



**SAN RAFAEL**  
THE CITY WITH A MISSION

# COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2018



*Fourth Street, San Rafael, California*

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2018

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

Prepared by the Finance Department of the City of San Rafael





*Courtyard in Front of Bank of America Building*

# **INTRODUCTORY SECTION**



CITY OF SAN RAFAEL, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2018

Table of Contents

**INTRODUCTORY SECTION**

**TABLE OF CONTENTS**

Letter of Transmittal ..... v  
Mission Statement and Vision Statement ..... xi  
City Council and Staff ..... xii  
Location Map ..... xiii  
Organizational Chart ..... xiv  
Certificate of Achievement for Excellence in Financial Reporting ..... xv

**FINANCIAL SECTION**

**Independent Auditor's Report** ..... 1  
**Management's Discussion and Analysis** ..... 5

**Basic Financial Statements:**

**Government-wide Financial Statements:**

Statement of Net Position ..... 25  
Statement of Activities ..... 26

**Fund Financial Statements:**

**Major Governmental Funds:**

Balance Sheet ..... 30  
Balance Sheet - Reconciliation of Governmental Fund Balances to  
Net Position of Governmental Activities ..... 32  
Statement of Revenues, Expenditures, and Changes in Fund Balances ..... 33  
Reconciliation of the Net Change in Fund Balances - Total Governmental  
Funds with the Statement of Activities ..... 34

**Proprietary Funds:**

Statement of Net Position ..... 36  
Statement of Revenues, Expenses, and Changes in Fund Net Position ..... 37  
Statement of Cash Flows ..... 38

**CITY OF SAN RAFAEL, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**

**Table of Contents**

**FINANCIAL SECTION (Continued)**

**Fiduciary Funds:**

Statement of Fiduciary Net Position .....	40
Statement of Changes in Fiduciary Net Position.....	41

<b>Notes to Basic Financial Statements .....</b>	<b>43</b>
--	-----------

**Required Supplementary Information:**

Schedule of the City’s Proportionate Share of the Net Pension Liability.....	96
Schedule of Contributions – Pension.....	97
Schedule of Changes in Net OPEB Liability and Related Ratios.....	101
Schedule of Contributions – OPEB .....	102
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - Budgetary Basis	
General Fund .....	106
Traffic and Housing Mitigation Special Revenue Fund .....	107
Gas Tax Special Revenue Fund.....	108

**Supplementary Information:**

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Budgetary Basis	
Essential Facilities Capital Projects Fund.....	110

**Non-major Governmental Funds:**

Combining Balance Sheets .....	114
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance.....	120
Budgeted Non-major Governmental Funds:	
Combining Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	126

**CITY OF SAN RAFAEL, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**

**Table of Contents**

**FINANCIAL SECTION (Continued)**

**Internal Service Funds:**

Combining Statements of Net Position..... 136

Combining Statements of Revenues, Expenses and Changes in Fund Net Position..... 138

Combining Statements of Cash Flows..... 140

**Agency Funds:**

Combining Statements of Changes in Assets and Liabilities..... 144

**STATISTICAL SECTION**

**Financial Trends:**

Net Position by Component – Last Ten Fiscal Years ..... 146

Changes in Net Position – Last Ten Fiscal Years..... 148

Fund Balances of Governmental Funds – Last Ten Fiscal Years ..... 152

Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years..... 154

**Revenue Capacity:**

Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years ..... 158

Property Tax Rates - All Overlapping Governments– Last Ten Fiscal Years..... 159

Principal Property Tax Payers – Current Year and Nine Years Ago..... 160

Property Tax Levies and Collections – Last Ten Fiscal Years..... 161

**Debt Capacity:**

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years ..... 162

Computation of Direct and Overlapping Debt..... 163

Computation of Legal Bonded Debt Margin ..... 164

Revenue Bond Coverage Parking Facility – Last Ten Fiscal Years ..... 165



**CITY OF SAN RAFAEL, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**

**Table of Contents**

**STATISTICAL SECTION (Continued)**

**Demographic and Economic Information:**

Demographic and Economic Statistics – Last Ten Fiscal Years ..... 166

Principal Employers – Last Nine Calendar Years ..... 167

**Operating Information:**

Full-Time Equivalent City Government Employees by Function  
– Last Ten Fiscal Years..... 168

Operating Indicators by Function/Program – Last Ten Fiscal Years..... 170

Capital Asset Statistics by Function/Program – Last Ten Fiscal Years..... 172



October 5, 2018

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, 2018, 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 (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and includes the report of the independent certified public accounting firm, Maze and Associates Accountancy Corporation, which has issued an unqualified, or “clean” opinion on the City’s financial statements for the fiscal year ended June 30, 2018.

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, 2018 was 60,842 and is projected to grow at an average rate of 0.4% per year.

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 is one of only 14 Cultural Arts Districts in the State of California. 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.

The City's net pension liability under GASB 68 reported as of June 30, 2018 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, 2017. 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 MCERA Board reduced the discount rate from 7.25% to 7.00%, increasing the likelihood of attaining targets and regulating risk. The City does not expect these factors to result in a net material difference in the measurement of its net pension obligation of \$120.6 million reported in this year's financial reports.

During fiscal year 2017-2018, 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 of both Fire Station 57, located at 3530 Civic Center Drive, and Fire Station 52, located at 210 3<sup>rd</sup> Street, began in June 2017 and is expected to be completed by the beginning of 2019.

## **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 25 sales tax producers provide 50% of overall sales tax revenues.

The California economy has recovered from the Great Recession and is experiencing one of the most prolonged periods of expansion in state history. Unemployment is currently at an all-time low of 4.2% and has held steadily below 5% for over a year. In November of 2017, the Federal Government passed the Tax Cuts and Jobs Act providing a temporary boost to the nation's economy and, as a result, California is projected to record unprecedented capital gains for the fiscal year ahead.

Locally, Marin County's unemployment rate is among the lowest in the State at 2.7% and total employment figures are forecasted to grow at an average rate of 0.9% through 2022. Per capita income has seen an average annual increase of over 4% over the last two years and is projected to continue to grow 2.1% per year through 2022. Overall, economic indicators show Marin County to be in a steady growth pattern for the foreseeable future with taxable sales, industrial production as well as per capita income all projected for growth in the years ahead.

### 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, Glassdoor, 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 2017 for San Rafael were: 1. Autos and Transportation (29.3%), 2. General Consumer Goods (17.3%), and 3. Building and Construction (16.8%)
- ☒ Several hotels and motels support tourism activity, led by a combined 471 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. The median rent price in San Rafael is \$4,000 (3 bdr home). The median home value in San Rafael is \$1,027,700.



### Recent growth and economic vibrancy:

- San Rafael ranked No. 4 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.
- San Rafael ranked No. 3 on the SMU National Center for Arts Research Vibrancy Index. This 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 ranked 26<sup>th</sup> of 100 cities nationwide in online community research publication Livability.com's annual listing of Best Places to Live in America.
- San Rafael issued \$48.5 million in bonds and began construction on a new Public Safety Center as well as two fire stations and the City's bond rating improved from AA- to AA.
- San Rafael integrated SMART train service into San Rafael's transportation network, including new signal systems, a Quiet Zone, parking, and other improvements.
- San Rafael developed a pilot program to regulate cannabis business activity, including zoning changes and licensing in an effort to enhance revenues for regulatory efforts and other city services.

## **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.

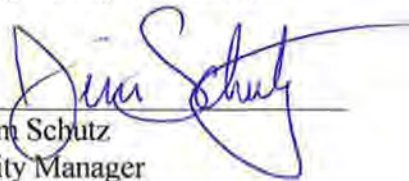
The City develops a budget based upon City Council priorities and department objectives. The Finance Department maintains a traditional line item budget by major function. Budget control is accomplished at the functional or division level within each fund. This budget creates a comprehensive management 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 Sara Smith, Shawn Plate and Whitney Fry, led by Accounting Manager Van Bach and RGS Consultant Mark Moses 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 seventh 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 made up of Mayor Phillips and Vice-Mayor Gamblin. 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

  
\_\_\_\_\_  
Nadine Atieh Hade  
Interim 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

As of October 5, 2018

### City Council

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

### Elected Officials

Rob Epstein, City Attorney  
Lindsay Lara, City Clerk

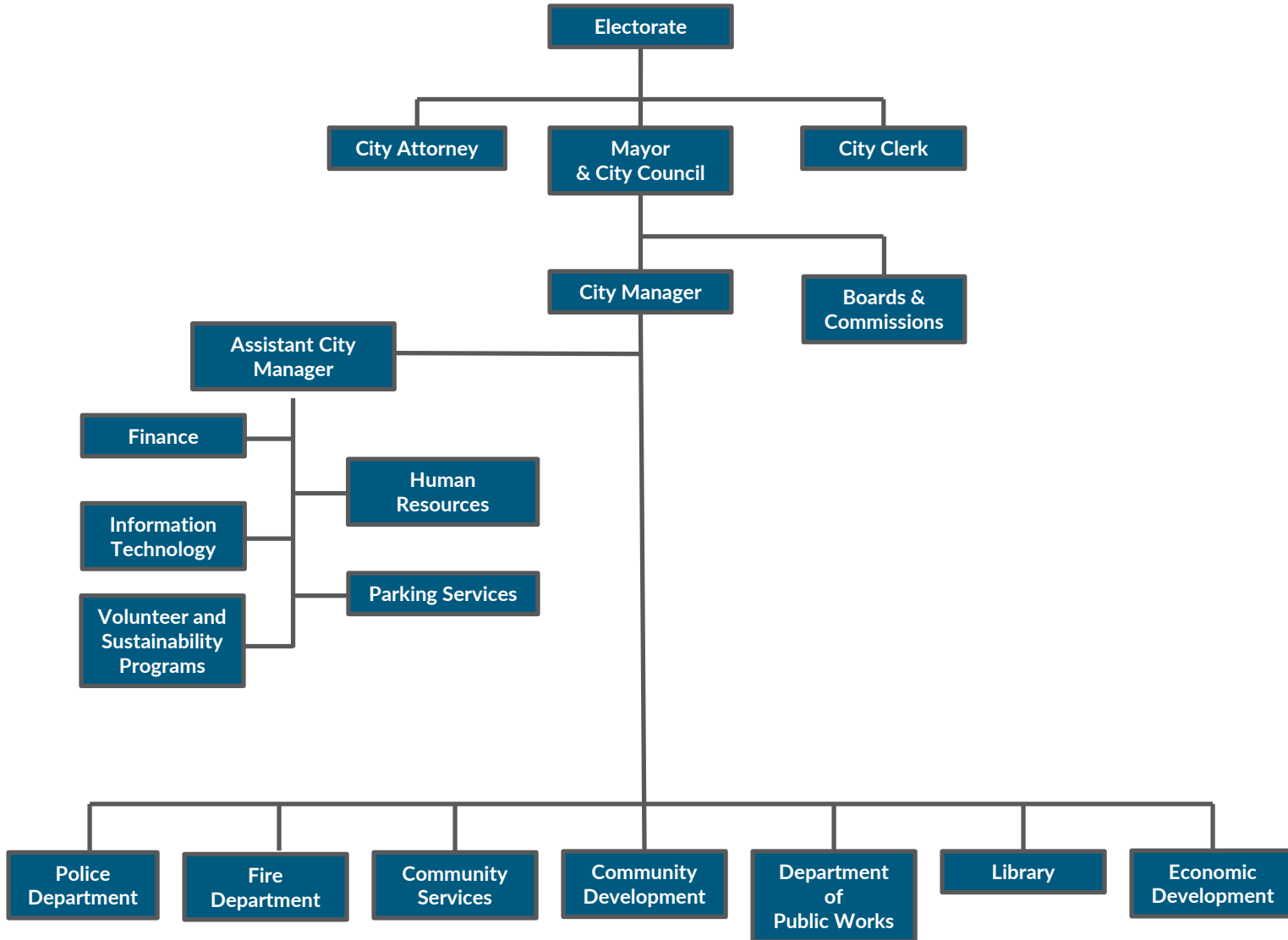
### Executive Team

Jim Schutz, City Manager  
Cristine Alilovich, Assistant City Manager  
and Interim Human Resources Director  
Diana Bishop, Chief of Police  
Chris Gray, Fire Chief  
Henry Bankhead, Interim Library Director  
Paul Jensen, Community Development Director  
Bill Guerin, Public Works Director  
Susan Andrade-Wax, Community Services Director  
Nadine Hade, Interim 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, 2017**

*Christopher P. Morrill*

Executive Director/CEO



*View of San Rafael from Mount Tamalpais, East Peak*

# **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, 2018, 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 22%, 36%, and 14%, respective, 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, 2018, 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.

## *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 October 5, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
October 5, 2018



**CITY OF SAN RAFAEL**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

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, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to those basic financial statements.

## **FINANCIAL HIGHLIGHTS**

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### ***Government-wide:***

- *Net Position* – The assets of the City exceeded its liabilities as of June 30, 2018 by \$130.2 million.
- *Activities* – During the fiscal year the City's total revenues of \$112.6 were greater than expenses of \$108.0 million for governmental and business-type activities.
- *Changes in Net Position* – The City's total net position increased by \$4.6 million in fiscal year 2017-2018 as compared to the net position of the previous year. Net position of governmental activities increased by \$4.6 million, while net position of the business-type activities decreased by \$32 thousand.

### ***Fund Level:***

- *Governmental Funds* – As of the close of fiscal year 2017-2018, the City's governmental funds reported combined ending fund balances of \$87.9 million, an increase of \$41.8 million primarily due to bond proceeds from fund balance of the prior year. Of this total amount, \$1.3 million is nonspendable, \$73.5 million is restricted, \$1.8 million is committed, and \$11.3 million is assigned.
- Governmental fund revenues totaled \$107.4 million, an increase of \$9.6 million from the those of the previous fiscal year. Approximately one-half of this increase was in the General Fund and is attributable to positive trends in property tax and sales tax performance. The remainder was due to an increase in traffic mitigation fees, reimbursements from the County of Marin for major improvements to Fire Station 57, large donations to the library facility fund, and first-time revenues for a new community facilities district. Aside from these items, the City experienced modest to moderate growth in revenues.
- Governmental fund expenditures increased by \$17.7 million to \$120.4 million, from \$102.7 million in the prior year, due primarily to public safety infrastructure and other capital improvement program expenditures.
- Enterprise fund operating revenue dropped slightly by \$65 thousand to \$5.2 million. Enterprise operating expenditures totaled \$4.6 million, an increase of \$0.8 million over the previous year. The expenditure increase 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, 2018**

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 25 through 27 of this report.

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018

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*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 30 through 34 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  
Fiscal Year Ended June 30, 2018**

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 36 through 38 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 94 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 96 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 \$120.1 million from Governmental Activities and \$10.1 million from Business-type Activities, for a total of \$130.2 million. This represents an increase of \$4.6 million from the prior year net position.

**CITY OF SAN RAFAEL**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

The following is the condensed Statement of Net Position for the fiscal years ended June 30, 2018 and 2017:

	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2018	2017		2018	2017	
Current and other assets	\$126,251	\$83,145	\$43,106	\$3,199	\$3,267	(\$68)
Capital assets	221,978	199,506	22,472	16,151	16,444	(293)
Total assets	<u>348,229</u>	<u>282,651</u>	<u>65,578</u>	<u>19,350</u>	<u>19,711</u>	<u>(361)</u>
Deferred outflows (Notes 9 and 11)	<u>44,932</u>	<u>76,869</u>	<u>(31,937)</u>	<u>1,364</u>	<u>2,394</u>	<u>(1,030)</u>
Current and other liabilities	19,363	12,923	6,440	439	432	7
Noncurrent liabilities	219,709	209,678	10,031	9,151	10,882	(1,731)
Total liabilities	<u>239,072</u>	<u>222,601</u>	<u>16,471</u>	<u>9,590</u>	<u>11,314</u>	<u>(1,724)</u>
Deferred inflows (Notes 9 and 11)	<u>33,947</u>	<u>21,403</u>	<u>12,544</u>	<u>1,060</u>	<u>693</u>	<u>367</u>
Net Position:						
Net investment in capital assets	217,170	199,203	17,967	10,952	10,969	(17)
Restricted	25,550	29,225	(3,675)	0	0	0
Unrestricted	<u>(122,577)</u>	<u>(112,913)</u>	<u>(9,664)</u>	<u>(887)</u>	<u>(872)</u>	<u>(15)</u>
Total net position	<u>\$120,143</u>	<u>\$115,515</u>	<u>\$4,628</u>	<u>\$10,065</u>	<u>\$10,097</u>	<u>(\$32)</u>

Current Governmental assets increased by \$43.1 million, primarily due to bond proceeds being held for the public safety facility construction and improvements. The \$22.4 million increase in Capital assets reflects project-to-date activity for this activity in combination with major traffic infrastructure improvements. Current and other liabilities increased by approximately \$6.4 million, primarily due to an increase in accounts payable due to a higher level of construction activity. Noncurrent governmental liabilities increased by \$10.0 million, a result of the new bond and loan obligations of \$54.8 million and offset by a \$45.0 decrease in net pension and OPEB liabilities (Notes 9 and 11).

The net position in business-type activities reflects the fiscal activity of the Parking Services program and decreased by \$32 thousand from the previous year. The \$1,731 thousand decrease in noncurrent liabilities is driven by the decrease in net pension and OPEB liabilities. Decreases to deferred outflows and increases to deferred inflows under the reporting requirements of GASB 68 and GASB 75 offset the liability increase, thus reducing the impact on net position.

At June 30, 2018, the largest portion of net position in the amount of \$228.1 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.

**CITY OF SAN RAFAEL**

**Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018**

A portion of the City's net position, \$25.6 million, is subject to external restrictions, and their use is determined by those restrictions whether legal or by covenant. The remaining portion, unrestricted negative \$123.5 million, represents the extent to which the net investment in capital assets and restricted net position exceed total assets.

<b>Net Position as of 6/30/2018</b>	
<b>Total = \$ 130,208 (in thousands)</b>	
Invested in Capital Assets (net)	\$228,122
Restricted	25,550
Unrestricted	<u>(123,464)</u>
Total Net Position	<u>\$130,208</u>



**CITY OF SAN RAFAEL**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

**Statement of Activities - Governmental**

The following is the condensed Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2018 and 2017:

	Summary of Changes in Net Position (in thousands)		
	<b>Governmental Activities</b>		Increase
	2018	2017	(Decrease)
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$19,142	\$17,282	\$1,860
Operating grants and contributions	5,143	3,965	1,178
Capital grants and contributions	975	1,703	(728)
Total program revenues	<u>25,260</u>	<u>22,950</u>	<u>2,310</u>
General revenues:			
Property taxes	24,627	23,343	1,284
Sales taxes	34,120	31,819	2,301
Paramedic tax	4,923	5,486	(563)
Transient occupancy tax	3,115	2,985	130
Franchise tax	3,727	3,611	116
Business license tax	2,790	2,775	15
Other taxes	2,246	1,825	421
Investment earnings	557	211	346
Miscellaneous	5,992	2,449	3,543
Total general revenues	<u>82,097</u>	<u>74,504</u>	<u>7,593</u>
<b>TOTAL REVENUES</b>	<u>107,357</u>	<u>97,454</u>	<u>9,903</u>
<b>EXPENSES</b>			
General government	9,809	10,996	(1,187)
Public safety	54,645	44,367	10,278
Public works and parks	20,744	19,846	898
Community/economic development	3,999	4,243	(244)
Culture and recreation	13,281	14,131	(850)
Interest on long-term debt	884	271	613
<b>TOTAL EXPENSES</b>	<u>103,362</u>	<u>93,854</u>	<u>9,508</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	<u>3,995</u>	<u>3,600</u>	<u>395</u>
Transfers in	633	536	97
Total Other Financing Sources (Uses)	633	536	97
Net Change in Net Position	4,628	4,136	492
Beginning Net Position	115,516	111,380	4,136
Change due to implementation of GASB 75 (See Note 1Q)			0
<b>Ending Net Position, June 30</b>	<u><u>\$120,144</u></u>	<u><u>\$115,516</u></u>	<u><u>\$4,628</u></u>

**CITY OF SAN RAFAEL**

**Management’s Discussion and Analysis  
Fiscal Year Ended June 30, 2018**

The City’s governmental activities net position increased by \$4.6 million during fiscal year 2017-2018. Year-over-year increases revenues of \$9.9 million outpaced the increase in expenses of \$9.5 million by \$0.4 million. Revenue increases were concentrated in the areas of charges for services, property taxes and sales taxes, while increases in program expenses were concentrated in public safety.

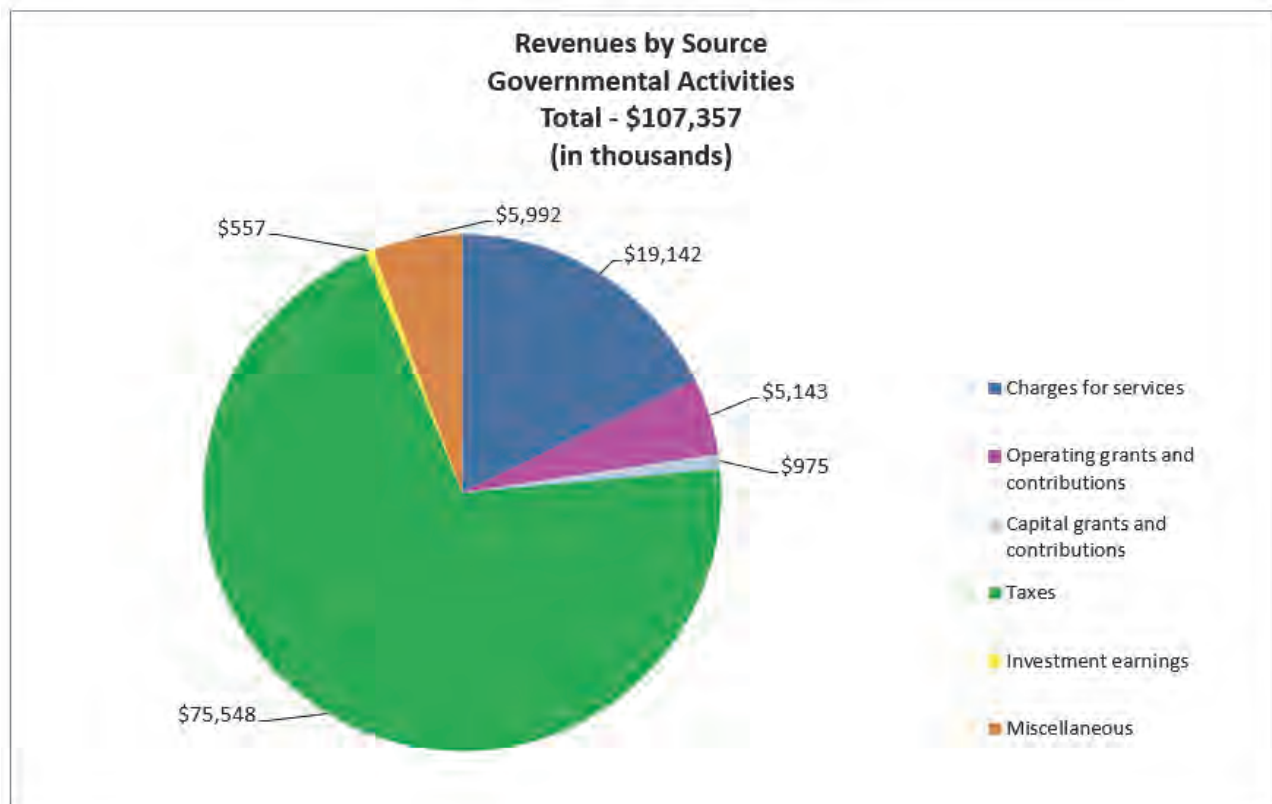
Growth in property taxes was aided by Measure D, a library parcel tax which generated revenues of a little over \$1.0 million, up from the \$868 thousand generated by the preceding library tax, Measure C.

The year-over-year \$2.8 million increase in sales taxes was buoyed by a surge in auto sales coupled with adjustments corresponding to activity in prior years.

The \$563K decline in paramedic tax revenues was due to the large collection of prior year taxes in the previous fiscal year.

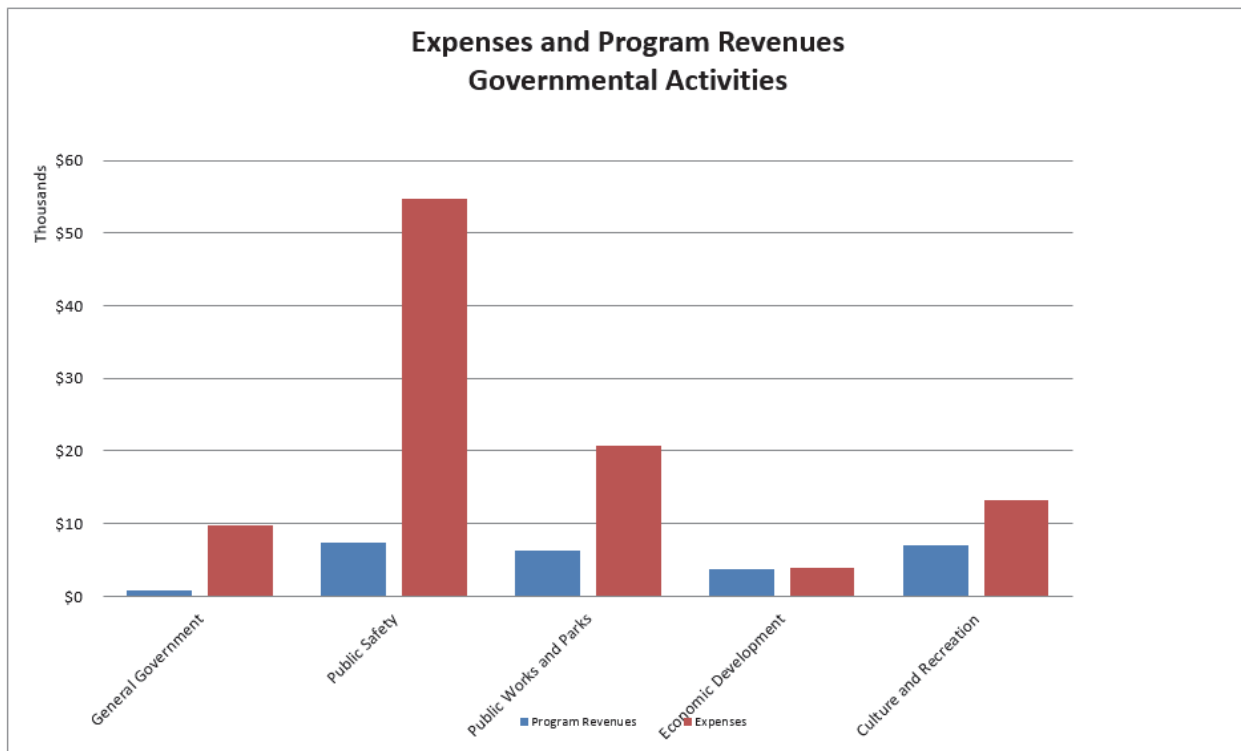
The increase in fiscal year 2017-2018 governmental expenses was due, in part to pension expense adjustments recorded under GASB 68 and increased internal service fund expenditure allocations resulting primarily from increased Liability Insurance and Workers’ Compensation premiums and claims during the year. The remaining year-over-year increase is attributable to other operating costs, which increased by approximately \$5 million as a result of overtime necessary for public safety emergencies during the year as well as a general increase in overall expenditures.

The following graph shows governmental revenues by source:



**CITY OF SAN RAFAEL**

**Management’s Discussion and Analysis  
Fiscal Year Ended June 30, 2018**



Total expenses for governmental activities were \$102.5 million (excluding interest on long-term debt of \$884 thousand). Program revenues offset total expenditures as follows:

- Those who directly benefited from programs contributed \$19.2 million in charges for services.
- A total of \$6.1 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 \$77.2 million.

Functional expenses for the year ended June 30, 2018 were as follows:

**Expenses by Function**

(in thousands)

Function	Amount	Percent of Total
General government	\$9,809	9.4%
Public safety	54,645	52.9%
Public works and parks	20,744	20.1%
Community development	3,999	3.9%
Culture and recreation	13,281	12.8%
Interest on debt	884	0.9%
<b>Total expenses</b>	<b>\$103,362</b>	<b>100%</b>

**CITY OF SAN RAFAEL**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

Statement of Activities – Business-type

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

	Business-Type Activities		Increase
	2018	2017	(Decrease)
Revenues			
Program revenues:			
Charges for services	\$5,204	\$5,268	(\$64)
Total program revenues	<u>5,204</u>	<u>5,268</u>	<u>(64)</u>
General revenues:			
Miscellaneous	24	11	13
Total general revenues	<u>24</u>	<u>11</u>	<u>13</u>
<b>TOTAL REVENUES</b>	<u>5,228</u>	<u>5,279</u>	<u>(51)</u>
Expenses			
General government	4,628	4,188	440
<b>TOTAL EXPENSES</b>	<u>4,628</u>	<u>4,188</u>	<u>440</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	600	1,091	(491)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(633)	(536)	(97)
Total Other Financing sources (uses)	<u>(633)</u>	<u>(536)</u>	<u>(97)</u>
Net Change in Net Position	(33)	555	(588)
Net Position, Beginning as of 7/1/17	<u>10,097</u>	<u>9,542</u>	<u>555</u>
Net Position, Ending as of 6/30/18	<u><u>\$10,064</u></u>	<u><u>\$10,097</u></u>	<u><u>(\$33)</u></u>

The net position for business-type activities decreased from the prior year by \$33 thousand.

- Parking services is the City's only business-type activity with income derived from program revenues of \$5.2 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 \$2.0 million. Total expenses for parking services were \$4.6 million and transfers out to general fund and non-major governmental fund for support totaled \$633 thousand during the fiscal year 2017-2018. The year-over-year increase in expenses was driven by routine pension-related accounting adjustments in the parking fund.

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**CITY OF SAN RAFAEL**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

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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, 2018, the City reported a combined ending fund balance of \$87.9 million of all its governmental funds (an increase of \$41.8 million from the prior year): \$1.3 million is non-spendable, \$73.5 million is restricted, \$1.8 million is committed, and \$11.3 million is assigned.

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

*General Fund –* The fund balance of the General Fund as of June 30, 2018 was \$12.2 million (a decrease of \$4.5 million from the prior year balance): \$1.0 million is non-spendable and \$11.2 million is assigned. The assigned portion of the balance includes \$7.5 million for emergency and cash flow needs.

General Fund Budgetary Highlights:

The original adopted General Fund budget projected total revenue of \$77.2 million and transfers-in of \$1.3 million for total resources of \$78.5 million. This budget appropriated expenditures of \$73.0 million and transfers-out of \$6.4 million for total appropriations of \$79.4 million. Expenditures were later increased to \$74.4 million to accommodate bond issuance costs and reimbursable fire strike team expenses. Transfers-out were later increased to \$65.2 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; the transfer of a PG&E loan to a capital project fund; and the transfer of bond proceeds to the Essential Facilities Capital Project Fund.

Actual revenues, at \$78.5 million, were higher than the original budgeted revenues by \$1.3 million. This positive performance was primarily due to stronger-than-anticipated property tax and sales tax revenues. Actual expenditures of \$73.9 million were greater than the original budgeted expenditures by \$1.0 million, primarily due to the cost of bond issuance coupled with higher than anticipated overtime costs.

Fiscal year 2017-2018 General Fund revenues, transfers, and financing sources of 134.6 million were exceeded by expenditures, operating and capital transfers out of \$139.1 million by \$4.5 million. Consistent with the City's Essential Facilities Project funding policy, previously accumulated funds of \$4.8 million assigned to Public Safety Facilities from Measure E funds were used to cover this difference. 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, 2018**

**Summary of General Fund Budget and Actual  
For the fiscal year ended June 30, 2018 (in thousands)**

	Adopted Budget	Revised Budget	Actual
Revenues	\$77,133	\$78,454	\$78,469
Transfers in	1,356	1,356	1,356
Financing sources		54,814	54,814
Total resources	78,489	134,624	134,639
Expenditures	72,885	\$74,281	73,913
Operating transfers out	2,350	2,350	2,350
Capital Transfers out	4,025	62,857	62,857
Total uses	79,260	139,488	139,120
<b>Net Results</b>	<b>(\$771)</b>	<b>(4,864)</b>	<b>(\$4,481)</b>

**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 \$9.1 million to \$6.3 million. Revenues totaled \$0.8 million, while \$3.0 million was charged against this fund to support the maintenance of the City-wide traffic model. Intersection improvements at Freitas and Las Gallinas accounted for charges of \$2.9 million and a traffic study at Third and Hetherton added \$32.8 thousand in charges. 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 were exceeded by expenditures and net transfers by \$731 thousand in fiscal year 2017-2018 resulting in a drop in fund balance from \$6.7 million to \$6.0 million.

Expenditures during fiscal year 2017-2018 totaled \$4.6 million. In addition to routine street-related maintenance which included \$1.0 million in street resurfacing, major expenditures included \$1.1 million for modifications to 2<sup>nd</sup> Street at Grand Avenue, \$537 thousand for improvements on G Street, \$522 thousand for the Francisco Blvd. multi-use path, \$266K for modifications to the corner of 3<sup>rd</sup> and Cijos, \$245 thousand for the Grand Avenue pedestrian bicycle trail, and \$218 for the Third Street rehabilitation project study.

The largest sources of revenues were \$1.1 million in development impact fees, \$1.3 million from State gasoline taxes, \$678 thousand in local Measure A, and \$280 thousand in State RMRA (Road Maintenance and Rehabilitation Account) 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 2017-2018 totaled \$16.6 million, of which \$8.8 million was transferred from the General Fund from an allocation of Measure E Transaction and Use Tax, \$2.3 million from reimbursements from the County of Marin for its share of Fire Station 57 costs, and the remainder provided from bond proceeds associated with the 2018 Lease Revenue Bonds.

**Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018**

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**Non-major Governmental Funds** – The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2018, non-major funds had a total fund balance of \$14.2 million, a \$0.6 million increase over that of the previous year. The largest fund balance increase, \$1.7 million, was recorded in the Library Fund which recorded two large bequeathments. The Stormwater fund increased by \$400 thousand, in anticipation of large maintenance needs. The largest decline in fund balance, \$475 thousand, was in the Emergency Medical Services Fund, a direct result of planned capital transfers to support the delivery of medical transport services.

Of the ending total non-major fund balances of \$14.2 million: \$12.0 million (84%) is legally restricted for specific purposes by external funding source providers, \$1.8 million (13%) is committed for special purposes by the City Council, \$0.3 (2%) million is nonspendable, 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 Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position at page 37, the City's Enterprise fund net position decreased by \$152 thousand during the fiscal year. The Parking Services Fund is the City's sole business-type (Enterprise) activity.

The proprietary fund operating revenue decreased by \$65 thousand in fiscal year 2017-2018 to \$5.2 million. The Enterprise fund operating expenses were \$4.6 million in fiscal year 2017-2018, an increase of \$0.8 million over the prior fiscal year. The change in operating expenses was primarily driven by the recognition of pension and OPEB expenses under Governmental Accounting Standards Board Statement Nos. 68 and 75.

The City's Internal Service Funds are also reported in this Proprietary Fund classification. In fiscal year 2017-2018, 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 decreased by \$391 thousand. Net investment in capital assets increased by \$4.9 million, while unrestricted fund balance decreased by \$5.3 million. The increase in capital assets resulted primarily from facility projects and vehicle replacements. The decrease in unrestricted fund balance reflected the use of accumulated funds in support of these projects. In addition, unrestricted funds were applied to the \$1.0 million increase in general liabilities in the Liability Insurance fund. 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, 2018 amounts to \$238.1 million, net of accumulated depreciation of \$174.8 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 \$29.0 million, offset by accumulated depreciation of \$6.9 million.

**CITY OF SAN RAFAEL**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

Additions to capital assets during fiscal year 2017-2018 included:

- Building and structure projects: \$0.7 million
  - City Hall & Terra Linda Center Re-Roof - \$661k
  
- Infrastructure: \$2.5 million
  - G Street Improvement Phase 1- \$538k
  - Del Presidio Blvd-Pt. San Pedro Resurfacing - \$841k
  - 2nd Street at Grand Ave. Intersection Modification - \$1.2 million

The City's Capital Assets for the fiscal years ending June 30, 2018 and 2017 were as follows:

Summary of Capital Assets (in thousands)		
	2018	2017
<b>Governmental Activities</b>		
Land	\$83,662	\$83,662
Construction in progress	35,720	11,847
Land improvements	9,020	9,020
Buildings and structures	43,559	42,896
Machinery and equipment	20,971	18,841
Infrastructure	199,560	197,025
Less accumulated depreciation	(170,514)	(163,785)
Subtotal Governmental Activities	221,978	199,506
 <b>Business-type Activities</b>		
Land	8,621	8,621
Buildings and structures	10,714	10,714
Machinery and equipment	1,128	1,212
Less accumulated depreciation	(4,313)	(4,103)
Subtotal Business-type Activities	16,150	16,444
 <b>Total Capital Assets</b>	 \$238,128	 \$215,950

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



**CITY OF SAN RAFAEL**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

**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, 2018 and 2017 were as follows:

**Summary of Long-Term Debt**  
**(in thousands)**

	<u>2018</u>	<u>2017</u>
<b>Governmental Activity Debt:</b>		
2018 Authority Lease Revenue Bond	\$53,612	
2010 Taxable Pension Obligation Bonds	4,185	\$4,390
PG & E City Hall HVAC Retrofit Note Payable	179	213
PG & E Street Light Retrofit Note Payable	49	91
PG & E Efficiency Note Payable	1,081	
Subtotal Governmental Activity Debt	<u>59,106</u>	<u>4,694</u>
<b>Business-type Debt:</b>		
PG & E Parking Lot Lighting Retrofit Note Payable	35	41
2012 Authority Lease Revenue refunding Bonds, as adjusted	5,164	5,434
Subtotal Business-type Debt	<u>5,199</u>	<u>5,475</u>
<b>Total Long-Term Obligations</b>	<u><u>\$64,305</u></u>	<u><u>\$10,169</u></u>

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

This fiscal year begins on a high note. From a national perspective unemployment is at a 17-year low of 3.9% and the current bull market has become the longest in U.S. history with the S&P 500 setting a record high in August. Tax cuts enacted at the end of 2017 have provided a boost to the national economy and as a result economic growth has hit an almost four-year high and job creation as well as wage growth remain strong. However, significant challenges still exist with rising income inequality, increasing medical and pension costs, deteriorating infrastructure, and government deficits. Not to mention the looming trade war with China, where newly announced tariffs \$200 billion of Chinese goods threatens consumer spending and business investment.

California is also on strong economic footing to begin the fiscal year with unemployment at 4.2% with almost 350,000 nonfarm payroll jobs created in the last year, an increase of over 2%. The state's fiscal 2019 budget assumes continued expansion and forecasts capital gains at unprecedented high levels allowing for the state's rainy day fund to project full funding by year-end. Concerns of the next recession remain and the identified "Wall of Debt" still looms over the state's long-term outlook.

**Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018**

Locally, Marin County's unemployment rate is among the lowest in the State at 2.7% and total employment figures are forecasted to grow at an average rate of 0.9% through 2022. Per capita income has seen an average annual increase of over 4% over the last two years and is projected to continue to grow 2.1% per year through 2022. Overall, economic indicators show Marin County to be in a steady growth pattern for the foreseeable future with taxable sales, industrial production as well as per capita income all projected for growth in the years ahead.

In San Rafael, property taxes have sustained moderate growth while sales taxes have begun to level out after years of steady growth. The trend of consumer spending continues to shift to online retailers and away from brick-and-mortar locations. The Wayfair ruling in June of this year could lead to a positive impact in this regard should California capitalize on the ruling which overturned the Supreme Court's 1992 physical presence threshold for when states could tax remote sales.

The City's general fund has been fueled by the momentum of six consecutive years of solid operating results. Service levels have increased moderately over the past few years, with 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.

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.

Sales tax and transactions and use tax (Measure E) combined, represent the City's largest tax revenue generators. The City's forecast shows continued, but moderate, growth interrupted by a flat year in fiscal year 2018-2019. A handful of retail store closures account for this slow down.

The City's second largest tax generator is property tax. The City is expecting the fiscal year 2018-2019 tax roll to increase by approximately four percent over the previous year. Other tax and non-tax revenues are expected to grow moderately, in the range of two to four percent.

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, 2020.

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 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.

Following three years of funding the San Rafael Essential Facilities capital improvements project exclusively from current General Fund Measure E revenues, the City has begun to use proceeds from the 2018 Lease Revenue Bonds. The 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 which will be used to pay debt service on the bonds after construction. General Fund balances are expected to remain stable for the year and the Emergency and Cashflow Reserve will continue to meet or exceed the ten percent target funding level.

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**CITY OF SAN RAFAEL**

**Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018**

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**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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
<b>ASSETS</b>				
Cash and investments available for operations (Note 2)	\$55,696,735	\$3,200,268	\$58,897,003	\$30,502,613
Restricted cash and investments (Note 2)	50,816,452		50,816,452	
Receivables:				
Accounts	4,108,284	41,347	4,149,631	324,537
Taxes	8,035,409		8,035,409	
Grants	473,510		473,510	
Interest	279,785		279,785	
Loans (Note 4)	460,026		460,026	
Long-term receivable from the Successor Agency (Note 15D)	571,330		571,330	
Long-term receivable from San Rafael Sanitation District (Note 4F)	4,621,437		4,621,437	
Internal balances (Note 3B)	42,069	(42,069)		
Prepaid expenses and others	1,146,459		1,146,459	55,289
Capital assets (Note 5):				
Nondepreciable	119,382,477	8,620,853	128,003,330	891,133
Depreciable, net	102,595,551	7,529,538	110,125,089	47,741,924
Total Assets	<u>348,229,524</u>	<u>19,349,937</u>	<u>367,579,461</u>	<u>79,515,496</u>
<b>DEFERRED OUTFLOWS</b>				
Deferred outflows related to pension (Note 9)	37,363,857	1,199,315	38,563,172	
Deferred outflows related to OPEB (Note 11)	7,567,802	165,198	7,733,000	
Total Deferred Outflows	<u>44,931,659</u>	<u>1,364,513</u>	<u>46,296,172</u>	
<b>LIABILITIES</b>				
Accounts payable	14,521,173	95,513	14,616,686	386,592
Deposits payable	243,783		243,783	
Interest payable		44,522	44,522	
Developer deposits payable	599,675		599,675	
Unearned revenue	231,594		231,594	
Claims payable (Note 13):				
Due in one year	2,696,736		2,696,736	
Due in more than one year	6,846,939		6,846,939	
Compensated absences (Note 1K):				
Due in one year	574,457	16,933	591,390	
Due in more than one year	4,021,198	118,531	4,139,729	
Long-term debt (Note 6):				
Due in one year	495,172	281,816	776,988	
Due in more than one year	58,610,876	4,917,057	63,527,933	
Long-term payable to the City of San Rafael (Note 4F)				4,621,437
Net OPEB liability (Note 11)	33,332,951	363,049	33,696,000	
Net pension liability (Note 9)	116,897,481	3,752,206	120,649,687	
Total Liabilities	<u>239,072,035</u>	<u>9,589,627</u>	<u>248,661,662</u>	<u>5,008,029</u>
<b>DEFERRED INFLOWS</b>				
Deferred inflows related to pension (Note 9)	30,624,579	982,996	31,607,575	
Deferred inflows related to OPEB (Note 11)	3,321,843	77,157	3,399,000	
Total Deferred Inflows	<u>33,946,422</u>	<u>1,060,153</u>	<u>35,006,575</u>	
<b>NET POSITION (Note 8):</b>				
Net investment in capital assets	217,170,376	10,951,518	228,121,894	48,633,057
Restricted for:				
Special revenue projects:				
Housing and street improvements	13,205,588		13,205,588	
Stormwater	589,023		589,023	
Emergency medical services	1,269,432		1,269,432	
Other	8,962,590		8,962,590	
Capital projects	1,354,628		1,354,628	
Debt service	168,322		168,322	
Total Restricted Net Position	<u>25,549,583</u>		<u>25,549,583</u>	
Unrestricted	(122,577,233)	(886,848)	(123,464,081)	25,874,410
Total Net Position	<u>\$120,142,726</u>	<u>\$10,064,670</u>	<u>\$130,207,396</u>	<u>\$74,507,467</u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$9,835,941	\$517,542	\$252,490	
Public safety	53,231,197	5,628,478	1,842,521	
Public works and parks	22,084,433	2,362,375	2,919,868	\$974,603
Community development	4,040,195	3,814,892		
Culture and recreation	13,285,563	6,819,303	127,791	
Interest on long-term debt and fiscal charges	884,336			
Total Governmental Activities	<u>103,361,665</u>	<u>19,142,590</u>	<u>5,142,670</u>	<u>974,603</u>
Business-type Activities				
Parking services	4,627,716	5,203,585		
Total Business-type Activities	<u>4,627,716</u>	<u>5,203,585</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$107,989,381</u>	<u>\$24,346,175</u>	<u>\$5,142,670</u>	<u>\$974,603</u>
Component Unit				
San Rafael Sanitation District	<u>\$12,235,868</u>	<u>\$16,829,908</u>	<u>\$ 58,440</u>	<u>\$ 105,734</u>

General revenues:

- Taxes:
  - Property
- Sales:
  - Sales and Use
  - Measure E half-cent sales
  - Measure E quarter-cent sales
  - 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

Net Position, end of year

See accompanying notes to financial statements



Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
(\$9,065,909)		(\$9,065,909)	
(45,760,198)		(45,760,198)	
(15,827,587)		(15,827,587)	
(225,303)		(225,303)	
(6,338,469)		(6,338,469)	
<u>(884,336)</u>		<u>(884,336)</u>	
<u>(78,101,802)</u>		<u>(78,101,802)</u>	
	\$575,869	575,869	
-	575,869	575,869	
<u>(78,101,802)</u>	<u>575,869</u>	<u>(77,525,933)</u>	
			\$4,758,214
24,627,373		24,627,373	1,620,584
22,024,974		22,024,974	
8,050,000		8,050,000	
4,025,000		4,025,000	
19,528		19,528	
4,923,148		4,923,148	
3,115,151		3,115,151	
3,726,841		3,726,841	
2,790,212		2,790,212	
2,245,882		2,245,882	
556,745	24,436	581,181	234,379
5,991,713		5,991,713	10,690
<u>632,657</u>	<u>(632,657)</u>		
<u>82,729,224</u>	<u>(608,221)</u>	<u>82,121,003</u>	<u>1,865,653</u>
4,627,422	(32,352)	4,595,070	6,623,867
<u>115,515,304</u>	<u>10,097,022</u>	<u>125,612,326</u>	<u>67,883,600</u>
<u>\$120,142,726</u>	<u>\$10,064,670</u>	<u>\$130,207,396</u>	<u>\$74,507,467</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 2017-2018:

### **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, 2018

	Special Revenue Funds		
	General	Traffic and Housing Mitigation	Gas Tax
<b>ASSETS</b>			
Cash and investments available for operations (Note 2)	\$7,628,610	\$6,661,776	\$6,318,344
Restricted cash and investments (Note 2)			
Receivables:			
Accounts	1,435,919		703,254
Taxes	7,612,489		153,689
Grants	134,479		
Interest	204,510		
Loans (Note 4)	164,141	45,716	
Long-term receivable from the Successor Agency (Note 15D)	571,330		
Prepays	844,093		
	<b>\$18,595,571</b>	<b>\$6,707,492</b>	<b>\$7,175,287</b>
<b>LIABILITIES</b>			
Accounts payable	\$4,029,694	\$401,119	\$1,183,006
Deposits payable	220,730		
Developer deposits payable	454,797		
Unearned revenue			
	<b>4,705,221</b>	<b>401,119</b>	<b>1,183,006</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - SB90 reimbursement receivable	1,096,066		
Unavailable revenue - long-term receivable from Successor Agency	571,330		
	<b>1,667,396</b>		
<b>Fund Balances (Note 8):</b>			
Nonspendable	1,008,234		
Restricted		6,306,373	5,992,281
Committed			
Assigned	11,214,720		
	<b>12,222,954</b>	<b>6,306,373</b>	<b>5,992,281</b>
<b>Total Fund Balances</b>	<b>12,222,954</b>	<b>6,306,373</b>	<b>5,992,281</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$18,595,571</b>	<b>\$6,707,492</b>	<b>\$7,175,287</b>

See accompanying notes to basic financial statements

Essential Facilities Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$3,155,347	\$14,494,490	\$38,258,567
50,113,396	703,056	50,816,452
1,055,056	895,086	4,089,315
	269,231	8,035,409
	339,031	473,510
71,123	4,152	279,785
	250,169	460,026
		571,330
	302,366	1,146,459
<u>\$54,394,922</u>	<u>\$17,257,581</u>	<u>\$104,130,853</u>
\$5,185,870	\$2,702,783	\$13,502,472
	23,053	243,783
	144,878	599,675
	231,594	231,594
<u>5,185,870</u>	<u>3,102,308</u>	<u>14,577,524</u>
		1,096,066
		571,330
		1,667,396
	302,366	1,310,600
49,209,052	11,981,982	73,489,688
	1,754,983	1,754,983
	115,942	11,330,662
<u>49,209,052</u>	<u>14,155,273</u>	<u>87,885,933</u>
<u>\$54,394,922</u>	<u>\$17,257,581</u>	<u>\$104,130,853</u>

CITY OF SAN RAFAEL  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL  
 FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2018

Total fund balances reported on the governmental funds balance sheet \$87,885,933

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds. 208,207,110

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. 20,707,748

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds. (59,106,048)

Compensated absences (4,595,655)

Unavailable revenue 1,667,396

Long-term receivables from San Rafael Sanitation District 4,621,437

Deferred outflow related to pension 37,363,857

Net pension liability (116,897,481)

Deferred inflow related to pension (30,624,579)

Deferred outflow related to OPEB 7,567,802

Deferred inflow related to OPEB (3,321,843)

Net OPEB liability (33,332,951)

Net position of governmental activities \$120,142,726

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, 2018

	<u>Special Revenue Funds</u>					Total Governmental Funds
	General	Traffic and Housing Mitigation	Gas Tax	Essential Facilities Capital Projects Fund	Other Governmental Funds	
<b>REVENUES</b>						
Taxes and special assessments	\$68,079,065	\$39,619	\$44,478		\$6,730,627	\$74,893,789
Licenses and permits	2,718,166					2,718,166
Fines and forfeitures	384,268					384,268
Use of money and properties	175,230	56,994	45,748	\$196,846	179,713	654,531
Intergovernmental	4,103,766		2,949,961		1,825,247	8,878,974
Charges for services	2,379,046	662,332	1,097,941		10,520,775	14,660,094
Other revenue	629,348			2,158,166	2,431,900	5,219,414
<b>Total Revenues</b>	<b>78,468,889</b>	<b>758,945</b>	<b>4,138,128</b>	<b>2,355,012</b>	<b>21,688,262</b>	<b>107,409,236</b>
<b>EXPENDITURES</b>						
Current:						
General government	9,686,131	50,900			273,069	10,010,100
Public safety	43,481,474				8,324,234	51,805,708
Public works and parks	11,953,335	2,974,669	1,580,271		1,139,037	17,647,312
Community development	4,051,224					4,051,224
Culture and recreation	3,229,533				9,594,238	12,823,771
Capital outlay	225,996		2,986,597	16,622,567	2,980,807	22,815,967
Debt service:						
Principal	280,172					280,172
Interest and fiscal charges	1,005,636					1,005,636
<b>Total Expenditures</b>	<b>73,913,501</b>	<b>3,025,569</b>	<b>4,566,868</b>	<b>16,622,567</b>	<b>22,311,385</b>	<b>120,439,890</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,555,388</b>	<b>(2,266,624)</b>	<b>(428,740)</b>	<b>(14,267,555)</b>	<b>(623,123)</b>	<b>(13,030,654)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bonds Issued (Note 6A)	45,485,000					45,485,000
Bond premium (Note 6)	8,248,397					8,248,397
Note Issued (Note 6A)	1,080,800					1,080,800
Transfers in (Note 3A)	1,356,344	148,788	246,113	63,476,607	3,124,112	68,351,964
Transfers out (Note 3A)	(65,207,407)	(711,221)	(548,788)		(1,905,806)	(68,373,222)
<b>Total Other Financing Sources (Uses)</b>	<b>(9,036,866)</b>	<b>(562,433)</b>	<b>(302,675)</b>	<b>63,476,607</b>	<b>1,218,306</b>	<b>54,792,939</b>
<b>Net Change in Fund Balances</b>	<b>(4,481,478)</b>	<b>(2,829,057)</b>	<b>(731,415)</b>	<b>49,209,052</b>	<b>595,183</b>	<b>41,762,285</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>16,704,432</b>	<b>9,135,430</b>	<b>6,723,696</b>		<b>13,560,090</b>	<b>46,123,648</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$12,222,954</b>	<b>\$6,306,373</b>	<b>\$5,992,281</b>	<b>\$49,209,052</b>	<b>\$14,155,273</b>	<b>\$87,885,933</b>

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, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$41,762,285

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 added back to fund balance	22,815,967
Other capitalized expenditures are added back to fund balance	1,440,629
Loss on disposal of capital assets is deducted from fund balance	(237,868)
Depreciation expense is deducted from fund balance	(6,489,952)

Long-Term Debt Proceeds and Payments

Governmental funds record proceeds and payments as other financing sources and expenditures. However, in the Statement of Net Position, those costs are reversed as increases and decreases in long-term liabilities.

Long-term debt issuance	(54,814,197)
Repayments on long-term debt principal	280,172
Amortized bond premium expense is added back to fund balance	121,300

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	(210,912)
Unavailable revenue	(190,617)
Long-term receivable from San Rafael Sanitary District	93,601

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. 403,481

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. 164,186

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. (510,653)

Change in Net Position of Governmental Activities \$4,627,422

See accompanying notes to financial statements



## **PROPRIETARY FUND FINANCIAL STATEMENTS**

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, 2018

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and investments available for operations (Note 2)	\$3,200,268	\$17,438,168
Receivable:		
Accounts	41,347	18,969
Total Current Assets	3,241,615	17,457,137
Noncurrent Assets:		
Capital assets (Note 5):		
Nondepreciable	8,620,853	3,153,481
Depreciable, net	7,529,538	10,617,437
Total Noncurrent Assets	16,150,391	13,770,918
Total Assets	19,392,006	31,228,055
<b>DEFERRED OUTFLOWS</b>		
Deferred outflows related to pension (Note 9)	1,199,315	
Deferred outflows related to OPEB (Note 11)	165,198	
Total Deferred Outflows	1,364,513	
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	95,513	1,018,701
Interest payable	44,522	
Compensated absences, due in one year (Note 1K)	16,933	
Claims payable, due in one year (Note 13)		2,696,736
Long-term debt, due in one year (Note 6)	281,816	
Total Current Liabilities	438,784	3,715,437
Noncurrent Liabilities:		
Compensated absences (Note 1K)	118,531	
Claims payable (Note 13)		6,846,939
Long-term debt (Note 6)	4,917,057	
Net OPEB liability (Note 11)	363,049	
Net pension liability (Note 9)	3,752,206	
Total Noncurrent Liabilities	9,150,843	6,846,939
Total Liabilities	9,589,627	10,562,376
<b>DEFERRED INFLOWS</b>		
Deferred inflows related to pension (Note 9)	982,996	
Deferred inflows related to OPEB (Note 11)	77,157	
Total Deferred Inflows	1,060,153	
<b>NET POSITION (Note 8):</b>		
Net investment in capital assets	10,951,518	13,770,918
Unrestricted	(844,779)	6,894,761
Total Net Position	10,106,739	\$20,665,679
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.	(42,069)	
Net position <i>business-type activities</i>	\$10,064,670	

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, 2018

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$3,166,681	\$14,840,684
Other operating revenues	2,036,904	965,033
Total Operating Revenues	5,203,585	15,805,717
OPERATING EXPENSES		
Personnel	2,366,761	3,670,463
Insurance premiums and claims		7,533,460
Maintenance and repairs	203,002	(146,671)
Depreciation (Note 5)	241,389	1,203,311
General and administrative	1,752,383	4,739,382
Total Operating Expenses	4,563,535	16,999,945
Operating Income	640,050	(1,194,228)
NONOPERATING REVENUES (EXPENSES)		
Investment income	24,436	128,744
Interest expense	(184,163)	
Miscellaneous income		44,124
Loss on sale of capital assets		(23,226)
Total Nonoperating Revenues (Expenses)	(159,727)	149,642
Income Before Transfers	480,323	(1,044,586)
TRANSFERS IN (Note 3A)		1,265,351
TRANSFERS OUT (Note 3A)	(632,657)	(611,436)
Change in Net Position	(152,334)	(390,671)
NET POSITION, BEGINNING OF YEAR	10,259,073	21,056,350
NET POSITION, END OF YEAR	\$10,106,739	\$20,665,679

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

Change in Net Position	(\$152,334)
Some amounts reported for <i>business-type activities</i> in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds serviced.	119,982
Change in Net Position of Business-type Activities	(\$32,352)

See accompanying notes to financial statements

CITY OF SAN RAFAEL  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers/other funds	\$3,166,681	\$15,902,273
Cash payments to suppliers for goods and services	(1,795,085)	(13,328,317)
Cash payments to employees for salaries and benefits	(2,422,672)	(1,099,561)
Other operating revenues	2,052,607	965,033
	<u>1,001,531</u>	<u>2,439,428</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund receipts		1,265,351
Interfund payments	(570,877)	(611,436)
	<u>(570,877)</u>	<u>653,915</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal payments on revenue bonds and note payable	(276,092)	
Interest expenses and fiscal charges	(186,188)	
Acquisition of capital assets	(9,953)	(6,338,654)
Proceeds from sale of property		44,124
	<u>(472,233)</u>	<u>(6,294,530)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	24,436	128,744
	<u>24,436</u>	<u>128,744</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(17,143)	(3,072,443)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>3,217,411</u>	<u>20,510,611</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$3,200,268</u>	<u>\$17,438,168</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$640,050	(\$1,194,228)
<b>Adjustments to reconcile operating income to cash flows from operating activities:</b>		
Depreciation	241,389	1,203,311
<b>Net change in assets and liabilities:</b>		
Accounts receivable	15,703	(18,969)
Prepays and deposits	154,835	
Loans receivable		1,080,558
(Decrease) in due to OPEB system	(3,814)	
Accounts payable	5,465	572,419
Compensated absence obligations	(6,161)	
(Decrease) in due to retirement system	(45,936)	
Claims payable		796,337
	<u>\$1,001,531</u>	<u>\$2,439,428</u>
<b>NON-CASH TRANSACTIONS:</b>		
Amortization of bond discount	<u>\$725</u>	

See accompanying notes to basic financial statements

<b>FIDUCIARY FUND FINANCIAL STATEMENTS</b>
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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  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
<b>ADDITIONS</b>	
Property taxes	\$3,930,522
Use of money and property	\$437
Bond premium	\$79,861
Total Additions	4,010,820
<b>DEDUCTIONS</b>	
General government	156,641
Interest expense	860,792
Total Deductions	1,017,433
Change in Net Position	2,993,387
<b>NET POSITION HELD IN TRUST FUND FOR OTHER PURPOSES</b>	
Beginning of year	(16,295,030)
End of year	(\$13,301,643)

See accompanying notes to financial statements





**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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 related to the 2012 Authority Lease Revenue Refunding Bonds are reported in the Parking Services Enterprise Funds. Activities of the Authority related to the 2018 Authority Lease Revenue Bonds are reported in the City's General Fund and the Essential Facilities Capital Projects Fund. 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 4F, a receivable from the District has been established.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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, appropriations for capital projects, and transfers between major funds and reportable fund groups.

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, 2018**

**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 are recorded if acquisition or construction costs exceed \$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, 2018**

**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	\$4,448,932	\$141,625	\$4,590,557
Additions	3,424,331	95,069	3,519,400
Payments	(3,277,608)	(101,230)	(3,378,838)
Ending Balance	\$4,595,655	\$135,464	\$4,731,119
Current Portion	\$574,457	\$16,933	\$591,390

**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:

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

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property having a tax lien that is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Unsecured property comprises all taxable property not attached to land, such as personal property or business property. Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer.

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.

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.



**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**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. New Funds**

In fiscal year 2017-2018, the City established a Special Revenue Fund, Loch Lomond Marina #2 Community Facilities District, for the purpose of reporting tax assessments and maintenance expenditures of the District.

**Q. 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.

**CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

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.

**B. Classification**

Cash and investments as of June 30, 2018, 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:

<b>City of San Rafael:</b>	
Cash and investments available for operations	\$58,897,003
Restricted cash and investments	50,816,452
Total Primary Government Cash and Investments	109,713,455
 <b>San Rafael Sanitation District (Component Unit)</b>	
Cash and investments available for operations	30,502,613
Total San Rafael Sanitation District Cash and Investments	30,502,613

Statement of Fiduciary Net Position (separate statement):

<b>Successor Agency to the Redevelopment Agency:</b>	
Cash and investments available for operations	194,173
Restricted cash and investments	53
Total Successor Agency Cash and Investments	194,226
 <b>Pt. San Pedro Road Assessment District Agency Fund</b>	
Total Fiduciary Cash and Investments	286,396
Total Fiduciary Cash and Investments	480,622
Total Cash and Investments	\$140,696,690

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, 2018**

**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 securities 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 (A)	Maximum Percentage of Portfolio (A)	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	N/A	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

(A) At time of purchase

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, 2018**

**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 (A)	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	N/A	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) (B)	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) At time of purchase.

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

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**E. GASB 72 Fair Value Hierarchy**

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2018:

	(a) Level 1	(b) Level 2	(c) Level 3	Total
<b>City:</b>				
Money Market Mutual Funds		\$213,248		\$213,248
U.S. Treasury Notes	\$4,434,364			4,434,364
U.S. Agency Securities and Instruments		15,515,090		15,515,090
Medium-Term Corporate Notes		3,034,527		3,034,527
Investment in Pt. San Pedro Bonds			\$1,455,700 (d)	1,455,700
Total Investments	\$4,434,364	\$18,762,865	\$1,455,700	24,652,929
California Asset Management Program				50,094,575
Local Agency Investment Fund				19,455,618
County Investment Pool				77,770
Cash in banks and on hand				15,432,563
Total City and Investments				109,713,455
<b>Fiduciary:</b>				
Total Investments				
Cash in banks and on hand				480,622
Total Fiduciary Cash and Investments				480,622
Total City and Fiduciary Cash and Investments				110,194,077
<b>San Rafael Sanitary District:</b>				
County Investment Pool				30,502,613
Total District's Cash and Investments				30,502,613
Total Cash and Investments				\$140,696,690

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.
- (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, 2018**

**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
<b>City:</b>			
Money Market Mutual Funds	\$213,248		\$213,248
California Asset Management Program	50,094,575		50,094,575
Local Agency Investment Fund	19,455,618		19,455,618
County Investment Pool	77,770		77,770
U.S. Treasury Notes	1,488,930	\$2,945,434	4,434,364
U.S. Agency Securities and Instruments	5,238,723	10,276,367	15,515,090
Medium-Term Corporate Notes	2,540,547	493,980	3,034,527
Investment in Pt. San Pedro Bonds		1,455,700	1,455,700
	<u>\$79,109,411</u>	<u>\$15,171,481</u>	<u>94,280,892</u>
<i>Cash in banks and on hand</i>			<u>15,432,563</u>
Total City Cash and Investments			<u>109,713,455</u>
<b>Fiduciary:</b>			
<i>Cash in banks and on hand</i>			<u>480,622</u>
Total Fiduciary Cash and Investments			<u>480,622</u>
Total City and Fiduciary Cash and Investments			<u>110,194,077</u>
<b>San Rafael Sanitary District:</b>			
<i>County Investment Pool</i>			<u>30,502,613</u>
Total District's Cash and Investments			<u>30,502,613</u>
Total Cash and Investments			<u>\$140,696,690</u>

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018, these investments matured in an average of 193 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 27 to 47 days at June 30, 2018.

During this fiscal year, the City invested the proceeds of the 2018 Authority Lease Revenue Bonds with the California Asset Management Program (CAMP). CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers.

CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2018, the fair value was approximate to the City's cost. At June 30, these investments have an average maturity of 35 days.

The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

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, 2018**

**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, 2018, 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:

Investments	Amount Invested	Percentage of Investments	NRSRO Rating
<b>City (except Fiduciary Funds):</b>			
Money Market Mutual Funds	\$213,248	< 1%	Aaa/AAA
California Asset Management Program	50,094,575	53%	AAAm
County Investment Pool	77,770	< 1%	Aaa/AAA
U.S. Treasury Notes	4,434,364	5%	AA+
U.S. Agency Securities and Instruments	15,515,090	16%	AA+
Medium-Term Corporate Notes	3,034,527	3%	A,A+, AA-, AA
Local Agency Investment Fund	19,455,618	21%	Not Rated
Investment in Pt. San Pedro Bonds	1,455,700	2%	Not Rated
Total City Investments	<u>94,280,892</u>		
<b>Component Unit:</b>			
Investment in County Pool	<u>30,502,613</u>		AAA/VI
Total Investments	<u>\$124,783,505</u>		

**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	\$5,212,513



**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018, were as follows:

From Fund	To Fund	Amount
General Fund	Essential Facilities Capital Projects Fund	\$61,776,607 (A)
	Building Maintenance Internal Service Fund	1,080,800 (G)
	Non-Major Governmental Funds	2,350,000 (B)
Traffic and Housing Mitigation Fund	Gas Tax Fund	223,650 (E)
	Non-Major Governmental Funds	487,571 (B)
Gas Tax Fund	General Fund	400,000 (C)
	Traffic and Housing Mitigation Fund	148,788 (D)
Parking Services Enterprise Fund	General Fund	480,831 (C)
	Vehicle Replacement Internal Service Fund	51,826 (H)
	Non-Major Governmental Funds	100,000 (B)
Internal Service Funds	General Fund	475,513 (C)
	Non-Major Governmental Funds	135,923 (B)
Non-Major Governmental Funds	Gas Tax Fund	22,463 (E)
	Building Maintenance Internal Service Fund	132,725 (F)
	Essential Facilities Capital Projects Fund	1,700,000 (A)
	Non-Major Governmental Funds	50,618 (B)
		\$69,617,315

(A) Transfers to the Essential Facilities Capital Project Fund for Fire Stations 52 and 57, Public Safety Center and related Projects.

(B) Transfers to the Non-Major Governmental Funds were for administrative costs, grant matching, recreation, and other program

(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 and Housing Mitigation Fund was for program support.

(E) Transfer to the Gas Tax Fund were to close out ADA Projects Fund and for program support.

(F) Transfers to the Building Maintenance Internal Service Fund were for program support.

(G) Transfers for PG&E loan proceeds for energy improvement project.

(H) Transfer of Fixed Asset Vehicle from Parking to Fire Department.

**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, 2018**

**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, 2018, these loans totaled:

Employee Loans	\$3,751
Centertown Associates	250,169
One "H" Street Associates	45,716
Fire Chief Loan	160,390
Total	\$460,026

**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, 2018, the balance of the employee loans receivable was \$3,751.

**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, 2018, the balance of the loan including principal and accrued interest was \$250,169.

**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, 2018, the balance of this loan was \$45,716.

**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, 2018, the balance of the loan was \$160,390.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 4 – LOANS RECEIVABLE (Continued)**

*F. 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, 2018 is \$4,621,437, and is composed of the following:

Long-term receivable from San Rafael Sanitation District:

Defined benefit pension liability allocation (GASB 68)	\$3,492,468
Other post-employment benefit liability allocation (GASB 75)	<u>1,128,969</u>
Total long-term receivable from San Rafael Sanitation District	<u><u>\$4,621,437</u></u>

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 5 - CAPITAL ASSETS**

Changes in capital assets during the fiscal year consisted of:

	Balance June 30, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$83,662,359				\$83,662,359
Construction in progress	11,846,875	\$27,307,018	(\$235,870)	(\$3,197,905)	35,720,118
Total capital assets not being depreciated	95,509,234	27,307,018	(235,870)	(3,197,905)	119,382,477
Capital assets being depreciated:					
Land improvements	9,020,097				9,020,097
Buildings and structures	42,895,504			663,190	43,558,694
Machinery and equipment	18,840,995	3,057,422	(988,901)	61,780	20,971,296
Infrastructure	197,024,880			2,534,715	199,559,595
Total capital assets being depreciated	267,781,476	3,057,422	(988,901)	3,259,685	273,109,682
Less accumulated depreciation for:					
Land improvements	(6,070,139)	(270,056)			(6,340,195)
Buildings and structures	(18,290,283)	(1,262,812)			(19,553,095)
Machinery and equipment	(12,691,607)	(1,224,115)	963,677		(12,952,045)
Infrastructure	(126,732,516)	(4,936,280)			(131,668,796)
Total accumulated depreciation	(163,784,545)	(7,693,263)	963,677		(170,514,131)
Total net capital assets being depreciated	103,996,931	(4,635,841)	(25,224)	3,259,685	102,595,551
Total governmental activity capital assets	\$199,506,165	\$22,671,177	(\$261,094)	\$61,780	\$221,978,028
	Balance June 30, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$8,620,853				\$8,620,853
Total capital assets not being depreciated	8,620,853				8,620,853
Capital assets being depreciated:					
Buildings and structures	10,713,814				10,713,814
Machinery and equipment	1,212,070	\$9,953	(\$31,932)	(\$61,780)	1,128,311
Total capital assets being depreciated	11,925,884	9,953	(31,932)	(61,780)	11,842,125
Less accumulated depreciation for:					
Buildings and structures	(3,099,959)	(205,363)			(3,305,322)
Machinery and equipment	(1,003,171)	(36,026)	31,932		(1,007,265)
Total accumulated depreciation	(4,103,130)	(241,389)	31,932		(4,312,587)
Total net capital assets being depreciated	7,822,754	(231,436)		(61,780)	7,529,538
Total business-type activity capital assets	\$16,443,607	(\$231,436)		(\$61,780)	\$16,150,391

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 5 - CAPITAL ASSETS (Continued)**

	Balance June 30, 2017	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2018
<b>San Rafael Sanitation District</b>					
Capital assets not being depreciated:					
Land and easements	\$115,329				\$115,329
Construction in progress	272,032	\$1,813,747		(\$1,309,975)	775,804
Total capital assets not being depreciated	387,361	1,813,747		(1,309,975)	891,133
Capital assets being depreciated:					
Subsurface lines	35,180,273	64,893		1,309,975	36,555,141
Sewage collection facilities	42,128,689	77,114			42,205,803
General plant and administration	1,653,110	117,780	(\$94,612)		1,676,278
Total capital assets being depreciated	78,962,072	259,787	(94,612)	1,309,975	80,437,222
Less accumulated depreciation for:					
Subsurface lines	(11,297,771)	(565,647)			(11,863,418)
Sewage collection facilities	(18,562,466)	(1,129,270)			(19,691,736)
General plant and administration	(1,096,878)	(137,878)	94,612		(1,140,144)
Total accumulated depreciation	(30,957,115)	(1,832,795)	94,612		(32,695,298)
Total net capital assets being depreciated	48,004,957	(1,573,008)		1,309,975	47,741,924
Total District's capital assets	\$48,392,318	\$240,739			\$48,633,057

**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:

<b>Governmental Activities</b>	
General government	\$157,802
Public safety	849,918
Public works and parks	5,823,897
Community development	48,630
Culture and recreation	813,016
Total Governmental Activities	<u>\$7,693,263</u>
<b>Business-type Activities</b>	
Parking services	\$241,389
Total Business-type Activities	<u>\$241,389</u>

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018, are as follows:

	<u>Authorized and Issued</u>	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2018</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>						
2018 Authority Lease Revenue Bonds						
4.00%-5.00%, due 6/1/2034	\$45,485,000		\$45,485,000		\$45,485,000	
Add: unamortized bond premium			8,248,397	\$121,300	8,127,097	
2010 Taxable Pension Obligation Bonds						
6.00%-6.25%, due 7/1/2025	4,490,000	\$4,390,000		205,000	4,185,000	\$420,000
Total Pension Obligation Bonds		4,390,000	53,733,397	326,300	57,797,097	420,000
PG & E City Hall HVAC Retrofit Note Payable						
0.00%, due 11/30/2023	334,585	212,558		33,280	179,278	33,280
PG & E Street Light Retrofit Note Payable						
0.00%, due 8/31/2019	233,896	90,765		41,892	48,873	41,892
PG & E CEC Efficiency Note Payable						
1.00%, due 12/22/2017	1,178,813		1,080,800		1,080,800	
Total Governmental Long-term Debt		\$4,693,323	\$54,814,197	\$401,472	\$59,106,048	\$495,172
<b>Business-type Activities</b>						
PG & E Parking Lot Lighting Retrofit Note Payable						
0.00%, due 11/30/2023	\$66,380	\$41,388		\$6,817	\$34,571	\$6,816
2012 Authority Lease Revenue Refunding Bonds						
2.00-4.00%, due 4/1/2033	6,750,000	5,444,999		270,000	5,174,999	275,000
Less: unamortized bond discount		(11,422)		(725)	(10,697)	
Total Enterprise Fund Debt		\$5,474,965		\$276,092	\$5,198,873	\$281,816

**A. 2018 Authority Lease Revenue Bonds**

On March 5, 2018, the Authority issued 2018 Authority Lease Revenue Bonds in the amount of \$45,485,000 bearing interest at rates from 4.00% to 5.00%. The proceeds of the bonds were provided for replacement of two fire stations and construction of a public safety center. Interest on the Bonds is payable semiannually on June 1 and December 1. Principal payable on the Bonds will be paid on June 1 starting on June 1, 2021. The Bonds maturing on or prior to June 1, 2028 are not subject to optional redemption prior to their maturity. The Bonds maturing on or after June 1, 2029 are subject to optional redemption as a whole or in part on any date after June 1, 2028 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.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 6 - LONG-TERM DEBT (Continued)**

***B. 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.

***C. Pacific Gas and Electric Note Payable***

*PG&E Lighting Retrofit*

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.

*PG&E CEC Efficiency*

On September 5, 2017, City Council approved the execution of a note payable agreement with Pacific Gas and Electric (PG&E) in the amount of \$1,178,813, bearing interest at 1%. The debt was assumed as a means to finance the execution of various energy efficiency system upgrades to City facilities and street lights. The upgrades will include interior and exteriors lighting upgrades and energy management control systems. As of June 30, 2018, the loan obligation was \$1,080,800, the project is ongoing and additional note proceeds are expected in fiscal year 2018-2019. Payments will commence in December 2020, and are due semi-annually until paid in full in 2027.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 6 - LONG-TERM DEBT (Continued)**

**D. 2012 Authority Lease Revenue Refunding Bonds**

On August 7, 2012, the Authority issued 2012 Authority Lease Revenue Refunding Bonds in the amount of \$6,750,000 bearing interest at rates from 2.00% to 4.00%. The proceeds of the Series 2012 Bonds were used to repay the Authority's 2003 Authority Lease Revenue Bonds that financed the construction of the 3<sup>rd</sup> 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.

**E. Future Debt Service**

Future debt service requirements, including interest, at June 30, 2018, are as follows:

For the Year Ended June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$495,172	\$2,480,062	\$281,816	\$178,088
2020	485,261	2,454,112	291,816	169,838
2021	2,472,320	2,447,858	296,816	161,288
2022	2,662,320	2,340,346	306,816	152,588
2023	2,862,320	2,223,965	316,816	143,588
2024 - 2028	16,498,078	8,743,871	1,695,491	564,400
2029 - 2033	21,295,200	4,315,189	2,019,999	241,806
2034 - 2038	4,100,200	217,169		
2039 - 2040	108,080	2,702		
Totals	50,978,951	\$25,225,274	5,209,570	\$1,611,596
Reconciliation of Long-term debt:				
Add: unamortized premium	8,127,097			
Less: unamortized discount			(10,697)	
	\$59,106,048		\$5,198,873	



**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2000A	162-175 Belvedere Apartments	\$3,590,529	\$1,042,152
California Statewide Communities Development Authority Revenue Bonds-2002	St. Marks School	5,605,000	3,460,000
San Rafael Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Bonds-2001A	55 Fairfax Apartments	3,000,000	2,000,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2001	San Rafael Commons Apartments	6,100,000	4,725,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2007 Series A	Martinelli House Project	6,000,000	1,896,396
Multifamily Housing Revenue Bonds-2007 Series B	Martinelli House	1,000,000	190,802
Pt. San Pedro Road Median Landscaping Assessment District Limited Obligation Bonds-2012	Pt. San Pedro Road Median Landscaping	1,750,000	1,455,700

**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, 2018**

**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, 2018**

**NOTE 8 – NET POSITION AND FUND BALANCE (Continued)**

Detailed classifications of the City’s fund balances, as of June 30, 2018, 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	\$164,141					\$164,141
Prepays	844,093				\$302,366	1,146,459
Total Nonspendable	<u>1,008,234</u>				<u>302,366</u>	<u>1,310,600</u>
Restricted for:						
Assessment District capital projects					301,512	301,512
Baypoint Lagoons Assessment District					260,017	260,017
Bedroom tax capital projects					86,535	86,535
Childcare					1,571,814	1,571,814
Development services					681,493	681,493
Emergency medical services					967,066	967,066
1997 financing authority revenue bonds debt service					148,874	148,874
Gas tax			\$5,992,281			5,992,281
Grants					762,861	762,861
Household hazmat facility					342,353	342,353
Library					2,323,676	2,323,676
Library assessment					648,704	648,704
Loch Lomond #10 Community Facilities District Fund					663,537	663,537
Loch Lomond Marina #2 Community Facilities District Fund					205,567	205,567
Low and Moderate Income Housing					906,935	906,935
Mariposa Assessment District debt service					16,573	16,573
Measure A Open Space					404,067	404,067
Measure E - Public Safety Facility				\$49,209,052		49,209,052
Parkland dedication					602,440	602,440
Peacock Gap Assessment District debt service					2,875	2,875
Public safety					114,879	114,879
Pt. San Pedro - Maintenance Portion					104,738	104,738
Recreation revolving					276,443	276,443
Storm water					589,023	589,023
Traffic and housing mitigation		\$6,306,373				6,306,373
Total Restricted		<u>6,306,373</u>	<u>5,992,281</u>	<u>49,209,052</u>	<u>11,981,982</u>	<u>73,489,688</u>

(Continued)

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 8 – NET POSITION AND FUND BALANCE (Continued)**

	General Fund	Special Revenue Funds		Essential Facilities Capital Projects Fund	Other Governmental Funds	Total
		Traffic and Housing Mitigation	Gas Tax			
Committed to:						
Capital improvement capital projects					\$1,748,219	\$1,748,219
Park capital projects					6,764	6,764
Total Committed					1,754,983	1,754,983
Assigned to:						
Contractual commitments	\$38,537					38,537
MOU - One time payment	1,102,257					1,102,257
Emergency and cash flow	7,500,000					7,500,000
Infrastructure reserve	600,000					600,000
General plan / long-range planning	1,973,926					1,973,926
Open space capital projects					115,942	115,942
Total Assigned	11,214,720				115,942	11,330,662
Total Fund Balances	\$12,222,954	\$6,306,373	\$5,992,281	\$49,209,052	\$14,155,273	\$87,885,933

**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](http://www.mcera.org).

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2018**

**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, 2018 were as follows:

	Employer Contribution Rate	Employee Contribution Rate	Benefit	Basis
City of San Rafael Misc Tier 1	52.67%	0.00% - 16.82%	2.7% @ 55	Highest year
City of San Rafael Misc Tier 2	50.02%	7.89% - 12.57%	2.0% @ 55	Average three highest years
City of San Rafael Fire Tier 1	74.12%	0.00% - 19.79%	3.0% @ 55	Highest year
City of San Rafael Fire Tier 2	71.40%	11.34% - 17.69%	3.0% @ 55	Average three highest years
City of San Rafael Safety Police Tier 1	73.31%	00.00% - 19.79%	3.0% @ 55	Highest year
City of San Rafael Safety Police Tier 2	73.75%	11.34% - 17.69%	3.0% @ 55	Average three highest years
PEPRA Misc	44.19%	9.18% - 10.18%	2.0% @ 62	Average three highest years
PEPRA Safety	62.82%	14.53%	2.7% @ 57	Average three highest years

These rates were determined by MCERA, based on the actuarial valuation dated June 30, 2016. The actual rate of return on investments during that year was 2.07% 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 \$20,167,435 or the year ended June 30, 2018, based on a total payroll of \$44,080,689, of which \$36,349,651 represented the basis for the plan contributions. Of the total payroll subject to plan contributions, \$1,433,662 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 (14 years remaining as of June 30, 2016), except for the additional UAL attributable to the outstanding unfunded actuarial loss from 2009, which is being amortized over a separate closed period (currently 22 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, 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, 2018**

**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, 2018 based on the following methodology: The City's NPL as of June 30, 2016 was updated to the measurement date of June 30, 2017, using the actual City's plan assets as of June 30, 2017 and estimating the change in the City's liabilities between July 1, 2016 and June 30, 2017. 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 \$120,649,687, or 32.718% of the total MCERA NPL of \$368,756,305 (reference MCERA's GASB 67/68 report as of June 30, 2017). This compares to the previous year's NPL of \$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).

In addition to the reporting of the NPL as of June 30, 2018, the City reported deferred inflows of \$31,607,575 and deferred outflows of \$18,395,737 as of the measurement date June 30, 2017. The City reported post-measurement date outflows of \$20,167,435 from actual fiscal year 2017-2018 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 \$113,694,090. After allocations to the San Rafael Sanitation District, the net impact on the City's Statement of Net Position is \$110,201,622.

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.

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 \$20,167,435. 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 above the assumed rate were responsible for the decrease 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, 2018**

**NOTE 9 – PENSION PLANS (Continued)**

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

<b>Summary of Results</b>		
Description	Measurement Date 6/30/2017	Measurement Date 6/30/2016
Net Pension Liability	\$120,649,687	\$167,054,850
Deferred Inflows	31,607,575	22,096,113
Deferred Outflows	(18,395,737)	(55,004,455)
Impact on Net Position before Deferred Outflows from Contributions	133,861,525	134,146,508
Additional Deferred Outflows - Contributions Subsequent to Measurement Date	(20,167,435)	(20,003,001)
Impact on Statement of Net Position before Allocations	113,694,090	114,143,507
Allocation of NPL to SRSD	3,740,703	5,320,236
Allocation of Deferred Inflows (measurement date) to SRSD	979,982	703,700
Allocation of Deferred Outflows (measurement date) to SRSD	(570,354)	(1,751,740)
Impact on Net Position before Allocation of Deferred Outflows from Contributions to SRSD	4,150,331	4,272,196
Allocation of Additional Deferred Outflows (Contributions) to SRSD	(657,863)	(648,480)
Long-Term Receivable from SRSD, due to pension obligations (see Note 4F)	3,492,468	3,623,716
Impact on Statement of Net Position, net of receivable from SRSD	\$110,201,622	\$110,519,791
Pension Expense (\$ Amount)	21,503,841	30,799,273

***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, 2017. The beginning of year measurement of TPL is based on the actuarial valuation as of June 30, 2016. The TPL at the end of the measurement year, June 30, 2017, is also measured as of the valuation date of June 30, 2016, and projected to June 30, 2017.

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, 2016. The FNP at the end of the measurement year, June 30, 2017, is also measured as of the valuation date of June 30, 2016, and projected to June 30, 2017.

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. The long-term portion of the governmental activities' NPL is liquidated primarily by the General Fund.



**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS (Continued)**

*Actuarial assumptions:*

The total pension liability as of June 30, 2017 (measurement date) was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement. The key assumptions in the valuation were:

*Actuarial assumptions:*

<b>Expected Return on Assets</b>	7.25 percent per year, net of investment expenses
<b>Discount Rate</b>	7.25 percent per year
<b>Price Inflation</b>	2.75% per year
<b>Salary Increases</b>	3% per year plus merit component based on employee classification and years of service.
<b>Administrative Expenses</b>	Administrative expenses in the actuarial valuation are assumed to be \$4.774 million for FY 2016-17, 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 2016-17 amounts.
<b>Post-Retirement COLA</b>	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.
<b>Mortality Rates for Healthy Members and Inactives</b>	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.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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, 2017:

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%	4.60%	7.35%
International Equity	22%	4.75%	7.50%
Fixed Income	23%	0.75%	3.50%
Real Assets	15%	5.60%	8.35%
Private Equity	8%	5.10%	7.85%
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 (22 years remaining as of the June 30, 2016 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (14 years remaining as of the June 30, 2016 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 96%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 79%.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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	\$994,119,281	\$878,483,703	\$783,364,452
Fiduciary Net Position	757,834,016	757,834,016	757,834,016
Net Pension Liability	<u>\$236,285,265</u>	<u>\$120,649,687</u>	<u>\$25,530,436</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	76.2%	86.3%	96.7%

***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		\$2,796,865
Changes in assumptions	\$11,840,124	
Change in proportion	6,555,613	9,651,379
Changes in proportion and difference between City contributions and proportionate share of contributions		9,380,643
Actual FY 17-18 contributions (post measurement date)	20,167,435	
Net difference between projected and actual earnings on pension plan investments		<u>9,778,688</u>
<b>Deferred Inflows and Outflows Before Allocations</b>	<u>\$38,563,172</u>	<u>\$31,607,575</u>
<b>Allocation to SRSD</b>		
Allocation of Deferred Inflows (measurement date)	\$570,354	\$979,982
Allocation of Deferred Outflows (measurement date)	<u>657,863</u>	
<b>Net Deferred Inflows and Outflows</b>	<u>\$37,334,955</u>	<u>\$30,627,593</u>

**CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 9 – PENSION PLANS (Continued)**

The \$20,167,435 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, 2019. 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
2019	(\$906,402)
2020	(3,053,891)
2021	(2,885,383)
2022	(6,366,162)
	(\$13,211,838)

**Subsequent Change to Discount Rate**

Subsequent to MCERA’s preparation of the GASB 67/68 report as of June 30, 2017, MCERA has changed the discount rate from 7.25% to 7.00% for use in subsequent actuarial valuations and GASB 67/68 reporting. Decreases in the discount rate serve to increase the measurement of the total pension liability and therefore the net pension liability.

**NOTE 10 – PUBLIC AGENCY RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLANS)**

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

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

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

During the year, the City and employees each contributed \$115,100. The total covered payroll of employees participating in the plan for the year ended June 30, 2018, was \$3,069,322. The total payroll for the year was \$44,080,689.

**CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS**

**Plan Description**

The City provides certain health care benefits for retired employees and their spouses under an Agent Multi-Employer 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.

The provisions and benefits of the City’s Other Post Employment Benefit Plan, in effect at June 30, 2018, are summarized as follows:

	Elected Officials, Mid-Management, & Unrepresented Management	All other Bargaining Units
<i>Eligibility</i>	Retire directly from the City: - Age 50 (age 55 if hired > 7/1/11) with 10 years services (Including reciprocity) <b>OR</b> - 30 years service (Miscellaneous), 20 years service (Safety) <b>OR</b> - Age 70 - Disability Retirement	
<i>Benefit</i>	Hired < 1/1/09 Full premium/cap Hired ≥ 1/1/09 PEMHCA Min	Hired < 1/1/10 Up to cap Hired ≥ 1/1/10 PEMHCA Min
<i>Surviving Spouse Benefit</i>	Continuation to surviving spouse	
<i>Medicare Part B</i>	Hired < 4/1/07 Full reimbursement Hired ≥ 4/1/07 None	None
<i>Other</i>	No Dental, Vision, or Life Benefits	

Membership in the plan consisted of the following at June 30, 2017, the measurement date:

Active plan members	366
Inactive employees or beneficiaries currently receiving benefit payments	337
Inactive employees entitled to but not yet receiving benefit payments	0
Total	703

**Funding Policy and Actuarial Assumptions**

The City’s net OPEB liability was measured using a Total OPEB Liability and Fiduciary Net Position measured as of June 30, 2017, using an actuarial valuation of the same date. The following actuarial assumptions were used in the valuation: 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 7.5% in 2019 to 4.0% for the years starting 2076. In addition, the fixed dollar benefit amounts are assumed to be held flat in the future and the premium related benefits are assumed to increase with the healthcare trend rate.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

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%	4.82%	7.57%
Fixed Income	27%	1.47%	4.22%
TIPS	5%	1.29%	4.04%
Commodities	3%	0.84%	3.59%
REITs	8%	3.76%	6.51%
Total	100%		
Assumed Long-Term Rate of Inflation		2.75%	
Assumed Long-Term Investment Expenses		n/a	
Expected Long-Term Net Rate of Return		6.78%	
Discount Rate		6.75%	

The Expected Long-Term Rate of Return is provided by CalPERS' Strategic Asset Allocation Overview in August 2014 – Strategy 1.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75 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.

**Change in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2016	\$49,543,000	\$15,758,000	\$33,785,000
Changes Recognized for the Measurement Period:			
Service Cost	789,000		789,000
Interest on the total OPEB liability	3,540,000		3,540,000
Changes in benefit terms			
Difference between expected and actual experience	(4,107,000)		(4,107,000)
Changes of assumptions	4,831,000		4,831,000
Contributions from the employer		3,475,000	(3,475,000)
Net investment income		1,675,000	(1,675,000)
Administrative expenses		(8,000)	8,000
Benefit payments and refunds	(3,015,000)	(3,015,000)	
Net Changes during July 1, 2016 to June 30, 2017	2,038,000	2,127,000	(89,000)
Balance at June 30, 2017 (Measurement Date)	\$51,581,000	\$17,885,000	\$33,696,000

The benefit payments and refunds includes implied subsidy benefit payments in the amount of \$782,000.

**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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
\$39,904,000	\$33,696,000	\$28,511,000

**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%
\$30,184,000	\$33,696,000	\$38,007,000

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued plan financial report. That report may be obtained from the California Public Employees’ Retirement System, CERBT, P.O. Box 942703, Sacramento, CA. 94229.

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

Components of OPEB Expense for fiscal year 2017-2018 were as follows:

Service Cost	\$789,000
Interest on Total OPEB Liability	3,540,000
Projected earning on investments	(1,159,000)
Employee contributions	
Administrative expense	8,000
Change in benefits	
Recognition of deferred outflows/inflows:	
Experience	(708,000)
Assumptions	833,000
Asset Returns	92,000
	\$3,395,000
OPEB Expense	\$3,395,000

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2018 were as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred outflows of resources:</b>			
Differences between expected and actual experience			
Changes of assumptions	\$3,917,586	\$80,414	\$3,998,000
Net difference between projected and actual earnings on plan investments	168,096	3,904	172,000
Employer contributions made subsequent to the measurement date	3,482,120	80,880	3,563,000
<b>Total deferred outflows of resources</b>	<b>\$7,567,802</b>	<b>\$165,198</b>	<b>\$7,733,000</b>
<b>Deferred inflows of resources:</b>			
Differences between expected and actual experience	\$3,321,843	\$77,157	\$3,399,000
<b>Total deferred inflows of resources</b>	<b>\$3,321,843</b>	<b>\$77,157</b>	<b>\$3,399,000</b>

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.



**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

\$3,563,000 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, 2019. 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	Amortized Amount
2019	\$216,000
2020	216,000
2021	217,000
2022	22,000
2023	100,000
	\$771,000

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

Summary of Results		
Description	Measurement Date June 30, 2017	Measurement Date June 30, 2016
Net OPEB Liability	\$33,696,000	\$33,785,000
Deferred Inflows	3,399,000	-
Deferred Outflows	(4,170,000)	(780,000)
Impact on Net Position before deferred contributions	32,925,000	33,005,000
Additional Deferred Outflows - Contributions subsequent to measurement date	(3,563,000)	(3,475,000)
Impact on Statement of Net Position before Allocations	29,362,000	29,530,000
Allocation of NOL to SRSD	1,295,611	1,034,395
Allocation of Deferred Inflows (measurement date) to SRSD	130,692	-
Allocation of Deferred Outflows (measurement date) to SRSD	(160,337)	(23,881)
Impact on Net Position before deferred contributions to SRSD	1,265,966	1,010,514
Allocation of Additional Deferred Outflows (contributions) to SRSD	(136,997)	(106,394)
Long-Term Receivable from SRSD, due to OPEB obligations (see Note 4F)	1,128,969	904,120
Impact on Statement of Net Positions, net of receivable from SRSD	28,233,031	28,625,880
OPEB Expense (\$ Amount)	3,395,000	3,283,000
Covered Employee Payroll (\$ Amount)	32,885,135	32,126,272

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, 2017 (\$33,524,000) varies slightly from the figure reported in the actuarial report dated June 30, 2018 (\$33,786,000) by \$262,000.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

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

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

The MARINet Library Consortium was formed to provide for the procurement, ownership, operation, maintenance, and governance of shared library services among the libraries, public and academic, in Marin County. Current services shared and paid for on a consortial level through annual membership dues include an integrated library system including patron database, cataloging system, and online catalog of materials; delivery of items between libraries in Marin, a statewide library delivery service called Link+, numerous online resources, and more. The Governing Board of the System consists of the library director or designated alternate of each participant in the System. In accordance with the cost sharing formula developed by the library directors of the participants, the City's share of annual operating costs is 16.39% or \$247,011 for the year ended June 30, 2018. 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 \$688,072 for the year ended June 30, 2018. Financial statements of the MGSA can be obtained at 555 Northgate Drive, Suite 230, San Rafael, California 94903.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**C. *The Marin Emergency Radio Authority (MERA)***

MERA was formed on February 28, 1998, by the County of Marin and 25 local agencies within the County to plan, finance, implement, manage, own, and operate a County-wide public safety and emergency radio system. The Governing Board consists of one representative from each member. In February 2010, MERA refinanced its 1999 Revenue Bonds; the 1999 bonds were originally issued in the amount of \$26,940,000 to finance the acquisition of the system. The 2010 refunding bonds were issued at a premium of \$934,832 above their par value of \$18,575,000. These bonds mature annually through 2021 and bear interest from 2% to 4%. Similar to the original bonds, the refunding bonds are special obligations of MERA and are secured by the Members' service payments. On February 1, 2007, MERA borrowed \$2,250,000 from Citizens Business Bank. The note is being amortized over 14 ½ years at an annual interest rate of 4.43%. Loan Payments are funded by member operating payments. 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 operations 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 \$319,449 of the Authority's operation and debt service for the fiscal year ended June 30, 2018. The City has established a reserve in its internal service funds to pay future service payments. Financial statements of the MERA can be obtained at 95 Rowland Way, Novato, California 94945.

**D. *The Countywide Planning Agency***

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

**E. *The Marin Telecommunications Agency***

The Agency was established to regulate the rates for cable television service and equipment and to advise the participants of their license authority. The Governing Board of the Marin Telecommunications Agency consists of one member from each of the eleven participating agencies. The City's contribution to the Agency was \$72,914 for the year ended June 30, 2018. Financial statements of the Agency can be obtained at 555 Northgate Drive, Suite 230, San Rafael, California 94903.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**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 \$17,850 for the year ended June 30, 2018. 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.

The financial statements of the Agency are available at the CMSA office. Condensed financial information for the Agency is presented below for June 30, 2017 and 2016, the most recent information available.

	2017	2016
Total assets	\$99,239,615	\$106,391,299
Deferred outflows of resources	5,961,780	2,092,186
Total liabilities	(61,321,187)	(60,370,523)
Deferred inflows of resources	(1,260,848)	(2,487,504)
Net position	\$42,619,360	\$45,625,458
Total revenues	\$17,235,271	\$16,952,527
Total expenses	(16,793,252)	(16,834,929)
Total contributions and adjustments	(1,283,532)	162,705
Prior period adjustment	(2,164,585)	
Change in net position	(\$3,006,098)	\$280,303

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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 \$121,046,940. 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. The City contributed a total of \$328,857 in liability coverage premiums during the fiscal year ended June 30, 2018. Five years after settlement of all claims for a program year, CJPRMA will retroactively adjust 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.

***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.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 13 - RISK MANAGEMENT (Continued)**

The City's liability for uninsured general liability claims and workers' compensation claims, including claims incurred but not reported, are reported in the Statements of Net Position.

	General Liability *	Workers' Compensation **	Totals, as of June 30	
			2018	2017
Balance, beginning of year	\$2,581,529	\$6,165,809	\$8,747,338	\$8,588,566
Current year claims and changes in estimates	1,781,739	820,144	2,601,883	1,878,276
Claims paid	(805,361)	(1,000,185)	(1,805,546)	(1,719,504)
Balance, end of year	<u>\$3,557,907</u>	<u>\$5,985,768</u>	<u>\$9,543,675</u>	<u>\$8,747,338</u>
Due in one year	\$1,484,580	\$1,212,156	\$2,696,736	\$2,653,288
Due in more than one year	2,073,327	4,773,612	6,846,939	6,094,050
Total claim liabilities	<u>\$3,557,907</u>	<u>\$5,985,768</u>	<u>\$9,543,675</u>	<u>\$8,747,338</u>

\* Liability based on an actuarial valuation as of March 31, 2018, extrapolated to June 30, 2018

\*\* Liability based on an actuarial valuation as of December 31, 2017, extrapolated to June 30, 2018

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.

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.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 13 - RISK MANAGEMENT (Continued)**

The following summarizes active insurance policies as of June 30, 2018 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, 11<sup>th</sup> Floor, San Francisco, CA 94111. Condensed financial information for CSRMA is presented below for the years ended June 30, 2017 and 2016 (latest information available).

	<u>2017</u>	<u>2016</u>
Assets	\$28,419,707	\$28,336,567
Liabilities	(17,241,037)	(16,735,609)
Net assets	<u>\$11,178,670</u>	<u>\$11,600,958</u>
Revenues	\$11,166,523	\$11,843,583
Expenses	(11,588,811)	(10,946,085)
Increase (decrease) in net assets	<u>(422,288)</u>	<u>\$897,498</u>

**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, 2018.

***Major Contracts***

In December 2017, the City entered into a contract for the construction of a public safety administrative center and fire station in the amount of \$36,727,000. The primary source of funding for these projects comes from a portion of General Fund revenues attributable to the Measure E Transactions and Use Tax. Lease Revenue Bonds were issued in March 2018 in order to ensure sufficient funds are on hand to support these contracts. Similarly, contracts for the construction of fire stations 52 and 57 were entered into for the amount of \$19,098,834.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)**

**B. District**

As of June 30, 2018, SRSD had several contracts for sewer improvement projects with remaining obligations of approximately \$2,041,000, the majority of which are expected to be completed within the 2018-2019 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).

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.



**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

<b>NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)</b>
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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.

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.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

<b>NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)</b>
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***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.

***Use of Tax Increment***

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 \$16.1 million in remaining debt service on the Bonds, which is scheduled to occur in 2023. For fiscal year June 30, 2018, tax increment revenues amounted to \$3.9 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, 2018**

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

The following table summarizes the activity for the fiscal year ended June 30, 2018:

	Authorized and Issued	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Current Portion
San Rafael Redevelopment Agency						
1999 Tax Allocation Bonds						
Capital Appreciation Bonds						
5.58%-5.6%, due 12/1/2022	\$2,389,004	\$6,418,508	\$363,939		\$6,782,447	\$1,479,081
2002 Tax Allocation Refunding Bonds						
2.00%-5.25%, due 12/1/2021	25,020,000	4,230,000		\$1,920,000	2,310,000	\$540,000
2009 Tax Allocation Refunding Bonds						
3.00%-5.00%, due 12/1/2022	14,660,000	7,805,000		1,160,000	6,645,000	1,210,000
Add: deferred bond premium costs		479,162		79,861	399,301	
Total Successor Agency Long-term Debt		<u>\$18,932,670</u>	<u>\$363,939</u>	<u>\$3,159,861</u>	<u>\$16,136,748</u>	<u>\$3,229,081</u>

***Debt Service Requirements***

Annual debt service requirements are shown below:

For the Year Ended June 30	Governmental Activities	
	Principal	Interest
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	<u>\$16,918,517</u>	<u>\$1,039,189</u>

Reconciliation of long-term debt:

Less: unaccreted discount	(\$1,181,070)
Add: deferred bond premium costs	399,301

\$16,136,748

**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.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

<b>NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)</b>
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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, 2018:

	Approved Amount	Balance June 30, 2017	Retirements	Balance June 30, 2018
Unfunded Pension Liability	\$1,904,431	\$761,773	\$190,443	\$571,330
Total Long-Term Obligations		\$761,773	\$190,443	\$571,330

Annual repayment requirements are shown below:

For the Year Ended June 30	Principal
2019	\$190,443
2020	190,443
2021	190,444
Totals	\$571,330

***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, 2018, the Successor Agency had prepared eleven 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

<b>CITY OF SAN RAFAEL</b> <b>REQUIRED SUPPLEMENTARY INFORMATION</b> <b>For the Year Ended June 30, 2018</b>
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**Schedule of the City's Proportionate Share of the Net Pension Liability  
Last 10 years\***

	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2017</b>	<b>6/30/2018</b>
City's proportionate share	30.0453%	36.7394%	34.9538%	32.7180%
Proportionate share of total pension liability	\$677,753,565	\$907,195,058	\$900,629,287	\$878,483,703
Proportionate share of fiduciary net position	603,499,779	764,871,931	733,574,437	757,834,016
<b>Proportionate share of the net pension liability</b>	<b>\$74,253,786</b>	<b>\$142,323,127</b>	<b>\$167,054,850</b>	<b>\$120,649,687</b>
Plan fiduciary net position as a percentage of the total pension liability	89.04%	84.31%	84.31%	86.27%
Covered payroll (report date)	\$31,073,560	\$32,126,272	\$32,885,135	\$36,349,651
Net pension liability as a percentage of covered payroll	236.26%	443.01%	508.00%	331.91%

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











<b>CITY OF SAN RAFAEL</b> <b>REQUIRED SUPPLEMENTARY INFORMATION</b> <b>For the Year Ended June 30, 2018</b>
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**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

	<b>Last Ten Fiscal Years</b>	
	<b>Other Post-Employment Benefits (OPEB)</b>	
Measurement period	2015-16	2016-17
<b>Total OPEB liability</b>		
Service cost	\$ 766,000	\$ 789,000
Interest	3,447,000	3,540,000
Differences between expected and actual experience	-	(4,107,000)
Assumption changes	-	4,831,000
Benefit payments, including refunds of employee contributions	(2,896,000)	(3,015,000)
<b>Net change in total OPEB liability</b>	1,317,000	2,038,000
<b>Total OPEB liability - beginning</b>	48,226,000	49,543,000
<b>Total OPEB liability - ending (a)</b>	\$ 49,543,000	\$ 51,581,000
<b>OPEB fiduciary net position</b>		
Contributions - employer	\$ 2,896,000	\$ 3,475,000
Net investment income	157,000	1,675,000
Benefit payments, including refunds of employee contributions	(2,896,000)	(3,015,000)
Administrative expense	(7,000)	(8,000)
<b>Net change in plan fiduciary net position</b>	150,000	2,127,000
<b>Plan fiduciary net position - beginning</b>	15,608,000	15,758,000
<b>Plan fiduciary net position - ending (b)</b>	\$ 15,758,000	\$ 17,885,000
<b>Plan net OPEB liability - ending (a) - (b)</b>	\$ 33,785,000	\$ 33,696,000
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	31.81%	34.67%
<b>Covered employee payroll</b>	\$ 32,885,135	\$ 36,350,000
<b>Plan net OPEB liability as a percentage of covered employee payroll</b>	102.74%	92.70%

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

**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	\$ 36,349,651
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
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep
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

## SCHEDULE OF CONTRIBUTIONS

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

	2017-18
Actuarially determined contribution	\$ 3,530,000
Contributions in relation to the actuarially determined contribution	(3,563,000)
Contribution deficiency (excess)	\$ (33,000)
Covered employee payroll	\$ 36,350,000
Contributions as a percentage of covered employee payroll	9.71%

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 06/30/18.

#### **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, 2017
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	18 years remaining as of June 30, 2017
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75% at June 30, 2017; 7.25% at June 30, 2016
Contribution Policy	City contributes full ADC
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	Same as June 30, 2017 actuarial valuation
Mortality Improvement	Pre-retirement mortality: projected 15-year static with 90% of Scale MP-2016  Post-retirement mortality: projected fully generational with Scale MP-2017
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 - 6/30/17 MCERA assumptions
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to 4.00% for 2076 and later years and Medicare - 6.5% for 2019, decreasing to 4.00% for 2076 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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and special assessments	\$66,848,000	\$68,146,000	\$68,079,065	(\$66,935)
Licenses and permits	2,782,001	2,718,001	2,718,166	165
Fines and forfeitures	457,000	361,000	384,268	23,268
Use of money and properties	238,200	172,248	175,230	2,982
Intergovernmental	3,323,000	4,104,000	4,103,766	(234)
Charges for services	2,980,450	2,359,450	2,379,046	19,596
Other revenue	504,443	593,000	629,348	36,348
<b>Total Revenues</b>	<b>77,133,094</b>	<b>78,453,699</b>	<b>78,468,889</b>	<b>15,190</b>
<b>EXPENDITURES</b>				
Current:				
General government	9,633,840	10,112,800	9,686,131	426,669
Public safety	43,270,572	43,270,572	43,481,474	(210,902)
Public works and parks	11,512,555	11,512,550	11,953,335	(440,785)
Community development	4,570,436	4,621,013	4,051,224	569,789
Culture and recreation	3,255,719	3,255,719	3,229,533	26,186
Capital outlay	90,690	210,690	225,996	(15,306)
Debt service:				
Principal	280,172	280,172	280,172	
Interest and fiscal charges	271,263	1,016,986	1,005,636	11,350
<b>Total Expenditures</b>	<b>72,885,247</b>	<b>74,280,502</b>	<b>73,913,501</b>	<b>367,001</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,247,847</b>	<b>4,173,197</b>	<b>4,555,388</b>	<b>382,191</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued		45,485,000	45,485,000	
Bond premium		8,248,397	8,248,397	
Loan issued		1,080,000	1,080,800	800
Transfers in	1,356,344	1,356,344	1,356,344	
Transfers out	(6,375,000)	(65,207,407)	(65,207,407)	
<b>Total Other Financing Sources (Uses)</b>	<b>(5,018,656)</b>	<b>(9,037,666)</b>	<b>(9,036,866)</b>	<b>800</b>
<b>Net Change in Fund Balances</b>	<b>(\$770,809)</b>	<b>(\$4,864,469)</b>	<b>(4,481,478)</b>	<b>\$382,991</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<b>16,704,432</b>	
<b>FUND BALANCES, END OF YEAR</b>			<b>\$12,222,954</b>	



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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments			\$39,619	\$39,619
Use of money and properties	\$82,000	\$82,000	56,994	(25,006)
Charges for services	300,000	940,000	662,332	(277,668)
Total Revenues	<u>382,000</u>	<u>1,022,000</u>	<u>758,945</u>	<u>(263,055)</u>
EXPENDITURES				
Current:				
General government		50,900	50,900	
Capital outlay	150,000	2,975,021	2,974,669	352
Total Expenditures	<u>150,000</u>	<u>3,025,921</u>	<u>3,025,569</u>	<u>352</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>232,000</u>	<u>(2,003,921)</u>	<u>(2,266,624)</u>	<u>(262,703)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		148,788	148,788	
Transfers Out		(711,221)	(711,221)	
Total Other Financing Sources (Uses)		<u>(562,433)</u>	<u>(562,433)</u>	
Net Change in Fund Balances	<u>\$232,000</u>	<u>(\$2,566,354)</u>	<u>(2,829,057)</u>	<u>(\$262,703)</u>
FUND BALANCES, BEGINNING OF YEAR			<u>9,135,430</u>	
FUND BALANCES, END OF YEAR			<u>\$6,306,373</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and special assessments			\$44,478	\$44,478
Use of money and properties	\$48,000	\$48,000	45,748	(2,252)
Intergovernmental	2,443,942	2,443,942	2,949,961	506,019
Charges for services	1,043,600	1,043,600	1,097,941	54,341
Total Revenues	<u>3,535,542</u>	<u>3,535,542</u>	<u>4,138,128</u>	<u>602,586</u>
<b>EXPENDITURES</b>				
Current:				
General government	16,740	16,740		16,740
Public works and parks	4,367,999	6,239,801	1,580,271	4,659,530
Capital outlay	3,636,891	11,361,414	2,986,597	8,374,817
Total Expenditures	<u>8,021,630</u>	<u>17,617,955</u>	<u>4,566,868</u>	<u>13,051,087</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>(4,486,088)</u>	<u>(14,082,413)</u>	<u>(428,740)</u>	<u>13,653,673</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		246,113	246,113	
Transfers out	(400,000)	(548,788)	(548,788)	
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(302,675)</u>	<u>(302,675)</u>	
Net Change in Fund Balances	<u><u>(\$4,886,088)</u></u>	<u><u>(\$14,385,088)</u></u>	<u>(731,415)</u>	<u><u>\$13,653,673</u></u>
FUND BALANCES, BEGINNING OF YEAR			<u>6,723,696</u>	
FUND BALANCES, END OF YEAR			<u><u>\$5,992,281</u></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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property			\$196,846	\$196,846
Other revenue			2,158,166	2,158,166
Total Revenues			2,355,012	2,355,012
EXPENDITURES				
Capital outlay	\$4,025,000	\$16,622,567	16,622,567	
Total Expenditures	4,025,000	16,622,567	16,622,567	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,025,000)	(16,622,567)	(14,267,555)	2,355,012
OTHER FINANCING SOURCES (USES)				
Transfers in	4,025,000	63,476,607	63,476,607	
Total Other Financing Sources (Uses)	4,025,000	63,476,607	63,476,607	
Net Change in Fund Balances		\$46,854,040	49,209,052	\$2,355,012
FUND BALANCES, BEGINNING OF YEAR				
FUND BALANCES, END OF YEAR			\$49,209,052	

## 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 #10 Community Facilities District Fund** – Established to provide maintenance for stormwater and geotechnical mitigation facilities. A Mello Roos District was formed to fund this maintenance.

**Loch Lomond Marina #2 Community Facilities District Fund** – Established to report tax assessments and maintenance expenditures of the District.

**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.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**Pt. San Pedro Maintenance Portion Special Revenue Fund** – Established to account for ongoing maintenance needs within the Pt. San Pedro assessment district.

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

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

#### **DEBT SERVICE FUNDS**

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

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

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

#### **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, 2018

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond #10 Community Facilities Dist.
<b>ASSETS</b>					
Cash and investments	\$584,533	\$259,852	\$207,797	\$1,588,156	\$663,436
Restricted cash and investments					
Receivables:					
Accounts	179,426		403,207		
Taxes		165			101
Grants				24,093	
Interest					
Loans					
Prepays					
	<u>\$763,959</u>	<u>\$260,017</u>	<u>\$611,004</u>	<u>\$1,612,249</u>	<u>\$663,537</u>
Total Assets					
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$255,922		\$125,273	\$40,434	
Deposits payable					
Developer deposits payable			143,378		
Deferred revenue	231,594				
	<u>487,516</u>		<u>268,651</u>	<u>40,434</u>	
Total Liabilities					
Fund Balances:					
Nonspendable					
Restricted	276,443	\$260,017	342,353	1,571,815	\$663,537
Committed					
Assigned					
	<u>276,443</u>	<u>260,017</u>	<u>342,353</u>	<u>1,571,815</u>	<u>663,537</u>
Total Fund Balances					
Total Liabilities and Fund Balances	<u>\$763,959</u>	<u>\$260,017</u>	<u>\$611,004</u>	<u>\$1,612,249</u>	<u>\$663,537</u>



SPECIAL REVENUE FUNDS

Loch Lomond Marina #2 Community Facilities Dist.	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants
\$204,238	\$2,324,113	\$708,010	\$79,945	\$991,200	\$684,418	\$709,359
1,328			37,169	15,450 5,299	28,069	64,938
<u>\$205,566</u>	<u>\$2,324,113</u>	<u>\$708,010</u>	<u>\$117,114</u>	<u>\$1,011,949</u>	<u>\$712,487</u>	<u>\$774,297</u>
	\$437	\$59,306	\$2,235	\$422,926	\$6,440 23,053 1,500	\$11,436
	<u>437</u>	<u>59,306</u>	<u>2,235</u>	<u>422,926</u>	<u>30,993</u>	<u>11,436</u>
\$205,566	2,323,676	648,704	114,879	589,023	681,494	762,861
<u>205,566</u>	<u>2,323,676</u>	<u>648,704</u>	<u>114,879</u>	<u>589,023</u>	<u>681,494</u>	<u>762,861</u>
<u>\$205,566</u>	<u>\$2,324,113</u>	<u>\$708,010</u>	<u>\$117,114</u>	<u>\$1,011,949</u>	<u>\$712,487</u>	<u>\$774,297</u>

(Continued)

CITY OF SAN RAFAEL  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS				
	Parkland Dedication	Emergency Medical Services	Business Improvement	Pt. San Pedro Maintenance Portion	Low and Moderate Income Housing
<b>ASSETS</b>					
Cash and investments	\$604,678	\$526,868	\$21,247	\$124,598	\$656,069
Restricted cash and investments					
Receivables:					
Accounts		231,765			
Taxes		33,758		497	
Grants		250,000			
Interest					696
Loans					250,169
Prepays		302,366			
Total Assets	\$604,678	\$1,344,757	\$21,247	\$125,095	\$906,934
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$2,237	\$75,325	\$21,247	\$20,357	
Deposits payable					
Developer deposits payable					
Deferred revenue					
Total Liabilities	2,237	75,325	21,247	20,357	
 Fund Balances:					
Nonspendable		302,366			
Restricted	602,441	967,066		104,738	\$906,934
Committed					
Assigned					
Total Fund Balances	602,441	1,269,432		104,738	906,934
Total Liabilities and Fund Balances	\$604,678	\$1,344,757	\$21,247	\$125,095	\$906,934

SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
	Measure A Open Space	Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement	Bedroom Tax
\$241,405	\$2,875	\$16,573	\$148,874	\$2,713,263 625,286	\$86,535	\$223,742 77,770
228,083				3,456		
<u>\$469,488</u>	<u>\$2,875</u>	<u>\$16,573</u>	<u>\$148,874</u>	<u>\$3,342,005</u>	<u>\$86,535</u>	<u>\$301,512</u>
\$65,422				\$1,593,786		
<u>65,422</u>				<u>1,593,786</u>		
404,066	\$2,875	\$16,573	\$148,874	1,748,219	\$86,535	\$301,512
<u>404,066</u>	<u>2,875</u>	<u>16,573</u>	<u>148,874</u>	<u>1,748,219</u>	<u>86,535</u>	<u>301,512</u>
<u>\$469,488</u>	<u>\$2,875</u>	<u>\$16,573</u>	<u>\$148,874</u>	<u>\$3,342,005</u>	<u>\$86,535</u>	<u>\$301,512</u>

(Continued)

CITY OF SAN RAFAEL  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
FOR THE YEAR ENDED JUNE 30, 2018

	CAPITAL PROJECTS FUNDS		Total Non-Major Governmental Funds
	Park Capital Projects	Open Space	
<b>ASSETS</b>			
Cash and investments	\$6,764	\$115,942	\$14,494,490
Restricted cash and investments			703,056
Receivables:			
Accounts			895,086
Taxes			269,231
Grants			339,031
Interest			4,152
Loans			250,169
Prepays			302,366
Total Assets	\$6,764	\$115,942	\$17,257,581
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable			\$2,702,783
Deposits payable			23,053
Developer deposits payable			144,878
Deferred revenue			231,594
Total Liabilities			3,102,308
 Fund Balances:			
Nonspendable			302,366
Restricted			11,981,982
Committed	\$6,764		1,754,983
Assigned		\$115,942	115,942
Total Fund Balances	6,764	115,942	14,155,273
Total Liabilities and Fund Balances	\$6,764	\$115,942	\$17,257,581



CITY OF SAN RAFAEL  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS				Loch Lomond #10 Community Facilities Dist.
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	
REVENUES					
Taxes and special assessments		\$25,368			\$15,606
Use of money and properties	\$29,593	1,810	\$1,265	\$11,006	4,779
Intergovernmental	15,000			341,315	
Charges for services	3,141,976		161,798	3,558,672	
Other revenue	26,530			13,957	
<b>Total Revenues</b>	<b>3,213,099</b>	<b>27,178</b>	<b>163,063</b>	<b>3,924,950</b>	<b>20,385</b>
EXPENDITURES					
Current:					
General government					
Public safety			134,075		
Public works and parks		5,487			17,114
Culture and recreation	4,854,747			3,660,279	
Capital outlay					
<b>Total Expenditures</b>	<b>4,854,747</b>	<b>5,487</b>	<b>134,075</b>	<b>3,660,279</b>	<b>17,114</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,641,648)	21,691	28,988	264,671	3,271
OTHER FINANCING SOURCES (USES)					
Transfers in	1,800,000			50,000	
Transfers out				(113,000)	
<b>Total Other Financing Sources (Uses)</b>	<b>1,800,000</b>			<b>(63,000)</b>	
<b>Net Change in Fund Balances</b>	<b>158,352</b>	<b>21,691</b>	<b>28,988</b>	<b>201,671</b>	<b>3,271</b>
Fund Balance, Beginning	118,091	238,326	313,365	1,370,144	660,266
<b>Fund Balance, Ending</b>	<b>\$276,443</b>	<b>\$260,017</b>	<b>\$342,353</b>	<b>\$1,571,815</b>	<b>\$663,537</b>

SPECIAL REVENUE FUNDS

Loch Lomond Marina #2 Community Facilities Dist.	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants
\$204,380		\$1,017,358				
1,316	\$16,800	2,443	\$279	\$3,813	\$37,728	\$4,478
	6,000		74,900	411,828		657,457
	6,788		2,265	840,496		
	1,677,357		85,926	1,184		
205,696	1,706,945	1,019,801	163,370	1,257,321	37,728	661,935
				9,327	39,520	107,330
130			306,991			522,402
	15,334	1,038,669		791,608		
				556,450		
130	15,334	1,038,669	306,991	1,357,385	39,520	629,732
205,566	1,691,611	(18,868)	(143,621)	(100,064)	(1,792)	32,203
			100,000	500,000		(22,463)
			100,000	500,000		(22,463)
205,566	1,691,611	(18,868)	(43,621)	399,936	(1,792)	9,740
	632,065	667,572	158,500	189,087	683,286	753,121
\$205,566	\$2,323,676	\$648,704	\$114,879	\$589,023	\$681,494	\$762,861

(Continued)

CITY OF SAN RAFAEL  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS				
	Parkland Dedication	Emergency Medical Services	Business Improvement	Pt. San Pedro - Maintenance Portion	Low and Moderate Income Housing
REVENUES					
Taxes and special assessments	\$261	\$4,922,498		\$76,492	
Use of money and properties	\$4,008	17,797		480	\$12,095
Intergovernmental		176,989			
Charges for services		2,808,780			
Other revenue	34,128	524,708			64,074
	<u>38,397</u>	<u>8,450,772</u>		<u>76,972</u>	<u>76,169</u>
Total Revenues					
EXPENDITURES					
Current:					
General government		37,307			79,585
Public safety		7,188,563			
Public works and parks	19,342			123,517	
Culture and recreation					
Capital outlay	52,343				
	<u>71,685</u>	<u>7,225,870</u>		<u>123,517</u>	<u>79,585</u>
Total Expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,288)</u>	<u>1,224,902</u>		<u>(46,545)</u>	<u>(3,416)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	186,541				
Transfers out		(1,700,000)			
	<u>186,541</u>	<u>(1,700,000)</u>			
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	153,253	(475,098)		(46,545)	(3,416)
Fund Balance, Beginning	449,188	1,744,530		151,283	910,350
Fund Balance, Ending	<u>\$602,441</u>	<u>\$1,269,432</u>		<u>\$104,738</u>	<u>\$906,934</u>



SPECIAL REVENUE FUND	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
	Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement	Bedroom Tax	Assessment Districts
Measure A Open Space						
\$458,974 2,425			\$1,077	\$24,949 141,758	\$9,690	\$732
<u>461,399</u>			<u>1,077</u>	<u>166,707</u>	<u>9,690</u>	<u>732</u>
172,073 181,969						
<u>2,183</u>				<u>2,369,831</u>		
<u>356,225</u>				<u>2,369,831</u>		
105,174			1,077	(2,203,124)	9,690	732
<u>(70,343)</u>				<u>487,571</u>		
<u>(70,343)</u>				<u>487,571</u>		
34,831			1,077	(1,715,553)	9,690	732
<u>369,235</u>	<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>\$404,066</u>	<u>\$2,875</u>	<u>\$16,573</u>	<u>\$148,874</u>	<u>\$1,748,219</u>	<u>\$86,535</u>	<u>\$301,512</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, 2018

	<u>CAPITAL PROJECTS FUND</u>		Total Non-Major Governmental Funds
	<u>Park Capital Projects</u>	<u>Open Space</u>	
REVENUES			
Taxes and special assessments			\$6,730,627
Use of money and properties	\$1	\$839	179,713
Intergovernmental			1,825,247
Charges for services			10,520,775
Other revenue	4,036		2,431,900
	<u>4,037</u>	<u>839</u>	<u>21,688,262</u>
Total Revenues			
EXPENDITURES			
Current:			
General government			273,069
Public safety			8,324,234
Public works and parks			1,139,037
Culture and recreation	25,209		9,594,238
Capital outlay			2,980,807
	<u>25,209</u>	<u>839</u>	<u>22,311,385</u>
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,172)</u>	<u>839</u>	<u>(623,123)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			3,124,112
Transfers out			(1,905,806)
	<u>                    </u>	<u>                    </u>	<u>1,218,306</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(21,172)	839	595,183
Fund Balance, Beginning	<u>27,936</u>	<u>115,103</u>	<u>13,560,090</u>
Fund Balance, Ending	<u><u>\$6,764</u></u>	<u><u>\$115,942</u></u>	<u><u>\$14,155,273</u></u>



CITY OF SAN RAFAEL  
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2018

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	\$28,409	\$29,593	\$1,184	1,800	1,810	10
Intergovernmental	10,000	15,000	5,000			
Charges for services	3,098,700	3,141,976	43,276			
Other revenue	2,750	26,530	23,780			
Total Revenues	<u>3,139,859</u>	<u>3,213,099</u>	<u>73,240</u>	<u>27,300</u>	<u>27,178</u>	<u>(122)</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks				5,488	5,487	1
Culture and recreation	4,800,693	4,854,747	(54,054)			
Capital outlay						
Total Expenditures	<u>4,800,693</u>	<u>4,854,747</u>	<u>(54,054)</u>	<u>5,488</u>	<u>5,487</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,660,834)</u>	<u>(1,641,648)</u>	<u>19,186</u>	<u>21,812</u>	<u>21,691</u>	<u>(121)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,800,000	1,800,000				
Transfers out						
Total Other Financing Sources (Uses)	<u>1,800,000</u>	<u>1,800,000</u>				
FUND BALANCES, BEGINNING OF YEAR AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>\$139,166</u>	158,352	<u>\$19,186</u>	<u>\$21,812</u>	21,691	<u>(\$121)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>118,091</u>			<u>238,326</u>	
FUND BALANCES, END OF YEAR		<u>\$276,443</u>			<u>\$260,017</u>	

SPECIAL REVENUE FUNDS

Household Hazmat Facility			Childcare			Loch Lomond #10 Community Facilities District		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
						\$15,610	\$15,606	(\$4)
\$1,600	\$1,265	(\$335)	\$6,000	\$11,006	\$5,006	6,000	4,779	(1,221)
			305,782	341,315	35,533			
156,515	161,798	5,283	3,775,000	3,558,672	(216,328)			
				13,957	13,957			
158,115	163,063	4,948	4,086,782	3,924,950	(161,832)	21,610	20,385	(1,225)
151,615	134,075	17,540						
			4,089,615	3,660,279	429,336	150,054	17,114	132,940
151,615	134,075	17,540	4,089,615	3,660,279	429,336	150,054	17,114	132,940
6,500	28,988	22,488	(2,833)	264,671	267,504	(128,444)	3,271	131,715
			50,000	50,000				
			(113,000)	(113,000)				
			(63,000)	(63,000)				
<u>\$6,500</u>	28,988	<u>\$22,488</u>	<u>(\$65,833)</u>	201,671	<u>\$267,504</u>	<u>(\$128,444)</u>	3,271	<u>\$131,715</u>
	<u>313,365</u>			<u>1,370,144</u>			<u>660,266</u>	
	<u>\$342,353</u>			<u>\$1,571,815</u>			<u>\$663,537</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, 2018

	SPECIAL REVENUE FUNDS					
	Loch Lomond Marina #2 Community Facilities District			Library		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments		\$204,380	\$204,380			
Use of money and properties		1,316	1,316	\$15,320	\$16,800	\$1,480
Intergovernmental				6,000	6,000	
Charges for services				7,000	6,788	(212)
Other revenue				1,675,726	1,677,357	1,631
Total Revenues		<u>205,696</u>	<u>205,696</u>	<u>1,704,046</u>	<u>1,706,945</u>	<u>2,899</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks	\$130	130				
Culture and recreation				25,000	15,334	9,666
Capital outlay						
Total Expenditures	<u>130</u>	<u>130</u>		<u>25,000</u>	<u>15,334</u>	<u>9,666</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(130)</u>	<u>205,566</u>	<u>205,696</u>	<u>1,679,046</u>	<u>1,691,611</u>	<u>12,565</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>(\$130)</u></u>	<u>205,566</u>	<u>\$205,696</u>	<u>\$1,679,046</u>	1,691,611	<u>\$12,565</u>
FUND BALANCES, BEGINNING OF YEAR					<u>632,065</u>	
FUND BALANCES, END OF YEAR		<u>\$205,566</u>			<u>\$2,323,676</u>	

SPECIAL REVENUE FUNDS

Library Assessment			Public Safety			Stormwater		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$1,054,595	\$1,017,358	(\$37,237)						
5,600	2,443	(3,157)	\$400	\$279	(\$121)	\$1,000	\$3,813	\$2,813
			70,000	74,900	4,900		411,828	411,828
			1,500	2,265	765	772,800	840,496	67,696
			75,000	85,926	10,926	5,000	1,184	(3,816)
<u>1,060,195</u>	<u>1,019,801</u>	<u>(40,394)</u>	<u>146,900</u>	<u>163,370</u>	<u>16,470</u>	<u>778,800</u>	<u>1,257,321</u>	<u>478,521</u>
						4,731	9,327	(4,596)
			312,745	306,991	5,754	892,716	791,608	101,108
1,207,221	1,038,669	168,552				616,635	556,450	60,185
<u>1,207,221</u>	<u>1,038,669</u>	<u>168,552</u>	<u>312,745</u>	<u>306,991</u>	<u>5,754</u>	<u>1,514,082</u>	<u>1,357,385</u>	<u>156,697</u>
<u>(147,026)</u>	<u>(18,868)</u>	<u>128,158</u>	<u>(165,845)</u>	<u>(143,621)</u>	<u>22,224</u>	<u>(735,282)</u>	<u>(100,064)</u>	<u>635,218</u>
			100,000	100,000		500,000	500,000	
			100,000	100,000		500,000	500,000	
<u>(\$147,026)</u>	<u>(18,868)</u>	<u>\$128,158</u>	<u>(\$65,845)</u>	<u>(43,621)</u>	<u>\$22,224</u>	<u>(\$235,282)</u>	399,936	<u>\$635,218</u>
	<u>667,572</u>			<u>158,500</u>			<u>189,087</u>	
	<u>\$648,704</u>			<u>\$114,879</u>			<u>\$589,023</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, 2018

	SPECIAL REVENUE FUNDS					
	Development Services			Grants		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments						
Use of money and properties	\$38,000	\$37,728	(\$272)	\$2,000	\$4,478	\$2,478
Intergovernmental				770,530	657,457	(113,073)
Charges for services						
Other revenue						
Total Revenues	<u>38,000</u>	<u>37,728</u>	<u>(272)</u>	<u>772,530</u>	<u>661,935</u>	<u>(110,595)</u>
EXPENDITURES						
Current:						
General government	117,000	39,520	77,480	282,770	107,330	175,440
Public safety				522,421	522,402	19
Public works and parks						
Culture and recreation						
Capital outlay						
Total Expenditures	<u>117,000</u>	<u>39,520</u>	<u>77,480</u>	<u>805,191</u>	<u>629,732</u>	<u>175,459</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(79,000)</u>	<u>(1,792)</u>	<u>77,208</u>	<u>(32,661)</u>	<u>32,203</u>	<u>64,864</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out				(22,463)	(22,463)	
Total Other Financing Sources (Uses)				<u>(22,463)</u>	<u>(22,463)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u><u>(\$79,000)</u></u>	<u><u>(1,792)</u></u>	<u><u>\$77,208</u></u>	<u><u>(\$55,124)</u></u>	<u><u>9,740</u></u>	<u><u>\$64,864</u></u>
FUND BALANCES, BEGINNING OF YEAR		<u>683,286</u>			<u>753,121</u>	
FUND BALANCES, END OF YEAR		<u><u>\$681,494</u></u>			<u><u>\$762,861</u></u>	



SPECIAL REVENUE FUNDS

Parkland Dedication			Emergency Medical Services			Business Improvement		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
	\$261	\$261	\$4,860,398	\$4,922,498	\$62,100			
\$6,000	4,008	(1,992)	9,000	17,797	8,797			
			130,000	176,989	46,989			
			2,550,000	2,808,780	258,780			
30,000	34,128	4,128	265,738	524,708	258,970			
36,000	38,397	2,397	7,815,136	8,450,772	635,636			
				37,307	(37,307)			
			7,895,597	7,188,563	707,034			
237,301	19,342	217,959						
698,374	52,343	646,031						
935,675	71,685	863,990	7,895,597	7,225,870	669,727			
(899,675)	(33,288)	866,387	(80,461)	1,224,902	1,305,363			
186,541	186,541		(1,700,000)	(1,700,000)				
186,541	186,541		(1,700,000)	(1,700,000)				
<u>(\$713,134)</u>	153,253	<u>\$866,387</u>	<u>(\$1,780,461)</u>	(475,098)	<u>\$1,305,363</u>			
	<u>449,188</u>			<u>1,744,530</u>				
	<u>\$602,441</u>			<u>\$1,269,432</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, 2018

SPECIAL REVENUE FUNDS

	Pt. San Pedro-Maintenance Portion			Low and Moderate Income Housing		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$73,078	\$76,492	\$3,414			
Use of money and properties	1,440	480	(960)	\$2,200	\$12,095	\$9,895
Intergovernmental						
Charges for services						
Other revenue				70,000	64,074	(5,926)
Total Revenues	<u>74,518</u>	<u>76,972</u>	<u>2,454</u>	<u>72,200</u>	<u>76,169</u>	<u>3,969</u>
EXPENDITURES						
Current:						
General government				210,000	79,585	130,415
Public safety						
Public works and parks	123,520	123,517	3			
Culture and recreation						
Capital outlay						
Total Expenditures	<u>123,520</u>	<u>123,517</u>	<u>3</u>	<u>210,000</u>	<u>79,585</u>	<u>130,415</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(49,002)</u>	<u>(46,545)</u>	<u>2,457</u>	<u>(137,800)</u>	<u>(3,416)</u>	<u>134,384</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>(\$49,002)</u></u>	<u><u>(46,545)</u></u>	<u><u>\$2,457</u></u>	<u><u>(\$137,800)</u></u>	<u><u>(3,416)</u></u>	<u><u>\$134,384</u></u>
FUND BALANCES, BEGINNING OF YEAR		<u>151,283</u>			<u>910,350</u>	
FUND BALANCES, END OF YEAR		<u><u>\$104,738</u></u>			<u><u>\$906,934</u></u>	

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS					
Measure A Open Space			Mariposa Assessment District			1997 Financing Authority Revenue Bonds		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$466,267	\$458,974	(\$7,293)						
1,600	2,425	825					\$1,077	\$1,077
<u>467,867</u>	<u>461,399</u>	<u>(6,468)</u>					<u>1,077</u>	<u>1,077</u>
167,999	172,073	(4,074)						
155,000	181,969	(26,969)						
485,000		485,000						
	2,183	(2,183)						
<u>807,999</u>	<u>356,225</u>	<u>451,774</u>						
<u>(340,132)</u>	<u>105,174</u>	<u>445,306</u>					<u>1,077</u>	<u>1,077</u>
<u>(70,343)</u>	<u>(70,343)</u>							
<u>(70,343)</u>	<u>(70,343)</u>							
<u>(\$410,475)</u>	34,831	<u>\$445,306</u>					1,077	<u>\$1,077</u>
	<u>369,235</u>			<u>\$16,573</u>			<u>147,797</u>	
	<u>\$404,066</u>			<u>\$16,573</u>			<u>\$148,874</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, 2018

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$282,397	\$852,536	\$2,914,096	\$650,183	\$3,581,238
Accounts receivable		18,969			
Capital assets:					
Nondepreciable assets	3,153,481				
Depreciable assets, net	<u>3,178,275</u>	<u>6,908,054</u>	<u>531,108</u>		
Total Assets	<u>6,614,153</u>	<u>7,779,559</u>	<u>3,445,204</u>	<u>650,183</u>	<u>3,581,238</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	268,166	39,302	403,222	48,814	7,250
Claims payable - due in one year					1,484,580
Non-current Liabilities:					
Claims payable - due in more than one year					<u>2,073,327</u>
Total Liabilities	<u>268,166</u>	<u>39,302</u>	<u>403,222</u>	<u>48,814</u>	<u>3,565,157</u>
<b>NET POSITION:</b>					
Net investment in capital assets	6,331,756	6,908,054	531,108		
Unrestricted	<u>14,231</u>	<u>832,203</u>	<u>2,510,874</u>	<u>601,369</u>	<u>16,081</u>
Total Net Position	<u>\$6,345,987</u>	<u>\$7,740,257</u>	<u>\$3,041,982</u>	<u>\$601,369</u>	<u>\$16,081</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>
\$6,005,067	\$146,564	\$1,944,579	\$490,880	\$130,204	\$214,853	\$225,571	\$17,438,168 18,969
							3,153,481 10,617,437
<u>6,005,067</u>	<u>146,564</u>	<u>1,944,579</u>	<u>490,880</u>	<u>130,204</u>	<u>214,853</u>	<u>225,571</u>	<u>31,228,055</u>
285 1,212,156	3,684		927		21,480	225,571	1,018,701 2,696,736
<u>4,773,612</u>							<u>6,846,939</u>
<u>5,986,053</u>	<u>3,684</u>		<u>927</u>		<u>21,480</u>	<u>225,571</u>	<u>10,562,376</u>
<u>19,014</u>	<u>142,880</u>	<u>1,944,579</u>	<u>489,953</u>	<u>130,204</u>	<u>193,373</u>		13,770,918 <u>6,894,761</u>
<u>\$19,014</u>	<u>\$142,880</u>	<u>\$1,944,579</u>	<u>\$489,953</u>	<u>\$130,204</u>	<u>\$193,373</u>		<u>\$20,665,679</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, 2018

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>
<b>OPERATING REVENUES</b>					
Charges for current services	\$550,000	\$1,100,000	\$3,117,493	\$600,000	\$1,989,880
Other operating revenues				4,096	87,974
Total Operating Revenues	<u>550,000</u>	<u>1,100,000</u>	<u>3,117,493</u>	<u>604,096</u>	<u>2,077,854</u>
<b>OPERATING EXPENSES</b>					
Personnel			505,518	594,043	
Insurance premiums and claims					2,205,496
Maintenance and repairs	(182,825)	36,154			
General and administrative			2,764,253	235,957	263,515
Depreciation expense	100,453	996,634	106,224		
Total Operating Expenses	<u>(82,372)</u>	<u>1,032,788</u>	<u>3,375,995</u>	<u>830,000</u>	<u>2,469,011</u>
Operating Income (Loss)	<u>632,372</u>	<u>67,212</u>	<u>(258,502)</u>	<u>(225,904)</u>	<u>(391,157)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	1,739	10,109	13,280	17,058	21,018
Miscellaneous Income		44,124			
Loss on sale of capital assets		(23,226)			
Total Nonoperating Revenues (Expenses)	<u>1,739</u>	<u>31,007</u>	<u>13,280</u>	<u>17,058</u>	<u>21,018</u>
Net income (loss) before transfers	<u>634,111</u>	<u>98,219</u>	<u>(245,222)</u>	<u>(208,846)</u>	<u>(370,139)</u>
TRANSFERS IN	1,213,525	51,826			
TRANSFERS OUT	(135,923)				
Change in Net Position	1,711,713	150,045	(245,222)	(208,846)	(370,139)
NET POSITION, BEGINNING OF YEAR	<u>4,634,274</u>	<u>7,590,212</u>	<u>3,287,204</u>	<u>810,215</u>	<u>386,220</u>
NET POSITION, END OF YEAR	<u>\$6,345,987</u>	<u>\$7,740,257</u>	<u>\$3,041,982</u>	<u>\$601,369</u>	<u>\$16,081</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>
\$856,751	\$371,805 5,286	\$134,189	\$2,714,248 862,572	\$448,660	\$386,756 5,105	\$2,570,902	\$14,840,684 965,033
<u>856,751</u>	<u>377,091</u>	<u>134,189</u>	<u>3,576,820</u>	<u>448,660</u>	<u>391,861</u>	<u>2,570,902</u>	<u>15,805,717</u>
1,161,254	385,209		3,781,501			2,570,902	3,670,463 7,533,460 (146,671)
225,613		3,977		678,546	567,521		4,739,382 1,203,311
<u>1,386,867</u>	<u>385,209</u>	<u>3,977</u>	<u>3,781,501</u>	<u>678,546</u>	<u>567,521</u>	<u>2,570,902</u>	<u>16,999,945</u>
<u>(530,116)</u>	<u>(8,118)</u>	<u>130,212</u>	<u>(204,681)</u>	<u>(229,886)</u>	<u>(175,660)</u>		<u>(1,194,228)</u>
51,472	1,695	7,974	(1)	1,201	3,199		128,744 44,124 (23,226)
<u>51,472</u>	<u>1,695</u>	<u>7,974</u>	<u>(1)</u>	<u>1,201</u>	<u>3,199</u>		<u>149,642</u>
<u>(478,644)</u>	<u>(6,423)</u>	<u>138,186</u>	<u>(204,682)</u>	<u>(228,685)</u>	<u>(172,461)</u>		<u>(1,044,586)</u>
		(475,513)					1,265,351 (611,436)
(478,644)	(6,423)	(337,327)	(204,682)	(228,685)	(172,461)		(390,671)
<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>
<u>\$19,014</u>	<u>\$142,880</u>	<u>\$1,944,579</u>	<u>\$489,953</u>	<u>\$130,204</u>	<u>\$193,373</u>		<u>\$20,665,679</u>

CITY OF SAN RAFAEL  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018

	Building Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Liability Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers/other funds	\$550,000	\$2,161,589	\$3,117,493	\$600,000	\$1,989,880
Cash payments to suppliers for goods and services	321,568	(36,154)	(2,557,037)	(187,644)	(1,485,383)
Cash payments to employees for salaries and benefits			(505,518)	(594,043)	
Other operating revenues				4,096	87,974
	<u>871,568</u>	<u>2,125,435</u>	<u>54,938</u>	<u>(177,591)</u>	<u>592,471</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interfund receipts	1,213,525	51,826			
Interfund payments	(135,923)				
	<u>1,077,602</u>	<u>51,826</u>			
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(3,286,370)	(3,052,284)			
Proceeds from sale of property		44,124			
	<u>(3,286,370)</u>	<u>(3,008,160)</u>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	1,739	10,109	13,280	17,058	21,018
	<u>1,739</u>	<u>10,109</u>	<u>13,280</u>	<u>17,058</u>	<u>21,018</u>
Net increase (decrease) in cash and cash equivalents	(1,335,461)	(820,790)	68,218	(160,533)	613,489
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,617,858	1,673,326	2,845,878	810,716	2,967,749
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$282,397</u>	<u>\$852,536</u>	<u>\$2,914,096</u>	<u>\$650,183</u>	<u>\$3,581,238</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$632,372	\$67,212	(\$258,502)	(\$225,904)	(\$391,157)
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	100,453	996,634	106,224		
Net change in assets and liabilities:					
Accounts receivable		(18,969)			
Loans receivable		1,080,558			
Accounts payable	138,743		207,216	48,313	7,250
Claims payable					976,378
	<u>\$871,568</u>	<u>\$2,125,435</u>	<u>\$54,938</u>	<u>(\$177,591)</u>	<u>\$592,471</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$871,568</u>	<u>\$2,125,435</u>	<u>\$54,938</u>	<u>(\$177,591)</u>	<u>\$592,471</u>

Workers' Compensation	Dental Insurance	Employee Retirement	OPEB/ Employee Retirement	Radio Replacement	Telephone Replacement	Sewer Maintenance	Total
\$856,751 (1,566,927)	\$371,805 (385,149)	\$134,189 (3,977)	\$2,714,248 (3,797,061)	\$448,660 (678,546)	\$386,756 (578,463)	\$2,570,902 (2,373,544)	\$15,902,273 (13,328,317) (1,099,561) 965,033
	5,286		862,572		5,105		
(710,176)	(8,058)	130,212	(220,241)	(229,886)	(186,602)	197,358	2,439,428
		(475,513)					1,265,351 (611,436)
		(475,513)					653,915
							(6,338,654) 44,124
							(6,294,530)
51,472	1,695	7,974	(1)	1,201	3,199		128,744
51,472	1,695	7,974	(1)	1,201	3,199		128,744
(658,704)	(6,363)	(337,327)	(220,242)	(228,685)	(183,403)	197,358	(3,072,443)
6,663,771	152,927	2,281,906	711,122	358,889	398,256	28,213	20,510,611
<u>\$6,005,067</u>	<u>\$146,564</u>	<u>\$1,944,579</u>	<u>\$490,880</u>	<u>\$130,204</u>	<u>\$214,853</u>	<u>\$225,571</u>	<u>\$17,438,168</u>
(\$530,116)	(\$8,118)	\$130,212	(\$204,681)	(\$229,886)	(\$175,660)		(\$1,194,228)
							1,203,311
							(18,969)
							1,080,558
(19)	60		(15,560)		(10,942)	\$197,358	572,419
(180,041)							796,337
<u>(710,176)</u>	<u>(8,058)</u>	<u>\$130,212</u>	<u>(220,241)</u>	<u>(229,886)</u>	<u>(186,602)</u>	<u>\$197,358</u>	<u>\$2,439,428</u>



<b>AGENCY FUND</b>
--------------------

Agency Funds account for 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, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<hr style="border: 0.5px solid black;"/>				
Pt. San Pedro Road Assessment District				
<hr style="border: 0.5px solid black;"/>				
<u>Assets</u>				
Restricted cash and investments	\$289,768	\$202,336	\$205,708	\$286,396
Taxes receivable	951	983	951	983
Total Assets	\$290,719	\$203,319	\$206,659	\$287,379
 <u>Liabilities</u>				
Interest payable	\$26,614	\$25,475	\$26,615	\$25,474
Due to bondholders	264,105	177,844	180,044	261,905
Total Liabilities	\$290,719	\$203,319	\$206,659	\$287,379



*Corner of Fourth and B Street*

# **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

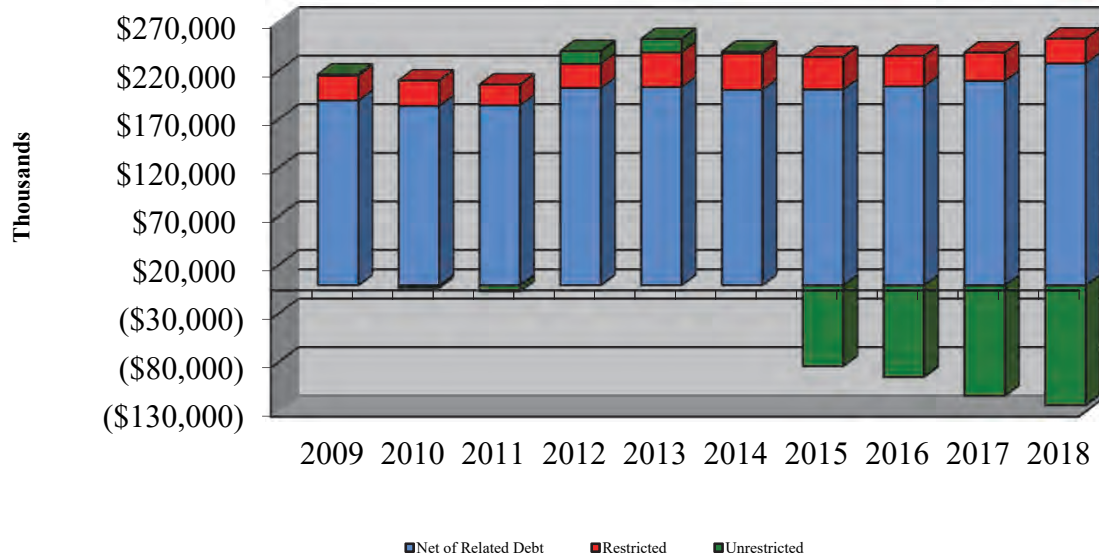
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><i>Governmental activities</i></b>				
Net investment in capital assets	\$178,744,119	\$173,536,144	\$174,281,922	\$192,361,245
Restricted	25,721,231	26,150,254	21,322,937	24,693,205
Unrestricted	(700,985)	(4,631,276)	(8,170,324)	10,652,263
Total governmental activities net position	<u>\$203,764,365</u>	<u>\$195,055,122</u>	<u>\$187,434,535</u>	<u>\$227,706,713</u>
<b><i>Business-type activities</i></b>				
Net investment in capital assets	\$11,243,637	\$10,950,825	\$10,793,592	\$10,650,558
Unrestricted	1,936,958	2,017,354	1,948,447	2,495,889
Total business-type activities net position	<u>\$13,180,595</u>	<u>\$12,968,179</u>	<u>\$12,742,039</u>	<u>\$13,146,447</u>
<b><i>Primary government</i></b>				
Net investments in capital assets	\$189,987,756	\$184,486,969	\$185,075,514	\$203,011,803
Restricted	25,721,231	26,150,254	21,322,937	24,693,205
Unrestricted	1,235,973	(2,613,922)	(6,221,877)	13,148,152
Total primary government net position	<u>\$216,944,960</u>	<u>\$208,023,301</u>	<u>\$200,176,574</u>	<u>\$240,853,160</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.

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$193,222,791	\$190,286,275	\$190,621,085	\$193,707,175	\$199,202,842	\$217,170,376
35,780,412	37,339,141	33,389,224	31,286,725	29,225,643	25,549,583
11,151,318	(196,824)	(82,336,534)	(93,273,480)	(112,913,181)	(122,577,233)
<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>	<u>\$120,142,726</u>
\$10,670,190	\$10,786,591	\$10,744,952	\$10,958,058	\$10,968,642	\$10,951,518
2,501,498	2,049,957	(938,519)	(1,136,050)	(871,620)	(886,848)
<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>	<u>\$10,064,670</u>
\$203,892,981	\$201,072,866	\$201,366,037	\$204,665,233	\$210,171,484	\$228,121,894
35,780,412	37,339,141	33,389,224	31,286,725	29,225,643	25,549,583
13,652,816	1,853,133	(83,275,053)	(94,409,530)	(113,784,801)	(123,464,081)
<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>	<u>\$130,207,396</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenses</b>				
Governmental Activities:				
General government	\$8,075,344	\$8,396,759	\$8,269,846	\$10,171,332
Public safety	42,708,538	42,752,033	44,735,486	39,876,910
Public works and parks	23,036,676	17,401,923	17,408,038	17,423,033
Community development	5,759,171	6,738,873	7,804,650	4,587,557
Culture and recreation	11,505,896	11,139,225	11,487,999	11,020,663
Interest on long-term debt and fiscal charges	1,907,229	2,200,024	1,621,605	1,224,991
Total Governmental Activities Expenses	<u>92,992,854</u>	<u>88,628,837</u>	<u>91,327,624</u>	<u>84,304,486</u>
Business-Type Activities:				
Parking services	3,563,235	4,016,198	3,785,751	3,446,482
Total Business-Type Activities Expenses	<u>3,563,235</u>	<u>4,016,198</u>	<u>3,785,751</u>	<u>3,446,482</u>
Total Primary Government Expenses	<u>\$96,556,089</u>	<u>\$92,645,035</u>	<u>\$95,113,375</u>	<u>\$87,750,968</u>
Component Unit:				
San Rafael Sanitation District	<u>\$9,143,977</u>	<u>\$9,087,354</u>	<u>\$9,677,630</u>	<u>\$10,185,779</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for services:				
General government	\$1,738,685	\$1,665,460	\$1,636,542	\$1,986,791
Public safety	5,906,445	6,308,912	6,167,925	7,122,396
Public works and parks	4,753,817	3,916,874	4,141,103	5,214,267
Community development	2,915,872	2,830,179	2,676,663	3,255,367
Culture and recreation	5,253,683	5,280,458	5,362,497	5,873,147
Operating grants and contributions	3,544,248	3,721,055	3,651,902	3,158,281
Capital grants and contributions	7,311,173	2,116,906	1,857,670	2,705,696
Total Government Activities Program Revenues	<u>31,423,923</u>	<u>25,839,844</u>	<u>25,494,302</u>	<u>29,315,945</u>
Business-Type Activities:				
Charges for services:				
Parking services	4,454,490	4,244,404	4,011,333	3,901,175
Total Business-Type Activities Program Revenues	<u>4,454,490</u>	<u>4,244,404</u>	<u>4,011,333</u>	<u>3,901,175</u>
Total Primary Government Program Revenues	<u>\$35,878,413</u>	<u>\$30,084,248</u>	<u>\$29,505,635</u>	<u>\$33,217,120</u>
Component Unit:				
San Rafael Sanitation District				
Charges for service	\$10,567,647	\$11,559,549	\$12,223,779	\$12,368,889
Operating grants and contributions				
Capital grants and contributions				
Total Component Unit Program Revenues	<u>\$10,567,647</u>	<u>\$11,559,549</u>	<u>\$12,223,779</u>	<u>\$12,368,889</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(\$61,568,931)	(\$62,788,993)	(\$65,833,322)	(\$54,988,541)
Business-Type Activities	891,255	228,206	225,582	454,693
Total Primary Government Net Expense	<u>(\$60,677,676)</u>	<u>(\$62,560,787)</u>	<u>(\$65,607,740)</u>	<u>(\$54,533,848)</u>
Component Unit Activities	<u>\$1,423,670</u>	<u>\$2,472,195</u>	<u>\$2,546,149</u>	<u>\$2,183,110</u>

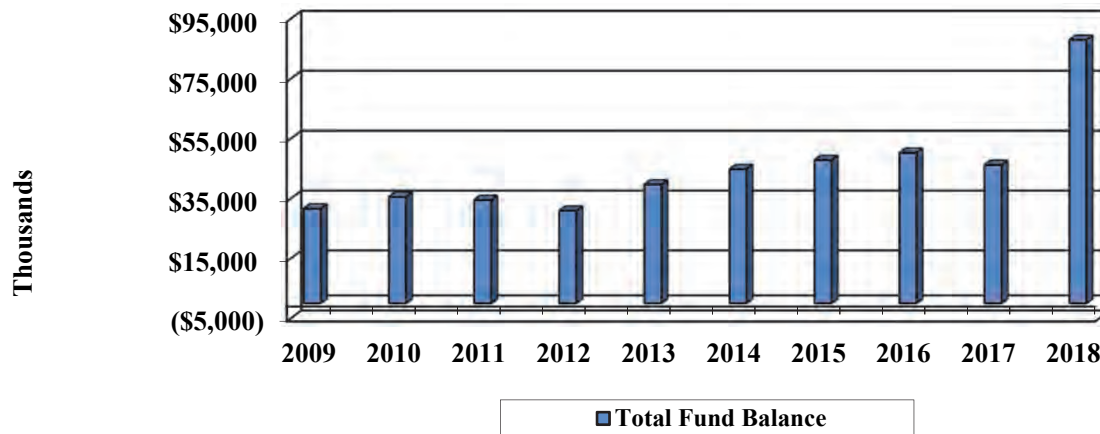
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$10,202,530	\$9,085,672	\$9,099,858	\$12,952,983	\$10,996,269	\$9,835,941
41,966,065	43,800,158	39,968,631	55,399,798	44,366,734	53,231,197
17,695,164	22,125,336	16,893,164	22,929,289	19,845,719	22,084,433
3,403,158	3,451,244	3,128,373	4,307,269	4,242,743	4,040,195
11,330,058	11,846,818	11,198,151	15,026,680	14,131,000	13,285,563
283,805	327,350	284,288	277,263	271,263	884,336
<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>103,361,665</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>4,627,716</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>4,627,716</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>\$107,989,381</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>	<u>\$12,235,868</u>
\$2,655,749	\$2,838,940	\$1,379,523	\$526,495	\$421,393	\$517,542
6,478,321	6,014,034	4,966,251	4,939,658	4,264,939	5,628,478
7,837,472	6,101,460	3,078,267	5,157,289	1,804,698	2,362,375
3,984,204	3,279,251	3,796,684	4,004,178	3,850,107	3,814,892
6,075,129	6,417,003	6,537,646	6,683,059	6,941,013	6,819,303
4,085,073	4,698,142	4,185,450	4,678,338	3,965,351	5,142,670
5,876,993	762,719	1,308,027	1,470,953	1,702,993	974,603
<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>25,259,863</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>5,203,585</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>5,203,585</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>	<u>\$30,463,448</u>
\$12,413,123	\$13,732,496	\$14,629,758	\$15,414,530	\$16,014,016	\$16,829,908
				36,945	58,440
				79,245	105,734
<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>	<u>\$16,994,082</u>
(\$47,887,839)	(\$60,525,029)	(\$55,320,617)	(\$83,433,312)	(\$70,903,234)	(\$78,101,802)
445,319	359,918	923,960	449,330	1,080,839	575,869
<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>(\$77,525,933)</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>	<u>\$4,758,214</u>

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

	<b>Fiscal Year Ended June 30,</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property	\$21,978,859	\$21,684,131	\$21,632,733	\$20,107,637
Sales	21,970,262	19,055,124	21,623,445	22,355,749
Special assessments				
Paramedic	3,210,317	3,489,494	3,661,064	3,807,545
Motor vehicles	197,989	171,518	297,425	
Transient occupancy	1,678,912	1,558,243	1,644,262	1,866,575
Franchise	2,941,149	2,868,332	2,990,539	3,076,094
Business license	2,405,934	2,317,664	2,296,460	2,332,146
Other	1,561,835	1,411,583	1,930,531	3,574,918
Investment earnings	717,968	302,180	176,502	205,413
Gain (Loss) on disposal of assets		221,791		
Miscellaneous	461,224	541,390	1,496,174	542,816
Special item - Court fines repayment				
Transfers	361,190	458,300	463,600	57,960
<b>Total Government Activities</b>	<b>57,485,639</b>	<b>54,079,750</b>	<b>58,212,735</b>	<b>57,926,853</b>
Business-Type Activities:				
Investment earnings	49,084	17,678	11,878	7,675
Aid from other government agencies				
Transfers	(361,190)	(458,300)	(463,600)	(57,960)
<b>Total Business-Type Activities</b>	<b>(312,106)</b>	<b>(440,622)</b>	<b>(451,722)</b>	<b>(50,285)</b>
<b>Total Primary Government</b>	<b>\$57,173,533</b>	<b>\$53,639,128</b>	<b>\$57,761,013</b>	<b>\$57,876,568</b>
Component Unit:				
San Rafael Sanitation District				
Property Taxes	\$855,511	\$823,187	\$1,214,519	\$1,192,566
Investment earnings	206,752	93,274	59,265	38,191
Miscellaneous	3,540		0	0
Aid from other governmental agencies	381,144	415,391	6,499	9,613
<b>Total Component Unit</b>	<b>\$1,446,947</b>	<b>\$1,331,852</b>	<b>\$1,280,283</b>	<b>\$1,240,370</b>
<b>Special Item</b>				
Governmental Activities				
Component Unit Activities				
<b>Change in Net Position</b>				
Governmental Activities	(\$4,083,292)	(\$8,709,243)	(\$7,620,587)	\$2,938,312
Business-Type Activities	579,149	(212,416)	(226,140)	404,408
<b>Total Primary Government</b>	<b>(\$3,504,143)</b>	<b>(\$8,921,659)</b>	<b>(\$7,846,727)</b>	<b>\$3,342,720</b>
<b>Change in Net Position</b>				
Component Unit Activities	\$2,870,617	\$3,804,047	\$3,826,432	\$3,423,480

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$17,317,772	\$18,439,619	\$19,039,443	\$19,998,567	\$23,343,140	\$24,627,373
24,262,282	27,758,971	32,269,915	34,348,089	31,819,259	34,119,502
3,804,985	3,816,070	3,820,240	4,226,020	5,485,637	4,923,148
2,185,287	2,332,277	2,661,878	3,063,263	2,984,758	3,115,151
3,331,160	3,260,958	3,272,390	3,418,277	3,610,824	3,726,841
2,507,785	2,588,728	2,670,071	2,824,664	2,774,803	2,790,212
2,929,915	3,452,171	3,295,751	3,465,193	1,824,830	2,245,882
991,762	184,171	216,066	300,091	210,628	556,745
2,580,882	1,140,743	2,254,901	1,387,315	2,448,604	5,991,713
423,817	449,917	432,630	448,478	536,000	632,657
<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>	<u>82,729,224</u>
3,739	4,375	7,008	14,723	10,810	24,436
(423,817)	(449,917)	(432,630)	(448,478)	(536,000)	(632,657)
<u>(420,078)</u>	<u>(445,542)</u>	<u>(425,622)</u>	<u>(433,755)</u>	<u>(525,190)</u>	<u>(608,221)</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>	<u>\$82,121,003</u>
\$1,177,469	\$1,345,018	\$1,319,852	\$1,367,172	\$1,528,047	\$1,620,584
25,591	151,729	171,804	46,225	97,090	234,379
0	0	0			10,690
56,589	22,125	35,090			
<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>\$1,865,653</u>
		\$4,462,815			
		(\$4,462,815)			
\$12,447,808	\$2,898,596	\$19,075,483	(\$9,953,355)	\$4,135,249	\$4,627,422
25,241	(85,624)	498,338	15,575	555,649	(32,352)
<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>\$4,595,070</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>	<u>\$6,623,867</u>

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



	2009	2010	2011	2012
General Fund				
Pre-GASB 54 Presentation:				
Reserved	\$2,225,775	\$1,763,622		
Unreserved	1,670,455	5,038,173		
GASB 54 Presentation:				
Nonspendable			\$589,833	\$527,509
Restricted			200,238	76,188
Committed			555,561	651,121
Assigned			5,439,879	1,516,644
Unassigned				
<b>Total General Fund</b>	<b>\$3,896,230</b>	<b>\$6,801,795</b>	<b>\$6,785,511</b>	<b>\$2,771,462</b>
All Other Governmental Funds				
Pre-GASB 54 Presentation:				
Reserved	\$16,680,568	\$15,352,723		
Unreserved, reported in:				
Special Revenue Funds	8,641,239	8,778,027		
Capital Project Funds	(1,030,293)	4,527,627		
Debt Service Funds	3,360,540			
Expendable Trust Fund				
GASB 54 Presentation:				
Nonspendable			\$377,180	\$788,031
Restricted			19,289,367	16,856,959
Committed			3,864,322	5,135,257
Assigned			4,124,029	5,283,559
<b>Total all other governmental funds</b>	<b>\$27,652,054</b>	<b>\$28,658,377</b>	<b>\$27,654,898</b>	<b>\$28,063,806</b>

(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.



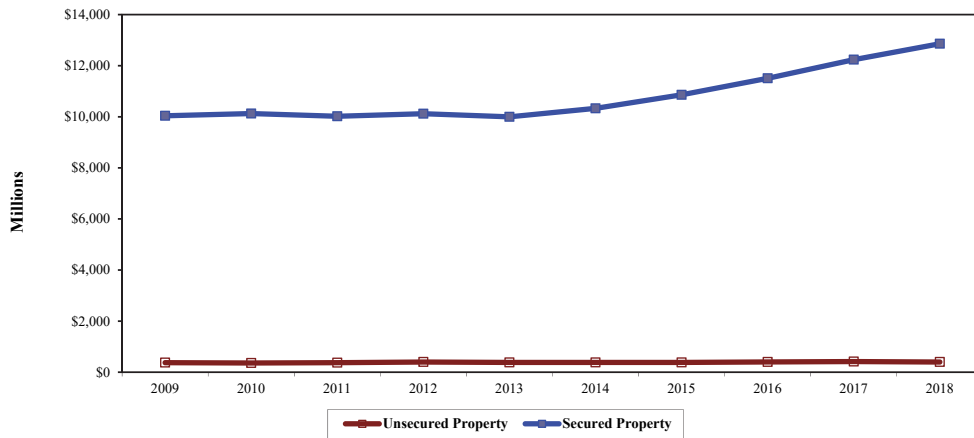
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	(a)
\$527,235	\$503,338	\$399,299	\$476,316	\$508,446	\$1,008,234	
800,876						
2,476,676	6,866,149	12,374,002	16,440,910	14,900,945	11,214,720	
		1,588,500	1,772,577	1,295,041		
<u>\$3,804,787</u>	<u>\$7,369,487</u>	<u>\$14,361,801</u>	<u>\$18,689,803</u>	<u>\$16,704,432</u>	<u>\$12,222,954</u>	
\$51,521	\$8,719	\$2,359	\$9,449		\$302,366	
20,769,546	30,185,064	31,742,184	27,552,245	\$25,812,405	73,489,688	
8,447,495	2,185,825	931,871	3,799,421	3,491,708	1,754,983	
6,511,850	4,959,533	712,810	119,183	115,103	115,942	
<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>	<u>\$75,662,979</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,			
	2009	2010	2011	2012
<b>Revenues</b>				
Taxes and special assessments	\$51,019,143	\$47,678,541	\$51,448,130	\$51,395,116
Licenses and permits	1,472,913	1,518,819	1,416,772	1,648,890
Fines and forfeitures	660,338	787,411	862,820	801,758
Use of money and properties	847,120	433,874	380,720	315,561
Intergovernmental	17,518,670	13,001,703	11,864,127	10,537,396
Charges for services	16,384,265	15,787,325	15,888,750	19,649,433
Other revenue	759,320	716,760	1,026,845	870,957
<b>Total Revenues</b>	<b>88,661,769</b>	<b>79,924,433</b>	<b>82,888,164</b>	<b>85,219,111</b>
<b>Expenditures</b>				
Current:				
General government	8,059,526	7,997,067	6,863,142	8,783,873
Public safety	41,209,972	39,574,091	40,967,352	39,311,551
Public works and parks	12,926,646	10,731,669	10,666,176	11,518,822
Community development	5,572,079	4,398,594	4,527,351	3,755,504
Culture and recreation	10,233,361	9,605,684	10,067,822	10,345,673
Capital outlay	5,048,044	1,890,559	1,745,483	1,312,383
Capital improvement/special projects	6,606,857	3,436,608	6,240,861	3,604,171
Debt service:				
Principal	2,714,358	2,804,258	2,530,338	2,518,320
Interest and fiscal charges	1,683,240	1,979,372	1,448,910	735,221
<b>Total Expenditures</b>	<b>94,054,083</b>	<b>82,417,902</b>	<b>85,057,435</b>	<b>81,885,518</b>
Excess (deficiency) of revenues over (under) expenditures	(5,392,314)	(2,493,469)	(2,169,271)	3,333,593
<b>Other Financing Sources (Uses)</b>				
Issuance of debt		14,660,000		
Payment to refunded bonds		(14,315,000)		
Bond premiums		1,038,185		
Proceeds from PG&E loans				
Proceeds from sale of capital asset		221,791		
Transfers in	8,972,495	7,494,560	5,806,834	4,539,646
Transfers (out)	(6,614,806)	(6,411,150)	(4,657,326)	(4,864,293)
<b>Total other financing sources (uses)</b>	<b>2,357,689</b>	<b>2,688,386</b>	<b>1,149,508</b>	<b>(324,647)</b>
<b>Extraordinary Item</b>				
Transfer to Successor Agency				
<b>Net Change in fund balances</b>	<b>(\$3,034,625)</b>	<b>\$194,917</b>	<b>(\$1,019,763)</b>	<b>\$3,008,946</b>
Debt service as a percentage of noncapital expenditures	5.3%	6.2%	5.2%	4.2%

2013	2014	2015	2016	2017	2018
\$51,549,306	\$56,686,142	\$61,804,228	\$65,866,218	\$71,166,891	\$74,893,789
1,929,387	1,934,755	2,456,820	2,588,411	2,559,841	2,718,166
734,005	669,553	556,076	435,829	400,283	384,268
325,043	363,089	444,757	460,206	349,349	654,531
11,869,889	11,953,308	13,233,503	13,685,003	8,063,156	8,878,974
23,575,374	19,949,333	15,346,794	14,366,744	13,425,161	14,660,094
4,092,411	2,045,407	1,777,003	3,208,749	1,842,053	5,219,414
94,075,415	93,601,587	95,619,181	100,611,160	97,806,734	107,409,236
10,529,480	8,678,833	10,203,687	11,349,079	10,557,416	10,010,100
41,377,062	41,900,762	43,954,515	47,071,166	49,018,153	51,805,708
12,002,448	13,697,957	12,758,643	14,390,699	16,752,961	17,647,312
2,961,275	3,296,375	3,416,859	3,670,108	3,759,564	4,051,224
10,591,057	11,106,367	11,616,777	12,048,104	12,646,728	12,823,771
4,009,454	2,154,900	4,498,924	4,813,757	2,100,926	22,815,967
5,284,720	7,168,776	2,186,986	4,826,576	7,403,249	
	208,642	75,172	75,172	175,172	280,172
283,805	327,350	284,288	277,263	271,263	1,005,636
87,039,301	88,539,962	88,995,851	98,521,924	102,685,432	120,439,890
7,036,114	5,061,625	6,623,330	2,089,236	(4,878,698)	(13,030,654)
					46,565,800
	568,481				
8,425,474	3,655,302	4,348,149	7,533,364	9,287,007	68,351,964
(6,711,657)	(3,053,865)	(3,051,499)	(6,582,555)	(8,454,762)	(68,373,222)
1,713,817	1,169,918	1,296,650	950,809	832,245	46,544,542
(2,352,584)					
\$6,397,347	\$6,231,543	\$7,919,980	\$3,040,045	(\$4,046,453)	\$33,513,888
0.4%	0.7%	0.4%	0.4%	0.5%	1.3%

**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					
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%
2018	9,522,645,933	2,532,439,852	276,751,912	128,305,868	12,460,143,565	417,902,554	12,878,046,119	12,878,046,119	0.11709%

(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 2008/09 - 2017/18 Combined Tax Rolls

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

<b>Fiscal Year</b>	<b>City</b>	<b>County (1)</b>	<b>School Districts</b>	<b>Misc. Special Districts</b>	<b>Total</b>
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	0.8251	0.0553	1.3291
2018	0.154	0.295	0.8127	0.0661	1.3275

**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 2008/09 - 2017/18 Tax Rate Tables**

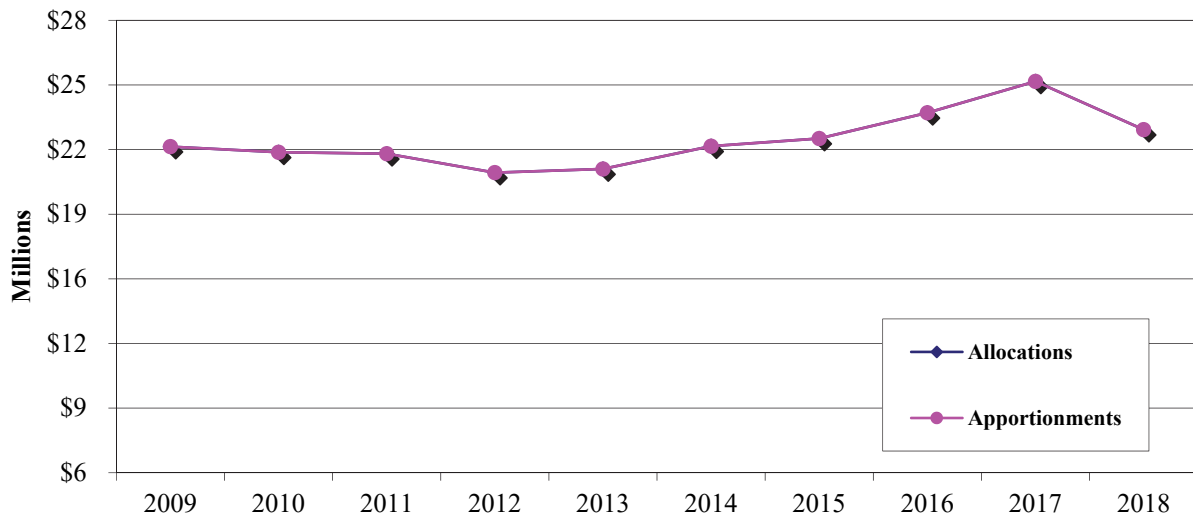
**CITY OF SAN RAFAEL  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT FY 2017/18 AND FY 2008/09**

<b>Taxpayer</b>	<b>FY 2017-2018</b>		<b>FY 2008-2009</b>	
	<b>Taxable Assessed Value</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total City Taxable Assessed Value</b>
California Corporate Center ACQ LLC	\$ 261,000,911	2.03%		
MGP XI Northgate LLC	158,734,209	1.23%		
Professional Financial Investors Inc	80,677,719	0.63%		
BRE Properties Inc	62,385,259	0.48%		
South Valley Apartments LLC	53,045,451	0.41%		
Coastal City Partners LLC	46,565,701	0.36%		
Regency Center II Associates LP	46,317,622	0.36%	\$ 40,911,379	0.41%
Northbay Properties II	45,976,145	0.36%	33,950,419	0.34%
Bay Apartment Communities Inc	43,612,049	0.34%	34,497,679	0.34%
Barbara Fasken 1995 Trust ETAL	43,324,046	0.34%		
Northgate Mall Associates			97,270,425	0.97%
SR Corporation Center Phase 1 & 2			89,644,871	0.89%
Hines San Rafael LLC			80,929,782	0.81%
Sutter Health			41,564,999	0.41%
Marin Sanitary Service			38,347,115	0.38%
4040 Civic Center LLC			36,205,533	0.36%
Rafael Town Center Investors LLC			33,948,747	0.34%
<b>Subtotal</b>	<b>\$ 841,639,112</b>	<b>6.54%</b>	<b>\$ 527,270,949</b>	<b>5.25%</b>

**Total Net Assessed Valuation:**

Fiscal Year 2017-2018	\$ 12,878,046,119
Fiscal Year 2008-2009	\$ 10,037,950,007

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

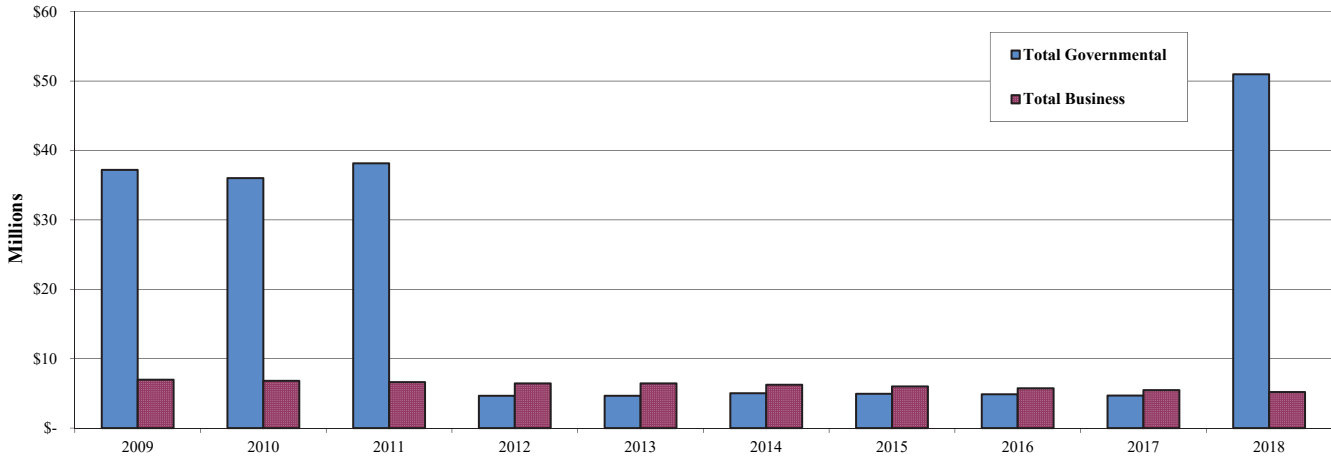


Fiscal Year	Rate	Levies	Allocations	Collections	Apportionments	Delinquencies	Delinquent taxes as a Percent of Allocations
2009	1.00	(2)	\$ 21,978,859	(2)	\$ 21,978,859	(2)	0.0%
2010	1.00	(2)	21,702,536	(2)	21,702,536	(2)	0.0%
2011	1.00	(2)	21,632,731	(2)	21,632,731	(2)	0.0%
2012	1.00	(2)	20,704,368	(2)	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%
2018	1.00	(2)	22,811,511	(2)	22,811,511	(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	Lease Revenue Bonds	Total
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
2018	-	-	1,308,951	-	-	4,185,000	\$ 45,485,000	50,978,951

**Business-Type Activities**

Fiscal Year	Parking Services Bonds	Note Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
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	0.35%	167.13
2018	5,164,303	34,572	5,198,875	56,177,826	n/a	926.25

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, 2018**

2017-18 Assessed Valuation: \$ 12,878,046,119

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2018	% Applicable (1)	City's Share of Debt 6/30/2018
Marin Community College District	\$ 310,065,000	17.302%	\$ 53,647,446
San Rafael High School District	63,280,315	78.363%	49,588,353
Tamalpais Union High School District	109,685,000	0.080%	87,748
Dixie School District	31,520,810	66.114%	20,839,668
Ross School District	18,399,034	1.528%	281,137
Ross Valley School District	43,596,489	0.012%	5,232
San Rafael School District	63,724,158	83.700%	53,337,120
Marin Healthcare District	378,740,000	20.813%	78,827,156
Marin Emergency Radio Authority Parcel Tax Obligations	33,000,000	17.277%	5,701,410
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 262,315,271</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Marin County Certificates of Participation	\$ 87,862,953	17.289%	\$ 15,190,626
Marin County Pension Obligation Bonds	90,530,000	17.289%	15,651,732
Marin County Transit District General Fund Obligations	90,919	17.289%	15,719
Marin Municipal Water District General Fund Obligations	73,968	22.038%	16,301
Marin Community College District Certification of Participation	9,690,834	17.315%	1,677,968
San Rafael School District Certificates of Participation	3,275,000	83.694%	2,740,979
Marin Emergency Radio Authority Revenue Bonds	7,705,000	16.913%	1,303,147
<b>City of San Rafael General Fund Obligations</b>	<b>51,992,826</b>	<b>100.000%</b>	<b>51,992,826</b> (2)
<b>City of San Rafael Pension Obligations</b>	<b>4,185,000</b>	<b>100.000%</b>	<b>4,185,000</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>92,774,297</b>
<b>Less: City of San Rafael lease revenue bonds supported by parking revenues</b>			<b>5,175,000</b>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 87,599,297</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency \$</b>	<b>11,344,004</b>	<b>100.000%</b>	<b>\$ 11,344,004</b>
<b>TOTAL GROSS DIRECT DEBT</b>			<b>56,177,826</b>
<b>TOTAL NET DIRECT DEBT</b>			<b>51,002,826</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>308,952,600</b>

GROSS COMBINED TOTAL DEBT 365,130,426 (3)  
NET COMBINED TOTAL DEBT 359,955,426

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable

(2) Include city \$1,343,523 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 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.04%
<b>Total Gross Direct Debt (\$55,097,026)</b>	<b>0.44%</b>
<b>Total Net Direct Debt (\$49,922,026)</b>	<b>0.40%</b>
Gross Combined Total Debt	2.84%
Net Combined Total Debt	2.80%

Ratios to Redevelopment Incremental Valuation (\$2,831,146,323)

Total Overlapping Tax Increment Debt	0.40%
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*Data Source: MuniServices*

**CITY OF SAN RAFAEL**  
**COMPUTATION OF LEGAL BONDED DEBT MARGIN**  
**June 30, 2018**

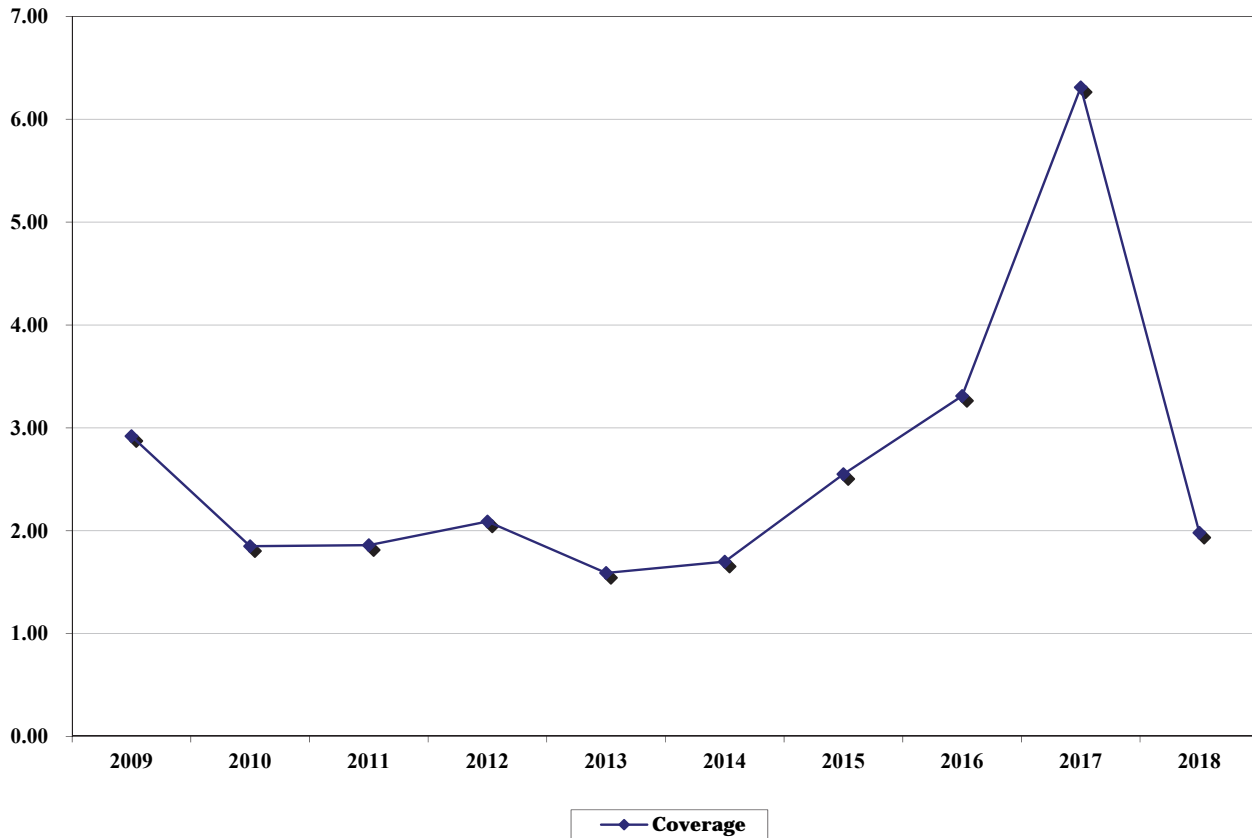
ASSESSED VALUATION:	\$ 12,878,046,119
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	482,926,729.46
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	50,978,951.00
LEGAL BONDED DEBT MARGIN	\$ 431,947,778

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
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%
2018	482,926,729	50,978,951	431,947,778	11.80%

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	
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
2018	5,219,721	4,320,695	899,026	270,000	184,163	454,163	1.98

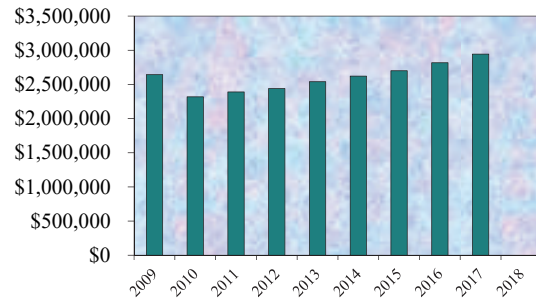
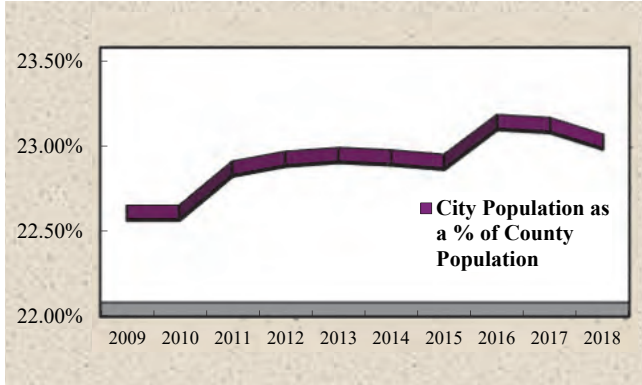
Notes: On March 26, 2003, the City Financing Authority issued lease revenue bonds for the design and construction of a new parking facility. On August 12, 2012, the City Financing Authority refunded the series 2003 lease revenue bonds with series 2012 lease revenue refunding bonds to take advantage of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

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

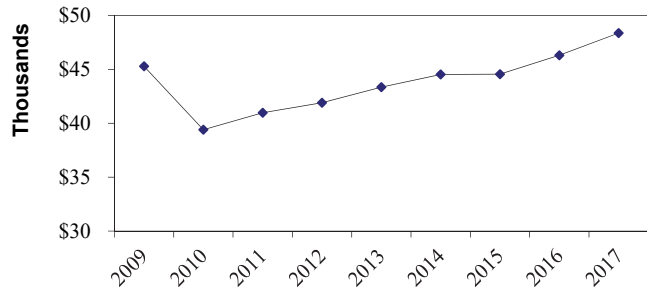
(2) Includes all Parking Facility Operating Expenses less Depreciation and Interest

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

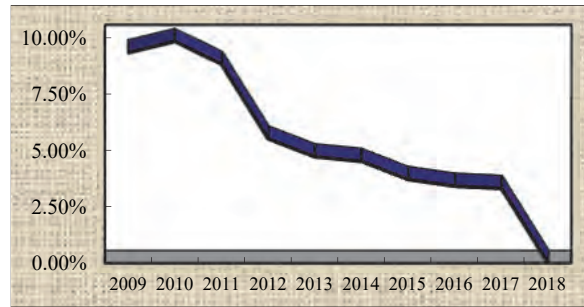
**CITY OF SAN RAFAEL  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**



■ 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
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	2,943,227	48,374	3.30%	263,604	23.08%
2018	60,651	n/a	n/a	n/a	263,886	22.98%

- 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 2017-2018  
LAST TEN CALENDAR YEARS**

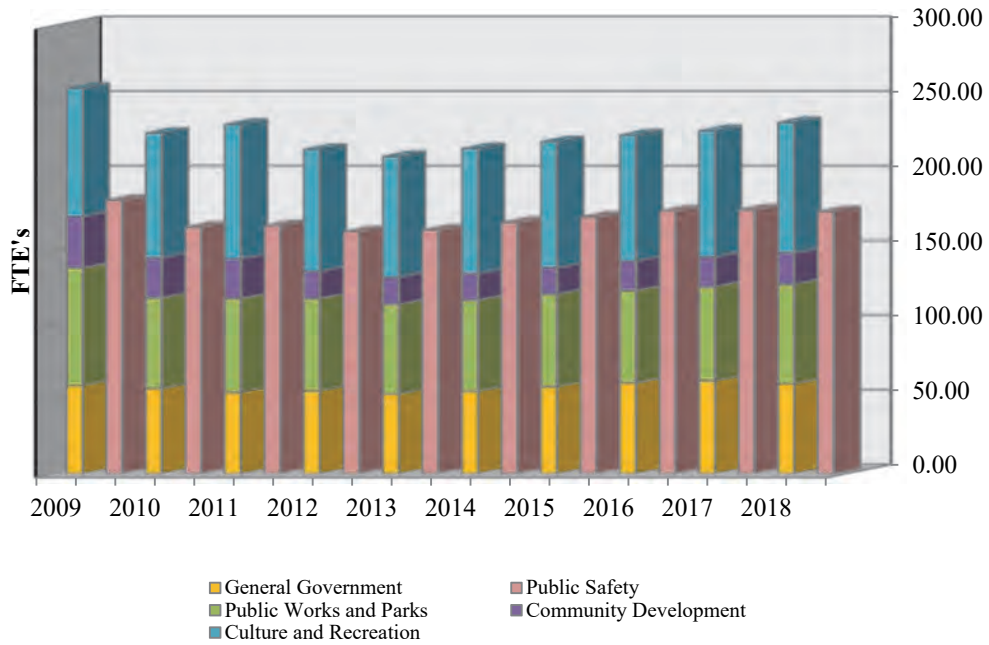
Employer	2018		2017		2016		2015		2014		2013		2012		2011		2010		2009	
	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)
Autodesk, Inc.		0.00%	719	2.28%	748	2.28%	763	2.33%	1,095	3.52%	1,000	3.27%	878	3.25%	928	3.44%	1,028	3.83%	1,200	4.32%
Kaiser Permanente	2,092	6.62%	2,061	6.52%	662	2.02%	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%	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	410	1.30%	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		0		-		-		-		350	1.14%	350	1.30%	350	1.30%	350	1.30%	-	-
Dominican University of California	319	1.01%	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	256	0.81%	280	0.89%	435	1.33%	418	1.28%	385	1.24%	369	1.21%	376	1.39%	350	1.30%	-	-	-	-
Macy's	0		0		-		380	1.16%	380	1.22%	380	1.24%	380	1.41%	450	1.67%	445	1.66%	-	-
Wells Fargo Bank		0.00%	310	0.98%	326	0.99%	306	0.94%	308	0.99%	334	1.09%	-	-	-	-	-	-	-	-
FICO		0.00%		0.00%	300	0.91%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair Issac Corp	0		0		-		300	0.92%	300	0.96%	-	-	-	-	-	-	-	-	350	1.26%
Community Action Marin	300	0.95%	255	0.81%	220	0.67%	225	0.69%	300	0.96%	300	0.98%	-	-	-	-	-	-	-	-
Safeway		0.00%		0.00%	-		-		-		-		841	3.11%	452	1.67%	452	1.68%	-	-
Comcast		0.00%		0.00%	-		-		-		-		620	2.30%	619	2.29%	619	2.30%	-	-
Guide Dogs for the Blind	200	0.63%	203	0.64%	225	0.69%	-	-	-	-	-	-	-	-	-	-	287	1.07%	-	-
Bernard Osher Marin JCC		0.00%		0.00%	200	0.61%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buckelew Programs	106	0.34%	240	0.76%	186	0.57%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ghilotti Bros.	175	0.55%	175	0.55%	150	0.46%	-	-	-	-	-	-	-	-	-	-	-	-	240	0.86%
Golden Gate Bridge Highway & Transp. Dist.		0.00%		0.00%	-		-		-		-		-		-		-		828	2.98%
YMCA		0.00%		0.00%	-		-		-		-		-		-		-		348	1.25%
San Rafael City High School District		0.00%		0.00%	-		-		-		-		-		-		-		250	0.90%
United Markets	150	0.47%		0.00%	-		-		-		-		-		-		-		-	-
<b>Totals</b>	<b>4,708</b>	<b>14.90%</b>	<b>5,853</b>	<b>18.52%</b>	<b>5,314</b>	<b>16.20%</b>	<b>5,620</b>	<b>17.19%</b>	<b>6,025</b>	<b>19.37%</b>	<b>6,079</b>	<b>19.87%</b>	<b>6,715</b>	<b>24.87%</b>	<b>6,007</b>	<b>22.25%</b>	<b>6,092</b>	<b>22.67%</b>	<b>7,199</b>	<b>25.90%</b>

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

Note: From the EDD website, it shows that the Total 2018 Employment in the City of San Rafael was 31,600 of which it is used as the denominator for the 2018 percentages are calculated.

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**



<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General Government	58.88	56.88	54.35	55.23	53.23	55.11	58.11	60.61	62.11	60.11
Public Safety	183.00	165.00	166.00	162.00	163.00	168.00	171.75	175.75	176.55	175.35
Public Works and Parks	78.80	60.80	62.80	62.00	60.00	61.00	62.00	62.00	63.00	66.67
Community Development	34.50	26.75	26.75	18.25	18.25	17.80	17.80	19.80	20.00	21.00
Culture and Recreation	85.90	83.49	89.82	81.56	80.76	83.66	84.23	84.25	84.35	87.35
<b>Total</b>	<b>441.08</b>	<b>392.92</b>	<b>399.72</b>	<b>379.04</b>	<b>375.24</b>	<b>385.57</b>	<b>393.89</b>	<b>402.41</b>	<b>406.01</b>	<b>410.48</b>

*Data Source: City of San Rafael's Finance Department*



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

<b>Function/Program</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Public safety:				
Fire:				
Inspection permit issued	196	307	294	282
Police:				
Police calls for service	42,227	42,227	39,512	39,537
Law violations:				
Part I crimes	2,352	2,352	2,180	2,101
Physical arrests (adult and juvenile)	4,487	4,487	3,102	2,981
Traffic violations	5,777	5,777	8,190	4,048
Parking violations	44,913	42,806	34,590	32,492
Public works				
Street resurfacing (miles) (Eng Div)	2.77	2.77	7.40	N/A
Potholes repaired (square miles)	N/A	N/A	N/A	N/A
Asphalt used for street repairs (tons)	N/A	N/A	10,809	178.9
Culture and recreation:				
Recreation class participants	8,000	9,524	9,000	12,075
Library:				
Items in collection (thousands)	124.40	151.88	158.30	159.18
Total items borrowed (thousands)	N/A	371.12	435.66	366.46

*Note: N/A denotes information not available.*



2013	2014	2015	2016	2017	2018
307	261	282	198	233	186
42,707	51,261	55,805	57,026	53,567	51,013
2,523	2,289	2,533	2,523	2,392	2,326
2,951	3,227	3,450	3,453	2,526	2,019
3,448	4,498	4,168	3,252	3,341	2,758
30,881	38,814	36,398	34,803	36,169	36,208
2.70	9.00	6.40	6.76	2.32	2.50
N/A	N/A	N/A	N/A	N/A	N/A
7,500	10,700	11,000	7,195	5,800	4,730
7,082	9,857	10,023	12,725	13,493	12,842
125.92	168.62	127.76	227.89	117,354	115,812
392.23	478.96	443.64	469.79	327,297	324,452

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Function/Program</b>				
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	2	2	2	2
Wastewater:				
Miles of sanitary sewers	179	179	179	179

*Data Source: City of San Rafael's Finance Department*

2013	2014	2015	2016	2017	2018
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	145	145	145	145	145

