



SAN RAFAEL
THE CITY WITH A MISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2017



San Rafael Corporate Center



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2017

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

Prepared by the Finance Department of the City of San Rafael





City Hall

INTRODUCTORY SECTION



CITY OF SAN RAFAEL, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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October 12, 2017

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

The Comprehensive Annual Financial Report (“CAFR”) of the City of San Rafael (“City”) for the year ended June 30, 2017, 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 and includes the report of the independent certified public accounting firm, Maze and Associates Accountancy Corporation, which has issued an unqualified, or “clean” opinion on the City’s financial statements for the fiscal year ended June 30, 2017.

The independent audit of the financial statements is part of a broader, federally mandated examination known as a “Single Audit”, which is designed to meet the needs of federal grantor agencies. The standards governing Single Audits require the independent auditor to report on the audited agency’s internal controls and compliance with legal requirements, with special emphasis on such controls and requirements involving the administration of federal funding. These reports will be available in the City’s separately issued Single Audit Report.

City Management is responsible for both the data accuracy, and the completeness and fairness of the presentation of this report. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City. Further, the 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 can be found in the financial section of the Management’s Discussion and Analysis document. 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’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 19 city parks, 393 acres of developed parkland, city and county open space, and China Camp State Park. San Rafael is close to other attractions, including the Golden Gate Bridge, Muir Woods, Point Reyes National Seashore, Mount Tamalpais, multiple state parks, San Francisco, Oakland and the Sonoma and Napa wine country.

In 1874, the City 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 while the mayor is elected separately to a four-year term. The City's land area is 22 square miles, including seventeen square miles of land and 5 of water and tidelands. San Rafael's population on January 1, 2017 was 61,187, an increase of 0.1% from the January 1, 2016 population of 60,582 .

Downtown San Rafael is the location of many community events, including the Thursday night Farmers Market Festivals six months out of the year, Second Friday Art Walks, the Twilight Criterium Bike Race, Mill Valley Film Festival, Winter Wonderland/Parade of Lights, and now one of 14 state Cultural Arts Districts. San Rafael is also the heart of the County's cultural activities with venues such as the Marin Center, which presents numerous ballets, concerts, speaking engagements as well as the award winning Marin County Fair; the Falkirk Cultural Center, providing art exhibits and children's programming; the Christopher B. Smith Film Center, and a host of other diverse dining and entertainment venues. The 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, and now conducts its economic development activities with funding from its General Fund.

The City and California Municipal Finance Authority compose the San Rafael Joint Powers Financing Authority, originally established by the City and former Redevelopment



Agency for the purpose of financing redevelopment and other projects. The San Rafael Sanitation District is a discretely presented component unit of the City of San Rafael and is presented independent of City financial information. For a further explanation of these entities, refer to Note 1 – Summary of Significant Accounting Policies in the Financial Section of the 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 Note 12 – Jointly Governed Organizations in the CAFR.

Fiscal year 2016-2017 marks the first year of implementation of Governmental Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). The purpose of this reporting requirement is to improve the decision-making usefulness of information in financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense, much as GASB 68 provided a similar approach for defined benefit pension obligations. The net OPEB liability of \$33.8 million reported as of June 30, 2017, is based on the most recent actuarial valuation as of June 30, 2015. The City's implementation of this new requirement is one year early, in order to increase transparency and achieve parity with the reporting methodology used for defined benefit pensions.

The City's net pension liability under GASB 68 reported as of June 30, 2017 is based on the latest available GASB 67/68 report prepared by the Marin County Employees Retirement Association (MCERA), which was prepared as of June 30, 2016. The next annual report is anticipated to be completed within the upcoming 30 days. The City is aware of factors that may have an impact on the future measurement of the net pension liability. For example, the investment returns of 11.73% for the fiscal year ended June 30, 2017 well exceeded the target of 7.25%. In addition, the MCERA Board is scheduled to consider a reduction in the discount rate in the preparation of its next actuarial valuation, as of June 30, 2017. The City does not expect these factors to result in a net material difference in the measurement of its net pension obligation of \$167.1 million reported in this year's financial reports.

During fiscal year 2016-2017, the City made significant progress towards improving our essential facilities. Building from over a decade of community efforts to address San Rafael's aging essential public safety facilities, the Essential Facilities project includes a total of seven projects recommended for either replacement or renovation, including a new



public safety center across the street from City Hall. These new buildings will be seismically-safe and provide modern facilities for our firefighters, police officers, paramedics and dispatchers. They will include an upgraded dispatch and communications center, and a new classroom and training tower for emergency preparedness. Construction for both Fire Station 57, located at 3530 Civic Center Drive, and Fire Station 52, located at 210 3rd Street, began in June 2017 and are expected to be completed in the summer of 2018. The Public Safety Center demolition work is underway, and construction of the building will begin within the next few months.

ECONOMIC FACTORS

The City has a diversified economic base, which includes an assortment of high-tech, financial, service-based, entertainment and industrial businesses. Downtown San Rafael provides a mix of restaurants, retail shops and financial institutions. The City's varied economic base is reflected in its property tax base, which is 71% residential, 19% commercial, 4% institutional, 6% unsecured and others. The top 50 sales tax producers provide 72% of overall sales tax revenues.

The California economy continues to recover from the recession. Although the 4.9% unemployment rate remains above the national average of 4.4%, it continues on a path towards convergence with the national average. Personal income has rebounded over the past few years, and the State continues to prosper from the flow of capital into the technology companies who are attracted to California. Over the past year, State revenues have lagged behind expectations. The recent surge in the stock market has breathed new life into the revenue forecast; however, capital gains are the State's most volatile and unpredictable revenue source.

Notwithstanding the State's \$10.1 billion in projected reserves, the Governor's revised budget for the upcoming year includes a \$400 million deficit and major challenges persist. The "wall of debt", which when pension and retiree medical liabilities are considered, reaches into the hundreds of billions of dollars.

Locally, the 3.0% Marin County unemployment rate is among the lowest in the State. According to the Marin Economic Forum, the County added 4,000 payroll jobs and gained approximately 250 payroll businesses in 2016. Real personal income is projected to grow at an average rate of 2.5% over the next few years after inflation, and Marin County's taxable sales per capita are the third highest in the State. Marin County median home prices are over \$1.3 million and continue to rise, while the recovery of commercial real estate has led to average rents increasing to \$2.80 per square foot.



Demographic Data

The following is a sample of demographic and economic attributes that make San Rafael an exceptional place to live and work.

- ☒ Economic development organizations in San Rafael include the San Rafael Chamber of Commerce, Downtown Business Improvement District, and the Marin Economic Forum.
- ☒ Marin County's top 10 employers include Kaiser Permanente, Marin General Hospital, BioMarin Pharmaceutical, Autodesk, Dominican University of California, Bradley Real Estate, Novato Community Hospital, Wells Fargo, FICO, and W Bradley Electric.
- ☒ 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 2016 for San Rafael were: 1. Autos and Transportation (33.1%), 2. General Consumer Goods (20%), and 3. Building and Construction (18.8%).
- ☒ Several hotels and motels support tourism activity, led by a combined 235 rooms in the Embassy Suites and Four Points Sheraton. Citywide, the total number of hotel rooms is 787.
- ☒ Establishing and maintaining affordable residential housing for sale and lease continues to be a challenge both in San Rafael and throughout Marin County. Rents for one-bedroom apartments range from \$2,300 to \$2,700, while two bedroom apartments go for \$3,000 to \$3,600. The median home value in San Rafael is \$955,000.

Recent growth and economic vibrancy:

- San Rafael ranked No. 3 on Milken Institute Best-Performing Cities Index. This index provides an objective benchmark for examining the underlying factors and identifying unique characteristics of economic growth in metropolitan areas. The index uses metrics such as job creation, wage gains, and technology developments to evaluate the relative growth of metropolitan areas. California secured six of the Top 25 spots among large metros, led by four metros in the San Francisco Bay Area. Additionally, two Bay Area metros were in the Top 10 of small metros. San Rafael ranks fourth in one-year high-tech GDP growth and concentration and has maintained the fastest five-year high-tech growth. Five-year high-tech GDP growth was 67 percent greater than the national average. Key strengths highlighted included our educated workforce and cluster of biotech employers.
- San Rafael ranked No. 3 on the SMU National Center for Arts Research Vibrancy Index the overall index is composed of three dimensions: supply, demand, and government support. Supply is assessed by the total number of arts providers in the community, including the number of arts and culture organizations and employees, independent artists, and entertainment firms. Demand is gauged by the total



nonprofit arts dollars in the community, including program revenue, contributed revenue, total expenses, and total compensation. Lastly, the level of government support is based on state and federal arts dollars and grants.

- San Rafael served as the host city and basecamp for production of the Netflix Paramount Television Series 13 Reasons Why bringing in over \$130,000 in transient occupancy tax dollars and permitting fees.
- San Rafael welcomed Sonoma Marin Area Rail Transit Service in August 2017 and San Rafael is the most population destination on the commuter rail service line. Construction of the Larkspur extension which will complete the southern end of the commuter rail line is set to commence in Fall 2017.
- Vacancy rates are maintaining all-time lows for retail and office space and industrial space in San Rafael. Asking rents have increased throughout all market types.
- Andy's Market relocated to the new Loch Lomond Marina Village Development.

FINANCIAL INFORMATION

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

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

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




ACKNOWLEDGMENTS


The preparation of this City-wide document would not have been possible without the assistance of each of the City's departments. In addition, Finance support staff Helena Muñoz, Karen Landesman and Whitney Fry, led by Accounting Manager Van Bach were key to the timely issuance of this report. We believe this document meets the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting requirements, and will be submitting it to the GFOA to determine its eligibility. If accepted, this will mark the sixth consecutive year for which the City received the award.

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

Respectfully submitted,



Jim Schutz
City Manager



Mark Moses
Finance Director



SAN RAFAEL
THE CITY WITH A MISSION

MISSION STATEMENT

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

VISION STATEMENT

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

January 1996



SAN RAFAEL
THE CITY WITH A MISSION

City Council and Staff

City Council

Gary O. Phillips, Mayor
Maribeth Bushey, Vice Mayor
Andrew McCullough, Councilmember
Kate Colin, Councilmember
John Gamblin, Councilmember

Elected Officials

Rob Epstein, City Attorney
Esther Beirne, City Clerk

Executive Team

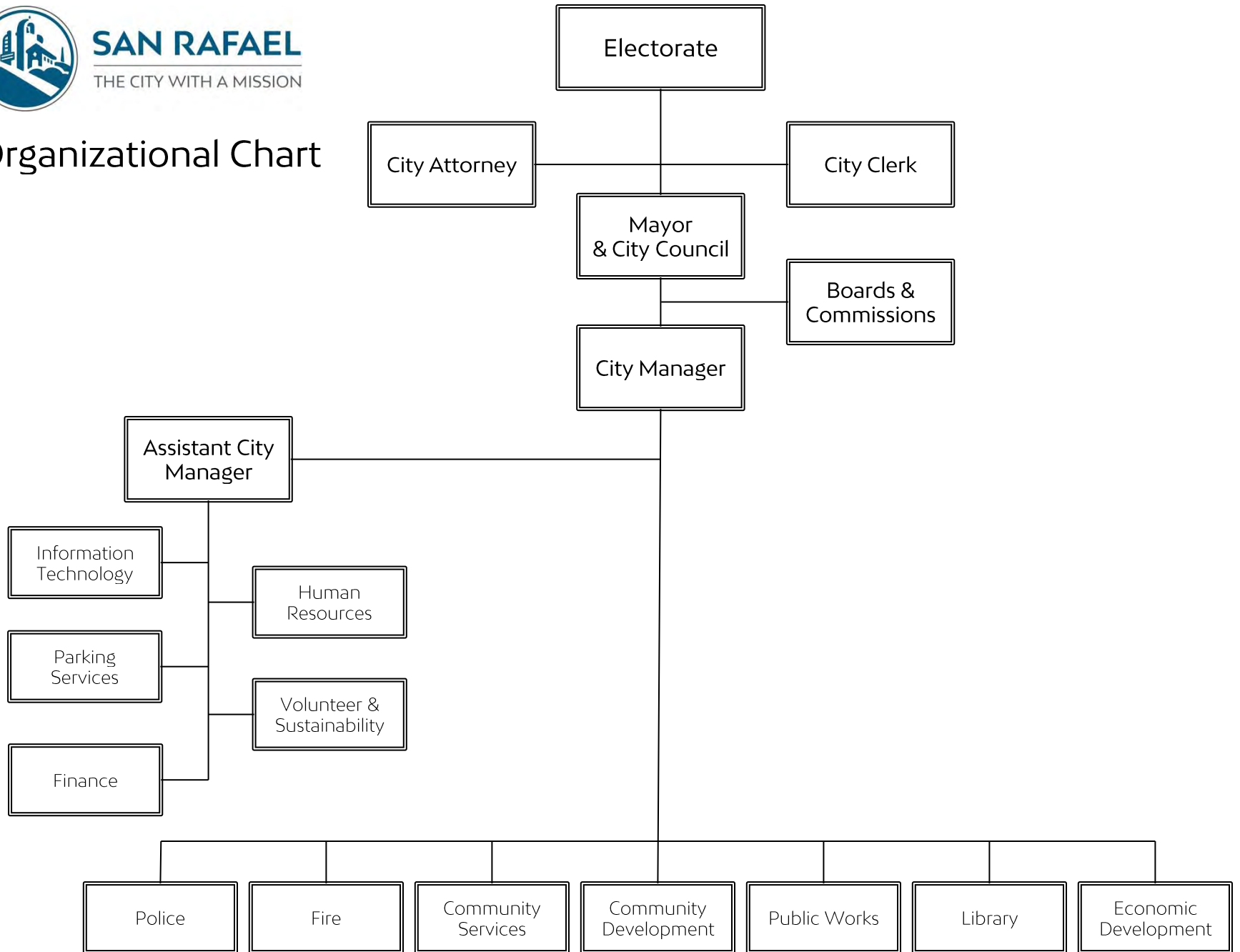
Jim Schutz, City Manager
Cristine Alilovich, Assistant City Manager
Diana Bishop, Chief of Police
Stacey Peterson, Human Resources Director
Chris Gray, Fire Chief
Sarah Houghton, Library Director
Paul Jensen, Community Development Director
Bill Guerin, Public Works Director
Deborah Younkin, Interim Community Services Director
Mark Moses, Finance Director
Doris Toy, District Manager/Engineer-SRSD



LOCATION MAP



Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of San Rafael
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



Royal Ground Coffee Shop 4th and B Street

FINANCIAL SECTION





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, and the aggregate remaining fund information of the City of San Rafael (City), California, as of and for the year ended June 30, 2017, 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 component unit financial statements of the San Rafael Sanitation District, which represents 19%, 35%, and 15%, respectively, of the assets, net position, and revenues of the entity-wide reporting entity. These component unit financial statements were audited by other auditors, whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the San Rafael Sanitation District, is based solely on the report of these 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof 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 Statement during the year ended June 30, 2017 that had material effects on the financial statements, as discussed in Note 1 to the financial statements:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The emphasis of this matter does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and required supplementary information, as listed in the Table of Contents, 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

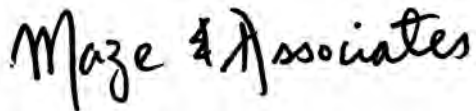
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional 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 September 28, 2017 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.

A handwritten signature in black ink that reads "Maze & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
September 28, 2017



CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

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, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to those basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide:

In the fiscal year ended June 30, 2017, the City of San Rafael implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this pronouncement required a prior period adjustment and reduced the City's net position as of July 1, 2016, by \$20.6 million, of which \$20.3 million was for governmental activities and \$0.3 million was for business-type activities.

- *Net Position* – The assets of the City exceeded its liabilities as of June 30, 2017 by \$125.6 million.
- *Activities* – During the fiscal year the City's total revenues of \$102.7 were greater than expenses of \$98.0 million for governmental and business-type activities.
- *Changes in Net Position* – The City's total net position increased by \$4.7 million in fiscal year 2016-2017 as compared to the adjusted net position of the previous year. Net position of governmental activities increased by \$4.1 million, while net position of the business-type activities increase by \$556 thousand.

Fund Level:

- *Governmental Funds* – As of the close of fiscal year 2016-2017, the City's governmental funds reported combined ending fund balances of \$46.1 million, a decrease of \$4.1 million from fund balance of the prior year. Of this total amount, \$0.5 million is nonspendable, \$25.8 million is restricted, \$3.5 million is committed, \$15.0 million is assigned, and \$1.3 million is unassigned.
- Governmental fund revenues were \$97.8 million, a decrease of \$2.8 million from the previous fiscal year. The decrease is attributable to a number of one-time revenues that occurred during the previous year coupled with a slowdown in sales tax-related revenues and third party emergency transport services billings. Aside from these items, the City experienced modest to moderate growth in revenues.
- Governmental fund expenditures increased by \$4.2 million to \$102.7 million, from \$98.5 million in the prior year, due primarily to public safety infrastructure and other capital improvement program expenditures.
- Enterprise fund operating revenue grew slightly by \$57 thousand to \$5.3 million. Enterprise operating expenditures totaled \$3.8 million, a decrease of \$0.8 million over the previous year. The expenditure decrease was attributable primarily to the pension-related accounting adjustments in the parking fund.

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

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

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

The basic financial statements include the City (primary government) and all legally separate entities (component units) for which the government is financially accountable. This report also contains other supplementary information in addition to the basic financial statements for further information and analysis.

Government-wide Financial Statements

The government-wide financial statements present the financial picture of the City and provide readers with a broad view of the City's finances. These statements present governmental activities and business-type activities separately and include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain interfund receivables, payables, and other interfund activity have been eliminated as prescribed by 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 tax, sales and use taxes, user fees, interest income, franchise fees, hotel taxes, business licenses, and property transfer taxes, plus state and federal grants finance these activities.

Business-type Activities – The City charges fees to customers to cover the full costs of certain services it provides. The City's Parking Services program is the City's sole business-type activity.

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

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

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

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 the major funds were established in the 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 114 through 144 of this report.

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

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

The City has twenty-nine governmental funds, of which four are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's four major funds are: the General Fund, Traffic and Housing Mitigation, Gas Tax and Essential Facilities Capital Projects. Data from the other twenty-five governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 28 through 32 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 114 through 133 of this report.

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

**Management's Discussion and Analysis
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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 35 through 37 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 41 through 42 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 through 95 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. One section includes budgetary comparison statements for the major funds (general, gas tax, traffic and housing mitigation, and essential facilities capital projects). 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 99 through 108 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position is one measurement of the City's financial position. During this fiscal year, the net position of the City was \$115.5 million from Governmental Activities and \$10.1 million from Business-type Activities, for a total of \$125.6 million. This represents an increase of \$4.7 million from the prior year net position.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

The following is the condensed Statement of Net Position for the fiscal years ended June 30, 2017 and 2016:

Summary of Net Position
(in thousands)

	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2017	2016		2017	2016	
Current and other assets	\$83,145	\$86,543	(\$3,398)	\$3,267	\$3,050	\$217
Capital assets	199,506	194,086	5,420	16,444	16,699	(255)
Total assets	<u>282,651</u>	<u>280,629</u>	<u>2,022</u>	<u>19,711</u>	<u>19,749</u>	<u>(38)</u>
Deferred outflows (Notes 9 and 11)	<u>76,869</u>	<u>57,287</u>	<u>19,582</u>	<u>2,394</u>	<u>1,939</u>	<u>455</u>
Current and other liabilities	12,923	11,843	1,080	432	500	(68)
Noncurrent liabilities	209,678	161,643	48,035	10,882	10,259	623
Total liabilities	<u>222,601</u>	<u>173,486</u>	<u>49,115</u>	<u>11,314</u>	<u>10,759</u>	<u>555</u>
Deferred inflows (Notes 9 and 11)	<u>21,403</u>	<u>32,710</u>	<u>(11,307)</u>	<u>693</u>	<u>1,107</u>	<u>(414)</u>
Net Position:						
Net investment in capital assets	199,203	193,707	5,496	10,969	10,958	11
Restricted	29,225	31,287	(2,062)	0	0	0
Unrestricted	(112,913)	(93,274)	(19,639)	(872)	(1,136)	264
Change due to implementation of GASB 75 (See Note 1Q)		(20,340)	20,340		(280)	280
Total net position	<u>\$115,515</u>	<u>\$111,380</u>	<u>\$4,135</u>	<u>\$10,097</u>	<u>\$9,542</u>	<u>\$555</u>

Current Governmental assets decreased by \$3.4 million, primarily due to the use of funds set aside for public safety facility construction and improvements. The \$5.4 million increase in Capital assets reflects this use of resources. Current and other liabilities increased by approximately \$1.1 million, primarily due to an increase in accounts payable due to a higher level of construction activity. Noncurrent governmental liabilities increased by \$48.0 million, mostly attributable to the increase in net pension and OPEB liabilities (Notes 9 and 11). Of this amount, \$20.3 million is attributable to prior year OPEB liabilities. These liabilities are incorporated into the restated net position of the previous year.

The net position in business-type activities reflects the fiscal activity of the Parking Services program and increased by \$555 thousand from the previous year. The \$623 thousand increase in noncurrent liabilities is driven by the increase in net pension and OPEB liabilities, although this is partially offset by the \$280 thousand restatement of net position prompted by the first year implementation of GASB 75. Increases to deferred outflows and decreases to deferred inflows under the reporting requirements of GASB 68 and GASB 75 offset the liability increase, thus contributing to the positive impact on net position.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017**

At June 30, 2017, the largest portion of net position in the amount of \$210.2 million consisted of the City's investment in capital assets net of related debt. This component represents the total amount of funds required to acquire capital assets less any related debt used for such acquisition that is still outstanding. The City uses these assets to provide services to residents. The capital assets of the City are not sources of income for repayment of debt as most assets are not revenue generating and generally are not liquidated to repay debt. Therefore, debt service payments are funded from other sources available to the City.

A portion of the City's net position, \$29.2 million, is subject to external restrictions, and their use is determined by those restrictions whether legal or by covenant. The remaining portion, unrestricted negative \$113.8 million, represents the extent to which the net investment in capital assets and restricted net position exceed total assets.

Net Position as of 6/30/2017	
Total = \$ 125,612 (in thousands)	
Invested in Capital Assets (net)	\$210,172
Restricted	29,225
Unrestricted	<u>(113,785)</u>
Total Net Position	<u>\$125,612</u>

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Statement of Activities - Governmental

The following is the condensed Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2017 and 2016:

Summary of Changes in Net Position (in thousands)			
	Governmental Activities		Increase
	<u>2017</u>	<u>2016</u>	(Decrease)
REVENUES			
Program revenues:			
Charges for services	\$17,282	\$21,310	(\$4,028)
Operating grants and contributions	3,965	4,678	(713)
Capital grants and contributions	1,703	1,471	232
Total program revenues	<u>22,950</u>	<u>27,459</u>	<u>(4,509)</u>
General revenues:			
Property taxes	23,343	19,999	3,344
Sales taxes	31,819	34,348	(2,529)
Paramedic tax	5,486	4,226	1,260
Transient occupancy tax	2,985	3,063	(78)
Franchise tax	3,611	3,418	193
Business license tax	2,860	2,825	35
Other taxes	1,739	3,465	(1,726)
Investment earnings	211	300	(89)
Miscellaneous	2,449	1,387	1,062
Total general revenues	<u>74,503</u>	<u>73,031</u>	<u>1,472</u>
TOTAL REVENUES	<u>97,453</u>	<u>100,490</u>	<u>(3,037)</u>
EXPENSES			
General government	10,996	12,953	(1,957)
Public safety	44,367	55,400	(11,033)
Public works and parks	19,846	22,929	(3,083)
Community/economic development	4,243	4,307	(64)
Culture and recreation	14,131	15,027	(896)
Interest on long-term debt	271	277	(6)
TOTAL EXPENSES	<u>93,854</u>	<u>110,893</u>	<u>(17,039)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>3,599</u>	<u>(10,403)</u>	<u>14,002</u>
Transfers in	<u>536</u>	<u>449</u>	<u>87</u>
Net Change in Net Position	4,135	(9,954)	14,089
Beginning Net Position	111,380	141,674	(30,294)
Change due to implementation of GASB 75 (See Note 1Q)		<u>(20,340)</u>	<u>20,340</u>
Ending Net Position, June 30	<u>\$115,515</u>	<u>\$111,380</u>	<u>\$4,135</u>

CITY OF SAN RAFAEL

**Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2017**

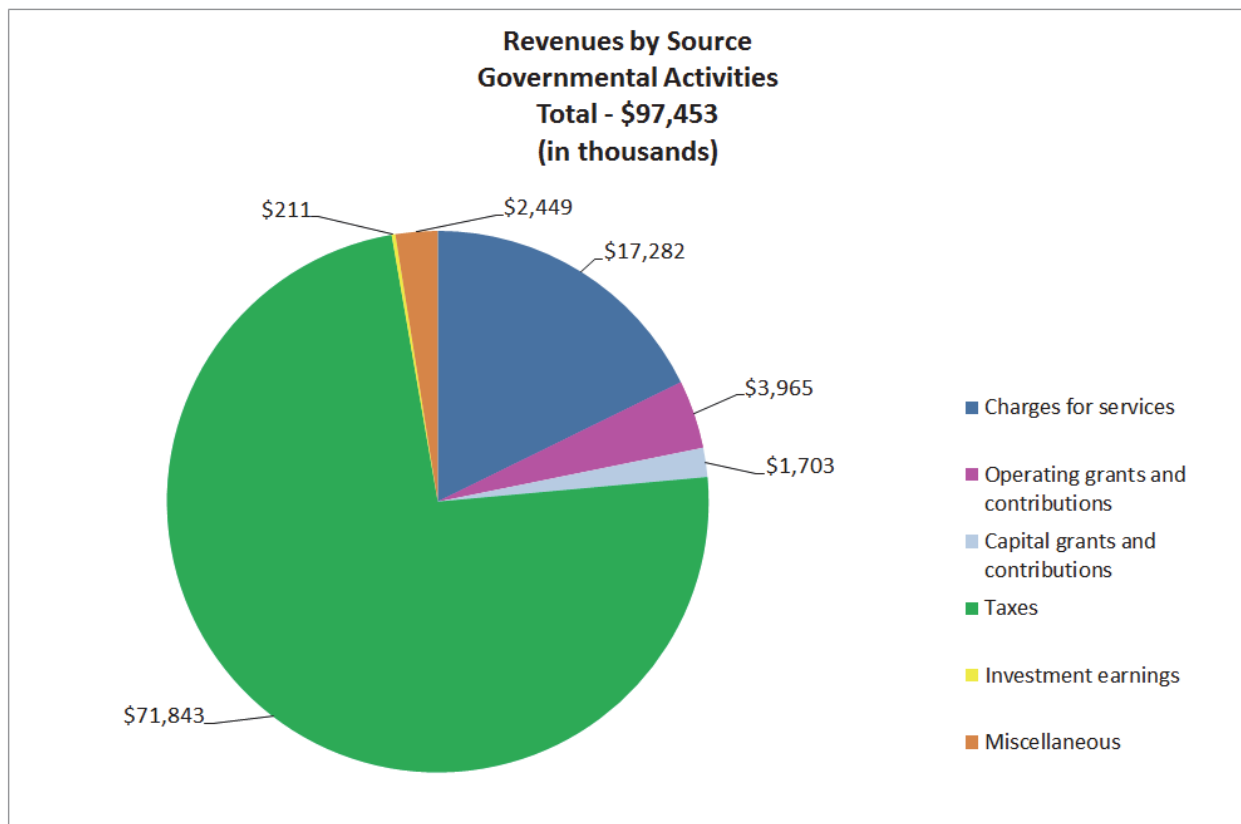
The City’s governmental activities net position increased by \$4.1 million during fiscal year 2016-2017. Charges for services were approximately \$4.1 million lower than those of the previous year. Most of this decrease, \$2.6 million, stems from a change in the reporting of reimbursements to the City from SRSD. (In the previous year, the reimbursements were reported as a charge for services. Going forward, these charges are eliminated because their source is a component unit of the City.) The City also experienced a decline in third-party billings for emergency medical transport services.

Approximately half of the \$3.3 million increase in property tax revenues results from a reporting change in which property transfer tax revenues are now being accounted for within the property tax category. In the prior year, it was reported under “Other taxes.” The remainder of the growth reflects economic growth (approximately five percent) coupled with some one-time distributions from prior year activity. The year-over-year \$2.5 million decrease in sales taxes is attributable to a leveling off in sales tax-related growth in the current year combined with a \$1.2 million one-time sales tax revenue in the previous year.

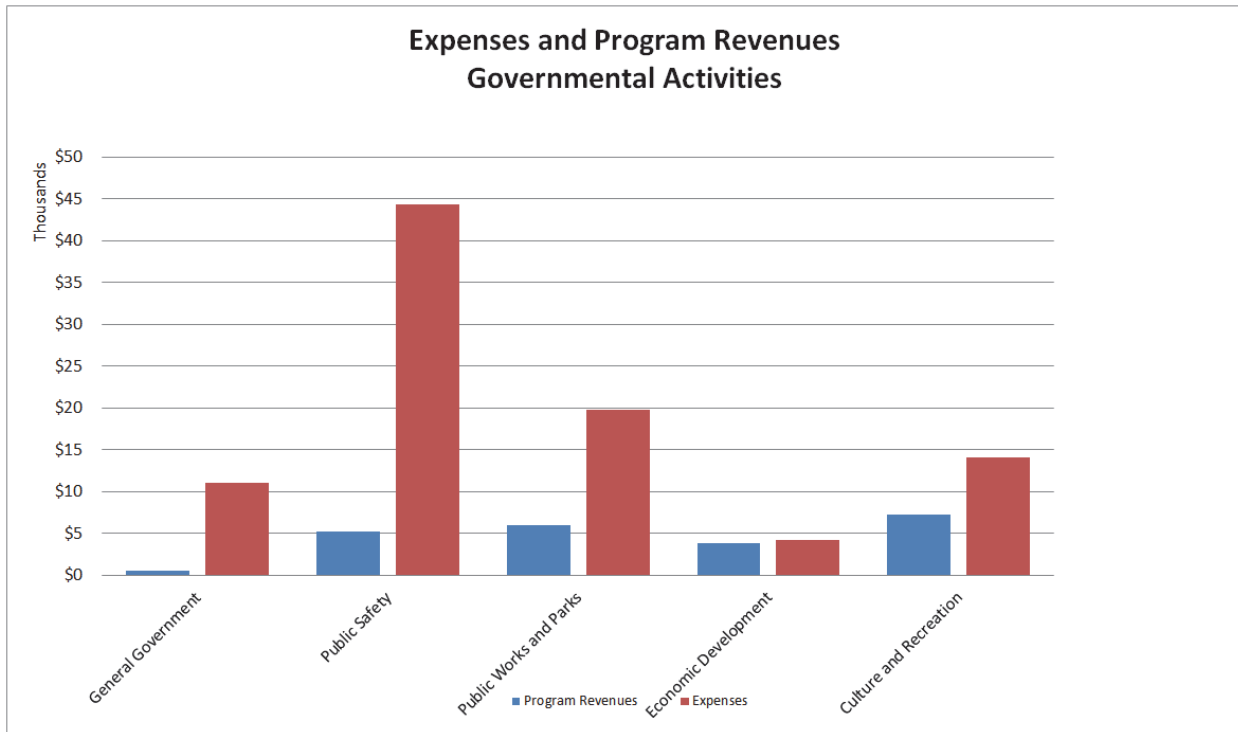
Other taxes dropped from \$3.5 million to \$1.7 million in the current year because of the change in reporting of the property transfer tax, as described previously. Finally, Miscellaneous revenues increased by just under \$1.1 million, with most of the increase attributable to County of Marin payments toward the Fire Station 57 construction, one of the active Essential Facilities Capital projects.

The fiscal year 2016-2017 governmental expenses were \$17.0 million less than those of the previous fiscal year. This decrease is driven by \$26.7 million of pension expense adjustments recorded under GASB 68. The remaining year-over-year increase is attributable to other operating costs, which increased by approximately \$9.7 million.

The following graph shows governmental revenues by source:



CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017



Total expenses for governmental activities were \$93.6 million (excluding interest on long-term debt of \$271 thousand). Program revenues offset total expenditures as follows:

- Those who directly benefited from programs contributed \$17.3 million in charges for services.
- A total of \$5.7 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, other general revenues and fund balance were \$70.6 million.

Functional expenses for the year ended June 30, 2017 were as follows:

Function	Amount	Percent of Total
General government	\$10,996	11.6%
Public safety	44,367	47.3%
Public works and parks	19,846	21.0%
Community development	4,243	4.5%
Culture and recreation	14,131	15.1%
Interest on debt	271	0.3%
Total expenses	\$93,854	100%

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Statement of Activities – Business-type

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

	Business-Type Activities		Increase
	2017	2016	(Decrease)
Revenues			
Program revenues:			
Charges for services	\$5,268	\$5,212	\$56
Total program revenues	5,268	5,212	56
General revenues:			
Miscellaneous	11	15	(4)
Total general revenues	11	15	(4)
TOTAL REVENUES	5,279	5,227	52
Expenses			
General government	4,188	4,763	(575)
TOTAL EXPENSES	4,188	4,763	(575)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	1,091	464	627
OTHER FINANCING SOURCES (USES)			
Transfers out	(536)	(448)	(88)
Total Other Financing sources (uses)			
Net Change in Net Position	555	16	539
Fund Balance, Beginning as of 7/1/16	9,542	9,806	(264)
Change due to implementation of GASB 75 (See Note 1Q)	-	(280)	280
Net Position, Ending as of 6/30/17	\$10,097	\$9,542	\$555

The net position for business-type activities was increased by \$555 thousand in fiscal year 2016-2017 from the prior fiscal year.

- Parking services is the City's only business-type activity with income derived from program revenues of \$5.3 million. Program revenues include parking meter coin income of \$1.9 million and parking garage hourly and monthly parking income of \$1.3 million. Revenues also include parking and non-vehicle code fines totaling \$2.1 million. Total expenses for parking services were \$4.2 million and transfers out to general fund and non-major governmental fund for support totaled \$536 thousand during the fiscal year 2016-2017. The year-over-year decrease in expenditures was driven by routine pension-related accounting adjustments in the parking fund.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
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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.

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

As of June 30, 2017, the City reported a combined ending fund balance of \$46.1 million of all its governmental funds (a decrease of 4.0 million from the prior year): \$0.5 million is non-spendable, \$25.8 million is restricted, \$3.5 million is committed, \$15.0 million is assigned and \$1.3 million is unassigned.

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

General Fund – The fund balance of the General Fund as of June 30, 2017 was \$16.7 million (a decrease of \$2.0 million from the prior year balance): \$0.5 million is non-spendable, \$14.9 million is assigned, and \$1.3 million is unassigned. The assigned portion of the balance includes \$7.2 million for emergency and cash flow needs.

General Fund Budgetary Highlights:

The original adopted General Fund budget projected total revenue of \$74.9 million and transfers-in of \$1.2 million for total resources of \$76.1 million. This budget appropriated expenditures of \$69.9 million and transfers-out of \$6.0 million for total appropriations of \$75.9 million. Transfers-out were later increased to \$7.2 million in order to accommodate the funding of the San Rafael Essential Facilities project from Measure E Transactions and Use Tax (TUT), based on actual project expenditures.

Actual revenues, at \$73.4 million, were lower than the original budgeted revenues by \$1.5 million. This negative performance was primarily due to a decline in sales tax revenues. Actual expenditures of \$69.5 million were less than the original budgeted expenditures by \$0.4 million, primarily due to staffing vacancies.

Fiscal year 2016-2017 General Fund revenues and transfers of \$74.8 million exceeded expenditures and operating transfers out of \$71.3 million by \$3.5 million. Capital transfers to the Essential Facilities Capital Projects fund reduced the net results by \$5.4 million. Net operating results were sufficient to ensure that the General Fund Emergency and Cash Flow Reserve maintained its target level of 10 percent of actual expenditures.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Summary of General Fund Budget and Actual
For the fiscal year ended June 30, 2017 (in thousands)

	Adopted Budget	Revised Budget	Actual
Revenues	\$74,942	\$74,117	\$73,366
Transfers in	1,213	1,382	1,382
Total resources	<u>76,155</u>	<u>75,499</u>	<u>74,748</u>
Expenditures	69,901	\$70,526	69,520
Transfers out (operating)	<u>1,936</u>	<u>1,796</u>	<u>1,796</u>
Total uses	<u>71,837</u>	<u>72,322</u>	<u>71,316</u>
Net Operating Results	<u>\$4,318</u>	<u>\$3,177</u>	<u>\$3,432</u>
Transfers out (capital)	<u>4,040</u>	<u>5,417</u>	<u>5,417</u>
Net Results after capital transfers	<u>\$278</u>	<u>(\$2,240)</u>	<u>(\$1,985)</u>

Traffic and Housing Mitigation Fund – The City uses this fund to collect developer contributions to be used for major street improvement and housing infrastructure projects. During the year, the fund balance decreased from \$10.4 million to \$9.1 million. Revenues totaled \$0.2 million, while \$1.8 million was charged against this fund to support the maintenance of the City-wide traffic model, including the Tamalpais Avenue queue cutter and Freitas-Las Gallinas Intersection Improvement. The balance in the fund is being held in anticipation of major street projects identified in the General Plan 2020 and other qualifying expenditures.

Gas Tax Fund – The City uses this fund to manage its allocation of State gasoline taxes and local funding for street maintenance projects. Gas tax revenues exceeded expenditures and net transfers by \$70 thousand in fiscal year 2016-2017 leaving the ending fund balance effectively unchanged at \$6.7 million.

Expenditures during fiscal year 2016-2017 totaled \$4.6 million. In addition to routine street-related maintenance, expenditures include \$703 thousand for Downtown Rail Readiness, \$1.6 million for miscellaneous street resurfacing, \$580 thousand for Grand Avenue Pathway Connector, \$232 thousand for Brookdale Avenue Retaining Wall Repair and \$146 thousand for Emergency Slide Repair and Road Repair.

The largest sources of revenues were \$1.1 million in development impact fees, \$1.2 million from State gasoline taxes, \$635 thousand in local Measure A and \$492 thousand in Measure B funding.

Essential Facilities Capital Projects Fund – The City uses this fund to account for major capital improvements to public safety facilities. The currently active construction projects are Fire Station 57, Fire Station 52 and the Public Safety Center. Expenditures during fiscal year 2016-2017 totaled \$6.1 million, of which \$5.4 million was transferred from the General Fund from an allocation of Measure E Transaction and Use Tax, and the remainder from reimbursements from the County of Marin for its share of Fire Station 57 costs.

Non-major Governmental Funds – The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2017, non-major funds had a total fund balance of \$13.6 million, a \$0.8 million decrease from the previous year. While the Childcare and Grants funds reported increases of \$216 thousand and \$139 thousand, respectively; the Stormwater Fund spent down \$772 thousand as it completed major work on the Rossi Pump Station, and the State Lands Fund (reported under Development Services) expended a net \$318 thousand in support of a right-of-way purchase.

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017**

Of the ending total non-major fund balances of \$13.6 million: \$10.0 million (74%) is legally restricted for specific purposes by external funding source providers, \$3.5 million (25%) is committed for special purposes by the City Council, and \$ 0.1 million (1%) is assigned. Additional information about these aggregated non-major funds is presented in the combining statements which immediately follow the required supplementary information.

Proprietary Funds

The City's proprietary funds are presented in the basic financial statements in a manner similar to that found in the government-wide financial statements, but in more detail. As noted in the Summary of Changes in Net Position – Business-type Activities at page 36, the City's proprietary fund net position was increased by \$764 thousand during the fiscal year. The Parking Services Fund is the City's sole business-type (Enterprise) activity.

The proprietary fund operating revenue was increased by \$57 thousand in fiscal year 2016-2017 to \$5.269 million. The Enterprise fund operating expenses were \$3.8 million in fiscal year 2016-2017, a decrease of \$0.8 million over the prior fiscal year.

The City's Internal Service Funds are also reported in this Proprietary Fund classification. In fiscal year 2016-2017, the Internal Services Funds were comprised of: Building Maintenance, Vehicle Replacement, Equipment Replacement, Employee Benefits, Liability Insurance, Workers' Compensation, Dental Insurance, Employee Retirement, OPEB/Retiree Medical, Radio Replacement, Telephone Replacement and Sewer Maintenance. The net position of the Internal Service Funds increased by \$2.2 million, \$1.9 million of which was in the building maintenance fund reflecting the growth in depreciable City infrastructure-related assets. The other Internal Service Funds reported small-to-moderate changes to their respective net positions.

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, 2017 amounts to \$216.0 million, net of accumulated depreciation of \$167.9 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 net addition to the City's investment in capital assets for the current fiscal year was \$12.0 million, offset by accumulated depreciation of \$6.9 million.

Additions to capital assets during fiscal year 2016-2017 included:

- Building and structures
- Terra Linda Recreation Center Pool House

- Infrastructure: \$9.8 million
 - Downtown Rail Readiness - \$3.8 million
 - Tamalpais Avenue Queue Cutter Improvement - \$1.9 million
 - Rossi Pump - \$1.7 million
 - H Street Drainage Improvement - \$2.4 million

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

The City's Capital Assets for the fiscal years ending June 30, 2017 and 2016 were as follows:

Summary of Capital Assets (in thousands)		
	2017	2016
Governmental Activities		
Land	\$83,662	\$83,261
Construction in progress	11,847	11,520
Land improvements	9,020	9,020
Buildings and structures	42,896	41,667
Machinery and equipment	18,841	18,477
Infrastructure	197,025	187,213
Less accumulated depreciation	(163,785)	(157,072)
Subtotal Governmental Activities	199,506	194,086
Business-type Activities		
Land	8,621	8,621
Buildings and structures	10,714	10,714
Machinery and equipment	1,212	1,267
Less accumulated depreciation	(4,103)	(3,902)
Subtotal Business-type Activities	16,444	16,700
Total Capital Assets	\$215,950	\$210,786

Additional information on the City's capital assets can be found in Note 5 on pages 63 through 64 of this report.

Debt Administration

The City's debt obligations were stable year-over year, and reflect payments of principal made during the year. The debt of the former Redevelopment Agency is reported under the Successor Agency, which is presented as Private-Purpose Trust Fund on the Statement of Fiduciary Net Position. (See Note 6 of the financial statements for additional information on the debt obligations of the City and Note 15 for additional information on the Successor Agency.) The City's long-term obligations for the fiscal years ending June 30, 2017 and 2016 were as follows:

Summary of Long-Term Debt (in thousands)		
	2017	2016
Governmental Activity Debt:		
2010 Taxable Pension Obligation Bonds	\$4,390	\$4,490
PG & E City Hall HVAC Retrofit Note Payable	213	246
PG & E Street Light Retrofit Note Payable	91	133
Subtotal Governmental Activity Debt	4,694	4,869
Business-type Debt:		
PG & E Parking Lot Lighting Retrofit Note Payable	41	48
2012 Authority Lease Revenue refunding Bonds, as adjusted	5,434	5,693
Subtotal Business-type Debt	5,475	5,741
Total Long-Term Obligations	\$10,169	\$10,610

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017**

ECONOMIC CLIMATE AND NEXT YEAR'S BUDGET

Seven years after the official end of the Great Recession, the City's revenues have firmly established themselves above the former peak set at the end of the last decade, although sales tax revenues have experienced a leveling off. As the City looks ahead to fiscal year 2017-2018, management is encouraged by indicators that the local economy will remain vibrant. However, relatively strong growth in the regional economy continues to be tempered by uncertainty at the state, national and international levels.

The nation continues to bounce back slowly, fueled by a resurgent housing market and consistent job growth. While elements of the national economy are on the mend, there are many longer-term issues the nation must address, including funding changes to the national healthcare system, long-term underemployment and unemployment, and resolving underfunded federal entitlements and state and local pensions.

The California economy continues to rebound from the recession. Although the 4.9% unemployment rate remains above the national average of 4.4%, it continues to fall and remains on a convergent track with the national average. Personal income has rebounded over the past few years, and the State continues to prosper from the flow of capital into the technology companies who are attracted to California. Although the State has been able to slowly build back its reserves and post budget surpluses, there are concerns that budget shortfalls could return within the next few years. In addition, the "wall of debt" which, when pension and retiree medical liabilities are considered, reaches into the hundreds of billions of dollars and managing the impact of the severe drought most of the 58 counties are likely to burden the State for several years.

Locally, the 3.0% Marin County unemployment rate is the second lowest in the State. According to the Marin Economic Forum, the County added 4,000 payroll jobs and gained approximately 250 payroll businesses in 2016. Real personal income is projected to grow at an average rate of just over 2.5% over the next year, and Marin County's taxable sales per capita are the third highest in the State. Marin County median home prices now exceed \$1.3 million and continue to rise, while the recovery of commercial real estate has led to stable rents increasing to an average of \$2.80 per square foot.

The City's general fund is fueled by the momentum of five consecutive years of strong operating results. Service levels have increased moderately over the past few years, with additional resources being allocated to homeless issues, massage ordinance enforcement, open space management and deferred maintenance. At the same time, the City is fully funding its actuarially-determined, required contributions for both pension and retiree medical (OPEB) obligations.

The City enters fiscal year 2017-2018 with approximately \$4.8 million accumulated from a dedicated portion of its Measure E Transaction Use Tax (TUT) for public safety facilities construction and improvements. One-third of this twenty-year San Rafael three-quarter percent TUT, which became effective April 1, 2014, has been set aside by City Council direction for this purpose.

Reductions in staffing and service levels, coupled with deferred maintenance of City facilities as method of coping with past economic downturns means that, although the City is able to maintain and, in some cases, improve on its level of services and make come strategic investments for the City's future, there will still be critical, unfunded capital and maintenance needs.

The trends for sales tax and transactions and use tax (Measure E), which combined represent the City's largest tax revenue generators, suggested continued, but moderate growth. For fiscal year 2017-2018, these taxes are projected to increase by approximately three percent.

The City's second largest tax generator is property tax. The City is expecting the fiscal year 2016-2017 tax roll to increase by approximately five percent over the previous year. Other tax and non-tax revenues are expected to grow moderately, in the range of two to four percent.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017**

The City's largest expenditure relates to personnel costs. Salaries and benefits are tied to the labor agreements with each bargaining group. With the exception of SEIU-Childcare, which has a three-year contract terminating on October 31, 2019, the City's labor units are all operating under two-year contracts that expire on June 30, 2018. Negotiated compensation increases in effect through June 30, 2018 range between 3.0% and 4.0% for the fiscal year.

In the bond markets, the San Rafael name is recognized as a high credit municipal entity given both the City's financial strength and solid financial management. Because the City's bonds are highly sought by investors and are fairly competitive in the marketplace, the City can borrow funds at reasonably attractive rates. The City maintains an AA- issuer credit rating with Standard & Poor's Ratings Services.

The City anticipates spending down most of its funds accumulated for the San Rafael Essential Facilities capital improvements project. This project, which includes a new public safety administrative building and major safety and operational improvements to fire stations, is being funded from a dedicated portion of the Measure E TUT. Other General Fund balances are expected to remain stable for the year.

REQUEST FOR INFORMATION

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

CITY OF SAN RAFAEL

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

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

The Statement of Net Position reports the difference between the City's total assets and 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.



CITY OF SAN RAFAEL
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government			Component Unit
	Governmental	Business-type	Total	San Rafael Sanitation District
	Activities	Activities		
ASSETS				
Cash and investments available for operations (Note 2)	\$64,866,135	\$3,217,411	\$68,083,546	\$24,536,913
Restricted cash and investments (Note 2)	702,161		702,161	
Receivables:				
Accounts	2,333,440	50,543	2,383,983	48,157
Taxes	7,481,603		7,481,603	
Grants	123,581	6,507	130,088	
Interest	169,010		169,010	
Loans (Note 4)	654,612		654,612	
Long-term receivable from the Successor Agency (Note 15D)	761,773		761,773	
Long-term receivable from San Rafael Sanitation District (Note 4G)	4,527,836		4,527,836	
Internal balances (Note 3B)	162,051	(162,051)		
Prepaid expenses and others	1,362,605	154,835	1,517,440	54,842
Capital assets (Note 5):				
Nondepreciable	95,509,234	8,620,853	104,130,087	387,361
Depreciable, net	103,996,931	7,822,754	111,819,685	48,004,957
Total Assets	<u>282,650,972</u>	<u>19,710,852</u>	<u>302,361,824</u>	<u>73,032,230</u>
DEFERRED OUTFLOWS				
Deferred outflows related to pension (Note 9)	72,653,722	2,353,734	75,007,456	
Deferred outflows related to OPEB (Note 11)	4,214,824	40,176	4,255,000	
Total Deferred Outflows	<u>76,868,546</u>	<u>2,393,910</u>	<u>79,262,456</u>	
LIABILITIES				
Accounts payable	8,416,779	90,048	8,506,827	620,794
Deposits payable	101,146		101,146	
Interest payable		46,547	46,547	
Developer deposits payable	547,699		547,699	
Unearned revenue	367,589		367,589	
Claims payable (Note 13):				
Due in one year	2,653,288		2,653,288	
Due in more than one year	6,094,050		6,094,050	
Compensated absences (Note 1K):				
Due in one year	556,116	17,703	573,819	
Due in more than one year	3,892,816	123,922	4,016,738	
Long-term debt (Note 6):				
Due in one year	280,172	276,816	556,988	
Due in more than one year	4,413,151	5,198,149	9,611,300	
Long-term payable to the City of San Rafael (Note 4G)				4,527,836
Net OPEB liability (Note 11)	33,466,002	318,998	33,785,000	
Net pension liability (Note 9)	161,812,669	5,242,181	167,054,850	
Total Liabilities	<u>222,601,477</u>	<u>11,314,364</u>	<u>233,915,841</u>	<u>5,148,630</u>
DEFERRED INFLOWS				
Deferred inflows related to pension (Note 9)	21,402,737	693,376	22,096,113	
Total Deferred Inflows	<u>21,402,737</u>	<u>693,376</u>	<u>22,096,113</u>	
NET POSITION (Note 8):				
Net investment in capital assets	199,202,842	10,968,642	210,171,484	48,392,318
Restricted for:				
Special revenue projects:				
Housing and street improvements	16,575,903		16,575,903	
Stormwater	189,087		189,087	
Emergency medical services	1,744,530		1,744,530	
Other	6,564,442		6,564,442	
Capital projects	3,984,436		3,984,436	
Debt service	167,245		167,245	
Total Restricted Net Position	<u>29,225,643</u>		<u>29,225,643</u>	
Unrestricted	(112,913,181)	(871,620)	(113,784,801)	19,491,282
Total Net Position	<u>\$115,515,304</u>	<u>\$10,097,022</u>	<u>\$125,612,326</u>	<u>\$67,883,600</u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF ACTIVITIES

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$10,996,269	\$421,393	\$168,782	
Public safety	44,366,734	4,264,939	996,507	
Public works and parks	19,845,719	1,804,698	2,452,581	\$1,702,993
Community development	4,242,743	3,850,107		
Culture and recreation	14,131,000	6,941,013	347,481	
Interest on long-term debt and fiscal charges	271,263			
Total Governmental Activities	<u>93,853,728</u>	<u>17,282,150</u>	<u>3,965,351</u>	<u>1,702,993</u>
Business-type Activities				
Parking services	4,188,152	5,268,991		
Total Business-type Activities	<u>4,188,152</u>	<u>5,268,991</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$98,041,880</u>	<u>\$22,551,141</u>	<u>\$3,965,351</u>	<u>\$1,702,993</u>
Component Unit				
San Rafael Sanitation District	\$11,255,194	\$16,014,016	\$ 36,945	\$ 79,245

General revenues:

Taxes:

Property

Sales:

Sales and Use

Measure E half-cents sales tax

Measure E quarter-cents sales tax

Measure S

Paramedic

Transient occupancy

Franchise

Business license

Other

Investment earnings

Miscellaneous

Transfers (Note 3A)

Total general revenues and transfers

Change in Net Position

Net Position, beginning of year, as adjusted (Note 1Q)

Net Position, end of year

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

<u>Primary Government</u>			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>San Rafael Sanitation District</u>
(\$10,406,094)		(\$10,406,094)	
(39,105,288)		(39,105,288)	
(13,885,447)		(13,885,447)	
(392,636)		(392,636)	
(6,842,506)		(6,842,506)	
(271,263)		(271,263)	
<u>(70,903,234)</u>		<u>(70,903,234)</u>	
	\$1,080,839	1,080,839	
-	1,080,839	1,080,839	
<u>(70,903,234)</u>	<u>1,080,839</u>	<u>(69,822,395)</u>	
			\$4,875,012
23,343,140		23,343,140	1,528,047
20,255,493		20,255,493	
7,689,925		7,689,925	
3,844,963		3,844,963	
28,878		28,878	
5,485,637		5,485,637	
2,984,758		2,984,758	
3,610,824		3,610,824	
2,774,803		2,774,803	
1,824,830		1,824,830	
210,628	10,810	221,438	97,090
2,448,604		2,448,604	
536,000	(536,000)		
<u>75,038,483</u>	<u>(525,190)</u>	<u>74,513,293</u>	<u>1,625,137</u>
4,135,249	555,649	4,690,898	6,500,149
<u>111,380,055</u>	<u>9,541,373</u>	<u>120,921,428</u>	<u>61,383,451</u>
<u>\$115,515,304</u>	<u>\$10,097,022</u>	<u>\$125,612,326</u>	<u>\$67,883,600</u>



FUND FINANCIAL STATEMENTS

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

The funds described below were determined to be major funds by the City in fiscal year 2016-2017:

GENERAL FUND

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

TRAFFIC AND HOUSING MITIGATION SPECIAL REVENUE FUND

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

GAS TAX SPECIAL REVENUE FUND

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

ESSENTIAL FACILITIES CAPITAL PROJECTS FUND

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

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	Special Revenue Funds			Essential Facilities Capital Projects Fund
	General	Traffic and Housing Mitigation	Gas Tax	
ASSETS				
Cash and investments available for operations (Note 2)	\$13,434,043	\$9,227,743	\$7,009,256	\$1,950,002
Restricted cash and investments (Note 2)				
Receivables:				
Accounts	1,257,061		46,441	183,106
Taxes	7,109,197		109,688	
Grants				
Interest	167,018			
Loans (Note 4)	230,973	193,573		
Long-term receivable from the Successor Agency (Note 15D)	761,773			
Prepays	277,473			
Total Assets	\$23,237,538	\$9,421,316	\$7,165,385	\$2,133,108
LIABILITIES				
Accounts payable	\$4,144,408	\$270,227	\$441,689	\$2,133,108
Deposits payable	79,411	15,659		
Developer deposits payable	387,085			
Unearned revenue				
Compensated absences	64,189			
Total Liabilities	4,675,093	285,886	441,689	2,133,108
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - SB90 reimbursement receivable	1,096,240			
Unavailable revenue - long-term receivable from Successor Agency	761,773			
Total Deferred Inflows of Resources	1,858,013			
Fund Balances (Note 8):				
Nonspendable	508,446			
Restricted		9,135,430	6,723,696	
Committed				
Assigned	14,900,945			
Unassigned	1,295,041			
Total Fund Balances	16,704,432	9,135,430	6,723,696	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$23,237,538	\$9,421,316	\$7,165,385	\$2,133,108

See accompanying notes to basic financial statements

Other Governmental Funds	Total Governmental Funds
\$12,734,480	\$44,355,524
702,161	702,161
846,832	2,333,440
262,718	7,481,603
123,581	123,581
1,992	169,010
230,066	654,612
	761,773
4,574	282,047
\$14,906,404	\$56,863,751

\$812,035	\$7,801,467
6,076	101,146
160,614	547,699
367,589	367,589
	64,189
1,346,314	8,882,090

	1,096,240
	761,773
	1,858,013

	508,446
9,953,279	25,812,405
3,491,708	3,491,708
115,103	15,016,048
	1,295,041
13,560,090	46,123,648

\$14,906,404	\$56,863,751
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CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total fund balances reported on the governmental funds balance sheet	\$46,123,648
<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>	190,678,334
<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>	21,218,401
<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>	(4,693,323)
Compensated absences	(4,384,743)
Unavailable revenue	1,858,013
Long-term receivables from San Rafael Sanitation District	4,527,836
Deferred outflow related to pension	72,653,722
Net pension liability	(161,812,669)
Deferred inflow related to pension	(21,402,737)
Deferred outflow related to OPEB	4,214,824
Net OPEB liability	<u>(33,466,002)</u>
Net position of governmental activities	<u><u>\$115,515,304</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, 2017

	Special Revenue Funds					Total Governmental Funds
	General	Traffic and Housing Mitigation	Gas Tax	Essential Facilities Capital Projects Fund	Other Governmental Funds	
REVENUES						
Taxes and special assessments	\$64,242,440				\$6,924,451	\$71,166,891
Licenses and permits	2,559,841					2,559,841
Fines and forfeitures	400,283					400,283
Use of money and properties	229,791	\$31,267	\$24,527		63,764	349,349
Intergovernmental	2,767,092		3,728,982		1,567,082	8,063,156
Charges for services	2,459,680	204,210	1,149,022		9,612,249	13,425,161
Other revenue	706,657		62,314	\$635,387	437,695	1,842,053
Total Revenues	73,365,784	235,477	4,964,845	635,387	18,605,241	97,806,734
EXPENDITURES						
Current:						
General government	10,190,580	22,450			344,386	10,557,416
Public safety	40,844,246				8,173,907	49,018,153
Public works and parks	11,201,655	1,745,154	2,643,991		1,162,161	16,752,961
Community development	3,759,564					3,759,564
Culture and recreation	3,077,435				9,569,293	12,646,728
Capital outlay			1,641,317		459,609	2,100,926
Capital improvement / special projects			305,704	6,052,841	1,044,704	7,403,249
Debt service:						
Principal	175,172					175,172
Interest and fiscal charges	271,263					271,263
Total Expenditures	69,519,915	1,767,604	4,591,012	6,052,841	20,754,060	102,685,432
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,845,869	(1,532,127)	373,833	(5,417,454)	(2,148,819)	(4,878,698)
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 3A)	1,382,303	228,400	325,000	5,417,454	1,933,850	9,287,007
Transfers out (Note 3A)	(7,213,543)		(628,400)		(612,819)	(8,454,762)
Total Other Financing Sources (Uses)	(5,831,240)	228,400	(303,400)	5,417,454	1,321,031	832,245
Net Change in Fund Balances	(1,985,371)	(1,303,727)	70,433		(827,788)	(4,046,453)
FUND BALANCES, BEGINNING OF YEAR	18,689,803	10,439,157	6,653,263		14,387,878	50,170,101
FUND BALANCES, END OF YEAR	\$16,704,432	\$9,135,430	\$6,723,696		\$13,560,090	\$46,123,648

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, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$4,046,453)

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 improvement expenditures are therefore added back to fund balance	9,504,175
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	2,003,366
Loss on disposal of capital assets is deducted from fund balance	(207,188)
Transfer of capital assets to Internal Service Funds is deducted from fund balance	(1,228,402)
Depreciation expense is deducted from fund balance	(6,222,352)

Long-Term Debt Proceeds and Payments

Repayments on long-term debt principal are expenditures in the governmental funds, but in the Statement of Net Position the repayments reduce long-term liabilities.	175,172
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Accrual of Non-Current Items

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

Compensated absences	(126,623)
Unavailable revenue	(516,972)
Long-term receivable from San Rafael Sanitary District	(331,171)

Net Pension Liability Transactions

Governmental funds record pension expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability.	2,524,957
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Net OPEB Liability Transactions

Governmental funds record OPEB expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net OPEB liability.	190,187
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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.	2,416,553
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Change in Net Position of Governmental Activities	\$4,135,249
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See accompanying notes to financial statements

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.

INTERNAL SERVICE FUNDS

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



CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments available for operations (Note 2)	\$3,217,411	\$20,510,611
Receivable:		
Accounts	50,543	
Grants	6,507	
Prepays	154,835	1,080,558
Total Current Assets	3,429,296	21,591,169
Noncurrent Assets:		
Capital assets (Note 5):		
Nondepreciable	8,620,853	530,301
Depreciable, net	7,822,754	8,297,530
Total Noncurrent Assets	16,443,607	8,827,831
Total Assets	19,872,903	30,419,000
DEFERRED OUTFLOWS		
Deferred outflows related to pension (Note 9)	2,353,734	
Deferred outflows related to OPEB (Note 11)	40,176	
Total Deferred Outflows	2,393,910	
LIABILITIES		
Current Liabilities:		
Accounts payable	90,048	615,312
Interest payable	46,547	
Compensated absences, due in one year (Note 1K)	17,703	
Claims payable, due in one year (Note 13)		2,653,288
Long-term debt, due in one year (Note 6)	276,816	
Total Current Liabilities	431,114	3,268,600
Noncurrent Liabilities:		
Compensated absences (Note 1K)	123,922	
Claims payable (Note 13)		6,094,050
Long-term debt (Note 6)	5,198,149	
Net OPEB liability (Note 11)	318,998	
Net Pension Liability (Note 9)	5,242,181	
Total Noncurrent Liabilities	10,883,250	6,094,050
Total Liabilities	11,314,364	9,362,650
DEFERRED INFLOWS		
Deferred inflows related to pension (Note 9)	693,376	
Total Deferred Inflows	693,376	
NET POSITION (Note 8):		
Net investment in capital assets	10,968,642	8,827,831
Unrestricted	(709,569)	12,228,519
Total Net Position	10,259,073	\$21,056,350
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.		
	(162,051)	
Net position <i>business-type activities</i>	\$10,097,022	

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, 2017

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$3,103,420	\$15,206,988
Other operating revenues	2,165,571	962,296
Total Operating Revenues	5,268,991	16,169,284
OPERATING EXPENSES		
Personnel	2,097,898	2,775,670
Insurance premiums and claims		6,614,379
Maintenance and repairs	71,875	288,700
Depreciation (Note 5)	255,508	1,067,900
General and administrative	1,362,350	4,289,993
Total Operating Expenses	3,787,631	15,036,642
Operating Income	1,481,360	1,132,642
NONOPERATING REVENUES (EXPENSES)		
Investment income	10,810	68,951
Interest expense	(192,038)	
Miscellaneous income		94,264
Loss on sale of capital assets		(19,944)
Total Nonoperating Revenues (Expenses)	(181,228)	143,271
Income Before Transfers	1,300,132	1,275,913
CAPITAL CONTRIBUTIONS		
TRANSFERS IN (Note 3A)		1,228,402
TRANSFERS OUT (Note 3A)	(536,000)	(376,520)
Change in Net Position	764,132	2,208,070
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED (Note 1Q)	9,494,941	18,848,280
NET POSITION, END OF YEAR	\$10,259,073	\$21,056,350

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

Change in Net Position	\$764,132
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Some amounts reported for *business-type activities* 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.

	(208,483)
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Change in Net Position of Business-type Activities	\$555,649
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See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/other funds	\$3,103,420	\$15,307,819
Cash payments to suppliers for goods and services	(1,665,543)	(13,509,146)
Cash payments to employees for salaries and benefits	(2,346,766)	(164,292)
Other operating revenues	2,269,878	962,010
Cash Flows from Operating Activities	1,360,989	2,596,391
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund receipts		80,275
Interfund payments	(536,000)	(376,520)
Cash Flows from Noncapital Financing Activities	(536,000)	(296,245)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on revenue bonds and note payable	(266,817)	
Interest expenses and fiscal charges	(193,263)	
Acquisition of capital assets		(1,222,005)
Proceeds from sale of property		94,264
Cash Flows from Capital and Related Financing Activities	(460,080)	(1,127,741)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	10,810	68,951
Cash Flows from Investing Activities	10,810	68,951
NET INCREASE IN CASH AND CASH EQUIVALENTS	375,719	1,241,356
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,841,692	19,269,255
CASH AND CASH EQUIVALENTS, END OF YEAR	\$3,217,411	\$20,510,611
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$1,481,360	\$1,132,642
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	255,508	1,067,900
Net change in assets and liabilities:		
Accounts receivable	104,307	89,607
Loans receivable		10,938
Prepays and deposits	(154,835)	2,478
Increase (decrease) in due to OPEB system	(1,813)	
Accounts payable	(76,483)	134,054
Compensated absence obligations	(1,100)	
(Decrease) in due to retirement system	(245,955)	
Claims payable		158,772
Net Cash Provided by Operating Activities	\$1,360,989	\$2,596,391
NON-CASH TRANSACTIONS:		
Amortization of bond discount	\$725	
Contributions of capital assets		\$1,228,402

See accompanying notes to basic financial statements



FIDUCIARY FUND FINANCIAL STATEMENTS
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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, 2017

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments (Note 2)	\$87,344	
Restricted cash and investments (Note 2)		\$289,768
Receivable:		
Taxes	3,360,513	951
	<u>\$3,447,857</u>	<u>\$290,719</u>
Total Assets	<u>\$3,447,857</u>	<u>\$290,719</u>
LIABILITIES		
Accounts payable	\$1,697	
Interest payable	46,747	\$26,614
Other long-term obligations (Note 15D)	761,773	
Due to bondholders		264,105
Long-term debt (Note 15C):		
Due within one year	3,080,000	
Due more than one year	15,852,670	
	<u>19,742,887</u>	<u>\$290,719</u>
Total Liabilities	<u>19,742,887</u>	<u>\$290,719</u>
NET POSITION (DEFICIT)		
Held in trust for private purpose	<u>(\$16,295,030)</u>	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund <hr/>
ADDITIONS	
Property taxes	<u>\$4,137,246</u>
Total Additions	<u>4,137,246</u>
DEDUCTIONS	
General government	261,850
Interest expense	<u>886,612</u>
Total Deductions	<u>1,148,462</u>
SPECIAL ITEM	
OPEB liability adjustment (Note 15D)	278,888
Total Special Item	<u>278,888</u>
Change in Net Position	3,267,672
NET POSITION HELD IN TRUST FUND FOR OTHER PURPOSES	
Beginning of year	<u>(19,562,702)</u>
End of year	<u><u>(\$16,295,030)</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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.

Activities of the Authority are reported in the Parking Services Enterprise Funds. Separate financial statements are not prepared for the Authority.

C. *Description of Discretely Presented Component Unit*

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

The District is governed by a three-member Board of Directors who are appointed to four-year terms. The City Council of the City appoints two out of the three board members and has the ability to remove the two board members at will.

The City contracts with the District to maintain the collection systems in the City and surrounding unincorporated areas. These employees are paid through the City's payroll department and participate in the City's cost-sharing multiple-employer defined benefit pension plan administered by the Marin County Employees' Retirement Association. The employees also participate in the City's healthcare benefits plan which includes a provision for postemployment benefits. These costs are the obligation of the District and not the City. As discussed in Note 4G, a receivable from the District has been established.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District's activities are reported as a discretely presented component unit in a separate column in the basic financial statements which includes the District's assets, liabilities, revenues, expenses, 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 Morphew Street, San Rafael, California 94901.

D. Basis of Presentation

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

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

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

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

E. Major Funds and Other Reported Funds

Major funds are defined as funds that have either assets, 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

The City also reports the following fund types:

Internal Service Funds - These funds account for: building maintenance; vehicle, equipment computer, radio, and telephone replacement; employee benefits; liability insurance; workers' compensation; dental insurance; employee retirement; and retiree medical (OPEB); and sewer maintenance.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

G. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. *Unavailable revenue*, a type of deferred inflow of resources, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes receivable, interest on interfund advances and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. *Budgets, Budgetary Accounting, and Encumbrances*

The City adopts an annual budget which is effective July 1 for the ensuing fiscal year. The budget reflects estimated revenues and expenditures, except for the capital projects funds 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.

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

I. *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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

City

Contributed capital assets are valued at their estimated fair market value on the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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 exceed \$25,000. 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

District

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

Subsurface lines	50-80 years
Sewer collection facilities	5-50 years
General plant & administrative facilities	3-15 years

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. *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	\$4,258,120	\$142,725	\$4,400,845
Additions	4,436,330	113,870	4,550,200
Payments	(4,245,518)	(114,970)	(4,360,488)
Ending Balance	\$4,448,932	\$141,625	\$4,590,557
Current Portion	\$556,116	\$17,703	\$573,819

**CITY OF SAN RAFAEL
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Tax Levy, Collection and Maximum Rates

City

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

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

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

District

The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Unsecured property taxes are levied throughout the year.

M. Sewer Charges

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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The Teeter Plan provides that the County advance the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent secured property tax receivables and actual proceeds collected.

N. *Connection Fees*

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

O. *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.

P. *Implementation of Accounting Standards*

Significant Accounting Standards Adopted in the Current Year

GASB Statement No. 75 - In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). The Statement replaces the requirements of Statements No. 45 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The Statement is effective for periods beginning after June 15, 2017; however, the City has elected to implement effective July 1, 2016.

Q. *Prior Period Adjustments*

The early implementation of GASB Statement No. 75 required the City to make prior period adjustments. As a result, the beginning net positions of the Governmental Activities and Business-Type Activities were reduced by \$20,340,365 and \$280,365, respectively. The beginning net position of the Parking Services Fund was also reduced by \$280,365 and the OPEB/Retiree Medical Fund increased by \$9,101,000 as part of this implementation. See Note 11 for additional information.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 2 - CASH AND INVESTMENTS

A. Policies

The City maintains an investment policy that emphasizes safety, liquidity and reasonable market yield. This policy is reviewed and approved by the City Council annually.

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments as of June 30, 2017, are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Statement of Net Position:

City of San Rafael:

Cash and investments available for operations	\$68,083,546
Restricted cash and investments	702,161

Total Primary Government Cash and Investments	68,785,707

San Rafael Sanitation District (Component Unit)

Cash and investments available for operations	24,536,913

Total San Rafael Sanitation District Cash and Investments	24,536,913

Statement of Fiduciary Net Position (separate statement):

Successor Agency to the Redevelopment Agency:

Cash and investments available for operations	87,344
Restricted cash and investments	0

Total Successor Agency Cash and Investments	87,344

Pt. San Pedro Road Assessment District Agency Fund

Total Fiduciary Cash and Investments	289,768

Total Cash and Investments	377,112

	\$93,699,732

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, 2017

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	N/A	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%	10% of total outstanding commercial paper
Bankers' Acceptances	180 days	A-1	40%	\$2,000,000
Medium-Term Corporate Notes	5 years	A	30%	5% of portfolio
Negotiable Certificates of Deposit	5 years	A-1	30%	5% of portfolio
Non-negotiable Certificates of Deposit	5 years	N/A	30%	5% of portfolio
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 maintains all of its cash in the County of Marin pooled investment fund for the purpose of increasing interest earnings through pooled investment activities.

The County Pool includes both voluntary and involuntary participation from external entities. The District is a voluntary participant. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The District has approved by resolution, the investment policy of the County of Marin which complies with the California Government Code.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	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	Highest Category Rating	No Limit
Money Market Funds	N/A	Highest Category Rating	No Limit
Prime Commercial Paper	270 days	Highest Category Rating	No Limit
Guaranteed Investment Contracts (fully collateralized) (A)	N/A	Highest Category Rating	No Limit
Municipal Obligations	N/A	Two Highest Category Ratings	No Limit
Medium-Term Corporate Notes	5 Years	A	No Limit
Non-Negotiable Certificates of Deposit	180 Days	N/A	No Limit
Negotiable Certificates of Deposit	5 Years	N/A	No Limit
Local Agency Investment Fund	N/A	N/A	N/A

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

E. GASB 72 Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles (GAAP). The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2017:

	(a) Level 1	(b) Level 2	(c) Level 3	Total
City:				
Money Market Mutual Funds		\$70,094		\$70,094
U.S. Treasury Notes	\$4,389,785			4,389,785
U.S. Agency Securities and Instruments		14,565,516		14,565,516
Medium-Term Corporate Notes		4,054,295		4,054,295
Investment in Pt. San Pedro Bonds			\$1,520,800 (d)	1,520,800
	<u>\$4,389,785</u>	<u>\$18,689,905</u>	<u>\$1,520,800</u>	24,600,490
Total Investments				24,600,490
Local Agency Investment Fund				34,171,960
County Investment Pool				77,038
Cash in banks and on hand				<u>9,936,219</u>
Total City and Investments				<u>68,785,707</u>
Fiduciary:				
Total Investments	<u>0</u>			0
Cash in banks and on hand				<u>377,112</u>
Total Fiduciary Cash and Investments				<u>377,112</u>
Total City and Fiduciary Cash and Investments				<u>69,162,819</u>
San Rafael Sanitary District:				
County Investment Pool				<u>24,536,913</u>
Total District's Cash and Investments				<u>24,536,913</u>
Total Cash and Investments				<u>\$93,699,732</u>

Source: The above GASB 72 classifications into the different Input Levels are provided by the US Bank Institutional Trust & Custody.

- (a) Level 1 inputs are quoted prices in active market for identical assets. These are quoted prices in active markets for identical assets at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- (b) Level 2 inputs are significant other observable inputs. These inputs include: a) Quoted prices for similar assets in active markets; b) Quoted prices for identical or similar assets in markets that are not active; and c) Inputs other than quoted prices that are observable for an asset.
- (c) Level 3 inputs are significant unobservable inputs. These inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date, unobservable inputs shall reflect the assumptions that market participants would use in pricing the asset including assumptions about risk.
- (d) This pertains to the City-owned bonds of its investments in Pt. San Pedro that has no trading market and is thus listed under Level 3. This bond is valued using discounted cash flow techniques.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Interest Rate Risk

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

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

Type of Investment	12 Months or Less	More than 12 Months	Total
City:			
Money Market Mutual Funds	\$70,094		\$70,094
Local Agency Investment Fund	34,171,960		34,171,960
County Investment Pool	77,038		77,038
U.S. Treasury Notes	2,495,880	\$1,893,905	4,389,785
U.S. Agency Securities and Instruments	5,998,990	8,566,526	14,565,516
Medium-Term Corporate Notes	1,502,835	2,551,460	4,054,295
Investment in Pt. San Pedro Bonds		1,520,800	1,520,800
	<u>\$44,316,797</u>	<u>\$14,532,691</u>	<u>58,849,488</u>
<i>Cash in banks and on hand</i>			<u>9,936,219</u>
Total City and Investments			<u>68,785,707</u>
Fiduciary:			
Total Investments	<u>0</u>		0
<i>Cash in banks and on hand</i>			<u>377,112</u>
Total Fiduciary Cash and Investments			<u>377,112</u>
Total City and Fiduciary Cash and Investments			<u>69,162,819</u>
San Rafael Sanitary District:			
<i>County Investment Pool</i>			<u>24,536,913</u>
Total District's Cash and Investments			<u>24,536,913</u>
Total Cash and Investments			<u>\$93,699,732</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

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, 2017, these investments matured in an average of 194 days.

Money Market Mutual Funds are available for withdrawal on demand. The investment portfolio of the Money Market Mutual Fund had an average maturity of 42 days at June 30, 2017.

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. The pool has a credit rating of "AAA/V1." Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2017, for each of the Primary Government's investment types as provided by Standard and Poor's or Moody's investment rating systems, except as noted:

Type of Investment	A	A+	AA-	AA	AA+	Aaa/AAA	A1/P1	Total
City (except Fiduciary Funds):								
Money Market Mutual Funds						\$70,094		\$70,094
County Investment Pool						77,038		77,038
U.S. Treasury Notes					\$4,389,785			4,389,785
U.S. Agency Securities and Instruments					14,565,516			14,565,516
Medium-Term Corporate Notes	\$495,895	\$2,061,665	\$500,340	\$498,205	498,190			4,054,295
Total rated investments	\$495,895	\$2,061,665	\$500,340	\$498,205	\$19,453,491	\$147,132	\$0	23,156,728
Not rated:								
Local Agency Investment Fund								34,171,960
Investment in Pt. San Pedro Bonds								1,520,800
Cash in banks and on hand								9,936,219
Total City Cash and Investments								68,785,707
Fiduciary:								
Money Market Mutual Funds						\$0		-
Total rated investments						\$0		0
Not rated:								
Local Agency Investment Fund								-
Cash in banks and on hand								377,112
Total Fiduciary Cash and Investments								377,112
Total City and Fiduciary Cash and Investments								69,162,819
AAA/VI								
Component Unit								
San Rafael Sanitary District:								
Investment in County Pool (Rated AAA/VI)						24,536,913		24,536,913
Total District's Cash and Investments						\$24,536,913		24,536,913
Total Cash and Investments								\$93,699,732

H. Concentration Risk

Included in the table at Note G above are the following significant investments in any one issuer other than U. S. Treasury securities, mutual funds, and external investment pools.

Reporting Unit	Issuer	Investment Type	Amount
Entity-wide	Federal Home Loan Bank	Federal Agencies Obligation	\$5,748,348
	Federal Farm Credit Bank	Federal Agencies Obligation	3,726,430

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 3 – INTER-FUND TRANSACTIONS

A. Transfers

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

Transfers between funds during the fiscal year ended June 30, 2017, were as follows:

From Fund	To Fund	Amount
General Fund	Non-Major Governmental Funds	\$1,796,089 (A)
General Fund	Essential Facilities Capital Projects Fund	5,417,454 (B)
Gas Tax Fund	General Fund	400,000 (C)
	Traffic and Housing Mitigation Fund	228,400 (D)
Parking Services Enterprise Fund	General Fund	436,000 (C)
	Non-Major Governmental Funds	100,000 (A)
Internal Service Fund	General Fund	376,520 (C)
Non-Major Governmental Funds	General Fund	169,783 (E)
	Non-Major Governmental Funds	37,761 (F)
	Building Maintenance Internal Service Fund	80,275 (F)
	Gas Tax Fund	325,000 (G)
		\$9,367,282

(A) Transfer to the non-Major Governmental Funds were for administrative costs, grant matching, recreation and other program support.

(B) Transfer to the Essential Facilities Capital Projects Fund were for the Fire Station 52 and 57, and Public Safety Center projects.

(C) Transfers to the General Fund were for street maintenance support, administrative costs and pension obligation bond debt service principal and interest payment.

(D) Transfer to Traffic Mitigation for Freitas-Las Gallinas Intersection Improvement.

(E) Transfer residual funds in programs now reported in General Fund.

(F) Transfer Measure A Open Space to Victor Jones Park Improvements and Albert Park Improvements.

(G) Transfer from State Land Fund to Gas Tax Fund for right of way purchase.

B. Internal Balances

GASB 34 requires internal balances to be 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, 2017

NOTE 4 – LOANS RECEIVABLE

A. *Summary of Loans Receivable*

The City has identified the portion of fund balance represented by these loans as nonspendable or restricted as discussed in Note 8. At June 30, 2017, these loans totaled:

Employee Loans	\$6,350
Centertown Associates	230,066
One "H" Street Associates	48,573
Fire Chief Loan	224,623
Marin Housing Authority	145,000
Total	\$654,612

B. *Employee Loans*

The City administers a computer loan program that supports the use of technology by employees. Employees are permitted to borrow up to \$1,500 for the purchase of computer hardware and software. The loans are interest-free, have maximum terms of one year, and are repaid through automatic payroll deductions. As of June 30, 2017, the balance of the employee loans receivable was \$6,350.

C. *Centertown Associates Loan*

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. As of June 30, 2017, the balance of the loan including principal and accrued interest was \$230,066.

D. *One “H” Street Associates Loan*

On January 18, 1994, the City loaned One “H” Street Associates \$100,000 at zero percent interest with annual payments of \$2,857 and with a final payment due January 18, 2034. As of June 30, 2017, the balance of this loan was \$48,573.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 4 – LOANS RECEIVABLE (Continued)

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, 2017, the balance of the loan was \$224,623.

F. Marin Housing Authority Loans

On April 19, 2016, the City made a loan to the Marin Housing Authority for a low and moderate income unit, in the amount of \$145,000. As with other loans made under this program, this loan is due upon the sale of the unit. As of June 30, 2017, the balance of this loan was \$145,000.

G. Other Receivables

The City provides staffing to San Rafael Sanitation District (District) under a contractual arrangement originated in 1987 that requires the District to pay all related employee costs incurred by the City on its behalf. Accordingly, the cost of providing pension and post-employment health benefits incurred by the City for the District staff but not yet funded are reflected by the District as an obligation, and by the City as a noncurrent receivable. The obligation as of June 30, 2017 is \$4,527,836, and is composed of the following:

Long-term receivable from San Rafael Sanitation District:	
Defined benefit pension liability allocation (GASB 68)	\$3,623,716
Other post-employment benefit liability allocation (GASB 75)	<u>904,120</u>
Total long-term receivable from San Rafael Sanitation District	<u><u>\$4,527,836</u></u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 5 - CAPITAL ASSETS

Changes in capital assets during the fiscal year consisted of:

	Balance June 30, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Governmental Activities					
Capital assets not being depreciated:					
Land	\$83,261,168	\$401,191			\$83,662,359
Construction in progress	11,519,721	11,574,687	(\$207,189)	(\$11,040,344)	11,846,875
Total capital assets not being depreciated	<u>94,780,889</u>	<u>11,975,878</u>	<u>(207,189)</u>	<u>(11,040,344)</u>	<u>95,509,234</u>
Capital assets being depreciated:					
Land improvements	9,020,097				9,020,097
Buildings and structures	41,667,102			1,228,402	42,895,504
Machinery and equipment	18,476,428	961,998	(597,431)		18,840,995
Infrastructure	187,212,938			9,811,942	197,024,880
Total capital assets being depreciated	<u>256,376,565</u>	<u>961,998</u>	<u>(597,431)</u>	<u>11,040,344</u>	<u>267,781,476</u>
Less accumulated depreciation for:					
Land improvements	(5,800,084)	(270,055)			(6,070,139)
Buildings and structures	(17,086,815)	(1,203,468)			(18,290,283)
Machinery and equipment	(12,126,787)	(1,142,308)	577,488		(12,691,607)
Infrastructure	(122,058,098)	(4,674,418)			(126,732,516)
Total accumulated depreciation	<u>(157,071,784)</u>	<u>(7,290,249)</u>	<u>577,488</u>	<u>11,040,344</u>	<u>(163,784,545)</u>
Total net capital assets being depreciated	<u>99,304,781</u>	<u>(6,328,251)</u>	<u>(19,943)</u>	<u>11,040,344</u>	<u>103,996,931</u>
Total governmental activity capital assets	<u>\$194,085,670</u>	<u>\$5,647,627</u>	<u>(\$227,132)</u>		<u>\$199,506,165</u>
	Balance June 30, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Business-type Activities					
Capital assets not being depreciated:					
Land	\$8,620,853				\$8,620,853
Total capital assets not being depreciated	<u>8,620,853</u>				<u>8,620,853</u>
Capital assets being depreciated:					
Buildings and structures	10,713,814				10,713,814
Machinery and equipment	1,266,865		(\$54,795)		1,212,070
Total capital assets being depreciated	<u>11,980,679</u>		<u>(54,795)</u>		<u>11,925,884</u>
Less accumulated depreciation for:					
Buildings and structures	(2,894,596)	(\$205,363)			(3,099,959)
Machinery and equipment	(1,007,821)	(50,145)	54,795		(1,003,171)
Total accumulated depreciation	<u>(3,902,417)</u>	<u>(255,508)</u>	<u>54,795</u>		<u>(4,103,130)</u>
Total net capital assets being depreciated	<u>8,078,262</u>	<u>(255,508)</u>			<u>7,822,754</u>
Total business-type activity capital assets	<u>\$16,699,115</u>	<u>(\$255,508)</u>			<u>\$16,443,607</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance June 30, 2016	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2017
San Rafael Sanitation District					
Capital assets not being depreciated:					
Land and easements	\$115,329				\$115,329
Construction in progress	3,204,067	\$6,393,082		(\$9,325,117)	272,032
Total capital assets not being depreciated	3,319,396	6,393,082		(9,325,117)	387,361
Capital assets being depreciated:					
Subsurface lines	28,364,238	70,932		6,745,103	35,180,273
Sewage collection facilities	39,499,143	49,533		2,580,013	42,128,689
General plant and administration	1,649,897	3,213			1,653,110
Total capital assets being depreciated	69,513,278	123,678		9,325,116	78,962,072
Less accumulated depreciation for:					
Subsurface lines	(10,812,495)	(485,276)			(11,297,771)
Sewage collection facilities	(17,631,349)	(931,117)			(18,562,466)
General plant and administration	(963,773)	(133,105)			(1,096,878)
Total accumulated depreciation	(29,407,617)	(1,549,498)			(30,957,115)
Total net capital assets being depreciated	40,105,661	(1,425,820)		9,325,116	48,004,957
Total District's capital assets	\$43,425,057	\$4,967,262		(\$1)	\$48,392,318

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	\$141,713
Public safety	857,493
Public works and parks	5,480,853
Community development/redevelopment	53,342
Culture and recreation	756,848
Total Governmental Activities	<u>\$7,290,249</u>
Business-type Activities	
Parking services	<u>\$255,508</u>
Total Business-type Activities	<u>\$255,508</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6 – LONG TERM DEBT

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

A summary of governmental and business-type activities transactions for the fiscal year ended June 30, 2017, are as follows:

	Authorized and Issued	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
Governmental Activities:						
2010 Taxable Pension Obligation Bonds 6.00%-6.25%, due 7/1/2025	\$4,490,000	\$4,490,000		\$100,000	\$4,390,000	\$205,000
Total Pension Obligation Bonds		4,490,000		100,000	4,390,000	205,000
PG & E City Hall HVAC Retrofit Note Payable 0.00%, due 11/30/2023	334,585	245,838		33,280	212,558	\$33,280
PG & E Street Light Retrofit Note Payable 0.00%, due 8/31/2019	233,896	132,657		41,892	90,765	41,892
Total Governmental Long-term Debt		\$4,868,495		\$175,172	\$4,693,323	\$280,172
Business-type Activities						
PG & E Parking Lot Lighting Retrofit Note Payable 0.00%, due 11/30/2023	\$66,380	\$48,204		\$6,816	\$41,388	\$6,816
2012 Authority Lease Revenue Refunding Bonds 2.00-4.00%, due 4/1/2033	6,750,000	5,705,000		260,001	5,444,999	270,000
Less: unamortized bond discount		(12,147)		(725)	(11,422)	
Total Enterprise Fund Debt		\$5,741,057		\$266,092	\$5,474,965	\$276,816

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%. Principal payments are due annually on July 1 and interest is payable semiannually on January 1 and July 1. The Bonds were issued to prefund a portion of the obligations of the City to the Marin County Employees' Retirement Association. Payment of the principal and interest on the Bonds is not limited to any special source of funds and is payable from any legally available moneys of the City. The City is not empowered or obligated to levy or pledge taxes to make payments on the Bonds.

B. Pacific Gas and Electric Note Payable

On September 30, 2013, the City executed a note payable agreement with Pacific Gas and Electric (PG&E) in the amount of \$634,861, bearing no interest. The debt was assumed as a means to finance energy-efficient retrofit projects which include updating existing heating, ventilation and air conditioning (HVAC) unit in City Hall and converting the street and parking lot light to light emitting diode (LED). \$334,585 of the loan is for the HVAC projects and \$300,276 of the loan is for the LED projects. Repayment of the loan commenced in December 2013, and is due monthly until paid in full in 2023.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6 - LONG-TERM DEBT (Continued)

C. 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. The rights to these lease payments have been irrevocably transferred by the Authority to the Trustee. Activities related to the Series 2012 Bonds are reported in the Parking Services Enterprise Fund. Principal payments are due annually on April 1 and interest is payable semiannually on October 1 and April 1. The Bonds maturing on or prior to April 1, 2022 are not subject to optional redemption prior to their maturity. The Bonds maturing on or after April 1, 2023 are subject to optional redemption as a whole or in part on any date after April 1, 2022 at the option of the Authority, at a redemption price equal to the principal amount of the Bonds subject to redemption, plus accrued interest to the date fixed for redemption, without premium.

D. Future Debt Service

Future debt service requirements, including interest, at June 30, 2017, are as follows:

For the Year Ended June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$280,172	\$264,362	\$276,816	\$186,188
2019	495,172	245,612	281,816	178,088
2020	485,261	219,662	291,816	169,838
2021	508,280	192,062	296,816	161,288
2022	538,280	162,031	306,816	152,588
2023 - 2027	2,386,158	303,443	1,652,307	617,982
2028 - 2032			1,945,000	314,412
2033			435,000	17,400
Totals	\$4,693,323	\$1,387,172	5,486,387	\$1,797,784
Reconciliation of Long-term debt:				
Less: unamortized discount			(11,422)	
			<u>\$5,474,965</u>	

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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 acts as an agent for the property owners and bondholders:

	Project Description	Original Amount	Outstanding June 30, 2017
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2000A	162-175 Belvedere Apartments	\$3,590,529	\$1,084,330
California Statewide Communities Development Authority Revenue Bonds-2002	St. Marks School	5,605,000	3,695,000
San Rafael Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Bonds-2001A	55 Fairfax Apartments	3,000,000	2,200,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2001	San Rafael Commons Apartments	6,100,000	4,880,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2007 Series A	Martinelli House Project	6,000,000	1,944,047
Multifamily Housing Revenue Bonds-2007 Series B	Martinelli House	1,000,000	205,575
Pt. San Pedro Road Median Landscaping Assessment District Limited Obligation Bonds-2012	Pt. San Pedro Road Median Landscaping	1,750,000	1,520,800

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 is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level and business type activity and are described 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, 2017

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. Nonspendable amounts subject to restrictions are included along with spendable resources.

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

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

Detailed classifications of the City’s fund balances, as of June 30, 2017, are below:

	Special Revenue Funds			Essential Facilities Capital Projects Fund	Other Governmental Funds	Total
	General Fund	Traffic and Housing Mitigation	Gas Tax			
Fund balances:						
Nonspendable:						
Loans receivable	\$230,973					\$230,973
Prepays	277,473					277,473
Total Nonspendable	508,446					508,446
Restricted for:						
Assessment District capital projects					\$300,780	300,780
Baypoint Lagoons Assessment District					238,326	238,326
Bedroom tax capital projects					76,845	76,845
Childcare					1,370,144	1,370,144
Development services					683,286	683,286
Emergency medical services					1,744,530	1,744,530
1997 financing authority revenue bonds debt service					147,797	147,797
Gas tax			\$6,723,696			6,723,696
Grants					753,121	753,121
Household hazmat facility					313,365	313,365
Library					632,065	632,065
Library assessment					667,572	667,572
Loch Lomond Assessment District					660,266	660,266
Low and Moderate Income Housing					910,350	910,350
Mariposa Assessment District debt service					16,573	16,573
Measure A Open Space					369,235	369,235
Parkland dedication					449,188	449,188
Peacock Gap Assessment District debt service					2,875	2,875
Public safety					158,500	158,500
Pt. San Pedro - Maintenance Portion					151,283	151,283
Recreation revolving					118,091	118,091
Storm water					189,087	189,087
Traffic and housing mitigation		\$9,135,430				9,135,430
Total Restricted		9,135,430	6,723,696		9,953,279	25,812,405

(Continued)

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

	Special Revenue Funds			Essential Facilities Capital Projects Fund	Other Governmental Funds	Total
	General Fund	Traffic and Housing Mitigation	Gas Tax			
Committed to:						
Capital improvement capital projects					\$3,463,772	\$3,463,772
Park capital projects					27,936	27,936
Total Committed					3,491,708	3,491,708
Assigned to:						
Contractual commitments	\$50,581					50,581
MOU - One time payment	500,000					500,000
Emergency and cash flow	7,200,000					7,200,000
Infrastructure reserve	600,000					600,000
General plan / long range planning	1,786,478					1,786,478
Measure E - Public Safety Facility	4,763,886					4,763,886
Open space capital projects					115,103	115,103
Total Assigned	14,900,945				115,103	15,016,048
Unassigned to:						
General Fund	1,295,041					1,295,041
	1,295,041					1,295,041
Total Fund Balances	\$16,704,432	\$9,135,430	\$6,723,696		\$13,560,090	\$46,123,648

NOTE 9 – PENSION PLANS

A. Plan Description

The City's defined benefit retirement plan is administered by the Marin County Employees' Retirement Association (MCERA), a retirement system established in July 1950 and governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL or 1937 Act, California government Code Section 31450 et seq.); the Public Employees' Pension Reform Act of 2013 (PEPRA, Government Code Section 7522); the provisions of California Government Code Section 7500 et seq; and the bylaws, procedures, and policies adopted by MCERA's Board of Retirement. The Marin County Board of Supervisors may also adopt resolutions, as permitted by the CERL and PEPRA, which may affect the benefits of MCERA members.

MCERA operates as a cost-sharing multiple employer defined benefit plan for the City and eight other participating employers: County of Marin, Local Agency Formation Commission (LAFCO), Marin City Community Services District, Marin County Superior Court, Marin/Sonoma Mosquito and Vector Control District, Novato Fire Protection District, Southern Marin Fire Protection District, and Tamalpais Community Services District. Separate actuarial valuations are performed for these other agencies and districts, and the responsibility for funding their plans rest with those entities. Post-retirement benefits are administered by MCERA to qualified retirees.

Copies of MCERA's annual financial reports, which include required supplementary information (RSI) for each plan may be obtained from their office at One McInnis Parkway, Suite 100, San Rafael, CA 94903 or online at www.mcera.org.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – PENSION PLANS (Continued)

B. Benefit Provisions

Service Retirement: MCERA's service retirement benefits are based on the years of credited service, final average compensation, and age at retirement, according to the applicable statutory formula. Members who qualify for service retirement are entitled to receive monthly retirement benefits for life.

General members hired prior to January 1, 2013 are eligible to retire once they attain the age of 50 (except Misc Tier 2, whereby the minimum age is 55) and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. A member who is age 70 or older is eligible to retire regardless of service credit. General members who are first hired on or after January 1, 2013 are eligible to retire once they have attained the age of 52, and have acquired 5 years of retirement service credit, or age 70, regardless of service.

Safety members hired prior to January 1, 2013 are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. A member who is age 70 or older is eligible to retire regardless of service. Safety members who are first hired on or after January 1, 2013 are eligible to retire once they have attained the age of 50, and have acquired 5 years of retirement service credit, or age 70, regardless of service.

Disability Retirement: A member with five years of service, regardless of age, who becomes permanently incapacitated for the performance of duty is eligible to apply for a non-service connected disability retirement. Any member who becomes permanently incapacitated for the performance of duty as a result of injury or disease arising out of and in the course of employment is eligible to apply for a service-connected disability retirement, regardless of service length or age.

Death Benefits: MCERA provides specified death benefits to beneficiaries and members' survivors. The death benefits provided depend on whether the member is active or retired. The basic active member death benefit consists of a members' retirement contributions plus interest plus one month's pay for each full year of service (up to a maximum of six month's pay). Retiring members may choose from five retirement benefit payment options. Most retirees elect to receive the unmodified allowance which provides the maximum benefit to the retiree and continuance of 60% of the retiree's allowance to the surviving spouse or registered domestic partner after the retiree's death. Other death benefits may be available based on the years of service, marital status, and whether the member has minor children.

Cost of Living Adjustment: Retirement allowances are indexed for inflation. Most retirees receive automatic basic cost of living adjustments (COLA's) based upon the Urban Consumer Price Index (UCPI) for the San Francisco Bay Area. These adjustments go into effect on April 1 of each year. Annual COLA increases are statutorily capped at 2%, 3%, or 4% depending upon the member's retirement tier. When the UCPI exceeds the maximum statutory COLA for the member's tier, the difference is accumulated for use in future years when the UCPI is less than the maximum statutory COLA. The accumulated percentage carryover is known as the COLA Bank.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – PENSION PLANS (Continued)

C. Funding Policy

The funding policy of MCERA provides for actuarially determined periodic contributions by the City at rates such that sufficient assets will be available to pay plan benefits when due. The employer rates for normal cost are determined using the Entry Age Normal Actuarial Cost Method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued.

The City contribution rates for the year ended June 30, 2017 were as follows:

	Employer Contribution Rate	Employee Contribution Rate	Benefit	Basis
City of San Rafael Misc Tier 1	50.40%	0.00% - 16.82%	2.7% @ 55	Highest year
City of San Rafael Misc Tier 2	46.81%	7.89% - 12.57%	2.0% @ 55	Average three highest years
City of San Rafael Fire Tier 1	75.67%	0.00% - 19.79%	3.0% @ 55	Highest year
City of San Rafael Fire Tier 2	72.59%	11.34% - 17.69%	3.0% @ 55	Average three highest years
City of San Rafael Safety Police Tier 1	74.79%	00.00% - 19.79%	3.0% @ 55	Highest year
City of San Rafael Safety Police Tier 2	75.53%	11.34% - 17.69%	3.0% @ 55	Average three highest years
PEPRA Misc	42.11%	9.18% - 10.18%	2.0% @ 62	Average three highest years
PEPRA Safety	64.88%	14.53%	2.7% @ 57	Average three highest years

These rates were determined by MCERA, based on the actuarial valuation dated June 30, 2015. The actual rate of return on investments during that year was 4.99% on a market value basis net of investment expenses, as compared to the 7.25% assumption.

The City uses the actuarially determined percentages of payroll to calculate and pay contributions to MCERA. Contributions to the plan from the City were \$20,003,002 for the year ended June 30, 2017, based on a total payroll of \$41,553,242, of which \$32,885,135 represented the basis for the plan contributions. Of the total payroll subject to plan contributions, \$1,305,530 is attributable to the San Rafael Sanitation District (SRSD), a component unit of the City.

Effective with the June 30, 2013 valuation, the Unfunded Actuarial Liability (UAL) as of June 30, 2013 is being amortized over a closed 17-year period (15 years remaining as of June 30, 2015), except for the additional UAL attributable to the outstanding unfunded actuarial loss from 2009, which is being amortized over a separate closed period (currently 23 years).

Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses or method changes are amortized over a closed 24-year period (23 years remaining as of June 30, 2015), with a 5-year ramp up period at the beginning of the period, a 4-year ramp down at the end of the period, and 15 years of level payments as a percentage of payroll between the ramping periods. This new amortization method for gains and losses is similar to a 20-year amortization period with level payments as a percentage of payroll, in conjunction with a traditional 5-year asset smoothing.

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – PENSION PLANS (Continued)

D. Pension Liability and Pension Expense

The City's net pension liability (NPL) has been determined for the financial reporting period ended June 30, 2017 based on the following methodology: The City's NPL as of June 30, 2015 was updated to the measurement date of June 30, 2016, using the actual City's plan assets as of June 30, 2016 and estimating the change in the City's liabilities between July 1, 2015 and June 30, 2016. This estimate is based on a projection of the City's long term contributions to the pension plan relative to the projected contributions of all participating employers.

The resulting NPL for the City under this calculation is \$167,054,850, or 34.9538% of the total MCERA NPL of \$477,930,440 (reference MCERA's GASB 67/68 report as of June 30, 2016). This compares to the previous year's NPL of \$142,323,127, or 36.7394% of the total MCERA NPL of \$387,385,550 (reference MCERA's GASB 67/68 report as of June 30, 2015).

In addition to the reporting of the NPL as of June 30, 2017, the City reported deferred inflows of \$22,096,113 and deferred outflows of \$55,004,455 as of the measurement date June 30, 2016. The City reported post-measurement date outflows of \$20,003,001 from actual fiscal year 2016-2017 pension contributions. Deferred inflows include deferred investment gains and adjustments to assumptions based on actual positive results. Deferred inflows have a positive impact on net assets (offsetting the NPL) and will be recognized in future reporting periods. Deferred outflows include deferred investment losses, adjustments to assumptions based on actual negative results, and contributions made after the measurement date. Deferred outflows have a negative impact on net assets (similar to the NPL) and will be recognized in future reporting periods. The net impact of these pension liability related entries on the City's Statement of Net Position before allocations to the San Rafael Sanitation District is \$114,143,507. After allocations to the San Rafael Sanitation District, the net impact on the City's Statement of Net Position is \$110,519,791.

Under GASB 68, the City's pension expense is based on the Plan's pension expense, adjusted for the City's actual contributions and net pension liability. MCERA reported the Plan's pension expense to be \$85,290,611, of which \$30,799,273, or 34.9538%, is the City's annual pension expense for the reporting year.

Three components are used to calculate pension expense: (1) changes in the net pension liability; (2) changes in benefit terms (if any); and (3) changes in actuarial assumptions and experience. Pension expense is calculated using a different methodology than that used to derive the actuarially determined annual contribution to the Plan. Actual pension contributions during the reporting year were \$20,003,001. Because pension expense is affected by annual changes in the net pension liability, volatility is to be expected. For the current measurement period, investment returns below the assumed rate were responsible for the increase in net pension liability and had a corresponding impact on pension expense.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – PENSION PLANS (Continued)

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

Summary of Results		
Description	Measurement Date 6/30/2016	Measurement Date 6/30/2015
Net Pension Liability	\$167,054,850	\$142,323,127
Deferred Inflows	22,096,113	33,817,086
Deferred Outflows	(55,004,455)	(39,886,216)
Impact on Net Position before Deferred Outflows from Contributions	134,146,508	136,253,997
Additional Deferred Outflows - Contributions Subsequent to Measurement Date	(20,003,001)	(19,339,577)
Impact on Statement of Net Position before Allocations	114,143,507	116,914,420
Allocation of NPL to SRSD	5,320,236	4,695,240
Allocation of Deferred Inflows (measurement date) to SRSD	703,700	1,115,626
Allocation of Deferred Outflows (measurement date) to SRSD	(1,751,740)	(1,315,846)
Impact on Net Position before Allocation of Deferred Outflows from Contributions to SRSD	4,272,196	4,495,020
Allocation of Additional Deferred Outflows (Contributions) to SRSD	(648,480)	(638,013)
Long-Term Receivable from SRSD, due to pension obligations (see Note 4H)	3,623,716	3,857,007
Impact on Statement of Net Position, net of receivable from SRSD	110,519,791	113,057,413
Pension Expense (\$ Amount)	30,799,273	19,107,673

Projection of Total Pension Liability and Net Pension Liability

Total Pension Liability (TPL) is the actuarial present value of projected benefit payments attributed to past periods of employee service. For the purposes of Governmental Accounting Standards Board Statement No. 68 (GASB 68), MCERA and the City have adopted a measurement date of June 30, 2016. The beginning of year measurement of TPL is based on the actuarial valuation as of June 30, 2015. The TPL at the end of the measurement year, June 30, 2016, is also measured as of the valuation date of June 30, 2015, and projected to June 30, 2016.

The Plan Fiduciary Net Position (FNP) is the fair or market value of assets. The FNP at the beginning of the year is based on the actuarial valuation as of June 30, 2015. The FNP at the end of the measurement year, June 30, 2016, is also measured as of the valuation date of June 30, 2015, and projected to June 30, 2016.

The Net Pension Liability (NPL) is the City liability for benefits provided through its defined benefit plan administered by MCERA. It is calculated by reducing the TPL by the FNP.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – PENSION PLANS (Continued)

Actuarial assumptions:

The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions applied to all prior periods included in the measurement. The key assumptions in the valuation were:

Actuarial assumptions:

Expected Return on Assets	7.25 percent per year, net of investment expenses
Discount Rate	7.25 percent per year
Price Inflation	2.75% per year
Salary Increases	3% per year plus merit component based on employee classification and years of service.
Administrative Expenses	Administrative expenses in the actuarial valuation are assumed to be \$4.635 million for FY 2015-16, to be split between employees and employers based on their share of the overall contributions. Administrative expenses shown in this report are based on the actual FY 2015-16 amounts.
Post-Retirement COLA	Post-retirement COLAs are assumed at a rate of 2.7% for members with a 4% COLA cap, 2.6% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap.
Mortality Rates for Healthy Members and Inactives	Rates of mortality for active members are specified by CalPERS 2014 Pre-Retirement Non-Industrial Death Rates (plus Duty-Related Death rates for Safety members), with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014.

These assumptions constitute a slight change from those used in prior actuarial valuations: The investment rate of return assumption of 7.25% coupled with an inflation assumption of 3.00%.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – PENSION PLANS (Continued)

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

The Board of Retirement has adopted an Investment Policy Statement (IPS), which provides the framework for the management of MCERA’s investments. The IPS establishes MCERA’s investment objectives and defines the principal duties of the Retirement Board, the custodian bank, and the investment managers. The asset allocation plan is an integral part of the IPS and is designed to provide an optimum and diversified mix of asset classes with return expectations to satisfy expected liabilities while minimizing risk exposure. MCERA currently employs external investment managers to manage its assets subject to the provisions of the policy. Plan assets are managed on a total return basis with a long term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The following was the Retirement Board’s adopted asset allocation policy as of June 30, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Rate of Return (with the effect of inflation)
Domestic Equity	32%	5.10%	7.35%
International Equity	22%	5.30%	7.55%
Fixed Income	23%	0.75%	3.00%
Real Estate	8%	3.75%	6.00%
Real Assets	7%	3.55%	5.80%
Private Equity	8%	5.90%	8.15%
Total	<u>100%</u>		

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

Determination of Discount Rate

The discount rate used to measure the Total Pension Liability was 7.25%. Related to the discount rate is the funding assumption that employees will continue to contribute to the plan at the required rates and employers will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, a portion of the expected administrative expenses, an amortization payment for the extraordinary losses from 2009 amortized over a closed period (23 years remaining as of the June 30, 2015 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (15 years remaining as of the June 30, 2015 actuarial valuation).

A change in the discount rate would affect the measurement of the TPL. A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the NPL by approximately 71%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 59%.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – PENSION PLANS (Continued)

The table below shows the sensitivity of the NPL to a one percent decrease and a one percent increase in the discount rate:

Sensitivity of Net Pension Liability to Changes in Discount Rate

Description	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$1,019,941,989	\$900,629,287	\$802,536,748
Fiduciary Net Position	733,574,437	733,574,437	733,574,437
Net Pension Liability	<u>\$286,367,552</u>	<u>\$167,054,850</u>	<u>\$68,962,311</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	71.9%	81.5%	91.4%

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Pension Resources

The impact of experience gains or losses and assumption changes on the Total Pension Liability (TPL) are recognized in the proportionate share of the pension expense over the average expected remaining service life of all active and inactive members of the plan. As of the measurement date, this recognition period was 4 years.

The following tables show the current balance and sources of deferred outflows and inflows related to the City's defined benefit retirement plan, and the scheduled recognition of these deferred amounts:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$5,483,071
Changes in assumptions	\$25,298,450	
Change in proportion	14,629,279	4,966,639
Changes in proportion and difference between City contributions and proportionate share of contributions		11,646,403
Actual FY 16-17 contributions (post measurement date)	20,003,001	
Net difference between projected and actual earnings on pension plan investments	<u>15,076,726</u>	
Deferred Inflows and Outflows Before Allocations	<u>\$75,007,456</u>	<u>\$22,096,113</u>
Allocation to SRSD		
Allocation of Deferred Inflows (measurement date)	\$703,700	\$1,751,740
Allocation of Deferred Outflows (measurement date)		648,480
Net Deferred Inflows and Outflows	<u>\$74,303,756</u>	<u>\$19,695,893</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – PENSION PLANS (Continued)

The \$20,003,001 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Amortization Amount
2018	\$9,222,804
2019	8,905,878
2020	7,294,038
2021	7,485,622
Thereafter	\$32,908,342

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. No forfeitures were noted during the current period.

During the year, the City and employees each contributed \$98,186. The total covered payroll of employees participating in the plan for the year ended June 30, 2017, was \$2,618,290. The total payroll for the year was \$41,553,242.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS

At June 30, 2017, net OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Net difference between projected and actual earnings on plan investments	\$772,668	\$7,332	\$780,000
Employer contributions made subsequent to the measurement date	3,442,156	32,844	3,475,000
Total deferred outflows of resources	\$4,214,824	\$40,176	\$4,255,000
Net OPEB liabilities:	\$33,466,002	\$318,998	\$33,785,000
Total net OPEB liabilities	\$33,466,002	\$318,998	\$33,785,000

Plan Description

The City provides certain health care benefits for retired employees and their spouses under a cost sharing defined benefit plan. The benefit provisions were established under the authority of the 1937 Act, Section 31450, et. seq. of the Government Code. Employees who meet the vesting criteria become eligible for these benefits if they receive a retirement benefit from the Marin County Employees' Retirement Association within 120 days of retirement from City employment. At June 30, 2017, 684 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, 2017, are summarized as follows:

	Elected Officials, Mid-Management, & Unrepresented Management	All other Bargaining Units
Eligibility	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 - Age 70 - Disability Retirement	
Benefit	Hired < 1/1/09 Full premium/cap Hired \geq 1/1/09 PEMHCA Min	Hired < 1/1/10 Up to cap Hired \geq 1/1/10 PEMHCA Min
Surviving Spouse Benefit	Continuation to surviving spouse	
Medicare Part B	Hired < 4/1/07 Full reimbursement Hired \geq 4/1/07 None	None
Other	No Dental, Vision, or Life Benefits	

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

Membership in the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Active plan members	336
Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	348
Total	684

Funding Policy and Actuarial Assumptions

During the fiscal year ended June 30, 2017, the City elected to early implement GASB 75, "Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions". This Statement replaces the requirements of Statement No. 45 and establishes new accounting and financial reporting requirements for OPEB plans. As a result, the funding policy and actuarial assumptions presented include elements of both the historical approach and the revised approach under GASB 75.

Under GASB 45, the City's funding policy requires a minimum annual contribution equivalent to the annual required contribution (ARC). Under GASB 75, this changes to an actuarial determined contribution which is made up of additional components including deferred outflows of resources and deferred inflows of resources.

The ARC was determined as part of a June 30, 2015 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) 4.5% investment rate of return and (b) 2.75% of general inflation increase, and (c) a healthcare trend of declining annual increases ranging from 6.7% in 2015 to 4.5% for the 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.

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 19-year fixed (closed) period for June 30, 2016 in its June 30, 2015 actuarial valuation.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Rate of Return (with the effect of inflation)
Public Equity	57%	5.96%	8.71%
Fixed Income	27%	2.65%	5.40%
TIPS	5%	2.50%	5.25%
Commodities	3%	5.20%	7.95%
REITs	8%	8.13%	10.88%
Total	100%		
Assumed Long-Term Rate of Inflation		2.75%	
Assumed Long-Term Investment Expenses		n/a	
Expected Long-Term Net Rate of Return		7.28%	
Discount Rate		7.25%	

The Expected Long-Term Rate of Return is provided by CalPERS' Strategic Asset Allocation Overview in August 2011 – Strategy 1.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using the strategy to achieve the expected return.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2015 (Valuation Date)	\$48,226,000	\$15,608,000	\$32,618,000
Changes Recognized for the Measurement Period:			
Service Cost	766,000		766,000
Interest on the total OPEB liability	3,447,000		3,447,000
Changes in benefit terms			
Difference between expected and actual experience			
Changes of assumptions			
Contributions from the employer		2,896,000	(2,896,000)
Net investment income		157,000	(157,000)
Administrative expenses		(7,000)	7,000
Benefit payments and refunds	(2,896,000)	(2,896,000)	-
Net Changes during July 1, 2015 to June 30, 2016	1,317,000	150,000	1,167,000
Balance at June 30, 2016 (Measurement Date)	\$49,543,000	\$15,758,000	\$33,785,000

The benefit payments and refunds includes implied subsidy benefit payments in the amount of \$702,000.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1% (6.25%)	Current Discount Rate (7.25%)	Discount Rate +1% (8.25%)
\$39,500,000	\$33,785,000	\$28,996,000

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Healthcare Cost Trend Rates	Discount Rate +1%
\$30,786,000	\$33,785,000	\$37,160,000

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

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

Components of OPEB Expense for fiscal year 2016-2017 were as follows:

Service Cost	\$766,000
Interest on Total OPEB Liability	3,447,000
Projected earning on investments	(1,132,000)
Employee contributions	-
Administrative expense	7,000
Change in benefits	-
Recognition of deferred outflows/inflows:	
Experience	-
Assumptions	-
Asset Returns	195,000
	195,000
OPEB Expense	\$3,283,000

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2017 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$780,000	
Employer contributions made subsequent to the measurement date	3,475,000	
Total	\$4,255,000	

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life for the 2015-16 measurement period is 4.0 years.

\$3,475,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$195,000	
2019	195,000	
2020	195,000	
2021	195,000	
Thereafter	\$780,000	

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

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

Summary of Results		
Description	Measurement Date June 30, 2016	Measurement Date June 30, 2015
Net OPEB Liability	\$33,785,000	\$32,618,000
Deferred Inflows	-	-
Deferred Outflows	(780,000)	-
Impact on Net Position before deferred contributions	33,005,000	32,618,000
Additional Deferred Outflows - Contributions subsequent to measurement date	(3,475,000)	-
Impact on Statement of Net Position before Allocations	29,530,000	32,618,000
Allocation of NOL to SRSD	1,034,395	1,002,000
Allocation of Deferred Inflows (measurement date) to SRSD	-	-
Allocation of Deferred Outflows (measurement date) to SRSD	(23,881)	-
Impact on Net Position before deferred contributions to SRSD	1,010,514	1,002,000
Allocation of Additional Deferred Outflows (contributions) to SRSD	(106,394)	-
Long-Term Receivable from SRSD, due to OPEB obligations (see Note 4H)	904,120	1,002,000
Impact on Statement of Net Positions, net of receivable from SRSD	28,625,880	31,616,000
OPEB Expense (\$ Amount)	3,283,000	2,148,000
Covered Payroll (\$ Amount)	31,106,000	32,906,000

Actuarial data is comprised from a variety of complex inputs. It is therefore subject to change between measurement dates. As a result, the Net OPEB Liability used to calculate the SRSD allocation percentage in fiscal year ended June 30, 2016 (\$32,727,000) varies slightly from the figure reported in the actuarial report dated June 30, 2017 (\$32,618,000) by \$109,000.

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

The MARINet Library Consortium was formed to provide for the procurement, ownership, operation, maintenance, and governance of shared library services among the libraries, public and academic, in Marin County. Current services shared and paid for on a 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 16.44% or \$221,318 for the year ended June 30, 2017. Financial statements of the System can be obtained from the County Librarian, Marin County Free Library, Marin County Civic Center, 3501 Civic Center Drive, 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, 2017. Financial statements of the MGSA can be obtained at 555 Northgate Drive, Suite 230, San Rafael, California 94903.

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 \$314,161 of the Authority's operation and debt service for the fiscal year ended June 30, 2017. The City has established a reserve in its internal service funds to pay future service payments. Financial statements of the MERA can be obtained at 95 Rowland Way, Novato, California 94945.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 \$32,134 for the year ended June 30, 2017. Financial statements of the Agency can be obtained at 555 Northgate Drive, Suite 230, San Rafael, California 94903.

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 \$17,849 for the year ended June 30, 2017. Financial statements of the Authority can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

G. *Central Marin Sanitation Agency (CMSA)*

In October 1979, the District entered into a joint powers agreement with three neighboring sanitation agencies in central Marin County forming the Central Marin Sanitation Agency (CMSA). CMSA serves as a regional wastewater treatment plant for its four member agencies and San Quentin Prison (SQ) and is governed by a six-member Board of Commissioners, two appointed by the Board of Directors of the San Rafael Sanitation District (SRSD), two appointed by the Board of Directors of the San Rafael Sanitation District No. 1 (SD 1), one appointed by the governing board of Sanitary District No. 2 (SD 2), and one appointed by the City Council of the City of Larkspur (Larkspur).

Total project costs for the joint venture were funded from federal (75%) and state (12.5%) clean water grants and from local shares (12.% total) allocated among the member agencies and SQ based upon the weighted average of the strength and volume of sewage flows per member at inception of the project. Final individual local shares of total project costs were approximately \$7.6 million for SRSD, \$6.3 million for SD 1, \$1.6 million for SD 2, \$1 million for Larkspur, and \$1.4 million for SQ. CMSA derives its annual funding for its operations and capital programs almost exclusively from service charges to member agencies. The joint powers agreement does not provide an explicit measurable right as required to establish an equity interest for any of the joint venture participants, and in addition to, stipulates that all excess capital funds, if any, and all excess administration, operations and maintenance funds from whatever source, if any, are the property of CMSA.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

The financial statements of the Agency are available at the CMSA office. Condensed financial information for the Agency is presented below for June 30, 2016 and 2015, the most recent information available.

	<u>2016</u>	<u>2015</u>
Total assets	\$106,391,299	\$109,050,874
Deferred outflows of resources	2,092,186	936,613
Total liabilities	(60,370,523)	(62,387,928)
Deferred inflows of resources	<u>(2,487,504)</u>	<u>(2,254,404)</u>
Net position	<u>\$45,625,458</u>	<u>\$45,345,155</u>
Total revenues	\$16,952,527	\$17,873,113
Total expenses	(16,834,929)	(16,220,247)
Total contributions and adjustments	162,705	415,845
Prior period adjustment - GASB 68	-	(7,278,030)
Change in net position	<u>\$280,303</u>	<u>(5,209,319)</u>

NOTE 13 - RISK MANAGEMENT

A. City

The City is exposed to various exposures related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the Risk Management Internal Service Fund to account for and finance its uninsured risks of loss. The City manages risk by participating in a public entity risk pool (described below), purchasing insurance and by retaining certain risks.

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 \$119,773,465. 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, 2017, the City contributed \$278,096 for coverage during the current year and received a refund of \$49,910 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. Financial statements for the risk pools may be obtained from CJPRMA at 3201 Doolan Road, Suite 285, Livermore, California 94551.

Workers' Compensation Coverage

The City purchases insurance for workers' compensation through Safety National Casualty Corporation Excess Workers' Compensation and Employers Liability Insurance with coverage up to statutory limits. The City is self-insured up to \$1,000,000 for each worker's compensation claim.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 - RISK MANAGEMENT (Continued)

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.

	General Liability *	Workers' Compensation **	Totals, as of June 30	
			2017	2016
Balance, beginning of year	\$2,543,655	\$6,044,911	\$8,588,566	\$7,319,418
Current year claims and changes in estimates	696,685	1,181,591	1,878,276	3,111,209
Claims paid	(658,811)	(1,060,693)	(1,719,504)	(1,842,061)
Balance, end of year	<u>\$2,581,529</u>	<u>\$6,165,809</u>	<u>\$8,747,338</u>	<u>\$8,588,566</u>
Due in one year	\$1,226,194	\$1,427,094	\$2,653,288	\$2,129,125
Due in more than one year	1,355,335	4,738,715	6,094,050	6,459,441
Total claim liabilities	<u>\$2,581,529</u>	<u>\$6,165,809</u>	<u>\$8,747,338</u>	<u>\$8,588,566</u>

* Liability based on an actuarial valuation as of December 31, 2015, extrapolated to June 30, 2016

** Liability based on an actuarial valuation as of February 29, 2016, extrapolated to June 30, 2016

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

B. District

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 - RISK MANAGEMENT (Continued)

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

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

The following summarizes active insurance policies as of June 30, 2017 together with coverage limits for each insured event:

Insurance Program	Limits	Coverage Description
CSRMA - Allied World Ins.	\$3,000,000	Gen/Mgt liability - aggregate
CSRMA - Allied World Ins.	\$1,000,000	Gen/Mgt liability - occurrence
CSRMA - Allied World Ins.	\$1,000,000	Auto liability - accident
CSRMA - Allied World Ins.	\$4,000,000	Excess liability
CSRMA - Public Entity Property Insurance Program (P.E.P.I.P.)	\$12,157,866	Special form property
CSRMA - Illinois Union Ins.	\$25,000,000	Pollution liability - tier 1
CSRMA - Illinois Union Ins.	\$2,000,000	Pollution liability - tier 2
CSRMA - Lloyds of London	\$2,000,000	Cyber liability - third party
CSRMA - Lloyds of London	\$2,000,000	Cyber liability - third party
CSRMA - Travelers Ins.	\$25,000	Identity theft

The financial statements of CSRMA are available at their office: 100 Pine Street, 11th Floor, San Francisco, CA 94111. Condensed financial information for CSRMA is presented below for the years ended June 30, 2016 and 2015 (latest information available).

	<u>2016</u>	<u>2015</u>
Assets	\$28,336,567	\$27,418,098
Liabilities	(16,735,609)	(16,714,638)
Net assets	<u>\$11,600,958</u>	<u>\$10,703,460</u>
Revenues	\$11,843,583	\$10,895,632
Expenses	(10,946,085)	(11,157,866)
Increase (decrease) in net assets	<u>\$897,498</u>	<u>(\$262,234)</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. *City*

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 as of June 30, 2017.

Major Contracts

In April 2017, the City entered into a construction contract for \$19,940,000 for the major construction and renovation of two fire stations. The contract amount was reduced shortly thereafter to its current sum of \$19,098,834. The funding for this project comes from a combination of funds set aside in the General Fund and future General Fund revenues attributable to the Measure E Transactions and Use Tax. It is highly likely that some form of debt financing will be required during fiscal year 2017-2018 to meet the cashflow requirements of this project.

B. *District*

As of June 30, 2017, SRSD had several contracts for sewer improvement projects with remaining obligations of approximately \$1,300,000, with the majority expected to be completed within the 2017/18 fiscal year.

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).

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

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.

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

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

The City elected to become the Housing Successor and on February 1, 2012. Assets and Liabilities relating to the Housing Successor are reported in the City's Low and Moderate Income Housing Special Revenue Fund.

B. *Redevelopment Property Tax Trust Fund (RPTTF)*

The Successor Agency's primary source of revenue comes from the RPTTF allocation distributed by the County. Property tax revenues for each Project Area are deposited into the RPTTF, which redistributes each Project Area's tax increment under specified formulas. The County Auditor administers the RPTTF and disburses twice annually from this fund pass-through payments to affected taxing entities, an amount equal to the total of obligation payments that are required to be paid from tax increment as denoted on the Recognized Obligation Payment Schedule ("ROPS"). The disbursements are established in the treasury of the Successor Agencies, and various allowed administrative fees and allowances. Any remaining balance is then distributed by the County Auditor back to affected taxing entities under a prescribed method that accounts for pass-through payments. The County Auditor is also responsible for the distributing other monies received from the Successor Agency (from sale of assets, etc.) to the affected taxing entities. Successor agencies in turn will use the amounts deposited into their respective funds for making payments on the principal and interest on loans, and monies advanced to or indebtedness incurred by the dissolved redevelopment agencies.

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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

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.

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 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 \$18.9 million in remaining debt service on the Bonds, which is scheduled to occur in 2023. For fiscal year June 30, 2017, tax increment revenues amounted to \$4.2 million which was used to make the debt service payments of \$3.6 million.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)
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The following table summarizes the activity for the fiscal year ended June 30, 2017:

	Authorized and Issued	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
San Rafael Redevelopment Agency						
1999 Tax Allocation Bonds						
Capital Appreciation Bonds						
5.58%-5.6%, due 12/1/2022	\$2,389,004	\$6,074,097	\$344,411		\$6,418,508	
2002 Tax Allocation Refunding Bonds						
2.00%-5.25%, due 12/1/2021	25,020,000	6,060,000		\$1,830,000	4,230,000	\$1,920,000
2009 Tax Allocation Refunding Bonds						
3.00%-5.00%, due 12/1/2022	14,660,000	8,905,000		1,100,000	7,805,000	1,160,000
Add: deferred bond premium costs		559,023		79,861	479,162	
Total Successor Agency Long-term Debt		\$21,598,120	\$344,411	\$3,009,861	\$18,932,670	\$3,080,000

Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ended June 30	Governmental Activities	
	Principal	Interest
2018	\$3,080,000	\$484,026
2019	3,229,081	370,676
2020	3,309,082	297,019
2021	3,389,231	214,175
2022	3,404,749	120,819
2023	3,586,374	36,500
Totals	\$19,998,517	\$1,523,215

Reconciliation of long-term debt:

Less unaccreted discount	(\$1,545,009)
Add deferred bond premium costs	479,162
	\$18,932,670

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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 February 26, 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.

On March 27, 2017, the California State Department of Finance notified the Successor Agency of its determination that Other Post Employment Benefit Obligations (OPEB) would not be allowed. The last approved payment of \$55,778, which was received in June 2017, brought the remaining balance to \$298,888. This amount was removed from the schedule of obligations of the Successor Agency as of June 30, 2017.

The following table summarizes the activity for the fiscal year ended June 30, 2017:

	Approved Amount	Balance June 30, 2016	Additions	Retirements	Debt Cancelled	Balance June 30, 2017
Unfunded Pension Liability	\$1,904,431	\$952,216		\$190,443		\$761,773
Unfunded OPEB Obligation	502,000	354,666		55,778	\$298,888	
Total Long-Term Obligations		\$1,306,882		\$246,221	\$298,888	\$761,773

Annual repayment requirements are shown below:

For the Year Ended June 30	Principal
2018	\$190,443
2019	190,443
2020	190,443
2021	190,444
Totals	\$761,773

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, 2017, the Successor Agency had prepared ten ROPS, all of which have been approved by the Oversight Board and the California Department of Finance. The Department of Finance has stated that all items on a future ROPS are subject to a subsequent review. The amount, if any, of current obligations that may be denied by the Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 16 – SUBSEQUENT EVENT

Energy Efficiency Loan and Master Service Agreement

On September 5, 2017, the City Council authorized a loan agreement with the California Energy Commission for various energy efficient system upgrades to City facilities and street lights. At the same time, the City Council approved a master services agreement with Pacific Gas and Electric Company to perform these system upgrades in a total amount not to exceed \$1,178,813. The loan terms provide for annual interest of 1% on the outstanding balance. Disbursement of the loan is expected in July 2019, with semi-annual repayment beginning in December 2020 and terminating in December 2027. The planned source of repayment will be energy cost savings that result from the improvements.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2017

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 years*

	6/30/2015	6/30/2016	6/30/2017
City's proportionate share	30.0453%	36.7394%	34.9538%
Proportionate share of total pension liability	\$677,753,565	\$907,195,058	\$900,629,287
Proportionate share of fiduciary net position	603,499,779	764,871,931	733,574,437
Proportionate share of the net pension liability	\$74,253,786	\$142,323,127	\$167,054,850
Plan fiduciary net position as a percentage of the total pension liability	89.04%	84.31%	81.45%
Covered payroll	\$31,429,178	\$31,106,414	\$32,126,272
Net pension liability as a percentage of covered payroll	236.26%	457.54%	519.99%

* - The fiscal year ended June 30, 2015 was the first year of implementation, therefore only three years are shown

CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

Schedule of Contributions
Defined Benefit Pension

Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)

	<u>2015</u>
Contractually required contribution	\$ 17,802,358
Contributions in Relation to the Contractually required contribution	<u>17,802,358</u>
Contribution Deficiency/ (Excess)	<u>\$ -</u>
Covered payroll	\$ 31,106,414
Contributions as a percentage of covered payroll	57.23%

Notes to Schedule

Valuation Date / Timing 6/30/2013 (for contributions made in FY2014-2015)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2014-15):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Actuarial Loss from 2009
Remaining Amortization period	Unfunded liability - 17 years / Extraordinary Actuarial Loss - 25 years
Asset valuation method	5-year smoothed market, 80% /120% corridor around market
Inflation	3.25%
Salary increases	3.25% plus merit component based on employee classification and years of service
Investment Rate of Return	7.50%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with ages set back one year for male members / two years for female members
Disabled Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with ages set forward three years for all members

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017**

**Schedule of Contributions
Defined Benefit Pension**

**Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)
(Continued)**

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

Notes to Schedule

Valuation Date / Timing 6/30/2014 (for contributions made in FY2015-2016)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2015-16):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Actuarial Loss from 2009
Remaining Amortization period	Unfunded liability - 16 years / Extraordinary Actuarial Loss - 24 years
Asset valuation method	5-year smoothed market, 80% /120% corridor around market
Inflation	3.25%
Salary increases	3.25% plus merit component based on employee classification and years of service
Investment Rate of Return	7.25%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRAs Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	CalPERS 2014 Pre-Retirement Non-Industrial Death rates (plus Duty-Related Death rates for Safety Members), with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014
Disabled Mortality	CalPERS 2014 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males and Females (Miscellaneous and Safety) with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2017

Schedule of Contributions
Defined Benefit Pension

Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)
(Continued)

	2017
Contractually required contribution	\$ 20,003,001
Contributions in Relation to the Contractually required contribution	20,003,001
Contribution Deficiency/ (Excess)	\$ -
Covered payroll	\$ 32,885,135
Contributions as a percentage of covered payroll	60.83%

Notes to Schedule

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

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

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (24 years remaining as of 6/30/14), the remaining UAL as of June 30, 2013 (16 years as of 6/30/14), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	19 years remaining as of June 30, 2016
Asset valuation method	Market Value
Inflation	2.75% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	7.25%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Sex distinct RP-2000 combined mortality projected to 2010 using Scale AA with ages set back one year for male members/two years for female members
Disabled Mortality	Sex distinct RP-2000 combined mortality projected to 2010 using Scale AA with ages set forward three years for all members

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2015-16
Last Ten Fiscal Years Other Post-Employment Benefits (OPEB)	
Measurement period	2015-16
Total OPEB liability	
Service cost	\$ 766,000
Interest	3,447,000
Differences between expected and actual experience	-
Assumption changes	-
Benefit payments, including refunds of employee contributions	(2,896,000)
Net change in total OPEB liability	1,317,000
Total OPEB liability - beginning	48,226,000
Total OPEB liability - ending (a)	\$ 49,543,000
OPEB fiduciary net position	
Contributions - employer	\$ 2,896,000
Net investment income	157,000
Benefit payments, including refunds of employee contributions	(2,896,000)
Administrative expense	(7,000)
Net change in plan fiduciary net position	150,000
Plan fiduciary net position - beginning	15,608,000
Plan fiduciary net position - ending (b)	\$ 15,758,000
Plan net OPEB liability - ending (a) - (b)	\$ 33,785,000
Plan fiduciary net position as a percentage of the total OPEB liability	31.81%
Covered-employee payroll	\$ 31,106,000
Plan net OPEB liability as a percentage of covered-employee payroll	108.61%

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

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2017

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)

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

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

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

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

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

**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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments	\$65,690,000	\$64,563,000	\$64,242,440	(\$320,560)
Licenses and permits	2,361,000	2,511,000	2,559,841	48,841
Fines and forfeitures	483,000	448,000	400,283	(47,717)
Use of money and properties	288,000	288,000	229,791	(58,209)
Intergovernmental	3,104,005	3,042,000	2,767,092	(274,908)
Charges for services	2,550,000	2,869,000	2,459,680	(409,320)
Other revenue	466,000	396,000	706,657	310,657
	<u>74,942,005</u>	<u>74,117,000</u>	<u>73,365,784</u>	<u>(751,216)</u>
EXPENDITURES				
Current:				
General government	9,512,718	10,941,401	10,190,580	750,821
Public safety	41,610,680	40,958,109	40,844,246	113,863
Public works and parks	11,144,863	10,943,588	11,201,655	(258,067)
Community development	4,013,962	4,154,885	3,759,564	395,321
Culture and recreation	3,076,042	3,076,042	3,077,435	(1,393)
Capital outlay	90,690			
Debt service:				
Principal	175,172	175,172	175,172	
Interest and fiscal charges	276,513	276,513	271,263	5,250
	<u>69,900,640</u>	<u>70,525,710</u>	<u>69,519,915</u>	<u>1,005,795</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>5,041,365</u>	<u>3,591,290</u>	<u>3,845,869</u>	<u>254,579</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,212,520	1,382,303	1,382,303	
Transfers out	(5,976,091)	(7,213,543)	(7,213,543)	
	<u>(4,763,571)</u>	<u>(5,831,240)</u>	<u>(5,831,240)</u>	
Net Change in Fund Balances				
	<u>\$277,794</u>	<u>(\$2,239,950)</u>	(1,985,371)	<u>\$254,579</u>
FUND BALANCES, BEGINNING OF YEAR			18,689,803	
FUND BALANCES, END OF YEAR			<u>\$16,704,432</u>	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and properties	\$36,400	\$36,400	\$31,267	(\$5,133)
Charges for services	600,000	715,000	204,210	(510,790)
Total Revenues	<u>636,400</u>	<u>751,400</u>	<u>235,477</u>	<u>(515,923)</u>
EXPENDITURES				
Current:				
General government	80,000	80,000	22,450	57,550
Capital improvement/special projects	<u>600,000</u>	<u>715,000</u>	<u>1,745,154</u>	<u>2,825,579</u>
Total Expenditures	<u>80,000</u>	<u>4,650,733</u>	<u>1,767,604</u>	<u>2,883,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>556,400</u>	<u>(3,899,333)</u>	<u>(1,532,127)</u>	<u>2,367,206</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		228,400	228,400	
Total Other Financing Sources (Uses)		<u>228,400</u>	<u>228,400</u>	
Net Change in Fund Balances	<u>\$556,400</u>	<u>(\$3,670,933)</u>	<u>(1,303,727)</u>	<u>\$2,367,206</u>
FUND BALANCES, BEGINNING OF YEAR			<u>10,439,157</u>	
FUND BALANCES, END OF YEAR			<u>\$9,135,430</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and properties	\$23,000	\$23,000	\$24,527	\$1,527
Intergovernmental	1,903,385	4,028,385	3,728,982	(299,403)
Charges for services	1,043,600	1,043,600	1,149,022	105,422
Other revenue			62,314	62,314
	<u>2,969,985</u>	<u>5,094,985</u>	<u>4,964,845</u>	<u>(130,140)</u>
EXPENDITURES				
Current:				
General government	43,676	43,676		43,676
Public works and parks	3,109,442	3,781,238	2,643,991	1,137,247
Capital outlay		5,508,565	1,641,317	3,867,248
Capital improvement/special projects	309,102	481,702	305,704	175,998
	<u>3,462,220</u>	<u>9,815,181</u>	<u>4,591,012</u>	<u>5,224,169</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(492,235)</u>	<u>(4,720,196)</u>	<u>373,833</u>	<u>5,094,029</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		325,000	325,000	
Transfers out	(400,000)	(628,400)	(628,400)	
	<u>(400,000)</u>	<u>(303,400)</u>	<u>(303,400)</u>	
Net Change in Fund Balances				
	<u>(\$892,235)</u>	<u>(\$5,023,596)</u>	70,433	<u>\$5,094,029</u>
FUND BALANCES, BEGINNING OF YEAR			6,653,263	
FUND BALANCES, END OF YEAR			<u>\$6,723,696</u>	

SUPPLEMENTARY INFORMATION

CITY OF SAN RAFAEL
 ESSENTIAL FACILITIES CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other revenue			\$635,387	\$635,387
Total Revenues			635,387	635,387
EXPENDITURES				
Capital improvement/special projects	\$4,040,000	\$6,052,841	6,052,841	
Total Expenditures	4,040,000	6,052,841	6,052,841	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,040,000)	(6,052,841)	(5,417,454)	635,387
OTHER FINANCING SOURCES (USES)				
Transfers in	4,040,000	5,417,454	5,417,454	
Total Other Financing Sources (Uses)	4,040,000	5,417,454	5,417,454	
Net Change in Fund Balances		(\$635,387)		\$635,387
FUND BALANCES, BEGINNING OF YEAR				
FUND BALANCES, END OF YEAR				

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.

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.

Business Improvement Fund – Established to account for activities held in Downtown San Rafael.

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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.

CAPITAL PROJECTS FUNDS

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

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

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

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

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



CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond Assessment District
ASSETS					
Cash and investments	\$556,856	\$238,169	\$294,058	\$1,374,316	\$701,449
Restricted cash and investments					
Receivables:					
Accounts	169,289		296,864		
Taxes		157			97
Grants				40,594	
Interest					
Loans					
Prepays	472			3,670	
	<u>\$726,617</u>	<u>\$238,326</u>	<u>\$590,922</u>	<u>\$1,418,580</u>	<u>\$701,546</u>
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$240,937		\$118,443	\$48,436	\$41,280
Deposits payable					
Developer deposits payable			159,114		
Deferred revenue	367,589				
	<u>608,526</u>	<u>277,557</u>	<u>48,436</u>	<u>41,280</u>	
Total Liabilities					
Fund Balances:					
Restricted	118,091	\$238,326	313,365	1,370,144	660,266
Committed					
Assigned					
	<u>118,091</u>	<u>238,326</u>	<u>313,365</u>	<u>1,370,144</u>	<u>660,266</u>
Total Fund Balances					
Total Liabilities and Fund Balances	<u>\$726,617</u>	<u>\$238,326</u>	<u>\$590,922</u>	<u>\$1,418,580</u>	<u>\$701,546</u>

SPECIAL REVENUE FUNDS

Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication
\$641,059	\$687,806	\$138,261	\$212,794	\$703,392	\$702,855	\$457,538
		21,000	17,829		53,152	
432						
<u>\$641,491</u>	<u>\$687,806</u>	<u>\$159,261</u>	<u>\$230,623</u>	<u>\$703,392</u>	<u>\$756,007</u>	<u>\$457,538</u>
\$9,426	\$20,234	\$761	\$41,536	\$12,530 6,076 1,500	\$2,886	\$8,350
<u>9,426</u>	<u>20,234</u>	<u>761</u>	<u>41,536</u>	<u>20,106</u>	<u>2,886</u>	<u>8,350</u>
632,065	667,572	\$158,500	189,087	683,286	753,121	449,188
<u>632,065</u>	<u>667,572</u>	<u>158,500</u>	<u>189,087</u>	<u>683,286</u>	<u>753,121</u>	<u>449,188</u>
<u>\$641,491</u>	<u>\$687,806</u>	<u>\$159,261</u>	<u>\$230,623</u>	<u>\$703,392</u>	<u>\$756,007</u>	<u>\$457,538</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS				
	Emergency Medical Services	Business Improvement	Pt. San Pedro Maintenance Portion	Low and Moderate Income Housing	Measure A Open Space
ASSETS					
Cash and investments	\$1,494,455	\$22,958	\$153,108	\$679,950	\$199,727
Restricted cash and investments					
Receivables:					
Accounts	359,679				
Taxes	25,903		459		218,273
Grants					
Interest				334	
Loans				230,066	
Prepays					
	<u>\$1,880,037</u>	<u>\$22,958</u>	<u>\$153,567</u>	<u>\$910,350</u>	<u>\$418,000</u>
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$135,507	\$22,958	\$2,284		\$48,765
Deposits payable					
Developer deposits payable					
Deferred revenue					
	<u>135,507</u>	<u>22,958</u>	<u>2,284</u>		<u>48,765</u>
Total Liabilities					
Fund Balances:					
Restricted	1,744,530		151,283	910,350	369,235
Committed					
Assigned					
	<u>1,744,530</u>		<u>151,283</u>	<u>910,350</u>	<u>369,235</u>
Total Fund Balances					
Total Liabilities and Fund Balances	<u>\$1,880,037</u>	<u>\$22,958</u>	<u>\$153,567</u>	<u>\$910,350</u>	<u>\$418,000</u>

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			
Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects
\$2,875	\$16,573	\$147,797	\$2,864,858 625,123	\$76,845	\$223,742 77,038	\$27,936
			29,835 1,658			
<u>\$2,875</u>	<u>\$16,573</u>	<u>\$147,797</u>	<u>\$3,521,474</u>	<u>\$76,845</u>	<u>\$300,780</u>	<u>\$27,936</u>
			\$57,702			
			<u>57,702</u>			
\$2,875	\$16,573	\$147,797	3,463,772	\$76,845	\$300,780	\$27,936
<u>2,875</u>	<u>16,573</u>	<u>147,797</u>	<u>3,463,772</u>	<u>76,845</u>	<u>300,780</u>	<u>27,936</u>
<u>\$2,875</u>	<u>\$16,573</u>	<u>\$147,797</u>	<u>\$3,521,474</u>	<u>\$76,845</u>	<u>\$300,780</u>	<u>\$27,936</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2017

	CAPITAL PROJECTS FUNDS	Total Non-Major Governmental Funds
	Open Space	
ASSETS		
Cash and investments	\$115,103	\$12,734,480
Restricted cash and investments		702,161
Receivables:		
Accounts		846,832
Taxes		262,718
Grants		123,581
Interest		1,992
Loans		230,066
Prepays		4,574
Total Assets	\$115,103	\$14,906,404
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable		\$812,035
Deposits payable		6,076
Developer deposits payable		160,614
Deferred revenue		367,589
Total Liabilities		1,346,314
 Fund Balances:		
Restricted		9,953,279
Committed		3,491,708
Assigned	\$115,103	115,103
Total Fund Balances	115,103	13,560,090
Total Liabilities and Fund Balances	\$115,103	\$14,906,404



CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond Assessment District
REVENUES					
Taxes and special assessments		\$25,368			\$15,606
Use of money and properties	\$1,477	760	\$180	\$4,177	2,334
Intergovernmental	10,097			329,232	
Charges for services	3,129,356		156,434	3,724,353	
Other revenue	16,149		1,125	11,939	
Total Revenues	<u>3,157,079</u>	<u>26,128</u>	<u>157,739</u>	<u>4,069,701</u>	<u>17,940</u>
EXPENDITURES					
Current:					
General government					
Public safety			93,013		
Public works and parks		5,722			48,618
Culture and recreation	4,798,373			3,853,401	
Capital outlay					
Capital improvement/special projects	16,994				
Total Expenditures	<u>4,815,367</u>	<u>5,722</u>	<u>93,013</u>	<u>3,853,401</u>	<u>48,618</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,658,288)</u>	<u>20,406</u>	<u>64,726</u>	<u>216,300</u>	<u>(30,678)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,750,000				
Transfers out					
Total Other Financing Sources (Uses)	<u>1,750,000</u>				
Net Change in Fund Balances	91,712	20,406	64,726	216,300	(30,678)
Fund Balance, Beginning	26,379	217,920	248,639	1,153,844	690,944
Fund Balance, Ending	<u>\$118,091</u>	<u>\$238,326</u>	<u>\$313,365</u>	<u>\$1,370,144</u>	<u>\$660,266</u>

SPECIAL REVENUE FUNDS

Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication
	\$868,481					
\$2,135	2,302	\$130	\$548	\$33,615	\$1,592	\$1,620
1,000		89,053			1,002,826	
7,067		1,860	903,910			39,360
3,020		74,762	20,228		23,106	1,500
<u>13,222</u>	<u>870,783</u>	<u>165,805</u>	<u>924,686</u>	<u>33,615</u>	<u>1,027,524</u>	<u>42,480</u>
			5,997	26,606	182,778	
		276,387			582,235	
10,049	907,470		782,590			30,072
<u>6,996</u>		<u>4,936</u>	<u>908,171</u>			<u>92,704</u>
<u>17,045</u>	<u>907,470</u>	<u>281,323</u>	<u>1,696,758</u>	<u>26,606</u>	<u>765,013</u>	<u>122,776</u>
<u>(3,823)</u>	<u>(36,687)</u>	<u>(115,518)</u>	<u>(772,072)</u>	<u>7,009</u>	<u>262,511</u>	<u>(80,296)</u>
		100,000			46,089	37,761
				(325,000)	(169,783)	
		100,000		(325,000)	(123,694)	37,761
(3,823)	(36,687)	(15,518)	(772,072)	(317,991)	138,817	(42,535)
<u>635,888</u>	<u>704,259</u>	<u>174,018</u>	<u>961,159</u>	<u>1,001,277</u>	<u>614,304</u>	<u>491,723</u>
<u>\$632,065</u>	<u>\$667,572</u>	<u>\$158,500</u>	<u>\$189,087</u>	<u>\$683,286</u>	<u>\$753,121</u>	<u>\$449,188</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, 2017

	SPECIAL REVENUE FUNDS				
	Emergency Medical Services	Business Improvement	Pt. San Pedro - Maintenance Portion	Low and Moderate Income Housing	Measure A Open Space
REVENUES					
Taxes and special assessments	\$5,485,637		\$74,084		\$437,170
Use of money and properties	7,729		508	\$2,445	973
Intergovernmental	121,517				
Charges for services	1,506,437				
Other revenue	220,984			59,375	
Total Revenues	7,342,304		74,592	61,820	438,143
EXPENDITURES					
Current:					
General government	47,978			81,027	
Public safety	7,114,323				107,949
Public works and parks			89,980		205,179
Culture and recreation					
Capital outlay					
Capital improvement/special projects					
Total Expenditures	7,162,301		89,980	81,027	313,128
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	180,003		(15,388)	(19,207)	125,015
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out					(118,036)
Total Other Financing Sources (Uses)					(118,036)
Net Change in Fund Balances	180,003		(15,388)	(19,207)	6,979
Fund Balance, Beginning	1,564,527		166,671	929,557	362,256
Fund Balance, Ending	<u>\$1,744,530</u>		<u>\$151,283</u>	<u>\$910,350</u>	<u>\$369,235</u>

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			
Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects
		\$493	\$13,357 143,472	\$18,105	\$363	\$5,507
		493	156,829	18,105	363	5,507
			459,609			10,440
			459,609			10,440
		493	(302,780)	18,105	363	(4,933)
		493	(302,780)	18,105	363	(4,933)
\$2,875	\$16,573	147,304	3,766,552	58,740	300,417	32,869
\$2,875	\$16,573	\$147,797	\$3,463,772	\$76,845	\$300,780	\$27,936

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	CAPITAL PROJECTS FUNDS	Total Non-Major Governmental Funds
	Open Space	
REVENUES		
Taxes and special assessments		\$6,924,451
Use of money and properties	\$383	63,764
Intergovernmental		1,567,082
Charges for services		9,612,249
Other revenue		437,695
Total Revenues	383	18,605,241
EXPENDITURES		
Current:		
General government		344,386
Public safety		8,173,907
Public works and parks		1,162,161
Culture and recreation		9,569,293
Capital outlay		459,609
Capital improvement/special projects	4,463	1,044,704
Total Expenditures	4,463	20,754,060
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,080)	(2,148,819)
OTHER FINANCING SOURCES (USES)		
Transfers in		1,933,850
Transfers out		(612,819)
Total Other Financing Sources (Uses)		1,321,031
Net Change in Fund Balances	(4,080)	(827,788)
Fund Balance, Beginning	119,183	14,387,878
Fund Balance, Ending	\$115,103	\$13,560,090



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, 2017

	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				\$25,500	\$25,368	(\$132)
Use of money and properties	\$26,309	\$1,477	(\$24,832)	700	760	60
Intergovernmental	10,000	10,097	97			
Charges for services	2,962,330	3,129,356	167,026			
Other revenue	2,750	16,149	13,399			
Total Revenues	<u>3,001,389</u>	<u>3,157,079</u>	<u>155,690</u>	<u>26,200</u>	<u>26,128</u>	<u>(72)</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks				6,000	5,722	278
Culture and recreation	4,809,085	4,798,373	10,712			
Capital outlay						
Capital improvement/special projects	10,000	16,994	(6,994)			
Total Expenditures	<u>4,819,085</u>	<u>4,815,367</u>	<u>3,718</u>	<u>6,000</u>	<u>5,722</u>	<u>278</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,817,696)</u>	<u>(1,658,288)</u>	<u>159,408</u>	<u>20,200</u>	<u>20,406</u>	<u>206</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,750,000	1,750,000				
Transfers out						
Total Other Financing Sources (Uses)	<u>1,750,000</u>	<u>1,750,000</u>				
FUND BALANCES, BEGINNING OF YEAR AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>(\$67,696)</u>	91,712	<u>\$159,408</u>	<u>\$20,200</u>	20,406	<u>\$206</u>
FUND BALANCES, BEGINNING OF YEAR		<u>26,379</u>			<u>217,920</u>	
FUND BALANCES, END OF YEAR		<u>\$118,091</u>			<u>\$238,326</u>	

SPECIAL REVENUE FUNDS

Household Hazmat Facility			Childcare			Loch Lomond Assessment District		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
						\$15,610	\$15,606	(\$4)
\$550	\$180	(\$370)	\$2,000	\$4,177	\$2,177	2,000	2,334	334
			312,200	329,232	17,032			
156,515	156,434	(81)	3,775,000	3,724,353	(50,647)			
	1,125	1,125		11,939	11,939			
<u>157,065</u>	<u>157,739</u>	<u>674</u>	<u>4,089,200</u>	<u>4,069,701</u>	<u>(19,499)</u>	<u>17,610</u>	<u>17,940</u>	<u>330</u>
169,361	93,013	76,348						
			4,099,128	3,853,401	245,727	50,054	48,618	1,436
<u>169,361</u>	<u>93,013</u>	<u>76,348</u>	<u>4,099,128</u>	<u>3,853,401</u>	<u>245,727</u>	<u>50,054</u>	<u>48,618</u>	<u>1,436</u>
(12,296)	64,726	77,022	(9,928)	216,300	226,228	(32,444)	(30,678)	1,766
<u>(\$12,296)</u>	<u>64,726</u>	<u>\$77,022</u>	<u>(\$9,928)</u>	<u>216,300</u>	<u>\$226,228</u>	<u>(\$32,444)</u>	<u>(30,678)</u>	<u>\$1,766</u>
	<u>248,639</u>			<u>1,153,844</u>			<u>690,944</u>	
	<u>\$313,365</u>			<u>\$1,370,144</u>			<u>\$660,266</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, 2017

SPECIAL REVENUE FUNDS						
	Library			Library Assessment		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$875,000	\$868,481	(\$6,519)
Use of money and properties	\$600	\$2,135	\$1,535	1,800	2,302	502
Intergovernmental		1,000	1,000			
Charges for services	6,000	7,067	1,067			
Other revenue	1,000	3,020	2,020			
Total Revenues	<u>7,600</u>	<u>13,222</u>	<u>5,622</u>	<u>876,800</u>	<u>870,783</u>	<u>(6,017)</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks						
Culture and recreation	10,000	10,049	(49)	995,819	907,470	88,349
Capital outlay						
Capital improvement/special projects	15,000	6,996	8,004			
Total Expenditures	<u>25,000</u>	<u>17,045</u>	<u>7,955</u>	<u>995,819</u>	<u>907,470</u>	<u>88,349</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(17,400)</u>	<u>(3,823)</u>	<u>13,577</u>	<u>(119,019)</u>	<u>(36,687)</u>	<u>82,332</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u><u>(\$17,400)</u></u>	<u><u>(3,823)</u></u>	<u><u>\$13,577</u></u>	<u><u>(\$119,019)</u></u>	<u><u>(36,687)</u></u>	<u><u>\$82,332</u></u>
FUND BALANCES, BEGINNING OF YEAR		<u>635,888</u>			<u>704,259</u>	
FUND BALANCES, END OF YEAR		<u><u>\$632,065</u></u>			<u><u>\$667,572</u></u>	

SPECIAL REVENUE FUNDS

Public Safety			Stormwater			Development Services		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$240	\$130	(\$110)	\$5,000	\$548	(\$4,452)	\$33,000	\$33,615	\$615
70,000	89,053	19,053						
1,500	1,860	360	772,800	903,910	131,110			
75,000	74,762	(238)	5,000	20,228	15,228			
<u>146,740</u>	<u>165,805</u>	<u>19,065</u>	<u>782,800</u>	<u>924,686</u>	<u>141,886</u>	<u>33,000</u>	<u>33,615</u>	<u>615</u>
			10,412	5,997	4,415	117,000	26,606	90,394
276,322	276,387	(65)	734,711	782,590	(47,879)			
						340,000		340,000
5,000	4,936	64	1,525,867	908,171	617,696			
<u>281,322</u>	<u>281,323</u>	<u>(1)</u>	<u>2,270,990</u>	<u>1,696,758</u>	<u>574,232</u>	<u>457,000</u>	<u>26,606</u>	<u>430,394</u>
<u>(134,582)</u>	<u>(115,518)</u>	<u>19,064</u>	<u>(1,488,190)</u>	<u>(772,072)</u>	<u>716,118</u>	<u>(424,000)</u>	<u>7,009</u>	<u>431,009</u>
100,000	100,000					(325,000)	(325,000)	
<u>100,000</u>	<u>100,000</u>					<u>(325,000)</u>	<u>(325,000)</u>	
<u>(\$34,582)</u>	<u>(15,518)</u>	<u>\$19,064</u>	<u>(\$1,488,190)</u>	<u>(772,072)</u>	<u>\$716,118</u>	<u>(\$749,000)</u>	<u>(317,991)</u>	<u>\$431,009</u>
	<u>174,018</u>			<u>961,159</u>			<u>1,001,277</u>	
	<u>\$158,500</u>			<u>\$189,087</u>			<u>\$683,286</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, 2017

	SPECIAL REVENUE FUNDS					
	Grants			Parkland Dedication		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments						
Use of money and properties	\$2,800	\$1,592	(\$1,208)	\$4,000	\$1,620	(\$2,380)
Intergovernmental	369,250	1,002,826	633,576			
Charges for services					39,360	39,360
Other revenue		23,106	23,106		1,500	1,500
Total Revenues	<u>372,050</u>	<u>1,027,524</u>	<u>655,474</u>	<u>4,000</u>	<u>42,480</u>	<u>38,480</u>
EXPENDITURES						
Current:						
General government	235,961	182,778	53,183			
Public safety	563,091	582,235	(19,144)			
Public works and parks				37,301	30,072	7,229
Culture and recreation						
Capital outlay				330,000	92,704	237,296
Capital improvement/special projects						
Total Expenditures	<u>799,052</u>	<u>765,013</u>	<u>34,039</u>	<u>367,301</u>	<u>122,776</u>	<u>244,525</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(427,002)</u>	<u>262,511</u>	<u>689,513</u>	<u>(363,301)</u>	<u>(80,296)</u>	<u>283,005</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	46,089	46,089		37,761	37,761	
Transfers out	(169,783)	(169,783)				
Total Other Financing Sources (Uses)	<u>(123,694)</u>	<u>(123,694)</u>		<u>37,761</u>	<u>37,761</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u><u>(\$550,696)</u></u>	<u>138,817</u>	<u><u>\$689,513</u></u>	<u><u>(\$325,540)</u></u>	<u>(42,535)</u>	<u><u>\$283,005</u></u>
FUND BALANCES, BEGINNING OF YEAR		<u>614,304</u>			<u>491,723</u>	
FUND BALANCES, END OF YEAR		<u><u>\$753,121</u></u>			<u><u>\$449,188</u></u>	

SPECIAL REVENUE FUNDS

Emergency Medical Services			Business Improvement			Pt. San Pedro-Maintenance Portion		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$5,216,424	\$5,485,637	\$269,213				\$80,000	\$74,084	(\$5,916)
2,000	7,729	5,729				500	508	8
125,000	121,517	(3,483)						
2,598,000	1,506,437	(1,091,563)						
247,819	220,984	(26,835)						
<u>8,189,243</u>	<u>7,342,304</u>	<u>(846,939)</u>				<u>80,500</u>	<u>74,592</u>	<u>(5,908)</u>
83,288	47,978	35,310						
7,178,379	7,114,323	64,056				90,250	89,980	270
<u>7,261,667</u>	<u>7,162,301</u>	<u>99,366</u>				<u>90,250</u>	<u>89,980</u>	<u>270</u>
<u>927,576</u>	<u>180,003</u>	<u>(747,573)</u>				<u>(9,750)</u>	<u>(15,388)</u>	<u>(5,638)</u>
<u>\$927,576</u>	180,003	<u>(\$747,573)</u>				<u>(\$9,750)</u>	(15,388)	<u>(\$5,638)</u>
	<u>1,564,527</u>						<u>166,671</u>	
	<u>\$1,744,530</u>						<u>\$151,283</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, 2017

	SPECIAL REVENUE FUNDS					
	Low and Moderate Income Housing			Measure A Open Space		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$430,300	\$437,170	\$6,870
Use of money and properties	\$8,300	\$2,445	(\$5,855)	600	973	373
Intergovernmental						
Charges for services						
Other revenue	70,000	59,375	(10,625)			
Total Revenues	<u>78,300</u>	<u>61,820</u>	<u>(16,480)</u>	<u>430,900</u>	<u>438,143</u>	<u>7,243</u>
EXPENDITURES						
Current:						
General government	210,000	81,027	128,973			
Public safety				199,123	107,949	91,174
Public works and parks				155,000	205,179	(50,179)
Culture and recreation				460,000		460,000
Capital outlay						
Capital improvement/special projects						
Total Expenditures	<u>210,000</u>	<u>81,027</u>	<u>128,973</u>	<u>814,123</u>	<u>313,128</u>	<u>500,995</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(131,700)</u>	<u>(19,207)</u>	<u>112,493</u>	<u>(383,223)</u>	<u>125,015</u>	<u>508,238</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out				(118,036)	(118,036)	
Total Other Financing Sources (Uses)				<u>(118,036)</u>	<u>(118,036)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u><u>(\$131,700)</u></u>	<u><u>(19,207)</u></u>	<u><u>\$112,493</u></u>	<u><u>(\$501,259)</u></u>	<u><u>6,979</u></u>	<u><u>\$508,238</u></u>
FUND BALANCES, BEGINNING OF YEAR		<u>929,557</u>			<u>362,256</u>	
FUND BALANCES, END OF YEAR		<u><u>\$910,350</u></u>			<u><u>\$369,235</u></u>	

DEBT SERVICE FUNDS

Mariposa Assessment District			1997 Financing Authority Revenue Bonds		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$430	\$493	\$63
			430	493	63
			430	493	63
			\$430	493	\$63
	\$16,573			147,304	
	<u>\$16,573</u>			<u>\$147,797</u>	



INTERNAL SERVICE FUNDS

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

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

Vehicle Replacement Fund – Established to provide for the replacement of vehicles.

Equipment Replacement Fund – Established to provide for the replacement of computers and equipment.

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

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

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

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

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

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

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

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

Sewer Maintenance Fund – Established to record both the cost of providing services to the San Rafael Sanitation District and the charges for those services.

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2017

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>
ASSETS					
Current Assets:					
Cash and investments	\$1,617,858	\$1,673,326	\$2,845,878	\$810,716	\$2,967,749
Accounts receivable					
Loans receivable					
Prepays		1,080,558			
Capital assets:					
Nondepreciable assets	530,301				
Depreciable assets, net	<u>2,615,538</u>	<u>5,044,661</u>	<u>637,331</u>		
Total Assets	<u>4,763,697</u>	<u>7,798,545</u>	<u>3,483,209</u>	<u>810,716</u>	<u>2,967,749</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	129,423	208,333	196,005	501	
Claims payable - due in one year					1,226,194
Non-current Liabilities:					
Claims payable - due in more than one year					<u>1,355,335</u>
Total Liabilities	<u>129,423</u>	<u>208,333</u>	<u>196,005</u>	<u>501</u>	<u>2,581,529</u>
NET POSITION:					
Net investment in capital assets	3,145,839	5,044,661	637,331		
Unrestricted	<u>1,488,435</u>	<u>2,545,551</u>	<u>2,649,873</u>	<u>810,215</u>	<u>386,220</u>
Total Net Position	<u>\$4,634,274</u>	<u>\$7,590,212</u>	<u>\$3,287,204</u>	<u>\$810,215</u>	<u>\$386,220</u>

<u>Workers' Compensation</u>	<u>Dental Insurance</u>	<u>Employee Retirement</u>	<u>OPEB/ Retiree Medical</u>	<u>Radio Replacement</u>	<u>Telephone Replacement</u>	<u>Sewer Maintenance</u>	<u>Total</u>
\$6,663,771	\$152,927	\$2,281,906	\$711,122	\$358,889	\$398,256	\$28,213	\$20,510,611
							1,080,558
							530,301
							8,297,530
<u>6,663,771</u>	<u>152,927</u>	<u>2,281,906</u>	<u>711,122</u>	<u>358,889</u>	<u>398,256</u>	<u>28,213</u>	<u>30,419,000</u>
304	3,624		16,487		32,422	28,213	615,312
1,427,094							2,653,288
<u>4,738,715</u>							<u>6,094,050</u>
<u>6,166,113</u>	<u>3,624</u>		<u>16,487</u>		<u>32,422</u>	<u>28,213</u>	<u>9,362,650</u>
							8,827,831
<u>497,658</u>	<u>149,303</u>	<u>2,281,906</u>	<u>694,635</u>	<u>358,889</u>	<u>365,834</u>		<u>12,228,519</u>
<u>\$497,658</u>	<u>\$149,303</u>	<u>\$2,281,906</u>	<u>\$694,635</u>	<u>\$358,889</u>	<u>\$365,834</u>		<u>\$21,056,350</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, 2017

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>
OPERATING REVENUES					
Charges for current services	\$800,000	\$1,213,282	\$1,910,808	\$551,519	\$1,552,880
Other operating revenues	10,000		286	606	49,910
Total Operating Revenues	<u>810,000</u>	<u>1,213,282</u>	<u>1,911,094</u>	<u>552,125</u>	<u>1,602,790</u>
OPERATING EXPENSES					
Personnel			161,876	2,416	
Insurance premiums and claims					1,063,453
Maintenance and repairs	201,103	87,597			
General and administrative	18,243		1,952,354	796,874	184,656
Depreciation expense	38,921	922,755	106,224		
Total Operating Expenses	<u>258,267</u>	<u>1,010,352</u>	<u>2,220,454</u>	<u>799,290</u>	<u>1,248,109</u>
Operating Income (Loss)	<u>551,733</u>	<u>202,930</u>	<u>(309,360)</u>	<u>(247,165)</u>	<u>354,681</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	5,317	5,099	9,304	8,635	8,962
Miscellaneous Income		94,264			
Loss on sale of capital assets		(19,944)			
Total Nonoperating Revenues (Expenses)	<u>5,317</u>	<u>79,419</u>	<u>9,304</u>	<u>8,635</u>	<u>8,962</u>
Net income (loss) before transfers	<u>557,050</u>	<u>282,349</u>	<u>(300,056)</u>	<u>(238,530)</u>	<u>363,643</u>
CAPITAL CONTRIBUTIONS	1,228,402				
TRANSFERS IN	80,275				
TRANSFERS OUT					
Change in Net Position	<u>1,865,727</u>	<u>282,349</u>	<u>(300,056)</u>	<u>(238,530)</u>	<u>363,643</u>
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	<u>2,768,547</u>	<u>7,307,863</u>	<u>3,587,260</u>	<u>1,048,745</u>	<u>22,577</u>
NET POSITION, END OF YEAR	<u><u>\$4,634,274</u></u>	<u><u>\$7,590,212</u></u>	<u><u>\$3,287,204</u></u>	<u><u>\$810,215</u></u>	<u><u>\$386,220</u></u>

<u>Workers'</u> <u>Compensation</u>	<u>Dental</u> <u>Insurance</u>	<u>Employee</u> <u>Retirement</u>	<u>OPEB/</u> <u>Retiree</u> <u>Medical</u>	<u>Radio</u> <u>Replacement</u>	<u>Telephone</u> <u>Replacement</u>	<u>Sewer</u> <u>Maintenance</u>	<u>Total</u>
\$1,974,595	\$399,028 7,910	\$200,000	\$2,775,000 892,199	\$648,660	\$571,223	\$2,609,993 1,385	\$15,206,988 962,296
<u>1,974,595</u>	<u>406,938</u>	<u>200,000</u>	<u>3,667,199</u>	<u>648,660</u>	<u>571,223</u>	<u>2,611,378</u>	<u>16,169,284</u>
1,487,865	388,506		3,674,555			2,611,378	2,775,670 6,614,379
116,474		3,342		673,499	544,551		288,700 4,289,993
<u>1,604,339</u>	<u>388,506</u>	<u>3,342</u>	<u>3,674,555</u>	<u>673,499</u>	<u>544,551</u>	<u>2,611,378</u>	<u>15,036,642</u>
<u>370,256</u>	<u>18,432</u>	<u>196,658</u>	<u>(7,356)</u>	<u>(24,839)</u>	<u>26,672</u>		<u>1,132,642</u>
21,819	663	7,392		522	1,238		68,951 94,264 (19,944)
<u>21,819</u>	<u>663</u>	<u>7,392</u>		<u>522</u>	<u>1,238</u>		<u>143,271</u>
<u>392,075</u>	<u>19,095</u>	<u>204,050</u>	<u>(7,356)</u>	<u>(24,317)</u>	<u>27,910</u>		<u>1,275,913</u>
		(376,520)					1,228,402 80,275 (376,520)
392,075	19,095	(172,470)	(7,356)	(24,317)	27,910		2,208,070
<u>105,583</u>	<u>130,208</u>	<u>2,454,376</u>	<u>701,991</u>	<u>383,206</u>	<u>337,924</u>		<u>18,848,280</u>
<u>\$497,658</u>	<u>\$149,303</u>	<u>\$2,281,906</u>	<u>\$694,635</u>	<u>\$358,889</u>	<u>\$365,834</u>		<u>\$21,056,350</u>

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	Building Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Liability Insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers/other funds	\$800,000	\$1,224,360	\$1,911,094	\$551,519	\$1,552,880
Cash payments to suppliers for goods and services	(126,737)	(85,119)	(1,898,044)	(836,813)	(1,211,360)
Cash payments to employees for salaries and benefits			(161,876)	(2,416)	
Other operating revenues	10,000			606	49,910
Cash Flows from Operating Activities	683,263	1,139,241	(148,826)	(287,104)	391,430
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	80,275				
Interfund payments					
Cash Flows from Noncapital Financing Activities	80,275				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(468,338)	(753,667)			
Proceeds from sale of property		94,264			
Cash Flows from Investing Activities	(468,338)	(659,403)			
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	5,317	5,099	9,304	8,635	8,962
Cash Flows from Investing Activities	5,317	5,099	9,304	8,635	8,962
Net increase (decrease) in cash and cash equivalents	300,517	484,937	(139,522)	(278,469)	400,392
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,317,341	1,188,389	2,985,400	1,089,185	2,567,357
CASH AND CASH EQUIVALENTS, END OF YEAR	\$1,617,858	\$1,673,326	\$2,845,878	\$810,716	\$2,967,749
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$551,733	\$202,930	(\$309,360)	(\$247,165)	\$354,681
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	38,921	922,755	106,224		
Net change in assets and liabilities:					
Accounts receivable		140			
Loans receivable		10,938			
Prepays and deposits		2,478			
Accounts payable	92,609		54,310	(39,939)	(1,125)
Claims payable					37,874
Net Cash Provided by (Used in) Operating Activities	\$683,263	\$1,139,241	(\$148,826)	(\$287,104)	\$391,430
NON-CASH TRANSACTIONS:					
Contributions of capital assets	\$1,228,402				

<u>Workers' Compensation</u>	<u>Dental Insurance</u>	<u>Employee Retirement</u>	<u>OPEB/ Employee Retirement</u>	<u>Radio Replacement</u>	<u>Telephone Replacement</u>	<u>Sewer Maintenance</u>	<u>Total</u>
\$1,974,595 (1,490,587)	\$399,028 (388,587)	\$200,000 (3,342)	\$2,850,980 (3,661,843)	\$648,660 (673,499)	\$571,223 (533,604)	\$2,623,480 (2,599,611)	\$15,307,819 (13,509,146) (164,292)
	7,910		892,199			1,385	962,010
<u>484,008</u>	<u>18,351</u>	<u>196,658</u>	<u>81,336</u>	<u>(24,839)</u>	<u>37,619</u>	<u>25,254</u>	<u>2,596,391</u>
		(376,520)					80,275 (376,520)
		(376,520)					(296,245)
							(1,222,005) 94,264
							(1,127,741)
<u>21,819</u>	<u>663</u>	<u>7,392</u>		<u>522</u>	<u>1,238</u>		<u>68,951</u>
<u>21,819</u>	<u>663</u>	<u>7,392</u>		<u>522</u>	<u>1,238</u>		<u>68,951</u>
<u>505,827</u>	<u>19,014</u>	<u>(172,470)</u>	<u>81,336</u>	<u>(24,317)</u>	<u>38,857</u>	<u>25,254</u>	<u>1,241,356</u>
<u>6,157,944</u>	<u>133,913</u>	<u>2,454,376</u>	<u>629,786</u>	<u>383,206</u>	<u>359,399</u>	<u>2,959</u>	<u>19,269,255</u>
<u>\$6,663,771</u>	<u>\$152,927</u>	<u>\$2,281,906</u>	<u>\$711,122</u>	<u>\$358,889</u>	<u>\$398,256</u>	<u>\$28,213</u>	<u>\$20,510,611</u>
\$370,256	\$18,432	\$196,658	(\$7,356)	(\$24,839)	\$26,672		\$1,132,642
							1,067,900
			75,980			\$13,487	89,607 10,938 2,478
(7,146) 120,898	(81)		12,712		10,947	11,767	134,054 158,772
<u>484,008</u>	<u>18,351</u>	<u>196,658</u>	<u>81,336</u>	<u>(24,839)</u>	<u>37,619</u>	<u>25,254</u>	<u>2,596,391</u>
							<u>1,228,402</u>



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, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<hr/> <u>Pt. San Pedro Road Assessment District</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$291,111	\$206,708	\$208,051	\$289,768
Taxes receivable	1,134	951	1,134	951
Total Assets	<u>\$292,245</u>	<u>\$207,659</u>	<u>\$209,185</u>	<u>\$290,719</u>
<u>Liabilities</u>				
Interest payable	\$27,697	\$26,614	\$27,697	\$26,614
Due to bondholders	264,548	181,045	181,488	264,105
Total Liabilities	<u>\$292,245</u>	<u>\$207,659</u>	<u>\$209,185</u>	<u>\$290,719</u>
<hr/> <u>Total Agency Fund</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$291,111	\$206,708	\$208,051	\$289,768
Taxes receivable	1,134	951	1,134	951
Total Assets	<u>\$292,245</u>	<u>\$207,659</u>	<u>\$209,185</u>	<u>\$290,719</u>
<u>Liabilities</u>				
Interest payable	\$27,697	\$26,614	\$27,697	\$26,614
Due to bondholders	264,548	181,045	181,488	264,105
Total Liabilities	<u>\$292,245</u>	<u>\$207,659</u>	<u>\$209,185</u>	<u>\$290,719</u>



Mc Nears Beach Park

STATISTICAL SECTION



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 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

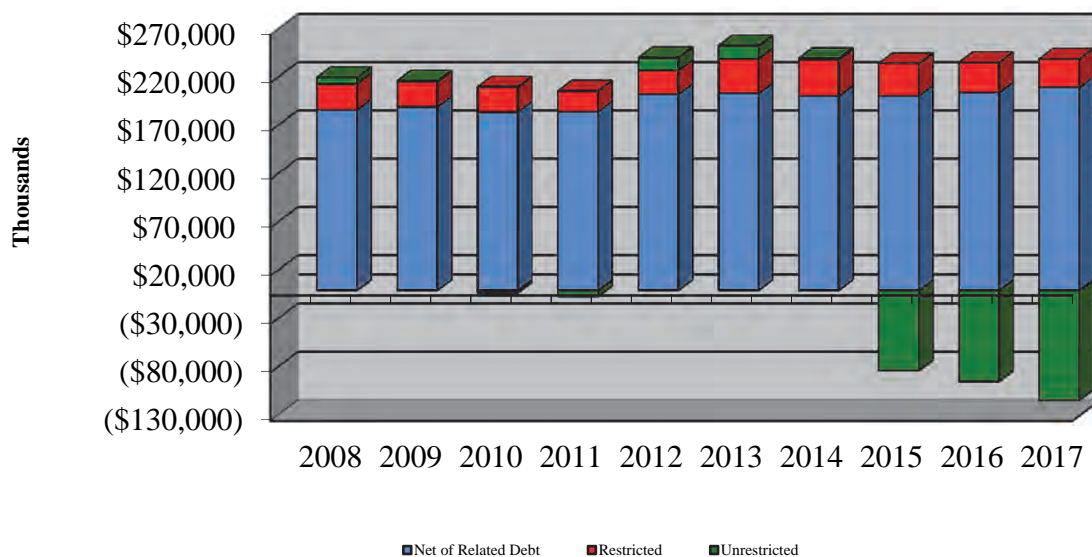
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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)**



	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Governmental activities</i>				
Net investment in capital assets	\$176,724,820	\$178,744,119	\$173,536,144	\$174,281,922
Restricted	26,848,900	25,721,231	26,150,254	21,322,937
Unrestricted	4,273,937	(700,985)	(4,631,276)	(8,170,324)
Total governmental activities net position	<u>\$207,847,657</u>	<u>\$203,764,365</u>	<u>\$195,055,122</u>	<u>\$187,434,535</u>
<i>Business-type activities</i>				
Net investment in capital assets	\$10,130,329	\$11,243,637	\$10,950,825	\$10,793,592
Unrestricted	2,471,117	1,936,958	2,017,354	1,948,447
Total business-type activities net position	<u>\$12,601,446</u>	<u>\$13,180,595</u>	<u>\$12,968,179</u>	<u>\$12,742,039</u>
<i>Primary government</i>				
Net investments in capital assets	\$186,855,149	\$189,987,756	\$184,486,969	\$185,075,514
Restricted	26,848,900	25,721,231	26,150,254	21,322,937
Unrestricted	6,745,054	1,235,973	(2,613,922)	(6,221,877)
Total primary government net position	<u>\$220,449,103</u>	<u>\$216,944,960</u>	<u>\$208,023,301</u>	<u>\$200,176,574</u>

(a) The City adjusted certain beginning balances during fiscal years 2013-2014, 2014-2015 and 2016-2017. Financial data shown for proceeding years were not adjusted for the presentation.

2012	2013	2014	2015	2016	2017
\$192,361,245	\$193,222,791	\$190,286,275	\$190,621,085	\$193,707,175	\$199,202,842
24,693,205	35,780,412	37,339,141	33,389,224	31,286,725	29,225,643
10,652,263	11,151,318	(196,824)	(82,336,534)	(93,273,480)	(112,913,181)
<u>\$227,706,713</u>	<u>\$240,154,521</u>	<u>\$227,428,592</u>	<u>\$141,673,775</u>	<u>\$131,720,420</u>	<u>\$115,515,304</u>
\$10,650,558	\$10,670,190	\$10,786,591	\$10,744,952	\$10,958,058	\$10,968,642
2,495,889	2,501,498	2,049,957	(938,519)	(1,136,050)	(871,620)
<u>\$13,146,447</u>	<u>\$13,171,688</u>	<u>\$12,836,548</u>	<u>\$9,806,433</u>	<u>\$9,822,008</u>	<u>\$10,097,022</u>
\$203,011,803	\$203,892,981	\$201,072,866	\$201,366,037	\$204,665,233	\$210,171,484
24,693,205	35,780,412	37,339,141	33,389,224	31,286,725	29,225,643
13,148,152	13,652,816	1,853,133	(83,275,053)	(94,409,530)	(113,784,801)
<u>\$240,853,160</u>	<u>\$253,326,209</u>	<u>\$240,265,140</u>	<u>\$151,480,208</u>	<u>\$141,542,428</u>	<u>\$125,612,326</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses				
Governmental Activities:				
General government	\$8,621,079	\$8,075,344	\$8,396,759	\$8,269,846
Public safety	40,845,347	42,708,538	42,752,033	44,735,486
Public works and parks	22,105,367	23,036,676	17,401,923	17,408,038
Community development	5,811,866	5,759,171	6,738,873	7,804,650
Culture and recreation	10,300,230	11,505,896	11,139,225	11,487,999
Interest on long-term debt and fiscal charges	1,989,620	1,907,229	2,200,024	1,621,605
Total Governmental Activities Expenses	<u>89,673,509</u>	<u>92,992,854</u>	<u>88,628,837</u>	<u>91,327,624</u>
Business-Type Activities:				
Parking services	3,282,235	3,563,235	4,016,198	3,785,751
Total Business-Type Activities Expenses	<u>3,282,235</u>	<u>3,563,235</u>	<u>4,016,198</u>	<u>3,785,751</u>
Total Primary Government Expenses	<u>\$92,955,744</u>	<u>\$96,556,089</u>	<u>\$92,645,035</u>	<u>\$95,113,375</u>
Component Unit:				
San Rafael Sanitation District	<u>\$8,090,636</u>	<u>\$9,143,977</u>	<u>\$9,087,354</u>	<u>\$9,677,630</u>
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	\$1,494,784	\$1,738,685	\$1,665,460	\$1,636,542
Public safety	5,562,072	5,906,445	6,308,912	6,167,925
Public works and parks	4,983,288	4,753,817	3,916,874	4,141,103
Community development	3,247,024	2,915,872	2,830,179	2,676,663
Culture and recreation	4,870,884	5,253,683	5,280,458	5,362,497
Operating grants and contributions	3,463,616	3,544,248	3,721,055	3,651,902
Capital grants and contributions	3,239,509	7,311,173	2,116,906	1,857,670
Total Government Activities Program Revenues	<u>26,861,177</u>	<u>31,423,923</u>	<u>25,839,844</u>	<u>25,494,302</u>
Business-Type Activities:				
Charges for services:				
Parking services	4,161,936	4,454,490	4,244,404	4,011,333
Total Business-Type Activities Program Revenues	<u>4,161,936</u>	<u>4,454,490</u>	<u>4,244,404</u>	<u>4,011,333</u>
Total Primary Government Program Revenues	<u>\$31,023,113</u>	<u>\$35,878,413</u>	<u>\$30,084,248</u>	<u>\$29,505,635</u>
Component Unit:				
San Rafael Sanitation District				
Charges for service	\$9,366,305	\$10,567,647	\$11,559,549	\$12,223,779
Operating grants and contributions				
Capital grants and contributions				
Total Component Unit Program Revenues	<u>\$9,366,305</u>	<u>\$10,567,647</u>	<u>\$11,559,549</u>	<u>\$12,223,779</u>
Net (Expense)/Revenue				
Governmental Activities	(\$62,812,332)	(\$61,568,931)	(\$62,788,993)	(\$65,833,322)
Business-Type Activities	879,701	891,255	228,206	225,582
Total Primary Government Net Expense	<u>(\$61,932,631)</u>	<u>(\$60,677,676)</u>	<u>(\$62,560,787)</u>	<u>(\$65,607,740)</u>
Component Unit Activities	<u>\$1,275,669</u>	<u>\$1,423,670</u>	<u>\$2,472,195</u>	<u>\$2,546,149</u>

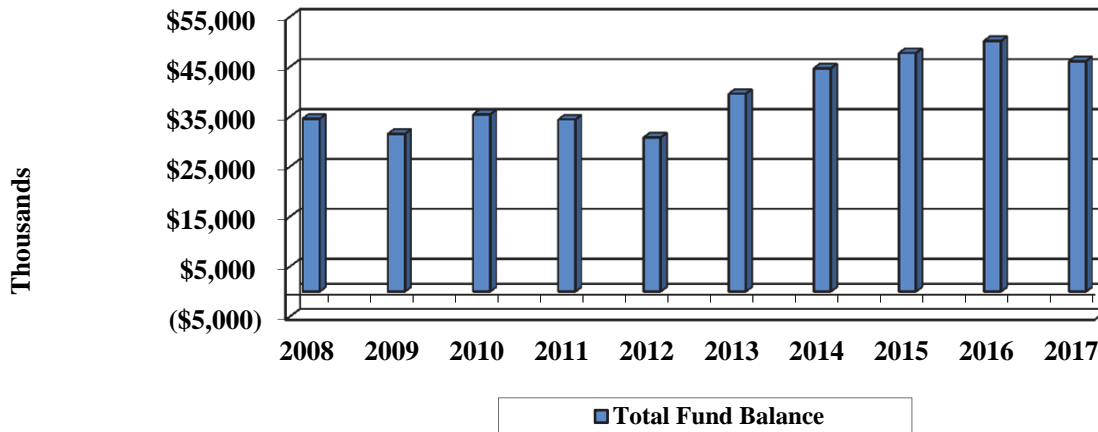
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$10,171,332	\$10,202,530	\$9,085,672	\$9,099,858	\$12,952,983	\$10,996,269
39,876,910	41,966,065	43,800,158	39,968,631	55,399,798	44,366,734
17,423,033	17,695,164	22,125,336	16,893,164	22,929,289	19,845,719
4,587,557	3,403,158	3,451,244	3,128,373	4,307,269	4,242,743
11,020,663	11,330,058	11,846,818	11,198,151	15,026,680	14,131,000
1,224,991	283,805	327,350	284,288	277,263	271,263
<u>84,304,486</u>	<u>84,880,780</u>	<u>90,636,578</u>	<u>80,572,465</u>	<u>110,893,282</u>	<u>93,853,728</u>
<u>3,446,482</u>	<u>3,545,387</u>	<u>4,125,476</u>	<u>4,249,597</u>	<u>4,762,851</u>	<u>4,188,152</u>
<u>3,446,482</u>	<u>3,545,387</u>	<u>4,125,476</u>	<u>4,249,597</u>	<u>4,762,851</u>	<u>4,188,152</u>
<u>\$87,750,968</u>	<u>\$88,426,167</u>	<u>\$94,762,054</u>	<u>\$84,822,062</u>	<u>\$115,656,133</u>	<u>\$98,041,880</u>
<u>\$10,185,779</u>	<u>\$10,169,082</u>	<u>\$11,378,055</u>	<u>\$11,375,239</u>	<u>\$11,654,767</u>	<u>\$11,255,194</u>
\$1,986,791	\$2,655,749	\$2,838,940	\$1,379,523	\$526,495	\$421,393
7,122,396	6,478,321	6,014,034	4,966,251	4,939,658	4,264,939
5,214,267	7,837,472	6,101,460	3,078,267	5,157,289	1,804,698
3,255,367	3,984,204	3,279,251	3,796,684	4,004,178	3,850,107
5,873,147	6,075,129	6,417,003	6,537,646	6,683,059	6,941,013
3,158,281	4,085,073	4,698,142	4,185,450	4,678,338	3,965,351
2,705,696	5,876,993	762,719	1,308,027	1,470,953	1,702,993
<u>29,315,945</u>	<u>36,992,941</u>	<u>30,111,549</u>	<u>25,251,848</u>	<u>27,459,970</u>	<u>22,950,494</u>
<u>3,901,175</u>	<u>3,990,706</u>	<u>4,485,394</u>	<u>5,173,557</u>	<u>5,212,181</u>	<u>5,268,991</u>
<u>3,901,175</u>	<u>3,990,706</u>	<u>4,485,394</u>	<u>5,173,557</u>	<u>5,212,181</u>	<u>5,268,991</u>
<u>\$33,217,120</u>	<u>\$40,983,647</u>	<u>\$34,596,943</u>	<u>\$30,425,405</u>	<u>\$32,672,151</u>	<u>\$28,219,485</u>
\$12,368,889	\$12,413,123	\$13,732,496	\$14,629,758	\$15,414,530	\$16,014,016
					36,945
					79,245
<u>\$12,368,889</u>	<u>\$12,413,123</u>	<u>\$13,732,496</u>	<u>\$14,629,758</u>	<u>\$15,414,530</u>	<u>\$16,130,206</u>
(\$54,988,541)	(\$47,887,839)	(\$60,525,029)	(\$55,320,617)	(\$83,433,312)	(\$70,903,234)
454,693	445,319	359,918	923,960	449,330	1,080,839
<u>(\$54,533,848)</u>	<u>(\$47,442,520)</u>	<u>(\$60,165,111)</u>	<u>(\$54,396,657)</u>	<u>(\$82,983,982)</u>	<u>(\$69,822,395)</u>
<u>\$2,183,110</u>	<u>\$2,244,041</u>	<u>\$2,354,441</u>	<u>\$3,254,519</u>	<u>\$3,862,215</u>	<u>\$4,875,012</u>

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

	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property	\$22,195,606	\$21,978,859	\$21,684,131	\$21,632,733
Sales	25,764,457	21,970,262	19,055,124	21,623,445
Special assessments	3,503,555			
Paramedic		3,210,317	3,489,494	3,661,064
Motor vehicles	257,320	197,989	171,518	297,425
Transient occupancy		1,678,912	1,558,243	1,644,262
Franchise		2,941,149	2,868,332	2,990,539
Business license		2,405,934	2,317,664	2,296,460
Other	9,242,241	1,561,835	1,411,583	1,930,531
Investment earnings	1,583,056	717,968	302,180	176,502
Gain (Loss) on disposal of assets			221,791	
Miscellaneous	296,454	461,224	541,390	1,496,174
Special item - Court fines repayment				
Transfers	344,080	361,190	458,300	463,600
Total Government Activities	63,186,769	57,485,639	54,079,750	58,212,735
Business-Type Activities:				
Investment earnings	121,486	49,084	17,678	11,878
Aid from other government agencies				
Transfers	(344,080)	(361,190)	(458,300)	(463,600)
Total Business-Type Activities	(222,594)	(312,106)	(440,622)	(451,722)
Total Primary Government	\$62,964,175	\$57,173,533	\$53,639,128	\$57,761,013
Component Unit:				
San Rafael Sanitation District				
Property Taxes	\$803,071	\$855,511	\$823,187	\$1,214,519
Investment earnings	341,032	206,752	93,274	59,265
Miscellaneous	3,546	3,540		
Aid from other governmental agencies	577,860	381,144	415,391	6,499
Total Component Unit	\$1,725,509	\$1,446,947	\$1,331,852	\$1,280,283
Special Item				
Governmental Activities				
Component Unit Activities				
Change in Net Position				
Governmental Activities	\$374,437	(\$4,083,292)	(\$8,709,243)	(\$7,620,587)
Business-Type Activities	657,107	579,149	(212,416)	(226,140)
Total Primary Government	\$1,031,544	(\$3,504,143)	(\$8,921,659)	(\$7,846,727)
Change in Net Position				
Component Unit Activities	\$3,001,178	\$2,870,617	\$3,804,047	\$3,826,432

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$20,107,637	\$17,317,772	\$18,439,619	\$19,039,443	\$19,998,567	\$23,343,140
22,355,749	24,262,282	27,758,971	32,269,915	34,348,089	31,819,259
3,807,545	3,804,985	3,816,070	3,820,240	4,226,020	5,485,637
1,866,575	2,185,287	2,332,277	2,661,878	3,063,263	2,984,758
3,076,094	3,331,160	3,260,958	3,272,390	3,418,277	3,610,824
2,332,146	2,507,785	2,588,728	2,670,071	2,824,664	2,774,803
3,574,918	2,929,915	3,452,171	3,295,751	3,465,193	1,824,830
205,413	991,762	184,171	216,066	300,091	210,628
542,816	2,580,882	1,140,743	2,254,901	1,387,315	2,448,604
57,960	423,817	449,917	432,630	448,478	536,000
<u>57,926,853</u>	<u>60,335,647</u>	<u>63,423,625</u>	<u>69,933,285</u>	<u>73,479,957</u>	<u>75,038,483</u>
7,675	3,739	4,375	7,008	14,723	10,810
(57,960)	(423,817)	(449,917)	(432,630)	(448,478)	(536,000)
<u>(50,285)</u>	<u>(420,078)</u>	<u>(445,542)</u>	<u>(425,622)</u>	<u>(433,755)</u>	<u>(525,190)</u>
<u>\$57,876,568</u>	<u>\$59,915,569</u>	<u>\$62,978,083</u>	<u>\$69,507,663</u>	<u>\$73,046,202</u>	<u>\$74,513,293</u>
\$1,192,566	\$1,177,469	\$1,345,018	\$1,319,852	\$1,367,172	\$1,528,047
38,191	25,591	151,729	171,804	46,225	97,090
9,613	56,589	22,125	35,090		
<u>\$1,240,370</u>	<u>\$1,259,649</u>	<u>\$1,518,872</u>	<u>\$1,526,746</u>	<u>\$1,413,397</u>	<u>\$1,625,137</u>
			<u>\$4,462,815</u>		
			<u>(\$4,462,815)</u>		
\$2,938,312	\$12,447,808	\$2,898,596	\$19,075,483	(\$9,953,355)	\$4,135,249
404,408	25,241	(85,624)	498,338	15,575	555,649
<u>\$3,342,720</u>	<u>\$12,473,049</u>	<u>\$2,812,972</u>	<u>\$19,573,821</u>	<u>(\$9,937,780)</u>	<u>\$4,690,898</u>
<u>\$3,423,480</u>	<u>\$3,503,690</u>	<u>\$3,873,313</u>	<u>\$318,450</u>	<u>\$5,275,612</u>	<u>\$6,500,149</u>

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



	2008	2009	2010	2011
General Fund				
Pre-GASB 54 Presentation:				
Reserved	\$2,196,153	\$2,225,775	\$1,763,622	
Unreserved	4,022,612	1,670,455	5,038,173	
GASB 54 Presentation:				
Nonspendable				\$589,833
Restricted				200,238
Committed				555,561
Assigned				5,439,879
Unassigned				
Total General Fund	\$6,218,765	\$3,896,230	\$6,801,795	\$6,785,511
All Other Governmental Funds				
Pre-GASB 54 Presentation:				
Reserved	\$17,599,142	\$16,680,568	\$15,352,723	
Unreserved, reported in:				
Special Revenue Funds	7,413,808	8,641,239	8,778,027	
Capital Project Funds	35,430	(1,030,293)	4,527,627	
Debt Service Funds	3,315,764	3,360,540		
Expendable Trust Fund				
GASB 54 Presentation:				
Nonspendable				\$377,180
Restricted				19,289,367
Committed				3,864,322
Assigned				4,124,029
Total all other governmental funds	\$28,364,144	\$27,652,054	\$28,658,377	\$27,654,898

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

(b) The City adjusted certain beginning balances during fiscal years 2013-2014, 2014-2015 and 2015-2016. Financial data shown for preceding years were not adjusted for the presentation.

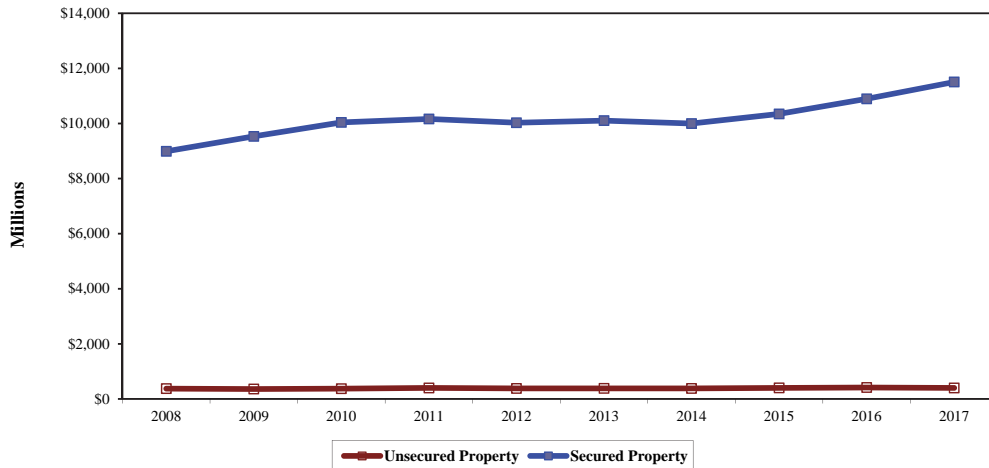
2012	2013	2014	2015	2016	2017	(a)
\$527,509	\$527,235	\$503,338	\$399,299	\$476,316	\$508,446	
76,188						
651,121	800,876					
1,516,644	2,476,676	6,866,149	12,374,002	16,440,910	14,900,945	
			1,588,500	1,772,577	1,295,041	
<u>\$2,771,462</u>	<u>\$3,804,787</u>	<u>\$7,369,487</u>	<u>\$14,361,801</u>	<u>\$18,689,803</u>	<u>\$16,704,432</u>	
\$788,031	\$51,521	\$8,719	\$2,359	\$9,449		
16,856,959	20,769,546	30,185,064	31,742,184	27,552,245	25,812,405	
5,135,257	8,447,495	2,185,825	931,871	3,799,421	3,491,708	
5,283,559	6,511,850	4,959,533	712,810	119,183	115,103	
<u>\$28,063,806</u>	<u>\$35,780,412</u>	<u>\$37,339,141</u>	<u>\$33,389,224</u>	<u>\$31,480,298</u>	<u>\$29,419,216</u>	

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

	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
Revenues				
Taxes and special assessments	\$56,129,195	\$51,019,143	\$47,678,541	\$51,448,130
Licenses and permits	1,489,748	1,472,913	1,518,819	1,416,772
Fines and forfeitures	797,081	660,338	787,411	862,820
Use of money and properties	1,584,508	847,120	433,874	380,720
Intergovernmental	12,081,968	17,518,670	13,001,703	11,864,127
Charges for services	15,607,460	16,384,265	15,787,325	15,888,750
Other revenue	815,704	759,320	716,760	1,026,845
Total Revenues	88,505,664	88,661,769	79,924,433	82,888,164
Expenditures				
Current:				
General government	8,288,170	8,059,526	7,997,067	6,863,142
Public safety	40,299,862	41,209,972	39,574,091	40,967,352
Public works and parks	13,641,665	12,926,646	10,731,669	10,666,176
Community development	5,786,661	5,572,079	4,398,594	4,527,351
Culture and recreation	9,820,365	10,233,361	9,605,684	10,067,822
Capital outlay	6,243,517	5,048,044	1,890,559	1,745,483
Capital improvement / special projects	5,124,091	6,606,857	3,436,608	6,240,861
Debt service:				
Capitalized lease obligation				
Principal	2,504,370	2,714,358	2,804,258	2,530,338
Interest and fiscal charges	1,776,354	1,683,240	1,979,372	1,448,910
Total Expenditures	93,485,055	94,054,083	82,417,902	85,057,435
Excess (deficiency) of revenues over (under) expenditures	(4,979,391)	(5,392,314)	(2,493,469)	(2,169,271)
Other Financing Sources (Uses)				
Issuance of debt			14,660,000	
Payment to refunded bonds			(14,315,000)	
Bond premiums			1,038,185	
Capital lease for equipment acquisition				
Proceeds from PG&E loans				
Proceeds from sale of capital asset			221,791	
Transfers in	6,353,216	8,972,495	7,494,560	5,806,834
Transfers (out)	(6,329,136)	(6,614,806)	(6,411,150)	(4,657,326)
Total other financing sources (uses)	24,080	2,357,689	2,688,386	1,149,508
Extraordinary Item				
Transfer to Successor Agency				
Net Change in fund balances	(\$4,955,311)	(\$3,034,625)	\$194,917	(\$1,019,763)
Debt service as a percentage of noncapital expenditures	5.2%	5.3%	6.2%	5.2%

2012	2013	2014	2015	2016	2017
\$51,395,116	\$51,549,306	\$56,686,142	\$61,804,228	\$65,866,218	\$71,166,891
1,648,890	1,929,387	1,934,755	2,456,820	2,588,411	2,559,841
801,758	734,005	669,553	556,076	435,829	400,283
315,561	325,043	363,089	444,757	460,206	349,349
10,537,396	11,869,889	11,953,308	13,233,503	13,685,003	8,063,156
19,649,433	23,575,374	19,949,333	15,346,794	14,366,744	13,425,161
870,957	4,092,411	2,045,407	1,777,003	3,208,749	1,842,053
85,219,111	94,075,415	93,601,587	95,619,181	100,611,160	97,806,734
8,783,873	10,529,480	8,678,833	10,203,687	11,349,079	10,557,416
39,311,551	41,377,062	41,900,762	43,954,515	47,071,166	49,018,153
11,518,822	12,002,448	13,697,957	12,758,643	14,390,699	16,752,961
3,755,504	2,961,275	3,296,375	3,416,859	3,670,108	3,759,564
10,345,673	10,591,057	11,106,367	11,616,777	12,048,104	12,646,728
1,312,383	4,009,454	2,154,900	4,498,924	4,813,757	2,100,926
3,604,171	5,284,720	7,168,776	2,186,986	4,826,576	7,403,249
2,518,320		208,642	75,172	75,172	175,172
735,221	283,805	327,350	284,288	277,263	271,263
81,885,518	87,039,301	88,539,962	88,995,851	98,521,924	102,685,432
3,333,593	7,036,114	5,061,625	6,623,330	2,089,236	(4,878,698)
		568,481			
4,539,646	8,425,474	3,655,302	4,348,149	7,533,364	9,287,007
(4,864,293)	(6,711,657)	(3,053,865)	(3,051,499)	(6,582,555)	(8,454,762)
(324,647)	1,713,817	1,169,918	1,296,650	950,809	832,245
	(2,352,584)				
\$3,008,946	\$6,397,347	\$6,231,543	\$7,919,980	\$3,040,045	(\$4,046,453)
4.2%	0.4%	0.7%	0.4%	0.4%	0.5%

**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					
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%
2014	7,558,708,224	2,009,718,415	245,674,195	130,594,237	9,944,695,071	402,261,887	10,346,956,958	10,346,956,958	0.11985%
2015	7,991,224,952	2,120,065,908	249,864,918	115,675,852	10,476,831,630	417,217,272	10,894,048,902	10,894,048,902	0.11657%
2016	8,511,358,216	2,221,843,976	263,830,302	108,982,883	11,106,015,377	400,942,059	11,506,957,436	11,506,957,436	0.11672%
2017	9,025,896,811	2,390,814,514	267,468,956	135,689,202	11,819,869,483	423,545,667	12,243,415,150	12,243,415,150	0.11693%

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

Data Source: Marin County Assessor 2007/08 - 2016/17 Combined Tax Rolls

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

Fiscal Year	City	County (1)	School Districts	Misc. Special Districts	Total
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
2014	0.154	0.295	0.7890	0.0461	1.2838
2015	0.154	0.295	0.7651	0.0461	1.2599
2016	0.154	0.295	0.7846	0.0695	1.3028
2017	0.154	0.295	0.7988	0.0553	1.3028

Notes:

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

Data Source: Marin County Assessors Office 2007/08 - 2016/17 Tax Rate Tables

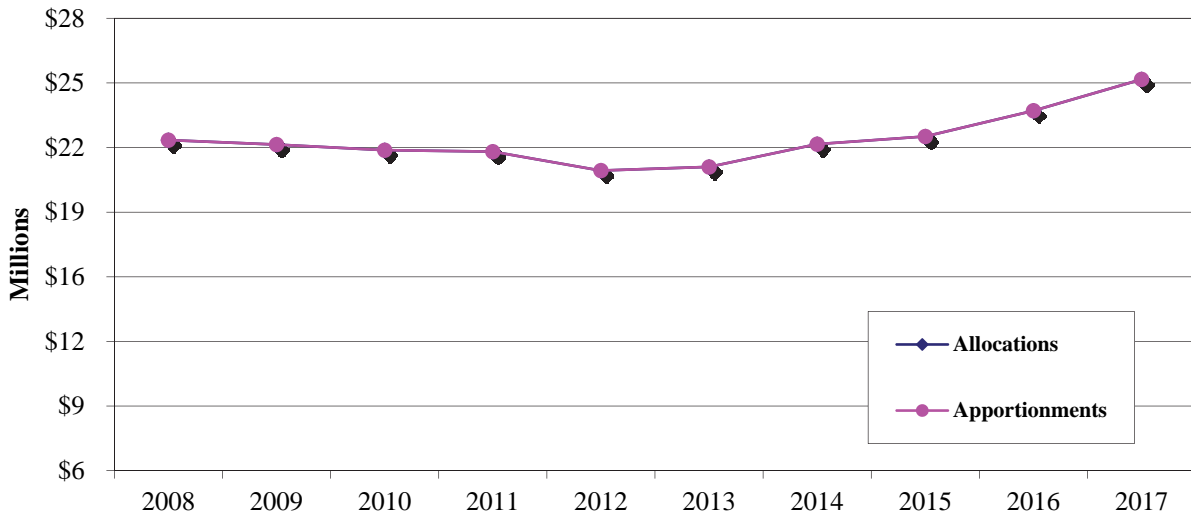
**CITY OF SAN RAFAEL
PRINCIPAL PROPERTY TAX PAYERS
CURRENT FY 2016/17 AND FY 2007/08**

Taxpayer	FY 2016-2017		FY 2007-2008	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
California Corporate Center ACQ LLC	\$ 235,592,917	1.92%		
MGP XI Northgate LLC	141,854,871	1.16%		
Professional Financial Investors Inc	52,469,836	0.43%		
South Valley Apartments LLC	51,976,039	0.42%		
Kaiser	47,890,626	0.39%		
BRE Piper MF 33 North CA LLC	45,652,854	0.37%		
Regency Center II Assoc	45,430,182	0.37%	\$ 40,116,943	0.42%
Northbay Properties II	44,976,649	0.37%	33,229,690	0.35%
Bay Apartment Communities Inc	42,857,370	0.35%	33,826,191	0.35%
Barbara Fasken 1995 Trust ETAL	42,474,774	0.35%		
Northgate Mall Associates			119,980,919	1.26%
Hines San Rafael LLC			78,065,660	0.82%
San Rafael Associates NF			63,225,500	0.66%
Marin Sanitary Service			39,405,212	0.41%
4040 Civic Center LLC			36,206,743	0.38%
Rafael Town Center Investors LLC			32,696,979	0.34%
Bit Holdings Forty-Five Inc			31,243,240	0.33%
Subtotal	\$ 751,176,118	6.14%	\$ 507,997,077	5.33%

Total Net Assessed Valuation:

Fiscal Year 2016-2017	\$ 12,243,415,150
Fiscal Year 2007-2008	\$ 9,531,744,911

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

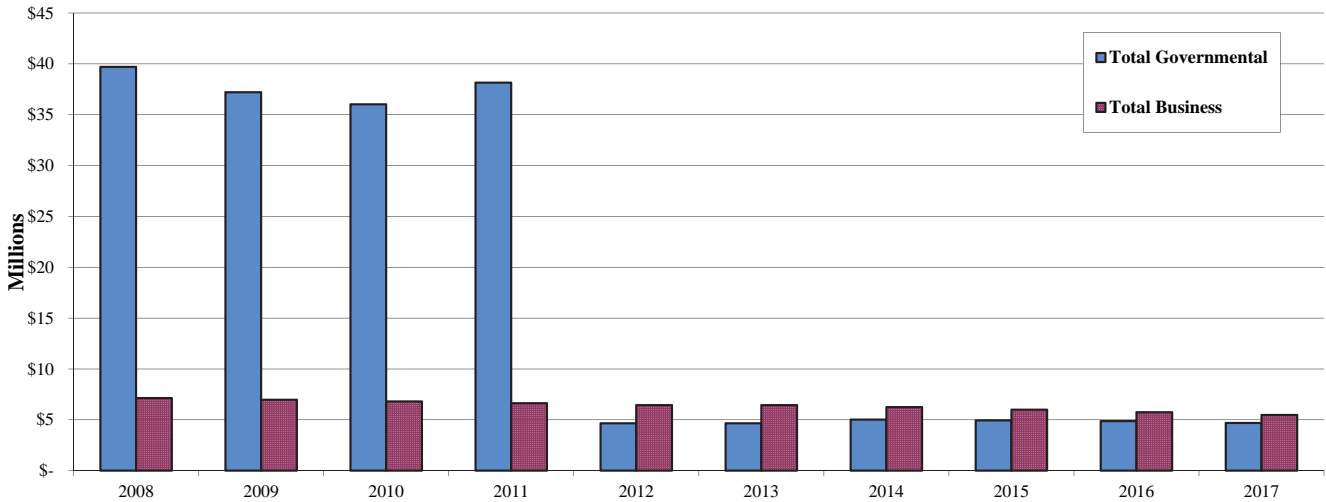


Fiscal Year	Rate	Levies	Allocations	Collections	Apportionments	Delinquencies	Delinquent taxes as a Percent of Allocations
2008	1.00	(2)	\$ 22,195,606	(2)	\$ 22,195,606	(2)	0.0%
2009	1.00	(2)	21,978,859	(2)	21,978,859	(2)	0.0%
2010	1.00	(2)	21,702,536	(2)	21,702,536	(2)	0.0%
2011	1.00	(2)	21,632,731	(2)	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%
2014	1.00	(2)	22,001,357	(2)	22,001,357	(2)	0.0%
2015	1.00	(2)	22,376,457	(2)	22,376,457	(2)	0.0%
2016	1.00	(2)	23,636,093	(2)	23,636,093	(2)	0.0%
2017	1.00	(2)	25,173,651	(2)	25,173,651	(2)	0.0%

Notes:

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

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



Governmental Activities

Fiscal Year	RDA Tax Allocation Bonds	Financing Authority Revenue Bonds	Note Payable	Court Fine Promissory Note	Capitalized Lease Obligations	Pension Obligation Bonds	Total
2008	\$ 37,537,161	\$ 780,000	\$ 169,000	\$ 816,119	\$ 401,155		\$ 39,703,435
2009	35,793,692	455,000	169,000	594,100	198,816		37,210,608
2010	35,355,988	-	169,000	363,328	135,330		36,023,646
2011	33,298,499	-	169,000	124,222	69,098	\$ 4,490,000	38,150,819
2012	-	-	169,000	-	-	4,490,000	4,659,000
2013	-	-	169,000	-	-	4,490,000	4,659,000
2014	-	-	528,839	-	-	4,490,000	5,018,839
2015	-	-	453,667	-	-	4,490,000	4,943,667
2016	-	-	378,495	-	-	4,490,000	4,868,495
2017	-	-	303,323	-	-	4,390,000	4,693,323

Business-Type Activities

Fiscal Year	Parking Services Bonds	Note Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
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	0.46%	190.45
2013	6,445,000		6,445,000	11,104,000	0.44%	190.85
2014	6,186,403	\$ 61,836	6,248,239	11,267,078	0.43%	192.38
2015	5,942,128	55,020	5,997,148	10,940,815	0.41%	184.77
2016	5,692,853	48,204	5,741,057	10,609,552	0.38%	175.13
2017	5,433,577	41,388	5,474,965	10,168,288	n/a	167.13

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.

Data Sources: City of San Rafael

State of California, Department of Finance (population)

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

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

CITY OF SAN RAFAEL
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2017

2016-17 Assessed Valuation: \$ 12,243,415,150

	Total Debt	% Applicable (1)	City's Share of
OVERLAPPING TAX AND ASSESSMENT DEBT:	6/30/2017		Debt 6/30/2017
Marin Community College District	\$ 313,510,000	17.315%	\$ 54,284,257
San Rafael High School District	71,215,315	78.283%	55,749,485
Tamalpais Union High School District	117,095,000	0.081%	94,847
Dixie School District	18,065,810	65.888%	11,903,201
Ross School District	18,894,143	1.554%	293,615
Ross Valley School District	44,891,171	0.013%	5,836
San Rafael School District	69,670,289	83.694%	58,309,852
Marin Healthcare District	157,385,000	20.831%	32,784,869
Marin Emergency Radio Authority Parcel Tax Obligations	33,000,000	17.289%	5,705,370
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 219,131,331
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Marin County Certificates of Participation	\$ 90,392,081	17.289%	\$ 15,627,887
Marin County Pension Obligation Bonds	95,475,000	17.289%	16,506,673
Marin County Transit District General Fund Obligations	111,628	17.289%	19,299
Marin Municipal Water District General Fund Obligations	90,816	22.038%	20,014
Marin Community College District Certification of Participation	2,420,834	17.315%	419,167
San Rafael School District Certificates of Participation	3,405,000	83.694%	2,849,781
City of San Rafael General Fund Obligations	7,377,975	100.000%	7,377,975 (2)
City of San Rafael Pension Obligations	4,390,000	100.000%	4,390,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			47,210,796
Less: City of San Rafael lease revenue bonds supported by parking revenues			5,474,966
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 41,735,830
OVERLAPPING TAX INCREMENT DEBT (Successor Agency \$	14,424,004	100.000%	\$ 14,424,004
TOTAL GROSS DIRECT DEBT			11,767,975
TOTAL NET DIRECT DEBT			6,293,009
TOTAL OVERLAPPING DEBT			268,998,157
GROSS COMBINED TOTAL DEBT			280,766,132 (3)
NET COMBINED TOTAL DEBT			275,291,166

(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 and \$344,711 PG&E notes.

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

Ratios to 2016-17 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.79%
Total Gross Direct Debt (\$11,767,975)	0.10%
Total Net Direct Debt (\$6,293,009)	0.05%
Gross Combined Total Debt	2.29%
Net Combined Total Debt	2.25%

Ratios to Redevelopment Incremental Valuation (\$2,703,250,021)

Total Overlapping Tax Increment Debt	0.53%
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Data Source: MuniServices

CITY OF SAN RAFAEL
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2017

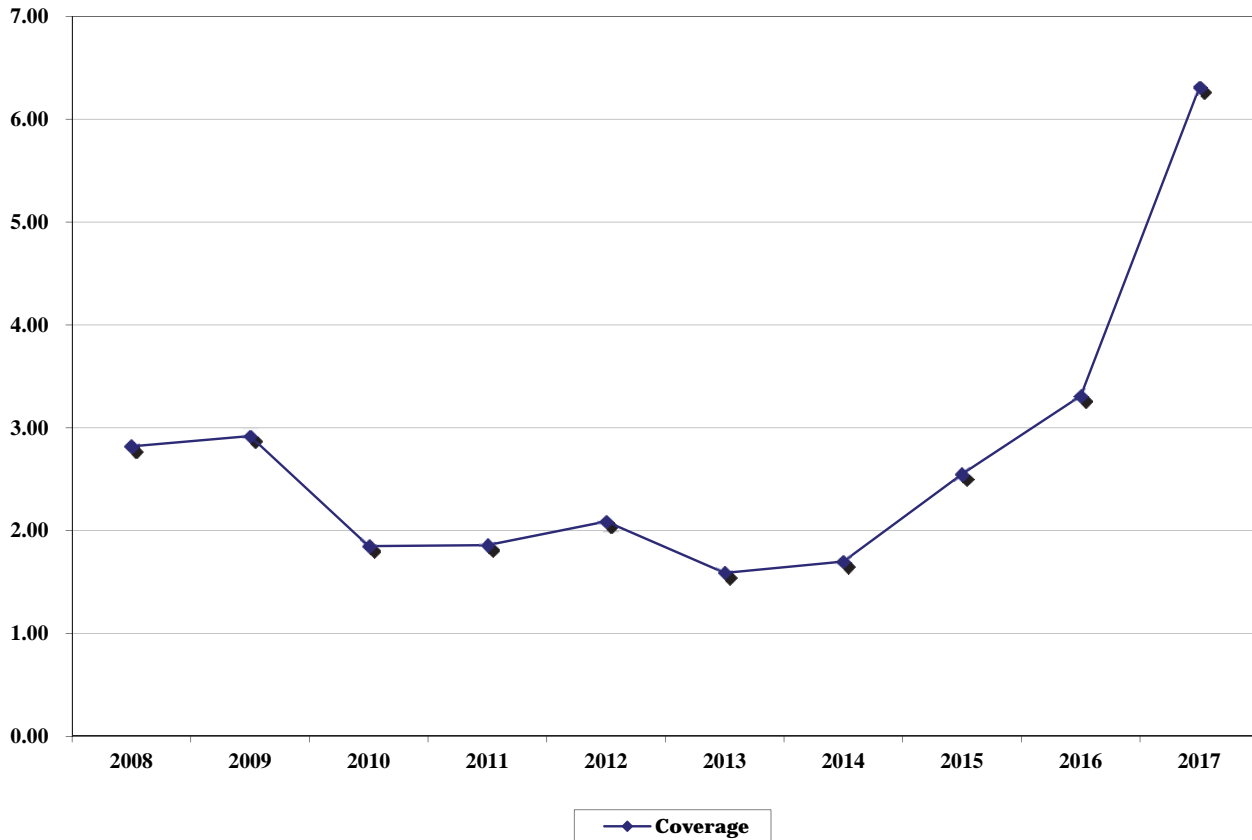
ASSESSED VALUATION:	\$ 12,243,415,150
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	459,128,068.13
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	4,693,323.00
LEGAL BONDED DEBT MARGIN	\$ 454,434,745

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
2008	\$ 357,440,434	\$ 39,703,435	\$ 317,736,999	12.50%
2009	376,420,238	37,210,608	339,209,630	10.97%
2010	381,164,135	36,023,646	345,140,489	10.44%
2011	376,057,576	38,150,819	337,906,757	11.29%
2012	378,920,952	4,659,000	374,261,952	1.24%
2013	374,950,995	4,659,000	370,291,995	1.26%
2014	388,010,886	5,018,839	382,992,047	1.31%
2015	408,526,834	4,943,667	403,583,167	1.22%
2016	431,510,904	4,868,495	426,642,409	1.14%
2017	459,128,068	4,693,323	454,434,745	1.03%

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: City of San Rafael's Finance Department

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



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	3,994,446	3,121,964	872,481	310,000	240,012	550,012	1.59
2014	4,489,769	3,716,552	773,217	245,000	210,063	455,063	1.70
2015	5,180,554	4,031,161	1,149,393	245,000	205,163	450,163	2.55
2016	5,226,904	3,739,321	1,487,583	250,000	199,613	449,613	3.31
2017	5,279,801	2,425,281	2,854,520	260,000	192,038	452,038	6.31

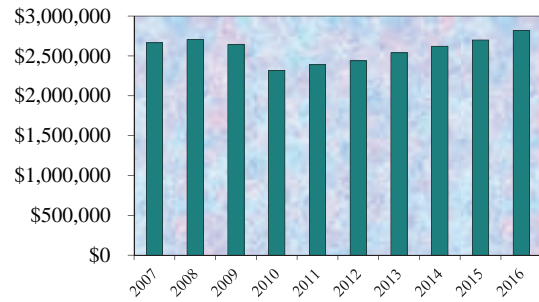
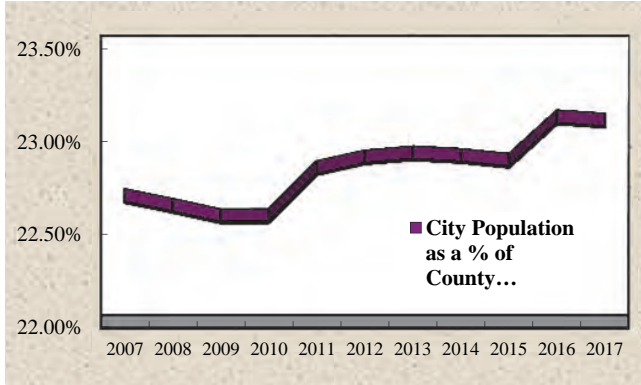
Notes: On March 26, 2003, the City Financing Authority issued lease revenue bonds for the design and construction of a new parking facility. On August 12, 2012, the City Financing Authority refunded the series 2003 lease revenue bonds with series 2012 lease revenue refunding bonds to take advantage of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

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

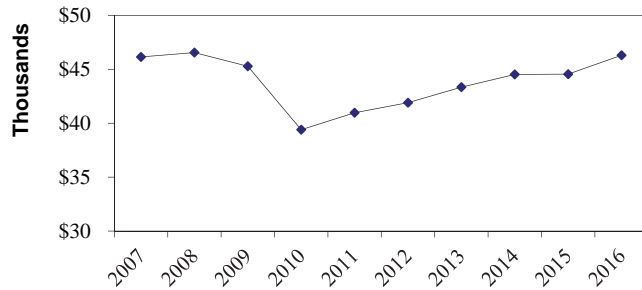
(2) Includes all Parking Facility Operating Expenses less Depreciation and Interest

Data Source: San Rafael Finance Department Revenue and Expenditure Status Reports

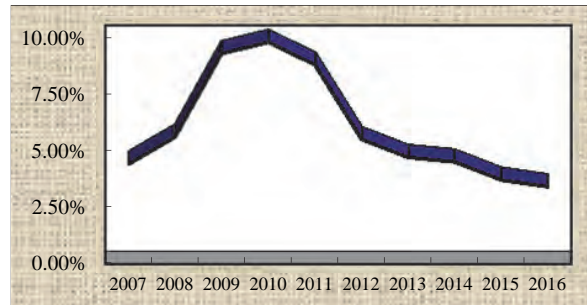
**CITY OF SAN RAFAEL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



■ Personal Income (2) (in thousands)



◆ Per Capita Personal Income (2)



■ 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
2008	\$ 58,235	\$ 2,703,213	\$ 46,557	5.60%	\$ 257,406	22.62%
2009	58,363	2,642,978	45,288	9.30%	258,618	22.57%
2010	58,822	2,317,704	39,402	9.80%	260,651	22.57%
2011	58,136	2,389,222	40,978	8.80%	254,692	22.83%
2012	58,305	2,438,291	41,908	5.50%	254,790	22.88%
2013	58,182	2,538,895	43,351	4.70%	254,007	22.91%
2014	58,566	2,621,228	44,531	4.50%	255,846	22.89%
2015	59,214	2,699,436	44,558	3.70%	258,972	22.87%
2016	60,582	2,817,497	46,308	3.40%	262,274	23.10%
2017	60,842	n/a	n/a	n/a	263,604	23.08%

- 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) 2007-2009 Income Data--Demographic Estimates are based on the last available census. Projections are developed by incorporating all of the prior census data released to date.
 2010 and later- Income - US Census Bureau, most recent American Community Survey
 (3) Unemployment Data: California Employment Development Department

**CITY OF SAN RAFAEL
PRINCIPAL EMPLOYERS
FISCAL YEAR 2016-2017
LAST NINE CALENDAR YEARS**

Employer	2017*		2016*		2015*		2014*		2013*		2012*		2011*		2010*		2009*	
	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)
Autodesk, Inc.	719	2.28%	748	2.28%	763	2.33%	1,095	3.52%	1,000	3.27%	878	3.25%	928	3.44%	1,028	3.83%	1,200	4.32%
Kaiser Permanente	2061	6.52%	662	2.02%	1,575	4.82%	1,637	5.26%	1,756	5.74%	1,803	6.68%	1,330	4.93%	1,311	4.88%	2,267	8.15%
San Rafael Elementary/High Schools Dist	700	2.22%	650	1.98%	650	1.99%	600	1.93%	600	1.96%	600	2.22%	600	2.22%	600	2.23%	575	2.07%
City of San Rafael	454	1.44%	577	1.76%	581	1.78%	666	2.14%	643	2.10%	521	1.93%	592	2.19%	630	2.34%	633	2.28%
MHN		0	-	-	-	-	-	-	350	1.14%	350	1.30%	350	1.30%	350	1.30%	-	-
Dominican University of California	456	1.44%	485	1.48%	422	1.29%	354	1.14%	347	1.13%	346	1.28%	336	1.24%	370	1.38%	508	1.83%
Bradley Real Estate	280	0.89%	435	1.33%	418	1.28%	385	1.24%	369	1.21%	376	1.39%	350	1.30%	-	-	-	-
Macy's		0	-	-	380	1.16%	380	1.22%	380	1.24%	380	1.41%	450	1.67%	445	1.66%	-	-
Wells Fargo Bank	310	0.98%	326	0.99%	306	0.94%	308	0.99%	334	1.09%	-	-	-	-	-	-	-	-
FICO		0	300	0.91%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair Issac Corp		0	-	-	300	0.92%	300	0.96%	-	-	-	-	-	-	-	-	350	1.26%
Community Action Marin	255	0.81%	220	0.67%	225	0.69%	300	0.96%	300	0.98%	-	-	-	-	-	-	-	-
Safeway		0	-	-	-	-	-	-	-	-	841	3.11%	452	1.67%	452	1.68%	-	-
Comcast		0	-	-	-	-	-	-	-	-	620	2.30%	619	2.29%	619	2.30%	-	-
Guide Dogs for the Blind	203	0.64%	225	0.69%	-	-	-	-	-	-	-	-	-	-	287	1.07%	-	-
Bernard Osher Marin JCC		0	200	0.61%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bucklew Programs	240	0.76%	186	0.57%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ghilotti Bros.	175	0.55%	150	0.46%	-	-	-	-	-	-	-	-	-	-	-	-	240	0.86%
Golden Gate Bridge Highway & Transp. Dist.		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	828	2.98%
YMCA		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	348	1.25%
San Rafael City High School District		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250	0.90%
Urban Painting, Inc.		0	150	0.46%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	5,853	18.52%	5,314	16.20%	5,620	17.19%	6,025	19.37%	6,079	19.87%	6,715	24.87%	6,007	22.25%	6,092	22.67%	7,199	25.90%

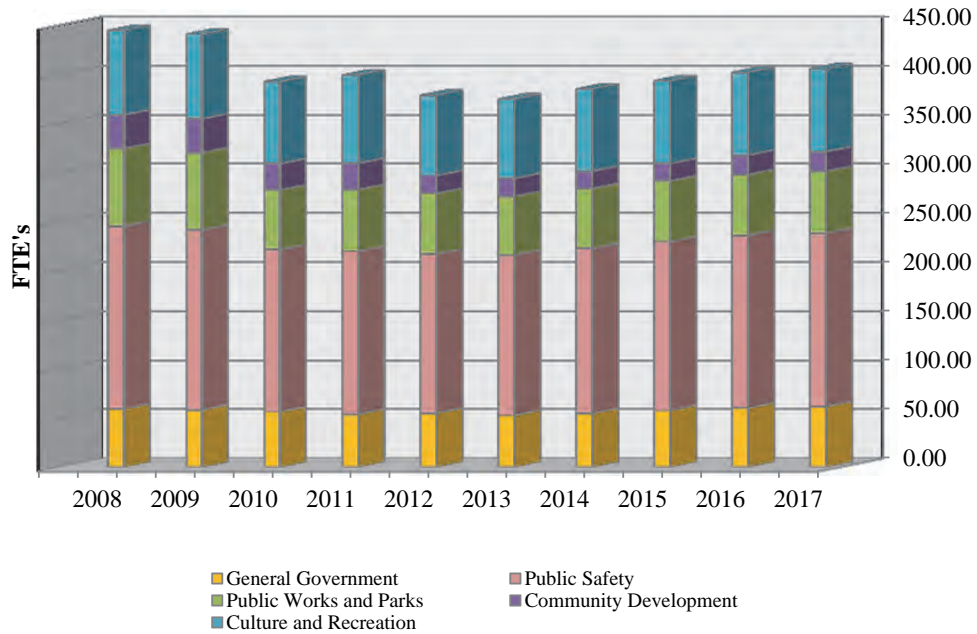
Number of FTE employees in Marin locations
(A) Percentage of total employment

Note: From the EDD website, it shows that the Total 2017 Employment in the City of San Rafael was 31,600 of which it is used as the denominator for the 2017 percentages are calculated.

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

Data Sources: State of California, Employment Development Department, Labor Market Information Division & North Bay Business Journal (Annual Book of Lists)

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



Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	59.88	58.88	56.88	54.35	55.23	53.23	55.11	58.11	60.61	62.11
Public Safety	186.00	183.00	165.00	166.00	162.00	163.00	168.00	171.75	175.75	176.55
Public Works and Parks	78.80	78.80	60.80	62.80	62.00	60.00	61.00	62.00	62.00	63.00
Community Development	34.50	34.50	26.75	26.75	18.25	18.25	17.80	17.80	19.80	20.00
Culture and Recreation	85.90	85.90	83.49	89.82	81.56	80.76	83.66	84.23	84.25	84.35
Total	445.08	441.08	392.92	399.72	379.04	375.24	385.57	393.89	402.41	406.01

Data Source: City of San Rafael's Finance Department



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

Function/Program	2008	2009	2010	2011
Public safety:				
Fire:				
Inspection permit issued	217	196	307	294
Police:				
Police calls for service	43,488	42,227	42,227	39,512
Law violations:				
Part I crimes	2,314	2,352	2,352	2,180
Physical arrests (adult and juvenile)	4,182	4,487	4,487	3,102
Traffic violations	9,241	5,777	5,777	8,190
Parking violations	42,481	44,913	42,806	34,590
Public works				
Street resurfacing (miles) (Eng Div)	4.95	2.77	2.77	7.40
Potholes repaired (square miles)	N/A	N/A	N/A	N/A
Asphalt used for street repairs (tons)	N/A	N/A	N/A	10,809
Culture and recreation:				
Recreation class participants	8,000	8,000	9,524	9,000
Items in collection (thousands)				
Library:				
Items in collection (thousands)	N/A	124.40	151.88	158.30
Total items borrowed (thousands)	N/A	N/A	371.12	435.66

Note: N/A denotes information not available.

2012	2013	2014	2015	2016	2017
282	307	261	282	198	233
39,537	42,707	51,261	55,805	57,026	53,567
2,101	2,523	2,289	2,533	2,523	2,392
2,981	2,951	3,227	3,450	3,453	2,526
4,048	3,448	4,498	4,168	3,252	3,341
32,492	30,881	38,814	36,398	34,803	36,169
N/A	2.70	9.00	6.40	6.76	2.32
N/A	N/A	N/A	N/A	N/A	N/A
178.9	7,500	10,700	11,000	7,195	5,800
12,075	7,082	9,857	10,023	12,725	13,493
159.18	125.92	168.62	127.76	227.89	117,354
366.46	392.23	478.96	443.64	469.79	327,297

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

Function/Program	2008	2009	2010	2011
Public safety:				
Fire stations	6	6	6	6
Police stations	1	1	1	1
Police Fleet				
Public works				
Miles of streets	173	173	173	173
Street lights	4,435	4,435	4,435	4,435
Parking District lights				
Traffic Signals	89	89	89	89
Culture and recreation:				
Community services:				
City parks	20	20	20	20
City parks acreage	42	42	42	42
Playgrounds	14	14	14	14
City trails	20	20	20	20
Community gardens	1	1	1	1
Community centers	4	4	4	4
Senior centers	0	0	0	0
Sports centers	0	0	0	0
Performing arts centers	0	0	0	0
Swimming pools	1	1	1	1
Tennis courts	10	10	10	10
Basketball Courts	5	5	5	5
Baseball/softball diamonds	5	5	5	5
Soccer/football fields	2	2	2	2
Library:				
City Libraries	1	2	2	2
Wastewater:				
Miles of sanitary sewers	179	179	179	179

Data Source: City of San Rafael's Finance Department

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
6	6	6	6	6	6
1	1	1	1	1	1
173	173	173	173	173	173
4,435	4,435	4,435	4,435	4,435	4,435
89	89	89	89	89	89
20	20	20	20	20	20
42	42	42	42	42	42
14	14	14	14	14	14
20	20	20	20	20	20
1	1	1	1	1	1
4	4	4	4	4	4
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1	1	1	1	1	1
10	10	10	10	10	10
5	5	5	5	5	5
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
179	179	145	145	145	145

