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# CITY OF NOVATO California



Comprehensive Annual Financial Report  
For the Year Ended  
June 30, 2012

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**CITY OF NOVATO  
CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**PREPARED BY  
FINANCE DIVISION**

**CITY OF NOVATO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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# INTRODUCTORY SECTION



THE CITY OF  
**NOVATO**  
CALIFORNIA

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THE CITY OF  
**NOVATO**  
CALIFORNIA

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Novato, CA 94945-3232  
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Mayor  
Pat Eklund  
Mayor Pro Tem  
Eric Lucan  
Councilmembers  
Denise Athas  
Madeline Kellner  
Jeanne MacLeamy  
City Manager  
Michael S. Frank

December 21, 2012

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

In accordance with provisions of the Novato Municipal Code and the California Government Code, we are pleased to present the Comprehensive Annual Financial Report (“CAFR”) for the City of Novato for the fiscal year ended June 30, 2012. The City’s independent auditor, Mann Urrutia Nelson CPAs & Associates LLP, has issued an unqualified (“clean”) opinion on the City of Novato’s financial statements. The independent auditor’s report is located at the front of the Financial Section of this report.

The CAFR was prepared in accordance with generally accepted accounting principles (“GAAP”) and in compliance with the standards and principles set forth by the Governmental Accounting Standards Board (“GASB”). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose.

Management’s Discussion and Analysis (“MD&A”) immediately follows the independent auditor’s report, and provides a narrative introduction, overview, and analysis of the information contained in the basic financial statements. The MD&A also discloses significant items affecting the financial condition of the City, and is designed to be read in conjunction with this letter of transmittal. Additional information about the accounting policies of the City can be found in Note 1 of the notes to the financial statements.

The City of Novato is also required to undergo an annual Single Audit in conformance with the Single Audit Act Amendments of 1996 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor’s report on internal control and compliance with applicable laws and regulations are included in a separately issued single audit report.

### **City of Novato Profile**

Novato is the northernmost city in Marin County, California, and is located approximately 29 miles north of San Francisco and 37 miles northwest of Oakland. Marin County’s population as of January 2012 is 254,790, which is



virtually unchanged from 2011. Novato, which covers 28 square miles, has a population of 52,447 and 21,241 households. Novato's population is 60.4% White, 21.3% Hispanic, 6.6% Asian, 2.7% Black and 9% all other; the median age is 42.6 years.

The City of Novato was incorporated on January 20, 1960 as a general law city. The City Council is made up of five members, elected at large, serving four-year terms. The Mayor is selected for a one-year term from among the members of the City Council. The City operates under a council-manager form of government. The City Council appoints the City Manager and City Attorney.

The City of Novato has 186 authorized full-time equivalent employees and delivers municipal services through six departments: Central Administration (City Manager, City Clerk, City Attorney, Economic Development), Administrative Services (Finance, Human Resources, Information Technology, Citywide Programs), Police, Community Development (Planning, Building, Code Enforcement, and Environmental Sustainability), Public Works (Engineering and Maintenance), and Parks, Recreation and Community Services. Fire services are provided in Novato by the Novato Fire Protection District; refuse, recycling services and sewage systems are provided by the Novato Sanitary District; water services by the North Marin Water District; public transit services by the Golden Gate Bridge, Highway and Transportation District; animal control services via contract by the Marin Humane Society; and library services by the Marin County Free Library.

Additionally, per the redevelopment dissolution provisions of both AB 1x 26 and AB 1484, The City Council also acts as the Successor Agency to the Dissolved Redevelopment Agency of the City of Novato. Financial statements for the Redevelopment Obligation Retirement Fund, which is required to be maintained by the Successor Agency, are included in this CAFR.

The budget process for the City of Novato typically begins between October and December, with a review by the Finance staff and the City Manager of the current budget. In December, budget guidelines are developed for departments to use in preparing their budgets, and a budget kickoff meeting is typically held in January. In February and March, the City Council reviews its goals and policy direction, and departments have prepared and submitted their budget requests. After internal review and discussions between the City Manager and departments, the City Manager presents an overview of the proposed budget in April. Public input is gathered at several public workshops, and the City Manager submits the Proposed Budget and the Proposed Capital Improvement Program Budget to the City Council in May. The City Council then adopts the budget in June.

The legal level of budgetary control is by fund, although budgets are adopted within funds at the department / program level, and at the individual project level for capital projects.

### **Local Economy**

The City of Novato successfully mixes corporate headquarters, state-of-the-art technology companies and a variety of retail centers in its business community.

The Novato Unified School District is the City's largest employer with 1,281 employees. Novato is home to a number of biotechnology companies, including BioMarin (Novato's 2nd largest employer), which recently underwent an expansion of its Novato facilities. Ultragenyx Pharmaceutical and Raptor Pharmaceutical, both BioMarin spinoffs, are located in Bel Marin Keys, furthering Novato's expansion as the biotech hub of the North Bay.

Retail business in Novato takes many forms. Vintage Oaks Shopping Center is a regional mall that serves as home to Costco, Target, Macy's Furniture Center, Pier 1, Novato Toyota and Novato Kia, as well as a number of other retail stores and restaurants. There is an active retail area in downtown Novato with shops and restaurants as well as other shopping areas throughout the City.

Cities across California are facing difficult times in the aftermath of this historic economic downturn. However, there are some encouraging signs in our local economy. As of April, 2012, Marin County had an unemployment rate of 6.4%. This rate is the lowest in the state and has improved over 1% since April, 2011. Most economists believe that we are currently in a slow recovery. Nevertheless, the stock market still faces great uncertainty and the European debt crisis is still volatile. While sales tax and transient occupancy tax revenues are improving, consumers remain cautious in their spending patterns and credit remains tight. Overall, we are cautiously optimistic about the economy in the upcoming year.

In addition to impacts that Novato and other cities have felt from the long recession, the City has also been dealing with a variety of financial impacts due to State government decisions over the past few years. Most recently, the City has been hit by the takeaway of vehicle license fee revenue; more significantly, however, has been the elimination of redevelopment in California. This action represents a direct negative financial impact to the City, but it also means the loss of the City's primary tool to encourage and foster economic development activities and manage the City's affordable housing program.

## **Long-Term Financial Planning**

The City maintains a five-year general fund forecasting model, updated at least quarterly and reviewed regularly with the City Council. The forecast contains a variety of assumptions about revenue and expenditure growth over the five-year time horizon. It serves as a planning tool to assist City staff and policy makers in seeing financial trends and making appropriate budgetary and policy decisions to ensure the long-term financial health of the City.

During fiscal year 2012-13, the City has embarked on a more formalized process to create a long-term fiscal and organizational sustainability plan. Staff has organized a variety of City Council work sessions to review detailed data and information on topics such as departmental expenditures, City revenues, employee compensation, capital funding, technology initiatives, etc. Staff will use feedback from these work sessions, as well as from a public outreach process, to draft a formal fiscal sustainability plan to achieve a stable long-term organization.

## **Financial Policies**

In addition to the accounting policies summarized in Note 1 of the notes to the financial statements, the City also maintains a full set of financial policies. These policies include:

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

## **Major Initiatives**

In fiscal year 2010/11, the City Council adopted a three-year strategic plan with a number of key goals and focus areas. The City Council recently updated the strategic plan, emphasizing five key priority areas for the upcoming year: (1) Fiscal and Organization Sustainability; (2) General Plan; (3) Economic Development; (4) City Administrative Offices; and (5) Health and Safety. In addition, the adopted operating budget for fiscal year 2012/13 highlighted three key new programs that would be receiving resources:

1. *Create the Novato Response Team* - In an effort to expand neighborhood safety and quality of life, the City used some Measure

F sales tax revenues to build an interdepartmental and interdisciplinary team. The Team will consist of three Police Officers (one of them a Corporal) funded by a federal grant for three years. The City will commit to paying for these officer positions for one additional year. The Team will also include a Program Coordinator for two years to assist in program development and implementation.

2. *Create an Economic Development Program* – With the State’s elimination of redevelopment agencies, the City has been left without an economic development program. The City Council approved the creation of two new, limited-term positions to help create a Citywide economic development strategy and plan, and to oversee the revitalization of a variety of City-owned properties at the former Hamilton military base site.
3. *Invest in an After-School Initiative Pilot Program* – The City Council also chose to fund a one-year after school pilot program initiative focused on helping steer youth away from crime, while improving academic performance, health, and fitness.

Additionally, the capital improvement program budget anticipates a number of key projects in 2012/13, including the construction of the new City offices building in downtown Novato; the installation of a new roof on the Hill Gymnasium; pavement rehabilitation on City streets; and continued investment in technology and software enhancements consistent with the recently completed IT / GIS strategic plan.

### **Awards**

This CAFR for the 2011/12 fiscal year is the first CAFR produced by the City of Novato. In order to be eligible for the Government Finance Officers Association of the United States and Canada (“GFOA”) Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized CAFR. Such reports must satisfy US generally accepted accounting principles (GAAP) and applicable legal requirements. We believe that this report conforms to the requirements for the Certificate of Achievement, and will be submitting it to GFOA to determine the City’s eligibility for its first Certificate.

In addition, the City received the GFOA’s Distinguished Budget Presentation award and the California Society of Municipal Finance Officers Certificate of Award for Excellence in Operating Budgeting for its budget document for the 2010/11 fiscal year. To qualify for these awards, the City’s budget document had to be judged proficient as a policy document, a financial planning document, an operations guide, and a communications device.

**Acknowledgements**

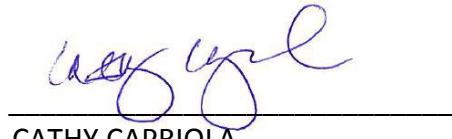
The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated efforts of the staff of the Finance Division of the Administrative Services Department. Each individual has our sincere appreciation for the professionalism, dedication, and contributions made in the preparation of this report. Credit must also be given to the Mayor, City Council members, and the City’s management team for their support in maintaining the highest standards of professionalism in the management of the City of Novato’s finances.

Respectfully submitted,



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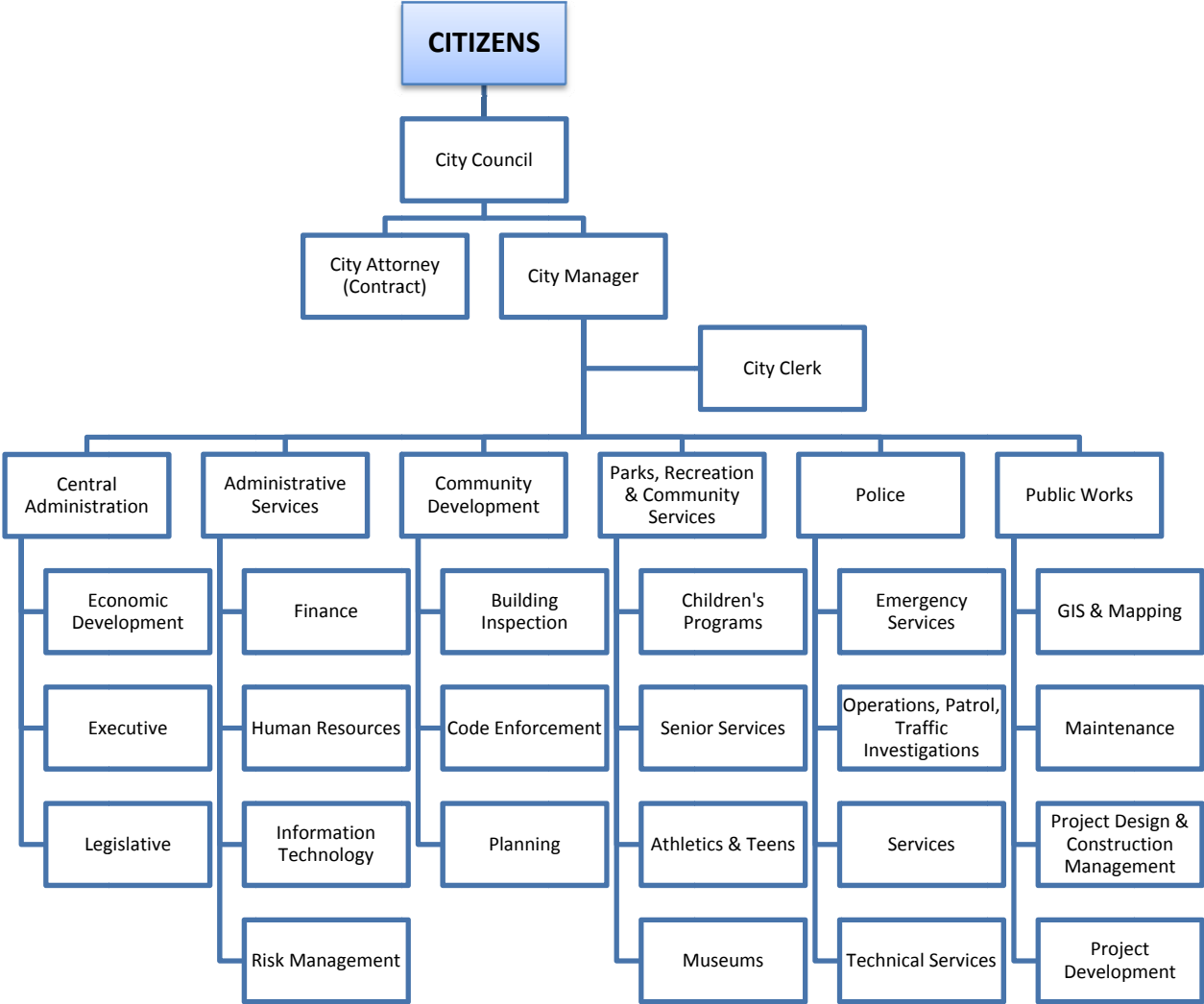
MICHAEL FRANK  
City Manager



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CATHY CAPRIOLA  
Assistant City Manager/City Treasurer

# CITY OF NOVATO CALIFORNIA



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

**JUNE 30, 2012**

**ELECTED OFFICIALS**

Mayor	Pat Eklund
Mayor Pro Tem	Eric Lucan
Council Member	Denise Athas
Council Member	Madeline Kellner
Council Member	Jeanne MacLeamy

**EXECUTIVE MANAGEMENT TEAM**

City Manager	Michael S. Frank
Director of Administrative Services / Assistant City Manager	Cathy Capriola
City Attorney	Walter & Pistole
City Clerk	Sheri Hartz
Police Chief	James Berg
Interim Community Development Director	Bob Brown
Parks, Recreation and Community Services Director	Pam Shinault
Public Works Director	Jason Nutt

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

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# FINANCIAL SECTION



THE CITY OF  
NOVATO  
CALIFORNIA

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## INDEPENDENT AUDITOR'S REPORT

To the City Council of  
the City of Novato  
Novato, California

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, 2012, which collectively comprise the City's financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Novato, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained further in Note 15, the California State Legislature has enacted legislation that provides for the dissolution of redevelopment agencies in the State of California. The Redevelopment Agency of the City of Novato was a major component unit of the City. The effects of this legislation are described in the footnote.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012, on our consideration of the City of Novato's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Novato's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Mark A. Nelson, CPA". The signature is written in a cursive, flowing style.

Sacramento, California  
December 20, 2012

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

This section of the City of Novato California's Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2012. 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, 2012 by \$323,536,524. Of this amount, \$233,749,649 is invested in capital assets, net of related debt; \$65,698,022 is restricted for debt service, capital projects, insurance, grants, taxes, and fees; and \$24,088,853 is unrestricted.
- The City's total net assets increased by \$52,505,360, of which \$51,620,758 was attributable to governmental activities and \$884,602 was attributable to business-type activities.
- Government-wide revenues, excluding extraordinary items, decreased by \$7,036,304 or 12% to \$50,425,683 from 2011's total of \$57,461,987.
- Government-wide expenses decreased by \$10,577,681 or 19% to \$44,317,469 from 2011 total of \$54,895,150.

**Fund level**

- Governmental fund balances decreased to \$89,454,072 from the prior year's 92,601,887.
- Governmental fund revenues decreased by \$7,189,837 or 14% to \$45,769,401 from the prior year's \$52,959,238.
- Governmental fund expenditures, excluding extraordinary loss, decreased by \$5,950,759 or 12% to \$44,529,157 from the prior year's \$50,479,916.
- General fund balance increased from \$27,194,400 to \$29,489,090.

**OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information (RSI) in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. 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 Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Novato is strengthening or weakening.

The Statement of Activities and Changes in Net Assets presents information showing how the City's net assets changed during the fiscal year. All changes in net assets 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, 2012

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, 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 two component units. These component units are the Redevelopment Agency of the City of Novato (Agency) and the City of Novato Public Financing Authority (NPFA). No separate financial statements were issued for either component unit.

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 Assets 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 funds statements.

**CITY OF NOVATO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

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
- Capital Improvement Projects
- Restricted Revenues
- Development Impact Fees
- Novato Public Financing Authority
- Hamilton Trust Fund

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

Proprietary funds

Proprietary funds have as their focus 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 uses internal service funds to account for anticipated replacement costs and maintenance of vehicles and equipment, and also for claim settlements and reimbursements for insurance.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the reporting government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City utilizes two types of fiduciary funds:

- Agency funds are used to record assets of separate organizations for which the City serves as a custodian for the organization. All assets in agency funds are offset by a liability to the organization on whose behalf they are held.
- Private purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

**Required Supplementary Information**

This report presents supplementary information concerning the City of Novato's progress in its obligation to provide other postemployment 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, 2012**

**Combining and Individual Fund Statements and Schedules**

This final section of the report includes combining information for the City's nonmajor funds, internal service funds, agency funds, and general funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This section of the Management Discussion and Analysis provides a comparison and review of governmental activities for two fiscal years. In addition, an analysis of the current fiscal year net assets and changes in net assets is provided.

**Statement of Net Assets**  
**As of June 30, 2012 and 2011**  
**(in thousands)**

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2012</u>	<u>2011</u>	<u>Net Change</u>	<u>2012</u>	<u>2011</u>	<u>Net Change</u>	<u>2012</u>	<u>2011</u>	<u>Net Change</u>
<b>ASSETS</b>									
Current and other assets	\$ 114,418	\$ 118,794	\$ (4,376)	\$ 5,226	\$ 4,756	\$ 470	\$ 119,644	\$ 123,550	\$ (3,906)
Capital assets	<u>248,194</u>	<u>244,731</u>	<u>3,463</u>	<u>15,213</u>	<u>15,130</u>	<u>83</u>	<u>263,407</u>	<u>259,861</u>	<u>3,546</u>
Total Assets	<u>362,612</u>	<u>363,525</u>	<u>(913)</u>	<u>20,439</u>	<u>19,886</u>	<u>553</u>	<u>383,051</u>	<u>383,411</u>	<u>(360)</u>
<b>LIABILITIES</b>									
Long-term liabilities	40,002	90,808	(50,806)	9,725	10,090	(365)	49,727	100,898	(51,171)
Other liabilities	<u>9,186</u>	<u>12,117</u>	<u>(2,931)</u>	<u>602</u>	<u>567</u>	<u>35</u>	<u>9,788</u>	<u>12,684</u>	<u>(2,896)</u>
Total Liabilities	<u>49,188</u>	<u>102,925</u>	<u>(53,737)</u>	<u>10,327</u>	<u>10,657</u>	<u>(330)</u>	<u>59,515</u>	<u>113,582</u>	<u>(54,067)</u>
<b>NET ASSETS</b>									
Invested in capital assets, net of related debt	228,626	171,254	57,372	5,123	4,695	428	233,749	175,949	57,800
Restricted	60,708	66,503	(5,795)	4,989	4,534	455	65,697	71,037	(5,340)
Unrestricted	<u>24,089</u>	<u>22,843</u>	<u>1,246</u>	-	-	-	<u>24,089</u>	<u>22,843</u>	<u>1,246</u>
Total Net Assets	<u>\$ 313,423</u>	<u>\$ 260,600</u>	<u>\$ 52,823</u>	<u>\$ 10,112</u>	<u>\$ 9,229</u>	<u>\$ 883</u>	<u>\$ 323,535</u>	<u>\$ 269,829</u>	<u>\$ 53,706</u>

**Analysis of Net Assets**

Net assets are a measure of a government's financial position and over time, a trend of increasing or decreasing net assets is an indicator of the financial health of the organization. The City of Novato's net assets exceeded liabilities by \$323,536,524 at June 30, 2012.

The net assets of \$323,536,524 million at June 30, 2012 were comprised of the following elements:

- Unrestricted cash and investments of \$45,227,873, cash with fiscal agents of \$19,212,971, and restricted cash and investments of \$32,132,107;
- Accounts, loans, interest, and taxes receivable of \$7,399,553;
- Prepaid expenses of \$141,208;
- Non-current assets consisted of bond issuance costs, deferred charges, prepaid PERS contribution and capital assets. Bond issuance costs were \$485,880 and are amortized over the life of the debt. Deferred charges totaled \$791,834. Prepaid PERS contribution of \$14,252,706 was funded with the 2006 Pension Obligation Bond proceeds and represent a prepayment of the unfunded liability of the pension plans through the California Public Employees' Retirement System. Capital assets of \$263,407,099, net of accumulated depreciation charges of \$116,639,764, included \$133,005,277 of land, \$7,255,453 of construction in progress, \$23,804,582 of buildings, \$246,721 of furniture and equipment, \$97,568,799 of infrastructure, and \$1,526,267 of vehicles;

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- Current liabilities totaled \$9,787,226 and included \$1,509,325 of accounts payable, \$1,679,190 of salaries and benefits payable, \$578,567 of interest payable, \$4,718 of accrued liabilities, \$794,171 of deferred revenue, \$1,968,681 of deposits payable, and the current portion of claims payable of \$546,033, compensated absences of \$12,361, and long-term debt of \$2,694,180;
- Non-current liabilities of \$49,727,481 included \$1,332,651 of non-current claims payable; \$719,525 of Other Post Employment Benefits (OPEB), \$1,637,730 of compensated absences, and \$46,037,575 of the non-current portion of long-term debt which is due in the fiscal years subsequent to fiscal 2013;
- Net assets invested in capital asset (e.g., land, buildings, equipment and infrastructure) of \$233,749,649 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 assets of \$65,698,022 was comprised of \$7,564,365 restricted for debt services; \$16,254,289 restricted for capital projects; \$40,686,964 restricted for grants, taxes, and fees; and \$1,192,404 restricted for insurance. The remaining balance of \$24,088,853 represented unrestricted net assets.

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Analysis of Changes in Net Assets**

The City's total net assets increased by \$52,505,360, or 19%, during the fiscal year ended June 30, 2012. The increase was partially attributable to increased taxes and capital grant revenue, as well as decreased interest expense on long-term liabilities. The majority of the increase, however, was due to the extraordinary gain resulting from the dissolution of Novato's redevelopment agency. Activities and changes in net assets relating to the \$52,505,360 increase are presented in the governmental activities and business-type activities tables following:

**Governmental Activities Changes in Net Assets**  
**For the Years Ended June 30, 2012 and 2011**  
**(in thousands)**

	<b>2012</b>	<b>2011</b>	<b>Net Change</b>
<b>REVENUES:</b>			
Program revenues			
Charges for services	\$ 5,990	\$ 6,327	\$ (337)
Operating grants and contributions	996	1,375	(379)
Capital grants and contributions	2,870	1,129	1,741
General revenues			
Taxes	35,193	34,823	370
Use of money and property	1,662	10,208	(8,546)
Other revenue	418	376	42
Total Revenues	47,129	54,238	(7,109)
<b>EXPENSES:</b>			
Governmental activities			
General government	7,639	7,877	(238)
Public safety	13,661	13,748	(87)
Public works	11,057	10,556	501
Culture and recreation	5,451	5,660	(209)
Community development	794	2,164	(1,370)
Interest on long-term liabilities	3,303	12,729	(9,426)
Total Expenses	41,905	52,734	(10,829)
<b>EXTRAORDINARY ITEM:</b>			
Redevelopment dissolution	46,397	-	46,397
Change in net assets	51,621	1,504	50,117
Net assets - beginning of year	260,600	259,456	1,144
Restatement	1,202	(360)	1,562
Net assets - beginning of year, restated	261,802	259,096	2,706
Net assets - end of year	\$ 313,423	\$ 260,600	\$ 52,823

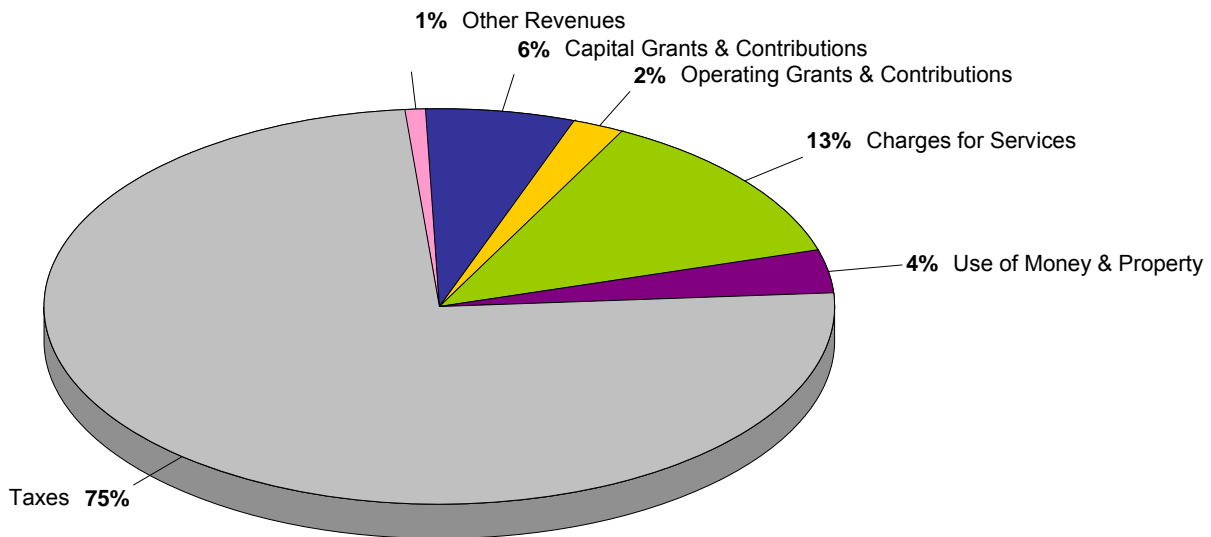


**CITY OF NOVATO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Governmental Activities**

The table above reflects a change in net assets of \$5,223,612, excluding the extraordinary item of \$46,397,146, which is the result of revenues in excess of expenses.

**Revenues by Source**  
2012 Governmental Activities

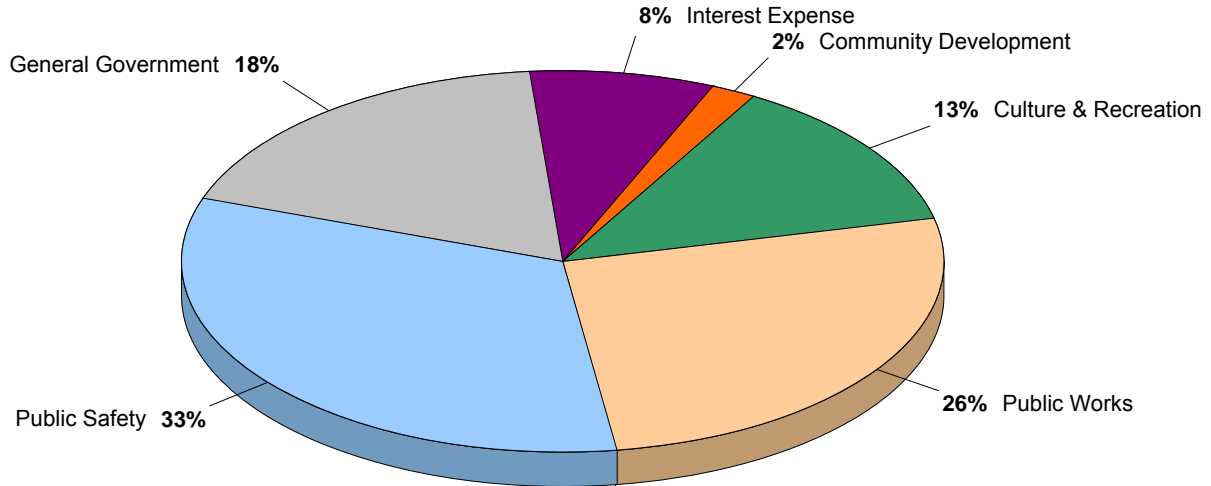


The chart of revenues by source above illustrates that taxes are the largest source of operating revenue for the City. The components of taxes are real estate property taxes, real property transfer tax, sales and use tax, hotel taxes, gas taxes, business license taxes and franchise fees. Charges for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

The decrease in revenues of \$7,108,945 or 13% is mainly due to to decreased Use of Money and Property revenue, resulting from the recognition of interest revenue associated with loan repayments from the Redevelopment Agency during the previous fiscal year, which was a one-time event.

**CITY OF NOVATO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Expenses by Function**  
2012 Governmental Activities



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

The \$10,828,275 or 21% decrease in expenditures is largely related to the decrease in interest expense associated with the repayment of Redevelopment Agency loans owed to the General Fund and other City funds during the prior fiscal year, a one-time event.

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Business-Type Activities**

**Business-type Activities Changes in Net Assets**  
**For the Years Ended June 30, 2012 and 2011**  
**(in thousands)**

	<u>2012</u>	<u>2011</u>	<u>Net Change</u>
<b>REVENUES:</b>			
Charges for services	\$ 2,322	\$ 2,336	\$ (14)
Utilities	704	670	34
Other revenue	17	14	3
Interest revenue	<u>253</u>	<u>203</u>	<u>50</u>
Total Revenues	<u>3,296</u>	<u>3,223</u>	<u>73</u>
<b>EXPENSES:</b>			
Cost of services	1,450	1,182	268
Employee costs	95	113	(18)
Depreciation and amortization	275	257	18
Interest expense	<u>592</u>	<u>609</u>	<u>(17)</u>
Total Expenses	<u>2,412</u>	<u>2,161</u>	<u>251</u>
Change in net assets	<u>884</u>	<u>1,062</u>	<u>(178)</u>
Net assets - beginning of year	9,229	-	9,229
Restatement	<u>-</u>	<u>8,167</u>	<u>(8,167)</u>
Net assets - beginning of year, restated	<u>9,229</u>	<u>8,167</u>	<u>1,062</u>
Net assets - end of year	<u>\$ 10,113</u>	<u>\$ 9,229</u>	<u>\$ 884</u>

Business-type activities net assets increased \$884,602 or 10%. The increase is primarily due revenues exceeding expenses during the fiscal year.

**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 \$89,454,072, compared to \$92,601,887 at June 30, 2011. The unassigned amount of \$3,208,941 at June 30, 2012 is mostly comprised of the voter-approved Measure F sales tax receipts.

The remainder of the fund balance of \$86,245,131, is either nonspendable, restricted, or assigned for specific purposes.

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**FOR THE YEAR ENDED JUNE 30, 2012**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$29,489,090, of which \$630,064 was nonspendable; \$1,192,404 was restricted for insurance; \$23,170,714 was assigned for capital projects, pension reserve, long-term maintenance, and emergency disaster & response; and \$4,495,908 was unassigned. The fund balance in the City's General Fund increased by \$2,294,690 for the fiscal year ended June 30, 2012. The increase in fund balance is primarily due to an increase in unassigned fund balance in Measure F, partially offset by a decrease in the General Fund.

The Capital Improvement Project Fund had a total fund deficit of \$370,293 all of which was unassigned. Fund balance slightly increased by \$119,921, which was due to reimbursements from other City funds for expenses incurred during the prior fiscal year.

The Restricted Revenue Fund does not have an ending fund balance as this fund is used to maintain project deposits.

The Development Impact Fee fund had a total fund balance of \$12,178,446, of which \$12,061,982 was restricted for capital projects and \$116,464 was unassigned. Fund balance decreased by \$139,826, which was mostly attributable to project expenses exceeding revenues for the fiscal year.

The Novato Public Financing Authority fund had a total fund deficit of \$538,126, of which \$108,657 was nonspendable and \$(646,783) was unassigned. Fund balance increased slightly by \$31,372.

The Hamilton Trust Fund had a total fund balance of \$32,912,590 of which \$1,290,000 was nonspendable and \$31,622,590 was restricted. Fund balance slightly decreased by \$(35,026) due to minor fluctuations in the market value of investments.

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

**Revenues Classified by Source**  
**Governmental Funds**  
**For the Years Ended June 30, 2012 and 2011**  
**(in thousands)**

	<b>2012</b>		<b>2011</b>	
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>
Revenues by Source:				
Taxes	\$ 35,194	77 %	\$ 34,824	50 %
Licenses and permits	911	2 %	896	1 %
Intergovernmental	3,866	8 %	2,504	4 %
Fines and forfeitures	612	1 %	559	1 %
Use of money and property	1,643	4 %	10,172	15 %
Charges for services	3,127	7 %	3,630	5 %
Other revenues	418	1 %	376	1 %
Issuance of debt, net of discount	-	-	16,505	24 %
	<u>\$ 45,771</u>	<u>100 %</u>	<u>\$ 69,466</u>	<u>101 %</u>

For this fiscal year, governmental revenues, excluding proceeds from debt issuance during the prior fiscal year, decreased \$7,189,837 or 14%. This was due to the decrease in interest earnings from RDA loan repayments during fiscal year 2010-11.

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012 and 2011**  
**(in thousands)**

Expenditures by Function	2012		2011	
	Amount	% of Total	Amount	% of Total
General government	\$ 5,664	13 %	\$ 5,565	11 %
Public safety	12,927	29 %	13,237	26 %
Public works	6,278	14 %	5,924	12 %
Culture & recreation	4,581	10 %	4,813	10 %
Community development & SERAF	648	1 %	1,868	4 %
Capital outlay	8,045	18 %	3,250	6 %
Debt service: principal	3,287	7 %	3,552	7 %
Debt service: interest	3,100	7 %	12,270	24 %
	<u>\$ 44,530</u>	<u>99 %</u>	<u>\$ 50,479</u>	<u>100 %</u>

Expenditures decreased by \$5,950,759 or 11% during the year ended June 30, 2012. Significant changes were as follows: Debt service interest expense decreased by \$9.2 million due to prior year repayments of Redevelopment Agency loans; principal repayments decreased by about \$250,000; community development expenses decreased by \$670,000; the SERAF payment of \$547,000 was eliminated; and public safety and culture & recreation expenditures decreased by about \$540,000. These expenditure decreases were offset by increased capital outlay of \$4.8 million; and a minor increase in general government of \$100,000.

**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 assets for the City's internal service funds, at June 30, 2012, were \$4,046,515. Net assets decreased by \$215,418 during fiscal 2012.

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**General Fund Budget Modifications**

The original fiscal year 2011-12 budget was adopted in June 2011. During the fiscal year, quarterly budget reports and budget amendment requests are submitted to Council for review and approval. The result of revisions made to the General Fund budget during the fiscal year was to increase estimated revenues by \$121,319 and decrease estimated expenditures by \$835,730. The net impact of the budget changes was a slight increase to the deficiency of revenues and other financing sources over expenditures by \$957,049.

**General Fund Operating Variances**

The revised budget projected a net increase in fund balance of \$925,506 and the actual results were a net increase of \$2,294,690, which equates to a positive variance of \$1,369,184.

The variance is partly attributable to revenues being higher than the revised budget by \$618,380. This is primarily due to revenues exceeding budget in use of money and property of \$112,646, taxes exceeding budget by \$1,228,375, offset by a decrease in charges for services of \$65,509.

Expenditures were \$750,804 lower than projected primarily due to unfilled positions and deliberate under spending within each department.

**Capital Assets and Debt Administration**

**Capital Assets**

Detailed information regarding composition and activity in capital assets is provided in Note 5 to the financial statements. The City's investment in capital assets as of June 30, 2012 totaled \$263,407,099 (net of accumulated depreciation). The investment in capital assets includes land and land improvements, buildings, furniture and fixtures, machinery and equipment, vehicles, streets, highways, drainage systems, and construction in progress.

**CAPITAL ASSETS (NET OF DEPRECIATION) (in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 121,165	\$ 121,165	\$ 11,840	\$ 11,840	\$ 133,005	\$ 133,005
Construction in progress	7,255	3,671	-	-	7,255	3,671
Buildings & improvements	20,440	20,597	3,365	3,276	23,805	23,873
Furniture & equipment	238	370	9	13	247	383
Infrastructure	97,569	98,473	-	-	97,569	98,473
Vehicles	<u>1,526</u>	<u>1,656</u>	<u>-</u>	<u>-</u>	<u>1,526</u>	<u>1,656</u>
Total	<u>\$ 248,193</u>	<u>\$ 245,932</u>	<u>\$ 15,214</u>	<u>\$ 15,129</u>	<u>\$ 263,407</u>	<u>\$ 261,061</u>

**CITY OF NOVATO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Governmental Activities Long-term Debt**

At June 30, 2012, the City's governmental and business-type activities had total long-term debts and obligations as scheduled below.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Outstanding June 30, 2012</u>
<b><u>Governmental Activities</u></b>		
General obligation bonds:		
Series 1993A	2014	\$ 775,000
Series 1997A	2021	5,900,000
Series 2000A	2022	3,040,000
Series 2004	2026	4,000,000
Series 2007	2027	4,390,000
Pension obligation bonds, A-1 & A-2	2035	19,074,305
Bond issuance premiums (discounts)		
Series 2004 premium		169,304
Series 2007 premium		195,978
Pension obligation bonds discount		(133,724)
Clean Renewable Energy Bonds (CREBS)	2024	1,193,054
Capital lease, Dell	2013	37,838
Compensated absences		<u>1,650,091</u>
Total governmental activities		<u>\$ 40,291,846</u>
<b><u>Business-type Activities</u></b>		
Senior Promissory Note	2028	<u>\$ 10,090,000</u>

Additional information about the City's long-term debt can be found in Note 6 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**Economic Factors**

During fiscal year 2010-2011, the economic recession appeared to have abated, albeit very slightly. All indicators continue to point toward a sustained period of slow growth consumer spending exacerbated by a continuing weak real estate market and high unemployment, although that rate decreased 1.6% to 7.9% from a year earlier. Rates of mortgage default in Marin County have continued to decrease over the last year, while home sales and median prices have started increasing. Overall, assessed property values in the City of Novato declined another 0.7%. Conversely, sales taxes have been on the upswing as consumer demand has rebounded somewhat from the depths of the recession. Growth was seen in all major industry groups, except for Business to Business, which declined 13% from the prior year. In general, these significant revenue sources are expected to grow slightly in 2012-13.

**CITY OF NOVATO**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Fiscal Year 2011-12 Budget**

The City continued its efforts to balance the budget and chart a long-term course toward sustainability during the FY 2012-13 budgeting process. Following several years of budget and staffing reductions, the FY 2012-13 budget includes a few key investments in areas where the City believes it cut too deeply to be sustainable in the long-term. Measure F is funding several limited-term positions and associated program costs to supplement the operating budget. Despite improving revenues that exceed increased expenditures, a deficit remains, which will be funded from Measure F.

Following adoption of the budget in June, 2012, negotiated employee contracts and memorandums of understanding will reduce the current year deficit by approximately \$300,000 .

**City's Stability Outlook**

The City's General Fund major revenue sources are Taxes and Charges for Services. Taxes represent 74% of General Fund revenues and will remain a primary source of revenue for the future. The tax category includes Real Estate Property Taxes, Real Property Transfer Tax, Sales and Use Tax, Hotel Tax, Business License Taxes, and Franchise Fees.

Charges for services represent about 9% of General Fund revenues and comprise various fees charged by Parks & Recreation, Community Development, Public Works and Police, for City services. These revenues are highly dependent upon community participation in the City's programs and the amount of development and construction activity within the City. The level of activity in FY 2011-12 reflected a slight decrease when compared to FY 2010-11 and is the result of continuing declines in the housing and construction market activities. The City has adopted a policy which requires an annual review of fees to ensure that fees charged cover the costs of providing the services.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a comprehensive and understandable portrayal of the City's finances, and to fulfill the City's financial accountability to Novato Citizens, governmental entities, and other interested parties. Questions about this report or requests for separate financial statements for the Redevelopment Agency of the City of Novato or the Novato Financing Authority may be addressed to:

City of Novato  
Finance Department  
75 Rowland Way, Room 200  
Novato, CA 94945



**CITY OF NOVATO**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and investments (Note 2)	\$ 45,218,028	\$ 9,845	\$ 45,227,873
Cash with fiscal agent (Note 2)	14,594,753	4,618,218	19,212,971
Accounts receivable	2,760,611	-	2,760,611
Loans receivable (Note 3)	2,818,551	-	2,818,551
Interest receivable	236,886	-	236,886
Taxes receivable	1,583,505	-	1,583,505
Prepaid expenses	141,208	-	141,208
Restricted cash and cash equivalents (Note 2)	32,132,107	-	32,132,107
Bond issuance costs, net (Note 6)	485,880	-	485,880
Deferred charges, net	193,415	598,419	791,834
Prepaid PERS Contribution (Note 9)	14,252,706	-	14,252,706
Capital assets (Note 5)			
Land and construction in progress	128,420,730	11,840,000	140,260,730
Other capital assets, net of depreciation	<u>119,773,025</u>	<u>3,373,344</u>	<u>123,146,369</u>
Total capital assets	<u>248,193,755</u>	<u>15,213,344</u>	<u>263,407,099</u>
<b>Total Assets</b>	<b><u>\$ 362,611,405</u></b>	<b><u>\$ 20,439,826</u></b>	<b><u>\$ 383,051,231</u></b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 1,447,705	\$ 61,620	\$ 1,509,325
Accrued payroll and benefits	1,679,190	-	1,679,190
Accrued liabilities	4,718	-	4,718
Accrued interest payable	434,108	144,459	578,567
Unearned revenue	768,443	25,728	794,171
Deposits payable	1,964,345	4,336	1,968,681
Other postemployment benefits (Note 10)			
Due in more than one year	719,525	-	719,525
Claims payable (Note 11)			
Due within one year	546,033	-	546,033
Due in more than one year	1,332,651	-	1,332,651
Accrued compensated absences (Note 6):			
Due within one year	12,361	-	12,361
Due in more than one year	1,637,730	-	1,637,730
Long-term liabilities (Note 6):			
Due within one year	2,329,180	365,000	2,694,180
Due in more than one year	<u>36,312,575</u>	<u>9,725,000</u>	<u>46,037,575</u>
<b>Total Liabilities</b>	<b><u>49,188,564</u></b>	<b><u>10,326,143</u></b>	<b><u>59,514,707</u></b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	228,626,305	5,123,344	233,749,649
Restricted for:			
Debt service	2,574,026	4,990,339	7,564,365
Capital projects	16,254,289	-	16,254,289
Grants, taxes, and fees	40,686,964	-	40,686,964
Insurance	1,192,404	-	1,192,404
Unrestricted	<u>24,088,853</u>	<u>-</u>	<u>24,088,853</u>
<b>Total Net Assets</b>	<b><u>313,422,841</u></b>	<b><u>10,113,683</u></b>	<b><u>323,536,524</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 362,611,405</u></b>	<b><u>\$ 20,439,826</u></b>	<b><u>\$ 383,051,231</u></b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total Primary Government
					Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT</b>							
Governmental activities:							
General government	\$ 7,638,988	\$ 1,725,114	\$ 38,119	\$ -	\$ (5,875,755)	\$ -	\$ (5,875,755)
Public safety	13,661,317	586,995	841,230	-	(12,233,092)	-	(12,233,092)
Public works	11,056,798	318,378	-	1,870,043	(8,868,377)	-	(8,868,377)
Culture and recreation	5,451,325	1,746,840	71,896	-	(3,632,589)	-	(3,632,589)
Community development	794,207	1,612,260	44,703	1,000,000	1,862,756	-	1,862,756
Interest and fiscal charges	<u>3,303,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,303,291)</u>	<u>-</u>	<u>(3,303,291)</u>
Total governmental activities	<u>41,905,926</u>	<u>5,989,587</u>	<u>995,948</u>	<u>2,870,043</u>	<u>(32,050,348)</u>	<u>-</u>	<u>(32,050,348)</u>
Business-type activities:							
Marin Valley Mobile Country Club	<u>2,411,543</u>	<u>3,026,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>614,662</u>	<u>614,662</u>
Total primary government	<u>\$ 44,317,469</u>	<u>\$ 9,015,792</u>	<u>\$ 995,948</u>	<u>\$ 2,870,043</u>	<u>\$ (32,050,348)</u>	<u>\$ 614,662</u>	<u>\$ (31,435,686)</u>
General revenues:							
Property taxes					\$ 19,696,677	\$ -	\$ 19,696,677
Sales and use taxes					10,572,876	-	10,572,876
Motor vehicle and gas taxes					1,550,644	-	1,550,644
Other taxes					3,373,453	-	3,373,453
Use of money and property					1,662,259	252,809	1,915,068
Other revenue					<u>418,051</u>	<u>17,131</u>	<u>435,182</u>
Total general revenues and transfers					<u>37,273,960</u>	<u>269,940</u>	<u>37,543,900</u>
Extraordinary item - Redevelopment dissolution (Note 15)					<u>46,397,146</u>	<u>-</u>	<u>46,397,146</u>
Change in net assets					<u>51,620,758</u>	<u>884,602</u>	<u>52,505,360</u>
Net assets - July 1, 2011					260,600,286	9,229,081	269,829,367
Prior period restatement (Note 14)					<u>1,201,797</u>	<u>-</u>	<u>1,201,797</u>
Net assets - July 1, 2011, restated					<u>261,802,083</u>	<u>9,229,081</u>	<u>271,031,164</u>
Net assets - June 30, 2012					<u>\$ 313,422,841</u>	<u>\$ 10,113,683</u>	<u>\$ 323,536,524</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	<b>General Fund</b>	<b>Capital Improvement Projects</b>	<b>Restricted Revenue</b>	<b>Development Impact Fee</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 13,766,613	\$ 306,051	\$ 927,192	\$ 12,061,982
Cash with fiscal agent	14,231,138	-	-	-
Restricted cash and investments	626,188	-	-	-
Accounts receivable	1,602,456	-	-	116,470
Notes receivable	1,007,920	-	-	-
Interest receivable	118,962	-	-	-
Taxes receivable	1,575,519	-	-	-
Due from other funds	777,589	-	-	-
Advances to other funds	404,399	-	-	-
Prepaid expenses	140,907	-	-	-
Deferred costs	<u>84,758</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 34,336,449</u>	<u>\$ 306,051</u>	<u>\$ 927,192</u>	<u>\$ 12,178,452</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>(DEFICITS)</u></b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 661,499	\$ 676,344	\$ -	\$ -
Accrued payroll and benefits	1,679,190	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deposits and other payables	1,037,153	-	927,192	-
Deferred revenues	418,359	-	-	6
Advances from other funds	<u>1,051,158</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,847,359</u>	<u>676,344</u>	<u>927,192</u>	<u>6</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	630,064	-	-	-
Restricted	1,192,404	-	-	12,061,982
Assigned	23,170,714	-	-	-
Unassigned	<u>4,495,908</u>	<u>(370,293)</u>	<u>-</u>	<u>116,464</u>
Total Fund Balances (Deficits)	<u>29,489,090</u>	<u>(370,293)</u>	<u>-</u>	<u>12,178,446</u>
Total Liabilities and Fund Balances	<u>\$ 34,336,449</u>	<u>\$ 306,051</u>	<u>\$ 927,192</u>	<u>\$ 12,178,452</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**BALANCE SHEET (continued)**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	<b>Novato Public Financing Authority</b>	<b>Permanent Fund - Hamilton Trust Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 879,135	\$ -	\$ 13,753,412	\$ 41,694,385
Cash with fiscal agent	10,593	-	353,022	14,594,753
Restricted cash and investments	-	31,505,919	-	32,132,107
Accounts receivable	133,000	-	907,300	2,759,226
Notes receivable	-	-	1,810,631	2,818,551
Interest receivable	-	116,671	1,253	236,886
Taxes receivable	-	-	7,986	1,583,505
Due from other funds	-	-	-	777,589
Advances to other funds	-	1,290,000	-	1,694,399
Prepaid expenses	-	-	301	141,208
Deferred costs	<u>108,657</u>	<u>-</u>	<u>-</u>	<u>193,415</u>
Total Assets	<u>\$ 1,131,385</u>	<u>\$ 32,912,590</u>	<u>\$ 16,833,905</u>	<u>\$ 98,626,024</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>(DEFICITS)</u></b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 854	\$ -	\$ 64,158	\$ 1,402,855
Accrued payroll and benefits	-	-	-	1,679,190
Accrued liabilities	-	-	4,718	4,718
Due to other funds	-	-	421,602	421,602
Deposits and other payables	-	-	-	1,964,345
Deferred revenues	-	-	156,663	575,028
Advances from other funds	<u>1,668,657</u>	<u>-</u>	<u>404,399</u>	<u>3,124,214</u>
Total Liabilities	<u>1,669,511</u>	<u>-</u>	<u>1,051,540</u>	<u>9,171,952</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	108,657	1,290,000	301	2,029,022
Restricted	-	31,622,590	15,830,707	60,707,683
Assigned	-	-	337,712	23,508,426
Unassigned	<u>(646,783)</u>	<u>-</u>	<u>(386,355)</u>	<u>3,208,941</u>
Total Fund Balances (Deficits)	<u>(538,126)</u>	<u>32,912,590</u>	<u>15,782,365</u>	<u>89,454,072</u>
Total Liabilities and Fund Balances	<u>\$ 1,131,385</u>	<u>\$ 32,912,590</u>	<u>\$ 16,833,905</u>	<u>\$ 98,626,024</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 ASSETS**  
**JUNE 30, 2012**

Total fund balances of governmental funds	\$ 89,454,072
Amounts reported for governmental activities in the Statement of Net Assets 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 \$111,065,551.	246,667,488
Prepaid pension obligation is not a current financial resource and therefore not capitalized in the governmental funds.	14,252,706
To eliminate the doubling-up effect of cash and investments related to the purchase by the general fund of the Eucalyptus Assessment District's bonds, originally reflected as an investment of the general fund's balance sheet and as cash on the Eucalyptus Assessment District's balance sheet in the governmental fund financial statements.	(38,341)
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	(38,641,755)
Compensated absences	(1,650,091)
Net OPEB obligation	(719,525)
Bond issuance costs, net of accumulated amortization for debt issuance costs are expensed when incurred and, therefore are not reported in the governmental funds.	485,880
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(434,108)
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 Assets.	<u>4,046,515</u>
Net assets of governmental activities	<u>\$ 313,422,841</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, 2012**

	<u>General Fund</u>	<u>Capital Improvement Projects</u>	<u>Restricted Revenue</u>	<u>Development Impact Fee</u>
<b><u>REVENUES</u></b>				
Taxes	\$ 26,265,068	\$ -	\$ -	\$ -
License and permits	910,559	-	-	-
Intergovernmental	444,518	-	-	-
Fines and forfeitures	611,791	-	-	-
Use of money and property	617,655	-	-	73,440
Charges for services	2,800,223	13	-	129,555
Other revenues	<u>125,141</u>	<u>45,181</u>	-	-
Total Revenues	<u>31,774,955</u>	<u>45,194</u>	-	<u>202,995</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	5,245,760	-	-	-
Public safety	12,705,047	-	-	-
Public works	5,205,757	-	-	-
Cultural and recreation	4,574,950	-	-	-
Community development	110,764	-	-	-
Capital outlay	17,169	8,003,338	-	-
Debt service:				
Principal	223,857	-	-	-
Interest and fiscal charges	<u>4,079</u>	-	-	-
Total Expenditures	<u>28,087,383</u>	<u>8,003,338</u>	-	-
Excess (deficiency) of Revenues over Expenditures	<u>3,687,572</u>	<u>(7,958,144)</u>	-	<u>202,995</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	1,687,279	8,139,252	-	-
Transfers out	<u>(3,080,161)</u>	<u>(61,187)</u>	-	<u>(342,821)</u>
Total Other Financing Sources (Uses)	<u>(1,392,882)</u>	<u>8,078,065</u>	-	<u>(342,821)</u>
<b><u>EXTRAORDINARY ITEM</u></b>				
Redevelopment dissolution (Note 15)	-	-	-	-
Net Change in Fund Balances	2,294,690	119,921	-	(139,826)
Fund Balances (Deficits) - July 1, 2011	<u>27,194,400</u>	<u>(490,214)</u>	-	<u>12,318,272</u>
Fund Balances (Deficits) - June 30, 2012	<u>\$ 29,489,090</u>	<u>\$ (370,293)</u>	<u>\$ -</u>	<u>\$ 12,178,446</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, 2012

	<u>Novato Public Financing Authority</u>	<u>Permanent Fund- Hamilton Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ 8,928,582	\$ 35,193,650
License and permits	-	-	-	910,559
Intergovernmental	-	-	3,421,473	3,865,991
Fines and forfeitures	-	-	-	611,791
Use of money and property	198,486	377,273	375,984	1,642,838
Charges for services	-	1,320	195,410	3,126,521
Other revenues	-	<u>55,209</u>	<u>192,520</u>	<u>418,051</u>
Total Revenues	<u>198,486</u>	<u>433,802</u>	<u>13,113,969</u>	<u>45,769,401</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	124,266	-	293,691	5,663,717
Public safety	-	-	222,241	12,927,288
Public works	-	-	1,071,794	6,277,551
Cultural and recreation	-	-	5,681	4,580,631
Community development	-	32,371	504,902	648,037
Capital outlay	-	-	24,690	8,045,197
Debt service:				
Principal	-	-	3,062,949	3,286,806
Interest and fiscal charges	-	-	<u>3,095,851</u>	<u>3,099,930</u>
Total Expenditures	<u>124,266</u>	<u>32,371</u>	<u>8,281,799</u>	<u>44,529,157</u>
Excess (deficiency) of Revenues over Expenditures	<u>74,220</u>	<u>401,431</u>	<u>4,832,170</u>	<u>1,240,244</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	1,184,488	11,011,019
Transfers out	<u>(42,848)</u>	<u>(366,405)</u>	<u>(7,565,688)</u>	<u>(11,459,110)</u>
Total Other Financing Sources (Uses)	<u>(42,848)</u>	<u>(366,405)</u>	<u>(6,381,200)</u>	<u>(448,091)</u>
<b><u>EXTRAORDINARY ITEM</u></b>				
Redevelopment dissolution (Note 15)	-	-	<u>(3,939,968)</u>	<u>(3,939,968)</u>
Net Change in Fund Balances	31,372	35,026	(5,488,998)	(3,147,815)
Fund Balances (Deficits) - July 1, 2011	<u>(569,498)</u>	<u>32,877,564</u>	<u>21,271,363</u>	<u>92,601,887</u>
Fund Balances (Deficits) - June 30, 2012	<u>\$ (538,126)</u>	<u>\$ 32,912,590</u>	<u>\$ 15,782,365</u>	<u>\$ 89,454,072</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, 2012**

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

Net change in fund balances - total governmental funds	\$ (3,147,815)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	7,909,117
Depreciation expense	(5,515,712)
Government funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.	
	(2,625)
To eliminate the doubling-up effect of cash and investments related to the purchase by the general fund of the Eucalyptus Assessment District's bonds, originally reflected as an investment of the general fund's balance sheet and as cash on the Eucalyptus Assessment District's balance sheet in the governmental fund financial statements.	
	11,472
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	
Debt principal payments	3,286,806
Issuance of debt and accreted interest	(229,589)
Net accretion on bond premiums/discounts	18,026
Compensated absence 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.	
	(20,037)
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 Assets.	
Amortization of bond issuance costs	(33,996)
Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.	
	42,198
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.	
Prepaid PERS contribution	(593,863)
Other postemployment benefits	(224,920)
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.	
	(215,418)
Due to the dissolution of the Redevelopment Agency of the City of Dixon, certain assets and liabilities were written off. This amount represents the loss associated with the dissolution.	
	<u>50,337,114</u>
Change in net assets of governmental activities	<u>\$ 51,620,758</u>

See accompanying notes to the basic financial statements.



**CITY OF NOVATO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Marin Valley Mobile Country Club</b>	<b>Internal Service Funds</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and investments	\$ 9,845	\$ 3,561,984
Cash with fiscal agent	4,618,218	-
Accounts receivable, net	-	1,385
Advances to other funds	-	1,429,815
<b>Total Current Assets</b>	<b>4,628,063</b>	<b>4,993,184</b>
Non Current Assets		
Other assets, net of accumulated amortization	598,419	-
Capital assets, net of accumulated depreciation	15,213,344	1,526,267
<b>Total Non-Current Assets</b>	<b>15,811,763</b>	<b>1,526,267</b>
<b>Total Assets</b>	<b>\$ 20,439,826</b>	<b>\$ 6,519,451</b>
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts payable	\$ 61,620	\$ 44,850
Interest payable	144,459	-
Due to other funds	-	355,987
Deposits	4,336	-
Deferred revenue	25,728	193,415
Long-term liabilities - current portion	365,000	-
Claims payable - current portion	-	546,033
<b>Total Current Liabilities</b>	<b>601,143</b>	<b>1,140,285</b>
Non-Current Liabilities		
Long-term liabilities - net of current portion	9,725,000	-
Claims payable - net of current portion	-	1,332,651
<b>Total Non-Current Liabilities</b>	<b>9,725,000</b>	<b>1,332,651</b>
<b>Total Liabilities</b>	<b>10,326,143</b>	<b>2,472,936</b>
<b><u>NET ASSETS:</u></b>		
Invested in capital assets, net of related debt	5,123,344	1,526,267
Restricted	4,990,339	-
Unrestricted	-	2,520,248
<b>Total Net Assets</b>	<b>10,113,683</b>	<b>4,046,515</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 20,439,826</b>	<b>\$ 6,519,451</b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Marin Valley Mobile Country Club</u>	<u>Internal Service Funds</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for services	\$ 2,322,321	\$ 1,300,992
Utilities	703,884	-
Other revenue	<u>17,131</u>	<u>39,724</u>
<b>Total Operating Revenue</b>	<u>3,043,336</u>	<u>1,340,716</u>
<b><u>OPERATING EXPENSES</u></b>		
Cost of services	1,449,966	1,578,140
Employee costs	94,782	-
Depreciation and amortization	<u>274,506</u>	<u>445,506</u>
<b>Total Operating Expenses</b>	<u>1,819,254</u>	<u>2,023,646</u>
<b>Operating Income (Loss)</b>	<u>1,224,082</u>	<u>(682,930)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Interest income	252,809	19,421
Interest expense	<u>(592,289)</u>	<u>-</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(339,480)</u>	<u>19,421</u>
<b>Income (Loss) Before Transfers</b>	<u>884,602</u>	<u>(663,509)</u>
<b><u>TRANSFERS</u></b>		
Transfers in	-	463,719
Transfers out	<u>-</u>	<u>(15,628)</u>
<b>Total Transfers</b>	<u>-</u>	<u>448,091</u>
Change in net assets	<u>884,602</u>	<u>(215,418)</u>
Net Assets - July 1, 2011	<u>9,229,081</u>	<u>4,261,933</u>
Net Assets - June 30, 2012	<u>\$ 10,113,683</u>	<u>\$ 4,046,515</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Marin Valley Mobile Country Club</b>	<b>Internal Service Funds</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from customers	\$ 3,179,555	\$ 1,669,123
Cash paid to suppliers	(1,436,580)	(1,600,151)
Cash paid to employees	(94,782)	-
Net Cash Provided by Operating Activities	1,648,193	68,972
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
Interfund (payments) receipts	(105,393)	40,373
Transfers to other funds	-	448,091
Net Cash Provided by Non-Capital Financing Activities	(105,393)	488,464
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Acquisition of capital assets	(328,257)	(315,285)
Principal paid on long-term debt	(345,000)	-
Interest paid on long-term debt	(596,954)	-
Net Cash Used for Capital and Related Financing Activities	(1,270,211)	(315,285)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest and dividends	252,809	19,421
Net Cash Provided by Investing Activities	252,809	19,421
Net Increase in Cash and Cash Equivalents	525,398	261,572
Cash and Cash Equivalents - July 1, 2011	4,102,665	3,300,412
Cash and Cash Equivalents - June 30, 2012	\$ 4,628,063	\$ 3,561,984
<b><u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</u></b>		
Cash and investments	\$ 9,845	\$ 3,561,984
Cash with fiscal agent	4,618,218	-
Cash and Cash Equivalents - June 30, 2012	\$ 4,628,063	\$ 3,561,984
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>		
Operating Income (Loss)	1,224,082	(682,930)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	244,468	445,506
Amortization	30,038	-
Changes in assets and liabilities:		
Increase in accounts receivable	130,203	8,749
Increase in prepaid expenses	-	408
Increase (decrease) in accounts payable	13,386	(22,419)
Increase (decrease) in deferred revenue	1,780	7,600
Increase (decrease) in deposits	4,236	-
Increase in claims payable	-	312,058
Net Cash Provided by Operating Activities	\$ 1,648,193	\$ 68,972

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Redevelopment Obligation Retirement Fund</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>		
Cash and investments (Note 2)	\$ -	\$ 4,546,458
Cash with fiscal agent (Note 2)	3,899,860	4,556,175
Accounts receivable	-	90,644
Prepaid expenses	543,149	-
Deferred costs, net	<u>1,993,477</u>	<u>-</u>
<b>Total Assets</b>	<b>\$ <u>6,436,486</u></b>	<b>\$ <u>9,193,277</u></b>
<b><u>LIABILITIES</u></b>		
Accounts payable and other liabilities	127,252	-
Due to other governments	1,842,507	-
Deposits held in trust	252,285	9,193,277
Interest payable	838,634	-
Long-term liabilities	<u>51,028,191</u>	<u>-</u>
<b>Total Liabilities</b>	<b>\$ <u>54,088,869</u></b>	<b>\$ <u>9,193,277</u></b>
<b><u>NET ASSETS</u></b>		
Held in trust for private purposes	<u>\$ (47,652,383)</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b><u>Redevelopment Obligation Retirement Fund</u></b>
<b><u>ADDITIONS</u></b>	
<b>Total Additions</b>	\$ <u>                  -</u>
<b><u>DEDUCTIONS</u></b>	
Property taxes	463,800
Contract services	63,693
Amortization	59,194
Interest expense	<u>1,306,008</u>
<b>Total Deductions</b>	<u>1,892,695</u>
Extraordinary gain due to dissolution of redevelopment agency (Note 15)	<u>(45,759,688)</u>
Change in Fiduciary Net Assets	(47,652,383)
Fiduciary Net Assets - July 1, 2011	<u>                  -</u>
Fiduciary Net Assets - June 30, 2012	<u>\$ (47,652,383)</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**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 Redevelopment Agency

The Redevelopment Agency of the City of Novato ("RDA" or "Agency") was a separate government entity whose purpose was to prepare and implement plans for improvement, rehabilitation and development of certain areas within the City. The Agency 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 were performed by the City. The Agency meets the following fiscal matters criteria for inclusion in the City's reporting entity: selection of governing authority, ability to significantly influence operations, and accountability. The financial activities of the Agency have been included in these financial statements. During the current year, redevelopment agencies in California were dissolved. See footnote 15 for more information. No separate financial statements were issued for the Agency.

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 Redevelopment Agency of the City of Novato. It is reported as if it were part of the primary government because the City Council, although acting in a different capacity, is the controlling authority. Accounting and administrative functions are performed by the City. The purpose of the NPFA was to acquire a building for the City of Novato Youth Activities Center Project and lease it to the City. The NPFA has not issued separate financial statements.

Novato Financing Authority

The Novato Financing Authority ("NFA" or "Authority") is a separate government entity, which was created by a Joint Exercise of Powers Agreement between the City of Novato and the 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 a Delegation Agreement dated as of March 1, 1997. The financial transactions of the MVMCC are reported in an Enterprise Fund within the City's Business-Type Activities.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

Related Organizations

There are many other governmental agencies, including the Novato Unified School District, Novato Fire Protection District, Novato Sanitary District, North Marin Water District, and the County of Marin, providing services within the City of Novato. Financial data of these other governmental agencies are not included in the financial statements of the City because the City does not exercise accountability over these organizations. The governing boards of these governmental agencies are independently elected.

**B. Basis of Presentation**

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

Government-wide Financial Statements:

The Statement of Net Assets 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. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

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

- a. Total assets, liabilities, 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, liabilities, 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.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

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

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

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

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

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

**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 the financing of goods or services provided by one department or agency of a governmental unit to other departments or agencies of the same governmental unit on a cost-reimbursement basis.

**Fiduciary Funds (not included in government-wide statements)**

Agency Funds - Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Purpose Trust Funds - Private-Purpose Trust Funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

**Major Funds**

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in a separate fund.

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

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

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

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



**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

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

The City reports the following major proprietary fund in the accompanying financial statements:

Marin Valley Mobile Country Club - This fund accounts for the operation and maintenance of the MVMCC mobile home park. Certain duties and obligations (operation of the park) have been assigned to the Park Acquisition Corporation of Marin Valley Country Club Park, a nonprofit, mutual benefit corporation, pursuant to a delegation agreement dated March 1, 1997.

The City also reports the following fund types:

Agency Funds - These funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the City as a agent for other governmental units or individuals.

Redevelopment Obligation Retirement Fund - This fund is a private-purpose trust fund and was created as a result of the State order to dissolve California Redevelopment Agencies. As the Successor Agency, this fund is used to track the activity by the Oversight Board and the Department of Finance to dissolve the Agency.

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and proprietary activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net assets.
- c. As agency funds report only assets and liabilities, they do not have a measurement focus. However, they use the accrual basis of accounting to recognize receivables and payables. The "economic resources" measurement focus and the accrual basis of accounting is used for trust funds.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

Basis of Accounting

In the government-wide Statement of Net Assets 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 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets 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.

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, which do not conflict with Government Accounting Standards Board Pronouncements.

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 or levy, due to the adoption of the "alternate method of property tax distribution", known as the Teeter Plan, by the City and the County of Marin. The Teeter Plan authorizes the Auditor/Controller of the County of Marin to allocate 100% of the secured property taxes billed, but not yet paid. The County of Marin remits tax monies to the City in three installments as follows:

55% remitted in December  
40% remitted in April  
5% remitted in June

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County of Marin for the secured and unsecured property tax rolls. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

**E. Cash and Investments**

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

**F. Accounts and Interest Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, fines, interest, and other fees. Federal and state grants are considered receivable and accrue as revenue when reimbursable costs are incurred.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

**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 are capitalized. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Furniture and equipment	5 years
Vehicles	3 - 13 years
Buildings	50 years
Infrastructure	7-100 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of debt financed capital assets of business-type activities is included as part of the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**H. Compensated Absences**

A liability is calculated for all the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination. The salary and related payroll costs are those in effect at June 30, 2012. 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 vacation pay liability at June 30, 2012.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

**I. Long-Term Liabilities**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Initial issue bond premiums and discounts, as well as issuance costs, 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, including deferred refunding amounts and underwriters' discounts, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense.

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

**J. Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

**K. Equity Classifications**

Government-wide Statements

Net assets are the excess of all the City's assets over all its liabilities, regardless of fund. Net assets are divided into three categories under GASB Statement 34. These categories apply only to net assets, which is determined at the Government-wide level, and are described below:

- a. Invested in capital assets, net of related debt - 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 assets - Consists of net assets with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

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

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

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

**L. General Budget Policies**

The City operates under the general laws of the State of California and annually adopts a budget for its governmental and proprietary funds to be effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. The City Manager may authorize transfers from one account to another within the same department. Debt service on bond issues constitutes a legally authorized "non-appropriated budget." Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Encumbrances are considered to be expenditures in the year the commitment is entered into. Budget appropriations lapse at the end of the fiscal year unless encumbered by specific Council approval.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

**M. 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.

**N. Reclassifications**

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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

These statements are not effective until June 30, 2013 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 60

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

Government Accounting Standards Board Statement No. 61

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

Government Accounting Standards Board Statement No. 62

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

Government Accounting Standards Board Statement No. 63

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

Government Accounting Standards Board Statement No. 64

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

Government Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

Government Accounting Standards Board Statement No. 66

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

Government Accounting Standards Board Statement No. 67

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for City's fiscal year ending June 30, 2014.



**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

Government Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2012 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	\$ 45,218,028	\$ 14,594,753	\$ 32,132,107	\$ 91,944,888
Business-type activities	<u>9,845</u>	<u>4,618,218</u>	<u>-</u>	<u>4,628,063</u>
<b>Total government-wide cash and investments</b>	<u>45,227,873</u>	<u>19,212,971</u>	<u>32,132,107</u>	<u>96,572,951</u>
Fiduciary activities	<u>4,546,458</u>	<u>8,456,035</u>	<u>-</u>	<u>13,002,493</u>
<b>Total cash and investments</b>	<u>\$ 49,774,331</u>	<u>\$ 27,669,006</u>	<u>\$ 32,132,107</u>	<u>\$ 109,575,444</u>

Cash and investments were carried at fair value as of June 30, 2012 and consisted of the following:

Cash on hand	\$ 3,850
Cash in banks	<u>1,514,744</u>
<b>Total cash</b>	<u>1,518,594</u>
Federal agency securities	6,340,216
US treasuries	9,600,295
Cash with Fiscal Agent	27,630,665
Corporate bonds	3,092,619
Local Agency Investment Fund (LAIF)	30,507,177
California Asset Management Program (CAMP)	<u>30,885,878</u>
<b>Total investments</b>	<u>108,056,850</u>
<b>Total cash and investments</b>	<u>\$ 109,575,444</u>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

Authorized Investments of the City

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
U.S. Treasury obligations	N/A	None	None
U.S. Agency securities	N/A	None	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	15%	10%
Repurchase agreements	90 days	N/A	N/A
Medium term corporate notes	1 year	30%	15%
Money market mutual funds	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	N/A	None	None
Negotiable certificates of deposits	5 years	30%	None

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

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The table below identifies the investment types that are authorized by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

Disclosure Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2012:

	Remaining Maturity			Fair Value
	12 months or less	1-5 years	More than 5 years	
U.S. Agency securities	\$ 3,326,264	\$ 17,937,329	\$ -	\$ 21,263,593
U.S. Treasury obligations	-	15,341,428	-	15,341,428
Corporate bonds	3,903,458	9,297,673	-	13,201,131
Money market mutual funds	112,856	-	-	112,856
Local Agency Investment Fund	30,507,177	-	-	30,507,177
Held by bond trustee:				
Investment agreements	-	-	<u>27,630,665</u>	<u>27,630,665</u>
	<u>\$ 37,849,755</u>	<u>\$ 42,576,430</u>	<u>\$ 27,630,665</u>	<u>\$ 108,056,850</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, 2012.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

Disclosures Relating to Credit Risk

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

	Total	Rating as of Fiscal Year End		
		S&P	Moody's	N/A
U.S. Agency securities	\$ 21,263,593	AA+	Aaa	
U.S. Treasury obligations	15,341,428	AA+	Aaa	
Corporate bonds	2,123,576	AA+	Aa2	
Corporate bonds	1,545,615	AA+	A1	
Corporate bonds	1,497,914	A	A2	
Corporate bonds	1,433,828	AA-	Aa1	
Corporate bonds	519,540		Aa1	
Corporate bonds	2,812,850		Aa2	
Corporate bonds	2,269,398	A+	Aa3	
Corporate bonds	248,378		Aa3	
Corporate bonds	750,032		P-1	
Local Agency Investment Fund	30,507,177			Not rated
California Asset Management Program	112,856	AAAm	Not rated	
Held by bond trustee:				
Investment agreements	<u>27,630,665</u>			Not rated
	<u>\$ 108,056,850</u>			

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of June 30, 2012, the carrying amount of the City's deposits was \$1,518,594 and bank balances were \$1,353,486. Under the Dodd-Frank Deposit Insurance provision, all bank balances are fully FDIC insured.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**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 the LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

**NOTE 3: LOANS RECEIVABLE**

Loans receivable of \$2,818,551 at June 30, 2012 were comprised of the following:

Computer loan program

The City has adopted an employee computer purchase program in which the City purchases personal computers for employees and is repaid through payroll deductions the cost of the computer plus interest for a period not to exceed 36 months (interest is based on the LAIF rate plus .5%, and was 1.06% at June 30, 2012). The balance of the computer loans receivable at June 30, 2012 was \$41,520 and 21 employees were participating in the program.

Employee Housing Assistance Loans

In April 2005, the City loaned an employee funds for housing assistance in the amount of \$300,000, which bears interest at the average LAIF rate for the prior twelve months plus 1%, and is secured by real property. The loan is due over thirty years, or upon termination of employment. The loan receivable balance at June 30, 2012 was \$300,000 which is included as a loan receivable on the accompanying Statement of Net Assets. Interest receivable related to this loan in the amount of \$1,702 is included in interest receivable.

In June 2009, the City loaned another employee funds for housing assistance in the amount of \$666,400, which bears interest at the average LAIF rate for the prior twelve months, and is secured by real property. The loan is due over thirty years, or upon termination of employment. The loan receivable balance at June 30, 2012 was \$666,400 which is included as a loan receivable on the accompanying Statement of Net Assets.

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

In July 2008, the City loaned \$350,000 to Eden Housing, Inc. (a California nonprofit public benefit corporation and sole member of Warner Creek Senior Housing, L.P.) ("developer") to study the feasibility of developing, owning and operating 57 affordable senior housing units under a predevelopment loan agreement. The loan bears interest at 3% per annum, subject to provisions of a default rate as defined in the agreement. The agreement provides the opportunity for the developer to apply for additional loans from the City for the cost of acquisition of property, additional predevelopment expenses, and construction costs. If the additional funding was subsequently approved, the initial loan would be added to the new loan. On May 1, 2009, the additional funding was approved to provide total funding from the City for this development project of \$1,504,000, and the developer drew down an additional \$600,000 in May 2009. The 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, 2012 was \$1,615,631. Interest receivable related to this loan in the amount of \$45,120 is included in the loan receivable balance.

**CITY OF NOVATO**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2012

**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, by Habitat for Humanity Greater San Francisco, and is secured by real property. The loan was increased in 2011 by \$130,000. The loan receivable balance at June 30, 2012 was \$195,000 which is included as a loan receivable on the accompanying Statement of Net Assets.

Promissory notes on shared appreciation loans

Certain housing units in the 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 Agency's investment in the project. The Agency 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 Agency'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 Agency will receive a pro-rata share (based on the Agency's and Buyer's respective equity) of the appreciation of the Unit. As of June 30, 2012, no amounts have been recorded related to these loans as any payment is contingent on sales of units to non-eligible buyers in the future.

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

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2012 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Governmental Funds</u>			
General Fund	Eucalyptus Assessment	Deficit cash balance	\$ 188
	Justice Assistance Grants	Deficit cash balance	12,033
	State Grants	Deficit cash balance	203,323
	Federal Grants	Deficit cash balance	206,058
	Equipment Maintenance	Deficit cash balance	355,987
	Hamilton CFD Maintenance	Hamilton levy project	404,399
Hamilton Trust Fund	NPFA Fund	Corporation yard lease	<u>1,290,000</u>
	Total Governmental Funds		<u>2,471,988</u>
<u>Internal Service Funds</u>			
Equipment Replacement	General Fund	Employee housing loan	1,051,158
	NPFA Fund	Long term loan	<u>378,657</u>
	Total Internal Service Funds		<u>1,429,815</u>
		<b>Total Interfund Receivables/Payables</b>	<b>\$ <u>3,901,803</u></b>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

**Interfund Transfers to/from Other Funds**

Transfers between funds during the fiscal year ended June 30, 2012 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<b><u>Major Governmental Funds</u></b>			
General Fund	Special Police Projects	City share of program costs	\$ 9,000
	Capital Improvements Projects	CIP projects	1,603,610
	Pension Obligation Bonds	Debt service	1,006,067
	Equipment Replacement	Annual MERA debt service	404,003
	Pension Obligation Bonds	Debt service	5,748
	Equipment Replacement	Equipment replacement	51,733
Capital Improvement Projects	General Fund	Administration service charge	1,789
	Community Facility Maintenance	Maintenance	59,398
Development Impact Fee	General Fund	Administration service charge	80,251
	Capital Improvements Projects	CIP projects	262,570
Novato Public Financing Authority	General Fund	Administration service charge	13,000
	Capital Improvements Projects	CIP projects	28,718
	Pension Obligation Bonds	Debt service	1,130
Hamilton Trust Fund	General Fund	Administration service charge	366,405
		<b>Total Major Governmental Interfund Transfers</b>	<b><u>3,893,422</u></b>
<b><u>Non-Major Governmental Funds</u></b>			
RDA Housing	General Fund	Administration service charge	75,168
	Pension Obligation Bonds	Debt service	6,971
Clean Stormwater	General Fund	Administration service charge	150,000
	Clean Stormwater CIP	Reserve for CIP projects	45,000
Underground Utilities	Capital Improvement Projects	CIP projects	33,607
Park Improvement	Capital Improvement Projects	CIP projects	11,730
Subdivision Park	General Fund	Administration service charge	500
	Capital Improvement Projects	CIP projects	1,343,360
General Plan Surcharge	Pension Obligation Bonds	Debt service	4,750
Automation Surcharge	Pension Obligation Bonds	Debt service	1,327
Hamilton Community Facilities	Pension Obligation Bonds	Debt service	8,901
	Capital Improvement Projects	CIP projects	15,406
Pointe Marin CFD	Pension Obligation Bonds	Debt service	5,748
Chapter 27 Assessments	Capital Improvement Projects	CIP projects	12,367
	Measure B Street Bonds	CIP projects	69
Gas Tax	General Fund	Administration service charge	817,000
	Capital Improvement Projects	CIP projects	486,130
Traffic Congestion Relief	Capital Improvement Projects	CIP projects	147,938
Special Police Projects	Equipment Replacement	Equipment replacement	2,417
COPS Grant	Equipment Replacement	Equipment replacement	5,566
State Grant Fund	Capital Improvement Projects	CIP projects	1,000,000
Federal Grants	Capital Improvement Projects	CIP projects	1,851,012
Measure B Street Bonds 2007	General Fund	Administration service charge	34,035
	Capital Improvement Projects	CIP projects	817,861
Measure A Street Bonds	Capital Improvement Projects	CIP projects	246,697
Proposition 1B Fund	Capital Improvement Projects	CIP projects	252,362
Clean Stormwater CIP	Capital Improvement Projects	CIP projects	2,725
Street/Storm Drain Maintenance	Capital Improvement Projects	CIP projects	7,204
Redevelopment Agency	General Fund	Administration service charge	149,131
	Pension Obligation Bonds	Debt service	18,766
Community Facility Maintenance	Capital Improvement Projects	CIP projects	11,940
		<b>Total Non- Major Governmental Interfund Transfer</b>	<b><u>7,565,688</u></b>
<b><u>Internal Service Funds</u></b>			
Equipment Maintenance	Pension Obligation Bonds	Debt service	11,613
Equipment Replacement	Capital Improvement Projects	CIP projects	4,015
		<b>Total Internal Service Fund Transfers</b>	<b><u>15,628</u></b>
		<b>Total Interfund Transfers</b>	<b><u>\$ 11,474,738</u></b>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

**Intra-fund Receivables/Payables**

The following table represents intra-fund receivables and payables as of June 30, 2012:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	Successor Agency Admin	Deficit cash balance	\$ <u>30,915</u>

Intra-fund receivables and payables are not presented on the governmental funds Balance Sheet as they are presented on a net basis. However, the combining Balance Sheet for the general fund on page 147 presents both general fund intra-fund and interfund receivables and payables.

**Intra-fund Transfers between Funds**

The following table represents intra-fund transfers made during the year ended June 30, 2012:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description</u>	<u>Amount</u>
General Fund	Emergency & Disaster Response	Reserves	\$ 1,074,081
Measure F Sales Tax	General Fund	Reserves	<u>16,784</u>
Total Intra-fund Transfers			\$ <u>1,090,865</u>

Intra-fund transfers are not presented on the Statement of Revenues, Expenses, and Changes in Net Assets for the governmental funds as they are presented on a net basis. However, the Schedule of Revenues, Expenditures, and Changes in Fund Balance for the general fund on page 148 presents both general fund intra-fund and interfund transfers.



**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 5: CAPITAL ASSETS**

**Governmental Activities:**

	<u>Balance at July 1, 2011</u>	<u>Prior Period Adjustment</u>	<u>Balance at July 1, 2011, Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Adjustments</u>	<u>Balance at June 30, 2012</u>
Capital assets not being depreciated							
Land	\$ 121,165,277	\$ -	\$ 121,165,277	\$ -	\$ -	\$ -	\$ 121,165,277
Construction-in-progress	<u>2,468,973</u>	<u>1,201,797</u>	<u>3,670,770</u>	<u>7,849,338</u>	<u>(2,625)</u>	<u>(4,262,030)</u>	<u>7,255,453</u>
Total capital assets not being depreciated	<u>123,634,250</u>	<u>1,201,797</u>	<u>124,836,047</u>	<u>7,849,338</u>	<u>(2,625)</u>	<u>(4,262,030)</u>	<u>128,420,730</u>
Capital assets being depreciated							
Buildings and improvements	26,031,806	-	26,031,806	-	(214,454)	361,581	26,178,933
Furniture and equipment	1,643,834	-	1,643,834	59,779	(31,169)	-	1,672,444
Infrastructure	<u>197,560,483</u>	<u>-</u>	<u>197,560,483</u>	<u>-</u>	<u>-</u>	<u>3,900,449</u>	<u>201,460,932</u>
Total capital assets being depreciated	<u>225,236,123</u>	<u>-</u>	<u>225,236,123</u>	<u>59,779</u>	<u>(245,623)</u>	<u>4,262,030</u>	<u>229,312,309</u>
Less accumulated depreciation							
Buildings and improvements	(5,434,385)	-	(5,434,385)	(518,962)	214,454	-	(5,738,893)
Furniture and equipment	(1,273,755)	-	(1,273,755)	(191,939)	31,169	-	(1,434,525)
Infrastructure	<u>(99,087,322)</u>	<u>-</u>	<u>(99,087,322)</u>	<u>(4,804,811)</u>	<u>-</u>	<u>-</u>	<u>(103,892,133)</u>
Total accumulated depreciation	<u>(105,795,462)</u>	<u>-</u>	<u>(105,795,462)</u>	<u>(5,515,712)</u>	<u>245,623</u>	<u>-</u>	<u>(111,065,551)</u>
<b>Total Capital Assets, net</b>	<u>243,074,911</u>	<u>1,201,797</u>	<u>244,276,708</u>	<u>2,393,405</u>	<u>(2,625)</u>	<u>-</u>	<u>246,667,488</u>
<b>Internal Service Funds:</b>							
Capital assets being depreciated							
Vehicles	<u>4,602,791</u>	<u>-</u>	<u>4,602,791</u>	<u>315,285</u>	<u>(161,584)</u>	<u>-</u>	<u>4,756,492</u>
Less accumulated depreciation							
Vehicles	<u>(2,946,303)</u>	<u>-</u>	<u>(2,946,303)</u>	<u>(445,506)</u>	<u>161,584</u>	<u>-</u>	<u>(3,230,225)</u>
<b>Total Capital Assets, net</b>	<u>1,656,488</u>	<u>-</u>	<u>1,656,488</u>	<u>(130,221)</u>	<u>-</u>	<u>-</u>	<u>1,526,267</u>
<b>Total Governmental Activities</b>	<u>\$ 244,731,399</u>	<u>\$ 1,201,797</u>	<u>\$ 245,933,196</u>	<u>\$ 2,263,184</u>	<u>\$ (2,625)</u>	<u>\$ -</u>	<u>\$ 248,193,755</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

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

Governmental Activities:

General government	\$ 188,225
Public safety	326,351
Culture and recreation	708,406
Community development	104,536
Public ways and facilities	<u>4,633,700</u>

Total governmental activities depreciation expense \$ 5,961,218

**Business-type Activities:**

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Adjustments</u>	<u>Balance at June 30, 2012</u>
Capital assets not being depreciated					
Land	\$ 11,840,000	\$ -	\$ -	\$ -	\$ 11,840,000
Capital assets being depreciated					
Buildings and improvements	5,359,356	328,257	-	-	5,687,613
Furniture and equipment	<u>29,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,719</u>
Total capital assets being depreciated	<u>5,389,075</u>	<u>328,257</u>	<u>-</u>	<u>-</u>	<u>5,717,332</u>
Less accumulated depreciation					
Buildings and improvements	(2,082,973)	(240,098)	-	-	(2,323,071)
Furniture and equipment	<u>(16,546)</u>	<u>(4,371)</u>	<u>-</u>	<u>-</u>	<u>(20,917)</u>
Total accumulated depreciation	<u>(2,099,519)</u>	<u>(244,469)</u>	<u>-</u>	<u>-</u>	<u>(2,343,988)</u>
<b>Total Capital Assets, net</b>	<u>\$ 15,129,556</u>	<u>\$ 83,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,213,344</u>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 6: LONG-TERM LIABILITIES**

Governmental activities long-term debt issued and outstanding at June 30, 2012 was comprised of the following:

Type of Indebtedness	Maturity	Interest Rates	Authorized and Issued	Outstanding June 30, 2012
General obligation bonds:				
Series 1993A	2014	4.75-7.25%	\$ 5,000,000	\$ 775,000
Series 1997A	2021	5.00-8.00%	14,245,000	5,900,000
Series 2000A	2022	5.00-5.75%	5,000,000	3,040,000
Series 2004	2026	3.20-10.00%	5,000,000	4,000,000
Series 2007	2027	3.55-4.125%	5,000,000	4,390,000
Pension obligation bonds, A-1 & A-2	2035	5.69-6.12%	18,296,066	19,074,305
Bond issuance premiums (discounts)				
Series 2004 premium				169,304
Series 2007 premium				195,978
Pension obligation bonds discount				(133,724)
Clean Renewable Energy Bonds (CREBS)	2024	0.00%	1,533,000	1,193,054
Capital lease, Dell	2013	5.20%	222,022	37,838
Compensated absences				<u>1,650,091</u>
Total governmental activities				<u>\$ 40,291,846</u>

Business-type activities long-term debt issued and outstanding at June 30, 2012 was comprised of the following:

Type of Indebtedness	Maturity	Interest Rates	Authorized and Issued	Outstanding June 30, 2012
Senior Promissory Note	2028	3.9 - 5.85%	\$ 15,485,000	<u>\$ 10,090,000</u>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 6: 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, 2012:

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 19,930,000	\$ -	\$ (1,825,000)	\$ 18,105,000	\$ 1,950,000
Pension obligation bonds	19,004,716	229,589	(160,000)	19,074,305	210,000
Tax allocation bonds	47,380,000	-	(47,380,000)	-	-
Clean renewable energy bonds	1,306,370	-	(113,316)	1,193,054	113,315
Premium (discount) on bonds, net	(442,365)	-	673,923	231,558	18,027
CIEDB loan payable	3,069,845	-	(3,069,845)	-	-
OPA note payable	2,084,946	-	(2,084,946)	-	-
Capital lease, Dell	93,623	-	(55,785)	37,838	37,838
Due to County of Marin	54,758	-	(54,758)	-	-
<b>Total bonds and notes payable</b>	<u>92,481,893</u>	<u>229,589</u>	<u>(54,069,727)</u>	<u>38,641,755</u>	<u>2,329,180</u>
Other liabilities:					
Compensated absences	<u>1,630,054</u>	<u>20,037</u>	<u>-</u>	<u>1,650,091</u>	<u>12,361</u>
<b>Total Governmental Activities</b>	<u>\$ 94,111,947</u>	<u>\$ 249,626</u>	<u>\$ (54,069,727)</u>	<u>\$ 40,291,846</u>	<u>\$ 2,341,541</u>
	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>	<u>Current Portion</u>
<b>Business-type Activities</b>					
Senior promissory note	<u>\$ 10,435,000</u>	<u>\$ -</u>	<u>\$ (345,000)</u>	<u>\$ 10,090,000</u>	<u>\$ 365,000</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

A description of the long-term liabilities related to governmental activities at June 30, 2012 follows:

**A. Governmental Activities**

General Obligation Bonds

The City has five outstanding general obligation bond issues: (1) \$5,000,000 Series 2000A, dated July 1, 2000; (2) \$14,245,000 Series 1997A, dated July 1, 1997; (3) \$5,000,000 Series 1993A, dated May 28, 1993; and (4) \$5,000,000 Series 2004, dated November 1, 2004; (5) \$5,000,000 Series 2007, dated March 14, 2007.

(1) On May 23, 1993 the City issued \$5,000,000 General Obligation Bonds, Series 1993A to finance the construction and reconstruction of streets and storm drains throughout the City.

(2) On July 1, 1997, the City issued \$14,245,000 of refunding bonds (Series A) to advance refund its General Obligation Bonds, Series 1989A, General Obligation Bonds, Series 1990A, and General Obligation Bonds, Series 1992A (collectively, the "Prior Bonds"). The Prior Bonds were issued to finance the acquisition and construction of various streets, storm drains, and parks and recreational facilities throughout the City. The Prior Bonds were deposited in trust with an escrow agent to provide debt service payments until the bonds mature. The advance refunding meets the requirements of an in-substance debt defeasance and the Prior Bonds were removed from the City's General Long-Term Debt Account Group. Interest on the 1997 Bonds is payable on February 1 and August 1 of each year, commencing February 1, 1999. Principal is payable on August 1 of each year, commencing on August 1, 1999.

The City advance refunded the Prior Bonds to maximize the resources available to finance the projects for which the Prior Bonds were issued in a manner that does not increase the burden on property taxpayers residing within the jurisdiction of the City. The accounting savings of this refunding was \$1,502,606 and the net present value savings of this refunding was \$916,675.

(3) On July 1, 2000 the City issued \$5,000,000 General Obligation Bond Series A to finance the acquisition, construction and completion of improvements to streets, storm drains and sidewalks within the City.

(4) On November 1, 2004 the City issued \$5,000,000 General Obligation Bonds, Series 2004 to finance the acquisition and construction of capital improvements to various streets, storm drains and sidewalks within the City. The bonds were issued at a premium of \$268,996. These bonds are the second in a series of three (the first series were the bonds issued July 1, 2000 described above) bonds to be issued (total of up to \$15,000,000) pursuant to a March 7, 2000 election whereby more than two-thirds of the votes cast by qualified electors were in favor of issuing the bonds.

(5) On March 14, 2007, the City issued \$5,000,000 General Obligation Bonds, Series 2007 to finance the acquisition and construction of capital improvements to various streets, storm drains and sidewalks within the City. The bonds were issued at a premium of \$264,781. These bonds are the third in a series of three bonds to be issued pursuant to a March 7, 2000 election whereby more than two-thirds of the votes cast by qualified electors were in favor of issuing the bonds.

These bonds and the interest thereon are general obligations of the City and 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.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

Tax Allocation Bonds

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

(2) Hamilton Field Redevelopment Project, 2005 Tax Allocation Housing Bonds, Series A - On February 2, 2005 the Agency issued Hamilton Field Redevelopment Project - 2005 Tax Allocation Housing Bonds, Series A ("Hamilton 2005 Housing Bonds") in the amount of \$9,520,000 to (i) pay a portion of an obligation incurred by the Agency under an owner participation agreement with respect to the Original Area of the Agency's Hamilton Field Redevelopment Project (the "Project Area"), (ii) establish a reserve fund for the Hamilton 2005 Housing Bonds and (iii) to pay the cost of issuance of the bonds. The bonds are payable from and secured by Housing Tax Increment Revenues allocated to the Agency from the Project Area. Housing Tax Increment Revenues is defined in the indenture as the 20 percent (20%) portion of tax increment revenues derived from the Project Area which must be deposited in the Agency's Low and Moderate Income Housing Funds (the "Housing Set-Aside"). Interest on the Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2005. Principal is payable on September 1 of each year, commencing September 1, 2005.

(3) Hamilton Field Redevelopment Project, Tax Allocation Bonds, Series 2011 - On March 23, 2011 the Agency issued Hamilton Field Redevelopment Project-Tax Allocation Bonds, Series 2011 ("Hamilton TAB-Series 2011") in the amount of \$17,000,000 to (i) repay a loan from the City of Novato and finance redevelopment activities, (ii) fund a reserve account for the 2011 Bonds, and (iii) pay the costs of issuing the 2011 bonds. The bonds are payable from and secured by a pledge of Tax Revenues on a parity with the Agency's outstanding Redevelopment Agency of the City of Novato Hamilton Field Redevelopment Project Tax Allocation Bonds, Series 2005. In addition, the Agency is authorized to incur additional debt ("Parity Debt") secured by Tax Revenues on a parity of the 2011 bonds and the outstanding 2005 Parity Bonds. Interest on the Bonds is payable on March 1 and September 1 each year, commencing September 1, 2011. Principal is payable on September 1 of each year, commencing September 1, 2012.

As part of the redevelopment dissolution, these bonds were transferred to the Successor Agency, and therefore no outstanding balances exist for the City as of June 30, 2012. See note 15 for further information.

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.

CIEDB Loan Payable

In December 2002, the Agency qualified for a low interest loan of \$3.7 million from the California Infrastructure and Economic Development Bank ("CIEDB"). The loan was used to help finance a portion of the construction of the Grant Avenue improvement project, which started in April 2004, and was completed in August 2006. As part of the redevelopment dissolution, this loan was transferred to the Successor Agency, and therefore no outstanding balance exists for the City as of June 30, 2012. See note 15 for further information.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

OPA Note Payable

In 1994, the Agency entered into a \$9 million promissory agreement with HNH Associates for the construction and financing of certain on-site and off-site public improvements of the Vintage Oaks Retail Complex. The promissory note bears interest of 8.525% per annum and matures in the fiscal year ending June 30, 2014. Payments consist of two semi-annual installments, which are financed with property tax increments generated by the retail complex. As part of the redevelopment dissolution, this loan was transferred to the Successor Agency, and therefore no outstanding balance exists for the City as of June 30, 2012. See note 15 for further information.

Capital Lease

On January 1, 2009 the City entered into a capital lease with Dell Financial in the amount of \$222,022 to lease updated desktop computers and servers for the City's network needs. The lease bears an interest rate of 5.2% and offers a \$1 buyout option at the end of the term. The balance of the lease at June 30, 2012 was \$37,838. At June 30, 2012, the assets were fully depreciated and have no net book value.

Bond Issuance Costs

Capitalized bond costs related to the above issuances have been recorded as deferred charges, net of accumulated amortization, in the amount of \$485,880 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 costs for the year ended June 30, 2012 was \$33,996.

Compensated Absences

At June 30, 2012, compensated absences totaled \$1,650,091, of which \$12,361 was recorded as a current liability and the non-current portion totaled \$1,637,730.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

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

General Obligation Bonds

<b>For the Year Ending June 30</b>	<b>Principal</b>					
	<b>Series 1993A</b>	<b>Series 1997A</b>	<b>Series 2000A</b>	<b>Series 2004</b>	<b>Series 2007</b>	<b>Total</b>
2013	\$ 380,000	\$ 910,000	\$ 240,000	\$ 225,000	\$ 195,000	\$ 1,950,000
2014	395,000	505,000	250,000	230,000	220,000	1,600,000
2015	-	540,000	265,000	240,000	230,000	1,275,000
2016	-	560,000	280,000	245,000	240,000	1,325,000
2017	-	595,000	290,000	255,000	250,000	1,390,000
2018 - 2022	-	2,790,000	1,715,000	1,430,000	1,320,000	7,255,000
2023 - 2027	-	-	-	1,375,000	1,580,000	2,955,000
2028 - 2032	-	-	-	-	355,000	355,000
<b>Total</b>	<b>\$ 775,000</b>	<b>\$ 5,900,000</b>	<b>\$ 3,040,000</b>	<b>\$ 4,000,000</b>	<b>\$ 4,390,000</b>	<b>\$ 18,105,000</b>

<b>For the Year Ending June 30</b>	<b>Interest</b>					
	<b>Series 1993A</b>	<b>Series 1997A</b>	<b>Series 2000A</b>	<b>Series 2004</b>	<b>Series 2007</b>	<b>Total</b>
2013	\$ 29,250	\$ 284,113	\$ 155,558	\$ 157,443	\$ 180,839	\$ 807,203
2014	9,875	247,853	143,308	149,990	164,464	715,490
2015	-	220,873	130,300	142,058	150,388	643,619
2016	-	192,272	116,262	133,507	145,788	587,829
2017	-	162,094	101,297	124,191	140,788	528,370
2018 - 2022	-	304,500	244,756	457,632	525,340	1,532,228
2023 - 2027	-	-	-	126,383	237,968	364,351
2028 - 2032	-	-	-	-	7,322	7,322
<b>Total</b>	<b>\$ 39,125</b>	<b>\$ 1,411,705</b>	<b>\$ 891,481</b>	<b>\$ 1,291,204</b>	<b>\$ 1,552,897</b>	<b>\$ 5,186,412</b>

Pension Obligation Bonds

<b>For the Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 210,000	\$ 896,388	\$ 1,106,388
2014	265,000	884,124	1,149,124
2015	325,000	868,648	1,193,648
2016	390,000	849,668	1,239,668
2017	460,000	826,892	1,286,892
2018 - 2022	3,560,000	3,632,372	7,192,372
2023 - 2027	6,355,000	2,272,082	8,627,082
2028 - 2032	5,622,029	4,692,045	10,314,074
2033 - 2037	1,887,276	5,222,274	7,109,550
<b>Total</b>	<b>\$ 19,074,305</b>	<b>\$ 20,144,493</b>	<b>\$ 39,218,798</b>



**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

Clean Renewable Energy Bonds

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 113,315	\$ -	\$ 113,315
2014	113,315	-	113,315
2015	113,315	-	113,315
2016	113,315	-	113,315
2017	113,315	-	113,315
2018 - 2022	566,575	-	566,575
2023 - 2027	<u>59,904</u>	<u>-</u>	<u>59,904</u>
<b>Total</b>	<b><u>\$ 1,193,054</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,193,054</u></b>

Capital Lease - Dell

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ <u>37,838</u>	\$ <u>709</u>	\$ <u>38,547</u>

Total Governmental Activities Future Debt Service

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,311,153	\$ 1,704,300	\$ 4,015,453
2014	1,978,315	1,599,614	3,577,929
2015	1,713,315	1,512,267	3,225,582
2016	1,828,315	1,437,497	3,265,812
2017	1,963,315	1,355,262	3,318,577
2018 - 2022	11,381,575	5,164,600	16,546,175
2023 - 2027	9,369,904	2,636,433	12,006,337
2028 - 2032	5,977,029	4,699,367	10,676,396
2033 - 2037	<u>1,887,276</u>	<u>5,222,274</u>	<u>7,109,550</u>
<b>Total</b>	<b><u>\$ 38,410,197</u></b>	<b><u>\$ 25,331,614</u></b>	<b><u>\$ 63,741,811</u></b>

**B. Business-type Activities**

Senior Promissory Note

On March 1, 1997, the Authority issued Senior Revenue Bonds, Series 1997 in the amount of \$15,485,000. The proceeds were used to permanently finance the acquisition of certain real property constituting the Marin Valley Mobile Country Club Park. The debt is secured by the Marin Valley Mobile Country Club Park property.

Bond Issuance Costs

Capitalized bond costs related to the above issuance has been recorded as bond issuance costs, net of accumulated amortization, in the amount of \$215,222 in the government-wide financial statements. The balance is amortized using the straight line method over the bond term. Amortization expense for bond costs for the year ended June 30, 2012 was \$14,156.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

**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>
2013	\$ 365,000	\$ 577,248	\$ 942,248
2014	385,000	555,863	940,863
2015	405,000	532,953	937,953
2016	435,000	508,593	943,593
2017	455,000	482,783	937,783
2018 - 2022	2,690,000	1,975,430	4,665,430
2023 - 2027	3,595,000	1,064,844	4,659,844
2028 - 2032	<u>1,760,000</u>	<u>51,480</u>	<u>1,811,480</u>
<b>Total</b>	<b><u>\$ 10,090,000</u></b>	<b><u>\$ 5,749,194</u></b>	<b><u>\$ 15,839,194</u></b>

**NOTE 7: SPECIAL ASSESSMENT DEBT**

The City acts as an agent for the property owners by collecting the assessments, forwarding the collections to the trustee and if appropriate, beginning foreclosure on the Assessment District No. 93-1 (Golden Gate Plaza). The City is not obligated in any manner for this special assessment debt, and is in no way liable for repayment. The City collects the assessment revenue and delivers the appropriate funds to the bond trustee. At June 30, 2012, the outstanding principal of the Assessment District No. 93-1 (Golden Gate Plaza) bond issue was \$1,275,000.

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 Redevelopment Agency Hamilton 2004 Refunding Special Tax bonds. The City is not obligated in any manner for this special assessment debt, and is in no way liable for repayment. The City collects the assessment revenue and delivers the appropriate funds to the bond trustee. At June 30, 2012 the outstanding principal of the City of Novato Redevelopment Agency Hamilton 2004 Refunding Special Tax bond issue was \$16,920,000.

The City acts as an agent for the property owners by collecting the assessments, forwarding the collections to the trustee and if appropriate, beginning foreclosure on the City of Novato Community Facilities District No. 2002-1 (Pointe Marin) Special Tax bonds. The City is not obligated in any manner for this special assessment debt, and is in no way liable for repayment. The City collects the assessment revenue and delivers the appropriate funds to the bond trustee. The original bond was refunded in August 2007. At June 30, 2012 the outstanding principal of the City of Novato Community Facilities District No. 2002-1 (Pointe Marin) Special Tax Refunding bond issue was \$10,740,000.

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 bonds. The City is not obligated in any manner for this special assessment debt, and is in no way liable for repayment. The City collects the assessment revenue and delivers the appropriate funds to the bond trustee. At June 30, 2012, the outstanding principal of the City of Novato Community Facilities District No.1 (Vintage Oaks) Special Tax Refunding bond issue was \$18,580,000.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 8: FUND BALANCE**

Beginning with fiscal year 2010-2011, the City implemented GASB Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions."* This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non Spendable: Amounts that cannot be spent because they are either (a) not in spendable form (not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted: Amounts subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provision, or enabling legislation. This fund balance type is essentially the same definition as restricted net assets under GASB Statement No. 34.

Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the government's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance) it employed to previously commit those amounts. Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned: Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the governing body itself or an official to whom the governing body has delegated authority to assign amounts. 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 or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

City policy is to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual general fund GAAP basis expenditures and other financing sources and uses. This balance is held, for internal tracking purposes, in an Emergency Reserve fund.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

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

As of June 30, 2012, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Other Major Funds</u>	<u>Permanent Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable</b>					
Prepaid expenses	\$ 140,907	\$ -	\$ -	\$ 301	\$ 141,208
Advances	404,399	-	1,290,000	-	1,694,399
Deferred costs	<u>84,758</u>	<u>108,657</u>	-	-	<u>193,415</u>
Total Nonspendable	<u>630,064</u>	<u>108,657</u>	<u>1,290,000</u>	<u>301</u>	<u>2,029,022</u>
<b>Restricted</b>					
Grants, taxes, & fees	-	-	31,622,590	9,064,374	40,686,964
Insurance	1,192,404	-	-	-	1,192,404
Capital projects	-	12,061,982	-	4,192,307	16,254,289
Debt service	-	-	-	<u>2,574,026</u>	<u>2,574,026</u>
Total Restricted	<u>1,192,404</u>	<u>12,061,982</u>	<u>31,622,590</u>	<u>15,830,707</u>	<u>60,707,683</u>
<b>Assigned</b>					
Capital projects	15,936,770	-	-	-	15,936,770
Pension reserve	1,358	-	-	-	1,358
Emergency & disaster response	6,724,346	-	-	-	6,724,346
Long-term maintenance	<u>508,240</u>	-	-	<u>337,712</u>	<u>845,952</u>
Total Assigned	<u>23,170,714</u>	-	-	<u>337,712</u>	<u>23,508,426</u>
Unassigned	<u>4,495,908</u>	<u>(900,612)</u>	-	<u>(386,355)</u>	<u>3,208,941</u>
Total Fund Balance	<u>\$ 29,489,090</u>	<u>\$ 11,270,027</u>	<u>\$ 32,912,590</u>	<u>\$ 15,782,365</u>	<u>\$ 89,454,072</u>

**Fund Balance Deficits**

As of June 30, 2012, the following funds had a fund deficit:

<u>Fund</u>	<u>Deficit</u>
Capital Improvement Projects	\$ 370,293
Novato Public Financing Authority	538,126
Hamilton Community Facilities	382,363
Justice Assistance Grants	2,778
State Grant Fund	1,214

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

**CITY OF NOVATO**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2012

**NOTE 9: DEFINED BENEFIT PENSION PLAN**

Plan Description

The City of Novato contributes to the California Public Employees' Retirement System ("PERS"), an agent multiple-employer public employee retirement system. PERS provides retirement, disability, and death benefits. Such benefits are integrated with Social Security and based on an employee's years of service, age and final compensation. All regular City employees participate. Employees vest after five years of service and qualify to receive retirement benefits at age fifty. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained from the Executive Office, 400 P Street, Sacramento, CA 95814.

The City prepaid its pension contributions with proceeds from the 2006 Pension Obligation Bonds (See Note 6). These prepaid contributions are reflected in the accompanying financial statements as Prepaid PERS Contribution which amounted to \$14,252,706 at June 30, 2012. During fiscal year 2011-12, the amortization of the prepayment increased the actuarially required contributions by \$593,863 to arrive at Annual Pension Costs of \$3,897,198.

Funding Policy

Miscellaneous employees are required to contribute seven percent (7%) of their annual salary to PERS and Public Safety employees are required to contribute nine percent (9%) of their annual salary to PERS. The employees' required contribution is paid by the City on behalf of the employees. The City is required to contribute the remaining amounts necessary to fund the benefits for its members using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration. For the fiscal year 2011-12, the City's contribution rate was 10.975% for the miscellaneous plan and 21.407% for the safety plan.

Annual Pension Cost

For fiscal year 2011-12, the City's annual pension cost of \$3,897,198, includes the amortization of the prepaid PERS contributions of \$593,863 (See Plan Description above) and \$3,300,336 which was equal to the City's required and actual PERS contributions. The required contribution was determined as part of the June 30, 2010 actuarial valuation. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) projected salary increases of 3.25% per year compounded annually, (c) projected inflation rate of 3% compounded annually, (d) additional projected salary increases that vary by duration of service and (e) no postretirement benefit increases. The actuarial value of PERS' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a period of two to five years. PERS' unfunded actuarial accrued liability is being amortized as a level percentage of total projected payroll for the applicable fiscal year.

**Three Year Trend Information for PERS - Miscellaneous Employees**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 1,952,815	100%	-
2011	\$ 1,870,675	100%	-
2012	\$ 1,876,334	100%	-

**Three Year Trend Information for PERS - Safety Employees**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 1,850,147	100%	-
2011	\$ 1,846,203	100%	-
2012	\$ 2,020,864	100%	-

**CITY OF NOVATO**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2012

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS**

Description of the Plan

The City provides health insurance benefits under the Blue Shield, Kaiser, PERs Choice, PERS Select, PERs Care or PORAC health plans to eligible retirees and dependents in accordance with various labor agreements. Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension.

As of the most recent actuarial report dated January 2010, the City reported 209 active employees and 124 retiree employees.

Funding Policy

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, and amount which was determined as part of a January 1, 2010 actuarial valuation in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is subject to change with each actuarial valuation date performed no less than every three years. The City is currently funding the benefits on a pay-as-you-go basis. No separate financial statements are issued for the Plan.

Annual OPEB Cost and Net OPEB Obligation

The City's OPEB unfunded actuarial accrued liability as of January 1, 2010, the date of the most recent actuarial valuation totaled \$719,525.

Annual required contribution			
Service cost at year-end	\$	159,597	
30-year amortization of funded liability		<u>140,000</u>	
Total annual required contribution		<u>299,597</u>	
Interest on net OPEB obligation		22,257	
Adjustment to net OPEB obligation		<u>(24,854)</u>	
Total annual OPEB cost		<u>297,000</u>	
Employer contributions		(72,080)	
Net pension obligation, July 1, 2011		<u>494,605</u>	
Net pension obligation, June 30, 2012	\$	<u>719,525</u>	

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2012 and the two preceding years were as follows:

<u>Year Ended</u>	<u>Annual OPEB cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB</u>
June 30, 2010	\$ 191,000	\$ 55,318	28.96 %	\$ 279,239
June 30, 2011	\$ 278,000	\$ 62,634	22.53 %	\$ 494,605
June 30, 2012	\$ 297,000	\$ 72,080	24.27 %	\$ 719,525

**CITY OF NOVATO**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2012

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

Funded Status and Funding Progress

The funded status of the plan based on an actuarial study using age-adjusted premiums as of June 30, 2012, was as follows:

Actuarial accrued liability (AAL)		
Active employees	\$	1,239,000
Retired employees		<u>1,547,000</u>
		<u>2,786,000</u>
 Actuarial value of plan assets		 <u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>2,786,000</u>
 Funded Ratio (actuarial value of plan assets / AAL)		 0 %
Covered payroll (active plan members)	\$	14,138,000
UAAL as a percentage of covered payroll		20 %

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on the values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2009 was the year of implementation of GASB Statement No. 45 and the City elected to apply the statement prospectively, only two years are presented in the schedule at this time. In future years, required trend data will be presented.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members, and include the types of plan benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal. The actuarial assumptions include a 4.5 percent investment rate of return, covered payroll increases of 3.5 percent per year, and an inflation rate of 3.0 percent per year. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percent of payroll over a 30 year fixed (closed) period.

**NOTE 11: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 11: RISK MANAGEMENT (CONTINUED)**

Public entity risk pools are formally organized separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these risk pools exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. Obligations and liabilities of these risk pools are the City's responsibility.

A. Risk Pools

Bay Cities Joint Powers Insurance Authority (BCJPIA) covers general liability claims in an amount up to \$14,000,000. The City has a deductible or uninsured liability of up to \$250,000 per claim. Once the City's deductible is met, BCJPIA becomes responsible for payments of all claims up to the limit. The City paid \$376,726 for claims and \$334,858 for insurance premiums during the fiscal year ended June 30, 2012.

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, 1020 19th Street, Suite 200, Sacramento, CA 95814.

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, 2012, the City incurred costs of \$699,092 for coverage premiums and administration of the risk pools. During the past four fiscal years, none of the above programs have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from the prior year.

B. Liability for Uninsured Claims

The City estimates its liability for the uninsured portion of claims, including a provision for claims incurred but not reported ("IBNR"), based on claims experience. Undiscounted claims liabilities were as follows at June 30, 2012:

	<u>Workers'</u> <u>Compensation</u>	<u>General Liability</u>	<u>Total</u>
Projected known claims	\$ 638,068	\$ 308,683	\$ 946,751
Projected IBNR	<u>743,268</u>	<u>188,665</u>	<u>931,933</u>
Total Claims Liability	<u>\$ 1,381,336</u>	<u>\$ 497,348</u>	<u>\$ 1,878,684</u>
Claims liability - current	\$ 355,273	\$ 190,760	\$ 546,033
Claims liability - non-current	<u>1,026,063</u>	<u>306,588</u>	<u>1,332,651</u>
Total Claims Liability	<u>\$ 1,381,336</u>	<u>\$ 497,348</u>	<u>\$ 1,878,684</u>



**CITY OF NOVATO**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2012

**NOTE 12: EXCESS EXPENDITURES AND TRANSFERS (EXCLUDING EXTRAORDINARY ITEMS) OVER APPROPRIATIONS**

The following funds incurred expenditures and transfers (excluding extraordinary items) in excess of appropriations in the following amounts for the year ended June 30, 2012:

Fund	Excess Expenditures
Scottsdale Assessment District	\$ 5,382
State Grant Fund	104,774
General Obligation	4,500
Pension Obligation	2,789

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

**NOTE 13: CONTINGENCIES AND COMMITMENTS**

Grant Awards

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

Litigation

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

NPFA Lease

The City's 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.

Operating Lease

The City entered into a lease agreement January 2007 for its building facilities which commenced on October 1, 2008. The current lease expires in October 2013, with an option to renew for five years. Future lease payments are as follows:

Fiscal Year Ending June 30,	Future Payments
2013	\$ 744,031
2014	<u>187,377</u>
Total	<u>\$ 931,408</u>

**CITY OF NOVATO**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2012

**NOTE 13: CONTINGENCIES AND COMMITMENTS (CONTINUED)**

Marin Emergency Radio Authority Obligation

The City of Novato is a member of the Marin Emergency Radio Authority (MERA), along with the County of Marin and twenty-four other local government agencies. MERA's purpose is to plan, finance, implement, own, and operate a multi-jurisdictional and county-wide public safety and emergency radio system. To finance this system, the MERA in 1999 issued approximately \$27 million in revenue bonds. In 2007 MERA borrowed an additional \$2,250,000 from Citizen's Business Bank to finance infrastructure needs. Under the joint powers agreement with MERA, the City is obligated to make payments to MERA for use of MERA's systems.

Fiscal Year Ending June 30,	Minimum Service Payments
2013	\$ 245,771
2014	245,662
2015	245,714
2016	245,735
2017	246,006
2018 - 2022	1,007,545
Total	\$ 2,236,433

**NOTE 14: PRIOR PERIOD ADJUSTMENTS**

The Government-wide Statement of Net Assets for governmental activities has been adjusted by \$1,201,797 to account for the addition of construction-in-progress assets in the prior year.

**NOTE 15: EXTRAORDINARY ITEM: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Novato that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 3-12.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

**CITY OF NOVATO**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2012

**NOTE 15: EXTRAORDINARY ITEM: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)**

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (Redevelopment Obligation Retirement Fund, a private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds – increase to net assets of the Successor Agency Trust Fund	\$ 3,939,968
Bond issuance costs recorded in the government-wide financial statements – increase to net assets of the Successor Agency Trust Fund	1,384,671
Accrued bond interest reported in the government-wide financial statements – decrease to net assets of the Successor Agency Trust Fund	(956,890)
Long-term debt, net of premiums and discounts, reported in the government-wide financial statements – decrease to net assets of the Successor Agency Trust Fund	<u>(50,764,895)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u>\$ (46,397,146)</u>

**CITY OF NOVATO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 16: SUBSEQUENT EVENTS**

In July 2012, the City engaged Public Financial Management, Inc. (PFM) to assist the City with refinancing the Marin Valley Mobile Country Club bonds, a requirement by Assured Guaranty, the bond insurer, when ownership of the park transferred to the City in 2011. The existing bonds carry an interest rate of 5.85%, with annual debt service payments of approximately \$950,000. At the time, PFM believed that a tax-exempt private placement with a bank or financial institution could achieve an interest rate of 4.3%, a savings of more than 1.5%. In September, PFM provided an update to Council and recommended moving forward with a private placement. PFM sent out a request for proposal (RFP) to 25 banks active in direct lending to municipalities. Two proposals were received prior to the deadline and were reviewed by PFM and staff.

The proposal from Bank of Marin was determined to fulfill the requirements of the RFP and offers very attractive terms to the City for the refinancing. Additionally, Bank of Marin has experience providing direct loans of comparable size to several public entities in Marin County. The fixed interest rate proposed by Bank of Marin is 2.805%; a significant reduction from both the current rate on the bonds, and the estimated interest rate provided by PFM in September. By refinancing, the annual debt service costs will decrease approximately \$300,000. Over the 15 years to repay the debt, the cumulative savings will be approximately \$5 million. At its October 30 meeting, Council approved staff's proposal to move forward with the refinancing, which is scheduled to close before the end of December.

**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, 2012**

	<b>2011 - 2012</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>REVENUES</b>				
Taxes	\$ 24,970,462	\$ 25,036,693	\$ 26,265,068	\$ 1,228,375
Licenses and permits	903,721	903,721	910,559	6,838
Intergovernmental	361,271	405,884	444,518	38,634
Fines and forfeitures	542,967	542,967	611,791	68,824
Use of money and property	514,993	505,009	617,655	112,646
Charges for services	2,865,702	2,865,732	2,800,223	(65,509)
Other revenues	<u>155,096</u>	<u>86,856</u>	<u>125,141</u>	<u>38,285</u>
Total Revenues	<u>30,314,212</u>	<u>30,346,862</u>	<u>31,774,955</u>	<u>1,428,093</u>
<b>EXPENDITURES</b>				
Current:				
<b>General Government</b>				
Central Administration				
City council	65,678	72,478	69,823	2,655
City manager	504,182	427,060	427,474	(414)
City clerk	350,673	311,957	310,361	1,596
City attorney	<u>654,207</u>	<u>444,470</u>	<u>498,317</u>	<u>(53,847)</u>
Total Central Administration	<u>1,574,740</u>	<u>1,255,965</u>	<u>1,305,975</u>	<u>(50,010)</u>
Administrative Services				
Administration	192,309	192,309	228,320	(36,011)
Personnel	461,782	461,782	462,277	(495)
Finance	691,373	673,547	673,546	1
Computer services	710,890	668,551	580,140	88,411
Reprographics	(11,079)	(5,259)	(25,931)	20,672
City-wide programs	<u>1,741,387</u>	<u>2,007,012</u>	<u>2,021,433</u>	<u>(14,421)</u>
Total Administrative Services	<u>3,786,662</u>	<u>3,997,942</u>	<u>3,939,785</u>	<u>58,157</u>
Total General Government	<u>5,361,402</u>	<u>5,253,907</u>	<u>5,245,760</u>	<u>8,147</u>
<b>Public Safety</b>				
Administrative Services				
City-wide programs	<u>601,664</u>	<u>601,664</u>	<u>597,937</u>	<u>3,727</u>
Police				
Administration	1,165,442	1,134,122	1,111,393	22,729
Technical services	1,639,793	1,644,533	1,606,450	38,083
Personnel & training	361,633	361,633	358,403	3,230
Investigations	821,291	822,560	814,235	8,325
Patrol	6,823,856	6,791,966	6,512,862	279,104
Traffic	637,116	638,835	611,635	27,200
Special services	<u>275,473</u>	<u>478,415</u>	<u>440,684</u>	<u>37,731</u>
Total Police	<u>11,724,604</u>	<u>11,872,064</u>	<u>11,455,662</u>	<u>416,402</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, 2012**

	<b>2011 - 2012</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
Public Works				
Traffic & engineering	216,511	225,812	211,878	13,934
Traffic operations	<u>439,823</u>	<u>446,521</u>	<u>439,570</u>	<u>6,951</u>
Total Public Works	<u>656,334</u>	<u>672,333</u>	<u>651,448</u>	<u>20,885</u>
Total Public Safety	<u>12,982,602</u>	<u>13,146,061</u>	<u>12,705,047</u>	<u>441,014</u>
<b>Public Works</b>				
Community Development				
Administration	210,071	206,401	156,573	49,828
Code Enforcement	301,674	301,677	297,305	4,372
Planning	608,190	607,667	625,833	(18,166)
Clerical support services	136,332	136,282	136,568	(286)
Building inspections	<u>575,726</u>	<u>570,584</u>	<u>556,836</u>	<u>13,748</u>
Total Community Development	<u>1,831,993</u>	<u>1,822,611</u>	<u>1,773,115</u>	<u>49,496</u>
Public Works				
Traffic & engineering	540,428	543,627	528,864	14,763
Engineering-project development	236,075	264,575	232,278	32,297
Engineering-construction management	109,813	87,382	118,530	(31,148)
Basemapping	210,564	193,564	143,051	50,513
Maintenance administration	300,768	300,775	315,208	(14,433)
Street maintenance	1,115,681	1,178,594	1,096,875	81,719
Street tree/parkway maintenance	423,273	440,052	441,273	(1,221)
Hamilton CFD maintenance	-	-	343	(343)
Building maintenance	<u>527,410</u>	<u>541,809</u>	<u>556,220</u>	<u>(14,411)</u>
Total Public Works	<u>3,464,012</u>	<u>3,550,378</u>	<u>3,432,642</u>	<u>117,736</u>
Total Public Works	<u>5,296,005</u>	<u>5,372,989</u>	<u>5,205,757</u>	<u>167,232</u>
<b>Culture and Recreation</b>				
Public Works				
Parks maintenance	\$ 1,272,087	\$ 1,336,152	\$ 1,291,809	\$ 44,343
Building maintenance	<u>377,316</u>	<u>363,298</u>	<u>397,928</u>	<u>(34,630)</u>
Total Public Works	<u>1,649,403</u>	<u>1,699,450</u>	<u>1,689,737</u>	<u>9,713</u>
Parks, Recreation, & Community Service				
Administration	661,417	697,731	656,832	40,899
Child care & enrichment programs	506,088	506,088	496,638	9,450
Cultural programs	119,504	149,504	113,236	36,268
Senior citizens	303,173	303,173	295,956	7,217
Athletics	<u>1,381,168</u>	<u>1,381,168</u>	<u>1,322,551</u>	<u>58,617</u>
Total Parks, Recreation & Community Services	<u>2,971,350</u>	<u>3,037,664</u>	<u>2,885,213</u>	<u>152,451</u>
Total Cultural and Recreation	<u>4,620,753</u>	<u>4,737,114</u>	<u>4,574,950</u>	<u>162,164</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, 2012**

	<b>2011 - 2012</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>Community Development</b>				
Administrative Services				
City-wide programs	<u>90,355</u>	<u>99,667</u>	<u>110,764</u>	<u>(11,097)</u>
Total Community Development	<u>90,355</u>	<u>99,667</u>	<u>110,764</u>	<u>(11,097)</u>
<b>Capital Outlay</b>				
Administrative Services				
City-wide programs	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Police				
Technical services	<u>-</u>	<u>26,573</u>	<u>13,169</u>	<u>13,404</u>
Public Works				
Total Capital Outlay	<u>4,000</u>	<u>30,573</u>	<u>17,169</u>	<u>13,404</u>
<b>Debt Service</b>				
Principal	168,073	168,073	223,857	(55,784)
Interest	<u>531</u>	<u>531</u>	<u>4,079</u>	<u>(3,548)</u>
Total Debt Service	<u>168,604</u>	<u>168,604</u>	<u>227,936</u>	<u>(59,332)</u>
Total Expenditures	<u>28,523,721</u>	<u>28,808,915</u>	<u>28,087,383</u>	<u>721,532</u>
Excess (deficiency) of revenues over expenditures	<u>1,790,491</u>	<u>1,537,947</u>	<u>3,687,572</u>	<u>2,149,625</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	2,425,107	2,513,776	1,704,063	(809,713)
Transfers out	<u>(4,247,141)</u>	<u>(3,126,217)</u>	<u>(3,096,945)</u>	<u>29,272</u>
Total Other Financing Sources (Uses)	<u>(1,822,034)</u>	<u>(612,441)</u>	<u>(1,392,882)</u>	<u>(780,441)</u>
Net change in fund balance	<u>\$ (31,543)</u>	<u>\$ 925,506</u>	<u>2,294,690</u>	<u>\$ 1,369,184</u>
Fund balance - July 1, 2011			<u>27,194,400</u>	
Fund balance - June 30, 2012			<u>\$ 29,489,090</u>	



**CITY OF NOVATO**  
HAMILTON TRUST FUND - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>2011 - 2012</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	70,323	703,223	377,273	(325,950)
Charges for services	700	700	1,320	620
Other revenues	<u>-</u>	<u>-</u>	<u>55,209</u>	<u>55,209</u>
Total Revenues	<u>71,023</u>	<u>703,923</u>	<u>433,802</u>	<u>(270,121)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Development</b>				
Program	<u>33,500</u>	<u>33,500</u>	<u>32,371</u>	<u>1,129</u>
Total Expenditures	<u>33,500</u>	<u>33,500</u>	<u>32,371</u>	<u>1,129</u>
Excess (deficiency) of revenues over expenditures	<u>37,523</u>	<u>670,423</u>	<u>401,431</u>	<u>(268,992)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(420,250)</u>	<u>(420,250)</u>	<u>(366,405)</u>	<u>53,845</u>
Total Other Financing Sources (Uses)	<u>(420,250)</u>	<u>(420,250)</u>	<u>(366,405)</u>	<u>53,845</u>
Net change in fund balance	<u>\$ (382,727)</u>	<u>\$ 250,173</u>	<u>35,026</u>	<u>\$ (215,147)</u>
Fund balance - July 1, 2011			<u>32,877,564</u>	
Fund balance - June 30, 2012			<u>\$ 32,912,590</u>	

**CITY OF NOVATO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY ACCOUNTING AND CONTROL  
FOR THE YEAR ENDED JUNE 30, 2012**

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 FUNDING PROGRESS FOR CALPERS DEFINED BENEFIT PENSION PLAN**

**Miscellaneous Plan**

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2008	\$ 58,961,281	\$ 58,382,611	\$ 578,670	99%	\$ 12,045,416	5 %
2009	\$ 65,281,238	\$ 61,265,374	\$ 4,015,864	94%	\$ 11,954,219	34 %
2010	\$ 68,782,055	\$ 64,105,983	\$ 4,676,072	93%	\$ 10,581,375	44 %

**Safety Plan**

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
2008	\$1,755,559,311	\$1,517,609,609	\$ 237,949,702	86%	\$ 210,590,567	113 %
2009	\$1,802,882,330	\$1,520,081,328	\$ 282,801,002	84%	\$ 221,600,192	128 %
2010	\$1,915,095,826	\$1,628,915,283	\$ 286,180,543	85%	\$ 224,562,008	127 %

**CITY OF NOVATO  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

<u>Actuarial Valuation Date</u>	<u>Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Liability (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
2008	\$ 1,168,000	\$ -	\$ 1,168,000	0%	\$ 17,020,000	7 %
2010	\$ 2,786,000	\$ -	\$ 2,786,000	0%	\$ 14,138,000	20 %

**COMBINING FINANCIAL SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION**

**CITY OF NOVATO**  
**CAPITAL IMPROVEMENT PROJECTS - MAJOR CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b><u>REVENUES</u></b>				
Charges for services	\$ -	\$ -	\$ 13	\$ 13
Other revenues	<u>59,735</u>	<u>99,176</u>	<u>45,181</u>	<u>(53,995)</u>
Total Revenues	<u>59,735</u>	<u>99,176</u>	<u>45,194</u>	<u>(53,982)</u>
 <b><u>EXPENDITURES</u></b>				
Current:				
Capital outlay	<u>15,327,942</u>	<u>15,765,250</u>	<u>8,003,338</u>	<u>7,761,912</u>
Total Expenditures	<u>15,327,942</u>	<u>15,765,250</u>	<u>8,003,338</u>	<u>7,761,912</u>
Excess (deficiency) of revenues over expenditures	<u>(15,268,207)</u>	<u>(15,666,074)</u>	<u>(7,958,144)</u>	<u>7,707,930</u>
 <b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	15,268,207	15,597,150	8,139,252	(7,457,898)
Transfers out	<u>-</u>	<u>(13,331)</u>	<u>(61,187)</u>	<u>(47,856)</u>
Total Other Financing Sources (Uses)	<u>15,268,207</u>	<u>15,583,819</u>	<u>8,078,065</u>	<u>(7,505,754)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (82,255)</u>	<u>119,921</u>	<u>\$ 202,176</u>
Fund balance (deficit) - July 1, 2011			<u>(490,214)</u>	
Fund balance (deficit) - June 30, 2012			<u>\$ (370,293)</u>	

**CITY OF NOVATO**  
DEVELOPMENT IMPACT FEE - MAJOR CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>2011 - 2012</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ 145,851	\$ 145,851	\$ 73,440	\$ (72,411)
Charges for services	<u>492,313</u>	<u>492,313</u>	<u>129,555</u>	<u>(362,758)</u>
Total Revenues	<u>638,164</u>	<u>638,164</u>	<u>202,995</u>	<u>(435,169)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>638,164</u>	<u>638,164</u>	<u>202,995</u>	<u>(435,169)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	-	-
Transfers out	<u>(3,166,891)</u>	<u>(3,064,027)</u>	<u>(342,821)</u>	<u>2,721,206</u>
Total Other Financing Sources (Uses)	<u>(3,166,891)</u>	<u>(3,064,027)</u>	<u>(342,821)</u>	<u>2,721,206</u>
Net change in fund balance	<u>\$ (2,528,727)</u>	<u>\$ (2,425,863)</u>	<u>(139,826)</u>	<u>\$ 2,286,037</u>
Fund balance - July 1, 2011			<u>12,318,272</u>	
Fund balance - June 30, 2012			<u>\$ 12,178,446</u>	

**CITY OF NOVATO**  
 NOVATO PUBLIC FINANCING AUTHORITY - MAJOR CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>160,076</u>	\$ <u>164,076</u>	\$ <u>198,486</u>	\$ <u>34,410</u>
Total Revenues	<u>160,076</u>	<u>164,076</u>	<u>198,486</u>	<u>34,410</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Citywide programs	<u>124,150</u>	<u>124,150</u>	<u>124,266</u>	<u>(116)</u>
Total Expenditures	<u>124,150</u>	<u>124,150</u>	<u>124,266</u>	<u>(116)</u>
Excess (deficiency) of revenues over expenditures	<u>35,926</u>	<u>39,926</u>	<u>74,220</u>	<u>34,294</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(34,009)</u>	<u>(44,069)</u>	<u>(42,848)</u>	<u>1,221</u>
Total Other Financing Sources (Uses)	<u>(34,009)</u>	<u>(44,069)</u>	<u>(42,848)</u>	<u>1,221</u>
Net change in fund balance	\$ <u>1,917</u>	\$ <u>(4,143)</u>	<u>31,372</u>	\$ <u>35,515</u>
Fund balance (deficit) - July 1, 2011			<u>(569,498)</u>	
Fund balance (deficit) - June 30, 2012			<u>\$ (538,126)</u>	



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## NON-MAJOR GOVERNMENTAL FUNDS

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

### **SPECIAL REVENUE FUNDS**

Housing Opportunity Fund - accounts for the revenues from developer agreements required to implement local housing programs established by the housing element of the Novato General Plan.

Affordable Housing Trust Fund - accounts for resources used to assist qualifying families in the purchase of below market rate housing.

RDA Housing Fund - accounts for the restricted housing set-aside tax increment revenue specific to improving and increasing the supply of low and moderate income housing in the community.

Clean Stormwater Fund - accounts for the revenues and expenditures for the City's clean stormwater program. The program plans to prevent pollutant discharge from entering streets and storm drains before flowing into creeks and wetlands.

Underground Utilities Fund - accounts for resources to be utilized for underground City overhead utilities.

Parking Improvement Fund - accounts for assessments collected from businesses in the Old Town parking improvement area to be used for services and programs related to parking facilities in the area.

Subdivision Park Fund - accounts for in-lieu fees from residential subdivision developers to be used for parks and recreation areas for residents of the subdivision.

Art in Public Places Fund - accounts for fees paid by developers to be used for public art projects.

General Plan Surcharge Fund - accounts for the revenues and expenditures for the advance planning and update of the City's General Plan. The expenditures are funded by the collection of surcharges on all construction permits.

Automation Surcharge Fund - accounts for the revenues and expenditures for the City's database and maintenance of software used to issue permits. The expenditures are funded by the collection of surcharges charged on all construction permits.

Hamilton Community Facilities - accounts for assessments for landscape maintenance and pump and levy maintenance for the Hamilton Community Facilities District.

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

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

Chapter 27 Assessment Fund - accounts for assessment district activities to complete missing frontage improvements, often in cooperation with property owners.

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 Landscape/Lighting Fund - accounts for the collection and expenditures of special assessments of the Downtown and San Pablo Landscape and Lighting District.

Eucalyptus Assessment District - accounts for the collection and expenditures of special assessments in the assessment district for Eucalyptus Avenue improvements.

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

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## NON-MAJOR GOVERNMENTAL FUNDS

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### **SPECIAL REVENUE FUNDS (continued)**

Traffic Congestion Relief Fund - accounts for the City's share of street and road funds allocated to the cities and counties by Assembly Bill 2928 (Chapter 91, Statutes of 2000), as amended by Senate Bill 1662 (Chapter 656, Statutes of 2000).

Justice Assistance Grants - accounts for revenues and expenditures associated with the 2005 grant.

Special Police Projects - accounts for resources restricted to law enforcement activities such as crime prevention and DARE programs.

COPS Grant - account for the revenues and expenditures associated with the grant.

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

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

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

### **CAPITAL PROJECT FUNDS**

Measure B Street Bond Fund 2007 - accounts for bond proceeds and the use of street and storm drain general obligation, Measure B bond proceeds approved by the voters in November 2004.

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

Proposition 1B Streets & Roads Fund - accounts for proceeds received from state Proposition 1B for local streets and roads. The funds are required to be expended within three fiscal years following the year of receipt. Any unexpended funds will be returned to the state.

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.

Redevelopment General Fund - accounts for the preparation and implementation of plans for improvement, rehabilitation, and development of certain areas within the City.

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

### **DEBT SERVICE FUNDS**

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

Pension Obligations Bond Fund - accounts for accumulation of resources and payment of pension obligation bonds.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2012**

<b>Special Revenue Funds</b>					
	Housing Opportunity	Affordable Housing Trust	RDA Housing	Clean Stormwater	Underground Utilities
<b>ASSETS</b>					
Cash and investments	\$ 554,710	\$ 427,438	\$ -	\$ 181	\$ 968,599
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	-	-	6,212	-
Loans receivable	1,615,631	195,000	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,170,341</b>	<b>\$ 622,438</b>	<b>\$ -</b>	<b>\$ 6,393</b>	<b>\$ 968,599</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	115,631	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>115,631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	2,054,710	622,438	-	6,393	968,599
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>2,054,710</b>	<b>622,438</b>	<b>-</b>	<b>6,393</b>	<b>968,599</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 2,170,341</b>	<b>\$ 622,438</b>	<b>\$ -</b>	<b>\$ 6,393</b>	<b>\$ 968,599</b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2012**

<b>Special Revenue Funds</b>					
	Parking Improvement	Subdivision Park	Art in Public Places	General Plan Surcharge	Automation Surcharge
<b>ASSETS</b>					
Cash and investments	\$ 81,986	\$ 1,242,793	\$ 88,356	\$ 277,270	\$ 337,712
Cash with fiscal agent	-	312,500	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Loans receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 81,986</b>	<b>\$ 1,555,293</b>	<b>\$ 88,356</b>	<b>\$ 277,270</b>	<b>\$ 337,712</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 65	\$ -	\$ -	\$ 1,371	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>1,371</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	81,921	1,555,293	88,356	275,899	-
Assigned	-	-	-	-	337,712
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>81,921</b>	<b>1,555,293</b>	<b>88,356</b>	<b>275,899</b>	<b>337,712</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 81,986</b>	<b>\$ 1,555,293</b>	<b>\$ 88,356</b>	<b>\$ 277,270</b>	<b>\$ 337,712</b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2012**

<b>Special Revenue Funds</b>					
	<u>Hamilton Community Facilities</u>	<u>Hamilton Arts Center</u>	<u>Pointe Marin CFD</u>	<u>Chapter 27 Assessment</u>	<u>Assessment District - San Marin</u>
<b>ASSETS</b>					
Cash and investments	\$ 38,629	\$ 717,621	\$ 569,618	\$ 230,394	\$ 36,889
Cash with fiscal agent	-	40,522	-	-	-
Accounts receivable	-	214,000	-	5,580	-
Interest receivable	-	-	-	544	-
Taxes receivable	-	-	-	8	877
Loans receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 38,629</u></b>	<b><u>\$ 972,143</u></b>	<b><u>\$ 569,618</u></b>	<b><u>\$ 236,526</u></b>	<b><u>\$ 37,766</u></b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 16,593	\$ -	\$ 6,099	\$ -	\$ 3,814
Accrued liabilities	-	-	-	4,718	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	1,406	-
Advances from other funds	404,399	-	-	-	-
<b>Total Liabilities</b>	<b><u>420,992</u></b>	<b><u>-</u></b>	<b><u>6,099</u></b>	<b><u>6,124</u></b>	<b><u>3,814</u></b>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	-	972,143	563,519	230,402	33,952
Assigned	-	-	-	-	-
Unassigned	(382,363)	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b><u>(382,363)</u></b>	<b><u>972,143</u></b>	<b><u>563,519</u></b>	<b><u>230,402</u></b>	<b><u>33,952</u></b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b><u>\$ 38,629</u></b>	<b><u>\$ 972,143</u></b>	<b><u>\$ 569,618</u></b>	<b><u>\$ 236,526</u></b>	<b><u>\$ 37,766</u></b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2012**

<b>Special Revenue Funds</b>					
	Assessment District - Country Club	Assessment District - Wildwood Glen	Assessment District - Hillsdale	Downtown Lighting & Landscaping	San Pablo Lighting & Landscaping
<b>ASSETS</b>					
Cash and investments	\$ 68,085	\$ 2,770	\$ 55,141	\$ 90,344	\$ 60,352
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	142	189	95	214
Loans receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 68,085</b>	<b>\$ 2,912</b>	<b>\$ 55,330</b>	<b>\$ 90,439</b>	<b>\$ 60,566</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ 1,169	\$ 789	\$ -	\$ 348
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>1,169</b>	<b>789</b>	<b>-</b>	<b>348</b>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	68,085	1,743	54,541	90,439	60,218
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>68,085</b>	<b>1,743</b>	<b>54,541</b>	<b>90,439</b>	<b>60,218</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 68,085</b>	<b>\$ 2,912</b>	<b>\$ 55,330</b>	<b>\$ 90,439</b>	<b>\$ 60,566</b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2012**

	<b>Special Revenue Funds</b>				
	Eucalyptus Assessment District	Scottsdale Assessment District	State Gas Tax	Traffic Congestion Relief	Justice Assistance Grants
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 9,841	\$ 895,961	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	-	-	-	9,392
Interest receivable	-	-	-	-	-
Taxes receivable	249	-	-	-	-
Loans receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 249</b>	<b>\$ 9,841</b>	<b>\$ 895,961</b>	<b>\$ -</b>	<b>\$ 9,392</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 137
Accrued liabilities	-	-	-	-	-
Due to other funds	188	-	-	-	12,033
Deferred revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,170</b>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	61	9,841	895,961	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(2,778)
<b>Total Fund Balances (Deficits)</b>	<b>61</b>	<b>9,841</b>	<b>895,961</b>	<b>-</b>	<b>(2,778)</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 249</b>	<b>\$ 9,841</b>	<b>\$ 895,961</b>	<b>\$ -</b>	<b>\$ 9,392</b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2012**

<b>Special Revenue Funds</b>					
	Special Projects Police	COPS Grant	State Grant Fund	Federal Grant Fund	Private Grant Fund
<b>ASSETS</b>					
Cash and investments	\$ 104,803	\$ 301,835	\$ -	\$ -	\$ 46,410
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	48,530	-	202,109	207,739	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Loans receivable	-	-	-	-	-
Prepaid expenses	301	-	-	-	-
<b>Total Assets</b>	<b>\$ 153,634</b>	<b>\$ 301,835</b>	<b>\$ 202,109</b>	<b>\$ 207,739</b>	<b>\$ 46,410</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 14,083	\$ 19,690	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	203,323	206,058	-
Deferred revenue	13,720	-	-	-	25,906
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>27,803</b>	<b>19,690</b>	<b>203,323</b>	<b>206,058</b>	<b>25,906</b>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	301	-	-	-	-
Restricted	125,530	282,145	-	1,681	20,504
Assigned	-	-	-	-	-
Unassigned	-	-	(1,214)	-	-
<b>Total Fund Balances (Deficits)</b>	<b>125,831</b>	<b>282,145</b>	<b>(1,214)</b>	<b>1,681</b>	<b>20,504</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 153,634</b>	<b>\$ 301,835</b>	<b>\$ 202,109</b>	<b>\$ 207,739</b>	<b>\$ 46,410</b>

See accompanying notes to the basic financial statements.



**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2012**

	<b>Capital Project Funds</b>				
	Measure B Street Bonds 2007	Measure A Street Bonds	Proposition 1B Streets & Roads	Clean Stormwater CIP	Street and Storm Drain Maintenance
<b>ASSETS</b>					
Cash and investments	\$ 1,200,384	\$ 643,534	\$ 535,528	\$ 261,199	\$ 318,610
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	219,950	-	-	-
Interest receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Loans receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,200,384</b>	<b>\$ 863,484</b>	<b>\$ 535,528</b>	<b>\$ 261,199</b>	<b>\$ 318,610</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	-
Restricted	1,200,384	863,484	535,528	261,199	318,610
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>1,200,384</b>	<b>863,484</b>	<b>535,528</b>	<b>261,199</b>	<b>318,610</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 1,200,384</b>	<b>\$ 863,484</b>	<b>\$ 535,528</b>	<b>\$ 261,199</b>	<b>\$ 318,610</b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2012**

	Capital Project Funds		Debt Service Funds		Total Non-major Governmental Funds
	RDA	Community Center Maintenance	General Obligation Bonds	Pension Obligations Bond Fund	
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 1,013,102	\$ 2,573,317	\$ -	\$ 13,753,412
Cash with fiscal agent	-	-	-	-	353,022
Accounts receivable	-	-	-	-	907,300
Interest receivable	-	-	709	-	1,253
Taxes receivable	-	-	-	-	7,986
Loans receivable	-	-	-	-	1,810,631
Prepaid expenses	-	-	-	-	301
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 1,013,102</b>	<b>\$ 2,574,026</b>	<b>\$ -</b>	<b>\$ 16,833,905</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 64,158
Accrued liabilities	-	-	-	-	4,718
Due to other funds	-	-	-	-	421,602
Deferred revenue	-	-	-	-	156,663
Advances from other funds	-	-	-	-	404,399
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,051,540</b>
<b>FUND BALANCES (DEFICITS):</b>					
Nonspendable	-	-	-	-	301
Restricted	-	1,013,102	2,574,026	-	15,830,707
Assigned	-	-	-	-	337,712
Unassigned	-	-	-	-	(386,355)
<b>Total Fund Balances (Deficits)</b>	<b>-</b>	<b>1,013,102</b>	<b>2,574,026</b>	<b>-</b>	<b>15,782,365</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ -</b>	<b>\$ 1,013,102</b>	<b>\$ 2,574,026</b>	<b>\$ -</b>	<b>\$ 16,833,905</b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<b>Special Revenue Funds</b>					
	<u>Housing Opportunity</u>	<u>Affordable Housing Trust</u>	<u>RDA Housing</u>	<u>Clean Stormwater</u>	<u>Underground Utilities</u>
<b><u>REVENUES</u></b>					
Taxes	\$ -	\$ -	\$ 805,923	\$ 357,470	\$ -
Intergovernmental	1,000	-	-	-	-
Use of money and property	3,305	3,230	-	-	5,824
Charges for services	-	-	9,029	-	22,500
Other revenue	-	-	-	-	-
Total Revenues	<u>4,305</u>	<u>3,230</u>	<u>814,952</u>	<u>357,470</u>	<u>28,324</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	-	-	992	278	-
Public safety	-	-	-	-	-
Public works	-	-	-	163,079	-
Culture and recreation	-	-	-	-	-
Community development	-	-	179,742	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	210,000	-	-
Interest and fiscal charges	-	-	190,955	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>581,689</u>	<u>163,357</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,305</u>	<u>3,230</u>	<u>233,263</u>	<u>194,113</u>	<u>28,324</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(82,139)	(195,000)	(33,607)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(82,139)</u>	<u>(195,000)</u>	<u>(33,607)</u>
<b><u>EXTRAORDINARY ITEM</u></b>					
Redevelopment dissolution	<u>-</u>	<u>-</u>	<u>20,753,698</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,305	3,230	20,904,822	(887)	(5,283)
Fund balances (deficits) - July 1, 2011	<u>2,050,405</u>	<u>619,208</u>	<u>(20,904,822)</u>	<u>7,280</u>	<u>973,882</u>
Fund balances (deficits) - June 30, 2012	<u>\$ 2,054,710</u>	<u>\$ 622,438</u>	<u>\$ -</u>	<u>\$ 6,393</u>	<u>\$ 968,599</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<b>Special Revenue Funds</b>					
	<u>Parking Improvement</u>	<u>Subdivision Park</u>	<u>Art in Public Places</u>	<u>General Plan Surcharge</u>	<u>Automation Surcharge</u>
<b><u>REVENUES</u></b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Use of money and property	534	14,499	443	2,039	1,998
Charges for services	-	43,152	-	55,891	61,001
Other revenue	-	77,972	18,488	-	-
Total Revenues	<u>534</u>	<u>135,623</u>	<u>18,931</u>	<u>57,930</u>	<u>62,999</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	-	-	-	-	-
Public safety	450	-	-	-	-
Public works	-	-	-	138,366	73,294
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>450</u>	<u>-</u>	<u>-</u>	<u>138,366</u>	<u>73,294</u>
Excess (Deficiency) of Revenues over Expenditures	<u>84</u>	<u>135,623</u>	<u>18,931</u>	<u>(80,436)</u>	<u>(10,295)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	-	-	-	-
Transfers out	(11,730)	(1,343,860)	-	(4,750)	(1,327)
Total Other Financing Sources (Uses)	<u>(11,730)</u>	<u>(1,343,860)</u>	<u>-</u>	<u>(4,750)</u>	<u>(1,327)</u>
<b><u>EXTRAORDINARY ITEM</u></b>					
Redevelopment dissolution	-	-	-	-	-
Net change in fund balances	(11,646)	(1,208,237)	18,931	(85,186)	(11,622)
Fund balances (deficits) - July 1, 2011	<u>93,567</u>	<u>2,763,530</u>	<u>69,425</u>	<u>361,085</u>	<u>349,334</u>
Fund balances (deficits) - June 30, 2012	<u>\$ 81,921</u>	<u>\$ 1,555,293</u>	<u>\$ 88,356</u>	<u>\$ 275,899</u>	<u>\$ 337,712</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Special Revenue Funds</b>				
	Hamilton Community Facilities	Hamilton Arts Center	Pointe Marin CFD	Chapter 27 Assessment	Assessment District - San Marin
<b>REVENUES</b>					
Taxes	\$ 510,234	\$ -	\$ 173,884	\$ -	\$ 46,933
Intergovernmental	-	-	-	-	-
Use of money and property	-	294,528	3,208	1,397	197
Charges for services	-	-	-	3,837	-
Other revenue	75,000	-	-	69	-
Total Revenues	<u>585,234</u>	<u>294,528</u>	<u>177,092</u>	<u>5,303</u>	<u>47,130</u>
<b>EXPENDITURES</b>					
Current:					
General government	292	206,080	-	-	500
Public safety	-	-	-	-	-
Public works	479,250	-	158,091	-	45,963
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>479,542</u>	<u>206,080</u>	<u>158,091</u>	<u>-</u>	<u>46,463</u>
Excess (Deficiency) of Revenues over Expenditures	<u>105,692</u>	<u>88,448</u>	<u>19,001</u>	<u>5,303</u>	<u>667</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(24,307)	-	(5,748)	(12,436)	-
Total Other Financing Sources (Uses)	<u>(24,307)</u>	<u>-</u>	<u>(5,748)</u>	<u>(12,436)</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>					
Redevelopment dissolution	-	-	-	-	-
Net change in fund balances	81,385	88,448	13,253	(7,133)	667
Fund balances (deficits) - July 1, 2011	<u>(463,748)</u>	<u>883,695</u>	<u>550,266</u>	<u>237,535</u>	<u>33,285</u>
Fund balances (deficits) - June 30, 2012	<u>\$ (382,363)</u>	<u>\$ 972,143</u>	<u>\$ 563,519</u>	<u>\$ 230,402</u>	<u>\$ 33,952</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Special Revenue Funds</b>				
	Assessment District - Country Club	Assessment District - Wildwood Glen	Assessment District - Hillsdale	Downtown Lighting & Landscaping	San Pablo Lighting & Landscaping
<b>REVENUES</b>					
Taxes	\$ -	\$ 8,017	\$ 10,676	\$ 5,360	\$ 12,198
Intergovernmental	-	-	-	-	-
Use of money and property	437	7	271	520	309
Charges for services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Revenues	<u>437</u>	<u>8,024</u>	<u>10,947</u>	<u>5,880</u>	<u>12,507</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	500	500	-	500
Public safety	-	-	-	-	-
Public works	-	6,293	5,749	1,361	348
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>6,793</u>	<u>6,249</u>	<u>1,361</u>	<u>848</u>
Excess (Deficiency) of Revenues over Expenditures	<u>437</u>	<u>1,231</u>	<u>4,698</u>	<u>4,519</u>	<u>11,659</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>					
Redevelopment dissolution	-	-	-	-	-
Net change in fund balances	437	1,231	4,698	4,519	11,659
Fund balances (deficits) - July 1, 2011	<u>67,648</u>	<u>512</u>	<u>49,843</u>	<u>85,920</u>	<u>48,559</u>
Fund balances (deficits) - June 30, 2012	<u>\$ 68,085</u>	<u>\$ 1,743</u>	<u>\$ 54,541</u>	<u>\$ 90,439</u>	<u>\$ 60,218</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Special Revenue Funds</b>				
	Eucalyptus Assessment District	Scottsdale Assessment District	State Gas Tax	Traffic Congestion Relief	Justice Assistance Grants
<b>REVENUES</b>					
Taxes	\$ 14,254	\$ -	\$ 1,524,247	\$ -	\$ -
Intergovernmental	-	-	-	-	30,497
Use of money and property	-	66	5,066	-	-
Charges for services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Revenues	<u>14,254</u>	<u>66</u>	<u>1,529,313</u>	<u>-</u>	<u>30,497</u>
<b>EXPENDITURES</b>					
Current:					
General government	11,472	-	-	-	-
Public safety	-	-	-	-	11,805
Public works	-	-	-	-	-
Culture and recreation	-	5,382	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	2,740	-	-	-	-
Total Expenditures	<u>14,212</u>	<u>5,382</u>	<u>-</u>	<u>-</u>	<u>11,805</u>
Excess (Deficiency) of Revenues over Expenditures	<u>42</u>	<u>(5,316)</u>	<u>1,529,313</u>	<u>-</u>	<u>18,692</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(1,303,130)	(147,938)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,303,130)</u>	<u>(147,938)</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>					
Redevelopment dissolution	-	-	-	-	-
Net change in fund balances	42	(5,316)	226,183	(147,938)	18,692
Fund balances (deficits) - July 1, 2011	<u>19</u>	<u>15,157</u>	<u>669,778</u>	<u>147,938</u>	<u>(21,470)</u>
Fund balances (deficits) - June 30, 2012	<u>\$ 61</u>	<u>\$ 9,841</u>	<u>\$ 895,961</u>	<u>\$ -</u>	<u>\$ (2,778)</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Special Revenue Funds</b>				
	Special Projects Police	COPS Grant	State Grant Fund	Federal Grant Fund	Private Grant Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	179,842	100,000	1,000,000	1,890,184	-
Use of money and property	544	-	-	-	283
Charges for services	-	-	-	-	-
Other revenue	20,991	-	-	-	-
Total Revenues	<u>201,377</u>	<u>100,000</u>	<u>1,000,000</u>	<u>1,890,184</u>	<u>283</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	195,214	14,772	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	24,690	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>195,214</u>	<u>39,462</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,163</u>	<u>60,538</u>	<u>1,000,000</u>	<u>1,890,184</u>	<u>283</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	9,000	-	-	-	-
Transfers out	(2,417)	(5,566)	(1,000,000)	(1,851,012)	-
Total Other Financing Sources (Uses)	<u>6,583</u>	<u>(5,566)</u>	<u>(1,000,000)</u>	<u>(1,851,012)</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>					
Redevelopment dissolution	-	-	-	-	-
Net change in fund balances	12,746	54,972	-	39,172	283
Fund balances (deficits) - July 1, 2011	<u>113,085</u>	<u>227,173</u>	<u>(1,214)</u>	<u>(37,491)</u>	<u>20,221</u>
Fund balances (deficits) - June 30, 2012	<u>\$ 125,831</u>	<u>\$ 282,145</u>	<u>\$ (1,214)</u>	<u>\$ 1,681</u>	<u>\$ 20,504</u>

See accompanying notes to the basic financial statements.



**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Capital Project Funds</b>				
	Measure B Street Bonds 2007	Measure A Street Bonds	Proposition 1B Streets & Roads	Clean Stormwater CIP	Street and Storm Drain Maintenance
<b><u>REVENUES</u></b>					
Taxes	\$ -	\$ 492,405	\$ -	\$ -	\$ -
Intergovernmental	-	219,950	-	-	-
Use of money and property	10,796	2,967	4,653	1,295	1,929
Charges for services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Revenues	<u>10,796</u>	<u>715,322</u>	<u>4,653</u>	<u>1,295</u>	<u>1,929</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,796</u>	<u>715,322</u>	<u>4,653</u>	<u>1,295</u>	<u>1,929</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	69	-	-	45,000	-
Transfers out	(851,896)	(246,697)	(252,362)	(2,725)	(7,204)
Total Other Financing Sources (Uses)	<u>(851,827)</u>	<u>(246,697)</u>	<u>(252,362)</u>	<u>42,275</u>	<u>(7,204)</u>
<b><u>EXTRAORDINARY ITEM</u></b>					
Redevelopment dissolution	-	-	-	-	-
Net change in fund balances	(841,031)	468,625	(247,709)	43,570	(5,275)
Fund balances (deficits) - July 1, 2011	<u>2,041,415</u>	<u>394,859</u>	<u>783,237</u>	<u>217,629</u>	<u>323,885</u>
Fund balances (deficits) - June 30, 2012	<u>\$ 1,200,384</u>	<u>\$ 863,484</u>	<u>\$ 535,528</u>	<u>\$ 261,199</u>	<u>\$ 318,610</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Capital Project Funds</b>		<b>Debt Service Funds</b>		<b>Total Non-major Governmental Funds</b>
	<b>RDA</b>	<b>Community Center Maintenance</b>	<b>General Obligation</b>	<b>Pension Obligations Bond Fund</b>	
<b><u>REVENUES</u></b>					
Taxes	\$ 2,399,940	\$ -	\$ 2,567,041	\$ -	\$ 8,928,582
Intergovernmental	-	-	-	-	3,421,473
Use of money and property	-	5,951	9,688	-	375,984
Charges for services	-	-	-	-	195,410
Other revenue	-	-	-	-	192,520
Total Revenues	<u>2,399,940</u>	<u>5,951</u>	<u>2,576,729</u>	<u>-</u>	<u>13,113,969</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	5,437	-	64,639	2,501	293,691
Public safety	-	-	-	-	222,241
Public works	-	-	-	-	1,071,794
Culture and recreation	-	299	-	-	5,681
Community development	325,160	-	-	-	504,902
Capital outlay	-	-	-	-	24,690
Debt service:					
Principal	867,949	-	1,825,000	160,000	3,062,949
Interest and fiscal charges	1,076,465	-	917,171	908,520	3,095,851
Total Expenditures	<u>2,275,011</u>	<u>299</u>	<u>2,806,810</u>	<u>1,071,021</u>	<u>8,281,799</u>
Excess (Deficiency) of Revenues over Expenditures	<u>124,929</u>	<u>5,652</u>	<u>(230,081)</u>	<u>(1,071,021)</u>	<u>4,832,170</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	59,398	-	1,071,021	1,184,488
Transfers out	(167,897)	(11,940)	-	-	(7,565,688)
Total Other Financing Sources (Uses)	<u>(167,897)</u>	<u>47,458</u>	<u>-</u>	<u>1,071,021</u>	<u>(6,381,200)</u>
<b><u>EXTRAORDINARY ITEM</u></b>					
Redevelopment dissolution	<u>(24,693,666)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,939,968)</u>
Net change in fund balances	(24,736,634)	53,110	(230,081)	-	(5,488,998)
Fund balances (deficits) - July 1, 2011	<u>24,736,634</u>	<u>959,992</u>	<u>2,804,107</u>	<u>-</u>	<u>21,271,363</u>
Fund balances (deficits) - June 30, 2012	<u>\$ -</u>	<u>\$ 1,013,102</u>	<u>\$ 2,574,026</u>	<u>\$ -</u>	<u>\$ 15,782,365</u>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**HOUSING OPPORTUNITY - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ -	\$ 1,000	\$ 1,000
Use of money and property	<u>7,482</u>	<u>7,482</u>	<u>3,305</u>	<u>(4,177)</u>
Total Revenues	<u>7,482</u>	<u>7,482</u>	<u>4,305</u>	<u>(3,177)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 7,482</u>	<u>\$ 7,482</u>	<u>4,305</u>	<u>\$ (3,177)</u>
Fund balance - July 1, 2011			<u>2,050,405</u>	
Fund balance - June 30, 2012			<u>\$ 2,054,710</u>	

**CITY OF NOVATO**  
**AFFORDABLE HOUSING TRUST - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>2011 - 2012</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>7,372</u>	\$ <u>7,372</u>	\$ <u>3,230</u>	\$ <u>(4,142)</u>
Total Revenues	<u>7,372</u>	<u>7,372</u>	<u>3,230</u>	<u>(4,142)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>7,372</u>	\$ <u>7,372</u>	<u>3,230</u>	\$ <u>(4,142)</u>
Fund balance - July 1, 2011			<u>619,208</u>	
Fund balance - June 30, 2012			\$ <u>622,438</u>	

**CITY OF NOVATO**  
**REDEVELOPMENT HOUSING - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 1,407,290	\$ 1,407,290	\$ 805,923	\$ (601,367)
Charges for services	<u>32,000</u>	<u>32,000</u>	<u>9,029</u>	<u>(22,971)</u>
Total Revenues	<u>1,439,290</u>	<u>1,439,290</u>	<u>814,952</u>	<u>(624,338)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
General administration	<u>1,500</u>	<u>1,500</u>	<u>992</u>	<u>508</u>
<b>Community Development</b>				
Housing	<u>855,337</u>	<u>855,337</u>	<u>179,742</u>	<u>675,595</u>
Debt service:				
Principal	210,000	210,000	210,000	-
Interest and fiscal charges	<u>378,498</u>	<u>378,498</u>	<u>190,955</u>	<u>187,543</u>
Total Expenditures	<u>1,443,835</u>	<u>1,445,335</u>	<u>581,689</u>	<u>863,646</u>
Excess (deficiency) of revenues over expenditures	<u>(4,545)</u>	<u>(6,045)</u>	<u>233,263</u>	<u>239,308</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(135,205)</u>	<u>(135,205)</u>	<u>(82,139)</u>	<u>53,066</u>
Total Other Financing Sources (Uses)	<u>(135,205)</u>	<u>(135,205)</u>	<u>(82,139)</u>	<u>53,066</u>
<b><u>EXTRAORDINARY ITEM</u></b>				
Redevelopment dissolution	<u>-</u>	<u>-</u>	<u>20,753,698</u>	<u>20,753,698</u>
Net change in fund balance	<u>\$ (139,750)</u>	<u>\$ (141,250)</u>	<u>20,904,822</u>	<u>\$ 21,046,072</u>
Fund balance (deficit) - July 1, 2011			<u>(20,904,822)</u>	
Fund balance (deficit) - June 30, 2012			<u>\$ -</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 359,300	\$ 359,300	\$ 357,470	\$ (1,830)
Use of money and property	<u>247</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>359,547</u>	<u>359,300</u>	<u>357,470</u>	<u>(1,830)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
General administration	<u>-</u>	<u>247</u>	<u>278</u>	<u>(31)</u>
<b>Public Works</b>				
Assessment districts	15,800	15,800	15,666	134
Affordable housing	<u>156,705</u>	<u>156,705</u>	<u>147,413</u>	<u>9,292</u>
Total Public Works	<u>172,505</u>	<u>172,505</u>	<u>163,079</u>	<u>9,426</u>
Total Expenditures	<u>172,505</u>	<u>172,752</u>	<u>163,357</u>	<u>9,395</u>
Excess (deficiency) of revenues over expenditures	<u>187,042</u>	<u>186,548</u>	<u>194,113</u>	<u>7,565</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(194,520)</u>	<u>(194,520)</u>	<u>(195,000)</u>	<u>(480)</u>
Total Other Financing Sources (Uses)	<u>(194,520)</u>	<u>(194,520)</u>	<u>(195,000)</u>	<u>(480)</u>
Net change in fund balance	<u>\$ (7,478)</u>	<u>\$ (7,972)</u>	<u>(887)</u>	<u>\$ 7,085</u>
Fund balance - July 1, 2011			<u>7,280</u>	
Fund balance - June 30, 2012			<u>\$ 6,393</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 13,415	\$ 13,415	\$ 5,824	\$ (7,591)
Charges for services	<u>-</u>	<u>-</u>	<u>22,500</u>	<u>22,500</u>
Total Revenues	<u>13,415</u>	<u>13,415</u>	<u>28,324</u>	<u>14,909</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>13,415</u>	<u>13,415</u>	<u>28,324</u>	<u>14,909</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(56,275)</u>	<u>(66,275)</u>	<u>(33,607)</u>	<u>32,668</u>
Total Other Financing Sources (Uses)	<u>(56,275)</u>	<u>(66,275)</u>	<u>(33,607)</u>	<u>32,668</u>
Net change in fund balance	<u>\$ (42,860)</u>	<u>\$ (52,860)</u>	<u>(5,283)</u>	<u>\$ 47,577</u>
Fund balance - July 1, 2011			<u>973,882</u>	
Fund balance - June 30, 2012			<u>\$ 968,599</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>1,660</u>	\$ <u>1,660</u>	\$ <u>534</u>	\$ <u>(1,126)</u>
Total Revenues	<u>1,660</u>	<u>1,660</u>	<u>534</u>	<u>(1,126)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Safety</b>				
Assessment districts	<u>400</u>	<u>400</u>	<u>450</u>	<u>(50)</u>
Total Expenditures	<u>400</u>	<u>400</u>	<u>450</u>	<u>(50)</u>
Excess (deficiency) of revenues over expenditures	<u>1,260</u>	<u>1,260</u>	<u>84</u>	<u>(1,176)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(29,000)</u>	<u>(14,215)</u>	<u>(11,730)</u>	<u>2,485</u>
Total Other Financing Sources (Uses)	<u>(29,000)</u>	<u>(14,215)</u>	<u>(11,730)</u>	<u>2,485</u>
Net change in fund balance	\$ <u>(27,740)</u>	\$ <u>(12,955)</u>	<u>(11,646)</u>	\$ <u>1,309</u>
Fund balance - July 1, 2011			<u>93,567</u>	
Fund balance - June 30, 2012			<u>\$ 81,921</u>	



**CITY OF NOVATO**  
**SUBDIVISION PARK - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>2011 - 2012</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ 26,750	\$ 26,750	\$ 14,499	\$ (12,251)
Charges for services	30,000	30,000	43,152	13,152
Other revenues	<u>-</u>	<u>-</u>	<u>77,972</u>	<u>77,972</u>
Total Revenues	<u>56,750</u>	<u>56,750</u>	<u>135,623</u>	<u>78,873</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>56,750</u>	<u>56,750</u>	<u>135,623</u>	<u>78,873</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(2,094,229)</u>	<u>(2,094,229)</u>	<u>(1,343,860)</u>	<u>750,369</u>
Total Other Financing Sources (Uses)	<u>(2,094,229)</u>	<u>(2,094,229)</u>	<u>(1,343,860)</u>	<u>750,369</u>
Net change in fund balance	<u>\$ (2,037,479)</u>	<u>\$ (2,037,479)</u>	<u>(1,208,237)</u>	<u>\$ 829,242</u>
Fund balance - July 1, 2011			<u>2,763,530</u>	
Fund balance - June 30, 2012			<u>\$ 1,555,293</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 869	\$ 869	\$ 443	\$ (426)
Other revenues	<u>-</u>	<u>-</u>	<u>18,488</u>	<u>18,488</u>
Total Revenues	<u>869</u>	<u>869</u>	<u>18,931</u>	<u>18,062</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>869</u>	<u>869</u>	<u>18,931</u>	<u>18,062</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(64,616)</u>	<u>(64,616)</u>	<u>-</u>	<u>64,616</u>
Total Other Financing Sources (Uses)	<u>(64,616)</u>	<u>(64,616)</u>	<u>-</u>	<u>64,616</u>
Net change in fund balance	<u>\$ (63,747)</u>	<u>\$ (63,747)</u>	<u>18,931</u>	<u>\$ 82,678</u>
Fund balance - July 1, 2011			<u>69,425</u>	
Fund balance - June 30, 2012			<u>\$ 88,356</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 6,410	\$ 6,410	\$ 2,039	\$ (4,371)
Charges for services	<u>56,000</u>	<u>56,000</u>	<u>55,891</u>	<u>(109)</u>
Total Revenues	<u>62,410</u>	<u>62,410</u>	<u>57,930</u>	<u>(4,480)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Works</b>				
Planning	<u>268,905</u>	<u>268,905</u>	<u>138,366</u>	<u>130,539</u>
Total Expenditures	<u>268,905</u>	<u>268,905</u>	<u>138,366</u>	<u>130,539</u>
Excess (deficiency) of revenues over expenditures	<u>(206,495)</u>	<u>(206,495)</u>	<u>(80,436)</u>	<u>126,059</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(4,326)</u>	<u>(4,326)</u>	<u>(4,750)</u>	<u>(424)</u>
Total Other Financing Sources (Uses)	<u>(4,326)</u>	<u>(4,326)</u>	<u>(4,750)</u>	<u>(424)</u>
Net change in fund balance	<u>\$ (210,821)</u>	<u>\$ (210,821)</u>	<u>(85,186)</u>	<u>\$ 125,635</u>
Fund balance - July 1, 2011			<u>361,085</u>	
Fund balance - June 30, 2012			<u>\$ 275,899</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 4,326	\$ 4,326	\$ 1,998	\$ (2,328)
Charges for services	<u>56,000</u>	<u>56,000</u>	<u>61,001</u>	<u>5,001</u>
Total Revenues	<u>60,326</u>	<u>60,326</u>	<u>62,999</u>	<u>2,673</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Works</b>				
Administration	<u>82,531</u>	<u>82,531</u>	<u>73,294</u>	<u>9,237</u>
Total Expenditures	<u>82,531</u>	<u>82,531</u>	<u>73,294</u>	<u>9,237</u>
Excess (deficiency) of revenues over expenditures	<u>(22,205)</u>	<u>(22,205)</u>	<u>(10,295)</u>	<u>11,910</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(1,346)</u>	<u>(1,346)</u>	<u>(1,327)</u>	<u>19</u>
Total Other Financing Sources (Uses)	<u>(1,346)</u>	<u>(1,346)</u>	<u>(1,327)</u>	<u>19</u>
Net change in fund balance	<u>\$ (23,551)</u>	<u>\$ (23,551)</u>	<u>(11,622)</u>	<u>\$ 11,929</u>
Fund balance - July 1, 2011			<u>349,334</u>	
Fund balance - June 30, 2012			<u>\$ 337,712</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, 2012

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 510,234	\$ 510,234	\$ 510,234	\$ -
Other revenues	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Total Revenues	<u>510,234</u>	<u>510,234</u>	<u>585,234</u>	<u>75,000</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Administration	<u>283</u>	<u>283</u>	<u>292</u>	<u>(9)</u>
<b>Public Works</b>				
Hamilton CFD Maintenance	<u>500,956</u>	<u>549,580</u>	<u>479,250</u>	<u>70,330</u>
Total Expenditures	<u>501,239</u>	<u>549,863</u>	<u>479,542</u>	<u>70,321</u>
Excess (deficiency) of revenues over expenditures	<u>8,995</u>	<u>(39,629)</u>	<u>105,692</u>	<u>145,321</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(9,278)</u>	<u>(9,278)</u>	<u>(24,307)</u>	<u>(15,029)</u>
Total Other Financing Sources (Uses)	<u>(9,278)</u>	<u>(9,278)</u>	<u>(24,307)</u>	<u>(15,029)</u>
Net change in fund balance	<u>\$ (283)</u>	<u>\$ (48,907)</u>	<u>81,385</u>	<u>\$ 130,292</u>
Fund balance (deficit) - July 1, 2011			<u>(463,748)</u>	
Fund balance (deficit) - June 30, 2012			<u>\$ (382,363)</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, 2012

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>604,000</u>	\$ <u>604,000</u>	\$ <u>294,528</u>	\$ <u>(309,472)</u>
Total Revenues	<u>604,000</u>	<u>604,000</u>	<u>294,528</u>	<u>(309,472)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Citywide programs	<u>450,000</u>	<u>450,000</u>	<u>206,080</u>	<u>243,920</u>
Total Expenditures	<u>450,000</u>	<u>450,000</u>	<u>206,080</u>	<u>243,920</u>
Net change in fund balance	<u>\$ 154,000</u>	<u>\$ 154,000</u>	<u>88,448</u>	<u>\$ (65,552)</u>
Fund balance - July 1, 2011			<u>883,695</u>	
Fund balance - June 30, 2012			<u>\$ 972,143</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 170,884	\$ 170,884	\$ 173,884	\$ 3,000
Use of money and property	<u>6,759</u>	<u>6,759</u>	<u>3,208</u>	<u>(3,551)</u>
Total Revenues	<u>177,643</u>	<u>177,643</u>	<u>177,092</u>	<u>(551)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Works</b>				
Hamilton CFD Maintenance	<u>191,900</u>	<u>191,902</u>	<u>158,091</u>	<u>33,811</u>
Total Expenditures	<u>191,900</u>	<u>191,902</u>	<u>158,091</u>	<u>33,811</u>
Excess (deficiency) of revenues over expenditures	<u>(14,257)</u>	<u>(14,259)</u>	<u>19,001</u>	<u>33,260</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(5,672)</u>	<u>(5,672)</u>	<u>(5,748)</u>	<u>(76)</u>
Total Other Financing Sources (Uses)	<u>(5,672)</u>	<u>(5,672)</u>	<u>(5,748)</u>	<u>(76)</u>
Net change in fund balance	\$ <u>(19,929)</u>	\$ <u>(19,931)</u>	<u>13,253</u>	\$ <u>33,184</u>
Fund balance - July 1, 2011			<u>550,266</u>	
Fund balance - June 30, 2012			\$ <u>563,519</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, 2012

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 2,215	\$ 2,215	\$ 1,397	\$ (818)
Charges for services	350	350	3,837	3,487
Other revenues	<u>-</u>	<u>-</u>	<u>69</u>	<u>69</u>
Total Revenues	<u>2,565</u>	<u>2,565</u>	<u>5,303</u>	<u>2,738</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,565</u>	<u>2,565</u>	<u>5,303</u>	<u>2,738</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(8,230)</u>	<u>(12,367)</u>	<u>(12,436)</u>	<u>(69)</u>
Total Other Financing Sources (Uses)	<u>(8,230)</u>	<u>(12,367)</u>	<u>(12,436)</u>	<u>(69)</u>
Net change in fund balance	<u>\$ (5,665)</u>	<u>\$ (9,802)</u>	<u>(7,133)</u>	<u>\$ 2,669</u>
Fund balance - July 1, 2011			<u>237,535</u>	
Fund balance - June 30, 2012			<u>\$ 230,402</u>	



**CITY OF NOVATO**  
**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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 50,827	\$ 50,827	\$ 46,933	\$ (3,894)
Use of money and property	<u>487</u>	<u>487</u>	<u>197</u>	<u>(290)</u>
Total Revenues	<u>51,314</u>	<u>51,314</u>	<u>47,130</u>	<u>(4,184)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment Districts	<u>3,670</u>	<u>3,670</u>	<u>500</u>	<u>3,170</u>
<b>Public Works</b>				
Assessment Districts	<u>46,690</u>	<u>46,690</u>	<u>45,963</u>	<u>727</u>
Total Expenditures	<u>50,360</u>	<u>50,360</u>	<u>46,463</u>	<u>3,897</u>
Net change in fund balance	<u>\$ 954</u>	<u>\$ 954</u>	<u>667</u>	<u>\$ (287)</u>
Fund balance - July 1, 2011			<u>33,285</u>	
Fund balance - June 30, 2012			<u>\$ 33,952</u>	

**CITY OF NOVATO**  
**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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>857</u>	\$ <u>857</u>	\$ <u>437</u>	\$ <u>(420)</u>
Total Revenues	<u>857</u>	<u>857</u>	<u>437</u>	<u>(420)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>857</u>	\$ <u>857</u>	<u>437</u>	\$ <u>(420)</u>
Fund balance - July 1, 2011			<u>67,648</u>	
Fund balance - June 30, 2012			<u>\$ 68,085</u>	

**CITY OF NOVATO**  
**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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 8,111	\$ 8,111	\$ 8,017	\$ -
Use of money and property	<u>65</u>	<u>65</u>	<u>7</u>	<u>(58)</u>
Total Revenues	<u>8,176</u>	<u>8,176</u>	<u>8,024</u>	<u>(58)</u>
 <b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment Districts	<u>594</u>	<u>594</u>	<u>500</u>	<u>94</u>
<b>Public Works</b>				
Assessment Districts	<u>8,434</u>	<u>8,434</u>	<u>6,293</u>	<u>2,141</u>
Total Expenditures	<u>9,028</u>	<u>9,028</u>	<u>6,793</u>	<u>2,235</u>
Net change in fund balance	\$ <u>(852)</u>	\$ <u>(852)</u>	<u>1,231</u>	\$ <u>2,083</u>
Fund balance - July 1, 2011			<u>512</u>	
Fund balance - June 30, 2012			\$ <u>1,743</u>	

**CITY OF NOVATO**  
**ASSESSMENT DISTRICT - HILLSDALE - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 10,812	\$ 10,812	\$ 10,676	\$ -
Use of money and property	<u>647</u>	<u>647</u>	<u>271</u>	<u>(376)</u>
Total Revenues	<u>11,459</u>	<u>11,459</u>	<u>10,947</u>	<u>(376)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment Districts	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
<b>Public Works</b>				
Assessment Districts	<u>10,066</u>	<u>10,066</u>	<u>5,749</u>	<u>4,317</u>
Total Expenditures	<u>10,566</u>	<u>10,566</u>	<u>6,249</u>	<u>4,317</u>
Net change in fund balance	<u>\$ 893</u>	<u>\$ 893</u>	<u>4,698</u>	<u>\$ 3,805</u>
Fund balance - July 1, 2011			<u>49,843</u>	
Fund balance - June 30, 2012			<u>\$ 54,541</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, 2012

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 5,288	\$ 5,288	\$ 5,360	\$ -
Use of money and property	<u>1,885</u>	<u>1,885</u>	<u>520</u>	<u>(1,365)</u>
Total Revenues	<u>7,173</u>	<u>7,173</u>	<u>5,880</u>	<u>(1,365)</u>
 <b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment Districts	<u>3,000</u>	<u>3,000</u>	-	<u>3,000</u>
 <b>Public Works</b>				
Assessment Districts	<u>2,000</u>	<u>2,000</u>	<u>1,361</u>	<u>639</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,361</u>	<u>3,639</u>
Net change in fund balance	\$ <u>2,173</u>	\$ <u>2,173</u>	<u>4,519</u>	\$ <u>2,346</u>
Fund balance - July 1, 2011			<u>85,920</u>	
Fund balance - June 30, 2012			\$ <u>90,439</u>	

**CITY OF NOVATO**  
**SAN PABLO LIGHTING & LANDSCAPING - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 12,236	\$ 12,236	\$ 12,198	\$ -
Use of money and property	<u>552</u>	<u>552</u>	<u>309</u>	<u>(243)</u>
Total Revenues	<u>12,788</u>	<u>12,788</u>	<u>12,507</u>	<u>(243)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment Districts	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
<b>Public Works</b>				
Assessment Districts	<u>11,827</u>	<u>11,827</u>	<u>348</u>	<u>11,479</u>
Total Expenditures	<u>12,327</u>	<u>12,327</u>	<u>848</u>	<u>11,479</u>
Net change in fund balance	\$ <u>461</u>	\$ <u>461</u>	<u>11,659</u>	\$ <u>11,198</u>
Fund balance - July 1, 2011			<u>48,559</u>	
Fund balance - June 30, 2012			\$ <u>60,218</u>	

**CITY OF NOVATO**  
**EUCALYPTUS ASSESSMENT DISTRICT - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ <u>14,212</u>	\$ <u>14,212</u>	\$ <u>14,254</u>	\$ <u>-</u>
Total Revenues	<u>14,212</u>	<u>14,212</u>	<u>14,254</u>	<u>-</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Assessment Districts	<u>10,874</u>	<u>10,874</u>	<u>11,472</u>	<u>(598)</u>
Interest and fiscal charges	<u>3,338</u>	<u>3,338</u>	<u>2,740</u>	<u>598</u>
Total Expenditures	<u>14,212</u>	<u>14,212</u>	<u>14,212</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>42</u>	\$ <u>42</u>
Fund balance - July 1, 2011			<u>19</u>	
Fund balance - June 30, 2012			<u>\$ 61</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, 2012

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>193</u>	\$ <u>193</u>	\$ <u>66</u>	\$ <u>(127)</u>
Total Revenues	<u>193</u>	<u>193</u>	<u>66</u>	<u>(127)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Culture and Recreation</b>				
Parks Maintenance	<u>-</u>	<u>-</u>	<u>5,382</u>	<u>(5,382)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>5,382</u>	<u>(5,382)</u>
Net change in fund balance	\$ <u>193</u>	\$ <u>193</u>	<u>(5,316)</u>	\$ <u>(5,509)</u>
Fund balance - July 1, 2011			<u>15,157</u>	
Fund balance - June 30, 2012			\$ <u>9,841</u>	



**CITY OF NOVATO**  
**STATE GAS TAX - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 1,467,533	\$ 1,467,533	\$ 1,524,247	\$ 56,714
Use of money and property	<u>1,934</u>	<u>1,934</u>	<u>5,066</u>	<u>3,132</u>
Total Revenues	<u>1,469,467</u>	<u>1,469,467</u>	<u>1,529,313</u>	<u>59,846</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,469,467</u>	<u>1,469,467</u>	<u>1,529,313</u>	<u>59,846</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(1,415,736)</u>	<u>(1,429,290)</u>	<u>(1,303,130)</u>	<u>126,160</u>
Total Other Financing Sources (Uses)	<u>(1,415,736)</u>	<u>(1,429,290)</u>	<u>(1,303,130)</u>	<u>126,160</u>
Net change in fund balance	<u>\$ 53,731</u>	<u>\$ 40,177</u>	<u>226,183</u>	<u>\$ 186,006</u>
Fund balance - July 1, 2011			<u>669,778</u>	
Fund balance - June 30, 2012			<u>\$ 895,961</u>	

**CITY OF NOVATO**  
**TRAFFIC CONGESTION RELIEF - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>3,778</u>	\$ <u>3,778</u>	\$ -	\$ <u>(3,778)</u>
Total Revenues	<u>3,778</u>	<u>3,778</u>	-	<u>(3,778)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>3,778</u>	<u>3,778</u>	-	<u>(3,778)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(149,157)</u>	<u>(154,981)</u>	<u>(147,938)</u>	<u>7,043</u>
Total Other Financing Sources (Uses)	<u>(149,157)</u>	<u>(154,981)</u>	<u>(147,938)</u>	<u>7,043</u>
Net change in fund balance	\$ <u>(145,379)</u>	\$ <u>(151,203)</u>	<u>(147,938)</u>	\$ <u>3,265</u>
Fund balance - July 1, 2011			<u>147,938</u>	
Fund balance - June 30, 2012			\$ <u>-</u>	

**CITY OF NOVATO**  
 JUSTICE ASSISTANCE GRANTS - SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>2011 - 2012</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Intergovernmental	\$ <u>60,289</u>	\$ <u>71,752</u>	\$ <u>30,497</u>	\$ <u>(41,255)</u>
Total Revenues	<u>60,289</u>	<u>71,752</u>	<u>30,497</u>	<u>(41,255)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Safety</b>				
Police crime prevention	14,805	14,805	-	14,805
Police special services	22,831	22,831	3,582	19,249
Police youth services	34,193	34,193	4,973	29,220
Special projects	<u>2,400</u>	<u>2,400</u>	<u>3,250</u>	<u>(850)</u>
Total Public Safety	<u>74,229</u>	<u>74,229</u>	<u>11,805</u>	<u>62,424</u>
Total Expenditures	<u>74,229</u>	<u>74,229</u>	<u>11,805</u>	<u>62,424</u>
Net change in fund balance	\$ <u>(13,940)</u>	\$ <u>(2,477)</u>	<u>18,692</u>	\$ <u>21,169</u>
Fund balance (deficit) - July 1, 2011			<u>(21,470)</u>	
Fund balance (deficit) - June 30, 2012			\$ <u>(2,778)</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 116,197	\$ 259,830	\$ 179,842	\$ (79,988)
Use of money and property	1,159	1,159	544	(615)
Other revenues	<u>-</u>	<u>1,500</u>	<u>20,991</u>	<u>19,491</u>
Total Revenues	<u>117,356</u>	<u>262,489</u>	<u>201,377</u>	<u>(61,112)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Safety</b>				
Police patrol	13,000	13,000	21,225	(8,225)
Special projects	<u>116,580</u>	<u>261,713</u>	<u>173,989</u>	<u>87,724</u>
Total Public Safety	<u>129,580</u>	<u>274,713</u>	<u>195,214</u>	<u>79,499</u>
Total Expenditures	<u>129,580</u>	<u>274,713</u>	<u>195,214</u>	<u>79,499</u>
Excess (deficiency) of revenues over expenditures	<u>(12,224)</u>	<u>(12,224)</u>	<u>6,163</u>	<u>18,387</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	9,000	9,000	9,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>(2,417)</u>	<u>(2,417)</u>
Total Other Financing Sources (Uses)	<u>9,000</u>	<u>9,000</u>	<u>6,583</u>	<u>(2,417)</u>
Net change in fund balance	<u>\$ (3,224)</u>	<u>\$ (3,224)</u>	<u>12,746</u>	<u>\$ 15,970</u>
Fund balance - July 1, 2011			<u>113,085</u>	
Fund balance - June 30, 2012			<u>\$ 125,831</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ 100,000	\$ 100,000	\$ -
Total Revenues	-	100,000	100,000	-
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Safety</b>				
Police special services	-	100,000	14,772	85,228
Total Public Safety	-	100,000	14,772	85,228
Capital outlay	-	-	24,690	(24,690)
Total Expenditures	-	100,000	39,462	60,538
Excess (deficiency) of revenues over expenditures	-	-	60,538	60,538
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	-	-	(5,566)	(5,566)
Total Other Financing Sources (Uses)	-	-	(5,566)	(5,566)
Net change in fund balance	\$ -	\$ -	54,972	\$ 54,972
Fund balance - July 1, 2011			227,173	
Fund balance - June 30, 2012			\$ 282,145	

**CITY OF NOVATO**  
**STATE GRANT FUND - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>2011 - 2012</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Intergovernmental	\$ <u>1,104,774</u>	\$ <u>1,104,774</u>	\$ <u>1,000,000</u>	\$ <u>(104,774)</u>
Total Revenues	<u>1,104,774</u>	<u>1,104,774</u>	<u>1,000,000</u>	<u>(104,774)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,104,774</u>	<u>1,104,774</u>	<u>1,000,000</u>	<u>(104,774)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(1,112,205)</u>	<u>(895,226)</u>	<u>(1,000,000)</u>	<u>(104,774)</u>
Total Other Financing Sources (Uses)	<u>(1,112,205)</u>	<u>(895,226)</u>	<u>(1,000,000)</u>	<u>(104,774)</u>
Net change in fund balance	\$ <u>(7,431)</u>	\$ <u>209,548</u>	<u>-</u>	\$ <u>(209,548)</u>
Fund balance (deficit) - July 1, 2011			<u>(1,214)</u>	
Fund balance (deficit) - June 30, 2012			\$ <u>(1,214)</u>	

**CITY OF NOVATO**  
**FEDERAL GRANT FUND - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ <u>1,607,528</u>	\$ <u>1,607,528</u>	\$ <u>1,890,184</u>	\$ <u>282,656</u>
Total Revenues	<u>1,607,528</u>	<u>1,607,528</u>	<u>1,890,184</u>	<u>282,656</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,607,528</u>	<u>1,607,528</u>	<u>1,890,184</u>	<u>282,656</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(1,607,528)</u>	<u>(2,014,155)</u>	<u>(1,851,012)</u>	<u>163,143</u>
Total Other Financing Sources (Uses)	<u>(1,607,528)</u>	<u>(2,014,155)</u>	<u>(1,851,012)</u>	<u>163,143</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(406,627)</u>	<u>39,172</u>	\$ <u>445,799</u>
Fund balance (deficit) - July 1, 2011			<u>(37,491)</u>	
Fund balance - June 30, 2012			<u>\$ 1,681</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, 2012

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>1,369</u>	\$ <u>1,369</u>	\$ <u>283</u>	\$ <u>(1,086)</u>
Total Revenues	<u>1,369</u>	<u>1,369</u>	<u>283</u>	<u>(1,086)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>1,369</u>	\$ <u>1,369</u>	<u>283</u>	\$ <u>(1,086)</u>
Fund balance - July 1, 2011			<u>20,221</u>	
Fund balance - June 30, 2012			\$ <u>20,504</u>	



**CITY OF NOVATO**  
**MEASURE B STREET BONDS 2007 - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ 14,278	\$ 14,278	\$ 10,796	\$ (3,482)
Total Revenues	<u>14,278</u>	<u>14,278</u>	<u>10,796</u>	<u>(3,482)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>14,278</u>	<u>14,278</u>	<u>10,796</u>	<u>(3,482)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	69	69
Transfers out	<u>(1,975,436)</u>	<u>(2,056,131)</u>	<u>(851,896)</u>	<u>1,204,235</u>
Total Other Financing Sources (Uses)	<u>(1,975,436)</u>	<u>(2,056,131)</u>	<u>(851,827)</u>	<u>1,204,304</u>
Net change in fund balance	<u>\$ (1,961,158)</u>	<u>\$ (2,041,853)</u>	<u>(841,031)</u>	<u>\$ 1,200,822</u>
Fund balance - July 1, 2011			<u>2,041,415</u>	
Fund balance - June 30, 2012			<u>\$ 1,200,384</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, 2012**

	<b>2011 - 2012</b>		<b>Actual</b>	<b>Variance</b>
	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive</b>
			<b>Amounts</b>	<b>(Negative)</b>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 1,295,506	\$ 1,295,506	\$ 492,405	\$ (803,101)
Intergovernmental	219,500	219,500	219,950	450
Use of money and property	<u>5,643</u>	<u>5,643</u>	<u>2,967</u>	<u>(2,676)</u>
Total Revenues	<u>1,520,649</u>	<u>1,520,649</u>	<u>715,322</u>	<u>(805,327)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,520,649</u>	<u>1,520,649</u>	<u>715,322</u>	<u>(805,327)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(975,551)</u>	<u>(1,148,298)</u>	<u>(246,697)</u>	<u>901,601</u>
Total Other Financing Sources (Uses)	<u>(975,551)</u>	<u>(1,148,298)</u>	<u>(246,697)</u>	<u>901,601</u>
Net change in fund balance	<u>\$ 545,098</u>	<u>\$ 372,351</u>	<u>468,625</u>	<u>\$ 96,274</u>
Fund balance - July 1, 2011			<u>394,859</u>	
Fund balance - June 30, 2012			<u>\$ 863,484</u>	

**CITY OF NOVATO**  
**PROPOSITION 1B STREETS & ROADS - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>1,042</u>	\$ <u>1,042</u>	\$ <u>4,653</u>	\$ <u>3,611</u>
Total Revenues	<u>1,042</u>	<u>1,042</u>	<u>4,653</u>	<u>3,611</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,042</u>	<u>1,042</u>	<u>4,653</u>	<u>3,611</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(782,894)</u>	<u>(782,894)</u>	<u>(252,362)</u>	<u>530,532</u>
Total Other Financing Sources (Uses)	<u>(782,894)</u>	<u>(782,894)</u>	<u>(252,362)</u>	<u>530,532</u>
Net change in fund balance	\$ <u>(781,852)</u>	\$ <u>(781,852)</u>	<u>(247,709)</u>	\$ <u>534,143</u>
Fund balance - July 1, 2011			<u>783,237</u>	
Fund balance - June 30, 2012			\$ <u>535,528</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>2,338</u>	\$ <u>2,338</u>	\$ <u>1,295</u>	\$ <u>(1,043)</u>
Total Revenues	<u>2,338</u>	<u>2,338</u>	<u>1,295</u>	<u>(1,043)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,338</u>	<u>2,338</u>	<u>1,295</u>	<u>(1,043)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	45,000	45,000	45,000	-
Transfers out	<u>(85,021)</u>	<u>(85,021)</u>	<u>(2,725)</u>	<u>82,296</u>
Total Other Financing Sources (Uses)	<u>(40,021)</u>	<u>(40,021)</u>	<u>42,275</u>	<u>82,296</u>
Net change in fund balance	\$ <u>(37,683)</u>	\$ <u>(37,683)</u>	<u>43,570</u>	\$ <u>81,253</u>
Fund balance - July 1, 2011			<u>217,629</u>	
Fund balance - June 30, 2012			\$ <u>261,199</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>4,377</u>	\$ <u>4,377</u>	\$ <u>1,929</u>	\$ <u>(2,448)</u>
Total Revenues	<u>4,377</u>	<u>4,377</u>	<u>1,929</u>	<u>(2,448)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>4,377</u>	<u>4,377</u>	<u>1,929</u>	<u>(2,448)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(47,621)</u>	<u>(44,451)</u>	<u>(7,204)</u>	<u>37,247</u>
Total Other Financing Sources (Uses)	<u>(47,621)</u>	<u>(44,451)</u>	<u>(7,204)</u>	<u>37,247</u>
Net change in fund balance	\$ <u>(43,244)</u>	\$ <u>(40,074)</u>	<u>(5,275)</u>	\$ <u>34,799</u>
Fund balance - July 1, 2011			<u>323,885</u>	
Fund balance - June 30, 2012			<u>\$ 318,610</u>	

**CITY OF NOVATO**  
**REDEVELOPMENT - CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 4,421,869	\$ 4,421,869	\$ 2,399,940	\$ (2,021,929)
Use of money and property	<u>570,000</u>	<u>570,000</u>	<u>-</u>	<u>(570,000)</u>
Total Revenues	<u>4,991,869</u>	<u>4,991,869</u>	<u>2,399,940</u>	<u>(2,591,929)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
General administration	<u>-</u>	<u>-</u>	<u>5,437</u>	<u>(5,437)</u>
<b>Community Development</b>				
Program	<u>1,736,445</u>	<u>936,445</u>	<u>325,160</u>	<u>611,285</u>
Debt service:				
Principal	1,296,600	1,296,600	867,949	428,651
Interest and fiscal charges	<u>1,389,930</u>	<u>2,189,930</u>	<u>1,076,465</u>	<u>1,113,465</u>
Total Expenditures	<u>4,422,975</u>	<u>4,422,975</u>	<u>2,275,011</u>	<u>2,147,964</u>
Excess (deficiency) of revenues over expenditures	<u>568,894</u>	<u>568,894</u>	<u>124,929</u>	<u>(443,965)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(272,959)</u>	<u>(272,959)</u>	<u>(167,897)</u>	<u>105,062</u>
Total Other Financing Sources (Uses)	<u>(272,959)</u>	<u>(272,959)</u>	<u>(167,897)</u>	<u>105,062</u>
<b><u>EXTRAORDINARY ITEM</u></b>				
Redevelopment dissolution	<u>-</u>	<u>-</u>	<u>(24,693,666)</u>	<u>(24,693,666)</u>
Net change in fund balance	<u>\$ 295,935</u>	<u>\$ 295,935</u>	<u>(24,736,634)</u>	<u>\$ (25,032,569)</u>
Fund balance - July 1, 2011			<u>24,736,634</u>	
Fund balance - June 30, 2012			<u>\$ -</u>	

**CITY OF NOVATO**  
COMMUNITY CENTER MAINTENANCE - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Use of money and property	\$ <u>8,272</u>	\$ <u>8,272</u>	\$ <u>5,951</u>	\$ <u>(2,321)</u>
Total Revenues	<u>8,272</u>	<u>8,272</u>	<u>5,951</u>	<u>(2,321)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>Public Works</b>				
Building maintenance	<u>-</u>	<u>5,000</u>	<u>299</u>	<u>4,701</u>
Total Expenditures	<u>-</u>	<u>5,000</u>	<u>299</u>	<u>4,701</u>
Excess (deficiency) of revenues over expenditures	<u>8,272</u>	<u>3,272</u>	<u>5,652</u>	<u>2,380</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	<u>-</u>	<u>-</u>	<u>59,398</u>	<u>59,398</u>
Transfers out	<u>(132,807)</u>	<u>(132,807)</u>	<u>(11,940)</u>	<u>120,867</u>
Total Other Financing Sources (Uses)	<u>(132,807)</u>	<u>(132,807)</u>	<u>47,458</u>	<u>180,265</u>
Net change in fund balance	\$ <u>(124,535)</u>	\$ <u>(129,535)</u>	<u>53,110</u>	\$ <u>182,645</u>
Fund balance - July 1, 2011			<u>959,992</u>	
Fund balance - June 30, 2012			\$ <u>1,013,102</u>	

**CITY OF NOVATO**  
**GENERAL OBLIGATION - DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ 2,430,748	\$ 2,430,748	\$ 2,567,041	\$ 136,293
Use of money and property	<u>16,035</u>	<u>16,035</u>	<u>9,688</u>	<u>(6,347)</u>
Total Revenues	<u>2,446,783</u>	<u>2,446,783</u>	<u>2,576,729</u>	<u>129,946</u>
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Debt service	<u>60,139</u>	<u>60,139</u>	<u>64,639</u>	<u>(4,500)</u>
Debt service:				
Principal	1,825,000	1,825,000	1,825,000	-
Interest and fiscal charges	<u>917,171</u>	<u>917,171</u>	<u>917,171</u>	<u>-</u>
Total Expenditures	<u>2,802,310</u>	<u>2,802,310</u>	<u>2,806,810</u>	<u>(4,500)</u>
Net change in fund balance	<u>\$ (355,527)</u>	<u>\$ (355,527)</u>	<u>(230,081)</u>	<u>\$ 125,446</u>
Fund balance - July 1, 2011			<u>2,804,107</u>	
Fund balance - June 30, 2012			<u>\$ 2,574,026</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, 2012**

	<u>2011 - 2012</u> <u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
<b><u>REVENUES</u></b>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<b><u>EXPENDITURES</u></b>				
Current:				
<b>General Government</b>				
Debt service	<u>2,501</u>	<u>2,501</u>	<u>2,501</u>	<u>-</u>
Debt service:				
Principal	160,000	160,000	160,000	-
Interest and fiscal charges	<u>905,731</u>	<u>905,731</u>	<u>908,520</u>	<u>(2,789)</u>
Total Expenditures	<u>1,068,232</u>	<u>1,068,232</u>	<u>1,071,021</u>	<u>(2,789)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,068,232)</u>	<u>(1,068,232)</u>	<u>(1,071,021)</u>	<u>(2,789)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	<u>1,068,232</u>	<u>1,068,232</u>	<u>1,071,021</u>	<u>2,789</u>
Total Other Financing Sources (Uses)	<u>1,068,232</u>	<u>1,068,232</u>	<u>1,071,021</u>	<u>2,789</u>
Net change in fund balance	<u>\$ _____ -</u>	<u>\$ _____ -</u>	_____ -	<u>\$ _____ -</u>
Fund balance - July 1, 2011			_____ -	
Fund balance - June 30, 2012			<u>\$ _____ -</u>	

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## INTERNAL SERVICE FUNDS

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

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

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

Furnishings, Fixtures & Equipment Replacement Fund - accounts for funds set aside to meet future replacement costs of major capital expenditures not already provided for in the vehicle/equipment replacement fund.

Insurance Reserve Fund - accounts for claim settlements and reimbursements in accordance with a joint powers agreement between the City and other Marin County cities.

**CITY OF NOVATO**  
 COMBINING SCHEDULE OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2012

**Governmental Activities - Internal Service Funds**

	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Furnishings, Fixtures, &amp; Equipment Replacement</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ -	\$ 3,561,192	\$ 792	\$ -	\$ 3,561,984
Accounts receivable, net	1,385	-	-	-	1,385
Advances to other funds	-	1,429,815	-	-	1,429,815
<u>Total Current Assets</u>	<u>1,385</u>	<u>4,991,007</u>	<u>792</u>	<u>-</u>	<u>4,993,184</u>
Non Current Assets					
Capital assets, net	-	1,526,267	-	-	1,526,267
<u>Total Non-Current Assets</u>	<u>-</u>	<u>1,526,267</u>	<u>-</u>	<u>-</u>	<u>1,526,267</u>
<b>Total Assets</b>	<b>\$ 1,385</b>	<b>\$ 6,517,274</b>	<b>\$ 792</b>	<b>\$ -</b>	<b>\$ 6,519,451</b>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 37,670	\$ 7,180	\$ -	\$ -	\$ 44,850
Due to other funds	355,987	-	-	-	355,987
Deferred revenue	-	193,415	-	-	193,415
Claims payable - current	-	-	-	546,033	546,033
<u>Total Current Liabilities</u>	<u>393,657</u>	<u>200,595</u>	<u>-</u>	<u>546,033</u>	<u>1,140,285</u>
Non-Current Liabilities					
Claims payable	-	-	-	1,332,651	1,332,651
<u>Total Non-Current Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,332,651</u>	<u>1,332,651</u>
<b>Total Liabilities</b>	<b>393,657</b>	<b>200,595</b>	<b>-</b>	<b>1,878,684</b>	<b>2,472,936</b>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	-	1,526,267	-	-	1,526,267
Unrestricted	(392,272)	4,790,412	792	(1,878,684)	2,520,248
<b>Total Net Assets</b>	<b>(392,272)</b>	<b>6,316,679</b>	<b>792</b>	<b>(1,878,684)</b>	<b>4,046,515</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,385</b>	<b>\$ 6,517,274</b>	<b>\$ 792</b>	<b>\$ -</b>	<b>\$ 6,519,451</b>

**CITY OF NOVATO**  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

**Governmental Activities - Internal Service Funds**

	<u>Equipment Maintenance</u>	<u>Equipment Replacement</u>	<u>Furnishings, Fixtures, &amp; Equipment Replacement</u>	<u>Insurance Reserve</u>	<u>Total Internal Service Funds</u>
<b><u>OPERATING REVENUES</u></b>					
Charges for services	\$ 728,329	\$ 572,663	\$ -	\$ -	\$ 1,300,992
Other revenue	<u>50</u>	<u>39,674</u>	<u>-</u>	<u>-</u>	<u>39,724</u>
<b>Total Operating Revenue</b>	<u>728,379</u>	<u>612,337</u>	<u>-</u>	<u>-</u>	<u>1,340,716</u>
<b><u>OPERATING EXPENSES</u></b>					
Cost of services	801,281	464,801	-	312,058	1,578,140
Depreciation	<u>-</u>	<u>445,506</u>	<u>-</u>	<u>-</u>	<u>445,506</u>
<b>Total Operating Expenses</b>	<u>801,281</u>	<u>910,307</u>	<u>-</u>	<u>312,058</u>	<u>2,023,646</u>
<b>Operating Income (Loss)</b>	<u>(72,902)</u>	<u>(297,970)</u>	<u>-</u>	<u>(312,058)</u>	<u>(682,930)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>					
Interest income	<u>-</u>	<u>19,417</u>	<u>4</u>	<u>-</u>	<u>19,421</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>-</u>	<u>19,417</u>	<u>4</u>	<u>-</u>	<u>19,421</u>
<b>Income (Loss) Before Transfers</b>	<u>(72,902)</u>	<u>(278,553)</u>	<u>4</u>	<u>(312,058)</u>	<u>(663,509)</u>
<b><u>TRANSFERS</u></b>					
Transfers in	-	463,719	-	-	463,719
Transfers out	<u>(11,613)</u>	<u>(4,015)</u>	<u>-</u>	<u>-</u>	<u>(15,628)</u>
<b>Total Transfers</b>	<u>(11,613)</u>	<u>459,704</u>	<u>-</u>	<u>-</u>	<u>448,091</u>
Change in net assets	(84,515)	181,151	4	(312,058)	(215,418)
Net Assets - July 1, 2011	<u>(307,757)</u>	<u>6,135,528</u>	<u>788</u>	<u>(1,566,626)</u>	<u>4,261,933</u>
Net Assets - June 30, 2012	<u>\$ (392,272)</u>	<u>\$ 6,316,679</u>	<u>\$ 792</u>	<u>\$ (1,878,684)</u>	<u>\$ 4,046,515</u>

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## AGENCY FUNDS

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

**CITY OF NOVATO**  
**COMBINING SCHEDULE OF NET ASSETS**  
**AGENCY FUNDS**  
**JUNE 30, 2012**

	<u>Unclaimed Property Fund</u>	<u>Buck Center</u>	<u>Pacheco Refunding Redemption</u>	<u>Pacheco Investment Earnings</u>	<u>Pacheco Reserve</u>	<u>Vintage Oaks Special Tax</u>	<u>Golden Gate Redemption</u>	<u>Hamilton Bond Admin.</u>	<u>Pointe Marin CFD-2002-1</u>	<u>Totals</u>
<b><u>ASSETS</u></b>										
Cash and investments	\$ 21,109	\$ 1,000,000	\$ 176	\$ 23,956	\$ 50,060	\$ 1,546,879	\$ 143,716	\$ 1,188,805	\$ 571,757	\$ 4,546,458
Cash with fiscal agent	-	-	-	-	-	1,870,919	239,684	1,643,743	801,829	4,556,175
Other assets, net	-	-	-	-	-	31,061	3,618	38,580	17,385	90,644
<b>Total Assets</b>	<b>\$ 21,109</b>	<b>\$ 1,000,000</b>	<b>\$ 176</b>	<b>\$ 23,956</b>	<b>\$ 50,060</b>	<b>\$ 3,448,859</b>	<b>\$ 387,018</b>	<b>\$ 2,871,128</b>	<b>\$ 1,390,971</b>	<b>\$ 9,193,277</b>
<b><u>LIABILITIES</u></b>										
Deposits held in trust	\$ 21,109	\$ 1,000,000	\$ 176	\$ 23,956	\$ 50,060	\$ 3,448,859	\$ 387,018	\$ 2,871,128	\$ 1,390,971	\$ 9,193,277
<b>Total Liabilities</b>	<b>\$ 21,109</b>	<b>\$ 1,000,000</b>	<b>\$ 176</b>	<b>\$ 23,956</b>	<b>\$ 50,060</b>	<b>\$ 3,448,859</b>	<b>\$ 387,018</b>	<b>\$ 2,871,128</b>	<b>\$ 1,390,971</b>	<b>\$ 9,193,277</b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**JUNE 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Unclaimed Property Fund</u>				
<b>ASSETS</b>				
Cash and investments	\$ <u>5,809</u>	\$ <u>15,300</u>	\$ <u>-</u>	\$ <u>21,109</u>
Total Assets	\$ <u>5,809</u>	\$ <u>15,300</u>	\$ <u>-</u>	\$ <u>21,109</u>
<b>LIABILITIES</b>				
Deposits in trust	\$ <u>5,809</u>	\$ <u>15,300</u>	\$ <u>-</u>	\$ <u>21,109</u>
Total Liabilities	\$ <u>5,809</u>	\$ <u>15,300</u>	\$ <u>-</u>	\$ <u>21,109</u>
<u>Buck Center</u>				
<b>ASSETS</b>				
Cash and investments	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,000,000</u>
Total Assets	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,000,000</u>
<b>LIABILITIES</b>				
Deposits in trust	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,000,000</u>
Total Liabilities	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,000,000</u>
<u>Pacheco Refunding Redemption</u>				
<b>ASSETS</b>				
Cash and investments	\$ <u>176</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>176</u>
Total Assets	\$ <u>176</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>176</u>
<b>LIABILITIES</b>				
Deposits in trust	\$ <u>176</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>176</u>
Total Liabilities	\$ <u>176</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>176</u>
<u>Pacheco Investment Earnings</u>				
<b>ASSETS</b>				
Cash and investments	\$ <u>23,956</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>23,956</u>
Total Assets	\$ <u>23,956</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>23,956</u>
<b>LIABILITIES</b>				
Deposits in trust	\$ <u>23,956</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>23,956</u>
Total Liabilities	\$ <u>23,956</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>23,956</u>
<u>Pacheco Reserve</u>				
<b>ASSETS</b>				
Cash and investments	\$ <u>50,060</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>50,060</u>
Total Assets	\$ <u>50,060</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>50,060</u>
<b>LIABILITIES</b>				
Deposits in trust	\$ <u>50,060</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>50,060</u>
Total Liabilities	\$ <u>50,060</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>50,060</u>

**CITY OF NOVATO**  
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS (continued)  
AGENCY FUNDS  
JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Vintage Oaks Special Tax</u>				
<b>ASSETS</b>				
Cash and investments	\$ 1,514,755	\$ 1,784,834	\$ 1,752,710	\$ 1,546,879
Cash with fiscal agent	1,870,685	84,038	83,804	1,870,919
Other assets, net	<u>36,872</u>	<u>31,061</u>	<u>36,872</u>	<u>31,061</u>
Total Assets	<u>\$ 3,422,312</u>	<u>\$ 1,899,933</u>	<u>\$ 1,873,386</u>	<u>\$ 3,448,859</u>
<b>LIABILITIES</b>				
Deposits in trust	<u>\$ 3,422,312</u>	<u>\$ 1,864,362</u>	<u>\$ 1,837,815</u>	<u>\$ 3,448,859</u>
Total Liabilities	<u>\$ 3,422,312</u>	<u>\$ 1,864,362</u>	<u>\$ 1,837,815</u>	<u>\$ 3,448,859</u>
<u>Golden Gate Redemption</u>				
<b>ASSETS</b>				
Cash and investments	\$ 142,539	\$ 207,683	\$ 206,506	\$ 143,716
Cash with fiscal agent	239,684	-	-	239,684
Other assets, net	<u>4,194</u>	<u>3,618</u>	<u>4,194</u>	<u>3,618</u>
Total Assets	<u>\$ 386,417</u>	<u>\$ 211,301</u>	<u>\$ 210,700</u>	<u>\$ 387,018</u>
<b>LIABILITIES</b>				
Deposits in trust	<u>\$ 386,417</u>	<u>\$ 207,107</u>	<u>\$ 206,506</u>	<u>\$ 387,018</u>
Total Liabilities	<u>\$ 386,417</u>	<u>\$ 207,107</u>	<u>\$ 206,506</u>	<u>\$ 387,018</u>
<u>Hamilton Bond Admin.</u>				
<b>ASSETS</b>				
Cash and investments	\$ 1,169,392	\$ 2,211,405	\$ 2,191,992	\$ 1,188,805
Cash with fiscal agent	1,643,743	-	-	1,643,743
Other assets, net	<u>45,590</u>	<u>38,580</u>	<u>45,590</u>	<u>38,580</u>
Total Assets	<u>\$ 2,858,725</u>	<u>\$ 2,249,985</u>	<u>\$ 2,237,582</u>	<u>\$ 2,871,128</u>
<b>LIABILITIES</b>				
Deposits in trust	<u>\$ 2,858,624</u>	<u>\$ 2,206,396</u>	<u>\$ 2,193,892</u>	<u>\$ 2,871,128</u>
Total Liabilities	<u>\$ 2,858,624</u>	<u>\$ 2,206,396</u>	<u>\$ 2,193,892</u>	<u>\$ 2,871,128</u>
<u>Pointe Marin CFD-2002-1</u>				
<b>ASSETS</b>				
Cash and investments	\$ 567,384	\$ 997,023	\$ 992,650	\$ 571,757
Cash with fiscal agent	801,829	-	-	801,829
Other assets, net	<u>19,809</u>	<u>17,385</u>	<u>19,809</u>	<u>17,385</u>
Total Assets	<u>\$ 1,389,022</u>	<u>\$ 1,014,408</u>	<u>\$ 1,012,459</u>	<u>\$ 1,390,971</u>
<b>LIABILITIES</b>				
Deposits in trust	<u>\$ 1,389,022</u>	<u>\$ 994,599</u>	<u>\$ 992,650</u>	<u>\$ 1,390,971</u>
Total Liabilities	<u>\$ 1,389,022</u>	<u>\$ 994,599</u>	<u>\$ 992,650</u>	<u>\$ 1,390,971</u>



**CITY OF NOVATO**  
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS (continued)  
AGENCY FUNDS  
JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Total Agency Funds</u>				
<b>ASSETS</b>				
Cash and investments	\$ 4,474,071	\$ 5,216,245	\$ 5,143,858	\$ 4,546,458
Cash with fiscal agent	4,555,941	84,038	83,804	4,556,175
Other assets, net	<u>106,465</u>	<u>90,644</u>	<u>106,465</u>	<u>90,644</u>
Total Assets	<u>\$ 9,136,477</u>	<u>\$ 5,390,927</u>	<u>\$ 5,334,127</u>	<u>\$ 9,193,277</u>
<b>LIABILITIES</b>				
Deposits in trust	<u>\$ 9,136,376</u>	<u>\$ 5,287,764</u>	<u>\$ 5,230,863</u>	<u>\$ 9,193,277</u>
Total Liabilities	<u>\$ 9,136,376</u>	<u>\$ 5,287,764</u>	<u>\$ 5,230,863</u>	<u>\$ 9,193,277</u>

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## GENERAL FUNDS

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

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

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

Successor Agency Administration - accounts for expenses associated with the administration of the Successor Agency.

Pension Reserve Fund - established to help stabilize pension expense by consistently charging the General Fund the normal cost, as determined by CalPERS. Funds will be deposited into the fund in years when the required contribution is less than the normal cost, and utilized in years when the required contribution is greater than the normal cost.

Insurance Reserve Fund - accounts for set aside monies to meet uninsured losses to City facilities and other property, as well as workers' compensation claims. This fund differs from the self-insurance program operated through a joint powers agreement with other Marin cities, which covers liability claims brought against the City.

Emergency & Disaster Response Fund - accounts for funds that will provide a buffer during significant economic downturns affecting revenues, or for severe emergency reasons. To meet minimum levels of safety and security, a balance equal to 15% of operating budget is maintained in this reserve.

Civic Center Fund - accounts for the accumulation of resources for the eventual planning, design, and construction of a new City Hall.

Long-Term Maintenance Fund - established in FY 2005/06 using a portion of year-end general fund balance, with the intent that the funds will be made available for long-term maintenance and emergency needs for the Civic Center buildings. Periodic additions to the fund will be made from general fund and other sources when available.

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, 2012**

	<b>General Fund</b>	<b>Measure F Sales Tax</b>	<b>Successor Agency Admin</b>	<b>Pension Reserve</b>	<b>Insurance Reserve</b>	<b>Emergency &amp; Disaster Response</b>	<b>Civic Center</b>	<b>Long-Term Maintenance</b>	<b>Deposits Held in Trust</b>	<b>Total General Fund</b>
<b>ASSETS</b>										
Cash and investments	\$ 2,523,595	\$ 3,960,415	\$ -	\$ 1,358	\$ 1,192,404	\$ 5,345,639	\$ 234,962	\$ 508,240	\$ -	\$ 13,766,613
Cash with fiscal agent	14,231,138	-	-	-	-	-	-	-	-	14,231,138
Restricted cash and investments	-	-	-	-	-	-	-	-	626,188	626,188
Accounts receivable	223,749	-	-	-	-	1,378,707	-	-	-	1,602,456
Notes Receivable	1,007,920	-	-	-	-	-	-	-	-	1,007,920
Interest receivable	118,962	-	-	-	-	-	-	-	-	118,962
Taxes receivable	986,019	589,500	-	-	-	-	-	-	-	1,575,519
Due from other funds	808,504	-	-	-	-	-	-	-	-	808,504
Advances to other funds	404,399	-	-	-	-	-	-	-	-	404,399
Prepaid expenses	139,480	1,427	-	-	-	-	-	-	-	140,907
Deferred costs	84,758	-	-	-	-	-	-	-	-	84,758
<b>Total Assets</b>	<b>\$ 20,528,524</b>	<b>\$ 4,551,342</b>	<b>\$ -</b>	<b>\$ 1,358</b>	<b>\$ 1,192,404</b>	<b>\$ 6,724,346</b>	<b>\$ 234,962</b>	<b>\$ 508,240</b>	<b>\$ 626,188</b>	<b>\$ 34,367,364</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES:</b>										
Accounts payable	\$ 638,407	\$ 1,926	\$ 21,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 661,499
Accrued payroll and benefits	1,679,190	-	-	-	-	-	-	-	-	1,679,190
Deferred revenue	418,359	-	-	-	-	-	-	-	-	418,359
Deposits payable	410,965	-	-	-	-	-	-	-	626,188	1,037,153
Due to other funds	-	-	30,915	-	-	-	-	-	-	30,915
Advances from other funds	1,051,158	-	-	-	-	-	-	-	-	1,051,158
<b>Total Liabilities</b>	<b>4,198,079</b>	<b>1,926</b>	<b>52,081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>626,188</b>	<b>4,878,274</b>
<b>FUND BALANCES:</b>										
Nonspendable	628,637	1,427	-	-	-	-	-	-	-	630,064
Restricted	-	-	-	-	1,192,404	-	-	-	-	1,192,404
Assigned	15,701,808	-	-	1,358	-	6,724,346	234,962	508,240	-	23,170,714
Unassigned	-	4,547,989	(52,081)	-	-	-	-	-	-	4,495,908
<b>Total Fund Balances</b>	<b>16,330,445</b>	<b>4,549,416</b>	<b>(52,081)</b>	<b>1,358</b>	<b>1,192,404</b>	<b>6,724,346</b>	<b>234,962</b>	<b>508,240</b>	<b>-</b>	<b>29,489,090</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 20,528,524</b>	<b>\$ 4,551,342</b>	<b>\$ -</b>	<b>\$ 1,358</b>	<b>\$ 1,192,404</b>	<b>\$ 6,724,346</b>	<b>\$ 234,962</b>	<b>\$ 508,240</b>	<b>\$ 626,188</b>	<b>\$ 34,367,364</b>

See accompanying notes to the basic financial statements.

**CITY OF NOVATO**  
**GENERAL FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**JUNE 30, 2012**

	<u>General Fund</u>	<u>Measure F Sales Tax</u>	<u>Successor Agency Admin</u>	<u>Pension Reserve</u>	<u>Insurance Reserve</u>	<u>Emergency &amp; Disaster Response</u>	<u>Civic Center</u>	<u>Long-term Maintenance</u>	<u>Deposits Held in Trust</u>	<u>Total General Fund</u>
<b>REVENUES</b>										
Taxes and assessments	\$ 22,175,667	\$ 4,089,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,265,068
Licence, permits, and fees	910,559	-	-	-	-	-	-	-	-	910,559
Intergovernmental	444,518	-	-	-	-	-	-	-	-	444,518
Fines and forfeitures	611,791	-	-	-	-	-	-	-	-	611,791
Use of money and property	596,321	9,491	-	8	7,352	-	1,497	2,986	-	617,655
Charges for services	2,800,223	-	-	-	-	-	-	-	-	2,800,223
Other revenues	74,354	-	-	-	-	-	-	50,787	-	125,141
<b>Total Revenues</b>	<b>27,613,433</b>	<b>4,098,892</b>	<b>-</b>	<b>8</b>	<b>7,352</b>	<b>-</b>	<b>1,497</b>	<b>53,773</b>	<b>-</b>	<b>31,774,955</b>
<b>EXPENDITURES</b>										
General government	5,194,414	499	50,847	-	-	-	-	-	-	5,245,760
Public safety	12,704,977	70	-	-	-	-	-	-	-	12,705,047
Public works	5,083,422	122,335	-	-	-	-	-	-	-	5,205,757
Cultural and recreation	4,533,170	41,780	-	-	-	-	-	-	-	4,574,950
Community development	109,530	-	1,234	-	-	-	-	-	-	110,764
Capital outlay	17,169	-	-	-	-	-	-	-	-	17,169
Debt service:										
Principal	223,857	-	-	-	-	-	-	-	-	223,857
Interest and fiscal charges	4,079	-	-	-	-	-	-	-	-	4,079
<b>Total Expenditures</b>	<b>27,870,618</b>	<b>164,684</b>	<b>52,081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,087,383</b>
Excess (deficiency) of revenues over expenditures	<u>(257,185)</u>	<u>3,934,208</u>	<u>(52,081)</u>	<u>8</u>	<u>7,352</u>	<u>-</u>	<u>1,497</u>	<u>53,773</u>	<u>-</u>	<u>3,687,572</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	1,702,274	-	-	-	-	1,074,081	1,789	-	-	2,778,144
Transfers out	(3,991,328)	(74,265)	-	-	(71,939)	-	-	(33,494)	-	(4,171,026)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,289,054)</b>	<b>(74,265)</b>	<b>-</b>	<b>-</b>	<b>(71,939)</b>	<b>1,074,081</b>	<b>1,789</b>	<b>(33,494)</b>	<b>-</b>	<b>(1,392,882)</b>
Net Change in Fund Balance	(2,546,239)	3,859,943	(52,081)	8	(64,587)	1,074,081	3,286	20,279	-	2,294,690
Fund Balances - July 1, 2011	18,876,684	689,473	-	1,350	1,256,991	5,650,265	231,676	487,961	-	27,194,400
Fund Balances (Deficits)- June 30, 2012	\$ 16,330,445	\$ 4,549,416	\$ (52,081)	\$ 1,358	\$ 1,192,404	\$ 6,724,346	\$ 234,962	\$ 508,240	\$ -	\$ 29,489,090

See accompanying notes to the basic financial statements.

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# STATISTICAL SECTION



THE CITY OF  
NOVATO  
CALIFORNIA

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## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	151 - 156
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	157 - 161
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	162 - 166
<b>Economic and Demographic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	167 - 168
<b>Operating Information</b>	
These schedules contain contextual information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	169 - 171

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB. Statement No. 34 in 2004; schedules presenting government-wide information include information beginning in that year.

**CITY OF NOVATO, CALIFORNIA**  
**NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental activities</b>									
Invested in capital assets, net of debt	\$ 195,974,095	\$ 196,439,878	\$ 198,872,500	\$ 201,955,139	\$ 206,751,826	\$ 210,664,758	\$ 218,027,582	\$ 171,254,222	\$ 228,626,305
Restricted	7,511,681	1,969,921	21,339,851	34,400,997	34,896,121	35,511,332	35,598,920	66,503,007	60,707,683
Unrestricted	25,441,534	5,238,126	(7,977,320)	15,829,394	14,481,810	12,796,299	5,829,605	22,843,057	24,088,853
<b>Total governmental activities net assets</b>	<b>\$ 228,927,310</b>	<b>\$ 203,647,925</b>	<b>\$ 212,235,031</b>	<b>\$ 252,185,530</b>	<b>\$ 256,129,757</b>	<b>\$ 258,972,389</b>	<b>\$ 259,456,107</b>	<b>\$ 260,600,286</b>	<b>\$ 313,422,841</b>
<b>Business-type activities</b>									
Invested in capital assets, net of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,694,556	\$ 5,123,344
Restricted	-	-	-	-	-	-	-	4,534,525	4,990,339
Unrestricted	-	-	-	-	-	-	-	-	-
<b>Total business-type activities net assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,229,081</b>	<b>\$ 10,113,683</b>
<b>Primary government</b>									
Invested in capital assets, net of debt	\$ 195,974,095	\$ 196,439,878	\$ 198,872,500	\$ 201,955,139	\$ 206,751,826	\$ 210,664,758	\$ 218,027,582	\$ 175,948,778	\$ 233,749,649
Restricted	7,511,681	1,969,921	21,339,851	34,400,997	34,896,121	35,511,332	35,598,920	71,037,532	65,698,022
Unrestricted	25,441,534	5,238,126	(7,977,320)	15,829,394	14,481,810	12,796,299	5,829,605	22,843,057	24,088,853
<b>Total primary government net assets</b>	<b>\$ 228,927,310</b>	<b>\$ 203,647,925</b>	<b>\$ 212,235,031</b>	<b>\$ 252,185,530</b>	<b>\$ 256,129,757</b>	<b>\$ 258,972,389</b>	<b>\$ 259,456,107</b>	<b>\$ 269,829,367</b>	<b>\$ 323,536,524</b>

Note 1: The government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2004. Therefore, there are only nine years of data available to report.

Source: City of Novato Finance Division

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>									
Governmental Activities:									
General government	\$ 5,417,073	5,315,039	5,684,822	6,070,242	7,784,269	\$ 5,911,004	\$ 5,587,806	\$ 7,876,829	\$ 7,638,988
Public safety	10,414,072	11,659,153	11,520,714	13,226,178	13,937,754	14,222,913	13,723,020	13,748,305	13,661,317
Public services	8,684,987	6,565,065	6,438,300	1,679,273	6,578,534	8,184,285	7,109,513	10,556,227	11,056,798
Recreation	3,676,048	3,782,476	3,621,352	5,521,245	6,137,789	5,770,022	5,045,285	5,659,528	5,451,325
Community development	4,237,680	34,471,652	3,906,503	4,958,185	3,134,075	2,425,672	4,737,795	1,617,129	794,207
Interest and fiscal charges	1,618,362	2,566,581	3,414,047	3,906,131	3,993,697	3,397,093	3,273,199	12,729,093	3,303,291
PERS funding expense			17,815,883						
SERAF								547,090	
Depreciation - Infrastructure	3,865,270	4,187,240	4,219,216	4,583,887	4,712,033	4,653,111	4,729,878		
Transfers out	14,740,944	9,707,227	7,945,148	20,304,950	12,537,149	12,577,519	14,480,550		
<b>Total government activity expenses</b>	<b>\$ 52,654,436</b>	<b>\$ 78,254,433</b>	<b>\$ 64,565,985</b>	<b>\$ 60,250,091</b>	<b>\$ 58,815,300</b>	<b>\$ 57,141,619</b>	<b>\$ 58,687,046</b>	<b>\$ 52,734,201</b>	<b>\$ 41,905,926</b>
Business-type activities:									
Marin Valley Mobile Country Club									
Park								\$ 2,160,949	\$ 2,411,543
<b>Total business-type activities expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,160,949</b>	<b>2,411,543</b>
<b>Total primary government expenses</b>	<b>\$ 52,654,436</b>	<b>\$ 78,254,433</b>	<b>\$ 64,565,985</b>	<b>\$ 60,250,091</b>	<b>\$ 58,815,300</b>	<b>\$ 57,141,619</b>	<b>\$ 58,687,046</b>	<b>\$ 54,895,150</b>	<b>\$ 44,317,469</b>
<b>Program Revenues</b>									
Charges for Services									
General government	\$ 393,586	\$ 1,602,404	\$ 707,365	\$ 527,855	\$ 419,419	\$ 393,720	\$ 403,331	\$ 1,637,541	\$ 1,725,114
Public safety	537,261	602,027	486,813	500,436	494,287	531,103	562,198	491,979	586,995
Parks and recreation	3,049,824	3,478,483	3,811,906	2,328,167	2,323,026	2,329,450	1,911,337	1,719,917	318,378
Development	4,182,517	3,924,362	2,769,390	2,326,962	2,316,211	2,615,420	1,698,045	1,599,818	1,746,840
Public ways and facilities	3,292,362	2,366,280	2,173,233	2,209,663	1,991,115	764,411	1,985,593	877,890	1,612,260
Operating grants	398,311	34,248	243,102	240,064	254,441	171,901	672,164	1,374,722	995,948
Capital grants	1,644,156	2,146,628	1,258,545	820,515	2,440,783	1,445,255	774,008	1,128,976	2,870,043
<b>Total governmental activities</b>	<b>13,498,017</b>	<b>14,154,432</b>	<b>11,450,354</b>	<b>8,953,662</b>	<b>10,239,282</b>	<b>8,251,260</b>	<b>8,006,676</b>	<b>8,830,843</b>	<b>9,855,578</b>
Business-type activities:									
Charges for services								3,006,278	3,026,205
Operating grants and contributions									
Capital grants and contributions									
Transfers in									
<b>Total business-type activities</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,006,278</b>	<b>3,026,205</b>
<b>Total primary government</b>	<b>\$ 13,498,017</b>	<b>\$ 14,154,432</b>	<b>\$ 11,450,354</b>	<b>\$ 8,953,662</b>	<b>\$ 10,239,282</b>	<b>\$ 8,251,260</b>	<b>\$ 8,006,676</b>	<b>\$ 11,837,121</b>	<b>\$ 12,881,783</b>
<b>Net (Expense)/Revenue</b>									
Governmental activities	\$ (39,156,419)	\$ (64,100,001)	\$ (53,115,631)	\$ (51,296,429)	\$ (48,576,018)	\$ (48,890,359)	\$ (50,680,370)	\$ (43,903,358)	\$ (32,050,348)
Business-type activities	-	-	-	-	-	-	-	845,329	614,662
<b>Total primary government</b>	<b>\$ (39,156,419)</b>	<b>\$ (64,100,001)</b>	<b>\$ (53,115,631)</b>	<b>\$ (51,296,429)</b>	<b>\$ (48,576,018)</b>	<b>\$ (48,890,359)</b>	<b>\$ (50,680,370)</b>	<b>\$ (43,058,029)</b>	<b>\$ (31,435,686)</b>



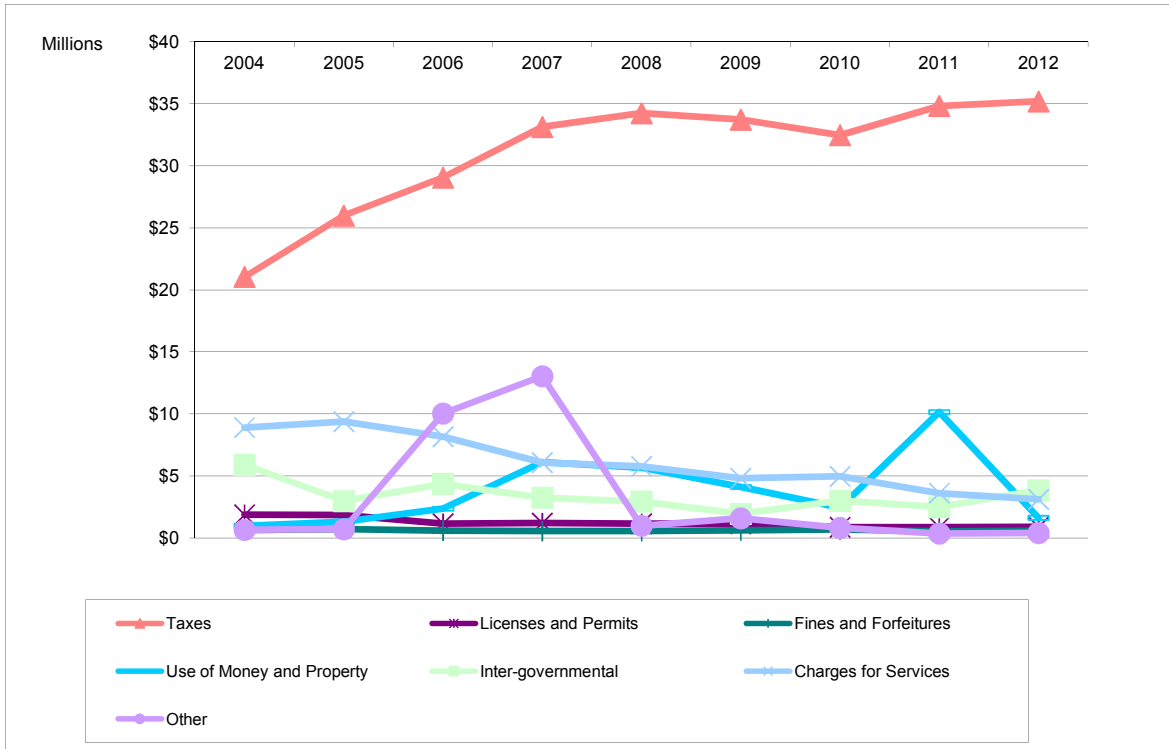
**CITY OF NOVATO, CALIFORNIA**  
**CHANGES IN NET ASSETS (CONTINUED)**  
**LAST NINE FISCAL YEARS**  
**(accrual basis of accounting)**

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues</b>									
Government Activities									
Taxes									
Sales and use taxes	\$ 6,883,194	\$ 5,955,101	\$ 6,085,725	\$ 6,529,038	\$ 7,017,158	\$ 6,795,354	\$ 6,843,532	\$ 7,091,679	\$ 10,572,876
Property taxes	10,080,710	15,461,583	18,262,573	21,818,221	22,720,727	22,380,430	18,500,226	19,762,623	19,696,677
Motor vehicle and gas taxes	3,178,525	1,010,450	1,285,590	1,259,487	1,188,490	1,084,014	1,043,362	1,524,267	1,550,644
Franchise taxes	1,027,851	1,060,162	1,147,575	1,296,174	1,355,063	1,402,686	1,377,382	1,446,452	
Transient occupancy taxes	886,782	931,434	1,053,189	1,112,117	1,075,572	1,004,508	896,684	942,373	-
Business license taxes	747,366	756,916	749,944	804,036	844,949	849,748	838,182	832,498	
Other taxes	2,115,602	1,587,837	2,145,880	2,514,149	299,377	2,458,292	4,535,019	3,223,873	3,373,453
Interest and investment	345,421	836,576	476,165	3,044,498	2,982,085	814,009	1,296,838	9,344,352	1,662,259
Rental income	653,352	498,372	1,794,773	1,684,424	1,713,336	785,503	527,844	863,798	-
Gain on sale of capital assets									
Other revenue	665,598	719,659	9,863,430	13,042,836	998,751	1,599,512	824,469	375,725	418,051
Transfers In	14,789,868	9,870,087	7,960,148	20,319,950	12,595,029	12,558,935	14,480,550		
<b>Total governmental activities</b>	<b>41,374,269</b>	<b>38,688,177</b>	<b>50,824,992</b>	<b>73,424,930</b>	<b>52,790,537</b>	<b>51,732,991</b>	<b>51,164,088</b>	<b>45,407,640</b>	<b>37,273,960</b>
Business-type Activities									
Interest and investment								203,311	252,809
Other revenue								13,915	17,131
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217,226</b>	<b>269,940</b>
Extraordinary Items									46,397,146
<b>Total primary government</b>	<b>\$ 41,374,269</b>	<b>\$ 38,688,177</b>	<b>\$ 50,824,992</b>	<b>\$ 73,424,930</b>	<b>\$ 52,790,537</b>	<b>\$ 51,732,991</b>	<b>\$ 51,164,088</b>	<b>\$ 45,624,866</b>	<b>\$ 83,941,046</b>
<b>Change in Net Assets</b>									
Governmental activities	\$ 2,217,850	\$ (25,411,824)	\$ (2,290,639)	\$ 22,128,501	\$ 4,214,519	\$ 2,842,632	\$ 483,718	\$ 1,504,282	\$ 51,620,758
Business-type activities	-	-	-	-	-	-	-	1,062,555	884,602
<b>Total primary government</b>	<b>\$ 2,217,850</b>	<b>\$ (25,411,824)</b>	<b>\$ (2,290,639)</b>	<b>\$ 22,128,501</b>	<b>\$ 4,214,519</b>	<b>\$ 2,842,632</b>	<b>\$ 483,718</b>	<b>\$ 2,566,837</b>	<b>\$ 52,505,360</b>

Note 1: The government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2004. Therefore, there are only nine years of data available to report.

Source: City of Novato Finance Division

**CITY OF NOVATO, CALIFORNIA**  
**GOVERNMENTAL FUNDS REVENUES BY SOURCE**  
**LAST NINE 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>
2004	\$ 21,051,820	\$ 1,888,274	\$ 653,262	\$ 998,773	\$ 5,910,677	\$ 8,914,014	\$ 665,598	\$ 40,082,418
2005	25,986,172	1,870,448	717,805	1,334,948	2,985,533	9,385,303	719,659	42,999,868
2006	29,058,690	1,176,783	596,565	2,380,788	4,376,729	8,175,360	10,042,756	55,807,671
2007	33,131,500	1,229,536	568,598	6,115,389	3,262,301	6,095,872	13,042,838	63,446,034
2008	34,238,342	1,172,095	578,017	5,679,987	2,958,218	5,793,950	998,751	51,419,360
2009	33,722,149	1,169,382	632,552	4,134,701	1,962,556	4,832,171	1,599,512	48,053,023
2010	32,466,827	885,043	693,534	2,447,178	3,013,732	4,981,928	824,469	45,312,711
2011	34,823,765	895,765	559,139	10,171,635	2,503,698	3,629,511	375,725	52,959,238
2012	35,193,650	910,559	611,791	1,642,838	3,865,991	3,126,521	418,051	45,769,401

Source: City of Novato Finance Division

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

	Fiscal Year								
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund									
Reserved	\$ 7,750,136	\$ 9,618,208	\$ 8,459,435	\$ 8,459,436	\$ 10,284,290	\$ 10,535,241	\$ 10,828,866		
Unreserved	5,658,106	4,849,084	5,632,420	2,067,395	413,472	(18,600)			
Nonspendable								\$ 31,006,545	630,064
Restricted								36,687,967	1,192,404
Assigned								23,222,051	23,170,714
Unassigned								(27,012,787)	4,495,908
<b>Total General Fund</b>	<b>\$ 13,408,242</b>	<b>\$ 14,467,292</b>	<b>\$ 14,091,855</b>	<b>\$ 10,526,831</b>	<b>\$ 10,697,762</b>	<b>\$ 10,516,641</b>	<b>\$ 10,828,866</b>	<b>\$ 63,903,776</b>	<b>\$ 29,489,090</b>
All Other Governmental Funds									
Reserved	\$ 9,620,032	\$ 5,548,911	\$ 3,716,151	\$ 4,190,836	\$ 4,630,161	\$ 4,011,639	\$ 4,401,643		
Unreserved reported in:									
Special revenue funds	10,506,254	(9,232,045)	14,036,061	15,473,475	14,987,515	14,435,867	12,523,218		
Capital project funds	8,786,252	15,964,823	18,221,122	24,517,410	22,867,841	20,953,469	16,370,514		
Nonspendable								\$ 227,542	1,398,958
Restricted								29,815,040	59,515,279
Assigned								343,209	337,712
Unassigned								(1,687,680)	(1,286,967)
<b>Total all other Governmental Funds</b>	<b>\$ 28,912,538</b>	<b>\$ 12,281,689</b>	<b>\$ 35,973,334</b>	<b>\$ 44,181,721</b>	<b>\$ 42,485,517</b>	<b>\$ 39,400,975</b>	<b>\$ 33,295,375</b>	<b>\$ 28,698,111</b>	<b>\$ 59,964,982</b>

Note 1: The government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2004. Therefore, there are only nine years of data available to report.

Source: City of Novato Finance Division

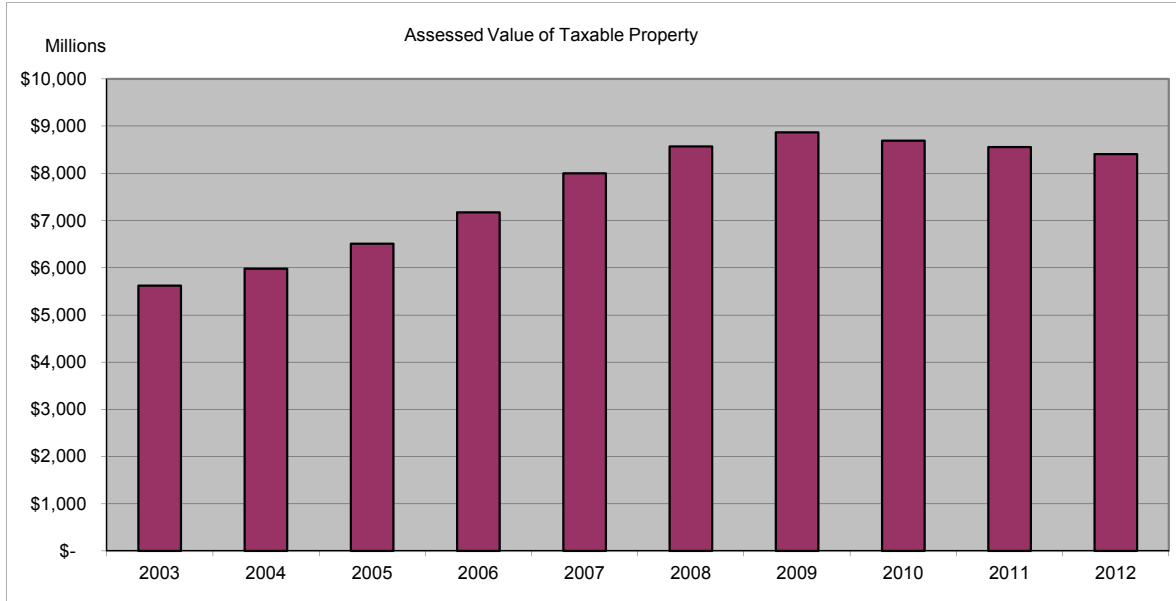
**CITY OF NOVATO, CALIFORNIA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
(modified accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>									
Taxes and assessments	\$ 21,051,820	\$ 25,986,172	\$ 29,058,690	\$ 33,131,500	\$ 34,238,342	\$ 33,722,149	\$ 32,466,827	\$ 34,823,765	\$ 35,193,650
Licenses, permits, and fess	1,888,274	1,870,448	1,176,783	1,229,536	1,172,095	1,169,382	885,043	895,765	910,559
Intergovernmental revenues	5,910,677	2,985,533	4,376,729	3,262,301	2,958,218	1,962,556	3,013,732	2,503,698	3,865,991
Fines and forfeitures	653,262	717,805	596,565	568,598	578,017	632,552	693,534	559,139	611,791
Use of money and property	998,773	1,334,948	2,380,788	6,115,389	5,679,987	4,134,701	2,447,178	10,171,635	1,642,838
Charges for service	8,914,014	9,385,303	8,175,360	6,095,872	5,793,950	4,832,171	4,981,928	3,629,511	3,126,521
Other revenues	665,598	719,659	10,042,756	13,042,838	998,751	1,599,512	824,469	375,725	418,051
<b>Total revenues</b>	<b>40,082,418</b>	<b>42,999,868</b>	<b>55,807,671</b>	<b>63,446,034</b>	<b>51,419,360</b>	<b>48,053,023</b>	<b>45,312,711</b>	<b>52,959,238</b>	<b>45,769,401</b>
<b>Expenditures</b>									
General government	5,081,639	5,148,038	5,535,705	6,664,561	7,820,932	5,527,404	5,131,874	5,564,706	5,663,717
Public safety	9,971,146	11,183,614	11,292,619	12,976,841	13,716,397	13,540,717	13,126,813	13,237,104	12,927,288
Public works	6,730,143	6,213,113	6,527,526	2,802,746	6,934,057	7,689,298	6,507,299	5,924,312	6,277,551
Culture and recreation	3,562,215	3,699,770	3,515,448	5,491,560	6,103,080	5,737,861	5,003,083	4,813,224	4,580,631
Community Development	4,165,705	34,438,941	5,090,977	4,966,077	3,135,875	2,145,427	1,996,974	1,321,387	648,037
PERS funding expense			17,815,883						
SERAF shift							2,657,292	547,090	
Debt service - Principal	1,283,165	1,434,829	3,244,091	2,407,038	2,661,238	2,981,041	3,222,160	3,552,199	3,286,806
Debt service - Interest	1,618,362	1,784,946	3,415,118	4,205,667	4,345,551	3,918,474	3,767,013	12,270,256	3,099,930
Capital outlay	8,846,654	8,516,609	4,724,719	10,499,703	8,098,954	8,421,391	10,778,629	3,249,638	8,045,197
<b>Total expenditures</b>	<b>41,259,029</b>	<b>72,419,860</b>	<b>61,162,086</b>	<b>50,014,193</b>	<b>52,816,084</b>	<b>49,961,613</b>	<b>52,191,137</b>	<b>50,479,916</b>	<b>44,529,157</b>
Excess of revenues over (under) expenditures	(1,176,611)	(29,419,992)	(5,354,415)	13,431,841	(1,396,724)	(1,908,590)	(6,878,426)	2,479,322	1,240,244
<b>Other financing sources (uses)</b>									
Extraordinary Items									(3,939,968)
Issuance of debt	3,330,000	39,763,373	18,296,066	5,634,781		1,755,022		17,000,000	
Issuance costs		(1,857,319)	(480,184)	(162,295)		(76,650)		(495,064)	
Loss on sale of assets						(193,230)			
Transfers in	14,792,760	9,870,087	7,960,148	20,319,950	12,595,029	12,558,935	14,480,550	7,454,805	11,011,019
Transfers out	(14,740,944)	(9,984,931)	(8,032,772)	(20,666,993)	(12,555,229)	(12,955,801)	(14,899,949)	(7,852,252)	(11,459,110)
<b>Total other financing sources</b>	<b>3,381,816</b>	<b>37,791,210</b>	<b>17,743,258</b>	<b>5,125,443</b>	<b>39,800</b>	<b>1,088,276</b>	<b>(419,399)</b>	<b>16,107,489</b>	<b>(4,388,059)</b>
<b>Net change in fund balance</b>	<b>\$ 2,205,205</b>	<b>\$ 8,371,218</b>	<b>\$ 12,388,843</b>	<b>\$ 18,557,284</b>	<b>\$ (1,356,924)</b>	<b>\$ (820,314)</b>	<b>\$ (7,297,825)</b>	<b>\$ 18,586,811</b>	<b>\$ (3,147,815)</b>
<b>Debt service as a % of noncapital expenditures</b>									
	9.0%	5.0%	11.8%	16.7%	15.7%	16.6%	16.9%	33.5%	17.5%

Note 1: The government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2004. Therefore, there are only nine years of data available to report.

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other [a]	Less: Tax Exempt Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value [b]
					[c]				
2003	\$ 4,216,008,951	\$ 896,692,619	\$ 155,142,334	\$ 355,292,075	\$ -	\$ -	\$ 5,623,135,979	11.296%	\$ 635,189,440
2004	4,583,941,104	874,759,707	164,546,816	354,331,161	-	-	5,977,578,788	11.181%	668,353,084
2005	5,080,098,794	906,225,526	174,542,093	349,912,205	-	-	6,510,778,618	11.957%	778,493,799
2006	5,732,868,477	941,745,726	181,782,020	319,206,449	-	-	7,175,602,672	13.252%	950,910,866
2007	6,401,930,566	1,073,491,784	198,514,308	328,670,368	-	-	8,002,607,026	15.277%	1,222,558,275
2008	6,890,729,987	1,127,501,013	244,560,032	307,497,504	-	-	8,570,288,536	14.871%	1,274,487,608
2009	7,044,510,993	1,278,388,550	249,525,537	294,195,091	-	-	8,866,620,171	14.862%	1,317,757,090
2010	6,674,078,454	1,400,313,093	278,297,838	338,431,080	-	-	8,691,120,465	14.822%	1,288,197,875
2011	6,561,771,444	1,354,453,126	279,488,171	356,619,607	-	-	8,552,332,348	14.776%	1,263,692,628
2012	6,621,127,316	1,251,046,390	279,231,224	252,794,801	-	-	8,404,199,731	15.016%	1,261,974,632

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.

[d] Taxes receipted net of administrative collections (SB-2557) charges and redevelopment pass-thrus.

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 2000	Marin Community College Bonds	North Marin Water Improvement	Novato City Bonds	Novato School Bonds	San Rafael High Bonds	Total Direct and Overlapping Rates
2003	1.00000	0.02200	0.00000	0.00600	0.00000	0.08900	0.00800	1.12500
2004	1.00000	0.02100	0.00000	0.00600	0.00000	0.08600	0.01600	1.12900
2005	1.00000	0.01900	0.00000	0.00000	0.00000	0.07900	0.02300	1.12100
2006	1.00000	0.00000	0.01880	0.00000	0.00000	0.06760	0.00000	1.08640
2007	1.00000	0.01860	0.01680	0.00000	0.00580	0.08620	0.02490	1.15230
2008	1.00000	0.01710	0.01630	0.00000	0.00860	0.06640	0.02440	1.13280
2009	1.00000	0.01680	0.00420	0.00000	0.00740	0.07000	0.02420	1.12260
2010	1.00000	0.01740	0.01920	0.00000	0.00840	0.07520	0.02540	1.14560
2011	1.00000	0.01860	0.01360	0.00000	0.00960	0.08900	0.02790	1.15870
2012	1.00000	0.01840	0.01750	0.00000	0.00760	0.07930	0.02680	1.14960

[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 : Marin County Assessor Combined Tax Rolls & HDL Companies

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

<b>Taxpayer</b>	<b>2012</b>			<b>2003</b>		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BioMarin Pharmaceutical Inc.	1	\$ 135,051,422	1.60%	4	\$ 39,812,919	0.71%
Novato FF Property LLC	2	132,000,000	1.56%			
Hamilton Marin LLC	3	89,354,275	1.06%	7	34,075,500	0.61%
Steven J. Scarpa	4	63,884,030	0.76%	2	60,075,388	1.07%
JCC Cal Properties LLC	5	56,959,977	0.67%			
Sutter Health	6	42,660,608	0.51%			
Hamilton Marketplace LLC	7	36,824,728	0.44%			
Contesta Novato Investors LLC	8	34,385,336	0.41%			
Professional Investors Security Fund	9	30,418,944	0.36%	9	27,005,871	0.48%
Condiotti Enterprises Inc.	10	27,842,207	0.33%	5	38,354,854	0.68%
San Marin Assurance Co., Inc. Trust				1	158,352,735	2.82%
WH McVay Trust LL Etal				3	48,148,983	0.86%
Shea Homes Limited Partnership				6	34,788,893	0.62%
Four Star Investment & Management				8	27,380,075	0.49%
Riggs & Company Trust				10	26,795,206	0.48%
<b>Top Ten Totals</b>		<b>\$ 649,381,527</b>	<b>7.69%</b>		<b>\$ 494,790,424</b>	<b>8.09%</b>
<b>City Total Taxable Assessed Value</b>		<b>\$ 8,442,664,001</b>			<b>\$ 5,623,135,979</b>	

Source: Marin County Assessor Combined Tax Rolls, SBE Non Unitary Tax Roll, & 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 <sup>1</sup>		Collection in Subsequent Years	Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
2003	8,704	8,704	100.00%	-	8,704	100.00%
2004	10,081	10,081	100.00%	-	10,081	100.00%
2005	15,462	15,462	100.00%	-	15,462	100.00%
2006	18,263	18,263	100.00%	-	18,263	100.00%
2007	21,818	21,818	100.00%	-	21,818	100.00%
2008	22,721	22,721	100.00%	-	22,721	100.00%
2009	22,380	22,380	100.00%	-	22,380	100.00%
2010	18,500	18,500	100.00%	-	18,500	100.00%
2011	19,763	19,763	100.00%	-	19,763	100.00%
2012	16,337	16,337	100.00%	-	16,337	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)

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	Fiscal Year									
	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11 [b]</u>	<u>2011-12</u>
Major Business Groups										
General Retail	\$ 2,484	\$ 2,533	\$ 2,625	\$ 2,800	\$ 2,780	\$ 2,701	\$ 2,819	\$ 2,835	\$ 3,173	\$ 4,522
Transportation	1,318 [a]	1,654	1,756	1,919	1,979	1,865	1,558	1,481	1,925	2,901
Food Products	928 [a]	981	1,057	1,241	1,228	1,290	1,192	1,151	1,374	1,914
Business to Business	807	627	562	661	778	619	611	488	674	1,062
Construction	376	439	440	456	436	436	348	249	312	534

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] Data available for 2nd to 4th quarters only.

[b] Includes voter-approved 5-year, half cent sales tax measure passed in November 2010 that became effective for the 4th quarter of FY 10/11.

Source: HDL Companies (FY 2002-03 through FY 2007-08)  
MuniServices Company (FY 2008-09 through FY 2011-12)

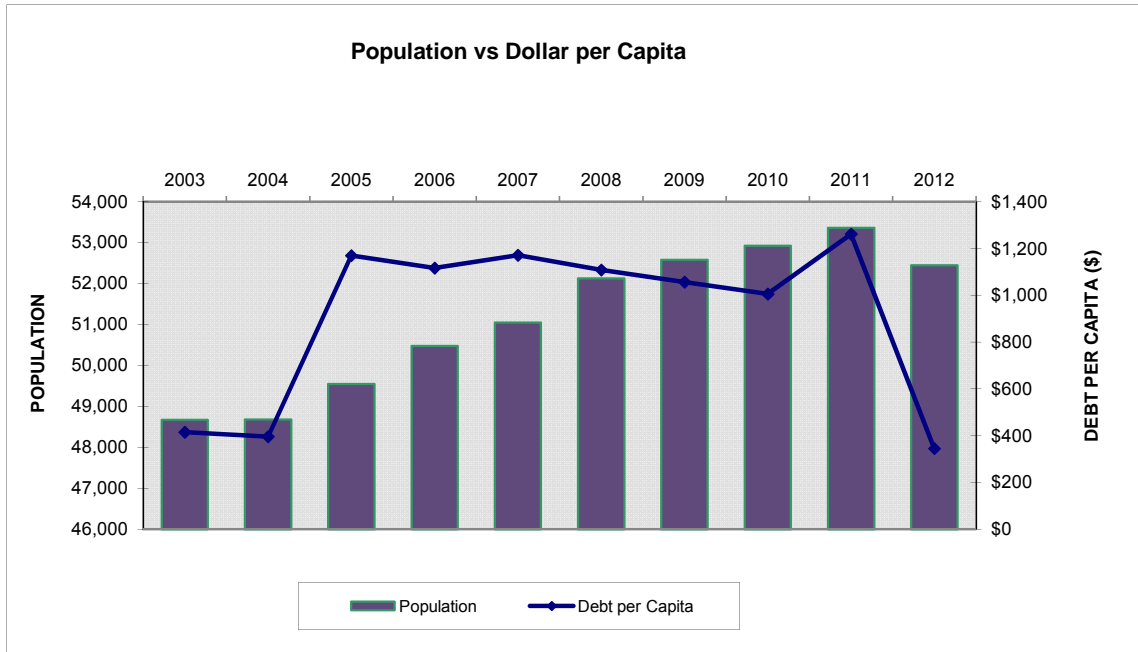
**CITY OF NOVATO, CALIFORNIA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(amounts in thousands of dollars, except per capita amount)**

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percent of Personal Income <sup>1</sup>	Population	Debt per Capita
	General Obligation Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Other Bonds	Capital Lease / Loan	Compensated Absences	MVMCC Promissory Note				
2003	20,195	-	-	-	7,069	906	15,785	43,955	2.65%	48,668	903
2004	19,285	-	-	-	10,396	965	15,490	46,136	2.70%	48,681	948
2005	23,584	-	34,355	-	9,856	1,062	15,185	84,042	4.55%	49,544	1,696
2006	22,541	18,115	33,795	-	8,738	1,107	14,865	99,161	5.00%	50,475	1,965
2007	26,573	18,092	33,225	-	8,162	1,382	14,525	101,959	4.71%	51,047	1,997
2008	25,234	18,101	32,540	-	7,498	1,543	12,675	97,591	4.21%	52,127	1,872
2009	23,703	18,079	31,840	1,533	6,985	1,633	12,335	96,108	4.07%	52,581	1,828
2010	22,067	18,016	31,120	1,420	6,172	1,692	10,760	91,247	3.97%	52,919	1,724
2011	19,930	19,005	47,380	1,306	5,303	1,630	10,435	104,989	5.03%	53,357	1,968
2012	18,105	19,074	-	1,193	37	1,650	10,090	50,149	2.39%	52,447	956

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
1 See the Schedule of Demographic Statistics for personal income and population data.

Source: City of Novato Finance Division

**CITY OF NOVATO, CALIFORNIA**  
**RATIO OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
(amounts in thousands of dollars, except per capita amount)



Fiscal Year	General Obligation Bonds	Tax Allocation Bonds	Total Primary Government	Percent of Assessed Value	Population	Debt per Capita	Assessed Value
2003	\$ 20,195	\$ -	\$ 20,195	0.359%	48,668	\$415	5,623,136
2004	19,285	-	19,285	0.323%	48,681	\$396	5,977,579
2005	23,584	34,355	57,939	0.890%	49,544	\$1,169	6,510,779
2006	22,541	33,795	56,336	0.785%	50,475	\$1,116	7,175,603
2007	26,573	33,225	59,798	0.747%	51,047	\$1,171	8,002,607
2008	25,234	32,540	57,774	0.674%	52,127	\$1,108	8,570,289
2009	23,703	31,840	55,543	0.626%	52,581	\$1,056	8,866,620
2010	22,067	31,120	53,187	0.612%	52,919	\$1,005	8,691,120
2011	19,930	47,380	67,310	0.787%	53,357	\$1,262	8,552,332
2012	18,105	-	18,105	0.215%	52,447	\$345	8,404,200

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, 2012**

2011-2012 Assessed Valuation :	\$8,404,199,731
Redevelopment Incremental Valuation:	1,420,230,655
Adjusted Assessed Valuation:	\$6,983,969,076

<u>Direct and Overlapping Tax and Assessment Debt</u>	Outstanding Debt 6/30/12	% Applicable [a]	City's Estimated Share Of Overlapping Debt
Marin Community College District	\$178,950,000	13.360%	23,907,720
Novato Unified School District	91,450,000	82.004%	74,992,658
City of Novato	18,105,000	100.000%	18,105,000
City of Novato Community Facilities District No. 1	18,580,000	100.000%	18,580,000
City of Novato Community Facilities District No. 1994-1	16,920,000	100.000%	16,920,000
City of Novato Community Facilities District No. 2002-1	10,740,000	100.000%	10,740,000
City of Novato 1915 Act Bonds	1,275,000	100.000%	1,275,000
Novato Sanitary District Assessment District No. 2000-1	1,350,000	100.000%	1,350,000
Marin County Open Space Assessment Districts	348,000	64.018-100%	265,961
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$166,136,339</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Marin County General Fund Obligations	\$77,042,312	13.335%	10,273,592
Marin County Pension Obligations	110,185,000	13.335%	14,693,170
Marin Community College District General Fund Obligations	2,800,834	13.360%	374,191
Novato Unified School District Certificates of Participation	255,000	82.004%	209,110
City of Novato General Fund Obligations	1,812,212	100.000%	1,812,212 [b]
City of Novato Pension Obligations	17,896,066	100.000%	17,896,066
Novato Fire Protection District General Fund Obligations	849,637	81.923%	696,048
Marin County Transit Authority General Fund Obligations	205,025	Various	27,340
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$45,981,730</b>
 <b>TOTAL DIRECT DEBT</b>			 <b>\$37,813,278</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$174,304,790</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$212,118,068 [c]</b>

Ratios to 2011-12 Assessed Valuation:

Direct Debt (\$18,105,000).....	0.22%
Total Overlapping Tax and Assessment Debt.....	1.98%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$37,813,278).....	0.54%
Combined Total Debt.....	3.04%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$-0-

Notes:

[a] Percentage of overlapping agency's assessed valuation located within boundaries of the city.

[b] Share of Marin Emergency Radio Authority Bonds.

[c] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

**CITY OF NOVATO, CALIFORNIA  
LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

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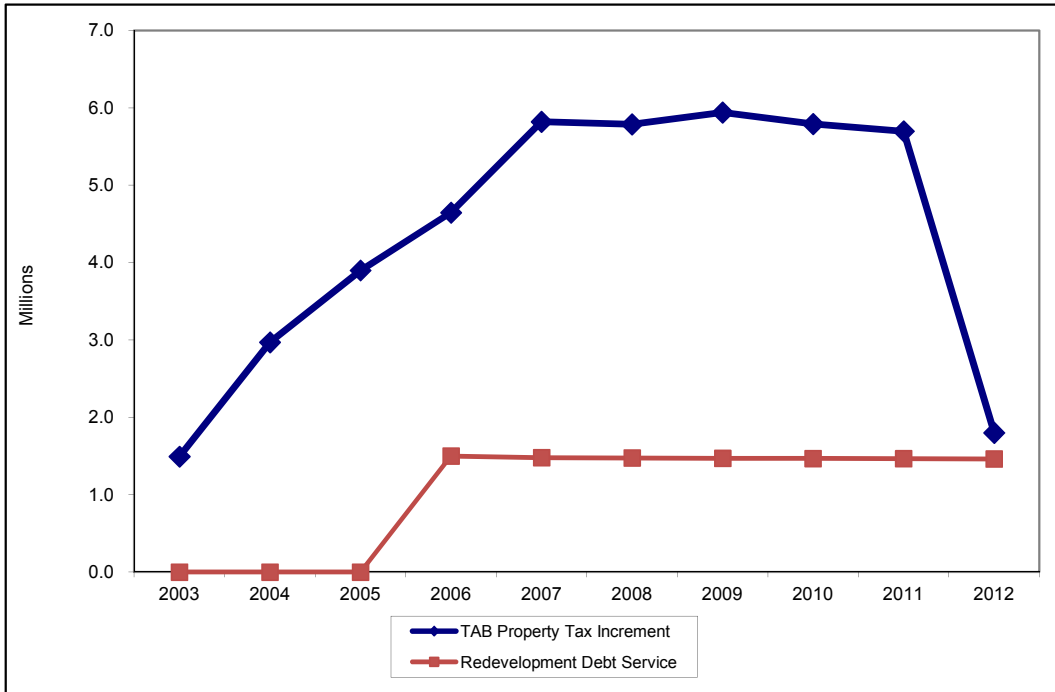
**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed Value (in thousands)	\$ 8,404,200
Debt Limit (15%) of total assessed value	1,260,630
Debt applicable to limit:	
General obligation bonds	18,105
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	18,105
Legal debt margin	<u>\$ 1,242,525</u>

Fiscal Year	Total Taxable Assessed Value (in thousands)	Debt Limit Amount	Total net debt applicable to limit	Legal debt margin	Ratio of net debt applicable to limit to legal debt limit
2003	5,623,136	843,470	20,195	823,275	2%
2004	5,977,579	896,637	19,285	877,352	2%
2005	6,510,779	976,617	23,584	953,033	2%
2006	7,175,603	1,076,340	22,541	1,053,799	2%
2007	8,002,607	1,200,391	26,573	1,173,818	2%
2008	8,570,289	1,285,543	25,234	1,260,309	2%
2009	8,866,620	1,329,993	23,703	1,306,290	2%
2010	8,691,120	1,303,668	22,067	1,281,601	2%
2011	8,552,332	1,282,850	19,930	1,262,920	2%
2012	8,404,200	1,260,630	18,105	1,242,525	1%

Source: City of Novato Finance Division

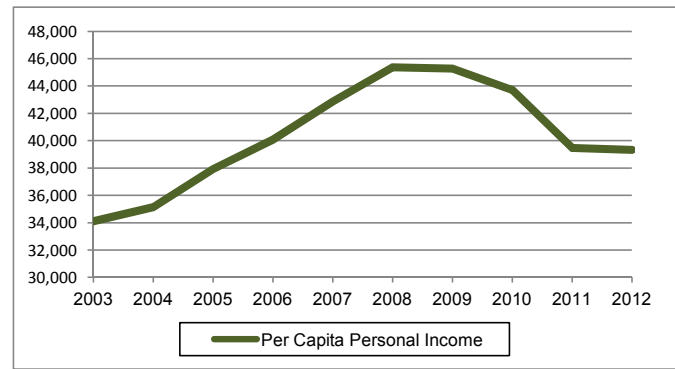
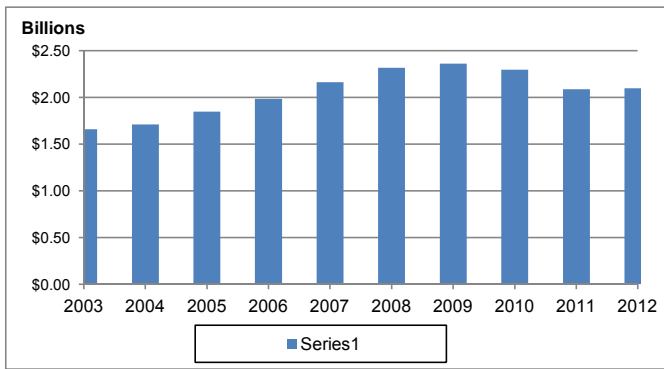
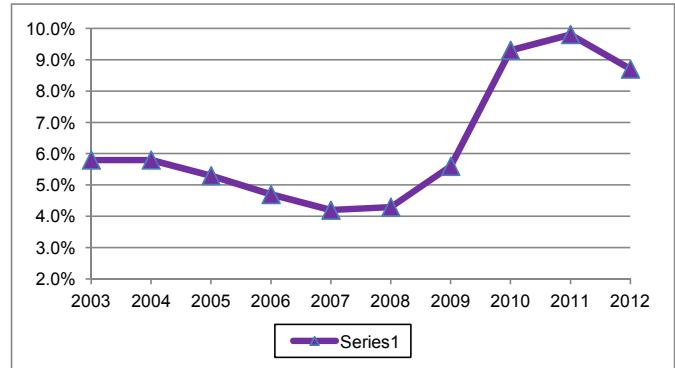
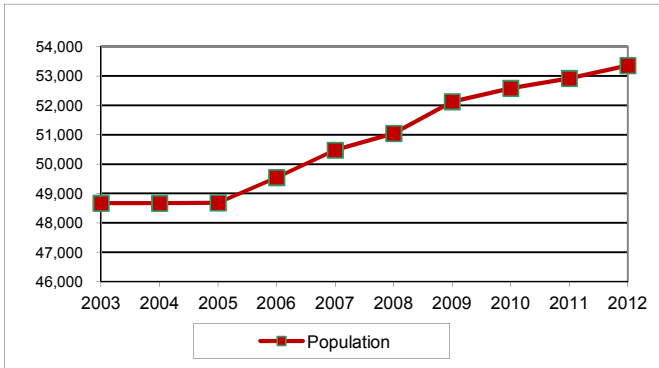
**CITY OF NOVATO, CALIFORNIA  
 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (amounts in thousands of dollars)**



Fiscal Year	Tax Allocation Bond Property Tax Increment			Redevelopment Debt Service			
	Redevelopment Increment	Less: Low and Moderate Income Housing Set-Aside	Net Available Revenue	Principal	Interest	Total	Debt Ratio
2003	1,866	373	\$ 1,493	0	0	\$ -	0%
2004	3,712	742	2,970	0	0	-	0%
2005	4,874	975	3,899	0	0	-	0%
2006	5,807	1,161	4,646	460	1,040	1,500	32%
2007	7,275	1,455	5,820	490	989	1,479	25%
2008	7,235	1,447	5,788	500	975	1,475	25%
2009	7,426	1,485	5,941	510	960	1,470	25%
2010	7,238	1,448	5,790	525	943	1,468	25%
2011	7,123	1,425	5,698	540	926	1,466	26%
2012	[a] 2,400	600	1,800	555	907	1,462	81%

[a] Following elimination of redevelopment agencies on February 1, 2012, tax increment revenue was limited to funds to pay the former redevelopment agency's ROPS (recognized obligation payment schedule)  
 Source: City of Novato Finance Division

**CITY OF NOVATO CALIFORNIA  
DEMOGRAPHIC AND ECONOMIC INDICATORS  
LAST TEN FISCAL YEARS**



Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate	Median Age	School Enrollment	% of pop 25+ w/ H.S. Degree	% of pop 25+ w/ Bachelor's Degree
2003	48,668	\$ 1,659,744	\$ 34,103	5.8%	not available	7,877	not available	not available
2004	48,668	1,710,126	35,139	5.8%	not available	7,794	not available	not available
2005	48,681	1,846,309	37,927	5.3%	not available	7,813	not available	not available
2006	49,544	1,985,015	40,066	4.7%	not available	7,818	not available	not available
2007	50,475	2,163,809	42,869	4.2%	not available	7,952	not available	not available
2008	51,047	2,315,661	45,363	4.3%	not available	8,092	not available	not available
2009	52,127	2,360,562	45,285	5.6%	not available	7,891	not available	not available
2010	52,581	2,297,753	43,699	9.3%	42.1	8,000	92.7%	41.5%
2011	52,919	2,088,073	39,458	9.8%	42.5	8,000	92.1%	41.9%
2012	53,357	2,098,876	39,336	8.7%	43.1	8,000	91.2%	42.8%

Source: HDL Companies

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

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Total City Employment 23,300

Total City Employment 24,100

<b>FY 2011-12</b>				<b>FY 2003-04</b>			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employed</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employed</u>
Fireman's Fund	896	1	3.85%	Fireman's Fund	1400	1	5.81%
Novato Unified School District	854	2	3.67%	Novato Unified School District	860	2	3.57%
BioMarin Pharmaceuticals	785	3	3.37%	Greenpoint Mortgage	560	3	2.32%
Novato Community Hospital	338	4	1.45%	Novato Community Hospital	307	4	1.27%
Target Store	291	5	1.25%	Marin Independent Journal	300	5	1.24%
Brayton Purcell	290	6	1.24%	Riverdeep	297	6	1.23%
Visual Concepts	290	7	1.24%	Costco Wholesale	250	7	1.04%
Costco Wholesale	279	8	1.20%	Brayton & Associates	244	8	1.01%
Safeway Stores	263	9	1.13%	City of Novato	234	9	0.97%
Bank of Marin	223	10	0.96%	Birkenstock	230	10	0.95%

Source: HDL Companies



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

Function	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government										
Management Services	25.6	20.5	18.1	18.8	21.3	22.0	21.2	18.9	19.1	18.4
Finance	6.0	6.0	6.0	6.0	6.0	5.6	5.6	5.6	6.0	6.0
Planning	11.4	8.9	9.4	8.5	8.9	11.0	10.9	8.2	5.7	5.7
Building	5.3	4.0	8.5	8.8	7.8	6.6	6.6	5.6	5.1	5.1
Police										
Officers	23.5	22.5	23.0	58.0	58.0	59.0	59.0	59.0	59.0	55.7
Civilians	63.0	60.0	61.0	21.1	22.6	22.6	22.6	19.6	16.6	15.8
Public Works										
Engineering	25.9	23.0	25.0	22.8	23.6	25.6	22.6	19.6	17.3	14.3
Maintenance	42.0	36.0	42.0	40.0	45.0	46.0	47.0	46.0	41.0	39.0
Redevelopment	1.8	2.1	2.6	3.4	4.5	5.9	5.6	5.6	4.7	4.4
Parks and Recreation	29.5	28.5	28.5	27.2	27.9	28.0	27.5	25.5	19.8	18.1
Total	<u>234.0</u>	<u>211.5</u>	<u>224.0</u>	<u>214.6</u>	<u>225.6</u>	<u>232.2</u>	<u>228.5</u>	<u>213.5</u>	<u>194.2</u>	<u>182.3</u>

Source: City of Novato Annual Budget  
Paid employees only (excluding reserves and volunteers)

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

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<u>Function</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public Safety:										
<b>Police:</b>										
Police Calls for Service	20,103	21,710	24,182	22,014	22,938	21,598	22,573	21,508	20,965	20,931
Law Violations:										
Part I Crimes	1,222	1,444	1,458	1,591	1,686	1,620	1,542	1,522	1,452	1,263
Physical Arrests (Adult and Juvenile)	1,513	1,220	1,321	1,416	1,583	1,681	1,591	1,483	1,388	1,616
Parking Violations	4,365	4,267	2,530	2,207	2,207	2,113	2,326	1,192	1,445	1,695

Source: City of Novato Police Department

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

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<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	19	19	19	19	19	19	19	19	19	19
Public Works										
Miles of Streets	127	127	129	129	144	144	150	150	151	151
Street Lights	3,297	3,311	3,352	3,352	3,736	3,736	3,893	3,893	3,924	3,924
Recreation and Community Services:										
City Parks	34	34	34	36	36	38	38	38	38	38
City Parks Acreage	444	444	444	477	477	479	479	479	479	479
Senior Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Baseball/Softball Diamonds	3	3	3	3	3	3	3	3	3	3
Soccer Fields	6	6	6	6	6	6	6	6	6	6

Source: City of Novato Finance Division