



Agenda Item No: 5.b

Meeting Date: December 1, 2025

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Finance

Prepared by: Paul Navazio,
Finance Director

City Manager Approval: _____

TOPIC: YEAR-END AUDITED FINANCIAL STATEMENTS AND RELATED AUDIT REPORTS

SUBJECT: FISCAL YEAR 2024-25 ANNUAL COMPREHENSIVE FINANCIAL REPORT; MEMORANDUM ON INTERNAL CONTROL; REPORT OF REQUIRED COMMUNICATIONS; CHILD DEVELOPMENT PROGRAM FINANCIAL REPORT: AND GANN APPROPRIATIONS LIMIT

RECOMMENDATION:

Staff recommends that the City Council accept the Fiscal Year (FY) 2024-25 Annual Comprehensive Financial Report, Memorandum on Internal Control, Report of Required Communications, Child Development Program Financial Report, and GANN Appropriations Limit Report.

BACKGROUND:

As required by local code, State law, bond covenants, and best practices, the City of San Rafael completes an annual independent audit of its financial activities. The auditing firm of Maze and Associates, Accountancy Corporation, conducted the audit for fiscal year 2024-25. Their work was completed in accordance with generally accepted auditing standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of State and Local Government and Non-Profit Organizations.

The auditors also prepared a Memorandum on Internal Control to assess the City's controls over its financial activities. In addition, the requirements of Section 1.5 of Article XIII B of the California Constitution are met with an agreed-upon procedure report applied to the Gann Appropriation Limit calculated for the year ending June 30, 2026. These reports are attached to this staff report.

As part of the fiscal year-end activities, the Finance and Library & Recreation departments worked with the auditors to complete the annual audit of the City's Childcare Program, as required by the State of California.

For the year ending June 30, 2025, the City did not receive funds under the purview of the Transportation Development Act. Therefore, no separate audit report was completed to satisfy the requirements of the State of California pertaining to these funds.

FOR CITY CLERK ONLY

Council Meeting:

Disposition:

ANALYSIS:***Fiscal Year 2024-25 Annual Financial Report – City-wide Financial Results***

The independent auditor has issued an unqualified opinion relative to the City's financial statements for the fiscal year ended June 30, 2025. This opinion states that the financial statements present fairly, in all material respects, the financial position of the City. The audited results of the City's financial activities for the fiscal year ended June 30, 2025, are presented in the attached Annual Comprehensive Financial Report (ACFR). (Attachment 1)

The report includes Government-wide financial statements with governmental activities and business-type activities presented separately. At the end of the fiscal year, the net position of the City's governmental activities, inclusive of all governmental funds, all assets of the City (including infrastructure), and all liabilities (including long-term debt), was \$327.4 million, an increase of \$16.5 million from the prior year's balance.

Summary of Net Position
(in thousands)

	<u>Governmental Activities</u>		<u>Increase</u>	<u>Business-Type Activities</u>		<u>Increase</u>
	<u>2025</u>	<u>2024</u>	<u>(Decrease)</u>	<u>2025</u>	<u>2024</u>	<u>(Decrease)</u>
Current and other assets	\$148,500	\$146,001	\$2,499	\$1,525	\$1,518	\$7
Capital assets	324,231	319,756	4,475	14,483	14,743	(260)
Total assets	<u>472,731</u>	<u>465,757</u>	<u>6,974</u>	<u>16,008</u>	<u>16,261</u>	<u>(253)</u>
Deferred outflows (Notes 9 and 11)	<u>71,621</u>	<u>66,549</u>	<u>5,072</u>	<u>1,686</u>	<u>1,780</u>	<u>(94)</u>
Current and other liabilities	21,467	18,004	3,463	587	528	59
Noncurrent liabilities	171,741	180,544	(8,803)	5,437	6,239	(802)
Total liabilities	<u>193,208</u>	<u>198,548</u>	<u>(5,340)</u>	<u>6,024</u>	<u>6,767</u>	<u>(743)</u>
Deferred inflows (Notes 4H, 9 and 11)	<u>23,765</u>	<u>22,923</u>	<u>842</u>	<u>541</u>	<u>571</u>	<u>(30)</u>
Net Position:						
Net investment in capital assets	276,991	268,520	8,471	11,424	11,354	70
Restricted	49,053	48,596	457			0
Unrestricted	1,335	(6,281)	7,616	(295)	(651)	356
Total net position	<u>\$327,379</u>	<u>\$310,835</u>	<u>\$16,544</u>	<u>\$11,129</u>	<u>\$10,703</u>	<u>\$426</u>

Current and other governmental assets increased by \$2.5 million, mainly due to the overall results of revenues outpacing expenses for the year, increasing cash and investment balances. The \$4.5 million increase in capital assets reflects project-to-date activity for major infrastructure improvements exceeding depreciation for the year. The increase of \$5.1 million in deferred outflows is primarily a result of the impact of the amortization of pension and OPEB-related outflows recognized into pension expense in the current year. Noncurrent governmental liabilities decreased by \$8.8 million mainly because of the decrease in pension and OPEB liabilities of \$5.1 million, as well as the paydown of long-term debt. Deferred inflows increased by \$842,000, mainly due to the amortization of pension and OPEB inflows in the current year.

The Management's Discussion and Analysis (MD&A) section begins on page five of the attached ACFR.

The MD&A provides key highlights and a summary view of financial activities for the year.

Financial Results: General Fund

General fund expenditures and transfers-out exceeded revenues and transfers-in by \$2.5 million. Actual revenues, at \$105.8 million, exceeded original budgeted revenues by \$3.8 million. The increase is largely attributed to investment gains as interest rates increased and the City recouped much of its \$2 million unrealized loss incurred in fiscal year 2021-22. Sales Tax and Property Tax revenues also outperformed the budget by \$1.0 million. Expenditures of \$99.9 million were \$3.8 million less than amended budgeted expenditures of \$103.8 million, mainly a result of unspent appropriations related to non-personnel expenditures, of which \$2.1 million will be re-appropriated for use in the 2025-26 fiscal year. Personnel expenditures ended the year in line with the budget, as the City saw a decrease in the level of staff vacancy rates that had been experienced in previous years.

**Summary of General Fund Budget and Actual
For the fiscal year ended June 30, 2025 (in thousands)**

	Adopted Budget	Revised Budget	Actual	Variance
Revenues	\$101,929	\$101,929	\$105,773	\$3,844
Transfers in	2,508	2,508	1,959	(549)
Total resources	104,438	104,438	107,732	3,295
Expenditures	103,185	\$103,758	99,974	(3,784)
Operating transfers out	10,259	10,259	10,259	-
Capital transfers out	-	-	-	-
Total uses	113,443	114,017	110,233	(3,784)
Net Results	(\$9,006)	(\$9,579)	(\$2,500)	\$7,078

The fund balance of the General Fund as of June 30, 2025, was \$33.9 million (a decrease of \$2.5 million from the prior year balance): \$71,000 is non-spendable, \$10.1 million is committed, \$18.3 million is assigned, and \$5.4 million is unassigned. The committed and unassigned portions of the balance include \$10.1 million and \$5.1 million for emergency and cash flow reserves, respectively, which meet the minimum target reserve levels at 15% of general fund operating expenditures established by City Council policy. An additional \$1.0 million of the assigned fund balance represents the City's capital (infrastructure) reserve.

Memorandum on Internal Control

As a component of the annual financial audit, the auditors are required to communicate to the City Council matters related to internal controls that may impact the accuracy of the City's financial statements. The auditor's *Memorandum on Internal Control* identifies findings that are deemed to be either material weaknesses, significant deficiencies, or "other matters." (Attachment 2)

The Memorandum on Internal Controls issued with the audit of the financial statements for the fiscal year ended June 30, 2025, does not identify any material weaknesses or significant deficiencies. However, the memorandum notes one "Other Matters" that were identified during the audit, and is summarized as follows:

- **Finding 2025-1 – Purchasing Policy Compliance – Informal Bidding Documentation.**
This finding resulted in a recommendation from the independent auditor that the City establish or reinforce procedures to ensure that all departments consistently retain documentation supporting

informal bidding processes in accordance with the Purchasing Policy.

Management's response (included in the Memorandum of Internal Control):

Management acknowledges the importance of reinforcing procedures to ensure compliance with the City's Purchasing Policy, including Informal Bidding requirements. To this end, in conjunction with an update to the City's Purchasing Policy, approved by the City Council on May 19, 2025, management has also updated the Purchasing Procedures guidelines provided to City staff. These procedures are being further updated to highlight the requirement for the purchasing agent to retain a record of informal bids received, pursuant to Section 2.55.260 of the Purchasing Policy.

In addition, with the City's transition to a new Enterprise Resource Planning (ERP) Financial system, backup documentation related to all purchases and contract awards is now uploaded and verified at the time of setting up a Purchase Order or Contract. Note, given that Purchase Orders are only required for purchases greater than \$10,000, staff will be reviewing the current threshold requirement (\$5,000) related to informal bidding procedures.

Required Communications

Professional standards require that certain information regarding significant audit findings related to the audit be communicated to those charged with governance. These communications include minor changes to accounting policies, new accounting pronouncements, and a discussion of significant accounting estimates, among other items. The auditor noted no adverse communications. (Attachment 3)

Child Development Program (Childcare) Financial Report

The Independent Auditor has also completed its audit of the City's Child Development Program. For the fiscal year ended June 30, 2025, the Child Development Program recorded revenues of \$4.19 million, supporting expenditures of \$3.83 million. The program ended the year with a fund balance of \$1.59 million. The audit report provides an unqualified opinion and includes no findings or recommendations. (Attachment 4)

Gann Appropriations Limit

The Agreed-Upon Procedures report for the Gann Appropriations Limit required three procedures to be performed, including testing the accuracy of the calculations and comparison of information presented. No exceptions were noted in these procedures for compliance with the Proposition 111 fiscal year 2025-26 Appropriations Limit calculation. (Attachment 5)

FISCAL IMPACT:

No fiscal impact occurs from the City Council's acceptance of these reports. The fiscal year 2024-25 Annual Comprehensive Financial Report and related reports are presented as the actual results of the City and related entities' financial activities for the year.

RECOMMENDATION:

Staff recommends that the City Council accept the reports as presented.

ATTACHMENTS:

1. FY 2024-25 Comprehensive Annual Financial Report
2. FY 2024-25 Memorandum of Internal Controls
3. FY 2024-25 Required Communications
4. FY 2024-25 Child Development Program Financial Report
5. FY 2024-25 Draft Gann Appropriations Limit



SAN RAFAEL

THE CITY WITH A MISSION

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2025



Aerial View, San Rafael, California



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2025

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

Prepared by the Finance Department of the City of San Rafael





Bay View Trail, San Rafael

INTRODUCTORY SECTION



CITY OF SAN RAFAEL, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2025

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INTRODUCTORY SECTION

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November 20, 2025

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

The Annual Comprehensive Financial Report (“Annual Report”) of the City of San Rafael (“City”) for the year ended June 30, 2025, 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 (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and includes the report of the independent certified public accounting firm, Maze and Associates Accountancy Corporation, which has issued an unmodified, or “clean” opinion on the City’s financial statements for the fiscal year ended June 30, 2025.

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 Annual Report 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 Annual Report 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 basic financial statements, related footnote disclosures, and the combining and individual fund 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 24 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 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 by district to four-year terms while the mayor is elected at-large to a four-year term. The City's land area is 22 square miles, including seventeen square miles of land and 5 square miles of water and tidelands. San Rafael's population on January 1, 2025, was 59,885.

Downtown San Rafael is the location of many community events, including Second Friday Art Walks, Mill Valley Film Festival, West End Block Party, Summer Farmer's Market, Porchfest, and is one of only 14 designated Cultural Arts Districts in the State of California. 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 Al Boro Community Center is the hub of numerous community, sports and cultural events in East San Rafael.

The City 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 three 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 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 Annual Report.

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 Annual Report.

In 2023, the City Council adopted a set of two-year Goals, Objectives, and Strategic Priorities covering fiscal years 2023-24 and 2024-25. The City Council recently adopted an updated three-year Strategic Plan which includes the following priority focus areas:

- Economic Development and Neighborhood Vitality
- Mobility and Infrastructure
- Sustainability and Resilience
- Housing and Homelessness
- Quality of Life: Safety and Wellbeing
- Equity, Access, Belonging and Opportunity for All
- High Performing Government: Innovative, Inclusive, Efficient, and Accessible

The programs, projects, and initiatives supporting these strategic goals will inform ongoing investment of city resources in the near term.

ECONOMIC FACTORS

The City has a diversified economic base, which includes an assortment of high-tech, healthcare, automotive, 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 75% residential, 20% commercial, 2% industrial, and 3% unsecured and others. The top 25 sales tax producers provide about half of overall sales tax revenues.

The overall economy continues to exceed expectations as real GDP growth is estimated at 3.8% for the second quarter of 2025. Overall, economists are projecting a modest growth environment with AI-related capital expenditures providing a backstop, however, a slowing labor market is expected to put pressure on the unemployment rate while inflation remains above the Federal Open Market Committee's 2% target. Despite the headwinds, overall economic activity has remained resilient and appears to be maintaining a positive trajectory.



Marin County enters the final quarter of 2025 in a late-stage recovery phase, characterized by strong consumer spending, rising home values, and a robust healthcare and tech sector. However, challenges persist, including labor shortages, particularly in eldercare and specialized services, and the risk of business relocation due to high operating costs. Commercial vacancy rates remain stable, and retail activity is buoyed by tourism and local demand.

Locally, a robust and diverse economic base continues to provide tax revenues supporting a full range of municipal services. The City is focused on maintaining long-term fiscal stability through prudent fiscal management, including maintaining healthy reserves to mitigate the impacts of economic uncertainty as well developing a strategy to seek support for renewal of expiring voter-approved tax measures.

Economic Data

The following is a sample of 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, Hispanic Chamber of Commerce, Downtown Business Improvement District, the Marin Small Business Development Center, and the Marin Economic Forum.
- Marin County's top employers include Kaiser Permanente, the County of Marin, the City of San Rafael, San Rafael School Districts, The Permanente Medical Group, Managed Health Network, The Pasha Group, Marin County Office of Education, Dominican University, Ghilotti Bros., Inc, and BioMarin.
- 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 during the fiscal year ended June 30, 2025, for San Rafael were: 1. Autos and Transportation (29%), 2. State and County Pools, which mainly reflects e-commerce activity (20%), and 3. Building and Construction (19%).
- Several hotels and motels support tourism activity, led by a combined 621 rooms in the AC Marriot, Embassy Suites, and Four Points Sheraton properties, with the latter being in the process of a significant upgrade. Citywide, the total number of hotel rooms is 927. Transient Occupancy Tax revenues for 2024-25 totaled \$3.6 million.
- Establishing and maintaining affordable residential housing for sale and lease continues to be a challenge both in San Rafael and throughout Marin County. The median rent for an apartment in San Rafael is \$2,975. The median home value in San Rafael is \$1,325,000.
- Based on tracking data, special events including the Mill Valley Film Festival boost downtown visitation from baseline activity by approximately 112% to 153%.

Recent growth and economic vibrancy:



- Development activity continues to show strong momentum, primarily driven by large multi-family in-fill housing projects. Significant projects are currently under construction, have recently been entitled, or have planning applications under review.
- Construction is also underway on a project to develop an 8-story multifamily residential building supporting 213 residences, with ancillary uses on the ground floor available to residents at 930 Irwin Street. The project includes the demolition of three existing commercial structures and the merger of three lots.
- The City recently approved an application to redevelop the Northgate Mall which consists of a comprehensive redevelopment of the existing mall into an open-air “main street experience,” surrounded by mixed-use development of retail and up to 1,422 residences. The Project proposes to reduce the existing commercial retail from 775,677 sq. ft. to 225,100 square feet and construct high-density multifamily residential buildings in the form of townhome units and apartment buildings ranging in height from two to seven stories.
- A planning application has been approved for a new state licensed residential care facility for the elderly (RCFE) containing 155 senior independent and assisted living units, and 28 secured memory care units at 1515 Fourth Street. The development represents a catalytic investment into the downtown area.
- A planning application is under review which proposes to redevelop a vacant 4-story office building and construct a 17-story building with 200 residential units and 5,000 square feet of commercial space at 700 Irwin Street.
- The City adopted its first ever citywide Economic Development Strategic Plan in early 2023 and is actively engaged in actionable tasks that provide measurable benefits and value driving enhanced economic vitality, including the launch of the San Rafael-Go one-stop shop for resources supporting current and prospective businesses.
- The Business Improvement District sponsors several community engagement programs including block parties and business attraction activities that draw foot traffic to our downtown, including the popular Thursday Night Downtown Farmers Market and Second Friday Art Walk.

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.

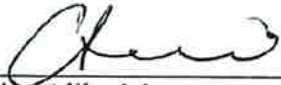
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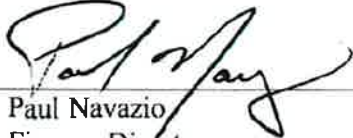
The preparation of this City-wide document would not have been possible without the assistance of each of the City's departments. In addition, Finance Department staff Kate Llamas, Whitney Zimmerman, Rayanne Lulay, Damien Oyobio, and Finance Manager Shawn Plate, with oversight by Accounting Manager Van Bach and Finance Director Paul Navazio, were key to the timely issuance of this report.

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 twelfth consecutive year for which the City received the award.

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

Respectfully submitted,


Cristine Alilovich
City Manager


Paul Navazio
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

As of November 20, 2025

City Council

Kate Colin, Mayor
Maribeth Bushey, Vice Mayor
Eli Hill, Councilmember
Maika Llorens Gulati, Councilmember
Rachel Kertz, Councilmember

Elected Officials

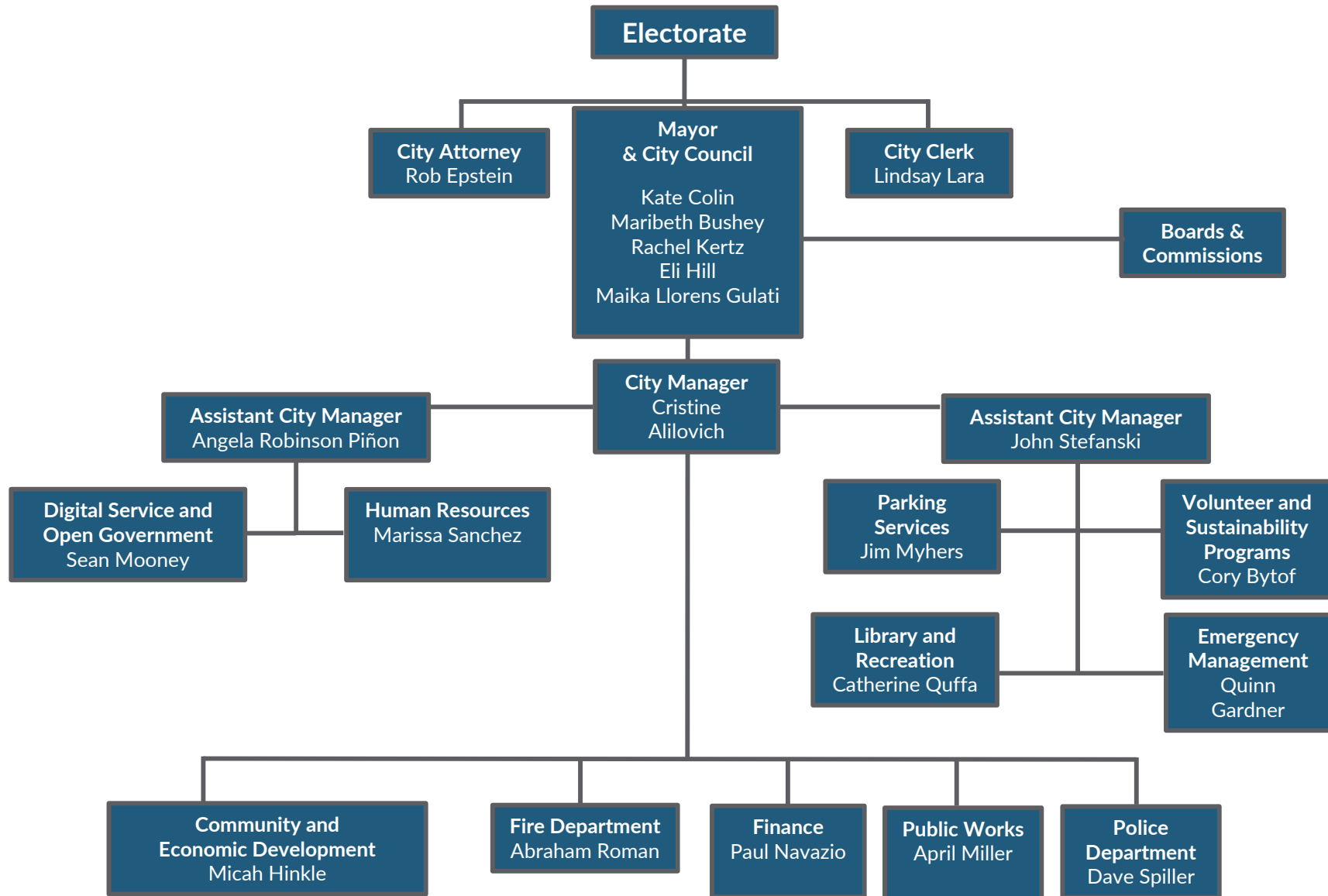
Rob Epstein, City Attorney
Lindsay Lara, City Clerk

Executive Team

Cristine Alilovich, City Manager
Angela Robinson-Piñon, Assistant City Manager
John Stefanski, Assistant City Manager
David Spiller, Chief of Police
Abraham Roman, Fire Chief
April Miller, Public Works Director
Micah Hinkle, Community & Economic Development Director
Catherine Quffa, Library & Recreation Director
Sean Mooney, Director of Digital Service & Open Government
Paul Navazio, Finance Director
Marissa Sanchez, Human Resources Director



ORGANIZATIONAL CHART





LOCATION MAP



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of San Rafael
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO





Downtown Farmer's Market, San Rafael

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.



Pleasant Hill, California
November 20, 2025

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

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, 2025. 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 and deferred outflows of the City exceeded its liabilities and deferred inflows as of June 30, 2025, by \$338.5 million.
- *Activities* – During the fiscal year, the City's total revenues of \$150.7 million were greater than expenses of \$133.8 million for governmental and business-type activities.
- *Changes in Net Position* – The City's total net position increased by \$17.0 million in fiscal year 2024-2025 as compared to the net position of the previous year. Net position of governmental activities increased by \$16.5 million, while net position of the business-type activities decreased by \$426 thousand.

Fund Level:

- *Governmental Funds* – As of the close of fiscal year 2024-2025, the City's governmental funds reported combined ending fund balances of \$87.5 million, a decrease of \$5.6 million primarily due to the utilization of fund balance accumulated in the prior year where fund balance saw an increase of \$14.7 million. Of this total amount, \$71 thousand is non-spendable, \$48.9 million is restricted, \$14.8 million is committed, \$18.5 million is assigned, and \$5.4 million is unassigned. The committed and unrestricted portions of the balance include \$10.1 million and \$5.1 million representing the General Fund emergency reserve (10%) and reserve for economic uncertainty (5%), respectively, consistent with the City's reserve policy. An additional \$1.0 million of the assigned fund balance represents the City's capital (infrastructure) reserve.
- Governmental fund revenues totaled \$144.2 million, a decrease of \$0.8 million from the those of the previous fiscal year. The decrease is mainly a result of a \$1.3 million decline in charges for services as the City assessed Traffic Mitigation fees and Construction Impact fees for large projects in the prior year. These fees can fluctuate materially from year to year depending on development projects.
- Governmental fund expenditures increased by \$11.4 million to \$147.6 million, from \$136.3 million in the prior year. The increase primarily resulted from increased personnel costs stemming from new labor agreements with all of the City's bargaining groups as well as lower vacancy rates across the organization, offset by a modest reduction in capital outlay expenditures.
- Enterprise fund net position increased \$426 thousand to \$11.1 million as the City's parking program revenues increased by \$210 thousand, and expenditures ended the fiscal year roughly \$300 thousand below prior year results.

OVERVIEW OF FINANCIAL STATEMENTS

The Annual Comprehensive 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, including Fiduciary Funds, along with the Notes to these financial statements
4. Combining statements for Non-Major Governmental Funds and Internal Service Funds
5. Statistical Information

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

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 generally accepted accounting principles.

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 the City's assets, deferred outflows/inflows of resources, and liabilities, with the difference 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 23 through 25 of this report.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

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 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. 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 128 through 143 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 thirty-two governmental funds, of which four 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 four major funds are: the General Fund, Traffic and Housing Mitigation, Gas Tax and Essential Facilities Capital Projects. Data from the other twenty-five governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 30 through 34 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 128 through 143 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 proprietary fund financial statements can be found on pages 34 through 36 of this report.

CITY OF SAN RAFAEL

Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

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 Statement of Changes in Fiduciary Net Position. The City's fiduciary funds include a private purpose trust fund to account for activities of the City of San Rafael Successor Agency and a custodial fund that accounts for resources held by the City in a custodial capacity for the Pt. San Pedro Road Assessment District. Information about the fiduciary funds can be found on pages 38 through 39 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 41 through 95 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 General Fund and major funds (general, gas tax, and traffic and housing mitigation). The other section includes schedules of funding progress for the Marin County Employees' Retirement System and the City's OPEB plan. 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 the system and the OPEB plan. Required supplementary information can be found on pages 97 through 122 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position measures the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. For the fiscal year ended June 30, 2025, the net position of the City was \$327.4 million from Governmental Activities and \$11.1 million from Business-type Activities, for a total of \$338.5 million. This represents an increase of \$17.0 million from the prior year's net position.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

The following is the condensed Statement of Net Position for the fiscal years ended June 30, 2025, and 2024:

Summary of Net Position
(in thousands)

	<u>Governmental Activities</u>		<u>Increase</u>	<u>Business-Type Activities</u>		<u>Increase</u>
	<u>2025</u>	<u>2024</u>	<u>(Decrease)</u>	<u>2025</u>	<u>2024</u>	<u>(Decrease)</u>
Current and other assets	\$148,500	\$146,001	\$2,499	\$1,525	\$1,518	\$7
Capital assets	324,231	319,756	4,475	14,483	14,743	(260)
Total assets	<u>472,731</u>	<u>465,757</u>	<u>6,974</u>	<u>16,008</u>	<u>16,261</u>	<u>(253)</u>
Deferred outflows (Notes 9 and 11)	<u>71,621</u>	<u>66,549</u>	<u>5,072</u>	<u>1,686</u>	<u>1,780</u>	<u>(94)</u>
Current and other liabilities	21,467	18,004	3,463	587	528	59
Noncurrent liabilities	171,741	180,544	(8,803)	5,437	6,239	(802)
Total liabilities	<u>193,208</u>	<u>198,548</u>	<u>(5,340)</u>	<u>6,024</u>	<u>6,767</u>	<u>(743)</u>
Deferred inflows (Notes 4H, 9 and 11)	<u>23,765</u>	<u>22,923</u>	<u>842</u>	<u>541</u>	<u>571</u>	<u>(30)</u>
Net Position:						
Net investment in capital assets	276,991	268,520	8,471	11,424	11,354	70
Restricted	49,053	48,596	457			0
Unrestricted	1,335	(6,281)	7,616	(295)	(651)	356
Total net position	<u>\$327,379</u>	<u>\$310,835</u>	<u>\$16,544</u>	<u>\$11,129</u>	<u>\$10,703</u>	<u>\$426</u>

The City's governmental activities net position increased by \$16.5 million during fiscal year 2024-2025. Current and other governmental assets increased by \$2.5 million mainly due to overall results of revenues outpacing expenses for the year increasing cash and investment balances. The \$4.5 million increase in capital assets reflects project-to-date activity for major infrastructure improvements exceeding depreciation for the year. The increase of \$5.1 million in deferred outflows is primarily a result of the impact of pension-related adjustments to be recognized in future years. The increase of \$3.4 million in current and other liabilities is primarily due to the increase in accounts payable of \$2.9 million, simply reflecting the timing of payments on current year programs and projects. Noncurrent governmental liabilities decreased by \$8.8 million mainly as a result of the decrease in Pension and OPEB liabilities of \$5.1 million as well as the paydown of long-term debt. Deferred inflows increased by \$842 thousand mainly attributable to actuarial pension adjustments to be recognized in future periods.

The net position in business-type activities reflects the fiscal activity of the Parking Services program and increased by \$426 thousand from the previous year as revenues reflected a modest increase and exceeded expenses which reflected a decrease in comparison to the prior year, primarily as a result of personnel costs attributable to vacant positions. Current and other assets increased by \$7 thousand as operations were largely break-even for the period. Capital assets decreased by \$260 thousand as the result of current year depreciation. Noncurrent liabilities decreased by \$802 thousand mainly due to a reduction in net pension and OPEB liabilities and paydown of long-term debt.

CITY OF SAN RAFAEL

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

At June 30, 2025, City's total net position increased to \$338.5 million. The largest portion of total net position, in the amount of \$288.4 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.

A portion of the City's total net position, \$49.1 million, is subject to external restrictions, and their use is determined by those restrictions whether legal or by covenant. In addition, the unrestricted \$1.0 million represents the extent to which total net assets exceed the net investment in capital assets and restricted net position.

Summary of Net Position
(in thousands)

	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>Increase/ (Decrease)</u>
Invested in Capital Assets (net)	\$288,415	\$279,874	\$8,541
Restricted	49,053	48,596	457
Unrestricted	1,040	(6,932)	7,972
Total Net Position:	<u>\$338,508</u>	<u>\$321,538</u>	<u>\$16,970</u>

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

Statement of Activities - Governmental

The following is the condensed Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2025, and 2024:

**Summary of Changes in Net Position
(in thousands)**

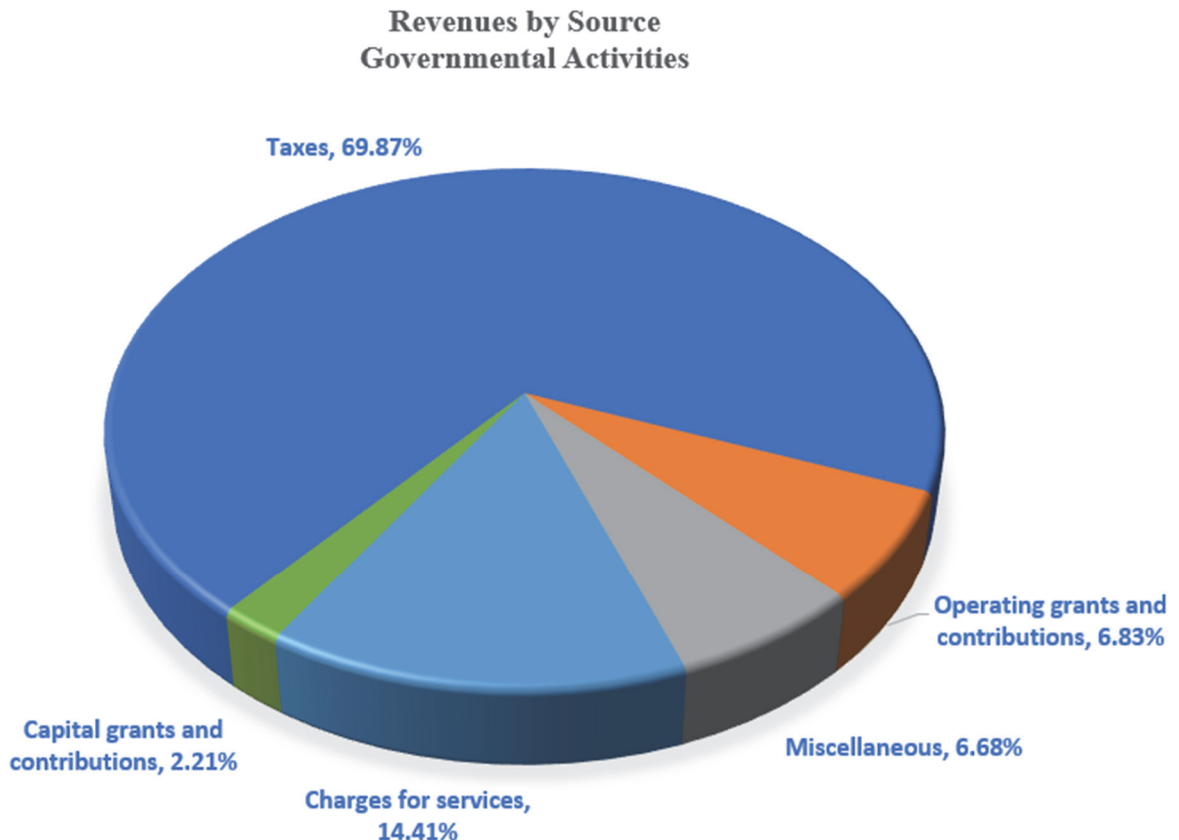
	Governmental Activities		Increase
	2025	2024	(Decrease)
REVENUES			
Program revenues:			
Charges for services	\$21,036	\$23,170	(\$2,134)
Operating grants and contributions	9,970	6,531	3,439
Capital grants and contributions	3,220	8,181	(4,961)
Total program revenues	<u>34,225</u>	<u>37,882</u>	<u>(3,657)</u>
General revenues:			
Property taxes	36,504	35,636	868
Sales taxes	45,905	44,554	1,351
Paramedic tax	5,415	5,316	99
Transient occupancy tax	3,583	3,593	(10)
Franchise tax	4,762	4,582	180
Business license tax	2,776	2,792	(16)
Other taxes	3,050	2,937	113
Investment earnings	6,635	5,284	1,351
Gain from sale of capital assets	192	42	150
Miscellaneous	2,926	3,241	(315)
Total general revenues	<u>111,746</u>	<u>107,977</u>	<u>3,769</u>
TOTAL REVENUES	<u>145,972</u>	<u>145,859</u>	<u>113</u>
EXPENSES			
General government	17,615	14,902	2,713
Public safety	64,084	57,400	6,684
Public works and parks	27,724	24,392	3,332
Community/economic development	6,009	6,043	(35)
Culture and recreation	12,996	12,724	272
Interest on long-term debt	1,574	1,656	(82)
TOTAL EXPENSES	<u>130,002</u>	<u>117,117</u>	<u>12,885</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>15,970</u>	<u>28,742</u>	<u>(12,772)</u>
Transfers in	<u>574</u>	<u>582</u>	<u>(8)</u>
Total Other Financing Sources (Uses)	<u>574</u>	<u>582</u>	<u>(8)</u>
Net Change in Net Position	16,544	29,324	(12,780)
Beginning Net Position	310,835	281,511	29,324
Ending Net Position, June 30	<u>\$327,379</u>	<u>\$310,835</u>	<u>\$16,544</u>

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

The City's governmental activities net position increased by \$16.5 million during fiscal year 2024-2025. Total revenues remained relatively flat year-over year, with a \$3.7 million decline in program revenues offset by a \$3.7 million increase in tax general revenues. Within program revenues, charges for services decreased \$2.1 million mainly as a result of development fees that drove a large increase in the prior year. Operating grants increased \$3.4 million reflecting increased support for programs such as homelessness and sustainability. Capital grants and contributions declined by \$5.0 million, which reflects the decline in support received for major capital improvement projects. Within the general revenues category, sales taxes increased by about \$1.3 million while property taxes increased by less than \$1.0 million, reflecting a cooling off of the housing market in comparison to prior years. The large increase in investment earnings of \$1.3 million was a result of the favorable interest rate climate as well as having a larger investable balance stemming from the prior year's favorable results.

Overall operating expenses reflect an increase of \$12.8 million for the year mainly resulting from increased personnel costs stemming from new labor agreements with the City's bargaining groups as well as a decrease in the number of vacancies across the organization.

The following graph shows governmental revenues by source:



CITY OF SAN RAFAEL

Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

Total expenses for governmental activities were \$130.0 million (including interest on long-term debt of \$1.6 million). Functional expenses for the year ended June 30, 2025, were as follows:

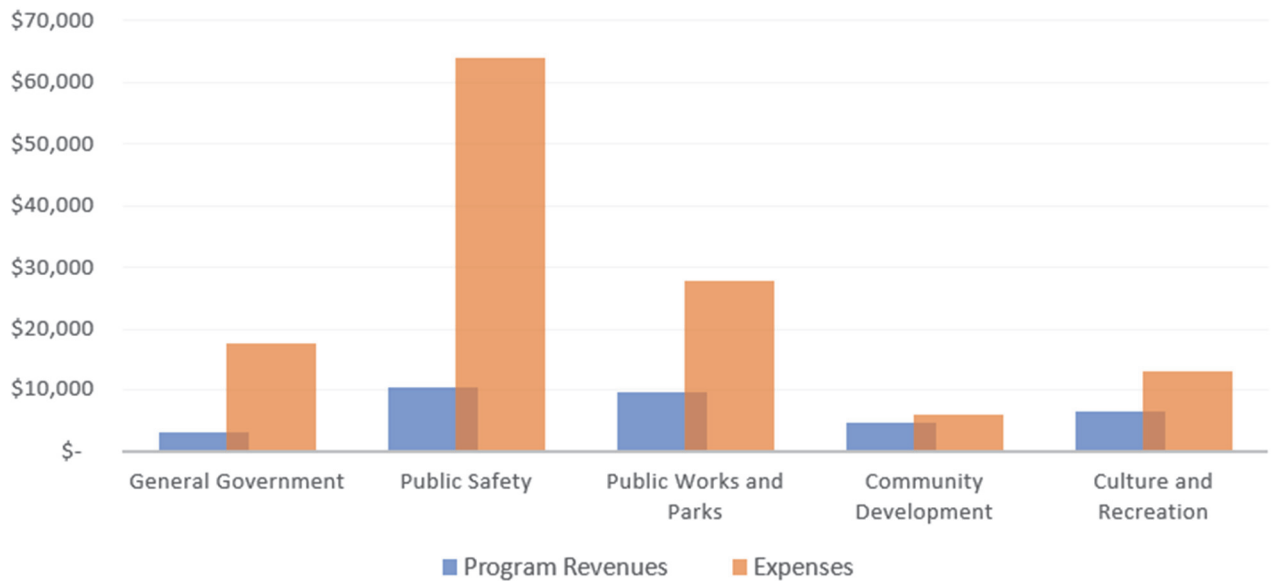
Expenses by Function

(in thousands)

Function	Amount	Percent of Total
General government	17,615	13.6%
Public safety	64,084	49.3%
Public works and parks	27,724	21.3%
Community development	6,009	4.6%
Culture and recreation	12,996	10.0%
Interest on debt	1,574	1.2%
Total expenses	\$130,002	100%

The following chart represents the extent to which program revenues offset functional expenses, by category:

Expenses and Program Revenues Governmental Activities (in thousands)



- Those who directly benefited from programs contributed \$21.0 million in charges for services.
- A total of \$13.2 million in operating and capital projects were funded by outside agencies through operating grants, capital grants, and contributions.
- As a result, total expenses that were funded by tax revenues, investment income, other general revenues and fund balance were \$95.8 million.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

Statement of Activities – Business-Type

**Summary of Changes in Net Position
For the periods ended June 30, 2025 and 2024 (in thousands)**

	Business-Type Activities		Increase
	2025	2024	(Decrease)
Revenues			
Program revenues:			
Charges for services	\$4,762	\$4,553	\$209
Total program revenues	4,762	4,553	209
General revenues:			
Investment Income	12	9	3
Total general revenues	12	9	3
TOTAL REVENUES	4,774	4,562	212
Expenses			
General government	3,774	4,078	(304)
TOTAL EXPENSES	3,774	4,078	(304)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	1,000	484	516
OTHER FINANCING SOURCES (USES)			
Transfers out	(574)	(582)	8
Total Other Financing sources (uses)	(574)	(582)	8
Net Change in Net Position	426	(98)	524
Net Position, Beginning	10,703	10,801	(98)
Net Position, Ending	\$11,129	10,703	\$426

The net position for business-type activities increased from the prior year by \$426 thousand as revenues increased by \$212 thousand, exceeding year-end expenditures which fell by \$304 thousand in comparison to the prior year.

Parking services is the City's only business-type activity with income derived from program revenues of \$4.8 million. Program revenues include parking meter coin income of \$1.8 million and parking garage hourly and monthly parking income of \$0.9 million. Revenues also include parking and non-vehicle code fines totaling \$2.4 million. Total expenses for parking services were \$3.8 million and transfers out to general fund and non-major governmental fund for support totaled \$574 thousand during the fiscal year 2024-2025.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Governmental Funds

Fund Balance Classifications

Fund balances are classified in five categories: non-spendable, restricted, committed, assigned, and unassigned based on a 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, 2025, the City reported a combined ending fund balance of \$87.5 million for all governmental funds (a decrease of \$5.6 million from the prior year): \$71 thousand is non-spendable, \$48.9 million is restricted, \$14.8 million is committed, \$18.5 million is assigned, and \$5.4 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, 2025, was \$33.9 million (a decrease of \$2.5 million from the prior year balance): \$71 thousand is non-spendable, \$10.1 million is committed, \$18.3 million is assigned and \$5.4 million is unassigned. The committed and unassigned portions of the balance include \$10.1 million and \$5.1 million for emergency and cash flow reserves, respectively. An additional \$1.0 million of the assigned fund balance represents the City's capital (infrastructure) reserve.

The original adopted General Fund budget projected total revenue of \$101.9 million and transfers-in of \$2.5 million for total resources of \$104.4 million. This budget appropriated expenditures of \$103.2 million and transfers-out of \$10.3 million for total appropriations of \$113.5 million.

Actual revenues, at \$105.8 million, exceeded original budgeted revenues by \$3.8 million. The largest increase is attributed to investment gains as interest rates increased City's investable balance increased following favorable results of the prior year. Sales Tax and Property Tax revenues also outperformed the budget by \$1.0 million. Sales taxes showed resiliency against perceived economic headwinds, especially toward the latter half of the year, whereas property taxes benefited from larger than expected excess ERAF disbursements and supplemental tax. Expenditures of \$99.9 million were \$3.8 million less than amended budgeted expenditures of \$103.8 million, mainly a result of unspent appropriations related to non-personnel expenditures, of which \$2.1 million will be re-appropriated for use in the 2025-2026 fiscal year. Personnel expenditures were in line with budget as the City saw a decrease in level of staff vacancy rates that have been experienced in previous years.

Variances in debt service and issuance of long-term debt line items are the result of lease and subscription agreements entered into during the year. Recent accounting guidance related to these transactions has yet to be incorporated into the budgeting process.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

Summary of General Fund Budget and Actual
For the fiscal year ended June 30, 2025 (in thousands)

	Adopted Budget	Revised Budget	Actual
Revenues	\$101,929	\$101,929	\$105,773
Transfers in	2,508	2,508	1,959
Total resources	104,438	104,438	107,732
Expenditures	103,185	\$103,758	99,974
Operating transfers out	10,259	10,259	10,259
Capital transfers out	-	-	-
Total uses	113,443	114,017	110,233
Net Results	(\$9,006)	(\$9,579)	(\$2,500)

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 increased from \$5.9 million to \$6.6 million. Revenues for the fund can fluctuate significantly year to year as they are mainly a function of development projects undergone during the year and for fiscal 2024-2025 totaled \$1.4 million. Capital outlay for the year of \$97 thousand was related to a single project, the Grand Avenue Cycle Track, to add bicycle facility on the east side of grand Avenue between Fourth Street and Second Street. The balance in the fund of \$6.6 million is being held in anticipation of major street projects identified in the General Plan 2040 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 revenues exceeded expenditures and net transfers by \$1.9 million in fiscal year 2024-2025 resulting in an increase in fund balance from \$13.4 million to \$15.3 million. The activities for the year were all planned and approved project work.

Expenditures during fiscal year 2024-2025 totaled \$6.5 million. In addition to routine street-related maintenance of \$3.2 million, major expenditures included \$530 thousand for B Street at Woodland Culvert Repairs, \$450 thousand for third street rehabilitation project cost, and \$400 thousand for the roundabout at Manuel T. Freitas.

Total revenues of \$7.9 million were down about \$4.7 million from the prior year mainly due to a reduction in intergovernmental transfers and reimbursements related to the third street rehabilitation project that was completed the prior year.

Essential Facilities Capital Projects Fund – The City uses this fund to account for major capital improvements to public safety facilities. Activity in the fund has reduced as the initial major projects contemplated in creation of the fund have been completed. During the year \$744 thousand was mainly expended for remaining costs related to Fire Stations 54 and 55.

Non-major Governmental Funds – The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2025, non-major funds had a total fund balance of \$28.4 million, a \$5.5 million decrease over that of the previous year. Significant contributors to the overall fund balance decrease included the Capital Improvement Fund (\$3.5 million) and the Library Fund (\$2.6 million) attributable to capital project expenditures. The largest fund balance increase, \$1.5 million, was recorded in the Measure C Wildfire Prevention Fund, with \$3.9 million in revenues against \$2.4 million in expenditures.

CITY OF SAN RAFAEL

Management's Discussion and Analysis Fiscal Year Ended June 30, 2025

Of the ending total non-major fund balances of \$28.4 million: \$23.7 million (84%) is legally restricted for specific purposes by external funding source providers, \$4.7 million (16%) is committed for special purposes by the City Council, \$126 thousand (less than 1%) is assigned, and (\$70,059) thousand (less than 1%) is unassigned. Additional information about these aggregated non-major funds is presented in the combining statements which immediately follow the required supplementary information.

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 on page 24, the City's enterprise fund net position increased by \$426 thousand during the fiscal year. The Parking Services Fund is the City's sole business-type (Enterprise) activity.

The parking services fund's operating revenue was recorded at \$4.7 million, while enterprise fund operating expenses were \$3.6 million in fiscal year 2024-2025. Parking operations largely remained steady with results of previous years with modest increases to revenues and a decrease in expenditures that can be attributed to personnel vacancies.

The City's Internal Service Funds are also reported in this Proprietary Fund classification. In fiscal year 2024-2025, the Internal Service Funds comprised of: Building Maintenance, Vehicle Replacement, Equipment Replacement, Employee Benefits, Liability Insurance, Workers' Compensation, Dental Insurance, Employee Retirement, OPEB/Retiree Medical, Radio Replacement, Telephone Replacement and Sewer Maintenance. The net position of the Internal Service Funds increased by \$5.9 million compared to the prior year. Net investment in capital assets increased by \$464 thousand, while unrestricted fund balance increased by \$5.4 million. The increase in capital assets resulted primarily from vehicle purchases, offset by depreciation of existing capital assets. The increase in unrestricted fund balance is primarily the result of transfers to the vehicle replacement fund, liability insurance fund, and equipment replacement fund from prior year operating results in an effort to partially address shortfalls in those areas.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$324.2 million, net of accumulated depreciation of \$231.8 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, right-to-use lease assets, 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 addition to the City's investment in capital assets for the current fiscal year was \$14.3 million, offset by accumulated depreciation of \$9.8 million.

Additions to capital assets during fiscal year 2024-2025 included:

- Machinery and Equipment: Vehicles totaling \$2.4 million
- Infrastructure: \$13.5 million
 - Pickleweed Park Field Renovation - \$5.6 million
 - Downtown Carnegie Library Renovation - \$2.6 million
 - San Quentin Pump Station Reconstructions - \$1.3 million
 - B Street at Woodland Culvert Repairs- \$530 thousand
 - Peacock Gap Park Playground- \$498 thousand
 - Other - \$2.4 million
- Right-to-use Subscription Assets: Permitting software totaling \$55 thousand

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

A comparison of the City's Capital Assets for the fiscal years ending June 30, 2025, and 2024 is presented below:

Summary of Capital Assets
(in thousands)

	2025	2024
Governmental Activities		
Land	\$84,108	\$84,108
Construction in progress	31,866	28,785
Land improvements	10,852	10,852
Buildings and structures	120,986	119,722
Machinery and equipment	24,469	23,445
Infrastructure	274,042	264,925
Intangible right-to-use leased building	5,476	5,476
Intangible right-to-use leased equipment	1,115	1,226
Intangible right-to-use subscription	3,139	3,252
Less accumulated depreciation	(231,822)	(222,034)
Subtotal Governmental Activities	<u>324,231</u>	<u>319,757</u>
Business-type Activities		
Land	8,621	8,621
Buildings and structures	10,736	10,736
Machinery and equipment	968	968
Less accumulated depreciation	(5,842)	(5,582)
Subtotal Business-type Activities	<u>14,483</u>	<u>14,743</u>
Total Capital Assets	<u><u>\$338,715</u></u>	<u><u>\$334,500</u></u>

Additional information on the City's capital assets can be found in Note 5 on pages 62 through 64 of this report.

CITY OF SAN RAFAEL

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025

Debt Administration

The City's debt obligations were stable year-over-year and reflect payments of principal made during the year. The debt of the former Redevelopment Agency is reported under the Successor Agency, which is presented as a Private-Purpose Trust Fund on the Statement of Fiduciary Net Position. (See Note 6 of the financial statements for additional information on the debt obligations of the City and Note 16 for additional information on the Successor Agency.) The City's long-term obligations for the fiscal years ending June 30, 2025, and 2024 were as follows:

Summary of Outstanding Long-Term Debt
(in thousands)

	2025	2024
Governmental Activity Debt:		
2018 Authority Lease Revenue Bond	\$38,756	\$41,909
2010 Taxable Pension Obligation Bonds	640	1,240
PG & E Efficiency Note Payable	230	381
PG & E City Hall Efficiency Note Payable	100	121
Subtotal Governmental Activity Debt	<u>39,726</u>	<u>43,651</u>
Business-Type Activity Debt:		
PG & E Parking Lot Lighting Retrofit Note Payable		
2012 Authority Lease Revenue Refunding Bonds	3,059	3,389
Subtotal Business-Type Activity Debt	<u>3,059</u>	<u>3,389</u>
Total Long-Term Obligations	<u><u>\$42,785</u></u>	<u><u>\$47,040</u></u>

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025**

ECONOMIC CLIMATE AND NEXT YEAR'S BUDGET

After several years of global economic turbulence, from the pandemic recovery to ongoing inflationary pressures, the global economy is now entering a period of cautious stabilization. Inflation has moderated in most developed economies but remains above long-term targets. As a result, global growth is expected to remain subdued, with the International Monetary Fund projecting growth of approximately 3.1% in 2026, a marginal decline from 2025's 3.2%. Growth in emerging markets continues to outpace that of advanced economies, driven by manufacturing expansion and infrastructure investment.

Nationally, the U.S. economy continues to adjust to a "higher-for-longer" interest rate environment. Inflation has slowed but remains sticky, particularly in housing and services. Consumer spending, which has underpinned economic resilience through much of the past two years, is beginning to show signs of fatigue. Business investment remains steady but cautious as firms navigate higher financing costs and lingering uncertainty surrounding labor markets and global trade. The Federal Reserve is expected to begin modest rate cuts in late 2025 if inflation continues to ease toward its 2% target.

In California, national trends persist with some regional nuances. The state's housing market remains constrained, with affordability continuing to be a major barrier for both homeowners and renters. While the tech sector has stabilized after widespread restructuring in recent years, job growth is being driven increasingly by healthcare, clean energy, and advanced manufacturing. California's unemployment rate remains slightly above the national average, but productivity gains in key industries, such as biotech and artificial intelligence, position the state for renewed growth as inflationary pressures subside.

Marin County remains relatively insulated from broader economic fluctuations due to its high median income, strong local employment, and diversified tax base. The county's unemployment rate continues to trend below both state and national levels, supported by employment in healthcare, education, and professional services. However, persistent housing affordability challenges and a limited labor supply continue to constrain growth potential. Consumer spending in Marin remains steady, reflecting the region's high-income stability, though discretionary spending is expected to cool modestly in the coming year.

In San Rafael, economic indicators reflect a transition toward steadier, moderate growth. The city's economy remains anchored by its role as the county's commercial and administrative hub, with major employment in healthcare, education, retail, and public administration. Nonetheless, challenges such as housing affordability, transportation connectivity, and shifts in the retail landscape continue to present long-term planning considerations.

The City enters the new fiscal year with a sound fiscal position and significant capital projects underway. Prudent financial management in prior years has bolstered reserves, providing flexibility amid rising operational and construction costs. As inflation continues to ease and economic conditions stabilize, maintaining a balanced approach to project prioritization and long-term sustainability will be key to ensuring San Rafael's continued economic resilience.

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 deferred outflows of resources and the City's total liabilities and deferred inflows of resources, 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 and deferred inflows of resources from total assets and deferred outflows of resources.

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 and Capital Projects 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, deferred outflows/inflows of resources, 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, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
ASSETS				
Cash and investments available for operations (Note 2)	\$124,055,570	\$312,002	\$124,367,572	\$41,982,433
Restricted cash and investments (Note 2)	760,089		760,089	
Receivables:				
Accounts, net	3,033,864	1,212,598	4,246,462	1,649,483
Intergovernmental	10,571,348		10,571,348	
Grants	808,290		808,290	
Interest	882,821		882,821	
Loans (Note 4A)	3,699,917		3,699,917	
Long-term receivable from San Rafael Sanitation District (Note 4G)	2,023,239		2,023,239	
Leases receivable (Note 4H)	360,417		360,417	
Prepaid expenses and others	2,304,292		2,304,292	97,238
Capital assets (Note 5):				
Nondepreciable	115,973,571	8,620,853	124,594,424	11,804,711
Depreciable, net	208,257,875	5,862,591	214,120,466	67,107,884
Total Assets	<u>472,731,293</u>	<u>16,008,044</u>	<u>488,739,337</u>	<u>122,641,749</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension (Note 9)	65,683,064	1,588,276	67,271,340	
Deferred outflows related to OPEB (Note 11)	5,937,697	97,529	6,035,226	
Total Deferred Outflows of Resources	<u>71,620,761</u>	<u>1,685,805</u>	<u>73,306,566</u>	
LIABILITIES				
Accounts payable	11,847,538	180,545	12,028,083	1,285,154
Developer and other deposits payable	509,171		509,171	
Interest payable		26,141	26,141	
Unearned revenue	555,058	26,232	581,290	
Claims payable (Note 13):				
Due in one year	3,666,214		3,666,214	
Due in more than one year	11,122,685		11,122,685	
Compensated absences (Note 1L):				
Due in one year	639,494	18,707	658,201	
Due in more than one year	4,476,455	130,945	4,607,400	
Long-term debt (Note 6):				
Due in one year	3,684,623	335,000	4,019,623	
Due in more than one year	36,041,452	2,724,378	38,765,830	
Lease liabilities (Note 14):				
Due in one year	169,137		169,137	
Due in more than one year	6,055,521		6,055,521	
Subscription liabilities (Note 14):				
Due in one year	395,270		395,270	
Due in more than one year	1,534,570		1,534,570	
Long-term payable to the City of San Rafael, due in more than one year (Note 4G)				2,023,239
Net OPEB liability, due in more than one year (Note 11)	17,860,029	293,359	18,153,388	
Net Pension liability, due in more than one year (Note 9)	94,650,674	2,288,740	96,939,414	
Total Liabilities	<u>193,207,891</u>	<u>6,024,047</u>	<u>199,231,938</u>	<u>3,308,393</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension (Note 9)	20,059,681	485,061	20,544,742	
Deferred inflows related to OPEB (Note 11)	3,383,426	55,574	3,439,000	
Deferred inflows related to leases receivable (Note 4H)	322,172		322,172	
Total Deferred Inflows of Resources	<u>23,765,279</u>	<u>540,635</u>	<u>24,305,914</u>	
NET POSITION (Note 8):				
Net investment in capital assets	<u>276,990,873</u>	<u>11,424,066</u>	<u>288,414,939</u>	<u>78,412,120</u>
Restricted for:				
Special revenue projects:				
Housing and street improvements	23,892,663		23,892,663	
Stormwater	3,409,198		3,409,198	
Emergency medical services	3,674,088		3,674,088	
Other	14,128,896		14,128,896	
Capital projects	3,947,924		3,947,924	
Total Restricted Net Position	<u>49,052,769</u>		<u>49,052,769</u>	
Unrestricted	<u>1,335,242</u>	<u>(294,899)</u>	<u>1,040,343</u>	<u>40,921,236</u>
Total Net Position	<u>\$327,378,884</u>	<u>\$11,129,167</u>	<u>\$338,508,051</u>	<u>\$119,333,356</u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$17,615,468	\$110,112	\$2,989,641	
Public safety	64,083,535	7,642,292	2,835,919	
Public works and parks	27,724,431	2,952,012	3,407,856	\$3,219,570
Community development	6,008,500	4,695,585		
Culture and recreation	12,995,897	5,635,593	736,737	
Interest on long-term debt	1,573,951			
Total Governmental Activities	<u>130,001,782</u>	<u>21,035,594</u>	<u>9,970,153</u>	<u>3,219,570</u>
Business-type Activities:				
Parking services	<u>3,774,044</u>	<u>4,761,985</u>		
Total Business-type Activities	<u>3,774,044</u>	<u>4,761,985</u>		
Total Primary Government	<u><u>\$133,775,826</u></u>	<u><u>\$25,797,579</u></u>	<u><u>\$9,970,153</u></u>	<u><u>\$3,219,570</u></u>
Component Unit				
San Rafael Sanitation District	<u><u>\$16,260,424</u></u>	<u><u>\$18,877,412</u></u>	<u><u>\$5,694</u></u>	<u><u>\$73,061</u></u>
General revenues:				
Taxes:				
Property				
Sales:				
Sales and Use				
Measure E three quarter-cents sales				
Measure R quarter-cent sales				
Paramedic				
Transient occupancy				
Franchise				
Business license				
Other				
Investment earnings				
Gain from sale of capital assets				
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
(\$14,515,715)		(\$14,515,715)	
(53,605,324)		(53,605,324)	
(18,144,993)		(18,144,993)	
(1,312,915)		(1,312,915)	
(6,623,567)		(6,623,567)	
(1,573,951)		(1,573,951)	
(95,776,465)		(95,776,465)	
	\$987,941	987,941	
	987,941	987,941	
(95,776,465)	987,941	(94,788,524)	
			\$2,695,743
36,503,556		36,503,556	2,442,140
26,299,762		26,299,762	
14,739,752		14,739,752	
4,865,497		4,865,497	
5,414,694		5,414,694	
3,583,020		3,583,020	
4,761,953		4,761,953	
2,775,503		2,775,503	
3,049,543		3,049,543	
6,635,209	12,119	6,647,328	1,898,333
191,839		191,839	
2,925,920		2,925,920	110,928
573,993	(573,993)		
112,320,241	(561,874)	111,758,367	4,451,401
16,543,776	426,067	16,969,843	7,147,144
310,835,108	10,703,100	321,538,208	112,186,212
\$327,378,884	\$11,129,167	\$338,508,051	\$119,333,356



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 2024-2025:

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.

ESSENTIAL FACILITIES CAPITAL PROJECTS FUND

Established to account for major capital improvements to public safety facilities.

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	Special Revenue Funds					
	General Fund	Traffic and Housing Mitigation	Gas Tax	Essential Facilities Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments available for operations (Note 2)	\$28,558,899	\$4,795,326	\$16,604,879	\$3,321,176	\$27,247,954	\$80,528,234
Restricted cash and investments (Note 2)	662,355			7,636	90,098	760,089
Receivables:						
Accounts	1,583,708				1,446,374	3,030,082
Intergovernmental	9,794,025		411,936		365,387	10,571,348
Grants	21,157				787,133	808,290
Interest	882,821					882,821
Loans (Note 4A)	399	1,839,685			1,859,833	3,699,917
Leases (Note 4H)	15,912				344,505	360,417
Prepays	70,759					70,759
Total Assets	\$41,590,035	\$6,635,011	\$17,016,815	\$3,328,812	\$32,141,284	\$100,711,957
LIABILITIES						
Accounts payable	\$6,095,624	\$59,329	\$1,723,554		\$2,738,296	\$10,616,803
Deposits payable	8,094				102,288	110,382
Developer deposits payable	395,154				3,635	398,789
Unearned revenue					555,058	555,058
Total Liabilities	6,498,872	59,329	1,723,554		3,399,277	11,681,032
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,162,311					1,162,311
Related to leases (Note 4H)	14,033				308,139	322,172
Total Deferred Inflows of Resources	1,176,344				308,139	1,484,483
Fund Balances (Note 8):						
Nonspendable	70,759					70,759
Restricted		6,575,682	15,293,261	\$3,328,812	23,700,869	48,898,624
Committed	10,125,000				4,676,853	14,801,853
Assigned	18,341,628				126,205	18,467,833
Unassigned	5,377,432				(70,059)	5,307,373
Total Fund Balances	33,914,819	6,575,682	15,293,261	3,328,812	28,433,868	87,546,442
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$41,590,035	\$6,635,011	\$17,016,815	\$3,328,812	\$32,141,284	\$100,711,957

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, 2025

Total fund balances reported on the governmental funds balance sheet	\$87,546,442
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.	310,107,347
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.	43,085,161
Long-term liabilities, including bonds payable, lease liabilities and subscription liabilities, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(47,096,618)
Compensated absences	(5,115,949)
Unavailable revenue	1,162,311
Long-term receivable from San Rafael Sanitation District	2,023,239
Deferred outflows related to pension	65,683,064
Net pension liability	(94,650,674)
Deferred inflows related to pension	(20,059,681)
Deferred outflows related to OPEB	5,937,697
Deferred inflows related to OPEB	(3,383,426)
Net OPEB liability	<u>(17,860,029)</u>
Net position of governmental activities	<u><u>\$327,378,884</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, 2025

	Special Revenue Funds					
	General	Traffic and Housing Mitigation	Gas Tax	Essential Facilities Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and special assessments	\$91,003,535				\$9,955,612	\$100,959,147
Licenses and permits	3,346,342					3,346,342
Fines and forfeitures	297,212					297,212
Use of money and properties	2,306,492	\$211,234	\$570,211	\$126,997	1,289,284	4,504,218
Intergovernmental	4,729,694	989,165	5,277,328		5,906,227	16,902,414
Charges for services	3,163,591	179,608	2,061,008		10,778,136	16,182,343
Other revenue	926,142	3,470	53,246		1,037,065	2,019,923
Total Revenues	105,773,008	1,383,477	7,961,793	126,997	28,966,324	144,211,599
EXPENDITURES						
Current:						
General government	16,477,488				2,679,388	19,156,876
Public safety	53,289,499				13,811,575	67,101,074
Public works and parks	15,462,738	149,245	4,876,064		1,296,156	21,784,203
Community development	5,909,774	225,334			228,701	6,363,809
Culture and recreation	3,006,272				10,216,030	13,222,302
Capital outlay		97,393	1,655,297	744,275	11,671,194	14,168,159
Debt service:						
Principal	3,794,498					3,794,498
Interest and fiscal charges	2,034,131					2,034,131
Total Expenditures	99,974,400	471,972	6,531,361	744,275	39,903,044	147,625,052
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,798,608	911,505	1,430,432	(617,278)	(10,936,720)	(3,413,453)
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 3A)	1,959,435		1,250,000	353,500	5,624,543	9,187,478
Transfers out (Note 3A)	(10,258,500)	(250,000)	(760,000)		(151,129)	(11,419,629)
Total Other Financing Sources (Uses)	(8,299,065)	(250,000)	490,000	353,500	5,473,414	(2,232,151)
Net Change in Fund Balances	(2,500,457)	661,505	1,920,432	(263,778)	(5,463,306)	(5,645,604)
FUND BALANCES, BEGINNING OF YEAR	36,415,276	5,914,177	13,372,829	3,592,590	33,897,174	93,192,046
FUND BALANCES, END OF YEAR	\$33,914,819	\$6,575,682	\$15,293,261	\$3,328,812	\$28,433,868	\$87,546,442

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, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$5,645,604)

Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:

Capital Assets Transactions

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 and amortization expense.

Capital outlay and improvement expenditures are added back to fund balance	14,117,197
Retirement of capital assets is deducted from fund balance	(66,757)
Depreciation and amortization expense is deducted from fund balance	(9,746,254)
(Depreciation and amortization expense is net of internal service fund depreciation and amortization of \$1,769,951, which has already been allocated to serviced funds).	

Long-Term Debt and Lease Liability Proceeds and Payments

Governmental funds record proceeds and payments as other financing sources and expenditures. However, in the Statement of Net Position, those costs are reversed as increases and decreases in long-term liabilities.

Repayments of long-term debt principal	3,396,351
Amortized bond premium expense is added back to fund balance	507,943
Repayments of lease principal	180,733
Repayments of subscription principal	217,414

Accrual of Non-Current Items

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):

Compensated absences	(681,457)
Unavailable revenue	(4,585)
Long-term receivable from San Rafael Sanitation District	(439,830)

Net Pension (Asset) Liability Transactions

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 (asset) liability.

6,198,454

Net OPEB Liability Transactions

Governmental funds record OPEB 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 OPEB liability.

2,608,984

Allocation of Internal Service Fund Activities

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.

5,901,187

Change in Net Position of Governmental Activities

\$16,543,776

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, 2025

	Business-type Activities - Enterprise Fund	Governmental Activities
	Parking Services	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments available for operations (Note 2)	\$312,002	\$43,527,336
Receivable:		
Accounts, net	1,212,598	3,782
Grants		
Prepaid expense		2,233,533
Total Current Assets	<u>1,524,600</u>	<u>45,764,651</u>
Noncurrent Assets:		
Capital assets (Note 5):		
Nondepreciable	8,620,853	169,757
Depreciable, net	5,862,591	13,954,342
Total Noncurrent Assets	<u>14,483,444</u>	<u>14,124,099</u>
Total Assets	<u>16,008,044</u>	<u>59,888,750</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension (Note 9)	1,588,276	
Deferred outflows related to OPEB (Note 11)	97,529	
Total Deferred Outflows of Resources	<u>1,685,805</u>	
LIABILITIES		
Current Liabilities:		
Accounts payable	180,545	1,230,735
Interest payable	26,141	
Unearned revenue	26,232	
Compensated absences, due in one year (Note 1L)	18,707	
Claims payable, due in one year (Note 13)		3,666,214
Long-term debt, due in one year (Note 6)	335,000	21,755
Subscription liabilities, due in one year (Note 14)		289,912
Total Current Liabilities	<u>586,625</u>	<u>5,208,616</u>
Noncurrent Liabilities:		
Compensated absences (Note 1L)	130,945	
Claims payable (Note 13)		11,122,685
Long-term debt (Note 6)	2,724,378	77,953
Net OPEB liability (Note 11)	293,359	
Net pension liability (Note 9)	2,288,740	
Subscription liabilities (Note 14)		394,335
Total Noncurrent Liabilities	<u>5,437,422</u>	<u>11,594,973</u>
Total Liabilities	<u>6,024,047</u>	<u>16,803,589</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension (Note 9)	485,061	
Deferred inflows related to OPEB (Note 11)	55,574	
Total Deferred Inflows of Resources	<u>540,635</u>	
NET POSITION (Note 8):		
Net investment in capital assets	11,424,066	13,340,144
Unrestricted	(294,899)	29,745,017
Total Net Position	<u>\$11,129,167</u>	<u>\$43,085,161</u>

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, 2025

	Business-type Activities - Enterprise Fund	Governmental Activities
	Parking Services	Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$2,372,588	\$21,056,978
Other operating revenues	2,389,397	1,810,990
Total Operating Revenues	4,761,985	22,867,968
OPERATING EXPENSES		
Personnel	1,667,926	4,813,596
Insurance premiums and claims		9,531,787
Maintenance and repairs	160,259	348,459
Depreciation and amortization expense (Note 5)	259,369	1,769,951
General and administrative	1,562,370	5,032,219
Total Operating Expenses	3,649,924	21,496,012
Operating Income	1,112,061	1,371,956
NONOPERATING REVENUES (EXPENSES)		
Investment income	12,119	1,572,712
Miscellaneous revenue		6,299
Interest expense	(124,120)	(47,763)
Gain on sale of capital assets		191,839
Total Nonoperating Revenues (Expenses)	(112,001)	1,723,087
Income Before Transfers	1,000,060	3,095,043
TRANSFERS		
Transfers in (Note 3A)		3,500,000
Transfers out (Note 3A)	(573,993)	(693,856)
Net transfers	(573,993)	2,806,144
Change in Net Position	426,067	5,901,187
NET POSITION, BEGINNING OF YEAR	10,703,100	37,183,974
NET POSITION, END OF YEAR	\$11,129,167	\$43,085,161

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2025

	Business-type Activities - Enterprise Fund	Governmental Activities
	Parking Services	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$4,636,527	\$21,853,233
Cash payments to suppliers for goods and services	(1,672,215)	(18,965,740)
Cash payments to employees for salaries and benefits	(2,069,978)	(1,547,267)
Other revenues	1,810,990	
Cash Flows from Operating Activities	<u>894,334</u>	<u>3,151,216</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous revenues		6,299
Interfund revenues		3,500,000
Interfund payments	(573,993)	(1,088,034)
Cash Flows from Noncapital Financing Activities	<u>(573,993)</u>	<u>2,418,265</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on revenue bonds and note payable	(330,000)	(21,755)
Principal payments on subscription liability		(271,026)
Interest expenses and fiscal charges	(126,076)	(47,763)
Acquisition of capital assets		(1,941,308)
Proceeds from sale of property		191,839
Cash Flows from Capital and Related Financing Activities	<u>(456,076)</u>	<u>(2,090,013)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	12,119	1,572,712
Cash Flows from Investing Activities	<u>12,119</u>	<u>1,572,712</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(123,616)	5,052,180
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	435,618	38,475,156
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$312,002</u>	<u>\$43,527,336</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$1,112,061	\$1,371,956
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation and amortization	259,369	1,769,951
Net change in assets and liabilities:		
Accounts receivable	(130,216)	795,255
Grant receivable		1,000
Prepays		(1,372,480)
OPEB-related items	(42,854)	
Accounts payable	50,414	298,497
Unearned revenue	4,758	
Compensated absence obligations	10,993	
Pension-related items	(370,191)	
Claims payable		287,037
Net Cash Provided by Operating Activities	<u>\$894,334</u>	<u>\$3,151,216</u>
NON-CASH TRANSACTIONS:		
Retirement of capital assets		
Amortization of bond discount	<u>\$725</u>	

See accompanying notes to basic financial statements

FIDUCIARY FUND FINANCIAL STATEMENTS
--

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 present fund statements that consist of a Statement of Net Position and a Statement of Changes in 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 CUSTODIAL 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, 2025

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Pt. San Pedro Road Assessment District Custodial Fund
ASSETS		
Cash available for operations (Note 2)	\$33,117	\$255,411
Receivables:		
Taxes		1,272
Total Assets	33,117	256,683
LIABILITIES		
Interest payable		15,636
Total Liabilities		15,636
NET POSITION		
Restricted for:		
Bondholders	33,117	241,047
Total Net Position	\$33,117	\$241,047

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Pt. San Pedro Road Assessment District Custodial Fund
ADDITIONS		
Property taxes		\$159,034
Total Additions		159,034
DEDUCTIONS		
General government	\$5,870	8,033
Payments to bondholders		93,200
Interest expense		47,723
Total Deductions	5,870	148,956
Change in Net Position	(5,870)	10,078
NET POSITION		
Beginning of year	38,987	230,969
End of year	\$33,117	\$241,047

See accompanying notes to financial statements



CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
--

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 Unit*

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 unit is 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 to allow the life of the Authority to extend beyond that of the Agency. The Authority is administered by a governing board whose members are the City Council of the City.

Activities of the Authority related to the 2012 Authority Lease Revenue Refunding Bonds are reported in the Parking Services Enterprise Fund. Activities of the Authority related to the 2018 Authority Lease Revenue Bonds are reported in the City's General Fund. 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. The employees also participate in the City's healthcare benefits plan which includes a provision for postemployment benefits. These costs are the obligation of the District and not the City. As discussed in Note 4G, a receivable from the District has been established.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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, and results of operations. 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 Morpew 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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2025

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 State gasoline taxes.

Essential Facilities Capital Projects Fund – Established to account for major capital improvements to public safety facilities.

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, radio, and telephone replacement; employee benefits; liability insurance; workers’ compensation; dental insurance; employee retirement; retiree medical (OPEB); and sewer maintenance.

Fiduciary Funds – 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; and *Pt. San Pedro Road Assessment District Custodial 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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, including lease and subscription liabilities, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions, including entering into contracts giving the City the right-to-use leased assets, are reported as *expenditures* in governmental funds. Proceeds from long-term debt and financing through 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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets 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 intergovernmental receivables and deferred amounts related to leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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. 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, appropriations for capital projects, and transfers between major funds and reportable fund groups.

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.

For the fiscal year ended June 30, 2025, the following expenditures exceeded the budgeted appropriations:

	Expenditures Exceeded Budget
Recreation Revolving Special Revenue Fund	\$13,803
Public Safety Special Revenue Fund	17,142

The above expenditures exceeded the budgeted appropriations, however, there were sufficient revenues to cover the excess expenditures during the fiscal year in the Public Safety Special Revenue Fund. Revenues were not sufficient to cover the excess expenditures of \$13,803 during the fiscal year. Furthermore, the Recreation Revolving Special Revenue Fund has a fund balance deficit of \$70,059 at June 30, 2025. See further discussion in Note 8D.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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I. Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including all restricted assets) with maturities 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.

J. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. Capital Assets

City

Contributed capital assets are valued at their estimated acquisition value on the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for intangible right-to-use lease assets and intangible right-to-use subscription assets, the measurement of which is discussed in Note 1R and Note 1S, respectively, below. Major outlays for capital assets and improvements are capitalized as projects are constructed.

City policy has set the capitalization thresholds for reporting capital assets at the following:

General capital assets	Ranging from \$5,000 to \$50,000
Infrastructure capital assets	Ranging from \$25,000 to \$250,000

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
Right to use leased building	35 years
Right to use leased equipment	1.5 – 5 years
Right to use subscription asset	5 – 10 years

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District

Collection systems and facilities purchased or constructed are stated at cost. Assets contributed are recorded at the estimated acquisition value at the date received. Interest is capitalized for assets constructed when applicable. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Applicable capital assets must be capitalized for amounts \$1,000 or above and may be capitalized for amounts from \$500 to \$1,000 if determined to be sensitive. Depreciation is provided by the straight-line method over the estimated useful lives of capital assets as follows:

Subsurface lines	50 – 80 years
Sewage collection facilities	5 – 50 years
General plant and administrative facilities	3 – 15 years

L. 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. Proprietary fund liabilities are recorded within their respective funds.

The changes in compensated absences as of June 30, 2025 were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$4,434,492	\$138,659	\$4,573,151
Net change	681,457	10,993	692,450
Ending Balance	<u>\$5,115,949</u>	<u>\$149,652</u>	<u>\$5,265,601</u>
Current Portion	<u>\$639,494</u>	<u>\$18,707</u>	<u>\$658,201</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. *Property Tax Levy, Collection and Maximum Rates – City*

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)

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property having a tax lien that is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Unsecured property comprises all taxable property not attached to land, such as personal property or business property. Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer.

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

N. *Sewer Charges – District*

Sewer charges are billed and collected on behalf of the District by the County of Marin as a special assessment on annual property tax billings. Property taxes are levied on January 1 and are due in two equal installments on November 1 and February 1 and become delinquent December 10 and April 10, for the first and second installments, respectively. In accordance with the Teeter Plan, the County remits to the District all charges which are assessed and the county retains responsibility for collecting past due amounts.

The Teeter Plan provides that the County advance the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent secured property tax receivables and actual proceeds collected.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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O. Connection Fees – District

Connection fees represent a one-time contribution of resources to the District imposed on contractors and developers for the purpose of financing capital improvements. Connection fees are recognized after non-operating revenues (expenses) in the statement of revenues, expenses, and changes in net position. The District utilizes connection fees received on a first-in-first-out basis to finance current year capital projects. Accordingly, if there is a balance of connection fees available at year-end, it is classified as restricted net position.

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.

Q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

R. Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

Lessee – The City is a lessee for noncancelable leases of equipment and land. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities in accordance with the capitalization policy for the underlying asset as discussed in Note 1K.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lesser of its useful life or the life of the lease agreement.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise, if applicable.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term lease liabilities on the statement of net position.

Lessor – The City is a lessor for noncancellable leases of certain buildings and land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

S. Subscription-Based Information Technology Arrangements (SBITAs)

A Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

T. *New Accounting Pronouncements*

GASB 101 – *Compensated Absences* - In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement were implemented during fiscal year 2025. The implementation of this statement did not have a material effect on the financial statements.

GASB 102 – *Certain Risk Disclosures* - In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The provisions of this Statement were implemented during fiscal year 2025. The implementation of this statement had no effect on the financial statements.

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, 2025

NOTE 2 – CASH AND INVESTMENTS (Continued)
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B. *Classification*

Cash and investments as of June 30, 2025, 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	\$124,367,572
Restricted cash and investments	<u>760,089</u>
Total Primary Government Cash and Investments	<u>125,127,661</u>

San Rafael Sanitation District (Component Unit):

Cash and investments available for operations	<u>41,982,433</u>
Total San Rafael Sanitation District Cash and Investments	<u>41,982,433</u>

Statement of Fiduciary Net Position (separate statement):

Successor Agency to the Redevelopment Agency Private Purpose Trust Fund:

Cash available for operations	<u>33,117</u>
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Pt. San Pedro Road Assessment District Custodial Fund:

Cash available for operations	<u>255,411</u>
Total Fiduciary Fund Cash and Investments	<u>288,528</u>
Total Cash and Investments	<u><u>\$167,398,622</u></u>

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, 2025

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 securities 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 (a)	Maximum Percentage of Portfolio (a)	Maximum Investment in One Issuer
U.S. Government Obligations	5 years	N/A	No limit	No limit
Federal Agency Securities and Instruments	5 years	N/A	No limit	No limit
Repurchase Agreements	1 year	N/A	No limit	No limit
Prime Commercial Paper	270 days	A-1	25%	10% of total outstanding commercial paper and 5% of portfolio
Banker's Acceptances	180 days	A	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	20%	5% of portfolio
Local Agency Investment Fund	N/A	N/A	N/A	\$75m per Account
Money Market Funds	N/A	AAA	20%	N/A
Mortgage and Asset-Backed Obligations	5 years	AA	20%	5% of portfolio
Supranational Securities	5 years	AA	30%	10% of portfolio
Limited Obligation Improvement Bonds Related to Special Assessment Districts and Special Tax Districts issued by the City of San Rafael	30 years	N/A	N/A	N/A

(a) At time of purchase

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, 2025

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 (a)	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	N/A	No Limit
Repurchase Agreements	1 year	A-1	No Limit
Bankers' Acceptances	360 days	Highest Category Rating	No Limit
Money Market Mutual Funds	N/A	AAAm	No Limit
Prime Commercial Paper	270 days	Highest Category Rating	No Limit
Guaranteed Investment Contracts (fully collateralized) (b)	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	No Limit
California Asset Management Program	N/A	N/A	No Limit
Deposit Accounts	N/A	A	No Limit
State or Local Bonds	N/A	A	No Limit
Defeasance Securities	N/A	N/A	No Limit

(a) At time of purchase.

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. Fair Value Hierarchy

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2025:

	(a) Level 1	(b) Level 2	(c) Level 3	Total
City:				
Money Market Funds		\$972,264		\$972,264
U.S. Treasury Notes	\$12,473,566	5,546,263		18,019,829
Federal Agency Securities and Instruments		12,000,492		12,000,492
Medium-Term Corporate Notes		18,793,711		18,793,711
Investment in Pt. San Pedro Bonds			\$923,367 (d)	923,367
	<u>\$12,473,566</u>	<u>\$37,312,730</u>	<u>\$923,367</u>	50,709,663
<i>Investments Exempt from Fair Value Hierarchy:</i>				
Local Agency Investment Fund				65,659,129
Marin County Investment Pool				90,098
Total Investments				<u>116,458,890</u>
<i>Cash in banks and on hand</i>				<u>8,668,771</u>
Total City Cash and Investments				<u>125,127,661</u>
Fiduciary:				
<i>Cash in banks</i>				<u>288,528</u>
Total Fiduciary Cash				<u>288,528</u>
Total City and Fiduciary Cash and Investments				<u>125,416,189</u>
San Rafael Sanitation District:				
<i>Marin County Investment Pool</i>				<u>41,982,433</u>
District's Total Cash and Investments				<u>41,982,433</u>
Total Cash and Investments				<u>\$167,398,622</u>

Source: The above GASB 72 Classifications in the different input levels are provided by US Bank.

- (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.
- (d) This pertains to the City-owned bonds of its investments in Pt. San Pedro Special Assessment District that has no trading market and is thus listed under Level 3. This bond is valued using discounted cash flow techniques.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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 Funds	\$972,264		\$972,264
Local Agency Investment Fund	65,659,129		65,659,129
Marin County Investment Pool	90,098		90,098
U.S. Treasury Notes	5,946,130	\$12,073,699	18,019,829
Federal Agency Securities and Instruments	2,826,624	9,173,868	12,000,492
Medium-Term Corporate Notes	2,457,289	16,336,422	18,793,711
Investment in Pt. San Pedro Bonds		923,367	923,367
Total Investments	<u>\$77,951,534</u>	<u>\$38,507,356</u>	116,458,890
<i>Cash in banks and on hand</i>			<u>8,668,771</u>
Total City Cash and Investments			<u>125,127,661</u>
Fiduciary:			
<i>Cash in banks</i>			<u>288,528</u>
Total Fiduciary Cash			<u>288,528</u>
Total City and Fiduciary Cash and Investments			<u>125,416,189</u>
San Rafael Sanitation District:			
<i>Marin County Investment Pool</i>			<u>41,982,433</u>
Total District's Cash and Investments			<u>41,982,433</u>
Total Cash and Investments			<u>\$167,398,622</u>

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. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2025, these investments matured in an average of 248 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 45 days at June 30, 2025.

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.

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, 2025, for each of the City's or District's investment types as provided by Standard and Poor's or Moody's investment rating systems, except as noted:

Investments	Amount Invested	Percentage of Investments	NRSRO Rating
City:			
Money Market Funds	\$972,264	1%	AAAm
Marin County Investment Pool	90,098	< 1%	Aaa/AAA
U.S. Treasury Notes	18,019,829	15%	AAA
Federal Agency Securities and Instruments	12,000,492	10%	AAA
Medium-Term Corporate Notes	18,793,711	16%	AAA,AA2,AA3,A1,A2,A3
Local Agency Investment Fund	65,659,129	56%	Not Rated
Investment in Pt. San Pedro Bonds	923,367	1%	Not Rated
Total City Investments	116,458,890		
San Rafael Sanitation District:			
Marin County Investment Pool	41,982,433		AAA/V1
Total Investments	\$158,441,323		

H. Concentration Risk

There were no investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds, and external investment pools, that represent 5% or more of the total entity-wide investments at June 30, 2025.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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, 2025, were as follows:

From Fund	To Fund	Amount
General Fund	Gas Tax Special Revenue Fund	\$1,250,000 (A)
	Essential Facilities Capital Projects Fund	353,500 (B)
	Non-Major Governmental Funds	5,155,000 (B) (C)
	Internal Service Funds	3,500,000 (B)
Traffic and Housing Mitigation Fund	Non-Major Governmental Funds	250,000 (C)
Gas Tax Special Revenue Fund	General Fund	650,000 (C)
	Non-Major Governmental Funds	110,000 (A)
Parking Services Enterprise Fund	General Fund	477,993 (B)
	Non-Major Governmental Funds	96,000 (B)
Internal Service Funds	General Fund	680,313 (D)
	Non-Major Governmental Funds	13,543 (B)
Non-Major Governmental Funds	General Fund	151,129 (C)
		\$12,687,478

(A) Transfers for street maintenance support and administrative costs.

(B) Transfers for administrative costs, grant matching, recreation, and other program support.

(C) Transfers for project support.

(D) Transfers for debt service.

NOTE 4 – LOANS AND LEASES 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. As of June 30, 2025, these loans consisted of the following:

Employee Loans	\$399
Centertown Associates	944,751
3301 Kerner Loan	915,082
One "H" Street Associates	22,860
Vivalon Loan	1,816,825
Total	\$3,699,917

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 4 – LOANS AND LEASES RECEIVABLE (Continued)

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, 2025, the balance of the employee loans receivable was \$399.

C. *Centertown Associates Loan*

On August 20, 1990, the former Redevelopment Agency loaned Centertown Associates, Ltd, \$303,000 at 3% interest due semiannually for the construction of a 60-unit affordable apartment complex and was fully secured by a deed of trust. 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. On October 22, 2021, City Council approved the Amended and Restated Promissory Note for the loan. The amendment extended the due date to October 22, 2078, for the original loan balance of \$266,781 consisting of \$219,982 in remaining principal and \$46,799 in accrued interest as of the date of the amended loan agreement. In addition, the amendment included an additional loan in the amount of \$643,095 for a ground lease for certain land located at 855 C Street, currently improved with approximately sixty units of affordable housing. Interest is compounded at 1.74% annually and is repayable from residual receipts as defined under the agreement. Repayment is due on October 22, 2078. The amended note is secured by a Leasehold Deed of Trust with Assignment of Rents and Security Agreement on the Property. As of June 30, 2025, the balance of the loan including principal and accrued interest was \$944,751.

D. *3301 Kerner Loan*

On March 21, 2023, the City entered into a loan agreement in the amount of \$857,500 to fund the construction of a 41-unit multifamily rental housing development affordable to homeless or formerly homeless households with mental illness at rents affordable to extremely low- and very low- income households. The term is the later of (a) the fifty-seventh anniversary of the date the Deed of Trust is recorded in the Recorder's Office of Marin County or (b) the fifty-fifth anniversary of the date on which construction financing is converted into permanent financing.

Annual payments equal to the City's proportionate share of residual receipts attributable to the prior calendar year are due beginning June 1st after the end of the calendar year of the date that the construction loan for the property converts to a permanent loan. The note is secured by a Deed of Trust. As of June 30, 2025, the balance of the loan and accrued interest was \$915,082.

E. *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 the final payment is due January 18, 2033. As of June 30, 2025, the balance of this loan was \$22,860.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 4 – LOANS AND LEASES RECEIVABLE (Continued)

F. *Vivalon Loan*

On April 1, 2022, the City entered into a loan agreement in the amount of \$1,825,000 to fund construction of the Vivalon Healthy Aging Center located at 999 3rd Street. The site includes 66 one-bedroom and studio units for older adults and approximately 20% of the units are supportive housing. The construction financing was converted to permanent financing on October 28, 2024. The term is the later of (a) the fifty-seventh anniversary of the date the Deed of Trust is recorded in the Recorder's Office of Marin County or (b) the fifty-fifth anniversary of the date on which construction financing is converted into permanent financing. Annual payments equal to the City's proportionate share of residual receipts attributable to the prior calendar year are due beginning June 1st after the end of the calendar year that the construction loan for the property converts to a permanent loan. The loan was converted to a permanent loan on October 28, 2024. The note is secured by a Deed of Trust. As of June 30, 2025, the balance of the loan and accrued interest was \$1,816,825.

G. *Other Receivables – Long-Term Receivable from San Rafael Sanitation District*

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, 2025, is \$2,023,239, and is composed of the following:

Defined benefit pension liability allocation	\$1,639,039
Other post-employment benefit liability allocation	<u>384,200</u>
Total long-term receivable from San Rafael Sanitation District	<u><u>\$2,023,239</u></u>

H. *Leases Receivable*

The City from time to time engages in lease arrangements allowing the right for others to use various owned land and buildings for the public benefit. As of June 30, 2025, these leases and related deferred inflows of resources consisted of the following:

	Leases Receivable	Deferred Inflows of Resources
Marin History Museum	\$15,912	\$14,033
Yacht Club	124,865	112,992
Trans Bay Cable	<u>219,640</u>	<u>195,147</u>
Total	<u><u>\$360,417</u></u>	<u><u>\$322,172</u></u>

On August 1, 2021, the City began leasing a building to the Marin History Museum with monthly payments of \$1,200 - \$1,260 through July 1, 2026. The City recognized \$12,953 in lease revenue and \$1,176 in interest revenue during the current fiscal year related to this lease. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 4 – LOANS AND LEASES RECEIVABLE (Continued)

On April 1, 2014, the City began leasing property to the San Rafael Yacht Club. The lease was extended during fiscal year 2022 and lease payments are due annually with an initial amount of \$28,699 commencing March 31, 2022. Lease payments are to be increased by 5% every two years thereafter, until the end of the lease on March 31, 2029. The City recognized \$28,248 in lease revenue and \$3,011 in interest revenue during the current fiscal year related to this lease. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term.

On January 1, 2007, the City began leasing land to a third party for a cable operation. Lease payments are due annually with an initial amount of \$33,500 commencing March 31, 2022. Lease payments are to be increased by 3% every year thereafter, until the end of the lease on January 1, 2031. The City recognized \$32,525 in lease revenue and \$7,464 in interest revenue during the current fiscal year related to this lease. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term.

NOTE 5 – CAPITAL ASSETS

Changes in capital assets during the fiscal year consisted of:

	Balance June 30, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Governmental Activities					
Capital assets not being depreciated:					
Land	\$84,107,659				\$84,107,659
Construction in progress	28,784,981	\$13,070,903	(\$66,058)	(\$9,923,914)	31,865,912
Total capital assets not being depreciated	112,892,640	13,070,903	(66,058)	(9,923,914)	115,973,571
Capital assets being depreciated:					
Land improvements	10,851,579				10,851,579
Buildings and structures	119,721,666	15,260		1,249,203	120,986,129
Machinery and equipment	23,444,726	2,474,687	(1,450,047)		24,469,366
Infrastructure	264,924,783	443,003		8,674,711	274,042,497
Intangible right-to-use leased building	5,476,219				5,476,219
Intangible right-to-use leased equipment	1,226,361		(111,583)		1,114,778
Intangible right-to-use subscription asset	3,252,382	54,652	(167,652)		3,139,382
Total capital assets being depreciated	428,897,716	2,987,602	(1,729,282)	9,923,914	440,079,950
Less accumulated depreciation and amortization for:					
Land improvements	(8,754,187)	(171,595)			(8,925,782)
Buildings and structures	(32,759,025)	(2,821,371)			(35,580,396)
Machinery and equipment	(16,445,823)	(1,370,099)	1,449,348		(16,366,574)
Infrastructure	(162,748,302)	(6,419,061)			(169,167,363)
Intangible right-to-use leased building	(469,390)	(156,463)			(625,853)
Intangible right-to-use leased equipment	(308,915)	(176,180)	111,583		(373,512)
Intangible right-to-use subscription asset	(548,811)	(401,436)	167,652		(782,595)
Total accumulated depreciation and amortization	(222,034,453)	(11,516,205)	1,728,583		(231,822,075)
Total net capital assets being depreciated and amortized	206,863,263	(8,528,603)	(699)	9,923,914	208,257,875
Total governmental activity capital assets	\$319,755,903	\$4,542,300	(\$66,757)		\$324,231,446

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 5 – CAPITAL ASSETS (Continued)

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
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	10,736,254			10,736,254
Machinery and equipment	968,100			968,100
Total capital assets being depreciated	11,704,354			11,704,354
Less accumulated depreciation for:				
Buildings and structures	(4,740,861)	(\$226,051)		(4,966,912)
Machinery and equipment	(841,533)	(33,318)		(874,851)
Total accumulated depreciation	(5,582,394)	(259,369)		(5,841,763)
Total net capital assets being depreciated	6,121,960	(259,369)		5,862,591
Total business-type activity capital assets	\$14,742,813	(\$259,369)		\$14,483,444

	Balance June 30, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
San Rafael Sanitation District					
Capital assets not being depreciated:					
Land and easements	\$115,329				\$115,329
Construction in progress	10,629,533	\$15,490,695		(\$14,430,846)	11,689,382
Total capital assets not being depreciated	10,744,862	15,490,695		(14,430,846)	11,804,711
Capital assets being depreciated:					
Subsurface lines	50,648,903	117,270		14,275,892	65,042,065
Sewage collection facilities	47,568,274		(\$178,133)	154,954	47,545,095
General plant and administration	2,153,320		(120,751)		2,032,569
Total capital assets being depreciated	100,370,497	117,270	(298,884)	14,430,846	114,619,729
Less accumulated depreciation for:					
Subsurface lines	(15,329,319)	(664,946)			(15,994,265)
Sewage collection facilities	(28,339,510)	(1,652,611)	178,133		(29,813,988)
General plant and administration	(1,718,429)	(105,914)	120,751		(1,703,592)
Total accumulated depreciation	(45,387,258)	(2,423,471)	298,884		(47,511,845)
Total net capital assets being depreciated	54,983,239	(2,306,201)		14,430,846	67,107,884
Total District's capital assets	\$65,728,101	\$13,184,494			\$78,912,595

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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 5 – CAPITAL ASSETS (Continued)

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	\$254,894
Public safety	1,290,193
Public works and parks	7,485,295
Community development	34,860
Culture and recreation	681,012
Internal service funds	<u>1,769,951</u>
Total Governmental Activities	<u><u>\$11,516,205</u></u>
Business-type Activities	
Parking services	<u>\$259,369</u>
Total Business-type Activities	<u><u>\$259,369</u></u>

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 long-term liabilities for the fiscal year ended June 30, 2025, are as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental Activities - Long-Term Debt:					
Bonds	\$43,149,435		(\$3,752,943)	\$39,396,492	\$3,510,000
Direct Borrowings	<u>502,689</u>		<u>(173,106)</u>	<u>329,583</u>	<u>174,623</u>
Total Governmental Activities - Long-Term Debt	<u><u>\$43,652,124</u></u>		<u><u>(\$3,926,049)</u></u>	<u><u>\$39,726,075</u></u>	<u><u>\$3,684,623</u></u>
Governmental Activities - Other Long-Term Liabilities:					
Compensated Absences	\$4,434,492	\$681,457		\$5,115,949	\$639,494
Net Pension Liability	96,649,584		(1,998,910)	94,650,674	
Net OPEB Liability	20,513,064		(2,653,035)	17,860,029	
Claims Payable	14,501,862	2,764,021	(2,476,984)	14,788,899	3,666,214
Lease Liabilities	6,405,391		(180,733)	6,224,658	169,137
Subscription Liabilities	<u>2,418,280</u>		<u>(488,440)</u>	<u>1,929,840</u>	<u>395,270</u>
Total Governmental Activities - Other Long-Term Liabilities	<u><u>\$144,922,673</u></u>	<u><u>\$3,445,478</u></u>	<u><u>(\$7,798,102)</u></u>	<u><u>\$140,570,049</u></u>	<u><u>\$4,870,115</u></u>
	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Business-type Activities - Long-Term Debt:					
Bonds	<u>\$3,388,653</u>		<u>(\$329,275)</u>	<u>\$3,059,378</u>	<u>\$335,000</u>
Total Business-type Activities - Long-Term Debt	<u><u>\$3,388,653</u></u>		<u><u>(\$329,275)</u></u>	<u><u>\$3,059,378</u></u>	<u><u>\$335,000</u></u>
Business-type Activities - Other Long-Term Liabilities:					
Compensated Absences	\$138,659	\$10,993		\$149,652	\$18,707
Net Pension Liability	2,722,631		(\$433,891)	2,288,740	
Net OPEB Liability	<u>336,936</u>		<u>(43,577)</u>	<u>293,359</u>	
Total Business-type Activities - Other Long-Term Liabilities	<u><u>\$3,198,226</u></u>	<u><u>\$10,993</u></u>	<u><u>(\$477,468)</u></u>	<u><u>\$2,731,751</u></u>	<u><u>\$18,707</u></u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – LONG-TERM DEBT (Continued)

A summary of governmental and business-type activities long-term bonds and notes payable for the fiscal year ended June 30, 2025, are as follows:

	Authorized and Issued	Balance June 30, 2024	Retirements	Balance June 30, 2025	Current Portion
Governmental Activities Bonds:					
2018 Authority Lease Revenue Bonds 4.00%-5.00%, due 6/1/2034	\$45,485,000	\$36,830,000	\$2,645,000	\$34,185,000	\$2,870,000
Add: unamortized bond premium		5,079,435	507,943	4,571,492	
2010 Taxable Pension Obligation Bonds 6.00%-6.25%, due 7/1/2025	4,490,000	1,240,000	600,000	640,000	640,000
Total Governmental Activities Bonds		43,149,435	3,752,943	39,396,492	3,510,000
Governmental Activities - Direct Borrowings:					
PG & E CEC Efficiency Note Payable 1.00%, due 12/22/2026	1,104,799	381,226	151,351	229,875	152,868
PG & E Energy Efficient Lighting Project Note Payable 0.00% due 1/20/30	174,036	121,463	21,755	99,708	21,755
Total Governmental Activities - Direct Borrowings		502,689	173,106	329,583	174,623
Total Governmental Activities Debt		\$43,652,124	\$3,926,049	\$39,726,075	\$3,684,623
Business-type Activities:					
2012 Authority Lease Revenue Refunding Bonds 2.00-4.00%, due 4/1/2033	\$6,750,000	\$3,395,000	\$330,000	\$3,065,000	\$335,000
Less: unamortized bond discount		(6,347)	(725)	(5,622)	
Total Business-type Activities Bonds		3,388,653	329,275	3,059,378	335,000
Total Business-type Activities		\$3,388,653	\$329,275	\$3,059,378	\$335,000

A. 2018 Authority Lease Revenue Bonds

On March 5, 2018, the Authority issued 2018 Authority Lease Revenue Bonds in the amount of \$45,485,000 bearing interest at rates from 4.00% to 5.00%. The proceeds of the bonds were provided for replacement of two fire stations and construction of a public safety center. The Authority has pledged revenue pursuant to a site and facility lease between the City and the Authority for the public safety center. The lease rental payments are due semi-annually and are in an amount sufficient to make payments on the Bonds. Principal payments are due annually on June 1 and interest is payable semiannually on June 1 and December 1. The Bonds maturing on or prior to June 1, 2028, are not subject to optional redemption prior to their maturity. The Bonds maturing on or after June 1, 2029, are subject to optional redemption as a whole or in part on any date after June 1, 2028, 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.

The Bonds are payable from any source of available funds of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – LONG-TERM DEBT (Continued)
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B. *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%. Principal payments are due annually on July 1 and interest is payable semiannually on January 1 and July 1. 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. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

C. *Pacific Gas and Electric Notes Payable*

PG&E CEC Efficiency

On September 5, 2017, City Council approved the execution of a note payable agreement with PG&E in an amount up to \$1,178,813, bearing interest at 1%. The debt was assumed as a means to finance the execution of various energy efficiency system upgrades to City facilities and streetlights. The upgrades included interior and exterior lighting upgrades and energy management control systems. The City made the final draw on the loan and the final loan obligation was \$1,104,799. Payments commenced in December 2019 and are due semi-annually until paid in full in December 2026.

PG&E Energy Efficient Lighting Project

On September 20, 2021, the City executed a note payable agreement with PG&E in the amount of \$174,036, which does not bear interest. The debt was assumed as a means of financing energy efficient lighting for the Al Boro recreation center and the department of Public Works building. Repayment of the loan commenced in February 2022 and payments are due monthly until paid in full in January 2030.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – LONG-TERM DEBT (Continued)
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D. 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. 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.

The Bonds are payable from any source of available funds of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 – LONG-TERM DEBT (Continued)

E. Future Debt Service

Future debt service requirements, including interest, at June 30, 2025, are as follows:

For the Year Ended June 30	Governmental Activities			
	Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	\$3,510,000	\$1,729,256	\$174,623	\$1,919
2027	3,105,000	1,565,750	98,762	386
2028	3,355,000	1,410,500	21,755	
2029	3,615,000	1,242,750	21,755	
2030	3,895,000	1,062,000	12,688	
2031-2034	17,345,000	2,149,250		
Totals	34,825,000	\$9,159,506	329,583	\$2,305
Reconciliation of Long-term debt:				
Add: unamortized premium	4,571,492			
	<u>\$39,396,492</u>		<u>\$329,583</u>	

For the Year Ended June 30	Business-type Activities	
	Bonds	
	Principal	Interest
2026	\$335,000	\$113,562
2027	350,000	102,256
2028	360,000	90,006
2029	375,000	77,406
2030	390,000	63,812
2031-2033	1,255,000	100,588
Totals	<u>\$3,065,000</u>	<u>\$547,630</u>
Reconciliation of Long-term debt:		
Less: unamortized discount	(\$5,622)	
	<u>\$3,059,378</u>	

NOTE 7 – DEBT WITHOUT CITY COMMITMENT

A. Special Assessment Debt Without City Commitment

Special assessment districts have been established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance these improvements. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties in these special assessment districts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these districts. The City does act as an agent for the property owners and bondholders and at June 30, 2025, the balances of these Districts' outstanding debt were as follows:

	Project Description	Original Amount	Outstanding June 30, 2025
Pt. San Pedro Road Median Landscaping Assessment District Limited Obligation Bonds-2012	Pt. San Pedro Road Median Landscaping	<u>\$1,750,000</u>	<u>\$893,500</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 7 – DEBT WITHOUT CITY COMMITMENT

B. Conduit Debt

The City has assisted private-sector entities by sponsoring their issuance of debt for purposes the City deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these issuers. At June 30, 2025, the balance of this issuers' outstanding debt was as follows:

	Project Description	Original Amount	Outstanding June 30, 2025
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2000A	162-175 Belvedere Apartments	\$3,590,529	\$665,144
California Statewide Communities Development Authority Revenue Bonds-2001	St. Marks School	5,605,000	1,280,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2002	San Rafael Commons Apartments	6,100,000	3,425,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2007 Series A	Martinelli House Project	6,000,000	1,475,459
Multifamily Housing Revenue Bonds-2007 Series B	Martinelli House	1,000,000	60,467
	Total	<u>\$22,295,529</u>	<u>\$6,906,070</u>

NOTE 8 – NET POSITION AND FUND BALANCE

A. Net Position

Net Position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, 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 on the following page:

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, 2025

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 generally accepted accounting principles, which require 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, loans 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 adopted 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, 2025

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2025, are below (continued on next page):

		Special Revenue Funds		Capital Project Funds		Other	
		Traffic and		Essential Facilities		Governmental	
	General Fund	Housing Mitigation	Gas Tax	Capital Projects Fund		Funds	Total
Fund balances:							
Nonspendable:							
Prepays	\$70,759						\$70,759
Total Nonspendable	70,759						70,759
Restricted:							
Assessment District capital projects						\$306,452	306,452
Baypoint Lagoons Assessment District						238,736	238,736
Bedroom tax capital projects						158,515	158,515
Business Improvement District							
Childcare						1,589,704	1,589,704
Development services						515,080	515,080
Emergency medical services						3,674,088	3,674,088
Gas tax			\$15,293,261				15,293,261
Grants						642,002	642,002
Household hazmat facility						55,251	55,251
Library						2,619,889	2,619,889
Library assessment						895,216	895,216
Loch Lomond Assessment District						883,515	883,515
Loch Lomond Assessment District #2						1,271,346	1,271,346
Low and Moderate Income Housing						2,023,720	2,023,720
Measure A - Open Space						971,575	971,575
Measure C - Wildfire Prevention						2,846,520	2,846,520
Measure E - Public Safety Facility				\$3,328,812			3,328,812
Measure G - Cannabis						889,625	889,625
Parkland dedication						380,990	380,990
Public safety						49,568	49,568
Pt. San Pedro- Maintenance Portion						279,879	279,879
Storm water						3,409,198	3,409,198
Traffic and housing mitigation		\$6,575,682					6,575,682
Total Restricted		6,575,682	15,293,261	3,328,812		23,700,869	48,898,624
Committed:							
Capital improvement capital projects						4,648,913	4,648,913
Emergency reserves	10,125,000						10,125,000
Park capital projects						27,940	27,940
Total Committed	10,125,000					4,676,853	14,801,853
Assigned:							
Contractual commitments	1,379,814						1,379,814
One-time funds allocated to projects	13,752,273						13,752,273
Infrastructure Reserve	1,000,000						1,000,000
General plan / long range planning	2,209,541						2,209,541
Open space capital projects						126,205	126,205
Total Assigned	18,341,628					126,205	18,467,833
Unassigned:							
Economic uncertainty reserve	5,063,000						5,063,000
Unassigned fund balance	314,432					(70,059)	244,373
Total Unassigned	5,377,432					(70,059)	5,307,373
Total Fund Balances	\$33,914,819	\$6,575,682	\$15,293,261	\$3,328,812		\$28,433,868	\$87,546,442

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

C. *Minimum Fund Balance Policy*

The City Council adopted a General Fund Reserve Policy in June 2024 to establish target reserve levels and the methodology for calculating reserve levels. The Policy also establishes criteria for the use of reserves and a process to replenish reserves.

The Policy requires the City to strive to maintain the following fund balances:

1) Emergency and Cash Flow Reserve (15% minimum)

An emergency and cash flow reserve will be maintained for the purposes of (1) sustaining General Fund operations in the case of a public emergency, such as a natural disaster or other unforeseen catastrophic event (10%); and (2) to cover sudden operating shortfalls caused by (a) a severe drop in revenues that cannot be sufficiently offset by a corresponding reduction in expenditures and/or other available resources, or (b) an unforeseen, unavoidable expenditure that must be paid from the General Fund (5%).

This reserve level is measured as a percentage of annual operating expenditures. Budgeted operating expenditures are to be used for the purposes of budget allocations and projections, and actual operating expenditures are to be used for the purpose of measuring this reserve at fiscal year-end. This reserve may be expended only when the City Council determines by resolution that such action is consistent with the purpose and intent of this policy.

In the event the balance in the Emergency and Cashflow Reserve falls below the minimum level, the City Manager, shall recommend a plan to replenish the fund within a timeframe not to exceed three years. This recommendation shall be approved by the City Council no later than the time at which the next annual budget is adopted. Any variance from the stipulations established within this policy shall require approval by the City Council along with a statement of findings supporting the temporary or ongoing modification to this policy.

The required reserve was \$15,188,000 at June 30, 2025, and the balance of the reserve, included in the General Fund's committed and unassigned fund balances were \$10,125,000 and \$5,063,000, respectively.

2) Other Facilities and Infrastructure

The purpose of the assigned infrastructure reserve is to accumulate funds to be used for the purpose of non-public safety facility construction and major improvements (e.g., library, administrative and non-safety buildings, streets, and the stormwater system). This was \$1,000,000 at June 30, 2025.

The General Plan/Long Range Planning reserve included in the General Fund's assigned fund balance was \$2,209,541 at June 30, 2025, which is specifically assigned to the City's General Plan, a state required plan that must address eight topic areas – Neighborhoods, Community Design, Economic Vitality, Infrastructure, Governance, Culture and Arts, Parks and Recreation and Air and Water Quality.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

D. Net Position Deficit

At June 30, 2025, the Recreation Revolving Special Revenue Fund had a deficit net position of \$70,059 due to expenditure increases outpacing revenue growth. The City plans to evaluate the performance of the fund through the first half of the following fiscal year and propose any necessary augmentations at that time.

NOTE 9 – PENSION PLAN

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 the plan may be obtained from their office at One McInnis Parkway, Suite 100, San Rafael, CA 94903 or online at www.mcera.org.

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. 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (Continued)

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. 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.

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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (Continued)

The City contribution rates for the year ended June 30, 2025 were as follows:

	Employer Contribution Rate	Employee Contribution Rate	Benefit	Basis
City of San Rafael Misc Tier 1	46.80%	10.95% - 17.20%	2.7% @ 55	Highest year
City of San Rafael Misc Tier 2	46.45%	7.83% - 12.35%	2.0% @ 55	Average three highest years
City of San Rafael Fire Tier 1	73.41%	14.23% - 20.48%	3.0% @ 55	Highest year
City of San Rafael Fire Tier 2	72.57%	12.59% - 18.50%	3.0% @ 55	Average three highest years
City of San Rafael Safety Police Tier 1	72.89%	14.23% - 20.48%	3.0% @ 55	Highest year
City of San Rafael Safety Police Tier 2	74.17%	12.59% - 18.50%	3.0% @ 55	Average three highest years
PEPRA Misc	40.94%	9.65%	2.0% @ 62	Average three highest years
PEPRA Safety	64.07%	15.75%	2.7% @ 57	Average three highest years

These rates were determined by MCERA, based on the actuarial valuation dated June 30, 2023. The actual rate of return on investments during that year was 7.0% on a market value basis net of investment expenses, as compared to the prior year's 6.75% assumption.

The City uses the actuarially determined percentages of payroll to calculate and pay contributions to MCERA. Contributions to the plan from the City were \$23,969,930 for the year ended June 30, 2025, based on a total payroll of \$56,125,593, of which \$41,605,711 represented the basis for the plan contributions. Of the total payroll subject to plan contributions, \$1,776,253 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 (7 years remaining as of June 30, 2023), except for the additional UAL attributable to the outstanding unfunded actuarial loss from 2009, which is being amortized over a separate closed period (currently 15 years as of June 30, 2023).

Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses or method changes are amortized over a closed 24-year period, with a 5-year ramp up period at the beginning of the period, a 4-year ramp down at the end of the period, and 15 years of level payments as a percentage of payroll between the ramping periods. This amortization method for gains and losses is similar to a 20-year amortization period with level payments as a percentage of payroll, in conjunction with a traditional 5-year asset smoothing.

Assumption changes are amortized over a closed 22-year period, with a 3-year ramp up period, 2-year ramp down period, and 17 years of level payments as a percentage of payroll.

D. Pension Liability and Pension Expense

The City's net pension liability (NPL) has been determined for the financial reporting period ended June 30, 2025, based on the following methodology: The City's NPL as of June 30, 2023, was updated to the measurement date of June 30, 2024 using the actual City's plan assets as of June 30, 2024, and estimating the change in the City's liabilities between July 1, 2023, and June 30, 2024. This estimate is based on a projection of the City's long-term contributions to the pension plan relative to the projected contributions of all participating employers.

The resulting NPL for the City under this calculation is \$96,939,414 or 39.52% of the total MCERA NPL of \$245,301,971 (reference MCERA's GASB 67/68 report as of June 30, 2024). This compares to the previous year's net pension liability of \$99,372,216 or 34.41% of the total MCERA net pension liability of \$288,821,503 (reference MCERA's GASB 67/68 report as of June 30, 2023).

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (Continued)

In addition to the reporting of the NPL as of June 30, 2025, the City reported deferred inflows of \$20,544,742 and deferred outflows of \$67,271,340 as of the measurement date June 30, 2024. The City reported post-measurement date outflows of \$23,969,930 from actual fiscal year 2024-2025 pension contributions. Deferred outflows include deferred investment gains and adjustments to assumptions based on actual positive results. Deferred outflows have a positive impact on net assets (offsetting the net pension liability) and will be recognized in future reporting periods. Deferred inflows include deferred investment losses, adjustments to assumptions based on actual negative results, and contributions made after the measurement date.

Deferred inflows have a negative impact on net assets (similar to the NPL) and will be recognized in future reporting periods. The net impact of these pension liability related entries on the City's Statement of Net Position before allocations to the San Rafael Sanitation District was \$50,212,816. After allocations to the San Rafael Sanitation District, the net impact on the City's Statement of Net Position was \$48,573,777.

Under generally accepted accounting principles, the City's pension expense is based on the Plan's pension expense, adjusted for the City's actual contributions and net pension liability (asset).

Three components are used to calculate pension expense: (1) changes in the net pension liability; (2) changes in benefit terms (if any); and (3) changes in actuarial assumptions and experience. Pension expense is calculated using a different methodology than that used to derive the actuarially determined annual contribution to the Plan. Actual pension contributions during the reporting year were \$23,969,930. Because pension expense is affected by annual changes in the net pension liability, volatility is to be expected.

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

Summary of Results		
Description	Measurement Date 6/30/2024	Measurement Date 6/30/2023
Net Pension Liability	\$96,939,414	\$99,372,215
Deferred Inflows	20,544,742	17,618,473
Deferred Outflows	(43,301,410)	(38,735,090)
Impact on Net Position before Deferred Outflows from Contributions	74,182,746	78,255,598
Additional Deferred Outflows - Contributions Subsequent to Measurement Date	(23,969,930)	(21,474,137)
Impact on Statement of Net Position before Allocations	50,212,816	56,781,461
Allocation of Net Pension Liability to SRSD	3,142,745	3,351,534
Allocation of Deferred Inflows (measurement date) to SRSD	666,054	594,219
Allocation of Deferred Outflows (measurement date) to SRSD	(1,403,818)	(1,306,420)
Impact on Net Position before Allocation of Deferred Outflows from Contributions to SRSD	2,404,981	2,639,333
Allocation of Additional Deferred Outflows (Contributions) to SRSD	(765,942)	(625,953)
Long-Term Receivable from SRSD, due to pension obligations (see Note 4G)	1,639,039	2,013,380
Impact on Statement of Net Position, net of receivable from SRSD	\$48,573,777	\$54,768,081
Pension Expense	\$17,355,907	\$16,240,173

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (Continued)

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. MCERA and the City have adopted a measurement date of June 30, 2024. The beginning of year measurement of TPL is based on the actuarial valuation as of June 30, 2023. The TPL at the end of the measurement year, June 30, 2024, is also measured as of the valuation date of June 30, 2023 and projected to June 30, 2024.

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, 2023. The FNP at the end of the measurement year, June 30, 2024, is also measured as of the valuation date of June 30, 2023, and projected to June 30, 2024.

The Net Pension Liability (NPL) is the City's liability (asset) for benefits provided through its defined benefit plan administered by MCERA. It is calculated by reducing the TPL by the FNP. The long-term portion of the governmental activities' NPL is liquidated primarily by the General Fund.

Actuarial assumptions:

The total pension liability as of June 30, 2024 (measurement date) was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions applied to all prior periods included in the measurement.

Expected Return on Assets	6.75% per year, net of investment expenses
Discount Rate	6.75% per year
Price Inflation	2.50% per year
Salary Increases	3.00% per year plus merit component based on employee classification and years of service.
Administrative Expenses	Administrative expenses in the actuarial valuation are assumed to be \$5,423,947 for FY 2023-24, to be split between employees and employers based on their share of the overall contributions. Administrative expenses shown in this report are based on the actual FY 2023-24 amounts.
Post-Retirement COLA	Post-retirement COLAs are assumed at a rate of 2.5% for members with a 4% COLA cap, 2.4% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap.
Mortality Rates for Healthy Members and Inactives	Mortality rates for Miscellaneous active members are based on the sex distinct Public General 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. Mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements Projected from 2010 using Projection Scale MP-2020, with no adjustments. 10% of Safety member active deaths are assumed to occur in the line of duty.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (Continued)

**Mortality Rates for
Retired Disabled
Members**

Rates of mortality for Miscellaneous disabled members are based on the sex distinct Public General 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, adjusted by 95% for females and males.

Rates of mortality for Safety disabled members are based on the sex distinct Public Safety 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, adjusted by 95% for males with no adjustment for females.

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

The 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, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Rate of Return (with the effect of inflation)
Domestic Equity	32%	5.15%	7.65%
International Equity	22%	5.15%	7.65%
Fixed Income	23%	2.75%	5.25%
Real Assets	15%	4.10%	6.60%
Private Equity	8%	6.25%	8.75%
Total	100%		

The Long-Term returns are calculated using a 10-year geometric return derived from arithmetic returns and the associated risk (standard deviation).

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (Continued)

Determination of Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. 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 (15 years remaining as of the June 30, 2023 actuarial valuation), and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (7 years remaining as of the June 30, 2023 actuarial valuation).

A change in the discount rate would affect the measurement of the TPL. A lower discount rate results in a higher TPL whereas a higher discount rate results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be significant for a relatively small change in the discount rate.

The table below shows the sensitivity of the Net Pension Liability (Asset) to a one percent decrease and a one percent increase in the discount rate:

Description	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total Pension Liability	\$1,595,727,520	\$1,416,561,207	\$1,268,591,434
Fiduciary Net Position	1,319,621,793	1,319,621,793	1,319,621,793
Net Pension Liability (Asset)	<u>\$276,105,727</u>	<u>\$96,939,414</u>	<u>(\$51,030,359)</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	82.7%	93.2%	104.0%

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, 2025

NOTE 9 – PENSION PLAN (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
Differences between expected and actual experience	\$17,242,882	\$1,705,552
Changes in assumptions		3,792,683
Change in proportion	11,158,146	
Difference between City contributions and proportionate share of contributions		15,046,507
Actual FY 24-25 contributions (post measurement date)	23,969,930	
Net difference between projected and actual earnings on pension plan investments	14,900,382	
Deferred Inflows and Outflows Before Allocations	\$67,271,340	\$20,544,742
Allocation of Deferred Inflows and Outflows to SRSD		
As of measurement date	\$1,403,818	\$666,054
Post-measurement date	765,942	
Net Deferred Inflows and Outflows	\$65,101,580	\$19,878,688

The \$23,969,930 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, 2026. 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
2026	(\$11,801,826)
2027	40,729,238
2028	(1,485,441)
2029	(4,685,303)
Total	\$22,756,668

NOTE 10 – PUBLIC AGENCY RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLAN)

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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 10 – PUBLIC AGENCY RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLAN) (Continued)

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.

During the year, the City and employees each contributed \$137,362. The total covered payroll of employees participating in the plan for the year ended June 30, 2025, was \$3,662,987

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The City provides certain health care benefits for retired employees and their spouses under an Agent Multiple-Employer 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.

The provisions and benefits of the City's Other Post Employment Benefit Plan, in effect at June 30, 2025, are summarized as follows:

	Elected Officials, Mid-Management, & Unrepresented Management	All other Bargaining Units
<i>Eligibility</i>	Retire directly from the City: - CLASSIC - Age 50 (age 55 if hired > 7/1/11) with 10 years services (Including reciprocity) OR - 30 years service (Miscellaneous), 20 years service (Safety) OR - Age 70 - PEPRA - Age 50 (age 52 for Miscellaneous) with 5 years of service (including reciprocity) OR - Age 70 - Disability Retirement	
<i>Benefit</i>	Hired < 1/1/09 Full premium/cap Hired ≥ 1/1/09 PEMHCA Min	Hired < 1/1/10 Up to cap Hired ≥ 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 ≥ 4/1/07 None	None
<i>Other</i>	No Dental, Vision, or Life Benefits	

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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

Membership in the plan consisted of the following at June 30, 2024, the measurement date:

Active plan members	350
Inactive employees or beneficiaries currently receiving benefit payments	375
Inactive employees entitled to but not yet receiving benefit payments	82
Total	807

Funding Policy and Actuarial Assumptions

The City's net OPEB liability was measured using a Total OPEB Liability and Fiduciary Net Position measured as of June 30, 2024, using an actuarial valuation as of June 30, 2023. The following actuarial assumptions were used in the valuation: (a) 6.25% investment rate of return and (b) 2.50% of general inflation increase, and (c) a healthcare trend of declining annual increases ranging from 8.50% for 2025 to 3.45% for the years starting 2076. 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.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2022 through June 30, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Rate of Return (with the effect of inflation)
Public Equity	49%	4.56%	7.06%
Fixed Income	23%	1.56%	4.06%
TIPS	5%	-0.08%	2.42%
Commodities	3%	1.22%	3.72%
REITs	20%	4.06%	6.56%
Total	100%		
Assumed Long-Term Rate of Inflation		2.50%	
Assumed Long-Term Investment Expenses		n/a	
Expected Long-Term Net Rate of Return		6.25%	
Discount Rate		6.25%	

The Expected Long-Term Rate of Return is provided by CERBT – Strategy 1.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using the strategy to achieve the expected return.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2024 (6/30/23 measurement date)	\$47,839,000	\$26,989,000	\$20,850,000
Changes Recognized for the Measurement Period:			
Service Cost	575,631		575,631
Interest on the total OPEB liability	2,924,665		2,924,665
Contributions from the employer		3,251,000	(3,251,000)
Net investment income		2,965,706	(2,965,706)
Administrative expenses		(19,798)	19,798
Benefit payments and refunds	(3,240,000)	(3,240,000)	
Net Changes during July 1, 2024 to June 30, 2025	260,296	2,956,908	(2,696,612)
Balance at June 30, 2025 (6/30/24 measurement date)	\$48,099,296	\$29,945,908	\$18,153,388

The benefit payments and refunds include implied subsidy benefit payments in the amount of \$649,000.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate +1% (7.25%)
\$23,336,034	\$18,153,388	\$13,762,508

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates.

Plan's Net OPEB Liability/(Asset)		
	Healthcare Cost	
Trend Rate -1%	Trend Rates	Trend Rate +1%
\$14,984,405	\$18,153,388	\$21,951,283

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA, 94229.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

Components of OPEB Expense for fiscal year 2024-2025 were as follows:

Service Cost	\$575,631
Interest on Total OPEB Liability	2,924,665
Projected earning on investments	(1,686,538)
Administrative expense	19,798
Recognition of deferred outflows/inflows:	
Experience	(1,666,000)
Assumptions	479,000
Asset Returns	70,166
OPEB Expense	\$716,722

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2025 were as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Changes of assumptions	\$2,333,669	\$38,331	\$2,372,000
Net difference between projected and actual earnings on plan investments	289,904	4,762	294,666
Employer contributions made subsequent to the measurement date	3,314,124	54,436	3,368,560
Total deferred outflows of resources	<u><u>\$5,937,697</u></u>	<u><u>\$97,529</u></u>	<u><u>\$6,035,226</u></u>
Deferred inflows of resources:			
Differences between expected and actual experience	\$3,383,426	\$55,574	\$3,439,000
Total deferred inflows of resources	<u><u>\$3,383,426</u></u>	<u><u>\$55,574</u></u>	<u><u>\$3,439,000</u></u>

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life.

\$3,368,560 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Amortized Amount
2026	(\$460,834)
2027	539,166
2028	(429,834)
2029	(420,832)
	<u><u>(\$772,334)</u></u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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

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

Summary of Results		
Description	Measurement Date June 30, 2024	Measurement Date June 30, 2023
Net OPEB Liability	\$18,153,388	\$20,850,000
Deferred Inflows	3,439,000	5,480,000
Deferred Outflows	(2,666,666)	(4,870,000)
Impact on Net Position before deferred contributions	18,925,722	21,460,000
Additional Deferred Outflows - Contributions subsequent to measurement date	(3,368,560)	(3,251,000)
Impact on Statement of Net Position before Allocations	15,557,162	18,209,000
Allocation of NOL to SRSD	448,316	514,912
Allocation of Deferred Inflows (measurement date) to SRSD	84,930	135,334
Allocation of Deferred Outflows (measurement date) to SRSD	(65,856)	(120,270)
Impact on Net Position before deferred contributions to SRSD	467,390	529,976
Allocation of Additional Deferred Outflows (contributions) to SRSD	(83,190)	(80,287)
Long-Term Receivable from SRSD, due to OPEB obligations (see Note 4G)	384,200	449,689
Impact on Statement of Net Positions, net of receivable from SRSD	\$15,172,962	\$17,759,311
OPEB Expense	\$716,722	\$943,000
Covered Employee Payroll	\$45,758,000	\$43,603,000

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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 consortia 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 was \$342,511 for the year ended June 30, 2025. Financial statements of the System can be obtained from the County Librarian, Marin County Free Library at 1401 Los Gamos Drive, Suite 200, San Rafael, California 94903.

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 streetlights to be acquired in the local agency's individual jurisdiction in relation to the total number of streetlights to be acquired by the Marin Streetlight Acquisition Joint Powers Authority. MGSA services now include street light maintenance, abandoned vehicle abatement, taxicab regulation, administrative responsibility for MarinMap and the CATV program formerly administered by the Marin Telecommunications Authority established to regulate the rates for cable television service and equipment. The City's contribution to MGSA was \$914,680 for the year ended June 30, 2025. Financial statements of the MGSA can be obtained at 900 Fifth Avenue, Suite 100, San Rafael, California 94901.

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. The members entered into a Project Operating Agreement on February 1, 1999.

On February 1, 1999, the members entered into an Operating Agreement whereby members are obligated to contribute service payments to cover the Authority's operations and debt service. The City's portion of the obligation is 16.913%. The City contributed \$513,918 of the Authority's operations and debt service for the fiscal year ended June 30, 2025. 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. 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 \$20,664 for the year ended June 30, 2025. Financial statements of the Authority can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

E. Central Marin Sanitation Agency (CMSA)

In October 1979, the District entered into a joint powers agreement with three neighboring sanitation agencies in central Marin County forming the Central Marin Sanitation Agency (CMSA). CMSA serves as a regional wastewater treatment plant for its four member agencies and San Quentin Prison (SQ) and is governed by a five-member Board of Commissioners, two appointed by the Board of Directors of the District, two appointed by the governing board of the Ross Valley Sanitary District, and one appointed by the governing board of Sanitary District No. 2 (SD 2).

Total project costs for the joint venture were funded from federal (75%) and state (12.5%) clean water grants and from local shares (12.5% total) allocated among the member agencies and SQ based upon the weighted average of the strength and volume of sewage flows per member at inception of the project. CMSA derives its annual funding for its operations and capital programs almost exclusively from service charges to member agencies. The joint powers agreement does not provide an explicit measurable right as required to establish an equity interest for any of the joint venture participants, and in addition to, stipulates that all excess capital funds, if any, and all excess administration, operations, and maintenance funds from whatever source, if any, are the property of CMSA.

The financial statements of the CMSA are available at the CMSA office at 1301 Anderson Drive, San Rafael, California 94901 and online at www.cmsa.us.

NOTE 13 – RISK MANAGEMENT

A. City

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 13 – RISK MANAGEMENT (Continued)
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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 \$215,117,500. The City is self-insured up to \$750,000 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. The City contributed a total of \$2,131,195 in liability coverage premiums during the fiscal year ended June 30, 2025. Five years after settlement of all general liability claims for a program year, CJPRMA will retroactively adjust premium deposits for any excess or deficiency in deposits related to paid claims and reserves. Financial statements for the risk pool 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.

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.

Generally accepted accounting principles require municipalities to record the liability for uninsured claims and to reflect the current portion of this liability as an expenditure in the 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 City's present value liability for uninsured claims below include a provision for claims incurred but not reported using a discount rate of 2%.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 13 – RISK MANAGEMENT (Continued)

	General Liability *	Workers' Compensation *	Totals, as of June 30	
			2025	2024
Balance, beginning of year	\$3,340,771	\$11,161,091	\$14,501,862	\$15,786,698
Current year claims and changes in estimates	935,939	1,828,082	2,764,021	2,318,043
Claims paid	(872,123)	(1,604,861)	(2,476,984)	(3,602,879)
Balance, end of year	<u>\$3,404,587</u>	<u>\$11,384,312</u>	<u>\$14,788,899</u>	<u>\$14,501,862</u>
Due in one year	\$1,277,825	\$2,388,389	\$3,666,214	\$3,389,162
Due in more than one year	<u>2,126,762</u>	<u>8,995,923</u>	<u>11,122,685</u>	<u>11,112,700</u>
Total claim liabilities	<u>\$3,404,587</u>	<u>\$11,384,312</u>	<u>\$14,788,899</u>	<u>\$14,501,862</u>

* Liability based on an actuarial valuation as of December 31, 2023, extrapolated to June 30, 2025.

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

B. District

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The District participates in a joint powers agreement with other entities forming the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool operating as a common risk management and insurance program for 60 member entities. CSRMA is governed by a Board of Directors composed of one representative from each member agency and meets three times per year in conjunction with conferences of the California Association of Sanitation Agencies. The Board controls the Note 1 operations of CSRMA, including selection of management and approval of operating budgets, independent of any influence by member entities.

The District pays annual premiums to CSRMA for its primary insurance and property insurance programs. Primary and property insurance programs are fully insured wherein CSRMA purchases insurance as a group thereby reducing its costs. CSRMA provides both fully insured and pooled insurance programs for its participating member entities. Because all employees of the District are contracted employees from the City of San Rafael, workers' compensation insurance is not carried by the District but is provided through the City.

CSRMA's primary and property insurance programs transfer risk to commercial insurance policies for claims above deductibles, while the District retains risk for claims to the extent of deductibles. Settled claims for the District have not exceeded coverage provided by CSRMA in any of the past three fiscal years.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 13 – RISK MANAGEMENT (Continued)

The following summarizes active insurance policies as of June 30, 2025 together with coverage limits for each insured event:

Insurance Program	Limits	Coverage Description
CSRMA - Midvale Indemnity.	\$3,000,000	Gen/Mgt liability - aggregate
CSRMA - Midvale Indemnity.	\$1,000,000	Gen/Mgt liability - occurrence
CSRMA - Midvale Indemnity.	\$1,000,000	Auto liability - accident
CSRMA - Midvale Indemnity.	\$4,000,000	Excess liability
CSRMA - Berkshire Hathaway	\$89,758,041	Alliant property
CSRMA - Interstate Fire & Cas.	\$25,000,000	Pollution liability - aggregate
CSRMA - Interstate Fire & Cas.	\$2,000,000	Pollution liability - per pollution condition
CSRMA - Lloyds of London	\$2,000,000	Cyber liability - first party
CSRMA - Associated Industries	\$2,000,000	Cyber liability - excess
CSRMA - Travelers Ins.	\$25,000	Identity theft
CSRMA - Lloyds of London	\$2,500,000	Deadly weapons - aggregate

The financial statements of CSRMA are available at their office: 100 Pine Street, 11th Floor, San Francisco, California 94111.

NOTE 14 – LEASE AND SUBSCRIPTION LIABILITIES

A. Lease Liabilities

A summary of governmental activities lease transactions for the fiscal year ended June 30, 2025, are as follows:

	Balance June 30, 2024	Retirements	Balance June 30, 2025	Current Portion
Governmental Activities				
Lease Liabilities				
Fire Station 57 Land Lease	\$5,474,403	(\$10,873)	\$5,463,530	\$16,527
Copier Equipment Leases	225,419	(68,527)	156,892	58,391
Police Equipment Leases	705,569	(101,333)	604,236	94,219
Total	\$6,405,391	(\$180,733)	\$6,224,658	\$169,137

On June 21, 2016, the City entered into a lease agreement as lessee with the County of Marin to lease property for constructing Fire Station # 57 for a 40-year term, ending on June 30, 2056. The City is required to make monthly principal and interest lease payments in the amount of \$13,343 commencing July 1, 2021. The monthly lease payments are increased annually in the amount of 3% every July 1. As of June 30, 2025, the balance of the lease liability was \$5,463,530 and the net value of the right-to-use asset was \$4,850,366 including accumulated amortization of \$625,853.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 14 – LEASE AND SUBSCRIPTION LIABILITIES (Continued)

The City has entered into five separate equipment lease agreements as a lessee for copiers with various vendors. The lease terms vary from 3-5 years and interest is implicit in the lease agreements in the amount of 5%. The City is required to make monthly or yearly principal and interest lease payments in varying amounts ranging from \$765 to \$52,975, depending on the lease. As of June 30, 2025, the balance of the lease liability was \$156,892 and the net value of the right-to-use asset was \$143,712, including accumulated amortization of \$326,727.

In fiscal year 2024, the City entered into two separate equipment lease agreements as a lessee for police equipment with different vendors. The lease terms vary from 4-10 years and interest is implicit in the lease agreements in the amount of 5%. The City is required to make monthly or yearly principal and interest lease payments in varying amounts ranging from \$57,500 to \$77,592, depending on the lease. As of June 30, 2025, the balance of the lease liability was \$604,236 and the net value of the right-to-use asset was \$597,554, including accumulated amortization of \$158,368. The future principal and interest lease payments as of June 30, 2025 are as follows:

For the Year Ended June 30	Principal	Interest	Total
2026	\$169,137	\$201,736	\$370,873
2027	169,491	193,528	363,019
2028	125,671	185,417	311,088
2029	84,229	179,619	263,848
2030	95,742	176,021	271,763
2031-2035	596,384	809,812	1,406,196
2036-2040	577,410	708,372	1,285,782
2041-2045	890,991	599,583	1,490,574
2046-2050	1,290,333	437,651	1,727,984
2051-2055	1,794,885	208,321	2,003,206
2056-2060	430,385	7,027	437,412
Totals	<u>\$6,224,658</u>	<u>\$3,707,087</u>	<u>\$9,931,745</u>

B. Subscription-Based Information Technology Liabilities

A summary of subscription-based information technology arrangements (SBITA) transactions for the fiscal year ended June 30, 2025, are as follows:

	Balance June 30, 2024	Retirements	Balance June 30, 2025	Current Portion
Governmental Activities				
Subscription liabilities				
Microsoft	\$752,008	(\$174,475)	\$577,533	\$183,198
OpenGov	203,265	(96,551)	106,714	106,714
MioVision	88,017	(88,017)		
Axon 2	1,374,990	(129,397)	1,245,593	105,358
Total	<u>\$2,418,280</u>	<u>(\$488,440)</u>	<u>\$1,929,840</u>	<u>\$395,270</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 14 – LEASE AND SUBSCRIPTION LIABILITIES (Continued)

On March 7, 2019, the City entered into a subscription agreement with Axon Enterprise, Inc. for a subscription with a 5 year term. The City was required to make yearly subscription payments ranging from \$24,049 to \$83,857 throughout the life of the subscription, which was scheduled to end on December 31, 2029. On April 15, 2024, the City entered into a modified subscription agreement with Axon Enterprise, Inc. for a subscription with a new 5 year term and 5 year renewal option. Interest is implicit in the subscription agreement in the amount of 5%. As of June 30, 2025, the balance of the subscription liability was \$1,245,593 and the net value of the right-to-use asset was \$1,237,491, including accumulated amortization of \$137,499.

On August 9, 2022, the City entered into a subscription agreement with Microsoft for a subscription with a 6 year term. The City is required to make yearly subscription payments of \$212,075 throughout the life of the subscription, which ends on August 31, 2028. Interest is implicit in the subscription agreement in the amount of 5%. As of June 30, 2025, the balance of the subscription liability was \$577,533 and the net value of the right-to-use asset was \$540,334, including accumulated amortization of \$540,334.

On February 1, 2024, the City entered into a subscription agreement with the OpenGov, Inc. for a subscription with a 3 year term. The City is required to make yearly subscription payments ranging from \$101,633 to \$112,050 throughout the life of the subscription, which ends on January 31, 2027. As of June 30, 2025, the balance of the subscription liability was \$106,714 and the net value of the right-to-use asset was \$578,957, including accumulated amortization of \$0.

On November 29, 2023, the City entered into a subscription agreement with the Miovision Technologies Incorporated. for a subscription with a 2 year term. The City is required to make yearly subscription payments ranging from \$88,017 to \$92,418 throughout the life of the subscription, which ends on April 25, 2025. As of June 30, 2025, the balance of the subscription liability was \$0 and the net value of the right-to-use asset was \$0, including accumulated amortization of \$167,652.

The future subscription and interest subscription payments as of June 30, 2025 follows:

For the Year Ended June 30	Principal	Interest	Total
2026	\$395,270	\$96,492	\$491,762
2027	302,984	76,729	379,713
2028	318,133	61,579	379,712
2029	121,965	45,673	167,638
2030	133,092	39,575	172,667
2031 - 2034	658,396	85,646	744,042
Totals	\$1,929,840	\$405,694	\$2,335,534

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 15 – COMMITMENTS AND CONTINGENCIES
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A. *City Litigation*

The City is a defendant in several lawsuits arising from its normal operations. City management is of the opinion that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City.

B. *District*

As of June 30, 2025, SRSD had several contracts for sewer improvement projects with remaining obligations of approximately \$1,900,000.

In addition, SRSD contracts with the City for the services of its staff members who are employees of the City. Management of SRSD is seeking the approval of the other agencies that are members of CMSA to contract with CMSA rather than the City to provide staffing. Under the proposal, the current staff members would be offered employment by CMSA. If approved, it is expected that SRSD will incur transition costs and that ongoing personnel costs will increase. Also, SRSD's obligation to the City may be revalued and may be liquidated.

NOTE 16 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES
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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. On July 1, 2018, the County of Marin formed a county-wide Oversight Board to oversee the activities of all Successor Agencies within the County, including San Rafael. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 16 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES
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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.

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 to make payments for principal and interest on loans and monies advanced to or indebtedness incurred by the dissolved redevelopment agencies.

C. 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, 2025, the Successor Agency had prepared sixteen 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.



CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

Cost-Sharing Multiple Employer Plan
Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 years

Measurement date	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>
City's proportionate share	36.7394%	34.9538%	32.7180%	33.4752%	36.6081%
Proportionate share of total pension liability	\$907,195,058	\$900,629,287	\$878,483,703	\$947,923,920	\$1,082,900,638
Proportionate share of fiduciary net position	<u>764,871,931</u>	<u>733,574,437</u>	<u>757,834,016</u>	<u>837,356,062</u>	<u>949,023,107</u>
Proportionate share of the net pension liability	<u>\$142,323,127</u>	<u>\$167,054,850</u>	<u>\$120,649,687</u>	<u>\$110,567,858</u>	<u>\$133,877,531</u>
Plan fiduciary net position as a percentage of the total pension liability	84.31%	84.31%	86.27%	88.34%	87.64%
Covered payroll (report date)	\$31,073,560	\$32,126,272	\$32,885,135	\$36,349,651	\$33,106,430
Net pension liability as a percentage of covered payroll	458.02%	519.99%	366.88%	304.18%	404.39%
Measurement date	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>
City's proportionate share	34.3574%	29.6650%	33.7322%	34.4061%	39.5184%
Proportionate share of total pension liability	\$1,059,269,505	\$959,104,784	\$1,120,775,111	\$1,181,328,195	\$1,416,561,207
Proportionate share of fiduciary net position	<u>901,989,929</u>	<u>1,007,281,093</u>	<u>1,015,298,454</u>	<u>1,081,955,979</u>	<u>1,319,621,793</u>
Proportionate share of the net pension liability (asset)	<u>\$157,279,576</u>	<u>(\$48,176,309)</u>	<u>\$105,476,657</u>	<u>\$99,372,216</u>	<u>\$96,939,414</u>
Plan fiduciary net position as a percentage of the total pension liability	85.15%	105.02%	90.59%	91.59%	93.16%
Covered payroll (report date)	\$32,887,922	\$31,697,590	\$34,418,052	\$35,543,480	\$36,995,522
Net pension liability (asset) as a percentage of covered payroll	478.23%	-151.99%	306.46%	279.58%	262.03%

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan
Last 10 years

Fiscal year ended, June 30	<u>2016</u>
Contractually required contribution	\$19,339,577
Contributions in Relation to the Contractually required contribution	<u>19,339,577</u>
Contribution Deficiency/ (Excess)	<u><u>\$0</u></u>
Covered payroll	\$32,126,272
Contributions as a percentage of covered payroll	60.20%

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

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
--

Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan
Last 10 years
(Continued)

Fiscal year ended, June 30	<u>2017</u>
Contractually required contribution	\$20,003,001
Contributions in Relation to the Contractually required contribution	<u>20,003,001</u>
Contribution Deficiency/ (Excess)	<u>\$0</u>
Covered payroll	\$32,885,135
Contributions as a percentage of covered payroll	60.83%

Notes to Schedule

Valuation Date / Timing 6/30/2015 (for contributions made in FY2016-2017)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2016-17):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (24 years remaining as of 6/30/14), the remaining UAL as of June 30, 2013 (16 years as of 6/30/14), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	19 years remaining as of June 30, 2016
Asset valuation method	Market Value
Inflation	2.75% per year
Salary increases	3.00% 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	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, 2025
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Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan
Last 10 years
(Continued)

Fiscal year ended, June 30	<u>2018</u>
Contractually required contribution	\$20,167,435
Contributions in Relation to the Contractually required contribution	<u>20,167,435</u>
Contribution Deficiency/ (Excess)	<u>\$0</u>
Covered payroll	\$36,349,651
Contributions as a percentage of covered payroll	55.48%

Notes to Schedule

Valuation Date / Timing 6/30/2016 (for contributions made in FY2017-2018)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2017-18):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (22 years remaining as of 6/30/16), the remaining UAL as of June 30, 2013 (14 years as of 6/30/16), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	18 years remaining as of June 30, 2017
Asset valuation method	Market Value
Inflation	2.75% per year
Salary increases	3.00% 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	Sex distinct CalPERS 2014 Pre-Retirement Non-Industrial Death rates (plus Duty-Related death rates for Safety members)
Disabled Mortality	Rates of mortality among disabled members are given by CalPERS 2017 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males (Miscellaneous and Safety) and 90% for Miscellaneous Females, with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan
Last 10 years
(Continued)

Fiscal year ended, June 30	<u>2019</u>
Contractually required contribution	\$20,352,203
Contributions in Relation to the Contractually required contribution	<u>20,352,203</u>
Contribution Deficiency/ (Excess)	<u>\$0</u>
Covered payroll	\$33,106,430
Contributions as a percentage of covered payroll	61.48%

Notes to Schedule

Valuation Date / Timing 6/30/2017 (for contributions made in FY2018-2019)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2018-19):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (21 years remaining as of 6/30/17), the remaining UAL as of June 30, 2013 (13 years as of 6/30/17), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	17 years remaining as of June 30, 2018
Asset valuation method	Market Value
Inflation	2.75% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	7.00%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRAs Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Rates of mortality for active members are specified by CalPERS 2017 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 2014 using Scale MP-2017.
Disabled Mortality	Rates of mortality among disabled members are given by CalPERS 2017 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males (Miscellaneous and Safety) and 90% for Miscellaneous Females, with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan
Last 10 years
(Continued)

Fiscal year ended, June 30	<u>2020</u>
Contractually required contribution	\$20,031,614
Contributions in Relation to the Contractually required contribution	<u>20,031,614</u>
Contribution Deficiency/ (Excess)	<u>\$0</u>
Covered payroll	\$32,887,922
Contributions as a percentage of covered payroll	60.91%

Notes to Schedule

Valuation Date / Timing 6/30/2018 (for contributions made in FY2019-2020)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2019-20):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (20 years remaining as of 6/30/18), the remaining UAL as of June 30, 2013 (12 years as of 6/30/18), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	12 years remaining as of June 30, 2018
Asset valuation method	Market Value
Inflation	2.75% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	7.00%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Rates of mortality for active members are specified by CalPERS 2017 Pre-Retirement Non-Industrial Death rates (plus Duty-Related Death rates for Safety members), with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017. 0% of all Miscellaneous and 95% of all Safety pre-retirement deaths are assumed to be service-connected.
Disabled Mortality	Rates of mortality for retired members and their beneficiaries are given by CalPERS 2017 Post-Retirement Healthy Mortality rates, adjusted by 90% for Males (Miscellaneous and Safety), with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan
Last 10 years
(Continued)

Fiscal year ended, June 30	<u>2021</u>
Contractually required contribution	\$20,106,821
Contributions in Relation to the	
Contractually required contribution	<u>20,106,821</u>
Contribution Deficiency/ (Excess)	<u><u>\$0</u></u>
Covered payroll	\$31,697,590
Contributions as a percentage of	
covered payroll	63.43%

Notes to Schedule

Valuation Date / Timing 6/30/2019 (for contributions made in FY2020-2021)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2020 - 21):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (19 years remaining as of 6/30/19), the remaining UAL as of June 30, 2013 (11 years as of 6/30/19), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	11 years remaining as of June 30, 2019
Asset valuation method	Market Value
Inflation	2.75% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	7.00%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Rates of mortality for active members are specified by CalPERS 2017 Pre-Retirement Non-Industrial Death rates (plus Duty-Related Death rates for Safety members), with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017. 0% of all Miscellaneous and 95% of all Safety pre-retirement deaths are assumed to be service-connected.
Disabled Mortality	Rates of mortality for retired members and their beneficiaries are given by CalPERS 2017 Post-Retirement Healthy Mortality rates, adjusted by 90% for Males (Miscellaneous and Safety), with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan
Last 10 years
(Continued)

Fiscal year ended, June 30	<u>2022</u>
Contractually required contribution	\$21,859,307
Contributions in Relation to the Contractually required contribution	<u>(21,859,307)</u>
Contribution Deficiency/ (Excess)	<u>\$0</u>
Covered payroll	\$34,418,052
Contributions as a percentage of covered payroll	63.51%

Notes to Schedule

Valuation Date / Timing 6/30/2020 (for contributions made in FY2021-2022)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2021 - 22):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (18 years remaining as of 6/30/20), the remaining UAL as of June 30, 2013 (10 years as of 6/30/20), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	10 years remaining as of June 30, 2020
Asset valuation method	Market Value
Inflation	2.50% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	6.75%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Mortality rates for Miscellaneous active members are based on the sex distinct Public General 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. Mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. 10% of Safety member active deaths are assumed to occur in the line of duty.
Disabled Mortality	Mortality Rates for Retired Disabled Members", should be "Rates of mortality for Miscellaneous disabled members are based on the sex distinct Public General 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. Rates of mortality for Safety disabled members are based on the sex distinct Public Safety 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, adjusted by 95% for males with no adjustment for females.

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan
Last 10 years
(Continued)

Fiscal year ended, June 30	<u>2023</u>
Contractually required contribution	\$21,446,744
Contributions in Relation to the Contractually required contribution	<u>(21,446,744)</u>
Contribution Deficiency/ (Excess)	<u><u>\$0</u></u>
Covered payroll	\$35,543,480
Contributions as a percentage of covered payroll	60.34%

Notes to Schedule

Valuation Date / Timing	6/30/2021	(for contributions made in FY2022-2023)
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Key Methods and Assumptions Used to Determine Contribution Rates (for FY2022 - 23):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (17 years remaining as of 6/30/21), the remaining UAL as of June 30, 2013 (9 years as of 6/30/21), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	9 years remaining as of June 30, 2021
Asset valuation method	Market Value
Inflation	2.50% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	6.75%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Mortality rates for Miscellaneous active members are based on the sex distinct Public General 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. Mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. 10% of Safety member active deaths are assumed to occur in the line of duty.
Disabled Mortality	Mortality Rates for Retired Disabled Members", should be "Rates of mortality for Miscellaneous disabled members are based on the sex distinct Public General 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. Rates of mortality for Safety disabled members are based on the sex distinct Public Safety 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, adjusted by 95% for males with no adjustment for females.

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan
Last 10 years
(Continued)

Fiscal year ended, June 30	<u>2024</u>
Contractually required contribution	\$21,474,137
Contributions in Relation to the Contractually required contribution	<u>(21,474,137)</u>
Contribution Deficiency/ (Excess)	<u>\$0</u>
Covered payroll	\$36,995,522
Contributions as a percentage of covered payroll	58.05%

Notes to Schedule

Valuation Date / Timing 6/30/2022 (for contributions made in FY2023-2024)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2023 - 24):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (16 years remaining as of 6/30/22), the remaining UAL as of June 30, 2013 (8 years as of 6/30/22), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	8 years remaining as of June 30, 2022
Asset valuation method	Market Value
Inflation	2.50% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	6.75%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Mortality rates for Miscellaneous active members are based on the sex distinct Public General 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. Mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. 10% of Safety member active deaths are assumed to occur in the line of duty.
Disabled Mortality	Mortality Rates for Retired Disabled Members", should be "Rates of mortality for Miscellaneous disabled members are based on the sex distinct Public General 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. Rates of mortality for Safety disabled members are based on the sex distinct Public Safety 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, adjusted by 95% for males with no adjustment for females.

CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan
Last 10 years
(Continued)

Fiscal year ended, June 30	<u>2025</u>
Contractually required contribution	\$23,969,930
Contributions in Relation to the Contractually required contribution	<u>(23,969,930)</u>
Contribution Deficiency/ (Excess)	<u>\$0</u>
Covered payroll	\$41,605,711
Contributions as a percentage of covered payroll	57.61%

Notes to Schedule

Valuation Date / Timing 6/30/2023 (for contributions made in FY2024-2025)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2024 - 25):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (15 years remaining as of 6/30/23), the remaining UAL as of June 30, 2013 (7 years as of 6/30/23), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	7 years remaining as of June 30, 2023
Asset valuation method	Market Value
Inflation	2.50% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	6.75%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Mortality rates for Miscellaneous active members are based on the sex distinct Public General 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. Mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements Projected from 2010 using Projection Scale MP-2020, with no adjustments. 10% of Safety member active deaths are assumed to occur in the line of duty.
Disabled Mortality	Rates of mortality for Miscellaneous disabled members are based on the sex distinct Public General 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, adjusted by 95% for females and males. Rates of mortality for Safety disabled members are based on the sex distinct Public Safety 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, adjusted by 95% for males with no adjustment for females.

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)

Measurement period	2015-16	2016-17	2017-18	2018-19
Total OPEB liability				
Service cost	\$766,000	\$789,000	\$822,000	\$805,000
Interest	3,447,000	3,540,000	3,435,000	3,515,000
Differences between expected and actual experience		(4,107,000)		(3,040,000)
Assumption changes		4,831,000		(2,735,000)
Benefit payments, including refunds of employee contributions	(2,896,000)	(3,015,000)	(3,028,000)	(3,072,000)
Net change in total OPEB liability	1,317,000	2,038,000	1,229,000	(4,527,000)
Total OPEB liability - beginning	48,226,000	49,543,000	51,581,000	52,810,000
Total OPEB liability - ending (a)	<u>\$49,543,000</u>	<u>\$51,581,000</u>	<u>\$52,810,000</u>	<u>\$48,283,000</u>
OPEB fiduciary net position				
Contributions - employer	\$2,896,000	\$3,475,000	\$3,573,000	\$3,725,000
Net investment income	157,000	1,675,000	1,425,000	1,224,000
Benefit payments, including refunds of employee contributions	(2,896,000)	(3,015,000)	(3,028,000)	(3,072,000)
Administrative expense	(7,000)	(8,000)	(44,000)	(12,000)
Net change in plan fiduciary net position	150,000	2,127,000	1,926,000	1,865,000
Plan fiduciary net position - beginning	15,608,000	15,758,000	17,885,000	19,811,000
Plan fiduciary net position - ending (b)	<u>\$15,758,000</u>	<u>\$17,885,000</u>	<u>\$19,811,000</u>	<u>\$21,676,000</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$33,785,000</u>	<u>\$33,696,000</u>	<u>\$32,999,000</u>	<u>\$26,607,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>31.81%</u>	<u>34.67%</u>	<u>37.51%</u>	<u>44.89%</u>
Covered employee payroll	<u>\$37,846,000</u>	<u>\$32,885,000</u>	<u>\$36,350,000</u>	<u>\$40,496,000</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>89.27%</u>	<u>102.47%</u>	<u>90.78%</u>	<u>65.70%</u>

Historical information is required only for the measurement periods for which GASB 75 is applicable.

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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2019-20	2020-21	2021-22	2022-23	2023-24
\$687,000	\$679,000	\$566,000	\$582,000	\$575,631
3,196,000	3,238,000	2,946,000	2,966,000	2,924,665
	(4,063,000)		(3,269,000)	
	2,748,000		2,278,000	
<u>(3,225,000)</u>	<u>(3,315,000)</u>	<u>(3,286,000)</u>	<u>(3,172,000)</u>	<u>(3,240,000)</u>
658,000	(713,000)	226,000	(615,000)	260,296
<u>48,283,000</u>	<u>48,941,000</u>	<u>48,228,000</u>	<u>48,454,000</u>	<u>47,839,000</u>
<u>\$48,941,000</u>	<u>\$48,228,000</u>	<u>\$48,454,000</u>	<u>\$47,839,000</u>	<u>\$48,099,296</u>
\$3,784,000	\$3,323,000	\$3,294,000	\$3,183,000	\$3,251,000
770,000	6,319,000	(3,922,000)	1,629,000	2,965,706
(3,225,000)	(3,315,000)	(3,286,000)	(3,172,000)	(3,240,000)
<u>(19,000)</u>	<u>(17,000)</u>	<u>(15,000)</u>	<u>(18,000)</u>	<u>(19,798)</u>
1,310,000	6,310,000	(3,929,000)	1,622,000	2,956,908
<u>21,676,000</u>	<u>22,986,000</u>	<u>29,296,000</u>	<u>25,367,000</u>	<u>26,989,000</u>
<u>\$22,986,000</u>	<u>\$29,296,000</u>	<u>\$25,367,000</u>	<u>\$26,989,000</u>	<u>\$29,945,908</u>
<u>\$25,955,000</u>	<u>\$18,932,000</u>	<u>\$23,087,000</u>	<u>\$20,850,000</u>	<u>\$18,153,388</u>
<u>46.97%</u>	<u>60.74%</u>	<u>52.35%</u>	<u>56.42%</u>	<u>62.26%</u>
<u>\$39,920,000</u>	<u>\$39,310,000</u>	<u>\$43,602,857</u>	<u>\$45,757,607</u>	<u>\$45,758,000</u>
<u>65.02%</u>	<u>48.16%</u>	<u>52.95%</u>	<u>45.57%</u>	<u>39.67%</u>

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)

Fiscal year	2016-17
Actuarially determined contribution	\$3,450,000
Contributions in relation to the actuarially determined contribution	<u>(3,475,000)</u>
Contribution deficiency (excess)	<u>(\$25,000)</u>
Covered employee payroll	\$32,885,000
Contributions as a percentage of covered employee payroll	10.49%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2017 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 06/30/17.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	19 years remaining as of June 30, 2016
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	7.25%
Contribution Policy	City contributes full ADC
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	Same as June 30, 2015 actuarial valuation
Mortality Improvement	Mortality projected fully generational with Scale MP-14, modified to converge to ultimate improvement rates in 2022
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
Salary Increases	Aggregate - 3% Merit - 6/30/14 MCERA assumptions
Medical Trend	Non-Medicare - 6.5% for 2017, decreasing 0.5% per year to an ultimate rate of 4.50% for 2021 and Medicare - 6.7% for 2017, decreasing to an ultimate rate of 4.5% for 2021 and later years
Healthcare participation for future retirees	Capped benefit: 100% currently covered, 80% currently waived PEMHCA minimum - 60%
Cap Increases	None

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)

Fiscal year	<u>2017-18</u>
Actuarially determined contribution	\$3,530,000
Contributions in relation to the actuarially determined contribution	<u>(3,563,000)</u>
Contribution deficiency (excess)	<u>(\$33,000)</u>
Covered employee payroll	\$36,350,000
Contributions as a percentage of covered employee payroll	9.80%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2017 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/18 and 6/30/19.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	18 years remaining as of June 30, 2017
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75% at June 30, 2017; 7.25% at June 30, 2016
Contribution Policy	City contributes full ADC
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	Same as June 30, 2017 actuarial valuation
Mortality Improvement	Pre-retirement mortality: projected 15-year static with 90% of Scale MP-2016 Post-retirement mortality: projected fully generational with Scale MP-2017
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
Salary Increases	Aggregate - 3% Merit - 6/30/17 MCERA assumptions
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to 4.00% for 2076 and later years and Medicare - 6.5% for 2019, decreasing to 4.00% for 2076 and later years
Healthcare participation for future retirees	Capped benefit: 100% currently covered, 80% currently waived PEMHCA minimum - 60%
Cap Increases	None

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)

Fiscal year	2018-19
Actuarially determined contribution	\$3,612,000
Contributions in relation to the actuarially determined contribution	<u>(3,725,000)</u>
Contribution deficiency (excess)	<u>(\$113,000)</u>
Covered employee payroll	\$40,496,000
Contributions as a percentage of covered employee payroll	9.20%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2017 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/18 and 6/30/19.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	18 years remaining as of June 30, 2017
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75% at June 30, 2017; 7.25% at June 30, 2016
Contribution Policy	City contributes full ADC
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	Same as June 30, 2017 actuarial valuation
Mortality Improvement	Pre-retirement mortality: projected 15-year static with 90% of Scale MP-2016 Post-retirement mortality: projected fully generational with Scale MP-2017
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
Salary Increases	Aggregate - 3% Merit - 6/30/17 MCERA assumptions
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to 4.00% for 2076 and later years and Medicare - 6.5% for 2019, decreasing to 4.00% for 2076 and later years
Healthcare participation for future retirees	Capped benefit: 100% currently covered, 80% currently waived PEMHCA minimum - 60%
Cap Increases	None

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)

Fiscal year	<u>2019-20</u>
Actuarially determined contribution	\$3,677,000
Contributions in relation to the actuarially determined contribution	<u>(3,784,000)</u>
Contribution deficiency (excess)	<u>(\$107,000)</u>
Covered employee payroll	\$39,920,000
Contributions as a percentage of covered employee payroll	9.48%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2019 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/20 and 6/30/21.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	16 years remaining as of June 30, 2019
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75% at June 30, 2019 and June 30, 2018, respectively
Contribution Policy	City contributes full ADC
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	Same as June 30, 2017 actuarial valuation
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
Salary Increases	Aggregate - 3% Merit - 6/30/19 MCERA assumptions
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.00% in 2076
Healthcare participation for future retirees	Capped benefit: 90% currently covered, 70% currently waived PEMHCA minimum - 60%
Cap Increases	None

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)

Fiscal year	<u>2020-21</u>
Actuarially determined contribution	\$3,027,000
Contributions in relation to the actuarially determined contribution	<u>(3,322,583)</u>
Contribution deficiency (excess)	<u>(\$295,583)</u>
Covered employee payroll	\$39,310,000
Contributions as a percentage of covered employee payroll	8.45%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2019 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/20 and 6/30/21.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	16 years remaining as of June 30, 2019
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75% at June 30, 2020 and June 30, 2019, respectively
Contribution Policy	City contributes full ADC
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	Same as June 30, 2017 actuarial valuation
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
Salary Increases	Aggregate - 3% Merit - 6/30/19 MCERA assumptions
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.00% in 2076
Healthcare participation for future retirees	Capped benefit: 90% currently covered, 70% currently waived PEMHCA minimum - 60%
Cap Increases	None

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)

Fiscal year	<u>2021-22</u>
Actuarially determined contribution	\$3,093,000
Contributions in relation to the actuarially determined contribution	<u>(3,294,000)</u>
Contribution deficiency (excess)	<u>(\$201,000)</u>
Covered employee payroll	\$42,604,000
Contributions as a percentage of covered employee payroll	7.73%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2021 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/22 and 6/30/23.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	14 years remaining as of June 30, 2021
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.25% at June 30, 2022 and June 30, 2021, respectively
Contribution Policy	City contributes full ADC
General Inflation	2.50% per annum
Mortality, Retirement, Disability, Termination	Same as June 30, 2019 valuation
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
Salary Increases	Aggregate - 2.75% Merit - Increases - same as MCERA Assumptions as of June 30, 2020 valuation
Medical Trend	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Healthcare participation for future retirees	Capped benefit: 90% currently covered, 70% currently waived PEMHCA minimum - 60%
Cap Increases	None

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)

Fiscal year	<u>2022-23</u>
Actuarially determined contribution	\$2,618,000
Contributions in relation to the actuarially determined contribution	<u>(3,183,000)</u>
Contribution deficiency (excess)	<u>(\$565,000)</u>
Covered employee payroll	\$43,602,857
Contributions as a percentage of covered employee payroll	7.30%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2021 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/22 and 6/30/23.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	13 year fixed period for 2022/23
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.25%
Contribution Policy	City contributes full ADC
General Inflation	2.5% per annum
Mortality, Retirement, Disability, Termination	6/30/20 MCERA Valuation assumptions
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan
Salary Increases	Aggregate - 3% Merit - Increases - same as MCERA Assumptions as of June 30, 2020 valuation
Medical Trend	Non-Medicare - 6.5% for 2023 decreasing 3.75% for 2076 and later Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.60% for 2019, decreasing to an ultimate rate of 3.75% in 2076
Healthcare participation for future retirees	Capped benefit: 100% currently covered, 80% currently waived PEMHCA minimum - 60%
Cap Increases	None

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)

Fiscal year	<u>2023-24</u>
Actuarially determined contribution	\$2,605,000
Contributions in relation to the actuarially determined contribution	<u>(3,251,000)</u>
Contribution deficiency (excess)	<u>(\$646,000)</u>
Covered employee payroll	\$45,757,607
Contributions as a percentage of covered employee payroll	7.10%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2023 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/23 and 6/30/24.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	12 year fixed period for 2023/24
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.25%
Contribution Policy	City contributes full ADC
General Inflation	2.5% per annum
Mortality, Retirement, Disability, Termination	6/30/23 MCERA Valuation assumptions
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan
Salary Increases	Aggregate - 2.75% Merit - Increases - same as MCERA Assumptions as of June 30, 2023 valuation
Medical Trend	Non-Medicare - 8.5% for 2025 decreasing 3.45% for 2076 and later Medicare (Non-Kaiser) - 7.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Healthcare participation for future retirees	Capped benefit: 100% currently covered, 80% currently waived PEMHCA minimum - 60%
Cap Increases	None

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2025
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SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)

Fiscal year	<u>2024-25</u>
Actuarially determined contribution	\$2,833,000
Contributions in relation to the actuarially determined contribution	<u>(3,368,560)</u>
Contribution deficiency (excess)	<u><u>(\$535,560)</u></u>
Covered employee payroll	\$48,248,846
Contributions as a percentage of covered employee payroll	6.98%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2023 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/24 and 6/30/25.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	11 year fixed period for 2024/25
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.25%
Contribution Policy	City contributes full ADC
General Inflation	2.5% per annum
Mortality, Retirement, Disability, Termination	6/30/23 MCERA Valuation assumptions
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan
Salary Increases	Aggregate - 2.75% Merit - Increases - same as MCERA Assumptions as of June 30, 2023 valuation
Medical Trend	Non-Medicare - 8.5% for 2025 decreasing 3.45% for 2076 and later Medicare (Non-Kaiser) - 7.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Healthcare participation for future retirees	Capped benefit: 90% currently covered, 70% currently waived PEMHCA minimum - 60%
Cap Increases	None

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

Generally accepted accounting principles dictate 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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Taxes and special assessments	\$90,072,355	\$90,072,355	\$91,003,535	\$931,180
Licenses and permits	2,950,488	2,950,488	3,346,342	395,854
Fines and forfeitures	203,400	203,400	297,212	93,812
Use of money and properties	1,122,283	1,122,283	2,306,492	1,184,209
Intergovernmental	4,148,395	4,148,395	4,729,694	581,299
Charges for services	3,074,558	3,074,558	3,163,591	89,033
Other revenue	358,000	358,000	926,142	568,142
Total Revenues	101,929,479	101,929,479	105,773,008	3,843,529
EXPENDITURES				
Current:				
General government	18,314,601	18,281,333	16,477,488	1,803,845
Public safety	52,580,305	53,483,653	53,289,499	194,154
Public works and parks	15,223,024	15,759,446	15,462,738	296,708
Community development	8,250,842	7,417,450	5,909,774	1,507,676
Culture and recreation	3,494,390	3,494,390	3,006,272	488,118
Debt service:				
Principal	3,418,106	3,418,106	3,794,498	(376,392)
Interest and fiscal charges	1,903,686	1,903,686	2,034,131	(130,445)
Total Expenditures	103,184,954	103,758,064	99,974,400	3,783,664
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,255,475)	(1,828,585)	5,798,608	7,627,193
OTHER FINANCING SOURCES (USES)				
Transfers in	2,508,306	2,508,306	1,959,435	(548,871)
Transfers out	(10,258,500)	(10,258,500)	(10,258,500)	
Total Other Financing Sources (Uses)	(7,750,194)	(7,750,194)	(8,299,065)	(548,871)
Net Change in Fund Balance	(\$9,005,669)	(\$9,578,779)	(2,500,457)	\$7,078,322
FUND BALANCE, BEGINNING OF YEAR			36,415,276	
FUND BALANCE, END OF YEAR			\$33,914,819	

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Use of money and properties	\$170,158	\$170,158	\$211,234	\$41,076
Intergovernmental	225,000	225,000	989,165	764,165
Charges for services	1,350,000	1,350,000	179,608	(1,170,392)
Other revenue			3,470	3,470
Total Revenues	<u>1,745,158</u>	<u>1,745,158</u>	<u>1,383,477</u>	<u>(361,681)</u>
EXPENDITURES				
Current:				
Public works and parks	540,000	732,703	149,245	583,458
Community development		1,652,000	225,334	1,426,666
Capital outlay		175,545	97,393	78,152
Total Expenditures	<u>540,000</u>	<u>2,560,248</u>	<u>471,972</u>	<u>2,088,276</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,205,158</u>	<u>(815,090)</u>	<u>911,505</u>	<u>1,726,595</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	
Net Change in Fund Balance	<u>\$955,158</u>	<u>(\$1,065,090)</u>	661,505	<u>\$1,726,595</u>
FUND BALANCE, BEGINNING OF YEAR			<u>5,914,177</u>	
FUND BALANCE, END OF YEAR			<u>\$6,575,682</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Use of money and properties	\$353,335	\$353,335	\$570,211	\$216,876
Intergovernmental	12,631,611	12,631,611	5,277,328	(7,354,283)
Charges for services	2,280,600	2,280,600	2,061,008	(219,592)
Other revenue	150,000	150,000	53,246	(96,754)
Total Revenues	15,415,546	15,415,546	7,961,793	(7,453,753)
EXPENDITURES				
Current:				
Public works and parks	16,511,838	16,429,600	4,876,064	11,553,536
Capital outlay		4,578,092	1,655,297	2,922,795
Total Expenditures	16,511,838	21,007,692	6,531,361	14,476,331
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,096,292)	(5,592,146)	1,430,432	7,022,578
OTHER FINANCING SOURCES (USES)				
Transfers in	1,250,000	1,250,000	1,250,000	
Transfers out	(760,000)	(760,000)	(760,000)	
Total Other Financing Sources (Uses)	490,000	490,000	490,000	
Net Change in Fund Balance	(\$606,292)	(\$5,102,146)	1,920,432	\$7,022,578
FUND BALANCE, BEGINNING OF YEAR			13,372,829	
FUND BALANCE, END OF YEAR			\$15,293,261	

CITY OF SAN RAFAEL
 ESSENTIAL FACILITIES CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$147,645	\$147,645	\$126,997	(\$20,648)
Total Revenues	147,645	147,645	126,997	(20,648)
EXPENDITURES				
Capital outlay	100,000	883,450	744,275	139,175
Total Expenditures	100,000	883,450	744,275	139,175
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	47,645	(735,805)	(617,278)	118,527
OTHER FINANCING SOURCES (USES)				
Transfers in	353,500	353,500	353,500	
Total Other Financing Sources (Uses)	353,500	353,500	353,500	
Net Change in Fund Balance	<u>\$401,145</u>	<u>(\$382,305)</u>	(263,778)	<u>\$118,527</u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,592,590</u>	
FUND BALANCE, END OF YEAR			<u><u>\$3,328,812</u></u>	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Recreation Revolving Fund – Established to administer the Recreation 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 eight sites throughout the City.

Loch Lomond #10 Community Facilities District Fund – Established to provide maintenance for stormwater and geotechnical mitigation facilities. A Mello Roos District was formed to fund this maintenance.

Loch Lomond Marina #2 Community Facilities District Fund – Established to report tax assessments and maintenance expenditures of the District.

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 that 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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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

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.

Measure G Cannabis Special Revenue Fund – Established for the purpose of reporting tax revenue and expenditures related to Cannabis activities authorized by Measure G.

Measure C Wildfire Prevention Special Revenue Fund – Established for the purpose of reporting tax revenue and expenditures related to coordinated wildfire prevention activities authorized by Measure C, a parcel tax measure approved on March 3, 2020 by a two-thirds supermajority vote. This is a ten-year parcel tax levying up to 10 cents per building square foot tax and \$75 per multifamily unit.

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.



CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2025

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond #10 Community Facilities Dist.
ASSETS					
Cash and investments	\$362,708	\$238,533	\$55,251	\$1,628,235	\$893,345
Restricted cash and investments					
Receivables:					
Accounts	296,631				
Taxes		203			250
Grants					
Loans					
Leases	124,865				
Total Assets	<u>\$784,204</u>	<u>\$238,736</u>	<u>\$55,251</u>	<u>\$1,628,235</u>	<u>\$893,595</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$186,213			\$38,531	\$10,080
Deposits payable					
Developer deposits payable					
Unearned revenue	555,058				
Total Liabilities	<u>741,271</u>			<u>38,531</u>	<u>10,080</u>
Deferred Inflows of Resources:					
Unavailable revenue - leases	112,992				
Total Deferred Inflows of Resources	<u>112,992</u>				
Fund Balances:					
Restricted		\$238,736	\$55,251	1,589,704	883,515
Committed					
Assigned					
Unassigned	(70,059)				
Total Fund Balances	<u>(70,059)</u>	<u>238,736</u>	<u>55,251</u>	<u>1,589,704</u>	<u>883,515</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$784,204</u>	<u>\$238,736</u>	<u>\$55,251</u>	<u>\$1,628,235</u>	<u>\$893,595</u>

SPECIAL REVENUE FUNDS

Loch Lomond Marina #2 Community Facilities Dist.	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication
\$1,279,075	\$2,757,955	\$891,019	\$57,154	\$4,004,282	\$626,081	\$127,950	\$380,990
	2,500				366		
2,358		8,520		6,642		787,133	
					219,640		
<u>\$1,281,433</u>	<u>\$2,760,455</u>	<u>\$899,539</u>	<u>\$57,154</u>	<u>\$4,010,924</u>	<u>\$846,087</u>	<u>\$915,083</u>	<u>\$380,990</u>
\$10,087	\$140,566	\$4,323	\$7,586	\$601,726	\$46,689 85,536 3,635	\$256,329 16,752	
<u>10,087</u>	<u>140,566</u>	<u>4,323</u>	<u>7,586</u>	<u>601,726</u>	<u>135,860</u>	<u>273,081</u>	
					195,147		
					195,147		
1,271,346	2,619,889	895,216	49,568	3,409,198	515,080	642,002	\$380,990
<u>1,271,346</u>	<u>2,619,889</u>	<u>895,216</u>	<u>49,568</u>	<u>3,409,198</u>	<u>515,080</u>	<u>642,002</u>	<u>380,990</u>
<u>\$1,281,433</u>	<u>\$2,760,455</u>	<u>\$899,539</u>	<u>\$57,154</u>	<u>\$4,010,924</u>	<u>\$846,087</u>	<u>\$915,083</u>	<u>\$380,990</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2025

	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	\$3,281,402	\$59,193	\$285,453	\$163,887	\$887,275
Restricted cash and investments					
Receivables:					
Accounts	400,290				
Taxes	42,139		1,423		297,649
Grants					
Loans				1,859,833	
Leases					
Total Assets	<u>\$3,723,831</u>	<u>\$59,193</u>	<u>\$286,876</u>	<u>\$2,023,720</u>	<u>\$1,184,924</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$49,743	\$59,193	\$6,997		\$213,349
Deposits payable					
Developer deposits payable					
Unearned revenue					
Total Liabilities	<u>49,743</u>	<u>59,193</u>	<u>6,997</u>		<u>213,349</u>
Deferred Inflows of Resources:					
Unavailable revenue - leases					
Total Deferred Inflows of Resources					
Fund Balances:					
Restricted	3,674,088		279,879	\$2,023,720	971,575
Committed					
Assigned					
Unassigned					
Total Fund Balances	<u>3,674,088</u>		<u>279,879</u>	<u>2,023,720</u>	<u>971,575</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$3,723,831</u>	<u>\$59,193</u>	<u>\$286,876</u>	<u>\$2,023,720</u>	<u>\$1,184,924</u>

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS					Total Non-Major Governmental Funds
Measure G Cannabis	Measure C Wildfire Prevention	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects	Open Space	
\$883,422	\$2,389,987	\$5,465,743	\$158,515	\$216,354 90,098	\$27,940	\$126,205	\$27,247,954 90,098
	746,587						1,446,374
6,203							365,387
							787,133
							1,859,833
							344,505
<u>\$889,625</u>	<u>\$3,136,574</u>	<u>\$5,465,743</u>	<u>\$158,515</u>	<u>\$306,452</u>	<u>\$27,940</u>	<u>\$126,205</u>	<u>\$32,141,284</u>
	\$290,054	\$816,830					\$2,738,296
							102,288
							3,635
							555,058
	290,054	816,830					3,399,277
							308,139
							308,139
\$889,625	2,846,520	4,648,913	\$158,515	\$306,452	\$27,940		23,700,869
						\$126,205	4,676,853
							126,205
							(70,059)
<u>889,625</u>	<u>2,846,520</u>	<u>4,648,913</u>	<u>158,515</u>	<u>306,452</u>	<u>27,940</u>	<u>126,205</u>	<u>28,433,868</u>
<u>\$889,625</u>	<u>\$3,136,574</u>	<u>\$5,465,743</u>	<u>\$158,515</u>	<u>\$306,452</u>	<u>\$27,940</u>	<u>\$126,205</u>	<u>\$32,141,284</u>

CITY OF SAN RAFAEL
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond #10 Community Facilities Dist.
REVENUES					
Taxes and special assessments		\$25,368			\$31,199
Use of money and properties	\$50,012	8,990		\$56,684	32,313
Intergovernmental	1,080			713,901	
Charges for services	2,215,692			3,414,126	
Other revenue	13,729			800	
Total Revenues	<u>2,280,513</u>	<u>34,358</u>		<u>4,185,511</u>	<u>63,512</u>
EXPENDITURES					
Current:					
General government					
Public safety			\$527,641		
Public works and parks		31,041			12,134
Community development					
Culture and recreation	4,945,994			3,834,568	
Capital outlay					
Total Expenditures	<u>4,945,994</u>	<u>31,041</u>	<u>527,641</u>	<u>3,834,568</u>	<u>12,134</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,665,481)</u>	<u>3,317</u>	<u>(527,641)</u>	<u>350,943</u>	<u>51,378</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,420,000				
Transfers out					
Total Other Financing Sources (Uses)	<u>2,420,000</u>				
Net Change in Fund Balances	(245,481)	3,317	(527,641)	350,943	51,378
Fund Balance, Beginning	<u>175,422</u>	<u>235,419</u>	<u>582,892</u>	<u>1,238,761</u>	<u>832,137</u>
Fund Balance, Ending	<u>(\$70,059)</u>	<u>\$238,736</u>	<u>\$55,251</u>	<u>\$1,589,704</u>	<u>\$883,515</u>

SPECIAL REVENUE FUNDS

Loch Lomond Marina #2 Community Facilities Dist.	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication
\$294,757		\$1,195,702					
45,222	\$149,997	29,616		\$153,119	\$62,320		\$14,017
	14,435		\$76,041			\$2,962,947	
	1,313			830,213			
9,387	14,473		7,292	175,033		178	
<u>349,366</u>	<u>180,218</u>	<u>1,225,318</u>	<u>83,333</u>	<u>1,158,365</u>	<u>62,320</u>	<u>2,963,125</u>	<u>14,017</u>
						2,508,719	
			236,252			299,624	
170,730				940,717		228,701	
	7,029	1,283,187					
	<u>2,788,652</u>			<u>1,819,882</u>		<u>144,308</u>	
<u>170,730</u>	<u>2,795,681</u>	<u>1,283,187</u>	<u>236,252</u>	<u>2,760,599</u>		<u>3,181,352</u>	
<u>178,636</u>	<u>(2,615,463)</u>	<u>(57,869)</u>	<u>(152,919)</u>	<u>(1,602,234)</u>	<u>62,320</u>	<u>(218,227)</u>	<u>14,017</u>
			96,000	1,095,000		13,543	
			<u>96,000</u>	<u>1,095,000</u>		<u>13,543</u>	
178,636	(2,615,463)	(57,869)	(56,919)	(507,234)	62,320	(204,684)	14,017
1,092,710	5,235,352	953,085	106,487	3,916,432	452,760	846,686	366,973
<u>\$1,271,346</u>	<u>\$2,619,889</u>	<u>\$895,216</u>	<u>\$49,568</u>	<u>\$3,409,198</u>	<u>\$515,080</u>	<u>\$642,002</u>	<u>\$380,990</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, 2025

	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	\$5,414,694		\$177,869		\$598,007
Use of money and properties	116,686		9,650	\$47,385	35,260
Intergovernmental	56,948				
Charges for services	4,316,792				
Other revenue	668,415			56,490	
Total Revenues	<u>10,573,535</u>		<u>187,519</u>	<u>103,875</u>	<u>633,267</u>
EXPENDITURES					
Current:					
General government		\$50,000			
Public safety	10,292,476				
Public works and parks			141,534		
Community development					137,532
Culture and recreation					598,313
Capital outlay					
Total Expenditures	<u>10,292,476</u>	<u>50,000</u>	<u>141,534</u>		<u>735,845</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>281,059</u>	<u>(50,000)</u>	<u>45,985</u>	<u>103,875</u>	<u>(102,578)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	281,059	(50,000)	45,985	103,875	(102,578)
Fund Balance, Beginning	<u>3,393,029</u>	<u>50,000</u>	<u>233,894</u>	<u>1,919,845</u>	<u>1,074,153</u>
Fund Balance, Ending	<u>\$3,674,088</u>	<u></u>	<u>\$279,879</u>	<u>\$2,023,720</u>	<u>\$971,575</u>

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS					Total Non-Major Governmental Funds
Measure G Cannabis	Measure C Wildfire Prevention	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects	Open Space	
\$132,716	\$2,083,132		\$2,168				\$9,955,612
37,982	61,238	\$363,986	5,817	\$4,347		\$4,643	1,289,284
	1,719,941	360,934					5,906,227
							10,778,136
	60,563	27,206			\$3,499		1,037,065
170,698	3,924,874	752,126	7,985	4,347	3,499	4,643	28,966,324
120,669							2,679,388
46,464	2,409,118						13,811,575
							1,296,156
							228,701
					7,720		10,216,030
	36,224	6,283,815					11,671,194
167,133	2,445,342	6,283,815			7,720		39,903,044
3,565	1,479,532	(5,531,689)	7,985	4,347	(4,221)	4,643	(10,936,720)
		2,000,000					5,624,543
(151,129)							(151,129)
(151,129)		2,000,000					5,473,414
(147,564)	1,479,532	(3,531,689)	7,985	4,347	(4,221)	4,643	(5,463,306)
1,037,189	1,366,988	8,180,602	150,530	302,105	32,161	121,562	33,897,174
\$889,625	\$2,846,520	\$4,648,913	\$158,515	\$306,452	\$27,940	\$126,205	\$28,433,868

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, 2025

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				\$25,368	\$25,368	
Use of money and properties	\$63,131	\$50,012	(\$13,119)	8,838	8,990	\$152
Intergovernmental		1,080	1,080			
Charges for services	2,222,066	2,215,692	(6,374)			
Other revenue	515	13,729	13,214			
Total Revenues	2,285,712	2,280,513	(5,199)	34,206	34,358	152
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks				221,205	31,041	190,164
Community development						
Culture and recreation	4,932,191	4,945,994	(13,803)			
Capital outlay						
Total Expenditures	4,932,191	4,945,994	(13,803)	221,205	31,041	190,164
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,646,479)	(2,665,481)	(19,002)	(186,999)	3,317	190,316
OTHER FINANCING SOURCES (USES)						
Transfers in	2,420,000	2,420,000				
Transfers out						
Total Other Financing Sources (Uses)	2,420,000	2,420,000				
NET CHANGE IN FUND BALANCE	<u>(\$226,479)</u>	<u>(245,481)</u>	<u>(\$19,002)</u>	<u>(\$186,999)</u>	<u>3,317</u>	<u>\$190,316</u>
FUND BALANCES, BEGINNING OF YEAR		175,422			235,419	
FUND BALANCES, END OF YEAR		<u>(\$70,059)</u>			<u>\$238,736</u>	

SPECIAL REVENUE FUNDS

Household Hazmat Facility			Childcare			Loch Lomond #10 Community Facilities District		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
						\$25,000	\$31,199	\$6,199
			\$18,543	\$56,684	\$38,141	32,181	32,313	132
			632,697	713,901	81,204			
			3,074,550	3,414,126	339,576			
			136,000	800	(135,200)			
			3,861,790	4,185,511	323,721	57,181	63,512	6,331
\$527,641	\$527,641					31,855	12,134	19,721
			3,989,550	3,834,568	154,982			
527,641	527,641		3,989,550	3,834,568	154,982	31,855	12,134	19,721
(527,641)	(527,641)		(127,760)	350,943	478,703	25,326	51,378	26,052
<u>(\$527,641)</u>	<u>(527,641)</u>		<u>(\$127,760)</u>	350,943	<u>\$478,703</u>	<u>\$25,326</u>	51,378	<u>\$26,052</u>
	582,892			1,238,761			832,137	
	<u>\$55,251</u>			<u>\$1,589,704</u>			<u>\$883,515</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, 2025

SPECIAL REVENUE FUNDS						
Loch Lomond Marina #2						
Community Facilities District			Library			
Final		Variance	Final		Variance	
Budget	Actual	Positive (Negative)	Budget	Actual	Positive (Negative)	
REVENUES						
Taxes and special assessments	\$223,119	\$294,757	\$71,638			
Use of money and properties	34,796	45,222	10,426	\$171,348	\$149,997	(\$21,351)
Intergovernmental				16,422	14,435	(1,987)
Charges for services				4,000	1,313	(2,687)
Other revenue		9,387	9,387	15,000	14,473	(527)
Total Revenues	257,915	349,366	91,451	206,770	180,218	(26,552)
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks	251,756	170,730	81,026			
Community development						
Culture and recreation				42,392	7,029	35,363
Capital outlay				4,826,590	2,788,652	2,037,938
Total Expenditures	251,756	170,730	81,026	4,868,982	2,795,681	2,073,301
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,159	178,636	172,477	(4,662,212)	(2,615,463)	2,046,749
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCE	\$6,159	178,636	\$172,477	(\$4,662,212)	(2,615,463)	\$2,046,749
FUND BALANCES, BEGINNING OF YEAR		1,092,710			5,235,352	
FUND BALANCES, END OF YEAR		\$1,271,346			\$2,619,889	

SPECIAL REVENUE FUNDS

Library Assessment			Public Safety			Stormwater		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$1,202,532	\$1,195,702	(\$6,830)						
33,751	29,616	(4,135)	\$4,050		(\$4,050)	\$165,259	\$153,119	(\$12,140)
			85,000	\$76,041	(8,959)	906,653		(906,653)
						830,000	830,213	213
			15,000	7,292	(7,708)		175,033	175,033
1,236,283	1,225,318	(10,965)	104,050	83,333	(20,717)	1,901,912	1,158,365	(743,547)
			219,110	236,252	(17,142)	1,693,323	940,717	752,606
1,869,730	1,283,187	586,543				4,560,856	1,819,882	2,740,974
1,869,730	1,283,187	586,543	219,110	236,252	(17,142)	6,254,179	2,760,599	3,493,580
(633,447)	(57,869)	575,578	(115,060)	(152,919)	(37,859)	(4,352,267)	(1,602,234)	2,750,033
			85,000	96,000	11,000	1,095,000	1,095,000	
			85,000	96,000	11,000	1,095,000	1,095,000	
(\$633,447)	(57,869)	\$575,578	(\$30,060)	(56,919)	(\$26,859)	(\$3,257,267)	(507,234)	\$2,750,033
	953,085			106,487			3,916,432	
	\$895,216			\$49,568			\$3,409,198	

(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, 2025

SPECIAL REVENUE FUNDS					
	Development Services			Grants	
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Variance Positive (Negative)
REVENUES					
Taxes and special assessments					
Use of money and properties	\$56,352	\$62,320	\$5,968		
Intergovernmental				\$7,297,086	\$2,962,947 (\$4,334,139)
Charges for services					
Other revenue				7,500	178 (7,322)
Total Revenues	56,352	62,320	5,968	7,304,586	2,963,125 (4,341,461)
EXPENDITURES					
Current:					
General government				3,398,995	2,508,719 890,276
Public safety				591,531	299,624 291,907
Public works and parks					
Community development				1,583,820	228,701 1,355,119
Culture and recreation					
Capital outlay				104,033	144,308 (40,275)
Total Expenditures				5,678,379	3,181,352 2,497,027
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	56,352	62,320	5,968	1,626,207	(218,227) (1,844,434)
OTHER FINANCING SOURCES (USES)					
Transfers in				16,580	13,543 (3,037)
Transfers out					
Total Other Financing Sources (Uses)				16,580	13,543 (3,037)
NET CHANGE IN FUND BALANCE	<u>\$56,352</u>	<u>62,320</u>	<u>\$5,968</u>	<u>\$1,642,787</u>	<u>(204,684)</u> <u>(\$1,847,471)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>452,760</u>			<u>846,686</u>
FUND BALANCES, END OF YEAR		<u>\$515,080</u>			<u>\$642,002</u>

SPECIAL REVENUE FUNDS

Parkland Dedication			Emergency Medical Services			Business Improvement		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$5,318,560	\$5,414,694	\$96,134			
\$14,350	\$14,017	(\$333)	37,054	116,686	79,632			
			181,100	56,948	(124,152)			
			3,200,000	4,316,792	1,116,792			
			250,000	668,415	418,415			
14,350	14,017	(333)	8,986,714	10,573,535	1,586,821			
						\$50,000	\$50,000	
			10,334,981	10,292,476	42,505			
			10,334,981	10,292,476	42,505	50,000	50,000	
14,350	14,017	(333)	(1,348,267)	281,059	1,629,326	(50,000)	(50,000)	
\$14,350	14,017	(\$333)	(\$1,348,267)	281,059	\$1,629,326	(\$50,000)	(50,000)	
	366,973			3,393,029			50,000	
	\$380,990			\$3,674,088				

(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, 2025

SPECIAL REVENUE FUNDS						
	Pt. San Pedro-Maintenance Portion			Low and Moderate Income Housing		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$150,000	\$177,869	\$27,869			
Use of money and properties	6,233	9,650	3,417	\$10,564	\$47,385	\$36,821
Intergovernmental						
Charges for services						
Other revenue					56,490	56,490
Total Revenues	156,233	187,519	31,286	10,564	103,875	93,311
EXPENDITURES						
Current:						
General government				85,770		85,770
Public safety						
Public works and parks	187,686	141,534	46,152			
Community development						
Culture and recreation						
Capital outlay						
Total Expenditures	187,686	141,534	46,152	85,770		85,770
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(31,453)	45,985	77,438	(75,206)	103,875	179,081
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCE	<u>(\$31,453)</u>	45,985	<u>\$77,438</u>	<u>(\$75,206)</u>	103,875	<u>\$179,081</u>
FUND BALANCES, BEGINNING OF YEAR		233,894			1,919,845	
FUND BALANCES, END OF YEAR		<u>\$279,879</u>			<u>\$2,023,720</u>	

SPECIAL REVENUE FUNDS

Measure A Open Space			Measure G Cannabis			Measure C Wildfire Prevention		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$549,878	\$598,007	\$48,129	\$225,000	\$132,716	(\$92,284)	\$1,995,362	\$2,083,132	\$87,770
16,319	35,260	18,941	44,627	37,982	(6,645)	7,494	61,238	53,744
						1,353,205	1,719,941	366,736
							60,563	60,563
566,197	633,267	67,070	269,627	170,698	(98,929)	3,356,061	3,924,874	568,813
			124,720	120,669	4,051			
3		3	45,663	46,464	(801)	5,756,533	2,409,118	3,347,415
	137,532	(137,532)						
1,250,192	598,313	651,879					36,224	(36,224)
1,250,195	735,845	514,350	170,383	167,133	3,250	5,756,533	2,445,342	3,311,191
(683,998)	(102,578)	581,420	99,244	3,565	(95,679)	(2,400,472)	1,479,532	3,880,004
			(700,000)	(151,129)	548,871			
			(700,000)	(151,129)	548,871			
(\$683,998)	(102,578)	\$581,420	(\$600,756)	(147,564)	\$453,192	(\$2,400,472)	1,479,532	\$3,880,004
	1,074,153			1,037,189			1,366,988	
	\$971,575			\$889,625			\$2,846,520	



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, 2025

	<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	\$8,011,587	\$6,098,504	\$5,808,003	\$411,313	\$4,951,080
Accounts receivable					
Prepaid expenses		837,058	1,006,580		35,415
Capital assets:					
Nondepreciable assets	169,757				
Depreciable assets, net	<u>5,648,417</u>	<u>7,186,631</u>	<u>1,119,294</u>		
Total Assets	<u>13,829,761</u>	<u>14,122,193</u>	<u>7,933,877</u>	<u>411,313</u>	<u>4,986,495</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	60,990	34,814	484,538	3,714	401,752
Claims payable - due in one year					1,277,825
Long-term debt - due in one year	21,755				
Subscription liabilities - due in one year			289,912		
Non-current Liabilities:					
Claims payable - due in more than one year					2,126,762
Long-term debt - due in more than one year	77,953				
Subscription liabilities - due in more than one year			<u>394,335</u>		
Total Liabilities	<u>160,698</u>	<u>34,814</u>	<u>1,168,785</u>	<u>3,714</u>	<u>3,806,339</u>
NET POSITION:					
Net investment in capital assets	5,718,466	7,186,631	435,047		
Unrestricted	<u>7,950,597</u>	<u>6,900,748</u>	<u>6,330,045</u>	<u>407,599</u>	<u>1,180,156</u>
Total Net Position	<u><u>\$13,669,063</u></u>	<u><u>\$14,087,379</u></u>	<u><u>\$6,765,092</u></u>	<u><u>\$407,599</u></u>	<u><u>\$1,180,156</u></u>

<u>Workers'</u> <u>Compensation</u>	<u>Dental</u> <u>Insurance</u>	<u>Employee</u> <u>Retirement</u>	<u>OPEB/</u> <u>Retiree</u> <u>Medical</u>	<u>Radio</u> <u>Replacement</u>	<u>Telephone</u> <u>Replacement</u>	<u>Sewer</u> <u>Maintenance</u>	<u>Total</u>
\$13,776,226	\$670,525	\$1,192,597	\$1,256,867	\$553,489	\$626,294	\$170,851	\$43,527,336
354,480	3,782						3,782
							2,233,533
							169,757
							13,954,342
<u>14,130,706</u>	<u>674,307</u>	<u>1,192,597</u>	<u>1,256,867</u>	<u>553,489</u>	<u>626,294</u>	<u>170,851</u>	<u>59,888,750</u>
16,947	3,731				53,398	170,851	1,230,735
2,388,389							3,666,214
							21,755
							289,912
8,995,923							11,122,685
							77,953
							394,335
<u>11,401,259</u>	<u>3,731</u>				<u>53,398</u>	<u>170,851</u>	<u>16,803,589</u>
2,729,447	670,576	1,192,597	1,256,867	553,489	572,896		13,340,144
<u>2,729,447</u>	<u>670,576</u>	<u>1,192,597</u>	<u>1,256,867</u>	<u>553,489</u>	<u>572,896</u>		<u>29,745,017</u>
<u>\$2,729,447</u>	<u>\$670,576</u>	<u>\$1,192,597</u>	<u>\$1,256,867</u>	<u>\$553,489</u>	<u>\$572,896</u>		<u>\$43,085,161</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, 2025

	Building Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Liability Insurance
OPERATING REVENUES					
Charges for current services	\$2,000,000	\$1,286,733	\$2,758,364	\$1,055,048	\$2,814,880
Other operating revenues					401,256
Total Operating Revenues	2,000,000	1,286,733	2,758,364	1,055,048	3,216,136
OPERATING EXPENSES					
Personnel				870,825	477,130
Insurance premiums and claims					3,069,983
Maintenance and repairs	434,893	(156,046)			
General and administrative	5,266		3,056,475	408,031	213,978
Depreciation and amortization expense	304,838	1,260,007	205,106		
Total Operating Expenses	744,997	1,103,961	3,261,581	1,278,856	3,761,091
Operating Income (Loss)	1,255,003	182,772	(503,217)	(223,808)	(544,955)
NONOPERATING REVENUES (EXPENSES)					
Investment income	277,296	218,277	242,272	13,999	155,607
Interest expense			(47,763)		
Miscellaneous revenues		99			
Gain on sale of capital assets		191,839			
Total Nonoperating Revenues (Expenses)	277,296	410,215	194,509	13,999	155,607
Net income (loss) before contributions and transfers	1,532,299	592,987	(308,708)	(209,809)	(389,348)
TRANSFERS					
Transfers in		1,000,000	500,000		2,000,000
Transfers out			(13,543)		
Net transfers		1,000,000	486,457		2,000,000
Change in Net Position	1,532,299	1,592,987	177,749	(209,809)	1,610,652
NET POSITION, BEGINNING OF YEAR	12,136,764	12,494,392	6,587,343	617,408	(430,496)
NET POSITION, END OF YEAR	\$13,669,063	\$14,087,379	\$6,765,092	\$407,599	\$1,180,156

Workers' Compensation	Dental Insurance	Employee Retirement	OPEB/ Retiree Medical	Radio Replacement	Telephone Replacement	Sewer Maintenance	Total
\$2,824,303 270,853	\$418,980		\$3,360,000 1,138,881	\$450,000	\$684,400	\$3,404,270	\$21,056,978 1,810,990
3,095,156	418,980		4,498,881	450,000	684,400	3,404,270	22,867,968
199,312 2,203,747	396,983		3,861,074			3,266,329	4,813,596 9,531,787
182,630	38,469	\$2,000		513,918	69,612 467,311	144,141	348,459 5,032,219 1,769,951
2,585,689	435,452	2,000	3,861,074	513,918	536,923	3,410,470	21,496,012
509,467	(16,472)	(2,000)	637,807	(63,918)	147,477	(6,200)	1,371,956
506,563	30,318	51,884	39,893	15,458	21,145		1,572,712 (47,763)
						6,200	6,299 191,839
506,563	30,318	51,884	39,893	15,458	21,145	6,200	1,723,087
1,016,030	13,846	49,884	677,700	(48,460)	168,622		3,095,043
		(680,313)					3,500,000 (693,856)
		(680,313)					2,806,144
1,016,030	13,846	(630,429)	677,700	(48,460)	168,622		5,901,187
1,713,417	656,730	1,823,026	579,167	601,949	404,274		37,183,974
\$2,729,447	\$670,576	\$1,192,597	\$1,256,867	\$553,489	\$572,896		\$43,085,161

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Building Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Liability Insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers/other funds	\$2,000,000	\$1,296,733	\$2,758,364	\$1,055,048	\$2,815,680
Cash payments to suppliers for goods and services	(413,703)	162,550	(3,778,636)	(554,704)	(2,893,185)
Cash payments to employees for salaries and benefits				(870,825)	(477,130)
Other operating revenues					401,256
Cash Flows from Operating Activities	1,586,297	1,459,283	(1,020,272)	(370,481)	(153,379)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Miscellaneous revenues		99			
Interfund revenues		1,000,000	500,000		2,000,000
Interfund payments			(13,543)		
Cash Flows from Noncapital Financing Activities		1,000,099	486,457		2,000,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payment on note payable	(21,755)				
Payment on subscription liability			(271,026)		
Payment on subscription interest			(47,763)		
Acquisition and construction of capital assets	(149,111)	(1,737,546)	(54,651)		
Proceeds from sale of property		191,839			
Cash Flows from Investing Activities	(170,866)	(1,545,707)	(373,440)		
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	277,296	218,277	242,272	13,999	155,607
Cash Flows from Investing Activities	277,296	218,277	242,272	13,999	155,607
Net increase (decrease) in cash and cash equivalents	1,692,727	1,131,952	(664,983)	(356,482)	2,002,228
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,318,860	4,966,552	6,472,986	767,795	2,948,852
CASH AND CASH EQUIVALENTS, END OF YEAR	\$8,011,587	\$6,098,504	\$5,808,003	\$411,313	\$4,951,080
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$1,255,003	\$182,772	(\$503,217)	(\$223,808)	(\$544,955)
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation and amortization	304,838	1,260,007	205,106		
Net change in assets and liabilities:					
Account receivable		10,000			800
Grant receivable					
Prepays			(982,585)		(35,415)
Accounts payable	26,456	6,504	260,424	(146,673)	362,375
Claims payable					63,816
Net Cash Provided by (Used in) Operating Activities	\$1,586,297	\$1,459,283	(\$1,020,272)	(\$370,481)	(\$153,379)

Workers' Compensation	Dental Insurance	Employee Retirement	OPEB/ Employee Retirement	Radio Replacement	Telephone Replacement	Sewer Maintenance	Total
\$2,824,303	\$415,198		\$3,360,000	\$450,000	\$685,400	\$4,192,507	\$21,853,233
(2,501,234)	(438,400)	(\$2,000)	(3,861,074)	(513,918)	(537,758)	(3,633,678)	(18,965,740)
(199,312)							(1,547,267)
270,853			1,138,881				1,810,990
394,610	(23,202)	(2,000)	637,807	(63,918)	147,642	558,829	3,151,216
						6,200	6,299
							3,500,000
		(680,313)				(394,178)	(1,088,034)
		(680,313)				(387,978)	2,418,265
							(21,755)
							(271,026)
							(47,763)
							(1,941,308)
							191,839
							(2,090,013)
506,563	30,318	51,884	39,893	15,458	21,145		1,572,712
506,563	30,318	51,884	39,893	15,458	21,145		1,572,712
901,173	7,116	(630,429)	677,700	(48,460)	168,787	170,851	5,052,180
12,875,053	663,409	1,823,026	579,167	601,949	457,507		38,475,156
\$13,776,226	\$670,525	\$1,192,597	\$1,256,867	\$553,489	\$626,294	\$170,851	\$43,527,336
\$509,467	(\$16,472)	(\$2,000)	\$637,807	(\$63,918)	\$147,477	(\$6,200)	\$1,371,956
							1,769,951
	(\$3,782)					\$788,237	795,255
					1,000		1,000
(354,480)							(1,372,480)
16,402	(2,948)				(835)	(223,208)	298,497
223,221							287,037
\$394,610	(\$23,202)	(\$2,000)	\$637,807	(\$63,918)	\$147,642	\$558,829	\$3,151,216





Mission Bike Race, San Rafael

STATISTICAL SECTION



STATISTICAL SECTION

This part of the City's Annual Comprehensive 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. Property Tax Rates, Direct & Overlapping Governments
4. Principal Property Taxpayers
5. 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

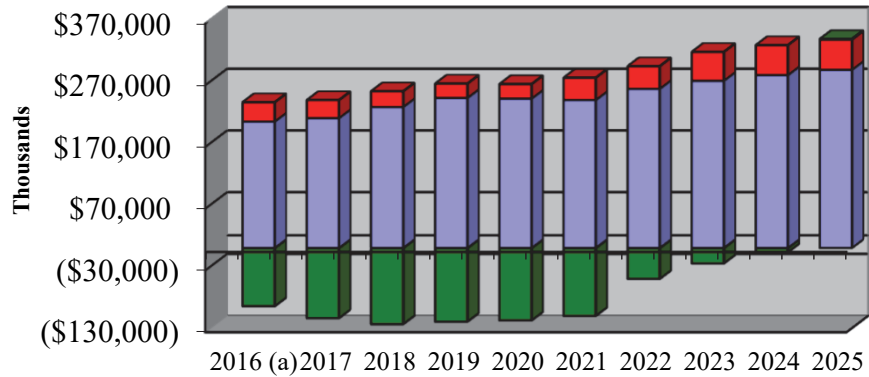
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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 Annual Comprehensive Financial Reports for the relevant year.

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



■ Net investment in capital assets ■ Restricted ■ Unrestricted

	2016 (a)	2017	2018	2019
<i>Governmental activities</i>				
Net investment in capital assets	\$193,707,175	\$199,202,842	\$217,170,376	\$231,844,210
Restricted	31,286,725	29,225,643	25,549,583	23,288,874
Unrestricted	(93,273,480)	(112,913,181)	(122,577,233)	(118,215,177)
Total governmental activities net position	<u>\$131,720,420</u>	<u>\$115,515,304</u>	<u>\$120,142,726</u>	<u>\$136,917,907</u>
<i>Business-type activities</i>				
Net investment in capital assets	\$10,958,058	\$10,968,642	\$10,951,518	\$11,023,426
Unrestricted	(1,136,050)	(871,620)	(886,848)	(1,180,121)
Total business-type activities net position	<u>\$9,822,008</u>	<u>\$10,097,022</u>	<u>\$10,064,670</u>	<u>\$9,843,305</u>
<i>Primary government</i>				
Net investment in capital assets	\$204,665,233	\$210,171,484	\$228,121,894	\$242,867,636
Restricted	31,286,725	29,225,643	25,549,583	23,288,874
Unrestricted	(94,409,530)	(113,784,801)	(123,464,081)	(119,395,298)
Total primary government net position	<u>\$141,542,428</u>	<u>\$125,612,326</u>	<u>\$130,207,396</u>	<u>\$146,761,212</u>

(a) The City adjusted certain beginning balances during fiscal year 2015-2016.
Financial data shown for proceeding years were not adjusted for the presentation.

2020	2021	2022	2023	2024	2025
\$230,737,025	\$228,252,998	\$246,437,706	\$259,204,102	\$268,520,108	\$276,990,873
23,522,748	36,175,158	36,668,766	46,773,333	48,596,168	49,052,769
(116,133,437)	(107,929,957)	(48,883,395)	(24,466,269)	(6,281,168)	1,335,242
<u>\$138,126,336</u>	<u>\$156,498,199</u>	<u>\$234,223,077</u>	<u>\$281,511,166</u>	<u>\$310,835,108</u>	<u>\$327,378,884</u>
\$11,104,751	\$11,174,601	\$11,256,222	\$11,454,000	\$11,354,160	\$11,424,066
(1,204,307)	(2,205,300)	(1,189,003)	(653,194)	(651,060)	(294,899)
<u>\$9,900,444</u>	<u>\$8,969,301</u>	<u>\$10,067,219</u>	<u>\$10,800,806</u>	<u>\$10,703,100</u>	<u>\$11,129,167</u>
\$241,841,776	\$239,427,599	\$257,693,928	\$270,658,102	\$279,874,268	\$288,414,939
23,522,748	36,175,158	36,668,766	46,773,333	48,596,168	49,052,769
(117,337,744)	(110,135,257)	(50,072,398)	(25,119,463)	(6,932,228)	1,040,343
<u>\$148,026,780</u>	<u>\$165,467,500</u>	<u>\$244,290,296</u>	<u>\$292,311,972</u>	<u>\$321,538,208</u>	<u>\$338,508,051</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses				
Governmental Activities:				
General government	\$12,952,983	\$10,996,269	\$9,835,941	\$11,967,641
Public safety	55,399,798	44,366,734	53,231,197	49,899,296
Public works and parks	22,929,289	19,845,719	22,084,433	19,270,613
Community development	4,307,269	4,242,743	4,040,195	5,781,826
Culture and recreation	15,026,680	14,131,000	13,285,563	12,819,429
Interest on long-term debt	277,263	271,263	884,336	1,848,263
Total Governmental Activities Expenses	<u>110,893,282</u>	<u>93,853,728</u>	<u>103,361,665</u>	<u>101,587,068</u>
Business-Type Activities:				
Parking services	4,762,851	4,188,152	4,627,716	5,038,553
Total Business-Type Activities Expenses	<u>4,762,851</u>	<u>4,188,152</u>	<u>4,627,716</u>	<u>5,038,553</u>
Total Primary Government Expenses	<u>\$115,656,133</u>	<u>\$98,041,880</u>	<u>\$107,989,381</u>	<u>\$106,625,621</u>
Component Unit:				
San Rafael Sanitation District	<u>\$11,654,767</u>	<u>\$11,255,194</u>	<u>\$12,235,868</u>	<u>\$12,601,257</u>
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	\$526,495	\$421,393	\$517,542	\$377,606
Public safety	4,939,658	4,264,939	5,628,478	5,304,832
Public works and parks	5,157,289	1,804,698	2,362,375	4,158,338
Community development	4,004,178	3,850,107	3,814,892	4,312,259
Culture and recreation	6,683,059	6,941,013	6,819,303	5,750,846
Operating grants and contributions	4,678,338	3,965,351	5,142,670	4,584,855
Capital grants and contributions	1,470,953	1,702,993	974,603	8,042,524
Total Government Activities Program Revenues	<u>27,459,970</u>	<u>22,950,494</u>	<u>25,259,863</u>	<u>32,531,260</u>
Business-Type Activities:				
Charges for services:				
Parking services	5,212,181	5,268,991	5,203,585	5,362,016
Total Business-Type Activities Program Revenues	<u>5,212,181</u>	<u>5,268,991</u>	<u>5,203,585</u>	<u>5,362,016</u>
Total Primary Government Program Revenues	<u>\$32,672,151</u>	<u>\$28,219,485</u>	<u>\$30,463,448</u>	<u>\$37,893,276</u>
Component Unit:				
San Rafael Sanitation District				
Charges for services	\$15,414,530	\$16,014,016	\$16,829,908	\$16,964,083
Operating grants and contributions		36,945	58,440	5,907
Capital grants and contributions		79,245	105,734	1,433,871
Total Component Unit Program Revenues	<u>\$15,414,530</u>	<u>\$16,130,206</u>	<u>\$16,994,082</u>	<u>\$18,403,861</u>
Net (Expense)/Revenue				
Governmental Activities	(\$83,433,312)	(\$70,903,234)	(\$78,101,802)	(\$69,055,808)
Business-Type Activities	<u>449,330</u>	<u>1,080,839</u>	<u>575,869</u>	<u>323,463</u>
Total Primary Government Net Expense	<u>(\$82,983,982)</u>	<u>(\$69,822,395)</u>	<u>(\$77,525,933)</u>	<u>(\$68,732,345)</u>
Component Unit Activities	<u>\$3,862,215</u>	<u>\$4,875,012</u>	<u>\$4,758,214</u>	<u>\$5,802,604</u>

2020	2021	2022	2023	2024	2025
\$15,629,601	\$12,254,642	\$10,458,884	\$11,162,650	\$14,901,980	\$17,615,468
50,000,809	54,736,561	34,379,474	49,903,663	57,399,596	64,083,535
21,661,442	20,749,666	14,030,717	23,353,510	24,392,108	27,724,431
5,314,692	5,804,134	2,835,173	4,436,659	6,043,266	6,008,500
11,828,353	10,619,181	7,430,968	10,723,168	12,725,048	12,995,897
1,974,834	1,935,532	2,004,572	1,793,203	1,655,588	1,573,951
106,409,731	106,099,716	71,139,788	101,372,853	117,117,586	130,001,782
4,491,375	3,748,667	2,226,556	3,435,551	4,078,051	3,774,044
4,491,375	3,748,667	2,226,556	3,435,551	4,078,051	3,774,044
\$110,901,106	\$109,848,383	\$73,366,344	\$104,808,404	\$121,195,637	\$133,775,826
\$13,853,263	\$13,790,905	\$12,892,687	\$13,541,927	\$15,592,949	\$16,260,424
\$394,882	\$388,833	\$1,039,816	\$383,890	\$411,655	\$110,112
5,824,555	5,332,486	6,302,852	7,063,009	7,365,020	7,642,292
3,082,495	2,719,148	2,996,881	3,146,404	4,146,897	2,952,012
5,470,010	8,390,282	4,493,292	4,982,748	5,757,689	4,695,585
4,370,442	2,932,869	4,105,520	5,158,806	5,488,779	5,635,593
5,545,731	5,132,596	22,520,880	6,763,815	6,530,607	9,970,153
1,348,640	8,718,764	9,867,883	18,438,231	8,181,276	3,219,570
26,036,755	33,614,978	51,327,124	45,936,903	37,881,923	34,225,317
5,063,318	3,351,864	3,836,881	4,682,140	4,552,629	4,761,985
5,063,318	3,351,864	3,836,881	4,682,140	4,552,629	4,761,985
\$31,100,073	\$36,966,842	\$55,164,005	\$50,619,043	\$42,434,552	\$38,987,302
\$16,874,361	\$16,945,721	\$16,458,113	\$16,638,611	\$16,657,102	\$18,877,412
5,719	5,609	5,568	5,531	5,775	5,694
175,217	277,752	517,752	175,481	248,116	73,061
\$17,055,297	\$17,229,082	\$16,981,433	\$16,819,623	\$16,910,993	\$18,956,167
(\$80,372,976)	(\$72,484,738)	(\$19,812,664)	(\$55,435,950)	(\$79,235,663)	(\$95,776,465)
571,943	(396,803)	1,610,325	1,246,589	474,578	987,941
(\$79,801,033)	(\$72,881,541)	(\$18,202,339)	(\$54,189,361)	(\$78,761,085)	(\$94,788,524)
\$3,202,034	\$3,438,177	\$4,088,746	\$3,277,696	\$1,318,044	\$2,695,743

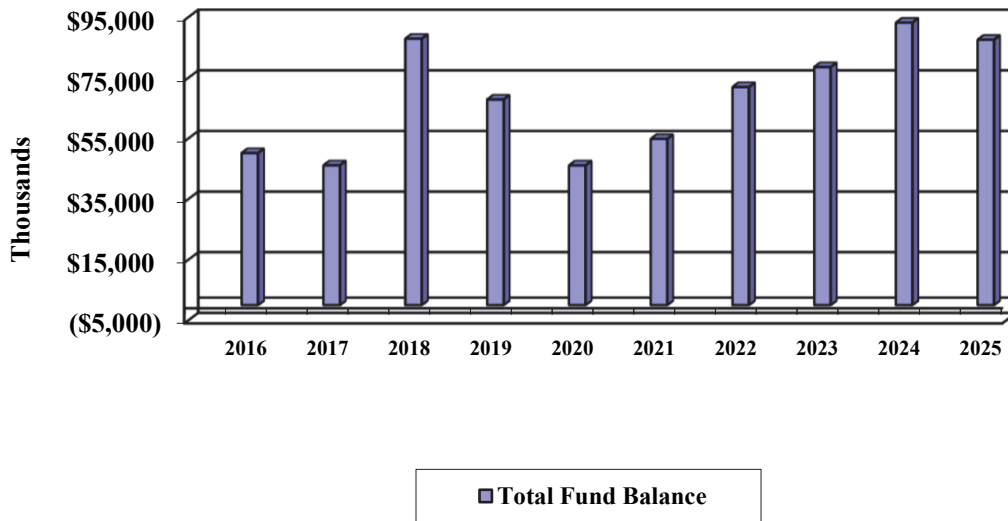
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CITY OF SAN RAFAEL
CHANGES IN NET POSITION
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property	\$19,998,567	\$23,343,140	\$24,627,373	\$25,903,240
Sales	34,348,089	31,819,259	34,119,502	35,626,646
Paramedic	4,226,020	5,485,637	4,923,148	4,934,584
Transient occupancy	3,063,263	2,984,758	3,115,151	3,203,499
Franchise	3,418,277	3,610,824	3,726,841	3,627,254
Business license	2,824,664	2,774,803	2,790,212	2,788,496
Other	3,465,193	1,824,830	2,245,882	1,783,170
Investment earnings	300,091	210,628	556,745	1,450,434
Gain (loss) from sale of capital assets				
Miscellaneous	1,387,315	2,448,604	5,991,713	5,904,968
Transfers	448,478	536,000	632,657	608,698
Total Government Activities	<u>73,479,957</u>	<u>75,038,483</u>	<u>82,729,224</u>	<u>85,830,989</u>
Business-Type Activities:				
Investment earnings	14,723	10,810	24,436	63,870
Transfers	(448,478)	(536,000)	(632,657)	(608,698)
Total Business-Type Activities	<u>(433,755)</u>	<u>(525,190)</u>	<u>(608,221)</u>	<u>(544,828)</u>
Total Primary Government	<u><u>\$73,046,202</u></u>	<u><u>\$74,513,293</u></u>	<u><u>\$82,121,003</u></u>	<u><u>\$85,286,161</u></u>
Component Unit:				
San Rafael Sanitation District				
Property Taxes	\$1,367,172	\$1,528,047	\$1,620,584	\$1,727,221
Investment earnings	46,225	97,090	234,379	519,793
Miscellaneous			10,690	7,768
Gain (loss) from sale of capital assets				
Total Component Unit	<u><u>\$1,413,397</u></u>	<u><u>\$1,625,137</u></u>	<u><u>\$1,865,653</u></u>	<u><u>\$2,254,782</u></u>
Change in Net Position				
Governmental Activities	(\$9,953,355)	\$4,135,249	\$4,627,422	\$16,775,181
Business-Type Activities	<u>15,575</u>	<u>555,649</u>	<u>(32,352)</u>	<u>(221,365)</u>
Total Primary Government	<u><u>(\$9,937,780)</u></u>	<u><u>\$4,690,898</u></u>	<u><u>\$4,595,070</u></u>	<u><u>\$16,553,816</u></u>
Change in Net Position				
Component Unit Activities	<u><u>\$5,275,612</u></u>	<u><u>\$6,500,149</u></u>	<u><u>\$6,623,867</u></u>	<u><u>\$8,057,386</u></u>

2020	2021	2022	2023	2024	2025
\$26,491,505	\$30,993,516	\$32,324,129	\$33,023,030	\$35,635,864	\$36,503,556
33,784,770	39,599,113	44,110,471	45,632,867	44,554,220	45,905,011
4,923,092	5,153,448	5,109,836	5,224,387	5,315,689	5,414,694
2,410,745	1,797,578	2,976,234	3,396,479	3,592,883	3,583,020
4,029,050	3,973,806	4,209,979	4,424,917	4,581,586	4,761,953
2,824,722	2,575,341	2,645,636	2,583,546	2,791,927	2,775,503
2,152,617	2,996,950	3,108,543	2,975,282	2,937,428	3,049,543
1,907,591	388,645	(1,424,183)	1,708,860	5,283,676	6,635,209
	26,784	989,991		41,673	191,839
2,470,926	2,813,015	2,965,697	3,233,349	3,242,511	2,925,920
586,387	538,405	521,209	521,322	582,148	573,993
81,581,405	90,856,601	97,537,542	102,724,039	108,559,605	112,320,241
71,583	4,065	8,802	8,320	9,864	12,119
(586,387)	(538,405)	(521,209)	(521,322)	(582,148)	(573,993)
(514,804)	(534,340)	(512,407)	(513,002)	(572,284)	(561,874)
\$81,066,601	\$90,322,261	\$97,025,135	\$102,211,037	\$107,987,321	\$111,758,367
\$1,833,137	\$1,888,197	\$2,086,682	\$2,129,197	\$2,322,601	\$2,442,140
876,369	48,614	(406,535)	1,328,202	2,201,511	1,898,333
489			11,759		110,928
				(23,561)	
\$2,709,995	\$1,936,811	\$1,680,147	\$3,469,158	\$4,500,551	\$4,451,401
\$1,208,429	\$18,371,863	\$77,724,878	\$47,288,089	\$29,323,942	\$16,543,776
57,139	(931,143)	1,097,918	733,587	(97,706)	426,067
\$1,265,568	\$17,440,720	\$78,822,796	\$48,021,676	\$29,226,236	\$16,969,843
\$5,912,029	\$5,374,988	\$5,768,893	\$6,746,854	\$5,818,595	\$7,147,144

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



	2016	2017	2018	2019
General Fund				
Nonspendable	\$476,316	\$508,446	\$1,008,234	\$37,271
Committed				
Assigned	16,440,910	14,900,945	11,214,720	11,391,084
Unassigned	1,772,577	1,295,041		1,104,216
Total General Fund	<u>\$18,689,803</u>	<u>\$16,704,432</u>	<u>\$12,222,954</u>	<u>\$12,532,571</u>
All Other Governmental Funds				
Nonspendable	\$9,449		\$302,366	\$27,627
Restricted	27,552,245	\$25,812,405	73,489,688	53,260,504
Committed	3,799,421	3,491,708	1,754,983	1,901,271
Assigned	119,183	115,103	115,942	118,139
Unassigned				
Total all other governmental funds	<u>\$31,480,298</u>	<u>\$29,419,216</u>	<u>\$75,662,979</u>	<u>\$55,307,541</u>

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

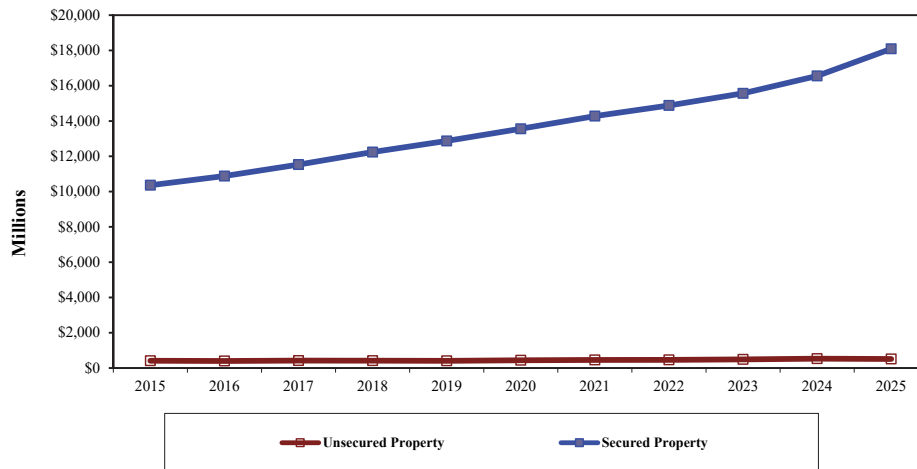
2020	2021	2022	2023	2024	2025	(a)
\$7,540	\$377,861	\$95,279	\$78,057	\$54,250	\$70,759	
	8,321,000	9,415,000	9,753,000	9,837,000	10,125,000	
9,799,140	7,226,153	24,270,840	17,272,274	20,837,172	18,341,628	
	920,885		664,667	5,686,854	5,377,432	
<u>\$9,806,680</u>	<u>\$16,845,899</u>	<u>\$33,781,119</u>	<u>\$27,767,998</u>	<u>\$36,415,276</u>	<u>\$33,914,819</u>	
\$7,813		\$89,761	\$182,890	\$3,506		
34,288,302	\$36,043,515	36,443,519	46,449,334	48,442,445	\$48,898,624	
1,884,153	1,831,036	1,514,355	4,008,844	8,209,257	4,676,853	
120,920	116,842	117,755	119,248	121,562	126,205	
(11,118)					(70,059)	
<u>\$36,290,070</u>	<u>\$37,991,393</u>	<u>\$38,165,390</u>	<u>\$50,760,316</u>	<u>\$56,776,770</u>	<u>\$53,631,623</u>	

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

	2016	2017	2018	2019
Revenues				
Taxes and special assessments	\$65,866,218	\$71,166,891	\$74,893,789	\$77,101,185
Licenses and permits	2,588,411	2,559,841	2,718,166	2,661,500
Fines and forfeitures	435,829	400,283	384,268	337,680
Use of money and properties	460,206	349,349	654,531	1,583,060
Intergovernmental	13,685,003	8,063,156	8,878,974	15,602,264
Charges for services	14,366,744	13,425,161	14,660,094	15,166,876
Other revenue	3,208,749	1,842,053	5,219,414	5,158,042
Total Revenues	100,611,160	97,806,734	107,409,236	117,610,607
Expenditures				
Current:				
General government	11,349,079	10,557,416	10,010,100	12,553,499
Public safety	47,071,166	49,018,153	51,805,708	51,678,876
Public works and parks	14,390,699	16,752,961	17,647,312	15,617,622
Community development	3,670,108	3,759,564	4,051,224	4,988,260
Culture and recreation	12,048,104	12,646,728	12,823,771	12,468,008
Capital outlay	4,813,757	2,100,926	22,815,967	38,701,047
Capital improvement/special projects	4,826,576	7,403,249		
Debt service:				
Principal	75,172	175,172	280,172	495,172
Interest and fiscal charges	277,263	271,263	1,005,636	2,356,207
Total Expenditures	98,521,924	102,685,432	120,439,890	138,858,691
Excess (deficiency) of revenues over (under) expenditures	2,089,236	(4,878,698)	(13,030,654)	(21,248,084)
Other Financing Sources (Uses)				
Issuance of debt			46,565,800	
Proceeds from sale of capital assets				
Transfers in	7,533,364	9,287,007	68,351,964	15,482,297
Transfers (out)	(6,582,555)	(8,454,762)	(68,373,222)	(14,280,034)
Total other financing sources (uses)	950,809	832,245	46,544,542	1,202,263
Net Change in fund balances	\$3,040,045	(\$4,046,453)	\$33,513,888	(\$20,045,821)
Debt service as a percentage of noncapital expenditures	0.4%	0.5%	1.3%	2.8%

Fiscal Year Ended June 30,					
2020	2021	2022	2023	2024	2025
\$76,410,697	\$86,347,728	\$93,604,982	\$96,373,395	\$98,481,864	\$100,959,147
3,047,144	3,000,666	3,077,355	3,002,122	3,614,566	3,346,342
350,388	219,030	296,300	228,966	259,792	297,212
1,537,869	667,104	(1,597,714)	1,227,353	4,561,170	4,504,218
9,287,181	16,859,749	34,239,157	28,590,886	16,628,881	16,902,414
13,834,843	15,065,363	13,315,014	15,825,770	17,458,089	16,182,343
2,309,226	1,875,299	4,199,820	2,322,859	4,048,979	2,019,923
106,777,348	124,034,939	147,134,914	147,571,351	145,053,341	144,211,599
16,689,526	12,426,899	17,716,666	13,858,624	15,976,001	19,156,876
50,071,531	54,363,872	58,397,721	58,673,878	59,858,026	67,101,074
17,453,823	15,110,972	16,495,547	19,535,588	19,174,722	21,784,203
5,276,887	6,270,129	5,736,213	5,190,246	6,276,150	6,363,809
11,179,410	9,700,739	11,319,546	12,664,282	12,521,303	13,222,302
25,984,748	13,635,066	17,345,454	23,536,840	16,589,427	14,168,159
618,316	2,563,711	2,829,057	3,044,551	3,760,071	3,794,498
2,482,778	2,443,476	2,512,515	2,241,875	2,100,354	2,034,131
129,757,019	116,514,864	132,352,719	138,745,884	136,256,054	147,625,052
(22,979,671)	7,520,075	14,782,195	8,825,467	8,797,287	(3,413,453)
23,999		1,000,000		2,518,949	
13,797,526	7,549,590	6,441,764	14,576,818	11,679,112	9,187,478
(12,585,216)	(6,329,123)	(5,114,742)	(16,820,480)	(8,331,616)	(11,419,629)
1,236,309	1,220,467	2,327,022	(2,243,662)	5,866,445	(2,232,151)
(\$21,743,362)	\$8,740,542	\$17,109,217	\$6,581,805	\$14,663,732	(\$5,645,604)
3.0%	4.9%	4.6%	4.6%	4.9%	4.4%

**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					
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%
2017	9,025,896,811	2,390,814,514	267,468,956	135,689,202	11,819,869,483	423,545,667	12,243,415,150	12,243,415,150	0.11693%
2018	9,522,645,933	2,532,439,852	276,751,912	128,305,868	12,460,143,565	417,902,554	12,878,046,119	12,878,046,119	0.11709%
2019	10,042,494,232	2,681,917,170	285,601,803	107,472,477	13,117,485,682	409,129,431	13,526,615,113	13,526,615,113	0.11742%
2020	10,545,909,554	2,850,424,603	293,144,677	127,151,762	13,816,630,596	442,888,708	14,259,519,304	14,259,519,304	0.11724%
2021	11,011,781,157	2,956,073,592	305,080,963	143,953,920	14,416,889,632	460,690,899	14,877,580,531	14,877,580,531	0.11734%
2022	11,516,548,822	3,109,589,216	311,491,969	138,527,146	15,076,157,153	463,320,122	15,539,477,275	15,539,477,275	0.11734%
2023	12,306,902,659	3,227,380,341	332,424,829	156,067,190	16,022,775,019	492,746,700	16,515,521,719	16,515,521,719	0.11746%
2024	13,055,127,289	3,411,495,113	346,407,421	135,515,797	16,948,545,620	532,247,366	17,480,792,986	17,480,792,986	0.11774%
2025	13,527,244,928	3,535,571,393	372,517,544	142,174,173	17,577,508,038	513,218,891	18,090,726,929	18,090,726,929	0.11766%

(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 2015/16 - 2024/25 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	Total Direct
2016	0.154	0.295	0.7846	0.0695	1.3028	0.11672%
2017	0.154	0.295	0.8251	0.0553	1.3291	0.11693%
2018	0.154	0.295	0.8127	0.0661	1.3275	0.11709%
2019	0.154	0.295	0.8495	0.0650	1.3635	0.11742%
2020	0.154	0.295	0.8289	0.0635	1.3414	0.11724%
2021	0.154	0.295	0.8221	0.0678	1.3389	0.11734%
2022	0.154	0.295	0.7995	0.0678	1.3160	0.11734%
2023	0.154	0.295	0.8006	0.0667	1.3160	0.11746%
2024	0.154	0.295	0.8016	0.0657	1.3160	0.11774%
2025	0.154	0.295	0.8173	0.0612	1.3272	0.11766%

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 2015/16 - 2024/25 Tax Rate Tables

**CITY OF SAN RAFAEL
PROPERTY TAX RATES
DIRECT & OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS (RATE PER \$100 OF ASSESSED VALUE)**

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Dixie School Bonds 2000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02920	0.02520	0.00000
Marin Community College Bonds	0.01650	0.01420	0.03380	0.03390	0.02690	0.02650	0.02750	0.02580	0.02450	0.02370
Marin Healthcare Bond	0.02350	0.00930	0.02010	0.01900	0.01750	0.02180	0.02180	0.02070	0.01970	0.01520
Miller Creek School Bonds	0.04170	0.03830	0.02090	0.03450	0.03280	0.03030	0.01950	0.01830	0.01810	0.01840
Ross Elementary School	0.06150	0.06030	0.06190	0.06180	0.05710	0.05800	0.05760	0.05500	0.05680	0.05660
Ross Valley School Bonds	0.05550	0.05370	0.05680	0.05390	0.05270	0.05190	0.04870	0.05260	0.04100	0.03030
San Rafael Elementary Bonds	0.02570	0.05350	0.05030	0.07290	0.07050	0.06950	0.07400	0.06860	0.09580	0.09340
San Rafael High Bonds	0.04710	0.07100	0.05680	0.06170	0.06000	0.05830	0.04630	0.05030	0.07730	0.07250
Tamalpais Union High School	0.03130	0.02880	0.02690	0.02580	0.02390	0.02260	0.02060	0.01950	0.01750	0.07100
Total Direct & Overlapping Tax Rates	1.30280	1.32910	1.32750	1.36350	1.34140	1.33890	1.31600	1.34000	1.37590	1.32720
City's Share of 1% Levy Per Prop 13	0.12233	0.12233	0.12233	0.12232	0.12232	0.12231	0.12231	0.12231	0.12231	0.12231
Total Direct Rate	0.11672	0.11693	0.11709	0.11742	0.11724	0.11734	0.11734	0.11746	0.11774	0.11766

Notes:

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Data Source: Marin County Assessors Office 2015/16 - 2024/25 Tax Rate Tables

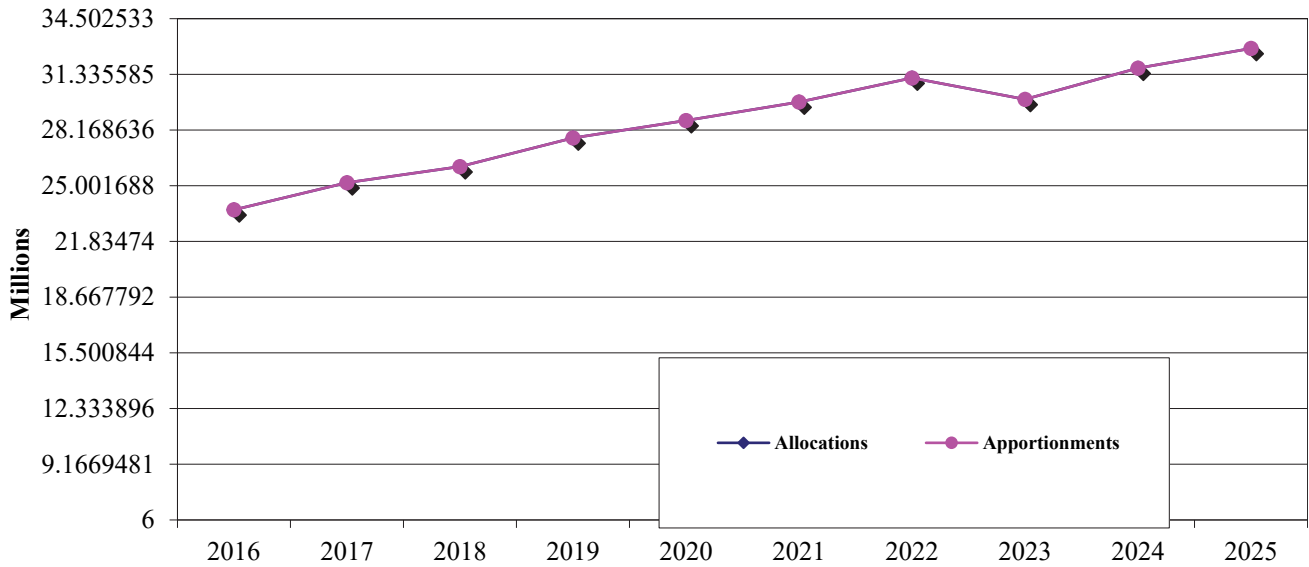
**CITY OF SAN RAFAEL
PRINCIPAL PROPERTY TAX PAYERS
CURRENT FY 2024/25 AND FY 2015/2016**

Taxpayer	FY 2024-2025		FY 2015-2016	
	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	\$327,142,477	1.81%	\$138,587,517	1.20%
MGP XI Northgate LLC	238,888,198	1.32%		
Kaiser	153,852,645	0.85%		
NCP Multifamily LLC	118,536,664	0.66%		
Pur San Rafael LLC	112,435,767	0.62%		
State of CA Dept of Trans	75,547,957	0.42%		
Bre Properties, Inc	71,371,069	0.39%		
South Valley Apartments LLC	60,327,158	0.33%		
Lofts Albert Park LLC	59,802,811	0.33%		
1201 Fifth Avenue LLC	73,801,840	0.41%		
Northbay Properties II			44,273,257	0.38%
Regency Center II Assoc LP			43,760,844	0.40%
Bay Apartment Communities Inc			42,312,980	0.37%
Northgate Mall Associates			137,532,142	1.20%
33 North Associates LLC			38,331,984	0.33%
MPB Associates LLC			51,207,486	0.45%
Sutter Health			51,869,712	0.45%
Barbara Fasken Trust			41,837,131	0.36%
Marin Sanitary Service			40,629,687	0.35%
Subtotal	\$1,291,706,586	7.14%	\$630,342,740	5.48%

Total Net Assessed Valuation:

Fiscal Year 2024-2025	\$18,091,389,911
Fiscal Year 2015-2016	\$11,506,957,436

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

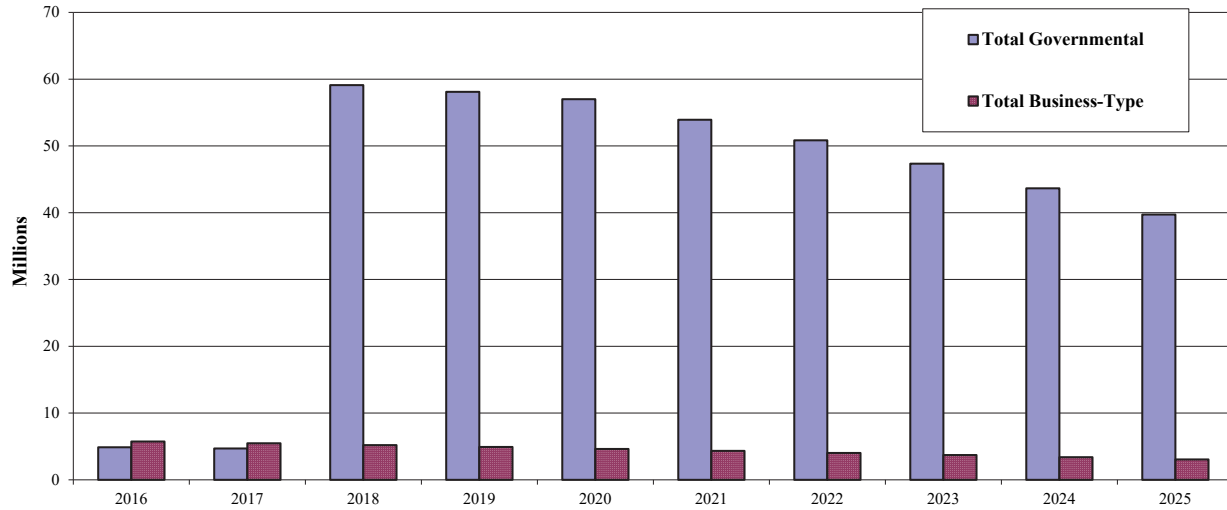


Fiscal Year	Rate	Levies	Allocations	Collections	Apportionments	Delinquencies	Delinquent taxes as a Percent of Allocations
2016	1.00	(2)	\$23,636,093	(2)	\$23,636,093	(2)	0.0%
2017	1.00	(2)	25,173,651	(2)	25,173,651	(2)	0.0%
2018	1.00	(2)	26,088,961	(2)	26,088,961	(2)	0.0%
2019	1.00	(2)	27,718,712	(2)	27,718,712	(2)	0.0%
2020	1.00	(2)	28,709,606	(2)	28,709,606	(2)	0.0%
2021	1.00	(2)	29,762,184	(2)	29,762,184	(2)	0.0%
2022	1.00	(2)	31,129,632	(2)	31,129,632	(2)	0.0%
2023	1.00	(2)	29,914,556	(2)	29,914,556	(2)	0.0%
2024	1.00	(2)	31,688,389	(2)	31,688,389	(2)	0.0%
2025	1.00	(2)	32,808,865	(2)	32,808,865	(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	Note Payable	Pension Obligation Bonds	Lease Revenue Bonds	Lease and SBITA Liabilities	Total
2016	\$378,495	\$4,490,000			\$4,868,495
2017	303,323	4,390,000			4,693,323
2018	1,308,951	4,185,000	\$53,612,097		59,106,048
2019	1,233,779	3,765,000	53,104,153		58,102,932
2020	1,084,462	3,320,000	52,596,209		57,000,671
2021	905,751	2,845,000	50,178,265	\$5,734,584	59,663,600
2022	890,555	2,340,000	47,600,321	7,220,147	58,051,023
2023	687,158	1,805,000	44,852,378	6,919,980	54,264,516
2024	502,689	1,240,000	41,909,435	8,823,671	52,475,795
2025	329,583	640,000	38,756,491	8,154,498	47,880,572

Business-Type Activities

Fiscal Year	Parking Services Bonds	Note Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2016	\$5,692,853	\$48,204	\$5,741,057	\$10,609,552	0.38%	\$229.11
2017	5,433,577	41,388	5,474,965	10,168,288	0.35%	210.20
2018	5,164,303	34,572	5,198,875	64,304,923	2.04%	1,224.65
2019	4,890,027	27,755	4,917,782	63,020,714	2.00%	1,194.00
2020	4,605,753	20,939	4,626,692	61,627,363	1.87%	1,101.71
2021	4,316,478	14,123	4,330,601	63,994,201	1.89%	1,143.12
2022	4,017,203	7,307	4,024,510	62,075,533	1.64%	977.66
2023	3,707,928	489	3,708,417	57,972,933	1.43%	854.39
2024	3,388,653	0	3,388,653	55,864,448	1.36%	816.49
2025	3,059,378	0	3,059,378	50,939,950	N/A	N/A

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, 2025

2024-25 Assessed Valuation: 18,062,154,647

	Total Debt 6/30/2025	% Applicable (1)	City's Share of Debt 6/30/2025
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Marin Community College District	\$537,150,000	17.077%	\$91,729,106
San Rafael High School District	286,188,156	78.643%	225,066,952
Tamalpais Union High School District	228,290,000	0.061%	139,257
Miller Creek School District (Formerly Dixie School District)	26,459,820	66.778%	17,669,339
Ross School District	14,156,071	1.175%	166,334
Ross Valley School District	37,231,160	0.010%	3,723
San Rafael School District	194,522,189	83.944%	163,289,706
Marin Healthcare District	462,540,000	20.389%	94,307,281
Marin Emergency Radio Authority Parcel Tax Obligations	28,535,000	17.054%	4,866,359
City of San Rafael 1915 Act Bonds	893,500	100.000%	893,500
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$598,131,557
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Marin County Certificates of Participation	68,945,000	17.054%	\$11,757,880
Marin County Pension Obligation Bonds	28,700,000	17.054%	4,894,498
Marin Community College District Certification of Participation	9,922,080	17.077%	1,694,394
San Rafael School District General Fund Obligations	2,235,000	83.944%	1,876,148
City of San Rafael General Fund Obligations	37,579,583	100.000%	37,579,583 (2)
City of San Rafael Pension Obligations	640,000	100.000%	640,000
City of San Rafael Lease Liability			6,224,658
City of San Rafael SBITA Liability			1,929,841
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$66,597,002
Less: City of San Rafael obligations supported by enterprise revenues			3,065,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$63,532,002
TOTAL GROSS DIRECT DEBT			46,374,082
TOTAL NET DIRECT DEBT			43,309,082
TOTAL OVERLAPPING DEBT			618,354,477
GROSS COMBINED TOTAL DEBT			664,728,559 (3)
NET COMBINED TOTAL DEBT			661,663,559

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Includes \$329,583 PG&E notes.

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

Ratios to 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	3.31%
Total Gross Direct Debt (\$46,374,082)	0.26%
Total Net Direct Debt (\$43,309,082)	0.24%
Gross Combined Total Debt	3.68%
Net Combined Total Debt	3.66%

Data Source: Avenu Insights & Analytics, California Municipal Statistics, Inc.

CITY OF SAN RAFAEL
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2025

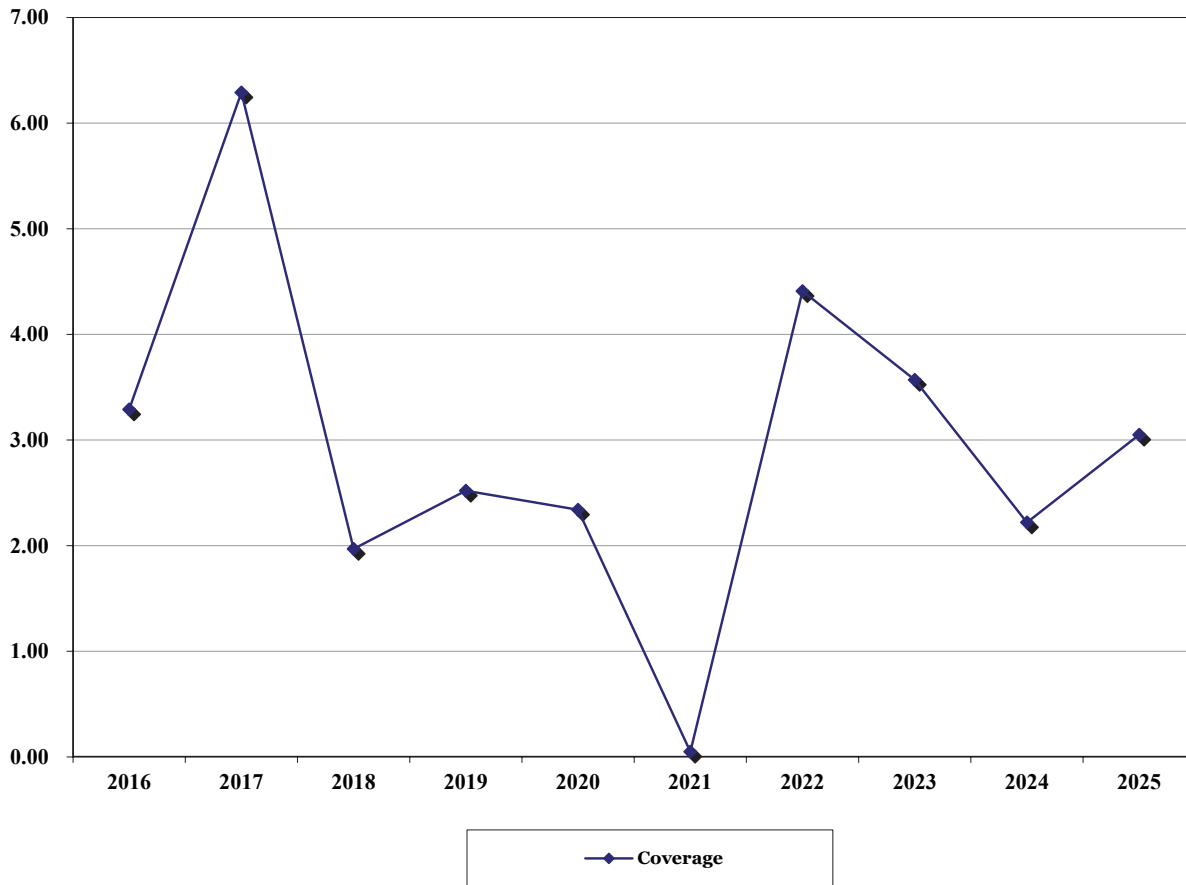
ASSESSED VALUATION:	<u>\$18,062,154,647</u>
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u>\$677,330,799</u>
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	<u>39,726,075</u>
LEGAL BONDED DEBT MARGIN	<u>\$637,604,724</u>

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
2016	\$431,510,904	\$4,868,495	\$426,642,409	1.14%
2017	459,128,068	4,693,323	454,434,745	1.03%
2018	482,926,729	59,106,048	423,820,681	13.95%
2019	507,248,067	58,102,932	449,145,135	12.94%
2020	534,731,974	57,000,671	477,731,303	11.93%
2021	557,909,270	53,929,016	503,980,254	10.70%
2022	582,730,398	50,830,876	531,899,522	9.56%
2023	619,332,064	47,344,536	571,987,528	8.28%
2024	655,529,737	43,652,124	611,877,613	7.13%
2025	677,330,799	39,726,075	637,604,724	6.23%

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 of that value.

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	
2016	\$5,226,904	\$3,739,321	\$1,487,583	\$250,000	\$201,488	\$451,488	3.29
2017	5,279,801	2,425,281	2,854,520	260,000	193,988	453,988	6.29
2018	5,219,721	4,320,695	899,026	270,000	186,188	456,188	1.97
2019	5,425,883	4,283,754	1,142,130	275,000	178,088	453,088	2.52
2020	5,134,901	4,072,433	1,062,468	285,000	169,838	454,838	2.34
2021	3,355,929	3,332,327	23,602	290,000	161,288	451,288	0.05
2022	3,845,683	1,851,746	1,993,937	300,000	152,588	452,588	4.41
2023	4,690,455	3,071,480	1,618,974	310,000	143,588	453,588	3.57
2024	4,562,494	3,551,709	1,010,785	320,000	134,288	454,288	2.22
2025	4,774,104	3,390,555	1,383,549	330,000	124,120	454,120	3.05

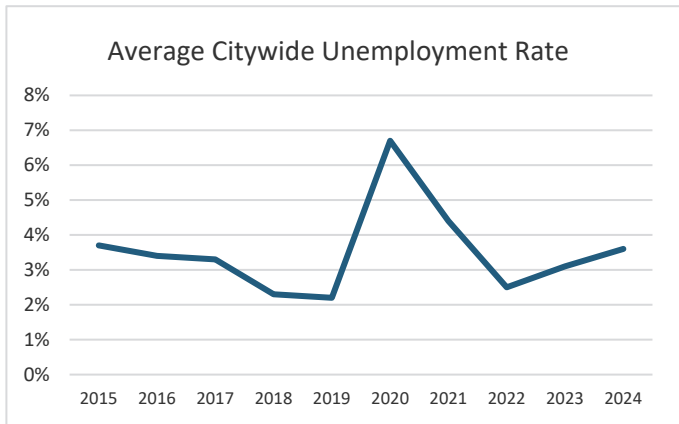
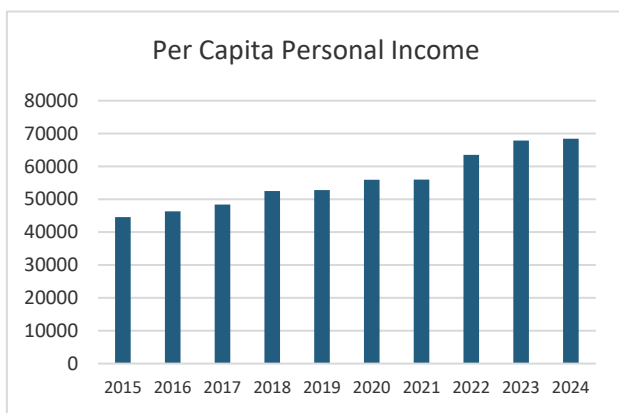
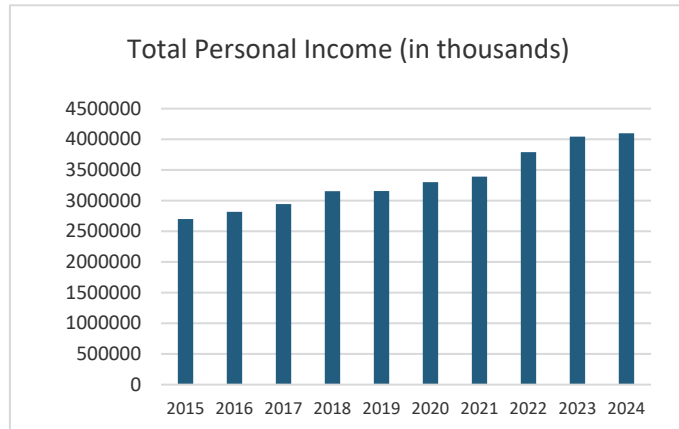
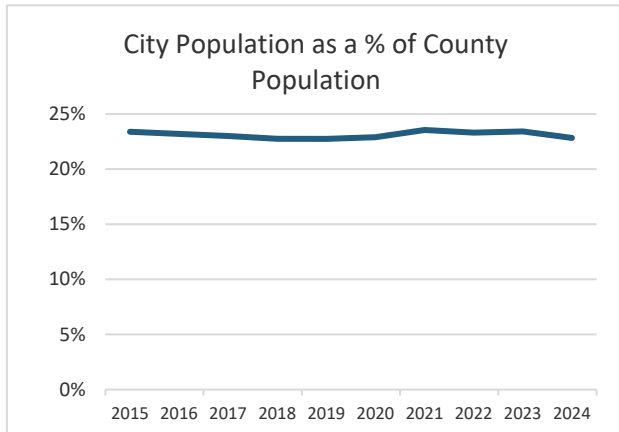
Notes: On March 26, 2003, the City Financing Authority issued lease revenue bonds for the design and construction of a new parking facility. On August 12, 2012, the City Financing Authority refunded the series 2003 lease revenue bonds with series 2012 lease revenue refunding bonds to take advantage of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



Calendar Year	City Population (1)	Marin County Population	City Population % of County	Personal Income (2) (in thousands)	Per Capita Personal Income (2)	Average Unemployment Rate (3)
2015	60,582	258,972	23.39%	\$2,699,436	\$44,558	3.70%
2016	60,842	262,274	23.20%	2,817,497	46,308	3.40%
2017	60,651	263,604	23.01%	2,943,227	48,374	3.30%
2018	60,046	263,886	22.75%	3,152,985	52,509	2.30%
2019	59,807	262,879	22.75%	3,156,708	52,781	2.20%
2020	59,016	257,774	22.89%	3,301,286	55,938	6.70%
2021	60,560	257,135	23.55%	3,390,278	55,982	4.40%
2022	59,681	256,018	23.31%	3,789,444	63,494	2.50%
2023	59,585	254,407	23.42%	4,043,062	67,853	3.10%
2024	59,885	262,321	22.83%	4,097,381	68,420	3.60%

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) US Census Bureau, most recent American Community Survey

(3) Unemployment Data: California Employment Development Department

**CITY OF SAN RAFAEL
PRINCIPAL EMPLOYERS
FISCAL YEAR 2024-2025
LAST TEN CALENDAR YEARS**

Employer	2024		2023		2022		2021	
	#	(A)	#	(A)	#	(A)	#	(A)
County of Marin	1690	5.77%	2505	1.96%	2,436	1.90%	2,366	1.84%
Kaiser Permanente	1500	5.12%	902	0.71%	2,339	1.83%	2,339	1.82%
San Rafael Elementary/High Schools Dist(s)	750	2.56%	700	0.55%	700	0.55%	700	0.55%
Managed Health Network	500	1.71%	-	-	-	-	-	-
The Permanente Medical Group Inc	411	1.40%	-	-	-	-	-	-
The Pasha Group	400	1.37%	-	-	-	-	-	-
Marin County Office of Education	360	1.23%	-	-	-	-	-	-
City of San Rafael	416	1.42%	416	0.33%	420	0.33%	412	0.32%
Dominican University of California	295	1.01%	302	0.24%	394	0.31%	394	0.31%
Ghilotti Bros., Inc.	290	0.99%	298	0.23%	298	0.23%	298	0.23%
BioMarin Pharmaceutical Inc.	249	0.85%	950	0.74%	950	0.74%	950	0.74%
Totals	5,283	23.80%	4,718	5.66%	8,704	6.78%	9,120	7.26%

Number of FTE employees in Marin locations

(A) Percentage of total employment

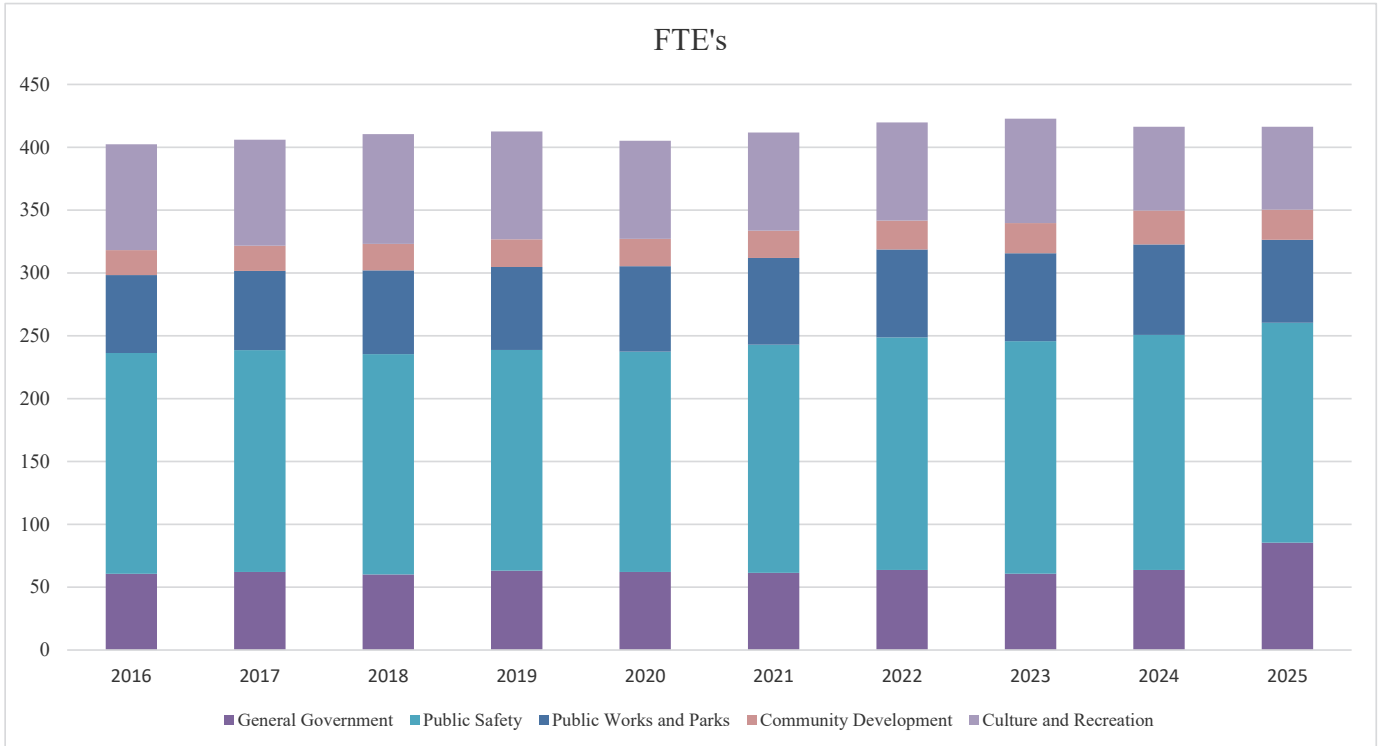
Note: From the EDD website, it shows that the Total Average 2024 Employment in the City of San Rafael was 29,300 of which it is used as the denominator for the 2024 percentages are calculated.

Data Sources: Employment Development Department, Marin County, North Bay Business Journal (Annual Book of Lists), & City of San Rafael Adopted Budget FY24-25.

2020		2019		2018		2017		2016		2015	
#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)
2,358	1.88%	2,317	7.15%	2,305	7.29%	2,283	7.22%	2,206	6.73%	2,194	6.71%
2,059	1.64%	2,014	6.22%	2,092	6.62%	2,061	6.52%	662	2.02%	1,575	4.82%
700	0.56%	700	2.16%	700	2.22%	700	2.22%	650	1.98%	650	1.99%
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
405	0.32%	410	1.27%	410	1.30%	454	1.44%	577	1.76%	581	1.78%
394	0.31%	421	1.30%	319	1.01%	456	1.44%	485	1.48%	422	1.29%
298	0.24%	-	-	175	0.55%	175	0.55%	150	0.46%	-	-
950	0.76%	950	2.93%	-	-	-	-	-	-	-	-
9,006	27.80%	6,663	21.09%	7,933	25.10%	5,314	16.20%	5,620	17.19%	6,025	19.37%



CITY OF SAN RAFAEL
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS



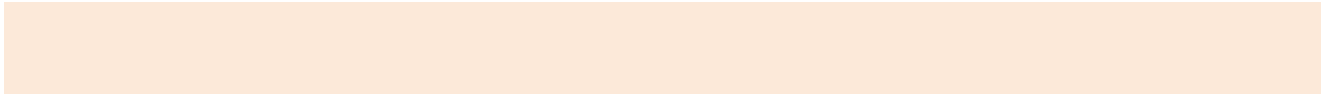
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
General Government	60.61	62.11	60.11	63.11	62.11	61.41	63.69	60.69	63.69	85.40
Public Safety	175.75	176.55	175.35	175.65	175.30	181.50	185.00	185.00	187.00	175.00
Public Works and Parks	62.00	63.00	66.67	66.00	68.00	69.00	70.00	70.00	72.00	66.00
Community Development	19.80	20.00	21.00	22.00	21.75	21.75	23.00	24.00	27.00	24.00
Culture and Recreation	84.25	84.35	87.35	85.82	78.07	78.07	78.07	83.07	66.65	65.94
Total	402.41	406.01	410.48	412.58	405.23	411.73	419.76	422.76	416.34	416.34

Data Source: City of San Rafael's Finance Department

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function/Program				
Public safety:				
Fire:				
Inspection permit issued	198	233	186	123
Police:				
Police calls for service	57,026	53,567	51,013	47,919
Law violations:				
Part I crimes	2,523	2,392	2,326	1,893
Physical arrests (adult and juvenile)	3,453	2,526	2,019	1,923
Traffic violations	3,252	3,341	2,758	2,944
Parking violations	34,803	36,169	36,208	40,407
Public works				
Street resurfacing (miles) (Eng Div)	6.76	2.32	2.50	4.30
Potholes repaired	N/A	N/A	N/A	N/A
Asphalt used for street repairs (tons)	7,195	5,800	4,730	7,200
Culture and recreation:				
Recreation class participants	12,725	13,493	12,842	N/A
Recreation Facility Rentals				5,146
Childcare School-Age program participants				7,592
Library:				
Items in collection	227,890	117,354	115,812	123,432
Total items borrowed	469,790	327,297	324,452	356,301

Note: N/A denotes information not available.

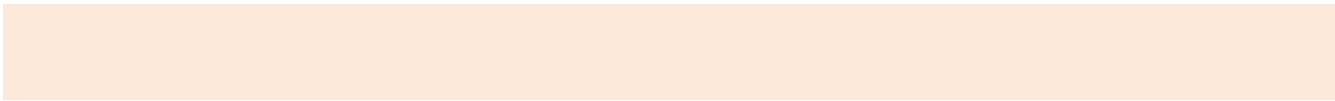


<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
167	207	195	170	191	201
47,968	43,649	42,901	42,693	44,150	46,211
2,988	2,546	2,015	2,024	2,318	1,676
2,527	1,893	1,945	1,769	1,140	1,872
2,342	2,161	1,710	1,734	1,123	2,183
28,029	24,099	30,178	35,399	33,510	34,451
14.30	5.00	11.70	21	12	32
967	1,368	1,024	1,335	1,275	1,226
5,885	3,650	5,100	3,411	11,494	92
N/A	N/A	N/A			
3,875	1,550	1,962	7,001	7,160	7,755
6,270	2,132	3,675	2,660	2,703	2,677
140,610	103,399	95,687	97,117	93,136	90,092
199,903	113,385	169,378	185,800	184,897	120,724

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

	2016	2017	2018	2019
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	20	20	20	20
City parks acreage	42	42	42	42
Playgrounds	14	14	14	14
City trails	20	20	20	20
Community gardens	1	1	1	1
Cultural Art Centers				
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	2	2	2	2
Wastewater:				
Miles of sanitary sewers	145	145	145	145

Data Source: City of San Rafael's Public Works Department



2020	2021	2022	2023	2024	2025
6	6	6	6	6	6
1	1	1	1	1	1
173	173	173	173	173	173
4,435	4,435	4,448	4,448	4,448	4,448
90	90	90	90	90	90
24	24	24	24	23	23
99	99	99	99	99	99
14	14	14	14	13	13
20	20	20	20	20	20
2	2	2	2	2	2
1	1	1	1	1	1
3	3	3	3	3	3
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
6	6	6	6	6	7
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
145	145	145	145	145	145



CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2025

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**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

For the Year Ended June 30, 2025

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Schedule of Other Matters	3
Status of Prior Year Other Matters	7

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MEMORANDUM ON INTERNAL CONTROL

To the City Council of
the City of San Rafael, California

In planning and performing our audit of the basic financial statements of the City of San Rafael (City) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Other Matters. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads 'Maze & Associates'.

Pleasant Hill, California
November 20, 2025

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**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

2025-01 Purchasing Policy Compliance – Informal Bidding Documentation

Per Section 2.55.260 of the City's Purchasing Policy – *Informal Bids* – any contract or purchase not exceeding \$75,000 but more than \$5,000, may be made in accordance with the City's informal bidding procedures. The policy further requires that documentation supporting the informal bid process be retained by the City.

During our testing of twenty-five disbursements for fiscal year 2025 to assess compliance with the City's purchasing policy, we noted that the City was unable to provide supporting documentation demonstrating adherence to the informal bid process for two disbursements.

We understand that the absence of written documentation was primarily due to staff oversight within the department responsible for the purchases, as the staff did not retain documentation as part of the process. However, we recommend that the City establish or reinforce procedures to ensure that all departments consistently retain documentation supporting informal bidding processes in accordance with the Purchasing Policy.

Management's Response:

Management acknowledges the importance of reinforcing procedures to ensure compliance with the City's Purchasing Policy, including Informal Bidding requirements. To this end, in conjunction with an update to the City's Purchasing Policy, approved by the City Council on May 19, 2025, management has also update Purchasing Procedures guidelines provided to City staff.

These procedures are being further updated to highlight the requirement for the purchasing agent to retain a record of informal bids received, pursuant to Section 2.55.260 of the Purchasing Policy.

In addition, with the City's transition to a new Enterprise Resource Planning (ERP) Financial system, back-up documentation related to all purchases and contract awards are now uploaded and verified at the time of setting up a Purchase Order or Contract.

Note, given that Purchase Orders are only required for purchases greater than \$10,000, staff will be reviewing the current threshold requirement (\$5,000) related to informal bidding procedures.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We have cited them here to keep you informed of developments.

EFFECTIVE FISCAL YEAR 2025/26:

GASB 103 – Financial Reporting Model Improvements

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis - This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items - This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position - This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 103 – Financial Reporting Model Improvements (Continued)

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information - This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information - This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

How the Changes in This Statement Will Improve Financial Reporting

The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

The requirement for presentation of major component unit information will improve comparability.

The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2026/27:

GASB 104 – *Disclosure of Certain Capital Assets*

State and local governments are required to provide detailed information about capital assets in notes to financial statements. GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with GASB Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

STATUS OF PRIOR YEAR OTHER MATTERS

2024-01 Purchasing Policy Compliance and Clarification of Requirements – Prior Year Recommendation Not Implemented

2023-02 Purchasing Policy Compliance and Clarification of Requirements - Prior Year Recommendation Not Implemented

During the current year audit, we followed up on the status of the Other Matter identified on the Status of Prior Year Other Matters Items 2024-01, 2023-02 and 2022-02. We determined that the City adopted new purchasing guidelines effective July 1, 2024. Details of the matter are listed below.

Current Status: Implemented.

2022-02 Purchasing Policy Compliance and Clarification of Requirements

The City's Purchasing Policy should indicate when the use of a purchase order, contract, or both is required, including any exceptions, as necessary. The City's Purchasing Policy defines a contract as including, but not being "limited to, a purchase order, a contract for services, a contract for maintenance, leasing of property or equipment, an addendum or change order, a letter agreement, a memorandum of understanding, or memorandum of agreement." The Purchasing Policy defines a purchase order as "a standardized form to be utilized in contracts for materials, supplies, labor and equipment." The Purchasing Policy does not specify whether a purchase order and a contract are required for all purchases, but we understand it is the City's practice to obtain both documents for purchases.

During the fiscal year 2022 audit, we selected twenty-five disbursements for testing of supporting documentation and compliance with the City's Purchasing Policy and noted two disbursements for which the disbursements were supported by a contract, however, they were not supported by a purchase order. We also noted one disbursement that was supported by a purchase order, but not a contract. For similar types of transactions tested, we noted that these types of disbursements were supported by both a purchase order and a contract.

For one of the disbursements noted above, City staff indicated that the staff overseeing the initial project and contract is no longer with the City and that a purchase order was not created for the vendor and contract for the project due to a staff oversight. And, for the second disbursement noted above, City staff indicated that they did not think it was necessary for a purchase order to be created as the vendor is used for on-call repair sidewalk repair services. Lastly, for the third disbursement noted above, City staff indicated that the purchase order was created without a contract, due to a staff oversight. Although that appears reasonable, there does not appear to be such an exemption in the City's Purchasing Policy for the use of a contract, purchase order or both. Therefore, the City is not in compliance with the Purchasing Policy for these purchases.

We recommend that the City ensure all purchases comply with purchase documentation requirements and revise the Purchasing Policy to clarify those requirements to reflect current practices.

Current Status: Implemented.

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**CITY OF SAN RAFAEL
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

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**CITY OF SAN RAFAEL
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2025

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REQUIRED COMMUNICATIONS

To the City Council of
the City of San Rafael, California

We have audited the basic financial statements of the City of San Rafael (City) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 3, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year, except as follows:

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 101 – Compensated Absences GASB 102 – Certain Risk Disclosures

Unusual Transactions, Controversial or Emerging Areas - We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates - Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Estimated Net Pension Liability and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimates of the net pension liability and related deferred outflows/inflows of resources are disclosed in Note 9 to the financial statements and are based on an actuarial study and accounting valuation determined by the Marin County Employees' Retirement Association which are based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimates and determined they are reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liability and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimates of the net OPEB liability and related deferred outflows/inflows of resources are disclosed in Note 11 to the financial statements and are based on an actuarial study determined by a consultant, which is based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimates and determined they are reasonable in relation to the basic financial statements taken as a whole.

Estimate of the depreciation: Management's estimate of depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1K to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Fair Value of Investments: As of June 30, 2025, cash and investments were measured by fair value, as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2025. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2025.

Estimated Long-Term Receivable from San Rafael Sanitation District: Management's estimate of the long-term receivable from the District is disclosed in Note 4 to the financial statements and is based on the District's estimated liability for pension and post-employment health care benefits incurred by the City for the District staff, but not yet funded. We evaluated the key factors and assumptions used to develop the long-term receivable from the District in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Claims Liabilities: Management's estimate of the claims liabilities payable is disclosed in Note 13 to the financial statements and is based on actuarial studies determined by a consultant, which are based on the claims experience of the City. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 1L to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Lease Right-of Use Assets, Liabilities, Receivables and related Deferred Inflows of Resources: Management's estimate of the lease related right-of use assets, liabilities, receivables and deferred inflows of resources is disclosed in Note 1R to the financial statements and is based on the incremental borrowing rate for the related lease. We evaluated the key factors and assumptions used to develop the lease related right-of use assets, liabilities, receivables and deferred inflows of resources in determining that it is reasonable in relation to the financial statements taken as a whole.

Estimated Subscription Right-of Use Assets and Liabilities: Management's estimate of the subscription related right-of use assets and liabilities is disclosed in Note 1S to the financial statements and is based on the incremental borrowing rate for the related subscription. We evaluated the key factors and assumptions used to develop the subscription related right-of use assets and liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

Disclosures - The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the City Council.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated November 20, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information that accompanies the financial statements, but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has 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 them.

This information is intended solely for the use of City Council and management and is not intended to be, and should not be, used by anyone other than these specified parties.



Pleasant Hill, California
November 20, 2025

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of San Rafael Child Development Program (Program) of the City of San Rafael (City), California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2025, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Program and do not purport to, and do not present fairly the financial position of the City as of June 30, 2025, or the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collective comprise the Program's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 and in conformity with the *CDE Audit Guide*, issued by the California Department of Education, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025, on our consideration of the Program'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's 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 Program's internal control over financial reporting and compliance.



Pleasant Hill, California
November 20, 2025

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CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
BALANCE SHEET
JUNE 30, 2025

ASSETS

Cash (Note 3)	<u>\$1,628,235</u>
Total Assets	<u><u>\$1,628,235</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	<u>\$38,531</u>
Fund balance, restricted (Note 4)	<u>1,589,704</u>
Total Liabilities and Fund Balance	<u><u>\$1,628,235</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2025

REVENUES

Restricted:

State grants:

Current year grants	\$674,584
CDBG preschool grant (federal grant)	23,000
First Five school readiness grants	24,997
Local grants	14,320

Unrestricted:

Interest	33,684
Parent fees - noncertified children	3,414,126
Other revenue	800

Total Revenues	4,185,511
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EXPENDITURES

Certified salaries	117,116
Classified salaries	1,883,042
Employee benefits	1,324,838
Training and instruction	2,730
Office supplies	2,649
Books and supplies	179,288
Utilities and housekeeping services	34,049
Rentals	19,963
Services and other operating expenditures	175,229
Equipment	56,258
Insurance	28,490
Renovations and repairs	10,916

Total Expenditures	3,834,568
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CHANGE IN FUND BALANCE	350,943
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FUND BALANCE

Beginning of year	1,238,761
End of year	\$1,589,704

See accompanying notes to financial statements

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025**

NOTE 1 – ORGANIZATION

The City of San Rafael operates the Child Development Program encompassing eight childcare centers within the City of San Rafael. One of these centers provides day care services to subsidized families under the Child Development Program funded by the California Department of Education, which includes the Preschool program. The City is financially accountable for the activities of the Program. The Program has no employees and substantially all staff services which it requires are performed by the City's personnel. Costs incurred by the City to provide such services including compensation, retirement, and other benefit costs are reimbursed by the Program. These basic financial statements present only the activities of the Program and are not intended to present the financial position of the City of San Rafael, California, or the results of its operations. The financial statements of the Program are included as a Special Revenue Fund in the City's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or “current financial resources” measurement focus. Accordingly, only current assets and current liabilities are generally included on the balance sheets. Operating statements of governmental funds present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets.

The Program’s financial activities are accounted for using 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. Revenues considered susceptible to accrual include charges for services, federal and state grants, and interest. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

B. *Fund Balance*

Fund Balance is the excess of all the Program’s assets over all its liabilities.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 Program 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 3 – CASH AND INVESTMENTS

The Program's cash is included in a City-wide cash and investment pool, the details of which are presented in the City's Annual Comprehensive Financial Report. The Program pools cash from all sources with the City of San Rafael so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The City's investment policy and the California Government Code permit investments in Securities of the U.S. Government or its agencies, Non-Negotiable Certificates of Deposit, Negotiable Certificates of Deposit, Banker's Acceptances, Commercial Paper, the State of California Local Agency Investment Fund (LAIF Pool), Repurchase Agreements, Medium-Term Corporate Notes, Municipal Securities of the State of California or any local agencies within California, Municipal Securities (Registered Treasury Notes or Bonds) of the other 49 states, Mortgage and Asset-Backed Obligations, Supranational Securities and Money Market/Mutual Funds.

The Program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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. The City of San Rafael investment pool is not subject to the fair value hierarchy and therefore not defined as Level 1, Level 2, or Level 3 input.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025**

NOTE 4 – FUND BALANCE

Governmental 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 Program's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Program 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 to indicate items 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 formal action of the City Council which may be altered only by formal action of the City Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the Program's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes nonspendables, when it is the Program's intent to use proceeds or collections for a specific purpose.

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.

NOTE 5 – CONTINGENCIES AND COMMITMENTS

The Program participates in Federal, State and County grant programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2025, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the Program or the overall financial condition of the City.

SUPPLEMENTARY INFORMATION

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF FEDERAL, STATE, COUNTY AND LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Program	Federal Assistance Listing Number	Pass-Through Identifying Number	Award Amount	Revenue	Expenditures
Federal Awards					
US Department of Housing and Urban Development Pass-through from County of Marin Community Development Block Grant	14.218	40CDBG24CD452	\$23,000	\$23,000	\$23,000
US Department of Health and Human Services Pass-through from State of California, Department of Education Child Care and Development Fund	93.575				
COVID 19 -- ARPA -- Stabilization Stipend		Not available	325,893		
COVID 19 -- ARPA -- Stabilization Stipend		004-0045655	24,806		
Total Federal Awards			<u>\$373,699</u>	<u>\$23,000</u>	<u>\$23,000</u>
State Awards					
State of California Department of Education Child Development Division State Preschool Program FY2025		CSPP-4281	\$530,526	\$521,963	\$516,336
Cost of Care Award Funds FY2025		Not applicable	152,621	152,621	
Total State Awards			<u>\$683,147</u>	<u>\$674,584</u>	<u>\$516,336</u>
County Awards					
County of Marin First Five - Preschool		CSRI-21-009-11	\$24,997	\$24,997	\$24,997
Total County Awards			<u>\$24,997</u>	<u>\$24,997</u>	<u>\$24,997</u>
Local Awards					
Marin Child Care Council		N/A	\$14,320	\$14,320	\$14,320
Total Local Awards			<u>\$14,320</u>	<u>\$14,320</u>	<u>\$14,320</u>
Total State, Federal, County and Local Awards			<u>\$1,096,163</u>	<u>\$736,901</u>	<u>\$578,653</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2025

	State Preschool Program (CSPP-4281)	Total CDE CD Contracts	Non-CDE Programs	Total
REVENUES				
Restricted:				
State grants:				
Current year grants	\$674,584	\$674,584		\$674,584
CDBG preschool grant (federal grant)			\$23,000	23,000
First Five school readiness grants			24,997	24,997
Local grants			14,320	14,320
Unrestricted:				
Interest			33,684	33,684
Parent fees - noncertified children			3,414,126	3,414,126
Other revenue			800	800
Total Revenues	<u>674,584</u>	<u>674,584</u>	<u>3,510,927</u>	<u>4,185,511</u>
EXPENDITURES				
Certified salaries	117,116	117,116		117,116
Classified salaries	160,516	160,516	1,722,526	1,883,042
Employee benefits	194,276	194,276	1,130,562	1,324,838
Training and instruction			2,730	2,730
Office supplies			2,649	2,649
Books and supplies	21,981	21,981	157,307	179,288
Utilities and housekeeping services			34,049	34,049
Travel and conferences				
Rentals			19,963	19,963
Services and other operating expenditures	22,447	22,447	152,782	175,229
Equipment			56,258	56,258
Insurance			28,490	28,490
Renovations and repairs			10,916	10,916
Total Expenditures	<u>516,336</u>	<u>516,336</u>	<u>3,318,232</u>	<u>3,834,568</u>
CHANGES IN FUND BALANCE	<u>\$158,248</u>	<u>\$158,248</u>	<u>\$192,695</u>	<u>\$350,943</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2025

		CSPP-4281 State Preschool Program	Totals
EXPENDITURES:			
1000	Certified personnel salaries	\$117,116	\$117,116
	Due from State		
1100	Teachers' salaries	117,116	117,116
1200	Administration		
1300	Supervisors' salaries		
1600	Infant educators		
2001	Classified personnel salaries	\$160,516	\$160,516
2100	Instructional aides' salaries	160,516	160,516
2300	Clerical and other office salaries		
2500	Food services salaries		
2600	Transportation salaries		
3000	Employee benefits	\$194,276	\$194,276
3200	Payroll taxes (Medicare)	3,744	3,744
3300	Other benefits	64,572	64,572
3400	Health and welfare	2,981	2,981
3600	Workers' compensation insurance	122,979	122,979
4000	Books and supplies	\$21,981	\$21,981
4200	Other books		
4300	Instructional materials and supplies	21,981	21,981
4500	Other supplies		
4600	Food supplies		
5000	Services and other operating expenditures	\$22,447	\$22,447
5100	Lecturer		
5200	Travel and conferences		
5300	Memberships and dues		
5400	Insurance	2,021	2,021
5500	Utilities and housekeeping services	2,485	2,485
5600	Rentals, leases and repairs		
5700	Audit expense	11,027	11,027
5800	Other direct services & admin.	6,914	6,914
6000	Capital Outlay		
6100	Sites and improvements of sites		
6200	Buildings and improvements of buildings		
6400	Equipment (program-related)		
6500	Equipment replacement (program related)		
Depreciation			
Costs capitalized as Fixed Assets			
TOTAL OF REIMBURSABLE AND NONREIMBURSABLE EXPENDITURES		\$516,336	\$516,336

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF CLAIMED ADMINISTRATIVE COSTS
FOR THE YEAR ENDED JUNE 30, 2025

	CSPP-4281 State Preschool Program
<u>Administrative Costs</u>	
5000 Services and other operating expenses (including audit fees)	<u>\$22,447</u>
Total Administrative Costs claimed for reimbursement	<u><u>\$22,447</u></u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

<u>Capitalized Equipment Expensed on the AUD with Prior Written Approval</u>		<u>CSPP-4281</u>
None		<u>\$0</u>
Subtotal		<u>0</u>
 <u>Capitalized Equipment Expensed on the AUD without Prior Written Approval</u>		 <u>CSPP-4281</u>
None		<u>0</u>
Subtotal		<u>0</u>
Total		<u><u>\$0</u></u>

NOTE: The City's capitalization threshold is \$5,000.

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF CLAIMED EXPENDITURES FOR RENOVATIONS AND REPAIRS
FOR THE YEAR ENDED JUNE 30, 2025

<u>Capitalized R&R Project Under \$10,000</u>		<u>CSPP-4281</u>
None		<u>\$0</u>
Subtotal		<u>0</u>
<u>Capitalized R&R Project of \$10,000 or More with Prior Written Approval</u>		<u>CSPP-4281</u>
None		<u>0</u>
Subtotal		<u>0</u>
<u>Capitalized R&R Project of \$10,000 or More without Prior Written Approval</u>		<u>CSPP-4281</u>
None		<u>0</u>
Subtotal		<u>0</u>
Total		<u><u>\$0</u></u>

NOTE: The City's capitalization threshold is \$5,000.

Contractor Name: City of San Rafael Child Development Program

Contract Number: CSPP 4281

Fiscal Year Ended: June 30, 2025

**California Department of Education
Audited Enrollment, Attendance, and Fiscal
Report for California State Preschool Program**

Vendor Code: 2193

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **0**

Number of counties where the agency provided services to non-certified children (Form 3): **0**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**

Total enrollment and attendance forms to attach: **1**

Note: For each of the above categories, submit one form for each service county.

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	11,786		11,786	10,226.8072
Total Certified Days of Enrollment with Mental Health Consultation Services			0	
Days of Attendance (including MHCS)	11,786		11,786	N/A
Total Non-Certified Days of Enrollment			0	
Total Non-Certified Days of Enrollment with Mental Health Consultation Services			0	

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
	175		175	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs			0
Exceptional Needs/Severely Disabled Service Level Exemption Credit			0
County Maintenance of Effort (EC Section 8260)			0
American Rescue Plan Act (ARPA)			0
Other:			0
Other:			0
TOTAL RESTRICTED INCOME	0	0	0

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Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Preschool Reserve Account			0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Family Fees for Certified Children			0
Interest Earned on Apportionment Payments			0
Unrestricted Income: Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other:			0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
Direct Payments to Subcontractors: Cost of Care Plus & One-Time Allocations Only			0
1000 Certificated Salaries	117,116		117,116
2000 Classified Salaries	160,516		160,516
3000 Employee Benefits	194,276		194,276
4000 Books and Supplies	21,981		21,981
5000 Services and Other Operating Expenses	22,447		22,447
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
6600 Lease Assets (used in governmental funds only)			0
Depreciation or Use Allowance			0
Start-up Expenses (service level exemption)			0
Indirect Costs (included in Total Administrative Cost)			0
TOTAL REIMBURSABLE EXPENSES	516,336	0	516,336

Section 4 - Reimbursable Expenses (cont.)

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)		22,447	22,447
Total Staff Training Cost (included in Reimbursable Expenses) <i>Total Program Closure Only (Management Bulletin 19-05)</i>			0
Total Exceptional Needs/Severely Disabled Service Level Exception Credit Expense (included in Reimbursable Expenses)			0

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other:			0
Other:			0
TOTAL SUPPLEMENTAL REVENUE	0	0	0

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Non-Reimbursable Supplemental Expenses			0
TOTAL SUPPLEMENTAL EXPENSES	0	0	0

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	11,786	0	11,786
Days of Operation	175	0	175
Days of Attendance (including MHCS)	11,786	0	11,786
Total Certified Adjusted Days of Enrollment	N/A	N/A	10,226.8072
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	0	0	0
Transfer from Preschool Reserve Account	0	0	0
Family Fees for Certified Children	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	516,336	0	516,336
Total Administrative Cost	0	22,447	22,447
Total Staff Training Cost	0	0	0
Total Exceptional Needs/Severely Disabled Service Level Exemption Credit Expenses (included in total Reimbursable Expenses)	0	0	0
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Section 7 – Auditor’s Assurances

Independent auditor’s assurances on agency’s compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO): ☒ Yes ☐ No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): ☒ Yes ☐ No

Section 8 – Comments

Include any comments in the comment box. If necessary, attach additional sheets to explain adjustments.

Adjustments identified in Column B are adjustments made to report audit fees as administrative costs.

California State Preschool Program – Form 1 Certified Children Days of Enrollment and Attendance

Service County: Marin

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Two Years Old and Three Years Old Full-time-plus			0	2.1240	0.0000
Two Years Old and Three Years Old Full-time			0	1.8000	0.0000
Two Years Old and Three Years Old Part-time	3,452		3,452	1.0872	3,753.0144
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time			0	1.0000	0.0000
Four Years and Older Part-time	6,631		6,631	0.6040	4,005.1240
Exceptional Needs Full-time-plus (Active IEP/IFSP Only)			0	2.8320	0.0000
Exceptional Needs Full-time (Active IEP/IFSP Only)			0	2.4000	0.0000
Exceptional Needs Part-time(Active IEP/IFSP Only)	1,703		1,703	1.4496	2,468.6688
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time			0	1.2000	0.0000
Dual Language Learner Part-time			0	0.6040	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.6040	0.0000
Severely Disabled Full-time-plus (Active IEP/IFSP Only)			0	2.8320	0.0000
Severely Disabled Full-time (Active IEP/IFSP Only)			0	2.4000	0.0000
Severely Disabled Part-time (Active IEP/IFSP Only)			0	1.4496	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	11,786	0	11,786	N/A	10,226.8072

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Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	11,786		11,786	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

California Department of Education
Audited Preschool Reserve Account Activity Report

Fiscal Year Ending: June 30, 2025

Vendor Code: 2193

Contractor Name: City of San Rafael Child Development Program

Section 1 – Prior Year Reserve Account Activity

1. Beginning Balance (2023–24 AUD 9530A Ending Balance): 50,257

2. Plus Transfers to Reserve Account:

2023–24 Contract No.	Per 2023–24 Post-Audit EENFS 9530
CSPP4281	14,190
Total Transferred from 2023–24 Contracts	14,190

3. Less Excess Reserve to be Billed:

4. 2023–24 EENFS 9530 Reserve Balance After Billing: 64,447

Section 2 – Current Year Reserve Account Activity

5. Plus Interest Earned This Year on Reserve:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Interest Earned	73		73

6. Less Transfers to Contracts from Reserve:

2024–25 Contract No.	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
			0
			0
			0
Total Transferred to Contracts	0	0	0

7. Ending Balance:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Ending Balance on June 30, 2025	64,520	0	64,520

COMMENTS – If necessary, attach additional sheets to explain adjustments.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Supplementary Information
For the Year Ended June 30, 2025**

NOTE 1 – NOTE TO SUPPLEMENTARY INFORMATION

In accordance with the applicable requirements from the Funding Terms and Conditions of the City of San Rafael's child development contract with the California Department of Education:

A. *Interest Expense*

Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed as a reimbursable expense for the year ended June 30, 2025.

B. *Related Party Rent Expense*

All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. No related party rent expense was claimed as a reimbursable expense for the year ended June 30, 2025.

C. *Bad Debt Expense*

Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed from a child development contract for the year ended June 30, 2025.

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the basic financial statements of the City of San Rafael Child Development Program (Program) as of and for the year ended June 30, 2025, and have issued our report thereon dated November 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing of audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Program's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our procedures included the applicable audit procedures contained in the California Department of Education Audit Guide (July 2025) and tests of compliance with the Program requirements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 20, 2025, which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the California Department of Education, management, City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.



Pleasant Hill, California
November 20, 2025

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
SUMMARY OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025**

None noted.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
CURRENT STATUS OF PRIOR YEAR FINDINGS
AND QUESTIONED COSTS
For the Year Ended June 30, 2025**

None noted.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES FOR
COMPLIANCE WITH THE PROPOSITION 111
2025-2026 APPROPRIATIONS LIMIT INCREMENT**

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

We have performed the procedures enumerated below on the Appropriations Limit Worksheet (Worksheet) of the City of San Rafael, California, for the year ended June 30, 2026. The City's management is responsible for the Worksheet.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of these procedures, which were suggested by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines, performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- A. We obtained the Worksheet (Exhibit B to the Resolution) and determined that the 2025-2026 Appropriations Limit of \$197,230,566 and annual adjustment factors were adopted by Resolution of the City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council. However, the Resolution indicated that the change in the population of San Rafael was selected, but the Worksheet shows that the larger adjustment factor of the change in the population of Marin County was used for the calculation of the 2025-2026 Appropriations Limit.
- B. We recomputed the 2025-2026 Appropriations Limit by multiplying the 2024-2025 Prior Year Appropriations Limit by the Total Growth Factor. We recomputed the Total Growth Factor by multiplying the population option by the inflation option.
- C. For the Worksheet, we agreed the Per Capita Income Factor, City Population Factor and County Population Factor to California State Department of Finance Worksheets, and the Change in Assessment Roll for Nonresidential Construction Factor to the Marin County Worksheet.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Worksheet. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management and the City Council and is not intended to be and should not be used by anyone other than those specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Maze & Associates

Pleasant Hill, California
November 20, 2025