

FINAL REPORTS

SAN MATEO COUNTY HARBOR DISTRICT ACTIVITY REPORT

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Background:

The grand jury received a complaint that the San Mateo County Harbor District (SMCHD) is operating at a deficit and is not in a position to repay its long term debt.

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Findings:

The grand jury studied fiscal year 1997-98, 1998-99, and 1999-2000 audited financial statements of the district. During this period, the district did not make principal and interest payments on its long term debt under a state approved moratorium. Review of these records indicates that while the district's operating expenses exceed its operating income, other sources of revenue (taxes, grants, interest, etc.) more than offset this shortfall. The district does have substantial long-term debt; however, in the opinion of the grand jury, the district's cash position is satisfactory; long term notes are decreasing; fund equity is increasing; liabilities are reasonable; and, at the current rate of saving, the district should be in a position to pay its long-term debt as scheduled during at least the next 3 years. However, in the longer term, if the repayment of long term debt and anticipated improvements (some of which are largely dependent upon grants) are to be made, the district must continue to find increased revenue and/or limit expenditures..

The grand jury finds that, at this time, the SMCHD is under sound fiscal management implementing a long range plan for maintenance and capital outlay.

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