



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2015**

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**PREPARED BY FINANCE DIVISION**

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**CITY OF NOVATO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION:</b>	
Transmittal Letter	i - vi
GFOA Award	vii
Organization Chart	viii
Elected Officials and Executive Staff	ix
<b>FINANCIAL SECTION:</b>	
<b>Independent Auditor's Report on Basic Financial Statements</b>	1 - 2
<b>Management's Discussion and Analysis</b>	3 - 16
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19 - 20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22 - 23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Statement of Fiduciary Net Position - Fiduciary Funds	28
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	29
Notes to Basic Financial Statements	30 - 68
<b>Required Supplemental Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	69 - 71
Notes to Required Supplemental Information	72
Schedule of Changes in the Net Pension Liability and Related Ratios	73
Schedule of the City's Proportionate Share of the Net Pension Liability	74
Schedule of Contributions	75

**CITY OF NOVATO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

TABLE OF CONTENTS

	Page
<b>Required Supplemental Information (Continued)</b>	
Schedule of Funding Progress for Other Post Employment Benefits (OPEB)	76
<b>Combining Financial Schedules and Other Supplemental Information</b>	
Budgetary Comparison Schedule - Development Impact Fees Fund	77
Budgetary Comparison Schedule - Hamilton Trust Fund	78
Non-Major Governmental Funds:	
Description of Non-major Funds	79 - 80
Combining Balance Sheets	81 - 88
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances	89 - 96
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
Affordable Housing Program Fund	97
Clean Stormwater Fund	98
Underground Utilities Fund	99
Parking Improvement Fund	100
Subdivision Park Fund	101
Art in Public Places Fund	102
General Plan Surcharge Fund	103
Automation Surcharge Fund	104
Hamilton Community Facilities Fund	105
Hamilton Arts Center Fund	106
Pointe Marin CFD Fund	107
Chapter 27 Assessment Fund	108
Landscaping Assessment District - San Marin Fund	109
Landscaping Assessment District - Country Club Fund	110
Landscaping Assessment District - Wildwood Glen Fund	111
Landscaping Assessment District - Hillsdale Fund	112
Downtown Lighting & Landscaping Fund	113
San Pablo Lighting & Landscaping Fund	114
Eucalyptus Assessment District Fund	115
Scottsdale Assessment District Fund	116

**CITY OF NOVATO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

TABLE OF CONTENTS

	Page
<b>Combining Financial Schedules and Other Supplemental Information (Continued)</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)	
State Gas Tax Fund	117
Justice Assistance Grants Fund	118
Special Police Projects Fund	119
COPS Grant Fund	120
State Grant Fund	121
Federal Grant Fund	122
Private Grant Fund	123
Capital Improvement Projects Fund	124
Measure B VRF Marin County	125
Measure A Street Bonds Fund	126
Parks Measure A	127
Clean Stormwater CIP Fund	128
Street and Storm Drain Maintenance Fund	129
Community Center Maintenance Fund	130
Novato Public Financing Authority Fund	131
General Obligation Bonds Fund	132
Pension Obligation Bond Fund	133
Internal Service Funds	
Description of Internal Service Funds	134
Combining Schedule of Net Position	135
Combining Schedule of Revenues, Expenses, and Changes in Net Position	136
Combining Schedule of Cash Flows	137
Agency Funds	
Description of Agency Funds	138
Combining Schedule of Net Position	139
Schedule of Changes in Assets and Liabilities	140 - 142
General Fund	
Description of General Funds	143
Combining Balance Sheets	144 - 145
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	146 - 147

**CITY OF NOVATO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>STATISTICAL SECTION:</b>	
Description of Statistical Section	148
Financial Trends	
Net Position by Component	149
Changes in Net Position	150 - 151
Governmental Funds - Revenues by Source	152
Fund Balance - Governmental Funds	153
Changes in Fund Balance - Governmental Funds	154
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	155
Property Tax Rates - Direct and Overlapping Governments	156
Principal Property Taxpayers	157
Property Tax Levies and Collections	158
Taxable Sales by Category	159
Debt Capacity	
Ratios of Outstanding Debt by Type	160
Ratios of Net General Bonded Debt Outstanding	161
Direct and Overlapping Governmental Debt	162
Computation of Legal Debt Margin	163
Pledged Revenue Coverage	164
Economic and Demographic Information	
Demographic and Economic Indicators	165
Principal Employers	166
Operating Information	
Full-time Equivalent City Government Employees by Function/Program	167
Operating Indicators by Function/Program	168
Capital Asset Statistics by Function/Program	169



# INTRODUCTORY SECTION





THE CITY OF  
**NOVATO**  
CALIFORNIA

922 Machin Avenue  
Novato, CA 94945  
415/899-8900  
FAX 415/899-8213  
[www.novato.org](http://www.novato.org)

Mayor  
Pat Eklund  
Mayor Pro Tem  
Denise Athas  
Councilmembers  
Pam Drew  
Josh Fryday  
Eric Lucan

City Manager  
Michael S. Frank

December 11, 2015

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

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, 2015. The City’s independent auditor, Mann Urrutia Nelson CPAs & Associates LLP, has issued an unqualified (“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.

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, and 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 in January, with a review by the Finance staff and the City Manager of the current budget. Budget guidelines are developed for departments to use in preparing their budgets, and a budget kickoff meeting is typically held in late January. In February and March, departments have prepared and submitted their budget requests. After internal review and discussions between the City Manager and departments, the City Manager presents an overview of the proposed budget in April. 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 companies, state-of-the-art technology companies and a variety of retail centers in its business community.

The Novato Unified School District is the City's largest employer with 1300 employees. Novato is home to a number of biotechnology companies, including BioMarin (Novato's 2nd largest employer), which recently underwent an expansion of its Novato facilities. Ultragenyx Pharmaceutical and Raptor Pharmaceutical, both BioMarin spinoffs, are located in Bel Marin Keys. The Buck Institute for Research on Aging is also headquartered in Novato, 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. While hurt during 2014 by new retail openings in surrounding cities, Novato began to turn the trend around during 2015, posting several quarters of sales tax gains.

As of October 2015, Marin County had an unemployment rate of 3.3%. This rate is one of the lowest in the state and has improved nearly 5% 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, 2015 has increased 6.7%, 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 2014/15, showing a strengthening tourism market in terms of both occupancy levels and hotel nightly rates. We also saw increasing demand in 2015 for fee-based services such as recreation programs, facility leases, and building / planning services. Overall, we expect all of the above trends to continue into 2016.

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 “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 14-15, the City Council implemented the majority of its Fiscal Sustainability Plan, a blueprint for long-term fiscal health for the City. The Plan contains a number of elements and outcomes, focusing on staff compensation, recruitment and retention; infrastructure maintenance; long-term service levels and staffing needs; and sustainable revenue options. The Plan acknowledges that the City should achieve a new, ongoing source of revenue by the end of 2015. This revenue source was recently approved by the voters, who adopted Novato’s Measure C (a ¼ cent sales tax) in November 2015 with nearly 74% of the vote.

### **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 recently adopted its new 2015 – 2018 Strategic Plan with five key, overarching goals for the upcoming three years. These goals, along with their underlying strategic objectives and work-plan items, set the City Council’s policy direction and the City staff’s major efforts and initiatives over that time period.

*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 fiscal year 2015/16 budget was a continuation of most of the programs begun or approved the previous year. As mentioned above, the voters did approve a ¼ cent ongoing sales tax in November 2015, which will significantly aid in the long-term financial stability for Novato.

*General Plan* – The City Council adopted Novato’s latest Housing Element for the 2015-2023 planning cycle in November 2014 and it was approved by state regulators in January 2015. Major work has now begun on a complete update of the full General Plan, which has included a series of community outreach workshops and a number of policy “white papers”. The white papers focus on key neighborhoods and policy options that will be addressed with the new General Plan, including hillside / ridgeline ordinances, climate change plans, urban growth boundaries, the Downtown Specific Plan, etc. It is anticipated that adoption of the new General Plan will occur in 2017.

*Economic Development* – Work continues in several areas of economic development, including the North Bay Life Science Alliance initiative. This effort, spearheaded by Novato, includes outreach, marketing, and partnerships with key organizations to promote the North Bay as a premier destination for bio / life sciences technology companies. The City also continues to focus on the redevelopment of its remaining properties in the Hamilton Base area, including the recently negotiated sale and development of the Hamilton Hospital as an assisted living / memory care facility.

*Health and Safety* – The Police Department continues its work ensuring the safety and welfare of Novato residents, including the work of the Novato Response Team to address neighborhood and quality of life issues. The Department has also focused on its technology, including its mobile data computers, officer-worn cameras, automated license plate readers, etc., as well as a variety of community outreach efforts. The Recreation and Parks Department is focused on the growing demand for its recreational and educational programs. It is participating in the countywide “Healthy Eating, Active Living” campaign and continues to support the Novato Blue Ribbon Coalition’s efforts to prevent youth access to alcohol. 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**

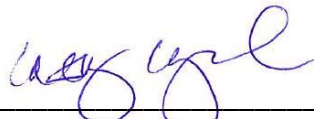
This CAFR for the 2014/15 fiscal year is the fourth CAFR produced by the City of Novato. In order to be eligible for the Government Finance Officers Association of the United States and Canada (“GFOA”) Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an 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 2013/14 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 2014/15 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,



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CATHY CAPRIOLA  
Assistant City Manager/City Treasurer



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BRIAN COCHRAN  
Finance Manager



Government Finance Officers Association

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

Presented to

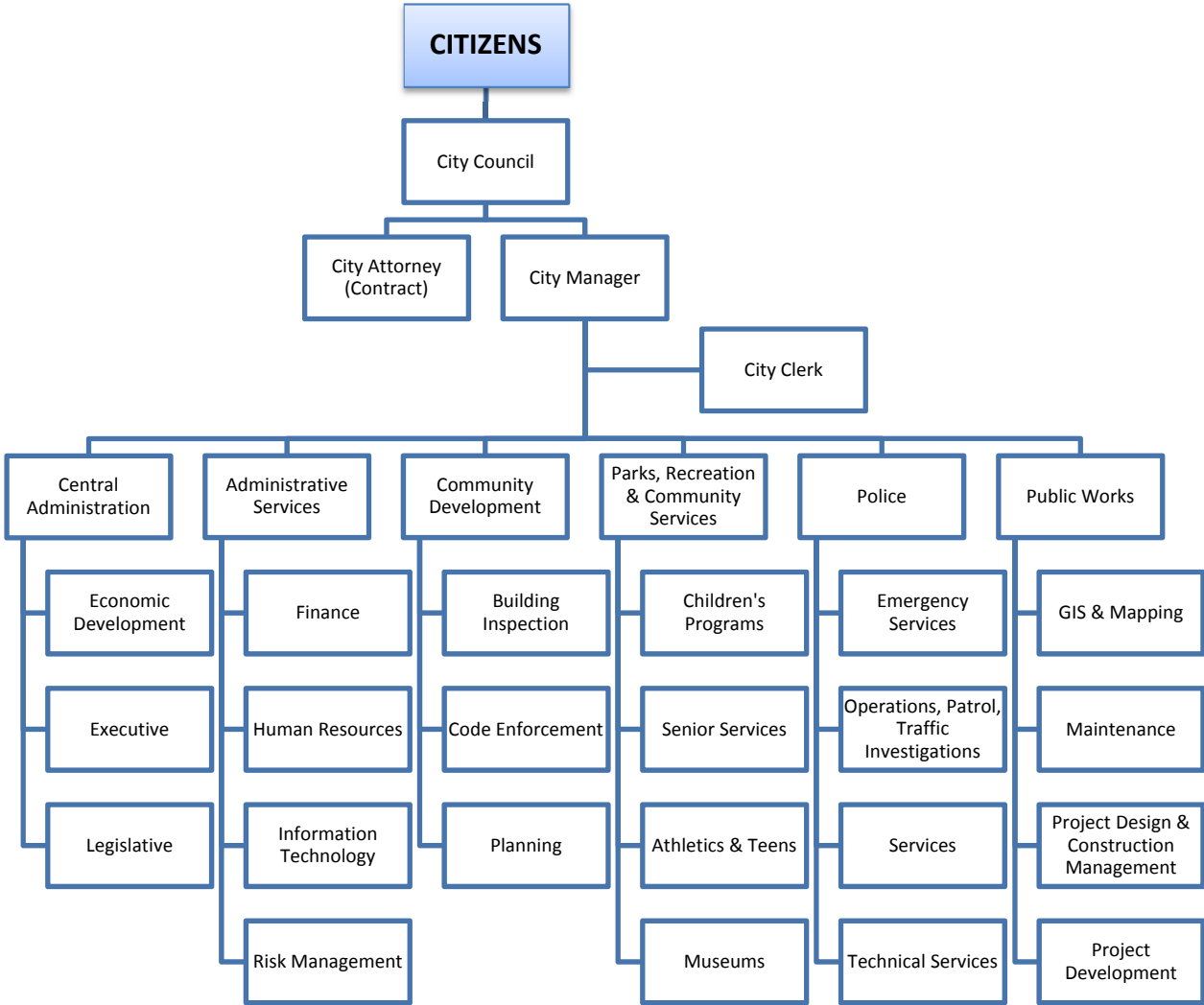
**City of Novato  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# CITY OF NOVATO CALIFORNIA



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

**JUNE 30, 2015**

**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	Robert Brown
Parks, Recreation and Community Services Director	Pam Shinault
Public Works Director / City Engineer	Russell Thompson

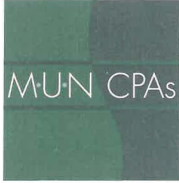
This listing has been created for the purpose of this CAFR and as a reference of the structure at the time of production.





# FINANCIAL SECTION





## 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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## **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, pension related schedules, 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, 2015, 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.



Sacramento, California  
December 11, 2015

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015. 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, 2015 by \$284,150,160. Of this amount, \$251,034,678 is invested in capital assets, net of related debt; \$61,208,014 is restricted for debt service, capital projects, insurance, grants, taxes, and fees; and \$(28,092,532) is unrestricted.
- The City's total net position increased by \$5,701,959, of which \$4,608,801 was attributable to governmental activities and \$1,093,158 was attributable to business-type activities.
- Government-wide revenues increased by \$699,763 or 1% to \$49,229,940 from 2014's total of \$48,530,177.
- Government-wide expenses decreased by \$1,317,011 or 3% to \$43,527,981 from 2014 total of \$44,844,992.

**Fund level**

- Governmental fund balances increased to \$85,360,465 from the prior year's 81,220,480.
- Governmental fund revenues decreased by \$10,042,856 or 18% to \$44,561,413 from the prior year's \$54,604,269.
- Governmental fund expenditures decreased by \$18,149,356 or 31% to \$40,177,524 from the prior year's \$58,326,880.
- General fund balance increased from \$23,300,258 to \$25,648,857.

**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, deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2015**

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, public works, 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 fund statements.

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
- Restricted Revenues Fund
- Development Impact Fees Fund
- Hamilton Trust Fund

**CITY OF NOVATO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

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 focused on 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 pension and other post-employment benefits to its employees, and budgetary comparison information for the City's general fund 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 non-major funds, internal service funds, agency funds, and general funds.

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**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, 2015 and 2014**  
**(in thousands)**

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2015</u>	<u>2014 As Previously Reported</u>	<u>Net Change</u>	<u>2015</u>	<u>2014</u>	<u>Net Change</u>	<u>2015</u>	<u>2014 As Previously Reported</u>	<u>Net Change</u>
<b>ASSETS</b>									
Current and other assets	\$ 95,955	\$ 98,685	\$ (2,730)	\$ 3,936	\$ 3,284	\$ 652	\$ 99,891	\$ 101,969	\$ (2,078)
Capital assets	<u>257,255</u>	<u>258,476</u>	<u>(1,221)</u>	<u>15,089</u>	<u>15,093</u>	<u>(4)</u>	<u>272,344</u>	<u>273,569</u>	<u>(1,225)</u>
Total Assets	<u>353,210</u>	<u>357,161</u>	<u>(3,951)</u>	<u>19,025</u>	<u>18,377</u>	<u>648</u>	<u>372,235</u>	<u>375,538</u>	<u>(3,303)</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,877</u>	<u>-</u>	<u>2,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,877</u>	<u>-</u>	<u>2,877</u>
<b>LIABILITIES</b>									
Long-term liabilities	64,972	36,591	28,381	6,372	6,834	(462)	71,344	43,425	27,919
Other liabilities	<u>8,563</u>	<u>9,394</u>	<u>(831)</u>	<u>552</u>	<u>535</u>	<u>17</u>	<u>9,115</u>	<u>9,929</u>	<u>(814)</u>
Total Liabilities	<u>73,535</u>	<u>45,985</u>	<u>27,550</u>	<u>6,924</u>	<u>7,369</u>	<u>(445)</u>	<u>80,459</u>	<u>53,354</u>	<u>27,105</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>10,503</u>	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,503</u>	<u>206</u>	<u>10,297</u>
<b>NET POSITION</b>									
Net investment in capital assets	242,780	242,468	312	8,254	7,808	446	251,035	250,276	759
Restricted	57,362	55,426	1,936	3,846	3,198	648	61,208	58,624	2,584
Unrestricted	<u>(28,093)</u>	<u>13,077</u>	<u>(41,170)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,093)</u>	<u>13,077</u>	<u>(41,170)</u>
Total Net Position	<u>\$ 272,049</u>	<u>\$ 310,971</u>	<u>\$ (38,922)</u>	<u>\$ 12,100</u>	<u>\$ 11,006</u>	<u>\$ 1,094</u>	<u>\$ 284,150</u>	<u>\$ 321,977</u>	<u>\$ (37,827)</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 \$284,150,160 at June 30, 2015.

The net position of \$284,150,160 at June 30, 2015 was comprised of the following elements:

- Unrestricted cash and investments of \$60,646,987, cash with fiscal agents of \$81,861, and restricted cash and investments of \$32,851,090;
- Accounts, loans, interest, and taxes receivable of \$5,777,392;
- Prepaid expenses of \$74,928;

**CITY OF NOVATO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

- Non-current assets consisted of bond issuance costs, deferred charges, other assets and capital assets. Bond issuance costs were \$188,716 and are amortized over the life of the debt. Deferred charges totaled \$139,023. Other assets totaling \$131,000 represent a building held for resale. Capital assets of \$272,344,254, net of accumulated depreciation charges of \$133,631,838, included \$133,781,357 of land, \$3,790,676 of construction in progress, \$39,827,702 of buildings, \$895,513 of furniture and equipment, \$92,207,758 of infrastructure, and \$1,841,248 of vehicles;
- Deferred outflows of resources totaled \$2,877,347 and consisted of pension contributions made subsequent to the measurement date and changes in the net pension liability;
- Current liabilities totaled \$9,115,457 and included \$1,380,175 of accounts payable, \$1,649,767 of salaries and benefits payable, \$230,232 of interest payable, \$3,885 of accrued liabilities, \$833,493 of unearned revenue, \$1,908,504 of deposits payable, the current portion of claims payable of \$551,208, compensated absences of \$52,455, and long-term debt of \$2,505,738;
- Non-current liabilities of \$71,343,508 included \$1,426,415 of non-current claims payable; \$777,296 of Other Post Employment Benefits (OPEB), \$1,425,405 of compensated absences, \$29,915,448 of the net pension liability, and \$37,798,944 of the non-current portion of long-term debt which is due in the fiscal years subsequent to fiscal 2015;
- Deferred inflows of resources of \$10,503,473 consisted of unavailable revenue for affordable housing loans as well as changes in the net pension liability;
- Net position invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$251,034,678 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;
- Restricted net position of \$61,208,014 was comprised of \$5,593,507 restricted for debt services; \$15,554,679 restricted for capital projects; \$38,928,272 restricted for grants, taxes, and fees; and \$1,131,556 restricted for insurance. The remaining balance of \$(28,092,532) represented unrestricted net position. The decrease in unrestricted net position from 2014 is the result of implementing GASB 68 during FY 2014-15, which has increased the City's accrued pension liability. This change is detailed in Note 9 to the financial statements.



**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Analysis of Changes in Net Position**

The City's total net position increased by \$5,701,959, or 2%, during the fiscal year ended June 30, 2015. Most revenues remained fairly flat; however taxes increased by \$1 million, although these were partially offset by decreases in use of money and property and other revenue. Expenses decreased by \$1.3 million, mostly in General Government, Public Works, and interest expense on long term liabilities. Activities and changes in net position relating to the \$5,701,959 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, 2015 and 2014**  
**(in thousands)**

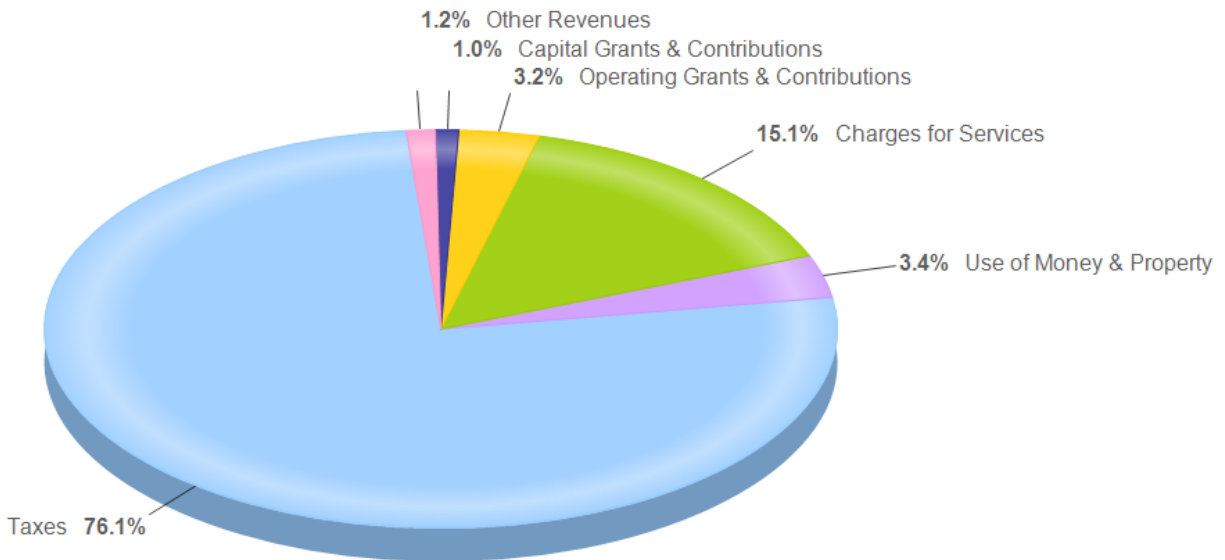
	<b>2015</b>	<b>2014 As Previously Reported</b>	<b>Net Change</b>
<b>REVENUES:</b>			
Program revenues			
Charges for services	\$ 6,951	\$ 6,969	\$ (18)
Operating grants and contributions	1,498	1,162	336
Capital grants and contributions	442	734	(292)
General revenues			
Taxes	35,140	34,104	1,036
Use of money and property	1,571	1,839	(268)
Other revenue	552	667	(115)
Transfers	-	250	(250)
	<u>46,154</u>	<u>45,725</u>	<u>429</u>
<b>EXPENSES:</b>			
Governmental activities			
General government	8,498	8,935	(437)
Public safety	13,889	13,881	8
Public works	11,122	12,183	(1,061)
Culture and recreation	5,700	5,626	74
Community development	795	501	294
Interest on long-term liabilities	1,541	1,723	(182)
	<u>41,545</u>	<u>42,849</u>	<u>(1,304)</u>
Total Expenses	<u>41,545</u>	<u>42,849</u>	<u>(1,304)</u>
Change in net position	<u>4,609</u>	<u>2,876</u>	<u>1,733</u>
Net position - beginning of year	310,971	308,330	2,641
Restatement	(43,530)	(236)	(43,294)
Net position - beginning of year, restated	<u>267,441</u>	<u>308,094</u>	<u>(40,653)</u>
Net position - end of year	<u>\$ 272,050</u>	<u>\$ 310,970</u>	<u>\$ (38,920)</u>

**CITY OF NOVATO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

**Governmental Activities**

The table above reflects a change in net position of \$4,608,801, which is the result of revenues in excess of expenses.

**Revenues by Source**  
2015 Governmental Activities

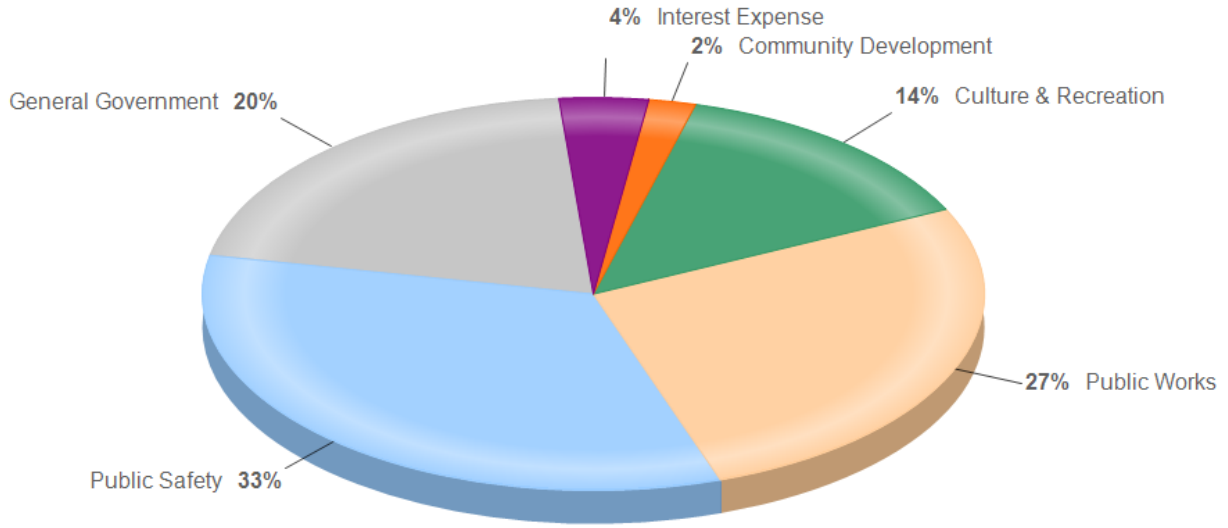


The chart of revenues by source above illustrates that taxes are the largest source of operating revenue for the City. The components of taxes are real estate property taxes, real property transfer tax, sales and use tax, hotel taxes, gas taxes, business license taxes and franchise fees. Charges for 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 \$429,080 or 1% is mainly due to increased taxes, in particular hotel and business license taxes. Several other revenue sources declined, offsetting some of the increase in taxes.

**CITY OF NOVATO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

**Expenses by Function**  
2015 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 \$1,302,761 or 2% decrease in expenditures is largely related to decreases in General Government and Public Works expenditures. The decrease in General Government expenditures is from one-time expenditures in 2014 related to building improvement costs at the Hamilton Arts Center and a significant decrease in excess liability insurance costs resulting from several large claims that had been settled during the previous year. The decrease in Public Works expenditures is mainly due to the completion of the City's new administrative building.

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Business-Type Activities**

**Business-type Activities Changes in Net Position**  
**For the Years Ended June 30, 2015 and 2014**  
**(in thousands)**

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
<b>REVENUES:</b>			
Charges for services	\$ 3,046	\$ 3,030	\$ 16
Other revenue	14	13	1
Interest revenue	16	12	4
Transfers	<u>-</u>	<u>(250)</u>	<u>250</u>
Total Revenues	<u>3,076</u>	<u>2,805</u>	<u>271</u>
<b>EXPENSES:</b>			
Cost of services	1,334	1,351	(17)
Employee costs	168	160	8
Depreciation and amortization	279	272	7
Interest expense	<u>201</u>	<u>214</u>	<u>(13)</u>
Total Expenses	<u>1,982</u>	<u>1,997</u>	<u>(15)</u>
Change in net position	1,094	808	286
Net position - beginning of year	11,008	10,680	328
Restatement	<u>-</u>	<u>(480)</u>	<u>480</u>
Net position - beginning of year, restated	<u>11,008</u>	<u>10,200</u>	<u>808</u>
Net position - end of year	<u>\$ 12,102</u>	<u>\$ 11,008</u>	<u>\$ 1,094</u>

Business-type activities net position increased \$1,093,158 or 10%. The increase is primarily due to a one-time transfer that occurred in 2014 and a restatement of the previous year's beginning net position following implementation of GASB 65.

**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 \$85,360,465, compared to \$81,220,480 at June 30, 2014. Approximately half of the increase in fund balances is comprised of an increase in the voter-approved Measure F sales tax balance. Decreases in liabilities account for the remaining difference; accounts payable decreased by \$683,915, and advances from other funds decreased by \$1,278,562 resulting from City Council's decision to pay off the Corporation Yard lease.

The remainder of the fund balance of \$79,650,306, is either nonspendable, restricted, or assigned for specific purposes.

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$25,648,857, of which \$1,126,334 was nonspendable; \$1,131,556 was restricted for insurance; \$17,283,943 was assigned for capital projects, pension reserve, long-term maintenance, and emergency disaster & response; and \$6,107,024 was unassigned. The fund balance in the City's General Fund increased by \$2,348,599 for the fiscal year ended June 30, 2015. The increase in fund balance is primarily due to an increase in Measure F funds.

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 \$11,870,351, which was restricted for capital projects. Fund balance increased by \$160,891, due to delays in capital projects for which this fund was the main funding source.

The Hamilton Trust Fund had a total fund balance of \$32,580,473 which was restricted. Fund balance slightly decreased by \$178,424 due to investment earnings that were transferred to the Affordable Housing Fund to support housing programs.

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, 2015 and 2014**  
**(in thousands)**

	<u>2015</u>		<u>2014</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Revenues by Source:				
Taxes	\$ 35,140	80 %	\$ 34,104	62 %
Licenses and permits	1,144	3 %	1,136	2 %
Intergovernmental	1,940	4 %	1,896	3 %
Fines and forfeitures	571	1 %	633	1 %
Use of money and property	1,473	3 %	1,750	3 %
Charges for services	3,742	8 %	3,737	7 %
Other revenues	552	1 %	638	1 %
Issuance of debt	-	-	10,710	21 %
	<u>\$ 44,562</u>	<u>100 %</u>	<u>\$ 54,604</u>	<u>100 %</u>

For this fiscal year, governmental revenues decreased \$9,869,256 or 18%. The majority of the decrease, \$10,710,000 or 79%, was due to one-time revenue in 2014 from the City refinancing three outstanding General Obligation Bond issues. This was partially offset by an increase in taxes of \$1 million, although revenue from use of money and property declined. Most other revenue sources were fairly flat.

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015 and 2014**  
**(in thousands)**

Expenditures by Function	2015		2014	
	Amount	% of Total	Amount	% of Total
General government	\$ 6,224	15 %	\$ 6,708	12 %
Public safety	13,941	35 %	13,620	23 %
Public works	6,777	17 %	7,674	13 %
Culture & recreation	5,088	13 %	4,841	8 %
Community development	763	2 %	813	1 %
Capital outlay	4,076	10 %	10,284	18 %
Debt service: principal	2,033	5 %	12,635	22 %
Debt service: interest	1,275	3 %	1,621	3 %
Bond issuance costs	-	- %	130	- %
	<u>\$ 40,177</u>	<u>100 %</u>	<u>\$ 58,326</u>	<u>100 %</u>

Expenditures decreased by \$18,149,356 or 31% during the year ended June 30, 2015. The most significant decreases were in general government, public works, capital outlay, and debt service principal. The decrease in both capital outlay and debt service principal were due to higher capital project activity and refinance of long-term debt that occurred in 2014.

**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, 2015, were \$3,911,063. Net position increased by \$265,296 during fiscal 2015.

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**General Fund Budget Modifications**

The original fiscal year 2014-15 budget was adopted in June 2014. 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 \$60,856 and increase estimated expenditures by \$2,598,017. The net impact of the budget changes was an increase to the deficiency of revenues and other financing sources over expenditures by \$2,537,161.

**General Fund Operating Variances**

The revised budget projected a net decrease in fund balance of \$3,750,710 and the actual results were a net increase of \$2,348,599, which equates to a positive variance of \$6,099,309.

The variance in revenues is partly attributable to revenues being higher than the revised budget by \$1,789,033. This is primarily due to increased tax revenues and intergovernmental revenues, including several one-time state mandated cost reimbursements dating back to the mid-1990's.

Expenditures were \$6,635,454 lower than projected primarily due to unfilled positions and deliberate under -spending within each department, totaling approximately \$1 million. Transfers out were significantly below budget mainly due to delays in capital projects. This resulted in under spending of approximately \$16 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, 2015 totaled \$272,344,254 (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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 121,941	\$ 121,941	\$ 11,840	\$ 11,840	\$ 133,781	\$ 133,781
Construction in progress	3,791	2,917	-	-	3,791	2,917
Buildings & improvements	36,637	37,155	3,191	3,227	39,828	40,382
Furniture & equipment	837	640	58	26	895	666
Infrastructure	92,208	94,446	-	-	92,208	94,446
Vehicles	<u>1,841</u>	<u>1,378</u>	<u>-</u>	<u>-</u>	<u>1,841</u>	<u>1,378</u>
<b>Total</b>	<b>\$ <u>257,255</u></b>	<b>\$ <u>258,477</u></b>	<b>\$ <u>15,089</u></b>	<b>\$ <u>15,093</u></b>	<b>\$ <u>272,344</u></b>	<b>\$ <u>273,570</u></b>

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Governmental Activities Long-term Debt**

At June 30, 2015, 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, 2015</u>
<b><u>Governmental Activities</u></b>		
General obligation bonds:		
Series 2007	2027	\$ 3,745,000
Pension obligation bonds, A-1 & A-2	2035	19,052,218
2013 General obligation refunding bonds	2025	<u>9,480,168</u>
Bond issuance premiums (discounts)		
Series 2007 premium		157,003
Pension obligation bonds discount		(110,011)
Clean Renewable Energy Bonds (CREBS)	2024	853,108
PG&E Streetlight Loan	2016	57,112
Capital leases	2020	<u>236,082</u>
Compensated absences		<u>1,477,860</u>
Total governmental activities		<u>\$ 34,948,540</u>
<b><u>Business-type Activities</u></b>		
Senior Promissory Note	2028	<u>\$ 6,834,002</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 2014-2015, 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 3.3%, a decrease of 1.5% from a year earlier. Sales tax revenues increased 1.7% in FY14/15 compared to the previous year. This reversed that year's decline resulting from increased competition from newly-opened department stores in the cities immediately north and south of Novato. All sectors increased, with the exception of Transportation. Assessed property values in the City increased 6.1% in 2014-15, a significant increase over the prior year's 2.8%. That trend is continuing into FY 15/16. In general, sales and property tax revenues are expected to show modest increases in FY 15/16.

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, 2015**

**Fiscal Year 2015-16 Budget**

The FY 15/16 adopted budget has continued to fund several of the key issues outlined in the Fiscal Sustainability Plan adopted by City Council in February 2014, including several core and limited-term positions, 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 15/16 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 currently represent 77% of General Fund revenues and will remain a primary source of revenue for the future. This percentage will decrease somewhat following the expiration of the Measure F Sales Tax in 2016. However, the City placed a new, ongoing one-quarter cent sales tax measure on the November 2015 ballot, which was passed with 73% of the vote. This will not fully replace the revenues from the expiring Measure F but will allow the City to continue to move toward fiscal and operational sustainability in the long-term. 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 2014-15 reflected 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, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments (Note 2)	\$ 56,710,863	\$ 3,936,124	\$ 60,646,987
Cash with fiscal agent (Note 2)	81,861	-	81,861
Accounts receivable	1,146,292	-	1,146,292
Loans receivable (Note 3)	2,641,187	-	2,641,187
Interest receivable	168,688	-	168,688
Taxes receivable	1,821,225	-	1,821,225
Prepaid expenses	74,928	-	74,928
Restricted cash and cash equivalents (Note 2)	32,851,090	-	32,851,090
Bond issuance costs, net (Note 6)	188,716	-	188,716
Deferred charges, net	139,023	-	139,023
Other assets	131,000	-	131,000
Capital assets (Note 5)			
Land and construction in progress	125,732,033	11,840,000	137,572,033
Other capital assets, net of depreciation	131,523,203	3,249,018	134,772,221
Total capital assets	<u>257,255,236</u>	<u>15,089,018</u>	<u>272,344,254</u>
<b>Total Assets</b>	<u>353,210,109</u>	<u>19,025,142</u>	<u>372,235,251</u>
<b>Deferred Outflows of Resources</b>			
2015 Pension contributions (Note 9)	2,604,410	-	2,604,410
Changes in the net pension liability (Note 9)	272,937	-	272,937
<b>Total Deferred Outflows of Resources</b>	<u>2,877,347</u>	<u>-</u>	<u>2,877,347</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,308,866	\$ 71,309	\$ 1,380,175
Accrued payroll and benefits	1,649,767	-	1,649,767
Accrued liabilities	3,885	-	3,885
Accrued interest payable	230,232	-	230,232
Unearned revenue	814,519	18,974	833,493
Deposits payable	1,908,404	100	1,908,504
Other postemployment benefits (Note 10)			
Due in more than one year	777,296	-	777,296
Net pension liability			
Due in more than one year	29,915,448	-	29,915,448
Claims payable (Note 11)			
Due within one year	551,208	-	551,208
Due in more than one year	1,426,415	-	1,426,415
Accrued compensated absences (Note 6):			
Due within one year	52,455	-	52,455
Due in more than one year	1,425,405	-	1,425,405
Long-term liabilities (Note 6):			
Due within one year	2,043,631	462,107	2,505,738
Due in more than one year	31,427,049	6,371,895	37,798,944
<b>Total Liabilities</b>	<u>73,534,580</u>	<u>6,924,385</u>	<u>80,458,965</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - housing loans (Note 3)	250,991	-	250,991
Changes in the net pension liability (Note 9)	10,252,482	-	10,252,482
<b>Total Deferred Inflows of Resources</b>	<u>10,503,473</u>	<u>-</u>	<u>10,503,473</u>
<b>NET POSITION</b>			
Net investment in capital assets	242,779,662	8,255,016	251,034,678
Restricted for:			
Debt service	1,747,766	3,845,741	5,593,507
Capital projects	15,554,679	-	15,554,679
Grants, taxes, and fees	38,928,272	-	38,928,272
Insurance	1,131,556	-	1,131,556
Unrestricted	<u>(28,092,532)</u>	<u>-</u>	<u>(28,092,532)</u>
<b>Total Net Position</b>	<u>\$ 272,049,403</u>	<u>\$ 12,100,757</u>	<u>\$ 284,150,160</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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
<b>PRIMARY GOVERNMENT</b>							
Governmental activities:							
General government	\$ 8,498,035	\$ 1,936,586	\$ 366,756	\$ -	\$ (6,194,693)	\$ -	\$ (6,194,693)
Public safety	13,888,931	479,142	960,511	278,449	(12,170,829)	-	(12,170,829)
Public works	11,121,708	453,562	-	163,290	(10,504,856)	-	(10,504,856)
Culture and recreation	5,700,386	2,162,159	49,991	-	(3,488,236)	-	(3,488,236)
Community development	794,963	1,919,720	120,935	-	1,245,692	-	1,245,692
Interest and fiscal charges	<u>1,541,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,541,378)</u>	<u>-</u>	<u>(1,541,378)</u>
Total governmental activities	<u>41,545,401</u>	<u>6,951,169</u>	<u>1,498,193</u>	<u>441,739</u>	<u>(32,654,300)</u>	<u>-</u>	<u>(32,654,300)</u>
Business-type activities:							
Marin Valley Mobile Country Club	<u>1,982,580</u>	<u>3,045,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,063,009</u>	<u>1,063,009</u>
Total primary government	<u>\$ 43,527,981</u>	<u>\$ 9,996,758</u>	<u>\$ 1,498,193</u>	<u>\$ 441,739</u>	<u>\$ (32,654,300)</u>	<u>\$ 1,063,009</u>	<u>\$ (31,591,291)</u>
General revenues:							
Property taxes					\$ 17,155,959	\$ -	\$ 17,155,959
Sales and use taxes					12,344,326	-	12,344,326
Motor vehicle and gas taxes					1,556,409	-	1,556,409
Other taxes					4,083,266	-	4,083,266
Use of money and property					1,571,294	16,091	1,587,385
Other revenue					<u>551,847</u>	<u>14,058</u>	<u>565,905</u>
Total general revenues					<u>37,263,101</u>	<u>30,149</u>	<u>37,293,250</u>
Change in net position					<u>4,608,801</u>	<u>1,093,158</u>	<u>5,701,959</u>
Net position - July 1, 2014					310,970,869	11,007,599	321,978,468
Prior period restatement (Note 14)					<u>(43,530,267)</u>	<u>-</u>	<u>(43,530,267)</u>
Net position - July 1, 2014, restated					<u>267,440,602</u>	<u>11,007,599</u>	<u>278,448,201</u>
Net position - June 30, 2015					<u>\$ 272,049,403</u>	<u>\$ 12,100,757</u>	<u>\$ 284,150,160</u>

**CITY OF NOVATO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<u>General Fund</u>	<u>Restricted Revenue</u>	<u>Development Impact Fee</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 25,373,773	\$ 1,422,518	\$ 11,753,888
Cash with fiscal agent	-	-	-
Restricted cash and investments	347,530	-	-
Accounts receivable	845,867	-	118,920
Notes receivable	695,196	-	-
Interest receivable	91,581	-	-
Taxes receivable	1,772,017	-	-
Due from other funds	590,054	-	-
Advances to other funds	89,987	-	-
Prepaid items	74,190	-	-
Deferred costs	27,103	-	-
Other assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 29,907,298</u>	<u>\$ 1,422,518</u>	<u>\$ 11,872,808</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u></b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 687,580	\$ -	\$ -
Accrued payroll and benefits	1,649,767	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deposits and other payables	485,886	1,422,518	-
Unearned revenues	639,691	-	2,457
Advances from other funds	<u>795,517</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,258,441</u>	<u>1,422,518</u>	<u>2,457</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenues - housing loans	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	1,126,334	-	-
Restricted	1,131,556	-	11,870,351
Assigned	17,283,943	-	-
Unassigned	<u>6,107,024</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>25,648,857</u>	<u>-</u>	<u>11,870,351</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,907,298</u>	<u>\$ 1,422,518</u>	<u>\$ 11,872,808</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**BALANCE SHEET (continued)**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<b>Permanent Fund - Hamilton Trust Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>			
Cash and investments	\$ -	\$ 14,154,372	\$ 52,704,551
Cash with fiscal agent	-	81,861	81,861
Restricted cash and investments	32,503,560	-	32,851,090
Accounts receivable	-	176,644	1,141,431
Notes receivable	-	1,945,991	2,641,187
Interest receivable	76,913	194	168,688
Taxes receivable	-	49,208	1,821,225
Due from other funds	-	-	590,054
Advances to other funds	-	-	89,987
Prepaid items	-	-	74,190
Deferred costs	-	111,920	139,023
Other assets	-	<u>131,000</u>	<u>131,000</u>
 Total Assets	 <u>\$ 32,580,473</u>	 <u>\$ 16,651,190</u>	 <u>\$ 92,434,287</u>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u></b>			
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ -	\$ 524,644	\$ 1,212,224
Accrued payroll and benefits	-	-	1,649,767
Accrued liabilities	-	3,885	3,885
Due to other funds	-	105,632	105,632
Deposits and other payables	-	-	1,908,404
Unearned revenues	-	33,348	675,496
Advances from other funds	-	<u>471,906</u>	<u>1,267,423</u>
 Total Liabilities	 <u>-</u>	 <u>1,139,415</u>	 <u>6,822,831</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenues - housing loans	-	<u>250,991</u>	<u>250,991</u>
 <b><u>FUND BALANCES (DEFICITS)</u></b>			
Nonspendable	-	2,188,911	3,315,245
Restricted	32,580,473	13,266,240	58,848,620
Assigned	-	202,498	17,486,441
Unassigned	-	<u>(396,865)</u>	<u>5,710,159</u>
 Total Fund Balances (Deficits)	 <u>32,580,473</u>	 <u>15,260,784</u>	 <u>85,360,465</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 32,580,473</u>	 <u>\$ 16,651,190</u>	 <u>\$ 92,434,287</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, 2015**

Total fund balances of governmental funds	\$ 85,360,465
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 \$127,117,549.	255,413,988
Deferred outflows of resources related to 2015 pension contributions were made subsequent to the measurement date.	2,570,047
Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period.	272,937
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	(33,470,680)
Compensated absences	(1,477,860)
Net OPEB obligation	(777,296)
Net pension liability	(29,577,659)
Deferred inflows related to changes in the net pension liability	(10,134,086)
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.	188,716
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(230,232)
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>3,911,063</u>
Net position of governmental activities	<u>\$ 272,049,403</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, 2015**

	<u>General Fund</u>	<u>Restricted Revenue</u>	<u>Development Impact Fee</u>
<b><u>REVENUES</u></b>			
Taxes	\$ 29,631,571	\$ -	\$ -
License and permits	1,144,209	-	-
Intergovernmental	1,161,105	-	-
Fines and forfeitures	570,564	-	-
Use of money and property	634,360	-	59,485
Charges for services	2,880,036	-	459,516
Other revenues	<u>153,886</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>36,175,731</u>	<u>-</u>	<u>519,001</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government	5,942,750	-	-
Public safety	13,688,133	-	-
Public works	5,525,010	-	-
Cultural and recreation	5,019,660	-	-
Community development	531,868	-	-
Capital outlay	40,768	-	-
Debt service:			
Principal	247,629	-	-
Interest and fiscal charges	<u>2,399</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>30,998,217</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,177,514</u>	<u>-</u>	<u>519,001</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Proceeds from capital leases	245,342	-	-
Transfers in	1,270,525	-	-
Transfers out	<u>(4,344,782)</u>	<u>-</u>	<u>(358,110)</u>
Total Other Financing Sources (Uses)	<u>(2,828,915)</u>	<u>-</u>	<u>(358,110)</u>
Net Change in Fund Balances	2,348,599	-	160,891
Fund Balances - July 1, 2014	<u>23,300,258</u>	<u>-</u>	<u>11,709,460</u>
Fund Balances - June 30, 2015	<u>\$ 25,648,857</u>	<u>\$ -</u>	<u>\$ 11,870,351</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, 2015

	<b>Permanent Fund- Hamilton Trust Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>REVENUES</u></b>			
Taxes	\$ -	\$ 5,508,389	\$ 35,139,960
License and permits	-	-	1,144,209
Intergovernmental	-	778,827	1,939,932
Fines and forfeitures	-	-	570,564
Use of money and property	300,094	478,644	1,472,583
Charges for services	-	402,766	3,742,318
Other revenues	-	<u>397,961</u>	<u>551,847</u>
Total Revenues	<u>300,094</u>	<u>7,566,587</u>	<u>44,561,413</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government	-	281,583	6,224,333
Public safety	-	252,447	13,940,580
Public works	-	1,252,049	6,777,059
Cultural and recreation	-	68,534	5,088,194
Community development	29,884	201,586	763,338
Capital outlay	-	4,034,988	4,075,756
Debt service:			
Principal	-	1,785,282	2,032,911
Interest and fiscal charges	-	<u>1,272,954</u>	<u>1,275,353</u>
Total Expenditures	<u>29,884</u>	<u>9,149,423</u>	<u>40,177,524</u>
Excess (Deficiency) of Revenues over Expenditures	<u>270,210</u>	<u>(1,582,836)</u>	<u>4,383,889</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Proceeds from capital leases	-	-	245,342
Transfers in	-	6,834,542	8,105,067
Transfers out	<u>(448,634)</u>	<u>(3,442,787)</u>	<u>(8,594,313)</u>
Total Other Financing Sources (Uses)	<u>(448,634)</u>	<u>3,391,755</u>	<u>(243,904)</u>
Net Change in Fund Balances	(178,424)	1,808,919	4,139,985
Fund Balances - July 1, 2014	<u>32,758,897</u>	<u>13,451,865</u>	<u>81,220,480</u>
Fund Balances - June 30, 2015	<u>\$ 32,580,473</u>	<u>\$ 15,260,784</u>	<u>\$ 85,360,465</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, 2015**

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	\$ 4,139,985
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	3,810,210
Depreciation expense	(5,494,844)
To write-off 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
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	2,032,914
Proceeds from capital lease	(245,342)
Issuance of debt and accreted interest	(275,103)
Net accretion on bond premiums/discounts	5,088
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.	
	89,454
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.	
	17,624
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.	
Pension expense related to deferred outflows and inflows of resources	257,685
Other postemployment benefits	6,000
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>265,296</u>
Change in net position of governmental activities	<u>\$ 4,608,801</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Marin Valley Mobile Country Club</u>	<u>Internal Service Funds</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and investments	\$ 3,936,124	\$ 4,006,312
Accounts receivable, net	-	4,861
Prepaid expenses	-	738
Advances to other funds	-	<u>1,177,436</u>
<b>Total Current Assets</b>	<u>3,936,124</u>	<u>5,189,347</u>
Non Current Assets		
Capital assets, net of accumulated depreciation	<u>15,089,018</u>	<u>1,841,248</u>
<b>Total Non-Current Assets</b>	<u>15,089,018</u>	<u>1,841,248</u>
<b>Total Assets</b>	<u>19,025,142</u>	<u>7,030,595</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
2015 pension contributions	-	<u>34,363</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts payable	71,309	96,642
Due to other funds	-	484,422
Deposits	100	-
Unearned revenue	18,974	139,023
Long-term liabilities - current portion	462,107	-
Claims payable - current portion	-	<u>551,208</u>
<b>Total Current Liabilities</b>	<u>552,490</u>	<u>1,271,295</u>
Non-Current Liabilities		
Long-term liabilities - net of current portion	6,371,895	-
Net pension liability	-	337,789
Claims payable - net of current portion	-	<u>1,426,415</u>
<b>Total Non-Current Liabilities</b>	<u>6,371,895</u>	<u>1,764,204</u>
<b>Total Liabilities</b>	<u>6,924,385</u>	<u>3,035,499</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Changes in the net pension liability	-	<u>118,396</u>
<b><u>NET POSITION:</u></b>		
Net investment in capital assets	8,255,016	1,841,248
Restricted for capital projects (expendable)	3,845,741	-
Unrestricted	-	<u>2,069,815</u>
<b>Total Net Position</b>	<u>\$ 12,100,757</u>	<u>\$ 3,911,063</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, 2015**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Marin Valley Mobile Country Club</u>	<u>Internal Service Funds</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for services	\$ 2,352,872	\$ 1,356,663
Utilities	692,717	-
Other revenue	<u>14,058</u>	<u>137,415</u>
<b>Total Operating Revenue</b>	<u>3,059,647</u>	<u>1,494,078</u>
<b><u>OPERATING EXPENSES</u></b>		
Cost of services	1,333,953	1,334,064
Employee costs	168,026	-
Depreciation and amortization	<u>279,133</u>	<u>482,675</u>
<b>Total Operating Expenses</b>	<u>1,781,112</u>	<u>1,816,739</u>
<b>Operating Income (Loss)</b>	<u>1,278,535</u>	<u>(322,661)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Interest income	16,091	98,711
Interest expense	<u>(201,468)</u>	<u>-</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(185,377)</u>	<u>98,711</u>
<b>Income (Loss) Before Transfers</b>	<u>1,093,158</u>	<u>(223,950)</u>
<b><u>TRANSFERS</u></b>		
Transfers in	-	501,763
Transfers out	<u>-</u>	<u>(12,517)</u>
<b>Total Transfers</b>	<u>-</u>	<u>489,246</u>
Change in net position	<u>1,093,158</u>	<u>265,296</u>
Net Position - July 1, 2014	11,007,599	4,075,387
Prior period adjustment (Note 14)	<u>-</u>	<u>(429,620)</u>
Net Position - July 1, 2014, restated	<u>11,007,599</u>	<u>3,645,767</u>
Net Position - June 30, 2015	<u>\$ 12,100,757</u>	<u>\$ 3,911,063</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u><b>Business-Type Activities</b></u>	<u><b>Governmental Activities</b></u>
	<u><b>Marin Valley Mobile Country Club</b></u>	<u><b>Internal Service Funds</b></u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from customers	\$ 3,043,499	\$ 1,370,068
Cash paid to suppliers	(1,313,053)	(1,150,759)
Cash paid to employees	(168,026)	-
Net Cash Provided by Operating Activities	<u>1,562,420</u>	<u>219,309</u>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
Interfund payments	-	(74,976)
Transfers from other funds	-	489,246
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>414,270</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Acquisition of capital assets	(275,010)	(946,186)
Principal paid on long-term debt	(449,704)	-
Interest paid on long-term debt	(201,468)	-
Net Cash Used for Capital and Related Financing Activities	<u>(926,182)</u>	<u>(946,186)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest and dividends	16,091	98,711
Net Cash Provided by Investing Activities	<u>16,091</u>	<u>98,711</u>
Net Increase (Decrease) in Cash and Cash Equivalents	652,329	(213,896)
Cash and Cash Equivalents - July 1, 2014	<u>3,283,795</u>	<u>4,220,208</u>
Cash and Cash Equivalents - June 30, 2015	<u>\$ 3,936,124</u>	<u>\$ 4,006,312</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>		
Operating Income (Loss)	1,278,535	(322,661)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	279,133	482,675
Pension expense	-	(7,798)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(7,406)	1,842
Increase in prepaid expenses	-	(738)
Increase in accounts payable	20,900	81,444
Decrease (increase) in unearned revenue	(8,742)	11,563
Decrease in claims payable	-	(27,018)
Net Cash Provided by Operating Activities	<u>\$ 1,562,420</u>	<u>\$ 219,309</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	<b>Redevelopment Obligation Retirement Fund</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>		
Cash and investments (Note 2)	\$ 1,027,977	\$ 4,863,164
Cash with fiscal agent (Note 2)	3,900,306	1,493,619
Other assets, net	-	37,612
Prepaid expenses	441,308	-
Deferred costs, net	<u>1,131,537</u>	<u>-</u>
<b>Total Assets</b>	<b>\$ <u>6,501,128</u></b>	<b>\$ <u>6,394,395</u></b>
<b><u>LIABILITIES</u></b>		
Accounts payable and other liabilities	\$ 123,998	\$ 7,443
Loan due to City	-	345,000
Deposits held in trust	15,041	6,041,952
Interest payable	790,108	-
Long-term liabilities	<u>46,137,950</u>	<u>-</u>
<b>Total Liabilities</b>	<b>\$ <u>47,067,097</u></b>	<b>\$ <u>6,394,395</u></b>
<b><u>NET POSITION</u></b>		
Held in trust for private purposes	<u>\$ (40,565,969)</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, 2015**

	<b><u>Redevelopment Obligation Retirement Fund</u></b>
<b><u>ADDITIONS</u></b>	
Property taxes	\$ <u>4,012,526</u>
<b>Total Additions</b>	<u>4,012,526</u>
<b><u>DEDUCTIONS</u></b>	
Contract services	300,595
Amortization	74,320
Interest expense	<u>2,366,767</u>
<b>Total Deductions</b>	<u>2,741,682</u>
Change in Fiduciary Net Position	1,270,844
Fiduciary Net Position - July 1, 2014	<u>(41,836,813)</u>
Fiduciary Net Position - June 30, 2015	<u>\$ (40,565,969)</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**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, 2015

**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. Interfund services provided and used are not eliminated in the process of consolidation. 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 and deferred outflows of resources, liabilities and deferred inflow of resources, 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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2015

**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.

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.

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.

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.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, 2015

**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, 2015. 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, 2015.

**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, 2015

**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. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**L. 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.

**M. 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, 2015

**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.

**N. 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.

**O. 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.

**P. 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, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Implementation of Government Accounting Standards Board Statements**

Effective July 1, 2014, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statements Nos. 68 and 71

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. In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. See note 9 for more information.

**R. Future Government Accounting Standards Board Statements**

These statements are not effective until July 1, 2015 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 72

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. 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, 2016.

Government Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB, and replaces Statements No. 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB. 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, 2018.

Government Accounting Standards Board Statement No. 76

In June 2015, GASB issued Statement No. 76, *the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. 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, 2016.



**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2015 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	\$ 56,710,863	\$ 81,861	\$ 32,851,090	\$ 89,643,814
Business-type activities	<u>3,936,124</u>	<u>-</u>	<u>-</u>	<u>3,936,124</u>
<b>Total government-wide cash and investments</b>	<u>60,646,987</u>	<u>81,861</u>	<u>32,851,090</u>	<u>93,579,938</u>
Fiduciary activities	<u>5,891,141</u>	<u>5,393,925</u>	<u>-</u>	<u>11,285,066</u>
<b>Total cash and investments</b>	<u>\$ 66,538,128</u>	<u>\$ 5,475,786</u>	<u>\$ 32,851,090</u>	<u>\$ 104,865,004</u>

Cash and investments were carried at fair value as of June 30, 2015 and consisted of the following:

Cash on hand	\$ 3,850
Cash in banks	<u>3,387,058</u>
Total cash	<u>3,390,908</u>
U.S. Agency securities	7,677,479
U.S. Treasury obligations	22,212,152
Cash with Fiscal Agent	5,475,786
Corporate bonds	15,963,901
Money market funds	1,250,353
Local Agency Investment Fund (LAIF)	39,899,468
Certificates of deposit	<u>8,994,957</u>
Total investments	<u>101,474,096</u>
Total cash and investments	<u>\$ 104,865,004</u>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
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.

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
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

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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, 2015:

	Remaining Maturity			Fair Value
	12 months or less	1-5 years	More than 5 years	
U.S. Agency securities	\$ -	\$ 7,677,479	\$ -	\$ 7,677,479
U.S. Treasury obligations	-	22,212,152	-	22,212,152
Corporate bonds	5,181,187	10,782,714	-	15,963,901
Money market funds	1,250,353	-	-	1,250,353
Local Agency Investment Fund	39,899,468	-	-	39,899,468
Certificates of deposit	3,351,145	5,643,812	-	8,994,957
Held by bond trustee:				
Investment agreements	-	-	5,475,786	5,475,786
	<u>\$ 49,682,153</u>	<u>\$ 46,316,157</u>	<u>\$ 5,475,786</u>	<u>\$ 101,474,096</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, 2015.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**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	\$ 7,677,479	AA+	Aaa	
U.S. Treasury obligations	22,212,152	AA+	Aaa	
Corporate bonds	1,425,047	A	A1	
Corporate bonds	1,714,786	A	A2	
Corporate bonds	1,276,130	A	A3	
Corporate bonds	499,872	A-	A2	
Corporate bonds	2,076,185	A+	A1	
Corporate bonds	2,479,525	A+	A2	
Corporate bonds	384,839	AA	Aa1	
Corporate bonds	701,469	AA	Aa2	
Corporate bonds	1,151,552	AA-	Aa3	
Corporate bonds	642,274	AA-	A1	
Corporate bonds	1,209,320	AA+	A1	
Corporate bonds	1,278,815	AA+	Aa1	
Corporate bonds	1,124,087	AAA	Aaa	
Certificates of deposit	1,299,795	A-1+	Aa2	
Certificates of deposit	3,547,948	A-1	P-1	
Certificates of deposit	550,344	A-1+	P-1	
Certificates of deposit	3,596,870	AA-	P-1	
Local Agency Investment Fund	39,899,468			Not rated
California Asset Management Program	1,250,353	AAAm	Not rated	
Held by bond trustee:				
Investment agreements	<u>5,475,786</u>			Not rated
	<u>\$ 101,474,096</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.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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, 2015, the carrying amount of the City's deposits was \$3,390,908 and bank balances were \$1,596,031. Of the bank balance, \$250,000 was insured under FDIC and \$1,346,031 was uninsured.

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 \$2,641,187 at June 30, 2015 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 0.78% at June 30, 2015). The balance of the computer loans receivable at June 30, 2015 was \$28,796 and 25 employees were participating in the program.

Employee Housing Assistance Loans

In June 2009, the City loaned an 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, 2015 was \$666,400 which is included as a loan receivable on the accompanying Statement of Net Position.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)**

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, 2015 was \$1,750,991. Interest related to this loan in the amount of \$250,991 is included as deferred inflow of resources on the accompanying Statement of Net Position.

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, 2015 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, 2015, 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.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS**

**Interfund Receivables/Payables**

The composition of interfund balances as of June 30, 2015 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Governmental Funds</u>			
General Fund	Justice Assistance Grants	Deficit cash balance	\$ 1,412
	State Grants	Deficit cash balance	47,875
	Federal Grants	Deficit cash balance	55,645
	Pension Obligation Bond	Deficit cash balance	700
	Hamilton CFD Maintenance	Hamilton levy project	89,987
	Equipment Maintenance	Deficit cash balance	<u>484,422</u>
	Total Governmental Funds		<u>680,041</u>
<u>Internal Service Funds</u>			
Equipment Replacement	General Fund	Employee housing loan	693,503
		CIP loan	102,014
	NPFA Fund	Long term loan	<u>381,919</u>
	Total Internal Service Funds		<u>1,177,436</u>
		<b>Total Interfund Receivables/Payables</b>	<b>\$ <u>1,857,477</u></b>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**Interfund Transfers to/from Other Funds**

Transfers between funds during the fiscal year ended June 30, 2015 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<b><u>Major Governmental Funds</u></b>			
General Fund	General Plan Surcharge	General plan update costs	\$ 300,000
	Special Police Projects	Fund share of equipment	7,000
	Capital Improvement Projects	CIP Projects	1,312,652
	NPFA Fund	Lease payoff	1,141,581
	Pension Obligation Bonds	Debt service	1,159,447
	Equipment Replacement	Annual MERA debt service	424,102
Hamilton Trust Fund	General Fund	Administration service charge	209,455
Hamilton Trust Fund	Affordable Housing Program	Maintenance set-aside	239,179
Development Impact Fee	General Fund	Administration service charge	80,551
	Capital Improvements Projects	CIP projects	277,559
Novato Public Financing Authority	General Fund	Administration service charge	13,000
		<b>Total Major Governmental Interfund Transfers</b>	<b><u>5,164,526</u></b>
<b><u>Non-Major Governmental Funds</u></b>			
Affordable Housing Program	Pension Obligation Bonds	Debt service	701
Clean Stormwater	General Fund	Administration service charge	125,000
	Clean Stormwater CIP	Reserve for CIP projects	45,000
Parking Improvement	Capital Improvement Projects	CIP projects	9,893
Subdivision Park	General Fund	Administration service charge	500
	Capital Improvement Projects	CIP projects	428,314
General Plan Surcharge	Pension Obligation Bonds	Debt service	1,618
Automation Surcharge	Pension Obligation Bonds	Debt service	3,183
Hamilton Community Facilities	Pension Obligation Bonds	Debt service	9,388
	Capital Improvement Projects	CIP projects	29,852
Pointe Marin CFD	Pension Obligation Bonds	Debt service	6,043
San Pablo Landscaping	Hamilton CFD Maintenance	Maintenance fee	7,047
Eucalyptus Assessment District	General Fund	Fund close-out	19
State Gas Tax	General Fund	Administration service charge	817,000
	Capital Improvement Projects	CIP projects	500,417
Special Police Projects	Equipment Replacement	Street maintenance	38,000
COPS Grant	Equipment Replacement	Street maintenance	39,661
State Grant Fund	Capital Improvement Projects	CIP projects	324,191
Federal Grant Fund	Capital Improvement Projects	CIP projects	97,914
Measure B VRF Marin County	Capital Improvement Projects	CIP projects	211,050
Street Improvement (Measure A)	Capital Improvement Projects	CIP projects	265,795
Parks Measure A	General Fund	Street maintenance	25,000
	Capital Improvement Projects	CIP projects	9,841
	Pension Obligation Bonds	Debt service	6,043
Clean Stormwater CIP	Capital Improvement Projects	CIP projects	138,032
Street/Storm Drain Maintenance	Capital Improvement Projects	CIP projects	1,380
Community Center Maintenance	Capital Improvement Projects	CIP projects	288,905
		<b>Total Non-Major Governmental Interfund Transfer</b>	<b><u>3,429,787</u></b>
<b><u>Proprietary Funds</u></b>			
Equipment Maintenance	Pension Obligation Bonds	Debt service	12,517
		<b>Total Proprietary Fund Transfers</b>	<b><u>12,517</u></b>
		<b>Total Interfund Transfers</b>	<b><u>\$ 8,606,830</u></b>



**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**Intra-fund Transfers between Funds**

The following table represents intra-fund transfers made during the year ended June 30, 2015:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description</u>	<u>Amount</u>
General Fund	LT Maintenance - Facilities	Maintenance set-aside	\$ 545,000
General Fund	LT Maintenance - Infrastructure	Maintenance set-aside	545,000
Measure F	General Fund	Reserves	<u>325,970</u>
Total Intra-fund Transfers			<u>\$ 1,415,970</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 146 - 147 presents both general fund intra-fund and interfund transfers.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 5: CAPITAL ASSETS**

**Governmental Activities:**

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2015</u>
Capital assets not being depreciated					
Land	\$ 121,941,357	\$ -	\$ -	\$ -	\$ 121,941,357
Construction-in-progress	<u>2,916,987</u>	<u>3,468,720</u>	<u>-</u>	<u>(2,595,031)</u>	<u>3,790,676</u>
Total capital assets not being depreciated	<u>124,858,344</u>	<u>3,468,720</u>	<u>-</u>	<u>(2,595,031)</u>	<u>125,732,033</u>
Capital assets being depreciated					
Buildings and improvements	44,225,535	-	-	364,100	44,589,635
Furniture and equipment	2,399,095	341,490	(397,324)	-	2,343,261
Infrastructure	<u>207,635,677</u>	<u>-</u>	<u>-</u>	<u>2,230,931</u>	<u>209,866,608</u>
Total capital assets being depreciated	<u>254,260,307</u>	<u>341,490</u>	<u>(397,324)</u>	<u>2,595,031</u>	<u>256,799,504</u>
Less accumulated depreciation					
Buildings and improvements	(7,070,936)	(881,697)	-	-	(7,952,633)
Furniture and equipment	(1,759,211)	(144,179)	397,324	-	(1,506,066)
Infrastructure	<u>(113,189,882)</u>	<u>(4,468,968)</u>	<u>-</u>	<u>-</u>	<u>(117,658,850)</u>
Total accumulated depreciation	<u>(122,020,029)</u>	<u>(5,494,844)</u>	<u>397,324</u>	<u>-</u>	<u>(127,117,549)</u>
<b>Total Capital Assets, net</b>	<u>257,098,622</u>	<u>(1,684,634)</u>	<u>-</u>	<u>-</u>	<u>255,413,988</u>
<b>Internal Service Funds:</b>					
Capital assets being depreciated					
Vehicles	<u>4,924,203</u>	<u>946,186</u>	<u>(669,646)</u>	<u>-</u>	<u>5,200,743</u>
Less accumulated depreciation					
Vehicles	<u>(3,546,466)</u>	<u>(482,675)</u>	<u>669,646</u>	<u>-</u>	<u>(3,359,495)</u>
<b>Total Capital Assets, net</b>	<u>1,377,737</u>	<u>463,511</u>	<u>-</u>	<u>-</u>	<u>1,841,248</u>
<b>Total Governmental Activities</b>	<u>\$ 258,476,359</u>	<u>\$ (1,221,123)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,255,236</u>

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

Governmental Activities:

General government	\$ 577,919
Public safety	179,643
Culture and recreation	766,507
Public works	<u>3,970,775</u>

Total governmental activities depreciation expense \$ 5,494,844

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

**Business-type Activities:**

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2015</u>
Capital assets not being depreciated					
Land	\$ 11,840,000	\$ -	\$ -	\$ -	\$ 11,840,000
Capital assets being depreciated					
Buildings and improvements	6,072,939	224,034	-	-	6,296,973
Furniture and equipment	<u>55,863</u>	<u>50,976</u>	-	-	<u>106,839</u>
Total capital assets being depreciated	<u>6,128,802</u>	<u>275,010</u>	-	-	<u>6,403,812</u>
Less accumulated depreciation					
Buildings and improvements	(2,846,136)	(260,137)	-	-	(3,106,273)
Furniture and equipment	<u>(29,525)</u>	<u>(18,996)</u>	-	-	<u>(48,521)</u>
Total accumulated depreciation	<u>(2,875,661)</u>	<u>(279,133)</u>	-	-	<u>(3,154,794)</u>
<b>Total Capital Assets, net</b>	<u>\$ 15,093,141</u>	<u>\$ (4,123)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,089,018</u>

**NOTE 6: LONG-TERM LIABILITIES**

Governmental activities long-term debt issued and outstanding at June 30, 2015 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, 2015</u>
General obligation bonds:				
Series 2007	2027	3.55-4.125%	\$ 5,000,000	\$ 3,745,000
Pension obligation bonds, A-1 & A-2	2035	5.69-6.12%	18,296,066	19,052,218
2013 General obligation refunding bonds	2025	4.15-6.79%	10,710,450	9,480,168
Bond issuance premiums (discounts)				
Series 2007 premium				157,003
Pension obligation bonds discount				(110,011)
Clean Renewable Energy Bonds (CREBS)	2024	0.00%	1,533,000	853,108
PG&E streetlight loan	2016	0.00%	250,000	57,112
Capital leases	2017-2020	2.10-4.81%	Various	236,082
Compensated absences				<u>1,477,860</u>
Total governmental activities				<u>\$ 34,948,540</u>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 6: LONG-TERM LIABILITES (CONTINUED)**

Business-type activities long-term debt issued and outstanding at June 30, 2015 was comprised of the following:

Type of Indebtedness	Maturity	Interest Rates	Authorized and Issued	Outstanding June 30, 2015
Bank of Marin	2028	2.8050%	\$ 7,900,000	\$ <u>6,834,002</u>

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2015:

	Balance at July 1, 2014	Additions	Reductions	Balance June 30, 2015	Current Portion
<b>Governmental Activities:</b>					
General obligation bonds	\$ 14,685,450	\$ -	\$ (1,460,282)	\$ 13,225,168	\$ 1,405,838
Pension obligation bonds	19,102,115	275,103	(325,000)	19,052,218	390,000
Clean renewable energy bonds	966,424	-	(113,316)	853,108	113,315
Premium (discount) on bonds, net	52,080	-	(5,088)	46,992	5,088
Capital leases	59,838	245,342	(69,098)	236,082	72,278
PG&E note payable	<u>122,330</u>	<u>-</u>	<u>(65,218)</u>	<u>57,112</u>	<u>57,112</u>
Total bonds and notes payable	<u>34,988,237</u>	<u>520,445</u>	<u>(2,038,002)</u>	<u>33,470,680</u>	<u>2,043,631</u>
Other liabilities:					
Compensated absences	<u>1,567,314</u>	<u>1,603,579</u>	<u>(1,693,033)</u>	<u>1,477,860</u>	<u>52,455</u>
<b>Total Governmental Activities</b>	<u>\$ 36,555,551</u>	<u>\$ 2,124,024</u>	<u>\$ (3,731,035)</u>	<u>\$ 34,948,540</u>	<u>\$ 2,096,086</u>
	Balance at July 1, 2014	Additions	Reductions	Balance June 30, 2015	Current Portion
<b>Business-type Activities</b>					
Bank of Marin	<u>\$ 7,283,706</u>	<u>\$ -</u>	<u>\$ (449,704)</u>	<u>\$ 6,834,002</u>	<u>\$ 462,107</u>
<b>Total Business-type Activities</b>	<u>\$ 7,283,706</u>	<u>\$ -</u>	<u>\$ (449,704)</u>	<u>\$ 6,834,002</u>	<u>\$ 462,107</u>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 6: LONG-TERM LIABILITIES (CONTINUED)**

A description of the long-term liabilities related to governmental activities at June 30, 2015 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 prior bonds carried 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. 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 prior 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, 2015

**NOTE 6: LONG-TERM LIABILITIES (CONTINUED)**

Capital Leases

The City has entered into various capital leases for office equipment. The leases bear interest rates ranging from 2.10-4.81%, and offer a \$1 buyout option at the end of the term. Leased equipment under capital leases in capital assets at June 30, 2015 includes accumulated depreciation of \$31,491. The total related net value of the assets is \$77,522. 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 \$188,716 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, 2015 was \$13,637.

Compensated Absences

At June 30, 2015, compensated absences totaled \$1,477,860, of which \$52,455 was recorded as a current liability and the non-current portion totaled \$1,425,405. For governmental activities, compensated absences are liquidated by the general fund.

**Governmental Activities Long-Term Liabilities Future Debt Service**

General Obligation Bonds

	Principal			
	<u>For the Year Ending June 30</u>	<u>Series 2013</u>	<u>Series 2007</u>	<u>Total</u>
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	1,308,921	260,000	1,568,921	
2021 - 2025	2,968,303	1,455,000	4,423,303	
2026 - 2030	<u>334,899</u>	<u>1,030,000</u>	<u>1,364,899</u>	
<b>Total</b>	<b>\$ <u>9,480,168</u></b>	<b>\$ <u>3,745,000</u></b>	<b>\$ <u>13,225,168</u></b>	

	Interest			
	<u>For the Year Ending June 30</u>	<u>Series 2013</u>	<u>Series 2007</u>	<u>Total</u>
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	95,567	105,388	200,955	
2021 - 2025	163,917	416,640	359,440	
2026 - 2030	<u>4,086</u>	<u>112,614</u>	<u>64,426</u>	
<b>Total</b>	<b>\$ <u>955,514</u></b>	<b>\$ <u>1,162,594</u></b>	<b>\$ <u>1,844,717</u></b>	

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 6: LONG-TERM LIABILITES (CONTINUED)**

Pension Obligation Bonds

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	705,000	731,608	1,436,608
2021 - 2025	5,110,000	2,913,466	8,023,466
2026 - 2030	7,363,991	2,241,523	9,605,514
2031 - 2035	<u>3,868,227</u>	<u>7,586,773</u>	<u>11,455,000</u>
<b>Total</b>	<b>\$ <u>19,052,218</u></b>	<b>\$ <u>16,717,870</u></b>	<b>\$ <u>35,770,088</u></b>

Clean Renewable Energy Bonds

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 113,315	\$ -	\$ 113,315
2017	113,315	-	113,315
2018	113,315	-	113,315
2019	113,315	-	113,315
2020	113,315	-	113,315
2021 - 2025	<u>286,533</u>	-	<u>286,533</u>
<b>Total</b>	<b>\$ <u>853,108</u></b>	<b>\$ -</b>	<b>\$ <u>853,108</u></b>

Capital leases

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 72,278	\$ 4,964	\$ 77,242
2017	73,155	3,997	77,152
2018	76,478	2,983	79,461
2019	8,809	575	9,384
2020	<u>5,362</u>	<u>102</u>	<u>5,464</u>
<b>Total</b>	<b>\$ <u>236,082</u></b>	<b>\$ <u>12,621</u></b>	<b>\$ <u>248,703</u></b>

PG&E Note Payable

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ <u>57,112</u>	\$ -	\$ <u>57,112</u>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 6: LONG-TERM LIABILITES (CONTINUED)**

Total Governmental Activities Future Debt Service

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,038,543	\$ 1,217,513	\$ 3,256,056
2017	2,092,893	1,159,950	3,252,843
2018	2,222,733	1,087,097	3,309,830
2019	2,259,968	1,012,355	3,272,323
2020	2,392,598	932,665	3,325,263
2021 - 2025	9,819,836	3,272,906	13,092,742
2026 - 2030	8,728,890	2,305,949	11,034,839
2031 - 2035	<u>3,868,227</u>	<u>7,586,773</u>	<u>11,455,000</u>
<b>Total</b>	<b>\$ <u>33,423,688</u></b>	<b>\$ <u>18,575,208</u></b>	<b>\$ <u>51,998,896</u></b>

**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.

Business-type Activities Long-Term Liabilities Future Debt Service

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	517,890	133,283	651,173
2021 - 2025	2,823,677	432,186	3,255,863
2026 - 2030	<u>1,561,024</u>	<u>58,363</u>	<u>1,619,387</u>
<b>Total</b>	<b>\$ <u>6,834,002</u></b>	<b>\$ <u>1,297,111</u></b>	<b>\$ <u>8,131,113</u></b>



**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**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, 2015, the outstanding principal of the Assessment District No. 93-1 (Golden Gate Plaza) bond issue was \$880,000.

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, 2015 the outstanding principal of the City of Novato CFD No. 1994-1 Hamilton Field 2014 Loan Refinancing was \$12,683,211.

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, 2015 the outstanding principal of the City of Novato Community Facilities District No. 2002-1 (Pointe Marin) Special Tax Refunding bond issue was \$9,715,000.

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, 2015, the outstanding principal of the City of Novato Community Facilities District No.1 (Vintage Oaks) Special Tax Bond Refinancing Loan was \$15,212,524.

**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, 2015

**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, 2015, 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>
<b>Nonspendable</b>					
Prepaid items	\$ 74,190	\$ -	\$ -	\$ -	\$ 74,190
Advances	1,025,041	-	-	-	1,025,041
Long-term loans	-	-	-	1,945,991	1,945,991
Deferred costs	27,103	-	-	111,920	139,023
Building held for resale	-	-	-	131,000	131,000
<b>Total Nonspendable</b>	<u>1,126,334</u>	<u>-</u>	<u>-</u>	<u>2,188,911</u>	<u>3,315,245</u>
<b>Restricted</b>					
Grants, taxes, & fees	-	-	32,580,473	6,347,799	38,928,272
Insurance	1,131,556	-	-	-	1,131,556
Capital projects	-	11,870,351	-	3,684,328	15,554,679
Affordable housing	-	-	-	1,486,347	1,486,347
Debt service	-	-	-	1,747,766	1,747,766
<b>Total Restricted</b>	<u>1,131,556</u>	<u>11,870,351</u>	<u>32,580,473</u>	<u>13,266,240</u>	<u>58,848,620</u>
<b>Assigned</b>					
Capital projects	4,621,397	-	-	-	4,621,397
CIP information technology	2,202,000	-	-	-	2,202,000
Risk mitigation	3,000,000	-	-	-	3,000,000
Pension reserve	1,375	-	-	-	1,375
Emergency & disaster response	6,257,508	-	-	-	6,257,508
Long-term maintenance	1,201,663	-	-	202,498	1,404,161
<b>Total Assigned</b>	<u>17,283,943</u>	<u>-</u>	<u>-</u>	<u>202,498</u>	<u>17,486,441</u>
<b>Unassigned</b>	<u>6,107,024</u>	<u>-</u>	<u>-</u>	<u>(396,865)</u>	<u>5,710,159</u>
<b>Total Fund Balance</b>	<u>\$ 25,648,857</u>	<u>\$ 11,870,351</u>	<u>\$ 32,580,473</u>	<u>\$ 15,260,784</u>	<u>\$ 85,360,465</u>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 8: FUND BALANCE (CONTINUED)**

**Fund Balance Deficits**

As of June 30, 2015, the following funds had a fund deficit:

<u>Fund</u>	<u>Deficit</u>
Capital Improvement Projects	\$ 391,039
Justice Assistance Grants	1,412
State Grant Fund	1,214
Pension Obligation Bond	3,200

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

**NOTE 9: DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pensions Plans**

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety and Miscellaneous Pension Plans. The City's Safety Plan is a cost-sharing multiple employer defined benefit pension plan, and the Miscellaneous Plan is an agent multiple-employer defined benefit pension plan, both administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire Date	<b>Miscellaneous</b>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Benefit Formula	2.0% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 - 63	52 - 67
Monthly Benefits, as a % of Eligible Compensation	1.4% to 2.4%	1.0% - 2.5%
Required Employee Contribution Rates	7.00%	6.250%
Required Employer Contribution Rates	12.698%	12.698%

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	<b>Safety</b>		
	Prior to January 1, 2013	Prior to January 1, 2013	On or After January 1, 2013
Hire Date	Tier I	Tier II	PEPRA
Benefit Formula	3.0% @ 55	3.0% @ 55	2.7% @ 57
Final compensation	Single highest year	Three-year average	Three-year average
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 - 55	50 - 55	50 - 57
Monthly Benefits, as a % of Eligible Compensation	3.0%	3.0%	2.0% - 2.7%
Required Employee Contribution Rates	9.0%	9.0%	11.50%
Required Employer Contribution Rates	22.202%	20.774%	11.50%

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	155
Inactive employees entitled to but not yet receiving benefits	108
Active employees	<u>137</u>
Total	<u>400</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 1,206,124	\$ 1,215,059
Contributions - employee	<u>582,962</u>	<u>550,822</u>
Total	<u>\$ 1,789,086</u>	<u>\$ 1,765,881</u>

**B. Net Pension Liability**

The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. In addition, the total pension liability for each Plan used to calculate the net pension liability for the Safety plan was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures.

**CITY OF NOVATO**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2015

**NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The changes in the net pension liability for the Miscellaneous Plan was as follows:

<u>Miscellaneous Plan</u>	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at July 1, 2014	\$ 81,860,399	\$ 62,753,451	\$ 19,106,948
Changes in the Year:			
Service cost	1,481,542	-	1,481,542
Interest on the total pension liability	6,054,166	-	6,054,166
Contributions - employer	-	1,206,124	(1,206,124)
Contributions - employee	-	582,962	(582,962)
Net investment income	-	10,779,038	(10,779,038)
Benefit payments, including refunds of employee contributions	<u>(3,757,926)</u>	<u>(3,757,926)</u>	<u>-</u>
Net Changes	<u>3,777,782</u>	<u>8,810,198</u>	<u>(5,032,416)</u>
Balance at June 30, 2015	\$ <u>85,638,181</u>	\$ <u>71,563,649</u>	\$ <u>14,074,532</u>

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Safety Plan as follows:

<u>Safety Plan</u>	<u>Proportionate Share of Net Pension Liability</u>
Tier I	\$ 15,802,444
Tier II	35,669
PEPRA	<u>2,803</u>
Total Net Pension Liability	<u>\$ 15,840,916</u>

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each the Safety Plan as of June 30, 2013 and 2014 was as follows:

	<u>Tier I</u>	<u>Tier II</u>	<u>PEPRA</u>
Proportion - June 30, 2013	0.25827%	0.00059%	0.00005%
Proportion - June 30, 2014	0.25396%	0.00057%	0.00005%
Change - Increase (Decrease)	(0.00431)%	(0.00002)%	0%

**CITY OF NOVATO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous &amp; Safety Plans</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% net of pension plan investment and administrative expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 201 Experience Study Report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

**CITY OF NOVATO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability for the Miscellaneous Plan and the proportionate share of the net pension liability for the Safety Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability and proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>Net Pension Liability (Asset)</u>	<u>Discount Rate -1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate +1% (8.50%)</u>
Miscellaneous (total share)	\$ 24,393,847	\$ 14,074,532	\$ 5,416,315
Safety - Tier I (proportionate share)	\$ 27,026,495	\$ 15,802,444	\$ 6,554,311
Safety - Tier II (proportionate share)	\$ 61,382	\$ 35,669	\$ 14,483
Safety - PEPRA (proportionate share)	\$ 4,824	\$ 2,803	\$ 1,138

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**CITY OF NOVATO**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2015

**NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**C. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the City recognized pension expense of \$10,710,000. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 2,604,410	\$ -
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	-	535,984
Adjustment due to differences in proportions	272,937	86,590
Net differences between projected and actual earnings on plan investments	-	9,629,908
Total	\$ 2,877,347	\$ 10,252,482

\$1,477,860 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,		
2015	\$	(2,519,586)
2016		(2,519,586)
2017		(2,532,897)
2018		(2,407,476)

**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.

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.



**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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 \$777,296.

Annual required contribution		
Service cost at year-end	\$	103,000
30-year amortization of funded liability		<u>150,000</u>
Total annual required contribution		<u>253,000</u>
Interest on net OPEB obligation		48,000
Adjustment to net OPEB obligation		<u>(46,000)</u>
Total annual OPEB cost		<u>255,000</u>
Employer contributions		<u>(261,000)</u>
Net increase in net OPEB obligation		(6,000)
Net OPEB obligation, July 1, 2014		<u>783,296</u>
Net OPEB obligation, June 30, 2015	\$	<u>777,296</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2015 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 30, 2013	\$ 244,000	\$ 214,322	87.84 %	\$ 749,203
June 30, 2014	\$ 256,000	\$ 221,907	86.68 %	\$ 783,296
June 30, 2015	\$ 255,000	\$ 261,000	102.35 %	\$ 777,296

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

**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, 2015, was as follows:

Actuarial accrued liability (AAL)		
Active employees	\$	1,115,000
Retired employees		<u>1,671,000</u>
		<u>2,786,000</u>
Actuarial value of plan assets		<u>511,892</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>2,274,108</u>
Funded Ratio (actuarial value of plan assets / AAL)		18 %
Covered payroll (active plan members)	\$	13,778,000
UAAL as a percentage of covered payroll		17 %

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, 2015

**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 \$250,739 for claims and \$360,052 for insurance premiums during the fiscal year ended June 30, 2015.

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 LAWXCX 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 LAWXCX.

Financial statements for BCJPIA and LAWXCX may be obtained from Bickmore & Associates, 1750 Creekside Oaks Drive, Sacramento, CA 95833.

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, 2015, the City incurred costs of \$855,792 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, 2015:

	<u>Workers'</u> <u>Compensation</u>	<u>General Liability</u>	<u>Total</u>
Projected known claims	\$ 647,950	\$ 260,269	\$ 908,219
Projected IBNR	<u>794,572</u>	<u>274,832</u>	<u>1,069,404</u>
Total Claims Liability	<u>\$ 1,442,522</u>	<u>\$ 535,101</u>	<u>\$ 1,977,623</u>
Claims liability - current	\$ 411,810	\$ 139,398	\$ 551,208
Claims liability - non-current	<u>1,030,712</u>	<u>395,703</u>	<u>1,426,415</u>
Total Claims Liability	<u>\$ 1,442,522</u>	<u>\$ 535,101</u>	<u>\$ 1,977,623</u>

**CITY OF NOVATO**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2015

**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, 2015:

Fund	Excess Expenditures
Hamilton Trust Fund	\$ 182,518
Affordable Housing Program	9,881
Landscaping Assessment District - San Marin	7,625
Street & Storm Drain Maintenance	1,380
General Obligation	705
Pension Obligation Bond	5,992

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 been scheduled for March 25, 2016.

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, 2015

**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
2016	\$ 245,735
2017	246,006
2018	245,857
2019	246,108
2020	245,524
2021 - 2023	270,053
Total	\$ 1,499,283

**NOTE 14: PRIOR PERIOD ADJUSTMENT**

As a result of implementing GASB Statement Nos. 68 and 71, the City has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013 by \$43,530,267. The decrease resulted from the following:

Recording of net pension liability	\$ (39,977,249)
Removal of net pension asset	(5,974,201)
Application of 2014 contributions	2,421,183
Total Prior Period Adjustment	\$ (43,530,267)

**NOTE 15: SUBSEQUENT EVENT**

In November 2015, Measure C, a sales tax measure, was adopted by the voters to maintain essential services and the City's fiscal stability. Measure C is a 1/4 percent tax that will take effect when Measure F, the 1/2 cent sales tax, expires March 31, 2016. Measure C will be ongoing with no official sunset date. City Council is required to review the tax at year 20 to decide whether it should continue or not.

**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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 28,929,250	\$ 28,929,250	\$ 29,631,571	\$ 702,321
Licenses and permits	1,005,710	1,005,710	1,144,209	138,499
Intergovernmental	714,568	727,376	1,161,105	433,729
Fines and forfeitures	581,885	592,076	570,564	(21,512)
Use of money and property	443,084	443,084	634,360	191,276
Charges for services	2,614,495	2,614,495	2,880,036	265,541
Other revenues	<u>61,850</u>	<u>74,707</u>	<u>153,886</u>	<u>79,179</u>
Total Revenues	<u>34,350,842</u>	<u>34,386,698</u>	<u>36,175,731</u>	<u>1,789,033</u>
<b>EXPENDITURES</b>				
Current:				
<b>General Government</b>				
Central Administration				
City council	64,816	64,816	82,084	(17,268)
City manager	918,628	928,252	894,170	34,082
City clerk	306,422	317,599	292,680	24,919
City attorney	<u>465,000</u>	<u>465,000</u>	<u>526,053</u>	<u>(61,053)</u>
Total Central Administration	<u>1,754,866</u>	<u>1,775,667</u>	<u>1,794,987</u>	<u>(19,320)</u>
Administrative Services				
Administration	278,409	285,796	304,405	(18,609)
Human resources	696,552	685,652	736,896	(51,244)
Finance	638,344	670,108	675,734	(5,626)
Information technology	1,070,457	1,050,474	1,025,391	25,083
Internal support	83,027	85,061	83,551	1,510
City-wide programs	<u>1,196,740</u>	<u>1,221,579</u>	<u>1,321,786</u>	<u>(100,207)</u>
Total Administrative Services	<u>3,963,529</u>	<u>3,998,670</u>	<u>4,147,763</u>	<u>(149,093)</u>
Total General Government	<u>5,718,395</u>	<u>5,774,337</u>	<u>5,942,750</u>	<u>(168,413)</u>
<b>Public Safety</b>				
Administrative Services				
City-wide programs	<u>601,664</u>	<u>601,664</u>	<u>568,841</u>	<u>32,823</u>
Police				
Administration	1,123,070	1,151,385	1,239,970	(88,585)
Technical services	1,782,568	1,826,127	1,857,392	(31,265)
Professional standards	363,364	395,022	380,066	14,956
Investigations	834,432	845,633	694,560	151,073
Patrol	6,565,928	6,786,838	6,611,769	175,069
Traffic	638,354	641,263	685,002	(43,739)
Special services	<u>989,610</u>	<u>993,721</u>	<u>950,352</u>	<u>43,369</u>
Total Police	<u>12,297,326</u>	<u>12,639,989</u>	<u>12,419,111</u>	<u>220,878</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, 2015**

	<b>2014 - 2015</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
Public Works				
Traffic & engineering	135,376	135,566	137,430	(1,864)
Traffic operations	<u>560,187</u>	<u>552,828</u>	<u>562,751</u>	<u>(9,923)</u>
Total Public Works	<u>695,563</u>	<u>688,394</u>	<u>700,181</u>	<u>(11,787)</u>
Total Public Safety	<u>13,594,553</u>	<u>13,930,047</u>	<u>13,688,133</u>	<u>241,914</u>
<b>Public Works</b>				
Community Development				
Administration	199,933	201,334	211,963	(10,629)
Code Enforcement	254,121	255,659	281,503	(25,844)
Planning	773,744	797,799	777,162	20,637
Clerical support services	246,374	245,059	301,191	(56,132)
Building inspections	<u>441,303</u>	<u>444,283</u>	<u>446,385</u>	<u>(2,102)</u>
Total Community Development	<u>1,915,475</u>	<u>1,944,134</u>	<u>2,018,204</u>	<u>(74,070)</u>
Public Works				
Traffic & engineering	403,505	380,933	346,347	34,586
Engineering-project development	256,868	257,681	319,077	(61,396)
Engineering-construction management	280,748	323,349	226,084	97,265
Basemapping	20,000	20,000	7,191	12,809
Maintenance administration	312,593	318,130	355,244	(37,114)
Street maintenance	1,267,799	1,263,637	1,122,129	141,508
Street tree/parkway maintenance	358,341	364,251	352,741	11,510
Building maintenance	<u>757,379</u>	<u>782,144</u>	<u>777,993</u>	<u>4,151</u>
Total Public Works	<u>3,657,233</u>	<u>3,710,125</u>	<u>3,506,806</u>	<u>203,319</u>
Total Public Works	<u>5,572,708</u>	<u>5,654,259</u>	<u>5,525,010</u>	<u>129,249</u>
<b>Culture and Recreation</b>				
Public Works				
Parks maintenance	\$ 1,344,311	\$ 1,372,202	\$ 1,339,901	\$ 32,301
Building maintenance	<u>413,381</u>	<u>420,800</u>	<u>426,345</u>	<u>(5,545)</u>
Total Public Works	<u>1,757,692</u>	<u>1,793,002</u>	<u>1,766,246</u>	<u>26,756</u>
Parks, Recreation, & Community Service				
Administration	848,803	866,277	772,409	93,868
Child care & enrichment programs	744,889	768,248	729,633	38,615
Cultural programs	8,717	9,007	8,327	680
Senior citizens	310,465	317,589	310,787	6,802
Athletics	<u>1,383,268</u>	<u>1,392,291</u>	<u>1,432,258</u>	<u>(39,967)</u>
Total Parks, Recreation & Community Services	<u>3,296,142</u>	<u>3,353,412</u>	<u>3,253,414</u>	<u>99,998</u>
Total Cultural and Recreation	<u>5,053,834</u>	<u>5,146,414</u>	<u>5,019,660</u>	<u>126,754</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Community Development</b>				
Central Administration				
Economic development	1,004,906	920,837	374,481	546,356
Regulation enforcement	105,521	122,491	439	122,052
Housing programs	<u>130,476</u>	<u>130,476</u>	<u>154,363</u>	<u>(23,887)</u>
Total Central Administration	<u>1,240,903</u>	<u>1,173,804</u>	<u>529,283</u>	<u>644,521</u>
Administrative Services				
Support services	62,273	61,114	-	61,114
City-wide programs	<u>4,717</u>	<u>14,650</u>	<u>2,585</u>	<u>12,065</u>
Total Administrative Services	<u>66,990</u>	<u>75,764</u>	<u>2,585</u>	<u>73,179</u>
Total Community Development	<u>1,307,893</u>	<u>1,249,568</u>	<u>531,868</u>	<u>717,700</u>
<b>Capital Outlay</b>				
Administrative Services				
Information Technology	-	-	<u>40,768</u>	<u>(40,768)</u>
Total Capital Outlay	-	-	<u>40,768</u>	<u>(40,768)</u>
<b>Debt Service</b>				
Principal	178,533	178,533	247,629	(69,096)
Interest	-	-	<u>2,399</u>	<u>(2,399)</u>
Total Debt Service	<u>178,533</u>	<u>178,533</u>	<u>250,028</u>	<u>(71,495)</u>
Total Expenditures	<u>31,425,916</u>	<u>31,933,158</u>	<u>30,998,217</u>	<u>934,941</u>
Excess (deficiency) of revenues over expenditures	<u>2,924,926</u>	<u>2,453,540</u>	<u>5,177,514</u>	<u>2,723,974</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds from capital lease	-	-	245,342	245,342
Transfers in	3,816,045	3,841,045	1,270,525	(2,570,520)
Transfers out	<u>(7,954,520)</u>	<u>(10,045,295)</u>	<u>(4,344,782)</u>	<u>5,700,513</u>
Total Other Financing Sources (Uses)	<u>(4,138,475)</u>	<u>(6,204,250)</u>	<u>(2,828,915)</u>	<u>3,375,335</u>
Net change in fund balance	<u>\$ (1,213,549)</u>	<u>\$ (3,750,710)</u>	<u>2,348,599</u>	<u>\$ 6,099,309</u>
Fund balance - July 1, 2014			<u>23,300,258</u>	
Fund balance - June 30, 2015			<u>\$ 25,648,857</u>	

**CITY OF NOVATO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY ACCOUNTING AND CONTROL  
FOR THE YEAR ENDED JUNE 30, 2015**

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 THE CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
Prepared for the City's Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan  
As of June 30, 2015  
Last 10 Years \***

	2015
<b>Changes in Total Pension Liability</b>	
Service cost	\$ 1,481,542
Interest	6,054,166
Benefit payments, including refunds of member contributions	<u>(3,757,926)</u>
Net Change in Total Pension Liability	<u>3,777,782</u>
Total Pension Liability - Beginning of Year	81,860,399
Total Pension Liability - End of Year	<u>85,638,181</u>
<b>Changes in Plan Fiduciary Net Position</b>	
Contributions - employer	1,206,124
Contributions - employee	582,962
Net investment income	10,779,038
Benefit payments, including refunds of member contributions	<u>(3,757,926)</u>
Net changes	<u>8,810,198</u>
Plan Fiduciary Net Position - Beginning of Year	62,753,451
Plan Fiduciary Net Position - End of Year	<u>71,563,649</u>
Net Pension Liability - End of Year	<u>\$ 14,074,532</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.6 %
Covered Employee Payroll	\$ 9,367,365
Net Pension Liability as a Percentage of Covered Employee Payroll	150.3 %

\* Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**CITY OF NOVATO  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Prepared for the City's Safety Plan, an Cost Sharing Defined Benefit Pension Plan  
As of June 30, 2015  
Last 10 Years \***

	<u>Tier I</u>	<u>2015 Tier II</u>	<u>PEPRA</u>
Proportion of the net pension liability	0.25396 %	0.00057 %	0.00005 %
Proportionate share of the net pension liability	\$ 15,802,444	\$ 35,669	\$ 2,803
Covered - employee payroll	\$ 4,844,481	\$ 535,942	\$ 420,499
Proportionate share of the net pension liability as a percentage of covered - employee payroll	326.19 %	6.66 %	0.67 %
Plan's fiduciary net position	67,991,944	156,293	12,285
Plan fiduciary net position as a percentage of the total pension liability	81.14 %	81.42 %	81.42 %

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**CITY OF NOVATO  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CONTRIBUTIONS  
Prepared for the City's Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan  
and the City's Safety Plan, an Cost Sharing Defined Benefit Pension Plan  
As of June 30, 2015  
Last 10 Years \***

	2015	Safety Plan		
	Miscellaneous	Tier I	Tier II	PEPRA
Contractually required contribution (actuarially determined)	\$ 1,205,886	\$ 1,047,290	\$ 124,593	\$ 63,949
Contributions in relation to the actuarially determined contributions	<u>1,206,124</u>	<u>1,026,517</u>	<u>124,593</u>	<u>63,949</u>
Contribution deficiency (excess)	\$ <u>(238)</u>	\$ <u>20,773</u>	\$ <u>-</u>	\$ <u>-</u>
Covered - employee payroll	9,367,365	4,844,481	535,942	420,499
Contributions as a percentage of covered - employee payroll	12.88 %	21.19 %	23.25 %	15.21 %

**Notes to Schedule:**

Valuation Date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level of percentage payroll
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies; 2.75% thereafter
Mortality rate table	Derived using CalPERS' membership data for all funds

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**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>
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 %
2015	\$ 2,786,000	\$ 511,892	\$ 2,274,108	18%	\$ 13,778,000	17 %

**COMBINING FINANCIAL SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION**

**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, 2015

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 51,310	\$ 51,310	\$ 59,485	\$ 8,175
Charges for services	<u>395,325</u>	<u>395,325</u>	<u>459,516</u>	<u>64,191</u>
Total Revenues	<u>446,635</u>	<u>446,635</u>	<u>519,001</u>	<u>72,366</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>446,635</u>	<u>446,635</u>	<u>519,001</u>	<u>72,366</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(1,272,400)</u>	<u>(1,387,053)</u>	<u>(358,110)</u>	<u>1,028,943</u>
Total Other Financing Sources (Uses)	<u>(1,272,400)</u>	<u>(1,387,053)</u>	<u>(358,110)</u>	<u>1,028,943</u>
Net change in fund balance	\$ <u>(825,765)</u>	\$ <u>(940,418)</u>	<u>160,891</u>	\$ <u>1,101,309</u>
Fund balance - July 1, 2014			<u>11,709,460</u>	
Fund balance - June 30, 2015			<u>\$ 11,870,351</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, 2015

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>277,525</u>	\$ <u>277,525</u>	\$ <u>300,094</u>	\$ <u>22,569</u>
Total Revenues	<u>277,525</u>	<u>277,525</u>	<u>300,094</u>	<u>22,569</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Community Development</b>				
Program	<u>32,000</u>	<u>32,000</u>	<u>29,884</u>	<u>2,116</u>
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>29,884</u>	<u>2,116</u>
Excess (deficiency) of revenues over expenditures	<u>245,525</u>	<u>245,525</u>	<u>270,210</u>	<u>24,685</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(264,000)</u>	<u>(264,000)</u>	<u>(448,634)</u>	<u>(184,634)</u>
Total Other Financing Sources (Uses)	<u>(264,000)</u>	<u>(264,000)</u>	<u>(448,634)</u>	<u>(184,634)</u>
Net change in fund balance	\$ <u>(18,475)</u>	\$ <u>(18,475)</u>	<u>(178,424)</u>	\$ <u>(159,949)</u>
Fund balance - July 1, 2014			<u>32,758,897</u>	
Fund balance - June 30, 2015			<u>\$ 32,580,473</u>	

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## NON-MAJOR GOVERNMENTAL FUNDS

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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.

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## NON-MAJOR GOVERNMENTAL FUNDS

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### **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**

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

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.

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

### **DEBT SERVICE FUNDS**

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

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, 2015**

<b>Special Revenue Funds</b>					
	<u>Affordable Housing Program</u>	<u>Clean Stormwater</u>	<u>Underground Utilities</u>	<u>Parking Improvement</u>	<u>Subdivision Park</u>
<b>ASSETS</b>					
Cash and investments	\$ 1,724,067	\$ 10,243	\$ 966,962	\$ 71,760	\$ 1,028,490
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	20,580	-	-	-	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	2,056	-	-	-
Loans receivable	1,945,991	-	-	-	-
Deferred costs	-	-	-	-	-
Other assets, net	131,000	-	-	-	-
<b>Total Assets</b>	<u>\$ 3,821,638</u>	<u>\$ 12,299</u>	<u>\$ 966,962</u>	<u>\$ 71,760</u>	<u>\$ 1,028,490</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 7,309	\$ 750	\$ -	\$ 69	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<u>7,309</u>	<u>750</u>	<u>-</u>	<u>69</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - housing loans	<u>250,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	2,076,991	-	-	-	-
Restricted	1,486,347	11,549	966,962	71,691	1,028,490
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<u>3,563,338</u>	<u>11,549</u>	<u>966,962</u>	<u>71,691</u>	<u>1,028,490</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<u>\$ 3,821,638</u>	<u>\$ 12,299</u>	<u>\$ 966,962</u>	<u>\$ 71,760</u>	<u>\$ 1,028,490</u>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2015**

<b>Special Revenue Funds</b>					
	Art in Public Places	General Plan Surcharge	Automation Surcharge	Hamilton Community Facilities	Hamilton Arts Center
<b>ASSETS</b>					
Cash and investments	\$ 132,986	\$ 496,191	\$ 202,598	\$ 190,028	\$ 907,837
Cash with fiscal agent	-	-	-	-	71,854
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Loans receivable	-	-	-	-	-
Deferred costs	-	-	-	-	-
Other assets, net	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 132,986</u></b>	<b><u>\$ 496,191</u></b>	<b><u>\$ 202,598</u></b>	<b><u>\$ 190,028</u></b>	<b><u>\$ 979,691</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ 6,184	\$ 100	\$ 7,108	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	10,108
Advances from other funds	-	-	-	89,987	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>6,184</u></b>	<b><u>100</u></b>	<b><u>97,095</u></b>	<b><u>10,108</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - housing loans	-	-	-	-	-
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	132,986	490,007	-	92,933	969,583
Assigned	-	-	202,498	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b><u>132,986</u></b>	<b><u>490,007</u></b>	<b><u>202,498</u></b>	<b><u>92,933</u></b>	<b><u>969,583</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b><u>\$ 132,986</u></b>	<b><u>\$ 496,191</u></b>	<b><u>\$ 202,598</u></b>	<b><u>\$ 190,028</u></b>	<b><u>\$ 979,691</u></b>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2015**

	<b>Special Revenue Funds</b>				
	Pointe Marin CFD	Chapter 27 Assessment	Landscaping Assessment District - San Marin	Landscaping Assessment District - Country Club	Landscaping Assessment District - Wildwood Glen
<b>ASSETS</b>					
Cash and investments	\$ 573,917	\$ 234,689	\$ 26,861	\$ 68,974	\$ 4,524
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	5,566	-	-	-
Interest receivable	-	194	-	-	-
Taxes receivable	-	3	-	-	66
Loans receivable	-	-	-	-	-
Deferred costs	-	-	-	-	-
Other assets, net	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 573,917</u></b>	<b><u>\$ 240,452</u></b>	<b><u>\$ 26,861</u></b>	<b><u>\$ 68,974</u></b>	<b><u>\$ 4,590</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 6,114	\$ -	\$ 8,316	\$ -	\$ 891
Accrued liabilities	-	3,885	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	1,875	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>6,114</u></b>	<b><u>5,760</u></b>	<b><u>8,316</u></b>	<b><u>-</u></b>	<b><u>891</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - housing loans	-	-	-	-	-
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	567,803	234,692	18,545	68,974	3,699
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b><u>567,803</u></b>	<b><u>234,692</u></b>	<b><u>18,545</u></b>	<b><u>68,974</u></b>	<b><u>3,699</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b><u>\$ 573,917</u></b>	<b><u>\$ 240,452</u></b>	<b><u>\$ 26,861</u></b>	<b><u>\$ 68,974</u></b>	<b><u>\$ 4,590</u></b>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2015**

	<b>Special Revenue Funds</b>				
	Landscaping Assessment District - Hillsdale	Downtown Lighting & Landscaping	San Pablo Landscaping	Eucalyptus Assessment District	Assessment District - Scottsdale
<b>ASSETS</b>					
Cash and investments	\$ 45,583	\$ 100,746	\$ 30,533	\$ -	\$ 9,969
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Taxes receivable	81	44	96	-	-
Loans receivable	-	-	-	-	-
Deferred costs	-	-	-	-	-
Other assets, net	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 45,664</b>	<b>\$ 100,790</b>	<b>\$ 30,629</b>	<b>\$ -</b>	<b>\$ 9,969</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 2,012	\$ 751	\$ 441	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>2,012</b>	<b>751</b>	<b>441</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - housing loans	-	-	-	-	-
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	43,652	100,039	30,188	-	9,969
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>43,652</b>	<b>100,039</b>	<b>30,188</b>	<b>-</b>	<b>9,969</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 45,664</b>	<b>\$ 100,790</b>	<b>\$ 30,629</b>	<b>\$ -</b>	<b>\$ 9,969</b>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2015**

	<b>Special Revenue Funds</b>				
	<u>State Gas Tax</u>	<u>Justice Assistance Grants</u>	<u>Special Projects Police</u>	<u>COPS Grant</u>	<u>State Grant Fund</u>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 1,101,817	\$ -	\$ 82,762	\$ 267,525	\$ 1
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	-	36,506	10,005	46,660
Interest receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Loans receivable	-	-	-	-	-
Deferred costs	-	-	-	-	-
Other assets, net	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 1,101,817</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 119,268</u></b>	<b><u>\$ 277,530</u></b>	<b><u>\$ 46,661</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u></b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ 1,676	\$ 11,334	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	1,412	-	-	47,875
Unearned revenue	-	-	2,320	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>1,412</u></b>	<b><u>3,996</u></b>	<b><u>11,334</u></b>	<b><u>47,875</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - housing loans	-	-	-	-	-
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	1,101,817	-	115,272	266,196	-
Assigned	-	-	-	-	-
Unassigned	-	(1,412)	-	-	(1,214)
<b>Total Fund Balances (Deficits)</b>	<b><u>1,101,817</u></b>	<b><u>(1,412)</u></b>	<b><u>115,272</u></b>	<b><u>266,196</u></b>	<b><u>(1,214)</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b><u>\$ 1,101,817</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 119,268</u></b>	<b><u>\$ 277,530</u></b>	<b><u>\$ 46,661</u></b>



**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2015**

	<b>Special Revenue Funds</b>		<b>Capital Project Funds</b>		
	Federal Grant Fund	Private Grant Fund	Capital Improvement Projects	Marin VRF	Measure A Street Bonds
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 40,115	\$ 75,941	\$ 196,470	\$ 1,421,926
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	57,327	-	-	-	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	35,427
Loans receivable	-	-	-	-	-
Deferred costs	-	-	-	-	-
Other assets, net	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 57,327</u></b>	<b><u>\$ 40,115</u></b>	<b><u>\$ 75,941</u></b>	<b><u>\$ 196,470</u></b>	<b><u>\$ 1,457,353</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ 466,980	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	55,645	-	-	-	-
Unearned revenue	-	19,045	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>55,645</u></b>	<b><u>19,045</u></b>	<b><u>466,980</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - housing loans	-	-	-	-	-
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	1,682	21,070	-	196,470	1,457,353
Assigned	-	-	-	-	-
Unassigned	-	-	(391,039)	-	-
<b>Total Fund Balances (Deficits)</b>	<b><u>1,682</u></b>	<b><u>21,070</u></b>	<b><u>(391,039)</u></b>	<b><u>196,470</u></b>	<b><u>1,457,353</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b><u>\$ 57,327</u></b>	<b><u>\$ 40,115</u></b>	<b><u>\$ 75,941</u></b>	<b><u>\$ 196,470</u></b>	<b><u>\$ 1,457,353</u></b>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2015**

	<b>Capital Project Funds</b>			
	Parks Measure A	Clean Stormwater CIP	Street and Storm Drain Maintenance	Community Center Maintenance
<b>ASSETS</b>				
Cash and investments	\$ 439,662	\$ 250,594	\$ 260,969	\$ 425,315
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	-	-	-	-
Loans receivable	-	-	-	-
Deferred costs	-	-	-	-
Other assets, net	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 439,662</u></b>	<b><u>\$ 250,594</u></b>	<b><u>\$ 260,969</u></b>	<b><u>\$ 425,315</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - housing loans	-	-	-	-
<b>FUND BALANCES (DEFICITS):</b>				
Nonspendable	-	-	-	-
Restricted	439,662	250,594	260,969	425,315
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b><u>439,662</u></b>	<b><u>250,594</u></b>	<b><u>260,969</u></b>	<b><u>425,315</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b><u>\$ 439,662</u></b>	<b><u>\$ 250,594</u></b>	<b><u>\$ 260,969</u></b>	<b><u>\$ 425,315</u></b>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2015**

	<b>Capital Projects</b>	<b>Debt Service Funds</b>		<b>Total Non-major Governmental Funds</b>
	Novato Public Financing Authority	General Obligation Bond	Pension Obligations Bond Fund	
<b>ASSETS</b>				
Cash and investments	\$ 1,026,556	\$ 1,737,761	\$ -	\$ 14,154,372
Cash with fiscal agent	10,007	-	-	81,861
Accounts receivable	-	-	-	176,644
Interest receivable	-	-	-	194
Taxes receivable	-	11,435	-	49,208
Loans receivable	-	-	-	1,945,991
Deferred costs	111,920	-	-	111,920
Other assets, net	-	-	-	131,000
<b>Total Assets</b>	<b><u>\$ 1,148,483</u></b>	<b><u>\$ 1,749,196</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 16,651,190</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 679	\$ 1,430	\$ 2,500	\$ 524,644
Accrued liabilities	-	-	-	3,885
Due to other funds	-	-	700	105,632
Unearned revenue	-	-	-	33,348
Advances from other funds	381,919	-	-	471,906
<b>Total Liabilities</b>	<b><u>382,598</u></b>	<b><u>1,430</u></b>	<b><u>3,200</u></b>	<b><u>1,139,415</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - housing loans	-	-	-	250,991
<b>FUND BALANCES (DEFICITS):</b>				
Nonspendable	111,920	-	-	2,188,911
Restricted	653,965	1,747,766	-	13,266,240
Assigned	-	-	-	202,498
Unassigned	-	-	(3,200)	(396,865)
<b>Total Fund Balances (Deficits)</b>	<b><u>765,885</u></b>	<b><u>1,747,766</u></b>	<b><u>(3,200)</u></b>	<b><u>15,260,784</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b><u>\$ 1,148,483</u></b>	<b><u>\$ 1,749,196</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 16,651,190</u></b>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Special Revenue Funds</b>				
	<u>Affordable Housing Program</u>	<u>Clean Stormwater</u>	<u>Underground Utilities</u>	<u>Parking Improvement</u>	<u>Subdivision Park</u>
<b><u>REVENUES</u></b>					
Taxes	\$ -	\$ 353,182	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Use of money and property	6,555	85	4,836	389	5,557
Charges for services	125,542	-	-	-	97,290
Other revenue	99,478	-	-	-	-
Total Revenues	<u>231,575</u>	<u>353,267</u>	<u>4,836</u>	<u>389</u>	<u>102,847</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	427	-
Public works	-	174,892	-	-	-
Culture and recreation	-	-	-	-	-
Community development	201,586	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>201,586</u>	<u>174,892</u>	<u>-</u>	<u>427</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>29,989</u>	<u>178,375</u>	<u>4,836</u>	<u>(38)</u>	<u>102,847</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	239,179	-	-	-	-
Transfers out	(701)	(170,000)	-	(9,893)	(428,814)
Total Other Financing Sources (Uses)	<u>238,478</u>	<u>(170,000)</u>	<u>-</u>	<u>(9,893)</u>	<u>(428,814)</u>
Net change in fund balances	268,467	8,375	4,836	(9,931)	(325,967)
Fund balances (deficits) - July 1, 2014	<u>3,294,871</u>	<u>3,174</u>	<u>962,126</u>	<u>81,622</u>	<u>1,354,457</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 3,563,338</u>	<u>\$ 11,549</u>	<u>\$ 966,962</u>	<u>\$ 71,691</u>	<u>\$ 1,028,490</u>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Special Revenue Funds</b>				
	<u>Art in Public Places</u>	<u>General Plan Surcharge</u>	<u>Automation Surcharge</u>	<u>Hamilton Community Facilities</u>	<u>Hamilton Arts Center</u>
<b><u>REVENUES</u></b>					
Taxes	\$ -	\$ -	\$ -	\$ 547,545	\$ -
Intergovernmental	-	-	-	-	-
Use of money and property	571	2,133	1,108	747	385,967
Charges for services	22,202	76,499	80,858	-	-
Other revenue	-	-	-	230,000	-
Total Revenues	<u>22,773</u>	<u>78,632</u>	<u>81,966</u>	<u>778,292</u>	<u>385,967</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	-	-	-	-	226,099
Public safety	-	-	-	-	-
Public works	-	211,232	140,913	426,074	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>211,232</u>	<u>140,913</u>	<u>426,074</u>	<u>226,099</u>
Excess (Deficiency) of Revenues over Expenditures	<u>22,773</u>	<u>(132,600)</u>	<u>(58,947)</u>	<u>352,218</u>	<u>159,868</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	300,000	-	7,047	-
Transfers out	-	(1,618)	(3,183)	(39,240)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>298,382</u>	<u>(3,183)</u>	<u>(32,193)</u>	<u>-</u>
Net change in fund balances	22,773	165,782	(62,130)	320,025	159,868
Fund balances (deficits) - July 1, 2014	<u>110,213</u>	<u>324,225</u>	<u>264,628</u>	<u>(227,092)</u>	<u>809,715</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 132,986</u>	<u>\$ 490,007</u>	<u>\$ 202,498</u>	<u>\$ 92,933</u>	<u>\$ 969,583</u>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Special Revenue Funds</b>				
	Pointe Marin CFD	Chapter 27 Assessment	Landscaping Assessment District - San Marin	Landscaping Assessment District - Country Club	Landscaping Assessment District - Wildwood Glen
<b><u>REVENUES</u></b>					
Taxes	\$ 195,804	\$ -	\$ 51,730	\$ -	\$ 8,670
Intergovernmental	-	-	-	-	-
Use of money and property	2,704	1,173	123	346	14
Charges for services	-	375	-	-	-
Other revenue	-	-	-	-	-
Total Revenues	<u>198,508</u>	<u>1,548</u>	<u>51,853</u>	<u>346</u>	<u>8,684</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	-	-	500	-	500
Public safety	-	-	-	-	-
Public works	181,132	-	58,805	-	6,843
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>181,132</u>	<u>-</u>	<u>59,305</u>	<u>-</u>	<u>7,343</u>
Excess (Deficiency) of Revenues over Expenditures	<u>17,376</u>	<u>1,548</u>	<u>(7,452)</u>	<u>346</u>	<u>1,341</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	-	-	-	-
Transfers out	(6,043)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(6,043)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	11,333	1,548	(7,452)	346	1,341
Fund balances (deficits) - July 1, 2014	<u>556,470</u>	<u>233,144</u>	<u>25,997</u>	<u>68,628</u>	<u>2,358</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 567,803</u>	<u>\$ 234,692</u>	<u>\$ 18,545</u>	<u>\$ 68,974</u>	<u>\$ 3,699</u>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Special Revenue Funds</b>				
	Landscaping Assessment District - Hillsdale	Downtown Lighting & Landscaping	San Pablo Landscaping	Eucalyptus Assessment District	Assessment District - Scottsdale
<b><u>REVENUES</u></b>					
Taxes	\$ 10,676	\$ 5,719	\$ 12,786	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Use of money and property	239	490	153	-	49
Charges for services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Revenues	<u>10,915</u>	<u>6,209</u>	<u>12,939</u>	<u>-</u>	<u>49</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	500	-	500	-	-
Public safety	-	-	-	-	-
Public works	17,074	2,606	441	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>17,574</u>	<u>2,606</u>	<u>941</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,659)</u>	<u>3,603</u>	<u>11,998</u>	<u>-</u>	<u>49</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(7,047)	(19)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(7,047)</u>	<u>(19)</u>	<u>-</u>
Net change in fund balances	(6,659)	3,603	4,951	(19)	49
Fund balances (deficits) - July 1, 2014	<u>50,311</u>	<u>96,436</u>	<u>25,237</u>	<u>19</u>	<u>9,920</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 43,652</u>	<u>\$ 100,039</u>	<u>\$ 30,188</u>	<u>\$ -</u>	<u>\$ 9,969</u>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Special Revenue Funds</b>				
	<u>State Gas Tax</u>	<u>Justice Assistance Grants</u>	<u>Special Projects Police</u>	<u>COPS Grant</u>	<u>State Grant Fund</u>
<b><u>REVENUES</u></b>					
Taxes	\$ 1,534,543	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	5,983	235,057	115,681	324,191
Use of money and property	4,696	-	380	-	-
Charges for services	-	-	-	-	-
Other revenue	-	-	16,444	-	-
Total Revenues	<u>1,539,239</u>	<u>5,983</u>	<u>251,881</u>	<u>115,681</u>	<u>324,191</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	-	-	-	-	-
Public safety	-	3,580	190,380	58,060	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	39,070	40,313	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>3,580</u>	<u>229,450</u>	<u>98,373</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,539,239</u>	<u>2,403</u>	<u>22,431</u>	<u>17,308</u>	<u>324,191</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	-	7,000	-	-
Transfers out	(1,317,417)	-	(38,000)	(39,661)	(324,191)
Total Other Financing Sources (Uses)	<u>(1,317,417)</u>	<u>-</u>	<u>(31,000)</u>	<u>(39,661)</u>	<u>(324,191)</u>
Net change in fund balances	221,822	2,403	(8,569)	(22,353)	-
Fund balances (deficits) - July 1, 2014	<u>879,995</u>	<u>(3,815)</u>	<u>123,841</u>	<u>288,549</u>	<u>(1,214)</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 1,101,817</u>	<u>\$ (1,412)</u>	<u>\$ 115,272</u>	<u>\$ 266,196</u>	<u>\$ (1,214)</u>



**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Special Revenue Funds</b>		<b>Capital Project Funds</b>		
	Federal Grant Fund	Private Grant Fund	Capital Improvement Projects	Marin VRF	Measure A Street Bonds
<b><u>REVENUES</u></b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 657,209
Intergovernmental	97,915	-	-	-	-
Use of money and property	-	201	-	1,993	5,605
Charges for services	-	-	-	-	-
Other revenue	-	-	52,039	-	-
Total Revenues	<u>97,915</u>	<u>201</u>	<u>52,039</u>	<u>1,993</u>	<u>662,814</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	3,955,605	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>3,955,605</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>97,915</u>	<u>201</u>	<u>(3,903,566)</u>	<u>1,993</u>	<u>662,814</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	-	3,895,795	-	-
Transfers out	(97,914)	-	-	(211,050)	(265,795)
Total Other Financing Sources (Uses)	<u>(97,914)</u>	<u>-</u>	<u>3,895,795</u>	<u>(211,050)</u>	<u>(265,795)</u>
Net change in fund balances	1	201	(7,771)	(209,057)	397,019
Fund balances (deficits) - July 1, 2014	<u>1,681</u>	<u>20,869</u>	<u>(383,268)</u>	<u>405,527</u>	<u>1,060,334</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 1,682</u>	<u>\$ 21,070</u>	<u>\$ (391,039)</u>	<u>\$ 196,470</u>	<u>\$ 1,457,353</u>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Capital Project Funds</b>			
	Parks Measure A	Clean Stormwater CIP	Street and Storm Drain Maintenance	Community Center Maintenance
<b><u>REVENUES</u></b>				
Taxes	\$ 376,080	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Use of money and property	1,802	1,678	1,318	2,639
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>377,882</u>	<u>1,678</u>	<u>1,318</u>	<u>2,639</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	32,037	-	-	-
Culture and recreation	68,534	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>100,571</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>277,311</u>	<u>1,678</u>	<u>1,318</u>	<u>2,639</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	45,000	-	-
Transfers out	(40,884)	(138,032)	(1,380)	(288,905)
Total Other Financing Sources (Uses)	<u>(40,884)</u>	<u>(93,032)</u>	<u>(1,380)</u>	<u>(288,905)</u>
Net change in fund balances	236,427	(91,354)	(62)	(286,266)
Fund balances (deficits) - July 1, 2014	<u>203,235</u>	<u>341,948</u>	<u>261,031</u>	<u>711,581</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 439,662</u>	<u>\$ 250,594</u>	<u>\$ 260,969</u>	<u>\$ 425,315</u>

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Capital Projects</b>	<b>Debt Service Fund</b>		<b>Total Non-major Governmental Funds</b>
	Novato Public Financing Authority	General Obligation Fund	Pension Obligations Bond Fund	
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ 1,754,445	\$ -	\$ 5,508,389
Intergovernmental	-	-	-	778,827
Use of money and property	42,465	2,628	-	478,644
Charges for services	-	-	-	402,766
Other revenue	-	-	-	397,961
Total Revenues	<u>42,465</u>	<u>1,757,073</u>	<u>-</u>	<u>7,566,587</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	20,654	27,130	5,700	281,583
Public safety	-	-	-	252,447
Public works	-	-	-	1,252,049
Culture and recreation	-	-	-	68,534
Community development	-	-	-	201,586
Capital outlay	-	-	-	4,034,988
Debt service:				
Principal	-	1,460,282	325,000	1,785,282
Interest and fiscal charges	-	401,514	871,440	1,272,954
Total Expenditures	<u>20,654</u>	<u>1,888,926</u>	<u>1,202,140</u>	<u>9,149,423</u>
Excess (Deficiency) of Revenues over Expenditures	<u>21,811</u>	<u>(131,853)</u>	<u>(1,202,140)</u>	<u>(1,582,836)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	1,141,581	-	1,198,940	6,834,542
Transfers out	(13,000)	-	-	(3,442,787)
Total Other Financing Sources (Uses)	<u>1,128,581</u>	<u>-</u>	<u>1,198,940</u>	<u>3,391,755</u>
Net change in fund balances	1,150,392	(131,853)	(3,200)	1,808,919
Fund balances (deficits) - July 1, 2014	<u>(384,507)</u>	<u>1,879,619</u>	<u>-</u>	<u>13,451,865</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 765,885</u>	<u>\$ 1,747,766</u>	<u>\$ (3,200)</u>	<u>\$ 15,260,784</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ 4,090	\$ 4,090	\$ 6,555	\$ 2,465
Charges for services	80,700	80,700	125,542	44,842
Other revenues	<u>-</u>	<u>-</u>	<u>99,478</u>	<u>99,478</u>
Total Revenues	<u>84,790</u>	<u>84,790</u>	<u>231,575</u>	<u>146,785</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Community Development</b>				
Community development	<u>191,367</u>	<u>191,723</u>	<u>201,586</u>	<u>(9,863)</u>
Total Expenditures	<u>191,367</u>	<u>191,723</u>	<u>201,586</u>	<u>(9,863)</u>
Excess (deficiency) of revenues over expenditures	<u>(106,577)</u>	<u>(106,933)</u>	<u>29,989</u>	<u>136,922</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	34,000	34,000	239,179	205,179
Transfers out	<u>(683)</u>	<u>(683)</u>	<u>(701)</u>	<u>(18)</u>
Total Other Financing Sources (Uses)	<u>33,317</u>	<u>33,317</u>	<u>238,478</u>	<u>205,161</u>
Net change in fund balance	<u>\$ (73,260)</u>	<u>\$ (73,616)</u>	<u>268,467</u>	<u>\$ 342,083</u>
Fund balance - July 1, 2014			<u>3,294,871</u>	
Fund balance - June 30, 2015			<u>\$ 3,563,338</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 356,500	\$ 356,500	\$ 353,182	\$ (3,318)
Use of money and property	<u>31</u>	<u>31</u>	<u>85</u>	<u>54</u>
Total Revenues	<u>356,531</u>	<u>356,531</u>	<u>353,267</u>	<u>(3,264)</u>
<b><u>EXPENDITURES</u></b>				
<b>Public Works</b>				
Assessment districts	15,675	15,725	15,679	46
Affordable housing	<u>147,946</u>	<u>154,814</u>	<u>159,213</u>	<u>(4,399)</u>
Total Public Works	<u>163,621</u>	<u>170,539</u>	<u>174,892</u>	<u>(4,353)</u>
Total Expenditures	<u>163,621</u>	<u>170,539</u>	<u>174,892</u>	<u>(4,353)</u>
Excess (deficiency) of revenues over expenditures	<u>192,910</u>	<u>185,992</u>	<u>178,375</u>	<u>(7,617)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(195,000)</u>	<u>(185,000)</u>	<u>(170,000)</u>	<u>15,000</u>
Total Other Financing Sources (Uses)	<u>(195,000)</u>	<u>(185,000)</u>	<u>(170,000)</u>	<u>15,000</u>
Net change in fund balance	<u>\$ (2,090)</u>	<u>\$ 992</u>	<u>8,375</u>	<u>\$ 7,383</u>
Fund balance - July 1, 2014			<u>3,174</u>	
Fund balance - June 30, 2015			<u>\$ 11,549</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ 3,939	\$ 3,939	\$ 4,836	\$ 897
Total Revenues	<u>3,939</u>	<u>3,939</u>	<u>4,836</u>	<u>897</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,939</u>	<u>3,939</u>	<u>4,836</u>	<u>897</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(274,512)</u>	<u>(274,513)</u>	<u>-</u>	<u>274,513</u>
Total Other Financing Sources (Uses)	<u>(274,512)</u>	<u>(274,513)</u>	<u>-</u>	<u>274,513</u>
Net change in fund balance	\$ <u>(270,573)</u>	\$ <u>(270,574)</u>	<u>4,836</u>	\$ <u>275,410</u>
Fund balance - July 1, 2014			<u>962,126</u>	
Fund balance - June 30, 2015			<u>\$ 966,962</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ 380	\$ 380	\$ 389	\$ 9
Total Revenues	<u>380</u>	<u>380</u>	<u>389</u>	<u>9</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Safety</b>				
Assessment districts	<u>450</u>	<u>450</u>	<u>427</u>	<u>23</u>
Total Expenditures	<u>450</u>	<u>450</u>	<u>427</u>	<u>23</u>
Excess (deficiency) of revenues over expenditures	<u>(70)</u>	<u>(70)</u>	<u>(38)</u>	<u>32</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(83,000)</u>	<u>(83,000)</u>	<u>(9,893)</u>	<u>73,107</u>
Total Other Financing Sources (Uses)	<u>(83,000)</u>	<u>(83,000)</u>	<u>(9,893)</u>	<u>73,107</u>
Net change in fund balance	<u>\$ (83,070)</u>	<u>\$ (83,070)</u>	<u>(9,931)</u>	<u>\$ 73,139</u>
Fund balance - July 1, 2014			<u>81,622</u>	
Fund balance - June 30, 2015			<u>\$ 71,691</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ 4,091	\$ 4,091	\$ 5,557	\$ 1,466
Charges for services	<u>88,536</u>	<u>88,536</u>	<u>97,290</u>	<u>8,754</u>
Total Revenues	<u>92,627</u>	<u>92,627</u>	<u>102,847</u>	<u>10,220</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>92,627</u>	<u>92,627</u>	<u>102,847</u>	<u>10,220</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(566,160)</u>	<u>(559,131)</u>	<u>(428,814)</u>	<u>130,317</u>
Total Other Financing Sources (Uses)	<u>(566,160)</u>	<u>(559,131)</u>	<u>(428,814)</u>	<u>130,317</u>
Net change in fund balance	<u>\$ (473,533)</u>	<u>\$ (466,504)</u>	<u>(325,967)</u>	<u>\$ 140,537</u>
Fund balance - July 1, 2014			<u>1,354,457</u>	
Fund balance - June 30, 2015			<u>\$ 1,028,490</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ 409	\$ 409	\$ 571	\$ 162
Charges for services	<u>-</u>	<u>-</u>	<u>22,202</u>	<u>22,202</u>
Total Revenues	<u>409</u>	<u>409</u>	<u>22,773</u>	<u>22,364</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>409</u>	<u>409</u>	<u>22,773</u>	<u>22,364</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
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>\$ (64,207)</u>	<u>\$ (64,207)</u>	<u>22,773</u>	<u>\$ 86,980</u>
Fund balance - July 1, 2014			<u>110,213</u>	
Fund balance - June 30, 2015			<u>\$ 132,986</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 1,131	\$ 1,131	\$ 2,133	\$ 1,002
Charges for services	<u>59,000</u>	<u>59,000</u>	<u>76,499</u>	<u>17,499</u>
Total Revenues	<u>60,131</u>	<u>60,131</u>	<u>78,632</u>	<u>18,501</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Works</b>				
Planning	<u>308,333</u>	<u>311,920</u>	<u>211,232</u>	<u>100,688</u>
Total Expenditures	<u>308,333</u>	<u>311,920</u>	<u>211,232</u>	<u>100,688</u>
Excess (deficiency) of revenues over expenditures	<u>(248,202)</u>	<u>(251,789)</u>	<u>(132,600)</u>	<u>119,189</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	300,000	300,000	300,000	-
Transfers out	<u>(1,597)</u>	<u>(1,597)</u>	<u>(1,618)</u>	<u>(21)</u>
Total Other Financing Sources (Uses)	<u>298,403</u>	<u>298,403</u>	<u>298,382</u>	<u>(21)</u>
Net change in fund balance	<u>\$ 50,201</u>	<u>\$ 46,614</u>	<u>165,782</u>	<u>\$ 119,168</u>
Fund balance - July 1, 2014			<u>324,225</u>	
Fund balance - June 30, 2015			<u>\$ 490,007</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 1,151	\$ 1,151	\$ 1,108	\$ (43)
Charges for services	<u>62,000</u>	<u>62,000</u>	<u>80,858</u>	<u>18,858</u>
Total Revenues	<u>63,151</u>	<u>63,151</u>	<u>81,966</u>	<u>18,815</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Works</b>				
Administration	<u>180,336</u>	<u>186,423</u>	<u>140,913</u>	<u>45,510</u>
Total Expenditures	<u>180,336</u>	<u>186,423</u>	<u>140,913</u>	<u>45,510</u>
Excess (deficiency) of revenues over expenditures	<u>(117,185)</u>	<u>(123,272)</u>	<u>(58,947)</u>	<u>64,325</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(3,193)</u>	<u>(3,193)</u>	<u>(3,183)</u>	<u>10</u>
Total Other Financing Sources (Uses)	<u>(3,193)</u>	<u>(3,193)</u>	<u>(3,183)</u>	<u>10</u>
Net change in fund balance	<u>\$ (120,378)</u>	<u>\$ (126,465)</u>	<u>(62,130)</u>	<u>\$ 64,335</u>
Fund balance - July 1, 2014			<u>264,628</u>	
Fund balance - June 30, 2015			<u>\$ 202,498</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, 2015

	<u>2014 - 2015</u> <u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 547,545	\$ 547,545	\$ 547,545	\$ -
Use of money and property	253	253	747	494
Other revenues	<u>-</u>	<u>-</u>	<u>230,000</u>	<u>230,000</u>
Total Revenues	<u>547,798</u>	<u>547,798</u>	<u>778,292</u>	<u>230,494</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Works</b>				
Hamilton CFD Maintenance	<u>537,043</u>	<u>547,884</u>	<u>426,074</u>	<u>121,810</u>
Total Expenditures	<u>537,043</u>	<u>547,884</u>	<u>426,074</u>	<u>121,810</u>
Excess (deficiency) of revenues over expenditures	<u>10,755</u>	<u>(86)</u>	<u>352,218</u>	<u>352,304</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	7,047	7,047	7,047	-
Transfers out	<u>(39,218)</u>	<u>(39,218)</u>	<u>(39,240)</u>	<u>(22)</u>
Total Other Financing Sources (Uses)	<u>(32,171)</u>	<u>(32,171)</u>	<u>(32,193)</u>	<u>(22)</u>
Net change in fund balance	<u>\$ (21,416)</u>	<u>\$ (32,257)</u>	<u>320,025</u>	<u>\$ 352,282</u>
Fund balance (deficit) - July 1, 2014			<u>(227,092)</u>	
Fund balance - June 30, 2015			<u>\$ 92,933</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, 2015

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>364,141</u>	\$ <u>364,141</u>	\$ <u>385,967</u>	\$ <u>21,826</u>
Total Revenues	<u>364,141</u>	<u>364,141</u>	<u>385,967</u>	<u>21,826</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Citywide programs	<u>450,000</u>	<u>450,000</u>	<u>226,099</u>	<u>223,901</u>
Total Expenditures	<u>450,000</u>	<u>450,000</u>	<u>226,099</u>	<u>223,901</u>
Net change in fund balance	\$ <u>(85,859)</u>	\$ <u>(85,859)</u>	<u>159,868</u>	\$ <u>245,727</u>
Fund balance - July 1, 2014			<u>809,715</u>	
Fund balance - June 30, 2015			<u>\$ 969,583</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 180,858	\$ 180,858	\$ 195,804	\$ 14,946
Use of money and property	<u>2,222</u>	<u>2,222</u>	<u>2,704</u>	<u>482</u>
Total Revenues	<u>183,080</u>	<u>183,080</u>	<u>198,508</u>	<u>15,428</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Works</b>				
Hamilton CFD Maintenance	<u>192,243</u>	<u>198,462</u>	<u>181,132</u>	<u>17,330</u>
Total Expenditures	<u>192,243</u>	<u>198,462</u>	<u>181,132</u>	<u>17,330</u>
Excess (deficiency) of revenues over expenditures	<u>(9,163)</u>	<u>(15,382)</u>	<u>17,376</u>	<u>32,758</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(6,029)</u>	<u>(6,029)</u>	<u>(6,043)</u>	<u>(14)</u>
Total Other Financing Sources (Uses)	<u>(6,029)</u>	<u>(6,029)</u>	<u>(6,043)</u>	<u>(14)</u>
Net change in fund balance	<u>\$ (15,192)</u>	<u>\$ (21,411)</u>	<u>11,333</u>	<u>\$ 32,744</u>
Fund balance - July 1, 2014			<u>556,470</u>	
Fund balance - June 30, 2015			<u>\$ 567,803</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 960	\$ 960	\$ 1,173	\$ 213
Charges for services	<u>377</u>	<u>377</u>	<u>375</u>	<u>(2)</u>
Total Revenues	<u>1,337</u>	<u>1,337</u>	<u>1,548</u>	<u>211</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,337</u>	<u>1,337</u>	<u>1,548</u>	<u>211</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(6,920)</u>	<u>(6,920)</u>	<u>-</u>	<u>6,920</u>
Net change in fund balance	<u>\$ (5,583)</u>	<u>\$ (5,583)</u>	<u>1,548</u>	<u>\$ 7,131</u>
Fund balance - July 1, 2014			<u>233,144</u>	
Fund balance - June 30, 2015			<u>\$ 234,692</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 54,904	\$ 54,904	\$ 51,730	\$ (3,174)
Use of money and property	<u>101</u>	<u>101</u>	<u>123</u>	<u>22</u>
Total Revenues	<u>55,005</u>	<u>55,005</u>	<u>51,853</u>	<u>(3,152)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment Districts	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
<b>Public Works</b>				
Assessment Districts	<u>51,180</u>	<u>51,180</u>	<u>58,805</u>	<u>(7,625)</u>
Total Expenditures	<u>51,680</u>	<u>51,680</u>	<u>59,305</u>	<u>(7,625)</u>
Net change in fund balance	<u>\$ 3,325</u>	<u>\$ 3,325</u>	<u>(7,452)</u>	<u>\$ (10,777)</u>
Fund balance - July 1, 2014			<u>25,997</u>	
Fund balance - June 30, 2015			<u>\$ 18,545</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>404</u>	\$ <u>404</u>	\$ <u>346</u>	\$ <u>(58)</u>
Total Revenues	<u>404</u>	<u>404</u>	<u>346</u>	<u>(58)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 404</u>	<u>\$ 404</u>	<u>346</u>	<u>\$ (58)</u>
Fund balance - July 1, 2014			<u>68,628</u>	
Fund balance - June 30, 2015			<u>\$ 68,974</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 8,764	\$ 8,764	\$ 8,670	\$ (94)
Use of money and property	<u>2</u>	<u>2</u>	<u>14</u>	<u>12</u>
Total Revenues	<u>8,766</u>	<u>8,766</u>	<u>8,684</u>	<u>(82)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment District	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
<b>Public Works</b>				
Assessment District	<u>8,886</u>	<u>8,886</u>	<u>6,843</u>	<u>2,043</u>
Total Expenditures	<u>9,386</u>	<u>9,386</u>	<u>7,343</u>	<u>2,043</u>
Net change in fund balance	<u>\$ (620)</u>	<u>\$ (620)</u>	<u>1,341</u>	<u>\$ 1,961</u>
Fund balance - July 1, 2014			<u>2,358</u>	
Fund balance - June 30, 2015			<u>\$ 3,699</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 10,812	\$ 10,812	\$ 10,676	\$ (136)
Use of money and property	<u>202</u>	<u>202</u>	<u>239</u>	<u>37</u>
Total Revenues	<u>11,014</u>	<u>11,014</u>	<u>10,915</u>	<u>(99)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment District	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
<b>Public Works</b>				
Assessment District	<u>10,318</u>	<u>18,472</u>	<u>17,074</u>	<u>1,398</u>
Total Expenditures	<u>10,818</u>	<u>18,972</u>	<u>17,574</u>	<u>1,398</u>
Net change in fund balance	<u>\$ 196</u>	<u>\$ (7,958)</u>	<u>(6,659)</u>	<u>\$ 1,299</u>
Fund balance - July 1, 2014			<u>50,311</u>	
Fund balance - June 30, 2015			<u>\$ 43,652</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, 2015

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 5,826	\$ 5,826	\$ 5,719	\$ (107)
Use of money and property	<u>425</u>	<u>425</u>	<u>490</u>	<u>65</u>
Total Revenues	<u>6,251</u>	<u>6,251</u>	<u>6,209</u>	<u>(42)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Works</b>				
Assessment District	<u>4,000</u>	<u>4,000</u>	<u>2,606</u>	<u>1,394</u>
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>2,606</u>	<u>1,394</u>
Net change in fund balance	<u>\$ 2,251</u>	<u>\$ 2,251</u>	<u>3,603</u>	<u>\$ 1,352</u>
Fund balance - July 1, 2014			<u>96,436</u>	
Fund balance - June 30, 2015			<u>\$ 100,039</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, 2015**

	<u>2014 - 2015</u> <u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 12,824	\$ 12,824	\$ 12,786	\$ (38)
Use of money and property	<u>111</u>	<u>111</u>	<u>153</u>	<u>42</u>
Total Revenues	<u>12,935</u>	<u>12,935</u>	<u>12,939</u>	<u>4</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment District	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
<b>Public Works</b>				
Assessment Districts	<u>2,895</u>	<u>2,895</u>	<u>441</u>	<u>2,454</u>
Total Expenditures	<u>3,395</u>	<u>3,395</u>	<u>941</u>	<u>2,454</u>
Excess (deficiency) of revenues over expenditures	<u>9,540</u>	<u>9,540</u>	<u>11,998</u>	<u>2,458</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(7,047)</u>	<u>(7,047)</u>	<u>(7,047)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(7,047)</u>	<u>(7,047)</u>	<u>(7,047)</u>	<u>-</u>
Net change in fund balance	<u>\$ 2,493</u>	<u>\$ 2,493</u>	<u>4,951</u>	<u>\$ 2,458</u>
Fund balance - July 1, 2014			<u>25,237</u>	
Fund balance - June 30, 2015			<u>\$ 30,188</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ <u>14,253</u>	\$ <u>14,253</u>	\$ -	\$ <u>(14,253)</u>
Total Revenues	<u>14,253</u>	<u>14,253</u>	-	<u>(14,253)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment Districts	<u>13,470</u>	<u>13,470</u>	-	<u>13,470</u>
Debt service:				
Interest and fiscal charges	<u>742</u>	<u>742</u>	-	<u>742</u>
Total Expenditures	<u>14,212</u>	<u>14,212</u>	-	<u>14,212</u>
Excess (deficiency) of revenues over expenditures	<u>41</u>	<u>41</u>	-	<u>(41)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(184)</u>	<u>(184)</u>	<u>(19)</u>	<u>165</u>
Net change in fund balance	<u>\$ (143)</u>	<u>\$ (143)</u>	<u>(19)</u>	<u>\$ 124</u>
Fund balance - July 1, 2014			<u>19</u>	
Fund balance - June 30, 2015			<u>\$ -</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, 2015**

	<u>2014 - 2015</u> <u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>40</u>	\$ <u>40</u>	\$ <u>49</u>	\$ <u>9</u>
Total Revenues	<u>40</u>	<u>40</u>	<u>49</u>	<u>9</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>40</u>	\$ <u>40</u>	<u>49</u>	\$ <u>9</u>
Fund balance - July 1, 2014			<u>9,920</u>	
Fund balance - June 30, 2015			\$ <u>9,969</u>	

**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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 1,340,865	\$ 1,340,865	\$ 1,534,543	\$ 193,678
Use of money and property	<u>3,323</u>	<u>3,323</u>	<u>4,696</u>	<u>1,373</u>
Total Revenues	<u>1,344,188</u>	<u>1,344,188</u>	<u>1,539,239</u>	<u>195,051</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,344,188</u>	<u>1,344,188</u>	<u>1,539,239</u>	<u>195,051</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(2,149,088)</u>	<u>(1,958,890)</u>	<u>(1,317,417)</u>	<u>641,473</u>
Total Other Financing Sources (Uses)	<u>(2,149,088)</u>	<u>(1,958,890)</u>	<u>(1,317,417)</u>	<u>641,473</u>
Net change in fund balance	\$ <u>(804,900)</u>	\$ <u>(614,702)</u>	<u>221,822</u>	\$ <u>836,524</u>
Fund balance - July 1, 2014			<u>879,995</u>	
Fund balance - June 30, 2015			\$ <u>1,101,817</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, 2015

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 3,000	\$ 3,000	\$ 5,983	\$ 2,983
Other revenues	<u>5,095</u>	<u>5,095</u>	<u>-</u>	<u>(5,095)</u>
Total Revenues	<u>8,095</u>	<u>8,095</u>	<u>5,983</u>	<u>(2,112)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Safety</b>				
Police special services	8,095	8,497	4,150	4,347
Special projects	<u>-</u>	<u>-</u>	<u>(570)</u>	<u>570</u>
Total Public Safety	<u>8,095</u>	<u>8,497</u>	<u>3,580</u>	<u>4,917</u>
Total Expenditures	<u>8,095</u>	<u>8,497</u>	<u>3,580</u>	<u>4,917</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (402)</u>	<u>2,403</u>	<u>\$ 2,805</u>
Fund balance (deficit) - July 1, 2014			<u>(3,815)</u>	
Fund balance (deficit) - June 30, 2015			<u>\$ (1,412)</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 26,810	\$ 260,662	\$ 235,057	\$ (25,605)
Use of money and property	328	328	380	52
Other revenues	<u>17,500</u>	<u>17,500</u>	<u>16,444</u>	<u>(1,056)</u>
Total Revenues	<u>44,638</u>	<u>278,490</u>	<u>251,881</u>	<u>(26,609)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Safety</b>				
Police patrol	20,000	20,000	35,711	(15,711)
Crime prevention	-	-	(500)	500
Special projects	<u>43,800</u>	<u>238,662</u>	<u>155,169</u>	<u>83,493</u>
Total Public Safety	<u>63,800</u>	<u>258,662</u>	<u>190,380</u>	<u>68,282</u>
Capital outlay	<u>-</u>	<u>38,990</u>	<u>39,070</u>	<u>(80)</u>
Total Expenditures	<u>63,800</u>	<u>258,662</u>	<u>229,450</u>	<u>68,282</u>
Excess (deficiency) of revenues over expenditures	<u>(19,162)</u>	<u>19,828</u>	<u>22,431</u>	<u>2,603</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	7,000	7,000	7,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>(38,000)</u>	<u>(38,000)</u>
Total Other Financing Sources (Uses)	<u>7,000</u>	<u>7,000</u>	<u>(31,000)</u>	<u>(38,000)</u>
Net change in fund balance	<u>\$ (12,162)</u>	<u>\$ 26,828</u>	<u>(8,569)</u>	<u>\$ (35,397)</u>
Fund balance - July 1, 2014			<u>123,841</u>	
Fund balance - June 30, 2015			<u>\$ 115,272</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ <u>100,000</u>	\$ <u>125,000</u>	\$ <u>115,681</u>	\$ <u>(9,319)</u>
Total Revenues	<u>100,000</u>	<u>125,000</u>	<u>115,681</u>	<u>(9,319)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Safety</b>				
Police special services	<u>100,000</u>	<u>125,000</u>	<u>58,060</u>	<u>66,940</u>
Total Public Safety	<u>100,000</u>	<u>125,000</u>	<u>58,060</u>	<u>66,940</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>40,313</u>	<u>(40,313)</u>
Total Expenditures	<u>100,000</u>	<u>125,000</u>	<u>98,373</u>	<u>26,627</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>17,308</u>	<u>17,308</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(39,661)</u>	<u>(39,661)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>(22,353)</u>	\$ <u>(22,353)</u>
Fund balance - July 1, 2014			<u>288,549</u>	
Fund balance - June 30, 2015			<u>\$ 266,196</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Intergovernmental	\$ <u>650,328</u>	\$ <u>650,328</u>	\$ <u>324,191</u>	\$ <u>(326,137)</u>
Total Revenues	<u>650,328</u>	<u>650,328</u>	<u>324,191</u>	<u>(326,137)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>650,328</u>	<u>650,328</u>	<u>324,191</u>	<u>(326,137)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(548,933)</u>	<u>(857,121)</u>	<u>(324,191)</u>	<u>532,930</u>
Total Other Financing Sources (Uses)	<u>(548,933)</u>	<u>(857,121)</u>	<u>(324,191)</u>	<u>532,930</u>
Net change in fund balance	\$ <u>101,395</u>	\$ <u>(206,793)</u>	<u>-</u>	\$ <u>206,793</u>
Fund balance (deficit) - July 1, 2014			<u>(1,214)</u>	
Fund balance (deficit) - June 30, 2015			\$ <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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ <u>1,397,207</u>	\$ <u>1,397,207</u>	\$ <u>97,915</u>	\$ <u>(1,299,292)</u>
Total Revenues	<u>1,397,207</u>	<u>1,397,207</u>	<u>97,915</u>	<u>(1,299,292)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,397,207</u>	<u>1,397,207</u>	<u>97,915</u>	<u>(1,299,292)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(1,397,207)</u>	<u>(1,394,039)</u>	<u>(97,914)</u>	<u>1,296,125</u>
Total Other Financing Sources (Uses)	<u>(1,397,207)</u>	<u>(1,394,039)</u>	<u>(97,914)</u>	<u>1,296,125</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>3,168</u>	<u>1</u>	\$ <u>(3,167)</u>
Fund balance - July 1, 2014			<u>1,681</u>	
Fund balance - June 30, 2015			\$ <u>1,682</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>192</u>	\$ <u>192</u>	\$ <u>201</u>	\$ <u>9</u>
Total Revenues	<u>192</u>	<u>192</u>	<u>201</u>	<u>9</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 192</u>	<u>\$ 192</u>	<u>201</u>	<u>\$ 9</u>
Fund balance - July 1, 2014			<u>20,869</u>	
Fund balance - June 30, 2015			<u>\$ 21,070</u>	

**CITY OF NOVATO**  
**CAPITAL IMPROVEMENT PROJECTS - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Other revenues	\$ <u>552,772</u>	\$ <u>566,692</u>	\$ <u>52,039</u>	\$ <u>(514,653)</u>
Total Revenues	<u>552,772</u>	<u>566,692</u>	<u>52,039</u>	<u>(514,653)</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay	<u>12,649,273</u>	<u>13,619,567</u>	<u>3,955,605</u>	<u>9,663,962</u>
Total Expenditures	<u>12,649,273</u>	<u>13,619,567</u>	<u>3,955,605</u>	<u>9,663,962</u>
Excess (deficiency) of revenues over expenditures	<u>(12,096,501)</u>	<u>(13,052,875)</u>	<u>(3,903,566)</u>	<u>9,149,309</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	12,016,501	13,198,788	3,895,795	(9,302,993)
Transfers out	<u>(80,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
Total Other Financing Sources (Uses)	<u>11,936,501</u>	<u>13,197,788</u>	<u>3,895,795</u>	<u>(9,301,993)</u>
Net change in fund balance	<u>\$ (160,000)</u>	<u>\$ 144,913</u>	<u>(7,771)</u>	<u>\$ (152,684)</u>
Fund balance (deficit) - July 1, 2014			<u>(383,268)</u>	
Fund balance (deficit) - June 30, 2015			<u>\$ (391,039)</u>	

**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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>500</u>	\$ <u>500</u>	\$ <u>1,993</u>	\$ <u>1,493</u>
Total Revenues	<u>500</u>	<u>500</u>	<u>1,993</u>	<u>1,493</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>500</u>	<u>500</u>	<u>1,993</u>	<u>1,493</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(318,466)</u>	<u>(318,466)</u>	<u>(211,050)</u>	<u>107,416</u>
Total Other Financing Sources (Uses)	<u>(318,466)</u>	<u>(318,466)</u>	<u>(211,050)</u>	<u>107,416</u>
Net change in fund balance	\$ <u>(317,966)</u>	\$ <u>(317,966)</u>	<u>(209,057)</u>	\$ <u>108,909</u>
Fund balance - July 1, 2014			<u>405,527</u>	
Fund balance - June 30, 2015			\$ <u>196,470</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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 621,782	\$ 621,782	\$ 657,209	\$ 35,427
Use of money and property	<u>4,848</u>	<u>4,848</u>	<u>5,605</u>	<u>757</u>
Total Revenues	<u>626,630</u>	<u>626,630</u>	<u>662,814</u>	<u>36,184</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>626,630</u>	<u>626,630</u>	<u>662,814</u>	<u>36,184</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(1,551,684)</u>	<u>(1,557,875)</u>	<u>(265,795)</u>	<u>1,292,080</u>
Total Other Financing Sources (Uses)	<u>(1,551,684)</u>	<u>(1,557,875)</u>	<u>(265,795)</u>	<u>1,292,080</u>
Net change in fund balance	<u>\$ (925,054)</u>	<u>\$ (931,245)</u>	<u>397,019</u>	<u>\$ 1,328,264</u>
Fund balance - July 1, 2014			<u>1,060,334</u>	
Fund balance - June 30, 2015			<u>\$ 1,457,353</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, 2015**

	<u>2014 - 2015</u> <u>Budgeted Amounts</u>			<b>Variance</b> <b>with Final</b> <b>Budget</b> <b>Positive</b> <b>(Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 313,760	\$ 313,760	\$ 376,080	\$ 62,320
Use of money and property	<u>1,200</u>	<u>1,200</u>	<u>1,802</u>	<u>602</u>
Total Revenues	<u>314,960</u>	<u>314,960</u>	<u>377,882</u>	<u>62,922</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Works</b>				
Street tree/ parkway maintenance	<u>17,086</u>	<u>84,658</u>	<u>32,037</u>	<u>52,621</u>
<b>Culture and Recreation</b>				
Parks maintenance	<u>107,287</u>	<u>110,658</u>	<u>68,534</u>	<u>42,124</u>
Total Expenditures	<u>124,373</u>	<u>195,316</u>	<u>100,571</u>	<u>94,745</u>
Excess (deficiency) of revenues over expenditures	<u>190,587</u>	<u>119,644</u>	<u>277,311</u>	<u>157,667</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(256,029)</u>	<u>(333,024)</u>	<u>(40,884)</u>	<u>292,140</u>
Total Other Financing Sources (Uses)	<u>(256,029)</u>	<u>(333,024)</u>	<u>(40,884)</u>	<u>292,140</u>
Net change in fund balance	<u>\$ (65,442)</u>	<u>\$ (213,380)</u>	<u>236,427</u>	<u>\$ 449,807</u>
Fund balance - July 1, 2014			<u>203,235</u>	
Fund balance - June 30, 2015			<u>\$ 439,662</u>	

**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, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ 1,293	\$ 1,293	\$ 1,678	\$ 385
Total Revenues	<u>1,293</u>	<u>1,293</u>	<u>1,678</u>	<u>385</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,293</u>	<u>1,293</u>	<u>1,678</u>	<u>385</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	45,000	45,000	45,000	-
Transfers out	<u>(331,456)</u>	<u>(327,632)</u>	<u>(138,032)</u>	<u>189,600</u>
Total Other Financing Sources (Uses)	<u>(286,456)</u>	<u>(282,632)</u>	<u>(93,032)</u>	<u>189,600</u>
Net change in fund balance	<u>\$ (285,163)</u>	<u>\$ (281,339)</u>	<u>(91,354)</u>	<u>\$ 189,985</u>
Fund balance - July 1, 2014			<u>341,948</u>	
Fund balance - June 30, 2015			<u>\$ 250,594</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>1,172</u>	\$ <u>1,172</u>	\$ <u>1,318</u>	\$ <u>146</u>
Total Revenues	<u>1,172</u>	<u>1,172</u>	<u>1,318</u>	<u>146</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,172</u>	<u>1,172</u>	<u>1,318</u>	<u>146</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(1,380)</u>	<u>(1,380)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,380)</u>	<u>(1,380)</u>
Net change in fund balance	\$ <u>1,172</u>	\$ <u>1,172</u>	<u>(62)</u>	\$ <u>(1,234)</u>
Fund balance - July 1, 2014			<u>261,031</u>	
Fund balance - June 30, 2015			\$ <u>260,969</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, 2015

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 3,333	\$ 3,333	\$ 2,639	\$ (694)
Total Revenues	<u>3,333</u>	<u>3,333</u>	<u>2,639</u>	<u>(694)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,333</u>	<u>3,333</u>	<u>2,639</u>	<u>(694)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(513,311)</u>	<u>(463,014)</u>	<u>(288,905)</u>	<u>174,109</u>
Total Other Financing Sources (Uses)	<u>(513,311)</u>	<u>(463,014)</u>	<u>(288,905)</u>	<u>174,109</u>
Net change in fund balance	<u>\$ (509,978)</u>	<u>\$ (459,681)</u>	<u>(286,266)</u>	<u>\$ 173,415</u>
Fund balance - July 1, 2014			<u>711,581</u>	
Fund balance - June 30, 2015			<u>\$ 425,315</u>	

**CITY OF NOVATO**  
 NOVATO PUBLIC FINANCING AUTHORITY - CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 40,141	\$ 40,141	\$ 42,465	\$ 2,324
Total Revenues	<u>40,141</u>	<u>40,141</u>	<u>42,465</u>	<u>2,324</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Citywide programs	<u>35,000</u>	<u>35,000</u>	<u>20,654</u>	<u>14,346</u>
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>20,654</u>	<u>14,346</u>
Excess (deficiency) of revenues over expenditures	<u>5,141</u>	<u>5,141</u>	<u>21,811</u>	<u>16,670</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	1,135,000	1,135,000	1,141,581	6,581
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,122,000</u>	<u>1,122,000</u>	<u>1,128,581</u>	<u>6,581</u>
Net change in fund balance	<u>\$ 1,127,141</u>	<u>\$ 1,127,141</u>	<u>1,150,392</u>	<u>\$ 23,251</u>
Fund balance (deficit) - July 1, 2014			<u>(384,507)</u>	
Fund balance - June 30, 2015			<u>\$ 765,885</u>	

**CITY OF NOVATO**  
**GENERAL OBLIGATION - DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>2014 - 2015</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 1,695,461	\$ 1,695,461	\$ 1,754,445	\$ 58,984
Use of money and property	<u>5,455</u>	<u>5,455</u>	<u>2,628</u>	<u>(2,827)</u>
Total Revenues	<u>1,700,916</u>	<u>1,700,916</u>	<u>1,757,073</u>	<u>56,157</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Debt service	<u>26,424</u>	<u>26,424</u>	<u>27,130</u>	<u>(706)</u>
Debt service:				
Principal	1,460,282	1,460,282	1,460,282	-
Interest and fiscal charges	<u>401,515</u>	<u>401,515</u>	<u>401,514</u>	<u>1</u>
Total Expenditures	<u>1,888,221</u>	<u>1,888,221</u>	<u>1,888,926</u>	<u>(705)</u>
Net change in fund balance	<u>\$ (187,305)</u>	<u>\$ (187,305)</u>	<u>(131,853)</u>	<u>\$ 55,452</u>
Fund balance - July 1, 2014			<u>1,879,619</u>	
Fund balance - June 30, 2015			<u>\$ 1,747,766</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, 2015**

	<u>2014 - 2015</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>		
<b><u>REVENUES</u></b>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Debt service	<u>2,500</u>	<u>2,500</u>	<u>5,700</u>	<u>(3,200)</u>
Debt service:				
Principal	325,000	325,000	325,000	-
Interest and fiscal charges	<u>868,648</u>	<u>868,648</u>	<u>871,440</u>	<u>(2,792)</u>
Total Expenditures	<u>1,196,148</u>	<u>1,196,148</u>	<u>1,202,140</u>	<u>(5,992)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,196,148)</u>	<u>(1,196,148)</u>	<u>(1,202,140)</u>	<u>(5,992)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	<u>1,196,148</u>	<u>1,196,148</u>	<u>1,198,940</u>	<u>2,792</u>
Total Other Financing Sources (Uses)	<u>1,196,148</u>	<u>1,196,148</u>	<u>1,198,940</u>	<u>2,792</u>
Net change in fund balance	\$ _____ -	\$ _____ -	<u>(3,200)</u>	\$ <u>(3,200)</u>
Fund balance - July 1, 2014			_____ -	
Fund balance (deficit) - June 30, 2015			\$ <u>(3,200)</u>	



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## INTERNAL SERVICE FUNDS

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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, 2015**

**Governmental Activities - Internal Service Funds**

	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Furnishings, Fixtures, &amp; Equipment Replacement</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
<b><u>ASSETS</u></b>					
Current Assets					
Cash and investments	\$ -	\$ 4,005,510	\$ 802	\$ -	\$ 4,006,312
Accounts receivable, net	4,861	-	-	-	4,861
Prepaid expenses	738	-	-	-	738
Advances to other funds	-	<u>1,177,436</u>	-	-	<u>1,177,436</u>
Total Current Assets	<u>5,599</u>	<u>5,182,946</u>	<u>802</u>	<u>-</u>	<u>5,189,347</u>
Non Current Assets					
Capital assets, net	-	<u>1,841,248</u>	-	-	<u>1,841,248</u>
Total Non-Current Assets	<u>-</u>	<u>1,841,248</u>	<u>-</u>	<u>-</u>	<u>1,841,248</u>
<b>Total Assets</b>	<u>5,599</u>	<u>7,024,194</u>	<u>802</u>	<u>-</u>	<u>7,030,595</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
2015 pension contributions	<u>34,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,363</u>
<b><u>LIABILITIES</u></b>					
Current Liabilities					
Accounts payable	49,297	47,345	-	-	96,642
Due to other funds	484,422	-	-	-	484,422
Unearned revenue	-	139,023	-	-	139,023
Claims payable - current	-	-	-	<u>551,208</u>	<u>551,208</u>
Total Current Liabilities	<u>533,719</u>	<u>186,368</u>	<u>-</u>	<u>551,208</u>	<u>1,271,295</u>
Non-Current Liabilities					
Claims payable	-	-	-	1,426,415	1,426,415
Net pension liability	<u>337,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,789</u>
Total Non-Current Liabilities	<u>337,789</u>	<u>-</u>	<u>-</u>	<u>1,426,415</u>	<u>1,764,204</u>
<b>Total Liabilities</b>	<u>871,508</u>	<u>186,368</u>	<u>-</u>	<u>1,977,623</u>	<u>3,035,499</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Changes in the net pension liability	<u>118,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,396</u>
<b><u>NET POSITION:</u></b>					
Net investment in capital assets	-	1,841,248	-	-	1,841,248
Unrestricted	<u>(949,942)</u>	<u>4,996,578</u>	<u>802</u>	<u>(1,977,623)</u>	<u>2,069,815</u>
<b>Total Net Position</b>	<u>\$ (949,942)</u>	<u>\$ 6,837,826</u>	<u>\$ 802</u>	<u>\$ (1,977,623)</u>	<u>\$ 3,911,063</u>

**CITY OF NOVATO**  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

**Governmental Activities - Internal Service Funds**

	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Furnishings, Fixtures, &amp; Equipment Replacement</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
<b><u>OPERATING REVENUES</u></b>					
Charges for services	\$ 708,479	\$ 648,184	\$ -	\$ -	\$ 1,356,663
Other revenue	-	-	-	137,415	137,415
<b>Total Operating Revenue</b>	<u>708,479</u>	<u>648,184</u>	<u>-</u>	<u>137,415</u>	<u>1,494,078</u>
<b><u>OPERATING EXPENSES</u></b>					
Cost of services	761,967	461,700	-	110,397	1,334,064
Depreciation	-	482,675	-	-	482,675
<b>Total Operating Expenses</b>	<u>761,967</u>	<u>944,375</u>	<u>-</u>	<u>110,397</u>	<u>1,816,739</u>
<b>Operating Income (Loss)</b>	<u>(53,488)</u>	<u>(296,191)</u>	<u>-</u>	<u>27,018</u>	<u>(322,661)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>					
Interest income	-	98,707	4	-	98,711
<b>Total Non-Operating Revenues</b>	<u>-</u>	<u>98,707</u>	<u>4</u>	<u>-</u>	<u>98,711</u>
<b>Income (Loss) Before Transfers</b>	<u>(53,488)</u>	<u>(197,484)</u>	<u>4</u>	<u>27,018</u>	<u>(223,950)</u>
<b><u>TRANSFERS</u></b>					
Transfers in	-	501,763	-	-	501,763
Transfers out	(12,517)	-	-	-	(12,517)
<b>Total Transfers</b>	<u>(12,517)</u>	<u>501,763</u>	<u>-</u>	<u>-</u>	<u>489,246</u>
Change in net position	<u>(66,005)</u>	<u>304,279</u>	<u>4</u>	<u>27,018</u>	<u>265,296</u>
Net Position - July 1, 2014	(454,317)	6,533,547	798	(2,004,641)	4,075,387
Prior period adjustment (Note 14)	(429,620)	-	-	-	(429,620)
Net Position - July 1, 2014, restated	<u>(883,937)</u>	<u>6,533,547</u>	<u>798</u>	<u>(2,004,641)</u>	<u>3,645,767</u>
Net Position - June 30, 2015	<u>\$ (949,942)</u>	<u>\$ 6,837,826</u>	<u>\$ 802</u>	<u>\$ (1,977,623)</u>	<u>\$ 3,911,063</u>

**CITY OF NOVATO**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Governmental Activities - Internal Service Funds</b>				
	<b>Equipment Maintenance</b>	<b>Equipment Replacement</b>	<b>Furnishings, Fixtures, &amp; Equipment Replacement</b>	<b>Insurance Reserve</b>	<b>Total Internal Service Funds</b>
<b><u>CASH FLOWS FROM OPERATING</u></b>					
<b><u>ACTIVITIES</u></b>					
Cash received from customers	\$ 710,321	\$ 659,747	\$ -	\$ -	\$ 1,370,068
Cash paid to suppliers	(736,404)	(414,355)	-	-	(1,150,759)
Net Cash Provided by (Used for) Operating Activities	<u>(26,083)</u>	<u>245,392</u>	<u>-</u>	<u>-</u>	<u>219,309</u>
<b><u>CASH FLOWS FROM NON-CAPITAL</u></b>					
<b><u>FINANCING ACTIVITIES</u></b>					
Interfund (payments) receipts	38,600	(113,576)	-	-	(74,976)
Transfers from (to) other funds	(12,517)	501,763	-	-	489,246
Net Cash Provided by Non-Capital Financing Activities	<u>26,083</u>	<u>388,187</u>	<u>-</u>	<u>-</u>	<u>414,270</u>
<b><u>CASH FLOWS FROM CAPITAL AND</u></b>					
<b><u>RELATED FINANCING ACTIVITIES</u></b>					
Acquisition of capital assets	-	(946,186)	-	-	(946,186)
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(946,186)</u>	<u>-</u>	<u>-</u>	<u>(946,186)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Interest and dividends	-	98,707	4	-	98,711
Net Cash Provided by Investing Activities	<u>-</u>	<u>98,707</u>	<u>4</u>	<u>-</u>	<u>98,711</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(213,900)	4	-	(213,896)
Cash and Cash Equivalents - July 1, 2014	-	4,219,410	798	-	4,220,208
Cash and Cash Equivalents - June 30, 2015	<u>\$ -</u>	<u>\$ 4,005,510</u>	<u>\$ 802</u>	<u>\$ -</u>	<u>\$ 4,006,312</u>
<b><u>RECONCILIATION OF OPERATING INCOME</u></b>					
<b><u>(LOSS) TO NET CASH PROVIDED BY</u></b>					
<b><u>(USED FOR) OPERATING ACTIVITIES:</u></b>					
Operating Income (Loss)	(53,488)	(296,191)	-	27,018	(322,661)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	-	482,675	-	-	482,675
Pension expense	(7,798)	-	-	-	(7,798)
Changes in assets and liabilities:					
Decrease in accounts receivable	1,842	-	-	-	1,842
Decrease in prepaid expenses	(738)	-	-	-	(738)
Increase in accounts payable	34,099	47,345	-	-	81,444
Increase in unearned revenue	-	11,563	-	-	11,563
Decrease in claims payable	-	-	-	(27,018)	(27,018)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (26,083)</u>	<u>\$ 245,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,309</u>

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**AGENCY FUNDS**

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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 SCHEDULE OF NET POSITION**  
**AGENCY FUNDS**  
**JUNE 30, 2015**

	<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>
<b><u>ASSETS</u></b>											
Cash and investments	\$ 20,500	\$ 1,000,000	\$ 176	\$ 23,956	\$ 50,060	\$ 19,899	\$ 2,330,629	\$ 154,848	\$ 677,418	\$ 585,678	\$ 4,863,164
Cash with fiscal agent	-	-	-	-	-	-	-	239,684	452,106	801,829	1,493,619
Other assets, net	-	-	-	-	-	190	11,543	1,598	16,763	7,518	37,612
<b>Total Assets</b>	<b>\$ 20,500</b>	<b>\$ 1,000,000</b>	<b>\$ 176</b>	<b>\$ 23,956</b>	<b>\$ 50,060</b>	<b>\$ 20,089</b>	<b>\$ 2,342,172</b>	<b>\$ 396,130</b>	<b>\$ 1,146,287</b>	<b>\$ 1,395,025</b>	<b>\$ 6,394,395</b>
<b><u>LIABILITIES</u></b>											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 666	\$ 1,500	\$ 927	\$ 2,400	\$ 1,950	\$ 7,443
Due to City	-	-	-	-	-	345,000	-	-	-	-	345,000
Deposits held in trust	20,500	1,000,000	176	23,956	50,060	(325,577)	2,340,672	395,203	1,143,887	1,393,075	6,041,952
<b>Total Liabilities</b>	<b>\$ 20,500</b>	<b>\$ 1,000,000</b>	<b>\$ 176</b>	<b>\$ 23,956</b>	<b>\$ 50,060</b>	<b>\$ 20,089</b>	<b>\$ 2,342,172</b>	<b>\$ 396,130</b>	<b>\$ 1,146,287</b>	<b>\$ 1,395,025</b>	<b>\$ 6,394,395</b>

**CITY OF NOVATO**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Unclaimed Property Fund</u>				
<b>ASSETS</b>				
Cash and investments	\$ <u>20,500</u>	\$ _____ -	\$ _____ -	\$ <u>20,500</u>
Total Assets	\$ <u>20,500</u>	\$ _____ -	\$ _____ -	\$ <u>20,500</u>
<b>LIABILITIES</b>				
Deposits in trust	\$ <u>20,500</u>	\$ _____ -	\$ _____ -	\$ <u>20,500</u>
Total Liabilities	\$ <u>20,500</u>	\$ _____ -	\$ _____ -	\$ <u>20,500</u>
<u>Buck Center</u>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
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>				
<b>ASSETS</b>				
Cash and investments	\$ <u>74</u>	\$ <u>102</u>	\$ _____ -	\$ <u>176</u>
Total Assets	\$ <u>74</u>	\$ <u>102</u>	\$ _____ -	\$ <u>176</u>
<b>LIABILITIES</b>				
Deposits in trust	\$ <u>74</u>	\$ <u>102</u>	\$ _____ -	\$ <u>176</u>
Total Liabilities	\$ <u>74</u>	\$ <u>102</u>	\$ _____ -	\$ <u>176</u>
<u>Pacheco Investment Earnings</u>				
<b>ASSETS</b>				
Cash and investments	\$ <u>23,956</u>	\$ _____ -	\$ _____ -	\$ <u>23,956</u>
Total Assets	\$ <u>23,956</u>	\$ _____ -	\$ _____ -	\$ <u>23,956</u>
<b>LIABILITIES</b>				
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>				
<b>ASSETS</b>				
Cash and investments	\$ <u>50,060</u>	\$ _____ -	\$ _____ -	\$ <u>50,060</u>
Total Assets	\$ <u>50,060</u>	\$ _____ -	\$ _____ -	\$ <u>50,060</u>
<b>LIABILITIES</b>				
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, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Pacheco Valle CFD</u>				
<b>ASSETS</b>				
Cash and investments	\$ 265	\$ 33,066	\$ 13,432	\$ 19,899
Other assets, net	<u>-</u>	<u>190</u>	<u>-</u>	<u>190</u>
Total Assets	<u>\$ 265</u>	<u>\$ 33,256</u>	<u>\$ 13,432</u>	<u>\$ 20,089</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 666	\$ -	\$ 666
Loan from City	345,000	-	-	345,000
Deposits in trust	<u>(344,735)</u>	<u>33,256</u>	<u>14,098</u>	<u>(325,577)</u>
Total Liabilities	<u>\$ 265</u>	<u>\$ 33,922</u>	<u>\$ 14,098</u>	<u>\$ 20,089</u>
<u>Vintage Oaks Special Tax</u>				
<b>ASSETS</b>				
Cash and investments	\$ 1,605,846	\$ 1,667,965	\$ 943,182	\$ 2,330,629
Cash with fiscal agent	1,600,000	-	1,600,000	-
Other assets, net	<u>14,194</u>	<u>11,543</u>	<u>14,194</u>	<u>11,543</u>
Total Assets	<u>\$ 3,220,040</u>	<u>\$ 1,679,508</u>	<u>\$ 2,557,376</u>	<u>\$ 2,342,172</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,227	\$ 1,500	\$ 2,227	\$ 1,500
Deposits in trust	<u>3,217,813</u>	<u>121,630</u>	<u>998,771</u>	<u>2,340,672</u>
Total Liabilities	<u>\$ 3,220,040</u>	<u>\$ 123,130</u>	<u>\$ 1,000,998</u>	<u>\$ 2,342,172</u>
<u>Golden Gate Redemption</u>				
<b>ASSETS</b>				
Cash and investments	\$ 147,284	\$ 213,437	\$ 205,873	\$ 154,848
Cash with fiscal agent	239,684	-	-	239,684
Other assets, net	<u>1,657</u>	<u>1,598</u>	<u>1,657</u>	<u>1,598</u>
Total Assets	<u>\$ 388,625</u>	<u>\$ 215,035</u>	<u>\$ 207,530</u>	<u>\$ 396,130</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 927	\$ -	\$ 927
Deposits in trust	<u>388,625</u>	<u>213,378</u>	<u>206,800</u>	<u>395,203</u>
Total Liabilities	<u>\$ 388,625</u>	<u>\$ 214,305</u>	<u>\$ 206,800</u>	<u>\$ 396,130</u>



**CITY OF NOVATO**  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2015</b>
<u>Hamilton Bond Admin.</u>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 2,236,072	\$ 1,558,654	\$ 677,418
Cash with fiscal agent	450,015	2,106	15	452,106
Other assets, net	<u>17,715</u>	<u>16,763</u>	<u>17,715</u>	<u>16,763</u>
Total Assets	<u>\$ 467,730</u>	<u>\$ 2,254,941</u>	<u>\$ 1,576,384</u>	<u>\$ 1,146,287</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,363	\$ 2,400	\$ 3,363	\$ 2,400
Loan from General Fund	13,765	-	13,765	-
Deposits in trust	<u>450,602</u>	<u>2,237,211</u>	<u>1,543,926</u>	<u>1,143,887</u>
Total Liabilities	<u>\$ 467,730</u>	<u>\$ 2,239,611</u>	<u>\$ 1,561,054</u>	<u>\$ 1,146,287</u>
<u>Pointe Marin CFD-2002-1</u>				
<b>ASSETS</b>				
Cash and investments	\$ 591,458	\$ 1,003,875	\$ 1,009,655	\$ 585,678
Cash with fiscal agent	801,829	-	-	801,829
Other assets, net	<u>7,996</u>	<u>7,518</u>	<u>7,996</u>	<u>7,518</u>
Total Assets	<u>\$ 1,401,283</u>	<u>\$ 1,011,393</u>	<u>\$ 1,017,651</u>	<u>\$ 1,395,025</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,350	\$ 1,950	\$ 2,350	\$ 1,950
Deposits in trust	<u>1,398,933</u>	<u>1,003,397</u>	<u>1,009,255</u>	<u>1,393,075</u>
Total Liabilities	<u>\$ 1,401,283</u>	<u>\$ 1,005,347</u>	<u>\$ 1,011,605</u>	<u>\$ 1,395,025</u>
	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2015</b>
<u>Total Agency Funds</u>				
<b>ASSETS</b>				
Cash and investments	\$ 3,439,443	\$ 5,154,517	\$ 3,730,796	\$ 4,863,164
Cash with fiscal agent	3,091,528	2,106	1,600,015	1,493,619
Other assets, net	<u>41,562</u>	<u>37,612</u>	<u>41,562</u>	<u>37,612</u>
Total Assets	<u>\$ 6,572,533</u>	<u>\$ 5,194,235</u>	<u>\$ 5,372,373</u>	<u>\$ 6,394,395</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,940	\$ 7,443	\$ 7,940	\$ 7,443
Loan from City	358,765	-	13,765	345,000
Deposits in trust	<u>6,205,828</u>	<u>3,608,974</u>	<u>3,772,850</u>	<u>6,041,952</u>
Total Liabilities	<u>\$ 6,572,533</u>	<u>\$ 3,616,417</u>	<u>\$ 3,794,555</u>	<u>\$ 6,394,395</u>

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## GENERAL FUNDS

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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 (Facilities) - 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.

Long-term Maintenance Fund (Infrastructure) - created to provide funding for maintenance of City infrastructure, as identified in the Facilities Condition Assessment. Beginning in fiscal year 2015, an annual transfer of \$545,000 will come from the General Fund.

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, 2015**

	<u>General Fund</u>	<u>Measure F Sales Tax</u>	<u>Successor Agency Admin</u>	<u>Pension Reserve</u>	<u>Insurance Reserve</u>	<u>Emergency &amp; Disaster Response</u>
<b><u>ASSETS</u></b>						
Cash and investments	\$ 4,047,038	\$ 12,571,334	\$ 30,665	\$ 1,375	\$ 1,131,556	\$ 6,257,508
Restricted cash and investments	-	-	-	-	-	-
Accounts receivable	842,914	2,953	-	-	-	-
Notes Receivable	695,196	-	-	-	-	-
Interest receivable	91,581	-	-	-	-	-
Taxes receivable	1,006,017	766,000	-	-	-	-
Due from other funds	590,054	-	-	-	-	-
Advances to other funds	89,987	-	-	-	-	-
Prepaid items	74,190	-	-	-	-	-
Deferred costs	<u>27,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 7,464,080</u>	<u>\$ 13,340,287</u>	<u>\$ 30,665</u>	<u>\$ 1,375</u>	<u>\$ 1,131,556</u>	<u>\$ 6,257,508</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
LIABILITIES:						
Accounts payable	\$ 681,317	\$ 5,601	\$ 161	\$ -	\$ -	\$ -
Accrued payroll and benefits	1,649,767	-	-	-	-	-
Unearned revenue	639,691	-	-	-	-	-
Deposits payable	138,857	-	-	-	-	-
Advances from other funds	<u>795,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>3,905,149</u>	<u>5,601</u>	<u>161</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:						
Nonspendable	1,126,334	-	-	-	-	-
Restricted	-	-	-	-	1,131,556	-
Assigned	2,432,597	7,258,166	-	1,375	-	6,257,508
Unassigned	<u>-</u>	<u>6,076,520</u>	<u>30,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>3,558,931</u>	<u>13,334,686</u>	<u>30,504</u>	<u>1,375</u>	<u>1,131,556</u>	<u>6,257,508</u>
Total Liabilities and Fund Balances	<u>\$ 7,464,080</u>	<u>\$ 13,340,287</u>	<u>\$ 30,665</u>	<u>\$ 1,375</u>	<u>\$ 1,131,556</u>	<u>\$ 6,257,508</u>

**CITY OF NOVATO**  
**GENERAL FUND**  
**COMBINING BALANCE SHEETS (continued)**  
**JUNE 30, 2015**

	<u>Civic Center</u>	<u>Long-Term Maintenance Facilities</u>	<u>Long-Term Maintenance Infrastructure</u>	<u>Deposits Held in Trust</u>	<u>Total General Fund</u>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 132,634	\$ 748,645	\$ 453,018	\$ -	\$ 25,373,773
Restricted cash and investments	-	-	-	347,530	347,530
Accounts receivable	-	-	-	-	845,867
Notes Receivable	-	-	-	-	695,196
Interest receivable	-	-	-	-	91,581
Taxes receivable	-	-	-	-	1,772,017
Due from other funds	-	-	-	-	590,054
Advances to other funds	-	-	-	-	89,987
Prepaid items	-	-	-	-	74,190
Deferred costs	-	-	-	-	27,103
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,103</u>
Total Assets	<u>\$ 132,634</u>	<u>\$ 748,645</u>	<u>\$ 453,018</u>	<u>\$ 347,530</u>	<u>\$ 29,907,298</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ 501	\$ 687,580
Accrued payroll and benefits	-	-	-	-	1,649,767
Unearned revenue	-	-	-	-	639,691
Deposits payable	-	-	-	347,029	485,886
Advances from other funds	-	-	-	-	795,517
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>795,517</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,530</u>	<u>4,258,441</u>
FUND BALANCES:					
Nonspendable	-	-	-	-	1,126,334
Restricted	-	-	-	-	1,131,556
Assigned	132,634	748,645	453,018	-	17,283,943
Unassigned	-	-	-	-	6,107,024
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,107,024</u>
Total Fund Balances	<u>132,634</u>	<u>748,645</u>	<u>453,018</u>	<u>-</u>	<u>25,648,857</u>
Total Liabilities and Fund Balances	<u>\$ 132,634</u>	<u>\$ 748,645</u>	<u>\$ 453,018</u>	<u>\$ 347,530</u>	<u>\$ 29,907,298</u>

**CITY OF NOVATO**  
**GENERAL FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**JUNE 30, 2015**

	<u>General Fund</u>	<u>Measure F Sales Tax</u>	<u>Successor Agency Admin</u>	<u>Pension Reserve</u>	<u>Insurance Reserve</u>	<u>Emergency &amp; Disaster Response</u>
<b><u>REVENUES</u></b>						
Taxes and assessments	\$ 24,881,002	\$ 4,750,569	\$ -	\$ -	\$ -	\$ -
Licence, permits, & fees	1,144,209	-	-	-	-	-
Intergovernmental	1,038,853	-	122,252	-	-	-
Fines and forfeitures	570,564	-	-	-	-	-
Use of money and property	564,058	58,337	-	7	5,999	824
Charges for services	2,880,036	-	-	-	-	-
Other revenues	<u>91,936</u>	<u>35,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>31,170,658</u>	<u>4,844,652</u>	<u>122,252</u>	<u>7</u>	<u>5,999</u>	<u>824</u>
<b><u>EXPENDITURES</u></b>						
General government	5,557,308	297,170	88,272	-	-	-
Public safety	13,313,916	374,217	-	-	-	-
Public works	5,525,010	-	-	-	-	-
Cultural and recreation	5,009,660	10,000	-	-	-	-
Community development	397,159	134,709	-	-	-	-
Capital outlay	40,768	-	-	-	-	-
Debt service:						
Principal	247,629	-	-	-	-	-
Interest and fiscal charges	<u>2,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>30,093,849</u>	<u>816,096</u>	<u>88,272</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,076,809</u>	<u>4,028,556</u>	<u>33,980</u>	<u>7</u>	<u>5,999</u>	<u>824</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Proceeds from capital lease	245,342	-	-	-	-	-
Transfers in	1,596,495	-	-	-	-	-
Transfers out	<u>(3,161,433)</u>	<u>(2,024,500)</u>	<u>(2,698)</u>	<u>-</u>	<u>(74,445)</u>	<u>(64,071)</u>
Total Other Financing Sources (Uses)	<u>(1,319,596)</u>	<u>(2,024,500)</u>	<u>(2,698)</u>	<u>-</u>	<u>(74,445)</u>	<u>(64,071)</u>
Net Change in Fund Balance	(242,787)	2,004,056	31,282	7	(68,446)	(63,247)
Fund Balances (Deficits) - July 1, 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>
Fund Balances - June 30, 2015	<u>\$ 3,558,931</u>	<u>\$ 13,334,686</u>	<u>\$ 30,504</u>	<u>\$ 1,375</u>	<u>\$ 1,131,556</u>	<u>\$ 6,257,508</u>

**CITY OF NOVATO**  
**GENERAL FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**JUNE 30, 2015**

	<u>Civic Center</u>	<u>Long-Term Maintenance Facilities</u>	<u>Long-Term Maintenance Infrastructure</u>	<u>Deposits Held in Trust</u>	<u>Total General Fund</u>
<b><u>REVENUES</u></b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 29,631,571
Licence, permits, & fees	-	-	-	-	1,144,209
Intergovernmental	-	-	-	-	1,161,105
Fines and forfeitures	-	-	-	-	570,564
Use of money and property	676	3,190	1,269	-	634,360
Charges for services	-	-	-	-	2,880,036
Other revenues	-	26,204	-	-	153,886
<b>Total Revenues</b>	<b>676</b>	<b>29,394</b>	<b>1,269</b>	<b>-</b>	<b>36,175,731</b>
<b><u>EXPENDITURES</u></b>					
General government	-	-	-	-	5,942,750
Public safety	-	-	-	-	13,688,133
Public works	-	-	-	-	5,525,010
Cultural and recreation	-	-	-	-	5,019,660
Community development	-	-	-	-	531,868
Capital outlay	-	-	-	-	40,768
Debt service:					
Principal	-	-	-	-	247,629
Interest and fiscal charges	-	-	-	-	2,399
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,998,217</b>
Excess (deficiency) of revenues over expenditures	676	29,394	1,269	-	5,177,514
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Proceeds from capital lease	-	-	-	-	245,342
Transfers in	-	545,000	545,000	-	2,686,495
Transfers out	(4,880)	(335,474)	(93,251)	-	(5,760,752)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,880)</b>	<b>209,526</b>	<b>451,749</b>	<b>-</b>	<b>(2,828,915)</b>
<b>Net Change in Fund Balance</b>	<b>(4,204)</b>	<b>238,920</b>	<b>453,018</b>	<b>-</b>	<b>2,348,599</b>
<b>Fund Balances (Deficits) - July 1, 2014</b>	<b>136,838</b>	<b>509,725</b>	<b>-</b>	<b>-</b>	<b>23,300,258</b>
<b>Fund Balances - June 30, 2015</b>	<b>\$ 132,634</b>	<b>\$ 748,645</b>	<b>\$ 453,018</b>	<b>\$ -</b>	<b>\$ 25,648,857</b>



# 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	149 - 154
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	155 - 159
<b>Debt Capacity</b>	
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.	160 - 164
<b>Economic and Demographic Information</b>	
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.	165 - 166
<b>Operating Information</b>	
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.	167 - 169

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)

	<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>	<u>2015</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 242,779,662
Restricted	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	57,362,273
Unrestricted	(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	(28,092,532)
<b>Total governmental activities net position</b>	<b>\$ 212,235,031</b>	<b>\$ 252,185,530</b>	<b>\$ 256,129,757</b>	<b>\$ 258,972,389</b>	<b>\$ 259,456,107</b>	<b>\$ 260,600,286</b>	<b>\$ 313,422,841</b>	<b>\$ 308,329,804</b>	<b>\$ 310,970,869</b>	<b>\$ 272,049,403</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,694,556	\$ 5,123,344	\$ 7,372,568	\$ 7,809,435	\$ 8,255,016
Restricted	-	-	-	-	-	4,534,525	4,990,339	3,307,011	3,198,164	3,845,741
Unrestricted	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,229,081</b>	<b>\$ 10,113,683</b>	<b>\$ 10,679,579</b>	<b>\$ 11,007,599</b>	<b>\$ 12,100,757</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 251,034,678
Restricted	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	61,208,014
Unrestricted	(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	(28,092,532)
<b>Total primary government net position</b>	<b>\$ 212,235,031</b>	<b>\$ 252,185,530</b>	<b>\$ 256,129,757</b>	<b>\$ 258,972,389</b>	<b>\$ 259,456,107</b>	<b>\$ 269,829,367</b>	<b>\$ 323,536,524</b>	<b>\$ 319,009,383</b>	<b>\$ 321,978,468</b>	<b>\$ 284,150,160</b>

\*Figures are displayed as previously reported. Figures do not reflect the effects of GASB 68 as no comparable actuarial informational is available for fiscal years preceding the year ended June 30, 2015.

Source: City of Novato Finance Division

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

	2006*	2007*	2008*	2009*	2010*	2011*	2012*	2013*	2014*	2015
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 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	\$ 8,498,035
Public safety	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	13,888,931
Public works	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	11,121,708
Culture and recreation	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	5,700,386
Community development	3,906,503	4,958,185	3,134,075	2,425,672	4,737,795	1,617,129	794,207	460,611	500,752	794,963
Interest and fiscal charges	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	1,541,378
PERS funding expense	17,815,883									
SERAF						547,090				
Depreciation - Infrastructure	4,219,216	4,583,887	4,712,033	4,653,111	4,729,878					
Transfers out	7,945,148	20,304,950	12,537,149	12,577,519	14,480,550					
<b>Total government activity expenses</b>	<b>\$ 64,565,985</b>	<b>\$ 60,250,091</b>	<b>\$ 58,815,300</b>	<b>\$ 57,141,619</b>	<b>\$ 58,687,046</b>	<b>\$ 52,734,201</b>	<b>\$ 41,905,926</b>	<b>\$ 40,202,409</b>	<b>\$ 42,848,162</b>	<b>\$ 41,545,401</b>
Business-type activities:										
Marin Valley Mobile Country Club Park						\$ 2,160,949	\$ 2,411,543	\$ 2,674,765	\$ 1,996,830	\$ 1,982,580
<b>Total business-type activities expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,160,949</b>	<b>2,411,543</b>	<b>2,674,765</b>	<b>1,996,830</b>	<b>1,982,580</b>
<b>Total primary government expenses</b>	<b>\$ 64,565,985</b>	<b>\$ 60,250,091</b>	<b>\$ 58,815,300</b>	<b>\$ 57,141,619</b>	<b>\$ 58,687,046</b>	<b>\$ 54,895,150</b>	<b>\$ 44,317,469</b>	<b>\$ 42,877,174</b>	<b>\$ 44,844,992</b>	<b>\$ 43,527,981</b>
<b>Program Revenues</b>										
Charges for Services										
General government	\$ 707,365	\$ 527,855	\$ 419,419	\$ 393,720	\$ 403,331	\$ 1,637,541	\$ 1,725,114	\$ 2,120,020	\$ 1,938,543	\$ 1,936,586
Public safety	486,813	500,436	494,287	531,103	562,198	491,979	586,995	643,785	532,565	479,142
Public works	2,173,233	2,209,663	1,991,115	764,411	1,985,593	877,890	318,378	779,883	312,493	453,562
Culture and recreation	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	2,162,159
Community development	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	1,919,720
Operating grants	243,102	240,064	254,441	171,901	672,164	1,374,722	995,948	1,184,446	1,161,861	1,498,193
Capital grants	1,258,545	820,515	2,440,783	1,445,255	774,008	1,128,976	2,870,043	38,310	733,988	441,739
<b>Total governmental activities</b>	<b>11,450,354</b>	<b>8,953,662</b>	<b>10,239,282</b>	<b>8,251,260</b>	<b>8,006,676</b>	<b>8,830,843</b>	<b>9,855,578</b>	<b>8,359,361</b>	<b>8,864,848</b>	<b>8,891,101</b>
Business-type activities:										
Charges for services						3,006,278	3,026,205	3,028,950	3,030,005	3,045,589
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,006,278</b>	<b>3,026,205</b>	<b>3,028,950</b>	<b>3,030,005</b>	<b>3,045,589</b>
<b>Total primary government</b>	<b>\$ 11,450,354</b>	<b>\$ 8,953,662</b>	<b>\$ 10,239,282</b>	<b>\$ 8,251,260</b>	<b>\$ 8,006,676</b>	<b>\$ 11,837,121</b>	<b>\$ 12,881,783</b>	<b>\$ 11,388,311</b>	<b>\$ 11,894,853</b>	<b>\$ 11,936,690</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (32,654,300)
Business-type activities	-	-	-	-	-	845,329	614,662	354,185	1,033,175	1,063,009
<b>Total primary government</b>	<b>\$ (53,115,631)</b>	<b>\$ (51,296,429)</b>	<b>\$ (48,576,018)</b>	<b>\$ (48,890,359)</b>	<b>\$ (50,680,370)</b>	<b>\$ (43,058,029)</b>	<b>\$ (31,435,686)</b>	<b>\$ (31,488,863)</b>	<b>\$ (32,950,139)</b>	<b>\$ (31,591,291)</b>

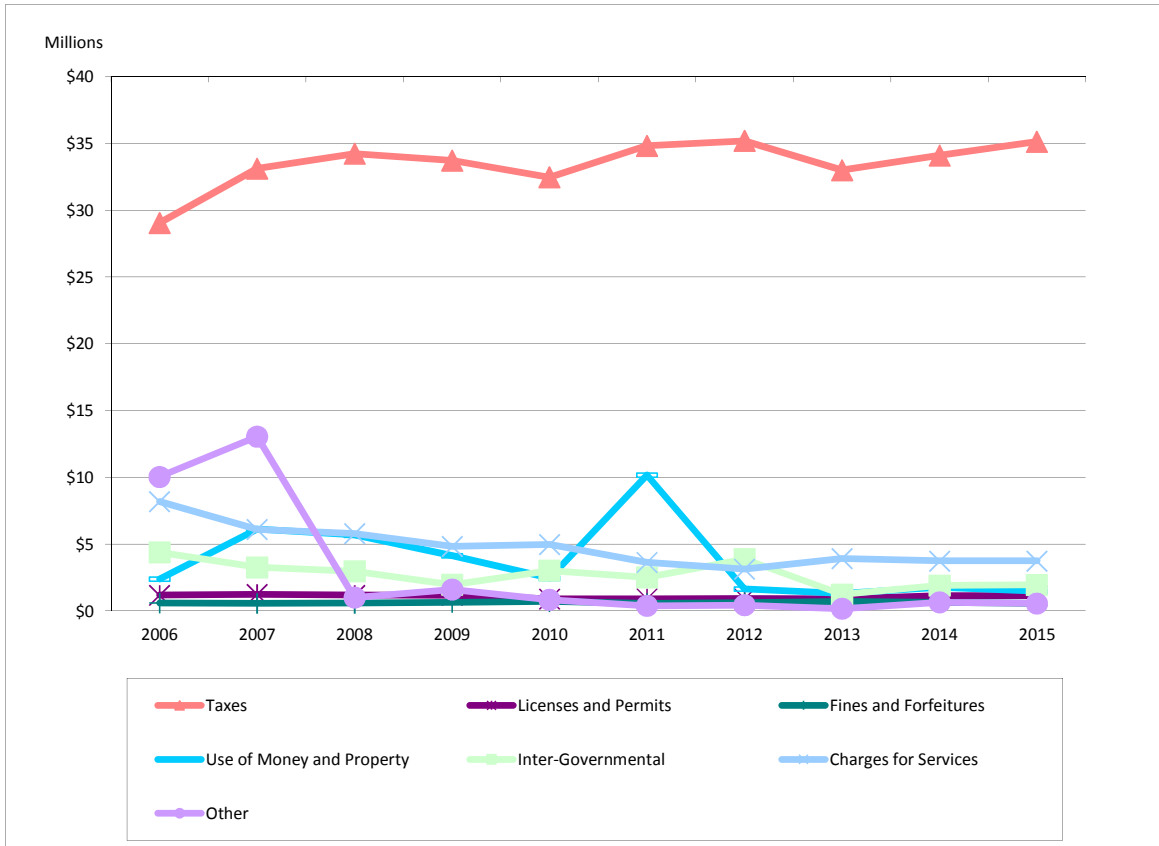
**CITY OF NOVATO, CALIFORNIA**  
**CHANGES IN NET POSITION (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	2006*	2007*	2008*	2009*	2010*	2011*	2012*	2013*	2014*	2015
<b>General Revenues</b>										
Government Activities										
Taxes										
Sales and use taxes	\$ 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	\$ 12,344,326
Property taxes	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	17,155,959
Motor vehicle and gas taxes	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	1,556,409
Franchise taxes	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	1,534,708
Transient occupancy taxes	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	1,543,636
Business license taxes	749,944	804,036	844,949	849,748	838,182	832,498	819,916	834,276	939,557	999,842
Other taxes	2,145,880	2,514,149	299,377	2,458,292	4,535,019	2,550	14,102	5,011	4,451	5,080
Interest and investment	476,165	3,044,498	2,982,085	814,009	1,296,838	9,344,352	722,441	697,725	838,904	554,969
Rental income	1,794,773	1,684,424	1,713,336	785,503	527,844	863,798	939,818	627,039	1,000,124	1,016,325
Other revenue	9,863,430	13,042,836	998,751	1,599,512	824,469	375,725	418,051	163,753	666,878	551,847
Transfers In	7,960,148	20,319,950	12,595,029	12,558,935	14,480,550				250,000	
<b>Total governmental activities</b>	<b>50,824,992</b>	<b>73,424,930</b>	<b>52,790,537</b>	<b>51,732,991</b>	<b>51,164,088</b>	<b>45,407,640</b>	<b>37,273,960</b>	<b>34,485,406</b>	<b>36,860,274</b>	<b>37,263,101</b>
Business-type Activities										
Interest and investment						203,311	252,809	199,017	11,816	16,091
Other revenue						13,915	17,131	12,694	13,234	14,058
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217,226</b>	<b>269,940</b>	<b>211,711</b>	<b>25,050</b>	<b>30,149</b>
Other sources(uses) of money									(250,000)	
<b>Total primary government</b>	<b>\$ 50,824,992</b>	<b>\$ 73,424,930</b>	<b>\$ 52,790,537</b>	<b>\$ 51,732,991</b>	<b>\$ 51,164,088</b>	<b>\$ 45,624,866</b>	<b>\$ 37,543,900</b>	<b>\$ 34,697,117</b>	<b>\$ 36,635,324</b>	<b>\$ 37,293,250</b>
Extraordinary item - RDA dissolution							\$ 46,397,146			
<b>Change in Net Position</b>										
Governmental activities	\$ (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	\$ 4,608,801
Business-type activities	-	-	-	-	-	1,062,555	884,602	565,896	1,058,225	1,093,158
<b>Total primary government</b>	<b>\$ (2,290,639)</b>	<b>\$ 22,128,501</b>	<b>\$ 4,214,519</b>	<b>\$ 2,842,632</b>	<b>\$ 483,718</b>	<b>\$ 2,566,837</b>	<b>\$ 52,505,360</b>	<b>\$ 3,208,254</b>	<b>\$ 3,685,185</b>	<b>\$ 5,701,959</b>

\*Figures are displayed as previously reported. Figures do not reflect the effects of GASB 68 as no comparable actuarial informational is available for fiscal years preceding the year ended June 30, 2015.

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>
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
2015	\$ 35,139,960	\$ 1,144,209	\$ 570,564	\$ 1,472,583	\$ 1,939,932	\$ 3,742,318	\$ 551,847	\$ 44,561,413

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>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>	<u>2015</u>
General Fund										
Reserved	\$ 8,459,435	\$ 8,459,436	\$ 10,284,290	\$ 10,535,241	\$ 10,828,866					
Unreserved	5,632,420	2,067,395	413,472	(18,600)						
Nonspendable						\$ 31,006,545	\$ 630,064	\$ 770,902	\$ 1,403,960	\$ 1,126,334
Restricted						36,687,967	1,192,404	1,194,771	1,200,002	1,131,556
Assigned						23,222,051	23,170,714	16,122,964	9,366,440	17,283,943
Unassigned						(27,012,787)	4,495,908	8,035,979	11,329,856	6,107,024
Total General Fund	<u>\$ 14,091,855</u>	<u>\$ 10,526,831</u>	<u>\$ 10,697,762</u>	<u>\$ 10,516,641</u>	<u>\$ 10,828,866</u>	<u>\$ 63,903,776</u>	<u>\$ 29,489,090</u>	<u>\$ 26,124,616</u>	<u>\$ 23,300,258</u>	<u>\$ 25,648,857</u>
All Other Governmental Funds										
Reserved	\$ 3,716,151	\$ 4,190,836	\$ 4,630,161	\$ 4,011,639	\$ 4,401,643					
Unreserved reported in:										
Special revenue funds	14,036,061	15,473,475	14,987,515	14,435,867	12,523,218					
Capital project funds	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	\$ 2,188,911
Restricted						29,815,040	59,515,279	58,602,297	57,520,490	57,717,064
Assigned						343,209	337,712	303,089	264,628	202,498
Unassigned						(1,687,680)	(1,286,967)	(1,272,536)	(1,106,456)	(396,865)
Total all other Governmental Funds	<u>\$ 35,973,334</u>	<u>\$ 44,181,721</u>	<u>\$ 42,485,517</u>	<u>\$ 39,400,975</u>	<u>\$ 33,295,375</u>	<u>\$ 28,698,111</u>	<u>\$ 59,964,982</u>	<u>\$ 58,956,780</u>	<u>\$ 57,920,222</u>	<u>\$ 59,711,608</u>

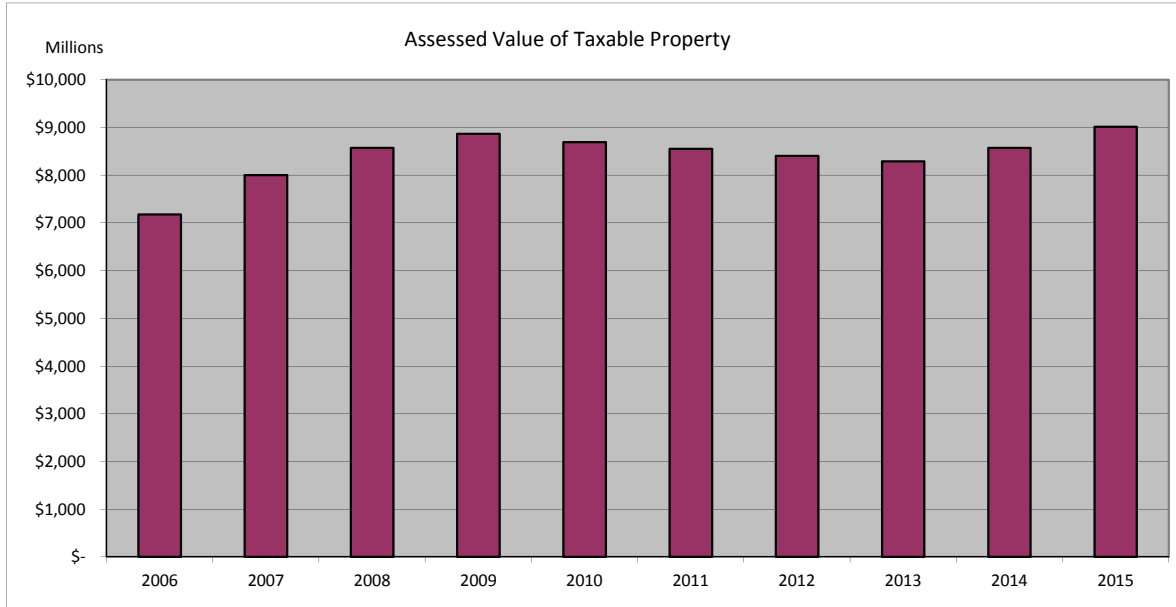
Source: City of Novato Finance Division

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

	<u>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>	<u>2015</u>
<b>Revenues</b>										
Taxes and assessments	\$ 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	\$ 35,139,960
Licenses, permits, and fees	1,176,783	1,229,536	1,172,095	1,169,382	885,043	895,765	910,559	907,460	1,135,912	1,144,209
Intergovernmental revenues	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	1,939,932
Fines and forfeitures	596,565	568,598	578,017	632,552	693,534	559,139	611,791	695,651	633,345	570,564
Use of money and property	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	1,472,583
Charges for service	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	3,742,318
Other revenues	10,042,756	13,042,838	998,751	1,599,512	824,469	375,725	418,051	163,753	637,639	551,847
<b>Total revenues</b>	<b>55,807,671</b>	<b>63,446,034</b>	<b>51,419,360</b>	<b>48,053,023</b>	<b>45,312,711</b>	<b>52,959,238</b>	<b>45,769,401</b>	<b>41,225,601</b>	<b>43,893,819</b>	<b>44,561,413</b>
<b>Expenditures</b>										
General government	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	6,224,333
Public safety	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	13,940,580
Public works	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	6,777,059
Culture and recreation	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	5,088,194
Community Development	5,090,977	4,966,077	3,135,875	2,145,427	1,996,974	1,321,387	648,037	482,802	812,535	763,338
PERS funding expense	17,815,883									
SERAF shift					2,657,292	547,090				
Debt service - Principal	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	2,032,911
Debt service - Interest	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	1,275,353
Issuance costs	480,184	162,295		76,650		495,064			130,450	
Capital outlay	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	4,075,756
<b>Total expenditures</b>	<b>61,642,270</b>	<b>50,176,488</b>	<b>52,816,084</b>	<b>50,038,263</b>	<b>52,191,137</b>	<b>50,974,980</b>	<b>44,529,157</b>	<b>45,631,973</b>	<b>58,326,880</b>	<b>40,177,524</b>
Excess of revenues over (under) expenditures	(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)	4,383,889
<b>Other financing sources (uses)</b>										
Issuance of debt	18,296,066	5,634,781		1,755,022		17,000,000			10,710,450	
Proceeds from loan/lease								250,000	71,742	245,342
Loss on sale of assets				(193,230)						
Transfers in	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	8,105,067
Transfers out	(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)	(8,594,313)
<b>Total other financing sources</b>	<b>18,223,442</b>	<b>5,287,738</b>	<b>39,800</b>	<b>1,164,926</b>	<b>(419,399)</b>	<b>16,602,553</b>	<b>(448,091)</b>	<b>33,696</b>	<b>10,572,145</b>	<b>(243,904)</b>
Extraordinary Item Redevelopment Dissolution							(3,939,968)			
<b>Net change in fund balance</b>	<b>\$ 12,388,843</b>	<b>\$ 18,557,284</b>	<b>\$ (1,356,924)</b>	<b>\$ (820,314)</b>	<b>\$ (7,297,825)</b>	<b>\$ 18,586,811</b>	<b>\$ (3,147,815)</b>	<b>\$ (4,372,676)</b>	<b>\$ (3,860,916)</b>	<b>\$ 4,139,985</b>
Debt service as a % of noncapital expenditures	11.7%	16.7%	15.7%	16.6%	16.9%	33.2%	17.5%	11.6%	29.7%	9.2%

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**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other [a]</u>	<u>Less: Tax Exempt Property [c]</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value [b]</u>
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
2015	7,148,968,258	1,237,684,443	291,634,608	336,917,943	-	9,015,205,252	8.307%	748,893,100

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)

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Fiscal Year	Basic City Levy [a]	Dixie School Bonds	Marin Community College Bonds	Novato City Bonds	Novato School Bonds	San Rafael High Bonds	Total Direct Rate	Total Direct and Overlapping Rates
2006	1.00000	0.00000	0.01880	0.00000	0.06760	0.00000	0.13252	1.08640
2007	1.00000	0.01860	0.01680	0.00580	0.08620	0.02490	0.15277	1.15230
2008	1.00000	0.01710	0.01630	0.00860	0.06640	0.02440	0.14871	1.13280
2009	1.00000	0.01680	0.00420	0.00740	0.07000	0.02420	0.14862	1.12260
2010	1.00000	0.01740	0.01920	0.00840	0.07520	0.02540	0.14822	1.14560
2011	1.00000	0.01860	0.01360	0.00960	0.08900	0.02790	0.14776	1.15870
2012	1.00000	0.01840	0.01750	0.00760	0.07930	0.02680	0.15016	1.14960
2013	1.00000	0.01540	0.01780	0.00870	0.08650	0.02780	0.14798	1.15620
2014	1.00000	0.01500	0.02040	0.00620	0.07330	0.02940	0.07678	1.14430
2015	1.00000	0.00000	0.01800	0.01830	0.06170	0.00000	0.08307	1.09800

[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**

<b>Taxpayer</b>	<b>2015</b>			<b>2006</b>		
	<b>Rank</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total Taxable Assessed</b>	<b>Rank</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total Taxable Assessed</b>
			<b>Value</b>			<b>Value</b>
BioMarin Pharmaceutical Inc.	1	\$ 156,622,166	1.74%	7	\$ 35,514,361	0.49%
Novato FF Property LLC	2	128,000,000	1.42%			
Hamilton Marin LLC	3	95,468,036	1.06%	4	45,374,478	0.63%
Steven J. Scarpa	4	72,763,534	0.81%	3	48,890,459	0.68%
JCC Cal Properties LLC	5	61,923,103	0.69%			
Contesta Novato Investors LLC	6	46,364,451	0.51%			
Sutter Health	7	44,304,065	0.49%			
Hamilton Marketplace LLC	8	38,485,780	0.43%			
Condiotti Enterprises Inc.	9	29,098,282	0.32%	10	25,590,859	0.36%
Karen Pell 2011 Revoc Trust Etal	10	26,200,000	0.29%			
San Marin Assurance Co., Inc. Trust				1	108,750,000	1.52%
WH McVay Trust LL Etal				2	50,979,165	0.71%
Shea Homes Limited Partnership				5	42,025,257	0.59%
Lexington Wood Hollow				6	39,780,000	0.55%
Davidon Homes				8	31,682,288	0.44%
Professional Investors Security Fund				9	28,579,397	0.40%
<b>Top Ten Totals</b>		<b>\$ 699,229,417</b>	<b>7.76%</b>		<b>\$ 457,166,264</b>	<b>6.37%</b>
<b>City Total Taxable Assessed Value</b>		<b>\$ 9,015,205,252</b>			<b>\$ 7,175,602,672</b>	

Source: HdI 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 <sup>1</sup>		Collection in Subsequent Years	Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
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	\$ 11,264	\$ 11,264	100.00%	-	\$ 11,264	100.00%
2014	\$ 11,516	\$ 11,516	100.00%	-	\$ 11,516	100.00%
2015	\$ 17,156	\$ 17,156	100.00%	-	\$ 17,156	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: HdI Companies

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

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	<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>	<u>2014-15</u>
Major Business Groups										
General Retail	\$ 2,800	\$ 2,780	\$ 2,701	\$ 2,819	\$ 2,835	\$ 3,173	\$ 4,522	\$ 4,803	\$ 4,580	\$ 4,626
Transportation	1,919	1,979	1,865	1,558	1,481	1,925	2,901	3,016	3,125	3,026
Food Products	1,241	1,228	1,290	1,192	1,151	1,374	1,914	1,990	2,075	2,229
Business to Business	661	778	619	611	488	674	1,062	1,104	1,142	1,228
Construction	456	436	436	348	249	312	534	540	627	639

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)

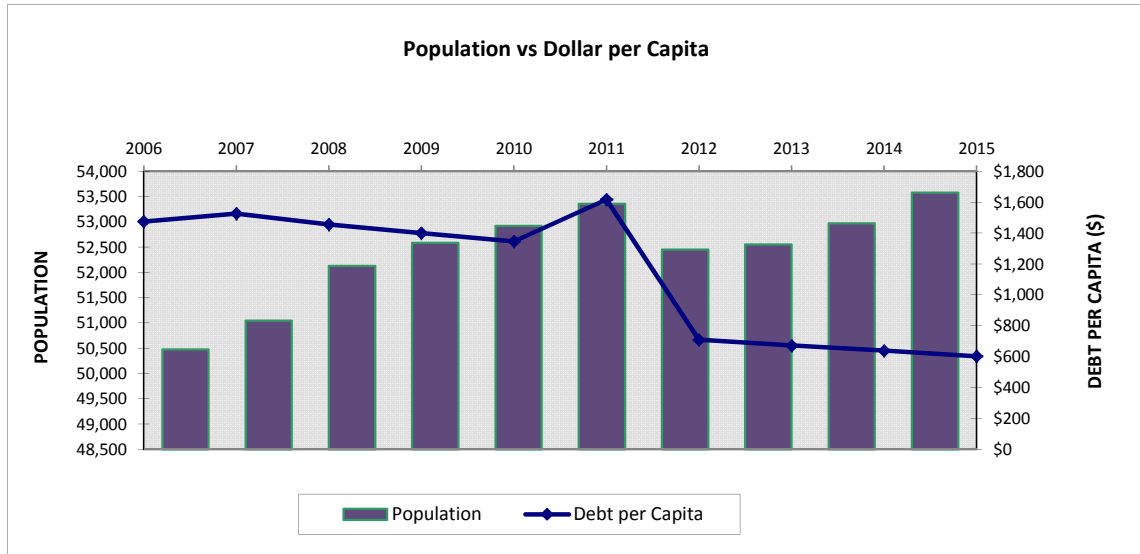
**CITY OF NOVATO, CALIFORNIA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(amounts in thousands of dollars, except per capita amount)**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percent of Personal Income <sup>1</sup>	Population	Debt per Capita
	General Obligation Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Other	Capital Lease / Loan	MVMCC Note / Loan				
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
2015	13,225	19,052	-	853	235	6,834	40,199	1.73%	53,575	750

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.  
<sup>1</sup> 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
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
2015	13,225	19,052	-	32,277	0.358%	53,575	\$602	9,015,205

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, 2015**

2014-2015 Assessed Valuation : \$9,015,205,252  
 Redevelopment Incremental Valuation \$1,504,100,820

	Outstanding Debt 6/30/15	% Applicable [a]	City's Estimated Share Of Overlapping Debt
<u>Direct and Overlapping Tax and Assessment Debt</u>			
Marin Community College District	\$218,635,000	14.519%	\$31,743,616
Novato Unified School District	78,230,000	84.595%	66,178,669
<b>City of Novato</b>	<b>13,225,168</b>	<b>100.000%</b>	<b>13,225,168</b>
City of Novato Community Facilities District No. 1	14,965,002	100.000%	14,965,002
City of Novato Community Facilities District No. 1994-1	12,681,542	100.000%	12,681,542
City of Novato Community Facilities District No. 2002-1	9,715,000	100.000%	9,715,000
City of Novato Community Facilities District No. 2014-1	345,000	100.000%	345,000
City of Novato 1915 Act Bonds	880,000	100.000%	880,000
Novato Sanitary District Assessment District No. 2000-1	1,055,000	100.000%	1,055,000
Marin County Open Space Assessment Districts	298,645	78.129%	233,329
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$151,022,325</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Marin County General Fund Obligations	\$68,906,897	14.493%	\$9,986,677
Marin County Pension Obligations	103,195,000	14.493%	14,956,051
Marin Community College District General Fund Obligations	2,600,834	14.519%	377,615
City of Novato General Fund Obligations	1,331,389	100.000%	1,331,389 [b]
<b>City of Novato Pension Obligation Bonds</b>	<b>19,052,218</b>	<b>100.000%</b>	<b>19,052,218</b>
<b>City of Novato Clean Renewable Energy Bonds</b>	<b>853,108</b>	<b>100.000%</b>	<b>853,108</b>
<b>Premium (discount) on bonds, net</b>	<b>46,992</b>	<b>100.000%</b>	<b>46,992</b>
<b>Capital Leases, Dell / Xerox</b>	<b>236,083</b>	<b>100.000%</b>	<b>236,083</b>
<b>City of Novato PG&amp;E Note Payable</b>	<b>57,112</b>	<b>100.000%</b>	<b>57,112</b>
Novato Fire Protection District General Fund Obligations	3,495,208	84.523%	2,954,255
Marin County Transit Authority General Fund Obligations	150,627	14.493%	21,830
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$49,873,330</b>
<u>OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY)</u>	\$43,500,000	100.000%	\$43,500,000
<b>TOTAL DIRECT DEBT</b>			<b>33,470,681</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$210,924,974</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$244,395,655 [c]</b>

Ratios to 2014-15 Assessed Valuation:

**Direct Debt (\$13,225,168)**..... 0.15%  
 Total Direct and Overlapping Tax and Assessment Debt..... 1.68%

Ratios to Adjusted Assessed Valuation:

**Total Direct Debt (\$33,470,681)**..... 0.37%  
 Combined Total Debt..... 2.71%

Ratios to Redevelopment Incremental Valuation (\$1,504,100,820)

Total Overlapping Tax Increment Debt..... 2.89%

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)

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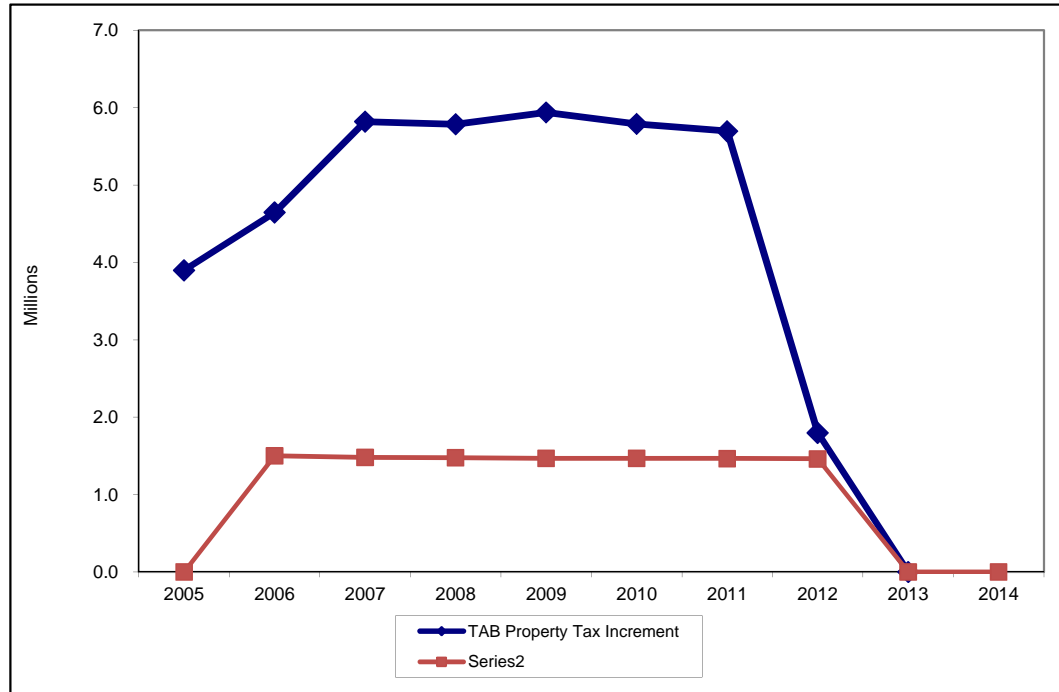
**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed Value	\$ 9,015,205
Debt Limit (15%) of total assessed value	1,352,281
Debt applicable to limit:	
General obligation bonds	13,225
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	13,225
Legal debt margin	\$ 1,339,056

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
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%
2015	9,015,205	1,352,281	13,225	1,339,056	1%

Source: City of Novato Finance Division

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



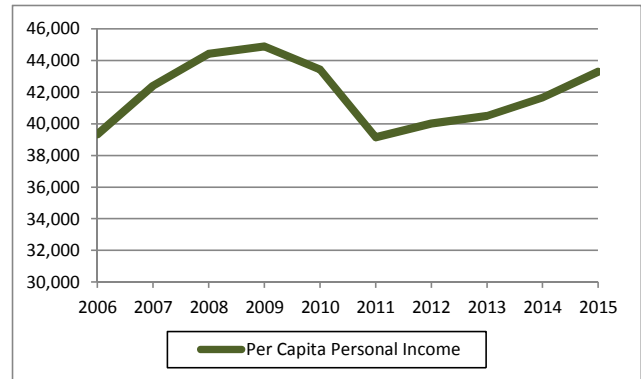
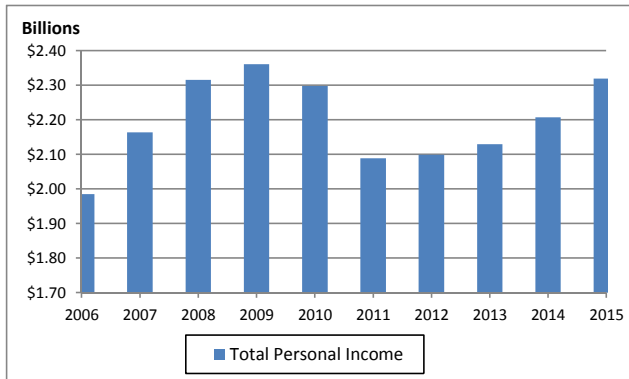
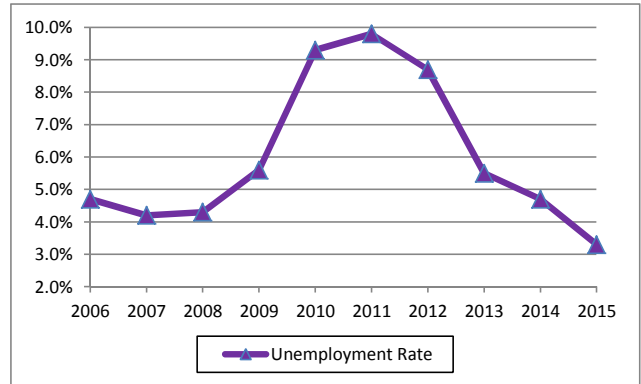
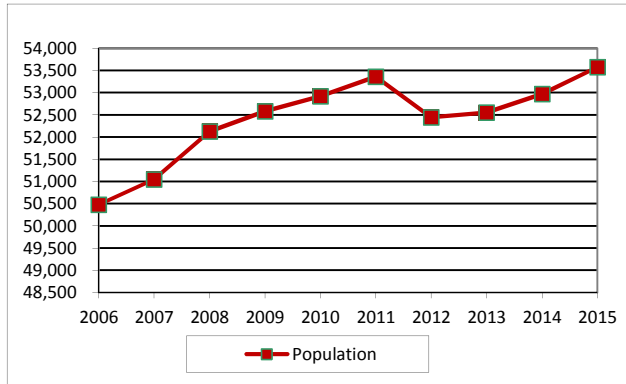
Fiscal Year	Tax Allocation Bond Property Tax Increment			Redevelopment Debt Service				
	Redevelopment Increment	Less: Low and Moderate Income Housing Set-Aside		Net Available Revenue	Principal	Interest	Total	Debt Ratio
2005	\$ 4,874	\$ 975	\$ 3,899	\$ -	\$ -	\$ -	0%	
2006	5,807	1,161	4,646	460	1,040	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. Diploma	% of pop 25+ w/ Bachelor's Degree
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%
2015	53,575	2,318,912	43,283	3.3%	43.4	7,700	92.3%	43.9%

Source: HdI Companies

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

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Total City Employment 28,200

Total City Employment 25,200

**FY 2014-15**

**FY 2006-07**

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City</u>		<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City</u>	
			<u>Employed</u>					<u>Employed</u>	
Novato Unified School District	1317	1	4.67%		Fireman's Fund	1152	1	4.57%	
BioMarin Pharmaceuticals	923	2	3.27%		Novato Unified School District	830	2	3.29%	
2K/Visual Concepts	501	3	1.78%		Greenpoint Mortgage	513	3	2.04%	
Fireman's Fund	450	4	1.60%		Biomarin Pharmaceuticals	402	4	1.60%	
Novato Community Hospital	310	5	1.10%		Novato Community Hospital	356	5	1.41%	
Safeway Stores	297	6	1.05%		Safeway Stores	252	6	1.00%	
Costco Wholesale	291	7	1.03%		Costco Wholesale	240	7	1.00%	
Bradley Electric	290	8	1.03%		W. Bradley Electric	234	8	0.95%	
Brayton & Associates	215	9	0.76%		Target Store	219	9	0.93%	
Novato Healthcare Center	210	10	0.74%		Marin Independent Journal	203	10	0.87%	

Source: Hdl Companies

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

Function	<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>	<u>2015</u>
General government										
Management Services	15.9	17.4	17.9	17.1	14.8	16.0	15.3	16.1	17.3	22.3
Finance	6.0	6.0	5.6	5.6	5.6	6.0	6.0	6.0	6.0	5.0
Planning	8.5	8.9	11.0	10.9	8.2	5.7	5.7	6.2	7.0	7.0
Building	11.7	11.7	10.8	10.7	9.7	8.2	8.2	8.2	7.0	7.0
Police										
Officers	58.0	58.0	59.0	59.0	59.0	59.0	<b>55.7</b>	61.0	61.0	61.0
Civilians	21.1	22.6	22.6	22.6	19.6	16.6	<b>15.8</b>	15.8	15.8	16.8
Public Works										
Engineering	22.8	23.6	25.6	22.6	19.6	17.3	14.3	13.5	13.5	13.0
Maintenance	40.0	45.0	46.0	47.0	46.0	41.0	39.0	38.0	38.0	39.0
Redevelopment	3.4	4.5	5.9	5.6	5.6	4.7	4.4			
Economic Development								1.5	1.5	2.0
Parks and Recreation	27.2	27.9	28.0	27.5	25.5	19.8	18.1	19.9	19.9	20.9
Tota	<u>214.6</u>	<u>225.6</u>	<u>232.3</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>	<u>193.9</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**

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<b>Function</b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
Public Safety:										
<b>Police:</b>										
Police Calls for Service	22,014	22,938	21,598	22,573	21,508	20,965	20,931	20,620	17,055	21,316
Law Violations:										
Part I Crimes	1,591	1,686	1,620	1,542	1,522	1,452	1,263	1,421	1,089	1,243
Physical Arrests (Adult and Juvenile)	1,416	1,583	1,681	1,591	1,483	1,388	1,616	1,908	1,749	1,626
Parking Violations	2,207	2,207	2,113	2,326	1,192	1,445	1,695	1,780	1,466	1,172

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>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>	<u>2015</u>
<b>Public Safety:</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	19	19	19	19	19	19	19	20	20	20
<b>Public Works</b>										
Miles of Streets	129	144	144	150	150	151	151	151	151	152
Street Lights	3,352	3,736	3,736	3,893	3,893	3,924	3,924	3,925	3,950	3,950
<b>Recreation and Community Services:</b>										
City Parks	36	36	38	38	38	38	38	38	39	39
City Parks Acreage	477	477	479	479	479	479	479	479	571	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