COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

Golden Gate Bridge
Highway & Transportation District

SAN FRANCISCO, CA

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Golden Gate Bridge, Highway and Transportation District

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2010 and 2009

GOLDEN GATE BRIDGE
HIGHWAY & TRANSPORTATION DISTRICT

SAN FRANCISCO, CALIFORNIA

Prepared by the Accounting Department, Office of the Auditor-Controller
Joseph M. Wire, Auditor-Controller/CFO

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GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended June 30, 2010 and 2009

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November 18, 2010

Board of Directors
Golden Gate Bridge, Highway and
Transportation District
P. O. Box 9000, Presidio Station
San Francisco, CA 94129-0601

Subject: Golden Gate Bridge, Highway and Transportation District, San Francisco, CA
Comprehensive Annual Financial Report

We are pleased to present the Comprehensive Annual Financial Report for the Golden Gate Bridge, Highway and Transportation District (District) for the fiscal year ended June 30, 2010. This transmittal letter provides a summary of the District's finances, services, achievements and economic prospects for readers without a technical background in accounting or finance. Readers may refer to the Management's Discussion and Analysis portion of the Financial Section of this report, beginning on page 19 for a more detailed discussion of the District's financial results.

Management assumes sole responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, we believe this report to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect the District's assets from loss, to identify and record transactions accurately and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not exceed the likely benefits, the District's internal control system intends to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

The District's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants. The firm is based Palo Alto, CA and is licensed to practice in the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2010, are free of material misstatement. The auditor expressed an opinion that the District's financial statements are fairly stated and in compliance with accounting principles generally accepted in the United States of America. This conclusion is the most favorable kind and is commonly known as an "unqualified" or "clean" opinion. Financial statements and the auditor's opinion can be found in the Financial Section of this report which commences on page 17.

The District is also required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133 Audits of States, Local Governments and Non-Profit Organizations. The results of this audit, including findings and recommendations, if any, can be found in the Single Audit Section of this report, starting on page 75.

Profile of the Agency

On December 4, 1928, the District was incorporated as a political subdivision of the State of California as the entity that would design, construct, finance and operate the Golden Gate Bridge. The District is a special district of the State of California formed under the Bridge and Highway District Act of 1923 and is subject to regulation under this Act, as amended. The City and County of San Francisco, the counties of Marin, Sonoma, Del Norte, and portions of Napa and Mendocino counties comprise the District. A 19-member Board of Directors (Board), with representatives from each of the six member counties, sets policy for the District.

On November 10, 1969, the State of California legislature passed Assembly Bill 584 authorizing the District to develop a transportation facility plan for implementing a mass transportation program in the Highway 101/Golden Gate Corridor as a means of managing traffic congestion across the Bridge as traffic levels had reached capacity. The mass transportation program was to include any and all forms of transit, including ferry transit. At that time, the word "Transportation" was added to the District name to indicate its new commitment to public transportation.

The District has three operating divisions: Golden Gate Bridge (Bridge) which opened to traffic on May 28, 1937, Golden Gate Ferry (GGF) which launched its first vessel on August 15, 1970, and Golden Gate Transit regional bus service (GGT) which began regional service on January 1, 1972. The administrative division includes functions such as finance, information systems, environmental health and safety, human resources, planning, and marketing.

The District is unique in that its operations are not supported by direct sales tax measures or dedicated general funds. Primary sources of revenues are derived from the operation itself (Bridge tolls and transit fares), supplemented by grant assistance programs, investments and capital contributions, along with revenue programs such as transit advertising and Bridge and GGF concessions. The District's fiscal year 2009/2010 programs and services were based upon an adopted Operating and Capital Budget of $215.4 million.

The District employs approximately 839 employees. For the fiscal year ended June 30, 2010, 38.6 million vehicles crossed the Bridge (northbound and southbound), 6.5 million customers used GGT and 1.9 million rode GGF.

Financial Condition of the District

Local Economy

Commencing in 2008, and continuing into 2010, the local San Francisco Bay Area economy has not been immune to the effects of the decline in the global economy. The collapse of the financial markets, the rise in unemployment, and the decline in Gross Domestic Product, brought an overall downturn in Bridge traffic and transit ridership.

The current near-term economic outlook for the San Francisco Bay Area is continued sluggish improvement. In August 2010, unemployment in the San Francisco Bay Area averaged about 9.3 percent, which, although less than the overall rate (12.2 percent) in California, showed little improvement over prior year. The San Francisco Bay Area economic growth remains tied to the nation's economic fate.

In 2010, the American Recovery and Reinvestment Act (ARRA), enacted by Congress in 2009, did bring grant funds to the San Francisco Bay Area, with the District being awarded over $15 million in ARRA grant funds for several critical capital projects.

Long-Term Financial Planning

In October 2002, the District adopted its first *Financial Plan for Achieving Long-Term* (Financial Plan) which is updated periodically, as needed. The District uses two key tools to update its long-term Financial Plan: Five and Ten-Year Projections (Projections) and the Short Range Transportation Plan (SRTP). The Projections are prepared annually, following the adoption of the annual budget. The Projections assess the District's fiscal strength as they reflect enacted policies and programs, which in turn allows the Board to appropriately re-direct policies, as needed. The SRTP is updated periodically, with the most recent edition covering the period of 2008 – 2017. The development of the SRTP is the principal process for creation and modification of transit service goals, objectives, measures and standards. The District's Mission Statement provides the context for transit goals, and is as follows: *The mission of the Golden Gate Bridge, Highway and Transportation District is to provide safe and reliable operation, maintenance and enhancement of the Golden Gate Bridge and to provide transportation services, as resources allow, for customers within the U.S. Highway 101 Golden Gate Corridor.*

At the end of 2008, three significant fiscal changes occurred that resulted in a newly projected $132 million five-year deficit for the District. First, the continuing economic recession had led to reduced revenues as fewer customers were using the District's services. Secondly, in November 2008, the Board approved execution of a Memorandum of Understanding with the Metropolitan Transportation Commission and the San Francisco County Transportation Authority committing the District to fund $75 million toward the $1.045 billion seismic reconstruction of Doyle Drive, the southern approach to the Bridge. Lastly, since 2008, the State of California, to address its budget shortfall, has reduced the state operating grant assistance provided to the District by several million annually.

As a result of the $132 million five-year deficit, the Financial Plan was updated, and finalized in October 2009. The Board created a Financial Planning Advisory Committee that worked with management to update the Financial Plan with the goal of eliminating the $132 million projected deficit over the next five years, while maintaining a consistent level of services.

The Financial Plan includes 33 unique initiatives that create cost savings through increased use of technology, increased user fees, creation of new revenue streams, and internal reductions. Implementation of the Financial Plan is underway now and, as a result, the District has since reduced the $132 million five-year deficit to $68 million. The District continually seeks both traditional and innovative methods of revenue generation in addition to implementing programs aimed at achieving cost efficiencies.

Relevant Financial Policies The annual budget is a culmination of the strategic directions and priorities of the Board of Directors and is structured to reflect the goals of the Board's long-term strategic planning process. Included within the Budget are funding strategies to attain sufficient funding for Board-approved capital projects, and establishment of Board approved funding for special reserves, some of which may carry legal implications. These reserves are as follows:

- Operating Reserve – A funding of 7.5 percent of the operating budget to cover the expected operating deficit
- Emergency Reserve – A funding of 3.5 percent of the operating budget in anticipation of operational emergencies
- Debt Issuance and Management – A required funding under the terms of the District's Commercial Paper covenants
- Board Designated Reserves – Funding as designated by the Board to cover specific items such as Bridge Self-Insurance Loss Reserve and the Capital Plan.

Major Initiatives

Seismic Retrofit Project Status

In July 2008, upon the completion of the second of three seismic retrofit construction phases, this massive $661 million construction project has advanced far enough that the Bridge no longer faces the potential for collapse. However, until the entire seismic retrofit construction project is completed, the structure remains at risk of significant damage from a nearby significant quake.

The construction effort for the third and final phase was separated into two contract phases – dubbed Phase 3A and Phase 3B. Additionally, following the events of September 11, 2001, the design effort for both Phases 3A and 3B was revisited so that additional security measures that could aid in protecting against manmade threats as well as earthquakes could be included in the design and construction.

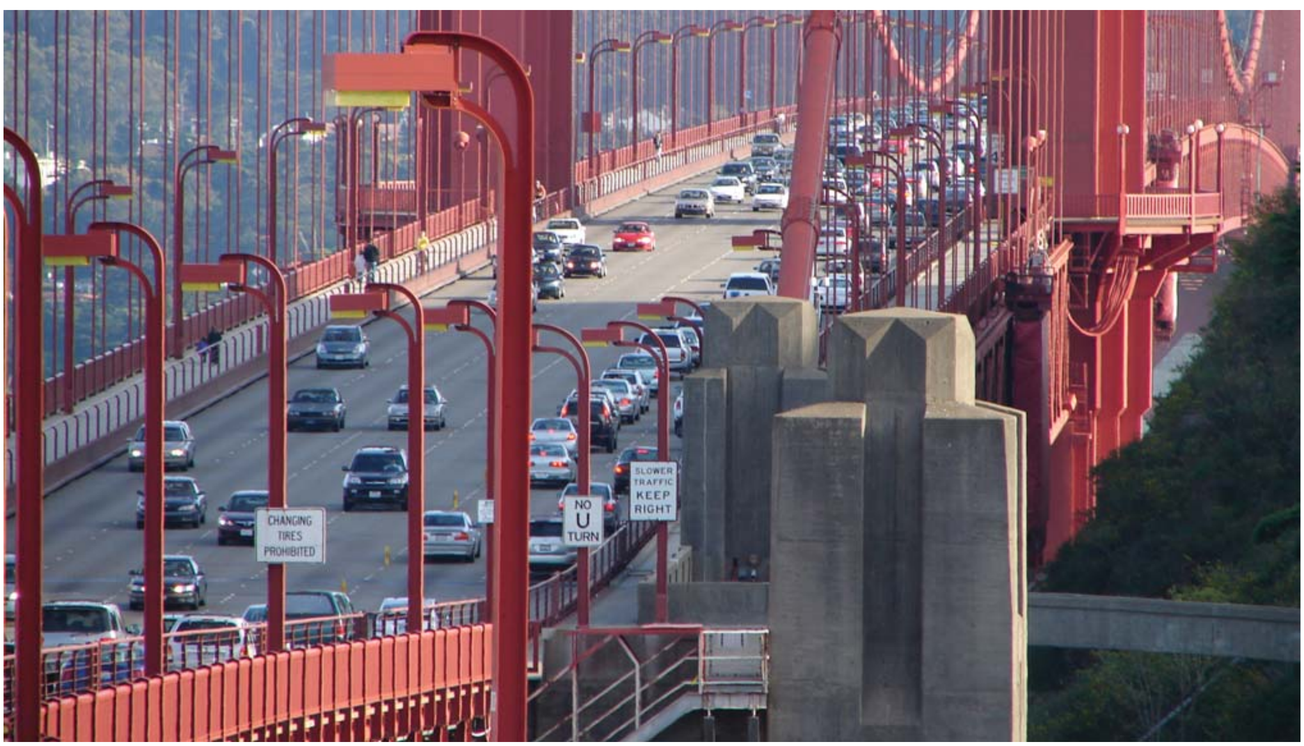
The contract for Phase 3A, which retrofits the Marin Anchorage Housing and North Pylon, was awarded in March 2008 and work commenced in July 2008. Phase 3A includes strengthening the foundations and external walls of the Marin Anchorage Housing and North Pylon; internally strengthening the Marin Anchorage Housing; and replacing the roof/roadway deck and the sidewalk within the limits of the Marin Anchorage Housing. It is anticipated that Phase 3A will be completed in fall 2012. Concurrently, the final plans and specifications for Phase 3B are being readied to go out for construction bids in late 2012. Phase 3B will retrofit the 4,200 foot-long main suspension span and the two 746 foot-tall main towers, as well as the pier and fender of the San Francisco Tower.

Moveable Median Barrier Project Status

The preparation of the final design and associated technical studies for a one-foot-wide moveable median barrier system for the Bridge began in March 2009. The barrier system, planned for installation in 2012, includes: (1) the barrier structure itself which is comprised of a series of 12-inch-wide and 32-inch-high steel clad units filled with high density concrete which are tightly pinned together to form a semi-rigid barrier and (2) the barrier transfer machines. The work in progress now includes the development of and evaluation of, from a traffic operations and environmental perspective, design variations for the barrier system while in use on the Bridge. The project budget is currently $25 million, with $20 million coming from the Metropolitan Transportation Commission (MTC) and $5 million allocated from District toll revenues.

Suicide Barrier Net System Moves to Final Design Phase

On October 10, 2008, the Board of Directors selected the Suicide Barrier Net System as the locally preferred alternative. Subsequently, on January 22, 2010, the suicide barrier project final environmental document was released and certified by the Board of Directors on February 12, 2010. On August 13, 2010, the Board accepted $5 million from the MTC for final design and on that same day request for proposals for design services was issued, with submittals due September 21, 2010.



The contract for final design services will be awarded by the end of 2010, with completion of the final design now targeted for mid-2012. The $45 million in funding needed for project construction is not yet identified. The policy set by the Board states that the project will not be funded using toll revenues, and therefore alternate funding must be identified. Once funding is identified, the Net System would take approximately three years to be fabricated and installed on the Bridge.

Bay Bridge Closures Impact Traffic Volumes

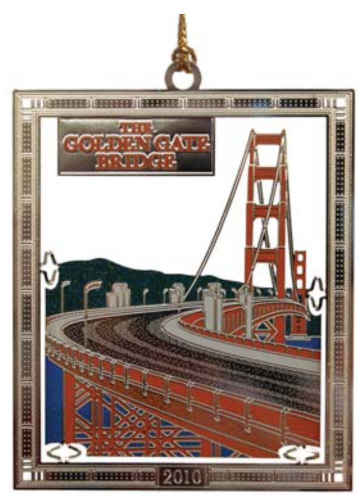
Over the 2009 Labor Day weekend, the San Francisco-Oakland Bay Bridge was closed from 8 p.m. on Thursday, September 3, 2009, through 7 a.m. Tuesday, September 8, 2009. The closure was necessary so that a 300-foot-long double-deck section of the Bridge's East Span could be cut and rolled out of the way, and then, a new double-deck section slid into place. During this time, the Golden Gate Bridge safely accommodated as many as 24,000 additional vehicles per day. The Bay Bridge was closed again from Tuesday evening, October 27, 2009, through 9 a.m. Monday, November 2, 2009, for additional repairs. The Golden Gate Bridge accommodated an estimated 70,000 additional vehicles during this closure.

Doyle Drive Reconstruction Underway

Originally built in 1936 as the south approach to the Bridge, Doyle Drive is undergoing a complete replacement. Once completed in 2014, the Presidio Parkway redesign of Doyle Drive will entirely replace the existing structure with a new parkway-type roadway that includes short tunnels, new access and improved views from within The Presidio of San Francisco. This massive project is moving forward under the direction of Caltrans, the owner of the structure. In late 2008, the Board authorized allocating $75 million to assist in funding this $1.045 billion project. Since construction began in July 2009 with tree trimming, moderate to heavy traffic impacts were experienced throughout the summer at the south end of the Bridge particularly on weekends and weekday afternoons. The combination of additional traffic associated with construction detours, coupled with the usual summer visitors and the volume of afternoon northbound commuters led to some difficult traffic challenges. District's operations staff coordinates regularly with Caltrans' construction team to best identify means to improve traffic flow through the construction areas.

Improvements to Visitor Areas

From August 2009 through October 2009, several critical improvements were made to areas on the south side of the Bridge to enhance the visitor experience. Improvements included repaving the southeast visitor parking lot; adding a new viewing area for customers to enjoy views towards Alcatraz and the San Francisco skyline; replacing the aging wood rail fencing with new steel rail fencing; repaving and adding lighting to the southwest side parking lot; improving the drainage and repaving the roadway through the tunnel that passes under the toll plaza; and adding several ramp and lift improvements for persons with disabilities to more easily access the administration building. This $2.2 million project was 100 percent funded with District toll dollars.



2010 Collectible Bridge Ornament Debuts

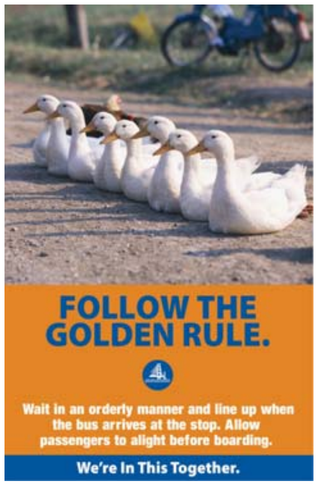
The eighth annual Bridge collectible ornament, "Pathway of Dreams," brilliantly features the Bridge in its role as the gateway to San Francisco and beyond. From its humble beginnings as "The Bridge That Could Not Be Built" to its completion in 1937, the Golden Gate Bridge is truly a symbol of a "Pathway of Dreams," not only as an iconic structure but also to the millions who visit or cross it each year on their way to fulfilling their personal dreams and ambitions. This collectible ornament, along with the first seven, is available through the District website at http://store.goldengate.org/.

Data Center Constructed in San Rafael

On March 27, 2009, the Board approved a contract for the construction of a new data center on the GGT San Rafael property. Move-in is anticipated by the end of 2010. The data center was constructed to replace the small and outdated server room. The new data center provides adequate space and the proper environment for both existing communication data needs as well as future expansions. The project budget was established at $2.5 million and was funded with a combination of State I-Bond grant funds, Federal Transit Administration (FTA) grant funds and District funds.

Eye Catching Passenger Code of Conduct Debuts

As appropriate passenger behavior is essential for providing continued quality service and ensuring safety for all GGT and GGF transit customers, a newly developed “Passenger Code of Conduct” was launched following its adoption by the Board of Directors in November 2009. A primary component of the code is the “We’re In This Together” courtesy campaign posters that continue to rotate through postings at all transit facilities and on transit vehicles.



On the Road with New Buses

Since the 1980s, GGT has continued its bus replacement program which retires older buses and replaces them with newer, “cleaner” technology buses. In February 2010, seven New Flyer Hybrid thirty-five foot-long buses arrived and were placed into service in June on Marin Transit Local routes. In June 2010, GGT received 23 new 57-passenger buses built by Motor Coach Industries (MCI).

The purchase of the new buses was funded largely by FTA grant funds and State I-Bond grant funds. The budget for the 23 coaches built by MCI was $13,929,750 and was funded with 83 percent FTA grant funds, 9.08 percent State I-bond funds, and 7.92 percent District funds. For the seven hybrids, the budget was $4,628,000, with 79.47 percent being funded with FTA grant funds, 18.84 percent State I-bond funds, and the remaining 1.69 percent with Marin Transit funds.

New Bus Washing Facility

On May 29, 2010, the Board approved the award of a contract for the San Rafael Bus Facility Wash Rack Replacement Project. The project budget was established at $2.7 million, with $2.44 million coming from American Recovery and Reinvestment Act (ARRA) grant funds, $197,175 in FTA grant funds, and the remainder from District funds.

The original bus washing building was constructed in 1972 at the GGT San Rafael Bus facility. With many of the components at or near the end of their useful life, a new facility is under construction. This project includes: demolition of existing building and bus wash system; modifications to existing foundation and construction of new concrete foundation; construction of a new steel building with steel decking and wall panels and new manual vehicle washing and detailing bay; a new built-up roofing system; a new automatic, friction and touchless bus wash system and a closed loop water reclamation system with bio-remediation; a vacuum cleaning system; an electrical system; installation of lighting and cameras; and installation of a photovoltaic system on the roof to provide up to 7 percent of electric power at the San Rafael Bus facility. The facility is targeted for completion by the end of 2010.

Golden Gate Transit Salutes Rosa Parks

February 8, 2010, marked the 10th Anniversary of the State of California's Rosa Parks Day. In 2000, State Legislature declared the first Monday after Rosa Parks' birthday on February 4th as Rosa Parks Day. During the month of February 2010, GGT celebrated this occasion by placing a special tribute decal on the window of the first row of seats on all buses.

GGT and GGF Go Clipper®

Clipper (formerly dubbed TransLink) is the San Francisco Bay Area's Regional smartcard fare payment media. The GGF system migrated to the sole use of Clipper cards as the means for frequent riders to receive fare discounts on January 1, 2009, and the GGT bus system followed suit on July 1, 2010.

M.V. Del Norte Equipped with New Engines

From September 25, 2009 to July 21, 2010, GGF's high-speed catamaran, the *M.V. Del Norte*, was repowered with four new Tier 2, 12V4000M60 engines and installed new main drive line components and new waterjets. The project budget was set at $6.1 million and was funded with a combination of Bay Area Air District Carl Moyer grant funds, FTA grant funds and District funds.

M.V. Golden Gate Undergoes Renovation

On March 26, 2010, the Board authorized a contract to refurbish and repower GGF's high-speed catamarans, the *M.V. Napa* and the *M.V. Golden Gate*. Work began on the M.V. Golden Gate in April 2010 and the vessel is due back in early 2011; work on the *M.V. Napa* will then follow. The two vessels, the *M.V. Golden Gate* (formerly the *M.V. Chinook*) and the *M.V. Napa* (formerly the *M.V. Snohomish*), were purchased from Washington State Ferry in January 2009 for $4.4 million. Both vessels will be repowered with new engines that exceed current federal and state emission standards. In addition to new propulsion systems, the interiors and exteriors of the vessels will be fully refurbished to like-new condition. This $20 million vessel overhaul is being funded in part with $8.5 million in ARRA grant funds, $10 million in FTA grant funds, $2.1 million in State I-Bond grant funds, and the remainder in District funds.

New Restrooms at Larkspur Terminal

December 18, 2009, the Board authorized a contract award for the construction of new accessible restrooms and ramps at GGF's Larkspur Ferry Terminal (LFT). The total project budget of $680,000 was funded 100 percent with State I-Bond grant funds. This project was completed in October 2010 and provides two new fully accessible restrooms, and new automatic double sliding doors and powered swinging doors in the waiting area.

Folding Bicycles Allowed Aboard Ferry Vessels

Commencing on October 15, 2009, to further advance options for bicycle commuters, GGF began allowing folding bicycles aboard all its vessels. Customers are allowed to stow their folding bike, in an appropriate carry-on bag, under their seat or in an alternate location deemed safe by the onboard crew.

New Passenger Loading System

To improve passenger mobility and safety, on September 25, 2009, the Board authorized a contract award for conceptual design services and associated environmental work for new passenger loading systems at LFT, San Francisco Ferry Terminal, and Sausalito Ferry Landing. The initial project budget was established at $7.8 million and will be funded with a combination of 93 percent grant funds and 7 percent District funds. The design and environmental work are expected 18 months to complete. For the Sausalito Landing portion of the project, $3.2 million in ARRA grant funding via the Federal Highway Administration's Ferry Boat Discretionary Grant Program, was authorized.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for the fiscal year ended June 30, 2009. This is the third year running that the District has achieved this prestigious award. To be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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. The District has also been awarded GFOA's Award for Distinguished Budget Presentation for the fiscal year beginning July 1, 2009. This is the fourth consecutive year the District has received this award.

Grateful acknowledgement is made to the entire staff of the Finance Department and the Public Affairs Director as the preparation of this report would not have been possible without the efficient and dedicated services of these staff members.

Special appreciation is also expressed to the entire Board, the Executive Management Team and all District staff who remain steadfast to the District's mission of providing safe and reliable services.

Sincerely,

Denis Mulligan

Denis J. Mulligan
General Manager/Chief Executive Officer

Joseph Wire

Joseph M. Wire
Auditor-Controller/Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Golden Gate Bridge, Highway and Transportation District, California

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

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.

President

Executive Director

District Board of Directors and Executive Management Team

as of June 30, 2010*

Board of Directors

Albert J. Boro, President, Marin County

Janet Reilly, 1st Vice President, City and County of San Francisco

James C. Eddie, 2nd Vice President, Mendocino County

City and County of San Francisco
David Campos
Carmen Chu
Bevan Dufty
Sean R. Elsbernd
Dick Grosboll
John J. Moylan
Lynne Newhouse Segal
Dave Snyder

Sonoma County
Mike Kerns
Joanne Sanders
Brian M. Sobel

Marin County
Harold C. Brown, Jr.
Charles McGlashan
J. Dietrich Stroeh

Napa County
Barbara L. Pahre

Del Norte County
Gerald D. Cochran

Officers of the Board

General Manager/CEO
Celia G. Kupersmith

Auditor-Controller/CFO
Joseph M. Wire

Attorney
David J. Miller

District Engineer
Denis J. Mulligan

Secretary of the District
Janet S. Tarantino

Deputy General Managers

Administration & Development
Z. Wayne Johnson

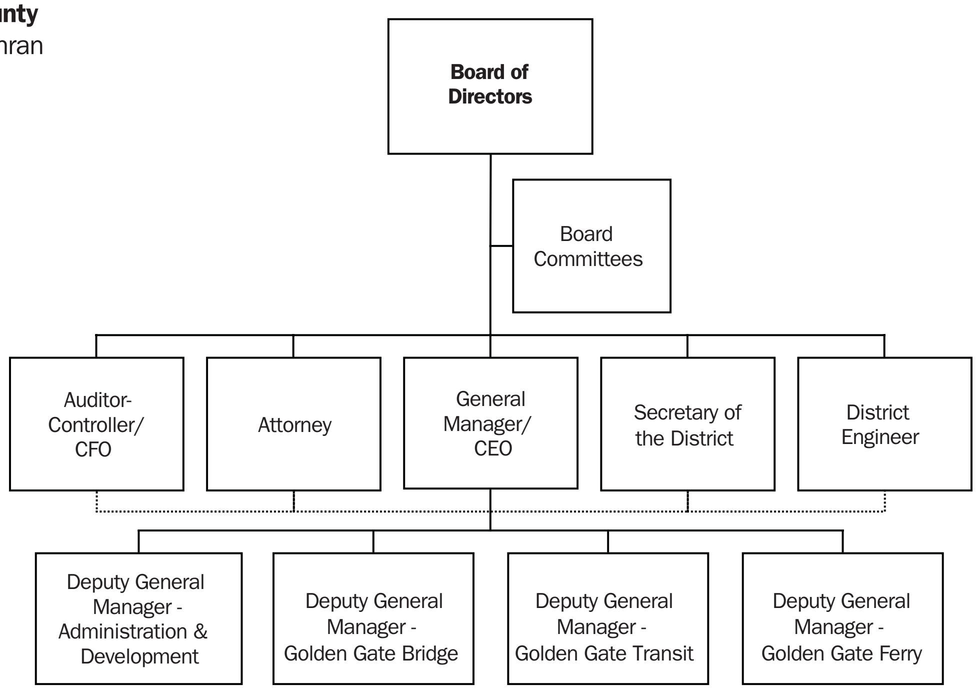
Bridge Division
Kary H. Witt

Bus Division
Teri W. Mantony

Ferry Division
James P. Swindler

*Note: Effective September 2, 2010, District Engineer Denis J. Mulligan was appointed to the position of General Manager/CEO following the departure of Celia G. Kupersmith. At the time of this printing, the District Engineer position had not yet been filled.

District Organizational Chart



District Mission

The mission of the Golden Gate Bridge, Highway and Transportation District is to provide safe and reliable operation, maintenance and enhancement of the Golden Gate Bridge and to provide transportation services, as resources allow, for customers within the Highway 101/Golden Gate Corridor.

839 District Employees

Golden Gate Bridge Traffic (southbound & northbound) 38.6 million

Golden Gate Transit Riders 6.5 million

Golden Gate Ferry Riders 1.9 million

Operating Revenues $162.1 million[1]

Operating Expenses $147. million

Capital Grant Revenues $55.4 million

Capital Expense $60.2 million

1 The Board of Directors designated $13.3 million in operating revenues to fund future capital projects and Bridge insurance; any remaining excess of revenues over expenses has been placed in Unrestricted Net Assets.

Transit Service Area Map

Employees of the Month

July 2009 - Tim Lin,
Storekeeper, Bridge

August 2009 – Patsy Whala,
Assistant Clerk of the Board

September 2009 – Karin Williams,
Senior Specialist for Application Support

October 2009 – Linh Do,
Mechanic, Bus

November 2009 – Kristy DeCoursey,
Chief Storekeeper, Bus

December 2009 – Rick Smith,
Associate Steel Inspector

January 2010 – Ben Ramirez,
Bridge Officer

February 2010 – Maurice Palumbo,
Principal Planner

March 2010 – Tom Kaetzel,
Communications Electronic Technician

April 2010 – Duarte Machado,
Chief Mechanic, Bus

May 2010 – Carol Botelho,
Design Technician, Engineering

June 2010 – Tom Clark,
Mechanic, Bus

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Financial Section

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

The Board of Directors of the
Golden Gate Bridge,
Highway & Transportation District
San Francisco, California

We have audited the accompanying basic financial statements of the Golden Gate Bridge, Highway & Transportation District (the District), as of and for the fiscal years ended June 30, 2010 and 2009. These financial statements are the responsibility of the 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 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 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 financial position of the District as of June 30, 2010 and 2009 and the changes in its financial position and its 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 a report dated November 17, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of law, 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 and the schedules of funding progress listed in the table of contents are not required parts of the 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 primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

260 Sheridan Avenue, Suite 440, Palo Alto, CA 94306 Tel: 650.462.0400 Fax: 650.462.0500 www.vtdcpa.com

FRESNO LAGUNA PALO ALTO PLEASANTON RANCHO CUCAMONGA

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Supplemental Schedule of Revenues and Expenses and Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
November 18, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEARS ENDED JUNE 30, 2010 AND 2009

The following Management's Discussion and Analysis (MD&A) of the Golden Gate Bridge, Highway and Transportation District's (District) activities and financial performance provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2010 and 2009.

Following this MD&A are the basic financial statements of the District together with the notes thereto which are essential to a full understanding of the data contained in the financial statements.

This section should be read in conjunction with the transmittal letter in the Introductory Section of this report and the basic financial statements following this section.

DISTRICT ORGANIZATION AND BUSINESS

The Golden Gate Bridge, Highway and Transportation District (District) is a political subdivision of the State of California created by the legislature in 1923 and subject to regulation under the Bridge and Highway District Act, as amended. The District operates the Golden Gate Bridge, operates bus service primarily in Marin, San Francisco and Sonoma counties and operates ferry service between Marin and San Francisco counties. The disbursement of funds received by the District is controlled by statute and by provisions of various grant contracts entered into with the federal government, the State of California and certain counties within the District. The District is based in San Francisco and consists of three operating divisions, Bridge (including Visitor Services), Bus and Ferry, and an administrative District Division. Overseeing more than 800 employees who work together in the public interest, the General Manager coordinates the operations of all divisions according to the policy and direction of the District Board of Directors. The District Board of Directors consists of 19 members representing the six member counties: San Francisco, Marin, Sonoma, Del Norte, and parts of Mendocino and Napa counties.

A summary of District indicators (in thousands) is provided below:

	2010	2009	2008
Total southbound vehicle crossings	19,295	19,066	19,658
% increase (decrease)	1.2%	(3.0%)	(0.5%)
Bus patronage – regional service	3,392	3,964	4,114
% increase (decrease)	(14.4%)	(3.6%)	2.9%
Bus patronage – local service under agreement with Marin Transit	3,122	3,202	3,259
% increase (decrease)	(2.5%)	(1.7%)	1.4%
Bus patronage – combined regional and local service	6,514	7,166	7,373
% increase (decrease)	(9.1%)	(2.8%)	2.2%
Club Bus riders	49	50	48
% increase (decrease)	(2.0%)	4.2%	(17.1%)
Ferry patronage	1,931	1,949	1,980
% increase (decrease)	(0.9%)	(1.6%)	(2.2%)

The District is unique among Bay Area transit operations because it provides transit services without support from direct sales tax measures or dedicated general funds. As the District does not have the authority to levy taxes, the use of surplus Bridge toll revenue is the only available local means the District has to support the District's regional and transbay transit services. Presently, Golden Gate Transit Bus and Ferry operations are funded approximately 48% by surplus Golden Gate Bridge tolls and 23% by transit fares. The remainder is primarily met by State and local funds received from Marin and Sonoma counties for the provision of transit services. See table How The District Was Funded In Fiscal Year 2010 shown on page 25 at the end of the Revenues section, for further funding details.

FINANCIAL POSITION SUMMARY

Total net assets, especially unrestricted net assets, serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by $618.3 million at June 30, 2010, a $52.9 million increase from June 30, 2009.

A condensed summary of the District's net assets (in thousands) at June 30 is shown below:

	2010	2009	2008
Assets:			
Current and other assets	$238,007	$206,238	$190,901
Capital assets	513,844	478,642	461,363
Total assets	751,851	684,880	652,264
Liabilities:			
Current liabilities	40,824	29,167	27,461
Debt outstanding	61,000	61,000	61,000
Other noncurrent liabilities	31,724	29,314	30,875
Total liabilities	133,548	119,481	119,336
Net Assets:			
Invested in capital assets, net of debt	452,844	417,641	400,362
Restricted by enabling legislation:			
Debt service requirements	12,791	12,791	12,791
Bridge projects	4,636	5,922	8,352
Transit projects	8,608	4,050	5,546
Unrestricted	139,424	124,995	105,877
Total net assets	**$618,303**	**$565,399**	**$532,928**

The largest portion of the District's net assets (73.2% at June 30, 2010) represents its investment in capital assets (i.e., bridge, buses, ferries, buildings, improvements, and equipment), less the related debt outstanding used to acquire those capital assets. The District uses these capital assets to provide services to its patrons and passengers, and visitors to the Golden Gate Bridge. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves are unlikely to be used to liquidate liabilities.

An additional portion of the District's net assets (4.2% at June 30, 2010) represents resources that are subject to external restrictions imposed by creditors (debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by laws through constitutional provisions or enabling legislation, that restrict the use of net assets. The remaining unrestricted net assets (22.6% at June 30, 2010) may be used to meet the District's capital and ongoing obligations.

FISCAL YEAR 2010 FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues increased by $3.7 million ($143.4 million in 2010 compared to $139.7 million in 2009), most of which was attributable to a base toll increase that had gone into effect for a portion of the prior year. Bridge traffic flow increased slightly, but was offset by decreases in transit ridership.

- Operating expenses before depreciation decreased by $2.5 million ($139.4 million in 2010 compared to $141.9 million in 2009). Due to careful oversight of its self-insured loss programs for workers compensation and general liability, the District reduced its reserves to reflect actuarial data projections. All other expenses were inflationary in nature.

- As a result of the above, operating losses before depreciation and other nonoperating revenue and expenses changed from a loss of $2.2 million in 2009 to a gain of $4.1 million in 2010. Depreciation increased ($24.9 million in 2010 compared to $18.7 million in 2009) as the current year reflected a one-time adjustment for prior year depreciation costs related to Bridge Seismic project (Phase II). Operating loss before nonoperating revenues and expenses was relatively flat, showing a loss of $20.8 million in 2010 compared to a loss of $20.9 million in 2009.

- Nonoperating net revenue decreased to $18.4 million in 2010 (compared to $25.0 million in 2009). As with most transit agencies, the District did not receive State Transit Assistance (STA) grants due to the severe economic conditions in California.

- Capital contribution received in the form of grants from the Federal, State and Local governments increased from $28.3 million in 2009 to $55.4 million in 2010 primarily as a result of the continuation of Phase III construction portion of the seismic retrofit of the Bridge. In addition, the District is involved in other major projects, including the purchase of twenty three 45' buses and seven 35' hybrid buses; repower and rehabilitation of three passenger ferry vessels; the replacement of San Rafael Data Center; the implementation of the Asset and Fluid Management System; and the Advanced Communication and Information System.

FISCAL YEAR 2009 FINANCIAL OPERATIONS HIGHLIGHTS

- In September 2008, the District increased its base tolls by $1.00 (increasing the cash charge from $5.00 to $6.00 and electronic toll payment (FasTrak®) vehicles from $4.00 to $5.00). The expected revenue contribution from this increase was partially offset by decreased traffic flow, as a result of the continuing downward economic conditions. As a result, toll revenues for the fiscal year ended exceeded prior year's results by $11.7 million. Operating revenues increased by $13.4 million, ($139.7 million in 2009 compared to $126.3 million in 2008), mainly due to the increase in toll rates.

- Operating expenses before depreciation increased by $5.1 million ($141.9 million in 2009 compared to $136.8 million in 2008). In fiscal year 2008, the District implemented GASB No. 49 (Accounting and Financial Reporting for Pollution Remediation Obligations). As a result, it now recognizes the annual costs of remediation activities at various District sites. As required by GASB No. 49, the District has reduced its beginning net assets by $14.8 million to recognize the impact of the overall liabilities associated with remediation activities. All increases in expenses were inflationary in nature.

- As a result of the above, operating losses before depreciation and other nonoperating revenue and expenses decreased from a loss of $10.5 million in 2008 to a loss of $2.2 million in 2009. Depreciation increased slightly ($18.7 million in 2009 compared to $17.6 million in 2008 as the current year reflected a full year's worth of depreciation costs for items placed into service toward the end of the previous year). Operating loss before nonoperating revenues and expenses decreased from a loss of $28.1 million in 2008 to a loss of $20.9 million in 2009.

- Nonoperating net revenue decreased to $25.0 million in 2009 (compared to $30.3 million in 2008), as the prior year included one-time proceeds from a successful construction litigation lawsuit of $3.4 million.

- Capital contributions received in the form of grants from the Federal, State and Local governments increased from $13.5 million in 2008 to $28.3 million in 2009 primarily as a result of commencement of Phase III construction portion of the seismic retrofit of the Bridge. In addition, the District is involved in other major projects, including the Asset and Fluid Management System; Bus Perimeter Security and Surveillance; the purchase of sixteen paratransit buses; Larkspur Ferry Terminal Parking and Access Improvements; and rehabilitation of two recently purchased passenger ferry vessels.

SUMMARY OF CHANGES IN NET ASSETS
(In thousands)

	2010	2009	2008
Operating revenues	$143,470	$139,735	$126,322
Operating expenses	(139,387)*	(141,905)	(136,774)
Income before depreciation and other nonoperating revenue and expenses	4,083	(2,170)	(10,452)
Depreciation	(24,925)	(18,690)	(17,647)
Operating loss	(20,842)	(20,860)	(28,099)
Other nonoperating revenue and expenses, net	18,374	25,044	30,283
Income (loss) before capital contributions and special items	(2,468)	4,184	2,184
Capital contributions	55,372	28,287	13,536
Special income/(expense) items	-	-	-
Increase in net assets	**$ 52,904**	**$ 32,471**	**$ 15,720**

*Expense decrease due to one-time credit for reduction in self-insured loss reserves.

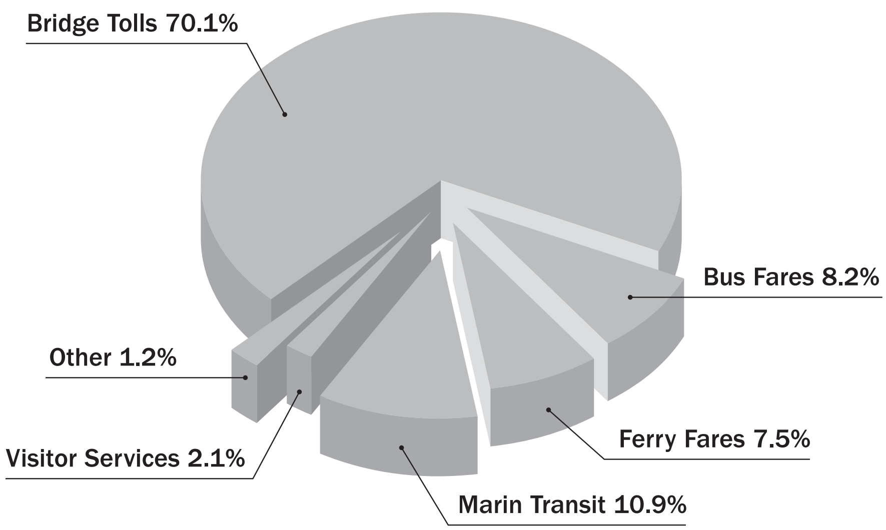
DISTRICT TOLLS AND FARES

Golden Gate Bridge tolls are set by Board Policy and change when determined necessary by the Board. In July of 2008, the District Board approved a 20% increase in the auto cash Bridge toll to $6.00 and a 25% increase in the FasTrak® toll to $5.00, effective September 2, 2008. In March 2006, the Board approved a second five year plan to increase transit fares by 5% per year. The annual fare increases will assist in meeting operating expenses and generating additional revenue. The fare program ends on June 30, 2011. The tolls and fares were as follows:

	2010	2009	2008
Average bridge toll	$5.21	$5.09	$4.35
Average bus fare-regional service	$3.46	$2.98	$2.82
Average bus fare-local service under agreement with Marin Transit	$0.98	$1.01	$1.07
Average bus fare-combined regional and local service	$2.27	$2.10	$2.04
Average ferry fare	$5.54	$5.17	$4.98

REVENUES

The following chart shows the major sources and the percentage of operating revenues for the year ended June 30, 2010 (tolls, transit fares, visitor services and other):



A summary of revenues for the years ended June 30, 2010 and 2009 and the amount and percentage of change in relation to prior year amounts (in thousands) is as follows:

	2010 Amount	Percent Of Total	Increase/ (Decrease) From 2009	Percent Increase/ (Decrease)
Operating revenues:				
Bridge tolls	$100,569	46.3%	$3,448	4.0%
Bus fares	11,750	5.4%	(54)	(0.5%)
Ferry fares	10,697	4.9%	630	6.4%
Marin Transit Contract	15,638	7.2%	848	6.1%
Visitor services	3,082	1.4%	(60)	(1.8%)
Other	1,734	0.8%	(1,077)	(47.1%)
Total operating revenues	143,470	66.0%	3,735	3.0%
Nonoperating revenues:				
Operating assistance	12,947	6.0%	(3,978)	(20.2%)
Investment income	5,634	2.6%	(3,140)	(35.4%)
Total nonoperating revenues	18,581	8.6%	(7,118)	(24.9%)
Capital contributions	55,372	25.4%	27,085	200.1%
Total revenues	$217,423	100.0%	$23,702	14.1%

	2009 Amount	Percent Of Total	Increase/ (Decrease) From 2008	Percent Increase/ (Decrease)
Operating revenues:				
Bridge tolls	$97,121	50.7%	$11,705	13.7%
Bus fares	11,804	6.9%	215	1.9%
Ferry fares	10,067	5.9%	203	2.1%
Marin Transit Contract	14,790	8.3%	892	6.4%
Visitor services	3,142	1.8%	(126)	(3.9%)
Other	2,811	1.4%	524	22.9%
Total operating revenues	139,735	75.0%	13,413	10.6%
Nonoperating revenues:				
Operating assistance	16,925	11.7%	(2,809)	(14.2%)
Investment income	8,774	5.3%	(94)	(1.1%)
Total nonoperating revenues	25,699	17.0%	(2,903)	(10.1%)
Capital contributions	28,287	8.0%	14,751	109.0%
Total revenues	$193,721	100.0%	$25,261	15.0%

The primary reason for the increase in revenues in 2010 was due to the toll increase that had gone into effect for a portion of the prior year. In addition, increased construction activities resulted in higher capital contributions (increase of 200%). Offsets included reduced state operating assistance due to the adjustments to the State budget. The District's investments also reflected the negative sentiment of the financial markets. Other areas showed inflationary increases or were flat to prior year.

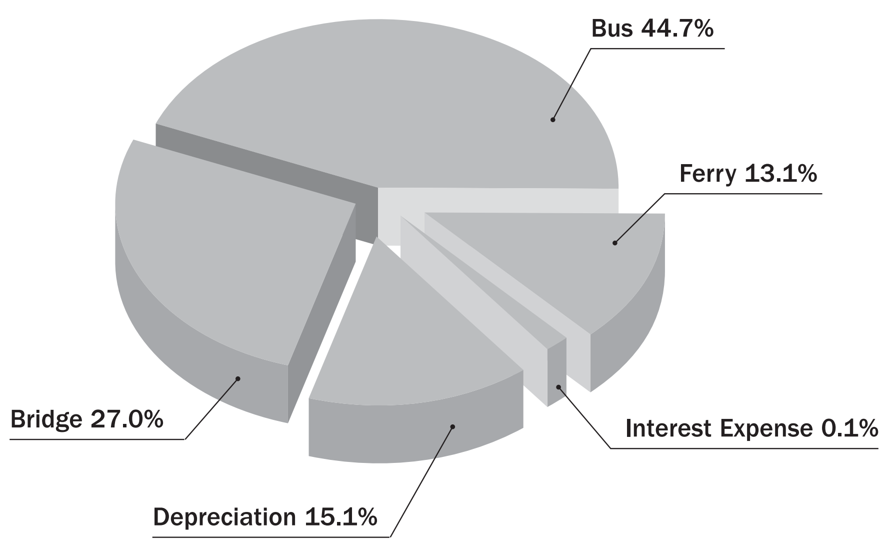
The District funds its operations with Bridge tolls, transit fares, government grants and other revenues from operations or investments. The operations of the Bridge Division produce a surplus of Bridge toll revenues that are used to subsidize transit operations. In addition, in years where there are not sufficient Bridge toll revenues to fully subsidize transit operations, funds are taken from District reserves to cover the shortfall. The reserves were funded with Bridge toll revenues from past years. The following table, which is derived from the Supplemental Schedule of Revenues and Expenses by Division (Non-GAAP Basis), records how the divisions were funded in fiscal year 2010. The table includes transfers to designated reserves in the amount of $13.3 million to be used to fund capital projects and bridge self-insurance.

HOW THE DISTRICT WAS FUNDED IN FISCAL YEAR 2010 (In thousands)

	Bridge Division		Bus Transit Division		Ferry Transit Division		Combined Transit Divisions		District Total	
Funding category	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Bridge tolls	$51,800	85%	$36,100	48%	$10,900	46%	$47,000	47%	$ 98,800	62%
Patron fares	-	-	11,800	16%	10,700	46%	22,500	23%	22,500	14%
Marin Transit	-	-	15,600	20%	-	-	15,600	16%	15,600	10%
Other revenues	8,800	14%	1,300	2%	400	2%	1,700	2%	10,500	6%
Government grants	400	1%	11,000	14%	1,500	6%	12,500	12%	12,900	8%
Total	**$61,000**	**100%**	**$75,800**	**100%**	**$23,500**	**100%**	**$99,300**	**100%**	**$160,300**	**100%**

EXPENSES

The following chart shows the major cost centers and the percentage of expenses (excluding disposal of assets and special items) for the year ended June 30, 2010:



Interest expense is related to the commercial paper notes issued to support the Golden Gate Bridge (Bridge) seismic retrofit project. Depreciation expense is divided among the various divisions and represents 56.0%, 26.3% and 17.7%, respectively (Bridge, Bus and Ferry divisions).

A summary of expenses for the years ended June 30, 2010 and 2009 and the amount and percentage of change in relation to prior year amounts (in thousands) is as follows:

	2010 Amount	**Percent Of Total**	**Increase/ (Decrease) From 2009**	**Percent Increase/ (Decrease)**
Operating expenses:				
Bridge	$ 44,435	27.0%	$ 423	1.0%
Bus	73,444	44.6%	134	0.2%
Ferry	21,508	13.1%	(3,075)	(12.5%)
Total operating expenses	139,387*	84.7%	(2,518)	(1.8%)
Nonoperating expenses:				
Interest expense	179	0.1%	(572)	(76.2%)
Depreciation	24,925	15.2%	6,235	33.4%
(Gain)/loss on disposal of assets	28	-	124	(100.0%)
Total nonoperating expenses	25,132	15.3%	5,787	29.9%
Total expenses	**$164,519**	**100.0%**	**$3,269**	**2.0%**

	2009 Amount	**Percent Of Total**	**Increase/ (Decrease) From 2008**	**Percent Increase/ (Decrease)**
Operating expenses:				
Bridge	$ 44,012	27.3%	$ 309	0.7%
Bus	73,310	45.5%	3,181	4.5%
Ferry	24,583	15.2%	1,641	7.2%
Total operating expenses	141,905	88.0%	5,131	3.8%
Nonoperating expenses:				
Interest expense	751	0.5%	(975)	(56.5%)
Depreciation	18,690	11.6%	1,043	5.9%
(Gain)/loss on disposal of assets	(96)	(0.1%)	(97)	(100.0%)
Construction lawsuit	-	-	3,408	100.0%
Total nonoperating expenses	19,345	12.0%	3,379	21.2%
Special Item-GASB 49	-	-	(14,850)	(100.0%)
Total expenses	**$161,250**	**100.0%**	**$(6,340)**	**(3.8%)**

*Expense decrease due to one-time credit for reduction in self-insured loss reserves.

The primary reason for the 2.0% increase in total expenses is attributed to the increase in depreciation expense once the Bridge Seismic Project (Phase II) was placed in service. However, reductions to the District's self-insurance reserves favorably impacted all divisions. Lastly, the Ferry Division expenses showed improvement to prior year as the additional new vessel reduced dry docking expenses of older, existing vessels.

FINANCIAL STATEMENTS

The District's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The District is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land and construction-in-progress) are depreciated over their useful lives. Amounts are restricted for debt service and, where applicable, for construction purposes. See the notes to the financial statements for a summary of the District's significant accounting policies.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During 2010, the District expended $60.2 million, which is an increase of $24.2 million or 67.2% over the amount expended in 2009, on capital activities. This included the following major construction and procurement projects:

- Seismic retrofit projects ($17.6 million)
- Purchase of twenty three 45' buses and seven 35' hybrid buses ($17.1 million)
- Rehabilitation of M.V. Golden Gate (formerly M.V. Chinook) and M.V. Napa ($7.0 million)
- Replacement of the District's radio communication system ($2.9 million)
- Repower of M.V. Del Norte ($2.8 million)
- Improvement of Toll Plaza pavement and access areas ($2.0 million)
- Replacement of San Rafael Data Center ($1.7 million)
- Implementation of the asset and vehicle fluid management system ($1.4 million)
- Design phase of the moveable median barrier ($1.2 million).

During 2010, completed projects totaling $196.8 million, which is an increase of $193.8 million over the amount completed in 2009, were closed from construction in progress to their respective capital accounts. The major completed projects included the completion of the seismic retrofit of the south approach viaduct ($184.3 million), the upgrade/replacement of the FasTrak® system ($3.2 million), the repower of M.V. Mendocino ($3.2 million), and the improvement of Larkspur Ferry Terminal parking and access areas ($2.1 million).

During 2009, the District expended $36.0 million, which is an increase of $16.4 million or 83.7% over the amount expended in 2008, on capital activities. This included the following major construction and procurement projects:

- Purchase and rehabilitation of M.V. Chinook and M.V. Napa ($4.7 million)
- Improvement of Larkspur Terminal parking and access facility ($2.2 million)
- Implementation of the asset and vehicle fluid management system ($2.2 million)
- Purchase of bridge capital equipment ($1.4 million)
- Purchase of sixteen paratransit vans ($1.0 million)
- Repower of the M.V. Del Norte ($1.8 million)
- Replacement of the San Rafael administration building's HVAC system ($0.9 million)
- Upgrade/replacement of the FasTrak® system ($0.9 million).

During 2009, completed projects totaling $3.0 million, which is a decrease of $23.9 million or 88.9% over the amount completed in 2008, were closed from construction in progress to their respective capital accounts. The major completed projects included the purchase of sixteen paratransit vans ($1.0 million) and various Bridge capital equipment ($1.0 million).

Capital asset acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including Federal grants, with matching State grants and District reserve funds, debt issuance, and District revenues. Additional information on the District's capital assets and commitments can be found in Note 4 (Capital Assets) in the financial statements.

DEBT ADMINISTRATION

On July 12, 2000, the District issued commercial paper notes in Series A and Series B in an amount of $30.5 million for each series to provide funds for the Golden Gate Bridge (Bridge) seismic retrofit project and the renovation of main cables of the Bridge. The commercial paper notes are secured by a pledge of the District's revenues and two dedicated reserves, and additionally secured by a line of credit. Under this program, the District is able to issue commercial paper notes at prevailing interest rates for periods of maturity not to exceed 270 days. At June 30, 2010, $61.0 million in commercial paper notes was outstanding and maturing within 30 to 270 days, with interest ranging from 0.30% to 0.35% (0.35% to 4.52% in 2009).

CREDIT RATINGS AND BOND ISSUANCE

Standard & Poor's and Fitch began rating the District in 2000 when the District issued commercial paper for the first time. The District has the highest credit rating (AA- and A+) in the nation for a single toll facility. These are implied credit ratings as the District has no outstanding long-term debt. Currently, the District has $61.0 million in outstanding commercial paper and has no plans at this time to increase that amount.

In connection with the sale of the commercial paper, the District has secured a Line of Credit with J.P. Morgan to guarantee the payment of interest when due. As additional security, the District established both an Operating Reserve Fund and a Debt Service Reserve Fund.

Additional information on the District's commercial paper notes payable can be found in Note 5 (Commercial Paper Notes Payable) in the financial statements.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Auditor-Controller at Box 9000, Presidio Station, San Francisco, California 94129-0601 or visit www.goldengate.org.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2010 AND 2009 (In thousands)

	2010	2009
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	$41,848	$26,079
Investments	129,377	136,100
Capital and operating grants receivable	31,683	12,297
Accounts receivable	5,981	5,433
Maintenance inventories and supplies - average cost	4,394	4,242
Prepaid expenses	1,420	1,881
Total unrestricted assets	214,703	186,032
Restricted assets:		
Cash and cash equivalents	23,304	19,587
Total current assets	238,007	205,619
NONCURRENT ASSETS:		
Capital assets		
Nondepreciable capital assets:		
Land	6,650	6,650
Construction in progress	98,767	235,391
Total nondepreciable capital assets	105,417	242,041
Depreciable capital assets:		
Property and equipment:		
Bridge, related buildings and equipment	454,800	269,429
Bus transit property and equipment	119,273	114,400
Ferry transit property and equipment	97,878	92,036
Accumulated depreciation	(263,524)	(239,264)
Total depreciable capital assets	408,427	236,601
Total capital assets	513,844	478,642
Other assets	-	619
Total noncurrent assets	513,844	479,261
TOTAL ASSETS	**$751,851**	**$684,880**

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENTS OF NET ASSETS (Concluded)
JUNE 30, 2010 AND 2009 (In thousands)

	2010	2009
LIABILITIES		
CURRENT LIABILITIES:		
Payable from unrestricted assets:		
Trade accounts payable	$ 23,643	$ 10,691
Accrued liabilities	3,317	4,077
Deferred revenue	7,466	3,288
Accrued compensated absences	444	403
Contract retentions	3,253	1,654
Self-insurance liabilities	2,701	9,054
Commercial notes payable	61,000	61,000
Total current liabilities	101,824	90,167
NONCURRENT LIABILITIES:		
Accrued compensated absences	7,587	7,491
Self-insurance liabilities	24,137	21,823
Total noncurrent liabilities	31,724	29,314
TOTAL LIABILITIES	133,548	119,481
NET ASSETS:		
Invested in capital assets, net of related debt	452,844	417,641
Restricted		
Debt service requirements	12,791	12,791
Bridge projects	4,636	5,922
Transit projects	8,608	4,050
Unrestricted	139,424	124,995
TOTAL NET ASSETS	**$618,303**	**$565,399**

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2010 AND 2009 (In thousands)

	2010	2009
OPERATING REVENUES:		
Bridge Tolls	$100,569	$ 97,121
Transit Fares	22,447	21,871
Marin Transit Revenues	15,638	14,790
Visitor Services Revenues	3,082	3,142
Other Operating Revenues	1,734	2,811
Total Operating Revenues	143,470	139,735
OPERATING EXPENSES:		
Operations	78,107	76,503
Maintenance	32,907	31,396
General and Administrative	28,373	34,006
Depreciation	24,925	18,690
Total Operating Expenses	164,312	160,595
OPERATING LOSS	(20,842)	(20,860)
NONOPERATING REVENUES (EXPENSES):		
Operating Assistance:		
State Operating Assistance	9,858	13,587
Federal Operating Assistance	50	403
Local Operating Assistance	3,039	2,935
Total Operating Assistance	12,947	16,925
Investment Income	5,634	8,774
Interest Expense	(179)	(751)
Gain (Loss) on disposal of capital assets	(28)	96
Total nonoperating revenues	18,374	25,044
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(2,468)	4,184
CAPITAL CONTRIBUTIONS	55,372	28,287
NET INCREASE IN NET ASSETS	52,904	32,471
NET ASSETS, Beginning of Year	565,399	532,928
NET ASSETS, End of Year	**$618,303**	**$565,399**

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009 (In thousands)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	$146,928	$135,691
Cash payments to suppliers for goods and services	(66,460)	(78,445)
Cash payments to employees for services	(70,502)	(65,338)
Net cash used in operating activities	9,966	(8,092)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	13,514	18,378
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions received	35,419	26,645
Interest paid	(179)	(751)
Proceeds from disposal of capital assets	(28)	96
Release retention related to capital assets	1,599	(776)
Purchase of capital assets	(53,183)	(29,024)
Net cash used in capital and related financing activities	(16,372)	(3,810)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net proceeds (purchases) of investment securities	6,967	(38,683)
Investment income received	5,412	6,320
Net cash (used in) provided by investing activities	12,379	(32,363)
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS	19,487	(25,887)
CASH AND EQUIVALENTS, Beginning of year	45,665	71,552
CASH AND EQUIVALENTS, End of year	**$ 65,152**	**$ 45,665**

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENTS OF CASH FLOWS (Concluded)
YEARS ENDED JUNE 30, 2010 AND 2009 (In thousands)

	2010	2009
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$(20,842)	$(20,860)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	24,925	18,689
Effect of changes in:		
Accounts receivable	(570)	(655)
Prepaid expenses	461	103
Inventory and supplies	(151)	514
Other assets	619	139
Trade accounts payable	6,008	(2,398)
Accrued liabilities	(760)	(263)
Deferred revenue	4,178	(3,904)
Accrued compensated absences	137	582
Self-insurance liabilities	(4,039)	(39)
Net cash used in operating activities	$ 9,966	$ (8,092)
Supplemental disclosures of cash flow information:		
Noncash investing activities:		
Increase (decrease) in fair value of investments	$ 17	$ (2,197)

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS, JUNE 30, 2010 AND 2009

(1) ORGANIZATION

The Golden Gate Bridge, Highway and Transportation District (District) is a political subdivision of the State of California created by the legislature in 1923 and subject to regulation under the Bridge and Highway District Act, as amended. The District operates the Golden Gate Bridge, operates bus service primarily in Marin, San Francisco and Sonoma counties and operates ferry service between Marin and San Francisco counties. The disbursement of funds received by the District is controlled by statute and by provisions of various grant contracts entered into with the federal government, the State of California and certain counties within the District. The District is based in San Francisco and consists of three operating divisions, Bridge (including Visitor Services), Bus and Ferry, and an administrative District Division. The District Division has no revenue and all District Division expenses are allocated to general and administrative expenses of the other Divisions.

(2) SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The District's reporting entity includes all activities of the District.

Basis of Accounting – The District is a single enterprise fund and maintains its records on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The District has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, to apply all applicable GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash Equivalents – The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents (See Note 3).

Investments – are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools (see Note 3). Statutes authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities; certificates of deposit; commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record; bankers' acceptances; repurchase agreements; reverse repurchase agreements; and the State Treasurer's investment pool.

Restricted Assets – consist of monies and other resources which are restricted legally as described below:

Operating Reserve Fund – These assets are restricted for the Bridge Division operating expenses and principal of and interest on the 2000 commercial paper notes which must be at least equal to the lesser of $12,000,000 or 12% of the principal amount of all notes then outstanding.

Debt Service Reserve Fund – These assets represent the 2000 commercial paper notes proceeds held in Debt Reserve Account which must be at least equal to the lesser of 125% of average annual debt service on all notes then outstanding or 10% of the principal amount of all notes then outstanding.

Capital Assets – The District defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Major additions and replacements are capitalized. Maintenance, repairs and additions of a minor nature are expensed as incurred. The costs of acquisition and construction of equipment and facilities are recorded in construction in progress until such assets are completed and placed in service, at which time the District commences recording depreciation expense.

Depreciation – is calculated on the straight-line method over the estimated useful lives of the assets, as follows:

Bridge structural components ....100 years
Bridge buildings, toll plaza structure, deck,
approach roadways and sidewalks ....20 - 50 years
Buses ....12 - 16 years
Ferry vessels...25 - 30 years
Visitor services and other transit properties ....5 - 50 years

Capitalization of Interest – Interest costs incurred that relate to the acquisition or construction of property and equipment acquired with tax-exempt debt is capitalized. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested debt proceeds over the same period. Capitalized interest cost is prorated to completed projects based on the completion date of each project. No interest was capitalized for the years ended June 30, 2010 and 2009.

Operating Assistance Grants – are recorded as revenue when earned.

Capital Contributions – The District has grant contracts with the U.S. Department of Transportation through the Federal Transit Administration for certain capital improvements. Federal Transit Administration funds are used to replace and improve the District's buses, ferries and transit facilities. The District also has contracts with Caltrans for State Transportation Program funds and with Bay Area Air Quality Management District for Carl Moyer funds, which are used either to match Federal Transit Administration grants or to fund transit improvement projects. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for property and equipment acquisition and facility development and rehabilitation are reported in the statement of revenues, expenses and changes in net assets, after nonoperating revenues and expenses as capital contributions.

The District's capital contributions for the years ended June 30, 2010 and 2009 are as follows (in thousands):

	Bridge Division	Bus Division	Ferry Division	Total
Capital contributions in fiscal 2010:				
U.S. Department of Transportation	$19,551	$18,871	$ 8,623	$47,045
U.S. Department of Homeland Security	-	23	127	150
National Science Foundation	518	-	-	518
State Transportation Program	1,112	2,541	672	4,325
Carl Moyer Funds	-	-	2,942	2,942
Local Assistance	189	89	114	392
Total capital contributions	$21,370	$21,524	$12,478	$55,372
Capital contributions in fiscal 2009:				
U.S. Department of Transportation	$15,155	$2,499	$5,031	$22,684
U.S. Department of Homeland Security	-	568	121	689
State Transportation Program	166	1,322	1,892	3,380
I-Bond Security	-	-	-	-
State Transportation Improvement Program	-	-	-	-
Carl Moyer Funds	-	-	311	311
Local Assistance	714	225	284	1,223
Total capital contributions	$16,035	$ 4,613	$ 7,638	$28,287

Compensated Absences – Accumulated vacation and sick leave are recorded as an expense and liability as the benefits accrue to employees.

Operating Revenues and Expenses – consists of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of bridge tolls, transit fares and visitor services sales. Effective with the renegotiated contract entered into in April 2006 with Marin Transit, the fare revenues for the Marin local bus service lines and the related revenues from Marin County's state and local funding sources are classified as operating revenues. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

Net Assets – comprise the various net earnings from operating income, nonoperating revenues, expenses and capital contributions. Net assets are classified into the following three components:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of external constraints imposed by creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restrict the use of net assets.

Unrestricted – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Pension Plans – The District participates in several pension plans covering all employees. Certain union members are covered under single employer or multi-employer plans while other union and nonunion employees participate in the State of California's Public Employees' Retirement System. Pension contributions are based on rates established by negotiated labor contracts or by the actual plans. The District's policy is to fund pension costs as accrued.

Effects of New Pronouncements – In June 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other non-pension benefits. Collectively, these benefits are commonly referred to as other postemployment 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. 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. This Statement has been implemented in fiscal year 2008. Refer to Note 9 for additional details.

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement requires state and local governments to provide the public with better information about the financial impact of environment cleanups. This Statement is effective for the District's fiscal year ending June 30, 2009 and has been implemented. Please refer to note 14 for additional details.

In May 2007, GASB issued Statement No. 50. *Disclosure Requirements for Governmental Pensions and Retiree Healthcare*. The Statement requires agencies to more closely align current pension disclosure requirements with retiree health insurance and other post employment benefits (OPEB). The District has implemented the requirement of the Statement alongside with the implementation of GASB Statement No. 45.

In July 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, providing additional guidance on the accounting of intangible assets. This Statement is effective for the District's fiscal year ending June 30, 2010. This statement is not expected to have an impact on the financial statements.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate held as investments by Endowments*, requiring endowments to report their land and other real estate investments at fair value. This Statement is effective for the District's fiscal year ending June 30, 2009. This Statement has not impacted the District's financial statements.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requiring state and local governments to improve reporting information about derivative instruments in their financial statements. This Statement is effective for the District's fiscal year ending June 30, 2010. This Statement is not expected to have an impact on the financial statements.

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. Accordingly, actual results could differ from those estimates.

Reclassifications – Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

(3) CASH AND INVESTMENTS

The District maintains cash and investments that are available for general use subject to prior Board designations and debt covenant restrictions. At June 30, cash and investments are comprised of the following (in thousands):

	2010	2009
Reported as:		
Unrestricted:		
Cash and cash equivalents	$ 41,848	$ 26,079
Investments	129,377	136,100
Total unrestricted cash and investments	171,225	162,179
Restricted:		
Cash and cash equivalents	23,304	19,587
Total cash and investments	**$194,529**	**$181,766**

Deposits – Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The California Government Code Section 53600 requires California banks and savings and loan associations to secure governmental deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure governmental deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. Such collateral is considered to be held in the District's name. As of June 30, 2010 (and 2009), of the District's bank balance of $7,760,000 (2009, $6,496,000) approximately $7,260,000 (2009, $6,321,000) held in contract retention escrow accounts is uninsured but is collateralized in conformance with the California Government Code.

Investments

At June 30, 2010 and 2009, cash and investments were comprised of the following (in thousands):

	June 30, 2010			June 30, 2009		
Investments	Fair Value	Less than 1 Year	1 -5 Years	Fair Value	Less than 1 Year	1 -5 Years
Federal Agency Notes	$ 60,451	$ 5,247	$ 55,204	$ 77,651	$34,257	$43,394
Federal Agency Notes (Callable)	35,386	-	35,386	14,998	-	14,998
US Treasury Notes	848	848	-	-	-	-
Municipal Bonds	2,995	2,995	-	4,123	1,222	2,901
Medium-term Corporate Notes	32,692	18,393	14,299	39,328	6,567	32,761
Commercial Paper	20,040	20,040	-	14,882	14,882	-
State Treasurer's Investment Pool	37,762	37,762	-	24,332	24,332	-
Federal Obligation Mutual Funds	931	931	-	928	928	-
	$191,105	$86,216	$104,889	$176,242	$82,188	$94,054
Cash and deposits						
Demand deposits	3,389			5,488		
Cash on hand	35			36		
Total cash and investments	**$194,529**			**$181,766**		

Interest Rate Risk – Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. State law limits investment maturities to five years as a means of managing entities' exposure to fair value losses arising from increasing interest rates. In addition, the District limits eligible commercial paper to have a maximum maturity of 270 days or less. The District invests in callable Federal Agency notes as noted above. These issues are sensitive to interest rate changes and are callable at par prior to maturity based on these rate changes.

Credit Risk – The District's investment policy limits corporate commercial paper and medium-term corporate notes investments as follows:

Corporate commercial paper rated in the highest short-term category, as rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record; provided that the issuing corporation is organized and operating within the United States, has total assets of $500 million and has an "A" or higher rating for its long-term debt.

Medium-term corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any State and operating within the United States may be purchased. These notes are to be rated at a level of "A," its equivalent or better by a nationally recognized rating service.

As of June 30, 2010 and 2009, the District held investments with the following Standard and Poor's Corporation ratings and amounts (in thousands):

Investment	Rating	2010	2009
Corporate commercial paper	A-1+	$15,483	$14,882
Corporate commercial paper	A-1	4,558	-
Medium-term corporate notes	AAA	9,014	9,025
Medium-term corporate notes	AA+	5,110	9,713
Medium-term corporate notes	AA	-	2,000
Medium-term corporate notes	AA-	5,284	5,308
Medium-term corporate notes	A+	5,208	5,235
Medium-term corporate notes	A	8,074	8,047
Federal Agency notes	AAA	95,838	92,649
Municipal bonds	AA+	2,995	4,123
Treasury note	Exempt	848	-
LAIF	Unrated	37,762	24,332
Mutual Funds	Unrated	931	928
Total		**$191,105**	**$176,242**

As of June 30, 2010 and 2009, the District's investment in the State Treasurer's investment pool (LAIF) is $37,762,000 and $24,332,000, respectively. The total amount invested by all public agencies in LAIF at those dates is $23,263,615,000 and $25,156,667,000, respectively. LAIF is part of the State of California Pooled Money Investment Account (PMIA). Of the total invested in PMIA, 94.58% and 85.29% is invested in non-derivative financial products and 5.42% and 14.71% in structured notes and asset-backed securities as of June 30, 2010 and 2009, respectively. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. The District's investment in LAIF is unrated.

Concentration of Credit Risk – The District limits the purchase of medium-term corporate notes to not exceed 30% of the District's surplus money. At June 30, 2010 and 2009, these investments are 17% and 22%, respectively, of the District's total investments. At June 30, 2010 and 2009, the District holds more than 5% of the District's investments in the following issuers:

Investment	2010	2009
Federal Home Loan Bank	26.00%	26.31%
Federal Home Loan Mortgage Corporation	13.20%	14.86%
Federal Farm Credit Banks	5.64%	5.94%
Federal National Mortgage Association	5.30%	5.74%
Morgan Stanley FDIC	4.72%	5.15%

4) CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2010 and 2009 was as follows (in thousands):

	Balance July 1, 2009	Additions	Reductions/ Adjustments	Transfers	Balance June 30, 2010
Capital assets, not being depreciated:					
Land	$ 6,650	$ -	$ -	$ -	$ 6,650
Construction in progress	235,391	60,168	(196,792)	-	98,767
Total capital assets, not being depreciated	242,041	60,168	(196,792)	-	105,417
Capital assets, being depreciated:					
Bridge, related buildings and equipment	269,429	186,003	(591)	(41)	454,800
Bus transit property and equipment	114,400	4,917	(83)	39	119,273
Ferry transit property and equipment	92,036	5,872	(32)	2	97,878
Total capital assets, being depreciated	475,865	196,792	(706)	-	671,951
Accumulated depreciation					
Bridge, related buildings and equipment	(106,131)	(14,315)	571	28	(119,847)
Bus transit property and equipment	(74,116)	(6,330)	83	(14)	(80,377)
Ferry transit property and equipment	(59,017)	(4,280)	11	(14)	(63,300)
Less accumulated depreciation	(239,264)	(24,925)	665	-	(263,524)
Total capital assets, being depreciated, net	236,601	171,867	(41)	-	408,427
Total capital assets, net	**$478,642**	**$232,035**	**$(196,833)**	**$ -**	**$513,844**

	Balance July 1, 2008	Additions	Reductions/ Adjustments	Transfers	Balance June 30, 2009
Capital assets, not being depreciated:					
Land	$ 6,650	$ -	$ -	$ -	$ 6,650
Construction in progress	202,410	35,972	(2,991)	-	235,391
Total capital assets, not being depreciated	209,060	35,972	(2,991)	-	242,041
Capital assets, being depreciated:					
Bridge, related buildings and equipment	269,069	1,672	(1,292)	(20)	269,429
Bus transit property and equipment	117,026	1,267	(3,913)	20	114,400
Ferry transit property and equipment	93,572	52	(1,588)	-	92,036
Total capital assets, being depreciated	479,667	2,991	(6,793)	-	475,865
Accumulated depreciation					
Bridge, related buildings and equipment	(99,963)	(7,400)	1,233	(1)	(106,131)
Bus transit property and equipment	(70,792)	(7,248)	3,912	12	(74,116)
Ferry transit property and equipment	(56,609)	(4,003)	1,606	(11)	(59,017)
Less accumulated depreciation	(227,364)	(18,651)	6,751	-	(239,264)
Total capital assets, being depreciated, net	252,303	(15,660)	(42)	-	236,601
Total capital assets, net	**$461,363**	**$ 20,312**	**$ (3,033)**	**$ -**	**$478,642**

Construction in progress consists of the following projects at June 30, 2010 and 2009 (in thousands):

	2010	2009
Bridge seismic south viaduct phase II	$ -	$184,566
Bridge seismic design review III	5,722	4,244
Bridge seismic phase IIIA	34,572	18,098
Bridge science education	574	-
Bridge main cable restoration	819	819
Bridge toll plaza transfer point/pavement	2,271	252
Bridge Movable Median Barrier	1,416	210
Bridge Fastrak® system upgrade	-	953
Bridge south approach improvement	517	131
Bridge suicide deterrent study	1,968	1,844
District asset and fluid management systems	3,589	2,195
District information systems improvements	-	26
Ferry purchase and refurbishment of two vessels	11,693	4,667
Ferry Larkspur terminal channel dredging	702	98
Ferry terminal parking improvements	-	2,160
Ferry major component rehabilitation	-	3,345
Ferry repowering of two vessels	5,083	1,973
Ferry bathroom and access improvement	524	-
Ferry gangway design	659	6
Bus replacement	17,086	-
Bus fare collection system replacement	-	3,129
Bus data center	2,259	658
Bus roof replacement	840	84
Bus communication and information system	3,508	663
Bus fuel tanks replacement	-	766
Bus administration building HVAC replacement	927	954
Bus perimeter security equipment	-	764
Other	4,038	2,786
Total construction in progress	$98,767	$235,391

At June 30, 2010 and 2009, the District had commitments of approximately $84,633,000 and $80,951,000 respectively, for bridge-related projects and approximately $29,956,000 and $20,100,000 for other projects.

(5) COMMERCIAL PAPER NOTES PAYABLE

On July 12, 2000, the District issued commercial paper notes Series A and Series B in an amount of $30,500,000 for each series to provide funds for the Golden Gate Bridge seismic retrofit project and the renovation of main cables of the Bridge. The commercial paper notes are secured by a pledge of the District's revenues and additionally secured by a line of credit. Under this program, the District is able to issue commercial paper notes at prevailing interest rates for periods of maturity not to exceed 270 days. There has been no change in the debt balance since inception of the program. At June 30, 2010, $61,000,000 in commercial paper notes was outstanding and maturing within 30 to 86 days, with interest ranging from 0.30% to 0.35%.

(6) CAPITAL GRANTS PASSED-THROUGH TO MTC

For the years ended June 30, 2010 and 2009 the District passed through its Federal capital assistance allocation to the Metropolitan Transportation Commission (MTC) $9,338,000 (2009, $2,066,000) and Marin Transit $1,382,000 (2009, $1,504,000). These amounts were not recorded in the financial statements because the District served as only a cash conduit to MTC and Marin Transit.

(7) OPERATING ASSISTANCE

The District receives operating assistance from various federal, state and local sources. Transportation Development Act funds are received from the State through Marin and Sonoma Counties to meet, in part, the District's operating requirements based on annual claims filed by the District and approved by MTC. Federal funds are distributed to the District by the Federal Transit Administration after approval by MTC. The District also receives Marin County Transit local funds and other amounts of assistance from other State agencies.

Operating assistance is summarized as follows for the years ended June 30, 2010 and 2009 (in thousands):

	2010	**2009**
Transportation Development Act	$12,368	$13,508
less Marin Transit portion	(3,236)	(3,356)
Federal Transit Administration	50	403
State Transit Assistance	438	3,709
less Marin Transit portion	(149)	(454)
Regional Measure 2	2,493	2,444
Caltrans	437	180
Other	546	491
Total operating assistance	**$12,947**	**$16,925**

(8) PENSION PLANS

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT FUND

Plan Description – All permanent District employees (except bus and ferry operators and deckhands) are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System (CalPERS). The Fund is an agent multi-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on employees' age, years of service, and the highest year's compensation. Employees vest after five years of service and may receive retirement benefits commencing at age 50. These benefit provisions and all other requirements are established by state statute. A stand-alone report for the District's plan is not available; however, CalPERS' annual financial report can be found on their website www.calpers.ca.gov.

Funding Policy – In May 2007, the District amended the plan from 2% of highest compensation at 55 to 2.5% at 55. As a result, active plan members in CalPERS are now required to contribute 8.0% of their annual covered salary. In addition, the District is required to make contributions at an actuarially determined rate. Based on the actuarial valuation, the contribution rate was 16.188%, 16.656%, and 16.707%, for fiscal years 2010, 2009, and 2008, respectively. The contribution requirements of plan members and the District 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, 2010, 2009, and 2008, the District's annual pension costs for CalPERS was $8,937,000, $9,038,000, and $9,117,000, respectively. The required contribution for the year ended June 30, 2010 was determined as part of the June 30, 2007 actuarial valuations, using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 3-year period. CalPERS unfunded actuarial accrued liability is being amortized as a percentage of projected payroll on a closed period basis. The amortization period as of June 30, 2007 is 20 years.

Funding Status and Progress – As of June 30, 2008, the recent actuarial valuation date the plan was 87.0% funded. The actuarial accrued liability was $263,426,000 and the actuarial value of assets was $229,113,000 resulting in an unfunded actuarial accrued liability (UAAL) of $34,313,000. The covered payroll amount was $35,904,000 which resulted in a 95.6% UAAL percentage of covered payroll. The schedule of funding progress is presented in the required supplementary information following the notes to the financial statements. The following depicts the funding progress for the two most recent actuarial valuation dates:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a % of Covered Payroll
6/30/07	$215,000	$249,424	$(34,424)	86.2%	$36,110	(95.3%)
6/30/08	229,113	263,426	(34,313)	87.0%	35,904	(95.6%)

GOLDEN GATE TRANSIT - AMALGAMATED RETIREMENT PLAN

The District's bus operators participate in the Golden Gate Transit - Amalgamated Retirement Plan (the Plan). The Plan is a union administered single employer defined contribution pension plan. The District's contributions to the Plan are based on collective bargaining agreements negotiated each year with union representatives. The Plan provides retirement, death and disability benefits based on employees' age, years of service and average compensation. Employees may receive normal retirement benefits based on a pre-determined formula.

Actual pension cost for the Plan was $3,430,000, $3,242,000, and $3,054,000 for the years ended June 30, 2010, 2009, and 2008, respectively.

OTHER RETIREMENT PLANS

The District's ferry operators and deckhands participate in the Inlandboatmen's Union of the Pacific National Pension Plan (Inlandboatmen's) or the MEBA Towboat Operators Pension Trust (MEBA). Inlandboatmen's and MEBA are union-administered cost-sharing multiple-employer defined contribution pension plans in which the District is a participant.

Annual pension cost for the Inlandboatmen's plan was $293,000, $312,000, and $257,000 for the years ended June 30, 2010, 2009, and 2008, respectively. The District contributed to Inlandboatmen's 14.6%, 15.1%, and 12.6% of payroll for covered employees for the years ended June 30, 2010, 2009, and 2008, respectively. The District's covered payroll for employees participating in this plan was $2,000,000, $2,077,000, and $2,049,000 for the years ended June 30, 2010, 2009, and 2008, respectively.

Annual pension cost for the MEBA plan was $117,000, $113,000, and $121,000 for the years ended June 30, 2010, 2009, and 2008, respectively. The District contributed to MEBA 8.3%, 8.3%, and 9.3% of payroll for covered employees for the years ended June 30, 2010, 2009, and 2008, respectively. The District's covered payroll for employees participating in this plan was $1,413,000, $1,367,000, and $1,297,000 for the years ended June 30, 2010, 2009, and 2008, respectively.

(9) POSTEMPLOYMENT HEALTH CARE PLAN AND OPEB OBLIGATION

Plan Description – In August 2007, the District's Board of Directors adopted the Golden Gate Bridge Highway and Transportation District OPEB Trust (Trust) and created the Golden Gate Bridge, Highway and Transportation OPEB Retirement Investment Trust Board to oversee the assets of the Trust. The Trust is irrevocable and is exempt from federal and state income taxes under Internal Revenue Code Section 115. The sole purpose of the Trust is to provide funds to pay postemployment benefits to qualified retirees and their surviving spouse/domestic partner. Benefit allowance provisions are established through employment agreements and memoranda of understanding (MOUs) between the District and its employees. As a separate entity from the District, the Trust's assets are not available to any District's creditors. A copy of the Trust annual financial report my be obtained by contacting the District Auditor-Controller at Box 9000, Presidio Station, San Francisco, California 94129-0601.

For employees (other than Bus Operators) hired on or after August 9, 1991, the benefits are provided to retiree and dependent coverage based on age plus years of services as follow: 1) the District does not contribute toward the cost of postemployment health benefits for retirees whose combination of age and number of years of service amounts to less than 70 points; 2) the retiree contributes the normal contribution paid by all retirees plus 30% of the COBRA rates for the coverage they select if their combination of age and number of years of service falls within 70-74 points; 3) the retiree contributes the normal contribution paid by all retirees plus 20% of the COBRA rates for the coverage if their combination of age and number of years of service falls within 75-79 points; and 4) the retiree contributes the normal contribution paid by all retirees if their combination of age and number of years of service is equal to or over 80 points.

The benefits are also provided to all employees, (other than Bus Operators) hired between July 1, 1983 through August 8, 1991, who retire from the District on or after attaining age 55 with at least 10 years of service. For those employees age 55 with at least 15 years of service, survivor and dependent care benefits are also received. If the employee began employment at the District prior to January 1, 1983, the benefits are provided on or after attaining age 50 with at least 5 years of service. Currently 426 retirees meet the eligibility requirements.

The Bus Operator retiree medical benefits plan is governed by separate provisions in the MOU between the District and the Amalgamated Transit Union and the Union pension plan document. Currently, 287 retirees meet the eligibility requirements for Bus Operator retiree.

For Bus Operator employees with a seniority date of March 1, 2008, or earlier, the benefits are provided to retiree and dependent coverage upon attainment of age 65; or attainment of age 55 with 15 years of service; or accumulation of 20 years of service and 80 points (age plus years of service; or attainment of age 50 and 25 years of service).

For Bus Operator employees with a seniority date of March 1, 2008, or later, the same benefits are provided as above, except for those who retire at age 65 with less than 10 years of full-time seniority. These employees will be able to purchase health care benefits coverage for themselves and eligible dependents at a percentage of the COBRA rates based upon the following sliding scale:

- Less than 5 years of full-time seniority: 100% of COBRA
- 5 years of full-time seniority: 50% of COBRA
- 6 years of full-time seniority: 40% of COBRA
- 7 years of full-time seniority: 30% of COBRA
- 8 years of full-time seniority: 20% of COBRA
- 9 years of full-time seniority: 10% of COBRA

Funding Policy – The District's contribution to the plan for the year ended June 30, 2010, 2009 and 2008 was based on the actuarial valuation as of July 1, 2009, 2008 and 2007. These valuations provide an estimate of the District's unfunded liability and the annual required contribution (ARC) to be used by the District to fully fund the Trust. It is the District's intent to fully fund each year's ARC.

Funding Status and Progress – As of July 1, 2009, the recent actuarial valuation date, the plan was 5.4% funded. The actuarial accrued liability was $182,930,000 and the actuarial value of assets was $9,819,000 resulting in an unfunded actuarial accrued liability (UAAL) of $173,110,000. The schedule of funding progress is presented in the required supplementary information following the notes to the financial statements. The covered payroll amount was $182,930,000 which resulted in a 336.7% UAAL percentage of covered payroll.

Annual OPEB Cost and Net OPEB Obligation – The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the past two years, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

	2010	**2009**
Annual required contribution	$14,317,000	$13,948,000
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	14,317,000	13,948,000
Contributions made	(14,317,000)	(13,948,000)
Increase in net OPEB obligation	-	-
Net OPEB obligation, beginning of year	-	-
Net OPEB obligation, end of year	**$ -**	**$ -**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Year Ended June 30	**Annual Required Contribution**	**Amount Contributed**	**Percentage Contributed**	**Net OPEB Obligation**
2010	$14,317,000	$14,317,000	100%	$ -
2009	13,948,000	13,948,000	100%	-
2008	13,503,000	13,503,000	100%	-

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and its plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and its plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Entry Age Normal (EAN) cost method was used in the July 1, 2009, actuarial valuation. Actuarial assumptions used included a 7.75 percent investment rate of return on Trust investments, healthcare cost trend rates ranging from an initial rate range of 9.5% to 4.5% reduced by decrements to an ultimate rate of 4.5% percent after eight years. The level percent of payroll is used to calculate the Unfunded Actuarial Accrued Liability (UAAL) amortization. The remaining amortization period at July 1, 2009 was 28 years.

(10) SELF-INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patrons; natural disasters; employee, retiree and dependent health benefits. The District is self-insured for its health benefits, general liability, workers' compensation, Bridge physical use and occupancy, auto liability and public transportation liabilities. The District has set aside assets for claim settlements associated with the above risks of loss up to certain limits. In April 2006, the District did not renew its Bridge Physical Use and Occupancy policy and became self-insured. As a result, the District has designated $5.8 million in net assets as of June 30, 2010 for Bridge self-insurance. The District also adjusted the Property (earthquake/flood) and Marine coverage to better represent the potential liability.

Self-insurance and limits are as follows:

Type of Coverage	Self-Insurance	Excess Coverage
General/Vehicle Liability	$2,000,000 per occurrence	$100,000,000
Workers' Compensation	$1,000,000 per claim	$25,000,000 (statutory limits)
Health Benefits	$1,000,000 per individual	$175,000 stop loss; $1,000,000 lifetime
Property (earthquake/fire)	$250,000 (5% per structure)	$20,000,000 earthquake; $125,000,000 fire
Ferry Hull, Machinery	$350,000 annual aggregate	$1,000,000 per occurrence
Marine	$100,000 annual aggregate	$100,000,000 per occurrence
Crime and Dishonesty	$25,000 per occurrence	$1,000,000 faithful
	$5,000 per occurrence	$500,000 forgery/alteration
	$5,000 all other	$500,000 theft inside/toll
		$15,000 all other locations
		$1,000,000 computer fraud
Public Officials Liability	$100,000 each wrongful act	$2,000,000 per occurrence/annual aggregate
	$100,000 each employment practice	

All property is insured at full replacement value. To date, no settlement amounts have exceeded commercial insurance coverage for the last three years.

The District's estimated self-insurance liability is based on requirements of GASB Statements No. 10 and 30. These statements require a liability for claims to be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The actuarially determined liability includes allocated expenses and a provision for incurred but not reported claims.

Changes in the balances of claims liabilities for the years ended June 30, 2010 and 2009 are as follows (in thousands):

	Balance July 1, 2009	Incurred claims and changes in estimates	Claim payments and related costs	Balance June 30, 2010
Workers' compensation liability	$ 6,780	1,756	(2,398)	$ 6,138
General and property insurance liability	9,054	(2,994)	(403)	5,657
Pollution remediation liability	15,043	-	-	15,043
Subtotal Self-insurance liability	30,877	(1,238)	(2,801)	26,838
Other medical claims liability	761	15,213	(15,089)	885
Combined self-insurance and other medical liability	**$31,638**	**$13,975**	**$(17,890)**	**$27,723**

	Balance July 1, 2008	Incurred claims and changes in estimates	Claim payments and related costs	Balance June 30, 2009
Workers' compensation liability	$ 9,107	(462)	(1,865)	$ 6,780
General and property insurance liability	6,959	2,695	(600)	9,054
Pollution remediation liability	14,850	193	-	15,043
Subtotal Self-insurance liability	30,916	2,426	(2,465)	30,877
Other medical claims liability	958	12,922	(13,119)	761
Combined self-insurance and other medical liability	**$31,874**	**$15,348**	**$(15,584)**	**$31,638**

(11) DESIGNATION OF DISTRICT FUNDS

The Board of Directors has designated available funds for seismic retrofit of the Bridge, other Bridge maintenance and transit capital projects. In addition, the Board has restricted funds due to the legal requirements of the commercial paper program, possible operational emergencies, and self-insured losses.

In November 2008 The Board of Directors committed $75 million for the reconstruction of Doyle Drive. Caltrans, in coordination with the San Francisco County Transportation Authority, is the public agency responsible for the reconstruction of Doyle Drive which is the southern approach to the Golden Gate Bridge. The District is not in charge of this major construction project and is a partner agency in the funding of the reconstruction. The contribution must be paid prior to the completion of construction estimated to be 2014.

(12) RELATED PARTY TRANSACTION

In 2000 the District entered into a promissory note with one Officer of the District and again in 2004 for a second Officer, for which funds were used for personal housing. The principal and interest are payable in 360 consecutive monthly installments. The interest rate is equal to the District's annual average investment yield on its total portfolio. The entire unpaid principal sum and all accrued, unpaid interest shall be due and payable in 12 months from termination of employment. One officer paid off their debt in full in 2009.

In April 2010 and 2009, the District modified the housing note of the one remaining Officer by forgiving $10,000 of the loan principal, each year. As of June 30, 2010 and 2009, the total outstanding balance was $590,000 and $749,000 respectively.

(13) ALLOCATION OF DISTRICT DIVISION EXPENSE

For the years ended June 30, 2010 and 2009, District Division expense has been allocated to the general and administrative expenses of the other divisions by resolution of the Board of Directors as follows (in thousands):

	2010	2009
Bridge Division (including Visitor Services)	$10,062	$ 9,944
Bus Division	8,706	9,185
Ferry Division	4,860	5,374
Total	**$23,628**	**$24,503**

14) ENVIRONMENTAL REMEDIATION

During 1992, the District discovered lead contamination in the soil beneath the north and south approaches to the Golden Gate Bridge. The District entered into a Voluntary Cleanup Agreement (VCA) with the State of California Department of Toxic Substances Control to implement a Remedial Action Plan (RAP) for the first phase of a two-phased cleanup program and a Remedial Investigation/Feasibility Study (RI/FS) and a RAP for the second phase. The District has completed the Phase I cleanup under the VCA and has expensed approximately $6.5 million for that work. The VCA requires that the District complete an RI/FS and RAP of the Phase II areas; the District has recorded an estimate of potential costs to clean up the Phase II areas over the next three years.

The estimate of the lead contamination remediation liability amounted to $13.8 million as of July 1, 2008. This amount was determined upon the expected cash flow technique. The liability can change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

The District is also involved in two additional environmental remediation activities for underground storage tanks located at the Santa Rosa Bus Facility and the Novato Bus Facility. The combined liability for remediation efforts amounted to $1.0 million as of July 1, 2008. This amount was also determined upon the expected cash flow technique, and is subject to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

The liability amounts recognized, for both the Golden Gate Bridge remediation and the storage tanks remediation, on the financial statements did not change between 2009 and 2010.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

SCHEDULE OF FUNDING PROGRESS (UNAUDITED), JUNE 30, 2010 AND 2009 (In thousands)

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT FUND

Funding progress information for the District for 2009 is unavailable as of the date of this report.

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a % of Covered Payroll
6/30/06	$200,060	$234,512	$(34,452)	85.3%	$33,989	(101.4%)
6/30/07	215,000	249,424	(34,424)	86.2%	36,110	(95.3%)
6/30/08	229,113	263,426	(34,313)	87.0%	35,904	(95.6%)

OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS

The District's funding progress information is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a % of Covered Payroll
7/1/07	$ -	$152,767	$(152,767)	-	$55,814	(273.7%)
7/1/08	5,770	160,072	(154,302)	3.6%	57,571	(268.0%)
7/1/09	9,819	182,930	(173,110)	5.4%	51,415	(336.7%)

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES BY DIVISION (NON-GAAP BASIS), YEARS ENDED JUNE 30, 2010 AND 2009 (In thousands)

	Total		Bridge Division (including Visitor Services)		Bus Division		Ferry Division	
	2010	2009	2010	2009	2010	2009	2010	2009
OPERATING REVENUES:								
Bridge tolls	$100,569	$ 97,121	$100,569	$ 97,121	$ -	$ -	$ -	$ -
Transit fares	22,447	21,871	-	-	11,750	11,804	10,697	10,067
Marin Transit revenues	15,638	14,790	-	-	15,638	14,790	-	-
Visitor services revenues	3,082	3,142	3,082	3,142	-	-	-	-
Other operating revenues	1,734	2,811	36	706	1,253	1,543	445	562
Total operating revenues	143,470	139,735	103,687	100,969	28,641	28,137	11,142	10,629
Operations	78,107	76,503	16,506	15,260	48,974	48,343	12,627	12,900
Maintenance	32,907	31,396	17,589	15,301	12,303	12,702	3,015	3,393
General and administrative	28,373	34,006	10,340	13,451	12,167	12,265	5,866	8,290
Depreciation	24,925	18,690	13,966	6,937	6,559	7,557	4,400	4,196
Total operating expenses	164,312	160,595	58,401	50,949	80,003	80,867	25,908	28,779
OPERATING INCOME (LOSS)	(20,842)	(20,860)	45,286	50,020	(51,362)	(52,730)	(14,766)	(18,150)
NONOPERATING REVENUES (EXPENSES):								
Operating assistance:								
State operating assistance	9,858	13,587	437	180	7,994	11,116	1,427	2,291
Federal operating assistance	50	403	-	-	38	302	12	101
Local operating assistance	3,039	2,935	-	9	2,951	2,827	88	99
Total operating assistance	12,947	16,925	437	189	10,983	14,245	1,527	2,491
Investment income	5,634	8,774	5,634	8,774	-	-	-	-
Interest expense	(179)	(751)	(179)	(751)	-	-	-	-
Gain (Loss) on disposal of assets	(28)	96	(10)	9	5	89	(23)	(2)
Contribution to capital	(12,000)	(9,000)	(10,000)	(6,000)	(1,000)	(800)	(1,000)	(2,200)
Bridge self-insurance	(1,300)	(1,436)	(1,300)	(1,436)	-	-	-	-
Total nonoperating revenues (expenses)	5,074	14,608	(5,418)	785	9,988	13,534	504	289
NET INCOME (LOSS)	(15,768)	(6,252)	39,868	50,805	(41,374)	(39,196)	(14,262)	(17,861)
DEPRECIATION AND GAIN/LOSS ON CAPITAL ASSETS ACQUIRED WITH CAPITAL GRANTS	17,483	10,961	8,886	1,810	5,279	6,176	3,318	2,975
EXCESS REVENUES (LOSS)	**$ 1,715**	**$ 4,709**	**$ 48,754**	**$ 52,615**	**$ (36,095)**	**$ (33,020)**	**$ (10,944)**	**$ (14,886)**

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES BY DIVISION
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

(1) RECONCILIATION OF THE SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES BY DIVISION TO THE BASIC FINANCIAL STATEMENTS

As discussed in Note 2, the accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with GASB pronouncements. The following summary reflects the differences between the Supplemental Schedule of Revenues and Expenses and the GAAP basic financial statement for the years ended June 30, 2010 and 2009 (in thousands):

	2010	2009
Contribution to capital reserve and Bridge self-insurance reserve not considered as an expense on the financial statements	$13,300	$10,436
Depreciation and gain/loss on capital assets acquired with capital grants	(17,483)	(10,961)
Capital contribution reflected on Statement of Revenues, Expenses and Changes in Net Assets	55,372	28,287
Total differences	51,189	27,762
Supplemental excess revenue (loss)	1,715	4,709
Net increase in net assets	**$52,904**	**$32,471**

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Statistical Section

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Statistical Section

This section of the comprehensive annual financial report of the District presents detailed information about the District's financial results, major revenue sources, outstanding debt obligations, demographic statistics, and operating activities to help the reader understand the District's overall financial condition.

CONTENTS **PAGE**

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's local revenue sources (tolls and transit fares).

Debt Capacity

This schedule presents information to help the reader assess the affordability of the District's current outstanding debts and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules contain demographic and economic indicators to assist the reader in understanding the environment within which the District's financial activities take place.

Operating Information

This schedule contains service and facility statistics to help the reader understand how the District's financial report relates to its services and operating activities.

Source: Unless otherwise noted, the information in these schedules is unaudited.

TABLE 1: REVENUES BY SOURCE, LAST TEN YEARS (IN THOUSANDS)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OPERATING REVENUES										
Bridge Tolls	$ 59,180	$ 59,289	$ 79,427	$ 84,420	$ 84,213	$ 84,747	$ 85,043	$ 85,416	$ 97,121	$100,569
Bus Transit Fares	16,072	14,751	14,616	13,750	14,514	12,049	11,781	11,589	11,804	11,750
Bus Concessions with Marin Transit[1]	-	-	-	-	-	9,987	14,127	13,898	14,790	15,638
Ferry Transit Fares	5,620	5,235	5,343	6,902	7,570	8,342	9,165	9,864	10,067	10,697
Visitor Concession Services	3,051	2,487	2,657	2,768	3,017	3,059	3,154	3,268	3,142	3,082
Other	2,413	2,696	2,738	4,315	2,839	3,724	3,738	2,287	2,811	1,734
OPERATING REVENUES	$ 86,336	$ 84,458	$104,781	$112,155	$112,153	$121,908	$127,008	$126,322	$139,735	$143,470
State Operating Grants	16,544	18,947	14,113	15,854	17,956	14,398	15,646	16,234	13,587	9,858
Federal Operating Grants	93	282	665	3,066	4,200	3,811	707	482	403	50
Local Operating Grants[2]	(251)	(78)	268	217	3,781	2,593	2,793	3,018	2,935	3,039
Investment Income	6,477	4,388	2,591	818	2,635	4,236	7,900	8,868	8,774	5,634
Capital Contributions	14,119	29,861	50,098	75,140	34,132	23,590	34,141	13,536	28,287	55,372
TOTAL REVENUES	**$123,318**	**$137,858**	**$172,516**	**$207,250**	**$174,857**	**$170,536**	**$188,195**	**$168,460**	**$193,721**	**$217,423**

1. Beginning in 2006, bus services contracted with Marin Transit were separately reported. Prior to this, Marin Transit revenues were included in transit fares.
2. Negative figures reflect impact of adjustments due to prior year refinement of grantor information.

Data Source: District Audited Financial Statements

TABLE 2: EXPENSES BY FUNCTION, LAST TEN YEARS (IN THOUSANDS)

Operating Expenses:	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Bridge										
Operations	$ 12,621	$ 14,465	$ 15,479	$ 12,724	$ 14,176	$ 14,684	$ 14,142	$ 15,436	$ 15,260	$ 16,506
Maintenance	10,814	10,809	12,088	13,003	13,853	14,005	14,632	16,221	15,301	17,589
General and Administrative	8,261	8,114	9,877	13,924	11,936	12,941	11,454	12,046	13,451	10,340
Depreciation	3,542	3,981	5,681	5,843	6,413	7,657	5,536	6,073	6,937	13,966
Bridge	$ 35,238	$ 37,369	$ 43,125	$ 45,494	$ 46,378	$ 49,287	$ 45,764	$ 49,776	$ 50,949	$ 58,401
Bus										
Operations	$ 35,744	$ 38,316	$ 42,779	$ 40,055	$ 36,957	$ 38,131	$ 40,149	$ 46,815	$ 48,343	$ 48,974
Maintenance	10,546	11,026	11,314	9,860	9,947	10,053	9,918	11,213	12,702	12,303
General and Administrative	8,859	10,005	11,780	10,298	11,621	12,049	11,677	12,101	12,265	12,167
Depreciation	7,194	7,438	6,241	5,947	5,633	7,807	7,493	7,432	7,557	6,559
Bus	$ 62,343	$ 66,785	$ 72,114	$ 66,160	$ 64,158	$ 68,040	$ 69,237	$ 77,561	$ 80,867	$ 80,003
Ferry										
Operations	$ 10,056	$ 10,304	$ 10,976	$ 10,062	$ 10,704	$ 10,333	$ 11,033	$ 12,899	$ 12,900	$ 12,627
Maintenance	3,573	2,917	3,070	3,006	2,904	2,511	2,582	3,557	3,393	3,015
General and Administrative	3,278	3,864	3,816	3,912	5,368	5,697	5,450	6,486	8,290	5,866
Depreciation	2,118	2,295	3,242	2,500	6,209	4,709	3,194	4,142	4,196	4,400
Ferry	$ 19,025	$ 19,380	$ 21,104	$ 19,480	$ 25,185	$ 23,250	$ 22,259	$ 27,084	$ 28,779	$ 25,908
Rail[1]										
Operations	$ -	$ -	$ -	$ -	$ 2	$ -	$ -	$ -	$ -	$ -
Maintenance	81	154	165	47	12	10	-	-	-	-
General and Administrative	-	-	-	-	226	196	-	-	-	-
Depreciation	30	33	28	29	30	27	-	-	-	-
Rail	$ 111	$ 187	$ 193	$ 76	$ 270	$ 233	$ -	$ -	$ -	$ -
Total Operating Expenses	**$116,717**	**$123,721**	**$136,536**	**$131,210**	**$135,991**	**$140,810**	**$137,260**	**$154,421**	**$160,595**	**$164,312**
Non Operating Expenses										
Interest[2]	-	-	757	572	1,058	1,781	2,162	1,726	751	179
Other[3]	-	-	-	-	-	1,952	(149)	(3,407)	(96)	28
Special Item-GASB No. 49[4]	-	-	-	-	-	-	-	14,850	-	-
TOTAL EXPENSES	**$116,717**	**$123,721**	**$137,293**	**$131,782**	**$137,049**	**$144,543**	**$139,273**	**$167,590**	**$161,250**	**$164,519**

1. The Rail Division was terminated in March 2006, when the District transferred the assets of this division to Sonoma-Marin Area Rail Transit (SMART).
2. Prior to 2003, interest costs incurred that related to the Bridge Seismic Retrofit Project had been capitalized. After this period, interest costs have been expensed.
3. Beginning in 2006, gain or loss on the disposal of capital assets was separately reflected. Prior to this, gain or loss was included as an offset to depreciation expense.
4. The special item in Fiscal Year 2007/2008 represents the impact of the restatement of net assets as of July 1, 2008, related to the implementation of GASB No. 49 (Pollution Remediation Obligations).

Data Source: District Audited Financial Statements - Supplemental Schedule of Revenues and Expenses by Division (Non-GAAP Basis)

TABLE 3: CHANGES IN NET ASSETS, LAST TEN YEARS (IN THOUSANDS)

	2001	2002	2003	2004	2005[1]	2006	2007	2008	2009	2010
Operating revenues	$ 86,336	$ 84,458	$104,781	$112,155	$117,713	$121,908	$127,008	$126,322	$139,735	$143,470
Operating expenses	(103,833)	(109,974)	(121,344)	(116,891)	(117,706)	(120,610)	(121,037)	(136,774)	(141,905)	(139,387)
Income before depreciation and other nonoperating revenues and expenses	(17,497)	(25,516)	(16,563)	(4,736)	7	1,298	5,971	(10,452)	(2,170)	4,083
Depreciation	(12,884)	(13,747)	(15,192)	(14,319)	(18,285)	(20,200)	(16,223)	(17,647)	(18,690)	(24,925)
Operating Loss	(30,381)	(39,263)	(31,755)	(19,055)	(18,278)	(18,902)	(10,252)	(28,099)	(20,860)	(20,842)
Other nonoperating revenues and expenses, net	22,863	23,539	16,880	19,383	21,954	21,305	25,033	30,283	25,044	18,374
Income before capital contributions and special item	(7,518)	(15,724)	(14,875)	328	3,676	2,403	14,781	2,184	4,184	(2,468)
Capital contributions	14,119	29,861	50,098	75,140	34,132	23,590	34,141	13,536	28,287	55,372
Special item	-	-	-	-	-	(11,403)[2]	-	(14,850)[3]	-	-
CHANGES IN NET ASSETS	**$ 6,601**	**$ 14,137**	**$ 35,223**	**$ 75,468**	**$ 37,808**	**$ 14,590**	**$ 48,922**	**$ 870**	**$ 32,471**	**$ 52,904**

1. To facilitate comparative information, fiscal years ended June 30, 2006 and June 30, 2005 have been reclassified to reflect the terms of the local service contract with Marin Transit.
2. The special item in Fiscal Year 2005/2006 represents the transfer of Rail Division assets to Sonoma-Marin Area Rail Transit (SMART).
3. The special item in Fiscal Year 2007/2008 represents the impact of the restatement of net assets as of July 1, 2008, related to the implementation of GASB No. 49 (Pollution Remediation Obligations).

Data Source: District Audited Financial Statements

TABLE 4: NET ASSETS, LAST TEN YEARS (IN THOUSANDS)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
ASSETS										
Current and other assets	$113,062	$113,371	$110,957	$123,851	$136,042	$161,374	$180,068	$190,901	$206,238	$238,007
Capital assets	289,163	312,824	356,106	421,443	444,145	432,701	459,372	461,363	478,642	513,844
Total Assets	402,225	426,195	467,063	545,294	580,187	594,075	639,440	652,264	684,880	751,851
LIABILITIES										
Current liabilities	18,205	26,906	32,639	34,369	31,639	31,634	29,046	27,461	29,167	40,824
Debt outstanding	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000
Other noncurrent liabilities	17,110	18,242	18,154	19,187	19,002	18,305	17,336	30,875	29,314	31,724
Total Liabilities	96,315	106,148	111,793	114,556	111,641	110,939	107,382	119,336	119,481	133,548
NET ASSETS										
Invested in capital assets, net of debt	228,163	251,824	295,106	360,443	383,145	371,701	398,372	400,362	417,641	452,844
Restricted by enabling legislation:										
Debt service requirements	19,943	13,508	13,624	13,730	13,990	14,082	12,975	12,791	12,791	12,791
Bridge projects	-	-	-	-	971	715	2,262	8,352	5,922	4,636
Transit projects	-	-	-	-	905	1,707	66	5,546	4,050	8,608
Unrestricted	57,804	54,715	46,540	56,565	69,535	94,931	118,383	105,877	124,995	139,424
TOTAL NET ASSETS	**$305,910**	**$320,047**	**$355,270**	**$430,738**	**$468,546**	**$483,136**	**$532,058**	**$532,928**	**$565,399**	**$618,303**

Data Source: District Audited Financial Statements

TABLE 5: TRAFFIC AND PATRON COUNT and TOLL/FARE per VEHICLE/PATRON, LAST TEN YEARS (IN THOUSANDS)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
TRAFFIC AND PATRON COUNT:										
Bridge Traffic										
(Southbound)[1]	21,083	20,347	19,429	19,440	19,399	19,477	19,758	19,658	19,066	19,295
Bus Passengers-Regional	9,484	8,938	8,473	7,941	7,545	4,936	4,000	4,114	3,964	3,392
Bus Passengers-Marin Local	-	-	-	-	-	2,497	3,214	3,259	3,202	3,122
Ferry Passengers	1,886	1,652	1,575	1,661	1,752	1,870	2,025	1,980	1,949	1,931
Club Bus Passengers[2]	131	124	109	96	75	63	58	48	50	49
TOLL AND AVERAGE PATRON FARE:										
Average Toll	$2.81	$2.91	$4.09	$4.34	$4.34	$4.35	$4.30	$4.35	$5.09	$5.21
Average Bus Fare[3]	$1.69	$1.65	$1.73	$1.73	$1.90	$1.95	$2.05	$2.04	$2.10	$2.27
Average Ferry Fare	$2.98	$3.17	$3.39	$4.16	$4.32	$4.46	$4.53	$4.98	$5.17	$5.54

1. The District only charges tolls for one-way (Southbound) traffic direction.
2. The District contracts a limited program of service routes called Club Bus with Coach USA.
3. Beginning in Fiscal Year 2005/2006, bus concessions with Marin Transit were separately reported. Prior to this, concession revenues were included in transit fares. For purposes of this table, the overall average bus fare is inclusive of the Marin Transit routes.

Data Source: District Annual Reports and/or Comprehensive Annual Financial Reports

TABLE 6: CATEGORIES OF TRAFFIC (Southbound), LAST TEN YEARS (IN THOUSANDS)

	2001		2002		2003		2004		2005	
CATEGORY	**COUNT**	**%**	**COUNT**	**%**	**COUNT**	**%**	**COUNT**	**%**	**COUNT**	**%**
Two-Axle Vehicles-Cash	13,516	64.1%	12,381	60.9%	11,425	58.8%	9,853	50.7%	9,549	49.2%
Two-Axle Vehicles- Electronic/Tickets	6,779	32.2%	7,222	35.5%	7,229	37.2%	8,827	45.4%	9,102	46.9%
Other Revenues	136	0.6%	125	0.6%	138	0.7%	136	0.7%	141	0.8%
Carpools	445	2.1%	396	1.9%	407	2.1%	421	2.2%	428	2.2%
Non Revenues	207	1.0%	223	1.1%	230	1.2%	203	1.0%	179	0.9%
TOTAL VEHICLES	**21,083**	**100.0%**	**20,347**	**100.0%**	**19,429**	**100.0%**	**19,440**	**100.0%**	**19,399**	**100.0%**

	2006		2007		2008		2009		2010	
CATEGORY	**COUNT**	**%**	**COUNT**	**%**	**COUNT**	**%**	**COUNT**	**%**	**COUNT**	**%**
Two-Axle Vehicles-Cash	9,402	48.3%	9,226	46.7%	7,846	39.9%	7,107	37.3%	6,890	35.7%
Two-Axle Vehicles- Electronic/Tickets	9,316	47.8%	9,785	49.5%	11,105	56.4%	11,271	59.1%	11,736	60.8%
Other Revenues	138	0.7%	141	0.7%	128	0.7%	103	0.5%	101	0.5%
Carpools	428	2.2%	422	2.2%	428	2.2%	439	2.3%	421	2.2%
Non Revenues	193	1.0%	184	0.9%	150	0.8%	146	0.8%	148	0.8%
TOTAL VEHICLES[1]	**19,477**	**100.0%**	**19,758**	**100.0%**	**19,657**	**100.0%**	**19,066**	**100.0%**	**19,295**	**100.0%**

1. The District charges tolls only in the southbound direction; therefore, the category for Total Vehicles includes only the southbound traffic.

Data Source: Finance-Auditing Committee Board Reports

TABLE 7: OPERATING INDICATORS BY TRANSIT MODE, LAST TEN YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
AVERAGE PASSENGER FARES										
Bus	$1.69	$1.65	$1.73	$1.73	$1.90	$1.95	$2.05	$2.04	$2.10	$2.27
Ferry	$2.98	$3.17	$3.39	$4.16	$4.32	$4.46	$4.53	$4.98	$5.17	$5.54
PASSENGER COUNT*										
Bus	9,484	8,938	8,473	7,941	7,545	7,433	7,214	7,373	7,166	6,514
Ferry	1,886	1,652	1,575	1,661	1,752	1,870	2,025	1,980	1,949	1,931
OPERATING COSTS*										
(excluding depreciation)										
Bus	$53,711	$57,740	$63,744	$58,533	$56,522	$58,184	$59,073	$61,443	$64,348	$64,516
Ferry	$16,808	$16,848	$17,685	$16,926	$18,948	$18,510	$19,030	$21,851	$23,403	$20,332
PASSENGER MILES*										
Bus	118,652	105,768	101,384	89,699	66,571	72,627	66,062	61,348	61,141	79,443
Ferry	21,814	19,408	18,542	18,815	19,682	20,847	22,272	22,036	21,535	23,515
REVENUE VEHICLE MILES*										
Bus	7,753	7,891	7,540	5,913	5,116	5,079	5,110	5,284	5,394	5,447
Ferry	181	188	189	184	184	184	187	188	187	187
NUMBER OF ACTIVE BUSES/VESSSELS										
Bus	278	278	278	208	222	207	201	198	201	174
Ferry	5	5	5	5	5	5	5	5	5	5

*These figures are in thousands.

Data Source: Passenger Count per Table 5; all other information is from the National Transit Database Report, Direct Operations only.

TABLE 8: COMMERCIAL PAPER DEBT PAYMENT COVERAGE COVENANT, LAST TEN YEARS (IN THOUSANDS)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Revenues (Less Capital Contribution)	$109,195	$107,998	$122,578	$132,183	$140,725	$146,946	$154,054	$154,924	$165,434	$162,139
Less:										
Total Operating Expenses (Less Depreciation and Debt Payments)	(103,967)	(109,968)	(120,373)	(119,207)	(117,704)	(120,610)	(121,037)	(136,774)	(141,905)	(142,762)
Total Net Revenues	5,228	(1,970)	2,205	12,976	23,021	26,336	33,017	18,150	23,529	19,377
Plus:										
Operating Reserve Fund	7,320	7,320	7,320	7,320	7,320	7,320	7,320	7,320	7,320	7,320
Total Net Revenues and Operating Reserve Fund	$ 12,548	$ 5,350	$ 9,525	$ 20,296	$ 30,341	$ 33,656	$ 40,337	$ 25,470	$ 30,849	$ 26,697
Actual Commercial Paper Debt Service	$ 2,029	$ 1,300	$ 757	$ 572	$ 1,058	$ 1,781	$ 2,162	$ 1,726	$ 751	$ 179
Coverage (With Operating Reserve)	6.2	4.1	12.6	35.5	28.7	18.9	18.7	14.8	41.1	149.1
Coverage (Without Operating Reserve)	2.6	(1.5)	2.9	22.7	21.8	14.8	15.3	10.5	31.3	108.3

On July 12, 2000, the District issued commercial paper notes in Series A and Series B in an amount of $30.5 million for each series to provide funds for the Golden Gate Bridge seismic retrofit project and the renovation of main cables of the Bridge. The commercial paper covenant requires the District to establish a budget that produces sufficient revenues to pay twice as much debt service as projected. Debt service requirement includes $7.3 million Operating Reserve Fund, as required by the covenant. This table reflects the actual coverage since inception of the commercial paper program.

Data Source: District Adopted Budget

TABLE 9: RATIO OF OUTSTANDING DEBT AND DEBT SERVICE, LAST TEN YEARS (IN THOUSANDS)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
COMMERCIAL PAPER DEBT:	$61,000	$61,000	$61,000	$61,000	$61,000	$61,000	$61,000	$61,000	$61,000	$61,000
Percentage Of Personal Income (Three County Region)[1]	0.0789%	0.0817%	0.0819%	0.0765%	0.0699%	0.0630%	0.0594%	0.0586%	0.0586%	0.0586%
Per Capita (Three County Region)	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04
Total Outstanding Debt Per Traffic/Passenger Count	$1.96	$2.06	$2.09	$2.12	$2.11	$2.10	$2.10	$2.10	$2.16	$2.20
DEBT SERVICE:	$1,300	$757	$572	$1,058	$1,781	$2,162	$1,726	$1,726	$751	$179
Percentage Of Personal Income (Three County Region)	0.0026%	0.0017%	0.0010%	0.0007%	0.0012%	0.0019%	0.0022%	0.0017%	0.0017%	0.0017%
Per Capita (Three County Region)	$0.00135	$0.00086	$0.00050	$0.00038	$0.00069	$0.00116	$0.00140	$0.00110	$0.00047	$0.00011
Total Outstanding Debt Service Per Traffic/Passenger Count[2]	$0.040	$0.024	$0.019	$0.036	$0.062	$0.075	$0.059	$0.059	$0.027	$0.006

1. Due to unavailable statistical information, the displayed information for Fiscal Year 2008/2009 and Fiscal Year 2009/2010 is the same as Fiscal Year 2007/2008.

2. Information of traffic/passenger count is as follows (thousands):

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Traffic Vehicle Count	21,084	20,347	19,428	19,441	19,398	19,476	19,758	19,658	19,066	19,295
Number Of Transit Passengers	11,501	10,714	10,157	9,698	9,372	9,366	9,297	9,401	9,165	8,494
Total Traffic/Passengers	32,585	31,061	29,585	29,139	28,770	28,842	29,055	29,059	28,231	27,789

Data Source: District Annual Reports and/or Comprehensive Annual Financial Reports

TABLE 10: DEMOGRAPHIC AND ECONOMIC INFORMATION, LAST TEN YEARS

Marin County

	Population[1]	Personal Income (In thousands)[2]	Per Capita Personal Income[2]	Median Age[3]	Average Unemployment Rate[4]
2001	248,879	$16,899,722	$68,093	*	3.5%
2002	249,773	16,158,935	65,464	*	4.9%
2003	250,402	16,340,714	66,488	*	4.9%
2004	250,789	18,114,794	74,035	*	4.4%
2005	251,586	19,763,926	80,580	43.6	3.9%
2006	252,921	21,793,000	89,191	43.6	3.5%
2007	254,527	23,122,000	93,953	44.2	3.6%
2008	256,511	23,136,000	93,159	44.7	4.7%
2009	258,618	*	*	44.4	7.8%
2010	260,651	*	*	*	8.4%

City/County of San Francisco

	Population[1]	Personal Income (In thousands)[2]	Per Capita Personal Income[2]	Median Age[3]	Average Unemployment Rate[4]
2001	785,534	$43,480,208	$55,869	37.3	5.1%
2002	793,086	41,493,071	54,016	38.3	6.9%
2003	797,992	40,885,951	53,864	38.3	6.7%
2004	801,753	43,538,019	57,870	39.2	5.8%
2005	806,433	48,545,328	64,601	39.4	5.0%
2006	812,880	53,917,000	66,584	39.4	4.2%
2007	823,004	57,417,000	71,844	40.0	4.2%
2008	835,364	58,752,000	72,712	40.4	5.2%
2009	845,559	*	*	38.5	9.0%
2010	856,095	*	*	*	9.7%

Sonoma County

	Population[1]	Personal Income (In thousands)[2]	Per Capita Personal Income[2]	Median Age[3]	Average Unemployment Rate[4]
2001	464,483	$16,968,675	$36,502	*	3.7%
2002	468,379	16,966,662	36,526	38.4	5.1%
2003	470,738	17,252,954	37,097	37.9	5.5%
2004	473,516	18,040,407	38,793	*	5.0%
2005	475,536	18,925,932	40,821	38.9	4.7%
2006	476,659	21,132,000	45,960	38.5	4.2%
2007	478,662	22,116,000	47,929	39.8	4.5%
2008	482,297	22,274,000	47,755	39.3	5.7%
2009	486,630	*	*	39.4	9.7%
2010	493,285	*	*	*	10.5%

1. Data Source: U.S. Census Bureau
2. Data Source: U.S. Department of Commerce-Bureau of Economic Analysis
3. Data Source: U.S. Census Bureau, American Community Survey
4. Data Source: California Employment Development Department

*Information not available

TABLE 11: PRINCIPAL EMPLOYERS, CURRENT AND PREVIOUS PERIOD COMPARISON

Marin County

Principal Employers[1]	Type of Entity	Employees in 2008	Rank	% of Total County Employment	Employees in 2005	Rank	% of Total County Employment
County of Marin	Government	3,031	1	2.43%	1,993	1	1.61%
State of California	Government	1,999	2	1.60%	1,638	4	1.32%
Marin General Hospital	Hospital	1,450	3	1.16%	1,350	5	1.09%
Kaiser Permanente	Hospital	1,398	4	1.12%	1,725	3	1.39%
Autodesk, Inc.	Software	1,141	5	0.91%	831	8	0.67%
Fireman's Fund	Insurance	1,018	6	0.82%	1,300	6	1.05%
Safeway	Grocery	930	7	0.75%	881	7	0.71%
Dominican University	School	884	8	0.71%	-	-	-
Novato Unified School District	School	875	9	0.70%	825	9	0.67%
Golden Gate Bridge District	Government	838	10	0.67%	824	10	0.67%
Lucasfilm Companies	Movie Production	-	-	0.00%	1,800	2	1.46%
Total		13,564		10.87%	13,167		10.64%

City/County of San Francisco

Principal Employers[2]	Type of Entity	Employees in 2008	Rank	% of Total County Employment	Employees in 2001	Rank	% of Total County Employment
City/County of San Francisco							
City and County of San Francisco	Government	26,665	1	6.25%	29,610	1	5.85%
UC, San Francisco	School	18,200	2	4.27%	13,835	2	2.95%
Wells Fargo & Co.	Banking	8,718	3	2.04%	6,366	5	1.36%
California Pacific Medical Center	Hospital	6,600	4	1.55%	-	-	-
State of California	Government	6,021	5	1.41%	11,296	3	2.41%
Charles Schwab & Co., Inc	Investment	4,600	6	1.08%	9,873	4	2.10%
United States Postal Service	Government	4,571	7	1.07%	4,500	10	0.96%
PG&E Corporation	Utility	4,350	8	1.02%	5,000	8	1.07%
Gap, Inc.	Retail	4,172	9	0.98%	-	-	-
San Francisco State University	School	3,831	10	0.90%	-	-	-
SF Unified School District	School	-	-	-	5,579	6	1.19%
AT&T	Telecommunications	-	-	-	5,200	7	1.11%
Pacific Bell/SBC Communications	Telecommunications	-	-	0.00%	4,600	9	0.98%
Total		87,728		20.57%	95,859		19.98%

Note: Information for nine years ago is not available; information for an available prior period is provided as an alternative.
1. Data Source: San Rafael Chamber of Commerce
2. Data Source: City and County of San Francisco, June 30, 2009 CAFR

Sonoma County Principal Employers[3]	Type of Entity	Employees in 2008	Rank	% of Total County Employment	Employees in 2005	Rank	% of Total County Employment
Kaiser Permanente	Hospital	2,400	1	1.02%	1,850	8	0.75%
St. Joseph Health Care System	Medical	1,781	2	0.75%	2,493	5	1.02%
Sutter Medical Center	Hospital	1,097	3	0.46%	-	-	-
Safeway, Inc.	Grocery	1,082	4	0.46%	-	-	0.00%
Agilent Technologies	Telecommunications	1,050	5	0.44%	3,900	2	1.59%
Medtronic Cardio Vascular	Medical	1,000	6	0.42%	-	-	-
Amy's Kitchen	Food Processing	900	7	0.38%	-	-	-
River Rock Casino	Casino	660	8	0.28%	-	-	-
Wal-Mart Stores, Inc.	Retail	650	9	0.28%	-	-	-
Kendall Jackson Wine Estates	Winery	640	10	0.27%	-	-	-
AT&T	Telecommunications	-	-	-	-	-	-
County of Sonoma	Government	-	-	-	4,912	1	2.00%
State of California	Government	-	-	-	3,886	3	1.58%
Santa Rosa Junior College	School	-	-	-	3,586	4	1.46%
Sonoma Development Center	Hospital	-	-	-	2,202	6	0.90%
United States Government	Government	-	-	-	2,145	7	0.87%
Santa Rosa City Schools	School	-	-	-	1,725	9	0.70%
Sonoma State University	School	-	-	-	1,614	10	0.66%
Total		11,260		4.77%	28,313		11.55%

Note: Information for nine years ago is not available; information for an available prior period is provided as an alternative.
3. Data Source: County of Sonoma, June 30, 2009 CAFR

TABLE 12: CAPITAL ASSETS BY DIVISION, LAST TEN YEARS (IN THOUSANDS)

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Traffic:										
Bridge and Visitors Services	1	1	1	1	1	1	1	1	1	1
Visitor Services building	1	1	1	1	1	1	1	1	1	1
Maintenance buildings	1	1	1	1	1	1	1	1	1	1
Service vehicles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	35
Total capital expenditures for Bridge, related buildings and equipment (not being depreciated)[1]	$162,311	$163,476	$248,211	$249,255	$256,954	$253,770	$259,055	$269,069	$269,429	$454,800
Bus Transit:										
Active buses	278	578	578	208	222	207	201	198	201	174
Service vehicles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	31
Operating yards	3	3	3	3	3	3	3	3	3	3
Total capital expenditures for bus transit property and equipment (not being depreciated)	$108,326	$108,682	$109,439	$123,922	$126,215	$114,587	$110,159	$117,026	$114,400	$119,273
Ferry Transit:										
Active ferry vessels	5	5	5	5	5	5	5	5	5	5
Passenger Stations	2	2	2	2	2	2	2	2	2	2
Service vehicles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9
Service crafts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
Operating yards	1	1	1	1	1	1	1	1	1	1
Total capital expenditures for ferry transit property and equipment (not being depreciated)	$68,289	$78,911	$76,520	$77,295	$77,886	$79,723	$83,639	$93,572	$92,036	$97,878

N/A – Information Not Available
1. Reflects Bridge Seismic Retrofit Construction for South Viaduct (Phase II)

Data Source: District Records, Annual Reports and Comprehensive Annual Financial Reports

TABLE 13: MISCELLANEOUS OPERATING INFORMATION, LAST TEN YEARS (Updated as of June 30, 2010)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Golden Gate Bridge Division										
Annual traffic volume										
(Southbound only)*	21,083	20,347	19,429	19,440	19,399	19,477	19,758	19,657	19,066	19,295
Bridge employees - Operations	N/A	98	98	99	85	87	101	101	101	101
Bridge employees -										
Maintenance & Admin.	N/A	145	155	141	127	127	108	108	108	108
Bridge employees - Total	243	243	253	240	212	214	209	209	209	209
Golden Gate Transit Division										
Number of active buses	278	578	578	208	222	207	201	198	201	174
Annual revenue vehicle miles*	7,753	7,891	7,540	5,913	5,116	5,079	5,110	5,284	5,394	5,447
Annual revenue vehicle hours*	423	437	429	381	341	338	337	341	349	343
Bus employees - Bus Operators	393	393	361	280	280	280	280	280	280	280
Bus Employees -										
Maintenance & Admin.	170	171	171	122	116	113	113	118	120	120
Bus employees - Total	563	564	532	402	396	393	393	398	400	400
Golden Gate Ferry Division										
Number of active vessels in fleet	5	5	5	5	5	5	5	5	5	5
Annual revenue vessel miles*	181	188	189	184	184	184	187	188	187	187
Annual revenue vessel hours*	15	14	15	14	14	14	14	14	14	14
Ferry employees - Operations	N/A	80	80	75	64	58	62	63	63	63
Ferry Employees -										
Maintenance & Admin.	N/A	22	24	25	18	16	16	16	16	16
Ferry employees - Total	99	102	104	100	82	74	78	79	79	79
Golden Gate Bridge Administrative Staff (including Finance, Information Systems, Human Resources, Planning, etc.)	118	122	137	122	143	144	148	151	151	151
Total number of Districtwide employees	1,023	1,031	1,026	854	833	825	828	837	839	839
Service Area Provided by Golden Gate Transit										
Square Miles	256	256	256	256	256	256	325	325	160	160
Population	619	619	619	619	619	619	590	590	815	815

Organization: Political subdivision of the State of California
Governing body: 19-member Board of Directors, with appointed General Manager/CEO
*Information is to the nearest 1000
N/A - Information not available

Data Source: District Adopted Budget, tables within this CAFR, and the National Transit Database Report

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Single Audit Section

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

VALUE THE DIFFERENCE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

The Board of Directors of the
Golden Gate Bridge,
Highway & Transportation District
San Francisco, California

We have audited the financial statements of the Golden Gate Bridge, Highway & Transportation District (the District) as of and for the year ended June 30, 2010, and have issued our report thereon, dated November 18, 2010. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in a separate letter that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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FRESNO LAGUNA PALO ALTO PLEASANTON RANCHO CUCAMONGA

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, federal granting agencies and the Controller of the State of California, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
November 18, 2010

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FRESNO LAGUNA PALO ALTO PLEASANTON RANCHO CUCAMONGA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE TRANSPORTATION DEVELOPMENT ACT

The Board of Directors of the
Golden Gate Bridge,
Highway & Transportation District
San Francisco, California

We have audited the financial statements of the Golden Gate Bridge, Highway & Transportation District (the District) as of and for the year ended June 30, 2010, and have issued our report thereon, dated November 18, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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.

Compliance with laws, regulations, contracts and grants is the responsibility of the management of the District. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of the Transportation Development Act, as amended and allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 6667 of Title 21 of the California Code of Regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The result of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* and the standards referred to in the second and third paragraphs.

This report is intended solely for the information and use of the Board of Directors and management of the District and for filing with the Metropolitan Transportation Commission and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
November 18, 2010

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FRESNO LAGUNA PALO ALTO PLEASANTON RANCHO CUCAMONGA

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

VALUE THE DIFFERENCE

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors of the
Golden Gate Bridge,
Highway & Transportation District
San Francisco, California

Compliance

We have audited the compliance of the Golden Gate Bridge, Highway & Transportation District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each its major Federal programs for the year ended June 30, 2010. The Golden Gate Bridge, Highway & Transportation District's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Golden Gate Bridge, Highway & Transportation District's management. Our responsibility is to express an opinion on Golden Gate Bridge, Highway & Transportation District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Golden Gate Bridge, Highway & Transportation District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Golden Gate Bridge, Highway & Transportation District's compliance with those requirements.

In our opinion, the Golden Gate Bridge, Highway & Transportation District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

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FRESNO LAGUNA PALO ALTO PLEASANTON RANCHO CUCAMONGA

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for purposes of expressing an opinion on the effectiveness of the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or, combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
November 18, 2010

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FRESNO LAGUNA PALO ALTO PLEASANTON RANCHO CUCAMONGA

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Program Description	CFDA Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION		
Highway Planning and Construction:*		
CA-04-6003 Program supplement #002-M Seismic Retrofit Project (Phase III Design)	20.205	$ 770,882
CA-04-6003 Program supplement #002-M Seismic Retrofit Project (Phase II)	20.205	(219,732)
CA-04-6003 Program supplement #004-M Seismic Retrofit Project (Phase IIIA)	20.205	18,539,510
CA-04-6003R Program supplement #008-N Moveable Barrier	20.205	156,108
CA-04-6003R Program supplement #009-N SR Transit Center & LFT in Marin County	20.205	12,288
CA-70-X005 FY08 Larkspur Terminal Improvements (Flex) UPA	20.205	125,565
Subtotal		19,384,621
Federal Transit Cluster:		
Federal Transit Capital Investment Grants:		
CA-05-0231 FY2009 FG MOD	20.500	356,240
Federal Transit Formula Grants:		
CA-90-Y092 FYLarkspur & Ride Pavement Rehab	20.507	1,395,037
CA-90-Y120 FY2002 Capital	20.507	2,422,238
CA-90-Y213 FY2003 Capital	20.507	1,108,139
CA-90-Y241 FY2004 Capital	20.507	145,036
CA-90-Y353 FY2005 Capital	20.507	3,139,473
CA-90-Y401 FY2006 Capital	20.507	14,951,241
CA-90-Y517 FY2007 Capital	20.507	4,920,897
CA-95-X024 FY 2007 Capital (Flex Funds)	20.507	176,183
CA-90-Y600 FY2008 Capital	20.507	4,711,187
CA-90-Y654 FY2009 Capital	20.507	820,528
CA-96-X028 Rehab Ferry/Purchase Equipment - ARRA	20.507	4,233,657
Subtotal		38,023,616
Subtotal - Federal Transit Cluster		38,379,856
Federal Transit Metropolitan Planning Grants **:		
CA-81-2003(15) SRTP 2008-2010	20.505	50,000
Total from U.S. Department of Transportation		57,814,477
U.S. DEPARTMENT OF HOMELAND SECURITY		
Transit Security Grant Program (TSGP)	97.075	149,964
NATIONAL SCIENCE FOUNDATION		
Informal Science Education	47.076	518,469
TOTAL FEDERAL AWARDS		**$58,482,910**

* Program funds passed through to the District by the California Department of Transportation.
** Program funds passed through to the District by the Metropolitan Transportation Commission.

See accompanying notes to the schedule of expenditures of federal awards.

GOLDEN GATE BRIDGE,
HIGHWAY & TRANSPORTATION DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Golden Gate Bridge, Highway & Transportation District (the District). The District's reporting entity is defined in Note 1 of the District's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies to the District are included in the accompanying schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the District's financial statements.

Relationship to the Basic Financial Statements

Federal financial assistance is reported in the District's financial statements as Federal Operating Assistance and Capital Contributions.

Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports. However, certain federal financial reports are filed based on cash expenditures. As such, certain timing differences may exist in the recognition of revenues and expenditures between the Schedule of Expenditures of Federal Awards and the Federal Financial reports.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT

SUMMARY OF AUDITORS RESULTS
YEAR ENDED JUNE 30, 2010

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program or Cluster
20.500 and 20.507	Federal Transit Cluster (includes ARRA)

Dollar threshold used to distinguish between Type A and Type B programs:	$1,754,487
Auditee qualified as low-risk auditee?	Yes

GOLDEN GATE BRIDGE®
HIGHWAY & TRANSPORTATION DISTRICT

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