908 | 26,401 | 2,200,209 |
| 2000 | 1,833,924 | 393,043 | 20,384 | 2,247,351 |

* Note: During fiscal year 2009, the Authority reclassified a portion of operating revenues to capital contributions.

** Note: Restated assessments to reflect member agency refunds by adjustment made by audit adjustments in 2007/08.

Source: Sewer Authority Mid-Coastside

SEWER AUTHORITY MID-COASTSIDE

Table 4

Sewer Service Usage by Member Agency
Last Ten Fiscal Years
(Flow in Million Gallons)

| | Fiscal Year Ended June 30 | | | | | | | | | |
|-----------------------------------|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| SAM Member Agency | | | | | | | | | | |
| City of Half Moon Bay | 292.3 | 345.2 | 343.9 | 428.1 | 425.9 | 333.7 | 317.0 | 334.9 | 316.5 | 333.9 |
| Granada Sanitary District. | 190.0 | 186.5 | 199.5 | 224.0 | 196.5 | 203.8 | 176.0 | 171.5 | 163.8 | 195.5 |
| Montara Water & Sanitary District | 125.4 | 138.8 | 131.2 | 173.4 | 152.6 | 140.8 | 157.6 | 165.3 | 153.4 | 163.5 |
| Total Flows | <u>607.7</u> | <u>670.5</u> | <u>674.6</u> | <u>825.5</u> | <u>775.0</u> | <u>678.3</u> | <u>650.6</u> | <u>671.7</u> | <u>633.7</u> | <u>692.9</u> |

Source: Sewer Authority Mid-Coastside

SEWER AUTHORITY MID-COASTSIDE

Table 5
Sewer Rates
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | City of Half Moon Bay (i) | Granada Sanitary District (ii) | Montara Water and Sanitary District (iii) |
|---------------------------------|------------------------------|-----------------------------------|--|
| | Annual Base Rate | Annual Base Rate | Annual Base Rate |
| 2009 | \$ 231.22 | \$ 314.00 | \$ 468.80 |
| 2008 | 231.22 | 314.00 | 439.04* |
| 2007 | 231.22 | 314.00 | 357.60 |
| 2006 | 231.22 | 314.00 | 357.60 |
| 2005 | 231.22 | 314.00 | 330.14 |
| 2004 | 231.22 | 314.00 | 322.40 |
| 2003 | 231.22 | 273.50 | 315.97 |
| 2002 | 231.22 | 273.50 | 334.80 |
| 2001 | 231.22 | 273.50 | 311.08 |
| 2000 | 231.22 | 273.50 | 300.74 |

*This has been revised due to MWSD Ordinance Resetting the Fee Schedule being passed after information was received for publication in FY 2007.

Sources:

- (i) City of Half Moon Bay, California
- (ii) Granada Sanitary District
- (iii) Montara Water and Sanitary District

SEWER AUTHORITY MID-COASTSIDE

Table 6
Principal Payers
June 30, 2009

| | 2009 | | 2008* | |
|---|---------------------|----------------|---------------------|----------------|
| | Amount | % | Amount | % |
| Operations and Maintenance Assessments | | | | |
| <i>Member Agency</i> | | | | |
| City of Half Moon Bay | \$ 1,457,386 | 51.40% | \$ 1,367,052 | 51.28% |
| Granada Sanitary District | 789,800 | 27.85% | 783,344 | 29.38% |
| Montara Sanitary District | 588,371 | 20.75% | 515,543 | 19.34% |
| Total | <u>\$ 2,835,557</u> | <u>100.00%</u> | <u>\$ 2,665,939</u> | <u>100.0%</u> |
| Collections Assessments | | | | |
| <i>Member Agency</i> | | | | |
| City of Half Moon Bay | \$ 278,500 | 36.39% | \$ 199,102 | 28.51% |
| Granada Sanitary District | 222,947 | 29.13% | 243,264 | 34.83% |
| Montara Sanitary District | 263,948 | 34.49% | 256,061 | 36.66% |
| Total | <u>\$ 765,395</u> | <u>100.00%</u> | <u>\$ 698,427</u> | <u>100.00%</u> |
| Service Fees | | | | |
| Nurseryman's Exchange | \$ 16,322 | 28.15% | \$ 30,379 | 43.34% |
| Browning Ferris Industries | 9,117 | 15.73% | 11,648 | 16.62% |
| California State Parks | 6,390 | 11.02% | 6,724 | 9.59% |
| Safeway Stores | 1,928 | 3.33% | 1,965 | 2.80% |
| Bay Chevron Service Station | 1,928 | 3.33% | 1,595 | 2.28% |
| The Brewery of HMB | 1,044 | 1.80% | 1,040 | 1.48% |
| Ritz Carlton | 823 | 1.42% | 300 | 0.43% |
| Beach House | 823 | 1.42% | 670 | 0.96% |
| McDonald's | 823 | 1.42% | 670 | 0.96% |
| Barbara's Fish Trap | 823 | 1.42% | 670 | 0.96% |
| Total | <u>40,021</u> | <u>69.03%</u> | <u>55,661</u> | <u>79.41%</u> |
| Total Service Fees | <u>\$ 57,974</u> | <u>100.00%</u> | <u>\$ 70,092</u> | <u>100.00%</u> |

* Note: During fiscal year 2009, the Authority reclassified a portion of operating revenues to capital contributions.

Source: Sewer Authority Mid-Coastside

SEWER AUTHORITY MID-COASTSIDE

Table 7
Demographic Statistics
Last Nine Calendar Years

| Calendar Year | Population Served (Numbers) ⁽¹⁾ | Service Area (sq. miles) | Total Personal Income ⁽²⁾ | Per Capital Personal Income ⁽²⁾ | Unemployment Rate % ⁽³⁾ |
|---------------|--|--------------------------|--------------------------------------|--|------------------------------------|
| 2008 | 23,635 | 12 | 89,278 | 46,458 | 9.45% |
| 2007 | 22,469 | 12 | * | * | * |
| 2006 | 20,926 | 12 | * | * | * |
| 2005 | 20,877 | 12 | * | * | * |
| 2004 | 20,865 | 12 | * | * | * |
| 2003 | 20,821 | 12 | * | * | * |
| 2002 | 20,612 | 12 | * | * | * |
| 2001 | 20,606 | 12 | * | * | * |
| 2000 | 20,554 | 12 | * | * | * |

Ten Largest Employers on the Coastside as of June 30, 2009

| <u>Employer Name</u> ⁽⁴⁾ | <u>Number of Employees</u> ⁽⁴⁾ |
|-------------------------------------|---|
| 1) Nurserymen's Exchange | 600 |
| 2) The Ritz-Carlton | 500 |
| 3) Bay City Flower Company | 375 |
| 4) Cabrillo Unified School District | 300 |
| 5) Seton Medical Center Coastside | 160 |
| 6) Safeway Stores | 133 |
| 7) Half Moon Bay Brewing Company | 120 |
| 8) Costanoa Coastal Lodge | 90 |
| 9) Nick's Restaurant | 80 |
| 10) Pescadero School District | 75 |

- Sources: ⁽¹⁾ State Department of Finance; U.S. Census Bureau, Census 2000
⁽²⁾ city-data.com
⁽³⁾ Employment Development Department & zipskinny.com
⁽⁴⁾ Half Moon Bay Chamber of Commerce

Note: * Information unavailable
 (Information for years prior to 2008 is not available)

SEWER AUTHORITY MID-COASTSIDE

Table 8

Full-time and Part-time Employees
Last Ten Fiscal Years

| | Full-Time and Part-Time Employees as of June 30 | | | | | | | | | |
|------------------------------|---|------|------|------|------|------|------|------|------|------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| Total Number of Employees | 14 | 14 | 13 | 11 | 11 | 12 | 12 | 12 | 14 | 13 |

Source: Sewer Authority Mid-Coastside

SEWER AUTHORITY MID-COASTSIDE

Table 9
Operating Indicators by Function
Last Ten Fiscal Years

| | Fiscal Year Ended June 30 | | | | | | | | | |
|-----------------------------------|---------------------------|------|------|------|------|------|------|------|------|------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| NDWSCP Permit Activity | | | | | | | | | | |
| Automotive | 16 | 17 | 17 | 17 | 18 | 17 | 19 | 19 | 19 | 18 |
| Medical | 9 | 10 | 10 | 10 | 10 | 11 | 11 | 12 | 12 | 15 |
| Agriculture | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Photo | 3 | 4 | 4 | 4 | 4 | 3 | 4 | 3 | 3 | 4 |
| Laundry | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 3 | 3 | 3 |
| Septic | 2 | 2 | 2 | 0 | 0 | 2 | 2 | 2 | 2 | 2 |
| Restaurant | 58 | 59 | 57 | 53 | 54 | 52 | 57 | 43 | 50 | 54 |
| Fish | 7 | 7 | 6 | 6 | 7 | 7 | 6 | 21 | 7 | 7 |
| Treatment Plant Activity | | | | | | | | | | |
| Effluent Flow (million gallons) | 612 | 668 | 675 | 826 | 775 | 678 | 651 | 672 | 634 | 693 |
| Effluent BOD (mg/L) | 14.7 | 12.6 | 14.5 | 16.8 | 15.5 | 12.7 | 13.3 | 12.4 | 12.7 | 12.8 |
| Effluent TSS (mg/L) | 9.7 | 6.5 | 8.4 | 8.1 | 13.0 | 9.3 | 8.6 | 9.1 | 15.3 | 9.3 |
| Electricity Used (kWh) | 5333 | 5348 | 4514 | 4563 | 4870 | 5888 | 5263 | 5689 | 5499 | 6076 |
| Gas Produced (k ft ³) | 5304 | 5433 | 5526 | 6078 | 9430 | 9341 | 8920 | 9234 | 8082 | 5349 |

NDWSCP: Non Domestic Waste Source Control Program

Source: Sewer Authority Mid-Coastside

SEWER AUTHORITY MID-COASTSIDE

Table 10
Capital Asset Statistics by Function
Last Ten Fiscal Years

| | Fiscal Year Ended June 30 | | | | |
|--|---------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Wastewater: | | | | | |
| Sanitary Sewers (miles) | 104.50 | 104.50 | 104.50 | 104.50 | 104.50 |
| Maximum Daily Treatment Capacity (million gallons) | 4.00 | 4.00 | 4.00 | 3.69 | 3.69 |
| Property, Plant and Equipment, Net | \$ 16,965,391 | 18,152,330 | \$ 19,625,381 | \$ 24,138,639 | \$ 25,263,642 |
| Construction In Process | 360,111 | 243,398 | 208,923 | 165,533 | 73,140 |
| Total Capital Assets, Net | <u>\$ 17,325,502</u> | <u>\$ 18,395,728</u> | <u>\$ 19,834,304</u> | <u>\$ 24,304,172</u> | <u>\$ 25,336,782</u> |

| | Fiscal Year Ended June 30 | | | | |
|--|---------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| Wastewater: | | | | | |
| Sanitary Sewers (miles) | 104.50 | 104.50 | 104.50 | 104.50 | 104.50 |
| Maximum Daily Treatment Capacity (million gallons) | 3.69 | 3.69 | 3.69 | 3.69 | 3.69 |
| Property, Plant and Equipment, Net | \$ 26,650,694 | \$ 27,666,725 | \$ 27,840,177 | \$ 28,511,518 | \$ 29,859,851 |
| Construction In Process | | 269,164 | 619,550 | 401,603 | 300,685 |
| Total Capital Assets, Net | <u>\$ 26,650,694</u> | <u>\$ 27,935,889</u> | <u>\$ 28,459,727</u> | <u>\$ 28,913,121</u> | <u>\$ 30,160,536</u> |

Note The July 1, 2006 property, plant and equipment, net balance was restated in the amount of \$2,967,998 representing cumulative depreciation expense on certain assets from 1984 through June 30, 2006.

Source: Sewer Authority Mid-Coastside