



CITY OF NOVATO CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019



PREPARED BY FINANCE DEPARTMENT

CITY OF NOVATO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION





CITY OF NOVATO
CALIFORNIA

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Novato, CA 94945
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novato.org

Mayor
Pat Eklund
Mayor Pro Tem
Eric Lucan
Councilmembers
Denise Athas
Amy Peele
Susan Wernick

City Manager
Adam McGill

February 1, 2021

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 present the Comprehensive Annual Financial Report (“CAFR”) for the City of Novato for the fiscal year ended June 30, 2019. The City’s independent auditor, Mann Urrutia Nelson CPAs & Associates LLP (MUN), has issued an unmodified (“clean”) opinion on the City of Novato’s financial statements. The independent auditor’s report is located at the front of the Financial Section of this report.

The CAFR was prepared in accordance with generally accepted accounting principles (“GAAP”) and in compliance with the standards and principles set forth by the Governmental Accounting Standards Board (“GASB”). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a framework of internal controls 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 completion of this report was significantly delayed due to substantial turnover in key finance and management positions over the past 36 months and implementation of a new finance software system which requires modification of existing processes and procedures. Management is committed to implementing the recommendations of the auditors to ensure the City’s history of financial transparency and strong financial controls continues.

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 2019 was 258,826, which is a 0.32% decrease from 2018. Novato, which covers 28 square miles, had a population of 55,642 in 2019, an increase of 0.21% from that of the previous year. Novato’s population is 63.5% White, 18.9% Hispanic (of any race), 7.7% Asian, 3.7% Black and 6.2% all other; the median age is 46.9 years. (U.S. Census Bureau)

The City of Novato was incorporated on January 20, 1960 as a general law city. The City Council is made up of five members, previously elected at-large, serving four-year terms. In November of 2019, the City transitioned from at-large elections to a District Elections format. 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.

For Fiscal Year 18/19, the City of Novato had 208.67 authorized full-time equivalent employees and delivered 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 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 accommodates corporate headquarters, life science research companies, state-of-the-art technology companies and a variety of retail centers in its business community.

BioMarin Pharmaceuticals is the City's largest employer with 3,001 employees in 2019 (Macrotrends.net). 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 served as home to Costco, Target, Sports Basement, 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 along Grant Ave with shops and restaurants as well as other shopping areas throughout the City. For several years, the City posted regular sales tax gains in most categories.

As of June 2019, Marin County had an unemployment rate of 2.4%. This rate was the second lowest in the state and improved from a high of 8.3% during the Great Recession. The resurgence of the real estate market has positively impacted values throughout Marin County, including in Novato. The property assessment roll has steadily increased for the past several years, primarily benefitting from the significant year-over-year increases in sales prices of residential properties.

Long-Term Financial Planning / Strategic Plan

The City maintains a five-year general fund forecasting model, updated periodically, 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.

The City's long-term financial planning works hand in hand with the City's Strategic Plan. A new Plan was adopted in January 2019 for fiscal years 2018/19 through 2020/21. The goals established by the Plan, 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 this time period.

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

Accomplishments for FY 2018/19

In FY 2018/19, staff completed several projects and programs to improve the overall quality of life for residents, improve the organization's efficiencies, and create and maintain fiscally and environmentally sustainable activities in our community:

- **Multi-modal Transportation Improvements** – The City continued to improve multi-modal transportation. City staff performed street repairs with skin patching and dig outs that support Capital Improvement Program (CIP) street improvements, frontage

improvements along Olive Avenue were completed and a section of Vineyard Road from Wilson Avenue to Sutro Avenue was repaved and closed the sidewalk gap between Eucalyptus Avenue. The City's annual paving project repaired sidewalks to eliminate tripping hazards, along with miles of roadways resurfaced. Vineyard Road Improvements a comprehensive pavement rehabilitation project utilizing Cold-in-Place recycling project was nearing completion on Vineyard road. The project included repaving the roadway surface to enhance vehicular and cycle safety improve accessibility and repair existing pedestrian infrastructure.

- **Emergency Preparedness** - The City achieved a FEMA Community Rating System of 6 to provide 15-20% discounts to residents on annual flood insurance premium rates. Efforts included cleaning streets and maintaining creeks in preparation for Novato's winter storms. Staff inspected and cleared all creek inlets to prevent flooding in collaboration with the Conservation Corps North Bay. Staff participated in area-wide emergency response exercises and refresher training in Emergency Operations Center activation and PG&E public Safety Power shutoff trainings; Offered Get Ready (emergency preparation) classes to the public.
- **General Plan** – Involving a process that has been ongoing for several years, the City published its draft General Plan 2035 and conducted four months of public outreach at nearly 50 venues. Work was initiated on the Environmental Impact Report.
- **Hamilton Properties** – Staff concluded the multi-year process of transferring the “lands-to-parks” restrictions from several City-owned properties in Hamilton to an alternative piece of open space property, also owned by the City. This accomplishment allowed the City to move forward with a community process for determining the best re-use / re-development options for those parcels and an RFP (Request for Proposals) for the commissary parcel was released in May 2018.
- **Parks, Recreation and Community Services Programs** – PRCS programs help ensure the overall health and well-being of the Novato community; they provide enrichment, education, and skill-based learning opportunities for people of all ages. PRCS provides thousands of program hours each year:
 - Nearly 800 participants participated weekly in over 100 classes at our Gymnastics Center.
 - 3,000 adults participated in basketball, softball, and volleyball leagues.
 - 7,900 hours of indoor & outdoor recreation space was rented to community groups.
 - Over 3,400 games were played in youth, teen, and adult leagues.
 - 14,500 program registrations were processed. The Hamilton Field History Museum and Novato History Museum continued to serve more than 3,200 visitors.
 - The Fall 2018 Trash to Treasures Flea Market sold out with 45 booths, a 50% increase.

- Participation in Spring 2019 adult classes increased and were at capacity in many cases.

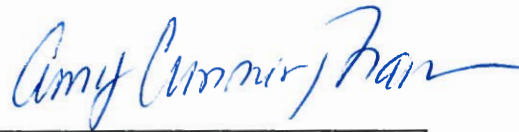
Acknowledgements

The preparation of the Comprehensive Annual Financial Report was made possible by the efforts of Finance Department staff with extensive assistance and support from the City's operating departments and financial consultants. We would also like to express our appreciation to MUN for their perseverance in continuing to work with the City through the various staff and management changes that have occurred during the completion of this report. Finally, we would like to extend our gratitude to the City Council for their patience and support through the extended process it took to complete this critical document.

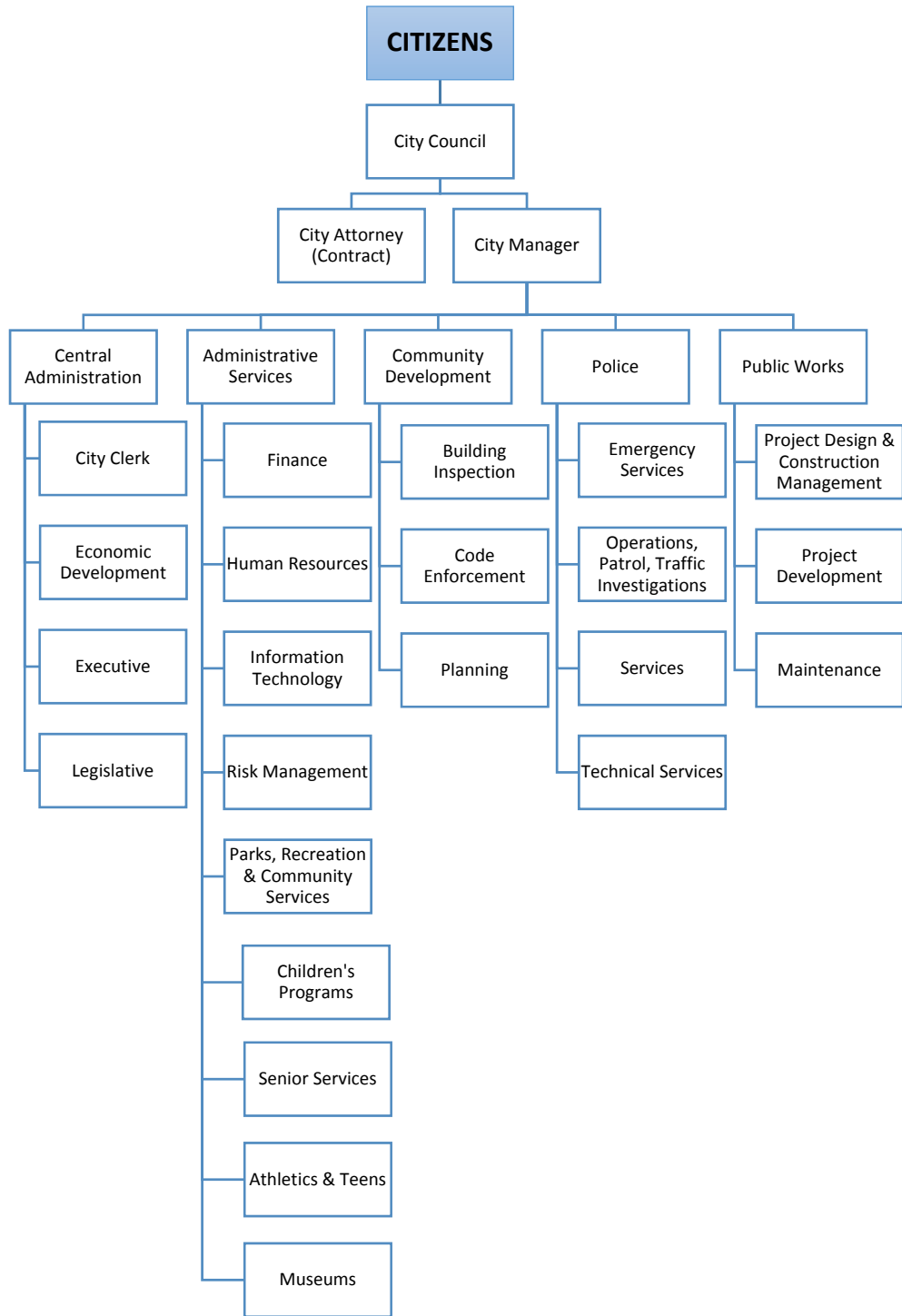
Respectfully submitted,



ADAM MCGILL
City Manager



AMY CUNNINGHAM
Finance Director



CITY OF NOVATO
ELECTED OFFICIALS
AND
EXECUTIVE STAFF
JUNE 30, 2019

ELECTED OFFICIALS

Mayor	Pat Eklund
Mayor Pro Tem	Eric Lucan
Council Member	Denise Athas
Council Member	Amy Peele
Council Member	Susan Wernick

EXECUTIVE MANAGEMENT TEAM

City Manager / Emergency Services Director	Adam McGill
Assistant City Manager Central Administration and Parks, , Recreation, and Community Services	Jessica Deakyne
City Attorney	Walter & Pistole
City Clerk	Laura McDowall
Chief of Police	Matthew McCaffrey
Community & Economic Development Director	Vicki Parker
Finance Director	Amy Cunningham
Public Works Director	Christopher Blunk

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Subsequent Event

As discussed in Note 16 of the financial statements, the City's recent turnover in the Finance Department has led to delays in the completion of the audit. The City has hired third party consultants to assist in various accounting functions. 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 for the general fund and major special revenue funds, pension related schedules, and other post-employment benefits (OPEB) related schedules 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 governmental fund financial statements and budgetary comparison schedules, the internal service funds, agency funds, and general fund combining statements, 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 governmental fund financial statements and budgetary comparison schedules and the internal service funds, agency funds, and general fund combining statements 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 governmental fund financial statements and budgetary comparison schedules and the internal service funds, agency funds, and general fund combining statements 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 February 1, 2021, 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
February 1, 2021

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019. 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, 2019 by \$288,289,081. Of this amount, \$258,193,206 is invested in capital assets, net of related debt; \$65,111,810 is restricted for debt service, capital projects, insurance, grants, taxes, and fees; and \$(35,015,935) is unrestricted.
- The City's total net position increased by \$4,937,323, of which \$3,810,106 was attributable to governmental activities and \$1,127,217 was attributable to business-type activities.
- Government-wide revenues increased by \$5,319,302 or 10% to \$58,949,108 from 2018 total of \$53,629,806.
- Government-wide expenses increased by \$834,347 or 2% to \$54,011,785 from 2018 total of \$53,177,438.

Fund level

- Governmental fund balances increased to \$83,315,261 from the prior year's \$80,069,798.
- Governmental fund revenues increased by \$4,856,726 or 10% to \$53,719,751 from the prior year's \$48,863,025.
- Governmental fund expenditures increased by \$3,396,263 or 7% to \$50,215,676 from the prior year's \$46,819,413.
- General fund balance decreased from \$25,095,972 to \$23,311,679. This decrease was driven by a decrease in assigned fund balances in the General Fund and a transfer to restricted amounts in Capital Projects of Other Major Funds (\$1.3 million).

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, 2019

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.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

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
- Affordable Housing Program
- Capital Improvement Projects
- Restricted Revenue Fund
- Development Impact Fees Fund
- Novato Public Financing Authority
- Hamilton Trust Fund

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

Proprietary funds

Proprietary funds 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.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

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.

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, 2019 and 2018
(in thousands)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2019</u>	<u>2018</u>	<u>Net Change</u>	<u>2019</u>	<u>2018</u>	<u>Net Change</u>	<u>2019</u>	<u>2018</u>	<u>Net Change</u>
ASSETS									
Current and other assets	\$ 97,226	\$ 91,623	\$ 5,603	\$ 5,863	\$ 5,357	\$ 506	\$ 103,089	\$ 96,980	\$ 6,109
Capital assets	<u>255,408</u>	<u>255,058</u>	<u>350</u>	<u>15,551</u>	<u>15,490</u>	<u>61</u>	<u>270,959</u>	<u>270,548</u>	<u>411</u>
Total Assets	<u>352,634</u>	<u>346,681</u>	<u>5,953</u>	<u>21,414</u>	<u>20,847</u>	<u>567</u>	<u>374,048</u>	<u>367,528</u>	<u>6,520</u>
Deferred Outflows of Resources	<u>10,273</u>	<u>13,933</u>	<u>(3,660)</u>	-	-	-	<u>10,273</u>	<u>13,933</u>	<u>(3,660)</u>
LIABILITIES									
Long-term liabilities	76,876	80,161	(3,285)	4,385	4,902	(517)	81,261	85,063	(3,802)
Other liabilities	<u>10,985</u>	<u>8,442</u>	<u>2,543</u>	<u>618</u>	<u>660</u>	<u>(42)</u>	<u>11,603</u>	<u>9,102</u>	<u>2,501</u>
Total Liabilities	<u>87,861</u>	<u>88,603</u>	<u>(742)</u>	<u>5,003</u>	<u>5,562</u>	<u>(559)</u>	<u>92,864</u>	<u>94,165</u>	<u>(1,301)</u>
Deferred Inflows of Resources	<u>3,169</u>	<u>3,943</u>	-	-	-	-	<u>3,169</u>	<u>3,943</u>	<u>(774)</u>
NET POSITION									
Net investment in capital assets	247,545	245,575	1,970	10,647	10,083	564	258,192	255,659	2,533
Restricted	59,349	54,734	4,615	5,763	5,200	563	65,112	59,934	5,178
Unrestricted	<u>(35,016)</u>	<u>(32,241)</u>	<u>(2,775)</u>	-	-	-	<u>(35,016)</u>	<u>(32,241)</u>	<u>(2,775)</u>
Total Net Position	<u>\$ 271,878</u>	<u>\$ 268,068</u>	<u>\$ 3,810</u>	<u>\$ 16,410</u>	<u>\$ 15,283</u>	<u>\$ 1,127</u>	<u>\$ 288,288</u>	<u>\$ 283,352</u>	<u>\$ 4,936</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 \$288,289,081 at June 30, 2019.

The net position of \$288,289,081 at June 30, 2019 was comprised of the following elements:

- Unrestricted cash and investments of \$60,584,374, cash with fiscal agents of \$1,101,450, and restricted cash and investments of \$31,833,557;
- Accounts, loans, interest, and taxes receivable of \$8,854,243;
- Prepaid expenses of \$581,668;

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

- Non-current assets consisted of bond issuance costs and capital assets. Bond issuance costs were \$134,169 and are amortized over the life of the debt. Capital assets of \$270,958,255, net of accumulated depreciation charges of \$160,416,131, included \$135,398,510 of land, \$11,536,034 of construction in progress, \$37,690,240 of buildings, \$666,967 of furniture and equipment, \$84,108,662 of infrastructure, and \$1,557,842 of vehicles;
- Deferred outflows of resources totaled \$10,273,350 and consisted of pension contributions made subsequent to the measurement date, changes in the net pension liability, and changes in the net OPEB liability;
- Current liabilities totaled \$11,603,149 and included \$4,558,807 of accounts payable, \$498,044 of salaries and benefits payable, \$153,936 of interest payable, \$2,775 of accrued liabilities, \$404,990 of unearned revenue, \$2,166,483 of deposits payable, compensated absences of \$256,643, current claims payable of \$607,136, and long-term debt of \$2,954,335;
- Non-current liabilities of \$81,260,035 included \$1,444,588 of non-current claims payable; \$2,994,000 of Other Post Employment Benefits (OPEB), \$1,173,180 of compensated absences, \$47,508,082 of the net pension liability, and \$28,140,185 of the non-current portion of long-term debt which is due in the fiscal years subsequent to fiscal 2019;
- Deferred inflows of resources of \$3,168,801 consisted of changes in the net pension and net OPEB liabilities;
- Net position invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$258,193,206 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 \$65,111,810 was comprised of \$7,828,203 restricted for debt services; \$15,282,537 restricted for capital projects; \$41,006,825 restricted for taxes and fees; and \$994,245 restricted for grants. The remaining balance of \$35,015,935 represented a deficit unrestricted net position. The deficit in unrestricted net position is primarily due to the result of implementing GASB 68 during FY 2014-15, which has increased the City's accrued pension liability. This deficit in unrestricted net position is also due to the result of implementing GASB 75 in FY2017-18, which increased the measurement of the City's accrued OPEB liability. This most recent change is detailed in Note 10 to the financial statements.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Analysis of Changes in Net Position

The City's total net position increased by \$4,937,323, or 2%, during the fiscal year ended June 30, 2019. This was all due substantially to Governmental Activities with an increase in total revenues of \$3 million and a decrease in expenditures of \$1.3 million. Activities and changes in net position relating to the \$4,937,323 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, 2019 and 2018
(in thousands)

	<u>2019</u>	<u>2018</u>	<u>Net Change</u>
REVENUES:			
Program revenues			
Charges for services	\$ 9,425	\$ 7,324	\$ 2,101
Operating grants and contributions	695	666	29
Capital grants and contributions	738	660	78
General revenues			
Taxes	39,470	37,553	1,917
Use of money and property	4,544	3,500	1,044
Other revenue	<u>737</u>	<u>672</u>	<u>65</u>
Total Revenues	<u>55,609</u>	<u>50,375</u>	<u>5,234</u>
EXPENSES:			
Governmental activities			
General government	10,127	11,862	(1,735)
Public safety	16,323	16,667	(344)
Public works	16,614	14,337	2,277
Culture and recreation	3,475	5,772	(2,297)
Community development	3,904	843	3,061
Interest on long-term liabilities	<u>1,356</u>	<u>1,413</u>	<u>(57)</u>
Total Expenses	<u>51,799</u>	<u>50,894</u>	<u>905</u>
EXTRAORDINARY ITEM:			
Extraordinary loss	<u>-</u>	<u>(5,336)</u>	<u>5,336</u>
Change in net position	<u>3,810</u>	<u>(5,855)</u>	<u>9,665</u>
Net position - beginning of year	268,068	276,653	(8,585)
Restatement	<u>-</u>	<u>(2,731)</u>	<u>2,731</u>
Net position - beginning of year, restated	<u>268,068</u>	<u>273,922</u>	<u>(5,854)</u>
Net position - end of year	<u>\$ 271,878</u>	<u>\$ 268,067</u>	<u>\$ 3,811</u>

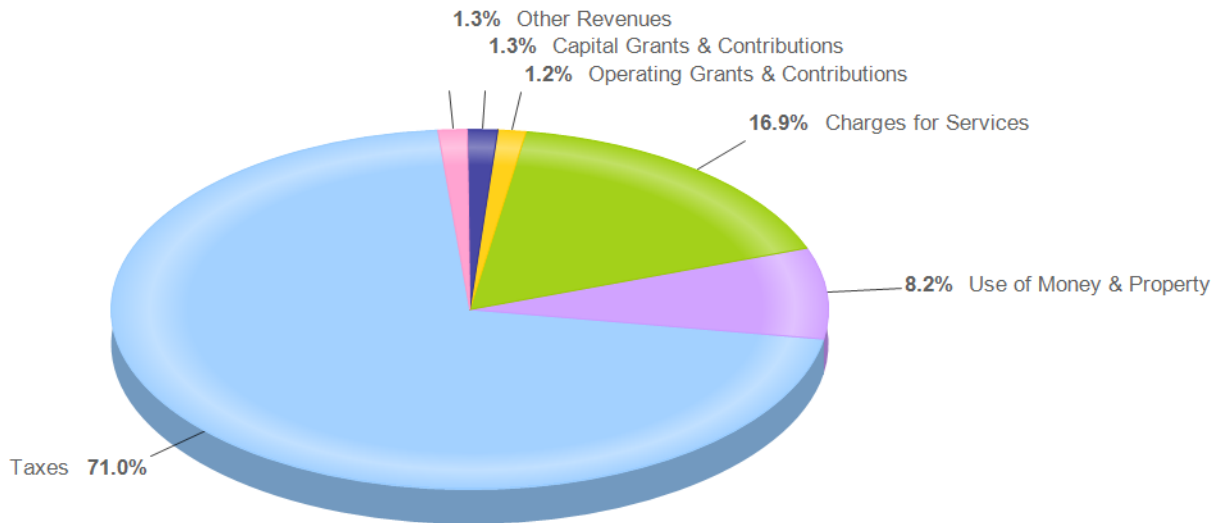
CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Governmental Activities

The table above reflects a change in net position of \$3,811, which is the result of revenues in excess of expenses.

Revenues by Source

2019 Governmental Activities

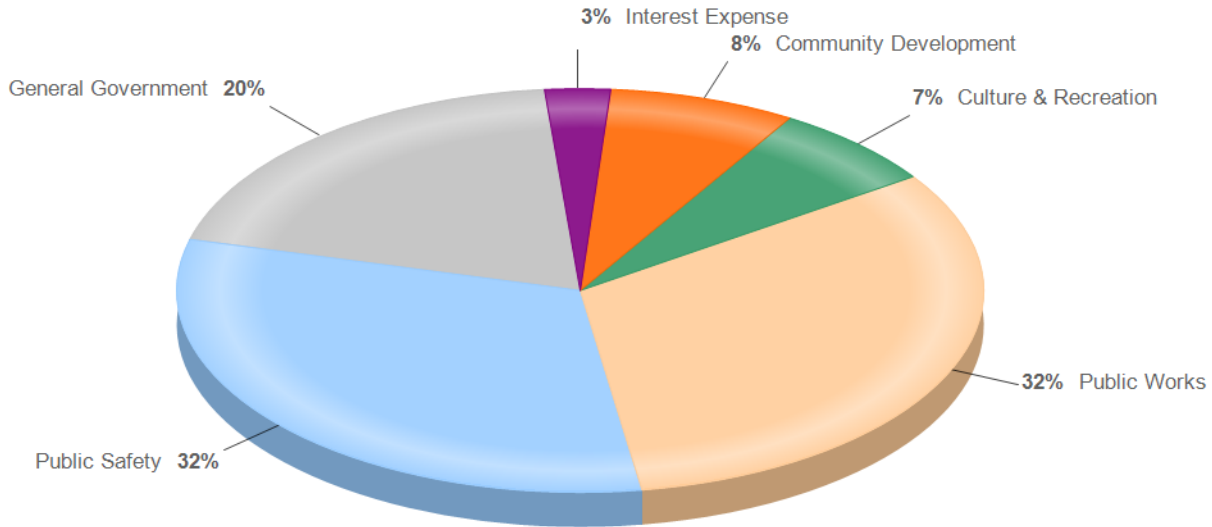


The chart of revenues by source above illustrates that taxes are the largest source of operating revenue for the City. The components of taxes are real estate property taxes, real property transfer tax, sales and use tax, hotel taxes, gas taxes, business license taxes and franchise fees. Charges for 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 \$5,235,311 or 10% was mainly due a substantial increase in developer activity creating an increase in Charges for Services (\$2.1 million). In addition, taxes continued to increase (\$1.9 million) as well as an increase in Use of Money and Property due to increased interest income (\$1 million).

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Expenses by Function
2019 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, community development, and interest on long-term liabilities.

The \$907,232 or 2% increase in expenditures was mostly concentrated in the areas of Public Works and Community Development (\$5.3 million) with corresponding decreases in General Government, Public Safety and Culture and Recreation (\$4.4 million). These changes were driven primarily by decreases in personnel and operating costs in General Government and Culture and Recreation against increases in Public Works and Community Development associated with increased developer activity.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Business-Type Activities

Business-type Activities Changes in Net Position
For the Years Ended June 30, 2019 and 2018
(in thousands)

	<u>2019</u>	<u>2018</u>	<u>Net Change</u>
REVENUES:			
Charges for services	\$ 3,212	\$ 3,188	\$ 24
Other revenue	9	10	(1)
Interest revenue	<u>117</u>	<u>57</u>	<u>60</u>
Total Revenues	<u>3,338</u>	<u>3,255</u>	<u>83</u>
EXPENSES:			
Cost of services	1,676	1,564	112
Employee costs	-	187	(187)
Depreciation and amortization	388	373	15
Interest expense	<u>147</u>	<u>161</u>	<u>(14)</u>
Total Expenses	<u>2,211</u>	<u>2,285</u>	<u>(74)</u>
Change in net position	1,127	970	157
Net position - beginning of year	<u>15,283</u>	<u>14,313</u>	<u>970</u>
Net position - end of year	<u>\$ 16,410</u>	<u>\$ 15,283</u>	<u>\$ 1,127</u>

Business-type activities net position increased \$1,127,217 or 7%, due to revenues exceeding expenses.

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 \$83,315,261, compared to \$80,069,798 at June 30, 2018. The main factor in the increase in fund balance was the result of a net increase in current year revenues from Charges for Services and tax revenues.

Of the total fund balance, \$(970,914) is unassigned. The remainder of the fund balance of \$84,286,175, is either nonspendable, restricted, or assigned for specific purposes.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$23,311,679, of which \$940,055 was nonspendable; \$42,564 was restricted for successor agency administration; \$20,977,291 was assigned for capital projects, pension reserve, insurance, long-term maintenance, and emergency disaster & response; and \$1,351,769 was unassigned. The fund balance in the City's General Fund decreased by \$1,784,293 for the fiscal year ended June 30, 2019. The decrease in fund balance was the result of an increase in Transfers Out over the prior of \$1.8 Million primarily due to transfers to the Capital Improvement Projects Fund.

The Affordable Housing fund had a total fund balance of \$2,874,715, which was restricted for affordable housing purposes. Fund balance increased by \$67,338 due to an increase in investment earnings and in lieu fees.

The Capital Improvement Projects fund reported a deficit of \$210,811, an increase of \$173,971 from the previous year.

The Restricted Revenue Fund reported a deficit of \$53,630, a decrease from the prior year.

The Development Impact Fee fund had a total fund balance of \$13,171,977, which was restricted for capital projects. Fund balance increased by \$1,252,620, driven primarily by a substantial increase in Charges for Services of more than \$1 million which in turn was the result of an increase in developer activity.

The Novato Public Financing Authority had a total fund deficit of \$1,888,271. Fund balance increased by \$87,401 due to decrease in Transfers Out compared to previous year's activity.

The Hamilton Trust Fund had a total fund balance of \$33,664,661 which was restricted. Fund balance increased by \$1,499,992 due to an increase in earnings from the fund's investments.

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

Revenues Classified by Source
Governmental Funds
For the Years Ended June 30, 2019 and 2018
(in thousands)

	2019		2018	
	Amount	% of Total	Amount	% of Total
Revenues by Source:				
Taxes	\$ 39,470	73 %	\$ 38,028	78 %
Licenses and permits	1,482	3 %	1,309	3 %
Intergovernmental	1,434	3 %	907	2 %
Fines and forfeitures	634	1 %	601	1 %
Use of money and property	4,357	8 %	1,423	3 %
Charges for services	5,606	10 %	3,980	8 %
Other revenues	737	1 %	2,616	5 %
Issuance of lease proceeds	49	- %	-	- %
	\$ 53,769	99 %	\$ 48,864	100 %

For this fiscal year, governmental revenues increased \$4,906,162 or 10%. The majority of the increase was due to increased revenue from Charges for Service (\$1.6 million) and an increase in earnings from investments (\$2.9 million).

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019 and 2018
(in thousands)

	2019		2018	
	Amount	% of Total	Amount	% of Total
Expenditures by Function				
General government	\$ 9,520	20 %	\$ 8,587	19 %
Public safety	15,595	31 %	15,617	32 %
Public works	8,062	16 %	8,161	17 %
Culture & recreation	3,569	7 %	5,658	12 %
Community development	3,340	7 %	738	2 %
Capital outlay	6,827	14 %	4,727	10 %
Debt service: principal	2,285	5 %	2,237	5 %
Debt service: interest	1,017	2 %	1,094	2 %
	<u>\$ 50,215</u>	<u>102 %</u>	<u>\$ 46,819</u>	<u>99 %</u>

Expenditures increased by \$3,396,263 or 7% during the year ended June 30, 2019. The principal components of this were increased operating costs for General Government (\$1 million), Community Development (\$2.6 million) and Capital Outlay (\$2 million). This was offset by a decrease in expenditures for Cultural and Recreation (\$2.1 million).

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, 2019, were \$4,362,704. Net position increased by \$524,138 during fiscal 2019.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

General Fund Budget Modifications

The original fiscal year 2018-19 budget was adopted in June 2018. 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 decrease estimated revenues and transfers in by \$220,220 and increase estimated expenditures and transfers out by \$764,180. The net impact of the budget changes was to reduce the budgeted change in fund balance by \$984,400.

General Fund Operating Variances

The revised budget projected a net decrease in fund balance of \$10,605,567 and the actual results were a net decrease of \$1,784,293, which equates to a positive variance of \$8,821,274.

The variance in revenues is partly attributable to revenues being higher than the revised budget by \$2,393,088. This is primarily due to increased charges for services and tax revenues.

Expenditures and transfers out were \$5,272,903 lower than projected primarily due to unfilled positions and reduced operating costs particularly in public safety and culture and recreation, and deferred transfers to the capital program.

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, 2019 totaled \$270,958,255 (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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 123,559	\$ 123,559	\$ 11,840	\$ 11,840	\$ 135,399	\$ 135,399
Construction in progress	11,536	7,334	-	-	11,536	7,334
Buildings & improvements	34,074	35,197	3,616	3,512	37,690	38,709
Furniture & equipment	572	394	95	138	667	532
Infrastructure	84,109	87,270	-	-	84,109	87,270
Vehicles	<u>1,558</u>	<u>1,517</u>	<u>-</u>	<u>-</u>	<u>1,558</u>	<u>1,517</u>
Total	\$ <u>255,408</u>	\$ <u>255,271</u>	\$ <u>15,551</u>	\$ <u>15,490</u>	\$ <u>270,959</u>	\$ <u>270,761</u>

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Governmental Activities Long-term Debt

At June 30, 2019, 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, 2019</u>
<u>Governmental Activities</u>		
General obligation bonds: Series 2007	2027	\$ 2,745,000
Pension obligation bonds, A-1 & A-2	2035	18,329,471
2013 General obligation refunding bonds	2025	<u>4,612,123</u>
Bond issuance premiums (discounts) Series 2007 premium		105,036
Pension obligation bonds discount		(78,393)
Clean Renewable Energy Bonds (CREBS)	2024	399,847
Capital leases	2022	34,689
PG&E Loan	2021	<u>44,322</u>
Compensated absences		<u>1,429,823</u>
Total governmental activities		<u>\$ 27,621,918</u>
<u>Business-type Activities</u>		
Senior Promissory Note	2028	<u>\$ 4,902,425</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 2018/19, the national, state and local economies remained strong. Retail sales increased from the prior year, primarily due to an increase in taxable internet sales and growth in general consumer goods sales. Voter approved Measure C, a ¼ cent local sales tax continued to provide needed revenue to support essential services such as 911 emergency response, maintaining streets and roads and repairing potholes, maintaining parks and recreation facilities, and attracting and retaining local businesses. Novato's unemployment rate at 2.4% as of June 30, 2019 improved from a 2.7% rate over the prior year.

Assessed property values increased approximately 5% this fiscal year primarily due to new home and commercial property sales and the resulting re-assessment of property values. This trend was projected to hold for the coming year.

As expected, expenditures continued to increase in several areas such as: employee compensation, including CalPERS retirement costs, contributions to health premiums and workers compensation. Additionally, risk management and utility costs, and labor and material costs associated with capital projects continued to rise.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Fiscal Year 2019-20 Budget

The FY 2019/20 adopted budget reflects a continued investment in core city services including: public safety services; maintenance of infrastructure including streets, roads, parks, and facilities; and economic development initiatives. Additionally the Council funded several new initiatives that align with the adopted Strategic Plan and other local priorities such as: continued funding for the Novato Response Team, and the increase of one police officer; capital investment in the downtown Sonoma Marin Area Rail Transit station, construction of Hill Recreation Area, and new parking and crosswalk enhancements in the downtown area; enhanced staffing to support implementation of the City's Climate Action Plan; and enhanced economic development efforts to retain and attract businesses including a Pilot Tenant Assistance Program and no fee Business Development Workshops.

At budget adoption, overall General Fund expenditures were anticipated to decrease slightly primarily because of the prior year \$1.2 M extraordinary loss related to loans to the former Redevelopment Agency. Operating expense were anticipated to increase less than \$1 million over the prior year actual costs. Notable increases were anticipated in employee compensation (CalPERS retirement obligations) and risk management.

City's Fiscal Outlook

The City's General Fund major revenue sources have historically been taxes and charges for services. Taxes are expected to remain a primary source of revenue in the future. The tax category includes Property Taxes, Property Transfer Tax, Sales and Use Tax, Hotel Tax (Transient Occupancy Tax or TOT), Business License Taxes, and Franchise Fees. In FY2019/20, similar to prior years, Charges for Services was also a major revenue stream. The Charges for Services category includes various fees charged for services provided by the Parks, Recreation and Community Services, Public Works, Community Development, and Police Departments.

At the time the Fiscal Year 2019/20 budget was adopted, revenues were expected to continue increasing, but at a slower pace than in the recovery period that followed the recession. Depletion of Measure F sales tax revenue, due to expiration of the voter approved initiative, was of concern and several initiatives were undertaken to stabilize future revenues. The onset of the COVID-19 pandemic in March of 2020 and the subsequent impact on City revenues was unimaginable at that time. Sales tax, transient occupancy tax, and charges for services (particularly in Parks, Recreation and Community Services) have since been severely impacted by the pandemic.

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, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments (Note 2)	\$ 54,838,960	\$ 5,745,414	\$ 60,584,374
Cash with fiscal agent (Note 2)	1,101,450	-	1,101,450
Accounts receivable	2,157,061	-	2,157,061
Loans receivable (Note 3)	2,900,659	-	2,900,659
Interest receivable	450,226	-	450,226
Taxes receivable	3,346,297	-	3,346,297
Prepaid expenses	463,886	117,782	581,668
Restricted cash and cash equivalents (Note 2)	31,833,557	-	31,833,557
Bond issuance costs, net (Note 6)	134,169	-	134,169
Capital assets (Note 5)			
Land and construction in progress	135,094,544	11,840,000	146,934,544
Other capital assets, net of depreciation	<u>120,313,105</u>	<u>3,710,606</u>	<u>124,023,711</u>
Total capital assets	<u>255,407,649</u>	<u>15,550,606</u>	<u>270,958,255</u>
Total Assets	<u>352,633,914</u>	<u>21,413,802</u>	<u>374,047,716</u>
Deferred Outflows of Resources			
2019 Pension contributions (Note 9)	4,520,375	-	4,520,375
Changes in the net pension liability (Note 9)	5,280,975	-	5,280,975
Changes in the net OPEB liability (Note 10)	<u>472,000</u>	<u>-</u>	<u>472,000</u>
Total Deferred Outflows of Resources	<u>10,273,350</u>	<u>-</u>	<u>10,273,350</u>
LIABILITIES			
Accounts payable	4,458,567	100,240	4,558,807
Accrued payroll and benefits	498,044	-	498,044
Accrued liabilities	2,775	-	2,775
Accrued interest payable	153,936	-	153,936
Unearned revenue	404,990	-	404,990
Deposits payable	2,166,383	100	2,166,483
Other postemployment benefits (Note 10)			
Due in more than one year	2,994,000	-	2,994,000
Net pension liability (Note 9)			
Due in more than one year	47,508,082	-	47,508,082
Claims payable (Note 11)			
Due within one year	607,136	-	607,136
Due in more than one year	1,444,588	-	1,444,588
Accrued compensated absences (Note 6)			
Due within one year	256,643	-	256,643
Due in more than one year	1,173,180	-	1,173,180
Long-term liabilities (Note 6)			
Due within one year	2,436,445	517,890	2,954,335
Due in more than one year	<u>23,755,650</u>	<u>4,384,535</u>	<u>28,140,185</u>
Total Liabilities	<u>87,860,419</u>	<u>5,002,765</u>	<u>92,863,184</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability (Note 9)	2,636,801	-	2,636,801
Changes in the net OPEB liability (Note 10)	<u>532,000</u>	<u>-</u>	<u>532,000</u>
Total Deferred Inflows of Resources	<u>3,168,801</u>	<u>-</u>	<u>3,168,801</u>
NET POSITION			
Net investment in capital assets	247,545,025	10,648,181	258,193,206
Restricted for:			
Debt service	2,065,347	5,762,856	7,828,203
Capital projects	15,282,537	-	15,282,537
Taxes and fees	41,006,825	-	41,006,825
Grants	994,245	-	994,245
Unrestricted	<u>(35,015,935)</u>	<u>-</u>	<u>(35,015,935)</u>
Total Net Position	<u>\$ 271,878,044</u>	<u>\$ 16,411,037</u>	<u>\$ 288,289,081</u>

See accompanying notes to the basic financial statements.

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total Primary Government
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 10,127,112	\$ 852,979	\$ 67,597	\$ -	\$ (9,206,536)	\$ -	\$ (9,206,536)
Public safety	16,323,163	617,634	516,815	-	(15,188,714)	-	(15,188,714)
Public works	16,613,713	2,556,673	21,659	728,906	(13,306,475)	-	(13,306,475)
Culture and recreation	3,475,462	2,588,663	-	-	(886,799)	-	(886,799)
Community development	3,904,033	2,808,646	89,376	9,302	(996,709)	-	(996,709)
Interest and fiscal charges	<u>1,356,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,356,282)</u>	<u>-</u>	<u>(1,356,282)</u>
Total governmental activities	<u>51,799,765</u>	<u>9,424,595</u>	<u>695,447</u>	<u>738,208</u>	<u>(40,941,515)</u>	<u>-</u>	<u>(40,941,515)</u>
Business-type activities:							
Marin Valley Mobile Country Club	<u>2,212,020</u>	<u>3,212,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,409</u>	<u>1,000,409</u>
Total primary government	<u>\$ 54,011,785</u>	<u>\$ 12,637,024</u>	<u>\$ 695,447</u>	<u>\$ 738,208</u>	<u>\$ (40,941,515)</u>	<u>\$ 1,000,409</u>	<u>\$ (39,941,106)</u>
General revenues:							
Property taxes					\$ 18,384,112	\$ -	\$ 18,384,112
Sales and use taxes					14,320,813	-	14,320,813
Motor vehicle and gas taxes					2,161,479	-	2,161,479
Other taxes					4,604,001	-	4,604,001
Use of money and property					4,544,403	117,372	4,661,775
Other revenue					<u>736,813</u>	<u>9,436</u>	<u>746,249</u>
Total general revenues					<u>44,751,621</u>	<u>126,808</u>	<u>44,878,429</u>
Change in net position					3,810,106	1,127,217	4,937,323
Net position - July 1, 2018					<u>268,067,938</u>	<u>15,283,820</u>	<u>283,351,758</u>
Net position - June 30, 2019					<u>\$ 271,878,044</u>	<u>\$ 16,411,037</u>	<u>\$ 288,289,081</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Affordable Housing Program</u>	<u>Capital Improvement Projects</u>	<u>Restricted Revenue</u>	<u>Development Impact Fee</u>
<u>ASSETS</u>					
Cash and investments	\$ 18,209,969	\$ 1,389,046	\$ 2,571,827	\$ 1,477,748	\$ 13,171,977
Cash with fiscal agent	-	-	-	-	-
Restricted cash and investments	334,225	-	-	-	-
Accounts receivable	853,421	2,155	338,800	-	-
Notes receivable	11,169	2,889,490	-	-	-
Interest receivable	329,405	-	-	-	-
Taxes receivable	3,160,469	-	-	-	-
Due from other funds	2,016,886	-	-	-	-
Advances to other funds	465,000	-	-	-	-
Prepaid items	463,886	-	-	-	-
	<u>\$ 25,844,430</u>	<u>\$ 4,280,691</u>	<u>\$ 2,910,627</u>	<u>\$ 1,477,748</u>	<u>\$ 13,171,977</u>
Total Assets					
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>					
LIABILITIES					
Accounts payable	\$ 1,166,416	\$ 16,486	\$ 3,121,438	\$ -	\$ -
Accrued payroll and benefits	498,044	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits and other payables	635,005	-	-	1,531,378	-
Unearned revenues	233,286	-	-	-	-
Advances from other funds	-	-	-	-	-
	<u>2,532,751</u>	<u>16,486</u>	<u>3,121,438</u>	<u>1,531,378</u>	<u>-</u>
Total Liabilities					
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - housing loans	-	1,389,490	-	-	-
	<u>-</u>	<u>1,389,490</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	940,055	-	-	-	-
Restricted	42,564	2,874,715	-	-	13,171,977
Assigned	20,977,291	-	-	-	-
Unassigned	1,351,769	-	(210,811)	(53,630)	-
	<u>23,311,679</u>	<u>2,874,715</u>	<u>(210,811)</u>	<u>(53,630)</u>	<u>13,171,977</u>
Total Fund Balances (Deficits)					
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,844,430</u>	<u>\$ 4,280,691</u>	<u>\$ 2,910,627</u>	<u>\$ 1,477,748</u>	<u>\$ 13,171,977</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>Novato Public Financing Authority</u>	<u>Permanent Fund - Hamilton Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments	\$ 126,419	\$ -	\$ 12,004,330	\$ 48,951,316
Cash with fiscal agent	30,838	-	1,070,612	1,101,450
Restricted cash and investments	-	31,499,332	-	31,833,557
Accounts receivable	-	-	956,938	2,151,314
Notes receivable	-	-	-	2,900,659
Interest receivable	-	120,821	-	450,226
Taxes receivable	-	-	185,828	3,346,297
Due from other funds	-	-	-	2,016,886
Advances to other funds	-	2,044,508	-	2,509,508
Prepaid items	-	-	-	463,886
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 157,257</u>	<u>\$ 33,664,661</u>	<u>\$ 14,217,708</u>	<u>\$ 95,725,099</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES				
Accounts payable	\$ 1,020	\$ -	\$ 106,444	\$ 4,411,804
Accrued payroll and benefits	-	-	-	498,044
Accrued liabilities	-	-	2,775	2,775
Due to other funds	-	-	1,026,844	1,026,844
Deposits and other payables	-	-	-	2,166,383
Unearned revenues	-	-	171,704	404,990
Advances from other funds	2,044,508	-	465,000	2,509,508
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>2,045,528</u>	<u>-</u>	<u>1,772,767</u>	<u>11,020,348</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - housing loans	-	-	-	1,389,490
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	940,055
Restricted	-	33,664,661	12,512,316	62,266,233
Assigned	-	-	102,596	21,079,887
Unassigned	(1,888,271)	-	(169,971)	(970,914)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficits)	<u>(1,888,271)</u>	<u>33,664,661</u>	<u>12,444,941</u>	<u>83,315,261</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances				
	<u>\$ 157,257</u>	<u>\$ 33,664,661</u>	<u>\$ 14,217,708</u>	<u>\$ 95,725,099</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, 2019

Total fund balances of governmental funds	\$ 83,315,261
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 \$151,325,138.	253,849,807
Certain notes, loans, and interest receivables are not available to pay for current period expenditures and therefore are offset by deferred inflow of resources in the governmental funds.	1,389,490
Deferred outflows of resources related to 2019 pension contributions were made subsequent to the measurement date.	4,520,375
Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period.	5,280,975
Deferred outflows of resources related to changes in the net OPEB liability are not applicable to the current period.	472,000
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	(26,192,095)
Compensated absences	(1,429,823)
Net OPEB obligation	(2,994,000)
Net pension liability	(47,508,082)
Deferred inflows related to changes in the net pension liability	(2,636,801)
Deferred inflows related to changes in the net OPEB liability	(532,000)
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.	134,169
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(153,936)
Internal service funds are used by management to charge costs of certain activities such as equipment replacement, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities of the Statement of Net Position.	<u>4,362,704</u>
Net position of governmental activities	<u>\$ <u>271,878,044</u></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, 2019

	<u>General Fund</u>	<u>Affordable Housing Program</u>	<u>Capital Improvement Projects</u>	<u>Restricted Revenue</u>	<u>Development Impact Fee</u>
<u>REVENUES</u>					
Taxes	\$ 33,266,898	\$ -	\$ -	\$ -	\$ -
License and permits	1,482,152	-	-	-	-
Intergovernmental	363,163	-	-	-	-
Fines and forfeitures	633,773	-	-	-	-
Use of money and property	1,415,753	30,497	-	-	288,731
Charges for services	3,617,151	103,947	-	285,685	1,107,141
Other revenues	<u>382,459</u>	<u>123,957</u>	-	-	-
Total Revenues	<u>41,161,349</u>	<u>258,401</u>	<u>-</u>	<u>285,685</u>	<u>1,395,872</u>
<u>EXPENDITURES</u>					
Current:					
General government	9,088,180	-	-	-	-
Public safety	15,284,779	-	-	-	-
Public works	6,910,474	-	-	-	-
Cultural and recreation	3,484,569	-	-	-	-
Community development	2,898,886	230,780	-	-	-
Capital outlay	57,687	-	6,768,952	-	-
Debt service:					
Principal	146,971	-	-	-	-
Interest and fiscal charges	<u>4,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>37,875,592</u>	<u>230,780</u>	<u>6,768,952</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,285,757</u>	<u>27,621</u>	<u>(6,768,952)</u>	<u>285,685</u>	<u>1,395,872</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from capital leases	49,436	-	-	-	-
Transfers in	2,024,522	40,469	7,076,008	61,406	-
Transfers out	<u>(7,144,008)</u>	<u>(752)</u>	<u>(133,085)</u>	<u>(400,721)</u>	<u>(143,252)</u>
Total Other Financing Sources (Uses)	<u>(5,070,050)</u>	<u>39,717</u>	<u>6,942,923</u>	<u>(339,315)</u>	<u>(143,252)</u>
Net Change in Fund Balances	(1,784,293)	67,338	173,971	(53,630)	1,252,620
Fund Balances (Deficits) - July 1, 2018	<u>25,095,972</u>	<u>2,807,377</u>	<u>(384,782)</u>	<u>-</u>	<u>11,919,357</u>
Fund Balances (Deficits) - June 30, 2019	<u>\$ 23,311,679</u>	<u>\$ 2,874,715</u>	<u>\$ (210,811)</u>	<u>\$ (53,630)</u>	<u>\$ 13,171,977</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, 2019

	Novato Public Financing Authority	Permanent Fund- Hamilton Trust Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ 6,203,507	\$ 39,470,405
License and permits	-	-	-	1,482,152
Intergovernmental	-	-	1,070,492	1,433,655
Fines and forfeitures	-	-	-	633,773
Use of money and property	200,987	1,691,503	729,349	4,356,820
Charges for services	-	-	492,209	5,606,133
Other revenues	-	-	230,397	736,813
	<u>200,987</u>	<u>1,691,503</u>	<u>8,725,954</u>	<u>53,719,751</u>
Total Revenues	<u>200,987</u>	<u>1,691,503</u>	<u>8,725,954</u>	<u>53,719,751</u>
<u>EXPENDITURES</u>				
Current:				
General government	100,586	29,027	302,170	9,519,963
Public safety	-	-	310,258	15,595,037
Public works	-	-	1,151,618	8,062,092
Cultural and recreation	-	-	84,257	3,568,826
Community development	-	-	210,905	3,340,571
Capital outlay	-	-	-	6,826,639
Debt service:				
Principal	-	-	2,137,844	2,284,815
Interest and fiscal charges	-	-	1,013,687	1,017,733
	<u>100,586</u>	<u>29,027</u>	<u>5,210,739</u>	<u>50,215,676</u>
Total Expenditures	<u>100,586</u>	<u>29,027</u>	<u>5,210,739</u>	<u>50,215,676</u>
Excess (Deficiency) of Revenues over Expenditures	<u>100,401</u>	<u>1,662,476</u>	<u>3,515,215</u>	<u>3,504,075</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from capital leases	-	-	-	49,436
Transfers in	-	-	3,165,194	12,367,599
Transfers out	(13,000)	(162,484)	(4,678,345)	(12,675,647)
	<u>(13,000)</u>	<u>(162,484)</u>	<u>(1,513,151)</u>	<u>(258,612)</u>
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(162,484)</u>	<u>(1,513,151)</u>	<u>(258,612)</u>
Net Change in Fund Balances	87,401	1,499,992	2,002,064	3,245,463
Fund Balances (Deficits) - July 1, 2018	(1,975,672)	32,164,669	10,442,877	80,069,798
Fund Balances (Deficits) - June 30, 2019	<u>\$ (1,888,271)</u>	<u>\$ 33,664,661</u>	<u>\$ 12,444,941</u>	<u>\$ 83,315,261</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, 2019

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

Net change in fund balances - total governmental funds	\$	3,245,463
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		6,387,691
Depreciation expense		(6,078,056)
Government funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.		
		(447)
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		2,284,816
Proceeds from capital lease		(49,436)
Issuance of debt and accreted interest		(350,105)
Net accretion on bond premiums/discounts		5,087
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.		
		7,304
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 insurance costs		(13,637)
Receipts of payments and disbursements of funds related to notes and loans receivable are reported as revenue and expenditures, respectively, in governmental funds, but an increase and decrease, respectively, in notes receivable in the Statement of Net Position.		
Accrued interest		43,250
Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.		
		20,105
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		(2,349,067)
OPEB expense related to deferred outflows and inflows of resources		133,000
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>524,138</u>
Change in net position of governmental activities	\$	<u>3,810,106</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Marin Valley Mobile Country Club</u>	<u>Internal Service Funds</u>
<u>ASSETS</u>		
Current Assets		
Cash and investments	\$ 5,745,414	\$ 5,887,644
Accounts receivable, net	-	5,747
Prepaid expenses	<u>117,782</u>	<u>-</u>
Total Current Assets	<u>5,863,196</u>	<u>5,893,391</u>
Non Current Assets		
Capital assets, net of accumulated depreciation	<u>15,550,606</u>	<u>1,557,842</u>
Total Non-Current Assets	<u>15,550,606</u>	<u>1,557,842</u>
Total Assets	<u>21,413,802</u>	<u>7,451,233</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	100,240	46,763
Due to other funds	-	990,042
Deposits	100	-
Long-term liabilities - current portion	517,890	-
Claims payable - current portion	<u>-</u>	<u>607,136</u>
Total Current Liabilities	<u>618,230</u>	<u>1,643,941</u>
Non-Current Liabilities		
Long-term liabilities - net of current portion	4,384,535	-
Claims payable - net of current portion	<u>-</u>	<u>1,444,588</u>
Total Non-Current Liabilities	<u>4,384,535</u>	<u>1,444,588</u>
Total Liabilities	<u>5,002,765</u>	<u>3,088,529</u>
<u>NET POSITION:</u>		
Net investment in capital assets	10,648,181	1,557,842
Restricted for debt service	5,762,856	-
Unrestricted	<u>-</u>	<u>2,804,862</u>
Total Net Position	<u>\$ 16,411,037</u>	<u>\$ 4,362,704</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, 2019

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Marin Valley Mobile Country Club</u>	<u>Internal Service Funds</u>
<u>OPERATING REVENUES</u>		
Charges for services	\$ 2,411,978	\$ 1,224,060
Utilities	800,451	-
Other revenue	<u>9,436</u>	<u>478,477</u>
Total Operating Revenue	<u>3,221,865</u>	<u>1,702,537</u>
<u>OPERATING EXPENSES</u>		
Cost of services	1,676,371	1,241,059
Depreciation and amortization	<u>388,260</u>	<u>389,725</u>
Total Operating Expenses	<u>2,064,631</u>	<u>1,630,784</u>
Operating Income	<u>1,157,234</u>	<u>71,753</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest income	117,372	144,337
Interest expense	<u>(147,389)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(30,017)</u>	<u>144,337</u>
Income Before Transfers	<u>1,127,217</u>	<u>216,090</u>
<u>TRANSFERS</u>		
Transfers in	-	321,000
Transfers out	<u>-</u>	<u>(12,952)</u>
Total Transfers	<u>-</u>	<u>308,048</u>
Change in net position	<u>1,127,217</u>	<u>524,138</u>
Net Position - July 1, 2018	15,283,820	3,415,284
Prior period adjustment (Note 14)	<u>-</u>	<u>423,282</u>
Net Position - July 1, 2018, restated	<u>15,283,820</u>	<u>3,838,566</u>
Net Position - June 30, 2019	<u>\$ 16,411,037</u>	<u>\$ 4,362,704</u>

See accompanying notes to the basic financial statements.

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

	Business-Type Activities	Governmental Activities
	Marin Valley Mobile Country Club	Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 3,200,075	\$ 1,246,473
Cash paid to suppliers	<u>(1,828,504)</u>	<u>(1,244,926)</u>
Net Cash Provided by Operating Activities	<u>1,371,571</u>	<u>1,547</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Interfund payments	-	411,493
Transfers from other funds	-	321,000
Transfers to other funds	<u>-</u>	<u>(12,952)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>719,541</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition of capital assets	(449,041)	(430,338)
Principal paid on long-term debt	(503,784)	-
Interest paid on long-term debt	<u>(147,389)</u>	<u>-</u>
Net Cash Used for Capital and Related Financing Activities	<u>(1,100,214)</u>	<u>(430,338)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	<u>117,372</u>	<u>144,337</u>
Net Cash Provided by Investing Activities	<u>117,372</u>	<u>144,337</u>
Net Increase in Cash and Cash Equivalents	388,729	435,087
Cash and Cash Equivalents - July 1, 2018	<u>5,356,685</u>	<u>5,452,557</u>
Cash and Cash Equivalents - June 30, 2019	<u>\$ 5,745,414</u>	<u>\$ 5,887,644</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income	1,157,234	71,753
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	388,260	389,725
Changes in assets and liabilities:		
Decrease in accounts receivable	-	1,106
Increase in prepaid expenses	(117,782)	-
Decrease in accounts payable	(34,351)	(3,867)
Decrease in unearned revenue	(21,790)	-
Decrease in claims payable	<u>-</u>	<u>(457,170)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,371,571</u>	<u>\$ 1,547</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Redevelopment Obligation Retirement Fund	Agency Funds
<u>ASSETS</u>		
Cash and investments (Note 2)	\$ 1,556,749	\$ 5,003,287
Cash with fiscal agent (Note 2)	3,966,146	1,519,664
Other assets, net	-	25,788
Prepaid expenses	305,520	-
Deferred costs, net (Note 15)	<u>919,547</u>	<u>-</u>
Total Assets	\$ <u>6,747,962</u>	\$ <u>6,548,739</u>
<u>LIABILITIES</u>		
Accounts payable and other liabilities	\$ 7,150	\$ 936
Loans due to City	-	277,785
Deposits held in trust	15,041	6,270,018
Interest payable	718,306	-
Long-term liabilities (Note 15)	<u>40,929,445</u>	<u>-</u>
Total Liabilities	\$ <u>41,669,942</u>	\$ <u>6,548,739</u>
<u>NET POSITION</u>		
Held in trust for private purposes	<u>\$ (34,921,980)</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, 2019

	Redevelopment Obligation Retirement Fund
<u>ADDITIONS</u>	
Property taxes	\$ 4,266,167
Interest income	<u>66,035</u>
Total Additions	<u>4,332,202</u>
<u>DEDUCTIONS</u>	
Contract services	216,011
Amortization	84,003
Interest expense	<u>2,167,875</u>
Total Deductions	<u>2,467,889</u>
Change in Fiduciary Net Position	1,864,313
Fiduciary Net Position - July 1, 2018	<u>(36,786,293)</u>
Fiduciary Net Position - June 30, 2019	<u>\$ (34,921,980)</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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.

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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Affordable Housing Fund - This 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.

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

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

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

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

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

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 the second restated and amended delegation agreement dated June 3, 2013.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 eight agency funds, of which six are used to receive assessments levied through property taxes and to pay debt service for 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 deferred outflows of resources, and current liabilities and deferred inflows of resources 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 deferred outflows of resources, and all liabilities and deferred inflows of resources (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, 2019

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 February 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.

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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 inflows 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, 2019

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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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 and improvements	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, 2019. 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, 2019.

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, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflow of Resources

In addition to assets, the statement of net 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 net 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. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 - June 30, 2018

M. 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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications

Government-wide Statements

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, 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 "net investment in capital assets."

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 (resolution) 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.

O. 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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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.

Q. 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.

R. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2018, the City implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. There was no effect to the City's financial statements as a result of this standard.

Government Accounting Standards Board Statement No. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

S. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2019 or later. The City has not determined the effects on the financial statements.

Governmental Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Additionally, this Statement describes four fiduciary funds that should be reported, as well as provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. 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, 2021.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement (1) increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. 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, 2022.

Governmental Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. 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, 2022.

Governmental Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The purpose of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The new standard clarifies the differences between a majority equity interest reported as an investment and majority equity interest reported as a component unit of the governmental entity. 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, 2021.

Government Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. 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, 2023.

Government Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. 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, 2022.

Government Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The City has not determined what impact, if any, this pronouncement will have on the financial statements. The removal of LIBOR as an appropriate benchmark interest rate is effective for the City's fiscal year ending June 30, 2022. All other requirements of this statement are effective for the City's fiscal year ending June 30, 2022.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial assets, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 95

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a partial component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to the accounting and financial reporting for Section 457 plans are effective for the City's fiscal year ending June 30, 2022.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2019 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	\$ 54,838,960	\$ 1,101,450	\$ 31,833,557	\$ 87,773,967
Business-type activities	<u>5,745,414</u>	<u>-</u>	<u>-</u>	<u>5,745,414</u>
Total government-wide cash and investments	<u>60,584,374</u>	<u>1,101,450</u>	<u>31,833,557</u>	<u>93,519,381</u>
Fiduciary activities	<u>6,560,036</u>	<u>5,485,810</u>	<u>-</u>	<u>12,045,846</u>
Total cash and investments	<u>\$ 67,144,410</u>	<u>\$ 6,587,260</u>	<u>\$ 31,833,557</u>	<u>\$ 105,565,227</u>

Cash and investments were carried at fair value as of June 30, 2019 and consisted of the following:

Cash on hand	\$ 3,850
Cash in banks	<u>8,564,820</u>
Total cash	<u>8,568,670</u>
Money market funds	191,913
Cash with fiscal agent - investment agreements	6,587,260
Local Agency Investment Fund (LAIF)	23,826,657
U.S. Treasuries	27,115,227
U.S. Government agency obligations	3,668,934
Supra-National agency bonds	2,499,103
Certificates of deposit	8,975,770
Medium term corporate notes	<u>24,131,693</u>
Total investments	<u>96,996,557</u>
Total cash and investments	<u>\$ 105,565,227</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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
Marin County Investment Pool	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Repurchase agreements	90 days	None	None
Money market funds	N/A	None	None
Local government agency debt	N/A	None	15%
U.S. Treasury bonds/notes/bills	5 years	None	15%
U.S. Government agency obligations	5 years	None	15%
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposits	5 years	30%	None
Time certificates of deposit	N/A	25%	None
Medium term corporate notes	1 year	30%	15%
Reverse repurchase agreements	90 days	20%	None
Supernational investments	5 years	None	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 "AAA" 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, 2019

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2019:

Investments	Fair Value Measurements Using			Fair Value
	Level 1 Inputs	Level 2 inputs	Level 3 inputs	
Money market funds	\$ -	\$ 191,913	\$ -	\$ 191,913
U.S. Treasuries	-	27,115,227	-	27,115,227
U.S. Government agency obligations	-	3,668,934	-	3,668,934
Supra-National agency bonds	-	2,499,103	-	2,499,103
Certificates of deposit	-	8,975,770	-	8,975,770
Medium term corporate notes	-	24,131,693	-	24,131,693
Held by bond trustee:				
Investment agreements	-	6,587,260	-	6,587,260
Total Investments	\$ -	\$ 73,169,900	\$ -	\$ 73,169,900

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 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. The investment balance of \$23,826,657 is not subject to valuation on a recurring basis.

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, 2019:

	Remaining Maturity			Fair Value
	< 12 months	1-5 years	> 5 years	
Money market funds	\$ 191,913	\$ -	\$ -	\$ 191,913
Local Agency Investment Fund (LAIF)	23,826,657	-	-	23,826,657
U.S. Treasuries	-	27,115,227	-	27,115,227
U.S. Government agency obligations	1,260	3,667,674	-	3,668,934
Supra-National agency bonds	-	2,499,103	-	2,499,103
Certificates of deposit	3,234,375	5,741,395	-	8,975,770
Medium term corporate notes	2,727,261	21,404,432	-	24,131,693
Held by bond trustee:				
Investment agreements	-	-	6,587,260	6,587,260
	\$ 29,981,466	\$ 60,427,831	\$ 6,587,260	\$ 96,996,557

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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, 2019.

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	Minimum Rating	Rating as of Fiscal Year End S&P	Rating as of Fiscal Year End N/A
Money market funds	\$ 191,913	Multiple	AAAm	
Local Agency Investment Fund (LAIF)	23,826,657	None		Not rated
U.S. Treasuries	27,115,227	None	AA+	
U.S. Government agency obligations	3,668,934	None	AA+	
Supra-National agency bonds	2,499,103	None	AAA	
Certificates of deposit	1,353,492	None	A	
Certificates of deposit	1,308,435	None	A+	
Certificates of deposit	2,306,051	None	A-1	
Certificates of deposit	928,324	None	A-1+	
Certificates of deposit	3,079,468	None	AA-	
Medium term corporate notes	4,796,468	A	A	
Medium term corporate notes	2,914,264	A	A-	
Medium term corporate notes	2,954,451	A	A+	
Medium term corporate notes	1,392,814	A	AA	
Medium term corporate notes	1,354,567	A	AA-	
Medium term corporate notes	470,682	A	AA+	
Medium term corporate notes	2,036,304	A	BBB+	
Medium term corporate notes	6,098,366	A	AAA	
Medium term corporate notes	2,113,777	A	Not rated	
Held by bond trustee:				
Investment agreements	<u>6,587,260</u>	N/A		Not rated
	<u>\$ 96,996,557</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, 2019

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.

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: NOTES AND LOANS RECEIVABLE

Loans receivable of \$2,900,659 at June 30, 2019 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 1.42% at June 30, 2019). The balance of the computer loans receivable at June 30, 2019 was \$11,169.

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. In May 2009, 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 drawn down by 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, 2019 was \$1,867,052 which includes \$367,052 of accrued interest.

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, 2019 was \$195,000 which is included as a loan receivable on the accompanying Statement of Net Position.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

Habitat for Humanity

In October 2015, the City entered into a loan agreement with Habitat for Humanity for the construction of ten affordable single family homes at Mt. Burdell Place. The loan is initially secured by the promissory note and deed of trust from Habitat for Humanity and thereafter by the option agreement, promissory note, and deed of trust to be executed by the buyers of the individual units. In connection with the City loan, Habitat for Humanity and the City has entered into an affordable housing agreement pursuant to which Habitat agreed to restrict the initial sale of the homes to low-income households. The loan bears simple interest at a rate of zero (0%) percent per annum. Repayment of the loan is not required until either the sale of the property or maturity of the loan/affordable housing agreement (55 years). The loan receivable balance at June 30, 2019 was \$427,438 which is included as a loan receivable on the accompanying Statement of Net Position.

Homeward Bound

In October 2015, the City entered into a loan agreement with Homeward Bound of Marin for the construction of Oma Village, a 14-unit affordable multi-family housing project. The loan is contingent upon Oma Village being maintained as an affordable housing project for a minimum term of 55 years. Repayment of the loan is not required until either the sale of the property or maturity of the loan/affordable housing agreement (55 years). The loan bears simple interest at a rate of zero percent (0%) per annum. The note is secured by the deed of trust. The loan receivable balance at June 30, 2019 was \$400,000 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 resells 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, 2019, 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, 2019

NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS

Due From / To Other Funds

The composition of interfund balances as of June 30, 2019 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Governmental Funds</u>			
General Fund	Parking Improvement	Deficit cash balance	\$ 1,599
	Community Facilities Maintenance	Deficit cash balance	20,152
	Pension Obligation Bond	Deficit cash balance	1,005,093
	IS - Equipment Maintenance	Deficit cash balance	<u>990,042</u>
	Total Due From / To Other Funds		<u>\$ 2,016,886</u>

Intra-fund Receivables/Payables

The following table represents intra-fund receivables and payables as of June 30, 2019:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	LT Maintenance - Infrastructure	Deficit cash balance	\$ 2,001,177
City-Owned Property	General Fund	Deficit cash balance	21,072
Emergency & Disaster Response	General Fund	Deficit cash balance	<u>2,567,176</u>
			<u>\$ 4,589,425</u>

Intra-fund receivables and payables are not presented on the governmental funds balance sheet as they are presented on a net basis. However, the combining Balance Sheet for the general fund on page 146 presents both general fund intra-fund and interfund receivables and payables.

Advances To / From Other Funds

The composition of long-term interfund balances as of June 30, 2019 was as follows:

In 2017, the Emergency & Disaster Reserve Fund of the General Fund loaned the Parks Measure A Fund \$775,000 to help fund the purchase of property. The balance of the loan at June 30, 2019 is \$465,000. The loan is to be repaid over approximately 5 years at \$155,000 per year plus interest at the annual average rate of return on the City's investment portfolio.

In 2017, the Hamilton Trust Fund loaned the Novato Public Financing Authority \$2,200,000 for the partial financing of the City's SMART rail station. The balance of the loan at June 30, 2019 is \$2,044,508. The loan bears interest at a rate of 3.65%. Principal and interest payments totaling \$77,975 are due each September 1 and March 1 through March 2037.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>Major Governmental Funds</u>			
General Fund	Hamilton Community Facilities	CIP program expenditures	\$ 30,059
	Hamilton Arts Center	CIP program expenditures	47,313
	State Gas Tax	CIP program expenditures	1,448,399
	Special Police Projects	Annual police department funding	7,000
	Measure A Street Bonds	CIP program expenditures	44,074
	Parks Measure A	Special event programs	8,152
	Street & Storm Drain Maintenance	CIP program expenditures	8,636
	Restricted Revenue	CIP program expenditures	61,406
	Capital Improvement Projects	CIP program expenditures	3,814,812
	Pension Obligation Bond	Debt service	1,353,157
	Equipment Replacement	CIP program expenditures	321,000
Affordable Housing Program	Pension Obligation Bonds	Debt service	752
Capital Improvement Projects	State & Federal Grant Funds	CIP program expenditures	103,202
	Parks Measure A	CIP program expenditures	29,883
Restricted Revenue	General Fund	CIP labor costs	61,406
	Capital Improvement Projects	CIP program expenditures	339,315
Development Impact Fee	Capital Improvement Projects	CIP program expenditures	143,252
Novato Public Financing Authority	General Fund	Administration service charge	13,000
Hamilton Trust Fund	General Fund	Trust investment earnings	122,015
	Affordable Housing Program	Trust investment earnings	40,469
		Total Major Governmental Interfund Transfers	<u>7,997,302</u>
<u>Non-Major Governmental Funds</u>			
Clean Stormwater	Clean Stormwater CIP	Reserve for CIP projects	45,000
Parking Improvement Fund	Capital Improvement Projects	Reserve for CIP projects	10,040
Subdivision Park	General Fund	Annual appraisal cost	500
	Capital Improvement Projects	CIP program expenditures	133,102
Automation Surcharge	Pension Obligation Bonds	Debt service	2,069
Hamilton Community Facilities	General Fund	CIP labor costs	30,059
	Capital Improvement Projects	CIP program expenditures	54,172
	Pension Obligation Bonds	Debt service	10,096
Hamilton Arts Center	General Fund	CIP labor costs	47,313
	Capital Improvement Projects	CIP program expenditures	38,126
Pointe Marin CFD	Pension Obligation Bonds	Debt service	6,521
State Gas Tax	General Fund	Street maintenance costs	817,000
	General Fund	CIP program expenditures	380,519
	Capital Improvement Projects	CIP program expenditures	1,765,683
State & Federal Grants	Capital Improvement Projects	CIP program expenditures	295,578
Measure A Street Bonds	General Fund	CIP labor costs	544,074
	Capital Improvement Projects	CIP program expenditures	320,889
Parks Measure A	Capital Improvement Projects	CIP program expenditures	158,152
	Pension Obligation Bonds	Debt service	8,152
Street & Storm Drain Maintenance	General Fund	CIP program expenditures	8,636
Clean Stormwater CIP	Capital Improvement Projects	CIP program expenditures	2,664
		Total Non-Major Governmental Interfund Transfer	<u>4,678,345</u>
<u>Proprietary Funds</u>			
Equipment Maintenance	Pension Obligation Bonds	Debt service	12,729
Equipment Replacement	Capital Improvement Projects	CIP projects	223
		Total Proprietary Fund Transfers	<u>12,952</u>
		Total Interfund Transfers	<u>\$ 12,688,599</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description</u>	<u>Amount</u>
General Fund	Measure F Sales Tax	CIP program expenditures	\$ 28,744
General Fund	LT Maintenance - Facilities	CIP project support	327,394
General Fund	LT Maintenance - Infrastructure	CIP project support	499,090
Measure F Sales Tax	General Fund	CIP labor costs	28,744
LT Maintenance - Facilities	General Fund	CIP labor costs	<u>19,894</u>
Total General Fund Intra-fund Transfers			<u>\$ 903,866</u>

Intra-fund transfers are not presented on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the governmental funds nor the Statement of Revenues, Expenses, and Changes in Net Position for the proprietary funds as they are presented on a net basis. However, the Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance for the general fund on pages 149 - 151 and the Combining Schedule of Revenues, Expenses, and Changes in Net Position for the internal service funds on page 138 presents both intra-fund and interfund transfers.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5: CAPITAL ASSETS

Governmental Activities:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2019</u>
Capital assets not being depreciated					
Land	\$ 123,558,510	\$ -	\$ -	\$ -	\$ 123,558,510
Construction-in-progress	<u>7,334,152</u>	<u>6,020,671</u>	<u>(447)</u>	<u>(1,818,342)</u>	<u>11,536,034</u>
Total capital assets not being depreciated	<u>130,892,662</u>	<u>6,020,671</u>	<u>(447)</u>	<u>(1,818,342)</u>	<u>135,094,544</u>
Capital assets being depreciated					
Buildings and improvements	45,833,385	-	-	-	45,833,385
Furniture and equipment	2,516,002	367,020	-	-	2,883,022
Infrastructure	<u>219,545,652</u>	<u>-</u>	<u>-</u>	<u>1,818,342</u>	<u>221,363,994</u>
Total capital assets being depreciated	<u>267,895,039</u>	<u>367,020</u>	<u>-</u>	<u>1,818,342</u>	<u>270,080,401</u>
Less accumulated depreciation					
Buildings and improvements	(10,849,996)	(908,994)	-	-	(11,758,990)
Furniture and equipment	(2,121,603)	(189,213)	-	-	(2,310,816)
Infrastructure	<u>(132,275,483)</u>	<u>(4,979,849)</u>	<u>-</u>	<u>-</u>	<u>(137,255,332)</u>
Total accumulated depreciation	<u>(145,247,082)</u>	<u>(6,078,056)</u>	<u>-</u>	<u>-</u>	<u>(151,325,138)</u>
Total Capital Assets, net	<u>253,540,619</u>	<u>309,635</u>	<u>(447)</u>	<u>-</u>	<u>253,849,807</u>
Internal Service Funds:					
Capital assets being depreciated					
Vehicles	<u>5,870,864</u>	<u>430,338</u>	<u>(210,326)</u>	<u>-</u>	<u>6,090,876</u>
Less accumulated depreciation					
Vehicles	<u>(4,353,635)</u>	<u>(389,725)</u>	<u>210,326</u>	<u>-</u>	<u>(4,533,034)</u>
Total Capital Assets, net	<u>1,517,229</u>	<u>40,613</u>	<u>-</u>	<u>-</u>	<u>1,557,842</u>
Total Governmental Activities	<u>\$ 255,057,848</u>	<u>\$ 350,248</u>	<u>\$ (447)</u>	<u>\$ -</u>	<u>\$ 255,407,649</u>

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

Governmental Activities:

General government	\$ 63,535
Public safety	267,518
Culture and recreation	6,523
Community development	7,698
Public works	<u>6,122,507</u>
Total governmental activities depreciation expense	<u>\$ 6,467,781</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2019</u>
Capital assets not being depreciated					
Land	\$ 11,840,000	\$ -	\$ -	\$ -	\$ 11,840,000
Capital assets being depreciated					
Buildings and improvements	7,566,369	449,041	-	-	8,015,410
Furniture and equipment	<u>253,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,155</u>
Total capital assets being depreciated	<u>7,819,524</u>	<u>449,041</u>	<u>-</u>	<u>-</u>	<u>8,268,565</u>
Less accumulated depreciation					
Buildings and improvements	(4,054,584)	(344,981)	-	-	(4,399,565)
Furniture and equipment	<u>(115,115)</u>	<u>(43,279)</u>	<u>-</u>	<u>-</u>	<u>(158,394)</u>
Total accumulated depreciation	<u>(4,169,699)</u>	<u>(388,260)</u>	<u>-</u>	<u>-</u>	<u>(4,557,959)</u>
Total Capital Assets, net	<u>\$ 15,489,825</u>	<u>\$ 60,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,550,606</u>

NOTE 6: LONG-TERM LIABILITIES

Governmental activities long-term debt issued and outstanding at June 30, 2019 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, 2019</u>
General obligation bonds:				
Series 2007	2027	3.55-4.125%	\$ 5,000,000	\$ 2,745,000
Pension obligation bonds, A-1 & A-2	2035	5.69-6.12%	18,296,066	18,329,471
2013 General obligation refunding bonds	2025	2.44%	10,710,450	4,612,123
Bond issuance premiums (discounts)				
Series 2007 premium				105,036
Pension obligation bonds discount				(78,393)
Clean Renewable Energy Bonds (CREBS)	2024	0.00%	1,533,000	399,847
Capital leases	2017-2022	2.10-4.81%	Various	34,689
PG&E Loan	2021	0.00%	49,436	44,322
Compensated absences				<u>1,429,823</u>
Total governmental activities				<u>\$ 27,621,918</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Business-type activities long-term debt issued and outstanding at June 30, 2019 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, 2019</u>
Bank of Marin	2028	2.8050%	\$ 7,900,000	\$ <u>4,902,425</u>

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2019:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation bonds	\$ 8,874,967	\$ -	\$ (1,517,844)	\$ 7,357,123	\$ 1,568,921
Pension obligation bonds	18,599,366	350,105	(620,000)	18,329,471	705,000
Clean renewable energy bonds	513,163	-	(113,316)	399,847	113,315
Premium (discount) on bonds, net	31,730	-	(5,087)	26,643	5,088
Capital leases	63,231	-	(28,542)	34,689	23,661
PG&E note payable	<u>-</u>	<u>49,436</u>	<u>(5,114)</u>	<u>44,322</u>	<u>20,460</u>
Total bonds and notes payable	<u>28,082,457</u>	<u>399,541</u>	<u>(2,289,903)</u>	<u>26,192,095</u>	<u>2,436,445</u>
Other liabilities:					
Compensated absences	<u>1,437,127</u>	<u>1,188,373</u>	<u>(1,195,677)</u>	<u>1,429,823</u>	<u>256,643</u>
Total Governmental Activities	<u>\$ 29,519,584</u>	<u>\$ 1,587,914</u>	<u>\$ (3,485,580)</u>	<u>\$ 27,621,918</u>	<u>\$ 2,693,088</u>
	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Current Portion</u>
Business-type Activities					
Bank of Marin	\$ <u>5,406,209</u>	\$ -	\$ (503,784)	\$ <u>4,902,425</u>	\$ <u>517,890</u>
Total Business-type Activities	<u>\$ 5,406,209</u>	<u>\$ -</u>	<u>\$ (503,784)</u>	<u>\$ 4,902,425</u>	<u>\$ 517,890</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

A description of the long-term liabilities related to governmental activities at June 30, 2019 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.

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, 2019 includes accumulated depreciation of \$160,671. The total related net value of the assets is \$34,045. Amortization of leased equipment under capital assets is included with depreciation expense.

PG&E Loan

In December 2018, the City entered into a 0% interest loan with PG&E for \$49,436 to complete a lighting and retrofit at the Police Station. Monthly loan payments are \$1,705 and the loan matures in July 2021.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

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 \$134,169 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, 2019 was \$13,636.

Compensated Absences

At June 30, 2019, compensated absences totaled \$1,429,823, of which \$256,643 was recorded as a current liability and the non-current portion totaled \$1,173,180. For governmental activities, compensated absences are liquidated by the general fund.

Governmental Activities Long-Term Liabilities Future Debt Service

General Obligation Bonds

For the Year Ending June 30,	Principal		
	Series 2013	Series 2007	Total
2020	\$ 1,308,921	\$ 260,000	\$ 1,568,921
2021	1,346,989	270,000	1,616,989
2022	658,316	280,000	938,316
2023	315,573	295,000	610,573
2024	319,844	300,000	619,844
2025 - 2029	662,480	1,340,000	2,002,480
Total	\$ 4,612,123	\$ 2,745,000	\$ 7,357,123

For the Year Ending June 30,	Interest		
	Series 2013	Series 2007	Total
2020	\$ 128,004	\$ 105,388	\$ 233,392
2021	96,567	94,788	191,355
2022	64,165	83,788	147,953
2023	39,700	72,288	111,988
2024	27,818	60,388	88,206
2025 - 2029	36,320	112,614	148,934
Total	\$ 392,574	\$ 529,254	\$ 921,828

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Pension Obligation Bonds

For the Year Ending June 30,	Principal	Interest	Total
2020	\$ 705,000	\$ 731,608	\$ 1,436,608
2021	800,000	690,012	1,490,012
2022	900,000	542,812	1,442,812
2023	1,015,000	589,442	1,604,442
2024	1,135,000	529,252	1,664,252
2025 - 2029	7,790,000	1,477,462	9,267,462
2030 - 2034	5,050,629	6,014,373	11,065,002
2035 - 2039	<u>933,842</u>	<u>1,516,158</u>	<u>2,450,000</u>
Total	<u>\$ 18,329,471</u>	<u>\$ 12,091,119</u>	<u>\$ 30,420,590</u>

Clean Renewable Energy Bonds

For the Year Ending June 30,	Principal	Interest	Total
2020	\$ 113,315	\$ -	\$ 113,315
2021	113,315	-	113,315
2022	113,315	-	113,315
2023	<u>59,902</u>	<u>-</u>	<u>59,902</u>
Total	<u>\$ 399,847</u>	<u>\$ -</u>	<u>\$ 399,847</u>

Capital leases

For the Year Ending June 30,	Principal	Interest	Total
2020	\$ 23,661	\$ 1,470	\$ 25,131
2021	8,946	484	9,430
2022	<u>2,082</u>	<u>76</u>	<u>2,158</u>
Total	<u>\$ 34,689</u>	<u>\$ 2,030</u>	<u>\$ 36,719</u>

PG&E Note Payable

For the Year Ending June 30,	Principal	Interest	Total
2020	\$ 20,460	\$ -	\$ 20,460
2021	20,460	-	20,460
2022	<u>3,402</u>	<u>-</u>	<u>3,402</u>
Total	<u>\$ 44,322</u>	<u>\$ -</u>	<u>\$ 44,322</u>

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

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>
2020	\$ 2,431,357	\$ 966,470	\$ 3,397,827
2021	2,559,710	881,851	3,441,561
2022	1,957,115	690,841	2,647,956
2023	1,685,475	701,430	2,386,905
2024	1,754,844	617,458	2,372,302
2025 - 2029	9,792,480	1,626,396	11,418,876
2030 - 2034	5,050,629	6,014,373	11,065,002
2035 - 2039	<u>933,842</u>	<u>1,516,158</u>	<u>2,450,000</u>
Total	<u>\$ 26,165,452</u>	<u>\$ 13,014,977</u>	<u>\$ 39,180,429</u>

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>
2020	\$ 517,890	\$ 133,283	\$ 651,173
2021	533,164	118,009	651,173
2022	548,520	102,653	651,173
2023	564,318	86,854	651,172
2024	580,387	70,785	651,172
2025 - 2029	<u>2,158,146</u>	<u>112,248</u>	<u>2,270,394</u>
Total	<u>\$ 4,902,425</u>	<u>\$ 623,832</u>	<u>\$ 5,526,257</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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. 1993-1 (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, 2019, the outstanding principal of the Assessment District No. 93-1 (Golden Gate Plaza) bond issue was \$200,000.

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, 2019 the outstanding principal of the City of Novato CFD No. 1994-1 Hamilton Field 2014 Loan Refinancing was \$8,288,162.

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, 2019 the outstanding principal of the City of Novato Community Facilities District No. 2002-1 (Pointe Marin) Special Tax Refunding bond issue was \$8,140,000.

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, 2019, the outstanding principal of the City of Novato Community Facilities District No.1 (Vintage Oaks) Special Tax Bond Refinancing Loan was \$10,426,853.

NOTE 8: FUND BALANCE

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* 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 (resolution) 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.

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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8: FUND BALANCE (CONTINUED)

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 capital 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 assign 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, 2019, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Other Major Funds</u>	<u>Permanent Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Prepaid items	\$ 463,886	\$ -	\$ -	\$ -	\$ 463,886
Advances	465,000	-	-	-	465,000
Employee loans	<u>11,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,169</u>
Total Nonspendable	<u>940,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>940,055</u>
Restricted					
Taxes, & fees	-	-	33,664,661	7,342,164	41,006,825
Grants & contributions	-	-	-	994,245	994,245
Capital projects	-	13,171,977	-	2,110,560	15,282,537
Successor Agency admin	42,564	-	-	-	42,564
Affordable housing	-	2,874,715	-	-	2,874,715
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,065,347</u>	<u>2,065,347</u>
Total Restricted	<u>42,564</u>	<u>16,046,692</u>	<u>33,664,661</u>	<u>12,512,316</u>	<u>62,266,233</u>
Assigned					
Capital projects	7,043,122	-	-	-	7,043,122
Risk mitigation	3,000,000	-	-	-	3,000,000
Operating	250,000	-	-	-	250,000
Equipment replacement	426,570	-	-	-	426,570
Insurance	576,805	-	-	-	576,805
Pension reserve	1,406,590	-	-	-	1,406,590
Emergency & disaster response	7,874,204	-	-	-	7,874,204
Long-term maintenance	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>102,596</u>	<u>502,596</u>
Total Assigned	<u>20,977,291</u>	<u>-</u>	<u>-</u>	<u>102,596</u>	<u>21,079,887</u>
Unassigned	<u>1,351,769</u>	<u>(2,152,712)</u>	<u>-</u>	<u>(169,971)</u>	<u>(970,914)</u>
Total Fund Balance	<u>\$ 23,311,679</u>	<u>\$ 13,893,980</u>	<u>\$ 33,664,661</u>	<u>\$ 12,444,941</u>	<u>\$ 83,315,261</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8: FUND BALANCE (CONTINUED)

Fund Balance Deficits

As of June 30, 2019, the following funds had a fund deficit:

<u>Fund</u>	<u>Deficit</u>
Capital Improvement Projects	\$ 210,811
Restricted Revenue	53,630
Novato Public Financing Authority	1,888,271
Parking Improvement	1,705
Parks Measure A	148,114
Community Center Maintenance	20,152

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). The cost-sharing multiple employer Safety Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Individual employers may sponsor more than one rate plan. The City sponsors three Safety rate plans within the cost-sharing pool. Benefit provisions under the Plans 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, 2019, are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
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*	20.973%	20.973%

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Hire Date	Safety		
	Prior to September 25, 2011	September 25, 2011 - December 31, 2012	On or After January 1, 2013
	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*	57.367%	17.679%	12.230%

*Employer contribution rate is the sum of the employer normal cost rate and the employer unfunded accrued liability.

Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	235
Inactive employees entitled to but not yet receiving benefits	185
Active employees	<u>148</u>
Total	<u><u>568</u></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. The City's contributions to the Miscellaneous Plan were \$2,186,955 for the year ended June 30, 2019, and the City's contributions to the Safety Plan were \$2,333,420 for the year ended June 30, 2019.

B. Net Pension Liability

The net pension liability of each of the Plans is measured as of June 30, 2018 using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at July 1, 2018	\$ 97,263,266	\$ 74,849,478	\$ 22,413,788
Changes in the Year:			
Service cost	1,731,963	-	1,731,963
Interest on the total pension liability	6,813,041	-	6,813,041
Changes of assumptions	(471,956)	-	(471,956)
Differences between expected and actual experience	146,212	-	146,212
Plan to Plan Resource Movement	-	(183)	183
Contributions - employer	-	1,908,014	(1,908,014)
Contributions - employee	-	717,920	(717,920)
Net investment income	-	6,278,801	(6,278,801)
Benefit payments, including refunds of employee contributions	(5,032,458)	(5,032,458)	-
Administrative expense	-	(116,636)	116,636
Administrative expense	-	(221,494)	221,494
Net Changes	<u>3,186,802</u>	<u>3,533,964</u>	<u>(347,162)</u>
Balance at June 30, 2019	<u>\$ 100,450,068</u>	<u>\$ 78,383,442</u>	<u>\$ 22,066,626</u>

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Safety Plan of \$25,441,456. The City's total net pension liability as of June 30, 2019 totaled \$47,508,082.

The City's Safety proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the cost-sharing pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Safety Plan as of June 30, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.25285%
Proportion - June 30, 2019	0.26402%
Change - Increase (Decrease)	0.01117%

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	
Miscellaneous Plan	7.50% net of pension plan investment expenses; includes inflation
Safety Return	7.15% net of pension plan investment expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent Scale MP 2016. For more details on this table, please refer to the April 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) available on CalPERS website.

Other significant actuarial assumptions used in the June 30, 2017 valuation were based on the results of the actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates.

Changes in Assumptions

In December 2017, the CalPERS Board adopted new mortality assumptions for plan participants participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained on CalPERS' website under the GASB 68 section.

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

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 (PERF) cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 to equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% 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% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate +1% (8.15%)</u>
Miscellaneous (total share)	\$ 34,350,681	\$ 22,066,626	\$ 11,811,564
Safety (proportionate share)	\$ 39,425,797	\$ 25,441,456	\$ 13,984,029

Pension Plan Fiduciary Net Position

Detailed information about the 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, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Miscellaneous Plan

For the year ended June 30, 2019, the City recognized pension expense of \$3,896,830 for the Miscellaneous Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 2,186,955	\$ -
Differences between actual and expected experience	87,727	(178,087)
Changes in assumptions	657,150	(283,174)
Net differences between projected and actual earnings on plan investments	<u>229,569</u>	<u>-</u>
Total	<u>\$ 3,161,401</u>	<u>\$ (461,261)</u>

\$2,186,955 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ 1,329,756
2021	160,532
2022	(771,778)
2023	(205,325)

Safety Plan

For the year ended June 30, 2019, the City recognized pension expense of \$2,972,609 for the Safety Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 2,333,420	\$ -
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	-	(1,473,817)
Differences between actual and expected experience	546,654	(2,074)
Changes in assumptions	2,496,263	(336,791)
Change in employer's proportion	1,091,362	(362,858)
Net differences between projected and actual earnings on plan investments	<u>172,250</u>	<u>-</u>
Total	<u>\$ 6,639,949</u>	<u>\$ (2,175,540)</u>

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$2,333,420 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ 1,908,630
2021	1,055,370
2022	(656,789)
2023	(176,222)

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. Part-time employees are not eligible.

The City has an irrevocable trust with Public Agency Retirement Services (PARS) to fund its retiree health benefits. Contributions to the trust are made annually according to the City's Other Post-Employment Benefit funding policy. PARS issues a separate annual financial report and copies of the report can be obtained by contacting PARS at 4350 Von Karman Ave., Suite 100, Newport Beach, California 92660.

Employees Covered

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	201
Inactive employees currently receiving benefits	62
Inactive employees entitled to, but not yet receiving benefits	<u>116</u>
Total	<u><u>379</u></u>

Contributions

The City's policy is to fully fund the actuarially determined contribution. For governmental activities, the contribution has been liquidated by the general fund. The City makes contributions on behalf of the participants. For the fiscal year ended June 30, 2019, the city contributed \$472,000.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 that was rolled forward to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Valuation Date	June 30, 2018
Contribution Policy	City contributes full ADC
Discount Rate and Long Term Expected Rate of Return on Assets	6.25% at June 30, 2018 6.25% at June 30, 2017 Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75% annually
Mortality, Retirement, Disability, Termination Rates	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2018
Salary Increase	Aggregate - 3.00% annually Merit - Tables from CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
PEMHCA Minimum Increases	4.25% annually Covered Actives: 75% Waived Actives: 5% Waived Retirees: 5% re-elect at 65

Changes in Assumptions

For the measurement period ended June 30, 2018, the general inflation rate decreased from 3.00% to 2.75% annually. In addition, demographic assumptions were updated to the CalPERS 1997-2015 experience study. Mortality improvement assumptions were updated using the Scale MP-2018. Lastly, salary increases decreased from 3.25% to 3.00% annually and the PEMHCA minimum increases decreased from 4.50% to 4.25% annually.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25% based on an assumption that contributions would be sufficient to pay all benefits from the trust.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or more than the target rate of 6.25 percent.

Asset Class Component	Target Allocation PARS - Balance	Expected Real Rate of Return
Global Equity	58%	4.82%
Fixed Income	35%	1.47%
REITs	2%	3.76%
Cash	5%	0.06%
Assumed long-term rate of inflation		2.75%
Expected long-term net rate of return, rounded		6.25%

The long-term expected real rate of returns are presented as geometric means.

Changes in the Net OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability (TOL) (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018 (6/30/2017 measurement date)	\$ 4,659,000	\$ 978,000	\$ 3,681,000
Service cost	211,000	-	211,000
Interest in TOL	297,000	-	297,000
Actual vs. expected experience	(523,000)	-	(523,000)
Employer contributions	-	524,000	(524,000)
Net investment income	-	71,000	(71,000)
Assumption changes	(79,000)	-	(79,000)
Administrative expense	-	(2,000)	2,000
Benefit payments	(232,000)	(232,000)	-
Net change during 2017-18	(326,000)	361,000	(687,000)
Balance at June 30, 2019 (6/30/2018 measurement date)	\$ <u>4,333,000</u>	\$ <u>1,339,000</u>	\$ <u>2,994,000</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following represents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ <u>3,567,000</u>	\$ <u>2,994,000</u>	\$ <u>2,522,000</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following represents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2018:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ <u>2,452,000</u>	\$ <u>2,994,000</u>	\$ <u>3,670,000</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changed in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.5 years at June 30, 2019)

OPEB Expense

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$339,000. As of the fiscal year ended June 30, 2019, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 472,000	\$ -
Difference between expected and actual experience	-	(443,000)
Changes in assumptions	-	(67,000)
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>(22,000)</u>
Total	<u>\$ 472,000</u>	<u>\$ (532,000)</u>

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

\$472,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period. Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflow/(Inflows) of Resources
2020	\$ (100,000)
2021	(100,000)
2022	(98,000)
2023	(92,000)
2024	(92,000)
Thereafter	(50,000)

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.

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 \$195,782 for claims and \$560,044 for insurance premiums during the fiscal year ended June 30, 2019.

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

Financial statements for BCJPIA and LAWCX may be obtained from Bickmore & Associates, 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, 2019, the City incurred costs of \$1,168,323 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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11: RISK MANAGEMENT (CONTINUED)

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, 2019:

	Workers' Compensation	General Liability	Total
Projected known claims	\$ 567,778	\$ 283,970	\$ 851,748
Projected IBNR	843,929	356,047	1,199,976
Total Claims Liability	\$ 1,411,707	\$ 640,017	\$ 2,051,724
Claims liability - current	\$ 407,092	\$ 200,044	\$ 607,136
Claims liability - non-current	1,004,615	439,973	1,444,588
Total Claims Liability	\$ 1,411,707	\$ 640,017	\$ 2,051,724

NOTE 12: EXCESS EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS

The following funds incurred expenditures and transfers in excess of appropriations in the following amounts for the year ended June 30, 2019:

Fund	Excess Expenditures and Transfers
Affordable Housing Program	\$ 61,887
Novato Public Financing Authority	43,486
Hamilton Community Facilities	13,457
Street and Storm Drain Maintenance	8,636
General Obligation	965
Pension Obligation	587

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. 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.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 13: CONTINGENCIES AND COMMITMENTS (CONTINUED)

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.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 245,524
2021	245,691
2022	<u>24,365</u>
Total	<u>\$ 515,580</u>

NOTE 14: PRIOR PERIOD ADJUSTMENTS

During the current year, the City elected to change their allocation of the net pension liability and record its entire balance in the government-wide statement of net position, as opposed to including a portion in the Equipment Maintenance Internal Service Fund. Consequently, an adjustment for \$423,282 was recorded to increase the Equipment Maintenance beginning net position.

NOTE 15: REDEVELOPMENT OBLIGATION RETIREMENT FUND

In accordance with Assembly Bill 1X26 and Assembly Bill 1434, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. The activity of the Redevelopment Obligation Retirement Fund for assets of the former redevelopment agency (Successor Agency) is recorded as a private purpose trust fund. The City provides administrative services to the Successor Agency to wind down the affairs of the former redevelopment agency.

A. Cash and Investments

Cash and investments of the Successor Agency as of June 30, 2019 are included in pooled cash and investments, and cash with fiscal agent as discussed in Note 2.

B. Prepaid Expenses

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. The prepaid lease is recorded in the Redevelopment Obligation Retirement Fund.

C. Deferred Costs, net

Capitalized bond discount and insurance costs related to bond issuances have been recorded as deferred costs, net of accumulated amortization, in the amount of \$919,547 in the statement of fiduciary net position. The balance is amortized using the straight line method over the bond terms which range from 20 to 30 years. Net amortization expense for the year ended June 30, 2019 was \$52,997.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15: REDEVELOPMENT OBLIGATION RETIREMENT FUND (CONTINUED)

D. Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Current Portion</u>
Successor Agency:					
Hamilton Field 2005	\$ 17,490,000	\$ -	\$ (715,000)	\$ 16,775,000	\$ 740,000
Hamilton Field 2005 Series A	6,940,000	-	(275,000)	6,665,000	285,000
Hamilton Field Series A 2011	15,605,000	-	(260,000)	15,345,000	275,000
CIEDB loan payable	<u>2,274,058</u>	<u>-</u>	<u>(129,613)</u>	<u>2,144,445</u>	<u>134,007</u>
Total Long-Term Liabilities	<u>\$ 42,309,058</u>	<u>\$ -</u>	<u>\$ (1,379,613)</u>	<u>\$ 40,929,445</u>	<u>\$ 1,434,007</u>

A description of the long-term liabilities follows:

Hamilton Field Redevelopment Project, Tax Allocation Bonds, Series 2005

On February 2, 2005 the Agency issued Hamilton Field Redevelopment Project-Tax Allocation Bonds, Series 2005 (“Hamilton TAB-Series 2005 Bonds”) in the amount of \$24,835,000 to (i) pay a portion of an obligation incurred by the Agency under an owner participation agreement with respect to the Original Area of the Agency’s Hamilton Field Redevelopment Project (the “Project Area”), (ii) establish a reserve fund for the Hamilton TAB-Series 2005 Bonds and (iii) to pay the cost of issuance of the bonds. Interest on the Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2005. Principal is payable on September 1 of each year, commencing September 1, 2005.

Hamilton Field Redevelopment Project, 2005 Tax Allocation Housing Bonds, Series A

On February 2, 2005 the Agency issued Hamilton Field Redevelopment Project - 2005 Tax Allocation Housing Bonds, Series A (“Hamilton 2005 Housing Bonds”) in the amount of \$9,520,000 to (i) pay a portion of an obligation incurred by the Agency under an owner participation agreement with respect to the Original Area of the Agency’s Hamilton Field Redevelopment Project (the “Project Area”), (ii) establish a reserve fund for the Hamilton 2005 Housing Bonds and (iii) to pay the cost of issuance of the bonds. Interest on the Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2005. Principal is payable on September 1 of each year, commencing September 1, 2005.

Hamilton Field Redevelopment Project, 2011 Tax Allocation Housing Bonds, Series A

On March 1, 2011 the Agency issued Hamilton Field Redevelopment Project - 2011 Tax Allocation Housing Bonds, Series A (“Hamilton 2011 Housing Bonds”) in the amount of \$17,000,000 to (i) repay a loan from the City of Novato and finance redevelopment activities), (ii) fund a reserve account for the 2011 Bonds; (iii) pay the costs of issuing the 2011 Bonds. Interest on the Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2011. Principal is payable on September 1 of each year, commencing September 1, 2011.

CIEDB Loan Payable

During fiscal 2004, the Agency qualified for a low interest loan of \$3.7 million from the California Infrastructure and Economic Development Bank (“CIEDB”). The loan was used to help finance a portion of the construction of the Grant Avenue improvement project, which started in April 2004, and was completed in August 2006. The loan matures in February 2032.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15: REDEVELOPMENT OBLIGATION RETIREMENT FUND (CONTINUED)

Future Long-Term Liabilities Debt Service Payments are as follows:

For the Year Ending June 30	Hamilton TAB Series 2005		Hamilton Housing-Series A		Hamilton TAB Series 2011		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 740,000	\$ 718,684	\$ 285,000	\$ 304,435	\$ 275,000	\$ 1,012,609	\$ 1,300,000	\$ 2,035,728
2021	775,000	687,996	300,000	291,858	285,000	997,203	1,360,000	1,977,057
2022	805,000	655,505	310,000	278,665	305,000	980,228	1,420,000	1,914,398
2023	840,000	621,262	325,000	264,813	320,000	961,668	1,485,000	1,847,743
2024	875,000	585,029	340,000	250,224	335,000	941,600	1,550,000	1,776,853
2025 - 2029	5,000,000	2,309,854	1,980,000	995,652	525,000	4,533,063	7,505,000	7,838,569
2030 - 2034	6,295,000	1,059,641	2,535,000	463,763	140,000	4,460,401	8,970,000	5,983,805
2035 - 2039	1,445,000	32,513	590,000	14,381	8,785,000	3,250,972	10,820,000	3,297,866
2040 - 2044	-	-	-	-	4,375,000	297,842	4,375,000	297,842
Total	\$ 16,775,000	\$ 6,670,484	\$ 6,665,000	\$ 2,863,791	\$ 15,345,000	\$ 17,435,586	\$ 38,785,000	\$ 26,969,861

CIEDB Loan Payable

For the Year Ending June 30	Principal	Interest	Total
2020	\$ 134,007	\$ 72,696	\$ 206,703
2021	138,550	68,154	206,704
2022	143,246	63,458	206,704
2023	148,103	58,600	206,703
2024	153,123	53,580	206,703
2025 - 2029	847,090	186,428	1,033,518
2030 - 2034	580,326	39,784	620,110
Total	\$ 2,144,445	\$ 542,700	\$ 2,687,145

Total Successor Agency Long-Term Liabilities Future Debt Service:

For the Year Ending June 30	Principal	Interest	Total
2020	\$ 1,434,007	\$ 2,108,424	\$ 3,542,431
2021	1,498,550	2,045,211	3,543,761
2022	1,563,246	1,977,856	3,541,102
2023	1,633,103	1,906,343	3,539,446
2024	1,703,123	1,776,853	3,479,976
2025 - 2029	8,352,090	8,024,997	16,377,087
2030 - 2034	9,550,326	6,023,589	15,573,915
2035 - 2039	10,820,000	3,297,866	14,117,866
2040 - 2044	4,375,000	297,842	4,672,842
Total	\$ 40,929,445	\$ 27,458,981	\$ 68,388,426

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16: SUBSEQUENT EVENTS

Financial Statement Reconciliations

As of February 1, 2021, the date the financial statements were available to be issued, reconciliations for the City's bank accounts and financial records had only been completed through July 2019. The City has experienced significant turnover in the Finance Department and has hired third party consultants to assist in getting accounting records up-to-date. It is management's opinion that future account reconciliations will not have a material impact on the City's 2019 financial position.

Worldwide Public Health Emergency - Coronavirus (COVID-19) Outbreak

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it a pandemic as of March 11, 2020. The City has performed an evaluation of certain financial statement line items such as accounts receivable, investments, notes payable, net pension liability, and other post employment benefit obligations to determine whether valuation of impairment adjustments should be made. The City has determined that the amounts reported on the financial statements are properly valued as of June 30, 2019. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to City's financial position that have yet to be determined.

Voluntary Early Separation Program

In May 2020, the City approved a voluntary early separation program, including a cash contribution of \$1,000 for every year of City service to each eligible employee who applies and is approved by the City Manager. Application to the program closed on June 22, 2020. At that time, 10 City employees applied and were approved for the program.

Bond Refunding Transactions

In October 2019, the Successor Agency to the dissolved Redevelopment Agency of the City of Novato issued a total of \$34,835,000 of refunding bonds (\$17,500,000 2019 Series A Tax Allocation Refunding Bonds and \$17,335,000 2019 Series B Taxable Tax Allocation Refunding Bonds) for the purpose of refunding the following debt of the Successor Agency: Hamilton Field Redevelopment Project, Tax Allocation Bonds, Series 2005; Hamilton Field Redevelopment Project, 2005 Tax Allocation Housing Bonds, Series A; Hamilton Field Redevelopment Project, 2011 Tax Allocation Housing Bonds, Series A; and the CIEDB Loan Payable.

In February 2020, special assessment debt of the City was refunded for the Novato Community Facilities District No. 2002-1 (Pointe Marin) Special tax bonds in the amount of \$6,055,000. 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. 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 refunding of the bonds will serve as savings that accrue to the taxpayers within CFD No. 2002-1 in the form of lower special taxes and/or increased special taxes available to fund maintenance services to provide such taxpayers.

In April 2020, the City issued \$2,550,000 of City of Novato General Obligation Refunding Bonds, Series 2020 for the purpose of refunding the City's 2007 General Obligation Bonds. Principal payments are due annually each August, with interest due semi-annually, each February 1 and August 1. The net present value savings from the issuance of the Series 2020 bonds will be equal to at least 3% of the refunded bonds. The bonds are levied by the County ad valorem taxes upon all property within the City.

Fiscal 2021 Budget Amendments

On June 23, 2020 the City Council adopted a carryover operating budget for fiscal year 2020-2021 with intent to make modifications to the budget in September 2020 to provide time to better understand the true economic effects of the COVID-19 pandemic. The City's carryover budget identified a deficit of \$5.7 million. In order to reduce this deficit, the City approved budget amendments in September 2020 which included allocating up to \$2.5 million from the Emergency & Disaster Relief Fund, reducing the total authorized full-time equivalent positions from 208.5 to 188.5, and other amendments to the general fund revenues and expenditures.

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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 32,641,920	\$ 32,891,920	\$ 33,266,898	\$ 374,978
Licenses and permits	1,170,315	1,170,315	1,482,152	311,837
Intergovernmental	258,084	279,364	363,163	83,799
Fines and forfeitures	532,200	532,200	633,773	101,573
Use of money and property	649,447	649,447	1,415,753	766,306
Charges for services	3,177,265	3,185,265	3,617,151	431,886
Other revenues	<u>59,250</u>	<u>59,750</u>	<u>382,459</u>	<u>322,709</u>
Total Revenues	<u>38,488,481</u>	<u>38,768,261</u>	<u>41,161,349</u>	<u>2,393,088</u>
EXPENDITURES				
Current:				
General Government				
Central Administration				
City council	74,328	74,328	84,529	(10,201)
City manager	458,183	458,183	462,307	(4,124)
Public information	562,448	562,448	480,958	81,490
Economic development	1,124,914	1,124,414	543,580	580,834
Successor agency administration	66,095	66,095	64,320	1,775
City clerk	343,244	516,444	374,101	142,343
City attorney	<u>563,000</u>	<u>563,000</u>	<u>550,228</u>	<u>12,772</u>
Total Central Administration	<u>3,192,212</u>	<u>3,364,912</u>	<u>2,560,023</u>	<u>804,889</u>
Administrative Services				
Administration	325,444	325,444	242,753	82,691
Human resources	987,053	994,051	1,080,267	(86,216)
Finance	921,231	921,231	1,128,790	(207,559)
Information technology	1,464,638	1,458,325	1,232,579	225,746
Risk management	1,067,762	1,097,762	1,191,579	(93,817)
Memberships	30,076	30,076	30,241	(165)
Central stores	5,000	5,000	3,596	1,404
Special programs	1,029,830	1,029,830	912,048	117,782
Marin GSA	49,735	49,735	47,235	2,500
Animal services	659,340	659,340	656,842	2,498
City-owned properties	<u>20,420</u>	<u>20,420</u>	<u>2,227</u>	<u>18,193</u>
Total Administrative Services	<u>6,560,529</u>	<u>6,591,214</u>	<u>6,528,157</u>	<u>63,057</u>
Total General Government	<u>9,752,741</u>	<u>9,956,126</u>	<u>9,088,180</u>	<u>867,946</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
Public Safety				
Police				
Police administration	1,346,895	1,346,895	1,374,053	(27,158)
Operations administration	-	-	(1,339)	1,339
Services administration	-	-	5,805	(5,805)
Emergency services	37,500	37,500	27,225	10,275
Records management	923,067	937,867	935,422	2,445
Communications/dispatch	1,408,324	1,408,324	1,316,933	91,391
Professional standards	608,353	646,833	666,577	(19,744)
Criminal investigations	1,281,562	1,259,562	1,034,786	224,776
Patrol administration	-	-	(2,160)	2,160
Patrol operations	7,643,131	7,503,404	7,334,422	168,982
K-9	544,616	539,616	539,697	(81)
Traffic operations	869,431	880,131	830,919	49,212
Police grants	180,073	169,373	138,086	31,287
Novato response team	717,054	840,281	718,927	121,354
Special response team	40,768	25,768	8,840	16,928
Community engagement	23,201	57,701	81,389	(23,688)
Special projects	207,855	207,855	275,197	(67,342)
Total Public Safety	<u>15,831,830</u>	<u>15,861,110</u>	<u>15,284,779</u>	<u>576,331</u>
Public Works				
Traffic & engineering administration	767,098	767,098	686,648	80,450
Storm water pollution prevention	60,051	60,051	58,349	1,702
Engineering operations	497,356	462,356	461,721	635
Permitting	249,087	249,087	256,817	(7,730)
Private project engineering	152,550	197,550	119,244	78,306
Capital project engineering	(152,494)	(152,494)	(263,476)	110,982
Maintenance administration	361,825	361,825	397,109	(35,284)
Street maintenance	1,274,382	1,284,382	1,043,670	240,712
Storm drain maintenance	299,739	299,739	283,786	15,953
Traffic operations	353,383	353,383	224,221	129,162
Median island maintenance	786,986	786,986	794,232	(7,246)
Parks maintenance	1,286,508	1,285,823	1,204,368	81,455
Hamilton pool landscape	162,455	162,455	152,926	9,529
Civic center maintenance	782,575	782,575	865,004	(82,429)
Novato museum maintenance	2,500	2,500	1,570	930
DRC/gymnasium maintenance	136,909	143,009	147,583	(4,574)
Lu Sutton maintenance	39,419	39,419	5,050	34,369
MTSC maintenance	305,966	305,966	300,463	5,503
Hamilton pool building maintenance	24,945	24,945	35,752	(10,807)
Other Hamilton facilities maintenance	121,243	127,343	124,004	3,339
City owned property management	-	-	11,433	(11,433)
Total Public Works	<u>7,512,483</u>	<u>7,543,998</u>	<u>6,910,474</u>	<u>633,524</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
Culture and Recreation				
Administration	498,289	498,289	479,196	19,093
Activities guide	63,479	63,479	61,166	2,313
Health & human services grant	6,000	6,000	-	6,000
Special events	81,531	81,531	119,646	(38,115)
Child care & enrichment programs	876,822	876,822	779,256	97,566
Museum & administration	7,928	7,928	7,855	73
Senior citizens	276,812	276,812	274,343	2,469
Senior citizens classes	171,707	171,707	168,264	3,443
Athletic programs	830,403	830,403	810,580	19,823
Gymnastics	838,985	838,985	784,263	54,722
Total Cultural and Recreation	<u>3,651,956</u>	<u>3,651,956</u>	<u>3,484,569</u>	<u>167,387</u>
Community Development				
Administration	216,302	216,302	273,898	(57,596)
Sustainability	150,413	150,413	158,463	(8,050)
Code enforcement	326,535	326,535	213,220	113,315
Resale inspection	111,663	111,663	133,904	(22,241)
Planning administration	203,089	203,089	197,952	5,137
Long-range planning	268,208	268,208	238,486	29,722
Private projects	469,663	469,663	413,894	55,769
Clerical support services	402,361	402,361	349,775	52,586
Building inspection	670,860	670,860	919,294	(248,434)
Total Community Development	<u>2,819,094</u>	<u>2,819,094</u>	<u>2,898,886</u>	<u>(79,792)</u>
Capital Projects	-	-	57,687	(57,687)
Debt Service				
Principal	113,315	113,315	146,971	(33,656)
Interest	-	-	4,046	(4,046)
Total Debt Service	<u>113,315</u>	<u>113,315</u>	<u>151,017</u>	<u>(37,702)</u>
Total Expenditures	<u>39,681,419</u>	<u>39,945,599</u>	<u>37,875,592</u>	<u>2,070,007</u>
Excess (deficiency) of revenues over expenditures	<u>(1,192,938)</u>	<u>(1,177,338)</u>	<u>3,285,757</u>	<u>4,463,095</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from capital lease	-	-	49,436	49,436
Transfers in	1,418,675	918,675	2,024,522	1,105,847
Transfers out	(9,846,904)	(10,346,904)	(7,144,008)	3,202,896
Total Other Financing Sources (Uses)	<u>(8,428,229)</u>	<u>(9,428,229)</u>	<u>(5,070,050)</u>	<u>4,358,179</u>
Net change in fund balance	<u>\$ (9,621,167)</u>	<u>\$ (10,605,567)</u>	<u>(1,784,293)</u>	<u>\$ 8,821,274</u>
Fund balance - July 1, 2018			<u>25,095,972</u>	
Fund balance - June 30, 2019			<u>\$ 23,311,679</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ 26,750	\$ 26,750	\$ 30,497	\$ 3,747
Charges for services	110,000	110,000	103,947	(6,053)
Other revenues	<u>-</u>	<u>-</u>	<u>123,957</u>	<u>123,957</u>
Total Revenues	<u>136,750</u>	<u>136,750</u>	<u>258,401</u>	<u>121,651</u>
<u>EXPENDITURES</u>				
Current:				
Community Development				
Community development	<u>168,886</u>	<u>168,886</u>	<u>230,780</u>	<u>(61,894)</u>
Total Expenditures	<u>168,886</u>	<u>168,886</u>	<u>230,780</u>	<u>(61,894)</u>
Excess (deficiency) of revenues over expenditures	<u>(32,136)</u>	<u>(32,136)</u>	<u>27,621</u>	<u>59,757</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	56,000	56,000	40,469	(15,531)
Transfers out	<u>(759)</u>	<u>(759)</u>	<u>(752)</u>	<u>7</u>
Total Other Financing Sources (Uses)	<u>55,241</u>	<u>55,241</u>	<u>39,717</u>	<u>(15,524)</u>
Net change in fund balance	<u>\$ 23,105</u>	<u>\$ 23,105</u>	<u>67,338</u>	<u>\$ 44,233</u>
Fund balance - July 1, 2018			<u>2,807,377</u>	
Fund balance - June 30, 2019			<u>\$ 2,874,715</u>	

**CITY OF NOVATO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019
Last 10 Years ***

	Measurement Period				
	2018	2017	2016	2015	2014
Changes in Total Pension Liability					
Service cost	\$ 1,731,963	\$ 1,660,667	\$ 1,651,346	\$ 1,492,551	\$ 1,481,542
Interest	6,813,041	6,583,694	6,475,684	6,277,841	6,054,166
Changes of assumptions	(471,956)	5,038,152	-	(1,430,883)	-
Difference between expected and actual experience	146,212	(1,365,339)	(999,532)	(770,125)	-
Benefit payments, including refunds of member contributions	<u>(5,032,458)</u>	<u>(4,460,795)</u>	<u>(4,287,852)</u>	<u>(4,240,324)</u>	<u>(3,757,926)</u>
Net Change in Total Pension Liability	<u>3,186,802</u>	<u>7,456,379</u>	<u>2,839,646</u>	<u>1,329,060</u>	<u>3,777,782</u>
Total Pension Liability - Beginning of Year	97,263,266	89,806,887	86,967,241	85,638,181	81,860,399
Total Pension Liability - End of Year	<u>100,450,068</u>	<u>97,263,266</u>	<u>89,806,887</u>	<u>86,967,241</u>	<u>85,638,181</u>
Changes in Plan Fiduciary Net Position					
Contributions - employer	1,908,014	1,763,637	1,603,220	1,435,535	1,206,124
Contributions - employee	717,920	695,707	712,496	635,240	582,962
Plan to plan resource movement	(183)	-	2,406	(286)	-
Net investment income	6,278,801	7,705,310	354,708	1,592,282	10,779,038
Benefit payments, including refunds of member contributions	(5,032,458)	(4,460,795)	(4,287,852)	(4,240,324)	(3,757,926)
Administrative expenses	(116,636)	(102,240)	(43,214)	(80,001)	-
Other Miscellaneous Income/(Expense)	<u>(221,494)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes	<u>3,533,964</u>	<u>5,601,619</u>	<u>(1,658,236)</u>	<u>(657,554)</u>	<u>8,810,198</u>
Plan Fiduciary Net Position - Beginning of Year	74,849,478	69,247,859	70,906,095	71,563,649	62,753,451
Plan Fiduciary Net Position - End of Year	<u>78,383,442</u>	<u>74,849,478</u>	<u>69,247,859</u>	<u>70,906,095</u>	<u>71,563,649</u>
Net Pension Liability - End of Year	<u>\$ 22,066,626</u>	<u>\$ 22,413,788</u>	<u>\$ 20,559,028</u>	<u>\$ 16,061,146</u>	<u>\$ 14,074,532</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.0 %	77.0 %	77.1 %	81.5 %	83.6 %
Covered Payroll	\$ 10,466,933	\$ 10,032,422	\$ 10,999,445	\$ 9,692,518	\$ 9,367,365
Net Pension Liability as a Percentage of Covered Payroll	210.8 %	223.4 %	186.9 %	165.7 %	150.3 %

Notes to Schedule:

Changes in assumptions: In 2018, assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent. In 2017, amounts reported reflect an adjustment of the discount rate from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.50 percent discount rate.

* Fiscal year 2015 was the first year of implementation, therefore only five years are 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, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2019
Last 10 Years ***

	Measurement Period				
	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.26402 %	0.25285 %	0.25076 %	0.23386 %	0.25458 %
Proportionate share of the net pension liability	\$ 25,441,456	\$ 25,076,158	\$ 21,698,548	\$ 16,050,389	\$ 15,840,916
Covered payroll	\$ 5,899,923	\$ 5,769,289	\$ 5,779,335	\$ 5,615,795	\$ 5,800,922
Proportionate share of the net pension liability as a percentage of covered payroll	431.22 %	434.65 %	375.45 %	285.81 %	273.08 %
Plan fiduciary net position as a percentage of the total pension liability	75.30 %	73.31 %	74.06 %	78.40 %	79.82 %

Notes to Schedule:

Changes in assumptions: In 2018, assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent. In 2017, amounts reported reflect an adjustment of the discount rate from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.50 percent discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are 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, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2019
Last 10 Years ***

	Fiscal Year-End									
	2019		2018		2017		2016		2015	
	Misc.	Safety	Misc.	Safety	Misc.	Safety	Misc.	Safety	Misc.	Safety
Contractually required contribution (actuarially determined)	\$ 2,186,955	\$ 2,333,420	\$ 1,908,144	\$ 1,944,417	\$ 1,763,678	\$ 1,695,094	\$ 1,626,625	\$ 1,546,445	\$ 1,435,773	\$ 1,168,547
Contributions in relation to the actuarially determined contributions	<u>2,186,955</u>	<u>2,333,420</u>	<u>1,908,144</u>	<u>1,944,417</u>	<u>1,763,678</u>	<u>1,695,094</u>	<u>1,626,625</u>	<u>1,546,445</u>	<u>1,435,773</u>	<u>1,168,547</u>
Contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Covered payroll	\$10,398,130	\$ 6,087,765	\$10,274,916	\$ 5,899,923	\$10,065,998	\$ 5,769,289	\$10,038,364	\$ 5,779,335	\$ 9,922,494	\$ 5,615,795
Contributions as a percentage of covered payroll	21.03 %	38.33 %	18.57 %	32.96 %	17.52 %	29.38 %	16.20 %	26.76 %	14.47 %	20.81 %

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

See accompanying notes to the basic financial statements.

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
For the Measurement Periods Ended June 30**

Last 10 Years*

	2018	2017
Total OPEB liability		
Service cost	\$ 211,000	\$ 205,000
Interest	297,000	280,000
Difference between expected and actual experience	(523,000)	-
Changes in assumptions	(79,000)	-
Benefit payments	(232,000)	(213,000)
Net change in total OPEB liability	(326,000)	272,000
Total OPEB liability, beginning	4,659,000	4,387,000
Total OPEB liability, ending (a)	\$ 4,333,000	\$ 4,659,000
 Plan fiduciary net position		
Contributions - employer	\$ 524,000	\$ 397,000
Net investment income	71,000	87,000
Benefit payments	(232,000)	(213,000)
Administrative expenses	(2,000)	(2,000)
Net change in plan fiduciary net position	361,000	269,000
Plan fiduciary net position, beginning	978,000	709,000
Plan fiduciary net position, ending (b)	\$ 1,339,000	\$ 978,000
City's net OPEB liability, ending (a) - (b)	\$ 2,994,000	\$ 3,681,000
Plan fiduciary net position as a percentage of the total OPEB liability	31 %	21 %
Covered payroll**	\$ 18,910,000	\$ 17,573,000
City's net OPEB liability as a percentage of covered-employee payroll	16 %	21 %

Notes to Schedule:

Changes in Assumptions

For the measurement period ended June 30, 2018, the general inflation rate decreased from 3.00% to 2.75% annually. In addition, demographic assumptions were updated to the CalPERS 1997-2015 experience study. Mortality improvement assumptions were updated using the Scale MP-2018. Lastly, salary increases decreased from 3.25% to 3.00% annually and the PEMHCA minimum increases decreased from 4.50% to 4.25% annually.

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only two years are shown. Additional years' information will be displayed as it becomes available.

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF OPEB CONTRIBUTIONS
For the Fiscal Year Ended June 30
Last 10 Years***

	2019	2018
Actuarially Determined Contribution (ADC)	\$ 481,000	\$ 466,000
Contributions in relation to the ADC	<u>(472,000)</u>	<u>(524,000)</u>
Contribution deficiency (excess)	<u>\$ 9,000</u>	<u>\$ (58,000)</u>
Covered payroll	\$ 18,562,000	\$ 18,910,000
Contributions as a percentage of covered-employee payroll	2.5 %	2.5 %

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only two years are shown. Additional years' information will be displayed as it becomes available.

COMBINING FINANCIAL SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION

CITY OF NOVATO
CAPITAL IMPROVEMENT PROJECTS FUND - MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Other revenues	\$ 34,176	\$ 34,176	\$ -	\$ (34,176)
Total Revenues	<u>34,176</u>	<u>34,176</u>	<u>-</u>	<u>(34,176)</u>
<u>EXPENDITURES</u>				
Capital Projects	<u>22,190,420</u>	<u>22,240,420</u>	<u>6,768,952</u>	<u>15,471,468</u>
Total Expenditures	<u>22,190,420</u>	<u>22,240,420</u>	<u>6,768,952</u>	<u>15,471,468</u>
Excess (deficiency) of revenues over expenditures	<u>(22,156,244)</u>	<u>(22,206,244)</u>	<u>(6,768,952)</u>	<u>15,437,292</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	22,156,244	21,635,128	7,076,008	(14,559,120)
Transfers out	<u>-</u>	<u>-</u>	<u>(133,085)</u>	<u>(133,085)</u>
Total Other Financing Sources (Uses)	<u>22,156,244</u>	<u>21,635,128</u>	<u>6,942,923</u>	<u>(14,692,205)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (571,116)</u>	<u>173,971</u>	<u>\$ 745,087</u>
Fund balance (deficit) - July 1, 2018			<u>(384,782)</u>	
Fund balance (deficit) - June 30, 2019			<u>\$ (210,811)</u>	

CITY OF NOVATO
RESTRICTED REVENUE FUND - MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Charges for services	\$ 811,600	\$ 811,600	\$ 285,685	\$ (525,915)
Total Revenues	<u>811,600</u>	<u>811,600</u>	<u>285,685</u>	<u>(525,915)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>811,600</u>	<u>811,600</u>	<u>285,685</u>	<u>(525,915)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	61,406	61,406
Transfers out	<u>(811,600)</u>	<u>(811,600)</u>	<u>(400,721)</u>	<u>410,879</u>
Total Other Financing Sources (Uses)	<u>(811,600)</u>	<u>(811,600)</u>	<u>(339,315)</u>	<u>472,285</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(53,630)</u>	<u>\$ (53,630)</u>
Fund balance - July 1, 2018			<u>-</u>	
Fund balance (deficit) - June 30, 2019			<u>\$ (53,630)</u>	

CITY OF NOVATO
DEVELOPMENT IMPACT FEE - MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 105,000	\$ 105,000	\$ 288,731	\$ 183,731
Charges for services	<u>250,000</u>	<u>250,000</u>	<u>1,107,141</u>	<u>857,141</u>
Total Revenues	<u>355,000</u>	<u>355,000</u>	<u>1,395,872</u>	<u>1,040,872</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>355,000</u>	<u>355,000</u>	<u>1,395,872</u>	<u>1,040,872</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(2,324,078)</u>	<u>(2,324,078)</u>	<u>(143,252)</u>	<u>2,180,826</u>
Total Other Financing Sources (Uses)	<u>(2,324,078)</u>	<u>(2,324,078)</u>	<u>(143,252)</u>	<u>2,180,826</u>
Net change in fund balance	<u>\$ (1,969,078)</u>	<u>\$ (1,969,078)</u>	<u>1,252,620</u>	<u>\$ 3,221,698</u>
Fund balance - July 1, 2018			<u>11,919,357</u>	
Fund balance - June 30, 2019			<u>\$ 13,171,977</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ <u>200,250</u>	\$ <u>200,250</u>	\$ <u>200,987</u>	\$ <u>737</u>
Total Revenues	<u>200,250</u>	<u>200,250</u>	<u>200,987</u>	<u>737</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
City-owned property	<u>57,100</u>	<u>57,100</u>	<u>100,586</u>	<u>(43,486)</u>
Total Expenditures	<u>57,100</u>	<u>57,100</u>	<u>100,586</u>	<u>(43,486)</u>
Excess (deficiency) of revenues over expenditures	<u>143,150</u>	<u>143,150</u>	<u>100,401</u>	<u>(42,749)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 130,150</u>	<u>\$ 130,150</u>	<u>87,401</u>	<u>\$ -</u>
Fund balance (deficit) - July 1, 2018			<u>(1,975,672)</u>	
Fund balance (deficit) - June 30, 2019			<u>\$ (1,888,271)</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 530,610	\$ 530,610	\$ 1,691,503	\$ 1,160,893
Total Revenues	<u>530,610</u>	<u>530,610</u>	<u>1,691,503</u>	<u>1,160,893</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
Hamilton project area	<u>30,500</u>	<u>30,500</u>	<u>29,027</u>	<u>1,473</u>
Total Expenditures	<u>30,500</u>	<u>30,500</u>	<u>29,027</u>	<u>1,473</u>
Excess (deficiency) of revenues over expenditures	<u>500,110</u>	<u>500,110</u>	<u>1,662,476</u>	<u>1,162,366</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(531,000)</u>	<u>(531,000)</u>	<u>(162,484)</u>	<u>368,516</u>
Total Other Financing Sources (Uses)	<u>(531,000)</u>	<u>(531,000)</u>	<u>(162,484)</u>	<u>368,516</u>
Net change in fund balance	<u>\$ (30,890)</u>	<u>\$ (30,890)</u>	<u>1,499,992</u>	<u>\$ 1,530,882</u>
Fund balance - July 1, 2018			<u>32,164,669</u>	
Fund balance - June 30, 2019			<u>\$ 33,664,661</u>	

NON-MAJOR GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUNDS

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, Hillside, 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.

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

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

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

CAPITAL PROJECT FUNDS

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

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

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

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

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

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

DEBT SERVICE FUNDS

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, 2019

Special Revenue Funds						
	<u>Clean Stormwater</u>	<u>Underground Utilities</u>	<u>Parking Improvement</u>	<u>Subdivision Park</u>	<u>Art in Public Places</u>	<u>General Plan Surcharge</u>
ASSETS						
Cash and investments	\$ 93,656	\$ 1,017,514	\$ -	\$ 600,907	\$ 175,049	\$ 331,418
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	1,848	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-
Total Assets	<u>\$ 95,504</u>	<u>\$ 1,017,514</u>	<u>\$ -</u>	<u>\$ 600,907</u>	<u>\$ 175,049</u>	<u>\$ 331,418</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ 106	\$ -	\$ 7,500	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	1,599	-	-	-
Unearned revenue	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,705</u>	<u>-</u>	<u>7,500</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Restricted	95,504	1,017,514	-	600,907	167,549	331,418
Assigned	-	-	-	-	-	-
Unassigned	-	-	(1,705)	-	-	-
Total Fund Balances (Deficits)	<u>95,504</u>	<u>1,017,514</u>	<u>(1,705)</u>	<u>600,907</u>	<u>167,549</u>	<u>331,418</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 95,504</u>	<u>\$ 1,017,514</u>	<u>\$ -</u>	<u>\$ 600,907</u>	<u>\$ 175,049</u>	<u>\$ 331,418</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Special Revenue Funds					
	Automation Surcharge	Hamilton Community Facilities	Hamilton Arts Center	Pointe Marin CFD	Chapter 27 Assessment	Landscaping Assessment District - San Marin
ASSETS						
Cash and investments	\$ 102,596	\$ 616,363	\$ 1,313,782	\$ 730,792	\$ 248,308	\$ 48,024
Cash with fiscal agent	-	-	40,366	-	-	-
Accounts receivable	-	-	-	-	5,842	309
Taxes receivable	-	-	-	-	-	-
Total Assets	\$ 102,596	\$ 616,363	\$ 1,354,148	\$ 730,792	\$ 254,150	\$ 48,333
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	-	\$ 49,095	-	\$ 9,571	-	\$ 3,304
Accrued liabilities	-	-	-	-	2,775	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	3,066	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	-	49,095	-	9,571	5,841	3,304
FUND BALANCES (DEFICITS):						
Restricted	-	567,268	1,354,148	721,221	248,309	45,029
Assigned	102,596	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	102,596	567,268	1,354,148	721,221	248,309	45,029
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 102,596	\$ 616,363	\$ 1,354,148	\$ 730,792	\$ 254,150	\$ 48,333

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Special Revenue Funds					
	Landscaping Assessment District - Country Club	Landscaping Assessment District - Wildwood Glen	Landscaping Assessment District - Hillside	Downtown Lighting & Landscaping	San Pablo Landscaping	Assessment District - Scottsdale
ASSETS						
Cash and investments	\$ 72,580	\$ 8,249	\$ 74,455	\$ 119,709	\$ 57,679	\$ 10,491
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	51	106	32	68	-
Taxes receivable	-	-	-	-	-	-
Total Assets	<u>\$ 72,580</u>	<u>\$ 8,300</u>	<u>\$ 74,561</u>	<u>\$ 119,741</u>	<u>\$ 57,747</u>	<u>\$ 10,491</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	-	\$ 615	\$ 13,884	\$ 67	-	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>615</u>	<u>13,884</u>	<u>67</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Restricted	72,580	7,685	60,677	119,674	57,747	10,491
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>72,580</u>	<u>7,685</u>	<u>60,677</u>	<u>119,674</u>	<u>57,747</u>	<u>10,491</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 72,580</u>	<u>\$ 8,300</u>	<u>\$ 74,561</u>	<u>\$ 119,741</u>	<u>\$ 57,747</u>	<u>\$ 10,491</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Special Revenue Funds				
	<u>State Gas Tax</u>	<u>Special Projects Police</u>	<u>COPS Grant</u>	<u>State & Federal Grant Fund</u>	<u>Private Grant Fund</u>
ASSETS					
Cash and investments	\$ 1,685,907	\$ 85,964	\$ 278,818	\$ 36,901	\$ 38,472
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	24,621	6,223	693,865	-
Taxes receivable	178,536	-	-	-	-
Total Assets	<u>\$ 1,864,443</u>	<u>\$ 110,585</u>	<u>\$ 285,041</u>	<u>\$ 730,766</u>	<u>\$ 38,472</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 1,981	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	153,169	15,469
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,981</u>	<u>153,169</u>	<u>15,469</u>
FUND BALANCES (DEFICITS):					
Restricted	1,864,443	110,585	283,060	577,597	23,003
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>1,864,443</u>	<u>110,585</u>	<u>283,060</u>	<u>577,597</u>	<u>23,003</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,864,443</u>	<u>\$ 110,585</u>	<u>\$ 285,041</u>	<u>\$ 730,766</u>	<u>\$ 38,472</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

Capital Project Funds				
	Measure B Marin VRF	Measure A Street Bonds	Parks Measure A	Clean Stormwater CIP
ASSETS				
Cash and investments	\$ 477,346	\$ 1,061,837	\$ 112,244	\$ 296,764
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	223,973	-
Taxes receivable	-	-	-	-
Total Assets	<u>\$ 477,346</u>	<u>\$ 1,061,837</u>	<u>\$ 336,217</u>	<u>\$ 296,764</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 19,331	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	465,000	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>484,331</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Restricted	477,346	1,061,837	-	296,764
Assigned	-	-	-	-
Unassigned	-	-	(148,114)	-
Total Fund Balances (Deficits)	<u>477,346</u>	<u>1,061,837</u>	<u>(148,114)</u>	<u>296,764</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 477,346</u>	<u>\$ 1,061,837</u>	<u>\$ 336,217</u>	<u>\$ 296,764</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Capital Projects		Debt Service Funds		Total Non-major Governmental Funds
	Street and Storm Drain Maintenance	Community Facilities Maintenance	General Obligation Bond	Pension Obligations Bond Fund	
ASSETS					
Cash and investments	\$ 274,613	\$ -	\$ 2,033,892	\$ -	\$ 12,004,330
Cash with fiscal agent	-	-	-	1,030,246	1,070,612
Accounts receivable	-	-	-	-	956,938
Taxes receivable	-	-	7,292	-	185,828
Total Assets	<u>\$ 274,613</u>	<u>\$ -</u>	<u>\$ 2,041,184</u>	<u>\$ 1,030,246</u>	<u>\$ 14,217,708</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 990	\$ -	\$ 106,444
Accrued liabilities	-	-	-	-	2,775
Due to other funds	-	20,152	-	1,005,093	1,026,844
Unearned revenue	-	-	-	-	171,704
Advances from other funds	-	-	-	-	465,000
Total Liabilities	<u>-</u>	<u>20,152</u>	<u>990</u>	<u>1,005,093</u>	<u>1,772,767</u>
FUND BALANCES (DEFICITS):					
Restricted	274,613	-	2,040,194	25,153	12,512,316
Assigned	-	-	-	-	102,596
Unassigned	-	(20,152)	-	-	(169,971)
Total Fund Balances (Deficits)	<u>274,613</u>	<u>(20,152)</u>	<u>2,040,194</u>	<u>25,153</u>	<u>12,444,941</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 274,613</u>	<u>\$ -</u>	<u>\$ 2,041,184</u>	<u>\$ 1,030,246</u>	<u>\$ 14,217,708</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds					
	<u>Clean Stormwater</u>	<u>Underground Utilities</u>	<u>Parking Improvement</u>	<u>Subdivision Park</u>	<u>Art in Public Places</u>	<u>General Plan Surcharge</u>
<u>REVENUES</u>						
Taxes	\$ 369,659	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Use of money and property	(192)	23,054	76	14,135	3,602	8,065
Charges for services	-	-	-	235,785	35,830	105,761
Other revenue	-	-	-	-	-	-
Total Revenues	<u>369,467</u>	<u>23,054</u>	<u>76</u>	<u>249,920</u>	<u>39,432</u>	<u>113,826</u>
<u>EXPENDITURES</u>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	232,027	-	621	-	-	-
Culture and recreation	-	-	-	-	5,000	-
Community development	-	-	-	-	-	110,684
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>232,027</u>	<u>-</u>	<u>621</u>	<u>-</u>	<u>5,000</u>	<u>110,684</u>
Excess (Deficiency) of Revenues over Expenditures	<u>137,440</u>	<u>23,054</u>	<u>(545)</u>	<u>249,920</u>	<u>34,432</u>	<u>3,142</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	-	-	-	-	-	-
Transfers out	(45,000)	-	(10,040)	(133,602)	-	-
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>-</u>	<u>(10,040)</u>	<u>(133,602)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	92,440	23,054	(10,585)	116,318	34,432	3,142
Fund balances (deficits) - July 1, 2018	<u>3,064</u>	<u>994,460</u>	<u>8,880</u>	<u>484,589</u>	<u>133,117</u>	<u>328,276</u>
Fund balances (deficits) - June 30, 2019	<u>\$ 95,504</u>	<u>\$ 1,017,514</u>	<u>\$ (1,705)</u>	<u>\$ 600,907</u>	<u>\$ 167,549</u>	<u>\$ 331,418</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds					
	Automation Surcharge	Hamilton Community Facilities	Hamilton Arts Center	Pointe Marin CFD	Chapter 27 Assessment	Landscaping Assessment District - San Marin
<u>REVENUES</u>						
Taxes	\$ -	\$ 559,538	\$ -	\$ 181,593	\$ -	\$ 58,574
Intergovernmental	-	-	-	-	-	-
Use of money and property	1,640	6,765	485,348	15,051	5,623	932
Charges for services	114,537	-	-	-	296	-
Other revenue	-	230,000	-	-	-	-
Total Revenues	<u>116,177</u>	<u>796,303</u>	<u>485,348</u>	<u>196,644</u>	<u>5,919</u>	<u>59,506</u>
<u>EXPENDITURES</u>						
Current:						
General government	-	-	270,993	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	572,588	-	157,416	-	52,349
Culture and recreation	-	-	-	-	-	-
Community development	100,221	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>100,221</u>	<u>572,588</u>	<u>270,993</u>	<u>157,416</u>	<u>-</u>	<u>52,349</u>
Excess (Deficiency) of Revenues over Expenditures	<u>15,956</u>	<u>223,715</u>	<u>214,355</u>	<u>39,228</u>	<u>5,919</u>	<u>7,157</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	-	30,059	47,313	-	-	-
Transfers out	(2,069)	(94,327)	(85,439)	(6,521)	-	-
Total Other Financing Sources (Uses)	<u>(2,069)</u>	<u>(64,268)</u>	<u>(38,126)</u>	<u>(6,521)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,887	159,447	176,229	32,707	5,919	7,157
Fund balances (deficits) - July 1, 2018	<u>88,709</u>	<u>407,821</u>	<u>1,177,919</u>	<u>688,514</u>	<u>242,390</u>	<u>37,872</u>
Fund balances (deficits) - June 30, 2019	<u>\$ 102,596</u>	<u>\$ 567,268</u>	<u>\$ 1,354,148</u>	<u>\$ 721,221</u>	<u>\$ 248,309</u>	<u>\$ 45,029</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds					
	Landscaping Assessment District - Country Club	Landscaping Assessment District - Wildwood Glen	Landscaping Assessment District - Hillside	Downtown Lighting & Landscaping	San Pablo Landscaping	Assessment District - Scottsdale
<u>REVENUES</u>						
Taxes	\$ -	\$ 10,095	\$ 21,098	\$ 6,372	\$ 13,547	\$ -
Intergovernmental	-	-	-	-	-	-
Use of money and property	1,644	205	1,550	2,655	1,162	239
Charges for services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	<u>1,644</u>	<u>10,300</u>	<u>22,648</u>	<u>9,027</u>	<u>14,709</u>	<u>239</u>
<u>EXPENDITURES</u>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	9,440	22,985	2,453	1,000	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>9,440</u>	<u>22,985</u>	<u>2,453</u>	<u>1,000</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,644</u>	<u>860</u>	<u>(337)</u>	<u>6,574</u>	<u>13,709</u>	<u>239</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,644	860	(337)	6,574	13,709	239
Fund balances (deficits) - July 1, 2018	<u>70,936</u>	<u>6,825</u>	<u>61,014</u>	<u>113,100</u>	<u>44,038</u>	<u>10,252</u>
Fund balances (deficits) - June 30, 2019	<u>\$ 72,580</u>	<u>\$ 7,685</u>	<u>\$ 60,677</u>	<u>\$ 119,674</u>	<u>\$ 57,747</u>	<u>\$ 10,491</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	<u>State Gas Tax</u>	<u>Special Projects Police</u>	<u>COPS Grant</u>	<u>State & Federal Grant Fund</u>	<u>Private Grant Fund</u>
<u>REVENUES</u>					
Taxes	\$ 2,135,294	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	140,902	161,625	767,965	-
Use of money and property	33,011	2,035	-	-	872
Charges for services	-	-	-	-	-
Other revenue	-	397	-	-	-
Total Revenues	<u>2,168,305</u>	<u>143,334</u>	<u>161,625</u>	<u>767,965</u>	<u>872</u>
<u>EXPENDITURES</u>					
Current:					
General government	-	-	-	-	-
Public safety	-	148,633	161,625	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>148,633</u>	<u>161,625</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,168,305</u>	<u>(5,299)</u>	<u>-</u>	<u>767,965</u>	<u>872</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	1,448,399	7,000	-	103,202	-
Transfers out	<u>(2,963,202)</u>	<u>-</u>	<u>-</u>	<u>(295,578)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,514,803)</u>	<u>7,000</u>	<u>-</u>	<u>(192,376)</u>	<u>-</u>
Net change in fund balances	653,502	1,701	-	575,589	872
Fund balances (deficits) - July 1, 2018	<u>1,210,941</u>	<u>108,884</u>	<u>283,060</u>	<u>2,008</u>	<u>22,131</u>
Fund balances (deficits) - June 30, 2019	<u>\$ 1,864,443</u>	<u>\$ 110,585</u>	<u>\$ 283,060</u>	<u>\$ 577,597</u>	<u>\$ 23,003</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Project Funds			
	Measure B Marin VRF	Measure A Street Bonds	Parks Measure A	Clean Stormwater CIP
<u>REVENUES</u>				
Taxes	\$ -	\$ 597,496	\$ 429,993	\$ -
Intergovernmental	-	-	-	-
Use of money and property	10,817	36,856	5,728	6,359
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>10,817</u>	<u>634,352</u>	<u>435,721</u>	<u>6,359</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	100,739	-
Culture and recreation	-	-	79,257	-
Community development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	1,907	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>181,903</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,817</u>	<u>634,352</u>	<u>253,818</u>	<u>6,359</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	44,074	38,035	45,000
Transfers out	-	(864,963)	(166,304)	(2,664)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(820,889)</u>	<u>(128,269)</u>	<u>42,336</u>
Net change in fund balances	10,817	(186,537)	125,549	48,695
Fund balances (deficits) - July 1, 2018	<u>466,529</u>	<u>1,248,374</u>	<u>(273,663)</u>	<u>248,069</u>
Fund balances (deficits) - June 30, 2019	<u>\$ 477,346</u>	<u>\$ 1,061,837</u>	<u>\$ (148,114)</u>	<u>\$ 296,764</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Projects		Debt Service Fund		Total Non-major Governmental Funds
	Street and Storm Drain Maintenance	Community Center Maintenance	General Obligation Fund	Pension Obligations Bond Fund	
<u>REVENUES</u>					
Taxes	\$ -	\$ -	\$ 1,820,248	\$ -	\$ 6,203,507
Intergovernmental	-	-	-	-	1,070,492
Use of money and property	6,223	-	29,744	26,150	729,349
Charges for services	-	-	-	-	492,209
Other revenue	-	-	-	-	230,397
Total Revenues	6,223	-	1,849,992	26,150	8,725,954
<u>EXPENDITURES</u>					
Current:					
General government	-	-	27,390	3,787	302,170
Public safety	-	-	-	-	310,258
Public works	-	-	-	-	1,151,618
Culture and recreation	-	-	-	-	84,257
Community development	-	-	-	-	210,905
Debt service:					
Principal	-	-	1,517,844	620,000	2,137,844
Interest and fiscal charges	-	-	243,593	768,187	1,013,687
Total Expenditures	-	-	1,788,827	1,391,974	5,210,739
Excess (Deficiency) of Revenues over Expenditures	6,223	-	61,165	(1,365,824)	3,515,215
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	8,636	-	-	1,393,476	3,165,194
Transfers out	(8,636)	-	-	-	(4,678,345)
Total Other Financing Sources (Uses)	-	-	-	1,393,476	(1,513,151)
Net change in fund balances	6,223	-	61,165	27,652	2,002,064
Fund balances (deficits) - July 1, 2018	268,390	(20,152)	1,979,029	(2,499)	10,442,877
Fund balances (deficits) - June 30, 2019	\$ 274,613	\$ (20,152)	\$ 2,040,194	\$ 25,153	\$ 12,444,941

See accompanying notes to the basic financial statements.

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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes and assessments	\$ 371,000	\$ 371,000	\$ 369,659	\$ (1,341)
Use of money and property	<u>625</u>	<u>625</u>	<u>(192)</u>	<u>(817)</u>
Total Revenues	<u>371,625</u>	<u>371,625</u>	<u>369,467</u>	<u>(2,158)</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Storm water pollution prevention	<u>251,872</u>	<u>251,872</u>	<u>232,027</u>	<u>19,845</u>
Total Public Works	<u>251,872</u>	<u>251,872</u>	<u>232,027</u>	<u>19,845</u>
Total Expenditures	<u>251,872</u>	<u>251,872</u>	<u>232,027</u>	<u>19,845</u>
Excess (deficiency) of revenues over expenditures	<u>119,753</u>	<u>119,753</u>	<u>137,440</u>	<u>17,687</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(120,000)</u>	<u>(120,000)</u>	<u>(45,000)</u>	<u>75,000</u>
Total Other Financing Sources (Uses)	<u>(120,000)</u>	<u>(120,000)</u>	<u>(45,000)</u>	<u>75,000</u>
Net change in fund balance	<u>\$ (247)</u>	<u>\$ (247)</u>	<u>92,440</u>	<u>\$ 92,687</u>
Fund balance - July 1, 2018			<u>3,064</u>	
Fund balance - June 30, 2019			<u>\$ 95,504</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 7,300	\$ 7,300	\$ 23,054	\$ 15,754
Total Revenues	<u>7,300</u>	<u>7,300</u>	<u>23,054</u>	<u>15,754</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>7,300</u>	<u>7,300</u>	<u>23,054</u>	<u>15,754</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(274,513)</u>	<u>(274,513)</u>	<u>-</u>	<u>274,513</u>
Total Other Financing Sources (Uses)	<u>(274,513)</u>	<u>(274,513)</u>	<u>-</u>	<u>274,513</u>
Net change in fund balance	<u>\$ (267,213)</u>	<u>\$ (267,213)</u>	<u>23,054</u>	<u>\$ 290,267</u>
Fund balance - July 1, 2018			<u>994,460</u>	
Fund balance - June 30, 2019			<u>\$ 1,017,514</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ 625	\$ 625	\$ 76	\$ (549)
Total Revenues	<u>625</u>	<u>625</u>	<u>76</u>	<u>(549)</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Assessment districts	<u>550</u>	<u>550</u>	<u>621</u>	<u>(71)</u>
Total Expenditures	<u>550</u>	<u>550</u>	<u>621</u>	<u>(71)</u>
Excess (deficiency) of revenues over expenditures	<u>75</u>	<u>75</u>	<u>(545)</u>	<u>(620)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(10,040)</u>	<u>9,960</u>
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(10,040)</u>	<u>9,960</u>
Net change in fund balance	<u>\$ (19,925)</u>	<u>\$ (19,925)</u>	<u>(10,585)</u>	<u>\$ 9,340</u>
Fund balance - July 1, 2018			<u>8,880</u>	
Fund balance (deficit) - June 30, 2019			<u>\$ (1,705)</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 3,500	\$ 3,500	\$ 14,135	\$ 10,635
Charges for services	<u>30,000</u>	<u>30,000</u>	<u>235,785</u>	<u>205,785</u>
Total Revenues	<u>33,500</u>	<u>33,500</u>	<u>249,920</u>	<u>216,420</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>33,500</u>	<u>33,500</u>	<u>249,920</u>	<u>216,420</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(624,500)</u>	<u>(624,500)</u>	<u>(133,602)</u>	<u>490,898</u>
Total Other Financing Sources (Uses)	<u>(624,500)</u>	<u>(624,500)</u>	<u>(133,602)</u>	<u>490,898</u>
Net change in fund balance	<u>\$ (591,000)</u>	<u>\$ (591,000)</u>	<u>116,318</u>	<u>\$ 707,318</u>
Fund balance - July 1, 2018			<u>484,589</u>	
Fund balance - June 30, 2019			<u>\$ 600,907</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,125	\$ 1,125	\$ 3,602	\$ 2,477
Charges for services	<u>1,500</u>	<u>1,500</u>	<u>35,830</u>	<u>34,330</u>
Total Revenues	<u>2,625</u>	<u>2,625</u>	<u>39,432</u>	<u>36,807</u>
<u>EXPENDITURES</u>				
Current:				
Culture and Recreation				
Special program	<u>-</u>	<u>21,116</u>	<u>5,000</u>	<u>16,116</u>
Total Expenditures	<u>-</u>	<u>21,116</u>	<u>5,000</u>	<u>16,116</u>
Excess (deficiency) of revenues over expenditures	<u>2,625</u>	<u>(18,491)</u>	<u>34,432</u>	<u>52,923</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(21,116)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(21,116)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (18,491)</u>	<u>\$ (18,491)</u>	<u>34,432</u>	<u>\$ 52,923</u>
Fund balance - July 1, 2018			<u>133,117</u>	
Fund balance - June 30, 2019			<u>\$ 167,549</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 3,050	\$ 3,050	\$ 8,065	\$ 5,015
Charges for services	<u>76,000</u>	<u>76,000</u>	<u>105,761</u>	<u>29,761</u>
Total Revenues	<u>79,050</u>	<u>79,050</u>	<u>113,826</u>	<u>34,776</u>
<u>EXPENDITURES</u>				
Current:				
Community Development				
Long-range planning	<u>150,000</u>	<u>150,000</u>	<u>110,684</u>	<u>39,316</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>110,684</u>	<u>39,316</u>
Net change in fund balance	<u>\$ (70,950)</u>	<u>\$ (70,950)</u>	<u>3,142</u>	<u>\$ 74,092</u>
Fund balance - July 1, 2018			<u>328,276</u>	
Fund balance - June 30, 2019			<u>\$ 331,418</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,050	\$ 1,050	\$ 1,640	\$ 590
Charges for services	<u>80,000</u>	<u>80,000</u>	<u>114,537</u>	<u>34,537</u>
Total Revenues	<u>81,050</u>	<u>81,050</u>	<u>116,177</u>	<u>35,127</u>
<u>EXPENDITURES</u>				
Current:				
Community Development				
Administration	<u>103,447</u>	<u>103,447</u>	<u>100,221</u>	<u>3,226</u>
Total Expenditures	<u>103,447</u>	<u>103,447</u>	<u>100,221</u>	<u>3,226</u>
Excess (deficiency) of revenues over expenditures	<u>(22,397)</u>	<u>(22,397)</u>	<u>15,956</u>	<u>38,353</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(2,063)</u>	<u>(2,063)</u>	<u>(2,069)</u>	<u>(6)</u>
Total Other Financing Sources (Uses)	<u>(2,063)</u>	<u>(2,063)</u>	<u>(2,069)</u>	<u>(6)</u>
Net change in fund balance	<u>\$ (24,460)</u>	<u>\$ (24,460)</u>	<u>13,887</u>	<u>\$ 38,347</u>
Fund balance - July 1, 2018			<u>88,709</u>	
Fund balance - June 30, 2019			<u>\$ 102,596</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes and assessments	\$ 588,988	\$ 588,988	\$ 559,538	\$ (29,450)
Use of money and property	1,950	1,950	6,765	4,815
Other revenues	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>	<u>-</u>
Total Revenues	<u>820,938</u>	<u>820,938</u>	<u>796,303</u>	<u>(24,635)</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
CFD maintenance	30,500	30,500	29,923	577
CFD landscape maintenance	346,114	346,114	399,066	(52,952)
Pump station #1 maintenance	83,724	83,724	82,798	926
Pump station #2 maintenance	56,431	56,431	41,698	14,733
Levee maintenance	<u>51,586</u>	<u>51,586</u>	<u>19,103</u>	<u>32,483</u>
Total Public Works	<u>568,355</u>	<u>568,355</u>	<u>572,588</u>	<u>(4,233)</u>
Total Expenditures	<u>568,355</u>	<u>568,355</u>	<u>572,588</u>	<u>(4,233)</u>
Excess (deficiency) of revenues over expenditures	<u>252,583</u>	<u>252,583</u>	<u>223,715</u>	<u>(28,868)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	8,098	8,098	30,059	21,961
Transfers out	<u>(85,103)</u>	<u>(85,103)</u>	<u>(94,327)</u>	<u>(9,224)</u>
Total Other Financing Sources (Uses)	<u>(77,005)</u>	<u>(77,005)</u>	<u>(64,268)</u>	<u>12,737</u>
Net change in fund balance	<u>\$ 175,578</u>	<u>\$ 175,578</u>	<u>159,447</u>	<u>\$ (16,131)</u>
Fund balance - July 1, 2018			<u>407,821</u>	
Fund balance - June 30, 2019			<u>\$ 567,268</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 470,500	\$ 470,500	\$ 485,348	\$ 14,848
Total Revenues	<u>470,500</u>	<u>470,500</u>	<u>485,348</u>	<u>14,848</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
City-owned property	<u>278,895</u>	<u>278,895</u>	<u>270,993</u>	<u>7,902</u>
Total Expenditures	<u>278,895</u>	<u>278,895</u>	<u>270,993</u>	<u>7,902</u>
Excess (deficiency) of revenues over expenditures	<u>191,605</u>	<u>191,605</u>	<u>214,355</u>	<u>22,750</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	47,313	47,313
Transfers out	<u>(600,000)</u>	<u>(600,000)</u>	<u>(85,439)</u>	<u>514,561</u>
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>(38,126)</u>	<u>561,874</u>
Net change in fund balance	<u>\$ (408,395)</u>	<u>\$ (408,395)</u>	<u>176,229</u>	<u>\$ 584,624</u>
Fund balance - July 1, 2018			<u>1,177,919</u>	
Fund balance - June 30, 2019			<u>\$ 1,354,148</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 190,948	\$ 190,948	\$ 181,593	\$ (9,355)
Use of money and property	<u>4,250</u>	<u>4,250</u>	<u>15,051</u>	<u>10,801</u>
Total Revenues	<u>195,198</u>	<u>195,198</u>	<u>196,644</u>	<u>1,446</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
CFD landscape maintenance	<u>219,388</u>	<u>219,388</u>	<u>157,416</u>	<u>61,972</u>
Total Expenditures	<u>219,388</u>	<u>219,388</u>	<u>157,416</u>	<u>61,972</u>
Excess (deficiency) of revenues over expenditures	<u>(24,190)</u>	<u>(24,190)</u>	<u>39,228</u>	<u>63,418</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(6,499)</u>	<u>(6,499)</u>	<u>(6,521)</u>	<u>(22)</u>
Total Other Financing Sources (Uses)	<u>(6,499)</u>	<u>(6,499)</u>	<u>(6,521)</u>	<u>(22)</u>
Net change in fund balance	<u>\$ (30,689)</u>	<u>\$ (30,689)</u>	<u>32,707</u>	<u>\$ 63,396</u>
Fund balance - July 1, 2018			<u>688,514</u>	
Fund balance - June 30, 2019			<u>\$ 721,221</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 2,050	\$ 2,050	\$ 5,623	\$ 3,573
Charges for services	<u>300</u>	<u>300</u>	<u>296</u>	<u>(4)</u>
Total Revenues	<u>2,350</u>	<u>2,350</u>	<u>5,919</u>	<u>3,569</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,350</u>	<u>2,350</u>	<u>5,919</u>	<u>3,569</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(6,920)</u>	<u>(6,920)</u>	<u>-</u>	<u>6,920</u>
Net change in fund balance	<u>\$ (4,570)</u>	<u>\$ (4,570)</u>	<u>5,919</u>	<u>\$ 10,489</u>
Fund balance - July 1, 2018			<u>242,390</u>	
Fund balance - June 30, 2019			<u>\$ 248,309</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, 2019

	2018 - 2019			
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
			<u>Amounts</u>	<u>with Final</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Taxes and assessments	\$ 61,808	\$ 61,808	\$ 58,574	\$ (3,234)
Use of money and property	<u>130</u>	<u>130</u>	<u>932</u>	<u>802</u>
Total Revenues	<u>61,938</u>	<u>61,938</u>	<u>59,506</u>	<u>(2,432)</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Assessment districts	<u>55,938</u>	<u>55,938</u>	<u>52,349</u>	<u>3,589</u>
Total Expenditures	<u>55,938</u>	<u>55,938</u>	<u>52,349</u>	<u>3,589</u>
Net change in fund balance	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>7,157</u>	<u>\$ 1,157</u>
Fund balance - July 1, 2018			<u>37,872</u>	
Fund balance - June 30, 2019			<u>\$ 45,029</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ <u>700</u>	\$ <u>700</u>	\$ <u>1,644</u>	\$ <u>944</u>
Total Revenues	<u>700</u>	<u>700</u>	<u>1,644</u>	<u>944</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 700</u>	<u>\$ 700</u>	<u>1,644</u>	<u>\$ 944</u>
Fund balance - July 1, 2018			<u>70,936</u>	
Fund balance - June 30, 2019			<u>\$ 72,580</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes and assessments	\$ 10,189	\$ 10,189	\$ 10,095	\$ (94)
Use of money and property	<u>45</u>	<u>45</u>	<u>205</u>	<u>160</u>
Total Revenues	<u>10,234</u>	<u>10,234</u>	<u>10,300</u>	<u>66</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Assessment districts	<u>9,823</u>	<u>9,823</u>	<u>9,440</u>	<u>383</u>
Total Expenditures	<u>9,823</u>	<u>9,823</u>	<u>9,440</u>	<u>383</u>
Net change in fund balance	<u>\$ 411</u>	<u>\$ 411</u>	<u>860</u>	<u>\$ 449</u>
Fund balance - July 1, 2018			<u>6,825</u>	
Fund balance - June 30, 2019			<u>\$ 7,685</u>	

CITY OF NOVATO
LANDSCAPING ASSESSMENT DISTRICT - HILLSIDE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 21,234	\$ 21,234	\$ 21,098	\$ (136)
Use of money and property	<u>460</u>	<u>460</u>	<u>1,550</u>	<u>1,090</u>
Total Revenues	<u>21,694</u>	<u>21,694</u>	<u>22,648</u>	<u>954</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Assessment districts	<u>41,778</u>	<u>41,778</u>	<u>22,985</u>	<u>18,793</u>
Total Expenditures	<u>41,778</u>	<u>41,778</u>	<u>22,985</u>	<u>18,793</u>
Net change in fund balance	<u>\$ (20,084)</u>	<u>\$ (20,084)</u>	<u>(337)</u>	<u>\$ 19,747</u>
Fund balance - July 1, 2018			<u>61,014</u>	
Fund balance - June 30, 2019			<u>\$ 60,677</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, 2019

	2018 - 2019 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 6,444	\$ 6,444	\$ 6,372	\$ (72)
Use of money and property	<u>1,025</u>	<u>1,025</u>	<u>2,655</u>	<u>1,630</u>
Total Revenues	<u>7,469</u>	<u>7,469</u>	<u>9,027</u>	<u>1,558</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Assessment districts	<u>2,850</u>	<u>2,850</u>	<u>2,453</u>	<u>397</u>
Total Expenditures	<u>2,850</u>	<u>2,850</u>	<u>2,453</u>	<u>397</u>
Net change in fund balance	<u>\$ 4,619</u>	<u>\$ 4,619</u>	<u>6,574</u>	<u>\$ 1,955</u>
Fund balance - July 1, 2018			<u>113,100</u>	
Fund balance - June 30, 2019			<u>\$ 119,674</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 13,585	\$ 13,585	\$ 13,547	\$ (38)
Use of money and property	<u>430</u>	<u>430</u>	<u>1,162</u>	<u>732</u>
Total Revenues	<u>14,015</u>	<u>14,015</u>	<u>14,709</u>	<u>694</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Assessment districts	<u>6,329</u>	<u>6,329</u>	<u>1,000</u>	<u>5,329</u>
Total Expenditures	<u>6,329</u>	<u>6,329</u>	<u>1,000</u>	<u>5,329</u>
Excess (deficiency) of revenues over expenditures	<u>7,686</u>	<u>7,686</u>	<u>13,709</u>	<u>6,023</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(8,098)</u>	<u>(8,098)</u>	<u>-</u>	<u>8,098</u>
Total Other Financing Sources (Uses)	<u>(8,098)</u>	<u>(8,098)</u>	<u>-</u>	<u>8,098</u>
Net change in fund balance	<u>\$ (412)</u>	<u>\$ (412)</u>	<u>13,709</u>	<u>\$ 14,121</u>
Fund balance - July 1, 2018			<u>44,038</u>	
Fund balance - June 30, 2019			<u>\$ 57,747</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 95	\$ 95	\$ 239	\$ 144
Total Revenues	<u>95</u>	<u>95</u>	<u>239</u>	<u>144</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 95</u>	<u>\$ 95</u>	<u>239</u>	<u>\$ 144</u>
Fund balance - July 1, 2018			<u>10,252</u>	
Fund balance - June 30, 2019			<u>\$ 10,491</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 2,308,640	\$ 2,308,640	\$ 2,135,294	\$ (173,346)
Use of money and property	<u>8,600</u>	<u>8,600</u>	<u>33,011</u>	<u>24,411</u>
Total Revenues	<u>2,317,240</u>	<u>2,317,240</u>	<u>2,168,305</u>	<u>(148,935)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,317,240</u>	<u>2,317,240</u>	<u>2,168,305</u>	<u>(148,935)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	1,448,399	1,448,399
Transfers out	<u>(3,079,248)</u>	<u>(3,079,248)</u>	<u>(2,963,202)</u>	<u>116,046</u>
Total Other Financing Sources (Uses)	<u>(3,079,248)</u>	<u>(3,079,248)</u>	<u>(1,514,803)</u>	<u>1,564,445</u>
Net change in fund balance	<u>\$ (762,008)</u>	<u>\$ (762,008)</u>	<u>653,502</u>	<u>\$ 1,415,510</u>
Fund balance - July 1, 2018			<u>1,210,941</u>	
Fund balance - June 30, 2019			<u>\$ 1,864,443</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Intergovernmental	\$ 32,400	\$ 102,400	\$ 140,902	\$ 38,502
Use of money and property	1,125	1,125	2,035	910
Other revenues	<u>10,000</u>	<u>10,000</u>	<u>397</u>	<u>(9,603)</u>
Total Revenues	<u>43,525</u>	<u>113,525</u>	<u>143,334</u>	<u>29,809</u>
<u>EXPENDITURES</u>				
Current:				
Public Safety				
Police grants	28,400	98,400	114,703	(16,303)
Special projects	<u>52,000</u>	<u>52,000</u>	<u>33,930</u>	<u>18,070</u>
Total Public Safety	<u>80,400</u>	<u>150,400</u>	<u>148,633</u>	<u>1,767</u>
Total Expenditures	<u>80,400</u>	<u>150,400</u>	<u>148,633</u>	<u>1,767</u>
Excess (deficiency) of revenues over expenditures	<u>(36,875)</u>	<u>(36,875)</u>	<u>(5,299)</u>	<u>31,576</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (29,875)</u>	<u>\$ (29,875)</u>	<u>1,701</u>	<u>\$ 31,576</u>
Fund balance - July 1, 2018			<u>108,884</u>	
Fund balance - June 30, 2019			<u>\$ 110,585</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ <u>100,000</u>	\$ <u>100,000</u>	\$ <u>161,625</u>	\$ <u>61,625</u>
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>161,625</u>	<u>61,625</u>
<u>EXPENDITURES</u>				
Current:				
Public Safety				
Police grants	<u>240,000</u>	<u>240,000</u>	<u>161,625</u>	<u>78,375</u>
Total Expenditures	<u>240,000</u>	<u>240,000</u>	<u>161,625</u>	<u>78,375</u>
Net change in fund balance	<u>\$ (140,000)</u>	<u>\$ (140,000)</u>	<u>-</u>	<u>\$ 140,000</u>
Fund balance - July 1, 2018			<u>283,060</u>	
Fund balance - June 30, 2019			<u>\$ <u>283,060</u></u>	

CITY OF NOVATO
STATE & 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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ <u>2,976,671</u>	\$ <u>2,976,671</u>	\$ <u>767,965</u>	\$ <u>(2,208,706)</u>
Total Revenues	<u>2,976,671</u>	<u>2,976,671</u>	<u>767,965</u>	<u>(2,208,706)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,976,671</u>	<u>2,976,671</u>	<u>767,965</u>	<u>(2,208,706)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	103,202	103,202
Transfers out	<u>(2,976,671)</u>	<u>(2,976,671)</u>	<u>(295,578)</u>	<u>2,681,093</u>
Total Other Financing Sources (Uses)	<u>(2,976,671)</u>	<u>(2,976,671)</u>	<u>(192,376)</u>	<u>2,784,295</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>575,589</u>	<u>\$ 575,589</u>
Fund balance - July 1, 2018			<u>2,008</u>	
Fund balance - June 30, 2019			<u>\$ 577,597</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 305	\$ 305	\$ 872	\$ 567
Total Revenues	<u>305</u>	<u>305</u>	<u>872</u>	<u>567</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 305</u>	<u>\$ 305</u>	<u>872</u>	<u>\$ 567</u>
Fund balance - July 1, 2018			<u>22,131</u>	
Fund balance - June 30, 2019			<u>\$ 23,003</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,500	\$ 1,500	\$ 10,817	\$ 9,317
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>10,817</u>	<u>9,317</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,500</u>	<u>1,500</u>	<u>10,817</u>	<u>9,317</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(456,206)</u>	<u>(456,206)</u>	<u>-</u>	<u>456,206</u>
Total Other Financing Sources (Uses)	<u>(456,206)</u>	<u>(456,206)</u>	<u>-</u>	<u>456,206</u>
Net change in fund balance	<u>\$ (454,706)</u>	<u>\$ (454,706)</u>	<u>10,817</u>	<u>\$ 465,523</u>
Fund balance - July 1, 2018			<u>466,529</u>	
Fund balance - June 30, 2019			<u>\$ 477,346</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 747,495	\$ 747,495	\$ 597,496	\$ (149,999)
Use of money and property	<u>5,600</u>	<u>5,600</u>	<u>36,856</u>	<u>31,256</u>
Total Revenues	<u>753,095</u>	<u>753,095</u>	<u>634,352</u>	<u>(118,743)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>753,095</u>	<u>753,095</u>	<u>634,352</u>	<u>(118,743)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	44,074	44,074
Transfers out	<u>(2,352,119)</u>	<u>(2,852,119)</u>	<u>(864,963)</u>	<u>1,987,156</u>
Total Other Financing Sources (Uses)	<u>(2,352,119)</u>	<u>(2,852,119)</u>	<u>(820,889)</u>	<u>2,031,230</u>
Net change in fund balance	<u>\$ (1,599,024)</u>	<u>\$ (2,099,024)</u>	<u>(186,537)</u>	<u>\$ 1,912,487</u>
Fund balance - July 1, 2018			<u>1,248,374</u>	
Fund balance - June 30, 2019			<u>\$ 1,061,837</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, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes and assessments	\$ 430,554	\$ 430,554	\$ 429,993	\$ (561)
Use of money and property	<u>4,450</u>	<u>4,450</u>	<u>5,728</u>	<u>1,278</u>
Total Revenues	<u>435,004</u>	<u>435,004</u>	<u>435,721</u>	<u>717</u>
<u>EXPENDITURES</u>				
Current:				
Public Works				
Median island maintenance	93,152	93,152	8,206	84,946
Parks maintenance	<u>119,152</u>	<u>119,152</u>	<u>92,533</u>	<u>26,619</u>
Total Public Works	<u>212,304</u>	<u>212,304</u>	<u>100,739</u>	<u>111,565</u>
Culture and Recreation				
Special events	<u>72,682</u>	<u>72,682</u>	<u>79,257</u>	<u>(6,575)</u>
Total Culture and Recreation	<u>72,682</u>	<u>72,682</u>	<u>79,257</u>	<u>(6,575)</u>
Debt service:				
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>1,907</u>	<u>(1,907)</u>
Total Expenditures	<u>284,986</u>	<u>284,986</u>	<u>181,903</u>	<u>103,083</u>
Excess (deficiency) of revenues over expenditures	<u>150,018</u>	<u>150,018</u>	<u>253,818</u>	<u>103,800</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	38,035	-
Transfers out	<u>(172,170)</u>	<u>(172,170)</u>	<u>(166,304)</u>	<u>5,866</u>
Total Other Financing Sources (Uses)	<u>(172,170)</u>	<u>(172,170)</u>	<u>(128,269)</u>	<u>5,866</u>
Net change in fund balance	<u>\$ (22,152)</u>	<u>\$ (22,152)</u>	<u>125,549</u>	<u>\$ 147,701</u>
Fund balance (deficit) - July 1, 2018			<u>(273,663)</u>	
Fund balance (deficit) - June 30, 2019			<u>\$ (148,114)</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 2,025	\$ 2,025	\$ 6,359	\$ 4,334
Total Revenues	<u>2,025</u>	<u>2,025</u>	<u>6,359</u>	<u>4,334</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,025</u>	<u>2,025</u>	<u>6,359</u>	<u>4,334</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	45,000	45,000	45,000	-
Transfers out	<u>(82,789)</u>	<u>(82,789)</u>	<u>(2,664)</u>	<u>80,125</u>
Total Other Financing Sources (Uses)	<u>(37,789)</u>	<u>(37,789)</u>	<u>42,336</u>	<u>80,125</u>
Net change in fund balance	<u>\$ (35,764)</u>	<u>\$ (35,764)</u>	<u>48,695</u>	<u>\$ 84,459</u>
Fund balance - July 1, 2018			<u>248,069</u>	
Fund balance - June 30, 2019			<u>\$ 296,764</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 2,430	\$ 2,430	\$ 6,223	\$ 3,793
Total Revenues	<u>2,430</u>	<u>2,430</u>	<u>6,223</u>	<u>3,793</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,430</u>	<u>2,430</u>	<u>6,223</u>	<u>3,793</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	8,636	8,636
Transfers out	<u>-</u>	<u>-</u>	<u>(8,636)</u>	<u>(8,636)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 2,430</u>	<u>\$ 2,430</u>	<u>6,223</u>	<u>\$ 3,793</u>
Fund balance - July 1, 2018			<u>268,390</u>	
Fund balance - June 30, 2019			<u>\$ 274,613</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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original*	Final*	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
Total Expenditures	_____ -	_____ -	_____ -	_____ -
Net change in fund balance	\$ _____ -	\$ _____ -	_____ -	\$ _____ -
Fund balance (deficit) - July 1, 2018			(20,152)	
Fund balance(deficit) - June 30, 2019			\$ (20,152)	

The City did not adopt a budget for the Community Center Maintenance fund for the year ended June 30, 2019.

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, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 1,604,825	\$ 1,604,825	\$ 1,820,248	\$ 215,423
Use of money and property	<u>12,250</u>	<u>12,250</u>	<u>29,744</u>	<u>17,494</u>
Total Revenues	<u>1,617,075</u>	<u>1,617,075</u>	<u>1,849,992</u>	<u>232,917</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
General administration	<u>26,425</u>	<u>26,425</u>	<u>27,390</u>	<u>(965)</u>
Debt service:				
Principal	1,517,844	1,517,844	1,517,844	-
Interest and fiscal charges	<u>243,593</u>	<u>243,593</u>	<u>243,593</u>	<u>-</u>
Total Expenditures	<u>1,787,862</u>	<u>1,787,862</u>	<u>1,788,827</u>	<u>(965)</u>
Net change in fund balance	<u>\$ (170,787)</u>	<u>\$ (170,787)</u>	<u>61,165</u>	<u>\$ 231,952</u>
Fund balance - July 1, 2018			<u>1,979,029</u>	
Fund balance - June 30, 2019			<u>\$ 2,040,194</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, 2019

	2018 - 2019		Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ _____ -	\$ _____ -	\$ 26,150	\$ 26,150
Total Revenues	_____ -	_____ -	26,150	26,150
<u>EXPENDITURES</u>				
Current:				
General Government				
General administration	3,200	3,200	3,787	(587)
Debt service:				
Principal	620,000	620,000	620,000	-
Interest and fiscal charges	768,187	768,187	768,187	-
Total Expenditures	1,391,387	1,391,387	1,391,974	(587)
Excess (deficiency) of revenues over expenditures	(1,391,387)	(1,391,387)	(1,365,824)	25,563
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,391,387	1,391,387	1,393,476	2,089
Total Other Financing Sources (Uses)	1,391,387	1,391,387	1,393,476	2,089
Net change in fund balance	\$ _____ -	\$ _____ -	27,652	\$ 27,652
Fund balance (deficit) - July 1, 2018			(2,499)	
Fund balance - June 30, 2019			\$ 25,153	

INTERNAL SERVICE FUNDS

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

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

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

Technology Replacement Fund - accounts for funds set aside to meet future replacement costs of technology hardware and software.

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
INTERNAL SERVICE FUNDS
JUNE 30, 2019

Governmental Activities - Internal Service Funds					
	Equipment Maintenance	Equipment Replacement	Technology Replacement Fund	Insurance Reserve	Total Internal Service Funds
ASSETS					
Current Assets					
Cash and investments	\$ -	\$ 5,422,291	\$ 465,353	\$ -	\$ 5,887,644
Accounts receivable, net	<u>5,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,747</u>
Total Current Assets	<u>5,747</u>	<u>5,422,291</u>	<u>465,353</u>	<u>-</u>	<u>5,893,391</u>
Non Current Assets					
Capital assets, net	<u>-</u>	<u>1,557,842</u>	<u>-</u>	<u>-</u>	<u>1,557,842</u>
Total Non-Current Assets	<u>-</u>	<u>1,557,842</u>	<u>-</u>	<u>-</u>	<u>1,557,842</u>
Total Assets	<u>5,747</u>	<u>6,980,133</u>	<u>465,353</u>	<u>-</u>	<u>7,451,233</u>
LIABILITIES					
Current Liabilities					
Accounts payable	14,814	31,949	-	-	46,763
Due to other funds	990,042	-	-	-	990,042
Claims payable - current	<u>-</u>	<u>-</u>	<u>-</u>	<u>607,136</u>	<u>607,136</u>
Total Current Liabilities	<u>1,004,856</u>	<u>31,949</u>	<u>-</u>	<u>607,136</u>	<u>1,643,941</u>
Non-Current Liabilities					
Claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,444,588</u>	<u>1,444,588</u>
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,444,588</u>	<u>1,444,588</u>
Total Liabilities	<u>1,004,856</u>	<u>31,949</u>	<u>-</u>	<u>2,051,724</u>	<u>3,088,529</u>
NET POSITION:					
Net investment in capital assets	-	1,557,842	-	-	1,557,842
Unrestricted	<u>(999,109)</u>	<u>5,390,342</u>	<u>465,353</u>	<u>(2,051,724)</u>	<u>2,804,862</u>
Total Net Position	<u><u>\$ (999,109)</u></u>	<u><u>\$ 6,948,184</u></u>	<u><u>\$ 465,353</u></u>	<u><u>\$ (2,051,724)</u></u>	<u><u>\$ 4,362,704</u></u>

CITY OF NOVATO
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds				
	Equipment Maintenance	Equipment Replacement	Technology Replacement Fund	Insurance Reserve	Total Internal Service Funds
<u>OPERATING REVENUES</u>					
Charges for services	\$ 595,119	\$ 553,043	\$ 75,898	\$ -	\$ 1,224,060
Other revenue	<u>1,468</u>	<u>19,839</u>	<u>-</u>	<u>457,170</u>	<u>478,477</u>
Total Operating Revenue	<u>596,587</u>	<u>572,882</u>	<u>75,898</u>	<u>457,170</u>	<u>1,702,537</u>
<u>OPERATING EXPENSES</u>					
Cost of services	772,229	460,376	8,454	-	1,241,059
Depreciation	<u>-</u>	<u>389,725</u>	<u>-</u>	<u>-</u>	<u>389,725</u>
Total Operating Expenses	<u>772,229</u>	<u>850,101</u>	<u>8,454</u>	<u>-</u>	<u>1,630,784</u>
Operating Income (Loss)	<u>(175,642)</u>	<u>(277,219)</u>	<u>67,444</u>	<u>457,170</u>	<u>71,753</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Interest income	<u>-</u>	<u>135,621</u>	<u>8,716</u>	<u>-</u>	<u>144,337</u>
Total Non-Operating Revenues	<u>-</u>	<u>135,621</u>	<u>8,716</u>	<u>-</u>	<u>144,337</u>
Income (Loss) Before Transfers	<u>(175,642)</u>	<u>(141,598)</u>	<u>76,160</u>	<u>457,170</u>	<u>216,090</u>
<u>TRANSFERS</u>					
Transfers in	-	321,000	-	-	321,000
Transfers out	<u>(12,729)</u>	<u>(223)</u>	<u>-</u>	<u>-</u>	<u>(12,952)</u>
Total Transfers	<u>(12,729)</u>	<u>320,777</u>	<u>-</u>	<u>-</u>	<u>308,048</u>
Change in net position	<u>(188,371)</u>	<u>179,179</u>	<u>76,160</u>	<u>457,170</u>	<u>524,138</u>
Net Position - July 1, 2018	(1,234,020)	6,769,005	389,193	(2,508,894)	3,415,284
Prior period adjustment (Note 14)	<u>423,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,282</u>
Net Position - July 1, 2018, restated	<u>(810,738)</u>	<u>6,769,005</u>	<u>389,193</u>	<u>(2,508,894)</u>	<u>3,838,566</u>
Net Position - June 30, 2019	<u>\$ (999,109)</u>	<u>\$ 6,948,184</u>	<u>\$ 465,353</u>	<u>\$ (2,051,724)</u>	<u>\$ 4,362,704</u>

CITY OF NOVATO
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds				
	Equipment Maintenance	Equipment Replacement	Technology Replacement Fund	Insurance Reserve	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING</u>					
<u>ACTIVITIES</u>					
Cash received from customers	\$ 597,693	\$ 572,882	\$ 75,898	\$ -	\$ 1,246,473
Cash paid to suppliers	(772,139)	(460,541)	(12,246)	-	(1,244,926)
Net Cash (Used for) Provided by Operating Activities	<u>(174,446)</u>	<u>112,341</u>	<u>63,652</u>	<u>-</u>	<u>1,547</u>
<u>CASH FLOWS FROM NON-CAPITAL</u>					
<u>FINANCING ACTIVITIES</u>					
Interfund receipts (payments)	187,175	224,318	-	-	411,493
Transfers from other funds	-	321,000	-	-	321,000
Transfers to other funds	(12,729)	(223)	-	-	(12,952)
Net Cash Provided by Non-Capital Financing Activities	<u>174,446</u>	<u>545,095</u>	<u>-</u>	<u>-</u>	<u>719,541</u>
<u>CASH FLOWS FROM CAPITAL AND</u>					
<u>RELATED FINANCING ACTIVITIES</u>					
Acquisition of capital assets	-	(430,338)	-	-	(430,338)
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(430,338)</u>	<u>-</u>	<u>-</u>	<u>(430,338)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest and dividends	-	135,621	8,716	-	144,337
Net Cash Provided by Investing Activities	<u>-</u>	<u>135,621</u>	<u>8,716</u>	<u>-</u>	<u>144,337</u>
Net Increase in Cash and Cash Equivalents	-	362,719	72,368	-	435,087
Cash and Cash Equivalents - July 1, 2018	-	5,059,572	392,985	-	5,452,557
Cash and Cash Equivalents - June 30, 2019	<u>\$ -</u>	<u>\$ 5,422,291</u>	<u>\$ 465,353</u>	<u>\$ -</u>	<u>\$ 5,887,644</u>
<u>RECONCILIATION OF OPERATING INCOME</u>					
<u>(LOSS) TO NET CASH PROVIDED BY</u>					
<u>(USED FOR) OPERATING ACTIVITIES:</u>					
Operating (Loss) Income	\$ (175,642)	\$ (277,219)	\$ 67,444	\$ 457,170	\$ 71,753
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	-	389,725	-	-	389,725
Changes in assets and liabilities:					
Decrease in accounts receivable	1,106	-	-	-	1,106
Increase (decrease) in accounts payable	90	(165)	(3,792)	-	(3,867)
Decrease in claims payable	-	-	-	(457,170)	(457,170)
Net Cash (Used for) Provided by Operating Activities	<u>\$ (174,446)</u>	<u>\$ 112,341</u>	<u>\$ 63,652</u>	<u>\$ -</u>	<u>\$ 1,547</u>

AGENCY FUNDS

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

CITY OF NOVATO
 COMBINING SCHEDULE OF NET POSITION
 AGENCY FUNDS
 JUNE 30, 2019

	<u>Unclaimed Property Fund</u>	<u>Buck Center</u>	<u>Pacheco Refunding Redemption</u>	<u>Pacheco Valle CFD</u>	<u>Vintage Oaks Special Tax</u>	<u>Golden Gate Redemption</u>	<u>Hamilton Bond Admin.</u>	<u>Pointe Marin CFD-2002-1</u>	<u>Totals</u>
<u>ASSETS</u>									
Cash and investments	\$ 20,500	\$ 1,000,000	\$ 74,192	\$ 27,897	\$ 2,368,665	\$ 192,755	\$ 678,206	\$ 641,072	\$ 5,003,287
Cash with fiscal agent	-	-	-	-	-	245,450	456,031	818,183	1,519,664
Other assets, net	-	-	-	189	8,028	1,114	11,383	5,074	25,788
Total Assets	<u>\$ 20,500</u>	<u>\$ 1,000,000</u>	<u>\$ 74,192</u>	<u>\$ 28,086</u>	<u>\$ 2,376,693</u>	<u>\$ 439,319</u>	<u>\$ 1,145,620</u>	<u>\$ 1,464,329</u>	<u>\$ 6,548,739</u>
<u>LIABILITIES</u>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 936	\$ -	\$ -	\$ 936
Due to City	-	-	-	277,785	-	-	-	-	277,785
Deposits held in trust	<u>20,500</u>	<u>1,000,000</u>	<u>74,192</u>	<u>(249,699)</u>	<u>2,376,693</u>	<u>438,383</u>	<u>1,145,620</u>	<u>1,464,329</u>	<u>6,270,018</u>
Total Liabilities	<u>\$ 20,500</u>	<u>\$ 1,000,000</u>	<u>\$ 74,192</u>	<u>\$ 28,086</u>	<u>\$ 2,376,693</u>	<u>\$ 439,319</u>	<u>\$ 1,145,620</u>	<u>\$ 1,464,329</u>	<u>\$ 6,548,739</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Unclaimed Property Fund</u>				
ASSETS				
Cash and investments	\$ 20,500	\$ -	\$ -	\$ 20,500
Total Assets	<u>\$ 20,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,500</u>
LIABILITIES				
Deposits in trust	\$ 20,500	\$ -	\$ -	\$ 20,500
Total Liabilities	<u>\$ 20,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,500</u>
<u>Buck Center</u>				
ASSETS				
Cash and investments	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Total Assets	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
LIABILITIES				
Deposits in trust	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Total Liabilities	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
<u>Pacheco Refunding Redemption</u>				
ASSETS				
Cash and investments	\$ 74,192	\$ -	\$ -	\$ 74,192
Total Assets	<u>\$ 74,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,192</u>
LIABILITIES				
Deposits in trust	\$ 74,192	\$ -	\$ -	\$ 74,192
Total Liabilities	<u>\$ 74,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,192</u>
<u>Pacheco Valle CFD</u>				
ASSETS				
Cash and investments	\$ 26,942	\$ 38,635	\$ 37,680	\$ 27,897
Other assets, net	245	189	245	189
Total Assets	<u>\$ 27,187</u>	<u>\$ 38,824</u>	<u>\$ 37,925</u>	<u>\$ 28,086</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,922	\$ 2,922	\$ -
Loan from City	296,990	-	19,205	277,785
Deposits in trust	(269,803)	38,579	18,475	(249,699)
Total Liabilities	<u>\$ 27,187</u>	<u>\$ 41,501</u>	<u>\$ 40,602</u>	<u>\$ 28,086</u>

CITY OF NOVATO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Vintage Oaks Special Tax</u>				
ASSETS				
Cash and investments	\$ 2,351,795	\$ 3,184,554	\$ 3,167,684	\$ 2,368,665
Other assets, net	<u>10,436</u>	<u>8,028</u>	<u>10,436</u>	<u>8,028</u>
Total Assets	<u>\$ 2,362,231</u>	<u>\$ 3,192,582</u>	<u>\$ 3,178,120</u>	<u>\$ 2,376,693</u>
LIABILITIES				
Accounts payable	\$ 1,500	\$ 2,500	\$ 4,000	\$ -
Deposits in trust	<u>2,360,731</u>	<u>1,638,462</u>	<u>1,622,500</u>	<u>2,376,693</u>
Total Liabilities	<u>\$ 2,362,231</u>	<u>\$ 1,640,962</u>	<u>\$ 1,626,500</u>	<u>\$ 2,376,693</u>
<u>Golden Gate Redemption</u>				
ASSETS				
Cash and investments	\$ 180,529	\$ 227,226	\$ 215,000	\$ 192,755
Cash with fiscal agent	241,436	4,014	-	245,450
Other assets, net	<u>1,420</u>	<u>1,114</u>	<u>1,420</u>	<u>1,114</u>
Total Assets	<u>\$ 423,385</u>	<u>\$ 232,354</u>	<u>\$ 216,420</u>	<u>\$ 439,319</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,868	\$ 932	\$ 936
Deposits in trust	<u>423,385</u>	<u>230,935</u>	<u>215,937</u>	<u>438,383</u>
Total Liabilities	<u>\$ 423,385</u>	<u>\$ 232,803</u>	<u>\$ 216,869</u>	<u>\$ 439,319</u>
<u>Hamilton Bond Admin.</u>				
ASSETS				
Cash and investments	\$ 649,195	\$ 2,298,064	\$ 2,269,053	\$ 678,206
Cash with fiscal agent	454,759	5,286	4,014	456,031
Other assets, net	<u>14,668</u>	<u>11,383</u>	<u>14,668</u>	<u>11,383</u>
Total Assets	<u>\$ 1,118,622</u>	<u>\$ 2,314,733</u>	<u>\$ 2,287,735</u>	<u>\$ 1,145,620</u>
LIABILITIES				
Accounts payable	\$ 4,350	\$ 11,480	\$ 15,830	\$ -
Deposits in trust	<u>1,114,272</u>	<u>2,300,065</u>	<u>2,268,717</u>	<u>1,145,620</u>
Total Liabilities	<u>\$ 1,118,622</u>	<u>\$ 2,311,545</u>	<u>\$ 2,284,547</u>	<u>\$ 1,145,620</u>
<u>Pointe Marin CFD-2002-1</u>				
ASSETS				
Cash and investments	\$ 601,871	\$ 1,030,474	\$ 991,273	\$ 641,072
Cash with fiscal agent	806,811	13,677	2,305	818,183
Other assets, net	<u>6,663</u>	<u>5,162</u>	<u>6,751</u>	<u>5,074</u>
Total Assets	<u>\$ 1,415,345</u>	<u>\$ 1,049,313</u>	<u>\$ 1,000,329</u>	<u>\$ 1,464,329</u>
LIABILITIES				
Accounts payable	\$ -	\$ 4,040	\$ 4,040	\$ -
Deposits in trust	<u>1,415,345</u>	<u>1,042,562</u>	<u>993,578</u>	<u>1,464,329</u>
Total Liabilities	<u>\$ 1,415,345</u>	<u>\$ 1,046,602</u>	<u>\$ 997,618</u>	<u>\$ 1,464,329</u>

CITY OF NOVATO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 4,905,024	\$ 6,778,953	\$ 6,680,690	\$ 5,003,287
Cash with fiscal agent	1,503,006	22,977	6,319	1,519,664
Other assets, net	<u>33,432</u>	<u>25,876</u>	<u>33,520</u>	<u>25,788</u>
Total Assets	<u>\$ 6,441,462</u>	<u>\$ 6,827,806</u>	<u>\$ 6,720,529</u>	<u>\$ 6,548,739</u>
LIABILITIES				
Accounts payable	\$ 5,850	\$ 22,810	\$ 27,724	\$ 936
Loan from City	296,990	-	19,205	277,785
Deposits in trust	<u>6,138,622</u>	<u>5,250,603</u>	<u>5,119,207</u>	<u>6,270,018</u>
Total Liabilities	<u>\$ 6,441,462</u>	<u>\$ 5,273,413</u>	<u>\$ 5,166,136</u>	<u>\$ 6,548,739</u>

GENERAL FUNDS

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

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

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

City Owned Property - accounts for revenues and expenditures related to the sale of City owned property in the Hamilton area.

Successor Agency Administration - accounts for revenues and 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.

Risk Mitigation Reserve - established by Council Resolution 47-15 on September 15, 2015. The reserve is subject to future City Council decisions about uses for the funds, but is intended to mitigate risk from economic recessions, pension rate and investment earnings fluctuations, unanticipated state takeaways, or unanticipated required expenditures due to changing laws of regulatory requirements.

CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2019

	<u>General Fund</u>	<u>Measure F Sales Tax</u>	<u>City Owned Property</u>	<u>Successor Agency Admin</u>	<u>Pension Reserve</u>
<u>ASSETS</u>					
Cash and investments	\$ 2,150	\$ 7,134,901	\$ 2,588,470	\$ 42,564	\$ 1,446
Restricted cash and investments	-	-	-	-	-
Accounts receivable	853,421	-	-	-	-
Notes Receivable	11,169	-	-	-	-
Interest receivable	329,405	-	-	-	-
Taxes receivable	3,157,661	2,808	-	-	-
Due from other funds	4,018,063	-	21,072	-	-
Advances to other funds	-	-	-	-	-
Prepaid items	463,886	-	-	-	-
Total Assets	<u>\$ 8,835,755</u>	<u>\$ 7,137,709</u>	<u>\$ 2,609,542</u>	<u>\$ 42,564</u>	<u>\$ 1,446</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 1,120,788	\$ 45,126	\$ -	\$ -	\$ -
Accrued payroll and benefits	498,044	-	-	-	-
Unearned revenue	208,286	-	25,000	-	-
Deposits payable	301,282	-	-	-	-
Due to other funds	2,588,248	-	-	-	-
Total Liabilities	<u>4,716,648</u>	<u>45,126</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
FUND BALANCES:					
Nonspendable	475,055	-	-	-	-
Restricted	-	-	-	42,564	-
Assigned	2,846,867	4,770,517	2,584,542	-	1,446
Unassigned	797,185	2,322,066	-	-	-
Total Fund Balances	<u>4,119,107</u>	<u>7,092,583</u>	<u>2,584,542</u>	<u>42,564</u>	<u>1,446</u>
Total Liabilities and Fund Balances	<u>\$ 8,835,755</u>	<u>\$ 7,137,709</u>	<u>\$ 2,609,542</u>	<u>\$ 42,564</u>	<u>\$ 1,446</u>

CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2019

	<u>Insurance Reserve</u>	<u>Emergency & Disaster Response</u>	<u>Civic Center</u>	<u>Long-Term Maintenance Facilities</u>	<u>Long-Term Maintenance Infrastructure</u>
<u>ASSETS</u>					
Cash and investments	\$ 576,805	\$ 3,889,023	\$ 24,915	\$ 949,695	\$ -
Restricted cash and investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Due from other funds	-	2,567,176	-	-	-
Advances to other funds	-	465,000	-	-	-
Prepaid items	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 576,805</u>	<u>\$ 6,921,199</u>	<u>\$ 24,915</u>	<u>\$ 949,695</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	2,001,177
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,001,177</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,001,177</u>
FUND BALANCES:					
Nonspendable	-	465,000	-	-	-
Restricted	-	-	-	-	-
Assigned	576,805	6,456,199	24,915	716,000	-
Unassigned	-	-	-	233,695	(2,001,177)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,695</u>	<u>(2,001,177)</u>
Total Fund Balances	<u>576,805</u>	<u>6,921,199</u>	<u>24,915</u>	<u>949,695</u>	<u>(2,001,177)</u>
Total Liabilities and Fund Balances	<u>\$ 576,805</u>	<u>\$ 6,921,199</u>	<u>\$ 24,915</u>	<u>\$ 949,695</u>	<u>\$ -</u>

CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2019

	<u>Deposits Held in Trust</u>	<u>Risk Mitigation Reserve</u>	<u>Total General Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ -	\$ 3,000,000	\$ 18,209,969
Restricted cash and investments	334,225	-	334,225
Accounts receivable	-	-	853,421
Notes Receivable	-	-	11,169
Interest receivable	-	-	329,405
Taxes receivable	-	-	3,160,469
Due from other funds	-	-	6,606,311
Advances to other funds	-	-	465,000
Prepaid items	-	-	463,886
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 334,225</u>	<u>\$ 3,000,000</u>	<u>\$ 30,433,855</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 502	\$ -	\$ 1,166,416
Accrued payroll and benefits	-	-	498,044
Unearned revenue	-	-	233,286
Deposits payable	333,723	-	635,005
Due to other funds	-	-	4,589,425
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>334,225</u>	<u>-</u>	<u>7,122,176</u>
FUND BALANCES:			
Nonspendable	-	-	940,055
Restricted	-	-	42,564
Assigned	-	3,000,000	20,977,291
Unassigned	-	-	1,351,769
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>-</u>	<u>3,000,000</u>	<u>23,311,679</u>
Total Liabilities and Fund Balances	<u>\$ 334,225</u>	<u>\$ 3,000,000</u>	<u>\$ 30,433,855</u>

CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2019

	<u>General Fund</u>	<u>Measure F Sales Tax</u>	<u>City Owned Property</u>	<u>Successor Agency Admin</u>	<u>Pension Reserve</u>
<u>REVENUES</u>					
Taxes and assessments	\$ 33,246,027	\$ 20,871	\$ -	\$ -	\$ -
Licence, permits, & fees	1,482,152	-	-	-	-
Intergovernmental	295,779	-	-	67,384	-
Fines and forfeitures	633,773	-	-	-	-
Use of money and property	1,120,652	182,337	58,794	-	32
Charges for services	3,617,151	-	-	-	-
Other revenues	<u>356,497</u>	<u>5,755</u>	<u>3,450</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>40,752,031</u>	<u>208,963</u>	<u>62,244</u>	<u>67,384</u>	<u>32</u>
<u>EXPENDITURES</u>					
General government	8,372,638	563,480	-	64,320	-
Public safety	15,003,724	281,055	-	-	-
Public works	6,763,915	146,559	-	-	-
Cultural and recreation	3,477,541	7,028	-	-	-
Community development	2,898,886	-	-	-	-
Capital outlay	57,687	-	-	-	-
Debt service:					
Principal	146,971	-	-	-	-
Interest and fiscal charges	<u>4,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>36,725,408</u>	<u>998,122</u>	<u>-</u>	<u>64,320</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>4,026,623</u>	<u>(789,159)</u>	<u>62,244</u>	<u>3,064</u>	<u>32</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from capital lease	49,436	-	-	-	-
Transfers in	1,708,564	28,744	-	-	-
Transfers out	<u>(3,010,705)</u>	<u>(750,998)</u>	<u>-</u>	<u>(1,317)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,252,705)</u>	<u>(722,254)</u>	<u>-</u>	<u>(1,317)</u>	<u>-</u>
Net Change in Fund Balance	2,773,918	(1,511,413)	62,244	1,747	32
Fund Balances - July 1, 2018	<u>1,345,189</u>	<u>8,603,996</u>	<u>2,522,298</u>	<u>40,817</u>	<u>1,414</u>
Fund Balances - June 30, 2019	<u>\$ 4,119,107</u>	<u>\$ 7,092,583</u>	<u>\$ 2,584,542</u>	<u>\$ 42,564</u>	<u>\$ 1,446</u>

CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
JUNE 30, 2019

	Insurance Reserve	Emergency & Disaster Response	Civic Center	Long-Term Maintenance Facilities	Long-Term Maintenance Infrastructure
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licence, permits, & fees	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	14,138	1,907	2,367	26,478	9,048
Charges for services	-	-	-	-	-
Other revenues	<u>14,300</u>	<u>2,457</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>28,438</u>	<u>4,364</u>	<u>2,367</u>	<u>26,478</u>	<u>9,048</u>
EXPENDITURES					
General government	87,742	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Cultural and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>87,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(59,304)</u>	<u>4,364</u>	<u>2,367</u>	<u>26,478</u>	<u>9,048</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	-	-	-	-	-
Transfers in	-	-	-	327,394	863,686
Transfers out	<u>-</u>	<u>-</u>	<u>(105,689)</u>	<u>(682,309)</u>	<u>(3,496,856)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(105,689)</u>	<u>(354,915)</u>	<u>(2,633,170)</u>
Net Change in Fund Balance	(59,304)	4,364	(103,322)	(328,437)	(2,624,122)
Fund Balances - July 1, 2018	<u>636,109</u>	<u>6,916,835</u>	<u>128,237</u>	<u>1,278,132</u>	<u>622,945</u>
Fund Balances - June 30, 2019	<u>\$ 576,805</u>	<u>\$ 6,921,199</u>	<u>\$ 24,915</u>	<u>\$ 949,695</u>	<u>\$ (2,001,177)</u>

CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
JUNE 30, 2019

	<u>Deposits Held in Trust</u>	<u>Risk Mitigation Reserve</u>	<u>Total General Fund</u>
<u>REVENUES</u>			
Taxes and assessments	\$ -	\$ -	\$ 33,266,898
Licence, permits, & fees	-	-	1,482,152
Intergovernmental	-	-	363,163
Fines and forfeitures	-	-	633,773
Use of money and property	-	-	1,415,753
Charges for services	-	-	3,617,151
Other revenues	-	-	<u>382,459</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>41,161,349</u>
<u>EXPENDITURES</u>			
General government	-	-	9,088,180
Public safety	-	-	15,284,779
Public works	-	-	6,910,474
Cultural and recreation	-	-	3,484,569
Community development	-	-	2,898,886
Capital outlay	-	-	57,687
Debt service:			
Principal	-	-	146,971
Interest and fiscal charges	-	-	<u>4,046</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>37,875,592</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>3,285,757</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease	-	-	49,436
Transfers in	-	-	2,928,388
Transfers out	-	-	<u>(8,047,874)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(5,070,050)</u>
Net Change in Fund Balance	-	-	(1,784,293)
Fund Balances - July 1, 2018	<u>-</u>	<u>3,000,000</u>	<u>25,095,972</u>
Fund Balances - June 30, 2019	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 23,311,679</u>



STATISTICAL SECTION



STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	153 - 158
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	159 - 163
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	164 - 167
Economic and Demographic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	168 - 169
Operating Information	
These schedules contain contextual information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	170 - 172

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 218,027,582	\$ 171,254,222	\$ 228,626,305	\$ 235,404,419	\$ 242,467,907	\$ 242,779,662	\$ 243,095,293	\$ 246,398,480	\$ 245,574,757	\$ 247,545,025
Restricted	35,598,920	66,503,007	60,707,683	59,797,068	55,425,621	57,362,273	56,973,360	54,490,947	54,734,508	59,348,954
Unrestricted	5,829,605	22,843,057	24,088,853	13,128,317	13,077,341	(28,092,532)	(22,163,745)	(24,236,403)	(32,241,327)	(35,015,935)
Total governmental activities net position	\$ 259,456,107	\$ 260,600,286	\$ 313,422,841	\$ 308,329,804	\$ 310,970,869	\$ 272,049,403	\$ 277,904,908	\$ 276,653,024	\$ 268,067,938	\$ 271,878,044
Business-type activities										
Net investment in capital assets	\$ -	\$ 4,694,556	\$ 5,123,344	\$ 7,372,568	\$ 7,809,435	\$ 8,255,016	\$ 8,966,937	\$ 9,511,419	\$ 10,083,616	\$ 10,648,181
Restricted	-	4,534,525	4,990,339	3,307,011	3,198,164	3,845,741	4,250,937	4,802,060	5,200,204	5,762,856
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total business-type activities net position	\$ -	\$ 9,229,081	\$ 10,113,683	\$ 10,679,579	\$ 11,007,599	\$ 12,100,757	\$ 13,217,874	\$ 14,313,479	\$ 15,283,820	\$ 16,411,037
Primary government										
Net investment in capital assets	\$ 218,027,582	\$ 175,948,778	\$ 233,749,649	\$ 242,776,987	\$ 250,277,342	\$ 251,034,678	\$ 252,062,230	\$ 255,909,899	\$ 255,658,373	\$ 258,193,206
Restricted	35,598,920	71,037,532	65,698,022	63,104,079	58,623,785	61,208,014	61,224,297	59,293,007	59,934,712	65,111,810
Unrestricted	5,829,605	22,843,057	24,088,853	13,128,317	13,077,341	(28,092,532)	(22,163,745)	(24,236,403)	(32,241,327)	(35,015,935)
Total primary government net position	\$ 259,456,107	\$ 269,829,367	\$ 323,536,524	\$ 319,009,383	\$ 321,978,468	\$ 284,150,160	\$ 291,122,782	\$ 290,966,503	\$ 283,351,758	\$ 288,289,081

Source: City of Novato Finance Division

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

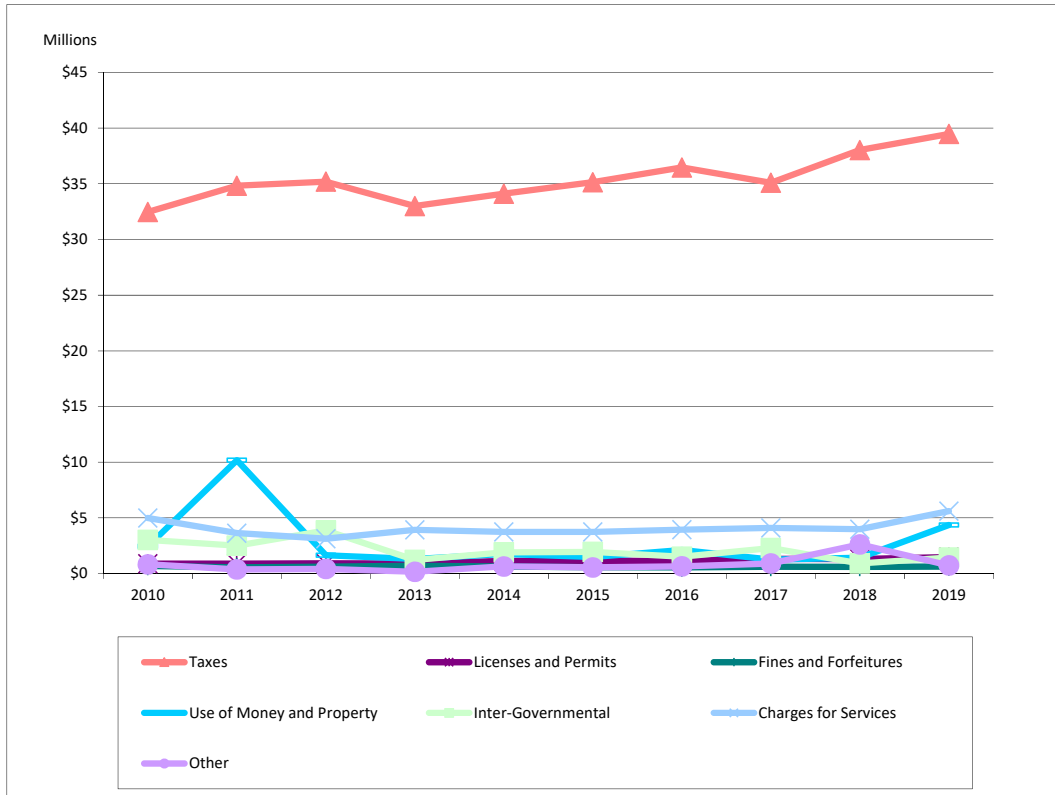
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses										
Governmental Activities:										
General government	\$ 5,587,806	\$ 7,876,829	\$ 7,638,988	\$ 7,781,817	\$ 8,935,015	\$ 8,498,035	\$ 9,119,007	\$ 10,620,762	\$ 11,862,437	\$ 10,127,112
Public safety	13,723,020	13,748,305	13,661,317	13,869,998	13,880,525	13,888,931	13,610,725	15,305,691	16,666,679	16,323,163
Public works	7,109,513	10,556,227	11,056,798	10,765,925	12,183,077	11,121,708	11,966,243	12,593,990	14,336,553	16,613,713
Culture and recreation	5,045,285	5,659,528	5,451,325	5,401,708	5,625,603	5,700,386	5,416,647	7,137,128	5,771,680	3,475,462
Community development	4,737,795	1,617,129	794,207	460,611	500,752	794,963	1,039,862	1,450,979	842,518	3,904,033
Interest and fiscal charges	3,273,199	12,729,093	3,303,291	1,922,350	1,723,190	1,541,378	1,534,060	1,598,968	1,412,666	1,356,282
SERAF	-	547,090	-	-	-	-	-	-	-	-
Depreciation - Infrastructure	4,729,878	-	-	-	-	-	-	-	-	-
Transfers out	14,480,550	-	-	-	-	-	-	-	-	-
Total government activity expenses	\$ 58,687,046	\$ 52,734,201	\$ 41,905,926	\$ 40,202,409	\$ 42,848,162	\$ 41,545,401	\$ 42,686,544	\$ 48,707,518	\$ 50,892,533	\$ 51,799,765
Business-type activities:										
Marin Valley Mobile Country Club Park	\$ -	\$ 2,160,949	\$ 2,411,543	\$ 2,674,765	\$ 1,996,830	\$ 1,982,580	\$ 2,011,579	\$ 2,244,803	\$ 2,284,905	\$ 2,212,020
Total business-type activities expenses	-	2,160,949	2,411,543	2,674,765	1,996,830	1,982,580	2,011,579	2,244,803	2,284,905	2,212,020
Total primary government expenses	\$ 58,687,046	\$ 54,895,150	\$ 44,317,469	\$ 42,877,174	\$ 44,844,992	\$ 43,527,981	\$ 44,698,123	\$ 50,952,321	\$ 53,177,438	\$ 54,011,785
Program Revenues										
Charges for Services										
General government	\$ 403,331	\$ 1,637,541	\$ 1,725,114	\$ 2,120,020	\$ 1,938,543	\$ 1,936,586	\$ 1,986,524	\$ 2,004,275	\$ 2,205,423	\$ 852,979
Public safety	562,198	491,979	586,995	643,785	532,565	479,142	459,489	483,066	523,718	617,634
Public works	1,985,593	877,890	318,378	779,883	312,493	453,562	519,240	378,351	242,472	2,556,673
Culture and recreation	1,911,337	1,719,917	1,746,840	2,104,441	2,000,776	2,162,159	2,255,622	2,351,502	2,150,966	2,588,663
Community development	1,698,045	1,599,818	1,612,260	1,488,476	2,184,622	1,919,720	1,919,658	2,221,831	2,200,923	2,808,646
Operating grants	672,164	1,374,722	995,948	1,184,446	1,161,861	1,498,193	855,576	662,343	666,006	695,447
Capital grants	774,008	1,128,976	2,870,043	38,310	733,988	441,739	651,246	1,623,186	659,693	738,208
Total governmental activities	8,006,676	8,830,843	9,855,578	8,359,361	8,864,848	8,891,101	8,647,355	9,724,554	8,649,201	10,858,250
Business-type activities:										
Charges for services	0	3,006,278	3,026,205	3,028,950	3,030,005	3,045,589	3,089,351	3,146,104	3,187,706	3,212,429
Total business-type activities	-	3,006,278	3,026,205	3,028,950	3,030,005	3,045,589	3,089,351	3,146,104	3,187,706	3,212,429
Total primary government	\$ 8,006,676	\$ 11,837,121	\$ 12,881,783	\$ 11,388,311	\$ 11,894,853	\$ 11,936,690	\$ 11,736,706	\$ 12,870,658	\$ 11,836,907	\$ 14,070,679
Net (Expense)/Revenue										
Governmental activities	\$ (50,680,370)	\$ (43,903,358)	\$ (32,050,348)	\$ (31,843,048)	\$ (33,983,314)	\$ (32,654,300)	\$ (34,039,189)	\$ (38,982,964)	\$ (42,243,332)	\$ (40,941,515)
Business-type activities	-	845,329	614,662	354,185	1,033,175	1,063,009	1,077,772	901,301	902,801	1,000,409
Total primary government	\$ (50,680,370)	\$ (43,058,029)	\$ (31,435,686)	\$ (31,488,863)	\$ (32,950,139)	\$ (31,591,291)	\$ (32,961,417)	\$ (38,081,663)	\$ (41,340,531)	\$ (39,941,106)

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Revenues										
Government Activities										
Taxes										
Sales and use taxes	\$ 6,843,532	\$ 7,091,679	\$ 10,572,876	\$ 11,264,442	\$ 11,515,918	\$ 12,344,326	\$ 13,016,153	\$ 12,406,239	\$ 13,630,668	\$ 14,320,813
Property taxes	18,500,226	22,983,946	19,696,677	16,910,337	17,123,536	17,155,959	17,899,660	17,062,356	17,633,246	18,384,112
Motor vehicle and gas taxes	1,043,362	1,524,267	1,550,644	1,309,941	1,662,685	1,556,409	1,207,195	1,086,140	1,517,254	2,161,479
Franchise taxes	1,377,382	1,446,452	1,485,645	1,454,621	1,504,226	1,534,708	1,624,399	1,689,146	1,706,149	1,620,150
Transient occupancy taxes	896,684	942,373	1,053,790	1,218,261	1,353,995	1,543,636	1,645,110	1,647,873	1,773,629	1,821,003
Business license taxes	838,182	832,498	819,916	834,276	939,557	999,842	1,064,807	1,185,298	1,289,176	1,152,050
Other taxes	4,535,019	2,550	14,102	5,011	4,451	5,080	3,511	6,330	3,160	10,798
Interest and investment	1,296,838	9,344,352	722,441	697,725	838,904	554,969	1,268,887	978,267	477,385	4,544,403
Rental income	527,844	863,798	939,818	627,039	1,000,124	1,016,325	926,262	963,689	1,129,707	
Other revenue	824,469	375,725	418,051	163,753	666,878	551,847	649,710	409,631	2,564,985	736,813
Transfers In	14,480,550	-	-	-	250,000	-	-	-	-	-
Total governmental activities	\$ 51,164,088	\$ 45,407,640	\$ 37,273,960	\$ 34,485,406	\$ 36,860,274	\$ 37,263,101	\$ 39,305,694	\$ 37,434,969	\$ 41,725,359	\$ 44,751,621
Business-type Activities										
Interest and investment	\$ -	\$ 203,311	\$ 252,809	\$ 199,017	\$ 11,816	\$ 16,091	\$ 26,478	\$ 39,462	\$ 57,106	\$ 117,372
Other revenue	-	13,915	17,131	12,694	13,234	14,058	12,867	154,842	10,434	9,436
Total business-type activities	\$ -	\$ 217,226	\$ 269,940	\$ 211,711	\$ 25,050	\$ 30,149	\$ 39,345	\$ 194,304	\$ 67,540	\$ 126,808
Other sources(uses) of money	-	-	-	-	(250,000)	-	-	-	(2,730,837)	-
Total primary government	\$ 51,164,088	\$ 45,624,866	\$ 37,543,900	\$ 34,697,117	\$ 36,635,324	\$ 37,293,250	\$ 39,345,039	\$ 37,629,273	\$ 39,062,062	\$ 44,878,429
Extraordinary item - RDA dissolution	-	-	\$ 46,397,146	-	-	-	-	-	-	-
Change in Net Position										
Governmental activities	\$ 483,718	\$ 1,504,282	\$ 51,620,758	\$ 2,642,358	\$ 2,626,960	\$ 4,608,801	\$ 5,266,505	\$ (1,547,995)	\$ (3,248,810)	\$ 3,810,106
Business-type activities	-	1,062,555	884,602	565,896	1,058,225	1,093,158	1,117,117	1,095,605	970,341	1,127,217
Total primary government	\$ 483,718	\$ 2,566,837	\$ 52,505,360	\$ 3,208,254	\$ 3,685,185	\$ 5,701,959	\$ 6,383,622	\$ (452,390)	\$ (2,278,469)	\$ 4,937,323

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>
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
2016	36,460,835	1,134,230	549,834	2,108,016	1,506,811	3,941,467	649,721	46,350,914
2017	35,083,382	1,322,662	610,177	1,250,962	2,285,529	4,095,861	909,649	45,558,222
2018	38,027,526	1,308,759	600,693	1,422,803	907,100	3,979,681	2,616,463	48,863,025
2019	39,470,405	1,482,152	633,773	4,356,820	1,433,655	5,606,133	736,813	53,719,751

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 (1)</u>	<u>2019</u>
General Fund										
Reserved	\$ 10,828,866									
Unreserved										
Nonspendable	\$ 31,006,545	\$ 630,064	\$ 770,902	\$ 1,403,960	\$ 1,126,334	\$ 2,181,264	\$ 5,090,706	\$ 1,955,519	\$ 940,055	
Restricted	36,687,967	1,192,404	1,194,771	1,200,002	1,131,556	1,069,688	555,518	636,109	42,564	
Assigned	23,222,051	23,170,714	16,122,964	9,366,440	17,283,943	17,618,959	19,316,999	18,562,312	20,977,291	
Unassigned	(27,012,787)	4,495,908	8,035,979	11,329,856	6,107,024	8,287,257	3,139,911	3,942,032	1,351,769	
Total General Fund	<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>	<u>\$ 29,157,168</u>	<u>\$ 28,103,134</u>	<u>\$ 25,095,972</u>	<u>\$ 23,311,679</u>
All Other Governmental Funds										
Reserved	\$ 4,401,643									
Unreserved reported in:										
Special revenue funds	12,523,218									
Capital project funds	16,370,514									
Nonspendable	\$ 227,542	\$ 1,398,958	\$ 1,323,930	\$ 1,241,560	\$ 2,188,911	\$ 3,267,946	\$ 354,855	\$ -	\$ -	
Restricted	29,815,040	59,515,279	58,602,297	57,520,490	57,717,064	55,903,672	56,675,956	57,541,885	62,223,669	
Assigned	343,209	337,712	303,089	264,628	202,498	160,066	118,866	88,709	102,596	
Unassigned	(1,687,680)	(1,286,967)	(1,272,536)	(1,106,456)	(396,865)	(912,227)	(1,987,752)	(2,656,768)	(2,322,683)	
Total all other Governmental Funds	<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>	<u>\$ 58,419,457</u>	<u>\$ 55,161,925</u>	<u>\$ 54,973,826</u>	<u>\$ 60,003,582</u>

Note: The City of Novato implemented GASB 54 in FY 2010/11 that changed how fund balances are categorized.

(1) Non spendable funds in the General Fund decreased as a result of writing off interfund loans to the former Redevelopment Agency following a State of California court decision.

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes and assessments	\$ 32,466,827	\$ 34,823,765	\$ 35,193,650	\$ 32,996,889	\$ 34,104,368	\$ 35,139,960	\$ 36,460,835	\$ 35,083,382	\$ 38,027,526	\$ 39,470,405
Licenses, permits, and fees	885,043	895,765	910,559	907,460	1,135,912	1,144,209	1,134,230	1,322,662	1,308,759	1,482,152
Intergovernmental revenues	3,013,732	2,503,698	3,865,991	1,222,756	1,895,849	1,939,932	1,506,811	2,285,529	907,100	1,433,655
Fines and forfeitures	693,534	559,139	611,791	695,651	633,345	570,564	549,834	610,177	600,693	633,773
Use of money and property	2,447,178	10,171,635	1,642,838	1,312,820	1,749,663	1,472,583	2,108,016	1,250,962	1,422,803	4,356,820
Charges for service	4,981,928	3,629,511	3,126,521	3,926,272	3,737,043	3,742,318	3,941,467	4,095,861	3,979,681	5,606,133
Other revenues	824,469	375,725	418,051	163,753	637,639	551,847	649,721	909,649	2,616,463	736,813
Total revenues	45,312,711	52,959,238	45,769,401	41,225,601	43,893,819	44,561,413	46,350,914	45,558,222	48,863,025	53,719,751
Expenditures										
General government	5,131,874	5,564,706	5,663,717	6,122,473	6,708,285	6,224,333	7,026,782	7,701,952	8,586,793	9,519,963
Public safety	13,126,813	13,237,104	12,927,288	13,285,609	13,620,090	13,940,580	13,921,012	14,559,577	15,617,052	15,595,037
Public works	6,507,299	5,924,312	6,277,551	6,533,835	7,673,884	6,777,059	6,976,942	8,035,935	8,160,671	8,062,092
Culture and recreation	5,003,083	4,813,224	4,580,631	4,614,214	4,841,050	5,088,194	5,498,234	5,856,492	5,658,183	3,568,826
Community Development	1,996,974	1,321,387	648,037	482,802	812,535	763,338	1,843,830	1,271,933	738,534	3,340,571
SERAF shift	2,657,292	547,090	-	-	-	-	-	-	-	-
Debt service - Principal	3,222,160	3,552,199	3,286,806	2,373,606	12,635,436	2,032,911	2,046,858	2,107,187	2,236,766	2,284,815
Debt service - Interest	3,767,013	12,270,256	3,099,930	1,709,201	1,621,176	1,275,353	1,250,373	1,281,757	1,094,559	1,017,733
Issuance costs	-	495,064	-	-	130,450	-	-	17,400	-	-
Capital outlay	10,493,593	2,971,294	7,909,117	10,361,130	11,057,543	3,810,210	4,906,785	8,082,920	3,769,546	6,387,691
CIP project costs not capitalized	285,036	278,344	136,080	149,103	(773,569)	265,546	718,796	512,053	957,309	438,948
Total expenditures	52,191,137	50,974,980	44,529,157	45,631,973	58,326,880	40,177,524	44,189,612	49,427,206	46,819,413	50,215,676
Excess of revenues over (under) expenditures	(6,878,426)	1,984,258	1,240,244	(4,406,372)	(14,433,061)	4,383,889	2,161,302	(3,868,984)	2,043,612	3,504,075
Other financing sources (uses)										
Issuance of debt	-	17,000,000	-	-	10,710,450	-	-	-	-	-
Proceeds from loan/lease	-	-	-	250,000	71,742	245,342	68,741	16,962	-	49,436
Transfers in	14,480,550	7,454,805	11,011,019	12,915,875	14,197,147	8,105,067	8,172,441	11,449,365	8,593,974	12,367,599
Transfers out	(14,899,949)	(7,852,252)	(11,459,110)	(13,132,179)	(14,407,194)	(8,594,313)	(8,580,324)	(11,908,910)	(9,075,669)	(12,675,647)
Total other financing sources	(419,399)	16,602,553	(448,091)	33,696	10,572,145	(243,904)	(339,142)	(442,583)	(481,695)	(258,612)
Extraordinary Item Redevelopment Dissolution	-	-	(3,939,968)	-	-	-	-	-	(4,757,178)	-
Net change in fund balance	\$ (7,297,825)	\$ 18,586,811	\$ (3,147,815)	\$ (4,372,676)	\$ (3,860,916)	\$ 4,139,985	\$ 1,822,160	\$ (4,311,567)	\$ (3,195,261)	\$ 3,245,463
Debt service as a % of noncapital expenditures	16.8%	33.0%	17.4%	11.6%	30.2%	9.1%	8.4%	8.2%	7.7%	7.5%

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>
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
2016	7,657,987,962	1,277,328,747	327,257,110	358,255,789	-	9,620,829,608	8.245%	793,237,401
2017	8,117,965,453	1,290,822,448	364,834,620	358,048,249	-	10,131,670,770	8.208%	831,607,537
2018	8,549,723,792	1,320,886,751	420,198,570	368,864,924	-	10,659,674,037	8.17100%	871,001,966
2019	8,962,342,796	1,384,907,358	511,929,020	372,633,579	-	11,231,812,753	7.50500%	842,947,547

Notes:

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

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

[c] Exempt values are not included in total.

Source : Marin County Assessor Combined Tax Rolls & HdL Companies

CITY OF NOVATO, CALIFORNIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

(Per \$100 of Assessed Value)

Fiscal Year	Basic City Levy [a]	Dixie School Bonds	Marin Community College Bonds	Marin Healthcare Measure F	Novato City Bonds	Novato School Bonds	San Rafael High Bonds	Total Direct Rate	Total Direct and Overlapping Rates
2010	1.00000	0.01740	0.01920	0.00000	0.00840	0.07520	0.02540	0.14822	1.14560
2011	1.00000	0.01860	0.01360	0.00000	0.00960	0.08900	0.02790	0.14776	1.15870
2012	1.00000	0.01840	0.01750	0.00000	0.00760	0.07930	0.02680	0.15016	1.14960
2013	1.00000	0.01540	0.01780	0.00000	0.00870	0.08650	0.02780	0.14798	1.15620
2014	1.00000	0.00000	0.02040	0.00000	0.00620	0.07330	0.02940	0.07678	1.12930
2015	1.00000	0.00000	0.01800	0.00000	0.01830	0.06170	0.00000	0.08307	1.09800
2016	1.00000	0.00000	0.01650	0.02350	0.01730	0.05680	0.00000	0.08245	1.11410
2017	1.00000	0.00000	0.01420	0.00930	0.01680	0.05960	0.00000	0.08208	1.09990
2018	1.00000	0.00000	0.03380	0.02010	0.00330	0.10840	0.00000	0.08171	1.17850
2019	1.00000	0.00000	0.03390	0.01900	0.00280	0.10840	0.00000	0.75050	1.17430

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

Source : HDL Companies

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

Taxpayer	2019			2010		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BioMarin Pharmaceutical Inc.	1	\$ 342,720,337	3.05%	2	\$ 105,366,658	1.21%
Novato FF Property LLC	2	128,000,000	1.14%	1	\$ 275,706,000	3.17%
Professional Investors Security Fund	3	102,706,205	0.91%			
HL Novato LLC	4	88,694,100	0.79%			
JCC Cal Properties LLC	5	66,700,329	0.59%	5	55,243,873	0.64%
Steven J. Scarpa	6	64,942,185	0.58%	4	69,067,630	0.79%
Contesta Novato Investors LLC	7	49,993,633	0.45%			
Hamilton Marketplace LLC	8	46,535,799	0.41%	3	91,961,372	1.06%
Of 11 Scripps Summit Sole M LLC	9	35,892,395	0.32%			
Condiotti Enterprises Inc.	10	32,426,551	0.29%			
Downtown Novato Investors LLC				6	43,795,448	0.50%
Lexington Wood Hollow				7	43,058,340	0.50%
Sutter Health				8	40,706,422	0.47%
Safeway Stores Inc.				9	32,928,325	0.38%
Bpg-Rock Rowland LLC				10	30,738,387	0.35%
Top Ten Totals		\$ 958,611,534	8.53%		\$ 788,572,455	9.07%
City Total Taxable Assessed Value		\$ 11,231,812,753			\$ 8,691,120,465	

Source: HDL Companies

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ¹		Collection in Subsequent Years	Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
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	16,910	16,910	100.00%	-	16,910	100.00%
2014	17,124	17,124	100.00%	-	17,124	100.00%
2015	17,156	17,156	100.00%	-	17,156	100.00%
2016	17,900	17,900	100.00%	-	17,900	100.00%
2017	17,062	17,062	100.00%	-	17,062	100.00%
2018	17,633	17,633	100.00%	-	17,633	100.00%
2019	18,384	18,384	100.00%	-	18,384	100.00%

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

Source: HDL Companies

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

	<u>2009-10</u>	<u>2010-11 [a]</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Major Business Groups										
General Retail	\$ 2,835	\$ 3,173	\$ 4,522	\$ 4,803	\$ 4,580	\$ 4,626	\$ 4,280	\$ 3,843	\$ 4,733	\$ 5,010
Food Products	1,151	1,374	1,914	1,990	2,075	2,229	2,245	1,998	2,203	2,412
Transportation	1,481	1,925	2,901	3,016	3,125	3,026	2,820	2,560	2,793	3,187
Business to Business	488	674	1,062	1,104	1,142	1,228	1,355	1,095	1,511	1,866
Construction	249	312	534	540	627	639	588	549	602	754

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

[b] Beginning 4th quarter FY 2015-16, City's sales tax revenue reflects sunseting of Triple Flip, returning 1/4 cent sales tax to city; end of Measure F; start of Measure C, ongoing 1/4 cent district add-on tax

Source: HDL Companies (FY 2017-18 on)

MuniServices Company (FY 2008-09 through FY 2016-17)

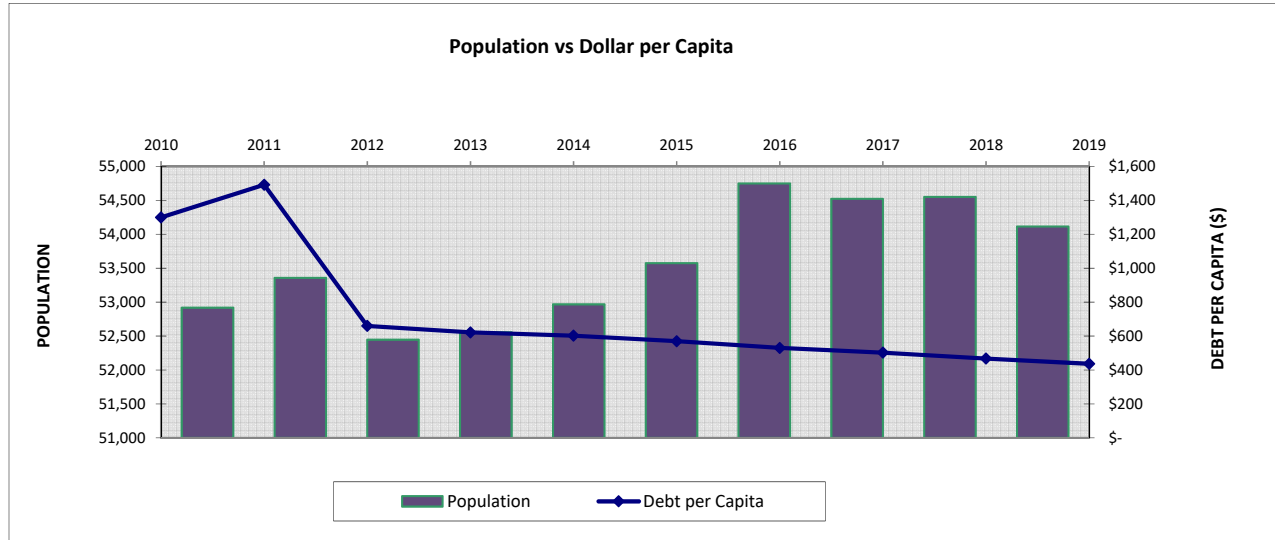
CITY OF NOVATO, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts in thousands of dollars, except per capita amount)

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percent of Personal Income	Population	Debt per Capita
	General Obligation Bonds	Pension Obligation Bonds	Tax Allocation Bonds	CREBs	Capital Lease Premiums (Discounts) Net	MVMCC Note / Loan				
2010	22,067	18,016	31,120	1,706	6,244	10,760	89,913	3.91%	52,919	1,699
2011	19,930	19,005	47,380	1,574	5,370	10,435	103,694	4.97%	53,357	1,943
2012	18,105	19,074	-	1,443	99	10,090	48,811	2.33%	52,447	931
2013	16,155	19,108	-	1,312	57	7,721	44,353	2.08%	52,554	844
2014	14,685	19,102	-	1,018	234	7,284	42,323	1.92%	52,967	799
2015	13,225	19,052	-	853	282	6,834	40,246	1.74%	53,575	751
2016	11,819	18,954	-	740	265	6,372	38,150	1.60%	54,749	697
2017	10,373	18,805	-	627	191	5,896	35,892	1.46%	54,522	658
2018	8,875	18,599	-	513	95	5,406	33,488	1.24%	54,551	614
2019	7,357	18,329	-	399	61	4,902	31,048	1.10%	54,115	574

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.
See the Schedule of Demographic Statistics for personal income and population data.
CREBs = Clean Renewable Energy Bonds

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	Amounts Restricted for Debt Service	Net Total Bonded Debt	Capital Lease / Premiums (Discounts) Net	Percent of Assessed Value	Population	Debt per Capita
2010	\$ 22,067	\$ 18,016	\$ 31,120	\$ 2,444	\$ 68,759	\$ 1,706	0.791%	52,919	\$ 1,299
2011	19,930	19,005	47,380	6,718	79,597	1,574	0.931%	53,357	1,492
2012	18,105	19,074	-	2,574	34,605	1,443	0.412%	52,447	660
2013	16,155	19,108	-	2,577	32,686	1,312	0.394%	52,554	622
2014	14,685	19,102	-	1,880	31,907	1,018	0.372%	52,967	602
2015	13,225	19,052	-	1,748	30,529	853	0.339%	53,575	570
2016	11,819	18,954	-	1,737	29,036	740	0.302%	54,749	530
2017	10,373	18,805	-	1,795	27,383	627	0.270%	54,522	502
2018	8,875	18,599	-	1,979	25,495	513	0.239%	54,551	467
2019	7,357	18,329	-	2,065	23,621	399	0.210%	54,115	436

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, 2019

2018-2019 Assessed Valuation : \$11,231,812,753
 Redevelopment Incremental Valuation \$1,723,696,290

	Outstanding Debt 6/30/19	% Applicable [a]	City's Estimated Share Of Overlapping Debt
Direct and Overlapping Tax and Assessment Debt			
Marin Community College District	\$462,100,000	14.321%	\$66,177,341
Novato Unified School District	106,020,000	84.938%	90,051,268
Marin Healthcare District	372,690,000	0.0003%	1,118
City of Novato	7,357,123	100.000%	7,357,123
City of Novato Community Facilities District No. 1	11,621,616	100.000%	11,621,616
City of Novato Community Facilities District No. 1994-1	9,433,700	100.000%	9,433,700
City of Novato Community Facilities District No. 2002-1	8,555,000	100.000%	8,555,000
City of Novato Community Facilities District No. 2014-1	296,990	100.000%	296,990
City of Novato 1915 Act Bonds	390,000	100.000%	390,000
Novato Sanitary District Assessment District No. 2000-1	710,000	100.000%	710,000
Marin County Open Space Assessment Districts	226,673	78.129%	177,098
Marin Emergency Radio Authority Parcel Tax Obligations	33,000,000	14.301%	4,719,330
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$199,490,583
DIRECT AND OVERLAPPING GENERAL FUND DEBT			
Marin County General Fund Obligations	\$85,234,007	14.301%	\$12,189,315
Marin County Pension Obligations	84,770,000	14.301%	12,122,958
Marin Community College District General Fund Obligations	13,360,834	14.321%	1,913,405
Marin Emergency Radio Authority (City portion)	803,632	100.000%	803,632 [b]
City of Novato Pension Obligation Bonds	15,705,393	100.000%	15,705,393
City of Novato Clean Renewable Energy Bonds	513,163	100.000%	513,163
City of Novato Capital Leases	63,231	100.000%	63,231
Premium (Discount) on Bonds, Net	31,730	100.000%	31,730
Novato Fire Protection District General Fund Obligations	2,402,775	84.872%	2,039,283
Marin County Transit Authority General Fund Obligations	90,919	14.301%	13,002
DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$45,395,113
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY)	\$40,035,000	100.000%	\$40,035,000
TOTAL DIRECT DEBT			23,670,640
TOTAL OVERLAPPING DEBT			\$261,250,056
COMBINED TOTAL DEBT			\$284,920,696 [c]

Ratios to 2018-19 Assessed Valuation:
Direct Debt (\$8,874,967)..... 0.07%
 Total Direct and Overlapping Tax and Assessment Debt..... 1.78%

Ratios to Adjusted Assessed Valuation:
Total Direct Debt (\$28,082,457)..... 0.21%
 Combined Total Debt..... 2.54%

Ratios to Redevelopment Incremental Valuation (\$1,723,696,290)
 Total Overlapping Tax Increment Debt..... 2.32%

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 non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

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

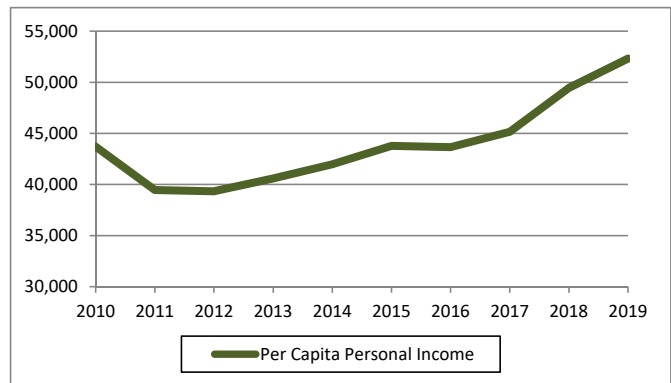
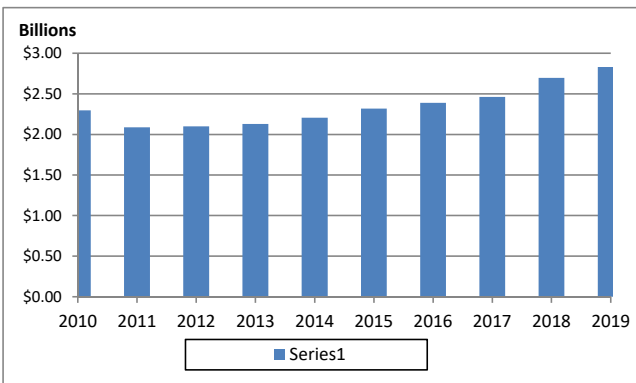
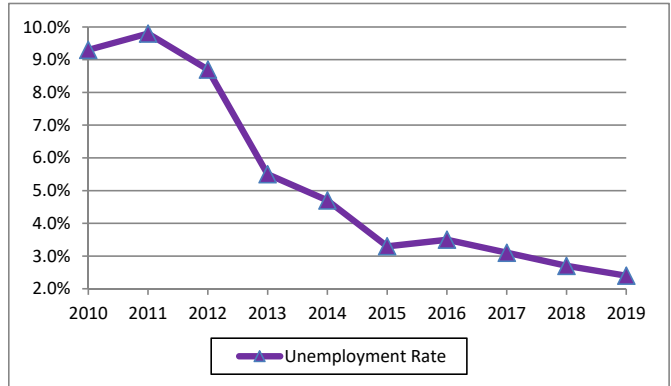
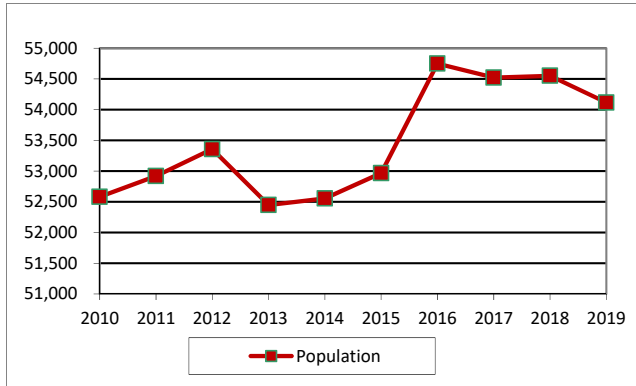
Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$ 11,231,813
Debt Limit (15%) of total assessed value	1,684,772
Debt applicable to limit:	
General obligation bonds	7,357
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>7,357</u>
Legal debt margin	<u>\$ 1,677,415</u>

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
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%
2016	9,620,830	1,443,124	11,819	1,431,305	1%
2017	10,131,671	1,519,751	10,373	1,509,378	1%
2018	10,659,674	1,598,951	8,875	1,590,076	1%
2019	11,231,813	1,684,772	7,357	1,677,415	0%

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
2010	52,581	\$ 2,297,753	\$ 43,699	9.3%	42.1	8,000	92.7%	41.5%
2011	52,919	2,088,073	39,458	9.8%	42.5	8,000	92.1%	41.9%
2012	53,357	2,098,876	39,336	8.7%	43.1	8,000	91.2%	42.8%
2013	52,447	2,128,857	40,591	5.5%	43.3	8,000	91.1%	42.5%
2014	52,554	2,206,552	41,986	4.7%	43.5	8,000	92.2%	44.5%
2015	52,967	2,318,912	43,780	3.3%	43.4	7,700	92.3%	43.9%
2016	54,749	2,390,534	43,664	3.5%	43.5	7,700	92.3%	44.1%
2017	54,522	2,462,154	45,159	3.1%	44.0	7,869	93.3%	44.8%
2018	54,551	2,697,614	49,451	2.7%	44.3	8,000	93.7%	45.9%
2019	54,115	2,831,462	52,323	2.4%	45.0	8,000	93.3%	44.1%

Source: HDL Companies

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

Total City Employment 28,200

Total City Employment 23,200

FY 2018-19

FY 2009-10

FY 2018-19				FY 2009-10			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employed</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employed</u>
BioMarin Pharmaceuticals	1005	1	3.56%	Fireman's Fund	953	1	4.11%
Novato Unified School District	803	2	2.85%	Novato Unified School District	841	2	3.63%
2K/Visual Concepts	660	3	2.34%	Biomarin Pharmaceuticals	607	4	2.62%
Bradley Electric	342	4	1.21%	Novato Community Hospital	335	5	1.44%
Costco Wholesale	316	5	1.12%	Target Store	284	5	1.22%
Novato Community Hospital	304	6	1.08%	Safeway Stores	277	6	1.19%
City of Novato	290	7	1.03%	Buck Institute	265	7	1.19%
Ultragenix	275	8	0.98%	Costco Wholesale	259	8	1.14%
Safeway Stores	250	9	0.89%	Brayton Purcell	230	9	1.12%
Novato Healthcare Center	233	10	0.83%	Bank of Marin	222	10	0.99%

Source: Adopted Budget 19/20

Source: HDL Companies

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

Function	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government										
Management Services	14.8	16.0	15.3	16.1	17.3	22.3	23.3	25.2	24.2	24.0
Finance	5.6	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0
Planning	8.2	5.7	5.7	6.2	7.0	7.0	7.2	7.2	7.2	7.2
Building	9.7	8.2	8.2	8.2	7.0	7.0	8.0	8.0	8.0	8.0
Police										
Officers	59.0	59.0	55.7	61.0	61.0	61.0	61.0	61.0	61.0	62.0
Civilians	19.6	16.6	15.8	15.8	15.8	16.8	18.0	19.5	20.5	19.5
Public Works										
Engineering	19.6	17.3	14.3	13.5	13.5	13.0	13.0	13.0	12.0	12.0
Maintenance	46.0	41.0	39.0	38.0	38.0	39.0	43.5	43.5	43.5	43.5
Redevelopment	5.6	4.7	4.4							
Economic Development				1.5	1.5	2.0	2.0	3.0	4.0	4.0
Parks and Recreation	25.5	19.8	18.1	19.9	19.9	21.0	22.3	23.2	23.3	23.3
Total	<u>213.5</u>	<u>194.2</u>	<u>182.3</u>	<u>186.1</u>	<u>186.9</u>	<u>194.1</u>	<u>203.3</u>	<u>208.5</u>	<u>208.7</u>	<u>208.5</u>

Source
City of Novato Annual Budget

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

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public Safety:										
Police:										
Police Calls for Service	21,508	20,965	20,931	20,620	17,055	21,316	42,064	44,050	46,490	39,647 [a]
Law Violations:										
Part I Crimes	1,522	1,452	1,263	1,421	1,089	1,243	1,192	1,311	1,193	1,260
Physical Arrests (Adult and Juvenile)	1,483	1,388	1,616	1,908	1,749	1,626	1,711	1,370	1,727	1,217
Parking Violations	1,192	1,445	1,695	1,780	1,466	1,172	1,440	1,077	1,405	1,689

Source: City of Novato Police Department

[a] Calls for service now includes all call types, including officer initiated.

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

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	19	19	19	20	20	20	20	20	20	20
Public Works										
Miles of Streets	150	151	151	151	151	152	152	152	152	152
Street Lights	3,893	3,924	3,924	3,925	3,950	3,950	3,950	3,950	3,950	3,950
Recreation and Community Services:										
City Parks	38	38	38	38	39	39	39	40	40	40
City Parks Acreage	479	479	479	479	571	571	571	580	580	580
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