

CITY OF NOVATO | CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR 2019/20



PREPARED BY FINANCE DEPARTMENT

CITY OF NOVATO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION





CITY OF NOVATO
CALIFORNIA

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Novato, CA 94945
415/899-8900
FAX 415/899-8213
novato.org

Mayor
Susan Wernick
Mayor Pro Tem
Mark Milberg
Councilmembers
Pat Eklund
Rachael Farac
Tim O'Connor

City Manager
Adam McGill

February 21, 2023

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 Annual Comprehensive Financial Report (“ACFR”) for the City of Novato for the fiscal year ended June 30, 2020. 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 ACFR 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 beginning in 2018 and implementation of a new finance software system which continues to require significant modification of prior processes and procedures. Over the past three years Management has remained committed to and has been implementing the past recommendations of the auditors to ensure the City’s history of financial transparency and appropriate 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 257,332, which is a 0.58% decrease from 2020. Novato, which covers 28 square miles, had a population of 53,702 in 2020, a decrease of 0.78% from that of the previous year. The 2020 census identifies Novato’s population as 60.6% White, 22.4% Hispanic (of any race), and 6.6% Asian; the median age is 48.1 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 began the transition 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 19/20, the City of Novato had 208.5 authorized full-time equivalent employees and delivered municipal services through six departments: Central Administration (City Manager, City Clerk, City Attorney, Human Resources, Risk Management, and Information Technology), Finance and Citywide Programs, Police, Community Development (Planning, Building, Code Enforcement, and Economic Development), Public Works (Engineering and Maintenance, and Environmental Sustainability), 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 ABx1 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 ACFR.

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 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 1,005 employees in 2020. 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. Pre-pandemic, the City experienced incremental sales tax gains in most categories.

As of 2020, Novato had an unemployment rate of 2.3%. This rate was the City's lowest in over a decade; during the last recession the rate ranged from 8.7% to 9.8%. 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. During the pandemic, residential properties sold at previously unprecedented prices.

Fiscal Year 2019/20

The Fiscal Year 2019/20 budget development process focused on methods to contain current and future costs, including relieving the general fund from liabilities, cash flow restrictions and assigned fund balances that restricted utilization of funds for day-to-day operational activities. The reallocation of budgeted appropriations, reclassification of assigned fund balances, consolidation of funds, elimination of inter-fund loans, reduction of transfers out and reclassification of capital improvement expenditures were designed to allow the general fund to operate independently.

In addition to financial impacts from the COVID-19 pandemic and significant staffing turnover/vacancies, several complex fiscal transactions occurred during the year that made it unusually challenging to complete the FY2019/20 audit. For instance, three debt refunding transactions were completed that saved taxpayers money through reduced property tax levies:

1. \$34,835,000 Successor Agency to the dissolved Redevelopment Agency of the City of Novato – \$17,500,000 2019 Series A Tax Allocation Refunding Bonds, and \$17,335,000 2019 Series B Taxable Tax Allocation Refunding Bonds
 - Issuance date: October 10, 2019
 - Purpose: Refund 2005 Bonds, 2005A Bonds, 2011 Bonds, and 2002 IBank Loan issued by the dissolved Redevelopment Agency
2. \$6,055,000 City of Novato Community Facilities District No. 2002-1 (Pointe Marin) Special Tax Refunding Bonds, Series 2020
 - Issuance date: February 20, 2020
 - Purpose: Refund 2007 CFD No. 2002-1 Bonds
3. \$2,550,000 City of Novato General Obligation Refunding Bonds, Series 2020
 - Issuance date: April 6, 2020
 - Purpose: Refund 2007 General Obligation Bonds

Additionally, the City purchased a below market rate home in an effort to preserve the existing inventory of affordable housing units. The unit was sold to a qualifying buyer in the subsequent fiscal year. The City Council established an IRS Section 115 pension Trust, investing \$450,000, to be used to mitigate future pension costs. The City Council also took action to consolidate

Funds 112, City Owned Property, and Fund 121, Risk Mitigation Reserve, into Fund 116, the Emergency and Disaster Response Reserve, streamlining future monitoring and tracking of this fund balance. Further a multi-year capital program reconciliation project completed in 2022, was necessary to ensure that capital project balances were accurate in the new financial system and as reflected in this document.

Strategic Plan / Financial Outlook

The City’s long-term financial outlook 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.

The City Council has recognized the need to generate additional ongoing revenue to support existing City services. In February 2020, they directed staff to explore a variety of revenue generating initiatives. The table below identifies the priorities as identified by the City Council. Periodic updates on these initiatives are provided to the City Council at public meetings.

Council Prioritized Options for Revenue Exploration *		
Category	Ongoing Revenue	One-Time Revenue
Transient Occupancy Tax (TOT) Measure	X	
Sales Tax Measure	X	
Hamilton Trust Utilization	X	X
Disposition of City-Owned Properties		X
Solid Waste Franchise Fee	X	
*Priorities identified as of February 11, 2020		

Novato voters approved Measure Q, a 2% increase to Transient Occupancy Tax (TOT), in November 2020. This is expected to generate an additional \$400,000 annually in General Fund revenue. At the time of approval, it was anticipated that two new hotels would be constructed and operational by 2025. Pandemic related impacts have slowed the construction of these projects.

In addition to the above activities, Staff re-launched the Comprehensive Fee Study project in 2020. This study reviewed and analyzed fees that were previously established by the City Council for a variety of City services, such as permits, administrative fees, etc. Recommended fee adjustments were aimed at fully recovering costs for City provided services, where appropriate. The study was delayed due to the pandemic, and ultimately completed in May 2022, increasing cost recovery for services by approximately \$1 million annually.

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

Acknowledgements

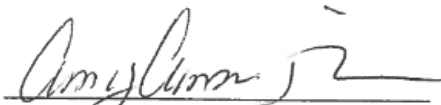
The preparation of the Annual Comprehensive Financial Report was made possible by the efforts of Finance Department staff with assistance and support from the City's operating departments and financial consultants. A special thank you to Deputy Director of Administrative Services Carla Carvalho-Degraff for her tireless leadership in bringing this overdue project to completion.

We would also like to express sincere appreciation to MUN for their perseverance in continuing to work with the City through the various staffing shortages, illnesses and multiple related delays that have occurred during the completion of this report. Finally, we would like to extend our gratitude to the City Council for their continued patience and support as the new Finance team works to bring financial activities current.

Respectfully submitted,



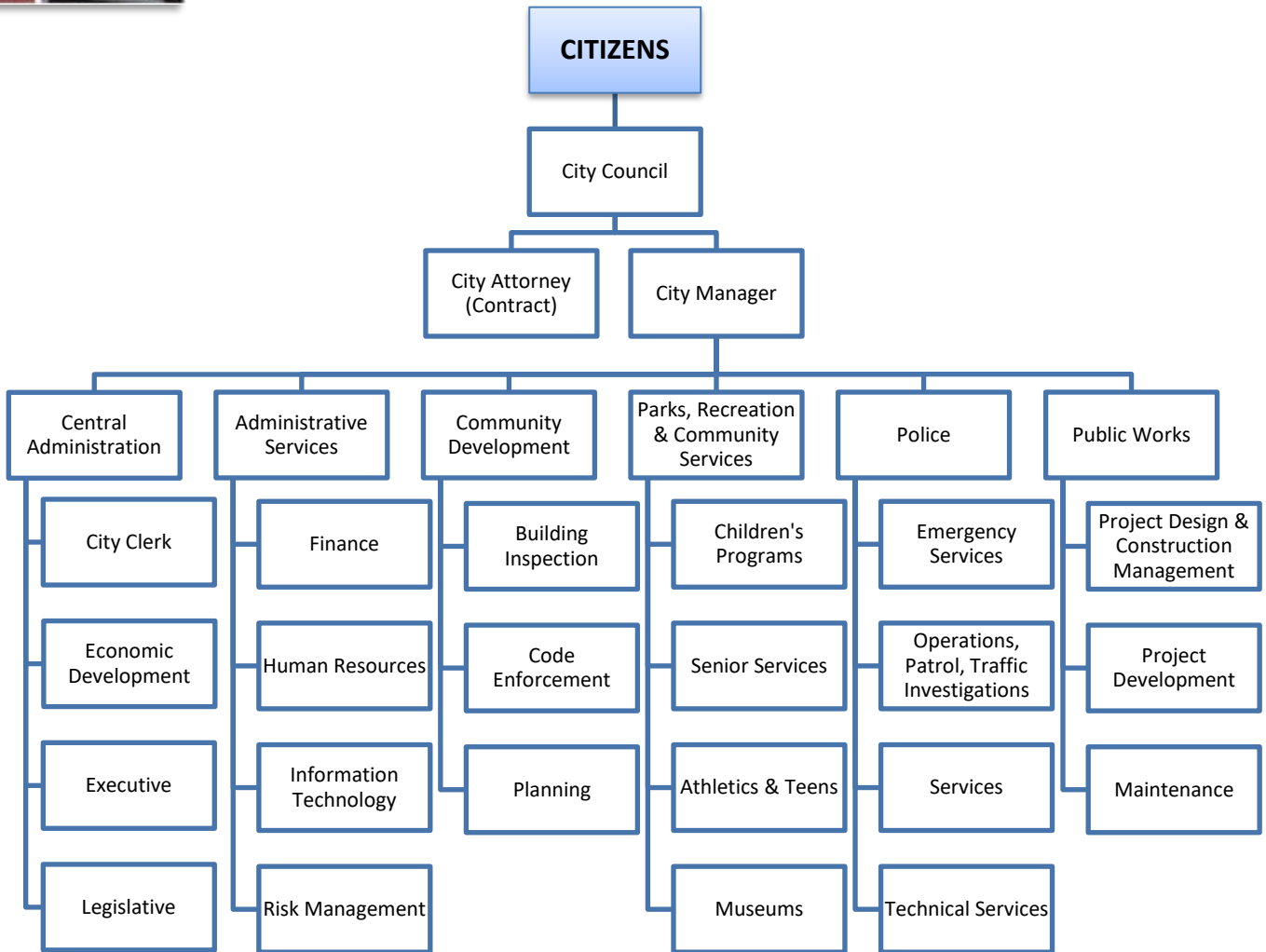
ADAM MCGILL
City Manager



AMY CUNNINGHAM
Administrative Services Director



Functional Organization Chart



CITY OF NOVATO
ELECTED OFFICIALS
AND
EXECUTIVE STAFF
JUNE 30, 2020

ELECTED OFFICIALS

Mayor	Susan Wernick
Mayor Pro Tem	Mark Milberg
Council Member	Rachel Farac
Council Member	Pat Eklund
Council Member	Tim O'Connor

EXECUTIVE MANAGEMENT TEAM

City Manager / Emergency Services Director	Adam McGill
Assistant City Manager Central Administration and Economic Development	Jessica Deakyne
City Attorney	Colantuono, Highsmith and Whatley
City Clerk	Laura McDowall
Chief of Police	Beth Johnson
Community Development Director	Vicki Parker
Administrative Services Director	Amy Cunningham
Parks, Recreation, and Community Services Director	Katie Gauntlett
Public Works Director	Christopher Blunk

This listing has been created for the purpose of this ACFR 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, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information 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 21, 2023, 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 the effectiveness of the City of Novato's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Novato's internal control over financial reporting and compliance.



Sacramento, California
February 21, 2023

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

This section of the City of Novato California's Annual Comprehensive Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2020. 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, 2020 by \$291,366,627. Of this amount, \$267,401,356 is invested in capital assets, net of related debt; \$68,389,110 is restricted for debt service, capital projects, insurance, grants, taxes, and fees; and \$(44,423,839) is unrestricted.
- The City's total net position increased by \$3,077,546, of which \$2,235,218 was attributable to governmental activities and \$842,328 was attributable to business-type activities.
- Government-wide revenues increased by \$2,307,188 or 4% to \$61,256,296 from 2019 total of \$58,949,108.
- Government-wide expenses increased by \$4,166,965 or 8% to \$58,178,750 from 2019 total of \$54,011,785.

Fund level

- Governmental fund balances decreased to \$80,470,370 from the prior year's \$83,315,261.
- Governmental fund revenues increased by \$5,199,863 or 10% to \$58,919,614 from the prior year's \$53,719,751.
- Governmental fund expenditures increased by \$11,067,526 or 22% to \$61,283,202 from the prior year's \$50,215,676.
- General fund balance decreased from \$23,311,679 to \$17,224,791. This decrease was driven by planned use of general funds, largely Measure F, to fund capital improvement projects, \$4.9 million, plus additional transfers of \$465k to pay off a loan for Parks Measure A, and a \$250k transfer to the equipment replacement fund.

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, 2020

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, 2020

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, 2020

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, 2020 and 2019
(in thousands)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2020</u>	<u>2019</u>	<u>Net Change</u>	<u>2020</u>	<u>2019</u>	<u>Net Change</u>	<u>2020</u>	<u>2019</u>	<u>Net Change</u>
ASSETS									
Current and other assets	\$ 93,234	\$ 97,226	\$ (3,992)	\$ 6,594	\$ 5,863	\$ 731	\$ 99,828	\$ 103,089	\$ (3,261)
Capital assets	<u>262,457</u>	<u>255,408</u>	<u>7,049</u>	<u>15,442</u>	<u>15,551</u>	<u>(109)</u>	<u>277,899</u>	<u>270,959</u>	<u>6,940</u>
Total Assets	<u>355,691</u>	<u>352,634</u>	<u>3,057</u>	<u>22,036</u>	<u>21,414</u>	<u>622</u>	<u>377,727</u>	<u>374,048</u>	<u>3,679</u>
Deferred Outflows of Resources	<u>9,982</u>	<u>10,273</u>	<u>(291)</u>	-	-	-	<u>9,982</u>	<u>10,273</u>	<u>(291)</u>
LIABILITIES									
Long-term liabilities	78,667	76,876	1,791	3,851	4,385	(534)	82,518	81,261	1,257
Other liabilities	<u>9,573</u>	<u>10,985</u>	<u>(1,412)</u>	<u>931</u>	<u>618</u>	<u>313</u>	<u>10,504</u>	<u>11,603</u>	<u>(1,099)</u>
Total Liabilities	<u>88,240</u>	<u>87,861</u>	<u>379</u>	<u>4,782</u>	<u>5,003</u>	<u>(221)</u>	<u>93,022</u>	<u>92,864</u>	<u>158</u>
Deferred Inflows of Resources	<u>3,320</u>	<u>3,169</u>	<u>151</u>	-	-	-	<u>3,320</u>	<u>3,169</u>	<u>151</u>
NET POSITION									
Net investment in capital assets	256,344	247,545	8,799	11,057	10,647	410	267,401	258,193	9,208
Restricted	62,193	59,349	2,844	6,196	5,763	433	68,389	65,112	3,277
Unrestricted	<u>(44,424)</u>	<u>(35,016)</u>	<u>(9,408)</u>	-	-	-	<u>(44,424)</u>	<u>(35,016)</u>	<u>(9,408)</u>
Total Net Position	<u>\$ 274,113</u>	<u>\$ 271,878</u>	<u>\$ 2,235</u>	<u>\$ 17,253</u>	<u>\$ 16,410</u>	<u>\$ 843</u>	<u>\$ 291,366</u>	<u>\$ 288,289</u>	<u>\$ 3,077</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 \$291,366,627 at June 30, 2020.

The net position of \$291,366,627 at June 30, 2020 was comprised of the following elements:

- Unrestricted cash and investments of \$56,466,623, cash with fiscal agents of \$102,508, and restricted cash and investments of \$34,401,585;
- Accounts, loans, interest, and taxes receivable of \$8,459,904;
- Prepaid expenses of \$280,540;

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

- Non-current assets consisted of bond issuance costs and capital assets. Bond issuance costs were \$116,360 and are amortized over the life of the debt. Capital assets of \$277,898,369, net of accumulated depreciation charges of \$166,776,322, included \$135,398,510 of land, \$20,342,081 of construction in progress, \$36,597,567 of buildings, \$574,148 of furniture and equipment, \$83,659,213 of infrastructure, and \$1,326,850 of vehicles;
- Deferred outflows of resources totaled \$9,982,172 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 \$10,503,685 and included \$2,911,106 of accounts payable, \$747,143 of salaries and benefits payable, \$101,795 of interest payable, \$2,775 of accrued liabilities, \$314,255 of unearned revenue, \$2,312,262 of deposits payable, compensated absences of \$371,996, current claims payable of \$624,167, and long-term debt of \$3,118,186;
- Non-current liabilities of \$82,518,112 included \$1,519,397 of non-current claims payable; \$3,002,000 of Other Post Employment Benefits (OPEB), \$1,182,808 of compensated absences, \$51,438,744 of net pension liability, and \$25,375,163 of the non-current portion of long-term debt which is due in the fiscal years subsequent to fiscal 2020;
- Deferred inflows of resources of \$3,319,637 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 \$267,401,356 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 \$68,389,110 was comprised of \$8,168,459 restricted for debt services; \$17,736,373 restricted for capital projects; \$41,545,253 restricted for taxes and fees; and \$939,025 restricted for grants. The remaining balance of \$(44,423,839) 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, 2020

Analysis of Changes in Net Position

The City's total net position increased by \$3,077,546, or 1%, during the fiscal year ended June 30, 2020. This was all due substantially to Governmental Activities with an increase in total revenues of \$2.2 million largely related to grant revenues, offsetting and increase in expenditures of \$3.8 million largely related to the cost of public safety. Activities and changes in net position relating to the \$3,077,546 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, 2020 and 2019
(in thousands)

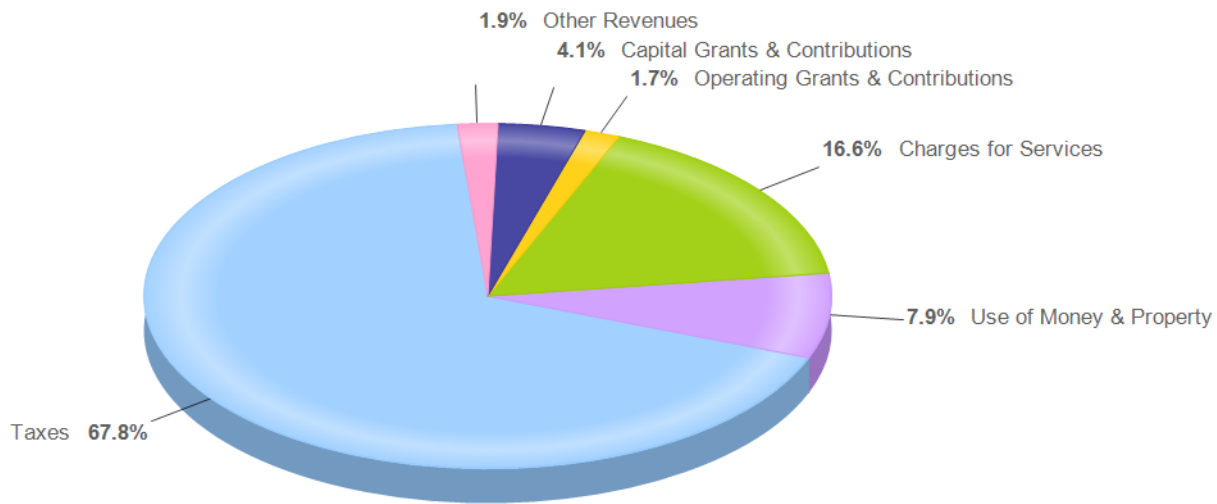
	<u>2020</u>	<u>2019</u>	<u>Net Change</u>
REVENUES:			
Program revenues			
Charges for services	\$ 9,608	\$ 9,425	\$ 183
Operating grants and contributions	979	695	284
Capital grants and contributions	2,360	738	1,622
General revenues			
Taxes	39,234	39,470	(236)
Use of money and property	4,592	4,544	48
Other revenue	<u>1,102</u>	<u>737</u>	<u>365</u>
Total Revenues	<u>57,875</u>	<u>55,609</u>	<u>2,266</u>
EXPENSES:			
Governmental activities			
General government	10,556	10,127	429
Public safety	19,103	16,323	2,780
Public works	16,671	16,614	57
Culture and recreation	4,196	3,475	721
Community development	3,855	3,904	(49)
Interest on long-term liabilities	<u>1,259</u>	<u>1,356</u>	<u>(97)</u>
Total Expenses	<u>55,640</u>	<u>51,799</u>	<u>3,841</u>
Change in net position	<u>2,235</u>	<u>3,810</u>	<u>(1,575)</u>
Net position - beginning of year	<u>271,878</u>	<u>268,068</u>	<u>3,810</u>
Net position - end of year	<u>\$ 274,113</u>	<u>\$ 271,878</u>	<u>\$ 2,235</u>

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Governmental Activities

The table above reflects a change in net position of \$2,235,000, which is the result of revenues in excess of expenses.

Revenues by Source
2020 Governmental Activities

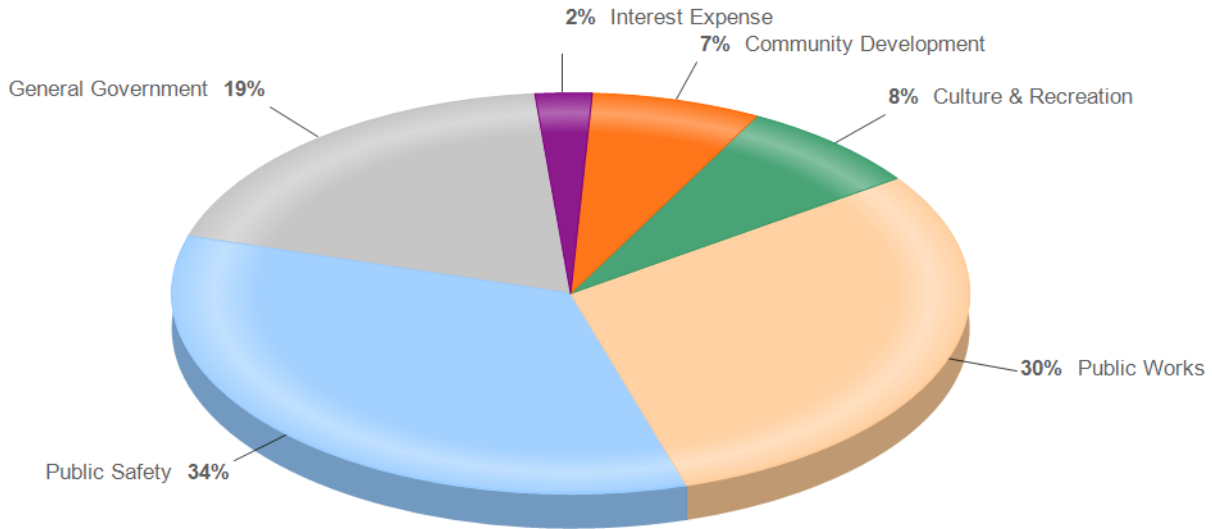


The chart of revenues by source above illustrates that taxes are the largest source of operating revenue for the City. The components of taxes are real estate property taxes, real property transfer tax, sales and use tax, hotel taxes, gas taxes, business license taxes and franchise fees. Charges for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

The increase in revenues of \$2.3 million or 4% was mainly due to a substantial increase in grant revenues of \$1.9 million, and an increase in miscellaneous revenues of \$365k for various types of revenues.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Expenses by Function
2020 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 \$3.8 million or 7% increase in expenditures was mostly concentrated in the areas of Public Safety (\$2.7 million), Culture and Recreation (\$721k), and General Government (\$429k). Public Safety is the largest increase most of which is outside of the City's control as it is related to increased post-employment benefits and pension costs.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Business-Type Activities

Business-type Activities Changes in Net Position
For the Years Ended June 30, 2020 and 2019
(in thousands)

	<u>2020</u>	<u>2019</u>	<u>Net Change</u>
REVENUES:			
Charges for services	\$ 3,262	\$ 3,212	\$ 50
Other revenue	6	9	(3)
Interest revenue	<u>113</u>	<u>117</u>	<u>(4)</u>
Total Revenues	<u>3,381</u>	<u>3,338</u>	<u>43</u>
EXPENSES:			
Cost of services	2,027	1,676	351
Depreciation and amortization	379	388	(9)
Interest expense	<u>133</u>	<u>147</u>	<u>(14)</u>
Total Expenses	<u>2,539</u>	<u>2,211</u>	<u>328</u>
Change in net position	842	1,127	(285)
Net position - beginning of year	<u>16,410</u>	<u>15,283</u>	<u>1,127</u>
Net position - end of year	<u>\$ 17,252</u>	<u>\$ 16,410</u>	<u>\$ 842</u>

Business-type activities net position increased \$842,328 or 5%, 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 \$80,470,370, compared to \$83,315,261 at June 30, 2019. While the various funds have increases and decreases that offset each other the main factor in the decrease in fund balance was the result of increased expenditures in capital improvement projects. These expenditures are related to the timing of projects.

Of the total fund balance, \$(1,823,119) is unassigned. The remainder of the fund balance of \$82,293,489, is either nonspendable, restricted, or assigned for specific purposes.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$17,224,791, of which \$873,678 was nonspendable; \$524,558 was restricted for successor agency administration; \$14,603,462 was assigned for capital projects, pension reserve, insurance reserve, long-term maintenance and infrastructure, and emergency disaster & response; and \$1,223,093 was unassigned.

The fund balance in the City's General Fund decreased by \$6,086,888 for the fiscal year ended June 30, 2020. The decrease in fund balance was the result of an increase in Transfers Out over the prior year of \$1.8 Million primarily due to transfers to the Capital Improvement Projects Fund.

The Affordable Housing fund had a total fund balance of \$3,995,729, which was restricted for affordable housing purposes. Fund balance increased by \$1,121,014 due to an increase in investment earnings and in lieu fees.

The Capital Improvement Projects fund reported a deficit of \$1,210,010, a decrease of \$999,199 from the previous year. This is due to the fact that there were expenditures in the fund that were not included in operating transfers such as expenditures for retention payable.

The Restricted Revenue Fund reported no fund balance, an increase of \$53,630 from the prior year. This represents a correction to the \$53k in revenue recognized in this fund in the prior year. Restricted revenue is typically received and transferred to cover expenses in capital projects.

The Development Impact Fee fund had a total fund balance of \$14,275,892, which was restricted for capital projects. Fund balance increased by \$1,103,915, 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 balance deficit of \$1,814,068. Fund balance increased by \$74,203 due to a decrease in Transfers Out compared to previous year's activity.

The Hamilton Trust Fund had a total fund balance of \$34,633,100 which was restricted. Fund balance increased by \$968,439 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, 2020 and 2019
(in thousands)

	2020		2019	
	Amount	% of Total	Amount	% of Total
Revenues by Source:				
Taxes	\$ 39,234	66 %	\$ 39,470	74 %
Licenses and permits	1,243	2 %	1,482	3 %
Intergovernmental	3,340	6 %	1,434	3 %
Fines and forfeitures	675	1 %	634	1 %
Use of money and property	4,422	8 %	4,357	8 %
Charges for services	6,354	11 %	5,606	10 %
Other revenues	1,102	2 %	737	1 %
Issuance of bond/lease proceeds	<u>2,550</u>	<u>4 %</u>	<u>49</u>	<u>- %</u>
	<u>\$ 58,920</u>	<u>100 %</u>	<u>\$ 53,769</u>	<u>100 %</u>

For this fiscal year, governmental revenues increased \$5,150,427 or 11%. The majority of the increase was due to increased revenue from intergovernmental of \$1.9 million largely due to increased grant revenues and increase in charges for services of \$748k due to in-lieu fees, and an increase in other revenue for various miscellaneous revenues in the amount of \$365k. The City also refunded general obligation bonds from 2007 which resulted in \$2.6 million in bond proceeds (see Note 6)..

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 and 2019
(in thousands)

	2020		2019	
	Amount	% of Total	Amount	% of Total
Expenditures by Function				
General government	\$ 9,747	14 %	\$ 9,520	18 %
Public safety	16,419	27 %	15,595	31 %
Public works	8,367	14 %	8,062	16 %
Culture & recreation	3,552	6 %	3,569	7 %
Community development	3,473	6 %	3,340	7 %
Capital outlay	13,797	23 %	6,827	14 %
Debt service: principal	4,908	8 %	2,285	5 %
Debt service: interest	1,017	2 %	1,017	2 %
	<u>\$ 61,280</u>	<u>100 %</u>	<u>\$ 50,215</u>	<u>100 %</u>

Expenditures increased by \$11,067,526 or 24% during the year ended June 30, 2020. The principal components of this were increased costs for Capital Outlay (\$7 million) and debt service principal (\$3 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, 2020, were \$4,555,130. Net position increased by \$192,426 during fiscal 2020.

General Fund Budget Modifications

The original fiscal year 2019-20 budget was adopted in June 2019. During the fiscal year, budget reports and budget amendment requests are submitted to Council for review and approval. The result of revisions made to the General Fund budget during the fiscal year was to increase estimated revenues and transfers in by \$598,460 and increase estimated expenditures and transfers out by \$1,707,290. The net impact of the budget changes was to reduce the budgeted change in fund balance by \$1,108,830.

General Fund Operating Variances

The revised budget projected a net decrease in fund balance of \$10,226,655 and the actual results were a net decrease of \$6,086,888, which equates to a positive variance of \$4,139,767.

The variance in revenues is partly attributable to revenues being lower than the revised budget by \$947,009. This is primarily due to decreased charges for services and tax revenues.

Expenditures and transfers out were \$10,246,999 lower than projected primarily due to lower than expected costs through out all departments, some of which was attributable to pandemic related expenses.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 totaled \$277,898,369 (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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 123,559	\$ 123,559	\$ 11,840	\$ 11,840	\$ 135,399	\$ 135,399
Construction in progress	20,238	11,536	104	-	20,342	11,536
Buildings & improvements	33,166	34,074	3,432	3,606	36,598	37,680
Furniture & equipment	508	572	66	105	574	677
Infrastructure	83,659	84,109	-	-	83,659	84,109
Vehicles	<u>1,327</u>	<u>1,558</u>	<u>-</u>	<u>-</u>	<u>1,327</u>	<u>1,558</u>
Total	<u>\$ 262,457</u>	<u>\$ 255,408</u>	<u>\$ 15,442</u>	<u>\$ 15,551</u>	<u>\$ 277,899</u>	<u>\$ 270,959</u>

Governmental Activities Long-term Debt

At June 30, 2020, 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, 2020</u>
<u>Governmental Activities</u>		
General obligation bonds: Series 2020	2028	\$ 2,550,000
Pension obligation bonds, A-1 & A-2	2035	17,996,336
2013 General obligation refunding bonds	2025	<u>3,303,202</u>
Bond issuance premiums (discounts) Pension obligation bonds discount		(70,490)
Clean Renewable Energy Bonds (CREBS)	2024	286,532
Capital leases	2022	11,028
PG&E Loan	2021	<u>32,389</u>
Compensated absences		<u>1,554,804</u>
Total governmental activities		<u>\$ 25,663,801</u>
<u>Business-type Activities</u>		
Senior Promissory Note	2028	<u>\$ 4,384,352</u>

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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

At the start of Fiscal Year 2019/20 the economic outlook remained positive and the City's revenue base was experiencing incremental increases. However, emergence of the COVID-19 pandemic in early 2020 and the subsequent shut-down and related restrictions resulted in severe economic uncertainty throughout the United States and for the private sector and governments alike. The retail and service industries were critically impacted by the shutdown causing revenue losses in sales and hotel taxes and charges for services. All sectors were impacted and entering Fiscal Year 2020/21 budgets were severely constrained as it was unknown what would happen with COVID-19 and how it would translate into the economic outlook.

By June 2020, the world was beginning to realize that the pandemic related restrictions would go on a lot longer than expected and most cities projected severe reductions in tax revenue going into Fiscal Year 2020/21.

Fiscal Year 2020/21 Budget

Due to the uncertainty around economic impacts if the COVID-19 pandemic, the Fiscal Year 2020/21 budget was initially adopted as a carryover budget in June 2020. At the time of adoption it was forecast that the City would have a \$5.7 million budget deficit. In September 2020, the City Council made the difficult decision to significantly reduce operating expenses through elimination of some programs and reducing staffing by seventeen (17) full-time positions and over one hundred (100) part-time/seasonal positions. As a result, the projected deficit was reduced to \$2.5 million, a \$3.2 million decrease. Many of the expense reductions were ongoing in nature which assisted in containing costs in FY 2021/22 as well.

The City received federal funding related to COVID-19 that also helped reduce the deficit though the largest portion of the funding, the American Rescue Plan Act (ARPA) funding, will be used in 2021/2022. The \$2.5 million deficit would be covered by the emergency reserves.

City's Fiscal Outlook

Even prior to the pandemic, the City was working toward ensuring future fiscal sustainability, including identifying ways to generate ongoing revenue to support critical services. Five areas of focus were identified including exploring the potential for increases in sales and hotel tax, utilization of the Hamilton Trust, disposition of City-owned property and exploring a solid waste franchise fee.

Ultimately, Measure Q, a 2% Transient Occupancy Tax (TOT) or hotel tax increase, was approved by voters in November 2020 and became effective January 1, 2021. Measure Q was expected to generate an additional \$400k in ongoing revenue each year. In 2021 and beyond, staff continued to explore the remaining four areas.

The City would not start to see economic recovery from the pandemic until Fiscal Year 2021/22 though the challenges the City has faced in creating fiscal sustainability continue to exist. Revenues did not substantially return to pre-pandemic levels until Fiscal Year 2022/23. Overall, flattening revenue, increasing expenses (including escalating pension and risk management costs), and loss of Measure F revenue (a 1/2 cent sales tax measure replaced by Measure C a 1/4 cent sales tax measure), continue to impact sustainable fiscal health. In addition, high rates of employee turnover related to below market compensation, have resulted in inefficiencies and increased operating costs. Despite efforts to contain costs, in Fiscal Years 2021/22 and 2022/23, the City was heavily reliant on one-time monies to help offset budget deficits.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	\$ 50,012,756	\$ 6,453,867	\$ 56,466,623
Cash with fiscal agent (Note 2)	102,508	-	102,508
Accounts receivable	1,533,695	-	1,533,695
Loans receivable (Note 3)	3,641,490	-	3,641,490
Interest receivable	283,155	-	283,155
Taxes receivable	3,001,564	-	3,001,564
Prepaid expenses	140,894	139,646	280,540
Restricted cash and cash equivalents (Note 2)	34,401,585	-	34,401,585
Bond issuance costs, net (Note 6)	116,360	-	116,360
Capital assets (Note 5)			
Land and construction in progress	143,796,321	11,944,270	155,740,591
Other capital assets, net of depreciation	<u>118,660,313</u>	<u>3,497,465</u>	<u>122,157,778</u>
Total capital assets	<u>262,456,634</u>	<u>15,441,735</u>	<u>277,898,369</u>
Total Assets	<u>355,690,641</u>	<u>22,035,248</u>	<u>377,725,889</u>
Deferred Outflows of Resources			
2020 Pension contributions (Note 9)	5,317,944	-	5,317,944
Changes in the net pension liability (Note 9)	4,432,228	-	4,432,228
Changes in the net OPEB liability (Note 10)	<u>232,000</u>	<u>-</u>	<u>232,000</u>
Total Deferred Outflows of Resources	<u>9,982,172</u>	<u>-</u>	<u>9,982,172</u>
LIABILITIES			
Accounts payable	2,513,675	397,431	2,911,106
Accrued payroll and benefits	747,143	-	747,143
Accrued liabilities	2,775	-	2,775
Accrued interest payable	101,795	-	101,795
Unearned revenue	314,255	-	314,255
Deposits payable	2,312,162	100	2,312,262
Other postemployment benefits (Note 10)			
Due in more than one year	3,002,000	-	3,002,000
Net pension liability (Note 9)			
Due in more than one year	51,438,744	-	51,438,744
Claims payable (Note 11)			
Due within one year	624,167	-	624,167
Due in more than one year	1,519,397	-	1,519,397
Accrued compensated absences (Note 6)			
Due within one year	371,996	-	371,996
Due in more than one year	1,182,808	-	1,182,808
Long-term liabilities (Note 6)			
Due within one year	2,585,022	533,164	3,118,186
Due in more than one year	<u>21,523,975</u>	<u>3,851,188</u>	<u>25,375,163</u>
Total Liabilities	<u>88,239,914</u>	<u>4,781,883</u>	<u>93,021,797</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability (Note 9)	2,887,637	-	2,887,637
Changes in the net OPEB liability (Note 10)	<u>432,000</u>	<u>-</u>	<u>432,000</u>
Total Deferred Inflows of Resources	<u>3,319,637</u>	<u>-</u>	<u>3,319,637</u>
NET POSITION			
Net investment in capital assets	256,343,973	11,057,383	267,401,356
Restricted for:			
Debt service	1,972,477	6,195,982	8,168,459
Capital projects	17,736,373	-	17,736,373
Taxes and fees	41,545,253	-	41,545,253
Grants	939,025	-	939,025
Unrestricted	<u>(44,423,839)</u>	<u>-</u>	<u>(44,423,839)</u>
Total Net Position	<u>\$ 274,113,262</u>	<u>\$ 17,253,365</u>	<u>\$ 291,366,627</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 10,556,039	\$ 605,855	\$ 85,596	\$ -	\$ (9,864,588)	\$ -	\$ (9,864,588)
Public safety	19,103,291	540,603	707,627	-	(17,855,061)	-	(17,855,061)
Public works	16,671,284	2,868,503	121,666	2,294,574	(11,386,541)	-	(11,386,541)
Culture and recreation	4,196,213	2,469,610	-	-	(1,726,603)	-	(1,726,603)
Community development	3,854,501	3,122,966	64,539	65,698	(601,298)	-	(601,298)
Interest and fiscal charges	<u>1,258,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,258,523)</u>	<u>-</u>	<u>(1,258,523)</u>
Total governmental activities	<u>55,639,851</u>	<u>9,607,537</u>	<u>979,428</u>	<u>2,360,272</u>	<u>(42,692,614)</u>	<u>-</u>	<u>(42,692,614)</u>
Business-type activities:							
Marin Valley Mobile Country Club	<u>2,538,899</u>	<u>3,262,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>723,389</u>	<u>723,389</u>
Total primary government	<u>\$ 58,178,750</u>	<u>\$ 12,869,825</u>	<u>\$ 979,428</u>	<u>\$ 2,360,272</u>	<u>\$ (42,692,614)</u>	<u>\$ 723,389</u>	<u>\$ (41,969,225)</u>
General revenues:							
Property taxes					\$ 18,808,506	\$ -	\$ 18,808,506
Sales and use taxes					13,951,183	-	13,951,183
Motor vehicle and gas taxes					2,228,983	-	2,228,983
Other taxes					4,245,072	-	4,245,072
Use of money and property					4,591,842	112,754	4,704,596
Other revenue					<u>1,102,246</u>	<u>6,185</u>	<u>1,108,431</u>
Total general revenues					<u>44,927,832</u>	<u>118,939</u>	<u>45,046,771</u>
Change in net position					2,235,218	842,328	3,077,546
Net position - July 1, 2019					<u>271,878,044</u>	<u>16,411,037</u>	<u>288,289,081</u>
Net position - June 30, 2020					<u>\$ 274,113,262</u>	<u>\$ 17,253,365</u>	<u>\$ 291,366,627</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<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	\$ 12,511,932	\$ 2,379,669	\$ 107,970	\$ 1,465,293	\$ 14,275,892
Cash with fiscal agent	-	-	-	-	-
Restricted cash and investments	809,510	-	-	-	-
Accounts receivable	952,656	-	-	-	-
Notes receivable	737,395	2,904,095	-	-	-
Interest receivable	187,453	-	-	-	-
Taxes receivable	2,855,888	-	-	-	-
Due from other funds	1,871,268	165,896	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid items	136,283	-	-	-	-
	<u>\$ 20,062,385</u>	<u>\$ 5,449,660</u>	<u>\$ 107,970</u>	<u>\$ 1,465,293</u>	<u>\$ 14,275,892</u>
Total Assets					
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>					
LIABILITIES					
Accounts payable	\$ 1,030,267	\$ 49,836	\$ 1,317,980	\$ -	\$ -
Accrued payroll and benefits	747,143	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits and other payables	846,869	-	-	1,465,293	-
Unearned revenues	213,315	-	-	-	-
Advances from other funds	-	-	-	-	-
	<u>2,837,594</u>	<u>49,836</u>	<u>1,317,980</u>	<u>1,465,293</u>	<u>-</u>
Total Liabilities					
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - housing loans	-	1,404,095	-	-	-
	<u>-</u>	<u>1,404,095</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	873,678	-	-	-	-
Restricted	524,558	3,995,729	-	-	14,275,892
Assigned	14,603,462	-	-	-	-
Unassigned	1,223,093	-	(1,210,010)	-	-
	<u>17,224,791</u>	<u>3,995,729</u>	<u>(1,210,010)</u>	<u>-</u>	<u>14,275,892</u>
Total Fund Balances (Deficits)					
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 20,062,385</u>	<u>\$ 5,449,660</u>	<u>\$ 107,970</u>	<u>\$ 1,465,293</u>	<u>\$ 14,275,892</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<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	\$ 122,440	\$ -	\$ 12,809,367	\$ 43,672,563
Cash with fiscal agent	26,527	-	75,981	102,508
Restricted cash and investments	-	33,592,075	-	34,401,585
Accounts receivable	-	-	580,129	1,532,785
Notes receivable	-	-	-	3,641,490
Interest receivable	-	95,702	-	283,155
Taxes receivable	-	-	145,676	3,001,564
Due from other funds	-	-	-	2,037,164
Advances to other funds	-	1,962,440	-	1,962,440
Prepaid items	-	-	4,611	140,894
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 148,967</u>	<u>\$ 35,650,217</u>	<u>\$ 13,615,764</u>	<u>\$ 90,776,148</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES				
Accounts payable	\$ 595	\$ -	\$ 50,433	\$ 2,449,111
Accrued payroll and benefits	-	-	-	747,143
Accrued liabilities	-	-	2,775	2,775
Due to other funds	-	1,017,117	96,680	1,113,797
Deposits and other payables	-	-	-	2,312,162
Unearned revenues	-	-	100,940	314,255
Advances from other funds	1,962,440	-	-	1,962,440
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,963,035</u>	<u>1,017,117</u>	<u>250,828</u>	<u>8,901,683</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - housing loans	-	-	-	1,404,095
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	4,611	878,289
Restricted	-	34,633,100	13,284,136	66,713,415
Assigned	-	-	98,323	14,701,785
Unassigned	(1,814,068)	-	(22,134)	(1,823,119)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficits)	<u>(1,814,068)</u>	<u>34,633,100</u>	<u>13,364,936</u>	<u>80,470,370</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)				
	<u>\$ 148,967</u>	<u>\$ 35,650,217</u>	<u>\$ 13,615,764</u>	<u>\$ 90,776,148</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, 2020

Total fund balances of governmental funds	\$ 80,470,370
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 \$157,353,315.	261,111,112
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.	1,404,095
Deferred outflows of resources related to 2020 pension contributions were made subsequent to the measurement date.	5,317,944
Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period.	4,432,228
Deferred outflows of resources related to changes in the net OPEB liability are not applicable to the current period.	232,000
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	(24,108,997)
Compensated absences	(1,554,804)
Net OPEB obligation	(3,002,000)
Net pension liability	(51,438,744)
Deferred inflows related to changes in the net pension liability	(2,887,637)
Deferred inflows related to changes in the net OPEB liability	(432,000)
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.	116,360
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(101,795)
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>4,555,130</u>
Net position of governmental activities	<u>\$ 274,113,262</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, 2020

	<u>General Fund</u>	<u>Affordable Housing Program</u>	<u>Capital Improvement Projects</u>	<u>Restricted Revenue</u>	<u>Development Impact Fee</u>
REVENUES					
Taxes	\$ 32,464,889	\$ -	\$ -	\$ -	\$ -
License and permits	1,243,443	-	-	-	-
Intergovernmental	524,664	-	-	-	-
Fines and forfeitures	675,442	-	-	-	-
Use of money and property	1,126,344	68,790	-	-	313,562
Charges for services	2,440,508	954,431	-	107,636	2,230,398
Other revenues	<u>635,281</u>	<u>185,219</u>	<u>51,032</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>39,110,571</u>	<u>1,208,440</u>	<u>51,032</u>	<u>107,636</u>	<u>2,543,960</u>
EXPENDITURES					
Current:					
General government	9,355,852	-	-	-	-
Public safety	16,291,538	-	-	-	-
Public works	6,975,068	-	-	-	-
Cultural and recreation	3,459,638	-	-	-	-
Community development	3,079,777	252,546	-	-	-
Capital outlay	-	-	13,623,022	-	-
Debt service:					
Principal	148,909	-	-	-	-
Interest and fiscal charges	<u>1,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>39,312,251</u>	<u>252,546</u>	<u>13,623,022</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(201,680)</u>	<u>955,894</u>	<u>(13,571,990)</u>	<u>107,636</u>	<u>2,543,960</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issuance	-	-	-	-	-
Transfers in	2,457,388	165,896	12,572,791	-	-
Transfers out	<u>(8,342,596)</u>	<u>(776)</u>	<u>-</u>	<u>(54,006)</u>	<u>(1,440,045)</u>
Total Other Financing Sources (Uses)	<u>(5,885,208)</u>	<u>165,120</u>	<u>12,572,791</u>	<u>(54,006)</u>	<u>(1,440,045)</u>
Net Change in Fund Balances	(6,086,888)	1,121,014	(999,199)	53,630	1,103,915
Fund Balances (Deficits) - July 1, 2019	<u>23,311,679</u>	<u>2,874,715</u>	<u>(210,811)</u>	<u>(53,630)</u>	<u>13,171,977</u>
Fund Balances (Deficits) - June 30, 2020	<u>\$ 17,224,791</u>	<u>\$ 3,995,729</u>	<u>\$ (1,210,010)</u>	<u>\$ -</u>	<u>\$ 14,275,892</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, 2020

	<u>Novato Public Financing Authority</u>	<u>Permanent Fund- Hamilton Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ 6,768,855	\$ 39,233,744
License and permits	-	-	-	1,243,443
Intergovernmental	-	-	2,815,036	3,339,700
Fines and forfeitures	-	-	-	675,442
Use of money and property	191,347	2,014,882	706,610	4,421,535
Charges for services	-	-	620,531	6,353,504
Other revenues	-	-	<u>230,714</u>	<u>1,102,246</u>
Total Revenues	<u>191,347</u>	<u>2,014,882</u>	<u>11,141,746</u>	<u>56,369,614</u>
<u>EXPENDITURES</u>				
Current:				
General government	104,144	29,326	258,014	9,747,336
Public safety	-	-	127,889	16,419,427
Public works	-	-	1,392,164	8,367,232
Cultural and recreation	-	-	92,366	3,552,004
Community development	-	-	141,694	3,474,017
Capital outlay	-	-	174,213	13,797,235
Debt service:				
Principal	-	-	4,758,921	4,907,830
Interest and fiscal charges	-	-	<u>1,016,652</u>	<u>1,018,121</u>
Total Expenditures	<u>104,144</u>	<u>29,326</u>	<u>7,961,913</u>	<u>61,283,202</u>
Excess (Deficiency) of Revenues over Expenditures	<u>87,203</u>	<u>1,985,556</u>	<u>3,179,833</u>	<u>(4,913,588)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from bond issuance	-	-	2,550,000	2,550,000
Transfers in	-	-	1,962,677	17,158,752
Transfers out	<u>(13,000)</u>	<u>(1,017,117)</u>	<u>(6,772,515)</u>	<u>(17,640,055)</u>
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(1,017,117)</u>	<u>(2,259,838)</u>	<u>2,068,697</u>
Net Change in Fund Balances	74,203	968,439	919,995	(2,844,891)
Fund Balances (Deficits) - July 1, 2019	<u>(1,888,271)</u>	<u>33,664,661</u>	<u>12,444,941</u>	<u>83,315,261</u>
Fund Balances (Deficits) - June 30, 2020	<u>\$ (1,814,068)</u>	<u>\$ 34,633,100</u>	<u>\$ 13,364,936</u>	<u>\$ 80,470,370</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, 2020

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	\$ (2,844,891)
<p>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.</p>	
Capital asset purchases	13,289,482
Depreciation expense	(6,028,177)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
Debt principal payments	4,907,830
Proceeds from bond refunding	(2,550,000)
Issuance of debt and accreted interest	(371,865)
Net accretion on bond premiums/discounts	97,133
<p>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.</p>	
	(124,981)
<p>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.</p>	
Amortization of bond insurance costs	(17,810)
<p>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.</p>	
Accrued interest	14,605
<p>Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.</p>	
	52,141
<p>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.</p>	
Pension expense related to deferred outflows and inflows of resources	(4,232,675)
OPEB expense related to deferred outflows and inflows of resources	(148,000)
<p>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.</p>	
	<u>192,426</u>
Change in net position of governmental activities	<u>\$ 2,235,218</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	<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	\$ 6,453,867	\$ 6,340,193
Accounts receivable	-	910
Prepaid expenses	<u>139,646</u>	<u>-</u>
Total Current Assets	<u>6,593,513</u>	<u>6,341,103</u>
Non Current Assets		
Capital assets, net of accumulated depreciation	<u>15,441,735</u>	<u>1,345,522</u>
Total Non-Current Assets	<u>15,441,735</u>	<u>1,345,522</u>
Total Assets	<u>22,035,248</u>	<u>7,686,625</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	397,431	64,564
Due to other funds	-	923,367
Deposits	100	-
Long-term liabilities - current portion	533,164	-
Claims payable - current portion	<u>-</u>	<u>624,167</u>
Total Current Liabilities	<u>930,695</u>	<u>1,612,098</u>
Non-Current Liabilities		
Long-term liabilities - net of current portion	3,851,188	-
Claims payable - net of current portion	<u>-</u>	<u>1,519,397</u>
Total Non-Current Liabilities	<u>3,851,188</u>	<u>1,519,397</u>
Total Liabilities	<u>4,781,883</u>	<u>3,131,495</u>
<u>NET POSITION</u>		
Net investment in capital assets	11,057,383	1,345,522
Restricted for debt service	6,195,982	-
Unrestricted	<u>-</u>	<u>3,209,608</u>
Total Net Position	<u>\$ 17,253,365</u>	<u>\$ 4,555,130</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, 2020

	<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	\$ 2,412,085	\$ 1,279,508
Utilities	850,203	-
Other revenue	<u>6,185</u>	<u>55,640</u>
Total Operating Revenue	<u>3,268,473</u>	<u>1,335,148</u>
<u>OPERATING EXPENSES</u>		
Cost of services	2,027,393	1,408,811
Depreciation and amortization	<u>378,591</u>	<u>370,916</u>
Total Operating Expenses	<u>2,405,984</u>	<u>1,779,727</u>
Operating Income (Loss)	<u>862,489</u>	<u>(444,579)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest income	112,754	155,702
Interest expense	<u>(132,915)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(20,161)</u>	<u>155,702</u>
Income (Loss) Before Transfers	<u>842,328</u>	<u>(288,877)</u>
<u>TRANSFERS</u>		
Transfers in	-	684,439
Transfers out	<u>-</u>	<u>(203,136)</u>
Total Transfers	<u>-</u>	<u>481,303</u>
Change in net position	842,328	192,426
Net Position - July 1, 2019	<u>16,411,037</u>	<u>4,362,704</u>
Net Position - June 30, 2020	<u>\$ 17,253,365</u>	<u>\$ 4,555,130</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities	Governmental Activities
	Marin Valley Mobile Country Club	Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 3,268,473	\$ 1,339,985
Cash paid to suppliers	<u>(1,752,066)</u>	<u>(1,299,170)</u>
Net Cash Provided by Operating Activities	<u>1,516,407</u>	<u>40,815</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Interfund payments	-	(66,675)
Transfers from other funds	-	684,439
Transfers to other funds	<u>-</u>	<u>(203,136)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>414,628</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition of capital assets	(269,720)	(158,596)
Principal paid on long-term debt	(517,890)	-
Interest paid on long-term debt	<u>(133,098)</u>	<u>-</u>
Net Cash Used for Capital and Related Financing Activities	<u>(920,708)</u>	<u>(158,596)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	<u>112,754</u>	<u>155,702</u>
Net Cash Provided by Investing Activities	<u>112,754</u>	<u>155,702</u>
Net Increase in Cash and Cash Equivalents	708,453	452,549
Cash and Cash Equivalents - July 1, 2019	<u>5,745,414</u>	<u>5,887,644</u>
Cash and Cash Equivalents - June 30, 2020	<u>\$ 6,453,867</u>	<u>\$ 6,340,193</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	862,489	(444,579)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	378,591	370,916
Changes in assets and liabilities:		
Decrease in accounts receivable	-	4,837
Increase in prepaid expenses	(21,864)	-
Increase in accounts payable	297,191	17,801
Increase in claims payable	<u>-</u>	<u>91,840</u>
Net Cash Provided by Operating Activities	<u>\$ 1,516,407</u>	<u>\$ 40,815</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Redevelopment Obligation Retirement Fund	Agency Funds
<u>ASSETS</u>		
Cash and investments (Note 2)	\$ 2,403,163	\$ 4,876,477
Cash with fiscal agent (Note 2)	-	460,173
Prepaid expenses	<u>271,573</u>	<u>-</u>
Total Assets	<u>\$ 2,674,736</u>	<u>\$ 5,336,650</u>
<u>LIABILITIES</u>		
Accounts payable and other liabilities	\$ -	\$ 14,830
Loans due to City	-	257,716
Deposits held in trust	15,041	5,064,104
Interest payable	271,101	-
Long-term liabilities (Note 14)	<u>36,933,358</u>	<u>-</u>
Total Liabilities	<u>\$ 37,219,500</u>	<u>\$ 5,336,650</u>
<u>NET POSITION</u>		
Held in trust for private purposes	<u>\$ (34,544,764)</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, 2020

	Redevelopment Obligation Retirement Fund
<u>ADDITIONS</u>	
Property taxes	\$ 3,817,132
Interest income	<u>21,643</u>
Total Additions	<u>3,838,775</u>
<u>DEDUCTIONS</u>	
Contract services	205,464
Amortization	154,411
Interest expense	<u>3,101,684</u>
Total Deductions	<u>3,461,559</u>
Change in Fiduciary Net Position	377,216
Fiduciary Net Position - July 1, 2019	<u>(34,921,980)</u>
Fiduciary Net Position - June 30, 2020	<u>\$ (34,544,764)</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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 is to finance facilities and other assets for the City and perform operational activities for City owned property. 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 Governmental 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, 2020

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 program, (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 expenditures/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, 2020

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. This is now Rise Housing Solutions as of April 2021.

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, 2020

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 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 Valley 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, 2020

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 90 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 from 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 fund'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 of 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, 2020

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 accrued 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 deferred inflows 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 90 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.

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 is 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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020. 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, 2020.

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, 2020

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 assets 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 assets 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. Section 115 Trust

In fiscal year 2019-20, the City Council approved the creation of a Section 115 Trust Agreement with U.S. Bank National Association, Trustee, and Public Agency Retirement Services (PARS), Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the City's pension obligations. Contributions to the Section 115 trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the City. The purpose of the creation of the Section 115 Trust was to address the City's pension obligations by accumulating assets to reduce the net pension liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the City rather than plan assets. Accordingly, the Section 115 Trust's assets are recorded as restricted for pension benefits in the City's General Fund rather than assets of the pension plan during the measurement of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

M. 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, 2019
Measurement Period	July 1, 2018 - June 30, 2019

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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.

O. 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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

P. 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.

Q. 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.

R. 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.

S. Implementation of Governmental Accounting Standards Board Statements

Effective July 1, 2019, the City implemented the following accounting and financial reporting standards:

Governmental 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. The City adopted this accounting guidance for its June 30, 2020 year-end.

T. Future Governmental Accounting Standards Board Statements

These statements are not effective until July 1, 2020 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, 2020

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.

Governmental 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.

Governmental 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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental 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.

Governmental 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 asset, 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.

Governmental 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.

Governmental 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, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the City's fiscal year ending June 30, 2023 and the requirements related to financial guarantees and reporting of derivative instruments within the scope of Statement 53 are effective for the City's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. 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, 2024.

Governmental Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. 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, 2025.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 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	\$ 50,012,756	\$ 102,508	\$ 34,401,585	\$ 84,516,849
Business-type activities	<u>6,453,867</u>	<u>-</u>	<u>-</u>	<u>6,453,867</u>
Total government-wide cash and investments	<u>56,466,623</u>	<u>102,508</u>	<u>34,401,585</u>	<u>90,970,716</u>
Fiduciary activities	<u>7,279,640</u>	<u>460,173</u>	<u>-</u>	<u>7,739,813</u>
Total cash and investments	<u>\$ 63,746,263</u>	<u>\$ 562,681</u>	<u>\$ 34,401,585</u>	<u>\$ 98,710,529</u>

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Cash and investments were carried at fair value as of June 30, 2020 and consisted of the following:

Cash on hand	\$	3,850
Cash in banks		<u>17,576,861</u>
 Total cash		 <u>17,580,711</u>
 Money market funds		 746,809
Cash with fiscal agent - investment agreements		562,681
Local Agency Investment Fund (LAIF)		10,186,759
U.S. Treasuries		30,195,642
U.S. Government agency obligations		9,308,824
Supranational agency bonds		276,618
Asset backed securities		7,792,584
Certificates of deposit		7,309,904
Medium term corporate notes		14,285,791
Held in Trust:		
Fixed income securities		<u>464,206</u>
 Total investments		 <u>81,129,818</u>
 Total cash and investments	\$	 <u>98,710,529</u>

Authorized Investments of the City

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

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	20%	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	5 years	30%	15%
Reverse repurchase agreements	90 days	20%	None
Supranational investments	5 years	30%	None

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

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees 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 trustees. 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

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, 2020:

Investments	Fair Value Measurements Using			Fair Value
	Level 1 Inputs	Level 2 inputs	Level 3 inputs	
Money market funds	\$ -	\$ 746,809	\$ -	\$ 746,809
U.S. Treasuries	-	30,195,642	-	30,195,642
U.S. Government agency obligations	-	9,308,824	-	9,308,824
Supranational agency bonds	-	276,618	-	276,618
Asset-backed securities	-	7,792,584	-	7,792,584
Certificates of deposit	-	7,309,904	-	7,309,904
Medium term corporate notes	-	14,285,791	-	14,285,791
Held in trust:				
Fixed income securities	-	464,206	-	464,206
Held by bond trustee:				
Investment agreements	-	562,681	-	562,681
Total Investments	\$ -	\$ 70,943,059	\$ -	\$ 70,943,059

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 \$10,186,759 is not subject to valuation on a recurring basis.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosure Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2020:

	Remaining Maturity			Fair Value
	< 12 months	1-5 years	> 5 years	
Money market funds	\$ 746,809	\$ -	\$ -	\$ 746,809
Local Agency Investment Fund (LAIF)	10,186,759	-	-	10,186,759
U.S. Treasuries	-	30,195,642	-	30,195,642
U.S. Government agency obligations	-	8,147,417	1,161,407	9,308,824
Supranational agency bonds	-	276,618	-	276,618
Asset-backed securities	-	6,011,697	1,780,887	7,792,584
Certificates of deposit	-	7,309,904	-	7,309,904
Medium term corporate notes	-	12,085,851	2,199,940	14,285,791
Held in trust:	-	-	-	-
Fixed income securities	464,206	-	-	464,206
Held by bond trustee:				
Investment agreements	-	-	562,681	562,681
	<u>\$ 11,397,774</u>	<u>\$ 64,027,129</u>	<u>\$ 5,704,915</u>	<u>\$ 81,129,818</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City had no investments (including investments held by bond trustees) that were highly sensitive to interest rate fluctuations as of June 30, 2020.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Total	Minimum Rating	Rating as of Fiscal Year End S&P	N/A
Money market funds	\$ 746,809	Multiple	AAAm	
Local Agency Investment Fund (LAIF)	10,186,759	None		Not rated
U.S. Treasuries	30,195,642	None	AA+	
U.S. Government agency obligations	9,308,824	None	AA+	
Supra-National agency bonds	276,618	None	AAA	
Asset backed securities	4,442,707	None	AAA	
Asset backed securities	3,349,877	None	NR	
Certificates of deposit	4,675,094	None	A-1	
Certificates of deposit	2,634,810	None	A-1+	
Medium term corporate notes	2,321,579	A	A	
Medium term corporate notes	5,037,347	A	A-	
Medium term corporate notes	2,693,137	A	A+	
Medium term corporate notes	885,245	A	AA	
Medium term corporate notes	602,782	A	AA-	
Medium term corporate notes	875,490	A	AA+	
Medium term corporate notes*	1,819,527	A	BBB+	
Medium term corporate notes	50,684	A	BBB-	
Held in trust:				
Fixed income securities	464,206	N/A		Not rated
Held by bond trustee:				
Investment agreements	<u>562,681</u>	N/A		Not rated
	<u>\$ 81,129,818</u>			

*These investments were all rated A by Fitch Ratings.

Concentration of Credit Risk

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

Custodial Credit Risk

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

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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 quarterly based on the ending cash balances of the previous quarter in each fund receiving interest.

NOTE 3: NOTES AND LOANS RECEIVABLE

Loans receivable of \$3,641,490 at June 30, 2020 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, 2020). The balance of the computer loans receivable at June 30, 2020 was \$13,700.

Related Party Loan Agreement with City Manager

On February 14, 2020, the City, pursuant to the Agreement for Professional Services - City Manager dated November 12, 2019, entered into a loan agreement with the City Manager in the principal amount of \$723,695. The loan bears interest at a rate equal to the average LAIF rate reported in the four quarterly LAIF reports immediately prior to the close of escrow for the loan and shall be adjusted annually to the average LAIF rate reported in the four quarterly LAIF reports immediately prior to each adjustment date, however in no event shall the interest rate exceed three percent per annum. Payments on the loan shall, at a minimum, be interest only through the maturity date. The loan and all accrued but unpaid interest shall be payable in its entirety within nine months after the termination of the City Manager's employment with the City (for any reason other than death), within one year of the City Manager's employment with the City due to death, upon sale of the subject property, or December 16, 2049. The loan receivable balance at June 30, 2020 was \$723,695.

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, 2020 was \$1,881,657 which includes \$381,657 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, 2020 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, 2020

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 homes were sold to eligible buyers and the individual loans are secured by promissory notes and deeds of trust. The loans bear simple interest at a rate of zero (0%) percent per annum. Repayment of the loans 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, 2020 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, 2020 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, 2020, no amounts have been recorded related to these loans as any payment is contingent on sales of units to non-eligible buyers in the future.

NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS

Due From / To Other Funds

The composition of interfund balances as of June 30, 2020 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Governmental Funds</u>			
General Fund	Hamilton Trust Fund	Annual transfer	\$ 851,221
	Parking Improvement	Deficit cash balance	1,925
	Private Grants	Deficit cash balance	68,250
	Community Facilities Maintenance	Deficit cash balance	20,152
	Pension Obligation Bonds	Deficit cash balance	6,353
	IS - Equipment Maintenance	Deficit cash balance	923,367
Affordable Housing Program	Hamilton Trust Fund	Annual transfer	<u>165,896</u>
Total Due From / To Other Funds			<u>\$ 2,037,164</u>

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

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

Intra-fund Receivables/Payables

The following table represents intra-fund receivables and payables as of June 30, 2020:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
Emergency & Disaster Response	LT Maintenance - Infrastructure	Deficit cash balance	\$ <u>2,161,650</u>
			\$ <u>2,161,650</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 148 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, 2020 was as follows:

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, 2020 is \$1,962,440. 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, 2020

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

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2020 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	Special Police Projects	Annual police department funding	\$ 7,000
	Parks Measure A	Property purchase	465,000
	Capital Improvement Projects	CIP program expenditures	5,782,625
	Pension Obligation Bond	Debt service	1,403,532
	Equipment Maintenance	Equipment maintenance	200,000
	Equipment Replacement	Equipment replacement	484,439
Affordable Housing Program	Pension Obligation Bonds	Debt service	776
Restricted Revenue	Capital Improvement Projects	CIP program expenditures	54,006
Development Impact Fee	General Fund	Budget transfer	2,000
	Capital Improvement Projects	CIP program expenditures	1,438,045
Novato Public Financing Authority	General Fund	Administration service charge	13,000
Hamilton Trust Fund	General Fund	Trust investment earnings	851,221
	Affordable Housing Program	Trust investment earnings	165,896
		Total Major Governmental Interfund Transfers	<u>10,867,540</u>
<u>Non-Major Governmental Funds</u>			
Clean Stormwater	General Fund	Reserve for CIP projects	65,000
	Clean Stormwater CIP	Reserve for CIP projects	45,000
Subdivision Park	General Fund	Annual appraisal cost	500
	Capital Improvement Projects	CIP program expenditures	742,738
Automation Surcharge	Pension Obligation Bonds	Debt service	2,133
Hamilton Community Facilities	Capital Improvement Projects	CIP program expenditures	28,572
	Pension Obligation Bonds	Debt service	10,667
Hamilton Arts Center	Capital Improvement Projects	CIP program expenditures	96,304
Pointe Marin CFD	Pension Obligation Bonds	Debt service	6,465
San Pablo Landscaping	Hamilton Community Facilities	Maintenance fee	9,175
State Gas Tax	General Fund	Street maintenance costs	908,667
	Capital Improvement Projects	CIP program expenditures	1,594,448
State & Federal Grants	Capital Improvement Projects	CIP program expenditures	2,091,856
Measure A Street Bonds	General Fund	Maintenance fee	617,000
	Capital Improvement Projects	CIP program expenditures	553,990
		Total Non- Major Governmental Interfund Transfer	<u>6,772,515</u>
<u>Proprietary Funds</u>			
Equipment Maintenance	Pension Obligation Bonds	Debt service	12,929
Equipment Replacement	Capital Improvement Projects	CIP projects	190,207
		Total Proprietary Fund Transfers	<u>203,136</u>
		Total Interfund Transfers	<u>\$ 17,843,191</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description</u>	<u>Amount</u>
General Fund	Emergency & Disaster Reserve	Budget transfer	\$ 3,463
General Fund	LT Maintenance - Facilities	CIP project support	163,125
General Fund	LT Maintenance - Infrastructure	CIP project support	270,757
Measure F Sales Tax	General Fund	Budget transfer	892,545
City Owned Property	Emergency & Disaster Reserve	Close fund	1,260,130
Risk Mitigation Reserve	Emergency & Disaster Reserve	Close fund	<u>3,000,000</u>
Total General Fund Intra-fund Transfers			<u>\$ 5,590,020</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 151 - 153 and the Combining Schedule of Revenues, Expenses, and Changes in Net Position for the internal service funds on page 140 presents both intra-fund and interfund transfers.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5: CAPITAL ASSETS

Governmental Activities:

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2020</u>
Capital assets not being depreciated					
Land	\$ 123,558,510	\$ -	\$ -	\$ -	\$ 123,558,510
Construction-in-progress	<u>11,536,034</u>	<u>13,218,802</u>	<u>-</u>	<u>(4,517,025)</u>	<u>20,237,811</u>
Total capital assets not being depreciated	<u>135,094,544</u>	<u>13,218,802</u>	<u>-</u>	<u>(4,517,025)</u>	<u>143,796,321</u>
Capital assets being depreciated					
Buildings and improvements	45,833,385	-	-	-	45,833,385
Furniture and equipment	2,883,022	70,680	-	-	2,953,702
Infrastructure	<u>221,363,994</u>	<u>-</u>	<u>-</u>	<u>4,517,025</u>	<u>225,881,019</u>
Total capital assets being depreciated	<u>270,080,401</u>	<u>70,680</u>	<u>-</u>	<u>4,517,025</u>	<u>274,668,106</u>
Less accumulated depreciation					
Buildings and improvements	(11,758,990)	(908,498)	-	-	(12,667,488)
Furniture and equipment	(2,310,816)	(153,205)	-	-	(2,464,021)
Infrastructure	<u>(137,255,332)</u>	<u>(4,966,474)</u>	<u>-</u>	<u>-</u>	<u>(142,221,806)</u>
Total accumulated depreciation	<u>(151,325,138)</u>	<u>(6,028,177)</u>	<u>-</u>	<u>-</u>	<u>(157,353,315)</u>
Total Capital Assets, net	<u>253,849,807</u>	<u>7,261,305</u>	<u>-</u>	<u>-</u>	<u>261,111,112</u>
Internal Service Funds:					
Capital assets being depreciated					
Furniture and equipment	-	18,672	-	-	18,672
Vehicles	<u>6,090,876</u>	<u>139,924</u>	<u>(417,493)</u>	<u>-</u>	<u>5,813,307</u>
Total capital assets being depreciated	<u>6,090,876</u>	<u>158,596</u>	<u>(417,493)</u>	<u>-</u>	<u>5,831,979</u>
Less accumulated depreciation					
Vehicles	<u>(4,533,034)</u>	<u>(370,916)</u>	<u>417,493</u>	<u>-</u>	<u>(4,486,457)</u>
Total Capital Assets, net	<u>1,557,842</u>	<u>(212,320)</u>	<u>-</u>	<u>-</u>	<u>1,345,522</u>
Total Governmental Activities	<u>\$ 255,407,649</u>	<u>\$ 7,048,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,456,634</u>

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

Governmental Activities:

General government	\$ 93,939
Public safety	217,071
Culture and recreation	6,523
Community development	6,090
Public works	<u>6,075,470</u>
Total governmental activities depreciation expense	<u>\$ 6,399,093</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2020</u>
Capital assets not being depreciated					
Land	\$ 11,840,000	\$ -	\$ -	\$ -	\$ 11,840,000
Construction-in-progress	<u>-</u>	<u>104,270</u>	<u>-</u>	<u>-</u>	<u>104,270</u>
Total capital assets not being depreciated	<u>11,840,000</u>	<u>104,270</u>	<u>-</u>	<u>-</u>	<u>11,944,270</u>
Capital assets being depreciated					
Buildings and improvements	8,015,410	165,450	-	-	8,180,860
Furniture and equipment	<u>253,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,155</u>
Total capital assets being depreciated	<u>8,268,565</u>	<u>165,450</u>	<u>-</u>	<u>-</u>	<u>8,434,015</u>
Less accumulated depreciation					
Buildings and improvements	(4,409,347)	(339,843)	-	-	(4,749,190)
Furniture and equipment	<u>(148,612)</u>	<u>(38,748)</u>	<u>-</u>	<u>-</u>	<u>(187,360)</u>
Total accumulated depreciation	<u>(4,557,959)</u>	<u>(378,591)</u>	<u>-</u>	<u>-</u>	<u>(4,936,550)</u>
Total Capital Assets, net	<u>\$ 15,550,606</u>	<u>\$ (108,871)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,441,735</u>

Depreciation expense charged to business-type activities was \$378,591.

NOTE 6: LONG-TERM LIABILITIES

Governmental activities long-term debt issued and outstanding at June 30, 2020 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, 2020</u>
General obligation refunding bonds:				
Series 2020	2027	1%	\$ 2,550,000	\$ 2,550,000
Pension obligation bonds, A-1 & A-2	2035	5.69-6.12%	18,296,066	17,996,336
2013 General obligation refunding bonds	2025	2.44%	10,710,450	3,303,202
Bond issuance premiums (discounts)				
Pension obligation bonds discount				(70,490)
Clean Renewable Energy Bonds (CREBS)	2024	0.00%	1,533,000	286,532
Capital leases	2017-2022	2.10-4.81%	Various	11,028
PG&E Loan	2021	0.00%	49,436	32,389
Compensated absences				<u>1,554,804</u>
Total governmental activities				<u>\$ 25,663,801</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Business-type activities long-term debt issued and outstanding at June 30, 2020 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, 2020</u>
Bank of Marin	2028	2.8050%	\$ 7,900,000	\$ <u>4,384,352</u>

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2020:

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation bonds	\$ 7,357,123	\$ 2,550,000	\$ (4,053,921)	\$ 5,853,202	\$ 1,626,989
Pension obligation bonds	18,329,471	371,865	(705,000)	17,996,336	800,000
Clean renewable energy bonds	399,847	-	(113,315)	286,532	113,315
Premium (discount) on bonds, net	26,643	-	(97,133)	(70,490)	5,088
Capital leases	34,689	-	(23,661)	11,028	8,946
PG&E note payable	<u>44,322</u>	<u>-</u>	<u>(11,933)</u>	<u>32,389</u>	<u>30,684</u>
Total bonds and notes payable	<u>26,192,095</u>	<u>2,921,865</u>	<u>(5,004,963)</u>	<u>24,108,997</u>	<u>2,585,022</u>
Other liabilities:					
Compensated absences	<u>1,429,823</u>	<u>1,320,658</u>	<u>(1,195,677)</u>	<u>1,554,804</u>	<u>371,996</u>
Total Governmental Activities	<u>\$ 27,621,918</u>	<u>\$ 4,242,523</u>	<u>\$ (6,200,640)</u>	<u>\$ 25,663,801</u>	<u>\$ 2,957,018</u>
	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Current Portion</u>
Business-type Activities					
Bank of Marin	<u>\$ 4,902,425</u>	<u>\$ -</u>	<u>\$ (518,073)</u>	<u>\$ 4,384,352</u>	<u>\$ 533,164</u>
Total Business-type Activities	<u>\$ 4,902,425</u>	<u>\$ -</u>	<u>\$ (518,073)</u>	<u>\$ 4,384,352</u>	<u>\$ 533,164</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

A description of the long-term liabilities related to governmental activities at June 30, 2020 follows:

A. Governmental Activities

General Obligation Bonds

The City has two outstanding general obligation bond issues: (1) \$2,550,000 Refunding Series 2020, dated April 6, 2020 and (2) \$10,710,450 Refunding, dated October 15, 2013.

(1) On April 6, 2020, the City issued \$2,550,000 General Obligation Refunding Bonds, Series 2020 to refund the 2007 general obligation bonds. The 2020 refunding bonds have an interest rate of 1.22% and mature on August 1, 2027.

(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, 2020 includes accumulated depreciation of \$184,635. The total related net value of the assets is \$10,081. 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, 2020

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 \$116,360 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, 2020 was \$17,809.

Compensated Absences

At June 30, 2020, compensated absences totaled \$1,554,804, of which \$371,996 was recorded as a current liability and the non-current portion totaled \$1,182,808. 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 2020	Series 2013	Total
2021	\$ 280,000	\$ 1,346,989	\$ 1,626,989
2022	310,000	658,316	968,316
2023	320,000	315,573	635,573
2024	315,000	319,844	634,844
2025	320,000	327,581	647,581
2026 - 2030	1,005,000	334,899	1,339,899
Total	\$ 2,550,000	\$ 3,303,202	\$ 5,853,202

For the Year Ending June 30,	Interest		
	Series 2020	Series 2013	Total
2021	\$ 23,785	\$ 64,165	\$ 87,950
2022	25,803	39,700	65,503
2023	21,960	27,818	49,778
2024	18,087	20,066	38,153
2025	14,214	12,168	26,382
2026 - 2030	18,513	4,086	22,599
Total	\$ 122,362	\$ 168,003	\$ 290,365

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Pension Obligation Bonds

For the Year Ending June 30,	Principal	Interest	Total
2021	\$ 800,000	\$ 690,012	\$ 1,490,012
2022	900,000	642,812	1,542,812
2023	1,015,000	589,442	1,604,442
2024	1,135,000	529,252	1,664,252
2025	1,260,000	461,948	1,721,948
2026 - 2030	7,657,356	1,948,158	9,605,514
2031 - 2035	<u>5,228,980</u>	<u>6,226,021</u>	<u>11,455,001</u>
Total	<u>\$ 17,996,336</u>	<u>\$ 11,087,645</u>	<u>\$ 29,083,981</u>

Clean Renewable Energy Bonds

For the Year Ending June 30,	Principal	Interest	Total
2021	\$ 113,315	\$ -	\$ 113,315
2022	113,315	-	113,315
2023	19,968	-	19,968
2024	<u>39,934</u>	<u>-</u>	<u>39,934</u>
Total	<u>\$ 286,532</u>	<u>\$ -</u>	<u>\$ 286,532</u>

Capital leases

For the Year Ending June 30,	Principal	Interest	Total
2021	\$ 8,946	\$ 484	\$ 9,430
2022	<u>2,082</u>	<u>76</u>	<u>2,158</u>
Total	<u>\$ 11,028</u>	<u>\$ 560</u>	<u>\$ 11,588</u>

PG&E Note Payable

For the Year Ending June 30,	Principal	Interest	Total
2021	\$ 30,684	\$ -	\$ 30,684
2022	<u>1,705</u>	<u>-</u>	<u>1,705</u>
Total	<u>\$ 32,389</u>	<u>\$ -</u>	<u>\$ 32,389</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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>
2021	\$ 2,579,934	\$ 778,446	\$ 3,358,380
2022	1,985,418	708,391	2,693,809
2023	1,670,541	639,220	2,309,761
2024	1,809,778	567,405	2,377,183
2025	1,907,581	488,330	2,395,911
2026 - 2030	8,997,255	1,970,757	10,968,012
2031 - 2035	<u>5,228,980</u>	<u>6,226,021</u>	<u>11,455,001</u>
Total	<u>\$ 24,179,487</u>	<u>\$ 11,378,570</u>	<u>\$ 35,558,057</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>
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	597,288	53,885	651,173
2026 - 2030	<u>1,560,675</u>	<u>58,363</u>	<u>1,619,038</u>
Total	<u>\$ 4,384,352</u>	<u>\$ 490,549</u>	<u>\$ 4,874,901</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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 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, 2020 the outstanding principal of the City of Novato CFD No. 1994-1 Hamilton Field 2014 Loan Refinancing was \$7,110,414.

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 refunding bonds 2020. 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 and the 2007 bond was refunded in February 2020. At June 30, 2020 the outstanding principal of the City of Novato Community Facilities District No. 2002-1 (Pointe Marin) Special Tax Refunding bond 2020 issue was \$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.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, 2020, the outstanding principal of the City of Novato Community Facilities District No.1 (Vintage Oaks) Special Tax Bond Refinancing Loan was \$9,189,543.

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.

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).

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 8: FUND BALANCE (CONTINUED)

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, 2020, 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	\$ 136,283	\$ -	\$ -	\$ 4,611	\$ 140,894
Employee loans	<u>737,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>737,395</u>
Total Nonspendable	<u>873,678</u>	<u>-</u>	<u>-</u>	<u>4,611</u>	<u>878,289</u>
Restricted					
Taxes, & fees	-	-	34,633,100	6,912,153	41,545,253
Grants & contributions	-	-	-	939,025	939,025
Capital projects	-	14,275,892	-	3,460,481	17,736,373
Successor Agency admin	60,352	-	-	-	60,352
Pension	464,206	-	-	-	464,206
Affordable housing	-	3,995,729	-	-	3,995,729
Debt service	-	-	-	1,972,477	1,972,477
Total Restricted	<u>524,558</u>	<u>18,271,621</u>	<u>34,633,100</u>	<u>13,284,136</u>	<u>66,713,415</u>
Assigned					
Capital projects	2,734,149	-	-	-	2,734,149
Operating	736,520	-	-	-	736,520
Insurance	23,591	-	-	-	23,591
Pension reserve	1,477	-	-	-	1,477
Emergency & disaster response	11,107,725	-	-	-	11,107,725
Long-term maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,323</u>	<u>98,323</u>
Total Assigned	<u>14,603,462</u>	<u>-</u>	<u>-</u>	<u>98,323</u>	<u>14,701,785</u>
Unassigned	<u>1,223,093</u>	<u>(3,024,078)</u>	<u>-</u>	<u>(22,134)</u>	<u>(1,823,119)</u>
Total Fund Balance	<u>\$ 17,224,791</u>	<u>\$ 15,247,543</u>	<u>\$ 34,633,100</u>	<u>\$ 13,364,936</u>	<u>\$ 80,470,370</u>

Fund Balance Deficits

As of June 30, 2020, the following funds had a fund deficit:

<u>Fund</u>	<u>Deficit</u>
Capital Improvement Projects	\$ 1,210,010
Novato Public Financing Authority	1,814,068
Parking Improvement	1,982
Community Facilities Maintenance	20,152

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

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

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. Classic employees, those hired prior to January 1, 2013, participate in cost sharing based on MOU changes.

The Plans' provisions and benefits in effect at June 30, 2020, 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%	7.250%
Required Employer Contribution Rates*	23.511%	23.511%

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*	84.192%	19.113%	13.228%

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

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees Covered

At June 30, 2020, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	247
Inactive employees entitled to but not yet receiving benefits	193
Active employees	149
Total	589

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 \$2,520,787 for the year ended June 30, 2020, and the City's contributions to the Safety Plan were \$2,797,157 for the year ended June 30, 2020.

B. Net Pension Liability

The net pension liability of each of the Plans is measured as of June 30, 2019 using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures.

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 were as follows:

	Increase (Decrease)		
Miscellaneous Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2019	\$ 100,450,068	\$ 78,383,442	\$ 22,066,626
Changes in the Year:			
Service cost	1,752,430	-	1,752,430
Interest on the total pension liability	7,115,985	-	7,115,985
Changes of assumptions	-	-	-
Differences between expected and actual experience	785,598	-	785,598
Plan to Plan Resource Movement	-	-	-
Contributions - employer	-	2,190,445	(2,190,445)
Contributions - employee	-	719,025	(719,025)
Net investment income	-	5,121,724	(5,121,724)
Benefit payments, including refunds of employee contributions	(5,175,221)	(5,175,221)	-
Administrative expense	-	(55,936)	55,936
Other miscellaneous income/(expense)	-	183	(183)
Net Changes	4,478,792	2,800,220	1,678,572
Balance at June 30, 2020	\$ 104,928,860	\$ 81,183,662	\$ 23,745,198

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the net pension liability of the Safety Plan of \$27,693,546. The City's total net pension liability as of June 30, 2020 totaled \$51,438,744.

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	0.264019%
Proportion - June 30, 2019	0.270226%
Change - Increase (Decrease)	0.006207%

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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	7.375% net of pension plan investment expenses; includes inflation
Safety Return	7.25% 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 probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90 percent of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on CalPERS website.

Other significant actuarial assumptions used in the June 30, 2018 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

For the measurement period June 30, 2019, there were no changes in assumptions.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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.

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 adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<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 Assets	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)	\$ 36,440,502	\$ 23,745,198	\$ 13,140,427
Safety (proportionate share)	42,277,671	27,693,546	15,730,731

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

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

Miscellaneous Plan

For the year ended June 30, 2020, the City recognized pension expense of \$4,408,812 for the Miscellaneous Plan. At June 30, 2020, 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	\$ 2,520,787	\$ -
Differences between actual and expected experience	500,601	-
Changes in assumptions	-	(94,392)
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>(432,819)</u>
Total	<u>\$ 3,021,388</u>	<u>\$ (527,211)</u>

\$2,520,787 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, 2021. 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>	
2021	\$ 554,422
2022	(535,007)
2023	(125,674)
2024	79,649

Safety Plan

For the year ended June 30, 2020, the City recognized pension expense of \$5,141,807 for the Safety Plan. At June 30, 2020, 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	\$ 2,797,157	\$ -
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	-	(1,596,742)
Differences between actual and expected experience	1,807,919	-
Changes in assumptions	1,134,972	(221,489)
Change in employer's proportion	988,736	(161,269)
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>(380,926)</u>
Total	<u>\$ 6,728,784</u>	<u>\$ (2,360,426)</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$2,797,157 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, 2021. 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>	
2021	\$ 1,532,695
2022	(226,528)
2023	190,918
2024	74,116

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	191
Inactive employees currently receiving benefits	61
Inactive employees entitled to, but not yet receiving benefits	<u>124</u>
 Total	 <u>376</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, 2020, the city contributed \$232,000.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2019 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, 2020 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, 2019 6.25% at June 30, 2018 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
Healthcare Participation	Covered Actives: 75% Waived Actives: 5% Waived Retirees: 5% re-elect at 65

Changes in Assumptions

For the measurement period ended June 30, 2019, there were no changes in assumptions.

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, 2020

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) (c) = (a) - (b)
Balance at June 30, 2019 (6/30/2018 measurement date)	\$ 4,333,000	\$ 1,339,000	\$ 2,994,000
Service cost	290,000	-	290,000
Interest in TOL	281,000	-	281,000
Employer contributions	-	472,000	(472,000)
Net investment income	-	92,000	(92,000)
Administrative expense	-	(1,000)	1,000
Benefit payments	(244,000)	(244,000)	-
Net change	327,000	319,000	8,000
Balance at June 30, 2020 (6/30/2019 measurement date)	\$ 4,660,000	\$ 1,658,000	\$ 3,002,000

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	\$ 3,630,000	\$ 3,002,000	\$ 2,486,000

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2019:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ <u>2,368,000</u>	\$ <u>3,002,000</u>	\$ <u>3,798,000</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes 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) (7.9 years at June 30, 2020)

OPEB Expense

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$279,000. As of the fiscal year ended June 30, 2020, 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	\$ 232,000	\$ -
Difference between expected and actual experience	-	(363,000)
Changes in assumptions	-	(55,000)
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>(14,000)</u>
Total	<u>\$ 232,000</u>	<u>\$ (432,000)</u>

\$232,000 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:

<u>Fiscal Year Ended June 30:</u>	<u>Deferred Outflow/(Inflows) of Resources</u>
2021	\$ (100,000)
2022	(98,000)
2023	(92,000)
2024	(92,000)
2025	(50,000)

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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 \$169,552 for claims and \$683,797 for insurance premiums during the fiscal year ended June 30, 2020.

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

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

The City's contribution with each risk pool equals the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. During the fiscal year ended June 30, 2020, the City incurred costs of \$1,965,733 for coverage premiums and administration of the risk pools. During the past four fiscal years, none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from the prior year.

B. Liability for Uninsured Claims

The City estimates its liability for the uninsured portion of claims, including a provision for claims incurred but not reported ("IBNR"), based on claims experience. Undiscounted claims liabilities were as follows at June 30, 2020:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Projected known claims	\$ 543,245	\$ 250,969	\$ 794,214
Projected IBNR	<u>979,500</u>	<u>369,850</u>	<u>1,349,350</u>
Total Claims Liability	<u>\$ 1,522,745</u>	<u>\$ 620,819</u>	<u>\$ 2,143,564</u>
Claims liability - current	\$ 424,848	\$ 199,319	\$ 624,167
Claims liability - non-current	<u>1,097,897</u>	<u>421,500</u>	<u>1,519,397</u>
Total Claims Liability	<u>\$ 1,522,745</u>	<u>\$ 620,819</u>	<u>\$ 2,143,564</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020:

Fund	Excess Expenditures and Transfers
Affordable Housing Program	\$ 58,986
Restricted Revenue	(463,647)
Development Impact Fees	(1,399,039)
Novato Public Financing Authority	14,262
Hamilton Trust	612,443
Subdivision Park	(86,023)
Art in Public Places	12,499
Automation Surcharge	1,015
Hamilton Arts Center	(532,224)
Landscaping Assessment District - Hillside	14,798
Downtown Lighting & Landscaping	1,029
State Gas Tax	(662,878)
Private Grant	113,524
Parks Measure A	431,096
General Obligation	2,566,664
Pension Obligation	4,548

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, 2020

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>
2021	\$ 245,691
2022	<u>24,365</u>
Total	<u>\$ 270,056</u>

NOTE 14: 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, 2020 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 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, 2020 was \$675,876.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 14: 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, 2020:

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Current Portion</u>
Successor Agency:					
Hamilton Field 2005	\$ 16,775,000	\$ -	\$(16,775,000)	\$ -	\$ -
Hamilton Field 2005 Series A	6,665,000	-	(6,665,000)	-	-
Hamilton Field Series A 2011	15,345,000	-	(15,345,000)	-	-
CIEDB loan payable	2,144,445	-	(2,144,445)	-	-
2019 Tax Allocation Refunding Bonds Series A	-	17,500,000	-	17,500,000	-
2019 Tax Allocation Refunding Bonds Series B	-	17,335,000	-	17,335,000	1,850,000
Premium (discount) on bonds, net	-	2,173,627	(75,269)	2,098,358	(75,269)
Total Long-Term Liabilities	<u>\$ 40,929,445</u>	<u>\$ 37,008,627</u>	<u>\$ (41,004,714)</u>	<u>\$ 36,933,358</u>	<u>\$ 1,774,731</u>

A description of the long-term liabilities follows:

2019 Tax Allocation Refunding Bonds, Series A and Series B

On September 12, 2019 the Agency issued 2019 Tax Allocation Refunding Bonds, Series A in the amount of \$17,500,000 and 2019 Tax Allocation Refunding Bonds, Series B in the amount of \$17,335,000 (the "2019 Bonds") to (i) to refund the Hamilton Field Redevelopment Project Tax Allocation Bonds, Series 2005, refund the Hamilton Field Redevelopment Project 2005 Tax Allocation Housing Bonds, Series A, refund the Hamilton Field Redevelopment Project Tax Allocation Bonds, Series 2011, refund the California Infrastructure and Economic Development Bank Tax Allocation Loan Agreement, (ii) purchase a municipal bond insurance reserve policy for deposit to a debt service reserve account established for the 2019 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 March 1, 2020. Principal is payable on September 1 of each year, commencing September 1, 2020.

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

<u>For the Year Ending June 30</u>	<u>2019 TAR B Series A</u>		<u>2019 TAR B Series B</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ -	\$ 700,000	\$ 1,850,000	\$ 366,644	\$ 1,850,000	\$ 1,066,644
2022	-	700,000	1,670,000	332,685	1,670,000	1,032,685
2023	-	700,000	1,705,000	299,564	1,705,000	999,564
2024	-	700,000	1,735,000	265,292	1,735,000	965,292
2025	-	700,000	1,770,000	229,534	1,770,000	929,534
2026 - 2030	-	3,500,000	7,745,000	612,643	7,745,000	4,112,643
2031 - 2035	7,660,000	2,802,600	860,000	11,804	8,520,000	2,814,404
2036 - 2040	8,375,000	1,091,900	-	-	8,375,000	1,091,900
2041 - 2045	1,465,000	29,300	-	-	1,465,000	29,300
Total	<u>\$ 17,500,000</u>	<u>\$ 10,923,800</u>	<u>\$ 17,335,000</u>	<u>\$ 2,118,166</u>	<u>\$ 34,835,000</u>	<u>\$ 13,041,966</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15: SUBSEQUENT EVENTS

Financial Statement Reconciliations

As of February 17, 2023, the date the financial statements were available to be issued, reconciliations for the City's bank accounts, payroll accounts, and ledger accounts were in various degrees of completion with major areas such as: cost recovery billing, investments, capital improvement projects, along with two bank accounts being completely current. The reason for the delay in the reconciliations is that beginning in 2017 the City experienced significant turnover in the Finance Department and only became fully staffed in 2022. The staff along with third party consultants are working to get the records up to date. It is management's opinion that future account reconciliations will not have a material impact on the City's 2020 financial position.

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 applied and was approved by the City Manager. Applications closed on June 22, 2020. Ten city employees were approved for the program. These separations occurred in July and August, 2021.

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

The World Health Organization declared the Coronavirus a pandemic on 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 or impairment adjustments should be made. The City has determined that the amounts reported on the financial statements are properly valued as of June 30, 2020. Impacts of the COVID-19 pandemic on revenue started in 2020 and continued into 2021 and 2022. The City took action in its fiscal year 2021 budget to offset the impact of COVID-19 to revenue. Actions included reducing the budget by \$3.3 million including eliminating seventeen (17) full-time positions. In addition, the City received funding from the federal government related to the impacts of COVID-19.

American Rescue Plan Act (ARPA) Funding

The City received \$4.6 million in ARPA State and Local Fiscal Recovery Funds in June 2021 and 2022 respectively for a total of \$9.2 million. These funds are designated for use to support the City's recovery from COVID-19 and backfill revenue lost as a result of the pandemic. Some of this funding was used for pandemic pay to help retain City employees during this period.

Coronavirus Aid Relief and Economic Security (CARES) Act Funding

In fiscal year, the City received \$663,066 in CARES funding. This funding was used to offset public safety costs for the City's response to COVID-19.

Fiscal 2021 Budget Amendments

On June 23, 2020 the City Council adopted a carryover operating budget for fiscal year 2020-2021, with the 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. 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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15: SUBSEQUENT EVENTS (CONTINUED)

Fiscal 2022 Budget

In fiscal year 2021, the City significantly reduced operating expenses, including elimination of seventeen (17) full-time positions. Many of the expense reductions were ongoing in nature which assisted in containing costs in FY 2021/22. Those reductions, the start of the economic recovery, and the one-time ARPA funds led to a much smaller proposed deficit (\$208K) for the fiscal year 2022 budget than the fiscal year 2021 budget.

The fiscal year 2022 budget also contained \$1.2 million for replenishment of the insurance reserve fund that had been depleted in a litigation settlement. The replenishment was accomplished with one-time general fund money and brought the reserve level into compliance with the Council's reserve policy. In addition, the City also funded an additional contribution of \$500,000 to the IRS 115 Trust established in 2020, and caught up Other Post-Employment Benefits (OPEB) contributions for fiscal years 2019/2020 and 2020/2021 in the amount of \$502,000.

Fiscal 2023 Budget

Despite budget reductions and cost containment efforts, the projected General Fund deficit for FY 2022/23 was \$1.6 million, primarily the result of revenues not keeping pace with growing expenses. This budget also included a number of one-time unfunded state mandates that are estimated to cost over \$1.5 million. One-time revenue was used to offset one-time costs and the projected deficit; use of the one-time revenue for these purposes was expected to prevent the use of emergency reserves in FY 2022/23.

The fiscal year 2023 budget contains a million dollar increase in revenue related to an increase in fees. On May 24, 2022 the City Council adopted an updated master fee schedule, and it went into effect on September 1, 2022. This is the first time fees have been comprehensively increased since 2006.

Homeless Encampment

In July 2021 the Marin County Homeless Union filed a lawsuit against the city to allow the residents of the encampment to stay in the park. A federal judge issued a temporary restraining order against the City to prohibit removal of residents from the park until the case was settled. On October 18, 2021, the City was ordered to construct a temporary camp at Lee Gerner Park. The City did construct the camp and has been incurring operating expenses in relation to the camp. The lawsuit was settled in July 2022 with the City reaching agreement with the homeless union allowing the camp to remain open to existing residents.

Corporation Yard Purchase

The City has been using 1 acre of land to house its Corporation Yard operations. In August 2022 the City learned that it was encroaching on 1 acre of Frontier Telecommunications property when Frontier put the land up for sale. The City was advised that it would have to buy or vacate the property as the owner would not split the property and allow the City to only purchase the portion being occupied. The City Council approved the purchase on October 11, 2022 and initially authorized the use of the Emergency and Disaster Response Fund with direction to staff to return with a funding proposal at the December 6, 2022 Council meeting. The Council authorized funding the purchase through a combination of Measure F, one-time General Fund money, and a loan from the Equipment Internal Service Fund.

Loan to North Bay Children's Center and associated Lease Lease-back with Novato Public Financing Authority

On October 25, 2022 the City Council authorized a \$2 million loan to the North Bay Children's Center (NBCC) and a related lease lease-back transaction with the Novato Public Financing Authority (NPFA) drawing funds from the Hamilton Trust to make funds available to the City for the loan to NBCC. The loan will be applied to phase I of NBCC's capital improvements so that it may expand its programs. The loan is for \$2.1 million and will be paid back over 30 years.

In order to have available capital for the loan the City, the NPFA, as the trustee of the Hamilton Trust funds, provides the City with the funds while putting up an asset as security. The leased asset is the Corporation Yard. The City makes lease payments to the NPFA, and the NBCC makes lease payments to the City. The funds are expected to be disbursed to the City from the NPFA and loaned to NBCC in February 2023.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15: SUBSEQUENT EVENTS (CONTINUED)

Loan to Homeward Bound

On December 6, 2022 the City Council approved a short term loan to Homeward Bound for construction of a Veteran's Housing project that will provide 24 one bedroom units of permanent supportive housing on the former Hamilton Field. The loan will be funded from the City's Emergency and Disaster Response Fund. The loan is expected to be fully repaid within 30 months or prior to July 2025. While the loan has been approved the documents are in the process of completion. As of the date of the financial statements the loan has not been disbursed.

Novato Theater

In 2016, the City agreed to a \$1,000,000 funding commitment for the Novato Theater in two installments of \$600,000, and \$400,000, respectively to rehabilitate the theater at 924 Grant Avenue. Only the first installment has been paid. In October 2020, Novato Theater acknowledged via a termination and cancellation agreement that they were unable to complete Phases 2 and 3 of the project and thereby released the City from the remaining \$400,000 obligation.

Sale of Hamilton Commissary Parcel

The City sold this parcel formerly part of Hamilton Air Force Base to City Ventures in March 2021 and received \$5,667,550 in one-time funds from the sale.

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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 33,509,287	\$ 33,509,287	\$ 32,464,889	\$ (1,044,398)
Licenses and permits	1,379,000	1,379,000	1,243,443	(135,557)
Intergovernmental	466,678	466,678	524,664	57,986
Fines and forfeitures	591,200	591,200	675,442	84,242
Use of money and property	697,350	697,350	1,126,344	428,994
Charges for services	3,319,610	3,324,610	2,440,508	(884,102)
Other revenues	<u>72,800</u>	<u>89,455</u>	<u>635,281</u>	<u>545,826</u>
Total Revenues	<u>40,035,925</u>	<u>40,057,580</u>	<u>39,110,571</u>	<u>(947,009)</u>
EXPENDITURES				
Current:				
General Government				
Central Administration				
City council	83,622	83,891	174,761	(90,870)
City manager	583,396	876,976	810,086	66,890
Public information	540,763	517,050	350,832	166,218
Economic development	1,053,440	1,077,874	286,459	791,415
Successor agency administration	65,764	65,764	47,980	17,784
Environmental sustainability	185,081	185,081	32,853	152,228
City clerk	541,367	552,215	554,768	(2,553)
City attorney	<u>463,000</u>	<u>1,094,218</u>	<u>(162,550)</u>	<u>1,256,768</u>
Total Central Administration	<u>3,516,433</u>	<u>4,453,069</u>	<u>2,095,189</u>	<u>2,357,880</u>
Administrative Services				
Administration	802,164	817,459	431,111	386,348
Human resources	848,792	873,004	1,191,223	(318,219)
Finance	864,815	869,294	1,123,962	(254,668)
Information technology	1,277,096	1,322,001	1,263,574	58,427
Risk management	1,305,185	1,305,185	1,686,307	(381,122)
Memberships	30,076	30,076	22,709	7,367
Central stores	5,000	5,000	(3,687)	8,687
Special programs	1,542,375	1,540,544	665,334	875,210
Marin GSA	49,735	49,735	47,792	1,943
Emergency Response	-	-	117,409	(117,409)
Animal services	717,060	717,060	714,560	2,500
City-owned properties	<u>20,420</u>	<u>20,420</u>	<u>369</u>	<u>20,051</u>
Total Administrative Services	<u>7,462,718</u>	<u>7,549,778</u>	<u>7,260,663</u>	<u>289,115</u>
Total General Government	<u>10,979,151</u>	<u>12,002,847</u>	<u>9,355,852</u>	<u>2,646,995</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, 2020

	2019 - 2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
Public Safety				
Police				
Police administration	1,267,688	1,291,140	1,528,787	(237,647)
Services administration	-	-	16,175	(16,175)
Multicultural oversight	-	-	1,249	(1,249)
Emergency services	37,500	37,500	28,123	9,377
Records management	806,192	827,201	744,149	83,052
Communications/dispatch	1,350,756	1,392,320	1,225,930	166,390
Professional standards	632,616	647,908	569,082	78,826
Criminal investigations	1,459,711	1,577,449	1,369,302	208,147
Patrol administration	-	-	41,058	(41,058)
Patrol operations	8,067,630	8,128,947	8,010,691	118,256
K-9	550,393	583,654	617,766	(34,112)
Traffic operations	914,660	934,465	757,751	176,714
Police grants	187,136	190,896	186,828	4,068
Novato response team	811,494	834,777	934,776	(99,999)
Special response team	39,448	39,448	26,102	13,346
Community engagement	22,601	22,601	31,446	(8,845)
Special projects	230,871	234,967	202,323	32,644
Total Public Safety	<u>16,378,696</u>	<u>16,743,273</u>	<u>16,291,538</u>	<u>451,735</u>
Public Works				
Traffic & engineering administration	690,500	703,607	817,770	(114,163)
Storm water pollution prevention	61,892	63,855	54,971	8,884
Engineering operations	488,644	495,959	396,528	99,431
Permitting	265,663	275,490	278,274	(2,784)
Sustainability	-	5,209	18,840	(13,631)
Private project engineering	181,899	188,770	292,862	(104,092)
Capital project engineering	(123,695)	(103,708)	(254,623)	150,915
Maintenance administration	402,868	409,828	363,260	46,568
Street maintenance	1,213,442	1,284,500	1,121,499	163,001
Storm drain maintenance	286,261	293,204	281,790	11,414
Traffic operations	352,501	355,204	122,705	232,499
Median island maintenance	866,657	892,370	932,467	(40,097)
Parks maintenance	1,088,082	1,102,015	937,254	164,761
Hamilton pool landscape	108,161	109,792	99,897	9,895
Civic center maintenance	970,527	983,694	884,767	98,927
Novato museum maintenance	2,500	2,500	3,784	(1,284)
DRC/gymnasium maintenance	133,002	134,660	147,883	(13,223)
Lu Sutton maintenance	42,171	43,550	1,690	41,860
MTSC maintenance	255,963	262,316	347,475	(85,159)
Hamilton pool building maintenance	-	-	5,028	(5,028)
Other Hamilton facilities maintenance	133,586	135,307	105,734	29,573
City owned property management	20,000	20,000	15,213	4,787
Total Public Works	<u>7,440,624</u>	<u>7,658,122</u>	<u>6,975,068</u>	<u>683,054</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
Culture and Recreation				
Administration	590,811	617,460	609,386	8,074
Activities guide	-	62	19,655	(19,593)
Special events	74,455	87,425	70,304	17,121
Child care & enrichment programs	842,940	858,237	720,216	138,021
Museum & administration	-	-	7,826	(7,826)
Senior citizens	219,053	230,054	254,152	(24,098)
Senior citizens classes	145,626	154,628	153,245	1,383
Athletic programs	839,012	854,364	689,571	164,793
Gymnastics	<u>951,048</u>	<u>998,216</u>	<u>935,283</u>	<u>62,933</u>
Total Cultural and Recreation	<u>3,662,945</u>	<u>3,800,446</u>	<u>3,459,638</u>	<u>340,808</u>
Community Development				
Administration	216,426	220,929	284,489	(63,560)
Economic programs	-	-	18,433	(18,433)
Sustainability	-	-	130,103	(130,103)
Code enforcement	262,253	267,938	240,013	27,925
Resale inspection	120,905	129,214	197,128	(67,914)
Planning administration	207,192	212,227	189,843	22,384
Long-range planning	407,281	414,862	275,844	139,018
Private projects	396,242	413,423	414,703	(1,280)
Clerical support services	454,677	470,906	419,278	51,628
Building inspection	<u>882,027</u>	<u>907,077</u>	<u>909,943</u>	<u>(2,866)</u>
Total Community Development	<u>2,947,003</u>	<u>3,036,576</u>	<u>3,079,777</u>	<u>(43,201)</u>
Debt Service				
Principal	113,315	113,315	148,909	(35,594)
Interest	-	-	1,469	(1,469)
Total Debt Service	<u>113,315</u>	<u>113,315</u>	<u>150,378</u>	<u>(37,063)</u>
 Total Expenditures	 <u>41,521,734</u>	 <u>43,354,579</u>	 <u>39,312,251</u>	 <u>4,042,328</u>
Excess (deficiency) of revenues over expenditures	<u>(1,485,809)</u>	<u>(3,296,999)</u>	<u>(201,680)</u>	<u>3,095,319</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	7,040,806	7,617,611	2,457,388	(5,160,223)
Transfers out	<u>(14,672,822)</u>	<u>(14,547,267)</u>	<u>(8,342,596)</u>	<u>6,204,671</u>
Total Other Financing Sources (Uses)	<u>(7,632,016)</u>	<u>(6,929,656)</u>	<u>(5,885,208)</u>	<u>1,044,448</u>
Net change in fund balance	<u>\$ (9,117,825)</u>	<u>\$ (10,226,655)</u>	<u>(6,086,888)</u>	<u>\$ 4,139,767</u>
Fund balance - July 1, 2019			<u>23,311,679</u>	
Fund balance - June 30, 2020			<u>\$ 17,224,791</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, 2020

	2019 - 2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ 12,750	\$ 12,750	\$ 68,790	\$ 56,040
Charges for services	110,000	110,000	954,431	844,431
Other revenues	<u>-</u>	<u>-</u>	<u>185,219</u>	<u>185,219</u>
Total Revenues	<u>122,750</u>	<u>122,750</u>	<u>1,208,440</u>	<u>1,085,690</u>
<u>EXPENDITURES</u>				
Current:				
Community Development	<u>193,027</u>	<u>193,558</u>	<u>252,546</u>	<u>(58,988)</u>
Total Expenditures	<u>193,027</u>	<u>193,558</u>	<u>252,546</u>	<u>(58,988)</u>
Excess (deficiency) of revenues over expenditures	<u>(70,277)</u>	<u>(70,808)</u>	<u>955,894</u>	<u>1,026,702</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	80,000	80,000	165,896	85,896
Transfers out	<u>(778)</u>	<u>(778)</u>	<u>(776)</u>	<u>2</u>
Total Other Financing Sources (Uses)	<u>79,222</u>	<u>79,222</u>	<u>165,120</u>	<u>85,898</u>
Net change in fund balance	<u>\$ 8,945</u>	<u>\$ 8,414</u>	<u>1,121,014</u>	<u>\$ 1,112,600</u>
Fund balance - July 1, 2019			<u>2,874,715</u>	
Fund balance - June 30, 2020			<u>\$ 3,995,729</u>	

**CITY OF NOVATO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020
Last 10 Years ***

	Measurement Period					
	2019	2018	2017	2016	2015	2014
Changes in Total Pension Liability						
Service cost	\$ 1,752,430	\$ 1,731,963	\$ 1,660,667	\$ 1,651,346	\$ 1,492,551	\$ 1,481,542
Interest	7,115,985	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	785,598	146,212	(1,365,339)	(999,532)	(770,125)	-
Benefit payments, including refunds of member contributions	<u>(5,175,221)</u>	<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>4,478,792</u>	<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	100,450,068	97,263,266	89,806,887	86,967,241	85,638,181	81,860,399
Total Pension Liability - End of Year	<u>104,928,860</u>	<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	2,190,445	1,908,014	1,763,637	1,603,220	1,435,535	1,206,124
Contributions - employee	719,025	717,920	695,707	712,496	635,240	582,962
Plan to plan resource movement	-	(183)	-	2,406	(286)	-
Net investment income	5,121,724	6,278,801	7,705,310	354,708	1,592,282	10,779,038
Benefit payments, including refunds of member contributions	(5,175,221)	(5,032,458)	(4,460,795)	(4,287,852)	(4,240,324)	(3,757,926)
Administrative expenses	(55,936)	(116,636)	(102,240)	(43,214)	(80,001)	-
Other Miscellaneous Income/(Expense)	<u>183</u>	<u>(221,494)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes	<u>2,800,220</u>	<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	78,383,442	74,849,478	69,247,859	70,906,095	71,563,649	62,753,451
Plan Fiduciary Net Position - End of Year	<u>81,183,662</u>	<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>\$ 23,745,198</u>	<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	77.4 %	78.0 %	77.0 %	77.1 %	81.5 %	83.6 %
Covered Payroll	\$ 10,614,997	\$ 10,466,933	\$ 10,032,422	\$ 10,999,445	\$ 9,692,518	\$ 9,367,365
Net Pension Liability as a Percentage of Covered Payroll	223.7 %	210.8 %	223.4 %	186.9 %	165.7 %	150.3 %

Notes to Schedule:

Changes in assumptions: In 2019, there were no changes. 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 six 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, 2020
Last 10 Years ***

	Measurement Period					
	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.27023 %	0.26402 %	0.25285 %	0.25076 %	0.23386 %	0.25458 %
Proportionate share of the net pension liability	\$ 27,693,546	\$ 25,441,456	\$ 25,076,158	\$ 21,698,548	\$ 16,050,389	\$ 15,840,916
Covered payroll	\$ 6,749,440	\$ 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	410.31 %	431.22 %	434.65 %	375.45 %	285.81 %	273.08 %
Plan fiduciary net position as a percentage of the total pension liability	75.26 %	75.30 %	73.31 %	74.06 %	78.40 %	79.82 %

Notes to Schedule:

Changes in assumptions: In 2019, there were no changes. 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 six 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, 2020
Last 10 Years ***

	Fiscal Year-End					
	2020		2019		2018	
	<u>Misc.</u>	<u>Safety.</u>	<u>Misc.</u>	<u>Safety</u>	<u>Misc.</u>	<u>Safety</u>
Contractually required contribution (actuarially determined)	\$ 2,520,787	\$ 2,797,157	\$ 2,186,955	\$ 2,333,420	\$ 1,908,144	\$ 1,944,417
Contributions in relation to the actuarially determined contributions	<u>2,520,787</u>	<u>2,797,157</u>	<u>2,186,955</u>	<u>2,333,420</u>	<u>1,908,144</u>	<u>1,944,417</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$10,584,426	\$ 6,821,978	\$10,398,130	\$ 6,087,765	\$10,274,916	\$ 5,899,923
Contributions as a percentage of covered payroll	23.82 %	41.00 %	21.03 %	38.33 %	18.57 %	32.96 %

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

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CONTRIBUTIONS (CONTINUED)
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, 2020
Last 10 Years ***

	Fiscal Year-End					
	2017		2016		2015	
	<u>Misc.</u>	<u>Safety</u>	<u>Misc.</u>	<u>Safety</u>	<u>Misc.</u>	<u>Safety</u>
Contractually required contribution (actuarially determined)	\$ 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>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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$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	17.52 %	29.38 %	16.20 %	26.76 %	14.47 %	20.81 %

**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*

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 290,000	\$ 211,000	\$ 205,000
Interest	281,000	297,000	280,000
Difference between expected and actual experience	-	(523,000)	-
Changes in assumptions	-	(79,000)	-
Benefit payments	(244,000)	(232,000)	(213,000)
Net change in total OPEB liability	327,000	(326,000)	272,000
Total OPEB liability, beginning	4,333,000	4,659,000	4,387,000
Total OPEB liability, ending (a)	\$ 4,660,000	\$ 4,333,000	\$ 4,659,000
Plan fiduciary net position			
Contributions - employer	\$ 472,000	\$ 524,000	\$ 397,000
Net investment income	92,000	71,000	87,000
Benefit payments	(244,000)	(232,000)	(213,000)
Administrative expenses	(1,000)	(2,000)	(2,000)
Net change in plan fiduciary net position	319,000	361,000	269,000
Plan fiduciary net position, beginning	1,339,000	978,000	709,000
Plan fiduciary net position, ending (b)	\$ 1,658,000	\$ 1,339,000	\$ 978,000
City's net OPEB liability, ending (a) - (b)	\$ 3,002,000	\$ 2,994,000	\$ 3,681,000
Plan fiduciary net position as a percentage of the total OPEB liability	36 %	31 %	21 %
Covered payroll**	\$ 18,562,000	\$ 18,910,000	\$ 17,573,000
City's net OPEB liability as a percentage of covered-employee payroll	16 %	16 %	21 %

Notes to Schedule:

Changes in Assumptions

For the measurement period ended June 30, 2019, there were no changes. 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 three 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***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 556,000	\$ 481,000	\$ 466,000
Contributions in relation to the ADC	<u>(232,000)</u>	<u>(472,000)</u>	<u>(524,000)</u>
Contribution deficiency (excess)	<u>\$ 324,000</u>	<u>\$ 9,000</u>	<u>\$ (58,000)</u>
Covered payroll	\$ 19,084,000	\$ 18,562,000	\$ 18,910,000
Contributions as a percentage of covered-employee payroll	2.5 %	2.5 %	2.5 %

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only three 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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Other revenues	\$ <u>359,556</u>	\$ <u>359,556</u>	\$ <u>51,032</u>	\$ <u>(308,524)</u>
Total Revenues	<u>359,556</u>	<u>359,556</u>	<u>51,032</u>	<u>(308,524)</u>
<u>EXPENDITURES</u>				
Capital Outlay	<u>28,000,668</u>	<u>28,842,881</u>	<u>13,623,022</u>	<u>15,219,859</u>
Total Expenditures	<u>28,000,668</u>	<u>28,842,881</u>	<u>13,623,022</u>	<u>15,219,859</u>
Excess (deficiency) of revenues over expenditures	<u>(27,641,112)</u>	<u>(28,483,325)</u>	<u>(13,571,990)</u>	<u>14,911,335</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>26,502,975</u>	<u>28,867,870</u>	<u>12,572,791</u>	<u>(16,295,079)</u>
Total Other Financing Sources (Uses)	<u>26,502,975</u>	<u>28,867,870</u>	<u>12,572,791</u>	<u>(16,295,079)</u>
Net change in fund balance	\$ <u>(1,138,137)</u>	\$ <u>384,545</u>	<u>(999,199)</u>	\$ <u>(1,383,744)</u>
Fund balance (deficit) - July 1, 2019			<u>(210,811)</u>	
Fund balance (deficit) - June 30, 2020			<u>\$ (1,210,010)</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Charges for services	\$ <u>460,308</u>	\$ <u>460,308</u>	\$ <u>107,636</u>	\$ <u>(352,672)</u>
Total Revenues	<u>460,308</u>	<u>460,308</u>	<u>107,636</u>	<u>(352,672)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>460,308</u>	<u>460,308</u>	<u>107,636</u>	<u>(352,672)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(460,308)</u>	<u>(517,653)</u>	<u>(54,006)</u>	<u>463,647</u>
Total Other Financing Sources (Uses)	<u>(460,308)</u>	<u>(517,653)</u>	<u>(54,006)</u>	<u>463,647</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(57,345)</u>	<u>53,630</u>	\$ <u>110,975</u>
Fund balance (deficit) - July 1, 2019			<u>(53,630)</u>	
Fund balance - June 30, 2020			<u>\$ -</u>	

CITY OF NOVATO
DEVELOPMENT IMPACT FEES - MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 120,000	\$ 120,000	\$ 313,562	\$ 193,562
Charges for services	<u>250,000</u>	<u>250,000</u>	<u>2,230,398</u>	<u>1,980,398</u>
Total Revenues	<u>370,000</u>	<u>370,000</u>	<u>2,543,960</u>	<u>2,173,960</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>370,000</u>	<u>370,000</u>	<u>2,543,960</u>	<u>2,173,960</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(2,441,555)</u>	<u>(2,839,084)</u>	<u>(1,440,045)</u>	<u>1,399,039</u>
Total Other Financing Sources (Uses)	<u>(2,441,555)</u>	<u>(2,839,084)</u>	<u>(1,440,045)</u>	<u>1,399,039</u>
Net change in fund balance	<u>\$ (2,071,555)</u>	<u>\$ (2,469,084)</u>	<u>1,103,915</u>	<u>\$ 3,572,999</u>
Fund balance - July 1, 2019			<u>13,171,977</u>	
Fund balance - June 30, 2020			<u>\$ 14,275,892</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ <u>200,575</u>	\$ <u>200,575</u>	\$ <u>191,347</u>	\$ <u>(9,228)</u>
Total Revenues	<u>200,575</u>	<u>200,575</u>	<u>191,347</u>	<u>(9,228)</u>
<u>EXPENDITURES</u>				
Current:				
General government				
City-owned property	72,482	72,482	104,144	(31,662)
Debt service:				
Loan issuance costs	<u>17,400</u>	<u>17,400</u>	-	<u>17,400</u>
Total Expenditures	<u>89,882</u>	<u>89,882</u>	<u>104,144</u>	<u>(14,262)</u>
Excess (deficiency) of revenues over expenditures	<u>110,693</u>	<u>110,693</u>	<u>87,203</u>	<u>(23,490)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	-
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	-
Net change in fund balance	<u>\$ 97,693</u>	<u>\$ 97,693</u>	<u>74,203</u>	<u>\$ -</u>
Fund balance (deficit) - July 1, 2019			<u>(1,888,271)</u>	
Fund balance (deficit) - June 30, 2020			<u>\$ (1,814,068)</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ <u>487,500</u>	\$ <u>487,500</u>	\$ <u>2,014,882</u>	\$ <u>1,527,382</u>
Total Revenues	<u>487,500</u>	<u>487,500</u>	<u>2,014,882</u>	<u>1,527,382</u>
<u>EXPENDITURES</u>				
Current:				
General government				
Hamilton project area	<u>29,000</u>	<u>29,000</u>	<u>29,326</u>	<u>(326)</u>
Total Expenditures	<u>29,000</u>	<u>29,000</u>	<u>29,326</u>	<u>(326)</u>
Excess (deficiency) of revenues over expenditures	<u>458,500</u>	<u>458,500</u>	<u>1,985,556</u>	<u>1,527,056</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(405,000)</u>	<u>(405,000)</u>	<u>(1,017,117)</u>	<u>(612,117)</u>
Total Other Financing Sources (Uses)	<u>(405,000)</u>	<u>(405,000)</u>	<u>(1,017,117)</u>	<u>(612,117)</u>
Net change in fund balance	<u>\$ 53,500</u>	<u>\$ 53,500</u>	<u>968,439</u>	<u>\$ 914,939</u>
Fund balance - July 1, 2019			<u>33,664,661</u>	
Fund balance - June 30, 2020			<u>\$ 34,633,100</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, 2020

	Special Revenue Funds					
	Clean Stormwater	Underground Utilities	Parking Improvement	Subdivision Park	Art in Public Places	General Plan Surcharge
ASSETS						
Cash and investments	\$ 115,604	\$ 1,039,478	\$ -	\$ 243,936	\$ 209,620	\$ 399,098
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Taxes receivable	1,958	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Total Assets	\$ 117,562	\$ 1,039,478	\$ -	\$ 243,936	\$ 209,620	\$ 399,098
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ 57	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	1,925	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	-	-	1,982	-	-	-
FUND BALANCES (DEFICITS):						
Nonspendable	-	-	-	-	-	-
Restricted	117,562	1,039,478	-	243,936	209,620	399,098
Assigned	-	-	-	-	-	-
Unassigned	-	-	(1,982)	-	-	-
Total Fund Balances (Deficits)	117,562	1,039,478	(1,982)	243,936	209,620	399,098
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 117,562	\$ 1,039,478	\$ -	\$ 243,936	\$ 209,620	\$ 399,098

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	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	\$ 110,813	\$ 775,930	\$ 1,431,944	\$ 807,749	\$ 259,723	\$ 64,261
Cash with fiscal agent	-	-	35,134	-	-	-
Accounts receivable	-	-	-	-	19	-
Taxes receivable	-	-	-	-	-	322
Prepaid expenses	4,611	-	-	-	-	-
Total Assets	<u>\$ 115,424</u>	<u>\$ 775,930</u>	<u>\$ 1,467,078</u>	<u>\$ 807,749</u>	<u>\$ 259,742</u>	<u>\$ 64,583</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ 12,490	\$ 5,221	\$ -	\$ 982	\$ -	\$ 8,842
Accrued liabilities	-	-	-	-	2,775	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>12,490</u>	<u>5,221</u>	<u>-</u>	<u>982</u>	<u>2,775</u>	<u>8,842</u>
FUND BALANCES (DEFICITS):						
Nonspendable	4,611	-	-	-	-	-
Restricted	-	770,709	1,467,078	806,767	256,967	55,741
Assigned	98,323	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>102,934</u>	<u>770,709</u>	<u>1,467,078</u>	<u>806,767</u>	<u>256,967</u>	<u>55,741</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 115,424</u>	<u>\$ 775,930</u>	<u>\$ 1,467,078</u>	<u>\$ 807,749</u>	<u>\$ 259,742</u>	<u>\$ 64,583</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	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	\$ 74,148	\$ 8,491	\$ 46,797	\$ 125,727	\$ 62,807	\$ 10,718
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Taxes receivable	-	53	114	33	71	-
Prepaid expenses	-	-	-	-	-	-
Total Assets	<u>\$ 74,148</u>	<u>\$ 8,544</u>	<u>\$ 46,911</u>	<u>\$ 125,760</u>	<u>\$ 62,878</u>	<u>\$ 10,718</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ -	\$ 251	\$ -	\$ 756	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>251</u>	<u>-</u>	<u>756</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Nonspendable	-	-	-	-	-	-
Restricted	74,148	8,293	46,911	125,004	62,878	10,718
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>74,148</u>	<u>8,293</u>	<u>46,911</u>	<u>125,004</u>	<u>62,878</u>	<u>10,718</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 74,148</u>	<u>\$ 8,544</u>	<u>\$ 46,911</u>	<u>\$ 125,760</u>	<u>\$ 62,878</u>	<u>\$ 10,718</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	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	\$ 1,478,611	\$ 183,350	\$ 286,041	\$ 271,786	\$ -
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	-	47,875	211,228	121,652
Taxes receivable	143,125	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total Assets	<u>\$ 1,621,736</u>	<u>\$ 183,350</u>	<u>\$ 333,916</u>	<u>\$ 483,014</u>	<u>\$ 121,652</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 4,710	\$ -	\$ 9,007
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	68,250
Unearned revenue	-	-	-	87,471	13,469
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,710</u>	<u>87,471</u>	<u>90,726</u>
FUND BALANCES (DEFICITS):					
Nonspendable	-	-	-	-	-
Restricted	1,621,736	183,350	329,206	395,543	30,926
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>1,621,736</u>	<u>183,350</u>	<u>329,206</u>	<u>395,543</u>	<u>30,926</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,621,736</u>	<u>\$ 183,350</u>	<u>\$ 333,916</u>	<u>\$ 483,014</u>	<u>\$ 121,652</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	Capital Project Funds			
	Measure B Marin VRF	Measure A Street Bonds	Parks Measure A	Clean Stormwater CIP
ASSETS				
Cash and investments	\$ 925,824	\$ 908,861	\$ 398,429	\$ 348,597
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	199,355	-
Taxes receivable	-	-	-	-
Prepaid expenses	-	-	-	-
Total Assets	<u>\$ 925,824</u>	<u>\$ 908,861</u>	<u>\$ 597,784</u>	<u>\$ 348,597</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 5,617	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>5,617</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Nonspendable	-	-	-	-
Restricted	925,824	908,861	592,167	348,597
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>925,824</u>	<u>908,861</u>	<u>592,167</u>	<u>348,597</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 925,824</u>	<u>\$ 908,861</u>	<u>\$ 597,784</u>	<u>\$ 348,597</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2020

	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	\$ 280,541	\$ -	\$ 1,940,483	\$ -	\$ 12,809,367
Cash with fiscal agent	-	-	-	40,847	75,981
Accounts receivable	-	-	-	-	580,129
Taxes receivable	-	-	-	-	145,676
Prepaid expenses	-	-	-	-	4,611
Total Assets	<u>\$ 280,541</u>	<u>\$ -</u>	<u>\$ 1,940,483</u>	<u>\$ 40,847</u>	<u>\$ 13,615,764</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,500	\$ 50,433
Accrued liabilities	-	-	-	-	2,775
Due to other funds	-	20,152	-	6,353	96,680
Unearned revenue	-	-	-	-	100,940
Total Liabilities	<u>-</u>	<u>20,152</u>	<u>-</u>	<u>8,853</u>	<u>250,828</u>
FUND BALANCES (DEFICITS):					
Nonspendable	-	-	-	-	4,611
Restricted	280,541	-	1,940,483	31,994	13,284,136
Assigned	-	-	-	-	98,323
Unassigned	-	(20,152)	-	-	(22,134)
Total Fund Balances (Deficits)	<u>280,541</u>	<u>(20,152)</u>	<u>1,940,483</u>	<u>31,994</u>	<u>13,364,936</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 280,541</u>	<u>\$ -</u>	<u>\$ 1,940,483</u>	<u>\$ 40,847</u>	<u>\$ 13,615,764</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, 2020

	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	\$ 370,183	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Use of money and property	626	21,964	87	20,759	4,250	8,023
Charges for services	-	-	-	365,508	50,320	98,830
Other revenue	-	-	-	-	-	-
Total Revenues	<u>370,809</u>	<u>21,964</u>	<u>87</u>	<u>386,267</u>	<u>54,570</u>	<u>106,853</u>
<u>EXPENDITURES</u>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	238,751	-	364	-	-	-
Culture and recreation	-	-	-	-	12,499	-
Community development	-	-	-	-	-	39,173
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>238,751</u>	<u>-</u>	<u>364</u>	<u>-</u>	<u>12,499</u>	<u>39,173</u>
Excess (Deficiency) of Revenues over Expenditures	<u>132,058</u>	<u>21,964</u>	<u>(277)</u>	<u>386,267</u>	<u>42,071</u>	<u>67,680</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Proceeds from bond issuance	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(110,000)	-	-	(743,238)	-	-
Total Other Financing Sources (Uses)	<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>(743,238)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	22,058	21,964	(277)	(356,971)	42,071	67,680
Fund balances (deficits) - July 1, 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>
Fund balances (deficits) - June 30, 2020	<u>\$ 117,562</u>	<u>\$ 1,039,478</u>	<u>\$ (1,982)</u>	<u>\$ 243,936</u>	<u>\$ 209,620</u>	<u>\$ 399,098</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, 2020

	Special Revenue Funds					
	Automation Surcharge	Hamilton Community Facilities	Hamilton Arts Center	Pointe Marin CFD	Chapter 27 Assessment	Landscaping Assessment District - San Marin
REVENUES						
Taxes	\$ -	\$ 595,905	\$ -	\$ 191,698	\$ -	\$ 61,109
Intergovernmental	-	-	-	-	-	-
Use of money and property	2,288	8,767	434,499	14,896	5,470	1,068
Charges for services	102,704	-	-	-	3,169	-
Other revenue	-	230,000	-	-	19	-
Total Revenues	<u>104,992</u>	<u>834,672</u>	<u>434,499</u>	<u>206,594</u>	<u>8,658</u>	<u>62,177</u>
EXPENDITURES						
Current:						
General government	-	-	225,266	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	601,167	-	114,582	-	51,465
Culture and recreation	-	-	-	-	-	-
Community development	102,521	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>102,521</u>	<u>601,167</u>	<u>225,266</u>	<u>114,582</u>	<u>-</u>	<u>51,465</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,471</u>	<u>233,505</u>	<u>209,233</u>	<u>92,012</u>	<u>8,658</u>	<u>10,712</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	-	-	-	-	-
Transfers in	-	9,175	-	-	-	-
Transfers out	(2,133)	(39,239)	(96,304)	(6,465)	-	-
Total Other Financing Sources (Uses)	<u>(2,133)</u>	<u>(30,064)</u>	<u>(96,304)</u>	<u>(6,465)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	338	203,441	112,929	85,547	8,658	10,712
Fund balances (deficits) - July 1, 2019	<u>102,596</u>	<u>567,268</u>	<u>1,354,149</u>	<u>721,220</u>	<u>248,309</u>	<u>45,029</u>
Fund balances (deficits) - June 30, 2020	<u>\$ 102,934</u>	<u>\$ 770,709</u>	<u>\$ 1,467,078</u>	<u>\$ 806,767</u>	<u>\$ 256,967</u>	<u>\$ 55,741</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, 2020

	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
REVENUES						
Taxes	\$ -	\$ 10,512	\$ 22,610	\$ 6,599	\$ 14,218	\$ -
Intergovernmental	-	-	-	-	-	-
Use of money and property	1,568	152	1,168	2,610	1,338	227
Charges for services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	<u>1,568</u>	<u>10,664</u>	<u>23,778</u>	<u>9,209</u>	<u>15,556</u>	<u>227</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	10,056	37,544	3,879	1,250	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>10,056</u>	<u>37,544</u>	<u>3,879</u>	<u>1,250</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,568</u>	<u>608</u>	<u>(13,766)</u>	<u>5,330</u>	<u>14,306</u>	<u>227</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(9,175)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,175)</u>	<u>-</u>
Net change in fund balances	1,568	608	(13,766)	5,330	5,131	227
Fund balances (deficits) - July 1, 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>
Fund balances (deficits) - June 30, 2020	<u>\$ 74,148</u>	<u>\$ 8,293</u>	<u>\$ 46,911</u>	<u>\$ 125,004</u>	<u>\$ 62,878</u>	<u>\$ 10,718</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, 2020

	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	\$ 2,186,153	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	141,467	205,088	1,909,802	121,666
Use of money and property	74,255	2,833	-	-	(219)
Charges for services	-	-	-	-	-
Other revenue	-	695	-	-	-
Total Revenues	<u>2,260,408</u>	<u>144,995</u>	<u>205,088</u>	<u>1,909,802</u>	<u>121,447</u>
<u>EXPENDITURES</u>					
Current:					
General government	-	-	-	-	-
Public safety	-	79,230	48,659	-	-
Public works	-	-	-	-	49,594
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	110,283	-	63,930
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>79,230</u>	<u>158,942</u>	<u>-</u>	<u>113,524</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,260,408</u>	<u>65,765</u>	<u>46,146</u>	<u>1,909,802</u>	<u>7,923</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from bond issuance	-	-	-	-	-
Transfers in	-	7,000	-	-	-
Transfers out	(2,503,115)	-	-	(2,091,856)	-
Total Other Financing Sources (Uses)	<u>(2,503,115)</u>	<u>7,000</u>	<u>-</u>	<u>(2,091,856)</u>	<u>-</u>
Net change in fund balances	(242,707)	72,765	46,146	(182,054)	7,923
Fund balances (deficits) - July 1, 2019	<u>1,864,443</u>	<u>110,585</u>	<u>283,060</u>	<u>577,597</u>	<u>23,003</u>
Fund balances (deficits) - June 30, 2020	<u>\$ 1,621,736</u>	<u>\$ 183,350</u>	<u>\$ 329,206</u>	<u>\$ 395,543</u>	<u>\$ 30,926</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, 2020

	Capital Project Funds			
	Measure B Marin VRF	Measure A Street Bonds	Parks Measure A	Clean Stormwater CIP
<u>REVENUES</u>				
Taxes	\$ -	\$ 986,418	\$ 635,052	\$ -
Intergovernmental	437,013	-	-	-
Use of money and property	11,465	31,596	3,608	6,833
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>448,478</u>	<u>1,018,014</u>	<u>638,660</u>	<u>6,833</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	283,512	-
Culture and recreation	-	-	79,867	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>363,379</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>448,478</u>	<u>1,018,014</u>	<u>275,281</u>	<u>6,833</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from bond issuance	-	-	-	-
Transfers in	-	-	465,000	45,000
Transfers out	-	(1,170,990)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,170,990)</u>	<u>465,000</u>	<u>45,000</u>
Net change in fund balances	448,478	(152,976)	740,281	51,833
Fund balances (deficits) - July 1, 2019	<u>477,346</u>	<u>1,061,837</u>	<u>(148,114)</u>	<u>296,764</u>
Fund balances (deficits) - June 30, 2020	<u>\$ 925,824</u>	<u>\$ 908,861</u>	<u>\$ 592,167</u>	<u>\$ 348,597</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, 2020

	Capital Projects		Debt Service Fund		Total
	Street and Storm Drain Maintenance	Community Center Maintenance	General Obligation Fund	Pension Obligations Bond Fund	Non-major Governmental Funds
<u>REVENUES</u>					
Taxes	\$ -	\$ -	\$ 1,688,398	\$ -	\$ 6,768,855
Intergovernmental	-	-	-	-	2,815,036
Use of money and property	5,928	-	25,857	14,694	706,610
Charges for services	-	-	-	-	620,531
Other revenue	-	-	-	-	230,714
Total Revenues	5,928	-	1,714,255	14,694	11,141,746
<u>EXPENDITURES</u>					
Current:					
General government	-	-	25,000	7,748	258,014
Public safety	-	-	-	-	127,889
Public works	-	-	-	-	1,392,164
Culture and recreation	-	-	-	-	92,366
Community development	-	-	-	-	141,694
Capital outlay	-	-	-	-	174,213
Debt service:					
Principal	-	-	4,053,921	705,000	4,758,921
Interest and fiscal charges	-	-	285,045	731,607	1,016,652
Total Expenditures	-	-	4,363,966	1,444,355	7,961,913
Excess (Deficiency) of Revenues over Expenditures	5,928	-	(2,649,711)	(1,429,661)	3,179,833
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from bond issuance	-	-	2,550,000	-	2,550,000
Transfers in	-	-	-	1,436,502	1,962,677
Transfers out	-	-	-	-	(6,772,515)
Total Other Financing Sources (Uses)	-	-	2,550,000	1,436,502	(2,259,838)
Net change in fund balances	5,928	-	(99,711)	6,841	919,995
Fund balances (deficits) - July 1, 2019	274,613	(20,152)	2,040,194	25,153	12,444,941
Fund balances (deficits) - June 30, 2020	\$ 280,541	\$ (20,152)	\$ 1,940,483	\$ 31,994	\$ 13,364,936

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, 2020

	2019 - 2020 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 370,000	\$ 370,000	\$ 370,183	\$ 183
Use of money and property	<u>160</u>	<u>160</u>	<u>626</u>	<u>466</u>
Total Revenues	<u>370,160</u>	<u>370,160</u>	<u>370,809</u>	<u>649</u>
 <u>EXPENDITURES</u>				
Current:				
Public works				
Storm water pollution prevention	<u>245,800</u>	<u>245,800</u>	<u>238,751</u>	<u>7,049</u>
Total Public Works	<u>245,800</u>	<u>245,800</u>	<u>238,751</u>	<u>7,049</u>
Total Expenditures	<u>245,800</u>	<u>245,800</u>	<u>238,751</u>	<u>7,049</u>
Excess (deficiency) of revenues over expenditures	<u>124,360</u>	<u>124,360</u>	<u>132,058</u>	<u>7,698</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(110,000)</u>	<u>(186,464)</u>	<u>(110,000)</u>	<u>76,464</u>
Total Other Financing Sources (Uses)	<u>(110,000)</u>	<u>(186,464)</u>	<u>(110,000)</u>	<u>76,464</u>
Net change in fund balance	<u>\$ 14,360</u>	<u>\$ (62,104)</u>	<u>22,058</u>	<u>\$ 84,162</u>
Fund balance - July 1, 2019			<u>95,504</u>	
Fund balance - June 30, 2020			<u>\$ 117,562</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 8,250	\$ 8,250	\$ 21,964	\$ 13,714
Total Revenues	<u>8,250</u>	<u>8,250</u>	<u>21,964</u>	<u>13,714</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>8,250</u>	<u>8,250</u>	<u>21,964</u>	<u>13,714</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(283,273)</u>	<u>(29,729)</u>	<u>-</u>	<u>29,729</u>
Total Other Financing Sources (Uses)	<u>(283,273)</u>	<u>(29,729)</u>	<u>-</u>	<u>29,729</u>
Net change in fund balance	<u>\$ (275,023)</u>	<u>\$ (21,479)</u>	<u>21,964</u>	<u>\$ 43,443</u>
Fund balance - July 1, 2019			<u>1,017,514</u>	
Fund balance - June 30, 2020			<u>\$ 1,039,478</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, 2020

	2019 - 2020 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ _____ -	\$ _____ -	\$ _____ 87	\$ _____ 87
Total Revenues	_____ -	_____ -	_____ 87	_____ 87
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	_____ 550	_____ 550	_____ 364	_____ 186
Total Expenditures	_____ 550	_____ 550	_____ 364	_____ 186
Excess (deficiency) of revenues over expenditures	_____ (550)	_____ (550)	_____ (277)	_____ 273
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	_____ (13,000)	_____ (137)	_____ -	_____ 137
Total Other Financing Sources (Uses)	_____ (13,000)	_____ (137)	_____ -	_____ 137
Net change in fund balance	\$ <u>_____ (13,550)</u>	\$ <u>_____ (687)</u>	_____ (277)	\$ <u>_____ 410</u>
Fund balance (deficit) - July 1, 2019			_____ (1,705)	
Fund balance (deficit) - June 30, 2020			\$ <u>_____ (1,982)</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 3,500	\$ 3,500	\$ 20,759	\$ 17,259
Charges for services	<u>350,000</u>	<u>350,000</u>	<u>365,508</u>	<u>15,508</u>
Total Revenues	<u>353,500</u>	<u>353,500</u>	<u>386,267</u>	<u>32,767</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>353,500</u>	<u>353,500</u>	<u>386,267</u>	<u>32,767</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(752,900)</u>	<u>(829,261)</u>	<u>(743,238)</u>	<u>86,023</u>
Total Other Financing Sources (Uses)	<u>(752,900)</u>	<u>(829,261)</u>	<u>(743,238)</u>	<u>86,023</u>
Net change in fund balance	<u>\$ (399,400)</u>	<u>\$ (475,761)</u>	<u>(356,971)</u>	<u>\$ 118,790</u>
Fund balance - July 1, 2019			<u>600,907</u>	
Fund balance - June 30, 2020			<u>\$ 243,936</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,125	\$ 1,125	\$ 4,250	\$ 3,125
Charges for services	<u>1,500</u>	<u>1,500</u>	<u>50,320</u>	<u>48,820</u>
Total Revenues	<u>2,625</u>	<u>2,625</u>	<u>54,570</u>	<u>51,945</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation				
Special program	<u>-</u>	<u>-</u>	<u>12,499</u>	<u>(12,499)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>12,499</u>	<u>(12,499)</u>
Excess (deficiency) of revenues over expenditures	<u>2,625</u>	<u>2,625</u>	<u>42,071</u>	<u>39,446</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(19,616)</u>	<u>(21,401)</u>	<u>-</u>	<u>21,401</u>
Total Other Financing Sources (Uses)	<u>(19,616)</u>	<u>(21,401)</u>	<u>-</u>	<u>21,401</u>
Net change in fund balance	<u>\$ (16,991)</u>	<u>\$ (18,776)</u>	<u>42,071</u>	<u>\$ 60,847</u>
Fund balance - July 1, 2019			<u>167,549</u>	
Fund balance - June 30, 2020			<u>\$ 209,620</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 3,050	\$ 3,050	\$ 8,023	\$ 4,973
Charges for services	<u>80,000</u>	<u>80,000</u>	<u>98,830</u>	<u>18,830</u>
Total Revenues	<u>83,050</u>	<u>83,050</u>	<u>106,853</u>	<u>23,803</u>
<u>EXPENDITURES</u>				
Current:				
Community development				
Long-range planning	<u>150,000</u>	<u>150,000</u>	<u>39,173</u>	<u>110,827</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>39,173</u>	<u>110,827</u>
Net change in fund balance	<u><u>\$ (66,950)</u></u>	<u><u>\$ (66,950)</u></u>	<u>67,680</u>	<u><u>\$ 134,630</u></u>
Fund balance - July 1, 2019			<u>331,418</u>	
Fund balance - June 30, 2020			<u><u>\$ 399,098</u></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, 2020

	2019 - 2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ 825	\$ 825	\$ 2,288	\$ 1,463
Charges for services	<u>85,000</u>	<u>85,000</u>	<u>102,704</u>	<u>17,704</u>
Total Revenues	<u>85,825</u>	<u>85,825</u>	<u>104,992</u>	<u>19,167</u>
<u>EXPENDITURES</u>				
Current:				
Community development				
Administration	<u>100,156</u>	<u>101,501</u>	<u>102,521</u>	<u>(1,020)</u>
Total Expenditures	<u>100,156</u>	<u>101,501</u>	<u>102,521</u>	<u>(1,020)</u>
Excess (deficiency) of revenues over expenditures	<u>(14,331)</u>	<u>(15,676)</u>	<u>2,471</u>	<u>18,147</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(2,138)</u>	<u>(2,138)</u>	<u>(2,133)</u>	<u>5</u>
Total Other Financing Sources (Uses)	<u>(2,138)</u>	<u>(2,138)</u>	<u>(2,133)</u>	<u>5</u>
Net change in fund balance	<u>\$ (16,469)</u>	<u>\$ (17,814)</u>	<u>338</u>	<u>\$ 18,152</u>
Fund balance - July 1, 2019			<u>102,596</u>	
Fund balance - June 30, 2020			<u>\$ 102,934</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, 2020

	<u>2019 - 2020</u> <u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes and assessments	\$ 595,905	\$ 595,905	\$ 595,905	\$ -
Use of money and property	1,750	1,750	8,767	7,017
Other revenues	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>	<u>-</u>
Total Revenues	<u>827,655</u>	<u>827,655</u>	<u>834,672</u>	<u>7,017</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
CFD maintenance	30,500	30,500	29,737	763
CFD landscape maintenance	349,877	359,842	415,871	(56,029)
Pump station #1 maintenance	91,959	93,024	78,812	14,212
Pump station #2 maintenance	60,713	62,588	48,507	14,081
Levee maintenance	<u>54,387</u>	<u>54,732</u>	<u>28,240</u>	<u>26,492</u>
Total Public Works	<u>587,436</u>	<u>600,686</u>	<u>601,167</u>	<u>(481)</u>
Total Expenditures	<u>587,436</u>	<u>600,686</u>	<u>601,167</u>	<u>(481)</u>
Excess (deficiency) of revenues over expenditures	<u>240,219</u>	<u>226,969</u>	<u>233,505</u>	<u>6,536</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	9,000	9,000	9,175	175
Transfers out	<u>(120,691)</u>	<u>(312,503)</u>	<u>(39,239)</u>	<u>273,264</u>
Total Other Financing Sources (Uses)	<u>(111,691)</u>	<u>(303,503)</u>	<u>(30,064)</u>	<u>273,439</u>
Net change in fund balance	\$ <u>128,528</u>	\$ <u>(76,534)</u>	<u>203,441</u>	\$ <u>279,975</u>
Fund balance - July 1, 2019			<u>567,268</u>	
Fund balance - June 30, 2020			<u>\$ 770,709</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 470,100	\$ 470,100	\$ 434,499	\$ (35,601)
Total Revenues	<u>470,100</u>	<u>470,100</u>	<u>434,499</u>	<u>(35,601)</u>
<u>EXPENDITURES</u>				
Current:				
General government				
City-owned property	<u>285,000</u>	<u>285,000</u>	<u>225,266</u>	<u>59,734</u>
Total Expenditures	<u>285,000</u>	<u>285,000</u>	<u>225,266</u>	<u>59,734</u>
Excess (deficiency) of revenues over expenditures	<u>185,100</u>	<u>185,100</u>	<u>209,233</u>	<u>24,133</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(500,000)</u>	<u>(568,794)</u>	<u>(96,304)</u>	<u>472,490</u>
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(568,794)</u>	<u>(96,304)</u>	<u>472,490</u>
Net change in fund balance	<u>\$ (314,900)</u>	<u>\$ (383,694)</u>	<u>112,929</u>	<u>\$ 496,623</u>
Fund balance - July 1, 2019			<u>1,354,149</u>	
Fund balance - June 30, 2020			<u>\$ 1,467,078</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 191,698	\$ 191,698	\$ 191,698	\$ -
Use of money and property	<u>4,550</u>	<u>4,550</u>	<u>14,896</u>	<u>10,346</u>
Total Revenues	<u>196,248</u>	<u>196,248</u>	<u>206,594</u>	<u>10,346</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
CFD landscape maintenance	<u>233,226</u>	<u>237,265</u>	<u>114,582</u>	<u>122,683</u>
Total Expenditures	<u>233,226</u>	<u>237,265</u>	<u>114,582</u>	<u>122,683</u>
Excess (deficiency) of revenues over expenditures	<u>(36,978)</u>	<u>(41,017)</u>	<u>92,012</u>	<u>133,029</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(6,479)</u>	<u>(6,479)</u>	<u>(6,465)</u>	<u>14</u>
Total Other Financing Sources (Uses)	<u>(6,479)</u>	<u>(6,479)</u>	<u>(6,465)</u>	<u>14</u>
Net change in fund balance	<u>\$ (43,457)</u>	<u>\$ (47,496)</u>	<u>85,547</u>	<u>\$ 133,043</u>
Fund balance - July 1, 2019			<u>721,220</u>	
Fund balance - June 30, 2020			<u>\$ 806,767</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, 2020

	2019 - 2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ 2,300	\$ 2,300	\$ 5,470	\$ 3,170
Charges for services	-	-	3,169	3,169
Other revenues	-	-	19	19
Total Revenues	<u>2,300</u>	<u>2,300</u>	<u>8,658</u>	<u>6,358</u>
<u>EXPENDITURES</u>				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>2,300</u>	<u>2,300</u>	<u>8,658</u>	<u>6,358</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(6,920)	-	-	-
Total Other Financing Sources (Uses)	<u>(6,920)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (4,620)</u>	<u>\$ 2,300</u>	<u>8,658</u>	<u>\$ 6,358</u>
Fund balance - July 1, 2019			<u>248,309</u>	
Fund balance - June 30, 2020			<u>\$ 256,967</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, 2020

	2019 - 2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 59,410	\$ 64,343	\$ 61,109	\$ (3,234)
Use of money and property	<u>385</u>	<u>385</u>	<u>1,068</u>	<u>683</u>
Total Revenues	<u>59,795</u>	<u>64,728</u>	<u>62,177</u>	<u>(2,551)</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>51,750</u>	<u>61,874</u>	<u>51,465</u>	<u>10,409</u>
Total Expenditures	<u>51,750</u>	<u>61,874</u>	<u>51,465</u>	<u>10,409</u>
Net change in fund balance	<u>\$ 8,045</u>	<u>\$ 2,854</u>	<u>10,712</u>	<u>\$ 7,858</u>
Fund balance - July 1, 2019			<u>45,029</u>	
Fund balance - June 30, 2020			<u>\$ 55,741</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ <u>760</u>	\$ <u>760</u>	\$ <u>1,568</u>	\$ <u>808</u>
Total Revenues	<u>760</u>	<u>760</u>	<u>1,568</u>	<u>808</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 760</u>	<u>\$ 760</u>	<u>1,568</u>	<u>\$ 808</u>
Fund balance - July 1, 2019			<u>72,580</u>	
Fund balance - June 30, 2020			<u>\$ 74,148</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, 2020

	2019 - 2020 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 10,410	\$ 10,606	\$ 10,512	\$ (94)
Use of money and property	<u>85</u>	<u>100</u>	<u>152</u>	<u>52</u>
Total Revenues	<u>10,495</u>	<u>10,706</u>	<u>10,664</u>	<u>(42)</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>9,830</u>	<u>10,396</u>	<u>10,056</u>	<u>340</u>
Total Expenditures	<u>9,830</u>	<u>10,396</u>	<u>10,056</u>	<u>340</u>
Net change in fund balance	<u>\$ 665</u>	<u>\$ 310</u>	<u>608</u>	<u>\$ 298</u>
Fund balance - July 1, 2019			<u>7,685</u>	
Fund balance - June 30, 2020			<u>\$ 8,293</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, 2020

	2019 - 2020 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 21,790	\$ 22,746	\$ 22,610	\$ (136)
Use of money and property	610	610	1,168	558
Total Revenues	22,400	23,356	23,778	422
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	22,483	22,746	37,544	(14,798)
Total Expenditures	22,483	22,746	37,544	(14,798)
Net change in fund balance	\$ (83)	\$ 610	(13,766)	\$ (14,376)
Fund balance - July 1, 2019			60,677	
Fund balance - June 30, 2020			\$ 46,911	

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, 2020

	2019 - 2020 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 6,685	\$ 6,685	\$ 6,599	\$ (86)
Use of money and property	1,025	1,025	2,610	1,585
Total Revenues	7,710	7,710	9,209	1,499
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	2,850	2,850	3,879	(1,029)
Total Expenditures	2,850	2,850	3,879	(1,029)
Net change in fund balance	\$ 4,860	\$ 4,860	5,330	\$ 470
Fund balance - July 1, 2019			119,674	
Fund balance - June 30, 2020			\$ 125,004	

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, 2020

	2019 - 2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 14,005	\$ 14,256	\$ 14,218	\$ (38)
Use of money and property	<u>440</u>	<u>440</u>	<u>1,338</u>	<u>898</u>
Total Revenues	<u>14,445</u>	<u>14,696</u>	<u>15,556</u>	<u>860</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>6,628</u>	<u>7,534</u>	<u>1,250</u>	<u>6,284</u>
Total Expenditures	<u>6,628</u>	<u>7,534</u>	<u>1,250</u>	<u>6,284</u>
Excess (deficiency) of revenues over expenditures	<u>7,817</u>	<u>7,162</u>	<u>14,306</u>	<u>7,144</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(9,000)</u>	<u>(9,175)</u>	<u>(9,175)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(9,000)</u>	<u>(9,175)</u>	<u>(9,175)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,183)</u>	<u>\$ (2,013)</u>	<u>5,131</u>	<u>\$ 7,144</u>
Fund balance - July 1, 2019			<u>57,747</u>	
Fund balance - June 30, 2020			<u>\$ 62,878</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ <u>100</u>	\$ <u>100</u>	\$ <u>227</u>	\$ <u>127</u>
Total Revenues	<u>100</u>	<u>100</u>	<u>227</u>	<u>127</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 100</u>	<u>\$ 100</u>	<u>227</u>	<u>\$ 127</u>
Fund balance - July 1, 2019			<u>10,491</u>	
Fund balance - June 30, 2020			<u>\$ 10,718</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 2,349,310	\$ 2,349,310	\$ 2,186,153	\$ (163,157)
Intergovernmental	483,000	483,000	-	(483,000)
Use of money and property	<u>14,000</u>	<u>14,000</u>	<u>74,255</u>	<u>60,255</u>
Total Revenues	<u>2,846,310</u>	<u>2,846,310</u>	<u>2,260,408</u>	<u>(585,902)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,846,310</u>	<u>2,846,310</u>	<u>2,260,408</u>	<u>(585,902)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(3,956,738)</u>	<u>(3,165,993)</u>	<u>(2,503,115)</u>	<u>662,878</u>
Total Other Financing Sources (Uses)	<u>(3,956,738)</u>	<u>(3,165,993)</u>	<u>(2,503,115)</u>	<u>662,878</u>
Net change in fund balance	<u>\$ (1,110,428)</u>	<u>\$ (319,683)</u>	<u>(242,707)</u>	<u>\$ 76,976</u>
Fund balance - July 1, 2019			<u>1,864,443</u>	
Fund balance - June 30, 2020			<u>\$ 1,621,736</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, 2020

	2019 - 2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Intergovernmental	\$ 96,000	\$ 96,000	\$ 141,467	\$ 45,467
Use of money and property	780	780	2,833	2,053
Other revenues	<u>-</u>	<u>-</u>	<u>695</u>	<u>695</u>
Total Revenues	<u>96,780</u>	<u>96,780</u>	<u>144,995</u>	<u>48,215</u>
<u>EXPENDITURES</u>				
Current:				
Public safety				
Police grants	<u>106,000</u>	<u>106,000</u>	<u>79,230</u>	<u>26,770</u>
Total Expenditures	<u>106,000</u>	<u>106,000</u>	<u>79,230</u>	<u>26,770</u>
Excess (deficiency) of revenues over expenditures	<u>(9,220)</u>	<u>(9,220)</u>	<u>65,765</u>	<u>74,985</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>\$ (2,220)</u>	<u>\$ (2,220)</u>	<u>72,765</u>	<u>\$ 74,985</u>
Fund balance - July 1, 2019			<u>110,585</u>	
Fund balance - June 30, 2020			<u>\$ 183,350</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ <u>100,000</u>	\$ <u>100,000</u>	\$ <u>205,088</u>	\$ <u>105,088</u>
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>205,088</u>	<u>105,088</u>
<u>EXPENDITURES</u>				
Current:				
Public safety				
Police grants	90,000	90,000	48,659	41,341
Capital outlay	<u>110,000</u>	<u>110,000</u>	<u>110,283</u>	<u>(283)</u>
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>158,942</u>	<u>41,058</u>
Net change in fund balance	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>46,146</u>	<u>\$ 146,146</u>
Fund balance - July 1, 2019			<u>283,060</u>	
Fund balance - June 30, 2020			<u>\$ 329,206</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ <u>7,251,792</u>	\$ <u>7,251,792</u>	\$ <u>1,909,802</u>	\$ <u>(5,341,990)</u>
Total Revenues	<u>7,251,792</u>	<u>7,251,792</u>	<u>1,909,802</u>	<u>(5,341,990)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>7,251,792</u>	<u>7,251,792</u>	<u>1,909,802</u>	<u>(5,341,990)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(7,252,278)</u>	<u>(8,654,126)</u>	<u>(2,091,856)</u>	<u>6,562,270</u>
Total Other Financing Sources (Uses)	<u>(7,252,278)</u>	<u>(8,654,126)</u>	<u>(2,091,856)</u>	<u>6,562,270</u>
Net change in fund balance	\$ <u>(486)</u>	\$ <u>(1,402,334)</u>	<u>(182,054)</u>	\$ <u>1,220,280</u>
Fund balance - July 1, 2019			<u>577,597</u>	
Fund balance - June 30, 2020			<u>\$ 395,543</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, 2020

	<u>2019 - 2020</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 151,400	\$ 121,666	\$ (29,734)
Use of money and property	<u>355</u>	<u>355</u>	<u>(219)</u>	<u>(574)</u>
Total Revenues	<u>355</u>	<u>151,755</u>	<u>121,447</u>	<u>(30,308)</u>
<u>EXPENDITURES</u>				
Current:				
Public works	-	-	49,594	(49,594)
Capital outlay	<u>-</u>	<u>-</u>	<u>63,930</u>	<u>(63,930)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>113,524</u>	<u>(113,524)</u>
Net change in fund balance	<u>\$ 355</u>	<u>\$ 151,755</u>	<u>7,923</u>	<u>\$ (143,832)</u>
Fund balance - July 1, 2019			<u>23,003</u>	
Fund balance - June 30, 2020			<u>\$ 30,926</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ 450,000	\$ 450,000	\$ 437,013	\$ (12,987)
Use of money and property	<u>4,260</u>	<u>4,260</u>	<u>11,465</u>	<u>7,205</u>
Total Revenues	<u>454,260</u>	<u>454,260</u>	<u>448,478</u>	<u>(5,782)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>454,260</u>	<u>454,260</u>	<u>448,478</u>	<u>(5,782)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(387,775)</u>	<u>(886,206)</u>	<u>-</u>	<u>886,206</u>
Total Other Financing Sources (Uses)	<u>(387,775)</u>	<u>(886,206)</u>	<u>-</u>	<u>886,206</u>
Net change in fund balance	<u>\$ 66,485</u>	<u>\$ (431,946)</u>	<u>448,478</u>	<u>\$ 880,424</u>
Fund balance - July 1, 2019			<u>477,346</u>	
Fund balance - June 30, 2020			<u>\$ 925,824</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 3,175,396	\$ 3,175,396	\$ 986,418	\$ (2,188,978)
Use of money and property	<u>16,250</u>	<u>16,250</u>	<u>31,596</u>	<u>15,346</u>
Total Revenues	<u>3,191,646</u>	<u>3,191,646</u>	<u>1,018,014</u>	<u>(2,173,632)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,191,646</u>	<u>3,191,646</u>	<u>1,018,014</u>	<u>(2,173,632)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(2,999,396)</u>	<u>(3,953,403)</u>	<u>(1,170,990)</u>	<u>2,782,413</u>
Total Other Financing Sources (Uses)	<u>(2,999,396)</u>	<u>(3,953,403)</u>	<u>(1,170,990)</u>	<u>2,782,413</u>
Net change in fund balance	<u>\$ 192,250</u>	<u>\$ (761,757)</u>	<u>(152,976)</u>	<u>\$ 608,781</u>
Fund balance - July 1, 2019			<u>1,061,837</u>	
Fund balance - June 30, 2020			<u>\$ 908,861</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, 2020

	2019 - 2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
REVENUES				
Taxes and assessments	\$ 435,000	\$ 435,000	\$ 635,052	\$ 200,052
Use of money and property	<u>2,310</u>	<u>2,310</u>	<u>3,608</u>	<u>1,298</u>
Total Revenues	<u>437,310</u>	<u>437,310</u>	<u>638,660</u>	<u>201,350</u>
EXPENDITURES				
Current:				
Public works				
Storm drain maintenance	30,011	30,011	30,362	(351)
Parks maintenance	219,753	219,753	221,078	(1,325)
Hamilton pool landscape	58,291	58,291	28,308	29,983
Hamilton pool building maintenance	<u>11,945</u>	<u>11,945</u>	<u>3,764</u>	<u>8,181</u>
Total Public Works	<u>320,000</u>	<u>320,000</u>	<u>283,512</u>	<u>36,488</u>
Culture and recreation				
Special events	<u>75,218</u>	<u>77,283</u>	<u>79,867</u>	<u>(2,584)</u>
Total Culture and Recreation	<u>75,218</u>	<u>77,283</u>	<u>79,867</u>	<u>(2,584)</u>
Debt service:				
Interest and fiscal charges	<u>(465,000)</u>	<u>(465,000)</u>	<u>-</u>	<u>(465,000)</u>
Total Expenditures	<u>(69,782)</u>	<u>(67,717)</u>	<u>363,379</u>	<u>(431,096)</u>
Excess (deficiency) of revenues over expenditures	<u>507,092</u>	<u>505,027</u>	<u>275,281</u>	<u>(229,746)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>465,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>465,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 507,092</u>	<u>\$ 505,027</u>	<u>740,281</u>	<u>\$ 235,254</u>
Fund balance (deficit) - July 1, 2019			<u>(148,114)</u>	
Fund balance - June 30, 2020			<u>\$ 592,167</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, 2020

	2019 - 2020			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ 2,460	\$ 2,460	\$ 6,833	\$ 4,373
Total Revenues	<u>2,460</u>	<u>2,460</u>	<u>6,833</u>	<u>4,373</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,460</u>	<u>2,460</u>	<u>6,833</u>	<u>4,373</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	45,000	45,000	45,000	-
Transfers out	<u>(59,234)</u>	<u>(19,781)</u>	<u>-</u>	<u>19,781</u>
Total Other Financing Sources (Uses)	<u>(14,234)</u>	<u>25,219</u>	<u>45,000</u>	<u>19,781</u>
Net change in fund balance	<u>\$ (11,774)</u>	<u>\$ 27,679</u>	<u>51,833</u>	<u>\$ 24,154</u>
Fund balance - July 1, 2019			<u>296,764</u>	
Fund balance - June 30, 2020			<u>\$ 348,597</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, 2020

	2019 - 2020 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ <u>2,490</u>	\$ <u>2,490</u>	\$ <u>5,928</u>	\$ <u>3,438</u>
Total Revenues	<u>2,490</u>	<u>2,490</u>	<u>5,928</u>	<u>3,438</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,490</u>	<u>2,490</u>	<u>5,928</u>	<u>3,438</u>
Net change in fund balance	<u>\$ 2,490</u>	<u>\$ 2,490</u>	<u>5,928</u>	<u>\$ 3,438</u>
Fund balance - July 1, 2019			<u>274,613</u>	
Fund balance - June 30, 2020			<u>\$ 280,541</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original*	Final*	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
Total Expenditures	_____ -	_____ -	_____ -	_____ -
Excess (deficiency) of revenues over expenditures	_____ -	_____ -	_____ -	_____ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	_____ -	(54,500)	_____ -	54,500
Total Other Financing Sources (Uses)	_____ -	(54,500)	_____ -	54,500
Net change in fund balance	\$ _____ -	\$ _____ (54,500)	_____ -	\$ _____ 54,500
Fund balance (deficit) - July 1, 2019			(20,152)	
Fund balance (deficit) - June 30, 2020			\$ _____ (20,152)	

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, 2020

	2019 - 2020		Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
<u>REVENUES</u>				
Taxes and assessments	\$ 1,484,879	\$ 1,484,879	\$ 1,688,398	\$ 203,519
Use of money and property	<u>8,100</u>	<u>8,100</u>	<u>25,857</u>	<u>17,757</u>
Total Revenues	<u>1,492,979</u>	<u>1,492,979</u>	<u>1,714,255</u>	<u>221,276</u>
<u>EXPENDITURES</u>				
Current:				
General government				
General administration	<u>26,425</u>	<u>26,425</u>	<u>25,000</u>	<u>1,425</u>
Debt service:				
Principal	1,568,921	1,568,921	4,053,921	(2,485,000)
Interest and fiscal charges	<u>201,956</u>	<u>201,956</u>	<u>285,045</u>	<u>(83,089)</u>
Total Expenditures	<u>1,797,302</u>	<u>1,797,302</u>	<u>4,363,966</u>	<u>(2,566,664)</u>
Excess (deficiency) of revenues over expenditures	<u>(304,323)</u>	<u>(304,323)</u>	<u>(2,649,711)</u>	<u>(2,345,388)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from bond refinancing	<u>-</u>	<u>-</u>	<u>2,550,000</u>	<u>2,550,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,550,000</u>	<u>2,550,000</u>
Net change in fund balance	<u>\$ (304,323)</u>	<u>\$ (304,323)</u>	<u>(99,711)</u>	<u>\$ 204,612</u>
Fund balance - July 1, 2019			<u>2,040,194</u>	
Fund balance - June 30, 2020			<u>\$ 1,940,483</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, 2020

	2019 - 2020		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 14,694	\$ 14,694
Total Revenues	-	-	14,694	14,694
<u>EXPENDITURES</u>				
Current:				
General Government				
General administration	3,200	3,200	7,748	(4,548)
Debt service:				
Principal	705,000	705,000	705,000	-
Interest and fiscal charges	731,607	731,607	731,607	-
Total Expenditures	1,439,807	1,439,807	1,444,355	(4,548)
Excess (deficiency) of revenues over expenditures	(1,439,807)	(1,439,807)	(1,429,661)	10,146
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,439,808	1,439,808	1,436,502	(3,306)
Total Other Financing Sources (Uses)	1,439,808	1,439,808	1,436,502	(3,306)
Net change in fund balance	\$ 1	\$ 1	6,841	\$ 6,840
Fund balance - July 1, 2019			25,153	
Fund balance - June 30, 2020			\$ 31,994	

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, 2020

<u>Governmental Activities - Internal Service Funds</u>					
	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Technology Replacement Fund</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
<u>ASSETS</u>					
Current Assets					
Cash and investments	\$ -	\$ 5,856,920	\$ 483,273	\$ -	\$ 6,340,193
Accounts receivable, net	910	-	-	-	910
<u>Total Current Assets</u>	<u>910</u>	<u>5,856,920</u>	<u>483,273</u>	<u>-</u>	<u>6,341,103</u>
Non Current Assets					
Capital assets, net	-	1,326,850	18,672	-	1,345,522
<u>Total Non-Current Assets</u>	<u>-</u>	<u>1,326,850</u>	<u>18,672</u>	<u>-</u>	<u>1,345,522</u>
Total Assets	910	7,183,770	501,945	-	7,686,625
<u>LIABILITIES</u>					
Current Liabilities					
Accounts payable	26,934	14,250	23,380	-	64,564
Due to other funds	923,367	-	-	-	923,367
Claims payable - current	-	-	-	624,167	624,167
<u>Total Current Liabilities</u>	<u>950,301</u>	<u>14,250</u>	<u>23,380</u>	<u>624,167</u>	<u>1,612,098</u>
Non-Current Liabilities					
Claims payable	-	-	-	1,519,397	1,519,397
<u>Total Non-Current Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,519,397</u>	<u>1,519,397</u>
Total Liabilities	950,301	14,250	23,380	2,143,564	3,131,495
<u>NET POSITION:</u>					
Net investment in capital assets	-	1,326,850	18,672	-	1,345,522
Unrestricted	(949,391)	5,842,670	459,893	(2,143,564)	3,209,608
Total Net Position	<u>\$(949,391)</u>	<u>\$ 7,169,520</u>	<u>\$ 478,565</u>	<u>\$(2,143,564)</u>	<u>\$ 4,555,130</u>

CITY OF NOVATO
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities - Internal Service Funds</u>				
	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Technology Replacement Fund</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
<u>OPERATING REVENUES</u>					
Charges for services	\$ 615,965	\$ 568,543	\$ 95,000	\$ -	\$ 1,279,508
Other revenue	<u>-</u>	<u>55,640</u>	<u>-</u>	<u>-</u>	<u>55,640</u>
Total Operating Revenue	<u>615,965</u>	<u>624,183</u>	<u>95,000</u>	<u>-</u>	<u>1,335,148</u>
<u>OPERATING EXPENSES</u>					
Cost of services	753,318	472,045	91,608	91,840	1,408,811
Depreciation	<u>-</u>	<u>370,916</u>	<u>-</u>	<u>-</u>	<u>370,916</u>
Total Operating Expenses	<u>753,318</u>	<u>842,961</u>	<u>91,608</u>	<u>91,840</u>	<u>1,779,727</u>
Operating Income (Loss)	<u>(137,353)</u>	<u>(218,778)</u>	<u>3,392</u>	<u>(91,840)</u>	<u>(444,579)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Interest income	<u>-</u>	<u>145,882</u>	<u>9,820</u>	<u>-</u>	<u>155,702</u>
Total Non-Operating Revenues	<u>-</u>	<u>145,882</u>	<u>9,820</u>	<u>-</u>	<u>155,702</u>
Income (Loss) Before Transfers	<u>(137,353)</u>	<u>(72,896)</u>	<u>13,212</u>	<u>(91,840)</u>	<u>(288,877)</u>
<u>TRANSFERS</u>					
Transfers in	200,000	484,439	-	-	684,439
Transfers out	<u>(12,929)</u>	<u>(190,207)</u>	<u>-</u>	<u>-</u>	<u>(203,136)</u>
Total Transfers	<u>187,071</u>	<u>294,232</u>	<u>-</u>	<u>-</u>	<u>481,303</u>
Change in net position	<u>49,718</u>	<u>221,336</u>	<u>13,212</u>	<u>(91,840)</u>	<u>192,426</u>
Net Position - July 1, 2019	(999,109)	6,948,184	465,353	(2,051,724)	4,362,704
Net Position - June 30, 2020	<u>\$ (949,391)</u>	<u>\$ 7,169,520</u>	<u>\$ 478,565</u>	<u>\$ (2,143,564)</u>	<u>\$ 4,555,130</u>

CITY OF NOVATO
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds				
	Equipment Maintenance	Equipment Replacement	Technology Replacement Fund	Insurance Reserve	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers	\$ 620,802	\$ 624,183	\$ 95,000	\$ -	\$ 1,339,985
Cash paid to suppliers	(741,198)	(489,744)	(68,228)	-	(1,299,170)
Net Cash Provided by (Used for) Operating Activities	<u>(120,396)</u>	<u>134,439</u>	<u>26,772</u>	<u>-</u>	<u>40,815</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Interfund receipts (payments)	(66,675)	-	-	-	(66,675)
Transfers from other funds	200,000	484,439	-	-	684,439
Transfers to other funds	(12,929)	(190,207)	-	-	(203,136)
Net Cash Provided by Non-Capital Financing Activities	<u>120,396</u>	<u>294,232</u>	<u>-</u>	<u>-</u>	<u>414,628</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Acquisition of capital assets	-	(139,924)	(18,672)	-	(158,596)
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(139,924)</u>	<u>(18,672)</u>	<u>-</u>	<u>(158,596)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest and dividends	-	145,882	9,820	-	155,702
Net Cash Provided by Investing Activities	<u>-</u>	<u>145,882</u>	<u>9,820</u>	<u>-</u>	<u>155,702</u>
Net Increase in Cash and Cash Equivalents	-	434,629	17,920	-	452,549
Cash and Cash Equivalents - July 1, 2019	-	5,422,291	465,353	-	5,887,644
Cash and Cash Equivalents - June 30, 2020	<u>\$ -</u>	<u>\$ 5,856,920</u>	<u>\$ 483,273</u>	<u>\$ -</u>	<u>\$ 6,340,193</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>					
Operating Income (Loss)	\$ (137,353)	\$ (218,778)	\$ 3,392	\$ (91,840)	\$ (444,579)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	-	370,916	-	-	370,916
Changes in assets and liabilities:					
Decrease in accounts receivable	4,837	-	-	-	4,837
Increase (decrease) in accounts payable	12,120	(17,699)	23,380	-	17,801
Increase in claims payable	-	-	-	91,840	91,840
Net Cash (Used for) Provided by Operating Activities	<u>\$ (120,396)</u>	<u>\$ 134,439</u>	<u>\$ 26,772</u>	<u>\$ -</u>	<u>\$ 40,815</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, 2020

	<u>Unclaimed Property Fund</u>	<u>Buck Center</u>	<u>Pacheco Refunding Redemption</u>	<u>Pacheco Valley 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	\$ 29,745	\$ 2,403,916	\$ 237,363	\$ 677,894	\$ 432,867	\$ 4,876,477
Cash with fiscal agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>460,173</u>	<u>-</u>	<u>460,173</u>
Total Assets	<u>\$ 20,500</u>	<u>\$ 1,000,000</u>	<u>\$ 74,192</u>	<u>\$ 29,745</u>	<u>\$ 2,403,916</u>	<u>\$ 237,363</u>	<u>\$ 1,138,067</u>	<u>\$ 432,867</u>	<u>\$ 5,336,650</u>
<u>LIABILITIES</u>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,300	\$ -	\$ 3,200	\$ 9,330	\$ 14,830
Due to City	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,716</u>
Deposits held in trust	<u>20,500</u>	<u>1,000,000</u>	<u>74,192</u>	<u>(227,971)</u>	<u>2,401,616</u>	<u>237,363</u>	<u>1,134,867</u>	<u>423,537</u>	<u>5,064,104</u>
Total Liabilities	<u>\$ 20,500</u>	<u>\$ 1,000,000</u>	<u>\$ 74,192</u>	<u>\$ 29,745</u>	<u>\$ 2,403,916</u>	<u>\$ 237,363</u>	<u>\$ 1,138,067</u>	<u>\$ 432,867</u>	<u>\$ 5,336,650</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, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</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 Valley CFD</u>				
ASSETS				
Cash and investments	\$ 27,897	\$ 1,848	\$ -	\$ 29,745
Other assets, net	189	-	189	-
Total Assets	<u>\$ 28,086</u>	<u>\$ 1,848</u>	<u>\$ 189</u>	<u>\$ 29,745</u>
LIABILITIES				
Due to City	277,785	-	20,069	257,716
Deposits in trust	<u>(249,699)</u>	<u>21,728</u>	<u>-</u>	<u>(227,971)</u>
Total Liabilities	<u>\$ 28,086</u>	<u>\$ 21,728</u>	<u>\$ 20,069</u>	<u>\$ 29,745</u>

CITY OF NOVATO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Vintage Oaks Special Tax</u>				
ASSETS				
Cash and investments	\$ 2,368,665	\$ 35,251	\$ -	\$ 2,403,916
Other assets, net	<u>8,028</u>	<u>-</u>	<u>8,028</u>	<u>-</u>
Total Assets	<u>\$ 2,376,693</u>	<u>\$ 35,251</u>	<u>\$ 8,028</u>	<u>\$ 2,403,916</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,300	\$ -	\$ 2,300
Deposits in trust	<u>2,376,693</u>	<u>24,923</u>	<u>-</u>	<u>2,401,616</u>
Total Liabilities	<u>\$ 2,376,693</u>	<u>\$ 27,223</u>	<u>\$ -</u>	<u>\$ 2,403,916</u>
<u>Golden Gate Redemption</u>				
ASSETS				
Cash and investments	\$ 192,755	\$ 44,608	\$ -	\$ 237,363
Cash with fiscal agent	245,450	-	245,450	-
Other assets, net	<u>1,114</u>	<u>-</u>	<u>1,114</u>	<u>-</u>
Total Assets	<u>\$ 439,319</u>	<u>\$ 44,608</u>	<u>\$ 246,564</u>	<u>\$ 237,363</u>
LIABILITIES				
Accounts payable	\$ 936	\$ -	\$ 936	\$ -
Deposits in trust	<u>438,383</u>	<u>-</u>	<u>201,020</u>	<u>237,363</u>
Total Liabilities	<u>\$ 439,319</u>	<u>\$ -</u>	<u>\$ 201,956</u>	<u>\$ 237,363</u>
<u>Hamilton Bond Admin.</u>				
ASSETS				
Cash and investments	\$ 678,206	\$ -	\$ 312	\$ 677,894
Cash with fiscal agent	456,031	4,142	-	460,173
Other assets, net	<u>11,383</u>	<u>-</u>	<u>11,383</u>	<u>-</u>
Total Assets	<u>\$ 1,145,620</u>	<u>\$ 4,142</u>	<u>\$ 11,695</u>	<u>\$ 1,138,067</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,200	\$ -	\$ 3,200
Deposits in trust	<u>1,145,620</u>	<u>-</u>	<u>10,753</u>	<u>1,134,867</u>
Total Liabilities	<u>\$ 1,145,620</u>	<u>\$ 3,200</u>	<u>\$ 10,753</u>	<u>\$ 1,138,067</u>
<u>Pointe Marin CFD-2002-1</u>				
ASSETS				
Cash and investments	\$ 641,072	\$ -	\$ 208,205	\$ 432,867
Cash with fiscal agent	818,183	-	818,183	-
Other assets, net	<u>5,074</u>	<u>-</u>	<u>5,074</u>	<u>-</u>
Total Assets	<u>\$ 1,464,329</u>	<u>\$ -</u>	<u>\$ 1,031,462</u>	<u>\$ 432,867</u>
LIABILITIES				
Accounts payable	\$ -	\$ 9,330	\$ -	\$ 9,330
Deposits in trust	<u>1,464,329</u>	<u>-</u>	<u>1,040,792</u>	<u>423,537</u>
Total Liabilities	<u>\$ 1,464,329</u>	<u>\$ 9,330</u>	<u>\$ 1,040,792</u>	<u>\$ 432,867</u>

CITY OF NOVATO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 5,003,287	\$ 81,707	\$ 208,517	\$ 4,876,477
Cash with fiscal agent	1,519,664	4,142	1,063,633	460,173
Other assets, net	<u>25,788</u>	<u>-</u>	<u>25,788</u>	<u>-</u>
Total Assets	<u>\$ 6,548,739</u>	<u>\$ 85,849</u>	<u>\$ 1,297,938</u>	<u>\$ 5,336,650</u>
LIABILITIES				
Accounts payable	\$ 936	\$ 14,830	\$ 936	\$ 14,830
Due to City	277,785	-	20,069	257,716
Deposits in trust	<u>6,270,018</u>	<u>46,651</u>	<u>1,252,565</u>	<u>5,064,104</u>
Total Liabilities	<u>\$ 6,548,739</u>	<u>\$ 61,481</u>	<u>\$ 1,273,570</u>	<u>\$ 5,336,650</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, 2020

	<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	\$ 1,432,162	\$ 1,954,270	\$ 342,979	\$ 60,352	\$ 1,477
Restricted cash and investments	464,206	-	-	-	-
Accounts receivable	952,656	-	-	-	-
Notes Receivable	737,395	-	-	-	-
Interest receivable	187,453	-	-	-	-
Taxes receivable	2,846,082	9,806	-	-	-
Due from other funds	857,574	-	-	-	-
Prepaid items	<u>136,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 7,613,811</u>	<u>\$ 1,964,076</u>	<u>\$ 342,979</u>	<u>\$ 60,352</u>	<u>\$ 1,477</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 1,029,465	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	747,143	-	-	-	-
Unearned revenue	213,315	-	-	-	-
Deposits payable	501,565	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,491,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:					
Nonspendable	873,678	-	-	-	-
Restricted	464,206	-	-	60,352	-
Assigned	1,089,514	1,274,258	342,979	-	1,477
Unassigned	<u>2,694,925</u>	<u>689,818</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>5,122,323</u>	<u>1,964,076</u>	<u>342,979</u>	<u>60,352</u>	<u>1,477</u>
Total Liabilities and Fund Balances	<u>\$ 7,613,811</u>	<u>\$ 1,964,076</u>	<u>\$ 342,979</u>	<u>\$ 60,352</u>	<u>\$ 1,477</u>

CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2020

	<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	\$ 23,591	\$ 7,933,183	\$ 27,398	\$ 736,520	\$ -
Restricted cash and investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Due from other funds	-	3,175,344	-	-	-
Prepaid items	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 23,591</u>	<u>\$ 11,108,527</u>	<u>\$ 27,398</u>	<u>\$ 736,520</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ 802	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	2,161,650
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,161,650</u>
Total Liabilities	<u>-</u>	<u>802</u>	<u>-</u>	<u>-</u>	<u>2,161,650</u>
FUND BALANCES:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	23,591	11,107,725	27,398	736,520	-
Unassigned	-	-	-	-	(2,161,650)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,161,650)</u>
Total Fund Balances	<u>23,591</u>	<u>11,107,725</u>	<u>27,398</u>	<u>736,520</u>	<u>(2,161,650)</u>
Total Liabilities and Fund Balances	<u>\$ 23,591</u>	<u>\$ 11,108,527</u>	<u>\$ 27,398</u>	<u>\$ 736,520</u>	<u>\$ -</u>

CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2020

	<u>Deposits Held in Trust</u>	<u>Risk Mitigation Reserve</u>	<u>Total General Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ -	\$ -	\$ 12,511,932
Restricted cash and investments	345,304	-	809,510
Accounts receivable	-	-	952,656
Notes Receivable	-	-	737,395
Interest receivable	-	-	187,453
Taxes receivable	-	-	2,855,888
Due from other funds	-	-	4,032,918
Prepaid items	<u>-</u>	<u>-</u>	<u>136,283</u>
Total Assets	<u>\$ 345,304</u>	<u>\$ -</u>	<u>\$ 22,224,035</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ 1,030,267
Accrued payroll and benefits	-	-	747,143
Unearned revenue	-	-	213,315
Deposits payable	345,304	-	846,869
Due to other funds	<u>-</u>	<u>-</u>	<u>2,161,650</u>
Total Liabilities	<u>345,304</u>	<u>-</u>	<u>4,999,244</u>
FUND BALANCES:			
Nonspendable	-	-	873,678
Restricted	-	-	524,558
Assigned	-	-	14,603,462
Unassigned	<u>-</u>	<u>-</u>	<u>1,223,093</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>17,224,791</u>
Total Liabilities and Fund Balances	<u>\$ 345,304</u>	<u>\$ -</u>	<u>\$ 22,224,035</u>

CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2020

	<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	\$ 32,449,766	\$ 15,123	\$ -	\$ -	\$ -
Licence, permits, & fees	1,243,443	-	-	-	-
Intergovernmental	457,280	-	-	67,384	-
Fines and forfeitures	675,442	-	-	-	-
Use of money and property	849,326	153,205	55,588	-	31
Charges for services	2,440,508	-	-	-	-
Other revenues	<u>605,661</u>	<u>14,620</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>38,721,426</u>	<u>182,948</u>	<u>55,588</u>	<u>67,384</u>	<u>31</u>
<u>EXPENDITURES</u>					
General government	8,460,725	229,021	-	47,980	-
Public safety	16,010,027	281,511	-	-	-
Public works	6,961,761	9,287	-	-	-
Cultural and recreation	3,459,638	-	-	-	-
Community development	3,079,777	-	-	-	-
Debt service:					
Principal	148,909	-	-	-	-
Interest and fiscal charges	<u>1,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>38,122,306</u>	<u>519,819</u>	<u>-</u>	<u>47,980</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>599,120</u>	<u>(336,871)</u>	<u>55,588</u>	<u>19,404</u>	<u>31</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	3,349,933	-	-	-	-
Transfers out	<u>(2,945,837)</u>	<u>(4,791,636)</u>	<u>(2,297,151)</u>	<u>(1,616)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>404,096</u>	<u>(4,791,636)</u>	<u>(2,297,151)</u>	<u>(1,616)</u>	<u>-</u>
Net Change in Fund Balance	1,003,216	(5,128,507)	(2,241,563)	17,788	31
Fund Balances - July 1, 2019	<u>4,119,107</u>	<u>7,092,583</u>	<u>2,584,542</u>	<u>42,564</u>	<u>1,446</u>
Fund Balances - June 30, 2020	<u>\$ 5,122,323</u>	<u>\$ 1,964,076</u>	<u>\$ 342,979</u>	<u>\$ 60,352</u>	<u>\$ 1,477</u>

CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
JUNE 30, 2020

	Insurance Reserve	Emergency & Disaster Response	Civic Center	Long-Term Maintenance Facilities	Long-Term Maintenance Infrastructure
<u>REVENUES</u>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licence, permits, & fees	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	12,611	-	2,483	33,975	19,125
Charges for services	-	-	-	-	-
Other revenues	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>27,611</u>	<u>-</u>	<u>2,483</u>	<u>33,975</u>	<u>19,125</u>
<u>EXPENDITURES</u>					
General government	576,805	41,321	-	-	-
Public safety	-	-	-	-	-
Public works	4,020	-	-	-	-
Cultural and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>580,825</u>	<u>41,321</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(553,214)</u>	<u>(41,321)</u>	<u>2,483</u>	<u>33,975</u>	<u>19,125</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	4,263,593	-	163,125	270,757
Transfers out	<u>-</u>	<u>(35,746)</u>	<u>-</u>	<u>(410,275)</u>	<u>(450,355)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,227,847</u>	<u>-</u>	<u>(247,150)</u>	<u>(179,598)</u>
Net Change in Fund Balance	(553,214)	4,186,526	2,483	(213,175)	(160,473)
Fund Balances - July 1, 2019	<u>576,805</u>	<u>6,921,199</u>	<u>24,915</u>	<u>949,695</u>	<u>(2,001,177)</u>
Fund Balances - June 30, 2020	<u>\$ 23,591</u>	<u>\$ 11,107,725</u>	<u>\$ 27,398</u>	<u>\$ 736,520</u>	<u>\$ (2,161,650)</u>

CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
JUNE 30, 2020

	<u>Deposits Held in Trust</u>	<u>Risk Mitigation Reserve</u>	<u>Total General Fund</u>
<u>REVENUES</u>			
Taxes and assessments	\$ -	\$ -	\$ 32,464,889
Licence, permits, & fees	-	-	1,243,443
Intergovernmental	-	-	524,664
Fines and forfeitures	-	-	675,442
Use of money and property	-	-	1,126,344
Charges for services	-	-	2,440,508
Other revenues	<u>-</u>	<u>-</u>	<u>635,281</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>39,110,571</u>
<u>EXPENDITURES</u>			
General government	-	-	9,355,852
Public safety	-	-	16,291,538
Public works	-	-	6,975,068
Cultural and recreation	-	-	3,459,638
Community development	-	-	3,079,777
Debt service:			
Principal	-	-	148,909
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>1,469</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>39,312,251</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(201,680)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	-	8,047,408
Transfers out	<u>-</u>	<u>(3,000,000)</u>	<u>(13,932,616)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,000,000)</u>	<u>(5,885,208)</u>
Net Change in Fund Balance	-	(3,000,000)	(6,086,888)
Fund Balances - July 1, 2019	<u>-</u>	<u>3,000,000</u>	<u>23,311,679</u>
Fund Balances - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,224,791</u>



STATISTICAL SECTION



STATISTICAL SECTION

This part of the City's annual comprehensive 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.	155 - 160
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.	161 - 165
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.	166 - 169
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.	170 - 171
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.	172 - 174

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

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

	<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>	<u>2020</u>
Governmental activities										
Invested in capital assets, net of debt	\$ 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	\$ 256,343,973
Restricted	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	62,193,128
Unrestricted	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)	(44,423,839)
Total governmental activities net position	<u>\$ 260,600,286</u>	<u>\$ 313,422,841</u>	<u>\$ 308,329,804</u>	<u>\$ 310,970,869</u>	<u>\$ 272,049,403</u>	<u>\$ 277,904,908</u>	<u>\$ 276,653,024</u>	<u>\$ 268,067,938</u>	<u>\$ 271,878,044</u>	<u>\$ 274,113,262</u>
Business-type activities										
Invested in capital assets, net of debt	\$ 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	\$ 11,057,383
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	6,195,982
Total business-type activities net position	<u>\$ 9,229,081</u>	<u>\$ 10,113,683</u>	<u>\$ 10,679,579</u>	<u>\$ 11,007,599</u>	<u>\$ 12,100,757</u>	<u>\$ 13,217,874</u>	<u>\$ 14,313,479</u>	<u>\$ 15,283,820</u>	<u>\$ 16,411,037</u>	<u>\$ 17,253,365</u>
Primary government										
Invested in capital assets, net of debt	\$ 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	\$ 267,401,356
Restricted	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	68,389,110
Unrestricted	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)	(44,423,839)
Total primary government net position	<u>\$ 269,829,367</u>	<u>\$ 323,536,524</u>	<u>\$ 319,009,383</u>	<u>\$ 321,978,468</u>	<u>\$ 284,150,160</u>	<u>\$ 291,122,782</u>	<u>\$ 290,966,503</u>	<u>\$ 283,351,758</u>	<u>\$ 288,289,081</u>	<u>\$ 291,366,627</u>

Source: City of Novato Finance Division

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

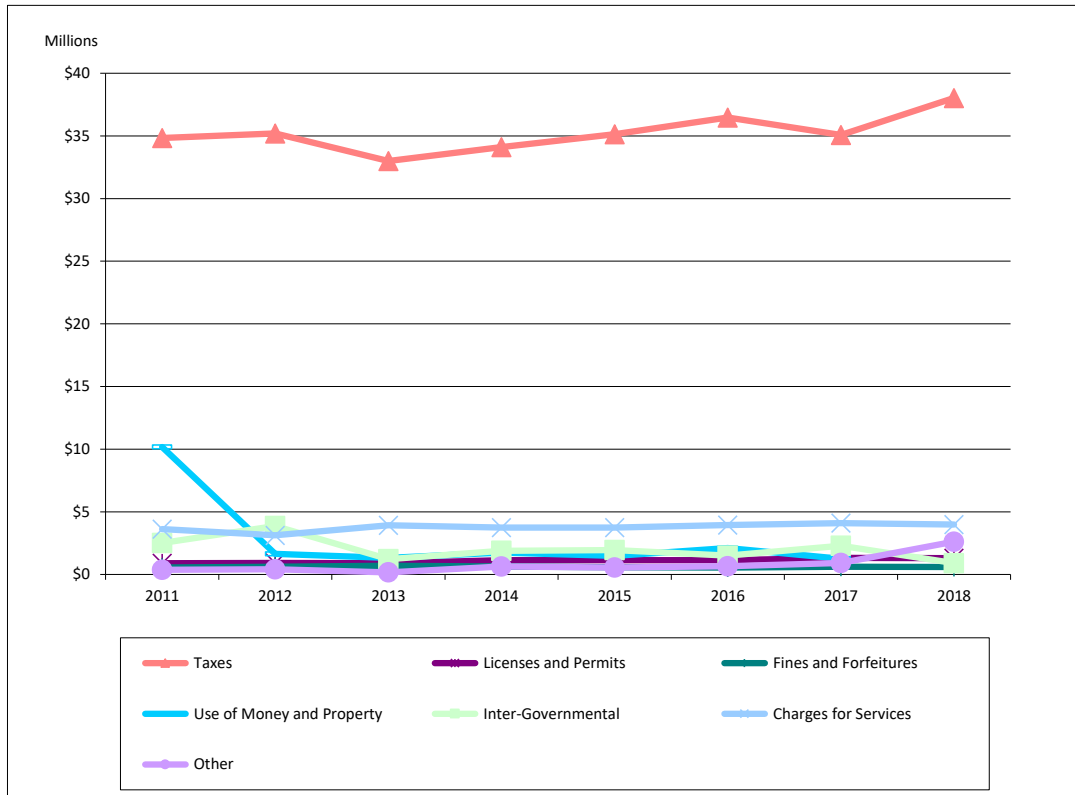
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses										
Governmental Activities:										
General government	\$ 7,876,829	\$ 7,638,988	\$ 7,781,817	\$ 8,935,015	\$ 8,498,035	\$ 9,119,007	\$ 10,620,762	\$ 11,862,437	\$ 11,473,826	\$ 10,556,039
Public safety	13,748,305	13,661,317	13,869,998	13,880,525	13,888,931	13,610,725	15,305,691	16,666,679	16,320,785	19,103,291
Public works	10,556,227	11,056,798	10,765,925	12,183,077	11,121,708	11,966,243	12,593,990	14,336,553	16,024,402	16,671,284
Culture and recreation	5,659,528	5,451,325	5,401,708	5,625,603	5,700,386	5,416,647	7,137,128	5,771,680	3,053,372	4,196,213
Community development	1,617,129	794,207	460,611	500,752	794,963	1,039,862	1,450,979	842,518	3,571,098	3,854,501
Interest and fiscal charges	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	1,258,523
SERAF	547,090	-	-	-	-	-	-	-	-	-
Total government activity expenses	\$ 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	\$ 55,639,851
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	\$ 2,538,899
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	2,538,899
Total primary government expenses	\$ 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	\$ 58,178,750
Program Revenues										
Charges for Services										
General government	\$ 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	\$ 605,855
Public safety	491,979	586,995	643,785	532,565	479,142	459,489	483,066	523,718	617,634	540,603
Public works	877,890	318,378	779,883	312,493	453,562	519,240	378,351	242,472	2,556,673	2,868,503
Culture and recreation	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	2,469,610
Community development	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	3,122,966
Operating grants	1,374,722	995,948	1,184,446	1,161,861	1,498,193	855,576	662,343	666,006	695,447	979,428
Capital grants	1,128,976	2,870,043	38,310	733,988	441,739	651,246	1,623,186	659,693	738,208	2,360,272
Total governmental activities	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	12,947,237
Business-type activities:										
Charges for services	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	3,262,288
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	3,262,288
Total primary government	\$ 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	\$ 16,209,525
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (42,692,614)
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	723,389
Total primary government	\$ (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)	\$ (41,969,225)

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

	<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>	<u>2020</u>
General Revenues										
Government Activities										
Taxes										
Sales and use taxes	\$ 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	\$ 13,951,183
Property taxes	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	18,808,506
Motor vehicle and gas taxes	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	2,228,983
Franchise taxes	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	1,635,751
Transient occupancy taxes	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	1,450,384
Business license taxes	832,498	819,916	834,276	939,557	999,842	1,064,807	1,185,298	1,289,176	1,152,050	1,153,147
Other taxes	2,550	14,102	5,011	4,451	5,080	3,511	6,330	3,160	10,798	5,790
Interest and investment	9,344,352	722,441	697,725	838,904	554,969	1,268,887	978,267	477,385	4,544,403	3,567,815
Rental income	863,798	939,818	627,039	1,000,124	1,016,325	926,262	963,689	1,129,707		1,024,027
Other revenue	375,725	418,051	163,753	666,878	551,847	649,710	409,631	2,564,985	736,813	1,102,246
Transfers In	-	-	-	250,000	-	-	-	-	-	-
Total governmental activities	\$ 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	\$ 44,927,832
Business-type Activities										
Interest and investment	\$ 203,311	\$ 252,809	\$ 199,017	\$ 11,816	\$ 16,091	\$ 26,478	\$ 39,462	\$ 57,106	\$ 117,372	\$ 112,754
Other revenue	13,915	17,131	12,694	13,234	14,058	12,867	154,842	10,434	9,436	6,185
Total business-type activities	\$ 217,226	\$ 269,940	\$ 211,711	\$ 25,050	\$ 30,149	\$ 39,345	\$ 194,304	\$ 67,540	\$ 126,808	\$ 118,939
Other sources(uses) of money										
				(250,000)				(2,730,837)		-
Total primary government	\$ 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	\$ 45,046,771
Extraordinary item - RDA dissolution										
	\$ -	\$ 46,397,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 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	\$ 2,235,218
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	842,328
Total primary government	\$ 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	\$ 3,077,546

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>
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
2020	39,233,744	1,243,443	675,442	4,421,535	3,339,700	6,353,504	1,102,246	56,369,614

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>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>	<u>2020</u>
General Fund										
Nonspendable	\$ 31,006,545	\$ 630,064	\$ 770,902	\$ 1,403,960	\$ 1,126,334	\$ 2,181,264	\$ 5,090,706	\$ 1,955,519	\$ 5,235,903	\$ 873,678 (1)
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	524,558
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	18,665,898	14,603,462
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	(632,686)	1,223,093
Total General Fund	<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>	<u>\$ 17,224,791</u>
All Other Governmental Funds										
Nonspendable	\$ 227,542	\$ 1,398,958	\$ 1,323,930	\$ 1,241,560	\$ 2,188,911	\$ 3,267,946	\$ 354,855	\$ -	\$ -	\$ 4,611
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	66,188,857
Assigned	343,209	337,712	303,089	264,628	202,498	160,066	118,866	88,709	102,596	98,323
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)	(3,046,212)
Total all other Governmental Funds	<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>	<u>\$ 63,245,579</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.

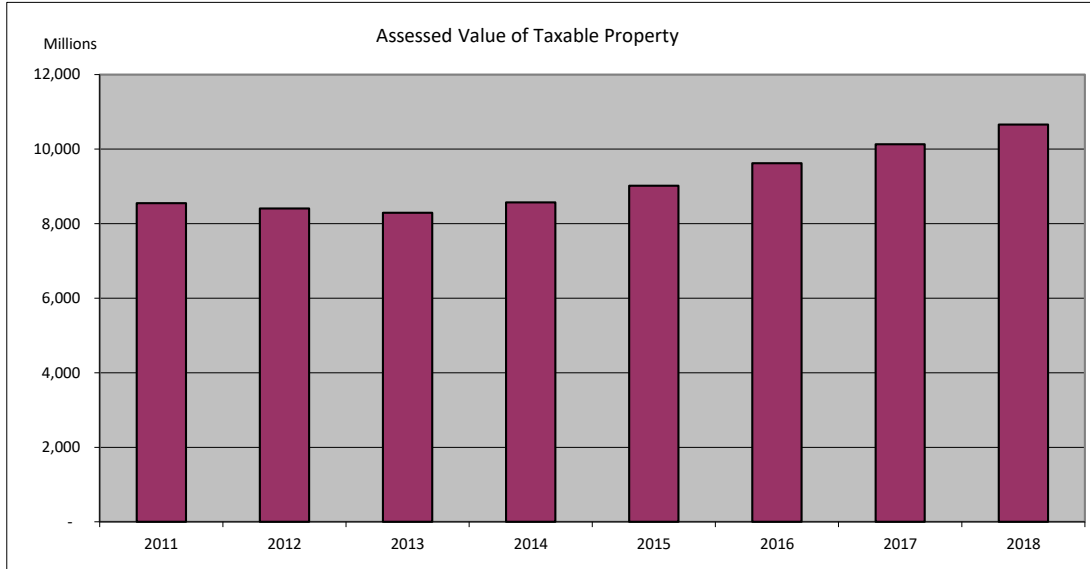
Source: City of Novato Finance Division

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

	<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>	<u>2020</u>
Revenues										
Taxes and assessments	\$ 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	\$ 39,233,744
Licenses, permits, and fess	895,765	910,559	907,460	1,135,912	1,144,209	1,134,230	1,322,662	1,308,759	1,482,152	1,243,443
Intergovernmental revenues	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	3,339,700
Fines and forfeitures	559,139	611,791	695,651	633,345	570,564	549,834	610,177	600,693	633,773	675,442
Use of money and property	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	4,421,535
Charges for services	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	6,353,504
Other revenues	375,725	418,051	163,753	637,639	551,847	649,721	909,649	2,616,463	736,813	1,102,246
Total revenues	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	56,369,614
Expenditures										
General government	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	9,747,336
Public safety	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	16,419,427
Public works	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	8,367,232
Culture and recreation	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	3,552,004
Community Development	1,321,387	648,037	482,802	812,535	763,338	1,843,830	1,271,933	738,534	3,340,571	3,474,017
SERAF shift	547,090									
Debt service - Principal	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	4,907,830
Debt service - Interest	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	1,018,121
Issuance costs	495,064			130,450			17,400			
Capital outlay	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	13,289,482
CIP project costs not capitalized	278,344	136,080	149,103	(773,569)	265,546	718,796	512,053	957,309	438,948	507,753
Total expenditures	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	61,283,202
Excess of revenues over (under) expenditures	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	(4,913,588)
Other financing sources (uses)										
Issuance of debt	17,000,000			10,710,450						
Proceeds from bond issuance			250,000	71,742	245,342	68,741	16,962		49,436	2,550,000
Transfers in	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	17,158,752
Transfers out	(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)	(17,640,055)
Total other financing sources	16,602,553	(448,091)	33,696	10,572,145	(243,904)	(339,142)	(442,583)	(481,695)	(258,612)	2,068,697
Extraordinary Item										
Redevelopment Dissolution		(3,939,968)						(4,757,178)	-	-
Net change in fund balance	\$ 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	\$ (2,844,891)
Debt service as a % of noncapital expenditures	33.0%	17.4%	11.6%	30.2%	9.1%	8.4%	8.2%	7.7%	7.5%	12.3%

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>
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
2020	9,336,778,425	1,414,580,213	547,450,704	399,506,563	-	11,698,315,905	7.50500%	877,958,609

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	City of Novato Refunding	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
2011	1.00000	0.01860	0.00000	0.01360	0.00000	0.00960	0.08900	0.02790	0.14776	1.11220
2012	1.00000	0.01840	0.00000	0.01750	0.00000	0.00760	0.07930	0.02680	0.15016	1.10440
2013	1.00000	0.01540	0.00000	0.01780	0.00000	0.00870	0.08650	0.02780	0.14798	1.11300
2014	1.00000	0.00000	0.00000	0.02040	0.00000	0.00620	0.07330	0.02940	0.07678	1.09990
2015	1.00000	0.00000	0.01460	0.01800	0.00000	0.01830	0.06170	0.00000	0.08307	1.09800
2016	1.00000	0.00000	0.01370	0.01650	0.02350	0.01730	0.05680	0.00000	0.08245	1.11410
2017	1.00000	0.00000	0.01330	0.01420	0.00930	0.01680	0.05960	0.00000	0.08208	1.09990
2018	1.00000	0.00000	0.01290	0.03380	0.02010	0.00330	0.10840	0.00000	0.08171	1.16560
2019	1.00000	0.00000	0.01140	0.03390	0.01900	0.00280	0.10840	0.00000	0.75050	1.16410
2020	1.00000	0.00000	0.01010	0.02690	0.01750	0.00250	0.10810	0.00000	0.07467	1.10000

[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	2020			2011		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BioMarin Pharmaceutical Inc.	1	\$ 389,259,778	3.05%	2	\$ 130,949,467	1.53%
Professional Investors Security Fund	2	107,639,709	1.14%			0.00%
KW Hamilton Landing	3	90,467,300	0.91%			
Novato 777 San Marin Drive	4	88,000,000	0.79%			
JCC Cal Properties LLC	5	68,077,216	0.59%	5	56,553,613	0.66%
Scarpa Steven J Trust	6	66,246,061	0.58%			0.00%
Contesta Novato Investors LLC	7	50,983,707	0.45%			
Hamilton Marketplace LLC	8	47,466,272	0.41%			0.00%
HRSE PCMS Rowland Plaza Mob	9	36,750,000	0.32%			
Of 11 Scripps Summit Sole M LLC	10	33,501,398	0.29%			
Novato FF Property LLC				1	275,051,450	3.22%
Hamilton Marin LLC				3	91,743,301	1.07%
Steven J Scarpa				4	62,940,058	0.74%
Downtown Novato Investors LLC				6	48,019,511	0.56%
Sutter Health				7	42,257,080	0.49%
Safeway Stores Inc				8	32,656,293	0.38%
Image Movers Digital LLC				9	30,949,386	0.36%
Lexington Wood Hollow				10	29,500,000	0.34%
Top Ten Totals		\$ 978,391,441	8.53%		\$ 800,620,159	9.36%
City Total Taxable Assessed Value		\$ 11,698,315,905			\$ 8,552,332,348	

Novato FF Property LLC

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
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%
2020	18,809	18,809	100.00%	-	18,809	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>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>	<u>2019-20</u>
Major Business Groups										
General Retail	\$ 3,173	\$ 4,522	\$ 4,803	\$ 4,580	\$ 4,626	\$ 4,280	\$ 3,843	\$ 4,733	\$ 5,010	\$ 5,163
Food Products	1,374	1,914	1,990	2,075	2,229	2,245	1,998	2,203	2,412	2,187
Transportation	1,925	2,901	3,016	3,125	3,026	2,820	2,560	2,793	3,187	2,552
Business to Business	674	1,062	1,104	1,142	1,228	1,355	1,095	1,511	1,866	1,609
Construction	312	534	540	627	639	588	549	602	754	711

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 2015-169. 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)

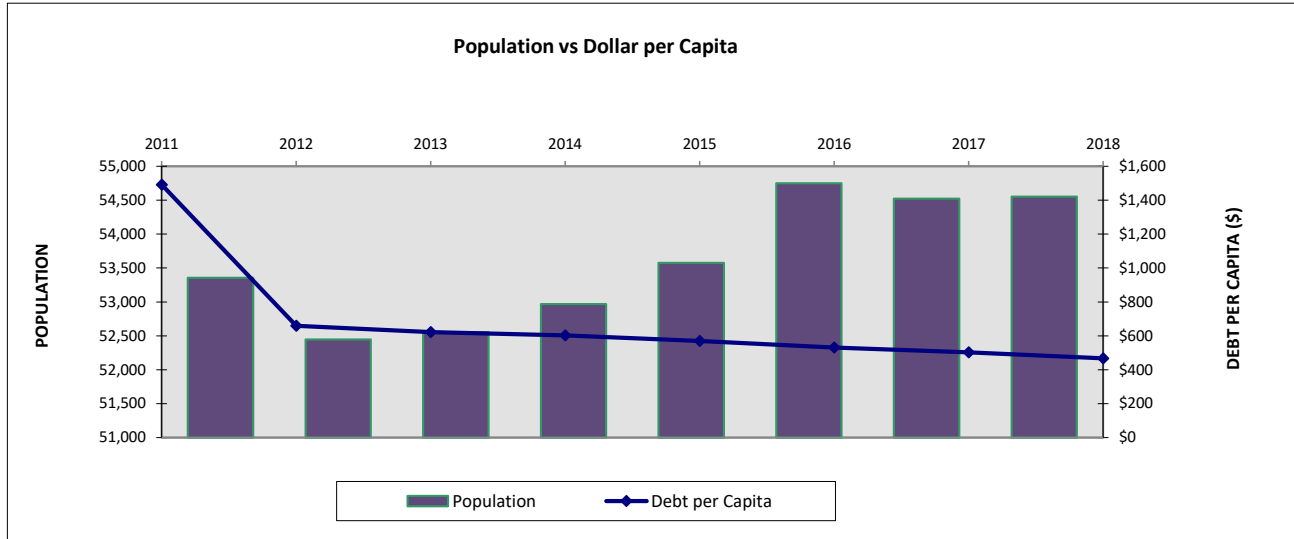
CITY OF NOVATO, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts in thousands of dollars, except per capita amount)

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					
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	
2020	5,853	17,996	-	286	(59)	4,384	28,460	0.98%	53,702	530	

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 Restrictd for Debt Service	Net Total Bonded Debt	CREBs	Capital Lease / Premiums (Discounts) Net	Percent of Assessed Value	Population	Debt per Capita
2011	19,930	19,005	47,380	6,718	79,597	1,574	5,370	0.931%	53,357	\$1,492
2012	18,105	19,074	-	2,574	34,605	1,443	99	0.412%	52,447	\$660
2013	16,155	19,108	-	2,577	32,686	1,312	57	0.394%	52,554	\$622
2014	14,685	19,102	-	1,880	31,907	1,018	234	0.372%	52,967	\$602
2015	13,225	19,052	-	1,748	30,529	853	282	0.339%	53,575	\$570
2016	11,819	18,954	-	1,737	29,036	740	265	0.302%	54,749	\$530
2017	10,373	18,805	-	1,795	27,383	627	191	0.270%	54,522	\$502
2018	8,875	18,599	-	1,979	25,495	513	95	0.239%	54,551	\$467
2019	7,357	18,329	-	2,065	23,621	399	61	0.210%	54,115	\$436
2020	5,853	17,996	-	1,972	21,877	286	(59)	0.187%	53,702	\$407

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, 2020

2019-2020 Assessed Valuation :	\$11,698,315,905	\$11,695,403,534	(\$2,912,371)
Redevelopment Incremental Valuation	\$1,723,696,290		

	Outstanding Debt 6/30/20	% Applicable [a]	City's Estimated Share Of Overlapping Debt
<u>Direct and Overlapping Tax and Assessment Debt</u>			
Marin Community College District	\$447,905,000	14.194%	\$63,575,636
Novato Unified School District	150,775,000	84.888%	127,989,882
Marin Healthcare District	366,045,000	0.0002%	732
City of Novato	5,853,202	100.000%	5,853,202
City of Novato Community Facilities District No. 1	9,189,543	100.000%	9,189,543
City of Novato Community Facilities District No. 1994-1	7,110,413	100.000%	7,110,413
City of Novato Community Facilities District No. 2002-1	6,055,000	100.000%	6,055,000
City of Novato Community Facilities District No. 2014-1	257,716	100.000%	257,716
Novato Sanitary District Assessment District No. 2000-1	435,000	100.000%	435,000
Marin County Open Space Assessment Districts	174,494	78.129%	136,330
Marin Emergency Radio Authority Parcel Tax Obligations	31,375,000	14.173%	4,446,779
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$225,050,232
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Marin County General Fund Obligations	\$82,489,789	14.173%	\$11,691,278
Marin County Pension Obligations	78,120,000	14.173%	11,071,948
Marin Community College District General Fund Obligations	12,960,834	14.194%	1,839,661
City of Novato General Fund Obligations	417,200	100.000%	417,200 [b]
City of Novato Pension Obligation Bonds	14,386,066	100.000%	14,386,066
City of Novato Clean Renewable Energy Bonds	286,532	100.000%	286,532
City of Novato Capital Leases	13,594	100.000%	13,594
Premium (Discount) on Bonds, Net	(70,490)	100.000%	(70,490)
Novato Fire Protection District General Fund Obligations	1,623,600	84.827%	1,377,251
Marin County Transit Authority General Fund Obligations	47,200	14.173%	6,690
DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$41,019,729
 <u>OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY)</u>	 \$34,835,000	 100.000%	 \$34,835,000
 TOTAL DIRECT DEBT			 20,886,104
TOTAL OVERLAPPING DEBT			\$280,018,857
 COMBINED TOTAL DEBT			 \$300,904,961 [c]

Ratios to 2017-18 Assessed Valuation:
Direct Debt (\$5,853,202)..... **0.05%**
Total Direct and Overlapping Tax and Assessment Debt..... 1.92%

Ratios to Adjusted Assessed Valuation:
Total Direct Debt (\$20,656,468)..... **0.18%**
Combined Total Debt..... 2.57%

Ratios to Redevelopment Incremental Valuation (\$1,723,696,290)
Total Overlapping Tax Increment Debt..... 2.02%

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)

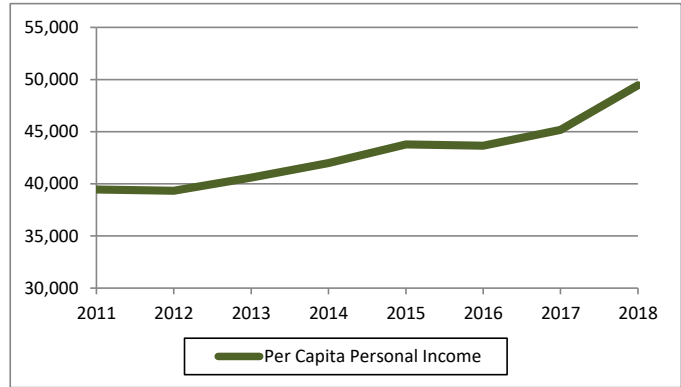
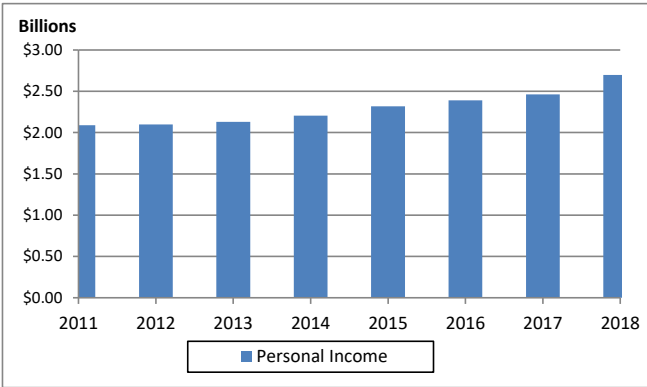
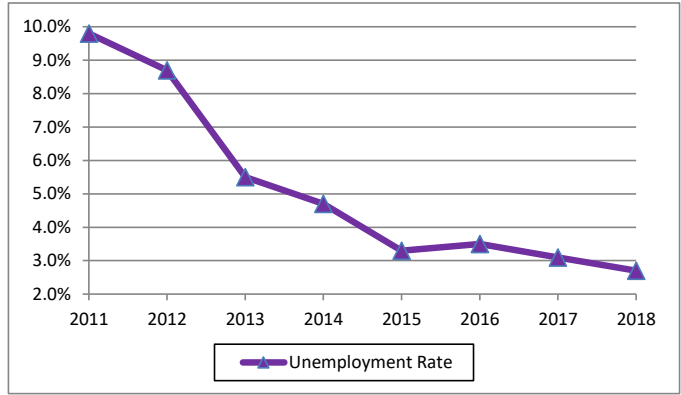
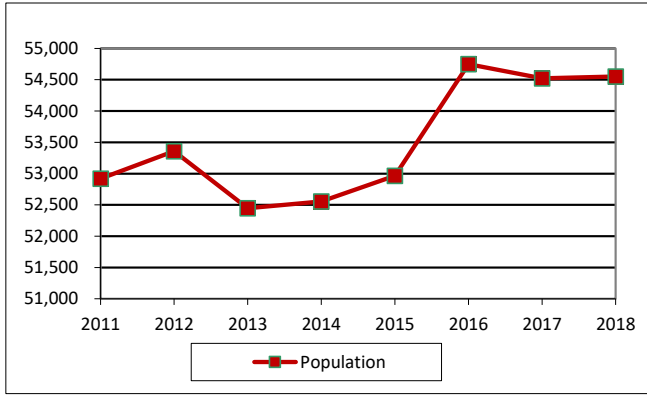
Legal Debt Margin Calculation for Fiscal Year 2017

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	7,357
Legal debt margin	\$ 1,677,415

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
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	0.44%
2020	11,698,316	1,754,747	5,853	1,748,894	0.33%

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
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%
2020	53,702	2,900,305	54,007	2.3%	45.6	7,600	93.0%	45.7%

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 2019-20

FY 2010-11

FY 2019-20				FY 2010-11			
<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 20/21

Source: HDL Companies

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

Function	<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>	<u>2020</u>
General government										
Management Services	16.0	15.3	16.1	17.3	22.3	23.3	25.2	24.2	24.0	24.0
Finance	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0
Planning	5.7	5.7	6.2	7.0	7.0	7.2	7.2	7.2	7.2	7.2
Building	8.2	8.2	8.2	7.0	7.0	8.0	8.0	8.0	8.0	8.0
Police										
Officers	59.0	55.7	61.0	61.0	61.0	61.0	61.0	61.0	62.0	62.0
Civilians	16.6	15.8	15.8	15.8	16.8	18.0	19.5	20.5	19.5	19.5
Public Works										
Engineering	17.3	14.3	13.5	13.5	13.0	13.0	13.0	12.0	12.0	12.0
Maintenance	41.0	39.0	38.0	38.0	39.0	43.5	43.5	43.5	43.5	43.5
Redevelopment	4.7	4.4								
Economic Development	-	-	1.5	1.5	2.0	2.0	3.0	4.0	4.0	4.0
Parks and Recreation	19.8	18.1	19.9	19.9	21.0	22.3	23.2	23.3	23.3	23.3
Total	194.2	182.3	186.1	186.9	194.1	203.3	208.5	208.7	208.5	208.5

Source
City of Novato Annual Budget

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

<u>Function</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>	<u>2020</u>
Public Safety:										
Police:										
Police Calls for Service	20,965	20,931	20,620	17,055	21,316	42,064	44,050	46,490	43,748	34,145 [a]
Law Violations:										
Part I Crimes	1,452	1,263	1,421	1,089	1,243	1,192	1,311	1,193	977	1,017
Physical Arrests (Adult and Juvenile)	1,388	1,616	1,908	1,749	1,626	1,711	1,370	1,727	1,544	995
Parking Violations	1,445	1,695	1,780	1,466	1,172	1,440	1,077	1,405	1,745	1,329

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>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>	<u>2020</u>
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	19	19	20	20	20	20	20	20	20	20
Public Works										
Miles of Streets	151	151	151	151	152	152	152	152	152	152
Street Lights	3,924	3,924	3,925	3,950	3,950	3,950	3,950	3,950	3,950	3,950
Recreation and Community Services:										
City Parks	38	38	38	39	39	39	40	40	40	40
City Parks Acreage	479	479	479	571	571	571	580	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	9
Lacrosse Field	-	-	-	-	-	-	-	-	-	1
Pickle Ball Court	-	-	-	-	-	-	-	-	-	6
Bocce Ball Court	-	-	-	-	-	-	-	-	-	6

Source: City of Novato Finance Division