

# City of San Rafael

San Rafael, California

*Basic Financial Statements  
and Independent Auditor's Report*

*For the year ended June 30, 2005*



**City of San Rafael**  
**Basic Financial Statements**  
**For the year ended June 30, 2005**

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## 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 financial statements of the governmental activities, the business-type activities, the discrete component unit, each major fund, and the aggregate remaining fund information of the City of San Rafael, California (City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these 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 basic financial statements, insofar as it relates to the amounts included for the District in the accompanying basic 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

As described in Note 1 to the basic financial statements, the City adopted Statement of the Governmental Accounting Standards Board No. 40, *Deposit and Investment Risk Disclosures (Amendment of GASB No. 3)*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2005, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Capricci & Carlson*

Oakland, California  
October 6, 2005

*Management's Discussion and Analysis*  
*Fiscal Year Ended June 30, 2005*

This analysis of the City of San Rafael's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those basic financial statements.

**FINANCIAL HIGHLIGHTS**

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**Government-Wide Highlights:**

*Net Assets* - The assets of the City exceeded its liabilities at fiscal year ending June 30, 2005 by \$221.7 million. Of this amount, \$16.1 million was reported as "unrestricted net assets" and may be used to meet the government's ongoing obligations to citizens and creditors.

*Expense Activities* - During the fiscal year the City's total expenses (\$73.3 million) exceeded revenues for governmental and business-type activities (\$71.9 million) by \$1.4 million. Excluding Depreciation (non-cash expense of \$6.4 million), collected revenues were \$5.0 million above expenses.

*Changes in Net Assets* - The City's total net assets decreased by \$1.4 million in fiscal year 2005. Net assets of governmental activities decreased by \$1.6 million, while net assets of the business type activities increased by \$.2 million.

**Fund Highlights:**

*Governmental Funds - Fund Balances*- As of the close of fiscal year 2005, the City's governmental funds reported combined ending fund balances of \$40.5 million, a decrease of \$3.2 million from the prior year. Of this total amount, \$29.0 million represents reserved fund balances and \$10.8 million is designated.

*General Fund* - The fund balance of the general fund on June 30, 2005 was \$8.2 million, an increase of \$2.5 million from the prior year. \$2.4 million was held in reserve, and \$5.7 million is designated to meet our 10% reserve requirement as defined by the City's Financial Management Policies.

**Long-Term Debt:**

The City's total outstanding debt decreased by \$1.9 million (3.2 percent) during the fiscal year, which reflects payment on outstanding assessment district bonds and Redevelopment debt.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

The basic financial statements include the City (primary government) and all legally separate entities (component units) for which the government is financially accountable. The City's component units consist of the following: The Redevelopment Agency of the City of San Rafael (Agency) and the San Rafael Joint Powers Financing Authority (Authority). These component units are, for practical purposes, departments of the City and have been included in the basic financial statements as an integral part of the primary government using the blended method.

This report also contains other supplementary information in addition to the basic financial statements for further information and analysis.



*Management's Discussion and Analysis*  
*Fiscal Year Ended June 30, 2005*

**Government-Wide Financial Statements**

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

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

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

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

In the *Statement of Net Assets* and the *Statement of Activities and Changes in Net Assets*, we separate the City activities as follows:

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

*Business-Type Activities*—The City charges a fee to customers to cover all or most of the costs of certain services it provides. The City's Parking Services program is reported as a business-type activity.

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

The government-wide financial statements can be found on pages 17 through 21 of this report.

**Fund Financial Statements and Major Component Unit Financial Statements**

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



*Management's Discussion and Analysis*  
*Fiscal Year Ended June 30, 2005*

The fund financial statements provide detail information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented in a single column. Further detail on the Non-major funds is presented on pages 86 through 93 of this report.

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

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

The City has twenty-eight governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's three major funds are - the General Fund, Redevelopment Agency, and Traffic and Housing Mitigation. Data from the other twenty-five governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 25 through 30 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 86 through 93 of this report.

**Proprietary Funds** - The City maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Parking Services program. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, building maintenance, radio systems, personal computer replacement program, self-insurance for worker's compensation, dental and public liability, and employee benefits programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 31 through 34 of this report.

**CITY OF SAN RAFAEL**

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2005**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 74 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. One section includes budgetary comparison statements for the major funds (general, redevelopment agency, and traffic and housing mitigation). The other section is a schedule of funding progress for the Marin County Employees' Retirement System. All budgeted positions that are filled by either full-time or permanent part-time employees (working seventy-five percent of full time equivalent) are eligible to participate in this system. Required supplementary information can be found on pages 75 through 80 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets**

Net assets are a good indicator of the City's financial position. During this fiscal year, net assets of the City were \$221.7 million, which is a decrease of \$1.4 million from the prior year.

The following is the condensed Statement of Net Assets for the fiscal years ended June 30, 2004 and 2005.

City of San Rafael Statements of Net Assets June 30, (Amounts in Millions)						
	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2005	2004		2005	2004	
<b>Assets:</b>						
Current assets	\$ 55.8	\$ 54.5	\$ 1.3	\$ 2.1	\$ 1.6	\$ 0.5
Capital assets, net	216.4	216.2	0.2	16.2	16.1	0.1
<b>Total assets</b>	<b>272.2</b>	<b>270.7</b>	<b>1.5</b>	<b>18.3</b>	<b>17.7</b>	<b>0.6</b>
<b>Liabilities:</b>						
Current liabilities	12.5	7.5	5.0	0.3	0.1	0.2
Long-term liabilities	48.5	50.4	(1.9)	7.5	7.3	0.2
<b>Total liabilities</b>	<b>61.0</b>	<b>57.9</b>	<b>3.1</b>	<b>7.8</b>	<b>7.4</b>	<b>0.4</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	194.7	200.3	(5.6)	8.6	8.8	(0.2)
Restricted	2.4	2.7	(0.3)	-	-	-
Unrestricted	14.1	9.8	4.3	1.9	1.5	0.4
<b>Total net assets</b>	<b>\$ 211.2</b>	<b>\$ 212.8</b>	<b>\$ (1.6)</b>	<b>\$ 10.5</b>	<b>\$ 10.3</b>	<b>\$ 0.2</b>

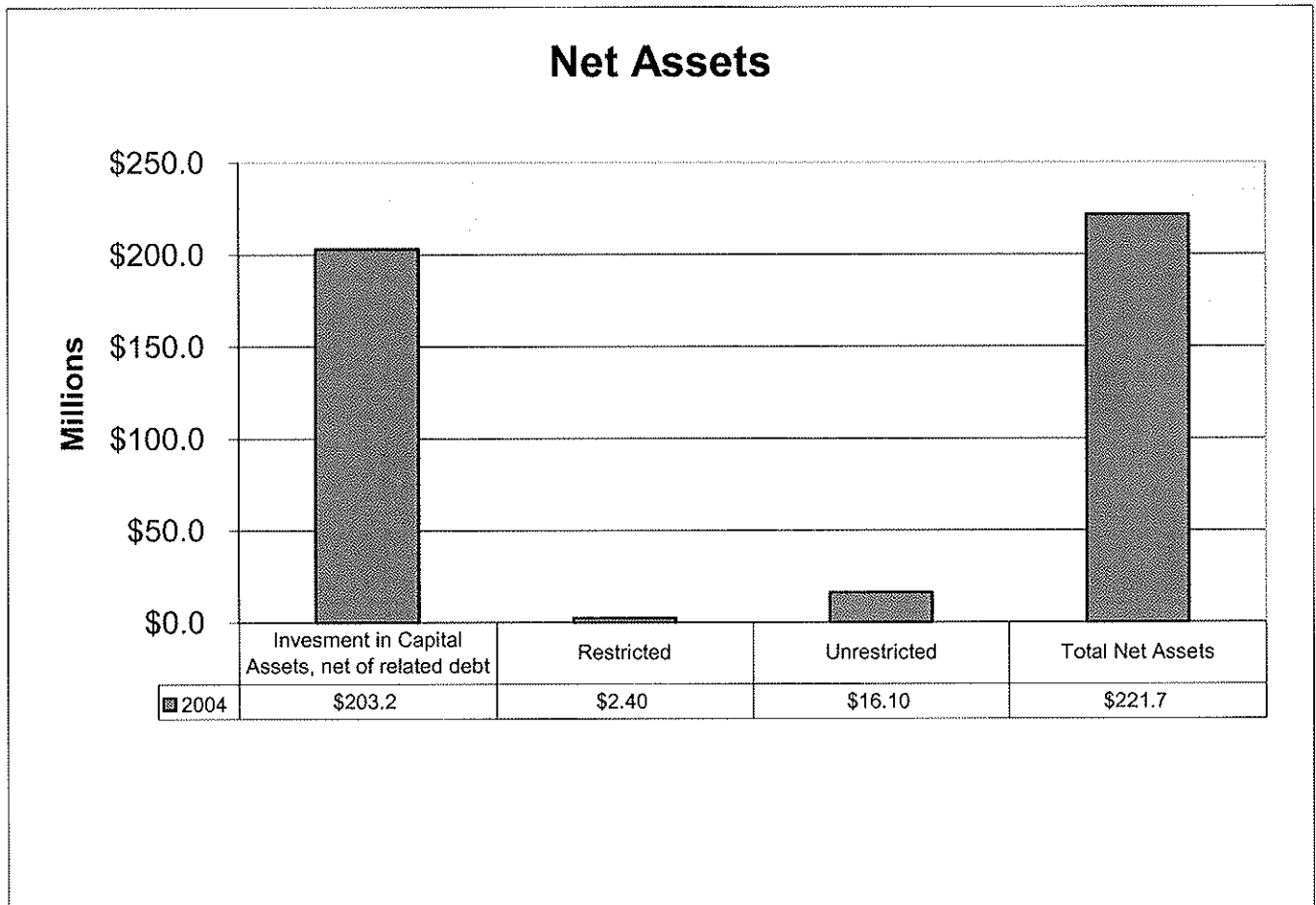
**CITY OF SAN RAFAEL**

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2005**

At June 30, 2005, the largest portion of net assets (92.2 percent) consists of the City's investment in capital assets net of related debt. This component portrays the total amount of funds required to acquire those assets less any related debt used for such acquisition that is still outstanding. The City uses these capital assets to provide services to citizens. The decrease in total net assets from 2003-2004 to 2004-2005 is largely attributable to a prior period adjustment for an overstatement of construction in progress (\$1.8 million) from the prior fiscal year. Not including the prior period adjustment, total depreciation for this current year was \$6.4 million, while capital asset acquisition totaled \$6.9 million, leaving a net change (increase) of \$0.3 million.

The capital assets of the City are not sources of income for repayment of debt as most assets are not revenue generating and generally are not liquidated to repay debt. Therefore, debt service payments are funded from other sources available to the City. A portion of the City's net assets (1.1 percent) is subject to restrictions imposed by external parties and their use is determined by those restrictions and agreements. The remainder of net assets, \$16.1 million, may be used to meet the City's ongoing operations.

For the year ended June 30, 2005, the City reported positive balances in all three categories of net assets for governmental activities. Business-type activities reported positive net assets in capital and unrestricted net assets.



**CITY OF SAN RAFAEL**

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2005**

**Statement of Activities**

The following is the condensed Statement of Activities and Changes in Net Assets for the fiscal years ended June 30, 2004 and 2005:

City of San Rafael						
Statements of Activities and Changes in Net Assets						
For the Fiscal Years Ended June 30,						
(Amounts in Millions)						
	Governmental Activities		Increase	Business-Type Activities		Increase
	2005	2004	(Decrease)	2005	2004	(Decrease)
<b>Revenues:</b>						
Program revenues	\$ 19.3	\$ 18.2	\$ 1.1	\$ 2.6	\$ 2.3	\$ 0.3
General revenues	50.0	44.7	5.3	-	-	-
<b>Total revenues</b>	<u>69.3</u>	<u>62.9</u>	<u>6.4</u>	<u>2.6</u>	<u>2.3</u>	<u>0.3</u>
<b>Expenses</b>	<u>70.8</u>	<u>67.5</u>	<u>3.3</u>	<u>2.4</u>	<u>1.4</u>	<u>1.0</u>
Change in net assets before transfers	(1.5)	(4.6)	3.1	0.2	0.9	(0.7)
Transfers	-	0.1	<u>\$ (0.1)</u>	-	(0.1)	<u>\$ 0.1</u>
<b>Net Assets:</b>						
Beginning	212.7	217.2		10.3	9.5	
Ending	<u>\$ 211.2</u>	<u>\$ 212.7</u>		<u>\$ 10.5</u>	<u>\$ 10.3</u>	

**Governmental Activities:**

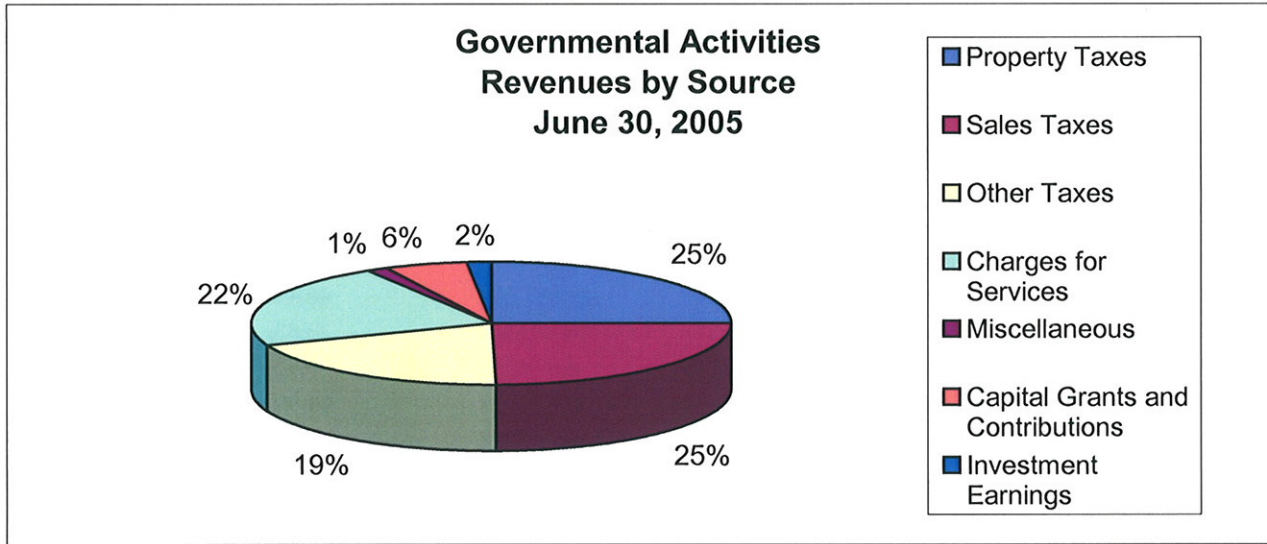
The City's governmental activities decreased net assets by \$1.5 million, which represents a .7% decrease from last year. Key elements of this change were as follows:

*Revenue highlights:*

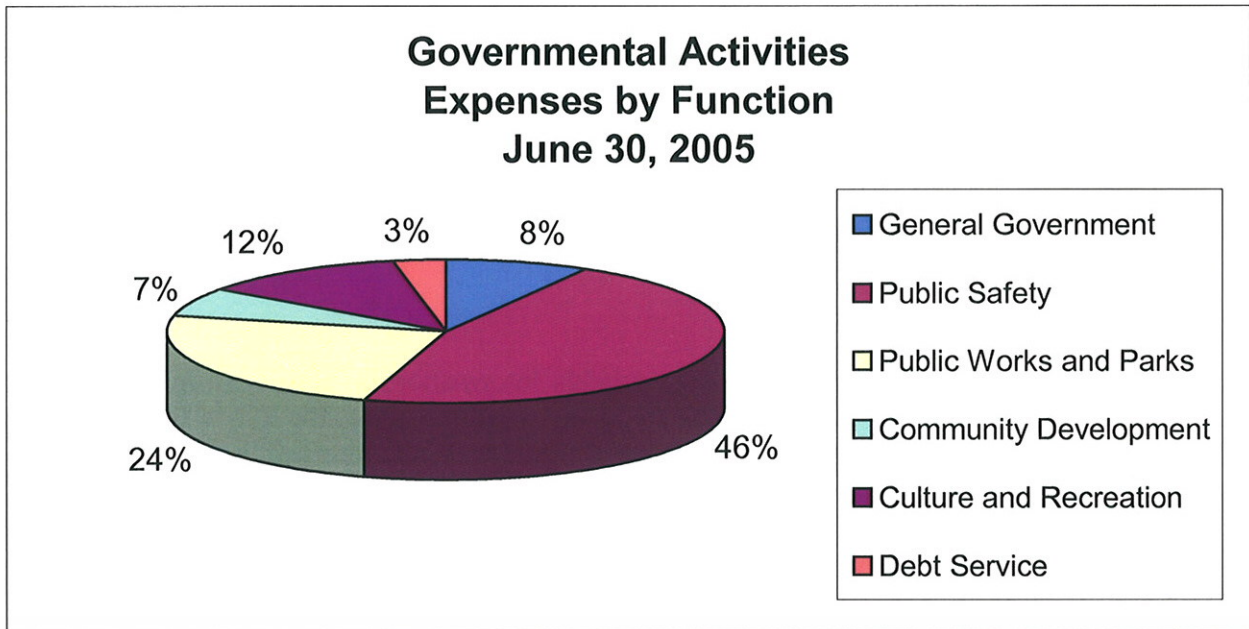
- Property Tax revenues increased by \$2.5 million or 16.7 percent in fiscal year 2005 due to excess property tax revenues, also known as "excess ERAF", higher assessed property values, and new construction netted against the State's take away with the passage of Proposition 1A.
- Sales tax revenues decreased by \$0.03 million or approximately 0.2 percent compared to fiscal year 2004. Although sales tax revenues have been relatively flat on consumer retail and business related activity in the City, the State also reduced the sales tax revenues distributed to the local governments from 1 percent to 0.75 percent. The State will replace the 0.25 percent difference with revenues from property taxes. This amount also known as the "triple flip" is recorded and reported as sales tax.
- Motor vehicle revenues increased by \$2.2 million or approximately 86.6 percent compared to fiscal year 2004. The increase is due to the classification of the State's backfill for vehicle license fee (VLF) which is classified with VLF for FY2004-2005 but will be considered property tax revenues in future years and from the proceeds from the sale of the VLF loan receivable.
- Investment income, which is a combination of interest earnings and change in fair value of investments, increased by \$0.3 million, or approximately 37.5 percent over the prior fiscal year. Interest earnings were higher due to the interest recorded for the Tax and Revenue Anticipation Note.

Management's Discussion and Analysis  
 Fiscal Year Ended June 30, 2005

Governmental Activities - Revenues:



Governmental Activities - Expenses:



Total expenses for governmental activities were \$68.6 million (not including interest on long-term debt of \$2.1 million). Program revenues offset total expenditures as follows:

- Those who directly benefited from programs contributed \$15.3 million in charges for services.
- A total of \$1.2 million in capital projects was funded by outside agencies through capital grants and contributions.

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**CITY OF SAN RAFAEL**

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***Management's Discussion and Analysis***  
***Fiscal Year Ended June 30, 2005***

As a result, total expenditures that were funded by tax revenues; investment income and other general revenues were \$52.1 million.

Functional expenses for the years ended June 30, 2005 were as follows:

Expenses by Function  
For the fiscal year ended June 30, 2005

Function	Amount	Percent of Total
General Government	\$ 5,895,390	8.3%
Public Safety	32,891,692	46.4%
Public works and parks	16,820,453	23.8%
Community development	4,624,345	6.5%
Culture and recreation	8,450,017	11.9%
Interest on Debt	2,129,818	3.0%
<b>Total Expenses</b>	<b>\$ 70,811,715</b>	<b>100.0%</b>

**Business-Type Activities:**

Net assets for business-type activities were \$10.5 million, an increase of \$0.2 million from the prior fiscal year. Parking services is the City's only business type activity and income is derived from program revenues of \$2.6 million. Program revenues include parking meter coin at \$1.1 million, and parking garage hourly parking at \$0.2 million. Revenues also include parking and non-vehicle code fines totaling \$1.1 million and \$0.2 million for garage parking permits. Total expenses for parking services were \$2.5 million during fiscal year 2004-2005.

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS**

**Governmental Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48.5 million. Approximately, \$0.5 million of this amount constitutes unreserved and undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been legally committed.

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

At the end of the current fiscal year, unreserved fund balance of the general fund was \$5.8 million, while total fund balance reached \$8.2 million. \$5.7 million is held as part of the 10 percent reserve for emergencies and cash flow cycles as defined in San Rafael's Financial Management Policies. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14.1 percent of total general fund expenditures including transfers out, while total fund balance represents 20.1 percent of that same amount.

***Management's Discussion and Analysis***  
***Fiscal Year Ended June 30, 2005***

The available fund balance of the City's general fund increased by \$1.5 million during the current fiscal year. This increase resulted from:

- Vehicle license fee backfill and sale of the vehicle license fee loan.
- Passage of Proposition 1A in November 2004 reduces property taxes for two years. This loss combined with the greater than expected excess Educational Revenue Augmentation Fund revenue netted an increase of property tax.

***Redevelopment Agency Fund*** - The Redevelopment Agency is responsible for assisting in the clearance and rehabilitation of areas determined to be in a declining condition in the City. The Agency's operations are funded primarily by the issuance of debt, which is expected to be repaid out of property tax increment revenue generated by increased in property assessed values in the redevelopment areas.

The Redevelopment Agency Capital Project Fund was established to account for capital improvement projects related to the various redevelopment areas. At the end of fiscal year 2005, the reserved fund balance was \$13.2 million, a decrease of \$4.8 million from the prior year. Expenditures exceeded revenues by \$4.8 million. The decrease is primarily related to \$5.4 million in expenditures for capital improvement projects including the 3<sup>rd</sup> and C Street parking structure and the Pickleweed Community Center expansion. The entire fund balance as of June 30, 2004 was reserved for future capital project and housing programs.

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As discussed in the business-type activities previously, the City's net assets increased by \$.2 million as a result of operations in the Parking Services fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended budget totaled \$40.7 million, including an increase of \$180,135 to the originally adopted budget. The amendments can be briefly summarized as follows:

1. Increases (decreases) in the following budgets:

○ General Government	\$181,343
○ Public Safety	15,616
○ Public Works and Parks	(71,652)
○ Community Development/Redevelopment	37,452
○ Culture and Recreation	17,376

During the year, however, revenues exceeded budgetary estimates and expenditures exceeded the final budgetary estimate. Overall, revenues exceeded expenditures by \$5.0 million. Transfers out exceeded transfers in by \$2.5 million.



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**CITY OF SAN RAFAEL**

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**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2005**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$232.6 million, net of accumulated depreciation of \$86.5 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The total additions to the City's investment in capital assets for the current fiscal year was \$4.5 million, net of retirements and a prior period adjustment for an overstatement of construction in progress.

Major capital asset additions during the current fiscal included a land purchase, construction of a parking structure, work in process on a community center expansion and dispatch center, purchase of twelve vehicles, and roadway improvements.

**Capital Projects**

- The Pickleweed Community Center expansion and renovation project is well under way with the expected completion in the summer of 2006.
- Although construction of the 3<sup>rd</sup> and C Street Parking Structure was halted for a time due to the default of the original general contractor, construction resumed and the facility opened in June 2005. Final settlement issues with the surety company will be resolved in the next fiscal year.

Additional information on the City's capital assets can be found in Note 5 on pages 53 through 56 of this report.

**Debt Administration**

As of June 30, 2005, the City had outstanding debt issues as listed below. Not included in the following table is the Community Facilities District No.1 Special Tax Bond, which is backed by property tax levies against property owners. The City has no obligation for these bonds. Certain specific revenues back each of the City's other bonds or General Fund lease payments and carry respectable ratings. The City's long-term obligations for the fiscal years 2004 and 2005 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue Bonds	\$ 1.7	\$ 2.3	\$ 7.6	\$ 7.6	\$ 9.3	\$ 9.9
Bonds	0.3	0.5	-	-	0.3	0.5
Tax Allocation Bonds	41.5	43.2	-	-	41.5	43.2
Redevelopment note	0.2	0.2	-	-	0.2	0.2
Capitalized Leases	0.5	0.7	-	-	0.5	0.7
Compensated Absences	5.0	4.1	-	-	5.0	4.1
<b>Total Outstanding Debt</b>	<b>\$ 49.2</b>	<b>\$ 51.0</b>	<b>\$ 7.6</b>	<b>\$ 7.6</b>	<b>\$ 56.8</b>	<b>\$ 58.6</b>

*Management's Discussion and Analysis*  
*Fiscal Year Ended June 30, 2005*

**ECONOMIC CLIMATE AND NEXT YEAR'S BUDGET**

The budget adopted in June 2005 projected a General Fund deficit in excess of \$3.4 million for fiscal year 2005-2006. The General Fund continues to suffer a structural deficit problem. Key action items to bring the budget in balance are listed below:

- ❖ Given the sluggish sales tax growth, State tax shifts, and cost of employee compensation, reserves will be drawn down to close the deficit projections for FY2005-2006.
- ❖ The Fleet Advisory Board provided \$250,000 of relief from the Vehicle Replacement Fund for another year.
- ❖ The net proceeds from the sale of the VLF Loan Receivable as part of a statewide pool were added to reserves in FY2004-2005. This sum will be part of the reserves drawn down to balance the budget.
- ❖ Excess property taxes, also known as excess ERAF, will be used to close the gap for FY2005-2006. All cities in the State are required to help pay for schools via property tax redistributions in the early nineties. Marin County agencies have hit the ceiling under defined formulas, creating an excess. Currently, a large portion is being returned to all Marin taxing agencies. Future amounts may subject to redirection or other state mandates.
- ❖ Once again, the Mayor and all of the City Council members chose to contribute to the budget challenges by foregoing 10 percent of their monthly stipends for the coming year.

Although passage of Proposition 1A in November 2004 protects local tax revenues from realignments or Legislative actions beginning in fiscal year 2006-2007, there is a two-year statewide hit (\$1.3 billion per annum for fiscal year 2004-2005 and fiscal year 2005-2006. The City's share of this hit is \$993,000 for each year for the two years. The formula for taking these local revenues is based upon looking at our tax bases compared to statewide totals. Formulas are weighted 1/3 from sales tax, 1/3 from property tax and the remaining 1/3 from vehicle license fees. Actual revenue losses come from VLF revenues. Added pain is caused by the VLF rate being permanently reduced from 2.0 percent to 0.65 percent and relying on State backfilling, via property taxes, to make up the difference.

*Beyond fiscal year 2005-2006*

In November 2005, the citizens of San Rafael passed Measure S with a 70 percent voter approval. Although this passage of a .50 percent transaction and use tax will become operative on April 1, 2006, the actual funds will not be seen until September 2006. The effects of this tax will not be significant until fiscal year 2006-2007. Fiscal year 2005-2006 appears to have flat growth for sales tax; fiscal year 2006-2007 will bring some good news with the added revenue from Best Buy. Property taxes, the most stable source of City funding, are projected to grow five percent and there is no further loss thanks to Proposition 1A.

Future expenditures projections to be considered include rising health costs, retirement costs, ADA compliance costs and funds for infrastructure

**REQUEST FOR INFORMATION**

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

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# BASIC FINANCIAL STATEMENTS

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of San Rafael**  
**Statement of Net Assets**  
**June 30, 2005**

	Primary Government			Discrete Component Unit
	Governmental Activities	Business-Type Activities	Total	San Rafael Sanitation District
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 37,810,048	\$ 2,014,871	\$ 39,824,919	\$ 6,435,022
Restricted cash and investments:				
Held by fiscal agents	8,539,681	1,203	8,540,884	481,376
Receivables:				
Accounts	2,965,766	58,223	3,023,989	-
Taxes	4,560,891	-	4,560,891	-
Grants	924,016	-	924,016	-
Interest	335,569	-	335,569	38,036
Loans	651,587	-	651,587	-
Prepaid expenses	-	-	-	34,848
Total current assets	<u>55,787,558</u>	<u>2,074,297</u>	<u>57,861,855</u>	<u>6,989,282</u>
Noncurrent assets:				
COP issuance costs, net	-	-	-	50,571
Capital assets:				
Nondepreciable assets	90,530,502	8,942,101	99,472,603	2,663,962
Depreciable assets, net	<u>125,860,431</u>	<u>7,278,382</u>	<u>133,138,813</u>	<u>21,228,973</u>
Total capital assets	<u>216,390,933</u>	<u>16,220,483</u>	<u>232,611,416</u>	<u>23,892,935</u>
Total noncurrent assets	<u>216,390,933</u>	<u>16,220,483</u>	<u>232,611,416</u>	<u>23,943,506</u>
Total assets	<u>272,178,491</u>	<u>18,294,780</u>	<u>290,473,271</u>	<u>30,932,788</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	3,171,430	85,503	3,256,933	118,546
Deposit payable	29,646	-	29,646	-
Interest payable	319,823	86,392	406,215	57,873
Developer bonds payable	83,282	-	83,282	-
Arbitrage payable	25,127	-	25,127	-
Deferred revenue	166,810	1,898	168,708	-
TRANS notes payable	4,245,000	-	4,245,000	-
Insurance claims payable - due within one year	1,827,459	-	1,827,459	-
Long-term debt - due within one year	<u>2,655,315</u>	<u>150,000</u>	<u>2,805,315</u>	<u>365,000</u>
Total current liabilities	<u>12,523,892</u>	<u>323,793</u>	<u>12,847,685</u>	<u>541,419</u>
Long-term liabilities:				
Compensated absences	5,037,555	-	5,037,555	-
Insurance claims payable - due in more than one year	1,887,205	-	1,887,205	-
Long-term debt - due in more than one year	<u>41,525,445</u>	<u>7,455,000</u>	<u>48,980,445</u>	<u>2,824,860</u>
Total long-term liabilities	<u>48,450,205</u>	<u>7,455,000</u>	<u>55,905,205</u>	<u>2,824,860</u>
Total liabilities	<u>60,974,097</u>	<u>7,778,793</u>	<u>68,752,890</u>	<u>3,366,279</u>
<b>NET ASSETS</b>				
Investments in capital assets, net of related debt	194,658,126	8,615,483	203,273,609	20,753,646
Restricted	2,378,641	-	2,378,641	426,901
Unrestricted	<u>14,167,627</u>	<u>1,900,504</u>	<u>16,068,131</u>	<u>6,385,962</u>
Total net assets	<u>\$ 211,204,394</u>	<u>\$ 10,515,987</u>	<u>\$ 221,720,381</u>	<u>\$ 27,566,509</u>

See accompanying Notes to Basic Financial Statements

**City of San Rafael**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2005**

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 5,895,390	\$ 1,831,269	\$ 17,371	\$ -	\$ 1,848,640
Public safety	32,891,692	4,315,141	929,205	-	5,244,346
Public works and parks	16,820,453	3,298,076	1,497,956	135,176	4,931,208
Community development/redevelopment	4,624,345	1,974,527	195	623,574	2,598,296
Culture and recreation	8,450,017	3,924,360	876,408	(152,161)	4,648,607
Interest on long-term debt (unallocated)	2,129,818	-	-	-	-
<b>Total governmental activities</b>	<b>70,811,715</b>	<b>15,343,373</b>	<b>3,321,135</b>	<b>606,589</b>	<b>19,271,097</b>
<b>Business-type activity:</b>					
Parking services	2,451,941	2,604,066	-	-	2,604,066
<b>Total primary government</b>	<b>\$ 73,263,656</b>	<b>\$ 17,947,439</b>	<b>\$ 3,321,135</b>	<b>\$ 606,589</b>	<b>\$ 21,875,163</b>
<b>Component unit:</b>					
San Rafael Sanitation District	\$ 5,288,582	\$ 6,060,993	\$ -	\$ -	\$ 6,060,993

**General revenues:**

Taxes:

Property taxes

Sale taxes

Special assessments

Motor vehicles

Other

Total taxes

Investment earnings

Miscellaneous

Aid from other governmental agencies

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year, as restated

Net assets - end of year

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Discrete Component Unit
Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
\$ (4,046,750)	\$ -	\$ (4,046,750)	\$ -
(27,647,346)	-	(27,647,346)	-
(11,889,245)	-	(11,889,245)	-
(2,026,049)	-	(2,026,049)	-
(3,801,410)	-	(3,801,410)	-
(2,129,818)	-	(2,129,818)	-
(51,540,618)	-	(51,540,618)	-
-	152,125	152,125	-
(51,540,618)	152,125	(51,388,493)	-
-	-	-	772,411
17,385,722	-	17,385,722	125,959
17,132,100	-	17,132,100	-
3,642,184	-	3,642,184	-
4,657,817	-	4,657,817	-
5,151,205	-	5,151,205	-
47,969,028	-	47,969,028	125,959
1,112,548	28,522	1,141,070	117,348
876,907	-	876,907	-
-	40,735	40,735	609,419
15,720	(15,720)	-	-
49,974,203	53,537	50,027,740	852,726
(1,566,415)	205,662	(1,360,753)	1,625,137
212,770,809	10,310,325	223,081,134	25,941,372
\$ 211,204,394	\$ 10,515,987	\$ 221,720,381	\$ 27,566,509

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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*General Fund* - Accounts for all financial resources and transactions except those required to be accounted for in other funds.

*Redevelopment Agency Fund* - Consist of five funds; 1) the 1999 Agency Bonds Funds, 2) the 2002 Agency Bonds Funds, and 3) the RDA Capital Improvement Fund are for improvement projects. Additionally, there are 4) Project Administration Fund and 5) the Housing Fund.

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



**City of San Rafael**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	Major Funds				
	General	Redevelopment Agency	Special Revenue Fund		Total Governmental Funds
			Traffic and Housing Mitigation	Non-Major Governmental Funds	
<b>ASSETS</b>					
Cash and investments	\$ 4,117,782	\$ 8,660,533	\$ 9,323,808	\$ 8,895,674	\$ 30,997,797
Cash with fiscal agents	4,330,746	3,776,552	-	432,383	8,539,681
Receivables:					
Accounts	279,136	1,043,725	-	830,784	2,153,645
Taxes	3,409,581	1,007,366	-	143,944	4,560,891
Grants	-	88,679	-	835,337	924,016
Interest	231,240	104,329	-	-	335,569
Loans	338,194	225,536	82,857	21,726	668,313
Due from other funds	340,579	-	-	-	340,579
<b>Total assets</b>	<b>\$ 13,047,258</b>	<b>\$ 14,906,720</b>	<b>\$ 9,406,665</b>	<b>\$ 11,159,848</b>	<b>\$ 48,520,491</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 487,335	\$ 1,698,351	\$ 12,165	\$ 932,505	\$ 3,130,356
Deposit Payable	29,646	-	-	-	29,646
Developer bonds payable	56,782	25,000	-	1,500	83,282
Arbitrage payable	-	25,127	-	-	25,127
Due to other funds	-	-	-	340,579	340,579
Deferred revenue	5,934	-	-	210,262	216,196
TRANS notes payable	4,245,000	-	-	-	4,245,000
<b>Total liabilities</b>	<b>4,824,697</b>	<b>1,748,478</b>	<b>12,165</b>	<b>1,484,846</b>	<b>8,070,186</b>
<b>Fund Balances:</b>					
Reserved	2,442,881	13,158,242	9,311,643	4,129,672	29,042,438
Unreserved:					
Designated	5,726,216	-	-	5,109,719	10,835,935
Undesignated, reported in:					
Major funds	53,464	-	82,857	-	136,321
Non-major funds reported in:					
Special revenue funds	-	-	-	435,611	435,611
<b>Total fund balances</b>	<b>8,222,561</b>	<b>13,158,242</b>	<b>9,394,500</b>	<b>9,675,002</b>	<b>40,450,305</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,047,258</b>	<b>\$ 14,906,720</b>	<b>\$ 9,406,665</b>	<b>\$ 11,159,848</b>	<b>\$ 48,520,491</b>

See accompanying Notes to Basic Financial Statements.

**City of San Rafael**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**June 30, 2005**

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Total Fund Balances - Total Governmental Funds	\$ 40,450,305
Amounts reported for governmental activities in the Statement of Net Assets were different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Capital assets were adjusted as follows:	
Non-depreciable	90,530,502
Depreciable, net	<u>125,860,431</u>
Total capital assets	<u>216,390,933</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	<u>(319,823)</u>
Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Assets.	<u>3,901,294</u>
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.	
Compensated absences	(5,037,555)
Long-term debt	<u>(44,180,760)</u>
Total long-term liabilities	<u>(49,218,315)</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 211,204,394</u></u>

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**City of San Rafael**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2005**

	Major Funds				
	General	Redevelopment Agency	Special Revenue Fund		Total Governmental Funds
			Traffic and Housing Mitigation	Non-Major Governmental Funds	
<b>REVENUES:</b>					
Taxes and special assessments	\$ 34,658,293	\$ 4,574,447	\$ -	\$ 3,668,780	\$ 42,901,520
Licenses and permits	920,754	-	-	9,239	929,993
Fines and forfeitures	1,066,374	-	-	22,085	1,088,459
Use of money and property	641,566	315,672	122,097	165,071	1,244,406
Intergovernmental	6,649,752	623,574	26,500	3,222,269	10,522,095
Charges for services	1,722,137	6,825	159,244	9,519,416	11,407,622
Other revenue	260,786	426,360	-	448,339	1,135,485
<b>Total revenues</b>	<b>45,919,662</b>	<b>5,946,878</b>	<b>307,841</b>	<b>17,055,199</b>	<b>69,229,580</b>
<b>EXPENDITURES:</b>					
Current:					
General government	5,325,389	-	-	213,802	5,539,191
Public safety	25,917,593	-	52,820	5,814,459	31,784,872
Public works and parks	5,438,931	-	-	3,855,488	9,294,419
Community development/ redevelopment	2,185,765	1,577,849	-	-	3,763,614
Culture and recreation	1,476,912	-	-	6,061,695	7,538,607
Capital outlay	77,543	-	844,828	104,896	1,027,267
Capital improvement/special projects	352,409	5,599,561	-	3,301,691	9,253,661
Debt service:					
Capitalized lease obligation	141,197	-	-	-	141,197
Principal	-	1,725,000	-	860,000	2,585,000
Interest and fiscal charges	-	1,842,081	-	298,592	2,140,673
<b>Total expenditures</b>	<b>40,915,739</b>	<b>10,744,491</b>	<b>897,648</b>	<b>20,510,623</b>	<b>73,068,501</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,003,923</b>	<b>(4,797,613)</b>	<b>(589,807)</b>	<b>(3,455,424)</b>	<b>(3,838,921)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	1,858,560	2,665,354	-	4,112,630	8,636,544
Transfers out	(4,337,110)	(2,659,964)	-	(743,250)	(7,740,324)
<b>Total other financing sources (uses)</b>	<b>(2,478,550)</b>	<b>5,390</b>	<b>-</b>	<b>3,369,380</b>	<b>896,220</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>2,525,373</b>	<b>(4,792,223)</b>	<b>(589,807)</b>	<b>(86,044)</b>	<b>(2,942,701)</b>
<b>FUND BALANCES:</b>					
Beginning of year, as restated	5,697,188	17,950,465	9,984,307	9,761,046	43,393,006
End of year	\$ 8,222,561	\$ 13,158,242	\$ 9,394,500	\$ 9,675,002	\$ 40,450,305

See accompanying Notes to Basic Financial Statements.

# City of San Rafael

## Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2005

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Net Change in Fund Balances - Total Governmental Funds \$ (2,942,701)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay including capital improvement/special projects as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 6,602,238

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (6,371,532)

Expenses for compensated absences accrued but not paid are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, compensated absences are not reported as expenditures in governmental funds. This amount represents current compensated absences expense incurred. (889,928)

Bond proceeds and proceeds from long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.

This amount represents long-term debt repayments	2,585,000
This amount represents capitalized lease obligation payments	141,197
Total long-term debt	<u>2,726,197</u>

Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. The following amount represents the change in accrued interest from prior year. 10,855

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities. (701,544)

Change in Net Assets of Governmental Activities \$ (1,566,415)

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# PROPRIETARY FUND FINANCIAL STATEMENTS

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*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**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2005**

	Major Fund	Discrete Component Unit	Governmental Activities
	Parking Services	San Rafael Sanitation District	Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 2,014,871	\$ 6,435,022	\$ 6,812,251
Cash with fiscal agent	1,203	481,376	-
Receivables:			
Accounts	58,223	-	839,781
Interest	-	38,036	-
Loans	-	-	5,000
Due from other fund	-	-	797,883
Prepaid expenses	-	34,848	-
Total current assets	<u>2,074,297</u>	<u>6,989,282</u>	<u>8,454,915</u>
Noncurrent assets:			
COP issuance costs, net	-	50,571	-
Capital assets:			
Nondepreciable assets	8,942,101	2,663,962	-
Depreciable assets, net	7,278,382	21,228,973	-
Total capital assets	<u>16,220,483</u>	<u>23,892,935</u>	<u>-</u>
Total noncurrent assets	<u>16,220,483</u>	<u>23,943,506</u>	<u>-</u>
Total assets	<u>18,294,780</u>	<u>30,932,788</u>	<u>8,454,915</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	85,503	118,546	41,074
Interest payable	86,392	57,873	-
Due to other funds	-	-	797,883
Insurance claims payable	-	-	3,714,664
Deferred revenue	1,898	-	-
Long-term debt - due within one year	150,000	365,000	-
Total current liabilities	<u>323,793</u>	<u>541,419</u>	<u>4,553,621</u>
Long-term liabilities:			
Long-term debt - due in more than a year	7,455,000	2,824,860	-
Total liability	<u>7,778,793</u>	<u>3,366,279</u>	<u>4,553,621</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	8,615,483	20,753,646	-
Restricted	-	426,901	-
Unrestricted	1,900,504	6,385,962	3,901,294
Total net assets	<u>\$ 10,515,987</u>	<u>\$ 27,566,509</u>	<u>\$ 3,901,294</u>

See accompanying Notes to Basic Financial Statements.



**City of San Rafael**  
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**Proprietary Funds**  
**For the year ended June 30, 2005**

	Major Fund	Discrete Component Unit	Governmental
	Parking Services	San Rafael Sanitation District	Activities Internal Service Funds
<b>OPERATING REVENUES:</b>			
Charges for current services	\$ 1,448,059	\$ 6,011,052	\$ 5,569,281
Refunds	-	-	426,511
Connection fees	-	49,941	-
Other operating revenues	1,156,007	-	934,116
Total operating revenues	<u>2,604,066</u>	<u>6,060,993</u>	<u>6,929,908</u>
<b>OPERATING EXPENSES:</b>			
Personnel	1,351,206	-	-
Insurance premiums and claims	-	-	3,030,078
Maintenance and repairs	250,655	-	459,285
Sewage collection	-	1,695,422	-
Sewage treatment	-	2,337,375	-
Depreciation and amortization	55,270	923,123	-
General and administrative	362,852	181,428	3,359,351
Total operating expenses	<u>2,019,983</u>	<u>5,137,348</u>	<u>6,848,714</u>
<b>OPERATING INCOME (LOSS)</b>	<u>584,083</u>	<u>923,645</u>	<u>81,194</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Property taxes	-	125,959	-
Aid from governmental agencies	-	609,419	-
Investment income	28,522	117,348	97,762
Interest expense	(431,958)	(167,884)	-
Total nonoperating revenues	<u>(403,436)</u>	<u>684,842</u>	<u>97,762</u>
<b>INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>180,647</u>	<u>1,608,487</u>	<u>178,956</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Contribution from other City funds	40,735	16,650	-
Transfers in	141,500	-	722,000
Transfers out	(157,220)	-	(1,602,500)
Total other financing sources (uses)	<u>25,015</u>	<u>16,650</u>	<u>(880,500)</u>
Net income (loss)	205,662	1,625,137	(701,544)
<b>RETAINED EARNINGS:</b>			
Beginning of year, as restated	10,310,325	25,941,372	4,602,838
End of year	<u>\$ 10,515,987</u>	<u>\$ 27,566,509</u>	<u>\$ 3,901,294</u>

See accompanying Notes to Basic Financial Statements.

**City of San Rafael**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2005**

	Major Fund	Discrete Component Unit	Governmental
	Parking Services	San Rafael Sanitation District	Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers/other funds	\$ 1,781,990	\$ 6,060,993	\$ 7,411,930
Cash payments to suppliers for goods and services	(1,604,810)	(708,153)	(8,272,359)
Other operating revenues	793,155	(3,446,126)	-
<b>Net cash provided (used) by operating activities</b>	<b>970,335</b>	<b>1,906,714</b>	<b>(860,429)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Property taxes	-	125,959	-
Aid from governmental agencies	-	609,419	-
Transfers in	141,500	-	722,000
Transfers out	(157,220)	-	(1,602,500)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(15,720)</b>	<b>735,378</b>	<b>(880,500)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>			
Cash paid for capital acquisitions	(147,288)	(2,664,632)	-
Interest received from certificates of participation principal cash	-	9,124	-
Principal payments on certificates of participation	-	(350,000)	-
Interest expenses and fiscal charges	(345,567)	(145,020)	-
<b>Net cash provided (used) by capital financing activities</b>	<b>(492,855)</b>	<b>(3,150,528)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income	28,522	92,799	97,762
<b>Net cash provided (used) by investing activities</b>	<b>28,522</b>	<b>92,799</b>	<b>97,762</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>490,282</b>	<b>(415,637)</b>	<b>(1,643,167)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	1,525,792	7,332,035	8,455,418
End of year	<u>\$ 2,016,074</u>	<u>\$ 6,916,398</u>	<u>\$ 6,812,251</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>			
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 584,083	\$ 923,645	\$ 81,194
Prior period adjustment	349,427	-	-
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	55,270	923,123	-
Changes in operating assets and liabilities:			
Accounts receivable	(15,496)	-	(145,452)
Loans receivable	-	-	5,000
Prepaid items	-	(2,876)	-
Due to/from other funds	-	-	(175,409)
Accounts payable	(2,704)	66,759	(2,402)
Connection fees	-	(3,937)	-
Insurance claims payable	-	-	(623,360)
Deferred revenue	(245)	-	-
Total adjustments	<u>36,825</u>	<u>983,069</u>	<u>(941,623)</u>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 970,335</b>	<b>\$ 1,906,714</b>	<b>\$ (860,429)</b>

See accompanying Notes to Basic Financial Statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**City of San Rafael**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2005**

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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 basic 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 unit, 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 separate entities are, in substance, part of the City's operations and are, therefore, blended into the City's basic 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 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 capital assets and long-term debt) are reported in the Fund Financial Statements. The Agency's capital assets and long-term debt are reported with the Governmental Activities in the Government-Wide Financial Statements.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

**A. Reporting Entity, Continued**

**Blended Component Units, Continued**

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 reported in the Fund Financial Statements. The Agency's capital assets and long-term debt are reported with the Governmental Activities in the Government-Wide Financial Statements.

**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 basic 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.

**B. Basis of Accounting and Measurement Focus**

The accounts of the City are organized on the basis of funds, 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 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.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. A Discretely Presented Component Unit Activities column is presented after the total column. Fiduciary Activities of the City are not included in these statements.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

*B. Basis of Accounting and Measurement Focus, Continued*

The Government-Wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to, Due from other funds
- Transfers in, transfer out

*Governmental Fund Financial Statements*

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. 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.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

***B. Basis of Accounting and Measurement Focus, Continued***

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

*Proprietary Fund Financial Statements*

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds.

Columns representing a discretely presented component unit and internal service funds are also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Change in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

***C. Interest Payable***

In the government-wide financial statements, interest payable of long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the fund financial statements, governmental fund types recognize the interest expenditures on long-term debt when payment is due. In the propriety fund types the interest payable is recognize when the liability is incurred.

***D. Use of Restricted and Unrestricted Net Assets***

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

*E. Cash, Cash Equivalents and Investments*

The City pools cash resources of its various funds to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold of current investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. The pooled interest earned is allocated quarterly to each fund based on an average of quarterly opening and closing balances of cash and investments.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturity of three months or less from the date of acquisition.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

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.

*F. 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.



**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

*G. 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

*H. 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.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

**H. Taxpayer-Assessed Taxes Accrual, Continued**

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.

**I. Capital Assets**

Capital assets, which include land, land improvements, buildings and structures, machinery and equipment, and infrastructure assets (e.g. bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated.

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

General Capital Assets	\$5,000 - \$50,000
Infrastructure Capital Assets	\$25,000 - \$250,000

For capital assets, depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and Improvements	20 - 25 years
Machinery and Equipment	4 - 15 years
Infrastructure	15 - 50 years

GASB Statement No. 34 requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included the value of all infrastructure capital assets into its Basic Financial Statements using the Basic Approach for infrastructure reporting.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

*I. Capital Assets, Continued*

The City defines infrastructure capital assets as the basic physical assets that allow the City to function. The assets include:

- Bridges
- Street system
- Roadways
- Storm Drain System

Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, and traffic control devices (signs, signals and pavement markings). These subsystems were not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line method using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost. Interest accrued during construction of capital assets, if any, is capitalized for the business-type activities and proprietary funds as part of the asset cost.

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 estimated useful lives of the related capital asset. Depreciation is computed using the straight-line method over the useful lives of the assets.

A summary of the estimated useful lives of the capital 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

*J. Long-Term Lease Accounting*

Capital 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 activity.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

*K. 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 the current fiscal year is recorded as a liability in the governmental activities of the Governmental-Wide Financial Statements. Effective July 2001, the requirement that employees hired before October, 1979 be eligible for a portion of unused sick leave was eliminated. No expenditure was recorded for these amounts.

*L. Claims and Judgments*

Claims and judgments are recognized as expenditures when it is probable that the liability has been incurred and the amount of the loss can be reasonably estimated. The expenditures are accounted for in the internal service funds.

*M. 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, 2005, based on calculations by the 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.

*N. Use of Estimates*

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

*O. Net Assets/Fund Balance*

**Government-Wide Financial Statements**

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets" as defined above.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

*O. Net Assets/Fund Balance, Continued*

**Fund Financial Statements**

Reservations of fund balances of governmental funds and net assets of proprietary funds are created to either satisfy legal covenants including State laws, that require a portion of the fund equity be segregated, or identify the portion of the fund equity not available for future expenditures.

*P. Reclassification*

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

*Q. Implementation of New GASB Pronouncements*

In 2005, the City adopted a new accounting standard in order to conform to the following Governmental Accounting Standards Board Statements:

- Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)* - The Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The Statement requires certain disclosures of investments to address the different risk factors.

**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 \$1,900,782 at June 30, 2005. Bank balances at June 30, 2005 were \$3,373,976 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.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**2. CASH AND INVESTMENTS, Continued**

*A. Cash Deposits, Continued*

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.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

*B. Investments*

The City is authorized by State statutes and in accordance with the City's Investment Policy (the Policy), adopted on April 18, 2005, to invest in the following:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Government Obligation	5 years	No limit	No limit
U.S. Agency Securities and Instrumen	5 years	No limit	No limit
Repurchase agreements	1 year	No limit	No limit
Primer Commercial Paper	270 days	25%	\$1,000,000
Banker Acceptance	180 days	40%	\$2,000,000
Medium-Term Corporate Notes	5 years	30%	\$1,000,000
Negotiable Certificates of Deposit	5 years	30%	No limit
Non-negotiable certificates of Deposit	180 days	No limit	No limit
Local Agency Investment Fund	N/A	N/A	N/A
Money Market/Mutual Funds	N/A	10%	N/A

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment income in all funds and component units:

Interest income	\$ 1,212,674
Unrealized loss in changes in fair value of investments	<u>(100,126)</u>
<b>Total investment income</b>	<b><u>\$ 1,112,548</u></b>

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**2. CASH AND INVESTMENTS, Continued**

*B. Investments, Continued*

The City portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates have risen, the portfolio value will have declined. If interest rates have fallen, the portfolio value will have risen. In accordance with GASB Statement No. 31, the portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. The City's policy is to buy and hold investments until maturity dates.

The City's investments are carried at fair value as required by generally accepted accounting principles.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2005, include 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 Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2005, the City had \$28,147,377 invested in LAIF, which had invested 2.406% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 0.997747553 was used to calculate the fair value of the investments in LAIF.

*C. Summary of Cash and Investments*

The following is a summary of cash and investments at June 30, 2005:

	Government-Wide Statement of Net Assets		
	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 37,810,048	\$ 2,014,871	\$ 39,824,919
Restricted Cash and Investments	\$ 8,539,681	\$ 1,203	\$ 8,540,884
<b>Total Cash and Investments</b>			<b>\$ 48,365,803</b>

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**2. CASH AND INVESTMENTS, Continued**

*D. Risk Disclosures*

*Interest Risk:* Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City's portfolio not to exceed five years.

Investments stated at fair value held in the City Treasury grouped by maturity date at June 30, 2005, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Deposits	\$ 1,900,782	\$ 1,900,782	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Bill	494,850	494,850	-	-	-	-
Securities of U.S. Government Treasury and Agencies:						
FHLB	3,504,262	498,100	-	990,500	2,015,662	-
FNMA	2,515,548	531,148	987,450	996,950	-	-
FHLMC	1,995,400	-	999,500	-	496,100	499,800
FFCB	248,800	-	-	-	-	248,800
Corporate Notes:						
Bank One Corp	507,600	507,600	-	-	-	-
Bear Sterns	510,300	510,300	-	-	-	-
Local Agency Investment Funds	28,147,377	28,147,377	-	-	-	-
<b>Total</b>	<b>\$ 39,824,919</b>	<b>\$ 32,590,157</b>	<b>\$ 1,986,950</b>	<b>\$ 1,987,450</b>	<b>\$ 2,511,762</b>	<b>\$ 748,600</b>

*Liquidity Standard:* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy shall be matched with anticipated cash flow and known future liabilities.

*Credit Risk.* Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. According to the City's investment policy, no more than 10% of the total portfolio or \$1,000,000 whichever is less, may be invested in securities of any single issuer, other than the U.S. Government, its agencies and instrumentalities, and LAIF. If a security is downgraded by either Moody's or S&P to a level below the minimum quality required by the City, it shall be the City's policy to sell that security as soon as practicable.



**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**2. CASH AND INVESTMENTS, Continued**

*D. Risk Disclosures, Continued*

At June 30, 2005, the City had the following deposits and investments:

	Credit Quality Ratings	
	Moody's	S&P
Deposits	Not Rated	
U.S. Treasury Bills	Aaa	AAA
Securities of U.S. Government Agencies:		
FHLB	Aaa	AAA
FNMA	Aaa	AAA
FHLMC	Aaa	AAA
FFCB	Aaa	AAA
Corporate Notes:		
Bank One Corp	Aa3	A+
Bear Sterns	A1	A
Local Agency Investment Funds	Not Rated	

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

*E. Cash and Investments with Fiscal Agents*

The funds deposited with fiscal agents can be held in cash or invested in various securities. The fiscal agents 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, 2005, cash and investments with fiscal agents totaling \$8,540,884 were recorded at fair value.

*F. 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. 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, 2005. The Fitch credit quality rating for the Marin County Pool at June 30, 2005 was AAA/V1+.

The District's investment in these pools do not represent specific securities in physical or book entry form, and accordingly, are not exposed to custodial credit risk.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**2. CASH AND INVESTMENTS, Continued**

*F. Component Unit – Sanitation District Cash and Investments, Continued*

Cash and investments at June 30, 2005, consisted of the following:

Cash and investments	\$ 6,916,323
Petty cash	75
<b>Total</b>	<b>\$ 6,916,398</b>
Unrestricted cash:	
Cash	\$ 6,435,022
Restricted cash:	
Certificates of participation	481,376
<b>Total</b>	<b>\$ 6,916,398</b>

**3. LOANS RECEIVABLE**

The City had the following loans receivable at June 30, 2005:

	Government- Wide Financial Statements		
	Governmental Activities	Fund Financial Statements	
		Governmental Funds	Internal Service Funds
Loan to City Manager	\$ 321,289	\$ 321,289	\$ -
Employees' Computer Loans	16,905	16,905	-
Centertown Associates	225,536	225,536	-
One "H" Street Associates	82,857	82,857	-
Marin Bocce Federation	-	-	-
Marin Housing Development	-	-	-
Muir Terrance Homes	-	21,726	-
ORCA Swim Club	5,000	-	5,000
<b>Total</b>	<b>\$ 651,587</b>	<b>\$ 668,313</b>	<b>\$ 5,000</b>

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 a Deed of Trust. The principal and interest are payable monthly commencing September 1, 1996 through August 31, 2026. The outstanding balance at June 30, 2005 was \$321,289.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**3. LOANS RECEIVABLE, Continued**

Effective February 1, 2000, the City agreed to loan employees up to \$2,500 for the purchase of computer hardware and software. 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. The outstanding balance at June 30, 2005 was \$16,905.

The City loaned Centertown Associates, Ltd. \$303,000 with 3% interest rate due semiannually. The final payment is due on July 31, 2065. The outstanding balance at June 30, 2005 was \$225,536.

The City loaned One "H" Street Associates \$100,000 with 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. The outstanding balance at June 30, 2005 was \$82,857.

In April 1996, Muir Terrace Homes entered into agreement with the City to defer all development fee payments except the Traffic Mitigation fee which 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 at June 30, 2005 was \$21,726. In the Government-Wide Financial Statements, the receivable and deferred revenues are eliminated.

On February 19, 2002 the City of San Rafael entered into an agreement with the ORCA Swim Club to purchase new competitive swim equipment for the Club. The Club will reimburse the City for \$18,000 of the equipment cost. \$3,000 was paid off by the Club in September 2002, and the remaining balance at June 30, 2004 of \$10,000 will be paid in full during the calendar year 2005 in two equal annual installments. The outstanding balance at June 30, 2005 was \$5,000.

The City entered into 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 by June 30 of each year in the amount of \$5,000. The outstanding balance at June 30, 2004 was \$25,000. In the Government-Wide Financial Statements, the receivable and deferred revenues are eliminated. \$5,000 was paid off by the Federation during the period, the remaining loan was forgiven by Council on March 21, 2005.

The City entered into an interest fee loan with Marin Housing Development in the amount of \$100,000. All principal and interest shall be due on January 30, 2005. The outstanding balance at June 30, 2004 was \$90,173. The loan was forgiven on March 7, 2005.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**4. INTERFUND TRANSACTIONS**

**A. Due To/From Other Funds**

At June 30, 2005, the City had the following due to/from other funds:

	Due From Other Funds		
	General Fund	Internal Service Funds	Total
Due To Other Funds			
Non-major Governmental Funds	\$ 340,579	\$ -	\$ 340,579
Internal Service Funds	-	797,883	797,883
<b>Total</b>	<b>\$ 340,579</b>	<b>\$ 797,883</b>	<b>\$ 1,138,462</b>

**B. Transfers**

Transfers for the year ended June 30, 2005, were as follows:

	Transfers In					
	Major Funds		Non-Major Governmental Funds	Proprietary Funds		Total
	General Fund	Redevelopment Agency		Parking Service Enterprise Funds	Internal Service Funds	
	Fund	Agency	Funds	Funds	Funds	
Major Funds:						
General Fund	\$ -	\$ -	\$ 3,637,110	\$ -	\$ 700,000	\$ 4,337,110
Redevelopment Agency	-	2,659,964	-	-	-	2,659,964
Non-Major Governmental Funds	279,750	5,390	294,610	141,500	22,000	743,250
Parking Services Enterprise Fund	112,120	-	45,100	-	-	157,220
Internal Service Funds	1,466,690	-	135,810	-	-	1,602,500
<b>Total</b>	<b>\$ 1,858,560</b>	<b>\$ 2,665,354</b>	<b>\$ 4,112,630</b>	<b>\$ 141,500</b>	<b>\$ 722,000</b>	<b>\$ 9,500,044</b>

Transfers to the General Fund were for administrative costs and claims liabilities.

Transfers to the Redevelopment Agency Fund were for capital projects and debt service payments.

Transfers to the Non-Major Governmental Funds were for administrative costs, capital projects and special projects.

Transfers to the Parking Service Enterprise Fund were for reimbursement for construction of office space that was utilized by the fire department instead of parking services.

Transfers to the Internal Service Funds were for benefits and claims reserves.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**5. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

At June 30, 2005 the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total	Discrete Component Unit
Non-depreciable assets:				
Land	\$ 82,146,643	\$ 8,614,064	\$ 90,760,707	\$ 115,329
Construction in process	8,383,859	328,037	8,711,896	2,548,633
Total non-depreciable assets	<u>90,530,502</u>	<u>8,942,101</u>	<u>99,472,603</u>	<u>2,663,962</u>
Depreciable assets:				
Land improvements	7,419,678	-	7,419,678	-
Buildings and structures	24,831,954	7,578,688	32,410,642	-
Machinery and equipment	12,851,149	559,093	13,410,242	-
Infrastructure	166,408,256	-	166,408,256	-
Subsurface lines	-	-	-	12,152,655
Sewage collection facilities	-	-	-	25,495,451
General plant and administration	-	-	-	218,500
	<u>211,511,037</u>	<u>8,137,781</u>	<u>219,648,818</u>	<u>37,866,606</u>
Less accumulated depreciation	<u>(85,650,606)</u>	<u>(859,399)</u>	<u>(86,510,005)</u>	<u>(16,637,633)</u>
Total depreciable assets, net	<u>125,860,431</u>	<u>7,278,382</u>	<u>133,138,813</u>	<u>21,228,973</u>
<b>Total capital assets</b>	<u><u>\$ 216,390,933</u></u>	<u><u>\$ 16,220,483</u></u>	<u><u>\$ 232,611,416</u></u>	<u><u>\$ 23,892,935</u></u>

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**5. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

The following is a summary of capital assets for governmental activities for the year ended June 30, 2005:

	Balance July 1, 2004	Additions	Retirements	Prior Period Adjustments/ Reclassifications	Balance June 30, 2005
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 81,455,082	\$ 691,561	\$ -	\$ -	\$ 82,146,643
Construction in progress	11,941,122	5,627,256	-	(9,184,519)	8,383,859
Total capital assets, not being depreciated	<u>93,396,204</u>	<u>6,318,817</u>	<u>-</u>	<u>(9,184,519)</u>	<u>90,530,502</u>
Capital assets, being depreciated:					
Land improvements	7,419,678	-	-	-	7,419,678
Buildings and structures	24,751,954	-	-	80,000	24,831,954
Machinery and equipment	13,065,112	390,382	(524,345)	(80,000)	12,851,149
Infrastructure	166,408,256	-	-	-	166,408,256
Total capital assets, being depreciated	<u>211,645,000</u>	<u>390,382</u>	<u>(524,345)</u>	<u>-</u>	<u>211,511,037</u>
Accumulated depreciation:					
Land improvements	(2,515,801)	(274,647)	-	-	(2,790,448)
Buildings and structures	(5,007,801)	(534,161)	-	-	(5,541,962)
Machinery and equipment	(6,616,569)	(936,217)	417,384	-	(7,135,402)
Infrastructure	(65,556,287)	(4,626,507)	-	-	(70,182,794)
Total accumulated depreciation	<u>(79,696,458)</u>	<u>(6,371,532)</u>	<u>417,384</u>	<u>-</u>	<u>(85,650,606)</u>
Total capital assets, being depreciated, net	<u>131,948,542</u>	<u>(5,981,150)</u>	<u>(106,961)</u>	<u>-</u>	<u>125,860,431</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 225,344,746</u></u>	<u><u>\$ 337,667</u></u>	<u><u>\$ (106,961)</u></u>	<u><u>\$ (9,184,519)</u></u>	<u><u>\$ 216,390,933</u></u>

Depreciation expense by program for capital assets for the year ended June 30, 2005 were as follows:

General government	\$ 141,790
Public safety	525,513
Public works and parks	5,387,822
Community development/redevelopment	35,482
Culture and recreation	280,925
<b>Total depreciation expense</b>	<u><u>\$ 6,371,532</u></u>

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**5. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2004	Additions	Retirements	Prior Period Adjustment/ Reclassification	Balance June 30, 2005
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 7,661,071	\$ -	\$ -	\$ 952,993	\$ 8,614,064
Construction in progress	480,749	147,288	-	(300,000)	328,037
Total capital assets, not being depreciated	<u>8,141,820</u>	<u>147,288</u>	<u>-</u>	<u>652,993</u>	<u>8,942,101</u>
Capital assets, being depreciated:					
Buildings and structures	1,163,000	-	-	6,415,688	7,578,688
Machinery and equipment	218,357	40,736	-	300,000	559,093
Total capital assets, being depreciated	<u>1,381,357</u>	<u>40,736</u>	<u>-</u>	<u>6,715,688</u>	<u>8,137,781</u>
Accumulated depreciation:					
Buildings and structures	(697,910)	(23,260)	-	-	(721,170)
Machinery and equipment	(106,218)	(19,140)	-	(12,871)	(138,229)
Less accumulated depreciation	<u>(804,128)</u>	<u>(42,400)</u>	<u>-</u>	<u>-</u>	<u>(859,399)</u>
Total capital assets, being depreciated, net	<u>577,229</u>	<u>(1,664)</u>	<u>-</u>	<u>6,715,688</u>	<u>7,278,382</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 8,719,049</u>	<u>\$ 145,624</u>	<u>\$ -</u>	<u>\$ 7,368,681</u>	<u>\$ 16,220,483</u>

Depreciation expense for Business-type activities was \$42,400 for the year ended June 30, 2005.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**5. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

A summary of the District's fixed assets at June 30, 2005, follows:

	Balance July 1, 2004	Reclassification/ Additions	Retirements	Balance June 30, 2005
Capital assets, not being depreciated:				
Land	\$ 115,329	\$ -	\$ -	\$ 115,329
Construction in progress	107,311	2,441,322		2,548,633
Total capital assets, not being depreciated	<u>222,640</u>	<u>2,441,322</u>	<u>-</u>	<u>2,663,962</u>
Capital assets, being depreciated:				
Subsurface lines	12,152,655	-	-	12,152,655
Sewage collection facilities	25,375,456	119,995	-	25,495,451
General plant and administration	98,535	119,965	-	218,500
Total capital assets, being depreciated	<u>37,626,646</u>	<u>239,960</u>	<u>-</u>	<u>37,866,606</u>
Accumulated depreciation:				
Subsurface lines	(7,292,733)	(228,821)	-	(7,521,554)
Sewage collection facilities	(8,389,617)	(671,254)	-	(9,060,871)
General plant and administration	(40,473)	(14,735)	-	(55,208)
Less accumulated depreciation	<u>(15,722,823)</u>	<u>(914,810)</u>	<u>-</u>	<u>(16,637,633)</u>
Total capital assets, being depreciated, net	<u>21,903,823</u>	<u>(674,850)</u>	<u>-</u>	<u>21,228,973</u>
<b>Capital assets, net</b>	<u>\$ 22,126,463</u>	<u>\$ 1,766,472</u>	<u>\$ -</u>	<u>\$ 23,892,935</u>

Depreciation expense for the District was \$914,810 for the year ended June 30, 2005.



**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**6. LONG-TERM DEBT**

Long-term debt outstanding at June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due in One Year	Due in More Than One Year
<b>Governmental Activities:</b>						
<b>San Rafael Joint Powers Financing Authority:</b>						
1997 Authority Revenue Bonds	\$ 2,340,000	\$ -	\$ (655,000)	\$ 1,685,000	\$ 530,000	\$ 1,155,000
<b>San Rafael Redevelopment Agency Tax Allocation Bonds:</b>						
Series 1999	20,794,004	-	(605,000)	20,189,004	630,000	19,559,004
Series 2002	22,445,000	-	(1,120,000)	21,325,000	1,145,000	20,180,000
Total tax allocation bonds	43,239,004	-	(1,725,000)	41,514,004	1,775,000	39,739,004
<b>Special Assessment Bonds (with governmental commitment):</b>						
Peacock Gap Refunding	395,000	-	(190,000)	205,000	205,000	-
Mariposa Road Assessment	80,000	-	(15,000)	65,000	15,000	50,000
Total special assessment bonds	475,000	-	(205,000)	270,000	220,000	50,000
Note Payable	169,000	-	-	169,000	-	169,000
Capitalized Lease Obligations	683,953	-	(141,197)	542,756	130,315	412,441
Compensated Absences	4,147,627	3,811,513	(2,921,585)	5,037,555	-	5,037,555
Total governmental long-term debt	51,054,584	3,811,513	(5,647,782)	49,218,315	2,655,315	46,563,000
<b>Business-Type Activities</b>						
2003 Authority Lease Revenue Bonds	7,605,000	-	-	7,605,000	150,000	7,455,000
Total long-term debt	\$ 58,659,584	\$ 3,811,513	\$ (5,647,782)	\$ 56,823,315	\$ 2,805,315	\$ 54,018,000
<b>Discrete Component Unit - San Rafael Sanitation District:</b>						
2001 Certificates of Participation	\$ 3,511,892	\$ -	\$ (322,032)	\$ 3,189,860	\$ 365,000	\$ 2,824,860

**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 \$1,685,000 as of June 30, 2005.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

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

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

Year Ending June 30,	Principal	Interest	Total
2006	\$ 530,000	\$ 80,850	\$ 610,850
2007	185,000	61,452	246,452
2008	175,000	51,465	226,465
2009	185,000	41,293	226,293
2010	190,000	30,510	220,510
2011-2012	420,000	32,300	452,300
<b>Total</b>	<b>\$ 1,685,000</b>	<b>\$ 297,870</b>	<b>\$ 1,982,870</b>

**B. 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 \$20,189,004 as of June 30, 2005.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

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

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

Year Ending June 30,	Principal	Interest	Total
2006	\$ 630,000	\$ 865,525	\$ 1,495,525
2007	665,000	834,769	1,499,769
2008	695,000	802,469	1,497,469
2009	730,000	768,625	1,498,625
2010	765,000	733,119	1,498,119
2011-2015	4,440,000	3,045,600	7,485,600
2016-2020	6,667,650	1,784,375	8,452,025
2021-2034	5,596,354	319,750	5,916,104
<b>Total</b>	<b>\$ 20,189,004</b>	<b>\$ 9,154,232</b>	<b>\$ 29,343,236</b>

**C. 2002 Tax Allocation Refunding Bonds - Original Issue \$25,020,000**

On October 9, 2002, the Agency issued Tax Allocation Refunding Bonds in the amount of \$25,020,000. The proceeds of the bonds were used to refund the 1992 Tax Allocation Refunding Bonds and the 1995 Tax Allocation Bonds. The bonds mature annually each December 1 from 2002 to 2018, in amounts ranging from \$540,000 to \$1,920,000 and bear interest at rates ranging from 2.00% to 5.25%. Interest is payable semiannually on June 1 and December 1. The Bonds maturing on or after December 1, 2013, are subject to optional redemption prior to maturity, in whole or in part, either in inverse order of maturity or in inverse order of maturity and by lot within any one maturity date, on any date on or after December 1, 2012, at a price equal to the principal amount, plus accrued interest on the redemption date. The bonds are payable from tax revenues to be derived from the redevelopment activities of the Agency related to the Central San Rafael Redevelopment Project Area. The outstanding balance of the bonds was \$21,325,000 as of June 30, 2005.

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

Year Ending June 30,	Principal	Interest	Total
2006	\$ 1,145,000	\$ 924,575	\$ 2,069,575
2007	1,165,000	901,475	2,066,475
2008	1,195,000	876,381	2,071,381
2009	1,235,000	835,149	2,070,149
2010	1,290,000	778,337	2,068,337
2011-2015	7,495,000	2,856,543	10,351,543
2016-2020	6,595,000	869,919	7,464,919
2021	1,205,000	51,745	1,256,745
<b>Total</b>	<b>\$ 21,325,000</b>	<b>\$ 8,094,124</b>	<b>\$ 29,419,124</b>

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

***D. 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, 2005, the outstanding balance of the bonds was \$205,000.

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

Year Ending June 30,	Principal	Interest	Total
2006	\$ 205,000	\$ 5,894	\$ 210,894
<b>Total</b>	<b>\$ 205,000</b>	<b>\$ 5,894</b>	<b>\$ 210,894</b>

***E. 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, 2005, the outstanding balance of the bonds was \$65,000.

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

Year Ending June 30,	Principal	Interest	Total
2006	\$ 15,000	\$ 3,946	\$ 18,946
2007	15,000	2,926	17,926
2008	15,000	1,898	16,898
2009	20,000	690	20,690
<b>Total</b>	<b>\$ 65,000</b>	<b>\$ 9,460</b>	<b>\$ 74,460</b>

***F. Note Payable***

At June 30, 2005, 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. The outstanding balance of the loan at June 30, 2005 was \$169,000 plus accrued interest of \$131,313 which is recorded as interest payable.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

*G. Capitalized Lease Obligations*

The City leased furniture in the amount of \$30,939. The monthly lease payment of \$615 for five years started in July 2000. The lease expires in 2006.

The City leased two fire trucks in the amount of \$668,134. The annual lease payment of \$72,295 for five years started in September 2004. The lease expires in 2009.

The future minimum lease obligations are due as follows:

Year Ending June 30,	Furniture	Trucks	Total
2006	\$ 615	\$ 129,700	\$ 130,315
2007	-	133,524	133,524
2008	-	137,433	137,433
2009	-	141,484	141,484
<b>Present value of minimum lease payments</b>	<b>\$ 615</b>	<b>\$ 542,141</b>	<b>\$ 542,756</b>

*H. Compensated Absences*

The City accrues a liability for vested and unpaid compensated absences (accrued vacation, sick leave, compensatory time and administrative leave). The balance at June 30, 2005 was \$5,037,555.

*I. 2003 Authority Lease Revenue Bonds - Original Issue \$7,605,000*

On March 26, 2003, the Authority issued the 2003 Authority Lease Revenue Bonds in the amount of \$7,605,000 bearing interest at rates from 3.00% to 4.70%. The proceeds of the bonds were provided for the design and construction of a new public parking garage. The bonds mature annually each April 1 from 2006 to 2023, in amounts ranging from \$150,000 to \$290,000. Interest is payable semiannually on April 1 and October 1. The bonds maturing on or after April 1, 2011 are subject to optional redemption prior to maturity on or after April 1, 2010 at the option of the City, as a whole on any date. The Lease Revenues are secured by lease payments made by the City to the Authority for leasing the City facilities. The outstanding balance of the bonds was \$7,605,000 as of June 30, 2005.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

**I. 2003 Authority Lease Revenue Bonds - Original Issue \$7,605,000, Continued**

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

Year Ending June 30,	Principal	Interest	Total
2006	\$ 150,000	\$ 345,566	\$ 495,566
2007	155,000	341,066	496,066
2008	160,000	336,416	496,416
2009	165,000	331,616	496,616
2010	170,000	326,666	496,666
2011-2015	955,000	1,532,305	2,487,305
2016-2020	1,175,000	1,316,262	2,491,262
2021-2025	1,460,000	1,023,796	2,483,796
2026-2030	1,860,000	627,000	2,487,000
2031-2033	1,355,000	137,750	1,492,750
<b>Total</b>	<b>\$ 7,605,000</b>	<b>\$ 6,318,443</b>	<b>\$ 13,923,443</b>

**J. Discrete 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 premium at 101% to exercise optional prepayment between August 1, 2009 and July 31, 2010, and no premium August 1, 2010 and after.

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 out flows by \$44,969 and resulted in an economic gain of \$263,736.

The outstanding of the 2001 Certificates of Participation was \$3,360,000 at June 30, 2005.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

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

Total debt outstanding as of June 30, 2005 net of discounts and deferred amount on refunding were as follows:

Principal outstanding at June 30, 2004	\$ 3,360,000
Less:	
Discount	(21,189)
Deferred amount on refunding	<u>(148,951)</u>
Net bonds outstanding at June 30, 2005	<u><u>\$ 3,189,860</u></u>

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

Year Ending June 30,	Principal	Interest	Total
2006	\$ 365,000	\$ 132,142	\$ 497,142
2007	380,000	118,170	498,170
2008	395,000	103,050	498,050
2009	410,000	86,745	496,745
2010	430,000	69,310	499,310
2011-2012	1,380,000	71,500	1,451,500
<b>Total</b>	<u><u>\$ 3,360,000</u></u>	<u><u>\$ 580,917</u></u>	<u><u>\$ 3,940,917</u></u>

The City complied with all significant bond covenants relating to reserve and sinking fund requirements, proof of insurance and budgeted revenue and maintenance costs.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**7. NON-CITY OBLIGATIONS**

The following bond issues are not reported in the City's financial statements because they 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, 2005</u>
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds	162-175 Belvedere Apartments	\$ 3,590,529	\$ 1,434,051
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	2,900,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2001	San Rafael Commons Apartments	6,100,000	5,980,116
City of San Rafael Variable Rate Revenue Bonds	Kaiser Foundation Hospitals	275,000,000	275,000,000

**8. FUND BALANCES RESERVATIONS AND DESIGNATIONS**

Fund balances consist of reserved and unreserved amounts. Reserved fund balances represent that portion of a fund balance which has been appropriated 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.



**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**8. FUND BALANCES RESERVATIONS AND DESIGNATIONS, Continued**

A detailed schedule of the fund balances at June 30, 2005, is shown as follows:

	Major Funds				Total
	General	Redevelopment Agency	Special Revenue		
			Traffic and Housing Mitigation	Non-Major Governmental Funds	
<b>Reserved:</b>					
Encumbrances	\$ 172,996	\$ 5,983,185	\$ -	\$ 102,141	\$ 6,258,322
Petty cash	3,395	-	-	-	3,395
General plan	20,543	-	-	-	20,543
Department savings	115,036	-	-	-	115,036
Employee M.O.U.	269,330	-	-	-	269,330
Loans receivable	821,289	273,725	-	21,726	1,116,740
Debt service	-	32,015	-	1,269,070	1,301,085
Improvement projects	-	5,519,317	-	1,765,043	7,284,360
Information systems projects	242,517	-	-	-	242,517
Equipment replacement	-	-	-	21,100	21,100
Buildings and structures	-	-	-	40,000	40,000
Facility closures	-	-	-	50,000	50,000
Assessment districts/open space	67,286	-	-	360,592	427,878
Mello Roos assessment	-	-	-	500,000	500,000
Traffic Mitigation	-	-	9,311,643	-	9,311,643
Housing					
Triple Flip True Up	730,489	1,350,000	-	-	2,080,489
<b>Total reserved</b>	<b>2,442,881</b>	<b>13,158,242</b>	<b>9,311,643</b>	<b>4,129,672</b>	<b>29,042,438</b>
<b>Unreserved, Designated:</b>					
Emergency and cash flow	5,726,216	-	-	63,641	5,789,857
Library/endowments	-	-	-	514,456	514,456
Public safety	-	-	-	160,397	160,397
Grant projects	-	-	-	1,087,936	1,087,936
Park projects	-	-	-	871,741	871,741
Gas tax projects	-	-	-	1,492,415	1,492,415
Street projects	-	-	-	919,133	919,133
<b>Total designated</b>	<b>5,726,216</b>	<b>-</b>	<b>-</b>	<b>5,109,719</b>	<b>10,835,935</b>
<b>Unreserved, Undesignated</b>	<b>53,464</b>	<b>-</b>	<b>82,857</b>	<b>435,611</b>	<b>571,932</b>
<b>Total</b>	<b>\$ 8,222,561</b>	<b>\$ 13,158,242</b>	<b>\$ 9,394,500</b>	<b>\$ 9,675,002</b>	<b>\$ 40,450,305</b>

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**9. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had departmental expenditures in excess of budget. Sufficient revenues were available to fund these expenditures:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<b>Major Funds:</b>			
General Fund	\$ 40,691,127	\$ 40,915,739	\$ 224,612
Traffic and Housing Mitigation	43,680	897,648	853,968
<b>Non-Major Funds:</b>			
Recreation Revolving	2,691,990	2,769,820	77,830
Library	207,490	231,366	23,876
Stormwater	1,722,265	1,750,394	28,129
Development Services	-	126,051	126,051
Parkland Dedication	-	301,095	301,095
Capital Improvement	141,000	211,328	70,328
Park Capital Projects	-	21,916	21,916
<b>Total</b>	<u>\$ 45,497,552</u>	<u>\$ 47,225,357</u>	<u>\$ 1,727,805</u>

General Fund - General plan costs and other planning projects, which are covered by building fees, were budgeted in prior years but spent in the current year.

Traffic and Housing Mitigation - The East San Rafael projects, including widening of Scotland Yard were funded and budgeted in prior years but spent in the current year.

Recreation Revolving - The Falkirk Greenhouse and Garden project budgeted in previous years but spent in the current year exceeded expectations resulting in higher costs

Library - Audio and video materials, which is funded through audio and video rentals, were purchased in the current year.

Stormwater - Pump station improvements budgeted in the previous year was spent in the current year.

Development Services - The Loch Lomond Marina EIR and mapping services were funded and budgeted in prior years, but spent in the current year.

Parkland Dedication - The McInnis State Park project budgeted in previous years was spent in the current year.

Capital Improvement - Costs for special projects and capital projects that were budgeted in prior years was spent in the current year.

Park Capital Projects - The special event project budgeted in previous years was spent in the current year.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**10. 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 who work at least 75% of a full time position 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 Marin County Employees' Retirement Association, 3501 Civic Center Drive, Room 408, Civic Center, San Rafael, California 94903.

*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 35.16% and 24.95% of payroll to the Fund for Police and Fire personnel, respectively, and 20.37% for other covered employees for the year ended June 30, 2005. The City, due to a collective bargaining agreement, also has a legal obligation to contribute full share of the employees' contribution up to a maximum of 1.5% of payroll for safety employees and non-safety 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, 2005, of \$7,630,990 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, 2004. 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 reflecting 4.25% for inflation and approximately range of 0.54% to 6.62% for merit and longevity. Actual rate of return on investment was a loss of 7.1%. 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 was revised to sixteen 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 Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**10. EMPLOYEES' RETIREMENT PLAN, Continued**

*D. Three-Year Historical Trend Information*

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2003	\$ 3,349,490	100%	-
6/30/2004	3,879,356	100%	-
6/30/2005	7,630,990	100%	-

**11. 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 maintains 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 and employees contributed \$68,362. The total covered payroll of employees participating in the plan for the year ended June 30, 2005, was \$1,822,982. The total payroll for the year was \$33,776,211.

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 \$119,055 to the plan on behalf of the eligible employees.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**12. 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, 2005, 241 retirees and surviving spouse 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, 2005, those costs totaled \$1,376,589, of which \$839,781 was reimbursed.

**13. 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, \$750,000 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 \$25,000,000. The City purchases commercial insurance for workers' compensation claims in excess of the self-insured amount up to statutory unlimited excess. The City also purchases commercial insurance for property damage claims with insured amount of \$54,977,235. The City accounts for and finances its uninsured risks of loss in the internal service funds. The City had established a claims liability of \$3,714,664 at June 30, 2005, 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, 2003, 2004, and 2005, are as follows:

General Liability	Balance at Beginning of Fiscal Year	Current Year Claims and Changes In Estimates	Claim Payments	Balance at End of Fiscal Year
2002-03	\$ 504,972	\$ 1,115,872	\$ (1,127,444)	\$ 493,400
2003-04	493,400	835,521	(641,776)	687,145
2004-05	687,145	716,619	(898,505)	505,259

Workers' Compensation Liability	Balance at Beginning of Fiscal Year	Current Year Claims and Changes In Estimates	Claim Payments	Balance at End of Fiscal Year
2002-03	\$ 3,163,937	\$ 1,470,860	\$ (1,357,464)	\$ 3,277,333
2003-04	3,277,333	1,917,432	(1,543,886)	3,650,879
2004-05	3,650,879	199,115	(640,589)	3,209,405

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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**13. 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 22 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 \$337,921 in premiums to the Risk Management Authority during the fiscal year ended June 30, 2005. Condensed financial information for the California Joint Powers Risk Management Authority for the fiscal year ended June 30, 2005, was as follows:

Assets	<u>\$ 73,241,812</u>
Liabilities	\$ 43,955,166
Net assets	<u>29,286,646</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 73,241,812</u></b>
Revenues	\$ 19,659,350
Expenses	(14,632,425)
Refunds to members	<u>(5,530,768)</u>
<b>Change in net assets</b>	<b><u>\$ (503,843)</u></b>

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

**A. Joint Ventures**

The City participates in various organizations that are formally organized and are 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.

*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.

**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

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

*A. Joint Ventures, Continued*

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 contributions was based on the number of street lights to be acquired in the local agency's individual jurisdiction in relation to the total number of street lights to be acquired by the MSLAJPA. Financial statements of the MSLAJPA can be obtained at 27 Commercial Blvd. Suite C, Novato, California 94949.

The Marin Emergency Radio Authority (MERA) – was formed on February 28, 1998 by the County of Marin and 25 local agencies within the County to plan, finance, implement, manage, own, and operate a County-wide public safety and emergency radio system. The Governing Board consists of one representative from each member. On February 1, 1999, the Authority issued the 1999 Revenue Bonds in the amount of \$26,940,000 with interest rates ranging from 4.75% to 5.01%, maturing on August 15, 2016, to finance the acquisition and installation of the system. The costs of maintenance, operation, and debt service 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 was for August 2002. The City has established a reserve in its internal service funds to pay future service payments. Financial statements of the MERA can be obtained at 3501 Civic Centre Drive, San Rafael, California 94903.

*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 Telecommunications Agency – 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 Telecommunications Agency consists of one member from each of the eleven participating agencies.

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 Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**15. COMMITMENT AND CONTINGENCIES**

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.

The City worked with the Department of Justice (DOJ) to determine the City's compliance with the Americans with Disabilities Act of 1990 (ADA). The DOJ ratified an ADA Settlement Agreement in August 2004 providing a number of specific remedies including timelines, law specific solutions and reporting over the next ten years. For example, several facility deficiencies require resolution within the next year, the City's Web site needs an ADA overhaul, and a significant amount of items relate to curb ramps. The City determined a range of \$2,000,000 to \$3,000,000 to expend on the remedies determined by the Agreement. However, this is only an estimate and the City does not have a measurable amount at this time. Therefore, no liability has been recorded.

On October 1, 2002, the Agency entered into a second amendment to the Section 33401 Tax Sharing Agreement with the San Rafael High School District. This agreement provides for additional payments in the amount of \$179,000 each fiscal year beginning with fiscal year 2002-03 through fiscal year 2021-22.

**16. PRIOR PERIOD ADJUSTMENT**

Government-Wide Financial Statements

The City recorded capital assets in the incorrect activity. The adjustment of \$7,368,681 was a transfer between governmental activities and business-type activities.

The City combined the debt service fund with the Parking Services Enterprise Fund and therefore, reclassified the Bonds to the Parking Services Enterprise Fund. As a result a prior period adjustment was recorded to record the 2003 Authority Lease Revenue Parking Bonds in the Enterprise fund and close the Debt Service fund. The adjustment was \$7,255,573.

In the governmental activities, the capital assets were overstated by \$1,815,838. The City did not retire the Construction In Progress portion that was added to the active assets category.

	Net Assets, as Previously Reported	Prior Period Adjustments		Net Assets, as Restated
		Long-Term Debt	Capital Assets	
<b>Governmental Activities</b>				
Net assets	\$ 214,699,755	\$ 7,255,573	\$ (9,184,519)	\$ 212,770,809
<b>Total Governmental Activities</b>	<u>\$ 214,699,755</u>	<u>\$ 7,255,573</u>	<u>\$ (9,184,519)</u>	<u>\$ 212,770,809</u>
<b>Business-type activities:</b>				
Net assets	\$ 10,197,217	\$ (7,255,573)	\$ 7,368,681	\$ 10,310,325
<b>Total business-type activities</b>	<u>\$ 10,197,217</u>	<u>\$ (7,255,573)</u>	<u>\$ 7,368,681</u>	<u>\$ 10,310,325</u>



**City of San Rafael**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2005**

**16. PRIOR PERIOD ADJUSTMENT, Continued**

*Fund Financial Statements*

The City combined the debt service fund with the Parking Services Enterprise Fund and therefore, reclassified the Bonds to the Parking Services Enterprise Fund. As a result a prior period adjustment was recorded to record the 2003 Authority Lease Revenue Parking Bonds in the Enterprise fund and close the Debt Service fund. The Fund Balance of the debt service fund was \$349,427. The total adjustment made to the Enterprise fund was \$7,255,573.

The City recorded capital assets in the incorrect activity. The adjustment of \$7,368,681 was a transfer between governmental activities and business-type activities.

	Net Assets, as Previously Reported	Prior Period Adjustments		Net Assets, as Restated
		Long-Term Debt	Capital Assets	
<b>Governmental Funds</b>				
2003 Authority Lease Revenue				
Parking Bonds Debt Service Fund	\$ 349,427	\$ (349,427)	\$ -	\$ -
<b>Total Governmental Activities</b>	<u>\$ 349,427</u>	<u>\$ (349,427)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Enterprise Fund</b>				
Parking Services	\$ 10,197,217	\$ (7,255,573)	\$ 7,368,681	\$ 10,310,325
<b>Total business-type activities</b>	<u>\$ 10,197,217</u>	<u>\$ (7,255,573)</u>	<u>\$ 7,368,681</u>	<u>\$ 10,310,325</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

**City of San Rafael**  
**Required Supplementary Information**  
**For the year ended June 30, 2004**

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

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.

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.

**City of San Rafael**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2005**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

*Budgetary Comparison Schedule, General Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 33,081,190	\$ 34,165,222	\$ 34,658,293	\$ 493,071
Licenses and permits	915,505	916,429	920,754	4,325
Fines and forfeitures	903,870	913,740	1,066,374	152,634
Use of money and property	297,100	397,100	641,566	244,466
Intergovernmental	4,970,740	6,480,616	6,649,752	169,136
Charges for services	1,411,480	1,556,380	1,722,137	165,757
Other	177,880	177,880	260,786	82,906
<b>Total revenues</b>	<b>41,757,765</b>	<b>44,607,367</b>	<b>45,919,662</b>	<b>1,312,295</b>
<b>EXPENDITURES:</b>				
Current:				
General government	5,149,550	5,314,893	5,325,389	(10,496)
Public safety	25,912,395	25,928,011	25,917,593	10,418
Public works and parks	5,682,052	5,610,400	5,438,931	171,469
Community development/redevelopment	2,179,005	2,216,457	2,185,765	30,692
Culture and recreation	1,495,070	1,512,446	1,476,912	35,534
Capital outlay	72,920	72,920	77,543	(4,623)
Capital improvement/special projects	20,000	36,000	352,409	(316,409)
Debt service:				
Capitalized lease obligation	-	-	141,197	(141,197)
<b>Total expenditures</b>	<b>40,510,992</b>	<b>40,691,127</b>	<b>40,915,739</b>	<b>(224,612)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,246,773</b>	<b>3,916,240</b>	<b>5,003,923</b>	<b>1,087,683</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,054,830	1,058,560	1,858,560	800,000
Transfers out	(3,012,110)	(3,862,110)	(4,337,110)	(475,000)
<b>Total other financing sources (uses)</b>	<b>(1,957,280)</b>	<b>(2,803,550)</b>	<b>(2,478,550)</b>	<b>325,000</b>
<b>Net change in fund balance</b>	<b>\$ (710,507)</b>	<b>\$ 1,112,690</b>	<b>2,525,373</b>	<b>\$ 1,412,683</b>
<b>FUND BALANCE:</b>				
Beginning of year			5,697,188	
End of year			<u>\$ 8,222,561</u>	

City of San Rafael  
 Required Supplementary Information, Continued  
 For the year ended June 30, 2005

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

*Budgetary Comparison Schedule, Redevelopment Agency Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessment	\$ 4,467,090	\$ 4,467,090	\$ 4,574,447	\$ 107,357
Use of money and property	227,000	277,000	315,672	38,672
Intergovernmental	-	3,289,185	623,574	(2,665,611)
Charges for services	16,560	8,560	6,825	(1,735)
Other	2,100	1,069,600	426,360	(643,240)
<b>Total revenues</b>	<b>4,712,750</b>	<b>9,111,435</b>	<b>5,946,878</b>	<b>(3,164,557)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development/redevelopment	1,380,080	1,730,303	1,577,849	152,454
Capital improvement/special projects	220,700	7,376,586	5,599,561	1,777,025
Debt Service:				
Principal	1,725,000	1,725,000	1,725,000	-
Interest and fiscal charges	1,842,090	1,842,090	1,842,081	9
<b>Total expenditures</b>	<b>5,167,870</b>	<b>12,673,979</b>	<b>10,744,491</b>	<b>1,929,488</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(455,120)</b>	<b>(3,562,544)</b>	<b>(4,797,613)</b>	<b>(1,235,069)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	589,390	2,665,354	2,665,354	-
Transfers out	(584,000)	(2,659,964)	(2,659,964)	-
<b>Total other financing sources/uses</b>	<b>5,390</b>	<b>5,390</b>	<b>5,390</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (449,730)</b>	<b>\$ (3,557,154)</b>	<b>(4,792,223)</b>	<b>\$ (1,235,069)</b>
<b>FUND BALANCE:</b>				
Beginning of year			17,950,465	
End of year			\$ 13,158,242	

**City of San Rafael**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2005**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

*Budgetary Comparison Schedule, Traffic and Housing Mitigation Special Revenue Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 225,000	\$ 225,000	\$ 122,097	\$ (102,903)
Intergovernmental	-	-	26,500	26,500
Charges for services	-	-	159,244	159,244
<b>Total revenues</b>	<b>225,000</b>	<b>225,000</b>	<b>307,841</b>	<b>82,841</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	43,680	43,680	52,820	(9,140)
Capital outlay	-	-	844,828	(844,828)
<b>Total expenditures</b>	<b>43,680</b>	<b>43,680</b>	<b>897,648</b>	<b>(853,968)</b>
<b>Net change in fund balance</b>	<b>\$ 181,320</b>	<b>\$ 181,320</b>	<b>(589,807)</b>	<b>\$ 936,809</b>
<b>FUND BALANCE:</b>				
Beginning of year			9,984,307	
End of year			\$ 9,394,500	

**City of San Rafael**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2005**

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

Actuarial Valuation Date *	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess Assets Over AAL	Funded Ratio	Covered Payroll	Excess Assets Over AAL As a % of Payroll
6/30/2002	\$ 190,563,000	\$ 187,118,000	\$ 3,445,000	102%	\$ 27,223,000	12.7%
6/30/2003	185,632,000	219,845,000	(34,213,000)	84%	27,453,000	(124.6)%
6/30/2004	188,956,000	248,665,000	(59,709,000)	76%	29,299,000	(203.8)%

\* Latest information available.



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# SUPPLEMENTARY INFORMATION

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# NON-MAJOR GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS:

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

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

*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.

*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.

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

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

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

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

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

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

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

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# NON-MAJOR GOVERNMENTAL FUNDS

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## DEBT SERVICE FUNDS:

*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.

*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 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.

*2003 Financing Authority Revenue Parking Bonds Fund* - Established to accumulate funds for the payment of the principal and interest for the 2003 Revenue Parking Bonds which mature in 2033. The proceeds were used to provide funding for the design and construction of a new public parking garage. Financing is to be provided by lease payments for the City facilities.

## CAPITAL PROJECTS FUNDS:

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

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

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

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

**City of San Rafael**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2005**

	Special Revenue				
	Recreation Revolving	Baypoint Lagoon Assessment District	Gas Tax	Childcare	Street Maintenance and Cleaning
<b>ASSETS</b>					
Cash and investments	\$ 339,515	\$ 23,783	\$ 1,378,096	\$ -	\$ 284,371
Cash with fiscal agent	-	-	-	-	-
Receivables:					
Accounts	203,624	128	-	17,160	-
Tax	-	-	134,186	-	-
Grants	17,500	-	-	83,337	-
Loans	-	-	-	-	-
Interest	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 560,639</b>	<b>\$ 23,911</b>	<b>\$ 1,512,282</b>	<b>\$ 100,497</b>	<b>\$ 284,371</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 66,936	\$ 5,524	\$ 19,867	\$ 34,836	\$ 53,339
Developer bonds payable	-	-	-	-	-
Due to other funds	-	-	-	45,530	-
Deferred revenue	188,536	-	-	-	-
<b>Total liabilities</b>	<b>255,472</b>	<b>5,524</b>	<b>19,867</b>	<b>80,366</b>	<b>53,339</b>
<b>Fund Balances (Note 9):</b>					
Reserved	31,875	-	-	3,258	65,208
Unreserved:					
Designated	-	-	1,492,415	-	165,824
Undesignated, reported in:					
Special revenue funds	273,292	18,387	-	16,873	-
<b>Total fund balances</b>	<b>305,167</b>	<b>18,387</b>	<b>1,492,415</b>	<b>20,131</b>	<b>231,032</b>
<b>Total liabilities and fund balances</b>	<b>\$ 560,639</b>	<b>\$ 23,911</b>	<b>\$ 1,512,282</b>	<b>\$ 100,497</b>	<b>\$ 284,371</b>

Special Revenue

Loch Lomond Assessment District	Library	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication	Emergency Medical Services
\$ 698,263	\$ 433,680	\$ 151,748	\$ 779,164	\$ 439,681	\$ 907,420	\$ 842,172	\$ 87,274
-	-	-	-	-	-	-	-
-	-	14,184	-	21,595	-	-	-
313	-	-	4,060	-	-	-	1,392
-	93,992	-	-	-	226,456	51,295	-
-	-	-	-	-	-	21,726	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 698,576</u>	<u>\$ 527,672</u>	<u>\$ 165,932</u>	<u>\$ 783,224</u>	<u>\$ 461,276</u>	<u>\$ 1,133,876</u>	<u>\$ 915,193</u>	<u>\$ 88,666</u>
\$ -	\$ 11,416	\$ 5,535	\$ 70,583	\$ 24,213	\$ 45,940	\$ -	\$ 25,025
-	-	-	-	1,500	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,726	-
-	11,416	5,535	70,583	25,713	45,940	21,726	25,025
500,000	1,800	-	-	436,604	-	21,726	-
-	514,456	160,397	712,641	-	1,087,936	871,741	63,641
198,576	-	-	-	(1,041)	-	-	-
<u>698,576</u>	<u>516,256</u>	<u>160,397</u>	<u>712,641</u>	<u>435,563</u>	<u>1,087,936</u>	<u>893,467</u>	<u>63,641</u>
<u>\$ 698,576</u>	<u>\$ 527,672</u>	<u>\$ 165,932</u>	<u>\$ 783,224</u>	<u>\$ 461,276</u>	<u>\$ 1,133,876</u>	<u>\$ 915,193</u>	<u>\$ 88,666</u>

(Continued)

**City of San Rafael**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2005**

	Special Revenue			Debt Service	
	Business Improvement	Household	Sewer Maintenance	Peacock	Mariposa
		Hazmat Facility		Gap Assessment District	Assessment District
<b>ASSETS</b>					
Cash and investments	\$ 3,027	\$ 57,194	\$ -	\$ 216,270	\$ 41,110
Cash with fiscal agent	-	-	-	-	-
Receivables:					
Accounts	-	476,023	98,070	-	-
Tax	-	-	-	516	112
Grants	-	-	-	-	-
Loans	-	-	-	-	-
Interest	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 3,027</b>	<b>\$ 533,217</b>	<b>\$ 98,070</b>	<b>\$ 216,786</b>	<b>\$ 41,222</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 495,620	\$ -	\$ -	\$ -
Developer bonds payable	-	-	-	-	-
Due to other funds	-	-	57,402	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>495,620</b>	<b>57,402</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Note 9):</b>					
Reserved	-	111,100	-	216,786	41,222
Unreserved:					
Designated	-	-	40,668	-	-
Undesignated, reported in:					
Special revenue funds	3,027	(73,503)	-	-	-
<b>Total fund balances</b>	<b>3,027</b>	<b>37,597</b>	<b>40,668</b>	<b>216,786</b>	<b>41,222</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,027</b>	<b>\$ 533,217</b>	<b>\$ 98,070</b>	<b>\$ 216,786</b>	<b>\$ 41,222</b>



Debt Service		Capital Projects					Total
1997	2003	Capital	Bedroom	Assessment	Park	Open	Total
Financing	Financing	Improvement	Tax	Districts	Capital	Space	Non-Major
Authority	Lease Revenue				Projects		Governmental
Revenue Bonds	Parking Bonds						Funds
\$ 598,587	\$ -	\$ 1,085,372	\$ 165,378	\$ 223,741	\$ -	\$ 139,828	\$ 8,895,674
432,383	-	-	-	-	-	-	432,383
-	-	-	-	-	-	-	830,784
3,365	-	-	-	-	-	-	143,944
-	-	108,676	-	-	254,081	-	835,337
-	-	-	-	-	-	-	21,726
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,034,335</u>	<u>\$ -</u>	<u>\$ 1,194,048</u>	<u>\$ 165,378</u>	<u>\$ 223,741</u>	<u>\$ 254,081</u>	<u>\$ 139,828</u>	<u>\$ 11,159,848</u>
\$ 23,273	\$ -	\$ 47,422	\$ -	\$ -	\$ -	\$ 2,976	\$ 932,505
-	-	-	-	-	-	-	1,500
-	-	-	-	-	237,647	-	340,579
-	-	-	-	-	-	-	210,262
<u>23,273</u>	<u>-</u>	<u>47,422</u>	<u>-</u>	<u>-</u>	<u>237,647</u>	<u>2,976</u>	<u>1,484,846</u>
1,011,062	-	1,146,626	165,378	223,741	16,434	136,852	4,129,672
-	-	-	-	-	-	-	5,109,719
-	-	-	-	-	-	-	435,611
<u>1,011,062</u>	<u>-</u>	<u>1,146,626</u>	<u>165,378</u>	<u>223,741</u>	<u>16,434</u>	<u>136,852</u>	<u>9,675,002</u>
<u>\$ 1,034,335</u>	<u>\$ -</u>	<u>\$ 1,194,048</u>	<u>\$ 165,378</u>	<u>\$ 223,741</u>	<u>\$ 254,081</u>	<u>\$ 139,828</u>	<u>\$ 11,159,848</u>

(Concluded)

# City of San Rafael

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

### Non-Major Governmental Funds

For the year ended June 30, 2005

	Special Revenue				
	Recreation Revolving	Baypoint Lagoons Assessment District	Gas Tax	Childcare	Street Maintenance and Cleaning
<b>REVENUES:</b>					
Taxes and special assessments	\$ -	\$ 25,499	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	469	247	17,223	648	5,114
Intergovernmental	78,500	-	1,103,900	351,532	16,621
Charges for current services	1,436,992	-	621,486	2,429,227	-
Other revenue	12,127	-	-	-	1,148
<b>Total revenues</b>	<b>1,528,088</b>	<b>25,746</b>	<b>1,742,609</b>	<b>2,781,407</b>	<b>22,883</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works and parks	-	19,286	179,930	-	1,476,359
Culture and recreation	2,763,937	-	-	2,865,240	-
Capital outlay	2,000	-	-	-	100,982
Capital improvement/special projects	3,883	-	1,114,699	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>2,769,820</b>	<b>19,286</b>	<b>1,294,629</b>	<b>2,865,240</b>	<b>1,577,341</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,241,732)</b>	<b>6,460</b>	<b>447,980</b>	<b>(83,833)</b>	<b>(1,554,458)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	1,449,150	-	1,530	118,360	1,235,430
Transfers out	-	-	(300,000)	(50,400)	-
<b>Total other financing sources (uses)</b>	<b>1,449,150</b>	<b>-</b>	<b>(298,470)</b>	<b>67,960</b>	<b>1,235,430</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>207,418</b>	<b>6,460</b>	<b>149,510</b>	<b>(15,873)</b>	<b>(319,028)</b>
<b>FUND BALANCES:</b>					
Beginning of year, as restated	97,749	11,927	1,342,905	36,004	550,060
End of year	\$ 305,167	\$ 18,387	\$ 1,492,415	\$ 20,131	\$ 231,032

Special Revenue

Loch Lomond Assessment District	Library	Public Safety	Stormwater	Development Service	Grants	Parkland Dedication	Emergency Medical Services
\$ 62,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,519,056
-	-	-	-	-	-	-	-
-	-	20,085	2,000	-	-	-	-
8,370	65,583	1,564	5,321	9,166	11,753	10,396	-
-	161,975	92,859	-	-	974,151	301,295	-
-	5,719	11,130	815,452	29,021	-	181,907	1,428,531
-	41,767	2,155	165,769	17,200	121,000	300	-
71,064	275,044	127,793	988,542	55,387	1,106,904	493,898	3,947,587
-	-	-	-	-	10,022	-	-
-	-	127,796	-	-	100,000	-	4,050,221
54	-	-	1,090,997	-	-	-	-
-	156,909	-	-	-	275,609	-	-
-	-	-	-	-	-	-	1,914
-	74,457	5,753	659,397	126,051	783,112	301,095	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
54	231,366	133,549	1,750,394	126,051	1,168,743	301,095	4,052,135
71,010	43,678	(5,756)	(761,852)	(70,664)	(61,839)	192,803	(104,548)
-	-	45,160	848,710	-	379,230	-	35,060
-	-	-	-	-	-	-	(22,000)
-	-	45,160	848,710	-	379,230	-	13,060
71,010	43,678	39,404	86,858	(70,664)	317,391	192,803	(91,488)
627,566	472,578	120,993	625,783	506,227	770,545	700,664	155,129
\$ 698,576	\$ 516,256	\$ 160,397	\$ 712,641	\$ 435,563	\$ 1,087,936	\$ 893,467	\$ 63,641

(Continued)

# City of San Rafael

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

### Non-Major Governmental Funds, Continued

For the year ended June 30, 2005

	Special Revenue			Debt Service	
	Business Improvement	Household	Sewer Maintenance	Peacock	Mariposa
		Hazmat Facility		Gap Assessment District	Assessment District
<b>REVENUES:</b>					
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 103,213	\$ 22,537
Licenses and permits	-	9,239	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	72	-	-	2,141	402
Intergovernmental	32,760	-	-	-	-
Charges for current services	-	1,353,130	1,206,821	-	-
Other revenue	16,092	4,599	-	-	-
<b>Total revenues</b>	<b>48,924</b>	<b>1,366,968</b>	<b>1,206,821</b>	<b>105,354</b>	<b>22,939</b>
<b>EXPENDITURES:</b>					
Current:					
General government	48,583	-	-	-	-
Public safety	-	1,536,442	-	-	-
Public works and parks	-	-	1,088,862	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Capital improvement/special projects	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	190,000	15,000
Interest and fiscal charges	-	-	-	23,011	6,610
<b>Total expenditures</b>	<b>48,583</b>	<b>1,536,442</b>	<b>1,088,862</b>	<b>213,011</b>	<b>21,610</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>341</b>	<b>(169,474)</b>	<b>117,959</b>	<b>(107,657)</b>	<b>1,329</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(266,500)	(96,800)	(2,540)	(150)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(266,500)</b>	<b>(96,800)</b>	<b>(2,540)</b>	<b>(150)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>341</b>	<b>(435,974)</b>	<b>21,159</b>	<b>(110,197)</b>	<b>1,179</b>
<b>FUND BALANCES:</b>					
Beginning of year, as restated	2,686	473,571	19,509	326,983	40,043
End of year	\$ 3,027	\$ 37,597	\$ 40,668	\$ 216,786	\$ 41,222

Debt Service		Capital Projects					Total
1997	2003	Capital	Bedroom	Assessment	Park	Open	Non-Major
Financing	Financing	Improvement	Tax	District	Capital	Space	Governmental
Authority	Lease Revenue				Projects		Funds
Revenue Bonds	Parking Bonds						
\$ 909,185	\$ -	\$ -	\$ 26,596	\$ -	\$ -	\$ -	\$ 3,668,780
-	-	-	-	-	-	-	9,239
-	-	-	-	-	-	-	22,085
12,531	-	10,361	1,960	-	-	1,750	165,071
-	-	108,676	-	-	-	-	3,222,269
-	-	-	-	-	-	-	9,519,416
-	-	51,983	-	-	14,199	-	448,339
921,716	-	171,020	28,556	-	14,199	1,750	17,055,199
-	-	-	-	-	152,161	3,036	213,802
-	-	-	-	-	-	-	5,814,459
-	-	-	-	-	-	-	3,855,488
-	-	-	-	-	-	-	6,061,695
-	-	-	-	-	-	-	104,896
-	-	211,328	-	-	21,916	-	3,301,691
655,000	-	-	-	-	-	-	860,000
268,971	-	-	-	-	-	-	298,592
923,971	-	211,328	-	-	174,077	3,036	20,510,623
(2,255)	-	(40,308)	28,556	-	(159,878)	(1,286)	(3,455,424)
-	-	-	-	-	-	-	4,112,630
(4,860)	-	-	-	-	-	-	(743,250)
(4,860)	-	-	-	-	-	-	3,369,380
(7,115)	-	(40,308)	28,556	-	(159,878)	(1,286)	(86,044)
1,018,177	-	1,186,934	136,822	223,741	176,312	138,138	9,761,046
\$ 1,011,062	\$ -	\$ 1,146,626	\$ 165,378	\$ 223,741	\$ 16,434	\$ 136,852	\$ 9,675,002

(Concluded)

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Recreation Revolving Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 2,600	\$ 2,600	\$ 469	\$ (2,131)
Intergovernmental	-	-	78,500	78,500
Charges for current services	1,721,095	1,568,095	1,436,992	(131,103)
Other revenue	33,510	9,560	12,127	2,567
<b>Total revenues</b>	<b>1,757,205</b>	<b>1,580,255</b>	<b>1,528,088</b>	<b>(52,167)</b>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	2,583,160	2,689,650	2,763,937	(74,287)
Capital outlay	2,340	2,340	2,000	340
Capital improvement/special projects	-	-	3,883	(3,883)
<b>Total expenditures</b>	<b>2,585,500</b>	<b>2,691,990</b>	<b>2,769,820</b>	<b>(77,830)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(828,295)</b>	<b>(1,111,735)</b>	<b>(1,241,732)</b>	<b>(129,997)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	974,150	974,150	1,449,150	475,000
<b>Total other financing sources (uses)</b>	<b>974,150</b>	<b>974,150</b>	<b>1,449,150</b>	<b>475,000</b>
<b>Net change in fund balance</b>	<b>\$ 145,855</b>	<b>\$ (137,585)</b>	<b>207,418</b>	<b>\$ 345,003</b>
<b>FUND BALANCE:</b>				
Beginning of year			97,749	
End of year			<b>\$ 305,167</b>	

**City of San Rafael**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Baypoint Lagoons Assessment District Special Revenue Fund**

**For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 28,280	\$ 28,280	\$ 25,499	\$ (2,781)
Use of money and property	500	500	247	(253)
<b>Total revenues</b>	<u>28,780</u>	<u>28,780</u>	<u>25,746</u>	<u>(3,034)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works and parks	30,000	30,000	19,286	10,714
<b>Total expenditures</b>	<u>30,000</u>	<u>30,000</u>	<u>19,286</u>	<u>10,714</u>
 <b>Net change in fund balances</b>	 <u>\$ (1,220)</u>	 <u>\$ (1,220)</u>	 6,460	 <u>\$ 7,680</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>11,927</u>	
End of year			<u>\$ 18,387</u>	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Gas Tax Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 30,000	\$ 30,000	\$ 17,223	\$ (12,777)
Intergovernmental	1,098,500	1,306,210	1,103,900	(202,310)
Charges for current services	434,000	434,000	621,486	187,486
Other revenue	602,000	-	-	-
<b>Total revenues</b>	<b>2,164,500</b>	<b>1,770,210</b>	<b>1,742,609</b>	<b>(27,601)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works and parks	189,523	189,523	179,930	9,593
Capital improvement/special projects	1,000,000	1,207,710	1,114,699	93,011
<b>Total expenditures</b>	<b>1,189,523</b>	<b>1,397,233</b>	<b>1,294,629</b>	<b>102,604</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>974,977</b>	<b>372,977</b>	<b>447,980</b>	<b>75,003</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,530	1,530	1,530	-
Transfers out	(300,000)	(300,000)	(300,000)	-
<b>Total other financing sources (uses)</b>	<b>(298,470)</b>	<b>(298,470)</b>	<b>(298,470)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 974,977</b>	<b>\$ 372,977</b>	<b>149,510</b>	<b>\$ (223,467)</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,342,905	
End of year			<b>\$ 1,492,415</b>	



# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Childcare Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 648	\$ 648
Intergovernmental	287,420	349,751	351,532	1,781
Charges for current services	2,487,020	2,655,020	2,429,227	(225,793)
<b>Total revenues</b>	<b>2,774,440</b>	<b>3,004,771</b>	<b>2,781,407</b>	<b>(223,364)</b>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	2,811,070	3,016,101	2,865,240	150,861
Capital outlay	3,000	6,000	-	6,000
<b>Total expenditures</b>	<b>2,814,070</b>	<b>3,022,101</b>	<b>2,865,240</b>	<b>156,861</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(39,630)</b>	<b>(17,330)</b>	<b>(83,833)</b>	<b>(66,503)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	118,360	118,360	118,360	-
Transfers out	(50,400)	(50,400)	(50,400)	-
<b>Total other financing sources (uses)</b>	<b>67,960</b>	<b>67,960</b>	<b>67,960</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 28,330</b>	<b>\$ 50,630</b>	<b>(15,873)</b>	<b>\$ (66,503)</b>
<b>FUND BALANCE:</b>				
Beginning of year			36,004	
End of year			\$ 20,131	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Street Maintenance and Cleaning Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 11,000	\$ 11,000	\$ 5,114	\$ (5,886)
Intergovernmental	16,000	16,000	16,621	621
Other revenue	2,360	2,360	1,148	(1,212)
<b>Total revenues</b>	<b>29,360</b>	<b>29,360</b>	<b>22,883</b>	<b>(6,477)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works and parks	1,538,459	1,557,407	1,476,359	81,048
Capital improvement/special projects	100,000	100,000	100,982	(982)
<b>Total expenditures</b>	<b>1,638,459</b>	<b>1,657,407</b>	<b>1,577,341</b>	<b>80,066</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,609,099)</b>	<b>(1,628,047)</b>	<b>(1,554,458)</b>	<b>73,589</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,235,430	1,235,430	1,235,430	-
<b>Total other financing sources (uses)</b>	<b>1,235,430</b>	<b>1,235,430</b>	<b>1,235,430</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (373,669)</b>	<b>\$ (392,617)</b>	<b>(319,028)</b>	<b>\$ 73,589</b>
<b>FUND BALANCE:</b>				
Beginning of year			550,060	
End of year			<b>\$ 231,032</b>	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Loch Lomond Assessment District Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 63,510	\$ 63,510	\$ 62,694	\$ (816)
Use of money and property	10,000	10,000	8,370	(1,630)
<b>Total revenues</b>	<u>73,510</u>	<u>73,510</u>	<u>71,064</u>	<u>(2,446)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works and parks	6,120	6,120	54	6,066
<b>Total expenditures</b>	<u>6,120</u>	<u>6,120</u>	<u>54</u>	<u>6,066</u>
<b>Net change in fund balance</b>	<u>\$ 67,390</u>	<u>\$ 67,390</u>	71,010	<u>\$ 3,620</u>
<b>FUND BALANCE:</b>				
Beginning of year			627,566	
End of year			<u>\$ 698,576</u>	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Library Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 36,190	\$ 36,090	\$ 65,583	\$ 29,493
Intergovernmental	205,860	205,860	161,975	(43,885)
Charges for current services	14,400	14,500	5,719	(8,781)
Other revenue	12,340	12,340	41,767	29,427
<b>Total revenues</b>	<b>268,790</b>	<b>268,790</b>	<b>275,044</b>	<b>6,254</b>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	207,490	207,490	156,909	50,581
Capital improvement/special projects	-	-	74,457	(74,457)
<b>Total expenditures</b>	<b>207,490</b>	<b>207,490</b>	<b>231,366</b>	<b>(23,876)</b>
<b>Net change in fund balance</b>	<b>\$ 61,300</b>	<b>\$ 61,300</b>	<b>43,678</b>	<b>\$ (17,622)</b>
<b>FUND BALANCE:</b>				
Beginning of year			472,578	
End of year			<u>\$ 516,256</u>	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Public Safety Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 12,000	\$ 12,000	\$ 20,085	\$ 8,085
Use of money and property	900	900	1,564	664
Intergovernmental	60,500	73,500	92,859	19,359
Charges for current services	18,710	18,710	11,130	(7,580)
Other revenue	1,500	1,500	2,155	655
<b>Total revenues</b>	<b>93,610</b>	<b>106,610</b>	<b>127,793</b>	<b>21,183</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	113,551	131,313	127,796	3,517
Capital improvement/special projects	-	16,311	5,753	10,558
<b>Total expenditures</b>	<b>113,551</b>	<b>147,624</b>	<b>133,549</b>	<b>14,075</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(19,941)</b>	<b>(41,014)</b>	<b>(5,756)</b>	<b>35,258</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	45,160	45,160	45,160	-
<b>Total other financing sources (uses)</b>	<b>45,160</b>	<b>45,160</b>	<b>45,160</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 25,219</b>	<b>\$ 4,146</b>	<b>39,404</b>	<b>\$ 35,258</b>
<b>FUND BALANCE:</b>				
Beginning of year			120,993	
End of year			<u>\$ 160,397</u>	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Stormwater Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 2,060	\$ 2,060	\$ 2,000	\$ (60)
Use of money and property	10,000	10,000	5,321	(4,679)
Charges for current services	1,408,540	858,540	815,452	(43,088)
Other revenue	-	-	165,769	165,769
<b>Total revenues</b>	<b>1,420,600</b>	<b>870,600</b>	<b>988,542</b>	<b>117,942</b>
<b>EXPENDITURES:</b>				
Current:				
Public works and parks	1,150,334	1,172,265	1,090,997	81,268
Capital improvement/special projects	550,000	550,000	659,397	(109,397)
<b>Total expenditures</b>	<b>1,700,334</b>	<b>1,722,265</b>	<b>1,750,394</b>	<b>(28,129)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(279,734)</b>	<b>(851,665)</b>	<b>(761,852)</b>	<b>89,813</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	848,710	848,710	848,710	-
<b>Total other financing sources (uses)</b>	<b>848,710</b>	<b>848,710</b>	<b>848,710</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 568,976</b>	<b>\$ (2,955)</b>	<b>86,858</b>	<b>\$ 89,813</b>
<b>FUND BALANCE:</b>				
Beginning of year			625,783	
End of year			<b>\$ 712,641</b>	

**City of San Rafael**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Development Services Special Revenue Fund**

**For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 10,000	\$ 10,000	\$ 9,166	\$ (834)
Charges for services	-	-	29,021	29,021
Other	-	-	17,200	17,200
<b>Total revenues</b>	<b>10,000</b>	<b>10,000</b>	<b>55,387</b>	<b>45,387</b>
<b>EXPENDITURES:</b>				
Capital improvement/special projects	-	-	126,051	(126,051)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>126,051</b>	<b>(126,051)</b>
<b>Net change in fund balance</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>(70,664)</b>	<b>\$ (80,664)</b>
<b>FUND BALANCE:</b>				
Beginning of year, as restated			506,227	
End of year			\$ 435,563	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Grants Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 2,400	\$ 2,400	\$ 11,753	\$ 9,353
Intergovernmental	426,430	707,889	974,151	266,262
Other revenue	-	120,000	121,000	1,000
<b>Total revenues</b>	<b>428,830</b>	<b>830,289</b>	<b>1,106,904</b>	<b>276,615</b>
<b>EXPENDITURES:</b>				
Current:				
General government	9,760	9,760	10,022	(262)
Public safety	112,000	100,000	100,000	-
Culture and recreation	250,760	261,555	275,609	(14,054)
Capital improvement/special projects	180,000	837,774	783,112	54,662
<b>Total expenditures</b>	<b>552,520</b>	<b>1,209,089</b>	<b>1,168,743</b>	<b>40,346</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(123,690)</b>	<b>(378,800)</b>	<b>(61,839)</b>	<b>316,961</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	100,130	350,130	379,230	29,100
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>100,130</b>	<b>350,130</b>	<b>379,230</b>	<b>29,100</b>
<b>Net change in fund balance</b>	<b>\$ (23,560)</b>	<b>\$ (28,670)</b>	<b>317,391</b>	<b>\$ 346,061</b>
<b>FUND BALANCE:</b>				
Beginning of year			770,545	
End of year			<b>\$ 1,087,936</b>	



**City of San Rafael**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Parkland Dedication Special Revenue Fund**

**For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 12,000	\$ 12,000	\$ 10,396	\$ (1,604)
Intergovernmental	-	-	301,295	301,295
Charges for current services	-	-	181,907	181,907
Other revenue	-	-	300	300
<b>Total revenues</b>	<b>12,000</b>	<b>12,000</b>	<b>493,898</b>	<b>481,898</b>
<b>EXPENDITURES:</b>				
Capital improvement/special projects	-	-	301,095	(301,095)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>301,095</b>	<b>(301,095)</b>
<b>Net change in fund balance</b>	<b>\$ 12,000</b>	<b>\$ 12,000</b>	<b>192,803</b>	<b>\$ 180,803</b>
<b>FUND BALANCE:</b>				
Beginning of year			700,664	
End of year			<b>\$ 893,467</b>	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Emergency Medical Services Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 2,566,830	\$ 2,566,830	\$ 2,519,056	\$ (47,774)
Use of money and property	10,000	13,000	-	(13,000)
Intergovernmental	-	-	-	-
Charges for current services	1,350,000	1,350,000	1,428,531	78,531
<b>Total revenues</b>	<u>3,926,830</u>	<u>3,929,830</u>	<u>3,947,587</u>	<u>17,757</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	4,081,690	4,092,256	4,050,221	42,035
Capital outlay	27,620	27,620	1,914	25,706
<b>Total expenditures</b>	<u>4,109,310</u>	<u>4,119,876</u>	<u>4,052,135</u>	<u>67,741</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(182,480)</u>	<u>(190,046)</u>	<u>(104,548)</u>	<u>85,498</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	35,060	35,060	35,060	-
Transfers out	-	-	(22,000)	(22,000)
<b>Total other financing sources (uses)</b>	<u>35,060</u>	<u>35,060</u>	<u>13,060</u>	<u>(22,000)</u>
<b>Net change in fund balance</b>	<u>\$ (147,420)</u>	<u>\$ (154,986)</u>	<u>(91,488)</u>	<u>\$ 63,498</u>
<b>FUND BALANCE:</b>				
Beginning of year			155,129	
End of year			<u>\$ 63,641</u>	

**City of San Rafael**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Business Improvement Special Revenue Fund**

**For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 500	\$ 500	\$ 72	\$ (428)
Intergovernmental	34,750	34,750	32,760	(1,990)
Other revenue	20,560	20,560	16,092	(4,468)
<b>Total revenues</b>	<u>55,810</u>	<u>55,810</u>	<u>48,924</u>	<u>(6,886)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	57,830	57,830	48,583	9,247
<b>Total expenditures</b>	<u>57,830</u>	<u>57,830</u>	<u>48,583</u>	<u>9,247</u>
 <b>Net change in fund balance</b>	 <u>\$ (2,020)</u>	 <u>\$ (2,020)</u>	 341	 <u>\$ (2,361)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,686</u>	
End of year			<u>\$ 3,027</u>	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Household Hazmat Facility Special Revenue Fund For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Licenses and permits	\$ 5,100	\$ 5,100	\$ 9,239	\$ 4,139
Use of money and property	10,500	10,500	-	(10,500)
Intergovernmental	15,000	27,000	-	(27,000)
Charges for services	1,496,530	1,494,530	1,353,130	(141,400)
Other	12,340	12,340	4,599	(7,741)
<b>Total revenues</b>	<b>1,539,470</b>	<b>1,549,470</b>	<b>1,366,968</b>	<b>(182,502)</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	1,359,240	1,594,218	1,536,442	57,776
Capital outlay	-	12,140	-	12,140
<b>Total expenditures</b>	<b>1,359,240</b>	<b>1,606,358</b>	<b>1,536,442</b>	<b>69,916</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>180,230</b>	<b>(56,888)</b>	<b>(169,474)</b>	<b>(112,586)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(125,000)	(266,500)	(266,500)	-
<b>Total other financing sources (uses)</b>	<b>(125,000)</b>	<b>(266,500)</b>	<b>(266,500)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 55,230</b>	<b>\$ (323,388)</b>	<b>(435,974)</b>	<b>\$ (112,586)</b>
<b>FUND BALANCE:</b>				
Beginning of year			473,571	
End of year			\$ 37,597	

**City of San Rafael**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Sewer Maintenance Special Revenue Fund**

**For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Charges for services	1,197,150	1,197,150	1,206,821	9,671
<b>Total revenues</b>	<b>1,202,150</b>	<b>1,202,150</b>	<b>1,206,821</b>	<b>4,671</b>
<b>EXPENDITURES:</b>				
Current:				
Public works and parks	1,079,030	1,089,249	1,088,862	387
<b>Total expenditures</b>	<b>1,079,030</b>	<b>1,089,249</b>	<b>1,088,862</b>	<b>387</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>123,120</b>	<b>112,901</b>	<b>117,959</b>	<b>5,058</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(96,800)	(96,800)	(96,800)	-
<b>Total other financing sources (uses)</b>	<b>(96,800)</b>	<b>(96,800)</b>	<b>(96,800)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 26,320</b>	<b>\$ 16,101</b>	<b>21,159</b>	<b>\$ 5,058</b>
<b>FUND BALANCE:</b>				
Beginning of year			19,509	
End of year			<b>\$ 40,668</b>	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Peacock Gap Assessment District Debt Service Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 231,340	\$ 231,340	\$ 103,213	\$ (128,127)
Use of money and property	10,000	10,000	2,141	(7,859)
<b>Total revenues</b>	<u>241,340</u>	<u>241,340</u>	<u>105,354</u>	<u>(135,986)</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal retirement	190,000	190,000	190,000	-
Interest and fiscal charges	33,170	33,170	23,011	10,159
<b>Total expenditures</b>	<u>223,170</u>	<u>223,170</u>	<u>213,011</u>	<u>10,159</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>18,170</u>	<u>18,170</u>	<u>(107,657)</u>	<u>(125,827)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,540)	(2,540)	(2,540)	-
<b>Total other financing sources (uses)</b>	<u>(2,540)</u>	<u>(2,540)</u>	<u>(2,540)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 15,630</u>	<u>\$ 15,630</u>	<u>(110,197)</u>	<u>\$ (125,827)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>326,983</u>	
End of year			<u>\$ 216,786</u>	

**City of San Rafael**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Mariposa Assessment District Debt Service Fund**

**For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 22,720	\$ 22,720	\$ 22,537	\$ (183)
Use of money and property	1,000	1,000	402	(598)
<b>Total revenues</b>	<u>23,720</u>	<u>23,720</u>	<u>22,939</u>	<u>(781)</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal retirement	15,000	15,000	15,000	-
Interest and fiscal charges	7,500	7,500	6,610	890
<b>Total expenditures</b>	<u>22,500</u>	<u>22,500</u>	<u>21,610</u>	<u>890</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,220</u>	<u>1,220</u>	<u>1,329</u>	<u>109</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(150)	(150)	(150)	-
<b>Total other financing sources (uses)</b>	<u>(150)</u>	<u>(150)</u>	<u>(150)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 1,070</u>	<u>\$ 1,070</u>	1,179	<u>\$ 109</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>40,043</u>	
End of year			<u>\$ 41,222</u>	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 1997 Financing Authority Revenue Bonds Debt Service Fund For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 678,860	\$ 678,860	\$ 909,185	\$ 230,325
Use of money and property	7,900	7,900	12,531	4,631
<b>Total revenues</b>	<u>686,760</u>	<u>686,760</u>	<u>921,716</u>	<u>234,956</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal retirement	484,000	732,790	655,000	77,790
Interest and fiscal charges	203,350	203,350	268,971	(65,621)
<b>Total expenditures</b>	<u>687,350</u>	<u>936,140</u>	<u>923,971</u>	<u>12,169</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(590)</u>	<u>(249,380)</u>	<u>(2,255)</u>	<u>247,125</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(4,860)	(4,860)	(4,860)	-
<b>Total other financing sources (uses)</b>	<u>(4,860)</u>	<u>(4,860)</u>	<u>(4,860)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (5,450)</u>	<u>\$ (254,240)</u>	<u>(7,115)</u>	<u>\$ 247,125</u>
<b>FUND BALANCE:</b>				
Beginning of year			1,018,177	
End of year			<u>\$ 1,011,062</u>	



**City of San Rafael**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Capital Improvement Capital Projects Fund**

**For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 10,000	\$ 10,000	\$ 10,361	\$ 361
Intergovernmental	-	-	108,676	108,676
Other revenue	-	141,000	51,983	(89,017)
<b>Total revenues</b>	<b>10,000</b>	<b>151,000</b>	<b>171,020</b>	<b>20,020</b>
<b>EXPENDITURES:</b>				
Capital improvement/special projects	-	141,000	211,328	(70,328)
<b>Total expenditures</b>	<b>-</b>	<b>141,000</b>	<b>211,328</b>	<b>(70,328)</b>
<b>Net change in fund balance</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>(40,308)</b>	<b>\$ 50,308</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,186,934	
End of year			\$ 1,146,626	

**City of San Rafael**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Bedroom Tax Capital Projects Fund**

**For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ -	\$ -	\$ 26,596	\$ 26,596
Use of money and property	2,000	2,000	1,960	(40)
<b>Total revenues</b>	<b>2,000</b>	<b>2,000</b>	<b>28,556</b>	<b>26,556</b>
<b>Net change in fund balance</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>28,556</b>	<b>\$ 26,556</b>
<b>FUND BALANCE:</b>				
Beginning of year			136,822	
End of year			\$ 165,378	

**City of San Rafael**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Park Capital Projects Capital Projects Fund**

**For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Other revenues	-	-	14,199	14,199
<b>Total revenues</b>	<b>2,000</b>	<b>2,000</b>	<b>14,199</b>	<b>12,199</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	152,161	(152,161)
Capital improvement/special projects	-	-	21,916	(21,916)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>174,077</b>	<b>(174,077)</b>
<b>Net change in fund balance</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>(159,878)</b>	<b>\$ (161,878)</b>
<b>FUND BALANCE:</b>				
Beginning of year			176,312	
End of year			\$ 16,434	

# City of San Rafael

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Open Space Capital Projects Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 5,000	\$ 5,000	\$ 1,750	\$ (3,250)
<b>Total revenues</b>	<u>5,000</u>	<u>5,000</u>	<u>1,750</u>	<u>(3,250)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	11,840	11,840	3,036	8,804
<b>Total expenditures</b>	<u>11,840</u>	<u>11,840</u>	<u>3,036</u>	<u>8,804</u>
<b>Net change in fund balance</b>	<u>\$ (6,840)</u>	<u>\$ (6,840)</u>	(1,286)	<u>\$ 5,554</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>138,138</u>	
End of year			<u>\$ 136,852</u>	

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# INTERNAL SERVICE FUNDS

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**City of San Rafael**  
**Combining Statement of Net Assets**  
**All Internal Service Funds**  
**June 30, 2005**

	Equipment Replacement	Building Maintenance	Employee Benefits	Liability Insurance	Worker's Compensation
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 761,584	\$ 354,485	\$ -	\$ 707,799	\$ 3,422,602
Accounts receivable	-	-	839,781	-	-
Due from other funds	797,883	-	-	-	-
Loans receivable	-	5,000	-	-	-
<b>Total assets</b>	<b>1,559,467</b>	<b>359,485</b>	<b>839,781</b>	<b>707,799</b>	<b>3,422,602</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	5,348	17,117	1,342	17,267	-
Due to other funds	-	-	797,883	-	-
Insurance claims payable	-	-	-	505,259	3,209,405
<b>Total liabilities</b>	<b>5,348</b>	<b>17,117</b>	<b>799,225</b>	<b>522,526</b>	<b>3,209,405</b>
<b>NET ASSETS</b>					
Unrestricted	1,554,119	342,368	40,556	185,273	213,197
<b>Total net assets</b>	<b>\$ 1,554,119</b>	<b>\$ 342,368</b>	<b>\$ 40,556</b>	<b>\$ 185,273</b>	<b>\$ 213,197</b>



<u>Dental</u>	<u>Radio</u>	<u>Total</u>
<u>Insurance</u>	<u>Replacement</u>	
\$ 7,705	\$ 1,558,076	\$ 6,812,251
-	-	839,781
-	-	797,883
-	-	5,000
<u>7,705</u>	<u>1,558,076</u>	<u>8,454,915</u>
-	-	41,074
-	-	797,883
-	-	<u>3,714,664</u>
-	-	<u>4,553,621</u>
<u>7,705</u>	<u>1,558,076</u>	<u>3,901,294</u>
<u>\$ 7,705</u>	<u>\$ 1,558,076</u>	<u>\$ 3,901,294</u>

**City of San Rafael**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**All Internal Service Funds**  
**For the year ended June 30, 2005**

	Equipment Replacement	Building Maintenance	Employee Benefits	Liability Insurance	Worker's Compensation
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 1,037,170	\$ 44,840	\$ 1,092,735	\$ 981,216	\$ 1,748,284
Refunds	-	-	248,165	131,372	36,361
Other operating revenues	39,335	55,000	839,781	-	-
<b>Total operating revenues</b>	<b>1,076,505</b>	<b>99,840</b>	<b>2,180,681</b>	<b>1,112,588</b>	<b>1,784,645</b>
<b>OPERATING EXPENSES:</b>					
General and administrative	341,990	80,935	2,350,974	-	-
Insurance premiums and claims	-	-	-	1,471,678	1,143,032
Capital improvement project	320,576	138,709	-	-	-
<b>Total operating expenses</b>	<b>662,566</b>	<b>219,644</b>	<b>2,350,974</b>	<b>1,471,678</b>	<b>1,143,032</b>
<b>OPERATING INCOME (LOSS)</b>	<b>413,939</b>	<b>(119,804)</b>	<b>(170,293)</b>	<b>(359,090)</b>	<b>641,613</b>
<b>NONOPERATING REVENUES:</b>					
Investment income	19,452	3,126	-	7,333	49,325
<b>Total nonoperating revenues</b>	<b>19,452</b>	<b>3,126</b>	<b>-</b>	<b>7,333</b>	<b>49,325</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>433,391</b>	<b>(116,678)</b>	<b>(170,293)</b>	<b>(351,757)</b>	<b>690,938</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of assets	-	-	-	-	-
Transfers in	-	122,000	200,000	400,000	-
Transfers out	(291,100)	(3,730)	(507,670)	(300,000)	(500,000)
<b>Total other financing sources (uses)</b>	<b>(291,100)</b>	<b>118,270</b>	<b>(307,670)</b>	<b>100,000</b>	<b>(500,000)</b>
<b>Net income (loss)</b>	<b>142,291</b>	<b>1,592</b>	<b>(477,963)</b>	<b>(251,757)</b>	<b>190,938</b>
<b>NET ASSETS:</b>					
Beginning of year	1,411,828	340,776	518,519	437,030	22,259
End of year	\$ 1,554,119	\$ 342,368	\$ 40,556	\$ 185,273	\$ 213,197



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	Dental Insurance	Radio Replacement	Total
\$	410,356	\$ 254,680	\$ 5,569,281
	10,613	-	426,511
	-	-	934,116
	420,969	254,680	6,929,908
	-	585,452	3,359,351
	415,368	-	3,030,078
	-	-	459,285
	415,368	585,452	6,848,714
	5,601	(330,772)	81,194
	198	18,328	97,762
	198	18,328	97,762
	5,799	(312,444)	178,956
	-	-	-
	-	-	722,000
	-	-	(1,602,500)
	-	-	(880,500)
	5,799	(312,444)	(701,544)
	1,906	1,870,520	4,602,838
\$	7,705	\$ 1,558,076	\$ 3,901,294

**City of San Rafael**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the year ended June 30, 2005**

	Equipment Replacement	Building Maintenance	Employee Benefits	Liability Insurance	Worker's Compensation
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers/other funds	\$ 1,076,505	\$ 104,840	\$ 2,657,703	\$ 1,112,588	\$ 1,784,645
Cash payments to suppliers for goods and services	(1,464,996)	(220,510)	(2,350,033)	(1,642,130)	(1,593,870)
Net cash provided (used) by operating activities	(388,491)	(115,670)	307,670	(529,542)	190,775
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	-	122,000	200,000	400,000	-
Transfers out	(291,100)	(3,730)	(507,670)	(300,000)	(500,000)
Net cash provided (used) by noncapital financing activities	(291,100)	118,270	(307,670)	100,000	(500,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest revenue	19,452	3,126	-	7,333	49,325
Net cash provided (used) by investing activities	19,452	3,126	-	7,333	49,325
Net increase (decrease) in cash and cash equivalents	(660,139)	5,726	-	(422,209)	(259,900)
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	1,421,723	348,759	-	1,130,008	3,682,502
End of year	\$ 761,584	\$ 354,485	\$ -	\$ 707,799	\$ 3,422,602
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 413,939	\$ (119,804)	\$ (170,293)	\$ (359,090)	\$ 641,613
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in operating assets and liabilities:					
Due to/from other funds	(797,883)	-	622,474	-	-
Accounts receivable	-	-	(145,452)	-	-
Loans receivable	-	5,000	-	-	-
Accounts payable	(4,547)	(866)	941	11,434	(9,364)
Insurance claims payable	-	-	-	(181,886)	(441,474)
Total adjustments	(802,430)	4,134	477,963	(170,452)	(450,838)
Net cash provided (used) by operating activities	\$ (388,491)	\$ (115,670)	\$ 307,670	\$ (529,542)	\$ 190,775

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Dental Insurance	Radio Replacement	Total
\$ 420,969	\$ 254,680	\$ 7,411,930
(415,368)	(585,452)	(8,272,359)
5,601	(330,772)	(860,429)

-	-	722,000
-	-	(1,602,500)

-	-	(880,500)
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198	18,328	97,762
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198	18,328	97,762
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5,799	(312,444)	(1,643,167)
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1,906	1,870,520	8,455,418
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\$ 7,705	\$ 1,558,076	\$ 6,812,251
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\$ 5,601	\$ (330,772)	\$ 81,194
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-	-	(175,409)
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-	-	(145,452)
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-	-	5,000
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-	-	(2,402)
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-	-	(623,360)
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-	-	(941,623)
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\$ 5,601	\$ (330,772)	\$ (860,429)
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