



SAN RAFAEL
THE CITY WITH A MISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2016



Sunset at Loch Lomond Marina



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2016

City of San Rafael, California
1400 Fifth Avenue
San Rafael, California 94901

Prepared by the Finance Department of the City of San Rafael





San Rafael Theater

INTRODUCTORY SECTION



CITY OF SAN RAFAEL, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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October 17, 2016

Honorable Mayor, Members of the City Council and Residents of San Rafael:

The Comprehensive Annual Financial Report (“CAFR”) of the City of San Rafael (“City”) for the year ended June 30, 2016, is hereby submitted as required by local ordinances, state statutes and bond covenants. This financial report has been prepared in conformance with Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board and includes the report of the independent certified public accounting firm, Maze and Associates Accountancy Corporation, which has issued an unqualified, or “clean” opinion on the City’s financial statements for the fiscal year ended June 30, 2016.

The independent audit of the financial statements is part of a broader, federally mandated examination known as a “Single Audit”, which is designed to meet the needs of federal grantor agencies. The standards governing Single Audits require the independent auditor to report on the audited agency’s internal controls and compliance with legal requirements, with special emphasis on such controls and requirements involving the administration of federal funding. These reports will be available in the City’s separately issued Single Audit Report.

City Management is responsible for both the data accuracy, and the completeness and fairness of the presentation of this report. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City. Further, the CAFR is prepared in accordance with procedures and policies set by the Government Finance Officers Association. The analysis of the financial condition and the result of operations can be found in the financial section of the Management’s Discussion and Analysis document. The CAFR is organized into three sections:

1. Introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the City’s elected and appointed officials.
2. Financial section, includes the general-purpose financial statements, related footnote disclosures, and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report.
3. Statistical section, which is unaudited, includes selected financial and demographic information, presented on a multi-year basis. Generally, ten-year data is presented for expenditures, revenues, assessed valuation for local properties and construction activity.



REPORTING ENTITY – PROFILE OF THE GOVERNMENT

The City of San Rafael is located 17 miles north of San Francisco in Marin County. Protected by its Mediterranean like setting along the shores of the San Francisco Bay, the City enjoys a mild climate year round. As the County seat, San Rafael is considered the commercial, financial, cultural and civic hub of Marin County. Abundant recreational facilities are available in and around the City. The City's park and recreational resources include 19 city parks, 393 acres of developed parkland, city and county open space, and China Camp State Park. San Rafael is close to other attractions, including the Golden Gate Bridge, Muir Woods, Point Reyes National Seashore, Mount Tamalpais, multiple state parks, San Francisco, Oakland and the Sonoma and Napa wine country.

In 1874, the City of San Rafael became the first incorporated city in the county, later becoming a charter city in 1913 by vote of City residents. The City Council comprises five members; four are elected at-large to four-year terms while the mayor is elected separately to a four-year term. The City's land area is 22 square miles, including seventeen square miles of land and 5 of water and tidelands. San Rafael's population on January 1, 2016 was 60,582, an increase of 0.1% from the January 1, 2015 population of 60,507 (revised from 59,214).

Downtown San Rafael is the location of many community events, including the Thursday night Farmers Market Festivals six months out of the year, Second Friday Art Walks, the Twilight Criterium Bike Race, Mill Valley Film Festival, Winter Wonderland/Parade of Lights, and many more. San Rafael is also the heart of the County's cultural activities with venues such as the Marin Center, which presents numerous ballets, concerts, speaking engagements as well as the award winning Marin County Fair; the Falkirk Cultural Center, providing art exhibits and children's programming; the Christopher B. Smith Film Center, and a host of other diverse dining and entertainment venues. The City is also home to the distinguished Dominican University of California.

The City of San Rafael provides a full range of municipal services required by statute or charter, namely: police and fire protection, construction and maintenance of streets, parks, storm drains and other infrastructure, recreation, childcare, permits, planning, code enforcement, and a library system serving two locations. The City performed certain infrastructure construction and economic development activities through a separate Redevelopment Agency until its dissolution on February 1, 2012. The City of San Rafael accepted the role of Successor Agency to the Redevelopment Agency per Council action on January 3, 2012, and now conducts its economic development activities with funding from its General Fund.



The City and California Municipal Finance Authority compose the San Rafael Joint Powers Financing Authority, originally established by the City and former Redevelopment Agency for the purpose of financing redevelopment and other projects. The San Rafael Sanitation District is a discretely presented component unit of the City of San Rafael and is presented independent of City financial information. For a further explanation of these entities, refer to Note 1 – Summary of Significant Accounting Policies in the Financial Section of the CAFR.

The City participates in various organizations through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these agencies exercise full powers and authorities within the scope of the related Joint Powers Agreement including the preparation of annual budgets, accountability for all funds, and the power to make and execute contracts. Obligations and liabilities of the separate entities are not those of the City. For a further explanation of these separate entities, refer to Note 12 – Jointly Governed Organizations in the CAFR.

Fiscal year 2015-2016 marks the second year of implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*. The purpose of this reporting requirement is to improve the decision-making usefulness of information in financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The net pension liability reported as of June 30, 2016, is based on the latest available GASB 67/68 report prepared by the Marin County Employees' Retirement Association (MCERA), which was prepared as of June 30, 2015. The next report is anticipated to be completed within the next 60 days. The City expects the measurement of its net pension obligation to increase from the \$142.3 million reported in this year's financial reports. The primary factor contributing to this increase is the annual investment return for fiscal year 2015-2016 which, at 1.68%, fell significantly short of the assumed 7.25% rate. More detailed and specific information will be available once MCERA releases its report.

ECONOMIC FACTORS

The City has a diversified economic base, which includes an assortment of high-tech, financial, service-based, entertainment and industrial businesses. Downtown San Rafael provides a mix of restaurants, retail shops and financial institutions. The City's varied economic base is reflected in its property tax base, which is 71% residential, 19% commercial; 4% institutional, 6% unsecured and others. The top 50 sales tax producers provide 59% of overall sales tax revenues.



Fiscal year 2015-2016, marked the second full year of the Measure E Transaction and Use Tax (TUT). This 0.75% tax took effect in April 2014, supplanting the former TUT (Measure S) of 0.50%. The revenue from this tax was approximately \$11.5 million in the year ended June 30, 2016, with one-third of the funds allocated to the San Rafael Essential Facilities project, which includes construction and improvements to several public safety facilities. Approximately \$6.3 million has been accumulated for this project, for which design work is well underway and construction expected to begin in the upcoming fiscal year. Total Measure E revenues account for 16% of General Fund Revenues. Regular sales tax revenues, which have shown a significant recovery over the past few years, account for 30% of General Fund revenues; while property-related taxes, which have also recovered well, account for 23% of General Fund revenues.

Demographic Data

The following is a sample of demographic and economic attributes that make San Rafael an exceptional place to live and work.

- ☒ Economic development organizations in San Rafael include the San Rafael Chamber of Commerce, Downtown Business Improvement District, and the Marin Economic Forum.
- ☒ Marin County's top 10 employers include Kaiser Permanente, Marin General Hospital, BioMarin Pharmaceutical, Autodesk, Dominican University of California, Bradley Real Estate, Novato Community Hospital Wells Fargo, FICO, and W Bradley Electric.
- ☒ Major shopping areas, as measured in available retail square footage, include the Downtown corridor (938,000 aggregate), Northgate Mall (725,000), Montecito Center (130,000) and Northgate One (113,900).
- ☒ The top three sales tax categories in 2016 for San Rafael were: 1. Autos and Transportation (33.1%), 2. General Consumer Goods (20%), and 3. Building and Construction (18.8%).
- ☒ Several hotels and motels support tourism activity, led by 235 room facilities for both the Embassy Suites and Four Points Sheraton. Citywide, the total number of hotel rooms is 787.
- ☒ Establishing and maintaining affordable residential housing for sale and lease continues to be a challenge both in San Rafael and throughout Marin County. Rents for one-bedroom apartments range from \$2,000 to \$2,440, while two bedroom apartments go for \$2,625 to \$3,505. The median home value in San Rafael is \$880,300.

Recent growth and economic vibrancy:

- BioMarin Pharmaceutical received approvals for a new office building (72,000 sq. ft.) along with the second phase of the parking garage (an additional 300 parking spaces to the recently completed 600 space garage).



- BioMarin Pharmaceutical purchased a 3 acre site across from its Corporate Center site and intends to apply for 200,000 square feet of additional office space. Upon approval and construction of the new office buildings, the BioMarin Pharmaceutical corporate headquarters facility will include a total of 673,000 square feet at its campus.
- The former Yardbirds Garden Center was re-tenanted with an Ace Hardware store. This 8,000 square feet property was one of the last large vacancies along the Fourth Street commercial corridor and it signifies the return to near full occupancy for retail stores in the Downtown core for the first time since the recession.
- Construction is nearing completion for various projects related to the SMART (Sonoma Marin Area Rapid Transit) train. Train tracks, platforms and related infrastructure are all completed for the Downtown and Civic Center Stations. Train service is scheduled to start in late 2016.
- Construction is nearing completion for the first phase of ‘The Village at Loch Lomond’. This project features 80 housing units; 22,000 square feet of commercial space; new recreation areas along the shoreline, and improved marina facilities.
- A 40 unit apartment building at 815 B Street approved.
- Whistlestop plans to build a 50 unit senior apartment building along with a senior services center next to the proposed new 200,000 square feet BioMarin Pharmaceutical office building at 999 Third Street.
- Vacancy rates are reaching all-time lows for retail and office space in the Downtown area and for industrial space throughout the city. Asking rents have increased throughout all market types.

FINANCIAL INFORMATION

The City's management is responsible for establishing and maintaining internal controls to ensure that the City's assets are adequately protected from loss, theft or misuse. In addition, management controls ensure that proper accounting data is collected so as to prepare reports in conformance with generally accepted accounting principles.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. All internal control evaluations occur within the above framework. It is management's belief that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.



The City develops a budget based upon City Council priorities and department objectives. The Finance Department maintains a traditional line item budget by major function. Budget control is accomplished at the functional or division level within each fund. This budget creates a comprehensive management and fiscal system aimed at achieving the objectives of each operating level consistent with those that have been set for the community by the City Council. Each department director is responsible for accomplishing goals within his or her functional area and monitoring the use of her or his budget allocations consistent with policies set by the City Council and monitored by the City Manager.

ACKNOWLEDGMENTS


The preparation of this City-wide document would not have been possible without the assistance from each of the City's departments. We would like to specifically call out the diligent, dedicated efforts of the Finance Department's staff: appreciation goes to Van Bach, Accounting Manager; and Francis Law, Senior Accountant. These employees were instrumental in coordinating the annual audit in a timely and professional manner. We believe this document meets the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting requirements, and will be submitting it to the GFOA to determine its eligibility. If accepted, this will mark the fifth consecutive year that the City received the award.

Lastly, we appreciate the ongoing leadership and support from the Mayor, City Councilmembers and the City Council Finance Committee. Their strong commitment to financial accountability and stewardship provide inspiration to the organization for a high level of achievement.

Respectfully submitted,



Jim Schutz
City Manager



Mark Moses
Finance Director



SAN RAFAEL
THE CITY WITH A MISSION

MISSION STATEMENT

The Mission of the City of San Rafael is to enhance the quality of life and to provide for a safe, healthy, prosperous and livable environment in partnership with the community.

VISION STATEMENT

Our vision for San Rafael is to be a vibrant economic and cultural center reflective of our diversity, with unique and distinct neighborhoods in a beautiful natural environment, sustained by active and informed residents and a responsible innovative local government.

January 1996



SAN RAFAEL
THE CITY WITH A MISSION

City Council and Staff

City Council

Gary O. Phillips, Mayor
Kate Colin, Vice Mayor
Andrew McCullough, Councilmember
Maribeth Bushey, Councilmember
John Gamblin, Councilmember

Elected Officials

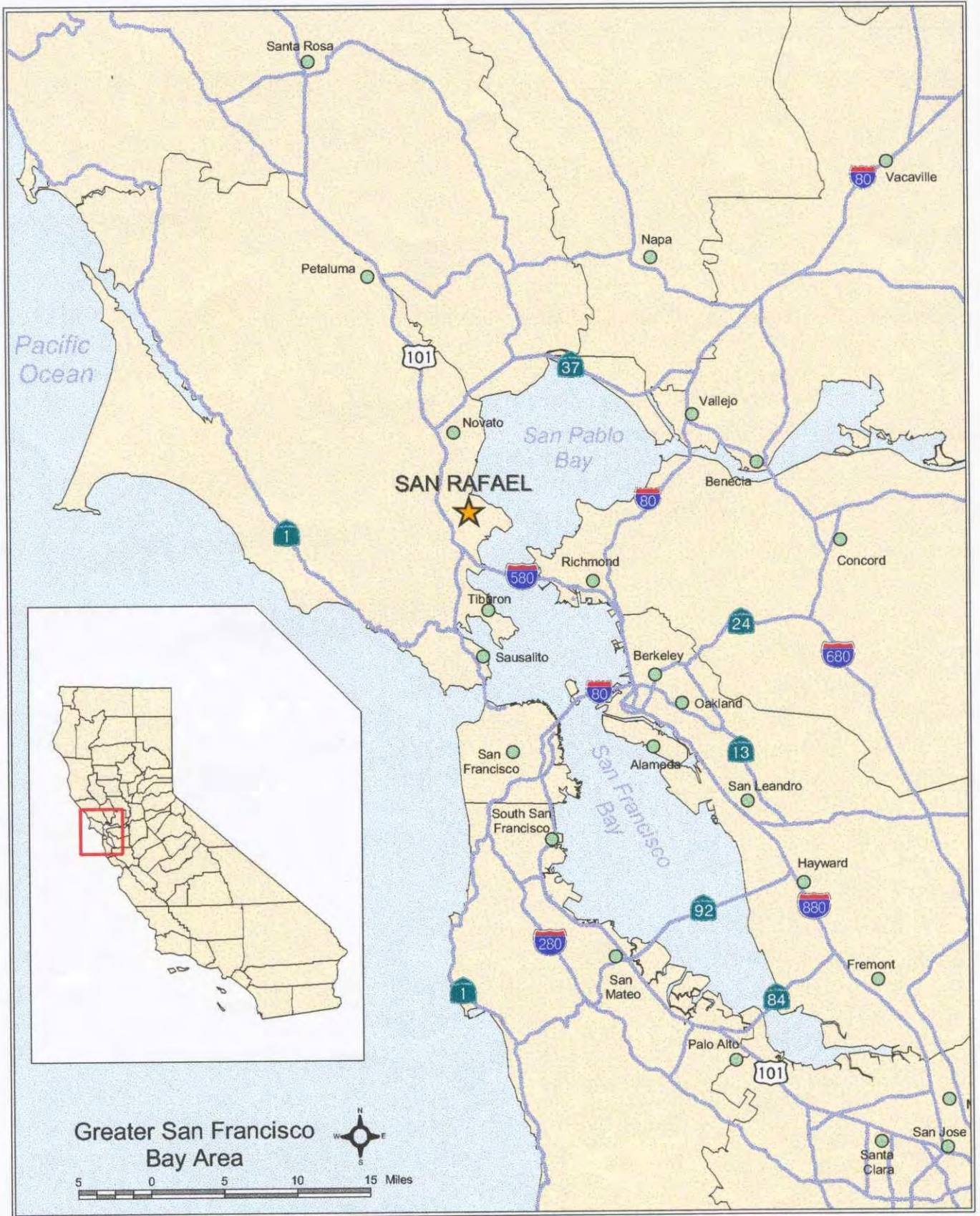
Rob Epstein, City Attorney
Esther Beirne, City Clerk

Executive Team

Jim Schutz, City Manager
Cristine Alilovich, Assistant City Manager
Diana Bishop, Chief of Police
Stacey Peterson, Human Resources Director
Chris Gray, Fire Chief
Sarah Houghton, Library Director
Paul Jensen, Community Development Director
Bill Guerin, Public Works Director
Carlene McCart, Community Services Director
Mark Moses, Finance Director
Doris Toy, District Manager/Engineer-SRSD

CAFR Team

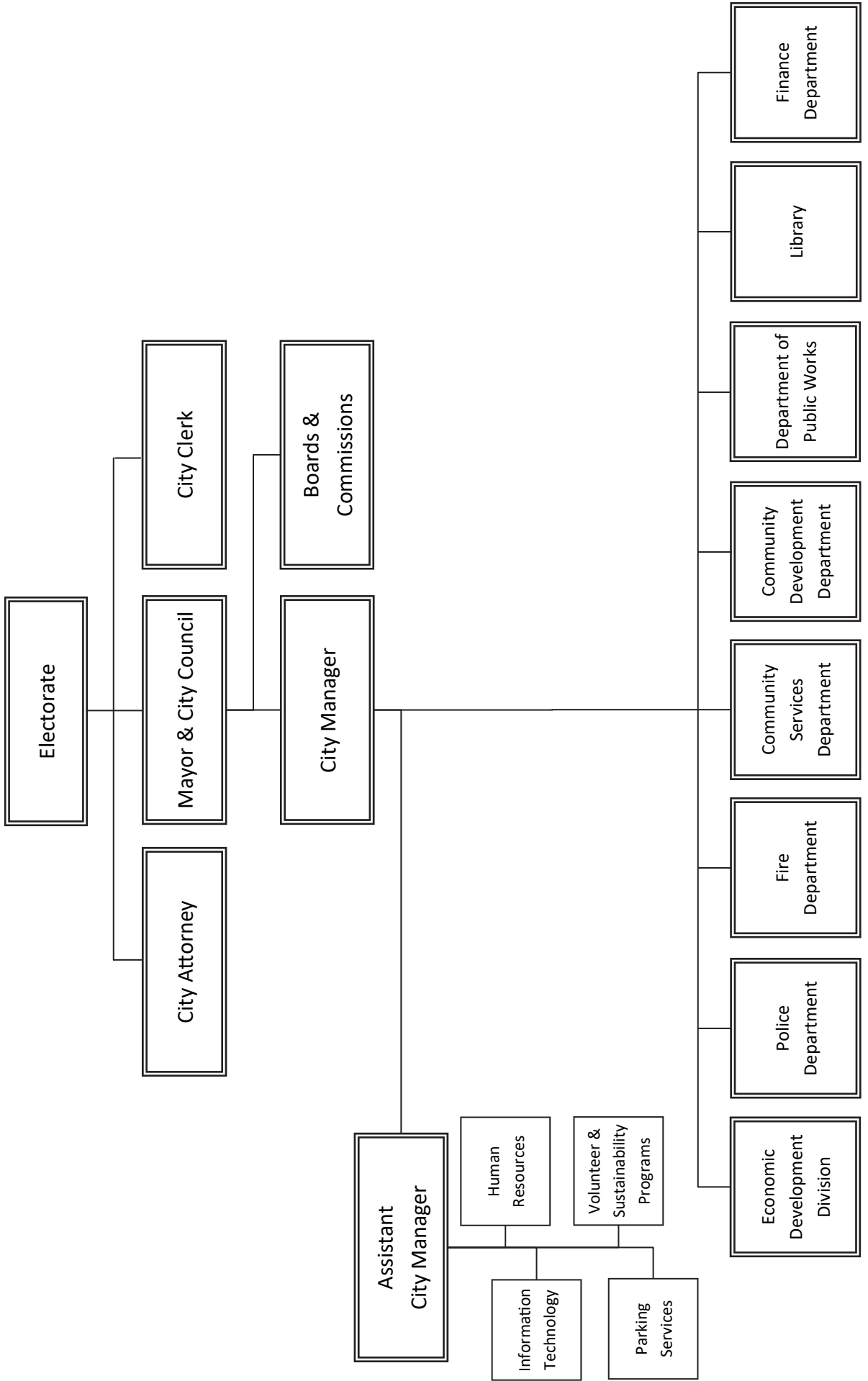
Mark Moses, Finance Director
Van Bach, Accounting Manager
Francis Law, Senior Accountant



LOCATION MAP

City of San Rafael

Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of San Rafael
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO





San Rafael Gerstle Park Neighborhood

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of San Rafael, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Rafael (City), California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal *control* relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the San Rafael Sanitation District, which represents 18%, 30%, and 14%, respective, of the assets, net position, and revenue of the entity-wide reporting entity. These component unit financial statements were audited by other auditors, whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the San Rafael Sanitation District, is based solely on the report of these auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinions, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplementary Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
October 12, 2016



CITY OF SAN RAFAEL

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

This analysis of the City of San Rafael's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the basic financial statements and the accompanying notes to those basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide:

- *Net Position* – The assets of the City exceeded its liabilities as of June 30, 2016 by \$131.7 million.
- *Activities* – During the fiscal year the City's total expenses of \$115.7 exceeded revenues of \$105.7 million for governmental and business-type activities million by \$10.0 million.
- *Changes in Net Position* – The City's total net position decreased by \$10.0 million in fiscal year 2015-2016. Net position of governmental activities decreased by \$10.0 million, while net position of the business-type activities remained the same.

Fund Level:

- *Governmental Funds* – As of the close of fiscal year 2015-2016, the City's governmental funds reported combined ending fund balances of \$50.2 million, an increase of \$2.4 million from the fund balance of the prior year. Of this total amount, \$0.5 million is nonspendable, \$27.5 million is restricted, \$3.8 million is committed, \$16.6 million is assigned, and \$1.8 million is unassigned.
- Governmental fund revenues were \$100.6 million, an increase of \$5.0 million from the previous fiscal year. In addition to moderate economic growth, this increase was enhanced by the termination of the State's triple flip sales tax distribution program, which generated a one-time catch up of approximately \$1.2 million for which distribution had been delayed.
- Governmental fund expenditures increased by \$9.5 million to \$98.5 million, from \$89.0 million in the prior year, due primarily to increased capital expenditures for street maintenance, public safety infrastructure and other capital improvement program expenditures.
- Enterprise fund operating revenue remained level relative to the prior year, at \$5.2 million. Enterprise operating expenditures totaled \$4.6 million, an increase of \$0.5 million over the previous year. The increase was attributable primarily to the allocation of pension expense to the parking fund.

OVERVIEW OF FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report is composed of the following:

1. Introductory section, which includes the Transmittal Letter and general information
2. Management's Discussion and Analysis (this part)
3. Basic Financial Statements, which include the Government-wide and the Fund financial statements along with the Notes to these financial statements
4. Combining statements for Non-Major Governmental Funds, Internal Services Funds, and Fiduciary Funds
5. Statistical Information

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements.

The basic financial statements include the City (primary government) and all legally separate entities (component units) for which the government is financially accountable. This report also contains other supplementary information in addition to the basic financial statements for further information and analysis.

Government-wide Financial Statements

The government-wide financial statements present the financial picture of the City and provide readers with a broad view of the City's finances. These statements present governmental activities and business-type activities separately and include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain interfund receivables, payables, and other interfund activity have been eliminated as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Statement of Net Position and the Statement of Activities and Changes in Net Position* report information about the City as a whole. These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities and Changes in Net Position* presents information showing how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows.

In the *Statement of Net Position* and the *Statement of Activities and Changes in Net Position*, City activities are separated as follows:

Governmental Activities – Most of the City's basic services are reported in this category, including Public Safety, Public Works and Parks, Community Development, Cultural and Recreation, and Government Administration (finance, human resources, legal, City Clerk and City Manager operations). Property tax, sales and use taxes, user fees, interest income, franchise fees, hotel taxes, business licenses, and property transfer taxes, plus state and federal grants finance these activities.

Business-type Activities – The City charges fees to customers to cover the full costs of certain services it provides. The City's Parking Services program is the City's sole business-type activity.

Discretely Presented Component Units – The government-wide financial statements include not only the City itself (the primary government), but also the San Rafael Sanitation District, a legally separate entity for which the City is financially accountable. Financial information for the San Rafael Sanitation District is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 25 through 27 of this report.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Fund Financial Statements and Major Component Unit Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide detailed information about each of the City's most significant funds called major funds. The concept of major funds and the determination of the major funds were established in the Governmental Accounting Standards Board Statement No. 34. Each major fund is presented individually with all non-major funds summarized and presented in a single column. Further detail on the non-major funds is presented on pages 106 through 125 of this report.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial capacity.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City has twenty-nine governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's three major funds are: the General Fund, Gas Tax, and Traffic and Housing Mitigation. Data from the other twenty-six governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 30 through 33 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 106 through 125 of this report.

Proprietary Funds – The City maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Parking Services program and reports it as a major fund. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its building maintenance; vehicle, equipment and computer replacement; workers' compensation; general liability; self-insured dental program; other employee and retiree benefits programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 36 through 38 of this report.

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016**

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City acts as an agent on behalf of others, holding amounts collected, and disbursing them as directed or required. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Position and the Agency Funds Statement of Changes in Assets and Liabilities. The City's fiduciary funds include a private purpose trust fund to account for activities of the City of San Rafael Successor Agency and an agency fund that accounts for resources held by the City in a custodial capacity for the Pt. San Pedro Road Assessment District. Information for the fiduciary funds can be found on pages 40 through 41 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 through 89 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. One section includes budgetary comparison statements for the major funds (general, gas tax, and traffic and housing mitigation). The other section is a schedule of funding progress for the Marin County Employees' Retirement System. All budgeted positions that are filled by either full-time or permanent part-time employees (working seventy-five percent of full-time equivalent) are eligible to participate in this system. Required supplementary information can be found on pages 93 through 100 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position is one indicator of the City's financial position. During this fiscal year, the net position of the City was \$131.7 million from Governmental Activities and \$9.8 million from Business-type Activities, for a total of \$141.5 million. This represents a decrease of \$10.0 million from the prior year net position.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

The following is the condensed Statement of Net Position for the fiscal years ended June 30, 2016 and 2015:

Summary of Net Position
(in thousands)

	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2016	2015		2016	2015	
Current and other assets	\$86,543	\$80,056	\$6,487	\$3,050	\$2,679	\$371
Capital assets	194,086	191,074	3,012	16,699	16,742	(43)
Total assets	<u>280,629</u>	<u>271,130</u>	<u>9,499</u>	<u>19,749</u>	<u>19,421</u>	<u>328</u>
Deferred outflows related to pension (Note 9)	<u>57,287</u>	<u>21,622</u>	<u>35,665</u>	<u>1,939</u>	<u>734</u>	<u>1,205</u>
Current and other liabilities	11,843	10,664	1,179	500	509	(9)
Noncurrent liabilities	161,643	94,916	66,727	10,259	8,294	1,965
Total liabilities	<u>173,486</u>	<u>105,580</u>	<u>67,906</u>	<u>10,759</u>	<u>8,803</u>	<u>1,956</u>
Deferred inflows related to pension (Note 9)	<u>32,710</u>	<u>45,498</u>	<u>(12,788)</u>	<u>1,107</u>	<u>1,546</u>	<u>(439)</u>
Net Position:						
Net investment in capital assets	193,707	190,621	3,086	10,958	10,745	213
Restricted	31,287	33,389	(2,102)	0	0	0
Unrestricted	(93,274)	(82,336)	(10,938)	(1,136)	(939)	(197)
Total net position	<u>\$131,720</u>	<u>\$141,674</u>	<u>(\$9,954)</u>	<u>\$9,822</u>	<u>\$9,806</u>	<u>\$16</u>

Governmental assets increased by \$9.5 million, primarily due to increases in cash and short-term receivables associated with positive operating results and set aside for specific purposes (e.g., public safety facility construction and improvements, other capital improvement projects, and risk management reserves). Current and other liabilities increased by approximately \$1.2 million, primarily due to an increase in unearned revenue. Noncurrent governmental liabilities increased by \$66.7 million, mostly attributable to the increase in net pension liability (Note 9).

The net position in business-type activities reflects the activity of the Parking Services program and increased by \$16 thousand from the previous year. The \$2.0 million increase in noncurrent liabilities was driven by the increase in net pension liability, but was substantially offset by a \$1.2 million increase in deferred outflows and a \$0.4 million decrease in deferred inflows.

At June 30, 2016, the largest portion of net position in the amount of \$204.7 million consisted of the City's investment in capital assets net of related debt. This component represents the total amount of funds required to acquire capital assets less any related debt used for such acquisition that is still outstanding. The City uses these assets to provide services to residents. The capital assets of the City are not sources of income for repayment of debt as most assets are not revenue generating and generally are not liquidated to repay debt. Therefore, debt service payments are funded from other sources available to the City.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016**

A portion of the City's net position of \$31.3 million is subject to external restrictions, and their use is determined by those restrictions whether legal or by covenant. The remaining portion, unrestricted negative \$94.4 million, represents the extent to which the net investment in capital assets and restricted net position exceed total assets.

Net Position as of 6/30/2016	
Total = \$ 141,542 (in thousands)	
Invested in Capital Assets (net)	\$204,665
Restricted	31,287
Unrestricted	<u>(94,410)</u>
Total Net Position	<u><u>\$141,542</u></u>

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016**

Statement of Activities - Governmental

The following is the condensed Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2016 and 2015:

Summary of Changes in Net Position (in thousands)			
	Governmental Activities		Increase
	2016	2015	(Decrease)
REVENUES			
Program revenues:			
Charges for services	\$21,310	\$19,758	\$1,552
Operating grants and contributions	4,678	4,186	492
Capital grants and contributions	1,471	1,308	163
Total program revenues	27,459	25,252	2,207
General revenues:			
Property taxes	19,999	19,039	960
Sales taxes	34,348	32,270	2,078
Paramedic tax	4,226	3,820	406
Transient occupancy tax	3,063	2,662	401
Franchise tax	3,418	3,272	146
Business license tax	2,825	2,670	155
Other taxes	3,465	3,296	169
Investment earnings	300	216	84
Miscellaneous	1,387	2,255	(868)
Total general revenues	73,031	69,500	3,531
TOTAL REVENUES	100,490	94,752	5,738
EXPENSES			
General government	12,953	9,100	3,853
Public safety	55,400	39,969	15,431
Public works and parks	22,929	16,893	6,036
Community/economic development	4,307	3,128	1,179
Culture and recreation	15,027	11,198	3,829
Interest on long-term debt	277	284	(7)
TOTAL EXPENSES	110,893	80,572	30,321
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	(10,403)	14,180	(24,583)
OTHER FINANCING SOURCES (USES)			
Transfers in	449	433	16
Total Other Financing Sources (Uses)	449	433	16
Special Item *	-	4,462	(4,462)
Net Change in Net Position	(9,954)	19,075	(29,029)
Beginning Net Position, July 1, 2015	141,674	122,599	19,075
Ending Net Position, June 30, 2016	\$131,720	\$141,674	(\$9,954)

*-To establish GASB 45 and 68 receivable from San Rafael Sanitation District in fiscal year 2015 (first year of implementation).

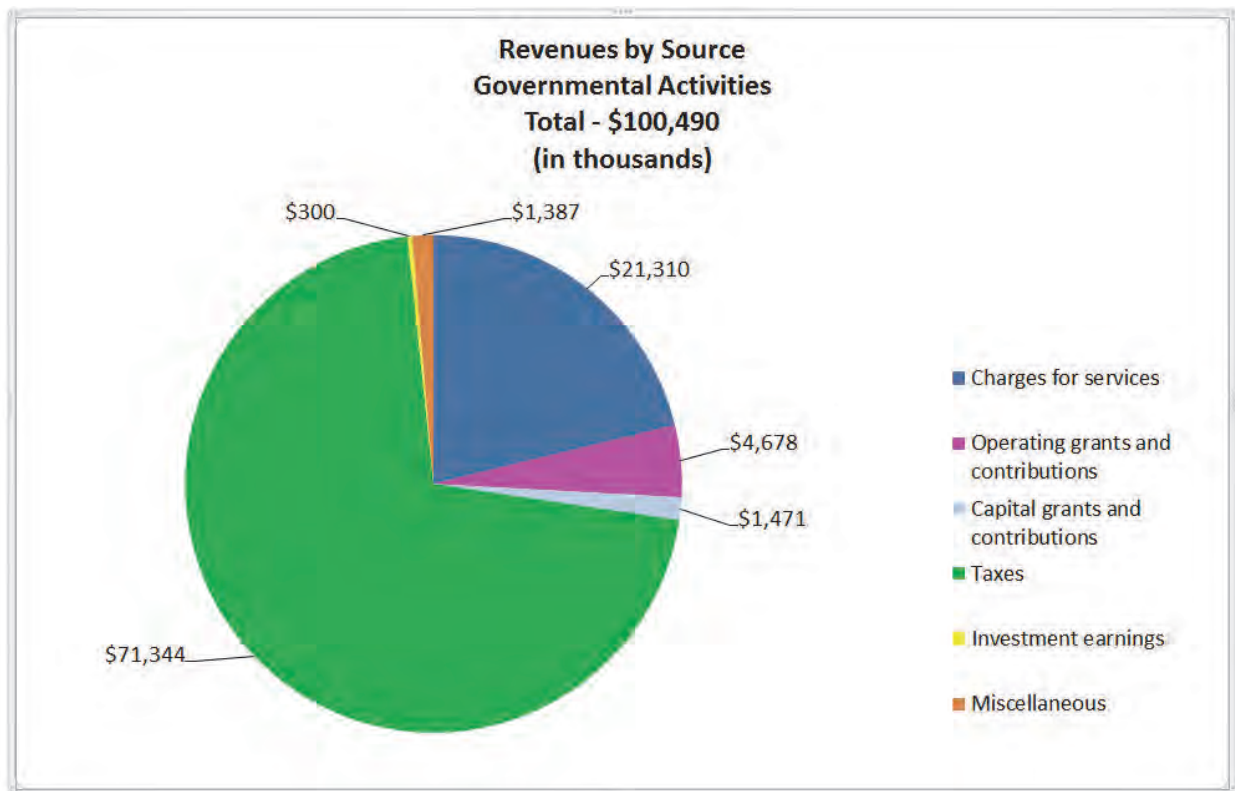
CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

The City's governmental activities net position decreased by \$10.0 million during fiscal year 2015-2016. Charges for services were approximately \$1.6 million higher than those of the previous year. This increase was driven by the reporting of San Rafael Sanitation District personnel reimbursement-related charges in the newly established internal service fund.

Meanwhile, the City recorded a \$2.1 million year-over-year increase in Sales taxes, \$1.2 million of which was due to a one-time catch up of sales tax revenues that were delayed during the 10-year State modification to sales tax distribution (Triple Flip) which terminated on December 31, 2015. Property taxes and transient occupancy taxes registered year-over year increases of \$1.0 million and \$0.4 million, respectively. Miscellaneous revenues were down \$0.9 million, due to by approximately \$0.8 million in reimbursements of State-mandated costs recorded in the previous year.

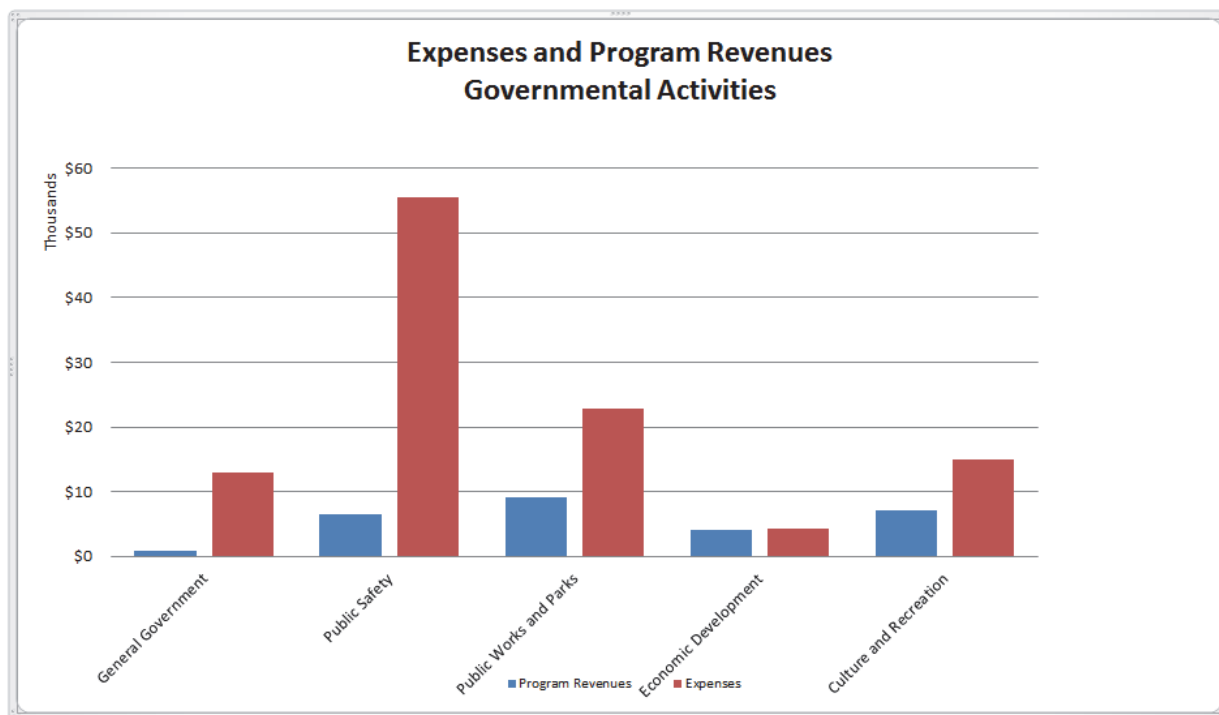
The fiscal year 2015-2016 governmental expenses were \$30.3 million more than those of the previous fiscal year. Approximately \$25 million of this increase is attributable to the allocation of pension expense under GASB 68. The remaining year-over-year increase is attributable to other operating costs, which increased by approximately \$5 million, which is consistent with the rate of revenue growth supporting these expenses.

The following graph shows governmental revenues by source:



CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016**



Total expenses for governmental activities were \$110.6 million (excluding interest on long-term debt of \$277 thousand). Program revenues offset total expenditures as follows:

- Those who directly benefited from programs contributed \$21.3 million in charges for services.
- A total of \$6.1 million in operating and capital projects were funded by outside agencies through operating, capital grants, and contributions.

As a result, total expenses that were funded by tax revenues, investment income, other general revenues and fund balance were \$83.2 million.

Functional expenses for the year ended June 30, 2016 were as follows:

Expenses by Function

(in thousands)

Function	Amount	Percent of Total
General government	\$12,953	11.6%
Public safety	55,400	50.0%
Public works and parks	22,929	20.6%
Community development	4,307	3.9%
Culture and recreation	15,027	13.6%
Interest on debt	277	0.3%
Total expenses	\$110,893	100%

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016**

Statement of Activities – Business-type

**Summary of Changes in Net Position
For the periods ended June 30,
(in thousands)**

	Business-Type Activities		Increase (Decrease)
	2016	2015	
Revenues			
Program revenues:			
Charges for services	\$5,212	\$5,174	\$38
Total program revenues	5,212	5,174	38
General revenues:			
Miscellaneous	15	7	8
Total general revenues	15	7	8
TOTAL REVENUES	5,227	5,181	46
Expenses			
General government	4,763	4,250	513
TOTAL EXPENSES	4,763	4,250	513
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	464	931	(467)
OTHER FINANCING SOURCES (USES)			
Transfers out	(448)	(433)	(15)
Total Other Financing sources (uses)			
Net Change in Net Position	16	498	(482)
Fund Balance, Beginning as of 7/1/15	9,806	9,308	498
Net Position, Ending as of 6/30/16	\$9,822	\$9,806	\$16

The net position for business-type activities was increased by \$16 thousand in fiscal year 2015-2016 from the prior fiscal year.

Parking services is the City's only business-type activity with income derived from program revenues of \$5.2 million. Program revenues include parking meter coin income of \$1.9 million and parking garage hourly and monthly parking income of \$1.3 million. Revenues also include parking and non-vehicle code fines totaling \$2.0 million. Total expenses for parking services were \$4.8 million and transfers out to general fund and non-major governmental fund for support totaled \$448 thousand during the fiscal year 2015-2016.

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016**

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS**Governmental Funds*****Fund Balance Classifications***

In February 2009, the Governmental Accounting Standards Board issued Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of GASB 54 was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be applied. Under GASB 54, fund balances are classified in five categories: nonspendable, restricted, committed, assigned, and unassigned based on hierarchy of constraint. Further details on fund balance classifications can be found in Note 8B.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial capacity. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the City reported a combined ending fund balance of \$50.2 million of all its governmental funds (an increase of \$2.4 million from the prior year): \$0.5 million is non-spendable, \$27.5 million is restricted, \$3.8 million is committed, \$16.6 million is assigned and \$1.8 million is unassigned.

General Fund – *The General Fund is the primary operating fund of the City.*

General Fund – The fund balance of the General Fund as of June 30, 2016 was \$18.7 million (an increase of \$4.3 million from the prior year balance): \$0.5 million is non-spendable, \$16.4 million is assigned, and \$1.8 million is unassigned. The assigned portion of the balance includes \$6.9 million for emergency and cash flow needs, which meets the minimum target reserve of ten percent of operating expenditures.

General Fund Budgetary Highlights:

The original adopted General Fund budget projected total revenue of \$72.7 million and transfers-in of \$1.3 million for total resources of \$74.0 million. This budget appropriated expenditures of \$67.1 million and transfers-out of \$2.6 million for total appropriations of \$69.7 million. Transfers-out were later increased by \$1.8 million to accommodate the funding of the San Rafael Essential Facilities project from Measure E Transactions and Use Tax (TUT), based on actual project expenditures.

Actual revenues, at \$74.8 million, exceeded the original budgeted revenues by \$2.1 million. This positive performance was driven by tax revenues (primarily property tax and transient occupancy tax) that exceeded budget projections, coupled with approximately \$500K in unanticipated reimbursements for fire strike team activity.

Fiscal year 2015-2016 General Fund revenues exceeded expenditures and net transfers by \$4.3 million. Of this amount, \$1.9 million was added to Measure E – Public Safety Facility reserve; \$1.0 was assigned to one-time MOU contractual obligations; \$0.4 million was added to the Emergency Cash Flow reserve; \$0.4 million was added to the Infrastructure reserve; \$0.3 million was added to the General Plan / Long Range Planning reserve; \$0.2 million was used for prepaid expenses, and \$0.1 million was retained in Unassigned General Fund balance.

CITY OF SAN RAFAEL

**Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2016**

**Summary of General Fund Budget and Actual
For the fiscal year ended June 30, 2016 (in thousands)**

	Adopted Budget	Revised Budget	Actual
Revenues	\$72,686	\$74,756	\$70,747
Transfers in	1,357	1,111	1,039
Total resources	74,043	75,867	71,786
Expenditures	67,112	\$67,198	63,096
Transfers out	2,560	4,341	1,698
Total uses	69,672	71,539	64,794
Net Operating Results	\$4,371	\$4,328	\$6,992

Traffic and Housing Mitigation Fund – The City uses this fund to collect developer contributions to be used for major street improvement and housing infrastructure projects. During the year, the fund balance decreased from \$12.2 million to \$10.4 million. Revenues totaled \$0.4 million, while \$0.7 million was charged against this fund to support the maintenance of the City-wide traffic model, including the Tamalpais Avenue queue cutter. In addition, \$1.5 million was transferred to the Gas Tax Fund to support the Downtown Rail Readiness project. The balance in the fund is being held in anticipation of major street projects identified in the General Plan 2020 and other qualifying expenditures.

Gas Tax Fund – The City uses this fund to manage its allocation of State gasoline taxes and local funding for street maintenance projects. Gas tax expenditures exceeded revenues and net transfers by \$948 thousand in fiscal year 2015-2016 and the ending fund balance decreased from \$7.6 million as of June 30, 2015, to \$6.7 million as of June 30, 2016.

Expenditures during fiscal year 2015-2016 totaled \$7.1 million. In addition to routine street-related maintenance, expenditures include \$2.3 million for Downtown Rail Readiness, \$1.2 million for miscellaneous street resurfacing, \$811K for Del Presidio Blvd–Pt. San Pedro resurfacing, and \$638K for H Street drainage improvements.

The largest sources of revenues were \$1.3 million in development impact fees, \$1.2 million from State gasoline taxes, \$596 thousand in local Measure A funds, and \$188 thousand in reimbursements.

Non-major Governmental Funds – The City’s non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2016, non-major funds had a total fund balance of \$14.4 million, a \$1.4 million increase from the previous year. The increase included a \$242 thousand increase to the childcare operating and capital reserves, a \$377 thousand increase in emergency medical services reserves. The remaining increase of approximately \$0.8 million is the net of capital accumulation for major projects (e.g., Andersen Drive), less spending down on other capital projects (e.g., Rossi Pump Station, Terra Linda pool house improvements).

Of the ending total non-major fund balances of \$14.4 million: \$10.5 million (73%) is legally restricted for specific purposes by external funding source providers, \$3.8 million (26%) is committed for special purposes by the City Council, and \$ 0.1 million (1%) is assigned. Additional information about these aggregated non-major funds is presented in the combining statements which immediately follow the required supplementary information.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Proprietary Funds

The City's proprietary funds are presented in the basic financial statements in a manner similar to that found in the government-wide financial statements, but in more detail. As noted in the Summary of Changes in Net Position – Business-type Activities at page 36, the City's proprietary fund net position was increased by \$10.6 thousand during the fiscal year. The Parking Services Fund is the City's sole business-type (Enterprise) activity.

The proprietary fund operating revenue was increased by \$36 thousand in fiscal year 2015-2016 to \$5.212 million. The Enterprise fund operating expenses were \$4.6 million in fiscal year 2015-2016, an increase of \$0.5 million over the prior fiscal year.

The City's Internal Service Funds are also reported in this Proprietary Fund classification. In fiscal year 2015-2016, the Internal Services Funds were comprised of: Building Maintenance, Vehicle Replacement, Equipment Replacement, Employee Benefits, Liability Insurance, Workers' Compensation, Dental Insurance, Employee Retirement, and OPEB/Retiree Medical. The following additional three funds have now been reclassified into Internal Service Funds:

Radio Replacement Fund – In prior years, this fund was part reported under the Capital Projects Funds. Effective in fiscal year 2015-2016, the City reclassified this fund to an Internal Service Fund. As of June 30, 2016, the Radio Replacement Fund had a total net position of \$383 thousand, all of which was unrestricted.

Telephone Replacement Fund – In prior years, this fund was part reported under the Capital Projects Funds. Effective in fiscal year 2015-2016, the City reclassified this to an Internal Service Fund. As of June 30, 2016, the Telephone Replacement Fund had a total net position of \$338 thousand, all of which was unrestricted.

Sewer Maintenance – In prior years, this fund was reported under the Special Revenue Funds. Effective in fiscal year 2015-2016, the City reclassified this fund to an Internal Service Fund to record both the cost of providing services to the San Rafael Sanitation District and the charges for those services. As of June 30, 2016, the Sewer Maintenance Fund had a total net position of \$0.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$210.8 million, net of accumulated depreciation of \$161.0 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items. The net addition to the City's investment in capital assets for the current fiscal year was \$8.7 million, offset by accumulated depreciation of \$5.7 million.

Additions to capital assets during fiscal year 2015-2016 included:

- Construction in Progress: \$7.0 million:
 - Downtown Rail Readiness - \$2.5 million
 - San Rafael Essential Facilities - \$1.8 million
 - Terra Linda Pool House - \$1.0 million

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

- Del Presidio Blvd-Pt. San Pedro Resurfacing - \$0.8 million
 - Rossi Pump Station - \$0.7 million
 - Other - \$0.2 million
- Infrastructure: \$1.7 million
- Puerto Suello - \$1.7 million

The City's Capital Assets for the fiscal years ending June 30, 2016 and 2015 were as follows:

Summary of Capital Assets (in thousands)		
	2016	2015
Governmental Activities		
Land	\$83,261	\$83,261
Construction in progress	11,520	4,506
Land improvements	9,020	8,789
Buildings and structures	41,667	41,486
Machinery and equipment	18,477	18,927
Infrastructure	187,213	185,529
Less accumulated depreciation	(157,072)	(151,423)
Subtotal Governmental Activities	194,086	191,075
Business-type Activities		
Land	8,621	8,621
Buildings and structures	10,714	10,714
Machinery and equipment	1,267	1,185
Less accumulated depreciation	(3,902)	(3,778)
Subtotal Business-type Activities	16,700	16,742
Total Capital Assets	\$210,786	\$207,817

Additional information on the City's capital assets can be found in Note 5 on pages 62 through 63 of this report.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Debt Administration

The City's debt is discussed in more detail in Note 6 to the financial statements. The debt of the former Redevelopment Agency is reported under the Successor Agency, which is presented as Private-Purpose Trust Fund on the Statement of Fiduciary Net Position. See Note 15 of the financial statements for additional information. The City's long-term obligations for the fiscal years ending June 30, 2016 and 2015 were as follows:

Summary of Long-Term Debt
(in thousands)

	2016	2015
Governmental Activity Debt:		
2010 Taxable Pension Obligation Bonds	\$4,490	\$4,490
PG & E City Hall HVAC Retrofit Note Payable	246	279
PG & E Street Light Retrofit Note Payable	133	175
Subtotal Governmental Activity Debt	4,869	4,944
Business-type Debt:		
PG & E Parking Lot Lighting Retrofit Note Payable	48	55
2012 Authority Lease Revenue refunding Bonds, as adjusted	5,693	5,942
Subtotal Business-type Debt	5,741	5,997
Total Long-Term Obligations	\$10,610	\$10,941

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016**

ECONOMIC CLIMATE AND NEXT YEAR'S BUDGET

Seven years after the official end of the Great Recession, the City's revenues have firmly established themselves above the former peak set at the end of the last decade. As the City looks ahead to fiscal year 2016-2017, management is encouraged by indicators that the local economy will remain vibrant. However, relatively strong growth in the regional economy continues to be tempered by uncertainty at the state, national and international levels.

The nation continues to bounce back slowly, fueled by a resurgent housing market and consistent job growth. While elements of the national economy are on the mend, there are many longer-term issues the nation must address, including funding changes to the national healthcare system, long-term underemployment and unemployment, and resolving underfunded federal entitlements and state and local pensions.

The California economy continues to rebound from the recession. Although the 5.4% unemployment rate remains above the national average of 4.9%, it continues to fall and remains on a convergent track with the national average. Personal income has rebounded over the past few years, and the State continues to prosper from the flow of capital into the technology companies who are attracted to California. Although the State's has been able to slowly build back its reserves and post budget surpluses, there are concerns that budget shortfalls could return within the next few years. In addition, the "wall of debt" which, when pension and retiree medical liabilities are considered, reaches into the hundreds of billions of dollars and managing the impact of the severe drought most of the 58 counties are likely to burden the State for several years.

Locally, the 3.5% Marin County unemployment rate is the second lowest in the State. According to the Marin Economic Forum, the County added 2,600 payroll jobs and gained approximately 200 payroll businesses in 2015. Real personal income is projected to grow at an average rate of just over 2% over the next year, and Marin County's taxable sales per capital are the third highest in the State. Marin County median home prices now hover around \$1 million and continue to rise, while the recovery of commercial real estate has led to stable rents averaging \$2.60 per square foot.

The City's general fund is fueled by the momentum of four consecutive years of strong operating results. Service levels have increased moderately over the past few years, with additional resources being allocated to homeless issues, massage ordinance enforcement, open space management and deferred maintenance. At the same time, the City is fully funding its actuarially-determined, required contributions for both pension and retiree medical (OPEB) obligations.

The City enters fiscal year 2016-2017 with approximately \$6.3 million accumulated from a dedicated portion of its Measure E Transaction Use Tax (TUT) for public safety facilities construction and improvements. One-third of this twenty-year San Rafael three-quarter percent TUT, which became effective April 1, 2014, has been set aside by City Council direction for this purpose.

Reductions in staffing and service levels, coupled with deferred maintenance of City facilities as method of coping with past economic downturns means that, although the City is able to maintain and, in some cases, improve on its level of services and make some strategic investments for the City's future, there will still be critical, unfunded capital and maintenance needs.

The trends for sales tax and transactions and use tax (Measure E), which combined represent the City's largest tax revenue generators, suggested continued, but moderate growth. For fiscal year 2016-2017, these taxes are projected to increase by approximately four percent.

The City's second largest tax generator is property tax. The City is expecting the fiscal year 2015-2016 tax roll to increase by approximately five percent over the previous year. Other tax and non-tax revenues are expected to grow moderately, in the range of two to four percent.

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016**

The City's largest expenditure relates to personnel costs. Salaries and benefits are tied to the labor agreements with each bargaining group. With the exception of SEIU-Childcare, which has a one-year contract terminating on October 31, 2016, the City's labor units are all operating under contracts that expire on June 30, 2018. Negotiated compensation increases in effect through June 30, 2018 range between 3.0% and 4.0% for the year.

In the bond markets, the San Rafael name is recognized as a high credit municipal entity given both the City's financial strength and solid financial management. Because the City's bonds are highly sought by investors and are fairly competitive in the marketplace, the City can borrow funds at reasonably attractive rates. The City maintains an AA- issuer credit rating with Standard & Poor's Ratings Services.

The City anticipates spending down most of its funds accumulated for the San Rafael Essential Facilities capital improvements project. This project, which includes a new public safety administrative building and major safety and operational improvements to fire stations, is being funded from a dedicated portion of the Measure E TUT. Other General Fund balances are expected to remain stable for the year.

REQUEST FOR INFORMATION

This financial report is designed to provide our residents, businesses, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for providing high quality services within the limits of our fiscal resources. If you have questions about this report or need additional financial information, contact the City of San Rafael – Finance Department at 1400 Fifth Avenue, Room 204, San Rafael, California 94901.



CITY OF SAN RAFAEL

**STATEMENT OF NET POSITION AND
STATEMENT OF ACTIVITIES**

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are also referred to as Government-wide financial statements.

The Statement of Net Position reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all the City's Business-type Activities in a single column; these columns are followed by a total column which presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues - that is, revenues which are generated directly by these programs - are then deducted from program expenses to arrive at the net expense of each governmental and Business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the San Rafael Joint Powers Financing Authority which are legally separate but are considered to be component units of the City because they are controlled by the City, which is financially accountable for their activities. The balances and the activities of the San Rafael Sanitation District, a discretely presented component unit, are included in these statements in a separate column.



CITY OF SAN RAFAEL
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
ASSETS				
Cash and investments available for operations (Note 2)	\$62,189,193	\$2,841,692	\$65,030,885	\$24,011,268
Restricted cash and investments (Note 2)	979,094		979,094	
Receivables:				
Accounts	2,519,094	32,280	2,551,374	35,042
Taxes	10,662,825		10,662,825	
Grants	1,586,111	129,077	1,715,188	
Interest	119,395		119,395	
Loans (Note 4)	1,114,106		1,114,106	
Long-term receivable from the Successor Agency (Note 15D)	1,286,882		1,286,882	
Long-term receivable from San Rafael Sanitation District (Note 4H)	4,859,007		4,859,007	
Internal balances (Note 3B)	(46,432)	46,432		
Prepaid expenses and others	1,274,272		1,274,272	54,382
Capital assets (Note 5):				
Nondepreciable	94,780,889	8,620,853	103,401,742	3,319,396
Depreciable, net	99,304,781	8,078,262	107,383,043	40,105,661
Total Assets	<u>280,629,217</u>	<u>19,748,596</u>	<u>300,377,813</u>	<u>67,525,749</u>
DEFERRED OUTFLOWS				
Deferred outflows related to pension (Note 9)	57,286,741	1,939,052	59,225,793	
Total Deferred Outflows	<u>57,286,741</u>	<u>1,939,052</u>	<u>59,225,793</u>	
LIABILITIES				
Accounts payable	7,269,698	166,531	7,436,229	1,283,291
Deposits payable	298,894		298,894	
Interest payable		48,497	48,497	
Developer deposits payable	378,067		378,067	
Unearned revenue	1,059,316		1,059,316	
Claims payable (Note 13):				
Due in one year	2,129,125		2,129,125	
Due in more than one year	6,459,441		6,459,441	
Compensated absences (Note 1K):				
Due in one year	532,265	17,841	550,106	
Due in more than one year	3,725,855	124,884	3,850,739	
Long-term debt (Note 6):				
Due in one year	175,172	266,816	441,988	
Due in more than one year	4,693,323	5,474,241	10,167,564	
Long-term payable to the City of San Rafael (Note 4H)				4,859,007
Net OPEB obligation (Note 11)	9,101,000		9,101,000	
Net pension liability (Note 9)	137,663,468	4,659,659	142,323,127	
Total Liabilities	<u>173,485,624</u>	<u>10,758,469</u>	<u>184,244,093</u>	<u>6,142,298</u>
DEFERRED INFLOWS				
Deferred inflows related to pension (Note 9)	32,709,914	1,107,171	33,817,085	
Total Deferred Inflows	<u>32,709,914</u>	<u>1,107,171</u>	<u>33,817,085</u>	
NET POSITION (Note 8):				
Net investment in capital assets	193,707,175	10,958,058	204,665,233	43,425,057
Restricted for:				
Special revenue projects:				
Housing and street improvements	17,828,404		17,828,404	
Stormwater	961,159		961,159	
Emergency medical services	1,564,527		1,564,527	
Other	6,488,122		6,488,122	
Capital projects	4,277,761		4,277,761	
Debt service	166,752		166,752	
Total Restricted Net Position	<u>31,286,725</u>		<u>31,286,725</u>	
Unrestricted	(93,273,480)	(1,136,050)	(94,409,530)	17,958,394
Total Net Position	<u>\$131,720,420</u>	<u>\$9,822,008</u>	<u>\$141,542,428</u>	<u>\$61,383,451</u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$12,952,983	\$526,495	\$351,921	
Public safety	55,399,798	4,939,658	1,570,635	
Public works and parks	22,929,289	5,157,289	2,414,374	\$1,470,953
Community development	4,307,269	4,004,178		
Culture and recreation	15,026,680	6,683,059	341,408	
Interest on long-term debt and fiscal charges	277,263			
Total Governmental Activities	<u>110,893,282</u>	<u>21,310,679</u>	<u>4,678,338</u>	<u>1,470,953</u>
Business-type Activities				
Parking services	4,762,851	5,212,181	-	-
Total Business-type Activities	<u>4,762,851</u>	<u>5,212,181</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$115,656,133</u>	<u>\$26,522,860</u>	<u>\$4,678,338</u>	<u>\$1,470,953</u>
Component Unit				
San Rafael Sanitation District	<u>\$11,654,767</u>	<u>\$15,414,530</u>	<u>\$ 32,774</u>	<u>\$ 69,678</u>

General revenues:

Taxes:

 Property

Sales:

 Sales and Use

 Measure E half-cents sales tax

 Measure E quarter-cents sales tax

 Measure S

 Paramedic

 Transient occupancy

 Franchise

 Business license

 Other

 Investment earnings

 Miscellaneous

Transfers (Note 3A)

Total general revenues and transfers

Change in Net Position

Net Position, beginning of year

Net Position, end of year

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
(\$12,074,567)		(\$12,074,567)	
(48,889,505)		(48,889,505)	
(13,886,673)		(13,886,673)	
(303,091)		(303,091)	
(8,002,213)		(8,002,213)	
(277,263)		(277,263)	
<u>(83,433,312)</u>		<u>(83,433,312)</u>	
-	\$449,330	449,330	
-	449,330	449,330	
<u>(83,433,312)</u>	<u>449,330</u>	<u>(82,983,982)</u>	
			\$3,862,215
19,998,567		19,998,567	1,367,172
22,775,945		22,775,945	
7,696,000		7,696,000	
3,848,000		3,848,000	
28,144		28,144	
4,226,020		4,226,020	
3,063,263		3,063,263	
3,418,277		3,418,277	
2,824,664		2,824,664	
3,465,193		3,465,193	
300,091	14,723	314,814	46,225
1,387,315		1,387,315	
448,478	(448,478)		
<u>73,479,957</u>	<u>(433,755)</u>	<u>73,046,202</u>	<u>1,413,397</u>
(9,953,355)	15,575	(9,937,780)	5,275,612
<u>141,673,775</u>	<u>9,806,433</u>	<u>151,480,208</u>	<u>56,107,839</u>
<u>\$131,720,420</u>	<u>\$9,822,008</u>	<u>\$141,542,428</u>	<u>\$61,383,451</u>



FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year. Only individual major funds are presented in the Fund Financial Statements, while non-major funds are combined in a single column. Individual non-major funds may be found in the Supplemental Section.

The funds described below were determined to be major funds by the City in fiscal year 2015-2016:

GENERAL FUND

Established to account for all financial resources necessary to carry out basic governmental activities of the City which are not accounted for in another fund. The General Fund supports essential City services such as police and fire protection, building and street maintenance, libraries, recreation, parks and open space maintenance.

TRAFFIC AND HOUSING MITIGATION SPECIAL REVENUE FUND

Established to maintain long-term developer contributions for major housing and street improvement projects.

GAS TAX SPECIAL REVENUE FUND

Established to receive and expend the City's allocation of the State gasoline taxes.

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	Special Revenue Funds				Total Governmental Funds
	General	Traffic and Housing Mitigation	Gas Tax	Other Governmental Funds	
ASSETS					
Cash and investments available for operations (Note 2)	\$11,761,730	\$10,598,096	\$7,261,703	\$13,298,409	\$42,919,938
Restricted cash and investments (Note 2)				979,094	979,094
Receivables:					
Accounts	1,280,029		73,933	1,075,525	2,429,487
Taxes	10,349,225		97,676	215,924	10,662,825
Grants	35,206		1,019,468	531,437	1,586,111
Interest	118,226			1,169	119,395
Loans (Note 4)	294,529	193,573		615,066	1,103,168
Long-term receivable from the Successor Agency (Note 15D)	1,286,882				1,286,882
Prepays	181,787			9,449	191,236
Total Assets	\$25,307,614	\$10,791,669	\$8,452,780	\$16,726,073	\$61,278,136
LIABILITIES					
Accounts payable	\$3,800,802	\$294,565	\$1,052,995	\$1,848,411	\$6,996,773
Deposits payable	65,457	57,947		175,490	298,894
Developer deposits payable	376,567			1,500	378,067
Unearned revenue			746,522	312,794	1,059,316
Total Liabilities	4,242,826	352,512	1,799,517	2,338,195	8,733,050
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - SB90 reimbursement receivable	1,088,103				1,088,103
Unavailable revenue - long-term receivable from Successor Agency	1,286,882				1,286,882
Total Deferred Inflows of Resources	2,374,985				2,374,985
Fund Balances (Note 8):					
Nonspendable	476,316			9,449	485,765
Restricted		\$10,439,157	6,653,263	10,459,825	27,552,245
Committed				3,799,421	3,799,421
Assigned	16,440,910			119,183	16,560,093
Unassigned	1,772,577				1,772,577
Total Fund Balances	18,689,803	10,439,157	6,653,263	14,387,878	50,170,101
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$25,307,614	\$10,791,669	\$8,452,780	\$16,726,073	\$61,278,136

See accompanying notes to basic financial statements

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

Total fund balances reported on the governmental funds balance sheet	\$50,170,101
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:	
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.	186,828,735
Internal service funds are used by management to charge the cost of management of building, workers' compensation, employee benefits, insurance, and post-retirement healthcare benefits to individual funds. The assets and liabilities are included in Governmental Activities in the Statement of Net Position.	9,700,848
Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the Governmental Funds.	
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(4,868,495)
Compensated absences	(4,258,120)
Unavailable revenue	2,374,985
Long-term receivables from San Rafael Sanitation District	4,859,007
Deferred outflow related to pension	57,286,741
Net pension liability	(137,663,468)
Deferred inflow related to pension	<u>(32,709,914)</u>
Net position of governmental activities	<u><u>\$131,720,420</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Special Revenue Funds</u>				Total Governmental Funds
	General	Traffic and Housing Mitigation	Gas Tax	Other Governmental Funds	
REVENUES					
Taxes and special assessments	\$60,217,831			\$5,648,387	\$65,866,218
Licenses and permits	2,588,411				2,588,411
Fines and forfeitures	435,829				435,829
Use of money and properties	221,832	\$58,823	\$40,487	139,064	460,206
Intergovernmental	8,078,040		3,465,316	2,141,647	13,685,003
Charges for services	2,772,446	355,394	1,294,882	9,944,022	14,366,744
Other revenue	441,761		187,504	2,579,484	3,208,749
Total Revenues	74,756,150	414,217	4,988,189	20,452,604	100,611,160
EXPENDITURES					
Current:					
General government	10,501,341	40,000	12,242	795,496	11,349,079
Public safety	39,230,483			7,840,683	47,071,166
Public works and parks	10,468,421		2,748,775	1,173,503	14,390,699
Community development	3,670,108				3,670,108
Culture and recreation	2,963,125			9,084,979	12,048,104
Capital outlay			4,149,920	663,837	4,813,757
Capital improvement / special projects	12,389	657,378	141,834	4,014,975	4,826,576
Debt service:					
Principal	75,172				75,172
Interest and fiscal charges	277,263				277,263
Total Expenditures	67,198,302	697,378	7,052,771	23,573,473	98,521,924
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,557,848	(283,161)	(2,064,582)	(3,120,869)	2,089,236
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 3A)	1,110,809		1,516,900	4,905,655	7,533,364
Transfers out (Note 3A)	(4,340,655)	(1,516,900)	(400,000)	(325,000)	(6,582,555)
Total Other Financing Sources (Uses)	(3,229,846)	(1,516,900)	1,116,900	4,580,655	950,809
Net Change in Fund Balances	4,328,002	(1,800,061)	(947,682)	1,459,786	3,040,045
FUND BALANCES, BEGINNING OF YEAR AS ADJUSTED (NOTE 1N)	14,361,801	12,239,218	7,600,945	12,928,092	47,130,056
FUND BALANCES, END OF YEAR	\$18,689,803	\$10,439,157	\$6,653,263	\$14,387,878	\$50,170,101

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$3,040,045
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:</p>	
<p>Capital Assets Transactions</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. Capital outlay and improvement expenditures are therefore added back to fund balance</p>	
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	9,070,964
Depreciation expense is deducted from fund balance	(28,749)
	(6,275,340)
<p>Long-Term Debt Proceeds and Payments</p>	
<p>Repayments on long-term debt principal are expenditures in the governmental funds, but in the Statement of Net Position the repayments reduce long-term liabilities.</p>	
	75,172
<p>Accrual of Non-Current Items</p>	
<p>The amount below included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as revenue or expenditures in governmental funds (net change):</p>	
Compensated absences	(33,730)
Unavailable revenue	(250,189)
Long-term receivable from San Rafael Sanitary District	396,192
<p>Net Pension Liability Transactions</p>	
<p>Governmental funds record pension expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability.</p>	
	(17,396,696)
<p>Allocation of Internal Service Fund Activities</p>	
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.</p>	
	<u>1,448,976</u>
Change in Net Position of Governmental Activities	<u><u>(\$9,953,355)</u></u>

See accompanying notes to financial statements



PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges, whether external or internal.

The City reports its only enterprise fund, as a major fund.

PARKING SERVICES FUND

Established to maintain parking garages, lots and spaces in the Downtown Parking District, and to pay for parking enforcement and meter collection.

INTERNAL SERVICE FUNDS

Established to account for department services and financing performed for other departments within the same governmental jurisdiction. Funding comes from charges assessed to the departments benefiting from the service.

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2016

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments available for operations (Note 2)	\$2,841,692	\$19,269,255
Receivable:		
Accounts	32,280	89,607
Loans		10,938
Grants	129,077	
Prepays		1,083,036
Total Current Assets	3,003,049	20,452,836
Noncurrent Assets:		
Capital assets (Note 5):		
Nondepreciable	8,620,853	61,964
Depreciable, net	8,078,262	7,194,971
Total Noncurrent Assets	16,699,115	7,256,935
Total Assets	19,702,164	27,709,771
DEFERRED OUTFLOWS		
Deferred outflows related to pension (Note 9)	1,939,052	
Total Deferred Outflows	1,939,052	
LIABILITIES		
Current Liabilities:		
Accounts payable	166,531	272,925
Interest payable	48,497	
Compensated absences, due in one year (Note 1K)	17,841	
Claims payable, due in one year (Note 13)		2,129,125
Long-term debt, due in one year (Note 6)	266,816	
Total Current Liabilities	499,685	2,402,050
Noncurrent Liabilities:		
Compensated absences (Note 1K)	124,884	
Claims payable (Note 13)		6,459,441
Long-term debt (Note 6)	5,474,241	
Net OPEB liability (Note 11)		9,101,000
Net Pension Liability (Note 9)	4,659,659	
Total Noncurrent Liabilities	10,258,784	15,560,441
Total Liabilities	10,758,469	17,962,491
DEFERRED INFLOWS		
Deferred inflows related to pension (Note 9)	1,107,171	
Total Deferred Inflows	1,107,171	
NET POSITION (Note 8):		
Net investment in capital assets	10,958,058	7,256,935
Unrestricted	(1,182,482)	2,490,345
Total Net Position	9,775,576	\$9,747,280
Some amounts reported for <i>business-type activities</i> in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.		
	46,432	
Net position business-type activities	\$9,822,008	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$3,090,169	\$15,679,243
Other operating revenues	2,122,012	1,044,249
Total Operating Revenues	<u>5,212,181</u>	<u>16,723,492</u>
OPERATING EXPENSES		
Personnel	2,894,496	3,671,075
Insurance premiums and claims		7,109,240
Maintenance and repairs	132,533	336,712
Depreciation (Note 5)	251,235	1,081,298
General and administrative	1,289,990	2,699,323
Total Operating Expenses	<u>4,568,254</u>	<u>14,897,648</u>
Operating Income	<u>643,927</u>	<u>1,825,844</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	14,723	89,073
Interest expense	(199,612)	
Miscellaneous income		41,405
Total Nonoperating Revenues (Expenses)	<u>(184,889)</u>	<u>130,478</u>
Income Before Transfers	<u>459,038</u>	<u>1,956,322</u>
TRANSFERS IN (Note 3A)	60,064	
TRANSFERS OUT (Note 3A)	<u>(508,542)</u>	<u>(502,331)</u>
Change in Net Position	10,560	1,453,991
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED (Note 1N)	<u>9,765,016</u>	<u>8,293,289</u>
NET POSITION, END OF YEAR	<u><u>\$9,775,576</u></u>	<u><u>\$9,747,280</u></u>

* Reconciliation of the Change in Net Position with the Statement of Activities

Change in Net Position	\$10,560
Some amounts reported for <i>business-type activities</i> in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds serviced.	<u>5,015</u>
Change in Net Position of Business-type Activities	<u><u>\$15,575</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/other funds	\$3,090,169	\$15,770,231
Cash payments to suppliers for goods and services	(1,438,858)	(14,769,175)
Cash payments to employees for salaries and benefits	(2,305,536)	(146,571)
Other operating revenues	2,003,585	1,044,249
Payment to OPEB Trust		(63,000)
Cash Flows from Operating Activities	1,349,360	1,835,734
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund payments	(508,542)	(502,330)
Cash Flows from Noncapital Financing Activities	(508,542)	(502,330)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on revenue bonds	(256,816)	
Interest expenses and fiscal charges	(200,762)	
Acquisition of capital assets	(149,928)	(1,325,341)
Proceeds from sale of property	1,742	41,405
Cash Flows from Capital and Related Financing Activities	(605,764)	(1,283,936)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	14,723	89,076
Cash Flows from Investing Activities	14,723	89,076
NET INCREASE IN CASH AND CASH EQUIVALENTS	249,777	138,544
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,591,915	19,130,711
CASH AND CASH EQUIVALENTS, END OF YEAR	\$2,841,692	\$19,269,255
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$643,927	\$1,825,844
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	251,235	1,081,298
Net change in assets and liabilities:		
Accounts receivable	(118,427)	76,436
Loans receivable		10,938
Prepays and deposits	2,815	(1,079,422)
Net OPEB obligation		(63,000)
Accounts payable	(19,150)	(1,285,508)
Compensated absence obligations	13,002	
(Decrease) increase in due to retirement system	575,958	
Claims payable		1,269,148
Net Cash Provided by Operating Activities	\$1,349,360	\$1,835,734

See accompanying notes to basic financial statements

FIDUCIARY FUND FINANCIAL STATEMENTS
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Fiduciary funds are used to account for assets held by the City as an agent or custodian for other entities. The financial activities of such funds are excluded from the Government-wide financial statements and presented in fund statements that consist of a Statement of Net Position.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – PRIVATE PURPOSE TRUST FUND

Established to account for the activities of the Successor Agency to the San Rafael Redevelopment Agency.

PT. SAN PEDRO ROAD ASSESSMENT DISTRICT AGENCY FUND

Established to accumulate funds for payment of principal and interest for Pt. San Pedro Road Median Landscaping Assessment District bonds.

CITY OF SAN RAFAEL
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2016

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
	<u>Trust Fund</u>	<u>Funds</u>
ASSETS		
Cash and investments (Note 2)	\$98,979	
Restricted cash and investments (Note 2)		\$291,111
Receivable:		
Taxes	3,283,763	1,134
	<u>3,283,763</u>	<u>1,134</u>
Total Assets	<u>\$3,382,742</u>	<u>\$292,245</u>
LIABILITIES		
Accounts payable	\$1,482	
Interest payable	58,960	\$27,697
Other long-term obligations (Note 15D)	1,286,882	
Due to bondholders		264,548
Long-term debt (Note 15C):		
Due within one year	2,930,000	
Due more than one year	18,668,120	
	<u>18,668,120</u>	
Total Liabilities	<u>22,945,444</u>	<u>\$292,245</u>
NET POSITION (DEFICIT)		
Held in trust for private purpose	<u>(\$19,562,702)</u>	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Property taxes	\$4,147,770
Total Additions	4,147,770
DEDUCTIONS	
General government	259,364
Interest expense	3,162,782
Total Deductions	3,422,146
Change in Net Position	725,624
NET POSITION HELD IN TRUST FUND FOR OTHER PURPOSES	
Beginning of year	(20,288,326)
End of year	(\$19,562,702)

See accompanying notes to financial statements



CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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A. *Description of the Financial Reporting Entity*

As required by generally accepted accounting principles, the financial statements present the City of San Rafael (the City) as the Primary Government, with its component units for which the City is considered financially accountable. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

B. *Description of Blended Component Units*

The accompanying basic financial statements include all funds and boards and commissions that are controlled by the City Council. The basic financial statements include the City's blended component units, entities for which the City is considered to be financially accountable. A blended component unit, although a legally separate entity, is in substance, part of the City's operations and so data from this entity is combined with the City. The City's blended component units are described below.

San Rafael Joint Powers Financing Authority – The San Rafael Joint Powers Financing Authority (Authority) was formed by the City of San Rafael and the former San Rafael Redevelopment Agency (Agency) pursuant to Articles 1 and 2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California for the purpose of assisting in the financing and refinancing of certain assessment district and redevelopment-related activities in the City. On March 18, 2013, the Agency was replaced by the California Municipal Finance Authority (CMFA) in order that the life of the Authority would extend beyond that of the Agency. The Authority is administered by a governing board whose members are the City Council of the City of San Rafael.

Activities of the Authority are reported in the Parking Services Enterprise Funds. Separate financial statements are not prepared for the Authority.

C. *Description of Discretely Presented Component Unit*

San Rafael Sanitation District – The San Rafael Sanitation District (District) was formed in 1947 under Section 4700 of the California Health and Safety Code to provide wastewater transmission over the southern two-thirds of the City and adjacent unincorporated areas.

The District is governed by a three-member Board of Directors who are appointed to four-year terms. The City Council of the City appoints two out of the three board members and has the ability to remove the two board members at will.

The City contracts with the District to maintain the collection systems in the City and surrounding unincorporated areas. These employees are paid through the City's payroll department and participate in the City's cost-sharing multiple-employer defined benefit pension plan administered by the Marin County Employees' Retirement Association (Association). These costs are the obligation of the District and not the City. As discussed in Note 4H, a receivable from the District has been established.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District's activities are reported as a discretely presented component unit in a separate column in the basic financial statements which includes the District's assets, liabilities, revenues, expenses, results of operations and cash flows. The District's fiscal year ends on June 30 and its separately issued component unit financial statements can be obtained at the San Rafael Sanitation District, 111 Morphew Street, San Rafael, California 94901.

D. Basis of Presentation

Government-wide Statements - The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Interfund transfers and amounts owed between funds within the primary government have been eliminated from the statements. Amounts representing interfund services and uses remain in the statements. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

E. Major Funds and Other Reported Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – Established to account for all financial resources necessary to carry out basic governmental activities of the City which are not accounted for in another fund.

Traffic and Housing Mitigation Special Revenue Fund – Established to maintain long-term developer contributions for major housing and street improvement projects.

Gas Tax Special Revenue Fund - Established to receive and expend the City's allocation of the State gasoline taxes.

The City reported its only enterprise fund as a major fund in the accompanying financial statements. The enterprise fund is:

Parking Services Fund – Established to maintain parking garages, lots and spaces in the Downtown Parking District, and to pay for parking enforcement, meter collection, and downtown enforcement services.

The City also reports the following fund types:

Internal Service Funds - These funds account for: building maintenance; vehicle, equipment computer, radio, and telephone replacement; employee benefits; liability insurance; workers' compensation; dental insurance; employee retirement; and retiree medical (OPEB); and sewer maintenance.

Fiduciary Fund – These funds include: *Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund* – which accounts for the accumulation of resources held by the Successor Agency to the Redevelopment Agency to be used for payments at appropriate amounts and times in the future; *Pt. San Pedro Road Assessment District Agency Fund* – which accumulates funds for the payment of principal and interest for Pt. San Pedro Road Median Landscaping District bonds. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

F. Basis of Accounting

The government-wide, proprietary, fiduciary and discretely presented component unit financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end with the exception of sales and use tax revenues which are reported as available if collected within ninety days of year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property and sales taxes, certain intergovernmental revenues, interest revenue, charges for services, fines and forfeitures. Other receipts and taxes are recognized as revenue when the cash is received.

Non-exchange transactions, in which the City gives or receives value without directly, receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenue. Thus, both restricted and unrestricted net position may be made available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The City considers restricted shared state revenues such as gasoline taxes and public safety sales taxes, restricted locally imposed transportation sales taxes, fines, forfeitures, licenses, permits, charges for services, and program grants as program revenues.

Certain indirect costs are included in program expenses reported for individual functions and activities.

G. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. *Unavailable revenue*, a type of deferred inflow of resources, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes receivable, interest on interfund advances and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Budgets, Budgetary Accounting, and Encumbrances

The City adopts an annual budget which is effective July 1 for the ensuing fiscal year. The budget reflects estimated revenues and expenditures, except for the capital projects funds and the Peacock Gap Assessment District Debt Service Fund. Appropriations and spending authorizations for projects in the capital projects funds and some special revenue funds are approved by the City Council on a multi-year basis. From the effective date of the budget, which is adopted at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year in order to respond to emerging needs, changes in resources, or shifting priorities. Expenditures may not exceed appropriations at the fund level, which is the legal level of control. The City Manager is authorized to transfer budgeted amounts between accounts, departments or funds; the Council must approve any increase in the City's operating expenditures as well as any appropriations for capital projects.

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles for the General Fund and Special Revenue Funds.

Encumbrance accounting, under which purchase orders for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. All unencumbered appropriations lapse at year end.

I. Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including all restricted assets) with maturity of three months or less when purchased to be cash equivalents. The City maintains a cash and investment pool that is available for use by all funds. As the proprietary funds' share of this pool is readily available when needed, such share is also considered to be cash equivalent. Deposit assets in the proprietary funds are related to insurance and benefits and are not considered cash equivalents for purposes of the statement of cash flows.

J. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

The City has included the value of all infrastructure capital assets into its Basic Financial Statements using the Basic Approach for infrastructure reporting.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets, excluding infrastructure, are recorded if acquisition or construction costs exceed \$25,000. The similar threshold for infrastructure is \$25,000.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

The City has assigned the useful lives listed below to capital assets:

Buildings, improvements, and structures	20 – 50 years
Machinery and equipment	4 – 20 years
Infrastructure	15 – 50 years

K. *Compensated Absences*

Compensated absences are accrued as earned. Upon termination, employees are paid for all unused vacation at their current hourly rates. Unused sick leave may be compensable up to 600 hours, depending upon the provisions of the MOUs, which vary by bargaining unit.

The long-term portion of the liability for compensated absences for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. Compensated absences are liquidated by the fund that has recorded the liability. Proprietary fund liabilities are recorded within their respective funds. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$4,224,390	\$129,723	\$4,354,113
Additions	3,960,404	116,142	4,076,546
Payments	(3,926,674)	(103,140)	(4,029,814)
Ending Balance	\$4,258,120	\$142,725	\$4,400,845
Current Portion	\$532,265	\$17,841	\$550,106

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Tax Levy, Collection and Maximum Rates

State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold, transferred, or substantially improved. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts. Marin County assesses properties, bills for and collects property taxes on the schedule that follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates (delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property taxes are levied and recorded as revenue when received in the fiscal year of levy because of the adoption of the “alternate method of property tax distribution,” known as the Teeter Plan, by the City and the County of Marin. The Teeter Plan authorized the auditor-controller of the County of Marin to allocate 100% of the secured property taxes billed, but not yet paid. The County of Marin remits tax monies to the City in three installments, as follows:

- 55% remitted on December 15
- 40% remitted on April 15
- 5% remitted on June 15

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. *Recategorization of Funds and New Funds*

In Fiscal Year 2015-2016, the City reclassified the Telephone Replacement Fund and Radio Replacement Fund from Capital Project Funds to Internal Service Funds. In addition, the City reclassified the Sewer Maintenance Fund from Special Revenue Funds to Internal Service Funds. As a result of the fund recategorization, total fund balance of the governmental funds were reduced by \$620,969 as of July 1, 2015. Concurrently, total net positions of the Internal Service Funds were increased by the same amount.

The City added a capital projects fund, San Rafael Essential Facilities, for the purpose of reporting major capital improvements to public safety facilities.

O. *Implementation of Accounting Standards*

Adopted in the Current Year

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The primary objective of this is to define fair value and describe how fair value should be measured, define what assets and liabilities should be measured at fair value, and determine what information about fair value should be disclosed in the notes to the financial statements. The Statement is effective for periods beginning after June 15, 2015, or the 2015-2016 fiscal year. This pronouncement was implemented effected July 1, 2015.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The statement is effective for the periods beginning after June 15, 2015, or the 2015-2016 fiscal year.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address for certain external investment pool and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This statement is effective for the periods beginning after December 15, 2015, or the 2015-2016 fiscal year.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 2 - CASH AND INVESTMENTS

A. Policies

The City maintains an investment policy that emphasizes safety, liquidity and reasonable market yield. This policy is reviewed and approved by the City Council annually.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the trust department of a bank as the custodian of certain City managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 - CASH AND INVESTMENTS

B. Classification

Cash and investments as of June 30, 2016, are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Statement of Net Position:

City of San Rafael:	
Cash and investments available for operations	\$65,030,885
Restricted cash and investments	979,094
Total Primary Government Cash and Investments	66,009,979
San Rafael Sanitation District (Component Unit)	
Cash and investments available for operations	24,011,268
Total San Rafael Sanitation District Cash and Investments	24,011,268

Statement of Fiduciary Net Position (separate statement):

Successor Agency to the Redevelopment Agency:	
Cash and investments available for operations	98,979
Restricted cash and investments	0
Total Successor Agency Cash and Investments	98,979
Pt. San Pedro Road Assessment District Agency Fund	
Total Fiduciary Cash and Investments	291,111
Total Fiduciary Cash and Investments	390,090
Total Cash and Investments	\$90,411,337

The City does not normally allocate investments by fund. Each proprietary fund's portion of Cash and Investments Available for Operations is in substance a demand deposit available to finance operations, and is considered a cash equivalent in preparing the statement of cash flows.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's investment policy and the California Government Code allow the City to invest in the following provided the credit ratings of the issuers are acceptable to the City, and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Government Obligation	5 years	N/A	No limit	No limit
U.S. Agency Securities and Instruments	5 years	AAA	No limit	No limit
Repurchase Agreements	1 year	A-1	No limit	No limit
Prime Commercial Paper	270 days	A-1	25%	10% of total outstanding commercial paper
Bankers' Acceptances	180 days	A-1	40%	\$2,000,000
Medium-Term Corporate Notes	5 years	A	30%	5% of portfolio
Negotiable Certificates of Deposit	5 years	A-1	30%	5% of portfolio
Non-negotiable Certificates of Deposit	5 years	N/A	30%	5% of portfolio
Local Agency Investment Fund	N/A	N/A	N/A	N/A
Money Market Mutual Funds	N/A	AAA	10%	N/A
Limited Obligation Improvement Bonds related to Special Assessment Districts and Special Tax Districts	30 years	N/A	N/A	N/A

The San Rafael Sanitation District maintains all of its cash in the County of Marin pooled investment fund for the purpose of increasing interest earnings through pooled investment activities.

The County Pool includes both voluntary and involuntary participation from external entities. The District is a voluntary participant. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The District has approved by resolution, the investment policy of the County of Marin which complies with the California Government Code.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if there are insufficient resources to meet debt repayment obligations. The California Government Code requires these funds to be invested in accordance with City ordinance bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
U.S. Treasury Obligations	5 years to no maximum	N/A	No Limit
U.S. Agency Securities	3 - 5 years	N/A	No Limit
U.S. Agency Instruments	5 years	AAA	No Limit
Repurchase Agreements	1 year	A-1	No Limit
Bankers' Acceptances	360 days	Highest Category Rating	No Limit
Money Market Funds	N/A	Highest Category Rating	No Limit
Prime Commercial Paper	270 days	Highest Category Rating	No Limit
Guaranteed Investment Contracts (fully collateralized) (A)	N/A	Highest Category Rating	No Limit
Municipal Obligations	N/A	Two Highest Category Ratings	No Limit
Medium-Term Corporate Notes	5 Years	A	No Limit
Non-Negotiable Certificates of Deposit	180 Days	N/A	No Limit
Negotiable Certificates of Deposit	5 Years	N/A	No Limit
Local Agency Investment Fund	N/A	N/A	N/A

(A) Guaranteed Investment Contracts must be fully collateralized with U.S. Treasury Obligations or U.S. Agency Obligations.

E. GASB 72 Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles (GAAP). The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016:

	(a) Level 1	(b) Level 2	(c) Level 3	Total
City:				
Money Market Mutual Funds		\$210,600		\$210,600
Local Agency Investment Fund		24,077,462	(e)	24,077,462
U.S. Treasury Notes	\$6,261,750			6,261,750
U.S. Agency Securities and Instruments		10,634,530		10,634,530
Medium-Term Corporate Notes		3,541,760		3,541,760
Commercial Paper		499,605		499,605
Investment in Pt. San Pedro Bonds			\$1,582,700	(d)
				1,582,700
Total Investments	<u>\$6,261,750</u>	<u>\$38,963,957</u>	<u>\$1,582,700</u>	46,808,407
Cash in banks and on hand				<u>19,201,572</u>
Total City and Investments				<u>66,009,979</u>
 Fiduciary:				
Total Investments	<u>0</u>			0
Cash in banks and on hand				<u>390,090</u>
Total Fiduciary Cash and Investments				<u>390,090</u>
Total City and Fiduciary Cash and Investments				<u>66,400,069</u>
 San Rafael Sanitary District:				
County Investment Pool		\$24,011,268	(f)	24,011,268
Total District's Cash and Investments		<u>\$24,011,268</u>		<u>24,011,268</u>
Total Cash and Investments				<u>\$90,411,337</u>

Source: The above GASB 72 classifications into the different Input Levels are provided by the US Bank Institutional Trust & Custody.

- (a) Level 1 inputs are quoted prices in active market for identical assets. These are quoted prices in active markets for identical assets at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- (b) Level 2 inputs are significant other observable inputs. These inputs include: a) Quoted prices for similar assets in active markets; b) Quoted prices for identical or similar assets in markets that are not active; and c) Inputs other than quoted prices that are observable for an asset.
- (c) Level 3 inputs are significant unobservable inputs. These inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date, unobservable inputs shall reflect the assumptions that market participants would use in pricing the asset including assumptions about risk.
- (d) This pertains to the City-owned bonds of its investments in Pt. San Pedro that has no trading market and is thus listed under Level 3. This bond is valued using discounted cash flow techniques.
- (e) The Local Agency Investment Fund (LAIF) that is classified in Level 2 is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool.
- (f) The County Investment Pool, held by the San Rafael Sanitary District, that is classified in Level 2 is valued based on other observable inputs.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City also manages its interest rate risk by holding most investments to maturity, thus reversing unrealized market gains and losses.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Type of Investment	12 Months or Less	More than 12 Months	Total
City:			
Money Market Mutual Funds	\$210,600		\$210,600
Local Agency Investment Fund	24,077,462		24,077,462
U.S. Treasury Notes	3,756,050	\$2,505,700	6,261,750
U.S. Agency Securities and Instruments	3,506,295	7,128,235	10,634,530
Medium-Term Corporate Notes	2,008,080	1,533,680	3,541,760
Commercial Paper	499,605		499,605
Investment in Pt. San Pedro Bonds		1,582,700	1,582,700
Total Investments	\$34,058,092	\$12,750,315	46,808,407
<i>Cash in banks and on hand</i>			19,201,572
Total City and Investments			66,009,979
Fiduciary:			
Total Investments	0		0
<i>Cash in banks and on hand</i>			390,090
Total Fiduciary Cash and Investments			390,090
Total City and Fiduciary Cash and Investments			66,400,069
San Rafael Sanitary District:			
<i>County Investment Pool</i>			24,011,268
Total District's Cash and Investments			24,011,268
Total Cash and Investments			\$90,411,337

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2016, these investments matured in an average of 167 days.

Money Market Mutual Funds are available for withdrawal on demand. The investment portfolio of the Money Market Mutual Fund had an average maturity of 42 days at June 30, 2016.

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. The pool has a credit rating of "AAA/V1." Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2016, for each of the Primary Government's investment types as provided by Standard and Poor's or Moody's investment rating systems, except as noted:

Type of Investment	A	AA-	AA	AA+	Aaa/AAA	A1/P1	Total
City (except Fiduciary Funds):							
Money Market Mutual Funds					\$210,600		\$210,600
U.S. Agency Securities and Instruments					10,634,530		10,634,530
Medium-Term Corporate Notes	\$501,910	\$1,533,665	\$501,090	\$1,005,095			3,541,760
Commercial Paper						\$499,605	499,605
Total rated investments	<u>\$501,910</u>	<u>\$1,533,665</u>	<u>\$501,090</u>	<u>\$1,005,095</u>	<u>\$10,845,130</u>	<u>\$499,605</u>	<u>14,886,495</u>
Not rated:							
Local Agency Investment Fund							24,077,462
U.S. Treasury Notes							6,261,750
Investment in Pt. San Pedro Bonds							1,582,700
Cash in banks and on hand							<u>19,201,572</u>
Total City Cash and Investments							<u>66,009,979</u>
Fiduciary:							
Money Market Mutual Funds					\$0		-
Total rated investments					<u>\$0</u>		<u>0</u>
Not rated:							
Local Agency Investment Fund							-
Cash in banks and on hand							<u>390,090</u>
Total Fiduciary Cash and Investments							<u>390,090</u>
Total City and Fiduciary Cash and Investments							<u>66,400,069</u>
<u>AAA/VI</u>							
Component Unit							
San Rafael Sanitary District:							
Investment in County Pool (Rated AAA/VI)					24,011,268		24,011,268
Total District's Cash and Investments					<u>\$24,011,268</u>		<u>24,011,268</u>
Total Cash and Investments							<u>\$90,411,337</u>

H. Concentration Risk

The City's investments with any one issuer that are greater than five percent of the total investments are in either an external investment pool or mutual funds and are therefore exempt.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 3 – INTER-FUND TRANSACTIONS

A. Transfers

Resources may be transferred from one City fund to another. Transfers routinely fund capital projects or capital outlays, lease or debt service payments, and operating expenses.

Transfers between funds during the fiscal year ended June 30, 2016, were as follows:

From Fund	To Fund	Amount
General Fund	Non-Major Governmental Funds	\$4,340,655 (A)
Gas Tax Fund	General Fund	400,000 (B)
Childcare Fund	Non-Major Governmental Funds	325,000 (A)
Traffic and Housing Mitigation Fund	Gas Tax Fund	1,516,900 (C)
Parking Services Enterprise Fund	General Fund	418,542 (B)
	Non-Major Governmental Fund	90,000 (A)
Internal Service Funds	General Fund	292,267 (B)
	Non-Major Governmental Fund	150,000 (A)
	Parking Services Enterprise Fund	60,064 (D)
		<u>\$7,593,428</u>

(A) Transfers to the Non-Major Governmental Funds were for administrative costs, program support, capital projects, and grant matching. This includes \$1,849,405 transferred from the General Fund Measure E reserve to the San Rafael Essential Facilities Capital Project.

(B) Transfers to the General Fund were for street maintenance support, administrative costs, engineering support and pension obligation bond debt service interest payment.

(C) Transfer to Gas Tax Fund for Downtown Rail Readiness Project.

(D) Transfer capital asset from Vehicle Fund to Parking Enterprise Fund.

B. Internal Balances

GASB 34 requires internal balances to be presented in the Government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 4 – LOANS RECEIVABLE

A. *Summary of Loans Receivable*

The City has identified the portion of fund balance represented by these loans as nonspendable or restricted as discussed in Note 8. At June 30, 2016, these loans totaled:

Employee Loans	\$7,232
Centertown Associates	230,066
One "H" Street Associates	48,573
Fire Chief Loan	287,297
Marin Housing Authority	530,000
Town of Ross	10,938
Total	\$1,114,106

B. *Employee Loans*

The City administers a computer loan program that supports the use of technology by employees. Employees are permitted to borrow up to \$1,500 for the purchase of computer hardware and software. The loans are interest-free, have maximum terms of one year, and are repaid through automatic payroll deductions. As of June 30, 2016, the balance of the employee loans receivable was \$7,232.

C. *Centertown Associates Loan*

On August 20, 1990, the former Redevelopment Agency loaned Centertown Associates, Ltd, \$303,000 at 3% interest due semiannually. The loan was made for the construction of a 60-unit affordable Centertown apartment complex and is fully secured by a deed of trust. The final payment is due on July 31, 2065. With the dissolution of the Redevelopment Agency effective February 1, 2012, the assets of the Agency’s Low and Moderate Income Housing fund, including the Centertown Associates loan, were assumed by the City’s Low and Moderate Income Housing Special Revenue Fund. As of June 30, 2016, the balance of the loan including principal and accrued interest was \$230,066.

D. *One “H” Street Associates Loan*

On January 18, 1994, the City loaned One “H” Street Associates \$100,000 at zero percent interest with annual payments of \$2,857 and with a final payment due January 18, 2034. As of June 30, 2016, the balance of this loan was \$48,573.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 4 – LOANS RECEIVABLE (Continued)

E. Fire Chief Loan

On September 17, 2007, the City Council approved a Home Loan Agreement to provide the Fire Chief with housing assistance. Under the Agreement, which was executed on October 3, 2007, the City loaned the Fire Chief \$600,000 to assist in the purchase of his primary residence. The loan is secured by a recorded deed of trust. The initial interest rate to be charged was 5.25% through August 31, 2008. On September 1, 2008, and on each September 1 following, until the loan is paid off, the interest rate of the loan will be adjusted based upon the then reported quarter-to-date Local Agency Investment Fund rate on the City’s investment portfolio. As of June 30, 2016, the balance of the loan was \$287,297.

F. Marin Housing Authority Loans

On September 29, 2015, November 16, 2015, and April 19, 2016, the City made loans to the Marin Housing Authority for a low and moderate income unit, in the amounts of \$135,000, \$250,000 and \$145,000, respectively. As with other loans made under this program, this loan is due upon the sale of the unit. As of June 30, 2016, the balances of the loans were \$530,000.

G. Town of Ross Loan

In September 2013, the City Council authorized the sale of a police vehicle to the Town of Ross. The terms of the sale included a total sales price of \$39,614 to be paid in installment payments. The balance of this loan was \$10,938 as of June 30, 2016. The final payment of \$10,938 will be due on November 1, 2016.

H. Other Receivables

The City provides staffing to San Rafael Sanitation District (District) under a contractual arrangement originated in 1987 that requires the District to pay all related employee costs incurred by the City on its behalf. Accordingly, the cost of providing pension and post-employment health benefits incurred by the City for the District staff but not yet funded are reflected by the District as an obligation, and by the City as a noncurrent receivable. The obligation as of June 30, 2016 is \$4,859,007, and is composed of the following:

Long-term receivable from San Rafael Sanitation District:

Defined benefit pension liability allocation (GASB 68)	\$3,857,007
Other post-employment benefit liability allocation (GASB 45)	278,645
Other post-employment benefit liability in excess of GASB 45 allocation	<u>723,355</u>
 Total long-term receivable from San Rafael Sanitation District	 <u><u>\$4,859,007</u></u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 5 - CAPITAL ASSETS

Changes in capital assets during the fiscal year consisted of:

	Balance June 30, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Governmental Activities					
Capital assets not being depreciated:					
Land	\$83,261,168				\$83,261,168
Construction in progress	4,506,263	\$9,137,202		(\$2,123,744)	11,519,721
Total capital assets not being depreciated	87,767,431	9,137,202		(2,123,744)	94,780,889
Capital assets being depreciated:					
Land improvements	8,788,985			231,112	9,020,097
Buildings and structures	41,485,770			181,332	41,667,102
Machinery and equipment	18,927,068	1,420,023	(\$1,835,961)	(34,702)	18,476,428
Infrastructure	185,528,716			1,684,222	187,212,938
Total capital assets being depreciated	254,730,539	1,420,023	(1,835,961)	2,061,964	256,376,565
Less accumulated depreciation for:					
Land improvements	(5,530,029)	(270,055)			(5,800,084)
Buildings and structures	(15,890,764)	(1,196,051)			(17,086,815)
Machinery and equipment	(12,642,753)	(1,192,106)	1,706,356	1,716	(12,126,787)
Infrastructure	(117,359,672)	(4,698,426)			(122,058,098)
Total accumulated depreciation	(151,423,218)	(7,356,638)	1,706,356	1,716	(157,071,784)
Total net capital assets being depreciated	103,307,321	(5,936,615)	(129,605)	2,063,680	99,304,781
Total governmental activity capital assets	\$191,074,752	\$3,200,587	(\$129,605)	(\$60,064)	\$194,085,670
Business-type Activities					
Capital assets not being depreciated:					
Land	\$8,620,853				\$8,620,853
Total capital assets not being depreciated	8,620,853				8,620,853
Capital assets being depreciated:					
Buildings and structures	10,713,814				10,713,814
Machinery and equipment	1,185,162	\$149,928	(\$130,005)	\$61,780	1,266,865
Total capital assets being depreciated	11,898,976	149,928	(130,005)	61,780	11,980,679
Less accumulated depreciation for:					
Buildings and structures	(2,689,233)	(205,363)			(2,894,596)
Machinery and equipment	(1,088,496)	(45,872)	128,263	(1,716)	(1,007,821)
Total accumulated depreciation	(3,777,729)	(251,235)	128,263	(1,716)	(3,902,417)
Total net capital assets being depreciated	8,121,247	(101,307)	(1,742)	60,064	8,078,262
Total business-type activity capital assets	\$16,742,100	(\$101,307)	(\$1,742)	\$60,064	\$16,699,115

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance June 30, 2015	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2016
San Rafael Sanitation District					
Capital assets not being depreciated:					
Land and easements	\$115,329				\$115,329
Construction in progress	591,304	\$5,220,500		(\$2,607,737)	3,204,067
Total capital assets not being depreciated	706,633	5,220,500		(2,607,737)	3,319,396
Capital assets being depreciated:					
Subsurface lines	25,660,029	91,704		2,612,505	28,364,238
Sewage collection facilities	39,191,304	312,607		(4,768)	39,499,143
General plant and administration	1,615,739	34,158			1,649,897
Total capital assets being depreciated	66,467,072	438,469		2,607,737	69,513,278
Less accumulated depreciation for:					
Subsurface lines	(10,359,256)	(453,239)			(10,812,495)
Sewage collection facilities	(16,793,792)	(837,557)			(17,631,349)
General plant and administration	(828,828)	(134,945)			(963,773)
Total accumulated depreciation	(27,981,876)	(1,425,741)			(29,407,617)
Total net capital assets being depreciated	38,485,196	(987,272)		2,607,737	40,105,661
Total District's capital assets	\$39,191,829	\$4,233,228			\$43,425,057

Capital Asset Contributions - Some capital assets may have been acquired using Federal and State grant funds, or were contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

Depreciation Allocation - Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities	
General government	\$462,096
Public safety	881,313
Public works and parks	5,242,820
Community development/redevelopment	57,369
Culture and recreation	713,040
Total Governmental Activities	<u>\$7,356,638</u>
Business-type Activities	
Parking services	<u>\$251,235</u>
Total Business-type Activities	<u>\$251,235</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 6 – LONG TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

A summary of governmental and business-type activities transactions for the fiscal year ended June 30, 2016, are as follows:

	Authorized and Issued	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion
Governmental Activities:						
2010 Taxable Pension Obligation Bonds 6.00%-6.25%, due 7/1/2025	\$4,490,000	\$4,490,000			\$4,490,000	\$100,000
Total Pension Obligation Bonds		4,490,000			4,490,000	100,000
PG & E City Hall HVAC Retrofit Note Payable 0.00%, due 11/30/2023	334,585	279,118		\$33,280	245,838	\$33,280
PG & E Street Light Retrofit Note Payable 0.00%, due 8/31/2019	233,896	174,549		41,892	132,657	41,892
Total Governmental Long-term Debt		\$4,943,667		\$75,172	\$4,868,495	\$175,172
Business-type Activities						
PG & E Parking Lot Lighting Retrofit Note Payable 0.00%, due 11/30/2023	\$66,380	\$55,020		\$6,816	\$48,204	\$6,816
2012 Authority Lease Revenue Refunding Bonds 2.00-4.00%, due 4/1/2033 Less: unamortized bond discount	6,750,000	5,955,000 (12,872)		250,000 (725)	5,705,000 (12,147)	260,000
Total Enterprise Fund Debt		\$5,997,148		\$256,091	\$5,741,057	\$266,816

A. 2010 Taxable Pension Obligation Bonds

On July 1, 2010, the City issued 2010 Taxable Pension Obligation Bonds in the amount of \$4,490,000 bearing interest at rates from 6.00% to 6.25%. Interest on the Bonds are payable on January 1 and July 1 on each year. Principal payable on the Bonds will be paid on July 1 starting July 1, 2016. The Bonds were issued to prefund a portion of the obligations of the City to the Marin County Employees' Retirement Association. Payment of the principal and interest on the Bonds is not limited to any special source of funds and is payable from any legally available moneys of the City. The City is not empowered or obligated to levy or pledge taxes to make payments on the Bonds.

B. Pacific Gas and Electric Note Payable

On September 30, 2013, the City executed a note payable agreement with Pacific Gas and Electric (PG&E) in the amount of \$634,861, bearing no interest. The debt was assumed as a means to finance energy-efficient retrofit projects which include updating existing heating, ventilation and air conditioning (HVAC) unit in City Hall and converting the street and parking lot light to light emitting diode (LED). \$334,585 of the loan is for the HVAC projects and \$300,276 of the loan is for the LED projects. Repayment of the loan commenced in December 2013, and is due monthly until paid in full in 2023.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 6 - LONG-TERM DEBT (Continued)

C. 2012 Authority Lease Revenue Refunding Bonds

On August 7, 2012, the Authority issued 2012 Authority Lease Revenue Refunding Bonds in the amount of \$6,750,000 bearing interest at rates from 2.00% to 4.00%. The proceeds of the Series 2012 Bonds were used to repay the Authority's 2003 Authority Lease Revenue Bonds that financed the construction of the 3rd and C Street parking structure and achieved lower interest rates and lower annual debt service payments. The refunding resulted in a net present value savings to the City in debt service of \$670,496. In addition, the requisition price exceeded the net carrying amount of the old debt by \$295,278. The Series 2012 Bonds are payable from lease payments made by the City to the Authority for leasing the City facilities. The rights to these lease payments have been irrevocably transferred by the Authority to the Trustee. Activities related to the Series 2012 Bonds are reported in the Parking Services Enterprise Fund. Principal payments are due annually on April 1 and interest is payable semiannually on October 1 and April 1. The Bonds maturing on or prior to April 1, 2022 are not subject to optional redemption prior to their maturity. The Bonds maturing on or after April 1, 2023 are subject to optional redemption as a whole or in part on any date after April 1, 2022 at the option of the Authority, at a redemption price equal to the principal amount of the Bonds subject to redemption, plus accrued interest to the date fixed for redemption, without premium.

D. Future Debt Service

Future debt service requirements, including interest, at June 30, 2016, are as follows:

For the Year Ended June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$175,172	\$273,512	\$266,816	\$193,988
2018	280,172	264,362	276,816	186,188
2019	495,172	245,612	281,816	178,088
2020	485,261	219,662	291,816	169,838
2021	508,280	192,062	296,816	161,288
2022 - 2026	2,924,438	465,474	1,609,124	668,314
2027 - 2031			1,880,000	382,668
2032 - 2035			850,000	51,400
Totals	\$4,868,495	\$1,660,684	5,753,204	\$1,991,772
Reconciliation of Long-term debt:				
Less: unamortized discount			(12,147)	
			\$5,741,057	

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 7 – DEBT WITHOUT CITY COMMITMENT

The City has sponsored the issuance of the following debt, for which the City is not liable for repayment but acts as an agent for the property owners and bondholders:

	Project Description	Original Amount	Outstanding June 30, 2016
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2000A	162-175 Belvedere Apartments	\$3,590,529	\$1,124,078
California Statewide Communities Development Authority Revenue Bonds-2002	St. Marks School	5,605,000	3,915,000
San Rafael Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Bonds-2001A	55 Fairfax Apartments	3,000,000	2,200,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2001	San Rafael Commons Apartments	6,100,000	5,020,000
City of San Rafael Variable Rate Revenue Bonds-2001 Series C	Kaiser Foundation Hospitals	200,000,000	120,630,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2007 Series A	Martinelli House Project	6,000,000	1,989,078
Multifamily Housing Revenue Bonds-2007 Series B	Martinelli House	1,000,000	219,539
Pt. San Pedro Road Median Landscaping Assessment District Limited Obligation Bonds-2012	Pt. San Pedro Road Median Landscaping	1,750,000	1,582,700

NOTE 8 – NET POSITION AND FUND BALANCE

A. Net Position

Net Position is the excess of all the City's assets and deferred outflow over all its liabilities, and deferred inflows regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level and business type activity and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted describes the portion of Net Position which is not restricted to use.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

B. Fund Balance

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by resolution of the City Council which may be altered only by resolution of the City Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent that they be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Manager as designated by the City Council and may be changed at the discretion of the City Council or City Manager. This authorization is given through Resolution No. 13173 which adopts the City's Fund Balance Policy. This category includes nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose; and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

Detailed classifications of the City’s fund balances, as of June 30, 2016, are below:

	General Fund	Special Revenue Funds		Other Governmental Funds	Total
		Traffic and Housing Mitigation	Gas Tax		
Fund balances:					
Nonspendable:					
Loans receivable	\$294,529				\$294,529
Prepays	181,787			\$9,449	191,236
Total Nonspendable	476,316			9,449	485,765
Restricted for:					
Assessment District capital projects				300,417	300,417
Baypoint Lagoons Assessment District				217,920	217,920
Bedroom tax capital projects				58,740	58,740
Childcare				1,152,149	1,152,149
Development services				1,001,277	1,001,277
Emergency medical services				1,561,657	1,561,657
1997 financing authority revenue bonds debt service				147,304	147,304
Gas tax			\$6,653,263		6,653,263
Grants				614,304	614,304
Household hazmat facility				248,639	248,639
Library				635,888	635,888
Library assessment				699,375	699,375
Loch Lomond Assessment District				690,944	690,944
Low and Moderate Income Housing				929,557	929,557
Mariposa Assessment District debt service				16,573	16,573
Measure A Open Space				362,256	362,256
Parkland dedication				491,723	491,723
Peacock Gap Assessment District debt service				2,875	2,875
Public safety				174,018	174,018
Pt. San Pedro - Maintenance Portion				166,671	166,671
Recreation revolving				26,379	26,379
Storm water				961,159	961,159
Traffic and housing mitigation		\$10,439,157			10,439,157
Total Restricted		10,439,157	6,653,263	10,459,825	27,552,245

(Continued)

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

	Special Revenue Funds			Other Governmental Funds	Total
	General Fund	Traffic and Housing Mitigation	Gas Tax		
Committed to:					
Capital improvement capital projects				\$3,766,552	\$3,766,552
Equipment replacement capital projects					
Park capital projects				32,869	32,869
Total Committed				3,799,421	3,799,421
Assigned to:					
Contractual commitments	\$140,923				\$140,923
MOU - One time payment	1,000,000				1,000,000
Emergency and cash flow	6,850,000				6,850,000
Infrastructure reserve	600,000				600,000
General plan / long range planning	1,513,610				1,513,610
Measure E - Public Safety Facility	6,336,377				6,336,377
Open space capital projects				119,183	119,183
Total Assigned	16,440,910			119,183	16,560,093
Unassigned to:					
General Fund	1,772,577				1,772,577
	1,772,577				1,772,577
Total Fund Balances	\$18,689,803	\$10,439,157	\$6,653,263	\$14,387,878	\$50,170,101

NOTE 9 – PENSION PLANS

A. Plan Description

The City's defined benefit retirement plan is administered by the Marin County Employees' Retirement Association (MCERA), a retirement system established in July 1950 and governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL or 1937 Act, California government Code Section 31450 et seq.); the Public Employees' Pension Reform Act of 2013 (PEPRA, Government Code Section 7522); the provisions of California Government Code Section 7500 et seq; and the bylaws, procedures, and policies adopted by MCERA's Board of Retirement. The Marin County Board of Supervisors may also adopt resolutions, as permitted by the CERL and PEPRA, which may affect the benefits of MCERA members.

MCERA operates as a cost-sharing multiple employer defined benefit plan for the City and eight other participating employers: County of Marin, Local Agency Formation Commission (LAFCO), Marin City Community Services District, Marin County Superior Court, Marin/Sonoma Mosquito and Vector Control District, Novato Fire Protection District, Southern Marin Fire Protection District, and Tamalpais Community Services District. Separate actuarial valuations are performed for these other agencies and districts, and the responsibility for funding their plans rest with those entities. Post-retirement benefits are administered by MCERA to qualified retirees.

Copies of MCERA's annual financial reports, which include required supplementary information (RSI) for each plan may be obtained from their office at One McInnis Parkway, Suite 100, San Rafael, CA 94903 or online at www.mcera.org.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 9 – PENSION PLANS (Continued)

B. Benefit Provisions

Service Retirement: MCERA's service retirement benefits are based on the years of credited service, final average compensation, and age at retirement, according to the applicable statutory formula. Members who qualify for service retirement are entitled to receive monthly retirement benefits for life.

General members hired prior to January 1, 2013 are eligible to retire once they attain the age of 50 (except Misc Tier 2, whereby the minimum age is 55) and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. A member who is age 70 or older is eligible to retire regardless of service credit. General members who are first hired on or after January 1, 2013 are eligible to retire once they have attained the age of 52, and have acquired 5 years of retirement service credit, or age 70, regardless of service.

Safety members hired prior to January 1, 2013 are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. A member who is age 70 or older is eligible to retire regardless of service. Safety members who are first hired on or after January 1, 2013 are eligible to retire once they have attained the age of 50, and have acquired 5 years of retirement service credit, or age 70, regardless of service.

Disability Retirement: A member with five years of service, regardless of age, who becomes permanently incapacitated for the performance of duty is eligible to apply for a non-service connected disability retirement. Any member who becomes permanently incapacitated for the performance of duty as a result of injury or disease arising out of and in the course of employment is eligible to apply for a service-connected disability retirement, regardless of service length or age.

Death Benefits: MCERA provides specified death benefits to beneficiaries and members' survivors. The death benefits provided depend on whether the member is active or retired. The basic active member death benefit consists of a members' retirement contributions plus interest plus one month's pay for each full year of service (up to a maximum of six month's pay). Retiring members may choose from five retirement benefit payment options. Most retirees elect to receive the unmodified allowance which provides the maximum benefit to the retiree and continuance of 60% of the retiree's allowance to the surviving spouse or registered domestic partner after the retiree's death. Other death benefits may be available based on the years of service, marital status, and whether the member has minor children.

Cost of Living Adjustment: Retirement allowances are indexed for inflation. Most retirees receive automatic basic cost of living adjustments (COLA's) based upon the Urban Consumer Price Index (UCPI) for the San Francisco Bay Area. These adjustments go into effect on April 1 of each year. Annual COLA increases are statutorily capped at 2%, 3%, or 4% depending upon the member's retirement tier. When the UCPI exceeds the maximum statutory COLA for the member's tier, the difference is accumulated for use in future years when the UCPI is less than the maximum statutory COLA. The accumulated percentage carryover is known as the COLA Bank.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 9 – PENSION PLANS (Continued)

C. Funding Policy

The funding policy of MCERA provides for actuarially determined periodic contributions by the City at rates such that sufficient assets will be available to pay plan benefits when due. The employer rates for normal cost are determined using the Entry Age Normal Actuarial Cost Method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued.

The City contribution rates for the year ended June 30, 2016 were as follows:

	Employer Contribution Rate	Employee Contribution Rate	Benefit	Basis
City of San Rafael Misc Tier 1	48.90%	0.00% - 17.85%	2.7% @ 55	Highest year
City of San Rafael Misc Tier 2	45.19%	7.89% - 12.62%	2.0% @ 55	Highest year
City of San Rafael Fire Tier 1	75.64%	0.00% - 19.79%	3.0% @ 55	Highest year
City of San Rafael Fire Tier 2	72.57%	11.34% - 17.69%	3.0% @ 55	Average three highest years
City of San Rafael Safety Police Tier 1	74.67%	00.00% - 19.79%	3.0% @ 55	Highest year
City of San Rafael Safety Police Tier 2	76.20%	11.34% - 17.69%	3.0% @ 55	Average three highest years
PEPRA Misc	41.19%	10.07%	2.0% @ 62	Average three highest years
PEPRA Safety	66.40%	13.80% - 14.80%	2.7% @ 57	Average three highest years

These rates were determined by MCERA, based on the actuarial valuation dated June 30, 2014. The actual rate of return on investments during that year was 18.07%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a period of five years. The smoothed return yielded 12.43%.

The City uses the actuarially determined percentages of payroll to calculate and pay contributions to MCERA. Contributions to the plan from the City were \$19,339,577 for the year ended June 30, 2016, based on a total payroll of \$40,300,359, of which \$32,126,272 represented the basis for the plan contributions. Of the total payroll subject to plan contributions, \$1,424,835 is attributable to the San Rafael Sanitation District (SRSD), a component unit of the City.

Effective with the June 30, 2013 valuation, the Unfunded Actuarial Liability (UAL) as of June 30, 2013 is being amortized over a closed 17-year period (16 years remaining as of June 30, 2014), except for the additional UAL attributable to the outstanding unfunded actuarial loss from 2009, which is being amortized over a separate closed period (currently 24 years).

D. Pension Liability and Pension Expense

At June 30, 2016, the City reported a liability of \$142,323,127 for its proportionate share of the net pension liability; deferred inflows of \$33,817,085; deferred outflows of \$39,886,216 due to the change of assumptions; and additional deferred outflows of \$19,339,577 from actual fiscal year 2015-2016 pension contributions made after the measurement date. Consequently, the net impact on the City's Statement of Net Position before allocations is \$116,914,419. After allocations to the San Rafael Sanitation District, the net impact on the City's Statement of Position is \$113,057,412.

The proportionate share of the annual pension expense is \$19,107,673, or 61.43% of payroll.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 9 – PENSION PLANS (Continued)

The table below provides a summary of the key results during this reporting period.

Summary of Results		
Description	Measurement Date 6/30/2015	Measurement Date 6/30/2014
Net Pension Liability	\$142,323,127	\$74,253,787
Deferred Inflows	33,817,085	47,044,494
Deferred Outflows	(39,886,216)	(4,554,158)
Additional Deferred Outflows - Actual FY 15-16 and FY 14-15 Contributions	(19,339,577)	(17,802,358)
Impact on Statement of Net Position before Allocations	116,914,419	98,941,765
Allocation of NPL to SRSD	4,695,240	2,543,237
Allocation of Deferred Inflows (measurement date) to SRSD	1,115,626	1,611,302
Allocation of Deferred Outflows (measurement date) to SRSD	(1,315,846)	(155,983)
Allocation of Additional Deferred Outflows (contributions) to SRSD	(638,013)	(609,741)
Net Impact on Statement of Net Position, net of receivable from SRSD (see Note 4H)	113,057,412	95,552,950
Pension Expense (\$ Amount)	19,107,673	9,356,796
Covered Payroll (\$Amount)	31,106,414	31,429,178
Pension Expense (% of Payroll)	61.43%	29.77%

Projection of Total Pension Liability and Net Pension Liability

Total Pension Liability (TPL) is the actuarial present value of projected benefit payments attributed to past periods of employee service. For the purposes of Governmental Accounting Standards Board Statement No. 68 (GASB 68), MCERA and the City have adopted a measurement date of June 30, 2015. The beginning of year measurement of TPL is based on the actuarial valuation as of June 30, 2014. The TPL at the end of the measurement year, June 30, 2015, is also measured as of the valuation date of June 30, 2014, and projected to June 30, 2015.

The Plan Fiduciary Net Position (FNP) is the fair or market value of assets. The FNP at the beginning of the year is based on the actuarial valuation as of June 30, 2014. The FNP at the end of the measurement year, June 30, 2015, is also measured as of the valuation date of June 30, 2014, and projected to June 30, 2015. There were significant events during the projection period related to actuarial assumption changes as discussed in the actuarial assumptions section of Note 9.

The Net Pension Liability (NPL) is the City liability for benefits provided through its defined benefit plan administered by MCERA. It is calculated by reducing the TPL by the FNP.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 9 – PENSION PLANS (Continued)

Actuarial assumptions:

The total pension liability as of June 30, 2015 was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions applied to all prior periods included in the measurement. The key assumptions in the valuation were:

- Inflation: 3.25%
- Salary increases: 3.25% plus merit component
- COLA increases:
 - 3% for those with a 4% COLA cap,
 - 2.7% for those with a 3% COLA cap, and
 - 1.9% for those with a 2% COLA cap
- Investment rate of return: 7.25% net of investment expense assumed
- Post-Retirement Mortality: Adopted CalPERS mortality tables projected generationally using Scale MP2014

These assumptions constitute a significant change from those used in prior actuarial valuations: The investment rate of return assumption of 7.25%, coupled with an inflation assumption of 3.25%, was a decrease from the former 7.50% and 3.50% assumptions for investment returns and inflation, respectively. The Post-Retirement Mortality assumption incorporated greater longevity assumptions for retirees. The combined impact of these assumption changes were the major force behind the growth in NPL from \$74.3 million in the prior year to \$142.3 million in the current year.

During the measurement year, the service cost and interest cost increased the NPL while contributions and investment earnings offset by administrative expenses decreased the NPL. As a result, the Net Pension Liability (NPL) increased from approximately \$74.3 million as of June 30, 2014, to approximately \$142.3 million as of June 30, 2015. This amount is used for the purpose of reporting the City's share of NPL in the current reporting year, because the only MCERA GASB 67/68 report available at the time of the audit was that prepared as of June 30, 2015.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 9 – PENSION PLANS (Continued)

Asset Allocation Policy and Expected Long-term Rate of Return by Asset Class

The MCERA Board of Retirement has adopted an Investment Policy Statement (IPS), which provides the framework for the management of MCERA’s investments. The IPS establishes MCERA’s investment objectives and defines the principal duties of the Retirement Board, the custodian bank, and the investment managers. The asset allocation plan is an integral part of the IPS and is designed to provide an optimum and diversified mix of asset classes with return expectations to satisfy expected liabilities while minimizing risk exposure. MCERA currently employs external investment managers to manage its assets subject to the provisions of the policy. Plan assets are managed on a total return basis with a long term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The following was the Retirement Board’s adopted asset allocation policy as of June 30, 2015:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32%	5.35%
International Equity	22%	5.55%
Fixed Income	23%	0.75%
Real Estate	15%	7.55%
Private Equity	8%	6.25%
Total	100%	

Determination of Discount Rate

The discount rate used to measure the Total Pension Liability was 7.25%. Related to the discount rate is the funding assumption that employees will continue to contribute to the plan at the required rates and employers will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, a portion of the expected administrative expenses, an amortization payment for the extraordinary losses from 2009 amortized over a closed period (24 years remaining as of the June 30, 2014 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (16 years remaining as of the June 30, 2014 actuarial valuation).

A change in the discount rate would affect the measurement of the TPL. A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the NPL by approximately 85%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 70%.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 9 – PENSION PLANS (Continued)

The table below shows the sensitivity of the NPL to a one percent decrease and a one percent increase in the discount rate:

Sensitivity of Net Pension Liability to Changes in Discount Rate

Description	1% Decrease	Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Total Pension Liability	\$1,028,613,399	\$907,195,058	\$807,486,715
Fiduciary Net Position	764,871,931	764,871,931	764,871,931
Net Pension Liability	<u>\$263,741,468</u>	<u>\$142,323,127</u>	<u>\$42,614,784</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	74.4%	84.3%	94.7%

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Pension Resources

The impact of experience gains or losses and assumption changes on the Total Pension Liability (TPL) are recognized in the proportionate share of the pension expense over the average expected remaining service life of all active and inactive members of the plan. As of the measurement date, this recognition period was 4 years.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 9 – PENSION PLANS (Continued)

The following tables show the current balance and sources of deferred outflows and inflows related to the City’s defined benefit retirement plan, and the scheduled recognition of these deferred amounts:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$39,886,216	
Changes in proportion and difference between City contributions and proportionate share of contributions		\$8,556,872
Actual FY 15-16 contributions (post measurement date)	19,339,577	
Net difference between projected and actual earnings on pension plan investments		25,260,213
Deferred Inflows and Outflows Before Allocations	\$59,225,793	\$33,817,085
Allocation to SRS D		
Allocation of Deferred Inflows (measurement date)		\$1,115,626
Allocation of Deferred Outflows (measurement date)	\$1,315,846	
Allocation of Additional Deferred Outflows (contributions)	638,013	
Net Deferred Inflows and Outflows	\$57,271,934	\$32,701,459

\$19,339,577 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Amortization Amount
2017	\$1,517,283
2018	1,517,283
2019	1,517,283
2020	1,517,282

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 9 – PENSION PLANS (Continued)

For the year ended June 30, 2016, the City recognized a pension expense of \$19,107,673. This expense is allocated to Governmental activities by function, as well as to the Parking Fund. The table below presents the sources of the pension expense.

Pension Expense for the year ended June 30, 2016

Operating Expenses	
Service cost	\$18,026,000
Employee contributions	(7,703,594)
Administrative expenses	1,710,081
Sub-total	<u>12,032,487</u>
Financing Expenses	
Interest cost	61,251,481
Expected return on assets	(54,984,368)
Sub-total	<u>6,267,113</u>
Changes	
Benefit changes	-
Recognition of assumption changes	13,295,405
Recognition of liability gains and losses	(2,852,291)
Recognition of investment gains and losses	(9,635,041)
Sub-total	<u>808,073</u>
Pension Expense	<u><u>\$19,107,673</u></u>
Pension Expense as % of Payroll	<u><u>61.43%</u></u>

Pension expense is charged to each function or program based on the proportion of each governmental program expenses for the previous fiscal year. Business-type activities are charged, based on a separate analysis of pension costs attributable to enterprise activities. The expense allocated to each function/program for the fiscal year ended June 30, 2016 is as follows:

Governmental Activities	
General government	\$2,088,476
Public safety	9,222,563
Public works and parks	3,881,238
Community development	720,801
Culture and recreation	2,569,010
Total Governmental Activities	<u><u>\$18,482,088</u></u>
Business-type Activities	
Parking services	<u>\$625,585</u>
Total Business-type Activities	<u><u>625,585</u></u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 10 - PUBLIC AGENCY RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLANS)
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The City contributes to the Public Agency Retirement System (PARS), which administers a defined contribution retirement plan. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's accounts are determined instead of specifying the amount of benefits the individual is to receive. The benefits a participant will receive depend on the amount contributed to the participant's account, and the returns earned on investments on those contributions. The Plan's trust administrator is Phase II, P.O. Box 12919, Newport Beach, California 92658.

As established by the plan, all eligible part-time and temporary employees of the City become participants in the plan from the date that they are hired. An eligible employee is any employee who, at any time during which the employer maintains this plan, is not accruing a benefit under the Marin County Employees' Retirement Fund.

As determined by the plan, each employee must contribute 3.75% of gross earnings to the plan. The City contributes an additional 3.75% of the employee's gross earnings. Contributions made by an employee and the employer vest immediately. No forfeitures were noted during the current period.

During the year, the City and employees each contributed \$82,853. The total covered payroll of employees participating in the plan for the year ended June 30, 2016, was \$2,209,366. The total payroll for the year was \$40,300,359.

The City also made contributions to a 401(a) tax qualified plan for eligible executive management and mid-management employees, and elected officials. Under this plan, which was terminated effective August 3, 2015, the percent amount of contribution ranged from 3% to 4.6% of base salary of participating employees. During the year, and prior to the plan's termination, the City contributed \$3,770 on behalf of these employees.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS

The City provides certain health care benefits for retired employees and their spouses under a cost sharing defined benefit plan. The benefit provisions were established under the authority of the 1937 Act, Section 31450, et. seq. of the Government Code. Employees who meet the vesting criteria become eligible for these benefits if they receive a retirement benefit from the Marin County Employees’ Retirement Association within 120 days of retirement from City employment. At June 30, 2016, 327 retirees and surviving spouses received post-employment health care benefits.

The provisions and benefits of the City’s Other Post Employment Benefit Plan, in effect at June 30, 2016, are summarized as follows:

	Elected Officials, Mid-Management, & Unrepresented Management	All other Bargaining Units
<i>Eligibility</i>	Retire directly from the City: - Age 50 (age 55 if hired \geq 7/1/11) with 10 years services (Including reciprocity) OR - 30 years service (Miscellaneous), 20 years service (Safety) OR - Age 70 - Disability Retirement	
<i>Benefit</i>	Hired < 1/1/09 Full premium/cap Hired \geq 1/1/09 PEMHCA Min	Hired < 1/1/10 Up to cap Hired \geq 1/1/10 PEMHCA Min
<i>Surviving Spouse Benefit</i>	Continuation to surviving spouse	
<i>Medicare Part B</i>	Hired < 4/1/07 Full reimbursement Hired \geq 4/1/07 None	None
<i>Other</i>	No Dental, Vision, or Life Benefits	

Funding Policy and Actuarial Assumptions

The City’s funding policy requires a minimum annual contribution equivalent to the annual required contribution (ARC).

The ARC was determined as part of a June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.00% investment rate of return and (b) 3.25% of general inflation increase, and (c) a healthcare trend of declining annual increases ranging from 8.30% in 2015 to 5.00% for the years starting 2021. In addition, the fixed dollar benefit amounts are assumed to be held flat in the future and the premium related benefits are assumed to increase with the healthcare trend rate.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the City and plan members at that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biennially as results are compared to past expectations and new estimates are made about the future. The City’s OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 21-year fixed (closed) period for June 30, 2014 in its June 30, 2013 actuarial valuation.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Prior to the end of the fiscal year, the City’s actuary prepared a new valuation, as of June 30, 2015. Although this valuation did not recalculate the ARC for the fiscal year ended June 30, 2016, it did result in a significant change to the measurement of the City’s unfunded actuarial liability (UAL). The earlier valuation measured the UAL to be \$21,044,000 as of June 30, 2013; the new valuation calculated the UAL to be \$32,727,000 as of June 30, 2015. The major driver of this change was a revision to the actuarial methodology.

To comply with newly revised Actuarial Standard of Practice No. 6 (ASOP 6), the June 30, 2015 actuarial valuation includes an implicit subsidy liability. This liability was not calculated in prior reports because of the former "community rating" exemption for employers participating in large pooled health plans like CalPERS. When premiums for retirees are determined using a blend of active employee and retiree experience, it creates an implicit subsidy to the retirees, since retiree healthcare costs are generally higher than those of active employees. ASOP 6 effectively requires most public agencies to calculate an implicit subsidy liability whenever their retirees participate in the group medical plans, but pay the same premiums as active employees. ASOP 6 is effective for all actuarial valuations with a measurement date on or after March 31, 2015.

Funding Progress and Funded Status

During the fiscal year ended June 30, 2016, the City has recorded a Net OPEB Obligation in the Statements of Net Position, representing the difference between the ARC and actual contributions, as presented below:

	Amounts (in thousands)
Annual required contribution (ARC)	\$2,148
Interest on net OPEB obligation	695
Adjustment to annual required contribution	(712)
Annual OPEB cost	2,131
Contributions made:	
Benefits payment	2,194
Additional contribution to OPEB Trust	-
Total contributions	2,194
Change in net OPEB obligation/(asset)	(63)
Net OPEB Obligation (Asset) at June 30, 2015	9,164
Net OPEB Obligation (Asset) at June 30, 2016	\$9,101

Generally accepted accounting principles permit assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such assets are placed in an irrevocable trust or equivalent arrangement. Contributions to and withdrawals from a 401(h) account held and administered by the MCERA were made by the City in prior years and included in actuarial valuations prior to June 30, 2013. On June 25, 2013, the assets were transferred from the 401(h) account to an irrevocable trust under the California Employers’ Retiree Benefit Trust Fund (CERBT) managed by CalPERS. As of June 30, 2016, the account balance in the CERBT was \$15,756,989.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

For the past three fiscal years, the City has calculated and recorded Net OPEB Obligation, representing the difference between the ARC, and contributions, as presented below:

Fiscal Year Ended	Annual Required Contribution (ARC) (000's omitted)	Annual OPEB Cost (AOC) (000's omitted)	Actual Contribution (000's omitted)	Percentage of AOC Contributed	Net OPEB Obligation (Asset) (000's omitted)
June 30, 2014	\$2,496	\$2,380	\$2,600	109%	\$9,296
June 30, 2015	2,112	2,118	2,250	106%	9,164
June 30, 2016	2,148	2,131	2,194	103%	9,101

Funded Status and Funding Progress – As of June 30, 2015, the most recent actuarial valuation date, the plan was 32% funded. The Actuarial Accrued Liability (AAL) for benefits was \$48,226 thousand and the Actuarial Value of Plan Asset was \$15,449 thousand resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$32,727 thousand. The covered payroll (annual payroll of active employees covered by the plan) was \$32,906 thousand and the ratio of UAAL to the covered payroll was 99 percent.

The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS

The City participates in the jointly governed organizations discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint organization is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint organization, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of this joint organization are not the City's responsibility and the City does not have an equity interest in the assets of each joint organization except upon dissolution of the joint organization.

A. *The Marin County Integrated On-Line Library System (System)*

The MARINet Library Consortium was formed to provide for the procurement, ownership, operation, maintenance, and governance of shared library services among the libraries, public and academic, in Marin County. Current services shared and paid for on a consortial level through annual membership dues include an integrated library system including patron database, cataloging system, and online catalog of materials; delivery of items between libraries in Marin, a statewide library delivery service called Link+, numerous online resources, and more. The Governing Board of the System consists of the library director or designated alternate of each participant in the System. In accordance with the cost sharing formula developed by the library directors of the participants, the City's share of annual operating costs is 16.37% or \$188,167 for the year ended June 30, 2016. Financial statements of the System can be obtained from the County Librarian, Marin County Free Library, Marin County Civic Center, 3501 Civic Center Drive, San Rafael, California 94903.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. *The Marin General Services Authority (MGSA)*

The MGSA was formed by the County of Marin and twelve local agencies to acquire street light facilities, operate the facilities during an eminent domain action against PG&E, and coordinate the subsequent transfer of the facilities to the individual local agencies. Each of the local agency's share of contributions was based on the number of street lights to be acquired in the local agency's individual jurisdiction in relation to the total number of street lights to be acquired by the MSLAJPA. MGSA services now include street light maintenance, abandoned vehicle abatement, taxicab regulation and administrative responsibility for MarinMap. The City's contribution to MGSA was \$3,226 for the year ended June 30, 2016. Financial statements of the MGSA can be obtained at 555 Northgate Drive, Suite 230, San Rafael, California 94903.

C. *The Marin Emergency Radio Authority (MERA)*

MERA was formed on February 28, 1998, by the County of Marin and 25 local agencies within the County to plan, finance, implement, manage, own, and operate a County-wide public safety and emergency radio system. The Governing Board consists of one representative from each member. On February 1, 1999, the Authority issued the 1999 Revenue Bonds in the amount of \$26,940,000 with interest rates ranging from 4.75% to 5.01%, maturing on August 15, 2016, to finance the acquisition and installation of the system. The costs of maintenance, operation, and debt service are divided on a pro rata share based on an agreed-upon formula established by a majority of the Governing Board. The members entered into a Project Operating Agreement on February 1, 1999.

Under the Operating Agreement, members are obligated to contribute service payments to cover the Authority's operation and debt service. The City's portion of the obligation is 16.913%. The first operating service payment was in July 1999. The first debt service payment was in August 2002. The City contributed \$302,729 of the Authority's operation and debt service for the fiscal year ended June 30, 2016. The City has established a reserve in its internal service funds to pay future service payments. Financial statements of the MERA can be obtained at 95 Rowland Way, Novato, California 94945.

D. *The Countywide Planning Agency*

The Agency was established on October 16, 1990, by the County of Marin and the cities of Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, Sausalito, and Tiburon to implement countywide performance standards for traffic, housing, water and sewer facilities, and environmental protection to ensure that residential and commercial growth does not exceed local water, sewer and transportation capacities. The Governing Board of the Countywide Planning Agency consists of one member of the County Board of Supervisors and one member of the City Council of each participating city. Financial statements of the Agency can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

E. *The Marin Telecommunications Agency*

The Agency was established to regulate the rates for cable television service and equipment and to advise the participants of their license authority. The Governing Board of the Marin Telecommunications Agency consists of one member from each of the eleven participating agencies. The City's contribution to the Agency was \$217,118 for the year ended June 30, 2016. Financial statements of the Agency can be obtained at 555 Northgate Drive, Suite 230, San Rafael, California 94903.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

F. *The Marin County Hazardous and Solid Waste Joint Powers Authority*

The Authority was established by the County, local cities, and waste franchising districts to finance, prepare and implement source reduction and recycling elements on a county-wide integrated waste management plan as required by State Assembly Bill 939. The City's contribution to the Authority was \$15,750 for the year ended June 30, 2016. Financial statements of the Authority can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various exposures related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the Risk Management Internal Service Fund to account for and finance its uninsured risks of loss. The City manages risk by participating in a public entity risk pool (described below), purchasing insurance and by retaining certain risks.

A. *Risk Coverage*

Liability Coverage

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims up to \$40,000,000. The purpose of CJPRMA is to spread the adverse effects of general liability losses among the member agencies. The City also purchases commercial insurance for property damage claims with an insured amount of \$99,471,049. The City is self-insured up to \$500,000 for each general liability claim and \$25,000 for each property damage claim. Once the self-insured retention is met CJPRMA becomes responsible for payment of all liability claims up to the limit. During the fiscal year ended June 30, 2016, the City contributed \$249,299 for coverage during the current year and received a refund of \$52,041 of prior year excess contributions. Five years after settlement of all claims for a program year, CJPRMA retroactively adjusts premium deposits for any excess or deficiency in deposits related to paid claims and reserves. Financial statements for the risk pools may be obtained from CJPRMA at 3201 Doolan Road, Suite 285, Livermore, California 94551.

Workers' Compensation Coverage

The City purchases insurance for workers' compensation through Safety National Casualty Corporation Excess Workers' Compensation and Employers Liability Insurance with coverage up to statutory limits. The City is self-insured up to \$1,000,000 for each worker's compensation claim.

B. *Insurance Internal Service Funds and Financial Reporting*

The City records estimated liabilities for claims filed up to the amounts for which it retains risk in the General Liability and Workers Compensation Internal Service Funds. Charges to the General Fund and other funds are based on relative general liability and workers compensation risk associated with the activities of each fund. Charges are recorded in the funds as expenditures or expenses and as revenues in the respective internal service funds.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 13 - RISK MANAGEMENT (Continued)

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

The City's liability for uninsured general liability claims and workers' compensation claims, including claims incurred but not reported, are reported in the Statements of Net Position. The liability is based on an actuarial valuation prepared as of June 30, 2016:

	General Liability	Workers' Compensation	Totals, as of June 30	
			2016	2015
Balance, beginning of year	\$1,327,040	\$5,992,378	\$7,319,418	\$6,589,706
Current year claims and changes in estimates	1,712,534	1,398,675	3,111,209	2,737,445
Claims paid	(495,919)	(1,346,142)	(1,842,061)	(2,007,733)
Balance, end of year	<u>\$2,543,655</u>	<u>\$6,044,911</u>	<u>\$8,588,566</u>	<u>\$7,319,418</u>
Due in one year	\$746,913	\$1,382,212	\$2,129,125	\$1,945,792
Due in more than one year	1,796,742	4,662,699	6,459,441	5,373,626
Total claim liabilities	<u>\$2,543,655</u>	<u>\$6,044,911</u>	<u>\$8,588,566</u>	<u>\$7,319,418</u>

The claims settlements have not exceeded insurance coverage for the past three years.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Litigation

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City as of June 30, 2016.

In August 2004, the City of San Rafael entered into a ten-year Settlement Agreement with the federal Department of Justice (DOJ) to bring City managed programs, activities, services and facilities into compliance with the Americans with Disabilities Act (ADA). At the City's request, the Settlement Agreement was revised in 2013, at which time the term was extended to February 2019.

Since the commencement of the Settlement Agreement in August 2004, the City has been complying with the ADA requirements by submitting all support documentation to report the City's progress in fulfilling the terms of the Agreement. The DOJ has expressed satisfaction with the City's compliance and in June 2016 issued correspondence DJ# 204-11-272. The DOJ no longer requires the City to report on its progress and considers the file closed. The City's obligations to complete the remedial actions under the Agreement and to comply with Title II of the ADA still remain.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES
--

A. *Redevelopment Dissolution*

In an effort to mitigate its budget deficit, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

In addition, ABx1 26 and AB1484 directed the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation requires the State Controller to order the asset returned to the redevelopment agency. This review was performed in May 2013, and a report issued on July 29, 2013 (see section B of this footnote).

The City elected to become the Successor Agency to the Redevelopment Agency, and on February 1, 2012, the Redevelopment Agency's remaining net assets were distributed to the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established on April 2, 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Pursuant to the dissolution of the City of San Rafael Redevelopment Agency, certain assets of the Redevelopment Agency were distributed to the Housing Successor and all remaining Redevelopment Agency assets and liabilities were distributed to the Successor Agency.

The City elected to become the Housing Successor and on February 1, 2012. Assets and Liabilities relating to the Housing Successor are reported in the City's Low and Moderate Income Housing Special Revenue Fund.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)
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B. *Redevelopment Property Tax Trust Fund (RPTTF)*

The Successor Agency’s primary source of revenue comes from the RPTTF allocation distributed by the County. Property tax revenues for each Project Area are deposited into the RPTTF, which redistributes each Project Area’s tax increment under specified formulas. The County Auditor administers the RPTTF and disburses twice annually from this fund pass-through payments to affected taxing entities, an amount equal to the total of obligation payments that are required to be paid from tax increment as denoted on the Recognized Obligation Payment Schedule (“ROPS”). The disbursements are established in the treasury of the Successor Agencies, and various allowed administrative fees and allowances. Any remaining balance is then distributed by the County Auditor back to affected taxing entities under a prescribed method that accounts for pass-through payments. The County Auditor is also responsible for the distributing other monies received from the Successor Agency (from sale of assets, etc.) to the affected taxing entities. Successor agencies in turn will use the amounts deposited into their respective funds for making payments on the principal and interest on loans, and monies advanced to or indebtedness incurred by the dissolved redevelopment agencies.

C. *Long-Term Debt*

1999 Tax Allocation Bonds and Capital Appreciation Bonds

On June 16, 1999, the former Agency issued Tax Allocation Bonds in the amount of \$23,504,004. The bonds were issued as Current Interest Bonds in the aggregate principal amount of \$21,115,000 and as Capital Appreciation Bonds in the original amount of \$2,389,004. The proceeds of the bonds were used to finance certain redevelopment activities of benefit to the former Agency’s Central San Rafael Redevelopment Project Area.

In December, 2009 of the former Agency exercised the redemption option of the Current Interest Bonds. The outstanding balance of the Bonds was refunded, on a current basis, through the issuance of the 2009 Tax Allocation Refunding Bonds as discussed below.

The Capital Appreciation Bonds mature annually after December 1 from 2018 to 2022, in amounts ranging from \$1,440,000 to \$2,070,000 and bear interest at rates from 5.58% to 5.60%. Interest on the Capital Appreciation Bonds will compound on each interest premium date and will be payable solely at maturity. The bonds are secured, on parity with the 1992 and 1995 bonds (refunded in 2002), by a pledge and a lien on tax revenues and amounts on deposit in certain funds and accounts held by the fiscal agent.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)
--

2002 Tax Allocation Refunding Bonds

On October 9, 2002, the former Agency issued Tax Allocation Refunding Bonds in the amount of \$25,020,000. The proceeds of the bonds were used to refund the 1992 Tax Allocation Refunding Bonds and the 1995 Tax Allocation Bonds. The Bonds mature annually each December 1 from 2002 to 2022, in amounts ranging from \$540,000 to \$1,920,000 and bear interest at rates ranging from 2.00% to 5.25%. Interest is payable semiannually on June 1 and December 1. The Bonds maturing on or after December 1, 2013, are subject to optional redemption prior to maturity, in whole or in part, and by lot within any one maturity, prior to their respective maturity dates, on any date on or after December 1, 2012, at a price equal to the principal amount, plus accrued interest on the redemption date. The bonds are payable from tax revenues to be derived from the redevelopment activities of the former Agency related to the Central San Rafael Redevelopment Project Area.

2009 Tax Allocation Refunding Bonds

On December 14, 2009, the former Agency issued 2009 Tax Allocation Refunding Bonds in the amount of \$14,660,000 bearing interest at rates from 3.00% to 5.00%. The proceeds of the Series 2009 Bonds were used to refund the former Agency's 1999 Tax Allocation Current Interest Bonds, to advance funds to the City to finance street and parking improvements for the benefit of the Agency's Central San Rafael Redevelopment Project. Principal payments are due annually on December 30 and interest payable semiannually on June 30 and December 30.

The Series 2009 Bonds maturing on or before December 1, 2019, are not subject to optional redemption prior to their respective stated maturities. The Series 2009 Bonds maturing on or after December 1, 2020, are subject to optional redemption as a whole or in part either on a pro rata basis among maturities or in inverse order of maturity, and by lot within any one maturity, prior to their respective maturity dates, at the option of the Agency, on any date on or after December 1, 2019, at a price equal to the principal amount of such Series 2009 Bonds called for redemption, together with interest accrued on the date fixed for redemption, without premium.

The former Agency pledged all future tax increment revenues for the repayment of the 1999 Capital Appreciation Bonds, and the 2002 and 2009 Tax Allocation Refunding Bonds. The pledge of all future tax increment revenues ends upon repayment of \$25.1 million in remaining debt service on the Bonds, which is scheduled to occur in 2023. For fiscal year June 30, 2016, tax increment revenues amounted to \$4.1 million which was used to make the debt service payments of \$3.6 million.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)

The following table summarizes the activity for the fiscal year ended June 30, 2016:

	Authorized and Issued	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion
San Rafael Redevelopment Agency						
1999 Tax Allocation Bonds						
Capital Appreciation Bonds						
5.58%-5.6%, due 12/1/2022	\$2,389,004	\$5,748,167	\$325,930		\$6,074,097	
2002 Tax Allocation Refunding Bonds						
2.00%-5.25%, due 12/1/2021	25,020,000	7,800,000		\$1,740,000	6,060,000	\$1,830,000
2009 Tax Allocation Refunding Bonds						
3.00%-5.00%, due 12/1/2022	14,660,000	9,965,000		1,060,000	8,905,000	1,100,000
Add: deferred bond premium costs		638,883		79,860	559,023	
Total Successor Agency Long-term Debt		<u>\$24,152,050</u>	<u>\$325,930</u>	<u>\$2,879,860</u>	<u>\$21,598,120</u>	<u>\$2,930,000</u>

Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ended June 30	Governmental Activities	
	Principal	Interest
2017	\$2,930,000	\$634,276
2018	3,080,000	484,026
2019	3,229,081	370,676
2020	3,309,082	297,019
2021	3,389,231	214,175
2022 - 2023	6,991,123	157,319
Totals	<u>\$22,928,517</u>	<u>\$2,157,491</u>
Reconciliation of long-term debt:		
Less unaccreted discount	(\$1,889,420)	
Add deferred bond premium costs	559,023	
	<u>\$21,598,120</u>	

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)

D. Other Long-Term Obligations

During the fiscal year ending June 30, 2013, the San Rafael Successor Agency Oversight Board approved two personnel-related obligations of the former Redevelopment Agency. On August 30, 2012, the Oversight Board approved the inclusion of \$1,904,431, representing the unfunded pension liability attributable to former Redevelopment Agency employees; the repayment is being made in ten equal, annual installments. On February 26, 2013, the Oversight Board approved the inclusion of \$502,000, representing the unfunded OPEB (retiree medical) liability attributable to former Redevelopment Agency employees; the repayment is being made in nine equal, annual installments.

The following table summarizes the activity for the fiscal year ended June 30, 2016:

	Approved Amount	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
Unfunded Pension Liability	\$1,904,431	\$1,142,659		\$190,443	\$952,216
Unfunded OPEB Obligation	502,000	390,444		55,778	334,666
Total Long Term Obligations		<u>\$1,533,103</u>		<u>\$246,221</u>	<u>\$1,286,882</u>

Annual repayment requirements are shown below:

For the Year Ended June 30	Principal
2017	\$246,221
2018	246,221
2019	246,221
2020	246,221
2021	246,221
2022	<u>55,777</u>
Totals	<u>\$1,286,882</u>

E. Commitment and Contingencies

State Approval of Enforceable Obligation

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. As of June 30, 2016, the Successor Agency had prepared ten ROPS, all of which have been approved by the Oversight Board and the California Department of Finance. The Department of Finance has stated that all items on a future ROPS are subject to a subsequent review. The amount, if any, of current obligations that may be denied by the Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.



REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

Post-Employment Health Care Benefits Schedule of Funding Progress

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the last three actuarial studies is presented below:

Valuation Date	Actuarial		Unfunded Accrued Liability (000's omitted)	Funded Ratio	Annual Covered Payroll (000's omitted)	Overfunded (Underfunded) Actuarial Liability as a Percentage of Covered Payroll
	Value of Assets (000's omitted)	Accrued Liability (000's omitted)				
6/30/2011	\$9,861	\$35,156	(\$25,295)	28%	\$31,692	(80%)
6/30/2013	12,505	33,549	(21,044)	37%	31,429	(67%)
6/30/2015	15,499	48,226	(32,727)	32%	32,906	(99%)

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2016

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 years*

	6/30/2015	6/30/2016
City's proportionate share	30.0453%	36.7394%
Proportionate share of total pension liability	\$677,753,565	\$907,195,058
Proportionate share of fiduciary net position	603,499,779	764,871,931
Proportionate share of the net pension liability	\$74,253,786	\$142,323,127
Plan fiduciary net position as a percentage of the total pension liability	89.04%	84.31%
Covered employee payroll	\$31,429,178	\$31,106,414
Net pension liability as a percentage of covered employee payroll	236.26%	457.54%

* - The fiscal year ended June 30, 2015 was the first year of implementation, therefore only two years are shown

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016**

Schedule of Contributions

City of San Rafael, an Agent Multiple-Employer Defined Benefit Pension

Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)

	2015
Contractually required contribution	\$ 17,802,358
Contributions in Relation to the Contractually required contribution	<u>17,802,358</u>
Contribution Deficiency/ (Excess)	<u>\$ -</u>
Covered employee payroll	\$ 31,073,560
Contributions as a percentage of covered employee payroll	57.29%

Notes to Schedule

Valuation Date / Timing 6/30/2013 (for contributions made in FY2014-2015)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2014-15):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Actuarial Loss from 2009
Remaining Amortization period	Unfunded liability - 17 years / Extraordinary Actuarial Loss - 25 years
Asset valuation method	5-year smoothed market, 80% /120% corridor around market
Inflation	3.25%
Salary increases	3.25% plus merit component based on employee classification and years of service
Investment Rate of Return	7.50%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRAs Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with ages set back one year for male members / two years for female members
Disabled Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with ages set forward three years for all members

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2016

Schedule of Contributions

City of San Rafael, an Agent Multiple-Employer Defined Benefit Pension

Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)

(Continued)

	2016
Contractually required contribution	\$ 19,339,577
Contributions in Relation to the Contractually required contribution	19,339,577
Contribution Deficiency/ (Excess)	\$ -
Covered employee payroll	\$ 31,106,414
Contributions as a percentage of covered employee payroll	62.17%

Notes to Schedule

Valuation Date / Timing 6/30/2014 (for contributions made in FY2015-2016)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2015-16):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Actuarial Loss from 2009
Remaining Amortization period	Unfunded liability - 16 years / Extraordinary Actuarial Loss - 24 years
Asset valuation method	5-year smoothed market, 80% /120% corridor around market
Inflation	3.25%
Salary increases	3.25% plus merit component based on employee classification and years of service
Investment Rate of Return	7.25%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	CalPERS 2014 Pre-Retirement Non-Industrial Death rates (plus Duty-Related Death rates for Safety Members), with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014
Disabled Mortality	CalPERS 2014 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males and Females (Miscellaneous and Safety) with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014

**GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
BUDGET-TO-ACTUAL STATEMENTS**

GASB Statement No. 34 dictates that budget-to-actual information in the basic financial statements should be limited to the General Fund and major Special Revenue Funds. This section is provided for the presentation of Budget-to-Actual Statements for the General Fund, Traffic and Housing Mitigation, and the Gas Tax Special Revenue Funds.

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles for the General Fund and Special Revenue Funds.

CITY OF SAN RAFAEL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments	\$59,322,000	\$59,537,000	\$60,217,831	\$680,831
Licenses and permits	2,145,000	2,545,000	2,588,411	43,411
Fines and forfeitures	473,000	473,000	435,829	(37,171)
Use of money and properties	278,100	278,100	221,832	(56,268)
Intergovernmental	7,533,767	7,533,767	8,078,040	544,273
Charges for services	2,477,000	2,739,287	2,772,446	33,159
Other revenue	457,000	457,000	441,761	(15,239)
Total Revenues	<u>72,685,867</u>	<u>73,563,154</u>	<u>74,756,150</u>	<u>1,192,996</u>
EXPENDITURES				
Current:				
General government	10,301,227	10,093,917	10,501,341	(407,424)
Public safety	38,616,023	38,943,504	39,230,483	(286,979)
Public works and parks	10,999,226	10,999,225	10,468,421	530,804
Community development	3,751,622	3,914,771	3,670,108	244,663
Culture and recreation	2,945,072	3,005,021	2,963,125	41,896
Capital outlay	131,000	145,457		145,457
Capital improvement/special projects	15,988	15,992	12,389	3,603
Debt service:				
Principal	75,172	75,172	75,172	
Interest and fiscal charges	276,513	276,513	277,263	(750)
Total Expenditures	<u>67,111,843</u>	<u>67,469,572</u>	<u>67,198,302</u>	<u>271,270</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>5,574,024</u>	<u>6,093,582</u>	<u>7,557,848</u>	<u>1,464,266</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,357,349	1,110,810	1,110,809	(1)
Transfers out	(2,560,000)	(4,340,655)	(4,340,655)	
Total Other Financing Sources (Uses)	<u>(1,202,651)</u>	<u>(3,229,845)</u>	<u>(3,229,846)</u>	<u>(1)</u>
Net Change in Fund Balances	<u>\$4,371,373</u>	<u>\$2,863,737</u>	4,328,002	<u>\$1,464,265</u>
FUND BALANCES, BEGINNING OF YEAR			<u>14,361,801</u>	
FUND BALANCES, END OF YEAR			<u>\$18,689,803</u>	

CITY OF SAN RAFAEL
 TRAFFIC AND HOUSING MITIGATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and properties	\$20,400	\$20,400	\$58,823	\$38,423
Charges for services	10,000	10,000	355,394	345,394
Total Revenues	<u>30,400</u>	<u>30,400</u>	<u>414,217</u>	<u>383,817</u>
EXPENDITURES				
Current:				
General government	80,000	80,000	40,000	40,000
Capital improvement/special projects		2,031,947	657,378	1,374,569
Total Expenditures	<u>80,000</u>	<u>2,111,947</u>	<u>697,378</u>	<u>1,414,569</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(49,600)</u>	<u>(2,081,547)</u>	<u>(283,161)</u>	<u>1,798,386</u>
OTHER FINANCING SOURCES (USES)				
Transfers out		(1,516,900)	(1,516,900)	
Total Other Financing Sources (Uses)		<u>(1,516,900)</u>	<u>(1,516,900)</u>	
Net Change in Fund Balances	<u>(\$49,600)</u>	<u>(\$3,598,447)</u>	<u>(1,800,061)</u>	<u>\$1,798,386</u>
FUND BALANCES, BEGINNING OF YEAR			<u>12,239,218</u>	
FUND BALANCES, END OF YEAR			<u>\$10,439,157</u>	

CITY OF SAN RAFAEL
GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and properties	\$10,300	\$10,300	\$40,487	\$30,187
Intergovernmental	2,834,525	5,421,754	3,465,316	(1,956,438)
Charges for services	1,043,600	1,043,600	1,294,882	251,282
Other revenue			187,504	187,504
Total Revenues	<u>3,888,425</u>	<u>6,475,654</u>	<u>4,988,189</u>	<u>(1,487,465)</u>
EXPENDITURES				
Current:				
General government	22,188	22,188	12,242	9,946
Public works and parks	100,000	3,352,254	2,748,775	603,479
Capital outlay		4,758,966	4,149,920	609,046
Capital improvement/special projects	4,891,000	6,248,548	141,834	6,106,714
Total Expenditures	<u>5,013,188</u>	<u>14,381,956</u>	<u>7,052,771</u>	<u>7,329,185</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(1,124,763)</u>	<u>(7,906,302)</u>	<u>(2,064,582)</u>	<u>5,841,720</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		1,516,900	1,516,900	
Transfers out	(400,000)	(400,000)	(400,000)	
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>1,116,900</u>	<u>1,116,900</u>	
Net Change in Fund Balances	<u>(\$1,524,763)</u>	<u>(\$6,789,402)</u>	(947,682)	<u>\$5,841,720</u>
FUND BALANCES, BEGINNING OF YEAR			<u>7,600,945</u>	
FUND BALANCES, END OF YEAR			<u>\$6,653,263</u>	

SUPPLEMENTARY INFORMATION



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Recreation Revolving Fund – Established to administer the Community Services Department’s program and facility rental charge and accounts for the Recreation Memorial Fund.

Baypoint Lagoons Assessment District Fund – The Baypoint Lagoons Lighting and Landscape District was formed to protect and enhance wildlife habitat and water quality in Baypoint (Spinnaker) Lagoon and the adjacent diked salt marsh.

Household Hazmat Facility Fund – Established to account for State mandated hazardous materials information, collection, and reporting. Expenditures include inspection of businesses for compliance with regulations. This fund also serves as the depository for countywide Household Hazardous Waste Program.

Childcare Fund – Established to administer and account for childcare programs at ten sites throughout the City.

Loch Lomond Assessment District Fund – Established to provide maintenance for stormwater and geotechnical mitigation facilities. A Mello Roos District was formed to fund this maintenance.

Library Fund – Established to account for restricted library activities that are intended to be self-funding.

Library Assessment Fund – Established to account for a special parcel tax dedicated to public library services and facilities, equipment, and technology improvements.

Public Safety Fund – Established for special police services, which are intended to be self-funding.

Stormwater Fund – Established to provide for self-funding storm drain maintenance program plus separate programs through the County and Bay Area to educate residents about urban runoff pollution.

Development Services Fund – Established to account for development activities that are supported by external sources of funds. This fund does not account for the operating costs of building, planning, and engineering, which are located in the General Fund.

Grants Fund – Established to account for grants for the Library, Childcare, Police and Falkirk Cultural Center.

Parkland Dedication Fund – Established to account for long-term developer deposits used to enhance and maintain the park structure within City limits.

Emergency Medical Services Fund – Established to account for the Emergency Medical Services and Transportation program that provides services to all segments of the community.

Business Improvement Fund – Established to account for activities held in Downtown San Rafael, such as the Farmers Market.

Pt. San Pedro Maintenance Portion Special Revenue Fund – Established to account for ongoing maintenance needs within the Pt. San Pedro assessment district.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Low and Moderate Income Housing Special Revenue Fund – Established to account for the activities related to the assets assumed by the City as Housing Successor to the San Rafael Redevelopment Agency for the housing activities of the former Redevelopment Agency.

Measure A Open Space Special Revenue Fund – Established to account for the use of proceeds distributed by the County of Marin from Measure A, as well as other supplementary matching or City-funding for the operation or maintenance of open space, park or recreation lands.

DEBT SERVICE FUNDS

Peacock Gap Assessment District Fund – Established to accumulate funds for the payment of principal and interest for the 1993 Bonds which matured in 2005. The proceeds were used to refund the 1984 Bonds, which provided for the construction of public improvements in the project area. Financing is to be provided by property tax increments generated within the specific geographic region described by the bond assessment district.

Mariposa Assessment District Fund - Established to accumulate funds for the payment of principal and interest for the 1993 Bond, which matured in 2008. The proceeds were used to finance the grading and paving of Mariposa Road.

1997 Financing Authority Revenue Bonds Fund – Established to accumulate funds for the payment of principal and interest for the 1997 Revenue Bonds which matured in 2011. The proceeds were used to purchase the previously issued special assessment bonds. Financing is to be provided by property tax increments generated within the specific geographic region described by the bond assessment district.

CAPITAL PROJECTS FUNDS

Capital Improvement Fund – Established for the costs associated with major capital improvement projects not tied to specific funds elsewhere. Improvements could include medians, parkways, sidewalks, and other public assets.

Bedroom Tax Fund – Established to collect funds from multiple-unit housing used to pay for maintaining and developing parks within local neighborhoods.

Assessment Districts Fund – Established to account for ongoing construction and improvement needs within the following assessment districts: Peacock Gap, Kerner Boulevard, Sun Valley/Lucas Valley Open Space, East San Rafael Drainage Assessment District 1.

Park Capital Projects Fund – Established to account for capital improvements for all City owned parks, whether paid for by City funds, grants, donations, or partnership with the community.

Open Space Fund – Established for the acquisition of open space.

San Rafael Essential Facilities Fund – Established to account for major capital improvements to public safety facilities.



CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond Assessment District
ASSETS					
Cash and investments	\$429,342	\$217,730	\$221,563	\$1,159,769	\$690,827
Restricted cash and investments					
Receivables:					
Accounts	101,741		246,825		
Taxes		190			117
Grants				22,253	
Interest					
Loans					
Prepays				1,695	
	<u>\$531,083</u>	<u>\$217,920</u>	<u>\$468,388</u>	<u>\$1,183,717</u>	<u>\$690,944</u>
Total Assets	\$531,083	\$217,920	\$468,388	\$1,183,717	\$690,944
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$192,148		\$219,749	\$29,635	
Deposits payable					
Developer deposits payable					
Deferred revenue	312,556			238	
	<u>504,704</u>		<u>219,749</u>	<u>29,873</u>	
Total Liabilities	504,704		219,749	29,873	
Fund Balances:					
Nonspendable				1,695	
Restricted	26,379	\$217,920	248,639	1,152,149	\$690,944
Committed					
Assigned					
	<u>26,379</u>	<u>217,920</u>	<u>248,639</u>	<u>1,153,844</u>	<u>690,944</u>
Total Fund Balances	26,379	217,920	248,639	1,153,844	690,944
Total Liabilities and Fund Balances	\$531,083	\$217,920	\$468,388	\$1,183,717	\$690,944

SPECIAL REVENUE FUNDS

Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication
\$636,081	\$698,422	\$138,572	\$1,482,892	\$1,006,378	\$365,892	\$554,743
	1,416	35,446		45,250	50,000	
					369,811	
	4,884					
<u>\$636,081</u>	<u>\$704,722</u>	<u>\$174,018</u>	<u>\$1,482,892</u>	<u>\$1,051,628</u>	<u>\$785,703</u>	<u>\$554,743</u>
\$193	\$463		\$521,733	\$3,926 44,925 1,500	\$40,834 130,565	\$63,020
<u>193</u>	<u>463</u>		<u>521,733</u>	<u>50,351</u>	<u>171,399</u>	<u>63,020</u>
635,888	4,884 699,375	\$174,018	961,159	1,001,277	614,304	491,723
<u>635,888</u>	<u>704,259</u>	<u>174,018</u>	<u>961,159</u>	<u>1,001,277</u>	<u>614,304</u>	<u>491,723</u>
<u>\$636,081</u>	<u>\$704,722</u>	<u>\$174,018</u>	<u>\$1,482,892</u>	<u>\$1,051,628</u>	<u>\$785,703</u>	<u>\$554,743</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				
	Emergency Medical Services	Business Improvement	Pt. San Pedro Maintenance Portion	Low and Moderate Income Housing	Measure A Open Space
ASSETS					
Cash and investments	\$902,947	\$29,638	\$171,516	\$314,621	\$187,597
Restricted cash and investments					
Receivables:					
Accounts	596,263				
Taxes			548		213,653
Grants	139,373				
Interest				196	
Loans				615,066	
Prepays	2,870				
	<u>2,870</u>				
Total Assets	<u>\$1,641,453</u>	<u>\$29,638</u>	<u>\$172,064</u>	<u>\$929,883</u>	<u>\$401,250</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$76,926	\$29,638	\$5,393	\$326	\$38,994
Deposits payable					
Developer deposits payable					
Deferred revenue					
	<u>76,926</u>	<u>29,638</u>	<u>5,393</u>	<u>326</u>	<u>38,994</u>
Total Liabilities	<u>76,926</u>	<u>29,638</u>	<u>5,393</u>	<u>326</u>	<u>38,994</u>
Fund Balances:					
Nonspendable	2,870				
Restricted	1,561,657		166,671	929,557	362,256
Committed					
Assigned					
	<u>1,564,527</u>		<u>166,671</u>	<u>929,557</u>	<u>362,256</u>
Total Fund Balances	<u>1,564,527</u>		<u>166,671</u>	<u>929,557</u>	<u>362,256</u>
Total Liabilities and Fund Balances	<u>\$1,641,453</u>	<u>\$29,638</u>	<u>\$172,064</u>	<u>\$929,883</u>	<u>\$401,250</u>

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			
Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects
\$2,875	\$16,573	\$147,304	\$2,886,744 902,419	\$58,740	\$223,742 76,675	\$32,869
			973			
<u>\$2,875</u>	<u>\$16,573</u>	<u>\$147,304</u>	<u>\$3,790,136</u>	<u>\$58,740</u>	<u>\$300,417</u>	<u>\$32,869</u>
			\$23,584			
			23,584			
\$2,875	\$16,573	\$147,304	3,766,552	\$58,740	\$300,417	\$32,869
<u>2,875</u>	<u>16,573</u>	<u>147,304</u>	<u>3,766,552</u>	<u>58,740</u>	<u>300,417</u>	<u>32,869</u>
<u>\$2,875</u>	<u>\$16,573</u>	<u>\$147,304</u>	<u>\$3,790,136</u>	<u>\$58,740</u>	<u>\$300,417</u>	<u>\$32,869</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2016

	CAPITAL PROJECTS FUNDS		Total Non-Major Governmental Funds
	Open Space	San Rafael Essential Facilities	
ASSETS			
Cash and investments	\$123,994	\$597,038	\$13,298,409
Restricted cash and investments			979,094
Receivables:			
Accounts			1,075,525
Taxes			215,924
Grants			531,437
Interest			1,169
Loans			615,066
Prepays			9,449
Total Assets	\$123,994	\$597,038	\$16,726,073
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$4,811	\$597,038	\$1,848,411
Deposits payable			175,490
Developer deposits payable			1,500
Deferred revenue			312,794
Total Liabilities	4,811	597,038	2,338,195
Fund Balances:			
Nonspendable			9,449
Restricted			10,459,825
Committed			3,799,421
Assigned	119,183		119,183
Total Fund Balances	119,183		14,387,878
Total Liabilities and Fund Balances	\$123,994	\$597,038	\$16,726,073



CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond Assessment District
REVENUES					
Taxes and special assessments		\$25,368			\$15,606
Use of money and properties	\$46,124	1,150	\$833	\$6,027	3,618
Intergovernmental	17,413			329,123	
Charges for services	2,665,294		149,206	3,954,126	
Other revenue	10,729	1,014		12,196	2,756
Total Revenues	2,739,560	27,532	150,039	4,301,472	21,980
EXPENDITURES					
Current:					
General government					
Public safety			160,953		
Public works and parks		27,524			54
Culture and recreation	4,342,509			3,834,436	
Capital outlay					
Capital improvement/special projects	23,666		205		
Total Expenditures	4,366,175	27,524	161,158	3,834,436	54
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,626,615)	8	(11,119)	467,036	21,926
OTHER FINANCING SOURCES (USES)					
Transfers in	1,625,000			100,000	
Transfers out				(325,000)	
Total Other Financing Sources (Uses)	1,625,000			(225,000)	
Net Change in Fund Balances	(1,615)	8	(11,119)	242,036	21,926
Fund Balance, Beginning	27,994	217,912	259,758	911,808	669,018
Fund Balance, Ending	\$26,379	\$217,920	\$248,639	\$1,153,844	\$690,944

SPECIAL REVENUE FUNDS

Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication
	\$864,158					\$3,183
\$3,338	1,826	\$202	\$8,717	\$36,406	\$2,134	5,261
1,000		86,334			1,027,238	
6,322		2,105	847,293			
8,752		82,839	4,847			1,000
<u>19,412</u>	<u>865,984</u>	<u>171,480</u>	<u>860,857</u>	<u>36,406</u>	<u>1,029,372</u>	<u>9,444</u>
				34,524	670,964	
		258,295			575,523	
19,433	818,907		823,489			22,821
<u>1,125</u>			<u>792,066</u>		<u>282,212</u>	<u>1,061,260</u>
<u>20,558</u>	<u>818,907</u>	<u>258,295</u>	<u>1,615,555</u>	<u>34,524</u>	<u>1,528,699</u>	<u>1,084,081</u>
<u>(1,146)</u>	<u>47,077</u>	<u>(86,815)</u>	<u>(754,698)</u>	<u>1,882</u>	<u>(499,327)</u>	<u>(1,074,637)</u>
		90,000			91,250	150,000
		90,000			91,250	150,000
(1,146)	47,077	3,185	(754,698)	1,882	(408,077)	(924,637)
<u>637,034</u>	<u>657,182</u>	<u>170,833</u>	<u>1,715,857</u>	<u>999,395</u>	<u>1,022,381</u>	<u>1,416,360</u>
<u>\$635,888</u>	<u>\$704,259</u>	<u>\$174,018</u>	<u>\$961,159</u>	<u>\$1,001,277</u>	<u>\$614,304</u>	<u>\$491,723</u>

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				
	Emergency Medical Services	Business Improvement	Pt. San Pedro - Maintenance Portion	Low and Moderate Income Housing	Measure A Open Space
REVENUES					
Taxes and special assessments	\$4,226,020		\$73,076		\$433,326
Use of money and properties	7,748			\$1,619	1,474
Intergovernmental	275,772				
Charges for services	2,319,676				
Other revenue	270,335			69,382	
Total Revenues	<u>7,099,551</u>		<u>73,076</u>	<u>71,001</u>	<u>434,800</u>
EXPENDITURES					
Current:					
General government		\$3,484		86,524	
Public safety	6,722,300				123,612
Public works and parks			75,065		247,371
Culture and recreation					46,873
Capital outlay					
Capital improvement/special projects					
Total Expenditures	<u>6,722,300</u>	<u>3,484</u>	<u>75,065</u>	<u>86,524</u>	<u>417,856</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>377,251</u>	<u>(3,484)</u>	<u>(1,989)</u>	<u>(15,523)</u>	<u>16,944</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	377,251	(3,484)	(1,989)	(15,523)	16,944
Fund Balance, Beginning	1,187,276	3,484	168,660	945,080	345,312
Fund Balance, Ending	<u>\$1,564,527</u>	<u>\$3,484</u>	<u>\$166,671</u>	<u>\$929,557</u>	<u>\$362,256</u>

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			
Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects
		\$780	\$10,986 404,767	\$7,650	\$164	
			2,110,514			\$5,120
		780	2,526,267	7,650	164	5,120
			663,837		225	
			663,837		225	
		780	1,862,430	7,650	(61)	5,120
			1,000,000			
			1,000,000			
		780	2,862,430	7,650	(61)	5,120
\$2,875	\$16,573	146,524	904,122	51,090	300,478	27,749
\$2,875	\$16,573	\$147,304	\$3,766,552	\$58,740	\$300,417	\$32,869

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>CAPITAL PROJECTS FUNDS</u>		Total Non-Major Governmental Funds
	<u>Open Space</u>	<u>San Rafael Essentials Facilities</u>	
REVENUES			
Taxes and special assessments			\$5,648,387
Use of money and properties	\$657		139,064
Intergovernmental			2,141,647
Charges for services			9,944,022
Other revenue			2,579,484
			<u>2,579,484</u>
Total Revenues	<u>657</u>		<u>20,452,604</u>
EXPENDITURES			
Current:			
General government			795,496
Public safety			7,840,683
Public works and parks			1,173,503
Culture and recreation			9,084,979
Capital outlay			663,837
Capital improvement/special projects	4,811	\$1,849,405	4,014,975
			<u>4,014,975</u>
Total Expenditures	<u>4,811</u>	<u>1,849,405</u>	<u>23,573,473</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,154)</u>	<u>(1,849,405)</u>	<u>(3,120,869)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		1,849,405	4,905,655
Transfers out			(325,000)
			<u>(325,000)</u>
Total Other Financing Sources (Uses)		<u>1,849,405</u>	<u>4,580,655</u>
Net Change in Fund Balances	(4,154)		1,459,786
Fund Balance, Beginning	<u>123,337</u>		<u>12,928,092</u>
Fund Balance, Ending	<u>\$119,183</u>		<u>\$14,387,878</u>



CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS					
	Recreation Revolving			Baypoint Lagoons Assessment District		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$25,500	\$25,368	(\$132)
Licenses and permits						
Fines and forfeitures						
Use of money and properties	\$25,400	\$46,124	\$20,724	280	1,150	870
Intergovernmental	17,332	17,413	81			
Charges for services	2,803,830	2,665,294	(138,536)			
Other revenue	3,750	10,729	6,979		1,014	
Total Revenues	<u>2,850,312</u>	<u>2,739,560</u>	<u>(110,752)</u>	<u>25,780</u>	<u>27,532</u>	<u>738</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks				30,386	27,524	2,862
Culture and recreation	4,376,186	4,342,509	33,677			
Capital outlay						
Capital improvement/special projects		23,666	(23,666)			
Total Expenditures	<u>4,376,186</u>	<u>4,366,175</u>	<u>10,011</u>	<u>30,386</u>	<u>27,524</u>	<u>2,862</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,525,874)</u>	<u>(1,626,615)</u>	<u>(100,741)</u>	<u>(4,606)</u>	<u>8</u>	<u>4,614</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,625,000	1,625,000				
Transfers out						
Total Other Financing Sources (Uses)	<u>1,625,000</u>	<u>1,625,000</u>				
FUND BALANCES, BEGINNING OF YEAR AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>\$99,126</u>	<u>(1,615)</u>	<u>(\$100,741)</u>	<u>(\$4,606)</u>	<u>8</u>	<u>\$4,614</u>
FUND BALANCES, BEGINNING OF YEAR		<u>27,994</u>			<u>217,912</u>	
FUND BALANCES, END OF YEAR		<u>\$26,379</u>			<u>\$217,920</u>	

SPECIAL REVENUE FUNDS

Household Hazmat Facility			Childcare			Loch Lomond Assessment District		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
						\$15,610	\$15,606	(\$4)
\$270	\$833	\$563	\$700	\$6,027	\$5,327	800	3,618	2,818
			315,751	329,123	13,372			
149,724	149,206	(518)	4,007,700	3,954,126	(53,574)			
1,000		(1,000)		12,196	12,196		2,756	2,756
<u>150,994</u>	<u>150,039</u>	<u>(955)</u>	<u>4,324,151</u>	<u>4,301,472</u>	<u>(22,679)</u>	<u>16,410</u>	<u>21,980</u>	<u>5,570</u>
169,167	160,953	8,214						
			3,990,698	3,834,436	156,262	37,836	54	37,782
			20,000		20,000			
1,000	205	795						
<u>170,167</u>	<u>161,158</u>	<u>9,009</u>	<u>4,010,698</u>	<u>3,834,436</u>	<u>176,262</u>	<u>37,836</u>	<u>54</u>	<u>37,782</u>
<u>(19,173)</u>	<u>(11,119)</u>	<u>8,054</u>	<u>313,453</u>	<u>467,036</u>	<u>153,583</u>	<u>(21,426)</u>	<u>21,926</u>	<u>43,352</u>
			100,000	100,000				
			<u>(325,000)</u>	<u>(325,000)</u>				
			<u>(225,000)</u>	<u>(225,000)</u>				
<u>(\$19,173)</u>	<u>(11,119)</u>	<u>\$8,054</u>	<u>\$88,453</u>	242,036	<u>\$153,583</u>	<u>(\$21,426)</u>	21,926	<u>\$43,352</u>
	<u>259,758</u>			<u>911,808</u>			<u>669,018</u>	
	<u>\$248,639</u>			<u>\$1,153,844</u>			<u>\$690,944</u>	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

SPECIAL REVENUE FUNDS						
	Library			Library Assessment		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$885,000	\$864,158	(\$20,842)
Licenses and permits						
Fines and forfeitures						
Use of money and properties	\$2,100	\$3,338	\$1,238	850	1,826	976
Intergovernmental		1,000	1,000			
Charges for services		6,322	6,322			
Other revenue		8,752	8,752			
Total Revenues	<u>2,100</u>	<u>19,412</u>	<u>17,312</u>	<u>885,850</u>	<u>865,984</u>	<u>(19,866)</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks						
Culture and recreation	100,000	19,433	80,567	870,628	818,907	51,721
Capital outlay						
Capital improvement/special projects	30,000	1,125	28,875			
Total Expenditures	<u>130,000</u>	<u>20,558</u>	<u>109,442</u>	<u>870,628</u>	<u>818,907</u>	<u>51,721</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(127,900)</u>	<u>(1,146)</u>	<u>126,754</u>	<u>15,222</u>	<u>47,077</u>	<u>31,855</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u><u>(\$127,900)</u></u>	<u><u>(1,146)</u></u>	<u><u>\$126,754</u></u>	<u><u>\$15,222</u></u>	<u><u>47,077</u></u>	<u><u>\$31,855</u></u>
FUND BALANCES, BEGINNING OF YEAR		<u>637,034</u>			<u>657,182</u>	
FUND BALANCES, END OF YEAR		<u><u>\$635,888</u></u>			<u><u>\$704,259</u></u>	

SPECIAL REVENUE FUNDS

Public Safety			Stormwater			Development Services		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$5,000		(\$5,000)			
\$100	\$202	\$102	2,700	\$8,717	6,017	\$31,600	\$36,406	\$4,806
70,000	86,334	16,334						
	2,105	2,105	841,800	847,293	5,493	4,800		(4,800)
75,000	82,839	7,839	5,000	4,847	(153)			
145,100	171,480	26,380	854,500	860,857	6,357	36,400	36,406	6
						117,000	34,524	82,476
261,834	258,295	3,539	719,956	823,489	(103,533)			
						340,000		340,000
			1,947,145	792,066	1,155,079			
261,834	258,295	3,539	2,667,101	1,615,555	1,051,546	457,000	34,524	422,476
(116,734)	(86,815)	29,919	(1,812,601)	(754,698)	1,057,903	(420,600)	1,882	422,482
90,000	90,000							
90,000	90,000							
(\$26,734)	3,185	\$29,919	(\$1,812,601)	(754,698)	\$1,057,903	(\$420,600)	1,882	\$422,482
	170,833			1,715,857			999,395	
	\$174,018			\$961,159			\$1,001,277	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS					
	Grants			Parkland Dedication		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments					\$3,183	\$3,183
Licenses and permits						
Fines and forfeitures	\$10,000		(\$10,000)			
Use of money and properties	1,280	\$2,134	854	\$1,200	5,261	4,061
Intergovernmental	929,843	1,027,238	97,395			
Charges for services						
Other revenue					1,000	1,000
Total Revenues	<u>941,123</u>	<u>1,029,372</u>	<u>88,249</u>	<u>1,200</u>	<u>9,444</u>	<u>8,244</u>
EXPENDITURES						
Current:						
General government	972,258	670,964	301,294			
Public safety	579,450	575,523	3,927			
Public works and parks						
Culture and recreation					22,821	(22,821)
Capital outlay						
Capital improvement/special projects	<u>368,320</u>	<u>282,212</u>	<u>86,108</u>	<u>1,113,081</u>	<u>1,061,260</u>	<u>51,821</u>
Total Expenditures	<u>1,920,028</u>	<u>1,528,699</u>	<u>391,329</u>	<u>1,113,081</u>	<u>1,084,081</u>	<u>29,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(978,905)</u>	<u>(499,327)</u>	<u>479,578</u>	<u>(1,111,881)</u>	<u>(1,074,637)</u>	<u>37,244</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	91,250	91,250		150,000	150,000	
Transfers out						
Total Other Financing Sources (Uses)	<u>91,250</u>	<u>91,250</u>		<u>150,000</u>	<u>150,000</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u><u>(\$887,655)</u></u>	<u><u>(408,077)</u></u>	<u><u>\$479,578</u></u>	<u><u>(\$961,881)</u></u>	<u><u>(924,637)</u></u>	<u><u>\$37,244</u></u>
FUND BALANCES, BEGINNING OF YEAR		<u>1,022,381</u>			<u>1,416,360</u>	
FUND BALANCES, END OF YEAR		<u><u>\$614,304</u></u>			<u><u>\$491,723</u></u>	

SPECIAL REVENUE FUNDS

Emergency Medical Services			Business Improvement			Pt. San Pedro-Maintenance Portion		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$4,213,999	\$4,226,020	\$12,021				\$80,000	\$73,076	(\$6,924)
750	7,748	6,998				240		(240)
75,000	275,772	200,772						
2,525,000	2,319,676	(205,324)						
200,000	270,335	70,335						
<u>7,014,749</u>	<u>7,099,551</u>	<u>84,802</u>				<u>80,240</u>	<u>73,076</u>	<u>(7,164)</u>
			\$3,484	\$3,484				
6,723,980	6,722,300	1,680				86,000	75,065	10,935
<u>6,723,980</u>	<u>6,722,300</u>	<u>1,680</u>	<u>3,484</u>	<u>3,484</u>		<u>86,000</u>	<u>75,065</u>	<u>10,935</u>
290,769	377,251	86,482	(3,484)	(3,484)		(5,760)	(1,989)	3,771
<u>\$290,769</u>	<u>377,251</u>	<u>\$86,482</u>	<u>(\$3,484)</u>	<u>(3,484)</u>		<u>(\$5,760)</u>	<u>(1,989)</u>	<u>\$3,771</u>
	<u>1,187,276</u>			<u>3,484</u>			<u>168,660</u>	
	<u>\$1,564,527</u>						<u>\$166,671</u>	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS					
	Low and Moderate Income Housing			Measure A Open Space		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$400,000	\$433,326	\$33,326
Licenses and permits						
Fines and forfeitures						
Use of money and properties	\$800	\$1,619	\$819	210	1,474	1,264
Intergovernmental						
Charges for services						
Other revenue	70,000	69,382	(618)			
Total Revenues	<u>70,800</u>	<u>71,001</u>	<u>201</u>	<u>400,210</u>	<u>434,800</u>	<u>34,590</u>
EXPENDITURES						
Current:						
General government	305,000	86,524	218,476			
Public safety				185,030	123,612	61,418
Public works and parks				262,967	247,371	15,596
Culture and recreation				186,500	46,873	139,627
Capital outlay						
Capital improvement/special projects						
Total Expenditures	<u>305,000</u>	<u>86,524</u>	<u>218,476</u>	<u>634,497</u>	<u>417,856</u>	<u>216,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(234,200)</u>	<u>(15,523)</u>	<u>218,677</u>	<u>(234,287)</u>	<u>16,944</u>	<u>251,231</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>(\$234,200)</u>	<u>(15,523)</u>	<u>\$218,677</u>	<u>(\$234,287)</u>	<u>16,944</u>	<u>\$251,231</u>
FUND BALANCES, BEGINNING OF YEAR		<u>945,080</u>			<u>345,312</u>	
FUND BALANCES, END OF YEAR		<u>\$929,557</u>			<u>\$362,256</u>	

DEBT SERVICE FUNDS

Mariposa Assessment District			1997 Financing Authority Revenue Bonds		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$200	\$780	\$580
			200	780	580
			200	780	580
			\$200	780	\$580
	\$16,573			146,524	
	\$16,573			\$147,304	



INTERNAL SERVICE FUNDS

Internal service funds account for department services and financing performed for other departments within the same governmental jurisdiction. Funding comes from charges assessed to the departments benefiting from the service.

Building Maintenance Fund - Established to account for construction projects and cyclical large dollar maintenance tasks (roof, painting) completed on City owned buildings.

Vehicle Replacement Fund – Established to provide for the replacement of vehicles.

Equipment Replacement Fund – Established to provide for the replacement of computers and equipment.

Employee Benefits Fund - This fund is utilized for the payment of retiree benefits, unemployment insurance, accumulated leave requirements and other negotiated benefits not tied to a specific department.

Liability Insurance Fund - Established to maintain sufficient reserves for outstanding claims. All costs associated with liability premiums are paid from this fund.

Workers' Compensation Fund - Established to maintain sufficient reserves for injury claims. All costs associated with workers compensation, including safety training, wellness programs, claim expenses and insurance premiums are paid from this fund.

Dental Insurance Fund - Set up to maintain sufficient reserves for dental claims. All costs associated with dental claims and administrations are paid from this fund.

Employee Retirement Fund – Established to maintain sufficient reserves to fund debt service payments on the 2010 Taxable Pension Obligation Bonds and other pension related obligations.

OPEB/Retiree Medical Fund – Established to account for activities related to the funding, administration and procurement of retiree medical benefits.

Radio Replacement Fund - Established to meet radio system operating costs, capital acquisition and replacement, and operating lease obligations for the Public Works, Fire, Community Development and Police Departments. The Marin Emergency Radio Authority (MERA) is a countywide JPA that has taken the roll in procurement and installation of a new digital radio system. This fund supports San Rafael's portion of the MERA efforts and related contractual obligations.

Telephone Replacement Fund – Established to provide ongoing support services for telephone equipment and usage throughout the organization.

Sewer Maintenance Fund – Established to record both the cost of providing services to the San Rafael Sanitation District and the charges for those services.

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2016

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>
ASSETS					
Current Assets:					
Cash and investments	\$1,317,341	\$1,188,389	\$2,985,400	\$1,089,185	\$2,567,357
Accounts receivable		140			
Loans receivable		10,938			
Prepays		1,083,036			
Capital assets:					
Nondepreciable assets	61,964				
Depreciable assets, net	<u>1,426,056</u>	<u>5,025,360</u>	<u>743,555</u>		
Total Assets	<u>2,805,361</u>	<u>7,307,863</u>	<u>3,728,955</u>	<u>1,089,185</u>	<u>2,567,357</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	36,814		141,695	40,440	1,125
Claims payable - due in one year					746,913
Non-current Liabilities:					
Claims payable - due in more than one year					1,796,742
OPEB liability					
Total Liabilities	<u>36,814</u>		<u>141,695</u>	<u>40,440</u>	<u>2,544,780</u>
NET POSITION:					
Net investment in capital assets	1,488,020	5,025,360	743,555		
Unrestricted	<u>1,280,527</u>	<u>2,282,503</u>	<u>2,843,705</u>	<u>1,048,745</u>	<u>22,577</u>
Total Net Position	<u>\$2,768,547</u>	<u>\$7,307,863</u>	<u>\$3,587,260</u>	<u>\$1,048,745</u>	<u>\$22,577</u>

<u>Workers' Compensation</u>	<u>Dental Insurance</u>	<u>Employee Retirement</u>	<u>OPEB/ Retiree Medical</u>	<u>Radio Replacement</u>	<u>Telephone Replacement</u>	<u>Sewer Maintenance</u>	<u>Total</u>
\$6,157,944	\$133,913	\$2,454,376	\$629,786 75,980	\$383,206	\$359,399	\$2,959 13,487	\$19,269,255 89,607 10,938 1,083,036
							61,964 7,194,971
<u>6,157,944</u>	<u>133,913</u>	<u>2,454,376</u>	<u>705,766</u>	<u>383,206</u>	<u>359,399</u>	<u>16,446</u>	<u>27,709,771</u>
7,450 1,382,212	3,705		3,775		21,475	16,446	272,925 2,129,125
4,662,699			9,101,000				6,459,441 9,101,000
<u>6,052,361</u>	<u>3,705</u>		<u>9,104,775</u>		<u>21,475</u>	<u>16,446</u>	<u>17,962,491</u>
105,583	130,208	2,454,376	(8,399,009)	383,206	337,924		7,256,935 2,490,345
<u>\$105,583</u>	<u>\$130,208</u>	<u>\$2,454,376</u>	<u>(\$8,399,009)</u>	<u>\$383,206</u>	<u>\$337,924</u>		<u>\$9,747,280</u>

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Building Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Liability Insurance
OPERATING REVENUES					
Charges for current services	\$680,000	\$1,187,329	\$2,059,008	\$973,252	\$2,098,700
Other operating revenues				26,748	67,041
Total Operating Revenues	680,000	1,187,329	2,059,008	1,000,000	2,165,741
OPERATING EXPENSES					
Personnel			259,556	498,498	183,908
Insurance premiums and claims					1,961,833
Maintenance and repairs	187,144	149,568			
General and administrative			1,144,984	165,892	112,203
Depreciation expense	29,704	927,216	124,378		
Total Operating Expenses	216,848	1,076,784	1,528,918	664,390	2,257,944
Operating Income (Loss)	463,152	110,545	530,090	335,610	(92,203)
NONOPERATING REVENUES (EXPENSES)					
Investment income	5,720	8,393	14,777	12,933	9,364
Miscellaneous Income		41,405			
Total Nonoperating Revenues (Expenses)	5,720	49,798	14,777	12,933	9,364
Net income (loss) before transfers	468,872	160,343	544,867	348,543	(82,839)
TRANSFERS OUT	(150,000)	(60,064)			
Change in Net Position	318,872	100,279	544,867	348,543	(82,839)
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	2,449,675	7,207,584	3,042,393	700,202	105,416
NET POSITION, END OF YEAR	\$2,768,547	\$7,307,863	\$3,587,260	\$1,048,745	\$22,577

Workers' Compensation	Dental Insurance	Employee Retirement	OPEB/ Retiree Medical	Radio Replacement	Telephone Replacement	Sewer Maintenance	Total
\$1,458,221	\$401,767 6,868	\$450,000	\$2,491,431 937,622	\$648,660	\$594,519	\$2,636,356 5,970	\$15,679,243 1,044,249
1,458,221	408,635	450,000	3,429,053	648,660	594,519	2,642,326	16,723,492
57,994					102,970	2,568,149	3,671,075
1,572,557	404,044		3,170,806				7,109,240
							336,712
171,739		3,342		661,627	349,610	89,926	2,699,323
							1,081,298
1,802,290	404,044	3,342	3,170,806	661,627	452,580	2,658,075	14,897,648
(344,069)	4,591	446,658	258,247	(12,967)	141,939	(15,749)	1,825,844
34,237	963		1	1,063	1,622		89,073 41,405
34,237	963		1	1,063	1,622		130,478
(309,832)	5,554	446,658	258,248	(11,904)	143,561	(15,749)	1,956,322
		(276,520)				(15,747)	(502,331)
(309,832)	5,554	170,138	258,248	(11,904)	143,561	(31,496)	1,453,991
415,415	124,654	2,284,238	(8,657,257)	395,110	194,363	31,496	8,293,289
\$105,583	\$130,208	\$2,454,376	(\$8,399,009)	\$383,206	\$337,924		\$9,747,280

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers/other funds	\$680,000	\$1,242,302	\$2,059,773	\$973,252
Cash payments to suppliers for goods and services	(404,459)	(2,148,161)	(1,310,633)	(625,948)
Cash payments to employees for salaries and benefits			(140,248)	(6,323)
Other operating revenues				26,748
Payment to OPEB Trust				
	<u>275,541</u>	<u>(905,859)</u>	<u>608,892</u>	<u>367,729</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund payments	(150,000)	(60,064)		
	<u>(150,000)</u>	<u>(60,064)</u>		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(66,239)	(1,259,101)	(1)	
Proceeds from sale of property		41,405		
	<u>(66,239)</u>	<u>(1,217,696)</u>	<u>(1)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	5,721	8,393	14,776	12,934
	<u>5,721</u>	<u>8,393</u>	<u>14,776</u>	<u>12,934</u>
Net increase (decrease) in cash and cash equivalents	65,023	(2,175,226)	623,667	380,663
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,252,318</u>	<u>3,363,615</u>	<u>2,361,733</u>	<u>708,522</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$1,317,341</u>	<u>\$1,188,389</u>	<u>\$2,985,400</u>	<u>\$1,089,185</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$463,152	\$110,545	\$530,090	\$335,610
Adjustments to reconcile operating income to cash flows from operating activities:				
Depreciation	29,704	927,216	124,378	
Net change in assets and liabilities:				
Accounts receivable		44,035		
Loans receivable		10,938		
Prepays and deposits		(1,083,036)	765	
Net OPEB Liability				
Accounts payable	(217,315)	(915,557)	(46,341)	32,119
Claims payable				
	<u>\$275,541</u>	<u>(\$905,859)</u>	<u>\$608,892</u>	<u>\$367,729</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$275,541</u>	<u>(\$905,859)</u>	<u>\$608,892</u>	<u>\$367,729</u>

Liability Insurance	Workers' Compensation	Dental Insurance	Employee Retirement	OPEB/ Employee Retirement	Radio Replacement	Telephone Replacement	Sewer Maintenance	Total
\$2,146,425 (1,040,207)	\$1,458,221 (1,753,261)	\$401,767 (403,952)	\$450,000 (3,342)	\$2,492,443 (3,167,030)	\$648,660 (661,627)	\$594,519 (457,569)	\$2,622,869 (2,792,986)	\$15,770,231 (14,769,175) (146,571)
67,041		6,868		937,622 (63,000)			5,970	1,044,249 (63,000)
1,173,259	(295,040)	4,683	446,658	200,035	(12,967)	136,950	(164,147)	1,835,734
			(276,520)				(15,746)	(502,330)
			(276,520)				(15,746)	(502,330)
								(1,325,341) 41,405
								(1,283,936)
9,367	34,238	963			1,063	1,621		89,076
9,367	34,238	963			1,063	1,621		89,076
1,182,626	(260,802)	5,646	170,138	200,035	(11,904)	138,571	(179,893)	138,544
1,384,731	6,418,746	128,267	2,284,238	429,751	395,110	220,828	182,852	19,130,711
<u>\$2,567,357</u>	<u>\$6,157,944</u>	<u>\$133,913</u>	<u>\$2,454,376</u>	<u>\$629,786</u>	<u>\$383,206</u>	<u>\$359,399</u>	<u>\$2,959</u>	<u>\$19,269,255</u>
(92,203)	(344,069)	\$4,591	\$446,658	\$258,247	(\$12,967)	\$141,939	(\$15,749)	\$1,825,844
								1,081,298
44,876				1,012			(13,487)	76,436
2,849								10,938
				(63,000)				(1,079,422)
1,122	(3,504)	92		3,776		(4,989)	(134,911)	(63,000)
1,216,615	52,533							(1,285,508)
								1,269,148
<u>\$1,173,259</u>	<u>(\$295,040)</u>	<u>\$4,683</u>	<u>\$446,658</u>	<u>\$200,035</u>	<u>(\$12,967)</u>	<u>\$136,950</u>	<u>(\$164,147)</u>	<u>\$1,835,734</u>



AGENCY FUNDS

Agency Funds account of assets held by the City as agent for individuals, governmental entities, and non-public organizations.

Pt. San Pedro Road Assessment District Fund - Established to accumulate funds for payment of principal and interest for Pt. San Pedro Road Median Landscaping Assessment District bonds.

CITY OF SAN RAFAEL
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<hr style="border: 0.5px solid black;"/>				
Pt. San Pedro Road Assessment District				
<hr style="border: 0.5px solid black;"/>				
<u>Assets</u>				
Restricted cash and investments	\$294,330	\$234,514	\$237,733	\$291,111
Taxes receivable	1,134	1,134	1,134	1,134
Total Assets	\$295,464	\$235,648	\$238,867	\$292,245
 <u>Liabilities</u>				
Interest payable	\$28,726	\$56,424	\$57,453	\$27,697
Due to bondholders	266,738	179,224	181,414	264,548
Total Liabilities	\$295,464	\$235,648	\$238,867	\$292,245
 <hr style="border: 0.5px solid black;"/>				
Total Agency Fund				
<hr style="border: 0.5px solid black;"/>				
<u>Assets</u>				
Restricted cash and investments	\$294,330	\$234,514	\$237,733	\$291,111
Taxes receivable	1,134	1,134	1,134	1,134
Total Assets	\$295,464	\$235,648	\$238,867	\$292,245
 <u>Liabilities</u>				
Interest payable	\$28,726	\$56,424	\$57,453	\$27,697
Due to bondholders	266,738	179,224	181,414	264,548
Total Liabilities	\$295,464	\$235,648	\$238,867	\$292,245



Canal Alliance Mural

STATISTICAL SECTION



STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Revenue Bond Coverage Parking Facility

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

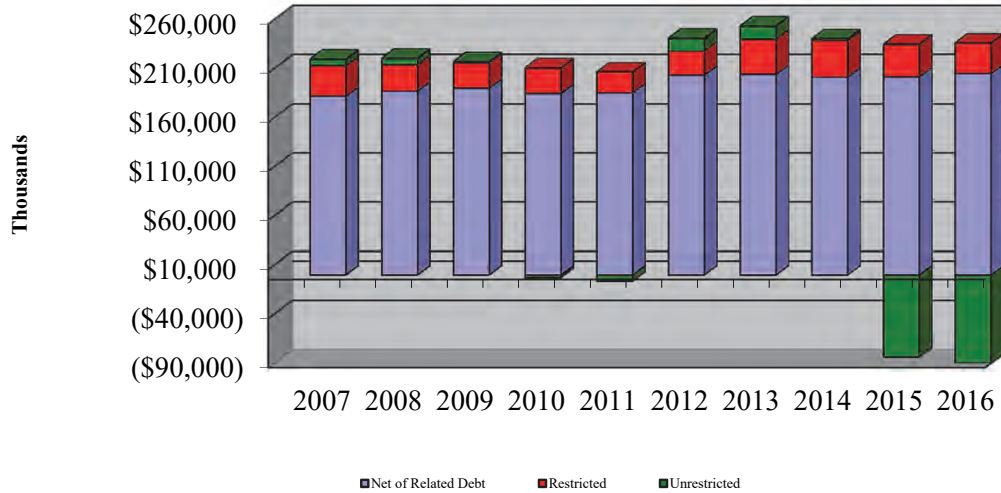
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**CITY OF SAN RAFAEL
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)**



	As of June 30			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$171,849,149	\$176,724,820	\$178,744,119	\$173,536,144
Restricted	31,124,935	26,848,900	25,721,231	26,150,254
Unrestricted	4,499,136	4,273,937	(700,985)	(4,631,276)
Total governmental activities net position	<u>\$207,473,220</u>	<u>\$207,847,657</u>	<u>\$203,764,365</u>	<u>\$195,055,122</u>
Business-type activities				
Net investment in capital assets	\$9,717,501	\$10,130,329	\$11,243,637	\$10,950,825
Unrestricted	2,226,838	2,471,117	1,936,958	2,017,354
Total business-type activities net position	<u>\$11,944,339</u>	<u>\$12,601,446</u>	<u>\$13,180,595</u>	<u>\$12,968,179</u>
Primary government				
Net investments in capital assets	\$181,566,650	\$186,855,149	\$189,987,756	\$184,486,969
Restricted	31,124,935	26,848,900	25,721,231	26,150,254
Unrestricted	6,725,974	6,745,054	1,235,973	(2,613,922)
Total primary government net position	<u>\$219,417,559</u>	<u>\$220,449,103</u>	<u>\$216,944,960</u>	<u>\$208,023,301</u>

(a) The City adjusted certain beginning balances during fiscal years 2013-2014 and 2014-2015. Financial data shown for proceeding years were not adjusted for the presentation.

2011	2012	2013	2014	2015	2016
\$174,281,922	\$192,361,245	\$193,222,791	\$190,286,275	\$190,621,085	\$193,707,175
21,322,937	24,693,205	35,780,412	37,339,141	33,389,224	31,286,725
(8,170,324)	10,652,263	11,151,318	(196,824)	(82,336,534)	(93,273,480)
<u>\$187,434,535</u>	<u>\$227,706,713</u>	<u>\$240,154,521</u>	<u>\$227,428,592</u>	<u>\$141,673,775</u>	<u>\$131,720,420</u>
\$10,793,592	\$10,650,558	\$10,670,190	\$10,786,591	\$10,744,952	\$10,958,058
1,948,447	2,495,889	2,501,498	2,049,957	(938,519)	(1,136,050)
<u>\$12,742,039</u>	<u>\$13,146,447</u>	<u>\$13,171,688</u>	<u>\$12,836,548</u>	<u>\$9,806,433</u>	<u>\$9,822,008</u>
\$185,075,514	\$203,011,803	\$203,892,981	\$201,072,866	\$201,366,037	\$204,665,233
21,322,937	24,693,205	35,780,412	37,339,141	33,389,224	31,286,725
(6,221,877)	13,148,152	13,652,816	1,853,133	(83,275,053)	(94,409,530)
<u>\$200,176,574</u>	<u>\$240,853,160</u>	<u>\$253,326,209</u>	<u>\$240,265,140</u>	<u>\$151,480,208</u>	<u>\$141,542,428</u>

**CITY OF SAN RAFAEL
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,			
	2007	2008	2009	2010
Expenses				
Governmental Activities:				
General government	\$8,908,433	\$8,621,079	\$8,075,344	\$8,396,759
Public safety	37,271,272	40,845,347	42,708,538	42,752,033
Public works and parks	20,998,749	22,105,367	23,036,676	17,401,923
Community development	4,384,408	5,811,866	5,759,171	6,738,873
Culture and recreation	9,729,485	10,300,230	11,505,896	11,139,225
Interest on long-term debt and fiscal charges	2,183,683	1,989,620	1,907,229	2,200,024
Total Governmental Activities Expenses	83,476,030	89,673,509	92,992,854	88,628,837
Business-Type Activities:				
Parking services	3,110,254	3,282,235	3,563,235	4,016,198
Total Business-Type Activities Expenses	3,110,254	3,282,235	3,563,235	4,016,198
Total Primary Government Expenses	\$86,586,284	\$92,955,744	\$96,556,089	\$92,645,035
Component Unit:				
San Rafael Sanitation District	\$6,656,432	\$8,090,636	\$9,143,977	\$9,087,354
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	\$1,512,814	\$1,494,784	\$1,738,685	\$1,665,460
Public safety	5,279,785	5,562,072	5,906,445	6,308,912
Public works and parks	4,030,060	4,983,288	4,753,817	3,916,874
Community development	2,815,009	3,247,024	2,915,872	2,830,179
Culture and recreation	4,521,004	4,870,884	5,253,683	5,280,458
Operating grants and contributions	3,701,901	3,463,616	3,544,248	3,721,055
Capital grants and contributions	2,786,761	3,239,509	7,311,173	2,116,906
Total Government Activities Program Revenues	24,647,334	26,861,177	31,423,923	25,839,844
Business-Type Activities:				
Charges for services:				
Parking services	3,242,046	4,161,936	4,454,490	4,244,404
Total Business-Type Activities Program Revenues	3,242,046	4,161,936	4,454,490	4,244,404
Total Primary Government Program Revenues	\$27,889,380	\$31,023,113	\$35,878,413	\$30,084,248
Component Unit:				
Charges for services:				
San Rafael Sanitation District	\$7,857,916	\$9,366,305	\$10,567,647	\$11,559,549
Net (Expense)/Revenue				
Governmental Activities	(\$58,828,696)	(\$62,812,332)	(\$61,568,931)	(\$62,788,993)
Business-Type Activities	131,792	879,701	891,255	228,206
Total Primary Government Net Expense	(\$58,696,904)	(\$61,932,631)	(\$60,677,676)	(\$62,560,787)
Component Unit Activities	\$1,201,484	\$1,275,669	\$1,423,670	\$2,472,195

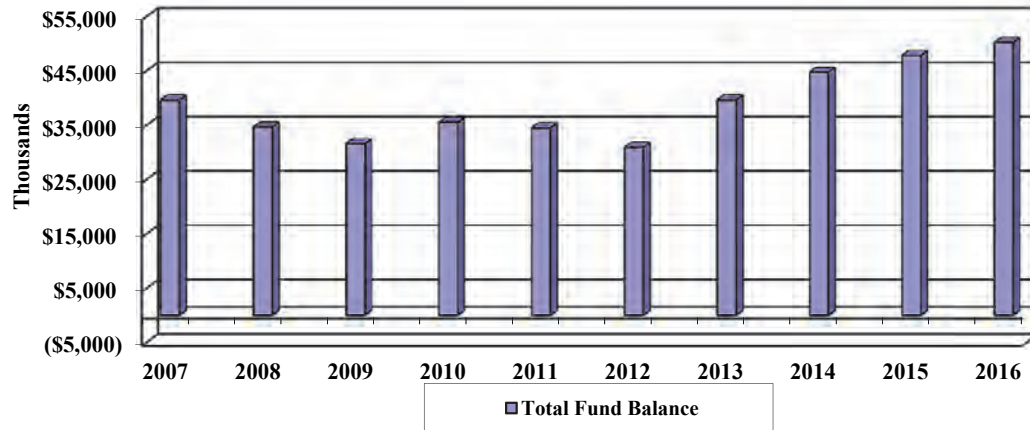
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$8,269,846	\$10,171,332	\$10,202,530	\$9,085,672	\$9,099,858	\$12,952,983
44,735,486	39,876,910	41,966,065	43,800,158	39,968,631	55,399,798
17,408,038	17,423,033	17,695,164	22,125,336	16,893,164	22,929,289
7,804,650	4,587,557	3,403,158	3,451,244	3,128,373	4,307,269
11,487,999	11,020,663	11,330,058	11,846,818	11,198,151	15,026,680
1,621,605	1,224,991	283,805	327,350	284,288	277,263
<u>91,327,624</u>	<u>84,304,486</u>	<u>84,880,780</u>	<u>90,636,578</u>	<u>80,572,465</u>	<u>110,893,282</u>
<u>3,785,751</u>	<u>3,446,482</u>	<u>3,545,387</u>	<u>4,125,476</u>	<u>4,249,597</u>	<u>4,762,851</u>
<u>3,785,751</u>	<u>3,446,482</u>	<u>3,545,387</u>	<u>4,125,476</u>	<u>4,249,597</u>	<u>4,762,851</u>
<u>\$95,113,375</u>	<u>\$87,750,968</u>	<u>\$88,426,167</u>	<u>\$94,762,054</u>	<u>\$84,822,062</u>	<u>\$115,656,133</u>
<u>\$9,677,630</u>	<u>\$10,185,779</u>	<u>\$10,169,082</u>	<u>\$11,378,055</u>	<u>\$11,375,239</u>	<u>\$11,654,767</u>
\$1,636,542	\$1,986,791	\$2,655,749	\$2,838,940	\$1,379,523	\$526,495
6,167,925	7,122,396	6,478,321	6,014,034	4,966,251	4,939,658
4,141,103	5,214,267	7,837,472	6,101,460	3,078,267	5,157,289
2,676,663	3,255,367	3,984,204	3,279,251	3,796,684	4,004,178
5,362,497	5,873,147	6,075,129	6,417,003	6,537,646	6,683,059
3,651,902	3,158,281	4,085,073	4,698,142	4,185,450	4,678,338
1,857,670	2,705,696	5,876,993	762,719	1,308,027	1,470,953
<u>25,494,302</u>	<u>29,315,945</u>	<u>36,992,941</u>	<u>30,111,549</u>	<u>25,251,848</u>	<u>27,459,970</u>
<u>4,011,333</u>	<u>3,901,175</u>	<u>3,990,706</u>	<u>4,485,394</u>	<u>5,173,557</u>	<u>5,212,181</u>
<u>4,011,333</u>	<u>3,901,175</u>	<u>3,990,706</u>	<u>4,485,394</u>	<u>5,173,557</u>	<u>5,212,181</u>
<u>\$29,505,635</u>	<u>\$33,217,120</u>	<u>\$40,983,647</u>	<u>\$34,596,943</u>	<u>\$30,425,405</u>	<u>\$32,672,151</u>
<u>\$12,223,779</u>	<u>\$12,368,889</u>	<u>\$12,413,123</u>	<u>\$13,732,496</u>	<u>\$14,629,758</u>	<u>\$15,414,530</u>
(\$65,833,322)	(\$54,988,541)	(\$47,887,839)	(\$60,525,029)	(\$55,320,617)	(\$83,433,312)
<u>225,582</u>	<u>454,693</u>	<u>445,319</u>	<u>359,918</u>	<u>923,960</u>	<u>449,330</u>
<u>(\$65,607,740)</u>	<u>(\$54,533,848)</u>	<u>(\$47,442,520)</u>	<u>(\$60,165,111)</u>	<u>(\$54,396,657)</u>	<u>(\$82,983,982)</u>
<u>\$2,546,149</u>	<u>\$2,183,110</u>	<u>\$2,244,041</u>	<u>\$2,354,441</u>	<u>\$3,254,519</u>	<u>\$3,862,215</u>

**CITY OF SAN RAFAEL
CHANGES IN NET POSITION
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,			
	2007	2008	2009	2010
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property	\$20,360,475	\$22,195,606	\$21,978,859	\$21,684,131
Sales	24,484,356	25,764,457	21,970,262	19,055,124
Special assessments	2,998,925	3,503,555		
Paramedic			3,210,317	3,489,494
Motor vehicles	331,620	257,320	197,989	171,518
Transient occupancy			1,678,912	1,558,243
Franchise			2,941,149	2,868,332
Business license			2,405,934	2,317,664
Other	8,830,955	9,242,241	1,561,835	1,411,583
Investment earnings	1,669,181	1,583,056	717,968	302,180
Gain (Loss) on disposal of assets				221,791
Miscellaneous	491,488	296,454	461,224	541,390
Special item - Court fines repayment	(1,133,458)			
Transfers	212,170	344,080	361,190	458,300
Total Government Activities	<u>58,245,712</u>	<u>63,186,769</u>	<u>57,485,639</u>	<u>54,079,750</u>
Business-Type Activities:				
Investment earnings	91,623	121,486	49,084	17,678
Aid from other government agencies				
Transfers	(212,170)	(344,080)	(361,190)	(458,300)
Total Business-Type Activities	<u>(120,547)</u>	<u>(222,594)</u>	<u>(312,106)</u>	<u>(440,622)</u>
Total Primary Government	<u>\$58,125,165</u>	<u>\$62,964,175</u>	<u>\$57,173,533</u>	<u>\$53,639,128</u>
Component Unit:				
San Rafael Sanitation District				
Property Taxes	\$755,763	\$803,071	\$855,511	\$823,187
Investment earnings	367,887	341,032	206,752	93,274
Miscellaneous		3,546	3,540	
Aid from other governmental agencies	340,642	577,860	381,144	415,391
Total Component Unit	<u>\$1,464,292</u>	<u>\$1,725,509</u>	<u>\$1,446,947</u>	<u>\$1,331,852</u>
Special Item				
Governmental Activities				
Component Unit Activities				
Change in Net Position				
Governmental Activities	(\$582,984)	\$374,437	(\$4,083,292)	(\$8,709,243)
Business-Type Activities	11,245	657,107	579,149	(212,416)
Total Primary Government	<u>(\$571,739)</u>	<u>\$1,031,544</u>	<u>(\$3,504,143)</u>	<u>(\$8,921,659)</u>
Change in Net Position				
Component Unit Activities	<u>\$2,665,776</u>	<u>\$3,001,178</u>	<u>\$2,870,617</u>	<u>\$3,804,047</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$21,632,733	\$20,107,637	\$17,317,772	\$18,439,619	\$19,039,443	\$19,998,567
21,623,445	22,355,749	24,262,282	27,758,971	32,269,915	34,348,089
3,661,064	3,807,545	3,804,985	3,816,070	3,820,240	4,226,020
297,425					
1,644,262	1,866,575	2,185,287	2,332,277	2,661,878	3,063,263
2,990,539	3,076,094	3,331,160	3,260,958	3,272,390	3,418,277
2,296,460	2,332,146	2,507,785	2,588,728	2,670,071	2,824,664
1,930,531	3,574,918	2,929,915	3,452,171	3,295,751	3,465,193
176,502	205,413	991,762	184,171	216,066	300,091
1,496,174	542,816	2,580,882	1,140,743	2,254,901	1,387,315
<u>463,600</u>	<u>57,960</u>	<u>423,817</u>	<u>449,917</u>	<u>432,630</u>	<u>448,478</u>
<u>58,212,735</u>	<u>57,926,853</u>	<u>60,335,647</u>	<u>63,423,625</u>	<u>69,933,285</u>	<u>73,479,957</u>
11,878	7,675	3,739	4,375	7,008	14,723
<u>(463,600)</u>	<u>(57,960)</u>	<u>(423,817)</u>	<u>(449,917)</u>	<u>(432,630)</u>	<u>(448,478)</u>
<u>(451,722)</u>	<u>(50,285)</u>	<u>(420,078)</u>	<u>(445,542)</u>	<u>(425,622)</u>	<u>(433,755)</u>
<u>\$57,761,013</u>	<u>\$57,876,568</u>	<u>\$59,915,569</u>	<u>\$62,978,083</u>	<u>\$69,507,663</u>	<u>\$73,046,202</u>
\$1,214,519	\$1,192,566	\$1,177,469	\$1,345,018	\$1,319,852	\$1,367,172
59,265	38,191	25,591	151,729	171,804	46,225
<u>6,499</u>	<u>9,613</u>	<u>56,589</u>	<u>22,125</u>	<u>35,090</u>	
<u>\$1,280,283</u>	<u>\$1,240,370</u>	<u>\$1,259,649</u>	<u>\$1,518,872</u>	<u>\$1,526,746</u>	<u>\$1,413,397</u>
				<u>\$4,462,815</u>	
				<u>(\$4,462,815)</u>	
(\$7,620,587)	\$2,938,312	\$12,447,808	\$2,898,596	\$19,075,483	(\$9,953,355)
(226,140)	404,408	25,241	(85,624)	498,338	15,575
<u>(\$7,846,727)</u>	<u>\$3,342,720</u>	<u>\$12,473,049</u>	<u>\$2,812,972</u>	<u>\$19,573,821</u>	<u>(\$9,937,780)</u>
<u>\$3,826,432</u>	<u>\$3,423,480</u>	<u>\$3,503,690</u>	<u>\$3,873,313</u>	<u>\$318,450</u>	<u>\$5,275,612</u>

CITY SAN RAFAEL
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	As of June 30			
	2007	2008	2009	2010
General Fund				
Pre-GASB 54 Presentation:				
Reserved	\$905,068	\$2,196,153	\$2,225,775	\$1,763,622
Unreserved	5,016,929	4,022,612	1,670,455	5,038,173
GASB 54 Presentation:				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total General Fund	\$5,921,997	\$6,218,765	\$3,896,230	\$6,801,795
All Other Governmental Funds				
Pre-GASB 54 Presentation:				
Reserved	\$20,773,760	\$17,599,142	\$16,680,568	\$15,352,723
Unreserved, reported in:				
Special Revenue Funds	8,107,477	7,413,808	8,641,239	8,778,027
Capital Project Funds		35,430	(1,030,293)	4,527,627
Debt Service Funds	4,734,986	3,315,764	3,360,540	
Expendable Trust Fund				
GASB 54 Presentation:				
Nonspendable				
Restricted				
Committed				
Assigned				
Total all other governmental funds	\$33,616,223	\$28,364,144	\$27,652,054	\$28,658,377

- (a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.
- (b) The City adjusted certain beginning balances during fiscal years 2013-2014, 2014-2015 and 2015-2016. Financial data shown for preceding years were not adjusted for the presentation.

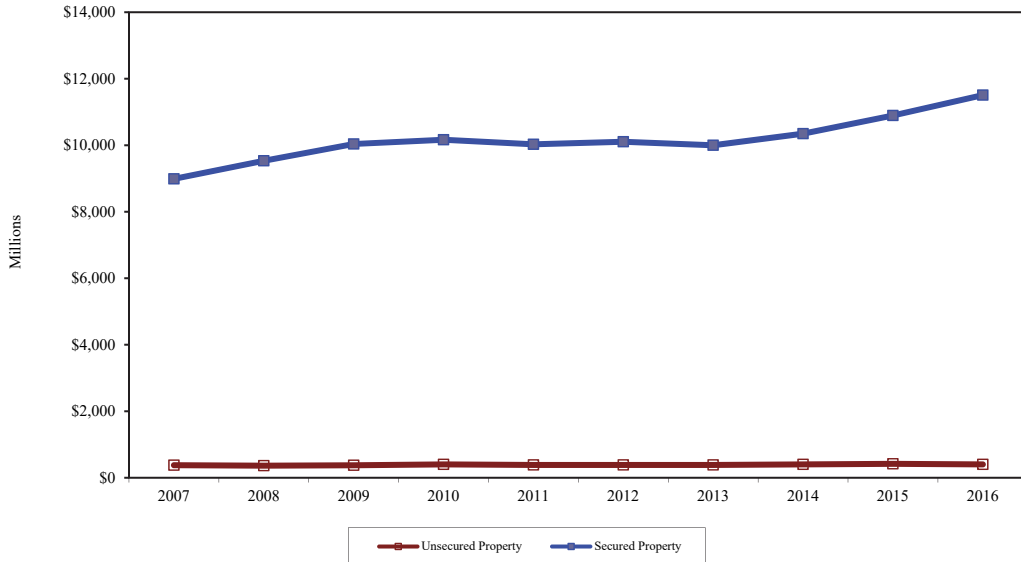
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	(a)
\$589,833	\$527,509	\$527,235	\$503,338	\$399,299	\$476,316	
200,238	76,188					
555,561	651,121	800,876				
5,439,879	1,516,644	2,476,676	6,866,149	12,374,002	16,440,910	
				1,588,500	1,772,577	
<u>\$6,785,511</u>	<u>\$2,771,462</u>	<u>\$3,804,787</u>	<u>\$7,369,487</u>	<u>\$14,361,801</u>	<u>\$18,689,803</u>	
\$377,180	\$788,031	\$51,521	\$8,719	\$2,359	\$9,449	
19,289,367	16,856,959	20,769,546	30,185,064	31,742,184	27,552,245	
3,864,322	5,135,257	8,447,495	2,185,825	931,871	3,799,421	
4,124,029	5,283,559	6,511,850	4,959,533	712,810	119,183	
<u>\$27,654,898</u>	<u>\$28,063,806</u>	<u>\$35,780,412</u>	<u>\$37,339,141</u>	<u>\$33,389,224</u>	<u>\$31,480,298</u>	

CITY OF SAN RAFAEL
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
Revenues					
Taxes and special assessments	\$52,472,246	\$56,129,195	\$51,019,143	\$47,678,541	\$51,448,130
Licenses and permits	1,157,981	1,489,748	1,472,913	1,518,819	1,416,772
Fines and forfeitures	515,528	797,081	660,338	787,411	862,820
Use of money and properties	1,744,688	1,584,508	847,120	433,874	380,720
Intergovernmental	12,760,496	12,081,968	17,518,670	13,001,703	11,864,127
Charges for services	13,504,621	15,607,460	16,384,265	15,787,325	15,888,750
Other revenue	1,468,743	815,704	759,320	716,760	1,026,845
Total Revenues	83,624,303	88,505,664	88,661,769	79,924,433	82,888,164
Expenditures					
Current:					
General government	8,188,999	8,288,170	8,059,526	7,997,067	6,863,142
Public safety	36,264,321	40,299,862	41,209,972	39,574,091	40,967,352
Public works and parks	11,972,537	13,641,665	12,926,646	10,731,669	10,666,176
Community development	4,319,042	5,786,661	5,572,079	4,398,594	4,527,351
Culture and recreation	9,005,370	9,820,365	10,233,361	9,605,684	10,067,822
Capital outlay	6,716,630	6,243,517	5,048,044	1,890,559	1,745,483
Capital improvement / special projects	1,189,613	5,124,091	6,606,857	3,436,608	6,240,861
Debt service:					
Capitalized lease obligation					
Principal	2,287,255	2,504,370	2,714,358	2,804,258	2,530,338
Interest and fiscal charges	1,829,091	1,776,354	1,683,240	1,979,372	1,448,910
Total Expenditures	81,772,858	93,485,055	94,054,083	82,417,902	85,057,435
Excess (deficiency) of revenues over (under) expenditures	1,851,445	(4,979,391)	(5,392,314)	(2,493,469)	(2,169,271)
Other Financing Sources (Uses)					
Issuance of debt				14,660,000	
Payment to refunded bonds				(14,315,000)	
Bond premiums				1,038,185	
Capital lease for equipment acquisition	318,000				
Proceeds from PG&E loans					
Proceeds from sale of capital asset				221,791	
Transfers in	6,812,260	6,353,216	8,972,495	7,494,560	5,806,834
Transfers (out)	(6,958,046)	(6,329,136)	(6,614,806)	(6,411,150)	(4,657,326)
Total other financing sources (uses)	172,214	24,080	2,357,689	2,688,386	1,149,508
Extraordinary Item					
Transfer to Successor Agency					
Net Change in fund balances	\$2,023,659	(\$4,955,311)	(\$3,034,625)	\$194,917	(\$1,019,763)
Debt service as a percentage of noncapital expenditures	5.6%	5.2%	5.3%	6.2%	5.2%

2012	2013	2014	2015	2016
\$51,395,116	\$51,549,306	\$56,686,142	\$61,804,228	\$65,866,218
1,648,890	1,929,387	1,934,755	2,456,820	2,588,411
801,758	734,005	669,553	556,076	435,829
315,561	325,043	363,089	444,757	460,206
10,537,396	11,869,889	11,953,308	13,233,503	13,685,003
19,649,433	23,575,374	19,949,333	15,346,794	14,366,744
870,957	4,092,411	2,045,407	1,777,003	3,208,749
85,219,111	94,075,415	93,601,587	95,619,181	100,611,160
8,783,873	10,529,480	8,678,833	10,203,687	11,349,079
39,311,551	41,377,062	41,900,762	43,954,515	47,071,166
11,518,822	12,002,448	13,697,957	12,758,643	14,390,699
3,755,504	2,961,275	3,296,375	3,416,859	3,670,108
10,345,673	10,591,057	11,106,367	11,616,777	12,048,104
1,312,383	4,009,454	2,154,900	4,498,924	4,813,757
3,604,171	5,284,720	7,168,776	2,186,986	4,826,576
2,518,320		208,642	75,172	75,172
735,221	283,805	327,350	284,288	277,263
81,885,518	87,039,301	88,539,962	88,995,851	98,521,924
3,333,593	7,036,114	5,061,625	6,623,330	2,089,236
		568,481		
4,539,646	8,425,474	3,655,302	4,348,149	7,533,364
(4,864,293)	(6,711,657)	(3,053,865)	(3,051,499)	(6,582,555)
(324,647)	1,713,817	1,169,918	1,296,650	950,809
	(2,352,584)			
\$3,008,946	\$6,397,347	\$6,231,543	\$7,919,980	\$3,040,045
4.2%	0.4%	0.7%	0.4%	0.4%

**CITY OF SAN RAFAEL
 ASSESSED AND ESTIMATED ACTUAL
 VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**



Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2007	\$6,544,841,348	\$1,745,483,576	\$197,040,979	\$122,977,950	\$8,610,343,853	\$376,890,454	\$8,987,234,307	\$8,987,234,307	0.18087%
2008	7,024,610,641	1,824,656,505	214,341,528	105,409,028	9,169,017,702	362,727,209	9,531,744,911	9,531,744,911	0.17718%
2009	7,357,121,277	1,941,927,620	234,669,841	129,177,656	9,662,896,394	374,976,613	10,037,873,007	10,037,873,007	0.17951%
2010	7,335,863,721	2,052,276,292	244,857,019	130,177,994	9,763,175,026	401,201,906	10,164,376,932	10,164,376,932	0.19215%
2011	7,215,965,203	2,056,985,417	247,409,955	124,426,487	9,644,787,062	383,414,952	10,028,202,014	10,028,202,014	0.17851%
2012	7,317,280,602	2,036,262,351	247,485,238	118,579,648	9,719,607,839	384,950,872	10,104,558,711	10,104,558,711	0.17827%
2013	7,265,617,525	1,987,170,644	245,917,096	115,453,836	9,614,159,101	384,534,108	9,998,693,209	9,998,693,209	0.17456%
2014	7,558,708,224	2,009,718,415	245,674,195	130,594,237	9,944,695,071	402,261,887	10,346,956,958	10,346,956,958	0.11985%
2015	7,991,224,952	2,120,065,908	249,864,918	115,675,852	10,476,831,630	417,217,272	10,894,048,902	10,894,048,902	0.11657%
2016	8,511,358,216	2,221,843,976	263,830,302	108,982,883	11,106,015,377	400,942,059	11,506,957,436	11,506,957,436	0.11672%

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

Data Source: Marin County Assessor 2006/07 - 2015/16 Combined Tax Rolls

**CITY OF SAN RAFAEL
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	City	County (1)	School Districts	Misc. Special Districts	Total
2007	0.154	0.295	0.7160	0.0461	1.2107
2008	0.154	0.295	0.7225	0.0461	1.2172
2009	0.154	0.295	0.7192	0.0461	1.2139
2010	0.154	0.295	0.7402	0.0461	1.2349
2011	0.154	0.295	0.7542	0.0461	1.2489
2012	0.154	0.295	0.7831	0.0461	1.2779
2013	0.154	0.295	0.7743	0.0461	1.2691
2014	0.154	0.295	0.7890	0.0461	1.2838
2015	0.154	0.295	0.7651	0.0461	1.2599
2016	0.154	0.295	0.7846	0.0695	1.3028

Notes:

(1) Like other cities, San Rafael includes several property tax rate areas with different rates. A mean average is indicated.

Data Source: Marin County Assessors Office 2006/07 - 2015/16 Tax Rate Tables

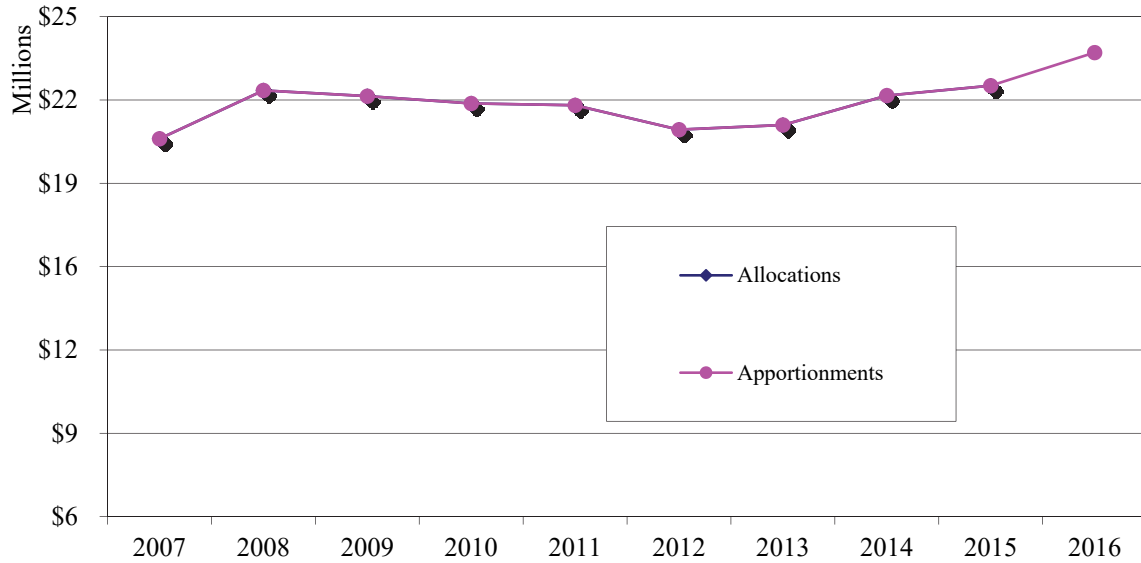
**CITY OF SAN RAFAEL
PRINCIPAL PROPERTY TAX PAYERS
CURRENT FY 2015/16 AND FY 2006/07**

Taxpayer	FY 2015-2016		FY 2006-2007	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
California Corporate Center ACQ LLC	138,587,517	1.20%		
Northgate Mall Associates	137,532,142	1.20%	117,666,836	1.31%
Sutter Health	51,869,712	0.45%		
MPB Associates LLC	51,207,486	0.45%		
Regency Center II Associates LP	44,763,767	0.39%	39,356,320	0.44%
Northbay Properties II	44,273,257	0.38%	32,555,995	0.36%
Bay Apartment Communities Inc	42,312,980	0.37%	33,174,554	0.37%
Barbara Fasken 1995 Trust Etal	41,837,131	0.36%		
Marin Sanitary Service	40,629,687	0.35%	31,353,188	0.35%
33 North Associates LLC	38,331,984	0.33%		
Hines San Rafael LLC			75,556,120	0.84%
San Rafael Associates NF			59,475,000	0.66%
4040 Civic Center LLC			35,707,914	0.40%
Rafael Town Center Investors LLC			31,305,752	0.35%
BIT Holdings Forty Five Inc			30,630,633	0.34%
Subtotal	\$631,345,663	5.49%	\$486,782,312	5.42%

Total Net Assessed Valuation:

Fiscal Year 2015-2016	\$11,506,957,436
Fiscal Year 2006-2007	\$8,987,234,307

**CITY OF SAN RAFAEL
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS**

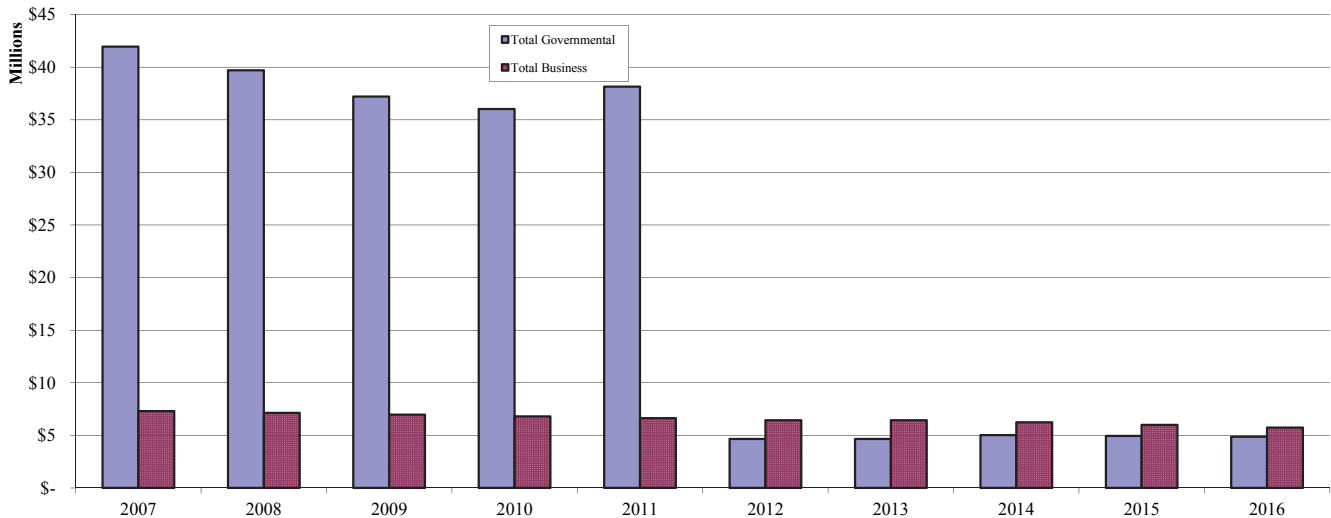


Fiscal Year	Rate	Levies	Allocations	Collections	Apportionments	Delinquencies	Delinquent taxes as a Percent of Allocations
2007	1.00	(2)	\$20,360,475	(2)	\$20,360,475	(2)	0.0%
2008	1.00	(2)	22,195,606	(2)	22,195,606	(2)	0.0%
2009	1.00	(2)	21,978,859	(2)	21,978,859	(2)	0.0%
2010	1.00	(2)	21,702,536	(2)	21,702,536	(2)	0.0%
2011	1.00	(2)	21,632,731	(2)	21,632,731	(2)	0.0%
2012	1.00	(2)	20,704,368	(2)	20,704,368	(2)	0.0%
2013	1.00	(2)	20,883,041	(2)	20,883,041	(2)	0.0%
2014	1.00	(2)	22,001,357	(2)	22,001,357	(2)	0.0%
2015	1.00	(2)	22,376,457	(2)	22,376,457	(2)	0.0%
2016	1.00	(2)	23,636,093	(2)	23,636,093	(2)	0.0%

Notes:

- (1) Includes deductions for County property tax administration.
- (2) Information not applicable. All general purpose property taxes are levied by the county and allocated to other governmental entities.

**CITY OF SAN RAFAEL
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**



Governmental Activities

Fiscal Year	RDA Tax Allocation Bonds	Financing Authority Revenue Bonds	Note Payable	Court Fine Promissory Note	Capitalized Lease Obligations	Pension Obligation Bonds	Total
2007	\$ 39,217,501	\$ 950,000	\$ 169,000	\$ 1,029,717	\$ 596,927	\$ -	\$ 41,963,145
2008	37,537,161	780,000	169,000	816,119	401,155	-	39,703,435
2009	35,793,692	455,000	169,000	594,100	198,816	-	37,210,608
2010	35,355,988	-	169,000	363,328	135,330	-	36,023,646
2011	33,298,499	-	169,000	124,222	69,098	4,490,000	38,150,819
2012	-	-	169,000	-	-	4,490,000	4,659,000
2013	-	-	169,000	-	-	4,490,000	4,659,000
2014	-	-	528,839	-	-	4,490,000	5,018,839
2015	-	-	453,667	-	-	4,490,000	4,943,667
2016	-	-	378,495	-	-	4,490,000	4,868,495

Business-Type Activities

Fiscal Year	Parking Services Bonds	Note Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2007	\$ 7,300,000	\$ -	\$ 7,300,000	\$ 49,263,145	1.85%	\$848.68
2008	7,140,000	-	7,140,000	46,843,435	1.73%	804.39
2009	6,975,000	-	6,975,000	44,185,608	1.67%	757.08
2010	6,805,000	-	6,805,000	42,828,646	1.85%	728.11
2011	6,630,000	-	6,630,000	44,780,819	1.87%	770.28
2012	6,445,000	-	6,445,000	11,104,000	0.46%	190.45
2013	6,445,000	-	6,445,000	11,104,000	0.44%	190.85
2014	6,186,403	61,836	6,248,239	11,267,078	0.43%	192.38
2015	5,942,128	55,020	5,997,148	10,940,815	n/a	184.77
2016	5,692,853	48,204	5,741,057	10,609,552	n/a	175.13

Notes : Debt amounts exclude any premiums, discounts, or other amortization amounts.
In August 2012, the series 2003 parking services bonds were refunded with series 2012 refunding bonds.

Data Sources: City of San Rafael

State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (income)

(a) See Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF SAN RAFAEL
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2016

2015-16 Assessed Valuation:	\$11,506,957,436
Redevelopment Incremental Valuation:	<u>2,483,249,776</u>
Adjusted Assessed Valuation:	\$9,023,707,660

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2016	% Applicable (1)	City's Share of Debt 6/30/2016
Marin Community College District	\$218,950,000	17.310%	37,900,245
San Rafael High School District	74,565,315	78.145%	58,269,065
Tamalpais Union High School District	124,435,000	0.079%	98,304
Dixie School District	19,825,810	65.998%	13,084,638
Ross School District	19,366,993	1.509%	292,248
Ross Valley School District	46,120,476	0.013%	5,996
San Rafael School District	72,551,224	83.496%	60,577,370
Marin Healthcare District	170,000,000	20.870%	35,479,000
Marin Emergency Radio Authority Parcel Tax Obligations	33,000,000	17.282%	<u>5,703,060</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$211,409,926
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Marin County Certificates of Participation	\$92,087,468	17.282%	\$15,914,556
Marin County Pension Obligation Bonds	99,675,000	17.282%	17,225,834
Marin County Transit District General Fund Obligations	131,511	17.282%	22,728
Marin Municipal Water District General Fund Obligations	106,992	22.091%	23,636
Marin Community College District Certification of Participation	2,515,834	17.310%	435,491
San Rafael School District Certificates of Participation	3,530,000	83.496%	2,947,409
City of San Rafael General Fund Obligations	8,004,172	100.000%	8,004,172 (2)
City of San Rafael Pension Obligations	4,490,000	100.000%	4,490,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$49,063,825
Less: City of San Rafael lease revenue bonds supported by parking revenues			5,741,057
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			43,322,768
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency)</u>			
	17,354,004	100.000%	17,354,004
TOTAL GROSS DIRECT DEBT			\$12,494,172
TOTAL NET DIRECT DEBT			\$6,753,115
TOTAL OVERLAPPING DEBT			\$265,333,584
 GROSS COMBINED TOTAL DEBT (3)			
			\$277,827,756
NET COMBINED TOTAL DEBT			
			\$272,086,699

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Include city's share of Marin Emergency Radio Authority refunding revenue bonds and \$426,699 PG&E notes.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2015-16 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.84%
Total Gross Direct Debt (\$13,009,376)	0.11%
Total Net Direct Debt (\$7,102,228)	0.06%
Gross Combined Total Debt	2.41%
Net Combined Total Debt	2.37%

Ratios to Redevelopment Incremental Valuation (\$2,483,249,776)

Total Overlapping Tax Increment Debt	0.70%
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Data Source: MuniServices

CITY OF SAN RAFAEL
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2016

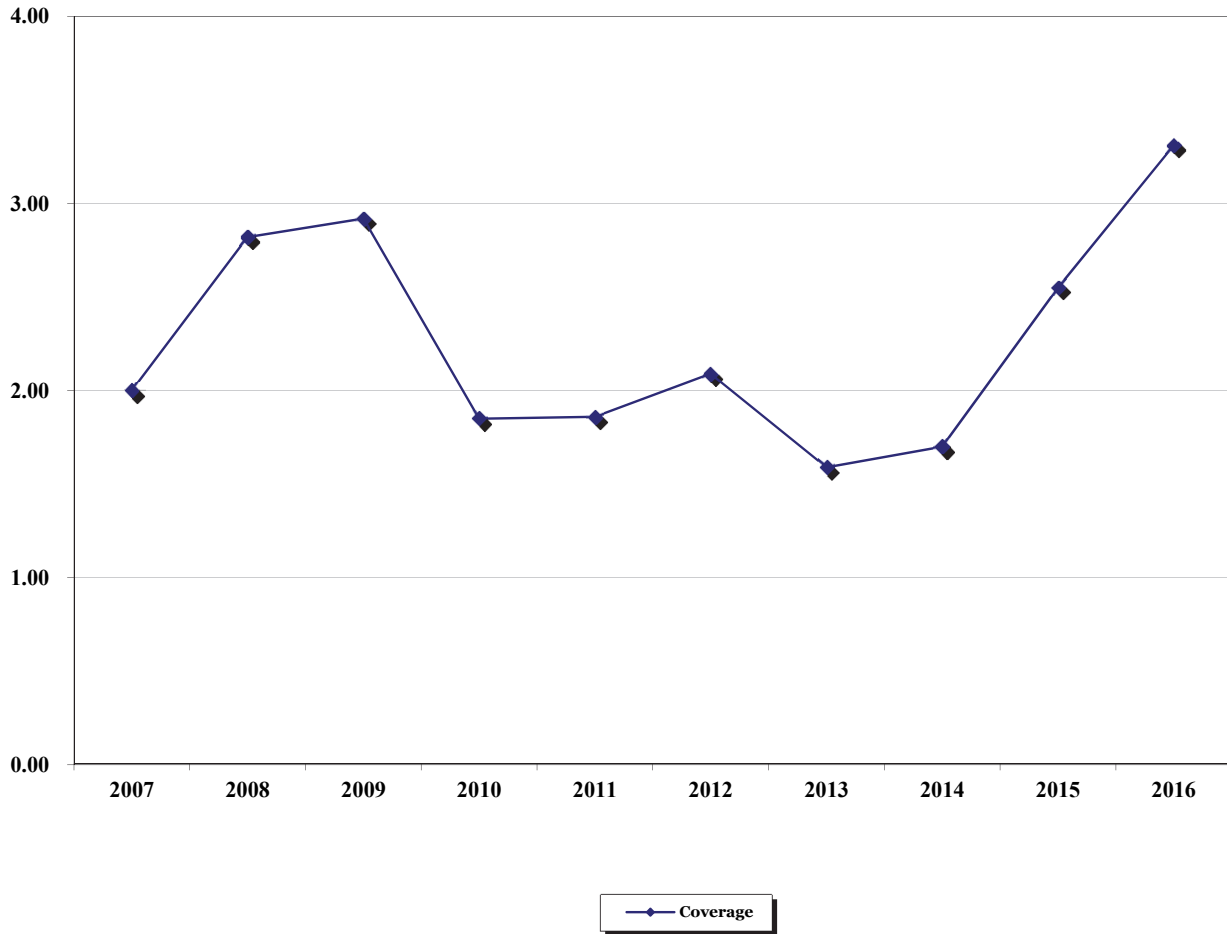
ASSESSED VALUATION:	\$11,506,957,436
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	431,510,904
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	4,868,495
LEGAL BONDED DEBT MARGIN	\$426,642,409

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2007	\$ 337,021,287	\$ 41,963,145	\$ 295,058,142	14.22%
2008	357,440,434	39,703,435	317,736,999	12.50%
2009	376,420,238	37,210,608	339,209,630	10.97%
2010	381,164,135	36,023,646	345,140,489	10.44%
2011	376,057,576	38,150,819	337,906,757	11.29%
2012	378,920,952	4,659,000	374,261,952	1.24%
2013	374,950,995	4,659,000	370,291,995	1.26%
2014	388,010,886	5,018,839	382,992,047	1.31%
2015	408,526,834	4,943,667	403,583,167	1.22%
2016	431,510,904	4,868,495	426,642,409	1.14%

NOTE: (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth

Source: City of San Rafael's Finance Department

**CITY OF SAN RAFAEL
REVENUE BOND COVERAGE
PARKING FACILITY
LAST TEN FISCAL YEARS**



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$3,331,754	\$2,344,285	\$987,469	\$155,000	\$339,904	\$494,904	2.00
2008	4,089,112	2,692,086	1,397,026	160,000	335,216	495,216	2.82
2009	4,425,813	2,980,083	1,445,730	165,000	330,379	495,379	2.92
2010	4,262,082	3,343,680	918,402	170,000	325,285	495,285	1.85
2011	4,023,211	3,101,411	921,800	175,000	319,391	494,391	1.86
2012	3,908,664	2,870,718	1,037,946	185,000	312,291	497,291	2.09
2013	3,994,446	3,121,964	872,481	310,000	240,012	550,012	1.59
2014	4,489,769	3,716,552	773,217	245,000	210,063	455,063	1.70
2015	5,180,554	4,031,161	1,149,393	245,000	205,163	450,163	2.55
2016	5,226,904	3,739,321	1,487,583	250,000	199,613	449,613	3.31

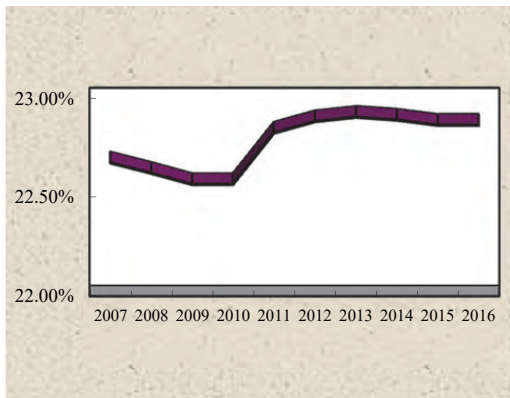
Notes: On March 26, 2003, the City Financing Authority issued lease revenue bonds for the design and construction of a new parking facility. On August 12, 2012, the City Financing Authority refunded the series 2003 lease revenue bonds with series 2012 lease revenue refunding bonds to take advantage of lower interest rates.

(1) Includes all Parking Facility Operating Revenues and Non-operating Interest Revenue

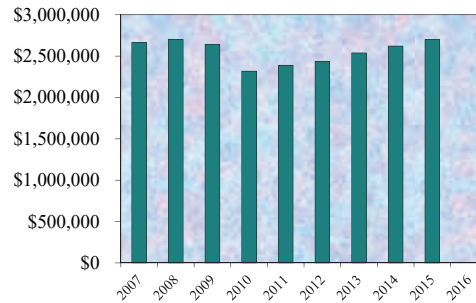
(2) Includes all Parking Facility Operating Expenses less Depreciation and Interest

Data Source: San Rafael Finance Department Revenue and Expenditure Status Reports

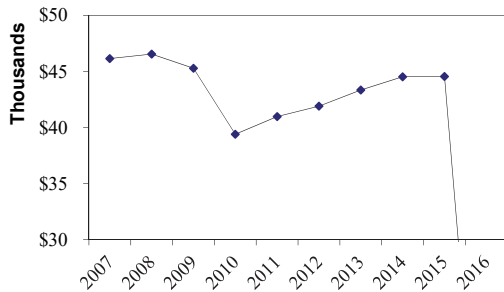
**CITY OF SAN RAFAEL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



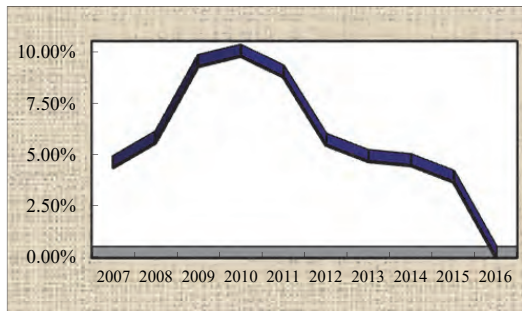
■ City Population as a % of County Population



■ Personal Income (2) (in thousands)



◆ Per Capita Personal Income (2)



■ Unemployment Rate (%)

Fiscal Year	City Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income (2)	Average Unemployment Rate (3)	Marin County Population	City Population % of County
2007	58,047	\$2,663,922	\$46,152	4.40%	255,982	22.68%
2008	58,235	2,703,213	46,557	5.60%	257,406	22.62%
2009	58,363	2,642,978	45,288	9.30%	258,618	22.57%
2010	58,822	2,317,704	39,402	9.80%	260,651	22.57%
2011	58,136	2,389,222	40,978	8.80%	254,692	22.83%
2012	58,305	2,438,291	41,908	5.50%	254,790	22.88%
2013	58,182	2,538,895	43,351	4.70%	254,007	22.91%
2014	58,566	2,621,228	44,531	4.50%	255,846	22.89%
2015	59,214	2,699,436	44,558	3.70%	258,972	22.87%
2016	60,582	n/a	n/a	n/a	262,274	22.87%

Source: (1) State of California, Department of Finance - Demographic Research Unit. The data represents the City's population as of January 1, of each year.

(2) 2007-2009 Income Data--Demographic Estimates are based on the last available census. Projections are developed by incorporating all of the prior census data released to date.

2010 and later- Income - US Census Bureau, most recent American Community Survey

(3) Unemployment Data: California Employment Development Department

**CITY OF SAN RAFAEL
PRINCIPAL EMPLOYERS
FISCAL YEAR 2015-2016
LAST EIGHT CALENDAR YEARS**

Employer	2016*		2015*		2014*		2013*		2012*		2011*		2010*		2009*	
	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)
Autodesk, Inc.	748	2.28%	763	2.33%	1,095	3.52%	1,000	3.27%	878	3.25%	928	3.44%	1,028	3.83%	1,200	4.32%
Kaiser Permanente	662	2.02%	1,575	4.82%	1,637	5.26%	1,756	5.74%	1,803	6.68%	1,330	4.93%	1,311	4.88%	2,267	8.15%
San Rafael Elementary/High Schools Dist	650	1.98%	650	1.99%	600	1.93%	600	1.96%	600	2.22%	600	2.22%	600	2.23%	575	2.07%
City of San Rafael	577	1.76%	581	1.78%	666	2.14%	643	2.10%	521	1.93%	592	2.19%	630	2.34%	633	2.28%
MHN	-	-	-	-	-	-	350	1.14%	350	1.30%	350	1.30%	350	1.30%	-	-
Dominican University of California	485	1.48%	422	1.29%	354	1.14%	347	1.13%	346	1.28%	336	1.24%	370	1.38%	508	1.83%
Bradley Real Estate	435	1.33%	418	1.28%	385	1.24%	369	1.21%	376	1.39%	350	1.30%	-	-	-	-
Macy's	-	-	380	1.16%	380	1.22%	380	1.24%	380	1.41%	450	1.67%	445	1.66%	-	-
Wells Fargo Bank	326	0.99%	306	0.94%	308	0.99%	334	1.09%	-	-	-	-	-	-	-	-
FICO	300	0.91%														
Fair Issac Corp	-	-	300	0.92%	300	0.96%	-	-	-	-	-	-	-	-	350	1.26%
Community Action Marin	220	0.67%	225	0.69%	300	0.96%	300	0.98%	-	-	-	-	-	-	-	-
Safeway	-	-	-	-	-	-	-	-	841	3.11%	452	1.67%	452	1.68%	-	-
Comcast	-	-	-	-	-	-	-	-	620	2.30%	619	2.29%	619	2.30%	-	-
Guide Dogs for the Blind	225	0.69%	-	-	-	-	-	-	-	-	-	-	287	1.07%	-	-
Bernard Osher Marin JCC	200	0.61%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bucklew Programs	186	0.57%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ghilotti Bros.	150	0.46%													240	0.86%
Golden Gate Bridge Highway & Transp. Dist.															828	2.98%
YMCA															348	1.25%
San Rafael City High School District															250	0.90%
Urban Painting, Inc.	150	0.46%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	5,314	16.20%	5,620	17.19%	6,025	19.37%	6,079	19.87%	6,715	24.87%	6,007	22.25%	6,092	22.67%	7,199	25.90%

Number of FTE employees in Marin locations

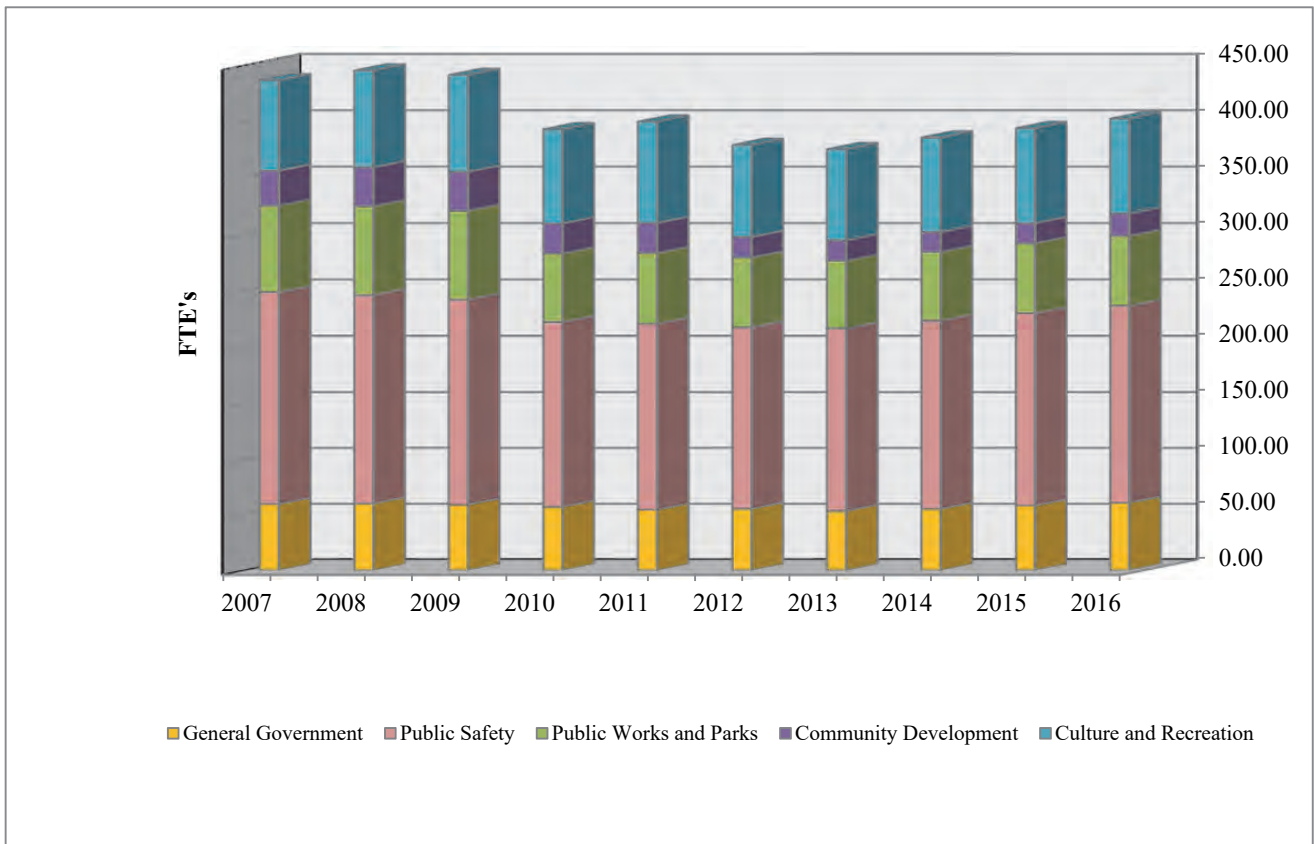
(A) Percentage of total employment

Note: From the EDD website, it shows that the Total 2016 Employment in the City of San Rafael was 32,800 of which it is used as the denominator for the 2016 percentages are calculated.

* The number of total employment for the City is available for the last eight fiscal years only.

Data Sources: State of California, Employment Development Department, Labor Market Information Division & North Bay Business Journal (Annual Book of Lists)

LAST TEN FISCAL YEARS



Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	59.38	59.88	58.88	56.88	54.35	55.23	53.23	55.11	58.11	60.61
Public Safety	189.00	186.00	183.00	165.00	166.00	162.00	163.00	168.00	171.75	175.75 *
Public Works and Parks	76.80	78.80	78.80	60.80	62.80	62.00	60.00	61.00	62.00	62.00
Community Development	31.00	34.50	34.50	26.75	26.75	18.25	18.25	17.80	17.80	19.80
Culture and Recreation	80.22	85.90	85.90	83.49	89.82	81.56	80.76	83.66	84.23	84.25
Total	436.40	445.08	441.08	392.92	399.72	379.04	375.24	385.57	393.89	402.41

* Includes 2 police officer positions who are on extended leave of absence, without pay

Data Source: City of San Rafael's Finance Department



**CITY OF SAN RAFAEL
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function/Program				
Public safety:				
Fire:				
Inspection permit issued	143	217	196	307
Police:				
Police calls for service	43,480	43,488	42,227	42,227
Law violations:				
Part I crimes	2,557	2,314	2,352	2,352
Physical arrests (adult and juvenile)	3,809	4,182	4,487	4,487
Traffic violations	5,197	9,241	5,777	5,777
Parking violations	36,228	42,481	44,913	42,806
Public works				
Street resurfacing (miles) (Eng Div)	N/A	4.95	2.77	2.77
Potholes repaired (square miles)	N/A	N/A	N/A	N/A
Asphalt used for street repairs (tons)	N/A	N/A	N/A	N/A
Culture and recreation:				
Recreation class participants	8,000	8,000	8,000	9,524
Items in collection (thousands)				
Library:				
Items in collection (thousands)	124.46	N/A	124.40	151.88
Total items borrowed (thousands)	359.41	N/A	N/A	371.12

Note: N/A denotes information not available.

2011	2012	2013	2014	2015	2016
294	282	307	261	282	198
39,512	39,537	42,707	51,261	55,805	57,026
2,180	2,101	2,523	2,289	2,533	2,523
3,102	2,981	2,951	3,227	3,450	3,453
8,190	4,048	3,448	4,498	4,168	3,252
34,590	32,492	30,881	38,814	36,398	34,803
7.40	N/A	2.70	9.00	6.40	6.76
N/A	N/A	N/A	N/A	N/A	N/A
10,809	178.9	7,500	10,700	11,000	7,195
9,000	12,075	7,082	9,857	10,023	12,725
158.30	159.18	125.92	168.62	127.76	227.89
435.66	366.46	392.23	478.96	443.64	469.79

**CITY OF SAN RAFAEL
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function/Program				
Public safety:				
Fire stations	6	6	6	6
Police stations	1	1	1	1
Police Fleet				
Public works				
Miles of streets	173	173	173	173
Street lights	4,435	4,435	4,435	4,435
Parking District lights				
Traffic Signals	89	89	89	89
Culture and recreation:				
Community services:				
City parks	19	20	20	20
City parks acreage	41	42	42	42
Playgrounds	13	14	14	14
City trails	20	20	20	20
Community gardens	1	1	1	1
Community centers	4	4	4	4
Senior centers	0	0	0	0
Sports centers	0	0	0	0
Performing arts centers	0	0	0	0
Swimming pools	1	1	1	1
Tennis courts	10	10	10	10
Basketball Courts	5	5	5	5
Baseball/softball diamonds	5	5	5	5
Soccer/football fields	2	2	2	2
Library:				
City Libraries	1	1	2	2
Wastewater:				
Miles of sanitary sewers	179	179	179	179

Data Source: City of San Rafael's Finance Department

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
6	6	6	6	6	6
1	1	1	1	1	1
173	173	173	173	173	173
4,435	4,435	4,435	4,435	4,435	4,435
89	89	89	89	89	89
20	20	20	20	20	20
42	42	42	42	42	42
14	14	14	14	14	14
20	20	20	20	20	20
1	1	1	1	1	1
4	4	4	4	4	4
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1	1	1	1	1	1
10	10	10	10	10	10
5	5	5	5	5	5
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
179	179	179	145	145	145

