

CITY OF



*San Rafael*

CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2002





# Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2002

City of San Rafael, California  
P.O. Box 151560  
1400 Fifth Avenue  
San Rafael, California 94915-1560

Prepared by the Management Services Department

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CITY OF



*San Rafael*

## 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

Albert J. Boro, Mayor  
Barbara Heller, Council Member  
Paul M. Cohen, Council Member  
Gary Phillips, Council Member  
Cyr Miller, Council Member

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**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2002**

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# INTRODUCTORY SECTION





CITY OF



*San Rafael*

*Mayor  
Albert J. Boro*

*Council Members  
Paul M. Cohen  
Barbara Heller  
Cyr N. Miller  
Gary O. Phillips*

December 29, 2002

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

The Comprehensive Annual Financial Report (CAFR) of the City of San Rafael for the year ended June 30, 2002, is hereby submitted as mandated by both local ordinances and State of California statutes. These ordinances and statutes require that the City of San Rafael annually issue a report on its financial position and activity, and that an independent firm of certified public accountants audits this report.

Responsibility for both the data accuracy, and the completeness and fairness of the presentation, rests with management. 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, account groups and component units of the City of San Rafael. The financial statements are prepared in accordance with Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board (GASB) and include the report of the independent certified public accounting firm, Caporicci and Larson, CPAs.

Further, the CAFR is prepared in accordance with procedures and policies set by the Government Finance Officers Association and the California Society of Municipal Finance Officers. The CAFR is organized into three sections:

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

## **REPORTING ENTITY**

This report is prepared utilizing Government Accounting Standards Board Statement (GASB) No. 14, the purpose of which was to define the various entities that should be included in a CAFR. The financial reporting entity includes all the funds and account groups of the primary government (i.e., the City of San Rafael), as well as all of its related component units. The definition of a primary government entity is a separately elected governing body - one that is elected by a majority of citizens in a popular, general

election. Conversely, component units are separate legal entities whose elected leaders are financially accountable to or reliable on the primary entity. Component unit presentation is required in order to provide the CAFR reader a complete, comprehensive financial picture.

Component units are broken down into two categories. Blended component units are part of the City's operations, and therefore their financial data is included with that of San Rafael. The second category, discrete component units, has financial data presented separate from the City's information in order to recognize that they are separate legal entities with different governing bodies.

Under GASB Statement No. 14, the San Rafael Redevelopment Agency and the San Rafael Joint Powers Financing Authority are considered blended component units and are combined with the City's figures in this report. The San Rafael Sanitation District is a discretely presented component unit of the City of San Rafael and is presented independent of City financial information. For a further explanation of these entities, refer to Footnote No. 1 in the Financial Section of the CAFR.

The City participates in various organizations through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these agencies exercise full powers and authorities within the scope of the related Joint Powers Agreement including the preparation of annual budgets, accountability for all funds, and the power to make and execute contracts. Obligations and liabilities of the separate entities are not those of the City. For a further explanation of these separate entities, refer to Footnote No. 18 in the CAFR.

### **GOVERNMENTAL STRUCTURE AND SERVICES**

The Mission San Rafael Archangel was founded in 1817. San Rafael was incorporated in 1874 and became a charter city in 1913 by vote within the City. The City Council is composed of five members; four are elected at large to four-year terms. The mayor is elected separately to a four-year term. The City currently has a land area of 22 square miles that includes 17 square miles of land and five of water and tidelands. San Rafael's population in 2000 was 56,063.

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 and cultural and civic hub of Marin County. Abundant recreational facilities are available in and around the San Rafael area. In addition to the City's cultural, park and recreational resources, there are other attractions that include Muir Woods, five State parks, the San Francisco area, Oakland and the nearby wine country.

Each year business merchants and the SRDA sponsor community events, including the Classic Car Parade, Farmers' Market, Winter Wonderland, Italian Street Painting Festival and the Parade of Lights. San Rafael is home to Marin County's cultural activities. Marin Center presents numerous ballets, concerts and speaking engagements. The Falkirk Cultural Center provides art exhibits and children's programming.

The City of San Rafael provides municipal services required by statute or charter, namely: Fire, Police, Community Development (encompassing Building, Planning and Code Enforcement), Public Works, Community Services (both Recreation and Child Care programs), Redevelopment, Library and Management Services.

## ECONOMIC CONDITION

San Rafael is a regional employment center. The number of jobs within the City exceeds the number of employed residents. Our diversified economic mix includes high-tech, financial, service based, entertainment and industrial businesses. Successes for the past several years have been lead by the Redevelopment Agency's commitment to a revitalization of downtown. Partnerships with community members and the Chamber of Commerce have paved the way for both new businesses as well as expansion needs of existing companies. Tourism and travel continue to support hotel and related industries and many come from all over the world to enjoy the physical beauty of San Rafael and the surrounding areas.

Thanks to redevelopment efforts, two major new centers came to life. Wilson Equity Offices completed the first two of five planned office buildings at the San Rafael Corporate Center. This prime office development is located on an old utility plant site, and represents the type of high quality commercial project the community had called for in the Downtown Vision approved several years ago. The Rafael Town Center provides office space, retail square footage and 113 units of urban rental apartments. Adjacent to the Rafael Town Center, the City completed the San Rafael City Plaza. An investment of \$1.9 million, without the use of tax revenues, brought to life a community-gathering place for public events, and includes a water wall feature.

2001-2002 produced the first economic downturn since the early nineties. Implosion of the technology industry, a national recession and the terrorist attacks of September 11<sup>th</sup> all combined to produce fewer revenues than the prior year. San Rafael braced itself for this downturn when the 2001-2003 biennial budget was adopted by increasing General Fund reserves from 10% to 15%. All of this excess reserve will disappear by the end of the two year budget cycle thanks in particular to a stagnant Northern California economy.

Financial performance and the short term outlook is not getting any brighter in the current (2002-2003) fiscal year. Sales taxes have been down for four straight quarters. Property taxes remain one area of strength, as the desire to relocate to Marin County continues to put upward pressure on home values. The future continues to look troubling as staff and the City Council peer into the future. The State of California budget deficit was targeted at **\$35 billion** as of December 2002. The Governor has proposed an immediate \$10.5 billion dollar deficit down payment that includes the loss of transportation funds for streets, reductions in library allocations, and the taking of uncommitted Redevelopment Agency housing resources. The State Legislature is expected to meet in January 2003 and begin cranking out a series of complex and difficult decisions, which will leave no local government unscathed, including cities. San Rafael expects to lose some or all vehicle license fees or some other large General Fund tax source, forcing the City Council to make painful service delivery decisions. Compounding the State problems is an expected increase of \$1 million needed for employee pension contributions (attributable to pension plan investment losses over the past two years).

Anticipating that San Rafael was entering tough times, the City Council amended the 2002-2003 budget in July of this year by eliminating vacant positions in the Public Works and Police Departments, dropping theatre programming and trimming some operating expenses. Also, the level of spending was reduced for street paving (by \$100,000) and sidewalk replacement (by \$281,000). The sum total of the actions in July was \$1.5 million to keep the 2002-2003 budget balanced.

The 2003-2005 budget cycle looks to be the City's biggest financial challenge in the coming year. With a continued flat economy (and no real recovery expected until at least late 2003) and the State fiscal fiasco, the community and City Council will be spending countless hours over the next few months reviewing options and looking at ways of maintaining core services. Employee and community involvement will play a key role in determining how the City's financial future is shaped.

<b>Population:*</b>	<b>San Rafael</b>	<b>County</b>
<b>Totals-2000</b>	56,063	247,289
<b>White</b>	68.9%	81.5%
<b>Latino</b>	23.3%	11.1%
<b>Asian</b>	5.6%	4.5%
<b>African- American</b>	2.2%	2.9%
<b>Median Age</b>	38.5	41.3
<b>Mean Household</b>		
<b>Income - 2002</b>	\$74,398	\$88,934
<b>College Degrees</b>	43.6%	51.3%

\* - Sources include San Rafael Chamber of Commerce Economic Profile 2002, California Department of Finance, Association of Bay Area Governments Projections 2000 and US Census (2000)

<b>Housing Units:**</b>		
<b>Totals-2000</b>	22,963	104,990
<b>Detached</b>	10,490	63,666
<b>Attached</b>	1,992	8,452
<b>Multiple 2-4</b>	2,433	9,349
<b>Multiple 5 plus</b>	7,559	21,400
<b>Mobile Homes</b>	413	1,581
<b>Occupied</b>	22,517	101,467
<b>% Vacant</b>	2.51%	4.09%
<b>Persons/ Household</b>	2.43	2.35

\*\* - US Census (2000) and California Department of Finance E5 Report 2002

<b>Home Sales-2001:***</b>		
<b>Detached-Mean</b>	\$694,431	\$829,824
<b>Detached-Median</b>	\$600,000	\$650,000
<b># Units sold</b>	389	2,239
<b>Attached-Mean</b>	\$391,108	\$404,980
<b>Attached-Median</b>	\$321,000	\$367,000
<b># Of unit sold</b>	242	829

\*\*\* - Marin County Assessor's Office January 2002

### Demographic Data

A sampling of demographic information is provided to give the user an understanding of the character and diversity that make San Rafael an exceptional place to live and work.

- ☒ Economic development organizations in San Rafael include the Redevelopment Agency, Chamber of Commerce and the Marin County Economic Commission.
- ☒ San Rafael's population rate grew at about 1.6% per annum from 1990 (48,404) to 2000 (56,063).
- ☒ Unemployment rates for 2001 were 3.5% (2000 was 2.3%) for the City and 2.5% countywide. Entry-level positions are a continued concern to businesses. The low unemployment, coupled with high housing costs, makes attracting and retaining these types of workers a significant challenge.
- ☒ Countywide office vacancy rates rose dramatically to 22.4% for 2002, a dramatic increase from the 2.7% levels for 1999.
- ☒ Office rents in Central San Rafael were \$3.10 per square foot; in North San Rafael the rate averaged \$2.75.
- ☒ Industrial space rents averaged \$1.05 per square foot for San Rafael.
- ☒ Major shopping areas, as measured in available retail square footage, include the Downtown corridor (938,000 aggregate), the Mall at Northgate (743,000), Montecito Center (130,000) and Northgate One (113,900).
- ☒ Total Marin County land acreage of 388,352 breaks down as 55,424 in waterways, 128,519 for public use, 23,241 subject to exemption, 97,615 contract restricted (open space and agriculture), and 83,913 as developed. The

latter category denotes only 22% of all acreage is used for development.

- ☒ Several hotels and motels support tourism activity, led by 235 room facilities for both the Embassy Suites and Four Points Sheraton (formerly Wyndham Gardens).
- ☒ Home buying and apartment rentals continue to be a challenge both in San Rafael and Marin County. Mean household incomes in San Rafael are \$74,000 as of 2000, but less than 30% can afford to buy a median priced home. Rents for one bedroom apartments range from \$800-\$1,500, while two bedroom apartments go for \$1,075 to \$1,625.

**MAJOR INITIATIVES**

Current Year Projects, Accomplishments and Service Efforts

The City Council adopted a two-year budget in June of 2002 for the 2001-2003 fiscal years. The budget process included focus group meetings, called "San Rafael Choices." These community sessions solicited service and project priorities from various neighborhoods throughout the City. In addition, a public opinion poll was conducted in January of 2001 to evaluate service importance and satisfaction. San Rafael received very high marks on a broad menu of services.

Taking all of this information, and working with staff in all departments, the City Council was able to adopt a budget that included over 700 objectives for the coming two-year budget period. These objectives support Department goals, the City Council's five-year goals, and our Mission Statement. Progress reports are provided to the City Council and community at six-month intervals during the two-year budget.

San Rafael's fiscal practices are codified in the City's Financial Management Policies. The Policies were adopted to manage current and long-term financial resources, allow for adequate controls, and most importantly, to encourage input and participation in the City's financial affairs.

Department summaries of the 2001-2003 major objectives, and the status of each are shown in the table below. Established objectives are presented in the left-hand column. The right hand column identifies specific accomplishments or progress completed relative to each objective. This list is by no means all inclusive of the City's objectives, but is intended to highlight significant service and project efforts in the two year accounting and budgeting cycle.

<i>OBJECTIVES</i>	<i>ACCOMPLISHMENTS/PROGRESS</i>
<i>PUBLIC WORKS</i>	
➤ Construct new Corporation Yard in east San Rafael.	✓ Construction of major building completed as of December 2002, moving date for operations and engineering is January 2003.
➤ Coordinate Southbound HOV (High Occupancy Vehicle) project with Caltrans and Redevelopment Agency to facilitate right of way acquisition, project construction, and undergrounding of utilities on Francisco Boulevard West.	✓ Plans completed and work scheduled to commence by Caltrans in early 2003

<b>OBJECTIVES</b>	<b>ACCOMPLISHMENTS/PROGRESS</b>
<ul style="list-style-type: none"> <li>➤ Complete East San Rafael Traffic Projects (Phases IIA, IIB, III) to increase traffic capacity and improve level of service at Bellam Boulevard, Francisco Boulevard East and Shoreline Parkway.</li> </ul>	<p>✓ Phase IIA (Shoreline) and Phase IIB (Bellam Boulevard) completed. Caltrans continuing to review Phase III (Francisco Blvd. East widening at Scotland Yard) design.</p>
<ul style="list-style-type: none"> <li>➤ Work with lobbyist and Corps of Engineers to secure federal funds for dredging of San Rafael Canal.</li> </ul>	<p>✓ Secured \$1,800,000 appropriation; dredging began in fall of 2002. City cost of project limited to \$100,000.</p>
<ul style="list-style-type: none"> <li>➤ Initiate comprehensive study of all City-owned buildings to identify each facility's seismic, life safety and deferred maintenance needs.</li> </ul>	<p>✓ Consultant selected and worked commenced in June 2002, strategic plan expected by early 2003. Possible bond measure planned for November 2003.</p>
<ul style="list-style-type: none"> <li>➤ Develop partnerships with neighborhood groups to facilitate the beautification of medians throughout the City.</li> </ul>	<p>✓ Knight Drive and Freitas Parkway median renovated in 2002.</p>
<ul style="list-style-type: none"> <li>➤ Established Public Works Emergency Response Team in accordance with FEMA urban search and rescue standards.</li> </ul>	<p>✓ Public Works Urban Search and Rescue Team fully established with integration of Fire Department staff. State OES certification for medium level rescue operation team expected in March 2003.</p>
<ul style="list-style-type: none"> <li>➤ Obtain grant funds for Public Works projects.</li> </ul>	<p>✓ Received approval from MTC for \$900,000 capital grant for Medway/Canal Intersection Improvement project.</p>
<b>POLICE</b>	
<ul style="list-style-type: none"> <li>➤ Reduce Part I Crimes below our five-year average and achieve a crime rate at least 20% below that of the State rate.</li> </ul>	<p>✓ Our crime rate for this fiscal year 2001-2002 is 3,709. Previous fiscal year was 3,311. This is 6.3% above our five-year average and 16.4% below our ten-year average. The California Part I Crime Rate was 3,748 in 2000 (most recent data.) (The Crime Rate is defined as the number of Part I crimes per one hundred thousand population.)</p>
<ul style="list-style-type: none"> <li>➤ Reduce traffic collisions (hit and run and injury) through increased enforcement and education.</li> </ul>	<p>✓ Traffic Collisions (Injury and Fatal) Rate per 100,000 population for 2001-2002 was 396.1. The previous year was 440.1. We are currently 16.1% below the five-year average rate of 472, and below the Office of Traffic Safety data for the same period (485.95 statewide).</p>
<ul style="list-style-type: none"> <li>➤ Improve quality of life in neighborhoods through enforcement efforts and community partnerships with highest priority given to schools, and drug/alcohol related offenses.</li> </ul>	<p>✓ The Community Survey results showed we are maintaining above average responses to the quality of life in neighborhood (89% above average), schools (73% above average) and parks (70% above average).</p>



<p>➤ Improve our crime clearance rates for violent and property crimes and maintain crime clearance rates better than the Western regional average as published annually by the FBI.</p>	<p>✓ Crime Clearance Rates of 19.7% for this fiscal year remains above the Western Region Average of 19.5% (yr 2000.)</p>
<p>➤ Implement new technology and management practices to assure availability of the highest quality of statistical data for use in development of crime fighting strategies and fiscal management.</p>	<p>✓ Computer Aided Dispatch (CAD) and Record Management System (RMS) awarded in summer of 2002; systems installed and training in progress through end of 2002; cutover expected in early 2003.</p>
<p><b>MANAGEMENT SERVICES</b></p>	
<p>➤ Acquire and install new payroll, financial and human resources software applications.</p>	<p>✓ First phase of 'Eden' modules went live October 2001. Payroll and HR began March 2002. Accounts Receivable and Fixed Assets started July of 2002. Departmental requisitions and purchasing deferred until September 2002. Budget development portion takes place in FY 2002-2003.</p>
<p>➤ As required under new reporting standards, change the City's annual audit to conform to new requirements. Final implementation must meet 2002-03 audit cycle.</p>	<p>✓ Approved proposal received from City's auditing firm to have GASB #34 (new standards for financial reporting) in place for FY 2002-2003. Infrastructure valuation commenced October 2002.</p>
<p>➤ Continue positive labor relations enjoyed during the next few years by negotiating new MOU's that support the City's compensation objectives, provide equity among all bargaining groups and maintain the City's long term financial stability.</p>	<p>✓ Four-year contracts completed with Police, Fire Mid Management, MAPE/SEIU, Police Mid Management and Unrepresented Management. Fire contract unresolved and still under discussion as of December 2002.</p>
<p>➤ Completed transition of parking enforcement officers from Police Association to MAPE union - division officially comes to life beginning July 1, 2002.</p>	<p>✓ Hired new Parking Services Manager November 2002. Transition completed July 2002.</p>
<p><b>LIBRARY</b></p>	
<p>➤ Develop a conceptual architectural plan for expansion and renovation of the main library on this existing site.</p>	<p>✓ Consultant under contract and working with staff and Library Board on options - recommendations expected early in 2003.</p>
<p>➤ Continue to expand services to teens. (Library)</p>	<p>✓ Teen Librarian initiated a Summer Reading Program for teens in fiscal year 2001-2002.</p>

<p>➤ Develop Falkirk grounds for greater community use through restoration of the Greenhouse and other projects.</p>	<p>✓ Completed 'Greenhouse' restoration for horticultural purposes in partnership with "Marin Master Gardeners Guild".</p>
<p>➤ Provide greater service to San Rafael youth and teens. (Falkirk)</p>	<p>✓ "Learning to Look" is serving students at five elementary schools.</p>
<p>➤ Complete a successful Proposition 14 grant application to fund renovation of the Canal Library as part of the Pickleweed Expansion Project</p>	<p>✓ Pickleweed expansion team and library staff submitted grant; did not receive funding in round one; awaiting round two results in 2003.</p>
<p><b>FIRE</b></p>	
<p>➤ To continue the expansion of the fire department's role as an effective community resource through the interaction and assessment of community needs and to provide the nexus for the delivery of those services through the philosophy of Community Fire Servicing during FY 2001-2003.</p>	<p>✓ Fire Department Staff coordinating Community Fire Servicing activities with Captains, neighborhoods and stakeholders. New CFS accomplishments include used battery collection stations, bi-lingual first aid training and senior fall prevention program.</p>
<p>➤ To maintain an effective Customer Satisfaction Rating of nine (9) on a scale of 1-10 for all requests for emergency service and maintain a satisfaction rating of eight (8) for both Engine Company and Fire Prevention inspections during FY 2001-2003.</p>	<p>✓ Last survey period using the revised scale the Department received a Satisfaction rating of 9.8 for emergency services and 9.6 on Fire Prevention Inspections.</p>
<p>➤ To maintain an emergency response capability for both fire and medical services that will ensure the on-scene arrival of the first unit within eight (8) minutes to all areas served using Total Reflect Time during FY 2001-2003.</p>	<p>✓ Exceeding objective for this review period. New Fire CAD system should cause improved analysis, as times will be automatically recorded rather than Dispatcher driven.</p>
<p>➤ To reduce the occurrence of fire in all occupancy classification below the five-year average of 15 fires per year through a comprehensive range of fire prevention, educational, and community fire servicing programs during FY 2001-2003.</p>	<p>✓ Meeting objective of maintaining fires below the 5-year average of 15 fires. Annual fire occurrence for 2001 is nine working (9) fires. First 6 months of 2002 number of fires is 2.</p>

<p>➤ To migrate off the BRC computer system and implement a new Records Management and CAD System.</p>	<p>✓ Fire and Police Departments have selected joint CAD System. (RIMS). Fire has selected Vision as RMS. Migration from BRC is underway and should be completed in Summer 2003.</p>
<p>➤ Renovate current Fire Dispatch Center to accommodate installation of the MERA radio system.</p>	<p>✓ Architect and Structural Engineer preparing revised plan for the Dispatch Center at Cuthbert's building next to Fire Station 1. Bids expected to be released January 2003; work to run through May.</p>
<p><b><i>ECONOMIC DEVELOPMENT &amp; REDEVELOPMENT</i></b></p>	
<p>➤ Execute a Disposition and Development Agreement for downtown Cineplex.</p>	<p>✓ Preliminary traffic analysis underway to determine feasibility of project. Final analysis to be completed by Traffic Engineering after wider General Plan update traffic analysis completed.</p>
<p>➤ Execute an Owner Participation Agreement for development of the Third Street site for a downtown hotel and St. Vincent de Paul Society community dining facility.</p>	<p>✓ Project delayed due to PG&amp;E bankruptcy, which is holding up sale of land. Continue to confirm the commitment of both buyer (Marriott) and seller.</p>
<p>➤ In coordination with Capital Improvement Program Committee, continue to plan, secure funding for, and execute capital improvement projects.</p>	<p>✓ Parking Structure design plans finished in December 2002. Two property acquisition negotiations are completed. In coordination with Public Works, completed construction of San Rafael City Plaza. Completed lease for new corporation yard.</p>
<p>➤ Complete Redevelopment Agency Plan Amendment and Five-Year Implementation Plan.</p>	<p>✓ Completed Preliminary Report on the Plan Amendment and circulated to taxing agencies. Completed draft document for Implementation.</p>
<p>➤ Complete negotiations with taxing agencies regarding new issuance of redevelopment bonds sufficient to continue projects and planning for economic development purposes.</p>	<p>✓ Initial meetings held with School District and County. Contacting all other taxing agencies for required consultations.</p>
<p>➤ Issue new bonds.</p>	<p>✓ Refinanced outstanding bonds in October 2002, netting \$3,050,000 of new capital project dollars for the Agency. New bonds pending Agency negotiations noted in previous objective.</p>
<p>➤ Continue housing efforts through the Canal Area Housing Improvement Program, Canal Area Safe &amp; Healthy Housing (CASH) Program, &amp; Community Development Block Grant (CDBG) Program.</p>	<p>✓ Approved CASH Loan (\$250,000). (13 affordable units). First phase of Belvedere Place (26 units) rehab is completed and tenants have been relocated to their new units. Rehabilitation of 55 Fairfax (40 units) is underway. Awarded housing rehabilitation funds to nonprofit groups for 2002/03 CDBG.</p>

<p>➤ Continue to support and fund opportunities for nonprofit ownership of existing units to create affordable housing.</p>	<p>✓ Completed conduit bond financing for BRIDGE Housing’s acquisition of 55 Fairfax (40 affordable units). Provided grant of \$6,000 to St. Vincent de Paul to assist in B Street property rehabilitation. Provided \$170,000 grant to Bucklewe for acquisition of 12 units on Mission Ave.</p>
<p>➤ Continue to seek non-governmental and other outside funding for affordable housing.</p>	<p>✓ Secured Foundation support (Marin Community &amp; Cowell Foundation) for Bridge's 55 Fairfax Street acquisition. Applied for and were awarded \$436,000 in 2002/03 HOME funds for CAHIP program. Issued conduit housing bonds to assist BRIDGE Housing’s acquisition of 83 units of affordable Senior Housing.</p>
<p>➤ Successfully produce and/or coordinate Farmer's Market Festival, Borrelli May Madness Classic Car Parade, Mercado del Canal, Italian Street Painting Festival, Parade of Lights, Criterium Bike Race, and other community events.</p>	<p>✓ Completed calendar year 2002 Events, including adding the Brown Bag lunches at the San Rafael City Plaza.</p>
<p><b>COMMUNITY SERVICES</b></p>	
<p>➤ Complete the projects and promote the openings of the Parkside Child Care Center and the Terra Linda Pool</p>	<p>✓ Parkside Child Care Center opened September 2001. The Terra Linda Pool commenced splashing April 28, 2002.</p>
<p>➤ Complete conceptual plans and initiate a fundraising strategy and campaign for the Pickleweed Expansion.</p>	<p>✓ Conceptual plan approved by Pickleweed Advisory Board and Parks and Recreation Commission; fundraising has commenced.</p>
<p>➤ Complete plans and make applications for funding a skate park facility at McInnis Park.</p>	<p>✓ Conceptual plan complete and approved; engineering plan complete and approved; construction documents under preparation. Prop 12 Grant approved; MCF donation received. Community event planned for Fall 2002</p>
<p>➤ Target Middle School population for enrichment, sports, and recreation programs.</p>	<p>✓ Programs initiated at Gallinas Middle School; teen focus group conducted; program marketing materials developed; summer camp developed for skateboarders.</p>
<p>➤ Increase program participation across all divisions by 10% annually.</p>	<p>✓ Youth Services, Seniors, Youth Sports, Classes, Special Events Theater Programs Rentals, all up 10%. Child Care is maximized. Adult Sports, Trips, Aquatics remain in progress for growth target.</p>

<p>➤ Implement Council priorities for the expenditure of Proposition 12 appropriations.</p>	<p>✓ Recommendations approved August 2001. Over \$500,000 is committed to several park projects through the community.</p>
<p><b>COMMUNITY DEVELOPMENT</b></p>	
<p>➤ Adopt General Plan 2020.</p>	<p>✓ Substantial progress made towards completion of draft document in fiscal year 2001-2002 with extensive community involvement. Community Charrette held in January 2002. Working through housing opportunity sites and traffic modeling in summer and fall of 2002. Adoption of General Plan should be late 2003.</p>
<p>➤ Efficiently process applications for development of St. Vincent's property, providing for extensive community input and maximizing opportunities for housing and environmental protection.</p>	<p>✓ Application submitted and reviewed for completeness. Participated in numerous community informational meetings and have worked with the applicants to further refine the project. Process to be reviewed by City Council in January 2003.</p>
<p>➤ Expand the apartment inspection program citywide.</p>	<p>✓ Program instituted in November 2001.</p>
<p>➤ Complete implementation of the CRW Permit Tracking program in the Code Enforcement and Planning Divisions.</p>	<p>✓ Planning Division is utilizing the software. Code Enforcement programming and training has been completed, but system utilization will wait for hiring of full staff and relocation back to City Hall.</p>
<p>➤ Update zoning and code enforcement ordinances, including regulations for telecommunications facilities, subdivision ordinance, noise ordinance, limited sign ordinance revisions, mobile-vendor ordinance, apartment/motel inspection ordinance and nuisance regulations.</p>	<p>✓ Apartment/Hotel Inspection Ordinance completed. Hearings on draft Subdivision Ordinance in summer, 2002. Telecommunication Ordinance work to begin in July 2002. Updating sign ordinance; banner portion to be done first. Apartment/Hotel inspection ordinance completed Fall 2001.</p>

Future Projects and Goals

As outlined in the City's 2001-2003 budget, a variety of objectives has been identified for the balance of the two-year budget period. New projects may have been added since adoption, and are also included below. Additional projects or actions for the July 2002 to June 2003 timeframe are as follows:

- Move forward on a number of new public facility projects:
  - Begin construction of a new Parking Garage at "C" and 3<sup>rd</sup> Streets. Construction to commence March 2003. Also, parking revenue bonds will need to be issued to coincide with construction timetable.

- Finish relocation of existing tenant and obtain occupancy of new space for Fire Dispatching and Parking Services Division operations. Renovation and improvement should be completed for occupancy by May for dispatching and summer for Parking.
  - Complete fundraising efforts through "Friends of San Rafael" in order to obtain full resources needed for Pickleweed Community Center facilities expansion and renovation. Project should begin in fiscal year 2003-2004.
  - During the 'parking holiday' period (Thanksgiving to New Years Day), replace all parking meters. New digital meters will be installed on streets and in smaller parking lots. In addition, some pay-by-space equipment is planned in long-term facilities, and a new revenue control system replaces the old technology in the "A" street parking structure.
- ✦ Facilitate a wide variety of private investment and economic development efforts, which include:
- Continue working with PG&E and the Marriott Corporation to locate a new hotel on the current PG&E administrative site downtown - plans to incorporate a relocation of St. Vincent de Paul dining room.
  - Continue efforts to determine if a downtown Cineplex can be built (traffic studies and design need staff analysis).
  - Negotiating with State Lands and Montecito Center owner regarding new public dock to be located behind the Center.
  - Investigating environmental and wetland status of Bellam and Windward Way property to assess its potential development. Coordinating with Fire Department, County of Marin and regional regulatory agencies.
  - Community Services is working with the San Rafael School District to resolve childcare facility needs on several campuses. A possibility is being explored of replacing all City owned modular buildings with new permanent structures as part of a massive school facility upgrading project. The District would own the sites and lease them to San Rafael for our on-site preschool and after school programs.
- ✦ The City currently has over 50 capital improvement projects under management in Public Works. Key infrastructure efforts in the coming year consist of:
- Repaving the Miracle Mile and the Second @ Union intersections.
  - Replace the pump station at Peacock Gap.
  - Work on the next phase of the Safe Routes to School program.
  - Study traffic signalization at several intersections. If studies and volumes suggest signalization needs, prepare the necessary recommendations through Traffic Engineer and with the support of affected neighborhoods.
  - Finish the seismic and deferred maintenance study. Make recommendations for improvements and operation needs to the City's essential service buildings (Police, Fire, Community Centers for shelter in the time of disaster) that would include the sizing and timing of a new bond measure.
  - Finalize renovation of Santa Margarita Park.
  - Complete designs of Bret Harte Park and Del Ganado Ditch improvements.

- ✧ Technology needs are going to be addressed in the following ways:
  - Working closely with Marin Emergency Radio Authority (MERA) representatives, complete installation and training of Police, Fire and Public Works staff.
  - Finalize the Police and Fire CAD/RMS systems.
  
- ✧ Other major efforts include:
  - Completing the General Plan 2020. Working through traffic constraints and housing opportunity sites poses significant challenges in moving this committee process through the Planning Commission and on to the City Council.
  - Developing and refining the 2003-2005 budget process. Prior budgets were developed in times of growing services and higher revenues. Careful thought will need to be given on how to involve employees, residents and businesses in a process that allocate dwindling resources across an ever growing demand for services.

## **FINANCIAL INFORMATION**

The City's Management Team 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 should 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. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

**Budget Controls** - The City develops a budget based upon Council priorities and Department objectives. The Financial Services Division 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 their budget allocations consistent with policies set by the City Council and monitored by the City Manager.

## **GENERAL GOVERNMENT FUNDS**

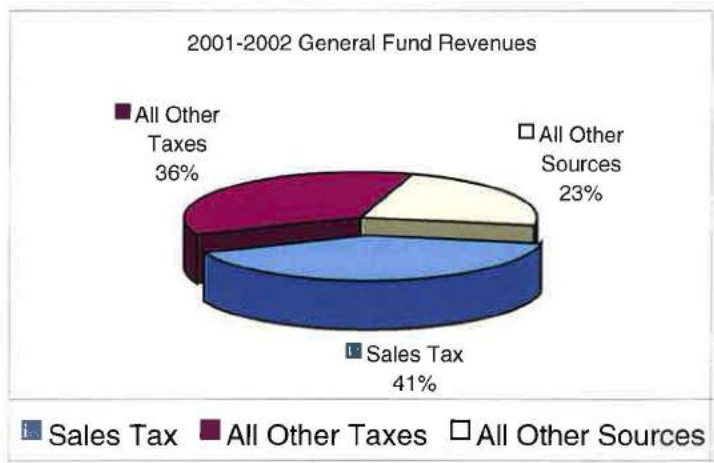
### *Analysis of Major Tax Revenues*

2001-2002 tax performance represented a bust when compared to the five previous years of double-digit growth. The 'magnificent seven' (six major taxes plus motor vehicle fees) *declined 11.5% over the prior year period*. Tax revenues had mixed performance. Those that were economically sensitive (sales, hotel) plummeted after the 9-11 attacks and a prolonged economic downturn. Stable sources (vehicles license fees, property tax) grew as vehicle sales and assessed valuations climbed in 2001-02. The table below summarizes changes from 2000-2001 to 2001-2002.

<b>CITY OF SAN RAFAEL</b>					
<b>CHANGES IN TAX REVENUES</b>					
<b>FOR THE FISCAL YEAR ENDED JUNE 30 2002</b>					
	FYE 6-30-01	FYE 6-30-02	FYE 6-30-02	Dollar	Percentage
	Audited	Audited	Percentage	Increase	Increase
	Totals	Totals	of Total	(Decrease)	(Decrease)
				from 00-01	from 00-01
<b>Tax Revenue</b>					
<b>Sales Tax</b>	\$18,464,210	\$16,589,495	41.25%	\$ (1,874,715)	-10.2%
<b>Property Tax</b>	7,186,676	7,890,347	19.62%	703,671	9.8%
<b>Business License Tax</b>	1,993,649	2,145,235	5.33%	151,586	7.6%
<b>Hotel (Occupancy) Tax</b>	1,840,532	1,395,321	3.47%	(445,211)	-24.2%
<b>Property Transfer Tax</b>	1,203,603	1,161,067	2.89%	(42,536)	-3.5%
<b>Franchise Tax</b>	1,559,321	1,795,637	4.46%	236,316	15.2%
<b>Commercial Development Tax</b>	22,060	6,094	0.02%	(15,966)	-72.4%
<b>TOTAL TAXES</b>	<b>\$32,270,051</b>	<b>\$30,983,196</b>	<b>77.04%</b>	<b>\$ (1,286,855)</b>	<b>-4.0%</b>
<b>Motor Vehicle In-Lieu Fees</b>	2,851,240	3,053,248	7.59%	202,008	7.1%
<b>All Other Revenues (Permits, Fines &amp; Fees)</b>	\$ 6,026,984	\$ 6,183,066	15.37%	156,082	2.6%
<b>General Fund Total Revenues</b>	<b>\$41,148,275</b>	<b>\$40,219,510</b>	<b>100.00%</b>	<b>\$ (928,765)</b>	<b>-2.3%</b>

*Tax Table Explanations:*

*Sales Tax* - Sales Tax now represents 41% of all general fund revenues (as shown in adjacent graph). The recession, terrorist attacks and lack of new significant retailers resulted in a **10.2%** decline in the City's largest resource. Drops occurred in all of the major groupings, including autos (\$337,324), general consumer goods (\$188,181) and business and industry (\$436,138). Modest gains occurred in the hotel, restaurant and food categories. No recovery is expected in this source at least until the latter part of the 2003 calendar year.



*Property Tax* - By far the major contributor to this change was the secured tax liens. Up 13.3% for the year, assessed values continue to skyrocket as available housing sales remain competitive and interest lending rates are at 40 year historic lows. 26% of the City's property taxes were diverted in the early nineties, on a permanent basis, as part of the Sacramento Legislature balancing the State budget. \$523,857 came back to Marin County cities that have continued to pay 'excessive' ERAF property taxes under a State prescribed formula.



*Business License Tax* - Adding a Business License Examiner position to the Financial Services Division in 1998 has resulted in greater compliance and enforcement efforts. Special projects through cooperation with other federal and state agencies have increased our total number of licensed businesses. The increase in taxes is a combination of the Examiner's efforts, special focus on home occupations, and CPI tax rate adjustments allowed under local ordinance.

*Hotel Taxes* - Tourism plummeted as business travel dropped markedly, even prior to the horrors tied to the terrorist attacks. The 24.2% decrease had most hotels and motels results back to 1996-97 levels. Embassy Suites dropped \$168,010 (18%), and the Four Points Sheraton was off \$130,740 (28%).

*Property Transfer Tax* - An annual double-digit increase in real estate values was offset by lower volume of activity. Turn over of pre-Proposition 13 properties remained slow. Significant commercial and office sites were part of the prior year (2000-01) results.

*Franchise Fees* - This tax is two fold. Taxes on the local waste hauler increased by \$102,640. This sum reflects an increase in service volume, customers and an audit of franchise fees collected. A 2% rate increase was awarded to the refuse company in January 2002. This played a small role in the growth of this revenue. Utility and cable operations were up about \$133,676 (15.2%). Mismanaged State utility programs led to huge spikes in electricity costs in 2001-02. Although consumers and businesses were hurt by these increases, the residual impact to San Rafael was high electric franchise fees (up \$39,000, or about 39%). Changes in the City's cable provider resulted in increased services (and consumer rates) and higher franchise fee collections.

*Motor Vehicle In-Lieu Tax* - In July of 1998, the State Legislature passed a bill to reduce this tax to all citizens of California by 25% effective January 1, 1999. Trigger mechanisms in the bill raised this tax reduction to 67.5% for California motorists. The majority of car taxes (vehicle license fees) are returned to cities and counties. This 67.5%~~35%~~ reduction amounts to a potential loss of City revenues in excess of \$2,000,000 per annum. The State pledged as part of this bill to backfill losses from its General Fund. Through the 2001-2002 year end, the State has paid the backfill. This source remains extremely volatile so long as the State has the ability to manipulate collection and distribution based upon its own interest. Growth for the year is tied to increase in prior year auto sales (tax paid on value of car).

The decline of all taxes over 2001-2002 levels is significant. The majority of these moneys, which provide general Police, Fire, Parks, Library and Recreation Programs, has provided budget stability and heightened infrastructure maintenance in 2000-01 and prior years. For 2001-02, the economy performed at a lower level and looks to remain sluggish for the foreseeable future.

*Analysis of Major Expenditures by Function*

Increases or decreases in governmental fund expenditures for major functions of the City compared to the prior year are detailed below:

<b>CITY OF SAN RAFAEL</b>					
<b>EXPENDITURES BY FUNCTION</b>					
<i>For the fiscal year ended June 30, 2002</i>					
<b>Function</b>	<b>2000-2001 Amount</b>	<b>2001-2002 Amount</b>	<b>Percent of Total</b>	<b>Dollar Increase (Decrease) from 2000-01</b>	<b>Percentage Increase (Decrease) from 2000-01</b>
General Government	5,683,368	6,136,372	8.5%	453,004	8.0%
Public Safety	24,437,700	25,898,206	35.7%	1,460,506	6.0%
Public works & parks	8,669,755	9,329,346	12.9%	659,591	7.6%
Community development	3,454,234	3,610,108	5.0%	155,874	4.5%
Culture and recreation	6,371,532	7,011,108	9.7%	639,576	10.0%
Capital Outlay	2,923,669	307,483	0.4%	(2,616,186)	(89.5%)
Capital Projects	10,935,705	15,760,086	21.7%	4,824,381	44.1%
Debt Service	4,532,333	4,490,111	6.2%	(42,222)	(0.9%)
<b>Total Expenditures</b>	<b>67,008,296</b>	<b>72,542,820</b>	<b>100.0%</b>	<b>5,534,524</b>	<b>8.3%</b>
Fiduciary	64,168	118,339		54,171	84.4%
<b>Proof to audit Page 7</b>	<b>67,072,464</b>	<b>72,661,159</b>		<b>5,588,695</b>	<b>8.3%</b>

In summarizing the changes for Police and Fire Operations, Public Safety expenditures have grown over the prior year for several reasons. Compensation obligations in both bargaining groups required raises in salaries and benefits ranging from 4% to 6%. A new Fire Inspector was added to the Fire Prevention Bureau. Lastly, dramatic changes in workers compensation claims and costs added over \$200,000 to public safety benefit expenses as compared to the 2000-2001 levels.

The Public Works category in the current year includes additional staffing positions in Traffic Engineering and Park Maintenance.

The City took over the apartment and hotel inspection program from the County. The results are the addition of two Code Enforcement Officers in Community Development services.

Cultural and Recreation activities encompass the Library, Falkirk, Recreation and Child Care Programming. Expanded efforts in teen and theatre programming added over \$50,000 of new expenses in 2001-2002. Well over half of these expenses are recovered through user fees.

Outlays for infrastructure projects and special needs are reflected as Capital Projects. Completion of major projects is paid through a combination of grant, redevelopment, matching and City resources. Annual costs (which does not necessarily reflect project total) for the 2001-2002 were:

- ⊕ \$958,911 for the resurfacing of over 40 streets using STIP funds occurred in the Fall of 2001.
- ⊕ \$162,407 was the initial payment for the Lincoln Avenue Street and sidewalk rehabilitation project. A total of \$1.3 million was used through October of 2002 to completely resurface the road and improve the worst sidewalk sections of a major north/south San Rafael road.
- ⊕ Sidewalk replacement along various segments throughout the community was \$95,711.
- ⊕ The Redevelopment Agency participated in creating housing at 55 Fairfax Street. \$1,180,000 was used from Low and Moderate Housing Funds to convert this site to 40 units of affordable housing. .
- ⊕ The second phase of the Bellam/Kerner improvements included \$861,230 of expenditures for street improvements, new signals and improved turning lanes.
- ⊕ The widening of North San Pedro Road, using City mitigation and County resources, included \$837,218 in 2001-2002. This project was completed in the Fall and included new signals, street widening and medians for this major north San Rafael intersection.
- ⊕ The new San Rafael City Plaza was constructed at a cost of \$1,918,000, of which \$1,689,326 was spent in the audit year. This project was completed without the use of taxpayer revenues and fulfills a major public improvement need identified in the Downtown Vision.
- ⊕ The West Francisco Boulevard Ditch consumed \$515,196 of the Agency's 1995 bond resources.
- ⊕ Parkside Child Care Center opened in Albert Park in September of 2001. Expenditures to complete this project in 2001-2002 totaled \$1,121,112.
- ⊕ The new Corporation Yard was under construction in 2001-2002. At year-end, \$4,177,536 of 1995 and 1999 Agency bond moneys were drawn down to pay for the first portion of construction on this \$6.7 million dollar facility.
- ⊕ Reopening the Terra Linda pool in March of 2002 was a welcomed event after fifteen months of closure and major improvements to the City's only plunge. \$1,169,641 paid in 2001-2002 was the final construction portion of the \$1,401,000 project budget.

Debt Service reflects a declining payment on outstanding assessment district bonds, as well as payment of all Redevelopment debt remaining flat from year to year.

*Fund Equity*

In order to assess the increase or decrease in each governmental fund's assets, changes in fund equity from June 30, 2001 to June 30, 2002 is discussed below. Fund equity in governmental funds can be described as the difference between current assets and current liabilities, or accumulated earnings from operations. Simply stated, it is the current spendable resources of the fund. The General Fund's change in fund equity was as follows:

General Fund

	2002	2001	Decrease
Fund Equity	\$8,460,420	\$10,166,483	(\$1,706,063)

The build up of fund equity through 2001 tied to strong economic performance tailed off in 2002. At year-end, the total reflects a reserve of \$3,347,314 set aside to meet compensation goals, the completion of General Plan 2020, loan receivables and other legal, contractual or administrative commitments. Another \$3,757,328 represents 10% of budgeted expenditures, which is consistent with the City's Financial Policy of a 10% General Fund Reserve. This portion is held for emergencies and cash flow cycles. The balance of \$1,355,598 are reserves the Council had established as part of the two year budget and are expected to be consumed in the 2002-2003 fiscal year in order to maintain a balanced budget.

**SPECIAL REVENUE FUNDS**

	<u>2002</u>	<u>2001</u>	<u>Decrease</u>
Fund Equity	\$14,558,876	\$17,265,890	(\$2,707,014)

⇒ The *Special Revenue Funds* as a group decreased in fund equity by 15.7%. Special Revenues Funds are established for several reasons, including legal statutes, administrative practices and government accounting standards. Gas Tax balances declined \$482,039 as prior year revenues were used to complete several street-paving projects. Traffic Mitigation balances dropped \$1,137,208, reflecting the signal and road improvement expenditures for the Bellam Boulevard and North San Pedro Road projects. \$404,678 of runoff charges (paid through property tax bills) was added to the Stormwater Fund and held for projects to be completed in the 2002-2003 and subsequent years.

**CAPITAL PROJECT FUNDS**

	<u>2002</u>	<u>2001</u>	<u>Decrease</u>
Fund Equity	\$19,090,310	\$28,494,422	(\$9,404,112)

Use of Redevelopment Agency project bonds, as noted above, was the major contributor to this decline. \$2,226,250 remains in equity to complete new corporation yard garages and offices in East San Rafael. The local school and college districts have claim to \$308,000, and redevelopment housing efforts include \$1,355,823 for a "B" Street corner initiative. Completion of the Police and Fire CAD/RMS technology project requires use of \$1,258,931 in 2002-03. \$9,515,227 of unspent redevelopment bonds is held for approved projects and should be drawn down within the next two years.

**PROPRIETARY FUNDS**

The City has no water or sewer enterprise funds. Separately established districts throughout the City and County provide these services. For the first time, the City is presenting a Parking Services Enterprise Fund. Established with the adoption of the 2001-2003 budget, the Parking Fund is charged with running a full menu of services, including enforcement, collection, adjudication, maintenance of equipment and replacement of assets. This fund was accounted for as a Special Revenue Fund in prior audits, but is now properly classified as an Enterprise Fund since the formation of the Parking Services Division under the Management Services Department.

The City has six internal service funds in place. Replacement of all City vehicles, pool cars and rolling stock is accounted for in the Equipment Replacement Fund. Rental charge to Departments allow for the planned replacement of over \$10,000,000 in City assets. Workers Compensation and Liability functions

are self-insured. The City participates in a "pooled" insurance program for catastrophic losses. The Dental Insurance Program was established in 1997 when the City chose to become self-insured. The Radio Replacement Fund was established this year to pay for MERA radio operating expenses and debt service requirements. The City, as a member of MERA, pays 16.9% of all expenses of this multi-agency entity.

## **DEBT ADMINISTRATION**

The City has no outstanding general obligation bonds as of June 30, 2002. Several debts remain outstanding for the City and its component units. Outstanding principal on debt obligations of the City include \$870,000 of special assessment bonds and \$3,883,789 for the long-term portion of compensated absences. Also, capitalized leases for equipment, ambulances and fire trucks total \$223,726.

The San Rafael Redevelopment Agency has three separate tax allocation bonds outstanding. Year-end outstanding principal balances total \$43,479,004 for the 1992, 1995 and 1999 series. The new Tax Allocation Bonds issued in June of 1999 received the first ever AA rating for a redevelopment bond issue in the State of California. \$169,000 is due as part of a note payable related to the financing of real property acquisition. The outstanding Certificates of Participation issued by the San Rafael Sanitation District (\$4,130,955) are to be repaid by District property tax changes in future years and are not an obligation of the City of San Rafael.

All assessment and tax allocation bond debt is administered by a third party custodial arrangement. Pursuant to each individual bond document, the trustee collects taxes and remits payments to bondholders based upon established schedules.

## **CASH MANAGEMENT**

Income earned on investments represents a significant revenue source to the City and allows the City to operate effectively with fewer resources than would otherwise be required. The investment portfolio at June 30, 2002 was comprised primarily of U.S. Agency notes, certificates of deposit, medium term corporate notes and pooled investments with the State of California's Local Agency Investment Fund.

The City's investments are classified according to their respective credit risk. Purchases are made following the City's adopted investment policy. Securities must be rated "A" or better at the time of purchase. The majority of the portfolio's securities are "AAA" U.S. agency bonds with respect to third party safekeeping.

City funds are pooled for investment yield purposes. Interest is returned to the various funds comprising the investment pool based on the fund's cash balance at the end of each quarter. Investments are presented in the auditor's report under GASB #31. Market value adjustments have been made to all securities that the City intends to hold until maturity.

## **GENERAL FIXED ASSETS**

The general fixed assets of the City are those assets used in the performance of general government functions. As of June 30, 2002, the property and equipment is provided for assets capitalized in the general fixed assets account group. The book value of City owned assets at June 30, 2002 is \$44,243,426.

The City is required to change its financial presentation, including valuation of infrastructure assets, under the Governmental Accounting Standards Board (GASB) Statement #34. The GASB requirement for San Rafael takes effect in fiscal year 2002-2003. City staffs are spending time and resources currently to develop capitalization policies, complete a field audit and asset valuation process, and are working with our auditors to meet the requirements of Statement #34 in a timely manner.

### **RISK MANAGEMENT POLICIES**

The City of San Rafael maintains a self-insured retention of \$500,000 for general liability and participates in a public agency risk sharing pool, California Joint Powers Risk Management Authority, for an additional \$24,500,000 in excess of \$500,000. A third party claims administrator evaluates liability claims and makes recommendations to the City.

The City's self-insured retention for workers compensation claims is \$250,000 with excess coverage of \$9,750,000 with United States Fidelity and Guaranty. The City contracts with a different third-party claims administrators for workers compensation claims.

### **OTHER INFORMATION**

Independent Audit - the Charter of the City of San Rafael requires an annual audit of the City's financial records and transactions by an independent certified public accounting firm. This year, the accounting firm of Caporicci and Larson, CPAs performed the audit. The audit requirement has been met and the auditors' opinion has been included in this report.

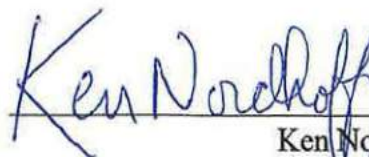
Acknowledgment - The preparation of this document was accomplished through the diligent, dedicated efforts of the Management Services Department's staff. Appreciation goes to Dennis Shives, Assistant Director of Management Services, Financial Services Division, Robert Behan, Accounting Supervisor and Van Bach, Accountant. All of these top-notch employees were instrumental in coordinating the annual audit in a timely and professional manner. Also, Kim Koprak, the Department's Administrative Assistant, helped assemble and edit the City's fifth Comprehensive Annual Financial Report.

Lastly, staff support by the Mayor and City Council Members, with an emphasis on community focus and customer service, has allowed the Management Services Department to bring professional level financial leadership and management home to San Rafael. Staff expects to continue producing high quality products, including award winning annual financial reports. The City Council's openness to change and support in planning and conducting the operations of the City in a responsible, progressive manner empowers staff to achieve important goals through a commitment to excellence, professionalism and community interest.

Respectfully submitted,

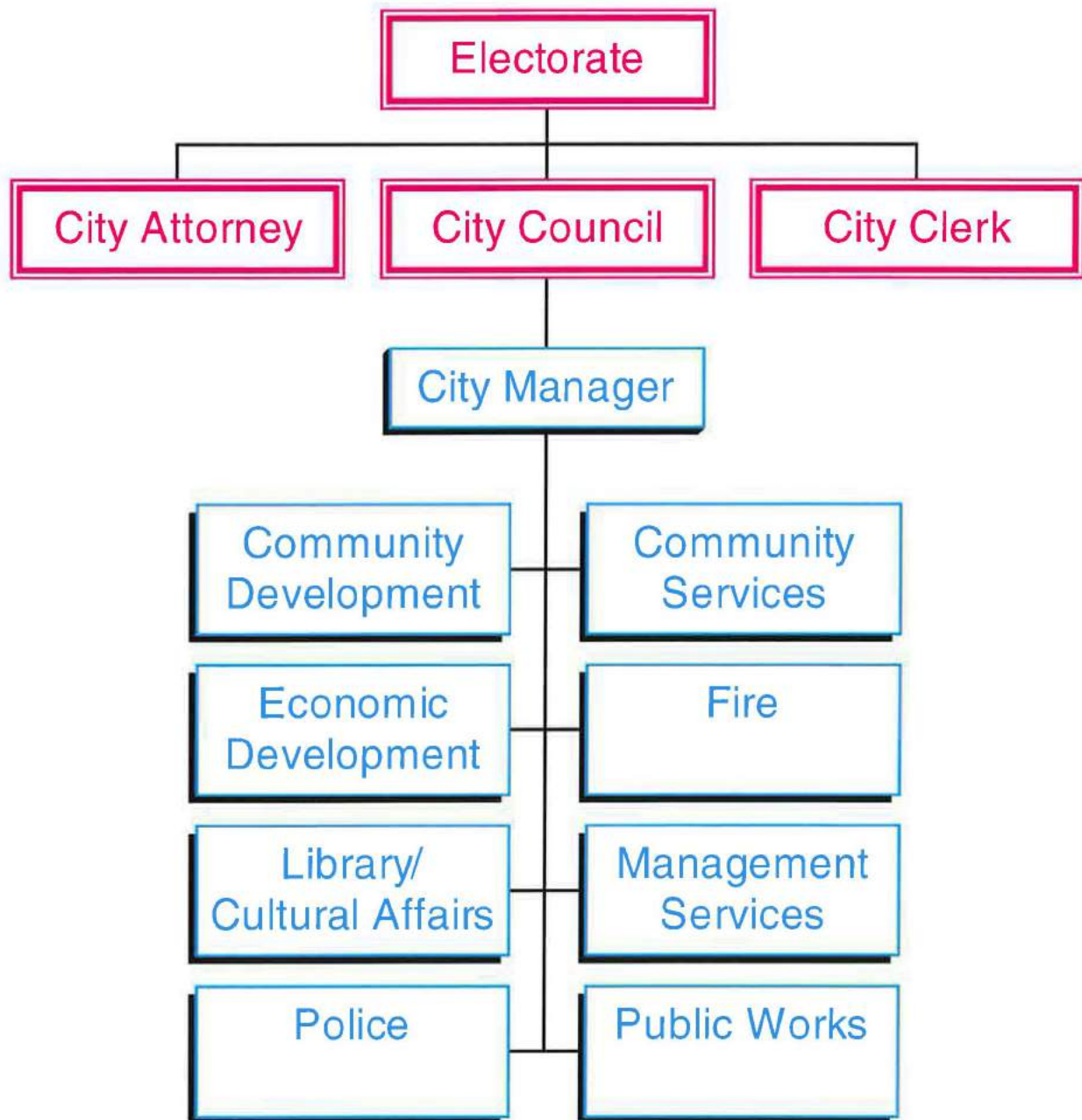


Rod Gould  
City Manager

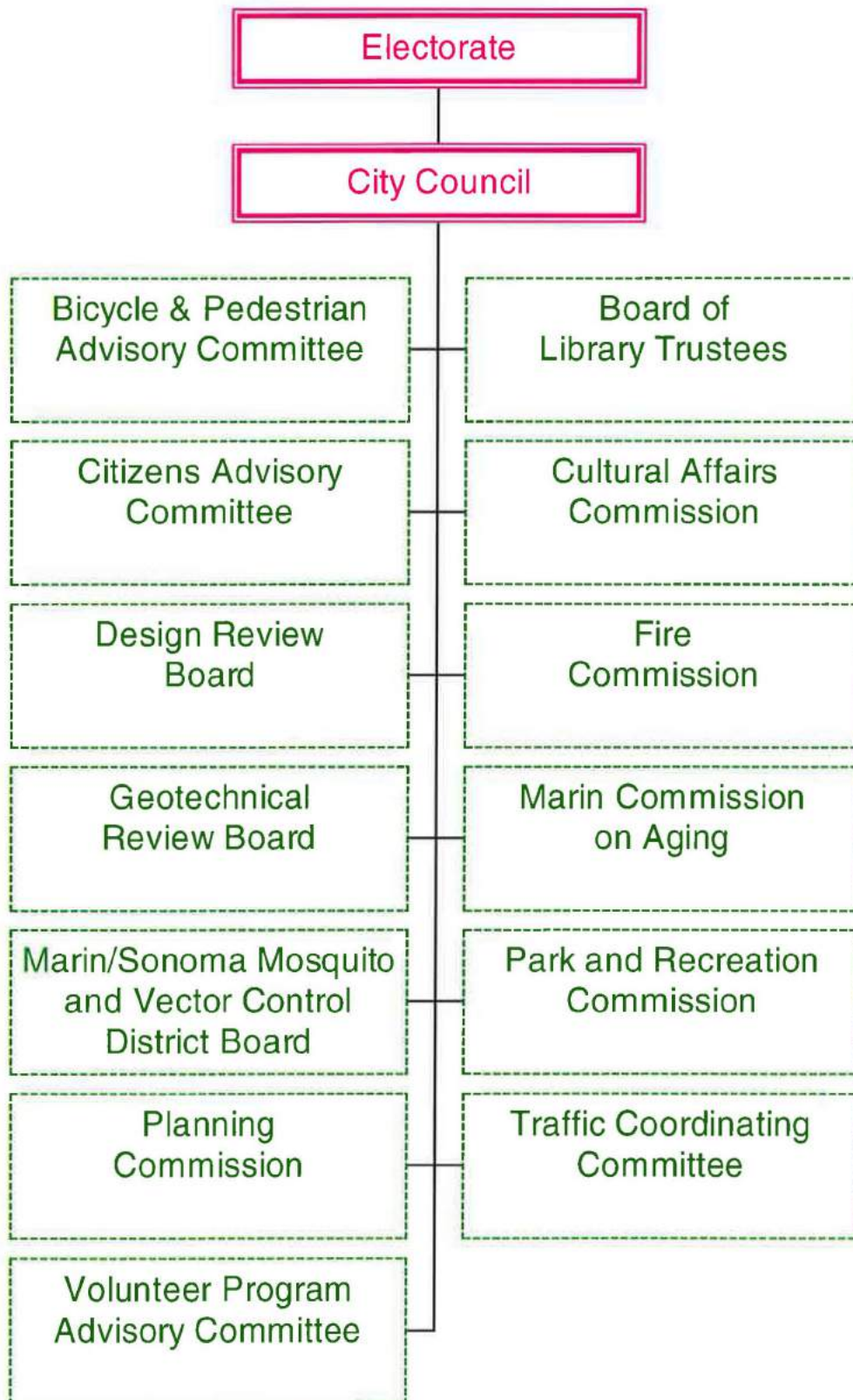


Ken Nordhoff  
Assistant City Manager

# Organization Chart of the City of San Rafael



# Organization Chart of the City of San Rafael Boards & Commissions







# San Rafael

## City Officials

### City Council

Albert J. Boro, Mayor  
Barbara Heller, Council Member  
Paul M. Cohen, Council Member  
Cyr N. Miller, Council Member  
Gary Phillips, Council Member

### Elected Officials

Gary T. Ragghianti, City Attorney  
Jeanne M. Leoncini, City Clerk

### Management Team

Rod Gould, City Manager  
Ken Nordhoff, Assistant City Manager  
  
Bob Brown, Community Development Director  
Bob Marcucci, Fire Chief  
Carlene McCart, Community Services Director  
Dave Bernardi, Public Works Director  
Gus Guinan, Assistant City Attorney  
Mike Cronin, Police Chief  
Nancy Mackle, Economic Development Director  
Vaughn Stratford, Library Director



# LOCATION MAP

# Financial Management Policies

IT IS THE POLICY OF THE SAN RAFAEL CITY COUNCIL TO BE PRUDENT, CAREFUL AND OPEN REGARDING THE CITY'S FINANCIAL RESOURCES. RECOGNIZING THAT A BUSINESS OR RESIDENT MUST PLAN FOR BOTH SHORT AND LONG TERM FINANCIAL NEEDS, THE CITY SHALL MAKE EVERY EFFORT TO DO THE SAME. THE CITY'S FINANCIAL POLICIES SHALL INCLUDE ASSETS (BOTH HUMAN AND CAPITAL), EXPENSES, SAVINGS AND METHODOLOGY. TO THIS END, THE FOLLOWING SHALL BE THE CITY'S FINANCIAL POLICIES:

## Category One

**Assets:** The City's allocation of resources shall be balanced in such a way so as to provide for proper management of employees, volunteers, property, buildings and equipment.

### **The City shall maintain its infrastructure.**

Ongoing, preventative maintenance is an essential component of the City's operations. Adequate funding shall be allocated in current years to minimize expenditures in future years. Infrastructure maintenance includes, but is not limited to street, sewers, storm drains, sidewalks, lights and parks.

### **The City shall adequately fund capital replacement.**

To the extent possible, the cost of replacing or expanding existing facilities and equipment will be fully amortized and funded as a continuing cost of doing business. With respect to equipment, rates shall be established to recover the replacement cost of each item at the end of its useful life. Facilities will be amortized to cover ongoing maintenance and cyclical repairs and, to the extent resources are available, for the replacement or expansion of major structures.

**The City shall maintain competitive compensation.**

The City wishes to continue positive labor relations, be competitive in the market place and desires to attract and retain top talent. Competitive salary and benefits will be provided to all employees within the City's means, with the expectation that services being provided by all staff shall continue to be exemplary.

**Category Two**

Expenses     The City shall know the cost of providing services, make certain tax dollars are used both efficiently and wisely, and incur debt only to the extent it does not create a long-term financial burden.

**The City must know its true costs of providing all services.**

The City shall maintain current full business costs of providing each and every City provided service. In addition, the City shall make conscious decisions about cost recovery and/or general tax subsidy of those services that benefit only portions of the tax paying public.

**The City shall competitively procure goods and services.**

Significant savings of tax dollars can be obtained through the competitive bidding of purchases of goods and services. The City shall seek market prices or proposals for all significant purchases of goods and services, including periodic market testing of internally provided services, consistent with the City's purchasing policy. Preference will be given to San Rafael businesses.

**The City shall oppose mandated programs that are unfunded.**

The Federal and State Governments regularly adopt laws that mandate local compliance or implementation. The City is forced to incur additional operating costs and no funding is provided to pay for these mandates. The City shall have a general policy against unfunded mandates, including social services, which have an adverse impact to San Rafael's services and budget.

**The City shall only borrow what it can afford to repay.**

Loans and other debts will be established wisely to level out costs. Refinancing of existing debt will take place when market conditions lend themselves to economic gains. The City shall not overextend indebtedness, which may cause undue financial burdens in subsequent years.

Category Three

Savings: The City shall set aside sufficient monies to meet short and long term needs and shall invest all savings in a safe manner.

**The City Shall Maintain Prudent Reserves, including a 10% General Fund Reserve.**

Adequate reserves of funds shall be established to meet future capital needs, to offset economic hard times, to stabilize fluctuations in cash flow requirements, and to provide for emergency situations. This shall include an ongoing 10% General Fund reserve.

**The City shall conservatively invest its idle cash.**

The City will invest its idle cash in a conservative manner so as to safeguard public funds. Investment instruments will be chosen using safety, liquidity and yield as the selection criteria.

Category Four

Methods: The City shall live within its financial means, comply with all aspects of local government financial laws, and publicly disclose major financial decisions.

**City budgets must balance with ongoing revenues equal to or greater than ongoing expenditures.**

The City Council will continue to adopt balanced budgets on an annual basis. Annual audited financial reports confirm the adoption of a balanced budget, and note any discrepancies. These financial reports are used by the financing community to gauge the City's credit worthiness, among other issues.

Cost must be matched with revenues. Ongoing costs shall only be funded with ongoing revenues. One-time costs can be funded with one-time revenues. However, one-time revenues cannot fund ongoing costs.

**The City shall base its budget on realistic estimates, assuming normal revenue inflation will go to pay for normal inflation expenses.**

The City shall make its budgetary and financial decisions on conservative estimates or revenues and expenditures. Normal revenue growth, defined as increased amounts from existing sources, may not always increase at a rate equal to or faster than the expenses they support. As a result, the City should avoid using such revenue as start-up revenue money for new projects or programs that have ongoing costs. Increases in service levels should be supported by new revenue sources or reallocation of existing resources. If normal revenue inflation does not keep up with expense inflation, alternatives such as decreases in expenses or new revenue sources would be explored.

**The City shall make and report its financial decisions publicly.**

Public involvement is encouraged in budgeting and financial planning. The City Council shall make all non-routine or non-administrative financial decisions in public at regularly scheduled meetings. The results of such decision making shall be reported in a timely manner through Comprehensive Annual Financial Reports, newsletters and other public information documents.

**The City shall comply with all requirements of generally accepted accounting principles (GAAP) as they apply to local governmental agencies.**

The City will always conduct our financial affairs and maintain our records in accordance with GAAP as established by the Government Accounting Standards Board, so as to maintain accuracy and public confidence in our financial reporting systems.

**The City shall maintain a long-range fiscal perspective.**

The City shall examine its financial condition periodically by forecasting several years into the future. In this way, adverse trends can be anticipated and better managed.

**The City will require that all proprietary funds (Enterprise and Internal Service) be self-supporting.**

**Enterprise Funds**

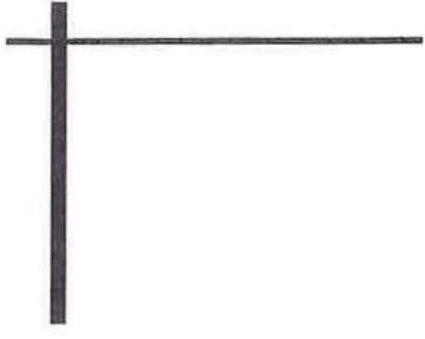
Any enterprise funds established by the City will be supported by their own rates and not subsidized by the General Fund. We will assess charges against those funds at a reasonable rate for services provided by general government.

**Internal Service Funds**

The internal service funds for vehicle replacement, information systems and building maintenance should be structured to fund adequate maintenance and replacement of vehicles, office equipment, information systems and City buildings in an efficient and orderly manner. The Building Improvements Fund rates will be brought up to appropriate levels over a five-year period. The Risk Management (liability and worker's compensation) Self-Insurance Funds will continue meeting the City's insurance needs as economically as possible while maintaining sufficient levels of coverage to protect the City's employees, property and reserves.

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# FINANCIAL SECTION





**City  
of  
San Rafael**  
**San Rafael, California**

*General Purpose Financial Statements  
and Independent Auditors' Report*

*For the year ended June 30, 2002*



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of San Rafael, California (City) as of and for the year ended June 30, 2002, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the San Rafael Sanitation District (District), which is presented as a discrete component unit in the accompanying financial statements. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the District in the accompanying general purpose financial statements, is based on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining, individual fund and account group financial statements and schedules listed as supplemental information in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. This information is the responsibility of the City's management. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole. The statistical information listed in the foregoing table of contents was not audited by us and, accordingly, we express no opinion on the statistical section.

*Capricci & Larson*

Oakland, California  
October 31, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

# City of San Rafael

## Combined Balance Sheet

### All Fund Types, Account Groups and Discretely Presented Component Unit

June 30, 2002

(With comparative totals for June 30, 2001)

	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise Funds
<b>ASSETS AND OTHER DEBITS</b>					
<b>Assets:</b>					
Cash and investments (Note 2)	\$ 4,896,560	\$ 15,336,261	\$ 2,125,904	\$ 17,734,156	\$ 969,477
Receivables (Note 3)	4,312,694	983,930	-	1,597,058	20,056
Due from other funds (Note 5)	14,552	71,578	-	932,735	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	15,000	-
Other current assets	-	-	-	-	-
General fixed assets (Note 6)	-	-	-	-	-
Component unit fixed assets, net (Note 6)	-	-	-	-	-
COP issuance costs, net	-	-	-	-	-
<b>Total assets</b>	<b>9,223,806</b>	<b>16,391,769</b>	<b>2,125,904</b>	<b>20,278,949</b>	<b>989,533</b>
<b>Other Debits:</b>					
Amount available in debt service funds	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-
<b>Total other debits</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and other debits</b>	<b>\$ 9,223,806</b>	<b>\$ 16,391,769</b>	<b>\$ 2,125,904</b>	<b>\$ 20,278,949</b>	<b>\$ 989,533</b>
<b>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 695,914	\$ 795,184	\$ 52	\$ 734,799	\$ 50,360
Connection fees payable	-	-	-	-	-
Developer bonds payable	28,500	1,500	-	25,000	-
Arbitrage payable	-	-	-	358,840	-
Insurance claims payable (Note 17)	-	-	-	-	-
Interest payable	-	-	-	-	-
Due to other funds (Note 5)	36,578	947,287	-	35,000	-
Deferred revenue (Note 4)	2,394	88,922	-	35,000	5,000
Capital lease obligations (Note 7)	-	-	-	-	-
Compensated absences (Note 7)	-	-	-	-	-
Certificates of participation (Note 7)	-	-	-	-	-
Note payable (Note 7)	-	-	-	-	-
Special assessment debt (Note 7)	-	-	-	-	-
Bonds payable (Note 7)	-	-	-	-	-
<b>Total liabilities</b>	<b>763,386</b>	<b>1,832,893</b>	<b>52</b>	<b>1,188,639</b>	<b>55,360</b>
<b>Fund Equity and Other Credits:</b>					
Investment in general fixed assets	-	-	-	-	-
Contributed capital (Note 11)	-	-	-	-	-
Retained earnings	-	-	-	-	934,173
Fund balances (Note 9):					
Reserved	3,347,494	1,363,024	2,125,852	19,090,310	-
Unreserved:					
Designated	3,757,328	12,754,850	-	-	-
Undesignated	1,355,598	441,002	-	-	-
<b>Total fund equity and other credits</b>	<b>8,460,420</b>	<b>14,558,876</b>	<b>2,125,852</b>	<b>19,090,310</b>	<b>934,173</b>
<b>Total liabilities, fund equity, and other credits</b>	<b>\$ 9,223,806</b>	<b>\$ 16,391,769</b>	<b>\$ 2,125,904</b>	<b>\$ 20,278,949</b>	<b>\$ 989,533</b>

See accompanying Notes to General Purpose Financial Statements.



Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit San Rafael Sanitation District	Totals (Memorandum Only)	
		General Fixed Assets	General Long- Term Debt			2002	2001
\$ 8,225,490	\$ 431,763	\$ -	\$ -	\$ 49,719,611	\$ 5,671,685	\$ 55,391,296	\$ 65,763,120
-	-	-	-	6,913,738	8,324	6,922,062	8,867,431
-	-	-	-	1,018,865	-	1,018,865	1,071,069
-	-	-	-	-	22,723	22,723	51,122
-	-	-	-	15,000	15,181	30,181	15,481
-	-	-	-	-	14,147	14,147	34,400
-	-	44,243,426	-	44,243,426	-	44,243,426	38,973,530
-	-	-	-	-	22,393,472	22,393,472	22,644,006
-	-	-	-	-	75,511	75,511	83,824
<u>8,225,490</u>	<u>431,763</u>	<u>44,243,426</u>	<u>-</u>	<u>101,910,640</u>	<u>28,201,043</u>	<u>130,111,683</u>	<u>137,503,983</u>
-	-	-	2,125,852	2,125,852	-	2,125,852	2,061,238
-	-	-	49,834,667	49,834,667	-	49,834,667	52,076,631
-	-	-	51,960,519	51,960,519	-	51,960,519	54,137,869
<u>\$ 8,225,490</u>	<u>\$ 431,763</u>	<u>\$ 44,243,426</u>	<u>\$ 51,960,519</u>	<u>\$ 153,871,159</u>	<u>\$ 28,201,043</u>	<u>\$ 182,072,202</u>	<u>\$ 191,641,852</u>
\$ 114,843	\$ 9,575	\$ -	\$ -	\$ 2,400,727	\$ 22,974	\$ 2,423,701	\$ 3,767,762
-	-	-	-	-	33,188	33,188	163,812
-	-	-	-	55,000	-	55,000	73,399
-	-	-	-	358,840	-	358,840	338,867
3,853,612	-	-	-	3,853,612	-	3,853,612	2,754,026
-	-	-	-	-	72,333	72,333	30,012
-	-	-	-	1,018,865	-	1,018,865	1,071,069
-	-	-	-	131,316	-	131,316	197,330
-	-	-	223,726	223,726	-	223,726	420,500
-	-	-	3,883,789	3,883,789	-	3,883,789	3,889,365
-	-	-	-	-	4,130,955	4,130,955	4,427,987
-	-	-	169,000	169,000	-	169,000	169,000
-	-	-	870,000	870,000	-	870,000	1,055,000
-	-	-	46,814,004	46,814,004	-	46,814,004	48,604,004
<u>3,968,455</u>	<u>9,575</u>	<u>-</u>	<u>51,960,519</u>	<u>59,778,879</u>	<u>4,259,450</u>	<u>64,038,329</u>	<u>66,962,133</u>
-	-	44,243,426	-	44,243,426	-	44,243,426	38,973,530
-	-	-	-	-	7,377,012	7,377,012	7,377,012
4,257,035	-	-	-	5,191,208	16,564,581	21,755,789	19,876,191
-	-	-	-	25,926,680	-	25,926,680	37,974,054
-	422,188	-	-	16,934,366	-	16,934,366	17,409,625
-	-	-	-	1,796,600	-	1,796,600	3,069,307
<u>4,257,035</u>	<u>422,188</u>	<u>44,243,426</u>	<u>-</u>	<u>94,092,280</u>	<u>23,941,593</u>	<u>118,033,873</u>	<u>124,679,719</u>
<u>\$ 8,225,490</u>	<u>\$ 431,763</u>	<u>\$ 44,243,426</u>	<u>\$ 51,960,519</u>	<u>\$ 153,871,159</u>	<u>\$ 28,201,043</u>	<u>\$ 182,072,202</u>	<u>\$ 191,641,852</u>

# City of San Rafael

## Combined Statement of Revenues, Expenditures and Changes in Fund Balances

### All Governmental Fund Types and Expendable Trust Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
<b>REVENUES:</b>				
Taxes and special assessments	\$ 30,983,196	\$ 2,063,579	\$ 4,526,131	\$ 957,696
Licenses and permits	685,086	4,991	-	-
Fines and forfeitures	773,239	-	-	-
Uses of money and property	425,677	787,754	36,144	1,196,668
Intergovernmental	5,337,427	2,712,065	-	506,298
Charges for current services	1,713,025	7,843,441	-	147,647
Other revenues	301,860	418,087	-	407,309
<b>Total revenues</b>	<b>40,219,510</b>	<b>13,829,917</b>	<b>4,562,275</b>	<b>3,215,618</b>
<b>EXPENDITURES:</b>				
Current:				
General government	6,128,307	8,065	-	-
Public safety	21,544,132	4,354,074	-	-
Public works and parks	5,334,031	3,546,773	-	448,542
Community development/redevelopment	1,836,087	248,930	-	1,525,091
Culture and recreation	1,691,308	5,319,800	-	-
Capital outlay	148,574	141,800	-	17,109
Capital improvement/special projects	405,071	3,774,611	-	11,580,404
Debt service:				
Principal retirement	-	-	1,849,000	-
Interest and fiscal charges	-	-	2,641,111	-
<b>Total expenditures</b>	<b>37,087,510</b>	<b>17,394,053</b>	<b>4,490,111</b>	<b>13,571,146</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,132,000</b>	<b>(3,564,136)</b>	<b>72,164</b>	<b>(10,355,528)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in (Note 5)	453,973	4,301,655	-	994,416
Operating transfers out (Note 5)	(5,292,036)	(1,090,215)	(7,550)	(43,000)
<b>Total other financing sources (uses)</b>	<b>(4,838,063)</b>	<b>3,211,440</b>	<b>(7,550)</b>	<b>951,416</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(1,706,063)</b>	<b>(352,696)</b>	<b>64,614</b>	<b>(9,404,112)</b>
<b>FUND BALANCES:</b>				
Beginning of year	10,166,483	14,911,572	2,061,238	28,494,422
End of year	\$ 8,460,420	\$ 14,558,876	\$ 2,125,852	\$ 19,090,310

See accompanying Notes to General Purpose Financial Statements.

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	2002	2001
\$ -	\$ 38,530,602	\$ 39,753,729
-	690,077	844,793
-	773,239	1,337,617
19,063	2,465,306	3,989,893
35,000	8,590,790	9,223,148
-	9,704,113	12,019,807
21,511	1,148,767	4,684,447
75,574	61,902,894	71,853,434
52,330	6,188,702	5,737,343
-	25,898,206	24,437,700
-	9,329,346	8,669,755
-	3,610,108	3,454,234
66,009	7,077,117	6,381,725
-	307,483	2,923,669
-	15,760,086	10,935,705
-	1,849,000	1,786,000
-	2,641,111	2,746,333
118,339	72,661,159	67,072,464
(42,765)	(10,758,265)	4,780,970
-	5,750,044	7,070,234
-	(6,432,801)	(7,830,234)
-	(682,757)	(760,000)
(42,765)	(11,441,022)	4,020,970
464,953	56,098,668	54,432,016
\$ 422,188	\$ 44,657,646	\$ 58,452,986

# City of San Rafael

## Combined Statement of Revenues, Expenditures and Changes in Fund Balances -

### Budget and Actual - General Fund, Special Revenue Funds, Debt Service Funds with Budgets, and Expendable Trust Funds with Budgets

For the year ended June 30, 2002

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Taxes and special assessments	\$ 30,274,950	\$ 30,983,196	\$ 708,246	\$ 2,067,835	\$ 2,063,579	\$ (4,256)
Licenses and permits	555,150	685,086	129,936	53,500	4,991	(48,509)
Fines and forfeitures	743,980	773,239	29,259	2,000	-	(2,000)
Uses of money and property	331,000	425,677	94,677	591,025	787,754	196,729
Intergovernmental	5,170,600	5,337,427	166,827	3,197,222	2,712,065	(485,157)
Charges for current services	1,522,372	1,713,025	190,653	7,930,959	7,843,441	(87,518)
Other revenues	133,115	301,860	168,745	80,920	418,087	337,167
<b>Total revenues</b>	<b>38,731,167</b>	<b>40,219,510</b>	<b>1,488,343</b>	<b>13,923,461</b>	<b>13,829,917</b>	<b>(93,544)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	6,136,284	6,128,307	7,977	7,744	8,065	(321)
Public safety	21,104,203	21,544,132	(439,929)	4,198,427	4,354,074	(155,647)
Public works and parks	5,490,331	5,334,031	156,300	4,109,049	3,546,773	562,276
Community development/redevelopment	2,076,020	1,836,087	239,933	-	248,930	(248,930)
Culture and recreation	1,770,059	1,691,308	78,751	5,097,328	5,319,800	(222,472)
Capital outlay	265,702	148,574	117,128	168,033	141,800	26,233
Capital improvement/special projects	369,091	405,071	(35,980)	2,674,700	3,774,611	(1,099,911)
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>37,211,690</b>	<b>37,087,510</b>	<b>124,180</b>	<b>16,255,281</b>	<b>17,394,053</b>	<b>(1,138,772)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,519,477</b>	<b>3,132,000</b>	<b>1,612,523</b>	<b>(2,331,820)</b>	<b>(3,564,136)</b>	<b>(1,232,316)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in (Note 5)	837,852	453,973	(383,879)	4,246,121	4,301,655	55,534
Operating transfers out (Note 5)	(5,310,000)	(5,292,036)	17,964	(1,322,590)	(1,090,215)	232,375
<b>Total other financing sources (uses)</b>	<b>(4,472,148)</b>	<b>(4,838,063)</b>	<b>(365,915)</b>	<b>2,923,531</b>	<b>3,211,440</b>	<b>287,909</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (2,952,671)</b>	<b>(1,706,063)</b>	<b>\$ 1,246,608</b>	<b>\$ 591,711</b>	<b>(352,696)</b>	<b>\$ (944,407)</b>
<b>FUND BALANCES:</b>						
Beginning of year		10,166,483			14,911,572	
Residual equity transfer		-			-	
End of year		<u>\$ 8,460,420</u>			<u>\$ 14,558,876</u>	

See accompanying Notes to General Purpose Financial Statements.

Debt Service Funds (with Budgets)			Expendable Trust Funds (with Budgets)			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 4,462,300	\$ 4,526,131	\$ 63,831	\$ -	\$ -	\$ -	\$ 36,805,085	\$ 37,572,906	\$ 767,821
-	-	-	-	-	-	608,650	690,077	81,427
-	-	-	-	-	-	745,980	773,239	27,259
25,800	36,144	10,344	22,210	17,584	(4,626)	970,035	1,267,159	297,124
-	-	-	35,000	35,000	-	8,402,822	8,084,492	(318,330)
-	-	-	-	-	-	9,453,331	9,556,466	103,135
-	-	-	17,000	15,311	(1,689)	231,035	735,258	504,223
4,488,100	4,562,275	74,175	74,210	67,895	(6,315)	57,216,938	58,679,597	1,462,659
-	-	-	52,000	52,330	(330)	6,196,028	6,188,702	7,326
-	-	-	-	-	-	25,302,630	25,898,206	(595,576)
-	-	-	-	-	-	9,599,380	8,880,804	718,576
-	-	-	-	-	-	2,076,020	2,085,017	(8,997)
-	-	-	30,960	61,707	(30,747)	6,898,347	7,072,815	(174,468)
-	-	-	-	-	-	433,735	290,374	143,361
-	-	-	-	-	-	3,043,791	4,179,682	(1,135,891)
1,891,940	1,849,000	42,940	-	-	-	1,891,940	1,849,000	42,940
2,599,620	2,641,111	(41,491)	-	-	-	2,599,620	2,641,111	(41,491)
4,491,560	4,490,111	1,449	82,960	114,037	(31,077)	58,041,491	59,085,711	(1,044,220)
(3,460)	72,164	75,624	(8,750)	(46,142)	(37,392)	(824,553)	(406,114)	418,439
-	-	-	-	-	-	5,083,973	4,755,628	(328,345)
(7,550)	(7,550)	-	-	-	-	(6,640,140)	(6,389,801)	250,339
(7,550)	(7,550)	-	-	-	-	(1,556,167)	(1,634,173)	(78,006)
<u>\$ (11,010)</u>	64,614	<u>\$ 75,624</u>	<u>\$ (8,750)</u>	(46,142)	<u>\$ (37,392)</u>	<u>\$ (2,380,720)</u>	(2,040,287)	<u>\$ 340,433</u>
	1,977,753			432,555			27,488,363	
	2,397			-			2,397	
	<u>\$ 2,044,764</u>			<u>\$ 386,413</u>			<u>\$ 25,448,076</u>	

# City of San Rafael

## Combined Statement of Revenues, Expenses and Changes in Retained Earnings

### All Proprietary Fund Types and Discretely Presented Component Unit

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Primary Government		Totals Primary Government (Memorandum Only)	Component Unit San Rafael Sanitation District Enterprise Fund
	Enterprise Fund	Internal Service		
<b>OPERATING REVENUES:</b>				
Charges for current services	\$ 1,544,815	\$ 3,732,907	\$ 5,277,722	\$ -
Refunds	125	174,502	174,627	-
Sewer charges	-	-	-	5,373,170
Connection fees	-	-	-	25,351
Other operating revenues	-	629,741	629,741	90
<b>Total operating revenues</b>	<b>1,544,940</b>	<b>4,537,150</b>	<b>6,082,090</b>	<b>5,398,611</b>
<b>OPERATING EXPENSES:</b>				
Contract	-	495,706	495,706	-
Insurance premiums and claims	-	3,801,618	3,801,618	-
Capital outlay	24,312	2,086,886	2,111,198	-
Capital improvement projects	-	1,570,794	1,570,794	-
Sewage collection	-	-	-	1,620,922
Sewage treatment	-	-	-	2,031,224
Depreciation and amortization	-	-	-	843,368
General and administrative	993,729	-	993,729	193,665
<b>Total operating expenses</b>	<b>1,018,041</b>	<b>7,955,004</b>	<b>8,973,045</b>	<b>4,689,179</b>
<b>OPERATING INCOME (LOSS)</b>	<b>526,899</b>	<b>(3,417,854)</b>	<b>(2,890,955)</b>	<b>709,432</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Property taxes	-	-	-	527,714
Operating transfers in	-	859,440	859,440	-
Aid from governmental agencies	-	-	-	101,960
Gain on sale of fixed assets	-	-	-	-
Contribution to the District	-	-	-	-
Operating transfers out	(98,683)	(78,000)	(176,683)	-
Investment income	36,265	425,940	462,205	134,274
Interest expense	-	-	-	(202,107)
<b>Total nonoperating revenues (expenses)</b>	<b>(62,418)</b>	<b>1,207,380</b>	<b>1,144,962</b>	<b>561,841</b>
<b>NET INCOME (LOSS)</b>	<b>464,481</b>	<b>(2,210,474)</b>	<b>(1,745,993)</b>	<b>1,271,273</b>
Add: depreciation expense on assets acquired by contributed capital	-	-	-	-
Less: contributed capital received	-	-	-	-
<b>Increase in retained earnings</b>	<b>464,481</b>	<b>(2,210,474)</b>	<b>(1,745,993)</b>	<b>1,271,273</b>
<b>RETAINED EARNINGS:</b>				
Beginning of year	469,692	6,467,509	6,937,201	15,293,308
End of year	\$ 934,173	\$ 4,257,035	\$ 5,191,208	\$ 16,564,581

See accompanying Notes to General Purpose Financial Statements.

Totals  
(Memorandum Only)

2002	2001
\$ 5,277,722	\$ 3,104,777
174,627	95,560
5,373,170	5,033,015
25,351	101,632
629,831	4,486
<u>11,480,701</u>	<u>8,339,470</u>
495,706	115,906
3,801,618	2,643,102
2,111,198	4,434
1,570,794	226,515
1,620,922	1,418,561
2,031,224	1,970,028
843,368	837,418
1,187,394	203,602
<u>13,662,224</u>	<u>7,419,566</u>
<u>(2,181,523)</u>	<u>919,904</u>
527,714	493,661
859,440	850,000
101,960	73,490
-	8,260
-	206,008
(176,683)	(90,000)
596,479	529,849
(202,107)	(184,600)
<u>1,706,803</u>	<u>1,886,668</u>
<u>(474,720)</u>	<u>2,806,572</u>
-	290,598
-	(206,008)
<u>(474,720)</u>	<u>2,891,162</u>
<u>22,230,509</u>	<u>16,985,029</u>
<u>\$ 21,755,789</u>	<u>\$ 19,876,191</u>

**City of San Rafael**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types and Discretely Presented Component Unit**  
**For the year ended June 30, 2002**  
(With comparative totals for the year ended June 30, 2001)

	Primary Government		Totals Primary Government (Memorandum Only)
	Enterprise Fund	Internal Service	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 526,899	\$ (3,417,854)	\$ (2,890,955)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	-	-
Changes in current assets and liabilities:			
Receivables	(521)	-	(521)
Due to other governments	-	-	-
Prepaid expenses and other current assets	-	-	-
Accounts payable and other current liabilities	43,300	(563,828)	(520,528)
Insurance claims payable	-	1,099,586	1,099,586
Deferred revenues	5,000	-	5,000
Net cash provided (used) by operating activities	<u>569,678</u>	<u>(2,882,096)</u>	<u>(2,307,418)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating transfers in	-	859,440	859,440
Operating transfers out	(98,683)	(78,000)	(176,683)
Property taxes	-	-	-
Aid from governmental agencies	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(98,683)</u>	<u>781,440</u>	<u>682,757</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>			
Cash paid for capital acquisitions	-	-	-
Interest received from certificates of participation principal cash	-	-	-
Principal payments on certificates of participation	-	-	-
Interest paid on certificates of participation	-	-	-
Net cash provided (used) by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Gain on sale of fixed assets	-	-	-
Investment income	36,265	425,940	462,205
Net cash provided (used) by investing activities	<u>36,265</u>	<u>425,940</u>	<u>462,205</u>
Net increase (decrease) in cash and investments	507,260	(1,674,716)	(1,162,456)
<b>CASH AND INVESTMENTS:</b>			
Beginning of year	457,217	9,900,206	10,357,423
End of year	<u>\$ 964,477</u>	<u>\$ 8,225,490</u>	<u>\$ 9,194,967</u>

See accompanying Notes to General Purpose Financial Statements.



Component Unit	Totals (Memorandum Only)	
	2002	2001
Enterprise Fund		
\$ 709,432	\$ (2,181,523)	\$ 919,904
843,368	843,368	837,418
500	(21)	(6,898)
28,399	28,399	(18,019)
20,553	20,553	(48,152)
(612,553)	(1,133,081)	547,591
-	1,099,586	355,563
-	5,000	-
<u>989,699</u>	<u>(1,322,719)</u>	<u>2,587,407</u>
-	859,440	850,000
-	(176,683)	(90,000)
527,714	527,714	493,661
101,960	101,960	73,490
<u>629,674</u>	<u>1,312,431</u>	<u>1,327,151</u>
(599,100)	(599,100)	(995,499)
42,547	42,547	22,745
(325,000)	(325,000)	571,281
(202,107)	(202,107)	(184,600)
<u>(1,083,660)</u>	<u>(1,083,660)</u>	<u>(586,073)</u>
-	-	8,260
134,274	596,479	507,104
<u>134,274</u>	<u>596,479</u>	<u>515,364</u>
669,987	(497,469)	3,843,849
<u>5,001,698</u>	<u>15,359,121</u>	<u>8,570,597</u>
<u>\$ 5,671,685</u>	<u>\$ 14,861,652</u>	<u>\$ 12,414,446</u>

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

**City of San Rafael**  
**Notes to General Purpose Financial Statements**  
**For the year ended June 30, 2002**

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**1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of San Rafael (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

***A. Reporting Entity***

The City maintains a Council-Manager form of government and provides the following services: public safety (police and fire), public works, community development, library, parks, recreation, childcare, and general administrative services.

As required by GAAP, these general purpose financial statements present the City (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria set forth in GASB Statement No. 14: the primary government is accountable for the potential component unit, and the primary government is able to impose its will upon the potential component, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

In addition to having the same governing board, the City is financially accountable for the San Rafael Redevelopment Agency and the San Rafael Joint Powers Financing Authority, and management activities of both entities are conducted by City staff. The two legally separated entities are, in substance, part of the City's operations and are, therefore, blended into the City's general purpose financial statements.

The component units discussed in this note are included in the City's reporting entity because of the significance of its operational or financial relationships with the City. Each component unit has a June 30 year end. Separately issued component unit financial statements can be obtained at the City of San Rafael, Finance Division, 1400 Fifth Avenue, Room 204, San Rafael, California 94901.

**Blended Component Units:**

San Rafael Redevelopment Agency - The San Rafael Redevelopment Agency (Agency) was established under the provisions of the Community Redevelopment Law (California Health and Safety Code, commencing with Section 33000) primarily to assist in the clearance and rehabilitation of areas determined to be in a declining condition in the City. Financial activity of the Agency commenced in July 1983. Under the Agency's Redevelopment Plan (Plan), approved in November 1982, the Agency proposes to assist in the development of

## City of San Rafael

### Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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#### 1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, Continued

##### A. Reporting Entity, Continued

the property located in the central San Rafael business core and east San Rafael. The Agency receives incremental tax revenues on the developed property due to increases in assessed value. The Agency functions as an independent entity. The City Council serves as the governing board of the Agency.

The Agency's assets, liabilities, revenues and expenditures (other than those applicable to its fixed assets and long-term debt) are blended into the capital projects funds and debt service funds. The Agency's fixed assets are included in the General Fixed Assets Account Group. The Agency's long-term debts are blended into the General Long-Term Debt Account Group.

San Rafael Joint Powers Financing Authority - The San Rafael Joint Powers Financing Authority (Authority) was created by the City of San Rafael 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 activities of the City.

All of the Authority's assets, liabilities, revenues and expenditures are blended into the capital projects funds and the debt service funds. The Authority's long-term debts are blended into the General Long-Term Debt Account Group.

##### **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 City contracts with the District to maintain the collection systems in the City and 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 District's activities are reported as a discretely presented component unit in a separate column in the general purpose financial statements which includes the District's assets, liabilities, revenues, expenses, results of operations and cash flows. The District's fiscal year end is June 30 and its separately issued component unit financial statements can be obtained at Central Marin Sanitation Agency, Finance Department, 1301 Andersen Drive, San Rafael, California 94901.

# City of San Rafael

## Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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### 1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, Continued

#### B. Description of Funds and Account Groups

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity with its own self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. These funds and account groups are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds presented in the general purpose financial statements are grouped into categories as follows.

#### Governmental Fund Types:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally or administratively restricted to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

#### Proprietary Fund Types:

Internal Service Funds are used to account for the financing of goods or services provided by one department or program to other departments or programs of the City, or to other governments, on a cost-reimbursement basis.

Enterprise Funds are used to account for operations where it is the stated intent that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

# City of San Rafael

## Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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### 1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, Continued

#### B. *Description of Funds and Account Groups, Continued*

##### **Fiduciary Fund Type:**

Expendable Trust Funds are accounted for in the same manner as governmental funds. All trust funds of the City are classified as expendable.

##### **Account Groups:**

The General Fixed Assets Account Group is used to maintain control and cost information on capital assets acquired to perform general government functions.

The General Long-Term Debt Account Group is used to record the unmatured principal of tax allocation bonds, special assessment bonds, notes, compensated absences, the principal amount of future lease payments due under lease purchase agreements and other long-term liabilities.

#### C. *Measurement Focus*

All governmental funds and expendable trust funds are accounted for on a spending or “*current financial resources*” measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets, with the exception that the noncurrent portion of long-term receivables are reported on their balance sheets, offset by fund balance reserve accounts or deferred revenue.

Statements of revenues, expenditures and changes in fund balances for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a cost of services or “*economic resources*” measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the balance sheets. Their reported fund equity presents total net assets. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net assets.

#### D. *Basis of Accounting*

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Basis of Accounting, Continued*

except that revenues subject to accrual are recognized as income when due. Accrued revenues include property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes franchise taxes, etc.) and earnings on investments. Grant revenues have been recorded according to the provisions of GASB, whereby grant funds received before the revenue recognition criteria have been met are reported as a receivable. Expenditures are recorded in the accounting period in which the related fund liability is incurred except for unmatured principal and interest on long-term debt, which are recognized when due, and compensated absences, which are recorded as a fund liability and an expenditure when expected to be liquidated with expendable available financial resources.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and become measurable; expenses are recognized when they are incurred. The City applies all FASB statements that do not conflict with or contradict GASB guidance.

*E. Budgets*

The City adopts a budget on a biannual basis, to be effective July 1 for the ensuing and subsequent fiscal years. The two year budget reflects estimated revenues and expenditures for each fiscal year. 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. Expenditures may not exceed appropriations at the departmental 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 total budget. Several supplemental appropriations were approved during the course of the year.

The City legally adopts budgets for all its governmental funds, except for the East Francisco Boulevard Assessment District, 1915 Act Bonds and 1997 Reassessment Bonds debt service funds, because the City is only required to make debt service payments in the event of bondholder default. No budget was created for the Recreation Fiduciary Expendable Trust Fund because donations cannot be anticipated or projected.



**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

**1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

*E. Budgets, Continued*

Because not all debt service and enterprise funds have annual budgets, the actual amounts that appear in the accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds and Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund, Special Revenue Funds, Debt Service Funds with Budgets and Expendable Trust Funds with Budgets do not agree. A reconciliation of key information for the debt service funds and expendable trust funds between the two statements is presented below:

	Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	Fund Balances
	<u>                    </u>	<u>                    </u>
<b>Debt Service Funds:</b>		
Actual amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	\$ 64,614	\$ 2,042,367
Funds without annual budgets:		
East Francisco Boulevard Assessments District	-	13,701
1915 Act Bonds	-	67,387
1997 Reassessment Bonds	-	2,397
	<u>                    </u>	<u>                    </u>
<b>Amounts on Combined Statement of Revenues, Expenditures and Changes in Fund Balances</b>	<u>\$ 64,614</u>	<u>\$ 2,125,852</u>
 <b>Expendable Trust Funds:</b>		
Actual amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	\$ (46,142)	\$ 386,413
Funds without annual budgets:		
Recreation Fiduciary	3,377	35,775
	<u>                    </u>	<u>                    </u>
<b>Amounts on Combined Statement of Revenues, Expenditures and Changes in Fund Balances</b>	<u>\$ (42,765)</u>	<u>\$ 422,188</u>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

**1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

*E. Budgets, Continued*

The basis of accounting applied to the budget data presented for the General Fund, special revenue funds, debt service funds and expendable trust funds is the modified accrual basis of accounting, and also conforms to GAAP. The capital projects funds budgets are based on a project time frame, rather than a fiscal year “operating” time frame, reappropriating unused appropriations from year to year until project completion.

Supplemental appropriations for the fiscal year ended June 30, 2002, were as follows:

Fund	Original Budget	Supplemental Appropriations	Final Budget
General Fund	\$ 35,665,740	\$ 1,555,950	\$ 37,221,690
Special Revenue Funds	15,609,166	646,115	16,255,281
Debt Service Funds	4,491,560	-	4,491,560
Expendable Trust Funds	58,420	24,540	82,960

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are carried forward in the subsequent year’s budget. All unencumbered appropriations lapse at year end.

*F. Cash, Cash Equivalents and Investments*

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts with original maturities of three months or less to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

*G. Short-Term Interfund Receivables/Payables*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term loans are classified as interfund receivables or payables.

*H. Property Tax Levy Collection and Maximum Rates*

The State of California (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (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 two percent (2%) per year unless the property is sold, transferred, or improved. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the counties, cities, school districts, and other districts.

Marin County assesses, bills for, and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates	50% on November 1 and 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

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

Property taxes levied are 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 authorizes 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

# City of San Rafael

## Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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### 1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, Continued

#### I. *Taxpayer-Assessed Taxes Accrual*

In accordance with GASB Statement No. 22, *Accounting for Taxpayer-Assessed Tax Revenues in Governmental Funds*, the City recognizes taxpayer-assessed taxes in governmental funds as follows:

Sales Taxes – The City accrues actual advances from the State Board of Equalization received in July and August of the subsequent fiscal year, as these amounts are both measurable and available to the City to meet its financial obligation for the current period.

Public Safety Sales Tax (Proposition 172 Sales Tax) – The City accrues July and August receipts of the public safety sales tax on the basis consistent with the accrual of regular sales taxes.

Transient Occupancy Taxes – The City collects transient occupancy taxes on a quarterly basis. The taxes assessed for the quarter ended June 30 are due by July 31 of the subsequent fiscal year. The City accrues all transient occupancy taxes for the June 30<sup>th</sup> quarter received subsequent to the fiscal year end.

Gas Taxes – The City accrues gas taxes assessed for the month ended June 30, as these amounts are both measurable and available to the City a month after the fiscal year end.

Franchise Fees – The City collects cable franchise fees on a quarterly basis and refuse franchise fees on a monthly basis. The taxes assessed for the quarter ended June 30 are due by July 31 of the subsequent fiscal year. The City accrues all franchise fees for the June 30<sup>th</sup> period received subsequent to the fiscal year end.

#### J. *General Fixed Assets*

General fixed assets are recorded as expenditures of the various governmental funds at the time of purchase and are subsequently capitalized for memorandum purposes in the General Fixed Assets Account Group. Such assets include land, buildings, building improvements, furniture and equipment.

Public domain “infrastructure” fixed assets, such as roads, streets and sidewalks, bridges, curbs and gutters, drainage systems, lighting systems, and similar assets, are not capitalized. No depreciation is provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Fixed assets acquired by lease obligations are valued at the present value of future lease payments at the inception of the lease.

## City of San Rafael

### Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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#### 1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, Continued

##### *J. General Fixed Assets, Continued*

The collection systems and facilities of the District are stated at cost less accumulated depreciation. Assets contributed have been recorded at the fair market value at the date received. Maintenance and repairs are charged to expense as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset. Depreciation is computed using the straight-line method over the useful lives of the assets.

A summary of the useful lives of the fixed assets of the District is as follows:

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

##### *K. Long-Term Lease Accounting*

Fixed assets acquired through long-term lease contracts are capitalized at the time the contract is executed. The related assets and liabilities are recorded in the appropriate fund or account group.

##### *L. Compensated Absences*

The City accounts for compensated absences (unpaid vacation, sick leave, compensatory time, and administrative leave) expected to be currently payable as accrued payroll and benefits liability in the governmental funds to which they relate. The balance of the earned and vested, but unused, compensated absences expected to be paid subsequent to the end of current fiscal year, is recorded in the General Long-Term Debt Account Group. Effective July 2001, the requirement that employees hired before 10/79 be eligible for a portion of unused sick leave was eliminated. No expenditure was recorded for these amounts.

##### *M. Claims and Judgments*

Claims and judgments that normally would be liquidated with expendable available resources are accounted for in the internal service funds.

##### *N. Appropriation Limit*

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes. For the fiscal year ended June 30, 2002, based on calculations by City's management, proceeds of taxes did not exceed related appropriations. Further, Section 5 of Article XIII B allows the City to designate a portion of fund balances for general contingencies to be used for any purpose.

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

*O. Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*P. Total Columns on Combined Statements*

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis and do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have not been made.

*Q. Reclassifications*

Certain reclassifications have been made to prior year financial data in order to conform with the current year presentation.

**2. CASH AND INVESTMENTS**

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The pooled interest earned is allocated quarterly to each fund based on an average of quarterly opening and closing balances of cash and investments.

*A. Cash Deposits*

The carrying amounts of the City's cash deposits were \$4,560,346 at June 30, 2002. Bank balances at June 30, 2002 were \$5,607,110 which were fully insured and collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

## City of San Rafael

### Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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## 2. CASH AND INVESTMENTS, Continued

### B. Investments

The City is authorized by State statutes and in accordance with the City's Investment Policy (the Policy), adopted on December 18, 2000, to invest in the following:

- U.S. Government Obligations
- U.S. Government Agencies and Instruments
- Repurchase Agreements
- Bankers Acceptances
- Commercial Paper
- Medium-Term Corporate Notes
- Certificates of Deposit
- Negotiable Certificates of Deposit
- California Local Agency Investment Fund (LAIF)
- Mutual Funds

### C. Risk Category

In accordance with GASB Statement No. 3, cash deposits and investments are categorized separately to give an indication of the level of risk assumed by the City. Cash deposits and investments not subject to such categorization under GASB Statement No. 3 are identified as "uncategorized."

The City's cash deposits and investments are categorized in the following manner:

#### Deposits:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Deposits which are uninsured or uncollateralized.

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

**2. CASH AND INVESTMENTS, Continued**

**C. Risk Category, Continued**

**Investments:**

Category 1 - Insured or registered or securities held by the entity or its agent in the entity's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

Uncategorized - Certain cash deposits and investments are not subject to categorization under GASB Statement No. 3.

Pooled cash and investments were classified by risk category as follows at June 30, 2002:

	Category 1	Category 2	Category 3	Uncategorized	Fair Value
<b>City Treasury:</b>					
<b>Demand Deposits:</b>					
Cash Deposits	\$ 4,560,346	\$ -	\$ -	\$ -	\$ 4,560,346
Certificates of Deposit	380,000	-	-	-	380,000
<b>Total demand deposits</b>	<b>4,940,346</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,940,346</b>
<b>Investments:</b>					
Securities of U.S. Government					
Agencies	-	5,314,578	-	-	5,314,578
Corporate bonds and notes	-	7,643,749	-	-	7,643,749
Local Agency Investment Fund	-	-	-	20,305,063	20,305,063
<b>Total investments</b>	<b>-</b>	<b>12,958,327</b>	<b>-</b>	<b>20,305,063</b>	<b>33,263,390</b>
<b>Total City Treasury</b>	<b>4,940,346</b>	<b>12,958,327</b>	<b>-</b>	<b>20,305,063</b>	<b>38,203,736</b>
<b>Cash and Investments with Fiscal Agent</b>	<b>-</b>	<b>-</b>	<b>11,515,875</b>	<b>-</b>	<b>11,515,875</b>
<b>Total cash and investments</b>	<b>\$ 4,940,346</b>	<b>\$ 12,958,327</b>	<b>\$ 11,515,875</b>	<b>\$ 20,305,063</b>	<b>\$ 49,719,611</b>



**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**2. CASH AND INVESTMENTS, Continued**

*C. Risk Category, Continued*

The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2002, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2002, the City had \$20,305,063 invested in LAIF, which had invested 3.086% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.002780144 was used to calculate the fair value of investments in LAIF.

Cash and investments stated at fair value held in the City Treasury grouped by maturity date at June 30, 2002, are shown below:

<u>Maturity</u>	<u>Fair Value</u>
Current to one year	\$ 26,432,785
One to two years	621,595
Two to three years	3,740,148
Three to four years	2,607,286
Four to five years	4,801,922
<b>Total</b>	<u><u>\$ 38,203,736</u></u>

*D. Cash and Investments with Fiscal Agent*

The funds deposited with fiscal agent can be held in cash or invested in various securities. The fiscal agent can invest in securities as outlined in trust agreements, provided the investments are within the limits imposed by State statutes upon the entity. At June 30, 2002, cash and investments with fiscal agent totaling \$11,515,875 were recorded at fair value.

## City of San Rafael

### Notes to General Purpose Financial Statements, Continued For the year ended June 30, 2002

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#### 2. CASH AND INVESTMENTS, Continued

##### *E. Component Unit - Sanitation District Cash and Investments*

All of the District's cash is deposited with the County of Marin's pooled cash and investments account, except cash related to the certificates of participation which is invested in an open-end mutual fund held in trust by the District's custodial agent. The carrying amount and fair value of the pooled cash and investments account and the open-end mutual fund at June 30, 2002, amounted to \$4,448,695 and \$1,222,915, respectively, totaling \$5,671,610. In accordance with Category 3, both of these types of investments are not required to be categorized as to credit risk. Fair values for the pooled cash and investments were provided by the County of Marin as the pool's sponsor. The fair value of the open-end mutual fund was based upon the unit share price at June 30, 2002.

Cash and investments at June 30, 2002, consisted of the following:

Cash and investments	\$ 5,671,610
Petty cash	75
<b>Total</b>	<b>\$ 5,671,685</b>
Unrestricted cash:	
Cash	\$ 4,448,770
Restricted cash:	
Certificates of participation	1,222,915
<b>Total</b>	<b>\$ 5,671,685</b>

#### 3. RECEIVABLES

As of June 30, 2002, receivables consisted of the following:

Accounts	\$ 960,268
Taxes	4,310,410
Grants	239,854
Interest	398,317
Loans	1,004,889
<b>Total</b>	<b>\$ 6,913,738</b>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

**3. RECEIVABLES, Continued**

*A. Accounts Receivable*

Accounts receivable consisted of amounts accrued in the funds in the ordinary course of operations. The total amount of accounts receivable as of June 30, 2002, was as follows:

<b>General Fund</b>	\$ 169,290
<b>Special Revenue Funds:</b>	
Recreation Revolving	117,824
Street Maintenance and Cleaning	65,551
Sewer Maintenance	23,573
Household Hazmat Facility	290,334
Library	213,725
Stormwater	40,295
Development Services	19,270
Falkirk Revolving	350
Total special revenue funds	<u>770,922</u>
<b>Enterprise Fund:</b>	
Parking Services	<u>20,056</u>
Total Enterprise funds	<u>20,056</u>
<b>Total</b>	<u><u>\$ 960,268</u></u>

*B. Taxes Receivable*

As of June 30, 2002, the following taxes receivable were outstanding:

	General Fund	Capital Projects Funds	Totals
Property taxes	\$ 147,786	\$ -	\$ 147,786
Sales taxes	2,670,521	-	2,670,521
Transient occupancy taxes	228,376	-	228,376
Franchise fees	248,351	-	248,351
Miscellaneous taxes & fees	77,136	938,240	1,015,376
<b>Totals</b>	<u><u>\$ 3,372,170</u></u>	<u><u>\$ 938,240</u></u>	<u><u>\$ 4,310,410</u></u>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**3. RECEIVABLES, Continued**

**C. Grants Receivable**

The total amount of grants receivable as of June 30, 2002, were as follows:

<b>Special Revenue Funds:</b>	
Childcare	\$ 18,180
Grants	<u>81,674</u>
Total special revenue funds	<u>99,854</u>
<b>Capital Projects Fund:</b>	
Capital Improvement	<u>140,000</u>
Total capital projects fund	<u>140,000</u>
<b>Total</b>	<u><u>\$ 239,854</u></u>

**D. Interest Receivable**

As of June 30, 2002, interest receivable consisted of the following:

<b>General Fund</b>	\$ 385,684
<b>Capital Projects Fund:</b>	
Redevelopment Agency Funds	<u>12,633</u>
<b>Total</b>	<u><u>\$ 398,317</u></u>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**3. RECEIVABLES, Continued**

***E. Loans Receivable***

The City had the following loans receivable at June 30, 2002:

<b>General Fund:</b>	
Loan from City Manager	\$ 356,663
Employees' Computer Loans	28,887
Total general fund	<u>385,550</u>
<b>Special Revenue Funds:</b>	
Traffic and Housing Mitigation:	
One "H " Street Associates	91,428
Parkland Dedication:	
Muir Terrace Homes	21,726
Total special revenue funds	<u>113,154</u>
<b>Capital Projects Funds:</b>	
Park Capital Projects:	
Marin Bocce Federation	35,000
Low and Moderate Income Housing:	
Marin Housing Development	100,000
Centertown Associates	246,199
Balloon Mortgage Loan	124,986
Total capital projects funds	<u>506,185</u>
<b>Total</b>	<u><u>\$ 1,004,889</u></u>

On August 1, 1996, the City made a 30-year loan to the City Manager in the amount of \$392,040, at an interest rate equivalent to the Local Agency Investment Fund interest rate, for the purchase of a home. The loan is secured by the Deed of Trust. The principal and interest are payable monthly commencing September 1, 1996 through August 31, 2026. As of June 30, 2002, the outstanding balance of the loan was \$356,663.

Effective February 1, 2000, the City agreed to loan employees up to \$2,500 for the purchase of computer software and hardware. The loan program, which stipulates that employees may not have more than one loan outstanding, provides financial assistance from the City in the form of a no interest loan repaid through automatic payroll deductions. As of June 30, 2002 the outstanding balance of the employees' computer loans was \$28,887.

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**3. RECEIVABLES, Continued**

*E. Loans Receivable, Continued*

\$100,000 loan from One "H" Street Associates at 0% interest rate with annual payments of \$2,857 and with final payment due January 18, 2034. The loan is in connection with the affordable housing project located at One "H" Street. As of June 30, 2002, the outstanding balance of the loan was \$91,428.

In April 1996, Muir Terrace Homes entered in agreement with the City to defer all development fee payments except the Traffic Mitigation fee is waived for the Below Market Rate units. The payments are due when the developer has sold all the units for low-mod income housing. The outstanding balance of the loan receivable at June 30, 2002 was \$21,726.

The City entered an interest free loan with the Marin Bocce Federation to finance the San Rafael Bocce Center projects. The loan is due in annual installments, due and by June 30 of each year in the amount of \$5,000. The outstanding balance at June 30, 2002 was \$35,000.

\$100,000 from Marin Housing Development at 0% interest rate. All principal and interest shall be due on January 30, 2005. As of June 30, 2002, the balance of the loan was \$100,000.

\$303,000 loan from Centertown Associates, Ltd. at 3% interest rate due semiannually. The final payment is due on July 1, 2065. The remaining loan receivable at June 30, 2002 was \$246,199.

On May 18, 2001, the Agency entered a five-year balloon mortgage loan agreement with Brendan Mitchell in the amount of \$126,160. The annual interest rate of the loan is 7.875%. The principal and interest are payable monthly in the amount of \$915 on the first day of each month commencing July 1, 2001. The entire outstanding balance is due and payable on or before June 30, 2006. At June 30, 2002, the outstanding balance of the loan was \$124,986.

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

**4. DEFERRED REVENUE**

As of June 30, 2002, deferred revenue as related to certain receivables was recorded as follows:

<b>General Fund</b>	\$ 2,394
<b>Special Revenue Funds:</b>	
Recreation Revolving	67,196
Parkland Dedication	21,726
<b>Capital Projects Fund:</b>	
Park Capital Projects	35,000
<b>Enterprise Funds:</b>	
Parking Services	<u>5,000</u>
<b>Total</b>	<u><u>\$ 131,316</u></u>

**5. INTERFUND TRANSACTIONS**

**A. Interfund Receivables and Payables**

As of June 30, 2002, balances of interfund receivables and payables were as follows:

		Due To Other Funds					
		Special Revenue Funds			Capital Projects Fund		
		General Fund	Childcare	Traffic and Housing Mitigation	Development Services	Park Capital Projects	Totals
<b>Due From Other Funds</b>	<b>General Fund</b>	\$ -	\$ 14,552	\$ -	\$ -	\$ -	\$ 14,552
	<b>Special Revenue Funds:</b>						
	Childcare	36,578	-	-	-	-	36,578
	Parkland Dedication	-	-	-	-	35,000	35,000
	<b>Capital Projects Fund:</b>						
	Redevelopment Agency Funds	-	-	200,000	732,735	-	932,735
	<b>Totals</b>	<u>\$ 36,578</u>	<u>\$ 14,552</u>	<u>\$ 200,000</u>	<u>\$ 732,735</u>	<u>\$ 35,000</u>	<u>\$ 1,018,865</u>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

**5. INTERFUND TRANSACTIONS, Continued**

**B. Operating Transfers**

Operating transfers for the year ended June 30, 2002, were as follows:

Transfers In														
	Special Revenue Funds							Capital Projects Funds		Internal Service Funds			Totals	
	General Fund	Recreation Revolving	Gas Tax	Childcare	Street Maintenance and Cleaning	Public Safety	Stormwater	Grants	Capital Improvement	Parks Capital Projects	Equipment Replacement	Building Maintenance		Worker's Compensation
<b>General Fund</b>	\$ -	\$ 959,038	\$ 500,000	\$ 37,100	\$ 1,472,586	\$ 25,000	\$ 716,581	\$ 120,000	\$ 741,731	\$ -	\$ 40,000	\$ 535,000	\$ 145,000	\$ 5,292,036
<b>Special Revenue Funds:</b>														
Gas Tax	-	-	-	-	400,000	-	-	71,350	-	-	-	-	-	471,350
Childcare	-	-	-	-	-	-	-	-	-	-	-	1,440	-	1,440
Sewer Maintenance	71,737	-	-	-	-	-	-	43,511	-	-	-	-	-	115,248
Grants	27,000	-	-	-	-	-	-	-	120,000	-	-	-	-	147,000
Parkland Dedication	-	-	-	-	-	-	-	-	-	-	95,000	-	-	95,000
Emergency Medical Services	260,177	-	-	-	-	-	-	-	-	-	-	-	-	260,177
<b>Debt Service Funds:</b>														
Peacock Gap														
Assessment District	2,537	-	-	-	-	-	-	-	-	-	-	-	-	2,537
Mariposa Assessment District	151	-	-	-	-	-	-	-	-	-	-	-	-	151
1997 Financing Authority														
Revenue Bonds	4,862	-	-	-	-	-	-	-	-	-	-	-	-	4,862
<b>Capital Projects Fund:</b>														
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	43,000	-	-	43,000
<b>Enterprise Fund:</b>														
Parking Services	87,509	-	-	-	-	-	-	-	11,174	-	-	-	-	98,683
<b>Internal Service Fund:</b>														
Equipment Replacement	-	-	-	-	-	-	-	-	78,000	-	-	-	-	78,000
<b>Totals</b>	<b>\$ 453,973</b>	<b>\$ 959,038</b>	<b>\$ 500,000</b>	<b>\$ 37,100</b>	<b>\$ 1,872,586</b>	<b>\$ 25,000</b>	<b>\$ 716,581</b>	<b>\$ 191,350</b>	<b>\$ 874,416</b>	<b>\$ 120,000</b>	<b>\$ 40,000</b>	<b>\$ 674,440</b>	<b>\$ 145,000</b>	<b>\$ 6,609,484</b>

Transfers Out



# City of San Rafael

## Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

### 6. FIXED ASSETS

A summary of the City's changes in general fixed assets for the year ended June 30, 2002, follows:

	Balance July 1, 2001	Additions	Deletions	Changes of Capitalization Amount Adjustments	Balance June 30, 2002
Land and buildings	\$ 22,211,958	\$ 3,432,396	\$ -	\$ (106,836)	\$ 25,537,518
Rolling equipment	7,151,326	1,010,202	(150,916)	(36,792)	7,973,820
Furniture and equipment	6,250,618	1,850,125	-	(2,289,445)	5,811,298
Improvements other than buildings	3,359,628	1,566,601	-	(5,439)	4,920,790
<b>Totals</b>	<u>\$ 38,973,530</u>	<u>\$ 7,859,324</u>	<u>\$ (150,916)</u>	<u>\$ (2,438,512)</u>	<u>\$ 44,243,426</u>

A summary of the District's fixed assets at June 30, 2002, follows:

Land and easements	\$ 115,329
Subsurface lines	12,152,655
Sewage collection facilities	23,923,020
General plant and administration	50,393
Construction in progress	108,027
<b>Total</b>	<u>36,349,424</u>
Less accumulated depreciation	<u>(13,955,952)</u>
<b>Total</b>	<u>\$ 22,393,472</u>

# City of San Rafael

## Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

### 7. LONG-TERM DEBT

The City records long-term debt of governmental funds in the General Long-Term Debt Account Group. Other governmental fund obligations not expected to be financed with current available financial resources are also recorded in the General Long-Term Debt Account Group.

Long-term debt outstanding at June 30, 2002, was as follows:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
San Rafael Joint Powers Financing Authority:				
1997 Authority Revenue Bonds	\$ 3,885,000	\$ -	\$ (550,000)	\$ 3,335,000
San Rafael Redevelopment Agency Tax Allocation Bonds:				
Series 1992	14,620,000	-	(505,000)	14,115,000
Series 1995	7,655,000	-	(210,000)	7,445,000
Series 1999	22,444,004	-	(525,000)	21,919,004
Total Tax Allocation Bonds	44,719,004	-	(1,240,000)	43,479,004
Special Assessment Bonds (with governmental commitment):				
Peacock Gap Refunding	930,000	-	(170,000)	760,000
Mariposa Road Assessment	125,000	-	(15,000)	110,000
Total Special Assessment Bonds	1,055,000	-	(185,000)	870,000
Note Payable	169,000	-	-	169,000
Capitalized Lease Obligations	420,500	-	(196,774)	223,726
Compensated Absences	3,889,365	-	(5,576)	3,883,789
<b>Total long-term debt</b>	<b>\$ 54,137,869</b>	<b>\$ -</b>	<b>\$ (2,177,350)</b>	<b>\$ 51,960,519</b>
Component Unit - San Rafael Sanitation District:				
2001 Certificates of Participation	\$ 4,427,987	\$ -	\$ (297,032)	\$ 4,130,955
<b>Totals</b>	<b>\$ 4,427,987</b>	<b>\$ -</b>	<b>\$ (297,032)</b>	<b>\$ 4,130,955</b>

## City of San Rafael

### Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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#### 7. LONG-TERM DEBT, Continued

##### A. 1997 Authority Revenue Bonds - Original Issue \$5,250,000

On January 28, 1997, the Authority issued the 1997 Authority Revenue Bonds in the amount of \$5,250,000 bearing interest at rates from 4.00% to 6.00%. The proceeds of the bonds were used to consolidate and refund the previously issued Limited Obligation Refunding Bonds. The bonds mature annually each September 2 from 1997 to 2011, in amounts ranging from \$20,000 to \$555,000. Interest is payable semiannually on March 2 and September 2. The bonds are subject to redemption on any March 2 or September 2 in advance of maturity at the option of the City upon payment of the principal and interest accrued thereon to the date of redemption, plus a redemption premium ranging from 2.00% to 5.00%. Revenues from the repayment of the Refunding Bonds and the reserve account are utilized to meet debt service requirements of the Revenue Bonds. The Refunding Bonds are secured by unpaid reassessments confirmed against private property within the Reassessment District. The outstanding balance of the bonds was \$3,335,000 as of June 30, 2002.

The annual debt service requirements on these bonds are as follows:

Year Ending			
June 30,	Principal	Interest	Totals
2003	\$ 465,000	\$ 11,985	\$ 476,985
2004	485,000	12,870	497,870
2005	510,000	13,780	523,780
2006	535,000	14,715	549,715
2007	215,000	6,188	221,188
2008-2012	1,125,000	34,148	1,159,148
<b>Totals</b>	<b>\$ 3,335,000</b>	<b>\$ 93,686</b>	<b>\$ 3,428,686</b>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**7. LONG-TERM DEBT, Continued**

***B. 1992 Tax Allocation Refunding Bonds - Original Issue \$18,615,000***

On May 1, 1992, the Agency issued Tax Allocation Refunding Bonds in the amount of \$18,615,000. The proceeds of the bonds were used to refund \$10,905,000 outstanding principal of the Agency's Central San Rafael Redevelopment Project Tax Allocation Bonds, Series 1985, to fund the construction of new improvements within the Project Area. The 1992 bonds mature annually each December 1 from 1992 to 2017, in amounts ranging from \$340,000 to \$1,350,000 and bear interest at rates ranging from 3.25% to 6.45%. Interest is payable semiannually on June 1 and December 1. The bonds maturing after December 1, 2002 are subject to the optional redemption prior to maturity, in whole or in part, on any date on or after December 1, 2002, at a price equal to the principal amount, plus accrued interest on the redemption date, plus a premium ranging from 0.00% to 2.00%. The bonds are secured by an irrevocable pledge of certain tax revenues and other funds. As of June 30, 2002, the outstanding balance of the bonds was \$14,115,000.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Totals
2003	\$ 535,000	\$ 901,946	\$ 1,436,946
2004	570,000	869,311	1,439,311
2005	605,000	834,256	1,439,256
2006	640,000	796,746	1,436,746
2007	680,000	756,426	1,436,426
2008-2012	4,115,000	3,073,429	7,188,429
2013-2017	5,620,000	1,567,995	7,187,995
2018	1,350,000	87,075	1,437,075
<b>Totals</b>	<b>\$ 14,115,000</b>	<b>\$ 8,887,184</b>	<b>\$ 23,002,184</b>

# City of San Rafael

## Notes to General Purpose Financial Statements, Continued For the year ended June 30, 2002

### 7. LONG-TERM DEBT, Continued

#### C. 1995 Tax Allocation Bonds - Original Issue \$8,895,000

On October 1, 1995, the Agency issued Tax Allocation Bonds in the amount of \$8,895,000. The proceeds of the bonds were used to finance certain redevelopment activities of the Agency relating to the Central San Rafael Redevelopment Project Area. The bonds mature annually each December 1 from 1995 to 2021, in amounts ranging from \$170,000 to \$610,000 and bear interest at rates ranging from 3.50% to 6.00%. Interest is payable semiannually on June 1 and December 1. The bonds are subject to optional redemption prior to maturity, in whole or in part, either in inverse order of maturity or on a pro rata basis among maturities, on any date on or after December 1, 2003, at a price equal to the principal amount, plus accrued interest on the redemption date plus a premium ranging from 0.00% to 2.00%. The bonds are secured, on a parity with the 1992 bonds, by a pledge and lien on tax revenues and amounts on deposit in certain funds and accounts held by the fiscal agent. The outstanding balance of the bonds was \$7,445,000 as of June 30, 2002.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Totals
2003	\$ 215,000	\$ 412,435	\$ 627,435
2004	225,000	402,750	627,750
2005	235,000	392,224	627,224
2006	250,000	380,760	630,760
2007	260,000	368,390	628,390
2008-2012	1,530,000	1,618,520	3,148,520
2013-2017	2,015,000	1,125,820	3,140,820
2018-2022	2,715,000	426,750	3,141,750
<b>Totals</b>	<b>\$ 7,445,000</b>	<b>\$ 5,127,649</b>	<b>\$ 12,572,649</b>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

**7. LONG-TERM DEBT, Continued**

***D. 1999 Tax Allocation Bonds - Original Issue \$23,504,004***

On June 16, 1999, the Agency issued Tax Allocation Bonds in the amount of \$23,504,004. The bonds were issued as Current Interest Bonds in the aggregate principal amount of \$21,115,000 and as Capital Appreciation Bonds in the original amount of \$2,389,004. The proceeds of the bonds were used to finance certain redevelopment activities of benefit to the Agency's Central San Rafael Redevelopment Project Area. The Current Interest Bonds mature annually each December 1 from 2000 to 2022, in amounts ranging from \$560,000 to \$1,460,000 and bear interest at rates ranging from 4.50% to 5.00%. Interest is payable semiannually on June 1 and December 1. The Current Interest Bonds maturing on or after December 1, 2008, are subject to optional redemption prior to maturity, in whole or in part, either in inverse order of maturity or on a pro rata basis among maturities, on any date on or after December 1, 2007, at a price equal to the principal amount, plus accrued interest on the redemption date, plus a premium ranging from 0.00% to 2.00%. The Capital Appreciation Bonds mature annually after December 1 from 2018 to 2022, in amounts ranging from \$1,440,000 to \$2,070,000 and bear interest at rates ranging from 5.58% to 5.60%. Interest on the Capital Appreciation Bonds will compound on each interest premium date and will be payable solely at maturity. The bonds are secured, on parity with the 1992 and 1995 bonds, by a pledge and lien on tax revenues and amounts on deposit in certain funds and accounts held by the fiscal agent. The outstanding balance of the bonds was \$21,919,004 as of June 30, 2002.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Totals
2003	\$ 550,000	\$ 949,600	\$ 1,499,600
2004	575,000	922,881	1,497,881
2005	605,000	894,856	1,499,856
2006	630,000	865,525	1,495,525
2007	665,000	834,769	1,499,769
2008-2012	3,835,000	3,654,188	7,489,188
2013-2017	4,905,000	2,578,875	7,483,875
2018-2022	8,126,235	1,184,375	9,310,610
2023	2,027,769	36,500	2,064,269
<b>Totals</b>	<b>\$ 21,919,004</b>	<b>\$ 11,921,569</b>	<b>\$ 33,840,573</b>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**7. LONG-TERM DEBT, Continued**

***E. Peacock Gap Reassessment District Limited Obligation Refunding Improvement Bonds - Original Issue \$2,405,000***

On October 7, 1993, the City issued Limited Obligation Refunding Improvement Bonds for the Peacock Gap Reassessment District in the amount of \$2,405,000. The proceeds of the bonds were used to constitute a trust fund for the redemption and payment of principal and interest on the City of San Rafael Improvement Bonds of the Peacock Gap Improvement District, dated September 4, 1984. Interest is payable semi-annually on each March 2 and September 2, commencing March 2, 1994, at rates ranging from 4.00% to 5.75%. As of June 30, 2002, the outstanding balance of the bonds was \$760,000.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Totals
2003	\$ 180,000	\$ 39,068	\$ 219,068
2004	190,000	28,798	218,798
2005	195,000	17,920	212,920
2006	195,000	6,181	201,181
<b>Totals</b>	<b>\$ 760,000</b>	<b>\$ 91,967</b>	<b>\$ 851,967</b>

***F. Mariposa Road Assessment District Limited Obligation Improvement Bonds - Original Issue \$233,688***

On January 6, 1993, the City issued Limited Obligation Refunding Improvement Bonds for the Mariposa Road Assessment District in the amount of \$233,688. The proceeds of the bonds were used to finance the grading and paving of Mariposa Road, to fund a Reserve Fund, and to pay the costs of issuance on the bonds. The bonds are issued as Serial Bonds and mature in various amounts on each September 2 commencing September 2, 1994 and ending September 2, 2008. Interest shall be payable commencing on March 2, 1993, and semiannually thereafter on September 2 and March 2 of each year until maturity, at rates ranging from 4.50% to 6.90%. As of June 30, 2002, the outstanding balance of the bonds was \$110,000.

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**7. LONG-TERM DEBT, Continued**

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Totals
2003	\$ 15,000	\$ 6,938	\$ 21,938
2004	15,000	5,955	20,955
2005	15,000	4,958	19,958
2006	15,000	3,946	18,946
2007	15,000	2,926	17,926
2008-2009	35,000	2,588	37,588
<b>Totals</b>	<b>\$ 110,000</b>	<b>\$ 27,311</b>	<b>\$ 137,311</b>

**G. Note Payable**

At June 30, 2002, Notes Payable consisted of a \$169,000 promissory note bearing interest at 8% with principal and accrued interest due and payable in November 2024. The note was assumed to finance the purchase of certain property by the Agency.

**H. Capitalized Lease Obligations**

The City leased one Fire Department ambulance in the amount of \$113,814 including interest of \$16,106. The lease is for five years beginning in 1998 through capital leasing arrangements. The lease expires in 2003.

The City leased one fire truck in the amount of \$558,370 including interest of \$57,620. The annual lease payment of \$186,124 for three years, including interest per year, started on April 10, 2001. The lease expires in 2003.

The City leased two copiers. Copier one is in the amount of \$16,800. The monthly lease payment is \$280 for five years. The lease expires in 2004. Copier two is in the amount of \$11,880. The monthly lease payment is \$198 for five years. The lease expires in 2006.

The City leased furniture in the amount of \$30,939. The monthly lease payment of \$619 for five years started in July 2000. The lease expires in 2006.



**City of San Rafael**

**Notes to General Purpose Financial Statements, Continued**

**For the year ended June 30, 2002**

**7. LONG-TERM DEBT, Continued**

The future minimum lease obligations are due as follows:

Year Ending June 30,	Ambulance	Fire Truck	Copiers	Furniture	Totals
2003	\$ 11,381	\$ 186,124	\$ 6,636	\$ 7,426	\$ 211,567
2004	-	-	5,888	7,471	13,359
2005	-	-	2,490	7,379	9,869
2006	-	-	2,342	1,074	3,416
Minimum lease payments	11,381	186,124	17,356	23,350	238,211
Less amount representing interest	(318)	(9,954)	(1,728)	(2,485)	(14,485)
Present value of minimum lease payments	<u>\$ 11,063</u>	<u>\$ 176,170</u>	<u>\$ 15,628</u>	<u>\$ 20,865</u>	<u>\$ 223,726</u>

**I. Compensated Absences**

The City's liability for vested and unpaid compensated absences (accrued vacation, sick leave, compensatory time and administrative leave) expected to be paid subsequent to the fiscal year end, is reported in the General Long-Term Debt Account Group. At June 30, 2002, the balance of compensated absences in the governmental fund types totaled \$3,883,789.

**J. Component Unit - San Rafael Sanitation District - 2001 Certificates of Participation - Original Issue \$4,710,000**

The District and its Financing Corporation on May 1, 2001 issued \$4,710,000 of Certificates of Participation at discount of \$35,121. The certificates are to be used (1) to refund in whole the outstanding Series 1991 Certificates of Participation, (2) to finance the District's share of a new construction corporation yard, (3) to fund in whole or in part, a reserve fund for the certificates, and (4) to pay certain costs of issuing the certificates. The certificates are fully registered with principal due annually on August 1 and interest payable semiannually on February 1 and August 1. The certificates are subject to optional prepayment on any date on or after August 1, 2009. Terms of the Trust Agreement call for a call premium at 101% to exercise optional prepayment between August 1, 2009 and July 31, 2010, and no premium August 1, 2010 and after.

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

**7. LONG-TERM DEBT, Continued**

The transaction advance refunded the 1991 Certificates by placing an amount in an irrevocable escrow fund sufficient to retire the debt on August 1, 2001, terminating and legally defeasing the 1991 Certificates. The excess of the reacquisition price over the net carrying amount of the debt defeased resulted in a deferred amount on refunding of \$250,973. The deferred amount on refunding as well as the discount are carried as a reduction of the certificates of participation to be amortized on a straight-line basis over the life of the new debt as a component of interest expense. The transaction reduced total cash flows by \$44,969 and resulted in an economic gain of \$263,736.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Totals
2003	\$ 330,000	\$ 168,237	\$ 498,237
2004	345,000	157,010	502,010
2005	350,000	145,020	495,020
2006	365,000	132,142	497,142
2007	380,000	118,170	498,170
2008-2011	2,615,000	330,605	2,945,605
<b>Totals</b>	<b>\$ 4,385,000</b>	<b>\$ 1,051,184</b>	<b>\$ 5,436,184</b>

Total debt outstanding as of June 30, 2002, net of discounts and deferred amount on refunding were as follows:

Principal outstanding at June 30, 2001	\$ 4,385,000
Less:	
Discount	(31,638)
Deferred amount on refunding	(222,407)
<b>Net bonds outstanding at June 30, 2002</b>	<b>\$ 4,130,955</b>

# City of San Rafael

## Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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### 8. NON-CITY OBLIGATIONS

The following bond issues are not reported in the City's financial statements, because these are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof, is pledged for payment of these bonds.

	<u>Project Description</u>	<u>Original Amount</u>	<u>Outstanding June 30, 2002</u>
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds	162-175 Belvedere Apartments	\$ 3,590,529	\$ 2,500,000
California Statewide Communities Development Authority Revenue Bonds	St. Marks School	5,605,000	5,605,000
San Rafael Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Bonds	55 Fairfax Apartments	3,000,000	3,000,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2001 A	San Rafael Commons Apartments	3,220,000	3,203,810
City of San Rafael Variable Rate Revenue Bonds	Kaiser Foundation Hospitals	275,000,000	275,000,000

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

**9. FUND BALANCES RESERVATIONS AND DESIGNATIONS**

Fund balances consist of reserved and unreserved amounts. Reserved fund balances represent that portion of a fund balance which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved fund balances. Portions of unreserved fund balances may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change, have not been legally authorized and may not result in expenditures.

A detailed schedule of the fund balances at June 30, 2002, is shown as follows:

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Reserved:</b>						
Encumbrances	\$ 27,853	\$ 116,734	\$ -	\$ 59,820	\$ -	\$ 204,407
Petty cash	3,970	-	-	-	-	3,970
General plan	390,911	-	-	-	-	390,911
Department savings	891,901	-	-	-	-	891,901
Employee M.O.U.	626,535	-	-	-	-	626,535
Loans receivable	356,662	-	-	450,521	-	807,183
Employee benefits	618,000	-	-	-	-	618,000
Debt service	-	-	2,125,852	-	-	2,125,852
Improvement projects	190,411	773,783	-	10,706,977	-	11,671,171
Information systems projects	72,842	-	-	1,258,931	-	1,331,773
Equipment replacement	-	9,000	-	-	-	9,000
Buildings and structures	-	35,600	-	-	-	35,600
Facility closures	-	60,000	-	-	-	60,000
Assessment districts/open space	-	17,907	-	840,401	-	858,308
Mello Roos assessment	-	350,000	-	-	-	350,000
Educational Revenue Augmentation Fund	168,409	-	-	-	-	168,409
Housing	-	-	-	1,355,823	-	1,355,823
School payments	-	-	-	308,000	-	308,000
Corporation yard	-	-	-	4,104,837	-	4,104,837
<b>Total reserved</b>	<b>3,347,494</b>	<b>1,363,024</b>	<b>2,125,852</b>	<b>19,085,310</b>	<b>-</b>	<b>25,921,680</b>
<b>Unreserved, Designated:</b>						
Emergency and cash flow	3,757,328	-	-	-	-	3,757,328
Library/endowments	-	317,500	-	-	380,561	698,061
Public safety	-	972,663	-	-	-	972,663
Grant projects	-	150,784	-	-	-	150,784
Park projects	-	552,570	-	-	41,627	594,197
Gas tax projects	-	459,997	-	-	-	459,997
Street projects	-	2,072,260	-	-	-	2,072,260
Traffic mitigation	-	8,229,076	-	-	-	8,229,076
<b>Total designated</b>	<b>3,757,328</b>	<b>12,754,850</b>	<b>-</b>	<b>-</b>	<b>422,188</b>	<b>16,934,366</b>
<b>Unreserved, Undesignated</b>	<b>1,355,538</b>	<b>441,002</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,796,540</b>
<b>Totals</b>	<b>\$ 8,460,360</b>	<b>\$ 14,558,876</b>	<b>\$ 2,125,852</b>	<b>\$ 19,085,310</b>	<b>\$ 422,188</b>	<b>\$ 44,652,586</b>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

**10. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<b>Special Revenue Funds:</b>			
Recreation Revolving	\$ 2,159,042	\$ 2,278,738	\$ 119,696
Gas Tax	1,202,211	1,630,873	428,662
Household Hazmat Facility	924,014	924,376	362
Library	382,213	392,310	10,097
Public Safety Revolving	93,929	106,507	12,578
Traffic and Housing Mitigation	70,000	1,777,079	1,707,079
Development Services	-	248,930	248,930
Emergency Medical Services	3,090,121	3,123,766	33,645
<b>Debt Service Funds:</b>			
Mariposa Assessment District	23,860	24,550	690
1997 Financing Authority Revenue Bonds	667,910	676,503	8,593
<b>Expendable Trust Funds:</b>			
Business Improvement	52,000	52,330	330
Library Fiduciary	30,960	61,707	30,747

**11. CONTRIBUTED CAPITAL**

Changes in the District's balances of contributed capital were as follows:

	<u>Balance</u>	<u>Depreciation</u>	<u>Balance</u>
	<u>July 1, 2001</u>	<u>Attributable to</u>	<u>June 30, 2002</u>
		<u>Contributed Capital</u>	
Component Unit:			
San Rafael Sanitation District	<u>\$ 7,377,012</u>	<u>\$ -</u>	<u>\$ 7,377,012</u>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**12. EMPLOYEES' RETIREMENT PLAN**

***A. Plan Description***

The City contributes to the Marin County Employees' Retirement Fund (Fund). All full-time and permanent part-time employees are eligible to participate.

The fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local governmental agencies within the County of Marin. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age, and final compensation. Employees vest after five years of service and are eligible to receive retirement benefits after 10 years of service and having attained the age of 50, or 30 years of service (20 years for safety employees) regardless of age. These benefits provisions and all other requirements are established under the County Employees Retirement Law of 1937. The City's retirement plan is included in a separately issued report from the Marin County Employees' Retirement Fund, which can be obtained from William M. Mercer, Incorporated, 3 Embarcadero Center, Suite 1500, San Francisco, CA 94111-4015.

***B. Funding Policy***

The funding policy of the Fund provides for actuarially determined periodic contributions by the City at rates such that sufficient assets will be available to pay Fund benefits when due. The City contributed 7.03% of payroll to the Fund for public safety personnel and 6.94% for other covered employees for the year ended June 30, 2002. The City, due to a collective bargaining agreement, also has a legal obligation to contribute one-half of the employees' contribution up to a maximum of 7% of payroll for safety employees and a maximum of 5% of payroll for all other employees. Employees have an obligation to contribute the remaining portion.

***C. Annual Pension Cost***

The City's annual pension cost to the Fund for the year ended June 30, 2002, of \$2,880,000 was equal to the City's required and actual contributions. The annual required contribution was determined as part of the actuarial valuation performed as of June 30, 2001. The employer rates for normal cost is determined using the Entry Age Normal Actuarial Cost Method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. The significant assumptions used in the 2001 actuarial valuation include an assumed rate of return on investment assets of 8.25%, and annual payroll increases of 4.12% per year reflecting 4.25% for inflation and approximately 1.00% for merit and longevity. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a period of five years. The Fund also uses the level percentage-open method to amortize the unfunded actuarial liability which had fourteen years left in the amortization period. It is assumed that payroll increases at an annual inflation rate of 4.25% over the amortization period.

## City of San Rafael

### Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

#### 13. EMPLOYEES' RETIREMENT PLAN, Continued

##### D. Three-Year Historical Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2000	\$ 2,503,855	100%	\$ -
6/30/2001	2,187,000	100%	-
6/30/2002	2,880,000	100%	-

#### 14. PUBLIC AGENCY RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLANS)

The City contributes to the Public Agency Retirement System (PARS), which is 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 to be determined instead of specifying the amount of benefits the individual is to receive. The plans are administered by Phase II located at P.O. Box 10009, Costa Mesa, California 92627.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments on those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

As established by the plan, all eligible non represented employees of the City will become a participant in the plan from the date that they are hired. An eligible employee is any employee who, at any time during which the employer maintain this plan, is not accruing a benefit under the Marin County Employees' Retirement Fund.

Contributions made by an employee and the employer vest immediately. 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.

During the year, the City contributed \$70,613 and employees contributed \$70,613. The total covered payroll of employees participating in the plan for the year ended June 30, 2002, was \$1,883,013. The total payroll for the year was \$30,237,962.

Additionally, the City participates in a 401(a) tax qualified plan for eligible non-represented management/mid-management employees. This is an employer only contribution program separate from the Marin County Employees' Retirement Fund. The City Manager, as Plan Administrator, annually determines the percent amount of contribution which can range from 0 to 5% of base salary of eligible employees. During the year, the City contributed \$110,839 to the plan on behalf of the eligible employees.

## City of San Rafael

### Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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#### 15. POST-EMPLOYMENT HEALTH CARE BENEFITS

The City provides certain health care benefits for retired employees and their spouses. The benefit provisions were established under the authority of the 1937 Act, Section 31450, et. seq. of the Government Code. Substantially all of the City's employees may become eligible for these benefits if they are receiving a retirement benefit from the Marin County Employees' Retirement Fund within 120 days of retirement from City employment. At June 30, 2002, 207 retirees received post-employment health care benefits. Those expenditures are reduced by reimbursements from the Marin County Retirement Office of the annual amount set forth in the County Retirement Rules and Regulations 1937 Act as amended and in Sections 31450 et. seq. of the Government Code. The cost of retiree health care benefits is recognized as an expenditure as claims are paid. For the fiscal year ended June 30, 2002, those costs totaled \$309,303.

#### 16. SEGMENT INFORMATION FOR ENTERPRISE FUND

Segment information for the fiscal year ended June 30, 2002, is as follows:

Types of goods or services provided	San Rafael Enterprise Fund	San Rafael Sanitation District
Operating revenues	\$ 1,544,940	\$ 5,398,611
Depreciation and amortization expense	-	843,368
Operating income (loss)	526,899	709,432
Tax revenues	-	-
Nonoperating revenues (expenses)	(62,418)	561,841
Net income (loss)	464,481	1,271,273
Fixed asset additions	-	584,524
Net working capital	(35,304)	(71,120)
Total assets	989,533	28,201,043
Total fund equity	934,173	23,941,593



# City of San Rafael

## Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

### 17. RISK MANAGEMENT

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 is self-insured up to a maximum of \$500,000 for each general liability claim, \$250,000 for each workers' compensation claim, and \$25,000 for each property damage claim. The City participates in a public agency risk sharing pool (California Joint Powers Risk Management Authority) for general liability claims in excess of the self-insured amounts up to \$24,500,000. The City purchases commercial insurance for workers' compensation claims in excess of the self-insured amount up to \$9,750,000. The City also purchases commercial insurance for property damage claims with insured amount of \$35,615,500. The City accounts for and finances its uninsured risks of loss in the internal service funds. The City had established a claims liability of \$3,668,909 at June 30, 2002, based on the requirement of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Changes in the general and workers' compensation claims liabilities for the fiscal years ended June 30, 2000, 2001, and 2002, are as follows:

<u>General Liability</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
1999-00	\$ 599,198	\$ 252,464	\$ (565,313)	\$ 286,349
2000-01	286,349	263,884	(365,530)	184,703
2001-02	184,703	1,372,096	(1,051,827)	504,972

<u>Worker's Compensation Liability</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
1999-00	\$ 1,558,927	\$ 1,383,422	\$ (830,235)	\$ 2,112,114
2000-01	2,112,114	1,410,416	(953,207)	2,569,323
2001-02	2,569,323	2,207,423	(1,612,809)	3,163,937

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**17. RISK MANAGEMENT, Continued**

*The California Joint Powers Risk Management Authority* - which began operations in February 1986, is a governmental self-insurance cooperative organized under a joint power agreement consisting of 23 members which represent over 120 public agencies in California. The Risk Management Authority pools self-insurance losses of charter and associate members, develops risk management programs, and provides for administration of pooled coverage claims. The City paid \$263,917 in premiums to the Risk Management Authority during the fiscal year ended June 30, 2002. Condensed financial information for the California Joint Powers Risk Management Authority for the fiscal year ended June 30, 2002, was as follows:

<b>Assets</b>	<u>\$ 61,449,095</u>
Liabilities	\$ 38,026,089
Equity:	
Retained earnings	<u>23,423,006</u>
<b>Total liabilities and equity</b>	<u>\$ 61,449,095</u>
Revenues	\$ 15,159,473
Expenses	(21,172,694)
Refunds to members	<u>(5,252,665)</u>
<b>Net increase in retained earnings</b>	<u>\$ (11,265,886)</u>

**18. JOINT VENTURES, JOINTLY GOVERNED ORGANIZATIONS AND RELATED PARTY TRANSACTIONS**

**A. Joint Ventures**

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 entities exercise full powers and authorities within the scope of the related Joint Powers Agreement 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. Obligations and liabilities of the separate entities are not those of the City.

## City of San Rafael

### Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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#### 18. JOINT VENTURES, JOINTLY GOVERNED ORGANIZATIONS AND RELATED PARTY TRANSACTIONS, Continued

##### *A. Joint Ventures, Continued*

The Marin County Integrated On-Line Library System (System) - was formed to provide for the procurement, ownership, operation, maintenance, and governance of an integrated on-line library system that is jointly owned and operated by the cities of San Rafael, Mill Valley, Sausalito, and the County of Marin. 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 the acquisition cost in the amount of \$108,007 represents 18.98% of ownership in the System. Operating costs for the System are also shared by each participant by applying the cost sharing formula. Financial statements of the System can be obtained at the County Librarian, Marin County Free Library, Civic Center, Administration Building, San Rafael, California 94903.

The Marin Street Light Acquisition Joint Powers Authority (MSLAJPA) - was formed by the County of Marin and twelve local agencies to acquire street light facilities, operate the facilities during the pendency of an eminent domain action against PG&E, and the subsequent transfer of the facilities to the individual local agencies. The Governing Board consists of five members from the participating agencies. Each of the local agency's share of contribution was based on the number of street lights to be acquired in the local agency's individual jurisdiction in relation to the total number of street lights to be acquired by the MSLAJPA.

The Marin Emergency Radio Authority - was formed on February 28, 1998 by the County of Marin and 25 local agencies within the County to plan, finance, implement, manage, own, and operate a County-wide public safety and emergency radio system. The Governing Board consists of one representative from each member. On February 1, 1999, the Authority issued the 1999 Revenue Bonds in the amount of \$26,940,000 with interest rates ranging from 4.75% to 5.01%, maturing on August 15, 2016, to finance the acquisition and installation of the system. The costs of maintenance, operation, and debt service will be divided on a pro rata share based on an agreed-upon formula established by a majority of the Governing Board. The members entered into a Project Operating Agreement on February 1, 1999. Under the Operating Agreement, members are obligated to contribute service payments to cover the Authority's operation and debt service. The City's portion of the obligation is 16.913%. The first operating service payment was in July 1999. The first debt service payment is scheduled for August 2002. The City has established a reserve in its internal service funds to pay future service payments.

## City of San Rafael

Notes to General Purpose Financial Statements, Continued  
For the year ended June 30, 2002

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### 18. JOINT VENTURES, JOINTLY GOVERNED ORGANIZATIONS AND RELATED PARTY TRANSACTIONS, Continued

#### *B. Jointly Governed Organizations*

The Countywide Planning Agency - was established by the County of Marin and ten local cities to implement countywide performance standards for traffic, housing, water and sewer facilities, and environmental protection to ensure that residential and commercial growth does not exceed local water, sewer and transportation capacities. The Governing Board of the Countywide Planning Agency consists of one member of the County Board of Supervisors and one member of the City Council of each participating city.

The Marin County Cable Rate Regulation Joint Powers Authority - was established to regulate the rates for cable television service and equipment and to advise the participants in their exercise of their license authority. The Governing Board of the Marin County Cable Rate Regulation Joint Powers Authority consists of one member from each of the seven participating local cities.

The Marin County Major Crimes Task Force - was established by 12 local law enforcement agencies to provide funding and policy direction of a unit of peace officers and support personnel to detect, apprehend, and prosecute major crimes, including highly mobile criminal narcotic traffickers, thus reducing major narcotic activity and combating its influence throughout the County. The Governing Board of the Marin County Major Crimes Task Force consists of nine members: one city council member, one member of the Marin County Board of Supervisors, two city managers, two chief law enforcement officials, two residents of Marin County, and the Marin County Administrator.

The Marin County Hazardous and Solid Waste Joint Powers 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.

Friends of San Rafael - a California nonprofit Public Benefit Corporation - was established to help finance and accomplish the City's efforts to erect, construct and maintain public buildings, roads, monuments, plazas, parks, gardens, safety features and similar public improvements and infrastructure.

# City of San Rafael

## Notes to General Purpose Financial Statements, Continued

For the year ended June 30, 2002

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### 19. SAN RAFAEL SANITATION DISTRICT

The San Rafael Sanitation District, a discretely presented component unit, condensed financial statements as of and for the year ended June 30, 2002, are presented below.

Balance Sheet	
Current Assets:	
Cash and investments	\$ 5,671,685
Other current assets	135,886
Total current assets	<u>5,807,571</u>
General Fixed Assets, Net of Accumulated Depreciation	
	<u>22,393,472</u>
Total assets	<u>\$ 28,201,043</u>
Current Liabilities:	
Accounts and other payables	\$ 128,495
Total current liabilities	<u>128,495</u>
Long-Term Debt:	
Certificates of participation	<u>4,130,955</u>
Total long-term debt	<u>4,130,955</u>
Total liabilities	<u>4,259,450</u>
Fund Equity:	
Contributed capital	7,377,012
Retained earnings	<u>16,564,581</u>
Total fund equity	<u>23,941,593</u>
Total liabilities and fund equity	<u>\$ 28,201,043</u>

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**19. SAN RAFAEL SANITATION DISTRICT, Continued**

**Statement of Revenues, Expenses and  
Changes in Retained Earnings**

Operating Revenues	<u>\$ 5,398,611</u>
Operating Expenses:	
Sewage collection and treatment	3,652,146
Depreciation and amortization	843,368
Other operating expenses	<u>193,665</u>
Total operating expenses	<u>4,689,179</u>
Operating income	
Nonoperating revenues (expenses), net	<u>561,841</u>
Net income	1,271,273
Add back depreciation expense on assets acquired by contributed capital	-
Less contributed capital received	<u>-</u>
Increase in retained earnings	1,271,273
Retained earnings - July 1, 2001	<u>15,293,308</u>
Retained earnings - June 30, 2002	<u><u>\$ 16,564,581</u></u>

**20. CONTINGENT LIABILITIES**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

**City of San Rafael**  
**Notes to General Purpose Financial Statements, Continued**  
**For the year ended June 30, 2002**

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**21. SUBSEQUENT EVENTS**

*San Rafael Redevelopment Agency Tax Allocation Refunding Bonds - Original Issue \$25,020,000*

On October 9, 2002, the Agency issued Tax Allocation Refunding Bonds, series 2002 in the amount of \$25,020,000. The proceeds of the bonds are used to refund and defease the 1992 Tax Allocation Refunding Bonds and the 1995 Tax Allocation Bonds. In addition, the bonds are used to provide financing for the Central San Rafael redevelopment Project Area. The bonds mature annually each December 1 from 2002 to 2018, in amounts ranging from \$540,000 to \$1,920,000 and bear interest at rates ranging from 2.50% to 5.25%. Interest is payable semiannually on June 1 and December 1. The bonds are subject to optional redemption prior to maturity, in whole or in part, either in inverse order of maturity or on a pro rata basis among maturities, on any date on or after December 1, 2013, at a price equal to the principal amount, plus accrued interest on the redemption date, without premium. The bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the Project Area.

On October 7, 2002, the Agency adopted Resolution 2002-25 approving an amendment to the Health and Safety Code Section 33401 Agreement with the San Rafael High School District. This amendment provides that the Agency will pay the District \$179,000 annually from fiscal year 2002-2003 to 2021-2022 from the bonds proceeds of the bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

**City of San Rafael**  
**Required Supplementary Information**  
**For the year ended June 30, 2002**

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**MARIN COUNTY EMPLOYEES' RETIREMENT SYSTEM**  
**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date *</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Excess Assets Over AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess Assets Over AAL As a % of Payroll</u>
6/30/1999	\$ 151,466,000	\$ 134,247,000	\$ 17,219,000	113%	\$ 23,293,000	73.9%
6/30/2000	171,663,000	156,806,000	14,857,000	109%	23,372,000	63.6%
6/30/2001	186,085,000	172,939,000	13,146,000	108%	25,650,000	51.3%

\* Latest information available.

**SUPPLEMENTAL INFORMATION**

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## GENERAL FUND

The General Fund accounts for all financial resources and transactions except those required to be accounted for in other funds.

**City of San Rafael**  
**Comparative Balance Sheets**  
**General Fund**  
**June 30, 2002 and 2001**

	Totals	
	2002	2001
<b>ASSETS</b>		
Cash and investments	\$ 4,896,560	\$ 5,413,876
Accounts receivable	169,290	558,356
Taxes receivable	3,372,170	4,099,949
Interest receivable	385,684	674,163
Loans receivable	385,550	391,088
Due from other funds	14,552	83,403
<b>Total assets</b>	<b>\$ 9,223,806</b>	<b>\$ 11,220,835</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 695,914	\$ 1,007,453
Developer bonds payable	28,500	46,899
Due to other funds	36,578	-
Deferred revenue	2,394	-
<b>Total liabilities</b>	<b>763,386</b>	<b>1,054,352</b>
<b>Fund Balances:</b>		
<b>Reserved:</b>		
Encumbrances	27,853	18,695
Unrealized investment gains	-	29,291
Petty cash	3,970	3,800
General plan	390,911	501,137
Department savings	891,901	401,670
Employee M.O.U.	626,535	1,602,425
Loans receivable	356,662	363,757
Employee benefits	618,000	618,000
Improvement projects	190,411	190,411
Information systems projects	72,842	113,090
Educational Revenue Augmentation Fund	168,409	168,469
Unreserved, designated	3,757,328	3,757,328
Unreserved, undesignated	1,355,598	2,398,410
<b>Total fund balances</b>	<b>8,460,420</b>	<b>10,166,483</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,223,806</b>	<b>\$ 11,220,835</b>

# City of San Rafael

## Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

### General Fund

For the years ended June 30, 2002 and 2001

	2002	2001
<b>REVENUES:</b>		
Taxes and special assessments	\$ 30,983,196	\$ 32,270,051
Licenses and permits	685,086	722,082
Fines and forfeitures	773,239	1,310,708
Use of money and property	425,677	740,760
Intergovernmental	5,337,427	5,105,977
Charges for current services	1,713,025	908,654
Other revenues	301,860	90,043
<b>Total revenues</b>	<u>40,219,510</u>	<u>41,148,275</u>
<b>EXPENDITURES:</b>		
Current:		
General government	6,128,307	5,402,171
Public safety	21,544,132	19,889,700
Public works and parks	5,334,031	4,788,883
Community development/redevelopment	1,836,087	1,816,471
Culture and recreation	1,691,308	1,496,042
Capital outlay	148,574	90,029
Capital improvement/special projects	405,071	378,772
<b>Total expenditures</b>	<u>37,087,510</u>	<u>33,862,068</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,132,000</u>	<u>7,286,207</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Operating transfers in	453,973	1,413,998
Operating transfers out	(5,292,036)	(5,745,732)
<b>Total other financing sources (uses)</b>	<u>(4,838,063)</u>	<u>(4,331,734)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(1,706,063)</u>	<u>2,954,473</u>
<b>FUND BALANCES:</b>		
Beginning of year	10,166,483	7,212,010
End of year	<u>\$ 8,460,420</u>	<u>\$ 10,166,483</u>

# City of San Rafael

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### General Fund

For the year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Taxes and special assessments	\$ 30,274,950	\$ 30,983,196	\$ 708,246
Licenses and permits	555,150	685,086	129,936
Fines and forfeitures	743,980	773,239	29,259
Use of money and property	331,000	425,677	94,677
Intergovernmental	5,170,600	5,337,427	166,827
Charges for current services	1,522,372	1,713,025	190,653
Other revenues	133,115	301,860	168,745
<b>Total revenues</b>	<u>38,731,167</u>	<u>40,219,510</u>	<u>1,488,343</u>
<b>EXPENDITURES:</b>			
Current:			
General government	6,136,284	6,128,307	7,977
Public safety	21,104,203	21,544,132	(439,929)
Public works and parks	5,490,331	5,334,031	156,300
Community development/redevelopment	2,076,020	1,836,087	239,933
Culture and recreation	1,770,059	1,691,308	78,751
Capital outlay	265,702	148,574	117,128
Capital improvement/special projects	369,091	405,071	(35,980)
<b>Total expenditures</b>	<u>37,211,690</u>	<u>37,087,510</u>	<u>124,180</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,519,477</u>	<u>3,132,000</u>	<u>1,612,523</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	837,852	453,973	(383,879)
Operating transfers out	(5,310,000)	(5,292,036)	17,964
<b>Total other financing sources (uses)</b>	<u>(4,472,148)</u>	<u>(4,838,063)</u>	<u>(365,915)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (2,952,671)</u>	<u>(1,706,063)</u>	<u>\$ 1,246,608</u>
<b>FUND BALANCES:</b>			
Beginning of year		<u>10,166,483</u>	
End of year		<u>\$ 8,460,420</u>	



## SPECIAL REVENUE FUNDS

Special Revenue Funds account for taxes and other revenues set aside in accordance with law or administrative regulation that are restricted to expenditures for specified purposes. Funds included are:

*Recreation Revolving Fund* - Established to administer the Recreation Department's program and facility rental charge.

*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.

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

*Childcare Fund* - Established to administer and account for childcare programs at eleven sites throughout the City.

*Street Maintenance and Cleaning Fund* - Established to maintain the City's streets, public properties and rights of way.

*Sewer Maintenance Fund* - Established under the terms of the JPA to provide all necessary maintenance to the Sanitation District's gravity collection sewer system.

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

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

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

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

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

*Traffic and Housing Mitigation Fund* - Established to maintain long-term developer deposits for major housing and street improvement projects.

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## SPECIAL REVENUE FUNDS, Continued

*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.

**City of San Rafael**  
**Combining Balance Sheet**  
**Special Revenue Funds**  
**June 30, 2002**

(With comparative totals for June 30, 2001)

	Recreation Revolving	Baypoint Lagoons Assessment District	Gas Tax	Childcare	Street Maintenance and Cleaning
<b>ASSETS</b>					
Cash and investments	\$ 42,974	\$ 17,907	\$ 466,550	\$ 522	\$ 1,096,836
Accounts receivable	117,824	-	-	-	65,551
Taxes receivable	-	-	-	-	-
Grants receivable	-	-	-	18,180	-
Loans receivable	-	-	-	-	-
Due from other funds	-	-	-	36,578	-
<b>Total assets</b>	<b>\$ 160,798</b>	<b>\$ 17,907</b>	<b>\$ 466,550</b>	<b>\$ 55,280</b>	<b>\$ 1,162,387</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 75,063	\$ -	\$ 6,553	\$ 39,353	\$ 180,932
Developer bonds payable	-	-	-	-	-
Due to other funds	-	-	-	14,552	-
Deferred revenue	67,196	-	-	-	-
<b>Total liabilities</b>	<b>142,259</b>	<b>-</b>	<b>6,553</b>	<b>53,905</b>	<b>180,932</b>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Encumbrances	9,734	-	-	-	-
Loans receivable	-	-	-	-	-
Improvement projects	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Building and structures	-	-	-	-	-
Facility closures	-	-	-	-	-
Assessment districts/open space	-	17,907	-	-	-
Mello Roos assessment	-	-	-	-	-
<b>Unreserved:</b>					
<b>Designated:</b>					
Library/Endowments	-	-	-	-	-
Public safety	-	-	-	-	-
Grant projects	-	-	-	-	-
Park projects	-	-	-	-	-
Gas tax projects	-	-	459,997	-	-
Street projects	-	-	-	-	981,455
Traffic mitigation	-	-	-	-	-
Undesignated	8,805	-	-	1,375	-
<b>Total fund balances</b>	<b>18,539</b>	<b>17,907</b>	<b>459,997</b>	<b>1,375</b>	<b>981,455</b>
<b>Total liabilities and fund balances</b>	<b>\$ 160,798</b>	<b>\$ 17,907</b>	<b>\$ 466,550</b>	<b>\$ 55,280</b>	<b>\$ 1,162,387</b>

Sewer Maintenance	Household Hazmat Facility	Loch Lomond Assessment District	Library	Public Safety	Stormwater	Traffic and Housing Mitigation	Development Services
\$ (17,853) 23,573	\$ 347,701 290,334	\$ 481,631 -	\$ (98,690) 213,725	\$ 85,941 -	\$ 1,052,976 40,295	\$ 8,599,137 -	\$ 1,474,397 19,270
-	-	-	-	-	-	-	-
-	-	-	-	-	-	91,428	-
-	-	-	-	-	-	-	-
<u>\$ 5,720</u>	<u>\$ 638,035</u>	<u>\$ 481,631</u>	<u>\$ 115,035</u>	<u>\$ 85,941</u>	<u>\$ 1,093,271</u>	<u>\$ 8,690,565</u>	<u>\$ 1,493,667</u>
\$ -	\$ 234,244	\$ -	\$ 12,445	\$ 17,151	\$ 8,186	\$ 170,060	\$ 20,649
-	-	-	-	-	-	-	1,500
-	-	-	-	-	-	200,000	732,735
-	-	-	-	-	-	-	-
-	234,244	-	12,445	17,151	8,186	370,060	754,884
-	-	-	-	-	-	91,429	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	738,783
-	9,000	-	-	-	-	-	-
-	35,600	-	-	-	-	-	-
-	60,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	350,000	-	-	-	-	-
-	-	-	102,590	-	-	-	-
-	-	-	-	68,790	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,720	-	-	-	-	1,085,085	-	-
-	-	-	-	-	-	8,229,076	-
-	299,191	131,631	-	-	-	-	-
<u>5,720</u>	<u>403,791</u>	<u>481,631</u>	<u>102,590</u>	<u>68,790</u>	<u>1,085,085</u>	<u>8,320,505</u>	<u>738,783</u>
<u>\$ 5,720</u>	<u>\$ 638,035</u>	<u>\$ 481,631</u>	<u>\$ 115,035</u>	<u>\$ 85,941</u>	<u>\$ 1,093,271</u>	<u>\$ 8,690,565</u>	<u>\$ 1,493,667</u>

(Continued)

**City of San Rafael**  
**Combining Balance Sheet**  
**Special Revenue Funds, Continued**  
**June 30, 2002**  
(With comparative totals for June 30, 2001)

	Grants	Parkland Dedication	Emergency Medical Services	Totals	
				2002	2001
<b>ASSETS</b>					
Cash and investments	\$ 598,128	\$ 552,570	\$ 635,534	\$ 15,336,261	\$ 18,843,701
Accounts receivable	350	-	-	770,922	448,111
Taxes receivable	-	-	-	-	106,416
Grants receivable	81,674	-	-	99,854	287,975
Loans receivable	-	21,726	-	113,154	113,154
Due from other funds	-	35,000	-	71,578	35,000
<b>Total assets</b>	<b>\$ 680,152</b>	<b>\$ 609,296</b>	<b>\$ 635,534</b>	<b>\$ 16,391,769</b>	<b>\$ 19,834,357</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 15,821	\$ -	\$ 14,727	\$ 795,184	\$ 1,398,499
Developer bonds payable	-	-	-	1,500	1,500
Due to other funds	-	-	-	947,287	1,011,138
Deferred revenue	-	21,726	-	88,922	157,330
<b>Total liabilities</b>	<b>15,821</b>	<b>21,726</b>	<b>14,727</b>	<b>1,832,893</b>	<b>2,568,467</b>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Encumbrances	15,571	-	-	116,734	591,246
Loans receivable	-	-	-	-	126,428
Improvement projects	-	35,000	-	773,783	677,249
Equipment replacement	-	-	-	9,000	1,615,725
Building and structures	-	-	-	35,600	31,600
Facility closures	-	-	-	60,000	50,000
Assessment districts/open space	-	-	-	17,907	12,401
Mello Roos assessment	-	-	-	350,000	300,000
<b>Unreserved:</b>					
<b>Designated:</b>					
Library/endowments	214,910	-	-	317,500	311,183
Public safety	283,066	-	620,807	972,663	473,635
Grant projects	150,784	-	-	150,784	133,958
Park projects	-	552,570	-	552,570	621,366
Gas tax projects	-	-	-	459,997	942,036
Street projects	-	-	-	2,072,260	1,341,881
Traffic mitigation	-	-	-	8,229,076	9,366,285
Undesignated	-	-	-	441,002	670,897
<b>Total fund balances</b>	<b>664,331</b>	<b>587,570</b>	<b>620,807</b>	<b>14,558,876</b>	<b>17,265,890</b>
<b>Total liabilities and fund balances</b>	<b>\$ 680,152</b>	<b>\$ 609,296</b>	<b>\$ 635,534</b>	<b>\$ 16,391,769</b>	<b>\$ 19,834,357</b>

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# City of San Rafael

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Special Revenue Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Recreation Revolving	Baypoint Lagoons Assessment District	Gas Tax	Childcare	Street Maintenance and Cleaning
<b>REVENUES:</b>					
Taxes and special assessments	\$ -	\$ 25,258	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Uses of money and property	2,262	634	65,072	1,062	46,250
Intergovernmental	30,600	-	1,021,051	262,240	174,176
Charges for current services	1,132,570	-	-	2,044,644	-
Other revenues	10,006	-	34,061	-	-
<b>Total revenues</b>	<b>1,175,438</b>	<b>25,892</b>	<b>1,120,184</b>	<b>2,307,946</b>	<b>220,426</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works and parks	-	20,386	188,081	-	1,551,575
Community development/redevelopment	-	-	-	-	-
Culture and recreation	2,250,734	-	-	2,291,267	-
Capital outlay	28,004	-	-	52,265	138
Capital improvement/special projects	-	-	1,442,792	-	175,599
<b>Total expenditures</b>	<b>2,278,738</b>	<b>20,386</b>	<b>1,630,873</b>	<b>2,343,532</b>	<b>1,727,312</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,103,300)</b>	<b>5,506</b>	<b>(510,689)</b>	<b>(35,586)</b>	<b>(1,506,886)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	959,038	-	500,000	37,100	1,872,586
Operating transfers out	-	-	(471,350)	(1,440)	-
<b>Total other financing sources (uses)</b>	<b>959,038</b>	<b>-</b>	<b>28,650</b>	<b>35,660</b>	<b>1,872,586</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(144,262)</b>	<b>5,506</b>	<b>(482,039)</b>	<b>74</b>	<b>365,700</b>
<b>FUND BALANCES:</b>					
Beginning of year	162,801	12,401	942,036	1,301	615,755
End of year	\$ 18,539	\$ 17,907	\$ 459,997	\$ 1,375	\$ 981,455



Sewer Maintenance	Household Hazmat Facility	Loch Lomond Assessment District	Library	Public Safety	Stormwater	Traffic and Housing Mitigation	Development Services
\$ -	\$ -	\$ 61,348	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,991	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,000	22,045	18,372	56,845	2,214	31,337	399,413	66,209
-	14,018	-	329,037	59,357	-	48,227	-
913,914	905,913	-	7,485	33,054	813,511	173,665	41,547
-	43,189	-	21,918	2,650	-	18,566	202,708
<u>925,914</u>	<u>990,156</u>	<u>79,720</u>	<u>415,285</u>	<u>97,275</u>	<u>844,848</u>	<u>639,871</u>	<u>310,464</u>
-	-	-	-	-	-	-	-
-	921,849	-	-	106,507	-	-	-
850,665	-	54	-	-	929,086	4,690	-
-	-	-	-	-	-	-	248,930
-	-	-	382,088	-	-	-	-
-	2,527	-	10,222	-	-	-	-
-	-	-	-	-	227,665	1,772,389	-
<u>850,665</u>	<u>924,376</u>	<u>54</u>	<u>392,310</u>	<u>106,507</u>	<u>1,156,751</u>	<u>1,777,079</u>	<u>248,930</u>
75,249	65,780	79,666	22,975	(9,232)	(311,903)	(1,137,208)	61,534
-	-	-	-	25,000	716,581	-	-
(115,248)	-	-	-	-	-	-	-
<u>(115,248)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>716,581</u>	<u>-</u>	<u>-</u>
(39,999)	65,780	79,666	22,975	15,768	404,678	(1,137,208)	61,534
45,719	338,011	401,965	79,615	53,022	680,407	9,457,713	677,249
<u>\$ 5,720</u>	<u>\$ 403,791</u>	<u>\$ 481,631</u>	<u>\$ 102,590</u>	<u>\$ 68,790</u>	<u>\$ 1,085,085</u>	<u>\$ 8,320,505</u>	<u>\$ 738,783</u>

(Continued)

# City of San Rafael

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Special Revenue Funds, Continued

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Grants	Parkland Dedication	Emergency Medical Services	Totals	
				2002	2001
<b>REVENUES:</b>					
Taxes and special assessments	\$ -	\$ -	\$ 1,976,973	\$ 2,063,579	\$ 2,024,746
Licenses and permits	-	-	-	4,991	122,711
Fines and forfeitures	-	-	-	-	26,909
Uses of money and property	21,051	26,153	16,835	787,754	1,446,214
Intergovernmental	773,359	-	-	2,712,065	3,038,183
Charges for current services	115,706	-	1,661,432	7,843,441	10,985,260
Other revenues	84,938	51	-	418,087	-
<b>Total revenues</b>	<b>995,054</b>	<b>26,204</b>	<b>3,655,240</b>	<b>13,829,917</b>	<b>17,644,023</b>
<b>EXPENDITURES:</b>					
Current:					
General government	8,065	-	-	8,065	281,197
Public safety	206,323	-	3,119,395	4,354,074	4,548,000
Public works and parks	2,236	-	-	3,546,773	3,736,052
Community development/redevelopment	-	-	-	248,930	169,041
Culture and recreation	395,711	-	-	5,319,800	4,875,490
Capital outlay	44,273	-	4,371	141,800	2,813,240
Capital improvement/special projects	156,166	-	-	3,774,611	3,749,525
<b>Total expenditures</b>	<b>812,774</b>	<b>-</b>	<b>3,123,766</b>	<b>17,394,053</b>	<b>20,172,545</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>182,280</b>	<b>26,204</b>	<b>531,474</b>	<b>(3,564,136)</b>	<b>(2,528,522)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	191,350	-	-	4,301,655	4,185,780
Operating transfers out	(147,000)	(95,000)	(260,177)	(1,090,215)	(898,596)
<b>Total other financing sources (uses)</b>	<b>44,350</b>	<b>(95,000)</b>	<b>(260,177)</b>	<b>3,211,440</b>	<b>3,287,184</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>226,630</b>	<b>(68,796)</b>	<b>271,297</b>	<b>(352,696)</b>	<b>758,662</b>
<b>FUND BALANCES:</b>					
Beginning of year	437,701	656,366	349,510	14,911,572	16,507,228
End of year	\$ 664,331	\$ 587,570	\$ 620,807	\$ 14,558,876	\$ 17,265,890

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# City of San Rafael

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

### Budget and Actual - Special Revenue Funds

For the year ended June 30, 2002

	Recreation Revolving			Baypoint Lagoons Assessment District		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 27,500	\$ 25,258	\$ (2,242)
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Uses of money and property	3,000	2,262	(738)	800	634	(166)
Intergovernmental	-	30,600	30,600	-	-	-
Charges for current services	1,045,879	1,132,570	86,691	-	-	-
Other revenues	7,120	10,006	2,886	-	-	-
<b>Total revenues</b>	<b>1,055,999</b>	<b>1,175,438</b>	<b>119,439</b>	<b>28,300</b>	<b>25,892</b>	<b>(2,408)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works and parks	-	-	-	28,060	20,386	7,674
Community development/redevelopment	-	-	-	-	-	-
Culture and recreation	2,115,639	2,250,734	(135,095)	-	-	-
Capital outlay	43,403	28,004	15,399	-	-	-
Capital improvement/special projects	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,159,042</b>	<b>2,278,738</b>	<b>(119,696)</b>	<b>28,060</b>	<b>20,386</b>	<b>7,674</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,103,043)</b>	<b>(1,103,300)</b>	<b>(257)</b>	<b>240</b>	<b>5,506</b>	<b>5,266</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	959,038	959,038	-	-	-	-
Operating transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>959,038</b>	<b>959,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (144,005)</b>	<b>(144,262)</b>	<b>\$ (257)</b>	<b>\$ 240</b>	<b>5,506</b>	<b>\$ 5,266</b>
<b>FUND BALANCES:</b>						
Beginning of year		162,801			12,401	
End of year		<u>\$ 18,539</u>			<u>\$ 17,907</u>	

Gas Tax			Childcare			Street Maintenance and Clearing		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
40,000	65,072	25,072	50	1,062	1,012	22,500	46,250	23,750
1,086,500	1,021,051	(65,449)	266,913	262,240	(4,673)	560,000	174,176	(385,824)
-	-	-	2,353,684	2,044,644	(309,040)	-	-	-
-	34,061	34,061	-	-	-	2,300	-	(2,300)
<u>1,126,500</u>	<u>1,120,184</u>	<u>(6,316)</u>	<u>2,620,647</u>	<u>2,307,946</u>	<u>(312,701)</u>	<u>584,800</u>	<u>220,426</u>	<u>(364,374)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
173,861	188,081	(14,220)	-	-	-	1,628,166	1,551,575	76,591
-	-	-	-	-	-	-	-	-
-	-	-	2,339,733	2,291,267	48,466	-	-	-
-	-	-	80,500	52,265	28,235	6,950	138	6,812
<u>1,028,350</u>	<u>1,442,792</u>	<u>(414,442)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>815,000</u>	<u>175,599</u>	<u>639,401</u>
<u>1,202,211</u>	<u>1,630,873</u>	<u>(428,662)</u>	<u>2,420,233</u>	<u>2,343,532</u>	<u>76,701</u>	<u>2,450,116</u>	<u>1,727,312</u>	<u>722,804</u>
<u>(75,711)</u>	<u>(510,689)</u>	<u>(434,978)</u>	<u>200,414</u>	<u>(35,586)</u>	<u>(236,000)</u>	<u>(1,865,316)</u>	<u>(1,506,886)</u>	<u>358,430</u>
500,000	500,000	-	-	37,100	37,100	1,872,586	1,872,586	-
<u>(471,350)</u>	<u>(471,350)</u>	<u>-</u>	<u>(183,815)</u>	<u>(1,440)</u>	<u>182,375</u>	<u>-</u>	<u>-</u>	<u>-</u>
28,650	28,650	-	<u>(183,815)</u>	35,660	219,475	1,872,586	1,872,586	-
<u>\$ (47,061)</u>	<u>(482,039)</u>	<u>\$ (434,978)</u>	<u>\$ 16,599</u>	74	<u>\$ (16,525)</u>	<u>\$ 7,270</u>	365,700	<u>\$ 358,430</u>
	<u>942,036</u>			<u>1,301</u>			<u>615,755</u>	
	<u>\$ 459,997</u>			<u>\$ 1,375</u>			<u>\$ 981,455</u>	

(Continued)

# City of San Rafael

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

### Budget and Actual - Special Revenue Funds, Continued

For the year ended June 30, 2002

	Sewer Maintenance			Household Hazmat Facility		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	53,500	4,991	(48,509)
Fines and forfeitures	-	-	-	-	-	-
Uses of money and property	12,000	12,000	-	25,500	22,045	(3,455)
Intergovernmental	-	-	-	15,000	14,018	(982)
Charges for current services	933,817	913,914	(19,903)	819,129	905,913	86,784
Other revenues	-	-	-	33,000	43,189	10,189
<b>Total revenues</b>	<b>945,817</b>	<b>925,914</b>	<b>(19,903)</b>	<b>946,129</b>	<b>990,156</b>	<b>44,027</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	912,661	921,849	(9,188)
Public works and parks	871,810	850,665	21,145	-	-	-
Community development/redevelopment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	11,353	2,527	8,826
Capital improvement/special projects	-	-	-	-	-	-
<b>Total expenditures</b>	<b>871,810</b>	<b>850,665</b>	<b>21,145</b>	<b>924,014</b>	<b>924,376</b>	<b>(362)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>74,007</b>	<b>75,249</b>	<b>1,242</b>	<b>22,115</b>	<b>65,780</b>	<b>43,665</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(115,248)	(115,248)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(115,248)</b>	<b>(115,248)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (41,241)</b>	<b>(39,999)</b>	<b>\$ 1,242</b>	<b>\$ 22,115</b>	<b>65,780</b>	<b>\$ 43,665</b>
<b>FUND BALANCES:</b>						
Beginning of year		45,719			338,011	
End of year		<u>\$ 5,720</u>			<u>\$ 403,791</u>	

Loch Lomond Assessment District			Library			Public Safety		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 61,335	\$ 61,348	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
13,500	18,372	4,872	38,100	56,845	18,745	1,375	2,214	839
-	-	-	350,559	329,037	(21,522)	55,250	59,357	4,107
-	-	-	14,000	7,485	(6,515)	15,600	33,054	17,454
-	-	-	12,000	21,918	9,918	-	2,650	2,650
<u>74,835</u>	<u>79,720</u>	<u>4,885</u>	<u>414,659</u>	<u>415,285</u>	<u>626</u>	<u>72,225</u>	<u>97,275</u>	<u>25,050</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	93,929	106,507	(12,578)
11,452	54	11,398	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	382,213	382,088	125	-	-	-
-	-	-	-	10,222	(10,222)	-	-	-
-	-	-	-	-	-	-	-	-
<u>11,452</u>	<u>54</u>	<u>11,398</u>	<u>382,213</u>	<u>392,310</u>	<u>(10,097)</u>	<u>93,929</u>	<u>106,507</u>	<u>(12,578)</u>
63,383	79,666	16,283	32,446	22,975	(9,471)	(21,704)	(9,232)	12,472
-	-	-	-	-	-	25,000	25,000	-
(50,000)	-	50,000	-	-	-	-	-	-
(50,000)	-	50,000	-	-	-	25,000	25,000	-
<u>\$ 13,383</u>	<u>79,666</u>	<u>\$ 66,283</u>	<u>\$ 32,446</u>	<u>22,975</u>	<u>\$ (9,471)</u>	<u>\$ 3,296</u>	<u>15,768</u>	<u>\$ 12,472</u>
	<u>401,965</u>			<u>79,615</u>			<u>53,022</u>	
	<u>\$ 481,631</u>			<u>\$ 102,590</u>			<u>\$ 68,790</u>	

(Continued)

# City of San Rafael

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

### Budget and Actual - Special Revenue Funds, Continued

For the year ended June 30, 2002

	Stormwater			Traffic and Housing Mitigation		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	2,000	-	(2,000)	-	-	-
Uses of money and property	13,000	31,337	18,337	292,500	399,413	106,913
Intergovernmental	-	-	-	-	48,227	48,227
Charges for current services	835,000	813,511	(21,489)	400,000	173,665	(226,335)
Other revenues	-	-	-	-	18,566	18,566
<b>Total revenues</b>	<b>850,000</b>	<b>844,848</b>	<b>(5,152)</b>	<b>692,500</b>	<b>639,871</b>	<b>(52,629)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works and parks	935,700	929,086	6,614	-	4,690	(4,690)
Community development/redevelopment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Capital improvement/special projects	600,000	227,665	372,335	70,000	1,772,389	(1,702,389)
<b>Total expenditures</b>	<b>1,535,700</b>	<b>1,156,751</b>	<b>378,949</b>	<b>70,000</b>	<b>1,777,079</b>	<b>(1,707,079)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(685,700)</b>	<b>(311,903)</b>	<b>373,797</b>	<b>622,500</b>	<b>(1,137,208)</b>	<b>(1,759,708)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	698,147	716,581	18,434	-	-	-
Operating transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>698,147</b>	<b>716,581</b>	<b>18,434</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 12,447</b>	<b>404,678</b>	<b>\$ 392,231</b>	<b>\$ 622,500</b>	<b>(1,137,208)</b>	<b>\$ (1,759,708)</b>
<b>FUND BALANCES:</b>						
Beginning of year		680,407			9,457,713	
End of year		<u>\$ 1,085,085</u>			<u>\$ 8,320,505</u>	



Development Services			Grants			Parkland Dedication		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20,000	66,209	46,209	85,900	21,051	(64,849)	20,200	26,153	5,953
-	-	-	863,000	773,359	(89,641)	-	-	-
-	41,547	41,547	112,750	115,706	2,956	1,100	-	(1,100)
-	202,708	202,708	26,500	84,938	58,438	-	51	51
20,000	310,464	290,464	1,088,150	995,054	(93,096)	21,300	26,204	4,904
-	-	-	7,744	8,065	(321)	-	-	-
-	-	-	127,543	206,323	(78,780)	-	-	-
-	-	-	460,000	2,236	457,764	-	-	-
-	248,930	(248,930)	-	-	-	-	-	-
-	-	-	259,743	395,711	(135,968)	-	-	-
-	-	-	-	44,273	(44,273)	-	-	-
-	-	-	161,350	156,166	5,184	-	-	-
-	248,930	(248,930)	1,016,380	812,774	203,606	-	-	-
20,000	61,534	41,534	71,770	182,280	110,510	21,300	26,204	4,904
-	-	-	191,350	191,350	-	-	-	-
-	-	-	(147,000)	(147,000)	-	(95,000)	(95,000)	-
-	-	-	44,350	44,350	-	(95,000)	(95,000)	-
<u>\$ 20,000</u>	<u>61,534</u>	<u>\$ 41,534</u>	<u>\$ 116,120</u>	<u>226,630</u>	<u>\$ 110,510</u>	<u>\$ (73,700)</u>	<u>(68,796)</u>	<u>\$ 4,904</u>
	<u>677,249</u>			<u>437,701</u>			<u>656,366</u>	
	<u>\$ 738,783</u>			<u>\$ 664,331</u>			<u>\$ 587,570</u>	

(Continued)

# City of San Rafael

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

### Budget and Actual - Special Revenue Funds, Continued

For the year ended June 30, 2002

	Emergency Medical Services			Totals		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Taxes and special assessments	\$ 1,979,000	\$ 1,976,973	\$ (2,027)	\$ 2,067,835	\$ 2,063,579	\$ (4,256)
Licenses and permits	-	-	-	53,500	4,991	(48,509)
Fines and forfeitures	-	-	-	2,000	-	(2,000)
Uses of money and property	2,600	16,835	14,235	591,025	787,754	196,729
Intergovernmental	-	-	-	3,197,222	2,712,065	(485,157)
Charges for current services	1,400,000	1,661,432	261,432	7,930,959	7,843,441	(87,518)
Other revenues	-	-	-	80,920	418,087	337,167
<b>Total revenues</b>	<b>3,381,600</b>	<b>3,655,240</b>	<b>273,640</b>	<b>13,923,461</b>	<b>13,829,917</b>	<b>(93,544)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	7,744	8,065	(321)
Public safety	3,064,294	3,119,395	(55,101)	4,198,427	4,354,074	(155,647)
Public works and parks	-	-	-	4,109,049	3,546,773	562,276
Community development/redevelopment	-	-	-	-	248,930	(248,930)
Culture and recreation	-	-	-	5,097,328	5,319,800	(222,472)
Capital outlay	25,827	4,371	21,456	168,033	141,800	26,233
Capital improvement/special projects	-	-	-	2,674,700	3,774,611	(1,099,911)
<b>Total expenditures</b>	<b>3,090,121</b>	<b>3,123,766</b>	<b>(33,645)</b>	<b>16,255,281</b>	<b>17,394,053</b>	<b>(1,138,772)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>291,479</b>	<b>531,474</b>	<b>239,995</b>	<b>(2,331,820)</b>	<b>(3,564,136)</b>	<b>(1,232,316)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	-	-	-	4,246,121	4,301,655	55,534
Operating transfers out	(260,177)	(260,177)	-	(1,322,590)	(1,090,215)	232,375
<b>Total other financing sources (uses)</b>	<b>(260,177)</b>	<b>(260,177)</b>	<b>-</b>	<b>2,923,531</b>	<b>3,211,440</b>	<b>287,909</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 31,302</b>	<b>271,297</b>	<b>\$ 239,995</b>	<b>\$ 591,711</b>	<b>(352,696)</b>	<b>\$ (944,407)</b>
<b>FUND BALANCES:</b>						
Beginning of year		349,510			14,911,572	
End of year		<u>\$ 620,807</u>			<u>\$ 14,558,876</u>	

(Concluded)

## DEBT SERVICE FUNDS

The Debt Service Funds are used for the accumulation of resources for, and the payment of, general long-term principal and interest. Funds included are:

*East Francisco Boulevard Assessment District Fund* - Established to accumulate funds for the payment of principal and interest. The related bonds were defeased in 1995.

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

*1915 Act Bonds Fund* - Established to account for the debt service managed by the County of Marin. The debt service relates to Lucas Valley road improvements.

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

*1997 Reassessment Bonds Fund* - Established to account for the refunding of the 1984 Kerner Boulevard Bond, the 1986 Sun Valley Bond, and the 1991 Civic Center/Northgate Bond.

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

*Redevelopment Agency Funds* - Consist of three funds; 1)The 1992 Agency Refunding Bonds Fund which established to accumulate funds for the payment of principal and interest for the 1992 Agency Tax Allocation Refunding Bonds that matures in 2017. The proceeds of the bonds were used to refund the 1985 Bond and to fund certain public capital improvements; 2)the 1995 Agency Bonds Fund, which established to accumulate funds for the payment of principal and interest for the 1995 Agency Tax Allocation Bonds that matures in 2021; and 3)the1999 Agency Bonds Fund, which established to accumulate funds for the payment of principal and interest for the 1999 Agency Tax Allocation Bonds that matures in 2023.

**City of San Rafael**  
**Combining Balance Sheet**  
**Debt Service Funds**

**June 30, 2002**

(With comparative totals for June 30, 2001)

	East Francisco Boulevard Assessment District	Peacock Gap Assessment District	1915 Act Bonds	Mariposa Assessment District
<b>ASSETS</b>				
Cash and investments	\$ 13,701	\$ 334,973	\$ 67,387	\$ 37,004
<b>Total assets</b>	<b>\$ 13,701</b>	<b>\$ 334,973</b>	<b>\$ 67,387</b>	<b>\$ 37,004</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 52	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>52</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved for bond redemption	13,701	334,921	67,387	37,004
<b>Total fund balances</b>	<b>13,701</b>	<b>334,921</b>	<b>67,387</b>	<b>37,004</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,701</b>	<b>\$ 334,973</b>	<b>\$ 67,387</b>	<b>\$ 37,004</b>

1997 Reassessment Bonds	1997 Financing Authority Revenue Bonds	Redevelopment Agency Funds	Totals	
			2002	2001
\$ -	\$ 1,041,029	\$ 631,810	\$ 2,125,904	\$ 2,061,238
\$ -	\$ 1,041,029	\$ 631,810	\$ 2,125,904	\$ 2,061,238
\$ -	\$ -	\$ -	\$ 52	\$ -
-	-	-	52	-
-	1,041,029	631,810	2,125,852	2,061,238
-	1,041,029	631,810	2,125,852	2,061,238
\$ -	\$ 1,041,029	\$ 631,810	\$ 2,125,904	\$ 2,061,238

# City of San Rafael

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Debt Service Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	East Francisco Boulevard Assessment District	Peacock Gap Assessment District	1915 Act Bonds	Mariposa Assessment District
<b>REVENUES:</b>				
Taxes and special assessments	\$ -	\$ 230,131	\$ -	\$ 23,949
Uses of money and property	-	10,118	-	1,176
<b>Total revenues</b>	<u>-</u>	<u>240,249</u>	<u>-</u>	<u>25,125</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal retirement	-	170,000	-	15,000
Interest and fiscal charges	-	66,271	-	9,550
<b>Total expenditures</b>	<u>-</u>	<u>236,271</u>	<u>-</u>	<u>24,550</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>3,978</u>	<u>-</u>	<u>575</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	(2,537)	-	(151)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(2,537)</u>	<u>-</u>	<u>(151)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>-</u>	<u>1,441</u>	<u>-</u>	<u>424</u>
<b>FUND BALANCES:</b>				
Beginning of year	13,701	333,480	67,387	36,580
Residual equity transfer	-	-	-	-
<b>End of year</b>	<u>\$ 13,701</u>	<u>\$ 334,921</u>	<u>\$ 67,387</u>	<u>\$ 37,004</u>

1997 Reassessment Bonds	1997 Financing Authority Revenue Bonds	Redevelopment Agency Funds	Totals	
			2002	2001
\$ -	\$ 719,264	\$ 3,552,787	\$ 4,526,131	\$ 4,489,349
-	24,577	273	36,144	56,864
-	743,841	3,553,060	4,562,275	4,546,213
-	424,000	1,240,000	1,849,000	1,786,000
-	252,503	2,312,787	2,641,111	2,746,333
-	676,503	3,552,787	4,490,111	4,532,333
-	67,338	273	72,164	13,880
-	-	-	-	-
-	(4,862)	-	(7,550)	(7,550)
-	(4,862)	-	(7,550)	(7,550)
-	62,476	273	64,614	6,330
2,397	976,156	631,537	2,061,238	2,054,908
(2,397)	2,397	-	-	-
\$ -	\$ 1,041,029	\$ 631,810	\$ 2,125,852	\$ 2,061,238

# City of San Rafael

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Debt Service Funds (With Budgets) For the year ended June 30, 2002

	Peacock Gap Assessment District			Mariposa Assessment District		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Taxes and special assessments	\$ 227,000	\$ 230,131	\$ 3,131	\$ 22,850	\$ 23,949	\$ 1,099
Uses of money and property	14,000	10,118	(3,882)	1,400	1,176	(224)
<b>Total revenues</b>	<u>241,000</u>	<u>240,249</u>	<u>(751)</u>	<u>24,250</u>	<u>25,125</u>	<u>875</u>
<b>EXPENDITURES:</b>						
Debt service:						
Principal retirement	195,000	170,000	25,000	13,865	15,000	(1,135)
Interest and fiscal charges	52,000	66,271	(14,271)	9,995	9,550	445
<b>Total expenditures</b>	<u>247,000</u>	<u>236,271</u>	<u>10,729</u>	<u>23,860</u>	<u>24,550</u>	<u>(690)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,000)</u>	<u>3,978</u>	<u>9,978</u>	<u>390</u>	<u>575</u>	<u>185</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(2,537)	(2,537)	-	(151)	(151)	-
<b>Total other financing sources (uses)</b>	<u>(2,537)</u>	<u>(2,537)</u>	<u>-</u>	<u>(151)</u>	<u>(151)</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (8,537)</u>	<u>1,441</u>	<u>\$ 9,978</u>	<u>\$ 239</u>	<u>424</u>	<u>\$ 185</u>
<b>FUND BALANCES:</b>						
Beginning of year		333,480			36,580	
Residual equity transfer		-			-	
End of year		<u>\$ 334,921</u>			<u>\$ 37,004</u>	



1997 Financing Authority Revenue Bonds			Redevelopment Agency Funds			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 659,660	\$ 719,264	\$ 59,604	\$ 3,552,790	\$ 3,552,787	\$ (3)	\$ 4,462,300	\$ 4,526,131	\$ 63,831
10,400	24,577	14,177	-	273	273	25,800	36,144	10,344
670,060	743,841	73,781	3,552,790	3,553,060	270	4,488,100	4,562,275	74,175
443,075	424,000	19,075	1,240,000	1,240,000	-	1,891,940	1,849,000	42,940
224,835	252,503	(27,668)	2,312,790	2,312,787	3	2,599,620	2,641,111	(41,491)
667,910	676,503	(8,593)	3,552,790	3,552,787	3	4,491,560	4,490,111	1,449
2,150	67,338	65,188	-	273	273	(3,460)	72,164	75,624
-	-	-	-	-	-	-	-	-
(4,862)	(4,862)	-	-	-	-	(7,550)	(7,550)	-
(4,862)	(4,862)	-	-	-	-	(7,550)	(7,550)	-
<u>\$ (2,712)</u>	62,476	<u>\$ 65,188</u>	<u>\$ -</u>	273	<u>\$ 273</u>	<u>\$ (11,010)</u>	64,614	<u>\$ 75,624</u>
	976,156			631,537			1,977,753	
	2,397			-			2,397	
	<u>\$ 1,041,029</u>			<u>\$ 631,810</u>			<u>\$ 2,042,367</u>	

(Concluded)

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## CAPITAL PROJECTS FUNDS

Capital Projects Funds were established for all resources used for the acquisition and improvement of capital facilities of the City. Funds included are:

*Open Space Fund* - Established for the acquisition of open space.

*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 Districts 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 partnerships with the community.

*Redevelopment Agency Funds* - Consists of five funds: 1)The 1985 Capital Projects and Administration Fund which was established to account for all financial resources related to project planning, support services, and economic development efforts for the Redevelopment Agency except those required to be accounted for in the Low and Moderate Income Housing Fund by law; 2)The Low and Moderate Income Housing Fund which was established to account for the 20% set-aside required by the State for low and moderate income housing projects of the Redevelopment Agency; 3)The 1992 Bonds Capital Projects Fund which was established to account for additional major capital projects of the Redevelopment Agency's 1992 refunding project bond; 4)The 1995 Bonds Capital Projects Fund which was established to account for major capital projects of the Redevelopment Agency's 1995 project bond, such as the Lindero Street Undergrounding and Corporation Yard relocation; 5)The 1999 Bonds Capital Projects Fund which was established to account for new capital projects of the Redevelopment Agency's 1999 project bond, such as capital needs at the local schools and colleges, utility undergrounding along West Francisco and renovation of the Pickleweed Community Center Fields.

**City of San Rafael**  
**Combining Balance Sheet**  
**Capital Projects Funds**  
**June 30, 2002**

(With comparative totals for June 30, 2001)

	Open Space	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects
<b>ASSETS</b>					
Cash and investments	\$ 616,727	\$ 4,441,153	\$ 109,596	\$ 223,674	\$ 166,000
Accounts receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Grants receivable	-	140,000	-	-	-
Interest receivable	-	-	-	-	-
Loans receivable	-	-	-	-	35,000
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total assets</b>	<b>\$ 616,727</b>	<b>\$ 4,581,153</b>	<b>\$ 109,596</b>	<b>\$ 223,674</b>	<b>\$ 201,000</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 131,418	\$ -	\$ -	\$ -
Developer bonds payable	-	-	-	-	-
Arbitrage payable	-	-	-	-	-
Due to other funds	-	-	-	-	35,000
Deferred revenue	-	-	-	-	35,000
<b>Total liabilities</b>	<b>-</b>	<b>131,418</b>	<b>-</b>	<b>-</b>	<b>70,000</b>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Encumbrances	-	8,400	-	-	-
Loans receivable	-	-	-	-	-
Improvement projects	-	956,154	109,596	-	131,000
Information system projects	-	1,258,931	-	-	-
Assessment districts/open space	616,727	-	-	223,674	-
Housing	-	-	-	-	-
School payments	-	-	-	-	-
Corporation yard	-	2,226,250	-	-	-
<b>Total fund balances</b>	<b>616,727</b>	<b>4,449,735</b>	<b>109,596</b>	<b>223,674</b>	<b>131,000</b>
<b>Total liabilities and fund balances</b>	<b>\$ 616,727</b>	<b>\$ 4,581,153</b>	<b>\$ 109,596</b>	<b>\$ 223,674</b>	<b>\$ 201,000</b>

Redevelopment Agency Funds	Totals	
	2002	2001
\$ 12,177,006	\$ 17,734,156	\$ 26,560,313
-	-	694,941
938,240	938,240	945,608
-	140,000	-
12,633	12,633	47,150
471,185	506,185	491,696
932,735	932,735	-
15,000	15,000	952,666
<u>\$ 14,546,799</u>	<u>\$ 20,278,949</u>	<u>\$ 29,692,374</u>

\$ 603,381	\$ 734,799	\$ 734,154
25,000	25,000	25,000
358,840	358,840	338,867
-	35,000	59,931
-	35,000	40,000
<u>987,221</u>	<u>1,188,639</u>	<u>1,197,952</u>

51,420	59,820	312,125
450,521	450,521	451,696
9,515,227	10,711,977	19,467,209
-	1,258,931	1,499,581
-	840,401	823,849
1,355,823	1,355,823	2,555,201
308,000	308,000	308,000
1,878,587	4,104,837	3,076,761
<u>13,559,578</u>	<u>19,090,310</u>	<u>28,494,422</u>
<u>\$ 14,546,799</u>	<u>\$ 20,278,949</u>	<u>\$ 29,692,374</u>

**City of San Rafael**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Capital Projects Funds**  
**For the year ended June 30, 2002**  
(With comparative totals for the year ended June 30, 2001)

	Open Space	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects
<b>REVENUES:</b>					
Taxes and special assessments	\$ -	\$ -	\$ 19,455	\$ -	\$ -
Uses of money and property	25,562	225,688	3,988	-	6,383
Intergovernmental	-	368,312	-	-	11,716
Charges for current services	-	-	-	-	-
Other revenues	-	162,950	-	-	18,900
<b>Total revenues</b>	<b>25,562</b>	<b>756,950</b>	<b>23,443</b>	<b>-</b>	<b>36,999</b>
<b>EXPENDITURES:</b>					
Current:					
Public works	9,010	428,177	-	-	11,355
Community development/redevelopment	-	-	-	-	-
Capital outlay	-	-	-	-	-
Capital improvement/special projects	-	2,439,323	-	-	30,673
<b>Total expenditures</b>	<b>9,010</b>	<b>2,867,500</b>	<b>-</b>	<b>-</b>	<b>42,028</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>16,552</b>	<b>(2,110,550)</b>	<b>23,443</b>	<b>-</b>	<b>(5,029)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	-	874,416	-	-	120,000
Operating transfers out	-	-	(43,000)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>874,416</b>	<b>(43,000)</b>	<b>-</b>	<b>120,000</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>16,552</b>	<b>(1,236,134)</b>	<b>(19,557)</b>	<b>-</b>	<b>114,971</b>
<b>FUND BALANCES:</b>					
Beginning of year	600,175	5,685,869	129,153	223,674	16,029
End of year	\$ 616,727	\$ 4,449,735	\$ 109,596	\$ 223,674	\$ 131,000

Redevelopment Agency Fund	Totals	
	2002	2001
\$ 938,241	\$ 957,696	\$ 969,583
935,047	1,196,668	1,720,443
126,270	506,298	1,043,988
147,647	147,647	125,893
225,459	407,309	4,576,643
<u>2,372,664</u>	<u>3,215,618</u>	<u>8,436,550</u>
-	448,542	144,820
1,525,091	1,525,091	1,468,722
17,109	17,109	20,400
9,110,408	11,580,404	6,807,408
<u>10,652,608</u>	<u>13,571,146</u>	<u>8,441,350</u>
<u>(8,279,944)</u>	<u>(10,355,528)</u>	<u>(4,800)</u>
-	994,416	1,470,456
-	(43,000)	(1,178,356)
<u>-</u>	<u>951,416</u>	<u>292,100</u>
(8,279,944)	(9,404,112)	287,300
<u>21,839,522</u>	<u>28,494,422</u>	<u>28,207,122</u>
<u>\$ 13,559,578</u>	<u>\$ 19,090,310</u>	<u>\$ 28,494,422</u>

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## ENTERPRISE FUND

*Parking Services Fund* - Established to maintain parking garages, lots and spaces in the Downtown Parking District (established over 40 years ago), and to pay for parking enforcement, meter collection, and downtown officer services.

**City of San Rafael**  
**Combining Balance Sheet**  
**Enterprise Fund**  
**June 30, 2002**  
(With comparative totals for June 30, 2001)

	Totals	
	2002	2001
<b>ASSETS</b>		
Cash and investments	\$ 969,477	\$ 457,217
Accounts receivable	20,056	19,535
<b>Total assets</b>	<b>\$ 989,533</b>	<b>\$ 476,752</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 50,360	\$ 7,060
Deferred revenue	5,000	-
<b>Total liabilities</b>	<b>55,360</b>	<b>7,060</b>
<b>Fund Equity:</b>		
Retained earnings:		
Unreserved	934,173	469,692
<b>Total fund equity</b>	<b>934,173</b>	<b>469,692</b>
<b>Total liabilities and equity</b>	<b>\$ 989,533</b>	<b>\$ 476,752</b>

# City of San Rafael

## Combining Statement of Revenues, Expenses and Changes in Retained Earnings

### Enterprise Fund

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Totals	
	2002	2001
<b>OPERATING REVENUES:</b>		
Charges for current services	\$ 1,544,815	\$ 864,571
Refunds	125	-
<b>Total operating revenues</b>	<u>1,544,940</u>	<u>864,571</u>
<b>OPERATING EXPENSES:</b>		
Capital outlay	24,312	-
General and administrative	993,729	652,998
<b>Total operating expenses</b>	<u>1,018,041</u>	<u>652,998</u>
<b>OPERATING INCOME (LOSS)</b>	<u>526,899</u>	<u>211,573</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Operating transfers out	(98,683)	(56,396)
Investment income	36,265	-
<b>Total nonoperating revenues (expenses)</b>	<u>(62,418)</u>	<u>(56,396)</u>
<b>NET INCOME (LOSS)</b>	464,481	155,177
<b>RETAINED EARNINGS:</b>		
Beginning of year	469,692	314,515
End of year	<u>\$ 934,173</u>	<u>\$ 469,692</u>

**City of San Rafael**  
**Combining Statement of Cash Flows**  
**Enterprise Fund**  
**For the year ended June 30, 2002**  
(With comparative totals for the year ended June 30, 2001)

	Totals	
	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 526,899	\$ 211,573
Change in current assets and liabilities:		
Accounts receivable	(521)	6,152
Accounts payable	43,300	5,448
Deferred revenue	5,000	-
<b>Net cash provided (used) by operating activities</b>	<u>574,678</u>	<u>223,173</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating transfers out	(98,683)	(56,396)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(98,683)</u>	<u>(56,396)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	36,265	-
<b>Net cash provided (used) by investing activities</b>	<u>36,265</u>	<u>-</u>
<b>Net increase (decrease) in cash and investments</b>	512,260	166,777
<b>CASH AND INVESTMENTS:</b>		
Beginning of year	457,217	290,440
End of year	<u>\$ 969,477</u>	<u>\$ 457,217</u>

## INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by a department for other departments on a cost reimbursement basis. Funds included are:

***Equipment Replacement Fund*** - Established to facilitate the replacement of the City's fleet of vehicles and rolling equipment, plus personal computer systems, including licensing and maintenance and other non-vehicle equipment in the fire department.

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

***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*** - Established to maintain sufficient reserves for dental claims. All costs associated with dental claims and administration are paid from this fund.

***Radio Replacement Fund*** - Established to maintain sufficient reserves for radio replacement and pays for operating and debt service to MERA.

**City of San Rafael**  
**Combining Balance Sheet**  
**Internal Service Funds**  
**June 30, 2002**

(With comparative totals for June 30, 2001)

	<u>Equipment Replacement</u>	<u>Building Maintenance</u>	<u>Liability Insurance</u>	<u>Workers' Compensation</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,339,323	\$ 432,358	\$ 1,139,373	\$ 3,177,527
<b>Total assets</b>	<u>\$ 1,339,323</u>	<u>\$ 432,358</u>	<u>\$ 1,139,373</u>	<u>\$ 3,177,527</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 51,732	\$ 43,220	\$ 7,163	\$ 12,728
Insurance claims payable	-	-	689,675	3,163,937
<b>Total liabilities</b>	<u>51,732</u>	<u>43,220</u>	<u>696,838</u>	<u>3,176,665</u>
<b>Fund Equity:</b>				
Retained earnings:				
Reserved	1,287,591	389,138	442,535	862
<b>Total fund equity</b>	<u>1,287,591</u>	<u>389,138</u>	<u>442,535</u>	<u>862</u>
<b>Total liabilities and equity</b>	<u>\$ 1,339,323</u>	<u>\$ 432,358</u>	<u>\$ 1,139,373</u>	<u>\$ 3,177,527</u>

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Dental Insurance	Radio Replacement	Totals	
		2002	2001
\$ 76	\$ 2,136,833	\$ 8,225,490	\$ 7,412,748
<u>\$ 76</u>	<u>\$ 2,136,833</u>	<u>\$ 8,225,490</u>	<u>\$ 7,412,748</u>
\$ -	\$ -	\$ 114,843	\$ 75,839
<u>-</u>	<u>-</u>	<u>3,853,612</u>	<u>2,754,026</u>
<u>-</u>	<u>-</u>	<u>3,968,455</u>	<u>2,829,865</u>
76	2,136,833	4,257,035	4,582,883
<u>76</u>	<u>2,136,833</u>	<u>4,257,035</u>	<u>4,582,883</u>
<u>\$ 76</u>	<u>\$ 2,136,833</u>	<u>\$ 8,225,490</u>	<u>\$ 7,412,748</u>

# City of San Rafael

## Combining Statement of Revenues, Expenses and Changes in Retained Earnings

### Internal Service Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Equipment Replacement	Building Maintenance	Liability Insurance	Workers' Compensation
<b>OPERATING REVENUES:</b>				
Charges for current services	\$ 1,148,402	\$ 58,526	\$ 807,252	\$ 1,054,098
Refunds	-	-	129,435	41,214
Other operating revenues	594,681	35,060	-	-
Total operating revenues	<u>1,743,083</u>	<u>93,586</u>	<u>936,687</u>	<u>1,095,312</u>
<b>OPERATING EXPENSES:</b>				
Services	348,522	94,933	-	-
Insurance premiums and claims	-	-	1,495,684	1,921,385
Capital outlay	2,085,127	-	1,759	-
Capital improvement projects	-	1,564,364	-	-
Total operating expenses	<u>2,433,649</u>	<u>1,659,297</u>	<u>1,497,443</u>	<u>1,921,385</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(690,566)</u>	<u>(1,565,711)</u>	<u>(560,756)</u>	<u>(826,073)</u>
<b>NONOPERATING REVENUES:</b>				
Operating transfers in	40,000	674,440	-	145,000
Operating transfers out	(78,000)	-	-	-
Investment income	131,531	46,856	45,989	119,391
Total nonoperating revenues	<u>93,531</u>	<u>721,296</u>	<u>45,989</u>	<u>264,391</u>
<b>NET INCOME (LOSS)</b>	<u>(597,035)</u>	<u>(844,415)</u>	<u>(514,767)</u>	<u>(561,682)</u>
<b>RETAINED EARNINGS:</b>				
Beginning of year	1,884,626	1,233,553	957,302	562,544
End of year	<u>\$ 1,287,591</u>	<u>\$ 389,138</u>	<u>\$ 442,535</u>	<u>\$ 862</u>



Dental Insurance	Radio Replacement	Totals	
		2002	2001
\$ 347,630	\$ 316,999	\$ 3,732,907	\$ 3,104,777
3,853	-	174,502	95,560
-	-	629,741	-
<u>351,483</u>	<u>316,999</u>	<u>4,537,150</u>	<u>3,200,337</u>
-	52,251	495,706	115,906
384,549	-	3,801,618	2,643,102
-	-	2,086,886	4,434
-	6,430	1,570,794	226,515
<u>384,549</u>	<u>58,681</u>	<u>7,955,004</u>	<u>2,989,957</u>
<u>(33,066)</u>	<u>258,318</u>	<u>(3,417,854)</u>	<u>210,380</u>
-	-	859,440	850,000
-	-	(78,000)	(90,000)
178	81,995	425,940	358,614
<u>178</u>	<u>81,995</u>	<u>1,207,380</u>	<u>1,118,614</u>
(32,888)	340,313	(2,210,474)	1,328,994
<u>32,964</u>	<u>1,796,520</u>	<u>6,467,509</u>	<u>3,253,889</u>
<u>\$ 76</u>	<u>\$ 2,136,833</u>	<u>\$ 4,257,035</u>	<u>\$ 4,582,883</u>

**City of San Rafael**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2002**  
(With comparative totals for the year ended June 30, 2001)

	<u>Equipment Replacement</u>	<u>Building Maintenance</u>	<u>Liability Insurance</u>	<u>Workers' Compensation</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (690,566)	\$ (1,565,711)	\$ (560,756)	\$ (826,073)
Change in current assets and liabilities:				
Accounts payable	(551,100)	(4,097)	(11,960)	5,057
Insurance claims payable	-	-	504,972	594,614
<b>Net cash provided (used) by     operating activities</b>	<u>(1,241,666)</u>	<u>(1,569,808)</u>	<u>(67,744)</u>	<u>(226,402)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating transfers in	40,000	674,440	-	145,000
Operating transfers out	(78,000)	-	-	-
<b>Net cash provided (used) by noncapital     financing activities</b>	<u>(38,000)</u>	<u>674,440</u>	<u>-</u>	<u>145,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	131,531	46,856	45,989	119,391
<b>Net cash provided (used) by investing activities</b>	<u>131,531</u>	<u>46,856</u>	<u>45,989</u>	<u>119,391</u>
<b>Net increase (decrease) in cash and investments</b>	(1,148,135)	(848,512)	(21,755)	37,989
<b>CASH AND INVESTMENTS:</b>				
Beginning of year	2,487,458	1,280,870	1,161,128	3,139,538
End of year	<u>\$ 1,339,323</u>	<u>\$ 432,358</u>	<u>\$ 1,139,373</u>	<u>\$ 3,177,527</u>

Dental Insurance	Radio Replacement	Totals	
		2002	2001
\$ (33,066)	\$ 258,318	\$ (3,417,854)	\$ 210,380
(1,728)	-	(563,828)	67,763
-	-	1,099,586	355,563
<u>(34,794)</u>	<u>258,318</u>	<u>(2,882,096)</u>	<u>633,706</u>
-	-	859,440	850,000
-	-	(78,000)	(90,000)
-	-	<u>781,440</u>	<u>760,000</u>
-	-	-	-
<u>178</u>	<u>81,995</u>	<u>425,940</u>	<u>358,614</u>
<u>178</u>	<u>81,995</u>	<u>425,940</u>	<u>358,614</u>
(34,616)	340,313	(1,674,716)	1,752,320
<u>34,692</u>	<u>1,796,520</u>	<u>9,900,206</u>	<u>5,660,428</u>
<u>\$ 76</u>	<u>\$ 2,136,833</u>	<u>\$ 8,225,490</u>	<u>\$ 7,412,748</u>

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## EXPENDABLE TRUST FUNDS

Expendable Trust Funds account for assets held by the City in a trustee capacity or as an agent for individual, private organizations, and other governmental units. Funds included are:

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

*Library Fiduciary Fund* - Established to account for various memorial funds including the Davidson Bequest, which the City Council allocates annual amounts to purchase additional library books.

*Recreation Fiduciary Fund* - Established to account for the Recreation Memorial Fund.

**City of San Rafael**  
**Combining Balance Sheet**  
**Expendable Trust Funds**  
**June 30, 2002**

(With comparative totals for June 30, 2001)

	Business Improvement	Library Fiduciary	Recreation Fiduciary	Totals	
				2002	2001
<b>ASSETS</b>					
Cash and investments	\$ 5,852	\$ 390,136	\$ 35,775	\$ 431,763	\$ 469,546
<b>Total assets</b>	<b>\$ 5,852</b>	<b>\$ 390,136</b>	<b>\$ 35,775</b>	<b>\$ 431,763</b>	<b>\$ 469,546</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 9,575	\$ -	\$ 9,575	\$ 4,593
<b>Total liabilities</b>	<b>-</b>	<b>9,575</b>	<b>-</b>	<b>9,575</b>	<b>4,593</b>
<b>Fund Balances:</b>					
Unreserved, designated for:					
Library/endowments	-	380,561	-	380,561	424,982
Park projects	5,852	-	35,775	41,627	36,971
<b>Total fund balances</b>	<b>5,852</b>	<b>380,561</b>	<b>35,775</b>	<b>422,188</b>	<b>461,953</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,852</b>	<b>\$ 390,136</b>	<b>\$ 35,775</b>	<b>\$ 431,763</b>	<b>\$ 466,546</b>

# City of San Rafael

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

### Expendable Trust Funds

For the year ended June 30, 2002

(With comparative totals for the year ended June 30, 2001)

	Business Improvement	Library Fiduciary	Recreation Fiduciary	Totals	
				2002	2001
<b>REVENUES:</b>					
Uses of money and property	\$ 298	\$ 17,286	\$ 1,479	\$ 19,063	\$ 25,612
Intergovernmental	35,000	-	-	35,000	35,000
Other revenues	15,311	-	6,200	21,511	17,761
<b>Total revenues</b>	<b>50,609</b>	<b>17,286</b>	<b>7,679</b>	<b>75,574</b>	<b>78,373</b>
<b>EXPENDITURES:</b>					
Current:					
General government	52,330	-	-	52,330	53,975
Culture and recreation	-	61,707	4,302	66,009	10,193
<b>Total expenditures</b>	<b>52,330</b>	<b>61,707</b>	<b>4,302</b>	<b>118,339</b>	<b>64,168</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,721)</b>	<b>(44,421)</b>	<b>3,377</b>	<b>(42,765)</b>	<b>14,205</b>
<b>FUND BALANCES:</b>					
Beginning of year	7,573	424,982	32,398	464,953	450,748
End of year	\$ 5,852	\$ 380,561	\$ 35,775	\$ 422,188	\$ 464,953

# City of San Rafael

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -

### Budget and Actual - Expendable Trust Funds (With Budgets)

For the year ended June 30, 2002

	Business Improvement		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES:</b>			
Uses of money and property	\$ -	\$ 298	\$ 298
Intergovernmental	35,000	35,000	-
Other revenues	17,000	15,311	(1,689)
<b>Total revenues</b>	<b>52,000</b>	<b>50,609</b>	<b>(1,391)</b>
<b>EXPENDITURES:</b>			
Current:			
General government	52,000	52,330	(330)
Culture and recreation	-	-	-
<b>Total expenditures</b>	<b>52,000</b>	<b>52,330</b>	<b>(330)</b>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<b>\$ -</b>	<b>(1,721)</b>	<b>\$ (1,721)</b>
<b>FUND BALANCES:</b>			
Beginning of year		7,573	
End of year		\$ 5,852	

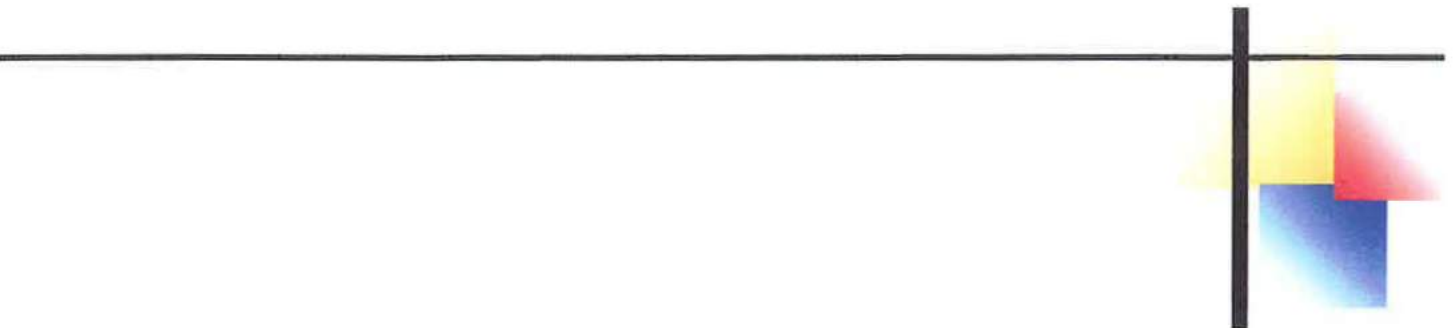


Library Fiduciary			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 22,210	\$ 17,286	\$ (4,924)	\$ 22,210	\$ 17,584	\$ (4,626)
-	-	-	35,000	35,000	-
-	-	-	17,000	15,311	(1,689)
<u>22,210</u>	<u>17,286</u>	<u>(4,924)</u>	<u>74,210</u>	<u>67,895</u>	<u>(6,315)</u>
-	-	-	52,000	52,330	(330)
<u>30,960</u>	<u>61,707</u>	<u>(30,747)</u>	<u>30,960</u>	<u>61,707</u>	<u>(30,747)</u>
<u>30,960</u>	<u>61,707</u>	<u>(30,747)</u>	<u>82,960</u>	<u>114,037</u>	<u>(31,077)</u>
<u>\$ (8,750)</u>	<u>(44,421)</u>	<u>\$ (35,671)</u>	<u>\$ (8,750)</u>	<u>(46,142)</u>	<u>\$ (37,392)</u>
	<u>424,982</u>			<u>432,555</u>	
	<u>\$ 380,561</u>			<u>\$ 386,413</u>	

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# STATISTICAL SECTION

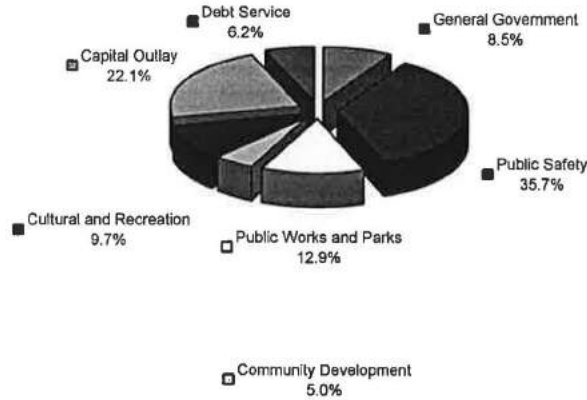




**CITY OF SAN RAFAEL**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**LAST TEN FISCAL YEARS**

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS AND PARKS</u>	<u>COMMUNITY DEVELOPMENT &amp; REDEVELOP.</u>	<u>CULTURE &amp; RECREATION</u>	<u>CAPITAL OUTLAY &amp; PROJECTS</u>	<u>DEBT SERVICE</u>	<u>CLAIMS</u>	<u>OTHER</u>	<u>TOTAL</u>
1993	\$ 4,604,503	\$ 14,268,361	\$ 5,386,198	#	\$ 2,597,082	\$ 5,113,752	\$ 5,561,241	\$ -	\$ 2,592,152	\$ 40,123,289
1994	\$ 5,185,675	\$ 13,925,831	\$ 6,907,480	#	\$ 1,242,761	\$ 1,257,281	\$ 5,384,283	\$ -	\$ 3,580,755	\$ 37,484,066
1995	\$ 5,074,185	\$ 15,648,130	\$ 5,775,033	#	\$ 3,084,633	\$ 3,382,997	\$ 4,219,647	\$ -	\$ 3,103,472	\$ 40,288,097
1996	\$ 6,905,043	\$ 16,365,089	\$ 10,781,451	\$ 2,054,557	\$ 4,427,669	\$ 2,294,518	\$ 3,837,491	\$ -	\$ 175,971	\$ 46,841,789
1997	\$ 6,291,284	\$ 17,417,258	\$ 6,292,167	\$ 927,646	\$ 4,556,110	\$ 14,475,690	\$ 9,262,024	\$ -	\$ -	\$ 59,222,179
1998	\$ 4,514,221	\$ 19,595,147	\$ 6,977,167	\$ 3,048,015	\$ 4,727,074	\$ 18,128,414	\$ 2,710,490	\$ -	\$ -	\$ 59,700,528
1999	\$ 6,084,501	\$ 20,938,064	\$ 6,962,957	\$ 3,488,279	\$ 5,439,046	\$ 6,981,913	\$ 3,197,003	\$ -	\$ -	\$ 53,091,763
2000	\$ 5,678,095	\$ 23,756,604	\$ 7,607,760	\$ 2,914,886	\$ 6,184,412	\$ 19,965,738	\$ 4,575,668	\$ -	\$ -	\$ 70,683,163
2001	\$ 5,683,368	\$ 24,437,700	\$ 8,669,755	\$ 3,454,234	\$ 6,371,532	\$ 13,859,374	\$ 4,532,333	\$ -	\$ -	\$ 67,008,296
2002	\$ 6,188,702	\$ 25,898,206	\$ 9,329,346	\$ 3,610,108	\$ 7,077,117	\$ 16,067,569	\$ 4,490,111	\$ -	\$ -	\$ 72,661,159

**General Governmental Expenditures by Function**  
**Fiscal Year Ended June 30, 2002**



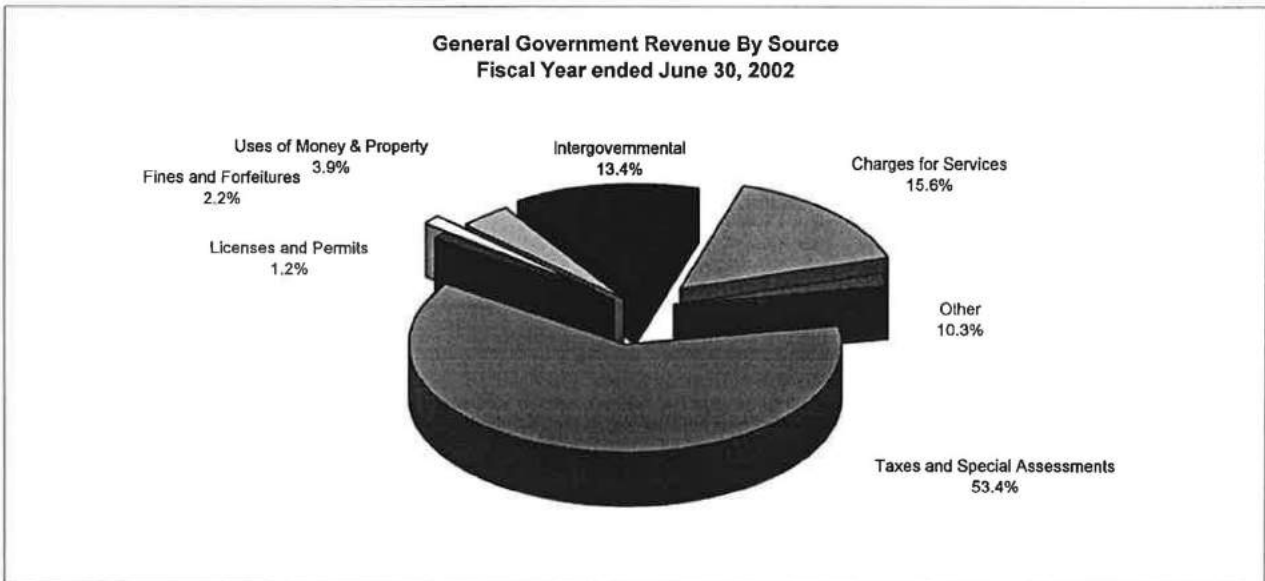
(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds

Source: City of San Rafael audited Financial Statements, including Redevelopment Agency and Financing Authority

# - included in "Other" category for 1994-95 and prior fiscal years.

**CITY OF SAN RAFAEL**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>TAXES AND SPECIAL ASSESSMENTS</u>	<u>LICENSES AND PERMITS</u>	<u>FINES AND FORFEITURES</u>	<u>USES OF MONEY AND PROPERTY</u>	<u>INTER-GOVERNMENTAL</u>	<u>CHARGES FOR SERVICES</u>	<u>OTHER</u>	<u>SALE OF FIXED ASSETS</u>	<u>TOTAL</u>
1993	\$ 22,802,115	\$ 960,746	\$ 456,264	\$ 3,426,165	\$ 4,792,657	\$ 4,323,047	\$ 586,720	\$ -	\$ 37,347,714
1994	\$ 25,171,565	\$ 988,716	\$ 476,433	\$ 1,733,453	\$ 4,962,636	\$ 4,092,883	\$ 2,603,011	\$ -	\$ 40,028,697
1995	\$ 24,503,327	\$ 919,234	\$ 370,599	\$ 1,895,721	\$ 5,261,506	\$ 4,594,910	\$ 1,509,772	\$ -	\$ 39,055,069
1996	\$ 26,137,439	\$ 1,151,547	\$ 422,250	\$ 2,535,719	\$ 9,958,206	\$ 5,172,466	\$ 1,411,472	\$ -	\$ 46,789,099
1997	\$ 26,248,915	\$ 1,213,641	\$ 533,426	\$ 2,194,476	\$ 11,544,333	\$ 4,915,361	\$ 2,082,363	\$ -	\$ 48,732,515
1998	\$ 28,833,850	\$ 830,052	\$ 736,142	\$ 2,007,714	\$ 11,258,881	\$ 8,391,181	\$ 4,675,745	\$ -	\$ 56,733,565
1999	\$ 31,207,566	\$ 946,388	\$ 1,303,946	\$ 1,459,075	\$ 6,272,253	\$ 11,095,035	\$ 973,965	\$ -	\$ 53,258,228
2000	\$ 36,267,264	\$ 846,005	\$ 1,466,685	\$ 2,616,579	\$ 9,061,449	\$ 10,590,021	\$ 7,014,228	\$ -	\$ 67,862,231
2001	\$ 39,753,729	\$ 844,793	\$ 1,337,617	\$ 3,989,893	\$ 9,223,148	\$ 12,019,807	\$ 4,684,447	\$ -	\$ 71,853,434
2002	\$ 38,530,602	\$ 690,077	\$ 773,239	\$ 2,465,306	\$ 8,590,790	\$ 9,704,113	\$ 1,148,767	\$ -	\$ 61,902,894



(1) Includes General, Special Revenue, Debt Service, Capital Projects, and Expendible Trust Funds

Source: City of San Rafael audited Financial Statements, including the Redevelopment Agency and Financing Authority.

**CITY OF SAN RAFAEL**  
**SECURED PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>TAX LEVY</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>OUTSTANDING DELINQUENT TAXES (1)</u>	<u>OUTSTANDING DELINQUENT TAXES AS A PERCENT OF CURRENT LEVY</u>
1993	\$ 7,862,865	\$ 7,590,810	\$ 272,055	3.46%
1994*	\$ 7,672,488	\$ 7,672,488	N/A	N/A
1995*	\$ 7,539,388	\$ 7,539,388	N/A	N/A
1996*	\$ 7,516,496	\$ 7,516,496	N/A	N/A
1997*	\$ 8,210,688	\$ 8,210,688	N/A	N/A
1998*	\$ 8,195,563	\$ 8,195,563	N/A	N/A
1999*	\$ 8,661,660	\$ 8,661,660	N/A	N/A
2000*	\$ 8,844,272	\$ 8,844,272	N/A	N/A
2001*	\$ 9,895,312	\$ 9,895,312	N/A	N/A
2002*	\$ 10,606,386	\$ 10,606,386	N/A	N/A

(1) Represents delinquent taxes due for current year only

\* Beginning FYE 93/94, the City began participating in the Teeter Plan through the County .  
Every year, the County distributes the full amount of secured property taxes levied to the City and  
the County retains any delinquent taxes collected, including interest and penalties.  
In 93/94, the County paid the City a lump-sum amount for all outstanding delinquencies.

Source: Marin County Auditor-Controller

**CITY OF SAN RAFAEL**

**SUMMARY OF SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**  
**LAST THREE FISCAL YEARS**

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FISCAL YEAR ENDED <u>JUNE 30</u>	<u>Special Assessments</u>		Ratio of Collections to <u>Billings</u>
	<u>Billings</u>	<u>Collections</u>	
<b>2000</b>	\$991,453	\$1,018,504	102.73%
<b>2001</b>	\$1,037,125	\$1,022,358	98.58%
<b>2002</b>	\$1,028,652	\$1,059,950	103.04%

Notes: *Total collections reflect actual assessments paid plus any lump-sum pay-offs from property owners.*

Source: *Marin County Auditor-Controller  
Muni Financial Services Special Assessment Annual Reports*



**CITY OF SAN RAFAEL**  
**ASSESSED VALUATION OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>LAND</u>	<u>IMPROVE- MENTS</u>	<u>SECURED PERSONAL PROPERTY</u>	<u>LESS EXEMPTIONS</u>	<u>NET TAXABLE SECURED PROPERTY</u>	<u>PUBLIC UTILITIES ASSESSED BY SBE</u>	<u>NET TAXABLE UNSECURED REAL AND PERSONAL PROPERTY</u>	<u>TOTAL PROPERTY SUBJECT TO TAXATION</u>
1993	\$ 1,430,683	\$2,526,695	\$ 38,062	\$ (177,361)	\$ 3,818,079	\$ 10,015	\$ 228,494	\$ 4,056,588
1994	\$ 1,500,340	\$2,614,391	\$ 36,654	\$ (180,954)	\$ 3,970,431	\$ 7,651	\$ 249,683	\$ 4,227,765
1995	\$ 1,567,183	\$2,724,705	\$ 41,169	\$ (220,731)	\$ 4,112,326	\$ 8,036	\$ 258,813	\$ 4,379,175
1996	\$ 1,621,593	\$2,797,318	\$ 45,631	\$ (246,674)	\$ 4,217,868	\$ 7,154	\$ 240,210	\$ 4,465,232
1997	\$ 1,667,992	\$2,852,856	\$ 47,074	\$ (255,991)	\$ 4,311,932	\$ 7,160	\$ 320,993	\$ 4,640,085
1998	\$ 1,748,734	\$2,988,843	\$ 48,595	\$ (264,613)	\$ 4,521,558	\$ 11,036	\$ 340,302	\$ 4,872,897
1999	\$ 1,841,837	\$3,127,041	\$ 46,829	\$ (271,046)	\$ 4,744,661	\$ 10,707	\$ 338,264	\$ 5,093,632
2000	\$ 1,997,698	\$3,328,567	\$ 44,626	\$ (281,585)	\$ 5,089,306	\$ 2,106	\$ 372,618	\$ 5,464,031
2001	\$ 2,190,561	\$3,605,972	\$ 50,542	\$ (295,016)	\$ 5,552,060	\$ 2,790	\$ 397,697	\$ 5,952,547
2002	\$ 2,444,881	\$3,875,631	\$ 50,542	\$ (304,626)	\$ 6,066,428	\$ 2,778	\$ 422,969	\$ 6,492,176

Reconciliation to Debt Service Schedules

2001-2002 Total Subject to Taxation	\$ 6,492,176
Secured Homeowners Exemptions	73,427
Unsecured Homeowners Exemptions	69
Total Used for "Overlapping Debt Schedule"	<b>\$ 6,565,672</b>

Source: Marin County Auditor -Controller and Assessor  
includes all property within city limits

SBE = State Board of Equalization

**CITY OF SAN RAFAEL**

**PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

<b>FISCAL YEAR ENDED JUNE 30</b>	<b>BASIC TAX RATE</b>	<b>SCHOOL BOND RATE</b>	<b>CITY BOND RATE</b>	<b>TOTAL TAX RATE</b>
1993	1.0000%	N/A	0.0010%	1.0010%
1994	1.0000%	N/A	N/A	1.0000%
1995	1.0000%	N/A	N/A	1.0000%
1996	1.0000%	N/A	N/A	1.0000%
1997	1.0000%	N/A	N/A	1.0000%
1998	1.0000%	N/A	N/A	1.0000%
1999	1.0000%	N/A	N/A	1.0000%
2000	1.0000%	0.0170%	N/A	1.0170%
2001	1.0000%	0.0170%	N/A	1.0170%
2002	1.0000%	0.0230%	N/A	1.0230%

**SPECIAL TAXES AND CHARGES**

<b>FISCAL YEAR ENDED JUNE 30</b>	<b>SAN RAFAEL SANITARY DISTRICT CHARGE</b>	<b>SAN RAFAEL PARAMEDIC TAX</b>	<b>SAN RAFAEL ELEMENTARY SCHOOL TAX</b>	<b>SAN RAFAEL HIGH SCHOOL TAX</b>	<b>MOSQUITO DISTRICT CHARGE</b>	<b>SAN RAFAEL RUNOFF CHARGE</b>	<b>MARIN MUNICIPAL WATER DISTRICT FIREFLOW CHARGE</b>	<b>TOTAL SPECIAL TAXES AND CHARGES</b>
1993	176	28	60	60	10	N/A	N/A	334
1994	191	28	60	60	N/A	N/A	N/A	339
1995	199	34	N/A	60	N/A	N/A	N/A	293
1996	206	37	90	60	N/A	15	N/A	408
1997	211	40	90	60	N/A	20	N/A	421
1998	245	40	90	60	N/A	22	75	532
1999	245	40	90	60	10	24	75	544
2000	258	40	108	74	6	26	75	587
2001	258	40	108	74	6	26	75	587
2002	284	52	119	81	10	28	75	649

*Note: Data shown represents average residential rates in Central San Rafael. The residents that live in North San Rafael are served by a different sanitation district and elementary school district. This schedule excludes Mello Roos and Benefit Assessment Districts, whose assessments are limited to a small portion of the City's parcels.*

*N/A - Not applicable*

*Source: Marin County Assessor and Auditor-Controller*

**CITY OF SAN RAFAEL**

**RATIO OF NET GENERAL BONDED DEBT  
TO ASSESSED VALUATION  
AND NET GENERAL BONDED DEBT PER CAPITA**

**LAST TEN FISCAL YEARS**

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>ESTIMATED POPULATION (A)</u>	<u>ASSESSED VALUATION (B)</u>	<u>GROSS BONDED DEBT (C)</u>	<u>LESS DEBT SERVICE FUNDS</u>	<u>NET BONDED DEBT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUATION</u>	<u>NET GENERAL BONDED DEBT PER CAPITA</u>
1993	51,000	\$ 4,056,588,000	\$ 19,720,000	\$ (2,057,879)	\$ 17,662,121	0.435	346.32
1994	51,700	\$ 4,227,765,000	\$ 18,660,000	\$ (1,801,806)	\$ 16,858,194	0.399	326.08
1995	51,600	\$ 4,379,175,000	\$ 17,740,000	\$ (1,810,888)	\$ 15,929,112	0.364	308.70
1996	53,200	\$ 4,465,232,000	\$ 25,345,000	\$ (1,282,239)	\$ 24,062,761	0.539	452.31
1997	53,427	\$ 4,640,085,000	\$ 24,790,000	\$ (630,728)	\$ 24,159,272	0.521	452.19
1998	54,010	\$ 4,872,897,000	\$ 24,210,000	\$ (631,485)	\$ 23,578,515	0.484	436.56
1999	54,402	\$ 5,093,632,000	\$ 43,479,004	\$ (631,810)	\$ 42,847,194	0.841	787.60
2000	54,752	\$ 5,464,031,000	\$ 43,479,004	\$ (631,810)	\$ 42,847,194	0.784	782.57
2001	56,943	\$ 5,952,547,000	\$ 44,719,004	\$ (631,810)	\$ 44,087,194	0.741	774.23
2002	56,657	\$ 6,492,176,000	\$ 43,479,004	\$ 631,810	\$ 44,110,814	0.679	778.56

**Gross Bonds Reconciliation:**

Total - Combined Balance Sheet	\$	47,684,004	\$	2,125,852
Less:				
Assessment District Bonds	\$	(870,000)	\$	(453,013)
Financing Authority Revenue Bonds	\$	(3,335,000)	\$	(1,041,029)

**Gross General Obligation Bonds**      **\$ 43,479,004**      **\$ 631,810**

**Source:**

- (A) = CA State Department of Finance
- (B) = "Total Property Subject to Taxation" from Schedule of "Assessed Valuation of Taxable Property"
- (C) = Includes General Obligation Bonds and Tax Allocation Bonds (Redevelopment Agency) which are supported by general property taxes and tax increment received by the Redevelopment Agency.

**CITY OF SAN RAFAEL**  
**RATIO OF ANNUAL DEBT SERVICE TO**  
**TOTAL GENERAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED <u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL EXPENDITURES (1)</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GOVERNMENTAL EXPENDITURES</u>
1993	\$ 2,534,000	\$ 3,027,241	\$ 5,561,241	\$ 40,123,289	13.9%
1994	\$ 2,647,131	\$ 2,737,152	\$ 5,384,283	\$ 37,484,066	14.4%
1995	\$ 2,276,688	\$ 1,942,959	\$ 4,219,647	\$ 40,288,097	10.5%
1996	\$ 1,807,000	\$ 2,030,491	\$ 3,837,491	\$ 46,841,789	8.2%
1997	\$ 6,925,650	\$ 2,336,374	\$ 9,262,024	\$ 59,222,179	15.6%
1998	\$ 801,000	\$ 1,909,490	\$ 2,710,490	\$ 59,700,528	4.5%
1999	\$ 1,323,000	\$ 1,874,003	\$ 3,197,003	\$ 53,091,763	6.0%
2000	\$ 1,875,000	\$ 2,700,668	\$ 4,575,668	\$ 70,683,163	6.5%
2001	\$ 1,786,000	\$ 2,746,333	\$ 4,532,333	\$ 16,704,254	27.1%
2002	\$ 1,849,000	\$ 2,641,111	\$ 4,490,111	\$ 10,847,880	41.4%

*Source: City of San Rafael audited Financial Statements*

(1) - includes all governmental fund types, excluding fiduciary expendable trust funds.

**CITY OF SAN RAFAEL**

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2002**

2001-02 Assessed Valuation:	\$6,573,753,689
Redevelopment Incremental Valuation:	<u>1,444,400,886</u>
Adjusted Assessed Valuation:	\$5,129,352,803

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/00</u>
City of San Rafael	100.000	\$ -
City of San Rafael 1915 Act Bonds	100.000	4,171,000
San Rafael High School District	75.573	4,677,969
Tamalpais Union High School District	0.082	17,072
Dixie School District	70.572	7,054,243
San Rafael School District	78.694	5,112,364
Ross Valley School District	0.012	<u>2,340</u>
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 21,034,988
 <u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Marin County Certificates of Participation	16.107	\$ 10,267,312
Marin County Transit District General Fund Obligations	16.107	51,203
Marin County Water District General Fund Obligations	20.747	53,657
Dixie School District Certificates of Participation	70.572	1,457,312
Ross School District General Fund Obligations	1.704	20,951
Marin-Sonoma Mosquito and Vector Control District Certificates of Participation	8.362	<u>400,958</u>
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 12,251,393
 GROSS COMBINED TOTAL DEBT		 \$ 33,286,381 (1)

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

<u>Ratios to 2001-02 Assessed Valuation:</u>	
Direct Debt .....	0.00%
Direct and Overlapping Tax and Assessment Debt .....	0.32%
Combined Total Debt .....	0.65%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/02: \$0

Source: California Municipal Statistics, Inc.

**CITY OF SAN RAFAEL**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2002**

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TOTAL ASSESSED VALUE OF REAL AND PERSONAL PROPERTY (excluding homeowners exemptions)	\$ 6,573,753,689
DEBT LIMIT PERCENTAGE	<u>3.75%</u>
TOTAL DEBT LIMIT	\$ 246,515,763
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT (1)	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 246,515,763</u>

Note: The general laws of the State of California for Municipalities provide for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was established based upon 25% of market value. Effective in fiscal year 1981-82, taxable property is assessed at 100% of market value. Although debt limit provisions have not been modified by the State since the 81-82 change, the percentage has been proportionally modified to 3.75% (15% X 25%) for the purpose of this calculation in order to reflect consistency within the State's original intention of debt limitation.

(1) - REFLECTS THE AMOUNT OF GENERAL OBLIGATION BONDS ISSUED BY THE CITY OF SAN RAFAEL; EXCLUDES AGENCY TAX ALLOCATION BONDS.

Source: California Municipal Statistics, Inc. and City of San Rafael's Management Service Department

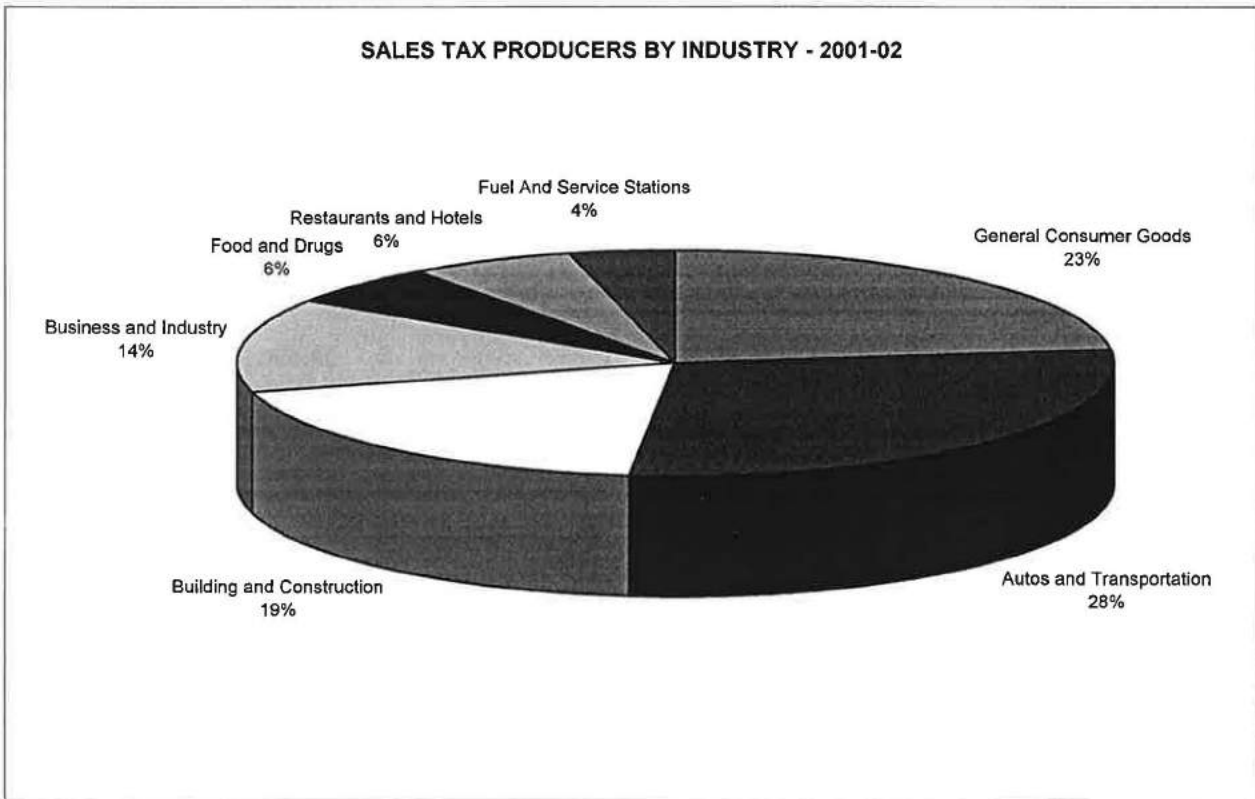
**CITY OF SAN RAFAEL**  
**PRINCIPAL TAXPAYERS**  
**JUNE 30, 2002**

<u>COMPANY</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSED VALUATION</u>	<u>% OF TOTAL ASSESSED VALUATION</u>
Nortgate Mall Association	Retail Stores	\$ 79,681,533	1.21%
AMG Realty Partners LP	Technology Center	\$ 68,440,700	1.04%
Lucas Digital LTD LLC	Film and Entertainment	\$ 49,129,959	.75%
Regency Center & Regency Center II Association LP	Property Management	\$ 35,611,216	.54%
Autodesk	Computer Software Develop	\$ 33,940,581	.52%
4040 Civic Center LLC	Property Management	\$ 33,422,001	.51%
MHV Joint Venture	Hotel	\$ 28,130,567	.43%
San Rafael Corporate Center LLC	Property Management	\$ 27,382,000	.42%
Marin Sanitary Service	Waste Collection	\$ 25,036,849	.38%
Grubarges-San Rafael & Grubarges-San Rafael LLC	Hotel	\$ 21,342,150	.32%
Subtotal Principal Taxpayers		\$ 402,117,556	6.12%
All Others		\$6,171,636,133	93.88%
<b>TOTAL</b>		<b>\$6,573,753,689</b>	<b>100.00%</b>

Source: Marin County Assessor 2001-2002 Tax Roll Information

CITY OF SAN RAFAEL  
SALES TAX BY INDUSTRY GROUP  
FISCAL YEAR 2001-02

<b>TOP FIFTEEN SALES TAX PRODUCERS - 2001-02</b>		
HOME DEPOT	LEXUS OF MARIN	SONNEN VOLKSWAGEN AUDI PORSCHE
R A B MOTORS	GOLDEN STATE LUMBER	MICHAEL STEADS MARIN FORD
MACYS	SEARS ROEBUCK	JACKSONS HARDWARE
R & G TOYOTA & VOLVO	JAGUAR MARIN	COMP USA
SONNEN BMW	JOHN IRISH AUTO PLAZA	SONNEN MOTORCARS



NOTE: - Top fifteen sales tax producers are listed alphabetically; chart by industry reflects point of sales activity for the sales quarters of July 2001 through June 2002.

Source: State Board of Equalization



**CITY OF SAN RAFAEL**  
**CONSTRUCTION ACTIVITY**  
**LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30	NUMBER OF PERMITS ISSUED				TOTAL PERMIT VALUATION	TOTAL INCREASE IN LIVING UNITS	BANK DEPOSITS
	COMMERCIAL/ INDUSTRIAL	NEW RESIDENTIAL	ALTERATIONS	TOTAL			
1993	3	83	1,030	1,116	29,559,332	84	1,772,758,000
1994	4	102	1,117	1,223	42,077,753	139	1,666,609,000
1995	6	41	1,109	1,156	34,386,454	74	1,717,388,000
1996	3	90	1,147	1,240	64,269,981	264	1,804,771,000
1997	9	50	1,139	1,198	53,172,130	124	1,863,602,000
1998	8	65	1,053	1,126	67,125,883	151	2,049,398,000
1999	10	79	1,133	1,222	77,892,405	128	N/A
2000	3	63	1,019	1,085	63,402,582	241	N/A
2001	10	22	1,076	1,108	65,894,336	148	N/A
2002	4	22	1,113	1,139	44,950,965	66	N/A

N/A - not available

*Source: San Rafael Building Department*

**CITY OF SAN RAFAEL  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 2002**

<u>COMPANY</u>	<u>POLICY NUMBER</u>	<u>EXP. DATE</u>	<u>TYPE OF COVERAGE</u>	<u>LIMITS OF COVERAGE</u>
<u>Machinery and Equipment Insurance:</u>				
CJPRMA	3XN-022-370-05	8/31/2003	Boiler and Machinery Coverage including Production Machines and Public Utility Equipment	\$ 10,000,000 Covered Property \$ 100,000 Extra Expense \$ 5,000 Deductible - Engine \$ 1,000 Deductible - Other \$ 1,000 Deductible - Extra Exp.
Marsh Risk & Insurance Services	CAH-822007	11/1/2003	Hull and Machinery Insurance for Police Boat	\$ 250,000 Covered Property \$ 5,000 Deductible
<u>Commercial Property Insurance:</u>				
The Travelers Insurance Co Lexington Insurance Co.	KTJCMB-122D827-A-98 8533918	7/1/2003 7/1/2003	Real and Personal Property, Business Transit, Accounts Receivable, Leaseholds	\$ 2,500,000 Company's portion \$ 2,500,000 Company's portion \$ 5,000,000 Each occurrence \$ 25,000 Deductible
CJPRMA	659-96-69	7/1/2003	Excess Property Coverage	\$ 295,000,000 excess of \$ 5,000,000
<u>Worker's Compensation:</u>				
Discover Re	D003X00005	7/1/2004	Excess Worker's Compensation	\$ 9,750,000 Excess of \$250,000 \$ 250,000 Self-insured Retention
<u>Special Event Insurance:</u>				
General Star Indemnity Co.	IYG-325268A	1/1/2003	Special Event Liability Insurance - Primary	\$ 1,000,000 Aggregate Limit \$ 250,000 Each occurrence \$ 50,000 Fire damage \$ 2,000 Medical, per person
Genesis Indemnity Insurance Co.	ZXB300176B	1/1/2003	Special Event Liability Insurance - Excess	\$ 1,500,000 Aggregate Limit \$ 750,000 Each occurrence
<u>Liability Insurance:</u>				
Ace USA	ACL687738	7/1/2003	Aircraft Liability - Non-owned	\$ 10,000,000 Each occurrence
California Joint Powers Risk Management Authority	N/A	7/1/2003	Property damage, bodily injury, personal injury, public official errors and omissions	\$ 24,500,000 Excess of \$500,000 \$ 500,000 Self-insured Retention
<u>Public Official Bonds:</u>				
Western Surety Company	58476739	11/12/2003	Elected City Clerk	\$ 5,000
Western Surety Company	58476738	11/12/2003	Appointed Deputy Treasurer	\$ 10,000
Kemper Insurance Companies	3S30604500	11/4/2003	Administrative Services Director	\$ 50,000
Western Surety Company	58476740	11/5/2003	Elected City Attorney	\$ 1,000
Marin Pacific Company	57-PEB-GG9385	7/1/2003	Public Officials	\$ 5,000
Marin Pacific Company	57-PEB-GG9377	7/1/2003	Public Employee Dishonesty Bond	\$ 100,000

Source - City of San Rafael Human Resources Division - Risk Manager

**CITY OF SAN RAFAEL  
MISCELLANEOUS STATISTICAL DATA  
JUNE 30, 2002**

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Date of Incorporation	February 18, 1874
Form of Government	
Incorporated as a Charter City, effective July 1, 1913	
Council/Manager	
City Council consists of a directly elected Mayor and four council members, all elected to four year terms.	
Number of City employees	541
Election (1)	
Registered voters	27,214
Number of votes cast last general election	10,150
Percentage of registered voters voting	37.3%
Population (2)	56,657
Location	
17 miles north of San Francisco in Marin County	
Elevation	
Ranges from sea level to 900 feet	
Area in square miles	
22 square miles - consisting of 17 square miles of land and 5 of water and tidelands	
Police	
Number of stations	1
Number of sub-stations	2
Number of employees	
Sworn	78
Civilian	34.5
Ratio of sworn personnel per 1,000 population	1.4 %
Public Works	
Miles of streets	171
Number of major intersections with traffic signals	85
Number of street lights	4200
Recreation	
Parks	22
Number of acres	146.00
Recreation facilities	3

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<b>Library Services</b>	
Number of volumes	130,000
Hours of service per week	59
Library facilities	2
<b>Housing (3)</b>	
Single family – Detached	10,490
Single family – Attached	1,992
Multi family	9,992
Mobile Homes	413
Total Units	22,887
Total Occupied	22,517
Percent Vacant	2.51%
<b>Education</b>	
Elementary schools	10
Middle schools	2
High schools	3
Parochial schools	9
Colleges	2
<b>Churches (4)</b>	42
<b>Financial institutes (5)</b>	
Banks	19
Savings & Loans	13
Credit unions	1
<b>Ethnic breakdown (6)</b>	
White	75.8%
Hispanic	23.3%
African-American	2.2%
Asian	5.6%

**Sources:**

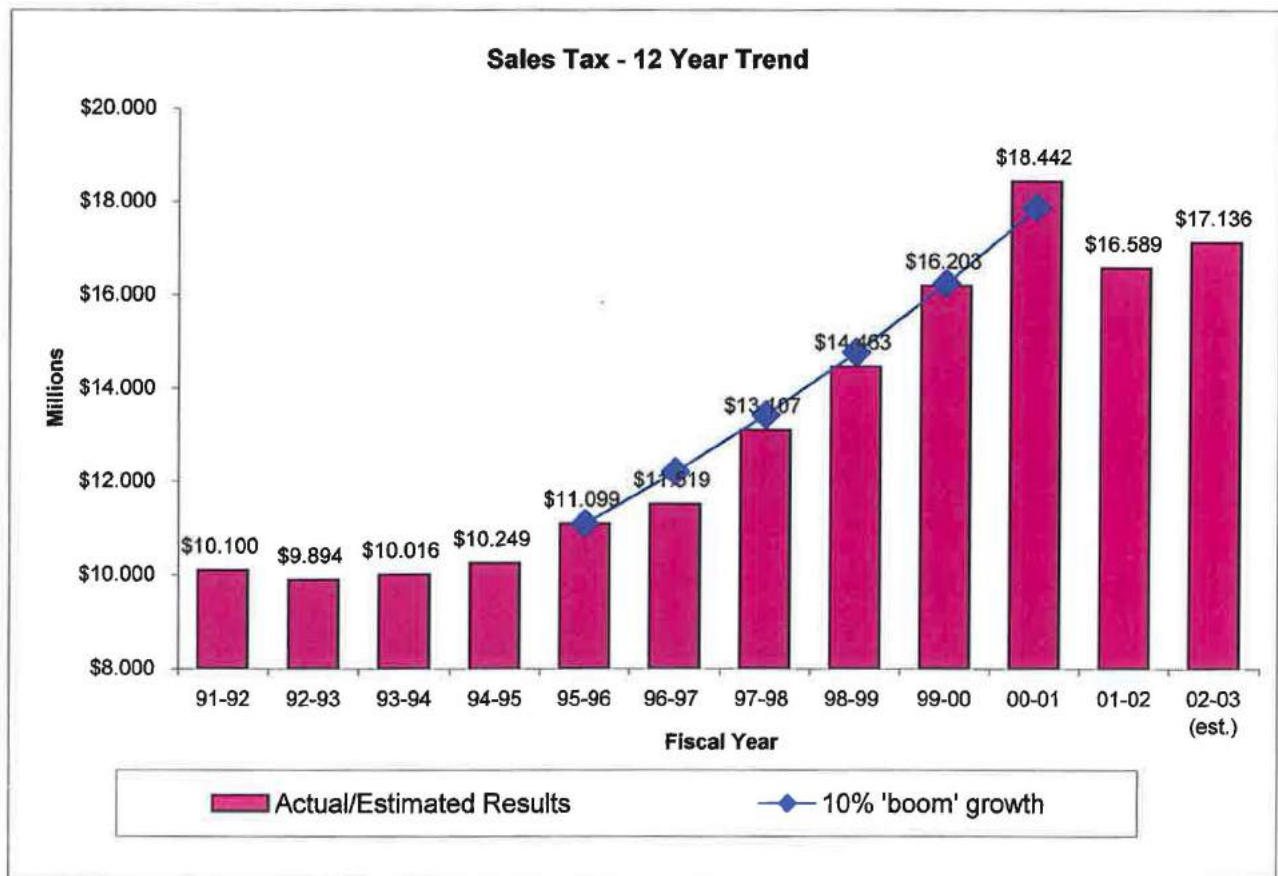
- (1) *Marin County Registrar of Voters, July 2002*
- (2) *California Department of Finance Estimates*
- (3) *Planning Department, San Rafael (Population and Housing Estimates, Department of Finance, State of California)*
- (4) *Marin County Pacific Bell SMART Yellow Pages, May 2002*
- (5) *The Findley Reports, June 30, 2002*
- (6) *San Rafael Chamber of Commerce, 2002 Economic Profile*

## SALES TAX

**Description:** Sales and use tax is imposed upon most retail transactions. The Marin County rate reflects only the basic tax as charged by the State. Of the total 7.25%, 1.00% is returned to San Rafael. The remainder is allocated to the State's General Fund (5.00%) and the County for transportation, public safety and other programs (1.25%). Beginning January 2001, the State portion was reduced 1/4% pursuant to legislation in Sacramento tied to growth in California tax revenues.

**Background:** Voter approved laws, restricting tax raising limits, began with Proposition 13 in 1978 and have occurred up through Proposition 218 in 1996. These revenue restrictions, coupled with State redistribution of property taxes, have forced cities to rely more and more on sales tax for municipal services. San Rafael continues to be the retail hub of Marin County, and as such has benefited from retail uses created by market forces and the Redevelopment Agency efforts over the past few years.

**Results:** The early part of this decade represented a deep recession that lasted for several years. Beginning in 1995-96, the City began to see real increases in sales tax that reflected an economy on the rise. For the last few years, a combination of global expansion, international commerce, new local retail business and significant new and leased automobile sales have translated into significant increases in sales tax. Taxes in 2000-01 are at levels 60% above those in 1995-96. The economic recession of 2001 and 2002 has produced dramatic drops in this funding source. Modest growth is expected in the middle of 2003.

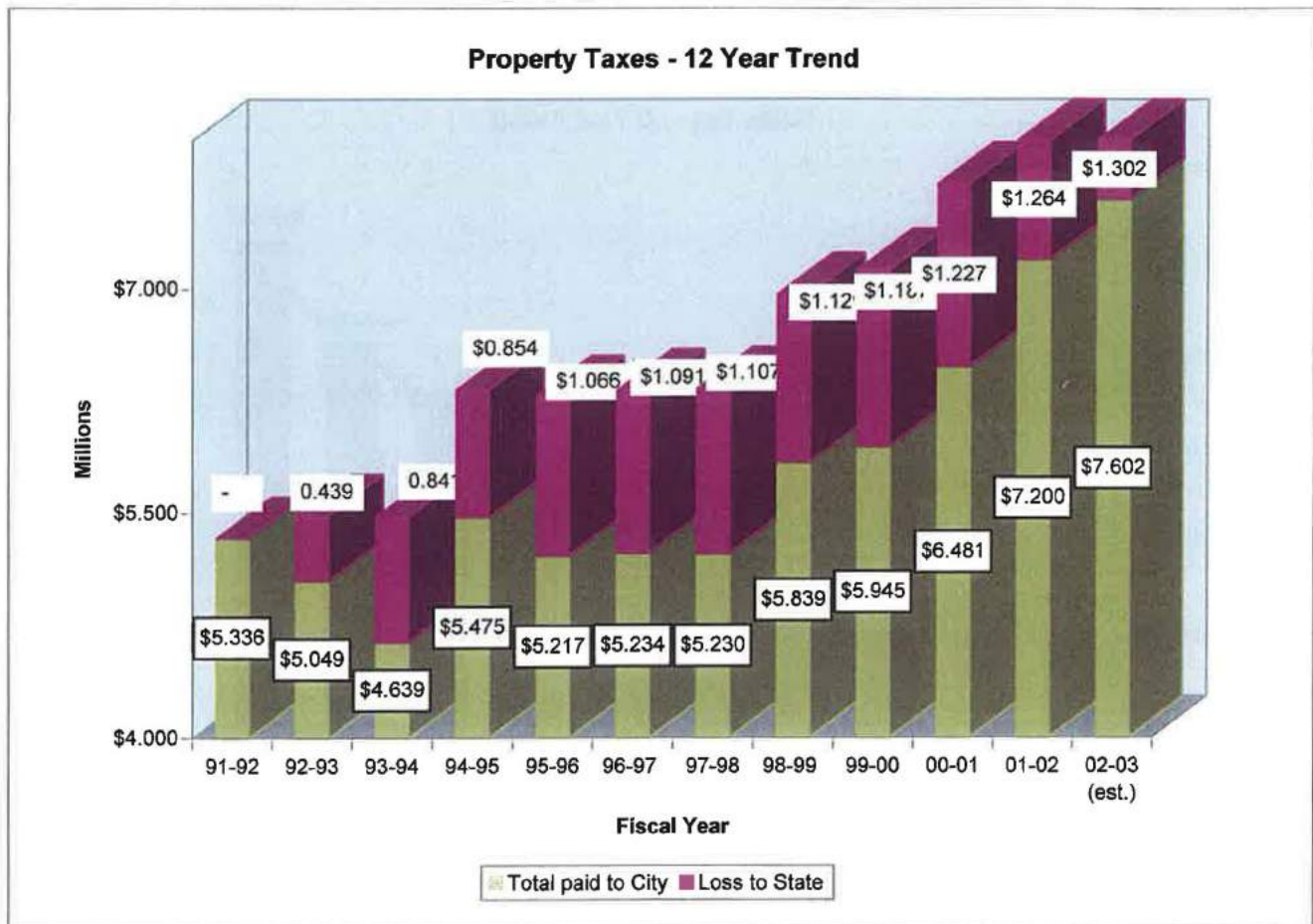


## PROPERTY TAX

**Description:** Property tax is imposed on real property (land and permanent improvements) as well as tangible personal property (furniture, fixtures and equipment). The general levy tax rate is 1% of assessed value, adjusted by an annual inflation factor not to exceed 2%. Property is assessed by the Marin County Assessor's office, except for certain public utility property which is assessed by the State Board of Equalization.

**Background:** Growth in property tax revenues is realized from either increased valuation occurring when property is sold and subsequently reassessed or from the 2% annual increase allowed under Proposition 13. Since 1992-93, the State has redirected 26% of local San Rafael taxes into its own budget. Beginning in 1994-1995, the City adopted the "teeter" plan which allows the City to receive 100% of its property tax, regardless of when the taxes are paid.

**Results:** The graph below takes on two elements. The first bar shows the actual and estimated 1% levy revenues for the City. The additional bar shows the amount of money lost to the State via tax redistribution. The City receives approximately 12% of each dollar net of redistribution to the State. The cumulative losses to the City from 1992-93 through 2001-02 total \$10,167,618 (per League of California City data). Property taxes continue to rise as recent development hits the assessor rolls and high demand to be in Marin County remains.

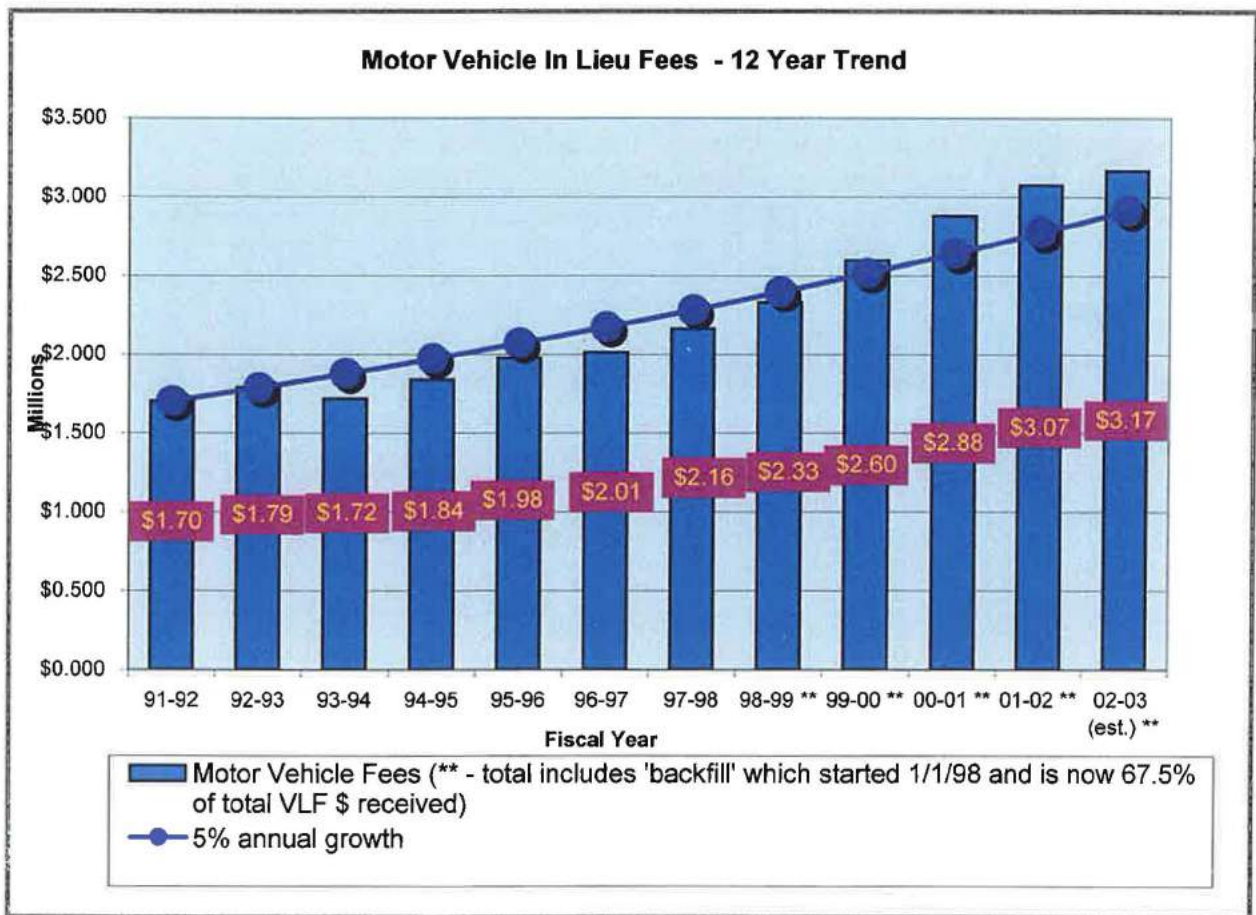


## MOTOR VEHICLE IN LIEU FEES

**Description:** A special license fee is imposed by the State on motor vehicles "in lieu" of property tax. The Motor Vehicle In Lieu Fees are paid by the registered owner of a vehicle. This fee is paid initially at the date of purchase on new or used vehicles. In second and subsequent years, it is remitted as part of the vehicle registration process.

**Background:** A two percent rate is applied to vehicle value annually in order to compute the fee paid by the registered owner. The 2% rate applies to the original sales value in the year of purchase. By State Statute, the valuation declines each year by 10% of the remaining value, leveling off at a 15% valuation factor in year 11. Of the total fees collected by the State, approximately 12% are distributed to cities. The State approved a reduction of 25% in the personal property tax to voters for calendar year 1999. An additional 10% rate reduction occurred January 1, 2000, and the final allowable trigger of 30.5% was completed in 2001. All tolled, this 67.5% tax reduction leaves the City at risk because the revenue is "backfilled" from State general fund revenues. This revenue remains unstable so long as State legislators have the ability to manipulate collection and distribution reductions during each year of the budget sessions.

**Results:** Modest increase in revenues are expected in the next two years. Sales of new and used vehicles should climb moderately, with prices moving close to cost of living indices. The new Chevrolet dealership in East San Rafael should add some overall car sales volume, and corresponding vehicle license fees to the City's coffers.

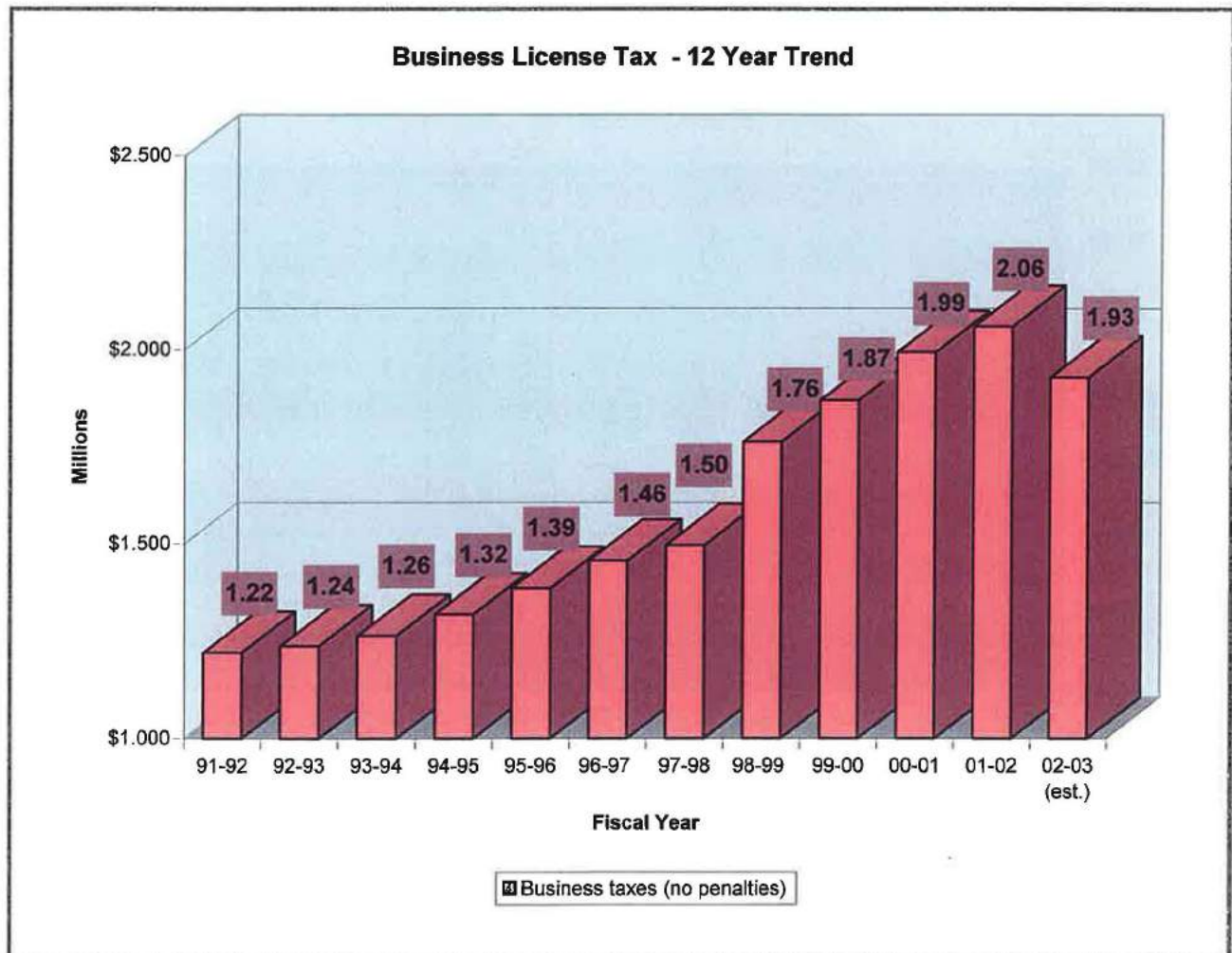


## BUSINESS LICENSE TAX

**Description:** Business License Tax is imposed on all business for the privilege of conducting business within the City. Most retail, wholesale, professional and service industries pay this tax on a gross receipts basis. A small portion of businesses pay a tax rate based upon the number of employees. Apartments pay a tax based upon the number of rental units.

**Background:** The tax rates are identified in Municipal Code Section 10.04, subject to indexing for inflation. The rates were last modified in 1991. Future rate restructuring would likely fall under Proposition 218 voter approval requirements. Estimated tax revenues are based upon a combination of inflation factors, business expansion and retention, turnover, desk and field audits.

**Results:** This source of revenues is sensitive to economic cycles. For the past several years, the strong economy has produced fairly strong growth in this source, particularly those businesses who pay licenses on a gross receipts basis. Beginning in 1998-99, a field audit position captured well over 200 new businesses that added to the increases in tax revenues. For 2001-2003, growth is mostly focused on new business identified via a number of external reference checking sources. Special project revenues added total dollars through 2001-2002.



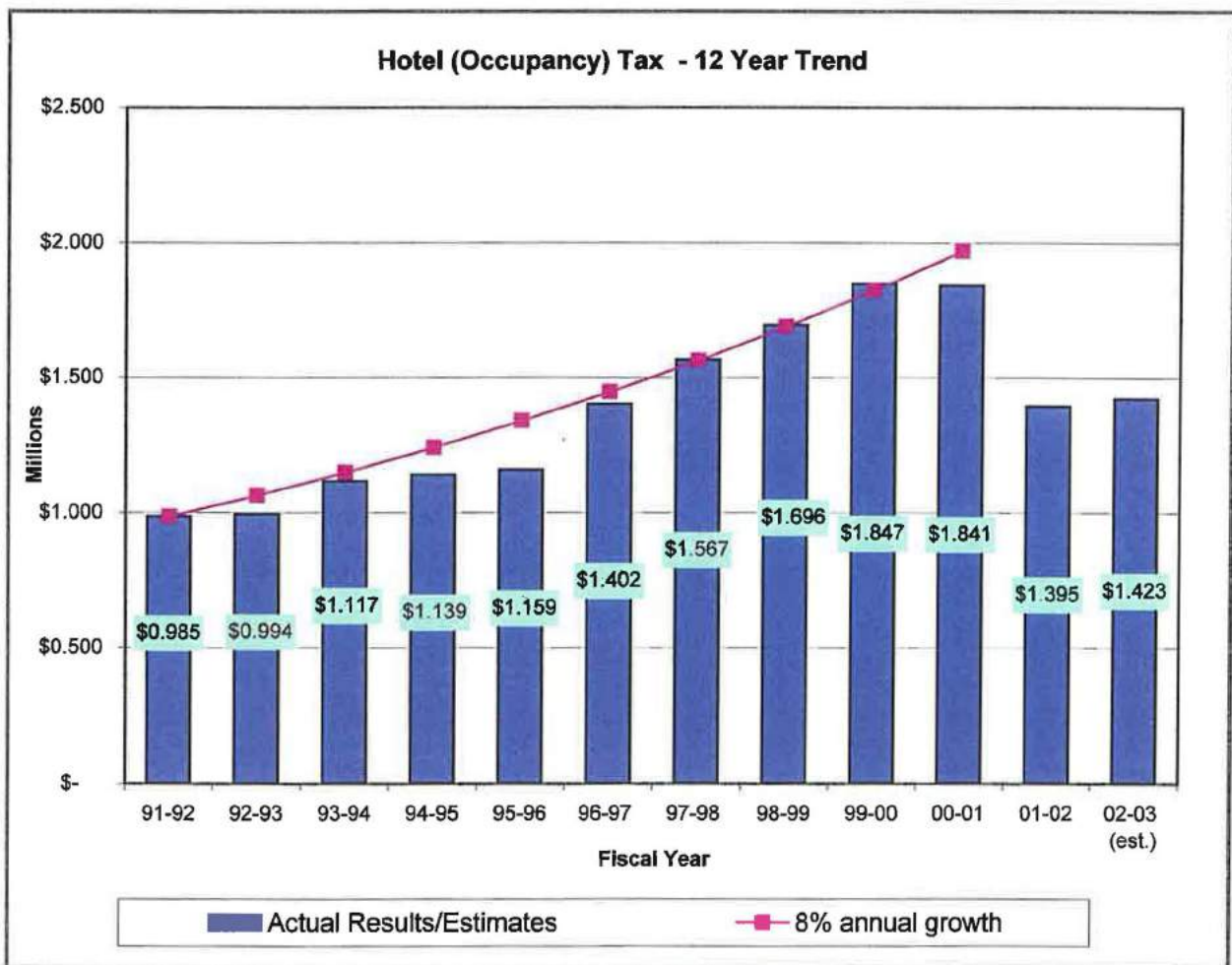


## HOTEL (OCCUPANCY) TAX

**Description:** Hotel tax, also referred to as occupancy tax, is imposed on occupants of hotels, inns, motels and other lodging facilities unless such occupancy is for a period of 30 or more days. The tax is applied to a customer's lodging bill. Taxes are remitted either monthly or quarterly for all approved lodging operators.

**Background:** The current hotel tax rate is 10%. It was last modified in 1988. Factors that influence this revenue source include room rates, occupancy levels, the number of rooms available for lodging, business retention, new business development and tourism. The City currently has 9 hotels/motels. These range in scope from a bed and breakfast inn all the way up to corporate chain facilities. The two largest hotels generate 83% of the total tax received by the City.

**Results:** For 1998-99, remodeling of the old Bermuda Palms into the Days Inn has translated into improved tax from this location. In 1999-00 the Wyndham was acquired by the Four Points Hotel. Occupancy rates started declining in 2001 when the business economy slowed. 9-11 created traveling fears, thereby resulting in a 24% decline in 2001-02. The development of a new Hilton Hotel is expected to add future hotel revenues in 2004.

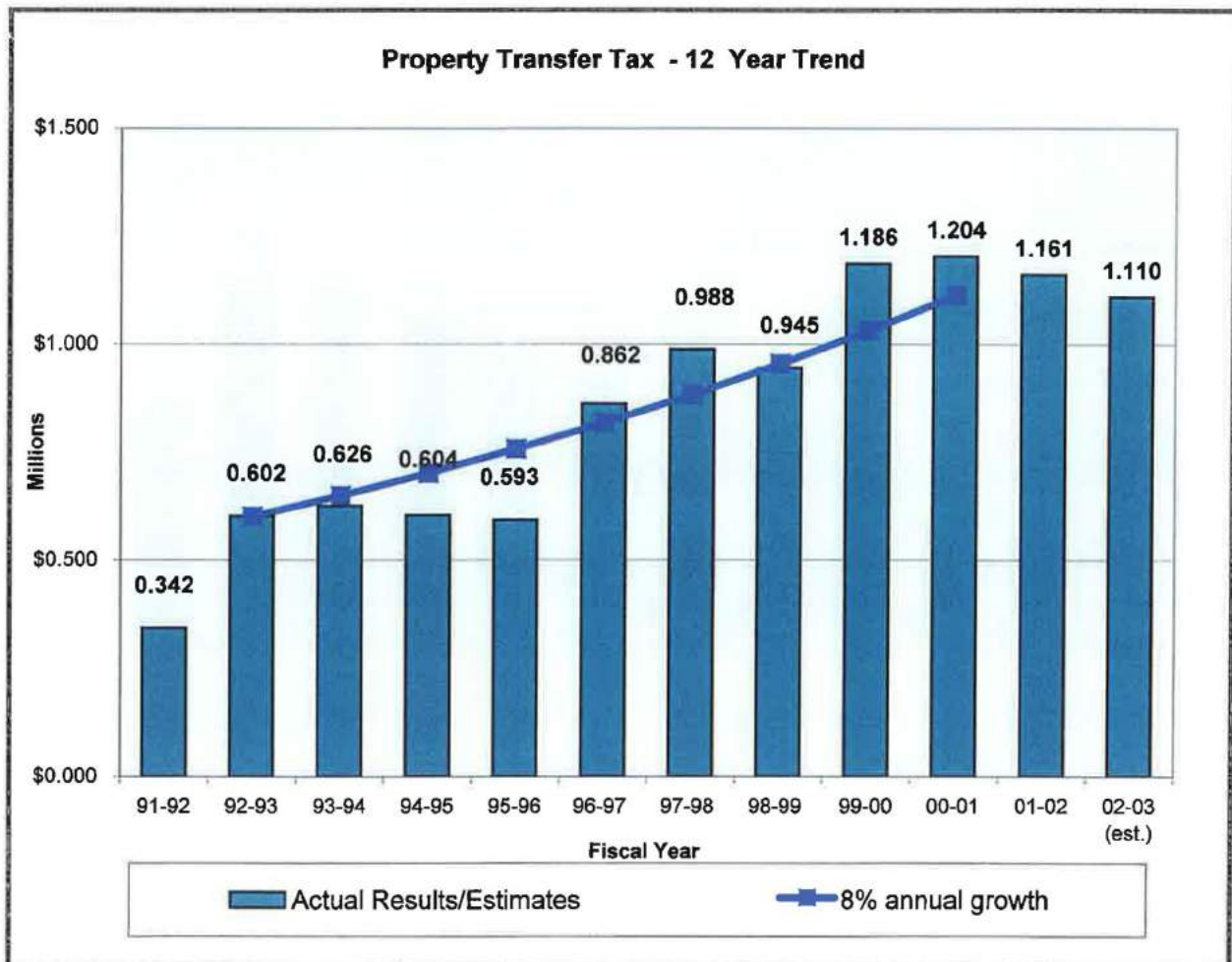


## PROPERTY TRANSFER TAX

**Description:** Property transfer tax is imposed on any conveyance of real property when a change in "deed" is filed with the County of Marin.

**Background:** The City's Real Property Transfer Tax regulations are laid out in Municipal Code Section 3.22. San Rafael's tax is imposed at the rate of two dollars for each thousand dollars or fractional part of one thousand dollars in sales value. This revenue source was last modified in 1990, resulting in an increase in rates from \$1.10 to \$2.00 per thousand dollars of value. This rate change is reflect in the chart below.

**Results:** This resource, like many tax revenues, is tied to the overall economic vitality of the City. A boom in market activity resulted in a 45% increase in 1996-97 over 1995-96. Likewise, 1997-98 was another banner year, up 15% over 1996-97. 1998-99 was 4% less due to limited housing stock available on the market. In 1999-00 and 2000-01, double digit increases in real estate values on pre-Proposition 13 properties that turned over and new commercial and office sites resulted in a large gains once again. For the 2001-2003 period, resources are expected to decline because of decreased volume in housing and real estate sales; values should rise slightly.

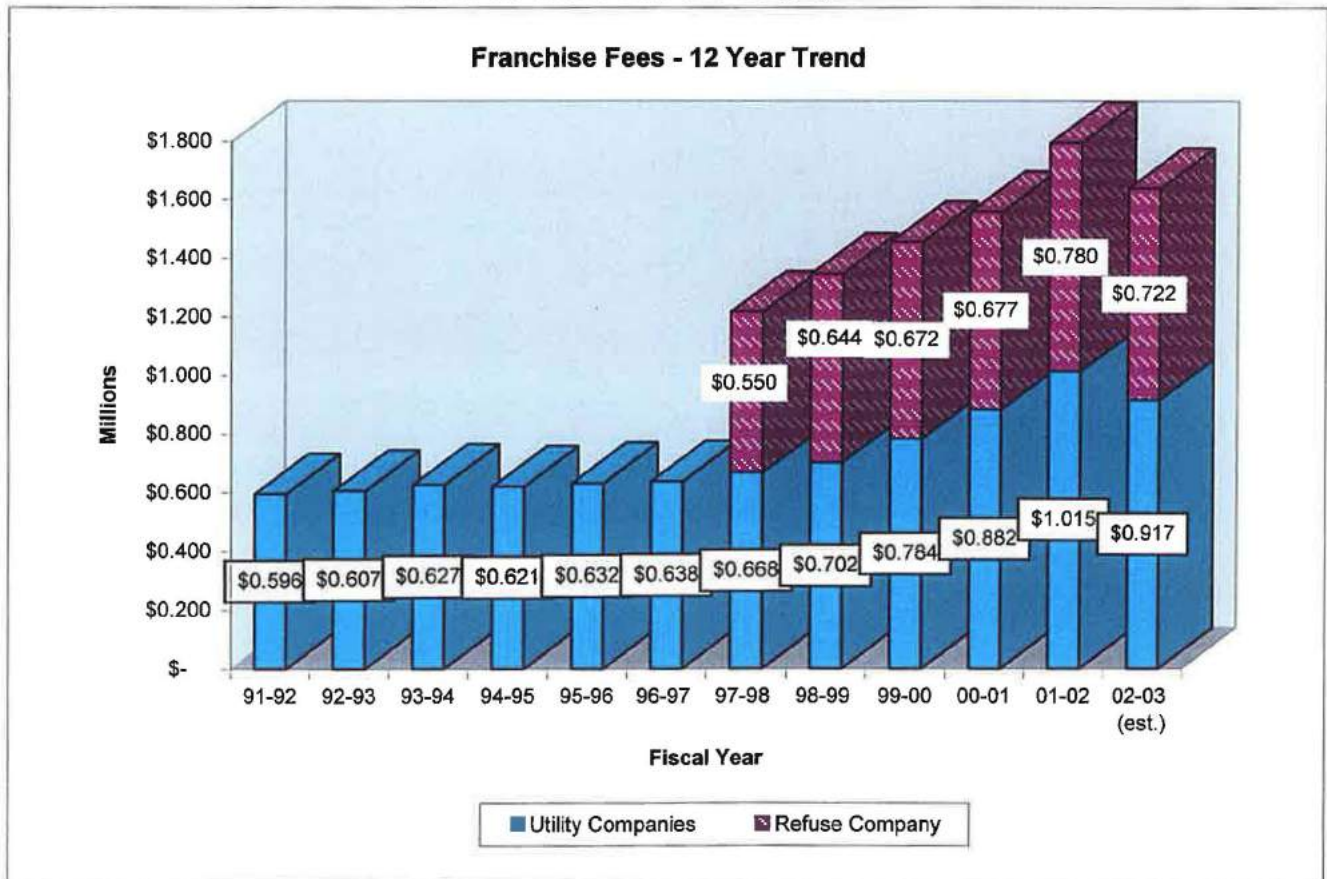


## FRANCHISE FEES

**Description:** San Rafael imposes a fee on the distribution and sales of public utility services. City Charter Article XIV provides regulations concerning franchised agencies and businesses. Currently, the City charges PG&E a franchise fee of 1% for gas and 1/2% for electricity. The local cable provider, AT&T, pays a 5% franchise fee on a quarterly basis to San Rafael.

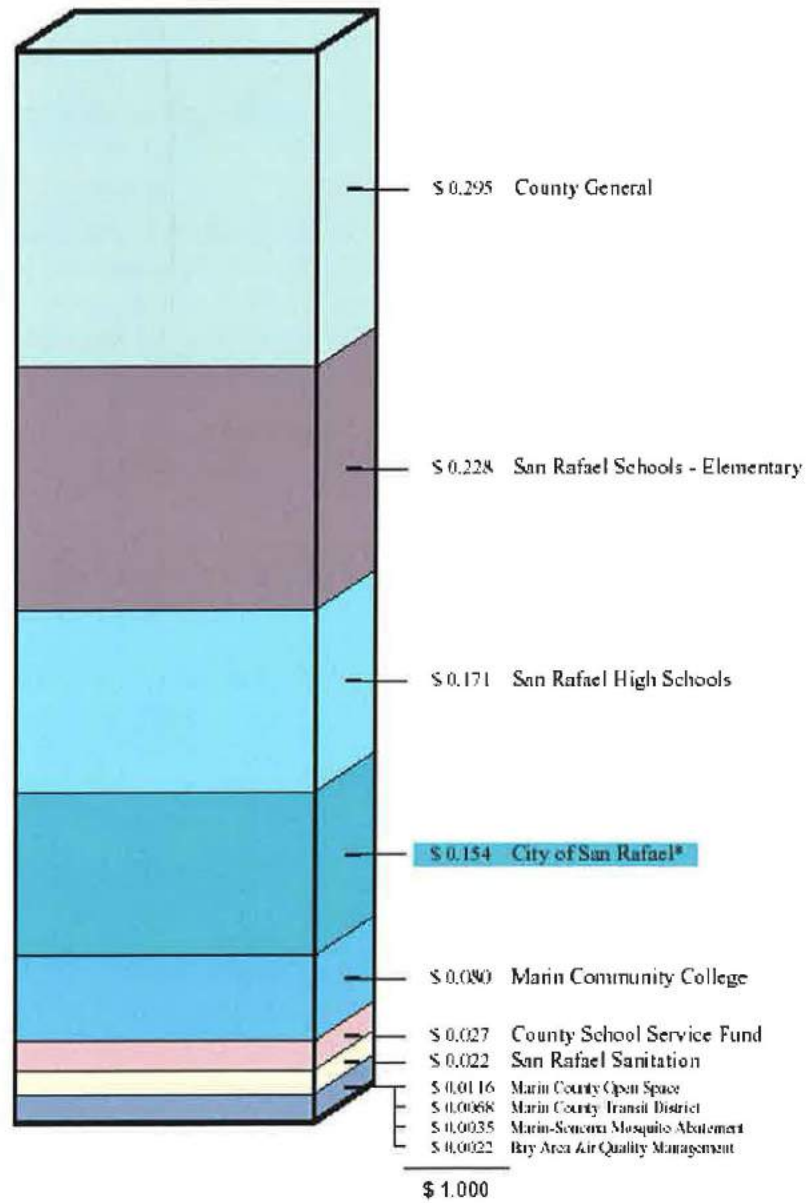
**Background:** In 1997, the City adopted a new franchisee fee for refuse services. The 10% rate is imposed on Marin Sanitary Service for refuse and recycling services provided in the franchisee's service area (all of the City except North San Rafael). For the other utilities, the current rates are applied to revenues generated within the City limits. Statewide utility deregulation is causing cities, including San Rafael, to see lower overall franchise fees from the major utility provider.

**Results:** The graph below takes on two elements. The first bar shows the franchise fees on utility companies only (PG&E and AT&T Cable). The second portion shows the new franchise fee for refuse that began in 1997-98. For the 2001- through 2003 period, the taxes on the refuse hauler increase due to service volume and additional customers. Fiscal year 2001-2002 represents two anomalies. Statewide electricity rate spikes in 2001 translated to higher than expected utility franchise revenues. back payments on local refuse hauler collections added new one time dollars to the refuse franchise category.



**CITY OF SAN RAFAEL  
 ALLOCATION OF \$1.00 OF PROPERTY TAX REVENUE  
 FISCAL YEAR 2001-2002**

**Property Tax Distribution**



Source: 2001-2002 HdL-Coren & Cone