

COMPREHENSIVE ANNUAL FINANCIAL REPORT

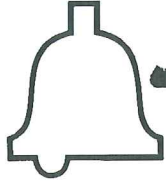
For the Fiscal Year Ended
June 30, 2009

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

Prepared by the Finance Department
Cindy Mosser, Finance Director/City Treasurer

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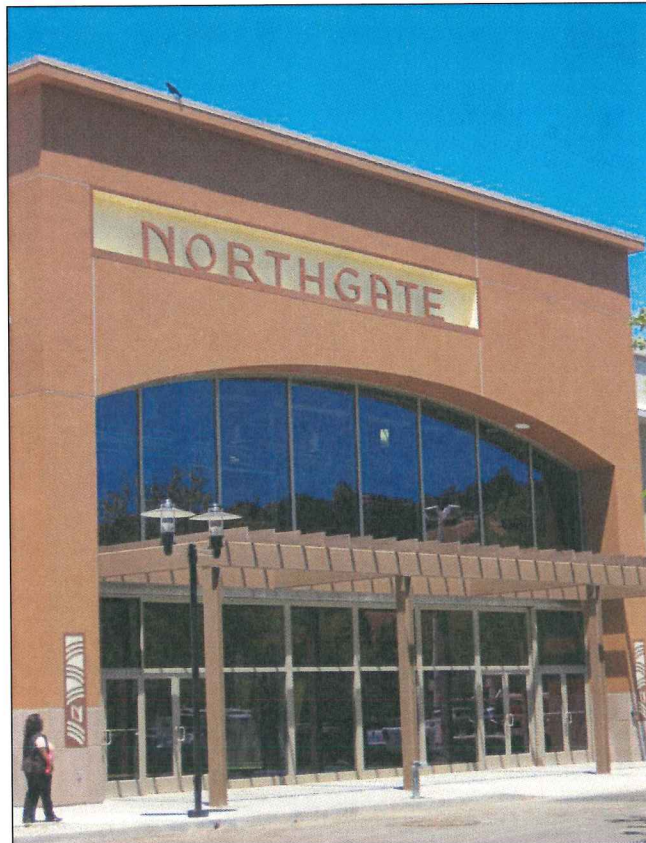
CITY OF



San Rafael

CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2009



The newly renovated mall at Northgate

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INTRODUCTORY SECTION



San Rafael's weekly Downtown Farmers Market

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CITY OF SAN RAFAEL, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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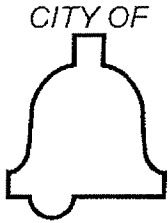
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San Rafael

*Mayor
Albert J. Boro*

*Council Members
Greg Brockbank
Damon Connolly
Barbara Heller
Marc Levine*

February 23, 2010

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

The Comprehensive Annual Financial Report (CAFR) of the City of San Rafael for the year ended June 30, 2009, is hereby submitted as mandated by both local ordinances and State of California statutes. These ordinances and statutes require that the City of San Rafael annually issue a report on its financial position and activity, and that an independent firm of certified public accountants audits this report.

Responsibility for both the data accuracy, and the completeness and fairness of the presentation, rests with management. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of San Rafael. The financial statements are prepared in accordance with Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board (GASB) and include the report of the independent certified public accounting firm, Maze and Associates Accountancy Corporation.

Further, the CAFR is prepared in accordance with procedures and policies set by the Government Finance Officers Association. The analysis of the financial condition and the result of operations are in the Management's Discussion and Analysis document in the financial section. The CAFR is organized into three sections:

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

REPORTING ENTITY – PROFILE OF THE GOVERNMENT

The City of San Rafael provides a full range of municipal services required by statute or charter, namely: Fire, Police, Community Development (encompassing Building, Planning and Code Enforcement), Public Works, Community Services (both Recreation and Child Care programs), Redevelopment, Library and Management Services. The City Council is financially accountable for the San Rafael Redevelopment Agency and the San Rafael Joint Powers Financing Authority. These entities are considered blended component units and are combined with the City's figures in this report. The San Rafael Sanitation District is a discretely presented component unit of the City of San Rafael and is presented independent of City financial information. For a further explanation of these entities, refer to Footnote No. 1 in the Financial Section of the CAFR.

The City participates in various organizations through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these agencies exercise full powers and authorities within the scope of the related Joint Powers Agreement including the preparation of annual budgets, accountability for all funds, and the power to make and execute contracts. Obligations and liabilities of the separate entities are not those of the City. For a further explanation of these separate entities, refer to Footnote No. 12 in the CAFR.

The Mission San Rafael Archangel was founded in 1817. San Rafael was incorporated in 1874 and became a charter city in 1913 by vote within the City. The City Council is composed of five members; four are elected at large to four-year terms. The mayor is elected separately to a four-year term. The City currently has a land area of 22 square miles that includes 17 square miles of land and five of water and tidelands. San Rafael's population in 2009 was 58,363.

The City of San Rafael is located 17 miles north of San Francisco in Marin County. Protected by its Mediterranean like setting along the shores of the San Francisco Bay, the City enjoys a mild climate year round. As the County seat, San Rafael is considered the commercial, financial and cultural and civic hub of Marin County. Abundant recreational facilities are available in and around the San Rafael area. In addition to the City's cultural, park and recreational resources, there are other attractions that include Muir Woods, five State parks, the San Francisco area, Oakland and the nearby wine country.

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

ECONOMIC CONDITION

San Rafael is a regional employment center. The number of jobs within the City exceeds the number of employed residents. Our diversified economic mix includes high-tech, financial, service based, entertainment and industrial businesses. Even with this diversity, the City finds itself struggling with a multi-million dollar deficit, resulting from a down economy rooted in high unemployment, vacant commercial properties, and a stagnant real estate market.

Financial performance and the short term outlook is not getting any brighter in the current (2009-2010) fiscal year. Sales taxes have been down for four straight quarters. Property taxes remains relatively flat. The future continues to look troubling as staff and the City Council peer into the future. The State of California budget deficit was targeted at \$21 billion as of December 2009.

The current severe recession continues to have an extreme negative impact on the City's budget. In the past two years, the City Council has taken actions to reduce the General Fund budget by over \$5 million. Actions implemented produced a multitude of cost savings and revenue enhancements primarily outlined in a Recession Action Plan and Economic Vitality Plan. Work furloughs, and early retirement program, hiring freeze, position eliminations including layoffs, and deferrals of contractual salary increases are some of the actions taken to reduce the deficit.

The 2009-2011 budget cycle looks to be another financial challenge. With a continued flat economy (and no real recovery expected until at least late 2011) and the State fiscal fiasco, the community and City Council will be spending countless hours over the next few months reviewing options and looking at ways of maintaining core services. Employee and community involvement will play a key role in determining how the City's financial future is shaped.

Demographic Data

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

- ☒ Economic development organizations in San Rafael include the Redevelopment Agency, Business Improvement District, Chamber of Commerce and the Marin County Economic Commission.
- ☒ San Rafael's population rate grew at about 0.5% per annum from 2000 (56,063) to 2009 (58,363).
- ☒ Unemployment rates for 2009 were 9.6% (2008 was 5.9%) for the City and 8.1% countywide.
- ☒ Countywide office vacancy rates rose dramatically to 24.5% for 2009, a dramatic increase from the 16.0% levels for 2008.
- ☒ Median office rents in Central San Rafael were \$2.75 per square foot; in North San Rafael the rate averaged \$2.45.
- ☒ Median industrial space rents averaged \$0.95 per square foot for San Rafael.
- ☒ Major shopping areas, as measured in available retail square footage, include the Downtown corridor (938,000 aggregate), the Mall at Northgate (725,000), Montecito Center (130,000) and Northgate One (113,900).
- ☒ Total Marin County land acreage of 388,352 breaks down as 55,424 in waterways, 128,519 for public use, 23,241 subject to exemption, 97,615 contract restricted (open space and agriculture), and 83,913 as developed. The latter category denotes only 22% of all acreage is used for development.
- ☒ Several hotels and motels support tourism activity, led by 235 room facilities for both the Embassy Suites and Four Points Sheraton. Citywide, the total number of hotel rooms is 803.
- ☒ Home buying and apartment rentals continue to be a challenge both in San Rafael and Marin County. Mean household incomes in San Rafael are \$78,680 as of 2008, but less than 30% can afford to buy a median priced home. Rents for one bedroom apartments range from \$800-\$1,900, while two bedroom apartments go for \$1,075 to \$2,000.

MAJOR INITIATIVES

Current Year Projects, Accomplishments and Service Efforts

The City Council adopted a one-year budget in July of 2009 for the 2009-2010 fiscal year.

These objectives support Department goals, the City Council's five-year goals, and our Mission Statement. Progress reports are provided to the City Council and community at six-month intervals during the two-year budget.

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

FINANCIAL INFORMATION

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

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

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

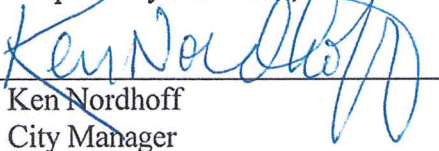
OTHER INFORMATION

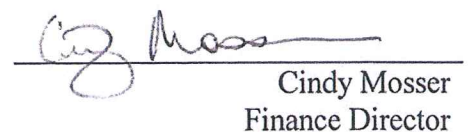
Independent Audit - the Charter of the City of San Rafael requires an annual audit of the City's financial records and transactions by an independent certified public accounting firm. This year, the accounting firm of Maze and Associates Accountancy Corporation performed the audit. The audit requirement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

Acknowledgment - The preparation of this document was accomplished through the diligent, dedicated efforts of the Finance Department's staff. Appreciation goes to Van Bach, Accounting Supervisor, Helen Yu, Accountant, and Carl Tregner, Accountant. All of these top-notch employees were instrumental in coordinating the annual audit in a timely and professional manner. Also, Sylvia Gonzalez, the City Manager's Administrative Assistant, helped assemble the City's Comprehensive Annual Financial Report.

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

Respectfully submitted,


Ken Nordhoff
City Manager


Cindy Mosser
Finance Director



MISSION STATEMENT

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

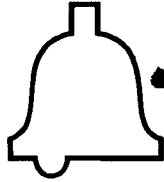
VISION STATEMENT

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

January 1996

Albert J. Boro, Mayor
Barbara Heller, Vice- Mayor
Greg Brockbank, Council Member
Damon Connolly, Council Member
Cyr N. Miller, Council Member

CITY OF



San Rafael

City Officials

City Council

Albert J. Boro, Mayor
Barbara Heller, Vice-Mayor
Greg Brockbank, Council Member
Damon Connolly, Council Member
Cyr N. Miller, Council Member

Elected Officials

Rob F. Epstein, City Attorney
Esther Beirne, City Clerk

Management Team

Ken Nordhoff, City Manager
Jim Schutz, Assistant City Manager /
Management Services Director
Nancy Mackle, Deputy City Manager /
Economic Development Director
Terri Hardesty, Assistant to the City Manager

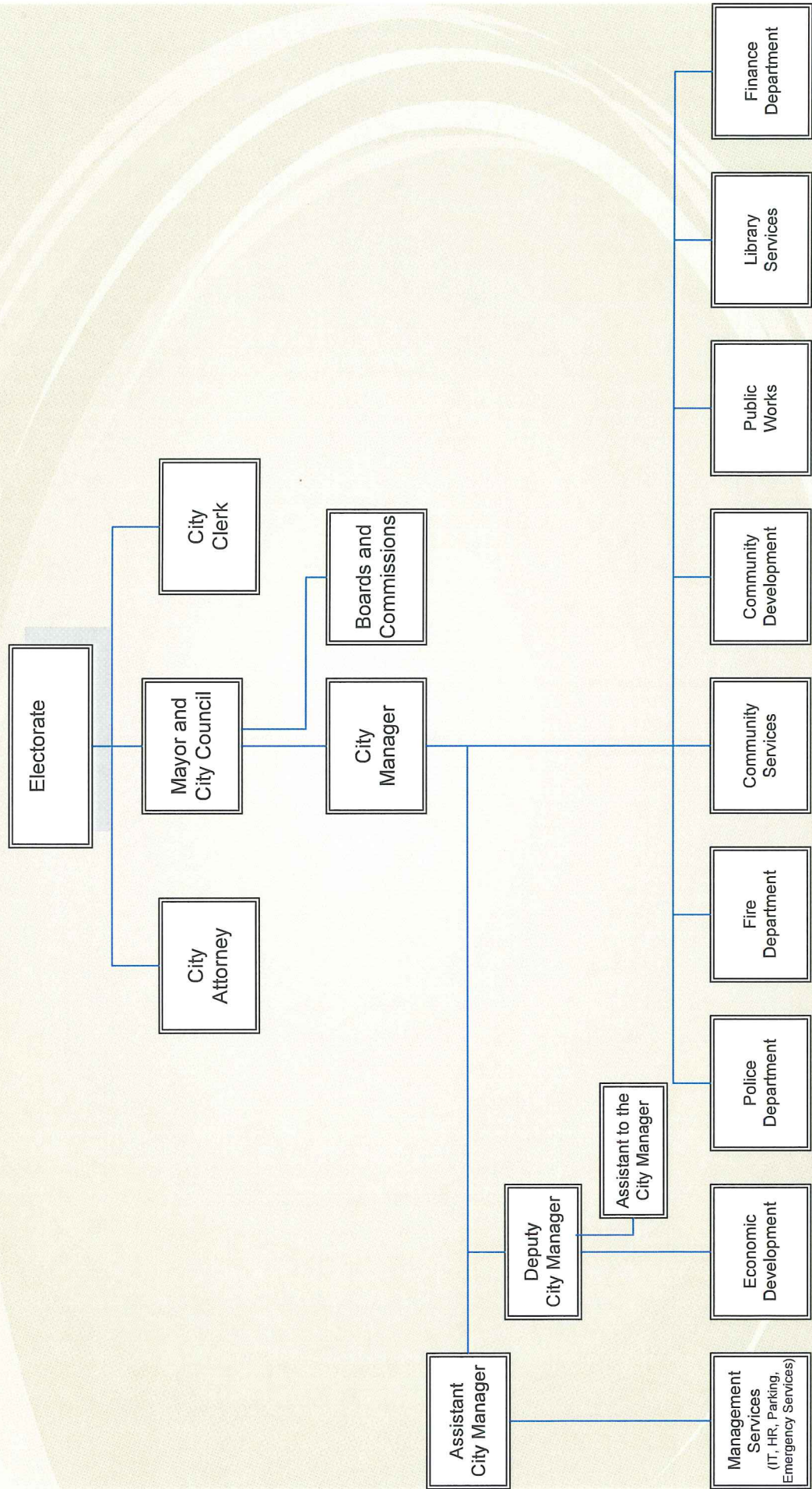
Eric Davis, Deputy City Attorney
Lisa Goldfien, Deputy City Attorney
Bob Brown, Community Development Director
Carlene McCart, Community Services Director
Cindy Mosser, Finance Director
Christopher Gray, Fire Chief
Leslie Loomis, Human Resources Director
David Dodd, Library Director
Matthew Odetto, Police Chief
Parviz Mokhtari, Interim Public Works Director



LOCATION MAP

City of San Rafael

Organizational Chart



FINANCIAL SECTION



San Rafael Corporate Center

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**INDEPENDENT AUDITOR'S REPORT
ON BASIC FINANCIAL STATEMENTS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Rafael as of and for the year ended June 30, 2009, 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 component unit financial statements of the San Rafael Sanitation District (District), which represents 13% and 11% of the assets and revenues and 4% and 9% of liabilities and expenses of the reporting entity, respectively. These component unit financial statements were audited by other auditors, whose report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of these other auditors.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for 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 as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the 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 of San Rafael as of June 30, 2009 and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009 on our consideration of the City of San Rafael's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note 11, the City implemented the provision of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Management's Discussion and Analysis and Budget and Actual schedules for the General Fund, Traffic and Housing Mitigation Special Revenue Fund and Gas Tax Special Revenue Fund are not a required part of the basic financial statements but are supplementary information required by the Government 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 this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic statements of the City of San Rafael. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Maze & Associates

October 30, 2009

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2009

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, 2009. Please read it in conjunction with the basic financial statements and the accompanying notes to those basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights:

Net Assets - The assets of the City exceeded its liabilities at fiscal year ending June 30, 2009 by \$216.9 million. Of this amount, \$1.2 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 revenues (\$93.1 million), which is less than expenses for governmental and business-type activities (\$96.6 million) by \$3.5 million. Excluding Depreciation (non-cash expense of \$7.7 million), collected revenues were \$4.2 million above expenses.

Changes in Net Assets - The City's total net assets decreased by \$3.50 million in fiscal year 2009. Net assets of governmental activities decreased by \$4.08 million, while net assets of the business type activities increased by \$.58 million.

Fund Highlights:

Governmental Funds - Fund Balances- As of the close of fiscal year 2009, the City's governmental funds reported combined ending fund balances of \$31.5 million, a decrease of \$3.1 million from the prior year. Of this total amount, \$18.9 million represents reserved fund balances and \$1.7million is designated.

General Fund - The fund balance of the general fund on June 30, 2009 was \$3.9 million, a decrease of \$2.3 million from the prior year. \$2.2 million was held in reserve, and \$1.7 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 \$2.6 million (6.0 percent) during the fiscal year, which reflects payment on redevelopment debt, court fine repayment note, and capitalized lease obligations.

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, 2009

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 Economic Development, Cultural and Recreation and Government Administration (finance, human resources, legal, City Clerk and City Manager operations). Property, sales and use 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 19 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, 2009

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 78 through 99 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 reconciliation's are presented on the page immediately following each governmental fund financial statement.

The City has thirty-one governmental funds, of which four are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's four major funds are - the General Fund, Redevelopment Agency Capital Projects, Gas Tax, and Traffic and Housing Mitigation. Data from the other twenty-seven governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 22 through 25 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 78 through 99 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, telephone systems, personal computer replacement program, self-insurance for worker's compensation, dental, 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 governmental-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 28 through 30 of this report.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2009

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 31 through 63 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. It contains budgetary comparison statements for the major funds (general, redevelopment agency capital project, gas tax, and traffic and housing mitigation). Required supplementary information can be found on pages 68 through 71 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 \$216.9 million, which is a decrease of \$3.5 million from the prior year.

The following is the condensed Statement of Net Assets for the fiscal years ended June 30, 2008 and 2009.

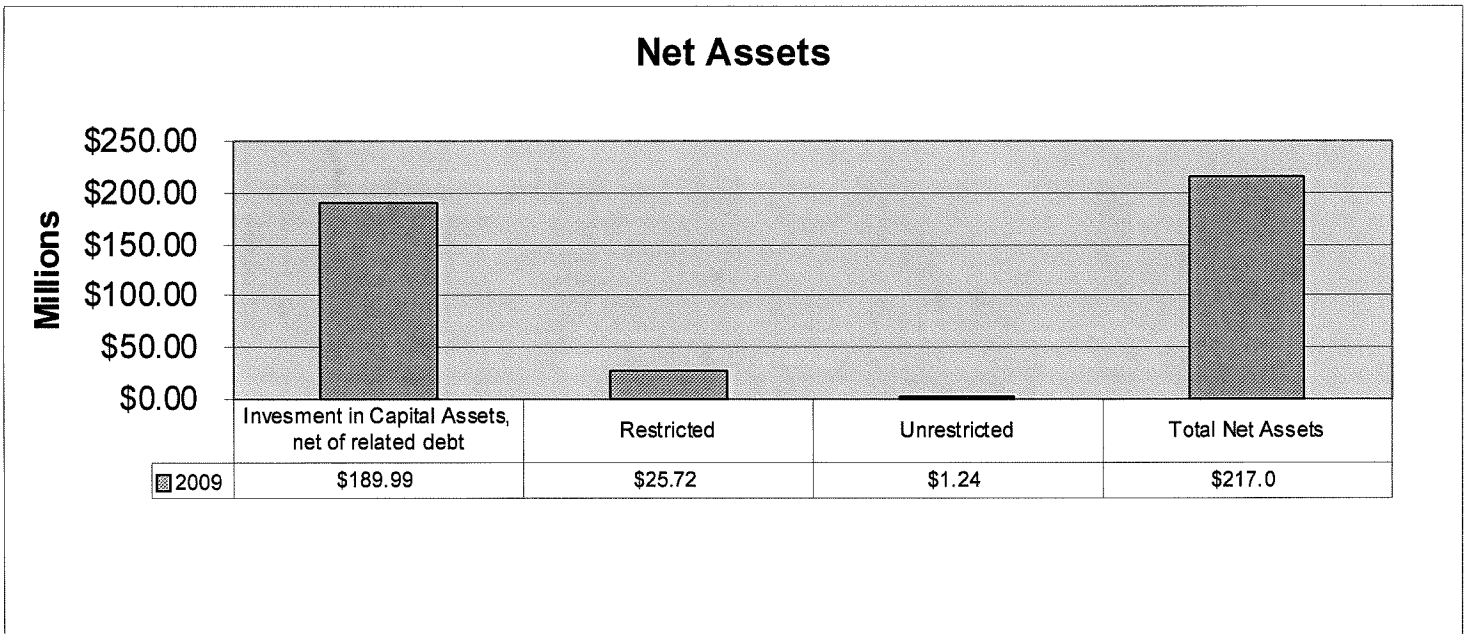
City of San Rafael							
Statements of Net Assets							
June 30,							
(Amounts in Millions)							
	Governmental Activities		Increase	Business-Type Activities		Increase	
	2009	2008	(Decrease)	2009	2008	(Decrease)	
Assets:							
Current assets	\$ 40.0	\$ 45.9	\$ (5.9)	\$ 2.3	\$ 2.7	\$ (0.4)	
Capital assets, net	214.4	214.9	(0.5)	18.2	17.3	0.9	
Total assets	254.4	260.8	(6.4)	20.5	20.0	0.5	
Liabilities:							
Current liabilities	9.1	10.1	(1.0)	0.3	0.3	-	
Long-term liabilities	41.5	42.9	(1.4)	7.0	7.1	(0.1)	
Total liabilities	50.6	53.0	(2.4)	7.3	7.4	(0.1)	
Net Assets:							
Invested in capital assets, net of related debt	178.7	176.7	2.0	11.3	10.1	1.2	
Restricted	25.7	26.8	(1.1)	-	-	-	
Unrestricted	(0.7)	4.3	(5.0)	1.9	2.5	(0.6)	
Total net assets	\$ 203.7	\$ 207.8	\$ (4.1)	\$ 13.2	\$ 12.6	\$ 0.6	

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2009

At June 30, 2009, the largest portion of net assets (87.6 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 increase in total net assets from 2007-2008 to 2008-2009 is largely attributable to a netting of capital assets acquisition against depreciation expense for the year. Total depreciation for this current year was \$7.7 million, while capital asset acquisition totaled \$8.5 million, leaving a net increase of \$0.8 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 (11.9 percent) is subject to restrictions imposed by external parties and their use is determined by those restrictions and agreements. The remainder of net assets, \$1.2 million, may be used to meet the City's ongoing operations.

For the year ended June 30, 2009, the City reported positive balances of net assets in capital and restricted 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, 2009

Statement of Activities

The following is the condensed Statement of Activities and Changes in Net Assets for the fiscal years ended June 30, 2009 and 2008:

	(Amounts in Millions)					
	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2009	2008		2009	2008	
Revenues:						
Program revenues	\$ 31.4	\$ 26.9	\$ 4.5	\$ 4.5	\$ 4.2	\$ 0.3
General revenues	57.1	62.8	(5.7)	0.1	0.1	-
Total revenues	88.5	89.7	(1.2)	4.6	4.3	0.3
Expenses	93.0	89.7	3.3	3.6	3.3	0.3
Change in net assets before transfers	(4.5)	-	(4.5)	1.0	1.0	(0.0)
Transfers	0.4	0.3	<u>\$ 0.1</u>	(0.4)	(0.3)	<u>\$ (0.1)</u>
Net Assets:						
Beginning, as restated	207.8	207.5		12.6	11.9	
Ending	<u>\$ 203.7</u>	<u>\$ 207.8</u>		<u>\$ 13.2</u>	<u>\$ 12.6</u>	

Governmental Activities:

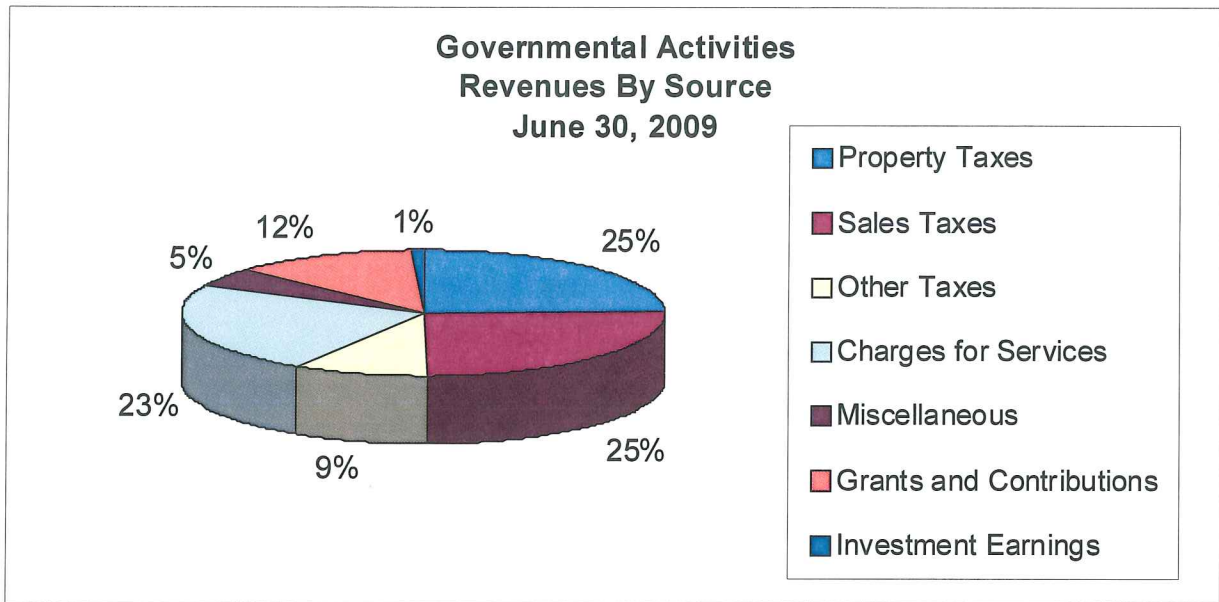
The City's governmental activities decreased net assets by \$4.1 million, which represents a 2.0% increase from last year. Key elements of this change were as follows:

Revenue highlights:

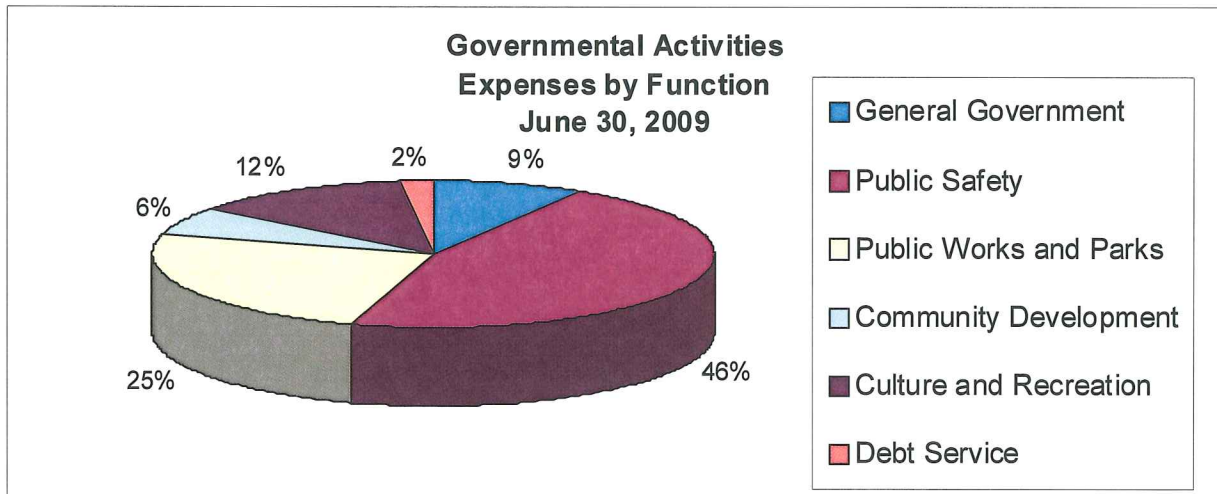
- Property Tax revenues decreased by \$0.2 million or 1.0 percent in 2009. The decrease includes \$778,000 for the SB418 settlement amount for excess Educational Revenue Augmentation Fund (ERAF).
- Sales tax decreased by \$3.8 million or approximately 14.7 percent compared to fiscal year 2008.
- Motor vehicles revenues decreased by \$59,000 or 23 percent.
- Transient Occupancy Tax revenues decreased by \$284,000 or 14 percent.
- Property Transfer Tax revenues decreased by \$604,000 or 47 percent.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2009

Governmental Activities - Revenues:



Governmental Activities - Expenses:



Total expenses for governmental activities were \$91.0 million (not including interest on long-term debt of \$2.0 million). Program revenues offset total expenditures as follows:

- Those who directly benefited from programs contributed \$20.6 million in charges for services.
- A total of \$7.3 million in capital projects was funded by outside agencies through capital grants and contributions.

As a result, total expenses that were funded by tax revenues; investment income and other general revenues were \$63.2 million.

Functional expenses for the years ended June 30, 2009 were as follows:

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2009**

Expenses by Function
For the fiscal year ended June 30, 2009

Function	Amount	Percent of Total
General Government	\$ 8,075,344	8.7%
Public Safety	42,708,538	45.9%
Public works and parks	23,036,677	24.8%
Community development	5,759,171	6.2%
Culture and recreation	11,505,896	12.4%
Interest on Debt	1,907,229	2.1%
Total Expenses	\$ 92,992,855	100.0%

Business-Type Activities:

Net assets for business-type activities were \$13.2 million, a \$0.6 million increase from the prior fiscal year. Parking services is the City's only business type activity and income is derived from program revenues of \$4.5 million. Program revenues include parking meter coin at \$1.4 million, and parking garage hourly parking at \$0.8 million. Revenues also include parking and non-vehicle code fines totaling \$2.1 million. Total expenses for parking services were \$3.6 million during fiscal year 2008-2009.

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 \$31.5 million. Approximately, \$12.6 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 \$1.7 million, while total fund balance reached \$3.9 million. \$1.7 million is held as part of the 10 percent designated unreserved 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 3 percent of total general fund expenditures including transfers out, while total fund balance represents 7 percent of that same amount.

The available fund balance in the City's General Fund decreased by \$2.3 million compared to the 2008 fiscal year. This decrease resulted from:

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2009

- Sales tax decreased by \$3.8 million or approximately 14.7 percent compared to fiscal year 2008.
- Expenditures increased with personnel costs mainly benefit costs leading the way.

Redevelopment Agency Capital Project 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 2009, the reserved fund balance was \$6.1 million, a decrease of \$0.9 million from the prior year. Expenditures exceeded revenues by \$0.94 million. The decrease is primarily related to decreased expenditures for capital improvement projects. A total of \$5.8 million in fund balance as of June 30, 2009 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 \$0.6 million as a result of operations in the Parking Services fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget totaled \$57.0 million, including an increase of \$155,762 in appropriations to the originally adopted budget.

During the year, however, revenues exceeded budgetary estimates and expenditures did not exceed the final budgetary estimate. Overall, expenditures exceeded revenues by \$2.1 million. The transfers out exceeded the transfers in by \$0.2 million.

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2009**

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, 2009 amounts to \$232.6 million, net of accumulated depreciation of \$113.4 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 \$8.5 million, offset by accumulated depreciation and retirements of \$8.0 million, thereby equaling a net increase of \$0.5 million.

Major capital asset additions during the current fiscal included work in process Medway Canal Intersection Improvements, Third/Union Intersection Improvement, and Francisco Blvd. East Improvement. The City also purchased eleven vehicles, which included one Paint truck and one Street Sweeper.

Capital Projects

- 4th Street Rehabilitation-West End project was completed in 2009.

Additional information on the City's capital assets can be found in Note 5 on pages 45 through 47 of this report.

Debt Administration

As of June 30, 2009, 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 2009 and 2008 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue Bonds	\$ 0.5	\$ 0.8	\$ 7.0	\$ 7.1	\$ 7.5	\$ 7.9
Special Assessment Bonds	-	-	-	-	-	-
Tax Allocation Bonds	35.8	37.5	-	-	35.8	37.5
Court Fine Promissory note	0.6	0.8	-	-	0.6	0.8
Redevelopment note	0.2	0.2	-	-	0.2	0.2
Capitalized Leases	0.2	0.4	-	-	0.2	0.4
Compensated Absences	4.5	4.5	0.2	0.1	4.7	4.6
Total Outstanding Debt	\$ 41.8	\$ 44.2	\$ 7.2	\$ 7.2	\$ 49.0	\$ 51.4

Additional information on the City's long-term debt can be found in Note 6 on pages 48 through 52 of this report.

***Management's Discussion and Analysis
Fiscal Year Ended June 30, 2009***

ECONOMIC CLIMATE AND NEXT YEAR'S BUDGET

Many factors were considered in preparing the City's budget for fiscal year 2009-2010. In July, the budget was balanced with strategic remedies such as:

- Deferring the replacement of all non-emergency fleet replacement, and moving the life cycle of each of our vehicles out one year. This results in the General Fund saving of \$754,000.
- Non-Safety Employee Furloughs of 5 percent of approximately \$500,000 reduction in the General Fund.
- Implementing a Voluntary Retirement Separation Program for approximately \$900,000 reduction in the General Fund.
- Reduction of force through a Layoff program for an approximate savings of \$550,000 in the General Fund.
- Elimination of a series of vacant positions permanently from the budget, totaling \$1.3 million for next year.
- Reset our projected (and required) Liability and Workers Compensation reserves, providing a one time General Fund relief of \$500,000.

The magnitude and depth of the current recession could not be projected for the rest of the fiscal year. This downturn in the economy impacts many City revenues. Our sales tax, the City's biggest tax revenue generator, faces a decline of eighteen percent with no relief in sight. The credit crisis instigated a slow down in the sale of property causing a reduction in the City's property transfer tax.

The City's second largest tax generator is property tax. Although property sales are not as strong as in previous years, the assessed values of the properties rose slightly.

The City's largest expenditure by far relates to personnel costs. Salaries and benefits are tied to the labor agreements with each bargaining group. Except for known increases in contractual obligations, the fiscal year 2008-2009 baseline operating cost levels were maintained for fiscal year 2009-2010. Unfortunately, the City's revenues are not keeping up with the City's expenditures. Difficult decisions will be made in the coming months in order to achieve and maintain a balanced budget.

REQUEST FOR INFORMATION

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

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CITY OF SAN RAFAEL

**STATEMENT OF NET ASSETS AND
STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the entire City's financial activities and financial position.

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

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

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

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

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

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

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CITY OF SAN RAFAEL
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	San Rafael Sanitation District
ASSETS				
Cash and investments available for operations (Note 2)	\$29,046,503	\$2,187,810	\$31,234,313	\$10,595,258
Restricted cash and investments (Note 2)	2,086,750		2,086,750	476,291
Receivables:				
Accounts	2,215,142	91,770	2,306,912	
Taxes	3,372,875		3,372,875	
Grants	2,080,365		2,080,365	
Interest	143,879		143,879	1,790
Loans (Note 4)	993,224		993,224	
Internal balances (Note 3)	(17,618)	17,618		
Prepaid expenses and other	64,334		64,334	53,562
Capital assets (Note 5):				
Nondepreciable	86,106,517	8,743,714	94,850,231	3,233,659
Depreciable, net	128,269,417	9,474,923	137,744,340	25,379,291
Total Assets	<u>254,361,388</u>	<u>20,515,835</u>	<u>274,877,223</u>	<u>39,739,851</u>
LIABILITIES				
Accounts payable	1,949,025	113,606	2,062,631	597,049
Deposits payable	151,812		151,812	
Interest payable	329,379	81,667	411,046	32,642
Developer bonds payable	376,548		376,548	
Arbitrage payable	25,127		25,127	
Unearned revenue	219,627		219,627	
Due to other agency	5,129		5,129	
Claims payable (Note 13):				
Due in one year	2,400,000		2,400,000	
Due in more than one year	1,316,971		1,316,971	
Compensated absences (Note 1J):				
Due in one year	840,577	14,276	854,853	
Due in more than one year	3,739,220	150,691	3,889,911	
Long-term debt (Note 6):				
Due in one year	2,804,258	170,000	2,974,258	430,000
Due in more than one year	34,406,350	6,805,000	41,211,350	1,321,733
Net OPEB liability (Note 11)	2,033,000		2,033,000	
Total Liabilities	<u>50,597,023</u>	<u>7,335,240</u>	<u>57,932,263</u>	<u>2,381,424</u>
NET ASSETS (Note 8)				
Invested in capital assets, net of related debt	178,744,119	11,243,637	189,987,756	26,878,536
Restricted for:				
Special revenue projects	14,433,572		14,433,572	
Capital projects	3,361,760		3,361,760	
Debt service	2,936,860		2,936,860	445,439
Redevelopment projects	4,989,039		4,989,039	
Total Restricted Net Assets	<u>25,721,231</u>		<u>25,721,231</u>	<u>445,439</u>
Unrestricted	(700,985)	1,936,958	1,235,973	10,034,452
Total Net Assets	<u>\$203,764,365</u>	<u>\$13,180,595</u>	<u>\$216,944,960</u>	<u>\$37,358,427</u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$8,075,344	\$1,738,685	\$90,105	
Public safety	42,708,538	5,906,445	1,031,801	
Public works and parks	23,036,676	4,753,817	1,481,146	\$6,756,614
Community development / redevelopment	5,759,171	2,915,872		554,559
Culture and recreation	11,505,896	5,253,683	941,196	
Interest on long-term debt	1,907,229			
Total Governmental Activities	<u>92,992,854</u>	<u>20,568,502</u>	<u>3,544,248</u>	<u>7,311,173</u>
Business-type Activities				
Parking services	<u>3,563,235</u>	<u>4,454,490</u>		
Total Business-type Activities	<u>3,563,235</u>	<u>4,454,490</u>		
Total Primary Government	<u>\$96,556,089</u>	<u>\$25,022,992</u>	<u>\$3,544,248</u>	<u>\$7,311,173</u>
Component Unit				
San Rafael Sanitation District	<u>\$9,143,977</u>	<u>\$10,567,647</u>		

General revenues:

Taxes:

 Property
 Sales
 Paramedic
 Motor vehicles
 Transient occupancy
 Franchises
 Business licenses
 Other

Investment earnings

Miscellaneous

Aid from other governmental agencies

Transfers

Total general revenues and transfers

Change in Net Assets

Net Assets, beginning of year

Net Assets, end of year

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	San Rafael Sanitation District
(\$6,246,554)		(\$6,246,554)	
(35,770,292)		(35,770,292)	
(10,045,099)		(10,045,099)	
(2,288,740)		(2,288,740)	
(5,311,017)		(5,311,017)	
(1,907,229)		(1,907,229)	
<u>(61,568,931)</u>		<u>(61,568,931)</u>	
	\$891,255	891,255	
	891,255	891,255	
<u>(61,568,931)</u>	<u>891,255</u>	<u>(60,677,676)</u>	
			<u>\$1,423,670</u>
21,978,859		21,978,859	855,511
21,970,262		21,970,262	
3,210,317		3,210,317	
197,989		197,989	
1,678,912		1,678,912	
2,941,149		2,941,149	
2,405,934		2,405,934	
1,561,835		1,561,835	
717,968	49,084	767,052	206,752
461,224		461,224	3,540
			381,144
<u>361,190</u>	<u>(361,190)</u>		
<u>57,485,639</u>	<u>(312,106)</u>	<u>57,173,533</u>	<u>1,446,947</u>
(4,083,292)	579,149	(3,504,143)	2,870,617
<u>207,847,657</u>	<u>12,601,446</u>	<u>220,449,103</u>	<u>34,487,810</u>
<u>\$203,764,365</u>	<u>\$13,180,595</u>	<u>\$216,944,960</u>	<u>\$37,358,427</u>

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal 2009. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

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

TRAFFIC AND HOUSING MITIGATION FUND

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

GAS TAX FUND

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

REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND

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

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009

	General	Traffic and Housing Mitigation	Gas Tax	Redevelopment Agency Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments available for operations (Note 2)	\$346,217	\$10,037,159	\$2,228,993	\$3,194,389	\$9,320,009	\$25,126,767
Restricted cash and investments (Note 2)	74,896			1,602,634	409,220	2,086,750
Receivables:						
Accounts	411,511		16,333	11,028	729,091	1,167,963
Taxes	3,248,540		80,377	17,855	26,103	3,372,875
Grants			356,060	720,250	1,004,055	2,080,365
Interest	133,703			10,128	48	143,879
Loans (Note 4)	623,863	68,572		300,789		993,224
Due from other funds (Note 3A)	87,581					87,581
Prepaid expenses	48,042				11,105	59,147
Total Assets	\$4,974,353	\$10,105,731	\$2,681,763	\$5,857,073	\$11,499,631	\$35,118,551
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$635,495		\$289,471	\$97,657	\$884,700	\$1,907,323
Deposits payable	31,451	\$120,361				151,812
Developer bonds payable	350,048			25,000	1,500	376,548
Arbitrage payable				25,127		25,127
Due to other funds (Note 3A)					87,581	87,581
Deferred revenue				720,250	219,627	939,877
Due to other agency					5,129	5,129
Compensated absences (Note 1J)	61,129				15,741	76,870
Total Liabilities	1,078,123	120,361	289,471	868,034	1,214,278	3,570,267
Fund Balances (Note 8):						
Reserved for:						
Encumbrances	350,717	46,075			1,220	398,012
Petty cash	3,645					3,645
Project development	530,512					530,512
Loans receivable	623,863	68,572		300,789		993,224
Prepaid expense	48,042				11,105	59,147
Debt service					627,715	627,715
Court fine audit	594,100					594,100
Assessment districts/open space	74,896					74,896
Improvement projects				3,363,933		3,363,933
Traffic and housing		9,870,723		2,390,436		12,261,159
Unreserved, designated:						
Emergency and cash flow	1,670,455					1,670,455
Unreserved, undesignated						
Special Revenue Funds			2,392,292		6,248,947	8,641,239
Capital Projects Funds				(1,066,119)	35,826	(1,030,293)
Debt Service Funds					3,360,540	3,360,540
Total Fund Balances	3,896,230	9,985,370	2,392,292	4,989,039	10,285,353	31,548,284
Total Liabilities and Fund Balances	\$4,974,353	\$10,105,731	\$2,681,763	\$5,857,073	\$11,499,631	\$35,118,551

See accompanying notes to basic financial statements

CITY OF SAN RAFAEL
 GOVERNMENTAL FUNDS
 BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
 FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2009

Total fund balances reported on the governmental funds balance sheet	\$31,548,284
Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds because of the following:	
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.	214,375,934
Internal service funds are used by management to charge the cost of management of communication, telephone, building, fleet maintenance, equipment replacement, workers' compensation, employee benefits, insurance, and post-retirement healthcare benefits to individual funds. The assets and liabilities are included in Governmental Activities in the Statement of Net Assets.	1,195,811
Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the Governmental Funds.	(329,379)
Revenues that are deferred because they are not available currently are taken into revenue in the Statement of Activities.	720,250
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(37,210,608)
Long-term compensated absences	(4,502,927)
Net OPEB liability	<u>(2,033,000)</u>
Net assets of governmental activities	<u><u>\$203,764,365</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	General	Traffic and Housing Mitigation	Gas Tax	Redevelopment Agency Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and special assessments	\$42,951,759			\$980,997	\$7,086,387	\$51,019,143
Licenses and permits	1,467,413				\$5,500	1,472,913
Fines and forfeitures	660,338					660,338
Use of money and property	156,747	\$233,585	\$36,703	127,051	293,034	847,120
Intergovernmental	7,018,197		6,487,634	554,559	3,458,280	17,518,670
Charges for services	1,923,653	145,124	988,593	27,153	13,299,742	16,384,265
Other revenue	238,614	21,819	65,823	16,791	416,273	759,320
Total Revenues	54,416,721	400,528	7,578,753	1,706,551	24,559,216	88,661,769
EXPENDITURES						
Current:						
General government	6,811,591			30,660	1,217,275	8,059,526
Public safety	35,056,051				6,153,921	41,209,972
Public works and parks	7,299,137	67,917	63,162	147,756	5,348,674	12,926,646
Community development / redevelopment	4,004,061			1,568,018		5,572,079
Culture and recreation	2,463,777				7,769,584	10,233,361
Capital outlay	159,230	221,187	3,649,700	569,099	448,828	5,048,044
Capital improvement / special projects	518,251		3,431,818	328,116	2,328,672	6,606,857
Debt service:						
Principal	222,019				2,492,339	2,714,358
Interest and fiscal charges					1,683,240	1,683,240
Total Expenditures	56,534,117	289,104	7,144,680	2,643,649	27,442,533	94,054,083
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,117,396)	111,424	434,073	(937,098)	(2,883,317)	(5,392,314)
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 3B)	4,060,090		167,217		4,745,188	8,972,495
Transfers out (Note 3B)	(4,265,229)		(350,000)		(1,999,577)	(6,614,806)
Total Other Financing Sources (Uses)	(205,139)		(182,783)		2,745,611	2,357,689
Net Change in Fund Balances	(2,322,535)	111,424	251,290	(937,098)	(137,706)	(3,034,625)
FUND BALANCES, BEGINNING OF YEAR	6,218,765	9,873,946	2,141,002	5,926,137	10,423,059	34,582,909
FUND BALANCES, END OF YEAR	\$3,896,230	\$9,985,370	\$2,392,292	\$4,989,039	\$10,285,353	\$31,548,284

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$3,034,625)

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

Capital Assets Transactions

Governmental funds report capital outlays as expenditures. However, in the Statement of

Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets are added back to fund balance	7,259,333
Loss on retirement of capital assets and capital assets transferred to Enterprise Fund are deducted from the fund balance	(369,810)
Current year depreciation is deducted from fund balance	(7,371,259)

Long-Term Debt Proceeds and Payments

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

2,714,358

Bond interest accretion is deducted from fund balance

(221,531)

Accrual of Non-Current Items

The amount below included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as revenue or expenditures in governmental funds (net change):

Interest payable	(2,458)
Compensated absences	(4,850)
Deferred revenue	(241,655)
Net OPEB liability	(2,033,000)

Allocation of Internal Service Fund Activity

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.

(777,795)

Change in Net Assets of Governmental Activities

(\$4,083,292)

See accompanying notes to financial statements

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MAJOR PROPRIETARY FUNDS

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

The City reported its only enterprise fund as a major proprietary fund.

PARKING SERVICES FUND

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

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2009

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments available for operations (Note 2)	\$2,187,810	\$3,919,736
Accounts receivable	91,770	1,047,179
Due from other funds (Note 3A)		855,578
Prepays and deposit		5,187
Total Current Assets	2,279,580	5,827,680
Noncurrent Assets:		
Capital assets (Note 5):		
Nondepreciable	8,743,714	
Depreciable, net	9,474,923	
Total Noncurrent Assets	18,218,637	
Total Assets	20,498,217	5,827,680
LIABILITIES		
Current Liabilities:		
Accounts payable	113,606	41,702
Interest payable	81,667	
Due to other funds (Note 3A)		855,578
Claims payable, due in one year (Note 13)		2,400,000
Compensated absences, due in one year (Note 1J)	14,276	
Long-term debt, due in one year (Note 6)	170,000	
Total Current Liabilities	379,549	3,297,280
Noncurrent Liabilities:		
Claims payable (Note 13)		1,316,971
Compensated absences (Note 1J)	150,691	
Long-term debt (Note 6)	6,805,000	
Total Noncurrent Liabilities	6,955,691	1,316,971
Total Liabilities	7,335,240	4,614,251
NET ASSETS (Note 8)		
Invested in capital assets, net of related debt	11,413,637	
Unrestricted	1,749,340	1,213,429
Total Net Assets	13,162,977	\$1,213,429
Some amounts reported for <i>business-type activities</i> in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included with business-type activities.		
	17,618	
Net assets business-type activities	\$13,180,595	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$2,276,450	\$5,746,940
Other operating revenues	2,178,040	1,685,643
Total Operating Revenues	4,454,490	7,432,583
OPERATING EXPENSES		
Personnel	2,139,683	
Insurance premiums and claims		5,166,823
Maintenance and repairs		534,043
Depreciation	304,244	
General and administrative	784,682	645,518
Total Operating Expenses	3,228,609	6,346,384
Operating Income (Loss)	1,225,881	1,086,199
NONOPERATING REVENUES (EXPENSES)		
Investment income	49,084	128,258
Interest expense	(330,379)	
Total Nonoperating Revenues (Expenses)	(281,295)	128,258
Income (Loss) Before Transfers	944,586	1,214,457
Transfers in (Note 3B)		168,501
Transfers out (Note 3B)	(361,190)	(2,165,000)
Change in Net Assets	583,396	(782,042)
NET ASSETS, BEGINNING OF YEAR	12,579,581	1,995,471
NET ASSETS, END OF YEAR	13,162,977	\$1,213,429
Change in Net Assets	583,396	
Some amounts reported for <i>business-type activities</i> in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds serviced.	(4,247)	
Change in Net Assets of Business-type Activities	\$579,149	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/other funds	\$2,276,450	\$5,950,089
Cash payments to suppliers for goods and services	(739,516)	(6,918,928)
Cash payments to employees	(2,112,435)	
Other operating revenues	2,128,975	1,685,643
Cash Flows from Operating Activities	1,553,474	716,804
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund payments	(361,190)	(2,451,248)
Cash Flows from Noncapital Financing Activities	(361,190)	(2,451,248)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash paid for capital acquisitions	(1,252,552)	
Principal payments on certificates of participation	(165,000)	
Interest expenses and fiscal charges	(331,616)	
Cash Flows from Capital and Related Financing Activities	(1,749,168)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	49,084	128,258
Cash Flows from Investing Activities	49,084	128,258
NET ASSETS, BEGINNING OF YEAR	(507,800)	(1,606,186)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,695,610	5,525,922
CASH AND CASH EQUIVALENTS, END OF YEAR	\$2,187,810	\$3,919,736
FUND BALANCES, BEGINNING OF YEAR		
provided by operating activities:		
Operating income (loss)	\$1,225,881	\$1,086,199
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	304,244	
Net change in assets and liabilities:		
Accounts receivable	(49,065)	203,149
Prepays and deposits		2,270
Accounts payable	45,166	(31,656)
Compensated absence obligations	27,248	
Claims payable		(543,158)
Net Cash Provided by (Used in) Operating Activities	\$1,553,474	\$716,804

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Description of the Financial Reporting Entity*

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

B. *Description of Blended Component Units*

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

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 is 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.

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 in the City.

All of the Authority's assets, liabilities, revenues and expenditures are reported in the Fund Financial Statements. The Authority'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
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Description of Discretely Presented Component Unit

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

D. Basis of Presentation

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Major Funds

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

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

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

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

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

Redevelopment Agency Capital Projects Fund – Consist of five funds; 1) the 1999 Agency Bonds Funds, 2) the 2002 Agency Bonds Funds, 3) the RDA Capital Improvement Fund (for improvement projects), 4) project Administration Fund, and 5) the Housing Fund.

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

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.

The City also reports the following fund types:

Internal Service Funds - These funds account for: building maintenance, employee benefits, liability insurance, workers’ compensation, dental insurance, all of which are provided to other departments on a cost-reimbursement basis.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

F. Basis of Accounting

The government-wide, proprietary and discretely presented component unit financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

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

Those revenues susceptible to accrual are property and sales taxes, certain intergovernmental revenues, interest revenue, charges for services, fines and forfeitures. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts and taxes are recognized as revenue when the cash is received.

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

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

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

The City follows statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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G. *Budgets, Budgetary Accounting, And Encumbrances*

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 a reservation 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.

The following departments in General Fund and Major Special Revenue Funds incurred expenditures in excess of their budget. Sufficient resources were available within each department to finance these overages.

General Fund	
Culture and Recreation	\$15,399
Capital Outlay	74,518
Capital Improvements/Special Projects	214,351
Traffic and Housing Mitigation Special Revenue Fund	
Public Works and Parks	1,687
Capital Outlay	221,187
Gas Tax Special Revenue Fund	
Capital Outlay	1,989,746
Capital Improvements/Special Projects	<u>2,065,146</u>
	<u>\$4,582,034</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Cash Equivalents

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

I. Capital Assets

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

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.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Buildings, improvements, and structures	20 – 50 years
Machinery and equipment	5 – 15 years
Infrastructure	15 – 50 years

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

Capital assets, excluding infrastructure, are recorded if acquisition or construction costs exceeds \$5,000. The similar threshold for infrastructure is \$25,000.

J. Compensated Absences

Compensated absences are accrued as earned. Upon termination, employees are paid for all unused vacation at their current hourly rates. Unused sick leave based upon the rate of two to three percent (2%-3%) for each year of service, one half of accumulated sick leave becomes vested, up to a maximum amount as specified under labor contract provisions. The vested portion is available for current use or, if unused, is payable at termination or retirement.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$4,498,077	\$137,719	\$4,635,796
Additions	3,964,848	126,980	4,091,828
Payments	(3,883,128)	(99,732)	(3,982,860)
Ending Balance	\$4,579,797	\$164,967	\$4,744,764
Current Portion	\$840,577	\$14,276	\$854,853

K. Property Tax Levy, Collection and Maximum Rates

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

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

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Use of Estimates

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

M. New Fund

The City has created the Print Shop and Mail Internal Service Fund in fiscal year 2009. The fund was set up to maintain sufficient reserves for printing and mail payment. All costs associated with printing and mail expenses are paid from this fund.

NOTE 2 - CASH AND INVESTMENTS

The City's goal is to invest at the maximum yield, consistent with safety and liquidity, while individual funds can process payments for expenditures at any time.

A. Policies

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments as of June 30, 2009 are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Financial Statement Presentation:

Statement of Net Assets:

City of San Rafael:

Cash and investments available for operations	\$30,978,365
Restricted cash and investments	2,342,699
Total Primary Government Cash and Investments	33,321,064

San Rafael Sanitation District:

Cash and investments available for operations	10,595,258
Restricted cash and investments	476,291
Total San Rafael Sanitation District Cash and Investments	11,071,549

Total Cash and Investments	\$44,392,613
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The City does not allocate investments by fund. Each proprietary fund's portion of Cash and Investments Available for Operations is in substance a demand deposit available to finance operations, and is considered a cash equivalent in preparing the statement of cash flows.

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

The City of San Rafael Sanitation District adopted the investments policy of the Treasurer and Tax Collector of the County of the Marin. Accordingly, the District, following the County, may invest in U.S. Treasury and agency securities, commercial paper, banker’s acceptances, time deposits, repurchases agreements, and the State of California LAIF. The district, additionally, may invest in the Marin County Investment Pool. At year-end, the District’s investments were in compliance with the above provisions.

D. Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
U.S. Treasury Obligations	N/A	N/A	No Limit
U.S. Agency Securities	3 years	N/A	No Limit
Bankers’ Acceptances	360 days	Category Highest Rating	No Limit
Money Market Funds	N/A	Category Highest Rating	No Limit
Commercial Paper	270 days	Category Highest Rating	No Limit
Guaranteed Investment Contracts (fully collateralized) (A)	N/A	Category Highest Rating	No Limit
Municipal Obligations	N/A	Two Highest Category Ratings	No Limit

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

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

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

Type of Investment	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
City:				
U.S. Treasury Bill	\$1,021,444			\$1,021,444
U.S. Federal Agency Securities	1,524,096	\$2,083,113	\$539,646	4,146,855
Money Market Mutual Funds	2,342,699			2,342,699
Local Agency Investment Fund	24,299,515			24,299,515
Corporation Notes			514,810	514,810
	<u>\$29,187,754</u>	<u>\$2,083,113</u>	<u>\$1,054,456</u>	<u>32,325,323</u>
<i>Cash in banks and on hand</i>				<u>995,740</u>
Total City Cash and Investments				<u>33,321,063</u>
San Rafael Sanitation District:				
<i>Cash in banks and short-term pooled investments</i>				11,071,549
Total District's Cash and Investments				<u>11,071,549</u>
Total Cash and Investments				<u>\$44,392,612</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2009, these investments matured in an average of 235 days.

Money Market Mutual Funds are available for withdrawal on demand and at June 30, 2009 matured in an average of 7 to 47 days.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009**

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2009 for each of the Primary Government's investment types as provided by Standard and Poor's or Fitch investment rating systems, except as noted:

Type of Investment	Aa2/AA+	Aaa/AAA	Total
City:			
U.S. Federal Agency Securities		\$4,146,855	
Money Market Mutual Funds		2,342,699	
Corporation Notes	\$514,810		
Total rated investments			\$7,004,364
Not rated:			
U.S. Treasury Bill			1,021,444
Local Agency Investment Fund			24,299,515
Cash in banks and on hand			995,740
Total City Cash and Investments			33,321,063
San Rafael Sanitation District:			
Not rated:			
Cash in banks and short-term pooled investments		\$11,071,549	
Total District's Cash and Investments			11,071,549
Total Cash and Investments			\$44,392,612

NOTE 3 - INTER-FUND TRANSACTIONS

A. Inter-fund Receivables and Payables

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year.

As of June 30, 2009, the Household Hazmat Facility Special Revenue Fund and the Capital Improvement Capital Project Fund owed the General Fund \$8,121 and \$79,460, respectively.

The Employee Benefits Internal Service Fund owed the Workers' Compensation Internal Service Fund \$855,578.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 3 - INTER-FUND TRANSACTIONS (Continued)

B. Transfers

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

Transfers between funds during the fiscal year ended June 30, 2009 were as follows:

From Fund	To Fund	Amount	
General Fund	Non-Major Governmental Funds	\$4,096,728	A
	Internal Service Funds	168,501	B
Gas Tax Fund	Non-Major Governmental Funds	350,000	A
Non-Major Governmental Funds	General Fund	1,832,359	D
	Gas Tax Fund	167,218	C
Parking Services Enterprise Funds	General Fund	271,190	D
	Non-Major Governmental Funds	90,000	A
Internal Service Funds	General Fund	2,156,540	D
	Non-Major Governmental Funds	8,460	A
		\$9,140,996	

(A) Transfers to the Non-major Governmental Funds were for administrative costs, program support, capital projects, special projects and housing portion of debt service.

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

(C) Transfers to Gas Tax Fund for capital projects cost.

(D) Transfers to the General Fund were for administrative costs and costs of dispatch.

C. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009**

NOTE 4 – LOANS RECEIVABLE AND DEFERRED REVENUE

A. *Summary of Loans Receivable*

The City has reserved the portion of fund balance represented by these loans. At June 30, 2009, these loans totaled:

Employees' Loans	\$41,256
Centertown Associates	300,789
One "H" Street Associates	68,572
Fire Chief Loan	<u>582,607</u>
Total	<u><u>\$993,224</u></u>

B. *Employee Loans*

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.

C. *Centertown Associates*

The City loaned Centertown Associates, Ltd, \$303,000 at 3% interest due semiannually. The loan was made for the construction of 60-units affordable Centertown apartments and is fully secured by a deed of trust. The final payment is due on July 31, 2065.

D. *One "H" Street Associates*

The City loaned One "H" Street Associates \$100,000 at zero percent interest with annual payments of \$2,857 and with a final payment due January 18, 2034. The loan was made in connection with an affordable housing project located at One "H" Street.

E. *Fire Chief Loan*

On September 17, 2007 the City Council approved a Home Loan Agreement to provide the Fire Chief with housing assistance. Under the Agreement, which was executed on October 3, 2007, the City loaned the Fire Chief \$600,000 to assist in the purchase of his primary residence. The loan is secured by a recorded Deed of Trust. The initial interest rate to be charged was 5.25% through August 31, 2008. On September 1, 2008 and on each September 1 following, under the Loan is paid off, the interest rate of the loan will be adjusted based upon the then reported quarter-to-date Local Agency Investment Fund rate on the City's investment portfolio. As of June 30, 2009, the balance of the loan was \$582,607.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 4 – LOANS RECEIVABLE AND DEFERRED REVENUE (Continued)

F. Marin Housing Authority

On April 7, 2008 the Redevelopment Agency approved a loan in the amount of \$333,000 to the Marin Housing Authority. This loan is funded by the Agency's Low and Moderate Income Housing Capital Projects Fund to assist the housing Authority in the acquisition of a housing unit so that the unit might remain in the City's Below Market Rate program. The Agency further approved a subsidy of up to \$35,000 to reduce the sales price of the unit. As of June 30, 2009 this loan was paid off in fiscal year 2008-09.

NOTE 5 - CAPITAL ASSETS

Changes in capital assets during the fiscal year consist of:

	Balance June 30, 2008	Additions	Retirements	Transfers	Balance June 30, 2009
Governmental Activities					
Capital assets not being depreciated:					
Land	\$82,464,364	\$246,431			\$82,710,795
Construction in progress	3,902,952	1,898,255	(\$286,337)	(\$2,119,148)	3,395,722
Total capital assets not being depreciated	<u>86,367,316</u>	<u>2,144,686</u>	<u>(286,337)</u>	<u>(2,119,148)</u>	<u>86,106,517</u>
Capital assets being depreciated:					
Land improvements	7,954,041	251,060		33,960	8,239,061
Buildings and structures	38,431,581	361,054		37,470	38,830,105
Machinery and equipment	15,727,629	963,729	(836,513)	320,118	16,174,963
Infrastructure	171,281,124	3,538,804		1,707,993	176,527,921
Total capital assets being depreciated	<u>233,394,375</u>	<u>5,114,647</u>	<u>(836,513)</u>	<u>2,099,541</u>	<u>239,772,050</u>
Less accumulated depreciation for:					
Land improvements	(3,614,388)	(274,647)			(3,889,035)
Buildings and structures	(7,817,110)	(1,128,894)			(8,946,004)
Machinery and equipment	(9,418,979)	(1,240,659)	755,982	16,665	(9,886,991)
Infrastructure	(84,053,544)	(4,727,059)			(88,780,603)
Total accumulated depreciation	<u>(104,904,021)</u>	<u>(7,371,259)</u>	<u>755,982</u>	<u>16,665</u>	<u>(111,502,633)</u>
Total net capital assets being depreciated	<u>128,490,354</u>	<u>(2,256,612)</u>	<u>(80,531)</u>	<u>2,116,206</u>	<u>128,269,417</u>
Total governmental activity capital assets	<u>\$214,857,670</u>	<u>(\$111,926)</u>	<u>(\$366,868)</u>	<u>(\$2,942)</u>	<u>\$214,375,934</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance June 30, 2008	Additions	Transfers	Balance June 30, 2009
Business-type Activities				
Capital assets not being depreciated:				
Land	\$8,620,853			\$8,620,853
Construction in progress	122,861			122,861
Total capital assets not being depreciated	<u>8,743,714</u>			<u>8,743,714</u>
Capital assets being depreciated:				
Buildings and structures	9,004,106	\$1,230,415		10,234,521
Machinery and equipment	1,103,388	19,195	\$19,607	1,142,190
Total capital assets being depreciated	<u>10,107,494</u>	<u>1,249,610</u>	<u>19,607</u>	<u>11,376,711</u>
Less accumulated depreciation for:				
Buildings and structures	(1,251,724)	(180,181)		(1,431,905)
Machinery and equipment	(329,155)	(124,063)	(16,665)	(469,883)
Total accumulated depreciation	<u>(1,580,879)</u>	<u>(304,244)</u>	<u>(16,665)</u>	<u>(1,901,788)</u>
Total net capital assets being depreciated	<u>8,526,615</u>	<u>945,366</u>	<u>2,942</u>	<u>9,474,923</u>
Total business-type activity capital assets	<u>\$17,270,329</u>	<u>\$945,366</u>	<u>\$2,942</u>	<u>\$18,218,637</u>

	Balance June 30, 2008	Additions	Balance June 30, 2009
San Rafael Sanitation District			
Capital assets not being depreciated:			
Land and easements	\$115,329		\$115,329
Construction in progress	136,065	\$2,982,265	3,118,330
Total capital assets not being depreciated	<u>251,394</u>	<u>2,982,265</u>	<u>3,233,659</u>
Capital assets being depreciated:			
Subsurface lines	12,152,655		12,152,655
Sewage collection facilities	33,428,586		33,428,586
General plant and administration	371,394	39,658	411,052
Total capital assets being depreciated	<u>45,952,635</u>	<u>39,658</u>	<u>45,992,293</u>
Less accumulated depreciation for:			
Subsurface lines	(8,173,169)	(211,397)	(8,384,566)
Sewage collection facilities	(11,227,869)	(815,481)	(12,043,350)
General plant and administration	(148,597)	(36,489)	(185,086)
Total accumulated depreciation	<u>(19,549,635)</u>	<u>(1,063,367)</u>	<u>(20,613,002)</u>
Total net capital assets being depreciated	<u>26,403,000</u>	<u>(1,023,709)</u>	<u>25,379,291</u>
Total District's capital assets	<u>\$26,654,394</u>	<u>\$1,958,556</u>	<u>\$28,612,950</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 5 - CAPITAL ASSETS (Continued)

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

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

Governmental Activities	
General government	\$140,110
Public safety	984,230
Public works and parks	5,434,105
Community development/redevelopment	65,676
Culture and recreation	<u>747,138</u>
Total Governmental Activities	<u><u>\$7,371,259</u></u>
Business-type Activities	
Parking services	<u>\$304,244</u>
Total Business-type Activities	<u><u>\$304,244</u></u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 6 - LONG-TERM OBLIGATIONS

A summary of governmental and business-type activities transactions for the fiscal year ended June 30, 2009, follows:

	Authorized and Issued	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Current Portion
Governmental Activities:						
San Rafael Joint Powers Financing Authority						
1997 Authority Revenue Bonds						
4.00%-6.00%, due 9/2/2011	\$5,250,000	\$780,000		\$325,000	\$455,000	\$455,000
San Rafael Redevelopment Agency						
1999 Tax Allocation Bonds						
Current Interest Bonds						
4.5%-5.00%, due 12/1/2022	21,115,000	15,810,000		730,000	15,080,000	765,000
Capital Appreciation Bonds						
5.58%-5.6%, due 12/1/2022	2,389,004	3,907,161	\$221,531		4,128,692	
2002 Tax Allocation Refunding Bonds						
2.00%-5.25%, due 12/1/2021	25,020,000	17,820,000		1,235,000	16,585,000	1,290,000
Total Tax Allocation Bonds		37,537,161	221,531	1,965,000	35,793,692	2,055,000
Ground Lease Note Payable,						
8.00%, due 11/1/2024	169,000	169,000			169,000	
Court Fine Repayment Promissory Note,						
3.873%, due November 2011	1,133,458	816,119		222,019	594,100	230,772
Fire Truck Capitalized Lease Obligations,						
2.92%, due 3/24/2009	668,134	141,485		141,485		
Telephone System Capitalized Lease Obligations,						
4.28%, due 05/30/2012	318,000	259,670		60,854	198,816	63,486
Total Governmental Long-term Debt		\$39,703,435	\$221,531	\$2,714,358	\$37,210,608	\$2,804,258
Business-type Activities						
2003 Authority Lease Revenue Bonds						
3.00-4.70%, due 4/1/2033	7,605,000	\$7,140,000		\$165,000	\$6,975,000	170,000
Total Enterprise Fund Debt		\$7,140,000		\$165,000	\$6,975,000	\$170,000
San Rafael Sanitation District						
2001 Certificates of Participation						
3.25-4.40%, due 8/1/2012	4,710,000	\$2,220,000		\$410,000	\$1,810,000	430,000
Less: unamortized discount/ issuance cost		(86,235)		(27,968)	(58,267)	
Total District Debt		\$2,133,765		\$382,032	\$1,751,733	\$430,000

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 6 - LONG-TERM OBLIGATIONS (Continued)

A. 1997 Authority Revenue Bonds

On January 28, 1997, the San Rafael Joint Powers Financing 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. This pledge of revenues ends upon repayment of the \$468 thousand in remaining debt service on the Authority's long-term debt which is scheduled to occur in fiscal 2010. For fiscal year 2009 pledged special assessment revenues amounted to \$246 thousand and debt service of these Bonds amounted to \$391 thousand.

B. 1999 Tax Allocation Bonds and Capital Appreciation Bonds

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 from 5.58% to 5.60%. Interest on the Capital Appreciation Bonds will compound on each interest premium date and will be payable solely at maturity. The bonds are secured, on parity with the 1992 and 1995 bonds (refunded in 2002), by a pledge and a lien on tax revenues and amounts on deposit in certain funds and accounts held by the fiscal agent.

The pledge of future tax increment revenues ends upon repayment of the \$28.8 million in remaining debt service on the Redevelopment Agency's long-term debt which is scheduled to occur in 2022. For fiscal year 2009 tax increment revenues amounted to \$1.5 million and debt service amounted to \$1.5 million.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 6 - LONG-TERM OBLIGATIONS (Continued)

C. 2002 Tax Allocation Refunding Bonds

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 2022, in amounts ranging from \$540,000 to \$1,920,000 and bear interest at rates ranging from 2.00% to 5.25%. Interest is payable semiannually on June 1 and December 1. The Bonds maturing on or after December 1, 2013, are subject to optional redemption prior to maturity, in whole or in part, and by lot within any one maturity, prior to their respective maturity dates, on any date on or after December 1, 2012, at a price equal to the principal amount, plus accrued interest on the redemption date. The bonds are payable from tax revenues to be derived from the redevelopment activities of the Agency related to the Central San Rafael Redevelopment Project Area.

The pledge of future tax increment revenues ends upon repayment of the \$21.1 million in remaining debt service on the Redevelopment Agency's long term debt which is scheduled to occur in 2021. For fiscal year 2009 tax increment revenues amounted to \$2.1 million and debt service also amounted to \$2.1 million.

D. Note Payable

At June 30, 2007, 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, 2009 was \$169,000 plus accrued interest of \$185,394 which is recorded as interest payable.

E. Capitalized Lease Obligations

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. Under the lease agreements, ownership of the fire trucks passes to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the fire trucks and the amount of the leases have been included in the City's financial statements.

F. Court Fine Repayment Promissory Note

On December 29, 2006, the City signed a promissory note in the amount of \$1,133,458 to repay the Superior Court of California, County of Marin. The purpose of the note is to repay the Superior Court for over payment of court revenues, generated from traffic violations, made to the City from the period July 1999 through June 2006. The note bears interest at 3.873% per annum. Principal and interest are payable monthly commencing from January 2007 until December 2011.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 6 - LONG-TERM OBLIGATIONS (Continued)

G. Telephone System Capital Lease

On May 30, 2007, the City entered into a capital lease agreement in the amount of \$318,000 to purchase telephone related network equipment and services. Principal and interest payments are due each May 30 and November 30, commencing November 30, 2007, until May 30, 2011. The capital lease bears interest at 4.28% per annum.

H. 2003 Authority Lease Revenue Bonds

On March 26, 2003, the Authority issued 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 2033, 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.

I. Discretely Presented Component Unit – San Rafael Sanitation District – 2001 Certificates of Participation

On May 1, 2001, the District and its Financing Corporation issued \$4,710,000 of Certificates of Participation at a discount of \$35,121 maturing in 2012. The certificates were 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 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 6 - LONG-TERM OBLIGATIONS (Continued)

Future debt service requirements, including interest and capital leases, at June 30, 2009, were as follows:

For the Year Ended June 30	Governmental Activities		Business-type Activities		Component Unit San Rafael Sanitation District	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$2,804,258	\$1,543,498	\$170,000	\$326,666	\$430,000	\$69,310
2011	2,456,103	1,424,130	175,000	321,141	440,000	50,820
2012	2,457,555	1,307,310	185,000	314,141	940,000	20,680
2013	2,380,000	1,186,144	190,000	306,741		
2014	2,505,000	1,062,151	200,000	299,141		
2015 - 2019	14,549,946	3,284,730	1,125,000	1,364,838		
2020 - 2024	13,590,054	674,713	1,395,000	1,089,612		
2025 - 2029	169,000		1,770,000	715,500		
2030 - 2033			1,765,000	226,000		
Totals	40,911,916	<u>\$10,482,676</u>	<u>\$6,975,000</u>	<u>\$4,963,780</u>	1,810,000	<u>\$140,810</u>
Reconciliation of long-term debt:						
Less unaccreted discount		(3,701,308)				
Less unamortized original issue discount					(58,267)	
		<u>\$37,210,608</u>			<u>\$1,751,733</u>	

NOTE 7 - DEBT WITHOUT CITY COMMITMENT

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

	Project Description	Original Amount	Outstanding June 30, 2009
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds	162-175 Belvedere Apartments	\$3,590,529	\$1,342,934
California Statewide Communities Development Authority Revenue Bonds	St. Marks School	5,605,000	5,125,000
San Rafael Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Bonds	55 Fairfax Apartments	3,000,000	2,700,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2001 Multifamily Housing Revenue Bonds-2007	San Rafael Commons Apartments Martinelli House	6,100,000 1,000,000	5,700,000
City of San Rafael Variable Rate Revenue Bonds	Kaiser Foundation Hospitals	275,000,000	195,630,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2007 Series A	Martinelli House Project	6,000,000	2,540,163

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 8 - NET ASSETS AND FUND BALANCES
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A. *Net Assets*

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

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

Restricted describes the portion of Net Assets which is restricted to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include assets restricted due to Redevelopment Agency bond covenants or low and moderate income housing loan agreements.

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

B. *Fund Balance*

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

C. *Reservations*

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. The City cannot modify or remove these restrictions or reserves.

D. *Designations*

Designations are imposed by City Council to reflect the future spending plans or concerns about the availability of future resources. Designations may be modified, amended, or removed by Council action.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009**

NOTE 9 – EMPLOYEES RETIREMENT PLAN

A. Plan Description

The City contributes to the Marin County Employees’ Retirement Association (Association). All full-time and permanent part-time employees who work at least 75% of a full time position are eligible to participate.

The Association 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 Association 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 Association, which can be obtained from Marin County Employee’s Retirement Association, 3501 Civic Center Drive, Room 408, Civic Center, San Rafael, California 94903.

B. Funding Policy

The funding policy of the Association 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 50.90% and 58.69% of payroll to Fund for Police and Fire personnel, respectively, and 26.70% for other covered employees for the year ended June 30, 2009.

C. Annual Pension Cost

The annual required contribution was determined as part of the actuarial performed as of June 30, 2008. The employer rates for normal cost is determined using the Entry Age Normal Actuarial Cost Method, 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 2008 actuarial valuation include an assumed rate of return on invested assets of 8.00%, annual payroll increases reflecting 4.00% for inflation and an approximate range of 0.50% to 3.00% for merit and longevity. The actual rate of return on investments was a gain of 9.8%. 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 Association also uses the level percentage-open method to amortize the unfunded actuarial liability which was revised to sixteen years level in the amortization period. It is assumed that payroll will increase at an annual inflation rate of 4.00% over the amortization period. The required contributions and related rates for the year ended June 30 were as follows:

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	\$11,108,650	100%	\$0
2008	13,754,798	100%	0
2009	13,746,154	100%	0

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009**

NOTE 9 – EMPLOYEES RETIREMENT PLAN (Continued)

The Plans' actuarial value (which differs from market value) and funding progress over the most recent three years available is set forth below at their actuarial valuation date of June 30:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess (Deficit) Assets Over AAL	Funded Ratio	Covered Payroll	Excess (Deficit) Assets Over AAI As a % of Payroll
6/30/06	\$209,785,000	\$306,079,000	(\$96,294,000)	69%	\$28,606,000	(279%)
6/30/07	235,756,000	325,219,000	(89,463,000)	72%	30,180,000	(277%)
6/30/08	262,677,000	360,298,000	(97,621,000)	73%	31,854,000	(306%)

NOTE 10 - PUBLIC AGENCY RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLANS)

The City contributes to the Public Agency Retirement System (PARS), which is defined contribution retirement plan. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's accounts are determined instead of specifying the amount of benefits the individual is to receive. The plan is 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 participants in the plan from the date that they hired. An eligible employee is any employee who, at any time during which the employer maintains this plan, is not accruing a benefit under the Marin County Employees' Retirement Fund.

As determined by the plan, each employee must contribute 3.75% of gross earnings to the plan. The City contributes an additional 3.75% of the employee's gross earnings. Contributions made by an employee and the employer vest immediately.

The City has established the voluntary Retirement Separation Program in fiscal year 2009.

During the year, the City and employees contributed \$71,156. The total covered payroll of employees participating in the plan for the year ended June 30, 2009, was \$1,897,489. The total payroll for the year was \$40,377,568.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 10 - PUBLIC AGENCY RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLANS) (Continued)

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 Association. 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 \$146,524 to the plan on behalf of the eligible employees.

NOTE 11 - 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 Association within 120 days of retirement from City employment. At June 30, 2009, 301 retirees and surviving spouses received post-employment health care benefits. Those expenditures are reduced by reimbursements from the Marin County retirement Office by 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.

During fiscal year 2009, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this statement are applied prospectively and do affect prior years financial statements. Required disclosures are presented below.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009**

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

The provisions and benefits of the City’s Other Post Employment Benefit Plan, in effect at June 30, 2009, are summarized as follows:

	Elected Officials, Mid-Management, & Unrepresented Management	All other Bargaining Units
<i>Eligibility</i>	Retire directly from the City: - Age 50 with 10 years services OR 30 years service (Miscellaneous), 20 - years service (Safety) OR - Disability Retirement	
<i>Benefit</i>	Full premium	Up to cap and it varies by bargaining units
<i>Spouse Benefit</i>	Continuation to surviving spouse	
<i>Medicare Part B</i>	Full reimbursement	None
<i>Other</i>	No dental vision, or life benefits	

Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.50% investment rate of return and (b) 3.00% of general inflation increase, and (c) a healthcare trend of declining annual increases ranging from 10.4% to 11.3% in 2009 to 4.50% for year starting 2017. In addition, the fixed dollar benefit amounts are assumed to increase according to general inflation in the future and the premium related benefits are assumed to increase with the healthcare trend rate. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City’s OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

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

In accordance with the City's budget, the City's annual contributions to the Plan are based on pay-as-you-go financing. Generally accepted accounting principles permit assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such assets are placed in an irrevocable trust or equivalent arrangement. Contributions a 401 (h) account held and administered by the MCERA were made by the City in prior years and were included in the June 30, 2007 actuarial study. During the fiscal year ended June 30, 2009, the City has calculated and recorded the Net OPEB Obligation, representing the difference between the ARC, and contributions, as presented below:

Fiscal Year Ended	Annual Required Contribution (ARC) (000's omitted)	Annual Pension Cost (000's omitted)	Actual Contribution (000's omitted)	Percentage of ARC Contributed	Net OPEB Obligation (000's omitted)
June 30, 2009	\$4,269	\$4,269	\$2,236	52%	\$2,033

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the June 30, 2007 actuarial study is presented below:

Valuation Date	Actuarial Value of Assets (000's omitted)	Accrued Liability (000's omitted)	Unfunded Accrued Liability (000's omitted)	Funded Ratio	Covered Payroll (000's omitted)	Overfunded (Underfunded) Actuarial Liability as a Percentage of Covered Payroll
1/1/2007	\$14,563	\$56,624	(\$42,061)	26%	\$38,480	-109.31%

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

The Marin County Integrated On-Line Library System was formed to provide for the procurement, ownership, operation, maintenance, and governance of an integrated on-line 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 17.06% of ownership in the System. Operating costs for the System are also shared by each participant by applying the cost sharing formula. The City contributed \$117,616 to the System for operating costs for the year ended June 30, 2009. Financial statements of the System can be obtained at the County Librarian, Marin County Free Library, Civic Center, Administration Building, San Rafael, California 94903.

B. The Marin General Services Authority (MGSA)

The MGSA was formed by the County of Marin and twelve local agencies to acquire street light facilities, operate the facilities during the tendency of an eminent domain action against PG&E, and the subsequent transfer of the facilities to the individual local agencies. Each of the local agency's share of contributions was based on the number of street lights to be acquired in the local agency's individual jurisdiction in relation to the total number of street lights to be acquired by the MSLAJPA. The City's contribution to MGSA was \$2,103 for the year ended June 30, 2009. Financial statements of the MGSA can be obtained at 27 Commercial Boulevard, Suite C, Novato, CA 94949.

C. The Marin Emergency Radio Authority (MERA)

MERA was formed on February 28, 1998 by the County of Marin and 25 local agencies within the County to plan, finance, implement, manage, own, and operate a County-wide public safety and emergency radio system. The Governing Board consists of one representative from each member. On February 1, 1999, the Authority issued the 1999 Revenue Bonds in the amount of \$26,940,000 with interest rates ranging from 4.75% to 5.01%, maturing on August 15, 2016, to finance the acquisition and installation of the system. The costs of maintenance, operation, and debt service 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 in August 2002. The City contributed \$637,578 for the Authority's operation and debt service for the fiscal year ended June 30, 2009. 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. The Countywide Planning Agency

The 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. Financial statements of the Agency can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

E. The Marin Telecommunications Agency

The Agency was established to regulate the rates for cable television service and equipment and to advise the participants of their license authority. The Governing Board of the Marin Telecommunications Agency consists of one member from each of the eleven participating agencies. The City's contribution to the Agency was \$150,292 for the year ended June 30, 2009. Financial statements of the Agency can be obtained at 371 Bel Marin Keys Blvd, Suite 100, Novato, CA 94949.

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

The Authority was established by the County, local cities, and waste franchising districts to finance, prepare and implement source reduction and recycling elements on a county-wide integrated waste management plan as required by State Assembly Bill 939. The City's contribution to the Authority was \$15,320 for the year ended June 30, 2009. Financial statements of the Authority can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

G. Friends of San Rafael

Friends of San Rafael is a California nonprofit Public Benefit Corporation 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 improvement and infrastructure. Financial statements of the Corporation can be obtained at P.O. Box 151560, San Rafael, CA 94915.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 13 - RISK MANAGEMENT

The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

A. Risk Coverage

Liability Coverage

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims up to \$40,000,000. The City also purchases commercial insurance for property damage claims with an insured amount of \$98,575,604. The City is self-insured up to a maximum of \$500,000 for each general liability claim and \$25,000 for each property damage claim. Once the self-insured retention is met CJPRMA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2009, the City contributed \$260,851 for coverage during the current year and received a refund of \$120,550 of prior year excess contributions. Financial statements for the risk pools may be obtained from CJPRMA, 2333 San Ramon Valley Blvd., Suite 250, San Ramon, CA 95608.

Workers' Compensation Coverage

The City purchased insurance for workers' compensation through AIG Excess Workers' Compensation and Employers Liability Insurance with coverage up to statutory limits. The City is self-insured up to a minimum of \$750,000 for each worker's compensation claim.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

B. Insurance Internal Service Funds

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 13 - RISK MANAGEMENT (Continued)

The City's liability for uninsured general liability claims and workers' compensation claims, including claims incurred but not reported, are reported in the City's Liability Insurance Internal Service Fund and Workers' Compensation Internal Service Fund, respectively. The liability is based on historical trend information provided by its third party administrators and was computed as follows at June 30:

	General Liability	Workers' Compensation	Totals, as of June 30	
			2009	2008
Balance, beginning of year	\$437,518	\$3,822,611	\$4,260,129	\$4,558,181
Current year claims and changes in estimates	442,143	(141,850)	300,293	1,329,653
Claims paid	(472,300)	(371,151)	(843,451)	(1,627,705)
Balance, end of year	<u>\$407,361</u>	<u>\$3,309,610</u>	<u>\$3,716,971</u>	<u>\$4,260,129</u>
Current portion	<u>\$300,000</u>	<u>\$2,100,000</u>	<u>\$2,400,000</u>	<u>\$2,284,387</u>

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES

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

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, City's Web site needs an ADA overhaul, and a significant amount of items relate to curb ramps. As of June 30, 2009, the City has mad significant progress in improving the accessibility of its programs, activities, services and facilities. The majority of the remaining items relate to curb ramps. The City's latest estimate is 583 ramps remaining to be constructed and the estimated average cost is \$5,800 per curb ramp.

On October 1, 2002, the Agency entered into a second amendment to Section 33401 Tax Sharing Agreement with 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

NOTE 15 – SUBSEQUENT EVENT

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by redevelopment agencies be paid to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2009-10 and 2010-11. The State Department of Finance will determine each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. Based on the calculations in AB26 4X, the Agency's SERAF's are estimated to be \$1,370,626 in fiscal year 2009-10 and \$282,188 in fiscal year 2010-11. The Agency can use any legally available funds to make the SERAF payments. The payment due in fiscal year 2009-10 represents 42% of the Agency's cash and investments available for operations at June 30, 2009. The obligation to make the SERAF payment is subordinate to obligations to repay bonds, however if the Agency fails to make the SERAF payment the Agency may not encumber or expend future funds other than to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on Agency administration for the preceding fiscal year until the SERAF is paid in full. The Agency's obligation is in addition to amounts due pursuant to the Fiscal Agreement as discussed above in Note 6.

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REQUIRED SUPPLEMENTAL INFORMATION

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

GASB Statement 34 dictates that budget-to-actual information in the basic financial statements should be limited to the General Fund and major Special Revenue Funds. This section is provided for the presentation of Budget-to-Actual Statements for the General Fund, Traffic and Housing Mitigation, and the Gas Tax Special Revenue Funds.

CITY OF SAN RAFAEL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments	\$47,364,401	\$45,560,864	\$42,951,759	(\$2,609,105)
Licenses and permits	1,279,148	1,288,198	1,467,413	179,215
Fines and forfeitures	769,070	769,070	660,338	(108,732)
Use of money and property	479,680	199,680	156,747	(42,933)
Intergovernmental	6,683,510	7,099,360	7,018,197	(81,163)
Charges for services	2,235,555	2,020,555	1,923,653	(96,902)
Other revenue	126,560	161,560	238,614	77,054
Total Revenues	58,937,924	57,099,287	54,416,721	(2,682,566)
EXPENDITURES				
Current:				
General government	6,893,355	6,958,424	6,811,591	146,833
Public safety	35,426,487	35,463,104	35,056,051	407,053
Public works and parks	7,403,440	7,361,116	7,299,137	61,979
Community development/redevelopment	4,196,345	4,150,415	4,004,061	146,354
Culture and recreation	2,456,440	2,448,378	2,463,777	(15,399)
Capital outlay	4,320	84,712	159,230	(74,518)
Capital improvement/special projects	233,900	303,900	518,251	(214,351)
Debt service:				
Principal	222,020	222,020	222,019	1
Total Expenditures	56,836,307	56,992,069	56,534,117	457,952
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,101,617	107,218	(2,117,396)	(2,224,614)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,202,950	2,902,090	4,060,090	1,158,000
Transfers out	(4,561,000)	(4,039,229)	(4,265,229)	(226,000)
Total Other Financing Sources (Uses)	(2,358,050)	(1,137,139)	(205,139)	932,000
Net Change in Fund Balances	(\$256,433)	(\$1,029,921)	(2,322,535)	(\$1,292,614)
FUND BALANCES, BEGINNING OF YEAR			6,218,765	
FUND BALANCES, END OF YEAR			\$3,896,230	

CITY OF SAN RAFAEL
 TRAFFIC AND HOUSING MITIGATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$21,000	\$81,000	\$233,585	\$152,585
Charges for services			145,124	145,124
Other revenue			21,819	21,819
Total Revenues	<u>21,000</u>	<u>81,000</u>	<u>400,528</u>	<u>319,528</u>
EXPENDITURES				
Current:				
Public works and parks	66,230	66,230	67,917	(1,687)
Capital outlay			221,187	(221,187)
Capital improvement/special projects		1,074,705		1,074,705
Total Expenditures	<u>66,230</u>	<u>1,140,935</u>	<u>289,104</u>	<u>851,831</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(45,230)</u>	<u>(1,059,935)</u>	<u>111,424</u>	<u>1,171,359</u>
Net Change in Fund Balances	<u>(\$45,230)</u>	<u>(\$1,059,935)</u>	111,424	<u>\$1,171,359</u>
FUND BALANCES, BEGINNING OF YEAR			<u>9,873,946</u>	
FUND BALANCES, END OF YEAR			<u>\$9,985,370</u>	

CITY OF SAN RAFAEL
GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$32,860	\$32,860	\$36,703	\$3,843
Intergovernmental	1,027,500	2,772,351	6,487,634	3,715,283
Charges for services	636,000	636,000	988,593	352,593
Other revenue			65,823	65,823
	<hr/>		<hr/>	
Total Revenues	1,696,360	3,441,211	7,578,753	4,137,542
<hr/>				
EXPENDITURES				
Current:				
Public works and parks	74,840	70,640	63,162	7,478
Capital outlay	1,215,640	1,659,954	3,649,700	(1,989,746)
Capital improvement / special projects		1,366,672	3,431,818	(2,065,146)
	<hr/>		<hr/>	
Total Expenditures	1,290,480	3,097,266	7,144,680	(4,047,414)
<hr/>				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	405,880	343,945	434,073	90,128
<hr/>				
OTHER FINANCING SOURCES (USES)				
Transfers in		167,217	167,217	
Transfers out	(350,000)	(350,000)	(350,000)	
	<hr/>		<hr/>	
Total Other Financing Sources (Uses)	(350,000)	(182,783)	(182,783)	
<hr/>				
Net Change in Fund Balances	<u>\$55,880</u>	<u>\$161,162</u>	\$251,290	<u>\$90,128</u>
<hr/>			<hr/>	
FUND BALANCES, BEGINNING OF YEAR			2,141,002	
<hr/>			<hr/>	
FUND BALANCES, END OF YEAR			<u>\$2,392,292</u>	

CITY OF SAN RAFAEL
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments	\$900,000	\$900,000	\$980,997	\$80,997
Use of money and property	263,240	263,240	127,051	(136,189)
Intergovernmental			554,559	554,559
Charges for services	13,580	13,580	27,153	13,573
Other revenue			16,791	16,791
	<u>1,176,820</u>	<u>1,176,820</u>	<u>1,706,551</u>	<u>529,731</u>
EXPENDITURES				
Current:				
General government	21,650	21,650	30,660	(9,010)
Public works and parks	163,910	163,910	147,756	16,154
Community development/redevelopment	1,587,810	1,637,280	1,568,018	69,262
Capital outlay			569,099	(569,099)
Capital improvement/special projects	322,470	322,470	328,116	(5,646)
	<u>2,095,840</u>	<u>2,145,310</u>	<u>2,643,649</u>	<u>(498,339)</u>
Net Assets (Accumulated Deficit), beginning of year				
OVER (UNDER) EXPENDITURES	<u>(919,020)</u>	<u>(968,490)</u>	<u>(937,098)</u>	<u>31,392</u>
Net Change in Fund Balances	<u>(\$919,020)</u>	<u>(\$968,490)</u>	(937,098)	<u>\$31,392</u>
FUND BALANCES, BEGINNING OF YEAR			<u>5,926,137</u>	
FUND BALANCES, END OF YEAR			<u>\$4,989,039</u>	

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

Childcare Fund – Established to administer and account for childcare programs at 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 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.

NON-MAJOR GOVERNMENTAL FUNDS

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

DEBT SERVICE FUNDS

Peacock Gap Assessment District Fund – Established to accumulate funds for the payment of principal and interest for the 1993 Bonds which mature 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.

Redevelopment Agency Fund – Established to account for the principal payments, interest payments, and related costs of the 1999 Project Tax Allocation Bonds and 2002 Tax Allocation Refunding Bonds.

CAPITAL PROJECTS FUNDS

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

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

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

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

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

Equipment Replacement Fund - Established to provide replacement of equipment.

NON-MAJOR GOVERNMENTAL FUNDS

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

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

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Street Maintenance and Cleaning
ASSETS					
Cash and investments	\$91,900	\$108,685		\$52,986	\$547,741
Restricted cash and investments					
Receivables:					
Accounts	228,917		\$326,000		117,613
Taxes		152			
Grants				43,745	
Interest					
Prepays and deposits	11,105				
Total Assets	\$331,922	\$108,837	\$326,000	\$96,731	\$665,354
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$83,353		\$226,165	\$25,022	\$7,042
Developer bonds payable					
Due to other funds			8,121		
Deferred revenue	216,130			3,497	
Due to other agency				5,129	
Compensated absence					
Total Liabilities	299,483		234,286	33,648	7,042
Fund Balances:					
Reserved for:					
Encumbrances					
Prepays and deposits	11,105				
Debt service					
Unreserved, undesignated	21,334	\$108,837	91,714	63,083	658,312
Total Fund Balances	32,439	108,837	91,714	63,083	658,312
Total Liabilities and Fund Balances	\$331,922	\$108,837	\$326,000	\$96,731	\$665,354

SPECIAL REVENUE FUNDS

Loch Lomond Assessment District	Library	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication
\$858,764	\$118,209	\$177,594	\$734,668	\$660,573	\$607,402	\$1,237,197
89	90,270	21,697	4,733		299,329	
<u>\$858,853</u>	<u>\$208,479</u>	<u>\$199,291</u>	<u>\$739,401</u>	<u>\$660,573</u>	<u>\$906,731</u>	<u>\$1,237,197</u>
	\$8,571	\$228	\$34,411	\$31,031 1,500	\$9,307	
			15,741			
	<u>8,571</u>	<u>228</u>	<u>50,152</u>	<u>32,531</u>	<u>9,307</u>	
<u>\$858,853</u>	<u>199,908</u>	<u>199,063</u>	<u>689,249</u>	<u>628,042</u>	<u>897,424</u>	<u>\$1,237,197</u>
858,853	199,908	199,063	689,249	628,042	897,424	1,237,197
<u>\$858,853</u>	<u>\$208,479</u>	<u>\$199,291</u>	<u>\$739,401</u>	<u>\$660,573</u>	<u>\$906,731</u>	<u>\$1,237,197</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS	
	Emergency Medical Services	Business Improvement	Sewer Maintenance	Peacock Gap Assessment District	Mariposa Assessment District
ASSETS					
Cash and investments	\$594,795	\$4,916	\$302,068	\$2,875	\$16,259
Restricted cash and investments					
Receivables:					
Accounts					
Taxes	19,767				
Grants					
Interest					
Prepays and deposits					
Total Assets	<u>\$614,562</u>	<u>\$4,916</u>	<u>\$302,068</u>	<u>\$2,875</u>	<u>\$16,259</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$65,615	\$5	\$259,995		
Developer bonds payable					
Due to other funds					
Deferred revenue					
Due to other agency					
Compensated absence					
Total Liabilities	<u>65,615</u>	<u>5</u>	<u>259,995</u>		
Fund Balances:					
Reserved for:					
Encumbrances					
Prepays and deposits					
Debt service				\$2,875	\$16,259
Unreserved, undesignated	548,947	4,911	42,073		
Total Fund Balances	<u>548,947</u>	<u>4,911</u>	<u>42,073</u>	<u>2,875</u>	<u>16,259</u>
Total Liabilities and Fund Balances	<u>\$614,562</u>	<u>\$4,916</u>	<u>\$302,068</u>	<u>\$2,875</u>	<u>\$16,259</u>

DEBT SERVICE FUNDS		CAPITAL PROJECT FUNDS				
1997 Financing Authority Revenue Bonds	Redevelopment Agency	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects	Open Space
\$274,648	\$33,941		\$30,411	\$223,741	\$15,060	\$143,577
332,571	1,837					
1,362		\$570,711				
	48					
<u>\$608,581</u>	<u>\$35,826</u>	<u>\$570,711</u>	<u>\$30,411</u>	<u>\$223,741</u>	<u>\$15,060</u>	<u>\$143,577</u>
		\$105,044				
		79,460				
		184,504				
\$608,581	\$35,826	386,207	\$30,411	\$223,741	\$15,060	\$143,577
608,581	35,826	386,207	30,411	223,741	15,060	143,577
<u>\$608,581</u>	<u>\$35,826</u>	<u>\$570,711</u>	<u>\$30,411</u>	<u>\$223,741</u>	<u>\$15,060</u>	<u>\$143,577</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	<u>CAPITAL PROJECT FUNDS</u>			Total Non-Major Governmental Funds
	<u>Equipment Replacement</u>	<u>Radio Replacement</u>	<u>Telephone Replacement</u>	
ASSETS				
Cash and investments	\$2,050,523	\$431,476		\$9,320,009
Restricted cash and investments			\$74,812	409,220
Receivables:				
Accounts	34,864			729,091
Taxes				26,103
Grants				1,004,055
Interest				48
Prepays and deposits				11,105
	<u>2,085,387</u>	<u>431,476</u>	<u>74,812</u>	<u>\$11,499,631</u>
Total Assets				
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$20,184		\$8,727	\$884,700
Developer bonds payable				1,500
Due to other funds				87,581
Deferred revenue				219,627
Due to other agency				5,129
Compensated absence				15,741
	<u>20,184</u>		<u>8,727</u>	<u>1,214,278</u>
Total Liabilities				
Fund Balances:				
Reserved for:				
Encumbrances	1,220			1,220
Prepays and deposits				11,105
Debt service				627,715
Unreserved, undesignated	2,063,983	\$431,476	66,085	9,645,313
	<u>2,065,203</u>	<u>431,476</u>	<u>66,085</u>	<u>10,285,353</u>
Total Fund Balances				
	<u>\$2,085,387</u>	<u>\$431,476</u>	<u>\$74,812</u>	<u>\$11,499,631</u>
Total Liabilities and Fund Balances				

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CITY OF SAN RAFAEL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Street Maintenance and Cleaning
REVENUES					
Taxes and special assessments		\$25,368			
License and permits					
Use of money and property	\$761	2,277	\$1,086	\$2,135	\$18,296
Intergovernmental	20,000		7,799	389,834	1,170,225
Charges for services	2,089,342		1,375,518	2,799,342	
Other revenue	68,192		9,640	2,765	8,392
Total Revenues	2,178,295	27,645	1,394,043	3,194,076	1,196,913
EXPENDITURES					
Current:					
General government					
Public safety			1,337,960		
Public works and parks		4,896			1,774,164
Culture and recreation	3,856,042			3,482,129	
Capital outlay					
Capital improvement/special projects	55,454		7,988		207,593
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	3,911,496	4,896	1,345,948	3,482,129	1,981,757
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,733,201)	22,749	48,095	(288,053)	(784,844)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,732,760			253,920	1,228,170
Transfers out					(272,282)
Total Other Financing Sources (Uses)	1,732,760			253,920	955,888
Net Change in Fund Balances	(441)	22,749	48,095	(34,133)	171,044
Fund Balance, Beginning	32,880	86,088	43,619	97,216	487,268
Fund Balance, Ending	\$32,439	\$108,837	\$91,714	\$63,083	\$658,312

SPECIAL REVENUE FUNDS

Loch Lomond Assessment District	Library	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication
\$14,796						\$700
19,776	\$44,677	\$3,721	\$5,500 14,665	\$41,023	\$17,401	25,611
	341,690	79,059	3,328		915,117	(1)
	6,147	5,680	792,996	25,219		161,374
	30,545	1,895		84,791	63,800	1,000
34,572	423,059	90,355	816,489	151,033	996,318	188,684
					520	
		142,738			100,000	
53			1,399,144			
	114,190				317,223	
			163,227		270,257	
	279,808	10,166	58,829	195,892	662,215	
53	393,998	152,904	1,621,200	195,892	1,350,215	
34,519	29,061	(62,549)	(804,711)	(44,859)	(353,897)	188,684
		90,000	1,034,816		296,601	88,962
	(17,075)				(25,000)	
	(17,075)	90,000	1,034,816		271,601	88,962
34,519	11,986	27,451	230,105	(44,859)	(82,296)	277,646
824,334	187,922	171,612	459,144	672,901	979,720	959,551
\$858,853	\$199,908	\$199,063	\$689,249	\$628,042	\$897,424	\$1,237,197

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS	
	Emergency Medical Services	Business Improvement	Sewer Maintenance	Peacock Gap Assessment District	Mariposa Assessment District
REVENUES					
Taxes and special assessments	\$3,210,317				
License and permits					
Use of money and property	655	\$181	\$395		\$260
Intergovernmental		13,000			
Charges for services	2,025,709		1,671,525		
Other revenue		16,057			
Total Revenues	5,236,681	29,238	1,671,920		260
EXPENDITURES					
Current:					
General government		29,252			
Public safety	4,573,223				
Public works and parks			1,528,320		
Culture and recreation					
Capital outlay					
Capital improvement/special projects					
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	4,573,223	29,252	1,528,320		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	663,458	(14)	143,600		260
OTHER FINANCING SOURCES (USES)					
Transfers in	8,460				
Transfers out	(347,950)		(143,600)		
Total Other Financing Sources (Uses)	(339,490)		(143,600)		
Net Change in Fund Balances	323,968	(14)			260
Fund Balance, Beginning	224,979	4,925	42,073	\$2,875	15,999
Fund Balance, Ending	\$548,947	\$4,911	\$42,073	\$2,875	\$16,259

DEBT SERVICE FUNDS		CAPITAL PROJECT FUNDS				
1997 Financing Authority Revenue Bonds	Redevelopment Agency	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects	Open Space
\$246,031	\$3,568,775		\$20,400			
20,619	396	\$6,278 518,229	5,246		\$429	\$3,343
					6,003	
266,650	3,569,171	524,507	25,646		6,432	3,343
		3,768 824,465	11,576		22,751	3,511
325,000 65,889	1,965,000 1,603,775					
390,889	3,568,775	828,233	11,576		22,751	3,511
(124,239)	396	(303,726)	14,070		(16,319)	(168)
(1,750)		11,499 (154,400)	(200,000)			
(1,750)		(142,901)	(200,000)			
(125,989)	396	(446,627)	(185,930)		(16,319)	(168)
734,570	35,430	832,834	216,341	\$223,741	31,379	143,745
\$608,581	\$35,826	\$386,207	\$30,411	\$223,741	\$15,060	\$143,577

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	CAPITAL PROJECT FUNDS			Total Non-Major Governmental Funds
	Equipment Replacement	Radio Replacement	Telephone Replacement	
REVENUES				
Taxes and special assessments				\$7,086,387
License and permits				5,500
Use of money and property	\$49,080	\$12,015	\$2,708	293,034
Intergovernmental				3,458,280
Charges for services	1,395,510	649,380	302,000	13,299,742
Other revenue	123,193			416,273
	<u>1,567,783</u>	<u>661,395</u>	<u>304,708</u>	<u>24,559,216</u>
EXPENDITURES				
Current:				
General government	311,476	637,578	238,449	1,217,275
Public safety				6,153,921
Public works and parks	642,097			5,348,674
Culture and recreation				7,769,584
Capital outlay				448,828
Capital improvement/special projects				2,328,672
Debt service:				
Principal	141,485		60,854	2,492,339
Interest and fiscal charges	3,106		10,470	1,683,240
	<u>1,098,164</u>	<u>637,578</u>	<u>309,773</u>	<u>27,442,533</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>469,619</u>	<u>23,817</u>	<u>(5,065)</u>	<u>(2,883,317)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				4,745,188
Transfers out	(437,520)	(400,000)		(1,999,577)
Total Other Financing Sources (Uses)	<u>(437,520)</u>	<u>(400,000)</u>		<u>2,745,611</u>
Net Change in Fund Balances	32,099	(376,183)	(5,065)	(137,706)
Fund Balance, Beginning	<u>2,033,104</u>	<u>807,659</u>	<u>71,150</u>	<u>10,423,059</u>
Fund Balance, Ending	<u>\$2,065,203</u>	<u>\$431,476</u>	<u>\$66,085</u>	<u>\$10,285,353</u>

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CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS					
	Recreation Revolving			Baypoint Lagoons Assessment District		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$25,000	\$25,368	\$368
Licenses and permits						
Fines and forfeitures						
Use of money and property	\$5,000	\$761	(\$4,239)	800	2,277	1,477
Intergovernmental	20,000	20,000				
Charges for services	2,079,840	2,089,342	9,502			
Other revenue	49,850	68,192	18,342			
Total Revenues	<u>2,154,690</u>	<u>2,178,295</u>	<u>23,605</u>	<u>25,800</u>	<u>27,645</u>	<u>1,845</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks					4,896	(4,896)
Culture and recreation	3,551,086	3,856,042	(304,956)			
Capital outlay	2,480		2,480			
Capital improvement/special projects	45,000	55,454	(10,454)			
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>3,598,566</u>	<u>3,911,496</u>	<u>(312,930)</u>		<u>4,896</u>	<u>(4,896)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,443,876)</u>	<u>(1,733,201)</u>	<u>(289,325)</u>	<u>25,800</u>	<u>22,749</u>	<u>(3,051)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,386,760	1,732,760	346,000			
Transfers out						
Total Other Financing Sources (Uses)	<u>1,386,760</u>	<u>1,732,760</u>	<u>346,000</u>			
FUND BALANCES, BEGINNING OF YEAR AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>(\$57,116)</u>	<u>(441)</u>	<u>\$56,675</u>	<u>\$25,800</u>	<u>22,749</u>	<u>(\$3,051)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>32,880</u>			<u>86,088</u>	
FUND BALANCES, END OF YEAR		<u>\$32,439</u>			<u>\$108,837</u>	

SPECIAL REVENUE FUNDS

Household Hazmat Facility			Childcare			Street Maintenance and Cleaning		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$1,550	\$1,086	(\$464)		\$2,135	\$2,135	\$21,090	\$18,296	(\$2,794)
5,330	7,799	2,469	\$417,548	389,834	(27,714)	501,805	1,170,225	668,420
1,385,780	1,375,518	(10,262)	2,936,600	2,799,342	(137,258)			
	9,640	9,640		2,765	2,765	2,580	8,392	5,812
1,392,660	1,394,043	1,383	3,354,148	3,194,076	(160,072)	525,475	1,196,913	671,438
1,329,330	1,337,960	(8,630)				1,831,180	1,774,164	57,016
			3,514,283	3,482,129	32,154			
			11,890		11,890	119,310		119,310
6,750	7,988	(1,238)				(100,000)	207,593	(307,593)
1,336,080	1,345,948	(9,868)	3,526,173	3,482,129	44,044	1,850,490	1,981,757	(131,267)
56,580	48,095	(8,485)	(172,025)	(288,053)	(116,028)	(1,325,015)	(784,844)	540,171
			300,430	253,920	(46,510)	1,228,170	1,228,170	
			(46,510)		46,510	(214,282)	(272,282)	(58,000)
			253,920	253,920		1,013,888	955,888	(58,000)
\$56,580	48,095	(\$8,485)	\$81,895	(34,133)	(\$116,028)	(\$311,127)	171,044	\$482,171
	43,619			97,216			487,268	
	\$91,714			\$63,083			\$658,312	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS					
	Loch Lomond Assessment District			Library		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$14,800	\$14,796	(\$4)			
Licenses and permits						
Fines and forfeitures						
Use of money and property	20,000	19,776	(224)	\$26,060	\$44,677	\$18,617
Intergovernmental				189,690	341,690	152,000
Charges for services				4,000	6,147	2,147
Other revenue				20,000	30,545	10,545
Total Revenues	34,800	34,572	(228)	239,750	423,059	183,309
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks		53	(53)			
Culture and recreation				137,692	114,190	23,502
Capital outlay						
Capital improvement/special projects				56,500	279,808	(223,308)
Debt service						
Principle						
Interest and fiscal charges						
Total Expenditures		53	(53)	194,192	393,998	(199,806)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	34,800	34,519	(281)	45,558	29,061	(16,497)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out				(17,075)	(17,075)	
Total Other Financing Sources (Uses)				(17,075)	(17,075)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>\$34,800</u>	34,519	<u>(281)</u>	<u>\$28,483</u>	11,986	<u>(\$16,497)</u>
FUND BALANCES, BEGINNING OF YEAR		824,334			187,922	
FUND BALANCES, END OF YEAR		<u>\$858,853</u>			<u>\$199,908</u>	

SPECIAL REVENUE FUNDS

Public Safety			Stormwater			Development Services		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$5,500	\$5,500				
			2,260		(\$2,260)			
\$1,220	\$3,721	\$2,501	10,950	14,665	3,715	\$34,170	\$41,023	\$6,853
60,100	79,059	18,959		3,328	3,328			
7,000	5,680	(1,320)	878,640	792,996	(85,644)		25,219	25,219
500	1,895	1,395				93,445	84,791	(8,654)
<u>68,820</u>	<u>90,355</u>	<u>21,535</u>	<u>897,350</u>	<u>816,489</u>	<u>(80,861)</u>	<u>127,615</u>	<u>151,033</u>	<u>23,418</u>
168,570	142,738	25,832						
			1,580,530	1,399,144	181,386			
			324,740	163,227	161,513			
4,000	10,166	(6,166)		58,829	(58,829)	93,445	195,892	(102,447)
<u>172,570</u>	<u>152,904</u>	<u>19,666</u>	<u>1,905,270</u>	<u>1,621,200</u>	<u>284,070</u>	<u>93,445</u>	<u>195,892</u>	<u>(102,447)</u>
<u>(103,750)</u>	<u>(62,549)</u>	<u>41,201</u>	<u>(1,007,920)</u>	<u>(804,711)</u>	<u>203,209</u>	<u>34,170</u>	<u>(44,859)</u>	<u>(\$79,029)</u>
90,000	90,000		1,034,816	1,034,816				
90,000	90,000		1,034,816	1,034,816				
<u>(\$13,750)</u>	27,451	<u>\$41,201</u>	<u>\$26,896</u>	230,105	<u>\$203,209</u>	<u>\$34,170</u>	(44,859)	<u>(\$79,029)</u>
	171,612			459,144			672,901	
	<u>\$199,063</u>			<u>\$689,249</u>			<u>\$628,042</u>	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS					
	Grants			Parkland Dedication		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$10,650	\$700	(\$9,950)
Licenses and permits						
Fines and forfeitures						
Use of money and property	\$26,450	\$17,401	(\$9,049)		25,611	25,611
Intergovernmental	1,402,832	915,117	(487,715)		(1)	(1)
Charges for services					161,374	161,374
Other revenue	134,410	63,800	(70,610)		1,000	1,000
Total Revenues	<u>1,563,692</u>	<u>996,318</u>	<u>(567,374)</u>	<u>10,650</u>	<u>188,684</u>	<u>178,034</u>
EXPENDITURES						
Current:						
General government		520	(520)			
Public safety	112,240	100,000	12,240			
Public works and parks						
Culture and recreation	490,583	317,223	173,360			
Capital outlay	90,124	270,257	(180,133)			
Capital improvement/special projects	1,261,170	662,215	598,955			
Debt service:						
Principle						
Interest and fiscal charges						
Total Expenditures	<u>1,954,117</u>	<u>1,350,215</u>	<u>603,902</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(390,425)</u>	<u>(353,897)</u>	<u>36,528</u>	<u>10,650</u>	<u>188,684</u>	<u>178,034</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	296,601	296,601		88,962	88,962	
Transfers out	(25,000)	(25,000)				
Total Other Financing Sources (Uses)	<u>271,601</u>	<u>271,601</u>		<u>88,962</u>	<u>88,962</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>(\$118,824)</u>	<u>(82,296)</u>	<u>\$36,528</u>	<u>\$99,612</u>	<u>277,646</u>	<u>\$178,034</u>
FUND BALANCES, BEGINNING OF YEAR		<u>979,720</u>			<u>959,551</u>	
FUND BALANCES, END OF YEAR		<u>\$897,424</u>			<u>\$1,237,197</u>	

SPECIAL REVENUE FUNDS

Emergency Medical Services			Business Improvement			Sewer Maintenance		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$3,310,000	\$3,210,317	(\$99,683)						
	655	655	\$560	\$181	(\$379)	\$6,970	\$395	(\$6,575)
1,900,000	2,025,709	125,709	16,510	13,000	(3,510)	1,924,550	1,671,525	(253,025)
			22,520	16,057	(6,463)			
5,210,000	5,236,681	26,681	39,590	29,238	(10,352)	1,931,520	1,671,920	(259,600)
			39,580	29,252	10,328			
4,508,536	4,573,223	(64,687)				1,782,866	1,528,320	254,546
1,000		1,000						
4,509,536	4,573,223	(63,687)	39,580	29,252	10,328	1,782,866	1,528,320	254,546
700,464	663,458	(37,006)	10	(14)	(24)	148,654	143,600	(5,054)
8,460	8,460							
(347,950)	(347,950)					(143,600)	(143,600)	
(339,490)	(339,490)					(143,600)	(143,600)	
<u>\$360,974</u>	323,968	<u>(\$37,006)</u>	<u>\$10</u>	(14)	<u>(\$24)</u>	<u>\$5,054</u>		<u>(\$5,054)</u>
	224,979			4,925			42,073	
	<u>\$548,947</u>			<u>\$4,911</u>			<u>\$42,073</u>	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

DEBT SERVICE FUND

	Mariposa Assessment District			1997 Financing Authority Revenue Bonds		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$300,440	\$246,031	(\$54,409)
Licenses and permits						
Fines and forfeitures						
Use of money and property	\$1,080	\$260	(\$820)	2,620	20,619	17,999
Intergovernmental						
Charges for services						
Other revenue						
Total Revenues	<u>1,080</u>	<u>260</u>	<u>(820)</u>	<u>303,060</u>	<u>266,650</u>	<u>(36,410)</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks						
Culture and recreation						
Capital outlay						
Capital improvement/special projects						
Debt service:						
Principle				180,000	325,000	(145,000)
Interest and fiscal charges				52,030	65,889	(13,859)
Total Expenditures				<u>232,030</u>	<u>390,889</u>	<u>(158,859)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,080</u>	<u>260</u>	<u>(820)</u>	<u>71,030</u>	<u>(124,239)</u>	<u>(\$195,269)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out				(1,750)	(1,750)	
Total Other Financing Sources (Uses)				<u>(1,750)</u>	<u>(1,750)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>\$1,080</u>	<u>260</u>	<u>(\$820)</u>	<u>\$69,280</u>	<u>(125,989)</u>	<u>(\$195,269)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>15,999</u>			<u>734,570</u>	
FUND BALANCES, END OF YEAR		<u>\$16,259</u>			<u>\$608,581</u>	

DEBT SERVICE FUND			CAPITAL PROJECT FUND					
Redevelopment Agency			Capital Improvement			Open Space		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$3,568,780	\$3,568,775	(\$5)						
	396	396		\$6,278	\$6,278	\$5,470	\$3,343	(\$2,127)
				518,229	518,229			
<u>3,568,780</u>	<u>3,569,171</u>	<u>\$391</u>		<u>524,507</u>	<u>524,507</u>	<u>5,470</u>	<u>3,343</u>	<u>(2,127)</u>
			\$81,750	3,768	(3,768)	12,960	3,511	9,449
1,965,000	1,965,000			824,465	(742,715)			
<u>1,603,780</u>	<u>1,603,775</u>	<u>5</u>						
<u>3,568,780</u>	<u>3,568,775</u>	<u>5</u>	<u>81,750</u>	<u>828,233</u>	<u>(746,483)</u>	<u>12,960</u>	<u>3,511</u>	<u>9,449</u>
	396	396	(81,750)	(303,726)	(221,976)	(7,490)	(168)	7,322
			11,499	11,499				
			(154,400)	(154,400)				
			(142,901)	(142,901)				
	396	\$396	<u>(\$224,651)</u>	<u>(446,627)</u>	<u>(\$221,976)</u>	<u>(\$7,490)</u>	<u>(168)</u>	<u>\$7,322</u>
	35,430			832,834			143,745	
	<u>\$35,826</u>			<u>\$386,207</u>			<u>\$143,577</u>	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

	CAPITAL PROJECT FUND					
	Equipment Replacement			Radio Replacement		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments						
Licenses and permits						
Fines and forfeitures						
Use of money and property	\$42,000	\$49,080	\$7,080	\$32,860	\$12,015	(\$20,845)
Intergovernmental						
Charges for services	1,395,510	1,395,510		649,380	649,380	
Other revenue	36,000	123,193	87,193			
Total Revenues	<u>1,473,510</u>	<u>1,567,783</u>	<u>94,273</u>	<u>682,240</u>	<u>661,395</u>	<u>(20,845)</u>
EXPENDITURES						
Current:						
General government	307,930	311,476	(3,546)	649,380	637,578	11,802
Public safety	45,040		45,040			
Public works and parks	770,040	642,097	127,943			
Culture and recreation						
Capital outlay						
Capital improvement/special projects						
Debt service:						
Principle	142,190	141,485	705			
Interest and fiscal charges	13,890	3,106	10,784			
Total Expenditures	<u>1,279,090</u>	<u>1,098,164</u>	<u>180,926</u>	<u>649,380</u>	<u>637,578</u>	<u>11,802</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>194,420</u>	<u>469,619</u>	<u>275,199</u>	<u>32,860</u>	<u>23,817</u>	<u>(9,043)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(437,520)	(437,520)		(400,000)	(400,000)	
Total Other Financing Sources (Uses)	<u>(437,520)</u>	<u>(437,520)</u>		<u>(400,000)</u>	<u>(400,000)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>(\$243,100)</u>	<u>32,099</u>	<u>\$275,199</u>	<u>(\$367,140)</u>	<u>(376,183)</u>	<u>(\$9,043)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>2,033,104</u>			<u>807,659</u>	
FUND BALANCES, END OF YEAR		<u>\$2,065,203</u>			<u>\$431,476</u>	

(Continued)

CAPITAL PROJECT FUND

Telephone Replacement

Final Budget	Actual	Variance Positive (Negative)
\$300	\$2,708	\$2,408
302,000	302,000	
<u>302,300</u>	<u>304,708</u>	<u>2,408</u>
230,000	238,449	(8,449)
60,850	60,854	
10,470	10,470	
<u>301,320</u>	<u>309,773</u>	<u>(8,449)</u>
<u>980</u>	<u>(5,065)</u>	<u>(6,045)</u>
<u>\$980</u>	<u>(5,065)</u>	<u>(\$6,045)</u>
	<u>71,150</u>	
	<u>\$66,085</u>	

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

Print Shop and Mail Fund – Set up to maintain sufficient reserves for printing and mail payment. All costs associated with printing and mail expenses are paid from this fund.

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2009

	Building Maintenance	Employee Benefits	Liability Insurance	Workers' Compensation	Dental Insurance	Print Shop and Mail	Total
ASSETS							
Current Assets:							
Cash and investments	\$148,344		\$928,241	\$2,820,814	\$7,360	\$14,977	\$3,919,736
Accounts receivable		\$1,047,179					1,047,179
Due from other funds				855,578			855,578
Prepays and deposits			1,729	3,458			5,187
Total Assets	148,344	1,047,179	929,970	3,679,850	7,360	14,977	5,827,680
LIABILITIES							
Current Liabilities:							
Accounts payable	20,115	1,337	707	5,751	4,150	9,642	41,702
Due to other funds		855,578					855,578
Claims payable			300,000	2,100,000			2,400,000
Total Current Liabilities	20,115	856,915	300,707	2,105,751	4,150	9,642	3,297,280
Noncurrent Liabilities:							
Claims payable			107,361	1,209,610			1,316,971
Total Noncurrent Liabilities			107,361	1,209,610			1,316,971
Net Assets Total Liabilities	20,115	856,915	408,068	3,315,361	4,150	9,642	4,614,251
NET ASSETS:							
Unrestricted	128,229	190,264	521,902	364,489	3,210	5,335	1,213,429
Total Net Assets	\$128,229	\$190,264	\$521,902	\$364,489	\$3,210	\$5,335	\$1,213,429

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	Building Maintenance	Employee Benefits	Liability Insurance	Workers' Compensation	Dental Insurance	Print Shop and Mail	Total
OPERATING REVENUES							
Charges for current services	\$110,690	\$1,339,897	\$1,571,440	\$2,011,247	\$527,628	\$186,038	\$5,746,940
Other operating revenues		1,519,397	151,916		14,330		1,685,643
Total Operating Revenues	<u>110,690</u>	<u>2,859,294</u>	<u>1,723,356</u>	<u>2,011,247</u>	<u>541,958</u>	<u>186,038</u>	<u>7,432,583</u>
OPERATING EXPENSES							
Insurance premiums and claims		2,389,901	948,104	1,130,245	541,960	156,613	5,166,823
Maintenance and repairs	419,774			81,342		32,927	534,043
General and administrative		574,192	163			71,163	645,518
Total Operating Expenses	<u>419,774</u>	<u>2,964,093</u>	<u>948,267</u>	<u>1,211,587</u>	<u>541,960</u>	<u>260,703</u>	<u>6,346,384</u>
Operating Income (Loss)	<u>(309,084)</u>	<u>(104,799)</u>	<u>775,089</u>	<u>799,660</u>	<u>(2)</u>	<u>(74,665)</u>	<u>1,086,199</u>
NONOPERATING REVENUES (EXPENSES)							
Investment income	3,794		25,881	98,135	448		128,258
Total Nonoperating Revenues (Expenses)	<u>3,794</u>		<u>25,881</u>	<u>98,135</u>	<u>448</u>		<u>128,258</u>
Net income (loss) before transfers	<u>(305,290)</u>	<u>(104,799)</u>	<u>800,970</u>	<u>897,795</u>	<u>446</u>	<u>(74,665)</u>	<u>1,214,457</u>
Transfers in	88,501					80,000	168,501
Transfers out		(500,000)	(750,000)	(915,000)			(2,165,000)
Change in Net Assets	<u>(216,789)</u>	<u>(604,799)</u>	<u>50,970</u>	<u>(17,205)</u>	<u>446</u>	<u>5,335</u>	<u>(782,042)</u>
NET ASSETS, BEGINNING OF YEAR	<u>345,018</u>	<u>795,063</u>	<u>470,932</u>	<u>381,694</u>	<u>2,764</u>		<u>1,995,471</u>
NET ASSETS, END OF YEAR	<u>\$128,229</u>	<u>\$190,264</u>	<u>\$521,902</u>	<u>\$364,489</u>	<u>\$3,210</u>	<u>\$5,335</u>	<u>\$1,213,429</u>

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

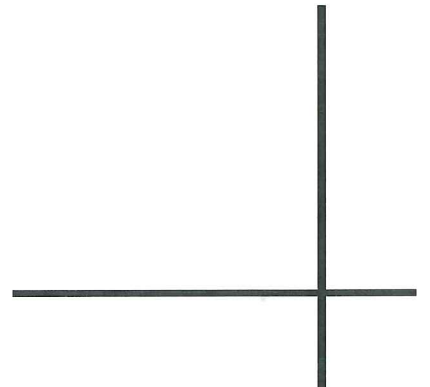
	Building Maintenance	Employee Benefits	Liability Insurance	Workers' Compensation	Dental Insurance	Print Shop and Mail	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers/other funds	\$110,690	\$1,543,046	\$1,571,440	\$2,011,247	\$527,628	\$186,038	\$5,950,089
Cash payments to suppliers for goods and services	(460,668)	(2,963,272)	(978,411)	(1,723,516)	(542,000)	(251,061)	(6,918,928)
Other operating revenues		1,519,397	151,916		14,330		1,685,643
Cash Flows from Operating Activities	(349,978)	99,171	744,945	287,731	(42)	(65,023)	716,804
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Interfund receipts (payments)	88,501	(99,171)	(750,000)	(1,770,578)		80,000	(2,451,248)
Cash Flows from Noncapital Financing Activities	88,501	(99,171)	(750,000)	(1,770,578)		80,000	(2,451,248)
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment received	3,794		25,881	98,135	448		128,258
Cash Flows from Investing Activities	3,794		25,881	98,135	448		128,258
Net Increase (Decrease) in cash and cash equivalents	(257,683)		20,826	(1,384,712)	406	14,977	(1,606,186)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	406,027		907,415	4,205,526	6,954		5,525,922
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$148,344</u>		<u>\$928,241</u>	<u>\$2,820,814</u>	<u>\$7,360</u>	<u>\$14,977</u>	<u>\$3,919,736</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	(\$309,084)	(\$104,799)	\$775,089	\$799,660	(\$2)	(\$74,665)	\$1,086,199
Net change in assets and liabilities:							
Accounts receivable		203,149					203,149
Prepays and deposits			2,389	(119)			2,270
Accounts payable	(40,894)	821	(2,376)	1,191	(40)	9,642	(31,656)
Claims payable			(30,157)	(513,001)			(543,158)
Net Cash Provided by (Used in) Operating Activities	(349,978)	\$99,171	\$744,945	\$287,731	(\$42)	(\$65,023)	\$716,804



STATISTICAL SECTION



Classic Car Parade



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STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage, Redevelopment Agency Tax Allocation Bonds

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

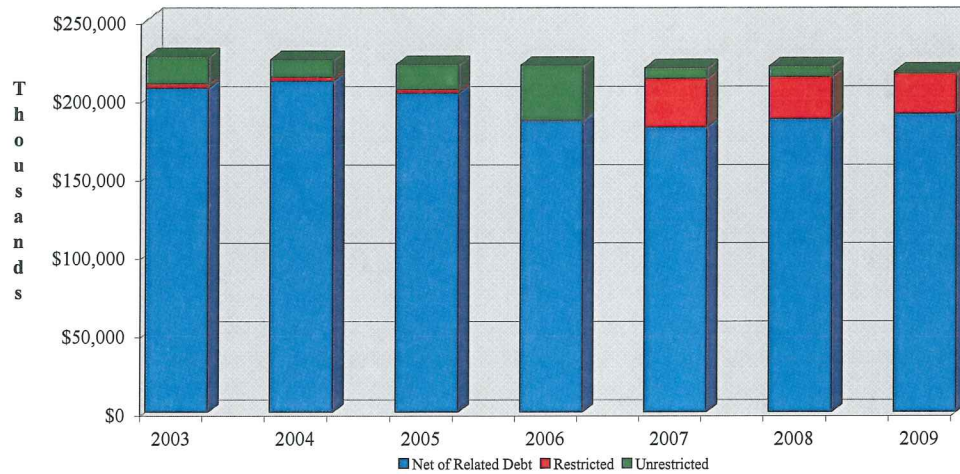
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting governmentwide information include information beginning in that year.

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



	As of June 30,						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$198,031,181	\$202,215,793	\$194,658,126	\$175,806,100	\$171,849,149	\$176,724,820	\$178,744,119
Restricted	2,933,294	2,708,397	2,378,641	620,889	31,124,935	26,848,900	25,721,231
Unrestricted	16,216,230	9,775,565	14,167,627	32,739,318	4,499,136	4,273,937	(700,985)
Total governmental activities net assets	\$217,180,705	\$214,699,755	\$211,204,394	\$209,166,307	\$207,473,220	\$207,847,657	\$203,764,365
Business-type activities							
Invested in capital assets, net of related debt	\$8,464,417	\$8,749,750	\$8,615,483	\$9,819,435	\$9,717,501	\$10,130,329	\$11,243,637
Unrestricted	1,078,245	1,447,467	1,900,504	2,113,659	2,226,838	2,471,117	1,936,958
Total business-type activities net assets	\$9,542,662	\$10,197,217	\$10,515,987	\$11,933,094	\$11,944,339	\$12,601,446	\$13,180,595
Primary government							
Invested in capital assets, net of related debt	\$206,495,598	\$210,965,543	\$203,273,609	\$185,625,535	\$181,566,650	\$186,855,149	\$189,987,756
Restricted	2,933,294	2,708,397	2,378,641	620,889	31,124,935	26,848,900	25,721,231
Unrestricted	17,294,475	11,223,032	16,068,131	34,852,977	6,725,974	6,745,054	1,235,973
Total primary government net assets	\$226,723,367	\$224,896,972	\$221,720,381	\$221,099,401	\$219,417,559	\$220,449,103	\$216,944,960

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

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General government	\$5,555,915	\$5,074,335	\$5,895,390	\$6,252,533	\$8,908,433
Public safety	30,476,353	30,453,108	32,891,692	33,178,537	37,271,272
Public works and parks	27,237,899	16,043,092	16,820,453	23,401,246	20,998,749
Community development / redevelopment	3,727,315	3,921,422	4,624,345	4,194,249	4,384,408
Culture and recreation	9,055,681	7,444,339	8,450,017	8,652,445	9,729,485
Interest on long-term debt	4,082,760	2,516,659	2,129,818	1,725,559	2,183,683
Total Governmental Activities Expenses	<u>80,135,923</u>	<u>65,452,955</u>	<u>70,811,715</u>	<u>77,404,569</u>	<u>83,476,030</u>
Business-Type Activities:					
Parking services	1,245,316	1,539,441	2,451,941	2,761,511	3,110,254
Total Business-Type Activities Expenses	<u>1,245,316</u>	<u>1,539,441</u>	<u>2,451,941</u>	<u>2,761,511</u>	<u>3,110,254</u>
Total Primary Government Expenses	<u>\$81,381,239</u>	<u>\$66,992,396</u>	<u>\$73,263,656</u>	<u>\$80,166,080</u>	<u>\$86,586,284</u>
Component Unit:					
San Rafael Sanitation District	<u>\$5,708,208</u>	<u>\$5,297,737</u>	<u>\$5,288,582</u>	<u>\$6,148,915</u>	<u>\$6,656,432</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$1,433,372	\$1,487,595	\$1,831,269	\$402,094	\$1,512,814
Public safety	2,530,916	2,203,371	4,315,141	5,085,679	5,279,785
Public works and parks	3,072,849	2,697,858	3,298,076	3,799,861	4,030,060
Community development / redevelopment	1,691,427	1,982,211	1,974,527	3,190,832	2,815,009
Culture and recreation	3,688,418	3,960,777	3,924,360	4,368,274	4,521,004
Operating grants and contributions	6,003,700	5,252,820	3,321,135	2,745,570	3,701,901
Capital grants and contributions	1,744,556	573,485	606,589	3,936,474	2,786,761
Total Government Activities Program Revenues	<u>20,165,238</u>	<u>18,158,117</u>	<u>19,271,097</u>	<u>23,528,784</u>	<u>24,647,334</u>
Business-Type Activities:					
Charges for services:					
Parking services	1,810,479	2,307,432	2,604,066	3,025,380	3,242,046
Total Business-Type Activities Program Revenues	<u>1,810,479</u>	<u>2,307,432</u>	<u>2,604,066</u>	<u>3,025,380</u>	<u>3,242,046</u>
Total Primary Government Program Revenues	<u>\$21,975,717</u>	<u>\$20,465,549</u>	<u>\$21,875,163</u>	<u>\$26,554,164</u>	<u>\$27,889,380</u>
Component Unit:					
Charges for services:					
San Rafael Sanitation District	<u>\$5,566,610</u>	<u>\$5,811,437</u>	<u>\$6,060,993</u>	<u>\$6,340,773</u>	<u>\$7,857,916</u>
Net (Expense)/Revenue					
Governmental Activities	(\$59,970,685)	(\$47,294,838)	(\$51,540,618)	(\$53,875,785)	(\$58,828,696)
Business-Type Activities	565,163	767,991	152,125	263,869	131,792
Total Primary Government Net Expense	<u>(\$59,405,522)</u>	<u>(\$46,526,847)</u>	<u>(\$51,388,493)</u>	<u>(\$53,611,916)</u>	<u>(\$58,696,904)</u>
Component Unit Activities	<u>(\$141,598)</u>	<u>\$513,700</u>	<u>\$772,411</u>	<u>\$191,858</u>	<u>\$1,201,484</u>

<u>2008</u>	<u>2009</u>
\$8,621,079	\$8,075,344
40,845,347	42,708,538
22,105,367	23,036,676
5,811,866	5,759,171
10,300,230	11,505,896
1,989,620	1,907,229
<u>89,673,509</u>	<u>92,992,854</u>
<u>3,282,235</u>	<u>3,563,235</u>
<u>3,282,235</u>	<u>3,563,235</u>
<u>\$92,955,744</u>	<u>\$96,556,089</u>
<u>\$8,090,636</u>	<u>\$9,143,977</u>
\$1,494,784	\$1,738,685
5,562,072	5,906,445
4,983,288	4,753,817
3,247,024	2,915,872
4,870,884	5,253,683
3,463,616	3,544,248
3,239,509	7,311,173
<u>26,861,177</u>	<u>31,423,923</u>
<u>4,161,936</u>	<u>4,454,490</u>
<u>4,161,936</u>	<u>4,454,490</u>
<u>\$31,023,113</u>	<u>\$35,878,413</u>
<u>\$9,366,305</u>	<u>\$10,567,647</u>
(\$62,812,332)	(\$61,568,931)
879,701	891,255
<u>(\$61,932,631)</u>	<u>(\$60,677,676)</u>
<u>\$1,275,669</u>	<u>\$1,423,670</u>

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

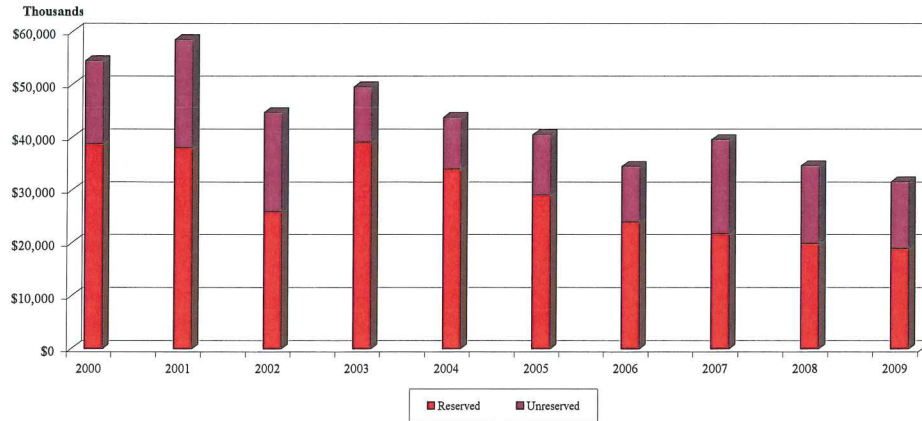
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Property	\$13,983,697	\$14,895,188	\$17,385,722	\$20,848,887	\$20,360,475
Sales	16,779,878	17,166,966	17,132,100	18,188,524	24,484,356
Special assessments	3,055,575	3,329,680	3,642,184	3,017,488	2,998,925
Paramedic					
Motor vehicles	3,317,710	2,495,598	4,657,817	372,726	331,620
Transient occupancy					
Franchises					
Business licenses					
Other	5,465,495	5,476,044	5,151,205	6,963,448	8,830,955
Investment earnings	1,897,339	809,242	1,112,548	1,248,409	1,669,181
Loss on disposal of assets	(500,819)				
Miscellaneous	1,843,458	498,200	876,907	361,195	491,488
Special item - Court fines repayment					(1,133,458)
Transfers	232,398	142,970	15,720	201,191	212,170
Total Government Activities	<u>46,074,731</u>	<u>44,813,888</u>	<u>49,974,203</u>	<u>51,201,868</u>	<u>58,245,712</u>
Business-Type Activities:					
Investment earnings	17,772	29,534	28,522	44,536	91,623
Aid from other government agencies			40,735	1,309,893	
Transfers	(232,398)	(142,970)	(15,720)	(201,191)	(212,170)
Total Business-Type Activities	<u>(214,626)</u>	<u>(113,436)</u>	<u>53,537</u>	<u>1,153,238</u>	<u>(120,547)</u>
Total Primary Government	<u>\$45,860,105</u>	<u>\$44,700,452</u>	<u>\$50,027,740</u>	<u>\$52,355,106</u>	<u>\$58,125,165</u>
Component Unit:					
San Rafael Sanitation District					
Property Taxes	\$560,269	\$591,078	\$125,959	\$179,479	\$755,763
Investment earnings	104,358	75,739	117,348	237,206	367,887
Miscellaneous		154,919			
Aid from other governmental agencies	141,314		609,419	645,804	340,642
Total Component Unit	<u>\$805,941</u>	<u>\$821,736</u>	<u>\$852,726</u>	<u>\$1,062,489</u>	<u>\$1,464,292</u>
Change in Net Assets					
Governmental Activities	(\$13,895,954)	(\$2,480,950)	(\$1,566,415)	(\$2,673,917)	(\$582,984)
Business-Type Activities	350,537	654,555	205,662	1,417,107	11,245
Total Primary Government	<u>(\$13,545,417)</u>	<u>(\$1,826,395)</u>	<u>(\$1,360,753)</u>	<u>(\$1,256,810)</u>	<u>(\$571,739)</u>
Change in Net Assets					
Component Unit Activities	<u>\$664,343</u>	<u>\$1,335,436</u>	<u>\$1,625,137</u>	<u>\$1,254,347</u>	<u>\$2,665,776</u>

<u>2008</u>	<u>2009</u>
22,195,606	\$21,978,859
25,764,457	21,970,262
3,503,555	
	3,210,317
257,320	197,989
	1,678,912
	2,941,149
	2,405,934
9,242,241	1,561,835
1,583,056	717,968
296,454	461,224
<u>344,080</u>	<u>361,190</u>
<u>63,186,769</u>	<u>57,485,639</u>
121,486	49,084
<u>(344,080)</u>	<u>(361,190)</u>
<u>(222,594)</u>	<u>(312,106)</u>
<u>\$62,964,175</u>	<u>\$57,173,533</u>
\$803,071	\$855,511
341,032	206,752
3,546	3,540
<u>577,860</u>	<u>381,144</u>
<u>\$1,725,509</u>	<u>\$1,446,947</u>
\$374,437	(\$4,083,292)
657,107	579,149
<u>\$1,031,544</u>	<u>(\$3,504,143)</u>
<u>\$3,001,178</u>	<u>\$2,870,617</u>

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**CITY SAN RAFAEL
FUND BALANCES OF GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**



	As of June 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$3,952,363	\$4,010,745	\$3,347,494	\$2,357,904	\$1,451,036	\$2,442,881	\$2,335,391	\$905,068	\$2,196,153	\$2,225,775
Unreserved	3,259,647	6,155,738	5,112,926	4,139,618	4,246,152	5,779,680	3,362,151	5,016,929	4,022,612	1,670,455
Total General Fund	\$7,212,010	\$10,166,483	\$8,460,420	\$6,497,522	\$5,697,188	\$8,222,561	\$5,697,542	\$5,921,997	\$6,218,765	\$3,896,230
All Other Governmental Funds										
Reserved	\$34,781,234	\$33,963,309	\$22,579,186	\$36,695,318	\$32,471,197	\$26,599,557	\$21,603,724	\$20,773,760	\$17,599,142	\$16,680,568
Unreserved, reported in:										
Special Revenue Funds	11,991,024	13,861,241	13,195,852	6,317,972	5,574,048	5,628,187	7,168,753	8,107,477	7,413,808	8,641,239
Debt Service Funds									35,430	(1,030,293)
Capital Project Funds								4,734,986	3,315,764	3,360,540
Expendable Trust Fund	447,748	461,953	422,188							
Total all other governmental funds	\$47,220,006	\$48,286,503	\$36,197,226	\$43,013,290	\$38,045,245	\$32,227,744	\$28,772,477	\$33,616,223	\$28,364,144	\$27,652,054

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

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

	Fiscal Year Ended June 30,			
	2000	2001	2002	2003
Revenues				
Taxes and special assessments	\$36,267,264	\$39,753,729	\$38,530,602	\$39,284,643
Licenses and permits	846,005	844,793	690,077	735,109
Fines and forfeitures	1,466,685	1,337,617	773,239	770,632
Use of money and property	2,616,579	3,989,893	2,465,306	1,897,339
Intergovernmental	9,061,449	9,223,148	8,590,790	9,405,422
Charges for services	10,590,021	12,019,807	9,704,113	10,102,392
Other revenue	7,014,228	4,684,447	1,148,767	3,568,297
Total Revenues	67,862,231	71,853,434	61,902,894	65,763,834
Expenditures				
Current:				
General government	5,725,859	5,737,343	6,188,702	4,740,703
Public safety	23,756,604	24,437,700	25,898,206	28,041,079
Public works and parks	7,607,760	8,669,755	9,329,346	9,491,552
Community development / redevelopment	2,914,886	3,454,234	3,610,108	3,253,947
Culture and recreation	6,217,506	6,381,725	7,077,117	7,176,097
Capital outlay	486,424	2,923,669	307,483	125,884
Capital improvement / special projects	19,479,314	10,935,705	15,760,086	11,058,796
Debt service:				
Capitalized lease obligation				197,132
Principal	1,875,000	1,786,000	1,849,000	24,290,000
Interest and fiscal charges	2,700,668	2,746,333	2,641,111	4,046,170
Total Expenditures	70,764,021	67,072,464	72,661,159	92,421,360
Excess (deficiency) of revenues over (under) expenditures	(2,901,790)	4,780,970	(10,758,265)	(26,657,526)
Other Financing Sources (Uses)				
Proceeds from issuance of debt				32,625,000
Contribution from Sanitation District				744,556
Capital lease for equipment acquisition				
Transfers in	7,846,585	7,070,234	5,750,044	42,503,976
Transfers (out)	(8,333,854)	(7,830,234)	(6,432,801)	(42,971,248)
Total other financing sources (uses)	(487,269)	(760,000)	(682,757)	32,902,284
Net Change in fund balances	(\$3,389,059)	\$4,020,970	(\$11,441,022)	\$6,244,758
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)

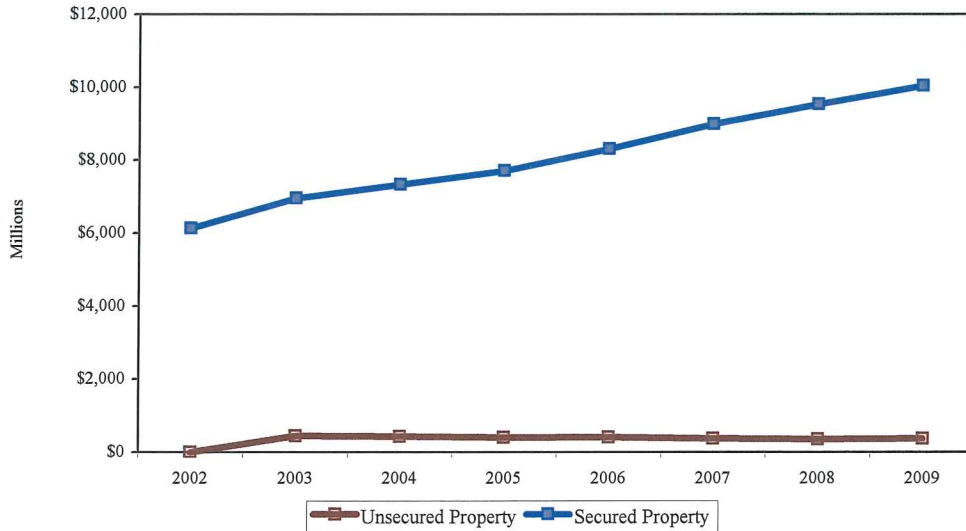
NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2003. Therefore this calculation is included only for fiscal years subsequent to that date.

Fiscal Year Ended June 30,

2004	2005	2006	2007	2008	2009
\$40,875,826	\$42,901,520	\$44,901,544	\$52,472,246	\$56,129,195	\$51,019,143
928,303	929,993	1,175,030	1,157,981	1,489,748	1,472,913
791,975	1,088,459	622,494	515,528	797,081	660,338
1,024,199	1,244,406	1,316,558	1,744,688	1,584,508	847,120
8,049,002	10,522,095	11,705,917	12,760,496	12,081,968	17,518,670
10,423,754	11,407,622	13,104,572	13,504,621	15,607,460	16,384,265
735,976	1,135,485	1,475,078	1,468,743	815,704	759,320
62,829,035	69,229,580	74,301,193	83,624,303	88,505,664	88,661,769
5,014,452	5,539,191	6,200,338	8,188,999	8,288,170	8,059,526
28,863,197	31,784,872	33,321,967	36,264,321	40,299,862	41,209,972
9,257,991	9,294,419	10,622,585	11,972,537	13,641,665	12,926,646
3,875,542	3,763,614	4,184,084	4,319,042	5,786,661	5,572,079
7,145,264	7,538,607	8,409,833	9,005,370	9,820,365	10,233,361
31,703	1,027,267	60,411	6,716,630	6,243,517	5,048,044
9,825,103	9,253,661	13,200,872	1,189,613	5,124,091	6,606,857
10,775	141,197	130,315			
2,360,000	2,585,000	2,525,000	2,287,255	2,504,370	2,714,358
2,456,357	2,140,673	1,878,265	1,829,091	1,776,354	1,683,240
68,840,384	73,068,501	80,533,670	81,772,858	93,485,055	94,054,083
(6,011,349)	(3,838,921)	(6,232,477)	1,851,445	(4,979,391)	(5,392,314)
			318,000		
5,222,868	8,636,544	6,925,107	6,812,260	6,353,216	8,972,495
(4,979,898)	(7,740,324)	(6,672,916)	(6,958,046)	(6,329,136)	(6,614,806)
242,970	896,220	252,191	172,214	24,080	2,357,689
(\$5,768,379)	(\$2,942,701)	(\$5,980,286)	\$2,023,659	(\$4,955,311)	(\$3,034,625)
8.9%	8.2%	7.0%	5.9%	5.5%	5.1%

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



Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2002	\$4,516,490,542	\$1,410,153,485	\$126,299,238	\$78,693,794	\$6,131,637,059		\$6,131,637,059	\$6,131,637,059	0.29149%
2003	4,827,556,658	1,480,344,464	128,546,036	74,236,658	6,510,683,816	\$445,297,553	6,955,981,369	6,955,981,369	0.32195%
2004	5,160,984,286	1,514,445,365	130,514,420	91,737,340	6,897,681,411	431,291,562	7,328,972,973	7,328,972,973	0.32010%
2005	5,510,630,728	1,546,579,852	146,822,250	93,875,824	7,297,908,654	406,163,129	7,704,071,783	7,704,071,783	0.30834%
2006	6,018,318,932	1,618,091,589	177,974,231	91,321,393	7,905,706,145	407,016,133	8,312,722,278	8,312,722,278	0.30792%
2007	6,544,841,348	1,745,483,576	197,040,979	122,977,950	8,610,343,853	376,890,454	8,987,234,307	8,987,234,307	0.30328%
2008	7,024,610,641	1,824,656,505	214,341,528	105,409,028	9,169,017,702	362,727,209	9,531,744,911	9,531,744,911	0.30273%
2009	7,357,121,277	1,941,927,620	234,669,841	129,177,651	9,662,896,389	374,976,613	10,037,873,002	10,037,873,002	0.30752%

Source: HdL Coren & Cone, Marin County Assessor 2001/02-2008/09 Combined Tax Rolls

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

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

<u>Fiscal Year</u>	<u>City</u>	<u>County (1)</u>	<u>School Districts</u>	<u>Misc. Special Districts</u>	<u>Total</u>
2000	0.154	0.295	0.5413	0.0461	1.0360
2001	0.154	0.295	0.5683	0.0461	1.0630
2002	0.154	0.295	0.5873	0.0461	1.0820
2003	0.154	0.295	0.6163	0.0461	1.1110
2004	0.154	0.295	0.6483	0.0461	1.1430
2005	0.154	0.295	0.6593	0.0461	1.1540
2006	0.154	0.295	0.6828	0.0461	1.1775
2007	0.154	0.295	0.7160	0.0461	1.2107
2008	0.154	0.295	0.7225	0.0461	1.2172
2009	0.154	0.295	0.7192	0.0461	1.2139

Notes:

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

Source: Marin County Assessors Office 1999/00 - 2008/09 Tax Rate Tables

**CITY OF SAN RAFAEL
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

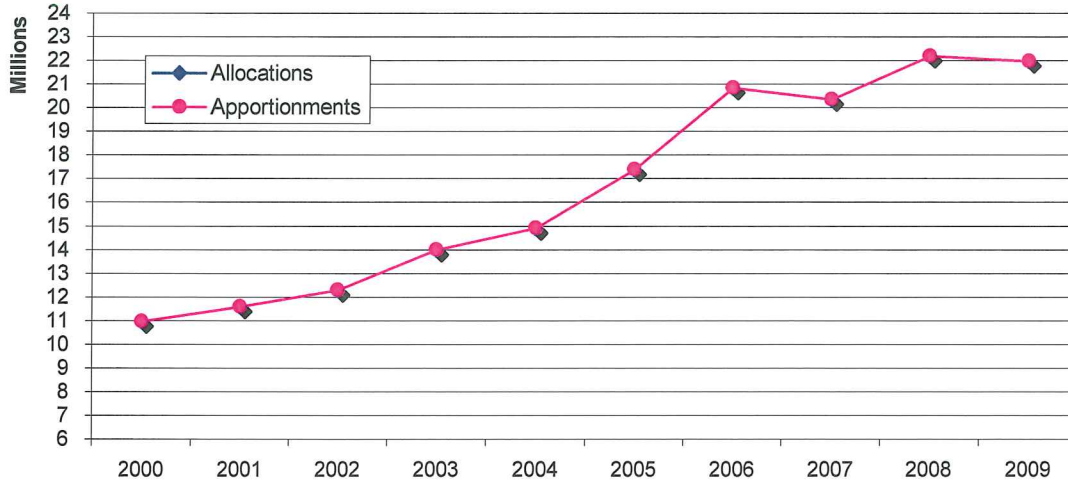
<u>Taxpayer</u>	<u>2008-09</u>		<u>1999-2000</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Northgate Mall Associates	\$97,270,425	1.0%	\$89,597,441	1.7%
SR Corporation Center Phase 1 & 2	89,644,871	0.9%		0.0%
Hines San Rafael LLC	80,929,782	0.8%		0.0%
Sutter Health	41,564,999	0.4%		0.0%
Regency Center II Associates LP	40,911,379	0.4%	34,230,569	0.7%
Marin Sanitary Service	38,347,115	0.4%		0.0%
4040 Civic Center	36,205,533	0.4%		0.0%
Bay Apartment Communities Inc	34,497,679	0.3%		0.0%
Northbay Properties II	33,950,419	0.3%		0.0%
Rafael Town Center Investors LLC	33,948,747	0.3%		0.0%
AMG Realty Partners LP			63,750,047	1.2%
Lucas Digital Ltd. LLC			40,982,654	0.8%
Autodesk Inc			33,142,893	0.6%
MHV Joint Venture			25,443,053	0.5%
Home Depot USA Inc. L/L etal			21,816,912	0.4%
F E Trotter Inc.			21,735,510	0.4%
Fair Isaac & Co. Inc			19,637,270	0.4%
WHLW Real Estate Ltd. Partners			19,037,112	0.4%
Subtotal	\$527,270,949	5.3%	\$369,373,461	7.2%

Total Net Assessed Valuation:

Fiscal Year 2008-2009	\$10,037,873,007
Fiscal Year 1999-2000	\$5,163,095,206

Source: HdL Coren & Cone, Marin County Assessor 1999-2000 & 2008-2009 Net Taxable Value History

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



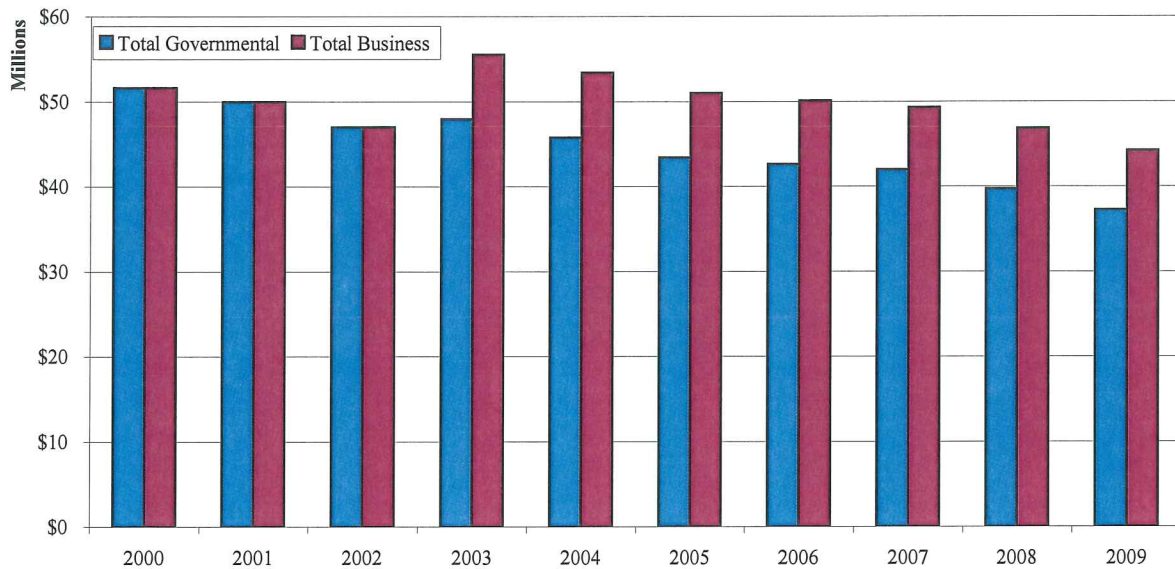
Fiscal Year	Rate	Levies	Allocations	Collections	Apportionments	Delinquent taxes as a Percent of Allocations
2000	1.00	(2)	10,954,198	(2)	10,954,198	0.0%
2001	1.00	(2)	11,594,551	(2)	11,594,551	0.0%
2002	1.00	(2)	12,293,952	(2)	12,293,952	0.0%
2003	1.00	(2)	13,983,697	(2)	13,983,697	0.0%
2004	1.00	(2)	14,895,188	(2)	14,895,188	0.0%
2005	1.00	(2)	17,385,722	(2)	17,385,722	0.0%
2006	1.00	(2)	20,848,887	(2)	20,848,887	0.0%
2007	1.00	(2)	20,360,475	(2)	20,360,475	0.0%
2008	1.00	(2)	22,195,606	(2)	22,195,606	0.0%
2009	1.00	(2)	21,978,859	(2)	21,978,859	0.0%

Notes:

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

Source: San Rafael Finance Department Revenue Reports

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



Governmental Activities						
Fiscal Year	RDA Tax Allocation Bonds	Financing Authority Revenue Bonds	Note Payable	Court Fine Promissory Note	Capitalized Lease Obligations	Total
2000	\$47,099,004	\$4,315,000	\$169,000			\$51,583,004
2001	45,899,004	3,885,000	169,000			49,953,004
2002	43,479,004	3,335,000	169,000			46,983,004
2003	44,914,000	2,820,000	169,000			47,903,000
2004	43,239,004	2,340,000	169,000			45,748,004
2005	41,514,004	1,685,000	169,000			43,368,004
2006	40,849,107	1,155,000	169,000		\$412,441	42,585,548
2007	39,217,501	950,000	169,000	\$1,029,717	596,927	41,963,145
2008	37,537,161	780,000	169,000	816,119	401,155	39,703,435
2009	35,793,692	455,000	169,000	594,100	198,816	37,210,608

Business-Type Activities					
Fiscal Year	Parking Services Bonds	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2000			\$51,583,004	0.31%	\$920
2001			49,953,004	0.30%	883.59
2002			46,983,004	0.29%	828.76
2003	\$7,605,000	\$7,605,000	55,508,000	0.34%	973.72
2004	7,605,000	7,605,000	53,353,004	0.29%	933.04
2005	7,605,000	7,605,000	50,973,004	0.26%	890.76
2006	7,455,000	7,455,000	50,040,548	0.24%	872.56
2007	7,300,000	7,300,000	49,263,145	0.22%	848.68
2008	7,140,000	7,140,000	46,843,435	N/A	804.39
2009	6,975,000	6,975,000	44,185,608	N/A	757.08

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: City of San Rafael

State of California, Department of Finance (population)

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

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

CITY OF SAN RAFAEL
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2009

2008-09 Assessed Valuation:	\$10,037,813,007
Redevelopment Incremental Valuation:	<u>2,191,093,123</u>
Adjusted Assessed Valuation:	\$7,846,719,884

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2009	% Applicable (1)	City's Share of Debt 6/30/09
Marin Community College District	\$132,180,000	15.160%	\$20,038,488
San Rafael High School District	56,670,315	73.930%	41,896,364
Tamalpais Union High School District	182,405,000	0.091%	165,989
Dixie School District	8,485,810	66.806%	5,669,030
Ross School District	18,724,941	1.857%	347,722
Ross Valley School District	15,039,213	0.008%	1,203
San Rafael School District	66,688,301	78.095%	52,080,229
City of San Rafael 1915 Act Bonds	445,000	100.000%	445,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$120,644,025</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Marin County Certificates of Participation	\$43,098,270	15.135%	\$6,522,923
Marin County Pension Obligations	112,755,000	15.135%	17,065,469
Marin County Transit District General Fund Obligations	238,124	15.135%	36,040
Marin Municipal Water District General Fund Obligations	193,728	19.463%	37,705
Marin Community College District Certification of Participation	2,940,834	15.160%	445,830
Dixie School District Certificates of Participation	555,000	66.806%	370,773
San Rafael School District Certificates of Participation	4,280,000	78.095%	3,342,466
City of San Rafael General Fund Obligations	10,387,438	100.000%	10,387,438
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$38,208,645</u>
 COMBINED TOTAL DEBT			 <u><u>\$158,852,670</u></u> (2)

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

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

<u>Ratios to 2008-09 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	1.20%

<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined Direct Debt	0.13%
Combined Total Debt	2.03%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0

Source: California Municipal Statistics, Inc.

CITY OF SAN RAFAEL
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2009

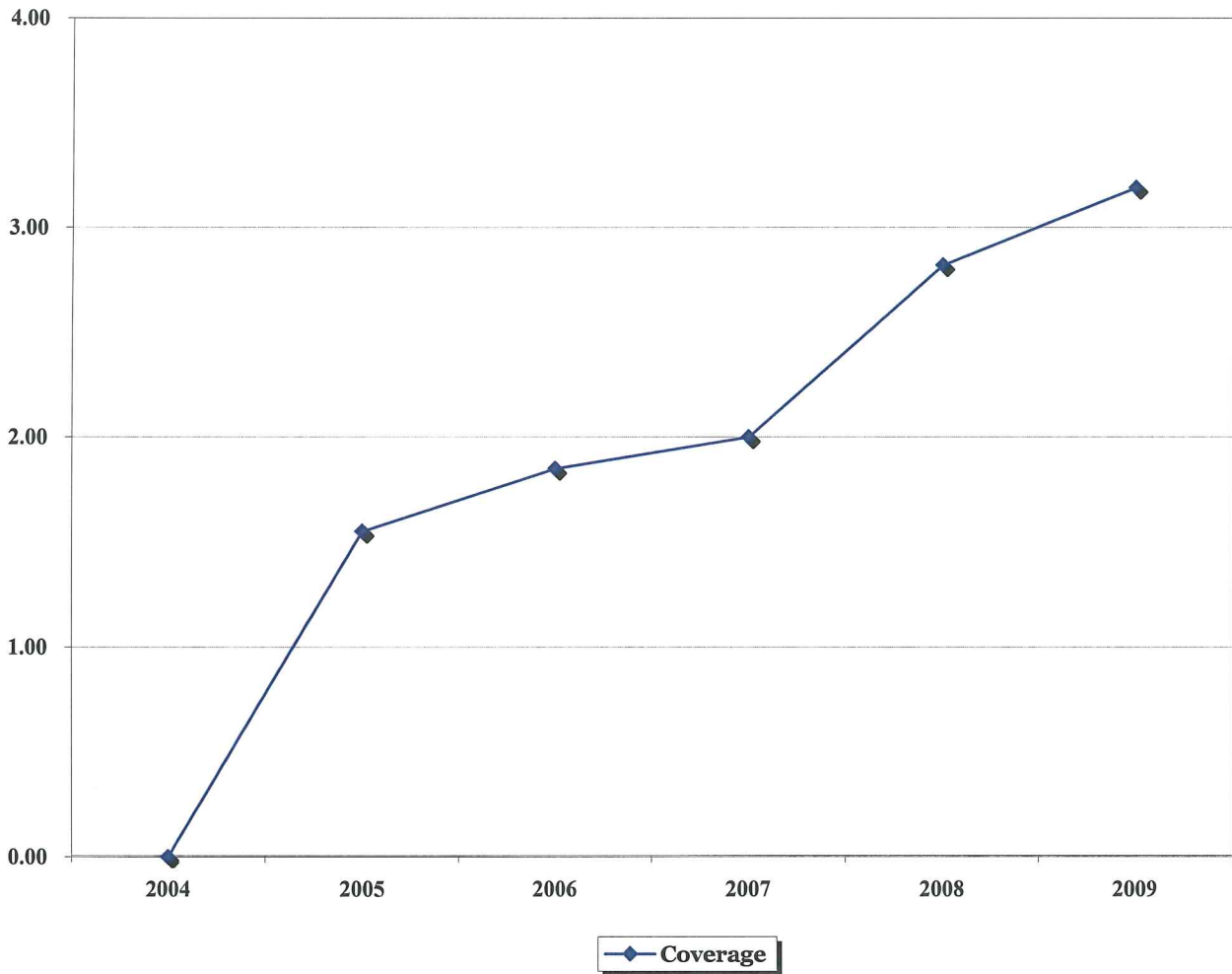
ASSESSED VALUATION:	\$10,037,873,002
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	376,420,238
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	35,793,692
LEGAL BONDED DEBT MARGIN	\$412,213,930

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2002	\$229,936,390	\$ 43,479,004	\$ 186,457,386	23.32%
2003	260,849,301	44,914,000	215,935,301	20.80%
2004	274,836,486	43,239,004	231,597,482	18.67%
2005	288,902,692	41,514,004	247,388,688	16.78%
2006	311,727,085	40,849,107	270,877,978	15.08%
2007	337,021,287	39,217,501	297,803,786	13.17%
2008	357,440,434	37,537,161	319,903,273	11.73%
2009	376,420,238	35,793,692	340,626,546	10.51%

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

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

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



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 2,336,966	\$ 1,498,740	\$ 838,226	-	-	-	N/A
2005	2,632,588	1,964,713	667,875	-	\$ 431,958	\$ 431,958	1.55
2006	3,069,915	2,155,435	914,480	\$ 150,000	344,441	494,441	1.85
2007	3,331,754	2,344,285	987,469	155,000	339,904	494,904	2.00
2008	4,089,112	2,692,086	1,397,026	160,000	335,216	495,216	2.82
2009	4,503,574	2,924,365	1,579,209	165,000	330,379	495,379	3.19

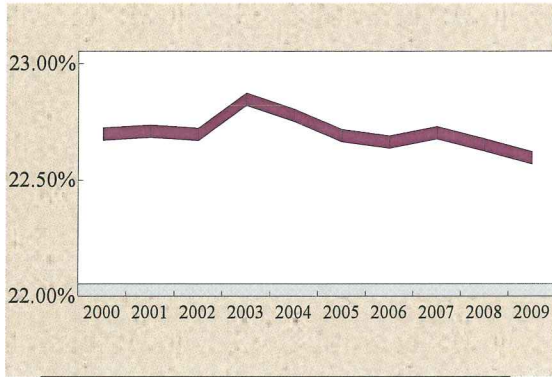
Notes: On March 26, 2003, the City Financing Authority issued lease revenue bonds for the design and construction of a new parking facility.
 (1) Includes all Parking Facility Operating Revenues and Non-operating Interest Revenue
 (2) Includes all Parking Facility Operating Expenses less Depreciation and Interest

Source: City of San Rafael Annual Financial Statements

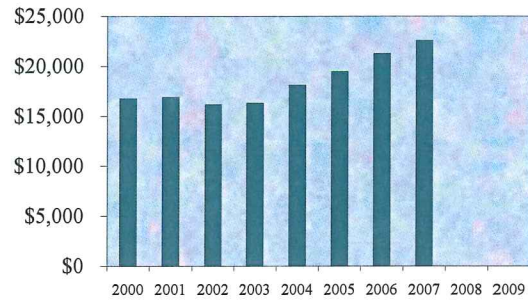
**CITY OF SAN RAFAEL
REDEVELOPMENT PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

1999 RDA Tax Allocation Bonds						2002 RDA Tax Allocation Bonds					
Funding Source: RDA tax increment revenues						Funding Source: RDA tax increment revenues					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage	Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total				Principal	Interest	Total	
2000	\$1,497,200	\$ 560,000	\$ 937,200	\$ 1,497,200	1.00	2000	N/A	N/A	N/A	N/A	N/A
2001	1,497,529	500,000	997,529	1,497,529	1.00	2001	N/A	N/A	N/A	N/A	N/A
2002	1,499,475	525,000	974,445	1,499,445	1.00	2002	N/A	N/A	N/A	N/A	N/A
2003	1,499,600	550,000	949,600	1,499,600	1.00	2003	\$2,069,768	\$1,475,000	\$ 594,768	\$2,069,768	1.00
2004	1,497,881	575,000	922,881	1,497,881	1.00	2004	2,069,425	1,100,000	969,425	2,069,425	1.00
2005	1,499,856	605,000	894,856	1,499,856	1.00	2005	2,067,225	1,120,000	947,225	2,067,225	1.00
2006	1,495,525	630,000	865,525	1,495,525	1.00	2006	2,069,575	1,145,000	924,575	2,069,575	1.00
2007	1,499,769	665,000	834,769	1,499,769	1.00	2007	2,066,475	1,165,000	901,475	2,066,475	1.00
2008	1,497,469	695,000	802,469	1,497,469	1.00	2008	2,070,381	1,195,000	876,381	2,071,381	1.00
2009	1,498,625	730,000	768,625	1,498,625	1.00	2009	2,070,150	1,235,000	835,150	2,070,150	1.00

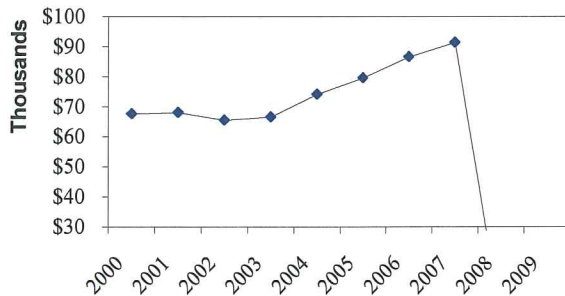
CITY OF SAN RAFAEL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS



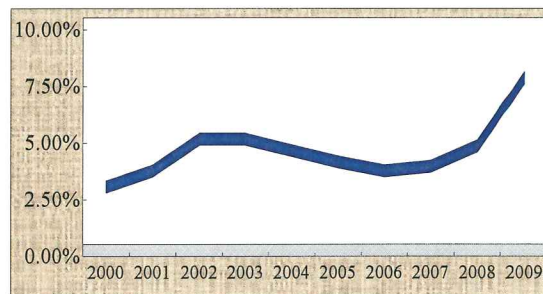
■ City Population as a % of County Population



■ Personal Income (2) (in millions)



◆ Per Capita Personal Income (2)



■ Unemployment Rate (%)

Fiscal Year	City Population (1)	Personal Income (2) (in millions)	Per Capita Personal Income (2)	Average Unemployment Rate (3)	Marin County Population	City Population % of County
2000	56,063	\$16,766	\$67,714	2.80%	247,289	22.67%
2001	56,534	16,900	68,135	3.50%	249,231	22.68%
2002	56,691	16,159	65,558	4.90%	250,078	22.67%
2003	57,006	16,341	66,620	4.90%	249,808	22.82%
2004	57,182	18,115	74,230	4.40%	251,330	22.75%
2005	57,224	19,485	79,688	3.90%	252,485	22.66%
2006	57,349	21,266	86,719	3.50%	253,341	22.64%
2007	58,047	22,590	91,483	3.70%	255,982	22.68%
2008	58,235	n/a	n/a	4.60%	257,406	22.62%
2009	58,363	n/a	n/a	7.60%	258,618	22.57%

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

(2) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce. Data is Marin county-wide rate.

(3) Employment Development Department, Labor Market Information Division. Data represents Marin county-wide rate only and is not seasonally adjusted.

**CITY OF SAN RAFAEL
PRINCIPAL EMPLOYERS
FISCAL YEAR 2008-2009**

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment in San Rafael</u>
Kaiser Permanente	2,267	8.15%
Autodesk, Inc.	1,200	4.32%
Golden Gate Bridge Highway & Transportation Dist	828	2.98%
City of San Rafael	633	2.28%
Dominican University of California	508	1.83%
Fair Issac Corp.	350	1.26%
YMCA	348	1.25%
San Rafael City Elementary School District	335	1.21%
San Rafael City High School District	250	0.90%
Ghilotti Bros. Inc.	240	0.86%
Totals	6,959	25.03%

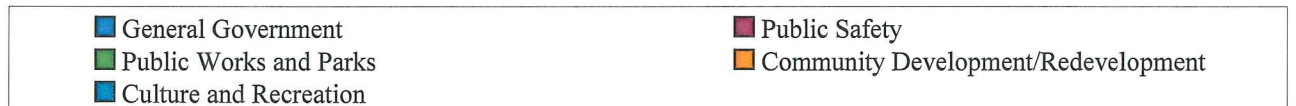
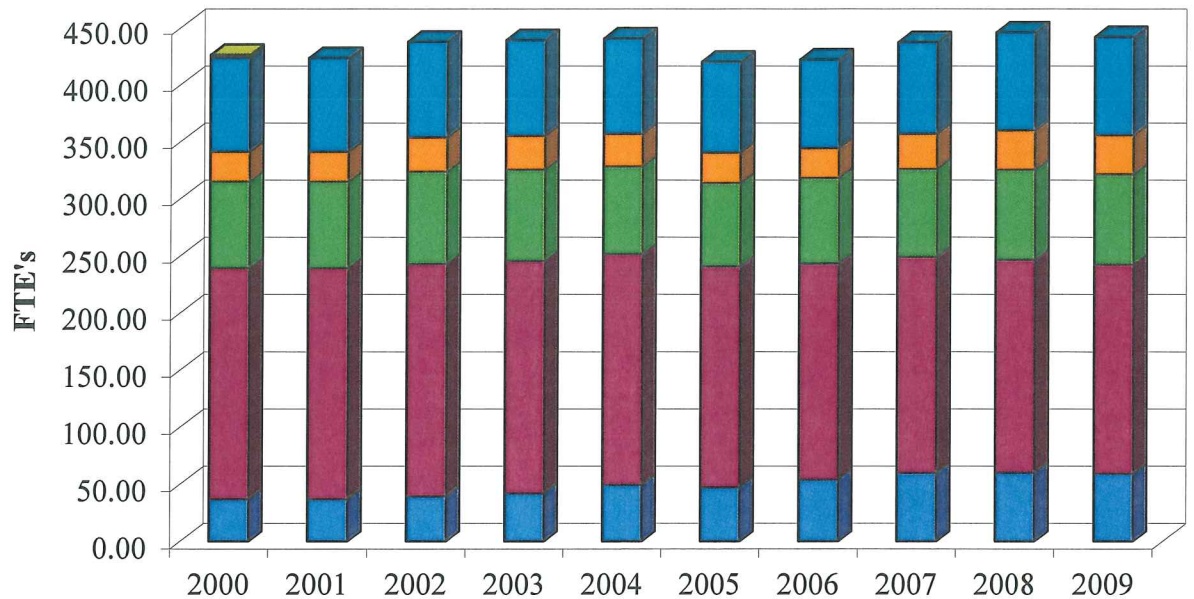
Total employment in the City of San Rafael as of October 2009 was 27,800

Source: State of California, Employment Development Department, Labor Market Information Division

Source: <http://www.cajobmatch.com>

Note: Data not available for ranking or total employment, or for nine years prior.

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



Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	36.56	36.56	39.20	41.73	49.27	47.02	53.71	59.38	59.88	58.88
Public Safety	202.00	202.00	203.03	203.03	201.63	193.13	188.86	189.00	186.00	183.00
Public Works and Parks	75.70	75.70	80.70	79.95	76.70	72.80	74.80	76.80	78.80	78.80
Community Development/Redevelopment	26.28	26.28	30.28	29.75	28.75	26.75	26.43	31.00	34.50	34.50
Culture and Recreation	81.99	81.99	83.76	83.76	83.26	79.73	77.49	80.22	85.90	85.90
Total	422.53	422.53	436.97	438.22	439.61	419.43	421.29	436.40	445.08	441.08

Source: City of San Rafael

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Function/Program					
Public safety:					
Fire:					
Inspection permit issued	n/a	n/a	n/a	n/a	n/a
Police:					
Police calls for service	n/a	n/a	n/a	n/a	n/a
Law violations:					
Part I crimes	n/a	n/a	n/a	n/a	n/a
Physical arrests (adult and juvenile)	n/a	n/a	n/a	n/a	n/a
Traffic violations	n/a	n/a	n/a	n/a	n/a
Parking violations	n/a	n/a	15,468	26,308	30,946
Public works					
Street resurfacing (miles)	n/a	7.16	n/a	1.20	5.70
Culture and recreation:					
Recreation class participants	6,000	6,000	6,000	7,000	7,000
Library:					
Total items borrowed (thousands)	121.96	122.71	121.85	128.12	118.24
Items in collection (thousands)	315.20	318.72	336.57	338.60	332.33
Wastewater					
Residential connections					
Commercial connections					
Other connections					
Average daily sewage treatment (millions of gallons)	6.976	6.976	6.976	6.976	6.976

Note: N/A denotes information not available.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
n/a	n/a	143	217	196
n/a	n/a	43,480	43,488	42,227
n/a	n/a	2,557	2,314	2,352
n/a	n/a	3,809	4,182	4,487
n/a	n/a	5,197	9,241	5,777
39,421	33,610	36,228	42,481	44,913
6.80	1.08	n/a	4.95	2.77
7,000	8,000	8,000	8,000	8,000
121.81	123.12	124.46		
299.30	333.15	359.41		124,404
6.976	6.976	6.976	6.976	6.976

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Function/Program					
Public safety:					
Fire stations	6	6	6	6	6
Police stations	1	1	1	1	1
Police Fleet					
Public works					
Miles of streets	165	165	171	171	172
Street lights	4,167	4,167	4,200	4,200	4,333
Parking District lights					
Traffic Signals	86	86	85	85	85
Culture and recreation:					
Community services:					
City parks	19	19	19	19	19
City parks acreage	41	41	41	41	41
Playgrounds	13	13	13	13	13
City trails	15	15	15	15	15
Community gardens	2	2	2	2	2
Community centers	4	4	4	4	4
Senior centers	0	0	0	0	0
Sports centers	0	0	0	0	0
Performing arts centers	0	0	0	0	0
Swimming pools	1	1	1	1	1
Tennis courts	10	10	10	10	10
Basketball Courts	5	5	5	5	5
Baseball/softball diamonds	5	5	5	5	5
Soccer/football fields	0	2	2	2	2
Library:					
City Libraries	1	1	1	1	1
Wastewater					
Miles of sanitary sewers	171.32	175.82	176.90	178.40	179.15
	42.30	49.30	51.40	53.50	57.60
Number of treatment plants	1	1	1	1	1

(1) Source: City of San Rafael

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
6	6	6	6	6
1	1	1	1	1
172	173	173	173	173
4,333	4,435	4,435	4,435	4,435
85	89	89	89	89
19	19	19	20	20
41	41	41	42	42
13	13	13	14	14
15	15	20	20	20
2	1	1	1	1
4	4	4	4	4
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
1	1	1	1	1
10	10	10	10	10
5	5	5	5	5
5	5	5	5	5
2	2	2	2	2
1	1	1	1	2
179.15	179.15	179.15	179.15	179.15
57.60	57.60	57.60	57.60	57.60
1	1	1	1	1

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