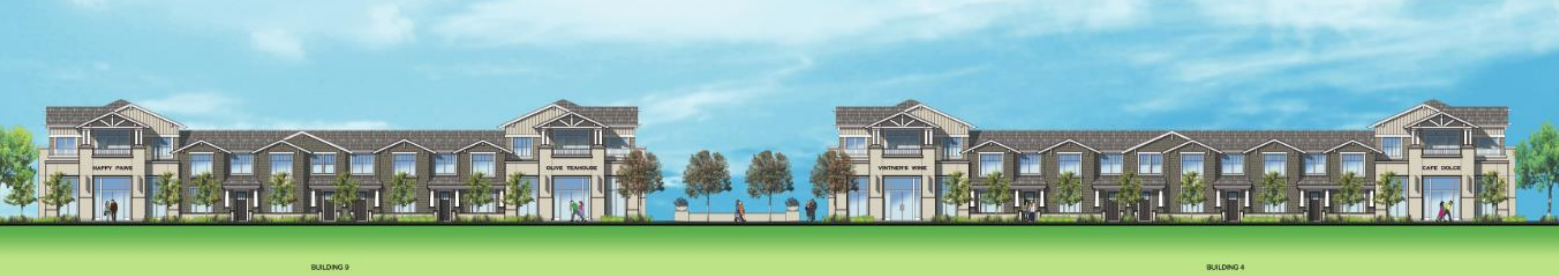


CITY OF NOVATO | CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR 2020/21



BUILDING 3

BUILDING 4



CITY OF NOVATO
CALIFORNIA

PREPARED BY FINANCE DEPARTMENT

CITY OF NOVATO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION:	
Transmittal Letter	i - vi
Organization Chart	vii
Elected Officials and Executive Staff	viii
FINANCIAL SECTION:	
Independent Auditor's Report on Basic Financial Statements	1 - 2
Management's Discussion and Analysis	3 - 16
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19 - 20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22 - 23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Statement of Fiduciary Net Position - Fiduciary Funds	28
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	29
Notes to Basic Financial Statements	30 - 77
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	78 - 80
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Development Impact Fees	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Novato Public Financing Authority	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - American Rescue Plan Act	83
Notes to Required Supplementary Information	84

CITY OF NOVATO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	Page
Required Supplementary Information (Continued)	
Schedule of Changes in the Net Pension Liability and Related Ratios	85 - 86
Schedule of the City's Proportionate Share of the Net Pension Liability	87 - 88
Schedule of Pension Contributions	89 - 91
Schedule of Changes in the City's Net OPEB Liability and Related Ratios	92
Schedule of OPEB Contributions	93
Combining and Individual Fund Financial Statements and Schedules	
Budgetary Comparison Schedule - Capital Improvement Projects Fund	94
Budgetary Comparison Schedule - Hamilton Trust Fund	95
Non-Major Governmental Funds:	
Description of Non-major Funds	96 - 97
Combining Balance Sheets	98 - 103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	104 - 109
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
Affordable Housing Program Fund	110
Clean Stormwater Fund	111
Underground Utilities Fund	112
Parking Improvement Fund	113
Subdivision Park Fund	114
Art in Public Places Fund	115
General Plan Surcharge Fund	116
Automation Surcharge Fund	117
Hamilton Community Facilities Fund	118
Hamilton Arts Center Fund	119
Pointe Marin CFD Fund	120
Chapter 27 Assessment Fund	121
Landscaping Assessment District - San Marin Fund	122
Landscaping Assessment District - Country Club Fund	123
Landscaping Assessment District - Wildwood Glen Fund	124
Landscaping Assessment District - Hillside Fund	125
Downtown Lighting & Landscaping Fund	126

CITY OF NOVATO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	Page
Combining and Individual Fund Financial Statements and Schedules (Continued)	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)	
San Pablo Lighting & Landscaping Fund	127
Scottsdale Assessment District Fund	128
State Gas Tax Fund	129
Special Police Projects Fund	130
COPS Grant Fund	131
State & Federal Grant Fund	132
Private Grant Fund	133
Measure B VRF Marin County	134
Measure A Street Bonds Fund	135
Parks Measure A	136
Clean Stormwater CIP Fund	137
Street and Storm Drain Maintenance Fund	138
Community Center Maintenance Fund	139
Restricted Revenue Fund	140
General Obligation Bonds Fund	141
Pension Obligation Bond Fund	142
Internal Service Funds	
Description of Internal Service Funds	143
Combining Statement of Net Position	144
Combining Statement of Revenues, Expenses, and Changes in Net Position	145
Combining Statement of Cash Flows	146
Fiduciary Funds	
Description of Fiduciary Funds	147
Combining Statement of Fiduciary Net Position - Custodial Funds	148 - 149
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	150 - 151
General Fund	
Description of General Funds	152
Combining Balance Sheets	153 - 155
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	156 - 158

CITY OF NOVATO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	Page
STATISTICAL SECTION:	
Description of Statistical Section	159
Financial Trends	
Net Position by Component	160
Changes in Net Position	161 - 162
Governmental Funds - Revenues by Source	163
Fund Balance - Governmental Funds	164
Changes in Fund Balance - Governmental Funds	165
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	166
Property Tax Rates - Direct and Overlapping Governments	167
Principal Property Taxpayers	168
Property Tax Levies and Collections	169
Sales Tax Revenues by Category	170
Debt Capacity	
Ratios of Outstanding Debt by Type	171
Ratios of Net General Bonded Debt Outstanding	172
Direct and Overlapping Governmental Debt	173
Computation of Legal Debt Margin	174
Economic and Demographic Information	
Demographic and Economic Indicators	175
Operating Information	
Full-time Equivalent City Government Employees by Function/Program	176
Operating Indicators by Function/Program	177
Capital Asset Statistics by Function/Program	178



INTRODUCTORY SECTION



October 16, 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, 2021. 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.

This 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 significant turnover in key finance and management positions beginning in 2018; as well as implementation of a new finance software system which continues to require significant modification of prior processes and procedures to ensure efficient and accurate finance operations. Over the past four years the City Council and Management have remained committed to addressing the audit and financial activity backlog, including centralizing some functions to improve internal controls, and committing new temporary and permanent resources to bring audits current. Staff remain focused on 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. The City, which covers 28 square miles, had a population of 53,486 as of January 2021, a decrease of 0.78% from the previous year.

The 2020 census identifies Novato's population as 63% White, 19% Hispanic (of any race), and 8% Asian; the median age is 46.9 years.

The City of Novato was incorporated on January 20, 1960, as a general law city. The City Council is made up of five members, 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 2020/21, the City of Novato adopted budget included 205.5 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. In September 2020, the City Council reduced the number of authorized full-time equivalent employees to 188.5 (a reduction of 17 positions or +8% of the workforce) because of the pandemic and associated uncertainty around an economic rebound.

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 has a diversified economy, and a promising health and life sciences industry that positions the City to continue to thrive in the 21st century. The city has over 25,500 employed residents, with 26,800 jobs available (a majority in educational services), and approximately 2,500 businesses. The city is home to many corporate headquarters, life science research companies, and state-of-the-art technology companies, as well as a variety of retail centers within its business community.

Several businesses including BioMarin Pharmaceuticals, Ultragenyx Pharmaceutical and Raptor Pharmaceutical, are located in Novato. The Buck Institute for Research on Aging is also headquartered in the city, furthering Novato's expansion as a 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 January 2021, Novato had an unemployment rate of 6.5%, this was the peak during the pandemic. During the last recession the rate ranged from 8.7% to 9.8%; since that time the rate improved and stabilized at between 2.5% to 3.5%. After the initial pandemic closures, the real estate market exploded with activity throughout Marin County, including in Novato, with residential properties selling at unprecedented prices. This resulted in positive growth in the City's property tax revenue, particularly property transfer tax.

Fiscal Year 2020/2021

The Fiscal Year 2020/2021 budget development process was challenging because of the shifting pandemic related restrictions and impact on the economy, and the depletion of Measure F revenue available to offset ongoing operating expenses. In June 2020, the City Council adopted a carryover budget, allowing time to better evaluate economic indicators impacted by the pandemic and resulting change in demand for city provided services. The projected deficit at that time was \$5.7 million. In September 2020, the City Council made the difficult decision to reduce expenses by \$3.2 million, including elimination of 17 full-time equivalent positions (+8% of the workforce); resulting in a revised deficit of \$3.3 million. The expense reductions focused on methods to contain current and future costs, including relieving the general fund from liabilities, structurally addressing changes in service level demands, and absorbing necessary ongoing costs once supported by Measure F funds.

Ultimately, improved receipt of ongoing revenue from sales tax and property transfer tax, as well as one-time funds from the sale of property, vesting of a development agreement, and state CARES act funding; in combination with expense savings from programs that did not come back online during the year and significant employee turnover resulting in substantial vacancy savings, helped to offset the projected deficit.

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 Strategic Plan included the five following objectives:

- **Living Well, Together**
Support facilities and design programs and services that create a healthy, caring and interconnected community that is safe and secure.
- **Great Places**
Create inviting natural and built places and spaces for contemplation, play, arts, and connection while celebrating our diverse community.
- **Economic Vitality**
Encourage a thriving business environment, becoming a hub of economic activity and innovation, with a focus on high-paying industries, a vibrant downtown, and a healthy economy.
- **Environmental Stewardship**
Preserve, protect and enhance Novato’s unique environment, now and for future generations, and model best sustainability practices for the community.
- **A City that Works**
Know understand, and respond to the community we serve, engage our residents, and provide valued services promptly, professionally, and with a passion.

One of the objectives identified under “A City that Works” was to “Ensure a fiscally sustainable City.” The City Council has long 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, exploration of those initiatives continued into Fiscal Year 2020/21 and beyond. The table below lists the priorities as identified by the City Council. Periodic updates on these initiatives have been 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

In November 2020, Novato voters approved Measure Q, a 2% increase to Transient Occupancy Tax (TOT), with a 76.35% approval rating. This measure was 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. Unfortunately, pandemic related impacts slowed the construction of these projects, with one developer ultimately deciding not to move forward with their hotel construction. It is currently anticipated that the other hotel could open as early as summer 2024.

Staff also re-launched the Comprehensive Fee Study project in 2020, which was ultimately adopted in May 2022, and became effective July 1, 2022. 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 increased 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:

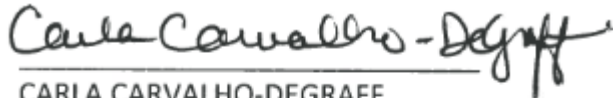
- Capital Improvement and Asset Policies
- Budget Reserve Policies
- Investment Policies
- Operating Budget Policies
- Purchasing and Green Purchasing Policies
- Revenue Policies
- Debt and Debt Administration Policies

Acknowledgements

The preparation of the Annual Comprehensive Financial Report was made possible by the efforts of Novato's dedicated Finance team with assistance and support from the City's operating departments and financial consultants. It is also important to express sincere appreciation and gratitude to MUN for their commitment to working with us to complete this report as expeditiously as possible.

Finally, we would also like to extend our gratitude to the City Council and the various City Commissions, Committees and Boards, in particular the Finance Advisory Commission, for supporting the Finance team's efforts to bring this report to completion.

Respectfully submitted,



CARLA CARVALHO-DEGRAFF
Finance Director

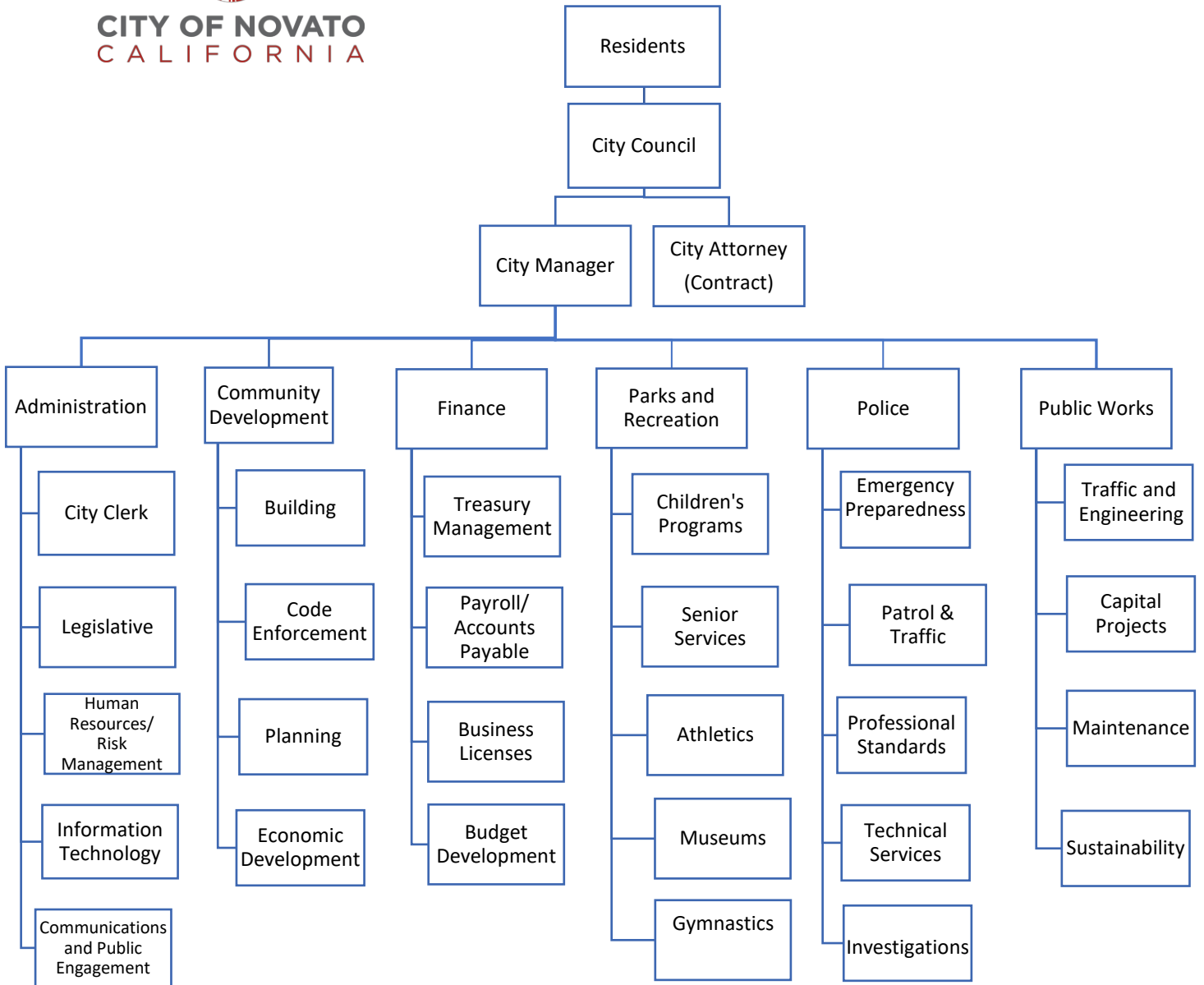


ADAM MCGILL
City Manager

Functional Organization Chart



CITY OF NOVATO
CALIFORNIA



CITY OF NOVATO
ELECTED OFFICIALS
AND
EXECUTIVE STAFF
JUNE 30, 2021

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
Deputy City Manager	Amy Cunningham
Assistant City Manager Central Administration and Economic Development	Jessica Deakyne
City Attorney	Colantuono, Highsmith and Whatley
City Clerk	Laura McDowall
Interim Chief of Police	Hank Schreeder
Community Development Director	Vicki Parker
Parks, Recreation, and Community Services Director	Katie Gauntlett
Interim Public Works Director	Chris DeGabriele
Finance Director	Carla Carvalho-DeGraff

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 the City of Novato (the City) as of and for the year ended June 30, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information for the general fund and major special revenue funds, pension related schedules, and other post-employment benefits (OPEB) related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Novato's basic financial statements. The introductory section, combining and individual nonmajor governmental fund financial statements and budgetary comparison schedules, the internal service funds, fiduciary 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, fiduciary 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, fiduciary 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 October 16, 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 solely 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
October 16, 2023

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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, 2021 by \$293,247,512. Of this amount, \$264,660,945 is invested in capital assets, net of related debt; \$66,813,328 is restricted for debt service, capital projects, grants, taxes, and fees; and \$(38,226,761) is unrestricted.
- The City's total net position increased by \$1,880,885, of which \$1,195,266 was attributable to governmental activities and \$685,619 was attributable to business-type activities.
- Government-wide revenues increased by \$1,080,883 or 2% to \$62,337,179 from 2020 total of \$61,256,296.
- Government-wide expenses decreased by \$3,014,014 or 5% to \$55,164,736 from 2020 total of \$58,178,750.

Fund level

- Governmental fund balances increased to \$88,636,287 from the prior year's \$80,310,495.
- Governmental fund revenues increased by \$26,150 or 0.04% to \$58,945,764 from the prior year's \$58,919,614.
- Governmental fund expenditures decreased by \$10,846,009 or 18% to \$50,437,193 from the prior year's \$61,283,202.
- General fund balance increased from \$17,064,916 to \$25,784,948. This increase was driven by one time revenue sources, and operating transfers that appropriately corrected prior year operating transfers that had caused a large deficit in the long-term infrastructure 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 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, 2021

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, 2021

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
- Development Impact Fee
- Novato Public Financing Authority
- American Rescue Plan Act
- Capital Improvement Projects
- 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:

- Custodial funds are used to record assets of separate organizations for which the City serves as a custodian for the organization.
- 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, 2021

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, fiduciary 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, 2021 and 2020
(in thousands)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2021</u>	<u>2020</u>	<u>Net Change</u>	<u>2021</u>	<u>2020</u>	<u>Net Change</u>	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
ASSETS									
Current and other assets	\$ 104,820	\$ 93,234	\$ 11,586	\$ 6,664	\$ 6,594	\$ 70	\$ 111,484	\$ 99,828	\$ 11,656
Capital assets	<u>256,544</u>	<u>262,457</u>	<u>(5,913)</u>	<u>16,215</u>	<u>15,442</u>	<u>773</u>	<u>272,759</u>	<u>277,899</u>	<u>(5,140)</u>
Total Assets	<u>361,364</u>	<u>355,691</u>	<u>5,673</u>	<u>22,879</u>	<u>22,036</u>	<u>843</u>	<u>384,243</u>	<u>377,727</u>	<u>6,516</u>
Deferred Outflows of Resources	<u>10,879</u>	<u>9,982</u>	<u>897</u>	-	-	-	<u>10,879</u>	<u>9,982</u>	<u>897</u>
LIABILITIES									
Long-term liabilities	81,141	78,667	2,474	3,302	3,851	(549)	84,443	82,518	1,925
Other liabilities	<u>12,374</u>	<u>9,573</u>	<u>2,801</u>	<u>1,638</u>	<u>931</u>	<u>707</u>	<u>14,012</u>	<u>10,504</u>	<u>3,508</u>
Total Liabilities	<u>93,515</u>	<u>88,240</u>	<u>5,275</u>	<u>4,940</u>	<u>4,782</u>	<u>158</u>	<u>98,455</u>	<u>93,022</u>	<u>5,433</u>
Deferred Inflows of Resources	<u>3,420</u>	<u>3,320</u>	<u>100</u>	-	-	-	<u>3,420</u>	<u>3,320</u>	<u>100</u>
NET POSITION									
Net investment in capital assets	252,297	256,344	(4,047)	12,364	11,057	1,307	264,661	267,401	(2,740)
Restricted	61,238	62,193	(955)	5,575	6,196	(621)	66,813	68,389	(1,576)
Unrestricted	<u>(38,227)</u>	<u>(44,424)</u>	<u>6,197</u>	-	-	-	<u>(38,227)</u>	<u>(44,424)</u>	<u>6,197</u>
Total Net Position	<u>\$ 275,308</u>	<u>\$ 274,113</u>	<u>\$ 1,195</u>	<u>\$ 17,939</u>	<u>\$ 17,253</u>	<u>\$ 686</u>	<u>\$ 293,247</u>	<u>\$ 291,366</u>	<u>\$ 1,881</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 \$293,247,512 at June 30, 2021.

The net position of \$293,247,512 at June 30, 2021 was comprised of the following elements:

- Unrestricted cash and investments of \$67,646,826, cash with fiscal agents of \$156,021, and restricted cash and investments of \$33,032,698;
- Accounts, loans, interest, taxes receivable and amounts due from custodial funds of \$10,108,231;
- Prepaid expenses of \$437,456;

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

- Non-current assets consisted of bond issuance costs and capital assets. Bond issuance costs were \$103,312 and are amortized over the life of the debt. Capital assets of \$272,759,196, net of accumulated depreciation charges of \$168,937,547, included \$135,398,510 of land, \$10,695,368 of construction in progress, \$35,649,379 of buildings, \$1,636,866 of furniture and equipment, \$88,197,341 of infrastructure, and \$1,181,732 of vehicles;
- Deferred outflows of resources totaled \$10,879,397 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 \$14,011,964 and included \$2,581,478 of accounts payable, \$722,121 of salaries and benefits payable, \$78,549 of interest payable, \$2,775 of accrued liabilities, \$4,933,185 of unearned revenue, \$2,486,470 of deposits payable, compensated absences of \$132,316, current claims payable of \$642,384, and long-term debt of \$2,432,686;
- Non-current liabilities of \$84,443,256 included \$1,423,853 of non-current claims payable; \$1,882,086 of Other Post Employment Benefits (OPEB), \$1,357,413 of compensated absences, \$56,523,057 of net pension liability, and \$23,256,847 of the non-current portion of long-term debt which is due in the fiscal years subsequent to fiscal 2021;
- Deferred inflows of resources of \$3,420,405 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 \$264,660,945 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 \$66,813,328 was comprised of \$6,913,585 restricted for debt services; \$17,086,317 restricted for capital projects; \$42,164,175 restricted for taxes and fees; and \$649,251 restricted for grants. The remaining balance of \$(38,226,761) represents 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 net 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 net OPEB liability. This most recent change is detailed in Note10 to the financial statements.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Analysis of Changes in Net Position

The City's total net position increased by \$7,172,443, or 3%, during the fiscal year ended June 30, 2021. This was all due substantially to one time revenue sources from the sale of property and revenue vesting with the City from a development agreement. Activities and changes in net position relating to the \$7,172,443 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, 2021 and 2020
(in thousands)

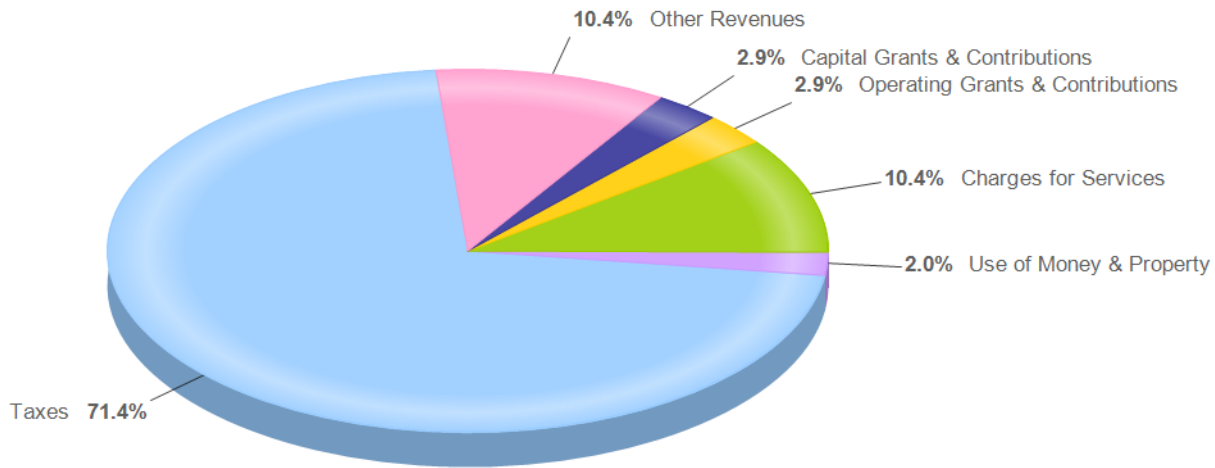
	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
REVENUES:			
Program revenues			
Charges for services	\$ 6,129	\$ 9,608	\$ (3,479)
Operating grants and contributions	1,706	979	727
Capital grants and contributions	1,692	2,360	(668)
General revenues			
Taxes	42,048	39,234	2,814
Use of money and property	1,183	4,592	(3,409)
Other revenue	<u>6,142</u>	<u>1,102</u>	<u>5,040</u>
Total Revenues	<u>58,900</u>	<u>57,875</u>	<u>1,025</u>
EXPENSES:			
Governmental activities			
General government	11,003	10,556	447
Public safety	18,341	19,103	(762)
Public works	15,575	16,671	(1,096)
Culture and recreation	2,711	4,196	(1,485)
Community development	3,677	3,855	(178)
Interest on long-term liabilities	<u>1,171</u>	<u>1,259</u>	<u>(88)</u>
Total Expenses	<u>52,478</u>	<u>55,640</u>	<u>(3,162)</u>
Change in net position	<u>6,422</u>	<u>2,235</u>	<u>4,187</u>
Net position - beginning of year	274,113	271,878	2,235
Restatement	<u>(5,228)</u>	<u>-</u>	<u>(5,228)</u>
Net position - beginning of year, restated	<u>268,885</u>	<u>271,878</u>	<u>(2,993)</u>
Net position - end of year	<u>\$ 275,307</u>	<u>\$ 274,113</u>	<u>\$ 1,194</u>

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Governmental Activities

The table above reflects a change in net position of \$1,194,000, which is the result of revenues in excess of expenses.

Revenues by Source
2021 Governmental Activities

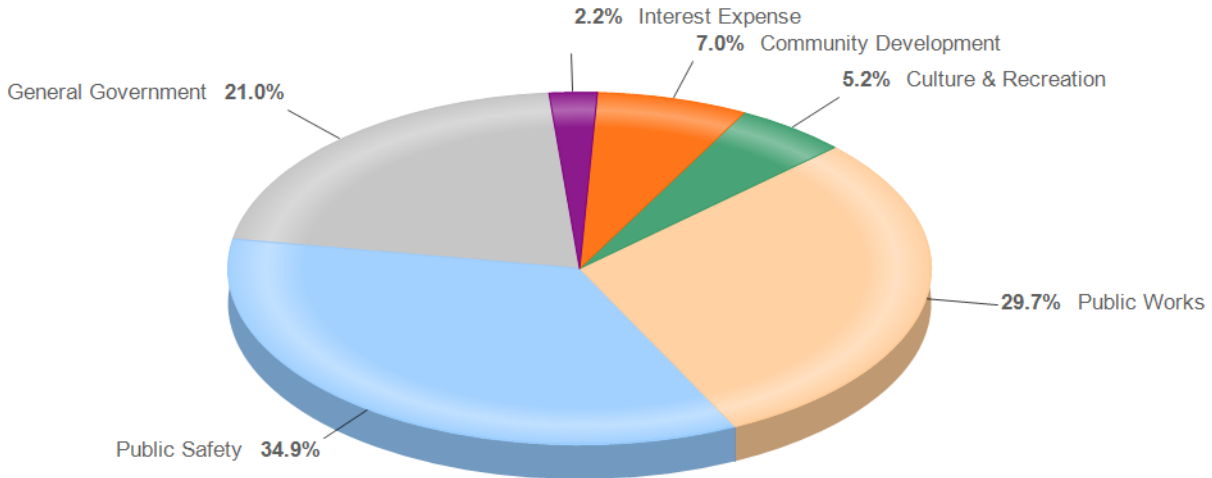


The chart of revenues by source above illustrates that taxes are the largest source of operating revenue for the City. The components of taxes are real estate property taxes, real property transfer tax, sales and use tax, hotel taxes, gas taxes, business license taxes and franchise fees. Charges for 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 \$1.0 million or 2% was mainly due to decreases in charges for services (\$3.5 million) and use of money and property (\$3.4 million) and increases in tax revenue (\$2.8 million) and other revenue (\$5 million).

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Expenses by Function
2021 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, community development, culture and recreation, and interest on long-term liabilities.

The \$3.2 million or 6% decrease in expenditures was mostly concentrated in the areas of Culture and Recreation (\$1.5 million), Public Works (\$1.1 million), and Public Safety (\$796k) offset by an increase in General Government (\$447k).

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Business-Type Activities

Business-type Activities Changes in Net Position
For the Years Ended June 30, 2021 and 2020
(in thousands)

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
REVENUES:			
Charges for services	\$ 3,351	\$ 3,262	\$ 89
Other revenue	14	6	8
Interest revenue	<u>71</u>	<u>113</u>	<u>(42)</u>
Total Revenues	<u>3,436</u>	<u>3,381</u>	<u>55</u>
EXPENSES:			
Cost of services	2,185	2,027	158
Depreciation and amortization	383	379	4
Interest expense	<u>118</u>	<u>133</u>	<u>(15)</u>
Total Expenses	<u>2,686</u>	<u>2,539</u>	<u>147</u>
Change in net position	<u>750</u>	<u>842</u>	<u>(92)</u>
Net position - beginning of year	17,252	16,410	842
Restatement	<u>(64)</u>	<u>-</u>	<u>(64)</u>
Net position - beginning of year, restated	<u>17,188</u>	<u>16,410</u>	<u>778</u>
Net position - end of year	<u>\$ 17,938</u>	<u>\$ 17,252</u>	<u>\$ 686</u>

Business-type activities net position increased \$749,472 or 4%, 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 \$88,636,287, compared to \$80,310,495 at June 30, 2020. While the various funds have increases and decreases that offset each other the main factor in the increase in fund balance was the result of one time revenues related to the sale of property and funds from a development agreement vesting with the City.

Of the total fund balance, \$(1,202,896) is unassigned. The remainder of the fund balance of \$89,839,183, is either nonspendable, restricted, or assigned for specific purposes.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$25,784,948, of which \$1,106,722 was nonspendable; \$637,172 was restricted for successor agency administration; \$22,525,654 was assigned for capital projects, pension reserve, insurance reserve, long-term maintenance and infrastructure, and emergency disaster & response; and \$1,515,400 was unassigned.

The fund balance in the City's General Fund increased by \$8,720,032 for the fiscal year ended June 30, 2021. The increase in fund balance was the result of one time revenues from the sale of property \$5.7 million, \$1.0 million from a development agreement vesting with the City and a mix of expenditures decreasing due to layoffs of 8% of the workforce and many park and recreation programs being closed due to the pandemic and increased sales tax revenue.

The Development Impact Fee fund had a total fund balance of \$14,738,147, which was restricted for capital projects. Fund balance increased by \$462,255, driven primarily by a decrease in transfers out which is the result of timing of capital improvement project expenditures funded by Development Impact Fees.

The Novato Public Financing Authority had a total fund balance deficit of \$1,720,063. Fund balance increased by \$94,005 due to revenues for rent exceeding related expenses.

The American Rescue Plan Act fund had no fund balance. All assets were offset by unearned revenue, which will be recognized as qualifying expenditures are incurred.

The Capital Improvement Projects fund reported a deficit of \$896,936, an increase of \$313,074 from the previous year. This is due to the fact that there were expenditures accrued in the fund that were not included in operating transfers such as expenditures for retention payable related to contracts and accruals for contracts.

The Hamilton Trust Fund had a total fund balance of \$33,933,658 which was restricted. Fund balance decreased by \$699,442 due to a decrease in earnings as a result of market conditions.

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, 2021 and 2020
(in thousands)

	2021		2020	
	Amount	% of Total	Amount	% of Total
Revenues by Source:				
Taxes	\$ 42,049	71 %	\$ 39,234	66 %
Licenses and permits	1,257	2 %	1,243	2 %
Intergovernmental	3,399	6 %	3,340	6 %
Fines and forfeitures	473	1 %	675	1 %
Use of money and property	1,174	2 %	4,422	8 %
Charges for services	4,399	7 %	6,354	11 %
Other revenues	6,195	11 %	1,102	2 %
Issuance of bond/lease proceeds	-	-	2,550	4 %
	<u>\$ 58,946</u>	<u>100 %</u>	<u>\$ 58,920</u>	<u>100 %</u>

For this fiscal year, governmental revenues increased \$26,150 or 0.04%. Pandemic related impacts skewed trends within certain categories.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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

Expenditures by Function	Expenditures by Function			
	Governmental Funds			
	For the Years Ended June 30, 2021 and 2020			
	2021		2020	
	Amount	% of Total	Amount	% of Total
General government	\$ 10,449	21 %	\$ 9,747	14 %
Public safety	16,345	32 %	16,419	27 %
Public works	8,642	17 %	8,367	14 %
Culture & recreation	2,619	5 %	3,552	6 %
Community development	3,428	7 %	3,473	6 %
Capital outlay	5,502	11 %	13,797	23 %
Debt service: principal	2,673	5 %	4,908	8 %
Debt service: interest	777	2 %	1,017	2 %
	<u>\$ 50,435</u>	<u>100 %</u>	<u>\$ 61,280</u>	<u>100 %</u>

Expenditures decreased by \$10,846,009 or 18% during the year ended June 30, 2021. The principal components of this were decreased costs for Capital Outlay (\$8 million) and debt service principal (\$2 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, 2021, was \$4,284,240. Net position decreased by \$270,890 during fiscal 2021.

General Fund Budget Modifications

The original fiscal year 2020-21 budget was adopted in June 2020 and substantially modified in September 2020 to recognize continued pandemic related impacts. 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 \$386,177 and increase estimated expenditures and transfers out by \$574,517. The net impact of the budget changes was to increase the budgeted change in fund balance by \$188,340.

General Fund Operating Variances

The revised budget projected a net decrease in fund balance of \$8,067,453 and the actual results were a net increase of \$8,720,032, which equates to a positive variance of \$16,787,485.

The variance in revenues is partly attributable to revenues being higher than the revised budget by \$9,081,950. This is primarily due to increased tax revenues, and one time revenues from the sale of property and funds from a development agreement vesting with the City.

Expenditures and transfers out were \$5,221,873 lower than projected primarily due to lower than expected costs throughout all departments, some of which was attributable to pandemic related impacts.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 totaled \$272,759,196 (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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 123,559	\$ 123,559	\$ 11,840	\$ 11,840	\$ 135,399	\$ 135,399
Construction in progress	9,569	15,170	1,127	104	10,696	15,274
Buildings & improvements	32,428	33,166	3,222	3,432	35,650	36,598
Furniture & equipment	1,610	508	26	66	1,636	574
Infrastructure	88,197	83,659	-	-	88,197	83,659
Vehicles	<u>1,182</u>	<u>1,327</u>	<u>-</u>	<u>-</u>	<u>1,182</u>	<u>1,327</u>
Total	<u>\$ 256,545</u>	<u>\$ 257,389</u>	<u>\$ 16,215</u>	<u>\$ 15,442</u>	<u>\$ 272,760</u>	<u>\$ 272,831</u>

Governmental Activities Long-term Debt

At June 30, 2021, the City's governmental and business-type activities had total long-term debt and obligations as scheduled below.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Outstanding June 30, 2021</u>
<u>Governmental Activities</u>		
General obligation bonds:		
Series 2020	2028	\$ 2,270,000
Pension obligation bonds, A-1 & A-2	2035	17,591,282
2013 General obligation refunding bonds	2025	<u>1,956,213</u>
Bond issuance premiums (discounts)		
Pension obligation bonds discount		(62,585)
Clean Renewable Energy Bonds (CREBS)	2024	79,869
Capital leases	2022	2,082
PG&E Loan	2021	<u>1,705</u>
Compensated absences		<u>1,489,729</u>
Total governmental activities		<u>\$ 23,328,295</u>
<u>Business-type Activities</u>		
Senior Promissory Note	2027	<u>\$ 3,850,967</u>

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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 2020/21 the economic outlook was negative a COVID-19 shut-downs and restrictions had largely remained in place. There was significant economic uncertainty throughout the United States. Retail and service industries were severely impacted. Entering Fiscal Year 2020/21 budgets were severely constrained as the pandemic was an unprecedented disruption to the economy. Most communities faced the loss of local businesses, high unemployment, the potential for evictions, and the disruption of the tourism industry. The federal government took action, but then COVID-19 would surge, and economic recovery would stall.

As the year progressed it was clear that different types of revenues were affected differently by the pandemic. Transient Occupancy Tax remained suppressed as travel was disrupted by shutdowns, while sales tax increased largely due to on-line sales and increased sales in vehicles and the recreational equipment markets, and property transfer tax increased as many long-time residents chose to sell, taking advantage of the extraordinary demand for residential properties.

Fiscal Year 2020/21 Budget

Due to the uncertainty around economic impacts of 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 (or over 8% of the City workforce), 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.

In 2020/21, the City received CARES Act funding through the State of California which helped offset public safety costs, and 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 2021/22.

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), continued 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, in Fiscal Year 2023/24 the City will use Emergency Reserves to back fill the projected \$2.6 million deficit. Beyond Fiscal Year 2023/24, without an additional revenue source, the City will have to cut services as reserves to offset any future deficits will be depleted.

CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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 may be addressed to:

City of Novato
Finance Department
922 Machin Avenue
Novato, CA 94945
or
finance@novato.org

CITY OF NOVATO
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	\$ 61,184,408	\$ 6,462,418	\$ 67,646,826
Cash with fiscal agent (Note 2)	156,021	-	156,021
Accounts receivable	1,127,839	23,522	1,151,361
Loans receivable (Note 3)	3,557,839	-	3,557,839
Interest receivable	136,415	-	136,415
Taxes receivable	5,025,873	-	5,025,873
Due from custodial funds	236,743	-	236,743
Prepaid expenses	259,138	178,318	437,456
Restricted cash and cash equivalents (Note 2)	33,032,698	-	33,032,698
Bond issuance costs, net (Note 6)	103,312	-	103,312
Capital assets (Note 5)			
Land and construction in progress	133,127,298	12,966,580	146,093,878
Other capital assets, net of depreciation	<u>123,417,092</u>	<u>3,248,226</u>	<u>126,665,318</u>
Total capital assets	<u>256,544,390</u>	<u>16,214,806</u>	<u>272,759,196</u>
Total Assets	<u>361,364,676</u>	<u>22,879,064</u>	<u>384,243,740</u>
Deferred Outflows of Resources			
2021 Pension contributions (Note 9)	5,487,034	-	5,487,034
Changes in the net pension liability (Note 9)	5,135,743	-	5,135,743
Changes in the net OPEB liability (Note 10)	<u>256,620</u>	<u>-</u>	<u>256,620</u>
Total Deferred Outflows of Resources	<u>10,879,397</u>	<u>-</u>	<u>10,879,397</u>
LIABILITIES			
Accounts payable	1,564,582	1,016,896	2,581,478
Accrued payroll and benefits	722,121	-	722,121
Accrued liabilities	2,775	-	2,775
Accrued interest payable	78,549	-	78,549
Unearned revenue	4,861,068	72,117	4,933,185
Deposits payable	2,486,370	100	2,486,470
Other postemployment benefits (Note 10)			
Due in more than one year	1,882,086	-	1,882,086
Net pension liability (Note 9)			
Due in more than one year	56,523,057	-	56,523,057
Claims payable (Note 11)			
Due within one year	642,384	-	642,384
Due in more than one year	1,423,853	-	1,423,853
Accrued compensated absences (Note 6)			
Due within one year	132,316	-	132,316
Due in more than one year	1,357,413	-	1,357,413
Long-term liabilities (Note 6)			
Due within one year	1,884,166	548,520	2,432,686
Due in more than one year	<u>19,954,400</u>	<u>3,302,447</u>	<u>23,256,847</u>
Total Liabilities	<u>93,515,140</u>	<u>4,940,080</u>	<u>98,455,220</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability (Note 9)	1,842,283	-	1,842,283
Changes in the net OPEB liability (Note 10)	<u>1,578,122</u>	<u>-</u>	<u>1,578,122</u>
Total Deferred Inflows of Resources	<u>3,420,405</u>	<u>-</u>	<u>3,420,405</u>
NET POSITION			
Net investment in capital assets	252,297,106	12,363,839	264,660,945
Restricted for:			
Debt service	1,338,440	5,575,145	6,913,585
Capital projects	17,086,317	-	17,086,317
Taxes and fees	42,164,175	-	42,164,175
Grants	649,251	-	649,251
Unrestricted	<u>(38,226,761)</u>	<u>-</u>	<u>(38,226,761)</u>
Total Net Position	<u>\$ 275,308,528</u>	<u>\$ 17,938,984</u>	<u>\$ 293,247,512</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 11,002,803	\$ 1,489,999	\$ 61,217	\$ -	\$ (9,451,587)	\$ -	\$ (9,451,587)
Public safety	18,341,479	378,088	1,524,141	-	(16,439,250)	-	(16,439,250)
Public works	15,575,360	601,239	120,986	1,692,250	(13,160,885)	-	(13,160,885)
Culture and recreation	2,710,962	1,295,207	-	-	(1,415,755)	-	(1,415,755)
Community development	3,677,298	2,364,344	-	-	(1,312,954)	-	(1,312,954)
Interest and fiscal charges	1,171,142	-	-	-	(1,171,142)	-	(1,171,142)
Total governmental activities	<u>52,479,044</u>	<u>6,128,877</u>	<u>1,706,344</u>	<u>1,692,250</u>	<u>(42,951,573)</u>	<u>-</u>	<u>(42,951,573)</u>
Business-type activities:							
Marin Valley Mobile Country Club	2,685,692	3,350,415	-	-	-	664,723	664,723
Total primary government	<u>\$ 55,164,736</u>	<u>\$ 9,479,292</u>	<u>\$ 1,706,344</u>	<u>\$ 1,692,250</u>	<u>\$ (42,951,573)</u>	<u>\$ 664,723</u>	<u>\$ (42,286,850)</u>
General revenues:							
Property taxes					\$ 19,391,309	\$ -	\$ 19,391,309
Sales and use taxes					16,397,267	-	16,397,267
Motor vehicle and gas taxes					2,223,547	-	2,223,547
Other taxes					4,036,839	-	4,036,839
Use of money and property					1,183,088	71,152	1,254,240
Other revenue					6,142,494	13,597	6,156,091
Total general revenues					<u>49,374,544</u>	<u>84,749</u>	<u>49,459,293</u>
Change in net position					<u>6,422,971</u>	<u>749,472</u>	<u>7,172,443</u>
Net position - July 1, 2020					274,113,262	17,253,365	291,366,627
Prior period restatement (Note 14)					<u>(5,227,705)</u>	<u>(63,853)</u>	<u>(5,291,558)</u>
Net position - July 1, 2020, restated					<u>268,885,557</u>	<u>17,189,512</u>	<u>286,075,069</u>
Net position - June 30, 2021					<u>\$ 275,308,528</u>	<u>\$ 17,938,984</u>	<u>\$ 293,247,512</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Development Impact Fee	Novato Public Financing Authority	American Rescue Plan Act
<u>ASSETS</u>				
Cash and investments	\$ 19,639,059	\$ 14,752,997	\$ 120,529	\$ 4,553,043
Cash with fiscal agent	-	-	39,121	-
Restricted cash and investments	966,024	-	-	-
Accounts receivable	874,246	-	-	-
Notes receivable	726,577	-	-	-
Interest receivable	76,820	-	-	-
Taxes receivable	3,500,296	-	-	-
Due from other funds	2,576,883	-	-	-
Due from custodial funds	236,743	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	143,402	-	-	-
	<u>\$ 28,740,050</u>	<u>\$ 14,752,997</u>	<u>\$ 159,650</u>	<u>\$ 4,553,043</u>
Total Assets				
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES				
Accounts payable	\$ 851,718	\$ 14,850	\$ 2,363	\$ -
Accrued payroll and benefits	722,121	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deposits and other payables	1,160,709	-	-	-
Unearned revenues	220,554	-	-	4,553,043
Advances from other funds	-	-	1,877,350	-
	<u>2,955,102</u>	<u>14,850</u>	<u>1,879,713</u>	<u>4,553,043</u>
Total Liabilities				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - housing loans	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	1,106,722	-	-	-
Restricted	637,172	14,738,147	-	-
Assigned	22,525,654	-	-	-
Unassigned	1,515,400	-	(1,720,063)	-
	<u>25,784,948</u>	<u>14,738,147</u>	<u>(1,720,063)</u>	<u>-</u>
Total Fund Balances (Deficits)				
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 28,740,050</u>	<u>\$ 14,752,997</u>	<u>\$ 159,650</u>	<u>\$ 4,553,043</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2021

	Capital Improvement Projects	Permanent Fund - Hamilton Trust Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ -	\$ -	\$ 15,792,280	\$ 54,857,908
Cash with fiscal agent	-	-	116,900	156,021
Restricted cash and investments	-	32,066,674	-	33,032,698
Accounts receivable	-	-	242,829	1,117,075
Notes receivable	-	-	2,831,262	3,557,839
Interest receivable	-	59,595	-	136,415
Taxes receivable	-	-	1,525,577	5,025,873
Due from other funds	-	-	9,427	2,586,310
Due from custodial funds	-	-	-	236,743
Advances to other funds	-	1,877,350	-	1,877,350
Prepaid items	-	-	55,698	199,100
	-	-	55,698	199,100
Total Assets	\$ -	\$ 34,003,619	\$ 20,573,973	\$ 102,783,332
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES				
Accounts payable	\$ 555,941	\$ -	\$ 121,363	\$ 1,546,235
Accrued payroll and benefits	-	-	-	722,121
Accrued liabilities	-	-	2,775	2,775
Due to other funds	340,995	69,961	908,908	1,319,864
Deposits and other payables	-	-	1,325,661	2,486,370
Unearned revenues	-	-	87,471	4,861,068
Advances from other funds	-	-	-	1,877,350
	-	-	-	1,877,350
Total Liabilities	896,936	69,961	2,446,178	12,815,783
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - housing loans	-	-	1,331,262	1,331,262
	-	-	1,331,262	1,331,262
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	55,698	1,162,420
Restricted	-	33,933,658	16,842,132	66,151,109
Assigned	-	-	-	22,525,654
Unassigned	(896,936)	-	(101,297)	(1,202,896)
	(896,936)	-	(101,297)	(1,202,896)
Total Fund Balances (Deficits)	(896,936)	33,933,658	16,796,533	88,636,287
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ -	\$ 34,003,619	\$ 20,573,973	\$ 102,783,332

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, 2021

Total fund balances of governmental funds	\$ 88,636,287
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 \$163,611,638.	255,306,422
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.	1,331,262
Deferred outflows of resources related to 2021 pension contributions were made subsequent to the measurement date.	5,487,034
Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period.	5,135,743
Deferred outflows of resources related to changes in the net OPEB liability are not applicable to the current period.	256,620
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	(21,838,566)
Compensated absences	(1,489,729)
Net OPEB liability	(1,882,086)
Net pension liability	(56,523,057)
Deferred inflows related to changes in the net pension liability	(1,842,283)
Deferred inflows related to changes in the net OPEB liability	(1,578,122)
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.	103,312
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(78,549)
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>4,284,240</u>
Net position of governmental activities	<u>\$ <u>275,308,528</u></u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Development Impact Fee</u>	<u>Novato Public Financing Authority</u>	<u>American Rescue Plan Act</u>
<u>REVENUES</u>				
Taxes	\$ 35,494,688	\$ -	\$ -	\$ -
License and permits	1,256,895	-	-	-
Intergovernmental	1,156,699	-	-	3,433
Fines and forfeitures	472,932	-	-	-
Use of money and property	(187,715)	222,731	201,722	-
Charges for services	3,038,052	535,493	-	-
Other revenues	5,934,614	-	-	-
Total Revenues	<u>47,166,165</u>	<u>758,224</u>	<u>201,722</u>	<u>3,433</u>
<u>EXPENDITURES</u>				
Current:				
General government	9,935,235	14,850	94,717	-
Public safety	16,238,319	-	-	-
Public works	7,192,717	-	-	3,433
Cultural and recreation	2,564,221	-	-	-
Community development	3,059,960	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	246,293	-	-	-
Interest and fiscal charges	507	-	-	-
Total Expenditures	<u>39,237,252</u>	<u>14,850</u>	<u>94,717</u>	<u>3,433</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,928,913</u>	<u>743,374</u>	<u>107,005</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	4,037,162	-	-	-
Transfers out	(3,246,043)	(281,119)	(13,000)	-
Total Other Financing Sources (Uses)	<u>791,119</u>	<u>(281,119)</u>	<u>(13,000)</u>	<u>-</u>
Net Change in Fund Balances	8,720,032	462,255	94,005	-
Fund Balances (Deficits) - July 1, 2020	17,224,791	14,275,892	(1,814,068)	-
Prior period adjustment (Note 14)	(159,875)	-	-	-
Fund Balances (Deficits) - June 30, 2021	<u>\$ 25,784,948</u>	<u>\$ 14,738,147</u>	<u>\$ (1,720,063)</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Capital Improvement Projects	Permanent Fund- Hamilton Trust Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ 6,554,274	\$ 42,048,962
License and permits	-	-	-	1,256,895
Intergovernmental	184,500	-	2,053,962	3,398,594
Fines and forfeitures	-	-	-	472,932
Use of money and property	-	114,668	822,784	1,174,190
Charges for services	-	-	825,505	4,399,050
Other revenues	<u>15,892</u>	<u>-</u>	<u>244,635</u>	<u>6,195,141</u>
Total Revenues	<u>200,392</u>	<u>114,668</u>	<u>10,501,160</u>	<u>58,945,764</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	29,499	375,125	10,449,426
Public safety	-	-	106,265	16,344,584
Public works	-	-	1,445,423	8,641,573
Cultural and recreation	-	-	54,602	2,618,823
Community development	-	-	368,795	3,428,755
Capital outlay	5,502,262	-	-	5,502,262
Debt service:				
Principal	-	-	2,426,989	2,673,282
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>777,981</u>	<u>778,488</u>
Total Expenditures	<u>5,502,262</u>	<u>29,499</u>	<u>5,555,180</u>	<u>50,437,193</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,301,870)</u>	<u>85,169</u>	<u>4,945,980</u>	<u>8,508,571</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	5,775,705	-	1,974,327	11,787,194
Transfers out	<u>(160,761)</u>	<u>(784,611)</u>	<u>(7,484,439)</u>	<u>(11,969,973)</u>
Total Other Financing Sources (Uses)	<u>5,614,944</u>	<u>(784,611)</u>	<u>(5,510,112)</u>	<u>(182,779)</u>
Net Change in Fund Balances	313,074	(699,442)	(564,132)	8,325,792
Fund Balances (Deficits) - July 1, 2020	(1,210,010)	34,633,100	17,360,665	80,470,370
Prior period adjustment (Note 14)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(159,875)</u>
Fund Balances (Deficits) - June 30, 2021	<u>\$ (896,936)</u>	<u>\$ 33,933,658</u>	<u>\$ 16,796,533</u>	<u>\$ 88,636,287</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, 2021

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	\$ 8,325,792
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	5,687,020
Depreciation expense	(6,371,232)
Government funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.	
	(52,648)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Debt principal payments	2,673,282
Issuance of debt and accreted interest	(394,946)
Net accretion on bond premiums/discounts	(7,904)
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.	
	65,075
Costs associated with the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the Statement of Net Position.	
Amortization of bond insurance costs	(13,048)
Receipts of payments and disbursements of funds related to notes and loans receivable are reported as revenue and expenditures, respectively, in governmental funds, but an increase and decrease, respectively, in notes receivable in the Statement of Net Position.	
Accrued interest	(72,833)
Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.	
	23,246
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Pension expense related to deferred outflows and inflows of resources	(3,166,356)
OPEB expense related to deferred outflows and inflows of resources	(1,587)
Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental funds.	
	<u>(270,890)</u>
Change in net position of governmental activities	<u>\$ 6,422,971</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities	Governmental Activities
	Marin Valley Mobile Country Club	Internal Service Funds
<u>ASSETS</u>		
Current Assets		
Cash and investments	\$ 6,462,418	\$ 6,326,500
Accounts receivable	23,522	10,764
Prepaid expenses	<u>178,318</u>	<u>60,038</u>
Total Current Assets	<u>6,664,258</u>	<u>6,397,302</u>
Non Current Assets		
Capital assets, net of accumulated depreciation	<u>16,214,806</u>	<u>1,237,968</u>
Total Non-Current Assets	<u>16,214,806</u>	<u>1,237,968</u>
Total Assets	<u>22,879,064</u>	<u>7,635,270</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	1,016,896	18,347
Due to other funds	-	1,266,446
Deposits	100	-
Unearned revenue	72,117	-
Long-term liabilities - current portion	548,520	-
Claims payable - current portion	<u>-</u>	<u>642,384</u>
Total Current Liabilities	<u>1,637,633</u>	<u>1,927,177</u>
Non-Current Liabilities		
Long-term liabilities - net of current portion	3,302,447	-
Claims payable - net of current portion	<u>-</u>	<u>1,423,853</u>
Total Non-Current Liabilities	<u>3,302,447</u>	<u>1,423,853</u>
Total Liabilities	<u>4,940,080</u>	<u>3,351,030</u>
<u>NET POSITION</u>		
Net investment in capital assets	12,363,839	1,237,968
Restricted for debt service	5,575,145	-
Unrestricted	<u>-</u>	<u>3,046,272</u>
Total Net Position	<u>\$ 17,938,984</u>	<u>\$ 4,284,240</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, 2021

	Business-Type Activities	Governmental Activities
	Marin Valley Mobile Country Club	Internal Service Funds
<u>OPERATING REVENUES</u>		
Charges for services	\$ 2,429,722	\$ 1,236,189
Utilities	920,693	-
Other revenue	<u>13,597</u>	<u>-</u>
Total Operating Revenue	<u>3,364,012</u>	<u>1,236,189</u>
<u>OPERATING EXPENSES</u>		
Cost of services	2,184,897	1,362,230
Depreciation and amortization	<u>383,008</u>	<u>409,359</u>
Total Operating Expenses	<u>2,567,905</u>	<u>1,771,589</u>
Operating Income (Loss)	<u>796,107</u>	<u>(535,400)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest income	71,152	81,731
Interest expense	<u>(117,787)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(46,635)</u>	<u>81,731</u>
Income (Loss) Before Transfers	<u>749,472</u>	<u>(453,669)</u>
<u>TRANSFERS</u>		
Transfers in	-	483,186
Transfers out	<u>-</u>	<u>(300,407)</u>
Total Transfers	<u>-</u>	<u>182,779</u>
Change in net position	<u>749,472</u>	<u>(270,890)</u>
Net Position - July 1, 2020	17,253,365	4,555,130
Prior period adjustment (Note 14)	<u>(63,853)</u>	<u>-</u>
Net Position - July 1, 2020, restated	<u>17,189,512</u>	<u>4,555,130</u>
Net Position - June 30, 2021	<u>\$ 17,938,984</u>	<u>\$ 4,284,240</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities	Governmental Activities
	Marin Valley Mobile Country Club	Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 3,412,607	\$ 1,226,335
Cash paid to suppliers	(1,604,104)	(1,545,812)
Net Cash Provided by (Used for) Operating Activities	1,808,503	(319,477)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Interfund payments	-	343,079
Transfers from other funds	-	483,186
Transfers to other funds	-	(300,407)
Net Cash Provided by Non-Capital Financing Activities	-	525,858
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition of capital assets	(1,156,079)	(301,805)
Principal paid on long-term debt	(533,385)	-
Interest paid on long-term debt	(117,787)	-
Net Cash Used for Capital and Related Financing Activities	(1,807,251)	(301,805)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	7,299	81,731
Net Cash Provided by Investing Activities	7,299	81,731
Net Increase (Decrease) in Cash and Cash Equivalents	8,551	(13,693)
Cash and Cash Equivalents - July 1, 2020	6,453,867	6,340,193
Cash and Cash Equivalents - June 30, 2021	\$ 6,462,418	\$ 6,326,500
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	796,107	(535,400)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	383,008	409,359
Changes in assets and liabilities:		
Increase in accounts receivable	(23,522)	(9,854)
Increase in prepaid expenses	(38,672)	(60,038)
Increase (decrease) in accounts payable	619,465	(46,217)
Increase in unearned revenue	72,117	-
Decrease in claims payable	-	(77,327)
Net Cash Provided by (Used for) Operating Activities	\$ 1,808,503	\$ (319,477)

See accompanying notes to the basic financial statements.

CITY OF NOVATO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Redevelopment Obligation Retirement Fund	Custodial Funds
<u>ASSETS</u>		
Cash and investments (Note 2)	\$ 2,216,617	\$ 3,967,674
Cash with fiscal agent (Note 2)	-	460,841
Taxes receivable	-	39,250
Prepaid expenses	<u>237,626</u>	<u>-</u>
Total Assets	<u>2,454,243</u>	<u>4,467,765</u>
<u>LIABILITIES</u>		
Accounts payable and other liabilities	-	12,050
Loans due to City	-	236,743
Deposits held in trust	15,041	-
Interest payable	349,628	-
Long-term liabilities (Note 15)	<u>34,978,899</u>	<u>-</u>
Total Liabilities	<u>35,343,568</u>	<u>248,793</u>
<u>NET POSITION</u>		
Held in trust for private purposes	(32,889,325)	-
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>4,218,972</u>
Total Net Position	<u>\$ (32,889,325)</u>	<u>\$ 4,218,972</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, 2021

	Redevelopment Obligation Retirement Fund	Custodial Funds
<u>ADDITIONS</u>		
Property taxes and assessments	\$ 2,935,041	\$ 3,904,401
Interest income	<u>-</u>	<u>38,712</u>
Total Additions	<u>2,935,041</u>	<u>3,943,113</u>
<u>DEDUCTIONS</u>		
Professional services	-	130,395
Contract services	205,025	-
Distribution to City	-	1,230,000
Amortization	8,013	-
Debt service:		
Principal	-	2,655,694
Interest	<u>1,066,564</u>	<u>751,656</u>
Total Deductions	<u>1,279,602</u>	<u>4,767,745</u>
Change in Fiduciary Net Position	1,655,439	(824,632)
Fiduciary Net Position - July 1, 2020, Restated	<u>(34,544,764)</u>	<u>5,043,604</u>
Fiduciary Net Position - June 30, 2021	<u>\$ (32,889,325)</u>	<u>\$ 4,218,972</u>

See accompanying notes to the basic financial statements.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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 and 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, 2021

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)

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.

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

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.

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.

American Rescue Plan Act - This fund accounts for the American Rescue Plan Act funds received and related expenditures.

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

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, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City also reports the following fund types:

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.

Custodial Funds - The Custodial funds account for resources held by the City as an agent for individuals, private organizations, and other governmental entities.

The City administers seven custodial 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 fund records activity related to deposits associated with developments for the Buck Center, which ended in this fiscal year.

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. Fiduciary funds use the "economic resources" measurement focus and the accrual basis of accounting.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City defines available to be within 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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021

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. 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. Tenant receivables 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, 2021

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, 2021. 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, 2021.

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.

J. 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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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.

L. Other Postemployment Benefits (OPEB)

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 - June 30, 2020

M. Deferred Outflows/Inflows 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.

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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Statements

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

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

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

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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, the City implemented the following accounting and financial reporting standards:

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 adopted this accounting guidance for its June 30, 2021 year-end.

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 adopted this accounting guidance for its June 30, 2021 year-end.

T. Future Governmental Accounting Standards Board Statements

These statements are not effective until July 1, 2021 or later. The City has not determined the effects on the financial statements.

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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 in 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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 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	\$ 61,184,408	\$ 156,021	\$ 33,032,698	\$ 94,373,127
Business-type activities	<u>6,462,418</u>	<u>-</u>	<u>-</u>	<u>6,462,418</u>
Total government-wide cash and investments	<u>67,646,826</u>	<u>156,021</u>	<u>33,032,698</u>	<u>100,835,545</u>
Fiduciary activities	<u>6,184,291</u>	<u>460,841</u>	<u>-</u>	<u>6,645,132</u>
Total cash and investments	<u>\$ 73,831,117</u>	<u>\$ 616,862</u>	<u>\$ 33,032,698</u>	<u>\$ 107,480,677</u>

Cash and investments were carried at fair value as of June 30, 2021 and consisted of the following:

Cash on hand	\$ 2,518
Cash in banks	36,467,738
Cash with fiscal agent	<u>117,558</u>
Total cash	<u>36,587,814</u>
Money market funds	1,028,055
Local Agency Investment Fund (LAIF)	1,245,567
U.S. Treasuries	25,349,717
U.S. Government agency obligations	14,886,478
U.S. Government agency collateralized mortgage	3,584,759
Municipal bonds	866,547
Supranational agency bonds	1,537,784
Asset backed securities	6,470,886
Certificates of deposit	3,475,672
Certificates of deposit with fiscal agent	460,841
Medium term corporate notes	11,375,262
Held in Trust:	
Fixed income securities	572,832
Held by bond trustee:	
Investment agreements	<u>38,463</u>
Total investments	<u>70,892,863</u>
Total cash and investments	<u>\$ 107,480,677</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investments of the City

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
Marin County Investment Pool	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Repurchase agreements	90 days	None	None
Money market funds	N/A	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.

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

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2021:

Investments	Fair Value Measurements Using			Fair Value
	Level 1 Inputs	Level 2 inputs	Level 3 inputs	
Money market funds	\$ -	\$ 1,028,055	\$ -	\$ 1,028,055
U.S. Treasuries	-	25,349,717	-	25,349,717
U.S. Government agency obligations	-	14,886,478	-	14,886,478
U.S. Government agency collateralized mortgage	-	3,584,759	-	3,584,759
Municipal bonds	-	866,547	-	866,547
Supranational agency bonds	-	1,537,784	-	1,537,784
Asset-backed securities	-	6,470,886	-	6,470,886
Certificates of deposit	-	3,475,672	-	3,475,672
Certificates of deposit with fiscal agent	-	460,841	-	460,841
Medium term corporate notes	-	11,375,262	-	11,375,262
Held in trust:				
Fixed income securities	-	572,832	-	572,832
Held by bond trustee:				
Investment agreements	-	38,463	-	38,463
Total Investments	\$ -	\$ 69,647,296	\$ -	\$ 69,647,296

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 \$1,245,567 is not subject to valuation on a recurring basis.

Disclosure Relating to Interest Rate Risk

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

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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, 2021:

	Remaining Maturity			Fair Value
	< 12 months	1-5 years	> 5 years	
Money market funds	\$ 1,028,055	\$ -	\$ -	\$ 1,028,055
Local Agency Investment Fund (LAIF)	1,245,567	-	-	1,245,567
U.S. Treasuries	353,828	24,995,889	-	25,349,717
U.S. Government agency obligations	-	14,886,478	-	14,886,478
U.S. Government agency collateralized mortgage	1,154,214	2,430,545	-	3,584,759
Municipal bonds	-	866,547	-	866,547
Supranational agency bonds	-	1,537,784	-	1,537,784
Asset-backed securities	36,388	6,434,498	-	6,470,886
Certificates of deposit	689,330	2,786,342	-	3,475,672
Certificates of deposit with fiscal agent	460,841	-	-	460,841
Medium term corporate notes	649,224	10,726,038	-	11,375,262
Held in trust:				
Fixed income securities	572,832	-	-	572,832
Held by bond trustee:				
Investment agreements	-	-	38,463	38,463
	<u>\$ 6,190,279</u>	<u>\$ 64,664,121</u>	<u>\$ 38,463</u>	<u>\$ 70,892,863</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, 2021.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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	\$ 1,028,055	Multiple	AAAm	
Local Agency Investment Fund (LAIF)	1,245,567	None		Not rated
U.S. Treasuries	25,349,717	None	AA+	
U.S. Government agency obligations	14,886,478	None	AA+	
U.S. Government agency collateralized mortgage	3,584,759	None	AA+	
Municipal bonds	174,013	None	AAA	
Municipal bonds	412,021	None	AA+	
Municipal bonds	280,513	None	NR*	
Supra-National agency bonds	1,537,784	None	AAA	
Asset backed securities	4,722,647	None	AAA	
Asset backed securities	1,748,239	None	NR*	
Certificates of deposit	1,980,223	None	A-1	
Certificates of deposit	1,069,772	None	A-1+	
Certificates of deposit	425,677	None	A-2	
Certificates of deposit	460,841	None	Not rated	
Medium term corporate notes	2,102,704	A	A	
Medium term corporate notes	3,980,044	A	A-	
Medium term corporate notes	1,869,437	A	A+	
Medium term corporate notes	765,303	A	AA	
Medium term corporate notes	390,573	A	AA-	
Medium term corporate notes	869,678	A	AA+	
Medium term corporate notes*	1,397,523	A	BBB+*	
Held in trust:				
Fixed income securities	572,832	N/A		Not rated
Held by bond trustee:				
Investment agreements	<u>38,463</u>	N/A		Not rated
	<u>\$ 70,892,863</u>			

*These investments were all rated within investment policy requirements by Moodys.

Concentration of Credit Risk

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

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

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

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated 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 \$3,557,839 at June 30, 2021 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, 2021). The balance of the computer loans receivable at June 30, 2021 was \$2,882.

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, 2021 was \$723,695.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

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

In July 2008, the City loaned \$350,000 to Eden Housing, Inc. (a California nonprofit public benefit corporation and sole member of Warner Creek Senior Housing, L.P.) ("developer") to study the feasibility of developing, owning and operating 57 affordable senior housing units under a predevelopment loan agreement. The loan bears interest at 3% per annum, subject to provisions of a default rate as defined in the agreement. The agreement provides the opportunity for the developer to apply for additional loans from the City for the cost of acquisition of property, additional predevelopment expenses, and construction costs. 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, 2021 was \$1,808,824 which includes \$308,824 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, 2021 was \$195,000 which is included as a loan receivable on the accompanying Statement of Net Position.

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, 2021 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, 2021 was \$400,000 which is included as a loan receivable on the accompanying Statement of Net Position.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

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, 2021, 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, 2021 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Governmental Funds</u>			
General Fund	Capital Improvement Projects	Deficit cash balance	\$ 340,995
	Hamilton Trust Fund	Annual transfer	60,534
	Parking Improvement	Deficit cash balance	2,696
	Measure A Street Bonds	Deficit cash balance	876,107
	Community Facilities Maintenance	Deficit cash balance	20,152
	Pension Obligation Bond	Deficit cash balance	9,953
	IS - Equipment Maintenance	Deficit cash balance	1,266,446
Affordable Housing Program	Hamilton Trust Fund	Annual transfer	<u>9,427</u>
	Total Due From / To Other Funds		<u>\$ 2,586,310</u>

Advances To / From Other Funds

The composition of long-term interfund balances as of June 30, 2021 was as follows:

In 2017, the Hamilton Trust Fund loaned the Novato Public Financing Authority \$2,200,000 for the partial financing of the Downtown SMART rail station project. The balance of the loan at June 30, 2021 is \$1,877,350. The loan bears interest at a rate of 3.65%. Principal and interest payments totaling \$77,975 are due each October 1 and April 1 through March 2037.

Due from Custodial Funds

In 2014, the City authorized the lending of funds to the City of Novato Community Facilities District No. 2014-1 (Pacheco Valle Area) in the amount of \$345,000 to finance the acquisition of three parcels of open space by the Marin County Open Space District and certain related financing costs. The loan bears interest at a rate of 4.50% with maturity on September 1, 2029. The balance of the amount due from the custodial fund as of June 30, 2021 was \$236,743. A corresponding amount due to the City is shown in the Pacheco Valle CFD custodial fund.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2021 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>Major Governmental Funds</u>			
General Fund	Hamilton Community Facilities	Correction of FY 2018/19 transfers	\$ 205
	Special Projects Police	Annual police department funding	7,000
	Capital Improvement Projects	CIP program expenditures	1,296,848
	Pension Obligation Bond	Debt service	1,458,804
	Equipment Replacement	Equipment replacement	483,186
Development Impact Fee	Capital Improvement Projects	CIP Program Expenditures	252,048
	General Fund	Correction of FY 2018/19 transfers	29,071
Novato Public Financing Authority	General Fund	Administration service charge	13,000
Capital Improvement Projects	Hamilton Arts Center	Correction of FY 2018/19 transfers	1
	General Fund	Correction of FY 2018/19 transfers	160,760
Hamilton Trust Fund	General Fund	Trust investment earnings	648,902
	Affordable Housing Program	Trust investment earnings	135,709
		Total Major Governmental Interfund Transfers	4,485,534
<u>Non-Major Governmental Funds</u>			
Affordable Housing Program	Pension Obligation Bonds	Debt service	804
Clean Stormwater	General Fund	Reserve for CIP projects	65,000
	Clean Stormwater CIP	Reserve for CIP projects	92,664
Parking Improvement Fund	Hamilton Community Facilities	Correction of FY 2018/19 transfers	138
Subdivision Park	General Fund	Annual appraisal cost	500
	General Fund	Correction of FY 2018/19 transfers	52,416
Automation Surcharge	Pension Obligation Bonds	Debt service	2,205
Hamilton Community Facilities	Capital Improvement Projects	CIP program expenditures	25,070
	Pension Obligation Bonds	Debt service	11,026
Hamilton Arts Center	Capital Improvement Projects	CIP program expenditures	9,948
Pointe Marin CFD	Pension Obligation Bonds	Debt service	6,872
San Pablo Landscaping	Hamilton Community Facilities	Maintenance fee	9,450
State Gas Tax	General Fund	Street maintenance costs	917,000
	Capital Improvement Projects	CIP program expenditures	1,508,810
State & Federal Grants	Capital Improvement Projects	CIP program expenditures	1,675,942
	State Gas Tax	Correction of FY 2018/19 transfers	236,449
	General Fund	Correction of FY 2018/19 transfers	252,026
Private Grant Fund	Capital Improvement Projects	CIP projects	26,000
Measure B VRF Marin County	General Fund	Correction of FY 2018/19 transfers	126,501
	General Fund	Correction of FY 2018/19 transfers	329,706
	Capital Improvement Projects	CIP projects	94,319
Measure A Street Bonds	General Fund	Correction of FY 2018/19 transfers	1,034,687
	Capital Improvement Projects	CIP program expenditures	795,164
Parks Measure A	Capital Improvement Projects	CIP program expenditures	25,911
Restricted Revenue	General Fund	Correction of FY 2018/19 transfers	120,186
	Capital Improvement Projects	CIP program expenditures	65,645
		Total Non-Major Governmental Interfund Transfer	7,484,439
<u>Proprietary Funds</u>			
Equipment Maintenance	Pension Obligation Bonds	Debt service	13,000
Equipment Replacement	General Fund	Correction of FY 2018/19 transfers	281,035
Equipment Replacement	General Fund	Correction of FY 2018/19 transfers	6,372
		Total Proprietary Fund Transfers	300,407
		Total Interfund Transfers	\$ 12,270,380

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

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, 2021:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description</u>	<u>Amount</u>
General Fund	Civic Center	Correction of FY 2018/19 transfers	\$ 93,248
General Fund	LT Maintenance - Facilities	CIP project support	500,000
LT Maintenance - Facilities	LT Maintenance - Infrastructure	Correction of FY 2018/19 transfers	25,455
Emergency & Disaster Response	LT Maintenance - Infrastructure	Correction of FY 2018/19 transfers	<u>206,752</u>
Total General Fund Intra-fund Transfers			<u>\$ 825,455</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 156 - 158 presents both intra-fund and interfund transfers.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5: CAPITAL ASSETS

Governmental Activities:

	Restated Balance at July 1, 2020	Additions	Retirements	Transfers	Balance at June 30, 2021
Capital assets not being depreciated					
Land	\$ 123,558,510	\$ -	\$ -	\$ -	\$ 123,558,510
Construction-in-progress	<u>15,169,981</u>	<u>5,687,020</u>	<u>(165,557)</u>	<u>(11,122,656)</u>	<u>9,568,788</u>
Total capital assets not being depreciated	<u>138,728,491</u>	<u>5,687,020</u>	<u>(165,557)</u>	<u>(11,122,656)</u>	<u>133,127,298</u>
Capital assets being depreciated					
Buildings and improvements	45,833,385	-	-	171,095	46,004,480
Furniture and equipment	2,953,702	-	-	1,294,481	4,248,183
Infrastructure	<u>225,881,019</u>	<u>-</u>	<u>-</u>	<u>9,657,080</u>	<u>235,538,099</u>
Total capital assets being depreciated	<u>274,668,106</u>	<u>-</u>	<u>-</u>	<u>11,122,656</u>	<u>285,790,762</u>
Less accumulated depreciation					
Buildings and improvements	(12,667,488)	(909,428)	-	-	(13,576,916)
Furniture and equipment	(2,464,021)	(229,943)	-	-	(2,693,964)
Infrastructure	<u>(142,221,806)</u>	<u>(5,231,861)</u>	<u>112,909</u>	<u>-</u>	<u>(147,340,758)</u>
Total accumulated depreciation	<u>(157,353,315)</u>	<u>(6,371,232)</u>	<u>112,909</u>	<u>-</u>	<u>(163,611,638)</u>
Total Capital Assets, net	<u>256,043,282</u>	<u>(684,212)</u>	<u>(52,648)</u>	<u>-</u>	<u>255,306,422</u>
Internal Service Funds:					
Capital assets being depreciated					
Furniture and equipment	18,672	43,915	-	-	62,587
Vehicles	<u>5,813,307</u>	<u>257,890</u>	<u>-</u>	<u>-</u>	<u>6,071,197</u>
Total capital assets being depreciated	<u>5,831,979</u>	<u>301,805</u>	<u>-</u>	<u>-</u>	<u>6,133,784</u>
Less accumulated depreciation					
Furniture and equipment	-	(6,351)	-	-	(6,351)
Vehicles	<u>(4,486,457)</u>	<u>(403,008)</u>	<u>-</u>	<u>-</u>	<u>(4,889,465)</u>
Total accumulated depreciation	<u>(4,486,457)</u>	<u>(409,359)</u>	<u>-</u>	<u>-</u>	<u>(4,895,816)</u>
Total Capital Assets, net	<u>1,345,522</u>	<u>(107,554)</u>	<u>-</u>	<u>-</u>	<u>1,237,968</u>
Total Governmental Activities	<u>\$ 257,388,804</u>	<u>\$ (791,766)</u>	<u>\$ (52,648)</u>	<u>\$ -</u>	<u>\$ 256,544,390</u>

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

Governmental Activities:

General government	\$ 201,274
Public safety	214,847
Culture and recreation	2,733
Community development	1,902
Public works	<u>6,359,835</u>
Total governmental activities depreciation expense	<u>\$ 6,780,591</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2021</u>
Capital assets not being depreciated					
Land	\$ 11,840,000	\$ -	\$ -	\$ -	\$ 11,840,000
Construction-in-progress	<u>104,270</u>	<u>1,022,310</u>	<u>-</u>	<u>-</u>	<u>1,126,580</u>
Total capital assets not being depreciated	<u>11,944,270</u>	<u>1,022,310</u>	<u>-</u>	<u>-</u>	<u>12,966,580</u>
Capital assets being depreciated					
Buildings and improvements	8,180,860	133,769	-	-	8,314,629
Furniture and equipment	<u>253,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,155</u>
Total capital assets being depreciated	<u>8,434,015</u>	<u>133,769</u>	<u>-</u>	<u>-</u>	<u>8,567,784</u>
Less accumulated depreciation					
Buildings and improvements	(4,748,872)	(343,942)	-	-	(5,092,814)
Furniture and equipment	<u>(187,678)</u>	<u>(39,066)</u>	<u>-</u>	<u>-</u>	<u>(226,744)</u>
Total accumulated depreciation	<u>(4,936,550)</u>	<u>(383,008)</u>	<u>-</u>	<u>-</u>	<u>(5,319,558)</u>
Total Capital Assets, net	<u>\$ 15,441,735</u>	<u>\$ 773,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,214,806</u>

Depreciation expense charged to business-type activities was \$383,008.

NOTE 6: LONG-TERM LIABILITIES

Governmental activities long-term debt issued and outstanding at June 30, 2021 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, 2021</u>
General obligation refunding bonds:				
Series 2020	2027	1%	\$ 2,550,000	\$ 2,270,000
Pension obligation bonds, A-1 & A-2	2035	5.69-6.12%	18,296,066	17,591,282
2013 General obligation refunding bonds	2025	2.44%	10,710,450	1,956,213
Bond issuance premiums (discounts)				
Pension obligation bonds discount				(62,585)
Clean Renewable Energy Bonds (CREBS)	2024	0.00%	1,533,000	79,869
Capital leases	2017-2022	2.10-4.81%	Various	2,082
PG&E Loan	2021	0.00%	49,436	1,705
Compensated absences				<u>1,489,729</u>
Total governmental activities				<u>\$ 23,328,295</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Business-type activities long-term debt issued and outstanding at June 30, 2021 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, 2021</u>
Bank of Marin	2027	2.8050%	\$ 7,900,000	\$ <u>3,850,967</u>

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2021:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation bonds	\$ 5,853,202	\$ -	\$ (1,626,989)	\$ 4,226,213	\$ 968,316
Pension obligation bonds	17,996,336	394,946	(800,000)	17,591,282	900,000
Clean renewable energy bonds	286,532	-	(206,663)	79,869	19,967
Premium (discount) on bonds, net	(70,490)	-	7,904	(62,585)	(7,904)
Capital leases	11,028	-	(8,946)	2,082	2,082
PG&E note payable	<u>32,389</u>	<u>-</u>	<u>(30,684)</u>	<u>1,705</u>	<u>1,705</u>
Total bonds and notes payable	<u>24,108,997</u>	<u>394,946</u>	<u>(2,665,378)</u>	<u>21,838,566</u>	<u>1,884,166</u>
Other liabilities:					
Compensated absences	<u>1,554,804</u>	<u>1,178,688</u>	<u>(1,243,763)</u>	<u>1,489,729</u>	<u>132,316</u>
Total Governmental Activities	<u>\$ 25,663,801</u>	<u>\$ 1,573,634</u>	<u>\$ (3,909,141)</u>	<u>\$ 23,328,295</u>	<u>\$ 2,016,482</u>
	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Business-type Activities					
Bank of Marin	\$ <u>4,384,352</u>	\$ -	\$ (533,385)	\$ <u>3,850,967</u>	\$ <u>548,520</u>
Total Business-type Activities	<u>\$ 4,384,352</u>	<u>\$ -</u>	<u>\$ (533,385)</u>	<u>\$ 3,850,967</u>	<u>\$ 548,520</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

A description of the long-term liabilities related to governmental activities at June 30, 2021 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, 2021 includes accumulated depreciation of \$192,711. The total related net value of the assets is \$2,005. 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, 2021

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 \$103,312 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, 2021 was \$13,048.

Compensated Absences

At June 30, 2021, compensated absences totaled \$1,489,729, of which \$132,316 was recorded as a current liability and the non-current portion totaled \$1,357,413. 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
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	330,000	334,899	664,899
2027 - 2031	<u>675,000</u>	<u>-</u>	<u>675,000</u>
Total	\$ <u>2,270,000</u>	\$ <u>1,956,213</u>	\$ <u>4,226,213</u>

For the Year Ending June 30,	Interest		
	Series 2020	Series 2013	Total
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	10,248	4,086	14,334
2027 - 2031	<u>8,265</u>	<u>-</u>	<u>8,265</u>
Total	\$ <u>98,577</u>	\$ <u>103,838</u>	\$ <u>202,415</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Pension Obligation Bonds

For the Year Ending June 30,	Principal	Interest	Total
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	1,400,000	387,230	1,787,230
2027 - 2031	7,495,796	2,457,488	9,953,284
2032 - 2036	<u>4,385,486</u>	<u>4,934,515</u>	<u>9,320,001</u>
Total	<u>\$ 17,591,282</u>	<u>\$ 10,002,687</u>	<u>\$ 27,593,969</u>

Clean Renewable Energy Bonds

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 19,967	-	\$ 19,967
2023	19,968	-	19,968
2024	<u>39,934</u>	<u>-</u>	<u>39,934</u>
Total	<u>\$ 79,869</u>	<u>\$ -</u>	<u>\$ 79,869</u>

Capital leases

For the Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,082	\$ 76	\$ 2,158
Total	<u>\$ 2,082</u>	<u>\$ 76</u>	<u>\$ 2,158</u>

PG&E Note Payable

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

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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>
2022	\$ 1,892,070	\$ 708,391	\$ 2,600,461
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	2,064,899	401,564	2,466,463
2027 - 2031	8,170,796	2,465,753	10,636,549
2032 - 2036	<u>4,385,486</u>	<u>4,934,515</u>	<u>9,320,001</u>
Total	<u>\$ 21,901,151</u>	<u>\$ 10,205,178</u>	<u>\$ 32,106,329</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>
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	614,491	36,682	651,173
2027 - 2031	<u>945,963</u>	<u>21,681</u>	<u>967,644</u>
Total	<u>\$ 3,850,967</u>	<u>\$ 372,540</u>	<u>\$ 4,223,507</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 the outstanding principal of the City of Novato CFD No. 1994-1 Hamilton Field 2014 Loan Refinancing was \$5,898,333.

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, 2021 the outstanding principal of the City of Novato Community Facilities District No. 2002-1 (Pointe Marin) Special Tax Refunding bond 2020 issue was \$5,900,000.

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, 2021, the outstanding principal of the City of Novato Community Facilities District No.1 (Vintage Oaks) Special Tax Bond Refinancing Loan was \$7,908,170.

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 purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, 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	\$ 143,402	\$ -	\$ -	\$ 55,698	\$ 199,100
Due from custodial funds	236,743	-	-	-	236,743
Employee loans	<u>726,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>726,577</u>
Total Nonspendable	<u>1,106,722</u>	<u>-</u>	<u>-</u>	<u>55,698</u>	<u>1,162,420</u>
Restricted					
Taxes, & fees	-	-	33,933,658	8,230,517	42,164,175
Grants & contributions	-	-	-	649,251	649,251
Capital projects	-	14,738,147	-	2,348,170	17,086,317
Successor Agency admin	64,340	-	-	-	64,340
Pension	572,832	-	-	-	572,832
Affordable housing	-	-	-	4,275,754	4,275,754
Debt service	-	-	-	1,338,440	1,338,440
Total Restricted	<u>637,172</u>	<u>14,738,147</u>	<u>33,933,658</u>	<u>16,842,132</u>	<u>66,151,109</u>
Assigned					
Capital projects	3,385,260	-	-	-	3,385,260
Corp yard purchase	900,000	-	-	-	900,000
Replenish insurance reserve	1,200,000	-	-	-	1,200,000
OPEB contributions	1,002,000	-	-	-	1,002,000
Housing element	1,495,330	-	-	-	1,495,330
Redistricting process	125,000	-	-	-	125,000
PHLA grant match	160,902	-	-	-	160,902
Hillside regulations	250,000	-	-	-	250,000
Parks master plan	250,000	-	-	-	250,000
Administrative services	420,000	-	-	-	420,000
Budgeted deficit backfill	1,653,807	-	-	-	1,653,807
Insurance reserves	31,914	-	-	-	31,914
Pension reserve	1,498	-	-	-	1,498
Emergency & disaster response	11,377,288	-	-	-	11,377,288
Long-term maintenance	<u>272,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,655</u>
Total Assigned	<u>22,525,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,525,654</u>
Unassigned	<u>1,515,400</u>	<u>(2,616,999)</u>	<u>-</u>	<u>(101,297)</u>	<u>(1,202,896)</u>
Total Fund Balance	<u>\$ 25,784,948</u>	<u>\$ 12,121,148</u>	<u>\$ 33,933,658</u>	<u>\$ 16,796,533</u>	<u>\$ 88,636,287</u>

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 8: FUND BALANCE (CONTINUED)

Fund Balance Deficits

As of June 30, 2021, the following funds had a fund deficit:

<u>Fund</u>	<u>Deficit</u>
Novato Public Financing Authority	\$ 1,720,063
Capital Improvement Projects	896,936
Parking Improvement	2,696
State & Federal Grant Fund	78,449
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.

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.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Plans' provisions and benefits in effect at June 30, 2021, 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*	25.227%	25.227%

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*	99.510 %	21.708%	13.959%

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

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	266
Inactive employees entitled to but not yet receiving benefits	93
Active employees	<u>142</u>
Total	<u><u>501</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The City's contributions to the Miscellaneous Plan were \$2,549,877 for the year ended June 30, 2021, and the City's contributions to the Safety Plan were \$2,937,157 for the year ended June 30, 2021.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability

The net pension liability of each of the Plans is measured as of June 30, 2020 using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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:

<u>Miscellaneous Plan</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at July 1, 2020	\$ 104,928,860	\$ 81,183,662	\$ 23,745,198
Changes in the Year:			
Service cost	\$ 1,738,286	\$ -	\$ 1,738,286
Interest on the total pension liability	7,385,065	-	7,385,065
Differences between expected and actual experience	315,183	-	315,183
Contributions - employer	-	2,524,128	(2,524,128)
Contributions - employee	-	774,123	(774,123)
Net investment income	-	3,980,078	(3,980,078)
Benefit payments, including refunds of employee contributions	(5,651,119)	(5,651,119)	-
Administrative expense	-	(114,449)	114,449
Net Changes	<u>3,787,415</u>	<u>1,512,761</u>	<u>2,274,654</u>
Balance at June 30, 2021	<u>\$ 108,716,275</u>	<u>\$ 82,696,423</u>	<u>\$ 26,019,852</u>

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Safety Plan of \$30,503,205. The City's total net pension liability as of June 30, 2021 totaled \$56,523,057.

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, 2019 and 2020 was as follows:

Proportion - June 30, 2019	0.270226%
Proportion - June 30, 2020	0.280318%
Change - Increase (Decrease)	0.010092%

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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	7.25% net of pension plan investment expenses; includes inflation
Safety Plan	7.00% net of pension plan investment expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

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

Other significant actuarial assumptions used in the June 30, 2019 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, 2020, there were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used 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.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical and forecasted information for 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)	\$ 38,967,707	\$ 26,019,852	\$ 15,195,081
Safety (proportionate share)	45,343,285	30,503,205	18,319,395

Pension Plan Fiduciary Net Position

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

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Miscellaneous Plan

For the year ended June 30, 2021, the City recognized pension expense of \$3,788,551 for the Miscellaneous Plan. At June 30, 2021, 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	\$ 2,549,877	\$ -
Differences between actual and expected experience	335,267	-
Net differences between projected and actual earnings on plan investments	<u>648,354</u>	<u>-</u>
Total	<u>\$ 3,533,498</u>	<u>\$ -</u>

\$2,549,877 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, 2022. 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>	
2022	\$ (51,344)
2023	262,064
2024	426,276
2025	346,625

Safety Plan

For the year ended June 30, 2021, the City recognized pension expense of \$4,868,179 for the Safety Plan. At June 30, 2021, 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	\$ 2,937,157	\$ -
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	-	(1,740,687)
Differences between actual and expected experience	2,365,108	-
Changes in assumptions	-	(101,596)
Change in employer's proportion	1,124,124	-
Net differences between projected and actual earnings on plan investments	<u>662,890</u>	<u>-</u>
Total	<u>\$ 7,089,279</u>	<u>\$ (1,842,283)</u>

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$2,937,157 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, 2022. 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>	
2022	\$ 436,342
2023	866,286
2024	675,067
2025	332,144

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, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	200
Inactive employees currently receiving benefits	61
Inactive employees entitled to, but not yet receiving benefits	<u>124</u>
 Total	 <u>385</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, 2021, the city contributed \$233,026.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled back to determine the June 30, 2021 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Valuation Date	June 30, 2019
Contribution Policy	City contributes full ADC
Discount Rate and Long Term Expected Rate of Return on Assets	5.75% at June 30, 2020 6.25% at June 30, 2019 Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.50% annually
Mortality, Retirement, Disability, Termination Rates	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary Increase	Aggregate - 2.75% annually Merit - Tables from CalPERS 2000-2019 Experience Study
Medical Trend	Non-Medicare - 8.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076
PEMHCA Minimum Increases	3.50% 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, 2020, the discount rate was updated from 6.25% to 5.75% based on newer capital market assumptions and lower expected inflation, the inflation rate decreased from 2.75% to 2.5% which decreased the discount rate, medical trend, PEMHCA minimum trend, and aggregate salary increases by 0.25%, updated medical trend, updated participation at retirement, demographic assumptions updated to CalPERS 2000-2019 experience study and mortality improvement scale was updated to Scale MP-2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75% 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, 2021

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 5.75 percent.

Asset Class Component	Target Allocation PARS - Balance	Expected Real Rate of Return
Global Equity	60%	4.56%
Fixed Income	35%	0.78%
Cash	5%	(0.50%)
Assumed long-term rate of inflation		2.50%
Expected long-term net rate of return, rounded		5.75%

The long-term expected real rates of return 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, 2020 (June 30, 2019 measurement date)	\$ 4,660,000	\$ 1,657,056	\$ 3,002,944
Service cost	298,700	-	298,700
Interest in TOL	302,715	-	302,715
Actual vs. expected experience	(742,884)	-	(742,884)
Employer contributions	-	231,883	(231,883)
Net investment income	-	66,340	(66,340)
Assumption changes	(693,374)	-	(693,374)
Administrative expense	-	(5,430)	5,430
Benefit payments	(230,533)	(230,533)	-
Adjustment	-	(6,778)	6,778
Net change	(1,065,376)	55,482	(1,120,858)
Balance at June 30, 2021 (June 30, 2020 measurement date)	\$ 3,594,624	\$ 1,712,538	\$ 1,882,086

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, 2020:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Net OPEB Liability	\$ 2,329,472	\$ 1,882,086	\$ 1,510,605

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ <u>1,487,931</u>	\$ <u>1,882,086</u>	\$ <u>2,369,882</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) (7.8 years at June 30, 2021)

OPEB Expense

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$126,588. As of the fiscal year ended June 30, 2021, 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	\$ 233,026	\$ -
Difference between expected and actual experience	-	(930,642)
Changes in assumptions	-	(647,480)
Net difference between projected and actual earnings on OPEB plan investments	<u>23,594</u>	<u>-</u>
Total	<u>\$ 256,620</u>	<u>\$ (1,578,122)</u>

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

\$233,026 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period. Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflow/(Inflows) of Resources
2022	\$ (274,738)
2023	(268,738)
2024	(268,738)
2025	(226,736)
2026	(184,136)
Thereafter	(331,442)

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 \$64,963 for claims and \$1,339,096 for insurance premiums during the fiscal year ended June 30, 2021.

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, 2021, the City incurred costs of \$1,968,132 for coverage premiums and administration of the risk pools. During the past four fiscal years, none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from the prior year.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 11: RISK MANAGEMENT (CONTINUED)

B. Liability for Uninsured Claims

The City estimates its liability for the uninsured portion of claims, including a provision for claims incurred but not reported ("IBNR"), based on claims experience. Undiscounted claims liabilities were as follows at June 30, 2021:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Projected known claims	\$ 414,911	\$ 217,825	\$ 632,736
Projected IBNR	<u>1,046,118</u>	<u>387,383</u>	<u>1,433,501</u>
Total Claims Liability	<u>\$ 1,461,029</u>	<u>\$ 605,208</u>	<u>\$ 2,066,237</u>
Claims liability - current	\$ 433,993	\$ 208,391	\$ 642,384
Claims liability - non-current	<u>1,027,036</u>	<u>396,817</u>	<u>1,423,853</u>
Total Claims Liability	<u>\$ 1,461,029</u>	<u>\$ 605,208</u>	<u>\$ 2,066,237</u>

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, 2021:

<u>Fund</u>	<u>Excess</u> <u>Expenditures and</u> <u>Transfers</u>
Novato Public Financing Authority	\$ 18,335
American Rescue Plan Act	3,433
Hamilton Trust	460,110
Parking Improvement	779
Subdivision Park	19,183
Automation Surcharge	12,740
Pointe Marin CFD	33,609
Landscaping Assessment District - Wildwood Glen	285
Landscaping Assessment District - Hillside	10,789
Downtown Lighting & Landscaping	1,331
Private Grant	92,851
Measure B VRF Marin County	120,526
Pension Obligation	599

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.

CITY OF NOVATO
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 13: CONTINGENCIES AND COMMITMENTS (CONTINUED)

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.

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>
2022	\$ <u>24,365</u>
Total	\$ <u><u>24,365</u></u>

NOTE 14: PRIOR PERIOD ADJUSTMENTS AND CHANGE IN ACCOUNTING PRINCIPLE

Change in Accounting Principle

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, beginning net position of custodial funds has been restated to \$5,043,604. Prior to GASB Statement No. 84, custodial funds (previously, agency funds) only reported assets and liabilities and reported no net position or measurement of results of operations.

Prior Period Adjustments

During the current year, the City determined the following were incorrectly recorded in the prior year:

- Project costs of \$5,067,830 relating to the SMART Station were incorrectly capitalized in the Governmental Activities,
- Expenses of \$252,920 had been incorrectly recorded as plan check fee deposits in the General Fund,
- Various accruals of \$93,045 had been incorrectly recorded in the General Fund and \$63,853 had been recorded in the Marin Valley Mobile Country Club fund.

These adjustments resulted in a decrease of net position/fund balance as of July 1, 2020 of \$5,227,705 for Governmental Activities, \$159,875 for the General Fund, and \$63,853 for Business-type Activities and the Marin Valley Mobile Country Club fund.

NOTE 15: REDEVELOPMENT OBLIGATION RETIREMENT FUND

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

A. Cash and Investments

Cash and investments of the Successor Agency as of June 30, 2021 are included in pooled cash and investments, and cash with fiscal agent as discussed in Note 2.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15: REDEVELOPMENT OBLIGATION RETIREMENT FUND (CONTINUED)

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, 2021 was \$45,713.

D. Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Successor Agency:					
2019 Tax Allocation Refunding Bonds Series A	\$ 17,500,000	\$ -	\$ -	\$ 17,500,000	\$ -
2019 Tax Allocation Refunding Bonds Series B	17,335,000	-	(1,850,000)	15,485,000	1,670,000
Premium (discount) on bonds, net	<u>2,098,358</u>	<u>-</u>	<u>(104,459)</u>	<u>1,993,899</u>	<u>(104,459)</u>
Total Long-Term Liabilities	<u>\$ 36,933,358</u>	<u>\$ -</u>	<u>\$ (1,954,459)</u>	<u>\$ 34,978,899</u>	<u>\$ 1,565,541</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.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15: REDEVELOPMENT OBLIGATION RETIREMENT FUND (CONTINUED)

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

For the Year Ending June 30	2019 TARB Series A		2019 TARB Series B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	700,000	1,480,000	194,846	1,480,000	894,846
2027 - 2031	805,000	3,483,900	7,125,000	429,601	7,930,000	3,913,501
2032 - 2036	8,610,000	2,477,200	-	-	8,610,000	2,477,200
2037 - 2041	<u>8,085,000</u>	<u>762,700</u>	-	-	<u>8,085,000</u>	<u>762,700</u>
Total	\$ <u>17,500,000</u>	\$ <u>10,223,800</u>	\$ <u>15,485,000</u>	\$ <u>1,751,522</u>	\$ <u>32,985,000</u>	\$ <u>11,975,322</u>

NOTE 16: SUBSEQUENT EVENTS

Financial Statement Reconciliations

As of **October 7, 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, debt, 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, as well as implement the accounting standards that should have been implemented in the years the City was behind. It is management's opinion that future account reconciliations will not have a material impact on the City's 2021 financial position.

In addition to the reconciliations, staff is working on implementing significant accounting standards to finalize the 2021/22 audit, and 2022/23 audit. These have no impacts on the June 30, 2021 financial position, but are significant to catching up on past audits.

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, 2021. Impacts of the COVID-19 pandemic on revenue started in 2020 and continued into 2022. The City took action in its fiscal year 2021 budget to offset the impact of COVID-19 to revenue. Actions included 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. Some of this funding was used for pandemic pay to help retain City employees during this period.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16: 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 Year 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. These factors were detailed in the budget reports and discussed at length during the budget development process. Many of these factors, such as utility rate increases, risk management/liability insurance costs and pension liability are outside of the City's direct and immediate control.

The 2022/23 budget also includes a number of one-time unfunded state mandates that are estimated to cost over \$1.5 million. Fortunately, one-time revenue was still available to offset those one-time costs and to backfill the projected deficit; use of the one-time revenue for these purposes prevents the use of emergency reserves in FY 2022/23. However, those one-time revenues are near depletion and will not be available in future years.

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 comprehensive master fee schedule for the first time since 2016, and it went into effect on September 1, 2022.

Fiscal Year 2024 Budget

For fiscal year 2024, the City did not increase budgets related to operating costs, but did increase the budget for salary based on negotiations with the bargaining units. While the City is still operating with a deficit, and currently has no additional one-time money to offset the deficit, the City cannot make progress on improving operations and financial sustainability with continued turnover of staff necessitating the increases granted through negotiations. The total projected deficit is \$2.6 million. The City will have to use emergency reserves to offset the deficit. Without additional revenue, the City will be forced to reduce service levels in future years as reserves will run out in the near future.

Homeless Encampment

In July 2021 the Marin County Homeless Union along with some residents of Lee Gerner Park 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 constructed 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. The City has received some county and state grant funds to support camp operations.

Corporation Yard Purchase

The City has been using 1 acre of land to house its Corporation Yard operations at 501 Davidson. 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. 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. Ultimately, 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 (Resolution 2022-097).

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16: SUBSEQUENT EVENTS (CONTINUED)

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) borrowing funds from the Hamilton Trust to make funds available to the City for the loan to NBCC (Resolution 2022-088 and 2022-089). 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 by the time the financial statements are published.

Marin County Civil Grand Jury Report - Novato's Chronic Fiscal Deficits: A Call to Action

On June 8, 2023, the Marin County Civil Grant Jury issued a report recommending actions to promptly address the need to put Novato's financial house in order. The Grand Jury recommended that the City "implement accepted financial controls; that it establish comprehensive records management systems; that it create a new position of an independent internal auditor; that it review all properties that it owns to identify opportunities to generate revenue; and that it aggressively investigate all possibilities to increase long term revenue, including increasing the sales tax. The City Council issued a response prior to the September 8, 2023 deadline. Of the ten (10) findings, the City Council agreed with five (5), disagreed partially with four (4) and disagreed with one (1).

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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 33,238,787	\$ 33,001,758	\$ 35,494,688	\$ 2,492,930
Licenses and permits	1,231,890	1,231,890	1,256,895	25,005
Intergovernmental	491,256	1,146,822	1,156,699	9,877
Fines and forfeitures	558,180	563,180	472,932	(90,248)
Use of money and property	491,325	406,590	(187,715)	(594,305)
Charges for services	1,863,000	1,687,375	3,038,052	1,350,677
Other revenues	56,600	46,600	5,934,614	5,888,014
	<u>37,931,038</u>	<u>38,084,215</u>	<u>47,166,165</u>	<u>9,081,950</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government				
Central Administration				
City council	85,708	85,708	(16,119)	101,827
City manager	600,250	504,235	546,554	(42,319)
Public information	470,684	457,684	273,648	184,036
Economic development	95,000	(53,762)	152,385	(206,147)
Successor agency administration	60,176	60,176	53,796	6,380
City clerk	425,809	405,799	426,751	(20,952)
City attorney	463,000	463,000	582,734	(119,734)
Risk management	-	-	310,579	(310,579)
Nondepartmental	-	-	475,405	(475,405)
Total Central Administration	<u>2,200,627</u>	<u>1,922,840</u>	<u>2,805,733</u>	<u>(882,893)</u>
Administrative Services				
Administration	-	(19,347)	193,095	(212,442)
Human resources	1,181,299	1,050,486	1,248,685	(198,199)
Finance	1,169,322	1,136,092	1,453,280	(317,188)
Information technology	1,385,094	1,390,795	1,389,752	1,043
Risk management	1,739,507	1,732,065	1,039,377	692,688
Memberships	30,076	30,076	40,978	(10,902)
Central stores	5,000	5,000	(3,912)	8,912
Special programs	1,542,375	1,415,375	685,822	729,553
Marin GSA	49,735	49,735	52,125	(2,390)
Emergency Response	-	-	270,121	(270,121)
Animal services	777,685	777,685	746,824	30,861
City-owned properties	20,420	20,420	13,355	7,065
Total Administrative Services	<u>7,900,513</u>	<u>7,588,382</u>	<u>7,129,502</u>	<u>458,880</u>
Total General Government	<u>10,101,140</u>	<u>9,511,222</u>	<u>9,935,235</u>	<u>(424,013)</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, 2021

	2020 - 2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
Public Safety				
Police				
Police administration	1,284,645	1,306,142	939,084	367,058
Services administration	-	-	23,940	(23,940)
Emergency services	-	-	18,387	(18,387)
Records management	722,127	669,497	678,043	(8,546)
Communications/dispatch	1,366,621	1,343,426	1,401,254	(57,828)
Professional standards	701,669	590,174	536,223	53,951
Criminal investigations	1,395,513	1,410,013	1,176,518	233,495
Patrol administration	-	-	(8,788)	8,788
Patrol operations	9,219,485	8,834,079	9,097,673	(263,594)
K-9	608,043	608,043	653,230	(45,187)
Traffic operations	912,416	954,571	723,526	231,045
Police grants	207,183	207,183	185,992	21,191
Novato response team	627,906	623,656	694,819	(71,163)
Special response team	36,948	34,811	13,902	20,909
Community engagement	28,601	27,793	29,078	(1,285)
Special projects	247,285	247,285	75,438	171,847
Total Public Safety	<u>17,358,442</u>	<u>16,856,673</u>	<u>16,238,319</u>	<u>618,354</u>
Public Works				
Traffic & engineering administration	731,310	716,279	601,878	114,401
Storm water pollution prevention	45,666	45,666	46,158	(492)
Engineering operations	503,490	503,490	447,535	55,955
Permitting	286,001	286,001	252,844	33,157
Sustainability	199,625	182,125	152,630	29,495
Private project engineering	244,799	199,914	249,144	(49,230)
Capital project engineering	(228,513)	(228,513)	(68,001)	(160,512)
Maintenance administration	509,656	444,099	334,544	109,555
Street maintenance	1,304,525	1,294,525	1,087,690	206,835
Storm drain maintenance	298,729	249,452	380,081	(130,629)
Traffic operations	375,065	375,065	149,996	225,069
Median island maintenance	888,801	869,887	916,771	(46,884)
Parks maintenance	1,022,280	959,196	1,086,764	(127,568)
Hamilton pool landscape	111,990	114,490	116,173	(1,683)
Civic center maintenance	1,055,609	990,448	898,118	92,330
Novato museum maintenance	2,500	2,500	4,832	(2,332)
DRC/gymnasium maintenance	96,151	96,151	87,103	9,048
Lu Sutton maintenance	21,654	(14,667)	3,690	(18,357)
MTSC maintenance	309,782	313,782	323,903	(10,121)
Hamilton pool building maintenance	-	-	8,590	(8,590)
Other Hamilton facilities maintenance	138,964	140,964	86,885	54,079
City owned property management	20,000	15,000	25,389	(10,389)
Total Public Works	<u>7,938,084</u>	<u>7,555,854</u>	<u>7,192,717</u>	<u>363,137</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
Culture and Recreation				
Administration	562,258	346,019	357,641	(11,622)
Activities guide	21,549	21,549	7,967	13,582
Special events	75,372	67,872	76,260	(8,388)
Child care & enrichment programs	849,532	431,642	373,544	58,098
Museum & administration	7,949	1,840	6,637	(4,797)
Senior citizens	287,787	230,026	243,774	(13,748)
Senior citizens classes	176,887	126,146	99,809	26,337
Athletic programs	847,859	531,050	492,109	38,941
Gymnastics	<u>1,058,660</u>	<u>917,158</u>	<u>906,480</u>	<u>10,678</u>
Total Cultural and Recreation	<u>3,887,853</u>	<u>2,673,302</u>	<u>2,564,221</u>	<u>109,081</u>
Community Development				
Administration	228,938	200,166	174,799	25,367
Economic programs	375,529	341,529	128,347	213,182
Sustainability	-	-	5,455	(5,455)
Code enforcement	253,126	240,607	263,089	(22,482)
Resale inspection	199,905	199,905	220,241	(20,336)
Planning administration	269,308	237,136	208,130	29,006
Long-range planning	289,706	239,706	227,799	11,907
Private projects	435,756	435,756	446,606	(10,850)
Clerical support services	440,678	390,640	386,543	4,097
Building inspection	<u>878,443</u>	<u>827,600</u>	<u>998,951</u>	<u>(171,351)</u>
Total Community Development	<u>3,371,389</u>	<u>3,113,045</u>	<u>3,059,960</u>	<u>53,085</u>
Debt Service				
Principal	113,315	113,315	246,293	(132,978)
Interest	-	-	507	(507)
Total Debt Service	<u>113,315</u>	<u>113,315</u>	<u>246,800</u>	<u>(133,485)</u>
 Total Expenditures	 <u>42,770,223</u>	 <u>39,823,411</u>	 <u>39,237,252</u>	 <u>586,159</u>
Excess (deficiency) of revenues over expenditures	<u>(4,839,185)</u>	<u>(1,739,196)</u>	<u>7,928,913</u>	<u>9,668,109</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,320,500	1,553,500	4,037,162	2,483,662
Transfers out	<u>(4,360,428)</u>	<u>(7,881,757)</u>	<u>(3,246,043)</u>	<u>4,635,714</u>
Total Other Financing Sources (Uses)	<u>(3,039,928)</u>	<u>(6,328,257)</u>	<u>791,119</u>	<u>7,119,376</u>
Net change in fund balance	<u>\$ (7,879,113)</u>	<u>\$ (8,067,453)</u>	<u>8,720,032</u>	<u>\$ 16,787,485</u>
Fund balance - July 1, 2020			17,224,791	
Prior period adjustment			<u>(159,875)</u>	
Fund balance - July 1, 2020, restated			<u>17,064,916</u>	
Fund balance - June 30, 2021			<u>\$ 25,784,948</u>	

CITY OF NOVATO
DEVELOPMENT IMPACT FEES - MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 120,000	\$ 120,000	\$ 222,731	\$ 102,731
Charges for services	<u>250,000</u>	<u>250,000</u>	<u>535,493</u>	<u>285,493</u>
Total Revenues	<u>370,000</u>	<u>370,000</u>	<u>758,224</u>	<u>388,224</u>
<u>EXPENDITURES</u>				
Current:				
General administration	-	-	14,850	(14,850)
Total Expenditures	-	-	<u>14,850</u>	<u>(14,850)</u>
Excess (deficiency) of revenues over expenditures	<u>370,000</u>	<u>370,000</u>	<u>743,374</u>	<u>373,374</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(405,000)</u>	<u>(2,056,028)</u>	<u>(281,119)</u>	<u>1,774,909</u>
Total Other Financing Sources (Uses)	<u>(405,000)</u>	<u>(2,056,028)</u>	<u>(281,119)</u>	<u>1,774,909</u>
Net change in fund balance	<u>\$ (35,000)</u>	<u>\$ (1,686,028)</u>	462,255	<u>\$ 2,148,283</u>
Fund balance - July 1, 2020			<u>14,275,892</u>	
Fund balance - June 30, 2021			<u>\$ 14,738,147</u>	

CITY OF NOVATO
 NOVATO PUBLIC FINANCING AUTHORITY - MAJOR SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 194,950	\$ 194,950	\$ 201,722	\$ 6,772
Total Revenues	<u>194,950</u>	<u>194,950</u>	<u>201,722</u>	<u>6,772</u>
<u>EXPENDITURES</u>				
Current:				
General government				
City-owned property	71,982	71,982	94,717	(22,735)
Debt service:				
Loan issuance costs	<u>17,400</u>	<u>17,400</u>	-	<u>17,400</u>
Total Expenditures	<u>89,382</u>	<u>89,382</u>	<u>94,717</u>	<u>(5,335)</u>
Excess (deficiency) of revenues over expenditures	<u>105,568</u>	<u>105,568</u>	<u>107,005</u>	<u>1,437</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(13,000)	(13,000)
Total Other Financing Sources (Uses)	-	-	(13,000)	(13,000)
Net change in fund balance	<u>\$ 105,568</u>	<u>\$ 105,568</u>	94,005	<u>\$ -</u>
Fund balance (deficit) - July 1, 2020			<u>(1,814,068)</u>	
Fund balance (deficit) - June 30, 2021			<u>\$ (1,720,063)</u>	

CITY OF NOVATO
AMERICAN RESCUE PLAN ACT - MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ 3,433	\$ 3,433
Total Revenues	-	-	3,433	3,433
<u>EXPENDITURES</u>				
Current:				
Public works	-	-	3,433	(3,433)
Total Expenditures	-	-	3,433	(3,433)
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - July 1, 2020			-	
Fund balance - June 30, 2021			\$ -	

The City did not adopt a budget for the American Rescue Plan Act fund for the year ended June 30, 2021.

**CITY OF NOVATO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021
Last 10 Years ***

	Measurement Period			
	2020	2019	2018	2017
Changes in Total Pension Liability				
Service cost	\$ 1,738,286	\$ 1,752,430	\$ 1,731,963	\$ 1,660,667
Interest	7,385,065	7,115,985	6,813,041	6,583,694
Changes of assumptions	-	-	(471,956)	5,038,152
Difference between expected and actual experience	315,183	785,598	146,212	(1,365,339)
Benefit payments, including refunds of member contributions	<u>(5,651,119)</u>	<u>(5,175,221)</u>	<u>(5,032,458)</u>	<u>(4,460,795)</u>
Net Change in Total Pension Liability	<u>3,787,415</u>	<u>4,478,792</u>	<u>3,186,802</u>	<u>7,456,379</u>
Total Pension Liability - Beginning of Year	104,928,860	100,450,068	97,263,266	89,806,887
Total Pension Liability - End of Year	<u>108,716,275</u>	<u>104,928,860</u>	<u>100,450,068</u>	<u>97,263,266</u>
Changes in Plan Fiduciary Net Position				
Contributions - employer	2,524,128	2,190,445	1,908,014	1,763,637
Contributions - employee	774,123	719,025	717,920	695,707
Plan to plan resource movement	-	-	(183)	-
Net investment income	3,980,078	5,121,724	6,278,801	7,705,310
Benefit payments, including refunds of member contributions	(5,651,119)	(5,175,221)	(5,032,458)	(4,460,795)
Administrative expenses	(114,449)	(55,936)	(116,636)	(102,240)
Other Miscellaneous Income/(Expense)	<u>-</u>	<u>183</u>	<u>(221,494)</u>	<u>-</u>
Net changes	<u>1,512,761</u>	<u>2,800,220</u>	<u>3,533,964</u>	<u>5,601,619</u>
Plan Fiduciary Net Position - Beginning of Year	81,183,662	78,383,442	74,849,478	69,247,859
Plan Fiduciary Net Position - End of Year	<u>82,696,423</u>	<u>81,183,662</u>	<u>78,383,442</u>	<u>74,849,478</u>
Net Pension Liability - End of Year	<u>\$ 26,019,852</u>	<u>\$ 23,745,198</u>	<u>\$ 22,066,626</u>	<u>\$ 22,413,788</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.1 %	77.4 %	78.0 %	77.0 %
Covered Payroll	\$ 10,664,334	\$ 10,614,997	\$ 10,466,933	\$ 10,032,422
Net Pension Liability as a Percentage of Covered Payroll	244.0 %	223.7 %	210.8 %	223.4 %

Notes to Schedule:

Changes in assumptions: In 2020 and 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 seven years are shown.

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
Prepared for the City's Miscellaneous Plan, an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2021
Last 10 Years ***

	Measurement Period		
	2016	2015	2014
Changes in Total Pension Liability			
Service cost	\$ 1,651,346	\$ 1,492,551	\$ 1,481,542
Interest	6,475,684	6,277,841	6,054,166
Changes of assumptions	-	(1,430,883)	-
Difference between expected and actual experience	(999,532)	(770,125)	-
Benefit payments, including refunds of member contributions	<u>(4,287,852)</u>	<u>(4,240,324)</u>	<u>(3,757,926)</u>
Net Change in Total Pension Liability	<u>2,839,646</u>	<u>1,329,060</u>	<u>3,777,782</u>
Total Pension Liability - Beginning of Year	86,967,241	85,638,181	81,860,399
Total Pension Liability - End of Year	<u>89,806,887</u>	<u>86,967,241</u>	<u>85,638,181</u>
Changes in Plan Fiduciary Net Position			
Contributions - employer	1,603,220	1,435,535	1,206,124
Contributions - employee	712,496	635,240	582,962
Plan to plan resource movement	2,406	(286)	-
Net investment income	354,708	1,592,282	10,779,038
Benefit payments, including refunds of member contributions	(4,287,852)	(4,240,324)	(3,757,926)
Administrative expenses	(43,214)	(80,001)	-
Other Miscellaneous Income/(Expense)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes	<u>(1,658,236)</u>	<u>(657,554)</u>	<u>8,810,198</u>
Plan Fiduciary Net Position - Beginning of Year	70,906,095	71,563,649	62,753,451
Plan Fiduciary Net Position - End of Year	<u>69,247,859</u>	<u>70,906,095</u>	<u>71,563,649</u>
Net Pension Liability - End of Year	<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	77.1 %	81.5 %	83.6 %
Covered Payroll	\$ 10,999,445	\$ 9,692,518	\$ 9,367,365
Net Pension Liability as a Percentage of Covered Payroll	186.9 %	165.7 %	150.3 %

**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, 2021
Last 10 Years ***

	Measurement Period			
	2020	2019	2018	2017
Proportion of the net pension liability	0.28032 %	0.27023 %	0.26402 %	0.25285 %
Proportionate share of the net pension liability	\$ 30,503,205	\$ 27,693,546	\$ 25,441,456	\$ 25,076,158
Covered payroll	\$ 6,821,978	\$ 6,749,440	\$ 5,899,923	\$ 5,769,289
Proportionate share of the net pension liability as a percentage of covered payroll	447.13 %	410.31 %	431.22 %	434.65 %
Plan fiduciary net position as a percentage of the total pension liability	75.10 %	75.30 %	75.30 %	73.31 %

Notes to Schedule:

Changes in assumptions: In 2020 and 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 seven years are shown.

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
Prepared for the City's Safety Plan, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2021
Last 10 Years ***

	Measurement Period		
	2016	2015	2014
Proportion of the net pension liability	0.25076 %	0.23386 %	0.25458 %
Proportionate share of the net pension liability	\$ 21,698,548	\$ 16,050,389	\$ 15,840,916
Covered payroll	\$ 5,779,335	\$ 5,615,795	\$ 5,800,922
Proportionate share of the net pension liability as a percentage of covered payroll	375.45 %	285.81 %	273.08 %
Plan fiduciary net position as a percentage of the total pension liability	74.06 %	78.40 %	79.82 %

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION 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, 2021
Last 10 Years ***

	Fiscal Year-End			
	2021		2020	
	<u>Misc.</u>	<u>Safety</u>	<u>Misc.</u>	<u>Safety.</u>
Contractually required contribution (actuarially determined)	\$ 2,549,877	\$ 2,937,157	\$ 2,520,787	\$ 2,797,157
Contributions in relation to the actuarially determined contributions	<u>2,549,877</u>	<u>2,937,157</u>	<u>2,520,787</u>	<u>2,797,157</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$10,247,861	\$ 6,330,177	\$10,584,426	\$ 6,821,978
Contributions as a percentage of covered payroll	24.88 %	46.40 %	23.82 %	41.00 %

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

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION 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, 2021
Last 10 Years ***

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

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION 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, 2021
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*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 298,700	\$ 290,000	\$ 211,000	\$ 205,000
Interest	302,715	281,000	297,000	280,000
Difference between expected and actual experience	(742,884)	-	(523,000)	-
Changes in assumptions	(693,374)	-	(79,000)	-
Benefit payments	<u>(230,533)</u>	<u>(244,000)</u>	<u>(232,000)</u>	<u>(213,000)</u>
Net change in total OPEB liability	(1,065,376)	327,000	(326,000)	272,000
Total OPEB liability, beginning	<u>4,660,000</u>	<u>4,333,000</u>	<u>4,659,000</u>	<u>4,387,000</u>
Total OPEB liability, ending (a)	<u>\$ 3,594,624</u>	<u>\$ 4,660,000</u>	<u>\$ 4,333,000</u>	<u>\$ 4,659,000</u>
Plan fiduciary net position				
Contributions - employer	\$ 231,883	\$ 472,000	\$ 524,000	\$ 397,000
Net investment income	66,340	92,000	71,000	87,000
Benefit payments	(230,533)	(244,000)	(232,000)	(213,000)
Administrative expenses	(5,430)	(1,000)	(2,000)	(2,000)
Pension transfer	<u>(6,778)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	55,482	319,000	361,000	269,000
Plan fiduciary net position, beginning	<u>1,657,056</u>	<u>1,339,000</u>	<u>978,000</u>	<u>709,000</u>
Plan fiduciary net position, ending (b)	<u>\$ 1,712,538</u>	<u>\$ 1,658,000</u>	<u>\$ 1,339,000</u>	<u>\$ 978,000</u>
City's net OPEB liability, ending (a) - (b)	<u>\$ 1,882,086</u>	<u>\$ 3,002,000</u>	<u>\$ 2,994,000</u>	<u>\$ 3,681,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	48 %	36 %	31 %	21 %
Covered payroll**	\$ 19,084,457	\$ 18,562,000	\$ 18,910,000	\$ 17,573,000
City's net OPEB liability as a percentage of covered-employee payroll	10 %	16 %	16 %	21 %

Notes to Schedule:

Changes in Assumptions

For the measurement period ended June 30, 2020, the discount rate was updated from 6.25% to 5.75%, the inflation rate decreased from 2.75% to 2.5% which decreased the discount rate, medical trend, PEMHCA minimum trend, and aggregate salary increases by .25%, updated medical trend, updated participation at retirement, updated demographic assumptions and mortality improvement updated to Scale MP-2021. 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 four 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 556,000	\$ 556,000	\$ 481,000	\$ 466,000
Contributions in relation to the ADC	<u>(233,026)</u>	<u>(232,000)</u>	<u>(472,000)</u>	<u>(524,000)</u>
Contribution deficiency (excess)	<u>\$ 322,974</u>	<u>\$ 324,000</u>	<u>\$ 9,000</u>	<u>\$ (58,000)</u>
Covered payroll	\$ 18,129,182	\$ 19,084,000	\$ 18,562,000	\$ 18,910,000
Contributions as a percentage of covered-employee payroll	1.3 %	1.2 %	2.5 %	2.8 %

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only four 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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ 184,500	\$ 184,500
Other revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>15,892</u>	<u>(1,484,108)</u>
Total Revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>200,392</u>	<u>(1,299,608)</u>
<u>EXPENDITURES</u>				
Capital Outlay	<u>-</u>	<u>21,593,309</u>	<u>5,502,262</u>	<u>16,091,047</u>
Total Expenditures	<u>-</u>	<u>21,593,309</u>	<u>5,502,262</u>	<u>16,091,047</u>
Excess (deficiency) of revenues over expenditures	<u>1,500,000</u>	<u>(20,093,309)</u>	<u>(5,301,870)</u>	<u>14,791,439</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	5,909,755	22,348,396	5,775,705	(16,572,691)
Transfers out	<u>-</u>	<u>(150,000)</u>	<u>(160,761)</u>	<u>(10,761)</u>
Total Other Financing Sources (Uses)	<u>5,909,755</u>	<u>22,198,396</u>	<u>5,614,944</u>	<u>(16,583,452)</u>
Net change in fund balance	<u>\$ 7,409,755</u>	<u>\$ 2,105,087</u>	313,074	<u>\$ (1,792,013)</u>
Fund balance (deficit) - July 1, 2020			<u>(1,210,010)</u>	
Fund balance (deficit) - June 30, 2021			<u>\$ (896,936)</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 487,500	\$ 487,500	\$ 114,668	\$ (372,832)
Total Revenues	<u>487,500</u>	<u>487,500</u>	<u>114,668</u>	<u>(372,832)</u>
<u>EXPENDITURES</u>				
Current:				
General government				
Hamilton project area	<u>29,000</u>	<u>29,000</u>	<u>29,499</u>	<u>(499)</u>
Total Expenditures	<u>29,000</u>	<u>29,000</u>	<u>29,499</u>	<u>(499)</u>
Excess (deficiency) of revenues over expenditures	<u>458,500</u>	<u>458,500</u>	<u>85,169</u>	<u>(373,331)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(325,000)</u>	<u>(325,000)</u>	<u>(784,611)</u>	<u>(459,611)</u>
Total Other Financing Sources (Uses)	<u>(325,000)</u>	<u>(325,000)</u>	<u>(784,611)</u>	<u>(459,611)</u>
Net change in fund balance	<u>\$ 133,500</u>	<u>\$ 133,500</u>	(699,442)	<u>\$ (832,942)</u>
Fund balance - July 1, 2020			<u>34,633,100</u>	
Fund balance - June 30, 2021			<u>\$ 33,933,658</u>	

NON-MAJOR GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUNDS

Affordable Housing Programs 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 Rise Housing Solutions.

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 Fund - accounts for resources restricted to law enforcement activities such as crime prevention programs.

COPS Grant Fund - accounts 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 transportation improvements including bicycle, pedestrian, and safety improvements. These funds are received from TAM.

Measure A Street Bonds 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 - accounts for proceeds received from Marin County Parks Measure A for improvements and maintenance of parks, open space, and recreation programs in the City. This fund was approved in June 2022 for 9 years.

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

Restricted Revenue - accounts for in-lieu deposits from developers for construction of public improvements and other payments associated with CIP.

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 Obligation 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, 2021

	Special Revenue Funds					
	Affordable Housing Programs	Clean Stormwater	Underground Utilities	Parking Improvement	Subdivision Park	Art in Public Places
ASSETS						
Cash and investments	\$ 2,754,688	\$ 86,842	\$ 1,053,887	\$ -	\$ 458,040	\$ 213,678
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	18,900	-	-	-	-	-
Taxes receivable	-	2,789	-	-	-	-
Loans receivable	2,831,262	-	-	-	-	-
Due from other funds	9,427	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Total Assets	\$ 5,614,277	\$ 89,631	\$ 1,053,887	\$ -	\$ 458,040	\$ 213,678
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ 7,261	\$ 375	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	2,696	-	-
Deposits/ other payables	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	7,261	375	-	2,696	-	-
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - housing loans	1,331,262	-	-	-	-	-
FUND BALANCES (DEFICITS):						
Nonspendable	-	-	-	-	-	-
Restricted	4,275,754	89,256	1,053,887	-	458,040	213,678
Unassigned	-	-	-	(2,696)	-	-
Total Fund Balances (Deficits)	4,275,754	89,256	1,053,887	(2,696)	458,040	213,678
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 5,614,277	\$ 89,631	\$ 1,053,887	\$ -	\$ 458,040	\$ 213,678

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds					
	General Plan Surcharge	Automation Surcharge	Hamilton Community Facilities	Hamilton Arts Center	Pointe Marin CFD	Chapter 27 Assessment
ASSETS						
Cash and investments	\$ 460,047	\$ 92,404	\$ 964,781	\$ 1,503,648	\$ 1,017,592	\$ 263,323
Cash with fiscal agent	-	-	-	78,437	-	-
Accounts receivable	-	-	-	-	-	19
Taxes receivable	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Total Assets	\$ 460,047	\$ 92,404	\$ 964,781	\$ 1,582,085	\$ 1,017,592	\$ 263,342
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ 13,125	\$ 3,333	\$ 19,868	\$ 9,188	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	2,775
Due to other funds	-	-	-	-	-	-
Deposits/ other payables	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	13,125	3,333	19,868	9,188	-	2,775
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - housing loans	-	-	-	-	-	-
FUND BALANCES (DEFICITS):						
Nonspendable	-	-	-	-	-	-
Restricted	446,922	89,071	944,913	1,572,897	1,017,592	260,567
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	446,922	89,071	944,913	1,572,897	1,017,592	260,567
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 460,047	\$ 92,404	\$ 964,781	\$ 1,582,085	\$ 1,017,592	\$ 263,342

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds					
	Landscaping Assessment District - San Marin	Landscaping Assessment District - Country Club	Landscaping Assessment District - Wildwood Glen	Landscaping Assessment District - Hillside	Downtown Lighting & Landscaping	San Pablo Landscaping
ASSETS						
Cash and investments	\$ 74,103	\$ 75,176	\$ 9,320	\$ 43,219	\$ 129,112	\$ 68,082
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Taxes receivable	617	-	-	187	53	120
Loans receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Total Assets	\$ 74,720	\$ 75,176	\$ 9,320	\$ 43,406	\$ 129,165	\$ 68,202
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ 5,843	\$ -	\$ 1,313	\$ 7,121	\$ -	\$ 250
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits/ other payables	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	5,843	-	1,313	7,121	-	250
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - housing loans	-	-	-	-	-	-
FUND BALANCES (DEFICITS):						
Nonspendable	-	-	-	-	-	-
Restricted	68,877	75,176	8,007	36,285	129,165	67,952
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	68,877	75,176	8,007	36,285	129,165	67,952
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 74,720	\$ 75,176	\$ 9,320	\$ 43,406	\$ 129,165	\$ 68,202

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds					
	Assessment District - Scottsdale	State Gas Tax	Special Projects Police	COPS Grant	State & Federal Grant Fund	Private Grant Fund
ASSETS						
Cash and investments	\$ 10,866	\$ 1,505,947	\$ 309,426	\$ 309,016	\$ 9,022	\$ 30,809
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Taxes receivable	-	181,419	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	55,698	-	-
Total Assets	\$ 10,866	\$ 1,687,366	\$ 309,426	\$ 364,714	\$ 9,022	\$ 30,809
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits/ other payables	-	-	-	-	-	-
Unearned revenue	-	-	-	-	87,471	-
Total Liabilities	-	-	-	-	87,471	-
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - housing loans	-	-	-	-	-	-
FUND BALANCES (DEFICITS):						
Nonspendable	-	-	-	55,698	-	-
Restricted	10,866	1,687,366	309,426	309,016	-	30,809
Unassigned	-	-	-	-	(78,449)	-
Total Fund Balances (Deficits)	10,866	1,687,366	309,426	364,714	(78,449)	30,809
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 10,866	\$ 1,687,366	\$ 309,426	\$ 364,714	\$ 9,022	\$ 30,809

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2021

	Capital Project Funds					
	Measure B Marin VRF	Measure A Street Bonds	Parks Measure A	Clean Stormwater CIP	Street and Storm Drain Maintenance	Community Facilities Maintenance
ASSETS						
Cash and investments	\$ 388,152	\$ -	\$ 607,019	\$ 446,548	\$ 284,429	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	223,910	-	-	-
Taxes receivable	-	1,327,905	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Total Assets	\$ 388,152	\$ 1,327,905	\$ 830,929	\$ 446,548	\$ 284,429	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ 53,686	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	876,107	-	-	-	20,152
Deposits/ other payables	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	-	876,107	53,686	-	-	20,152
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - housing loans	-	-	-	-	-	-
FUND BALANCES (DEFICITS):						
Nonspendable	-	-	-	-	-	-
Restricted	388,152	451,798	777,243	446,548	284,429	-
Unassigned	-	-	-	-	-	(20,152)
Total Fund Balances (Deficits)	388,152	451,798	777,243	446,548	284,429	(20,152)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 388,152	\$ 1,327,905	\$ 830,929	\$ 446,548	\$ 284,429	\$ -

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2021

	Capital Projects	Debt Service Funds		Total Non-major Governmental Funds
	Restricted Revenue	General Obligation Bond	Pension Obligation Bond	
ASSETS				
Cash and investments	\$ 1,325,661	\$ 1,297,443	\$ -	\$ 15,792,280
Cash with fiscal agent	-	-	38,463	116,900
Accounts receivable	-	-	-	242,829
Taxes receivable	-	12,487	-	1,525,577
Loans receivable	-	-	-	2,831,262
Due from other funds	-	-	-	9,427
Prepaid expenses	-	-	-	55,698
Total Assets	\$ 1,325,661	\$ 1,309,930	\$ 38,463	\$ 20,573,973
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 121,363
Accrued liabilities	-	-	-	2,775
Due to other funds	-	-	9,953	908,908
Deposits/ other payables	1,325,661	-	-	1,325,661
Unearned revenue	-	-	-	87,471
Total Liabilities	1,325,661	-	9,953	2,446,178
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - housing loans	-	-	-	1,331,262
FUND BALANCES (DEFICITS):				
Nonspendable	-	-	-	55,698
Restricted	-	1,309,930	28,510	16,842,132
Unassigned	-	-	-	(101,297)
Total Fund Balances (Deficits)	-	1,309,930	28,510	16,796,533
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,325,661	\$ 1,309,930	\$ 38,463	\$ 20,573,973

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					
	Affordable Housing Programs	Clean Stormwater	Underground Utilities	Parking Improvement	Subdivision Park	Art in Public Places
REVENUES						
Taxes	\$ -	\$ 355,619	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Use of money and property	153,557	1,970	14,409	65	17,870	2,907
Charges for services	205,471	-	-	-	249,150	1,151
Other revenue	-	-	-	-	-	-
Total Revenues	<u>359,028</u>	<u>357,589</u>	<u>14,409</u>	<u>65</u>	<u>267,020</u>	<u>4,058</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	228,231	-	641	-	-
Culture and recreation	-	-	-	-	-	-
Community development	213,908	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>213,908</u>	<u>228,231</u>	<u>-</u>	<u>641</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>145,120</u>	<u>129,358</u>	<u>14,409</u>	<u>(576)</u>	<u>267,020</u>	<u>4,058</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	135,709	-	-	-	-	-
Transfers out	(804)	(157,664)	-	(138)	(52,916)	-
Total Other Financing Sources (Uses)	<u>134,905</u>	<u>(157,664)</u>	<u>-</u>	<u>(138)</u>	<u>(52,916)</u>	<u>-</u>
Net change in fund balances	280,025	(28,306)	14,409	(714)	214,104	4,058
Fund balances (deficits) - July 1, 2020	<u>3,995,729</u>	<u>117,562</u>	<u>1,039,478</u>	<u>(1,982)</u>	<u>243,936</u>	<u>209,620</u>
Fund balances (deficits) - June 30, 2021	<u>\$ 4,275,754</u>	<u>\$ 89,256</u>	<u>\$ 1,053,887</u>	<u>\$ (2,696)</u>	<u>\$ 458,040</u>	<u>\$ 213,678</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					
	General Plan Surcharge	Automation Surcharge	Hamilton Community Facilities	Hamilton Arts Center	Pointe Marin CFD	Chapter 27 Assessment
REVENUES						
Taxes	\$ -	\$ -	\$ 633,617	\$ -	\$ 365,021	\$ -
Intergovernmental	-	-	-	-	-	-
Use of money and property	5,809	1,342	5,779	461,392	10,308	3,600
Charges for services	88,639	95,263	-	-	-	-
Other revenue	-	-	230,000	-	-	-
Total Revenues	<u>94,448</u>	<u>96,605</u>	<u>869,396</u>	<u>461,392</u>	<u>375,329</u>	<u>3,600</u>
EXPENDITURES						
Current:						
General government	-	-	-	345,626	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	668,889	-	157,632	-
Culture and recreation	-	-	-	-	-	-
Community development	46,624	108,263	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>46,624</u>	<u>108,263</u>	<u>668,889</u>	<u>345,626</u>	<u>157,632</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>47,824</u>	<u>(11,658)</u>	<u>200,507</u>	<u>115,766</u>	<u>217,697</u>	<u>3,600</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	9,793	1	-	-
Transfers out	-	(2,205)	(36,096)	(9,948)	(6,872)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,205)</u>	<u>(26,303)</u>	<u>(9,947)</u>	<u>(6,872)</u>	<u>-</u>
Net change in fund balances	47,824	(13,863)	174,204	105,819	210,825	3,600
Fund balances (deficits) - July 1, 2020	<u>399,098</u>	<u>102,934</u>	<u>770,709</u>	<u>1,467,078</u>	<u>806,767</u>	<u>256,967</u>
Fund balances (deficits) - June 30, 2021	<u>\$ 446,922</u>	<u>\$ 89,071</u>	<u>\$ 944,913</u>	<u>\$ 1,572,897</u>	<u>\$ 1,017,592</u>	<u>\$ 260,567</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					
	Landscaping Assessment District - San Marin	Landscaping Assessment District - Country Club	Landscaping Assessment District - Wildwood Glen	Landscaping Assessment District - Hillside	Downtown Lighting & Landscaping	San Pablo Landscaping
REVENUES						
Taxes	\$ 63,064	\$ -	\$ 10,733	\$ 23,271	\$ 6,600	\$ 14,937
Intergovernmental	-	-	-	-	-	-
Use of money and property	857	1,028	116	572	1,742	936
Charges for services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	<u>63,921</u>	<u>1,028</u>	<u>10,849</u>	<u>23,843</u>	<u>8,342</u>	<u>15,873</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	50,785	-	11,135	34,469	4,181	1,349
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>50,785</u>	<u>-</u>	<u>11,135</u>	<u>34,469</u>	<u>4,181</u>	<u>1,349</u>
Excess (Deficiency) of Revenues over Expenditures	<u>13,136</u>	<u>1,028</u>	<u>(286)</u>	<u>(10,626)</u>	<u>4,161</u>	<u>14,524</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(9,450)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,450)</u>
Net change in fund balances	13,136	1,028	(286)	(10,626)	4,161	5,074
Fund balances (deficits) - July 1, 2020	<u>55,741</u>	<u>74,148</u>	<u>8,293</u>	<u>46,911</u>	<u>125,004</u>	<u>62,878</u>
Fund balances (deficits) - June 30, 2021	<u>\$ 68,877</u>	<u>\$ 75,176</u>	<u>\$ 8,007</u>	<u>\$ 36,285</u>	<u>\$ 129,165</u>	<u>\$ 67,952</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					
	Assessment District - Scottsdale	State Gas Tax	Special Projects Police	COPS Grant	State & Federal Grant Fund	Private Grant Fund
<u>REVENUES</u>						
Taxes	\$ -	\$ 2,184,160	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	140,536	116,317	1,690,425	106,684
Use of money and property	148	70,831	2,830	-	-	(1,419)
Charges for services	-	-	-	-	-	-
Other revenue	-	-	1,166	-	-	13,469
Total Revenues	<u>148</u>	<u>2,254,991</u>	<u>144,532</u>	<u>116,317</u>	<u>1,690,425</u>	<u>118,734</u>
<u>EXPENDITURES</u>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	25,456	80,809	-	-
Public works	-	-	-	-	-	92,851
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>25,456</u>	<u>80,809</u>	<u>-</u>	<u>92,851</u>
Excess (Deficiency) of Revenues over Expenditures	<u>148</u>	<u>2,254,991</u>	<u>119,076</u>	<u>35,508</u>	<u>1,690,425</u>	<u>25,883</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	-	236,449	7,000	-	-	-
Transfers out	-	(2,425,810)	-	-	(2,164,417)	(26,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,189,361)</u>	<u>7,000</u>	<u>-</u>	<u>(2,164,417)</u>	<u>(26,000)</u>
Net change in fund balances	148	65,630	126,076	35,508	(473,992)	(117)
Fund balances (deficits) - July 1, 2020	<u>10,718</u>	<u>1,621,736</u>	<u>183,350</u>	<u>329,206</u>	<u>395,543</u>	<u>30,926</u>
Fund balances (deficits) - June 30, 2021	<u>\$ 10,866</u>	<u>\$ 1,687,366</u>	<u>\$ 309,426</u>	<u>\$ 364,714</u>	<u>\$ (78,449)</u>	<u>\$ 30,809</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Capital Project Funds					
	Measure B Marin VRF	Measure A Street Bonds	Parks Measure A	Clean Stormwater CIP	Street and Storm Drain Maintenance	Community Center Maintenance
REVENUES						
Taxes	\$ -	\$ 1,347,905	\$ 452,053	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Use of money and property	12,854	24,883	8,796	5,287	3,888	-
Charges for services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	<u>12,854</u>	<u>1,372,788</u>	<u>460,849</u>	<u>5,287</u>	<u>3,888</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	195,260	-	-	-
Culture and recreation	-	-	54,602	-	-	-
Community development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>249,862</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>12,854</u>	<u>1,372,788</u>	<u>210,987</u>	<u>5,287</u>	<u>3,888</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	92,664	-	-
Transfers out	(550,526)	(1,829,851)	(25,911)	-	-	-
Total Other Financing Sources (Uses)	<u>(550,526)</u>	<u>(1,829,851)</u>	<u>(25,911)</u>	<u>92,664</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(537,672)	(457,063)	185,076	97,951	3,888	-
Fund balances (deficits) - July 1, 2020	<u>925,824</u>	<u>908,861</u>	<u>592,167</u>	<u>348,597</u>	<u>280,541</u>	<u>(20,152)</u>
Fund balances (deficits) - June 30, 2021	<u>\$ 388,152</u>	<u>\$ 451,798</u>	<u>\$ 777,243</u>	<u>\$ 446,548</u>	<u>\$ 284,429</u>	<u>\$ (20,152)</u>

CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Capital Projects	Debt Service Fund		Total Non-major Governmental Funds
	Restricted Revenue	General Obligation Fund	Pension Obligation Bond	
REVENUES				
Taxes	\$ -	\$ 1,097,294	\$ -	\$ 6,554,274
Intergovernmental	-	-	-	2,053,962
Use of money and property	-	12,811	(2,384)	822,784
Charges for services	185,831	-	-	825,505
Other revenue	-	-	-	244,635
Total Revenues	<u>185,831</u>	<u>1,110,105</u>	<u>(2,384)</u>	<u>10,501,160</u>
EXPENDITURES				
Current:				
General government	-	25,700	3,799	375,125
Public safety	-	-	-	106,265
Public works	-	-	-	1,445,423
Culture and recreation	-	-	-	54,602
Community development	-	-	-	368,795
Debt service:				
Principal	-	1,626,989	800,000	2,426,989
Interest and fiscal charges	-	87,969	690,012	777,981
Total Expenditures	<u>-</u>	<u>1,740,658</u>	<u>1,493,811</u>	<u>5,555,180</u>
Excess (Deficiency) of Revenues over Expenditures	<u>185,831</u>	<u>(630,553)</u>	<u>(1,496,195)</u>	<u>4,945,980</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,492,711	1,974,327
Transfers out	(185,831)	-	-	(7,484,439)
Total Other Financing Sources (Uses)	<u>(185,831)</u>	<u>-</u>	<u>1,492,711</u>	<u>(5,510,112)</u>
Net change in fund balances	-	(630,553)	(3,484)	(564,132)
Fund balances (deficits) - July 1, 2020	<u>-</u>	<u>1,940,483</u>	<u>31,994</u>	<u>17,360,665</u>
Fund balances (deficits) - June 30, 2021	<u>\$ -</u>	<u>\$ 1,309,930</u>	<u>\$ 28,510</u>	<u>\$ 16,796,533</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, 2021

	2020 - 2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ 12,750	\$ 12,750	\$ 153,557	\$ 140,807
Charges for services	<u>110,000</u>	<u>110,000</u>	<u>205,471</u>	<u>95,471</u>
Total Revenues	<u>122,750</u>	<u>122,750</u>	<u>359,028</u>	<u>236,278</u>
<u>EXPENDITURES</u>				
Current:				
Community Development	<u>944,091</u>	<u>823,486</u>	<u>213,908</u>	<u>609,578</u>
Total Expenditures	<u>944,091</u>	<u>823,486</u>	<u>213,908</u>	<u>609,578</u>
Excess (deficiency) of revenues over expenditures	<u>(821,341)</u>	<u>(700,736)</u>	<u>145,120</u>	<u>845,856</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	41,000	41,000	135,709	94,709
Transfers out	<u>(804)</u>	<u>(804)</u>	<u>(804)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>40,196</u>	<u>40,196</u>	<u>134,905</u>	<u>94,709</u>
Net change in fund balance	<u>\$ (781,145)</u>	<u>\$ (660,540)</u>	280,025	<u>\$ 940,565</u>
Fund balance - July 1, 2020			<u>3,995,729</u>	
Fund balance - June 30, 2021			<u>\$ 4,275,754</u>	

CITY OF NOVATO
CLEAN STORMWATER - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 369,000	\$ 369,000	\$ 355,619	\$ (13,381)
Use of money and property	<u>625</u>	<u>625</u>	<u>1,970</u>	<u>1,345</u>
Total Revenues	<u>369,625</u>	<u>369,625</u>	<u>357,589</u>	<u>(12,036)</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Storm water pollution prevention	<u>245,800</u>	<u>245,800</u>	<u>228,231</u>	<u>17,569</u>
Total Public Works	<u>245,800</u>	<u>245,800</u>	<u>228,231</u>	<u>17,569</u>
Total Expenditures	<u>245,800</u>	<u>245,800</u>	<u>228,231</u>	<u>17,569</u>
Excess (deficiency) of revenues over expenditures	<u>123,825</u>	<u>123,825</u>	<u>129,358</u>	<u>5,533</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(155,000)</u>	<u>(251,245)</u>	<u>(157,664)</u>	<u>93,581</u>
Total Other Financing Sources (Uses)	<u>(155,000)</u>	<u>(251,245)</u>	<u>(157,664)</u>	<u>93,581</u>
Net change in fund balance	<u>\$ (31,175)</u>	<u>\$ (127,420)</u>	(28,306)	<u>\$ 99,114</u>
Fund balance - July 1, 2020			<u>117,562</u>	
Fund balance - June 30, 2021			<u>\$ 89,256</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 8,250	\$ 8,250	\$ 14,409	\$ 6,159
Total Revenues	<u>8,250</u>	<u>8,250</u>	<u>14,409</u>	<u>6,159</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>14,409</u>	<u>6,159</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(500,000)</u>	<u>(274,513)</u>	<u>-</u>	<u>274,513</u>
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(274,513)</u>	<u>-</u>	<u>274,513</u>
Net change in fund balance	<u>\$ (491,750)</u>	<u>\$ (266,263)</u>	14,409	<u>\$ 280,672</u>
Fund balance - July 1, 2020			<u>1,039,478</u>	
Fund balance - June 30, 2021			<u>\$ 1,053,887</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 65	\$ 65
Total Revenues	-	-	65	65
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	-	-	641	(641)
Total Expenditures	-	-	641	(641)
Excess (deficiency) of revenues over expenditures	-	-	(576)	(576)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(138)	(138)
Total Other Financing Sources (Uses)	-	-	(138)	(138)
Net change in fund balance	\$ -	\$ -	(714)	\$ (714)
Fund balance (deficit) - July 1, 2020			(1,982)	
Fund balance (deficit) - June 30, 2021			\$ (2,696)	

The City did not adopt a budget for the Parking Improvement fund for the year ended June 30, 2021.

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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 3,500	\$ 3,500	\$ 17,870	\$ 14,370
Charges for services	<u>50,000</u>	<u>50,000</u>	<u>249,150</u>	<u>199,150</u>
Total Revenues	<u>53,500</u>	<u>53,500</u>	<u>267,020</u>	<u>213,520</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>53,500</u>	<u>53,500</u>	<u>267,020</u>	<u>213,520</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>(33,733)</u>	<u>(52,916)</u>	<u>(19,183)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(33,733)</u>	<u>(52,916)</u>	<u>(19,183)</u>
Net change in fund balance	<u>\$ 53,500</u>	<u>\$ 19,767</u>	214,104	<u>\$ 194,337</u>
Fund balance - July 1, 2020			<u>243,936</u>	
Fund balance - June 30, 2021			<u>\$ 458,040</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,125	\$ 1,125	\$ 2,907	\$ 1,782
Charges for services	<u>10,000</u>	<u>10,000</u>	<u>1,151</u>	<u>(8,849)</u>
Total Revenues	<u>11,125</u>	<u>11,125</u>	<u>4,058</u>	<u>(7,067)</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation				
Special program	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>11,125</u>	<u>11,125</u>	<u>4,058</u>	<u>(7,067)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>(21,401)</u>	<u>-</u>	<u>21,401</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(21,401)</u>	<u>-</u>	<u>21,401</u>
Net change in fund balance	<u>\$ 11,125</u>	<u>\$ (10,276)</u>	4,058	<u>\$ 14,334</u>
Fund balance - July 1, 2020			<u>209,620</u>	
Fund balance - June 30, 2021			<u>\$ 213,678</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 2,900	\$ 2,900	\$ 5,809	\$ 2,909
Charges for services	<u>76,000</u>	<u>76,000</u>	<u>88,639</u>	<u>12,639</u>
Total Revenues	<u>78,900</u>	<u>78,900</u>	<u>94,448</u>	<u>15,548</u>
<u>EXPENDITURES</u>				
Current:				
Community development				
Long-range planning	<u>150,000</u>	<u>150,000</u>	<u>46,624</u>	<u>103,376</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>46,624</u>	<u>103,376</u>
Net change in fund balance	<u>\$ (71,100)</u>	<u>\$ (71,100)</u>	47,824	<u>\$ 118,924</u>
Fund balance - July 1, 2020			<u>399,098</u>	
Fund balance - June 30, 2021			<u>\$ 446,922</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, 2021

	2020 - 2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ 785	\$ 785	\$ 1,342	\$ 557
Charges for services	<u>81,000</u>	<u>81,000</u>	<u>95,263</u>	<u>14,263</u>
Total Revenues	<u>81,785</u>	<u>81,785</u>	<u>96,605</u>	<u>14,820</u>
<u>EXPENDITURES</u>				
Current:				
Community development				
Administration	<u>101,148</u>	<u>95,523</u>	<u>108,263</u>	<u>(12,740)</u>
Total Expenditures	<u>101,148</u>	<u>95,523</u>	<u>108,263</u>	<u>(12,740)</u>
Excess (deficiency) of revenues over expenditures	<u>(19,363)</u>	<u>(13,738)</u>	<u>(11,658)</u>	<u>2,080</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(2,205)</u>	<u>(2,205)</u>	<u>(2,205)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,205)</u>	<u>(2,205)</u>	<u>(2,205)</u>	<u>-</u>
Net change in fund balance	<u>\$ (21,568)</u>	<u>\$ (15,943)</u>	(13,863)	<u>\$ 2,080</u>
Fund balance - July 1, 2020			<u>102,934</u>	
Fund balance - June 30, 2021			<u>\$ 89,071</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, 2021

	2020 - 2021 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 566,110	\$ 566,110	\$ 633,617	\$ 67,507
Use of money and property	1,488	1,488	5,779	4,291
Other revenues	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>	<u>-</u>
Total Revenues	<u>797,598</u>	<u>797,598</u>	<u>869,396</u>	<u>71,798</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
CFD maintenance	30,500	30,500	29,971	529
CFD landscape maintenance	459,315	459,315	542,119	(82,804)
Pump station #1 maintenance	130,401	130,401	51,983	78,418
Pump station #2 maintenance	81,442	81,442	33,776	47,666
Levee maintenance	<u>66,359</u>	<u>66,359</u>	<u>11,040</u>	<u>55,319</u>
Total Public Works	<u>768,017</u>	<u>768,017</u>	<u>668,889</u>	<u>99,128</u>
Total Expenditures	<u>768,017</u>	<u>768,017</u>	<u>668,889</u>	<u>99,128</u>
Excess (deficiency) of revenues over expenditures	<u>29,581</u>	<u>29,581</u>	<u>200,507</u>	<u>170,926</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	8,550	58,645	9,793	(48,852)
Transfers out	<u>(11,026)</u>	<u>(284,609)</u>	<u>(36,096)</u>	<u>248,513</u>
Total Other Financing Sources (Uses)	<u>(2,476)</u>	<u>(225,964)</u>	<u>(26,303)</u>	<u>199,661</u>
Net change in fund balance	<u>\$ 27,105</u>	<u>\$ (196,383)</u>	174,204	<u>\$ 370,587</u>
Fund balance - July 1, 2020			<u>770,709</u>	
Fund balance - June 30, 2021			<u>\$ 944,913</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 455,000	\$ 469,500	\$ 461,392	\$ (8,108)
Total Revenues	<u>455,000</u>	<u>469,500</u>	<u>461,392</u>	<u>(8,108)</u>
<u>EXPENDITURES</u>				
Current:				
General government				
City-owned property	<u>260,000</u>	<u>275,000</u>	<u>345,626</u>	<u>(70,626)</u>
Total Expenditures	<u>260,000</u>	<u>275,000</u>	<u>345,626</u>	<u>(70,626)</u>
Excess (deficiency) of revenues over expenditures	<u>195,000</u>	<u>194,500</u>	<u>115,766</u>	<u>(78,734)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	1	1
Transfers out	<u>(300,000)</u>	<u>(715,571)</u>	<u>(9,948)</u>	<u>705,623</u>
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>(715,571)</u>	<u>(9,947)</u>	<u>705,624</u>
Net change in fund balance	<u>\$ (105,000)</u>	<u>\$ (521,071)</u>	105,819	<u>\$ 626,890</u>
Fund balance - July 1, 2020			<u>1,467,078</u>	
Fund balance - June 30, 2021			<u>\$ 1,572,897</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 191,698	\$ 191,698	\$ 365,021	\$ 173,323
Use of money and property	<u>4,550</u>	<u>4,550</u>	<u>10,308</u>	<u>5,758</u>
Total Revenues	<u>196,248</u>	<u>196,248</u>	<u>375,329</u>	<u>179,081</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
CFD landscape maintenance	<u>130,895</u>	<u>130,895</u>	<u>157,632</u>	<u>(26,737)</u>
Total Expenditures	<u>130,895</u>	<u>130,895</u>	<u>157,632</u>	<u>(26,737)</u>
Excess (deficiency) of revenues over expenditures	<u>65,353</u>	<u>65,353</u>	<u>217,697</u>	<u>152,344</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(6,872)</u>	<u>(6,872)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(6,872)</u>	<u>(6,872)</u>
Net change in fund balance	<u>\$ 65,353</u>	<u>\$ 65,353</u>	210,825	<u>\$ 145,472</u>
Fund balance - July 1, 2020			<u>806,767</u>	
Fund balance - June 30, 2021			<u>\$ 1,017,592</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 2,300	\$ 2,300	\$ 3,600	\$ 1,300
Charges for services	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
Total Revenues	<u>2,600</u>	<u>2,600</u>	<u>3,600</u>	<u>1,000</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,600</u>	<u>2,600</u>	<u>3,600</u>	<u>1,000</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	<u>\$ 2,600</u>	<u>\$ (7,400)</u>	3,600	<u>\$ 11,000</u>
Fund balance - July 1, 2020			<u>256,967</u>	
Fund balance - June 30, 2021			<u>\$ 260,567</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, 2021

	2020 - 2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 66,252	\$ 66,252	\$ 63,064	\$ (3,188)
Use of money and property	<u>550</u>	<u>550</u>	<u>857</u>	<u>307</u>
Total Revenues	<u>66,802</u>	<u>66,802</u>	<u>63,921</u>	<u>(2,881)</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>66,248</u>	<u>66,248</u>	<u>50,785</u>	<u>15,463</u>
Total Expenditures	<u>66,248</u>	<u>66,248</u>	<u>50,785</u>	<u>15,463</u>
Net change in fund balance	<u>\$ 554</u>	<u>\$ 554</u>	13,136	<u>\$ 12,582</u>
Fund balance - July 1, 2020			<u>55,741</u>	
Fund balance - June 30, 2021			<u>\$ 68,877</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, 2021

	<u>2020 - 2021</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>760</u>	\$ <u>760</u>	\$ <u>1,028</u>	\$ <u>268</u>
Total Revenues	<u>760</u>	<u>760</u>	<u>1,028</u>	<u>268</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>	1,028	<u>\$ 268</u>
Fund balance - July 1, 2020			<u>74,148</u>	
Fund balance - June 30, 2021			<u>\$ 75,176</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, 2021

	2020 - 2021 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 10,606	\$ 10,606	\$ 10,733	\$ 127
Use of money and property	<u>100</u>	<u>100</u>	<u>116</u>	<u>16</u>
Total Revenues	<u>10,706</u>	<u>10,706</u>	<u>10,849</u>	<u>143</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>10,850</u>	<u>10,850</u>	<u>11,135</u>	<u>(285)</u>
Total Expenditures	<u>10,850</u>	<u>10,850</u>	<u>11,135</u>	<u>(285)</u>
Net change in fund balance	<u>\$ (144)</u>	<u>\$ (144)</u>	(286)	<u>\$ (142)</u>
Fund balance - July 1, 2020			<u>8,293</u>	
Fund balance - June 30, 2021			<u>\$ 8,007</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, 2021

	2020 - 2021 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Taxes and assessments	\$ 23,000	\$ 23,000	\$ 23,271	\$ 271
Use of money and property	680	680	572	(108)
Total Revenues	23,680	23,680	23,843	163
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	23,680	23,680	34,469	(10,789)
Total Expenditures	23,680	23,680	34,469	(10,789)
Net change in fund balance	\$ -	\$ -	(10,626)	\$ (10,626)
Fund balance - July 1, 2020			46,911	
Fund balance - June 30, 2021			\$ 36,285	

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, 2021

	2020 - 2021 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 6,685	\$ 6,685	\$ 6,600	\$ (85)
Use of money and property	1,025	1,025	1,742	717
Total Revenues	7,710	7,710	8,342	632
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	2,850	2,850	4,181	(1,331)
Total Expenditures	2,850	2,850	4,181	(1,331)
Net change in fund balance	\$ 4,860	\$ 4,860	4,161	\$ (699)
Fund balance - July 1, 2020			125,004	
Fund balance - June 30, 2021			\$ 129,165	

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, 2021

	2020 - 2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 14,256	\$ 14,256	\$ 14,937	\$ 681
Use of money and property	<u>470</u>	<u>470</u>	<u>936</u>	<u>466</u>
Total Revenues	<u>14,726</u>	<u>14,726</u>	<u>15,873</u>	<u>1,147</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>29,368</u>	<u>29,368</u>	<u>1,349</u>	<u>28,019</u>
Total Expenditures	<u>29,368</u>	<u>29,368</u>	<u>1,349</u>	<u>28,019</u>
Excess (deficiency) of revenues over expenditures	<u>(14,642)</u>	<u>(14,642)</u>	<u>14,524</u>	<u>29,166</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,450)</u>	<u>(450)</u>
Total Other Financing Sources (Uses)	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,450)</u>	<u>(450)</u>
Net change in fund balance	<u>\$ (23,642)</u>	<u>\$ (23,642)</u>	5,074	<u>\$ 28,716</u>
Fund balance - July 1, 2020			<u>62,878</u>	
Fund balance - June 30, 2021			<u>\$ 67,952</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, 2021

	<u>2020 - 2021</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>100</u>	\$ <u>100</u>	\$ <u>148</u>	\$ <u>48</u>
Total Revenues	<u>100</u>	<u>100</u>	<u>148</u>	<u>48</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>	148	<u>\$ 48</u>
Fund balance - July 1, 2020			<u>10,718</u>	
Fund balance - June 30, 2021			<u>\$ 10,866</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 2,223,931	\$ 2,223,931	\$ 2,184,160	\$ (39,771)
Use of money and property	<u>14,000</u>	<u>14,000</u>	<u>70,831</u>	<u>56,831</u>
Total Revenues	<u>2,237,931</u>	<u>2,237,931</u>	<u>2,254,991</u>	<u>17,060</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,237,931</u>	<u>2,237,931</u>	<u>2,254,991</u>	<u>17,060</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	236,449	236,449
Transfers out	<u>(1,812,000)</u>	<u>(3,243,345)</u>	<u>(2,425,810)</u>	<u>817,535</u>
Total Other Financing Sources (Uses)	<u>(1,812,000)</u>	<u>(3,243,345)</u>	<u>(2,189,361)</u>	<u>1,053,984</u>
Net change in fund balance	<u>\$ 425,931</u>	<u>\$ (1,005,414)</u>	65,630	<u>\$ 1,071,044</u>
Fund balance - July 1, 2020			<u>1,621,736</u>	
Fund balance - June 30, 2021			<u>\$ 1,687,366</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, 2021

	2020 - 2021			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Intergovernmental	\$ 107,000	\$ 186,000	\$ 140,536	\$ (45,464)
Use of money and property	780	780	2,830	2,050
Other revenues	<u>-</u>	<u>-</u>	<u>1,166</u>	<u>1,166</u>
Total Revenues	<u>107,780</u>	<u>186,780</u>	<u>144,532</u>	<u>(42,248)</u>
<u>EXPENDITURES</u>				
Current:				
Public safety				
Police grants	<u>110,000</u>	<u>110,000</u>	<u>25,456</u>	<u>84,544</u>
Total Expenditures	<u>110,000</u>	<u>110,000</u>	<u>25,456</u>	<u>84,544</u>
Excess (deficiency) of revenues over expenditures	<u>(2,220)</u>	<u>76,780</u>	<u>119,076</u>	<u>42,296</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>\$ 4,780</u>	<u>\$ 83,780</u>	126,076	<u>\$ 42,296</u>
Fund balance - July 1, 2020			<u>183,350</u>	
Fund balance - June 30, 2021			<u>\$ 309,426</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ <u>135,000</u>	\$ <u>135,000</u>	\$ <u>116,317</u>	\$ <u>(18,683)</u>
Total Revenues	<u>135,000</u>	<u>135,000</u>	<u>116,317</u>	<u>(18,683)</u>
<u>EXPENDITURES</u>				
Current:				
Public safety				
Police grants	90,000	90,000	80,809	9,191
Capital outlay	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Total Expenditures	<u>220,000</u>	<u>220,000</u>	<u>80,809</u>	<u>139,191</u>
Net change in fund balance	<u>\$ (85,000)</u>	<u>\$ (85,000)</u>	35,508	<u>\$ 120,508</u>
Fund balance - July 1, 2020			<u>329,206</u>	
Fund balance - June 30, 2021			<u>\$ 364,714</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, 2021

	<u>2020 - 2021</u> <u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Intergovernmental	\$ <u>4,301,000</u>	\$ <u>4,301,000</u>	\$ <u>1,690,425</u>	\$ <u>(2,610,575)</u>
Total Revenues	<u>4,301,000</u>	<u>4,301,000</u>	<u>1,690,425</u>	<u>(2,610,575)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>4,301,000</u>	<u>4,301,000</u>	<u>1,690,425</u>	<u>(2,610,575)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(1,543,000)</u>	<u>(7,291,808)</u>	<u>(2,164,417)</u>	<u>5,127,391</u>
Total Other Financing Sources (Uses)	<u>(1,543,000)</u>	<u>(7,291,808)</u>	<u>(2,164,417)</u>	<u>5,127,391</u>
Net change in fund balance	\$ <u>2,758,000</u>	\$ <u>(2,990,808)</u>	(473,992)	\$ <u>2,516,816</u>
Fund balance - July 1, 2020			<u>395,543</u>	
Fund balance (deficit) - June 30, 2021			\$ <u>(78,449)</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ 151,400	\$ 151,400	\$ 106,684	\$ (44,716)
Use of money and property	355	355	(1,419)	(1,774)
Other revenues	<u>-</u>	<u>-</u>	<u>13,469</u>	<u>13,469</u>
Total Revenues	<u>151,755</u>	<u>151,755</u>	<u>118,734</u>	<u>(33,021)</u>
<u>EXPENDITURES</u>				
Current:				
Public works	<u>-</u>	<u>-</u>	<u>92,851</u>	<u>(92,851)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>92,851</u>	<u>(92,851)</u>
Excess (deficiency) of revenues over expenditures	<u>151,755</u>	<u>151,755</u>	<u>25,883</u>	<u>(125,872)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(151,755)</u>	<u>(26,000)</u>	<u>(26,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(151,755)</u>	<u>(26,000)</u>	<u>(26,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 125,755</u>	(117)	<u>\$ (125,872)</u>
Fund balance - July 1, 2020			<u>30,926</u>	
Fund balance - June 30, 2021			<u>\$ 30,809</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 4,260	\$ 4,260	\$ 12,854	\$ 8,594
Total Revenues	<u>4,260</u>	<u>4,260</u>	<u>12,854</u>	<u>8,594</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>4,260</u>	<u>4,260</u>	<u>12,854</u>	<u>8,594</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(430,000)</u>	<u>(430,000)</u>	<u>(550,526)</u>	<u>(120,526)</u>
Total Other Financing Sources (Uses)	<u>(430,000)</u>	<u>(430,000)</u>	<u>(550,526)</u>	<u>(120,526)</u>
Net change in fund balance	<u>\$ (425,740)</u>	<u>\$ (425,740)</u>	(537,672)	<u>\$ (111,932)</u>
Fund balance - July 1, 2020			<u>925,824</u>	
Fund balance - June 30, 2021			<u>\$ 388,152</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 881,792	\$ 881,792	\$ 1,347,905	\$ 466,113
Use of money and property	<u>16,250</u>	<u>16,250</u>	<u>24,883</u>	<u>8,633</u>
Total Revenues	<u>898,042</u>	<u>898,042</u>	<u>1,372,788</u>	<u>474,746</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>898,042</u>	<u>898,042</u>	<u>1,372,788</u>	<u>474,746</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(1,565,000)</u>	<u>(3,215,134)</u>	<u>(1,829,851)</u>	<u>1,385,283</u>
Total Other Financing Sources (Uses)	<u>(1,565,000)</u>	<u>(3,215,134)</u>	<u>(1,829,851)</u>	<u>1,385,283</u>
Net change in fund balance	<u>\$ (666,958)</u>	<u>\$ (2,317,092)</u>	(457,063)	<u>\$ 1,860,029</u>
Fund balance - July 1, 2020			<u>908,861</u>	
Fund balance - June 30, 2021			<u>\$ 451,798</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 300,000	\$ 300,000	\$ 452,053	\$ 152,053
Use of money and property	<u>2,310</u>	<u>2,310</u>	<u>8,796</u>	<u>6,486</u>
Total Revenues	<u>302,310</u>	<u>302,310</u>	<u>460,849</u>	<u>158,539</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Storm drain maintenance	50,000	50,000	45,223	4,777
Parks maintenance	219,753	219,753	118,973	100,780
Hamilton pool landscape	58,291	58,291	31,064	27,227
Hamilton pool building maintenance	<u>11,945</u>	<u>11,945</u>	<u>-</u>	<u>11,945</u>
Total Public Works	<u>339,989</u>	<u>339,989</u>	<u>195,260</u>	<u>144,729</u>
Culture and recreation				
Special events	<u>74,221</u>	<u>74,221</u>	<u>54,602</u>	<u>19,619</u>
Total Culture and Recreation	<u>74,221</u>	<u>74,221</u>	<u>54,602</u>	<u>19,619</u>
Total Expenditures	<u>414,210</u>	<u>414,210</u>	<u>249,862</u>	<u>164,348</u>
Excess (deficiency) of revenues over expenditures	<u>(111,900)</u>	<u>(111,900)</u>	<u>210,987</u>	<u>322,887</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(50,000)</u>	<u>-</u>	<u>(25,911)</u>	<u>(25,911)</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>-</u>	<u>(25,911)</u>	<u>(25,911)</u>
Net change in fund balance	<u>\$ (161,900)</u>	<u>\$ (111,900)</u>	185,076	<u>\$ 296,976</u>
Fund balance - July 1, 2020			<u>592,167</u>	
Fund balance - June 30, 2021			<u>\$ 777,243</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 2,460	\$ 2,460	\$ 5,287	\$ 2,827
Total Revenues	<u>2,460</u>	<u>2,460</u>	<u>5,287</u>	<u>2,827</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>5,287</u>	<u>2,827</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>-</u>	<u>-</u>	<u>92,664</u>	<u>92,664</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>92,664</u>	<u>92,664</u>
Net change in fund balance	<u>\$ 2,460</u>	<u>\$ 2,460</u>	97,951	<u>\$ 95,491</u>
Fund balance - July 1, 2020			<u>348,597</u>	
Fund balance - June 30, 2021			<u>\$ 446,548</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 2,490	\$ 2,490	\$ 3,888	\$ 1,398
Total Revenues	<u>2,490</u>	<u>2,490</u>	<u>3,888</u>	<u>1,398</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>3,888</u>	<u>1,398</u>
Net change in fund balance	<u>\$ 2,490</u>	<u>\$ 2,490</u>	3,888	<u>\$ 1,398</u>
Fund balance - July 1, 2020			<u>280,541</u>	
Fund balance - June 30, 2021			<u>\$ 284,429</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, 2021

	<u>2020 - 2021</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
Total Expenditures	_____ -	_____ -	_____ -	_____ -
Excess (deficiency) of revenues over expenditures	_____ -	_____ -	_____ -	_____ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	_____ -	_____ -	_____ -	_____ -
Total Other Financing Sources (Uses)	_____ -	_____ -	_____ -	_____ -
Net change in fund balance	\$ _____ -	\$ _____ -	-	\$ _____ -
Fund balance (deficit) - July 1, 2020			(20,152)	
Fund balance (deficit) - June 30, 2021			\$ (20,152)	

The City did not adopt a budget for the Community Center Maintenance fund for the year ended June 30, 2021.

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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Charges for services	\$ 50,000	\$ 50,000	\$ 185,831	\$ 135,831
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>185,831</u>	<u>135,831</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>50,000</u>	<u>50,000</u>	<u>185,831</u>	<u>135,831</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(50,000)</u>	<u>(823,453)</u>	<u>(185,831)</u>	<u>637,622</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(823,453)</u>	<u>(185,831)</u>	<u>637,622</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (773,453)</u>	<u>-</u>	<u>\$ 773,453</u>
Fund balance - July 1, 2020			<u>-</u>	
Fund balance - June 30, 2021			<u>\$ -</u>	

CITY OF NOVATO
GENERAL OBLIGATION - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 1,514,577	\$ 1,514,577	\$ 1,097,294	\$ (417,283)
Use of money and property	<u>8,100</u>	<u>8,100</u>	<u>12,811</u>	<u>4,711</u>
Total Revenues	<u>1,522,677</u>	<u>1,522,677</u>	<u>1,110,105</u>	<u>(412,572)</u>
<u>EXPENDITURES</u>				
Current:				
General government				
General administration	<u>26,500</u>	<u>26,500</u>	<u>25,700</u>	<u>800</u>
Debt service:				
Principal	1,606,989	1,886,989	1,626,989	260,000
Interest and fiscal charges	<u>169,554</u>	<u>193,339</u>	<u>87,969</u>	<u>105,370</u>
Total Expenditures	<u>1,803,043</u>	<u>2,106,828</u>	<u>1,740,658</u>	<u>366,170</u>
Excess (deficiency) of revenues over expenditures	<u>(280,366)</u>	<u>(584,151)</u>	<u>(630,553)</u>	<u>(46,402)</u>
Net change in fund balance	<u>\$ (280,366)</u>	<u>\$ (584,151)</u>	(630,553)	<u>\$ (46,402)</u>
Fund balance - July 1, 2020			<u>1,940,483</u>	
Fund balance - June 30, 2021			<u>\$ 1,309,930</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, 2021

	2020 - 2021		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ _____ -	\$ _____ -	\$ _____ (2,384)	\$ _____ (2,384)
Total Revenues	_____ -	_____ -	_____ (2,384)	_____ (2,384)
<u>EXPENDITURES</u>				
Current:				
General Government				
General administration	3,200	3,200	3,799	(599)
Debt service:				
Principal	800,000	800,000	800,000	-
Interest and fiscal charges	<u>690,012</u>	<u>690,012</u>	<u>690,012</u>	-
Total Expenditures	<u>1,493,212</u>	<u>1,493,212</u>	<u>1,493,811</u>	(599)
Excess (deficiency) of revenues over expenditures	<u>(1,493,212)</u>	<u>(1,493,212)</u>	<u>(1,496,195)</u>	<u>(2,983)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>1,490,012</u>	<u>1,490,012</u>	<u>1,492,711</u>	<u>2,699</u>
Total Other Financing Sources (Uses)	<u>1,490,012</u>	<u>1,490,012</u>	<u>1,492,711</u>	<u>2,699</u>
Net change in fund balance	<u>\$ _____ (3,200)</u>	<u>\$ _____ (3,200)</u>	(3,484)	<u>\$ _____ (284)</u>
Fund balance - July 1, 2020			<u>31,994</u>	
Fund balance - June 30, 2021			<u>\$ _____ 28,510</u>	

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods 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 STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

Governmental Activities - Internal Service Funds					
	Equipment Maintenance	Equipment Replacement	Technology Replacement	Insurance Reserve	Total Internal Service Funds
<u>ASSETS</u>					
Current Assets					
Cash and investments	\$ 600	\$ 5,916,376	\$ 409,524	\$ -	\$ 6,326,500
Accounts receivable	10,764	-	-	-	10,764
Prepaid expenses	-	-	60,038	-	60,038
Total Current Assets	<u>11,364</u>	<u>5,916,376</u>	<u>469,562</u>	<u>-</u>	<u>6,397,302</u>
Non Current Assets					
Capital assets, net	-	1,181,733	56,235	-	1,237,968
Total Non-Current Assets	<u>-</u>	<u>1,181,733</u>	<u>56,235</u>	<u>-</u>	<u>1,237,968</u>
Total Assets	<u>11,364</u>	<u>7,098,109</u>	<u>525,797</u>	<u>-</u>	<u>7,635,270</u>
<u>LIABILITIES</u>					
Current Liabilities					
Accounts payable	12,678	1,168	4,501	-	18,347
Due to other funds	1,266,446	-	-	-	1,266,446
Claims payable - current	-	-	-	642,384	642,384
Total Current Liabilities	<u>1,279,124</u>	<u>1,168</u>	<u>4,501</u>	<u>642,384</u>	<u>1,927,177</u>
Non-Current Liabilities					
Claims payable	-	-	-	1,423,853	1,423,853
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,423,853</u>	<u>1,423,853</u>
Total Liabilities	<u>1,279,124</u>	<u>1,168</u>	<u>4,501</u>	<u>2,066,237</u>	<u>3,351,030</u>
<u>NET POSITION:</u>					
Net investment in capital assets	-	1,181,733	56,235	-	1,237,968
Unrestricted	(1,267,760)	5,915,208	465,061	(2,066,237)	3,046,272
Total Net Position	<u>\$ (1,267,760)</u>	<u>\$ 7,096,941</u>	<u>\$ 521,296</u>	<u>\$ (2,066,237)</u>	<u>\$ 4,284,240</u>

CITY OF NOVATO
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Funds				
	Equipment Maintenance	Equipment Replacement	Technology Replacement	Insurance Reserve	Total Internal Service Funds
<u>OPERATING REVENUES</u>					
Charges for services	\$ 495,319	\$ 568,543	\$ 95,000	\$ 77,327	\$ 1,236,189
Total Operating Revenue	495,319	568,543	95,000	77,327	1,236,189
<u>OPERATING EXPENSES</u>					
Cost of services	800,688	509,574	51,968	-	1,362,230
Depreciation	-	403,008	6,351	-	409,359
Total Operating Expenses	800,688	912,582	58,319	-	1,771,589
Operating Income (Loss)	(305,369)	(344,039)	36,681	77,327	(535,400)
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Interest income	-	75,681	6,050	-	81,731
Total Non-Operating Revenues	-	75,681	6,050	-	81,731
Income (Loss) Before Transfers	(305,369)	(268,358)	42,731	77,327	(453,669)
<u>TRANSFERS</u>					
Transfers in	-	483,186	-	-	483,186
Transfers out	(13,000)	(287,407)	-	-	(300,407)
Total Transfers	(13,000)	195,779	-	-	182,779
Change in net position	(318,369)	(72,579)	42,731	77,327	(270,890)
Net Position - July 1, 2020	(949,391)	7,169,520	478,565	(2,143,564)	4,555,130
Net Position - June 30, 2021	\$ (1,267,760)	\$ 7,096,941	\$ 521,296	\$ (2,066,237)	\$ 4,284,240

CITY OF NOVATO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Funds				
	Equipment Maintenance	Equipment Replacement	Technology Replacement	Insurance Reserve	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers	\$ 485,465	\$ 568,543	\$ 95,000	\$ 77,327	\$ 1,226,335
Cash paid to suppliers	<u>(814,944)</u>	<u>(522,656)</u>	<u>(130,885)</u>	<u>(77,327)</u>	<u>(1,545,812)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(329,479)</u>	<u>45,887</u>	<u>(35,885)</u>	<u>-</u>	<u>(319,477)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Interfund receipts (payments)	343,079	-	-	-	343,079
Transfers from other funds	-	483,186	-	-	483,186
Transfers to other funds	<u>(13,000)</u>	<u>(287,407)</u>	<u>-</u>	<u>-</u>	<u>(300,407)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>330,079</u>	<u>195,779</u>	<u>-</u>	<u>-</u>	<u>525,858</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Acquisition of capital assets	-	<u>(257,891)</u>	<u>(43,914)</u>	<u>-</u>	<u>(301,805)</u>
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(257,891)</u>	<u>(43,914)</u>	<u>-</u>	<u>(301,805)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest and dividends	-	<u>75,681</u>	<u>6,050</u>	<u>-</u>	<u>81,731</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>75,681</u>	<u>6,050</u>	<u>-</u>	<u>81,731</u>
Net Increase (Decrease) in Cash and Cash Equivalents	600	59,456	(73,749)	-	(13,693)
Cash and Cash Equivalents - July 1, 2020	<u>-</u>	<u>5,856,920</u>	<u>483,273</u>	<u>-</u>	<u>6,340,193</u>
Cash and Cash Equivalents - June 30, 2021	<u>\$ 600</u>	<u>\$ 5,916,376</u>	<u>\$ 409,524</u>	<u>\$ -</u>	<u>\$ 6,326,500</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>					
Operating Income (Loss)	\$ (305,369)	\$ (344,039)	\$ 36,681	\$ 77,327	\$ (535,400)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	-	403,008	6,351	-	409,359
Changes in assets and liabilities:					
Increase in accounts receivable	(9,854)	-	-	-	(9,854)
Increase in prepaid expenses	-	-	(60,038)	-	(60,038)
Decrease in accounts payable	(14,256)	(13,082)	(18,879)	-	(46,217)
Decrease in claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,327)</u>	<u>(77,327)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (329,479)</u>	<u>\$ 45,887</u>	<u>\$ (35,885)</u>	<u>\$ -</u>	<u>\$ (319,477)</u>

FIDUCIARY FUNDS

The Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

Custodial Funds

These funds are used to report resources held by the City in a purely custodial capacity. The custodial funds maintained by the City include the following:

Buck Center

Accounts for monies received from the Buck Institute for Research on Aging to be held in a trust pending development on the Institute's site. A subsequent agreement was reached, and the funding vested with the City in 2021.

Pacheco Ranch Estates Assessment District

Accounts for monies held from the Pacheco Ranch Estates Assessment District to finance the acquisition of public improvements within the assessment district.

Pacheco Valle CFD

Accounts for monies held from the Pacheco Valle Community Facilities District Bonds to finance the acquisition of public improvements within the community facilities district. Revenues received from property tax assessment. This loan is not a liability of the City.

Vintage Oaks Special Tax

Accounts for monies held from the Vintage Oaks Community Facilities District No. 1 Special Tax Bond Refinancing Loan to finance the acquisition of public improvements within the community facilities district. Revenues received from property tax assessment. These bonds are not a liability of the City.

Golden Gate Redemption

Accounts for monies from the Assessment District No. 1993-1 (Golden Gate Plaza) to finance the acquisition of public improvements within the assessment district.

Hamilton Bond Admin.

Accounts for monies held from the Community Facilities District No. 1994-1 Hamilton Field 2014 Loan Refinancing to finance the acquisition of public improvements within the community facilities district. Revenues received from property tax assessment. These bonds are not a liability of the City.

Pointe Marin CFD-2002-1

Accounts for monies held from the Pointe Marin Community Facilities District 2002-1 Special Tax Refunding Bonds 2020 to finance the acquisition of public improvements within the community facilities district. Revenues received from property tax assessment. These bonds are not a liability of the City.

CITY OF NOVATO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	<u>Buck Center</u>	<u>Pacheco Ranch Estates Assessment District</u>	<u>Pacheco Valle CFD</u>	<u>Vintage Oaks Special Tax</u>
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 74,192	\$ 29,110	\$ 2,389,663
Cash with fiscal agent	-	-	-	-
Taxes receivable	-	-	320	12,845
Total Assets	<u>-</u>	<u>74,192</u>	<u>29,430</u>	<u>2,402,508</u>
<u>LIABILITIES</u>				
Accounts payable	-	-	-	2,300
Due to City	-	-	236,743	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>236,743</u>	<u>2,300</u>
<u>NET POSITION</u>				
Net position restricted for individuals, organizations, and other governments	-	74,192	(207,313)	2,400,208
Total Net Position	<u>\$ -</u>	<u>\$ 74,192</u>	<u>\$ (207,313)</u>	<u>\$ 2,400,208</u>

CITY OF NOVATO
 COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
 CUSTODIAL FUNDS
 JUNE 30, 2021

	<u>Golden Gate Redemption</u>	<u>Hamilton Bond Admin.</u>	<u>Pointe Marin CFD-2002-1</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$ 240,657	\$ 664,834	\$ 569,218	\$ 3,967,674
Cash with fiscal agent	-	460,841	-	460,841
Taxes receivable	-	18,597	7,488	39,250
Total Assets	<u>240,657</u>	<u>1,144,272</u>	<u>576,706</u>	<u>4,467,765</u>
<u>LIABILITIES</u>				
Accounts payable	-	7,000	2,750	12,050
Due to City	-	-	-	236,743
Total Liabilities	<u>-</u>	<u>7,000</u>	<u>2,750</u>	<u>248,793</u>
<u>NET POSITION</u>				
Net position restricted for individuals, organizations, and other governments	<u>240,657</u>	<u>1,137,272</u>	<u>573,956</u>	<u>4,218,972</u>
Total Net Position	<u>\$ 240,657</u>	<u>\$ 1,137,272</u>	<u>\$ 573,956</u>	<u>\$ 4,218,972</u>

CITY OF NOVATO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Buck Center</u>	<u>Pacheco Ranch Estates Assessment District</u>	<u>Pacheco Valle CFD</u>	<u>Vintage Oaks Special Tax</u>
<u>ADDITIONS</u>				
Property taxes and assessments	\$ -	\$ -	\$ 39,218	\$ 1,605,606
Interest income	<u>-</u>	<u>-</u>	<u>685</u>	<u>13,464</u>
Total Additions	<u>-</u>	<u>-</u>	<u>39,903</u>	<u>1,619,070</u>
<u>DEDUCTIONS</u>				
Professional services	-	-	8,120	25,799
Distribution to City	1,000,000	-	-	-
Debt service:				
Principal	-	-	-	1,281,373
Interest	<u>-</u>	<u>-</u>	<u>11,125</u>	<u>313,306</u>
Total Deductions	<u>1,000,000</u>	<u>-</u>	<u>19,245</u>	<u>1,620,478</u>
Change in fiduciary net position	(1,000,000)	-	20,658	(1,408)
Fiduciary Net Position - Beginning, Restated	<u>1,000,000</u>	<u>74,192</u>	<u>(227,971)</u>	<u>2,401,616</u>
Fiduciary Net Position - Ending	<u>\$ -</u>	<u>\$ 74,192</u>	<u>\$ (207,313)</u>	<u>\$ 2,400,208</u>

CITY OF NOVATO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Golden Gate Redemption</u>	<u>Hamilton Bond Admin.</u>	<u>Pointe Marin CFD-2002-1</u>	<u>Total</u>
<u>ADDITIONS</u>				
Property taxes and assessments	\$ -	\$ 1,689,259	\$ 570,318	\$ 3,904,401
Interest income	<u>3,294</u>	<u>16,009</u>	<u>5,260</u>	<u>38,712</u>
Total Additions	<u>3,294</u>	<u>1,705,268</u>	<u>575,578</u>	<u>3,943,113</u>
<u>DEDUCTIONS</u>				
Professional services	-	67,040	29,436	130,395
Distribution to City	-	230,000	-	1,230,000
Debt service:				
Principal	-	1,219,321	155,000	2,655,694
Interest	<u>-</u>	<u>186,502</u>	<u>240,723</u>	<u>751,656</u>
Total Deductions	<u>-</u>	<u>1,702,863</u>	<u>425,159</u>	<u>4,767,745</u>
Change in fiduciary net position	3,294	2,405	150,419	(824,632)
Fiduciary Net Position - Beginning, Restated	<u>237,363</u>	<u>1,134,867</u>	<u>423,537</u>	<u>5,043,604</u>
Fiduciary Net Position - Ending	<u>\$ 240,657</u>	<u>\$ 1,137,272</u>	<u>\$ 573,956</u>	<u>\$ 4,218,972</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. It is the intent of the City to close this fund in the coming fiscal year.

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.

CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2021

	<u>General Fund</u>	<u>Measure F Sales Tax</u>	<u>City Owned Property</u>	<u>Successor Agency Admin</u>
<u>ASSETS</u>				
Cash and investments	\$ 6,047,015	\$ 1,023,959	\$ 54,395	\$ 64,340
Restricted cash and investments	572,832	-	-	-
Accounts receivable	874,246	-	-	-
Notes Receivable	726,577	-	-	-
Interest receivable	76,820	-	-	-
Taxes receivable	3,499,986	310	-	-
Due from other funds	2,576,883	-	-	-
Due from custodial funds	236,743	-	-	-
Prepaid items	<u>143,402</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 14,754,504</u>	<u>\$ 1,024,269</u>	<u>\$ 54,395</u>	<u>\$ 64,340</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 846,424	\$ -	\$ -	\$ -
Accrued payroll and benefits	722,121	-	-	-
Unearned revenue	220,554	-	-	-
Deposits payable	<u>767,517</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,556,616</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Nonspendable	1,106,722	-	-	-
Restricted	572,832	-	-	64,340
Assigned	9,112,992	1,024,269	54,395	-
Unassigned	<u>1,405,342</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>12,197,888</u>	<u>1,024,269</u>	<u>54,395</u>	<u>64,340</u>
Total Liabilities and Fund Balances	<u>\$ 14,754,504</u>	<u>\$ 1,024,269</u>	<u>\$ 54,395</u>	<u>\$ 64,340</u>

CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2021

	<u>Pension Reserve</u>	<u>Insurance Reserve</u>	<u>Emergency & Disaster Response</u>	<u>Civic Center</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,498	\$ 31,914	\$ 10,849,307	\$ 122,491
Restricted cash and investments	-	-	-	-
Accounts receivable	-	-	-	-
Notes Receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from custodial funds	-	-	-	-
Prepaid items	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,498</u>	<u>\$ 31,914</u>	<u>\$ 10,849,307</u>	<u>\$ 122,491</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 5,294	\$ -
Accrued payroll and benefits	-	-	-	-
Unearned revenue	-	-	-	-
Deposits payable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>5,294</u>	<u>-</u>
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	1,498	31,914	10,844,013	12,433
Unassigned	-	-	-	110,058
	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,058</u>
Total Fund Balances	<u>1,498</u>	<u>31,914</u>	<u>10,844,013</u>	<u>122,491</u>
Total Liabilities and Fund Balances	<u>\$ 1,498</u>	<u>\$ 31,914</u>	<u>\$ 10,849,307</u>	<u>\$ 122,491</u>

CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2021

	<u>Long-Term Maintenance Facilities</u>	<u>Long-Term Maintenance Infrastructure</u>	<u>Deposits Held in Trust</u>	<u>Total General Fund</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,106,543	\$ 337,597	\$ -	\$ 19,639,059
Restricted cash and investments	-	-	393,192	966,024
Accounts receivable	-	-	-	874,246
Notes Receivable	-	-	-	726,577
Interest receivable	-	-	-	76,820
Taxes receivable	-	-	-	3,500,296
Due from other funds	-	-	-	2,576,883
Due from custodial funds	-	-	-	236,743
Prepaid items	-	-	-	143,402
	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,402</u>
Total Assets	<u>\$ 1,106,543</u>	<u>\$ 337,597</u>	<u>\$ 393,192</u>	<u>\$ 28,740,050</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 851,718
Accrued payroll and benefits	-	-	-	722,121
Unearned revenue	-	-	-	220,554
Deposits payable	-	-	393,192	1,160,709
	<u>-</u>	<u>-</u>	<u>393,192</u>	<u>1,160,709</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>393,192</u>	<u>2,955,102</u>
FUND BALANCES:				
Nonspendable	-	-	-	1,106,722
Restricted	-	-	-	637,172
Assigned	1,106,543	337,597	-	22,525,654
Unassigned	-	-	-	1,515,400
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,515,400</u>
Total Fund Balances	<u>1,106,543</u>	<u>337,597</u>	<u>-</u>	<u>25,784,948</u>
Total Liabilities and Fund Balances	<u>\$ 1,106,543</u>	<u>\$ 337,597</u>	<u>\$ 393,192</u>	<u>\$ 28,740,050</u>

CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2021

	<u>General Fund</u>	<u>Measure F Sales Tax</u>	<u>City Owned Property</u>	<u>Successor Agency Admin</u>
<u>REVENUES</u>				
Taxes and assessments	\$ 35,489,506	\$ 5,182	\$ -	\$ -
Licence, permits, & fees	1,256,895	-	-	-
Intergovernmental	1,098,915	-	-	57,784
Fines and forfeitures	472,932	-	-	-
Use of money and property	(376,273)	95,937	-	-
Charges for services	3,038,052	-	-	-
Other revenues	<u>5,928,392</u>	<u>6,222</u>	-	-
Total Revenues	<u>46,908,419</u>	<u>107,341</u>	-	<u>57,784</u>
<u>EXPENDITURES</u>				
General government	9,858,041	23,398	-	53,796
Public safety	16,033,641	204,678	-	-
Public works	7,165,392	27,325	-	-
Cultural and recreation	2,564,221	-	-	-
Community development	3,059,960	-	-	-
Debt service:				
Principal	246,293	-	-	-
Interest and fiscal charges	<u>507</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>38,928,055</u>	<u>255,401</u>	-	<u>53,796</u>
Excess (deficiency) of revenues over expenditures	<u>7,980,364</u>	<u>(148,060)</u>	-	<u>3,988</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,770,902	6,372	-	-
Transfers out	<u>(2,515,826)</u>	<u>(798,119)</u>	<u>(288,584)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(744,924)</u>	<u>(791,747)</u>	<u>(288,584)</u>	<u>-</u>
Net Change in Fund Balance	<u>7,235,440</u>	<u>(939,807)</u>	<u>(288,584)</u>	<u>3,988</u>
Fund Balances - July 1, 2020	5,122,323	1,964,076	342,979	60,352
Prior Period Adjustment	<u>(159,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - July 1, 2020 - restated	<u>4,962,448</u>	<u>1,964,076</u>	<u>342,979</u>	<u>60,352</u>
Fund Balances - June 30, 2021	<u>\$ 12,197,888</u>	<u>\$ 1,024,269</u>	<u>\$ 54,395</u>	<u>\$ 64,340</u>

CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
JUNE 30, 2021

	<u>Pension Reserve</u>	<u>Insurance Reserve</u>	<u>Emergency & Disaster Response</u>	<u>Civic Center</u>
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licence, permits, & fees	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	21	8,323	36,288	1,845
Charges for services	-	-	-	-
Other revenues	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>21</u>	<u>8,323</u>	<u>36,288</u>	<u>1,845</u>
<u>EXPENDITURES</u>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Cultural and recreation	-	-	-	-
Community development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>21</u>	<u>8,323</u>	<u>36,288</u>	<u>1,845</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	93,248
Transfers out	-	-	(300,000)	-
	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>93,248</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>93,248</u>
Net Change in Fund Balance	<u>21</u>	<u>8,323</u>	<u>(263,712)</u>	<u>95,093</u>
Fund Balances - July 1, 2020	1,477	23,591	11,107,725	27,398
Prior Period Adjustment	-	-	-	-
Fund Balances - July 1, 2020 - restated	<u>1,477</u>	<u>23,591</u>	<u>11,107,725</u>	<u>27,398</u>
Fund Balances - June 30, 2021	<u>\$ 1,498</u>	<u>\$ 31,914</u>	<u>\$ 10,844,013</u>	<u>\$ 122,491</u>

CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
JUNE 30, 2021

	Long-Term Maintenance Facilities	Long-Term Maintenance Infrastructure	Deposits Held in Trust	Total General Fund
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 35,494,688
Licence, permits, & fees	-	-	-	1,256,895
Intergovernmental	-	-	-	1,156,699
Fines and forfeitures	-	-	-	472,932
Use of money and property	27,638	18,506	-	(187,715)
Charges for services	-	-	-	3,038,052
Other revenues	-	-	-	5,934,614
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,934,614</u>
Total Revenues	<u>27,638</u>	<u>18,506</u>	<u>-</u>	<u>47,166,165</u>
<u>EXPENDITURES</u>				
General government	-	-	-	9,935,235
Public safety	-	-	-	16,238,319
Public works	-	-	-	7,192,717
Cultural and recreation	-	-	-	2,564,221
Community development	-	-	-	3,059,960
Debt service:				
Principal	-	-	-	246,293
Interest and fiscal charges	-	-	-	507
	<u>-</u>	<u>-</u>	<u>-</u>	<u>507</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,237,252</u>
Excess (deficiency) of revenues over expenditures	<u>27,638</u>	<u>18,506</u>	<u>-</u>	<u>7,928,913</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	500,000	2,492,095	-	4,862,617
Transfers out	(157,615)	(11,354)	-	(4,071,498)
	<u>342,385</u>	<u>2,480,741</u>	<u>-</u>	<u>791,119</u>
Total Other Financing Sources (Uses)	<u>342,385</u>	<u>2,480,741</u>	<u>-</u>	<u>791,119</u>
Net Change in Fund Balance	<u>370,023</u>	<u>2,499,247</u>	<u>-</u>	<u>8,720,032</u>
Fund Balances - July 1, 2020	736,520	(2,161,650)	-	17,224,791
Prior Period Adjustment	-	-	-	(159,875)
Fund Balances - July 1, 2020 - restated	<u>736,520</u>	<u>(2,161,650)</u>	<u>-</u>	<u>17,064,916</u>
Fund Balances - June 30, 2021	<u>\$ 1,106,543</u>	<u>\$ 337,597</u>	<u>\$ -</u>	<u>\$ 25,784,948</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.	160 - 165
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.	166 - 170
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.	171 - 174
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.	175
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.	176 - 178

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>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>	<u>2021</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 252,297,106
Restricted	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	61,238,183
Unrestricted	<u>24,088,853</u>	<u>13,128,317</u>	<u>13,077,341</u>	<u>(28,092,532)</u>	<u>(22,163,745)</u>	<u>(24,236,403)</u>	<u>(32,241,327)</u>	<u>(35,015,935)</u>	<u>(44,423,839)</u>	<u>(38,226,761)</u>
Total governmental activities net position	<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>	<u>\$ 275,308,528</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 12,363,839
Restricted	<u>4,990,339</u>	<u>3,307,011</u>	<u>3,198,164</u>	<u>3,845,741</u>	<u>4,250,937</u>	<u>4,802,060</u>	<u>5,200,204</u>	<u>5,762,856</u>	<u>6,195,982</u>	<u>5,575,145</u>
Total business-type activities net position	<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>	<u>\$ 17,938,984</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 264,660,945
Restricted	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	66,813,328
Unrestricted	<u>24,088,853</u>	<u>13,128,317</u>	<u>13,077,341</u>	<u>(28,092,532)</u>	<u>(22,163,745)</u>	<u>(24,236,403)</u>	<u>(32,241,327)</u>	<u>(35,015,935)</u>	<u>(44,423,839)</u>	<u>(38,226,761)</u>
Total primary government net position	<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>	<u>\$ 293,247,512</u>

Source: City of Novato Finance Division

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

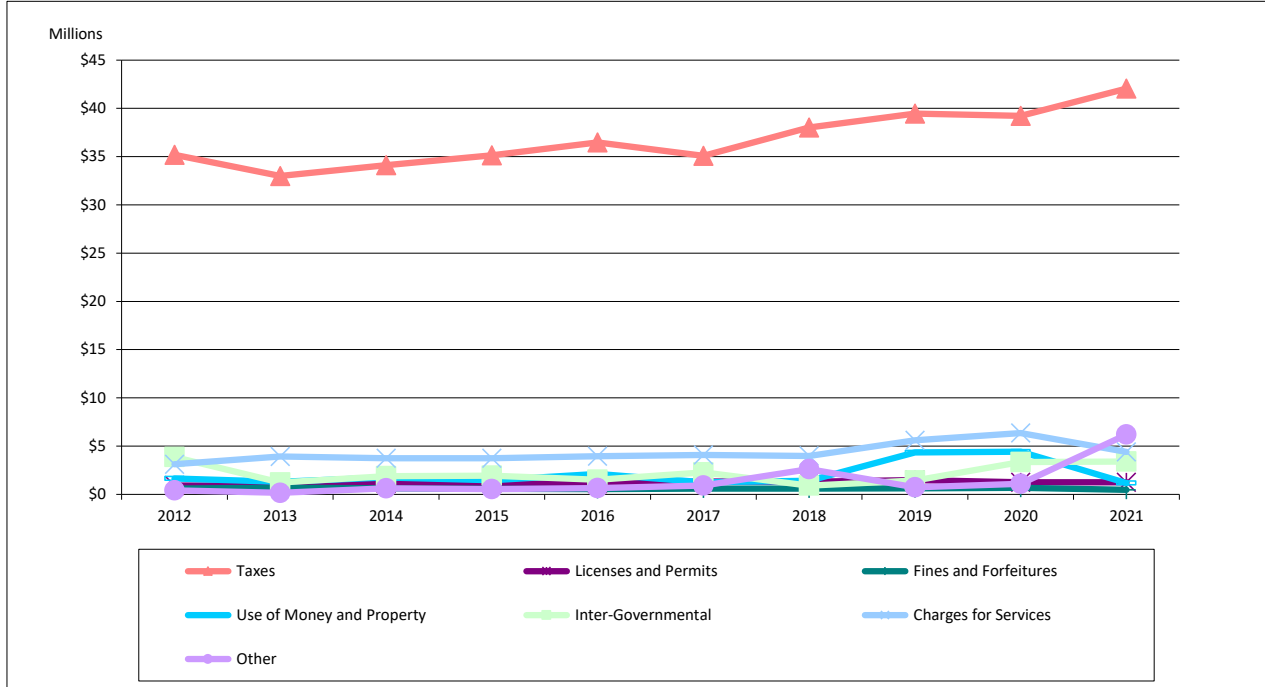
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses										
Governmental Activities:										
General government	\$ 7,638,988	\$ 7,781,817	\$ 8,935,015	\$ 8,498,035	\$ 9,119,007	\$ 10,620,762	\$ 11,862,437	\$ 11,473,826	\$ 10,556,039	\$ 11,002,803
Public safety	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	18,341,479
Public works	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	15,575,360
Culture and recreation	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	2,710,962
Community development	794,207	460,611	500,752	794,963	1,039,862	1,450,979	842,518	3,571,098	3,854,501	3,677,298
Interest and fiscal charges	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	1,171,142
Total government activity expenses	\$ 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	\$ 52,479,044
Business-type activities:										
Marin Valley Mobile Country Club Park	\$ 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	\$ 2,685,692
Total business-type activities expenses	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	2,685,692
Total primary government expenses	\$ 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	\$ 55,164,736
Program Revenues										
Charges for Services										
General government	\$ 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	\$ 1,489,999
Public safety	586,995	643,785	532,565	479,142	459,489	483,066	523,718	617,634	540,603	378,088
Public works	318,378	779,883	312,493	453,562	519,240	378,351	242,472	2,556,673	2,868,503	601,239
Culture and recreation	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	1,295,207
Community development	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	2,364,344
Operating grants	995,948	1,184,446	1,161,861	1,498,193	855,576	662,343	666,006	728,906	979,428	1,706,344
Capital grants	2,870,043	38,310	733,988	441,739	651,246	1,623,186	659,693	9,302	2,360,272	1,692,250
Total governmental activities	9,855,578	8,359,361	8,864,848	8,891,101	8,647,355	9,724,554	8,649,201	10,162,803	12,947,237	9,527,471
Business-type activities:										
Charges for services	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	3,350,415
Total business-type activities	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	3,350,415
Total primary government	\$ 12,881,783	\$ 11,388,311	\$ 11,894,853	\$ 11,936,690	\$ 11,736,706	\$ 12,870,658	\$ 11,836,907	\$ 13,375,232	\$ 16,209,525	\$ 12,877,886
Net (Expense)/Revenue										
Governmental activities	\$ (32,050,348)	\$ (31,843,048)	\$ (33,983,314)	\$ (32,654,300)	\$ (34,039,189)	\$ (38,982,964)	\$ (42,243,332)	\$ (41,636,962)	\$ (42,692,614)	\$ (42,951,573)
Business-type activities	614,662	354,185	1,033,175	1,063,009	1,077,772	901,301	902,801	1,000,409	723,389	664,723
Total primary government	\$ (31,435,686)	\$ (31,488,863)	\$ (32,950,139)	\$ (31,591,291)	\$ (32,961,417)	\$ (38,081,663)	\$ (41,340,531)	\$ (40,636,553)	\$ (41,969,225)	\$ (42,286,851)

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

	<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>	<u>2021</u>
General Revenues										
Government Activities										
Taxes										
Sales and use taxes	\$ 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	\$ 16,397,267
Property taxes	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	19,391,309
Motor vehicle and gas taxes	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	2,223,547
Franchise taxes	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	1,646,739
Transient occupancy taxes	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	1,151,791
Business license taxes	819,916	834,276	939,557	999,842	1,064,807	1,185,298	1,289,176	1,156,488	1,153,147	1,202,909
Other taxes	14,102	5,011	4,451	5,080	3,511	6,330	3,160	4,544,403	4,245,072	35,400
Interest and investment	722,441	697,725	838,904	554,969	1,268,887	978,267	477,385	-	3,045,900	510,779
Rental income	939,818	627,039	1,000,124	1,016,325	926,262	963,689	1,129,707	-	1,024,027	672,309
Other revenue	418,051	163,753	666,878	551,847	649,710	409,631	2,564,985	736,813	1,102,246	6,142,494
Transfers In	-	-	250,000	-	-	-	-	-	-	-
Total governmental activities	\$ 37,273,960	\$ 34,485,406	\$ 36,860,274	\$ 37,263,101	\$ 39,305,694	\$ 37,434,969	\$ 41,725,359	\$ 44,745,261	\$ 48,645,199	\$ 49,374,544
Business-type Activities										
Interest and investment	\$ 252,809	\$ 199,017	\$ 11,816	\$ 16,091	\$ 26,478	\$ 39,462	\$ 57,106	\$ 117,372	\$ 112,754	\$ 71,152
Other revenue	17,131	12,694	13,234	14,058	12,867	154,842	10,434	9,436	6,185	13,597
Total business-type activities	\$ 269,940	\$ 211,711	\$ 25,050	\$ 30,149	\$ 39,345	\$ 194,304	\$ 67,540	\$ 126,808	\$ 118,939	\$ 84,749
Other sources(uses) of money	\$ -	\$ -	\$ (250,000)	\$ -	\$ -	\$ -	\$ (2,730,837)	\$ -	\$ 4,591,842	\$ -
Total primary government	\$ 37,543,900	\$ 34,697,117	\$ 36,635,324	\$ 37,293,250	\$ 39,345,039	\$ 37,629,273	\$ 39,062,062	\$ 44,872,069	\$ 53,355,980	\$ 49,459,293
Extraordinary item - RDA dissolution	\$ 46,397,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Period Adjustment										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,227,705)
Business-type activities	-	-	-	-	-	-	-	-	-	(63,853)
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,291,558)
Change in Net Position										
Governmental activities	\$ 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	\$ 6,422,971
Business-type activities	884,602	565,896	1,058,225	1,093,158	1,117,117	1,095,605	970,341	1,127,217	842,328	749,472
Total primary government	\$ 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	\$ 7,172,443

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>
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
2021	42,048,962	1,256,895	472,932	1,174,190	3,398,594	4,399,050	6,195,141	58,945,764

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>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>	<u>2021</u>
General Fund										
Nonspendable	\$ 630,064	\$ 770,902	\$ 1,403,960	\$ 1,126,334	\$ 2,181,264	\$ 5,090,706	\$ 1,955,519	\$ 5,235,903	\$ 878,289	\$ 1,106,722 (1)
Restricted	1,192,404	1,194,771	1,200,002	1,131,556	1,069,688	555,518	636,109	42,564	524,558	637,172
Assigned	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	22,525,654
Unassigned	<u>4,495,908</u>	<u>8,035,979</u>	<u>11,329,856</u>	<u>6,107,024</u>	<u>8,287,257</u>	<u>3,139,911</u>	<u>3,942,032</u>	<u>(632,686)</u>	<u>1,223,093</u>	<u>1,515,400</u>
Total General Fund	<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>\$ 17,229,402</u>	<u>\$ 25,784,948</u>
All Other Governmental Funds										
Nonspendable	\$ 1,398,958	\$ 1,323,930	\$ 1,241,560	\$ 2,188,911	\$ 3,267,946	\$ 354,855	\$ -	\$ -	\$ -	\$ 55,698
Restricted	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	65,513,937
Assigned	337,712	303,089	264,628	202,498	160,066	118,866	88,709	102,596	98,323	-
Unassigned	<u>(1,286,967)</u>	<u>(1,272,536)</u>	<u>(1,106,456)</u>	<u>(396,865)</u>	<u>(912,227)</u>	<u>(1,987,752)</u>	<u>(2,656,768)</u>	<u>(2,322,683)</u>	<u>(3,046,212)</u>	<u>(2,718,296)</u>
Total all other Governmental Funds	<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>\$ 63,240,968</u>	<u>\$ 62,851,339</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.

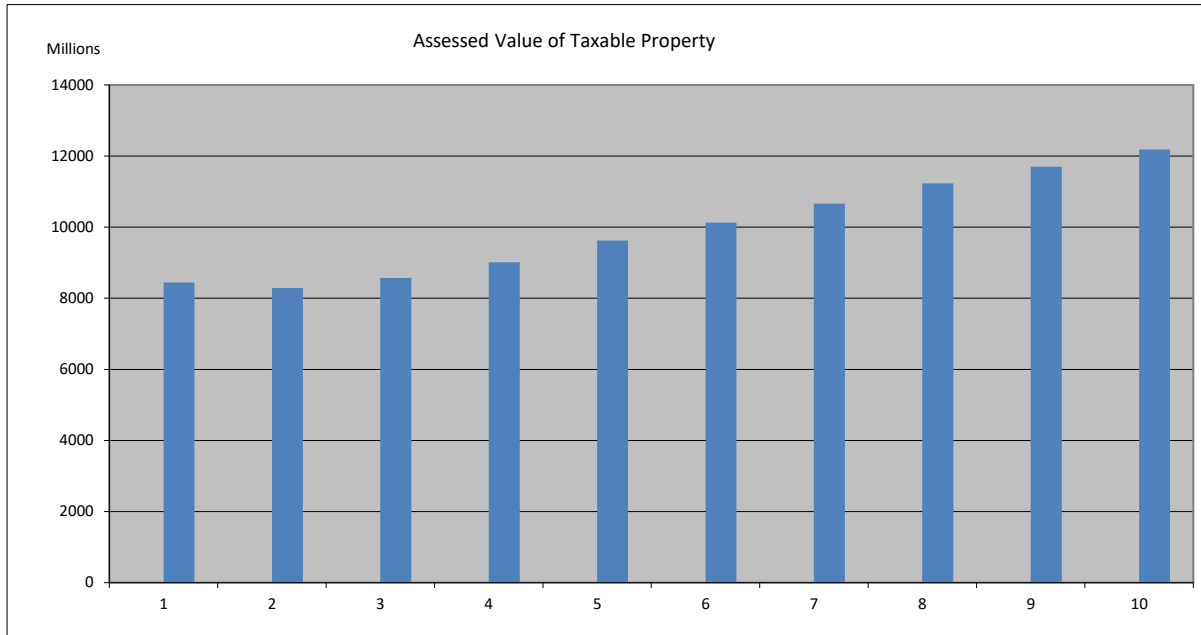
Source: City of Novato Finance Division

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes and assessments	\$ 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	\$ 42,048,962
Licenses, permits, and fess	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	1,256,895
Intergovernmental revenues	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	3,398,594
Fines and forfeitures	611,791	695,651	633,345	570,564	549,834	610,177	600,693	633,773	675,442	472,932
Use of money and property	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	1,174,190
Charges for services	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	4,399,050
Other revenues	418,051	163,753	637,639	551,847	649,721	909,649	2,616,463	736,813	1,102,246	6,195,141
Total revenues	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	58,945,764
Expenditures										
General government	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	10,449,426
Public safety	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	16,344,584
Public works	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	8,641,573
Culture and recreation	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	2,618,823
Community Development	648,037	482,802	812,535	763,338	1,843,830	1,271,933	738,534	3,340,571	3,474,017	3,428,755
Debt service - Principal	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	2,673,282
Debt service - Interest	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	778,488
Issuance costs	-	-	130,450	-	-	17,400	-	-	-	-
Capital outlay	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	5,502,262
CIP project costs not capitalized	136,080	149,103	(773,569)	265,546	718,796	512,053	957,309	438,948	507,753	-
Total expenditures	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	50,437,193
Excess of revenues over (under) expenditures	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)	8,508,571
Other financing sources (uses)										
Issuance of debt	-	-	10,710,450	-	-	-	-	-	-	-
Proceeds from bond issuance	-	250,000	71,742	245,342	68,741	16,962	-	49,436	2,550,000	-
Transfers in	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	11,787,194
Transfers out	(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)	(11,969,973)
Total other financing sources	(448,091)	33,696	10,572,145	(243,904)	(339,142)	(442,583)	(481,695)	(258,612)	2,068,697	(182,779)
Extraordinary Item										
Redevelopment Dissolution	(3,939,968)	-	-	-	-	-	(4,757,178)	-	-	-
Net change in fund balance	\$ (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)	\$ 8,325,792
Debt service as a % of noncapital expenditures	17.4%	11.6%	30.2%	9.1%	8.4%	8.2%	7.7%	7.5%	12.3%	7.7%

Source: City of Novato Finance Division

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



Property Taxes - Primary Own-Source Revenue

<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>
2012	\$ 6,593,303,394	\$ 1,214,987,587	\$ 279,845,144	\$ 354,527,876	\$ -	\$ 8,442,664,001	15.016%	\$ 1,267,750,426
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	8.171%	871,001,966
2019	8,962,342,796	1,384,907,358	511,929,020	372,633,579	-	11,231,812,753	7.505%	842,947,547
2020	9,336,778,425	1,414,580,213	547,450,704	399,506,563	-	11,698,315,905	7.505%	877,958,609
2021	9,698,966,613	1,496,945,535	588,365,128	403,577,062	-	12,187,854,338	7.187%	875,941,091

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
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
2021	1.00000	0.00000	0.00800	0.02650	0.02180	0.00000	0.10440	0.00000	0.07187	1.16070

[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**

<u>Taxpayer</u>	<u>2020/2021</u>			<u>2011/2012</u>		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BioMarin Pharmaceutical Inc.	1	\$ 429,806,028	3.53%	1	\$ 135,051,422	1.60%
Professional Investors Security Fund	3	112,802,007	0.93%	9	\$ 30,418,944	0.36%
KW Hamilton Landing	2	115,000,000	0.94%			
Novato 777 San Marin Drive	6	53,060,000	0.44%			
JCC Cal Properties LLC	4	69,432,563	0.57%	5	56,959,977	0.67%
Scarpa Steven J Trust	5	67,538,926	0.55%			
Contesta Novato Investors LLC	7	51,994,557	0.43%	8	34,385,336	0.41%
Hamilton Marketplace LLC	8	48,415,266	0.40%	7	36,824,728	0.44%
HRSE PCMS Rowland Plaza Mob	9	37,484,999	0.31%			
Of 11 Scripps Summit Sole M LLC	10	34,170,610	0.28%			
Novato FF Property LLC				2	132,000,000	1.56%
Hamilton Marin LLC				3	89,354,275	1.06%
Steven J Scarpa				4	63,884,030	0.76%
Downtown Novato Investors LLC						
Sutter Health				6	42,660,608	0.51%
Safeway Stores Inc						
Image Movers Digital LLC						
Condiotti Enterprise Inc.				10	27,842,207	0.33%
Lexington Wood Hollow						
Top Ten Totals		<u>\$ 1,019,704,956</u>	<u>8.37%</u>		<u>\$ 649,381,527</u>	<u>7.69%</u>
City Total Taxable Assessed Value		<u>\$ 12,187,854,338</u>			<u>\$ 8,442,664,001</u>	

Source: HDL Companies

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ¹		Collection in Subsequent Years	Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
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%
2021	19,391	19,391	100.00%	-	19,391	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>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>	<u>2020-21</u>
Major Business Groups										
General Retail	\$ 4,522	\$ 4,803	\$ 4,580	\$ 4,626	\$ 4,280	\$ 3,843	\$ 4,733	\$ 5,010	\$ 5,163	\$ 4,975
Food Products	1,914	1,990	2,075	2,229	2,245	1,998	2,203	2,412	2,187	2,326
Transportation	2,901	3,016	3,125	3,026	2,820	2,560	2,793	3,187	2,552	2,950
Business to Business	1,062	1,104	1,142	1,228	1,355	1,095	1,511	1,866	1,609	1,619
Construction	534	540	627	639	588	549	602	754	711	760

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)

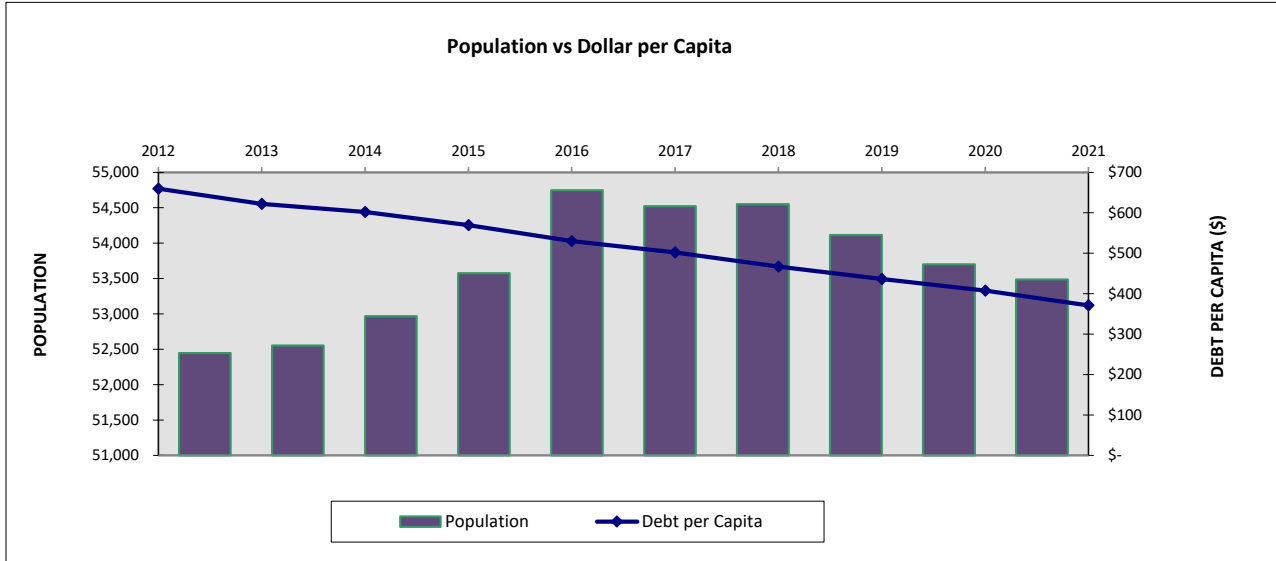
CITY OF NOVATO, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts in thousands of dollars, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percent of Personal Income	Population	Debt per Capita
	General Obligation Bonds	Pension Obligation Bonds	CREBs	Capital Lease / Premiums (Discounts) Net	MVMCC Note / Loan				
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	(70)	4,384	28,449	0.98%	53,702	530
2021	4,226	17,591	80	(63)	3,851	25,686	0.84%	53,486	480

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	Amounts Restrictred for Debt Service	Net Total Bonded Debt	Capital Lease / Premiums / (Discounts) Net			Percent of Assessed Value	Population	Debt per Capita	
					CREBs					Capita	Assessed Value
2012	\$ 18,105	\$ 19,074	\$ 2,574	\$ 34,605	\$ 1,443	\$ 99	0.412%	52,447	\$ 660	\$ 8,404,200	
2013	16,155	19,108	2,577	32,686	1,312	57	0.394%	52,554	622	8,289,711	
2014	14,685	19,102	1,880	31,907	1,018	234	0.372%	52,967	602	8,571,156	
2015	13,225	19,052	1,748	30,529	853	282	0.339%	53,575	570	9,015,205	
2016	11,819	18,954	1,737	29,036	740	265	0.302%	54,749	530	9,620,830	
2017	10,373	18,805	1,795	27,383	627	191	0.270%	54,522	502	10,131,671	
2018	8,875	18,599	1,979	25,495	513	95	0.239%	54,551	467	10,659,674	
2019	7,357	18,329	2,065	23,621	399	61	0.210%	54,115	436	11,231,813	
2020	5,853	17,996	1,972	21,877	286	(70)	0.187%	53,702	407	11,698,316	
2021	4,226	17,591	1,972	19,845	80	(63)	0.163%	53,486	371	12,187,854	

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, 2021

2020-2021 Assessed Valuation :	\$12,186,916,206	\$11,695,403,534	(\$491,512,672)
Redevelopment Incremental Valuation	\$1,069,002,634		

	Outstanding Debt 6/30/21	% Applicable [a]	City's Estimated Share Of Overlapping Debt
<u>Direct and Overlapping Tax and Assessment Debt</u>			
Marin Community College District	\$450,805,000	14.138%	\$63,734,811
Novato Unified School District	240,230,000	84.984%	204,157,063
Marin Healthcare District	365,855,000	0.0002%	732
City of Novato	4,226,213	100.000%	4,226,213
City of Novato Community Facilities District No. 1	7,908,170	100.000%	7,908,170
City of Novato Community Facilities District No. 1994-1	5,898,332	100.000%	5,898,332
City of Novato Community Facilities District No. 2002-1	5,900,000	100.000%	5,900,000
City of Novato Community Facilities District No. 2014-1	236,743	100.000%	236,743
Novato Sanitary District Assessment District No. 2000-1	300,000	100.000%	300,000
Marin County Open Space Assessment Districts	146,927	93.083%	136,764
Marin Emergency Radio Authority Parcel Tax Obligations	29,715,000	19.257%	5,722,218
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$298,221,045
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Marin County General Fund Obligations	\$79,172,060	14.117%	\$11,176,720
Marin County Pension Obligations	70,500,000	14.117%	9,952,485
Marin County Transit General Fund Obligations	24,072	14.117%	3,398
Marin Community College District General Fund Obligations	12,540,834	14.138%	1,773,023
City of Novato General Fund Obligations	212,772	100.000%	212,772 [b]
City of Novato Pension Obligation Bonds	13,586,066	100.000%	13,586,066
City of Novato Clean Renewable Energy Bonds	173,217	100.000%	173,217
City of Novato Capital Leases	2,082	100.000%	2,082
Premium (Discount) on Bonds, Net	(62,585)	100.000%	(62,585)
Novato Fire Protection District General Fund Obligations	1,220,756	84.916%	1,036,617
DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$37,853,795
 <u>OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY)</u>	 \$32,985,000	 100.000%	 \$32,985,000
 TOTAL DIRECT DEBT			 \$ 18,137,765.00
TOTAL OVERLAPPING DEBT			\$350,922,076
COMBINED TOTAL DEBT			\$369,059,841 [c]

Ratios to 2017-18 Assessed Valuation:

Direct Debt (\$4,226,213).....	0.03%
Total Direct and Overlapping Tax and Assessment Debt.....	2.45%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$17,954,561).....	0.15%
Combined Total Debt.....	3.03%

Ratios to Redevelopment Incremental Valuation (\$1,069,002,634)

Total Overlapping Tax Increment Debt.....	3.09%
---	-------

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)

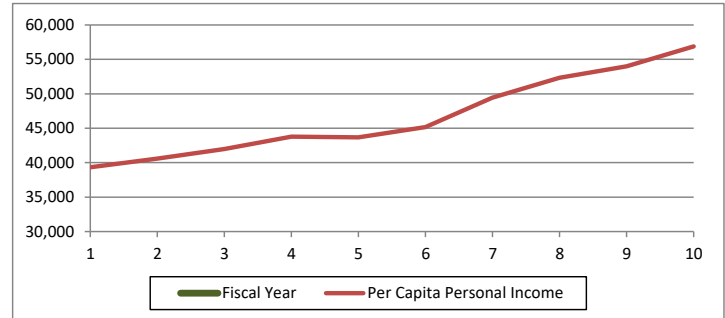
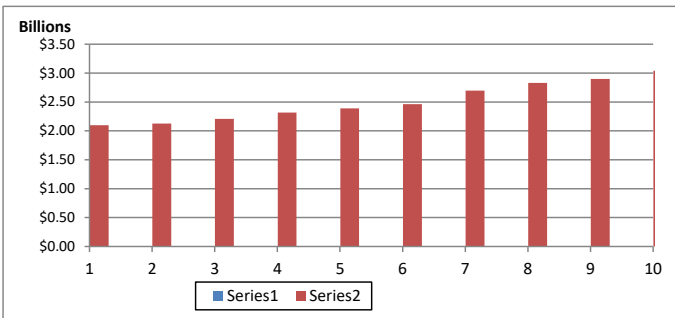
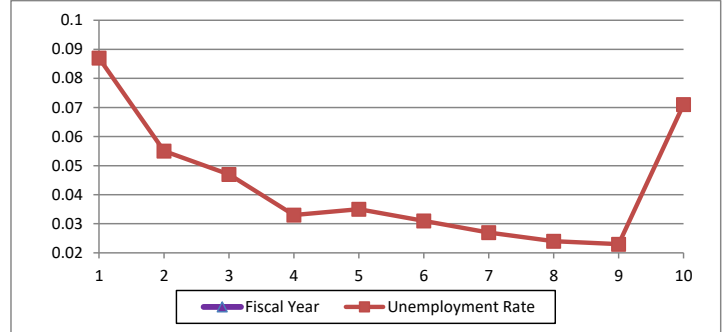
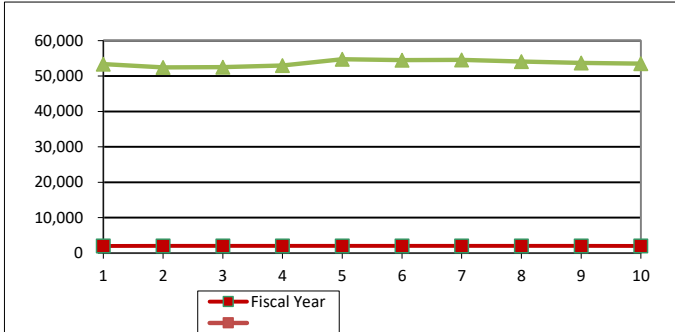
Legal Debt Margin Calculation for Fiscal Year 2020

Assessed Value	\$ 11,698,316
Debt Limit (15%) of total assessed value	1,754,747
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	\$ 1,747,390

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
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%
2021	12,187,854	1,828,178	4,226	1,823,952	0.23%

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
2012	53,357	\$ 2,098,876	\$ 39,336	8.70%	43.1	8,000	91.2%	42.8%
2013	52,447	2,128,857	40,591	5.50%	43.3	8,000	91.1%	42.5%
2014	52,554	2,206,552	41,986	4.70%	43.5	8,000	92.2%	44.5%
2015	52,967	2,318,912	43,780	3.30%	43.4	7,700	92.3%	43.9%
2016	54,749	2,390,534	43,664	3.50%	43.5	7,700	92.3%	44.1%
2017	54,522	2,462,154	45,159	3.10%	44.0	7,869	93.3%	44.8%
2018	54,551	2,697,614	49,451	2.70%	44.3	8,000	93.7%	45.9%
2019	54,115	2,831,462	52,323	2.40%	45.0	8,000	93.3%	44.1%
2020	53,702	2,900,305	54,007	2.30%	45.6	7,600	93.0%	45.7%
2021	53,486	3,042,612	56,886	7.10%	46.9	7,476	92.7%	46.4%

Source: HDL Companies

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

Function	<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>	<u>2021</u>
General government										
Management Services	15.3	16.1	17.3	22.3	23.3	25.2	24.2	24.0	24.0	17.8
Finance	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	7.0
Planning	5.7	6.2	7.0	7.0	7.2	7.2	7.2	7.2	7.2	14.9
Building	8.2	8.2	7.0	7.0	8.0	8.0	8.0	8.0	8.0	6.1
Police										
Officers	55.7	61.0	61.0	61.0	61.0	61.0	61.0	62.0	62.0	62.0
Civilians	15.8	15.8	15.8	16.8	18.0	19.5	20.5	19.5	19.5	19.5
Public Works										
Engineering	14.3	13.5	13.5	13.0	13.0	13.0	12.0	12.0	12.0	12.0
Maintenance	39.0	38.0	38.0	39.0	43.5	43.5	43.5	43.5	43.5	42.5
Redevelopment	4.4									
Economic Development		1.5	1.5	2.0	2.0	3.0	4.0	4.0	4.0	1.0
Parks and Recreation	18.1	19.9	19.9	21.0	22.3	23.2	23.3	23.3	23.3	22.7
Total	182.3	186.1	186.9	194.1	203.3	208.5	208.7	208.5	208.5	205.5

Source
City of Novato Annual Budget

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

<u>Function</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>	<u>2021</u>
Public Safety:										
Police:										
Police Calls for Service	20,931	20,620	17,055	21,316	42,064	44,050	46,490	43,748	34,145	30,759 [a]
Law Violations:										
Part I Crimes	1,263	1,421	1,089	1,243	1,192	1,311	1,193	977	1,017	839
Physical Arrests (Adult and Juvenile)	1,616	1,908	1,749	1,626	1,711	1,370	1,727	1,544	995	1,014
Parking Violations	1,695	1,780	1,466	1,172	1,440	1,077	1,405	1,745	1,329	771

Source: City of Novato Police Department Annual Report

[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>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>	<u>2021</u>
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	19	20	20	20	20	20	20	20	20	20
Public Works										
Miles of Streets	151	151	151	152	152	152	152	152	152	152
Street Lights	3,924	3,925	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950
Recreation and Community Services:										
City Parks	38	38	39	39	39	40	40	40	40	40
City Parks Acreage	479	479	571	571	571	580	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	9	9
Lacrosse Field	-	-	-	-	-	-	-	-	1	1
Pickle Ball Court	-	-	-	-	-	-	-	-	6	6
Bocce Ball Court	-	-	-	-	-	-	-	-	6	6

Source: City of Novato Finance Division