



CITY OF
San Rafael

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2013



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2013

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

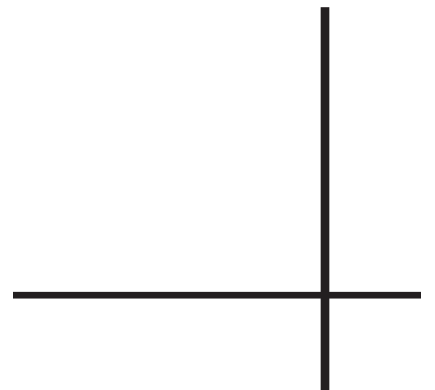
Prepared by the Finance Department of the City of San Rafael

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San Rafael Police Patrol Boat

INTRODUCTORY SECTION



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CITY OF SAN RAFAEL, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013

Table of Contents

INTRODUCTORY SECTION

TABLE OF CONTENTS

Letter of Transmittal	v
Mission Statement and Vision Statement	x
City Council and Staff	xi
Location Map	xii
Organizational Chart	xiii

FINANCIAL SECTION

Independent Auditor's Report	1
---	---

Management's Discussion and Analysis	5
---	---

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	23
Statement of Activities	24

Fund Financial Statements:

Major Governmental Funds:

Balance Sheet	28
Balance Sheet - Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities	29
Statement of Revenues, Expenditures, and Changes in Fund Balances	30
Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Statement of Activities	31

Proprietary Funds:

Statement of Net Position	34
Statement of Revenues, Expenses, and Changes in Fund Net Position	35
Statement of Cash Flows	36

CITY OF SAN RAFAEL, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013

Table of Contents

FINANCIAL SECTION (Continued)

Fiduciary Funds:

Statement of Fiduciary Net Position	38
Statement of Changes in Fiduciary Net Position.....	39

Notes to Basic Financial Statements	41
--	-----------

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - Budgetary Basis	
General Fund	82
Traffic and Housing Mitigation Special Revenue Fund	83
Gas Tax Special Revenue Fund.....	84

Supplementary Information:

Non-major Governmental Funds:

Combining Balance Sheets	90
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance.....	96
Budgeted Non-major Government Funds: Combining Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	102

Internal Service Funds:

Combining Statements of Net Position.....	112
Combining Statements of Revenues, Expenses and Changes in Fund Net Position	114
Combining Statements of Cash Flows.....	116

Agency Funds:

Combining Statements of Changes in Assets and Liabilities	120
---	-----

CITY OF SAN RAFAEL, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2013

Table of Contents

STATISTICAL SECTION

Financial Trends:

Net Position by Component – Last Ten Fiscal Years 124
 Changes in Net Position – Last Ten Fiscal Years..... 126
 Fund Balances of Governmental Funds – Last Ten Fiscal Years..... 130
 Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years 132

Revenue Capacity:

Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years 134
 Property Tax Rates - All Direct and Overlapping Governments– Last Ten Fiscal Years 135
 Principal Property Tax Payers – Current Year and Nine Years Ago..... 136
 Property Tax Levies and Collections – Last Ten Fiscal Years..... 137

Debt Capacity:

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years 138
 Computation of Direct and Overlapping Debt..... 139
 Computation of Legal Bonded Debt Margin 140
 Revenue Bond Coverage Parking Facility – Last Ten Fiscal Years..... 141

Demographic and Economic Information:

Demographic and Economic Statistics – Last Ten Fiscal Years 142
 Principal Employers..... 143

Operating Information:

Full-Time Equivalent City Government Employees by Function
 – Last Ten Fiscal Years..... 144
 Operating Indicators by Function/Program – Last Ten Fiscal Years 146
 Capital Asset Statistics by Function/Program – Last Ten Fiscal Years 148

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October 21, 2013

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, 2013, is hereby submitted as required by local ordinances, State statutes and bond covenants. This financial report has been prepared in conformance with Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board (GASB) and includes the report of the independent certified public accounting firm, Maze and Associates Accountancy Corporation, who has issued an unqualified (“clean”) opinion on the City of San Rafael’s financial statements for the fiscal year ended June 30, 2013.

The independent audit of the financial statements is part of a broader, federally mandated “Single Audit” designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report on the audited agency’s internal controls and compliance with legal requirements, with special emphasis on such controls and requirements involving the administration of federal awards. These reports will be available in the City’s separately issued Single Audit 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. 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 is located 17 miles north of San Francisco in Marin County. Protected by its Mediterranean like setting along the shores of the San Francisco Bay, the City enjoys a mild climate year round. As the County seat, San Rafael is considered the commercial, financial, cultural and civic hub of Marin County. Abundant recreational facilities are available in and around the City. The City's park and recreational resources include 25 City parks, City and County open space, and China Camp State Park. San Rafael is close to other attractions, including Muir Woods, Mount Tamalpais, four other State parks, as well as San Francisco, Oakland and the wine country.

In 1874, the City of San Rafael became the first incorporated City in the County, later becoming a charter city in 1913 by vote of City residents. The City Council comprises five members; four are elected at large to four-year terms. The mayor is elected separately to a four-year term. The City's land area is 22 square miles, including 17 square miles of land and five of water and tidelands. San Rafael's population on January 1, 2013 was 58,182, an increase of 0.3% from the January 1, 2012 population of 57,982.

Downtown San Rafael is the location of many community events, including May Madness Classic Car Parade, a 26 week Farmers Market Festival on Thursday Nights, Second Friday Art Walks, Twilight Criterium Bike Race, Mill Valley Film Festival, and the Winter Wonderland/Parade of Lights. San Rafael is also the heart of the County's cultural activities with venues such as the Marin Center, Falkirk Cultural Center, the Christopher B. Smith Film Center, and a host of diverse dining and entertainment venues. Marin Center presents numerous ballets, concerts, speaking engagements, and the award winning Marin County Fair. The Falkirk Cultural Center provides art exhibits and children's programming. The City is also home to the distinguished Dominican University of California.

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

The City and California Municipal Finance Authority compose the San Rafael Joint Powers Financing Authority, which was originally established by the City and former Redevelopment Agency for the purpose of financing redevelopment and other projects. The San Rafael Sanitation District is a discretely presented component unit of the City of San Rafael and is presented independent of City financial information. For a further explanation of these entities, refer to 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.

ECONOMIC FACTORS

The City has a diversified economic base, which includes high-tech, financial, service-based, entertainment and industrial businesses. Downtown San Rafael provides a mix of restaurants, retail stores and financial institutions. The City's diversified economic base is also reflected in a diverse property tax base, which is 76% residential, 21% commercial and 3% industrial. The top 50 sales tax producers provide 56% of overall sales tax revenues.

For fiscal year 2013-2014, sales tax is projected to increase over the prior year by approximately 6.5%, and Transaction Use Tax (Measure S) is projected to increase by about 5%. Property-related taxes are projected to increase by approximately 3%. On the November 2013 ballot there will be a measure (Measure E) to extend the existing Transaction Use Tax and add an additional .25% to this tax for another 20 years. All other revenues, including business tax, franchise tax, charges for services and permit fees are expected to experience modest increases.

It is anticipated that economy will continue to grow during the upcoming year, but job gains will be limited. The City has achieved significant progress by funding current year operating expenses without the use of one-time revenues or reserves. However, the organization has deferred maintenance and capital replacement for several years, and reduced its organizational capacity by approximately 20% over the past six years.

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 Downtown Business Improvement District, Chamber of Commerce and the Marin Economic Forum.
- ☒ The City of San Rafael is Marin county's largest employment base with 29,600 jobs in 2012. The City's largest employers include Kaiser Permanente, Autodesk, Comcast, City of San Rafael, Safeway, Macy's, MHN, Bradley Real Estate, Dominican University of California, and Guide Dogs for the Blind
- ☒ Major shopping areas, as measured in available retail square footage, include the Downtown corridor (938,000 aggregate), Northgate Mall (725,000), Montecito Center (130,000) and Northgate One (113,900).
- ☒ The top three sales tax categories in 2012 for San Rafael are as follows: 1. Autos and Transportation, 2. General Consumer Goods, 3. Building and Construction.
- ☒ 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 an affordability challenge both in San Rafael and Marin County. Rents for one bedroom apartments range from \$1,000-\$1,900, while two bedroom apartments go for \$1,500 to \$2,950.

Recent growth and economic vibrancy:

- Terrapin Crossroads, a food and entertainment venue, opened in 2012
- New Audi/VW dealership (49,995 sq. ft.), opened in October 2013
- New Nissan dealership (15,000 sq. ft), to open in 2014
- New Target store (137,000 sq. ft.) opened in October 2013
- TJ Maxx replaced Borders Books (20,000 sq. ft.), opened in 2012
- Completion a new 82 unit apartment building at 33 North
- Completion of a 24 unit townhouse complex at 1515 Lincoln Avenue
- Completion of a Station Area Plan for the Downtown and Civic Center SMART (Sonoma Marin Area Rapid Transit) Station
- The San Rafael Pacifics, a minor league baseball team, began operations downtown in Albert Park

FINANCIAL INFORMATION

The City's management is responsible for establishing and maintaining internal controls to ensure that the City's assets are adequately protected from loss, theft or misuse. In addition, management controls 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. It is management's belief that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

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

ACKNOWLEDGMENTS

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

Lastly, support by the Mayor and City Council Members, with an emphasis on community based guidance and customer service, has allowed the Finance Department to bring professional level financial leadership and management home to San Rafael.

Respectfully submitted,



Nancy Mackle
City Manager



Mark Moses
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

Gary O. Phillips, Mayor
Barbara Heller, Vice Mayor
Damon Connolly, Council Member
Kate Colin, Council Member
Andrew Cuyugan McCullough, Council Member



City Council and Staff

City Council

Gary O. Phillips, Mayor
Barbara Heller, Vice Mayor
Damon Connolly, Council Member
Kate Colin, Council Member
Andrew Cuyugan McCullough, Council Member

Elected Officials

Rob Epstein, City Attorney
Esther Beirne, City Clerk

Executive Team

Nancy Mackle, City Manager
Jim Schutz, Assistant City Manager
Anil Comelo, Human Resources Director
Paul Jensen, Community Development Director
Sarah Houghton, Library Director
Chris Gray, Fire Chief
Stephanie Lovette, Economic Development Director
Carlene McCart, Community Services Director
Mark Moses, Interim Finance Director
Nader Mansourian, Public Works Director
Diana Bishop, Chief of Police
Doris Toy, District Manager/Engineer-SRSD

CAFR Team

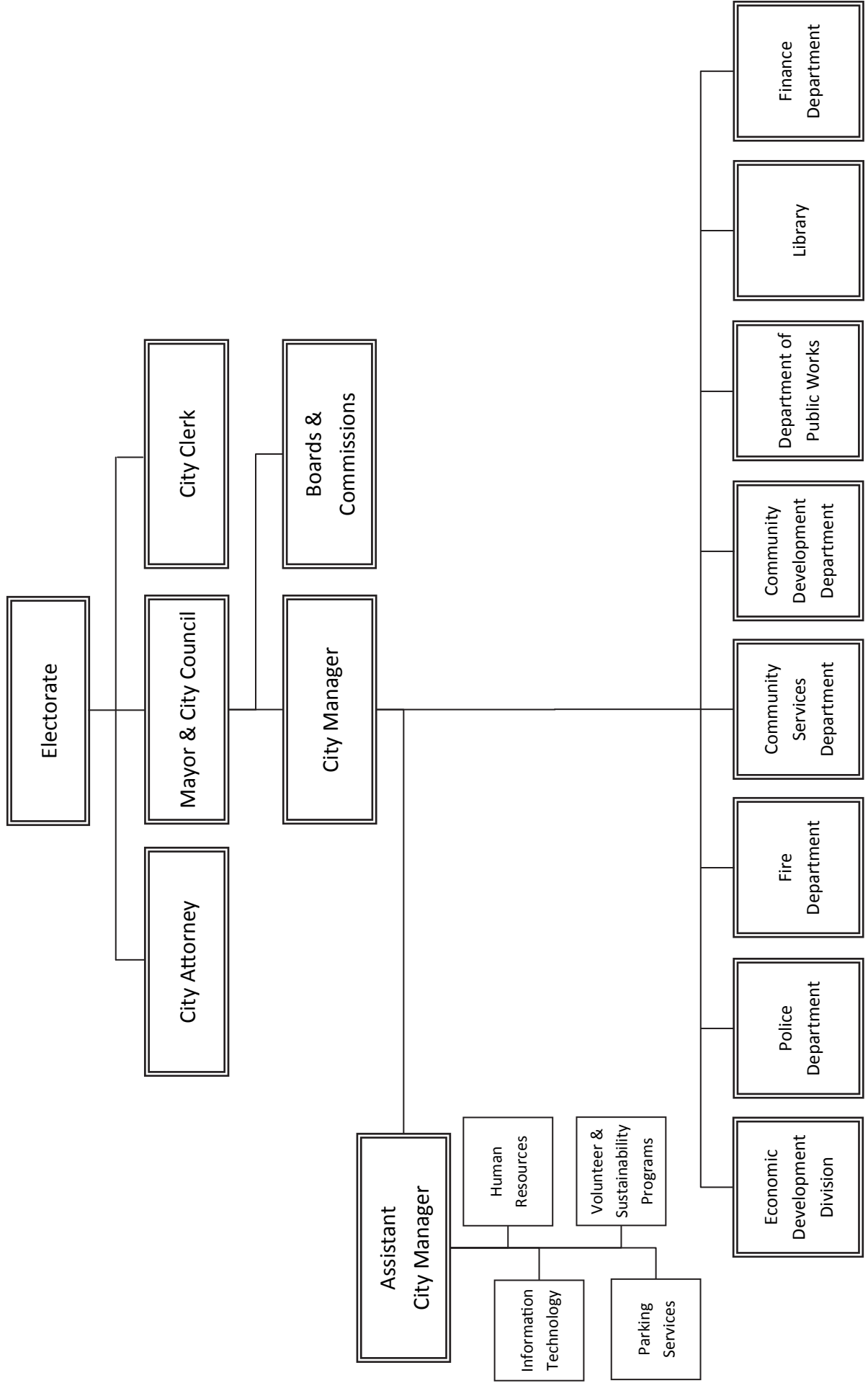
Mark Moses, Interim Finance Director
Van Bach, Accounting Manager
Helen Yu, Senior Accountant
Carl Tregner, Accountant



LOCATION MAP

City of San Rafael

Organizational Chart



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Glass Pumpkin Patch at Falkirk Culture Center

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of the City of San Rafael as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Rafael Sanitation District which is reported as a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinions, based on our audit and the report of other auditors the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2013 and had material effects on the financial statements:

Statement 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. See note 8 to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
October 18, 2013

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CITY OF SAN RAFAEL

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

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, 2013. Please read it in conjunction with the basic financial statements and the accompanying notes to those basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide:

- *Net Position* – The assets of the City exceeded its liabilities as of June 30, 2013 by \$253.3 million.
- *Activities* – During the fiscal year the City's total revenues of \$100.9 million were greater than expenses for governmental and business-type activities of \$88.4 million by \$12.5 million.
- *Changes in Net Position* – The City's total net position increased by \$12.5 million in fiscal year 2013. Net position of governmental activities increased by \$12.5 million, while net position of the business type activities increased by \$26 thousand.

Fund Level:

- *Governmental Funds – Fund Balances*- As of the close of fiscal year 2013, the City's governmental funds reported combined ending fund balances of \$39.6 million, an increase of \$8.8 million from the prior year. Of this total amount, \$0.6 million is nonspendable, \$20.8 million is restricted, \$9.2 million is committed, and \$9.0 million is assigned.
- Governmental fund revenues were \$94.1 million; an increase of \$8.9 million from fiscal year 2012. This increase was attributable to stronger General Fund, Traffic and Housing Mitigation, and Gas Tax revenue performance.
- Governmental fund expenditures increased by \$5.1 million to \$87.0 million in fiscal year 2013, from \$81.9 million in the prior year, due to expenditure increases in the General fund and Gas Tax fund.
- Enterprise fund financial results remained relatively flat in fiscal year 2013.

OVERVIEW OF FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report is composed of the following:

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

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

The basic financial statements include the City (primary government) and all legally separate entities (component units) for which the government is financially accountable.

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

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Government-wide Financial Statements

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

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

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

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

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

Governmental Activities – Most of the City's basic services are reported in this category, including Public Safety, Public Works and Parks, Community Development, Cultural and Recreation and Government Administration (finance, human resources, legal, City Clerk and City Manager operations). Property, 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 fees to customers to cover the full costs of certain services it provides. The City's Parking Services program is the City's sole business-type activity.

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

The government-wide financial statements can be found on pages 23 through 25 of this report.

Fund Financial Statements and Major Component Unit Financial Statements

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

The fund financial statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by Governmental Accounting Standards Board Statement No. 34. Each major fund is presented individually, with all non-major funds summarized and presented in a single column. Further detail on the non-major funds is presented on pages 90 through 110 of this report.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

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

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

The City has thirty-four 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, Gas Tax, Traffic and Housing Mitigation, and Equipment Replacement. Data from the other thirty governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 28 through 31 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 90 through 110 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 34 through 36 of this report.

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

Information for the fiduciary funds can be found on pages 38 through 39 of this report.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 through 77 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. One section includes budgetary comparison statements for the major funds (general, gas tax, and traffic and housing mitigation). The other section is a schedule of funding progress for the Marin County Employees' Retirement System. All budgeted positions that are filled by either full-time or permanent part-time employees (working seventy-five percent of full-time equivalent) are eligible to participate in this system. Required supplementary information can be found on pages 82 through 84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position is one indicator of the City's financial position. During this fiscal year, the net position of the City was \$240.1 million from Governmental Activities, and \$13.2 million from Business-type Activities, for a total of \$253.3 million. This represents an increase of \$12.5 million from the prior year.

The following is the condensed Statement of Net Position for the fiscal years ended June 30, 2013 and 2012.

Summary of Net Position
June 30, (in thousands)

	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2013	2012		2013	2012	
Current and other assets	\$64,595	\$64,476	\$119	\$2,774	\$2,722	\$52
Capital assets	193,223	195,680	(2,457)	16,924	17,096	(172)
Total assets	<u>257,818</u>	<u>260,156</u>	<u>(2,338)</u>	<u>19,698</u>	<u>19,818</u>	<u>(120)</u>
Current and other liabilities	5,294	10,915	(5,621)	422	337	85
Noncurrent liabilities	12,370	21,534	(9,164)	6,104	6,335	(231)
Total liabilities	<u>17,664</u>	<u>32,449</u>	<u>(14,785)</u>	<u>6,526</u>	<u>6,672</u>	<u>(146)</u>
Net Position:						
Net investment in capital assets	193,223	192,361	862	10,670	10,650	20
Restricted	35,780	24,693	11,087			0
Unrestricted	11,151	10,652	499	2,502	2,496	6
Total net position	<u>\$240,154</u>	<u>\$227,706</u>	<u>\$12,448</u>	<u>\$13,172</u>	<u>\$13,146</u>	<u>\$26</u>

Current governmental liabilities decreased by approximately \$5.6 million, primarily due to the retirement of a \$6.0 million tax revenue anticipation note during fiscal year 2012-2013. The \$9.2 million decrease in non-current, governmental liabilities and \$231K in business-type liabilities was largely due to the establishment of the OPEB trust, which resulted in the recognition of \$12.0 million in trust pre-funding when assets previously set aside were transferred from the City to the trust.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013**

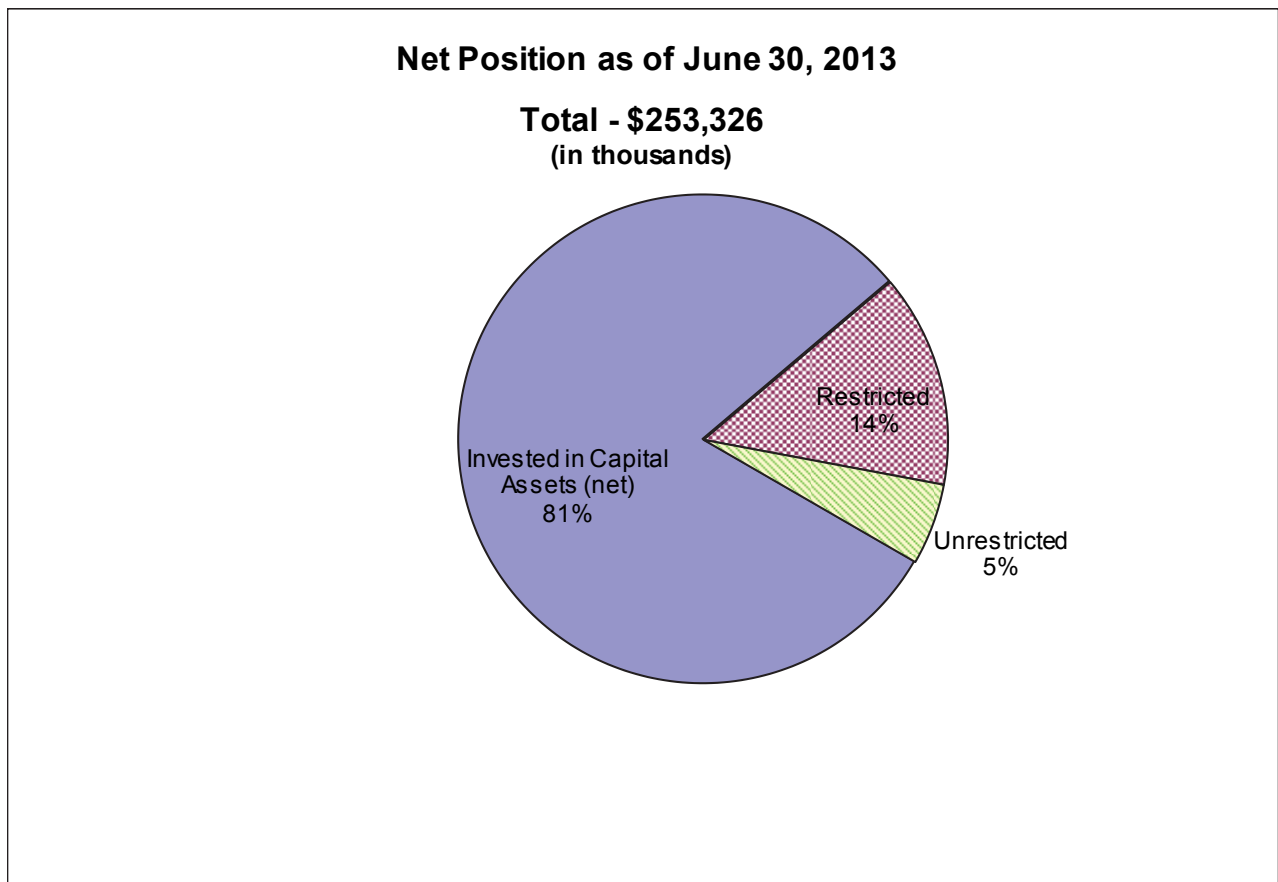
The increase in total net position from fiscal year 2012 to fiscal year 2013 is chiefly attributable to positive general fund operating results and the accumulation of funds for specific purposes (e.g., traffic and housing mitigation, capital projects, equipment replacement, building maintenance, gas tax, etc.).

The net position in business-type activities, which reflects the activity of the Parking Services program, was substantially unchanged, registering a \$26 thousand increase from the previous year.

At June 30, 2013, the largest portion of net position, 81 percent, consisted of the City's net investment in capital assets. This component represents the total amount of funds required to acquire capital assets less any related debt used for such acquisition that is still outstanding. The City uses these assets to provide services to residents. The capital assets of the City are not sources of income for repayment of debt as most assets are not revenue generating and generally are not liquidated to repay debt. Therefore, debt service payments are funded from other sources available to the City.

A portion of the City's net position, 14 percent, is subject to external restrictions, and their use is determined by those restrictions whether legal or by covenant.

The remaining portion, 5 percent, is not subject to external restrictions, but may be assigned to reserves or other specified funding needs.



CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Statement of Activities - Governmental

The following is the condensed Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2013 and 2012:

Summary of Changes in Net Position
June 30, (in thousands)

	Governmental Activities		Increase (Decrease)
	2013	2012	
Revenues			
Program revenues:			
Charges for services	\$27,031	\$23,452	\$3,579
Operating grants and contributions	4,085	3,158	927
Capital grants and contributions	5,877	2,706	3,171
Total program revenues	<u>36,993</u>	<u>29,316</u>	<u>7,677</u>
General revenues:			
Property taxes	17,318	20,108	(2,790)
Sales taxes	24,262	22,356	1,906
Paramedic tax	3,805	3,807	(2)
Transient occupancy tax	2,185	1,867	318
Franchise tax	3,331	3,076	255
Business license tax	2,508	2,332	176
Other taxes	2,930	3,575	(645)
Investment earnings	992	205	787
Miscellaneous	2,581	543	2,038
Total general revenues	<u>59,912</u>	<u>57,869</u>	<u>2,043</u>
Transfers in	424	58	366
Total revenues and transfers	<u>97,329</u>	<u>87,243</u>	<u>10,086</u>
Expenses			
General government	10,203	10,171	32
Public safety	41,966	39,877	2,089
Public works and parks	17,695	17,423	272
Community/economic development	3,403	4,588	(1,185)
Culture and recreation	11,330	11,021	309
Interest on long-term debt	284	1,225	(941)
Total expenses	<u>84,881</u>	<u>84,305</u>	<u>576</u>
Transfers out			
Total expenses and transfers	<u>84,881</u>	<u>84,305</u>	<u>576</u>
Extraordinary Items			
Transfers to Successor Agency		28,926	(28,926)
Change in net position	<u>\$12,448</u>	<u>\$31,864</u>	<u>\$9,510</u>

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013**

The City's governmental activities net position increased by \$12.5 million, which represents a 5.5 percent increase from the previous year. The most significant factor in this change was an increase in tax revenues.

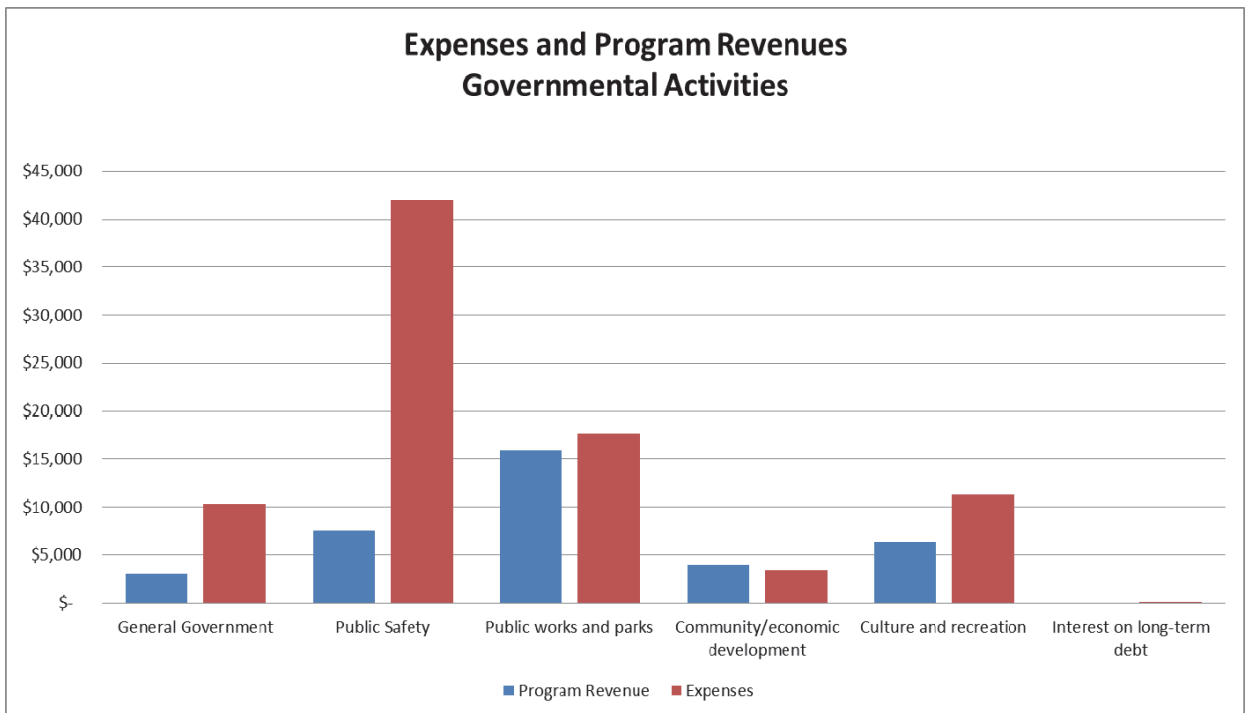
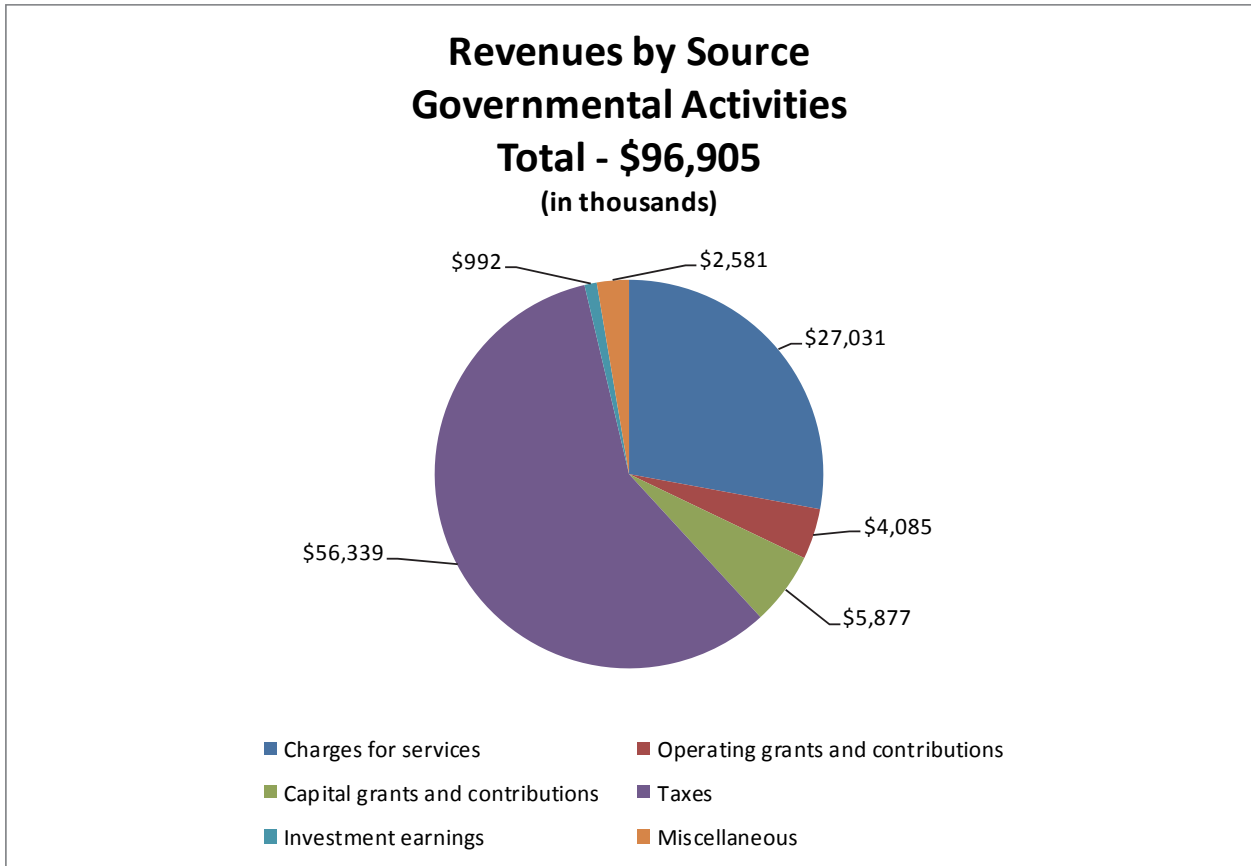
Revenue highlights:

- Sales tax (including Triple Flip Backfill and Measure S transactions and use tax) increased by \$1.9 million, an 8.5 percent increase compared to fiscal year 2012. Automobile sales contributed heavily to this trend. Transient Occupancy Tax revenues increased by \$319 thousand, or 17.1 percent, fueled by lower vacancy rates coupled with higher room rates when compared to the previous year.
- Franchise tax increased by \$255 thousand, or 8.3 percent. Revenues in this area were enhanced by a one-time adjustment of \$97 thousand relating to a distribution of funds collected for prior periods.
- Miscellaneous general revenues increased by \$2.0 million due to one-time payments that included an RDA loan repayment and other reimbursements totaling \$605 thousand, and a legal fee reimbursement of \$853 thousand.
- Charges for services increased by \$3.6 million, or 15.3 percent. These charges included internal charges of \$1.6 million to fund building maintenance, \$670 thousand for vehicle and equipment replacement, and \$700 thousand for technology replacement, as well as \$669 thousand in external, community development-related charges.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013**

The following charts display the City's governmental activities for fiscal year 2013, highlighting the proportionate elements of the Revenue and Expenses by program.



CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013**

Total expenses for governmental activities were \$84.6 million (excluding interest on long-term debt of \$284 thousand). Program revenues offset total expenditures as follows:

- Those who directly benefited from programs contributed \$27.0 million in charges for services.
- A total of \$10.0 million in operating and capital projects were funded by outside agencies through operating, capital grants, and contributions.

As a result, total expenses that were funded by tax revenues, investment income and other general revenues were \$47.9 million.

Functional expenses for the years ended June 30, 2013 were as follows:

Expenses by Function
For the fiscal year ended June 30, 2013 (in thousands)

Function	Amount	Percent of Total
General government	\$10,203	12.0%
Public safety	41,966	49.5%
Public works and parks	17,695	20.9%
Community development	3,403	4.0%
Culture and recreation	11,330	13.3%
Interest on debt	284	0.3%
Total expenses	\$84,881	100%

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Statement of Activities – Business-type

Summary of Changes in Net Position
June 30, (in thousands)

	Business-Type Activities		Increase (Decrease)
	2013	2012	
Revenues			
Program revenues:			
Charges for services	\$3,991	\$3,901	\$90
Total program revenues	3,991	3,901	90
General revenues:			
Investment earnings	4	8	(4)
Total general revenues	4	8	(4)
Total revenues	3,995	3,909	86
Expenses			
General government	3,545	3,446	99
Total expenses	3,545	3,446	99
Transfers out	424	58	366
Total expenses and transfers	3,969	3,504	465
Change in net position	\$26	\$405	(\$379)

Net position for business-type activities was \$13.2 million, a \$26 thousand increase from the prior fiscal year. Parking services is the City's only business-type activity with income derived from program revenues of \$4.0 million. Program revenues include parking meter coin income of \$1.2 million, and parking garage hourly parking income of \$1.1 million. Revenues also include parking and non-vehicle code fines totaling \$1.7 million. Total expenses for parking services were \$3.5 million and transfers out to general fund and non-major governmental fund for support totaled \$424 thousand during fiscal year 2012-2013.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Governmental Funds

Fund Balance Classifications

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

CITY OF SAN RAFAEL

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2013

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$39.6 million, an increase of \$8.8 million from the prior year; \$0.6 million is nonspendable, \$20.8 million is restricted, \$9.2 million is committed, and \$9.0 million is assigned.

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

General Fund – The fund balance of the General Fund as of June 30, 2013 was \$3.8 million, a \$1.0 million increase from the prior year; \$527 thousand is nonspendable, \$801 thousand is committed, and \$2.5 million is assigned. The assigned portion of the balance includes \$2.3 million for emergency and cash flow needs.

General Fund Budgetary Highlights:

The original, adopted General Fund budget projected total revenue of \$56.1 million and transfers in of \$1.5 million for total resources of \$57.6 million. This budget appropriated expenditures of \$56.2 million and transfers out of \$1.4 million, for a total of \$57.6 million.

Actual revenues, at \$60.0 million, exceeded the original budgeted revenues by \$3.9 million. This positive performance was driven by tax revenues (property tax, sales tax, transient occupancy tax) and payments from the Successor Agency for obligations due to the general fund from the former Redevelopment Agency. In addition, actual transfers in of \$3.1 million exceeded budgeted transfers in by \$1.6 million, primarily as a result of \$1.5 million released from the general liability reserve following a positive outcome from litigation.

Of the \$5.5 million in additional resources, \$4.5 million was allocated via additional appropriations during the year to support long-term capital infrastructure, building repair and maintenance, technology, and unfunded retirement-related liabilities. The remaining \$1.0 million was added to the emergency and cash flow reserve.

Summary of General Fund Budget and Actual
For the fiscal year ended June 30, 2013 (in thousands)

	Adopted Budget	Revised Appropriations	Final Results
Revenues	\$56,120		\$60,028
Transfers in	1,485		3,105
Total resources	57,605		63,133
Expenditures	56,146	\$59,256	57,762
Transfers out	1,439	4,338	4,338
Total uses	57,585	63,594	62,100
 Net Operating Results	\$20		\$1,033

Gas Tax Fund – The City established this fund to manage its allocation of State gasoline taxes and local funding for street maintenance projects. At June 30, 2013, the Gas Tax fund had a total fund balance of \$6.1 million of which \$3.9 million is committed for construction projects approved by the City Council.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Equipment Replacement Fund – The City established this capital project fund to manage the replacement of vehicles and equipment. At June 30, 2013, the Equipment Replacement fund had a total fund balance of \$5.1 million.

Non-major Governmental Funds – The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2013, non-major funds had a total fund balance of \$12.2 million of which 52.5 percent (\$6.4 million) is legally restricted for specific purposes by external funding source providers and 35.3 percent (\$4.3 million) is committed for special purposes by the City Council. More information about these aggregated non-major funds can be found in the combining statements which immediately follow the required supplementary information.

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 proprietary fund net position increased by \$26 thousand reflecting net operating results in the Parking Services fund.

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, 2013 amounts to \$210.1 million, net of accumulated depreciation of \$142.5 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The total additions to the City's investment in capital assets for the current fiscal year was \$4.8 million, offset by accumulated depreciation of \$7.4 million, thereby equaling a net decrease of \$2.6 million.

Major capital asset additions during the current fiscal year included work in process such as Mahon Creek Path-Transit Center Connector, Pt. San Pedro Median Landscaping, Canal Lifeline Phase II, and Grand Ave. Pedestrian Bicycle (Bay Trail).

Capital Projects

- City Hall HVAC Upgrades project was completed in 2013
- Dominican/Black Canyon Landscape project was completed in 2013
- Traffic Signal Cabinet & Controller Upgrades project was completed in 2013
- Safe Routes to School- Belle Ave. project was completed in 2013

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

The City's Capital Assets for the fiscal year 2013 and 2012 were as follows:

Summary of Capital Assets
June 30, (in thousands)

	<u>2013</u>	<u>2012</u>
Governmental Activities		
Land	\$82,464	\$82,464
Construction in progress	2,548	1,173
Land improvements	8,789	8,581
Buildings and structures	40,321	38,856
Machinery and equipment	16,921	16,604
Infrastructure	181,556	181,198
Less accumulated depreciation	<u>(139,376)</u>	<u>(133,196)</u>
Subtotal Governmental Activities	193,223	195,680
 Business-type Activities		
Land	8,621	8,621
Buildings and structures	10,328	10,235
Machinery and equipment	1,139	1,097
Less accumulated depreciation	<u>(3,164)</u>	<u>(2,857)</u>
Subtotal Business-type Activities	16,924	17,096
 Total Capital Assets	 <u><u>\$210,147</u></u>	 <u><u>\$212,776</u></u>

Additional information on the City's capital assets can be found in Note 5 on pages 55 through 57 of this report.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Debt Administration

The City's debt is discussed in more detail in Note 6 to the financial statements. The debt of the former Redevelopment Agency is now reported under the Successor Agency, which is presented as Private Purpose Trust Fund on the Statement of Fiduciary Net Position. See Note 15 to the financial statements for additional information. The City's long-term obligations for the fiscal years 2013 and 2012 were as follows:

Summary of Long-Term Debt		
June 30, (in thousands)		
	2013	2012
Governmental Activity Debt:		
2010 Taxable Pension Obligation Bonds	\$4,490	\$4,490
Ground Lease Note Payable	169	169
Subtotal Governmental Activity Debt	4,659	4,659
Business-type Debt:		
2003 Authority Lease Revenue Bonds		6,445
2012 Authority Lease Revenue refunding Bonds	6,254	
Subtotal Business-type Debt	6,254	6,445
Total Long-Term Obligations	\$10,913	\$11,104

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

ECONOMIC CLIMATE AND NEXT YEAR'S BUDGET

The nation is finally emerging from the longest, deepest recession since the Great Depression of the 1930s. Beacon Economics is expecting the U.S. economy to grow by 3 percent through 2013, with continued lowering of the unemployment rate. This optimism is partly driven by a resurgent housing market. Overall, the national economy is on the mend, but there are many longer-term issues the nation must address, including working through changes to the national healthcare system, long-term underemployment and unemployment, and resolving fundamental issues related to underfunded federal entitlements and state and local pensions.

California is likewise headed down the road toward economic recovery. Slightly more than half of the jobs lost during the downturn have been recovered, and almost every major indicator is showing improvement. Real estate has been one of the major shifts in California's economy over the past 12 months – transitioning from being a drag on the recovery to becoming a driver of growth in the state, with the median price of an existing single-family home up 26 percent. Unlike many states that were hit hard by the mortgage market crash, California continues to maintain one of the lowest overall housing vacancy rates in the nation – a positive sign for future homebuilding. In addition, tourism continues to be a force to be reckoned with in California. With over 70 percent occupancy entering fiscal year 2013-2014, California's hotel occupancy rate well exceeds the 62 percent occupancy rate nationwide.

The instability of the State budget continues to be a threat to local governments. However, the State's fiscal year 2013-2014 budget reflects a significant improvement in the State's finances due, according to the State Legislative Analyst's Office (LAO), "to the economic recovery, prior budgetary restraint, and voters' approval of temporary tax increases." The LAO believes the State has reached a point where its underlying expenditures and revenues are roughly in balance. There are still significant risks to revenue estimates given uncertainty surrounding federal fiscal policy and the volatility inherent in the State's revenue system. The State will still have no sizable reserve at the end of fiscal year 2016-2017, and will not have begun the process of addressing high unfunded liabilities associated with the teachers' retirement system and State retiree health benefits.

With the exception of some continuing employee concessions, the City's general fund budget for fiscal year 2013-2014 marks the first year in over a decade that short-term strategies (e.g., one-time reductions in contributions to capital replacement funds, delayed hiring, uses of reserves and borrowed funds, etc.) have not been employed to balance the budget.

The projected trends for sales tax and transactions and use tax (Measure S), which combined represent the City's biggest tax revenue generators, are for continued growth. For fiscal year 2013-2014, sales tax is projected to increase by 6.5 percent and transactions and use tax (Measure S) is projected to increase by about 5 percent.

The City's second largest tax generator is property tax. The City is expecting the fiscal year 2013-2014 tax roll to increase by approximately three percent over the previous year. This is the first increase of more than one percent in the secured tax rolls for more than five years.

The City's largest expenditure relates to personnel costs. Salaries and benefits are tied to the labor agreements with each bargaining group. Most labor units are on a one-year contract that expires on June 30, 2014. The exception is SEIU, which has a two-year agreement that expires on June 30, 2015.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013**

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.

CITY OF SAN RAFAEL

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

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

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

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

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

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

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

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

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CITY OF SAN RAFAEL
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
ASSETS				
Cash and investments available for operations (Note 2)	\$46,275,269	\$2,741,909	\$49,017,178	\$18,916,657
Restricted cash and investments (Note 2)	76,285		76,285	
Receivables:				
Accounts	4,016,536	24,862	4,041,398	18,053
Taxes	4,534,162		4,534,162	
Grants	641,871		641,871	
Interest	54,261		54,261	
Loans (Note 4)	1,189,576		1,189,576	
Long-term receivable from the Successor Agency (Note 15)	2,160,210		2,160,210	
Prepaid expenses and others	134,914	6,879	141,793	143,722
Net Pension asset (Note 9C)	1,000,000		1,000,000	
Net OPEB asset (Note 11)	4,512,141		4,512,141	
Capital assets (Note 5):				
Nondepreciable	85,011,974	8,620,853	93,632,827	360,049
Depreciable, net	108,210,817	8,303,353	116,514,170	32,980,843
Total Assets	257,818,016	19,697,856	277,515,872	52,419,324
LIABILITIES				
Accounts payable	2,252,754	110,416	2,363,170	503,248
Deposits payable	100,768		100,768	
Interest payable	42,943	52,822	95,765	
Developer bonds payable	321,766		321,766	
Interest payable				
Unearned revenue	103,034		103,034	
Claims payable (Note 13):				
Due in one year	1,939,300		1,939,300	
Due in more than one year	3,976,049		3,976,049	
Compensated absences (Note 1J):				
Due in one year	533,485	13,614	547,099	
Due in more than one year	3,734,396	95,300	3,829,696	
Long-term debt (Note 6):				
Due in one year		245,000	245,000	
Due in more than one year	4,659,000	6,009,016	10,668,016	
Total Liabilities	17,663,495	6,526,168	24,189,663	503,248
NET POSITION (Note 8):				
Net investment in capital assets	193,222,791	10,670,190	203,892,981	33,340,892
Restricted for:				
Special revenue projects	28,085,574		28,085,574	
Capital projects	7,529,594		7,529,594	
Debt service	165,244		165,244	
Total Restricted Net Position	35,780,412		35,780,412	
Unrestricted	11,151,318	2,501,498	13,652,816	18,575,184
Total Net Position	\$240,154,521	\$13,171,688	\$253,326,209	\$51,916,076

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$10,202,530	\$2,655,749	\$389,325	
Public safety	41,966,065	6,478,321	726,058	\$394,289
Public works and parks	17,695,164	7,837,472	2,630,588	5,482,704
Community development	3,403,158	3,984,204	36,400	
Culture and recreation	11,330,058	6,075,129	302,702	
Interest on long-term debt and fiscal charges	283,805			
Total Governmental Activities	<u>84,880,780</u>	<u>27,030,875</u>	<u>4,085,073</u>	<u>5,876,993</u>
Business-type Activities				
Parking services	3,545,387	3,990,706		
Total Business-type Activities	<u>3,545,387</u>	<u>3,990,706</u>		
Total Primary Government	<u><u>\$88,426,167</u></u>	<u><u>\$31,021,581</u></u>	<u><u>\$4,085,073</u></u>	<u><u>\$5,876,993</u></u>
Component Unit				
San Rafael Sanitation District	<u><u>\$10,169,082</u></u>	<u><u>\$12,413,123</u></u>		

General revenues:

Taxes:

- Property
- Sales
- Paramedic
- Transient occupancy
- Franchise
- Business license
- Other

Investment earnings

Miscellaneous

Aid from other governmental agencies

Transfers (Note 3C)

Total general revenues and transfers

Change in Net Position

Net Position, beginning of year

Net Position, end of year

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
(\$7,157,456)		(\$7,157,456)	
(34,367,397)		(34,367,397)	
(1,744,400)		(1,744,400)	
617,446		617,446	
(4,952,227)		(4,952,227)	
(283,805)		(283,805)	
(47,887,839)		(47,887,839)	
	\$445,319	445,319	
	445,319	445,319	
(47,887,839)	445,319	(47,442,520)	
			\$2,244,041
17,317,772		17,317,772	1,177,469
24,262,282		24,262,282	
3,804,985		3,804,985	
2,185,287		2,185,287	
3,331,160		3,331,160	
2,507,785		2,507,785	
2,929,915		2,929,915	
991,762	3,739	995,501	25,591
2,580,882		2,580,882	
423,817	(423,817)		56,589
60,335,647	(420,078)	59,915,569	1,259,649
12,447,808	25,241	12,473,049	3,503,690
227,706,713	13,146,447	240,853,160	48,412,386
\$240,154,521	\$13,171,688	\$253,326,209	\$51,916,076

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FUND FINANCIAL STATEMENTS

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

The funds described below were determined to be major funds by the City in fiscal 2012-2013.

GENERAL FUND

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

TRAFFIC AND HOUSING MITIGATION SPECIAL REVENUE FUND

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

GAS TAX SPECIAL REVENUE FUND

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

EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND

Established to provide for the replacement of vehicles and equipment.

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	Special Revenue Funds		Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
	General	Traffic and Housing Mitigation	Gas Tax			Equipment Replacement
ASSETS						
Cash and investments available for operations (Note 2)		\$12,382,897	\$5,873,321	\$5,193,343	\$11,319,984	\$34,769,545
Restricted cash and investments (Note 2)					76,285	76,285
Receivables:						
Accounts	\$2,848,696		66,367	5,913	714,143	3,635,119
Taxes	4,292,861		118,676		122,625	4,534,162
Grants			214,695		427,176	641,871
Interest	54,261					54,261
Loans (Note 4)	451,453	57,144			680,979	1,189,576
Long-term receivable from the Successor Agency (Note 15)	2,160,210					2,160,210
Prepays	75,782			6,215	45,306	127,303
Total Assets	\$9,883,263	\$12,440,041	\$6,273,059	\$5,205,471	\$13,386,498	\$47,188,332
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$959,179		\$166,560	\$139,553	\$881,163	\$2,146,455
Deposits payable	57,451				43,317	100,768
Developer bonds payable	320,266				1,500	321,766
Due to other funds (Note 3)	748,239					748,239
Deferred revenue	3,993,341				292,564	4,285,905
Total Liabilities	6,078,476		166,560	139,553	1,218,544	7,603,133
Fund Balances (Note 8):						
Nonspendable	527,235			6,215	45,306	578,756
Restricted		\$12,140,041	2,232,975		6,396,530	20,769,546
Committed	800,876	300,000	3,873,524		4,273,971	9,248,371
Assigned	2,476,676			5,059,703	1,452,147	8,988,526
Total Fund Balances	3,804,787	12,440,041	6,106,499	5,065,918	12,167,954	39,585,199
Total Liabilities and Fund Balances	\$9,883,263	\$12,440,041	\$6,273,059	\$5,205,471	\$13,386,498	\$47,188,332

See accompanying notes to basic financial statements

CITY OF SAN RAFAEL
 GOVERNMENTAL FUNDS
 BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
 FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2013

Total fund balances reported on the governmental funds balance sheet	\$39,585,199
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:</p>	
<p>Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.</p>	193,222,791
<p>Internal service funds are used by management to charge the cost of management of building, workers' compensation, employee benefits, insurance, and post-retirement healthcare benefits to individual funds. The assets and liabilities are included in Governmental Activities in the Statement of Net Position.</p>	12,133,484
<p>Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the Governmental Funds.</p>	(42,943)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.</p>	(4,659,000)
<p>Compensated absences</p>	(4,267,881)
<p>Deferred revenue</p>	<u>4,182,871</u>
<p>Net position of governmental activities</p>	<u><u>\$240,154,521</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, 2013

	Special Revenue Funds		Capital Projects Fund		Total Governmental Funds	
	General	Traffic and Housing Mitigation	Gas Tax	Equipment Replacement		Other Governmental Funds
REVENUES						
Taxes and special assessments	\$46,670,007				\$4,879,299	\$51,549,306
Licenses and permits	1,929,387					1,929,387
Fines and forfeitures	734,005					734,005
Use of money and properties	228,565	\$17,226	\$7,366	\$5,327	66,559	325,043
Intergovernmental	6,475,596		3,305,466	329,316	1,759,511	11,869,889
Charges for services	2,079,265	3,096,328	1,031,919	2,670,927	14,696,935	23,575,374
Other revenue	1,910,686		53,993	71,988	2,055,744	4,092,411
Total Revenues	60,027,511	3,113,554	4,398,744	3,077,558	23,458,048	94,075,415
EXPENDITURES						
Current:						
General government	9,087,723				1,441,757	10,529,480
Public safety	33,987,636				7,389,426	41,377,062
Public works and parks	8,875,111	74,609	30,084		3,022,644	12,002,448
Community development	2,961,275					2,961,275
Culture and recreation	2,200,468				8,390,589	10,591,057
Capital outlay	170,138		428,230	492,597	2,918,489	4,009,454
Capital improvement / special projects	194,425		1,641,022	1,132,192	2,317,081	5,284,720
Debt service:						
Interest and fiscal charges	283,805					283,805
Total Expenditures	57,760,581	74,609	2,099,336	1,624,789	25,479,986	87,039,301
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,266,930	3,038,945	2,299,408	1,452,769	(2,021,938)	7,036,114
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 3B)	3,104,622		365		5,320,487	8,425,474
Transfers out (Note 3B)	(4,338,227)		(674,521)		(1,698,909)	(6,711,657)
Total Other Financing Sources (Uses)	(1,233,605)		(674,156)		3,621,578	1,713,817
Net Change in Fund Balances	1,033,325	3,038,945	1,625,252	1,452,769	1,599,640	8,749,931
FUND BALANCES, BEGINNING OF YEAR	2,771,462	9,401,096	4,481,247	3,613,149	10,568,314	30,835,268
FUND BALANCES, END OF YEAR	\$3,804,787	\$12,440,041	\$6,106,499	\$5,065,918	\$12,167,954	\$39,585,199

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, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$8,749,931

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.

Capital outlay and capital projects expenditures are therefore added back to fund balance	9,294,174
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(4,611,188)
Depreciation expense is deducted from the fund balance	(7,124,286)
Loss on retirement of capital assets is deducted from the fund balance	(15,539)

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	183,011
Compensated absences	107,322
Deferred revenue	1,962,295

Allocation of Internal Service Fund Activities

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

	<u>3,902,088</u>
Change in Net Position of Governmental Activities	<u><u>\$12,447,808</u></u>

See accompanying notes to financial statements

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

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

PARKING SERVICES FUND

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

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2013

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments available for operations (Note 2)	\$2,710,360	\$11,537,273
Accounts receivable	24,862	381,417
Due from other funds (Note 3)		748,239
Prepays	6,879	7,611
Net Pension Asset (Note 9)		1,000,000
Net OPEB Asset (Note 11)		4,512,141
Total Current Assets	2,742,101	18,186,681
Noncurrent Assets:		
Capital assets (Note 5):		
Nondepreciable	8,620,853	
Depreciable, net	8,303,353	
Total Noncurrent Assets	16,924,206	
Total Assets	19,666,307	18,186,681
LIABILITIES		
Current Liabilities:		
Accounts payable	110,416	106,299
Interest payable	52,822	
Compensated absences, due in one year (Note 1J)	13,614	
Claims payable, due in one year (Note 13)		1,939,300
Long-term debt, due in one year (Note 6)	245,000	
Total Current Liabilities	421,852	2,045,599
Noncurrent Liabilities:		
Compensated absences (Note 1J)	95,300	
Claims payable (Note 13)		3,976,049
Long-term debt (Note 6)	6,009,016	
Total Noncurrent Liabilities	6,104,316	3,976,049
Total Liabilities	6,526,168	6,021,648
NET POSITION (Note 8):		
Net investment in capital assets	10,670,190	
Restricted		5,512,141
Unrestricted	2,469,949	6,652,892
Total Net Position	13,140,139	\$12,165,033
Some amounts reported for <i>business-type activities</i> in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with <i>business-type</i> activities.		
	31,549	
Net position <i>business-type activities</i>	\$13,171,688	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$2,277,771	\$8,635,073
Other operating revenues	1,712,935	1,135,735
Total Operating Revenues	3,990,706	9,770,808
OPERATING EXPENSES		
Personnel	2,101,937	
Insurance premiums and claims		4,315,160
Maintenance and repairs	32,253	199,484
Depreciation (Note 5)	323,076	
General and administrative	836,048	943,198
Total Operating Expenses	3,293,314	5,457,842
Operating Income	697,392	4,312,966
NONOPERATING REVENUES (EXPENSES)		
Investment income	3,739	867,061
Interest expense	(240,012)	
Total Nonoperating Revenues (Expenses)	(236,273)	867,061
Income Before Transfers	461,119	5,180,027
Transfers in (Note 3B)		1,879,113
Transfers out (Note 3B)	(423,817)	(3,169,113)
Change in Net Position	37,302 *	3,890,027
NET POSITION, BEGINNING OF YEAR	13,102,837	8,275,006
NET POSITION, END OF YEAR	\$13,140,139	\$12,165,033

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

Change in Net Position	\$37,302
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.	(12,061)
Change in Net Position of Business-type Activities	\$25,241

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/other funds	\$2,277,771	\$8,326,594
Cash payments to suppliers for goods and services	(828,630)	(6,784,394)
Cash payments to employees	(2,079,056)	
Other operating revenues	1,708,997	1,135,735
Payment to Pension Trust		(1,000,000)
Payment to OPEB Trust		(4,512,141)
	<u>1,079,082</u>	<u>(2,834,206)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund receipts (payments)	(423,817)	(2,038,239)
	<u>(423,817)</u>	<u>(2,038,239)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on revenue bonds	(190,984)	
Interest expenses and fiscal charges	(263,875)	
Acquisition of capital assets	(151,724)	
	<u>(606,583)</u>	<u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	3,739	867,061
Proceeds from sale of investments		3,584,164
	<u>3,739</u>	<u>4,451,225</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>52,421</u>	<u>(421,220)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,657,939</u>	<u>11,958,493</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$2,710,360</u>	<u>\$11,537,273</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$697,392	\$4,312,966
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	323,076	
Net change in assets and liabilities:		
Accounts receivable	(3,938)	(308,479)
Prepays and deposits	(6,879)	(7,611)
Net Pension Asset		(1,000,000)
Net OPEB Asset		(4,512,141)
Accounts payable	46,550	65,072
Compensated absence obligations	22,881	
Claims payable		(1,384,013)
	<u>\$1,079,082</u>	<u>(\$2,834,206)</u>

See accompanying notes to basic financial statements

FIDUCIARY FUND FINANCIAL STATEMENTS
--

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – PRIVATE PURPOSE TRUST FUND

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

PT. SAN PEDRO ROAD ASSESSMENT DISTRICT AGENCY FUND

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

CITY OF SAN RAFAEL
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2013

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments (Note 2)	\$1,340,802	
Cash and investments with fiscal agent (Note 2)	1,375,048	\$300,578
Receivable:		
Taxes	3,563,575	1,486
Interest	517	
Prepays	135	
	\$6,280,077	\$302,064
Total Assets	\$6,280,077	\$302,064
LIABILITIES		
Accounts payable	\$1,856	
Interest payable	255,838	
Other long-term obligations (Note 15D)	2,160,210	
Long-term debt (Note 15C):		
Due within one year	2,540,000	
Due more than one year	26,386,435	\$302,064
	31,344,339	302,064
Total Liabilities	31,344,339	302,064
NET POSITION (DEFICIT):		
Held in trust for private purpose	(\$25,064,262)	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund <hr/>
ADDITIONS	
Property taxes	\$7,128,844
Use of money and property	2,700
Bond premium	79,860
Other revenue	<u>1,134,711</u>
Total Additions	<u>8,346,115</u>
DEDUCTIONS	
General government	667,721
Interest expense	<u>1,416,768</u>
Total Deductions	<u>2,084,489</u>
Change in Net Position	6,261,626
SPECIAL ITEM (Note 15)	
Liability assumed by the Successor Agency	<u>(2,406,431)</u>
NET POSITION HELD IN TRUST FUND FOR OTHER PURPOSES	
Beginning of year	<u>(28,919,457)</u>
End of year	<u><u>(\$25,064,262)</u></u>

See accompanying notes to financial statements

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CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 blended component units are described below.

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

As of June 30, 2013, the Authority had no assets or liabilities to report. For the fiscal year ended June 30, 2013, the Authority had no revenues or expenditures to report. Separate financial statements are not prepared for the Authority.

C. *Description of Discretely Presented Component Unit*

San Rafael Sanitation District – The San Rafael Sanitation District (District) was formed in 1947 under Section 4700 of the California Health and Safety Code to provide wastewater transmission over the southern two-thirds of the City and adjacent unincorporated areas. The 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 ends on June 30 and its separately issued component unit financial statements can be obtained at the San Rafael Sanitation District, 111 Mophew Street, San Rafael, California 94901.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation

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

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

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

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

E. Major Funds and Other Reported Funds

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

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Equipment Replacement Capital Projects Fund – Established to provide for the replacement of vehicles and equipment.

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

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

The City also reports the following fund types:

Internal Service Funds - These funds account for: building maintenance, employee benefits, liability insurance, workers' compensation, dental insurance, pension plan reserve, and retiree health (OPEB).

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

F. Basis of Accounting

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

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*.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

G. *Budgets, Budgetary Accounting, and Encumbrances*

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

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

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

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 may be compensable up to 600 hours, depending upon the provisions of the MOUs, which vary by bargaining unit.

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

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$4,375,203	\$86,033	\$4,461,236
Additions	3,389,844	134,534	3,524,378
Payments	(3,497,166)	(111,653)	(3,608,819)
Ending Balance	\$4,267,881	\$108,914	\$4,376,795
Current Portion	\$533,485	\$13,614	\$547,099

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:

	Secured	Unsecured
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)

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

L. Use of Estimates

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

M. New Funds

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

The *Pt. San Pedro Road Assessment District Agency Fund* was established to accumulate funds for payment of principal and interest for Pt. San Pedro Road Median Landscaping Assessment District bonds.

NOTE 2 - CASH AND INVESTMENTS

The City’s goal is to invest at the maximum yield, consistent with safety and liquidity.

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.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

B. Classification

Cash and investments as of June 30, 2013, 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 Position:

City of San Rafael:

Cash and investments available for operations	\$49,017,178
Restricted cash and investments	<u>76,285</u>
Total Primary Government Cash and Investments	<u>49,093,463</u>

San Rafael Sanitation District (Component Unit)

Cash and investments available for operations	<u>18,916,657</u>
Total San Rafael Sanitation District cash and Investments	<u>18,916,657</u>

Statement of Fiduciary Net Position (separate statement):

Successor Agency to the Redevelopment Agency:

Cash and investments available for operations	1,340,802
Restricted Cash and investments	<u>1,375,048</u>
Total Successor Agency Cash and Investments	<u>2,715,850</u>

Pt. San Pedro Road Assessment District Agency Fund

Total Fiduciary Cash and Investments	<u>300,578</u>
Total Fiduciary Cash and Investments	<u>3,016,428</u>
Total Cash and Investments	<u><u>\$71,026,548</u></u>

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Government Obligation	5 years		No limit	No limit
U.S. Agency Securities and Instruments	5 years	AAA	No limit	No limit
Repurchase Agreements	1 year	A-1	No limit	No limit
Prime Commercial Paper	270 days	A-1	25%	\$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
Limited Obligation Improvement Bonds related to Special Assessment Districts and Special Tax Districts	30 years	N/A	N/A	N/A

The San Rafael Sanitation District adopted the investment policy of the Treasurer and Tax Collector of the County of Marin. Accordingly, the District, following the County, may invest in U.S. Treasury and agency securities, commercial papers, bankers' acceptances, time deposits, repurchase 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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	More than 12 Months	Total
City and Fiduciary:			
Money Market Mutual Funds	\$1,451,333		\$1,451,333
Local Agency Investment Fund	44,009,433		44,009,433
Limited Obligation Improvement Bonds		\$1,750,000	1,750,000
Total Investments	<u>\$45,460,766</u>	<u>\$1,750,000</u>	47,210,766
<i>Cash in banks and on hand</i>			<u>4,899,125</u>
Total City and Fiduciary Cash and Investments			<u>52,109,891</u>
San Rafael Sanitary District:			
<i>Cash in banks and short-term pooled investments</i>			<u>18,916,657</u>
Total District's Cash and Investments			<u>18,916,657</u>
Total Cash and Investments			<u>\$71,026,548</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, 2013, these investments matured in an average of 278 days.

Money Market Mutual Funds are available for withdrawal on demand and at June 30, 2013, matured in an average of 53 days.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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, 2013, 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	Aaa/AAA	Total
City and Fiduciary:		
Money Market Mutual Funds	\$1,451,333	\$1,451,333
Total rated investments	\$1,451,333	1,451,333
Not rated:		
Limited Obligation Improvement Bonds		1,750,000
Local Agency Investment Fund		44,009,433
Cash in banks and on hand		4,899,125
Total City and Fiduciary Cash and Investments		52,109,891
 San Rafael Sanitary District:		
Not rated:		
Cash in banks and short-term pooled investments		18,916,657
Total District's Cash and Investments		18,916,657
Total Cash and Investments		\$71,026,548

G. Concentration Risk

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 - INTER-FUND TRANSACTIONS

A. Interfund Receivables and Payables

Inter-fund receivables and payables represent short term loans owed by one fund to another fund for the purpose of covering short term negative cash positions. Such inter-fund transactions are routine, year-end adjustments. Inter-fund receivables and payables at June 30, 2013, were as follows:

Due To:	Due From:
Employee Retirement Internal Service Fund	General Fund
\$748,239	\$748,239

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, and operating expenses.

Transfers between funds during the fiscal year ended June 30, 2013, were as follows:

From Fund	To Fund	Amount
General Fund	Non-Major Governmental Funds	\$3,754,627 (A)
	Internal Service Funds	583,600 (B)
Gas Tax Fund	General Fund	440,000 (C)
	Non Major Governmental Fund	234,521 (A)
Non-Major Governmental Funds	General Fund	805,805 (C)
	Gas Tax Fund	365 (D)
	Non-Major Governmental Fund	892,739 (A)
Parking Services Enterprise Fund	General Fund	358,817 (C)
	Non-Major Governmental Funds	65,000 (A)
Internal Service Funds	General Fund	1,500,000 (C)
	Internal Services Funds	1,295,513 (B)
	Non-Major Governmental Funds	373,600 (A)
		\$10,304,587

- (A) Transfers to the Non-Major Governmental Funds were for administrative costs, program support, capital projects, and special projects.
- (B) Transfers to the Internal Service Funds were to fund internal operations.
- (C) Transfers to the General Fund were for street maintenance support, administrative costs, dispatch contract, and to reverse excess liability reserve.
- (D) Transfer to Gas Tax Fund was for project reimbursement.

C. Internal Balances

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

**CITY OF SAN RAFAEL
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2013**

NOTE 4 – LOANS RECEIVABLE

A. Summary of Loans Receivable

The City has reserved the portion of fund balance represented by these loans. At June 30, 2013, these loans totaled:

Employee Loans	\$5,545
Centertown Associates	280,979
One "H" Street Associates	57,144
Fire Chief Loan	445,908
Marin Housing Authority	400,000
Total	\$1,189,576

B. Employee Loans

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

C. Centertown Associates

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

D. One “H” Street Associates

On January 18, 1994, the City loaned One “H” Street Associates \$100,000 at zero percent interest with annual payments of \$2,857 and with a final payment due January 18, 2034.

E. Fire Chief Loan

On September 17, 2007, the City Council approved a Home Loan Agreement to provide the Fire Chief with housing assistance. Under the Agreement, which was executed on October 3, 2007, the City loaned the Fire Chief \$600,000 to assist in the purchase of his primary residence. The loan is secured by a recorded deed of trust. The initial interest rate to be charged was 5.25% through August 31, 2008. On September 1, 2008, and on each September 1 following, until the loan is paid off, the interest rate of the loan will be adjusted based upon the then reported quarter-to-date Local Agency Investment Fund rate on the City’s investment portfolio. As of June 30, 2013, the balance of the loan was \$445,908.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 4 – LOANS RECEIVABLE (Continued)

F. Redevelopment Agency Loan

In 1972, the City loaned the former Redevelopment Agency \$20,000 at an annual rate of 7%. This obligation, with a principal and accrued interest balance totaling \$299,489, was assumed by the Successor Agency of the Redevelopment Agency Private Purpose Trust. The obligation was included in the Third Recognized Obligation Payment Schedule, approved by the Successor Agency Oversight Board on August 31, 2012, and approved by the California Department of Finance on October 15, 2012. The principal and accrued interest was paid off in full on June 3, 2013.

G. Marin Housing Authority Loans

In 2012, the former Redevelopment Agency and the City, as Housing Successor to the Redevelopment Agency, loaned Marin Housing Authority \$235,000 and \$165,000, respectively, at zero percent interest for the purchase of two low and moderate income units. The loans due upon the sale of the units. With the dissolution of the Redevelopment Agency effective February 1, 2012, the assets of the Redevelopment Agency Low and Moderate Income Housing fund, including these Marin Housing Authority loans, were assumed by the City's Low and Moderate Income Housing Special Revenue fund. The \$235,000 loan was repaid by Marin Housing Authority on December 19, 2012. On February 6, 2013, the City loaned Marin Housing Authority an additional \$235,000 at zero percent interest for the purchase of a low and moderate income unit.

NOTE 5 - CAPITAL ASSETS

Changes in capital assets during the fiscal year consisted of:

	Balance June 30, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Governmental Activities					
Capital assets not being depreciated:					
Land	\$82,464,364				\$82,464,364
Construction in progress	1,173,133	\$3,438,215		(\$2,063,738)	2,547,610
Total capital assets not being depreciated	<u>83,637,497</u>	<u>3,438,215</u>		<u>(2,063,738)</u>	<u>85,011,974</u>
Capital assets being depreciated:					
Land improvements	8,580,916			208,069	8,788,985
Buildings and structures	38,855,645	60,604		1,405,295	40,321,544
Machinery and equipment	16,603,920	1,184,167	(\$959,442)	92,000	16,920,645
Infrastructure	181,197,656			358,374	181,556,030
Total capital assets being depreciated	<u>245,238,137</u>	<u>1,244,771</u>	<u>(959,442)</u>	<u>2,063,738</u>	<u>247,587,204</u>
Less accumulated depreciation for:					
Land improvements	(4,712,975)	(274,647)			(4,987,622)
Buildings and structures	(12,360,994)	(1,136,206)			(13,497,200)
Machinery and equipment	(12,922,488)	(990,584)	943,903		(12,969,169)
Infrastructure	(103,199,547)	(4,722,849)			(107,922,396)
Total accumulated depreciation	<u>(133,196,004)</u>	<u>(7,124,286)</u>	<u>943,903</u>		<u>(139,376,387)</u>
Total net capital assets being depreciated	<u>112,042,133</u>	<u>(5,879,515)</u>	<u>(15,539)</u>	<u>2,063,738</u>	<u>108,210,817</u>
Total governmental activity capital assets	<u>\$195,679,630</u>	<u>(\$2,441,300)</u>	<u>(\$15,539)</u>		<u>\$193,222,791</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance June 30, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Business-type Activities					
Capital assets not being depreciated:					
Land	\$8,620,853				\$8,620,853
Construction in process		\$93,743		(\$93,743)	
Total capital assets not being depreciated	<u>8,620,853</u>			<u>(93,743)</u>	<u>8,620,853</u>
Capital assets being depreciated:					
Buildings and structures	10,234,521			93,743	10,328,264
Machinery and equipment	1,097,136	57,981	(\$15,840)		1,139,277
Total capital assets being depreciated	<u>11,331,657</u>	<u>57,981</u>	<u>(15,840)</u>	<u>93,743</u>	<u>11,467,541</u>
Less accumulated depreciation for:					
Buildings and structures	(2,063,518)	(210,538)			(2,274,056)
Machinery and equipment	(793,434)	(112,538)	15,840		(890,132)
Total accumulated depreciation	<u>(2,856,952)</u>	<u>(323,076)</u>	<u>15,840</u>		<u>(3,164,188)</u>
Total net capital assets being depreciated	<u>8,474,705</u>	<u>(265,095)</u>		<u>93,743</u>	<u>8,303,353</u>
Total business-type activity capital assets	<u>\$17,095,558</u>	<u>(\$265,095)</u>			<u>\$16,924,206</u>
	Balance June 30, 2012	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2013
San Rafael Sanitation District					
Capital assets not being depreciated:					
Land and easements	\$115,329				\$115,329
Construction in progress	455,002	\$395,257		(\$605,539)	244,720
Total capital assets not being depreciated	<u>570,331</u>	<u>395,257</u>		<u>(605,539)</u>	<u>360,049</u>
Capital assets being depreciated:					
Subsurface lines	19,720,409	127,569		563,512	20,411,490
Sewage collection facilities	36,811,811		(\$104,465)	42,027	36,749,373
General plant and administration	1,192,998	32,803	(32,050)		1,193,751
Total capital assets being depreciated	<u>57,725,218</u>	<u>160,372</u>	<u>(136,515)</u>	<u>605,539</u>	<u>58,354,614</u>
Less accumulated depreciation for:					
Subsurface lines	(9,200,965)	(368,656)			(9,569,621)
Sewage collection facilities	(14,530,447)	(828,365)	104,465		(15,254,347)
General plant and administration	(453,846)	(128,007)	32,050		(549,803)
Total accumulated depreciation	<u>(24,185,258)</u>	<u>(1,325,028)</u>	<u>136,515</u>		<u>(25,373,771)</u>
Total net capital assets being depreciated	<u>33,539,960</u>	<u>(1,164,656)</u>		<u>605,539</u>	<u>32,980,843</u>
Total District's capital assets	<u>\$34,110,291</u>	<u>(\$769,399)</u>			<u>\$33,340,892</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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	\$198,973
Public safety	725,584
Public works and parks	5,409,188
Community development/redevelopment	42,304
Culture and recreation	748,237
Total Governmental Activities	<u>\$7,124,286</u>
Business-type Activities	
Parking services	<u>\$323,076</u>
Total Business-type Activities	<u>\$323,076</u>

NOTE 6 – LONG TERM OBLIGATIONS

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

A summary of governmental and business-type activities transactions for the fiscal year ended June 30, 2013, are as follows:

	Authorized and Issued	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
Governmental Activities:						
2010 Taxable Pension Obligation Bonds 6%-6.25%, due 7/1/2025	\$4,490,000	\$4,490,000			\$4,490,000	
Total Pension Obligation Bonds		<u>4,490,000</u>			<u>4,490,000</u>	
Ground Lease Note Payable, 8.00%, due 11/1/2024	169,000	169,000			169,000	
Total Governmental Long-term Debt		<u>\$4,659,000</u>			<u>\$4,659,000</u>	
Business-type Activities						
2003 Authority Lease Revenue Bonds 3.00-4.70%, due 4/1/2033	\$7,605,000	\$6,445,000		\$6,445,000		
2012 Authority Lease Revenue Refunding Bonds 2.00-4.00%, due 4/1/2033	6,750,000		\$6,750,000	305,000	\$6,445,000	\$245,000
Less: unamortized discount/issuance cost			(199,848)	(8,864)	(190,984)	
Total Enterprise Fund Debt		<u>\$6,445,000</u>	<u>\$6,550,152</u>	<u>\$6,741,136</u>	<u>\$6,254,016</u>	<u>\$245,000</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 6 - LONG-TERM OBLIGATIONS (Continued)

A. *2010 Taxable Pension Obligation Bonds*

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

B. *Ground Lease Note Payable*

On November 6, 1989, the City of San Rafael Redevelopment Agency signed a \$169,000 promissory note with Bridge Housing Corporation, 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. Assembly Bill 1x26 dissolved all California redevelopment agencies, effective January 31, 2012, and required the transfer all assets and liabilities to the Successor Agency. The City of San Rafael as Housing Successor assumed the liabilities of the Successor Agency of the Housing fund. This note will be repaid from City Housing Successor Low and Moderate Income Housing special revenue fund.

C. *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 were to mature annually each April 1 from 2006 to 2033, in amounts ranging from \$150,000 to \$290,000. Interest was payable semiannually on April 1 and October 1. The bonds maturing on or after April 1, 2011 were subject to optional redemption prior to maturity on or after April 1, 2010 at the option of the Authority, as a whole on any date. In August 2012, the Authority exercised the redemption option. The outstanding balance of the Bonds was refunded through the issuance of 2012 Authority Lease Revenue Refunding Bonds as discussed on Note 6D.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 6 - LONG-TERM OBLIGATIONS (Continued)

D. 2012 Authority Lease Revenue Refunding Bonds

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

E. Future Debt Service

Future debt service requirements, including interest, at June 30, 2013, are as follows:

For the Year Ended June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014		\$276,512	\$245,000	\$211,288
2015		276,512	245,000	206,388
2016		276,512	250,000	201,488
2017	\$100,000	273,512	260,000	193,988
2018	205,000	264,362	270,000	186,188
2019 - 2023	2,380,000	948,898	1,460,000	805,390
2024 - 2028	1,974,000	173,912	1,695,000	564,400
2029 - 2033			2,020,000	241,806
Totals	<u>\$4,659,000</u>	<u>\$2,490,220</u>	<u>\$6,445,000</u>	<u>\$2,610,936</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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, 2013
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds	162-175 Belvedere Apartments	\$3,590,529	\$1,227,402
California Statewide Communities Development Authority Revenue Bonds	St. Marks School	5,605,000	4,505,000
San Rafael Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Bonds	55 Fairfax Apartments	3,000,000	2,500,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2001	San Rafael Commons Apartments Martinelli House	6,100,000 1,000,000	5,315,000
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 Multifamily Housing Revenue Bonds-2007 Series B	Martinelli House Project Martinelli House	6,000,000 1,000,000	2,109,849 257,014
Pt. San Pedro Road Median Landscaping Assessment District Limited Obligation Bonds	Pt. San Pedro Road Median Landscaping	1,750,000	1,750,000

NOTE 8 – NET POSITION AND FUND BALANCE

A. Net Position

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

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

B. Fund Balance

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

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

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

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

Detailed classifications of the City’s Fund Balances, as of June 30, 2013, are below:

	General Fund	Special Revenue Funds		Capital Projects	Other Governmental Funds	Total
		Traffic and Housing Mitigation	Gas Tax	Equipment Replacement		
Fund balances:						
Nonspendable:						
Loans receivable	\$451,453					\$451,453
Prepays	75,782			\$6,215	\$45,306	127,303
Total Nonspendable	527,235			6,215	45,306	578,756
Restricted for:						
Assessment District capital projects					302,174	302,174
Baypoint Lagoons Assessment District					194,517	194,517
Bedroom tax capital projects					21,970	21,970
Business improvement					4,298	4,298
Development services					479,329	479,329
Emergency medical services					736,842	736,842
1997 financing authority revenue bonds debt service					145,826	145,826
Gas tax			\$2,232,975			2,232,975
Grants					459,600	459,600
Household hazmat facility					183,123	183,123
Library					10,383	10,383
Library assessment					51,469	51,469
Loch Lomond Assessment District					521,224	521,224
Mariposa Assessment District debt service					16,543	16,543
Measure A Open Space					217,213	217,213
Parkland dedication					695,630	695,630
Peacock Gap Assessment District debt service					2,875	2,875
Public safety					183,855	183,855
Pt. San Pedro - Maintenance Portion					166,296	166,296
Recreation revolving					496	496
Street maintenance and cleaning					550,529	550,529
Storm water					1,452,338	1,452,338
Traffic and housing mitigation		\$12,140,041				12,140,041
Total Restricted		12,140,041	2,232,975		6,396,530	20,769,546

(Continued)

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

	Special Revenue Funds		Capital Projects		Total	
	General Fund	Traffic and Housing Mitigation	Gas Tax	Equipment Replacement		Other Governmental Funds
Committed to:						
Assessment District capital projects					57,190	57,190
Capital improvement capital projects					1,143,215	1,143,215
Childcare					9,700	9,700
Development services					181,703	181,703
Gas tax			3,873,524			3,873,524
Grants					766,788	766,788
Household hazmat facility					35,273	35,273
Library					104,782	104,782
Library assessment					541,195	541,195
Low and moderate income housing					806,479	806,479
Park capital projects					12,986	12,986
Parkland dedication					255,000	255,000
Project development	800,876					800,876
Public safety					4,766	4,766
Recreation revolving					23,310	23,310
Storm water					331,584	331,584
Traffic and housing mitigation		300,000				300,000
Total Committed	800,876	300,000	3,873,524		4,273,971	9,248,371
Assigned to:						
Childcare					56,744	56,744
Contractual commitments	19,412					19,412
Development services					210,633	210,633
Emergency and cash flow	2,288,411					2,288,411
Equipment replacement capital projects				5,059,703		5,059,703
Household hazmat facility					21,985	21,985
Library					106,679	106,679
Open space capital projects					130,836	130,836
Park capital projects					4,315	4,315
Project development	168,853					168,853
Radio replacement capital projects					580,328	580,328
Recreation revolving					29,505	29,505
Sewer maintenance					31,141	31,141
Street maintenance and cleaning					82,759	82,759
Telephone replacement capital projects					197,222	197,222
Total Assigned	2,476,676			5,059,703	1,452,147	8,988,526
Total Fund Balances	\$3,804,787	\$12,440,041	\$6,106,499	\$5,065,918	\$12,167,954	\$39,585,199

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 9 – EMPLOYEES RETIREMENT PLAN

A. Plan Description

The City’s retirement plan is administered by 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 a multiple-employer retirement system governed by the 1937 Act of the California Government Code. The Association acts as a common administrative and investment agent for defined benefit retirement plan 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. Copies of the Association’s annual financial reports, which include required supplementary information for each plan may be obtained from the Marin County Employees’ Retirement Association, One McInnis Parkway, Suite 100, 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 plan benefits when due. The City contributed 65.82% and 66.64% of payroll for Police and Fire personnel, respectively, and 44.13% for other covered employees for the year ended June 30, 2013.

C. Annual Pension Cost

The annual required contribution was determined as part of the actuarial valuation performed as of June 30, 2012. The employer rates for normal cost are determined using the Entry Age Normal Actuarial 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 2012 actuarial valuation include an assumed rate of return on invested assets of 7.50%, annual payroll increases reflecting 3.25% for inflation and an approximate range of 0.50% to 5.00% for merit and longevity. The actual rate of return on investments was a gain of 1.6%. 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 uses a 17-year level percentage, open method to amortize the unfunded actuarial liability. It is assumed that payroll will increase at an annual inflation rate of 3.25% over the amortization period. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to the Association. In the fiscal year ended June 30, 2013, the City made an additional contribution of \$1,000,000. 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 (Asset)
2011	\$15,409,519	100%	\$0
2012	14,627,709	100%	0
2013	15,522,832	106%	(1,000,000)

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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 AAL As a % of Payroll
6/30/10	\$248,500,000	\$394,889,000	(\$146,389,000)	63%	\$30,320,000	(483%)
6/30/11	258,963,000	412,743,000	(153,780,000)	63%	31,692,000	(485%)
6/30/12	267,317,000	437,785,000	(170,468,000)	61%	31,182,000	(547%)

D. Public Employees’ Pension Reform Act (PEPRA)

Assembly Bill 340 (AB 340) created the Public Employees’ Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation periods, as well as new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of new member under PEPRA.

The table below provides the details of the new provisions.

	Miscellaneous	Safety
Benefit Formula	2.0 % @ 62	2.7% @ 57
Final Compensation Period	Average of the highest 3 years	Average of the highest 3 years

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

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

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

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

During the year, the City and employees each contributed \$66,909. The total covered payroll of employees participating in the plan for the year ended June 30, 2013, was \$1,784,229. The total payroll for the year was \$35,326,393.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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

Additionally, the City participates in a 401(a) tax qualified plan for eligible executive management and mid-management employees, and elected officials. This is an employer only contribution program separate from the Marin County Employees' Retirement Association. Under this plan, the percent amount of contribution is 3% of base salary of eligible employees. During the year, the City contributed \$123,704 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. Employees who meet the vesting criteria become eligible for these benefits if they receive a retirement benefit from the Marin County Employees' Retirement Association within 120 days of retirement from City employment. At June 30, 2013, 324 retirees and surviving spouses received post-employment health care benefits.

The provisions and benefits of the City's Other Post Employment Benefit Plan, in effect at June 30, 2013, are summarized as follows:

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

Funding Policy and Actuarial Assumptions

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

The ARC was determined as part of a June 30, 2011 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) 4.25% investment rate of return and (b) 3.25% of general inflation increase, and (c) a healthcare trend of declining annual increases ranging from 9.40% in 2013 to 5.00% for years starting 2021. In addition, the fixed dollar benefit amounts are assumed to be held flat in the future and the premium related benefits are assumed to increase with the healthcare trend rate.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the City and plan members at that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biennially as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 23-year fixed (closed) period for June 30, 2012.

Funding Progress and Funded Status

During the fiscal year ended June 30, 2013, the City has recorded a Net OPEB Asset in the Statements of Net Position, representing the difference between the ARC and actual contributions, as presented below:

	Amounts (in thousands)
Annual required contribution (ARC)	\$2,434
Interest on net OPEB obligation	843
Adjustment to annual required contribution	(782)
Annual OPEB cost	2,495
Contributions made:	
Benefits payment	2,073
Trust pre-funding	12,028
Additional contribution to OPEB Trust	500
Total contributions	14,601
Change in net OPEB obligation/(asset)	(12,106)
Net OPEB Obligation (Asset) at June 30, 2012	7,594
Net OPEB Obligation (Asset) at June 30, 2013	(\$4,512)

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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

Generally accepted accounting principles permit assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such assets are placed in an irrevocable trust or equivalent arrangement. Contributions to 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, 2011, actuarial valuation. The balance in this account was recorded as an asset on the City's government-wide statements. On June 25, 2013, the 401(h) account balance of \$12,027,705 was transferred to an irrevocable trust under the California Employers' Retiree Benefit Trust Fund (CERBT) managed by CalPERS. This amount is treated as a contribution toward the Net OPEB Obligation (Asset). As of June 30, 2013, the account balance in the CERBT was \$12,665,652.

For the fiscal year ended June 30, 2013, the City has calculated and recorded the Net OPEB Asset, representing the difference between the ARC, and contributions, as presented below:

Fiscal Year Ended	Annual Required Contribution (ARC) (000's omitted)	Annual OPEB Cost (AOC) (000's omitted)	Actual Contribution (000's omitted)	Percentage of AOC Contributed	Net OPEB Obligation (Asset) (000's omitted)
June 30, 2011	\$4,025	\$3,868	\$2,648	66%	\$6,485
June 30, 2012	2,312	3,233	2,124	92%	7,594
June 30, 2013	2,434	2,495	14,601	600%	(4,512)

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, 2011, actuarial study is presented below:

Valuation Date	Actuarial Value of Assets (000's omitted)	Actuarial Accrued Liability (000's omitted)	Unfunded Accrued Liability (000's omitted)	Funded Ratio	Annual Covered Payroll (000's omitted)	Overfunded (Underfunded) Actuarial Liability as a Percentage of Covered Payroll
6/30/2007	\$14,563	\$52,767	(\$38,204)	28%	\$36,470	(104.75%)
6/30/2009	12,773	56,262	(43,489)	23%	35,401	(122.85%)
6/30/2011	10,861	35,156	(24,295)	31%	31,692	(71.84%)

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS

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

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

The MARINet Library Consortium was formed to provide for the procurement, ownership, operation, maintenance, and governance of shared library services among the libraries, public and academic, in Marin County. Current services shared and paid for on a consortial level through annual membership dues include an integrated library system including patron database, cataloging system, and online catalog of materials; delivery of items between libraries in Marin, a statewide library delivery service called Link+, numerous online resources, and more. The Governing Board of the System consists of the library director or designated alternate of each participant in the System. In accordance with the cost sharing formula developed by the library directors of the participants, the City's share of annual operating costs is 16.94% or \$188,738 for the year ended June 30, 2013. Financial statements of the System can be obtained from 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 an eminent domain action against PG&E, and coordinate the subsequent transfer of the facilities to the individual local agencies. Each of the local agency's share of contributions was based on the number of street lights to be acquired in the local agency's individual jurisdiction in relation to the total number of street lights to be acquired by the MSLAJPA. MGSA services now include street light maintenance, abandoned vehicle abatement, taxicab regulation and administrative responsibility for MarinMap. The City's contribution to MGSA was \$3,134 for the year ended June 30, 2013. Financial statements of the MGSA can be obtained at 555 Northgate Drive, Suite 230, San Rafael, California 94903.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. The Marin Emergency Radio Authority (MERA)

MERA was formed on February 28, 1998, by the County of Marin and 25 local agencies within the County to plan, finance, implement, manage, own, and operate a County-wide public safety and emergency radio system. The Governing Board consists of one representative from each member. On February 1, 1999, the Authority issued the 1999 Revenue Bonds in the amount of \$26,940,000 with interest rates ranging from 4.75% to 5.01%, maturing on August 15, 2016, to finance the acquisition and installation of the system. The costs of maintenance, operation, and debt service are divided on a pro rata share based on an agreed-upon formula established by a majority of the Governing Board. The members entered into a Project Operating Agreement on February 1, 1999. Under the Operating Agreement, members are obligated to contribute service payments to cover the Authority's operation and debt service. The City's portion of the obligation is 16.913%. The first operating service payment was in July 1999. The first debt service payment was in August 2002. The City contributed \$270,123 of the Authority's operation and debt service for the fiscal year ended June 30, 2013. The City has established a reserve in its internal service funds to pay future service payments. Financial statements of the MERA can be obtained at 95 Rowland Way, Novato, California 94945.

D. The Countywide Planning Agency

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

E. The Marin Telecommunications Agency

The Agency was established to regulate the rates for cable television service and equipment and to advise the participants of their license authority. The Governing Board of the Marin Telecommunications Agency consists of one member from each of the eleven participating agencies. The City's contribution to the Agency was \$43,144 for the year ended June 30, 2013. Financial statements of the Agency can be obtained at 371 Bel Marin Keys Blvd, Suite 100, Novato, California 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 \$13,187 for the year ended June 30, 2013. Financial statements of the Authority can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

G. Regional Government Services and Local Government Services

Regional Government Services (RGS) and Local Government Services (LGS) were established in 2001 to provide administrative, support and staffing services to other California public agencies. RGS and LCS help their clients address the increasing demand for local services with limited revenues and assist with the recruitment and retention of key employees. The members are the cities of Dublin, Larkspur and San Rafael, the town of Yountville and the Association of Bay Area Governments (ABAG). Each agency's chief executive officer appoints a seat on the Board of Directors for RGS and on the Board of Directors for LGS. Financial statements of LGS and RGS can be obtained at P.O. Box 1350, Carmel Valley, CA. 93924

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, 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 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 purpose of CJPRMA is to spread the adverse effects of general liability losses among the member agencies. The City also purchases commercial insurance for property damage claims with an insured amount of \$99,236,049. The City is self-insured up to \$500,000 for each general liability claim and \$25,000 for each property damage claim. Once the self-insured retention is met CJPRMA becomes responsible for payment of all liability claims up to the limit. During the fiscal year ended June 30, 2013, the City contributed \$191,896 for coverage during the current year and received a refund of \$101,040 of prior year excess contributions. Five years after settlement of all claims for a program year, CJPRMA retroactively adjusts premium deposits for any excess or deficiency in deposits related to paid claims and reserves. CJPRMA refunds excess contributions to members from time to time, based on the results of actuarial studies of each program year's claims experience. Financial statements for the risk pools may be obtained from CJPRMA at 3201 Doolan Road, Suite 285, Livermore, California 94551.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 13 - RISK MANAGEMENT (Continued)

Workers' Compensation Coverage

The City purchases insurance for workers' compensation through Safety National Casualty Corporation Excess Workers' Compensation and Employers Liability Insurance with coverage up to statutory limits. The City is self-insured up to \$750,000 for each worker's compensation claim.

B. Insurance Internal Service Funds and Financial Reporting

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

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

The City's liability for uninsured general liability claims and workers' compensation claims, including claims incurred but not reported, are reported in the Statements of Net Position. The liability is based on an actuarial valuation prepared as of June 30, 2012:

	General Liability	Workers' Compensation	Totals, as of June 30	
			2013	2012
Balance, beginning of year	\$2,581,164	\$4,718,198	\$7,299,362	\$3,970,177
Current year claims and changes in estimates	(1,177,543)	1,193,909	16,366	3,940,606
Claims paid	(300,834)	(1,099,545)	(1,400,379)	(611,421)
Balance, end of year	<u>\$1,102,787</u>	<u>\$4,812,562</u>	<u>\$5,915,349</u>	<u>\$7,299,362</u>
Due in one year	\$512,376	\$1,426,924	\$1,939,300	\$1,842,820
Due in more than one year	590,411	3,385,638	3,976,049	5,456,542
Total claim liabilities	<u>\$1,102,787</u>	<u>\$4,812,562</u>	<u>\$5,915,349</u>	<u>\$7,299,362</u>

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Litigation

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

In 2004, the City of San Rafael entered into a Settlement Agreement with the federal Department of Justice to bring City managed programs, activities, services and facilities into compliance with the Americans with Disabilities Act (ADA). The City has made significant progress over the past eight years and is in the process of completing the few remaining projects identified in the Settlement Agreement.

Among those projects is the construction of 800 curb ramps throughout San Rafael. As of June 30, 2013, the City had constructed 404 ramps. During fiscal year 2012-2013, the City negotiated a 5-year extension to the original 2014 expiration date to complete the ramp construction project. The revised Agreement expires in February 2019.

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

A. *Redevelopment Dissolution*

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

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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

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

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

The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Low and Moderate Income Housing Special Revenue Fund.

B. Due Diligence and Other Required Reviews

Low and Moderate Income Housing Fund Due Diligence Review

Pursuant to Health and Safety Code section 34179.6 (c), the City of San Rafael Successor Agency (Agency) submitted an Oversight Board approved Low and Moderate Income Housing Due Diligence Review to the California Department of Finance (DOF) on October 15, 2012. In November 2012, the DOF sent correspondence to the City questioning a transfer of \$1,371,751 for cash and investment transfers made. The City contended that the transfers were lawfully made and requested a meet-and-confer session. Following this meeting, the DOF upheld its position and demanded payment of \$1,371,751. The full payment was made from the Low and Moderate Income Housing Fund to the Marin County Auditor Controller on December 19, 2012. The Auditor Controller has indicated the housing funds have been distributed to the taxing entities.

Non-Housing Funds Due Diligence Review

Pursuant to Health and Safety Code section 34179.6(c), the City of San Rafael Successor Agency submitted an Oversight Board approved Non-Housing Funds Due Diligence Review to the California Department of Finance (DOF) on February 26, 2013. As of the end of the 45-day review period, there was no requirement to pay funds from the Non-Housing funds.

State Asset Transfer Review

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office is required to review the records of the former redevelopment agency for asset transfers that took place after January 1, 2011, between the city or county, or city and county that created a redevelopment agency, or any other public agency, and the redevelopment agency through its termination on January 31, 2012. The State Controller's Office is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABx1 26, be turned over to the Successor Agency. The State Controller's Office completed this review on May 17, 2013, and issued its report on July 29, 2013. The report resulted in no action required by the City of San Rafael Successor Agency.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)
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C. Long-Term Debt

1999 Tax Allocation Bonds and Capital Appreciation Bonds

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

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

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

2002 Tax Allocation Refunding Bonds

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

2009 Tax Allocation Refunding Bonds

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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

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

The former Agency pledged all future tax increment revenues, less amounts required to be set aside in the Low and Moderate Income Housing Fund, for the repayment of the 1999 Capital Appreciation Bonds, and the 2002 and 2009 Tax Allocation Refunding Bonds. The pledge of all future tax increment revenues ends upon repayment of \$35.7 million in remaining debt service on the Bonds, which is scheduled to occur in 2023. For fiscal year June 30, 2013, tax increment revenues amounted to \$3.6 million which was used to make the debt service payments of \$3.6 million.

The following table summarizes the activity for the fiscal year ended June 30, 2013:

	Authorized and Issued	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
San Rafael Redevelopment Agency						
1999 Tax Allocation Bonds						
Capital Appreciation Bonds						
5.58%-5.6%, due 12/1/2022	\$2,389,004	\$4,871,597	\$276,233		\$5,147,830	
2002 Tax Allocation Refunding Bonds						
2.00%-5.25%, due 12/1/2021	25,020,000	12,525,000		\$1,495,000	11,030,000	\$1,575,000
2009 Tax Allocation Refunding Bonds						
3.00%-5.00%, due 12/1/2022	14,660,000	12,880,000		930,000	11,950,000	965,000
Add: deferred bond premium costs		878,465		79,860	798,605	
Total Successor Agency Long-term Debt		\$31,155,062	\$276,233	\$2,504,860	\$28,926,435	\$2,540,000

Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ended June 30	Governmental Activities	
	Principal	Interest
2014	\$2,540,000	1,023,576
2015	2,675,000	893,201
2016	2,800,000	766,926
2017	2,930,000	634,276
2018	3,080,000	484,026
2019 - 2023	16,785,000	1,039,189
Totals	30,810,000	\$4,841,194
Reconciliation of long-term debt:		
Less unaccreted discount	(2,682,170)	
Add deferred bond premium costs	798,605	
	\$28,926,435	

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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

D. Other Long-Term Obligations

During the fiscal year ending June 30, 2013, the San Rafael Successor Agency Oversight Board approved two personnel-related obligations of the former Redevelopment Agency. On August 30, 2012, the Oversight Board approved the inclusion of \$1,904,431, representing the unfunded pension liability attributable to former Redevelopment Agency employees; the repayment is being made in ten equal, annual installments. On January 22, 2013, the Oversight Board approved the inclusion of \$502,000, representing the unfunded OPEB (retiree medical) liability attributable to former Redevelopment Agency employees; the repayment is being made in nine equal, annual installments.

The following table summarizes the activity for the fiscal year ended June 30, 2013:

	Approved Amount	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Unfunded Pension Liability	\$1,904,431		\$1,904,431	\$190,443	\$1,713,988
Unfunded OPEB Liability	502,000		502,000	55,778	446,222
Total Long Term Obligations			\$2,406,431	\$246,221	\$2,160,210

E. Commitment and Contingencies

State Approval of Enforceable Obligation

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. As of June 30, 2013, the Successor Agency had prepared four ROPS, all of which have been approved by the Oversight Board and the California Department of Finance. The Department of Finance has stated that all items on a future ROPS are subject to a subsequent review. The amount, if any, of current obligations that may be denied by the Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Demand for True-Up Payment

Pursuant to Health and Safety Code section 34183.5 (b), Successor Agencies are required to remit a True-Up Payment representing a calculation of tax increment collected in December 2011 by the former Redevelopment Agency in excess of the enforceable obligations, as approved by the County Auditor/Controller. On July 9, 2012 the Successor Agency received a Demand from the County Auditor/Controller that had calculated a True-Up Payment of \$1,731,446. Management reviewed the calculation and believes it is inaccurate. Management’s calculation of the True-Up Payment amounted to \$148,589 and on July 12, 2012 the Successor Agency remitted that amount to the County Auditor/Controller. The remaining unpaid balance of the Demand has not been recorded in the accompanying financial statements as management believes its calculation is accurate.

The California State Attorney General’s Office has been in contact with the Successor Agency to inform the Successor Agency of the litigation process that will resolve the issue in the amount paid on July 12, 2012. The City anticipates proceeding with this process during fiscal year 2013-2014.

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REQUIRED SUPPLEMENTAL INFORMATION

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

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

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

CITY OF SAN RAFAEL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments	\$44,877,050	\$45,373,704	\$46,670,007	\$1,296,303
Licenses and permits	1,685,000	1,813,000	1,929,387	116,387
Fines and forfeitures	714,700	714,700	734,005	19,305
Use of money and properties	148,210	173,310	228,565	55,255
Intergovernmental	6,370,308	6,370,308	6,475,596	105,288
Charges for services	2,099,750	2,219,750	2,079,265	(140,485)
Other revenue	225,000	564,489	1,910,686	1,346,197
Total Revenues	56,120,018	57,229,261	60,027,511	2,798,250
EXPENDITURES				
Current:				
General government	8,274,237	9,989,088	9,087,723	901,365
Public safety	33,708,233	34,259,194	33,987,636	271,558
Public works and parks	8,892,289	8,909,453	8,875,111	34,342
Community development/redevelopment	2,971,296	2,971,296	2,961,275	10,021
Culture and recreation	2,231,769	2,231,768	2,200,468	31,300
Capital outlay	44,850	172,940	170,138	2,802
Capital improvement/special projects	23,260	438,260	194,425	243,835
Debt service:				
Interest and fiscal charges		283,805	283,805	
Total Expenditures	56,145,934	59,255,804	57,760,581	1,495,223
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,916)	(2,026,543)	2,266,930	4,293,473
OTHER FINANCING SOURCES (USES)				
Transfers in	1,485,200	3,104,622	3,104,622	
Transfers out	(1,438,998)	(4,338,227)	(4,338,227)	
Total Other Financing Sources (Uses)	46,202	(1,233,605)	(1,233,605)	
Net Change in Fund Balances	\$20,286	(\$3,260,148)	1,033,325	\$4,293,473
FUND BALANCES, BEGINNING OF YEAR, as restated			2,771,462	
FUND BALANCES, END OF YEAR			\$3,804,787	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and properties	\$19,000	\$19,000	\$17,226	(\$1,774)
Charges for services			3,096,328	3,096,328
Total Revenues	<u>19,000</u>	<u>19,000</u>	<u>3,113,554</u>	<u>3,094,554</u>
EXPENDITURES				
Current:				
Public works and parks	74,543	74,649	74,609	40
Total Expenditures	<u>74,543</u>	<u>74,649</u>	<u>74,609</u>	<u>40</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(55,543)</u>	<u>(55,649)</u>	<u>3,038,945</u>	<u>3,094,594</u>
Net Change in Fund Balances	<u>(\$55,543)</u>	<u>(\$55,649)</u>	3,038,945	<u>\$3,094,594</u>
FUND BALANCES, BEGINNING OF YEAR			<u>9,401,096</u>	
FUND BALANCES, END OF YEAR			<u>\$12,440,041</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and properties	\$3,750	\$3,750	\$7,366	\$3,616
Intergovernmental	4,760,442	4,760,442	3,305,466	(1,454,976)
Charges for services	496,000	619,800	1,031,919	412,119
Other revenue			53,993	53,993
Total Revenues	<u>5,260,192</u>	<u>5,383,992</u>	<u>4,398,744</u>	<u>(985,248)</u>
EXPENDITURES				
Current:				
Public works and parks	30,026	30,190	30,084	106
Capital outlay	1,489,009	1,490,338	428,230	1,062,108
Capital improvement/special projects	<u>3,469,143</u>	<u>3,219,143</u>	<u>1,641,022</u>	<u>1,578,121</u>
Total Expenditures	<u>4,988,178</u>	<u>4,739,671</u>	<u>2,099,336</u>	<u>2,640,335</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>272,014</u>	<u>644,321</u>	<u>2,299,408</u>	<u>1,655,087</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		365	365	
Transfers (out)	<u>(440,000)</u>	<u>(674,521)</u>	<u>(674,521)</u>	
Total Other Financing Sources (Uses)	<u>(440,000)</u>	<u>(674,156)</u>	<u>(674,156)</u>	
Net Change in Fund Balances	<u>(\$167,986)</u>	<u>(\$29,835)</u>	1,625,252	<u>\$1,655,087</u>
FUND BALANCES, BEGINNING OF YEAR			<u>4,481,247</u>	
FUND BALANCES, END OF YEAR			<u>\$6,106,499</u>	

SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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 geotechnical mitigation facilities. A Mello Roos District was formed to fund this maintenance.

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

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

Pt. San Pedro Debt-CIP Portion Payment Debt Services Fund – Established to accumulate funds for payment of principal and interest for Pt. San Pedro Assessment District 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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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.

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

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

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Street Maintenance and Cleaning
ASSETS					
Cash and investments	\$239,660	\$194,238	\$217,744	\$78,148	\$633,288
Restricted cash and investments					
Receivables:					
Accounts	225,103		267,040		
Taxes		279			
Grants	2,371			29,297	
Loans					
Prepays	17,145			6,814	
	<u>\$484,279</u>	<u>\$194,517</u>	<u>\$484,784</u>	<u>\$114,259</u>	<u>\$633,288</u>
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$121,259		\$244,403	\$41,001	
Deposits payable					
Developer bonds payable					
Deferred revenue	292,564				
	<u>413,823</u>		<u>244,403</u>	<u>41,001</u>	
Total Liabilities					
Fund Balances:					
Nonspendable	17,145			6,814	
Restricted	496	\$194,517	183,123		\$550,529
Committed	23,310		35,273	9,700	
Assigned	29,505		21,985	56,744	82,759
	<u>70,456</u>	<u>194,517</u>	<u>240,381</u>	<u>73,258</u>	<u>633,288</u>
Total Fund Balances					
Total Liabilities and Fund Balances	<u>\$484,279</u>	<u>\$194,517</u>	<u>\$484,784</u>	<u>\$114,259</u>	<u>\$633,288</u>

SPECIAL REVENUE FUNDS

Loch Lomond Assessment District	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants
\$521,052	\$226,967	\$617,883	\$171,621	\$1,804,837	\$846,125	\$1,070,681
172			17,000	8,413	45,000	225,545
<u>\$521,224</u>	<u>\$226,967</u>	<u>\$617,883</u>	<u>\$188,621</u>	<u>\$1,813,250</u>	<u>\$891,125</u>	<u>\$1,296,226</u>
	\$5,123	\$25,219		\$29,328	\$8,073 9,887 1,500	\$36,408 33,430
	<u>5,123</u>	<u>25,219</u>		<u>29,328</u>	<u>19,460</u>	<u>69,838</u>
\$521,224	10,383 104,782 106,679	51,469 541,195	\$183,855 4,766	1,452,338 331,584	479,329 181,703 210,633	459,600 766,788
<u>521,224</u>	<u>221,844</u>	<u>592,664</u>	<u>188,621</u>	<u>1,783,922</u>	<u>871,665</u>	<u>1,226,388</u>
<u>\$521,224</u>	<u>\$226,967</u>	<u>\$617,883</u>	<u>\$188,621</u>	<u>\$1,813,250</u>	<u>\$891,125</u>	<u>\$1,296,226</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

	SPECIAL REVENUE FUNDS				
	Parkland Dedication	Emergency Medical Services	Business Improvement	Sewer Maintenance	Pt. San Pedro Maintenance Portion
ASSETS					
Cash and investments	\$847,553	\$593,674	\$4,298	\$126,651	\$165,362
Restricted cash and investments					
Receivables:					
Accounts		160,000			
Taxes		45,627			934
Grants	103,077				
Loans					
Prepays		7,907			
	<u>\$950,630</u>	<u>\$807,208</u>	<u>\$4,298</u>	<u>\$126,651</u>	<u>\$166,296</u>
Total Assets	<u>\$950,630</u>	<u>\$807,208</u>	<u>\$4,298</u>	<u>\$126,651</u>	<u>\$166,296</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		\$62,459		\$95,510	
Deposits payable					
Developer bonds payable					
Deferred revenue					
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total Liabilities	<u></u>	<u>62,459</u>	<u></u>	<u>95,510</u>	<u></u>
Fund Balances:					
Nonspendable		7,907			
Restricted	\$695,630	736,842	\$4,298		\$166,296
Committed	255,000				
Assigned				31,141	
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total Fund Balances	<u>950,630</u>	<u>744,749</u>	<u>4,298</u>	<u>31,141</u>	<u>166,296</u>
Total Liabilities and Fund Balances	<u>\$950,630</u>	<u>\$807,208</u>	<u>\$4,298</u>	<u>\$126,651</u>	<u>\$166,296</u>

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			CAPITAL PROJECT FUND	
Low and Moderate Income Housing	Measure A Open Space	Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Pt. San Pedro Debt-CIP Portion Payment	Capital Improvement
\$130,340	\$150,013	\$2,875	\$16,543	\$145,826		\$1,147,024
	67,200					66,886
680,979						
<u>\$811,319</u>	<u>\$217,213</u>	<u>\$2,875</u>	<u>\$16,543</u>	<u>\$145,826</u>		<u>\$1,213,910</u>
\$4,840						\$70,695
<u>4,840</u>						<u>70,695</u>
806,479	\$217,213	\$2,875	\$16,543	\$145,826		1,143,215
<u>806,479</u>	<u>217,213</u>	<u>2,875</u>	<u>16,543</u>	<u>145,826</u>		<u>1,143,215</u>
<u>\$811,319</u>	<u>\$217,213</u>	<u>\$2,875</u>	<u>\$16,543</u>	<u>\$145,826</u>		<u>\$1,213,910</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

	CAPITAL PROJECT FUNDS				
	Bedroom Tax	Assessment Districts	Park Capital Projects	Open Space	Radio Replacement
ASSETS					
Cash and investments	\$21,970	\$379,145	\$18,446	\$130,836	\$580,328
Restricted cash and investments		76,285			
Receivables:					
Accounts					
Taxes					
Grants					
Loans					
Prepays					
Total Assets	\$21,970	\$455,430	\$18,446	\$130,836	\$580,328
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		\$96,066	\$1,145		
Deposits payable					
Developer bonds payable					
Deferred revenue					
Total Liabilities		96,066	1,145		
Fund Balances:					
Nonspendable					
Restricted	\$21,970	302,174			
Committed		57,190	12,986		
Assigned			4,315	\$130,836	\$580,328
Total Fund Balances	21,970	359,364	17,301	130,836	580,328
Total Liabilities and Fund Balances	\$21,970	\$455,430	\$18,446	\$130,836	\$580,328

<u>Telephone Replacement</u>	<u>Total Non-Major Governmental Funds</u>
\$236,856	\$11,319,984 76,285
	714,143 122,625 427,176 680,979
<u>13,440</u>	<u>45,306</u>
<u><u>\$250,296</u></u>	<u><u>\$13,386,498</u></u>
\$39,634	\$881,163 43,317 1,500 292,564
<u>39,634</u>	<u>1,218,544</u>
13,440	45,306 6,396,530 4,273,971 1,452,147
<u>197,222</u>	<u>12,167,954</u>
<u>210,662</u>	<u>12,167,954</u>
<u><u>\$250,296</u></u>	<u><u>\$13,386,498</u></u>

CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Street Maintenance and Cleaning
REVENUES					
Taxes and special assessments		\$25,368			
Use of money and properties	\$139	251	\$208	\$84	\$883
Intergovernmental	14,999			257,134	
Charges for services	2,600,368		1,447,674	3,403,782	
Other revenue	37,534		1,400	250	470
Total Revenues	<u>2,653,040</u>	<u>25,619</u>	<u>1,449,282</u>	<u>3,661,250</u>	<u>1,353</u>
EXPENDITURES					
Current:					
General government					
Public safety			1,428,074		
Public works and parks		4,339			
Culture and recreation	3,834,741			3,692,141	
Capital outlay	6,868				
Capital improvement/special projects	31,086		1,125		
Total Expenditures	<u>3,872,695</u>	<u>4,339</u>	<u>1,429,199</u>	<u>3,692,141</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,219,655)</u>	<u>21,280</u>	<u>20,083</u>	<u>(30,891)</u>	<u>1,353</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,160,998			100,000	
Transfers out					
Total Other Financing Sources (Uses)	<u>1,160,998</u>			<u>100,000</u>	
Net Change in Fund Balances	(58,657)	21,280	20,083	69,109	1,353
Fund Balance, Beginning	<u>129,113</u>	<u>173,237</u>	<u>220,298</u>	<u>4,149</u>	<u>631,935</u>
Fund Balance, Ending	<u>\$70,456</u>	<u>\$194,517</u>	<u>\$240,381</u>	<u>\$73,258</u>	<u>\$633,288</u>

SPECIAL REVENUE FUNDS

Loch Lomond Assessment District	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants
\$15,606		\$861,498				
1,111	\$20,615	764	\$201	\$1,643	\$30,124	\$617
	19,515		103,242			1,364,237
	7,038		2,118	784,459	49,175	
	356		6,160	5,937	60,549	41,465
<u>16,717</u>	<u>47,524</u>	<u>862,262</u>	<u>111,721</u>	<u>792,039</u>	<u>139,848</u>	<u>1,406,319</u>
						41,513
			153,886			100,000
54				677,547		29,040
	24,920	830,324				
			5,159			64,973
	46,858		15,299	46,576	56,286	1,031,783
<u>54</u>	<u>71,778</u>	<u>830,324</u>	<u>174,344</u>	<u>724,123</u>	<u>56,286</u>	<u>1,267,309</u>
<u>16,663</u>	<u>(24,254)</u>	<u>31,938</u>	<u>(62,623)</u>	<u>67,916</u>	<u>83,562</u>	<u>139,010</u>
						821,962
(413,952)			65,000	713,952	478,787	(304,520)
			(2,221)		(478,787)	
(413,952)			62,779	713,952		517,442
(397,289)	(24,254)	31,938	156	781,868	83,562	656,452
918,513	246,098	560,726	188,465	1,002,054	788,103	569,936
<u>\$521,224</u>	<u>\$221,844</u>	<u>\$592,664</u>	<u>\$188,621</u>	<u>\$1,783,922</u>	<u>\$871,665</u>	<u>\$1,226,388</u>

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUNDS				
	Parkland Dedication	Emergency Medical Services	Business Improvement	Sewer Maintenance	Pt. San Pedro - Maintenance Portion
REVENUES					
Taxes and special assessments	\$19,058	\$3,804,985			\$82,269
Use of money and properties	1,184	117	\$9		171
Intergovernmental					
Charges for services		2,384,514		\$2,407,505	
Other revenue			17,694		
Total Revenues	<u>20,242</u>	<u>6,189,616</u>	<u>17,703</u>	<u>2,407,505</u>	<u>82,440</u>
EXPENDITURES					
Current:					
General government			17,842		
Public safety		5,707,466			
Public works and parks				2,188,640	2,119
Culture and recreation	8,463				
Capital outlay		14,478			
Capital improvement/special projects					
Total Expenditures	<u>8,463</u>	<u>5,721,944</u>	<u>17,842</u>	<u>2,188,640</u>	<u>2,119</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>11,779</u>	<u>467,672</u>	<u>(139)</u>	<u>218,865</u>	<u>80,321</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out		(280,200)		(218,864)	
Total Other Financing Sources (Uses)		<u>(280,200)</u>		<u>(218,864)</u>	
Net Change in Fund Balances	11,779	187,472	(139)	1	80,321
Fund Balance, Beginning	<u>938,851</u>	<u>557,277</u>	<u>4,437</u>	<u>31,140</u>	<u>85,975</u>
Fund Balance, Ending	<u>\$950,630</u>	<u>\$744,749</u>	<u>\$4,298</u>	<u>\$31,141</u>	<u>\$166,296</u>

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS				CAPITAL PROJECT FUNDS
Low and Moderate Income Housing	Measure A Open Space	Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Pt. San Pedro-Debt-CIP Portion Payment	Capital Improvement
	\$67,200					
\$5,819	13		\$24	\$203		\$384
291,391						480,642
297,210	67,213		24	203		481,026
1,382,402						
					\$120,905	
						1,279,822
						31,945
1,382,402					120,905	1,311,767
(1,085,192)	67,213		24	203	(120,905)	(830,741)
	150,000					1,753,600
	150,000					1,753,600
(1,085,192)	217,213		24	203	(120,905)	922,859
1,891,671		\$2,875	16,519	145,623	120,905	220,356
\$806,479	\$217,213	\$2,875	\$16,543	\$145,826		\$1,143,215

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	CAPITAL PROJECT FUNDS				
	Bedroom Tax	Assessment Districts	Park Capital Projects	Open Space	Radio Replacement
REVENUES					
Taxes and special assessments	\$3,315				
Use of money and properties	29	\$1,552	\$24	\$182	\$385
Intergovernmental					
Charges for services					648,660
Other revenue		1,585,555	6,983		
Total Revenues	3,344	1,587,107	7,007	182	649,045
EXPENDITURES					
Current:					
General government					
Public safety					
Public works and parks					
Culture and recreation					
Capital outlay		1,547,189			
Capital improvement/special projects			1,325	3,905	629,080
Total Expenditures		1,547,189	1,325	3,905	629,080
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,344	39,918	5,682	(3,723)	19,965
OTHER FINANCING SOURCES (USES)					
Transfers in		76,188			
Transfers out		(365)			
Total Other Financing Sources (Uses)		75,823			
Net Change in Fund Balances	3,344	115,741	5,682	(3,723)	19,965
Fund Balance, Beginning	18,626	\$243,623	11,619	134,559	560,363
Fund Balance, Ending	\$21,970	\$359,364	\$17,301	\$130,836	\$580,328

<u>Telephone Replacement</u>	<u>Total Non-Major Governmental Funds</u>
	\$4,879,299
\$207	66,559
	1,759,511
481,000	14,696,935
	<u>2,055,744</u>
<u>481,207</u>	<u>23,458,048</u>
	1,441,757
	7,389,426
	3,022,644
	8,390,589
	2,918,489
<u>421,813</u>	<u>2,317,081</u>
<u>421,813</u>	<u>25,479,986</u>
<u>59,394</u>	<u>(2,021,938)</u>
	5,320,487
	<u>(1,698,909)</u>
	<u>3,621,578</u>
59,394	1,599,640
<u>151,268</u>	<u>10,568,314</u>
<u>\$210,662</u>	<u>\$12,167,954</u>

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	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						
Use of money and properties	\$420	\$139	(\$281)	330	251	(79)
Intergovernmental	14,999	14,999				
Charges for services	2,638,270	2,600,368	(37,902)			
Other revenue	8,480	37,534	29,054			
Total Revenues	<u>2,662,169</u>	<u>2,653,040</u>	<u>(9,129)</u>	<u>25,330</u>	<u>25,619</u>	<u>289</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks				4,339	4,339	
Culture and recreation	3,778,826	3,834,741	(55,915)			
Capital outlay	6,870	6,868	2			
Capital improvement/special projects	86,999	31,086	55,913			
Total Expenditures	<u>3,872,695</u>	<u>3,872,695</u>		<u>4,339</u>	<u>4,339</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,210,526)</u>	<u>(1,219,655)</u>	<u>(9,129)</u>	<u>20,991</u>	<u>21,280</u>	<u>289</u>
OTHER FINANCING SOURCES (USES)						
Bonds issued						
Transfers in	1,160,998	1,160,998				
Transfers out	(60,000)		60,000			
Total Other Financing Sources (Uses)	<u>1,100,998</u>	<u>1,160,998</u>	<u>60,000</u>			
FUND BALANCES, BEGINNING OF YEAR AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>(\$109,528)</u>	<u>(58,657)</u>	<u>\$50,871</u>	<u>\$20,991</u>	<u>21,280</u>	<u>\$289</u>
FUND BALANCES, BEGINNING OF YEAR		<u>129,113</u>			<u>173,237</u>	
FUND BALANCES, END OF YEAR		<u>\$70,456</u>			<u>\$194,517</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)
\$120	\$208	\$88		\$84	\$84	\$1,370	\$883	(\$487)
5,330		(5,330)	\$259,030	257,134	(1,896)			
1,388,340	1,447,674	59,334	3,336,730	3,403,782	67,052		470	470
	1,400	1,400		250	250			
1,393,790	1,449,282	55,492	3,595,760	3,661,250	65,490	1,370	1,353	(17)
1,428,319	1,428,074	245						
			3,763,090	3,692,141	70,949	130		130
			5,330		5,330			
1,130	1,125	5						
1,429,449	1,429,199	250	3,768,420	3,692,141	76,279	130		130
(35,659)	20,083	55,742	(172,660)	(30,891)	141,769	1,240	1,353	113
			100,000	100,000				
			100,000	100,000				
<u>(\$35,659)</u>	20,083	<u>\$55,742</u>	<u>(\$72,660)</u>	69,109	<u>\$141,769</u>	<u>\$1,240</u>	1,353	<u>\$113</u>
	220,298			4,149			631,935	
	<u>\$240,381</u>			<u>\$73,258</u>			<u>\$633,288</u>	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	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	\$15,610	\$15,606	(\$4)			
Licenses and permits						
Use of money and properties	1,900	1,111	(789)	\$25,390	\$20,615	(\$4,775)
Intergovernmental				19,515	19,515	
Charges for services				4,000	7,038	3,038
Other revenue				20,000	356	(19,644)
Total Revenues	17,510	16,717	(793)	68,905	47,524	(21,381)
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks	16,050	54	15,996			
Culture and recreation				89,350	24,920	64,430
Capital outlay						
Capital improvement/special projects				24,515	46,858	(22,343)
Total Expenditures	16,050	54	15,996	113,865	71,778	42,087
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,460	16,663	15,203	(44,960)	(24,254)	20,706
OTHER FINANCING SOURCES (USES)						
Bonds issued						
Transfers in						
Transfers out	(413,952)	(413,952)				
Total Other Financing Sources (Uses)	(413,952)	(413,952)				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	(\$412,492)	(397,289)	\$15,203	(\$44,960)	(24,254)	\$20,706
FUND BALANCES, BEGINNING OF YEAR		918,513			246,098	
FUND BALANCES, END OF YEAR		\$521,224			\$221,844	

SPECIAL REVENUE FUNDS

Library Assessment			Public Safety			Stormwater		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$886,500	\$861,498	(\$25,002)						
\$900	764	(136)	\$340	\$201	(\$139)	\$5,000		(\$5,000)
			65,100	103,242	38,142	2,200	\$1,643	(557)
				2,118	2,118	793,000	784,459	(8,541)
				6,160	6,160		5,937	5,937
887,400	862,262	(25,138)	65,440	111,721	46,281	800,200	792,039	(8,161)
			161,846	153,886	7,960			
830,327	830,324	3				1,052,117	677,547	374,570
			5,159	5,159				
			12,450	15,299	(2,849)	100,000	46,576	53,424
830,327	830,324	3	179,455	174,344	5,111	1,152,117	724,123	427,994
57,073	31,938	(25,135)	(114,015)	(62,623)	51,392	(351,917)	67,916	419,833
			65,000	65,000		713,952	713,952	
			(2,221)	(2,221)				
			62,779	62,779		713,952	713,952	
\$57,073	31,938	(\$25,135)	(\$51,236)	156	\$51,392	\$362,035	781,868	\$419,833
	560,726			188,465			1,002,054	
	\$592,664			\$188,621			\$1,783,922	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

SPECIAL REVENUE FUNDS

	Development Services			Parkland Dedication		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments					\$19,058	\$19,058
Licenses and permits						
Use of money and properties	\$26,100	\$30,124	\$4,024	\$2,040	1,184	(856)
Intergovernmental						
Charges for services		49,175	49,175			
Other revenue		60,549	60,549			
Total Revenues	26,100	139,848	113,748	2,040	20,242	18,202
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks						
Culture and recreation				8,500	8,463	37
Capital outlay				\$150,000		150,000
Capital improvement/special projects	56,300	56,286	14			
Total Expenditures	56,300	56,286	14	158,500	8,463	150,037
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,200)	83,562	\$113,762	(156,460)	11,779	168,239
OTHER FINANCING SOURCES (USES)						
Bonds issued						
Transfers in	478,787	478,787				
Transfers out	(478,787)	(478,787)				
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	(\$30,200)	83,562	\$113,762	(\$156,460)	11,779	\$168,239
FUND BALANCES, BEGINNING OF YEAR		788,103			938,851	
FUND BALANCES, END OF YEAR		\$871,665			\$950,630	

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)
\$3,882,520	\$3,804,985	(\$77,535)						
280	117	(163)	\$20	\$9	(\$11)			
2,300,000	2,384,514	84,514				\$2,502,442	\$2,407,505	(\$94,937)
			22,520	17,694	(4,826)			
<u>6,182,800</u>	<u>6,189,616</u>	<u>6,816</u>	<u>22,540</u>	<u>17,703</u>	<u>(4,837)</u>	<u>2,502,442</u>	<u>2,407,505</u>	<u>(94,937)</u>
			22,520	17,842	4,678			
5,768,163	5,707,466	60,697				2,274,942	2,188,640	86,302
6,000	14,478	(8,478)						
<u>5,774,163</u>	<u>5,721,944</u>	<u>52,219</u>	<u>22,520</u>	<u>17,842</u>	<u>4,678</u>	<u>2,274,942</u>	<u>2,188,640</u>	<u>86,302</u>
408,637	467,672	59,035	20	(139)	(159)	227,500	218,865	(8,635)
(280,200)	(280,200)					(218,864)	(218,864)	
(280,200)	(280,200)					(218,864)	(218,864)	
<u>\$128,437</u>	187,472	<u>\$59,035</u>	<u>\$20</u>	(139)	<u>(\$159)</u>	<u>\$8,636</u>	1	<u>(\$8,635)</u>
	<u>557,277</u>			<u>4,437</u>			<u>31,140</u>	
	<u>\$744,749</u>			<u>\$4,298</u>			<u>\$31,141</u>	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUNDS					
	Pt. San Pedro-Maintenance Portion			Low and Moderate Income Housing		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$88,600	\$82,269	(\$6,331)			
Licenses and permits						
Use of money and properties		171	171		\$5,819	\$5,819
Intergovernmental						
Charges for services						
Other revenue					291,391	
Total Revenues	<u>88,600</u>	<u>82,440</u>	<u>(6,160)</u>		<u>297,210</u>	<u>5,819</u>
EXPENDITURES						
Current:						
General government				\$1,456,845	1,382,402	74,443
Public safety						
Public works and parks	2,282	2,119	163			
Culture and recreation						
Capital outlay						
Capital improvement/special projects						
Total Expenditures	<u>2,282</u>	<u>2,119</u>	<u>163</u>	<u>1,456,845</u>	<u>1,382,402</u>	<u>74,443</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>86,318</u>	<u>80,321</u>	<u>(5,997)</u>	<u>(1,456,845)</u>	<u>(1,085,192)</u>	<u>371,653</u>
OTHER FINANCING SOURCES (USES)						
Bonds issued						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>\$86,318</u>	<u>80,321</u>	<u>(\$5,997)</u>	<u>(\$1,456,845)</u>	<u>(1,085,192)</u>	<u>\$371,653</u>
FUND BALANCES, BEGINNING OF YEAR		<u>85,975</u>			<u>1,891,671</u>	
FUND BALANCES, END OF YEAR		<u>\$166,296</u>			<u>\$806,479</u>	

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS					
Measure A			Mariposa Assessment District			1997 Financing Authority Revenue Bonds		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
	\$67,200	\$67,200						
	13	\$13	\$40	\$24	(\$16)	\$310	\$203	(\$107)
	<u>67,213</u>	<u>67,213</u>	<u>40</u>	<u>24</u>	<u>(16)</u>	<u>310</u>	<u>203</u>	<u>(107)</u>
	<u>67,213</u>	<u>67,213</u>	<u>40</u>	<u>24</u>	<u>(16)</u>	<u>310</u>	<u>203</u>	<u>(107)</u>
\$150,000	150,000							
<u>150,000</u>	<u>150,000</u>							
<u>\$150,000</u>	<u>217,213</u>	<u>\$67,213</u>	<u>\$40</u>	<u>24</u>	<u>(\$16)</u>	<u>\$310</u>	<u>203</u>	<u>(\$107)</u>
				<u>16,519</u>			<u>145,623</u>	
	<u>\$217,213</u>			<u>\$16,543</u>			<u>\$145,826</u>	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	DEBT SERVICE FUNDS		
	Pt. San Pedro-Debt-CIP Payment		
	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes and special assessments	\$124,600		(\$124,600)
Licenses and permits			
Use of money and properties			
Intergovernmental			
Charges for services			
Other revenue			
Total Revenues	124,600		(124,600)
EXPENDITURES			
Current:			
General government			
Public safety			
Public works and parks	120,906	\$120,905	1
Culture and recreation			
Capital outlay			
Capital improvement/special projects			
Total Expenditures	120,906	120,905	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,694	(120,905)	(\$124,599)
OTHER FINANCING SOURCES (USES)			
Bonds issued	1,750,000		(1,750,000)
Transfers in			
Transfers out	(1,585,555)		1,585,555
Total Other Financing Sources (Uses)	164,445		(164,445)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	\$168,139	(120,905)	(\$289,044)
FUND BALANCES, BEGINNING OF YEAR		120,905	
FUND BALANCES, END OF YEAR			

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.

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

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

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2013

	<u>Building Maintenance</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>	<u>Workers' Compensation</u>
ASSETS				
Current Assets:				
Cash and investments	\$2,431,599	\$740,698	\$1,377,886	\$5,205,995
Accounts receivable				189,908
Due from other funds				
Prepays	3,522			3,639
Net Pension Asset (Note 9)				
Net OPEB Asset				
	<u>2,435,121</u>	<u>740,698</u>	<u>1,377,886</u>	<u>5,399,542</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	58,343	10,419		13,760
Claims payable - due in one year			512,376	1,426,924
Non-current Liabilities:				
Claims payable - due in more than one year			590,411	3,385,638
	<u>58,343</u>	<u>10,419</u>	<u>1,102,787</u>	<u>4,826,322</u>
NET POSITION:				
Restricted				
Unrestricted	<u>2,376,778</u>	<u>730,279</u>	<u>275,099</u>	<u>573,220</u>
	<u>\$2,376,778</u>	<u>\$730,279</u>	<u>\$275,099</u>	<u>\$573,220</u>

<u>Dental Insurance</u>	<u>Employee Retirement</u>	<u>OPEB/ Retiree Medical</u>	<u>Total</u>
\$135,058	\$1,032,541	\$613,496	\$11,537,273
		191,509	381,417
	748,239		748,239
		450	7,611
	1,000,000		1,000,000
		4,512,141	4,512,141
<u>135,058</u>	<u>2,780,780</u>	<u>5,317,596</u>	<u>18,186,681</u>
3,715		20,062	106,299
			1,939,300
			<u>3,976,049</u>
<u>3,715</u>		<u>20,062</u>	<u>6,021,648</u>
	1,000,000	4,512,141	5,512,141
131,343	1,780,780	785,393	6,652,892
<u>\$131,343</u>	<u>\$2,780,780</u>	<u>\$5,297,534</u>	<u>\$12,165,033</u>

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Building Maintenance</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>	<u>Workers' Compensation</u>
OPERATING REVENUES				
Charges for current services	\$1,614,190	\$700,000	\$1,569,880	\$1,972,083
Other operating revenues	11,300		101,040	
Total Operating Revenues	<u>1,625,490</u>	<u>700,000</u>	<u>1,670,920</u>	<u>1,972,083</u>
OPERATING EXPENSES				
Insurance premiums and claims			(868,977)	1,307,005
Maintenance and repairs	199,484			
General and administrative		669,391	173,068	98,739
Total Operating Expenses	<u>199,484</u>	<u>669,391</u>	<u>(695,909)</u>	<u>1,405,744</u>
Operating Income (Loss)	<u>1,426,006</u>	<u>30,609</u>	<u>2,366,829</u>	<u>566,339</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,136	670	3,783	6,881
Interest expense				
Total Nonoperating Revenues (Expenses)	<u>1,136</u>	<u>670</u>	<u>3,783</u>	<u>6,881</u>
Net income (loss) before transfers	<u>1,427,142</u>	<u>31,279</u>	<u>2,370,612</u>	<u>573,220</u>
Transfers in	583,600	319,000		
Transfers out	(373,600)		(2,095,513)	
Change in Net Position	1,637,142	350,279	275,099	573,220
NET POSITION, BEGINNING OF YEAR	<u>739,636</u>	<u>380,000</u>		
NET POSITION, END OF YEAR	<u><u>\$2,376,778</u></u>	<u><u>\$730,279</u></u>	<u><u>\$275,099</u></u>	<u><u>\$573,220</u></u>

<u>Dental Insurance</u>	<u>Employee Retirement</u>	<u>OPEB/ Retiree Medical</u>	<u>Total</u>
\$495,588		\$2,283,332	\$8,635,073
8,490		1,014,905	1,135,735
<u>504,078</u>		<u>3,298,237</u>	<u>9,770,808</u>
380,610		3,496,522	4,315,160
	\$2,000		199,484
			943,198
<u>380,610</u>	<u>2,000</u>	<u>3,496,522</u>	<u>5,457,842</u>
123,468	(2,000)	(198,285)	4,312,966
379	4,077	850,135	867,061
<u>379</u>	<u>4,077</u>	<u>850,135</u>	<u>867,061</u>
123,847	2,077	651,850	5,180,027
(200,000)	276,513 (500,000)	700,000	1,879,113 (3,169,113)
(76,153)	(221,410)	1,351,850	3,890,027
<u>207,496</u>	<u>3,002,190</u>	<u>3,945,684</u>	<u>8,275,006</u>
<u>\$131,343</u>	<u>\$2,780,780</u>	<u>\$5,297,534</u>	<u>\$12,165,033</u>

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	Building Maintenance	Employee Benefits	Liability Insurance	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers/other funds	\$1,614,190	\$772,938	\$1,569,880	\$1,782,175
Cash payments to suppliers for goods and services	(150,576)	(673,998)	(789,647)	(1,310,694)
Other operating revenues	11,300		101,040	
Payment to Pension Trust				
Payment to OPEB Trust				
	<u>1,474,914</u>	<u>98,940</u>	<u>881,273</u>	<u>471,481</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund receipts (payments)	210,000	319,000	(2,095,513)	
Interest expense				
	<u>210,000</u>	<u>319,000</u>	<u>(2,095,513)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment received	1,136	670	3,783	6,881
Proceeds from sale of investments				
	<u>1,136</u>	<u>670</u>	<u>3,783</u>	<u>6,881</u>
Net increase (decrease) in cash and cash equivalents	1,686,050	418,610	(1,210,457)	478,362
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>745,549</u>	<u>322,088</u>	<u>2,588,343</u>	<u>4,727,633</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$2,431,599</u>	<u>\$740,698</u>	<u>\$1,377,886</u>	<u>\$5,205,995</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$1,426,006	\$30,609	\$2,366,829	\$566,339
Net change in assets and liabilities:				
Accounts receivable		72,938		(189,908)
Prepays and deposits	(3,522)			(3,639)
Net Pension Asset				
Net OPEB Asset				
Accounts payable	52,430	(4,607)	(7,179)	4,325
Claims payable			(1,478,377)	94,364
	<u>1,474,914</u>	<u>98,940</u>	<u>881,273</u>	<u>471,481</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$1,474,914</u>	<u>\$98,940</u>	<u>\$881,273</u>	<u>\$471,481</u>

<u>Dental Insurance</u>	<u>Employee Retirement</u>	<u>OPEB/ Employee Retirement</u>	<u>Total</u>
\$495,588		\$2,091,823	\$8,326,594
(380,569)	(\$2,000)	(3,476,910)	(6,784,394)
8,490		1,014,905	1,135,735
	(1,000,000)		(1,000,000)
		(4,512,141)	(4,512,141)
<u>123,509</u>	<u>(1,002,000)</u>	<u>(4,882,323)</u>	<u>(2,834,206)</u>
(200,000)	(971,726)	700,000	(2,038,239)
<u>(200,000)</u>	<u>(971,726)</u>	<u>700,000</u>	<u>(2,038,239)</u>
379	4,077	850,135	867,061
		3,584,164	3,584,164
<u>379</u>	<u>4,077</u>	<u>4,434,299</u>	<u>4,451,225</u>
(76,112)	(1,969,649)	251,976	(421,220)
<u>211,170</u>	<u>3,002,190</u>	<u>361,520</u>	<u>11,958,493</u>
<u>\$135,058</u>	<u>\$1,032,541</u>	<u>\$613,496</u>	<u>\$11,537,273</u>
\$123,468	(\$2,000)	(\$198,285)	\$4,312,966
		(191,509)	(308,479)
		(450)	(7,611)
	(1,000,000)		(1,000,000)
		(4,512,141)	(4,512,141)
41		20,062	65,072
			(1,384,013)
<u>\$123,509</u>	<u>(\$1,002,000)</u>	<u>(\$4,882,323)</u>	<u>(\$2,834,206)</u>

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AGENCY FUNDS

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

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

CITY OF SAN RAFAEL
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<hr/>				
<u>Pt. San Pedro Road Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments		\$300,578		\$300,578
Taxes Receivable		1,486		1,486
Total Assets		\$302,064		\$302,064
<u>Liabilities</u>				
Due to bondholders		\$302,064		\$302,064
Total Liabilities		\$302,064		\$302,064
<hr/>				
Total Agency Fund				
<hr/>				
<u>Assets</u>				
Restricted cash and investments		\$300,578		\$300,578
Taxes Receivable		1,486		1,486
Total Assets		\$302,064		\$302,064
<u>Liabilities</u>				
Due to bondholders		\$302,064		\$302,064
Total Liabilities		\$302,064		\$302,064



Terra Linda Community Pool

STATISTICAL SECTION

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

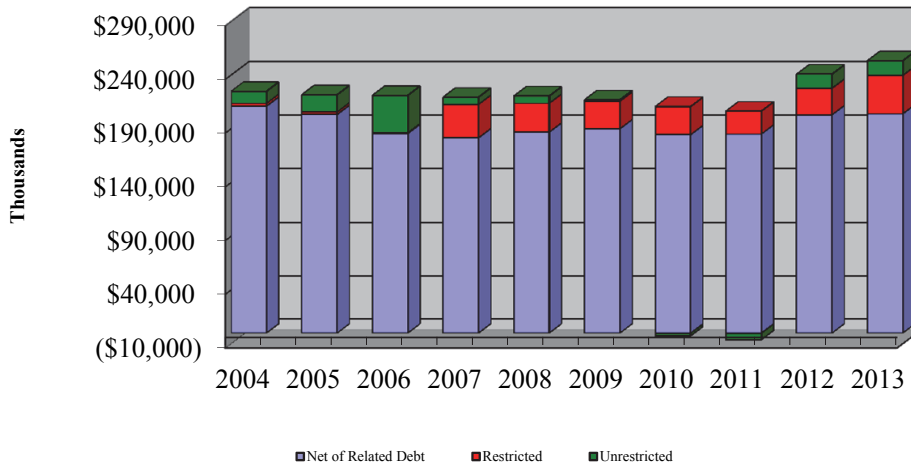
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

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

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



	As of June 30			
	2004	2005	2006	2007
Governmental activities				
Invested in capital assets, net of related debt	\$202,215,793	\$194,658,126	\$175,806,100	\$171,849,149
Restricted	2,708,397	2,378,641	620,889	31,124,935
Unrestricted	9,775,565	14,167,627	32,739,318	4,499,136
Total governmental activities net position	\$214,699,755	\$211,204,394	\$209,166,307	\$207,473,220
Business-type activities				
Invested in capital assets, net of related debt	\$8,749,750	\$8,615,483	\$9,819,435	\$9,717,501
Unrestricted	1,447,467	1,900,504	2,113,659	2,226,838
Total business-type activities net position	\$10,197,217	\$10,515,987	\$11,933,094	\$11,944,339
Primary government				
Net investments in capital assets	\$210,965,543	\$203,273,609	\$185,625,535	\$181,566,650
Restricted	2,708,397	2,378,641	620,889	31,124,935
Unrestricted	11,223,032	16,068,131	34,852,977	6,725,974
Total primary government net position	\$224,896,972	\$221,720,381	\$221,099,401	\$219,417,559

As of June 30

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$176,724,820	\$178,744,119	\$173,536,144	\$174,281,922	\$192,361,245	\$193,222,791
26,848,900	25,721,231	26,150,254	21,322,937	24,693,205	35,780,412
<u>4,273,937</u>	<u>(700,985)</u>	<u>(4,631,276)</u>	<u>(8,170,324)</u>	<u>10,652,263</u>	<u>11,151,318</u>
<u><u>\$207,847,657</u></u>	<u><u>\$203,764,365</u></u>	<u><u>\$195,055,122</u></u>	<u><u>\$187,434,535</u></u>	<u><u>\$227,706,713</u></u>	<u><u>\$240,154,521</u></u>
\$10,130,329	\$11,243,637	\$10,950,825	\$10,793,592	\$10,650,558	\$10,670,190
2,471,117	1,936,958	2,017,354	1,948,447	2,495,889	2,501,498
<u>\$12,601,446</u>	<u>\$13,180,595</u>	<u>\$12,968,179</u>	<u>\$12,742,039</u>	<u>\$13,146,447</u>	<u>\$13,171,688</u>
\$186,855,149	\$189,987,756	\$184,486,969	\$185,075,514	\$203,011,803	\$203,892,981
26,848,900	25,721,231	26,150,254	21,322,937	24,693,205	35,780,412
<u>6,745,054</u>	<u>1,235,973</u>	<u>(2,613,922)</u>	<u>(6,221,877)</u>	<u>13,148,152</u>	<u>13,652,816</u>
<u><u>\$220,449,103</u></u>	<u><u>\$216,944,960</u></u>	<u><u>\$208,023,301</u></u>	<u><u>\$200,176,574</u></u>	<u><u>\$240,853,160</u></u>	<u><u>\$253,326,209</u></u>

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

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
Expenses				
Governmental Activities:				
General government	\$5,074,335	\$5,895,390	\$6,252,533	\$8,908,433
Public safety	30,453,108	32,891,692	33,178,537	37,271,272
Public works and parks	16,043,092	16,820,453	23,401,246	20,998,749
Community development	3,921,422	4,624,345	4,194,249	4,384,408
Culture and recreation	7,444,339	8,450,017	8,652,445	9,729,485
Interest on long-term debt and fiscal charges	2,516,659	2,129,818	1,725,559	2,183,683
Total Governmental Activities Expenses	<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	1,539,441	2,451,941	2,761,511	3,110,254
Total Business-Type Activities Expenses	<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>\$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>\$5,297,737</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	\$1,487,595	\$1,831,269	\$402,094	\$1,512,814
Public safety	2,203,371	4,315,141	5,085,679	5,279,785
Public works and parks	2,697,858	3,298,076	3,799,861	4,030,060
Community development	1,982,211	1,974,527	3,190,832	2,815,009
Culture and recreation	3,960,777	3,924,360	4,368,274	4,521,004
Operating grants and contributions	5,252,820	3,321,135	2,745,570	3,701,901
Capital grants and contributions	573,485	606,589	3,936,474	2,786,761
Total Government Activities Program Revenues	<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	2,307,432	2,604,066	3,025,380	3,242,046
Total Business-Type Activities Program Revenues	<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>\$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>\$5,811,437</u>	<u>\$6,060,993</u>	<u>\$6,340,773</u>	<u>\$7,857,916</u>
Net (Expense)/Revenue				
Governmental Activities	(\$47,294,838)	(\$51,540,618)	(\$53,875,785)	(\$58,828,696)
Business-Type Activities	767,991	152,125	263,869	131,792
Total Primary Government Net Expense	<u>(\$46,526,847)</u>	<u>(\$51,388,493)</u>	<u>(\$53,611,916)</u>	<u>(\$58,696,904)</u>
Component Unit Activities	<u>\$513,700</u>	<u>\$772,411</u>	<u>\$191,858</u>	<u>\$1,201,484</u>

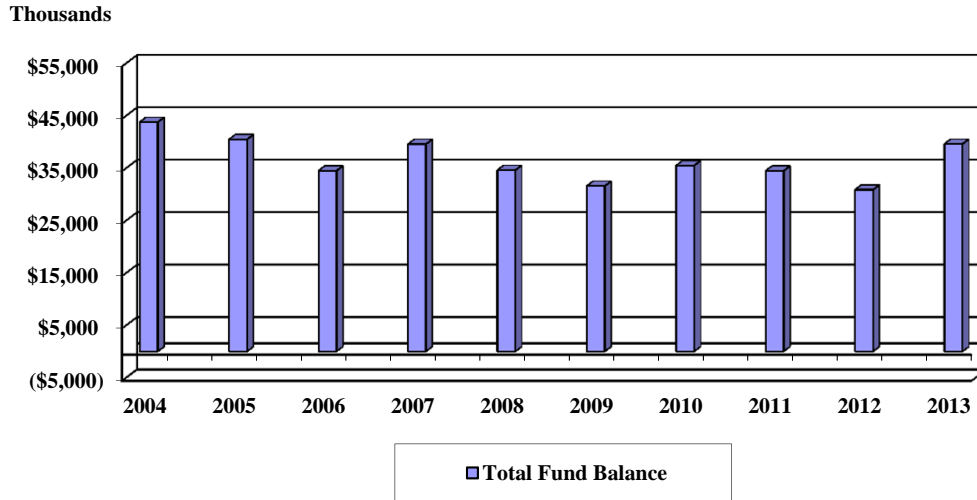
2008	2009	2010	2011	2012	2013
\$8,621,079	\$8,075,344	\$8,396,759	\$8,269,846	\$10,171,332	\$10,202,530
40,845,347	42,708,538	42,752,033	44,735,486	39,876,910	41,966,065
22,105,367	23,036,676	17,401,923	17,408,038	17,423,033	17,695,164
5,811,866	5,759,171	6,738,873	7,804,650	4,587,557	3,403,158
10,300,230	11,505,896	11,139,225	11,487,999	11,020,663	11,330,058
1,989,620	1,907,229	2,200,024	1,621,605	1,224,991	283,805
<u>89,673,509</u>	<u>92,992,854</u>	<u>88,628,837</u>	<u>91,327,624</u>	<u>84,304,486</u>	<u>84,880,780</u>
<u>3,282,235</u>	<u>3,563,235</u>	<u>4,016,198</u>	<u>3,785,751</u>	<u>3,446,482</u>	<u>3,545,387</u>
<u>3,282,235</u>	<u>3,563,235</u>	<u>4,016,198</u>	<u>3,785,751</u>	<u>3,446,482</u>	<u>3,545,387</u>
<u>\$92,955,744</u>	<u>\$96,556,089</u>	<u>\$92,645,035</u>	<u>\$95,113,375</u>	<u>\$87,750,968</u>	<u>\$88,426,167</u>
<u>\$8,090,636</u>	<u>\$9,143,977</u>	<u>\$9,087,354</u>	<u>\$9,677,630</u>	<u>\$10,185,779</u>	<u>\$10,169,082</u>
\$1,494,784	\$1,738,685	\$1,665,460	\$1,636,542	\$1,986,791	\$2,655,749
5,562,072	5,906,445	6,308,912	6,167,925	7,122,396	6,478,321
4,983,288	4,753,817	3,916,874	4,141,103	5,214,267	7,837,472
3,247,024	2,915,872	2,830,179	2,676,663	3,255,367	3,984,204
4,870,884	5,253,683	5,280,458	5,362,497	5,873,147	6,075,129
3,463,616	3,544,248	3,721,055	3,651,902	3,158,281	4,085,073
3,239,509	7,311,173	2,116,906	1,857,670	2,705,696	5,876,993
<u>26,861,177</u>	<u>31,423,923</u>	<u>25,839,844</u>	<u>25,494,302</u>	<u>29,315,945</u>	<u>36,992,941</u>
<u>4,161,936</u>	<u>4,454,490</u>	<u>4,244,404</u>	<u>4,011,333</u>	<u>3,901,175</u>	<u>3,990,706</u>
<u>4,161,936</u>	<u>4,454,490</u>	<u>4,244,404</u>	<u>4,011,333</u>	<u>3,901,175</u>	<u>3,990,706</u>
<u>\$31,023,113</u>	<u>\$35,878,413</u>	<u>\$30,084,248</u>	<u>\$29,505,635</u>	<u>\$33,217,120</u>	<u>\$40,983,647</u>
<u>\$9,366,305</u>	<u>\$10,567,647</u>	<u>\$11,559,549</u>	<u>\$12,223,779</u>	<u>\$12,368,889</u>	<u>\$12,413,123</u>
(\$62,812,332)	(\$61,568,931)	(\$62,788,993)	(\$65,833,322)	(\$54,988,541)	(\$47,887,839)
879,701	891,255	228,206	225,582	454,693	445,319
<u>(\$61,932,631)</u>	<u>(\$60,677,676)</u>	<u>(\$62,560,787)</u>	<u>(\$65,607,740)</u>	<u>(\$54,533,848)</u>	<u>(\$47,442,520)</u>
<u>\$1,275,669</u>	<u>\$1,423,670</u>	<u>\$2,472,195</u>	<u>\$2,546,149</u>	<u>\$2,183,110</u>	<u>\$2,244,041</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property	\$14,895,188	\$17,385,722	\$20,848,887	\$20,360,475
Sales	17,166,966	17,132,100	18,188,524	24,484,356
Special assessments	3,329,680	3,642,184	3,017,488	2,998,925
Paramedic				
Motor vehicles	2,495,598	4,657,817	372,726	331,620
Transient occupancy				
Franchise				
Business license				
Other	5,476,044	5,151,205	6,963,448	8,830,955
Investment earnings	809,242	1,112,548	1,248,409	1,669,181
Gain (Loss) on disposal of assets				
Miscellaneous	498,200	876,907	361,195	491,488
Special item - Court fines repayment				(1,133,458)
Transfers	142,970	15,720	201,191	212,170
Total Government Activities	<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	29,534	28,522	44,536	91,623
Aid from other government agencies		40,735	1,309,893	
Transfers	(142,970)	(15,720)	(201,191)	(212,170)
Total Business-Type Activities	<u>(113,436)</u>	<u>53,537</u>	<u>1,153,238</u>	<u>(120,547)</u>
Total Primary Government	<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	\$591,078	\$125,959	\$179,479	\$755,763
Investment earnings	75,739	117,348	237,206	367,887
Miscellaneous	154,919			
Aid from other governmental agencies		609,419	645,804	340,642
Total Component Unit	<u>\$821,736</u>	<u>\$852,726</u>	<u>\$1,062,489</u>	<u>\$1,464,292</u>
Change in Net Position				
Governmental Activities	(\$2,480,950)	(\$1,566,415)	(\$2,673,917)	(\$582,984)
Business-Type Activities	654,555	205,662	1,417,107	11,245
Total Primary Government	<u>(\$1,826,395)</u>	<u>(\$1,360,753)</u>	<u>(\$1,256,810)</u>	<u>(\$571,739)</u>
Change in Net Position				
Component Unit Activities	<u>\$1,335,436</u>	<u>\$1,625,137</u>	<u>\$1,254,347</u>	<u>\$2,665,776</u>

2008	2009	2010	2011	2012	2013
\$22,195,606	\$21,978,859	\$21,684,131	\$21,632,733	\$20,107,637	\$17,317,772
25,764,457	21,970,262	19,055,124	21,623,445	22,355,749	24,262,282
3,503,555					
	3,210,317	3,489,494	3,661,064	3,807,545	3,804,985
257,320	197,989	171,518	297,425		
	1,678,912	1,558,243	1,644,262	1,866,575	2,185,287
	2,941,149	2,868,332	2,990,539	3,076,094	3,331,160
	2,405,934	2,317,664	2,296,460	2,332,146	2,507,785
9,242,241	1,561,835	1,411,583	1,930,531	3,574,918	2,929,915
1,583,056	717,968	302,180	176,502	205,413	991,762
		221,791			
296,454	461,224	541,390	1,496,174	542,816	2,580,882
344,080	361,190	458,300	463,600	57,960	423,817
<u>63,186,769</u>	<u>57,485,639</u>	<u>54,079,750</u>	<u>58,212,735</u>	<u>57,926,853</u>	<u>60,335,647</u>
121,486	49,084	17,678	11,878	7,675	3,739
<u>(344,080)</u>	<u>(361,190)</u>	<u>(458,300)</u>	<u>(463,600)</u>	<u>(57,960)</u>	<u>(423,817)</u>
<u>(222,594)</u>	<u>(312,106)</u>	<u>(440,622)</u>	<u>(451,722)</u>	<u>(50,285)</u>	<u>(420,078)</u>
<u>\$62,964,175</u>	<u>\$57,173,533</u>	<u>\$53,639,128</u>	<u>\$57,761,013</u>	<u>\$57,876,568</u>	<u>\$59,915,569</u>
\$803,071	\$855,511	\$823,187	\$1,214,519	\$1,192,566	\$1,177,469
341,032	206,752	93,274	59,265	38,191	25,591
3,546	3,540				
577,860	381,144	415,391	6,499	9,613	56,589
<u>\$1,725,509</u>	<u>\$1,446,947</u>	<u>\$1,331,852</u>	<u>\$1,280,283</u>	<u>\$1,240,370</u>	<u>\$1,259,649</u>
\$374,437	(\$4,083,292)	(\$8,709,243)	(\$7,620,587)	(\$2,938,312)	\$12,447,808
657,107	579,149	(212,416)	(226,140)	(404,408)	25,241
<u>\$1,031,544</u>	<u>(\$3,504,143)</u>	<u>(\$8,921,659)</u>	<u>(\$7,846,727)</u>	<u>(\$3,342,720)</u>	<u>\$12,473,049</u>
<u>\$3,001,178</u>	<u>\$2,870,617</u>	<u>\$3,804,047</u>	<u>\$3,826,432</u>	<u>\$3,423,480</u>	<u>\$3,503,690</u>

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



	2004	2005	2006	2007	2008
General Fund					
Pre-GASB 54 Presentation:					
Reserved	\$1,451,036	\$2,442,881	\$2,335,391	\$905,068	\$2,196,153
Unreserved	4,246,152	5,779,680	3,362,151	5,016,929	4,022,612
GASB 54 Presentation:					
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned					
Total General Fund	\$5,697,188	\$8,222,561	\$5,697,542	\$5,921,997	\$6,218,765
All Other Governmental Funds					
Pre-GASB 54 Presentation:					
Reserved	\$32,471,197	\$26,599,557	\$21,603,724	\$20,773,760	\$17,599,142
Unreserved, reported in:					
Special Revenue Funds	5,574,048	5,628,187	7,168,753	8,107,477	7,413,808
Capital Project Funds					35,430
Debt Service Funds				4,734,986	3,315,764
Expendable Trust Fund					
GASB 54 Presentation:					
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned					
Total all other governmental funds	\$38,045,245	\$32,227,744	\$28,772,477	\$33,616,223	\$28,364,144

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

As of June 30				
2009	2010	2011	2012	2013
\$2,225,775	\$1,763,622			
1,670,455	5,038,173			
		\$589,833	\$527,509	\$527,235
		200,238	76,188	
		555,561	651,121	800,876
		5,439,879	1,516,644	2,476,676
<u>\$3,896,230</u>	<u>\$6,801,795</u>	<u>\$6,785,511</u>	<u>\$2,771,462</u>	<u>\$3,804,787</u> (a)
\$16,680,568	\$15,352,723			
8,641,239	8,778,027			
(1,030,293)	4,527,627			
3,360,540				
		\$377,180	\$788,031	\$51,521
		19,289,367	16,856,959	20,769,546
		3,864,322	5,135,257	8,447,495
		4,124,029	5,283,559	6,511,850
<u>\$27,652,054</u>	<u>\$28,658,377</u>	<u>\$27,654,898</u>	<u>\$28,063,806</u>	<u>\$35,780,412</u>

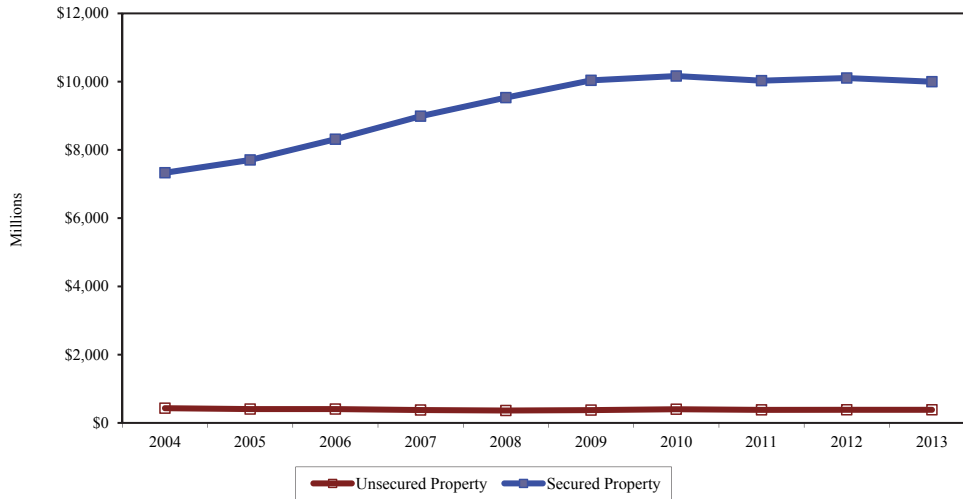
CITY OF SAN RAFAEL
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues					
Taxes and special assessments	\$40,875,826	\$42,901,520	\$44,901,544	\$52,472,246	\$56,129,195
Licenses and permits	928,303	929,993	1,175,030	1,157,981	1,489,748
Fines and forfeitures	791,975	1,088,459	622,494	515,528	797,081
Use of money and properties	1,024,199	1,244,406	1,316,558	1,744,688	1,584,508
Intergovernmental	8,049,002	10,522,095	11,705,917	12,760,496	12,081,968
Charges for services	10,423,754	11,407,622	13,104,572	13,504,621	15,607,460
Other revenue	735,976	1,135,485	1,475,078	1,468,743	815,704
Total Revenues	<u>62,829,035</u>	<u>69,229,580</u>	<u>74,301,193</u>	<u>83,624,303</u>	<u>88,505,664</u>
Expenditures					
Current:					
General government	5,014,452	5,539,191	6,200,338	8,188,999	8,288,170
Public safety	28,863,197	31,784,872	33,321,967	36,264,321	40,299,862
Public works and parks	9,257,991	9,294,419	10,622,585	11,972,537	13,641,665
Community development	3,875,542	3,763,614	4,184,084	4,319,042	5,786,661
Culture and recreation	7,145,264	7,538,607	8,409,833	9,005,370	9,820,365
Capital outlay	31,703	1,027,267	60,411	6,716,630	6,243,517
Capital improvement / special projects	9,825,103	9,253,661	13,200,872	1,189,613	5,124,091
Debt service:					
Capitalized lease obligation	10,775	141,197	130,315		
Principal	2,360,000	2,585,000	2,525,000	2,287,255	2,504,370
Interest and fiscal charges	2,456,357	2,140,673	1,878,265	1,829,091	1,776,354
Total Expenditures	<u>68,840,384</u>	<u>73,068,501</u>	<u>80,533,670</u>	<u>81,772,858</u>	<u>93,485,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,011,349)</u>	<u>(3,838,921)</u>	<u>(6,232,477)</u>	<u>1,851,445</u>	<u>(4,979,391)</u>
Other Financing Sources (Uses)					
Issuance of debt					
Payment to refunded bonds					
Bond premiums					
Capital lease for equipment acquisition				318,000	
Contribution from Sanitation District					
Proceeds from sale of capital asset					
Transfers in	5,222,868	8,636,544	6,925,107	6,812,260	6,353,216
Transfers (out)	(4,979,898)	(7,740,324)	(6,672,916)	(6,958,046)	(6,329,136)
Total other financing sources (uses)	<u>242,970</u>	<u>896,220</u>	<u>252,191</u>	<u>172,214</u>	<u>24,080</u>
Extraordinary Item					
Transfer to Successor Agency					
Net Change in fund balances	<u>(\$5,768,379)</u>	<u>(\$2,942,701)</u>	<u>(\$5,980,286)</u>	<u>\$2,023,659</u>	<u>(\$4,955,311)</u>
Debt service as a percentage of noncapital expenditures	35.1%	8.2%	7.8%	6.7%	5.6%

Fiscal Year Ended June 30,

2009	2010	2011	2012	2013
\$51,019,143	\$47,678,541	\$51,448,130	\$51,395,116	\$51,549,306
1,472,913	1,518,819	1,416,772	1,648,890	1,929,387
660,338	787,411	862,820	801,758	734,005
847,120	433,874	380,720	315,561	325,043
17,518,670	13,001,703	11,864,127	10,537,396	11,869,889
16,384,265	15,787,325	15,888,750	19,649,433	23,575,374
759,320	716,760	1,026,845	870,957	4,092,411
<u>88,661,769</u>	<u>79,924,433</u>	<u>82,888,164</u>	<u>85,219,111</u>	<u>94,075,415</u>
8,059,526	7,997,067	6,863,142	8,783,873	10,529,480
41,209,972	39,574,091	40,967,352	39,311,551	41,377,062
12,926,646	10,731,669	10,666,176	11,518,822	12,002,448
5,572,079	4,398,594	4,527,351	3,755,504	2,961,275
10,233,361	9,605,684	10,067,822	10,345,673	10,591,057
5,048,044	1,890,559	1,745,483	1,312,383	4,009,454
6,606,857	3,436,608	6,240,861	3,604,171	5,284,720
2,714,358	2,804,258	2,530,338	2,518,320	
1,683,240	1,979,372	1,448,910	735,221	283,805
<u>94,054,083</u>	<u>82,417,902</u>	<u>85,057,435</u>	<u>81,885,518</u>	<u>87,039,301</u>
<u>(5,392,314)</u>	<u>(2,493,469)</u>	<u>(2,169,271)</u>	<u>3,333,593</u>	<u>7,036,114</u>
	14,660,000			
	(14,315,000)			
	1,038,185			
	221,791			
8,972,495	7,494,560	5,806,834	4,539,646	8,425,474
(6,614,806)	(6,411,150)	(4,657,326)	(4,864,293)	(6,711,657)
<u>2,357,689</u>	<u>2,688,386</u>	<u>1,149,508</u>	<u>(324,647)</u>	<u>1,713,817</u>
			(2,352,584)	
<u>(\$3,034,625)</u>	<u>\$194,917</u>	<u>(\$1,019,763)</u>	<u>\$656,362</u>	<u>\$8,749,931</u>
5.2%	5.3%	5.2%	4.2%	0.4%

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



Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
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	0.20661%
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	0.19903%
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	0.19349%
2007	6,544,841,348	1,745,483,576	197,040,979	122,977,950	8,610,343,853	376,890,454	8,987,234,307	8,987,234,307	0.18087%
2008	7,024,610,641	1,824,656,505	214,341,528	105,409,028	9,169,017,702	362,727,209	9,531,744,911	9,531,744,911	0.17718%
2009	7,357,121,277	1,941,927,620	234,669,841	129,177,656	9,662,896,394	374,976,613	10,037,873,007	10,037,873,007	0.17951%
2010	7,335,863,721	2,052,276,292	244,857,019	130,177,994	9,763,175,026	401,201,906	10,164,376,932	10,164,376,932	0.19215%
2011	7,215,965,203	2,056,985,417	247,409,955	124,426,487	9,644,787,062	383,414,952	10,028,202,014	10,028,202,014	0.17851%
2012	7,317,280,602	2,036,262,351	247,485,238	118,579,648	9,719,607,839	384,950,872	10,104,558,711	10,104,558,711	0.17827%
2013	7,265,617,525	1,987,170,644	245,917,096	115,453,836	9,614,159,101	384,534,108	9,998,693,209	9,998,693,209	0.17456%

Source: HdL Coren & Cone, Marin County Assessor 2003/04-2012/13 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**

Fiscal Year	City	County (1)	School Districts	Misc. Special Districts	Total
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
2010	0.154	0.295	0.7402	0.0461	1.2349
2011	0.154	0.295	0.7542	0.0461	1.2489
2012	0.154	0.295	0.7831	0.0461	1.2779
2013	0.154	0.295	0.7743	0.0461	1.2691

Notes:

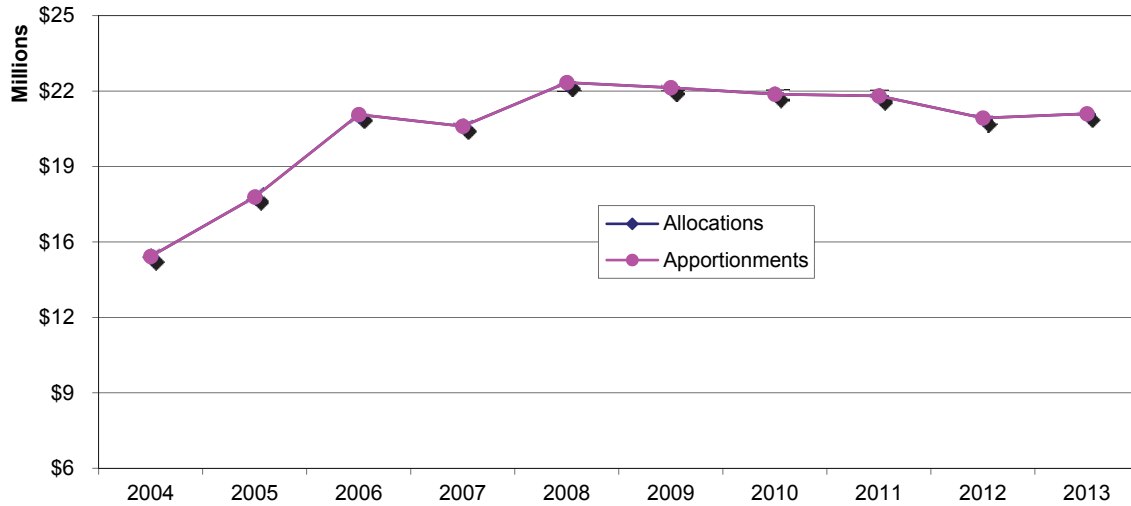
(1) Like other cities, San Rafael includes several property tax rate areas with different rates. A mean average is indicated.

Source: Marin County Assessors Office 2003/04 - 2012/13 Tax Rate Tables

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

<u>Taxpayer</u>	<u>2012-13</u>		<u>2003-2004</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	\$135,444,524	1.35%	\$81,047,490	1.11%
SR Corporation Center Phase Two	70,306,032	0.70%		
SR Corporation Center Phase 1 LLC	52,500,001	0.53%	43,598,607	0.59%
Sutter Health	49,632,065	0.50%		
Robert Dickson Trust	45,189,250	0.45%		
Regency Center Associates	42,728,882	0.43%	37,050,248	0.51%
Northbay Properties 11	42,394,545	0.42%	30,736,645	0.42%
Bay Apartment Communities	40,340,145	0.40%	31,229,307	0.43%
Marin Sanitary Service	38,365,767	0.38%	29,399,739	0.40%
Rafael Town Center Investors	35,497,775	0.36%		
AMG Realty Partners LP			69,880,258	0.95%
Lucas Digital Ltd. LLC			34,113,865	0.47%
4040 Civic Center LLC			34,783,073	0.47%
BIT Holdings Forty-Five Inc.			28,901,905	0.39%
Subtotal	<u>\$552,398,986</u>	<u>5.52%</u>	<u>\$420,741,137</u>	<u>5.74%</u>
Total Net Assessed Valuation:				
Fiscal Year 2012-2013	\$9,998,693,209			
Fiscal Year 2003-2004	\$7,328,966,973			

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



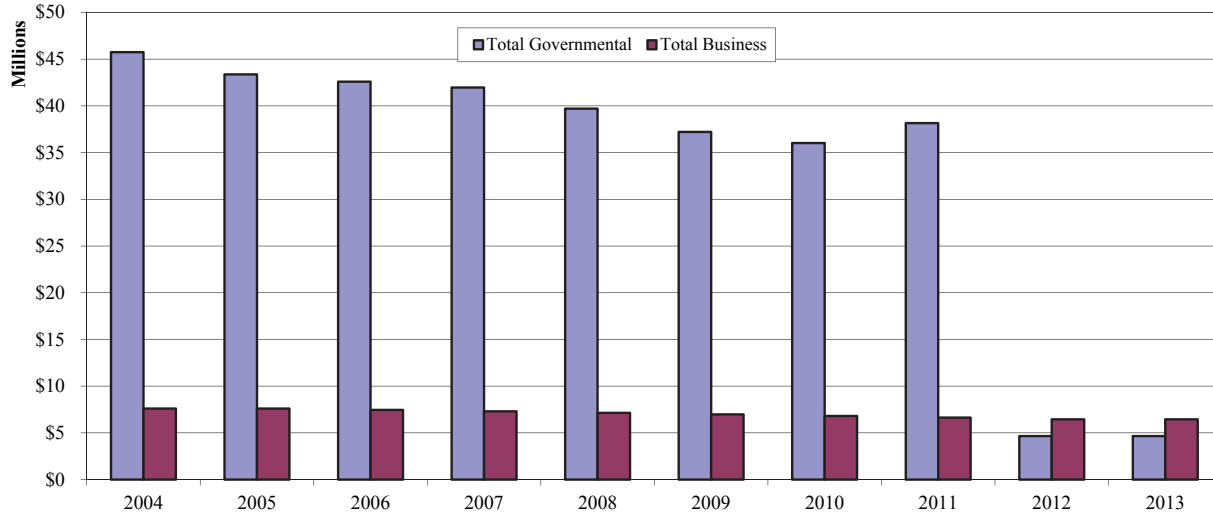
Fiscal Year	Rate	Levies	Allocations	Collections	Apportionments	Delinquencies	Delinquent taxes as a Percent of Allocations
2004	1.00	(2)	\$14,895,188	(2)	\$14,895,188	(2)	0.0%
2005	1.00	(2)	17,385,722	(2)	17,385,722	(2)	0.0%
2006	1.00	(2)	20,848,887	(2)	20,848,887	(2)	0.0%
2007	1.00	(2)	20,360,475	(2)	20,360,475	(2)	0.0%
2008	1.00	(2)	22,195,606	(2)	22,195,606	(2)	0.0%
2009	1.00	(2)	21,978,859	(2)	21,978,859	(2)	0.0%
2010	1.00	(2)	21,702,536	(2)	21,702,536	(2)	0.0%
2011	1.00	(2)	21,632,731	(2)	21,632,731	(2)	0.0%
2012	1.00	(2)	20,704,368	(2)	20,704,368	(2)	0.0%
2013	1.00	(2)	20,883,041	(2)	20,883,041	(2)	0.0%

Notes:

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

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	Pension Obligation Bonds	Total
2004	\$43,239,004	\$2,340,000	\$169,000	0	0	0	\$45,748,004
2005	41,514,004	1,685,000	169,000	0	0	0	43,368,004
2006	40,849,107	1,155,000	169,000	0	\$412,441	0	42,585,548
2007	39,217,501	950,000	169,000	\$1,029,717	596,927	0	41,963,145
2008	37,537,161	780,000	169,000	816,119	401,155	0	39,703,435
2009	35,793,692	455,000	169,000	594,100	198,816	0	37,210,608
2010	35,355,988	0	169,000	363,328	135,330	0	36,023,646
2011	33,298,499	0	169,000	124,222	69,098	\$4,490,000	38,150,819
2012	0	0	169,000	0	0	4,490,000	4,659,000
2013	0	0	169,000	0	0	4,490,000	4,659,000

Business-Type Activities

Fiscal Year	Parking Services Bonds	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2004	\$7,605,000	\$7,605,000	\$53,353,004	2.34%	933.04
2005	7,605,000	7,605,000	50,973,004	2.14%	890.76
2006	7,455,000	7,455,000	50,040,548	1.97%	872.56
2007	7,300,000	7,300,000	49,263,145	1.85%	848.68
2008	7,140,000	7,140,000	46,843,435	1.73%	804.39
2009	6,975,000	6,975,000	44,185,608	1.67%	757.08
2010	6,805,000	6,805,000	42,828,646	1.85%	728.11
2011	6,630,000	6,630,000	44,780,819	1.87%	770.28
2012	6,445,000	6,445,000	11,104,000	n/a	190.45
2013	6,445,000	6,445,000	11,104,000	n/a	190.85

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

In August 2012, the series 2003 parking services bonds were refunded with series 2012 refunding bonds.

Sources City of San Rafael

State of California, Department of Finance (population)

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

**CITY OF SAN RAFAEL
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2013**

2012-13 Assessed Valuation:	\$9,998,693,209
Redevelopment Incremental Valuation:	<u>2,187,187,899</u>
Adjusted Assessed Valuation:	\$7,811,505,310

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2013	% Applicable (1)	City's Share of Debt 6/30/13
Marin Community College District	\$223,440,000	17.660%	\$39,459,504
San Rafael High School District	47,780,315	78.332%	37,427,276
Tamalpais Union High School District	151,215,000	0.082%	123,996
Dixie School District	6,270,810	66.613%	4,177,175
Ross School District	17,909,941	1.583%	283,514
Ross Valley School District	38,384,639	0.015%	5,758
San Rafael School District	55,750,451	83.501%	<u>46,552,184</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$128,029,407
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Marin County Certificates of Participation	\$74,396,820	17.631%	\$13,116,903
Marin County Pension Obligations	108,400,000	17.631%	19,112,004
Marin County Transit District General Fund Obligations	187,384	17.631%	33,038
Marin Municipal Water District General Fund Obligations	152,448	22.654%	34,536
Marin Community College District Certification of Participation	2,740,834	17.660%	484,031
San Rafael School District Certificates of Participation	3,875,000	83.501%	3,235,664
City of San Rafael General Fund Obligations	9,130,308	100.000%	9,130,308 (2)
City of San Rafael Pension Obligations	4,490,000	100.000%	4,490,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$49,636,484
Less: City of San Rafael lease revenue bonds supported by parking revenues			6,445,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			43,191,484
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	 25,369,004	 100.000%	 25,369,004
 TOTAL GROSS DIRECT DEBT			 \$13,620,308
TOTAL NET DIRECT DEBT			\$7,175,308
TOTAL OVERLAPPING DEBT			\$189,414,587
 GROSS COMBINED TOTAL DEBT			 \$203,034,895 (3)
NET COMBINED TOTAL DEBT			\$196,589,895

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

(2) Include city's share of Marin Emergency Radio Authority refunding revenue bonds.

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

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.28%
Total Gross Combined Direct Debt (\$13,620,308)	0.14%
Total Net Direct Debt (\$7,175,308)	0.07%
Gross Combined Total Debt	2.03%
Net Combined Total Debt	1.97%

Ratios to Redevelopment Incremental Valuation (\$2,187,187,899):

Total Overlapping Tax Increment Debt	1.16%
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Source: California Municipal Statistics, Inc.

**CITY OF SAN RAFAEL
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2013**

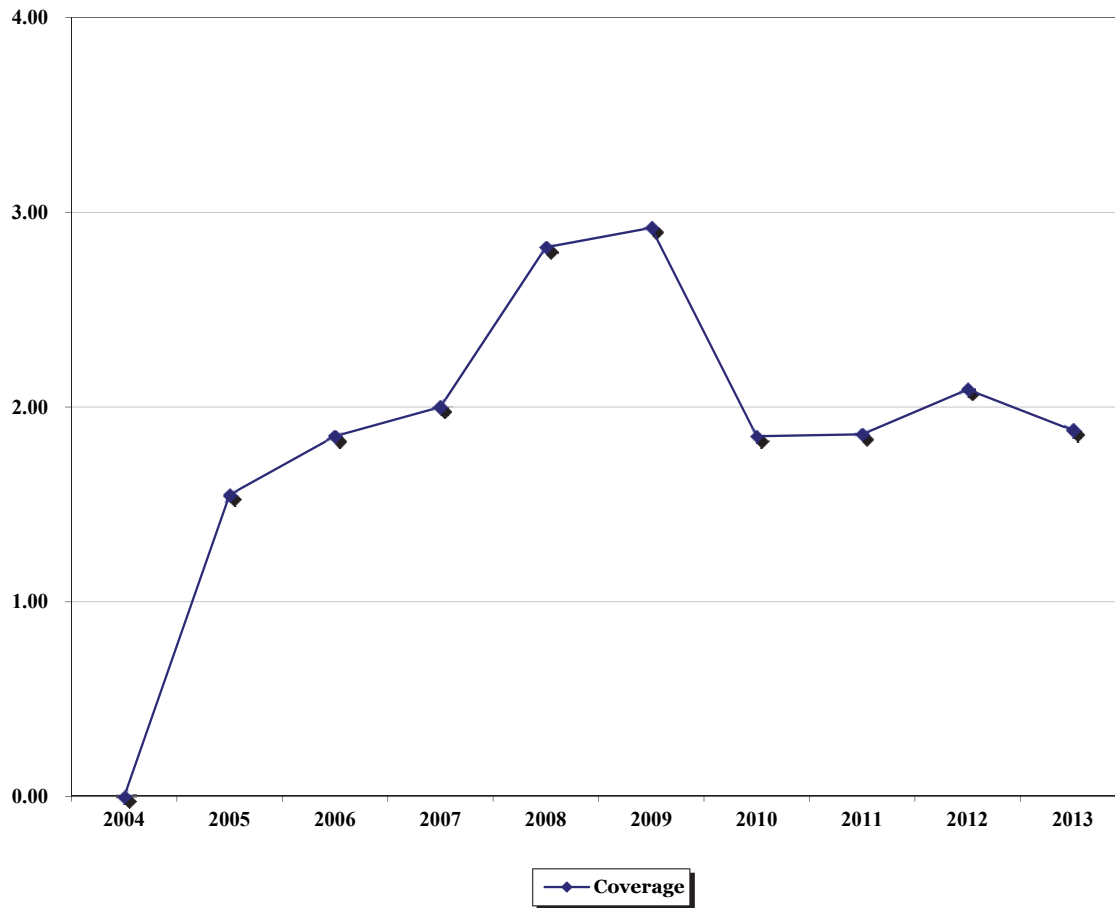
ASSESSED VALUATION:	\$9,998,693,209
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	374,950,995
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	4,490,000
LEGAL BONDED DEBT MARGIN	\$370,460,995

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
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%
2010	381,164,135	35,355,988	345,808,147	10.22%
2011	376,057,576	33,298,499	342,759,077	9.71%
2012	378,920,952	4,490,000	374,430,952	1.20%
2013	374,950,995	4,490,000	370,460,995	1.21%

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 TEN 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	4,425,813	2,980,083	1,445,730	165,000	330,379	495,379	2.92
2010	4,262,082	3,343,680	918,402	170,000	325,285	495,285	1.85
2011	4,023,211	3,101,411	921,800	175,000	319,391	494,391	1.86
2012	3,908,664	2,870,718	1,037,946	185,000	312,291	497,291	2.09
2013	3,994,445	2,970,238	1,024,207	305,000	240,012	545,012	1.88

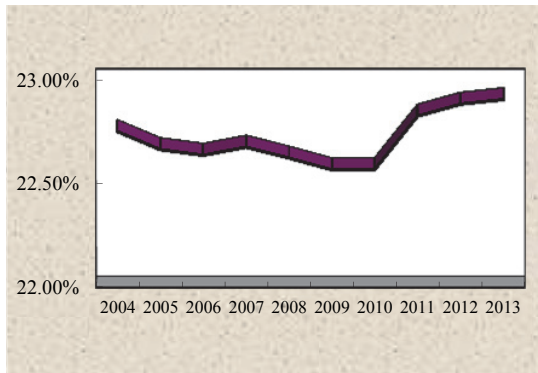
Notes: On March 26, 2003, the City Financing Authority issued lease revenue bonds for the design and construction of a new parking facility
On August 12, 2012, the City Financing Authority refunded the series 2003 lease revenue bonds with series 2012 lease revenue refunding bonds to take advantage of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

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

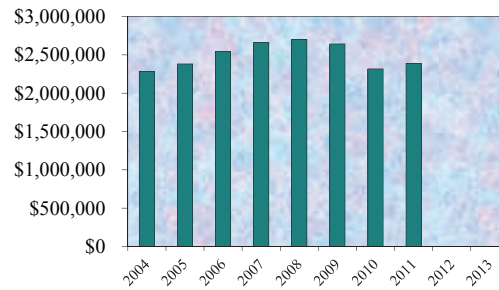
(2) Includes all Parking Facility Operating Expenses less Depreciation and Interest

Source: City of San Rafael Annual Financial Statements

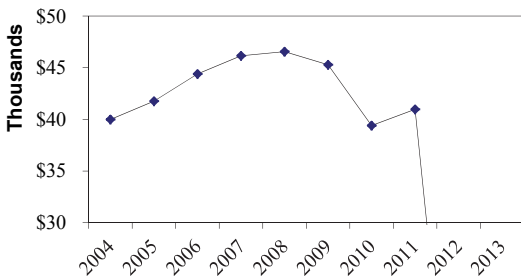
**CITY OF SAN RAFAEL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



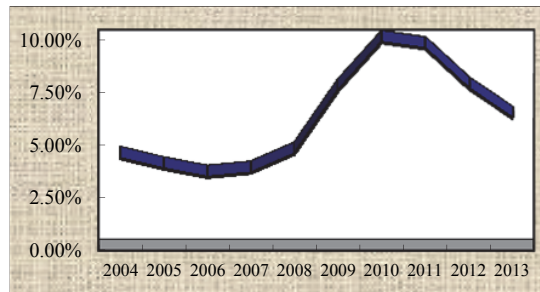
■ City Population as a % of County Population



■ Personal Income (2) (in...)



◆ Per Capita Personal Income...



■ Unemployment Rate (%)

Fiscal Year	City Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income (2)	Average Unemployment Rate (3)	Marin County Population	City Population % of County
2004	57,182	\$2,282,733	\$39,991	4.40%	251,330	22.75%
2005	57,224	2,382,096	41,765	3.90%	252,485	22.66%
2006	57,349	2,544,221	44,400	3.50%	253,341	22.64%
2007	58,047	2,663,922	46,152	3.70%	255,982	22.68%
2008	58,235	2,703,213	46,557	4.60%	257,406	22.62%
2009	58,363	2,642,978	45,288	7.60%	258,618	22.57%
2010	58,822	2,317,704	39,402	9.90%	260,651	22.57%
2011	58,136	2,389,222	40,978	9.60%	254,692	22.83%
2012	58,305	n/a	n/a	7.70%	254,790	22.88%
2013	58,182	n/a	n/a	6.30%	254,007	22.91%

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
LAST FIVE CALENDAR YEARS**

Employer	2013*		2012*		2011*		2010*		2009*	
	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)
Kaiser Permanente	1,756	5.74%	1,803	6.68%	1,330	4.93%	1,311	4.88%	2,267	8.15%
Autodesk, Inc.	1,000	3.27%	878	3.25%	928	3.44%	1,028	3.83%	1,200	4.32%
City of San Rafael	643	2.10%	521	1.93%	592	2.19%	630	2.34%	633	2.28%
San Rafael Elementary/High Schools Dist(s)	600	1.96%	600	2.22%	600	2.22%	600	2.23%	575	2.07%
Macy's	380	1.24%	380	1.41%	450	1.67%	445	1.66%	-	-
Bradley Real Estate	369	1.21%	376	1.39%	350	1.30%	-	-	-	-
MHN	350	1.14%	350	1.30%	350	1.30%	350	1.30%	-	-
Dominican University of California	347	1.13%	346	1.28%	336	1.24%	370	1.38%	508	1.83%
Wells Fargo Bank	334	1.09%	-	-	-	-	-	-	-	-
Community Action Marin	300	0.98%	-	-	-	-	-	-	-	-
Ghilotti Bros.	-	-	-	-	-	-	-	-	240	0.86%
Safeway	-	-	841	3.11%	452	1.67%	452	1.68%	-	-
Comcast	-	-	620	2.30%	619	2.29%	619	2.30%	-	-
Guide Dogs for the Blind	-	-	-	-	-	-	287	1.07%	-	-
Golden Gate Bridge Highway & Transp. Dist	-	-	-	-	-	-	-	-	828	2.98%
Fair Issac Corp	-	-	-	-	-	-	-	-	350	1.26%
YMCA	-	-	-	-	-	-	-	-	348	1.25%
San Rafael City Elementary School District	-	-	-	-	-	-	-	-	0	0.00%
San Rafael City High School District	-	-	-	-	-	-	-	-	0	0.00%
Totals	6,079	19.87%	6,715	24.87%	6,007	22.25%	6,092	22.67%	6,949	25.00%

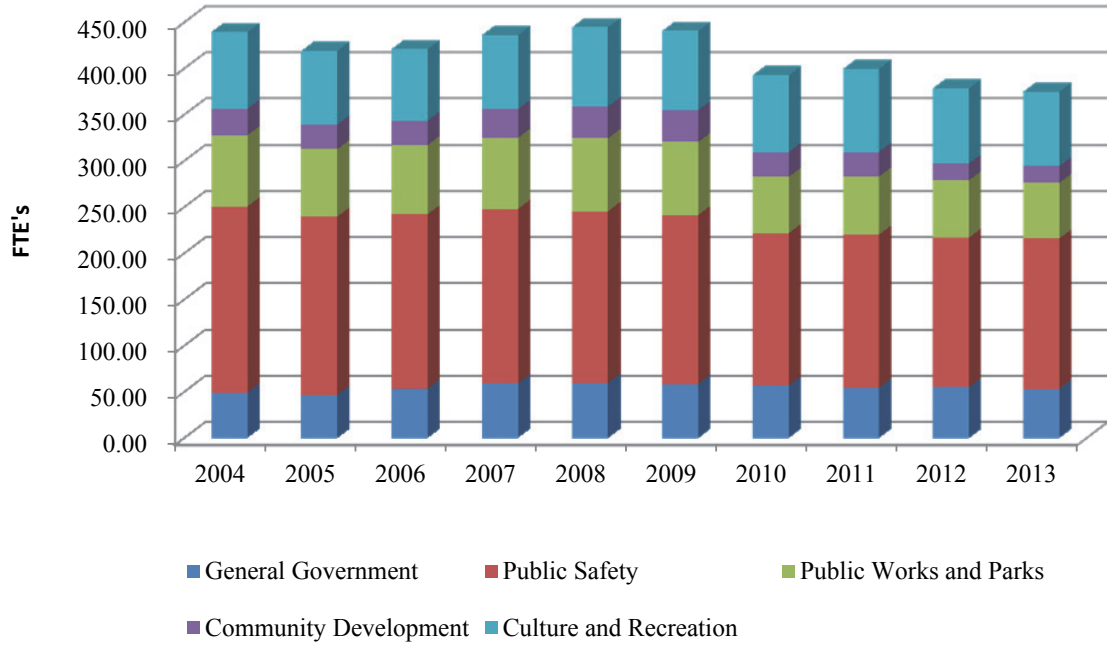
- Number of employees
(A) percentage of total employment

Source: State of California, Employment Development Department, Labor Market Information Division
San Francisco Business Times, Annual Book of Lists

Note: Total employment in the City of San Rafael as of June 2013 was 30,600

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

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



Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	49.27	47.02	53.71	59.38	59.88	58.88	56.88	54.35	55.23	53.23
Public Safety	201.63	193.13	188.86	189.00	186.00	183.00	165.00	166.00	162.00	163.00
Public Works and Parks	76.70	72.80	74.80	76.80	78.80	78.80	60.80	62.80	62.00	60.00
Community Development	28.75	26.75	26.43	31.00	34.50	34.50	26.75	26.75	18.25	18.25
Culture and Recreation	83.26	79.73	77.49	80.22	85.90	85.90	83.49	89.82	81.56	80.76
Total	439.61	419.43	421.29	436.40	445.08	441.08	392.92	399.72	379.04	375.24

Source: City of San Rafael

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

	As of June 30				
	2004	2005	2006	2007	2008
Function/Program					
Public safety:					
Fire:					
Inspection permit issued	N/A	N/A	N/A	143	217
Police:					
Police calls for service	N/A	N/A	N/A	43,480	43,488
Law violations:					
Part I crimes	N/A	N/A	N/A	2,557	2,314
Physical arrests (adult and juvenile)	N/A	N/A	N/A	3,809	4,182
Traffic violations	N/A	N/A	N/A	5,197	9,241
Parking violations	30,946	39,421	33,610	36,228	42,481
Public works					
Street resurfacing (miles) (Eng Div)	5.70	6.80	1.08	N/A	4.95
Potholes repaired (square miles)	N/A	N/A	N/A	N/A	N/A
Asphalt used for street repairs (tons)	N/A	N/A	N/A	N/A	N/A
Culture and recreation:					
Recreation class participants	7,000	7,000	8,000	8,000	8,000
Items in collection (thousands)					
Library:					
Items in collection (thousands)	118.24	121.81	123.12	124.46	N/A
Total items borrowed (thousands)	332.33	299.30	333.15	359.41	N/A
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.

2009	2010	2011	2012	2013
196	307	294	282	307
42,227	42,227	39,512	39,537	42,707
2,352	2,352	2,180	2,101	2,523
4,487	4,487	3,102	2,981	2,951
5,777	5,777	8,190	4,048	3,448
44,913	42,806	34,590	32,492	30,881
2.77	2.77	7.40	N/A	2.70
N/A	N/A	N/A	N/A	N/A
N/A	N/A	10,809	178.9	7,500
8,000	9,524	9,000	12,075	7,082
124.40	151.88	158.30	159.18	125.92
N/A	371.12	435.66	366.46	392.23
6.976	6.976	6.976	6.976	6.976

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

Function/Program	As of June 30				
	2004	2005	2006	2007	2008
Public safety:					
Fire stations	6	6	6	6	6
Police stations	1	1	1	1	1
Police Fleet					
Public works					
Miles of streets	172	172	173	173	173
Street lights	4,333	4,333	4,435	4,435	4,435
Parking District lights					
Traffic Signals	85	85	89	89	89
Culture and recreation:					
Community services:					
City parks	19	19	19	19	20
City parks acreage	41	41	41	41	42
Playgrounds	13	13	13	13	14
City trails	15	15	15	20	20
Community gardens	2	2	1	1	1
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	2	2	2	2	2
Library:					
City Libraries	1	1	1	1	1
Wastewater					
Miles of sanitary sewers	179.15	179.15	179.15	179.15	179.15
	57.60	57.60	57.60	57.60	57.60
Number of treatment plants	1	1	1	1	1

(1) Source: City of San Rafael

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
6	6	6	6	6
1	1	1	1	1
173	173	173	173	173
4,435	4,435	4,435	4,435	4,435
89	89	89	89	89
20	20	20	20	20
42	42	42	42	42
14	14	14	14	14
20	20	20	20	20
1	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
2	2	2	2	2
179.15	179	179	179	179
57.60	58	58	58	58
1	1	1	1	1

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