



SAN RAFAEL
THE CITY WITH A MISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2019



Loch Lomond Marina, San Rafael, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2019

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

Prepared by the Finance Department of the City of San Rafael





Porchfest, Gerstle Park

INTRODUCTORY SECTION



CITY OF SAN RAFAEL, CALIFORNIA
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INTRODUCTORY SECTION

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November 8, 2019

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, 2019, 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 unmodified, or “clean” opinion on the City’s financial statements for the fiscal year ended June 30, 2019.

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, 2019 was 61,343 and is projected to grow at an average rate of 0.3% per year.

Downtown San Rafael is the location of many community events, including the Thursday night Summer Market Festivals three 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 along with a temporary pop-up at the Northgate Mall. 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, 2019 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, 2018. The next annual report is anticipated to be completed within the upcoming 30 days. The City does not expect the report to have a material impact in the measurement of its net pension obligation of \$110.6 million reported in this year's financial reports.

During fiscal year 2018-2019, 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 include an upgraded dispatch and communications center, and a new classroom and training tower for emergency preparedness. The remodel for Fire Station 54 and Fire Station 55 commenced in mid-2019 and is scheduled for completion during the fiscal year 2020-2021. Construction of Fire Station 57 located at 3530 Civic Center Drive is expected to be completed before the end of 2019. Fire Station 52 located at 210 3rd Street was successfully completed in April 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 74% residential, 19% commercial, 2% industrial, and 5% unsecured and others. The top 25 sales tax producers provide 52% of overall sales tax revenues.



The California economy is one of the largest in the world when measured by annual gross domestic product, the growth of which exceeds that of the entire United States. Unemployment has reached a record low of 4.0% in September and the current period of employment expansion has reached 115 months, surpassing the longest previous expansion of the 1960's.

Locally, Marin County's economic indicators remain positive with an unemployment rate that is among the lowest in the State at 2.4% and per capita income is about twice the national average at \$68,879. The housing market also remains in strong standing with the median sales price for a single-family home increasing 15% in 2018.

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 Health Medical Center, Dominican University of California, Marin Community Clinics, Novato Community Hospital, Hospice by the Bay, W Bradley Electric, Wells Fargo, Community Action Marin, and BioMarin.
- ☒ 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 2018 for San Rafael were: 1. Autos and Transportation (25.1%), 2. Building and Construction (16.9%), and 3. General Consumer Goods (13.9%).
- ☒ 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 for an apartment in San Rafael is \$2,605. The median home value in San Rafael is \$1,051,500.



Recent growth and economic vibrancy:

- San Rafael ranked No. 6 on the 2018 Milken Institute Best-Performing Small 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 was named one of the most unique art towns in the United States in an article published by The Storage Space citing Art Works Downtown, the Marin Society of Artists, Youth in Arts, and the California Film Institute as highlights.
- The Grand Avenue Pedestrian bridge was completed connecting downtown with east San Rafael communities and providing improved accessibility for bicyclists and pedestrians.
- As part of San Rafael's Essential Facility projects, the city completed construction of Fire Station 52 located at 210 3rd Street replacing the original station built in 1958.
- San Rafael implemented 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, Whitney Fry, Andrew Thompson and Flora Xu, led by Accounting Manager Van Bach and Finance Director Nadine Atieh Hade 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 eighth 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 Councilmember John Gamblin. Their strong commitment to financial accountability and stewardship provide inspiration to the organization and motivate a high level of achievement.

Respectfully submitted,



Jim Schutzy
City Manager



Nadine Atieh Hade
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 November 8, 2019

City Council

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

Elected Officials

Rob Epstein, City Attorney
Lindsay Lara, City Clerk

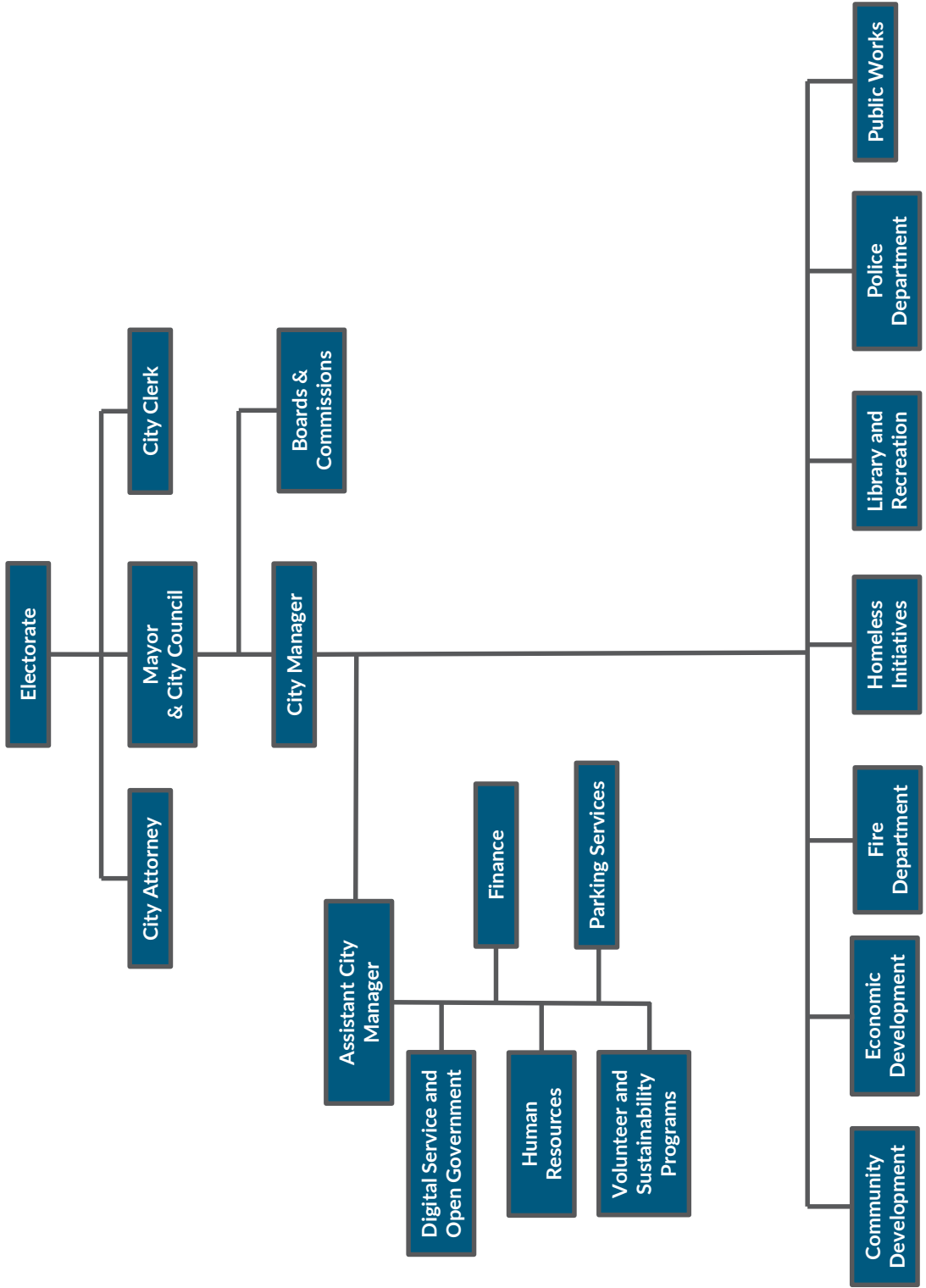
Executive Team

Jim Schutz, City Manager
Cristine Alilovich, Assistant City Manager
Diana Bishop, Chief of Police
Chris Gray, Fire Chief
Bill Guerin, Public Works Director
Paul Jensen, Community Development Director
Susan Andrade-Wax, Library & Recreation Director
Nadine Atieh Hade, Finance Director
Rebecca Woodbury, Director of Digital Service & Open Government
Shibani Nag, Human Resources Director
Andrew Hening, Homeless Initiatives Director



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, 2018

Christopher P. Morrill

Executive Director/CEO





Station 52

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, 2019, 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 24%, 36%, and 14%, respective, of the assets, net position, and revenues of the primary government. Those 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2019:

Governmental Accounting Standards Board Statement 88 – *Certain Disclosures Related to Debt including Direct Borrowings and Direct placements*. See Note 6 to the financial statements for relevant disclosures.

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 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
November 8, 2019



CITY OF SAN RAFAEL

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

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, 2019. Please read it in conjunction with the basic financial statements and the accompanying notes to those basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide:

- *Net Position* – The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of June 30, 2019 by \$146.8 million.
- *Activities* – During the fiscal year the City's total revenues of \$123.2 were greater than expenses of \$106.6 million for governmental and business-type activities.
- *Changes in Net Position* – The City's total net position increased by \$16.5 million in fiscal year 2018-2019 as compared to the net position of the previous year. Net position of governmental activities increased by \$16.7 million, while net position of the business-type activities decreased by \$200 thousand.

Fund Level:

- *Governmental Funds* – As of the close of fiscal year 2018-2019, the City's governmental funds reported combined ending fund balances of \$67.8 million, a decrease of \$20.0 million primarily due expenditure of bond proceeds from the fund balance of the prior year. Of this total amount, \$65 thousand is nonspendable, \$53.3 million is restricted, \$1.9 million is committed, \$11.5 million is assigned, and \$1.1 million is unassigned.
- Governmental fund revenues totaled \$117.6 million, an increase of \$10.2 million from the those of the previous fiscal year. Approximately \$8 million was attributable to the Gas Tax Fund in the form of grant and federal reimbursements for expenses incurred on capital projects. The remainder was due to positive trends in property tax and sales tax performance, and reimbursements from the County of Marin for major improvements to Fire Station 57. Aside from these items, the City experienced modest to moderate growth in revenues.
- Governmental fund expenditures increased by \$18.5 million to \$138.9 million, from \$120.4 million in the prior year, due primarily to public safety infrastructure and other capital improvement program expenditures.
- Enterprise fund operating revenue increased \$158 thousand to a total of \$5.4 million. Enterprise operating expenditures totaled \$4.9 million, an increase of \$0.3 million over the previous year.

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, 2019

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, 2019

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 112 through 142 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 thirty-one governmental funds, of which four are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's four major funds are: the General Fund, Traffic and Housing Mitigation, Gas Tax and Essential Facilities Capital Projects. Data from the other twenty-seven governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 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 112 through 132 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.

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.

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019**

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 40 through 41 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 93 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 94 through 106 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 \$136.9 million from Governmental Activities and \$9.9 million from Business-type Activities, for a total of \$146.8 million. This represents an increase of \$16.5 million from the prior year net position.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

The following is the condensed Statement of Net Position for the fiscal years ended June 30, 2019 and 2018:

Summary of Net Position
(in thousands)

	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2019	2018		2019	2018	
Current and other assets	\$102,788	\$126,251	(\$23,463)	\$3,283	\$3,199	\$84
Capital assets	254,163	221,978	32,185	15,941	16,151	(210)
Total assets	<u>356,951</u>	<u>348,229</u>	<u>8,722</u>	<u>19,224</u>	<u>19,350</u>	<u>(126)</u>
Deferred outflows (Notes 9 and 11)	<u>38,415</u>	<u>44,932</u>	<u>(6,517)</u>	<u>1,178</u>	<u>1,364</u>	<u>(186)</u>
Current and other liabilities	14,479	19,363	(4,884)	477	439	38
Noncurrent liabilities	208,131	219,709	(11,578)	8,953	9,151	(198)
Total liabilities	<u>222,610</u>	<u>239,072</u>	<u>(16,462)</u>	<u>9,430</u>	<u>9,590</u>	<u>(160)</u>
Deferred inflows (Notes 9 and 11)	<u>35,838</u>	<u>33,947</u>	<u>1,891</u>	<u>1,130</u>	<u>1,060</u>	<u>70</u>
Net Position:						
Net investment in capital assets	231,844	217,170	14,674	11,023	10,952	71
Restricted	23,289	25,550	(2,261)	0	0	0
Unrestricted	(118,215)	(122,577)	4,362	(1,179)	(887)	(292)
Total net position	<u>\$136,918</u>	<u>\$120,143</u>	<u>\$16,775</u>	<u>\$9,844</u>	<u>\$10,065</u>	<u>(\$221)</u>

Current Governmental assets decreased by \$23.5 million, primarily due to the expenditure of bond proceeds for public safety facility construction and improvements. The \$32.2 million increase in Capital assets reflects project-to-date activity for this activity in combination with major traffic infrastructure improvements. The decrease of \$6.5 million is primarily a result of recognition of prior year deferred outflows related to the City's change in proportion of its net pension liability in relation to the other members within the larger MCERA pool. Current and other liabilities decreased by approximately \$4.9 million, primarily due to a decrease in accounts payable as a result of a higher level of construction activity in the prior year. Noncurrent governmental liabilities decreased by \$11.6 million, a result of the net decrease in net pension liability when compared to the prior year (Note 9). Deferred inflows experienced a modest increase as amortization of prior balances was offset by a large investment gain with the MCERA trust that will be recognized in future years. In order to decrease the volatility of the measurement of net pension liability gains and losses in excess of those projected are capitalized and amortized over a five-year period.

The net position in business-type activities reflects the fiscal activity of the Parking Services program and decreased by \$221 thousand from the previous year. Capital assets decreased by \$210 thousand due to current year depreciation. The decrease in deferred outflows was due to the proportion change of net pension liability mentioned above. The \$198 thousand decrease in noncurrent liabilities is driven by the decrease in net pension liabilities.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019**

At June 30, 2019, the largest portion of net position in the amount of \$242.9 million consisted of the City's investment in capital assets net of related debt. This component represents the total amount of funds required to acquire capital assets less any related debt used for such acquisition that is still outstanding. The City uses these assets to provide services to residents. The capital assets of the City are not sources of income for repayment of debt as most assets are not revenue generating and generally are not liquidated to repay debt. Therefore, debt service payments are funded from other sources available to the City.

A portion of the City's net position, \$23.3 million, is subject to external restrictions, and their use is determined by those restrictions whether legal or by covenant. The remaining portion, unrestricted negative \$119.4 million, represents the extent to which the net investment in capital assets and restricted net position exceed total assets.

Net Position as of 6/30/2019	
Total = \$ 146,761 (in thousands)	
Invested in Capital Assets (net)	\$242,867
Restricted	23,289
Unrestricted	<u>(119,395)</u>
Total Net Position	<u><u>\$146,761</u></u>

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Statement of Activities - Governmental

The following is the condensed Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2019 and 2018:

Summary of Changes in Net Position
(in thousands)

	Governmental Activities		Increase
	2019	2018	(Decrease)
REVENUES			
Program revenues:			
Charges for services	\$19,904	\$19,142	\$762
Operating grants and contributions	4,585	5,143	(558)
Capital grants and contributions	8,042	975	7,067
Total program revenues	<u>32,531</u>	<u>25,260</u>	<u>7,271</u>
General revenues:			
Property taxes	25,903	24,627	1,276
Sales taxes	35,627	34,120	1,507
Paramedic tax	4,936	4,923	13
Transient occupancy tax	3,203	3,115	88
Franchise tax	3,627	3,727	(100)
Business license tax	2,788	2,790	(2)
Other taxes	1,783	2,246	(463)
Investment earnings	1,450	557	893
Miscellaneous	5,905	5,992	(87)
Total general revenues	<u>85,222</u>	<u>82,097</u>	<u>3,125</u>
TOTAL REVENUES	<u>117,753</u>	<u>107,357</u>	<u>10,396</u>
EXPENSES			
General government	11,968	9,836	2,132
Public safety	49,899	53,231	(3,332)
Public works and parks	19,271	22,085	(2,814)
Community/economic development	5,782	4,040	1,742
Culture and recreation	12,819	13,286	(467)
Interest on long-term debt	1,848	884	964
TOTAL EXPENSES	<u>101,587</u>	<u>103,362</u>	<u>(1,775)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES			
	<u>16,166</u>	<u>3,995</u>	<u>12,171</u>
Transfers in	<u>609</u>	<u>633</u>	<u>(24)</u>
Total Other Financing Sources (Uses)	<u>609</u>	<u>633</u>	<u>(24)</u>
Net Change in Net Position	16,775	4,628	12,147
Beginning Net Position	120,143	115,515	4,628
Ending Net Position, June 30	<u>\$136,918</u>	<u>\$120,143</u>	<u>\$16,775</u>

CITY OF SAN RAFAEL

**Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2019**

The City’s governmental activities net position increased by \$16.8 million during fiscal year 2018-2019. Year-over-year increases revenues of \$10.4 million and the decrease in expenses of \$1.8 million contributed to a net change in position of \$12.2 million. Revenue increases were concentrated in the areas of capital grants, property taxes and sales taxes, while decreases in program expenses were concentrated in public safety and public works. Reductions in expenses for public safety and public works are the result of fluctuations in internal service activity between fiscal years as well as required pension and OPEB related adjustments. Due to the nature of allocations of expenses in the government-wide statements, fluctuation analysis on program expenses is better performed on the fund level financial statements.

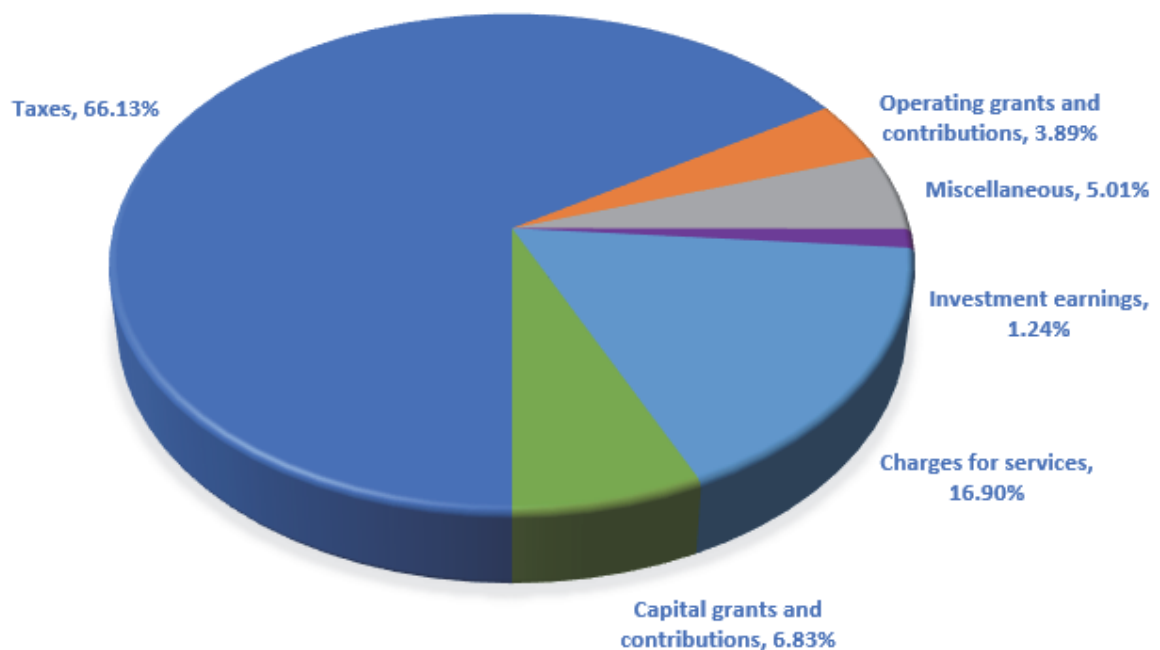
Growth in property taxes stemmed from the 2% proposition 13 inflation adjustment as well a restoration of \$31 million of previously reduced values to residential properties. These are homes that are below the trended Proposition 13 values that received reductions between 2008 and 2012. In addition, the sale and improvement of large commercial properties in 2017 were reflected on the tax roll for the fiscal year ended June 30, 2019.

The year-over-year \$1.5 million increase in sales taxes was attributed to a large order of buses purchased by GGBHTD and unexpected merchant gains primarily attributable to building and construction which is not expected to be ongoing. Furthermore, the State implemented a new sales tax remittance system in the last fiscal year and as a result of system errors, sales tax remittance was delayed for months which caused the current fiscal year to include sales tax revenue that would have been for the prior year had it been remitted timely.

The decrease in fiscal year 2018-2019 governmental expenses was due, in part to pension and OPEB expense adjustments recorded under GASB 68 and 75, respectively, as well as reduced internal service fund expenditure allocations resulting primarily from Workers’ Compensation premiums and claims during the year.

The following graph shows governmental revenues by source:

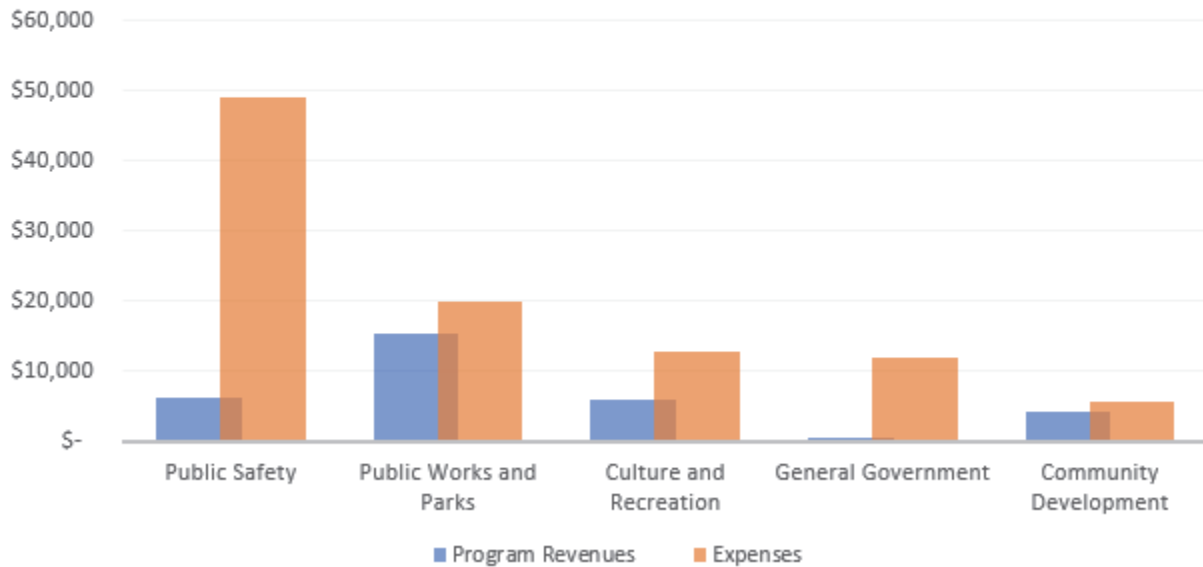
**Revenues by Source
Governmental Activities**



CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019**

**Expenses and Program Revenues
Governmental Activities
(in thousands)**



Total expenses for governmental activities were \$99.7 million (excluding interest on long-term debt of \$1.8 million). Program revenues offset total expenditures as follows:

- Those who directly benefited from programs contributed \$19.9 million in charges for services.
- A total of \$12.6 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 \$67.2 million.

Functional expenses for the year ended June 30, 2019 were as follows:

Expenses by Function

(in thousands)

Function	Amount	Percent of Total
General government	\$11,918	11.7%
Public safety	49,154	48.4%
Public works and parks	20,032	19.7%
Community development	5,825	5.7%
Culture and recreation	12,810	12.6%
Interest on debt	1,848	1.8%
Total expenses	\$101,587	100%

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Statement of Activities – Business-type

Summary of Changes in Net Position
For the periods ended June 30, 2019 and 2018 (in thousands)

	Business-Type Activities		Increase (Decrease)
	2019	2018	
Revenues			
Program revenues:			
Charges for services	\$5,362	\$5,204	\$158
Total program revenues	<u>5,362</u>	<u>5,204</u>	<u>158</u>
General revenues:			
Investment Income	64	24	40
Total general revenues	<u>64</u>	<u>24</u>	<u>40</u>
TOTAL REVENUES	<u>5,426</u>	<u>5,228</u>	<u>198</u>
Expenses			
General government	5,039	4,628	411
TOTAL EXPENSES	<u>5,039</u>	<u>4,628</u>	<u>411</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	387	600	(213)
OTHER FINANCING SOURCES (USES)			
Transfers out	(608)	(633)	25
Total Other Financing sources (uses)	<u>(608)</u>	<u>(633)</u>	<u>25</u>
Net Change in Net Position	(221)	(33)	(188)
Net Position, Beginning	<u>10,064</u>	<u>10,097</u>	<u>(33)</u>
Net Position, Ending	<u><u>\$9,843</u></u>	<u><u>\$10,064</u></u>	<u><u>(\$221)</u></u>

The net position for business-type activities decreased from the prior year by \$221 thousand.

- Parking services is the City's only business-type activity with income derived from program revenues of \$5.4 million. Program revenues include parking meter coin income of \$2.0 million and parking garage hourly and monthly parking income of \$1.2 million. Revenues also include parking and non-vehicle code fines totaling \$2.2 million. Total expenses for parking services were \$5.0 million and transfers out to general fund and non-major governmental fund for support totaled \$608 thousand during the fiscal year 2018-2019. The year-over-year increase in expenses was driven by routine pension-related accounting adjustments in the parking fund.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

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, 2019, the City reported a combined ending fund balance of \$67.8 million of all its governmental funds (a decrease of \$20.0 million from the prior year): \$65 thousand is non-spendable, \$53.3 million is restricted, \$1.9 million is committed, \$11.5 million is assigned, and \$1.1 million is unassigned.

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

General Fund – The fund balance of the General Fund as of June 30, 2019 was \$12.5 million (an increase of \$310 thousand from the prior year balance): \$37 thousand is non-spendable, \$11.4 million is assigned and \$1.1 million is unassigned. The assigned portion of the balance includes \$7.9 million for emergency and cash flow needs.

General Fund Budgetary Highlights:

The original adopted General Fund budget projected total revenue of \$78.9 million and transfers-in of \$1.7 million for total resources of \$80.6 million. This budget appropriated expenditures of \$75.6 million and transfers-out of \$5.9 million for total appropriations of \$81.5 million. Expenditures were later increased to \$78.5 million to accommodate interest incurred on 2018's bond proceeds and accordingly, transfers in were similarly increased to account for the transfer of funds from the Essential Facilities Capital Projects Fund to cover the interest charges. Transfers-out were increased by \$404 thousand based on estimated Measure E sales tax increases transferred to the Essential Facilities Fund and grant matching allocated to other funds.

Actual revenues, at \$80.3 million, were higher than the original budgeted revenues by \$1.4 million. This positive performance was primarily due to stronger-than-anticipated property tax and sales tax revenues. Actual expenditures of \$78.0 million were greater than the original budgeted expenditures by \$2.5 million, primarily due to interest on the 2018 bond issuance previously unbudgeted.

Fiscal year 2018-2019 General Fund revenues and transfers of 84.6 million exceeded expenditures, operating and capital transfers out of \$84.3 million by \$0.3 million. Net operating results were sufficient to ensure that the General Fund Emergency and Cash Flow Reserve maintained its target level of 10 percent of actual expenditures.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Summary of General Fund Budget and Actual
For the fiscal year ended June 30, 2019 (in thousands)

	Adopted Budget	Revised Budget	Actual
Revenues	\$78,896	\$79,016	\$80,335
Transfers in	1,687	4,321	4,321
Total resources	<u>80,583</u>	<u>83,337</u>	<u>84,656</u>
Expenditures	75,574	\$78,547	78,068
Operating transfers out	1,850	2,085	2,085
Capital Transfers out	4,025	4,194	4,194
Total uses	<u>81,449</u>	<u>84,826</u>	<u>84,347</u>
Net Results	<u>(\$866)</u>	<u>(1,489)</u>	<u>\$309</u>

Traffic and Housing Mitigation Fund – The City uses this fund to collect developer contributions to be used for major street improvement and housing infrastructure projects. During the year, the fund balance decreased from \$6.3 million to \$5.2 million. Revenues totaled \$2.5 million, while \$3.6 million was charged against this fund to support the maintenance of the City-wide traffic model. Rail crossing improvements at Anderson Drive accounted for charges of \$3.4 million and a project to install new queue cutter signals on 2nd and 3rd streets next to the rail crossing accounted for \$117 thousand. 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 \$1.3 million in fiscal year 2018-2019 resulting in a drop in fund balance from \$6.0 million to \$4.7 million. The activities for the year were all planned and approved project work.

Expenditures during fiscal year 2018-2019 totaled \$12.6 million. In addition to routine street-related maintenance of \$1.3 million, major expenditures included \$5.2 million for Francisco Boulevard West multi-use pathway, \$2.2 million for modifications to 2nd Street at Grand Avenue, \$1.2 million for emergency slide repair at 70 Irwin, \$382 thousand for improvements on G Street, \$360 thousand to implement an Automated Traffic Signal Performance Measures system, \$333 thousand for emergency slide repair at 80 Upper Toyon, \$228 thousand for emergency slide repair at 21 San Pablo, and \$200 thousand for sidewalk improvements to Francisco Boulevard.

The largest sources of revenues were \$4.1 million in grant reimbursements for costs associated with the Francisco Boulevard West multi-use pathway, \$2.1 million in grant reimbursements for the Grand Avenue Connector Project, \$1.3 million from State gasoline taxes, \$1.2 million in development impact fees, \$1.1 million in State RMRA (Road Maintenance and Rehabilitation Account) funding, and \$647 thousand in local Measure A 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 and the Public Safety Center. Expenditures during fiscal year 2018-2019 totaled \$23.9 million, of which \$4.1 million was transferred from the General Fund from an allocation of Measure E Transaction and Use Tax, \$3.3 million from reimbursements from the County of Marin for its share of Fire Station 57 costs, and \$1.1 million was allocated from paramedic tax funds.

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019**

Non-major Governmental Funds – The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2019, non-major funds had a total fund balance of \$13.0 million, a \$1.2 million decrease over that of the previous year. The largest fund balance decrease, \$456 thousand, was recorded in the Emergency Medical Services Fund as result of planned capital transfers to support the delivery of medical transport services. The Measue A Open Space fund decreased by \$404 thousand as the fund balance was used for planned CIP projects including the Bret Harte restroom installation. The Parkland Dedication fund decreased by \$345 thousand as result of capital outlay for renovation and expansion of Albert Park.

Of the ending total non-major fund balances of \$13.0 million: \$10.9 million (84%) is legally restricted for specific purposes by external funding source providers, \$1.9 million (15%) is committed for special purposes by the City Council, \$27 (less than 1%) thousand 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 Summary of Changes in Net Position – Business-type Activities at page 26, the City's Enterprise fund net position decreased by \$221 thousand during the fiscal year. The Parking Services Fund is the City's sole business-type (Enterprise) activity.

The proprietary fund operating revenue increased by \$158 thousand in fiscal year 2018-2019 to \$5.4 million. The Enterprise fund operating expenses were \$4.9 million in fiscal year 2018-2019, an increase of \$0.4 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 2018-2019, the Internal Services Funds were comprised of: Building Maintenance, Vehicle Replacement, Equipment Replacement, Employee Benefits, Liability Insurance, Workers' Compensation, Dental Insurance, Employee Retirement, OPEB/Retiree Medical, Radio Replacement, Telephone Replacement and Sewer Maintenance. The net position of the Internal Service Funds increased by \$775 thousand. Net investment in capital assets decreased by \$400 thousand, while unrestricted fund balance increased by \$1.1 million. The decrease in capital assets resulted primarily from depreciation of existing capital assets. The increase in unrestricted fund balance reflected the deferral of vehicle purchases in the Vehicle Replacement Fund and increased allocation to the Workers Compensation 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, 2019 amounts to \$270.1 million, net of accumulated depreciation of \$182.5 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items. The net addition to the City's investment in capital assets for the current fiscal year was \$32.3 million, offset by accumulated depreciation of \$8 million.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Additions to capital assets during fiscal year 2018-2019 included:

- Land Improvements: \$0.7 million
 - Albert Park Improvements - \$742k
- Building and structure projects: \$0.7 million
 - Victor Jones Park Improvements - \$688k
- Infrastructure: \$4.2 million
 - Freitas-Las Gallinas Intersection Improvement - \$3.5 million
 - Emergency Slide-80 Upper Toyon - \$349k
 - G-Street Improvements Phase 2 - \$383k

The City's Capital Assets for the fiscal years ending June 30, 2019 and 2018 were as follows:

Summary of Capital Assets
(in thousands)

	2019	2018
Governmental Activities		
Land	\$83,662	\$83,662
Construction in progress	69,822	35,720
Land improvements	9,763	9,020
Buildings and structures	44,247	43,559
Machinery and equipment	20,948	20,971
Infrastructure	203,818	199,560
Less accumulated depreciation	(178,097)	(170,514)
Subtotal Governmental Activities	254,163	221,978
Business-type Activities		
Land	8,621	8,621
Buildings and structures	10,714	10,714
Machinery and equipment	1,042	1,128
Less accumulated depreciation	(4,436)	(4,313)
Subtotal Business-type Activities	15,941	16,150
Total Capital Assets	\$270,104	\$238,128

Additional information on the City's capital assets can be found in Note 5 on pages 61 through 63 of this report.

Debt Administration

The City's debt obligations were stable year-over year and reflect payments of principal made during the year. The debt of the former Redevelopment Agency is reported under the Successor Agency, which is presented as Private-Purpose Trust Fund on the Statement of Fiduciary Net Position. (See Note 6 of the financial statements for additional information on the debt obligations of the City and Note 15 for additional information on the Successor Agency.) The City's long-term obligations for the fiscal years ending June 30, 2019 and 2018 were as follows:

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Summary of Long-Term Debt
(in thousands)

	<u>2019</u>	<u>2018</u>
Governmental Activity Debt:		
2018 Authority Lease Revenue Bond	\$53,104	\$53,612
2010 Taxable Pension Obligation Bonds	3,765	4,185
PG & E City Hall HVAC Retrofit Note Payable	146	179
PG & E Street Light Retrofit Note Payable	7	49
PG & E Efficiency Note Payable	1,081	1,081
Subtotal Governmental Activity Debt	<u>58,103</u>	<u>59,106</u>
Business-type Debt:		
PG & E Parking Lot Lighting Retrofit Note Payable	28	35
2012 Authority Lease Revenue refunding Bonds, as adjusted	4,890	5,164
Subtotal Business-type Debt	<u>4,918</u>	<u>5,199</u>
Total Long-Term Obligations	<u><u>\$63,021</u></u>	<u><u>\$64,305</u></u>

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019**

ECONOMIC CLIMATE AND NEXT YEAR'S BUDGET

Ten years removed from the Great Recession, the US Economy continues to grow, officially reaching the longest economic expansion in US history. The labor market has created over 2 million jobs per year since 2010. However, growth is beginning to slow. According to the September Federal Open Market Committee meeting US GDP Growth is forecasted to decline to 2.1% in 2019 versus 3% in 2018. GDP Growth is then expected to decrease to 2% in 2020 and 1.8% in 2021 with unemployment and inflation expected to follow similar patterns.

California is on strong economic footing to begin the fiscal year with a GDP that would rank as the fifth largest nation in the world. The state's fiscal 2019 budget assumes slowed growth in line with national trends and seeks to exercise fiscal prudence although GDP growth of 5.6% in 2018 outpaces the nation as a whole (2.9%) and unemployment has recently reached a record low of 4%. This is taking place within a climate of uncertainty, though, as the cost of living continues to rise and income inequality persists.

Locally, Marin County's unemployment rate is among the lowest in the State at 1.9% and total employment figures are forecasted to grow at an average rate of 0.9% through 2022. The new fiscal year begins with property tax revenues projected to increase, however a gradual decline is projected over the next three years.

In San Rafael, property taxes are continuing to grow while sales taxes, having achieved a 4.3% gain over the previous year are projected to start leveling off. The trend of consumer spending continues to shift to online retailers and away from brick-and-mortar locations and the city is continuing to analyze results of the Wayfair decision, however, its actual impact is currently unclear.

The City's general fund has been fueled by the momentum of seven consecutive years of solid operating results. Service levels have increased moderately over the past few years and 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, there are still 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 second largest tax generator is property tax. The City is expecting the fiscal year 2019-2020 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 two-year contract expiring on October 31, 2021, 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.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019**

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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
ASSETS				
Cash and investments available for operations (Note 2)	\$46,061,683	\$3,233,626	\$49,295,309	\$34,255,365
Restricted cash and investments (Note 2)	33,285,009		33,285,009	
Receivables:				
Accounts	3,061,308	31,401	3,092,709	1,638,629
Taxes	7,493,119		7,493,119	
Grants	6,639,211		6,639,211	
Interest	168,845		168,845	
Loans (Note 4)	400,201		400,201	
Long-term receivable from the Successor Agency (Note 15D)	380,887		380,887	
Long-term receivable from San Rafael Sanitation District (Note 4F)	4,613,963		4,613,963	
Internal balances (Note 3B)	(15,357)	15,357		
Prepaid expenses and others	698,871	3,400	702,271	58,166
Capital assets (Note 5):				
Nondepreciable	153,484,773	8,620,853	162,105,626	1,649,704
Depreciable, net	100,678,702	7,320,355	107,999,057	50,643,188
Total Assets	<u>356,951,215</u>	<u>19,224,992</u>	<u>376,176,207</u>	<u>88,245,052</u>
DEFERRED OUTFLOWS				
Deferred outflows related to pension (Note 9)	31,683,580	1,019,387	32,702,967	
Deferred outflows related to OPEB (Note 11)	6,731,530	158,470	6,890,000	
Total Deferred Outflows	<u>38,415,110</u>	<u>1,177,857</u>	<u>39,592,967</u>	
LIABILITIES				
Accounts payable	10,058,042	125,790	10,183,832	1,066,236
Deposits payable	194,417		194,417	
Interest payable		42,460	42,460	
Developer deposits payable	581,717		581,717	
Unearned revenue	265,425		265,425	
Claims payable (Note 13):				
Due in one year	2,353,275		2,353,275	
Due in more than one year	7,368,273		7,368,273	
Compensated absences (Note 1L):				
Due in one year	541,020	17,308	558,328	
Due in more than one year	3,783,824	121,153	3,904,977	
Long-term debt (Note 6):				
Due in one year	485,261	291,816	777,077	
Due in more than one year	57,617,671	4,625,966	62,243,637	
Long-term payable to the City of San Rafael, due in more than one year (Note 4F)				4,613,963
Net OPEB liability, due in more than one year (Note 11)	32,240,023	758,977	32,999,000	
Net pension liability, due in more than one year (Note 9)	107,121,341	3,446,517	110,567,858	
Total Liabilities	<u>222,610,289</u>	<u>9,429,987</u>	<u>232,040,276</u>	<u>5,680,199</u>
DEFERRED INFLOWS				
Deferred inflows related to pension (Note 9)	33,116,207	1,065,479	34,181,686	
Deferred inflows related to OPEB (Note 11)	2,721,922	64,078	2,786,000	
Total Deferred Inflows	<u>35,838,129</u>	<u>1,129,557</u>	<u>36,967,686</u>	
NET POSITION (Note 8):				
Net investment in capital assets	231,844,210	11,023,426	242,867,636	52,292,892
Restricted for:				
Special revenue projects:				
Housing and street improvements	10,821,214		10,821,214	
Stormwater	402,544		402,544	
Emergency medical services	813,346		813,346	
Other	8,302,170		8,302,170	
Capital projects	2,778,457		2,778,457	
Debt service	171,143		171,143	
Total Restricted Net Position	<u>23,288,874</u>		<u>23,288,874</u>	
Unrestricted	(118,215,177)	(1,180,121)	(119,395,298)	30,271,961
Total Net Position	<u>\$136,917,907</u>	<u>\$9,843,305</u>	<u>\$146,761,212</u>	<u>\$82,564,853</u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$11,967,641	\$377,606	\$134,515	
Public safety	49,899,296	5,304,832	1,041,606	
Public works and parks	19,270,613	4,158,338	3,248,299	\$8,042,524
Community development	5,781,826	4,312,259		
Culture and recreation	12,819,429	5,750,846	160,435	
Interest on long-term debt and fiscal charges	1,848,263			
Total Governmental Activities	<u>101,587,068</u>	<u>19,903,881</u>	<u>4,584,855</u>	<u>8,042,524</u>
Business-type Activities				
Parking services	5,038,553	5,362,016		
Total Business-type Activities	<u>5,038,553</u>	<u>5,362,016</u>		
Total Primary Government	<u>\$106,625,621</u>	<u>\$25,265,897</u>	<u>\$4,584,855</u>	<u>\$8,042,524</u>
Component Unit				
San Rafael Sanitation District	<u>\$12,601,257</u>	<u>\$16,964,083</u>	<u>\$5,907</u>	<u>\$1,433,871</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
(\$11,455,520)		(\$11,455,520)	
(43,552,858)		(43,552,858)	
(3,821,452)		(3,821,452)	
(1,469,567)		(1,469,567)	
(6,908,148)		(6,908,148)	
(1,848,263)		(1,848,263)	
(69,055,808)		(69,055,808)	
	\$323,463	323,463	
	323,463	323,463	
(69,055,808)	323,463	(68,732,345)	
			\$5,802,604
25,903,240		25,903,240	1,727,221
22,840,700		22,840,700	
8,516,937		8,516,937	
4,258,469		4,258,469	
10,540		10,540	
4,934,584		4,934,584	
3,203,499		3,203,499	
3,627,254		3,627,254	
2,788,496		2,788,496	
1,783,170		1,783,170	
1,450,434	63,870	1,514,304	519,793
5,904,968		5,904,968	7,768
608,698	(608,698)		
85,830,989	(544,828)	85,286,161	2,254,782
16,775,181	(221,365)	16,553,816	8,057,386
120,142,726	10,064,670	130,207,396	74,507,467
\$136,917,907	\$9,843,305	\$146,761,212	\$82,564,853



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 2018-2019:

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, 2019

	Special Revenue Funds		
	General	Traffic and Housing Mitigation	Gas Tax
ASSETS			
Cash and investments available for operations (Note 2)	\$9,241,545	\$5,212,430	
Restricted cash and investments (Note 2)	561,507		
Receivables:			
Accounts	1,315,478		\$565,826
Taxes	7,081,049		97,483
Grants			5,545,237
Interest	163,128		
Loans (Note 4)	100,472	42,859	
Long-term receivable from the Successor Agency (Note 15D)	380,887		
Due from other funds	587,351		
Prepays	37,271		
	<u>\$19,468,688</u>	<u>\$5,255,289</u>	<u>\$6,208,546</u>
Total Assets	\$19,468,688	\$5,255,289	\$6,208,546
LIABILITIES			
Accounts payable	\$5,030,877	\$57,913	\$1,119,473
Deposits payable	10,015		
Developer deposits payable	420,706		
Due to other funds			360,962
Unearned revenue			
	<u>5,461,598</u>	<u>57,913</u>	<u>1,480,435</u>
Total Liabilities	5,461,598	57,913	1,480,435
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - SB90 reimbursement receivable	1,093,632		
Unavailable revenue - long-term receivable from Successor Agency	380,887		
	<u>1,474,519</u>		
Total Deferred Inflows of Resources	1,474,519		
Fund Balances (Note 8):			
Nonspendable	37,271		
Restricted		5,197,376	4,728,111
Committed			
Assigned	11,391,084		
Unassigned	1,104,216		
	<u>12,532,571</u>	<u>5,197,376</u>	<u>4,728,111</u>
Total Fund Balances	12,532,571	5,197,376	4,728,111
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$19,468,688	\$5,255,289	\$6,208,546

See accompanying notes to basic financial statements

Essential Facilities Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$1,561,838	\$12,144,661	\$28,160,474
32,018,667	704,835	33,285,009
52,882	1,054,402	2,988,588
	314,587	7,493,119
813,066	211,752	6,570,055
	5,717	168,845
	256,870	400,201
		380,887
		587,351
	27,627	64,898
<u>\$34,446,453</u>	<u>\$14,720,451</u>	<u>\$80,099,427</u>
\$2,055,954	\$891,669	\$9,155,886
	184,402	194,417
	161,011	581,717
	226,389	587,351
	265,425	265,425
<u>2,055,954</u>	<u>1,728,896</u>	<u>10,784,796</u>
		1,093,632
		380,887
		1,474,519
	27,627	64,898
32,390,499	10,944,518	53,260,504
	1,901,271	1,901,271
	118,139	11,509,223
		1,104,216
<u>32,390,499</u>	<u>12,991,555</u>	<u>67,840,112</u>
<u>\$34,446,453</u>	<u>\$14,720,451</u>	<u>\$80,099,427</u>

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

Total fund balances reported on the governmental funds balance sheet	\$67,840,112
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.	240,776,112
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.	21,425,360
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(58,102,932)
Compensated absences	(4,324,844)
Unavailable revenue	1,474,519
Long-term receivables from San Rafael Sanitation District	4,613,963
Deferred outflow related to pension	31,683,580
Net pension liability	(107,121,341)
Deferred inflow related to pension	(33,116,207)
Deferred outflow related to OPEB	6,731,530
Deferred inflow related to OPEB	(2,721,922)
Net OPEB liability	<u>(32,240,023)</u>
Net Position of governmental activities	<u><u>\$136,917,907</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Special Revenue Funds</u>					Total Governmental Funds
	General	Traffic and Housing Mitigation	Gas Tax	Essential Facilities Capital Projects Fund	Other Governmental Funds	
REVENUES						
Taxes and special assessments	\$70,282,284				\$6,818,901	\$77,101,185
Licenses and permits	2,661,500					2,661,500
Fines and forfeitures	337,680					337,680
Use of money and properties	250,570	\$111,363	\$33,778	\$871,481	315,868	1,583,060
Intergovernmental	3,290,086		10,567,243		1,744,935	15,602,264
Charges for services	2,671,395	2,356,530	1,206,142		8,932,809	15,166,876
Other revenue	841,538		374,639	3,251,151	690,714	5,158,042
Total Revenues	80,335,053	2,467,893	12,181,802	4,122,632	18,503,227	117,610,607
EXPENDITURES						
Current:						
General government	12,297,845	18,800			236,854	12,553,499
Public safety	43,107,841				8,571,035	51,678,876
Public works and parks	11,742,280	59,945	2,337,369		1,478,028	15,617,622
Community development	4,988,260					4,988,260
Culture and recreation	3,080,364				9,387,644	12,468,008
Capital outlay		117,253	10,308,603	23,908,035	4,367,156	38,701,047
Debt service:						
Principal	495,172					495,172
Interest and fiscal charges	2,356,207					2,356,207
Total Expenditures	78,067,969	195,998	12,645,972	23,908,035	24,040,717	138,858,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,267,084	2,271,895	(464,170)	(19,785,403)	(5,537,490)	(21,248,084)
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 3A)	4,321,361			5,201,300	5,959,636	15,482,297
Transfers out (Note 3A)	(6,278,828)	(3,380,892)	(800,000)	(2,234,450)	(1,585,864)	(14,280,034)
Total Other Financing Sources (Uses)	(1,957,467)	(3,380,892)	(800,000)	2,966,850	4,373,772	1,202,263
Net Change in Fund Balances	309,617	(1,108,997)	(1,264,170)	(16,818,553)	(1,163,718)	(20,045,821)
FUND BALANCES, BEGINNING OF YEAR	12,222,954	6,306,373	5,992,281	49,209,052	14,155,273	87,885,933
FUND BALANCES, END OF YEAR	\$12,532,571	\$5,197,376	\$4,728,111	\$32,390,499	\$12,991,555	\$67,840,112

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, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$20,045,821)

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	39,452,886
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(871,389)
Loss on disposal of capital assets is deducted from fund balance	(320,406)
Depreciation expense is deducted from fund balance	(5,692,089)

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.

Repayments on long-term debt principal	495,172
Amortized bond premium expense is added back to fund balance	507,944

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	270,811
Unavailable revenue	(192,877)
Long-term receivable from San Rafael Sanitary District	(7,474)

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.

1,604,235

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.

856,577

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.

717,612

Change in Net Position of Governmental Activities

\$16,775,181

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, 2019

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments available for operations (Note 2)	\$3,233,626	\$17,901,209
Receivable:		
Accounts	31,401	72,720
Grants		69,156
Prepays	3,400	633,973
Total Current Assets	3,268,427	18,677,058
Noncurrent Assets:		
Capital assets (Note 5):		
Nondepreciable	8,620,853	3,126,385
Depreciable, net	7,320,355	10,260,978
Total Noncurrent Assets	15,941,208	13,387,363
Total Assets	19,209,635	32,064,421
DEFERRED OUTFLOWS		
Deferred outflows related to pension (Note 9)	1,019,387	
Deferred outflows related to OPEB (Note 11)	158,470	
Total Deferred Outflows	1,177,857	
LIABILITIES		
Current Liabilities:		
Accounts payable	125,790	902,156
Interest payable	42,460	
Compensated absences, due in one year (Note 1L)	17,308	
Claims payable, due in one year (Note 13)		2,353,275
Long-term debt, due in one year (Note 6)	291,816	
Total Current Liabilities	477,374	3,255,431
Noncurrent Liabilities:		
Compensated absences (Note 1L)	121,153	
Claims payable (Note 13)		7,368,273
Long-term debt (Note 6)	4,625,966	
Net OPEB liability (Note 11)	758,977	
Net pension liability (Note 9)	3,446,517	
Total Noncurrent Liabilities	8,952,613	7,368,273
Total Liabilities	9,429,987	10,623,704
DEFERRED INFLOWS		
Deferred inflows related to pension (Note 9)	1,065,479	
Deferred inflows related to OPEB (Note 11)	64,078	
Total Deferred Inflows	1,129,557	
NET POSITION (Note 8):		
Net investment in capital assets	11,023,426	13,387,363
Unrestricted	(1,195,478)	8,053,354
Total Net Position	9,827,948	\$21,440,717
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.	15,357	
Net position <i>business-type activities</i>	\$9,843,305	

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, 2019

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$3,139,137	\$18,005,346
Other operating revenues	2,222,879	902,230
Intergovernmental		200,000
Total Operating Revenues	<u>5,362,016</u>	<u>19,107,576</u>
OPERATING EXPENSES		
Personnel	2,818,271	4,470,306
Insurance premiums and claims		7,360,418
Maintenance and repairs	268,469	1,158,504
Depreciation (Note 5)	236,085	1,302,692
General and administrative	1,597,129	3,778,755
Total Operating Expenses	<u>4,919,954</u>	<u>18,070,675</u>
Operating Income	<u>442,062</u>	<u>1,036,901</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	63,870	324,562
Interest expense	(176,025)	
Miscellaneous income		11,259
Loss on sale of capital assets		(4,119)
Total Nonoperating Revenues (Expenses)	<u>(112,155)</u>	<u>331,702</u>
Income Before Transfers	<u>329,907</u>	<u>1,368,603</u>
TRANSFERS IN (Note 3A)		170,798
TRANSFERS OUT (Note 3A)	(608,698)	(764,363)
Change in Net Position	(278,791)	775,038
NET POSITION, BEGINNING OF YEAR	<u>10,106,739</u>	<u>20,665,679</u>
NET POSITION, END OF YEAR	<u><u>\$9,827,948</u></u>	<u><u>\$21,440,717</u></u>

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

Change in Net Position (\$278,791)

Some amounts reported for *business-type activities* in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds serviced.

57,426

Change in Net Position of Business-type Activities

(\$221,365)

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/other funds	\$3,139,137	\$18,082,439
Cash payments to suppliers for goods and services	(1,838,721)	(15,437,289)
Cash payments to employees for salaries and benefits	(2,468,975)	(1,995,915)
Other operating revenues	2,232,825	902,230
Cash Flows from Operating Activities	1,064,266	1,551,465
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund receipts		170,798
Interfund payments	(608,698)	(764,363)
Cash Flows from Noncapital Financing Activities	(608,698)	(593,565)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on revenue bonds and note payable	(281,816)	
Interest expenses and fiscal charges	(177,362)	
Acquisition of capital assets	(26,902)	(830,680)
Proceeds from sale of property		11,259
Cash Flows from Capital and Related Financing Activities	(486,080)	(819,421)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	63,870	324,562
Cash Flows from Investing Activities	63,870	324,562
NET DECREASE IN CASH AND CASH EQUIVALENTS	33,358	463,041
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,200,268	17,438,168
CASH AND CASH EQUIVALENTS, END OF YEAR	\$3,233,626	\$17,901,209
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$442,062	\$1,036,901
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	236,085	1,302,692
Net change in assets and liabilities:		
Accounts receivable	9,946	(141,876)
Prepays	(3,400)	(633,973)
Loans receivable		18,969
Increase in due to OPEB system	389,577	
Accounts payable	30,277	(209,121)
Compensated absence obligations	2,997	
(Decrease) in due to retirement system	(43,278)	
Claims payable		177,873
Net Cash Provided by Operating Activities	\$1,064,266	\$1,551,465
NON-CASH TRANSACTIONS:		
Amortization of bond discount	\$725	

See accompanying notes to basic financial statements

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – PRIVATE PURPOSE TRUST FUND

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

PT. SAN PEDRO ROAD ASSESSMENT DISTRICT AGENCY FUND

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

CITY OF SAN RAFAEL
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2019

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Pt. San Pedro Road Assessment District Agency Fund
ASSETS		
Cash and investments (Note 2)	(\$167,622)	
Restricted cash and investments (Note 2)	86	\$282,954
Receivable:		
Taxes	3,555,006	725
Total Assets	3,387,470	\$283,679
LIABILITIES		
Accounts payable	1,751	
Interest payable	27,861	\$24,276
Other long-term obligations (Note 15D)	380,887	
Due to bondholders		259,403
Long-term debt (Note 15C):		
Due within one year	3,215,000	
Due more than one year	9,996,290	
Total Liabilities	13,621,789	\$283,679
NET POSITION (DEFICIT)		
Held in trust for private purpose	(\$10,234,319)	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Property taxes	\$3,837,808
Use of money and property	456
Bond premium	79,861
Other revenue	904
	3,919,029
Total Additions	
DEDUCTIONS	
General government	168,342
Interest expense	683,363
	851,705
Total Deductions	
Change in Net Position	3,067,324
NET POSITION HELD IN TRUST FUND FOR OTHER PURPOSES	
Beginning of year	(13,301,643)
End of year	(\$10,234,319)

See accompanying notes to financial statements



CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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.

J. *Prepays*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

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

General capital assets	ranging from \$5,000 to \$50,000
Infrastructure capital assets	ranging from \$25,000 to \$250,000

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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *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	\$4,595,655	\$135,464	\$4,731,119
Additions	3,008,839	108,471	3,117,310
Payments	(3,279,650)	(105,474)	(3,385,124)
Ending Balance	\$4,324,844	\$138,461	\$4,463,305
Current Portion	\$541,020	\$17,308	\$558,328

M. *Property Tax Levy, Collection and Maximum Rates*

City

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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.

N. 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.

O. 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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. 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.

Q. New Funds

In fiscal year 2018-2019, the City established a Special Revenue Fund, Measure G - Cannabis, for the purpose of reporting tax revenue and expenditures related to Cannabis activities authorized by Measure G.

R. Fair Value Measurements

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

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS

A. Policies

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

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019, are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Statement of Net Position:

City of San Rafael:	
Cash and investments available for operations	\$49,295,309
Restricted cash and investments	33,285,009
Total Primary Government Cash and Investments	82,580,318
 San Rafael Sanitation District (Component Unit)	
Cash and investments available for operations	34,255,365
Total San Rafael Sanitation District Cash and Investments	34,255,365

Statement of Fiduciary Net Position (separate statement):

Successor Agency to the Redevelopment Agency:	
Cash available for operations	(167,622)
Restricted cash	86
Total Successor Agency Cash	(167,536)
 Pt. San Pedro Road Assessment District Agency Fund:	
Restricted cash	282,954
Total Fiduciary Cash	115,418
Total Cash and Investments	\$116,951,101

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, 2019

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 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, 2019

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	No Limit
California Asset Management Program	N/A	N/A	No Limit
Deposit Accounts	N/A	A	No Limit
Money Market Mutual Funds	N/A	AAAm	No Limit
State or Local Bonds	N/A	A	No Limit
Defeasance Securities	N/A	N/A	No Limit

(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, 2019

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, 2019:

	<u>(a)</u> Level 1	<u>(b)</u> Level 2	<u>(c)</u> Level 3	<u>Total</u>
City:				
Money Market Funds		\$639,024		\$639,024
U.S. Treasury Notes	\$3,988,410			3,988,410
U.S. Agency Securities and Instruments		14,234,083		14,234,083
Medium-Term Corporate Notes		4,064,372		4,064,372
Investment in Pt. San Pedro Bonds			\$1,387,200 (d)	1,387,200
	<u>\$3,988,410</u>	<u>\$18,937,479</u>	<u>\$1,387,200</u>	24,313,089
<i>Investments Exempt from Fair Value Hierarchy:</i>				
California Asset Management Program				32,018,667
Local Agency Investment Fund				17,778,472
County Investment Pool				79,149
Total Investments				<u>74,189,377</u>
Cash in banks and on hand				<u>8,390,941</u>
Total City and Investments				<u>82,580,318</u>
Fiduciary:				
Cash in banks and on hand				<u>115,418</u>
Total Fiduciary Cash				<u>115,418</u>
Total City and Fiduciary Cash				<u>82,695,736</u>
San Rafael Sanitary District:				
County Investment Pool				<u>34,255,365</u>
Total District's Cash and Investments				<u>34,255,365</u>
Total Cash and Investments				<u>\$116,951,101</u>

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

- (a) Level 1 inputs are quoted prices in active market for identical assets. These are quoted prices in active markets for identical assets at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- (b) Level 2 inputs are significant other observable inputs. These inputs include: a) Quoted prices for similar assets in active markets; b) Quoted prices for identical or similar assets in markets that are not active; and c) Inputs other than quoted prices that are observable for an asset.
- (c) Level 3 inputs are significant unobservable inputs. These inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.
- (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, 2019

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Interest Rate Risk

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

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

Type of Investment	12 Months or Less	More than 12 Months	Total
City:			
Money Market Funds	\$639,024		\$639,024
California Asset Management Program	32,018,667		32,018,667
Local Agency Investment Fund	17,778,472		17,778,472
County Investment Pool	79,149		79,149
U.S. Treasury Notes	2,991,730	\$996,680	3,988,410
U.S. Agency Securities and Instruments	9,079,202	5,154,881	14,234,083
Medium-Term Corporate Notes	2,048,602	2,015,770	4,064,372
Investment in Pt. San Pedro Bonds		1,387,200	1,387,200
	<u>\$64,634,846</u>	<u>\$9,554,531</u>	74,189,377
<i>Cash in banks and on hand</i>			<u>8,390,941</u>
Total City Cash and Investments			<u>82,580,318</u>
Fiduciary:			
<i>Cash in banks and on hand</i>			<u>115,418</u>
Total Fiduciary Cash			<u>115,418</u>
Total City and Fiduciary Cash			<u>82,695,736</u>
San Rafael Sanitary District:			
<i>County Investment Pool</i>			<u>34,255,365</u>
Total District's Cash and Investments			<u>34,255,365</u>
Total Cash and Investments			<u>\$116,951,101</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019, these investments matured in an average of 173 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 26 to 28 days at June 30, 2019.

The City invests 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, 2019, the fair value was approximate to the City's cost. At June 30, these investments have an average maturity of 54 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, 2019

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, 2019, 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
City (except Fiduciary Funds):			
Money Market Funds	\$639,024	< 1%	Aaa/AAA
California Asset Management Program	32,018,667	43%	AAAm
County Investment Pool	79,149	< 1%	Aaa/AAA
U.S. Treasury Notes	3,988,410	6%	AA+
U.S. Agency Securities and Instruments	14,234,083	19%	AA+
Medium-Term Corporate Notes	4,064,372	6%	A, A+, AA-, AA
Local Agency Investment Fund	17,778,472	24%	Not Rated
Investment in Pt. San Pedro Bonds	1,387,200	2%	Not Rated
Total City Investments	<u>74,189,377</u>		
Component Unit:			
Investment in County Pool	<u>34,255,365</u>		AAA/V1
Total Investments	<u>\$108,444,742</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	\$5,402,739
Entity-wide	Federal Farm Credit Bank	Federal Agencies Obligation	3,494,515
Entity-wide	Federal Home Loan Mortgage Corporation	Federal Agencies Obligation	3,142,597

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019, were as follows:

From Fund	To Fund	Amount
General Fund	Essential Facilities Capital Projects Fund	\$4,145,000 (A)
	Non-Major Governmental Funds	2,133,828 (B)
Traffic and Housing Mitigation Special Revenue Fund	Non-Major Governmental Funds	3,380,892 (C)
Gas Tax Special Revenue Fund	General Fund	800,000 (D)
Essential Facilities Capital Projects Fund	General Fund	2,234,450 (E)
Parking Services Enterprise Fund	General Fund	508,698 (E)
	Non-Major Governmental Funds	100,000 (B)
Internal Service Funds	General Fund	678,213 (E)
	Non-Major Governmental Funds	86,150 (B)
Non-Major Governmental Funds	General Fund	100,000 (D)
	Essential Facilities Capital Projects Fund	1,056,300 (A)
	Building Maintenance Internal Service Fund	170,798 (F)
	Non-Major Governmental Funds	258,766 (B)
		<u>\$15,653,095</u>

- (A) Transfers to the Essential Facilities Capital Projects Fund were for Public Safety Center Projects.
- (B) Transfers to the Non-Major Governmental Funds were for administrative costs, grant matching, recreation, and other program support.
- (C) Transfers to the Capital Improvement Fund were for program support.
- (D) Transfers to the General Fund were for street maintenance support and administrative costs.
- (E) Transfers to the General Fund from Essential Facilities Capital Projects, Parking Services and Internal Services Funds were for debt service payments.
- (F) Transfers to the Building Maintenance Internal Service Fund were for program support.

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, 2019

NOTE 4 - LOANS RECEIVABLE

A. *Summary of Loans Receivable*

The City has identified the portion of fund balance represented by these loans as restricted or assigned as discussed in Note 8. At June 30, 2019, these loans totaled:

Employee Loans	\$3,936
Centertown Associates	256,870
One "H" Street Associates	42,859
Fire Chief Loan	96,536
Total	\$400,201

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, 2019, the balance of the employee loans receivable was \$3,936.

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, 2019, the balance of the loan including principal and accrued interest was \$256,870.

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, 2019, the balance of this loan was \$42,859.

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, 2019, the balance of the loan was \$96,536.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019 is \$4,613,963, and is composed of the following:

Long-term receivable from San Rafael Sanitation District:

Defined benefit pension liability allocation (GASB 68)	\$3,520,186
Other post-employment benefit liability allocation (GASB 75)	<u>1,093,777</u>
Total long-term receivable from San Rafael Sanitation District	<u><u>\$4,613,963</u></u>

NOTE 5 - CAPITAL ASSETS

Changes in capital assets during the fiscal year consisted of:

	Balance June 30, 2018	Additions/ Adjustments	Retirements	Transfers	Balance June 30, 2019
Governmental Activities					
Capital assets not being depreciated:					
Land	\$83,662,359				\$83,662,359
Construction in progress	35,720,118	\$40,021,643	(\$229,724)	(\$5,689,623)	69,822,414
Total capital assets not being depreciated	<u>119,382,477</u>	<u>40,021,643</u>	<u>(229,724)</u>	<u>(5,689,623)</u>	<u>153,484,773</u>
Capital assets being depreciated:					
Land improvements	9,020,097			742,470	9,762,567
Buildings and structures	43,558,694			688,428	44,247,122
Machinery and equipment	20,971,296	261,923	(284,724)		20,948,495
Infrastructure	199,559,595			4,258,725	203,818,320
Total capital assets being depreciated	<u>273,109,682</u>	<u>261,923</u>	<u>(284,724)</u>	<u>5,689,623</u>	<u>278,776,504</u>
Less accumulated depreciation for:					
Land improvements	(6,340,195)	(267,555)			(6,607,750)
Buildings and structures	(19,553,095)	(1,294,498)			(20,847,593)
Machinery and equipment	(12,952,045)	(1,256,765)	194,042		(14,014,768)
Infrastructure	(131,668,796)	(4,958,895)			(136,627,691)
Total accumulated depreciation	<u>(170,514,131)</u>	<u>(7,777,713)</u>	<u>194,042</u>		<u>(178,097,802)</u>
Total net capital assets being depreciated	<u>102,595,551</u>	<u>(7,515,790)</u>	<u>(90,682)</u>	<u>5,689,623</u>	<u>100,678,702</u>
Total governmental activity capital assets	<u>\$221,978,028</u>	<u>\$32,505,853</u>	<u>(\$320,406)</u>		<u>\$254,163,475</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Business-type Activities				
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	1,128,311	\$26,902	(\$112,516)	1,042,697
Total capital assets being depreciated	11,842,125	26,902	(112,516)	11,756,511
Less accumulated depreciation for:				
Buildings and structures	(3,305,322)	(205,362)		(3,510,684)
Machinery and equipment	(1,007,265)	(30,723)	112,516	(925,472)
Total accumulated depreciation	(4,312,587)	(236,085)	112,516	(4,436,156)
Total net capital assets being depreciated	7,529,538	(209,183)		7,320,355
Total business-type activity capital assets	\$16,150,391	(\$209,183)		\$15,941,208

	Balance June 30, 2018	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2019
San Rafael Sanitation District					
Capital assets not being depreciated:					
Land and easements	\$115,329				\$115,329
Construction in progress	775,804	\$4,596,989		(\$3,838,418)	1,534,375
Total capital assets not being depreciated	891,133	4,596,989		(3,838,418)	1,649,704
Capital assets being depreciated:					
Subsurface lines	36,555,141	823,808		1,371,263	38,750,212
Sewage collection facilities	42,205,803	27,611		2,467,155	44,700,569
General plant and administration	1,676,278	100,623	(\$27,108)		1,749,793
Total capital assets being depreciated	80,437,222	952,042	(27,108)	3,838,418	85,200,574
Less accumulated depreciation for:					
Subsurface lines	(11,863,418)	(579,346)			(12,442,764)
Sewage collection facilities	(19,691,736)	(1,171,540)			(20,863,276)
General plant and administration	(1,140,144)	(138,310)	27,108		(1,251,346)
Total accumulated depreciation	(32,695,298)	(1,889,196)	27,108		(34,557,386)
Total net capital assets being depreciated	47,741,924	(937,154)		3,838,418	50,643,188
Total District's capital assets	\$48,633,057	\$3,659,835			\$52,292,892

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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 - CAPITAL ASSETS (Continued)

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

Governmental Activities	
General government	\$144,138
Public safety	893,499
Public works and parks	5,851,551
Community development	46,532
Culture and recreation	841,993
Total Governmental Activities	\$7,777,713
Business-type Activities	
Parking services	\$236,085
Total Business-type Activities	\$236,085

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, 2019, are as follows:

	Authorized and Issued	Balance June 30, 2018	Retirements	Balance June 30, 2019	Current Portion
Governmental Activities Bonds:					
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		8,127,097	\$507,944	7,619,153	
2010 Taxable Pension Obligation Bonds 6.00%-6.25%, due 7/1/2025	4,490,000	4,185,000	420,000	3,765,000	\$445,000
Total Governmental Activities Bonds		57,797,097	927,944	56,869,153	445,000
Governmental Activities - Direct Borrowings:					
PG & E City Hall HVAC Retrofit Note Payable 0.00%, due 11/30/2023	334,585	179,278	33,280	145,998	33,280
PG & E Street Light Retrofit Note Payable 0.00%, due 8/31/2019	233,896	48,873	41,892	6,981	6,981
PG & E CEC Efficiency Note Payable 1.00%, due 12/22/2027	1,178,813	1,080,800		1,080,800	
Total Governmental Activities - Direct Borrowings		1,308,951	75,172	1,233,779	40,261
Total Governmental Activities Debt		\$59,106,048	\$1,003,116	\$58,102,932	\$485,261
Business-type Activities					
Direct Borrowing:					
PG & E Parking Lot Lighting Retrofit Note Payable 0.00%, due 11/30/2023	\$66,380	\$34,571	\$6,816	\$27,755	\$6,816
2012 Authority Lease Revenue Refunding Bonds 2.00-4.00%, due 4/1/2033	6,750,000	5,174,999	275,000	4,899,999	285,000
Less: unamortized bond discount		(10,697)	(725)	(9,972)	
Total Business-type Activities Bonds		5,164,302	274,275	4,890,027	285,000
Total Business-type Activities		\$5,198,873	\$281,091	\$4,917,782	\$291,816

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 - LONG-TERM DEBT (Continued)

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.

The Bonds are payable from any source of available funds of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

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. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 - LONG-TERM DEBT (Continued)

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 exterior lighting upgrades and energy management control systems. As of June 30, 2019, the loan obligation was \$1,080,000, the project is ongoing and additional note proceeds are expected in fiscal year 2019-2020. Payments will commence in December 2020, and are due semi-annually until paid in full in 2027.

D. 2012 Authority Lease Revenue Refunding Bonds

On August 7, 2012, the Authority issued 2012 Authority Lease Revenue Refunding Bonds in the amount of \$6,750,000 bearing interest at rates from 2.00% to 4.00%. The proceeds of the Series 2012 Bonds were used to repay the Authority's 2003 Authority Lease Revenue Bonds that financed the construction of the 3rd and C Street parking structure and achieved lower interest rates and lower annual debt service payments. The refunding resulted in a net present value savings to the City in debt service of \$670,496. In addition, the requisition price exceeded the net carrying amount of the old debt by \$295,278. The Series 2012 Bonds are payable from lease payments made by the City to the Authority for leasing the City facilities. 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.

The Bonds are payable from any source of available funds of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 - LONG-TERM DEBT (Continued)

E. Future Debt Service

Future debt service requirements, including interest, at June 30, 2019, are as follows:

For the Year Ended June 30	Governmental Activities - Bonds		Governmental Activities - Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	\$445,000	\$2,420,832	\$40,261	\$33,280
2021	2,385,000	2,393,232	87,320	54,626
2022	2,575,000	2,286,801	87,320	53,545
2023	2,775,000	2,171,501	87,320	52,464
2024	3,000,000	2,045,528	66,918	30,981
2025 - 2029	16,830,000	7,848,506	270,200	74,306
2030 - 2034	21,240,000	3,211,250	270,200	47,285
2035 - 2039			270,200	20,265
2040			54,040	810
Totals	49,250,000	\$22,377,650	1,233,779	\$367,562
Reconciliation of Long-term debt:				
Add: unamortized premium	7,619,153			
	<u>\$56,869,153</u>		<u>\$1,233,779</u>	

For the Year Ended June 30	Business-type Activities - Bonds		Business-type Activities Direct Borrowings
	Principal	Interest	Principal
2020	\$285,000	\$169,838	\$6,816
2021	290,000	161,288	6,816
2022	300,000	152,588	6,816
2023	310,000	143,588	6,816
2024	320,000	134,288	491
2025 - 2029	1,750,000	507,518	
2030 - 2034	1,644,999	164,400	
Totals	4,899,999	\$1,433,508	27,755
Reconciliation of Long-term debt:			
Less: unamortized discount	(9,972)		
	<u>\$4,890,027</u>		<u>\$27,755</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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:

	<u>Project Description</u>	<u>Original Amount</u>	<u>Outstanding June 30, 2019</u>
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2000A	162-175 Belvedere Apartments	\$3,590,529	\$997,394
California Statewide Communities Development Authority Revenue Bonds-2002	St. Marks School	5,605,000	3,205,000
San Rafael Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Bonds-2001A	55 Fairfax Apartments	3,000,000	1,900,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2001	San Rafael Commons Apartments	6,100,000	4,585,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2007 Series A	Martinelli House Project	6,000,000	1,845,971
Multifamily Housing Revenue Bonds-2007 Series B	Martinelli House	1,000,000	175,174
Pt. San Pedro Road Median Landscaping Assessment District Limited Obligation Bonds-2012	Pt. San Pedro Road Median Landscaping	<u>1,750,000</u>	<u>1,387,200</u>
	Total	<u><u>\$27,045,529</u></u>	<u><u>\$14,095,739</u></u>

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, 2019

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, 2019

NOTE 8 - NET POSITION AND FUND BALANCE (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2019, are below:

	General Fund	Special Revenue Funds		Capital Project Funds	Other Governmental Funds	Total
		Traffic and Housing Mitigation	Gas Tax	Essential Facilities Capital Projects Fund		
Fund balances:						
Nonspendable:						
Prepays	\$37,271				\$27,627	\$64,898
Total Nonspendable	<u>37,271</u>				<u>27,627</u>	<u>64,898</u>
Restricted for:						
Assessment District capital projects					302,890	302,890
Baypoint Lagoons Assessment District					252,414	252,414
Bedroom tax capital projects					84,325	84,325
Childcare					1,746,845	1,746,845
Development services					631,375	631,375
Emergency medical services					785,719	785,719
1997 financing authority revenue bonds debt service					151,695	151,695
Gas tax			\$4,728,111			4,728,111
Grants					796,024	796,024
Household hazmat facility					366,418	366,418
Library					2,449,535	2,449,535
Library assessment					556,470	556,470
Loch Lomond Assessment District					674,208	674,208
Loch Lomond Assessment District #2					282,718	282,718
Low and Moderate Income Housing					895,727	895,727
Mariposa Assessment District debt service					16,573	16,573
Measure E - Public Safety Facility				\$32,390,499		32,390,499
Measure G - Cannabis					75,973	75,973
Parkland dedication					257,542	257,542
Peacock Gap Assessment District debt service					2,875	2,875
Public safety					89,647	89,647
Pt. San Pedro- Maintenance Portion					120,673	120,673
Recreation revolving					2,328	2,328
Storm water					402,544	402,544
Traffic and housing mitigation		\$5,197,376				5,197,376
Total Restricted		<u>5,197,376</u>	<u>4,728,111</u>	<u>32,390,499</u>	<u>10,944,518</u>	<u>53,260,504</u>
Committed to:						
Capital improvement capital projects					1,890,447	1,890,447
Park capital projects					10,824	10,824
Total Committed					<u>1,901,271</u>	<u>1,901,271</u>
Assigned to:						
Contractual commitments	230,646					230,646
MOU - One-time payments	797,625					797,625
Measure E - Public Safety Facility	143,702					143,702
Emergency and cash flow	7,900,000					7,900,000
Infrastructure Reserve	600,000					600,000
General plan / long range planning	1,719,111					1,719,111
Open space capital projects					118,139	118,139
Total Assigned	<u>11,391,084</u>				<u>118,139</u>	<u>11,509,223</u>
Unassigned	<u>1,104,216</u>					<u>1,104,216</u>
Total Fund Balances	<u>\$12,532,571</u>	<u>\$5,197,376</u>	<u>\$4,728,111</u>	<u>\$32,390,499</u>	<u>\$12,991,555</u>	<u>\$67,840,112</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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.

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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - PENSION PLANS (Continued)

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.

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, 2019 were as follows:

	Employer Contribution Rate	Employee Contribution Rate	Benefit	Basis
City of San Rafael Misc Tier 1	53.34%	0.00% - 16.13%	2.7% @ 55	Highest year
City of San Rafael Misc Tier 2	52.40%	7.34% - 11.76%	2.0% @ 55	Average three highest years
City of San Rafael Fire Tier 1	74.94%	0.00% - 19.59%	3.0% @ 55	Highest year
City of San Rafael Fire Tier 2	72.55%	11.40% - 17.36%	3.0% @ 55	Average three highest years
City of San Rafael Safety Police Tier 1	74.30%	0.00% - 19.59%	3.0% @ 55	Highest year
City of San Rafael Safety Police Tier 2	73.49%	11.40% - 17.36%	3.0% @ 55	Average three highest years
PEPRA Misc	45.39%	9.30%	2.0% @ 62	Average three highest years
PEPRA Safety	63.06%	13.98%	2.7% @ 57	Average three highest years

These rates were determined by MCERA, based on the actuarial valuation dated June 30, 2017. The actual rate of return on investments during that year was 11.92% on a market value basis net of investment expenses, as compared to the prior year's 7.25% assumption.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - PENSION PLANS (Continued)

The City uses the actuarially determined percentages of payroll to calculate and pay contributions to MCERA. Contributions to the plan from the City were \$20,352,203 for the year ended June 30, 2019, based on a total payroll of \$44,634,340, of which \$33,106,430 represented the basis for the plan contributions. Of the total payroll subject to plan contributions, \$1,431,100 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 (13 years remaining as of June 30, 2017), except for the additional UAL attributable to the outstanding unfunded actuarial loss from 2009, which is being amortized over a separate closed period (currently 21 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.

D. Pension Liability and Pension Expense

The City's net pension liability (NPL) has been determined for the financial reporting period ended June 30, 2019 based on the following methodology: The City's NPL as of June 30, 2017 was updated to the measurement date of June 30, 2018 using the actual City's plan assets as of June 30, 2018 and estimating the change in the City's liabilities between July 1, 2017 and June 30, 2018. 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 \$110,567,858, or 34.4752% of the total MCERA NPL of \$330,297,827 (reference MCERA's GASB 67/68 report as of June 30, 2018). This compares to the previous year's NPL of \$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).

In addition to the reporting of the NPL as of June 30, 2019, the City reported deferred inflows of \$34,181,686 and deferred outflows of \$12,350,764 as of the measurement date June 30, 2018. The City reported post-measurement date outflows of \$20,352,203 from actual fiscal year 2018-2019 pension contributions. Deferred outflows include deferred investment gains and adjustments to assumptions based on actual positive results. Deferred outflows have a positive impact on net assets (offsetting the NPL) and will be recognized in future reporting periods. Deferred inflows include deferred investment losses, adjustments to assumptions based on actual negative results, and contributions made after the measurement date. Deferred inflows 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 was \$112,046,577. After allocations to the San Rafael Sanitation District, the net impact on the City's Statement of Net Position was \$108,526,391.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - PENSION PLANS (Continued)

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 \$20,352,203. 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.

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

Summary of Results		
Description	Measurement Date 6/30/2018	Measurement Date 6/30/2017
Net Pension Liability	\$110,567,858	\$120,649,687
Deferred Inflows	34,181,686	31,607,575
Deferred Outflows	(12,350,764)	(18,395,737)
Impact on Net Position before Deferred Outflows from Contributions	132,398,780	133,861,525
Additional Deferred Outflows - Contributions Subsequent to Measurement Date	(20,352,203)	(20,167,435)
Impact on Statement of Net Position before Allocations	112,046,577	113,694,090
Allocation of NPL to SRSD	3,487,083	3,740,703
Allocation of Deferred Inflows (measurement date) to SRSD	1,078,020	979,982
Allocation of Deferred Outflows (measurement date) to SRSD	(389,518)	(570,354)
Impact on Net Position before Allocation of Deferred Outflows from Contributions to SRSD	4,175,585	4,150,331
Allocation of Additional Deferred Outflows (Contributions) to SRSD	(655,399)	(657,863)
Long-Term Receivable from SRSD, due to pension obligations (see Note 4F)	3,520,186	3,492,468
Impact on Statement of Net Position, net of receivable from SRSD	\$108,526,391	\$110,201,622
Pension Expense	\$18,704,394	\$21,503,841

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, 2018. The beginning of year measurement of TPL is based on the actuarial valuation as of June 30, 2017. The TPL at the end of the measurement year, June 30, 2018, is also measured as of the valuation date of June 30, 2017 and projected to June 30, 2018.

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, 2017. The FNP at the end of the measurement year, June 30, 2018, is also measured as of the valuation date of June 30, 2017 and projected to June 30, 2018.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - PENSION PLANS (Continued)

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.

Actuarial assumptions:

The total pension liability as of June 30, 2018 (measurement date) was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement. The key assumptions in the valuation were:

Actuarial assumptions:

Expected Return on Assets	7.00 percent per year, net of investment expenses
Discount Rate	7.00 percent per year
Price Inflation	2.75% per year
Salary Increases	3% per year plus merit component based on employee classification and years of service.
Administrative Expenses	Administrative expenses in the actuarial valuation are assumed to be \$4.917 million for FY 2017-18, 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 2017-18 amounts.
Post-Retirement COLA	Post-retirement COLAs are assumed at a rate of 2.7% for members with a 4% COLA cap, 2.6% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap.
Mortality Rates for Healthy Members and Inactives	Rates of mortality for active members are specified by CalPERS 2017 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 2014 using Scale MP-2017.
Mortality Rates for Retired Disabled Members	Rates of mortality among disabled members are given by CalPERS 2017 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males (Miscellaneous and Safety) and 90% for Miscellaneous Females, with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Rate of Return (with the effect of inflation)</u>
Domestic Equity	32%	4.60%	7.35%
International Equity	22%	4.75%	7.50%
Fixed Income	23%	0.75%	3.50%
Public Real Assets	7%	3.25%	6.00%
Real Estate	8%	3.50%	6.25%
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 7.00%. 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 (21 years remaining as of the June 30, 2017 actuarial valuation), and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (13 years remaining as of the June 30, 2017 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 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 113%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 93%.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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:

Description	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total Pension Liability	\$1,072,547,443	\$947,923,920	\$845,324,560
Fiduciary Net Position	837,356,062	837,356,062	837,356,062
Net Pension Liability	<u>\$235,191,381</u>	<u>\$110,567,858</u>	<u>\$7,968,498</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	78.1%	88.3%	99.1%

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		\$1,026,038
Changes in assumptions	\$10,243,832	
Change in proportion	2,106,932	5,882,404
Difference between City contributions and proportionate share of contributions		9,065,783
Actual FY 18-19 contributions (post measurement date)	20,352,203	
Net difference between projected and actual earnings on pension plan investments		<u>18,207,461</u>
Deferred Inflows and Outflows Before Allocations	<u>\$32,702,967</u>	<u>\$34,181,686</u>
Allocation of Deferred Inflows and Outflows to SRSD		
As of measurement date	\$389,518	\$1,078,020
Post-measurement date	655,399	
Net Deferred Inflows and Outflows	<u>\$31,658,050</u>	<u>\$33,103,666</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - PENSION PLANS (Continued)

The \$20,352,203 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30</u>	<u>Amortization Amount</u>
2020	(\$4,765,259)
2021	(4,671,470)
2022	(8,312,697)
2023	<u>(4,081,496)</u>
Total	<u><u>(\$21,830,922)</u></u>

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 \$132,472. The total covered payroll of employees participating in the plan for the year ended June 30, 2019, was \$3,700,356. The total payroll for the year was \$44,634,340.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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 Multiple-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, 2019, are summarized as follows:

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

Membership in the plan consisted of the following at June 30, 2019, the measurement date:

Active plan members	366
Inactive employees or beneficiaries currently receiving benefit payments	349
Inactive employees entitled to but not yet receiving benefit payments	70
Total	785

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, 2018, using an actuarial valuation as of June 30, 2017. The following actuarial assumptions were used in the valuation: (a) 6.75% 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, 2019

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		6.75%	
Discount Rate		6.75%	

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

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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

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, 2017	\$51,581,000	\$17,884,000	\$33,697,000
Changes Recognized for the Measurement Period:			
Service Cost	822,000		822,000
Interest on the total OPEB liability	3,435,000		3,435,000
Changes in benefit terms			
Difference between expected and actual experience			-
Changes of assumptions			-
Contributions from the employer		3,573,000	(3,573,000)
Net investment income		1,425,000	(1,425,000)
Administrative expenses		(43,000)	43,000
Benefit payments and refunds	(3,028,000)	(3,028,000)	
Net Changes during July 1, 2017 to June 30, 2018	1,229,000	1,927,000	(698,000)
Balance at June 30, 2018 (Measurement Date)	\$52,810,000	\$19,811,000	\$32,999,000

The benefit payments and refunds includes implied subsidy benefit payments in the amount of \$771,000.

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%)
\$39,267,000	\$32,999,000	\$27,753,000

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%
\$29,161,000	\$32,999,000	\$37,724,000

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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 2018-2019 were as follows:

Service Cost	\$822,000
Interest on Total OPEB Liability	3,435,000
Projected earning on investments	(1,206,000)
Employee contributions	
Administrative expense	43,000
Change in benefits	
Recognition of deferred outflows/inflows:	
Experience	(708,000)
Assumptions	833,000
Asset Returns	48,000
	48,000
OPEB Expense	\$3,267,000

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2019 were as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Changes of assumptions	\$3,092,205	\$72,795	\$3,165,000
Employer contributions made subsequent to the measurement date	3,639,325	85,675	3,725,000
Total deferred outflows of resources	\$6,731,530	\$158,470	\$6,890,000
Deferred inflows of resources:			
Differences between expected and actual experience	\$2,629,107	\$61,893	\$2,691,000
Net difference between projected and actual earnings on plan investments	92,815	2,185	95,000
Total deferred inflows of resources	\$2,721,922	\$64,078	\$2,786,000

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

\$3,725,000 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, 2020. 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
2020	\$173,000
2021	173,000
2022	(23,000)
2023	56,000
	\$379,000

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

Summary of Results		
Description	Measurement Date June 30, 2018	Measurement Date June 30, 2017
Net OPEB Liability	\$32,999,000	\$33,696,000
Deferred Inflows	2,786,000	3,399,000
Deferred Outflows	(3,165,000)	(4,170,000)
Impact on Net Position before deferred contributions	32,620,000	32,925,000
Additional Deferred Outflows - Contributions subsequent to measurement date	(3,725,000)	(3,563,000)
Impact on Statement of Net Position before Allocations	28,895,000	29,362,000
Allocation of NOL to SRSD	1,249,127	1,295,611
Allocation of Deferred Inflows (measurement date) to SRSD	105,460	130,692
Allocation of Deferred Outflows (measurement date) to SRSD	(119,806)	(160,337)
Impact on Net Position before deferred contributions to SRSD	1,234,781	1,265,966
Allocation of Additional Deferred Outflows (contributions) to SRSD	(141,004)	(136,997)
Long-Term Receivable from SRSD, due to OPEB obligations (see Note 4F)	1,093,777	1,128,969
Impact on Statement of Net Positions, net of receivable from SRSD	\$27,801,223	\$28,233,031
OPEB Expense	\$3,267,000	\$3,395,000
Covered Employee Payroll	\$36,350,000	\$32,885,000

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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% or \$258,164 for the year ended June 30, 2019. 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 Marin Streetlight Acquisition Joint Powers Authority. MGSA services now include street light maintenance, abandoned vehicle abatement, taxicab regulation and administrative responsibility for MarinMap. The City's contribution to MGSA was \$650,570 for the year ended June 30, 2019. 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, 2019

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 \$680,205 of the Authority's operation and debt service for the fiscal year ended June 30, 2019. 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, 2019. 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, 2019

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, 2019. 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 (13%) 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, 2018 and 2017, the most recent information available.

	2018	2017
Total assets	\$99,091,285	\$99,239,615
Deferred outflows of resources	7,332,920	5,961,780
Total liabilities	(62,147,599)	(61,321,187)
Deferred inflows of resources	(2,056,973)	(1,260,848)
Net position	\$42,219,633	\$42,619,360
Total revenues	\$17,353,966	\$17,235,271
Total expenses	(16,351,993)	(16,793,252)
Total contributions and adjustments	(1,025,880)	(1,283,532)
Prior period adjustment	(375,820)	(2,164,585)
Change in net position	(\$399,727)	(\$3,006,098)

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 13 - RISK MANAGEMENT

A. City

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City 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 \$114,220,740. 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 \$334,004 in liability coverage premiums during the fiscal year ended June 30, 2019. 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, 2019

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	
			2019	2018
Balance, beginning of year	\$3,557,907	\$5,985,768	\$9,543,675	\$8,747,338
Current year claims and changes in estimates	984,984	1,022,113	2,007,097	2,601,883
Claims paid	(926,826)	(902,398)	(1,829,224)	(1,805,546)
Balance, end of year	<u>\$3,616,065</u>	<u>\$6,105,483</u>	<u>\$9,721,548</u>	<u>\$9,543,675</u>
Due in one year	\$1,100,676	\$1,252,599	\$2,353,275	\$2,696,736
Due in more than one year	<u>2,515,389</u>	<u>4,852,884</u>	<u>7,368,273</u>	<u>6,846,939</u>
Total claim liabilities	<u>\$3,616,065</u>	<u>\$6,105,483</u>	<u>\$9,721,548</u>	<u>\$9,543,675</u>

* Liability based on an actuarial valuation as of March 31, 2018, extrapolated to June 30, 2019

** Liability based on an actuarial valuation as of December 31, 2017, extrapolated to June 30, 2019

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, 2019

NOTE 13 - RISK MANAGEMENT (Continued)

The following summarizes active insurance policies as of June 30, 2019 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.)	\$12,174,235	Special form property
CSRMA - Illinois Union Ins.	\$25,000,000	Pollution liability - tier 1
CSRMA - Illinois Union Ins.	\$2,000,000	Pollution liability - tier 2
CSRMA - Lloyds of London	\$2,000,000	Cyber liability - third party
CSRMA - Lloyds of London	\$2,000,000	Cyber liability - third party
CSRMA - Travelers Ins.	\$25,000	Identity theft

The financial statements of CSRMA are available at their office: 100 Pine Street, 11th Floor, San Francisco, CA 94111. Condensed financial information for CSRMA is presented below for the years ended June 30, 2018 and 2017 (latest information available).

	<u>2018</u>	<u>2017</u>
Assets	\$25,703,119	\$28,419,707
Liabilities	(17,997,369)	(17,241,037)
Net assets	<u>\$7,705,750</u>	<u>\$11,178,670</u>
Revenues	\$10,453,268	\$11,166,523
Expenses	(13,926,188)	(11,588,811)
Increase (decrease) in net assets	<u>(3,472,920)</u>	<u>(\$422,288)</u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. City

Litigation

The City is a defendant in several lawsuits arising from its normal operations. City management is of the opinion that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City.

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 to ensure sufficient funds on hand. As of June 30, 2019, remaining obligations on the contract total approximately \$21,343,000. All remaining obligations are expected to be satisfied during the fiscal year ending June 30, 2020.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

B. District

As of June 30, 2019, SRSD had several contracts for sewer improvement projects with remaining obligations of approximately \$1,471,000, the majority of which are expected to be completed within the 2019-2020 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, 2019

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

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 to make payments for 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, 2019

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

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 and 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, 2019, tax increment revenues amounted to \$3.8 million which was used to make the debt service payments of \$3.6 million. The bond covenants contain events of default that require the revenue of the Agency to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the Agency to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the Agency; or if any court or competent jurisdiction shall assume custody or control of the Agency. The Agency's bonds also contain a subjective acceleration clause that allows the trustees or holders, who hold the majority of the aggregate principal amount of the notes, to accelerate payment of the entire principal amount outstanding and interest accrued to become immediately due if they determine that a material adverse change occurs.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019:

	Authorized and Issued	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
San Rafael Redevelopment Agency						
1999 Tax Allocation Bonds						
Capital Appreciation Bonds						
5.58%-5.6%, due 12/1/2022	\$2,389,004	\$6,782,447	\$344,403	\$1,440,000	\$5,686,850	\$1,440,000
2002 Tax Allocation Refunding Bonds						
2.00%-5.25%, due 12/1/2021	25,020,000	2,310,000		540,000	1,770,000	565,000
2009 Tax Allocation Refunding Bonds						
3.00%-5.00%, due 12/1/2022	14,660,000	6,645,000		1,210,000	5,435,000	1,210,000
Add: deferred bond premium costs		399,301		79,861	319,440	
Total Successor Agency Long-term Debt		<u>\$16,136,748</u>	<u>\$344,403</u>	<u>\$3,269,861</u>	<u>\$13,211,290</u>	<u>\$3,215,000</u>

Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ended June 30	Governmental Activities	
	Principal	Interest
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	13,689,436	<u>\$668,513</u>

Reconciliation of long-term debt:

Less: unaccreted discount	(797,586)
Less: deferred bond premium costs	319,440
	<u>\$13,211,290</u>

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.

The following table summarizes the activity for the fiscal year ended June 30, 2019:

	Approved Amount	Balance June 30, 2018	Retirements	Balance June 30, 2019
Unfunded Pension Liability	\$1,904,431	\$571,330	\$190,443	\$380,887
Total Long-Term Obligations		<u>\$571,330</u>	<u>\$190,443</u>	<u>\$380,887</u>

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 15 - SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)
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Annual repayment requirements are shown below:

For the Year Ended	Principal
June 30	Principal
2020	\$190,443
2021	190,444
Totals	<u>\$380,887</u>

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, 2019, the Successor Agency had prepared twelve ROPS, all of which have been approved by the Oversight Board and the California Department of Finance. The Department of Finance has stated that all items on a future ROPS are subject to a subsequent review. The amount, if any, of current obligations that may be denied by the Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

Cost-Sharing Multiple Employer Plan
Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 years*

Measurement date	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>
City's proportionate share	30.0453%	36.7394%	34.9538%	32.7180%	33.4752%
Proportionate share of total pension liability	\$677,753,565	\$907,195,058	\$900,629,287	\$878,483,703	\$947,923,920
Proportionate share of fiduciary net position	<u>603,499,779</u>	<u>764,871,931</u>	<u>733,574,437</u>	<u>757,834,016</u>	<u>837,356,062</u>
Proportionate share of the net pension liability	<u>\$74,253,786</u>	<u>\$142,323,127</u>	<u>\$167,054,850</u>	<u>\$120,649,687</u>	<u>\$110,567,858</u>
Plan fiduciary net position as a percentage of the total pension liability	89.04%	84.31%	84.31%	86.27%	88.34%
Covered payroll (report date)	\$31,073,560	\$32,126,272	\$32,885,135	\$36,349,651	\$33,106,430
Net pension liability as a percentage of covered payroll	236.26%	443.01%	508.00%	331.91%	333.98%

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

CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

Schedule of Contributions
Defined Benefit Pension
Cost-Sharing Multiple Employer

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

Fiscal year ended, June 30	<u>2015</u>
Contractually required contribution	\$ 17,802,358
Contributions in Relation to the	
Contractually required contribution	<u>17,802,358</u>
Contribution Deficiency/ (Excess)	<u>\$ -</u>
Covered payroll	\$ 31,073,560
Contributions as a percentage of covered payroll	57.29%

Notes to Schedule

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

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

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

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2019

Schedule of Contributions
Defined Benefit Pension
Cost-Sharing Multiple Employer
Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)
(Continued)

Fiscal year ended, June 30	2016
Contractually required contribution	\$ 19,339,577
Contributions in Relation to the Contractually required contribution	19,339,577
Contribution Deficiency/ (Excess)	\$ -
Covered payroll	\$ 32,126,272
Contributions as a percentage of covered payroll	60.20%

Notes to Schedule

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

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

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

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019**

**Schedule of Contributions
Defined Benefit Pension
Cost-Sharing Multiple Employer**

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

Fiscal year ended, June 30	<u>2017</u>
Contractually required contribution	\$ 20,003,001
Contributions in Relation to the Contractually required contribution	<u>20,003,001</u>
Contribution Deficiency/ (Excess)	<u>\$ -</u>
Covered payroll	\$ 32,885,135
Contributions as a percentage of covered payroll	60.83%

Notes to Schedule

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

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

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

CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

Schedule of Contributions
Defined Benefit Pension
Cost-Sharing Multiple Employer

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

Fiscal year ended, June 30	<u>2018</u>
Contractually required contribution	\$ 20,167,435
Contributions in Relation to the Contractually required contribution	<u>20,167,435</u>
Contribution Deficiency/ (Excess)	<u>\$ -</u>
Covered payroll	\$ 36,349,651
Contributions as a percentage of covered payroll	55.48%

Notes to Schedule

Valuation Date / Timing 6/30/2016 (for contributions made in FY2017-2018)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2017-18):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (22 years remaining as of 6/30/16), the remaining UAL as of June 30, 2013 (14 years as of 6/30/16), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	18 years remaining as of June 30, 2017
Asset valuation method	Market Value
Inflation	2.75% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	7.25%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRAs Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Sex distinct CalPERS 2014 Pre-Retirement Non-Industrial Death rates (plus Duty-Related death rates for Safety members)
Disabled Mortality	Sex distinct RP-2000 combined mortality projected to 2010 using Scale AA with ages set forward three years for all members

CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

Schedule of Contributions
Defined Benefit Pension
Cost-Sharing Multiple Employer
Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)
(Continued)

Fiscal year ended, June 30	<u>2019</u>
Contractually required contribution	\$20,352,203
Contributions in Relation to the Contractually required contribution	<u>20,352,203</u>
Contribution Deficiency/ (Excess)	<u>\$0</u>
Covered payroll	\$33,106,430
Contributions as a percentage of covered payroll	61.48%

Notes to Schedule

Valuation Date / Timing 6/30/2017 (for contributions made in FY2018-2019)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2018-19):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (21 years remaining as of 6/30/17), the remaining UAL as of June 30, 2013 (13 years as of 6/30/17), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	17 years remaining as of June 30, 2018
Asset valuation method	Market Value
Inflation	2.75% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	7.00%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Rates of mortality for active members are specified by CalPERS 2017 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 2014 using Scale MP-2017.
Disabled Mortality	Rates of mortality among disabled members are given by CalPERS 2017 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males (Miscellaneous and Safety) and 90% for Miscellaneous Females, with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	Agent Multiple Employer Plan Last Ten Fiscal Years Other Post-Employment Benefits (OPEB)		
Measurement period	2015-16	2016-17	2017-18
Total OPEB liability			
Service cost	\$766,000	\$789,000	\$822,000
Interest	3,447,000	3,540,000	3,435,000
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)	(3,028,000)
Net change in total OPEB liability	1,317,000	2,038,000	1,229,000
Total OPEB liability - beginning	48,226,000	49,543,000	51,581,000
Total OPEB liability - ending (a)	<u>\$49,543,000</u>	<u>\$51,581,000</u>	<u>\$52,810,000</u>
OPEB fiduciary net position			
Contributions - employer	\$2,896,000	\$3,475,000	\$3,573,000
Net investment income	157,000	1,675,000	1,425,000
Benefit payments, including refunds of employee contributions	(2,896,000)	(3,015,000)	(3,028,000)
Administrative expense	(7,000)	(8,000)	(44,000)
Net change in plan fiduciary net position	150,000	2,127,000	1,926,000
Plan fiduciary net position - beginning	15,608,000	15,758,000	17,885,000
Plan fiduciary net position - ending (b)	<u>\$15,758,000</u>	<u>\$17,885,000</u>	<u>\$19,811,000</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$33,785,000</u>	<u>\$33,696,000</u>	<u>\$32,999,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>31.81%</u>	<u>34.67%</u>	<u>37.51%</u>
Covered employee payroll	<u>\$32,885,000</u>	<u>\$36,350,000</u>	<u>\$40,496,000</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>102.74%</u>	<u>92.70%</u>	<u>81.49%</u>

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

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2019

SCHEDULE OF CONTRIBUTIONS

**Agent Multiple Employer Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)**

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

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

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

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	19 years remaining as of June 30, 2016
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	7.25%
Contribution Policy	City contributes full ADC
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	Same as June 30, 2015 actuarial valuation
Mortality Improvement	Mortality projected fully generational with Scale MP-14, modified
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to
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

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019**

SCHEDULE OF CONTRIBUTIONS

**Agent Multiple Employer Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)**

Fiscal year	2017-18	2018-19
Actuarially determined contribution	\$3,530,000	\$3,612,000
Contributions in relation to the actuarially determined contribution	<u>(3,563,000)</u>	<u>(3,725,000)</u>
Contribution deficiency (excess)	<u>(\$33,000)</u>	<u>(\$113,000)</u>
Covered employee payroll	\$36,350,000	\$40,496,000
Contributions as a percentage of covered employee payroll	9.71%	9.20%

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 6/30/18 and 6/30/19.

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
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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments	\$69,138,000	\$69,258,000	\$70,282,284	\$1,024,284
Licenses and permits	2,937,000	2,937,001	2,661,500	(275,501)
Fines and forfeitures	375,000	375,000	337,680	(37,320)
Use of money and properties	246,200	246,200	250,570	4,370
Intergovernmental	3,229,000	3,229,000	3,290,086	61,086
Charges for services	2,465,552	2,465,552	2,671,395	205,843
Other revenue	505,000	505,000	841,538	336,538
Total Revenues	<u>78,895,752</u>	<u>79,015,753</u>	<u>80,335,053</u>	<u>1,319,300</u>
EXPENDITURES				
Current:				
General government	11,306,237	11,471,373	12,297,845	(826,472)
Public safety	43,650,861	43,614,581	43,107,841	506,740
Public works and parks	11,751,430	11,793,325	11,742,280	51,045
Community development	4,692,833	5,262,497	4,988,260	274,237
Culture and recreation	3,327,557	3,327,557	3,080,364	247,193
Capital outlay	90,690	90,690		90,690
Debt service:				
Principal	495,172	493,280	495,172	(1,892)
Interest and fiscal charges	258,963	2,493,413	2,356,207	137,206
Total Expenditures	<u>75,573,743</u>	<u>78,546,716</u>	<u>78,067,969</u>	<u>478,747</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,322,009</u>	<u>469,037</u>	<u>2,267,084</u>	<u>1,798,047</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,686,911	4,321,361	4,321,361	
Transfers out	<u>(5,875,000)</u>	<u>(6,278,828)</u>	<u>(6,278,828)</u>	
Total Other Financing Sources (Uses)	<u>(4,188,089)</u>	<u>(1,957,467)</u>	<u>(1,957,467)</u>	
Net Change in Fund Balances	<u>(\$866,080)</u>	<u>(\$1,488,430)</u>	309,617	<u>\$1,798,047</u>
FUND BALANCES, BEGINNING OF YEAR			<u>12,222,954</u>	
FUND BALANCES, END OF YEAR			<u>\$12,532,571</u>	

CITY OF SAN RAFAEL
 TRAFFIC AND HOUSING MITIGATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Use of money and properties	\$49,200	\$49,200	\$111,363	\$62,163
Charges for services	300,000	300,000	2,356,530	2,056,530
Total Revenues	349,200	349,200	2,467,893	2,118,693
EXPENDITURES				
Current:				
General government	25,000	25,000	18,800	6,200
Public works and parks	212,424	242,036	59,945	182,091
Capital outlay	67,282	620,386	117,253	503,133
Total Expenditures	304,706	887,422	195,998	691,424
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	44,494	(538,222)	2,271,895	2,810,117
OTHER FINANCING SOURCES (USES)				
Transfers Out		(3,380,892)	(3,380,892)	
Total Other Financing Sources (Uses)	44,494	(3,380,892)	(3,380,892)	
Net Change in Fund Balances	\$88,988	(\$3,919,114)	(1,108,997)	\$2,810,117
FUND BALANCES, BEGINNING OF YEAR			6,306,373	
FUND BALANCES, END OF YEAR			\$5,197,376	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and properties	\$48,000	\$48,000	\$33,778	(\$14,222)
Intergovernmental	3,293,999	7,743,999	10,567,243	2,823,244
Charges for services	1,043,600	1,043,600	1,206,142	162,542
Other revenue			374,639	374,639
Total Revenues	<u>4,385,599</u>	<u>8,835,599</u>	<u>12,181,802</u>	<u>3,346,203</u>
EXPENDITURES				
Current:				
General government				
Public works and parks	5,431,189	3,759,551	2,337,369	1,422,182
Capital outlay	<u>70,108</u>	<u>17,740,581</u>	<u>10,308,603</u>	<u>7,431,978</u>
Total Expenditures	<u>5,501,297</u>	<u>21,500,132</u>	<u>12,645,972</u>	<u>8,854,160</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(1,115,698)</u>	<u>(12,664,533)</u>	<u>(464,170)</u>	<u>12,200,363</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	<u>(400,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	
Net Change in Fund Balances	<u>(\$1,515,698)</u>	<u>(\$13,464,533)</u>	(1,264,170)	<u>\$12,200,363</u>
FUND BALANCES, BEGINNING OF YEAR			<u>5,992,281</u>	
FUND BALANCES, END OF YEAR			<u>\$4,728,111</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property			\$871,481	\$871,481
Other revenue	\$31,000,000	\$31,000,000	3,251,151	(27,748,849)
Total Revenues	<u>31,000,000</u>	<u>31,000,000</u>	<u>4,122,632</u>	<u>(26,877,368)</u>
EXPENDITURES				
Capital outlay	35,025,000	\$35,823,871	23,908,035	11,915,836
Total Expenditures	<u>35,025,000</u>	<u>35,823,871</u>	<u>23,908,035</u>	<u>11,915,836</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,025,000)</u>	<u>(4,823,871)</u>	<u>(19,785,403)</u>	<u>(14,961,532)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,025,000	4,145,000	5,201,300	1,056,300
Transfers out		(2,234,450)	(2,234,450)	
Total Other Financing Sources (Uses)	<u>4,025,000</u>	<u>1,910,550</u>	<u>2,966,850</u>	<u>1,056,300</u>
Net Change in Fund Balances	<u>\$0</u>	<u>(\$2,913,321)</u>	(16,818,553)	<u>(\$13,905,232)</u>
FUND BALANCES, BEGINNING OF YEAR			<u>49,209,052</u>	
FUND BALANCES, END OF YEAR			<u>\$32,390,499</u>	

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 eight 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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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.

Measure G - Cannabis Special Revenue Fund – Established for the purpose of reporting tax revenue and expenditures related to Cannabis activities authorized by Measure G.

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, 2019

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond #10 Community Facilities Dist.
ASSETS					
Cash and investments	\$482,314	\$252,288	\$93,046	\$1,753,287	\$676,085
Restricted cash and investments					
Receivables:					
Accounts	43,471		717,656		
Taxes		126			
Grants				23,407	
Interest					
Loans					
Prepays					
Total Assets	<u>\$525,785</u>	<u>\$252,414</u>	<u>\$810,702</u>	<u>\$1,776,694</u>	<u>\$676,085</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$258,032		\$287,458	\$29,849	\$1,877
Deposits payable					
Developer deposits payable			156,826		
Due to other funds					
Deferred revenue	265,425				
Total Liabilities	<u>523,457</u>		<u>444,284</u>	<u>29,849</u>	<u>1,877</u>
Fund Balances:					
Nonspendable					
Restricted	2,328	\$252,414	366,418	1,746,845	674,208
Committed					
Assigned					
Total Fund Balances	<u>2,328</u>	<u>252,414</u>	<u>366,418</u>	<u>1,746,845</u>	<u>674,208</u>
Total Liabilities and Fund Balances	<u>\$525,785</u>	<u>\$252,414</u>	<u>\$810,702</u>	<u>\$1,776,694</u>	<u>\$676,085</u>

SPECIAL REVENUE FUNDS

Loch Lomond Marina #2 Community Facilities Dist.	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants
\$282,320	\$2,451,306	\$586,458	\$72,647	\$448,831	\$828,923	\$771,556
398		5,235	17,000	6,395		50,958
<u>\$282,718</u>	<u>\$2,451,306</u>	<u>\$591,693</u>	<u>\$89,647</u>	<u>\$455,226</u>	<u>\$828,923</u>	<u>\$822,514</u>
	\$1,771	\$35,223		\$52,682	\$17,743 175,620 4,185	\$17,708 8,782
	<u>1,771</u>	<u>35,223</u>		<u>52,682</u>	<u>197,548</u>	<u>26,490</u>
\$282,718	2,449,535	556,470	\$89,647	402,544	631,375	796,024
<u>282,718</u>	<u>2,449,535</u>	<u>556,470</u>	<u>89,647</u>	<u>402,544</u>	<u>631,375</u>	<u>796,024</u>
<u>\$282,718</u>	<u>\$2,451,306</u>	<u>\$591,693</u>	<u>\$89,647</u>	<u>\$455,226</u>	<u>\$828,923</u>	<u>\$822,514</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS				
	Parkland Dedication	Emergency Medical Services	Business Improvement	Pt. San Pedro Maintenance Portion	Low and Moderate Income Housing
ASSETS					
Cash and investments	\$288,531	\$522,718	\$21,569	\$126,760	\$637,900
Restricted cash and investments					
Receivables:					
Accounts		276,275			
Taxes		23,186		483	
Grants					
Interest					957
Loans					256,870
Prepays		27,627			
Total Assets	\$288,531	\$849,806	\$21,569	\$127,243	\$895,727
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$30,989	\$36,460	\$21,569	\$6,570	
Deposits payable					
Developer deposits payable					
Due to other funds					
Deferred revenue					
Total Liabilities	30,989	36,460	21,569	6,570	
Fund Balances:					
Nonspendable		27,627			
Restricted	257,542	785,719		120,673	\$895,727
Committed					
Assigned					
Total Fund Balances	257,542	813,346		120,673	895,727
Total Liabilities and Fund Balances	\$288,531	\$849,806	\$21,569	\$127,243	\$895,727

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS	
Measure A Open Space	Measure G - Cannabis	Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement	Bedroom Tax
	\$29,367	\$2,875	\$16,573	\$151,695	\$1,210,133 625,686	\$84,325
\$232,158	46,606				137,387 4,760	
<u>\$232,158</u>	<u>\$75,973</u>	<u>\$2,875</u>	<u>\$16,573</u>	<u>\$151,695</u>	<u>\$1,977,966</u>	<u>\$84,325</u>
\$5,769					\$87,519	
226,389						
<u>232,158</u>					<u>87,519</u>	
	\$75,973	\$2,875	\$16,573	\$151,695	1,890,447	\$84,325
	<u>75,973</u>	<u>2,875</u>	<u>16,573</u>	<u>151,695</u>	<u>1,890,447</u>	<u>84,325</u>
<u>\$232,158</u>	<u>\$75,973</u>	<u>\$2,875</u>	<u>\$16,573</u>	<u>\$151,695</u>	<u>\$1,977,966</u>	<u>\$84,325</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2019

	CAPITAL PROJECTS FUNDS			Total Non-Major Governmental Funds
	Assessment Districts	Park Capital Projects	Open Space	
ASSETS				
Cash and investments	\$224,191	\$10,824	\$118,139	\$12,144,661
Restricted cash and investments	79,149			704,835
Receivables:				
Accounts				1,054,402
Taxes				314,587
Grants				211,752
Interest				5,717
Loans				256,870
Prepays				27,627
Total Assets	\$303,340	\$10,824	\$118,139	\$14,720,451
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$450			\$891,669
Deposits payable				184,402
Developer deposits payable				161,011
Due to other funds				226,389
Deferred revenue				265,425
Total Liabilities	450			1,728,896
Fund Balances:				
Nonspendable				27,627
Restricted	302,890			10,944,518
Committed		\$10,824		1,901,271
Assigned			\$118,139	118,139
Total Fund Balances	302,890	10,824	118,139	12,991,555
Total Liabilities and Fund Balances	\$303,340	\$10,824	\$118,139	\$14,720,451



CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	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			
Use of money and properties	\$32,351	5,056	\$607	\$32,608	\$12,547
Intergovernmental	27,200			390,329	
Charges for services	2,271,345		167,285	3,181,669	
Other revenue	48,257			13,577	
Total Revenues	2,379,153	30,424	167,892	3,618,183	12,547
EXPENDITURES					
Current:					
General government					
Public safety			143,827		
Public works and parks		38,027			1,876
Culture and recreation	4,724,942			3,493,153	
Community development					
Capital outlay					
Total Expenditures	4,724,942	38,027	143,827	3,493,153	1,876
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,345,789)	(7,603)	24,065	125,030	10,671
OTHER FINANCING SOURCES (USES)					
Transfers in	2,071,674			50,000	
Transfers out					
Total Other Financing Sources (Uses)	2,071,674			50,000	
Net Change in Fund Balances	(274,115)	(7,603)	24,065	175,030	10,671
Fund Balance, Beginning	276,443	260,017	342,353	1,571,815	663,537
Fund Balance, Ending	\$2,328	\$252,414	\$366,418	\$1,746,845	\$674,208

SPECIAL REVENUE FUNDS

Loch Lomond Marina #2 Community Facilities Dist.	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants
\$79,737		\$1,041,371				
5,000	\$44,820	11,060	\$88	\$9,608	\$49,999	\$13,370
	8,379		71,068			664,436
	7,354		720	833,777		
	80,914		62,040	29,534		
<u>84,737</u>	<u>141,467</u>	<u>1,052,431</u>	<u>133,916</u>	<u>872,919</u>	<u>49,999</u>	<u>677,806</u>
					118	104,263
7,585			259,148	1,059,398		552,534
	15,608	1,144,665				
<u>7,585</u>	<u>15,608</u>	<u>1,144,665</u>	<u>259,148</u>	<u>1,059,398</u>	<u>118</u>	<u>656,797</u>
77,152	125,859	(92,234)	(125,232)	(186,479)	49,881	21,009
			100,000		(100,000)	48,964
			100,000		(100,000)	(36,810)
77,152	125,859	(92,234)	(25,232)	(186,479)	(50,119)	12,154
205,566	2,323,676	648,704	114,879	589,023	681,494	33,163
<u>\$282,718</u>	<u>\$2,449,535</u>	<u>\$556,470</u>	<u>\$89,647</u>	<u>\$402,544</u>	<u>\$631,375</u>	<u>\$796,024</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, 2019

	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		\$4,934,584		\$124,284	
Use of money and properties	\$5,227	31,405		1,504	\$22,271
Intergovernmental		140,706			
Charges for services		2,470,659			
Other revenue	5,135	398,202			48,995
	10,362	7,975,556		125,788	71,266
EXPENDITURES					
Current:					
General government					82,473
Public safety		7,375,342			
Public works and parks				109,853	
Culture and recreation	9,276				
Community development					
Capital outlay	654,091				
	663,367	7,375,342		109,853	82,473
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(653,005)	600,214		15,935	(11,207)
OTHER FINANCING SOURCES (USES)					
Transfers in	308,106				
Transfers out		(1,056,300)			
	308,106	(1,056,300)			
Total Other Financing Sources (Uses)	308,106	(1,056,300)			
Net Change in Fund Balances	(344,899)	(456,086)		15,935	(11,207)
Fund Balance, Beginning	602,441	1,269,432		104,738	906,934
Fund Balance, Ending	\$257,542	\$813,346		\$120,673	\$895,727

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS	
Measure A Open Space	Measure G - Cannabis	Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement	Bedroom Tax
\$482,356 367	\$125,973			\$2,821	\$28,541 442,817	\$5,228
<u>482,723</u>	<u>125,973</u>			<u>2,821</u>	<u>471,358</u>	<u>5,228</u>
232,599 261,436	50,000					7,438
<u>494,035</u>	<u>50,000</u>				<u>3,710,022</u>	<u>7,438</u>
<u>(11,312)</u>	<u>75,973</u>			<u>2,821</u>	<u>(3,238,664)</u>	<u>(2,210)</u>
<u>(392,754)</u>					<u>3,380,892</u>	
<u>(392,754)</u>					<u>3,380,892</u>	
<u>(404,066)</u>	<u>75,973</u>			<u>2,821</u>	<u>142,228</u>	<u>(2,210)</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>\$75,973</u>	<u>\$2,875</u>	<u>\$16,573</u>	<u>\$151,695</u>	<u>\$1,890,447</u>	<u>\$84,325</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, 2019

	<u>CAPITAL PROJECTS FUND</u>			Total Non-Major Governmental Funds
	<u>Assessment Districts</u>	<u>Park Capital Projects</u>	<u>Open Space</u>	
REVENUES				
Taxes and special assessments				\$6,818,901
Use of money and properties	\$4,421		\$2,197	315,868
Intergovernmental				1,744,935
Charges for services				8,932,809
Other revenue		\$4,060		690,714
Total Revenues	<u>4,421</u>	<u>4,060</u>	<u>2,197</u>	<u>18,503,227</u>
EXPENDITURES				
Current:				
General government				236,854
Public safety				8,571,035
Public works and parks				1,478,028
Culture and recreation				9,387,644
Community development				
Capital outlay	3,043			4,367,156
Total Expenditures	<u>3,043</u>			<u>24,040,717</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,378</u>	<u>4,060</u>	<u>2,197</u>	<u>(5,537,490)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				5,959,636
Transfers out				(1,585,864)
Total Other Financing Sources (Uses)				<u>4,373,772</u>
Net Change in Fund Balances	1,378	4,060	2,197	(1,163,718)
Fund Balance, Beginning	<u>301,512</u>	<u>6,764</u>	<u>115,942</u>	<u>14,155,273</u>
Fund Balance, Ending	<u><u>\$302,890</u></u>	<u><u>\$10,824</u></u>	<u><u>\$118,139</u></u>	<u><u>\$12,991,555</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, 2019

	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	\$32,351	\$3,942	1,300	5,056	3,756
Intergovernmental	15,000	27,200	12,200			
Charges for services	3,084,700	2,271,345	(813,355)			
Other revenue	2,750	48,257	45,507			
Total Revenues	<u>3,130,859</u>	<u>2,379,153</u>	<u>(751,706)</u>	<u>26,800</u>	<u>30,424</u>	<u>3,624</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks				40,386	38,027	2,359
Culture and recreation	5,152,419	4,724,942	427,477			
Community development						
Capital outlay						
Total Expenditures	<u>5,152,419</u>	<u>4,724,942</u>	<u>427,477</u>	<u>40,386</u>	<u>38,027</u>	<u>2,359</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,021,560)</u>	<u>(2,345,789)</u>	<u>(324,229)</u>	<u>(13,586)</u>	<u>(7,603)</u>	<u>5,983</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,071,674	2,071,674				
Transfers out						
Total Other Financing Sources (Uses)	<u>2,071,674</u>	<u>2,071,674</u>				
FUND BALANCES, BEGINNING OF YEAR AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>\$50,114</u>	<u>(274,115)</u>	<u>(\$324,229)</u>	<u>(\$13,586)</u>	<u>(7,603)</u>	<u>\$5,983</u>
FUND BALANCES, BEGINNING OF YEAR		<u>276,443</u>			<u>260,017</u>	
FUND BALANCES, END OF YEAR		<u>\$2,328</u>			<u>\$252,414</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)
\$1,100	\$607	(\$493)	\$8,000	\$32,608	\$24,608	\$3,500	\$12,547	\$9,047
156,515	167,285	10,770	336,908	390,329	53,421			
			3,765,000	3,181,669	(583,331)			
				13,577	13,577			
157,615	167,892	10,277	4,109,908	3,618,183	(491,725)	3,500	12,547	9,047
175,271	143,827	31,444						
			4,080,509	3,493,153	587,356	25,054	1,876	23,178
175,271	143,827	31,444	4,080,509	3,493,153	587,356	25,054	1,876	23,178
(17,656)	24,065	41,721	29,399	125,030	95,631	(21,554)	10,671	32,225
			50,000	50,000				
			50,000	50,000				
<u>(\$17,656)</u>	24,065	<u>\$41,721</u>	<u>\$79,399</u>	175,030	<u>\$95,631</u>	<u>(\$21,554)</u>	10,671	<u>\$32,225</u>
	<u>342,353</u>			<u>1,571,815</u>			<u>663,537</u>	
	<u>\$366,418</u>			<u>\$1,746,845</u>			<u>\$674,208</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, 2019

	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	\$204,500	\$79,737	(\$124,763)			
Use of money and properties	400	5,000	4,600	\$12,900	\$44,820	\$31,920
Intergovernmental				1,000	8,379	7,379
Charges for services				7,500	7,354	(146)
Other revenue				7,000	80,914	73,914
Total Revenues	<u>204,900</u>	<u>84,737</u>	<u>(120,163)</u>	<u>28,400</u>	<u>141,467</u>	<u>113,067</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks	25,000	7,585	17,415			
Culture and recreation				55,000	15,608	39,392
Community development						
Capital outlay						
Total Expenditures	<u>25,000</u>	<u>7,585</u>	<u>17,415</u>	<u>55,000</u>	<u>15,608</u>	<u>39,392</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>179,900</u>	<u>77,152</u>	<u>(102,748)</u>	<u>(26,600)</u>	<u>125,859</u>	<u>152,459</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>\$179,900</u>	<u>77,152</u>	<u>(\$102,748)</u>	<u>(\$26,600)</u>	<u>125,859</u>	<u>\$152,459</u>
FUND BALANCES, BEGINNING OF YEAR		<u>205,566</u>			<u>2,323,676</u>	
FUND BALANCES, END OF YEAR		<u>\$282,718</u>			<u>\$2,449,535</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	\$1,041,371	(\$13,224)						
3,300	11,060	7,760	\$210	\$88	(\$122)	\$1,200	\$9,608	\$8,408
			90,000	71,068	(18,932)			
			7,500	720	(6,780)	782,800	833,777	50,977
			75,000	62,040	(12,960)	5,000	29,534	24,534
<u>1,057,895</u>	<u>1,052,431</u>	<u>(5,464)</u>	<u>172,710</u>	<u>133,916</u>	<u>(38,794)</u>	<u>789,000</u>	<u>872,919</u>	<u>83,919</u>
			276,155	259,148	17,007			
1,243,207	1,144,665	98,542				1,287,941	1,059,398	228,543
						64,130		64,130
<u>1,243,207</u>	<u>1,144,665</u>	<u>98,542</u>	<u>276,155</u>	<u>259,148</u>	<u>17,007</u>	<u>1,352,071</u>	<u>1,059,398</u>	<u>292,673</u>
<u>(185,312)</u>	<u>(92,234)</u>	<u>93,078</u>	<u>(103,445)</u>	<u>(125,232)</u>	<u>(21,787)</u>	<u>(563,071)</u>	<u>(186,479)</u>	<u>376,592</u>
			100,000	100,000				
			100,000	100,000				
<u>(\$185,312)</u>	<u>(92,234)</u>	<u>\$93,078</u>	<u>(\$3,445)</u>	<u>(25,232)</u>	<u>(\$21,787)</u>	<u>(\$563,071)</u>	<u>(186,479)</u>	<u>\$376,592</u>
	<u>648,704</u>			<u>114,879</u>			<u>589,023</u>	
	<u>\$556,470</u>			<u>\$89,647</u>			<u>\$402,544</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, 2019

	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	\$39,000	\$49,999	\$10,999	\$2,600	\$13,370	\$10,770
Intergovernmental				929,750	664,436	(265,314)
Charges for services						
Other revenue						
Total Revenues	<u>39,000</u>	<u>49,999</u>	<u>10,999</u>	<u>932,350</u>	<u>677,806</u>	<u>(254,544)</u>
EXPENDITURES						
Current:						
General government	117,000	118	116,882	231,105	104,263	126,842
Public safety				996,417	552,534	443,883
Public works and parks						
Culture and recreation						
Community development						
Capital outlay						
Total Expenditures	<u>117,000</u>	<u>118</u>	<u>116,882</u>	<u>1,227,522</u>	<u>656,797</u>	<u>570,725</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(78,000)</u>	<u>49,881</u>	<u>127,881</u>	<u>(295,172)</u>	<u>21,009</u>	<u>316,181</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				48,964	48,964	
Transfers out	(100,000)	(100,000)		(36,810)	(36,810)	
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>		<u>12,154</u>	<u>12,154</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>(\$178,000)</u>	<u>(50,119)</u>	<u>\$127,881</u>	<u>(\$283,018)</u>	<u>33,163</u>	<u>\$316,181</u>
FUND BALANCES, BEGINNING OF YEAR		<u>681,494</u>			<u>762,861</u>	
FUND BALANCES, END OF YEAR		<u>\$631,375</u>			<u>\$796,024</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)
			\$4,744,398	\$4,934,584	\$190,186			
\$3,000	\$5,227	\$2,227	12,500	31,405	18,905			
			130,000	140,706	10,706			
			2,550,000	2,470,659	(79,341)			
	5,135	5,135	265,738	398,202	132,464			
3,000	10,362	7,362	7,702,636	7,975,556	272,920			
			7,578,000	7,375,342	202,658			
200,000		200,000						
37,301	9,276	28,025						
711,781	654,091	57,690						
949,082	663,367	285,715	7,578,000	7,375,342	202,658			
(946,082)	(653,005)	293,077	124,636	600,214	475,578			
308,106	308,106			(1,056,300)	(1,056,300)			
308,106	308,106			(1,056,300)	(1,056,300)			
<u>(\$637,976)</u>	<u>(344,899)</u>	<u>\$293,077</u>	<u>\$124,636</u>	<u>(456,086)</u>	<u>(\$580,722)</u>			
	<u>602,441</u>			<u>1,269,432</u>				
	<u>\$257,542</u>			<u>\$813,346</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, 2019

	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	\$77,000	\$124,284	\$47,284			
Use of money and properties	640	1,504	864	\$2,200	\$22,271	\$20,071
Intergovernmental						
Charges for services						
Other revenue				70,000	48,995	(21,005)
Total Revenues	<u>77,640</u>	<u>125,788</u>	<u>48,148</u>	<u>72,200</u>	<u>71,266</u>	<u>(934)</u>
EXPENDITURES						
Current:						
General government				200,000	82,473	117,527
Public safety						
Public works and parks	134,345	109,853	24,492			
Culture and recreation						
Community development						
Capital outlay						
Total Expenditures	<u>134,345</u>	<u>109,853</u>	<u>24,492</u>	<u>200,000</u>	<u>82,473</u>	<u>117,527</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(56,705)</u>	<u>15,935</u>	<u>72,640</u>	<u>(127,800)</u>	<u>(11,207)</u>	<u>116,593</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>(\$56,705)</u></u>	<u>15,935</u>	<u><u>\$72,640</u></u>	<u><u>(\$127,800)</u></u>	<u>(11,207)</u>	<u><u>\$116,593</u></u>
FUND BALANCES, BEGINNING OF YEAR		<u>104,738</u>			<u>906,934</u>	
FUND BALANCES, END OF YEAR		<u><u>\$120,673</u></u>			<u><u>\$895,727</u></u>	

SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS		
Measure A Open Space			Measure G - Cannabis			Mariposa Assessment District		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$476,662	\$482,356	\$5,694	\$126,000	\$125,973	(\$27)			
1,900	367	(1,533)						
<u>478,562</u>	<u>482,723</u>	<u>4,161</u>	<u>126,000</u>	<u>125,973</u>	<u>(27)</u>			
			50,000	50,000				
198,064	232,599	(34,535)						
155,000	261,436	(106,436)						
410,335		410,335						
<u>763,399</u>	<u>494,035</u>	<u>269,364</u>	<u>50,000</u>	<u>50,000</u>				
<u>(284,837)</u>	<u>(11,312)</u>	<u>273,525</u>	<u>76,000</u>	<u>75,973</u>	<u>(27)</u>			
<u>(392,754)</u>	<u>(392,754)</u>							
<u>(392,754)</u>	<u>(392,754)</u>							
<u>(\$677,591)</u>	<u>(404,066)</u>	<u>\$273,525</u>	<u>\$76,000</u>	<u>75,973</u>	<u>(\$27)</u>			
	<u>404,066</u>						<u>\$16,573</u>	
				<u>\$75,973</u>			<u>\$16,573</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, 2019

DEBT SERVICE FUNDS			
1997 Financing Authority Revenue Bonds			
	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes and special assessments			
Use of money and properties	\$780	\$2,821	\$2,041
Intergovernmental			
Charges for services			
Other revenue			
Total Revenues	780	2,821	2,041
EXPENDITURES			
Current:			
General government			
Public safety			
Public works and parks			
Culture and recreation			
Community development			
Capital outlay			
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	780	2,821	2,041
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	\$780	2,821	\$2,041
		148,874	
FUND BALANCES, END OF YEAR		\$151,695	

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, 2019

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>
ASSETS					
Current Assets:					
Cash and investments	\$97,070	\$1,162,146	\$2,874,104	\$599,034	\$3,623,799
Accounts receivable					
Grants receivable	69,156				
Prepays		633,973			
Capital assets:					
Nondepreciable assets	3,126,385				
Depreciable assets, net	<u>3,733,205</u>	<u>6,101,220</u>	<u>426,553</u>		
Total Assets	<u>7,025,816</u>	<u>7,897,339</u>	<u>3,300,657</u>	<u>599,034</u>	<u>3,623,799</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	150,698	131,878	266,018	9,734	7,377
Claims payable - due in one year					1,100,676
Non-current Liabilities:					
Claims payable - due in more than one year					<u>2,515,389</u>
Total Liabilities	<u>150,698</u>	<u>131,878</u>	<u>266,018</u>	<u>9,734</u>	<u>3,623,442</u>
NET POSITION:					
Net investment in capital assets	6,859,590	6,101,220	426,553		
Unrestricted	<u>15,528</u>	<u>1,664,241</u>	<u>2,608,086</u>	<u>589,300</u>	<u>357</u>
Total Net Position	<u>\$6,875,118</u>	<u>\$7,765,461</u>	<u>\$3,034,639</u>	<u>\$589,300</u>	<u>\$357</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>
\$6,762,682	\$100,548	\$1,638,768	\$457,028 72,720	\$98,659	\$224,110	\$263,261	\$17,901,209 72,720 69,156 633,973 3,126,385 10,260,978
<u>6,762,682</u>	<u>100,548</u>	<u>1,638,768</u>	<u>529,748</u>	<u>98,659</u>	<u>224,110</u>	<u>263,261</u>	<u>32,064,421</u>
16,842 1,252,599	3,634		21,951		30,763	263,261	902,156 2,353,275
<u>4,852,884</u>							<u>7,368,273</u>
<u>6,122,325</u>	<u>3,634</u>		<u>21,951</u>		<u>30,763</u>	<u>263,261</u>	<u>10,623,704</u>
640,357	96,914	1,638,768	507,797	98,659	193,347		13,387,363 8,053,354
<u>\$640,357</u>	<u>\$96,914</u>	<u>\$1,638,768</u>	<u>\$507,797</u>	<u>\$98,659</u>	<u>\$193,347</u>		<u>\$21,440,717</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, 2019

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>
OPERATING REVENUES					
Charges for current services	\$1,500,000	\$1,100,000	\$3,146,433	\$891,777	\$1,564,879
Intergovernmental	200,000				
Other operating revenues	8,035				179
Total Operating Revenues	<u>1,708,035</u>	<u>1,100,000</u>	<u>3,146,433</u>	<u>891,777</u>	<u>1,565,058</u>
OPERATING EXPENSES					
Personnel			737,055	798,239	219,930
Insurance premiums and claims					1,426,988
Maintenance and repairs	1,120,435	38,069			
General and administrative	9,617		2,349,637	144,580	150
Depreciation expense	133,500	1,064,637	104,555		
Total Operating Expenses	<u>1,263,552</u>	<u>1,102,706</u>	<u>3,191,247</u>	<u>942,819</u>	<u>1,647,068</u>
Operating Income (Loss)	<u>444,483</u>	<u>(2,706)</u>	<u>(44,814)</u>	<u>(51,042)</u>	<u>(82,010)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income		20,770	37,471	38,973	66,286
Miscellaneous Income		11,259			
Loss on sale of capital assets		(4,119)			
Total Nonoperating Revenues (Expenses)		<u>27,910</u>	<u>37,471</u>	<u>38,973</u>	<u>66,286</u>
Net income (loss) before transfers	<u>444,483</u>	<u>25,204</u>	<u>(7,343)</u>	<u>(12,069)</u>	<u>(15,724)</u>
TRANSFERS IN	170,798				
TRANSFERS OUT	(86,150)				
Change in Net Position	529,131	25,204	(7,343)	(12,069)	(15,724)
NET POSITION, BEGINNING 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>
NET POSITION, END OF YEAR	<u>\$6,875,118</u>	<u>\$7,765,461</u>	<u>\$3,034,639</u>	<u>\$589,300</u>	<u>\$357</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>
\$2,194,521	\$372,442	\$350,000	\$3,099,837	\$648,660	\$561,276	\$2,575,521	\$18,005,346
38,132	3,041		852,810		33		200,000
<u>2,232,653</u>	<u>375,483</u>	<u>350,000</u>	<u>3,952,647</u>	<u>648,660</u>	<u>561,309</u>	<u>2,575,521</u>	<u>19,107,576</u>
98,610					142,081	2,474,391	4,470,306
1,573,307	425,320		3,934,803				7,360,418
66,118		3,727		680,205	423,591	101,130	1,158,504
							3,778,755
							1,302,692
<u>1,738,035</u>	<u>425,320</u>	<u>3,727</u>	<u>3,934,803</u>	<u>680,205</u>	<u>565,672</u>	<u>2,575,521</u>	<u>18,070,675</u>
494,618	(49,837)	346,273	17,844	(31,545)	(4,363)		1,036,901
126,725	3,871	26,129			4,337		324,562
							11,259
							(4,119)
<u>126,725</u>	<u>3,871</u>	<u>26,129</u>			<u>4,337</u>		<u>331,702</u>
621,343	(45,966)	372,402	17,844	(31,545)	(26)		1,368,603
		(678,213)					170,798
							(764,363)
621,343	(45,966)	(305,811)	17,844	(31,545)	(26)		775,038
19,014	142,880	1,944,579	489,953	130,204	193,373		20,665,679
<u>\$640,357</u>	<u>\$96,914</u>	<u>\$1,638,768</u>	<u>\$507,797</u>	<u>\$98,659</u>	<u>\$193,347</u>		<u>\$21,440,717</u>

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers/other funds	\$1,630,844	\$1,118,969	\$3,146,433	\$891,777	\$1,564,879
Cash payments to suppliers for goods and services	(1,247,520)	(672,042)	(2,486,841)	(183,660)	(1,368,853)
Cash payments to employees for salaries and benefits			(737,055)	(798,239)	(219,930)
Other operating revenues	8,035				179
Cash Flows from Operating Activities	<u>391,359</u>	<u>446,927</u>	<u>(77,463)</u>	<u>(90,122)</u>	<u>(23,725)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	170,798				
Interfund payments	(86,150)				
Cash Flows from Noncapital Financing Activities	<u>84,648</u>				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(661,334)	(169,346)			
Proceeds from sale of property		11,259			
Cash Flows from Investing Activities	<u>(661,334)</u>	<u>(158,087)</u>			
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		20,770	37,471	38,973	66,286
Cash Flows from Investing Activities		<u>20,770</u>	<u>37,471</u>	<u>38,973</u>	<u>66,286</u>
Net increase (decrease) in cash and cash equivalents	(185,327)	309,610	(39,992)	(51,149)	42,561
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>282,397</u>	<u>852,536</u>	<u>2,914,096</u>	<u>650,183</u>	<u>3,581,238</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$97,070</u>	<u>\$1,162,146</u>	<u>\$2,874,104</u>	<u>\$599,034</u>	<u>\$3,623,799</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$444,483	(\$2,706)	(\$44,814)	(\$51,042)	(\$82,010)
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	133,500	1,064,637	104,555		
Net change in assets and liabilities:					
Accounts receivable	(69,156)				
Prepaid		(633,973)			
Loans receivable		18,969			
Accounts payable	(117,468)		(137,204)	(39,080)	127
Claims payable					58,158
Net Cash Provided by (Used in) Operating Activities	<u>\$391,359</u>	<u>\$446,927</u>	<u>(\$77,463)</u>	<u>(\$90,122)</u>	<u>(\$23,725)</u>

<u>Workers' Compensation</u>	<u>Dental Insurance</u>	<u>Employee Retirement</u>	<u>OPEB/ Employee Retirement</u>	<u>Radio Replacement</u>	<u>Telephone Replacement</u>	<u>Sewer Maintenance</u>	<u>Total</u>
\$2,194,521	\$372,442	\$350,000	\$3,027,117	\$648,660	\$561,276	\$2,575,521	\$18,082,439
(1,503,153)	(425,370)	(3,727)	(3,913,779)	(680,205)	(414,308)	(2,537,831)	(15,437,289)
(98,610)					(142,081)		(1,995,915)
38,132	3,041		852,810		33		902,230
<u>630,890</u>	<u>(49,887)</u>	<u>346,273</u>	<u>(33,852)</u>	<u>(31,545)</u>	<u>4,920</u>	<u>37,690</u>	<u>1,551,465</u>
							170,798
		(678,213)					(764,363)
		(678,213)					(593,565)
							(830,680)
							11,259
							(819,421)
<u>126,725</u>	<u>3,871</u>	<u>26,129</u>			<u>4,337</u>		<u>324,562</u>
<u>126,725</u>	<u>3,871</u>	<u>26,129</u>			<u>4,337</u>		<u>324,562</u>
757,615	(46,016)	(305,811)	(33,852)	(31,545)	9,257	37,690	463,041
<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>
<u>\$6,762,682</u>	<u>\$100,548</u>	<u>\$1,638,768</u>	<u>\$457,028</u>	<u>\$98,659</u>	<u>\$224,110</u>	<u>\$263,261</u>	<u>\$17,901,209</u>
\$494,618	(\$49,837)	\$346,273	\$17,844	(\$31,545)	(\$4,363)		\$1,036,901
							1,302,692
			(72,720)				(141,876)
							(633,973)
							18,969
16,557	(50)		21,024		9,283	\$37,690	(209,121)
<u>119,715</u>							<u>177,873</u>
<u>\$630,890</u>	<u>(\$49,887)</u>	<u>\$346,273</u>	<u>(\$33,852)</u>	<u>(\$31,545)</u>	<u>\$4,920</u>	<u>\$37,690</u>	<u>\$1,551,465</u>



AGENCY FUND

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, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<hr/> <u>Pt. San Pedro Road Assessment District</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$286,396	\$26,457	\$29,899	\$282,954
Taxes receivable	983	725	983	725
Total Assets	\$287,379	\$27,182	\$30,882	\$283,679
<u>Liabilities</u>				
Interest payable	\$25,474	\$24,276	\$25,474	\$24,276
Due to bondholders	261,905	2,906	5,408	259,403
Total Liabilities	\$287,379	\$27,182	\$30,882	\$283,679
	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<hr/> <u>Total Agency Fund</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$286,396	\$26,457	\$29,899	\$282,954
Taxes receivable	983	725	983	725
Total Assets	\$287,379	\$27,182	\$30,882	\$283,679
<u>Liabilities</u>				
Interest payable	\$25,474	\$24,276	\$25,474	\$24,276
Due to bondholders	261,905	2,906	5,408	259,403
Total Liabilities	\$287,379	\$27,182	\$30,882	\$283,679



Boyd Park

STATISTICAL SECTION



STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

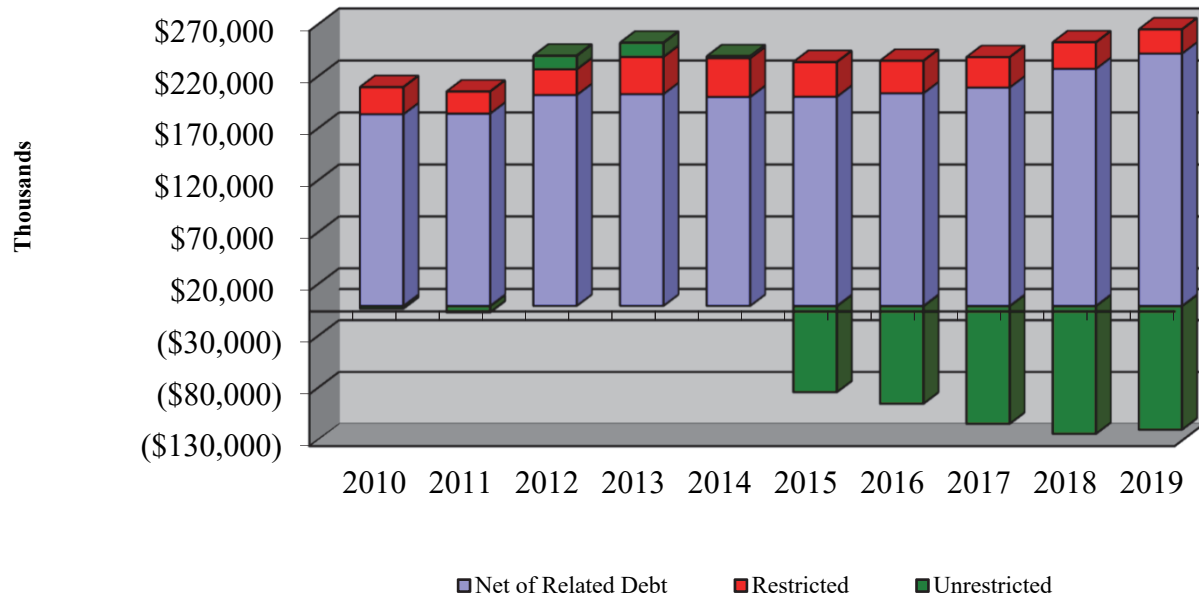
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

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

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



	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<i>Governmental activities</i>				
Net investment in capital assets	\$173,536,144	\$174,281,922	\$192,361,245	\$193,222,791
Restricted	26,150,254	21,322,937	24,693,205	35,780,412
Unrestricted	(4,631,276)	(8,170,324)	10,652,263	11,151,318
Total governmental activities net position	<u>\$195,055,122</u>	<u>\$187,434,535</u>	<u>\$227,706,713</u>	<u>\$240,154,521</u>
<i>Business-type activities</i>				
Net investment in capital assets	\$10,950,825	\$10,793,592	\$10,650,558	\$10,670,190
Unrestricted	2,017,354	1,948,447	2,495,889	2,501,498
Total business-type activities net position	<u>\$12,968,179</u>	<u>\$12,742,039</u>	<u>\$13,146,447</u>	<u>\$13,171,688</u>
<i>Primary government</i>				
Net investments in capital assets	\$184,486,969	\$185,075,514	\$203,011,803	\$203,892,981
Restricted	26,150,254	21,322,937	24,693,205	35,780,412
Unrestricted	(2,613,922)	(6,221,877)	13,148,152	13,652,816
Total primary government net position	<u>\$208,023,301</u>	<u>\$200,176,574</u>	<u>\$240,853,160</u>	<u>\$253,326,209</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.

2014	2015	2016	2017	2018	2019
\$190,286,275	\$190,621,085	\$193,707,175	\$199,202,842	\$217,170,376	\$231,844,210
37,339,141	33,389,224	31,286,725	29,225,643	25,549,583	23,288,874
(196,824)	(82,336,534)	(93,273,480)	(112,913,181)	(122,577,233)	(118,215,177)
<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>	<u>\$136,917,907</u>
\$10,786,591	\$10,744,952	\$10,958,058	\$10,968,642	\$10,951,518	\$11,023,426
2,049,957	(938,519)	(1,136,050)	(871,620)	(886,848)	(1,180,121)
<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>	<u>\$9,843,305</u>
\$201,072,866	\$201,366,037	\$204,665,233	\$210,171,484	\$228,121,894	\$242,867,636
37,339,141	33,389,224	31,286,725	29,225,643	25,549,583	23,288,874
1,853,133	(83,275,053)	(94,409,530)	(113,784,801)	(123,464,081)	(119,395,298)
<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>	<u>\$146,761,212</u>

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

	Fiscal Year Ended June 30,			
	2010	2011	2012	2013
Expenses				
Governmental Activities:				
General government	\$8,396,759	\$8,269,846	\$10,171,332	\$10,202,530
Public safety	42,752,033	44,735,486	39,876,910	41,966,065
Public works and parks	17,401,923	17,408,038	17,423,033	17,695,164
Community development	6,738,873	7,804,650	4,587,557	3,403,158
Culture and recreation	11,139,225	11,487,999	11,020,663	11,330,058
Interest on long-term debt and fiscal charges	2,200,024	1,621,605	1,224,991	283,805
Total Governmental Activities Expenses	<u>88,628,837</u>	<u>91,327,624</u>	<u>84,304,486</u>	<u>84,880,780</u>
Business-Type Activities:				
Parking services	4,016,198	3,785,751	3,446,482	3,545,387
Total Business-Type Activities Expenses	<u>4,016,198</u>	<u>3,785,751</u>	<u>3,446,482</u>	<u>3,545,387</u>
Total Primary Government Expenses	<u>\$92,645,035</u>	<u>\$95,113,375</u>	<u>\$87,750,968</u>	<u>\$88,426,167</u>
Component Unit:				
San Rafael Sanitation District	<u>\$9,087,354</u>	<u>\$9,677,630</u>	<u>\$10,185,779</u>	<u>\$10,169,082</u>
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	\$1,665,460	\$1,636,542	\$1,986,791	\$2,655,749
Public safety	6,308,912	6,167,925	7,122,396	6,478,321
Public works and parks	3,916,874	4,141,103	5,214,267	7,837,472
Community development	2,830,179	2,676,663	3,255,367	3,984,204
Culture and recreation	5,280,458	5,362,497	5,873,147	6,075,129
Operating grants and contributions	3,721,055	3,651,902	3,158,281	4,085,073
Capital grants and contributions	2,116,906	1,857,670	2,705,696	5,876,993
Total Government Activities Program Revenues	<u>25,839,844</u>	<u>25,494,302</u>	<u>29,315,945</u>	<u>36,992,941</u>
Business-Type Activities:				
Charges for services:				
Parking services	4,244,404	4,011,333	3,901,175	3,990,706
Total Business-Type Activities Program Revenues	<u>4,244,404</u>	<u>4,011,333</u>	<u>3,901,175</u>	<u>3,990,706</u>
Total Primary Government Program Revenues	<u>\$30,084,248</u>	<u>\$29,505,635</u>	<u>\$33,217,120</u>	<u>\$40,983,647</u>
Component Unit:				
San Rafael Sanitation District				
Charges for service	\$11,559,549	\$12,223,779	\$12,368,889	\$12,413,123
Operating grants and contributions				
Capital grants and contributions				
Total Component Unit Program Revenues	<u>\$11,559,549</u>	<u>\$12,223,779</u>	<u>\$12,368,889</u>	<u>\$12,413,123</u>
Net (Expense)/Revenue				
Governmental Activities	(\$62,788,993)	(\$65,833,322)	(\$54,988,541)	(\$47,887,839)
Business-Type Activities	228,206	225,582	454,693	445,319
Total Primary Government Net Expense	<u>(\$62,560,787)</u>	<u>(\$65,607,740)</u>	<u>(\$54,533,848)</u>	<u>(\$47,442,520)</u>
Component Unit Activities	<u>\$2,472,195</u>	<u>\$2,546,149</u>	<u>\$2,183,110</u>	<u>\$2,244,041</u>

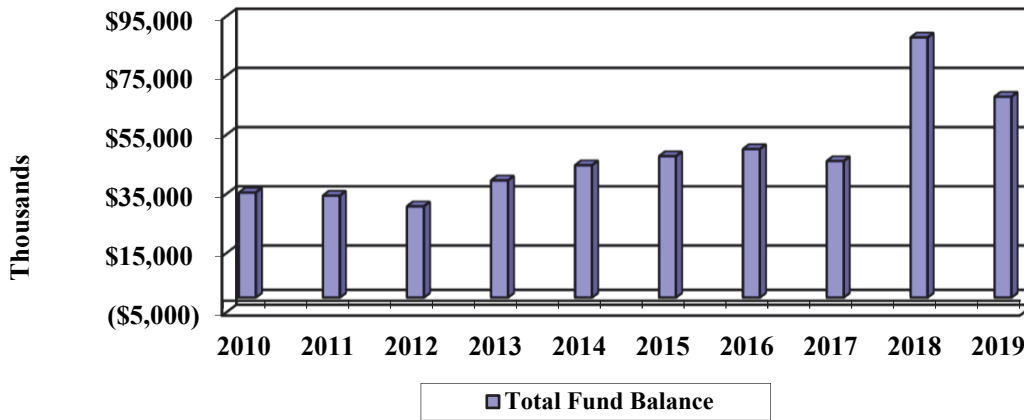
2014	2015	2016	2017	2018	2019
\$9,085,672	\$9,099,858	\$12,952,983	\$10,996,269	\$9,835,941	\$11,967,641
43,800,158	39,968,631	55,399,798	44,366,734	53,231,197	49,899,296
22,125,336	16,893,164	22,929,289	19,845,719	22,084,433	19,270,613
3,451,244	3,128,373	4,307,269	4,242,743	4,040,195	5,781,826
11,846,818	11,198,151	15,026,680	14,131,000	13,285,563	12,819,429
327,350	284,288	277,263	271,263	884,336	1,848,263
90,636,578	80,572,465	110,893,282	93,853,728	103,361,665	101,587,068
4,125,476	4,249,597	4,762,851	4,188,152	4,627,716	5,038,553
4,125,476	4,249,597	4,762,851	4,188,152	4,627,716	5,038,553
\$94,762,054	\$84,822,062	\$115,656,133	\$98,041,880	\$107,989,381	\$106,625,621
\$11,378,055	\$11,375,239	\$11,654,767	\$11,255,194	\$12,235,868	\$12,601,257
\$2,838,940	\$1,379,523	\$526,495	\$421,393	\$517,542	\$377,606
6,014,034	4,966,251	4,939,658	4,264,939	5,628,478	5,304,832
6,101,460	3,078,267	5,157,289	1,804,698	2,362,375	4,158,338
3,279,251	3,796,684	4,004,178	3,850,107	3,814,892	4,312,259
6,417,003	6,537,646	6,683,059	6,941,013	6,819,303	5,750,846
4,698,142	4,185,450	4,678,338	3,965,351	5,142,670	4,584,855
762,719	1,308,027	1,470,953	1,702,993	974,603	8,042,524
30,111,549	25,251,848	27,459,970	22,950,494	25,259,863	32,531,260
4,485,394	5,173,557	5,212,181	5,268,991	5,203,585	5,362,016
4,485,394	5,173,557	5,212,181	5,268,991	5,203,585	5,362,016
\$34,596,943	\$30,425,405	\$32,672,151	\$28,219,485	\$30,463,448	\$37,893,276
\$13,732,496	\$14,629,758	\$15,414,530	\$16,014,016	\$16,829,908	\$16,964,083
			36,945	58,440	5,907
			79,245	105,734	1,433,871
\$13,732,496	\$14,629,758	\$15,414,530	\$16,130,206	\$16,994,082	\$18,403,861
(\$60,525,029)	(\$55,320,617)	(\$83,433,312)	(\$70,903,234)	(\$78,101,802)	(\$69,055,808)
359,918	923,960	449,330	1,080,839	575,869	323,463
(\$60,165,111)	(\$54,396,657)	(\$82,983,982)	(\$69,822,395)	(\$77,525,933)	(\$68,732,345)
\$2,354,441	\$3,254,519	\$3,862,215	\$4,875,012	\$4,758,214	\$5,802,604

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

	Fiscal Year Ended June 30,			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property	\$21,684,131	\$21,632,733	\$20,107,637	\$17,317,772
Sales	19,055,124	21,623,445	22,355,749	24,262,282
Special assessments				
Paramedic	3,489,494	3,661,064	3,807,545	3,804,985
Motor vehicles	171,518	297,425		
Transient occupancy	1,558,243	1,644,262	1,866,575	2,185,287
Franchise	2,868,332	2,990,539	3,076,094	3,331,160
Business license	2,317,664	2,296,460	2,332,146	2,507,785
Other	1,411,583	1,930,531	3,574,918	2,929,915
Investment earnings	302,180	176,502	205,413	991,762
Gain (Loss) on disposal of assets	221,791			
Miscellaneous	541,390	1,496,174	542,816	2,580,882
Special item - Court fines repayment				
Transfers	458,300	463,600	57,960	423,817
Total Government Activities	54,079,750	58,212,735	57,926,853	60,335,647
Business-Type Activities:				
Investment earnings	17,678	11,878	7,675	3,739
Aid from other government agencies				
Transfers	(458,300)	(463,600)	(57,960)	(423,817)
Total Business-Type Activities	(440,622)	(451,722)	(50,285)	(420,078)
Total Primary Government	\$53,639,128	\$57,761,013	\$57,876,568	\$59,915,569
Component Unit:				
San Rafael Sanitation District				
Property Taxes	\$823,187	\$1,214,519	\$1,192,566	\$1,177,469
Investment earnings	93,274	59,265	38,191	25,591
Miscellaneous				
Aid from other governmental agencies	415,391	6,499	9,613	56,589
Total Component Unit	\$1,331,852	\$1,280,283	\$1,240,370	\$1,259,649
Special Item				
Governmental Activities				
Component Unit Activities				
Change in Net Position				
Governmental Activities	(\$8,709,243)	(\$7,620,587)	\$2,938,312	\$12,447,808
Business-Type Activities	(212,416)	(226,140)	404,408	25,241
Total Primary Government	(\$8,921,659)	(\$7,846,727)	\$3,342,720	\$12,473,049
Change in Net Position				
Component Unit Activities	\$3,804,047	\$3,826,432	\$3,423,480	\$3,503,690

2014	2015	2016	2017	2018	2019
\$18,439,619	\$19,039,443	\$19,998,567	\$23,343,140	\$24,627,373	\$25,903,240
27,758,971	32,269,915	34,348,089	31,819,259	34,119,502	35,626,646
3,816,070	3,820,240	4,226,020	5,485,637	4,923,148	4,934,584
2,332,277	2,661,878	3,063,263	2,984,758	3,115,151	3,203,499
3,260,958	3,272,390	3,418,277	3,610,824	3,726,841	3,627,254
2,588,728	2,670,071	2,824,664	2,774,803	2,790,212	2,788,496
3,452,171	3,295,751	3,465,193	1,824,830	2,245,882	1,783,170
184,171	216,066	300,091	210,628	556,745	1,450,434
1,140,743	2,254,901	1,387,315	2,448,604	5,991,713	5,904,968
449,917	432,630	448,478	536,000	632,657	608,698
63,423,625	69,933,285	73,479,957	75,038,483	82,729,224	85,830,989
4,375	7,008	14,723	10,810	24,436	63,870
(449,917)	(432,630)	(448,478)	(536,000)	(632,657)	(608,698)
(445,542)	(425,622)	(433,755)	(525,190)	(608,221)	(544,828)
\$62,978,083	\$69,507,663	\$73,046,202	\$74,513,293	\$82,121,003	\$85,286,161
\$1,345,018	\$1,319,852	\$1,367,172	\$1,528,047	\$1,620,584	\$1,727,221
151,729	171,804	46,225	97,090	234,379	519,793
22,125	35,090			10,690	7,768
\$1,518,872	\$1,526,746	\$1,413,397	\$1,625,137	\$1,865,653	\$2,254,782
	\$4,462,815				
	(\$4,462,815)				
\$2,898,596	\$19,075,483	(\$9,953,355)	\$4,135,249	\$4,627,422	\$16,775,181
(85,624)	498,338	15,575	555,649	(32,352)	(221,365)
\$2,812,972	\$19,573,821	(\$9,937,780)	\$4,690,898	\$4,595,070	\$16,553,816
\$3,873,313	\$318,450	\$5,275,612	\$6,500,149	\$6,623,867	\$8,057,386

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



	2010	2011	2012	2013
General Fund				
Pre-GASB 54 Presentation:				
Reserved	\$1,763,622			
Unreserved	5,038,173			
GASB 54 Presentation:				
Nonspendable		\$589,833	\$527,509	\$527,235
Restricted		200,238	76,188	
Committed		555,561	651,121	800,876
Assigned		5,439,879	1,516,644	2,476,676
Unassigned				
Total General Fund	\$6,801,795	\$6,785,511	\$2,771,462	\$3,804,787
All Other Governmental Funds				
Pre-GASB 54 Presentation:				
Reserved	\$15,352,723			
Unreserved, reported in:				
Special Revenue Funds	8,778,027			
Capital Project Funds	4,527,627			
Debt Service Funds				
Expendable Trust Fund				
GASB 54 Presentation:				
Nonspendable		\$377,180	\$788,031	\$51,521
Restricted		19,289,367	16,856,959	20,769,546
Committed		3,864,322	5,135,257	8,447,495
Assigned		4,124,029	5,283,559	6,511,850
Total all other governmental funds	\$28,658,377	\$27,654,898	\$28,063,806	\$35,780,412

(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.

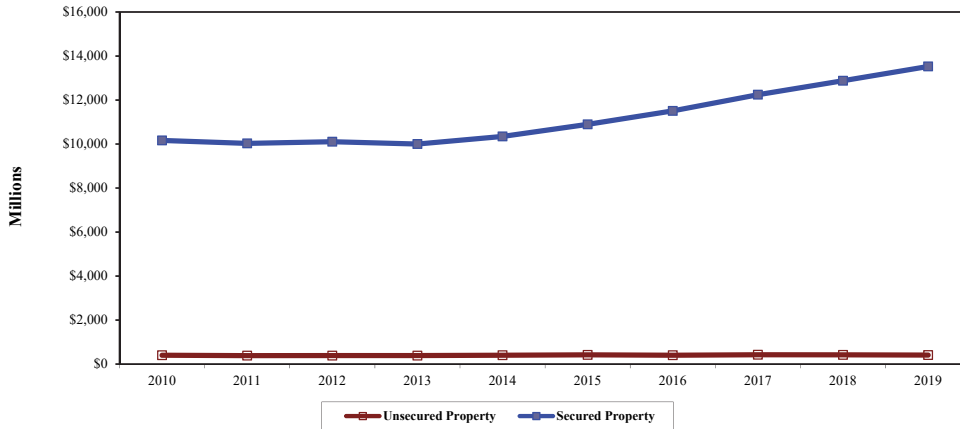
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	(a)
\$503,338	\$399,299	\$476,316	\$508,446	\$1,008,234	\$37,271	
6,866,149	12,374,002	16,440,910	14,900,945	11,214,720	11,560,392	
	1,588,500	1,772,577	1,295,041		934,908	
<u>\$7,369,487</u>	<u>\$14,361,801</u>	<u>\$18,689,803</u>	<u>\$16,704,432</u>	<u>\$12,222,954</u>	<u>\$12,532,571</u>	
\$8,719	\$2,359	\$9,449		\$302,366	\$27,627	
30,185,064	31,742,184	27,552,245	\$25,812,405	\$73,489,688	53,260,504	
2,185,825	931,871	3,799,421	3,491,708	1,754,983	1,901,271	
4,959,533	712,810	119,183	115,103	115,942	118,139	
<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>	<u>\$55,307,541</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,			
	2010	2011	2012	2013
Revenues				
Taxes and special assessments	\$47,678,541	\$51,448,130	\$51,395,116	\$51,549,306
Licenses and permits	1,518,819	1,416,772	1,648,890	1,929,387
Fines and forfeitures	787,411	862,820	801,758	734,005
Use of money and properties	433,874	380,720	315,561	325,043
Intergovernmental	13,001,703	11,864,127	10,537,396	11,869,889
Charges for services	15,787,325	15,888,750	19,649,433	23,575,374
Other revenue	716,760	1,026,845	870,957	4,092,411
Total Revenues	79,924,433	82,888,164	85,219,111	94,075,415
Expenditures				
Current:				
General government	7,997,067	6,863,142	8,783,873	10,529,480
Public safety	39,574,091	40,967,352	39,311,551	41,377,062
Public works and parks	10,731,669	10,666,176	11,518,822	12,002,448
Community development	4,398,594	4,527,351	3,755,504	2,961,275
Culture and recreation	9,605,684	10,067,822	10,345,673	10,591,057
Capital outlay	1,890,559	1,745,483	1,312,383	4,009,454
Capital improvement/special projects	3,436,608	6,240,861	3,604,171	5,284,720
Debt service:				
Principal	2,804,258	2,530,338	2,518,320	
Interest and fiscal charges	1,979,372	1,448,910	735,221	283,805
Total Expenditures	82,417,902	85,057,435	81,885,518	87,039,301
Excess (deficiency) of revenues over (under) expenditures	(2,493,469)	(2,169,271)	3,333,593	7,036,114
Other Financing Sources (Uses)				
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	7,494,560	5,806,834	4,539,646	8,425,474
Transfers (out)	(6,411,150)	(4,657,326)	(4,864,293)	(6,711,657)
Total other financing sources (uses)	2,688,386	1,149,508	(324,647)	1,713,817
Extraordinary Item				
Transfer to Successor Agency				(2,352,584)
Net Change in fund balances	\$194,917	(\$1,019,763)	\$3,008,946	\$6,397,347
Debt service as a percentage of noncapital expenditures	6.2%	5.2%	4.2%	0.4%

2014	2015	2016	2017	2018	2019
\$56,686,142	\$61,804,228	\$65,866,218	\$71,166,891	\$74,893,789	\$77,101,185
1,934,755	2,456,820	2,588,411	2,559,841	2,718,166	2,661,500
669,553	556,076	435,829	400,283	384,268	337,680
363,089	444,757	460,206	349,349	654,531	1,583,060
11,953,308	13,233,503	13,685,003	8,063,156	8,878,974	15,602,264
19,949,333	15,346,794	14,366,744	13,425,161	14,660,094	15,166,876
2,045,407	1,777,003	3,208,749	1,842,053	5,219,414	5,158,042
93,601,587	95,619,181	100,611,160	97,806,734	107,409,236	117,610,607
8,678,833	10,203,687	11,349,079	10,557,416	10,010,100	12,553,499
41,900,762	43,954,515	47,071,166	49,018,153	51,805,708	51,678,876
13,697,957	12,758,643	14,390,699	16,752,961	17,647,312	15,617,622
3,296,375	3,416,859	3,670,108	3,759,564	4,051,224	4,988,260
11,106,367	11,616,777	12,048,104	12,646,728	12,823,771	12,468,008
2,154,900	4,498,924	4,813,757	2,100,926	22,815,967	38,701,047
7,168,776	2,186,986	4,826,576	7,403,249		
208,642	75,172	75,172	175,172	280,172	495,172
327,350	284,288	277,263	271,263	1,005,636	2,356,207
88,539,962	88,995,851	98,521,924	102,685,432	120,439,890	138,858,691
5,061,625	6,623,330	2,089,236	(4,878,698)	(13,030,654)	(21,248,084)
				46,565,800	
568,481					
3,655,302	4,348,149	7,533,364	9,287,007	68,351,964	15,482,297
(3,053,865)	(3,051,499)	(6,582,555)	(8,454,762)	(68,373,222)	(14,280,034)
1,169,918	1,296,650	950,809	832,245	46,544,542	1,202,263
\$6,231,543	\$7,919,980	\$3,040,045	(\$4,046,453)	\$33,513,888	(\$20,045,821)
0.7%	0.4%	0.4%	0.5%	1.3%	2.8%

**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					
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%
2019	10,042,494,232	2,681,917,170	285,601,803	107,472,477	13,117,485,682	409,129,431	13,526,615,113	13,526,615,113	0.11742%

(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 2009/10 - 2018/19 Combined Tax Rolls

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

<u>Fiscal Year</u>	<u>City</u>	<u>County (1)</u>	<u>School Districts</u>	<u>Misc. Special Districts</u>	<u>Total</u>
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
2019	0.154	0.295	0.8495	0.0650	1.3635

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

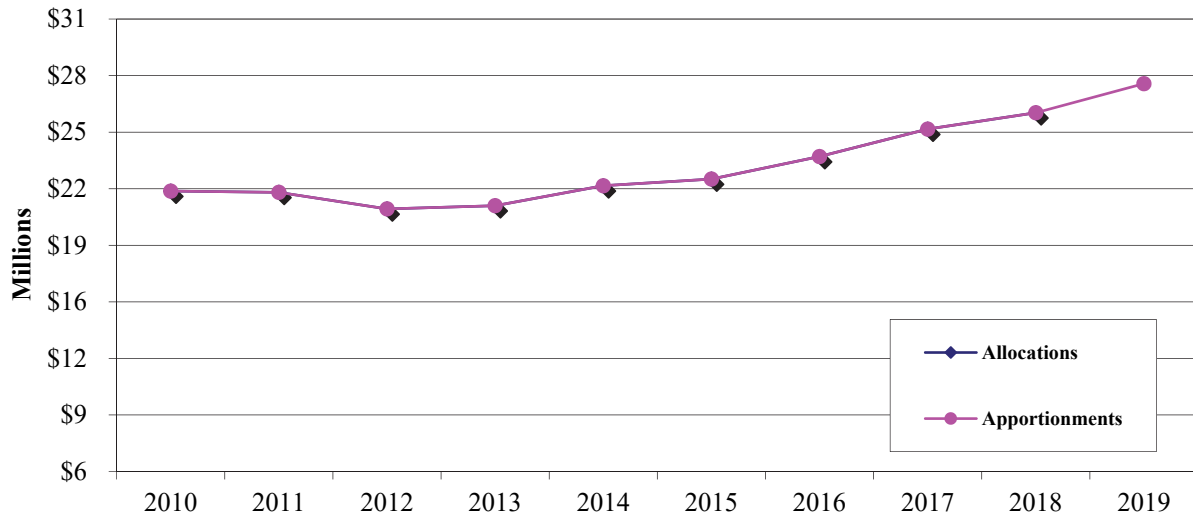
**CITY OF SAN RAFAEL
PRINCIPAL PROPERTY TAX PAYERS
CURRENT FY 2018/19 AND FY 2009/2010**

Taxpayer	FY 2018-2019		FY 2009-2010	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
California Corporate Center ACQ LLC	\$ 273,522,259	2.02%		
MGP XI Northgate LLC	214,970,194	1.59%		
Professional Financial Investors Inc	112,170,328	0.83%		
BRE Properties Inc	63,635,520	0.47%		
South Valley Apartments LLC	54,071,293	0.40%		
Regency Center II Associates LP	47,653,153	0.35%	\$ 41,716,937	0.41%
Northbay Properties II	46,914,742	0.35%		
Bay Apartment Communities Inc	44,412,310	0.33%	35,182,329	0.35%
Barbara Fasken 1995 Trust ETAL	44,190,490	0.33%		
Coastal City Partners LLC	42,603,280	0.31%		
Northgate Mall Associates			112,797,140	1.11%
SR Corporation Center Phase 1			72,881,400	0.72%
SR Corporation Center Phase 2			40,204,768	0.40%
Corac LLC			82,587,760	0.81%
Sutter Health			44,602,859	0.44%
Marin Sanitary Service			39,236,037	0.39%
4040 Civic Center LLC			36,503,908	0.36%
Robert Dickson Trust			44,076,750	0.43%
Subtotal	\$ 944,143,569	6.98%	\$ 549,789,888	5.41%

Total Net Assessed Valuation:

Fiscal Year 2018-2019	\$ 13,526,615,113
Fiscal Year 2009-2010	\$ 10,164,376,932

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

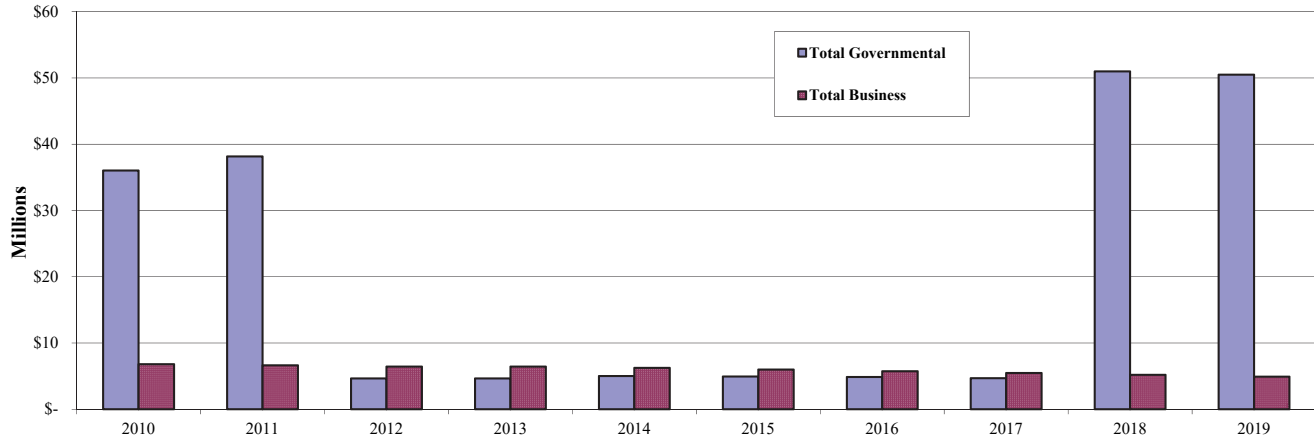


Fiscal Year	Rate	Levies	Allocations	Collections	Apportionments	Delinquencies	Delinquent taxes as a Percent of Allocations
2010	1.00	(2)	\$ 21,702,536	(2)	\$ 21,702,536	(2)	0.0%
2011	1.00	(2)	21,632,731	(2)	21,632,731	(2)	0.0%
2012	1.00	(2)	20,704,368	(2)	20,704,368	(2)	0.0%
2013	1.00	(2)	20,883,041	(2)	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)	26,088,961	(2)	26,088,961	(2)	0.0%
2019	1.00	(2)	27,718,712	(2)	27,718,712	(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
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
2019	-	-	1,233,779	-	-	3,765,000	45,485,000	50,483,779

Business-Type Activities

Fiscal Year	Parking Services Bonds	Note Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
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
2019	4,890,027	27,755	4,917,782	55,401,561		

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, 2019

2018-19 Assessed Valuation: \$ 13,526,615,113

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2019	% Applicable (1)	City's Share of Debt 6/30/2019
Marin Community College District	\$ 462,100,000	17.274%	\$ 79,823,154
San Rafael High School District	116,868,938	78.409%	91,635,766
Tamalpais Union High School District	101,995,000	0.077%	78,536
Dixie School District	30,910,810	66.296%	20,492,631
Ross School District	17,934,441	1.491%	267,403
Ross Valley School District	42,363,340	0.012%	5,084
San Rafael School District	141,275,126	83.707%	118,257,170
Marin Healthcare District	372,690,000	20.778%	77,437,528
Marin Emergency Radio Authority Parcel Tax Obligations	33,000,000	17.249%	5,692,170
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 393,689,442
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Marin County Certificates of Participation	\$ 85,234,007	17.249%	\$ 14,702,014
Marin County Pension Obligation Bonds	84,770,000	17.249%	14,621,977
Marin County Transit District General Fund Obligations	69,502	17.249%	11,988
Marin Municipal Water District General Fund Obligations	56,544	21.984%	12,431
Marin Community College District Certification of Participation	13,360,834	17.274%	2,307,950
San Rafael School District Certificates of Participation	3,140,000	83.707%	2,628,400
City of San Rafael General Fund Obligations	52,614,778	100.000%	52,614,778 (2)
City of San Rafael Pension Obligations	3,765,000	100.000%	3,765,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			90,664,538
Less: City of San Rafael lease revenue bonds supported by parking revenues			4,900,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 85,764,538
OVERLAPPING TAX INCREMENT DEBT (Successor Agency \$	9,099,465	100.000%	\$ 9,099,465
TOTAL GROSS DIRECT DEBT			56,379,778
TOTAL NET DIRECT DEBT			51,479,778
TOTAL OVERLAPPING DEBT			437,073,669
GROSS COMBINED TOTAL DEBT			493,453,445 (3)
NET COMBINED TOTAL DEBT			488,553,445

(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 share of Marin Emergency Radio Authority refunding revenue bonds and \$1,233,779 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 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.91%
Total Gross Direct Debt (\$56,379,778)	0.42%
Total Net Direct Debt (\$51,479,778)	0.38%
Gross Combined Total Debt	3.65%
Net Combined Total Debt	3.61%

Ratios to Redevelopment Incremental Valuation (\$2,964,827,159)

Total Overlapping Tax Increment Debt	0.31%
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Data Source: MuniServices

CITY OF SAN RAFAEL
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2019

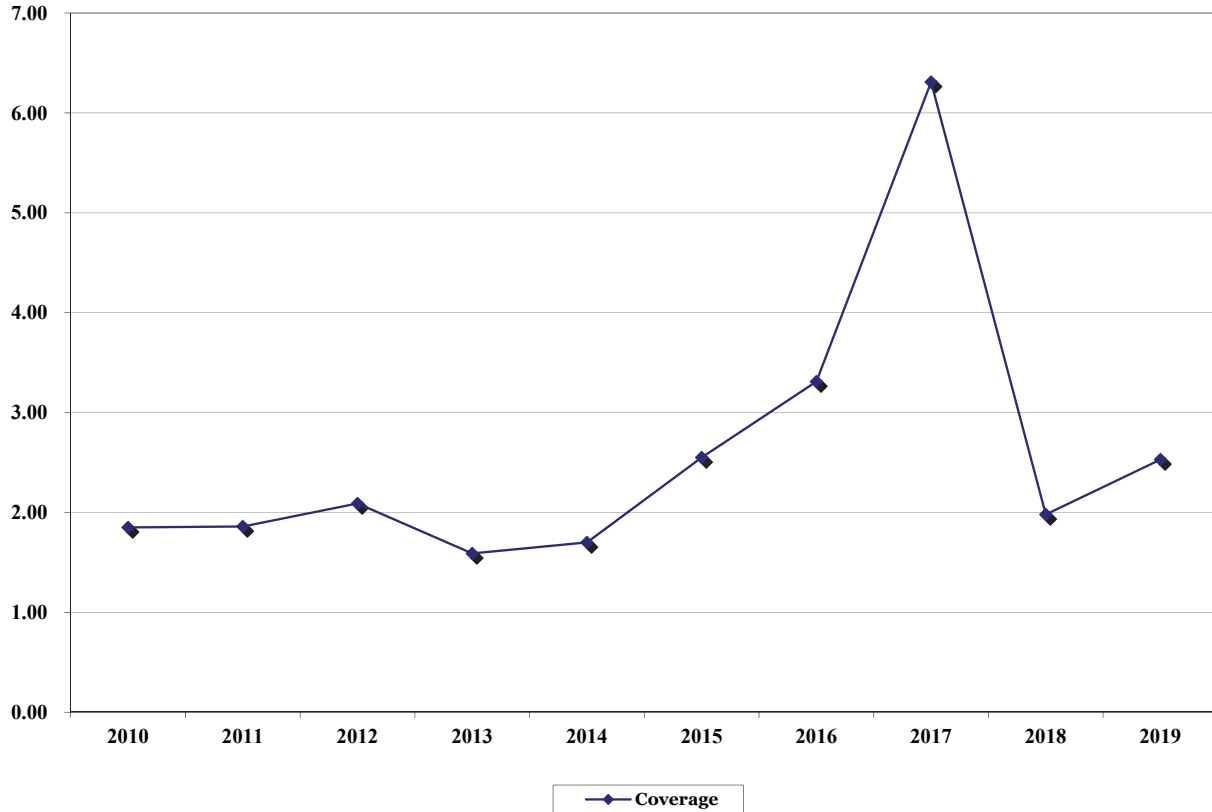
ASSESSED VALUATION:	\$ 13,526,615,113
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$ 507,248,067
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	50,978,951.00
LEGAL BONDED DEBT MARGIN	\$ 456,269,116

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
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%
2019	507,248,067	50,483,779	456,764,288	11.05%

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	
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
2019	5,425,883	4,283,754	1,142,130	275,000	176,025	451,025	2.53

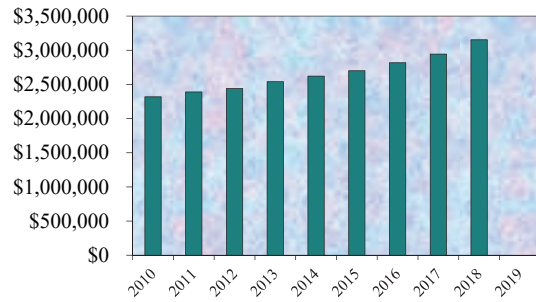
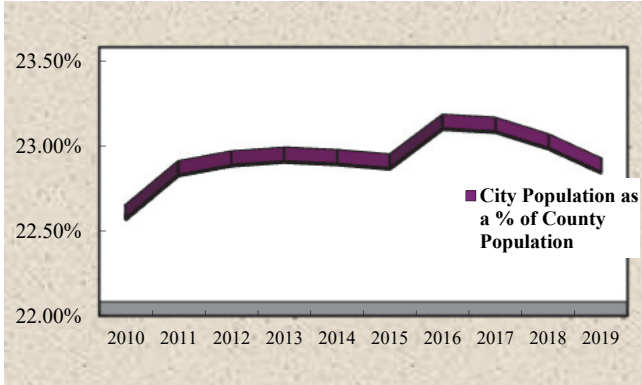
Notes: On March 26, 2003, the City Financing Authority issued lease revenue bonds for the design and construction of a new parking facility. On August 12, 2012, the City Financing Authority refunded the series 2003 lease revenue bonds with series 2012 lease revenue refunding bonds to take advantage of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

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

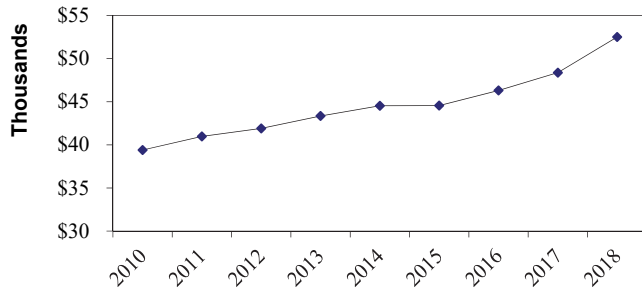
(2) Includes all Parking Facility Operating Expenses less Depreciation and Interest

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

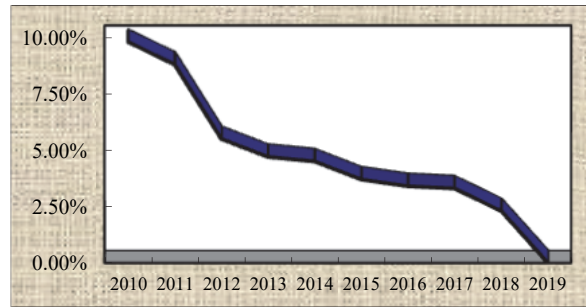
**CITY OF SAN RAFAEL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



■ 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
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	3,152,985	52,509	2.30%	263,886	22.98%
2019	60,046	n/a	n/a	n/a	262,879	22.84%

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 2018-2019
LAST TEN CALENDAR YEARS**

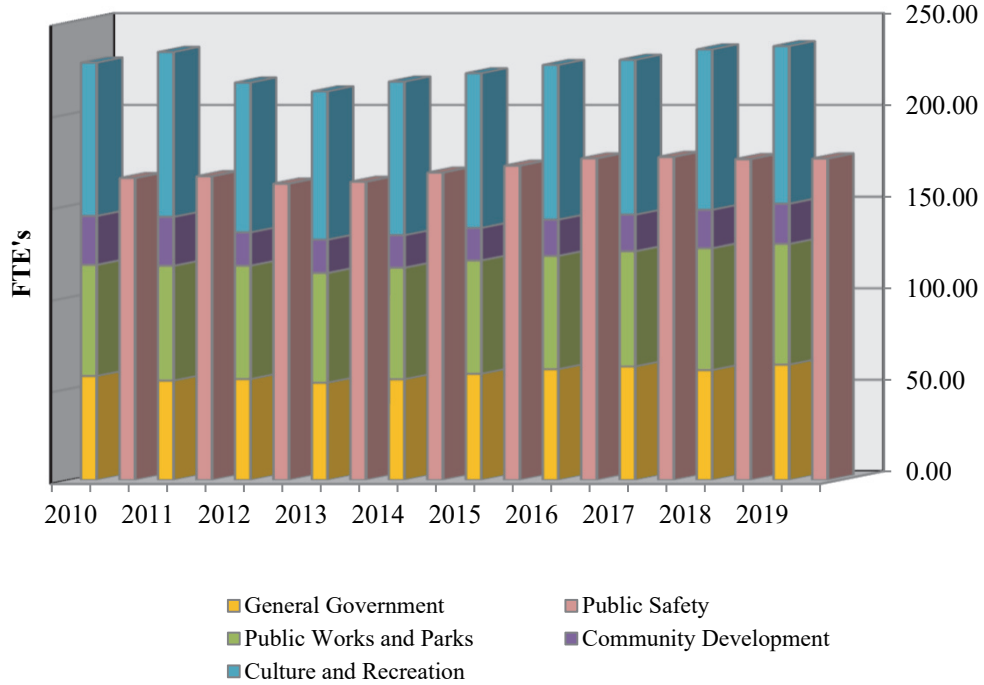
Employer	2019		2018		2017		2016		2015		2014		2013		2012		2011		2010	
	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)
Kaiser Permanente	2,014	6.22%	2,092	6.62%	2,061	6.52%	662	2.02%	1,575	4.82%	1,637	5.26%	1,756	5.74%	1,803	6.68%	1,330	4.93%	1,311	4.88%
BioMarin Pharmaceutical Inc.	950	2.93%																		
San Rafael Elementary/High Schools Dist	700	2.16%	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%
City of San Rafael	410	1.27%	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%
Dominican University of California	421	1.30%	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%
Guide Dogs for the Blind	227	0.70%	200	0.63%	203	0.64%	225	0.69%	-	-	-	-	-	-	-	-	-	-	287	1.07%
Bucklew Programs	103	0.32%	106	0.34%	240	0.76%	186	0.57%	-	-	-	-	-	-	-	-	-	-	-	-
Lifchouse	100	0.31%		0.00%		0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EO Products	150	0.46%		0.00%		0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Toyota Marin	141	0.44%		0.00%		0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	5,216	16.10%	4,708	14.90%	5,853	18.52%	5,314	16.20%	5,620	17.19%	6,025	19.37%	6,079	19.87%	6,715	24.87%	6,007	22.25%	6,092	22.67%

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

Note: From the EDD website, it shows that the Total 2019 Employment in the City of San Rafael was 32,400 of which it is used as the denominator for the 2019 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**



Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	56.88	54.35	55.23	53.23	55.11	58.11	60.61	62.11	60.11	63.11
Public Safety	165.00	166.00	162.00	163.00	168.00	171.75	175.75	176.55	175.35	175.65
Public Works and Parks	60.80	62.80	62.00	60.00	61.00	62.00	62.00	63.00	66.67	66.00
Community Development	26.75	26.75	18.25	18.25	17.80	17.80	19.80	20.00	21.00	22.00
Culture and Recreation	83.49	89.82	81.56	80.76	83.66	84.23	84.25	84.35	87.35	85.82
Total	392.92	399.72	379.04	375.24	385.57	393.89	402.41	406.01	410.48	412.58

Data Source: City of San Rafael's Finance Department



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

	2010	2011	2012	2013
Function/Program				
Public safety:				
Fire:				
Inspection permit issued	307	294	282	307
Police:				
Police calls for service	42,227	39,512	39,537	42,707
Law violations:				
Part I crimes	2,352	2,180	2,101	2,523
Physical arrests (adult and juvenile)	4,487	3,102	2,981	2,951
Traffic violations	5,777	8,190	4,048	3,448
Parking violations	42,806	34,590	32,492	30,881
Public works				
Street resurfacing (miles) (Eng Div)	2.77	7.40	N/A	2.70
Potholes repaired (square miles)	N/A	N/A	N/A	N/A
Asphalt used for street repairs (tons)	N/A	10,809	178.9	7,500
Culture and recreation:				
Recreation class participants	9,524	9,000	12,075	7,082
Recreation Facility Rentals				
Childcare School-Age program participants				
Library:				
Items in collection (thousands)	151.88	158.30	159.18	125.92
Total items borrowed (thousands)	371.12	435.66	366.46	392.23

Note: N/A denotes information not available.

2014	2015	2016	2017	2018	2019
261	282	198	233	186	123
51,261	55,805	57,026	53,567	51,013	47,919
2,289	2,533	2,523	2,392	2,326	1,893
3,227	3,450	3,453	2,526	2,019	1,923
4,498	4,168	3,252	3,341	2,758	2,944
38,814	36,398	34,803	36,169	36,208	40,407
9.00	6.40	6.76	2.32	2.50	4.30
N/A	N/A	N/A	N/A	N/A	N/A
10,700	11,000	7,195	5,800	4,730	7,200
9,857	10,023	12,725	13,493	12,842	N/A
					5,146
					7,592
168.62	127.76	227.89	117,354	115,812	123,432
478.96	443.64	469.79	327,297	324,452	356,301

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

Function/Program	2010	2011	2012	2013
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

2014	2015	2016	2017	2018	2019
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
145	145	145	145	145	145

