



Annual Comprehensive Financial Report

FISCAL YEAR 2022-23



CITY OF NOVATO
CALIFORNIA

PREPARED BY FINANCE DEPARTMENT

**CITY OF NOVATO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

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INTRODUCTORY SECTION



November 11, 2024

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, 2023. We are pleased to report that the City’s independent auditor, MUN CPAs, LLP, has issued an unmodified (“clean”) opinion on the City of Novato’s financial statements. The independent auditor’s report is located at the front of the Financial Section of this report.

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 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 51,694, as of January 1, 2024 a decrease of 1.1% from the previous year. The 2020 census identifies Novato's population as 68% White, 22% Hispanic (of any race), and 7% Asian; the median age is 48.1 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 2022 the transition from at-large elections to District Elections was complete. 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 2022/23, the City of Novato adopted budget included 191.50 authorized full-time equivalent employees and delivered municipal services through six departments: Central Administration (City Manager, City Clerk, City Attorney, Economic Development, Human Resources, and Risk Management), Administrative Services (Finance, Information Technology and Citywide Programs), Police, Community Development (Planning, Building, and Code Enforcement), 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. City Council made the decision to add two FTEs in the 2021/22 budget process so the City could hire staff for critical finance functions that had fallen behind. The FTE count stayed the same in 2022/23.

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 and Marin Transit; 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 approximately 25,200 employed residents, and there are over 26,000 jobs available within the community (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 serves as home to Costco, Target, Sports Basement, 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.

As of June 2023, Novato had an unemployment rate of 3.3%, an increase of 0.5% from the previous year. The real estate market remained strong, but home prices and interest rates remained high.

Fiscal Year 2022/2023

The Fiscal Year 2022/2023 budget development process focused on preserving core services for our community, despite budget reductions, staffing cuts, and cost containment measures. In June 2022, the City Council adopted a budget that reflected a deficit of \$1.6 million, which was backfilled by one-time General Fund revenue received in prior years. Fiscal Year 2022/23 was the third consecutive year a deficit had been projected. This was due to revenue not keeping pace with rising expenses compounded by the loss of Measure F revenue, the ½ cent voter-approved local sales tax that expired in 2016. As a result, the General Fund now absorbs approximately \$1.2 million in ongoing operating costs that Measure F revenue once supported. Although Measure F has been replaced by Measure C, a ¼ cent sales tax, the reduced revenue associated with the expiration of Measure F places greater pressure on the City's finances and impacts the City's ability to maintain critical services such as public safety, streets and park maintenance and deferred maintenance on existing infrastructure.

Strategic Plan / Financial Outlook

The City's long-term financial outlook works hand in hand with the City's Strategic Plan, a two-year plan that guides both capital and operating budget development. The goals established by this 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.
- **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.
- **Economic Vitality**
Encourage a healthy economy where businesses flourish and grow to support the City’s long-term financial health and preserve crucial City services.

A key component of the Strategic Plan is fiscal sustainability. City Council directed staff to explore a variety of revenue generating initiatives starting in February 2020 as shown in the chart below.

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 will be open in approximately December 2024.

The Comprehensive Fee Study project was 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 increased cost recovery for services by approximately \$1 million annually, and the fees are adjusted by CPI annually with the next iteration of the Fee Study being considered by Council in November 2024.

Under the current Strategic Plan, which guides the City through June 30, 2025, there are several goals under Economic Vitality that support long-term financial health of the City. As we complete audits, we are able to issue longer term projections of the City's fiscal health and prioritize a new set of strategic planning items. With Council consideration of Commercial Cannabis Storefront Retail, and the Measure M sales tax measure on the ballot for voter consideration in November 2024, the work in support of Novato's fiscal sustainability continues. Other actions include developing a modernized fiscal sustainability plan, disposition of city-owned properties, and a long-term economic development plan.

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:

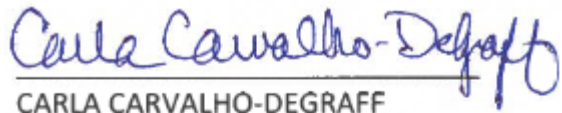
- Capital Improvement and Asset Policies
- Budget Reserve Policies
- Investment Policies
- Operating Budget Policies
- Purchasing and Green Purchasing Policies
- Revenue Policies
- Debt and Debt Administration Policies

Acknowledgements

The preparation of this Annual Comprehensive Financial Report was made possible by the continued dedication of Novato's Finance staff. MUN CPAs, LLP's continued commitment to support the City's efforts to complete outstanding audits as quickly as possible is very much appreciated.

Completion of four audits in two years would not be possible without the support of the City Council and various City Commissions, Committees and Boards, particularly the Finance Advisory Commission.

Respectfully submitted,



CARLA CARVALHO-DEGRAFF
Finance Director

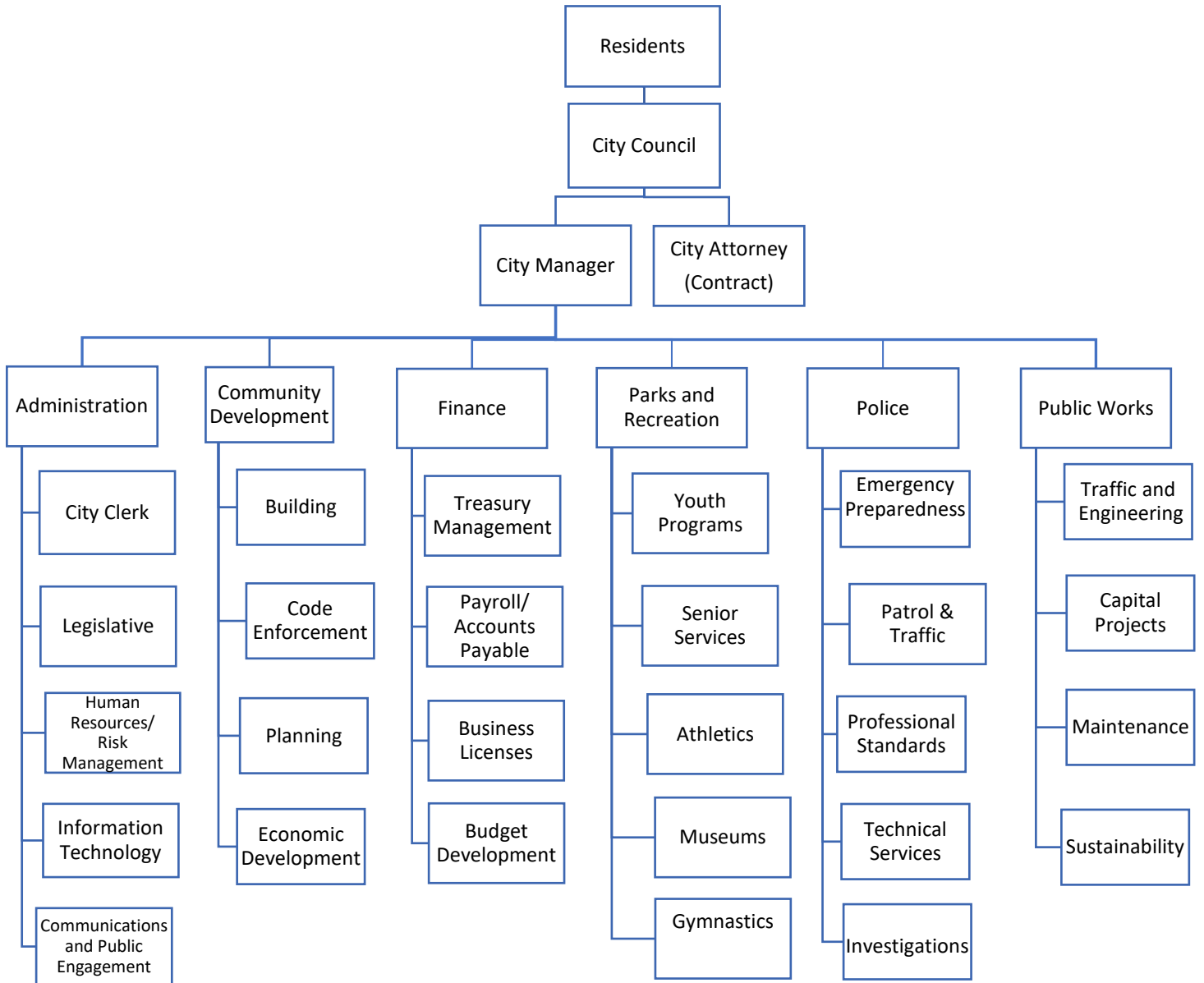


AMY CUNNINGHAM
City Manager

Functional Organization Chart



CITY OF NOVATO
CALIFORNIA



CITY OF NOVATO
ELECTED OFFICIALS
AND
EXECUTIVE STAFF
JUNE 30, 2023

ELECTED OFFICIALS

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

EXECUTIVE MANAGEMENT TEAM

City Manager	Amy Cunningham
Assistant City Manager	Jessica Deakyne
City Attorney	Gary Bell
City Clerk	Laura McDowall
Chief of Police	Jim Naugle
Community Development Director	Clare Hartman
Parks, Recreation, and Community Services Director	Katie Gauntlett
Public Works Director	Nick Nguyen
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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and budgetary comparison schedules, and the combining general fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024, on our consideration of the City'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'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's internal control over financial reporting and compliance.

MUNCPA, LLP

Sacramento, California
November 11, 2024

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023. 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, 2023 by \$312,547,579. Of this amount, \$267,418,256 is invested in capital assets, net of related debt; \$76,317,484 is restricted for debt service, capital projects, grants, taxes, and fees; and \$(31,188,161) is unrestricted.
- The City's total net position increased by \$9,353,056, of which \$8,356,703 was attributable to governmental activities and \$996,353 was attributable to business-type activities.
- Government-wide revenues increased by \$3,244,266 or 5% to \$66,239,744 from 2022 total of \$62,995,478.
- Government-wide expenses increased by \$3,767,426 or 7% to \$57,104,249 from 2022 total of \$53,336,823.

Fund level

- Governmental fund balances increased to \$96,484,745 from the prior year's \$95,804,608.
- Governmental fund revenues increased by \$2,983,961 or 5.12% to \$61,320,471 from the prior year's \$58,336,510.
- Governmental fund expenditures increased by \$9,691,816 or 19% to \$61,160,494 from the prior year's \$51,468,678.
- General fund balance decreased from \$27,708,093 to \$27,152,083.

OVERVIEW OF THE ANNUAL COMPREHENSIVE 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, 2023**

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, 2023**

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
- 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 focus 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, 2023**

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, 2023 and 2022
(in thousands)**

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2023</u>	<u>2022</u>	<u>Net Change</u>	<u>2023</u>	<u>2022</u>	<u>Net Change</u>	<u>2023</u>	<u>2022</u>	<u>Net Change</u>
ASSETS									
Current and other assets	\$ 112,226	\$ 111,553	\$ 673	\$ 8,373	\$ 8,694	\$ (321)	\$ 120,599	\$ 120,247	\$ 352
Capital assets	<u>257,381</u>	<u>253,471</u>	<u>3,910</u>	<u>16,868</u>	<u>16,633</u>	<u>235</u>	<u>274,249</u>	<u>270,104</u>	<u>4,145</u>
Total Assets	<u>369,607</u>	<u>365,024</u>	<u>4,583</u>	<u>25,241</u>	<u>25,327</u>	<u>(86)</u>	<u>394,848</u>	<u>390,351</u>	<u>4,497</u>
Deferred Outflows of Resources	<u>26,587</u>	<u>11,450</u>	<u>15,137</u>	-	-	-	<u>26,587</u>	<u>11,450</u>	<u>15,137</u>
LIABILITIES									
Long-term liabilities	86,711	56,033	30,678	2,157	2,738	(581)	88,868	58,771	30,097
Other liabilities	<u>12,014</u>	<u>11,679</u>	<u>335</u>	<u>2,563</u>	<u>3,066</u>	<u>(503)</u>	<u>14,577</u>	<u>14,745</u>	<u>(168)</u>
Total Liabilities	<u>98,725</u>	<u>67,712</u>	<u>31,013</u>	<u>4,720</u>	<u>5,804</u>	<u>(1,084)</u>	<u>103,445</u>	<u>73,516</u>	<u>29,929</u>
Deferred Inflows of Resources	<u>5,441</u>	<u>25,091</u>	<u>(19,650)</u>	-	-	-	<u>5,441</u>	<u>25,091</u>	<u>(19,650)</u>
NET POSITION									
Net investment in capital assets	253,288	249,670	3,618	14,130	13,331	799	267,418	263,001	4,417
Restricted	69,927	65,973	3,954	6,390	6,193	197	76,317	72,166	4,151
Unrestricted	<u>(31,188)</u>	<u>(31,972)</u>	<u>784</u>	-	-	-	<u>(31,188)</u>	<u>(31,972)</u>	<u>784</u>
Total Net Position	<u>\$ 292,027</u>	<u>\$ 283,671</u>	<u>\$ 8,356</u>	<u>\$ 20,520</u>	<u>\$ 19,524</u>	<u>\$ 996</u>	<u>\$ 312,547</u>	<u>\$ 303,195</u>	<u>\$ 9,352</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 \$312,547,579 at June 30, 2023.

The net position of \$312,547,579 at June 30, 2023 was comprised of the following elements:

- Unrestricted cash and investments of \$75,543,984, cash with fiscal agents of \$164,278, and restricted cash and investments of \$29,917,088;
- Accounts, loans, interest, taxes, leases receivable and amounts due from custodial funds of \$14,446,453;
- Prepaid expenses of \$449,870;

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

- Non-current assets consisted of bond issuance costs and capital assets. Bond issuance costs were \$77,216 and are amortized over the life of the debt. Capital assets of \$274,248,153, net of accumulated depreciation charges of \$188,106,260, included \$141,161,580 of land, \$8,246,921 of construction in progress, \$34,806,707 of buildings, \$1,047,873 of furniture and equipment, \$86,634,912 of infrastructure, \$665,195 of vehicles, and \$1,684,965 of right-to-use assets;
- Deferred outflows of resources totaled \$26,587,162 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 \$14,577,352 and included \$2,199,884 of accounts payable, \$1,119,661 of salaries and benefits payable, \$62,771 of interest payable, \$2,775 of accrued liabilities, \$4,539,542 of unearned revenue, \$2,989,614 of deposits payable, compensated absences of \$139,141, current claims payable of \$701,704, and long-term debt of \$2,822,260;
- Non-current liabilities of \$88,868,604 included \$1,411,125 of non-current claims payable; \$1,358,045 of Other Post Employment Benefits (OPEB), \$1,679,779 of compensated absences, \$63,870,664 of net pension liability, and \$20,548,991 of the non-current portion of long-term debt which is due in the fiscal years subsequent to fiscal 2023;
- Deferred inflows of resources of \$5,440,669 consisted of changes in the net pension and net OPEB liabilities;
- Net position invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$267,418,256 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 \$76,317,484 was comprised of \$9,137,581 restricted for debt services; \$22,816,972 restricted for capital projects; \$42,956,588 restricted for taxes and fees; and \$1,406,343 restricted for grants. The remaining balance of \$(31,188,161) 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 Note 11 to the financial statements.

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Analysis of Changes in Net Position

The City's total net position increased by \$9,353,056, or 3%, during the fiscal year ended June 30, 2023. This was due to cost containment, receipt of American Rescue Plan Act funds, and a restatement due to the implementation of GASB 96, SBITAs, and account corrections related to 2022. Activities and changes in net position relating to the \$9,353,056 increase are presented in the governmental activities and business-type activities tables following:

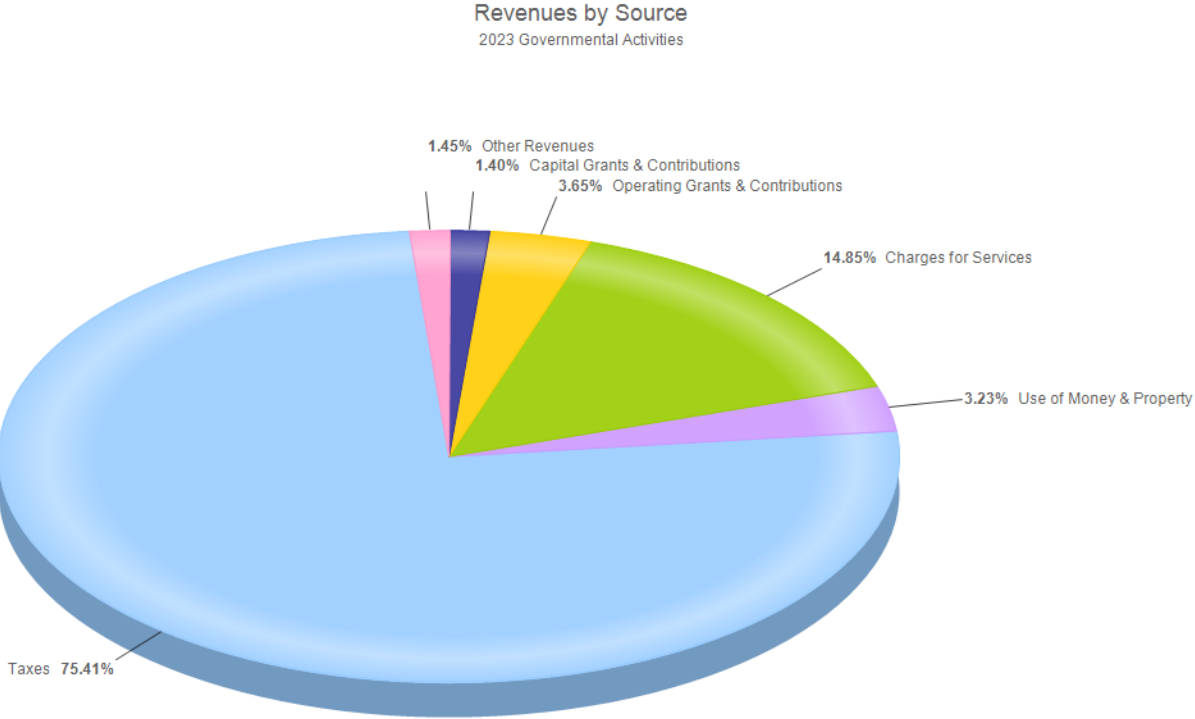
**Governmental Activities Changes in Net Position
For the Years Ended June 30, 2023 and 2022
(in thousands)**

	<u>2023</u>	<u>2022</u>	<u>Net Change</u>
REVENUES:			
Program revenues			
Charges for services	\$ 9,207	\$ 8,643	\$ 564
Operating grants and contributions	2,263	3,359	(1,096)
Capital grants and contributions	871	603	268
General revenues			
Taxes	46,766	45,880	886
Use of money and property	2,003	(1,617)	3,620
Other revenue	<u>902</u>	<u>1,506</u>	<u>(604)</u>
Total Revenues	<u>62,012</u>	<u>58,374</u>	<u>3,638</u>
EXPENSES:			
Governmental activities			
General government	13,196	12,534	662
Public safety	15,546	16,801	(1,255)
Public works	16,179	14,529	1,650
Culture and recreation	2,650	2,081	569
Community development	5,191	3,214	1,977
Interest on long-term liabilities	<u>1,112</u>	<u>1,141</u>	<u>(29)</u>
Total Expenses	<u>53,874</u>	<u>50,300</u>	<u>3,574</u>
Change in net position	<u>8,138</u>	<u>8,074</u>	<u>64</u>
Net position - beginning of year	283,671	275,309	8,362
Restatement	<u>218</u>	<u>288</u>	<u>(70)</u>
Net position - beginning of year, restated	<u>283,889</u>	<u>275,597</u>	<u>8,292</u>
Net position - end of year	<u>\$ 292,027</u>	<u>\$ 283,671</u>	<u>\$ 8,356</u>

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Governmental Activities

The table above reflects a change in net position of \$8,356,000, which is the result of revenues in excess of expenses.

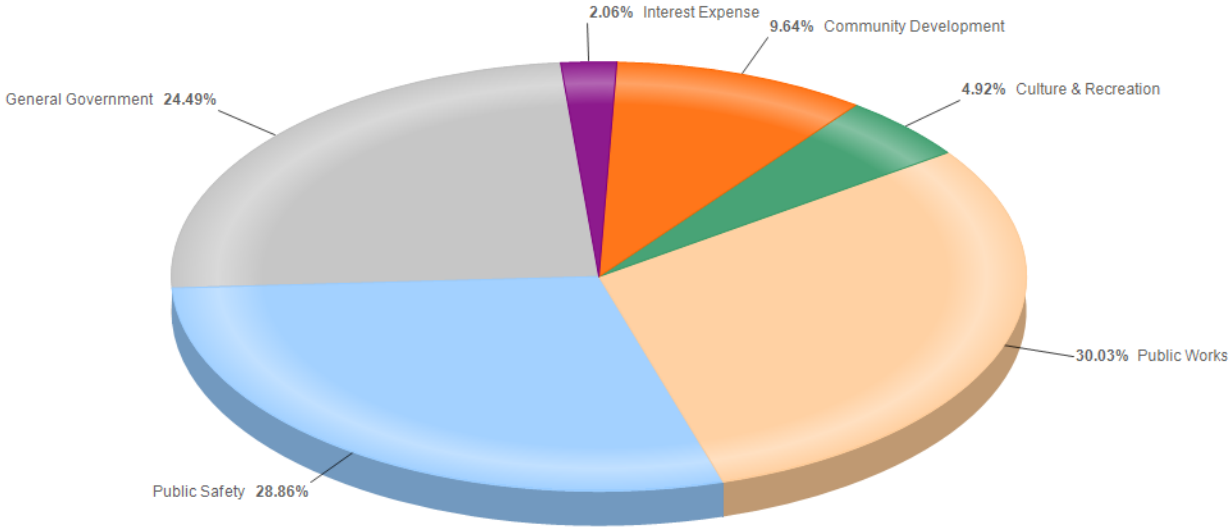


The chart of revenues by source above illustrates that taxes are the largest source of operating revenue for the City. The components of taxes are real estate property taxes, real property transfer tax, sales and use tax, hotel taxes, gas taxes, business license taxes and franchise fees. Charges for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

The increase in revenues of \$3.6 million or 6% was mainly due to increases in use of money and property (\$3.6 million) and tax revenue (\$886 thousand) and decreases in operating grants and contributions (\$1.1 million).

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Expenses by Function
2023 Governmental Activities



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

The \$3.6 million or 7% increase in expenditures was mostly concentrated in the areas of Public Works (\$1.6 million), and Community Development (\$1.9 million) offset by a decrease in Public Safety (\$1.2 million).

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Business-Type Activities

**Business-type Activities Changes in Net Position
For the Years Ended June 30, 2023 and 2022
(in thousands)**

	<u>2023</u>	<u>2022</u>	<u>Net Change</u>
REVENUES:			
Charges for services	\$ 3,590	\$ 3,424	\$ 166
Other revenue	7	8	(1)
Intergovernmental	553	1,165	(612)
Interest revenue	<u>77</u>	<u>24</u>	<u>53</u>
Total Revenues	<u>4,227</u>	<u>4,621</u>	<u>(394)</u>
EXPENSES:			
Cost of services	2,589	2,507	82
Depreciation and amortization	556	426	130
Interest expense	<u>87</u>	<u>102</u>	<u>(15)</u>
Total Expenses	<u>3,232</u>	<u>3,035</u>	<u>197</u>
Change in net position	995	1,586	(591)
Net position - beginning of year	<u>19,524</u>	<u>17,938</u>	<u>1,586</u>
Net position - end of year	<u>\$ 20,519</u>	<u>\$ 19,524</u>	<u>\$ 995</u>

Business-type activities net position increased \$996,353 or 5%, due to revenues exceeding expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$96,484,745, compared to \$95,804,608 at June 30, 2022. 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 the receipt of development impact fees for several projects and an increase in general revenues in particular use of money and property.

Of the total fund balance, \$(4,515,866) is unassigned. The remainder of the fund balance of \$101,000,611, is either nonspendable, restricted, or assigned for specific purposes.

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$27,152,083, of which \$2,489,800 was nonspendable; \$1,123,484 was restricted for successor agency administration; \$23,435,301 was assigned for capital projects, pension reserve, insurance reserve, long-term maintenance and infrastructure, and emergency disaster & response; and \$103,498 was unassigned.

The fund balance in the City's General Fund decreased by \$(445,123) for the fiscal year ended June 30, 2023. The decrease in fund balance was the result of revenues coming in lower than anticipated.

The Development Impact Fee fund had a total fund balance of \$19,087,541, which was restricted for capital projects. Fund balance increased by \$1,118,782, driven primarily by an increase in revenue which is the result of timing of receipts from developers for their projects.

The Novato Public Financing Authority had a total fund balance deficit of \$3,643,597. Fund balance decreased by \$1,988,061 due to transfers out to the City.

The American Rescue Plan Act fund had a total fund balance of \$50,496, which was restricted.

The Hamilton Trust Fund had a total fund balance of \$32,299,316 which was restricted. Fund balance increased by \$67,724 due to an increase 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, 2023 and 2022
(in thousands)**

Revenues by Source:	2023		2022	
	Amount	% of Total	Amount	% of Total
Taxes	\$ 46,767	77 %	\$ 45,881	79 %
Licenses and permits	2,055	3 %	1,297	2 %
Intergovernmental	2,681	4 %	3,958	7 %
Fines and forfeitures	538	1 %	510	1 %
Use of money and property	2,051	3 %	(1,573)	(3)%
Charges for services	6,613	11 %	6,836	12 %
Other revenues	<u>615</u>	<u>1 %</u>	<u>1,428</u>	<u>2 %</u>
	<u>\$ 61,320</u>	<u>100 %</u>	<u>\$ 58,337</u>	<u>100 %</u>

For this fiscal year, governmental revenues increased \$2,983,961 or 5.12%.

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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

**Expenditures by Function
Governmental Funds
For the Years Ended June 30, 2023 and 2022
(in thousands)**

Expenditures by Function	2023		2022	
	Amount	% of Total	Amount	% of Total
General government	\$ 12,825	21 %	\$ 12,828	25 %
Public safety	18,348	29 %	17,317	33 %
Public works	8,983	15 %	9,063	18 %
Culture & recreation	3,100	5 %	2,506	5 %
Community development	5,229	9 %	3,889	8 %
Capital outlay	10,192	17 %	3,265	6 %
Debt service: principal	1,836	3 %	1,894	4 %
Debt service: interest	648	1 %	706	1 %
	<u>\$ 61,161</u>	<u>100 %</u>	<u>\$ 51,468</u>	<u>100 %</u>

Expenditures increased by \$9,691,816 or 19% during the year ended June 30, 2023. The principal components of this were decreased costs for Capital Outlay (\$7 million) and general government (\$3 million).

Proprietary Funds

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

The net position for the City's internal service funds, at June 30, 2023, was \$3,568,317. Net position decreased by \$314,105 during fiscal 2023.

General Fund Budget Modifications

The original fiscal year 2022-23 budget was adopted in June 2022. The adopted budget reflected a (\$1,858,273) general fund deficit budget. The deficit was more than the prior year as the availability of one-time funds from the American Rescue Plan was limited. 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 expenditures by \$7,136,298. The net impact of the budget changes was to increase the budgeted change in fund balance by \$3,202,551.

General Fund Operating Variances

The revised budget projected a net decrease in fund balance of \$5,060,824 and the actual results were a net decrease of \$556,010, which equates to a positive variance of \$4,504,814.

The variance in revenues is partly attributable to revenues being higher than the revised budget by \$3,823,168. This is primarily due to increased tax revenues and charges for services (permit revenue was higher than expected).

Expenditures and transfers out were \$7,714,193 lower than projected primarily due to the inception of the software standard and budgeted use of fund balance not being an actual transfer.

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Capital Assets and Debt Administration

Capital Assets

Detailed information regarding composition and activity in capital assets is provided in Note 6 to the financial statements. The City's investment in capital assets as of June 30, 2023 totaled \$274,248,153 (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, right-to-use assets, and construction in progress.

CAPITAL ASSETS (NET OF DEPRECIATION) (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 129,322	\$ 123,559	\$ 11,840	\$ 11,840	\$ 141,162	\$ 135,399
Construction in progress	7,586	7,674	661	85	8,247	7,759
Buildings & improvements	31,565	32,122	3,242	3,413	34,807	35,535
Furniture & equipment	1,047	1,326	1	10	1,048	1,336
Infrastructure	85,511	87,267	1,123	1,286	86,634	88,553
Vehicles	665	880	-	-	665	880
Right-to-use lease assets	643	644	-	-	643	644
Right-to-use subscription assets	<u>1,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,042</u>	<u>-</u>
Total	<u>\$ 257,381</u>	<u>\$ 253,472</u>	<u>\$ 16,867</u>	<u>\$ 16,634</u>	<u>\$ 274,248</u>	<u>\$ 270,106</u>

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Long-term Debt

At June 30, 2023, 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, 2023</u>
<u>Governmental Activities</u>		
General obligation bonds: Series 2020	2028	\$ 1,640,000
Pension obligation bonds, A-1 & A-2	2035	16,541,354
2013 General obligation refunding bonds	2025	982,324
Bond issuance premiums (discounts) Pension obligation bonds discount		(46,776)
Clean Renewable Energy Bonds (CREBS)	2024	39,934
Lease liability	2029	563,751
Subscription (SBITA) liability	2028	913,016
Compensated absences		<u>1,818,920</u>
Total governmental activities		<u>\$ 22,452,523</u>
<u>Business-type Activities</u>		
Senior Promissory Note	2027	<u>\$ 2,737,648</u>

Additional information about the City's long-term debt can be found in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

At the start of Fiscal Year 2022/23 the economic outlook remained a cautious one as there were some strong economic indicators, yet inflation remained above the Federal Reserve's target of 2%. The Federal Reserve hiked interest rates eleven times from March 2022 through July 2023, seven rate hikes occurred during Fiscal Year 2022/23. The final interest rate hike by the Federal Reserve was 0.25% and took place in July 2023.

The adopted general fund (fund 101) budget had a deficit of \$1,617,753. There was one-time revenue that had been carried over from the sale of the Commissary at Hamilton and the Fiscal Year 2022/23 budget deficit was budgeted to come out of this carryover during the budget adoption.

As the fiscal year progressed, inflation and consumer spending were at the forefront of the economy. Food prices increased 4.9% in this time period and all items other than food increased 4.7%. The City experienced cost increases as well. As the fiscal year ended, inflation had decreased by 5.5% and the last interest rate hike occurred in July 2023.

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Fiscal Year 2022/23 Budget

The budget was initially adopted with a deficit of (\$1,617,753). At mid-year the amended budget deficit had grown to (\$1,853,879). The City used one-time revenue carried over to fund one-time expenses, and there was some offset of expenses from the American Rescue Plan Act funds. Many of the expense reductions made in the FY 2019/20 budget were ongoing in nature which has continued to help contain costs. In part, in September 2020, the City Council made the difficult decision to permanently reduce operating expenses through elimination of some programs and reduced staffin by seventeen (17) full-time positions (or over 8% of the City workforce).

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. Unfortunately, two new hotels that were anticipated to open by Fiscal Year 2022/23, were delayed by the pandemic, delaying realization of the new revenue. In 2021 and beyond, staff continued to explore the remaining four revenue areas.

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. However, 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 and Fiscal Year 2024/25,, the City plans to use Emergency Reserves to back fill the projected adopted budget's deficits of \$2.6 million and \$4.3 million, respectively. At the current rate, by Fiscal Year 2026/27, the City will have run out of Emergency Reserves to back fill the budget deficit. In future fiscal years, without additional revenue sources, the City will not be able to sustain the current levels of service and will have no funding to invest in capital assets.

In August 2023, the City Council developed the City's 2023-2025 Strategic Plan which includes a number of initiatives focused on building the City's long-term fiscal sustainability and seeking operational efficiencies which will save money over the long-term. Notably, Strategic Plan items include exploration of an increase to locally controlled sales tax for voter consideration in November 2024; uses for City-owned properties with consideration to sell, lease, or otherwise use those properties to improve the City's fiscal condition, and improving employee retention to improve operational efficiencies.

In Fiscal Year 2023/24, the City was positioned to work on the Council's strategic plan items and continue the efforts in building fiscal sustainability. In July 2024, the City Council unanimously voted to put a 0.75% sales tax increase on the November 2024 ballot which is projected to generate \$10.3 million in general fund revenue. These monies would be used to sustain services, bridge the ongoing budget deficits, and start investing in the City's infrastructure again. In addition, the City has reviewed its investment strategy, developed a general fund forecast, and developed a community forecasting tool.

**CITY OF NOVATO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 67,350,203	\$ 8,193,781	\$ 75,543,984
Cash with fiscal agent (Note 2)	164,278	-	164,278
Accounts receivable	2,947,709	19,907	2,967,616
Loans receivable (Note 3)	4,750,378	-	4,750,378
Interest receivable	519,800	-	519,800
Taxes receivable	5,692,782	-	5,692,782
Leases receivable (Note 4)	323,953	-	323,953
Due from custodial funds (Note 5)	191,924	-	191,924
Prepaid expenses	290,529	159,341	449,870
Restricted cash and cash equivalents (Note 2)	29,917,088	-	29,917,088
Bond issuance costs, net (Note 7)	77,216	-	77,216
Capital assets (Note 6)			
Land and construction in progress	136,907,370	12,501,131	149,408,501
Other capital assets, net of depreciation	<u>120,473,270</u>	<u>4,366,382</u>	<u>124,839,652</u>
Total capital assets	<u>257,380,640</u>	<u>16,867,513</u>	<u>274,248,153</u>
Total Assets	<u>369,606,500</u>	<u>25,240,542</u>	<u>394,847,042</u>
<u>Deferred Outflows of Resources</u>			
Changes in the net pension liability (Note 10)	25,895,477	-	25,895,477
Changes in the net OPEB liability (Note 11)	<u>691,685</u>	<u>-</u>	<u>691,685</u>
Total Deferred Outflows of Resources	<u>26,587,162</u>	<u>-</u>	<u>26,587,162</u>
<u>LIABILITIES</u>			
Accounts payable	1,482,900	716,984	2,199,884
Accrued payroll and benefits	1,119,661	-	1,119,661
Accrued liabilities	2,775	-	2,775
Accrued interest payable	62,771	-	62,771
Unearned revenue	3,273,634	1,265,908	4,539,542
Deposits payable	2,989,514	100	2,989,614
Other postemployment benefits (Note 11)			
Due in more than one year	1,358,045	-	1,358,045
Net pension liability (Note 10)			
Due in more than one year	63,870,664	-	63,870,664
Claims payable (Note 12)			
Due within one year	701,704	-	701,704
Due in more than one year	1,411,125	-	1,411,125
Accrued compensated absences (Note 7)			
Due within one year	139,141	-	139,141
Due in more than one year	1,679,779	-	1,679,779
Long-term liabilities (Note 7)			
Due within one year	2,241,873	580,387	2,822,260
Due in more than one year	<u>18,391,730</u>	<u>2,157,261</u>	<u>20,548,991</u>
Total Liabilities	<u>98,725,316</u>	<u>4,720,640</u>	<u>103,445,956</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Leases (Note 4)	321,775	-	321,775
Changes in the net pension liability (Note 10)	4,093,044	-	4,093,044
Changes in the net OPEB liability (Note 11)	<u>1,025,850</u>	<u>-</u>	<u>1,025,850</u>
Total Deferred Inflows of Resources	<u>5,440,669</u>	<u>-</u>	<u>5,440,669</u>
<u>NET POSITION</u>			
Net investment in capital assets	253,288,391	14,129,865	267,418,256
Restricted for:			
Debt service	2,747,544	6,390,037	9,137,581
Capital projects	22,816,972	-	22,816,972
Taxes and fees	42,956,588	-	42,956,588
Grants	1,406,343	-	1,406,343
Unrestricted	<u>(31,188,161)</u>	<u>-</u>	<u>(31,188,161)</u>
Total Net Position	<u>\$ 292,027,677</u>	<u>\$ 20,519,902</u>	<u>\$ 312,547,579</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		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	\$ 13,195,898	\$ 515,636	\$ 1,359,145	\$ -	\$ (11,321,117)	\$ -	\$ (11,321,117)
Public safety	15,545,987	514,661	838,202	-	(14,193,124)	-	(14,193,124)
Public works	16,178,899	1,604,830	24,208	871,271	(13,678,590)	-	(13,678,590)
Culture and recreation	2,649,930	1,999,635	6,500	-	(643,795)	-	(643,795)
Community development	5,190,627	4,571,838	34,856	-	(583,933)	-	(583,933)
Interest and fiscal charges	1,111,979	-	-	-	(1,111,979)	-	(1,111,979)
Total governmental activities	<u>53,873,320</u>	<u>9,206,600</u>	<u>2,262,911</u>	<u>871,271</u>	<u>(41,532,538)</u>	<u>-</u>	<u>(41,532,538)</u>
Business-type activities:							
Marin Valley Mobile Country Club	3,230,929	3,590,489	-	552,910	-	912,470	912,470
Total primary government	<u>\$ 57,104,249</u>	<u>\$ 12,797,089</u>	<u>\$ 2,262,911</u>	<u>\$ 1,424,181</u>	<u>\$ (41,532,538)</u>	<u>\$ 912,470</u>	<u>\$ (40,620,068)</u>
General revenues:							
Property taxes					\$ 21,244,144	\$ -	\$ 21,244,144
Sales and use taxes					17,970,839	-	17,970,839
Motor vehicle and gas taxes					2,591,240	-	2,591,240
Other taxes					4,960,299	-	4,960,299
Use of money and property					2,003,211	76,538	2,079,749
Other revenue					901,947	7,345	909,292
Total general revenues					<u>49,671,680</u>	<u>83,883</u>	<u>49,755,563</u>
Change in net position					<u>8,139,142</u>	<u>996,353</u>	<u>9,135,495</u>
Net position - July 1, 2022					283,670,974	19,523,549	303,194,523
Prior period restatement (Note 15)					217,561	-	217,561
Net position - July 1, 2022, restated					<u>283,888,535</u>	<u>19,523,549</u>	<u>303,412,084</u>
Net position - June 30, 2023					<u>\$ 292,027,677</u>	<u>\$ 20,519,902</u>	<u>\$ 312,547,579</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General Fund</u>	<u>Development Impact Fee</u>	<u>Novato Public Financing Authority</u>
<u>ASSETS</u>			
Cash and investments	\$ 24,355,182	\$ 19,087,541	\$ 126,206
Cash with fiscal agent	-	-	12,850
Restricted cash and investments	1,532,453	-	-
Accounts receivable	1,593,005	-	-
Notes receivable	2,074,176	-	-
Interest receivable	387,583	-	20
Taxes receivable	3,209,000	-	-
Leases receivable	-	-	58,494
Due from other funds	3,485,191	-	-
Due from custodial funds	191,924	-	-
Advances to other funds	-	-	-
Prepaid items	<u>223,700</u>	-	-
Total Assets	<u>\$ 37,052,214</u>	<u>\$ 19,087,541</u>	<u>\$ 197,570</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>			
LIABILITIES			
Accounts payable	\$ 1,240,777	\$ -	\$ 241
Accrued payroll and benefits	1,119,661	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deposits and other payables	1,586,335	-	-
Unearned revenues	645,578	-	-
Advances from other funds	<u>4,850,000</u>	-	<u>3,782,652</u>
Total Liabilities	<u>9,442,351</u>	<u>-</u>	<u>3,782,893</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - housing loans	-	-	-
Unavailable revenues - grants	457,780	-	-
Unavailable revenues - leases	<u>-</u>	<u>-</u>	<u>58,274</u>
Total Deferred Inflows of Resources	<u>457,780</u>	<u>-</u>	<u>58,274</u>
FUND BALANCES (DEFICITS)			
Nonspendable	2,489,800	-	-
Restricted	1,123,484	19,087,541	-
Assigned	23,435,301	-	-
Unassigned	<u>103,498</u>	<u>-</u>	<u>(3,643,597)</u>
Total Fund Balances (Deficits)	<u>27,152,083</u>	<u>19,087,541</u>	<u>(3,643,597)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 37,052,214</u>	<u>\$ 19,087,541</u>	<u>\$ 197,570</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	American Rescue Plan Act	Permanent Fund - Hamilton Trust Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 2,620,239	\$ -	\$ 19,252,850	\$ 65,442,018
Cash with fiscal agent	-	-	151,428	164,278
Restricted cash and investments	-	28,384,635	-	29,917,088
Accounts receivable	-	-	1,255,903	2,848,908
Notes receivable	-	-	2,676,202	4,750,378
Interest receivable	-	132,029	168	519,800
Taxes receivable	-	-	2,483,782	5,692,782
Leases receivable	-	-	265,459	323,953
Due from other funds	-	-	-	3,485,191
Due from custodial funds	-	-	-	191,924
Advances to other funds	-	3,782,652	-	3,782,652
Prepaid items	-	-	-	223,700
	<u>\$ 2,620,239</u>	<u>\$ 32,299,316</u>	<u>\$ 26,085,792</u>	<u>\$ 117,342,672</u>
Total Assets	<u>\$ 2,620,239</u>	<u>\$ 32,299,316</u>	<u>\$ 26,085,792</u>	<u>\$ 117,342,672</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 206,916	\$ 1,447,934
Accrued payroll and benefits	-	-	-	1,119,661
Accrued liabilities	-	-	2,775	2,775
Due to other funds	-	-	1,436,000	1,436,000
Deposits and other payables	-	-	1,403,179	2,989,514
Unearned revenues	2,569,743	-	58,313	3,273,634
Advances from other funds	-	-	-	8,632,652
	<u>2,569,743</u>	<u>-</u>	<u>3,107,183</u>	<u>18,902,170</u>
Total Liabilities	<u>2,569,743</u>	<u>-</u>	<u>3,107,183</u>	<u>18,902,170</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - housing loans	-	-	1,176,202	1,176,202
Unavailable revenues - grants	-	-	-	457,780
Unavailable revenues - leases	-	-	263,501	321,775
	<u>-</u>	<u>-</u>	<u>263,501</u>	<u>321,775</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,439,703</u>	<u>1,955,757</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	2,489,800
Restricted	50,496	32,299,316	22,514,673	75,075,510
Assigned	-	-	-	23,435,301
Unassigned	-	-	(975,767)	(4,515,866)
	<u>-</u>	<u>-</u>	<u>(975,767)</u>	<u>(4,515,866)</u>
Total Fund Balances (Deficits)	<u>50,496</u>	<u>32,299,316</u>	<u>21,538,906</u>	<u>96,484,745</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 2,620,239</u>	<u>\$ 32,299,316</u>	<u>\$ 26,085,792</u>	<u>\$ 117,342,672</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total fund balances of governmental funds	\$ 96,484,745
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 \$177,333,173.	255,984,110
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	457,780
Certain notes, loans, and interest receivables are not available to pay for current period expenditures and therefore are offset by deferred inflows of resources in the governmental funds.	1,176,202
Deferred outflows of resources related to 2023 pension contributions made subsequent to the measurement date.	10,345,775
Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period.	15,549,702
Deferred outflows of resources related to changes in the net OPEB liability are not applicable to the current period.	691,685
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	(20,079,152)
Compensated absences	(1,818,920)
Net OPEB liability	(1,358,045)
Net pension liability	(63,870,664)
Deferred inflows related to changes in the net pension liability	(4,093,044)
Deferred inflows related to changes in the net OPEB liability	(1,025,850)
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.	77,216
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(62,180)
Internal service funds are used by management to charge costs of certain activities such as equipment replacement, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities of the Statement of Net Position.	<u>3,568,317</u>
Net position of governmental activities	<u>\$ 292,027,677</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, 2023

	<u>General Fund</u>	<u>Development Impact Fee</u>	<u>Novato Public Financing Authority</u>
<u>REVENUES</u>			
Taxes	\$ 40,062,369	\$ -	\$ -
License and permits	2,055,450	-	-
Intergovernmental	656,323	-	-
Fines and forfeitures	538,360	-	-
Use of money and property	719,372	185,580	204,103
Charges for services	4,219,422	1,013,880	-
Other revenues	<u>377,099</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>48,628,395</u>	<u>1,199,460</u>	<u>204,103</u>
<u>EXPENDITURES</u>			
Current:			
General government	12,085,698	-	94,164
Public safety	17,939,471	-	-
Public works	7,551,312	-	-
Cultural and recreation	3,099,742	-	-
Community development	3,977,562	-	-
Capital outlay	5,759,784	-	-
Debt service:			
Principal	54,179	-	-
Interest and fiscal charges	<u>8,362</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>50,476,110</u>	<u>-</u>	<u>94,164</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,847,715)</u>	<u>1,199,460</u>	<u>109,939</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Inception of SBITAs	15,379	-	-
Transfers in	3,824,859	-	-
Transfers out	<u>(2,548,533)</u>	<u>(80,678)</u>	<u>(2,098,000)</u>
Total Other Financing Sources (Uses)	<u>1,291,705</u>	<u>(80,678)</u>	<u>(2,098,000)</u>
Net Change in Fund Balances	(556,010)	1,118,782	(1,988,061)
Fund Balances (Deficits) - July 1, 2022	27,597,206	17,968,759	(1,655,536)
Prior period adjustment (Note 15)	<u>110,887</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits) - July 1, 2022, restated	<u>27,708,093</u>	<u>17,968,759</u>	<u>(1,655,536)</u>
Fund Balances (Deficits) - June 30, 2023	<u>\$ 27,152,083</u>	<u>\$ 19,087,541</u>	<u>\$ (3,643,597)</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, 2023

	American Rescue Plan Act	Permanent Fund- Hamilton Trust Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ 6,704,153	\$ 46,766,522
License and permits	-	-	-	2,055,450
Intergovernmental	834,233	-	1,190,341	2,680,897
Fines and forfeitures	-	-	-	538,360
Use of money and property	29,595	95,857	816,979	2,051,486
Charges for services	-	-	1,379,488	6,612,790
Other revenues	-	-	237,867	614,966
	<u>863,828</u>	<u>95,857</u>	<u>10,328,828</u>	<u>61,320,471</u>
Total Revenues				
<u>EXPENDITURES</u>				
Current:				
General government	50,400	28,133	566,790	12,825,185
Public safety	-	-	408,864	18,348,335
Public works	10,723	-	1,420,812	8,982,847
Cultural and recreation	-	-	-	3,099,742
Community development	18,000	-	1,232,987	5,228,549
Capital outlay	-	-	4,432,212	10,191,996
Debt service:				
Principal	-	-	1,781,818	1,835,997
Interest and fiscal charges	-	-	639,481	647,843
	<u>79,123</u>	<u>28,133</u>	<u>10,482,964</u>	<u>61,160,494</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>784,705</u>	<u>67,724</u>	<u>(154,136)</u>	<u>159,977</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Inception of SBITAs	-	-	569,227	584,606
Transfers in	-	-	5,658,759	9,483,618
Transfers out	(755,110)	-	(4,065,743)	(9,548,064)
	<u>(755,110)</u>	<u>-</u>	<u>2,162,243</u>	<u>520,160</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	29,595	67,724	2,008,107	680,137
Fund Balances (Deficits) - July 1, 2022	20,901	32,231,592	19,578,625	95,741,547
Prior period adjustment (Note 15)	-	-	(47,826)	63,061
	<u>20,901</u>	<u>32,231,592</u>	<u>19,530,799</u>	<u>95,804,608</u>
Fund Balances (Deficits) - July 1, 2022, restated				
Fund Balances (Deficits) - June 30, 2023	<u>\$ 50,496</u>	<u>\$ 32,299,316</u>	<u>\$ 21,538,906</u>	<u>\$ 96,484,745</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, 2023**

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	\$ 680,137
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital asset purchases	10,417,961
Depreciation expense	(7,036,484)
<p>Some revenues reported in the Statement of Activities will not be collected for several months after the City's year-end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds. Some revenues reported in the prior year Statement of Activities were recognized in the governmental funds in the current year. This is the net change in revenues.</p>	
	453,285
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
Debt principal payments	1,968,972
Proceeds from SBITAs	(584,606)
Issuance of debt and accreted interest	(445,566)
Net accretion on bond premiums/discounts	(7,904)
<p>Compensated absences expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.</p>	
	(193,421)
<p>Costs associated with the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the Statement of Net Position.</p>	
Amortization of bond insurance costs	(13,048)
<p>Receipts of payments and disbursements of funds related to notes and loans receivable are reported as revenue and expenditures, respectively, in governmental funds, but an increase and decrease, respectively, in notes receivable in the Statement of Net Position.</p>	
Accrued interest	(81,080)
<p>Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.</p>	
	7,613
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
Pension expense related to deferred outflows and inflows of resources	2,807,867
OPEB expense related to deferred outflows and inflows of resources	513,688
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental funds.</p>	
	<u>(348,272)</u>
Change in net position of governmental activities	<u>\$ 8,139,142</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

	Business-Type Activities	Governmental Activities
	Marin Valley Mobile Country Club	Internal Service Funds
<u>ASSETS</u>		
Current Assets		
Cash and investments	\$ 8,193,781	\$ 1,908,185
Accounts receivable	19,907	98,801
Prepaid expenses	159,341	66,829
Total Current Assets	8,373,029	2,073,815
Non Current Assets		
Advances to other funds	-	4,850,000
Capital assets, net of accumulated depreciation	16,867,513	1,396,530
Total Non-Current Assets	16,867,513	6,246,530
Total Assets	25,240,542	8,320,345
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	716,984	34,966
Interest payable	-	591
Due to other funds	-	2,049,191
Deposits	100	-
Unearned revenue	1,265,908	-
Long-term liabilities - current portion	580,387	162,413
Claims payable - current portion	-	701,704
Total Current Liabilities	2,563,379	2,948,865
Non-Current Liabilities		
Long-term liabilities - net of current portion	2,157,261	392,038
Claims payable - net of current portion	-	1,411,125
Total Non-Current Liabilities	2,157,261	1,803,163
Total Liabilities	4,720,640	4,752,028
<u>NET POSITION</u>		
Net investment in capital assets	14,129,865	842,079
Restricted for debt service	6,390,037	-
Unrestricted	-	2,726,238
Total Net Position	\$ 20,519,902	\$ 3,568,317

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, 2023**

	Business-Type Activities	Governmental Activities
	Marin Valley Mobile Country Club	Internal Service Funds
<u>OPERATING REVENUES</u>		
Charges for services	\$ 2,383,146	\$ 1,027,918
Utilities	1,207,343	-
Other revenue	7,345	286,981
Total Operating Revenue	3,597,834	1,314,899
<u>OPERATING EXPENSES</u>		
Cost of services	2,588,717	1,195,788
Depreciation and amortization	555,605	559,681
Total Operating Expenses	3,144,322	1,755,469
Operating Income (Loss)	453,512	(440,570)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Intergovernmental	552,910	-
Interest income	76,538	32,805
Interest expense	(86,607)	(4,953)
Total Non-Operating Revenues (Expenses)	542,841	27,852
Income (Loss) Before Transfers	996,353	(412,718)
<u>TRANSFERS</u>		
Transfers in	-	64,446
Transfers out	-	-
Total Transfers	-	64,446
Change in net position	996,353	(348,272)
Net Position - July 1, 2022	19,523,549	3,882,422
Prior period adjustment (Note 15)	-	34,167
Net Position - July 1, 2022, restated	19,523,549	3,916,589
Net Position - June 30, 2023	\$ 20,519,902	\$ 3,568,317

See accompanying notes to the basic financial statements.

**CITY OF NOVATO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities	Governmental Activities
	Marin Valley Mobile Country Club	Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 3,043,554	\$ 1,267,838
Cash paid to suppliers	(2,530,846)	(1,349,340)
Net Cash Provided by (Used for) Operating Activities	512,708	(81,502)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Interfund payments	-	551,380
Transfers from other funds	-	64,446
Transfers to other funds	-	(4,850,000)
Net Cash Used for Non-Capital Financing Activities	-	(4,234,174)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital grant (ARPA)	552,910	-
Inception of finance lease	-	203,431
Acquisition of capital assets	(790,068)	(310,066)
Principal paid on long-term debt	(564,565)	(173,838)
Interest paid on long-term debt	(86,607)	309
Net Cash Used for Capital and Related Financing Activities	(888,330)	(280,164)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	76,538	27,571
Net Cash Provided by Investing Activities	76,538	27,571
Net Decrease in Cash and Cash Equivalents	(299,084)	(4,568,269)
Cash and Cash Equivalents - July 1, 2022	8,492,865	6,476,454
Cash and Cash Equivalents - June 30, 2023	\$ 8,193,781	\$ 1,908,185
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	453,512	(440,570)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	555,605	356,845
Amortization expense	-	202,836
(Increase) Decrease in:		
Accounts receivable	(19,907)	(47,061)
Prepaid expenses	41,877	(9,693)
Increase (Decrease) in:		
Accounts payable	15,994	(83,529)
Unearned revenue	(534,373)	-
Claims payable	-	(60,330)
Net Cash Provided by (Used for) Operating Activities	\$ 512,708	\$ (81,502)

See accompanying notes to the basic financial statements.

**CITY OF NOVATO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	Redevelopment Obligation Retirement Fund	Custodial Funds
<u>ASSETS</u>		
Cash and investments (Note 2)	\$ 515,827	\$ 3,782,622
Cash with fiscal agent (Note 2)	-	462,179
Taxes receivable	-	25,137
Prepaid expenses	<u>169,732</u>	<u>-</u>
Total Assets	<u>685,559</u>	<u>4,269,938</u>
<u>LIABILITIES</u>		
Accounts payable and other liabilities	-	10,550
Loans due to City (Note 5)	-	191,924
Deposits held in trust	939	-
Interest payable	327,547	-
Long-term liabilities (Note 16)	<u>31,394,980</u>	<u>-</u>
Total Liabilities	<u>31,723,466</u>	<u>202,474</u>
<u>NET POSITION</u>		
Held in trust for private purposes	(31,037,907)	-
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>4,067,464</u>
Total Net Position	<u>\$ (31,037,907)</u>	<u>\$ 4,067,464</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, 2023**

	Redevelopment Obligation Retirement Fund	Custodial Funds
<u>ADDITIONS</u>		
Property taxes and assessments	\$ 1,032,838	\$ 3,897,546
Interest income	<u>-</u>	<u>27,000</u>
Total Additions	<u>1,032,838</u>	<u>3,924,546</u>
<u>DEDUCTIONS</u>		
Professional services	-	129,987
Contract services	111,378	-
Distribution to City	-	230,000
Amortization (accretion)	(115,742)	-
Debt service:		
Principal	-	3,061,770
Interest	<u>1,016,485</u>	<u>567,157</u>
Total Deductions	<u>1,012,121</u>	<u>3,988,914</u>
Change in Fiduciary Net Position	20,717	(64,368)
Fiduciary Net Position - July 1, 2022	<u>(31,058,624)</u>	<u>4,131,832</u>
Fiduciary Net Position - June 30, 2023	<u>\$ (31,037,907)</u>	<u>\$ 4,067,464</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the activities of the overall City government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service activities. Interfund services provided and used are not eliminated in the process of consolidation. The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

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

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

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

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

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary Funds

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

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

Fiduciary Funds (not included in government-wide statements)

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.

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, 2023**

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 six custodial funds 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.

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, 2023**

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, 2023**

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, 2023

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. Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The City uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in amounts equal to the present value of subscription payments, payable during the remaining SBITA term. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

I. 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, 2023. 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, 2023.

J. Long-Term Liabilities

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

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

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Leases

Lessor

The City is a lessor for noncancellable leases for various buildings and land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee

The City is a lessee for various noncancellable leases of land, equipment, and vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonable certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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.

M. 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.

N. 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, 2022
Measurement Period	July 1, 2021 - June 30, 2022

O. 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.

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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.

Q. 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.

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Unassigned - Amounts representing the residual classification for the general fund or any other fund with a negative fund balance.

Further detail about the City's fund balance classification is described in Note 9.

R. 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.

S. 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.

T. Implementation of Governmental Accounting Standards Board Statements

Effective July 1, 2022, the City implemented the following accounting and financial reporting standards:

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. There was no impact to the financial statements as a result of implementation.

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. There was no impact to the financial statements as a result of implementation.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 adopted this accounting guidance for its June 30, 2023 year-end. See Notes 6, 7, and 15 for additional details.

U. Future Governmental Accounting Standards Board Statements

These statements are not effective until July 1, 2023 or later. The City has not determined the effects on the financial statements.

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 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 requirements of this statement are effective for the City's fiscal year ending June 30, 2025.

Governmental Accounting Standards Board Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. 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, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the City's fiscal year ending June 30, 2026.

Governmental Accounting Standards Board Statement No. 104

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the City's fiscal year ending June 30, 2026.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 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	\$ 67,350,203	\$ 164,278	\$ 29,917,088	\$ 97,431,569
Business-type activities	<u>8,193,781</u>	<u>-</u>	<u>-</u>	<u>8,193,781</u>
Total government-wide cash and investments	<u>75,543,984</u>	<u>164,278</u>	<u>29,917,088</u>	<u>105,625,350</u>
Fiduciary activities	<u>4,298,449</u>	<u>462,179</u>	<u>-</u>	<u>4,760,628</u>
Total cash and investments	<u>\$ 79,842,433</u>	<u>\$ 626,457</u>	<u>\$ 29,917,088</u>	<u>\$ 110,385,978</u>

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Cash and investments were carried at fair value as of June 30, 2023 and consisted of the following:

Cash on hand	\$ 2,800
Cash in banks	9,991,887
Cash with fiscal agent	<u>86,401</u>
 Total cash	 <u>10,081,088</u>
 Money market funds	 126,902
Local Agency Investment Fund (LAIF)	34,529,704
U.S. Treasuries	29,609,816
U.S. Government agency obligations	3,480,543
U.S. Government agency collateralized mortgage	2,798,789
Municipal bonds	855,919
Supranational agency bonds	2,010,951
Asset backed securities	8,385,487
Certificates of deposit	981,612
Certificates of deposit with fiscal agent	462,179
Medium term corporate notes	15,925,967
Held in Trust:	
Fixed income securities	1,059,144
Held by bond trustee:	
Investment agreements	<u>77,877</u>
 Total investments	 <u>100,304,890</u>
 Total cash and investments	 <u>\$ 110,385,978</u>

Authorized Investments of the City

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
Marin County Investment Pool	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Repurchase agreements	90 days	None	None
Money market funds	N/A	20%	None
Local government agency debt	N/A	None	5%
U.S. Treasury bonds/notes/bills	5 years	None	5%
U.S. Government agency obligations	5 years	None	5%
Banker's acceptances	180 days	40%	5%
Commercial paper	270 days	25%	5%
Negotiable certificates of deposits	5 years	30%	None
Time certificates of deposit	N/A	25%	None
Medium term corporate notes	5 years	30%	5%
Reverse repurchase agreements	90 days	20%	None
Supranational investments	5 years	30%	None

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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.

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

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, 2023:

<u>Investments</u>	<u>Fair Value Measurements Using</u>			<u>Fair Value</u>
	<u>Level 1 Inputs</u>	<u>Level 2 inputs</u>	<u>Level 3 inputs</u>	
Money market funds	\$ -	\$ 126,902	\$ -	\$ 126,902
U.S. Treasuries	-	29,609,816	-	29,609,816
U.S. Government agency obligations	-	3,480,543	-	3,480,543
U.S. Government agency collateralized mortgage	-	2,798,789	-	2,798,789
Municipal bonds	-	855,919	-	855,919
Supranational agency bonds	-	2,010,951	-	2,010,951
Asset-backed securities	-	8,385,487	-	8,385,487
Certificates of deposit	-	981,612	-	981,612
Certificates of deposit with fiscal agent	-	462,179	-	462,179
Medium term corporate notes	-	15,925,967	-	15,925,967
Held in trust:				
Fixed income securities	-	1,059,144	-	1,059,144
Held by bond trustee:				
Investment agreements	-	<u>77,877</u>	-	<u>77,877</u>
Total Investments	<u>\$ -</u>	<u>\$ 65,775,186</u>	<u>\$ -</u>	<u>\$ 65,775,186</u>

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by 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 \$34,529,704 is not subject to valuation on a recurring basis.

Disclosure Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2023:

	Remaining Maturity			Fair Value
	< 12 months	1-5 years	> 5 years	
Money market funds	\$ 126,902	\$ -	\$ -	\$ 126,902
Local Agency Investment Fund (LAIF)	34,529,704	-	-	34,529,704
U.S. Treasuries	-	17,407,786	12,202,030	29,609,816
U.S. Government agency obligations	-	3,480,543	-	3,480,543
U.S. Government agency collateralized mortgage	-	2,318,644	480,145	2,798,789
Municipal bonds	-	855,919	-	855,919
Supranational agency bonds	-	2,010,951	-	2,010,951
Asset-backed securities	-	2,495,574	5,889,913	8,385,487
Certificates of deposit	-	981,612	-	981,612
Certificates of deposit with fiscal agent	462,179	-	-	462,179
Medium term corporate notes	-	14,630,792	1,295,175	15,925,967
Held in trust:				
Fixed income securities	1,059,144	-	-	1,059,144
Held by bond trustee:				
Investment agreements	<u>77,877</u>	<u>-</u>	<u>-</u>	<u>77,877</u>
	<u>\$ 36,255,806</u>	<u>\$ 44,181,821</u>	<u>\$ 19,867,263</u>	<u>\$ 100,304,890</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, 2023.

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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	\$ 126,902	Multiple	AAAm	
Local Agency Investment Fund (LAIF)	34,529,704	None		Not rated
U.S. Treasuries	29,609,816	None	AA+	
U.S. Government agency obligations	3,480,543	None	AA+	
U.S. Government agency collateralized mortgage	2,798,789	None	AA+	
Municipal bonds	118,006	None	AAA	
Municipal bonds	387,276	None	AA+	
Municipal bonds	82,094	None	AA-	
Municipal bonds	268,543	None	NR*	
Supra-National agency bonds	2,010,951	None	AAA	
Asset backed securities	7,125,751	None	AAA	
Asset backed securities	1,259,736	None	NR*	
Certificates of deposit	359,757	None	A	
Certificates of deposit	269,947	None	A+	
Certificates of deposit	351,908	None	AA-	
Certificates of deposit with fiscal agent	462,179	N/A		Not rated
Medium term corporate notes	3,373,909	A	A	
Medium term corporate notes	5,696,727	A	A-	
Medium term corporate notes	1,689,844	A	A+	
Medium term corporate notes	1,787,953	A	AA	
Medium term corporate notes	1,362,440	A	AA-	
Medium term corporate notes	703,857	A	AA+	
Medium term corporate notes*	1,311,237	A	BBB+*	
Held in trust:				
Fixed income securities	1,059,144	N/A		Not rated
Held by bond trustee:				
Investment agreements	<u>77,877</u>	N/A		Not rated
	<u>\$ 100,304,890</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, 2023**

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: LOANS RECEIVABLE

Loans receivable of \$4,750,378 at June 30, 2023 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 3.55% at June 30, 2023). The balance of the computer loans receivable at June 30, 2023 was \$4,803.

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, 2023 was \$1,653,764 which includes \$153,764 of accrued interest.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

Low and Moderate Income Housing Property Loan

In November 2010, the City provided a loan in the amount of \$65,000 in connection with a sale of property, that is part of an affordable housing program designed to create, preserve, maintain and protect housing for persons of low and moderate income, and is secured by real property. Two additional loans, each for \$65,000, were issued in June 2012. The loans mature 45 years from date of issuance. The loan receivable balance at June 30, 2023 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, 2023 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, 2023 was \$400,000 which is included as a loan receivable on the accompanying Statement of Net Position.

North Bay Children's Center (NBCC)

In April 2023, the City entered into a loan agreement with North Bay Children's Center (NBCC) in the amount of \$2,085,000 for the renovation of 932/934 C Street, Novato. The loan bears an interest rate of 2.5% per annum. Interest and principal payments totaling \$8,230 are due each month through March 2053. The loan receivable balance at June 30, 2023 was \$2,069,373 which is included as a loan receivable on the accompanying Statement of Net Position.

Promissory Notes on Shared Appreciation Loans

Certain housing units in the former redevelopment area are part of an affordable housing program designed to create, preserve, maintain and protect housing for persons of low or moderate income. Qualified persons ("Buyer") are able to purchase the housing units at below fair market value, as a result of the City's investment in the project. The City has a promissory note ("Note") with the Buyer for the amount of the difference between the fair market value and the purchase price of the unit, which is considered the City's initial equity contribution. No payments are due under the Note, unless the Buyer re-sells the unit to a non-eligible buyer or otherwise defaults on the Note, as defined in the agreement. The Note is cancelled if the Buyer sells the unit to another eligible buyer. If the Buyer sells to a non-eligible buyer, the City will receive a pro-rata share (based on the City's and Buyer's respective equity) of the appreciation of the Unit. As of June 30, 2023, no amounts have been recorded related to these loans as any payment is contingent on sales of units to non-eligible buyers in the future.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4: LEASES RECEIVABLE

The City is reporting leases receivable of \$323,953 at June 30, 2023. For the year ended June 30, 2023, the City reported lease revenue of \$370,176 and interest revenue of \$2,254 related to lease payments received for the following agreements:

Description	Length (Months)	Monthly Payment	Interest Rate	Balance	Deferred Inflow	Revenue	Termination Period	Termination Penalty
Fixed Payments:								
500 Palm Drive, #104B	23	\$ 932	0.3077%	\$ -	\$ -	\$ 10,366	1-month	\$ 1,200
789 Hamilton Pkwy, #M	24	570	0.3077%	-	-	7,008	1-month	1,200
789 Hamilton Pkwy, #F	23	455	0.3077%	-	-	5,077	N/A	N/A
501 Palm Drive, #5	26	900	0.3077%	2,849	2,369	11,373	1-month	750
Variable Payments:								
789 Hamilton Pkwy, #A	20	444	0.3077%	-	-	3,543	1-month	1,000
781 Hamilton Pkwy, #C	32	448	0.4113%	3,578	3,565	5,348	1-month	1,000
500 S Palm Drive, #210	32	780	0.2450%	6,199	6,135	9,203	1-month	1,000
789 Hamilton Pkwy, #G	33	479	0.4113%	4,304	4,287	5,717	1-month	1,000
500 S Palm Drive #201	32	360	0.4113%	2,876	2,865	4,297	1-month	1,000
781 Hamilton Pkwy, #B	32	442	0.4113%	3,531	3,517	5,276	1-month	1,000
789 Hamilton Pkwy, #K	20	404	0.3077%	-	-	3,224	1-month	1,000
789 Hamilton Pkwy, #M	32	500	0.4113%	3,994	3,979	5,968	1-month	1,000
789 Hamilton Pkwy, #C	20	447	0.3077%	-	-	3,567	1-month	1,000
500 S Palm Drive, #202	32	338	0.4113%	2,700	2,690	4,035	1-month	1,000
781 Hamilton Pkwy, #G	20	363	0.3077%	-	-	2,897	1-month	1,000
789 Hamilton Pkwy, #J	20	458	0.3077%	-	-	3,655	1-month	1,000
500 S Palm Drive, #100	32	668	0.4113%	5,336	5,316	7,974	1-month	1,000
500 S Palm Drive, #113	34	601	0.4113%	5,999	5,976	7,171	1-month	1,000
500 S Palm Drive, #203	35	497	0.4113%	5,456	5,435	5,929	1-month	1,000
500 S Palm Drive, #208	32	527	0.4113%	4,210	4,194	6,291	1-month	1,000
789 Hamilton Pkwy, #O	20	455	0.3077%	-	-	3,631	1-month	1,000
501 Palm Drive, #6	32	580	0.4113%	4,633	4,615	6,923	1-month	1,000
501 Palm Drive, #7	36	334	2.3100%	11,616	11,776	174	1-month	1,000
501 Palm Drive, #1	36	561	2.5830%	17,852	17,815	2,159	1-month	1,000
500 S Palm Drive, #103	33	849	0.4113%	7,628	7,599	10,132	1-month	1,000
789 Hamilton Pkwy, #D	20	455	0.3077%	-	-	3,631	1-month	1,000
501 Palm Drive, #3	32	706	0.4113%	5,639	5,618	8,427	1-month	1,000
781 Hamilton Pkwy, #J	34	362	0.4113%	2,974	2,963	3,556	1-month	1,000
500 S Palm Drive, #204	33	680	0.4113%	6,110	6,087	8,115	1-month	1,000
501 Palm Drive, #4	34	851	0.4113%	6,767	6,742	8,090	1-month	1,000
500 S Palm Drive, #205	32	523	0.4113%	4,178	4,162	6,243	1-month	1,000
500 S Palm Drive, #104B	36	828	0.4113%	9,914	9,877	9,877	1-month	1,000
781 Hamilton Pkwy, #A	32	418	0.4113%	3,339	3,326	4,989	1-month	1,000
500 S Palm Drive, #108	22	462	0.3077%	-	-	3,840	1-month	1,000
500 S Palm Drive, #104A	32	843	0.4113%	6,734	6,708	10,062	1-month	1,000
500 S Palm Drive, #209	36	692	0.4113%	7,862	7,835	6,716	1-month	1,000
500 S Palm Drive, #207	36	399	0.4113%	-	-	8,076	1-month	1,000
500 S Palm Drive, #207	36	331	2.3100%	13,763	13,378	764	1-month	1,000
781 Hamilton Pkwy, #H	36	354	0.4757%	4,232	4,188	2,393	1-month	1,000
781 Hamilton Pkwy, #I	36	303	0.4757%	6,496	6,496	1,568	1-month	1,000
502 S Palm Drive	44	4,254	0.5603%	88,877	88,123	50,677	2-month	N/A
Novato Art Center	20	7,272	0.3077%	-	-	45,103	N/A	N/A
853 Reichert Avenue	40	3,667	0.4113%	58,494	58,274	43,706	N/A	N/A
781 Hamilton Pkwy, #H	36	278	0.2450%	5,813	5,865	3,405	1-month	1,000
Total				\$ 323,953	\$ 321,775	\$ 370,176		

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4: LEASES RECEIVABLE (CONTINUED)

Future payments due to the City under the non-cancelable agreements are as follows for the year ending June 30:

	Principal	Interest	Total
2024	\$ 235,749	\$ 1,663	\$ 237,412
2025	76,079	631	76,710
2026	12,125	155	14,654
Total	\$ 323,953	\$ 2,449	\$ 328,776

NOTE 5: INTERFUND AND INTRA-FUND TRANSACTIONS

Due From / To Other Funds

The composition of interfund balances as of June 30, 2023 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	\$ 842,459
	Measure B VRF Marin County	Deficit cash balance	180,400
	Measure A Street Bonds	Deficit cash balance	339,225
	Parking Improvement	Deficit cash balance	4,015
	Community Facilities Maintenance	Deficit cash balance	20,152
	Pension Obligation Bond	Deficit cash balance	49,749
	IS - Equipment Maintenance	Deficit cash balance	2,049,191
	Total Due From / To Other Funds		\$ 3,485,191

Advances To / From Other Funds

The composition of long-term interfund balances as of June 30, 2023 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, 2023 is \$1,697,652. 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.

On December 6, 2022, the Equipment Replacement Internal Service Fund loaned the Emergency & Disaster Response Fund \$4,850,000 for the partial purchase of land. The balance of the loan at June 30, 2023 is \$4,850,000. The loan bears interest at a rate of 2.50%. Principal and interest payments totaling \$155,500 are due each December 1 and June 1 through December 2042.

On March 1, 2023, the Hamilton Trust Fund loaned the Novato Public Financing Authority \$2,085,000 for the North Bay Children's Center's loan. The balance of the loan at June 30, 2023 is \$2,085,000. The loan bears interest at a rate of 2.50%. Principal and interest payments totaling \$78,780 are due each October and April through 2053.

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, 2023 was \$191,924. 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, 2023**

NOTE 5: INTERFUND AND INTRA-FUND TRANSACTIONS (CONTINUED)

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2023 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>Major Governmental Funds</u>			
General Fund	Special Projects Police	Annual police department funding	\$ 7,000
	Capital Improvement Projects	CIP program expenditures	904,921
	Pension Obligation Bond	Debt service	1,572,166
	Equipment Replacement	Equipment replacement	64,446
Development Impact Fee	Capital Improvement Projects	CIP program expenditures	80,678
Novato Public Financing Authority	General Fund	Administration service charge	13,000
Novato Public Financing Authority	General Fund	NBCC loan	2,085,000
American Rescue Plan Act	General Fund	Revenue and salary funding	473,894
	Capital Improvement Projects	CIP program expenditures	<u>281,216</u>
		Total Major Governmental Interfund Transfers	<u>5,482,321</u>
<u>Non-Major Governmental Funds</u>			
Subdivision Park	Capital Improvement Projects	CIP program expenditures	401,963
Art in Public Places	Capital Improvement Projects	CIP program expenditures	8,345
Hamilton Community Facilities	Capital Improvement Projects	CIP program expenditures	291
Hamilton Arts Center	Capital Improvement Projects	CIP program expenditures	12,728
San Pablo Landscaping	Hamilton Community Facilities	Maintenance fee	10,308
State Gas Tax	General Fund	Street maintenance costs	1,000,000
	Capital Improvement Projects	CIP program expenditures	630,762
General Plan Surcharge	General Fund	Operating expenditures	250,000
State & Federal Grants	Capital Improvement Projects	CIP program expenditures	111,633
Private Grant Fund	Capital Improvement Projects	CIP program expenditures	1,875
Measure B VRF Marin County	Capital Improvement Projects	CIP program expenditures	348,883
Measure A Street Bonds	Capital Improvement Projects	CIP program expenditures	565,929
Restricted Revenue	General Fund	Revenue that can be retained	2,965
Restricted Revenue	Capital Improvement Projects	CIP program expenditures	<u>720,061</u>
		Total Non-Major Governmental Interfund Transfer	<u>4,065,743</u>
		Total Interfund Transfers	<u>\$ 9,548,064</u>

Intra-fund Transfers between Funds

The following table represents intra-fund transfers made during the year ended June 30, 2023:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description</u>	<u>Amount</u>
General Fund	Emergency & Disaster Response	Replenish reserve	\$ 533,275
General Fund	Emergency & Disaster Response	Capital expenditures	500,000
General Fund	LT Maintenance - Facilities	CIP project support	375,000
General Fund	LT Maintenance - Infrastructure	CIP project support	375,000
Measure F Sales Tax	Emergency & Disaster Response	Capital expenditures	<u>400,000</u>
		Total General Fund Intra-fund Transfers	<u>\$ 2,183,275</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 157 - 159 presents both intra-fund and interfund transfers.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6: CAPITAL ASSETS

Governmental Activities:

	<u>Balance July 1, 2022</u>	<u>Prior Period Adjustment</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated						
Land	\$ 123,558,510	\$ -	\$ 5,763,070	\$ -	\$ -	\$ 129,321,580
Construction-in-progress	<u>7,674,047</u>	<u>-</u>	<u>4,069,285</u>	<u>-</u>	<u>(4,157,542)</u>	<u>7,585,790</u>
Total capital assets not being depreciated	<u>131,232,557</u>	<u>-</u>	<u>9,832,355</u>	<u>-</u>	<u>(4,157,542)</u>	<u>136,907,370</u>
Capital assets being depreciated						
Buildings and improvements	46,616,155	-	-	-	370,263	46,986,418
Furniture and equipment	4,302,105	-	-	-	160,956	4,463,061
Infrastructure	239,953,880	-	-	-	3,626,323	243,580,203
Right-to-use lease assets	17,267	-	-	-	-	17,267
Right-to-use subscription assets	<u>-</u>	<u>777,358</u>	<u>585,606</u>	<u>-</u>	<u>-</u>	<u>1,362,964</u>
Total capital assets being depreciated	<u>290,889,407</u>	<u>777,358</u>	<u>585,606</u>	<u>-</u>	<u>4,157,542</u>	<u>296,409,913</u>
Less accumulated depreciation						
Buildings and improvements	(14,494,456)	-	(927,360)	-	-	(15,421,816)
Furniture and equipment	(3,076,824)	(34,167)	(403,517)	-	-	(3,514,508)
Infrastructure	(152,687,308)	-	(5,380,965)	-	-	(158,068,273)
Right-to-use lease assets	(3,934)	-	(3,934)	-	-	(7,868)
Right-to-use subscription assets	<u>-</u>	<u>-</u>	<u>(320,708)</u>	<u>-</u>	<u>-</u>	<u>(320,708)</u>
Total accumulated depreciation	<u>(170,262,522)</u>	<u>(34,167)</u>	<u>(7,036,484)</u>	<u>-</u>	<u>-</u>	<u>(177,333,173)</u>
Total Capital Assets, net	<u>251,859,442</u>	<u>743,191</u>	<u>3,381,477</u>	<u>-</u>	<u>-</u>	<u>255,984,110</u>
Internal Service Funds:						
Capital assets being depreciated						
Furniture and equipment	113,706	-	20,443	-	-	134,149
Vehicles	5,296,648	-	117,289	(638,844)	-	4,775,093
Right-to-use lease assets	<u>753,819</u>	<u>-</u>	<u>205,310</u>	<u>-</u>	<u>-</u>	<u>959,129</u>
Total capital assets being depreciated	<u>6,164,173</u>	<u>-</u>	<u>343,042</u>	<u>(638,844)</u>	<u>-</u>	<u>5,868,371</u>
Less accumulated depreciation						
Furniture and equipment	(13,016)	-	(23,108)	-	-	(36,124)
Vehicles	(4,416,471)	34,167	(333,740)	606,146	-	(4,109,898)
Right-to-use lease assets	<u>(122,986)</u>	<u>-</u>	<u>(202,833)</u>	<u>-</u>	<u>-</u>	<u>(325,819)</u>
Total accumulated depreciation	<u>(4,552,473)</u>	<u>34,167</u>	<u>(559,681)</u>	<u>606,146</u>	<u>-</u>	<u>(4,471,841)</u>
Total Capital Assets, net	<u>1,611,700</u>	<u>34,167</u>	<u>(216,639)</u>	<u>(32,698)</u>	<u>-</u>	<u>1,396,530</u>
Total Governmental Activities	<u>\$ 253,471,142</u>	<u>\$ 777,358</u>	<u>\$ 3,164,838</u>	<u>\$ (32,698)</u>	<u>\$ -</u>	<u>\$ 257,380,640</u>

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation and amortization were charged to functions based on their usage of the related assets as follows:

Governmental Activities:

General government	\$ 928,154
Public safety	175,835
Culture and recreation	838
Community development	1,902
Public works	<u>6,489,436</u>

Total governmental activities depreciation expense \$ 7,596,165

Business-type Activities:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated				
Land	\$ 11,840,000	\$ -	\$ -	\$ 11,840,000
Construction-in-progress	<u>84,505</u>	<u>576,626</u>	<u>-</u>	<u>661,131</u>
Total capital assets not being depreciated	<u>11,924,505</u>	<u>576,626</u>	<u>-</u>	<u>12,501,131</u>
Capital assets being depreciated				
Buildings and improvements	8,842,586	213,442	-	9,056,028
Furniture and equipment	253,155	-	-	253,155
Infrastructure	<u>1,358,445</u>	<u>-</u>	<u>-</u>	<u>1,358,445</u>
Total capital assets being depreciated	<u>10,454,186</u>	<u>213,442</u>	<u>-</u>	<u>10,667,628</u>
Less accumulated depreciation				
Buildings and improvements	(5,429,671)	(384,252)	-	(5,813,923)
Furniture and equipment	(243,520)	(8,340)	-	(251,860)
Infrastructure	<u>(72,450)</u>	<u>(163,013)</u>	<u>-</u>	<u>(235,463)</u>
Total accumulated depreciation	<u>(5,745,641)</u>	<u>(555,605)</u>	<u>-</u>	<u>(6,301,246)</u>
Total Capital Assets, net	<u>\$ 16,633,050</u>	<u>\$ 234,463</u>	<u>\$ -</u>	<u>\$ 16,867,513</u>

Depreciation expense charged to business-type activities was \$555,605.

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: LONG-TERM LIABILITIES

Governmental activities long-term debt issued and outstanding at June 30, 2023 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, 2023</u>
General obligation refunding bonds: Series 2020	2028	1%	\$ 2,550,000	\$ 1,640,000
Pension obligation bonds, A-1 & A-2	2035	5.69-6.12%	18,296,066	16,541,354
2013 General obligation refunding bonds	2025	2.44%	10,710,450	982,324
Bond issuance premiums (discounts): Pension obligation bonds discount				(46,776)
Clean Renewable Energy Bonds (CREBS)	2024	0.00%	1,533,000	39,934
Lease liability	2023-2039	.3077 - 1.635%	Various	563,751
Subscription (SBITA) liability	2023-2028	.330 - 3.160%	Various	913,016
Compensated absences				<u>1,818,920</u>
Total governmental activities				<u>\$ 22,452,523</u>

Business-type activities long-term debt issued and outstanding at June 30, 2023 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, 2023</u>
Bank of Marin	2027	2.8050%	\$ 7,900,000	<u>\$ 2,737,648</u>

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: LONG-TERM LIABILITES (CONTINUED)

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2023:

	<u>Balance at July 1, 2022</u>	<u>Prior Period Adjustment</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Current Portion</u>
Governmental Activities:						
General obligation bonds	\$ 3,257,897	\$ -	\$ -	\$ (635,573)	\$ 2,622,324	\$ 634,844
Pension obligation bonds	17,110,788	-	445,566	(1,015,000)	16,541,354	1,135,000
Clean renewable energy bonds	59,901	-	-	(19,967)	39,934	39,934
Premium (discount) on bonds, net	(54,681)	-	-	7,904	(46,776)	(7,904)
Lease liability	538,142	-	203,431	(177,822)	563,751	162,059
Subscription (SBITA) liability	<u>-</u>	<u>622,858</u>	<u>584,606</u>	<u>(294,448)</u>	<u>913,016</u>	<u>277,940</u>
Total bonds, leases, and SBITAs payable	<u>20,912,047</u>	<u>622,858</u>	<u>1,233,603</u>	<u>(2,134,906)</u>	<u>20,633,603</u>	<u>2,241,873</u>
Other liabilities:						
Compensated absences	<u>1,625,499</u>	<u>-</u>	<u>1,882,942</u>	<u>(1,689,521)</u>	<u>1,818,920</u>	<u>139,141</u>
Total Governmental Activities	<u>\$ 22,537,546</u>	<u>\$ 622,858</u>	<u>\$ 3,116,545</u>	<u>\$ (3,824,427)</u>	<u>\$ 22,452,523</u>	<u>\$ 2,381,014</u>
Business-type Activities						
Bank of Marin	<u>\$ 3,302,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (564,565)</u>	<u>\$ 2,737,648</u>	<u>\$ 580,387</u>
Total Business-type Activities	<u>\$ 3,302,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (564,565)</u>	<u>\$ 2,737,648</u>	<u>\$ 580,387</u>

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

A description of the long-term liabilities related to governmental activities at June 30, 2023 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.

Leases

The City, as a lessee, has lease agreements involving office equipment, land, and vehicles. The total of the City's lease assets are recorded at a cost of \$976,396, less accumulated amortization of \$333,687. The lease terms vary from 24 - 60 months with interest rates ranging from 0.38% - 2.23%.

Subscriptions (SBITAs)

The City has entered into SBITAs involving various software subscriptions. The total of the City's SBITA assets are recorded at a cost of \$1,362,964 less accumulated amortization of \$320,708. The subscription terms vary from 13 - 72 months with interest rates ranging from 0.33% - 3.16%.

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: 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 \$77,216 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, 2023 was \$13,048.

Compensated Absences

At June 30, 2023, compensated absences totaled \$1,818,920, of which \$139,141 was recorded as a current liability and the non-current portion totaled \$1,679,779. 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
2024	\$ 315,000	\$ 319,844	\$ 634,844
2025	320,000	327,581	647,581
2026	330,000	334,899	664,899
2027	335,000	-	335,000
2028	<u>340,000</u>	<u>-</u>	<u>340,000</u>
Total	\$ <u>1,640,000</u>	\$ <u>982,324</u>	\$ <u>2,622,324</u>

For the Year Ending June 30,	Interest		
	Series 2020	Series 2013	Total
2024	\$ 18,087	\$ 20,066	\$ 38,153
2025	14,214	12,168	26,382
2026	10,248	4,086	14,334
2027	6,191	-	6,191
2028	<u>2,074</u>	<u>-</u>	<u>2,074</u>
Total	\$ <u>50,814</u>	\$ <u>36,320</u>	\$ <u>87,134</u>

Pension Obligation Bonds

For the Year Ending June 30,	Principal	Interest	Total
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	1,545,000	304,210	1,849,210
2028	1,705,000	212,590	1,917,590
2029 - 2033	7,086,740	3,599,744	10,686,484
2034 - 2037	<u>2,409,614</u>	<u>2,410,386</u>	<u>4,820,000</u>
Total	\$ <u>16,541,354</u>	\$ <u>7,905,360</u>	\$ <u>24,446,714</u>

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: LONG-TERM LIABILITES (CONTINUED)

Clean Renewable Energy Bonds

For the Year Ending June 30,	Principal	Interest	Total
2024	\$ 39,934	\$ -	\$ 39,934
Total	\$ 39,934	\$ -	\$ 39,934

Leases

For the Year Ending June 30,	Principal	Interest	Total
2024	\$ 162,059	\$ 7,000	\$ 169,059
2025	159,565	5,097	164,662
2026	141,438	3,178	144,616
2027	67,150	1,511	68,661
2028	30,542	380	30,922
2029 - 2033	1,297	203	1,500
2034 - 2038	1,406	94	1,500
2039 - 2040	294	5	299
Total	\$ 563,751	\$ 17,468	\$ 581,219

Subscriptions (SBITAs)

For the Year Ending June 30,	Principal	Interest	Total
2024	\$ 277,940	\$ 24,220	\$ 302,160
2025	250,471	17,216	267,687
2026	251,658	10,782	262,440
2027	114,799	4,298	119,097
2028	18,148	613	18,761
Total	\$ 913,016	\$ 57,129	\$ 970,145

Total Governmental Activities Future Debt Service

For the Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,249,777	\$ 598,625	\$ 2,848,402
2025	2,317,617	510,643	2,828,260
2026	2,457,995	415,524	2,873,519
2027	2,061,949	316,210	2,378,159
2028	2,093,690	215,657	2,309,347
2029 - 2033	7,088,037	3,599,947	10,687,984
2034 - 2038	2,411,020	2,410,480	4,821,500
2039 - 2040	294	5	299
Total	\$ 20,680,379	\$ 8,067,091	\$ 28,747,470

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: LONG-TERM LIABILITES (CONTINUED)

B. Business-type Activities

Bank of Marin Loan

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

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>
2024	\$ 580,387	\$ 70,785	\$ 651,172
2025	597,288	53,885	651,173
2026	614,491	36,682	651,173
2027	632,189	18,983	651,172
2028	<u>313,293</u>	<u>2,698</u>	<u>315,991</u>
Total	<u>\$ 2,737,648</u>	<u>\$ 183,033</u>	<u>\$ 2,920,681</u>

NOTE 8: 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, 2023 the outstanding principal of the City of Novato CFD No. 1994-1 Hamilton Field 2014 Loan Refinancing was \$3,369,027.

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, 2023 the outstanding principal of the City of Novato Community Facilities District No. 2002-1 (Pointe Marin) Special Tax Refunding bond 2020 issue was \$5,100,000.

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, 2023, the outstanding principal of the City of Novato Community Facilities District No.1 (Vintage Oaks) Special Tax Bond Refinancing Loan was \$5,206,904.

CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9: 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).

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.

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9: FUND BALANCE (CONTINUED)

As of June 30, 2023, 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	\$ 223,700	\$ -	\$ -	\$ -	\$ 223,700
Due from custodial funds	191,924	-	-	-	191,924
Employee loans and NBCC loan	<u>2,074,176</u>	-	-	-	<u>2,074,176</u>
Total Nonspendable	<u>2,489,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,489,800</u>
Restricted					
Taxes, & fees	-	-	32,299,316	10,657,272	42,956,588
Grants & contributions	-	50,496	-	1,355,847	1,406,343
Capital projects	-	19,087,541	-	3,729,431	22,816,972
Successor Agency admin	64,340	-	-	-	64,340
Pension	1,059,144	-	-	-	1,059,144
Affordable housing	-	-	-	4,024,579	4,024,579
Debt service	-	-	-	<u>2,747,544</u>	<u>2,747,544</u>
Total Restricted	<u>1,123,484</u>	<u>19,138,037</u>	<u>32,299,316</u>	<u>22,514,673</u>	<u>75,075,510</u>
Assigned					
Capital projects	2,508,331	-	-	-	2,508,331
PRCS programs	276,177	-	-	-	276,177
Replenish insurance reserve	1,244,720	-	-	-	1,244,720
Housing element	237,355	-	-	-	237,355
Contractual commitments	1,177,077	-	-	-	1,177,077
Parks master plan	250,000	-	-	-	250,000
Pension reserve	1,521	-	-	-	1,521
Emergency & disaster response	11,448,330	-	-	-	11,448,330
Long-term infrastructure	1,722,600	-	-	-	1,722,600
Long-term maintenance	874,952	-	-	-	874,952
Prior year fund balance assigned to emergency reserve	<u>3,694,238</u>	-	-	-	<u>3,694,238</u>
Total Assigned	<u>23,435,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,435,301</u>
Unassigned	<u>103,498</u>	<u>(3,643,597)</u>	<u>-</u>	<u>(975,767)</u>	<u>(4,515,866)</u>
Total Fund Balance	<u>\$ 27,152,083</u>	<u>\$ 15,494,440</u>	<u>\$ 32,299,316</u>	<u>\$ 21,538,906</u>	<u>\$ 96,484,745</u>

Fund Balance Deficits

As of June 30, 2023, the following funds had a fund deficit:

<u>Fund</u>	<u>Deficit</u>
Novato Public Financing Authority	\$ 3,643,597
Parking Improvement	4,053
Capital Improvement Projects	951,562
Community Facilities Maintenance	20,152

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

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety and Miscellaneous Pension Plans. The City's Safety Plan is a cost-sharing multiple employer defined benefit pension plan, and the Miscellaneous Plan is an agent multiple-employer defined benefit pension plan, both administered by the California Public Employees' Retirement System (CalPERS). The cost-sharing multiple employer Safety Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Individual employers may sponsor more than one rate plan. The City sponsors three Safety rate plans within the cost-sharing pool. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law. Classic employees, those hired prior to January 1, 2013, participate in cost sharing based on MOU changes.

The Plans' provisions and benefits in effect at June 30, 2023, 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*	29.23%	29.23%

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%	2.7%
Required Employee Contribution Rates	9.0%	9.0%	11.50%
Required Employer Contribution Rates*	21.84 %	20.64%	12.78%

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

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees Covered

At June 30, 2023, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	290
Inactive employees entitled to but not yet receiving benefits	114
Active employees	138
 Total	 542

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 \$3,145,095 for the year ended June 30, 2023, and the City's contributions to the Safety Plan were \$3,650,070 for the year ended June 30, 2023.

B. Net Pension Liability

The net pension liability of each of the Plans is measured as of June 30, 2022 using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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>Increase (Decrease)</u>		
<u>Miscellaneous Plan</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at July 1, 2022	\$ 111,883,148	\$ 98,402,641	\$ 13,480,507
Changes in the Year:			
Service cost	\$ 1,935,209	\$ -	\$ 1,935,209
Interest on the total pension liability	7,663,399	-	7,663,399
Changes of assumptions	2,937,202	-	2,937,202
Differences between expected and actual experience	(1,279,491)	-	(1,279,491)
Plan to Plan Resource Movement	-	45,295	(45,295)
Contributions - employer	-	2,903,132	(2,903,132)
Contributions - employee	-	929,710	(929,710)
Net investment income	-	(7,352,875)	7,352,875
Benefit payments, including refunds of employee contributions	(6,889,413)	(6,889,413)	-
Administrative expense	-	(61,299)	61,299
Net Changes	4,366,906	(10,425,450)	14,792,356
Balance at June 30, 2023	\$ 116,250,054	\$ 87,977,191	\$ 28,272,863

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Safety Plan of \$35,597,801. The City's total net pension liability as of June 30, 2023 totaled \$63,870,664.

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, 2021 and 2022 was as follows:

Proportion - June 30, 2021	030816%
Proportion - June 30, 2022	0.35053%
Change - Increase (Decrease)	(0.04237%)

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50% (Miscellaneous); 2.30% (Safety)
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	
Miscellaneous Plan	6.90% 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 2021 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on CalPERS website.

Changes in Assumptions

For the measurement period June 30, 2022, the accounting discount rate was reduced from 7.15% to 6.90%.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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.

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund (PERF) cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (a)(b)</u>
Public Equity	30.0%	4.54%
Public Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)

(a) An expected inflation of 2.3% used for this period

(b) Figures are based on 2021-22 Asset Liability Management study.

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% (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>Discount Rate +1% (7.90%)</u>
Miscellaneous (total share)	\$ 42,199,378	\$ 28,272,863	\$ 16,661,365
Safety (proportionate share)	52,032,869	35,597,801	22,159,738

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, 2023**

NOTE 10: 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, 2023, the City recognized pension expense of \$3,201,809 for the Miscellaneous Plan. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 3,145,095	\$ -
Differences between actual and expected experience	-	(731,846)
Changes in assumptions	1,660,158	-
Net differences between projected and actual earnings on plan investments	4,356,057	-
Total	\$ 9,161,310	\$ (731,846)

\$3,145,095 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2024	\$ 1,397,133
2025	821,616
2026	258,768
2027	2,806,852

Safety Plan

For the year ended June 30, 2023, the City recognized pension expense of \$804,518 for the Safety Plan. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 3,650,070	\$ -
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	-	(2,974,670)
Differences between actual and expected experience	1,473,124	(386,528)
Changes in assumptions	3,588,997	-
Change in employer's proportion	2,401,116	-
Net differences between projected and actual earnings on plan investments	5,620,860	-
Total	\$ 16,734,167	\$ (3,361,198)

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$3,650,070 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, 2024. 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>	
2024	\$ 2,735,834
2025	2,250,040
2026	1,308,230
2027	3,428,795

NOTE 11: 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, 2022 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	190
Inactive employees currently receiving benefits	68
Inactive employees entitled to, but not yet receiving benefits	<u>133</u>
 Total	 <u><u>391</u></u>

Contributions

The City's policy is to fully fund the actuarially determined contribution. For governmental activities, the contribution has been liquidated by the general fund. The City makes contributions on behalf of the participants. For the fiscal year ended June 30, 2023, the city contributed \$541,174.

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 to determine the June 30, 2023 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Valuation Date	June 30, 2021
Contribution Policy	City contributes full ADC
Discount Rate and Long Term Expected Rate of Return on Assets	5.75% at June 30, 2022 5.75% at June 30, 2021 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: 50% Waived Actives: 5% Waived Retirees: 5% re-elect at 65

Changes in Assumptions

For the measurement period ended June 30, 2022, there were no changes in assumptions.

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, 2023**

NOTE 11: 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 rates 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, 2022 (June 30, 2021 measurement date)	\$ 3,748,053	\$ 2,113,280	\$ 1,634,773
Service cost	179,892	-	179,892
Interest in TOL	220,103	-	220,103
Employer contributions	-	954,398	(954,398)
Net investment income	-	(270,867)	270,867
Administrative expense	-	(6,808)	6,808
Benefit payments	(200,133)	(200,133)	-
Net change	199,862	476,590	(276,728)
Balance at June 30, 2023 (June 30, 2022 measurement date)	\$ <u>3,947,915</u>	\$ <u>2,589,870</u>	\$ <u>1,358,045</u>

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

The following represents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Net OPEB Liability	\$ <u>1,863,506</u>	\$ <u>1,358,045</u>	\$ <u>938,578</u>

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11: 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, 2022:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ <u>841,572</u>	\$ <u>1,358,045</u>	\$ <u>2,004,063</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) (7.7 years at June 30, 2023)

OPEB Expense

For the fiscal year ended June 30, 2023, the City recognized OPEB expense (credit) of \$(89,183). As of the fiscal year ended June 30, 2023, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 541,174	\$ -
Difference between expected and actual experience	-	(580,158)
Changes in assumptions	-	(445,692)
Net difference between projected and actual earnings on OPEB plan investments	<u>150,511</u>	<u>-</u>
Total	<u>\$ 691,685</u>	<u>\$ (1,025,850)</u>

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

\$541,174 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
2024	\$ (250,168)
2025	(208,166)
2026	(165,567)
2027	(104,132)
2028	(147,306)

NOTE 12: 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 \$353,946 for claims and \$1,683,816 for insurance premiums during the fiscal year ended June 30, 2023.

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, 2023, the City incurred costs of \$1,859,590 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, 2023**

NOTE 12: 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, 2023:

	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Projected known claims	\$ 561,421	\$ 322,318	\$ 883,739
Projected IBNR	<u>849,171</u>	<u>352,192</u>	<u>1,201,363</u>
Total Claims Liability	<u>\$ 1,410,592</u>	<u>\$ 674,510</u>	<u>\$ 2,085,102</u>
Claims liability - current	\$ 452,046	\$ 249,658	\$ 701,704
Claims liability - non-current	<u>985,547</u>	<u>425,578</u>	<u>1,411,125</u>
Total Claims Liability	<u>\$ 1,437,593</u>	<u>\$ 675,236</u>	<u>\$ 2,112,829</u>

NOTE 13: 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, 2023:

<u>Fund</u>	<u>Excess Expenditures and Transfers</u>
Affordable Housing	\$ 64,925
Parking Improvement	627
Landscaping Assessment District - Wildwood Glen	900
Special Police Projects	185,182
COPS Grant	612,457
Private Grant	1,875
Measure B VRF Marin County	38,376

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

NOTE 14: CONTINGENCIES AND COMMITMENTS

Grant Awards

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

Litigation

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

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15: PRIOR PERIOD ADJUSTMENTS AND CHANGE IN ACCOUNTING PRINCIPLE

Change in Accounting Principle

For the year ended June 30, 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. These changes were incorporated in the financial statements as follows:

	Governmental Activities
ROU subscription assets, net	\$ 777,358
Subscription liabilities	622,858
Total Change in Accounting Principle	\$ 154,500

Prior Period Adjustments

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

- Various reconciliations were completed and it was determined certain revenues and liabilities in the General Fund and other governmental funds had been incorrectly stated.
- Depreciation for governmental assets was incorrectly charged to an internal service fund.

These adjustments were reflected in the financial statements as follows:

	Governmental Activities	General Fund	Other Governmental Funds	Internal Service Funds
Reconciliation corrections	\$ 63,061	\$ 110,887	\$ (47,826)	\$ -
Depreciation correction	-	-	-	34,167
Total Prior Period Adjustment	\$ 63,061	\$ 110,887	\$ (47,826)	\$ 34,167

NOTE 16: 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, 2023 are included in pooled cash and investments, and cash with fiscal agent as discussed in Note 2.

B. Prepaid Expenses

NPFA Lease

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

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16: REDEVELOPMENT OBLIGATION RETIREMENT FUND (CONTINUED)

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, 2023 was \$45,713.

D. Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</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	13,815,000	-	(1,705,000)	12,110,000	1,735,000
Premium (discount) on bonds, net	<u>1,889,439</u>	<u>-</u>	<u>(104,459)</u>	<u>1,784,980</u>	<u>(104,459)</u>
Total Long-Term Liabilities	<u>\$ 33,204,439</u>	<u>\$ -</u>	<u>\$ (1,809,459)</u>	<u>\$ 31,394,980</u>	<u>\$ 1,630,541</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.

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

For the Year Ending June 30	<u>2019 TARB Series A</u>		<u>2019 TARB Series B</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	-	700,000	1,510,000	161,201	1,510,000	861,201
2028	-	700,000	1,545,000	125,142	1,545,000	825,142
2029 - 2033	4,320,000	3,280,400	4,070,000	143,258	8,390,000	3,423,658
2034 - 2038	8,820,000	1,780,000	-	-	8,820,000	1,780,000
2039 - 2042	<u>4,360,000</u>	<u>263,400</u>	<u>-</u>	<u>-</u>	<u>4,360,000</u>	<u>263,400</u>
Total	<u>\$ 17,500,000</u>	<u>\$ 8,823,800</u>	<u>\$ 12,110,000</u>	<u>\$ 1,119,273</u>	<u>\$ 29,610,000</u>	<u>\$ 9,943,073</u>

**CITY OF NOVATO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 17: SUBSEQUENT EVENTS

Management has evaluated events subsequent to June 30, 2023 through November 11, 2024, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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, 2023**

	2022 - 2023			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 38,178,506	\$ 38,178,506	\$ 40,062,369	\$ 1,883,863
Licenses and permits	1,113,870	1,737,475	2,055,450	317,975
Intergovernmental	612,045	737,045	656,323	(80,722)
Fines and forfeitures	411,050	411,050	538,360	127,310
Use of money and property	475,527	475,527	719,372	243,845
Charges for services	3,355,549	3,186,824	4,219,422	1,032,598
Other revenues	<u>78,800</u>	<u>78,800</u>	<u>377,099</u>	<u>298,299</u>
Total Revenues	<u>44,225,347</u>	<u>44,805,227</u>	<u>48,628,395</u>	<u>3,823,168</u>
EXPENDITURES				
Current:				
General Government				
Central Administration				
City council	110,149	111,199	118,203	(7,004)
City manager	611,341	592,286	663,367	(71,081)
Public information	367,322	621,469	511,119	110,350
Homeless program	-	-	35,144	(35,144)
Economic development	15,100	378,671	410,749	(32,078)
Successor agency administration	-	-	68,871	(68,871)
Environmental sustainability	187,703	187,703	167,772	19,931
City clerk	558,389	558,389	493,306	65,083
City attorney	687,600	687,600	765,363	(77,763)
Risk management	1,872,870	1,872,870	1,958,408	(85,538)
Nondepartmental	<u>(250,000)</u>	<u>(250,000)</u>	<u>144,476</u>	<u>(394,476)</u>
Total Central Administration	<u>4,160,474</u>	<u>4,760,187</u>	<u>5,336,778</u>	<u>(576,591)</u>
Administrative Services				
Administration	516,286	527,467	220,976	306,491
Human resources	1,052,349	1,056,267	1,034,599	21,668
Finance	2,032,910	2,135,702	2,008,032	127,670
Information technology	1,493,007	1,499,169	1,604,806	(105,637)
Risk management	-	-	43,606	(43,606)
Memberships	32,500	32,500	-	32,500
Central stores	5,000	5,000	7,816	(2,816)
Special programs	1,221,393	1,186,918	1,045,842	141,076
Marin GSA	67,233	67,233	51,990	15,243
Emergency Response	-	-	3,288	(3,288)
Animal services	730,465	730,465	727,965	2,500
City-owned properties	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Administrative Services	<u>7,161,143</u>	<u>7,250,721</u>	<u>6,748,920</u>	<u>501,801</u>
Total General Government	<u>11,321,617</u>	<u>12,010,908</u>	<u>12,085,698</u>	<u>(74,790)</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, 2023**

	2022 - 2023			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
Public Safety				
Police				
Police administration	1,596,288	1,601,288	1,615,068	(13,780)
Services administration	-	-	16,240	(16,240)
Emergency services	25,000	25,000	16,029	8,971
Records management	588,086	578,086	648,846	(70,760)
Communications/dispatch	1,448,044	1,433,863	1,465,763	(31,900)
Professional standards	574,247	579,086	780,664	(201,578)
Criminal investigations	1,762,102	1,807,102	1,518,202	288,900
Patrol operations	10,345,657	10,281,557	9,537,772	743,785
K-9	335,819	320,819	260,476	60,343
Traffic operations	560,779	575,779	729,990	(154,211)
Police grants	232,015	232,015	293,181	(61,166)
Novato response team	877,684	876,798	1,031,949	(155,151)
Special response team	13,864	13,864	5,660	8,204
Community engagement	25,000	20,000	19,631	369
Total Public Safety	<u>18,384,585</u>	<u>18,345,257</u>	<u>17,939,471</u>	<u>405,786</u>
Public Works				
Traffic & engineering administration	741,375	701,705	633,397	68,308
Storm water pollution prevention	47,605	47,605	49,687	(2,082)
Engineering operations	588,725	600,080	601,455	(1,375)
Permitting	175,037	175,037	23,443	151,594
Sustainability	-	-	1,699	(1,699)
Private project engineering	329,936	332,269	307,279	24,990
Capital project engineering	(80,078)	(65,243)	447,974	(513,217)
Maintenance administration	560,083	571,080	361,947	209,133
Street maintenance	1,097,296	1,206,796	509,343	697,453
Storm drain maintenance	863,364	863,364	851,777	11,587
Traffic operations	152,820	152,820	165,586	(12,766)
Median island maintenance	979,837	979,837	857,542	122,295
Parks maintenance	974,032	1,223,230	874,369	348,861
Hamilton pool landscape	129,650	129,650	157,678	(28,028)
Civic center maintenance	1,191,698	1,191,698	1,056,279	135,419
Novato museum maintenance	6,700	6,700	7,080	(380)
DRC/gymnasium maintenance	110,004	104,620	115,761	(11,141)
MTSC maintenance	360,724	332,725	377,332	(44,607)
Hamilton pool building maintenance	5,623	5,623	17,844	(12,221)
Other Hamilton facilities maintenance	85,585	81,383	122,719	(41,336)
City owned property management	15,000	15,000	10,544	4,456
Equipment/vehicle maintenance	-	-	577	(577)
Total Public Works	<u>8,335,016</u>	<u>8,655,979</u>	<u>7,551,312</u>	<u>1,104,667</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, 2023**

	2022 - 2023		Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
Culture and Recreation				
Administration	691,849	713,039	810,164	(97,125)
Activities guide	11,253	11,253	1,593	9,660
Hamilton pool	-	201,500	162,178	39,322
Special events	203,745	206,591	121,224	85,367
Child care & enrichment programs	415,139	415,139	406,170	8,969
Senior citizens	297,823	298,869	232,558	66,311
Senior citizens classes	63,347	63,795	130,519	(66,724)
Athletic programs	524,088	524,088	224,465	299,623
Gymnastics	<u>1,023,623</u>	<u>1,023,623</u>	<u>1,010,871</u>	<u>12,752</u>
Total Cultural and Recreation	<u>3,230,867</u>	<u>3,457,897</u>	<u>3,099,742</u>	<u>358,155</u>
Community Development				
Administration	281,357	281,357	260,698	20,659
Economic programs	359,318	-	-	-
Sustainability	-	-	18,488	(18,488)
Code enforcement	235,866	245,133	242,736	2,397
Resale inspection	237,401	238,431	122,218	116,213
Planning administration	1,799,058	1,799,058	705,509	1,093,549
Long-range planning	276,750	276,750	171,101	105,649
Private projects	537,301	537,301	466,762	70,539
Clerical support services	426,558	430,646	415,229	15,417
Building inspection	<u>1,312,676</u>	<u>1,312,676</u>	<u>1,574,821</u>	<u>(262,145)</u>
Total Community Development	<u>5,466,285</u>	<u>5,121,352</u>	<u>3,977,562</u>	<u>1,143,790</u>
Capital Projects	-	<u>5,750,000</u>	<u>5,759,784</u>	<u>(9,784)</u>
Total Capital Outlay	-	<u>5,750,000</u>	<u>5,759,784</u>	<u>(9,784)</u>
Debt Service				
Principal	19,968	19,968	54,179	(34,211)
Interest	-	<u>533,275</u>	<u>8,362</u>	<u>524,913</u>
Total Debt Service	<u>19,968</u>	<u>553,243</u>	<u>62,541</u>	<u>490,702</u>
Total Expenditures	<u>46,758,338</u>	<u>53,894,636</u>	<u>50,476,110</u>	<u>3,418,526</u>
Excess (deficiency) of revenues over expenditures	<u>(2,532,991)</u>	<u>(9,089,409)</u>	<u>(1,847,715)</u>	<u>7,241,694</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>OTHER FINANCING SOURCES (USES)</u>				
Inception of SBITA	1,795,330	6,645,330	15,379	(6,629,951)
Transfers in	1,523,000	4,227,455	3,824,859	(402,596)
Transfers out	<u>(2,643,612)</u>	<u>(6,844,200)</u>	<u>(2,548,533)</u>	<u>4,295,667</u>
Total Other Financing Sources (Uses)	<u>674,718</u>	<u>4,028,585</u>	<u>1,291,705</u>	<u>(2,736,880)</u>
Net change in fund balance	<u>\$ (1,858,273)</u>	<u>\$ (5,060,824)</u>	<u>(556,010)</u>	<u>\$ 4,504,814</u>
Fund balance - July 1, 2022			27,597,206	
Prior period adjustment			<u>110,887</u>	
Fund balance - July 1, 2022, restated			<u>27,708,093</u>	
Fund balance - June 30, 2023			<u>\$ 27,152,083</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 15,700	\$ 15,700	\$ 185,580	\$ 169,880
Charges for services	<u>250,000</u>	<u>250,000</u>	<u>1,013,880</u>	<u>763,880</u>
Total Revenues	<u>265,700</u>	<u>265,700</u>	<u>1,199,460</u>	<u>933,760</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(10,000)</u>	<u>(1,440,345)</u>	<u>(80,678)</u>	<u>1,359,667</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(1,440,345)</u>	<u>(80,678)</u>	<u>1,359,667</u>
Net change in fund balance	<u>\$ 255,700</u>	<u>\$ (1,174,645)</u>	1,118,782	<u>\$ 2,293,427</u>
Fund balance - July 1, 2022			<u>17,968,759</u>	
Fund balance - June 30, 2023			<u>\$ 19,087,541</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, 2023

	<u>2022 - 2023</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>42,000</u>	\$ <u>42,000</u>	\$ <u>204,103</u>	\$ <u>162,103</u>
Total Revenues	<u>42,000</u>	<u>42,000</u>	<u>204,103</u>	<u>162,103</u>
<u>EXPENDITURES</u>				
Current:				
General government				
City-owned property	<u>124,911</u>	<u>124,911</u>	<u>94,164</u>	<u>30,747</u>
Total Expenditures	<u>124,911</u>	<u>124,911</u>	<u>94,164</u>	<u>30,747</u>
Excess (deficiency) of revenues over expenditures	<u>(82,911)</u>	<u>(82,911)</u>	<u>109,939</u>	<u>192,850</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(13,000)</u>	<u>(2,098,000)</u>	<u>(2,098,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(2,098,000)</u>	<u>(2,098,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (95,911)</u>	<u>\$ (2,180,911)</u>	(1,988,061)	<u>\$ -</u>
Fund balance (deficit) - July 1, 2022			<u>(1,655,536)</u>	
Fund balance (deficit) - June 30, 2023			<u>\$ (3,643,597)</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ 834,233	\$ 834,233
Use of money and property	<u>-</u>	<u>-</u>	<u>29,595</u>	<u>29,595</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>863,828</u>	<u>863,828</u>
<u>EXPENDITURES</u>				
Current:				
General government	76,750	76,750	50,400	26,350
Public safety	230,000	230,000	-	230,000
Public works	407,230	407,230	10,723	396,507
Cultural and recreation	43,500	43,500	-	43,500
Community development	<u>65,250</u>	<u>65,250</u>	<u>18,000</u>	<u>47,250</u>
Total Expenditures	<u>822,730</u>	<u>822,730</u>	<u>79,123</u>	<u>743,607</u>
Excess (deficiency) of revenues over expenditures	<u>(822,730)</u>	<u>(822,730)</u>	<u>784,705</u>	<u>1,607,435</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from financing	1,822,730	1,822,730	-	(1,822,730)
Transfers out	<u>(1,000,000)</u>	<u>(2,277,339)</u>	<u>(755,110)</u>	<u>1,522,229</u>
Total Other Financing Sources (Uses)	<u>822,730</u>	<u>(454,609)</u>	<u>(755,110)</u>	<u>(300,501)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,277,339)</u>	29,595	<u>\$ -</u>
Fund balance - July 1, 2022			<u>20,901</u>	
Fund balance - June 30, 2023			<u>\$ 50,496</u>	

**CITY OF NOVATO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023
Last 10 Years ***

	Measurement Period				
	2022	2021	2020	2019	2018
Changes in Total Pension Liability					
Service cost	\$ 1,935,209	\$ 1,785,314	\$ 1,738,286	\$ 1,752,430	\$ 1,731,963
Interest	7,663,399	7,610,935	7,385,065	7,115,985	6,813,041
Changes of assumptions	2,937,202	-	-	-	(471,956)
Difference between expected and actual experience	(1,279,491)	(95,207)	315,183	785,598	146,212
Benefit payments, including refunds of member contributions	<u>(6,889,413)</u>	<u>(6,134,169)</u>	<u>(5,651,119)</u>	<u>(5,175,221)</u>	<u>(5,032,458)</u>
Net Change in Total Pension Liability	4,366,906	3,166,873	3,787,415	4,478,792	3,186,802
Total Pension Liability - Beginning of Year	<u>111,883,148</u>	<u>108,716,275</u>	<u>104,928,860</u>	<u>100,450,068</u>	<u>97,263,266</u>
Total Pension Liability - End of Year	<u>116,250,054</u>	<u>111,883,148</u>	<u>108,716,275</u>	<u>104,928,860</u>	<u>100,450,068</u>
Changes in Plan Fiduciary Net Position					
Contributions - employer	2,903,132	2,550,629	2,524,128	2,190,445	1,908,014
Contributions - employee	929,710	823,550	774,123	719,025	717,920
Plan to plan resource movement	45,295	-	-	-	(183)
Net investment income	(7,352,875)	18,548,817	3,980,078	5,121,724	6,278,801
Benefit payments, including refunds of member contributions	(6,889,413)	(6,134,169)	(5,651,119)	(5,175,221)	(5,032,458)
Administrative expenses	(61,299)	(82,609)	(114,449)	(55,936)	(116,636)
Other Miscellaneous Income/(Expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>183</u>	<u>(221,494)</u>
Net changes	<u>(10,425,450)</u>	<u>15,706,218</u>	<u>1,512,761</u>	<u>2,800,220</u>	<u>3,533,964</u>
Plan Fiduciary Net Position - Beginning of Year	98,402,641	82,696,423	81,183,662	78,383,442	74,849,478
Plan Fiduciary Net Position - End of Year	<u>87,977,191</u>	<u>98,402,641</u>	<u>82,696,423</u>	<u>81,183,662</u>	<u>78,383,442</u>
Net Pension Liability - End of Year	<u>\$ 28,272,863</u>	<u>\$ 13,480,507</u>	<u>\$ 26,019,852</u>	<u>\$ 23,745,198</u>	<u>\$ 22,066,626</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.7 %	88.0 %	76.1 %	77.4 %	78.0 %
Covered Payroll	\$ 10,945,750	\$ 10,952,845	\$ 10,664,334	\$ 10,614,997	\$ 10,466,933
Net Pension Liability as a Percentage of Covered Payroll	258.3 %	123.1 %	244.0 %	223.7 %	210.8 %

Notes to Schedule:

Changes in assumptions: In 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In 2021, 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 nine 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, 2023
Last 10 Years ***

	Measurement Period			
	2017	2016	2015	2014
Changes in Total Pension Liability				
Service cost	\$ 1,660,667	\$ 1,651,346	\$ 1,492,551	\$ 1,481,542
Interest	6,583,694	6,475,684	6,277,841	6,054,166
Changes of assumptions	5,038,152	-	(1,430,883)	-
Difference between expected and actual experience	(1,365,339)	(999,532)	(770,125)	-
Benefit payments, including refunds of member contributions	<u>(4,460,795)</u>	<u>(4,287,852)</u>	<u>(4,240,324)</u>	<u>(3,757,926)</u>
Net Change in Total Pension Liability	7,456,379	2,839,646	1,329,060	3,777,782
Total Pension Liability - Beginning of Year	<u>89,806,887</u>	<u>86,967,241</u>	<u>85,638,181</u>	<u>81,860,399</u>
Total Pension Liability - End of Year	<u>97,263,266</u>	<u>89,806,887</u>	<u>86,967,241</u>	<u>85,638,181</u>
Changes in Plan Fiduciary Net Position				
Contributions - employer	1,763,637	1,603,220	1,435,535	1,206,124
Contributions - employee	695,707	712,496	635,240	582,962
Plan to plan resource movement	-	2,406	(286)	-
Net investment income	7,705,310	354,708	1,592,282	10,779,038
Benefit payments, including refunds of member contributions	(4,460,795)	(4,287,852)	(4,240,324)	(3,757,926)
Administrative expenses	(102,240)	(43,214)	(80,001)	-
Other Miscellaneous Income/(Expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes	<u>5,601,619</u>	<u>(1,658,236)</u>	<u>(657,554)</u>	<u>8,810,198</u>
Plan Fiduciary Net Position - Beginning of Year	69,247,859	70,906,095	71,563,649	62,753,451
Plan Fiduciary Net Position - End of Year	<u>74,849,478</u>	<u>69,247,859</u>	<u>70,906,095</u>	<u>71,563,649</u>
Net Pension Liability - End of Year	<u>\$ 22,413,788</u>	<u>\$ 20,559,028</u>	<u>\$ 16,061,146</u>	<u>\$ 14,074,532</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.0 %	77.1 %	81.5 %	83.6 %
Covered Payroll	\$ 10,032,422	\$ 10,999,445	\$ 9,692,518	\$ 9,367,365
Net Pension Liability as a Percentage of Covered Payroll	223.4 %	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, 2023
Last 10 Years ***

	Measurement Period				
	2022	2021	2020	2019	2018
Proportion of the net pension liability	0.30816 %	0.35053 %	0.28032 %	0.27023 %	0.26402 %
Proportionate share of the net pension liability	\$ 35,597,801	\$ 18,961,145	\$ 30,503,205	\$ 27,693,546	\$ 25,441,456
Covered payroll	\$ 7,104,898	\$ 6,330,177	\$ 6,821,978	\$ 6,749,440	\$ 5,899,923
Proportionate share of the net pension liability as a percentage of covered payroll	501.03 %	299.54 %	447.13 %	410.31 %	431.22 %
Plan fiduciary net position as a percentage of the total pension liability	76.68 %	88.29 %	75.10 %	75.30 %	75.30 %

Notes to Schedule:

Changes in assumptions: In 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In 2021, 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 nine 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, 2023
Last 10 Years ***

	Measurement Period			
	2017	2016	2015	2014
Proportion of the net pension liability	0.25285 %	0.25076 %	0.23386 %	0.25458 %
Proportionate share of the net pension liability	\$ 25,076,158	\$ 21,698,548	\$ 16,050,389	\$ 15,840,916
Covered payroll	\$ 5,769,289	\$ 5,779,335	\$ 5,615,795	\$ 5,800,922
Proportionate share of the net pension liability as a percentage of covered payroll	434.65 %	375.45 %	285.81 %	273.08 %
Plan fiduciary net position as a percentage of the total pension liability	73.31 %	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, 2023
Last 10 Years ***

Miscellaneous	Fiscal Year-End				
	2023	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 3,145,095	\$ 2,884,102	\$ 2,549,877	\$ 2,520,787	\$ 2,186,955
Contributions in relation to the actuarially determined contributions	<u>3,145,095</u>	<u>2,884,102</u>	<u>2,549,877</u>	<u>2,520,787</u>	<u>2,186,955</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,945,750	\$ 10,723,170	\$ 10,247,861	\$ 10,584,426	\$ 10,398,130
Contributions as a percentage of covered payroll	28.73 %	26.90 %	24.88 %	23.82 %	21.03 %
Safety	Fiscal Year-End				
	2023	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 3,650,070	\$ 3,199,856	\$ 2,937,157	\$ 2,797,157	\$ 2,333,420
Contributions in relation to the actuarially determined contributions	<u>3,650,070</u>	<u>3,199,856</u>	<u>2,937,157</u>	<u>2,797,157</u>	<u>2,333,420</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,443,717	\$ 7,104,898	\$ 6,330,177	\$ 6,821,978	\$ 6,087,765
Contributions as a percentage of covered payroll	49.04 %	45.04 %	46.40 %	41.00 %	38.33 %

* Fiscal year 2015 was the first year of implementation, therefore only nine 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, 2023
Last 10 Years ***

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

	2022	2021	2020
Total OPEB liability			
Service cost	\$ 179,892	\$ 175,077	\$ 298,700
Interest	220,103	210,095	302,715
Difference between expected and actual experience	-	-	(742,884)
Changes in assumptions	-	-	(693,374)
Benefit payments	(200,133)	(231,743)	(230,533)
Net change in total OPEB liability	199,862	153,429	(1,065,376)
Total OPEB liability, beginning	3,748,053	3,594,624	4,660,000
Total OPEB liability, ending (a)	\$ 3,947,915	\$ 3,748,053	\$ 3,594,624
 Plan fiduciary net position			
Contributions - employer	\$ 954,398	\$ 233,026	\$ 231,883
Net investment income	(270,867)	405,500	66,340
Benefit payments	(200,133)	(231,743)	(230,533)
Administrative expenses	(6,808)	(6,041)	(5,430)
Pension transfer	-	-	(6,778)
Net change in plan fiduciary net position	476,590	400,742	55,482
Plan fiduciary net position, beginning	2,113,280	1,712,538	1,657,056
Plan fiduciary net position, ending (b)	\$ 2,589,870	\$ 2,113,280	\$ 1,712,538
City's net OPEB liability, ending (a) - (b)	\$ 1,358,045	\$ 1,634,773	\$ 1,882,086
Plan fiduciary net position as a percentage of the total OPEB liability	66 %	56 %	48 %
Covered payroll**	\$ 18,742,504	\$ 18,129,182	\$ 19,084,457
City's net OPEB liability as a percentage of covered-employee payroll	7 %	9 %	10 %

Notes to Schedule:

Changes in Assumptions

For the measurement period ended June 30, 2022 and 2021, there were no changes. 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%, 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, demographic assumptions were updated to the CalPERS 1997-2015 experience study, mortality improvement assumptions were updated using the Scale MP-2018, 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 six years are shown. Additional years' information will be displayed as it becomes available.

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

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

Last 10 Years*

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

**CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially Determined Contribution (ADC)	\$ 303,000	\$ 341,000	\$ 556,000
Contributions in relation to the ADC	<u>(541,174)</u>	<u>(954,398)</u>	<u>(233,026)</u>
Contribution deficiency (excess)	<u>\$ (238,174)</u>	<u>\$ (613,398)</u>	<u>\$ 322,974</u>
Covered payroll	\$ 19,669,586	\$ 18,742,504	\$ 18,129,182
Contributions as a percentage of covered-employee payroll	2.8 %	5.1 %	1.3 %

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

CITY OF NOVATO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS (CONTINUED)
For the Fiscal Year Ended June 30
Last 10 Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 556,000	\$ 481,000	\$ 466,000
Contributions in relation to the ADC	<u>(232,000)</u>	<u>(472,000)</u>	<u>(524,000)</u>
Contribution deficiency (excess)	<u>\$ 324,000</u>	<u>\$ 9,000</u>	<u>\$ (58,000)</u>
Covered payroll	\$ 19,084,000	\$ 18,562,000	\$ 18,910,000
Contributions as a percentage of covered-employee payroll	1.2 %	2.5 %	2.8 %

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

**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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>406,000</u>	\$ <u>406,000</u>	\$ <u>95,857</u>	\$ <u>(310,143)</u>
Total Revenues	<u>406,000</u>	<u>406,000</u>	<u>95,857</u>	<u>(310,143)</u>
<u>EXPENDITURES</u>				
Current:				
General government				
Hamilton project area	<u>-</u>	<u>-</u>	<u>28,133</u>	<u>(28,133)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>28,133</u>	<u>(28,133)</u>
Excess (deficiency) of revenues over expenditures	<u>406,000</u>	<u>406,000</u>	<u>67,724</u>	<u>(338,276)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(301,000)</u>	<u>(301,000)</u>	<u>-</u>	<u>301,000</u>
Total Other Financing Sources (Uses)	<u>(301,000)</u>	<u>(301,000)</u>	<u>-</u>	<u>301,000</u>
Net change in fund balance	<u>\$ 105,000</u>	<u>\$ 105,000</u>	67,724	<u>\$ (37,276)</u>
Fund balance - July 1, 2022			<u>32,231,592</u>	
Fund balance - June 30, 2023			<u>\$ 32,299,316</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.

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

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

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.

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.

NON-MAJOR GOVERNMENTAL FUNDS

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

CAPITAL PROJECT FUNDS

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

Measure B VRF Marin County Fund - accounts for funds received from Measure 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, 2023**

	Special Revenue Funds					
	Affordable Housing Programs	Clean Stormwater	Underground Utilities	Parking Improvement	Subdivision Park	Art in Public Places
ASSETS						
Cash and investments	\$ 2,522,692	\$ 225,950	\$ 1,068,539	\$ -	\$ 175,278	\$ 350,408
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	18,900	-	-	-	-	-
Interest receivable	-	-	-	-	-	-
Taxes receivable	-	1,870	-	-	-	-
Loans receivable	2,676,202	-	-	-	-	-
Leases receivable	-	-	-	-	-	-
Total Assets	<u>\$ 5,217,794</u>	<u>\$ 227,820</u>	<u>\$ 1,068,539</u>	<u>\$ -</u>	<u>\$ 175,278</u>	<u>\$ 350,408</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ 17,013	\$ 765	\$ -	\$ 38	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	4,015	-	-
Deposits/ other payables	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>17,013</u>	<u>765</u>	<u>-</u>	<u>4,053</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - housing loans	1,176,202	-	-	-	-	-
Unavailable revenues - leases	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>1,176,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Restricted	4,024,579	227,055	1,068,539	-	175,278	350,408
Unassigned	-	-	-	(4,053)	-	-
Total Fund Balances (Deficits)	<u>4,024,579</u>	<u>227,055</u>	<u>1,068,539</u>	<u>(4,053)</u>	<u>175,278</u>	<u>350,408</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 5,217,794</u>	<u>\$ 227,820</u>	<u>\$ 1,068,539</u>	<u>\$ -</u>	<u>\$ 175,278</u>	<u>\$ 350,408</u>

**CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2023**

	Special Revenue Funds					
	General Plan Surcharge	Automation Surcharge	Hamilton Community Facilities	Pointe Marin CFD	Hamilton Art Center	Chapter 27 Assessment
ASSETS						
Cash and investments	\$ 432,563	\$ 88,347	\$ 1,596,386	\$ 1,539,918	\$ 1,878,034	\$ 267,334
Cash with fiscal agent	-	-	-	-	73,551	-
Accounts receivable	-	2,674	-	-	-	-
Interest receivable	-	-	-	-	168	-
Taxes receivable	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Leases receivable	-	-	-	-	265,459	-
Total Assets	<u>\$ 432,563</u>	<u>\$ 91,021</u>	<u>\$ 1,596,386</u>	<u>\$ 1,539,918</u>	<u>\$ 2,217,212</u>	<u>\$ 267,334</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ -	\$ 1,705	\$ 17,405	\$ 4,406	\$ 7,500	\$ -
Accrued liabilities	-	-	-	-	-	2,775
Due to other funds	-	-	-	-	-	-
Deposits/ other payables	-	-	-	-	48,246	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,705</u>	<u>17,405</u>	<u>4,406</u>	<u>55,746</u>	<u>2,775</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - housing loans	-	-	-	-	-	-
Unavailable revenues - leases	-	-	-	-	263,501	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,501</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Restricted	432,563	89,316	1,578,981	1,535,512	1,897,965	264,559
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>432,563</u>	<u>89,316</u>	<u>1,578,981</u>	<u>1,535,512</u>	<u>1,897,965</u>	<u>264,559</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 432,563</u>	<u>\$ 91,021</u>	<u>\$ 1,596,386</u>	<u>\$ 1,539,918</u>	<u>\$ 2,217,212</u>	<u>\$ 267,334</u>

**CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2023**

	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	\$ 82,181	\$ 76,316	\$ 5,083	\$ 29,486	\$ 137,631	\$ 78,210
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-
Taxes receivable	353	-	58	133	36	82
Loans receivable	-	-	-	-	-	-
Leases receivable	-	-	-	-	-	-
Total Assets	<u>\$ 82,534</u>	<u>\$ 76,316</u>	<u>\$ 5,141</u>	<u>\$ 29,619</u>	<u>\$ 137,667</u>	<u>\$ 78,292</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ 6,832	\$ -	\$ 264	\$ 953	\$ 30	\$ 255
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits/ other payables	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>6,832</u>	<u>-</u>	<u>264</u>	<u>953</u>	<u>30</u>	<u>255</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - housing loans	-	-	-	-	-	-
Unavailable revenues - leases	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Restricted	75,702	76,316	4,877	28,666	137,637	78,037
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>75,702</u>	<u>76,316</u>	<u>4,877</u>	<u>28,666</u>	<u>137,637</u>	<u>78,037</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 82,534</u>	<u>\$ 76,316</u>	<u>\$ 5,141</u>	<u>\$ 29,619</u>	<u>\$ 137,667</u>	<u>\$ 78,292</u>

**CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2023**

	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	\$ 11,032	\$ 2,298,834	\$ 331,265	\$ 302,116	\$ 456,263	\$ 29,678
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	197,514	96,802	1,656	-
Interest receivable	-	-	-	-	-	-
Taxes receivable	-	325,995	-	-	-	-
Loans receivable	-	-	-	-	-	-
Leases receivable	-	-	-	-	-	-
Total Assets	<u>\$ 11,032</u>	<u>\$ 2,624,829</u>	<u>\$ 528,779</u>	<u>\$ 398,918</u>	<u>\$ 457,919</u>	<u>\$ 29,678</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ 572	\$ 562	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits/ other payables	-	-	-	-	-	-
Unearned revenue	-	-	36,210	22,103	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>36,782</u>	<u>22,665</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - housing loans	-	-	-	-	-	-
Unavailable revenues - leases	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Restricted	11,032	2,624,829	491,997	376,253	457,919	29,678
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>11,032</u>	<u>2,624,829</u>	<u>491,997</u>	<u>376,253</u>	<u>457,919</u>	<u>29,678</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 11,032</u>	<u>\$ 2,624,829</u>	<u>\$ 528,779</u>	<u>\$ 398,918</u>	<u>\$ 457,919</u>	<u>\$ 29,678</u>

**CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2023**

	Capital Project Funds					
	Capital Improvement Projects	Measure B VRF Marin County	Measure A Street Bonds	Parks Measure A	Clean Stormwater CIP	Street and Storm Drain Maintenance
ASSETS						
Cash and investments	\$ -	\$ -	\$ -	\$ 318,132	\$ 500,068	\$ 288,747
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	407,317	-	530,180	-	-
Interest receivable	-	-	-	-	-	-
Taxes receivable	-	-	2,151,090	-	-	-
Loans receivable	-	-	-	-	-	-
Leases receivable	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 407,317</u>	<u>\$ 2,151,090</u>	<u>\$ 848,312</u>	<u>\$ 500,068</u>	<u>\$ 288,747</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ 109,103	\$ -	\$ -	\$ 37,013	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	842,459	180,400	339,225	-	-	-
Deposits/ other payables	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>951,562</u>	<u>180,400</u>	<u>339,225</u>	<u>37,013</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - housing loans	-	-	-	-	-	-
Unavailable revenues - leases	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Restricted	-	226,917	1,811,865	811,299	500,068	288,747
Unassigned	(951,562)	-	-	-	-	-
Total Fund Balances (Deficits)	<u>(951,562)</u>	<u>226,917</u>	<u>1,811,865</u>	<u>811,299</u>	<u>500,068</u>	<u>288,747</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 407,317</u>	<u>\$ 2,151,090</u>	<u>\$ 848,312</u>	<u>\$ 500,068</u>	<u>\$ 288,747</u>

**CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2023**

	Capital Projects		Debt Service Funds		Total Non-major Governmental Funds
	Community Facilities Maintenance	Restricted Revenue	General Obligation Bonds	Pension Obligation Bond	
ASSETS					
Cash and investments	\$ -	\$ 1,444,608	\$ 2,717,751	\$ -	\$ 19,252,850
Cash with fiscal agent	-	-	-	77,877	151,428
Accounts receivable	-	860	-	-	1,255,903
Interest receivable	-	-	-	-	168
Taxes receivable	-	-	4,165	-	2,483,782
Loans receivable	-	-	-	-	2,676,202
Leases receivable	-	-	-	-	265,459
Total Assets	<u>\$ -</u>	<u>\$ 1,445,468</u>	<u>\$ 2,721,916</u>	<u>\$ 77,877</u>	<u>\$ 26,085,792</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,500	\$ 206,916
Accrued liabilities	-	-	-	-	2,775
Due to other funds	20,152	-	-	49,749	1,436,000
Deposits/ other payables	-	1,354,933	-	-	1,403,179
Unearned revenue	-	-	-	-	58,313
Total Liabilities	<u>20,152</u>	<u>1,354,933</u>	<u>-</u>	<u>52,249</u>	<u>3,107,183</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues - housing loans	-	-	-	-	1,176,202
Unavailable revenues - leases	-	-	-	-	263,501
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,439,703</u>
FUND BALANCES (DEFICITS):					
Restricted	-	90,535	2,721,916	25,628	22,514,673
Unassigned	(20,152)	-	-	-	(975,767)
Total Fund Balances (Deficits)	<u>(20,152)</u>	<u>90,535</u>	<u>2,721,916</u>	<u>25,628</u>	<u>21,538,906</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 1,445,468</u>	<u>\$ 2,721,916</u>	<u>\$ 77,877</u>	<u>\$ 26,085,792</u>

**CITY OF NOVATO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds					
	Affordable Housing Programs	Clean Stormwater	Underground Utilities	Parking Improvement	Subdivision Park	Art in Public Places
REVENUES						
Taxes	\$ -	\$ 358,036	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Use of money and property	155,788	797	9,614	(44)	5,055	3,390
Charges for services	246,349	-	-	-	-	75,077
Other revenue	-	-	-	-	-	-
Total Revenues	<u>402,137</u>	<u>358,833</u>	<u>9,614</u>	<u>(44)</u>	<u>5,055</u>	<u>78,467</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	275,413	-	627	-	-
Community development	1,110,233	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>1,110,233</u>	<u>275,413</u>	<u>-</u>	<u>627</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(708,096)</u>	<u>83,420</u>	<u>9,614</u>	<u>(671)</u>	<u>5,055</u>	<u>78,467</u>
OTHER FINANCING SOURCES (USES)						
Inception of SBITA	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(401,963)	(8,345)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(401,963)</u>	<u>(8,345)</u>
Net change in fund balances	<u>(708,096)</u>	<u>83,420</u>	<u>9,614</u>	<u>(671)</u>	<u>(396,908)</u>	<u>70,122</u>
Fund balances (deficits) - July 1, 2022	4,732,675	143,635	1,058,925	(3,382)	572,186	280,286
Prior period adjustment (Note 15)	-	-	-	-	-	-
Fund balances - July 1, 2022, restated	<u>4,732,675</u>	<u>143,635</u>	<u>1,058,925</u>	<u>(3,382)</u>	<u>572,186</u>	<u>280,286</u>
Fund balances (deficits) - June 30, 2023	<u>\$ 4,024,579</u>	<u>\$ 227,055</u>	<u>\$ 1,068,539</u>	<u>\$ (4,053)</u>	<u>\$ 175,278</u>	<u>\$ 350,408</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, 2023**

	Special Revenue Funds					
	General Plan Surcharge	Automation Surcharge	Hamilton Community Facilities	Pointe Marin CFD	Hamilton Arts Center	Chapter 27 Assessment
REVENUES						
Taxes	\$ -	\$ -	\$ 748,175	\$ 378,364	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Use of money and property	4,836	787	10,731	12,921	538,041	2,752
Charges for services	133,654	111,991	-	-	-	-
Other revenue	-	-	230,000	-	-	-
Total Revenues	<u>138,490</u>	<u>112,778</u>	<u>988,906</u>	<u>391,285</u>	<u>538,041</u>	<u>2,752</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	328,600	-
Public safety	-	-	-	-	-	-
Public works	-	-	583,459	93,859	-	-
Community development	-	122,754	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>122,754</u>	<u>583,459</u>	<u>93,859</u>	<u>328,600</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>138,490</u>	<u>(9,976)</u>	<u>405,447</u>	<u>297,426</u>	<u>209,441</u>	<u>2,752</u>
OTHER FINANCING SOURCES (USES)						
Inception of SBITA	-	-	-	-	-	-
Transfers in	-	-	10,308	-	-	-
Transfers out	(250,000)	-	(291)	-	(12,728)	-
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>-</u>	<u>10,017</u>	<u>-</u>	<u>(12,728)</u>	<u>-</u>
Net change in fund balances	<u>(111,510)</u>	<u>(9,976)</u>	<u>415,464</u>	<u>297,426</u>	<u>196,713</u>	<u>2,752</u>
Fund balances (deficits) - July 1, 2022	544,073	99,292	1,163,517	1,238,086	1,749,078	261,807
Prior period adjustment (Note 15)	-	-	-	-	(47,826)	-
Fund balances - July 1, 2022, restated	<u>544,073</u>	<u>99,292</u>	<u>1,163,517</u>	<u>1,238,086</u>	<u>1,701,252</u>	<u>261,807</u>
Fund balances (deficits) - June 30, 2023	<u>\$ 432,563</u>	<u>\$ 89,316</u>	<u>\$ 1,578,981</u>	<u>\$ 1,535,512</u>	<u>\$ 1,897,965</u>	<u>\$ 264,559</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, 2023**

	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	\$ 67,517	\$ -	\$ 11,568	\$ 26,453	\$ 7,055	\$ 16,307
Intergovernmental	-	-	-	-	-	-
Use of money and property	746	781	33	272	1,383	819
Charges for services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	<u>68,263</u>	<u>781</u>	<u>11,601</u>	<u>26,725</u>	<u>8,438</u>	<u>17,126</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	68,531	-	13,430	26,964	2,085	2,498
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>68,531</u>	<u>-</u>	<u>13,430</u>	<u>26,964</u>	<u>2,085</u>	<u>2,498</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(268)</u>	<u>781</u>	<u>(1,829)</u>	<u>(239)</u>	<u>6,353</u>	<u>14,628</u>
OTHER FINANCING SOURCES (USES)						
Inception of SBITA	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(10,308)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,308)</u>
Net change in fund balances	<u>(268)</u>	<u>781</u>	<u>(1,829)</u>	<u>(239)</u>	<u>6,353</u>	<u>4,320</u>
Fund balances (deficits) - July 1, 2022	75,970	75,535	6,706	28,905	131,284	73,717
Prior period adjustment (Note 15)	-	-	-	-	-	-
Fund balances - July 1, 2022, restated	<u>75,970</u>	<u>75,535</u>	<u>6,706</u>	<u>28,905</u>	<u>131,284</u>	<u>73,717</u>
Fund balances (deficits) - June 30, 2023	<u>\$ 75,702</u>	<u>\$ 76,316</u>	<u>\$ 4,877</u>	<u>\$ 28,666</u>	<u>\$ 137,637</u>	<u>\$ 78,037</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, 2023**

	Special Revenue Funds					
	Assessment District - Scottsdale	State Gas Tax	Special Projects Police	COPS Grant	State & Federal Grant Fund	Private Grant Fund
REVENUES						
Taxes	\$ -	\$ 2,536,770	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	388,434	248,231	132,979	13,380
Use of money and property	113	10,299	-	-	-	-
Charges for services	-	-	-	-	-	-
Other revenue	-	-	7,867	-	-	-
Total Revenues	<u>113</u>	<u>2,547,069</u>	<u>396,301</u>	<u>248,231</u>	<u>132,979</u>	<u>13,380</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	280,182	128,682	-	-
Public works	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	569,227	-	-
Debt service:						
Principal	-	-	-	119,369	-	-
Interest and fiscal charges	-	-	-	179	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>280,182</u>	<u>817,457</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>113</u>	<u>2,547,069</u>	<u>116,119</u>	<u>(569,226)</u>	<u>132,979</u>	<u>13,380</u>
OTHER FINANCING SOURCES (USES)						
Inception of SBITA	-	-	-	569,227	-	-
Transfers in	-	-	7,000	-	-	-
Transfers out	-	(1,630,762)	-	-	(111,633)	(1,875)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,630,762)</u>	<u>7,000</u>	<u>569,227</u>	<u>(111,633)</u>	<u>(1,875)</u>
Net change in fund balances	<u>113</u>	<u>916,307</u>	<u>123,119</u>	<u>1</u>	<u>21,346</u>	<u>11,505</u>
Fund balances (deficits) - July 1, 2022	10,919	1,708,522	368,878	376,252	436,573	18,173
Prior period adjustment (Note 15)	-	-	-	-	-	-
Fund balances - July 1, 2022, restated	<u>10,919</u>	<u>1,708,522</u>	<u>368,878</u>	<u>376,252</u>	<u>436,573</u>	<u>18,173</u>
Fund balances (deficits) - June 30, 2023	<u>\$ 11,032</u>	<u>\$ 2,624,829</u>	<u>\$ 491,997</u>	<u>\$ 376,253</u>	<u>\$ 457,919</u>	<u>\$ 29,678</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, 2023**

	Capital Project Funds					
	Capital Improvement Projects	Measure B VRF Marin County	Measure A Street Bonds	Parks Measure A	Clean Stormwater CIP	Street and Storm Drain Maintenance
REVENUES						
Taxes	\$ -	\$ -	\$ 1,434,253	\$ 300,698	\$ -	\$ -
Intergovernmental	-	407,317	-	-	-	-
Use of money and property	-	1,537	(19,054)	3,887	5,115	2,958
Charges for services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>408,854</u>	<u>1,415,199</u>	<u>304,585</u>	<u>5,115</u>	<u>2,958</u>
EXPENDITURES						
Current:						
General government	207,609	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	353,946	-	-
Community development	-	-	-	-	-	-
Capital outlay	3,862,985	-	-	-	-	-
Debt service:						
Principal	11,876	-	-	-	-	-
Interest and fiscal charges	124	-	-	-	-	-
Total Expenditures	<u>4,082,594</u>	<u>-</u>	<u>-</u>	<u>353,946</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,082,594)</u>	<u>408,854</u>	<u>1,415,199</u>	<u>(49,361)</u>	<u>5,115</u>	<u>2,958</u>
OTHER FINANCING SOURCES (USES)						
Inception of SBITA	-	-	-	-	-	-
Transfers in	4,069,285	-	-	-	-	-
Transfers out	-	(348,883)	(565,929)	-	-	-
Total Other Financing Sources (Uses)	<u>4,069,285</u>	<u>(348,883)</u>	<u>(565,929)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(13,309)</u>	<u>59,971</u>	<u>849,270</u>	<u>(49,361)</u>	<u>5,115</u>	<u>2,958</u>
Fund balances (deficits) - July 1, 2022	(938,253)	166,946	962,595	860,660	494,953	285,789
Prior period adjustment (Note 15)	-	-	-	-	-	-
Fund balances - July 1, 2022, restated	<u>(938,253)</u>	<u>166,946</u>	<u>962,595</u>	<u>860,660</u>	<u>494,953</u>	<u>285,789</u>
Fund balances (deficits) - June 30, 2023	<u>\$ (951,562)</u>	<u>\$ 226,917</u>	<u>\$ 1,811,865</u>	<u>\$ 811,299</u>	<u>\$ 500,068</u>	<u>\$ 288,747</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, 2023**

	Capital Projects		Debt Service Fund		Total Non-major Governmental Funds
	Community Center Maintenance	Restricted Revenue	General Obligation Fund	Pension Obligation Bond	
REVENUES					
Taxes	\$ -	\$ -	\$ 818,957	\$ -	\$ 6,704,153
Intergovernmental	-	-	-	-	1,190,341
Use of money and property	-	-	24,370	39,052	816,979
Charges for services	-	812,417	-	-	1,379,488
Other revenue	-	-	-	-	237,867
Total Revenues	-	812,417	843,327	39,052	10,328,828
EXPENDITURES					
Current:					
General government	-	-	25,000	5,581	566,790
Public safety	-	-	-	-	408,864
Public works	-	-	-	-	1,420,812
Community development	-	-	-	-	1,232,987
Capital outlay	-	-	-	-	4,432,212
Debt service:					
Principal	-	-	635,573	1,015,000	1,781,818
Interest and fiscal charges	-	-	49,736	589,442	639,481
Total Expenditures	-	-	710,309	1,610,023	10,482,964
Excess (Deficiency) of Revenues over Expenditures	-	812,417	133,018	(1,570,971)	(154,136)
OTHER FINANCING SOURCES (USES)					
Inception of SBITA	-	-	-	-	569,227
Transfers in	-	-	-	1,572,166	5,658,759
Transfers out	-	(723,026)	-	-	(4,065,743)
Total Other Financing Sources (Uses)	-	(723,026)	-	1,572,166	2,162,243
Net change in fund balances	-	89,391	133,018	1,195	2,008,107
Fund balances (deficits) - July 1, 2022	(20,152)	1,144	2,588,898	24,433	19,578,625
Prior period adjustment (Note 15)	-	-	-	-	(47,826)
Fund balances - July 1, 2022, restated	(20,152)	1,144	2,588,898	24,433	19,530,799
Fund balances (deficits) - June 30, 2023	\$ (20,152)	\$ 90,535	\$ 2,721,916	\$ 25,628	\$ 21,538,906

**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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 123,200	\$ 123,200	\$ 155,788	\$ 32,588
Charges for services	<u>245,000</u>	<u>245,000</u>	<u>246,349</u>	<u>1,349</u>
Total Revenues	<u>368,200</u>	<u>368,200</u>	<u>402,137</u>	<u>33,937</u>
<u>EXPENDITURES</u>				
Current:				
Community Development	<u>1,044,439</u>	<u>1,044,439</u>	<u>1,110,233</u>	<u>(65,794)</u>
Total Expenditures	<u>1,044,439</u>	<u>1,044,439</u>	<u>1,110,233</u>	<u>(65,794)</u>
Excess (deficiency) of revenues over expenditures	<u>(676,239)</u>	<u>(676,239)</u>	<u>(708,096)</u>	<u>(31,857)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	41,000	41,000	-	(41,000)
Transfers out	<u>(869)</u>	<u>(869)</u>	-	<u>869</u>
Total Other Financing Sources (Uses)	<u>40,131</u>	<u>40,131</u>	-	<u>(40,131)</u>
Net change in fund balance	<u>\$ (636,108)</u>	<u>\$ (636,108)</u>	(708,096)	<u>\$ (71,988)</u>
Fund balance - July 1, 2022			<u>4,732,675</u>	
Fund balance - June 30, 2023			<u>\$ 4,024,579</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, 2023**

	<u>2022 - 2023</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 369,000	\$ 369,000	\$ 358,036	\$ (10,964)
Use of money and property	<u>-</u>	<u>-</u>	<u>797</u>	<u>797</u>
Total Revenues	<u>369,000</u>	<u>369,000</u>	<u>358,833</u>	<u>(10,167)</u>
 <u>EXPENDITURES</u>				
Current:				
Public works				
Storm water pollution prevention	<u>245,800</u>	<u>245,800</u>	<u>275,413</u>	<u>(29,613)</u>
Total Public Works	<u>245,800</u>	<u>245,800</u>	<u>275,413</u>	<u>(29,613)</u>
Total Expenditures	<u>245,800</u>	<u>245,800</u>	<u>275,413</u>	<u>(29,613)</u>
Excess (deficiency) of revenues over expenditures	<u>123,200</u>	<u>123,200</u>	<u>83,420</u>	<u>(39,780)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(46,250)</u>	<u>(120,050)</u>	<u>-</u>	<u>120,050</u>
Total Other Financing Sources (Uses)	<u>(46,250)</u>	<u>(120,050)</u>	<u>-</u>	<u>120,050</u>
Net change in fund balance	<u>\$ 76,950</u>	<u>\$ 3,150</u>	83,420	<u>\$ 80,270</u>
Fund balance - July 1, 2022			<u>143,635</u>	
Fund balance - June 30, 2023			<u>\$ 227,055</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>800</u>	\$ <u>800</u>	\$ <u>9,614</u>	\$ <u>8,814</u>
Total Revenues	<u>800</u>	<u>800</u>	<u>9,614</u>	<u>8,814</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>(274,513)</u>	<u>-</u>	<u>274,513</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(274,513)</u>	<u>-</u>	<u>274,513</u>
Net change in fund balance	\$ <u><u>800</u></u>	\$ <u><u>(273,713)</u></u>	9,614	\$ <u><u>283,327</u></u>
Fund balance - July 1, 2022			<u>1,058,925</u>	
Fund balance - June 30, 2023			<u>\$ <u>1,068,539</u></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, 2023**

	2022 - 2023 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ _____ -	\$ _____ -	\$ _____ (44)	\$ _____ (44)
Total Revenues	_____ -	_____ -	_____ (44)	_____ (44)
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	_____ -	_____ -	_____ 627	_____ (627)
Total Expenditures	_____ -	_____ -	_____ 627	_____ (627)
Net change in fund balance	\$ _____ -	\$ _____ -	(671)	\$ _____ (671)
Fund balance (deficit) - July 1, 2022			_____ (3,382)	
Fund balance (deficit) - June 30, 2023			\$ _____ (4,053)	

The City did not adopt a budget for the Parking Improvement fund for the year ended June 30, 2023.

**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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 600	\$ 600	\$ 5,055	\$ 4,455
Charges for services	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>(125,000)</u>
Total Revenues	<u>125,600</u>	<u>125,600</u>	<u>5,055</u>	<u>(120,545)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>(520,000)</u>	<u>(401,963)</u>	<u>118,037</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(520,000)</u>	<u>(401,963)</u>	<u>118,037</u>
Net change in fund balance	<u>\$ 125,600</u>	<u>\$ (394,400)</u>	<u>(396,908)</u>	<u>\$ (2,508)</u>
Fund balance - July 1, 2022			<u>572,186</u>	
Fund balance - June 30, 2023			<u>\$ 175,278</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, 2023

	<u>2022 - 2023</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	\$ 300	\$ 300	\$ 3,390	\$ 3,090
Charges for services	<u>10,000</u>	<u>10,000</u>	<u>75,077</u>	<u>65,077</u>
Total Revenues	<u>10,300</u>	<u>10,300</u>	<u>78,467</u>	<u>68,167</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(30,000)</u>	<u>(49,800)</u>	<u>(8,345)</u>	<u>41,455</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(49,800)</u>	<u>(8,345)</u>	<u>41,455</u>
Net change in fund balance	<u>\$ (19,700)</u>	<u>\$ (39,500)</u>	70,122	<u>\$ 109,622</u>
Fund balance - July 1, 2022			<u>280,286</u>	
Fund balance - June 30, 2023			<u>\$ 350,408</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 600	\$ 600	\$ 4,836	\$ 4,236
Charges for services	<u>80,000</u>	<u>80,000</u>	<u>133,654</u>	<u>53,654</u>
Total Revenues	<u>80,600</u>	<u>80,600</u>	<u>138,490</u>	<u>57,890</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (169,400)</u>	<u>\$ (169,400)</u>	(111,510)	<u>\$ 57,890</u>
Fund balance - July 1, 2022			<u>544,073</u>	
Fund balance - June 30, 2023			<u>\$ 432,563</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, 2023**

	2022 - 2023 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 787	\$ 787
Charges for services	<u>77,200</u>	<u>77,200</u>	<u>111,991</u>	<u>34,791</u>
Total Revenues	<u>77,200</u>	<u>77,200</u>	<u>112,778</u>	<u>35,578</u>
<u>EXPENDITURES</u>				
Current:				
Community development				
Administration	<u>134,344</u>	<u>138,432</u>	<u>122,754</u>	<u>15,678</u>
Total Expenditures	<u>134,344</u>	<u>138,432</u>	<u>122,754</u>	<u>15,678</u>
Excess (deficiency) of revenues over expenditures	<u>(57,144)</u>	<u>(61,232)</u>	<u>(9,976)</u>	<u>51,256</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(2,708)</u>	<u>(2,708)</u>	-	<u>2,708</u>
Total Other Financing Sources (Uses)	<u>(2,708)</u>	<u>(2,708)</u>	-	<u>2,708</u>
Net change in fund balance	<u><u>\$ (59,852)</u></u>	<u><u>\$ (63,940)</u></u>	(9,976)	<u><u>\$ 53,964</u></u>
Fund balance - July 1, 2022			<u>99,292</u>	
Fund balance - June 30, 2023			<u><u>\$ 89,316</u></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, 2023**

	2022 - 2023		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 566,110	\$ 566,110	\$ 748,175	\$ 182,065
Use of money and property	-	-	10,731	10,731
Other revenues	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>	<u>-</u>
Total Revenues	<u>796,110</u>	<u>796,110</u>	<u>988,906</u>	<u>192,796</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
CFD maintenance	30,888	30,888	30,138	750
CFD landscape maintenance	403,754	403,754	364,287	39,467
Pump station #1 maintenance	159,121	159,121	103,361	55,760
Pump station #2 maintenance	99,169	99,169	60,970	38,199
Levee maintenance	<u>73,780</u>	<u>73,780</u>	<u>24,703</u>	<u>49,077</u>
Total Public Works	<u>766,712</u>	<u>766,712</u>	<u>583,459</u>	<u>183,253</u>
Total Expenditures	<u>766,712</u>	<u>766,712</u>	<u>583,459</u>	<u>183,253</u>
Excess (deficiency) of revenues over expenditures	<u>29,398</u>	<u>29,398</u>	<u>405,447</u>	<u>376,049</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	9,000	9,000	10,308	1,308
Transfers out	<u>(261,919)</u>	<u>(510,153)</u>	<u>(291)</u>	<u>509,862</u>
Total Other Financing Sources (Uses)	<u>(252,919)</u>	<u>(501,153)</u>	<u>10,017</u>	<u>511,170</u>
Net change in fund balance	<u>\$ (223,521)</u>	<u>\$ (471,755)</u>	415,464	<u>\$ 887,219</u>
Fund balance - July 1, 2022			<u>1,163,517</u>	
Fund balance - June 30, 2023			<u>\$ 1,578,981</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, 2023**

	2022 - 2023 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Taxes and assessments	\$ 191,698	\$ 191,698	\$ 378,364	\$ 186,666
Use of money and property	<u>600</u>	<u>600</u>	<u>12,921</u>	<u>12,321</u>
Total Revenues	<u>192,298</u>	<u>192,298</u>	<u>391,285</u>	<u>198,987</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
CFD landscape maintenance	<u>162,591</u>	<u>162,591</u>	<u>93,859</u>	<u>68,732</u>
Total Expenditures	<u>162,591</u>	<u>162,591</u>	<u>93,859</u>	<u>68,732</u>
Excess (deficiency) of revenues over expenditures	<u>29,707</u>	<u>29,707</u>	<u>297,426</u>	<u>267,719</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(7,428)</u>	<u>(7,428)</u>	-	<u>7,428</u>
Total Other Financing Sources (Uses)	<u>(7,428)</u>	<u>(7,428)</u>	-	<u>7,428</u>
Net change in fund balance	<u>\$ 22,279</u>	<u>\$ 22,279</u>	297,426	<u>\$ 275,147</u>
Fund balance - July 1, 2022			<u>1,238,086</u>	
Fund balance - June 30, 2023			<u>\$ 1,535,512</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>451,200</u>	\$ <u>451,200</u>	\$ <u>538,041</u>	\$ <u>86,841</u>
Total Revenues	<u>451,200</u>	<u>451,200</u>	<u>538,041</u>	<u>86,841</u>
<u>EXPENDITURES</u>				
Current:				
General government				
City-owned property	<u>275,000</u>	<u>275,000</u>	<u>328,600</u>	<u>(53,600)</u>
Total Expenditures	<u>275,000</u>	<u>275,000</u>	<u>328,600</u>	<u>(53,600)</u>
Excess (deficiency) of revenues over expenditures	<u>176,200</u>	<u>176,200</u>	<u>209,441</u>	<u>33,241</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(100,000)</u>	<u>(793,804)</u>	<u>(12,728)</u>	<u>781,076</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(793,804)</u>	<u>(12,728)</u>	<u>781,076</u>
Net change in fund balance	<u>\$ 76,200</u>	<u>\$ (617,604)</u>	<u>196,713</u>	<u>\$ 814,317</u>
Fund balance - July 1, 2022			1,749,078	
Prior period adjustment			<u>(47,826)</u>	
Fund balance - July 1, 2022, restated			<u>1,701,252</u>	
Fund balance - June 30, 2023			<u>\$ 1,897,965</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, 2023

	<u>2022 - 2023</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	\$ 300	\$ 300	\$ 2,752	\$ 2,452
Charges for services	<u>300</u>	<u>300</u>	-	<u>(300)</u>
Total Revenues	<u>600</u>	<u>600</u>	<u>2,752</u>	<u>2,152</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	(10,000)	-	10,000
Total Other Financing Sources (Uses)	-	(10,000)	-	10,000
Net change in fund balance	<u>\$ 600</u>	<u>\$ (9,400)</u>	2,752	<u>\$ 12,152</u>
Fund balance - July 1, 2022			<u>261,807</u>	
Fund balance - June 30, 2023			<u>\$ 264,559</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, 2023**

	<u>2022 - 2023</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 70,751	\$ 70,751	\$ 67,517	\$ (3,234)
Use of money and property	<u>-</u>	<u>-</u>	<u>746</u>	<u>746</u>
Total Revenues	<u>70,751</u>	<u>70,751</u>	<u>68,263</u>	<u>(2,488)</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>77,712</u>	<u>77,712</u>	<u>68,531</u>	<u>9,181</u>
Total Expenditures	<u>77,712</u>	<u>77,712</u>	<u>68,531</u>	<u>9,181</u>
Net change in fund balance	<u>\$ (6,961)</u>	<u>\$ (6,961)</u>	(268)	<u>\$ 6,693</u>
Fund balance - July 1, 2022			<u>75,970</u>	
Fund balance - June 30, 2023			<u>\$ 75,702</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, 2023

	2022 - 2023 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ _____ -	\$ _____ -	\$ _____ 781	\$ _____ 781
Total Revenues	_____ -	_____ -	_____ 781	_____ 781
Net change in fund balance	\$ _____ -	\$ _____ -	781	\$ _____ 781
Fund balance - July 1, 2022			_____ 75,535	
Fund balance - June 30, 2023			\$ _____ 76,316	

The City did not adopt a budget for the Landscaping Assessment District - Country Club fund for the year ended June 30, 2023.

**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, 2023**

	2022 - 2023 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Taxes and assessments	\$ 11,661	\$ 11,661	\$ 11,568	\$ (93)
Use of money and property	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
Total Revenues	<u>11,661</u>	<u>11,661</u>	<u>11,601</u>	<u>(60)</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>12,530</u>	<u>12,530</u>	<u>13,430</u>	<u>(900)</u>
Total Expenditures	<u>12,530</u>	<u>12,530</u>	<u>13,430</u>	<u>(900)</u>
Net change in fund balance	<u><u>\$ (869)</u></u>	<u><u>\$ (869)</u></u>	(1,829)	<u><u>\$ (960)</u></u>
Fund balance - July 1, 2022			<u>6,706</u>	
Fund balance - June 30, 2023			<u><u>\$ 4,877</u></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, 2023**

	<u>2022 - 2023</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 26,589	\$ 26,589	\$ 26,453	\$ (136)
Use of money and property	<u>-</u>	<u>-</u>	<u>272</u>	<u>272</u>
Total Revenues	<u>26,589</u>	<u>26,589</u>	<u>26,725</u>	<u>136</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>34,079</u>	<u>34,079</u>	<u>26,964</u>	<u>7,115</u>
Total Expenditures	<u>34,079</u>	<u>34,079</u>	<u>26,964</u>	<u>7,115</u>
Net change in fund balance	<u><u>\$(7,490)</u></u>	<u><u>\$(7,490)</u></u>	(239)	<u><u>\$ 7,251</u></u>
Fund balance - July 1, 2022			<u>28,905</u>	
Fund balance - June 30, 2023			<u><u>\$ 28,666</u></u>	

**CITY OF NOVATO
DOWNTOWN LIGHTING & LANDSCAPING - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 6,685	\$ 6,685	\$ 7,055	\$ 370
Use of money and property	<u>-</u>	<u>-</u>	<u>1,383</u>	<u>1,383</u>
Total Revenues	<u>6,685</u>	<u>6,685</u>	<u>8,438</u>	<u>1,753</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>4,323</u>	<u>4,323</u>	<u>2,085</u>	<u>2,238</u>
Total Expenditures	<u>4,323</u>	<u>4,323</u>	<u>2,085</u>	<u>2,238</u>
Net change in fund balance	<u>\$ 2,362</u>	<u>\$ 2,362</u>	6,353	<u>\$ 3,991</u>
Fund balance - July 1, 2022			<u>131,284</u>	
Fund balance - June 30, 2023			<u>\$ 137,637</u>	

**CITY OF NOVATO
SAN PABLO LANDSCAPING - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 16,345	\$ 16,345	\$ 16,307	\$ (38)
Use of money and property	<u>-</u>	<u>-</u>	<u>819</u>	<u>819</u>
Total Revenues	<u>16,345</u>	<u>16,345</u>	<u>17,126</u>	<u>781</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Assessment districts	<u>17,923</u>	<u>17,923</u>	<u>2,498</u>	<u>15,425</u>
Total Expenditures	<u>17,923</u>	<u>17,923</u>	<u>2,498</u>	<u>15,425</u>
Excess (deficiency) of revenues over expenditures	<u>(1,578)</u>	<u>(1,578)</u>	<u>14,628</u>	<u>16,206</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(9,000)</u>	<u>(9,000)</u>	<u>(10,308)</u>	<u>(1,308)</u>
Total Other Financing Sources (Uses)	<u>(9,000)</u>	<u>(9,000)</u>	<u>(10,308)</u>	<u>(1,308)</u>
Net change in fund balance	<u>\$ (10,578)</u>	<u>\$ (10,578)</u>	4,320	<u>\$ 14,898</u>
Fund balance - July 1, 2022			<u>73,717</u>	
Fund balance - June 30, 2023			<u>\$ 78,037</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, 2023**

	2022 - 2023 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ _____ -	\$ _____ -	\$ _____ 113	\$ _____ 113
Total Revenues	_____ -	_____ -	_____ 113	_____ 113
Net change in fund balance	\$ _____ -	\$ _____ -	113	\$ _____ 113
Fund balance - July 1, 2022			_____ 10,919	
Fund balance - June 30, 2023			\$ _____ 11,032	

The City did not adopt a budget for the Scottsdale Assessment District fund for the year ended June 30, 2023.

**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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 2,444,888	\$ 2,444,888	\$ 2,536,770	\$ 91,882
Intergovernmental	345,084	345,084	-	(345,084)
Use of money and property	<u>3,200</u>	<u>3,200</u>	<u>10,299</u>	<u>7,099</u>
Total Revenues	<u>2,793,172</u>	<u>2,793,172</u>	<u>2,547,069</u>	<u>(246,103)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(2,780,000)</u>	<u>(3,984,546)</u>	<u>(1,630,762)</u>	<u>2,353,784</u>
Total Other Financing Sources (Uses)	<u>(2,780,000)</u>	<u>(3,984,546)</u>	<u>(1,630,762)</u>	<u>2,353,784</u>
Net change in fund balance	<u>\$ 13,172</u>	<u>\$ (1,191,374)</u>	916,307	<u>\$ 2,107,681</u>
Fund balance - July 1, 2022			<u>1,708,522</u>	
Fund balance - June 30, 2023			<u>\$ 2,624,829</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 95,000	\$ 208,000	\$ 388,434	\$ 180,434
Use of money and property	300	300	-	(300)
Other revenues	<u>2,500</u>	<u>2,500</u>	<u>7,867</u>	<u>5,367</u>
Total Revenues	<u>97,800</u>	<u>210,800</u>	<u>396,301</u>	<u>185,501</u>
<u>EXPENDITURES</u>				
Current:				
Public safety				
Police grants	<u>95,000</u>	<u>95,000</u>	<u>280,182</u>	<u>(185,182)</u>
Total Expenditures	<u>95,000</u>	<u>95,000</u>	<u>280,182</u>	<u>(185,182)</u>
Excess (deficiency) of revenues over expenditures	<u>2,800</u>	<u>115,800</u>	<u>116,119</u>	<u>319</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 9,800</u>	<u>\$ 122,800</u>	123,119	<u>\$ 319</u>
Fund balance - July 1, 2022			<u>368,878</u>	
Fund balance - June 30, 2023			<u>\$ 491,997</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ <u>150,000</u>	\$ <u>150,000</u>	\$ <u>248,231</u>	\$ <u>98,231</u>
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>248,231</u>	<u>98,231</u>
<u>EXPENDITURES</u>				
Current:				
Public safety				
Police grants	75,000	75,000	128,682	(53,682)
Capital outlay	130,000	130,000	569,227	(439,227)
Debt service:				
Principal	-	-	119,369	(119,369)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>179</u>	<u>(179)</u>
Total Expenditures	<u>205,000</u>	<u>205,000</u>	<u>817,457</u>	<u>(612,457)</u>
Excess (deficiency) of revenues over expenditures	<u>(55,000)</u>	<u>(55,000)</u>	<u>(569,226)</u>	<u>(514,226)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Inception of SBITAs	<u>-</u>	<u>-</u>	<u>569,227</u>	<u>569,227</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>569,227</u>	<u>569,227</u>
Net change in fund balance	\$ <u>(55,000)</u>	\$ <u>(55,000)</u>	1	\$ <u>55,001</u>
Fund balance - July 1, 2022			<u>376,252</u>	
Fund balance - June 30, 2023			\$ <u>376,253</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ <u>790,000</u>	\$ <u>790,000</u>	\$ <u>132,979</u>	\$ <u>(657,021)</u>
Total Revenues	<u>790,000</u>	<u>790,000</u>	<u>132,979</u>	<u>(657,021)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(68,400)</u>	<u>(5,124,713)</u>	<u>(111,633)</u>	<u>5,013,080</u>
Total Other Financing Sources (Uses)	<u>(68,400)</u>	<u>(5,124,713)</u>	<u>(111,633)</u>	<u>5,013,080</u>
Net change in fund balance	\$ <u><u>721,600</u></u>	\$ <u><u>(4,334,713)</u></u>	21,346	\$ <u><u>4,356,059</u></u>
Fund balance - July 1, 2022			<u>436,573</u>	
Fund balance (deficit) - June 30, 2023			\$ <u><u>457,919</u></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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ _____ -	\$ _____ -	\$ 13,380	\$ 13,380
Total Revenues	_____ -	_____ -	13,380	13,380
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	_____ -	_____ -	(1,875)	(1,875)
Total Other Financing Sources (Uses)	_____ -	_____ -	(1,875)	(1,875)
Net change in fund balance	\$ _____ -	\$ _____ -	11,505	\$ 11,505
Fund balance - July 1, 2022			18,173	
Fund balance - June 30, 2023			\$ 29,678	

The City did not adopt a budget for the Private Grants fund for the year ended June 30, 2023.

**CITY OF NOVATO
CAPITAL IMPROVEMENT PROJECTS FUND - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>2022 - 2023</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>EXPENDITURES</u>				
Current:				
General government	\$ -	\$ (60,819)	\$ 207,609	\$ (268,428)
Capital outlay	4,457,331	4,712,900	3,862,985	849,915
Debt service:				
Principal	-	-	11,876	(11,876)
Interest and fiscal charges	-	-	124	(124)
Total Expenditures	<u>4,457,331</u>	<u>4,652,081</u>	<u>4,082,594</u>	<u>569,487</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>5,557,331</u>	<u>23,379,377</u>	<u>4,069,285</u>	<u>(19,310,092)</u>
Total Other Financing Sources (Uses)	<u>5,557,331</u>	<u>23,379,377</u>	<u>4,069,285</u>	<u>(19,310,092)</u>
Net change in fund balance	<u>\$ 1,100,000</u>	<u>\$ 18,727,296</u>	(13,309)	<u>\$ (18,740,605)</u>
Fund balance (deficit) - July 1, 2022			<u>(938,253)</u>	
Fund balance (deficit) - June 30, 2023			<u>\$ (951,562)</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 407,317	\$ 407,317	\$ 407,317	\$ -
Use of money and property	<u>-</u>	<u>-</u>	<u>1,537</u>	<u>1,537</u>
Total Revenues	<u>407,317</u>	<u>407,317</u>	<u>408,854</u>	<u>1,537</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(200,000)</u>	<u>(310,507)</u>	<u>(348,883)</u>	<u>(38,376)</u>
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(310,507)</u>	<u>(348,883)</u>	<u>(38,376)</u>
Net change in fund balance	<u>\$ 207,317</u>	<u>\$ 96,810</u>	59,971	<u>\$ (36,839)</u>
Fund balance - July 1, 2022			<u>166,946</u>	
Fund balance - June 30, 2023			<u>\$ 226,917</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, 2023

	<u>2022 - 2023</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 1,939,961	\$ 1,939,961	\$ 1,434,253	\$ (505,708)
Use of money and property	<u>-</u>	<u>-</u>	<u>(19,054)</u>	<u>(19,054)</u>
Total Revenues	<u>1,939,961</u>	<u>1,939,961</u>	<u>1,415,199</u>	<u>(524,762)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(1,243,931)</u>	<u>(3,845,108)</u>	<u>(565,929)</u>	<u>3,279,179</u>
Total Other Financing Sources (Uses)	<u>(1,243,931)</u>	<u>(3,845,108)</u>	<u>(565,929)</u>	<u>3,279,179</u>
Net change in fund balance	\$ <u>696,030</u>	\$ <u>(1,905,147)</u>	849,270	\$ <u>2,754,417</u>
Fund balance - July 1, 2022			<u>962,595</u>	
Fund balance - June 30, 2023			<u>\$ 1,811,865</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 186,000	\$ 186,000	\$ 300,698	\$ 114,698
Use of money and property	<u>500</u>	<u>500</u>	<u>3,887</u>	<u>3,387</u>
Total Revenues	<u>186,500</u>	<u>186,500</u>	<u>304,585</u>	<u>118,085</u>
<u>EXPENDITURES</u>				
Current:				
Public works				
Storm drain maintenance	50,000	50,000	44,645	5,355
Parks maintenance	338,738	338,738	269,644	69,094
Hamilton pool landscape	60,729	60,729	39,657	21,072
Hamilton pool building maintenance	<u>12,148</u>	<u>12,148</u>	<u>-</u>	<u>12,148</u>
Total Public Works	<u>461,615</u>	<u>461,615</u>	<u>353,946</u>	<u>107,669</u>
Culture and recreation				
Special events	<u>32,500</u>	<u>32,500</u>	<u>-</u>	<u>32,500</u>
Total Culture and Recreation	<u>32,500</u>	<u>32,500</u>	<u>-</u>	<u>32,500</u>
Total Expenditures	<u>494,115</u>	<u>494,115</u>	<u>353,946</u>	<u>140,169</u>
Excess (deficiency) of revenues over expenditures	<u>(307,615)</u>	<u>(307,615)</u>	<u>(49,361)</u>	<u>258,254</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(100,000)</u>	<u>(224,089)</u>	<u>-</u>	<u>224,089</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(224,089)</u>	<u>-</u>	<u>224,089</u>
Net change in fund balance	<u>\$ (407,615)</u>	<u>\$ (531,704)</u>	<u>(49,361)</u>	<u>\$ 482,343</u>
Fund balance - July 1, 2022			<u>860,660</u>	
Fund balance - June 30, 2023			<u>\$ 811,299</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, 2023**

	2022 - 2023 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ <u>500</u>	\$ <u>500</u>	\$ <u>5,115</u>	\$ <u>4,615</u>
Total Revenues	<u>500</u>	<u>500</u>	<u>5,115</u>	<u>4,615</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>46,250</u>	<u>46,250</u>	-	<u>(46,250)</u>
Total Other Financing Sources (Uses)	<u>46,250</u>	<u>46,250</u>	-	<u>(46,250)</u>
Net change in fund balance	\$ <u><u>46,750</u></u>	\$ <u><u>46,750</u></u>	5,115	\$ <u><u>(41,635)</u></u>
Fund balance - July 1, 2022			<u>494,953</u>	
Fund balance - June 30, 2023			\$ <u><u>500,068</u></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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>300</u>	\$ <u>300</u>	\$ <u>2,958</u>	\$ <u>2,658</u>
Total Revenues	<u>300</u>	<u>300</u>	<u>2,958</u>	<u>2,658</u>
Net change in fund balance	\$ <u>300</u>	\$ <u>300</u>	2,958	\$ <u>2,658</u>
Fund balance - July 1, 2022			<u>285,789</u>	
Fund balance - June 30, 2023			<u>\$ 288,747</u>	

**CITY OF NOVATO
RESTRICTED REVENUE FUND - MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	2022 - 2023 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Charges for services	\$ _____ -	\$ _____ -	\$ <u>812,417</u>	\$ <u>812,417</u>
Total Revenues	_____ -	_____ -	<u>812,417</u>	<u>812,417</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(25,000)</u>	<u>(1,099,341)</u>	<u>(723,026)</u>	<u>376,315</u>
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(1,099,341)</u>	<u>(723,026)</u>	<u>376,315</u>
Net change in fund balance	\$ <u><u>(25,000)</u></u>	\$ <u><u>(1,099,341)</u></u>	89,391	\$ <u><u>1,188,732</u></u>
Fund balance - July 1, 2022			<u>1,144</u>	
Fund balance - June 30, 2023			<u><u>\$ 90,535</u></u>	

**CITY OF NOVATO
GENERAL OBLIGATION BONDS - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and assessments	\$ 673,367	\$ 673,367	\$ 818,957	\$ 145,590
Use of money and property	<u>1,700</u>	<u>1,700</u>	<u>24,370</u>	<u>22,670</u>
Total Revenues	<u>675,067</u>	<u>675,067</u>	<u>843,327</u>	<u>168,260</u>
<u>EXPENDITURES</u>				
Current:				
General government				
General administration	26,500	26,500	25,000	1,500
Debt service:				
Principal	635,573	635,573	635,573	-
Interest and fiscal charges	<u>49,779</u>	<u>49,779</u>	<u>49,736</u>	<u>43</u>
Total Expenditures	<u>711,852</u>	<u>711,852</u>	<u>710,309</u>	<u>1,543</u>
Excess (deficiency) of revenues over expenditures	<u>(36,785)</u>	<u>(36,785)</u>	<u>133,018</u>	<u>169,803</u>
Net change in fund balance	<u>\$ (36,785)</u>	<u>\$ (36,785)</u>	133,018	<u>\$ 169,803</u>
Fund balance - July 1, 2022			<u>2,588,898</u>	
Fund balance - June 30, 2023			<u>\$ 2,721,916</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, 2023**

	<u>2022 - 2023 Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ _____ -	\$ _____ -	\$ <u>39,052</u>	\$ <u>39,052</u>
Total Revenues	_____ -	_____ -	<u>39,052</u>	<u>39,052</u>
<u>EXPENDITURES</u>				
Current:				
General Government				
General administration	6,559	6,559	5,581	978
Debt service:				
Principal	1,015,000	1,015,000	1,015,000	-
Interest and fiscal charges	<u>589,442</u>	<u>589,442</u>	<u>589,442</u>	-
Total Expenditures	<u>1,611,001</u>	<u>1,611,001</u>	<u>1,610,023</u>	<u>978</u>
Excess (deficiency) of revenues over expenditures	<u>(1,611,001)</u>	<u>(1,611,001)</u>	<u>(1,570,971)</u>	<u>40,030</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>1,611,001</u>	<u>1,611,001</u>	<u>1,572,166</u>	<u>(38,835)</u>
Total Other Financing Sources (Uses)	<u>1,611,001</u>	<u>1,611,001</u>	<u>1,572,166</u>	<u>(38,835)</u>
Net change in fund balance	\$ _____ -	\$ _____ -	1,195	\$ <u>1,195</u>
Fund balance - July 1, 2022			<u>24,433</u>	
Fund balance - June 30, 2023			<u>\$ 25,628</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, 2023**

<u>Governmental Activities - Internal Service Funds</u>					
	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Technology Replacement</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
<u>ASSETS</u>					
Current Assets					
Cash and investments	\$ -	\$ 1,543,179	\$ 365,006	\$ -	\$ 1,908,185
Accounts receivable	4,825	93,976	-	-	98,801
Prepaid expenses	-	-	66,829	-	66,829
Total Current Assets	<u>4,825</u>	<u>1,637,155</u>	<u>431,835</u>	<u>-</u>	<u>2,073,815</u>
Non Current Assets					
Advances to other funds	-	4,850,000	-	-	4,850,000
Capital assets, net	-	<u>1,298,505</u>	<u>98,025</u>	-	<u>1,396,530</u>
Total Non-Current Assets	<u>-</u>	<u>6,148,505</u>	<u>98,025</u>	<u>-</u>	<u>6,246,530</u>
Total Assets	<u>4,825</u>	<u>7,785,660</u>	<u>529,860</u>	<u>-</u>	<u>8,320,345</u>
<u>LIABILITIES</u>					
Current Liabilities					
Accounts payable	18,188	11,544	5,234	-	34,966
Interest payable	-	591	-	-	591
Due to other funds	2,049,191	-	-	-	2,049,191
Claims payable - current	-	-	-	701,704	701,704
Long-term liabilities - current	-	<u>162,413</u>	-	-	<u>162,413</u>
Total Current Liabilities	<u>2,067,379</u>	<u>174,548</u>	<u>5,234</u>	<u>701,704</u>	<u>2,948,865</u>
Non-Current Liabilities					
Claims payable	-	-	-	1,411,125	1,411,125
Long-term liabilities	-	<u>392,038</u>	-	-	<u>392,038</u>
Total Non-Current Liabilities	<u>-</u>	<u>392,038</u>	<u>-</u>	<u>1,411,125</u>	<u>1,803,163</u>
Total Liabilities	<u>2,067,379</u>	<u>566,586</u>	<u>5,234</u>	<u>2,112,829</u>	<u>4,752,028</u>
<u>NET POSITION:</u>					
Net investment in capital assets	-	744,054	98,025	-	842,079
Unrestricted	<u>(2,062,554)</u>	<u>6,475,020</u>	<u>426,601</u>	<u>(2,112,829)</u>	<u>2,726,238</u>
Total Net Position	<u>\$ (2,062,554)</u>	<u>\$ 7,219,074</u>	<u>\$ 524,626</u>	<u>\$ (2,112,829)</u>	<u>\$ 3,568,317</u>

**CITY OF NOVATO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Governmental Activities - Internal Service Funds</u>				
	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Technology Replacement</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
<u>OPERATING REVENUES</u>					
Charges for services	\$ 333,020	\$ 599,898	\$ 95,000	\$ -	\$ 1,027,918
Other revenues	-	226,651	-	60,330	286,981
Total Operating Revenue	<u>333,020</u>	<u>826,549</u>	<u>95,000</u>	<u>60,330</u>	<u>1,314,899</u>
<u>OPERATING EXPENSES</u>					
Cost of services	821,142	282,184	92,462	-	1,195,788
Depreciation	-	536,572	23,109	-	559,681
Total Operating Expenses	<u>821,142</u>	<u>818,756</u>	<u>115,571</u>	<u>-</u>	<u>1,755,469</u>
Operating Income (Loss)	<u>(488,122)</u>	<u>7,793</u>	<u>(20,571)</u>	<u>60,330</u>	<u>(440,570)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Interest income	-	29,528	3,277	-	32,805
Interest expense	-	(4,953)	-	-	(4,953)
Total Non-Operating Revenues	<u>-</u>	<u>24,575</u>	<u>3,277</u>	<u>-</u>	<u>27,852</u>
Income (Loss) Before Transfers	<u>(488,122)</u>	<u>32,368</u>	<u>(17,294)</u>	<u>60,330</u>	<u>(412,718)</u>
<u>TRANSFERS</u>					
Transfers in	-	64,446	-	-	64,446
Total Transfers	<u>-</u>	<u>64,446</u>	<u>-</u>	<u>-</u>	<u>64,446</u>
Change in net position	<u>(488,122)</u>	<u>96,814</u>	<u>(17,294)</u>	<u>60,330</u>	<u>(348,272)</u>
Net Position - July 1, 2022	(1,574,432)	7,088,093	541,920	(2,173,159)	3,882,422
Prior period adjustment (Note 15)	-	34,167	-	-	34,167
Net Position - July 1, 2022, restated	<u>(1,574,432)</u>	<u>7,122,260</u>	<u>541,920</u>	<u>(2,173,159)</u>	<u>3,916,589</u>
Net Position - June 30, 2023	<u>\$ (2,062,554)</u>	<u>\$ 7,219,074</u>	<u>\$ 524,626</u>	<u>\$ (2,112,829)</u>	<u>\$ 3,568,317</u>

**CITY OF NOVATO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Governmental Activities - Internal Service Funds</u>				
	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Technology Replacement</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers	\$ 336,026	\$ 776,482	\$ 95,000	\$ 60,330	\$ 1,267,838
Cash paid to suppliers	<u>(894,423)</u>	<u>(285,418)</u>	<u>(109,169)</u>	<u>(60,330)</u>	<u>(1,349,340)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(558,397)</u>	<u>491,064</u>	<u>(14,169)</u>	<u>-</u>	<u>(81,502)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Interfund receipts (payments)	551,380	-	-	-	551,380
Transfers from other funds	-	64,446	-	-	64,446
Transfers to from funds	<u>-</u>	<u>(4,850,000)</u>	<u>-</u>	<u>-</u>	<u>(4,850,000)</u>
Net Cash Provided by (Used for) Non- Capital Financing Activities	<u>551,380</u>	<u>(4,785,554)</u>	<u>-</u>	<u>-</u>	<u>(4,234,174)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Proceeds from finance lease	-	203,431	-	-	203,431
Acquisition of capital assets	-	(289,622)	(20,444)	-	(310,066)
Principal paid on long-term debt	-	(173,838)	-	-	(173,838)
Interest paid on long-term debt	<u>-</u>	<u>309</u>	<u>-</u>	<u>-</u>	<u>309</u>
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(259,720)</u>	<u>(20,444)</u>	<u>-</u>	<u>(280,164)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest and dividends	<u>-</u>	<u>24,294</u>	<u>3,277</u>	<u>-</u>	<u>27,571</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>24,294</u>	<u>3,277</u>	<u>-</u>	<u>27,571</u>
Net Decrease in Cash and Cash Equivalents	(7,017)	(4,529,916)	(31,336)	-	(4,568,269)
Cash and Cash Equivalents - July 1, 2022	<u>7,017</u>	<u>6,073,095</u>	<u>396,342</u>	<u>-</u>	<u>6,476,454</u>
Cash and Cash Equivalents - June 30, 2023	<u>\$ -</u>	<u>\$ 1,543,179</u>	<u>\$ 365,006</u>	<u>\$ -</u>	<u>\$ 1,908,185</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>					
Operating Income (Loss)	\$ (488,122)	\$ 7,793	\$ (20,571)	\$ 60,330	\$ (440,570)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	-	333,736	23,109	-	356,845
Amortization expense	-	202,836	-	-	202,836
(Increase) Decrease in:					
Accounts receivable	3,006	(50,067)	-	-	(47,061)
Prepaid expenses	-	-	(9,693)	-	(9,693)
Increase (Decrease) in:					
Accounts payable	(73,281)	(3,234)	(7,014)	-	(83,529)
Claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,330)</u>	<u>(60,330)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (558,397)</u>	<u>\$ 491,064</u>	<u>\$ (14,169)</u>	<u>\$ -</u>	<u>\$ (81,502)</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:

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, 2023**

	Pacheco Ranch Estates Assessment District	Pacheco Valle CFD	Vintage Oaks Special Tax	Golden Gate Redemption
<u>ASSETS</u>				
Cash and investments	\$ 74,192	\$ 38,657	\$ 2,360,085	\$ 244,310
Cash with fiscal agent	-	-	-	-
Taxes receivable	-	201	8,028	-
Total Assets	74,192	38,858	2,368,113	244,310
<u>LIABILITIES</u>				
Accounts payable	-	-	2,300	-
Due to City	-	191,924	-	-
Total Liabilities	-	191,924	2,300	-
<u>NET POSITION</u>				
Net position restricted for individuals, organizations, and other governments	74,192	(153,066)	2,365,813	244,310
Total Net Position	\$ 74,192	\$ (153,066)	\$ 2,365,813	\$ 244,310

**CITY OF NOVATO
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
JUNE 30, 2023**

	Hamilton Bond Admin.	Pointe Marin CFD-2002-1	Total
<u>ASSETS</u>			
Cash and investments	\$ 655,120	\$ 410,258	\$ 3,782,622
Cash with fiscal agent	462,179	-	462,179
Taxes receivable	12,196	4,712	25,137
Total Assets	1,129,495	414,970	4,269,938
<u>LIABILITIES</u>			
Accounts payable	5,500	2,750	10,550
Due to City	-	-	191,924
Total Liabilities	5,500	2,750	202,474
<u>NET POSITION</u>			
Net position restricted for individuals, organizations, and other governments	1,123,995	412,220	4,067,464
Total Net Position	\$ 1,123,995	\$ 412,220	\$ 4,067,464

**CITY OF NOVATO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Pacheco Ranch Estates Assessment District</u>	<u>Pacheco Valle CFD</u>	<u>Vintage Oaks Special Tax</u>	<u>Golden Gate Redemption</u>
<u>ADDITIONS</u>				
Property taxes and assessments	\$ -	\$ 39,363	\$ 1,605,607	\$ -
Interest income	<u>-</u>	<u>6,474</u>	<u>(707)</u>	<u>2,502</u>
Total Additions	<u>-</u>	<u>45,837</u>	<u>1,604,900</u>	<u>2,502</u>
<u>DEDUCTIONS</u>				
Professional services	-	6,812	28,300	-
Distribution to City	-	-	-	-
Debt service:				
Principal	-	-	1,374,261	-
Interest	<u>-</u>	<u>9,153</u>	<u>222,588</u>	<u>-</u>
Total Deductions	<u>-</u>	<u>15,965</u>	<u>1,625,149</u>	<u>-</u>
Change in fiduciary net position	-	29,872	(20,249)	2,502
Fiduciary Net Position - Beginning	<u>74,192</u>	<u>(182,938)</u>	<u>2,386,062</u>	<u>241,808</u>
Fiduciary Net Position - Ending	<u>\$ 74,192</u>	<u>\$ (153,066)</u>	<u>\$ 2,365,813</u>	<u>\$ 244,310</u>

**CITY OF NOVATO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Hamilton Bond Admin.</u>	<u>Pointe Marin CFD-2002-1</u>	<u>Total</u>
<u>ADDITIONS</u>			
Property taxes and assessments	\$ 1,689,257	\$ 563,319	\$ 3,897,546
Interest income	<u>15,035</u>	<u>3,696</u>	<u>27,000</u>
Total Additions	<u>1,704,292</u>	<u>567,015</u>	<u>3,924,546</u>
<u>DEDUCTIONS</u>			
Professional services	66,300	28,575	129,987
Distribution to City	230,000	-	230,000
Debt service:			
Principal	1,282,509	405,000	3,061,770
Interest	<u>123,316</u>	<u>212,100</u>	<u>567,157</u>
Total Deductions	<u>1,702,125</u>	<u>645,675</u>	<u>3,988,914</u>
Change in fiduciary net position	2,167	(78,660)	(64,368)
Fiduciary Net Position - Beginning	<u>1,121,828</u>	<u>490,880</u>	<u>4,131,832</u>
Fiduciary Net Position - Ending	<u>\$ 1,123,995</u>	<u>\$ 412,220</u>	<u>\$ 4,067,464</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 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 City facilities. 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. Periodic additions to the fund will be made from general fund and other sources when available.

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

**CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2023**

	<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	\$ 8,249,499	\$ 518,116	\$ 54,395	\$ 64,340
Restricted cash and investments	1,059,144	-	-	-
Accounts receivable	1,593,005	-	-	-
Notes receivable	2,074,176	-	-	-
Interest receivable	387,583	-	-	-
Taxes receivable	3,207,011	1,989	-	-
Due from other funds	3,485,191	-	-	-
Due from custodial funds	191,924	-	-	-
Prepaid items	<u>223,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 20,471,233</u>	<u>\$ 520,105</u>	<u>\$ 54,395</u>	<u>\$ 64,340</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 1,240,777	\$ -	\$ -	\$ -
Accrued payroll and benefits	1,119,661	-	-	-
Unearned revenue	645,578	-	-	-
Deposits payable	1,113,026	-	-	-
Advances from other funds	<u>4,850,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>8,969,042</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	<u>457,780</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Nonspendable	2,489,800	-	-	-
Restricted	1,059,144	-	-	64,340
Assigned	7,391,969	520,105	54,395	-
Unassigned	<u>103,498</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>11,044,411</u>	<u>520,105</u>	<u>54,395</u>	<u>64,340</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,471,233</u>	<u>\$ 520,105</u>	<u>\$ 54,395</u>	<u>\$ 64,340</u>

**CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2023**

	<u>Pension Reserve</u>	<u>Insurance Reserve</u>	<u>Emergency & Disaster Response</u>	<u>Civic Center</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,521	\$ 1,244,720	\$ 11,501,472	\$ 123,567
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>\$ 1,521</u>	<u>\$ 1,244,720</u>	<u>\$ 11,501,472</u>	<u>\$ 123,567</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-
Unearned revenue	-	-	-	-
Deposits payable	-	-	-	-
Advances from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	1,521	1,244,720	11,501,472	123,567
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,521</u>	<u>1,244,720</u>	<u>11,501,472</u>	<u>123,567</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,521</u>	<u>\$ 1,244,720</u>	<u>\$ 11,501,472</u>	<u>\$ 123,567</u>

**CITY OF NOVATO
GENERAL FUND
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2023**

	<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	\$ 1,722,600	\$ 874,952	\$ -	\$ 24,355,182
Restricted cash and investments	-	-	473,309	1,532,453
Accounts receivable	-	-	-	1,593,005
Notes receivable	-	-	-	2,074,176
Interest receivable	-	-	-	387,583
Taxes receivable	-	-	-	3,209,000
Due from other funds	-	-	-	3,485,191
Due from custodial funds	-	-	-	191,924
Prepaid items	-	-	-	223,700
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,722,600</u>	<u>\$ 874,952</u>	<u>\$ 473,309</u>	<u>\$ 37,052,214</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,240,777
Accrued payroll and benefits	-	-	-	1,119,661
Unearned revenue	-	-	-	645,578
Deposits payable	-	-	473,309	1,586,335
Advances from other funds	-	-	-	4,850,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>473,309</u>	<u>9,442,351</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	-	457,780
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES:				
Nonspendable	-	-	-	2,489,800
Restricted	-	-	-	1,123,484
Assigned	1,722,600	874,952	-	23,435,301
Unassigned	-	-	-	103,498
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,722,600</u>	<u>874,952</u>	<u>-</u>	<u>27,152,083</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,722,600</u>	<u>\$ 874,952</u>	<u>\$ 473,309</u>	<u>\$ 37,052,214</u>

**CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2023**

	<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	\$ 40,058,948	\$ 3,421	\$ -	\$ -
Licence, permits, & fees	2,055,450	-	-	-
Intergovernmental	587,452	-	-	68,871
Fines and forfeitures	538,360	-	-	-
Use of money and property	581,529	2,184	-	-
Charges for services	4,219,422	-	-	-
Other revenues	<u>377,099</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>48,418,260</u>	<u>5,605</u>	<u>-</u>	<u>68,871</u>
<u>EXPENDITURES</u>				
Current:				
General government	12,016,827	-	-	68,871
Public safety	17,939,471	-	-	-
Public works	7,551,312	-	-	-
Cultural and recreation	3,099,742	-	-	-
Community development	3,977,562	-	-	-
Capital outlay	4,866,379	-	-	-
Debt service:				
Principal	54,179	-	-	-
Interest and fiscal charges	<u>8,362</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>49,513,834</u>	<u>-</u>	<u>-</u>	<u>68,871</u>
Excess (deficiency) of revenues over expenditures	<u>(1,095,574)</u>	<u>5,605</u>	<u>-</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Inception of SBITAs	15,379	-	-	-
Transfers in	3,824,859	-	-	-
Transfers out	<u>(4,253,107)</u>	<u>(410,306)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(412,869)</u>	<u>(410,306)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,508,443)</u>	<u>(404,701)</u>	<u>-</u>	<u>-</u>
Fund Balances - July 1, 2022	12,441,967	924,806	54,395	64,340
Prior Period Adjustment	<u>110,887</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - July 1, 2022 - restated	<u>12,552,854</u>	<u>924,806</u>	<u>54,395</u>	<u>64,340</u>
Fund Balances - June 30, 2023	<u>\$ 11,044,411</u>	<u>\$ 520,105</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, 2023**

	<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	16	11,978	117,328	936
Charges for services	-	-	-	-
Other revenues	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>16</u>	<u>11,978</u>	<u>117,328</u>	<u>936</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Cultural and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	893,405	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>893,405</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>16</u>	<u>11,978</u>	<u>(776,077)</u>	<u>936</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Inception of SBITAs	-	-	-	-
Transfers in	-	-	1,433,275	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,433,275</u>	<u>-</u>
Net Change in Fund Balance	<u>16</u>	<u>11,978</u>	<u>657,198</u>	<u>936</u>
Fund Balances - July 1, 2022	1,505	1,232,742	10,844,274	122,631
Prior Period Adjustment	-	-	-	-
Fund Balances - July 1, 2022 - restated	<u>1,505</u>	<u>1,232,742</u>	<u>10,844,274</u>	<u>122,631</u>
Fund Balances - June 30, 2023	<u>\$ 1,521</u>	<u>\$ 1,244,720</u>	<u>\$ 11,501,472</u>	<u>\$ 123,567</u>

**CITY OF NOVATO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
JUNE 30, 2023**

	Long-Term Maintenance Facilities	Long-Term Maintenance Infrastructure	Deposits Held in Trust	Total General Fund
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 40,062,369
Licence, permits, & fees	-	-	-	2,055,450
Intergovernmental	-	-	-	656,323
Fines and forfeitures	-	-	-	538,360
Use of money and property	12,527	(7,126)	-	719,372
Charges for services	-	-	-	4,219,422
Other revenues	-	-	-	377,099
	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,099</u>
Total Revenues	<u>12,527</u>	<u>(7,126)</u>	<u>-</u>	<u>48,628,395</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	12,085,698
Public safety	-	-	-	17,939,471
Public works	-	-	-	7,551,312
Cultural and recreation	-	-	-	3,099,742
Community development	-	-	-	3,977,562
Capital outlay	-	-	-	5,759,784
Debt service:				
Principal	-	-	-	54,179
Interest and fiscal charges	-	-	-	8,362
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,362</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,476,110</u>
Excess (deficiency) of revenues over expenditures	<u>12,527</u>	<u>(7,126)</u>	<u>-</u>	<u>(1,847,715)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Inception of SBITAs	-	-	-	15,379
Transfers in	375,000	375,000	-	6,008,134
Transfers out	(27,580)	(40,815)	-	(4,731,808)
	<u>347,420</u>	<u>334,185</u>	<u>-</u>	<u>1,291,705</u>
Total Other Financing Sources (Uses)	<u>347,420</u>	<u>334,185</u>	<u>-</u>	<u>1,291,705</u>
Net Change in Fund Balance	<u>359,947</u>	<u>327,059</u>	<u>-</u>	<u>(556,010)</u>
Fund Balances - July 1, 2022	1,362,653	547,893	-	27,597,206
Prior Period Adjustment	-	-	-	110,887
Fund Balances - July 1, 2022 - restated	<u>1,362,653</u>	<u>547,893</u>	<u>-</u>	<u>27,708,093</u>
Fund Balances - June 30, 2023	<u>\$ 1,722,600</u>	<u>\$ 874,952</u>	<u>\$ -</u>	<u>\$ 27,152,083</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.	161 - 166
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.	167 - 171
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.	172 - 175
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.	176
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.	177 - 179

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities										
Invested in capital assets, net of debt	\$ 242,467,907	\$ 242,779,662	\$ 243,095,293	\$ 246,398,480	\$ 245,574,757	\$ 247,545,025	\$ 256,343,973	\$ 252,297,106	\$ 249,669,882	\$ 253,288,391
Restricted	55,425,621	57,362,273	56,973,360	54,490,947	54,734,508	59,348,954	62,193,128	61,238,183	65,973,394	69,927,447
Unrestricted	13,077,341	(28,092,532)	(22,163,745)	(24,236,403)	(32,241,327)	(35,015,935)	(44,423,839)	(38,226,761)	(31,972,302)	(31,188,644)
Total governmental activities net position	<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>	<u>\$ 283,670,974</u>	<u>\$ 292,027,194</u>
Business-type activities										
Invested in capital assets, net of debt	\$ 7,809,435	\$ 8,255,016	\$ 8,966,937	\$ 9,511,419	\$ 10,083,616	\$ 10,648,181	\$ 11,057,383	\$ 12,363,839	\$ 13,330,837	\$ 14,129,865
Restricted	3,198,164	3,845,741	4,250,937	4,802,060	5,200,204	5,762,856	6,195,982	5,575,145	6,192,712	6,390,037
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total business-type activities net position	<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>	<u>\$ 19,523,549</u>	<u>\$ 20,519,902</u>
Primary government										
Invested in capital assets, net of debt	\$ 250,277,342	\$ 251,034,678	\$ 252,062,230	\$ 255,909,899	\$ 255,658,373	\$ 258,193,206	\$ 267,401,356	\$ 264,660,945	\$ 263,000,719	\$ 267,418,256
Restricted	58,623,785	61,208,014	61,224,297	59,293,007	59,934,712	65,111,810	68,389,110	66,813,328	72,166,106	76,317,484
Unrestricted	13,077,341	(28,092,532)	(22,163,745)	(24,236,403)	(32,241,327)	(35,015,935)	(44,423,839)	(38,226,761)	(31,972,302)	(31,188,644)
Total primary government net position	<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>	<u>\$ 303,194,523</u>	<u>\$ 312,547,096</u>

Source: City of Novato Finance Division

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

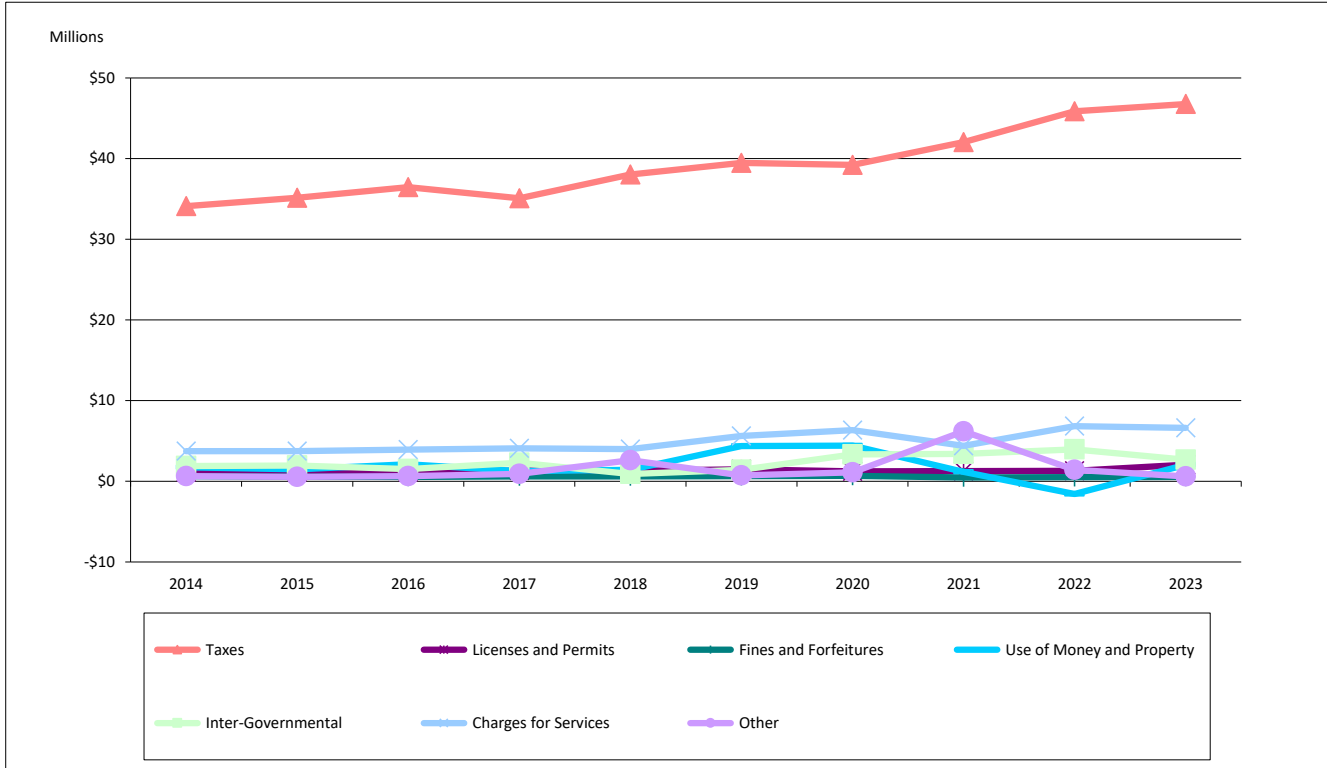
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses										
Governmental Activities:										
General government	\$ 8,935,015	\$ 8,498,035	\$ 9,119,007	\$ 10,620,762	\$ 11,862,437	\$ 11,473,826	\$ 10,556,039	\$ 11,002,803	\$ 12,534,245	\$ 13,195,898
Public safety	13,880,525	13,888,931	13,610,725	15,305,691	16,666,679	16,320,785	19,103,291	18,341,478	16,801,327	15,545,987
Public works	12,183,077	11,121,708	11,966,243	12,593,990	14,336,553	16,024,402	16,671,284	15,575,360	14,528,951	16,178,899
Culture and recreation	5,625,603	5,700,386	5,416,647	7,137,128	5,771,680	3,053,372	4,196,213	2,710,962	2,081,309	2,649,930
Community development	500,752	794,963	1,039,862	1,450,979	842,518	3,571,098	3,854,501	3,677,298	3,214,444	5,190,627
Interest and fiscal charges	1,723,190	1,541,378	1,534,060	1,598,968	1,412,666	1,356,282	1,258,523	1,171,142	1,140,831	1,111,979
Total government activity expenses	\$ 42,848,162	\$ 41,545,401	\$ 42,686,544	\$ 48,707,518	\$ 50,892,533	\$ 51,799,765	\$ 55,639,851	\$ 52,479,043	\$ 50,301,107	\$ 53,873,320
Business-type activities:										
Marin Valley Mobile Country Club Park	\$ 1,996,830	\$ 1,982,580	\$ 2,011,579	\$ 2,244,803	\$ 2,284,905	\$ 2,212,020	\$ 2,538,899	\$ 2,685,692	\$ 3,035,716	\$ 3,230,929
Total business-type activities expenses	1,996,830	1,982,580	2,011,579	2,244,803	2,284,905	2,212,020	2,538,899	2,685,692	3,035,716	3,230,929
Total primary government expenses	\$ 44,844,992	\$ 43,527,981	\$ 44,698,123	\$ 50,952,321	\$ 53,177,438	\$ 54,011,785	\$ 58,178,750	\$ 55,164,735	\$ 53,336,823	\$ 57,104,249
Program Revenues										
Charges for Services										
General government	\$ 1,938,543	\$ 1,936,586	\$ 1,986,524	\$ 2,004,275	\$ 2,205,423	\$ 852,979	\$ 605,855	\$ 1,489,999	\$ 662,929	\$ 515,636
Public safety	532,565	479,142	459,489	483,066	523,718	617,634	540,603	378,088	459,984	514,661
Public works	312,493	453,562	519,240	378,351	242,472	2,556,673	2,868,503	601,239	2,388,711	1,604,830
Culture and recreation	2,000,776	2,162,159	2,255,622	2,351,502	2,150,966	2,588,663	2,469,610	1,295,207	2,508,981	1,999,635
Community development	2,184,622	1,919,720	1,919,658	2,221,831	2,200,923	2,808,646	3,122,966	2,364,344	2,622,174	4,571,838
Operating grants	1,161,861	1,498,193	855,576	662,343	666,006	728,906	979,428	1,724,344	3,359,052	2,262,911
Capital grants	733,988	441,739	651,246	1,623,186	659,693	9,302	2,360,272	1,692,250	603,464	871,271
Total governmental activities	8,864,848	8,891,101	8,647,355	9,724,554	8,649,201	10,162,803	12,947,237	9,545,471	12,605,295	12,340,782
Business-type activities:										
Charges for services	3,030,005	3,045,589	3,089,351	3,146,104	3,187,706	3,212,429	3,262,288	3,350,415	3,423,324	3,590,489
Capital grants									1,165,196	552,910
Total business-type activities	3,030,005	3,045,589	3,089,351	3,146,104	3,187,706	3,212,429	3,262,288	3,350,415	4,588,520	4,143,399
Total primary government	\$ 11,894,853	\$ 11,936,690	\$ 11,736,706	\$ 12,870,658	\$ 11,836,907	\$ 13,375,232	\$ 16,209,525	\$ 12,895,886	\$ 17,193,815	\$ 16,484,181
Net (Expense)/Revenue										
Governmental activities	\$ (33,983,314)	\$ (32,654,300)	\$ (34,039,189)	\$ (38,982,964)	\$ (42,243,332)	\$ (41,636,962)	\$ (42,692,614)	\$ (42,933,572)	\$ (37,695,812)	\$ (41,532,538)
Business-type activities	1,033,175	1,063,009	1,077,772	901,301	902,801	1,000,409	723,389	664,723	1,552,804	912,470
Total primary government	\$ (32,950,139)	\$ (31,591,291)	\$ (32,961,417)	\$ (38,081,663)	\$ (41,340,531)	\$ (40,636,553)	\$ (41,969,225)	\$ (42,268,849)	\$ (36,143,008)	\$ (40,620,068)

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Revenues										
Government Activities										
Taxes										
Sales and use taxes	\$ 11,515,918	\$ 12,344,326	\$ 13,016,153	\$ 12,406,239	\$ 13,630,668	\$ 14,320,813	\$ 13,951,183	\$ 16,397,267	\$ 17,004,907	\$ 17,970,839
Property taxes	17,123,536	17,155,959	17,899,660	17,062,356	17,633,246	18,384,112	18,808,506	19,391,309	21,739,483	21,244,144
Motor vehicle and gas taxes	1,662,685	1,556,409	1,207,195	1,086,140	1,517,254	2,161,479	2,228,983	2,223,547	2,411,954	2,591,240
Franchise taxes	1,504,226	1,534,708	1,624,399	1,689,146	1,706,149	1,620,150	1,635,751	1,646,739	1,717,188	1,832,105
Transient occupancy taxes	1,353,995	1,543,636	1,645,110	1,647,873	1,773,629	1,821,003	1,450,384	1,151,791	1,744,881	1,983,678
Business license taxes	939,557	999,842	1,064,807	1,185,298	1,289,176	1,156,488	1,153,147	1,202,909	1,171,614	1,136,694
Other taxes	4,451	5,080	3,511	6,330	3,160	4,544,403	4,245,072	35,400	90,660	7,822
Interest and investment	838,904	554,969	1,268,887	978,267	477,385	-	3,045,900	510,779	(2,590,050)	918,824
Rental income	1,000,124	1,016,325	926,262	963,689	1,129,707	-	1,024,027	672,309	973,092	1,084,387
Other revenue	666,878	551,847	649,710	409,631	2,564,985	736,813	1,102,246	6,142,494	1,506,173	901,947
Transfers In	250,000	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 36,860,274	\$ 37,263,101	\$ 39,305,694	\$ 37,434,969	\$ 41,725,359	\$ 44,745,261	\$ 48,645,199	\$ 49,374,544	\$ 45,769,902	\$ 49,671,680
Business-type Activities										
Interest and investment	\$ 11,816	\$ 16,091	\$ 26,478	\$ 39,462	\$ 57,106	\$ 117,372	\$ 112,754	\$ 71,152	\$ 23,581	\$ 76,538
Other revenue	13,234	14,058	12,867	154,842	10,434	9,436	6,185	13,597	8,180	7,345
Total business-type activities	\$ 25,050	\$ 30,149	\$ 39,345	\$ 194,304	\$ 67,540	\$ 126,808	\$ 118,939	\$ 84,749	\$ 31,761	\$ 83,883
Other sources(uses) of money	\$ (250,000)	\$ -	\$ -	\$ -	\$ (2,730,837)	\$ -	\$ 4,591,842	\$ -	\$ -	\$ -
Total primary government	\$ 36,635,324	\$ 37,293,250	\$ 39,345,039	\$ 37,629,273	\$ 39,062,062	\$ 44,872,069	\$ 53,355,980	\$ 49,459,293	\$ 45,801,663	\$ 49,755,563
Prior Period Adjustment										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,227,705)	\$ 288,356	\$ 217,561
Business-type activities	-	-	-	-	-	-	-	(63,853)	-	-
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,291,558)	\$ 288,356	\$ 217,561
Change in Net Position										
Governmental activities	\$ 2,626,960	\$ 4,608,801	\$ 5,266,505	\$ (1,547,995)	\$ (3,248,810)	\$ 3,810,106	\$ 2,235,218	\$ 6,422,971	\$ 8,074,090	\$ 8,356,703
Business-type activities	1,058,225	1,093,158	1,117,117	1,095,605	970,341	1,127,217	842,328	749,472	1,584,565	996,353
Total primary government	\$ 3,685,185	\$ 5,701,959	\$ 6,383,622	\$ (452,390)	\$ (2,278,469)	\$ 4,937,323	\$ 3,077,546	\$ 7,172,443	\$ 9,658,655	\$ 9,353,056

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>
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
2022	45,880,687	1,296,533	510,128	(1,572,916)	3,958,021	6,836,118	1,427,939	58,336,510
2023	46,766,522	2,055,450	538,360	2,051,486	2,680,897	6,612,790	614,966	61,320,471

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Nonspendable	\$ 1,403,960	\$ 1,126,334	\$ 2,181,264	\$ 5,090,706	\$ 1,955,519	\$ 5,235,903	\$ 878,289	\$ 1,106,722	\$ 364,641	\$ 2,489,800
Restricted	1,200,002	1,131,556	1,069,688	555,518	636,109	42,564	524,558	637,172	1,054,997	1,123,484
Assigned	9,366,440	17,283,943	17,618,959	19,316,999	18,562,312	18,665,898	14,603,462	22,525,654	22,288,670	23,435,301
Unassigned	11,329,856	6,107,024	8,287,257	3,139,911	3,942,032	(632,686)	1,223,093	1,515,395	3,888,898	103,498
Total General Fund	<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>\$ 25,784,943</u>	<u>\$ 27,597,206</u>	<u>\$ 27,152,083</u>
All Other Governmental Funds										
Nonspendable	\$ 1,241,560	\$ 2,188,911	\$ 3,267,946	\$ 354,855	\$ -	\$ -	\$ -	\$ 55,698	\$ 55,595	\$ -
Restricted	57,520,490	57,717,064	55,903,672	56,675,956	57,541,885	62,223,669	66,188,857	65,513,940	70,706,069	73,952,026
Assigned	264,628	202,498	160,066	118,866	88,709	102,596	98,323	-	-	-
Unassigned	(1,106,456)	(396,865)	(912,227)	(1,987,752)	(2,656,768)	(2,322,683)	(3,046,212)	(2,718,296)	(2,617,323)	(4,619,364)
Total all other Governmental Funds	<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>\$ 62,851,342</u>	<u>\$ 68,144,341</u>	<u>\$ 69,332,662</u>

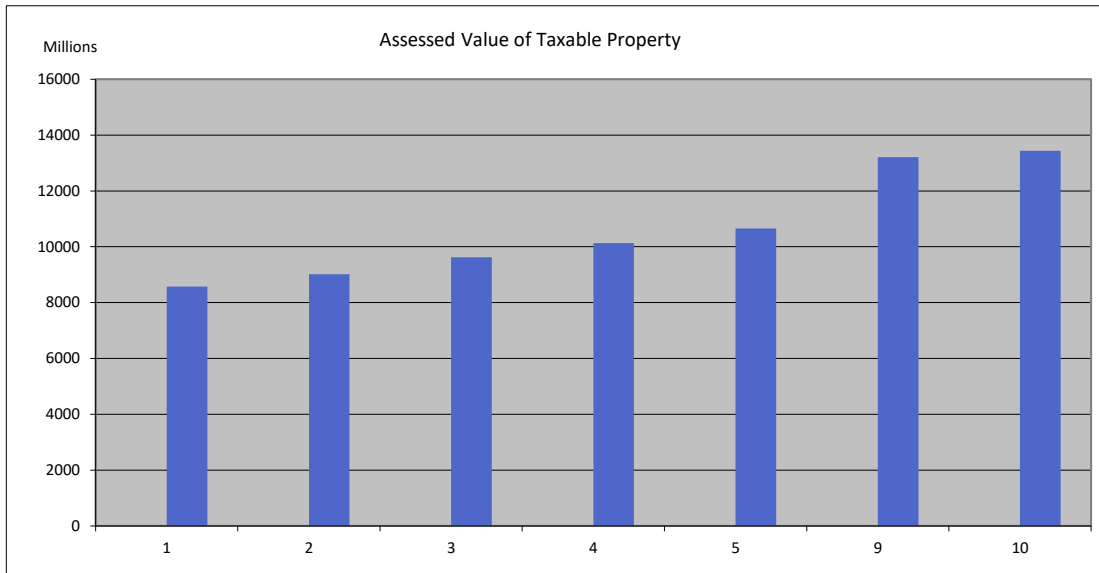
Source: City of Novato Finance Division

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues										
Taxes and assessments	\$ 34,104,368	\$ 35,139,960	\$ 36,460,835	\$ 35,083,382	\$ 38,027,526	\$ 39,470,405	\$ 39,233,744	\$ 42,048,692	\$ 45,880,687	\$ 46,766,522
Licenses, permits, and fess	1,135,912	1,144,209	1,134,230	1,322,662	1,308,759	1,482,152	1,243,443	1,256,895	1,296,533	2,055,450
Intergovernmental revenues	1,895,849	1,939,932	1,506,811	2,285,529	907,100	1,433,655	3,339,700	3,398,594	3,958,021	2,680,897
Fines and forfeitures	633,345	570,564	549,834	610,177	600,693	633,773	675,442	472,932	510,128	538,360
Use of money and property	1,749,663	1,472,583	2,108,016	1,250,962	1,422,803	4,356,820	4,421,535	1,174,190	(1,572,916)	2,051,486
Charges for services	3,737,043	3,742,318	3,941,467	4,095,861	3,979,681	5,606,133	6,353,504	4,399,050	6,836,118	6,612,790
Other revenues	637,639	551,847	649,721	909,649	2,616,463	736,813	1,102,246	6,195,141	1,427,939	614,966
Total revenues	43,893,819	44,561,413	46,350,914	45,558,222	48,863,025	53,719,751	56,369,614	58,945,494	58,336,510	61,320,471
Expenditures										
General government	6,708,285	6,224,333	7,026,782	7,701,952	8,586,793	9,519,963	9,747,336	10,449,426	12,827,921	12,825,185
Public safety	13,620,090	13,940,580	13,921,012	14,559,577	15,617,052	15,595,037	16,419,427	16,344,584	17,317,332	18,348,335
Public works	7,673,884	6,777,059	6,976,942	8,035,935	8,160,671	8,062,092	8,367,232	8,641,573	9,062,773	8,982,847
Culture and recreation	4,841,050	5,088,194	5,498,234	5,856,492	5,658,183	3,568,826	3,552,004	2,618,823	2,506,099	3,099,742
Community Development	812,535	763,338	1,843,830	1,271,933	738,534	3,340,571	3,474,017	3,428,755	3,889,024	5,228,549
Debt service - Principal	12,635,436	2,032,911	2,046,858	2,107,187	2,236,766	2,284,815	4,907,830	2,673,282	1,894,078	1,835,997
Debt service - Interest	1,621,176	1,275,353	1,250,373	1,281,757	1,094,559	1,017,733	1,018,121	778,488	706,480	647,843
Issuance costs	130,450	-	-	17,400	-	-	-	-	-	-
Capital outlay	11,057,543	3,810,210	4,906,785	8,082,920	3,769,546	6,387,691	13,289,482	5,687,020	3,258,867	10,417,961
CIP project costs not capitalized	(773,569)	265,546	718,796	512,053	957,309	438,948	507,753	5,502,262	6,104	(225,965)
Total expenditures	58,326,880	40,177,524	44,189,612	49,427,206	46,819,413	50,215,676	61,283,202	56,124,213	51,468,678	61,160,494
Excess of revenues over (under) expenditures	(14,433,061)	4,383,889	2,161,302	(3,868,984)	2,043,612	3,504,075	(4,913,588)	2,821,281	6,867,832	159,977
Other financing sources (uses)										
Inception of SBITAs	-	-	-	-	-	-	-	-	-	584,606
Issuance of debt	10,710,450	-	-	-	-	-	-	-	-	-
Proceeds from bond issuance	71,742	245,342	68,741	16,962	-	49,436	2,550,000	-	-	-
Transfers in	14,197,147	8,105,067	8,172,441	11,449,365	8,593,974	12,367,599	17,158,752	11,787,194	7,793,193	9,483,618
Transfers out	(14,407,194)	(8,594,313)	(8,580,324)	(11,908,910)	(9,075,669)	(12,675,647)	(17,640,055)	(11,969,973)	(7,844,120)	(9,548,064)
Total other financing sources	10,572,145	(243,904)	(339,142)	(442,583)	(481,695)	(258,612)	2,068,697	(182,779)	(50,927)	520,160
Extraordinary Item										
Redevelopment Dissolution	-	-	-	-	(4,757,178)	-	-	-	-	-
Net change in fund balance	\$ (3,860,916)	\$ 4,139,985	\$ 1,822,160	\$ (4,311,567)	\$ (3,195,261)	\$ 3,245,463	\$ (2,844,891)	\$ 2,638,502	\$ 6,816,905	\$ 680,137
Debt service as a % of noncapital expenditures	30.2%	9.1%	8.4%	8.2%	7.7%	7.5%	12.3%	6.8%	5.4%	4.9%

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>
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
2022	10,063,920,816	1,558,407,289	596,507,051	987,632,331	-	13,206,467,487	7.167%	946,507,525
2023	10,760,439,706	1,630,173,289	604,264,502	442,803,809	-	13,437,681,306	7.159%	962,003,605

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
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
2022	1.00000	0.00000	0.01650	0.02750	0.02180	0.00000	0.10380	0.00000	0.07167	1.16960
2023	1.00000	0.00000	0.00500	0.02580	0.02070	0.00000	0.09390	0.00000	0.07159	1.14540

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

Source : HDL Companies

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

Taxpayer	2022/23			2013/14		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BioMarin Pharmaceutical Inc.	1	\$ 442,294,382	3.29%	1	\$ 147,770,460	1.72%
NCP Multifamily LLC	2	178,892,349	1.33%			0.00%
KW Hamilton Landing	3	118,514,393	0.88%			
San Marin Owner LLC	4	91,240,000	0.68%			
JCC Cal Properties LLC	5	71,325,457	0.53%	5	59,226,274	0.69%
Scarpa Steven J Trust	6	69,612,750	0.52%			
IPERS Hamilton Marketplace LLC	7	56,917,648	0.42%	8	38,312,128	0.45%
Contesta Novato Investors LLC	8	53,571,119	0.40%	6	46,155,000	0.54%
HRSE Oakmont Novato LLC	9	51,300,798	0.38%			
Sutter Health	10	49,759,095	0.37%	7	44,140,738	0.51%
Professional Investors Security Fund						
Novato 777 San Marin Drive						
Of 11 Scripps Summit Sole M LLC						
Novato FF Property LLC				2	132,000,000	1.54%
Hamilton Marin LLC				3	95,080,001	1.11%
Steven J Scarpa				4	67,536,121	0.79%
Downtown Novato Investors LLC						
Karen Pell 2011 REVOC Trust ETAL				10	26,560,000	0.31%
Safeway Stores Inc						
Image Movers Digital LLC						
Condiotti Enterprise Inc.				9	28,966,845	0.34%
Lexington Wood Hollow						
Top Ten Totals		\$ 1,183,427,991	8.81%		\$ 685,747,567	8.00%
City Total Taxable Assessed Value		\$ 13,437,681,306			\$ 8,571,156,011	

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
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%
2022	21,739	21,739	100.00%	-	21,739	100.00%
2023	21,244	21,244	100.00%	-	21,244	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>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>	<u>2021-22</u>	<u>2022-23</u>
Major Business Groups										
General Retail	\$ 4,580	\$ 4,626	\$ 4,280	\$ 3,843	\$ 4,733	\$ 5,010	\$ 5,163	\$ 4,975	\$ 4,154	\$ 4,164
Food Products	2,075	2,229	2,245	1,998	2,203	2,412	2,187	2,326	2,735	2,888
Transportation	3,125	3,026	2,820	2,560	2,793	3,187	2,552	2,950	3,530	3,507
Business to Business	1,142	1,228	1,355	1,095	1,511	1,866	1,609	1,619	1,862	1,896
Construction	627	639	588	549	602	754	711	760	800	823

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)

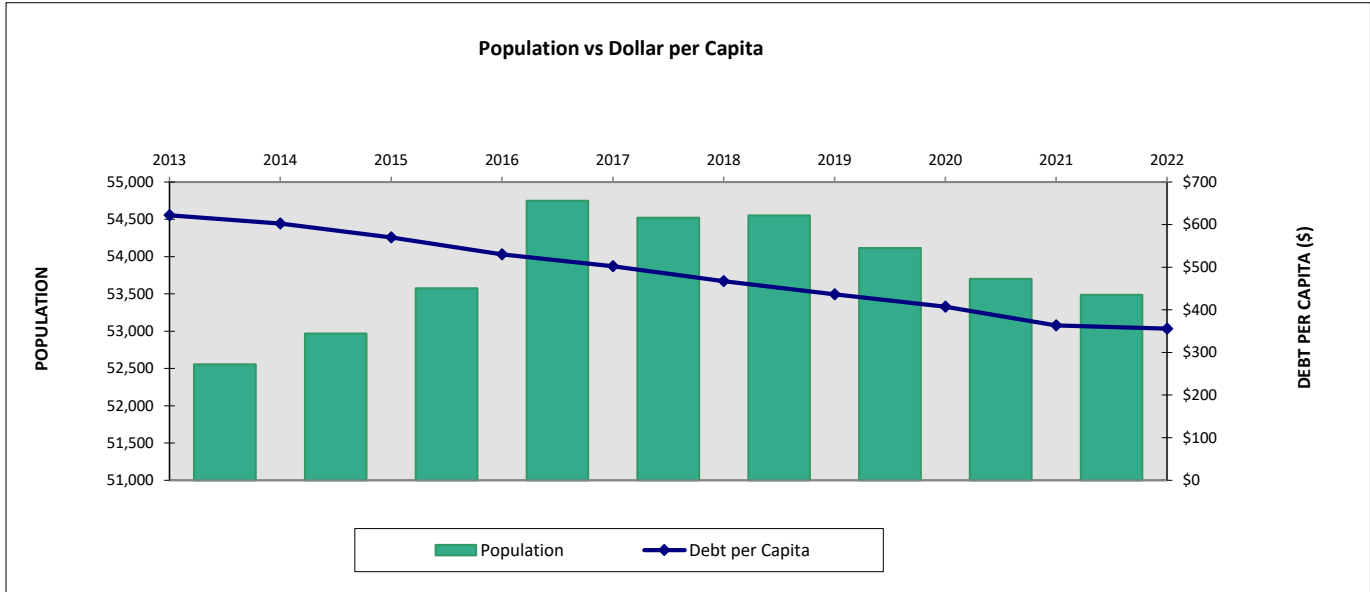
CITY OF NOVATO, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts in thousands of dollars, except per capita amount)

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percent of Personal Income	Population	Debt per Capita
	General Obligation Bonds	Pension Obligation Bonds	Lease Liability /SBITAs	CREBs	Capital Lease / Premiums (Discounts) Net	MVMCC Note / Loan				
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	17,196	-	80	(63)	3,851	25,291	0.83%	53,486	473
2022	3,258	17,111	538	60	(55)	3,302	24,214	0.79%	51,392	471
2023	2,622	16,541	1,477	40	(47)	2,738	23,372	0.71%	51,694	452

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	Lease Liability /SBITAs	Amounts Restricted for Debt Service	Net Total Bonded Debt	CREBs	Capital Lease / Premiums (Discounts) Net	Percent of Assessed Value	Population	Debt per Capita	Assessed Value
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	17,196	-	1,972	19,451	80	(63)	0.160%	53,486	\$364	12,187,854
2022	3,258	17,111	538	2,613	18,293	60	(55)	0.139%	51,392	\$356	13,206,467
2023	2,622	16,541	1,477	2,748	17,893	40	(47)	0.133%	51,694	\$346	13,437,681

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, 2023

2022-2023 Assessed Valuation :	\$13,439,124,225	\$12,651,268,316	(\$787,855,909)
Redevelopment Incremental Valuation	\$1,209,155,501		

	Outstanding Debt 6/30/23	% Applicable [a]	City's Estimated Share Of Overlapping Debt
<u>Direct and Overlapping Tax and Assessment Debt</u>			
Marin Community College District	\$569,640,000	14.081%	\$80,211,008
Novato Unified School District	231,985,000	85.006%	197,201,169
Marin Healthcare District	464,745,000	0.0004%	1,859
City of Novato	2,622,324	100.000%	2,622,324
City of Novato Community Facilities District No. 1	5,206,903	100.000%	5,206,903
City of Novato Community Facilities District No. 1994-1	3,369,027	100.000%	3,369,027
City of Novato Community Facilities District No. 2002-1	5,100,000	100.000%	5,100,000
City of Novato Community Facilities District No. 2014-1	191,924	100.000%	191,924
Novato Sanitary District Assessment District No. 2000-1	-	100.000%	-
Marin County Open Space Assessment Districts	95,542	93.203%	89,048
Marin Emergency Radio Authority Parcel Tax Obligations	26,295,000	19.257%	5,063,628
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$299,056,890
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Marin County General Fund Obligations	\$73,930,000	14.061%	\$10,395,297
Marin County Pension Obligations	52,050,000	14.016%	7,318,751
Marin Community College District General Fund Obligations	11,268,897	14.081%	1,586,773
City of Novato General Fund Obligations	3,782,650	100.000%	3,782,650
City of Novato Pension Obligation Bonds	11,671,066	100.000%	11,671,066
City of Novato Clean Renewable Energy Bonds	39,934	100.000%	39,934
City of Novato Lease Liability	563,751	100.000%	563,751
City of Novato SBITA Liability	913,016	100.000%	913,016
Premium (Discount) on Bonds, Net	(46,776)	100.000%	(46,776)
Novato Fire Protection District General Fund Obligations	489,000	84.951%	415,410
DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$36,639,873
<u>OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY)</u>	\$29,610,000	100.000%	\$29,610,000
TOTAL DIRECT DEBT			19,545,965
TOTAL OVERLAPPING DEBT			\$345,760,798
COMBINED TOTAL DEBT			\$365,306,763 [b]

Ratios to 2022-23 Assessed Valuation:
Direct Debt (\$2,622,324)..... 0.02%
Total Direct and Overlapping Tax and Assessment Debt..... 2.23%

Ratios to Adjusted Assessed Valuation:
Total Direct Debt (\$19,545,965)..... 0.15%
Combined Total Debt..... 2.72%

Ratios to Redevelopment Incremental Valuation (\$1,209,155,501)
Total Overlapping Tax Increment Debt..... 2.45%

Notes:

- [a] The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by
- [b] 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)

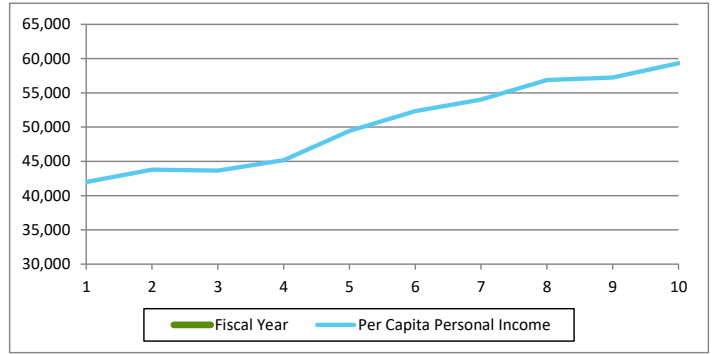
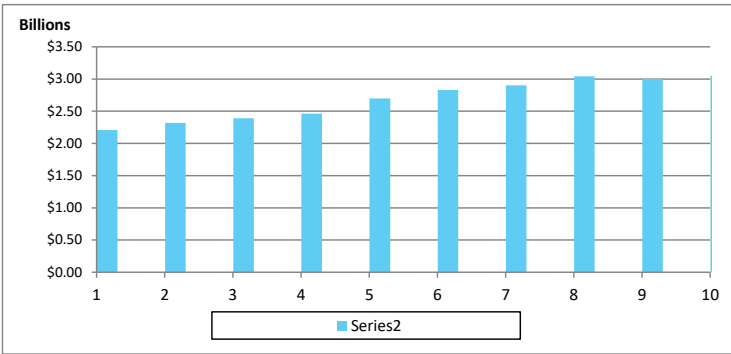
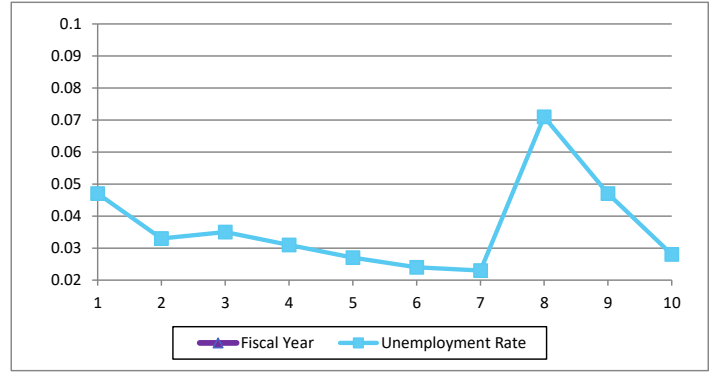
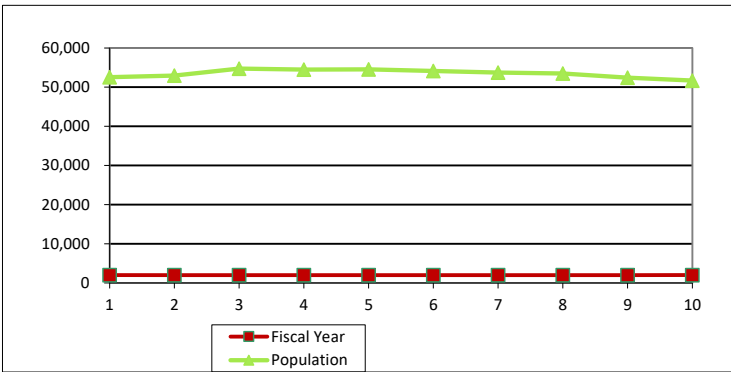
Legal Debt Margin Calculation for Fiscal Year 2023

Assessed Value	\$ 13,206,467
Debt Limit (15%) of total assessed value	1,980,970
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 1,980,970</u>

Fiscal Year	Total Taxable Assessed Value	Debt Limit Amount	Total net debt applicable to limit	Legal debt margin	Ratio of net debt applicable to legal debt limit
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%
2022	13,206,467	1,980,970	3,258	1,977,712	0.16%
2023	13,437,681	2,015,652	2,622	2,013,030	0.13%

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
2014	52,554	2,206,552	41,986.38	4.70%	43.5	8000	0.922	0.445
2015	52,967	2,318,912	43,780.32	3.30%	43.4	7700	0.923	0.439
2016	54,749	2,390,534	43,663.52	3.50%	43.5	7700	0.923	0.441
2017	54,522	2,462,154	45,158.91	3.10%	44.0	7869	0.933	0.448
2018	54,551	2,697,614	49,451.23	2.70%	44.3	8000	0.937	0.459
2019	54,115	2,831,462	52,323.05	2.40%	45.0	8000	0.933	0.441
2020	53,702	2,900,305	54,007.39	2.30%	45.6	7600	0.930	0.457
2021	53,486	3,042,612	56,886.00	7.10%	46.9	7476	0.927	0.464
2022	52,441	3,001,666	57,238.00	4.70%	48.6	7419	0.920	0.463
2023	51,694	3,048,978	59,327.00	2.80%	48.1	7474	0.915	0.465

Source: HDL Companies

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

Function	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General government										
Management Services	17.3	22.3	23.3	25.2	24.2	24.0	24.0	17.8	15.8	17.0
Finance	6.0	5.0	5.0	5.0	5.0	5.0	5.0	7.0	8.0	9.0
Planning	7.0	7.0	7.2	7.2	7.2	7.2	7.2	14.9	14.9	15.5
Building	7.0	7.0	8.0	8.0	8.0	8.0	8.0	6.1	6.1	5.5
Police										
Officers	61.0	61.0	61.0	61.0	61.0	62.0	62.0	62.0	62.0	62.0
Civilians	15.8	16.8	18.0	19.5	20.5	19.5	19.5	19.5	16.5	16.5
Public Works										
Engineering	13.5	13.0	13.0	13.0	12.0	12.0	12.0	12.0	11.0	11.0
Maintenance	38.0	39.0	43.5	43.5	43.5	43.5	43.5	42.5	40.0	39.0
Redevelopment										
Economic Development	1.5	2.0	2.0	3.0	4.0	4.0	4.0	1.0	1.0	-
Parks and Recreation	19.9	21.0	22.3	23.2	23.3	23.3	23.3	22.7	15.2	16.0
Total	186.9	194.1	203.3	208.5	208.7	208.5	208.5	205.5	190.5	191.5

Source
City of Novato Annual Budget

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

<u>Function</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>	<u>2022</u>	<u>2023</u>
Public Safety:										
Police:										
Police Calls for Service	17,055	21,316	42,064	44,050	46,490	43,748	34,145	30,759	36,219	34,540 [a]
Law Violations:										
Part I Crimes	1,089	1,243	1,192	1,311	1,193	977	1,017	839	1,105	1,093
Physical Arrests (Adult and Juvenile)	1,749	1,626	1,711	1,370	1,727	1,544	995	1,014	1,086	1,385
Parking Violations	1,466	1,172	1,440	1,077	1,405	1,745	1,329	771	1,071	930

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	20	20	20	20	20	20	20	20	20	20
Public Works										
Miles of Streets	151	152	152	152	152	152	152	152	152	152
Street Lights	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950
Recreation and Community Services:										
City Parks	39	39	39	40	40	40	40	40	40	40
City Parks Acreage	571	571	571	580	580	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	9	9	9	9
Lacrosse Field							1	1	1	1
Pickle Ball Court							6	6	6	6
Bocce Ball Court							6	6	6	6

Source: City of Novato Finance Division