

City of Novato

CALIFORNIA



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2014**



PREPARED BY FINANCE DIVISION

CITY OF NOVATO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION





December 19, 2014

To the Citizens of the City of Novato, CA and to
Honorable Mayor and Members of the City Council:

THE CITY OF
NOVATO
CALIFORNIA

922 Machin Avenue
Novato, CA 94945
415/899-8900
FAX 415/899-8213
www.novato.org

Mayor

Jeanne MacLeamy
Mayor Pro Tem
Pat Eklund

Councilmembers
Denise Athas
Madeline Kellner
Eric Lucan

City Manager

Michael S. Frank

In accordance with provisions of the Novato Municipal Code and the California Government Code, we are pleased to present the Comprehensive Annual Financial Report (“CAFR”) for the City of Novato for the fiscal year ended June 30, 2014. The City’s independent auditor, Mann Urrutia Nelson CPAs & Associates LLP, has issued an unmodified (“clean”) opinion on the City of Novato’s financial statements. The independent auditor’s report is located at the front of the Financial Section of this report.

The CAFR was prepared in accordance with generally accepted accounting principles (“GAAP”) and in compliance with the standards and principles set forth by the Governmental Accounting Standards Board (“GASB”). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. The cost of a control should not exceed the benefits to be derived; therefore the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

Management’s Discussion and Analysis (“MD&A”) immediately follows the independent auditor’s report, and provides a narrative introduction, overview, and analysis of the information contained in the basic financial statements. The MD&A also discloses significant items affecting the financial condition of the City, and is designed to be read in conjunction with this letter of transmittal. Additional information about the accounting policies of the City can be found in Note 1 of the notes to the financial statements.

The City of Novato is also required to undergo an annual Single Audit in conformance with the Single Audit Act Amendments of 1996 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor’s report on internal control and compliance with applicable laws and regulations are included in a separately issued single audit report.

City of Novato Profile

Novato is the northernmost city in Marin County, California, and is located approximately 29 miles north of San Francisco and 37 miles northwest of Oakland. Marin County’s population as of January 2014 is 255,846, which is a slight increase of 0.4% from 2013. Novato, which covers 28 square miles,

has a population of 52,967, an increase of about 0.5% from a year ago. Novato's population is 65.8% White, 21.3% Hispanic (of any race), 6.6% Asian, and 2.7% Black; the median age is 42.6 years. The City of Novato was incorporated on January 20, 1960 as a general law city. The City Council is made up of five members, elected at large, serving four-year terms. The Mayor is selected for a one-year term from among the members of the City Council. The City operates under a council-manager form of government. The City Council appoints the City Manager and City Attorney.

The City of Novato has 194 authorized full-time equivalent employees and delivers municipal services through six departments: Central Administration (City Manager, City Clerk, City Attorney, Economic Development), Administrative Services (Finance, Human Resources, Risk Management, Information Technology, Citywide Programs), Police, Community Development (Planning, Building, Code Enforcement, and Environmental Sustainability), Public Works (Engineering and Maintenance), and Parks, Recreation and Community Services. Fire services are provided in Novato by the Novato Fire Protection District; refuse, recycling services and sewage systems are provided by the Novato Sanitary District; water services by the North Marin Water District; public transit services by the Golden Gate Bridge, Highway and Transportation District; animal control services via contract by the Marin Humane Society; and library services by the Marin County Free Library.

Additionally, per the redevelopment dissolution provisions of both AB 1x 26 and AB 1484, the City Council also acts as the Successor Agency to the Dissolved Redevelopment Agency of the City of Novato. Financial statements for the Redevelopment Obligation Retirement Fund, which is required to be maintained by the Successor Agency, are included in this CAFR.

The budget process for the City of Novato typically begins between October and December, with a review by the Finance staff and the City Manager of the current budget. In December, budget guidelines are developed for departments to use in preparing their budgets, and a budget kickoff meeting is typically held in January. In February and March, departments prepare and submit their operational budget requests to the City Manager for discussion. The proposed Capital Improvement Budget is also developed during this time period. After internal review by the City Manager and departments, the City Manager presents an overview of the key proposed budget changes in April to the City Council and the public. Public input is gathered at several public workshops, and the City Manager submits the Proposed Budget and the Proposed Capital Improvement Program Budget to the City Council in May. The City Council then adopts the budget in June.

The legal level of budgetary control is by fund, although budgets are adopted within funds at the department / program level, and at the individual project level for capital projects.

Local Economy

The City of Novato successfully mixes corporate headquarters, life science research, orphan pharmaceutical drug companies, state-of-the-art technology companies and a variety of retail centers in its business community. Novato values its downtown which contains a blend of retail, financial services, restaurants and bakeries, and other service businesses.

The Novato Unified School District is the City's largest employer with 800 employees. Novato is home to a number of biotechnology companies. BioMarin has a manufacturing facility in Novato. Ultragenyx Pharmaceutical and Raptor Pharmaceutical, both BioMarin spinoffs, are located in Bel Marin Keys, furthering Novato's expansion as the biotech hub of the North Bay. Retail business in Novato takes many forms. Vintage Oaks Shopping Center is a regional mall that serves as home to Costco, Target, Macy's Furniture Center, Pier 1, Novato Toyota and Novato Kia, as well as a number of other retail stores and restaurants. There is an active retail area in downtown Novato with shops and restaurants as well as other shopping areas throughout the City. That said, Novato retail activity has been hurt over the past three quarters by the new openings of major retail square footage in Petaluma and San Rafael, but the City is hopeful that those effects will diminish by early 2015.

As of August 2014, Marin County had an unemployment rate of 4.2%. This rate is the lowest in the state and has improved nearly 4% since 2011. The resurgence of the real estate market has impacted values throughout Marin County, including in Novato. The property assessment roll at January 1, 2014 has increased 5.2%, benefitting from the significant year-over-year increases in sales prices as home change hands. Additionally, transient occupancy tax increased by double digits in fiscal year 2013/14, showing a strengthening tourism market in terms of both occupancy levels and hotel nightly rates. Overall, we are cautiously optimistic about the economy in the upcoming year.

In addition to impacts that Novato and other cities have felt from the long recession, the City has also been dealing with a variety of financial impacts due to State government decisions over the past few years. Most recently, the City has been hit by the takeaway of vehicle license fee revenue; more significantly, however, has been the elimination of redevelopment in California. This action represents a direct negative financial impact to the City, but it also means the loss of the City's primary tool to encourage and foster economic development activities and manage the City's affordable housing program. The City Council has re-invigorated some of these programs with Measure F sales tax dollars, and the City's economic development program has recently been active in coordinating a "Shop Local" campaign and a "Bio-Tech / Life Sciences Marketing and Recruitment Campaign" to leverage existing community assets and attract new employers to Novato.

Long-Term Financial Planning

The City maintains a five-year general fund forecasting model, updated regularly and reviewed with the City Council. The forecast contains a variety of assumptions about revenue and expenditure growth over the five-year time horizon. It serves as a planning tool to assist City staff and policy makers in seeing financial trends and making appropriate budgetary and policy decisions to ensure the long-term financial health of the City.

During fiscal year 13-14, the City Council approved its Fiscal Sustainability Plan, a blueprint for long-term fiscal health for the City. The Plan contains a number of elements and outcomes, namely: (1) ensuring that staff compensation keeps up with inflation in the long run; (2) improving the competitiveness of Novato's compensation structure for job classifications that are significantly below market; (3) Adding a few select staff positions to augment the core City operations in several key areas; and (4) investing in appropriate levels of long-term maintenance for City buildings and facilities. To support these goals and programs, the Fiscal Sustainability Plan

acknowledges that the City should achieve a new, ongoing source of revenue by the end of calendar year 2015.

Financial Policies

In addition to the accounting policies summarized in Note 1 of the notes to the financial statements, the City also maintains a full set of financial policies. These policies include:

- Capital Improvement and Asset Policies
- Budget Reserve Policies
- Investment Policies
- Operating Budget Policies
- Purchasing Policies
- Revenue Policies
- Debt and Debt Administration Policies

Major Initiatives

The City Council is in the midst of a developing the City's strategic planning to guide efforts over the next three years; however, it will not be completed at press time. With that said, many of the same efforts from the prior strategic plan are still in process, and the City continues to be focused on numerous major initiatives moving forward.

Fiscal and Organizational Sustainability – Fiscal sustainability and long-term financial planning has long been a City priority. With the adoption of the Fiscal Sustainability Plan in February 2014, the focus of the 2014/15 fiscal year budget was to implement many of the projects and programs contained in the plan. The City will be looking toward the November 2015 general election for a possible voter-approved revenue measure.

General Plan – The City Council adopted the City's Housing Element in late 2013, ending a four-year process of extensive community input and discussion. This milestone allows staff to complete, based on a two-year workplan, an update to the General Plan. A component of that work has included a community-involved planning process for the North Redwood Boulevard Corridor, one of the last developable commercially-zoned properties in Novato. In November, the Council approved an updated Housing Element for the 2015-2023 planning cycle.

Economic Development – With the hiring of an Economic Development Manager two years ago, significant economic development initiatives are progressing. We completed a retail sales tax leakage analysis and kicked off a "Shop Local" campaign in key areas of Novato. Staff has also been active in spearheading a four-county effort to create the North Bay Bio Life Alliance to champion the North Bay area as a destination for new and expanding life sciences companies.

Health and Safety – The Police Department's "Novato Response Team" is in its third year, interacting with the community and solving a variety of quality-of-life issues. The Recreation and Parks Department is focused on its expanding afterschool initiative, participating in the countywide "Healthy Eating, Active Living" campaign, and improving and expanding its athletic and recreation programs. To further these efforts, the Department is researching the construction of at least one synthetic turf sports field in Novato as well as master planning the Hill

Recreation Area to include a new Bocce Ball facility. The Public Works Department continues to maintain City roads, bike and pedestrian pathways, improve traffic operations and safety, ensure well-functioning storm-water systems, and maintain more than \$100 million of City infrastructure.

Awards

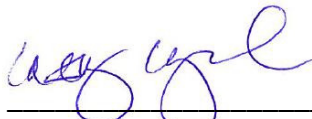
This CAFR for the 2013/14 fiscal year is the third CAFR produced by the City of Novato. In order to be eligible for the Government Finance Officers Association of the United States and Canada (“GFOA”) Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized CAFR. Such reports must satisfy US generally accepted accounting principles (GAAP) and applicable legal requirements. We believe that this report conforms to the requirements for the Certificate of Achievement, and will be submitting it to GFOA to determine the City’s eligibility for a Certificate. The City is pleased that its 2012/13 CAFR was acknowledged by the GFOA as a recipient of its Certificate of Achievement.

In addition, the City received the GFOA’s Distinguished Budget Presentation award and the California Society of Municipal Finance Officers Certificate of Award for Excellence in Operating Budgeting for its budget document for the 2012/13 fiscal year. To qualify for these awards, the City’s budget document had to be judged proficient as a policy document, a financial planning document, an operations guide, and a communications device.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated efforts of the staff of the Finance Division of the Administrative Services Department. Each individual has our sincere appreciation for the professionalism, dedication, and contributions made in the preparation of this report. Credit must also be given to the Mayor, City Council members, and the City’s management team for their support in maintaining the highest standards of professionalism in the management of the City of Novato’s finances.

Respectfully submitted,



CATHY CAPRIOLA
Assistant City Manager/City Treasurer



BRIAN COCHRAN
Finance Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

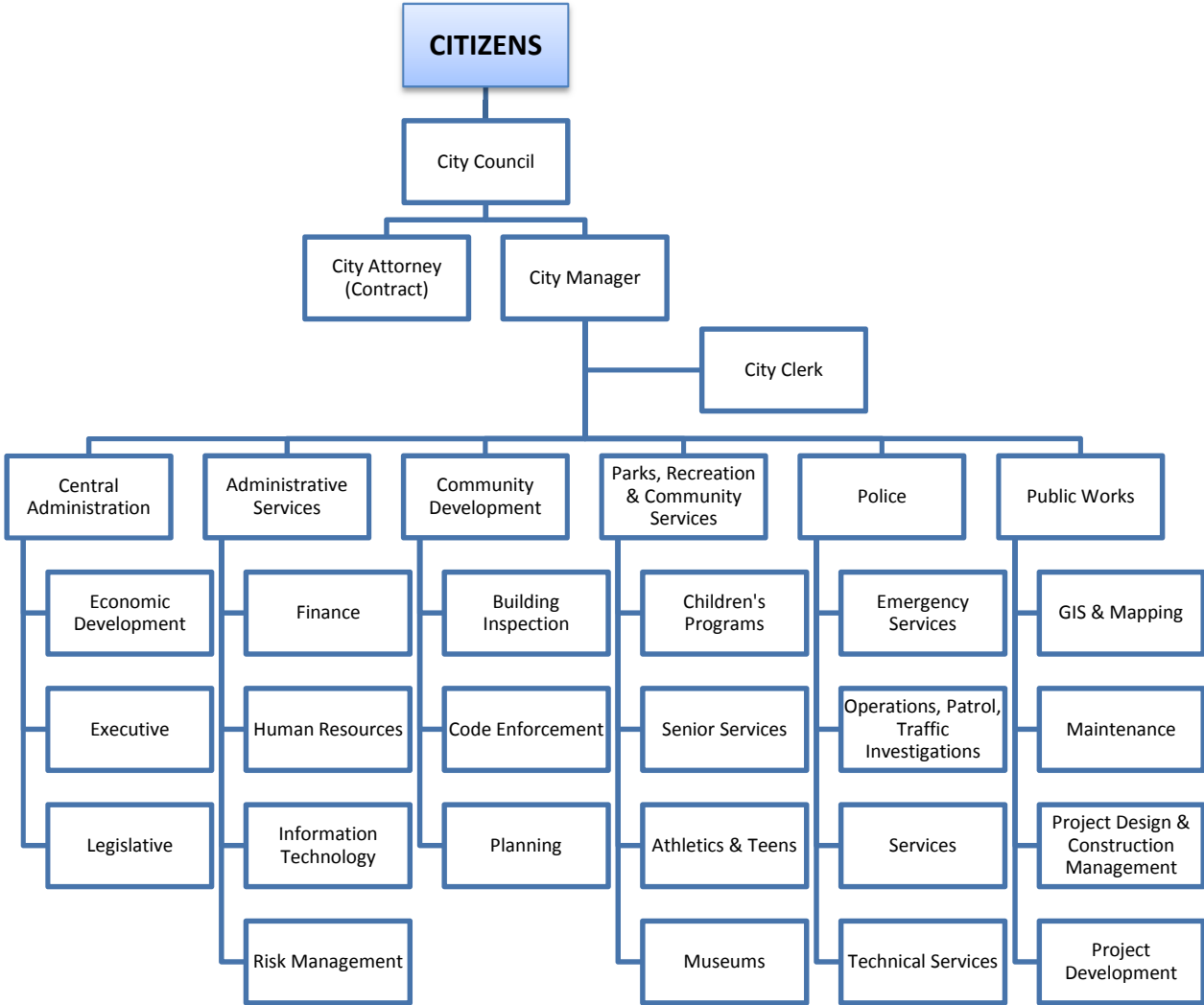
**City of Novato
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF NOVATO CALIFORNIA



**CITY OF NOVATO
ELECTED OFFICIALS
AND
EXECUTIVE STAFF**

JUNE 30, 2014

ELECTED OFFICIALS

Mayor	Jeanne MacLeamy
Mayor Pro Tem	Pat Eklund
Council Member	Denise Athas
Council Member	Madeline Kellner
Council Member	Eric Lucan

EXECUTIVE MANAGEMENT TEAM

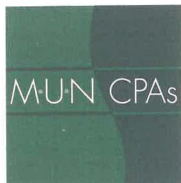
City Manager	Michael S. Frank
Director of Administrative Services / Assistant City Manager	Cathy Capriola
City Attorney	Walter & Pistole
City Clerk	Sheri Hartz
Police Chief	James Berg
Community Development Director	Bob Brown
Parks, Recreation and Community Services Director	Pam Shinault
Public Works Director / City Engineer	Russell Thompson

This listing has been created for the purpose of this CAFR and as a reference of the structure at the time of production.



FINANCIAL SECTION





MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

INDEPENDENT AUDITOR'S REPORT

To the City Council of
the City of Novato
Novato, California

Report on the 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 City of Novato as of and for the year ended June 30, 2014, 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 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 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 entity'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 entity'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 opinion, 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, and the aggregate remaining fund information of the City of Novato, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedules of funding progress 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 of Novato's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements and the budgetary comparison schedules are 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 December 11, 2014, on our consideration of the City of Novato'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 City of Novato's internal control over financial reporting and compliance.

Manjit Ad CPAs

Sacramento, California
December 11, 2014

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

This section of the City of Novato California's Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide

- The assets of the City exceeded its liabilities at June 30, 2014 by \$321,978,468. Of this amount, \$250,277,342 is invested in capital assets, net of related debt; \$58,623,785 is restricted for debt service, capital projects, insurance, grants, taxes, and fees; and \$13,077,341 is unrestricted.
- The City's total net position increased by \$3,685,185, of which \$2,876,960 was attributable to governmental activities and \$808,225 was attributable to business-type activities.
- Government-wide revenues, excluding extraordinary items, decreased by \$2,444,749 or 5% to \$48,530,177 from 2013's total of \$46,085,428.
- Government-wide expenses decreased by \$1,967,818 or 5% to \$44,844,992 from 2013 total of \$42,877,174.

Fund level

- Governmental fund balances decreased to \$81,220,480 from the prior year's 85,081,396.
- Governmental fund revenues decreased by \$13,128,668 or 32% to \$54,604,269 from the prior year's \$41,475,601.
- Governmental fund expenditures, excluding extraordinary loss, increased by \$12,694,907 or 28% to \$58,326,880 from the prior year's \$45,631,973.
- General fund balance decreased from \$26,124,616 to \$23,300,258.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information (RSI) in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide information about the activities of the City as a whole and present a long-term view of the City's finances.

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 or decreases in net position may serve as a useful indicator of whether the financial position of the City of Novato is strengthening or weakening.

The Statement of Activities and Changes in Net Position presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash receipts or disbursements. Thus, revenues and expenses are reported in this statement for some items that will only result in cash receipts or disbursements in future fiscal periods, such as property taxes assessed for the current year but received after June 30, or vacation leave earned in the current year but not utilized until a subsequent year.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The government-wide financial statements of the City are divided as follows:

Governmental activities

These are activities that are principally supported by taxes and intergovernmental revenues. For the City of Novato, governmental activities include police services, community development, recreation and community services, and general government administration.

Also included in governmental activities are certain component units. These are organizations whose governing body is the governing body of the primary reporting government or who report to the primary governing body. Organizations for which the nature and significance of their relationship with the primary reporting government is such that exclusion would cause the reporting government's financial statements to be misleading or incomplete are included in governmental activities. The City of Novato is the primary government in this report, and incorporated into these financial statements are the financial position and activities of one component unit, the City of Novato Public Financing Authority (NPFA). No separate financial statements were issued for the NPFA.

Business-type activities

These are activities that are primarily funded through user charges. The City of Novato's business-type activities include activity related to the Marin Valley Mobile Country Club Park.

Fund 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 of Novato, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds used by the City are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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, which focus on the long-term, governmental funds financial statements focus on short-term inflows and outflows of spendable resources and the balances of those spendable resources available for spending. This information is useful in evaluating a government's short-term financing requirements.

To assist the user of these financial statements in understanding the differences and the relationship between the government-wide financial statements and the governmental funds financial statements, reconciliations between the two sets of statements have been included in this report.

The reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position highlights the inclusion of capital assets and long-term liabilities in the government-wide financial statements.

The reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities highlights the exclusion of capital expenditures, depreciation and amortization, and cash flows related to long-term liabilities from the governmental funds statements.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The City of Novato maintains numerous individual funds, which for financial reporting, are grouped according to their type (general fund, special revenue, capital projects, and debt service). Funds whose expenditures exceed 10% of the total expenditures for all governmental funds, or meet other specific criteria for determining their importance to the financial statement user, are designated Major Funds, and are reported separately in the governmental funds statements. All other funds are grouped together for reporting purposes. Major funds for the City of Novato are:

- General Fund
- Capital Improvement Projects Fund
- Restricted Revenues Fund
- Development Impact Fees Fund
- Novato Public Financing Authority Fund
- Hamilton Trust Fund
- General Obligations Bond Fund

Individual fund data for each non-major governmental fund is provided in combining statements included in the Supplementary Information section of this report.

Proprietary funds

Proprietary funds have as their focus the determination of operating income or cost recovery. There are two 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.
- Internal service funds are used to accumulate and allocate costs internally among the City's various funds and departments.

The City has one enterprise fund: Marin Valley Mobile Country Club Park (MVMCC). This fund is used to record financial activity for this City-owned property. The City uses internal service funds to account for anticipated replacement costs and maintenance of vehicles and equipment, and also for claim settlements and reimbursements for insurance.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the reporting 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 utilizes two types of fiduciary funds:

- Agency funds are used to record assets of separate organizations for which the City serves as a custodian for the organization. All assets in agency funds are offset by a liability to the organization on whose behalf they are held.
- Private purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Notes to the Financial Statements

The notes to the financial statements 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 follow the basic financial statements.

Required Supplementary Information

This report presents supplementary information concerning the City of Novato's progress in its obligation to provide other postemployment benefits to its employees, and budgetary comparison information for the City's general fund

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

and major special revenue funds.

Combining and Individual Fund Statements and Schedules

This final section of the report includes combining information for the City's nonmajor funds, internal service funds, agency funds, and general funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section of the Management Discussion and Analysis provides a comparison and review of governmental activities for two fiscal years. In addition, an analysis of the current fiscal year net position and changes in net position is provided.

Statement of Net Position
As of June 30, 2014 and 2013
(in thousands)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2014</u>	<u>2013</u>	<u>Net Change</u>	<u>2014</u>	<u>2013</u>	<u>Net Change</u>	<u>2014</u>	<u>2013</u>	<u>Net Change</u>
ASSETS									
Current and other assets	\$ 98,685	\$ 103,417	\$ (4,732)	\$ 3,284	\$ 3,404	\$ (120)	\$ 101,969	\$ 106,821	\$ (4,852)
Capital assets	<u>258,476</u>	<u>253,228</u>	<u>5,248</u>	<u>15,093</u>	<u>15,093</u>	<u>-</u>	<u>273,569</u>	<u>268,321</u>	<u>5,248</u>
Total Assets	<u>357,161</u>	<u>356,645</u>	<u>516</u>	<u>18,377</u>	<u>18,497</u>	<u>(120)</u>	<u>375,538</u>	<u>375,142</u>	<u>396</u>
LIABILITIES									
Long-term liabilities	36,591	38,215	(1,624)	6,834	7,284	(450)	43,425	45,499	(2,074)
Other liabilities	<u>9,394</u>	<u>10,100</u>	<u>(706)</u>	<u>535</u>	<u>534</u>	<u>1</u>	<u>9,929</u>	<u>10,634</u>	<u>(705)</u>
Total Liabilities	<u>45,985</u>	<u>48,315</u>	<u>(2,330)</u>	<u>7,369</u>	<u>7,818</u>	<u>(449)</u>	<u>53,354</u>	<u>56,133</u>	<u>(2,779)</u>
DEFERRED INFLOW OF RESOURCES	<u>206</u>	-	-	-	-	-	<u>206</u>	-	<u>206</u>
NET POSITION									
Net investment in capital assets	242,468	235,404	7,064	7,808	7,372	436	250,277	242,776	7,501
Restricted	55,426	59,797	(4,371)	3,198	3,307	(109)	58,624	63,104	(4,480)
Unrestricted	<u>13,077</u>	<u>13,128</u>	<u>(51)</u>	-	-	-	<u>13,077</u>	<u>13,128</u>	<u>(51)</u>
Total Net Position	<u>\$ 310,971</u>	<u>\$ 308,329</u>	<u>\$ 2,642</u>	<u>\$ 11,006</u>	<u>\$ 10,679</u>	<u>\$ 327</u>	<u>\$ 321,978</u>	<u>\$ 319,008</u>	<u>\$ 2,970</u>

Analysis of Net Position

Net Position is a measure of a government's financial position and over time, a trend of increasing or decreasing net position is an indicator of the financial health of the organization. The City of Novato's net position exceeded liabilities by \$321,978,468 at June 30, 2014.

The net position of \$321,978,468 at June 30, 2014 was comprised of the following elements:

- Unrestricted cash and investments of \$55,458,979, cash with fiscal agents of \$1,260,067, and restricted cash and investments of \$31,957,431;
- Accounts, loans, interest, and taxes receivable of \$6,594,100;
- Prepaid expenses of \$66,211;

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

- Non-current assets consisted of bond issuance costs, deferred charges, prepaid PERS contribution, other assets and capital assets. Bond issuance costs were \$202,353 and are amortized over the life of the debt. Deferred charges totaled \$127,460. Prepaid PERS contribution of \$5,974,201 was funded with the 2006 Pension Obligation Bond proceeds and represents a prepayment of the unfunded liability of the pension plans through the California Public Employees' Retirement System. Other assets totaling \$328,000 represent a building held for resale. Capital assets of \$273,569,500, net of accumulated depreciation charges of \$128,442,156, included \$133,781,357 of land, \$2,916,987 of construction in progress, \$40,398,938 of buildings, \$648,686 of furniture and equipment, \$94,445,795 of infrastructure, and \$1,377,737 of vehicles;
- Current liabilities totaled \$9,928,963 and included \$1,969,152 of accounts payable, \$1,692,492 of salaries and benefits payable, \$247,856 of interest payable, \$4,163 of accrued liabilities, \$768,020 of unearned revenue, \$2,045,086 of deposits payable, the current portion of claims payable of \$510,800, compensated absences of \$258,519, and long-term debt of \$2,432,875;
- Non-current liabilities of \$43,425,000 included \$1,493,841 of non-current claims payable; \$783,296 of Other Post Employment Benefits (OPEB), \$1,308,795 of compensated absences, and \$39,839,068 of the non-current portion of long-term debt which is due in the fiscal years subsequent to fiscal 2014;
- Deferred inflows of resources of \$205,871 consists of unavailable revenue for Affordable Housing Loans;
- Net position invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$250,277,342 represented the cost of capital assets, less any outstanding debt used to acquire the assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt must be provided from sources other than the related assets, because the capital assets themselves cannot be used to repay these debts; and
- Restricted net position of \$58,623,785 was comprised of \$5,077,783 restricted for debt services; \$14,693,116 restricted for capital projects; \$37,652,884 restricted for grants, taxes, and fees; and \$1,200,002 restricted for insurance. The remaining balance of \$13,077,341 represented unrestricted net position.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Analysis of Changes in Net Position

The City's total net position increased by \$3,685,185, or 1%, during the fiscal year ended June 30, 2014. Increased revenues from charges for services were more than offset by decreases in taxes and capital grant revenues. Expenses were mostly flat, except for decreased interest expense on long term liabilities. Activities and changes in net position relating to the \$3,685,185 increase are presented in the governmental activities and business-type activities tables following:

Governmental Activities Changes in Net Position
For the Years Ended June 30, 2014 and 2013
(in thousands)

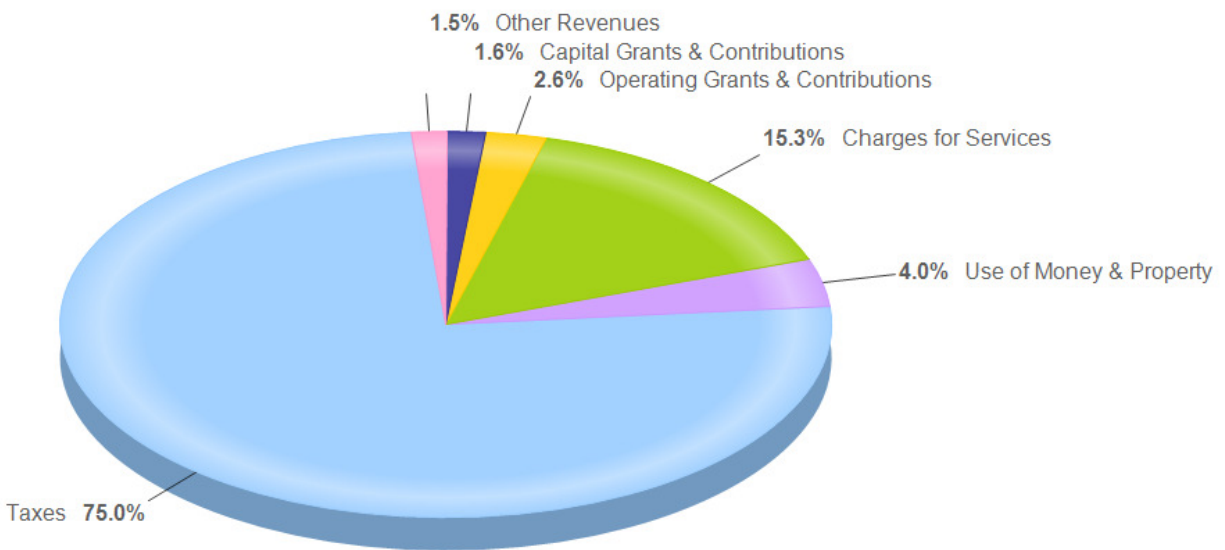
	<u>2014</u>	<u>2013</u>	<u>Net Change</u>
REVENUES:			
Program revenues			
Charges for services	\$ 6,969	\$ 7,137	\$ (168)
Operating grants and contributions	1,162	1,184	(22)
Capital grants and contributions	734	38	696
General revenues			
Taxes	34,104	32,997	1,107
Use of money and property	1,839	1,325	514
Other revenue	667	164	503
Transfers	<u>250</u>	<u>-</u>	<u>250</u>
Total Revenues	<u>45,725</u>	<u>42,845</u>	<u>2,880</u>
EXPENSES:			
Governmental activities			
General government	8,935	7,782	1,153
Public safety	13,881	13,870	11
Public works	12,183	10,766	1,417
Culture and recreation	5,626	5,402	224
Community development	501	461	40
Interest on long-term liabilities	<u>1,723</u>	<u>1,922</u>	<u>(199)</u>
Total Expenses	<u>42,849</u>	<u>40,203</u>	<u>2,646</u>
Change in net position	<u>2,876</u>	<u>2,642</u>	<u>234</u>
Net position - beginning of year	308,330	313,423	(5,093)
Restatement	<u>(236)</u>	<u>(7,735)</u>	<u>7,499</u>
Net position - beginning of year, restated	<u>308,094</u>	<u>305,688</u>	<u>2,406</u>
Net position - end of year	<u>\$ 310,970</u>	<u>\$ 308,330</u>	<u>\$ 2,640</u>

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Governmental Activities

The table above reflects a change in net position of \$2,876,960, which is the result of revenues in excess of expenses.

Revenues by Source
2014 Governmental Activities

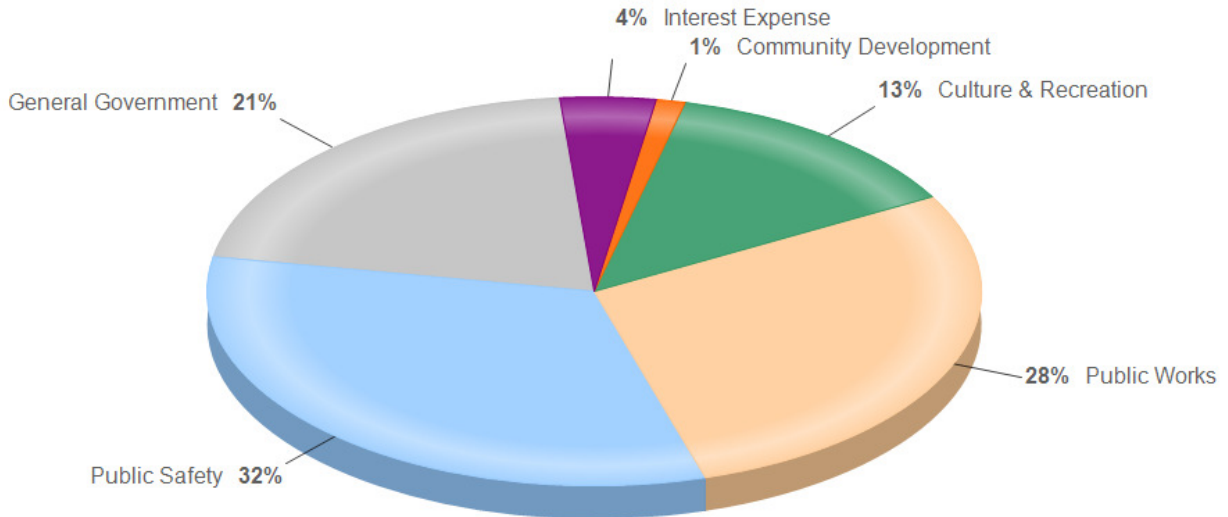


The chart of revenues by source above illustrates that taxes are the largest source of operating revenue for the City. The components of taxes are real estate property taxes, real property transfer tax, sales and use tax, hotel taxes, gas taxes, business license taxes and franchise fees. Charges for services are the second largest source of operating revenue and represents fees charged by departments for services provided. Charges for services include licenses and permits and fines and forfeitures.

The increase in revenues of \$2,880,355 or 7% is mainly due to increased taxes, including several one-time payments that were received during the fiscal year, an increase in capital grants, which are generally tied to specific projects, as well as an increase in interest earnings and rental income.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Expenses by Function
2014 Governmental Activities



The chart of expenses above portrays the relative proportion of expenditures by function. Public safety is the largest use of City resources, followed by public works, general government, culture and recreation, interest on long-term liabilities, and community development.

The \$2,645,753 or 6% increase in expenditures is largely related to increases in General Government and Public Works expenditures. The increase in General Government expenditures is from building improvement costs at the Hamilton Arts Center and a significant increase in excess liability insurance costs resulting from several large claims that were active during the year. The increase in Public Works expenditures is mainly due to non-capital costs related to the construction of the City's new administrative building.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Business-Type Activities

Business-type Activities Changes in Net Position
For the Years Ended June 30, 2014 and 2013
(in thousands)

	<u>2014</u>	<u>2013</u>	<u>Net Change</u>
REVENUES:			
Charges for services	\$ 3,030	\$ 3,028	\$ 2
Other revenue	13	13	-
Interest revenue	12	199	(187)
Transfers	<u>(250)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,805</u>	<u>3,240</u>	<u>(185)</u>
EXPENSES:			
Cost of services	1,351	1,641	(290)
Employee costs	160	96	64
Depreciation and amortization	272	513	(241)
Interest expense	<u>214</u>	<u>424</u>	<u>(210)</u>
Total Expenses	<u>1,997</u>	<u>2,674</u>	<u>(677)</u>
Change in net position	808	566	492
Net position - beginning of year	<u>10,680</u>	<u>10,114</u>	<u>566</u>
Restatement	<u>(480)</u>	<u>-</u>	<u>(480)</u>
Net position - beginning of year, restated	<u>10,200</u>	<u>10,114</u>	<u>86</u>
Net position - end of year	<u>\$ 11,008</u>	<u>\$ 10,680</u>	<u>\$ 578</u>

Business-type activities net position increased \$808,225 or 8%. The increase is primarily due to a significant decrease in debt service expenditures following refinancing of outstanding bonds in the prior fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure compliance with finance-related legal requirements. The fund basis financial statements presented in this report address the need of the City to demonstrate compliance with financial restrictions and allow the statement's users to separately analyze individual funds.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$81,220,480, compared to \$85,081,396 at June 30, 2013. The decrease in fund balances is mostly the result of costs related to the construction of the City's new administrative building in downtown Novato. The unassigned amount of \$10,223,396 at June 30, 2014 is mostly comprised of the voter-approved Measure F sales tax receipts.

The remainder of the fund balance of \$70,997,084, is either nonspendable, restricted, or assigned for specific purposes.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$23,300,258, of which \$1,403,960 was nonspendable; \$1,200,002 was restricted for insurance; \$9,366,444 was assigned for capital projects, pension reserve, long-term maintenance, and emergency disaster & response; and \$11,329,852 was unassigned. The fund balance in the City's General Fund decreased by \$2,824,358 for the fiscal year ended June 30, 2014. The decrease in fund balance is primarily due to costs related to construction of the City's new administrative building, partially offset by an increase in unassigned Measure F funds.

The Capital Improvement Project Fund had a total fund deficit of \$383,268 all of which was unassigned. Fund balance decreased slightly by \$12,562, due to costs that were not fully reimbursed prior to the end of the year.

The Restricted Revenue Fund does not have an ending fund balance as this fund is used to maintain project deposits.

The Development Impact Fee fund had a total fund balance of \$11,709,460, which was restricted for capital projects. Fund balance decreased by \$990,490, due to several large deposits that were refunded during the year, as well as a number of deposits that were recognized as revenues and transferred by City Council action into the General Fund.

The Novato Public Financing Authority fund had a total fund deficit of \$384,507, of which \$106,560 was nonspendable and \$491,067 was unassigned. Fund balance increased by \$90,130, resulting from interfund loan transactions related to the Corporation Yard lease.

The Hamilton Trust Fund had a total fund balance of \$32,758,897 of which \$1,135,000 was nonspendable and \$31,623,897 was restricted. Fund balance slightly decreased by \$172,832 due to investment earnings that were transferred to the General Fund to support operations, partially offset by higher investment earnings and minor fluctuations in the market value of investments.

The following table presents revenues from various sources as well as reflecting increases or decreases from the prior fiscal year in the governmental funds.

Revenues Classified by Source
Governmental Funds
For the Years Ended June 30, 2014 and 2013
(in thousands)

	2014		2013	
	Amount	% of Total	Amount	% of Total
Revenues by Source:				
Taxes	\$ 34,104	62 %	\$ 32,997	80 %
Licenses and permits	1,136	2 %	907	2 %
Intergovernmental	1,896	3 %	1,223	3 %
Fines and forfeitures	633	1 %	696	2 %
Use of money and property	1,750	3 %	1,313	3 %
Charges for services	3,737	7 %	3,926	9 %
Other revenues	638	1 %	164	-
Issuance of debt	<u>10,710</u>	<u>21 %</u>	<u>250</u>	<u>1 %</u>
	<u>\$ 54,604</u>	<u>100 %</u>	<u>\$ 41,476</u>	<u>100 %</u>

For this fiscal year, governmental revenues increased \$13,200,410 or 10%. The majority of the increase, \$10,460,000 or 79%, was due to the City refinancing three outstanding General Obligation Bond issues in order to capitalize on lower interest rates available in the market. An additional \$1,107,000 or 8% was from increased tax revenue, partly from increases in property taxes, some of which was one-time in nature and therefore not expected to repeat in the current fiscal year. The remaining increase was from the increased rental income (Use of money and property) and increased Intergovernmental revenue resulting from the City obtaining a new Police Department grant, as well as an overall increase in Gas Tax funds.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The following table presents expenditures by function compared to prior fiscal year's amount in the governmental funds.

Expenditures by Function
Governmental Funds
For the Years Ended June 30, 2014 and 2013
(in thousands)

	<u>2014</u>		<u>2013</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Expenditures by Function				
General government	\$ 6,708	12 %	\$ 6,122	13 %
Public safety	13,620	23 %	13,286	29 %
Public works	7,674	13 %	6,534	14 %
Culture & recreation	4,841	8 %	4,614	10 %
Community development	813	1 %	483	1 %
Capital outlay	10,284	18 %	10,510	23 %
Debt service: principal	12,635	22 %	2,374	5 %
Debt service: interest	1,621	3 %	1,709	4 %
Bond issuance costs	130	-	-	-
	<u>\$ 58,326</u>	<u>100 %</u>	<u>\$ 45,632</u>	<u>99 %</u>

Expenditures increased by \$12,694,907 or 28% during the year ended June 30, 2014. The increase was mainly due to increased expenses in general government, public safety and capital outlay, partially offset by decreases in debt service principal and interest.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The fund includes activity related to the Marin Valley Mobile Country Club Park.

The net position for the City's internal service funds, at June 30, 2014, were \$4,075,387. Net position decreased by \$106,139 during fiscal 2014.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

General Fund Budget Modifications

The original fiscal year 2013-14 budget was adopted in June 2013. During the fiscal year, quarterly budget reports and budget amendment requests are submitted to Council for review and approval. The result of revisions made to the General Fund budget during the fiscal year was to increase estimated revenues by \$641,347 and increase estimated expenditures by \$5,003,421. The net impact of the budget changes was an increase to the deficiency of revenues and other financing sources over expenditures by \$4,362,074.

General Fund Operating Variances

The revised budget projected a net decrease in fund balance of \$6,098,938 and the actual results were a net decrease of \$2,824,358, which equates to a positive variance of \$3,274,580.

The variance in revenues is partly attributable to revenues being higher than the revised budget by \$1,854,819. This is primarily due to increased tax revenues, including several one-time payments received during the year.

Expenditures were \$2,089,730 lower than projected primarily due to unfilled positions and deliberate under - spending within each department, totaling approximately \$350,000. Transfers out were significantly below budget mainly due to delays in final invoicing for the new City administration building, for which the General Fund is the funding source for the project. This resulted in under spending of approximately \$1.7 million.

Capital Assets and Debt Administration

Capital Assets

Detailed information regarding composition and activity in capital assets is provided in Note 5 to the financial statements. The City's investment in capital assets as of June 30, 2014 totaled \$273,569,500 (net of accumulated depreciation). The investment in capital assets includes land and land improvements, buildings, furniture and fixtures, machinery and equipment, vehicles, streets, highways, drainage systems, and construction in progress.

CAPITAL ASSETS (NET OF DEPRECIATION) (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 121,941	\$ 121,438	\$ 11,840	\$ 11,840	\$ 133,781	\$ 133,278
Construction in progress	2,917	11,323	-	-	2,917	11,323
Buildings & improvements	37,155	23,756	3,244	3,245	40,399	27,001
Furniture & equipment	640	265	9	9	649	274
Infrastructure	94,446	95,085	-	-	94,446	95,085
Vehicles	<u>1,378</u>	<u>1,361</u>	<u>-</u>	<u>-</u>	<u>1,378</u>	<u>1,361</u>
Total	<u>\$ 258,477</u>	<u>\$ 253,228</u>	<u>\$ 15,093</u>	<u>\$ 15,094</u>	<u>\$ 273,570</u>	<u>\$ 268,322</u>

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Governmental Activities Long-term Debt

At June 30, 2014, the City's governmental and business-type activities had total long-term debts and obligations as scheduled below.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Outstanding June 30, 2014</u>
<u>Governmental Activities</u>		
General obligation bonds: Series 2007	2027	\$ 3,975,000
Pension obligation bonds, A-1 & A-2	2035	19,102,115
2013 General obligation refunding bonds	2025	<u>10,710,450</u>
Bond issuance premiums (discounts) Series 2007 premium		169,995
Pension obligation bonds discount		(117,915)
Clean Renewable Energy Bonds (CREBS)	2024	966,424
PG&E Streetlight Loan	2016	122,330
Dell capital lease	2018	<u>59,838</u>
Compensated absences		<u>1,567,314</u>
Total governmental activities		<u>\$ 36,555,551</u>
<u>Business-type Activities</u>		
Senior Promissory Note	2028	<u>\$ 7,283,706</u>

Additional information about the City's long-term debt can be found in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

During fiscal year 2013-2014, the economy continued the improvements seen in the prior year. The real estate market remained strong with overall home sales and median prices continuing their upward trend, fueled by extremely attractive mortgage rates, and unemployment dropped to 4.8%, a decrease of 1.2% from a year earlier. Sales tax revenues decreased 1.5% in FY13/14 compared to the previous year. This was fueled by a decline in General Retail, due in large part to increased competition from newly-opened department stores in the cities immediately north and south of Novato. Several other sectors increased but, as General Retail is the largest component of Novato's sales tax revenues, these increases were overshadowed by the decline in General Retail. Overall, assessed property values in the City increased 2.8% in 2013-14, ending a four year decline. In general, sales and property tax revenues are expected to show modest increases in FY 14/15.

Expenditures are increasing in several key areas: employee benefits, most notably PERS retirement costs; utilities; and liability insurance. These expenditure trends are expected to continue for the foreseeable future.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Fiscal Year 2014-15 Budget

Following more than 18 months of analysis, community outreach and City Council workshops, City Council adopted a Fiscal Sustainability Plan in February 2014. The Plan helped guide the annual budget process for FY 14/15, with minimal increases in department budgets for regular, ongoing expenses, within the estimated O&M increases from the five-year forecast. The adopted budget has begun to implement several of the key issues outlined in the Fiscal Sustainability Plan, including several core and limited-term staffing additions, as well setting aside funds through operating transfers to the City's long-term maintenance funds to invest in repairs and maintenance of City infrastructure.

Measure F continues to fund several limited term positions and associated program costs to supplement the operating budget. Revenue increases for FY 14/15 are comparable to expenditure increases. However, due to decreases in operating transfers into and increases out of the General Fund, a deficit remains, which will be funded from Measure F.

City's Stability Outlook

The City's General Fund major revenue sources are Taxes and Charges for Services. Taxes represent 82% of General Fund revenues and will remain a primary source of revenue for the future, although the percentage will decrease following the expiration of the Measure F Sales Tax in 2016. The tax category includes Real Estate Property Taxes, Real Property Transfer Tax, Sales and Use Tax, Hotel Tax, Business License Taxes, and Franchise Fees.

Charges for services represent about 8% of General Fund revenues and comprise various fees charged by Parks & Recreation, Community Development, Public Works and Police, for City services. These revenues are highly dependent upon community participation in the City's programs and the amount of development and construction activity within the City. The level of activity in FY 2013-14 reflected a second year of moderate overall increases and is mostly the result of improvement in the housing and construction market activities, particularly for large scale development projects that came on line during the year. The City has adopted a policy which requires an annual review of fees to ensure that fees charged cover the costs of providing the services.

REQUESTS FOR INFORMATION

This financial report is designed to provide a comprehensive and understandable portrayal of the City's finances, and to fulfill the City's financial accountability to Novato Citizens, governmental entities, and other interested parties. Questions about this report or requests for prior years' financial statements may be addressed to:

City of Novato
Finance Department
922 Machin Avenue
Novato, CA 94945

CITY OF NOVATO
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 52,175,184	\$ 3,283,795	\$ 55,458,979
Cash with fiscal agent (Note 2)	1,260,067	-	1,260,067
Accounts receivable	2,220,584	-	2,220,584
Loans receivable (Note 3)	2,600,046	-	2,600,046
Interest receivable	111,132	-	111,132
Taxes receivable	1,662,338	-	1,662,338
Prepaid expenses	66,211	-	66,211
Restricted cash and cash equivalents (Note 2)	31,957,431	-	31,957,431
Bond issuance costs, net (Note 6)	202,353	-	202,353
Deferred charges, net	127,460	-	127,460
Prepaid PERS Contribution (Note 9)	5,974,201	-	5,974,201
Other assets	328,000	-	328,000
Capital assets (Note 5)			
Land and construction in progress	124,858,344	11,840,000	136,698,344
Other capital assets, net of depreciation	<u>133,618,015</u>	<u>3,253,141</u>	<u>136,871,156</u>
Total capital assets	<u>258,476,359</u>	<u>15,093,141</u>	<u>273,569,500</u>
Total Assets	<u>\$ 357,161,366</u>	<u>\$ 18,376,936</u>	<u>\$ 375,538,302</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 1,911,337	\$ 57,815	\$ 1,969,152
Accrued payroll and benefits	1,692,492	-	1,692,492
Accrued liabilities	4,163	-	4,163
Accrued interest payable	247,856	-	247,856
Unearned revenue	740,304	27,716	768,020
Deposits payable	2,044,986	100	2,045,086
Other postemployment benefits (Note 10)			
Due in more than one year	783,296	-	783,296
Claims payable (Note 11)			
Due within one year	510,800	-	510,800
Due in more than one year	1,493,841	-	1,493,841
Accrued compensated absences (Note 6):			
Due within one year	258,519	-	258,519
Due in more than one year	1,308,795	-	1,308,795
Long-term liabilities (Note 6):			
Due within one year	1,983,207	449,668	2,432,875
Due in more than one year	<u>33,005,030</u>	<u>6,834,038</u>	<u>39,839,068</u>
Total Liabilities	<u>45,984,626</u>	<u>7,369,337</u>	<u>53,353,963</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - Affordable Housing Loans	<u>205,871</u>	-	<u>205,871</u>
<u>NET POSITION</u>			
Net investment in capital assets	242,467,907	7,809,435	250,277,342
Restricted for:			
Debt service	1,879,619	3,198,164	5,077,783
Capital projects	14,693,116	-	14,693,116
Grants, taxes, and fees	37,652,884	-	37,652,884
Insurance	1,200,002	-	1,200,002
Unrestricted	<u>13,077,341</u>	-	<u>13,077,341</u>
Total Net Position	<u>310,970,869</u>	<u>11,007,599</u>	<u>321,978,468</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 357,161,366</u>	<u>\$ 18,376,936</u>	<u>\$ 375,538,302</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total Primary Government
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 8,935,015	\$ 1,938,543	\$ 209,915	\$ -	\$ (6,786,557)	\$ -	\$ (6,786,557)
Public safety	13,880,525	532,565	809,386	68,500	(12,470,074)	-	(12,470,074)
Public works	12,183,077	312,493	-	665,488	(11,205,096)	-	(11,205,096)
Culture and recreation	5,625,603	2,000,776	104,929	-	(3,519,898)	-	(3,519,898)
Community development	500,752	2,184,622	37,631	-	1,721,501	-	1,721,501
Interest and fiscal charges	<u>1,723,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,723,190)</u>	<u>-</u>	<u>(1,723,190)</u>
Total governmental activities	<u>42,848,162</u>	<u>6,968,999</u>	<u>1,161,861</u>	<u>733,988</u>	<u>(33,983,314)</u>	<u>-</u>	<u>(33,983,314)</u>
Business-type activities:							
Marin Valley Mobile Country Club	<u>1,996,830</u>	<u>3,030,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,033,175</u>	<u>1,033,175</u>
Total primary government	<u>\$ 44,844,992</u>	<u>\$ 9,999,004</u>	<u>\$ 1,161,861</u>	<u>\$ 733,988</u>	<u>\$ (33,983,314)</u>	<u>\$ 1,033,175</u>	<u>\$ (32,950,139)</u>
General revenues:							
Property taxes					\$ 17,123,536	\$ -	\$ 17,123,536
Sales and use taxes					11,515,918	-	11,515,918
Motor vehicle and gas taxes					1,662,685	-	1,662,685
Other taxes					3,802,229	-	3,802,229
Use of money and property					1,839,028	11,816	1,850,844
Other revenue					666,878	13,234	680,112
Transfers					<u>250,000</u>	<u>(250,000)</u>	<u>-</u>
Total general revenues					<u>36,860,274</u>	<u>(224,950)</u>	<u>36,635,324</u>
Change in net position					<u>2,876,960</u>	<u>808,225</u>	<u>3,685,185</u>
Net position - July 1, 2013					308,329,804	10,679,579	319,009,383
Prior period restatement (Note 14)					<u>(235,895)</u>	<u>(480,205)</u>	<u>(716,100)</u>
Net position - July 1, 2013, restated					<u>308,093,909</u>	<u>10,199,374</u>	<u>318,293,283</u>
Net position - June 30, 2014					<u>\$ 310,970,869</u>	<u>\$ 11,007,599</u>	<u>\$ 321,978,468</u>

CITY OF NOVATO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Capital Improvement Projects	Restricted Revenue
<u>ASSETS</u>			
Cash and investments	\$ 21,510,918	\$ 445,048	\$ 1,432,691
Cash with fiscal agent	846,468	-	-
Restricted cash and investments	386,011	-	-
Accounts receivable	1,660,138	-	-
Notes receivable	699,175	-	-
Interest receivable	58,364	-	-
Taxes receivable	1,647,636	-	-
Due from other funds	626,446	-	-
Advances to other funds	347,125	-	-
Prepaid expenses	63,711	-	-
Deferred costs	20,900	-	-
Other assets	-	-	-
Total Assets	\$ 27,866,892	\$ 445,048	\$ 1,432,691
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>			
LIABILITIES			
Accounts payable	\$ 986,142	\$ 828,316	\$ -
Accrued payroll and benefits	1,692,492	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deposits and other payables	612,295	-	1,432,691
Unearned revenues	588,405	-	-
Advances from other funds	687,300	-	-
Total Liabilities	4,566,634	828,316	1,432,691
DEFERRED INFLOWS OF RESOURCES	-	-	-
FUND BALANCES (DEFICITS)			
Nonspendable	1,403,960	-	-
Restricted	1,200,002	-	-
Assigned	9,366,444	-	-
Unassigned	11,329,852	(383,268)	-
Total Fund Balances (Deficits)	23,300,258	(383,268)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 27,866,892	\$ 445,048	\$ 1,432,691

See accompanying notes to the basic financial statements.

CITY OF NOVATO
BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Development Impact Fee</u>	<u>Novato Public Financing Authority</u>	<u>Permanent Fund - Hamilton Trust Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 11,592,996	\$ 1,011,530	\$ -
Cash with fiscal agent	-	10,001	-
Restricted cash and investments	-	-	31,571,420
Accounts receivable	117,857	-	-
Notes receivable	-	-	-
Interest receivable	-	-	52,477
Taxes receivable	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	1,135,000
Prepaid expenses	-	-	-
Deferred costs	-	106,560	-
Other assets	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 11,710,853</u>	<u>\$ 1,128,091</u>	<u>\$ 32,758,897</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>			
LIABILITIES			
Accounts payable	\$ -	\$ 1,038	\$ -
Accrued payroll and benefits	-	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deposits and other payables	-	-	-
Unearned revenues	1,393	-	-
Advances from other funds	-	1,511,560	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,393</u>	<u>1,512,598</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	106,560	1,135,000
Restricted	11,709,460	-	31,623,897
Assigned	-	-	-
Unassigned	-	(491,067)	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficits)	<u>11,709,460</u>	<u>(384,507)</u>	<u>32,758,897</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,710,853</u>	<u>\$ 1,128,091</u>	<u>\$ 32,758,897</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General Obligation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,868,601	\$ 10,106,663	\$ 47,968,447
Cash with fiscal agent	-	403,598	1,260,067
Restricted cash and investments	-	-	31,957,431
Accounts receivable	-	435,886	2,213,881
Notes receivable	-	1,900,871	2,600,046
Interest receivable	-	291	111,132
Taxes receivable	11,018	3,684	1,662,338
Due from other funds	-	-	626,446
Advances to other funds	-	-	1,482,125
Prepaid expenses	-	2,500	66,211
Deferred costs	-	-	127,460
Other assets	-	<u>328,000</u>	<u>328,000</u>
 Total Assets	 <u>\$ 1,879,619</u>	 <u>\$ 13,181,493</u>	 <u>\$ 90,403,584</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>			
LIABILITIES			
Accounts payable	\$ -	\$ 80,643	\$ 1,896,139
Accrued payroll and benefits	-	-	1,692,492
Accrued liabilities	-	4,163	4,163
Due to other funds	-	180,624	180,624
Deposits and other payables	-	-	2,044,986
Unearned revenues	-	23,046	612,844
Advances from other funds	-	<u>347,125</u>	<u>2,545,985</u>
 Total Liabilities	 <u>-</u>	 <u>635,601</u>	 <u>8,977,233</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>-</u>	 <u>205,871</u>	 <u>205,871</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	2,645,520
Restricted	1,879,619	12,307,514	58,720,492
Assigned	-	264,628	9,631,072
Unassigned	<u>-</u>	<u>(232,121)</u>	<u>10,223,396</u>
 Total Fund Balances (Deficits)	 <u>1,879,619</u>	 <u>12,340,021</u>	 <u>81,220,480</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 1,879,619</u>	 <u>\$ 13,181,493</u>	 <u>\$ 90,403,584</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balances of governmental funds	\$ 81,220,480
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of \$122,020,029.	257,098,622
Prepaid pension obligation is not a current financial resource and therefore not capitalized in the governmental funds.	5,974,201
To eliminate the doubling-up effect of cash and investments related to the purchase by the general fund of the Eucalyptus Assessment District's bonds, originally reflected as an investment of the general fund's balance sheet and as cash on the Eucalyptus Assessment District's balance sheet in the governmental fund financial statements.	(13,471)
Long-term liabilities are not due in the current period and, therefore are not reported in the governmental funds.	
Long-term liabilities net of premiums and discounts	(34,988,237)
Compensated absences	(1,567,314)
Net OPEB obligation	(783,296)
Bond insurance issuance costs, net of accumulated amortization for debt issuance costs are expensed when incurred and, therefore are not reported in the governmental funds.	202,353
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(247,856)
Internal service funds are used by management to charge costs of certain activities such as equipment replacement, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities of the Statement of Net Position.	<u>4,075,387</u>
Net position of governmental activities	<u>\$ 310,970,869</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Capital Improvement Projects</u>	<u>Restricted Revenue</u>
<u>REVENUES</u>			
Taxes	\$ 29,007,439	\$ -	\$ -
License and permits	1,135,912	-	-
Intergovernmental	880,104	-	-
Fines and forfeitures	633,345	-	-
Use of money and property	669,382	-	-
Charges for services	2,818,900	-	-
Other revenues	<u>289,535</u>	<u>89,827</u>	<u>-</u>
Total Revenues	<u>35,434,617</u>	<u>89,827</u>	<u>-</u>
<u>EXPENDITURES</u>			
Current:			
General government	5,760,436	213,595	-
Public safety	13,317,977	-	-
Public works	5,664,978	731,540	-
Cultural and recreation	4,808,411	32,639	-
Community development	594,156	-	-
Capital outlay	590,287	9,651,846	-
Debt service:			
Principal	190,436	-	-
Interest and fiscal charges	74,219	-	-
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>31,000,900</u>	<u>10,629,620</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,433,717</u>	<u>(10,539,793)</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease	71,742	-	-
Proceeds from bond issuance	-	-	-
Transfers in	1,826,082	10,639,538	-
Transfers out	<u>(9,155,899)</u>	<u>(112,307)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(7,258,075)</u>	<u>10,527,231</u>	<u>-</u>
Net Change in Fund Balances	(2,824,358)	(12,562)	-
Fund Balances (Deficits) - July 1, 2013	<u>26,124,616</u>	<u>(370,706)</u>	<u>-</u>
Fund Balances (Deficits) - June 30, 2014	<u>\$ 23,300,258</u>	<u>\$ (383,268)</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Development Impact Fee</u>	<u>Novato Public Financing Authority</u>	<u>Permanent Fund- Hamilton Trust Fund</u>
<u>REVENUES</u>			
Taxes	\$ -	\$ -	\$ -
License and permits	-	-	-
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	52,756	199,749	453,304
Charges for services	269,694	-	-
Other revenues	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>322,450</u>	<u>199,749</u>	<u>453,304</u>
<u>EXPENDITURES</u>			
Current:			
General government	-	96,619	-
Public safety	-	-	-
Public works	-	-	-
Cultural and recreation	-	-	-
Community development	-	-	29,942
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Bond issuance costs	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>96,619</u>	<u>29,942</u>
Excess (Deficiency) of Revenues over Expenditures	<u>322,450</u>	<u>103,130</u>	<u>423,362</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease	-	-	-
Proceeds from bond issuance	-	-	-
Transfers in	-	-	-
Transfers out	(1,312,940)	(13,000)	(250,530)
	<u>(1,312,940)</u>	<u>(13,000)</u>	<u>(250,530)</u>
Total Other Financing Sources (Uses)	<u>(1,312,940)</u>	<u>(13,000)</u>	<u>(250,530)</u>
Net Change in Fund Balances	(990,490)	90,130	172,832
Fund Balances (Deficits) - July 1, 2013	<u>12,699,950</u>	<u>(474,637)</u>	<u>32,586,065</u>
Fund Balances (Deficits) - June 30, 2014	<u>\$ 11,709,460</u>	<u>\$ (384,507)</u>	<u>\$ 32,758,897</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Obligation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ 1,613,666	\$ 3,483,263	\$ 34,104,368
License and permits	-	-	1,135,912
Intergovernmental	-	1,015,745	1,895,849
Fines and forfeitures	-	-	633,345
Use of money and property	5,761	368,711	1,749,663
Charges for services	-	648,449	3,737,043
Other revenues	-	<u>258,277</u>	<u>637,639</u>
Total Revenues	<u>1,619,427</u>	<u>5,774,445</u>	<u>43,893,819</u>
<u>EXPENDITURES</u>			
Current:			
General government	58,065	579,570	6,708,285
Public safety	-	302,113	13,620,090
Public works	-	1,277,366	7,673,884
Cultural and recreation	-	-	4,841,050
Community development	-	188,437	812,535
Capital outlay	-	41,841	10,283,974
Debt service:			
Principal	12,180,000	265,000	12,635,436
Interest and fiscal charges	658,595	888,362	1,621,176
Bond issuance costs	<u>130,450</u>	<u>-</u>	<u>130,450</u>
Total Expenditures	<u>13,027,110</u>	<u>3,542,689</u>	<u>58,326,880</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,407,683)</u>	<u>2,231,756</u>	<u>(14,433,061)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease	-	-	71,742
Proceeds from bond issuance	10,710,450	-	10,710,450
Transfers in	-	1,731,527	14,197,147
Transfers out	<u>-</u>	<u>(3,562,518)</u>	<u>(14,407,194)</u>
Total Other Financing Sources (Uses)	<u>10,710,450</u>	<u>(1,830,991)</u>	<u>10,572,145</u>
Net Change in Fund Balances	(697,233)	400,765	(3,860,916)
Fund Balances (Deficits) - July 1, 2013	<u>2,576,852</u>	<u>11,939,256</u>	<u>85,081,396</u>
Fund Balances (Deficits) - June 30, 2014	<u>\$ 1,879,619</u>	<u>\$ 12,340,021</u>	<u>\$ 81,220,480</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ (3,860,916)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	11,057,543
Depreciation expense	(5,825,540)
To eliminate the doubling-up effect of cash and investments related to the purchase by the general fund of the Eucalyptus Assessment District's bonds, originally reflected as an investment of the general fund's balance sheet and as cash on the Eucalyptus Assessment District's balance sheet in the governmental fund financial statements.	
	12,768
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Debt principal payments	12,635,436
Proceeds from bond refunding	(10,710,450)
Proceeds from capital lease	(71,742)
Issuance of debt and accreted interest	(258,983)
Net accretion on bond premiums/discounts	161,451
Compensated absences expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.	
	23,212
Costs associated with the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the Statement of Net Position.	
Amortization of bond issuance costs	(13,637)
Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.	
	139,605
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Prepaid PERS contribution	(271,555)
Other postemployment benefits	(34,093)
Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental funds.	
	<u>(106,139)</u>
Change in net position of governmental activities	<u>\$ 2,876,960</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Marin Valley Mobile Country Club</u>	<u>Internal Service Funds</u>
<u>ASSETS</u>		
Current Assets		
Cash and investments	\$ 3,283,795	\$ 4,220,208
Accounts receivable, net	-	6,703
Advances to other funds	-	1,063,860
Total Current Assets	<u>3,283,795</u>	<u>5,290,771</u>
Non Current Assets		
Capital assets, net of accumulated depreciation	<u>15,093,141</u>	<u>1,377,737</u>
Total Non-Current Assets	<u>15,093,141</u>	<u>1,377,737</u>
Total Assets	<u>\$ 18,376,936</u>	<u>\$ 6,668,508</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 57,815	\$ 15,198
Due to other funds	-	445,822
Deposits	100	-
Unearned revenue	27,716	127,460
Long-term liabilities - current portion	449,668	-
Claims payable - current portion	-	510,800
Total Current Liabilities	<u>535,299</u>	<u>1,099,280</u>
Non-Current Liabilities		
Long-term liabilities - net of current portion	6,834,038	-
Claims payable - net of current portion	-	1,493,841
Total Non-Current Liabilities	<u>6,834,038</u>	<u>1,493,841</u>
Total Liabilities	<u>7,369,337</u>	<u>2,593,121</u>
<u>NET POSITION:</u>		
Net investment in capital assets	7,809,435	1,377,737
Restricted for capital projects (expendable)	3,198,164	-
Unrestricted	-	2,697,650
Total Net Position	<u>11,007,599</u>	<u>4,075,387</u>
Total Liabilities and Net Position	<u>\$ 18,376,936</u>	<u>\$ 6,668,508</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Marin Valley Mobile Country Club</u>	<u>Internal Service Funds</u>
<u>OPERATING REVENUES</u>		
Charges for services	\$ 2,329,582	\$ 1,462,699
Utilities	700,423	-
Other revenue	<u>13,234</u>	<u>-</u>
Total Operating Revenue	<u>3,043,239</u>	<u>1,462,699</u>
<u>OPERATING EXPENSES</u>		
Cost of services	1,350,999	1,741,236
Employee costs	159,654	-
Depreciation and amortization	<u>272,118</u>	<u>406,253</u>
Total Operating Expenses	<u>1,782,771</u>	<u>2,147,489</u>
Operating Income (Loss)	<u>1,260,468</u>	<u>(684,790)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest income	11,816	89,365
Gain on sale of capital assets	-	29,239
Interest expense	<u>(214,059)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(202,243)</u>	<u>118,604</u>
Income (Loss) Before Transfers	<u>1,058,225</u>	<u>(566,186)</u>
<u>TRANSFERS</u>		
Transfers in	-	472,307
Transfers out	<u>(250,000)</u>	<u>(12,260)</u>
Total Transfers	<u>(250,000)</u>	<u>460,047</u>
Change in net position	<u>808,225</u>	<u>(106,139)</u>
Net Position - July 1, 2013	10,679,579	4,181,526
Prior period adjustment (Note 14)	<u>(480,205)</u>	<u>-</u>
Net Position - July 1, 2013, restated	<u>10,199,374</u>	<u>4,181,526</u>
Net Position - June 30, 2014	<u>\$ 11,007,599</u>	<u>\$ 4,075,387</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities	Governmental Activities
	Marin Valley Mobile Country Club	Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 3,062,404	\$ 1,407,864
Cash paid to suppliers	(1,363,713)	(1,416,998)
Cash paid to employees	(159,654)	-
Net Cash Provided by (Used for) Operating Activities	1,539,037	(9,134)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Interfund (payments) receipts	-	386,948
Transfers from other funds	(250,000)	460,047
Net Cash Provided by (Used for) Non-Capital Financing Activities	(250,000)	846,995
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from sale of capital assets	-	29,239
Acquisition of capital assets	(271,871)	(422,826)
Principal paid on long-term debt	(437,114)	-
Interest paid on long-term debt	(214,059)	-
Net Cash Used for Capital and Related Financing Activities	(923,044)	(393,587)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	11,816	89,365
Net Cash Provided by Investing Activities	11,816	89,365
Net Increase in Cash and Cash Equivalents	377,809	533,639
Cash and Cash Equivalents - July 1, 2013	2,905,986	3,686,569
Cash and Cash Equivalents - June 30, 2014	\$ 3,283,795	\$ 4,220,208
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED FOR) BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	1,260,468	(684,790)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	272,118	406,253
Changes in assets and liabilities:		
Decrease in accounts receivable	26,249	16,777
Decrease in prepaid expenses	-	510
Increase (decrease) in accounts payable	(12,714)	4,872
Decrease in unearned revenue	(7,084)	(71,612)
Increase in claims payable	-	318,856
Net Cash Provided by (Used for) Operating Activities	\$ 1,539,037	\$ (9,134)

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

<u>ASSETS</u>	Redevelopment Obligation <u>Retirement Fund</u>	<u>Agency Funds</u>
Cash and investments (Note 2)	\$ 1,648,131	\$ 3,439,443
Cash with fiscal agent (Note 2)	3,900,010	3,091,528
Other assets, net	-	41,562
Prepaid expenses	475,255	-
Deferred costs, net	<u>1,184,536</u>	<u>-</u>
Total Assets	\$ <u>7,207,932</u>	\$ <u>6,572,533</u>
<u>LIABILITIES</u>		
Accounts payable and other liabilities	\$ 116,275	\$ 21,705
Due to other governments	784,315	-
Loan due to City	-	345,000
Deposits held in trust	15,041	6,205,828
Interest payable	802,732	-
Long-term liabilities	<u>47,326,382</u>	<u>-</u>
Total Liabilities	\$ <u>49,044,745</u>	\$ <u>6,572,533</u>
<u>NET POSITION</u>		
Held in trust for private purposes	<u>\$ (41,836,813)</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Redevelopment Obligation Retirement Fund
<u>ADDITIONS</u>	
Property taxes	\$ <u>4,998,692</u>
Total Additions	<u>4,998,692</u>
<u>DEDUCTIONS</u>	
Contract services	591,368
Amortization	67,945
Interest expense	<u>2,458,355</u>
Total Deductions	<u>3,117,668</u>
Change in Fiduciary Net Position	<u>1,881,024</u>
Fiduciary Net Position - July 1, 2013	(43,045,036)
Prior Period Restatement (Note 14)	<u>(672,801)</u>
Fiduciary Net Position - July 1, 2013, Restated	<u>(43,717,837)</u>
Fiduciary Net Position - June 30, 2014	\$ <u>(41,836,813)</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Novato was incorporated on January 21, 1960. The City operates under a Council/Manager form of government and provides the following services: public safety (police protection), highways and streets, public improvements, planning and zoning, parks and recreation, and general administration services.

The accounting policies of the City of Novato conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

The accompanying basic financial statements present the financial activity of the City along with the financial activities of its blended component units, which are entities for which the City is financially accountable. Together these entities comprise the primary government for reporting purposes. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are all blended.

City of Novato Public Financing Authority

The City of Novato Public Financing Authority ("NPFA") is a separate government entity that was created by a Joint Exercise of Powers Agreement between the City of Novato and the former Redevelopment Agency of the City of Novato. It is reported as if it were part of the primary government because the City Council, although acting in a different capacity, is the controlling authority. Accounting and administrative functions are performed by the City. The purpose of the NPFA was to acquire a building for the City of Novato Youth Activities Center Project and lease it to the City. The NPFA has not issued separate financial statements.

Novato Financing Authority

The Novato Financing Authority ("NFA" or "Authority") is a separate government entity, which was created by a Joint Exercise of Powers Agreement between the City of Novato and the former Redevelopment Agency of the City of Novato. The purpose of the NFA was to finance the acquisition, operation and maintenance of the Marin Valley Mobile Country Club Park (MVMCC). The NFA acquired the MVMCC property in 1997. Until 2011, the activities of the Authority, based on the nature of operations and the fact that the Authority could not freely dispose of the property, were reported as a nonexpendable trust fund within the Fiduciary Funds of the City. Ownership of the park was transferred to the City in March, 2011. The NFA no longer owns any assets.

The activities of the MVMCC are being reported as part of the primary government because the City Council is the controlling authority. All accounting and administrative functions are performed by the property management company and fiscal agents in a trustee capacity. The City Council has agreed to continue assigning certain duties and obligations (operation of the MVMCC) to the Park Acquisition Corporation of Marin Valley Mobile Country Club Park pursuant to the Second Restated and Amended Delegation Agreement dated as of June 3, 2013. The financial transactions of the MVMCC are reported in an Enterprise Fund within the City's Business-Type Activities.

Related Organizations

There are many other governmental agencies, including the Novato Unified School District, Novato Fire Protection District, Novato Sanitary District, North Marin Water District, and the County of Marin, providing services within the City of Novato. Financial data of these other governmental agencies are not included in the financial statements of the City because the City does not exercise accountability over these organizations. The governing boards of these governmental agencies are independently elected.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America. These standards require that the financial statements described below be presented.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the activities of the overall City government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service activities. The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Project Funds - Capital Project Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanent Funds - Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Internal Service Funds - Internal service funds are used to account for, and finance, services and commodities furnished by a designated department of a governmental unit to other departments of the same governmental unit. The City's internal service funds account for the operation, maintenance, and replacement of City vehicles and equipment; future replacement of major capital expenditures; and claim settlements and reimbursements in accordance with a joint powers agreement between the City and other Marin County cities.

Fiduciary Funds (not included in government-wide statements)

Agency Funds - Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Purpose Trust Funds - Private-Purpose Trust Funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Major Funds

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

General Fund - This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in a separate fund.

Capital Improvement Projects - This fund accounts for capital project expenditures financed by grants, reimbursements, and transfers from other funds.

Restricted Revenue - This fund accounts for in-lieu deposits from developers for construction of public improvements.

Development Impact Fee - This fund accounts for fees paid by developers for public facilities.

Novato Public Financing Authority - This fund accounts for the financing activities and operational transactions of City owned properties.

Hamilton Trust Fund - This is a "permanent fund" as defined under GASB 34. This fund is used to account for fees paid by the developer of the Hamilton project in accordance with the trust agreement, and income and earnings on the corpus which are to be partially distributed to the City, as beneficiary, in accordance with the terms of the trust agreement.

General Obligation Bonds - accounts for accumulation of resources and payment of interest and principal for general obligation bonds, Measure F and G.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following major proprietary fund in the accompanying financial statements:

Marin Valley Mobile Country Club - This fund accounts for the operation and maintenance of the MVMCC mobile home park. Certain duties and obligations (operation of the park) have been assigned to the Park Acquisition Corporation of Marin Valley Country Club Park, a nonprofit, mutual benefit corporation, pursuant to a delegation agreement dated March 1, 1997.

The City also reports the following fund types:

Agency Funds - These funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the City as a agent for other governmental units or individuals.

The City administers ten agency funds, of which eight are used to receive assessments levied through property taxes and to pay debt service for six different districts: Pacheco Assessment District, Pacheco Valle CFD, Vintage Oaks CFD, Golden Gate Assessment District, Hamilton CFD, and Pointe Marin CFD. The remaining funds record activity related to deposits in trust (one associated with developments and one for the Buck Center), and one fund for unclaimed deposits.

Redevelopment Obligation Retirement Fund - This fund is a private-purpose trust fund and was created as a result of the State order to dissolve California Redevelopment Agencies. As the Successor Agency, this fund is used to track the activity by the Oversight Board and the Department of Finance to dissolve the Agency.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and proprietary activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.
- c. As agency funds report only assets and liabilities, they do not have a measurement focus. However, they use the accrual basis of accounting to recognize receivables and payables. The "economic resources" measurement focus and the accrual basis of accounting is used for trust funds.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and proprietary activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City defines available to be within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are 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.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds's principal operations. The principal operating revenues of the enterprise and internal service funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property Taxes

The County of Marin levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year or levy, due to 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 authorizes 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 in December
40% remitted in April
5% remitted in June

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property valuations are established by the Assessor of the County of Marin for the secured and unsecured property tax rolls. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

E. Cash and Investments

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on quarter-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

F. Accounts and Interest Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, fines, interest, and other fees. Federal and state grants are considered receivable and accrue as revenue when reimbursable costs are incurred.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are recorded as outflows of resources in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund statements, but are recorded as deferred outflows of resources to indicate they do not represent current financial resources. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables.

G. Capital Assets

The accounting treatment over property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Statements

In the government-wide financial statements, capital outlay with a cost of \$5,000 or more and a useful life of one year or longer are capitalized. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Furniture and equipment	5 years
Vehicles	3 - 13 years
Buildings	50 years
Infrastructure	7-100 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of debt financed capital assets of business-type activities is included as part of the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

H. Compensated Absences

A liability is calculated for all the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination. The salary and related payroll costs are those in effect at June 30, 2014. Accumulated unpaid vacation is accrued when earned.

Upon termination, the City is not liable to pay for accrued sick leave; therefore, sick leave is recorded as an expenditure in the year used. The amounts accrued for financial statement purposes represent 100% of the administrative leave, professional leave, compensatory time off and vacation pay liabilities at June 30, 2014.

I. Long-Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial issue bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, except for insurance, are expensed in the period incurred. Amortization of bond premiums or discounts, insurance costs, and deferred amounts on refunding is included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflow 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 or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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.

K. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

L. Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the City Council's intent to be used for specific purposes through a resolution, but are neither restricted or committed. The City Council assigns fund balances for specific purposes by resolution adopting the annual budget for the upcoming fiscal year, or by an amending budget resolution during the fiscal year.
- e. Unassigned - Amounts representing the residual classification for the general fund or any other fund with a negative fund balance.

Further detail about the City's fund balance classification is described in Note 8.

M. General Budget Policies

The City operates under the general laws of the State of California and annually adopts a budget for its governmental and proprietary funds to be effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled 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. The City Manager may authorize transfers from one account to another within the same department. Debt service on bond issues constitutes a legally authorized "non-appropriated budget." Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Encumbrances are considered to be expenditures in the year the commitment is entered into. Budget appropriations lapse at the end of the fiscal year unless encumbered by specific Council approval.

N. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

O. Reclassifications

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2013, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Implementation of this standard resulted in a prior period adjustment. See footnote 14.

Government Accounting Standards Board Statement No. 66

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Implementation of this standard did not have a significant impact on the financial statements.

Government Accounting Standards Board Statement No. 67

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. Implementation of this standard did not have a significant impact on the financial statements.

Q. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2014 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

Government Accounting Standards Board Statement No. 70

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2014 were classified in the accompanying financial statements as follows:

	<u>Cash and Investments</u>	<u>Cash with Fiscal Agent</u>	<u>Restricted Cash and Investments</u>	<u>Total</u>
Governmental activities	\$ 52,175,184	\$ 1,260,067	\$ 31,957,431	\$ 85,392,682
Business-type activities	<u>3,283,795</u>	<u>-</u>	<u>-</u>	<u>3,283,795</u>
Total government-wide cash and investments	<u>55,458,979</u>	<u>1,260,067</u>	<u>31,957,431</u>	<u>88,676,477</u>
Fiduciary activities	<u>5,087,574</u>	<u>6,991,538</u>	<u>-</u>	<u>12,079,112</u>
Total cash and investments	<u>\$ 60,546,553</u>	<u>\$ 8,251,605</u>	<u>\$ 31,957,431</u>	<u>\$ 100,755,589</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Cash and investments were carried at fair value as of June 30, 2014 and consisted of the following:

Cash on hand	\$ 3,850
Cash in banks	<u>4,552,318</u>
Total cash	<u>4,556,168</u>
U.S. Agency securities	7,276,305
U.S. Treasury obligations	24,372,509
Cash with Fiscal Agent	8,251,605
Corporate bonds	12,159,705
Money market funds	417,962
Local Agency Investment Fund (LAIF)	36,622,841
Certificates of deposit	<u>7,098,494</u>
Total investments	<u>96,199,421</u>
Total cash and investments	<u>\$ 100,755,589</u>

Authorized Investments of the City

The table below identifies the investment types that are authorized by the City's investment policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
U.S. Treasury obligations	N/A	None	None
U.S. Agency securities	N/A	None	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	15%	10%
Repurchase agreements	90 days	N/A	N/A
Medium term corporate notes	1 year	30%	15%
Money market funds	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	N/A	None	None
Negotiable certificates of deposits	5 years	30%	None

The City complies with the provisions of California Government Code (or the City's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The table below identifies the investment types that are authorized by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
U.S. Treasury obligations	None	None	None
U.S. Agency securities	None	None	None
Money market funds rated "AAAm" or better	None	None	None
Certificates of deposit	365 days	None	None
Guaranteed investment agreements	None	None	None
Commercial Paper rated "A-1+" or better	None	None	None
State municipal bonds	None	None	None
Bankers acceptances rated "A-1+" or better	365 days	None	None
Local agency investment fund (LAIF)	None	None	None

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2014:

	<u>Remaining Maturity</u>			<u>Fair Value</u>
	<u>12 months or less</u>	<u>1-5 years</u>	<u>More than 5 years</u>	
U.S. Agency securities	\$ 130,359	\$ 7,145,947	\$ -	\$ 7,276,306
U.S. Treasury obligations	-	24,372,509	-	24,372,509
Corporate bonds	480,788	11,678,917	-	12,159,705
Money market funds	417,962	-	-	417,962
Local Agency Investment Fund	36,622,841	-	-	36,622,841
Certificates of deposit	2,251,747	4,846,746	-	7,098,493
Held by bond trustee:				
Investment agreements	-	-	<u>8,251,605</u>	<u>8,251,605</u>
	<u>\$ 39,903,697</u>	<u>\$ 48,044,119</u>	<u>\$ 8,251,605</u>	<u>\$ 96,199,421</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City had no investments (including investments held by bond trustees) that were highly sensitive to interest rate fluctuations as of June 30, 2014.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, 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 minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Total	Rating as of Fiscal Year End		
		S&P	Moody's	N/A
U.S. Agency securities	\$ 7,276,306	AA+	Aaa	
U.S. Treasury obligations	24,372,509	AA+	Aaa	
Corporate bonds	2,603,214	A	A2	
Corporate bonds	1,299,562	A-	A1	
Corporate bonds	4,454,912	A+	A2	
Corporate bonds	958,162	AA	Aa2	
Corporate bonds	558,057	AA-	Aa3	
Corporate bonds	1,009,077	AA+	A1	
Corporate bonds	1,276,721	AA+	Aa1	
Certificates of deposit	1,300,428	A+	A1	
Certificates of deposit	3,503,056	A-1	P-1	
Certificates of deposit	2,295,009	AA-1+	AA2	
Local Agency Investment Fund	36,622,841			Not rated
California Asset Management Program	417,962	AAAm	Not rated	
Held by bond trustee:				
Investment agreements	<u>8,251,605</u>			Not rated
	<u>\$ 96,199,421</u>			

Concentration of Credit Risk

The investment policy of the City limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 50% of total investments, with the exception of U.S. Treasury obligations, LAIF, and local investment pools. There were no investments in any one issuer (other than mutual funds and external investment pools) that represented 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, the carrying amount of the City's deposits was \$4,556,168 and bank balances were \$877,565. Of the bank balance, \$251,380 was insured under FDIC and \$626,185 was uninsured.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by the LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

NOTE 3: LOANS RECEIVABLE

Loans receivable of \$2,600,046 at June 30, 2014 were comprised of the following:

Computer loan program

The City has adopted an employee computer purchase program in which the City purchases personal computers for employees and is repaid through payroll deductions the cost of the computer plus interest for a period not to exceed 36 months (interest is based on the LAIF rate plus .5%, and was 0.74% at June 30, 2014). The balance of the computer loans receivable at June 30, 2014 was \$32,775 and 25 employees were participating in the program.

Employee Housing Assistance Loans

In April 2005, the City loaned an employee funds for housing assistance in the amount of \$300,000, which bears interest at the average LAIF rate for the prior twelve months plus 1%, and is secured by real property. The loan was due over thirty years, or upon termination of employment. This loan was paid off in July 2013.

In June 2009, the City loaned another employee funds for housing assistance in the amount of \$666,400, which bears interest at the average LAIF rate for the prior twelve months, and is secured by real property. The loan is due over thirty years, or upon termination of employment. The loan receivable balance at June 30, 2014 was \$666,321 which is included as a loan receivable on the accompanying Statement of Net Position.

Promissory note with Warner Creek Senior Housing, L.P.

In July 2008, the City loaned \$350,000 to Eden Housing, Inc. (a California nonprofit public benefit corporation and sole member of Warner Creek Senior Housing, L.P.) ("developer") to study the feasibility of developing, owning and operating 57 affordable senior housing units under a predevelopment loan agreement. The loan bears interest at 3% per annum, subject to provisions of a default rate as defined in the agreement. The agreement provides the opportunity for the developer to apply for additional loans from the City for the cost of acquisition of property, additional predevelopment expenses, and construction costs. If the additional funding was subsequently approved, the initial loan would be added to the new loan. On May 1, 2009, the additional funding was approved to provide total funding from the City for this development project of \$1,504,000, and the developer drew down an additional \$600,000 in May 2009. The remaining balance on the loan was paid to the developer in February 2011. The loan is funded with proceeds from the City's Affordable Housing Fund. The City has a security interest in the property and the development. The note is to be repaid from residual receipts, as defined in the promissory note. The loan bears an interest rate of 3% per annum and the entire outstanding principal together with interest accrued thereon is payable in full on the 55th anniversary of the date the City issues the final certificate of occupancy for the development, but in no event later than March 1, 2070. Under the terms of the loan agreement, the City may forgive the amounts due under certain circumstances as defined in the agreement. The total loan receivable balance at June 30, 2014 was \$1,705,871. Interest related to this loan in the amount of \$205,871 is included as deferred inflow of resources on the accompanying Statement of Net Position.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

Low and Moderate Income Housing Property Loan

In November 2010, the City provided a loan in the amount of \$65,000 in connection with a sale of property, that is part of an affordable housing program designed to create, preserve, maintain and protect housing for persons of low and moderate income, and is secured by real property. Two additional loans, each for \$65,000, were issued in June 2012. The loan receivable balance at June 30, 2014 was \$195,000 which is included as a loan receivable on the accompanying Statement of Net Position.

Promissory notes on shared appreciation loans

Certain housing units in the former redevelopment area are part of an affordable housing program designed to create, preserve, maintain and protect housing for persons of low or moderate income. Qualified persons ("Buyer") are able to purchase the housing units at below fair market value, as a result of the City's investment in the project. The City has a promissory note ("Note") with the Buyer for the amount of the difference between the fair market value and the purchase price of the unit, which is considered the City's initial equity contribution. No payments are due under the Note, unless the Buyer re-sells the unit to a non-eligible buyer or otherwise defaults on the Note, as defined in the agreement. The Note is cancelled if the Buyer sells the unit to another eligible buyer. If the Buyer sells to a non-eligible buyer, the City will receive a pro-rata share (based on the City's and Buyer's respective equity) of the appreciation of the Unit. As of June 30, 2014, no amounts have been recorded related to these loans as any payment is contingent on sales of units to non-eligible buyers in the future.

NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2014 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Governmental Funds</u>			
General Fund	Eucalyptus Assessment	Deficit cash balance	\$ 95
	Justice Assistance Grants	Deficit cash balance	3,266
	State Grants	Deficit cash balance	71,402
	Federal Grants	Deficit cash balance	103,361
	Pension Obligation Bond	Deficit cash balance	2,500
	Hamilton CFD Maintenance	Hamilton levy project	347,125
	Equipment Maintenance	Deficit cash balance	445,822
Hamilton Trust Fund	NPFA Fund	Corporation yard lease	<u>1,135,000</u>
	Total Governmental Funds		<u>2,108,571</u>
<u>Internal Service Funds</u>			
Equipment Replacement	General Fund	Employee housing loan	687,300
	NPFA Fund	Long term loan	<u>376,560</u>
	Total Internal Service Funds		<u>1,063,860</u>
Total Interfund Receivables/Payables			\$ <u>3,172,431</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS (CONTINUED)

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2014 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>Major Governmental Funds</u>			
General Fund	Affordable Housing Program	Housing program	\$ 175,107
	General Plan Surcharge	General plan update costs	300,000
	Special Police Projects	Fund share of equipment	7,000
	Capital Improvement Projects	CIP Projects	6,936,554
	Pension Obligation Bonds	Debt service	1,123,459
	Equipment Replacement	Annual MERA debt service	360,000
Hamilton Trust Fund	General Fund	Administration service charge	250,530
Capital Projects Fund	Equipment Replacement	CIP projects	112,307
Development Impact Fee	General Fund	Administration service charge	99,273
	Capital Improvements Projects	CIP projects	1,213,667
Novato Public Financing Authority	General Fund	Administration service charge	13,000
		Total Major Governmental Interfund Transfers	<u>10,590,897</u>
<u>Non-Major Governmental Funds</u>			
Clean Stormwater	General Fund	Administration service charge	142,000
	Clean Stormwater CIP	Reserve for CIP projects	45,000
Underground Utilities	Capital Improvement Projects	CIP projects	3,640
Subdivision Park	General Fund	Administration service charge	500
	Capital Improvement Projects	CIP projects	26,369
Automation Surcharge	Pension Obligation Bonds	Debt service	2,649
Hamilton Community Facilities	Pension Obligation Bonds	Debt service	9,766
	Capital Improvement Projects	CIP projects	4,742
Pointe Marin CFD	Pension Obligation Bonds	Debt service	6,286
San Pablo Landscaping	Hamilton CFD Maintenance	Maintenance fee	50,000
State Gas Tax	General Fund	Administration service charge	817,000
	Capital Improvement Projects	CIP projects	666,393
State Grant Fund	Capital Improvement Projects	CIP projects	241,207
Federal Grant Fund	Capital Improvement Projects	CIP projects	109,378
Measure B Street Bonds 2000	Capital Improvement Projects	CIP projects	600,035
Street Improvement (Measure A)	Capital Improvement Projects	CIP projects	717,088
Clean Stormwater CIP	Capital Improvement Projects	CIP projects	4,600
Street/Storm Drain Maintenance	Capital Improvement Projects	CIP projects	22,535
Community Center Maintenance	Capital Improvement Projects	CIP projects	93,330
		Total Non-Major Governmental Interfund Transfer	<u>3,562,518</u>
<u>Proprietary Funds</u>			
Equipment Maintenance	Pension Obligation Bonds	Debt service	12,260
Marin Valley Mobile Country Club	General Fund	Administration service charge	250,000
		Total Proprietary Fund Transfers	<u>262,260</u>
		Total Interfund Transfers	<u>\$ 14,415,675</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS (CONTINUED)

Intra-fund Receivables/Payables

The following table represents intra-fund receivables and payables as of June 30, 2014:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	Successor Agency Admin	Deficit cash balance	\$ <u>778</u>

Intra-fund receivables and payables are not presented on the governmental funds Balance Sheet as they are presented on a net basis. However, the combining Balance Sheet for the general fund on page 144 presents both general fund intra-fund and interfund receivables and payables.

Intra-fund Transfers between Funds

The following table represents intra-fund transfers made during the year ended June 30, 2014:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description</u>	<u>Amount</u>
Measure F Sales Tax General Fund	General Fund	Reserves	\$ 253,779
	Successor Agency Admin	Administration service charge	31,536
	Emergency & Disaster Response	Transfer of unassigned general fund balance	156,894
	LT Maintenance - Facilities	Maintenance	<u>300,000</u>
Total Intra-fund Transfers			\$ <u>742,209</u>

Intra-fund transfers are not presented on the Statement of Revenues, Expenses, and Changes in Net Position for the governmental funds as they are presented on a net basis. However, the Schedule of Revenues, Expenditures, and Changes in Fund Balance for the general fund on page 145 presents both general fund intra-fund and interfund transfers.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5: CAPITAL ASSETS

Governmental Activities:

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2014</u>
Capital assets not being depreciated					
Land	\$ 121,437,578	\$ 503,779	\$ -	\$ -	\$ 121,941,357
Construction-in-progress	<u>11,323,430</u>	<u>10,217,954</u>	<u>-</u>	<u>(18,624,397)</u>	<u>2,916,987</u>
Total capital assets not being depreciated	<u>132,761,008</u>	<u>10,721,733</u>	<u>-</u>	<u>(18,624,397)</u>	<u>124,858,344</u>
Capital assets being depreciated					
Buildings and improvements	30,089,881	-	-	14,135,654	44,225,535
Furniture and equipment	1,824,462	335,810	(26,041)	264,864	2,399,095
Infrastructure	<u>203,411,798</u>	<u>-</u>	<u>-</u>	<u>4,223,879</u>	<u>207,635,677</u>
Total capital assets being depreciated	<u>235,326,141</u>	<u>335,810</u>	<u>(26,041)</u>	<u>18,624,397</u>	<u>254,260,307</u>
Less accumulated depreciation					
Buildings and improvements	(6,334,236)	(736,700)	-	-	(7,070,936)
Furniture and equipment	(1,559,026)	(226,226)	26,041	-	(1,759,211)
Infrastructure	<u>(108,327,268)</u>	<u>(4,862,614)</u>	<u>-</u>	<u>-</u>	<u>(113,189,882)</u>
Total accumulated depreciation	<u>(116,220,530)</u>	<u>(5,825,540)</u>	<u>26,041</u>	<u>-</u>	<u>(122,020,029)</u>
Total Capital Assets, net	<u>251,866,619</u>	<u>5,232,003</u>	<u>-</u>	<u>-</u>	<u>257,098,622</u>
Internal Service Funds:					
Capital assets being depreciated					
Vehicles	<u>4,619,004</u>	<u>422,826</u>	<u>(117,627)</u>	<u>-</u>	<u>4,924,203</u>
Less accumulated depreciation					
Vehicles	<u>(3,257,840)</u>	<u>(406,253)</u>	<u>117,627</u>	<u>-</u>	<u>(3,546,466)</u>
Total Capital Assets, net	<u>1,361,164</u>	<u>16,573</u>	<u>-</u>	<u>-</u>	<u>1,377,737</u>
Total Governmental Activities	<u>\$ 253,227,783</u>	<u>\$ 5,248,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,476,359</u>

Depreciation was charged to functions based on their usage of the related assets as follows:

Governmental Activities:

General government	\$ 433,141
Public safety	115,274
Culture and recreation	744,840
Community development	79,994
Public ways and facilities	<u>4,452,291</u>

Total governmental activities depreciation expense \$ 5,825,540

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2014</u>
Capital assets not being depreciated					
Land	\$ 11,840,000	\$ -	\$ -	\$ -	\$ 11,840,000
Capital assets being depreciated					
Buildings and improvements	5,827,212	271,871	-	-	6,099,083
Furniture and equipment	<u>29,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,719</u>
Total capital assets being depreciated	<u>5,856,931</u>	<u>271,871</u>	<u>-</u>	<u>-</u>	<u>6,128,802</u>
Less accumulated depreciation					
Buildings and improvements	(2,582,626)	(272,118)	-	-	(2,854,744)
Furniture and equipment	<u>(20,917)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,917)</u>
Total accumulated depreciation	<u>(2,603,543)</u>	<u>(272,118)</u>	<u>-</u>	<u>-</u>	<u>(2,875,661)</u>
Total Capital Assets, net	<u>\$ 15,093,388</u>	<u>\$ (247)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,093,141</u>

NOTE 6: LONG-TERM LIABILITIES

Governmental activities long-term debt issued and outstanding at June 30, 2014 was comprised of the following:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2014</u>
General obligation bonds:				
Series 2007	2027	3.55-4.125%	\$ 5,000,000	\$ 3,975,000
Pension obligation bonds, A-1 & A-2	2035	5.69-6.12%	18,296,066	19,102,115
2013 General obligation refunding bonds	2025	4.15-6.79%	10,710,450	10,710,450
Bond issuance premiums (discounts)				
Series 2007 premium				169,995
Pension obligation bonds discount				(117,915)
Clean Renewable Energy Bonds (CREBS)	2024	0.00%	1,533,000	966,424
PG&E Streetlight Loan	2016	0.00%	250,000	122,330
Dell capital lease	2018	2.10	71,742	59,838
Compensated absences				<u>1,567,314</u>
Total governmental activities				<u>\$ 36,555,551</u>

Business-type activities long-term debt issued and outstanding at June 30, 2014 was comprised of the following:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2014</u>
Bank of Marin	2028	2.8050%	\$ 7,900,000	<u>\$ 7,283,706</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation bonds	\$ 16,155,000	\$ 10,710,450	\$(12,180,000)	\$ 14,685,450	\$ 1,460,282
Pension obligation bonds	19,108,132	258,983	(265,000)	19,102,115	325,000
Clean renewable energy bonds	1,079,739	-	(113,315)	966,424	113,315
Premium (discount) on bonds, net	213,531	-	(161,451)	52,080	5,088
Capital lease, Dell	-	71,742	(11,904)	59,838	14,314
PG&E note payable	<u>187,547</u>	<u>-</u>	<u>(65,217)</u>	<u>122,330</u>	<u>65,208</u>
Total bonds and notes payable	<u>36,743,949</u>	<u>11,041,175</u>	<u>(12,796,887)</u>	<u>34,988,237</u>	<u>1,983,207</u>
Other liabilities:					
Compensated absences	<u>1,590,526</u>	<u>1,441,021</u>	<u>(1,464,233)</u>	<u>1,567,314</u>	<u>258,519</u>
Total Governmental Activities	<u>\$ 38,334,475</u>	<u>\$ 12,482,196</u>	<u>\$(14,261,120)</u>	<u>\$ 36,555,551</u>	<u>\$ 2,241,726</u>
	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Current Portion</u>
Business-type Activities					
Bank of Marin	\$ <u>7,720,820</u>	\$ <u>-</u>	\$ <u>(437,114)</u>	\$ <u>7,283,706</u>	\$ <u>449,668</u>
Total Business-type Activities	<u>\$ 7,720,820</u>	<u>\$ -</u>	<u>\$ (437,114)</u>	<u>\$ 7,283,706</u>	<u>\$ 449,668</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

A description of the long-term liabilities related to governmental activities at June 30, 2014 follows:

A. Governmental Activities

General Obligation Bonds

The City has two outstanding general obligation bond issues: (1) \$5,000,000 Series 2007, dated March 14, 2007 and (2) \$10,710,450 Refunding, dated October 15, 2013.

(1) On March 14, 2007, the City issued \$5,000,000 General Obligation Bonds, Series 2007 to finance the acquisition and construction of capital improvements to various streets, storm drains and sidewalks within the City. The bonds were issued at a premium of \$264,781. These bonds are the third in a series of three bonds to be issued pursuant to a March 7, 2000 election whereby more than two-thirds of the votes cast by qualified electors were in favor of issuing the bonds.

(2) On October 8, 2013, the City Council approved the issuance of the 2013 general obligation refunding bonds in order to refinance the 1997A, 2000, and 2004 general obligation bonds in the amount of \$10,710,450. The existing bonds carry an average interest rate of 4.85%. The 2013 general obligation refunding bonds have an interest rate of 2.44%.

These bonds and the interest thereon are general obligations of the City and the City has the power and is obligated to levy ad valorem taxes for the payment of these bonds and interest thereon, on all property within the City subject to taxation by the City.

Pension Obligation Bonds

On June 29, 2006, the City issued Pension Obligation Bonds through the California Statewide Communities Development Authority in the total amount of \$18,296,066 to finance the City's employees' unfunded accrued actuarial liability ("UAAL") pension liability as determined by PERS. The bonds were issued as capital appreciation bonds at a discount of \$181,150.

Clean Renewable Energy Bonds

On February 10, 2009, the City issued Clean Renewable Energy Bonds ("CREBs") under section 54 of the Internal Revenue Code in the amount of \$1,213,525 to finance three solar system projects on City facilities. The City entered into a lease agreement with Municipal Finance Corporation ("corporation") whereby the City has leased to the corporation the City's teen/gymnastics center building ("property"), and the corporation made available to the City the borrowed funds to enable the City to finance the solar system projects. The corporation leases the property back to the City, and the City makes lease payments for the use of the property, which is used to repay the bonds. On June 11, 2009, the City issued additional CREBs in the amount of \$319,475 under an amendment to the lease agreement for a total obligation of \$1,533,000. The bonds do not bear interest. In lieu of receiving periodic interest payments, bondholders are allowed annual federal income tax credits.

PG&E Note Payable

In April 2013, the City entered into a note agreement with PG&E under an energy efficiency retrofit loan program. The original loan balance totaled \$250,000 and monthly payments total \$5,434. The loan does not bear any interest. During the current year, the City received credit applied to their note balance due to prior energy savings, reducing the original term of the note. The note now matures in fiscal year 2016.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Capital Lease

On July 1, 2013, the City entered into a capital lease with Dell Financial in the amount of \$71,742 to lease updated switch equipment for the City's network needs. The lease bears an interest rate of 2.10% and offers a \$1 buyout option at the end of the term. The lease balance as of June 30, 2014 was \$59,838. Leased equipment under capital leases in capital assets at June 30, 2014 includes accumulated depreciation of \$14,348. The total related net value of the asset is \$57,394. Amortization of leased equipment under capital assets is included with depreciation expense.

Bond Issuance Insurance Costs

Capitalized bond insurance costs related to the above issuances have been recorded as deferred charges, net of accumulated amortization, in the amount of \$202,353 in the government-wide financial statements. The balance is amortized using the straight line method over the bond terms which range from 20 to 30 years. Net amortization expense for bond insurance costs for the year ended June 30, 2014 was \$13,637.

All other bond issuance costs are expensed when incurred. During the year ended June 30, 2014, expensed bond issuance costs totaled \$95,000.

Compensated Absences

At June 30, 2014, compensated absences totaled \$1,567,314, of which \$258,519 was recorded as a current liability and the non-current portion totaled \$1,308,795. For governmental activities, compensated absences are liquidated by the general fund.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities Long-Term Liabilities Future Debt Service

General Obligation Bonds

For the Year Ending June 30	Principal		
	Series 2013	Series 2007	Total
2015	\$ 1,230,282	\$ 230,000	\$ 1,460,282
2016	1,165,838	240,000	1,405,838
2017	1,196,423	250,000	1,446,423
2018	1,237,940	260,000	1,497,940
2019	1,267,844	250,000	1,517,844
2020 - 2024	3,952,643	1,405,000	5,357,643
2025 - 2029	<u>659,480</u>	<u>1,340,000</u>	<u>1,999,480</u>
Total	\$ <u>10,710,450</u>	\$ <u>3,975,000</u>	\$ <u>14,685,450</u>

For the Year Ending June 30	Interest		
	Series 2013	Series 2007	Total
2015	\$ 246,325	\$ 150,388	\$ 396,713
2016	217,093	145,788	362,881
2017	188,273	140,788	329,061
2018	158,574	125,788	284,362
2019	128,004	115,588	243,592
2020 - 2024	248,316	416,640	664,956
2025 - 2029	<u>16,254</u>	<u>112,614</u>	<u>128,868</u>
Total	\$ <u>1,202,839</u>	\$ <u>1,207,594</u>	\$ <u>2,410,433</u>

Pension Obligation Bonds

For the Year Ending June 30	Principal	Interest	Total
2015	\$ 325,000	\$ 868,648	\$ 1,193,648
2016	390,000	849,668	1,239,668
2017	460,000	826,892	1,286,892
2018	535,000	799,752	1,334,752
2019	620,000	768,188	1,388,188
2020 - 2024	4,555,000	3,183,126	7,738,126
2025 - 2029	7,790,000	1,477,462	9,267,462
2030 - 2034	3,517,706	7,547,294	11,065,000
2035 - 2039	<u>909,409</u>	<u>1,799,574</u>	<u>2,708,983</u>
Total	\$ <u>19,102,115</u>	\$ <u>18,120,604</u>	\$ <u>37,222,719</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Clean Renewable Energy Bonds

For the Year Ending June 30	Principal	Interest	Total
2015	\$ 113,315	\$ -	\$ 113,315
2016	113,315	-	113,315
2017	113,315	-	113,315
2018	113,315	-	113,315
2019	113,315	-	113,315
2020 - 2024	379,879	-	379,879
2025 - 2029	<u>19,970</u>	-	<u>19,970</u>
Total	<u>\$ 966,424</u>	<u>\$ -</u>	<u>\$ 966,424</u>

Capital lease, Dell

For the Year Ending June 30	Principal	Interest	Total
2015	\$ 14,314	\$ 1,467	\$ 15,781
2016	14,344	1,436	15,780
2017	14,374	1,407	15,781
2018	<u>16,806</u>	<u>1,377</u>	<u>18,183</u>
Total	<u>\$ 59,838</u>	<u>\$ 5,687</u>	<u>\$ 65,525</u>

PG&E Note Payable

For the Year Ending June 30	Principal	Interest	Total
2015	\$ 65,208	\$ -	\$ 65,208
2016	<u>57,122</u>	-	<u>57,122</u>
Total	<u>\$ 122,330</u>	<u>\$ -</u>	<u>\$ 122,330</u>

Total Governmental Activities Future Debt Service

For the Year Ending June 30	Principal	Interest	Total
2015	\$ 1,978,119	\$ 1,266,828	\$ 3,244,947
2016	1,980,619	1,213,985	3,194,604
2017	2,034,112	1,157,360	3,191,472
2018	2,163,061	1,085,491	3,248,552
2019	2,251,159	1,011,780	3,262,939
2020 - 2024	10,292,522	3,848,082	14,140,604
2025 - 2029	9,809,450	1,606,330	11,415,780
2030 - 2034	3,517,706	7,547,294	11,065,000
2035 - 2039	<u>909,409</u>	<u>1,799,574</u>	<u>2,708,983</u>
Total	<u>\$ 34,936,157</u>	<u>\$ 20,536,724</u>	<u>\$ 55,472,881</u>

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

B. Business-type Activities

Bank of Marin Loan

On December 19, 2012, the 1997 Senior Revenue Bonds were refinanced through a loan agreement with Bank of Marin in the amount of \$7,900,000. The advance refunding was undertaken to reduce total debt service payments by \$5,468,591 and resulted in present value savings of \$4,241,669. All of the gross revenues with respect to the Park are pledged to secure the loan repayments. The City is required to maintain rates, fees, and charges for the services and facilities furnished by the Park which are sufficient to yield net revenues that are at least equal to 200% of the debt service each fiscal year. The interest rate on the loan is 2.805%. Principal and interest payments are due monthly in the amount of \$54,264, with the loan maturing in December 2027.

Bond Issuance Costs

The City implemented GASB 65 during the year ended June 30, 2014. Bond issuance costs totaling \$480,205 were removed from the Statement of Net Position (Business-Type Activities). See footnote 14 for prior period adjustment.

Business-type Activities Long-Term Liabilities Future Debt Service

For the Year Ending June 30	Principal	Interest	Total
2015	\$ 449,668	\$ 201,504	\$ 651,172
2016	462,107	189,065	651,172
2017	475,929	175,244	651,173
2018	489,636	161,536	651,172
2019	503,739	147,434	651,173
2020 - 2024	2,744,279	511,584	3,255,863
2025 - 2029	<u>2,158,348</u>	<u>112,248</u>	<u>2,270,596</u>
Total	<u>\$ 7,283,706</u>	<u>\$ 1,498,615</u>	<u>\$ 8,782,321</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7: SPECIAL ASSESSMENT DEBT

The City acts as an agent for the property owners by collecting the assessments, forwarding the collections to the trustee and if appropriate, beginning foreclosure on the Assessment District No. 93-1 (Golden Gate Plaza). The City is not obligated in any manner for this special assessment debt, and is in no way liable for repayment. The City collects the assessment revenue and delivers the appropriate funds to the bond trustee. At June 30, 2014, the outstanding principal of the Assessment District No. 93-1 (Golden Gate Plaza) bond issue was \$1,020,000.

The City acts as an agent for the property owners by collecting the assessments, forwarding the collections to the trustee and if appropriate, beginning foreclosure on the City of Novato CFD No. 1994-1 Hamilton Field 2014 Loan Refinancing. The City is not obligated in any manner for this special assessment debt, and is in no way liable for repayment. The City collects the assessment revenue and delivers the appropriate funds to the bond trustee. At June 30, 2014 the outstanding principal of the City of Novato CFD No. 1994-1 Hamilton Field 2014 Loan Refinancing was \$13,096,359.

The City acts as an agent for the property owners by collecting the assessments, forwarding the collections to the trustee and if appropriate, beginning foreclosure on the City of Novato Community Facilities District No. 2002-1 (Pointe Marin) Special Tax bonds. The City is not obligated in any manner for this special assessment debt, and is in no way liable for repayment. The City collects the assessment revenue and delivers the appropriate funds to the bond trustee. The original bond was refunded in August 2007. At June 30, 2014 the outstanding principal of the City of Novato Community Facilities District No. 2002-1 (Pointe Marin) Special Tax Refunding bond issue was \$10,070,000.

The City acts as an agent for the property owners by collecting the assessments, forwarding the collections to the trustee and if appropriate, beginning foreclosure on the City of Novato Community Facilities District No.1 (Vintage Oaks) Special Tax Bond Refinancing Loan. The City is not obligated in any manner for this special assessment debt, and is in no way liable for repayment. The City collects the assessment revenue and delivers the appropriate funds to the bond trustee. At June 30, 2014, the outstanding principal of the City of Novato Community Facilities District No.1 (Vintage Oaks) Special Tax Bond Refinancing Loan was \$15,684,363.

NOTE 8: FUND BALANCE

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions."* This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non Spendable: Amounts that cannot be spent because they are either (a) not in spendable form (not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted: Amounts subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provision, or enabling legislation. This fund balance type is essentially the same definition as restricted net position under GASB Statement No. 34.

Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the government's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance) it employed to previously commit those amounts. Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned: Amounts that are not restricted by the funding agency but are for specific purposes and assigned by City Council for that purpose. City Council's action in creating the fund is to ensure that the funds are used for their intended purpose. That purpose is not always planned for the current fiscal year as it may take several years to build up a sufficient fund balance to be able to implement the stated purpose. This classification also represents all remaining amounts (except negative balances) reported in governmental funds, other than the general fund, that are not classified as non spendable, restricted, or committed.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8: FUND BALANCE (CONTINUED)

Unassigned: Residual amounts in the general fund, not classified as non spendable, restricted, committed, or assigned. For other governmental fund types, unassigned is only used when a deficit or negative fund balance occurs.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. Currently, the City Council has not committed any fund balances. Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

City policy is to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual general fund GAAP basis expenditures and other financing sources and uses. This balance is held, for internal tracking purposes, in an Emergency Reserve fund.

As of June 30, 2014, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Other Major Funds</u>	<u>Permanent Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Prepaid expenses	\$ 63,711	\$ -	\$ -	\$ -	\$ 63,711
Advances	1,319,349	-	1,135,000	-	2,454,349
Deferred costs	<u>20,900</u>	<u>106,560</u>	-	-	<u>127,460</u>
Total Nonspendable	<u>1,403,960</u>	<u>106,560</u>	<u>1,135,000</u>	<u>-</u>	<u>2,645,520</u>
Restricted					
Grants, taxes, & fees	-	-	31,623,897	6,028,987	37,652,884
Insurance	1,200,002	-	-	-	1,200,002
Capital projects	-	11,709,460	-	2,983,656	14,693,116
Affordable housing	-	-	-	3,294,871	3,294,871
Debt service	-	<u>1,879,619</u>	-	-	<u>1,879,619</u>
Total Restricted	<u>1,200,002</u>	<u>13,589,079</u>	<u>31,623,897</u>	<u>12,307,514</u>	<u>58,720,492</u>
Assigned					
Capital projects	2,534,596	-	-	-	2,534,596
Pension reserve	1,368	-	-	-	1,368
Emergency & disaster response	6,320,755	-	-	-	6,320,755
Long-term maintenance	<u>509,725</u>	-	-	<u>264,628</u>	<u>774,353</u>
Total Assigned	<u>9,366,444</u>	<u>-</u>	<u>-</u>	<u>264,628</u>	<u>9,631,072</u>
Unassigned	<u>11,329,852</u>	<u>(874,335)</u>	<u>-</u>	<u>(232,121)</u>	<u>10,223,396</u>
Total Fund Balance	\$ <u>23,300,258</u>	\$ <u>12,821,304</u>	\$ <u>32,758,897</u>	\$ <u>12,340,021</u>	\$ <u>81,220,480</u>

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 8: FUND BALANCE (CONTINUED)

Fund Balance Deficits

As of June 30, 2014, the following funds had a fund deficit:

<u>Fund</u>	<u>Deficit</u>
Capital Improvement Projects	\$ 383,268
Novato Public Financing Authority	384,507
Hamilton Community Facilities	227,092
Justice Assistance Grants	3,815
State Grant Fund	1,214

These deficits were a result of expenditures incurred in advance of receipt of revenue and will be eliminated through future revenues and expenditure reductions.

NOTE 9: DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Novato contributes to the California Public Employees' Retirement System ("PERS"), an agent multiple-employer public employee retirement system. PERS provides retirement, disability, and death benefits. Such benefits are integrated with Social Security and based on an employee's years of service, age and final compensation. All regular City employees participate. Employees vest after five years of service and qualify to receive retirement benefits at age fifty. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained from the Executive Office, 400 P Street, Sacramento, CA 95814.

The City prepaid its pension contributions with proceeds from the 2006 Pension Obligation Bonds (See Note 6). These prepaid contributions are reflected in the accompanying financial statements, net of its past service costs, as Prepaid PERS Contribution which amounted to \$5,974,201 at June 30, 2014. During fiscal year, the amortization of the prepayment increased the actuarially required contributions by \$271,555 to arrive at Annual Pension Costs of \$4,167,992.

Funding Policy

Miscellaneous employees are required to contribute seven percent (7%) of their annual salary to PERS and Public Safety employees are required to contribute nine percent (9%) of their annual salary to PERS. On January 1, 2013, the Public Employees Pension Reform Act (PEPRA) became effective in California. PEPRA made several changes to pension benefits that may be offered to new public employees hired on or after January 1, 2013, including a lower-cost formula for Miscellaneous and Safety employees. Miscellaneous employees subject to PEPRA are required to contribute 6.25% of their annual salary to PERS and Public Safety employees are required to contribute 11.5% of their annual salary to PERS. The City is required to contribute the remaining amounts necessary to fund the benefits for its members using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration. For the fiscal year 2013-14, the City's contribution rate was 12.698% for the miscellaneous plan (classic and PEPRA employees) and 22.202% for the safety plan. The PEPRA Safety contribution rate was 11.5%. For governmental activities, the contribution has generally been liquidated by the general fund. No separate financial statements are issued for the Plan.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost

For fiscal year 2013-14, the City's annual pension cost of \$4,167,992, includes the amortization of the prepaid PERS contributions of \$271,555 (See Plan Description above) and \$3,571,129 which was equal to the City's required and actual PERS contributions. The required contribution was determined as part of the June 30, 2012 actuarial valuation. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.50% per year compounded annually, (b) projected salary increases of 3.30% - 14.20% depending on age, service, and type of employment, (c) projected inflation rate of 2.75% compounded annually, (d) additional projected salary increases that vary by duration of service and (e) no postretirement benefit increases. The actuarial value of PERS' assets was determined using the entry age normal cost method. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized over a level percentage pay over a closed 20-year period.

Three Year Trend Information for PERS - Miscellaneous Employees

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 1,876,334	100%	-
2013	\$ 1,770,104	100%	-
2014	\$ 2,086,605	100%	-

Three Year Trend Information for PERS - Safety Employees

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 2,020,864	100%	-
2013	\$ 1,830,663	100%	-
2014	\$ 2,081,387	100%	-

The funded status of the plan as of June 30, 2012, the most recent valuation date was as follows:

Miscellaneous Plan

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2012	\$ 75,663,403	\$ 67,401,320	\$ 8,262,083	89%	\$ 8,931,541	93 %

The schedule of funding progress, which is presented as required supplementary information immediately following the notes to these financial statements, provides multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 10: OTHER POST EMPLOYMENT BENEFITS

Description of the Plan

The City provides health insurance benefits under the Blue Shield, Kaiser, PERS Choice, PERS Select, PERS Care or PORAC health plans to eligible retirees and dependents in accordance with various labor agreements. Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension.

As of the most recent actuarial report dated January 2014, the City reported 192 active employees and 149 retiree employees.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount which was determined as part of a January 1, 2014 actuarial valuation in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is subject to change with each actuarial valuation date performed no less than every three years. The City is currently pre-funding the full annual required contribution. For governmental activities, the contribution has been liquidated by the general fund. No separate financial statements are issued for the Plan.

Annual OPEB Cost and Net OPEB Obligation

The City's OPEB unfunded actuarial accrued liability as of January 1, 2014, the date of the most recent actuarial valuation totaled \$783,296.

Annual required contribution		
Service cost at year-end	\$	99,000
30-year amortization of funded liability		<u>154,000</u>
Total annual required contribution		<u>253,000</u>
Interest on net OPEB obligation		47,000
Adjustment to net OPEB obligation		<u>(44,000)</u>
Total annual OPEB cost		<u>256,000</u>
Employer contributions		<u>(221,907)</u>
Net increase in net OPEB obligation		34,093
Net OPEB obligation, July 1, 2013		<u>749,203</u>
Net OPEB obligation, June 30, 2014	\$	<u><u>783,296</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2014 and the two preceding years were as follows:

<u>Year Ended</u>	<u>Annual OPEB cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB</u>
June 29, 2012	\$ 297,000	\$ 72,080	24.27 %	\$ 719,525
June 30, 2013	\$ 244,000	\$ 214,322	87.84 %	\$ 749,203
June 30, 2014	\$ 256,000	\$ 221,907	86.68 %	\$ 783,296

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funded status of the plan based on an actuarial study using age-adjusted premiums as of June 30, 2014, was as follows:

Actuarial accrued liability (AAL)		
Active employees	\$	1,075,000
Retired employees		<u>1,623,000</u>
		<u>2,698,000</u>
Actuarial value of plan assets		<u>300,171</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>2,397,829</u>
Funded Ratio (actuarial value of plan assets / AAL)		11 %
Covered payroll (active plan members)	\$	13,216,000
UAAL as a percentage of covered payroll		18 %

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on the values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members, and include the types of plan benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal. The actuarial assumptions include a 6.25 percent discount rate of return based on full ARC being pre-funded, and disability and termination based on the CalPERS 1997-2011 experience study. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percent of payroll over a with a 24-year fixed (closed) period fresh start for 2014-15 ARC. The general inflation rate is 3.0 percent. The health care cost trend for 2014-15 years is based on actual health care plan premiums.

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11: RISK MANAGEMENT (CONTINUED)

Public entity risk pools are formally organized separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these risk pools exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. Obligations and liabilities of these risk pools are the City's responsibility.

A. Risk Pools

Bay Cities Joint Powers Insurance Authority (BCJPIA) covers general liability claims in an amount up to \$14,000,000. The City has a deductible or uninsured liability of up to \$250,000 per claim. Once the City's deductible is met, BCJPIA becomes responsible for payments of all claims up to the limit. The City paid \$464,632 for claims and \$357,662 for insurance premiums during the fiscal year ended June 30, 2014.

The City is a participant in the BCJPIA workers compensation risk pool, which in turn participates in the Local Agency Workers Compensation Excess (LAWCX) Insurance Joint Powers Authority's risk pool, and LAWCX in turn purchases coverage above the \$1 million coverage provided by its pool. The City has a self-insured retention of \$150,000 for claims, and the BCJPIA pool covers claims from \$150,000 to \$500,000. Claims from \$500,000 to \$50 million are covered by LAWCX.

Financial statements for BCJPIA and LAWCX may be obtained from Bickmore & Associates, 1020 19th Street, Suite 200, Sacramento, CA 95814.

The City's contribution with each risk pool equals the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. During the fiscal year ended June 30, 2014, the City incurred costs of \$658,207 for coverage premiums and administration of the risk pools. During the past four fiscal years, none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from the prior year.

B. Liability for Uninsured Claims

The City estimates its liability for the uninsured portion of claims, including a provision for claims incurred but not reported ("IBNR"), based on claims experience. Undiscounted claims liabilities were as follows at June 30, 2014:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Projected known claims	\$ 626,139	\$ 399,783	\$ 1,025,922
Projected IBNR	<u>705,986</u>	<u>272,733</u>	<u>978,719</u>
Total Claims Liability	<u>\$ 1,332,125</u>	<u>\$ 672,516</u>	<u>\$ 2,004,641</u>
Claims liability - current	\$ 368,255	\$ 142,545	\$ 510,800
Claims liability - non-current	<u>963,870</u>	<u>529,971</u>	<u>1,493,841</u>
Total Claims Liability	<u>\$ 1,332,125</u>	<u>\$ 672,516</u>	<u>\$ 2,004,641</u>

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 12: EXCESS EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS

The following funds incurred expenditures and transfers (excluding extraordinary items) in excess of appropriations in the following amounts for the year ended June 30, 2014:

Fund	Excess Expenditures
Affordable Housing Program	\$ 188,437
Novato Public Financing Authority	6,619
General Obligation Bonds	10,521,031
Street & Storm Drain Maintenance	2,692
Downtown Lighting & Landscaping	302
COPS Grant	14,643

The excess expenditures were covered by available fund balance in the funds.

NOTE 13: CONTINGENCIES AND COMMITMENTS

Grant Awards

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions, with the exception of litigation described below. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

Novato Redevelopment Agency Dissolution Clawback

Per the requirements of AB 1484 with respect to the dissolution of redevelopment agencies, the City hired a third-party auditor to conduct a series of "due diligence reviews" to establish the unencumbered balances of the Novato Successor Agency that were available to be transferred to the county auditor controller for distribution to taxing agencies. The independent auditor conducted the reviews and found that there were no unencumbered assets available for transfer. However, the California Department of Finance disagreed with the auditor's conclusions and has demanded the return of \$5,219,813 previously re-paid by the RDA to the City for loans made by the City to the RDA. The City disagrees with the Department of Finance's determination, and on May 22, 2013, filed a petition for writ of mandate in Sacramento County Superior Court (City of Novato, et al. v. State of California et al., Sacramento County Superior Court Case No. 34-2013-80001496) seeking a judicial determination that the Department of Finance's demand is contrary to law and invalid. A hearing date on Novato's petition has not yet been scheduled by the court.

Subsequently, on October 9, 2013, the Department of Finance sent the City a demand letter for payment of the \$5,219,813, stating that if the City did not remit the funds within 30 days, that proceedings would be initiated to withhold the City's sales and property tax revenues as an offset in an attempt to recover the money that is claimed to be owed. Due to the pending lawsuit, the City has declined to remit payment and timely provided the Department of Finance with a letter in response that warned the Department of Finance that any withholding of the City's sales and property taxes violated provisions of the California Constitution as well as statutory law.

The State Controller also has the responsibility to conduct an "asset transfer review" of each former redevelopment agency to supposedly identify any improper transfers of cash or assets that were made by a redevelopment agency during the first six months of 2011. The Controller issued his final asset transfer review report in December 2013 and it identified the same \$5,219,813 that it claims needs to be transferred back to the Successor Agency.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 13: CONTINGENCIES AND COMMITMENTS (CONTINUED)

NPFA Lease

The City's former Redevelopment Agency leased a facility (Community Gymnastics Teen Center) from the Novato Public Financing Authority ("NPFA") under a thirty-year non-cancelable operating lease expiring in February 2028. Under the terms of the lease, rent is equal to the semi-annual payments due on the NPFA's loan obligation on the facility, as defined. The Agency prepaid the rent for the remaining term of the lease in fiscal 2006 in the amount of \$1,203,296, and in turn the outstanding loan obligation on the facility in the principal amount of \$1,168,249 was paid during the fiscal year ended June 30, 2006, along with \$35,047 of accrued interest.

Marin Emergency Radio Authority Obligation

The City of Novato is a member of the Marin Emergency Radio Authority (MERA), along with the County of Marin and twenty-four other local government agencies. MERA's purpose is to plan, finance, implement, own, and operate a multi-jurisdictional and county-wide public safety and emergency radio system. To finance this system, the MERA in 1999 issued approximately \$27 million in revenue bonds. In 2007 MERA borrowed an additional \$2,250,000 from Citizen's Business Bank to finance infrastructure needs. Under the joint powers agreement with MERA, the City is obligated to make payments to MERA for use of MERA's systems.

Fiscal Year Ending June 30,	Minimum Service Payments
2015	\$ 245,714
2016	245,735
2017	246,006
2018	245,857
2019 - 2023	761,687
Total	\$ 1,744,999

NOTE 14: PRIOR PERIOD ADJUSTMENT

The City made the following adjustments to net position at the beginning of the year in accordance with the implementation of GASB 65.

Fund	Description of Restatement	Amount
<u>Government-wide</u>		
Governmental Activities	To properly remove prepaid bond issuance costs pursuant to GASB 65	\$ 235,895
<u>Proprietary funds</u>		
Marin Valley Mobile Country Club	To properly remove prepaid bond issuance costs pursuant to GASB 65	480,205
<u>Fiduciary funds</u>		
RDA Successor Agency Fund	To properly remove prepaid bond issuance costs pursuant to GASB 65	672,801
Total Fund Balance Restatement		\$ 1,388,901

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15: SUBSEQUENT EVENT

During the FY2014/15 budget discussions and as part of the Fiscal Sustainability Plan adopted by City Council in February 2014, the City repaid the balance of the Corporation Yard lease in July 2014. The remaining principal on the lease was \$1,135,000. This action will reduce interest expense in the City's General Fund by approximately \$100,000 annually.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NOVATO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
REVENUES				
Taxes	\$ 27,804,139	\$ 27,804,139	\$ 29,007,439	\$ 1,203,300
Licenses and permits	945,858	945,858	1,135,912	190,054
Intergovernmental	800,306	876,625	880,104	3,479
Fines and forfeitures	610,246	610,246	633,345	23,099
Use of money and property	494,998	494,998	669,382	174,384
Charges for services	2,676,186	2,734,214	2,818,900	84,686
Other revenues	<u>106,718</u>	<u>113,718</u>	<u>289,535</u>	<u>175,817</u>
Total Revenues	<u>33,438,451</u>	<u>33,579,798</u>	<u>35,434,617</u>	<u>1,854,819</u>
EXPENDITURES				
Current:				
General Government				
Central Administration				
City council	64,468	64,468	74,993	(10,525)
City manager	867,169	946,896	875,229	71,667
City clerk	369,951	369,951	320,198	49,753
City attorney	<u>531,029</u>	<u>398,029</u>	<u>570,488</u>	<u>(172,459)</u>
Total Central Administration	<u>1,832,617</u>	<u>1,779,344</u>	<u>1,840,908</u>	<u>(61,564)</u>
Administrative Services				
Administration	272,116	272,116	273,708	(1,592)
Human resources	519,657	519,657	525,376	(5,719)
Finance	704,935	704,771	615,166	89,605
Information technology	785,471	785,471	712,338	73,133
Internal support	135,457	135,457	104,406	31,051
City-wide programs	<u>1,402,474</u>	<u>1,535,474</u>	<u>1,688,534</u>	<u>(153,060)</u>
Total Administrative Services	<u>3,820,110</u>	<u>3,952,946</u>	<u>3,919,528</u>	<u>33,418</u>
Total General Government	<u>5,652,727</u>	<u>5,732,290</u>	<u>5,760,436</u>	<u>(28,146)</u>
Public Safety				
Administrative Services				
City-wide programs	<u>601,664</u>	<u>601,664</u>	<u>572,909</u>	<u>28,755</u>
Police				
Administration	1,130,284	1,121,320	1,059,557	61,763
Technical services	1,680,162	1,683,468	1,670,688	12,780
Professional standards	359,986	369,475	375,849	(6,374)
Investigations	802,952	816,603	881,401	(64,798)
Patrol	6,719,350	6,696,052	6,540,896	155,156
Traffic	637,717	630,483	660,477	(29,994)
Special services	<u>839,376</u>	<u>899,815</u>	<u>864,021</u>	<u>35,794</u>
Total Police	<u>12,169,827</u>	<u>12,217,216</u>	<u>12,052,889</u>	<u>164,327</u>

CITY OF NOVATO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
Public Works				
Traffic & engineering	124,142	124,142	111,251	12,891
Traffic operations	<u>633,156</u>	<u>627,103</u>	<u>580,928</u>	<u>46,175</u>
Total Public Works	<u>757,298</u>	<u>751,245</u>	<u>692,179</u>	<u>59,066</u>
Total Public Safety	<u>13,528,789</u>	<u>13,570,125</u>	<u>13,317,977</u>	<u>252,148</u>
Public Works				
Community Development				
Administration	214,297	199,297	178,881	20,416
Code Enforcement	288,150	288,243	285,997	2,246
Planning	894,553	895,353	802,183	93,170
Clerical support services	221,093	221,143	226,889	(5,746)
Building inspections	<u>504,796</u>	<u>520,850</u>	<u>540,531</u>	<u>(19,681)</u>
Total Community Development	<u>2,122,889</u>	<u>2,124,886</u>	<u>2,034,481</u>	<u>90,405</u>
Public Works				
Traffic & engineering	465,719	467,750	443,124	24,626
Engineering-project development	242,257	241,147	271,062	(29,915)
Engineering-construction management	35,567	39,567	246,823	(207,256)
Basemapping	153,588	153,588	69,297	84,291
Maintenance administration	309,847	309,894	331,604	(21,710)
Street maintenance	1,218,162	1,211,189	1,149,828	61,361
Street tree/parkway maintenance	383,976	391,782	419,037	(27,255)
Building maintenance	<u>703,434</u>	<u>705,598</u>	<u>699,722</u>	<u>5,876</u>
Total Public Works	<u>3,512,550</u>	<u>3,520,515</u>	<u>3,630,497</u>	<u>(109,982)</u>
Total Public Works	<u>5,635,439</u>	<u>5,645,401</u>	<u>5,664,978</u>	<u>(19,577)</u>
Culture and Recreation				
Public Works				
Parks maintenance	\$ 1,355,419	\$ 1,364,488	\$ 1,340,633	\$ 23,855
Building maintenance	<u>404,770</u>	<u>404,770</u>	<u>421,451</u>	<u>(16,681)</u>
Total Public Works	<u>1,760,189</u>	<u>1,769,258</u>	<u>1,762,084</u>	<u>7,174</u>
Parks, Recreation, & Community Service				
Administration	719,100	738,122	689,738	48,384
Child care & enrichment programs	636,747	690,771	668,199	22,572
Cultural programs	16,188	16,188	16,451	(263)
Senior citizens	306,050	306,050	291,563	14,487
Athletics	<u>1,379,587</u>	<u>1,389,792</u>	<u>1,380,376</u>	<u>9,416</u>
Total Parks, Recreation & Community Services	<u>3,057,672</u>	<u>3,140,923</u>	<u>3,046,327</u>	<u>94,596</u>
Total Cultural and Recreation	<u>4,817,861</u>	<u>4,910,181</u>	<u>4,808,411</u>	<u>101,770</u>

CITY OF NOVATO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
Community Development				
Central Administration				
City manager	219,401	297,401	294,636	2,765
Housing programs	<u>121,713</u>	<u>279,014</u>	<u>292,700</u>	<u>(13,686)</u>
Total Central Administration	<u>341,114</u>	<u>576,415</u>	<u>587,336</u>	<u>(10,921)</u>
Administrative Services				
City-wide programs	<u>3,587</u>	<u>3,587</u>	<u>6,820</u>	<u>(3,233)</u>
Total Community Development	<u>466,414</u>	<u>859,016</u>	<u>594,156</u>	<u>264,860</u>
Capital Outlay				
Administrative Services				
Information Technology	<u>-</u>	<u>-</u>	<u>71,742</u>	<u>(71,742)</u>
Police				
Technical services	<u>-</u>	<u>10,920</u>	<u>10,907</u>	<u>13</u>
Public Works				
Street/trees/parkway	-	7,753	3,859	3,894
Capital Projects	<u>-</u>	<u>500,000</u>	<u>503,779</u>	<u>(3,779)</u>
Total Public Works	<u>-</u>	<u>507,753</u>	<u>507,638</u>	<u>115</u>
Total Capital Outlay	<u>-</u>	<u>518,673</u>	<u>590,287</u>	<u>(71,614)</u>
Debt Service				
Principal	113,315	113,315	190,436	(77,121)
Interest	<u>-</u>	<u>-</u>	<u>74,219</u>	<u>(74,219)</u>
Total Debt Service	<u>113,315</u>	<u>113,315</u>	<u>264,655</u>	<u>(151,340)</u>
Total Expenditures	<u>30,214,545</u>	<u>31,349,001</u>	<u>31,000,900</u>	<u>348,101</u>
Excess (deficiency) of revenues over expenditures	<u>3,223,906</u>	<u>2,230,797</u>	<u>4,433,717</u>	<u>2,202,920</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	71,742	71,742
Transfers in	2,067,793	2,567,793	1,826,082	(741,711)
Transfers out	<u>(7,028,563)</u>	<u>(10,897,528)</u>	<u>(9,155,899)</u>	<u>1,741,629</u>
Total Other Financing Sources (Uses)	<u>(4,960,770)</u>	<u>(8,329,735)</u>	<u>(7,258,075)</u>	<u>1,071,660</u>
Net change in fund balance	<u>\$ (1,736,864)</u>	<u>\$ (6,098,938)</u>	<u>(2,824,358)</u>	<u>\$ 3,274,580</u>
Fund balance - July 1, 2013			<u>26,124,616</u>	
Fund balance - June 30, 2014			<u>\$ 23,300,258</u>	

**CITY OF NOVATO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2014**

The City operates under the general laws of the State of California and annually adopts a budget for its governmental and proprietary funds to be effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the departmental 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. The City Manager may authorize transfers from one account to another within the same department. Debt service on bond issues constitutes a legally authorized "non-appropriated budget." Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Encumbrances are considered to be expenditures in the year the commitment is entered into. Budget appropriations lapse at the end of the fiscal year unless encumbered by specific Council approval.

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS FOR CALPERS DEFINED BENEFIT PENSION PLAN

Miscellaneous Plan

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2010	\$ 68,782,055	\$ 64,105,983	\$ 4,676,072	93%	\$ 10,581,375	44 %
2011	\$ 73,446,999	\$ 66,880,617	\$ 6,566,382	91%	\$ 9,684,288	68 %
2012	\$ 75,663,403	\$ 67,401,320	\$ 8,262,083	89%	\$ 8,931,541	93 %

Safety Plan

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2010*	\$ 1,915,095,826	\$ 1,628,915,283	\$ 286,180,543	85%	\$ 224,562,008	127 %
2011*	\$ 2,061,923,933	\$ 1,759,286,797	\$ 302,637,136	85%	\$ 225,026,216	134 %
2012	\$ 73,453,605	\$ 55,397,872	\$ 18,055,733	75%	\$ 5,346,889	338 %

* Represents entire risk pool

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

<u>Actuarial Valuation Date</u>	<u>Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Liability (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
2012	\$ 2,786,000	\$ -	\$ 2,786,000	0%	\$ 14,138,000	20 %
2013	\$ 2,496,000	\$ 139,965	2,356,035	6%	12,800,000	18 %
2014	\$ 2,698,000	\$ 300,171	\$ 2,397,829	11%	\$ 13,216,000	18 %

COMBINING FINANCIAL SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION

CITY OF NOVATO
CAPITAL IMPROVEMENT PROJECTS - MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Other revenues	\$ <u>604,622</u>	\$ <u>609,672</u>	\$ <u>89,827</u>	\$ <u>(519,845)</u>
Total Revenues	<u>604,622</u>	<u>609,672</u>	<u>89,827</u>	<u>(519,845)</u>
<u>EXPENDITURES</u>				
General administration	-	100,000	213,595	(113,595)
Public works	-	9,135	731,540	(722,405)
Cultural and recreation	-	-	32,639	(32,639)
Capital outlay	<u>14,098,232</u>	<u>14,975,791</u>	<u>9,651,846</u>	<u>5,323,945</u>
Total Expenditures	<u>14,098,232</u>	<u>15,084,926</u>	<u>10,629,620</u>	<u>5,323,945</u>
Excess (deficiency) of revenues over expenditures	<u>(13,493,610)</u>	<u>(14,475,254)</u>	<u>(10,539,793)</u>	<u>3,935,461</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	13,363,332	17,344,327	10,639,538	(6,704,789)
Transfers out	<u>(134,524)</u>	<u>(28,519)</u>	<u>(112,307)</u>	<u>(83,788)</u>
Total Other Financing Sources (Uses)	<u>13,228,808</u>	<u>17,315,808</u>	<u>10,527,231</u>	<u>(6,788,577)</u>
Net change in fund balance	\$ <u>(264,802)</u>	\$ <u>2,840,554</u>	<u>(12,562)</u>	\$ <u>(2,853,116)</u>
Fund balance (deficit) - July 1, 2013			<u>(370,706)</u>	
Fund balance (deficit) - June 30, 2014			\$ <u>(383,268)</u>	

CITY OF NOVATO
DEVELOPMENT IMPACT FEE - MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 70,700	\$ 70,700	\$ 52,756	\$ (17,944)
Charges for services	<u>829,560</u>	<u>829,560</u>	<u>269,694</u>	<u>(559,866)</u>
Total Revenues	<u>900,260</u>	<u>900,260</u>	<u>322,450</u>	<u>(577,810)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>900,260</u>	<u>900,260</u>	<u>322,450</u>	<u>(577,810)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	<u>(2,461,260)</u>	<u>(2,460,072)</u>	<u>(1,312,940)</u>	<u>1,147,132</u>
Total Other Financing Sources (Uses)	<u>(2,461,260)</u>	<u>(2,460,072)</u>	<u>(1,312,940)</u>	<u>1,147,132</u>
Net change in fund balance	<u>\$ (1,561,000)</u>	<u>\$ (1,559,812)</u>	<u>(990,490)</u>	<u>\$ 569,322</u>
Fund balance - July 1, 2013			<u>12,699,950</u>	
Fund balance - June 30, 2014			<u>\$ 11,709,460</u>	

CITY OF NOVATO
 NOVATO PUBLIC FINANCING AUTHORITY - MAJOR CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>199,625</u>	\$ <u>199,625</u>	\$ <u>199,749</u>	\$ <u>124</u>
Total Revenues	<u>199,625</u>	<u>199,625</u>	<u>199,749</u>	<u>124</u>
 <u>EXPENDITURES</u>				
Current:				
General Government				
Citywide programs	<u>90,000</u>	<u>90,000</u>	<u>96,619</u>	<u>(6,619)</u>
Total Expenditures	<u>90,000</u>	<u>90,000</u>	<u>96,619</u>	<u>(6,619)</u>
Excess (deficiency) of revenues over expenditures	<u>109,625</u>	<u>109,625</u>	<u>103,130</u>	<u>(6,495)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Net change in fund balance	\$ <u>96,625</u>	\$ <u>96,625</u>	<u>90,130</u>	\$ <u>(6,495)</u>
Fund balance (deficit) - July 1, 2013			<u>(474,637)</u>	
Fund balance (deficit) - June 30, 2014			<u>\$ (384,507)</u>	

CITY OF NOVATO
HAMILTON TRUST FUND - PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ <u>502,729</u>	\$ <u>502,729</u>	\$ <u>453,304</u>	\$ <u>(49,425)</u>
Total Revenues	<u>502,729</u>	<u>502,729</u>	<u>453,304</u>	<u>(49,425)</u>
<u>EXPENDITURES</u>				
Current:				
Community Development				
Program	<u>33,000</u>	<u>33,000</u>	<u>29,942</u>	<u>3,058</u>
Total Expenditures	<u>33,000</u>	<u>33,000</u>	<u>29,942</u>	<u>3,058</u>
Excess (deficiency) of revenues over expenditures	<u>469,729</u>	<u>469,729</u>	<u>423,362</u>	<u>(46,367)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(351,910)</u>	<u>(351,910)</u>	<u>(250,530)</u>	<u>101,380</u>
Total Other Financing Sources (Uses)	<u>(351,910)</u>	<u>(351,910)</u>	<u>(250,530)</u>	<u>101,380</u>
Net change in fund balance	\$ <u>117,819</u>	\$ <u>117,819</u>	<u>172,832</u>	\$ <u>55,013</u>
Fund balance - July 1, 2013			<u>32,586,065</u>	
Fund balance - June 30, 2014			<u>\$ 32,758,897</u>	

CITY OF NOVATO
GENERAL OBLIGATION - MAJOR DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 1,491,692	\$ 1,491,692	\$ 1,613,666	\$ 121,974
Use of money and property	<u>5,455</u>	<u>5,455</u>	<u>5,761</u>	<u>306</u>
Total Revenues	<u>1,497,147</u>	<u>1,497,147</u>	<u>1,619,427</u>	<u>122,280</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
Debt service	<u>60,139</u>	<u>60,139</u>	<u>58,065</u>	<u>2,074</u>
Debt service:				
Principal	1,600,000	1,600,000	12,180,000	(10,580,000)
Interest and fiscal charges	715,490	715,490	658,595	56,895
Bond issuance costs	<u>-</u>	<u>-</u>	<u>130,450</u>	<u>-</u>
Total Expenditures	<u>2,375,629</u>	<u>2,375,629</u>	<u>13,027,110</u>	<u>(10,521,031)</u>
Excess (deficiency) of revenues over expenditures	<u>(878,482)</u>	<u>(878,482)</u>	<u>(11,407,683)</u>	<u>(10,529,201)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds on bond refinancing	<u>-</u>	<u>-</u>	<u>10,710,450</u>	<u>10,710,450</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>10,710,450</u>	<u>10,710,450</u>
Net change in fund balance	<u>\$ (878,482)</u>	<u>\$ (878,482)</u>	<u>(697,233)</u>	<u>\$ 181,249</u>
Fund balance - July 1, 2013			<u>2,576,852</u>	
Fund balance - June 30, 2014			<u>\$ 1,879,619</u>	

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column Other Governmental Funds.

SPECIAL REVENUE FUNDS

Affordable Housing Program Fund - accounts for resources used to assist qualifying families in the purchase of below market rate housing as well as the housing programs managed for the City by Hello Housing.

Clean Stormwater Fund - accounts for the revenues and expenditures for the City's clean stormwater program. The program plans to prevent pollutant discharge from entering streets and storm drains before flowing into creeks and wetlands.

Underground Utilities Fund - accounts for resources to be utilized for underground City overhead utilities.

Parking Improvement Fund - accounts for assessments collected from businesses in the Old Town parking improvement area to be used for services and programs related to parking facilities in the area.

Subdivision Park Fund - accounts for in-lieu fees from residential subdivision developers to be used for parks and recreation areas for residents of the subdivision.

Art in Public Places Fund - accounts for fees paid by developers to be used for public art projects.

General Plan Surcharge Fund - accounts for the revenues and expenditures for the advance planning and update of the City's General Plan. The expenditures are funded by the collection of surcharges on all construction permits.

Automation Surcharge Fund - accounts for the revenues and expenditures for the City's database and maintenance of software used to issue permits. The expenditures are funded by the collection of surcharges charged on all construction permits.

Hamilton Community Facilities - accounts for assessments for landscape maintenance and pump and levy maintenance for the Hamilton Community Facilities District.

Hamilton Arts Center - accounts for revenues received and the administration and maintenance expenditures incurred for the Hamilton Arts Center.

Pointe Marin CFD - accounts for the revenues and expenditures in connection with landscape maintenance for the Pointe Marin Community Facilities District

Chapter 27 Assessment Fund - accounts for assessment district activities to complete missing frontage improvements, often in cooperation with property owners.

Landscaping Assessment Districts (San Marin, Country Club, Wildwood Glen, Hillsdale, Scottsdale) - accounts for the collection of assessments which are used for median island landscaping and maintenance in that district.

Downtown and San Pablo Lighting & Landscaping Fund - accounts for the collection and expenditures of special assessments of the Downtown and San Pablo Landscape and Lighting District.

Eucalyptus Assessment District - accounts for the collection and expenditures of special assessments in the assessment district for Eucalyptus Avenue improvements.

State Gas Tax Fund - accounts for the City's share of gasoline tax revenues that are restricted to the maintenance and construction of City streets.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

Justice Assistance Grants - accounts for revenues and expenditures associated with the 2005 grant.

Special Police Projects - accounts for resources restricted to law enforcement activities such as crime prevention and DARE programs.

COPS Grant - account for the revenues and expenditures associated with the grant.

State Grant Fund - accounts for revenue and expenditure activity for State grants. Pursuant to the requirement of the granting authority, grant-related transactions must be reported in a separate fund.

Federal Grant Fund - accounts for revenue and expenditure activity for federal grants. Pursuant to the requirement of the granting authority, grant-related transactions must be reported in a separate fund.

Private Grant Fund - accounts for revenue and expenditures for private grants.

CAPITAL PROJECT FUNDS

Measure B Street Bond Fund 2007 - accounts for bond proceeds and the use of street and storm drain general obligation, Measure B bond proceeds approved by the voters in November 2004.

Measure B VRF Marin County Fund - accounts for funds received from Measure A for parks, open space, and recreation programs.

Measure A Street Bond Project Fund - accounts for funds received from Measure A for local streets and roads. These funds are received through the Transportation Authority of Marin for a 20 year period.

Parks Measure A Fund - This fund accounts for proceeds received from Marin County Parks Measure A for improvements and maintenance of parks, open space, and recreation programs in the City. The funds will be received for a nine year period.

Clean Stormwater CIP Fund - accounts for the capital improvement element of the City of Novato Clean Stormwater Program.

Street and Storm Drain Maintenance Fund - accounts for revenues and expenditures for Novato's clean stormwater program. The program plans to prevent pollutant discharge from entering streets and storm drains before flowing into creeks and wetlands.

Community Center Maintenance Fund - A specific fund has been established for each of the following: Maintenance, Performing Arts, Gymnastics and Teen Center, and Pool.

DEBT SERVICE FUNDS

Pension Obligations Bond Fund - accounts for accumulation of resources and payment of pension obligation bonds.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

Special Revenue Funds				
	Affordable Housing Program	Clean Stormwater	Underground Utilities	Parking Improvement
<u>ASSETS</u>				
Cash and investments	\$ 1,251,771	\$ 329	\$ 962,126	\$ 81,710
Cash with fiscal agent	-	-	-	-
Accounts receivable	20,100	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	-	2,845	-	-
Loans receivable	1,900,871	-	-	-
Prepaid expenses	-	-	-	-
Other assets, net	328,000	-	-	-
Total Assets	<u>\$ 3,500,742</u>	<u>\$ 3,174</u>	<u>\$ 962,126</u>	<u>\$ 81,710</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 88
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>88</u>
DEFERRED INFLOWS OF RESOURCES	<u>205,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Restricted	3,294,871	3,174	962,126	81,622
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>3,294,871</u>	<u>3,174</u>	<u>962,126</u>	<u>81,622</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 3,500,742</u>	<u>\$ 3,174</u>	<u>\$ 962,126</u>	<u>\$ 81,710</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

Special Revenue Funds

	<u>Subdivision Park</u>	<u>Art in Public Places</u>	<u>General Plan Surcharge</u>	<u>Automation Surcharge</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,041,769	\$ 110,213	\$ 357,931	\$ 264,668
Cash with fiscal agent	312,688	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	-	-	-	-
Loans receivable	-	-	-	-
Prepaid expenses	-	-	-	-
Other assets, net	-	-	-	-
Total Assets	<u>\$ 1,354,457</u>	<u>\$ 110,213</u>	<u>\$ 357,931</u>	<u>\$ 264,668</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 33,706	\$ 40
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>33,706</u>	<u>40</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Restricted	1,354,457	110,213	324,225	-
Assigned	-	-	-	264,628
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>1,354,457</u>	<u>110,213</u>	<u>324,225</u>	<u>264,628</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,354,457</u>	<u>\$ 110,213</u>	<u>\$ 357,931</u>	<u>\$ 264,668</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

Special Revenue Funds				
	Hamilton Community Facilities	Hamilton Arts Center	Pointe Marin CFD	Chapter 27 Assessment
ASSETS				
Cash and investments	\$ 149,122	\$ 718,805	\$ 567,111	\$ 233,141
Cash with fiscal agent	-	90,910	-	-
Accounts receivable	-	-	-	5,553
Interest receivable	-	-	-	291
Taxes receivable	-	-	-	3
Loans receivable	-	-	-	-
Prepaid expenses	-	-	-	-
Other assets, net	-	-	-	-
Total Assets	<u>\$ 149,122</u>	<u>\$ 809,715</u>	<u>\$ 567,111</u>	<u>\$ 238,988</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES:				
Accounts payable	\$ 29,089	\$ -	\$ 10,641	\$ -
Accrued liabilities	-	-	-	4,163
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	1,681
Advances from other funds	347,125	-	-	-
Total Liabilities	<u>376,214</u>	<u>-</u>	<u>10,641</u>	<u>5,844</u>
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
FUND BALANCES (DEFICITS):				
Restricted	-	809,715	556,470	233,144
Assigned	-	-	-	-
Unassigned	(227,092)	-	-	-
Total Fund Balances (Deficits)	<u>(227,092)</u>	<u>809,715</u>	<u>556,470</u>	<u>233,144</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 149,122</u>	<u>\$ 809,715</u>	<u>\$ 567,111</u>	<u>\$ 238,988</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

	Special Revenue Funds			
	Landscaping Assessment District - San Marin	Landscaping Assessment District - Country Club	Landscaping Assessment District - Wildwood Glen	Landscaping Assessment District - Hillsdale
<u>ASSETS</u>				
Cash and investments	\$ 29,871	\$ 68,628	\$ 2,642	\$ 51,216
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	422	-	69	86
Loans receivable	-	-	-	-
Prepaid expenses	-	-	-	-
Other assets, net	-	-	-	-
Total Assets	<u>\$ 30,293</u>	<u>\$ 68,628</u>	<u>\$ 2,711</u>	<u>\$ 51,302</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES:				
Accounts payable	\$ 4,296	\$ -	\$ 353	\$ 991
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>4,296</u>	<u>-</u>	<u>353</u>	<u>991</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Restricted	25,997	68,628	2,358	50,311
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>25,997</u>	<u>68,628</u>	<u>2,358</u>	<u>50,311</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 30,293</u>	<u>\$ 68,628</u>	<u>\$ 2,711</u>	<u>\$ 51,302</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

	Special Revenue Funds			
	<u>Downtown Lighting & Landscaping</u>	<u>San Pablo Landscaping</u>	<u>Eucalyptus Assessment District</u>	<u>Assessment District - Scottsdale</u>
<u>ASSETS</u>				
Cash and investments	\$ 97,116	\$ 25,302	\$ -	\$ 9,920
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	45	100	114	-
Loans receivable	-	-	-	-
Prepaid expenses	-	-	-	-
Other assets, net	-	-	-	-
Total Assets	<u>\$ 97,161</u>	<u>\$ 25,402</u>	<u>\$ 114</u>	<u>\$ 9,920</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES:				
Accounts payable	\$ 725	\$ 165	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	95	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>725</u>	<u>165</u>	<u>95</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Restricted	96,436	25,237	19	9,920
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>96,436</u>	<u>25,237</u>	<u>19</u>	<u>9,920</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 97,161</u>	<u>\$ 25,402</u>	<u>\$ 114</u>	<u>\$ 9,920</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

Special Revenue Funds				
	State Gas Tax	Justice Assistance Grants	Special Projects Police	COPS Grant
<u>ASSETS</u>				
Cash and investments	\$ 879,995	\$ -	\$ 118,170	\$ 264,772
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	7,991	23,777
Interest receivable	-	-	-	-
Taxes receivable	-	-	-	-
Loans receivable	-	-	-	-
Prepaid expenses	-	-	-	-
Other assets, net	-	-	-	-
Total Assets	\$ 879,995	\$ -	\$ 126,161	\$ 288,549
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ 549	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	3,266	-	-
Unearned revenue	-	-	2,320	-
Advances from other funds	-	-	-	-
Total Liabilities	-	3,815	2,320	-
<u>DEFERRED INFLOWS OF RESOURCES</u>	-	-	-	-
FUND BALANCES (DEFICITS):				
Restricted	879,995	-	123,841	288,549
Assigned	-	-	-	-
Unassigned	-	(3,815)	-	-
Total Fund Balances (Deficits)	879,995	(3,815)	123,841	288,549
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 879,995	\$ -	\$ 126,161	\$ 288,549

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

Special Revenue Funds

	State Grant Fund	Federal Grant Fund	Private Grant Fund
<u>ASSETS</u>			
Cash and investments	\$ -	\$ -	\$ 39,914
Cash with fiscal agent	-	-	-
Accounts receivable	70,188	105,042	-
Interest receivable	-	-	-
Taxes receivable	-	-	-
Loans receivable	-	-	-
Prepaid expenses	-	-	-
Other assets, net	-	-	-
Total Assets	\$ 70,188	\$ 105,042	\$ 39,914
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>			
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	71,402	103,361	-
Unearned revenue	-	-	19,045
Advances from other funds	-	-	-
Total Liabilities	71,402	103,361	19,045
<u>DEFERRED INFLOWS OF RESOURCES</u>			
FUND BALANCES (DEFICITS):			
Restricted	-	1,681	20,869
Assigned	-	-	-
Unassigned	(1,214)	-	-
Total Fund Balances (Deficits)	(1,214)	1,681	20,869
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 70,188	\$ 105,042	\$ 39,914

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

Capital Project Funds

	Measure B Street Bonds 2007	Marin VRF	Measure A Street Bonds	Parks Measure A	Clean Stormwater CIP
<u>ASSETS</u>					
Cash and investments	\$ -	\$ 405,527	\$ 1,060,334	\$ -	\$ 341,948
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	-	-	203,235	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Loans receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Other assets, net	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 405,527</u>	<u>\$ 1,060,334</u>	<u>\$ 203,235</u>	<u>\$ 341,948</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):					
Restricted	-	405,527	1,060,334	203,235	341,948
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>-</u>	<u>405,527</u>	<u>1,060,334</u>	<u>203,235</u>	<u>341,948</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 405,527</u>	<u>\$ 1,060,334</u>	<u>\$ 203,235</u>	<u>\$ 341,948</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

	Capital Project Funds		Debt Service Fund	
	Street and Storm Drain Maintenance	Community Center Maintenance	Pension Obligations Bond Fund	Total Non-major Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 261,031	\$ 711,581	\$ -	\$ 10,106,663
Cash with fiscal agent	-	-	-	403,598
Accounts receivable	-	-	-	435,886
Interest receivable	-	-	-	291
Taxes receivable	-	-	-	3,684
Loans receivable	-	-	-	1,900,871
Prepaid expenses	-	-	2,500	2,500
Other assets, net	-	-	-	328,000
Total Assets	<u>\$ 261,031</u>	<u>\$ 711,581</u>	<u>\$ 2,500</u>	<u>\$ 13,181,493</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 80,643
Accrued liabilities	-	-	-	4,163
Due to other funds	-	-	2,500	180,624
Unearned revenue	-	-	-	23,046
Advances from other funds	-	-	-	347,125
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>635,601</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,871</u>
FUND BALANCES (DEFICITS):				
Restricted	261,031	711,581	-	12,307,514
Assigned	-	-	-	264,628
Unassigned	-	-	-	(232,121)
Total Fund Balances (Deficits)	<u>261,031</u>	<u>711,581</u>	<u>-</u>	<u>12,340,021</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 261,031</u>	<u>\$ 711,581</u>	<u>\$ 2,500</u>	<u>\$ 13,181,493</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

Special Revenue Funds				
	Affordable Housing Program	Clean Stormwater	Underground Utilities	Parking Improvement
<u>REVENUES</u>				
Taxes	\$ -	\$ 356,056	\$ -	\$ -
Intergovernmental	-	-	-	-
Use of money and property	4,899	62	4,202	356
Charges for services	382,569	-	-	-
Other revenue	228,253	-	-	-
Total Revenues	<u>615,721</u>	<u>356,118</u>	<u>4,202</u>	<u>356</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	457
Public works	-	170,062	-	-
Community development	188,437	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>188,437</u>	<u>170,062</u>	<u>-</u>	<u>457</u>
Excess (Deficiency) of Revenues over Expenditures	<u>427,284</u>	<u>186,056</u>	<u>4,202</u>	<u>(101)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	175,107	-	-	-
Transfers out	-	(187,000)	(3,640)	-
Total Other Financing Sources (Uses)	<u>175,107</u>	<u>(187,000)</u>	<u>(3,640)</u>	<u>-</u>
Net change in fund balances	602,391	(944)	562	(101)
Fund balances (deficits) - July 1, 2013	<u>2,692,480</u>	<u>4,118</u>	<u>961,564</u>	<u>81,723</u>
Fund balances (deficits) - June 30, 2014	<u>\$ 3,294,871</u>	<u>\$ 3,174</u>	<u>\$ 962,126</u>	<u>\$ 81,622</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

Special Revenue Funds

	Subdivision Park	Art in Public Places	General Plan Surcharge	Automation Surcharge
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Use of money and property	4,407	457	1,265	1,189
Charges for services	95,877	16,040	74,893	78,585
Other revenue	-	-	-	-
Total Revenues	100,284	16,497	76,158	79,774
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	283,717	115,586
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	283,717	115,586
Excess (Deficiency) of Revenues over Expenditures	100,284	16,497	(207,559)	(35,812)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	300,000	-
Transfers out	(26,869)	-	-	(2,649)
Total Other Financing Sources (Uses)	(26,869)	-	300,000	(2,649)
Net change in fund balances	73,415	16,497	92,441	(38,461)
Fund balances (deficits) - July 1, 2013	1,281,042	93,716	231,784	303,089
Fund balances (deficits) - June 30, 2014	\$ 1,354,457	\$ 110,213	\$ 324,225	\$ 264,628

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Hamilton Community Facilities	Hamilton Arts Center	Pointe Marin CFD	Chapter 27 Assessment
<u>REVENUES</u>				
Taxes	\$ 521,216	\$ -	\$ 178,658	\$ -
Intergovernmental	-	-	-	-
Use of money and property	280	331,856	2,350	1,016
Charges for services	-	-	-	485
Other revenue	-	-	-	-
Total Revenues	<u>521,496</u>	<u>331,856</u>	<u>181,008</u>	<u>1,501</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	562,302	-	-
Public safety	-	-	-	-
Public works	469,277	-	174,354	-
Community development	-	-	-	-
Capital outlay	3,859	-	3,859	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>473,136</u>	<u>562,302</u>	<u>178,213</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>48,360</u>	<u>(230,446)</u>	<u>2,795</u>	<u>1,501</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	50,000	-	-	-
Transfers out	<u>(14,508)</u>	<u>-</u>	<u>(6,286)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>35,492</u>	<u>-</u>	<u>(6,286)</u>	<u>-</u>
Net change in fund balances	83,852	(230,446)	(3,491)	1,501
Fund balances (deficits) - July 1, 2013	<u>(310,944)</u>	<u>1,040,161</u>	<u>559,961</u>	<u>231,643</u>
Fund balances (deficits) - June 30, 2014	<u>\$ (227,092)</u>	<u>\$ 809,715</u>	<u>\$ 556,470</u>	<u>\$ 233,144</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Landscaping Assessment District - San Marin	Landscaping Assessment District - Country Club	Landscaping Assessment District - Wildwood Glen	Landscaping Assessment District - Hillsdale
<u>REVENUES</u>				
Taxes	\$ 49,636	\$ -	\$ 8,461	\$ 10,778
Intergovernmental	-	-	-	-
Use of money and property	104	299	2	216
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>49,740</u>	<u>299</u>	<u>8,463</u>	<u>10,994</u>
<u>EXPENDITURES</u>				
Current:				
General government	500	-	500	500
Public safety	-	-	-	-
Public works	45,921	-	6,743	8,048
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>46,421</u>	<u>-</u>	<u>7,243</u>	<u>8,548</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,319</u>	<u>299</u>	<u>1,220</u>	<u>2,446</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,319	299	1,220	2,446
Fund balances (deficits) - July 1, 2013	<u>22,678</u>	<u>68,329</u>	<u>1,138</u>	<u>47,865</u>
Fund balances (deficits) - June 30, 2014	<u>\$ 25,997</u>	<u>\$ 68,628</u>	<u>\$ 2,358</u>	<u>\$ 50,311</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Downtown Lighting & Landscaping	San Pablo Landscaping	Eucalyptus Assessment District	Assessment District - Scottsdale
<u>REVENUES</u>				
Taxes	\$ 5,576	\$ 12,461	\$ 14,127	\$ -
Intergovernmental	-	-	-	-
Use of money and property	416	103	-	43
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>5,992</u>	<u>12,564</u>	<u>14,127</u>	<u>43</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	500	12,768	-
Public safety	-	-	-	-
Public works	3,302	356	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	1,442	-
Total Expenditures	<u>3,302</u>	<u>856</u>	<u>14,210</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,690</u>	<u>11,708</u>	<u>(83)</u>	<u>43</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	(50,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,690	(38,292)	(83)	43
Fund balances (deficits) - July 1, 2013	<u>93,746</u>	<u>63,529</u>	<u>102</u>	<u>9,877</u>
Fund balances (deficits) - June 30, 2014	<u>\$ 96,436</u>	<u>\$ 25,237</u>	<u>\$ 19</u>	<u>\$ 9,920</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	<u>State Gas Tax</u>	<u>Justice Assistance Grants</u>	<u>Special Projects Police</u>	<u>COPS Grant</u>
<u>REVENUES</u>				
Taxes	\$ 1,640,048	\$ -	\$ -	\$ -
Intergovernmental	-	13,068	125,522	121,253
Use of money and property	3,708	-	410	-
Charges for services	-	-	-	-
Other revenue	-	750	29,274	-
Total Revenues	<u>1,643,756</u>	<u>13,818</u>	<u>155,206</u>	<u>121,253</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Public safety	-	10,130	140,806	150,720
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	34,123
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>10,130</u>	<u>140,806</u>	<u>184,843</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,643,756</u>	<u>3,688</u>	<u>14,400</u>	<u>(63,590)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	7,000	-
Transfers out	<u>(1,483,393)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,483,393)</u>	<u>-</u>	<u>7,000</u>	<u>-</u>
Net change in fund balances	160,363	3,688	21,400	(63,590)
Fund balances (deficits) - July 1, 2013	<u>719,632</u>	<u>(7,503)</u>	<u>102,441</u>	<u>352,139</u>
Fund balances (deficits) - June 30, 2014	<u>\$ 879,995</u>	<u>\$ (3,815)</u>	<u>\$ 123,841</u>	<u>\$ 288,549</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

Special Revenue Funds

	State Grant Fund	Federal Grant Fund	Private Grant Fund
<u>REVENUES</u>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	241,207	109,378	-
Use of money and property	-	-	199
Charges for services	-	-	-
Other revenue	-	-	-
Total Revenues	241,207	109,378	199
<u>EXPENDITURES</u>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	241,207	109,378	199
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	-	-
Transfers out	(241,207)	(109,378)	-
Total Other Financing Sources (Uses)	(241,207)	(109,378)	-
Net change in fund balances	-	-	199
Fund balances (deficits) - July 1, 2013	(1,214)	1,681	20,670
Fund balances (deficits) - June 30, 2014	\$ (1,214)	\$ 1,681	\$ 20,869

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

Capital Project Funds					
	Measure B Street Bonds 2007	Marin VRF	Measure A Street Bonds	Parks Measure A	Clean Stormwater CIP
<u>REVENUES</u>					
Taxes	\$ -	\$ -	\$ 483,011	\$ 203,235	\$ -
Intergovernmental	-	405,317	-	-	-
Use of money and property	-	210	4,550	-	1,415
Charges for services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Revenues	<u>-</u>	<u>405,527</u>	<u>487,561</u>	<u>203,235</u>	<u>1,415</u>
<u>EXPENDITURES</u>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>405,527</u>	<u>487,561</u>	<u>203,235</u>	<u>1,415</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	-	45,000
Transfers out	<u>(600,035)</u>	<u>-</u>	<u>(717,088)</u>	<u>-</u>	<u>(4,600)</u>
Total Other Financing Sources (Uses)	<u>(600,035)</u>	<u>-</u>	<u>(717,088)</u>	<u>-</u>	<u>40,400</u>
Net change in fund balances	(600,035)	405,527	(229,527)	203,235	41,815
Fund balances (deficits) - July 1, 2013	<u>600,035</u>	<u>-</u>	<u>1,289,861</u>	<u>-</u>	<u>300,133</u>
Fund balances (deficits) - June 30, 2014	<u>\$ -</u>	<u>\$ 405,527</u>	<u>\$ 1,060,334</u>	<u>\$ 203,235</u>	<u>\$ 341,948</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Capital Project Funds		Debt Service Fund	Total Non-major Governmental Funds
	Street and Storm Drain Maintenance	Community Center Maintenance	Pension Obligations Bond Fund	
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ 3,483,263
Intergovernmental	-	-	-	1,015,745
Use of money and property	1,231	3,466	-	368,711
Charges for services	-	-	-	648,449
Other revenue	-	-	-	258,277
Total Revenues	<u>1,231</u>	<u>3,466</u>	<u>-</u>	<u>5,774,445</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	2,500	579,570
Public safety	-	-	-	302,113
Public works	-	-	-	1,277,366
Community development	-	-	-	188,437
Capital outlay	-	-	-	41,841
Debt service:				
Principal	-	-	265,000	265,000
Interest and fiscal charges	-	-	886,920	888,362
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,154,420</u>	<u>3,542,689</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,231</u>	<u>3,466</u>	<u>(1,154,420)</u>	<u>2,231,756</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	1,154,420	1,731,527
Transfers out	<u>(22,535)</u>	<u>(93,330)</u>	<u>-</u>	<u>(3,562,518)</u>
Total Other Financing Sources (Uses)	<u>(22,535)</u>	<u>(93,330)</u>	<u>1,154,420</u>	<u>(1,830,991)</u>
Net change in fund balances	(21,304)	(89,864)	-	400,765
Fund balances (deficits) - July 1, 2013	<u>282,335</u>	<u>801,445</u>	<u>-</u>	<u>11,939,256</u>
Fund balances (deficits) - June 30, 2014	<u>\$ 261,031</u>	<u>\$ 711,581</u>	<u>\$ -</u>	<u>\$ 12,340,021</u>

CITY OF NOVATO
AFFORDABLE HOUSING PROGRAM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 5,393	\$ 5,393	\$ 4,899	\$ (494)
Charges for services	-	-	382,569	382,569
Other revenues	-	-	228,253	228,253
Total Revenues	<u>5,393</u>	<u>5,393</u>	<u>615,721</u>	<u>610,328</u>
<u>EXPENDITURES</u>				
Community development	-	-	188,437	(188,437)
Total Development	-	-	188,437	(188,437)
Total Expenditures	-	-	188,437	-
Excess (deficiency) of revenues over expenditures	<u>5,393</u>	<u>5,393</u>	<u>427,284</u>	<u>421,891</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	175,107	175,107
Total Other Financing Sources (Uses)	-	-	175,107	175,107
Net change in fund balance	<u>\$ 5,393</u>	<u>\$ 5,393</u>	<u>602,391</u>	<u>\$ 596,998</u>
Fund balance - July 1, 2013			<u>2,692,480</u>	
Fund balance - June 30, 2014			<u>\$ 3,294,871</u>	

CITY OF NOVATO
CLEAN STORMWATER - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes and assessments	\$ 357,000	\$ 357,000	\$ 356,056	\$ (944)
Use of money and property	<u>31</u>	<u>31</u>	<u>62</u>	<u>31</u>
Total Revenues	<u>357,031</u>	<u>357,031</u>	<u>356,118</u>	<u>(913)</u>
<u>EXPENDITURES</u>				
<u>Public Works</u>				
Assessment districts	15,675	15,675	15,693	(18)
Affordable housing	<u>147,946</u>	<u>147,946</u>	<u>154,369</u>	<u>(6,423)</u>
Total Public Works	<u>163,621</u>	<u>163,621</u>	<u>170,062</u>	<u>(6,441)</u>
Total Expenditures	<u>163,621</u>	<u>163,621</u>	<u>170,062</u>	<u>(6,441)</u>
Excess (deficiency) of revenues over expenditures	<u>193,410</u>	<u>193,410</u>	<u>186,056</u>	<u>(7,354)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(195,000)</u>	<u>(195,000)</u>	<u>(187,000)</u>	<u>8,000</u>
Total Other Financing Sources (Uses)	<u>(195,000)</u>	<u>(195,000)</u>	<u>(187,000)</u>	<u>8,000</u>
Net change in fund balance	<u>\$ (1,590)</u>	<u>\$ (1,590)</u>	<u>(944)</u>	<u>\$ 646</u>
Fund balance - July 1, 2013			<u>4,118</u>	
Fund balance - June 30, 2014			<u>\$ 3,174</u>	

CITY OF NOVATO
UNDERGROUND UTILITIES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 5,555	\$ 5,555	\$ 4,202	\$ (1,353)
Total Revenues	<u>5,555</u>	<u>5,555</u>	<u>4,202</u>	<u>(1,353)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>5,555</u>	<u>5,555</u>	<u>4,202</u>	<u>(1,353)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(257,433)</u>	<u>(278,153)</u>	<u>(3,640)</u>	<u>274,513</u>
Total Other Financing Sources (Uses)	<u>(257,433)</u>	<u>(278,153)</u>	<u>(3,640)</u>	<u>274,513</u>
Net change in fund balance	<u>\$ (251,878)</u>	<u>\$ (272,598)</u>	<u>562</u>	<u>\$ 273,160</u>
Fund balance - July 1, 2013			<u>961,564</u>	
Fund balance - June 30, 2014			<u>\$ 962,126</u>	

CITY OF NOVATO
PARKING IMPROVEMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>485</u>	\$ <u>485</u>	\$ <u>356</u>	\$ <u>(129)</u>
Total Revenues	<u>485</u>	<u>485</u>	<u>356</u>	<u>(129)</u>
<u>EXPENDITURES</u>				
Current:				
Public Safety				
Assessment districts	<u>450</u>	<u>450</u>	<u>457</u>	<u>(7)</u>
Total Expenditures	<u>450</u>	<u>450</u>	<u>457</u>	<u>(7)</u>
Excess (deficiency) of revenues over expenditures	<u>35</u>	<u>35</u>	<u>(101)</u>	<u>(136)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(83,000)</u>	<u>(83,000)</u>	<u>-</u>	<u>83,000</u>
Total Other Financing Sources (Uses)	<u>(83,000)</u>	<u>(83,000)</u>	<u>-</u>	<u>83,000</u>
Net change in fund balance	\$ <u>(82,965)</u>	\$ <u>(82,965)</u>	<u>(101)</u>	\$ <u>82,864</u>
Fund balance - July 1, 2013			<u>81,723</u>	
Fund balance - June 30, 2014			<u>\$ <u>81,622</u></u>	

CITY OF NOVATO
SUBDIVISION PARK - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 6,870	\$ 6,870	\$ 4,407	\$ (2,463)
Charges for services	<u>65,100</u>	<u>65,100</u>	<u>95,877</u>	<u>30,777</u>
Total Revenues	<u>71,970</u>	<u>71,970</u>	<u>100,284</u>	<u>28,314</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>71,970</u>	<u>71,970</u>	<u>100,284</u>	<u>28,314</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(230,234)</u>	<u>(230,500)</u>	<u>(26,869)</u>	<u>203,631</u>
Total Other Financing Sources (Uses)	<u>(230,234)</u>	<u>(230,500)</u>	<u>(26,869)</u>	<u>203,631</u>
Net change in fund balance	<u>\$ (158,264)</u>	<u>\$ (158,530)</u>	<u>73,415</u>	<u>\$ 231,945</u>
Fund balance - July 1, 2013			<u>1,281,042</u>	
Fund balance - June 30, 2014			<u>\$ 1,354,457</u>	

CITY OF NOVATO
ART IN PUBLIC PLACES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 505	\$ 505	\$ 457	\$ (48)
Charges for services	<u>-</u>	<u>-</u>	<u>16,040</u>	<u>16,040</u>
Total Revenues	<u>505</u>	<u>505</u>	<u>16,497</u>	<u>15,992</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>505</u>	<u>505</u>	<u>16,497</u>	<u>15,992</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(64,616)</u>	<u>(64,616)</u>	<u>-</u>	<u>64,616</u>
Total Other Financing Sources (Uses)	<u>(64,616)</u>	<u>(64,616)</u>	<u>-</u>	<u>64,616</u>
Net change in fund balance	<u>\$ (64,111)</u>	<u>\$ (64,111)</u>	<u>16,497</u>	<u>\$ 80,608</u>
Fund balance - July 1, 2013			<u>93,716</u>	
Fund balance - June 30, 2014			<u>\$ 110,213</u>	

CITY OF NOVATO
GENERAL PLAN SURCHARGE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,615	\$ 1,615	\$ 1,265	\$ (350)
Charges for services	<u>56,000</u>	<u>56,000</u>	<u>74,893</u>	<u>18,893</u>
Total Revenues	<u>57,615</u>	<u>57,615</u>	<u>76,158</u>	<u>18,543</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Planning	<u>555,100</u>	<u>555,100</u>	<u>283,717</u>	<u>271,383</u>
Total Expenditures	<u>555,100</u>	<u>555,100</u>	<u>283,717</u>	<u>271,383</u>
Excess (deficiency) of revenues over expenditures	<u>(497,485)</u>	<u>(497,485)</u>	<u>(207,559)</u>	<u>289,926</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (197,485)</u>	<u>\$ (197,485)</u>	<u>92,441</u>	<u>\$ 289,926</u>
Fund balance - July 1, 2013			<u>231,784</u>	
Fund balance - June 30, 2014			<u>\$ 324,225</u>	

CITY OF NOVATO
AUTOMATION SURCHARGE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,565	\$ 1,565	\$ 1,189	\$ (376)
Charges for services	<u>57,500</u>	<u>57,500</u>	<u>78,585</u>	<u>21,085</u>
Total Revenues	<u>59,065</u>	<u>59,065</u>	<u>79,774</u>	<u>20,709</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Administration	<u>140,201</u>	<u>140,201</u>	<u>115,586</u>	<u>24,615</u>
Total Expenditures	<u>140,201</u>	<u>140,201</u>	<u>115,586</u>	<u>24,615</u>
Excess (deficiency) of revenues over expenditures	<u>(81,136)</u>	<u>(81,136)</u>	<u>(35,812)</u>	<u>45,324</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(2,656)</u>	<u>(2,656)</u>	<u>(2,649)</u>	<u>7</u>
Total Other Financing Sources (Uses)	<u>(2,656)</u>	<u>(2,656)</u>	<u>(2,649)</u>	<u>7</u>
Net change in fund balance	<u>\$ (83,792)</u>	<u>\$ (83,792)</u>	<u>(38,461)</u>	<u>\$ 45,331</u>
Fund balance - July 1, 2013			<u>303,089</u>	
Fund balance - June 30, 2014			<u>\$ 264,628</u>	

CITY OF NOVATO
HAMILTON COMMUNITY FACILITIES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 521,216	\$ 521,216	\$ 521,216	\$ -
Use of money and property	<u>86</u>	<u>86</u>	<u>280</u>	<u>194</u>
Total Revenues	<u>521,302</u>	<u>521,302</u>	<u>521,496</u>	<u>194</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Hamilton CFD Maintenance	<u>455,737</u>	<u>454,755</u>	<u>469,277</u>	<u>(14,522)</u>
Capital outlay	<u>-</u>	<u>1,000</u>	<u>3,859</u>	<u>(2,859)</u>
Total Expenditures	<u>455,737</u>	<u>454,755</u>	<u>473,136</u>	<u>(14,522)</u>
Excess (deficiency) of revenues over expenditures	<u>65,565</u>	<u>66,547</u>	<u>48,360</u>	<u>(18,187)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	50,000	50,000	50,000	-
Transfers out	<u>(44,340)</u>	<u>(44,340)</u>	<u>(14,508)</u>	<u>29,832</u>
Total Other Financing Sources (Uses)	<u>5,660</u>	<u>5,660</u>	<u>35,492</u>	<u>29,832</u>
Net change in fund balance	<u>\$ 71,225</u>	<u>\$ 72,207</u>	<u>83,852</u>	<u>\$ 11,645</u>
Fund balance (deficit) - July 1, 2013			<u>(310,944)</u>	
Fund balance (deficit) - June 30, 2014			<u>\$ (227,092)</u>	

CITY OF NOVATO
HAMILTON ARTS CENTER - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Use of money and property	\$ <u>333,050</u>	\$ <u>333,050</u>	\$ <u>331,856</u>	\$ <u>(1,194)</u>
Total Revenues	<u>333,050</u>	<u>333,050</u>	<u>331,856</u>	<u>(1,194)</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
Citywide programs	<u>246,000</u>	<u>653,656</u>	<u>562,302</u>	<u>91,354</u>
Total Expenditures	<u>246,000</u>	<u>653,656</u>	<u>562,302</u>	<u>91,354</u>
Net change in fund balance	\$ <u>87,050</u>	\$ <u>(320,606)</u>	<u>(230,446)</u>	\$ <u>90,160</u>
Fund balance - July 1, 2013			<u>1,040,161</u>	
Fund balance - June 30, 2014			\$ <u>809,715</u>	

CITY OF NOVATO
POINTE MARIN CFD - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 178,658	\$ 178,658	\$ 178,658	\$ -
Use of money and property	<u>3,030</u>	<u>3,030</u>	<u>2,350</u>	<u>(680)</u>
Total Revenues	<u>181,688</u>	<u>181,688</u>	<u>181,008</u>	<u>(680)</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Hamilton CFD Maintenance	<u>192,353</u>	<u>190,903</u>	<u>174,354</u>	<u>16,549</u>
Capital outlay	<u>-</u>	<u>2,000</u>	<u>3,859</u>	<u>(1,859)</u>
Total Expenditures	<u>192,353</u>	<u>192,903</u>	<u>178,213</u>	<u>14,690</u>
Excess (deficiency) of revenues over expenditures	<u>(10,665)</u>	<u>(11,215)</u>	<u>2,795</u>	<u>14,010</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(6,306)</u>	<u>(6,306)</u>	<u>(6,286)</u>	<u>20</u>
Total Other Financing Sources (Uses)	<u>(6,306)</u>	<u>(6,306)</u>	<u>(6,286)</u>	<u>20</u>
Net change in fund balance	<u>\$ (16,971)</u>	<u>\$ (17,521)</u>	<u>(3,491)</u>	<u>\$ 14,030</u>
Fund balance - July 1, 2013			<u>559,961</u>	
Fund balance - June 30, 2014			<u>\$ 556,470</u>	

CITY OF NOVATO
 CHAPTER 27 ASSESSMENT - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 1,315	\$ 1,315	\$ 1,016	\$ (299)
Charges for services	<u>394</u>	<u>394</u>	<u>485</u>	<u>91</u>
Total Revenues	<u>1,709</u>	<u>1,709</u>	<u>1,501</u>	<u>(208)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,709</u>	<u>1,709</u>	<u>1,501</u>	<u>(208)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(6,920)</u>	<u>(6,920)</u>	<u>-</u>	<u>6,920</u>
Net change in fund balance	<u>\$(5,211)</u>	<u>\$(5,211)</u>	<u>1,501</u>	<u>\$ 6,712</u>
Fund balance - July 1, 2013			<u>231,643</u>	
Fund balance - June 30, 2014			<u>\$ 233,144</u>	

CITY OF NOVATO
LANDSCAPING ASSESSMENT DISTRICT - SAN MARIN - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 53,605	\$ 53,605	\$ 49,636	\$ (3,969)
Use of money and property	<u>197</u>	<u>197</u>	<u>104</u>	<u>(93)</u>
Total Revenues	<u>53,802</u>	<u>53,802</u>	<u>49,740</u>	<u>(4,062)</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
Assessment Districts	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Public Works				
Assessment Districts	<u>51,080</u>	<u>51,080</u>	<u>45,921</u>	<u>5,159</u>
Total Expenditures	<u>51,580</u>	<u>51,580</u>	<u>46,421</u>	<u>5,159</u>
Net change in fund balance	<u>\$ 2,222</u>	<u>\$ 2,222</u>	<u>3,319</u>	<u>\$ 1,097</u>
Fund balance - July 1, 2013			<u>22,678</u>	
Fund balance - June 30, 2014			<u>\$ 25,997</u>	

CITY OF NOVATO
LANDSCAPING ASSESSMENT DISTRICT - COUNTRY CLUB - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>404</u>	\$ <u>404</u>	\$ <u>299</u>	\$ <u>(105)</u>
Total Revenues	<u>404</u>	<u>404</u>	<u>299</u>	<u>(105)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>404</u>	\$ <u>404</u>	<u>299</u>	\$ <u>(105)</u>
Fund balance - July 1, 2013			<u>68,329</u>	
Fund balance - June 30, 2014			<u>\$ 68,628</u>	

CITY OF NOVATO
LANDSCAPING ASSESSMENT DISTRICT - WILDWOOD GLEN - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes and assessments	\$ 8,555	\$ 8,555	\$ 8,461	\$ -
Use of money and property	<u>8</u>	<u>8</u>	<u>2</u>	<u>(6)</u>
Total Revenues	<u>8,563</u>	<u>8,563</u>	<u>8,463</u>	<u>(6)</u>
 <u>EXPENDITURES</u>				
Current:				
General Government				
Assessment District	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Public Works				
Assessment District	<u>7,769</u>	<u>7,769</u>	<u>6,743</u>	<u>1,026</u>
Total Expenditures	<u>8,269</u>	<u>8,269</u>	<u>7,243</u>	<u>1,026</u>
Net change in fund balance	<u>\$ 294</u>	<u>\$ 294</u>	<u>1,220</u>	<u>\$ 926</u>
Fund balance - July 1, 2013			<u>1,138</u>	
Fund balance - June 30, 2014			<u>\$ 2,358</u>	

CITY OF NOVATO
LANDSCAPING ASSESSMENT DISTRICT - HILLSDALE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 10,812	\$ 10,812	\$ 10,778	\$ -
Use of money and property	<u>278</u>	<u>278</u>	<u>216</u>	<u>(62)</u>
Total Revenues	<u>11,090</u>	<u>11,090</u>	<u>10,994</u>	<u>(62)</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
Assessment District	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Public Works				
Assessment District	<u>10,280</u>	<u>10,280</u>	<u>8,048</u>	<u>2,232</u>
Total Expenditures	<u>10,780</u>	<u>10,780</u>	<u>8,548</u>	<u>2,232</u>
Net change in fund balance	<u>\$ 310</u>	<u>\$ 310</u>	<u>2,446</u>	<u>\$ 2,136</u>
Fund balance - July 1, 2013			<u>47,865</u>	
Fund balance - June 30, 2014			<u>\$ 50,311</u>	

CITY OF NOVATO
DOWNTOWN LIGHTING & LANDSCAPING - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 5,648	\$ 5,648	\$ 5,576	\$ -
Use of money and property	<u>380</u>	<u>380</u>	<u>416</u>	<u>36</u>
Total Revenues	<u>6,028</u>	<u>6,028</u>	<u>5,992</u>	<u>36</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Assessment District	<u>3,000</u>	<u>3,000</u>	<u>3,302</u>	<u>(302)</u>
Total Expenditures	<u>3,000</u>	<u>3,000</u>	<u>3,302</u>	<u>(302)</u>
Net change in fund balance	<u>\$ 3,028</u>	<u>\$ 3,028</u>	<u>2,690</u>	<u>\$ (338)</u>
Fund balance - July 1, 2013			<u>93,746</u>	
Fund balance - June 30, 2014			<u>\$ 96,436</u>	

CITY OF NOVATO
SAN PABLO LANDSCAPING - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes and assessments	\$ 12,499	\$ 12,499	\$ 12,461	\$ (38)
Use of money and property	<u>355</u>	<u>355</u>	<u>103</u>	<u>(252)</u>
Total Revenues	<u>12,854</u>	<u>12,854</u>	<u>12,564</u>	<u>(290)</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
Assessment District	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Public Works				
Assessment Districts	<u>11,694</u>	<u>11,694</u>	<u>356</u>	<u>11,338</u>
Total Expenditures	<u>12,194</u>	<u>12,194</u>	<u>856</u>	<u>11,338</u>
Excess (deficiency) of revenues over expenditures	<u>660</u>	<u>660</u>	<u>11,708</u>	<u>11,048</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	\$ <u>(49,340)</u>	\$ <u>(49,340)</u>	<u>(38,292)</u>	\$ <u>11,048</u>
Fund balance - July 1, 2013			<u>63,529</u>	
Fund balance - June 30, 2014			\$ <u>25,237</u>	

CITY OF NOVATO
EUCALYPTUS ASSESSMENT DISTRICT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ <u>14,253</u>	\$ <u>14,253</u>	\$ <u>14,127</u>	\$ <u>(126)</u>
Total Revenues	<u>14,253</u>	<u>14,253</u>	<u>14,127</u>	<u>(126)</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
Assessment Districts	<u>12,102</u>	<u>12,102</u>	<u>12,768</u>	<u>(666)</u>
Debt service:				
Interest and fiscal charges	<u>2,109</u>	<u>2,109</u>	<u>1,442</u>	<u>667</u>
Total Expenditures	<u>14,211</u>	<u>14,211</u>	<u>14,210</u>	<u>1</u>
Net change in fund balance	\$ <u>42</u>	\$ <u>42</u>	<u>(83)</u>	\$ <u>(125)</u>
Fund balance - July 1, 2013			<u>102</u>	
Fund balance - June 30, 2014			\$ <u>19</u>	

CITY OF NOVATO
 SCOTTSDALE ASSESSMENT DISTRICT - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ 45	\$ 45	\$ 43	\$ (2)
Total Revenues	45	45	43	(2)
 <u>EXPENDITURES</u>				
Total Expenditures	-	-	-	-
Net change in fund balance	\$ 45	\$ 45	43	\$ (2)
Fund balance - July 1, 2013			9,877	
Fund balance - June 30, 2014			\$ 9,920	

CITY OF NOVATO
STATE GAS TAX - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 1,553,120	\$ 1,553,120	\$ 1,640,048	\$ 86,928
Use of money and property	<u>5,150</u>	<u>5,150</u>	<u>3,708</u>	<u>(1,442)</u>
Total Revenues	<u>1,558,270</u>	<u>1,558,270</u>	<u>1,643,756</u>	<u>85,486</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,558,270</u>	<u>1,558,270</u>	<u>1,643,756</u>	<u>85,486</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(2,543,155)</u>	<u>(2,222,437)</u>	<u>(1,483,393)</u>	<u>739,044</u>
Total Other Financing Sources (Uses)	<u>(2,543,155)</u>	<u>(2,222,437)</u>	<u>(1,483,393)</u>	<u>739,044</u>
Net change in fund balance	\$ <u>(984,885)</u>	\$ <u>(664,167)</u>	<u>160,363</u>	\$ <u>824,530</u>
Fund balance - July 1, 2013			<u>719,632</u>	
Fund balance - June 30, 2014			\$ <u>879,995</u>	

CITY OF NOVATO
 JUSTICE ASSISTANCE GRANTS - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 24,531	\$ 24,531	\$ 13,068	\$ (11,463)
Other revenues	<u>750</u>	<u>750</u>	<u>750</u>	<u>-</u>
Total Revenues	<u>25,281</u>	<u>25,281</u>	<u>13,818</u>	<u>(11,463)</u>
<u>EXPENDITURES</u>				
Current:				
Public Safety				
Police special services	29,670	25,080	9,846	15,234
Special projects	<u>-</u>	<u>-</u>	<u>284</u>	<u>(284)</u>
Total Public Safety	<u>29,670</u>	<u>25,080</u>	<u>10,130</u>	<u>14,950</u>
Total Expenditures	<u>29,670</u>	<u>25,080</u>	<u>10,130</u>	<u>14,950</u>
Net change in fund balance	<u>\$ (4,389)</u>	<u>\$ 201</u>	<u>3,688</u>	<u>\$ 3,487</u>
Fund balance (deficit) - July 1, 2013			<u>(7,503)</u>	
Fund balance (deficit) - June 30, 2014			<u>\$ (3,815)</u>	

CITY OF NOVATO
SPECIAL POLICE PROJECTS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Intergovernmental	\$ 114,749	\$ 114,749	\$ 125,522	\$ 10,773
Use of money and property	380	380	410	30
Other revenues	<u>20,500</u>	<u>22,500</u>	<u>29,274</u>	<u>6,774</u>
Total Revenues	<u>135,629</u>	<u>137,629</u>	<u>155,206</u>	<u>17,577</u>
<u>EXPENDITURES</u>				
Current:				
Public Safety				
Police patrol	26,758	24,758	28,579	(3,821)
Crime prevention	7,028	7,028	8,126	(1,098)
Special projects	<u>118,570</u>	<u>140,195</u>	<u>104,101</u>	<u>36,094</u>
Total Public Safety	<u>152,356</u>	<u>171,981</u>	<u>140,806</u>	<u>31,175</u>
Total Expenditures	<u>152,356</u>	<u>171,981</u>	<u>140,806</u>	<u>31,175</u>
Excess (deficiency) of revenues over expenditures	<u>(16,727)</u>	<u>(34,352)</u>	<u>14,400</u>	<u>48,752</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (9,727)</u>	<u>\$ (27,352)</u>	<u>21,400</u>	<u>\$ 48,752</u>
Fund balance - July 1, 2013			<u>102,441</u>	
Fund balance - June 30, 2014			<u>\$ 123,841</u>	

CITY OF NOVATO
COPS GRANT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ <u>100,000</u>	\$ <u>121,675</u>	\$ <u>121,253</u>	\$ <u>(422)</u>
Total Revenues	<u>100,000</u>	<u>121,675</u>	<u>121,253</u>	<u>(422)</u>
<u>EXPENDITURES</u>				
Current:				
Public Safety				
Police special services	<u>100,000</u>	<u>148,525</u>	<u>150,720</u>	<u>(2,195)</u>
Total Public Safety	<u>100,000</u>	<u>148,525</u>	<u>150,720</u>	<u>(2,195)</u>
Capital outlay	<u>-</u>	<u>21,675</u>	<u>34,123</u>	<u>(12,448)</u>
Total Expenditures	<u>100,000</u>	<u>170,200</u>	<u>184,843</u>	<u>(14,643)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(48,525)</u>	<u>(63,590)</u>	\$ <u>(15,065)</u>
Fund balance - July 1, 2013			<u>352,139</u>	
Fund balance - June 30, 2014			\$ <u>288,549</u>	

CITY OF NOVATO
STATE GRANT FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ <u>599,560</u>	\$ <u>599,560</u>	\$ <u>241,207</u>	\$ <u>(358,353)</u>
Total Revenues	<u>599,560</u>	<u>599,560</u>	<u>241,207</u>	<u>(358,353)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>599,560</u>	<u>599,560</u>	<u>241,207</u>	<u>(358,353)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(599,560)</u>	<u>(599,723)</u>	<u>(241,207)</u>	<u>358,516</u>
Total Other Financing Sources (Uses)	<u>(599,560)</u>	<u>(599,723)</u>	<u>(241,207)</u>	<u>358,516</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(163)</u>	<u>-</u>	\$ <u>163</u>
Fund balance (deficit) - July 1, 2013			<u>(1,214)</u>	
Fund balance (deficit) - June 30, 2014			<u>\$ (1,214)</u>	

CITY OF NOVATO
FEDERAL GRANT FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ <u>789,357</u>	\$ <u>789,357</u>	\$ <u>109,378</u>	\$ <u>(679,979)</u>
Total Revenues	<u>789,357</u>	<u>789,357</u>	<u>109,378</u>	<u>(679,979)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>789,357</u>	<u>789,357</u>	<u>109,378</u>	<u>(679,979)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(789,357)</u>	<u>(816,417)</u>	<u>(109,378)</u>	<u>707,039</u>
Total Other Financing Sources (Uses)	<u>(789,357)</u>	<u>(816,417)</u>	<u>(109,378)</u>	<u>707,039</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(27,060)</u>	<u>-</u>	\$ <u>27,060</u>
Fund balance - July 1, 2013			<u>1,681</u>	
Fund balance - June 30, 2014			<u>\$ 1,681</u>	

CITY OF NOVATO
PRIVATE GRANT FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>265</u>	\$ <u>265</u>	\$ <u>199</u>	\$ <u>(66)</u>
Total Revenues	<u>265</u>	<u>265</u>	<u>199</u>	<u>(66)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>265</u>	\$ <u>265</u>	<u>199</u>	\$ <u>(66)</u>
Fund balance - July 1, 2013			<u>20,670</u>	
Fund balance - June 30, 2014			<u>\$ 20,869</u>	

CITY OF NOVATO
MEASURE B STREET BONDS 2007 - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Total Revenues	-	-	-	-
<u>EXPENDITURES</u>				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	(316,512)	(600,035)	(283,523)
Total Other Financing Sources (Uses)	-	(316,512)	(600,035)	(283,523)
Net change in fund balance	\$ -	\$ (316,512)	(600,035)	\$ (283,523)
Fund balance - July 1, 2013			600,035	
Fund balance - June 30, 2014			\$ -	

CITY OF NOVATO
MEASURE B VRF MARIN COUNTY - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 405,317	\$ 405,317	\$ -
Use of money and property	<u>-</u>	<u>500</u>	<u>210</u>	<u>(290)</u>
Total Revenues	<u>-</u>	<u>405,817</u>	<u>405,527</u>	<u>(290)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 405,817</u>	<u>405,527</u>	<u>\$ (290)</u>
Fund balance - July 1, 2013			<u>-</u>	
Fund balance - June 30, 2014			<u>\$ 405,527</u>	

CITY OF NOVATO
MEASURE A STREET BONDS - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 883,011	\$ 883,011	\$ 483,011	\$ (400,000)
Use of money and property	<u>4,850</u>	<u>4,850</u>	<u>4,550</u>	<u>(300)</u>
Total Revenues	<u>887,861</u>	<u>887,861</u>	<u>487,561</u>	<u>(400,300)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>887,861</u>	<u>887,861</u>	<u>487,561</u>	<u>(400,300)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(1,864,482)</u>	<u>(2,146,860)</u>	<u>(717,088)</u>	<u>1,429,772</u>
Total Other Financing Sources (Uses)	<u>(1,864,482)</u>	<u>(2,146,860)</u>	<u>(717,088)</u>	<u>1,429,772</u>
Net change in fund balance	<u>\$ (976,621)</u>	<u>\$ (1,258,999)</u>	<u>(229,527)</u>	<u>\$ 1,029,472</u>
Fund balance - July 1, 2013			<u>1,289,861</u>	
Fund balance - June 30, 2014			<u>\$ 1,060,334</u>	

CITY OF NOVATO
PARKS MEASURE A - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original *	Final *	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ _____ -	\$ _____ -	\$ <u>203,235</u>	\$ <u>203,235</u>
Total Revenues	_____ -	_____ -	<u>203,235</u>	<u>203,235</u>
<u>EXPENDITURES</u>				
Total Expenditures	_____ -	_____ -	_____ -	_____ -
Net change in fund balance	\$ _____ -	\$ _____ -	<u>203,235</u>	\$ <u>203,235</u>
Fund balance - July 1, 2013			_____ -	
Fund balance - June 30, 2014			<u>\$ 203,235</u>	

* No budget was adopted for the Parks Measure A Fund as of June 30, 2014.

CITY OF NOVATO
CLEAN STORMWATER CIP - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,615	\$ 1,615	\$ 1,415	\$ (200)
Total Revenues	<u>1,615</u>	<u>1,615</u>	<u>1,415</u>	<u>(200)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,615</u>	<u>1,615</u>	<u>1,415</u>	<u>(200)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	45,000	45,000	45,000	-
Transfers out	<u>(309,787)</u>	<u>(332,232)</u>	<u>(4,600)</u>	<u>327,632</u>
Total Other Financing Sources (Uses)	<u>(264,787)</u>	<u>(287,232)</u>	<u>40,400</u>	<u>327,632</u>
Net change in fund balance	<u>\$ (263,172)</u>	<u>\$ (285,617)</u>	<u>41,815</u>	<u>\$ 327,432</u>
Fund balance - July 1, 2013			<u>300,133</u>	
Fund balance - June 30, 2014			<u>\$ 341,948</u>	

CITY OF NOVATO
STREET AND STORM DRAIN MAINTENANCE - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>1,820</u>	\$ <u>1,820</u>	\$ <u>1,231</u>	\$ <u>(589)</u>
Total Revenues	<u>1,820</u>	<u>1,820</u>	<u>1,231</u>	<u>(589)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,820</u>	<u>1,820</u>	<u>1,231</u>	<u>(589)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(35,320)</u>	<u>(19,843)</u>	<u>(22,535)</u>	<u>(2,692)</u>
Total Other Financing Sources (Uses)	<u>(35,320)</u>	<u>(19,843)</u>	<u>(22,535)</u>	<u>(2,692)</u>
Net change in fund balance	\$ <u>(33,500)</u>	\$ <u>(18,023)</u>	<u>(21,304)</u>	\$ <u>(3,281)</u>
Fund balance - July 1, 2013			<u>282,335</u>	
Fund balance - June 30, 2014			\$ <u>261,031</u>	

CITY OF NOVATO
COMMUNITY CENTER MAINTENANCE - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2013 - 2014 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ <u>5,450</u>	\$ <u>5,450</u>	\$ <u>3,466</u>	\$ <u>(1,984)</u>
Total Revenues	<u>5,450</u>	<u>5,450</u>	<u>3,466</u>	<u>(1,984)</u>
 <u>EXPENDITURES</u>				
Current:				
Public Works				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>5,450</u>	<u>5,450</u>	<u>3,466</u>	<u>(1,984)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(434,129)</u>	<u>(428,244)</u>	<u>(93,330)</u>	<u>334,914</u>
Total Other Financing Sources (Uses)	<u>(434,129)</u>	<u>(428,244)</u>	<u>(93,330)</u>	<u>334,914</u>
Net change in fund balance	\$ <u>(428,679)</u>	\$ <u>(422,794)</u>	<u>(89,864)</u>	\$ <u>332,930</u>
Fund balance - July 1, 2013			<u>801,445</u>	
Fund balance - June 30, 2014			\$ <u>711,581</u>	

CITY OF NOVATO
PENSION OBLIGATION BOND - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2013 - 2014</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
Current:				
General Government				
Debt service	<u>5,300</u>	<u>5,300</u>	<u>2,500</u>	<u>2,800</u>
Debt service:				
Principal	265,000	265,000	265,000	-
Interest and fiscal charges	<u>884,124</u>	<u>884,124</u>	<u>886,920</u>	<u>(2,796)</u>
Total Expenditures	<u>1,154,424</u>	<u>1,154,424</u>	<u>1,154,420</u>	<u>4</u>
Excess (deficiency) of revenues over expenditures	<u>(1,154,424)</u>	<u>(1,154,424)</u>	<u>(1,154,420)</u>	<u>4</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>1,154,424</u>	<u>1,154,424</u>	<u>1,154,420</u>	<u>(4)</u>
Total Other Financing Sources (Uses)	<u>1,154,424</u>	<u>1,154,424</u>	<u>1,154,420</u>	<u>(4)</u>
Net change in fund balance	<u>\$ _____ -</u>	<u>\$ _____ -</u>	-	<u>\$ _____ -</u>
Fund balance - July 1, 2013			-	
Fund balance - June 30, 2014			<u>\$ _____ -</u>	

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of good or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The internal service funds used by the City are shown below:

Equipment Maintenance Fund - accounts for maintenance and operation charges to user departments for use of city vehicles and equipment.

Equipment Replacement Fund - accounts for resources to be used for replacement of vehicles and equipment. Revenues are generated primarily from rental charges to user departments.

Furnishings, Fixtures & Equipment Replacement Fund - accounts for funds set aside to meet future replacement costs of major capital expenditures not already provided for in the vehicle/equipment replacement fund.

Insurance Reserve Fund - accounts for claim settlements and reimbursements in accordance with a joint powers agreement between the City and other Marin County cities.

CITY OF NOVATO
 COMBINING SCHEDULE OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2014

Governmental Activities - Internal Service Funds

	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Furnishings, Fixtures, & Equipment Replacement</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
ASSETS					
Current Assets					
Cash and investments	\$ -	\$ 4,219,410	\$ 798	\$ -	\$ 4,220,208
Accounts receivable, net	6,703	-	-	-	6,703
Advances to other funds	-	1,063,860	-	-	1,063,860
Total Current Assets	<u>6,703</u>	<u>5,283,270</u>	<u>798</u>	<u>-</u>	<u>5,290,771</u>
Non Current Assets					
Capital assets, net	-	1,377,737	-	-	1,377,737
Total Non-Current Assets	<u>-</u>	<u>1,377,737</u>	<u>-</u>	<u>-</u>	<u>1,377,737</u>
Total Assets	<u>\$ 6,703</u>	<u>\$ 6,661,007</u>	<u>\$ 798</u>	<u>\$ -</u>	<u>\$ 6,668,508</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 15,198	\$ -	\$ -	\$ -	\$ 15,198
Due to other funds	445,822	-	-	-	445,822
Unearned revenue	-	127,460	-	-	127,460
Claims payable - current	-	-	-	510,800	510,800
Total Current Liabilities	<u>461,020</u>	<u>127,460</u>	<u>-</u>	<u>510,800</u>	<u>1,099,280</u>
Non-Current Liabilities					
Claims payable	-	-	-	1,493,841	1,493,841
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,493,841</u>	<u>1,493,841</u>
Total Liabilities	<u>461,020</u>	<u>127,460</u>	<u>-</u>	<u>2,004,641</u>	<u>2,593,121</u>
NET POSITION:					
Net investment in capital assets	-	1,377,737	-	-	1,377,737
Unrestricted	(454,317)	5,155,810	798	(2,004,641)	2,697,650
Total Net Position	<u>(454,317)</u>	<u>6,533,547</u>	<u>798</u>	<u>(2,004,641)</u>	<u>4,075,387</u>
Total Liabilities and Net Position	<u>\$ 6,703</u>	<u>\$ 6,661,007</u>	<u>\$ 798</u>	<u>\$ -</u>	<u>\$ 6,668,508</u>

CITY OF NOVATO
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

Governmental Activities - Internal Service Funds

	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Furnishings, Fixtures, & Equipment Replacement</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
<u>OPERATING REVENUES</u>					
Charges for services	\$ 839,883	\$ 622,816	\$ -	\$ -	\$ 1,462,699
Total Operating Revenue	<u>839,883</u>	<u>622,816</u>	<u>-</u>	<u>-</u>	<u>1,462,699</u>
<u>OPERATING EXPENSES</u>					
Cost of services	848,254	574,126	-	318,856	1,741,236
Depreciation	<u>-</u>	<u>406,253</u>	<u>-</u>	<u>-</u>	<u>406,253</u>
Total Operating Expenses	<u>848,254</u>	<u>980,379</u>	<u>-</u>	<u>318,856</u>	<u>2,147,489</u>
Operating Income (Loss)	<u>(8,371)</u>	<u>(357,563)</u>	<u>-</u>	<u>(318,856)</u>	<u>(684,790)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Interest income	-	89,361	4	-	89,365
Gain on sale of capital assets	<u>-</u>	<u>29,239</u>	<u>-</u>	<u>-</u>	<u>29,239</u>
Total Non-Operating Revenues	<u>-</u>	<u>118,600</u>	<u>4</u>	<u>-</u>	<u>118,604</u>
Income (Loss) Before Transfers	<u>(8,371)</u>	<u>(238,963)</u>	<u>4</u>	<u>(318,856)</u>	<u>(566,186)</u>
<u>TRANSFERS</u>					
Transfers in	-	472,307	-	-	472,307
Transfers out	<u>(12,260)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,260)</u>
Total Transfers	<u>(12,260)</u>	<u>472,307</u>	<u>-</u>	<u>-</u>	<u>460,047</u>
Change in net position	(20,631)	233,344	4	(318,856)	(106,139)
Net Position - July 1, 2013	<u>(433,686)</u>	<u>6,300,203</u>	<u>794</u>	<u>(1,685,785)</u>	<u>4,181,526</u>
Net Position - June 30, 2014	<u>\$ (454,317)</u>	<u>\$ 6,533,547</u>	<u>\$ 798</u>	<u>\$ (2,004,641)</u>	<u>\$ 4,075,387</u>

CITY OF NOVATO
COMBINING SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Funds				
	Equipment Maintenance	Equipment Replacement	Furnishings, Fixtures, & Equipment Replacement	Insurance Reserve	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers	\$ 839,796	\$ 568,068	\$ -	\$ -	\$ 1,407,864
Cash paid to suppliers	<u>(842,872)</u>	<u>(574,126)</u>	<u>-</u>	<u>-</u>	<u>(1,416,998)</u>
Net Cash Used for Operating Activities	<u>(3,076)</u>	<u>(6,058)</u>	<u>-</u>	<u>-</u>	<u>(9,134)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Interfund (payments) receipts	15,336	371,612	-	-	386,948
Transfers from (to) other funds	<u>(12,260)</u>	<u>472,307</u>	<u>-</u>	<u>-</u>	<u>460,047</u>
Net Cash Provided by Non-Capital Financing Activities	<u>3,076</u>	<u>843,919</u>	<u>-</u>	<u>-</u>	<u>846,995</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Proceeds from disposition of capital assets	-	29,239	-	-	29,239
Acquisition of capital assets	<u>-</u>	<u>(422,826)</u>	<u>-</u>	<u>-</u>	<u>(422,826)</u>
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(393,587)</u>	<u>-</u>	<u>-</u>	<u>(393,587)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest and dividends	<u>-</u>	<u>89,361</u>	<u>4</u>	<u>-</u>	<u>89,365</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>89,361</u>	<u>4</u>	<u>-</u>	<u>89,365</u>
Net Increase in Cash and Cash Equivalents	-	533,635	4	-	533,639
Cash and Cash Equivalents - July 1, 2013	<u>-</u>	<u>3,685,775</u>	<u>794</u>	<u>-</u>	<u>3,686,569</u>
Cash and Cash Equivalents - June 30, 2014	<u>\$ -</u>	<u>\$ 4,219,410</u>	<u>\$ 798</u>	<u>\$ -</u>	<u>\$ 4,220,208</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES:</u>					
Operating Income (Loss)	(8,371)	(357,563)	-	(318,856)	(684,790)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	-	406,253	-	-	406,253
Changes in assets and liabilities:					
Increase (decrease) in accounts receivable	(87)	16,864	-	-	16,777
Increase in prepaid expenses	510	-	-	-	510
Increase in accounts payable	4,872	-	-	-	4,872
Decrease in unearned revenue	-	(71,612)	-	-	(71,612)
Increase in claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,856</u>	<u>318,856</u>
Net Cash Used for Operating Activities	<u>\$ (3,076)</u>	<u>\$ (6,058)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,134)</u>

AGENCY FUNDS

Agency funds are fiduciary funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. None of the trust and agency funds are subject to the budgeting of revenues and expenditures by the City.

CITY OF NOVATO
 COMBINING STATEMENT OF NET POSITION
 AGENCY FUNDS
 JUNE 30, 2014

	<u>Unclaimed Property Fund</u>	<u>Buck Center</u>	<u>Pacheco Refunding Redemption</u>	<u>Pacheco Investment Earnings</u>	<u>Pacheco Reserve</u>	<u>Pacheco Valle CFD</u>	<u>Vintage Oaks Special Tax</u>	<u>Golden Gate Redemption</u>	<u>Hamilton Bond Admin.</u>	<u>Pointe Marin CFD-2002-1</u>	<u>Totals</u>
<u>ASSETS</u>											
Cash and investments	\$ 20,500	\$ 1,000,000	\$ 74	\$ 23,956	\$ 50,060	\$ 265	\$ 1,605,846	\$ 147,284	\$ -	\$ 591,458	\$ 3,439,443
Cash with fiscal agent	-	-	-	-	-	-	1,600,000	239,684	450,015	801,829	3,091,528
Other assets, net	-	-	-	-	-	-	14,194	1,657	17,715	7,996	41,562
Total Assets	\$ 20,500	\$ 1,000,000	\$ 74	\$ 23,956	\$ 50,060	\$ 265	\$ 3,220,040	\$ 388,625	\$ 467,730	\$ 1,401,283	\$ 6,572,533
<u>LIABILITIES</u>											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,227	\$ -	\$ 17,128	\$ 2,350	\$ 21,705
Due to City	-	-	-	-	-	345,000	-	-	-	-	345,000
Deposits held in trust	20,500	1,000,000	74	23,956	50,060	(344,735)	3,217,813	388,625	450,602	1,398,933	6,205,828
Total Liabilities	\$ 20,500	\$ 1,000,000	\$ 74	\$ 23,956	\$ 50,060	\$ 265	\$ 3,220,040	\$ 388,625	\$ 467,730	\$ 1,401,283	\$ 6,572,533

CITY OF NOVATO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Unclaimed Property Fund</u>				
ASSETS				
Cash and investments	\$ <u>21,109</u>	\$ _____ -	\$ <u>609</u>	\$ <u>20,500</u>
Total Assets	\$ <u>21,109</u>	\$ _____ -	\$ <u>609</u>	\$ <u>20,500</u>
LIABILITIES				
Deposits in trust	\$ <u>21,109</u>	\$ _____ -	\$ <u>609</u>	\$ <u>20,500</u>
Total Liabilities	\$ <u>21,109</u>	\$ _____ -	\$ <u>609</u>	\$ <u>20,500</u>
<u>Buck Center</u>				
ASSETS				
Cash and investments	\$ <u>1,000,000</u>	\$ _____ -	\$ _____ -	\$ <u>1,000,000</u>
Total Assets	\$ <u>1,000,000</u>	\$ _____ -	\$ _____ -	\$ <u>1,000,000</u>
LIABILITIES				
Deposits in trust	\$ <u>1,000,000</u>	\$ _____ -	\$ _____ -	\$ <u>1,000,000</u>
Total Liabilities	\$ <u>1,000,000</u>	\$ _____ -	\$ _____ -	\$ <u>1,000,000</u>
<u>Pacheco Refunding Redemption</u>				
ASSETS				
Cash and investments	\$ <u>176</u>	\$ _____ -	\$ <u>102</u>	\$ <u>74</u>
Total Assets	\$ <u>176</u>	\$ _____ -	\$ <u>102</u>	\$ <u>74</u>
LIABILITIES				
Deposits in trust	\$ <u>176</u>	\$ _____ -	\$ <u>102</u>	\$ <u>74</u>
Total Liabilities	\$ <u>176</u>	\$ _____ -	\$ <u>102</u>	\$ <u>74</u>
<u>Pacheco Investment Earnings</u>				
ASSETS				
Cash and investments	\$ <u>23,956</u>	\$ _____ -	\$ _____ -	\$ <u>23,956</u>
Total Assets	\$ <u>23,956</u>	\$ _____ -	\$ _____ -	\$ <u>23,956</u>
LIABILITIES				
Deposits in trust	\$ <u>23,956</u>	\$ _____ -	\$ _____ -	\$ <u>23,956</u>
Total Liabilities	\$ <u>23,956</u>	\$ _____ -	\$ _____ -	\$ <u>23,956</u>
<u>Pacheco Reserve</u>				
ASSETS				
Cash and investments	\$ <u>50,060</u>	\$ _____ -	\$ _____ -	\$ <u>50,060</u>
Total Assets	\$ <u>50,060</u>	\$ _____ -	\$ _____ -	\$ <u>50,060</u>
LIABILITIES				
Deposits in trust	\$ <u>50,060</u>	\$ _____ -	\$ _____ -	\$ <u>50,060</u>
Total Liabilities	\$ <u>50,060</u>	\$ _____ -	\$ _____ -	\$ <u>50,060</u>

CITY OF NOVATO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Pacheco Valle CFD</u>				
ASSETS				
Cash and investments	\$ _____ -	\$ _____ 546,354	\$ _____ 546,089	\$ _____ 265
Total Assets	<u>\$ _____ -</u>	<u>\$ _____ 546,354</u>	<u>\$ _____ 546,089</u>	<u>\$ _____ 265</u>
LIABILITIES				
Loan from City	\$ _____ -	\$ _____ 345,000	\$ _____ -	\$ _____ 345,000
Deposits in trust	_____ -	_____ 201,354	_____ 546,089	_____ (344,735)
Total Liabilities	<u>\$ _____ -</u>	<u>\$ _____ 546,354</u>	<u>\$ _____ 546,089</u>	<u>\$ _____ 265</u>
<u>Vintage Oaks Special Tax</u>				
ASSETS				
Cash and investments	\$ 1,629,678	\$ 3,345,680	\$ 3,369,512	\$ 1,605,846
Cash with fiscal agent	1,829,712	1,717,653	1,947,365	1,600,000
Other assets, net	_____ 19,576	_____ 14,194	_____ 19,576	_____ 14,194
Total Assets	<u>\$ 3,478,966</u>	<u>\$ 5,077,527</u>	<u>\$ 5,336,453</u>	<u>\$ 3,220,040</u>
LIABILITIES				
Accounts payable	\$ 2,500	\$ 2,227	\$ 2,500	\$ 2,227
Deposits in trust	_____ 3,476,466	_____ 6,578,703	_____ 6,837,356	_____ 3,217,813
Total Liabilities	<u>\$ 3,478,966</u>	<u>\$ 6,580,930</u>	<u>\$ 6,839,856</u>	<u>\$ 3,220,040</u>
<u>Golden Gate Redemption</u>				
ASSETS				
Cash and investments	\$ 144,826	\$ 208,810	\$ 206,352	\$ 147,284
Cash with fiscal agent	239,684	-	-	239,684
Other assets, net	_____ 2,291	_____ 1,657	_____ 2,291	_____ 1,657
Total Assets	<u>\$ 386,801</u>	<u>\$ 210,467</u>	<u>\$ 208,643</u>	<u>\$ 388,625</u>
LIABILITIES				
Deposits in trust	\$ _____ 386,801	\$ _____ 208,175	\$ _____ 206,351	\$ _____ 388,625
Total Liabilities	<u>\$ 386,801</u>	<u>\$ 208,175</u>	<u>\$ 206,351</u>	<u>\$ 388,625</u>

CITY OF NOVATO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Hamilton Bond Admin.</u>				
ASSETS				
Cash and investments	\$ 1,203,154	\$ 2,235,365	\$ 3,438,519	\$ -
Cash with fiscal agent	1,643,743	450,193	1,643,921	450,015
Other assets, net	<u>24,356</u>	<u>17,715</u>	<u>24,356</u>	<u>17,715</u>
Total Assets	<u>\$ 2,871,253</u>	<u>\$ 2,703,273</u>	<u>\$ 5,106,796</u>	<u>\$ 467,730</u>
LIABILITIES				
Accounts payable	\$ 4,000	\$ 3,363	\$ 4,000	\$ 3,363
Loan from General Fund	-	13,765	-	13,765
Deposits in trust	<u>2,867,253</u>	<u>2,218,152</u>	<u>4,634,803</u>	<u>450,602</u>
Total Liabilities	<u>\$ 2,871,253</u>	<u>\$ 2,235,280</u>	<u>\$ 4,638,803</u>	<u>\$ 467,730</u>
<u>Pointe Marin CFD-2002-1</u>				
ASSETS				
Cash and investments	\$ 578,409	\$ 1,003,376	\$ 990,327	\$ 591,458
Cash with fiscal agent	801,829	-	-	801,829
Other assets, net	<u>10,961</u>	<u>7,996</u>	<u>10,961</u>	<u>7,996</u>
Total Assets	<u>\$ 1,391,199</u>	<u>\$ 1,011,372</u>	<u>\$ 1,001,288</u>	<u>\$ 1,401,283</u>
LIABILITIES				
Accounts payable	\$ 3,251	\$ 2,350	\$ 3,251	\$ 2,350
Deposits in trust	<u>1,387,948</u>	<u>1,000,411</u>	<u>989,426</u>	<u>1,398,933</u>
Total Liabilities	<u>\$ 1,391,199</u>	<u>\$ 1,002,761</u>	<u>\$ 992,677</u>	<u>\$ 1,401,283</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 4,651,368	\$ 7,339,585	\$ 8,551,510	\$ 3,439,443
Cash with fiscal agent	4,514,968	2,167,846	3,591,286	3,091,528
Other assets, net	<u>57,184</u>	<u>41,562</u>	<u>57,184</u>	<u>41,562</u>
Total Assets	<u>\$ 9,223,520</u>	<u>\$ 9,548,993</u>	<u>\$ 12,199,980</u>	<u>\$ 6,572,533</u>
LIABILITIES				
Accounts payable	\$ 9,751	\$ 21,705	\$ 9,751	\$ 21,705
Loan from City	-	345,000	-	345,000
Deposits in trust	<u>9,213,769</u>	<u>10,206,795</u>	<u>13,214,736</u>	<u>6,205,828</u>
Total Liabilities	<u>\$ 9,223,520</u>	<u>\$ 10,573,500</u>	<u>\$ 13,224,487</u>	<u>\$ 6,572,533</u>

GENERAL FUNDS

The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general funds used by the City are shown below:

General Fund - accounts for all financial resources except those required to be accounted for in a separate fund.

Measure F Sales Tax - accounts for revenues from a five year 1/2 cent local sales tax measure passed by Novato voters in November 2010, as well as expenditures utilized to maintain vital general city services.

Successor Agency Administration - accounts for expenses associated with the administration of the Successor Agency.

Pension Reserve Fund - established to help stabilize pension expense by consistently charging the General Fund the normal cost, as determined by CalPERS. Funds will be deposited into the fund in years when the required contribution is less than the normal cost, and utilized in years when the required contribution is greater than the normal cost.

Insurance Reserve Fund - accounts for set aside monies to meet uninsured losses to City facilities and other property, as well as workers' compensation claims. This fund differs from the self-insurance program operated through a joint powers agreement with other Marin cities, which covers liability claims brought against the City.

Emergency & Disaster Response Fund - accounts for funds that will provide a buffer during significant economic downturns affecting revenues, or for severe emergency reasons. To meet minimum levels of safety and security, a balance equal to 15% of operating budget is maintained in this reserve.

Civic Center Fund - accounts for the accumulation of resources for the eventual planning, design, and construction of a new City Hall.

Long-Term Maintenance Fund - established in FY 2005/06 using a portion of year-end general fund balance, with the intent that the funds will be made available for long-term maintenance and emergency needs for the Civic Center buildings. Periodic additions to the fund will be made from general fund and other sources when available.

Deposits Held in Trust - accounts for refundable deposits received from developers of private property that may impact City property during construction. Once the project is completed and accepted by the City, each deposit, plus accrued interest, is returned to the developer.

**CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2014**

	General Fund	Measure F Sales Tax	Successor Agency Admin	Pension Reserve	Insurance Reserve	Emergency & Disaster Response	Civic Center	Long-Term Maintenance	Deposits Held in Trust	Total General Fund
ASSETS										
Cash and investments	\$ 3,458,946	\$ 10,672,895	\$ -	\$ 1,368	\$ 1,200,002	\$ 5,536,628	\$ 136,838	\$ 504,241	\$ -	\$ 21,510,918
Cash with fiscal agent	846,468	-	-	-	-	-	-	-	-	846,468
Restricted cash and investments	-	-	-	-	-	-	-	-	386,011	386,011
Accounts receivable	868,029	2,310	-	-	-	784,315	-	5,484	-	1,660,138
Notes Receivable	699,175	-	-	-	-	-	-	-	-	699,175
Interest receivable	58,364	-	-	-	-	-	-	-	-	58,364
Taxes receivable	946,936	700,700	-	-	-	-	-	-	-	1,647,636
Due from other funds	627,224	-	-	-	-	-	-	-	-	627,224
Advances to other funds	347,125	-	-	-	-	-	-	-	-	347,125
Prepaid expenses	63,711	-	-	-	-	-	-	-	-	63,711
Deferred costs	20,900	-	-	-	-	-	-	-	-	20,900
Total Assets	<u>\$ 7,936,878</u>	<u>\$ 11,375,905</u>	<u>\$ -</u>	<u>\$ 1,368</u>	<u>\$ 1,200,002</u>	<u>\$ 6,320,943</u>	<u>\$ 136,838</u>	<u>\$ 509,725</u>	<u>\$ 386,011</u>	<u>\$ 27,867,670</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Accounts payable	\$ 909,609	\$ 76,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 986,142
Accrued payroll and benefits	1,723,750	(31,258)	-	-	-	-	-	-	-	1,692,492
Unearned revenue	588,217	-	-	-	-	188	-	-	-	588,405
Deposits payable	226,284	-	-	-	-	-	-	-	386,011	612,295
Due to other funds	-	-	778	-	-	-	-	-	-	778
Advances from other funds	687,300	-	-	-	-	-	-	-	-	687,300
Total Liabilities	<u>4,135,160</u>	<u>45,275</u>	<u>778</u>	<u>-</u>	<u>-</u>	<u>188</u>	<u>-</u>	<u>-</u>	<u>386,011</u>	<u>4,567,412</u>
FUND BALANCES:										
Nonspendable	1,403,960	-	-	-	-	-	-	-	-	1,403,960
Restricted	-	-	-	-	1,200,002	-	-	-	-	1,200,002
Assigned	2,397,758	-	-	1,368	-	6,320,755	136,838	509,725	-	9,366,444
Unassigned	-	11,330,630	(778)	-	-	-	-	-	-	11,329,852
Total Fund Balances	<u>3,801,718</u>	<u>11,330,630</u>	<u>(778)</u>	<u>1,368</u>	<u>1,200,002</u>	<u>6,320,755</u>	<u>136,838</u>	<u>509,725</u>	<u>-</u>	<u>23,300,258</u>
Total Liabilities and Fund Balances	<u>\$ 7,936,878</u>	<u>\$ 11,375,905</u>	<u>\$ -</u>	<u>\$ 1,368</u>	<u>\$ 1,200,002</u>	<u>\$ 6,320,943</u>	<u>\$ 136,838</u>	<u>\$ 509,725</u>	<u>\$ 386,011</u>	<u>\$ 27,867,670</u>

CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2014

	General Fund	Measure F Sales Tax	Successor Agency Admin	Pension Reserve	Insurance Reserve	Emergency & Disaster Response	Civic Center	Long-term Maintenance	Deposits Held in Trust	Total General Fund
REVENUES										
Taxes and assessments	\$ 24,584,554	\$ 4,422,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,007,439
Licence, permits, & fees	1,135,912	-	-	-	-	-	-	-	-	1,135,912
Intergovernmental	712,645	-	167,459	-	-	-	-	-	-	880,104
Fines and forfeitures	633,345	-	-	-	-	-	-	-	-	633,345
Use of money and property	616,523	40,394	-	6	5,231	3,987	1,033	2,208	-	669,382
Charges for services	2,818,900	-	-	-	-	-	-	-	-	2,818,900
Other revenues	234,203	10,000	-	-	-	-	-	45,332	-	289,535
Total Revenues	<u>30,736,082</u>	<u>4,473,279</u>	<u>167,459</u>	<u>6</u>	<u>5,231</u>	<u>3,987</u>	<u>1,033</u>	<u>47,540</u>	<u>-</u>	<u>35,434,617</u>
EXPENDITURES										
General government	5,308,556	339,309	112,571	-	-	-	-	-	-	5,760,436
Public safety	13,219,485	98,492	-	-	-	-	-	-	-	13,317,977
Public works	5,623,681	41,297	-	-	-	-	-	-	-	5,664,978
Cultural and recreation	4,749,777	58,634	-	-	-	-	-	-	-	4,808,411
Community development	142,219	451,937	-	-	-	-	-	-	-	594,156
Capital outlay	590,287	-	-	-	-	-	-	-	-	590,287
Debt service:										
Principal	190,436	-	-	-	-	-	-	-	-	190,436
Interest and fiscal charges	74,219	-	-	-	-	-	-	-	-	74,219
Total Expenditures	<u>29,898,660</u>	<u>989,669</u>	<u>112,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,000,900</u>
Excess (deficiency) of revenues over expenditures	<u>837,422</u>	<u>3,483,610</u>	<u>54,888</u>	<u>6</u>	<u>5,231</u>	<u>3,987</u>	<u>1,033</u>	<u>47,540</u>	<u>-</u>	<u>4,433,717</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from capital lease	71,742	-	-	-	-	-	-	-	-	71,742
Transfers in	1,826,082	-	31,536	-	-	156,894	-	300,000	-	2,314,512
Transfers out	(8,885,101)	(273,532)	(3,585)	-	-	(181,383)	(100,000)	(200,728)	-	(9,644,329)
Total Other Financing Sources (Uses)	<u>(6,987,277)</u>	<u>(273,532)</u>	<u>27,951</u>	<u>-</u>	<u>-</u>	<u>(24,489)</u>	<u>(100,000)</u>	<u>99,272</u>	<u>-</u>	<u>(7,258,075)</u>
Net Change in Fund Balance	(6,149,855)	3,210,078	82,839	6	5,231	(20,502)	(98,967)	146,812	-	(2,824,358)
Fund Balances - July 1, 2013	<u>9,951,573</u>	<u>8,120,552</u>	<u>(83,617)</u>	<u>1,362</u>	<u>1,194,771</u>	<u>6,341,257</u>	<u>235,805</u>	<u>362,913</u>	<u>-</u>	<u>26,124,616</u>
Fund Balances (Deficits)- June 30, 2014	<u>\$ 3,801,718</u>	<u>\$ 11,330,630</u>	<u>\$ (778)</u>	<u>\$ 1,368</u>	<u>\$ 1,200,002</u>	<u>\$ 6,320,755</u>	<u>\$ 136,838</u>	<u>\$ 509,725</u>	<u>\$ -</u>	<u>\$ 23,300,258</u>



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.

<u>Contents</u>	<u>Page</u>
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.	147 - 152
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	153 - 157
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.	158 - 162
Economic and Demographic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	163 - 164
Operating Information	
These schedules contain contextual information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	165 - 167

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB. Statement No. 34 in 2004; schedules presenting government-wide information include information beginning in that year.

CITY OF NOVATO, CALIFORNIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of debt	\$ 196,439,878	\$ 198,872,500	\$ 201,955,139	\$ 206,751,826	\$ 210,664,758	\$ 218,027,582	\$ 171,254,222	\$ 228,626,305	\$ 235,404,419	\$ 242,467,907
Restricted	1,969,921	21,339,851	34,400,997	34,896,121	35,511,332	35,598,920	66,503,007	60,707,683	59,797,068	55,425,621
Unrestricted	5,238,126	(7,977,320)	15,829,394	14,481,810	12,796,299	5,829,605	22,843,057	24,088,853	13,128,317	13,077,341
Total governmental activities net position	\$ 203,647,925	\$ 212,235,031	\$ 252,185,530	\$ 256,129,757	\$ 258,972,389	\$ 259,456,107	\$ 260,600,286	\$ 313,422,841	\$ 308,329,804	\$ 310,970,869
Business-type activities										
Invested in capital assets, net of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,694,556	5,123,344	7,372,568	7,809,435
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,534,525	4,990,339	3,307,011	3,198,164
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,229,081	\$ 10,113,683	\$ 10,679,579	\$ 11,007,599
Primary government										
Invested in capital assets, net of debt	\$ 196,439,878	\$ 198,872,500	\$ 201,955,139	\$ 206,751,826	\$ 210,664,758	\$ 218,027,582	\$ 175,948,778	\$ 233,749,649	\$ 242,776,987	\$ 250,277,342
Restricted	1,969,921	21,339,851	34,400,997	34,896,121	35,511,332	35,598,920	71,037,532	65,698,022	63,104,079	58,623,785
Unrestricted	5,238,126	(7,977,320)	15,829,394	14,481,810	12,796,299	5,829,605	22,843,057	24,088,853	13,128,317	13,077,341
Total primary government net position	\$ 203,647,925	\$ 212,235,031	\$ 252,185,530	\$ 256,129,757	\$ 258,972,389	\$ 259,456,107	\$ 269,829,367	\$ 323,536,524	\$ 319,009,383	\$ 321,978,468

Source: City of Novato Finance Division

**CITY OF NOVATO, CALIFORNIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

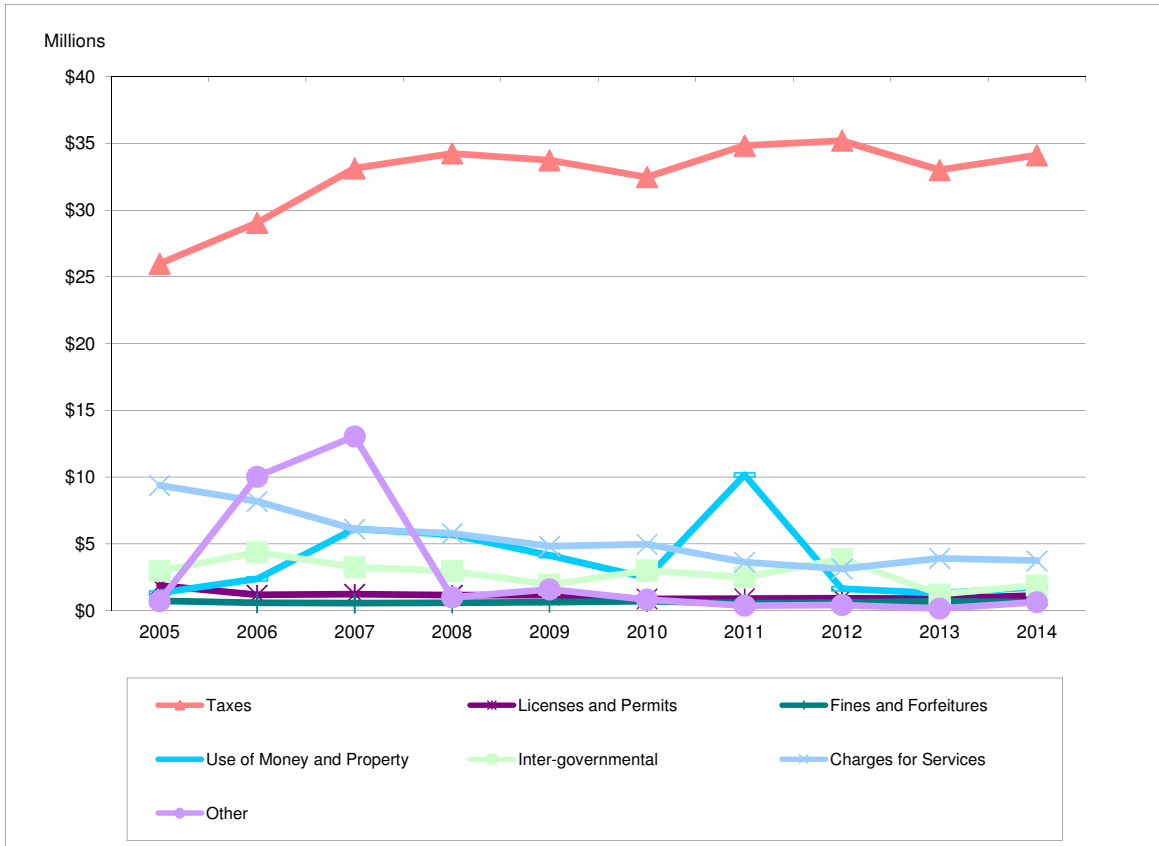
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General government	5,315,039	5,684,822	6,070,242	7,784,269	\$ 5,911,004	\$ 5,587,806	\$ 7,876,829	\$ 7,638,988	\$ 7,781,817	\$ 8,935,015
Public safety	11,659,153	11,520,714	13,226,178	13,937,754	14,222,913	13,723,020	13,748,305	13,661,317	13,869,998	13,880,525
Public works	6,565,065	6,438,300	1,679,273	6,578,534	8,184,285	7,109,513	10,556,227	11,056,798	10,765,925	12,183,077
Culture and recreation	3,782,476	3,621,352	5,521,245	6,137,789	5,770,022	5,045,285	5,659,528	5,451,325	5,401,708	5,625,603
Community development	34,471,652	3,906,503	4,958,185	3,134,075	2,425,672	4,737,795	1,617,129	794,207	460,611	500,752
Interest and fiscal charges	2,566,581	3,414,047	3,906,131	3,993,697	3,397,093	3,273,199	12,729,093	3,303,291	1,922,350	1,723,190
PERS funding expense		17,815,883								
SERAF							547,090			
Depreciation - Infrastructure	4,187,240	4,219,216	4,583,887	4,712,033	4,653,111	4,729,878				
Transfers out	9,707,227	7,945,148	20,304,950	12,537,149	12,577,519	14,480,550				
Total government activity expenses	\$ 78,254,433	\$ 64,565,985	\$ 60,250,091	\$ 58,815,300	\$ 57,141,619	\$ 58,687,046	\$ 52,734,201	\$ 41,905,926	\$ 40,202,409	\$ 42,848,162
Business-type activities:										
Marin Valley Mobile Country Club Park							\$ 2,160,949	\$ 2,411,543	\$ 2,674,765	\$ 1,996,830
Total business-type activities expenses							2,160,949	2,411,543	2,674,765	1,996,830
Total primary government expenses	\$ 78,254,433	\$ 64,565,985	\$ 60,250,091	\$ 58,815,300	\$ 57,141,619	\$ 58,687,046	\$ 54,895,150	\$ 44,317,469	\$ 42,877,174	\$ 44,844,992
Program Revenues										
Charges for Services										
General government	\$ 1,602,404	\$ 707,365	\$ 527,855	\$ 419,419	\$ 393,720	\$ 403,331	\$ 1,637,541	\$ 1,725,114	\$ 2,120,020	\$ 1,938,543
Public safety	602,027	486,813	500,436	494,287	531,103	562,198	491,979	586,995	643,785	532,565
Public works	2,366,280	2,173,233	2,209,663	1,991,115	764,411	1,985,593	877,890	318,378	779,883	312,493
Culture and recreation	3,478,483	3,811,906	2,328,167	2,323,026	2,329,450	1,911,337	1,719,917	1,746,840	2,104,441	2,000,776
Community development	3,924,362	2,769,390	2,326,962	2,316,211	2,615,420	1,698,045	1,599,818	1,612,260	1,488,476	2,184,622
Operating grants	34,248	243,102	240,064	254,441	171,901	672,164	1,374,722	995,948	1,184,446	1,161,861
Capital grants	2,146,628	1,258,545	820,515	2,440,783	1,445,255	774,008	1,128,976	2,870,043	38,310	733,988
Total governmental activities	14,154,432	11,450,354	8,953,662	10,239,282	8,251,260	8,006,676	8,830,843	9,855,578	8,359,361	8,864,848
Business-type activities:										
Charges for services							3,006,278	3,026,205	3,028,950	3,030,005
Total business-type activities							3,006,278	3,026,205	3,028,950	3,030,005
Total primary government	\$ 14,154,432	\$ 11,450,354	\$ 8,953,662	\$ 10,239,282	\$ 8,251,260	\$ 8,006,676	\$ 11,837,121	\$ 12,881,783	\$ 11,388,311	\$ 11,894,853
Net (Expense)/Revenue										
Governmental activities	\$ (64,100,001)	\$ (53,115,631)	\$ (51,296,429)	\$ (48,576,018)	\$ (48,890,359)	\$ (50,680,370)	\$ (43,903,358)	\$ (32,050,348)	\$ (31,843,048)	\$ (33,983,314)
Business-type activities							845,329	614,662	354,185	1,033,175
Total primary government	\$ (64,100,001)	\$ (53,115,631)	\$ (51,296,429)	\$ (48,576,018)	\$ (48,890,359)	\$ (50,680,370)	\$ (43,058,029)	\$ (31,435,686)	\$ (31,488,863)	\$ (32,950,139)

CITY OF NOVATO, CALIFORNIA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues										
Government Activities										
Taxes										
Sales and use taxes	\$ 5,955,101	\$ 6,085,725	\$ 6,529,038	\$ 7,017,158	\$ 6,795,354	\$ 6,843,532	\$ 7,091,679	\$ 10,572,876	\$ 11,264,442	\$ 11,515,918
Property taxes	15,461,583	18,262,573	21,818,221	22,720,727	22,380,430	18,500,226	22,983,946	19,696,677	16,910,337	17,123,536
Motor vehicle and gas taxes	1,010,450	1,285,590	1,259,487	1,188,490	1,084,014	1,043,362	1,524,267	1,550,644	1,309,941	1,662,685
Franchise taxes	1,060,162	1,147,575	1,296,174	1,355,063	1,402,686	1,377,382	1,446,452	1,485,645	1,454,621	1,504,226
Transient occupancy taxes	931,434	1,053,189	1,112,117	1,075,572	1,004,508	896,684	942,373	1,053,790	1,218,261	1,353,995
Business license taxes	756,916	749,944	804,036	844,949	849,748	838,182	832,498	819,916	834,276	939,557
Other taxes	1,587,837	2,145,880	2,514,149	299,377	2,458,292	4,535,019	2,550	14,102	5,011	4,451
Interest and investment	836,576	476,165	3,044,498	2,982,085	814,009	1,296,838	9,344,352	722,441	697,725	838,904
Rental income	498,372	1,794,773	1,684,424	1,713,336	785,503	527,844	863,798	939,818	627,039	1,000,124
Other revenue	719,659	9,863,430	13,042,836	998,751	1,599,512	824,469	375,725	418,051	163,753	666,878
Transfers In	9,870,087	7,960,148	20,319,950	12,595,029	12,558,935	14,480,550				250,000
Total governmental activities	<u>38,688,177</u>	<u>50,824,992</u>	<u>73,424,930</u>	<u>52,790,537</u>	<u>51,732,991</u>	<u>51,164,088</u>	<u>45,407,640</u>	<u>37,273,960</u>	<u>34,485,406</u>	<u>36,860,274</u>
Business-type Activities										
Interest and investment							203,311	252,809	199,017	11,816
Other revenue							13,915	17,131	12,694	13,234
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,226</u>	<u>269,940</u>	<u>211,711</u>	<u>25,050</u>
Other sources(uses) of money										(250,000)
Total primary government	<u>\$ 38,688,177</u>	<u>\$ 50,824,992</u>	<u>\$ 73,424,930</u>	<u>\$ 52,790,537</u>	<u>\$ 51,732,991</u>	<u>\$ 51,164,088</u>	<u>\$ 45,624,866</u>	<u>\$ 37,543,900</u>	<u>\$ 34,697,117</u>	<u>\$ 36,635,324</u>
Extraordinary item - RDA dissolution								\$ 46,397,146		
Change in Net Position										
Governmental activities	\$ (25,411,824)	\$ (2,290,639)	\$ 22,128,501	\$ 4,214,519	\$ 2,842,632	\$ 483,718	\$ 1,504,282	\$ 51,620,758	\$ 2,642,358	\$ 2,626,960
Business-type activities	-	-	-	-	-	-	1,062,555	884,602	565,896	1,058,225
Total primary government	<u>\$ (25,411,824)</u>	<u>\$ (2,290,639)</u>	<u>\$ 22,128,501</u>	<u>\$ 4,214,519</u>	<u>\$ 2,842,632</u>	<u>\$ 483,718</u>	<u>\$ 2,566,837</u>	<u>\$ 52,505,360</u>	<u>\$ 3,208,254</u>	<u>\$ 3,685,185</u>

Source: City of Novato Finance Division

CITY OF NOVATO, CALIFORNIA
GOVERNMENTAL FUNDS REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)



<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fines and Forfeitures</u>	<u>Use of Money and Property</u>	<u>Inter-governmental</u>	<u>Charges for Services</u>	<u>Other</u>	<u>Total</u>
2005	\$ 25,986,172	\$ 1,870,448	\$ 717,805	\$ 1,334,948	\$ 2,985,533	\$ 9,385,303	\$ 719,659	\$ 42,999,868
2006	29,058,690	1,176,783	596,565	2,380,788	4,376,729	8,175,360	10,042,756	55,807,671
2007	33,131,500	1,229,536	568,598	6,115,389	3,262,301	6,095,872	13,042,838	63,446,034
2008	34,238,342	1,172,095	578,017	5,679,987	2,958,218	5,793,950	998,751	51,419,360
2009	33,722,149	1,169,382	632,552	4,134,701	1,962,556	4,832,171	1,599,512	48,053,023
2010	32,466,827	885,043	693,534	2,447,178	3,013,732	4,981,928	824,469	45,312,711
2011	34,823,765	895,765	559,139	10,171,635	2,503,698	3,629,511	375,725	52,959,238
2012	35,193,650	910,559	611,791	1,642,838	3,865,991	3,126,521	418,051	45,769,401
2013	32,996,889	907,460	695,651	1,312,820	1,222,756	3,926,272	163,753	41,225,601
2014	34,104,368	1,135,912	633,345	1,749,663	1,895,849	3,737,043	637,639	43,893,819

Source: City of Novato Finance Division

CITY OF NOVATO, CALIFORNIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Reserved	\$ 9,618,208	\$ 8,459,435	\$ 8,459,436	\$ 10,284,290	\$ 10,535,241	\$ 10,828,866				
Unreserved	4,849,084	5,632,420	2,067,395	413,472	(18,600)					
Nonspendable							\$ 31,006,545	\$ 630,064	\$ 770,902	\$ 1,403,960
Restricted							36,687,967	1,192,404	1,194,771	1,200,002
Assigned							23,222,051	23,170,714	16,122,964	9,366,440
Unassigned							(27,012,787)	4,495,908	8,035,979	11,329,856
Total General Fund	\$ 14,467,292	\$ 14,091,855	\$ 10,526,831	\$ 10,697,762	\$ 10,516,641	\$ 10,828,866	\$ 63,903,776	\$ 29,489,090	\$ 26,124,616	\$ 23,300,258
All Other Governmental Funds										
Reserved	\$ 5,548,911	\$ 3,716,151	\$ 4,190,836	\$ 4,630,161	\$ 4,011,639	\$ 4,401,643				
Unreserved reported in:										
Special revenue funds	(9,232,045)	14,036,061	15,473,475	14,987,515	14,435,867	12,523,218				
Capital project funds	15,964,823	18,221,122	24,517,410	22,867,841	20,953,469	16,370,514				
Nonspendable							\$ 227,542	\$ 1,398,958	\$ 1,323,930	\$ 1,241,560
Restricted							29,815,040	59,515,279	58,602,297	57,520,490
Assigned							343,209	337,712	303,089	264,628
Unassigned							(1,687,680)	(1,286,967)	(1,272,536)	(1,106,456)
Total all other Governmental Funds	\$ 12,281,689	\$ 35,973,334	\$ 44,181,721	\$ 42,485,517	\$ 39,400,975	\$ 33,295,375	\$ 28,698,111	\$ 59,964,982	\$ 58,956,780	\$ 57,920,222

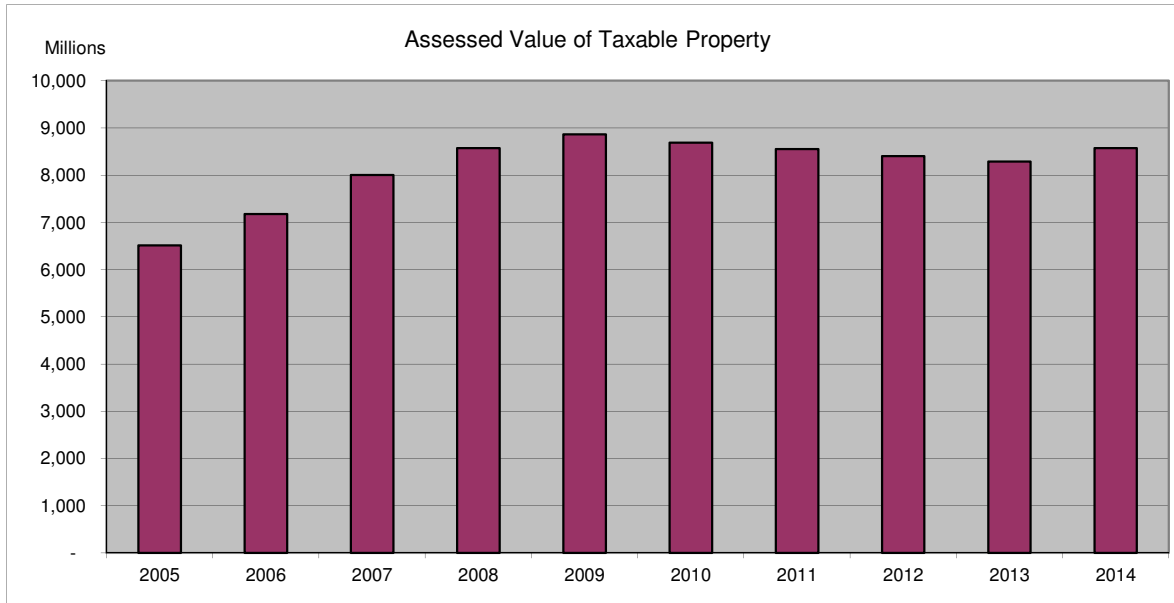
Source: City of Novato Finance Division

CITY OF NOVATO, CALIFORNIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Taxes and assessments	\$ 25,986,172	\$ 29,058,690	\$ 33,131,500	\$ 34,238,342	\$ 33,722,149	\$ 32,466,827	\$ 34,823,765	\$ 35,193,650	\$ 32,996,889	\$ 34,104,368
Licenses, permits, and fess	1,870,448	1,176,783	1,229,536	1,172,095	1,169,382	885,043	895,765	910,559	907,460	1,135,912
Intergovernmental revenues	2,985,533	4,376,729	3,262,301	2,958,218	1,962,556	3,013,732	2,503,698	3,865,991	1,222,756	1,895,849
Fines and forfeitures	717,805	596,565	568,598	578,017	632,552	693,534	559,139	611,791	695,651	633,345
Use of money and property	1,334,948	2,380,788	6,115,389	5,679,987	4,134,701	2,447,178	10,171,635	1,642,838	1,312,820	1,749,663
Charges for service	9,385,303	8,175,360	6,095,872	5,793,950	4,832,171	4,981,928	3,629,511	3,126,521	3,926,272	3,737,043
Other revenues	719,659	10,042,756	13,042,838	998,751	1,599,512	824,469	375,725	418,051	163,753	637,639
Total revenues	42,999,868	55,807,671	63,446,034	51,419,360	48,053,023	45,312,711	52,959,238	45,769,401	41,225,601	43,893,819
Expenditures										
General government	5,148,038	5,535,705	6,664,561	7,820,932	5,527,404	5,131,874	5,564,706	5,663,717	6,122,473	6,708,285
Public safety	11,183,614	11,292,619	12,976,841	13,716,397	13,540,717	13,126,813	13,237,104	12,927,288	13,285,609	13,620,090
Public works	6,213,113	6,527,526	2,802,746	6,934,057	7,689,298	6,507,299	5,924,312	6,277,551	6,533,835	7,673,884
Culture and recreation	3,699,770	3,515,448	5,491,560	6,103,080	5,737,861	5,003,083	4,813,224	4,580,631	4,614,214	4,841,050
Community Development	34,438,941	5,090,977	4,966,077	3,135,875	2,145,427	1,996,974	1,321,387	648,037	482,802	812,535
PERs funding expense		17,815,883								
SERAF shift						2,657,292	547,090			
Debt service - Principal	1,434,829	3,244,091	2,407,038	2,661,238	2,981,041	3,222,160	3,552,199	3,286,806	2,373,606	12,635,436
Debt service - Interest	1,784,946	3,415,118	4,205,667	4,345,551	3,918,474	3,767,013	12,270,256	3,099,930	1,709,201	1,621,176
Issuance costs	1,857,319	480,184	162,295		76,650		495,064			130,450
Capital outlay	8,516,609	4,724,719	10,499,703	8,098,954	8,421,391	10,778,629	3,249,638	8,045,197	10,510,233	10,283,974
Total expenditures	74,277,179	61,642,270	50,176,488	52,816,084	50,038,263	52,191,137	50,974,980	44,529,157	45,631,973	58,326,880
Excess of revenues over (under) expenditures	(31,277,311)	(5,834,599)	13,269,546	(1,396,724)	(1,985,240)	(6,878,426)	1,984,258	1,240,244	(4,406,372)	(14,433,061)
Other financing sources (uses)										
Issuance of debt	39,763,373	18,296,066	5,634,781		1,755,022		17,000,000			10,710,450
Proceeds from loan/lease									250,000	71,742
Loss on sale of assets					(193,230)					
Transfers in	9,870,087	7,960,148	20,319,950	12,595,029	12,558,935	14,480,550	7,454,805	11,011,019	12,915,875	14,197,147
Transfers out	(9,984,931)	(8,032,772)	(20,666,993)	(12,555,229)	(12,955,801)	(14,899,949)	(7,852,252)	(11,459,110)	(13,132,179)	(14,407,194)
Total other financing sources	39,648,529	18,223,442	5,287,738	39,800	1,164,926	(419,399)	16,602,553	(448,091)	33,696	10,572,145
Extraordinary Item Redevelopment Dissolution								(3,939,968)		
Net change in fund balance	\$ 8,371,218	\$ 12,388,843	\$ 18,557,284	\$ (1,356,924)	\$ (820,314)	\$ (7,297,825)	\$ 18,586,811	\$ (3,147,815)	\$ (4,372,676)	\$ (3,860,916)
Debt service as a % of noncapital expenditures	4.9%	11.7%	16.7%	15.7%	16.6%	16.9%	33.2%	17.5%	11.6%	29.7%

Source: City of Novato Finance Division

**CITY OF NOVATO, CALIFORNIA
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**



Property Taxes - Primary Own-Source Revenue

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other [a]	Less: Tax		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated
					Exempt Property [c]				Actual Taxable Value [b]
2005	5,080,098,794	906,225,526	174,542,093	349,912,205	-		6,510,778,618	11.957%	778,493,799
2006	5,732,868,477	941,745,726	181,782,020	319,206,449	-		7,175,602,672	13.252%	950,910,866
2007	6,401,930,566	1,073,491,784	198,514,308	328,670,368	-		8,002,607,026	15.277%	1,222,558,275
2008	6,890,729,987	1,127,501,013	244,560,032	307,497,504	-		8,570,288,536	14.871%	1,274,487,608
2009	7,044,510,993	1,278,388,550	249,525,537	294,195,091	-		8,866,620,171	14.862%	1,317,757,090
2010	6,674,078,454	1,400,313,093	278,297,838	338,431,080	-		8,691,120,465	14.822%	1,288,197,875
2011	6,561,771,444	1,354,453,126	279,488,171	356,619,607	-		8,552,332,348	14.776%	1,263,692,628
2012	6,621,127,316	1,251,046,390	279,231,224	252,794,801	-		8,404,199,731	15.016%	1,261,974,632
2013	6,447,644,682	1,215,504,308	284,916,160	341,646,347	-		8,289,711,497	14.798%	1,226,711,507
2014	6,739,467,650	1,225,832,582	285,633,440	320,222,339	-		8,571,156,011	7.678%	658,093,359

Notes:

[a] Includes "supplemental roll" tax receipts for property transfer after "lien date" (collections can exceed 100% of levy).

[b] In 1978 the voters of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

[c] Exempt values are not included in total.

Source : Marin County Assessor Combined Tax Rolls & HdL Companies

CITY OF NOVATO, CALIFORNIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Per \$100 of Assessed Value)

Fiscal Year	Basic City Levy [a]	Dixie School Bonds	Marin Community College Bonds	North Marin Water Improvement	Novato City Bonds	Novato School Bonds	San Rafael High Bonds	Total Direct Rate	Total Direct and Overlapping Rates
2005	1.00000	0.00000	0.01900	0.00000	0.00000	0.07900	0.02300	0.11957	1.12100
2006	1.00000	0.00000	0.01880	0.00000	0.00000	0.06760	0.00000	0.13252	1.08640
2007	1.00000	0.01860	0.01680	0.00000	0.00580	0.08620	0.02490	0.15277	1.15230
2008	1.00000	0.01710	0.01630	0.00000	0.00860	0.06640	0.02440	0.14871	1.13280
2009	1.00000	0.01680	0.00420	0.00000	0.00740	0.07000	0.02420	0.14862	1.12260
2010	1.00000	0.01740	0.01920	0.00000	0.00840	0.07520	0.02540	0.14822	1.14560
2011	1.00000	0.01860	0.01360	0.00000	0.00960	0.08900	0.02790	0.14776	1.15870
2012	1.00000	0.01840	0.01750	0.00000	0.00760	0.07930	0.02680	0.15016	1.14960
2013	1.00000	0.01540	0.01780	0.00000	0.00870	0.08650	0.02780	0.14798	1.15620
2014	1.00000	0.01500	0.02040	0.00000	0.00620	0.07330	0.02940	0.07678	1.14430

[a] Overlapping rates are those of local and county governments that apply to property owners within the city. Not all overlapping rates apply to all property owners.

Source : HdL Companies

**CITY OF NOVATO, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS PRIOR**

Taxpayer	2014			2005		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BioMarin Pharmaceutical Inc.	1	\$ 147,770,460	1.72%	7	\$ 29,895,483	0.46%
Novato FF Property LLC	2	132,000,000	1.54%			
Hamilton Marin LLC	3	95,080,001	1.11%	4	43,301,019	0.67%
Steven J. Scarpa	4	67,536,121	0.79%	2	52,467,003	0.81%
JCC Cal Properties LLC	5	59,226,274	0.69%			
Contesta Novato Investors LLC	6	46,155,000	0.54%			
Sutter Health	7	44,140,738	0.51%			
Hamilton Marketplace LLC	8	38,312,128	0.45%			
Condiotti Enterprises Inc.	9	28,966,845	0.34%			
Karen Pell 2011 Revoc Trust Etal	10	26,560,000	0.31%	10	27,861,694	0.43%
San Marin Assurance Co., Inc. Trust				1	108,750,000	1.67%
WH McVay Trust LL Etal				3	49,993,352	0.77%
Shea Homes Limited Partnership				5	41,783,253	0.64%
Lexington Wood Hollow				6	39,000,000	0.60%
Davidon Homes				8	29,264,745	0.45%
Professional Investors Security Fund				9	28,022,151	0.43%
Top Ten Totals		\$ 685,747,567	8.00%		\$ 450,338,700	6.92%
City Total Taxable Assessed Value		\$ 8,571,156,011			\$ 6,510,778,618	

Source: Hdl Companies

CITY OF NOVATO, CALIFORNIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousands of dollar)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ¹		Collection in Subsequent Years	Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
2005	15,462	15,462	100.00%	-	15,462	100.00%
2006	18,263	18,263	100.00%	-	18,263	100.00%
2007	21,818	21,818	100.00%	-	21,818	100.00%
2008	22,721	22,721	100.00%	-	22,721	100.00%
2009	22,380	22,380	100.00%	-	22,380	100.00%
2010	18,500	18,500	100.00%	-	18,500	100.00%
2011	22,984	22,984	100.00%	-	22,984	100.00%
2012	19,697	19,697	100.00%	-	19,697	100.00%
2013	11,516	11,516	100.00%	-	11,516	100.00%
2014	17,124	17,124	100.00%	-	17,124	100.00%

1 Property tax for the City of Novato is distributed to the different governmental agencies under the State mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies, including cities, receive from the county 100% of their respective shares of the ad valorem taxes levied, without regard to the actual collection of the taxes levied. This method was placed in effect by Marin County in the 1965/66 tax year and remains in effect unless the County Board of Supervisors orders its discontinuance.

Source: Hdl Companies

CITY OF NOVATO, CALIFORNIA
SALES TAX REVENUES BY CATEGORY - MAJOR INDUSTRY GROUPS
LAST TEN FISCAL YEARS
(amounts in thousands of dollars)

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11 [a]</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Major Business Groups										
General Retail	\$ 2,625	\$ 2,800	\$ 2,780	\$ 2,701	\$ 2,819	\$ 2,835	\$ 3,173	\$ 4,522	\$ 4,803	\$ 4,580
Transportation	1,756	1,919	1,979	1,865	1,558	1,481	1,925	2,901	3,016	3,125
Food Products	1,057	1,241	1,228	1,290	1,192	1,151	1,374	1,914	1,990	2,075
Business to Business	562	661	778	619	611	488	674	1,062	1,104	1,142
Construction	440	456	436	436	348	249	312	534	540	627

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

[a] Beginning 4th quarter FY 2010-11, City's sales tax revenue reflects revenues from Measure F, a five-year, 1/2 cent district add-on tax

Source: HdI Companies (FY 2004-05 through FY 2007-08)

MuniServices Company (FY 2008-09 through FY 2013-14)

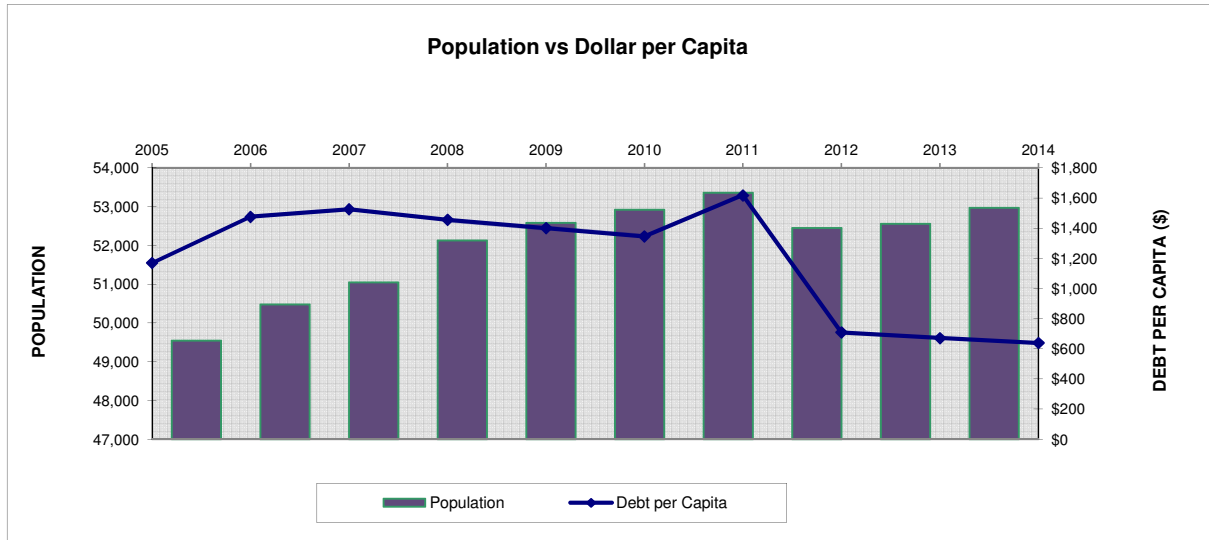
CITY OF NOVATO, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts in thousands of dollars, except per capita amount)

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percent of Personal Income ¹	Population	Debt per Capita
	General Obligation Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Other	Capital Lease / Loan	MVMCC Note / Loan				
2005	23,584	-	34,355	-	9,856	15,185	82,980	4.49%	49,544	1,675
2006	22,541	18,115	33,795	-	8,738	14,865	98,054	4.94%	50,475	1,943
2007	26,573	18,092	33,225	-	8,162	14,525	100,577	4.65%	51,047	1,970
2008	25,234	18,101	32,540	-	7,498	12,675	96,048	4.15%	52,127	1,843
2009	23,703	18,079	31,840	1,837	6,985	12,335	94,779	4.02%	52,581	1,803
2010	22,067	18,016	31,120	1,706	6,172	10,760	89,841	3.91%	52,919	1,698
2011	19,930	19,005	47,380	1,574	5,303	10,435	103,627	4.96%	53,357	1,942
2012	18,105	19,074	-	1,443	37	10,090	48,749	2.32%	52,447	929
2013	16,155	19,108	-	1,312	-	7,721	44,296	2.08%	52,554	843
2014	14,685	19,102	-	1,018	182	7,284	42,271	1.92%	52,967	798

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Following dissolution of redevelopment agencies on January 31, 2012, RDA debt is no longer included in the above table.
¹ See the Schedule of Demographic Statistics for personal income and population data.

Source: City of Novato Finance Division

CITY OF NOVATO, CALIFORNIA
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts in thousands of dollars, except per capita amount)



Fiscal Year	General Obligation Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Total Primary Government	Percent of Assessed Value	Population	Debt per Capita	Assessed Value
2005	23,584	-	34,355	57,939	0.890%	49,544	\$1,169	6,510,779
2006	22,541	18,115	33,795	74,451	1.038%	50,475	\$1,475	7,175,603
2007	26,573	18,092	33,225	77,890	0.973%	51,047	\$1,526	8,002,607
2008	25,234	18,101	32,540	75,875	0.885%	52,127	\$1,456	8,570,289
2009	23,703	18,079	31,840	73,622	0.830%	52,581	\$1,400	8,866,620
2010	22,067	18,016	31,120	71,203	0.819%	52,919	\$1,346	8,691,120
2011	19,930	19,005	47,380	86,315	1.009%	53,357	\$1,618	8,552,332
2012	18,105	19,074	-	37,179	0.442%	52,447	\$709	8,404,200
2013	16,155	19,108	-	35,263	0.425%	52,554	\$671	8,289,711
2014	14,685	19,102	-	33,787	0.394%	52,967	\$638	8,571,156

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Novato Finance Division

**CITY OF NOVATO, CALIFORNIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2014**

2013-2014 Assessed Valuation : \$8,571,156,011
Redevelopment Incremental Valuation \$1,325,033,558

	Outstanding Debt 6/30/14	% Applicable [a]	City's Estimated Share Of Overlapping Debt
<u>Direct and Overlapping Tax and Assessment Debt</u>			
Marin Community College District	\$220,770,000	14.610%	\$32,254,497
Novato Unified School District	87,310,000	84.528%	73,801,397
City of Novato	14,685,450	100.000%	14,685,450
City of Novato Community Facilities District No. 1	16,810,000	100.000%	16,810,000
City of Novato Community Facilities District No. 1994-1	13,094,690	100.000%	13,094,690
City of Novato Community Facilities District No. 2002-1	10,070,000	100.000%	10,070,000
City of Novato Community Facilities District No. 2014-1	345,000	100.000%	345,000
City of Novato 1915 Act Bonds	1,020,000	100.000%	1,020,000
Novato Sanitary District Assessment District No. 2000-1	1,155,000	100.000%	1,155,000
Marin County Open Space Assessment Districts	321,000	78.129%	250,795
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$163,486,829
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Marin County General Fund Obligations	\$71,687,267	14.586%	\$10,456,305
Marin County Pension Obligations	106,085,000	14.586%	15,473,558
Marin Community College District General Fund Obligations	2,675,834	14.610%	390,939
City of Novato General Fund Obligations	1,496,183	100.000%	1,496,183 [b]
City of Novato Pension Obligation Bonds	19,102,115	100.000%	19,102,115
City of Novato Clean Renewable Energy Bonds	966,424	100.000%	966,424
Premium (discount) on bonds, net	52,080	100.000%	52,080
Capital Lease, Dell	59,838	100.000%	59,838
City of Novato PG&E Note Payable	122,330	100.000%	122,330
Novato Fire Protection District General Fund Obligations	701,470	84.453%	592,412
Marin County Transit Authority General Fund Obligations	169,271	14.586%	24,690
DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$48,736,875
 <u>OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY)</u>	 \$44,575,000	 100.000%	 \$44,575,000
 TOTAL DIRECT DEBT			 34,988,237
TOTAL OVERLAPPING DEBT			\$221,810,466
 COMBINED TOTAL DEBT			 \$256,798,703 [c]

Ratios to 2013-14 Assessed Valuation:
Direct Debt (\$14,555,000)..... **0.17%**
Total Direct and Overlapping Tax and Assessment Debt..... 1.91%

Ratios to Adjusted Assessed Valuation:
Total Direct Debt (\$35,497,350)..... **0.41%**
Combined Total Debt..... 3.00%

Ratios to Redevelopment Incremental Valuation (\$1,325,033,558)
Total Overlapping Tax Increment Debt..... 3.36%

Notes:

[a] 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 assessed value.

[b] Share of Marin Emergency Radio Authority Bonds.

[c] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CITY OF NOVATO, CALIFORNIA
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(amounts in thousands of dollars)

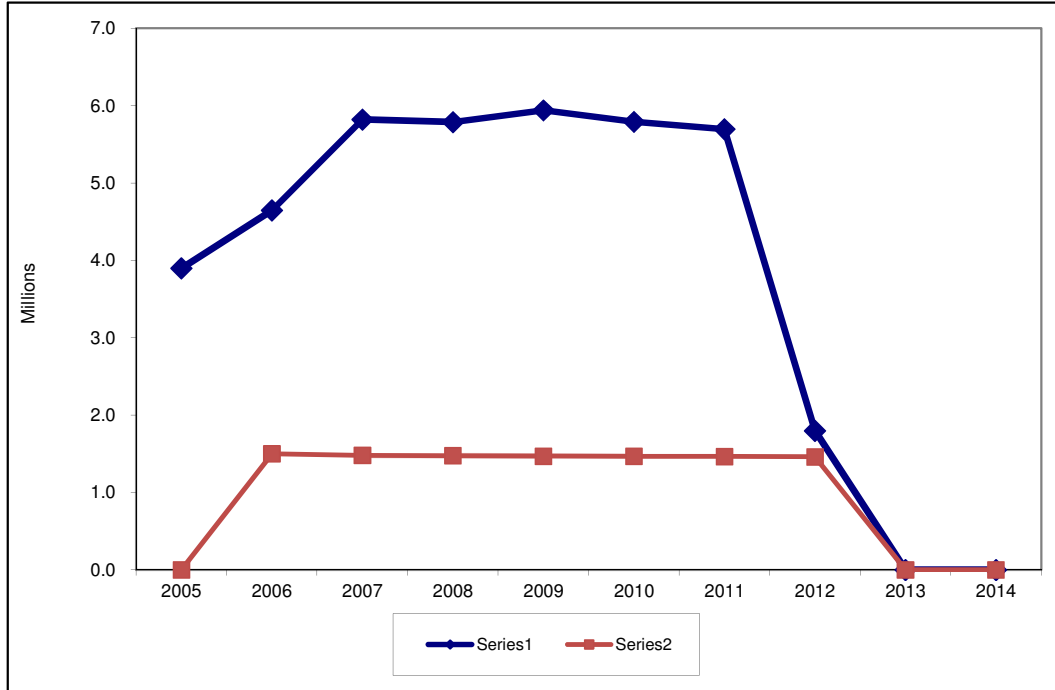
Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value	\$ 8,571,156
Debt Limit (15%) of total assessed value	1,285,673
Debt applicable to limit:	
General obligation bonds	14,685
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	14,685
Legal debt margin	\$ 1,270,988

Fiscal Year	Total Taxable Assessed Value	Debt Limit Amount	Total net debt applicable to limit	Legal debt margin	Ratio of net debt applicable to legal debt limit
2005	6,510,779	976,617	23,584	953,033	2%
2006	7,175,603	1,076,340	22,541	1,053,799	2%
2007	8,002,607	1,200,391	26,573	1,173,818	2%
2008	8,570,289	1,285,543	25,234	1,260,309	2%
2009	8,866,620	1,329,993	23,703	1,306,290	2%
2010	8,691,120	1,303,668	22,067	1,281,601	2%
2011	8,552,332	1,282,850	19,930	1,262,920	2%
2012	8,404,200	1,260,630	18,105	1,242,525	1%
2013	8,289,711	1,243,457	16,155	1,227,302	1%
2014	8,571,156	1,285,673	14,685	1,270,988	1%

Source: City of Novato Finance Division

**CITY OF NOVATO, CALIFORNIA
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS**
 (amounts in thousands of dollars)

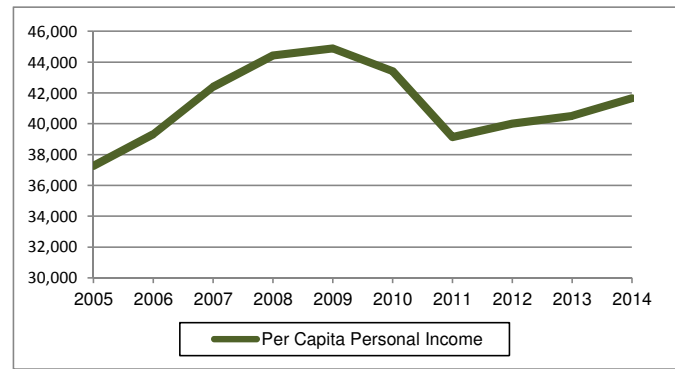
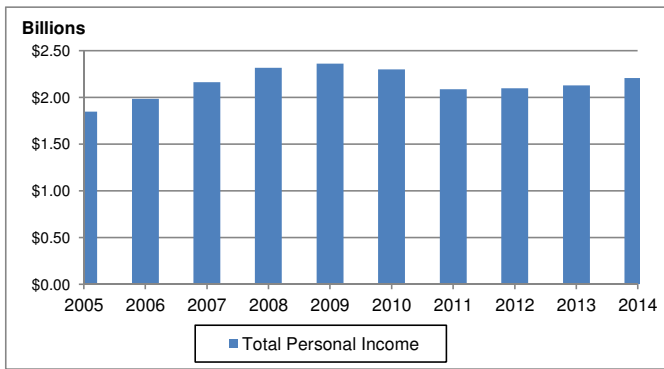
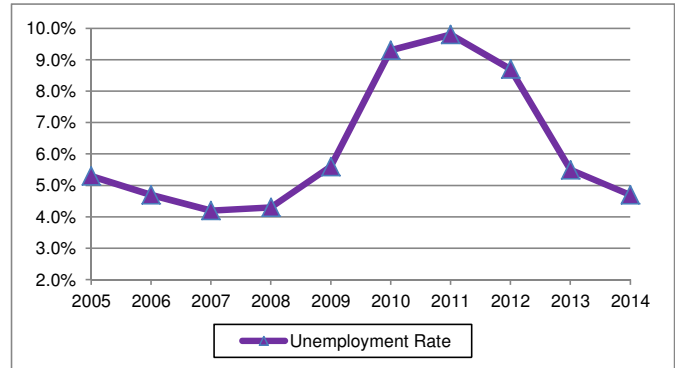
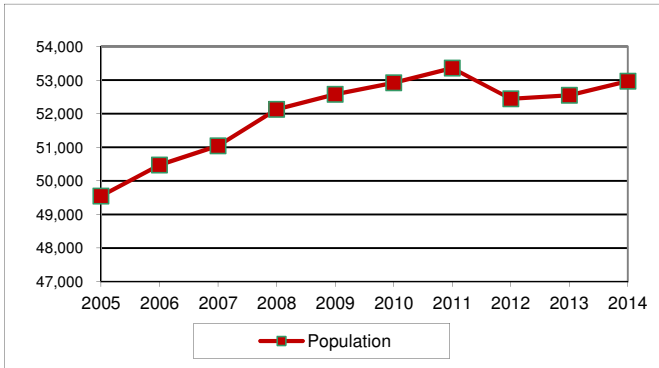


Fiscal Year	Tax Allocation Bond Property Tax Increment			Redevelopment Debt Service				
	Redevelopment Increment	Less: Low and Moderate Income Housing Set-Aside		Net Available Revenue	Principal	Interest	Total	Debt Ratio
		Moderate Income	Housing Set-Aside					
2005	4,874	975	3,899	0	0	-	0%	
2006	5,807	1,161	4,646	460	1,040	1,500	32%	
2007	7,275	1,455	5,820	490	989	1,479	25%	
2008	7,235	1,447	5,788	500	975	1,475	25%	
2009	7,426	1,485	5,941	510	960	1,470	25%	
2010	7,238	1,448	5,790	525	943	1,468	25%	
2011	7,123	1,425	5,698	540	926	1,466	26%	
2012	[a] 2,400	600	1,800	555	907	1,462	81%	
2013			0			0		
2014			0			0		

[a] Following elimination of redevelopment agencies on February 1, 2012, tax increment revenue was limited to funds to pay the former redevelopment agency's ROPS (recognized obligation payment schedule)

Source: City of Novato Finance Division

**CITY OF NOVATO CALIFORNIA
DEMOGRAPHIC AND ECONOMIC INDICATORS
LAST TEN FISCAL YEARS**



Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate	Median Age	School Enrollment	% of pop 25+ w/ H.S. Degree	% of pop 25+ w/ Bachelor's Degree
2005	49,544	1,846,309	37,266	5.3%	not available	7,813	not available	not available
2006	50,475	1,985,015	39,327	4.7%	not available	7,818	not available	not available
2007	51,047	2,163,809	42,389	4.2%	not available	7,952	not available	not available
2008	52,127	2,315,661	44,423	4.3%	not available	8,092	not available	not available
2009	52,581	2,360,562	44,894	5.6%	not available	7,891	not available	not available
2010	52,919	2,297,753	43,420	9.3%	42.1	8,000	92.7%	41.5%
2011	53,357	2,088,073	39,134	9.8%	42.5	8,000	92.1%	41.9%
2012	52,447	2,098,876	40,019	8.7%	43.1	8,000	91.2%	42.8%
2013	52,554	2,128,857	40,508	5.5%	43.3	8,000	91.1%	42.5%
2014	52,967	2,206,552	41,659	4.7%	43.5	8,000	92.2%	44.5%

Source: Hdl Companies

**CITY OF NOVATO, CALIFORNIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Total City Employment 26,600

Total City Employment 24,300

FY 2013-14			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employed</u>
Novato Unified School District	1264	1	4.75%
BioMarin Pharmaceuticals	1052	2	3.95%
Fireman's Fund	739	3	2.78%
2K/Visual Concepts	436	4	1.64%
Cagwin & Dorward	410	5	1.54%
Novato Community Hospital	304	6	1.14%
Costco Wholesale	297	7	1.12%
Safeway Stores	242	8	0.91%
Bradley Electric	238	9	0.89%
Brayton & Associates	215	10	0.81%

FY 2005-06			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employed</u>
Fireman's Fund	1100	1	4.53%
Novato Unified School District	761	2	3.13%
Greenpoint Mortgage	508	3	2.09%
Cagwin & Dorward	406	4	1.67%
Novato Community Hospital	358	5	1.47%
Biomarin Pharmaceuticals	310	6	1.28%
Brayton & Associates	274	7	1.13%
Costco Wholesale	261	8	1.07%
Safeway Stores	252	9	1.04%
Target Store	251	10	1.03%

Source: Hdl Companies

CITY OF NOVATO, CALIFORNIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government										
Management Services	18.1	18.8	21.3	22.0	21.2	18.9	19.1	18.4	19.2	19.2
Finance	6.0	6.0	6.0	5.6	5.6	5.6	6.0	6.0	6.0	6.0
Planning	9.4	8.5	8.9	11.0	10.9	8.2	5.7	5.7	6.2	7.0
Building	8.5	8.8	7.8	6.6	6.6	5.6	5.1	5.1	5.1	5.1
Police										
Officers	61.0	58.0	58.0	59.0	59.0	59.0	59.0	55.7	59.0	59.0
Civilians	23.0	21.1	22.6	22.6	22.6	19.6	16.6	15.8	15.8	15.8
Public Works										
Engineering	25.0	22.8	23.6	25.6	22.6	19.6	17.3	14.3	13.5	13.5
Maintenance	42.0	40.0	45.0	46.0	47.0	46.0	41.0	39.0	40.0	40.0
Redevelopment	2.6	3.4	4.5	5.9	5.6	5.6	4.7	4.4		
Economic Development									1.5	1.5
Parks and Recreation	28.5	27.2	27.9	28.0	27.5	25.5	19.8	18.1	19.9	19.9
Total	<u>224.0</u>	<u>214.6</u>	<u>225.6</u>	<u>232.2</u>	<u>228.5</u>	<u>213.5</u>	<u>194.2</u>	<u>182.3</u>	<u>186.1</u>	<u>186.9</u>

Note: Regular employees only (excludes part-time employees and volunteers)
Source: City of Novato Annual Budget

**CITY OF NOVATO, CALIFORNIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety:										
Police:										
Police Calls for Service	24,182	22,014	22,938	21,598	22,573	21,508	20,965	20,931	20,620	17,055
Law Violations:										
Part I Crimes	1,458	1,591	1,686	1,620	1,542	1,522	1,452	1,263	1,421	1,089
Physical Arrests (Adult and Juvenile)	1,321	1,416	1,583	1,681	1,591	1,483	1,388	1,616	1,908	1,749
Parking Violations	2,530	2,207	2,207	2,113	2,326	1,192	1,445	1,695	1,780	1,466

Source: City of Novato Police Department

**CITY OF NOVATO, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	19	19	19	19	19	19	19	19	20	20
Public Works										
Miles of Streets	129	129	144	144	150	150	151	151	151	151
Street Lights	3,352	3,352	3,736	3,736	3,893	3,893	3,924	3,924	3,925	3,950
Recreation and Community Services:										
City Parks	34	36	36	38	38	38	38	38	38	39
City Parks Acreage	444	477	477	479	479	479	479	479	479	571
Senior Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Baseball/Softball Diamonds	3	3	3	3	3	3	3	3	3	3
Soccer Fields	6	6	6	6	6	6	6	6	6	6

Source: City of Novato Finance Division