

NOVATO FIRE PROTECTION DISTRICT

NOVATO, CALIFORNIA

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2013



The Novato Fire District exists to care for, protect and serve our communities.



Comprehensive Annual Financial Report



Issued by

Finance Division

Dan Hom, CPA, Finance Director

Jeanne Villa, Information Analyst

Jenny O'Brien, Accounting Specialist

Novato Fire Protection District

95 Rowland Way

Novato, CA 94945

**Comprehensive Annual Financial Report
For the Year Ended June 30, 2013**

NOVATO FIRE PROTECTION DISTRICT

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**NOVATO FIRE PROTECTION DISTRICT
DIRECTORY OF OFFICIALS**

2013 Board of Directors



President Farhad Mansourian



Vice President Lj Silverman



Secretary/Treasurer Tomas Kaselionis



Director Brad Beedle



Director James Galli

NOVATO FIRE PROTECTION DISTRICT




DIRECTORY OF OFFICIALS

Executive and Command Staff

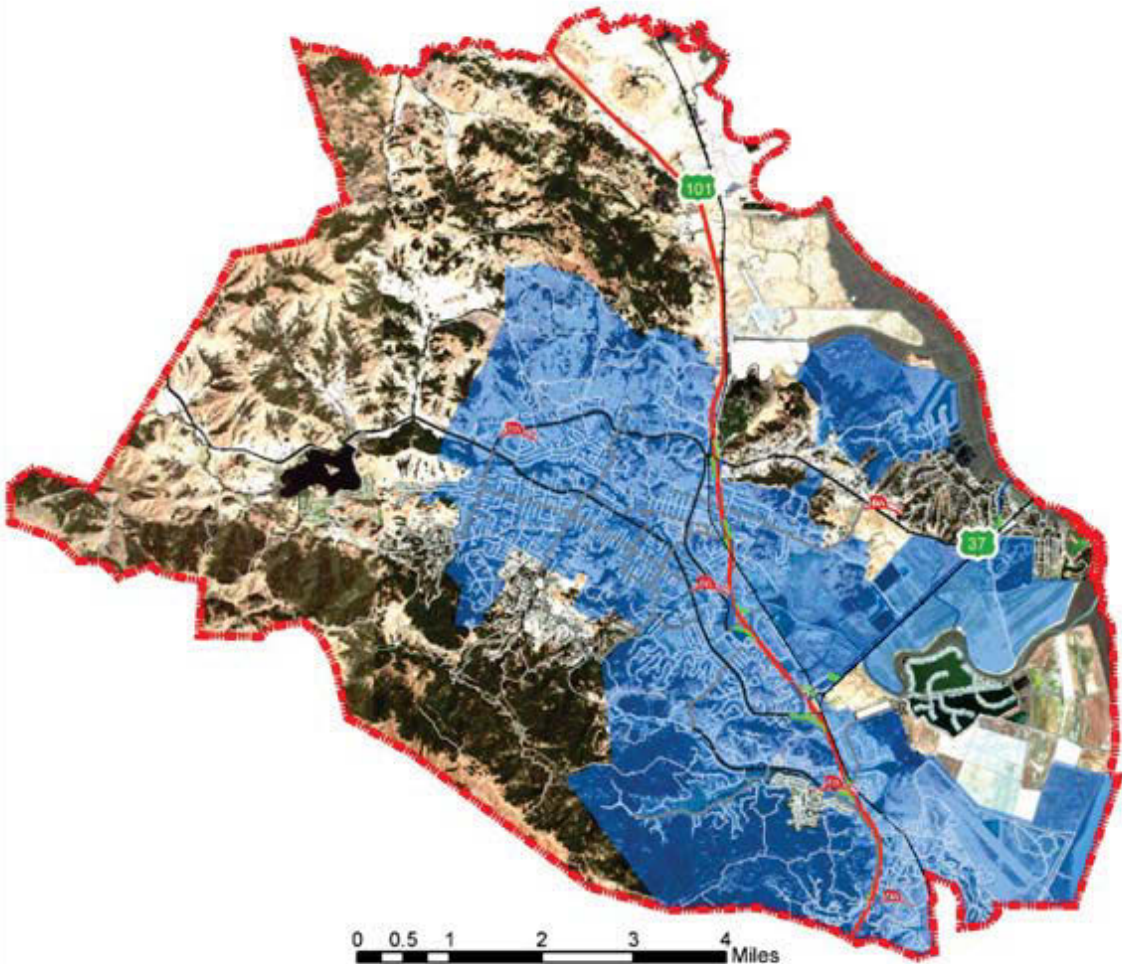
Fire Chief	Mark Heine, CFO
Deputy Fire Chief	Position Vacant
Battalion Chief (Fire Marshal)	Bill Tyler, CFO
Battalion Chief (Administration)	
Emergency Medical Services Director	Ted Peterson, CMO
Battalion Chiefs (Operations)	
A Shift	Gerald McCarthy
B Shift	Position Vacant
C Shift	Jeffrey Veliquette
Training and Education Division	Position Vacant
Organizational Resources	Position Vacant
Finance Director	Dan Hom, CPA
Human Resources Manager	Lisa MacCubbin

NOVATO FIRE PROTECTION DISTRICT DISTRICT MAP

EXPLANATION

-  FIRE STATIONS
-  DISTRICT BOUNDARY
-  Novato City Limits

Map by: Timothy Walsh
Fire Captain / Specialist
Marin County Fire Department
California / State Plane Projection, Zone III
North American Datum 1983
Units: Feet
April 1, 2005



Novato Fire Protection District
Novato City Boundary



NOVATO FIRE PROTECTION DISTRICT FIRE STATIONS AND FACILITIES



**Administration Building
95 Rowland Way**



**Station 61
7025 Redwood Blvd**



**Station 62
450 Atherton Avenue**



**Station 63
65 San Ramon Way**



**Station 64
105 Roblar Drive**



**Station 65
5 Bolling Drive**



Novato Fire District

Fire Chief Mark Heine

95 Rowland Way, Novato, CA 94945 415.878.2690 Fax 415.878.2660 www.novatofire.org

November 28, 2013

Board of Directors
Novato Fire Protection District
95 Rowland Way
Novato, CA 94945

Members of the Board:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Novato Fire Protection District (District) for the fiscal year ended June 30, 2013. This is the sixth consecutive CAFR prepared by the District Finance Division.

District management is responsible for the accuracy of the information contained in this report, the adequacy of its disclosures, and the fairness of its presentation. District management believes this CAFR to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, the District has established a comprehensive system of internal controls designed to protect District assets from loss, to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

District financial statements have been audited by Maze and Associates a firm of Certified Public Accountants licensed to practice in the State of California. The independent auditors expressed an opinion that the District financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP in the United States. This is the most favorable conclusion and is commonly known as an “unqualified” or “clean” opinion. The independent auditors’ report is presented as the first component of the financial section of this report.

The Management's Discussion and Analysis (MD&A) narrative provides financial highlights and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. The MD&A is also intended to disclose any known significant events or decisions that affect the financial condition of the District. The MD&A complements, and should be read in conjunction with, this letter of transmittal.

PROFILE OF NOVATO FIRE PROTECTION DISTRICT

Reporting Entity - The Novato Fire Protection District is a separate governmental unit established July 6, 1926, as a Special District of the State of California. The purpose of the District is to provide fire protection, emergency medical and related services to the City of Novato and the surrounding area. The City of Novato and surrounding area approximates 71 square miles with an estimated population of 65,000. A five-person Board of Directors elected by the citizens for four-year terms governs the District. The District's legal authority and responsibilities are contained in the State of California Health and Safety Code under the "Fire Protection District Law of 1987."

Budgeting - The District Annual Budget, adopted prior to July 1, provides the overall control of its revenues and expenses, including appropriations (budgeted expenses) on a line item basis and the means of financing them (budgeted revenues). The District accounting system produces monthly reports on expense activity that assist Department and Division Managers to monitor their activities and programs. These reports are also reviewed by the Finance Director to assure budgetary compliance. The legal level of budgetary control is set at the object classification level. This level is presented as subtotals of revenue, salaries, and benefits, services and supplies, etc.

Internal Controls - As a recipient of federal, state, and county financial assistance, the District is responsible for ensuring that an adequate control structure is in place to comply with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the District Finance staff.

In developing and evaluating the District accounting system, consideration is given to the adequacy of internal accounting control. Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the accuracy and reliability of accounting data and the adherence to prescribed managerial policy. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the cost-benefit analysis requires estimates and judgments by management.

Services Provided - The District maintains five fire stations and one administrative headquarters office building, all strategically located within the District. All five stations house full time paid firefighters. The District staffs seven companies, including structure and wildland engines, a ladder truck, Advanced Life Support ambulances, command chief officer, Rescue, and other support units.

Within the boundaries of the District are wildland areas, single and multi-family residential units, commercial and light industrial occupancies, a major research facility, hotels, a hospital, numerous convalescent/assisted living facilities, equestrian areas and open space areas including hiking trails. With such diversity, it is mandatory the District be equipped with proper apparatus and be appropriately staffed to handle all risk emergencies.

The total population serviced by the District exceeds 65,000. On business days, the population grows to include the personnel employed in the Novato Unified School District (Novato's largest employer), Fireman's Fund, Bio Marin, the Buck Center and other large employers located within the District.

The District philosophy with regard to fire, medical, or hazardous material emergencies has been one of a strong, rapid deployment of appropriate resources to mitigate any emergency, as recognized by a Class 3 Insurance Service Office (ISO) rating. The District goal is to maintain overall total response time of 8 minutes or less 90% of the time for all dispatched emergencies. Total response time is defined as the total time when a 9-1-1 emergency call is answered to the time emergency responders arrive at the scene of an emergency. Under daily normal conditions, there are 20 full-time professional emergency responders who can be deployed for an emergency within the boundaries of the Novato Fire Protection District. In addition, the District serves as the primary Emergency Operations Center (EOC) location for the City of Novato and the Novato Fire Protection District.

Apparatus - District fleet is made up of emergency vehicles and apparatus which must be kept in a constant state of readiness. Among these resources are eight Type I engines, three Type III wildland engines, one ladder truck (100-foot aerial ladder), one medium duty rescue squad and four Advanced Life Support transport ambulances. For rural responses, the District is equipped with one 2,078 gallon all-wheel water tender with porta-tank.

The Type I and Type III engines all carry Advanced Life Support (ALS) emergency medical equipment, including oxygen, defibrillator units, and ALS medications. In addition, these vehicles are fully equipped to respond as needed to mitigate any emergency including fire, rescue, hazardous material spill, or vehicle accident and always include the staffing of one Firefighter/Paramedic

The three Advanced Life Support modular ambulances are equipped to meet the needs of ALS paramedic service. In addition, the District maintains two reserve ambulances and a multi-casualty unit that can be placed into service. The District participates through a Joint Powers Agreement in the Marin County Hazardous Materials Response Team. Through the Homeland Security Grant process, the Team acquired a state-of-the-art emergency response vehicle for its Type II Hazardous Materials Team. The crew and vehicle provide assistance for a wide variety of calls, such as spills, abandoned chemicals, carbon monoxide emissions, natural gas leaks, household chemical issues, structure fires, pipeline ruptures, vehicle accidents involving tankers and industrial accidents. The apparatus is stocked with modern hazardous materials detection equipment, advanced life support supplies, and has a computer link to a hazardous materials information line.

The District participates in a Marin County Urban Search and Rescue Team. The teams carry a complete complement of ropes, hardware, and rescue baskets for utilization in areas of high peaks and crevices or during earthquake operations or other natural disasters. It also carries an air compressor for various pneumatic tools. This unit meets the State OES standards and has been certified as a medium rescue apparatus.

A comprehensive vehicle replacement plan has been implemented to maintain a state of the art fleet. Based upon the frequency of use, apparatus are replaced in a timely fashion to ensure the highest levels of in-service vehicle availability.

Executive Staff - The Fire Chief oversees the general operations of the District in accordance with the policy direction prescribed by the Board of Directors. At present, the Fire Chief is supported by his executive staff, consisting of a Battalion Chief/Fire Marshal, Battalion Chief/EMS Director, Battalion Chief/Training Officer, three Shift Battalion Chiefs, a Finance Director, a Human Resources Manager, and an Executive Assistant.

The executive staff is responsible for three District functions: Operations, Fire Loss Management, and Organizational Resources.

The Deputy Chief (currently vacant), who is also the Operations Chief, is responsible for the delivery of all risk emergency services to the citizens and public, overseeing the Training and Education Division and the Emergency Medical Services Division.

The Training Division provides training to firefighters, supports a safe work culture through a safety committee and enforces work place and emergency fire ground safety policies through a research and development committee.

The Emergency Medical Services Division is responsible for the delivery of emergency medical services to the community and oversees the ambulance billing department, which provides billing services for the District and three other fire agencies.

A Battalion Chief is currently tasked with managing several key District projects that include rebuilding of Station 64, supporting the Human Resources Manager and serving as a backup to the Deputy Fire Chief.

The Battalion Chief/Fire Marshal is responsible for the Fire Loss Management Division and ensures that the prevention services are efficient and effective. The Fire Marshal also oversees code compliance, exterior hazard abatement, and public education.

The Battalion Chief/Training Officer is responsible for the Training Division and ensures that all District personnel receive continuing education related to local, State, and Federal mandated training as well as training on contemporary fire service and EMS topics.

Organizational Resources Division is responsible for the human resource management, fleet, facilities, and legal/organizational compliance functions of the District. Additionally, this Division oversees personnel standards and procedures and labor negotiations.

The Finance Director is responsible for financial functions of the District including financial statement reporting, maintaining general ledger, financial policies, systems and procedures, cash management, debt management, accounting and budgeting, accounts receivables/payables, and payroll.

The Human Resources Manager is responsible for managing personnel, medical, dental, vision, and life insurance benefits and Workers Compensation claims.

ECONOMIC OUTLOOK

Local Economy – The District’s financial position for the last several years has been negatively affected by the global recession. However, we are cautiously optimistic that the worst may be over and the economy is on its way to recovery. The District’s major source of revenue, secured property taxes, has declined for the fourth consecutive year due to weak assessed valuations. However, there are signs of local real estate valuations on the rise and foreclosures on the decline. We are projecting modest property tax revenue growth in 2014 through 2015. Additional evidence of a strengthening economy is the local unemployment rate improving from a high of 9.6% in 2009 to 6.0% in 2013.

Long-term Financial Planning – Periodically the District prepares multi-year projections of revenues and expenditures. Included in these projections are assumptions for property tax growth, salaries, retirement, health care insurance and apparatus replacement. These projections are useful in assessing long term sustainability and budgeting. The renovation of Station 64 which began last year, will impact future budgets.

Financial Policies – The District adopted the provisions of GASB 54 and established a Fund Balance policy. The Board also adopted a resolution to establish a Rainy Day Fund. The purpose of the Rainy Day Fund is to provide the District with contingency funding for use in situations including, but not limited to, adverse economic conditions, unforeseen emergencies, or other situations deemed warranted by the Board.

Major Initiatives - The Novato Fire Protection District evolution over the past 86 years is remarkable and its endeavors impressive. The District has accomplished many notable achievements, from a number of administrative staffing enhancements to providing new station facilities for its customers, along with improved apparatus in the field. These successes have proven to be beneficial to District personnel, but most importantly, to the community which the District serves.

There are several major initiatives that are reflected in the District budget and will have financial impact. These include the purchase of two ambulances and a ladder truck. The District has been fortunate to be the recipient of several FEMA grants providing funding for the purchase of self-contained breathing apparatus, mobile data computers and heart monitors. The renovation of Station 64 which began two years ago is currently on hold.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2012. This was the fifth consecutive year the District has received this prestigious award.

To qualify for the Certificate of Achievement, the District must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. This report must satisfy both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The District believes that this CAFR continues to meet the Certificate of Achievement Program requirements and will be submitting it to the GFOA for consideration of the annual award.

The preparation of this report reflects the combined and dedicated effort of District staff. We especially want to recognize the Finance Division staff and the auditors for their contributions to provide complete and reliable information for the stewardship of public funds.

We would like to take this opportunity to express our thanks and sincere appreciation to the Board of Directors for their continued support and trust.

The Novato Fire District leadership and staff bring an effective combination of skills, experience and dedication to carry out the District mission:

***The Novato Fire District Exists
To Care For, Protect and Serve Our Communities.***

Sincerely,



Mark Heine, CFO
Fire Chief



Dan Hom, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Novato Fire Protection District
California**


For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

NOVATO FIRE PROTECTION DISTRICT

Financial Section

IN MEMORY OF
ENGINEER
STEVEN L. RUCKER
NOVATO FIRE DISTRICT
10 · 5  10 · 29 · 03

NOVATO
FIRE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Novato Fire Protection District
Novato, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Novato Fire Protection District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District's as of June 30, 2013 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 9, the net position of the Fiduciary Fund was restated from \$6,362,144 to \$0 at July 1, 2012.

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2013 and required certain changes in nomenclature to the financial statements:

Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. See Note 1 to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and budgetary comparison information for General Fund 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 generally accepted auditing standards in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The Introductory Section, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
October 30, 2013



Novato Fire District

Fire Chief Mark Heine

95 Rowland Way, Novato, CA 94945 415.878.2690 Fax 415.878.2660 www.novatofire.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. Please read it along with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The District's net position increased by \$1,056,035 in 2013. Total revenues increased by \$1,077,197 and total expenses decreased by \$550,443. Included in the required supplemental information section is a budgetary comparison schedule. Variance details are listed on the schedule on page 34.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the District as a whole with more detailed information about the District's general fund. The statement of net position and the statement of activities provide information about the activities of the District as a whole and present a long-term view of the District's finances. (They include capital assets and long-term liabilities.) The fund financial statements present a short-term view of the District's activities. (They include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future.)

THE DISTRICT AS A WHOLE

One important question asked about the District's finances is, "Is the District better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies. The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the District's financial health is improving or deteriorating. However, one must consider other nonfinancial factors in making an assessment of the District's health, such as changes in the economy, changes in the District's tax base, and changes in the District's boundaries, etc. to assess the overall health of the District.

Changes in the District's net position (in thousands) were as follows:

	2013	2012	Increase (decrease)
Current and other assets	\$ 16,176	\$ 17,585	\$ (1,409)
Net capital assets	16,395	13,450	2,945
Total assets	32,571	31,035	1,536
Current liabilities	3,500	3,275	225
Non-current liabilities	6,570	6,315	255
Total liabilities	10,070	9,590	480
Net position:			
Net investment in capital assets	12,561	10,230	2,331
Unrestricted	9,940	11,215	(1,275)
Total net position	<u>\$ 22,501</u>	<u>\$ 21,445</u>	<u>\$ 1,056</u>

The decrease in current assets is primarily a result of normal changes in working capital. Costs associated with the renovation of Station 64, FEMA grant expenditures and ladder truck purchase accounted for the increase in capital assets. The District entered into a new lease to acquire a ladder truck, which is the main reason for the increase in noncurrent liabilities.

Changes in the District's revenues (in thousands) were as follows:

	2013	2012	Increase (decrease)
General revenues			
Property taxes	\$ 19,999	\$ 19,958	\$ 41
Investment earnings	29	53	(24)
Intergovernmental	91	95	(4)
Miscellaneous	54	51	3
Total general revenues	20,173	20,157	16
Program revenues			
Charges for services	2,785	2,552	233
Capital grants	1,051	223	828
Total program revenues	3,836	2,775	1,061
Total revenues	<u>\$ 24,009</u>	<u>\$ 22,932</u>	<u>\$ 1,077</u>

Property tax revenue increased slightly along with a decrease in real estate assessed valuations. Higher reimbursements for responses under the State of California Master Mutual Aid Agreement are the main reason charges for services increased compared to 2012. Several new FEMA grants for self-contained breathing apparatus, mobile data terminals, and heart monitors accounted for the major increases in capital grants.

Changes in the District's expenses and net position (in thousands) were as follows:

	2013	2012	Increase (decrease)
Personnel	\$ 18,598	\$ 19,248	\$ (650)
Material and services	3,089	3,205	(116)
Depreciation	1,001	927	74
Decrease in market value of loan collateral	171		171
Interest	100	124	(24)
Total expenses	<u>22,959</u>	<u>23,504</u>	<u>(545)</u>
Less: Program revenues	<u>3,836</u>	<u>2,775</u>	<u>1,061</u>
Net expenses	<u>19,123</u>	<u>20,729</u>	<u>(1,606)</u>
General revenues	<u>20,179</u>	<u>20,157</u>	<u>22</u>
Change in net position	<u>\$ 1,056</u>	<u>\$ (572)</u>	<u>\$ 1,628</u>

Partially vacant Deputy Chief and Battalion Chief positions were the primary reasons for the decrease in personnel costs. Overtime increased due to vacant positions. Expenses for materials and services decreased due to cost cutting measures.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the District's general fund.

The fund financial statements provide a short-term view of the District's operations. They are reported using an accounting basis called modified accrual which reports cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

As shown on page 12, the government fund balance decreased by \$1,452,151. Fund balance decreased during the year due to various changes in revenues and expenditures. The largest change was an increase in capital outlay expenditures of \$2,747,224.

On page 13, there is reconciliation from the modified-accrual net change in fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balance for the governmental fund to the full-accrual change in net position of the Statement of Activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Depreciation is a systematic approach to allocate the cost of capital assets over their estimated useful lives. The District has adopted a 30 year life for its buildings, 15 years for fire apparatus, 10 years for ambulances, 5 years for other motor vehicles, and 3-10 years for furniture, fixtures, and equipment.

During the preceding years the District entered into leases to acquire two ambulances (cost approximately \$335,000), two fire engines (cost approximately \$915,000), a water tender (cost approximately \$194,000) and three command vehicles (cost approximately \$372,000). In 2013 the District entered into a lease to acquire a ladder truck (cost approximately \$1,097,000).

Additional detail about capital assets is shown in Note 4 in the financial statements and additional details about the District's long-term debt are disclosed in Notes 5 through 7.

ECONOMIC OUTLOOK

The Novato Fire Protection District's financial position for the last several years has been negatively affected by the downturn of the global economy. However, the District is cautiously optimistic that the worst may be over and the economy is on its way to recovery. There are signs of real estate valuations on the rise and foreclosures on the decline. The local unemployment rate has decreased over the last three years as well. Financial markets have rebounded from their lows of a few years ago.

The District believes that it can still maintain a high level of service to our community, but will have to review all areas where it can reduce cost and/or increase revenues. The District still has appropriate reserves to ensure equipment and apparatus replacement, however unlike anything that it has seen in recent financial history, the District feels that it needs to proceed with any future major funding issues with a great deal of caution.

The District is projecting that it will experience modest revenue growth in 2014 through 2015. This assumption is based upon recent trends in real property values. It is the District's assessment that as the financial markets stabilizes, and the unemployment rate decreases, the housing market improves. All three have to take place before the District, which receives the majority of its financial support from property taxes, will be able to increase revenue.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to the address on our letterhead.

Respectfully submitted,



Mark Heine, CFO
Fire Chief

Basic Financial Statements

NOVATO FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents (Note 2)	\$14,426,793
Receivables:	
Due from other governments	97,523
Ambulance service fees, net allowance for doubtful accounts of \$2,244,647	551,440
Property Taxes	266,466
Prepaid expenses	308,097
Total current assets	15,650,319
NON-CURRENT ASSETS	
Notes receivable, net (Note 3)	525,547
Land and construction-in-progress (Note 4)	5,084,917
Depreciable Capital Assets, net (Note 4)	11,310,250
Total non-current assets	16,920,714
Total assets	32,571,033
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	264,032
Accrued expense	110,574
Unearned revenue	55,979
Notes payable to bank (Note 5)	188,160
Obligation under capital leases (Note 6)	394,514
Unfunded OPEB obligation (Note 11)	860,717
Compensated absences (Note 1)	1,466,922
Workers' compensation claims (Note 12)	158,724
Total current liabilities	3,499,622
NON-CURRENT LIABILITIES	
Notes payable to bank (Note 5)	1,932,748
Obligation under capital leases (Note 6)	1,318,957
Unfunded OPEB obligation (Note 11)	1,952,763
Compensated absences (Note 1)	151,805
Workers' compensation claims (Note 12)	1,214,097
Total non-current liabilities	6,570,370
Total liabilities	10,069,992
NET POSITION	
Net investment in capital assets	12,560,788
Unrestricted	9,940,253
Total net position	\$22,501,041

See accompanying notes to financial statements

NOVATO FIRE PROTECTION DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities					
	Total	Emergency Medical Services	Fire Loss Management	Operations	Organizational Resources & Support	Training
EXPENSES						
Personnel	\$18,597,566	\$5,796,048	\$831,371	\$9,375,273	\$2,172,959	\$421,915
Material and services	3,089,286	192,347	72,420	39,492	2,729,869	55,158
Depreciation	1,001,072	902		252,154	747,765	251
Decrease in market value of loan collateral (Note 3)	170,777				170,777	
Interest on debt	100,698				100,698	
Total expenses	<u>22,959,399</u>	<u>5,989,297</u>	<u>903,791</u>	<u>9,666,919</u>	<u>5,922,068</u>	<u>477,324</u>
PROGRAM REVENUES:						
Charges for services	2,785,493	2,385,637	53,377	266,420	77,839	2,220
Capital grants and contributions	<u>1,050,570</u>				<u>1,050,570</u>	
Net program expense	<u>19,123,336</u>	<u>\$3,603,660</u>	<u>\$850,414</u>	<u>\$9,400,499</u>	<u>\$4,793,659</u>	<u>\$475,104</u>
GENERAL REVENUES						
Property taxes	19,998,893					
Investment earnings	29,602					
Grants not restricted to specific programs	91,247					
Miscellaneous	<u>59,629</u>					
Total general revenues	<u>20,179,371</u>					
Change in net position	1,056,035					
NET POSITION-BEGINNING OF THE YEAR	<u>21,445,006</u>					
NET POSITION-END OF THE YEAR	<u>\$22,501,041</u>					

See accompanying notes to financial statements

NOVATO FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL (GENERAL) FUND
AS OF JUNE 30, 2013

ASSETS

Cash and cash equivalents (Note 2)	\$14,426,793
Receivables:	
Due from other governments	97,523
Ambulance service fees, net allowance for doubtful accounts of \$2,244,647	551,440
Property taxes	266,466
Notes receivable, net (Note 3)	525,547
Prepaid items	308,097
Total assets	\$16,175,866

LIABILITIES

Accounts payable	\$264,032
Accrued expenses	110,574
Deferred revenue	309,390
Unearned revenue	55,979
Total liabilities	739,975

FUND BALANCE

Nonspendable (Note 8)	833,644
Assigned (Note 8)	7,213,025
Unassigned	7,389,222
Total fund balance	15,435,891
Total liabilities and fund balance	\$16,175,866

See accompanying notes to financial statements

NOVATO FIRE PROTECTION DISTRICT
 Reconciliation of the
 GOVERNMENTAL (GENERAL) FUND
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2013

Total fund balances reported on the governmental fund balance sheet	\$15,435,891
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	16,395,167
--	------------

Ambulance service and property tax receivable, that are not available that are not available to pay current period expenditures and therefore are deferred in the balance sheet.	309,390
--	---------

Certain liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	
Notes payable	(2,120,908)
Leases payable	(1,713,471)
Other post employment benefits	(2,813,480)
Compensated absences payable	(1,618,727)
Workers compensation claims	(1,372,821)
	(7,039,307)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$22,501,041
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See accompanying notes to basic financial statements

NOVATO FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

REVENUES:	
Property taxes	\$19,999,008
Charges for services	2,506,149
Interest income	29,603
Intergovernmental	1,084,338
Miscellaneous	<u>362,140</u>
Total Revenues	<u>23,981,238</u>
EXPENDITURES:	
Current:	
Salaries and benefits	18,761,842
Services and supplies	2,787,996
Decrease in market value of loan collateral (Note 3)	170,777
Capital outlay	4,310,712
Debt Service	
Principal Payment	2,623,735
Interest	<u>100,698</u>
Total Expenditures	<u>28,755,760</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	
	<u>(4,774,522)</u>
OTHER FINANCING SOURCES	
Issuance of capital lease (Note 6)	1,101,832
Issuance of debt from mortgage refinance (Note 5)	2,135,691
Proceeds from sale of capital assets	<u>84,848</u>
Total Other Financing Sources	<u>3,322,371</u>
NET CHANGE IN FUND BALANCES	
	(1,452,151)
Fund balances at beginning of year	<u>16,888,042</u>
Fund balances at end of year	<u><u>\$15,435,891</u></u>

See accompanying notes to basic financial statements

NOVATO FIRE PROTECTION DISTRICT
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013

The schedule below reconciles the Net Change in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$1,452,151)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capitalized expenditures are therefore added back to fund balance	4,247,250
Depreciation expense is deducted from the fund balance	(1,001,072)
Loss on retirements of capital assets is deducted from the fund balance	(216,440)
Proceeds on sale of capital asset are deducted from the fund balance	(84,848)

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Ambulance service fees	12,924
Property taxes	(115)
Gain on capital asset dispositions	
Compensated absences	26,229
Other post employment benefits	27,308
Workers' compensation claims	110,738

Debt principal transactions reported in the governmental fund statement of revenue but not considered an operating activity in the statement of activities (but only as changes in liabilities)

Issuance of debt from capital lease transaction	(1,101,832)
Issuance of debt from mortgage refinance transaction	(2,135,691)
Note principal repayments	2,214,220
Payments to reduce obligations under capital leases	409,515

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$1,056,035
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See accompanying notes to basic financial statements

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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A. Reporting Entity

The Novato Fire Protection District (the District) is a separate governmental unit established July 6, 1926, as a special district of the State of California. The purpose of the District is to provide fire protection, emergency medical and related services to the City of Novato and the surrounding area. The City of Novato and surrounding area approximates 71 square miles with an estimated population of 60,000. A five-person Board of Directors elected by the citizens for four-year terms governs the District. The District's legal authority and responsibilities are contained in the State of California Health and Safety Code under the "Fire Protection District Law of 1987."

B. Introduction

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations.).

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE STATEMENTS**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds and excluding fiduciary funds).

In the government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities), the District's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in two parts: (1) Net investment in capital assets, and (2) unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are supported by general government revenues (property taxes and intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital-specific grants.

The categories of governmental activities included in the statement of activities report expenses directly attributable to the functions indicated. The category "Operations" includes services for structural and wildland fire suppression, response to hazardous materials incidents, search and rescue, vehicle extrication and other emergency services. The category, "Organizational Support," includes all expenses (including those incurred in support of other activities) not directly chargeable to another activity.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures.

The District uses the following fund types:

Governmental funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

General fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

BASIS OF ACCOUNTING:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that payments for general obligation long-term liabilities are recognized when due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT AMOUNTS

Cash and cash equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with its fiscal agent (County of Marin).

Prepaid items

Payments to vendors that benefit future accounting periods are classified as prepaid items until charged to expenditures in the period benefited.

Deferred revenue

Deferred revenue (in the fund financial statements) represents ambulance fees and property taxes earned during the year but not collected in time to be available to finance the current year's operations.

Net position

Net position is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflow, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and proprietary funds and are described below:

Net Investment in Capital Assets, describes the portion of net position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the District cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements and funds restricted to low and moderate income purposes.

Unrestricted describes the portion of net position which is not restricted as to use.

Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Governmental accounting principles provide that fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This component includes amount that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislations. The District did not have any restricted fund balance at June 30, 2013.

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal actions taken, such as majority of vote or resolution, by the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed previously to commit those amounts. The District did not have any committed fund balance at June 30, 2013.

Assigned – This component consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, Fire Chief or their designee (Finance Director) as established in the District’s Fund Balance Policy.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

The District’s policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances are spent.

Use of estimates

The basic financial statements have been prepared in conformity to generally accepted accounting principles and therefore include amounts based on informed estimates and judgments of management. Actual results could differ from those estimates.

Capital assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

- Buildings 30 years
- Fire apparatus 15 years
- Ambulances 10 years
- Other vehicles 5 years
- Furniture, fixtures and equipment 3-10 years

**NOVATO FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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Compensated absences

The District accrues accumulated unpaid vacation and sick leave and associated employee- related costs when earned by the employee.

In accordance with an agreement with the Novato Professional Firefighters Association, the District is obligated to provide the following compensated absence benefits:

Sick leave Shift employees of the District earn sick leave at 12 hours per month and may accumulate up to 2,912 hours. Day employees earn 8.5 hours per month. An employee’s accumulated sick leave may be applied toward retirement, or upon separation from the District, may be received in salary at 25% of the current hourly rate. Management has estimated that all of the total accrued sick leave payable is a current liability.

Vacations Shift personnel earn vacation shifts at a rate of 6 to 18 shifts per year, depending on length of service. Day personnel earn between 102 to 306 hours per year. The District allows members to rollover their annual vacation shifts to the following year and each employee may bank twice their annual vacation accrual. Management has estimated that all of the total accrued vacation payable will be redeemed within one year.

Compensatory time-off All District personnel may accumulate accrued overtime pay at one and one-half times their basic pay rate. Accumulated compensatory time is limited to 96 hours. Amounts in excess of 96 hours or time accumulated for over one year from the date earned are paid to the employee.

The following is a schedule of changes in compensated absences during the year:

Balance as of June 30, 2012	\$1,644,956
Increases during the year	1,440,693
Decreases during the year	<u>(1,466,922)</u>
Balance as of June 30, 2013	1,618,727
Less amount due within 1 year	<u>1,466,922</u>
Amount due after 1 year	<u><u>\$151,805</u></u>

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

WORKERS' COMPENSATION CLAIMS

A liability for workers compensation claims is shown on the Statement of Net Assets. The short-term portion of the liability is estimated based on historical claims paid during a recent for the preceding year beginning September 1st through August 31st of the current year. Additional information is presented in Note 12.

ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end are reported as assigned fund balance and do not constitute expenditures or liabilities.

PROPERTY TAXES

The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Secured property taxes are due the following November 1 and March 1 and become delinquent April 10 and December 10, for the first and second installments, respectively. Unsecured property taxes are levied throughout the year.

In 1993, the District entered into an agreement (commonly known as the Teeter Plan) with the County of Marin. The Teeter Plan calls for the County to advance the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent property tax receivables and actual proceeds collected. The receivable on the balance sheet refers to unsecured property taxes.

Special fire and paramedic tax charges are assessed by the District Board of Directors before September 1 and adopted by ordinance. These special tax charges are incorporated on property tax bills, and therefore are attached as an enforceable lien on real property located within the District.

NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 2 - CASH

The District maintains most of its cash in the County of Marin pooled investment fund for the purpose of increasing interest earnings through pooled investment activities. Interest earned on the investment pool is allocated quarterly to the participating funds using the daily cash balance of each fund. This pool, which is available for use by all funds, is displayed in the financial statements as “Cash and Cash Equivalents.”

The County Pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County’s investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County’s investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value.

INTEREST RATE RISK

In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment pool to 540 days, or 1.5 years. At June 30, 2013, the County’s investment pool had a weighted average maturity of 178 days.

For purposes of computing weighted average maturity, the maturity date of variable rate notes is the length of time until the next reset date rather than the stated maturity date.

CREDIT RISK

State law and the County’s Investment Policy limits investments in commercial paper, corporate bonds, and medium term notes to the rating of “A” or higher as provided by Moody’s Investors Service or Standard & Poor’s Corporation. The County’s Investment Policy limits investments purchased by Financial Institution Investment Accounts, a type of mutual fund, to United States Treasury and Agency obligations with a credit quality rating of “AAA.”

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 2 – CASH (Continued)

CONCENTRATION OF CREDIT RISK

The following is a summary of the concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2013.

Investments in investment pool	Percent of portfolio
Federal agency - coupon	18%
Federal agency - discount	80%
Money market funds	2%
	100%

CUSTODIAL CREDIT RISK

For investments and deposits held with safekeeping agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool had no securities exposed to custodial credit risk.

LOCAL AGENCY INVESTMENT FUND

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

Cash held with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing accounts. Cash and investments consisted of the following:

Cash with County Treasurer	\$13,814,917
Cash in banks	611,601
Petty cash	275
Total	\$14,426,793

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 3 – NOTES RECEIVABLE

The District's Board of Directors has determined it is beneficial to the District for the Fire Chief and his family to reside in the City of Novato. In September 2006, the District made a loan to the former Fire Chief in the amount of \$695,875 in order to assist with the purchase of a residence. The interest-bearing loan is secured by the former Fire Chief's principal family residence. The agreement requires monthly payments of interest and principal, amortized over 45 years. As of June 30, 2013, this loan was in default. The District's plan is to repossess the property. Therefore, the value of the loan has been written down to \$475,547, representing the estimated net realizable value of the property.

In August 2002, the District instituted a Housing Assistance Program for its employees. The program will make available six loans in the amount of up to \$50,000 each. Interest, based on the California Local Agency Investment Fund (LAIF) investment rates, would begin to accrue in the tenth year of the loan. In December 2008, the Housing Assistance Program was revised for loans to be up to \$100,000, with payments due within five years. In November 2012, the District suspended the Housing Assistance Program. As of June 30, 2013, one loan of \$50,000 was outstanding.

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Dispositions	Transfers out of CIP	Balance June 30, 2013
Nondepreciable capital assets:					
Land	\$3,028,295				\$3,028,295
Construction in progress	828,718	\$1,601,739	(\$293,446)	(\$80,389)	2,056,622
Total capital assets not being depreciated	3,857,013	1,601,739	(293,446)	(80,389)	5,084,917
Capital assets being depreciated:					
Buildings and building improvements	13,423,209				13,423,209
Furniture, fixtures and equipment	3,039,980	1,213,606	(404,224)	80,389	3,929,751
Fire apparatus and vehicles	5,648,086	1,431,905	(94,904)		6,985,087
Total capital assets being depreciated	22,111,275	2,645,511	(499,128)	80,389	24,338,047
Less accumulated depreciation for:					
Buildings and building improvements	6,512,764	448,555			6,961,319
Furniture, fixtures and equipment	2,322,769	190,131	(402,775)		2,110,125
Fire apparatus and vehicles	3,682,478	362,386	(88,511)		3,956,353
Total accumulated depreciation	12,518,011	1,001,072	(491,286)		13,027,797
Total depreciable assets	9,593,264	1,644,439	(7,842)	80,389	11,310,250
Governmental activity capital assets, net	\$13,450,277	\$3,246,178	(\$301,288)		\$16,395,167

Construction-in-progress includes expenditures for remodeling of a fire station. In addition to the fire apparatus listed above, the District houses a hazardous material vehicle owned by the Marin County Fire Chiefs' Association.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 5 - NOTE PAYABLE

On December 16, 2003, real property located at 95 Rowland Way, Novato, was purchased for \$3,650,000. A loan of \$2,700,000 was secured with Bank of Marin to finance the purchase. The loan was due in December 2013, at a fixed rate of 3.5% per annum for the first 60 months, with monthly payments of \$12,202. After the fixed rate period, the rate was adjusted for the remaining 60 months to 0.25% in excess of the most current month's 5-year Treasury Constant Maturity. On May 5, 2013, the District refinanced the outstanding balance of this Note. The new Note bears an interest rate of 2.763% with a monthly repayment schedule that ends May 15, 2023.

The following is a summary of the District's future annual obligations:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$188,160	\$57,001	\$245,161
2015	193,500	51,661	245,161
2016	198,866	46,295	245,161
2017	204,633	40,528	245,161
2018	210,440	34,721	245,161
2019-2023	<u>1,125,309</u>	<u>80,065</u>	<u>1,205,374</u>
Total obligation	2,120,908	310,271	2,431,179
Less amount due within 1 year	<u>188,160</u>	<u>57,001</u>	245,161
Amount due after 1 year	<u><u>\$1,932,748</u></u>	<u><u>\$253,270</u></u>	<u><u>\$2,186,018</u></u>

CHANGES IN NOTE PAYABLE

The following is a schedule of changes in note payable during the year:

	<u>Note payable</u>
Balance as of June 30, 2012	\$2,199,437
Note issued	2,135,691
Note repaid	<u>(2,214,220)</u>
Balance as of June 30, 2013	2,120,908
Less amount due within 1 year	<u>(188,160)</u>
Amount due after 1 year	<u><u>\$1,932,748</u></u>

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 6 – CAPITAL LEASE OBLIGATIONS

The District has entered into the following capital leases:

	Fire Engines	Water Tender	Command Vehicles	2012 Ambulances	Ladder Truck
Date of lease	January 2007	June 2008	July 2008	April 2012	May 2013
Semi-annual payment	\$50,493	\$11,158	\$29,851	\$39,533	-
Annual Payment	-	-	-	-	167,625
Number of payments left	7	9	4	6	6
Interest rate	2.10%	2.30%	2.05%	2.05%	2.15%
Cost of equipment	915,468	193,511	431,160	829,414	1,096,882
Accumulated amortization	365,456	73,919	254,747	79,066	167,625

The following is a summary of the District's future annual obligations:

Year ending June 30	Engines	Water Tender	Command Vehicles	2012 Ambulances	Ladder Truck	Total
2014	\$100,986	\$22,316	\$59,702	\$79,066	\$167,625	\$429,695
2015	100,986	22,316	59,702	79,066	167,625	429,695
2016	100,986	22,316		79,065	167,625	369,992
2017	50,492	22,316			167,625	240,433
2018		11,156			167,625	178,781
2019					167,626	167,626
Total payments	353,450	100,420	119,404	237,197	1,005,751	1,816,222
Less: Interest	14,389	5,539	2,998	8,281	71,544	102,751
Net	339,061	94,881	116,406	228,916	934,207	1,713,471
Less: Amount due within 1 year	(94,359)	(20,250)	(57,610)	(74,755)	(147,540)	(394,514)
Amount due after 1 year	\$244,702	\$74,631	\$58,796	\$154,161	\$786,667	\$1,318,957

CHANGES IN CAPITAL LEASE OBLIGATIONS

The following is a schedule of changes in leases payable during the year:

	Balances as of June 30, 2012	Increases during the year	Decreases during the year	Balances as of June 30, 2013
Engines	\$431,469		(\$92,408)	\$339,061
Water Tender	114,672		(19,791)	94,881
Command Vehicles	172,852		(56,446)	116,406
2012 Ambulances	302,161		(73,245)	228,916
Ladder Truck		\$1,101,832	(167,625)	934,207
Total	\$1,021,154	\$1,101,832	(\$409,515)	\$1,713,471

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 7 - CREDIT LINE

The District utilizes a credit card with a credit limit of \$175,000. As of July 11, 2013 (the closes date to June 30, 2013), the available credit was approximately \$161,000. The interest rate is based on the prime rate identified in the Wall Street Journal, as described in the credit card agreement. At the end of the year, the interest rate was approximately 14%. The District routinely pays the credit card balance in full each month and is therefore is not subject to interest charges.

NOTE 8 - FUND BALANCE

The District's fund balance is reported in classifications as described in Note 1. The following amounts are classified as nonspendable:

Prepaid items	\$308,097
Long-term receivables	<u>525,547</u>
	<u>\$833,644</u>

The following are assigned fund balances as of the balance sheet date:

Assigned for:	
Future Projects	\$294,390
Unemployment Insurance	35,100
Apparatus and Equipment Replacement	1,235,668
Worker's Compensation Fund	2,041,371
Retiree Health Benefits	825,951
Future Debt Service	1,713,470
Protective Equipment	100,000
Compensated Absences	<u>967,075</u>
 Total	 <u><u>\$7,213,025</u></u>

In April 2012, the District established a Rainy Day Fund. The establishment or modification of, or transfer to or from the Rainy Day Fund requires a unanimous decision by the Board of Directors. The purpose of the Rainy Day Fund is to provide the District with contingency funding for use in situations including, but not limited to, adverse economic conditions, unforeseen emergencies, or other situations deemed warranted by the Board of Directors. The balance in the Rainy Day Fund, as of June 30, 2013, is \$3,982,576, and is included in Unassigned fund balance.

NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 9 - DEFERRED COMPENSATION PLAN

District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them. Distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since assets held under these plans are not the District's property and are not subject to District control, they have been excluded from these financial statements. As a result of the exclusion, the net position of the District's Fiduciary Fund was restated from \$6,362,144 to \$0 at July 1, 2012.

NOTE 10 - PENSION PLAN

The District contributes to the Marin County Employees Retirement Association (the Association), an agent multiple-employer public employee defined benefit pension plan. The Association provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Association acts as a common investment and administrative agent for participating public entities within the County of Marin. Benefit provisions and all other requirements are established by State statute. Copies of the Association's annual financial report may be obtained from its offices at One McInnis Parkway, Suite 100, San Rafael, California 94903.

FUNDING POLICY

Participants are required to contribute a percentage of their annual covered salary. Contributions vary depending on the age and classification at hire date and range from 6.76% to 18.39% of covered payroll. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members averaging an additional 48.78% of covered payroll. The actuarial methods and assumptions used are those adopted by the Association's Board of Retirement. Due to contractual arrangements, the District pays a portion of the required contribution of plan members. The contribution requirements of the plan members are established by State statute and the employer contribution rates are determined by annual actuarial valuations.

ANNUAL PENSION COST

The annual pension cost of \$4,347,000 equaled the District's required contribution. The required contributions were determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses) and (b) projected annual salary increases of 3.25%. Both (a) and (b) included an inflation component of 3.25%. The actuarial value of the Association's assets were determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period but within an 80%/120% corridor (smoothed market value). The District's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on an open basis over 17 years.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 10 - PENSION PLAN (Continued)

THREE-YEAR TREND INFORMATION FOR THE DISTRICT

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$4,491,000	100%	\$0
2012	4,420,000	100%	0
2013	4,347,000	100%	0

REQUIRED SUPPLEMENTARY INFORMATION

Following is a schedule of funding progress (dollars in thousands):

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio	(e) Covered Payroll	(f) UAAL as a percentage of Covered Payroll (c)/(e)
6/30/2010	\$102,123	\$132,419	\$30,296	77.1%	\$8,816	343.6%
6/30/2011	106,062	136,348	30,286	77.8%	9,426	321.3%
6/30/2012	109,107	143,051	33,944	76.3%	9,336	363.6%

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

PLAN DESCRIPTION

In accordance with its agreement with the Novato Professional Firefighters Association, the District provides post-retirement health care benefits to its retirees through the Novato Fire Protection District Retiree Health Plan (Plan). The Plan is a single-employer plan for which audited financial statements are not available.

ELIGIBILITY AND BENEFITS

The following were eligibility and benefits as of the June 30, 2011 actuarial valuation date:

Management and Administrative Support Staff

Management and Administrative Support Staff retiring that terminate service and commence a retirement or disability are eligible. Members must be employed prior to July 1, 2009 to be eligible for tier 1. All members hired after June 30, 2009 are eligible for tier 2. In addition, the member must have been enrolled in the healthcare plan at retirement. Surviving spouses/domestic partners of eligible retirees are eligible for the mandated subsidy only. Surviving spouses/domestic partners of deceased active employees are eligible for the mandated subsidy only if the employee had attained age 55 with ten years of service.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

For members under tier 1, the District will pay 100% of single coverage or 83.29% of two person or family coverage. Members under tier 2 may purchase medical insurance through the District in retirement and the District will pay the minimum contribution required under the PEMCHA law.

Chief Officers Association

Chief Officers Association members retiring that terminate service commence a retirement or disability are eligible. Members must retire prior to January 1, 2011, to be eligible for tier 1 benefits. Members must be employed prior to July 1, 2009 and retire after December 31, 2010 to be eligible for tier 2, all members hired after June 30, 2009 are eligible for tier 3. In addition, the member must have been enrolled in the healthcare plan at retirement.

Tier 1 benefits for Chief Officers Association members are listed below:

Position District Pays for:	Medical	Dental	Vision
Fire Chief or Deputy Fire Chief (retired 1992 or later)	100% for retired member and dependents until the death of both parties	100% for retired member and spouse	100% for retired member and spouse
Fire Chief or Deputy Fire Chief (retired 1991 or earlier)	100% for retired member and dependents until the death of both parties	100% for retired member and spouse	0% of premium
Division Chief or Battalion Chief (retired 1992 or later)	100 % of Kaiser-Family rate or 83.29% of higher premium	100% for retired member and spouse	100% for retired member and spouse

Beginning January 1, 2012, for those under tier 2, the Supplemental Retiree Benefit Allowance paid by the District will decrease by 2.00% until reaching a percentage of 82% for members retiring in 2020. The Supplemental Retiree Benefit Allowance paid by the District is fixed at the rate in effect the year in which the member retires. For example, in the year 2016 the Supplemental Retiree Benefit Allowance paid by the District for retired members will be 90%. Retired members are responsible for paying the difference between the cost of their selected medical insurance premium and the established Supplemental Benefit Allowance Cap. The following table provides the Supplemental Retiree Benefit Allowance percentage paid by the District for retired members medical insurance premiums beginning in 2010 through 2020, when the percentage of 82% is reached.

Members under tier 3 may purchase medical insurance through the District in retirement and the District will pay the minimum contribution required under the PEMHCA law.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Firefighters

Firefighters retiring that terminate service and commence a retirement or disability are eligible. Members must retire prior to December 31, 2010, to be eligible for tier 1 benefits. Members must be employed prior to July 1, 2009 and retire after December 31, 2010 to be eligible for tier 2, all members hired after June 30, 2009 are eligible for tier 3. In addition, the member must have been enrolled in the healthcare plan at retirement.

Surviving spouses/domestic partners of eligible retirees are eligible for the mandated subsidy only. Surviving spouses/domestic partners of deceased active employees are eligible for the mandated subsidy only if the employee had attained age 50 with ten years of service.

Under tier 1, eligible members retired prior to January 1, 2011, the District will pay 100% of single coverage or 83.29% of two person or family coverage.

Under tier 2, beginning January 1, 2011 the District will provide a Supplemental Retiree Benefit Allowance based upon a vesting formula. Each member shall fall into a category below based on current years of service as of July 1, 2010.

Current Years of Service as of July 1, 2010	Vesting Based
0-5	55%
5-10	60%
10-25	65%
15-20	70%
20-25	75%

Each member shall accrue additional coverage at 0.75% for each year of service. This accrual will be in addition to the vesting base percentage described above. The sum of these two calculations shall be the total percentage of healthcare premium that is paid for by the District covering family, member and spouse or single of the Kaiser HMO Premium to a maximum of 80% on January 1, 2011, 75% on April 1, 2023 and 70% on April 1, 2028.

Members under tier 3 may purchase medical insurance through the District in retirement and the District will pay the minimum contribution required under the PEMHCA law.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

FUNDING POLICY

The required contribution rate is based on the annual required contribution (ARC), and amount that is actuarially determined 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 the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the District over a period not to exceed twenty-five years.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

During the year ended June 30, 2010, the District began partial pre-funding of the retiree health care liabilities. Previously, only current benefit costs were funded (pay-go funding). In addition to the year ended June 30, 2013 pay-go contribution of \$860,716, a pre-funding contribution of \$452,545 was made to the CalPERS Trust.

Annual required contribution	\$1,233,067
Interest on net OPEB obligation	216,184
Adjustment to annual required contribution	<u>(163,298)</u>
Annual OPEB cost (expense)	1,285,953
Contributions made	<u>(1,313,261)</u>
Increase (decrease) in net OPEB obligation	(27,308)
Net OPEB obligation - beginning of the year	<u>2,840,788</u>
Net OPEB obligation - ending of the year	2,813,480
Less amount due within 1 year	<u>(860,717)</u>
Amount due after 1 year	<u><u>\$1,952,763</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013 is as follows:

Fiscal Year Ending June 30	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$1,263,172	\$1,202,051	95%	\$2,804,063
2012	1,285,270	1,248,545	97%	2,840,788
2013	1,285,953	1,313,261	102%	2,813,480

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

FUNDING STATUS AND FUNDING PROGRESS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multiyear 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.

Following is a schedule of funding progress:

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll (c)/(e)
3/31/2007	\$0	\$34,099,696	\$34,099,696	0.00%	\$8,065,924	422.8%
7/1/2010	488,309	16,599,597	16,111,288	2.94%	8,701,929	185.1%
6/30/2011	954,116	17,705,301	16,751,185	5.39%	8,389,546	199.7%

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions include a 7.61% investment rate of return and a general inflation rate of 4.5%. Health care cost trend rate increase was assumed to be 4.5%. The unfunded actuarial liability is being amortized as a level-percent of payroll on a closed basis. The remaining amortization period at June 30, 2011, was thirty years.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, loss or damage to assets, injuries to employees, errors and omissions, for which the District carries commercial insurance or is self-insured up to a certain limit. During the years, the District maintained the following types of insurance: property (\$2,949,129 limit, \$1,000 deductible per occurrence), general liability (\$3,000,000 general aggregate limit), auto (\$1,000,000 limit), workers' compensation, management liability (\$3,000,000 aggregate limit, \$0 deductible), public employee blanket bond (\$250,000 limit, \$0 deductible), commercial excess liability insurance (\$20,000,000 aggregate limit) and pollution insurance policies.

The District is self-insured for potential liabilities arising from workers' compensation claims. Claims in excess of the self-insured retention amount of \$1,000,000 are covered through a third-party insurance policy, subject to a \$25,000,000 limit.

The liability for workers' compensation claims is based on a detailed analysis of reported claims outstanding. In conjunction with its insurance consultants, management estimates the probable total future cost of each reported claim outstanding.

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

The following schedule presents the changes in the liability for workers' compensation claims:

Balance as of June 30, 2012	\$1,483,559
Incurred claims	143,788
Adjust estimated obligation	(97,595)
Claims paid during the year	<u>(156,931)</u>
Balance as of June 30, 2013	1,372,821
Less amount due within 1 year	<u>(158,724)</u>
Amount due after 1 year	<u><u>\$1,214,097</u></u>

At June 30, 2013, the District did not record a liability for outstanding claims other than workers' compensation, as it believes the claims were minimal.

NOTE 13 – JOINT VENTURE

The District entered into a Joint Powers Agreement in February 1998, establishing the Marin Emergency Radio Authority (the Authority). The Authority is responsible to acquire, construct, and improve a countywide emergency radio system. During the year ended June 30, 1999, the Authority issued Revenue Bonds to be used for the acquisition of the radio system. Of the \$27 million in Revenue Bonds, the District will be responsible for 4.894%, or approximately \$1.3 million. Each year through August 2020, approximately \$104,000 annual payments will be due to the Authority from the District. Including interest and principal, it is anticipated the District's total obligation over 20 years will be approximately two million dollars.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 13 – JOINT VENTURE (Continued)

The financial statements of the Authority are available at the County of Marin office. Unaudited condensed financial information for the Authority is presented below for the year ended June 30, 2013:

Total Assets	\$20,746,868
Total Liabilities	<u>18,184,700</u>
Net Position	<u><u>\$2,562,168</u></u>
Total Revenues	\$3,950,873
Total Expenses	<u>5,495,141</u>
Net Increase (Decrease) in Net Position	<u><u>(\$1,544,268)</u></u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The District's balance sheet (governmental fund) includes a reserve for encumbrances of \$42,073 to provide for commitments related to unperformed contracts for goods and services.

The District is in the process of renovating one of its fire stations. In connection with the renovation, the District was obligated for various expenditures after June 30, 2013 that total approximately \$165,000.

The District participates in several Federal grant programs. These programs are subject to audits performed by the District's independent accountants in accordance with the provisions of the Federal Single Audit Act of 1984 as amended and applicable State requirements. In addition, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

Required Supplemental Information

NOVATO FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Current Year Budget		Revenue and Expenditures	Actual		Total	Variance with Final Budget Positive (Negative)
				Encumbrances			
	Original	Final		Prior Year Unexpended	Current Year Unexpended		
RESOURCES (Inflows):							
Property taxes - secured and unsecured	\$19,846,444	\$19,846,444	\$19,999,008			\$19,999,008	\$152,564
Revenue from use of money	37,257	37,257	29,603			29,603	(7,654)
Intergovernmental	87,677	1,082,477	1,084,338			1,084,338	1,861
Charges for services	2,836,866	2,836,866	2,506,149			2,506,149	(330,717)
Other	141,053	241,053	362,140			362,140	121,087
Total Revenues	22,949,297	24,044,097	23,981,238			23,981,238	(62,859)
APPROPRIATIONS/EXPENDITURES (Outflows):							
Salaries and benefits							
Emergency medical services	5,809,489	5,884,489	5,796,048			5,796,048	88,441
Fire loss management	880,469	880,469	831,371			831,371	49,098
Operations	10,318,305	10,393,305	9,498,665			9,498,665	894,640
Organizational resources & support	2,286,975	2,639,520	2,172,959			2,172,959	466,561
Training	378,339	378,339	421,915			421,915	(43,576)
Total salaries and benefits	19,673,577	20,176,122	18,720,958			18,720,958	1,455,164
Services and supplies:							
Emergency medical services	213,165	213,165	192,347	(\$4,270)	\$1,242	189,319	23,846
Fire loss management	128,010	134,810	72,420	(5,810)	4,828	71,438	63,372
Operations	142,620	142,620	39,492	(24,451)		15,041	127,579
Organizational resources & support	2,702,996	2,902,996	2,428,581	(7,542)	109,911	2,530,950	372,046
Training	104,270	104,270	55,158		500	55,658	48,612
Total services and supplies	3,291,061	3,497,861	2,787,998	(42,073)	116,481	2,862,406	635,455
Capital outlay:							
Organizational resources & support	6,075,000	7,063,000	4,310,712			4,310,712	2,752,288
Total capital outlay	6,075,000	7,063,000	4,310,712		173,409	4,310,712	2,752,288
Debt service:							
Principal	366,000	533,625	2,623,735			2,623,735	(2,090,110)
Interest	110,500	110,500	100,698			100,698	9,802
Total debt service	476,500	644,125	2,724,433			2,724,433	(2,080,308)
Total Appropriations/Expenditures	29,516,138	31,381,108	28,544,101	(\$42,073)	\$289,890	28,618,509	2,762,599
EXCESS REVENUE OVER (UNDER) APPROPRIATIONS	(\$6,566,841)	(\$7,337,011)	(\$4,562,863)			(\$4,637,271)	\$2,699,740

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FOR
THE YEAR ENDED JUNE 30, 2013**

1. BUDGETARY BASIS OF PRESENTATION

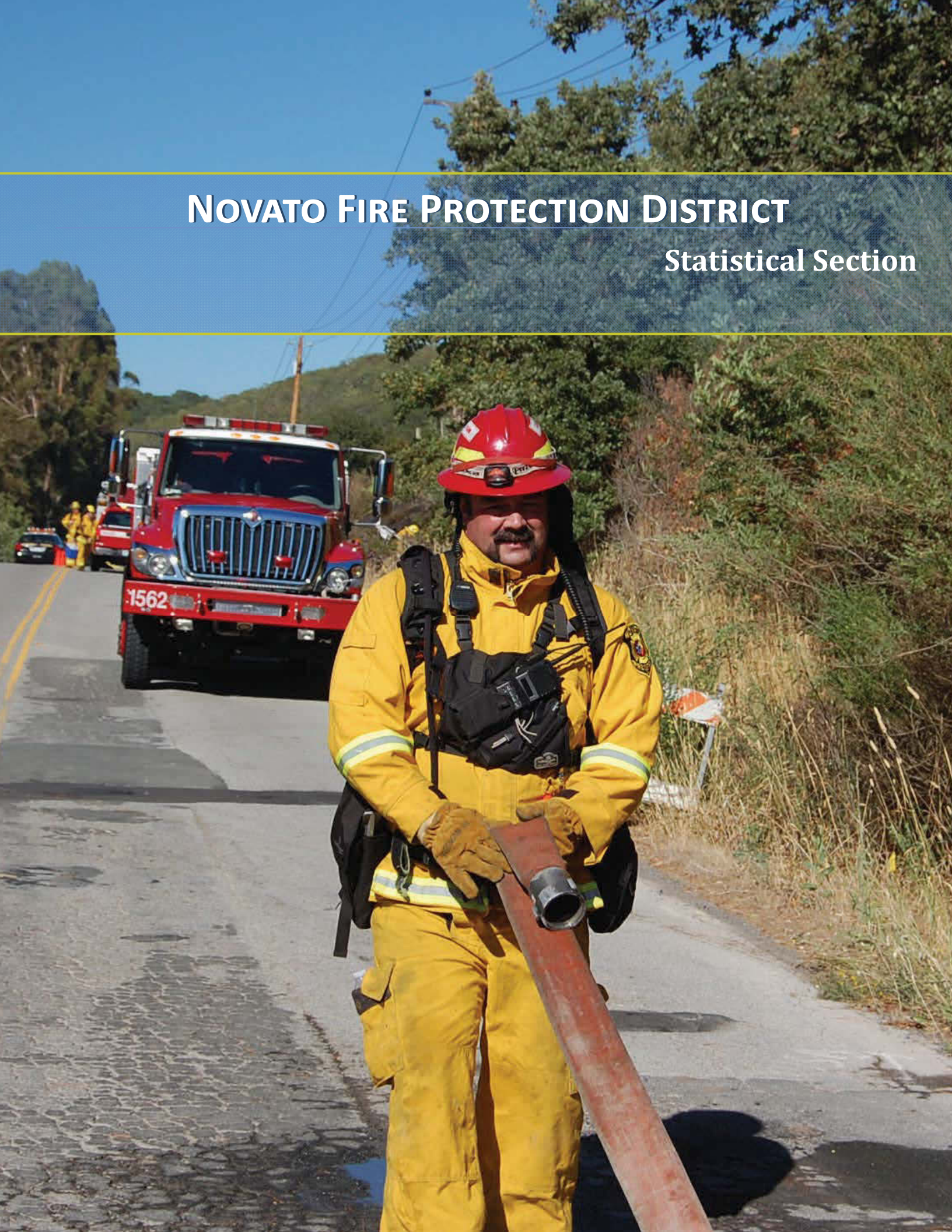
The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual. Accordingly, for the purpose of comparing budgeted expenditures to actual amounts, prior and current year encumbrances have been integrated with the amounts shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

The legal level of budgetary control attributed to the Board of Directors is considered at the objective or natural classification level, presented as subtotals in the schedule of budget to actual (e.g., total revenue, total salaries and benefits, total services and supplies, etc.).

NOVATO FIRE PROTECTION DISTRICT

Statistical Section



NOVATO FIRE PROTECTION DISTRICT STATISTICS

Statistical Section Information

This part of the District 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 District's overall financial health. The detailed schedules presented in the Statistical Section are grouped into five sections pertaining to financial trends, revenue capacity, debt capacity, demographic and economic information and operating information. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends – These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances of Governmental Funds
5. Expenditures by Function

Revenue Capacity – These schedules contain information to help the reader assess the District's most significant local revenue source, property tax:

1. General Revenues by Source
2. Assessed Value of Taxable Property
3. Secured Assessed Valuation
4. Assessed and Estimated Actual Value of Taxable Property
5. Property Tax Levies and Collections
6. Property Tax Rates, All Overlapping Governments
7. Principal Property Taxpayers

Debt Capacity – These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin

NOVATO FIRE PROTECTION DISTRICT STATISTICS

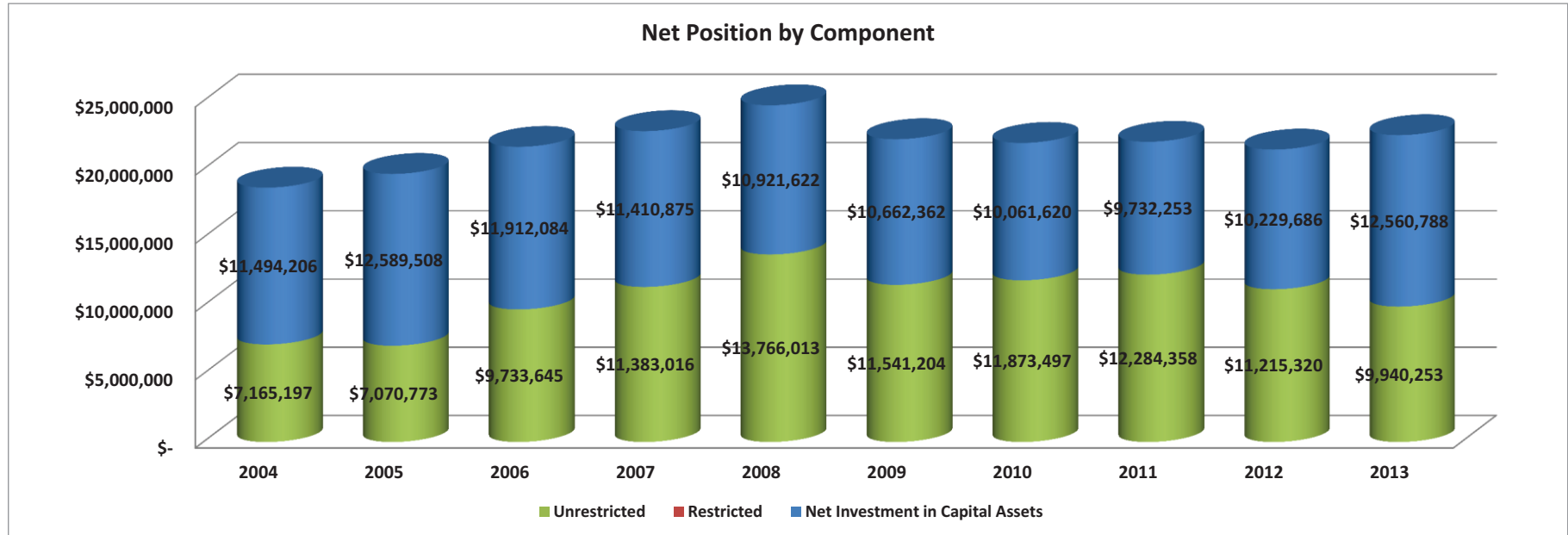
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place:

1. Demographic Statistics
2. Demographic and Economic Statistics
3. Principal Employers

Operating Information – These schedules contain data to help the reader understand how the information in the financial reports relates to the services the District provides and the activities it performs:

1. Summary of District Activities
2. Apparatus Inventory
3. Full and Part-time Employees by Function
4. Comparative Annual Graph, Total Responses
5. Emergency Response Category Definitions
6. Emergency Responses by Incident Type
7. Emergency Response Detail Analysis
8. Average Incident Response Time
9. District Response Times
10. Call Frequency Analysis by Station
11. Call Frequency Analysis by Hour
12. Call Frequency Analysis by Month
13. Call Frequency Analysis by Type
14. Fire Loss Management Activities
15. Fire Training Activity (Public Education)
16. Personnel Training Hours Chart
17. Personnel Training Hours, Detail
18. Service Connected Illness/Injury Report

**Novato Fire Protection District
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**



Fiscal Year Ended June 30

	<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>	<u>2013</u>
Governmental Activities										
Net investment in capital assets	\$ 11,494,206	\$ 12,589,508	\$ 11,912,084	\$ 11,410,875	\$ 10,921,622	\$ 10,662,362	\$ 10,061,620	\$ 9,732,253	\$ 10,229,686	\$ 12,560,788
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,165,197	7,070,773	9,733,645	11,383,016	13,766,013	11,541,204	11,873,497	12,284,358	11,215,320	9,940,253
Total governmental activities net assets	<u>\$ 18,659,403</u>	<u>\$ 19,660,281</u>	<u>\$ 21,645,729</u>	<u>\$ 22,793,891</u>	<u>\$ 24,687,635</u>	<u>\$ 22,203,566</u>	<u>\$ 21,935,117</u>	<u>\$ 22,016,611</u>	<u>\$ 21,445,006</u>	<u>\$ 22,501,041</u>

Source: Novato Fire Protection District audited financial statements as restated, if applicable

Novato Fire Protection District
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>Fiscal Year Ended June 30</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses					
Governmental Activities					
Public Safety					
Emergency Medical Services	\$ 5,006,323	\$ 5,980,906	\$ 6,032,953	\$ 6,469,619	\$ 6,576,005
Fire Loss Management	722,622	808,538	805,422	757,117	766,523
Operations	6,605,011	6,830,751	7,344,951	9,276,294	10,158,796
Organizational Resources & Support	2,695,133	3,547,335	3,246,362	3,342,553	3,874,173
Training	236,108	242,809	268,757	501,840	527,477
Interest on long term debt	48,521	95,416	93,529	108,461	134,585
Total Governmental Activities Expenses	<u>15,313,718</u>	<u>17,505,755</u>	<u>17,791,974</u>	<u>20,455,884</u>	<u>22,037,559</u>
Program Revenues					
Governmental Activities					
Charges for services					
Emergency Medical Services	1,233,283	1,687,512	2,034,081	1,878,604	1,739,845
Fire Loss Management	149,658	139,834	108,341	54,522	50,517
Operations	116,406	192,567	91,435	464,500	735,709
Organizational Resources & Support	-	-	-	20,728	79,279
Training	6,148	5,751	8,225	8,475	9,661
Operating grants and contributions					
Fire Loss Management	-	-	11,599	-	-
Operations	9,292	-	-	-	-
Capital grants and contributions					
Organizational Resources & Support	238,957	320,006	279,471	124,777	93,974
Total Governmental Activities Program Revenues	<u>1,753,744</u>	<u>2,345,670</u>	<u>2,533,152</u>	<u>2,551,606</u>	<u>2,708,985</u>
Net (Expense) / Revenue					
Governmental Activities Net (Expense) / Revenue	<u>(13,559,974)</u>	<u>(15,160,085)</u>	<u>(15,258,822)</u>	<u>(17,904,278)</u>	<u>(19,328,574)</u>
General Revenues and Other Changes in					
Net Assets					
Governmental Activities					
Property taxes	13,557,117	15,842,225	16,857,570	18,385,890	20,495,437
Investment earnings	146,143	111,357	246,979	505,782	571,587
Grants not restricted to specific programs	106,226	105,835	105,772	108,701	107,148
Miscellaneous	62,636	101,546	33,949	52,067	48,146
Total Governmental Activities General Revenues	<u>13,872,122</u>	<u>16,160,963</u>	<u>17,244,270</u>	<u>19,052,440</u>	<u>21,222,318</u>
Changes in Net Position					
Governmental Activities Changes in Net Position	<u>\$ 312,148</u>	<u>\$ 1,000,878</u>	<u>\$ 1,985,448</u>	<u>\$ 1,148,162</u>	<u>\$ 1,893,744</u>

(Continued)

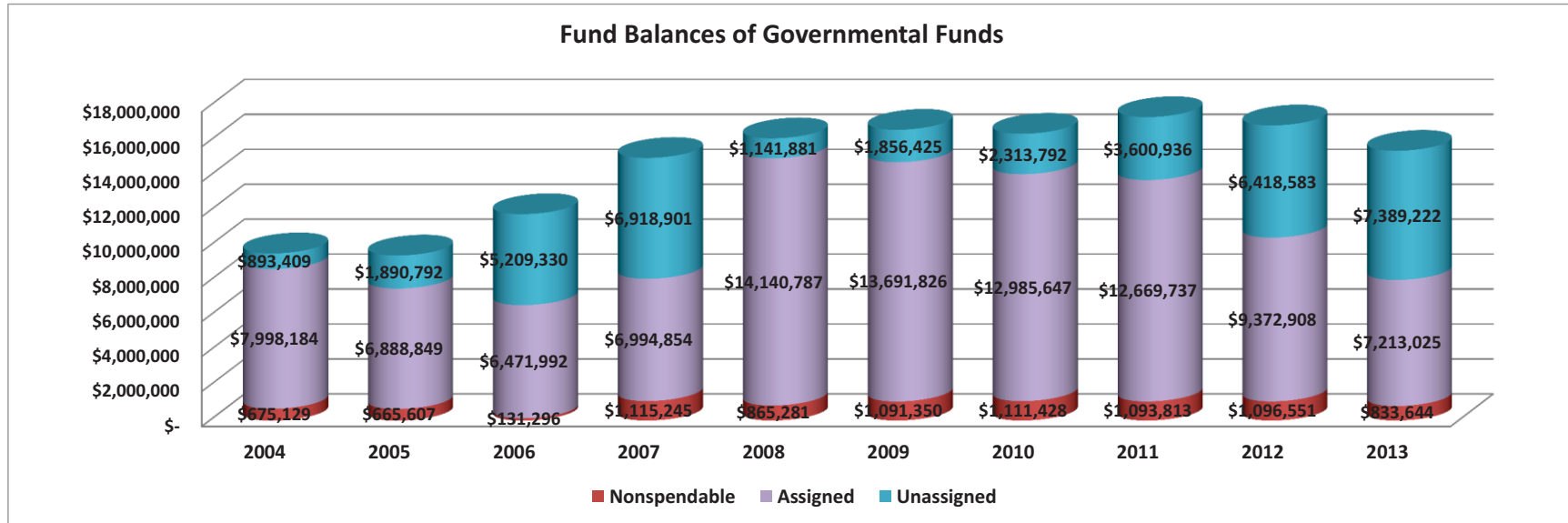
Source: Novato Fire Protection District audited financial statements as restated, if applicable

Novato Fire Protection District
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

(Continued)	<u>Fiscal Year Ended June 30</u>				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses					
Governmental Activities					
Public Safety					
Emergency Medical Services	\$ 7,347,578	\$ 6,414,578	\$ 5,963,435	\$ 6,134,622	\$ 5,989,297
Fire Loss Management	1,061,040	679,312	700,917	721,211	903,791
Operations	12,230,966	10,521,052	10,559,537	10,695,745	9,666,919
Organizational Resources & Support	4,634,295	4,443,688	4,765,194	5,222,395	5,821,370
Training	697,271	578,193	645,603	605,719	477,324
Interest on long term debt	147,426	137,946	127,164	124,200	100,698
Total Governmental Activities Expenses	<u>26,118,576</u>	<u>22,774,769</u>	<u>22,761,850</u>	<u>23,503,892</u>	<u>22,959,399</u>
Program Revenues					
Governmental Activities					
Charges for services					
Emergency Medical Services	1,645,048	1,986,620	2,030,507	2,336,029	2,385,637
Fire Loss Management	85,785	60,622	58,358	43,803	53,377
Operations	876,482	282,250	24,415	89,631	266,420
Organizational Resources & Support	117,141	215,528	178,769	79,376	77,839
Training	6,262	10,317	7,756	3,780	2,220
Operating grants and contributions					
Fire Loss Management	-	-	-	-	-
Operations	-	-	-	-	-
Capital grants and contributions					
Organizational Resources & Support	27,739	97,348	184,831	222,668	1,050,570
Total Governmental Activities Program Revenues	<u>2,758,457</u>	<u>2,652,685</u>	<u>2,484,636</u>	<u>2,775,287</u>	<u>3,836,063</u>
Net (Expense) / Revenue					
Governmental Activities Net (Expense) / Revenue	<u>(23,360,119)</u>	<u>(20,122,084)</u>	<u>(20,277,214)</u>	<u>(20,728,605)</u>	<u>(19,123,336)</u>
General Revenues and Other Changes in					
Net Assets					
Governmental Activities					
Property taxes	20,366,923	19,578,876	20,077,824	19,958,352	19,998,893
Investment earnings	313,072	152,546	90,190	52,838	29,602
Grants not restricted to specific programs	107,565	97,428	96,502	94,786	91,247
Miscellaneous	88,490	24,785	94,192	51,024	59,629
Total Governmental Activities General Revenues	<u>20,876,050</u>	<u>19,853,635</u>	<u>20,358,708</u>	<u>20,157,000</u>	<u>20,179,371</u>
Changes in Net Position					
Governmental Activities Changes in Net Position	<u>\$ (2,484,069)</u>	<u>\$ (268,449)</u>	<u>\$ 81,494</u>	<u>\$ (571,605)</u>	<u>\$ 1,056,035</u>

Source: Novato Fire Protection District audited financial statements as restated, if applicable

**Novato Fire Protection District
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**



Fiscal Year Ended June 30

	<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>	<u>2013</u>
General Fund										
Nonspendable	\$ 675,129	\$ 665,607	\$ 131,296	\$ 1,115,245	\$ 865,281	\$ 1,091,350	\$ 1,111,428	\$ 1,093,813	\$ 1,096,551	\$ 833,644
Assigned	7,998,184	6,888,849	6,471,992	6,994,854	14,140,787	13,691,826	12,985,647	12,669,737	9,372,908	7,213,025
Unassigned	893,409	1,890,792	5,209,330	6,918,901	1,141,881	1,856,425	2,313,792	3,600,936	6,418,583	7,389,222
Total General Fund	<u>\$ 9,566,722</u>	<u>\$ 9,445,248</u>	<u>\$ 11,812,618</u>	<u>\$ 15,029,000</u>	<u>\$ 16,147,949</u>	<u>\$ 16,639,601</u>	<u>\$ 16,410,867</u>	<u>\$ 17,364,486</u>	<u>\$ 16,888,042</u>	<u>\$ 15,435,891</u>
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

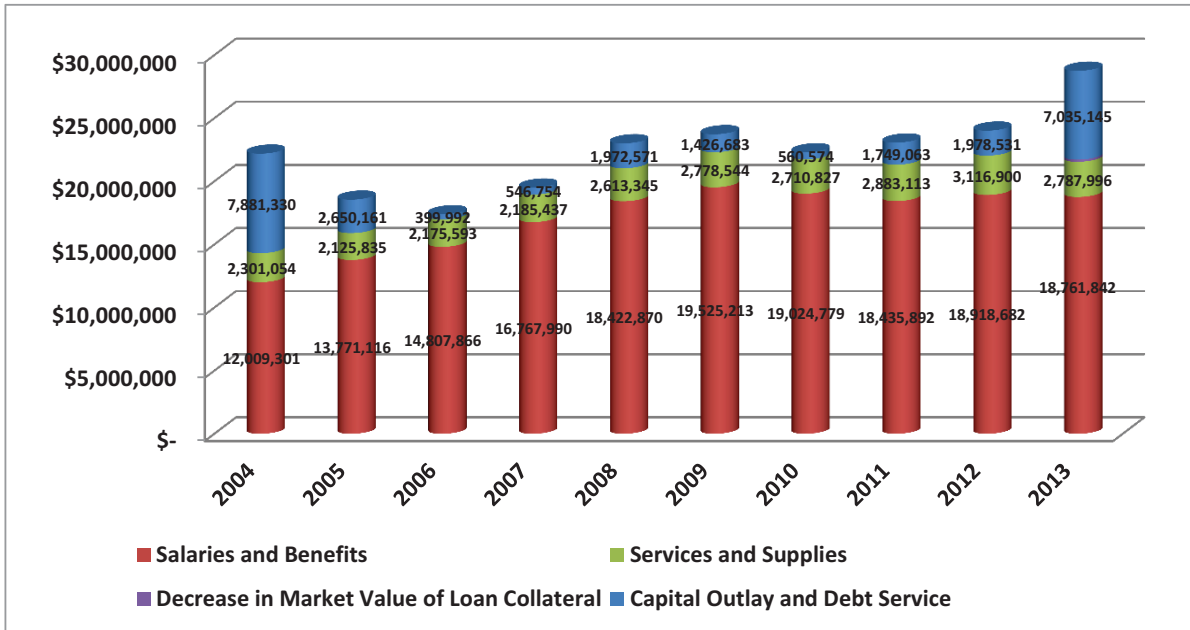
Source: Novato Fire Protection District audited financial statements as restated, if applicable

Novato Fire Protection District
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified 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>	<u>2013</u>
Revenues										
Property taxes	\$ 13,556,232	\$ 15,859,312	\$ 16,875,188	\$ 18,343,495	\$ 20,524,997	\$ 20,363,987	\$ 19,586,946	\$ 20,082,534	\$ 19,947,983	\$ 19,999,008
Charges for services	1,392,115	1,755,363	2,110,327	1,962,411	1,852,664	2,072,509	1,740,789	2,397,589	2,707,045	2,506,149
Interest income	146,143	111,357	246,979	505,782	571,587	313,072	152,546	90,190	52,838	29,603
Intergovernmental	231,924	278,054	204,907	573,201	842,857	984,047	454,864	349,183	307,825	1,084,338
Miscellaneous	<u>301,592</u>	<u>421,552</u>	<u>313,420</u>	<u>176,844</u>	<u>142,120</u>	<u>116,229</u>	<u>132,301</u>	<u>102,191</u>	<u>147,064</u>	<u>362,140</u>
Total Revenues	<u>15,628,006</u>	<u>18,425,638</u>	<u>19,750,821</u>	<u>21,561,733</u>	<u>23,934,225</u>	<u>23,849,844</u>	<u>22,067,446</u>	<u>23,021,687</u>	<u>23,162,755</u>	<u>23,981,238</u>
Expenditures										
Current - Public Safety:										
Salaries and benefits	12,009,301	13,771,116	14,807,866	16,767,990	18,422,870	19,525,214	19,024,779	18,435,892	18,918,682	18,761,842
Services and supplies	2,301,054	2,125,835	2,175,593	2,185,437	2,613,345	2,778,544	2,710,827	2,883,113	3,116,900	2,787,996
Decrease in market value of loan collateral	-	-	-	-	-	-	-	-	-	170,777
Capital outlay	7,807,445	2,502,393	252,223	315,679	1,641,594	1,022,541	156,433	344,922	1,563,488	4,310,712
Debt service:										
Principal	25,364	52,352	54,240	122,614	196,392	256,716	266,195	276,977	290,843	2,623,735
Interest	<u>48,521</u>	<u>95,416</u>	<u>93,529</u>	<u>108,461</u>	<u>134,585</u>	<u>147,426</u>	<u>137,946</u>	<u>127,164</u>	<u>124,200</u>	<u>100,698</u>
Total Expenditures	<u>22,191,685</u>	<u>18,547,112</u>	<u>17,383,451</u>	<u>19,500,181</u>	<u>23,008,786</u>	<u>23,730,441</u>	<u>22,296,180</u>	<u>22,068,068</u>	<u>24,014,113</u>	<u>28,755,760</u>
Excess (Deficiency) of Revenues Over Expenditures										
	<u>(6,563,679)</u>	<u>(121,474)</u>	<u>2,367,370</u>	<u>2,061,552</u>	<u>925,439</u>	<u>119,403</u>	<u>(228,734)</u>	<u>953,619</u>	<u>(851,358)</u>	<u>(4,774,522)</u>
Other Financing Sources (Uses)										
Issuance of debt from capital lease transaction										
	-	-	-	1,154,830	193,510	372,249	-	-	341,694	1,101,832
Issuance of debt	2,700,000	-	-	-	-	-	-	-	-	2,135,691
Sales of assets	-	-	-	-	-	-	-	-	33,220	84,848
Total Other Financing Sources (Uses)	<u>2,700,000</u>	<u>-</u>	<u>-</u>	<u>1,154,830</u>	<u>193,510</u>	<u>372,249</u>	<u>-</u>	<u>-</u>	<u>374,914</u>	<u>3,322,371</u>
Net Change in Fund Balances	<u>\$ (3,863,679)</u>	<u>\$ (121,474)</u>	<u>\$ 2,367,370</u>	<u>\$ 3,216,382</u>	<u>\$ 1,118,949</u>	<u>\$ 491,652</u>	<u>\$ (228,734)</u>	<u>\$ 953,619</u>	<u>\$ (476,444)</u>	<u>\$ (1,452,151)</u>
Debt Service as a Percentage of Noncapital Expenditures										
	0.5%	0.9%	0.9%	1.2%	1.6%	1.8%	1.9%	1.9%	1.9%	12.6%

Source: Novato Fire Protection District audited financial statements as restated, if applicable

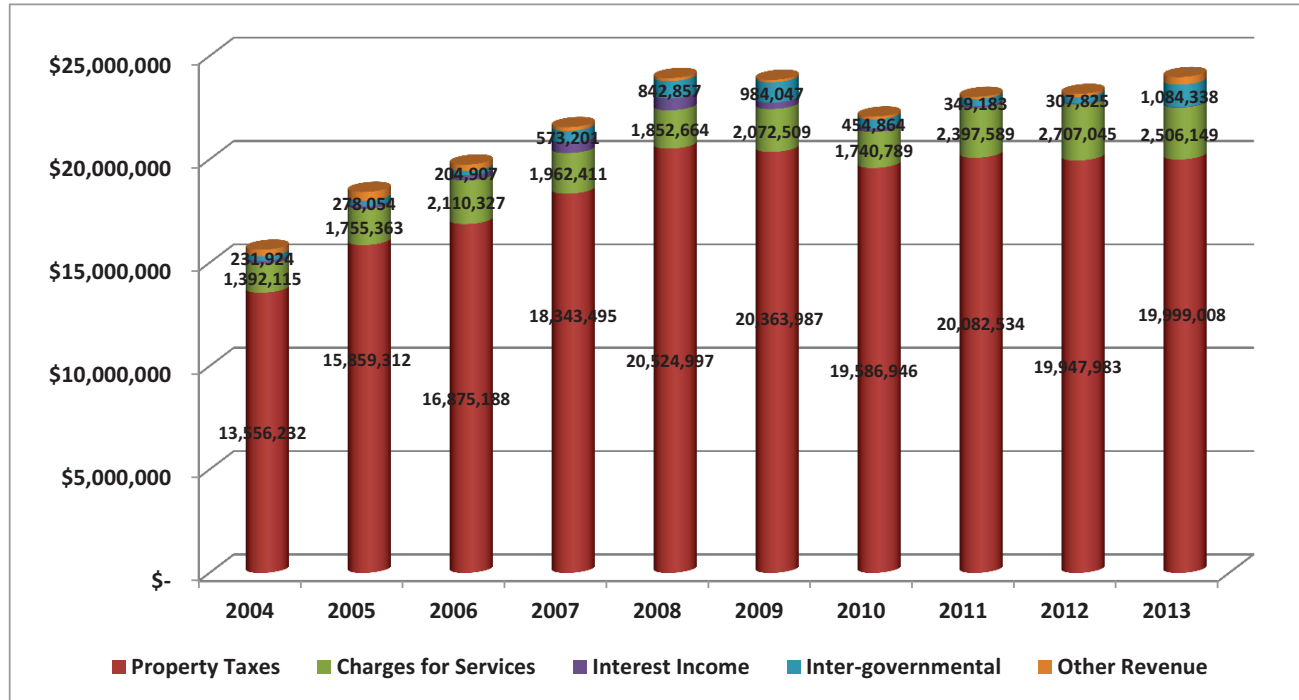
**Novato Fire Protection District
Expenditures By Function
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**



Fiscal Year Ended June 30	Salaries and Benefits	Services and Supplies	Decrease in Market Value of Loan Collateral	Capital Outlay and Debt Service	Total
2004	\$ 12,009,301	\$ 2,301,054	\$ -	\$ 7,881,330	\$ 22,191,685
2005	13,771,116	2,125,835	-	2,650,161	18,547,112
2006	14,807,866	2,175,593	-	399,992	17,383,451
2007	16,767,990	2,185,437	-	546,754	19,500,181
2008	18,422,870	2,613,345	-	1,972,571	23,008,786
2009	19,525,213	2,778,544	-	1,426,683	23,730,440
2010	19,024,779	2,710,827	-	560,574	22,296,180
2011	18,435,892	2,883,113	-	1,749,063	23,068,068
2012	18,918,682	3,116,900	-	1,978,531	24,014,113
2013	18,761,842	2,787,996	170,777	7,035,145	28,755,760

Source: Novato Fire Protection District audited financial statements as restated, if applicable

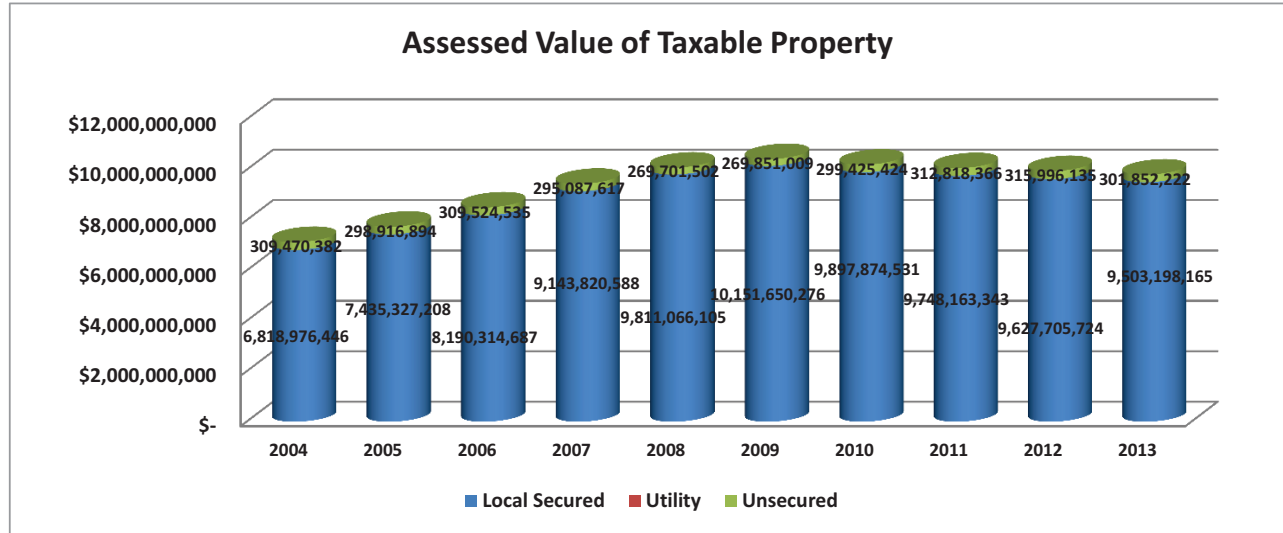
**Novato Fire Protection District
General Revenues By Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**



Fiscal Year Ended June 30	Property Taxes	Charges for Services	Interest Income	Inter- governmental	Other Revenue	Total
2004	\$ 13,556,232	\$ 1,392,115	\$ 146,143	\$ 231,924	\$ 301,592	\$ 15,628,006
2005	15,859,312	1,755,363	111,357	278,054	421,552	18,425,638
2006	16,875,188	2,110,327	246,979	204,907	313,420	19,750,821
2007	18,343,495	1,962,411	505,782	573,201	176,844	21,561,733
2008	20,524,997	1,852,664	571,587	842,857	142,120	23,934,225
2009	20,363,987	2,072,509	313,072	984,047	116,229	23,849,844
2010	19,586,946	1,740,789	152,546	454,864	132,301	22,067,446
2011	20,082,534	2,397,589	90,190	349,183	102,191	23,021,687
2012	19,947,983	2,707,045	52,838	307,825	147,064	23,162,755
2013	19,999,008	2,506,149	29,603	1,084,338	362,140	23,981,238

Source: Novato Fire Protection District audited financial statements as restated, if applicable

**Novato Fire Protection District
Assessed Value of Taxable Property
Last Ten Fiscal Years**

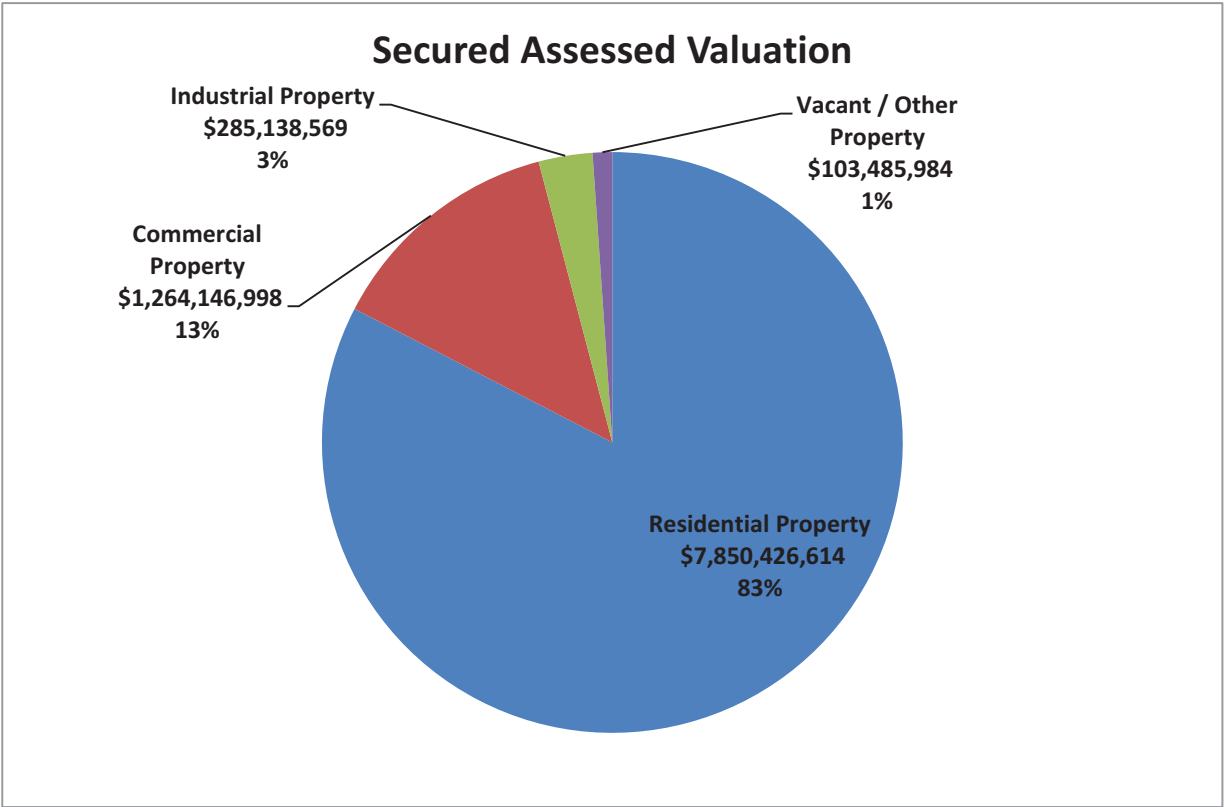


Fiscal Year	Local Secured	Utility	Unsecured	Total Assessed Value	Total Direct Tax Rate (1)
2004	\$ 6,818,976,446	\$ 2,129,938	\$ 309,470,382	\$ 7,130,576,766	1.00%
2005	7,435,327,208	2,129,938	298,916,894	7,736,374,040	1.00%
2006	8,190,314,687	2,129,938	309,524,535	8,501,969,160	1.00%
2007	9,143,820,588	2,129,938	295,087,617	9,441,038,143	1.00%
2008	9,811,066,105	2,129,938	269,701,502	10,082,897,545	1.00%
2009	10,151,650,276	1,076,288	269,851,009	10,422,577,573	1.00%
2010	9,897,874,531	1,076,288	299,425,424	10,198,376,243	1.00%
2011	9,748,163,343	1,076,288	312,818,366	10,062,057,997	1.00%
2012	9,627,705,724	1,571,094	315,996,135	9,945,272,953	1.00%
2013	9,503,198,165	950,235	301,852,222	9,806,000,622	1.00%

(1) California cities do not set their own direct tax rate. The state constitution establishes the tax rate at 1.00% and allocates a portion of that amount by an annual calculation, to all taxing entities within a tax rate area.

Sources: County of Marin Department of Finance and California Municipal Statistics, Inc

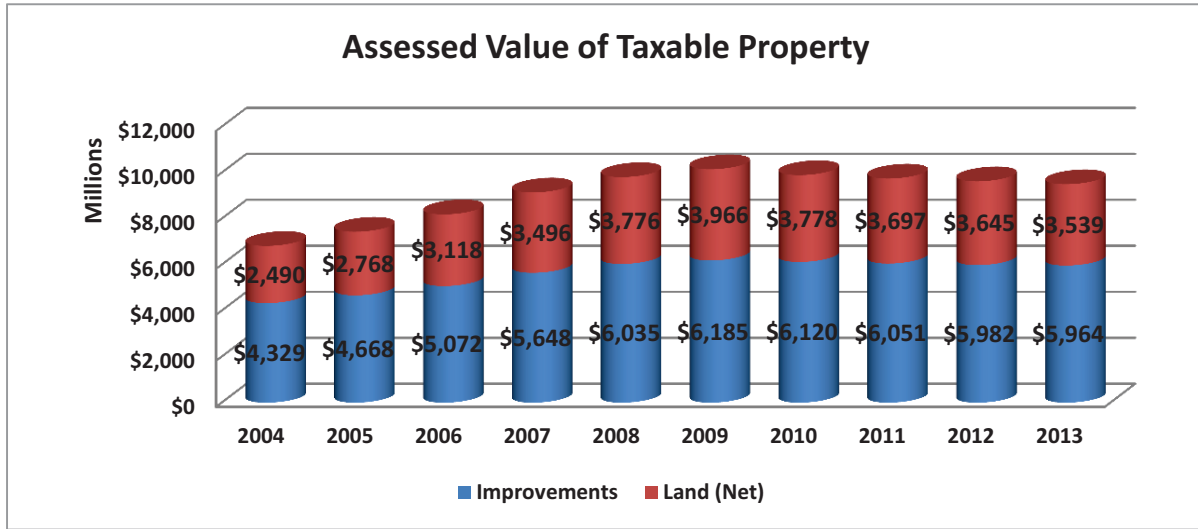
**Novato Fire Protection District
Secured Assessed Valuation
Fiscal Year 2012 - 2013**



Residential Property	Commercial Property	Industrial Property	Vacant / Other Property	Total Secured Property
\$ 7,850,426,614	\$ 1,264,146,998	\$ 285,138,569	\$ 103,485,984	\$ 9,503,198,165

Source: California Municipal Statistics, Inc

Novato Fire Protection District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years



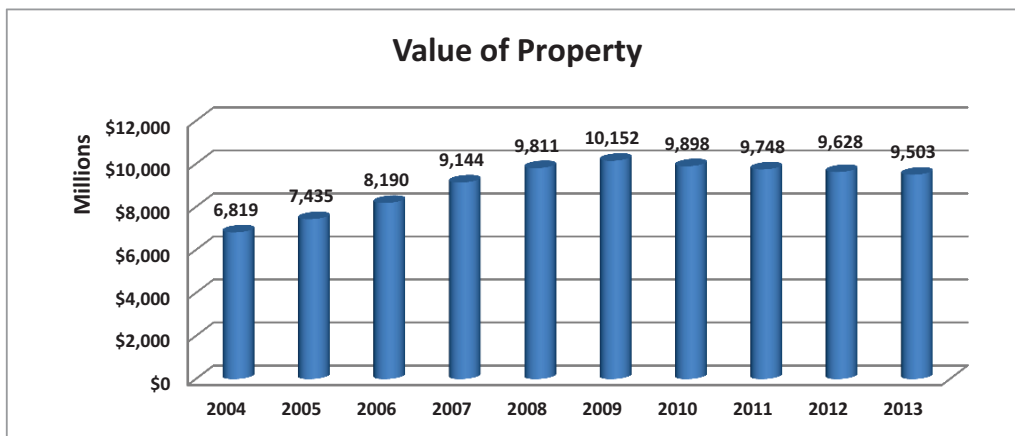
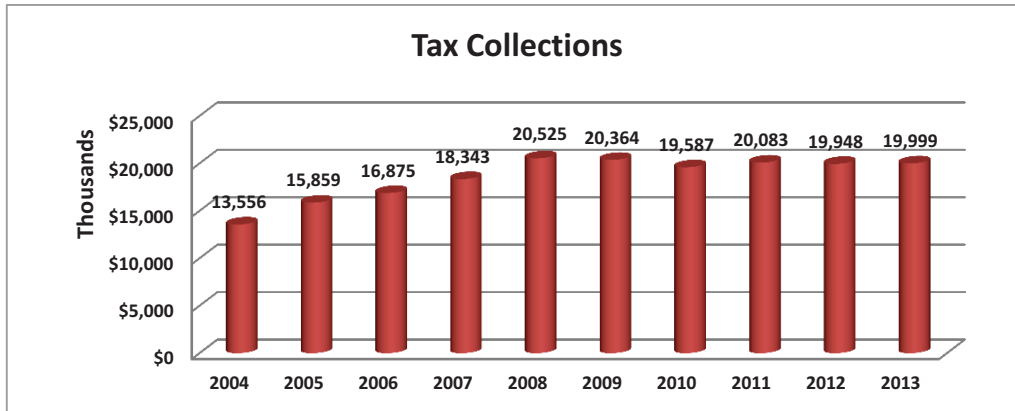
Fiscal Year	Land	Improvements	Other	Exemptions	Total Secured Assessed Value
2004	\$ 2,759,504,676	\$ 4,301,547,594	\$ 27,482,361	\$ (269,558,185)	\$ 6,818,976,446
2005	3,054,706,775	4,639,988,594	27,546,948	(286,915,109)	7,435,327,208
2006	3,433,995,461	5,031,740,421	40,286,173	(315,707,368)	8,190,314,687
2007	3,905,730,959	5,602,309,496	45,632,634	(409,852,501)	9,143,820,588
2008	4,223,446,020	5,964,584,491	70,072,181	(447,036,587)	9,811,066,105
2009	4,424,642,469	6,115,549,738	69,872,235	(458,414,166)	10,151,650,276
2010	4,246,559,817	6,015,655,951	104,389,336	(468,730,573)	9,897,874,531
2011	4,163,485,840	5,938,497,151	112,224,015	(466,043,663)	9,748,163,343
2012	4,126,115,560	5,873,572,572	108,857,458	(480,839,866)	9,627,705,724
2013	4,049,270,620	5,851,311,686	112,761,491	(510,145,632)	9,503,198,165

Fiscal Year	Total Secured Assessed Value	Utility	Unsecured Property	Total Assessed Value	Estimated Market Value (1)
2004	\$ 6,818,976,446	\$ 2,129,938	\$ 309,470,382	\$ 7,130,576,766	\$ 7,130,576,766
2005	7,435,327,208	2,129,938	298,916,894	7,736,374,040	7,736,374,040
2006	8,190,314,687	2,129,938	309,524,535	8,501,969,160	8,501,969,160
2007	9,143,820,588	2,129,938	295,087,617	9,441,038,143	9,441,038,143
2008	9,811,066,105	2,129,938	269,701,502	10,082,897,545	10,082,897,545
2009	10,151,650,276	1,076,288	269,851,009	10,422,577,573	10,422,577,573
2010	9,897,874,531	1,076,288	299,425,424	10,198,376,243	10,198,376,243
2011	9,748,163,343	1,076,288	312,818,366	10,062,057,997	10,062,057,997
2012	9,627,705,724	1,571,094	315,996,135	9,945,272,953	9,945,272,953
2013	9,503,198,165	950,235	301,852,222	9,806,000,622	9,806,000,622

Sources: County of Marin Auditor Controller and California Municipal Statistics, Inc

(1) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be market values.

**Novato Fire Protection District
Property Tax Levies and Collections
Last Ten Fiscal Years**

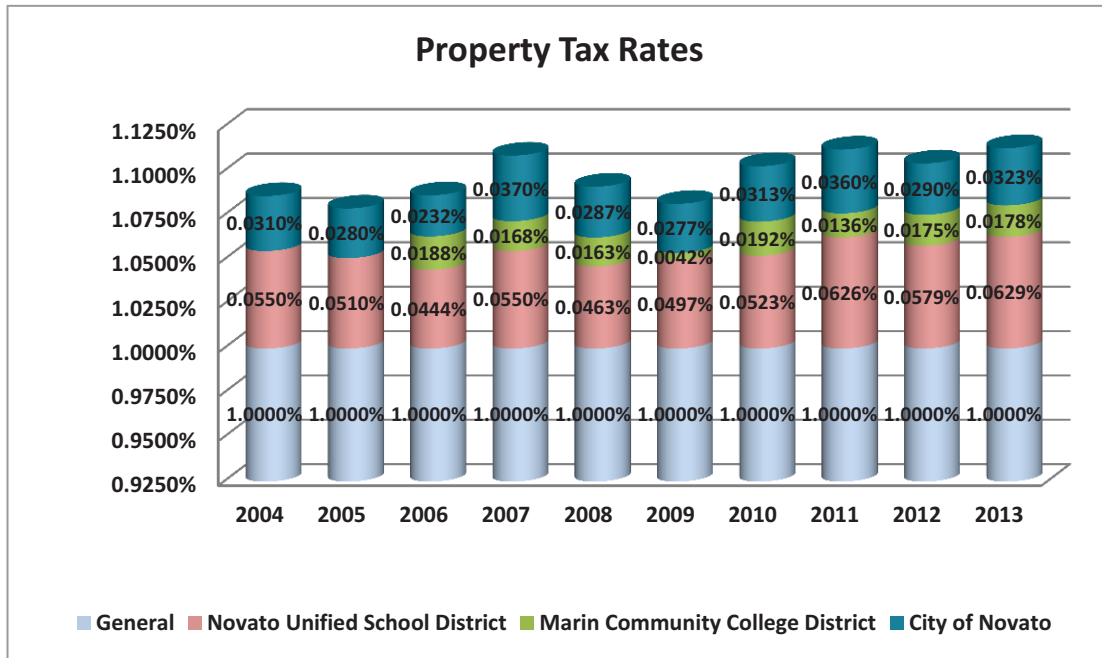


Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Value of Property Subject to Local Tax Rate
2004	\$ 13,556,232	\$ 13,556,232	100.0%	\$ 6,818,976,446
2005	15,859,312	15,859,312	100.0%	7,435,327,208
2006	16,875,188	16,875,188	100.0%	8,190,314,687
2007	18,343,495	18,343,495	100.0%	9,143,820,588
2008	20,524,997	20,524,997	100.0%	9,811,066,105
2009	20,363,987	20,363,987	100.0%	10,151,650,276
2010	19,586,946	19,586,946	100.0%	9,897,874,531
2011	20,082,534	20,082,534	100.0%	9,748,163,343
2012	19,947,983	19,947,983	100.0%	9,627,705,724
2013	19,999,008	19,999,008	100.0%	9,503,198,165

Note: In 1993, the District entered into an agreement (commonly known as the Teeter Plan) with the County of Marin. Under the Teeter Plan, the District receives 100% of the secured property taxes billed each year without regard to delinquencies. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent property tax receivables and actual proceeds collected.

Sources: County of Marin Auditor Controller and California Municipal Statistics, Inc

**Novato Fire Protection District
Property Tax Rates
All Overlapping Governments
Last Ten Fiscal Years**



Fiscal Year Ended June 30	General	Novato Unified School District	Marin Community College District	City of Novato	Total
2004	1.0000%	0.0550%	0.0000%	0.0310%	1.0860%
2005	1.0000%	0.0510%	0.0000%	0.0280%	1.0790%
2006	1.0000%	0.0444%	0.0188%	0.0232%	1.0864%
2007	1.0000%	0.0550%	0.0168%	0.0370%	1.1088%
2008	1.0000%	0.0463%	0.0163%	0.0287%	1.0913%
2009	1.0000%	0.0497%	0.0042%	0.0277%	1.0816%
2010	1.0000%	0.0523%	0.0192%	0.0313%	1.1028%
2011	1.0000%	0.0626%	0.0136%	0.0360%	1.1122%
2012	1.0000%	0.0579%	0.0175%	0.0290%	1.1044%
2013	1.0000%	0.0629%	0.0178%	0.0323%	1.1130%

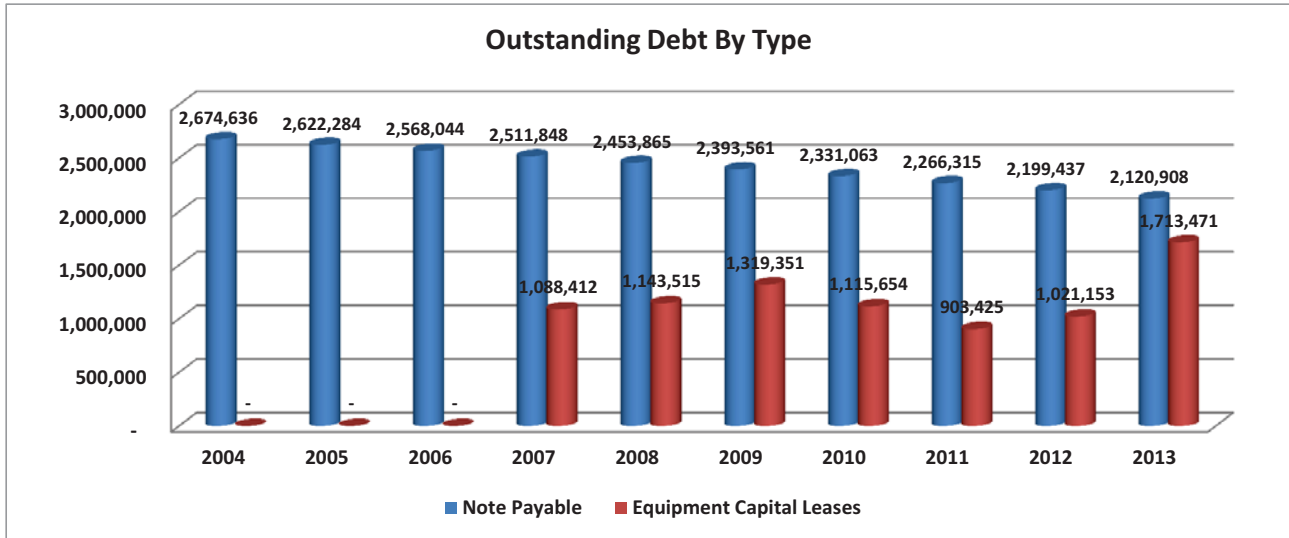
Source: California Municipal Statistics, Inc

**Novato Fire Protection District
Principal Property Taxpayers
Current Year and Nine Years Ago**

Property Taxpayer	Fiscal Year 2012/2013			Fiscal Year 2003/2004		
	Assessed Valuation	Rank	Percent of Assessed Valuation	Assessed Valuation	Rank	Percent of Assessed Valuation
Novato FF Property LLC	\$ 132,000,000	1	1.39%	\$ -		0.00%
Biomarin Pharmaceutical Inc.	101,971,094	2	1.07%	-		0.00%
Hamilton Marin LLC	90,921,151	3	0.96%	40,009,244	6	0.00%
Steven J. Scarpa	66,262,259	4	0.70%	52,714,468	3	0.77%
JCC Cal Properties LLC	58,075,786	5	0.61%	-		0.00%
Downtown Novato Inverstors LLC	50,232,331	6	0.53%	-		0.00%
Sutter Health	43,316,920	7	0.46%	-		0.00%
Hamilton Marketplace LLC	37,561,077	8	0.40%	-		0.00%
Professional Investors Security Fund	30,939,970	9	0.33%	17,489,291	17	0.00%
Redwood Landfill Inc.	29,515,923	10	0.31%	21,198,106	13	0.00%
Condiotti Enterprises Inc.	28,398,959	11	0.30%	25,590,860	10	0.38%
Karen Pell 2011 Revocable Trust	26,700,000	12	0.28%	-		0.00%
Novato Fair Shopping Center LLC	24,921,237	13	0.26%	22,385,940	12	0.33%
BPG-Rock Rowland LLC	24,829,594	14	0.26%	-		0.00%
Lexington Wood Hollow	23,700,000	15	0.25%	39,780,000	7	0.00%
Bayview Ignacio LLC	23,043,386	16	0.24%	20,764,771	14	0.00%
ARV Assisted Living Inc	21,038,321	17	0.22%	-		0.00%
Nave Bros.	19,162,619	18	0.20%	-		0.00%
CA-Woodside Office Center Office	19,000,000	19	0.20%	-		0.00%
Costco Wholesale Corp.	18,771,964	20	0.20%	-		0.00%
San Marin Assurance Co Inc	-		0.00%	108,750,000	1	1.59%
Buck Center for Research	-		0.00%	54,566,906	2	0.80%
W.H. McVay Trust	-		0.00%	50,814,996	4	0.75%
Novato Community Hospital	-		0.00%	48,274,632	5	0.71%
Karen & Debra Pell	-		0.00%	28,418,821	8	0.42%
Davidon Homes	-		0.00%	26,442,936	9	0.39%
Golden Gate Plaza LLC	-		0.00%	24,349,104	11	0.36%
Novato Senior Village LP	-		0.00%	18,178,180	15	0.27%
Riggs & Co Trust	-		0.00%	17,943,832	16	0.26%
Shea Homes Limited Partnership	-		0.00%	16,614,057	18	0.24%
Woodside Office Center LLC	-		0.00%	16,364,249	19	0.24%
Novato Redwood Properties	-		0.00%	15,421,856	20	0.23%
Total	\$ 870,362,591		9.17%	\$ 666,072,249		7.74%

Sources: California Municipal Statistics, Inc and ParcelQuest

**Novato Fire Protection District
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years**



Fiscal Year	Note Payable	Equipment Capital Leases	Total Primary Government	Total Personal Income	Percentage of		
					Personal Income	Total Population	Per Capita
2004	\$ 2,674,636	\$ -	\$ 2,674,636	\$ 2,211,907,740	0.12%	60,690	\$ 44.07
2005	2,622,284	-	2,622,284	2,385,142,799	0.11%	62,173	\$ 42.18
2006	2,568,044	-	2,568,044	2,506,264,644	0.10%	62,842	\$ 40.87
2007	2,511,848	1,088,412	3,600,260	2,683,395,575	0.13%	64,435	\$ 55.87
2008	2,453,865	1,143,515	3,597,380	2,815,131,944	0.13%	64,817	\$ 55.50
2009	2,393,561	1,319,351	3,712,912	2,842,444,143	0.13%	65,043	\$ 57.08
2010	2,331,063	1,115,654	3,446,717	2,793,075,189	0.12%	65,579	\$ 52.56
2011	2,266,315	903,425	3,169,740	2,807,032,380	0.11%	64,293	\$ 49.30
2012	2,199,437	1,021,153	3,220,590	2,920,424,760	0.11%	64,460	\$ 49.96
2013	2,120,908	1,713,471	3,834,379	3,076,258,592	0.12%	64,592	\$ 59.36

Sources: Novato Fire Protection District audited financial statements and California Department of Finance

**Novato Fire Protection District
Computation of Direct and Overlapping Debt
June 30, 2013**

2012 / 13 Assessed Valuation \$ 9,806,000,622

	Total Debt	Percentage	District's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>6/30/2013</u>	<u>Applicable (1)</u>	<u>Debt 6/30/2013</u>
Marin Community College District	\$ 223,440,000	17.333%	\$ 38,728,855
Sonoma County Joint Community College District	180,680,280	0.014%	25,295
Novato Unified School District	89,335,000	99.996%	89,331,427
Petaluma City Joint Union High School District	28,521,669	0.097%	27,666
City of Novato	16,155,000	100.000%	16,155,000
City of Novato Community Facilities District No. 1	17,715,000	100.000%	17,715,000
City of Novato Community Facilities District No. 1994-1	15,990,000	100.000%	15,990,000
City of Novato Community Facilities District No. 2002-1	10,410,000	100.000%	10,410,000
City of Novato 1915 Act Bonds	1,150,000	100.000%	1,150,000
Novato Sanitary District Assessment District No. 2000-1	1,255,000	100.000%	1,255,000
Bel Marin Keys Community Services District Community Facilities District No. 2001-1	5,165,000	100.000%	5,165,000
Marin County Open Space Assessment Districts	321,000	100.000%	321,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 196,274,243
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Marin County General Fund Obligations	\$ 74,396,820	17.320%	\$ 12,885,529
Marin County Pension Obligations	108,400,000	17.320%	18,774,880
Marin Community College District General Fund Obligations	2,740,824	17.333%	475,069
Sonoma County Joint Community College District General Fund Obligations	1,850,000	0.014%	259
Petaluma Joint Union High School District Certificates of Participation	6,915,000	0.097%	6,708
City of Novato General Fund Obligations	1,656,284	100.000%	1,656,284
City of Novato Pension Obligations	17,686,066	100.000%	17,686,066
Novato Fire Protection District General Fund Obligations	776,532	100.000%	776,532 (2)
Other Special District General Fund Obligations	187,384	Various	32,455
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 52,293,782
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 45,610,000	100.000%	\$ 45,610,000
TOTAL DIRECT DEBT			\$ 776,532
TOTAL OVERLAPPING DEBT			\$ 293,401,493
COMBINED TOTAL DEBT			\$ 294,178,025 (3)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the District.

(2) Share of Marin Emergency Radio Authority bonds.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2012 / 13 ASSESSED VALUATION

Total Overlapping Tax and Assessment Debt	2.00%
Total Direct Debt (\$776,532)	0.01%
Combined Total Debt	3.00%

RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION (\$1,355,278,883):

Total Overlapping Tax Increment Debt	3.37%
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Source: California Municipal Statistics, Inc

**Novato Fire Protection District
Computation of Legal Bonded Debt Margin
June 30, 2013**

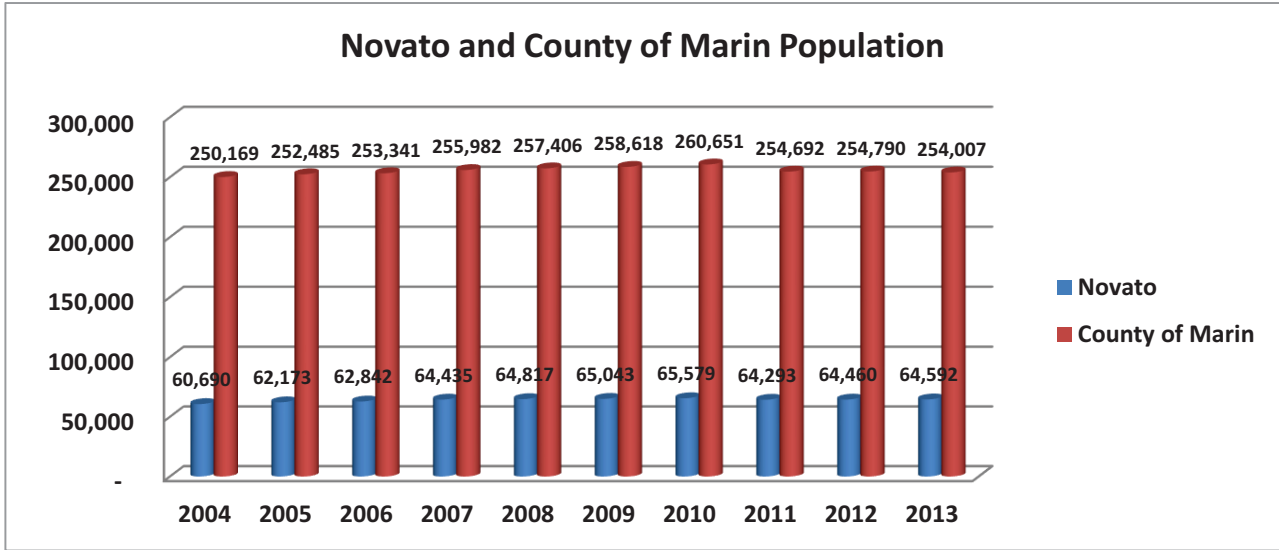
Gross Assessed Valuation	\$ 9,806,000,622
Debt Margin Ratio (1)	3.75%
Debt Margin	<u>\$ 367,725,023</u>
Less: Outstanding General Obligations	<u>-</u>
Net Debt Margin	<u><u>\$ 367,725,023</u></u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as Percentage of Debt Limit</u>
2004	\$ 267,396,629	\$ -	\$ 267,396,629	0.00%
2005	290,114,027	-	290,114,027	0.00%
2006	318,823,844	-	318,823,844	0.00%
2007	354,038,930	-	354,038,930	0.00%
2008	378,108,658	-	378,108,658	0.00%
2009	390,846,659	-	390,846,659	0.00%
2010	382,439,109	-	382,439,109	0.00%
2011	377,327,175	-	377,327,175	0.00%
2012	372,947,736	-	372,947,736	0.00%
2013	367,725,023	-	367,725,023	0.00%

(1) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75% (one-fourth the limit of 15%).

Sources: County of Marin Auditor Controller and California Municipal Statistics, Inc

**Novato Fire Protection District
Demographic Statistics
Last Ten Fiscal Years**

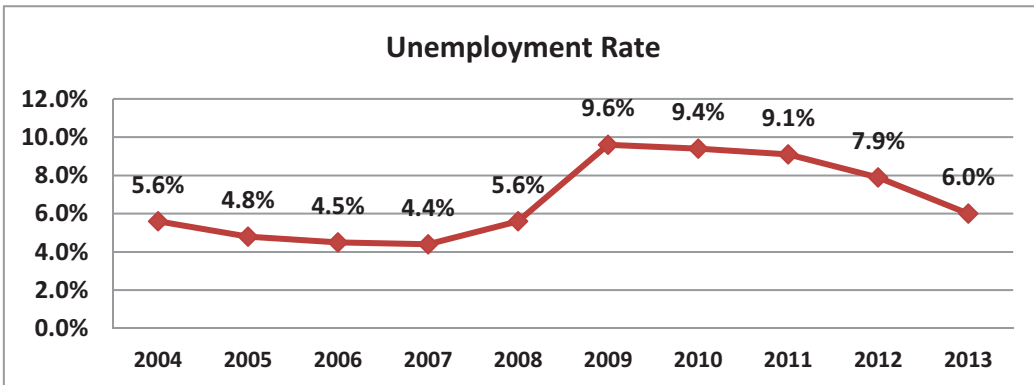
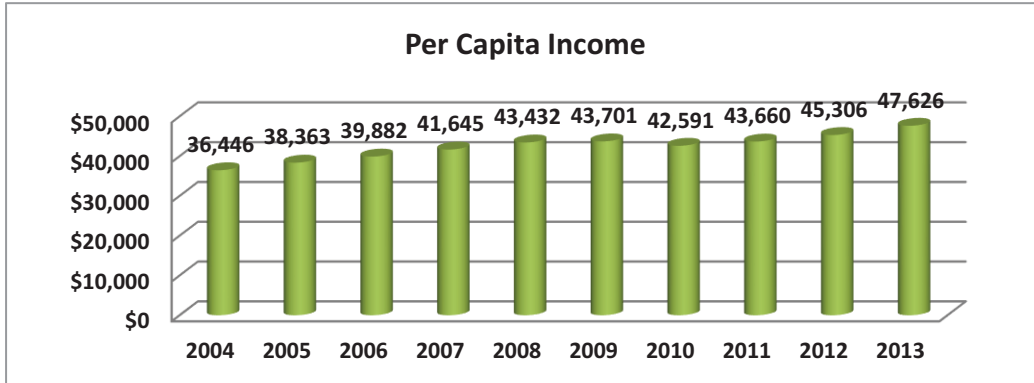


Fiscal Year	City of Novato Population	Unincorporated Population (1)	Total Population	% Change	County of Marin	% of County
2004	49,379	11,311	60,690	1.5%	250,169	24.3%
2005	50,586	11,587	62,173	2.4%	252,485	24.6%
2006	51,130	11,712	62,842	1.1%	253,341	24.8%
2007	52,426	12,009	64,435	2.5%	255,982	25.2%
2008	52,737	12,080	64,817	0.6%	257,406	25.2%
2009	52,921	12,122	65,043	0.3%	258,618	25.2%
2010	53,357	12,222	65,579	0.8%	260,651	25.2%
2011	52,311	11,982	64,293	-2.0%	254,692	25.2%
2012	52,447	12,013	64,460	0.3%	254,790	25.3%
2013	52,554	12,038	64,592	0.2%	254,007	25.4%

(1) Estimated

Source: California Department of Finance

**Novato Fire Protection District
Demographic and Economic Statistics
Last Ten Fiscal Years**



<u>Fiscal Year</u>	<u>Total Population</u>	<u>Total Personal Income</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2004	60,690	\$ 2,211,907,740	\$ 36,446	5.6%
2005	62,173	2,385,142,799	38,363	4.8%
2006	62,842	2,506,264,644	39,882	4.5%
2007	64,435	2,683,395,575	41,645	4.4%
2008	64,817	2,815,131,944	43,432	5.6%
2009	65,043	2,842,444,143	43,701	9.6%
2010	65,579	2,793,075,189	42,591	9.4%
2011	64,293	2,807,032,380	43,660	9.1%
2012	64,460	2,920,424,760	45,306	7.9%
2013	64,592	3,076,258,592	47,626	6.0%

Sources: California Department of Finance and Employment
Development Department

**Novato Fire Protection District
Principal Employers
Current Year and Nine Years Ago**

Employer	Fiscal Year 2012/2013			Fiscal Year 2003/2004		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Novato Unified School District	1,281	1	4.58%	825	2	3.26%
BioMarin Pharmaceuticals	907	2	3.24%	267	7	1.06%
Fireman's Fund	742	3	2.65%	1,274	1	5.04%
Cagwin & Dorward	396	4	1.41%	330	4	1.30%
2K/Visual Concepts Entertainment	340	5	1.21%			
Novato Community Hospital	291	6	1.04%	307	5	1.21%
Target Store	291	7	1.04%			
Costco Wholesale	273	8	0.98%	250	8	0.99%
Buck Institute	262	9	0.94%			
Safeway Stores	249	10	0.89%			
Brayton Purcell				244	9	0.96%
Greenpoint Mortgage				564	3	2.23%
Marin Independent Journal				285	6	1.13%
Birkenstock				230	10	0.91%
Total	5,032		17.98%	4,576		18.09%

Sources: City of Novato and Employment Development Department

**Novato Fire Protection District
Summary of District Activities
Fiscal Year 2012-2013**

Category / Description	2012-2013	2011-2012	Change	% Change
District Population	64,592	64,460	132	0.2%
Per Capita Income	\$ 47,626	\$ 45,306	\$ 2,320	5.1%
Unemployment Rate	6.0%	7.9%	-1.9%	-24.1%
Total Employees	78	81	(3)	-3.7%
Total Incidents	5,016	4,992	24	0.5%
Fire / Explosion Incidents	148	154	(6)	-3.9%
Property Loss	\$ 503,775	\$ 843,410	\$ (339,635)	-40.3%
Acreage Burned	4.00	6.83	(3)	-41%
False Alarm Incidents	264	247	17	6.9%
Rescue / Emergency Medical Incidents	3,336	3,432	(96)	-2.8%
Percentage of Rescue / Emergency Medical Incidents	66.5%	68.8%	-2.3%	-3.3%
Average Response Time - Rescue / Emergency Medical Incidents	4:59	5:02	(0:03)	-1.0%
Hour of Day With Highest Call Volume - 3 - 4 P.M.	323	318	5	1.5%
Month with Highest Call Volume	Dec. - 488	Jun. - 476	12	2.5%
Month with Lowest Call Volume	Feb. - 368	Feb. - 356	12	3.3%
Total Training Hours	19,598	26,889	(7,290.50)	-27.1%
Number of Citizens receiving Fire/Life Safety Instruction (CPR, Fire Extinguisher Use, CERT Training, etc.; excludes special events)	4,849	6,774	(1,925.00)	-29%

*Sources: California Department of Finance and Employment Development,
District NFIRS database, Annual Budget, CPR Database, Fire Loss Management Division*

**Novato Fire Protection District
Apparatus Inventory
Fiscal Year 2012-2013**

The District utilizes a variety of apparatus to respond to a diverse range of emergency situations, as well as vehicles for use by Administrative staff. Type 1 engines are housed at all five of the District stations; a Truck Company is housed at Station 62. Two Type 1 engines are kept in reserve, and are stationed at Station 62. Type 1 engines respond to all types of emergency operations, including commercial and residential fires, medical calls, hazardous material calls, and wildland/urban interface fires.

The District inventory includes two Type 3 engines equipped for off road capability, all of which respond to wildland fires. For an independent water source, the District uses a Water Tender.

The Truck Company cross staffs a 105 foot aerial ladder truck and a Type 1 engine. Of the five ambulances, three are kept in service daily, with two in reserve. The reserve ambulances are housed at Stations 61 and 63.

Specialty apparatus includes a medium duty Rescue Unit.

The Fire Chief drives an SUV capable of responding “Code 3” when a life or property emergency exists. The three shift Battalion Chiefs have SUVs that are equipped as command vehicles, outfitted to run incident command. In addition, the Battalion Chief who heads the Training Division and the EMS Division have a “Code 3” vehicle and can respond to emergency incidents.

The Fire Loss Management Division utilizes several SUVs for inspections, investigations, and fire response. For Public Education purposes, the District maintains a minivan and a golf cart. There are two pool vehicles (a hybrid car and a 12 passenger van) utilized by all staff for administrative needs.

District Apparatus Inventory By Station:

Station 61: Type 1 engine, Ambulance, Water Tender, B/C Command SUV, Reserve

Ambulance, Off Road Utility, Reserve B/C Command

SUV, Medium Duty Rescue Unit.

Station 62: Truck Company, Type 1 Engine, 2 Reserves Type 1

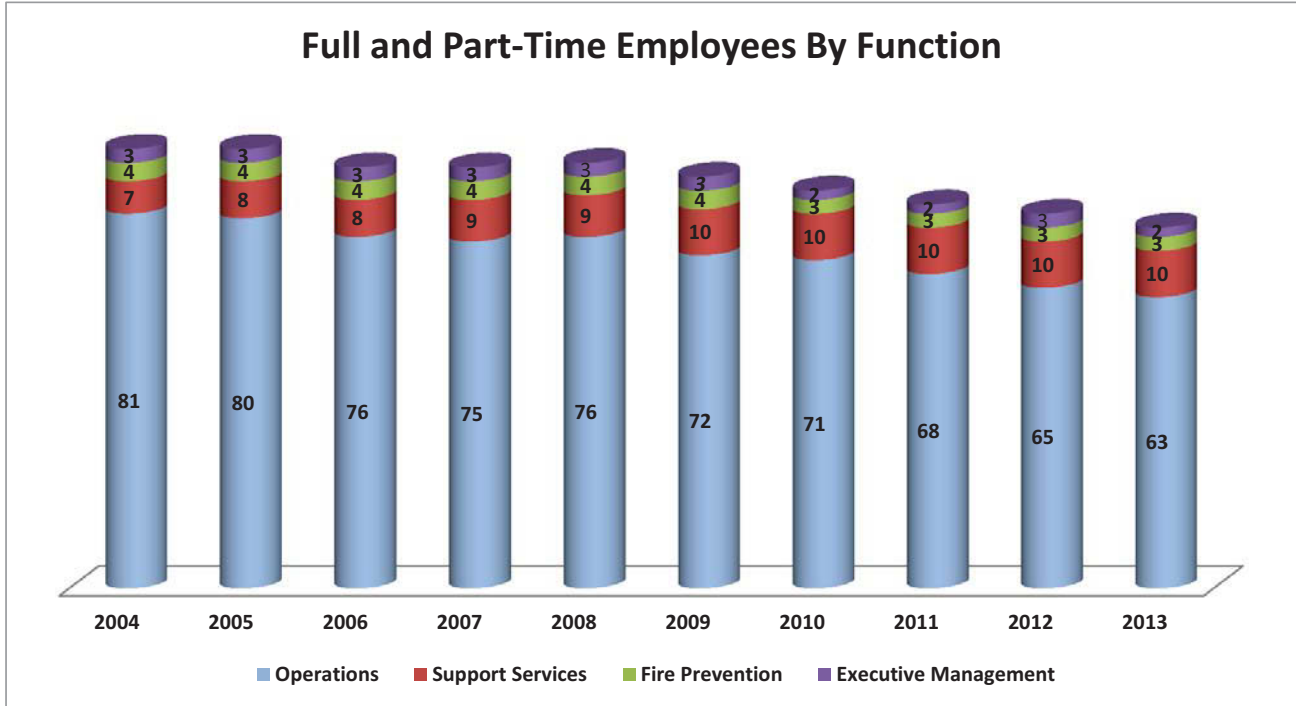
Station 63: Type 1 engine, Type 3 engine, 2 Reserve Ambulances

Station 64: Type 1 engine

Station 65: Type 1 engine, Type 3 engine, Ambulance, Golf Cart.

Source: District Mechanics Bureau

**Novato Fire Protection District
Full-time and Part-time Employees By Function
Last Ten Fiscal Years**

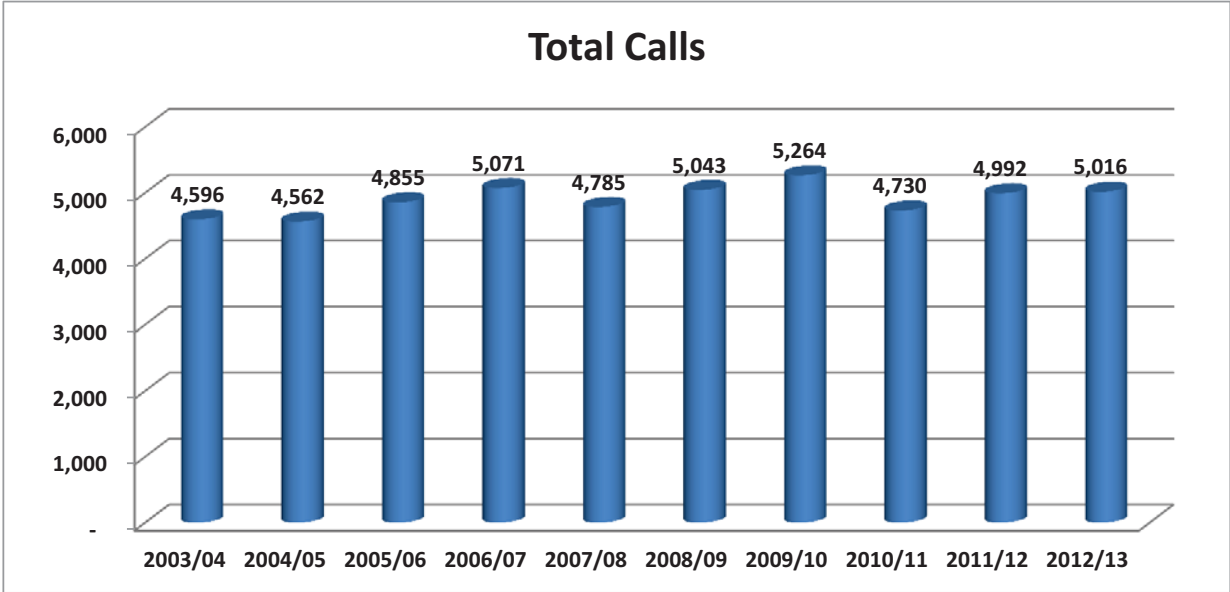


Fiscal Year Ended June 30

	<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>	<u>2013</u>
Public Safety:										
Executive Management	3	3	3	3	3	3	2	2	3	2
Operations	81	80	76	75	76	72	71	68	65	63
Fire Prevention	4	4	4	4	4	4	3	3	3	3
Support Services	7	8	8	9	9	10	10	10	10	10
Total Public Safety	95	95	91	91	92	89	86	83	81	78

Source: Annual Budgets - funded positions

**Novato Fire Protection District
Comparative Annual Graph - Total Responses
Last Ten Fiscal Years**



<u>Fiscal Year</u>	<u>Total Calls</u>
2003/04	4,596
2004/05	4,562
2005/06	4,855
2006/07	5,071
2007/08	4,785
2008/09	5,043
2009/10	5,264
2010/11	4,730
2011/12	4,992
2012/13	5,016

Source: District NFIRS database

Novato Fire Protection District Emergency Response Category Definitions

Fire, Explosion: This category includes fire responses, even if the fire has been extinguished upon arrival. This category also includes combustion explosions with no resulting fire. Examples of this category include structure fires, rubbish fires, dumpster fires and vehicle fires.

Over-Pressure/Rupture: This category includes vessels or containers that suffer failure or near failure due to extreme pressure from either an outside source, such as direct heating, or internally due to a cooling system failure or over-filling, such as a propane tank. Examples of this category also include explosions from bombs, dynamite or similar explosives.

Rescue/EMS Call: This category includes all medical aids, illness and heart attacks, as well as traffic accidents and missing persons.

Hazardous Condition Standby: This category includes Hazardous Materials incidents; electrical wire arcing; suspected drug labs; or situations where there is a perceived problem that may prove to be a potential emergency.

Service Call: This category includes incidents for persons in distress, such as a lock-in or lock-out of a vehicle or dwelling creating an emergency situation or critical need, and smoke or odor problems. This category would also include moving units from one station to another to provide area coverage.

Good Intent Call: This category includes incidents that are cleared prior to arrival, such as a medical aid where the injured party has left the scene, or the initial information indicated that there were injuries and upon arrival no persons were injured. This category may also include calls where the informant has mistaken steam for smoke.

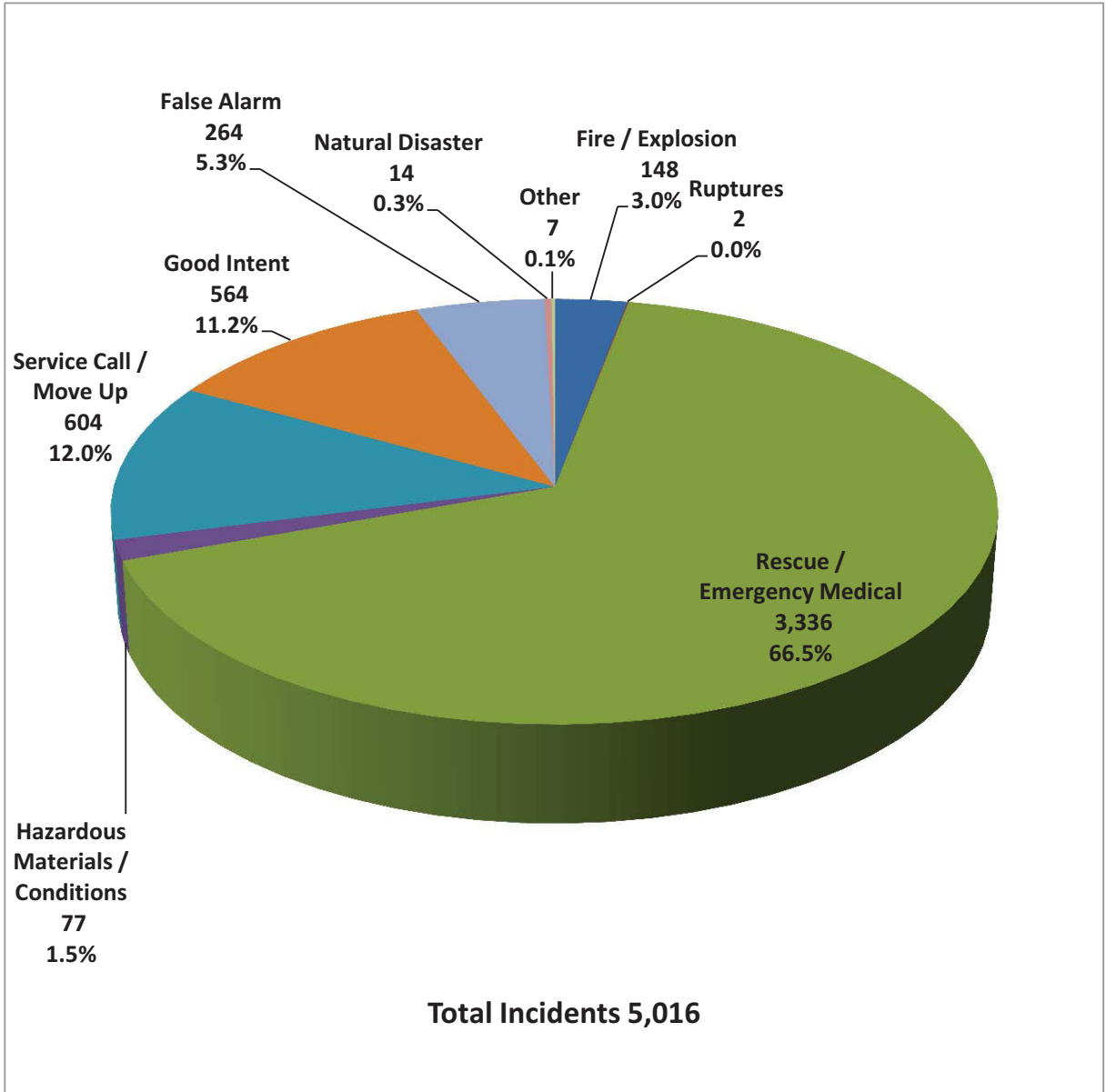
False Alarm: Some examples of the incidents in this category are malicious mischief calls, system malfunctions and the accidental tripping of an interior alarm sensor or device.

Natural Disaster: This category includes incidents that are not normal occurrences, such as earthquakes, lightning strikes, hurricanes and other weather or natural events.

Other: This includes citizen complaints and reports of fire code or ordinance violations.

SOURCE: Operations Department, Novato Fire Protection District

**Novato Fire Protection District
Emergency Responses by Incident Type
Fiscal Year 2012-2013**



Source: District NFIRS database

**Novato Fire Protection District
Emergency Response Detail Analysis
Fiscal Year 2012-2013**

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
Fire / Explosion				
100	Fire, other	10	\$ 3,170	-
111	Building fire	16	381,550	-
113	Cooking fire, confined to container	11	7,205	-
114	Chimney or flue fire, confined to chimney or flue	3	500	-
116	Fuel burner/boiler malfunction, fire confined	1	100	-
118	Trash or rubbish fire, contained	13	820	-
130	Mobile property (vehicle) fire, other	3	4,200	-
131	Passenger vehicle fire	16	69,025	-
132	Road freight or transport vehicle fire	3	16,000	-
140	Natural vegetation fire, other	22	2,200	1.58
141	Forest, woods or wildland fire	4	-	0.55
142	Brush, or brush and grass mixture fire	10	-	1.00
143	Grass fire	13	-	0.86
150	Outside rubbish fire, other	6	5	-
151	Outside rubbish, trash or waste fire	7	13,000	-
154	Dumpster or other outside trash receptacle fire	2	-	-
160	Special outside fire, other	7	6,000	0.01
162	Outside equipment fire	1	-	-
	Total Fire / Explosion	148	503,775	4.00
Over-Pressure / Rupture				
200	Overpressure rupture, explosion, overheat other	1	-	-
251	Excessive heat, scorch burns with no ignition	1	-	-
	Total Over-Pressure / Rupture	2	-	-
Rescue / EMS Call				
300	Rescue, emergency medical call (EMS) call, other	14	-	-
311	Medical assist, assist EMS crew	2	-	-
321	EMS call, excluding vehicle accident with injury	3,072	-	-
322	Vehicle accident with injuries	168	-	-
323	Motor vehicle/pedestrian accident (MV Ped)	17	-	-
324	Motor vehicle accident with no injuries	59	-	-
331	Lock-in (if lock out , use 511)	1	-	-
342	Search for person in water	1	-	-

**Novato Fire Protection District
Emergency Response Detail Analysis
Fiscal Year 2012-2013**

(Continued)

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
381	Rescue or EMS standby	2	-	-
	Total Rescue / EMS Call	3,336	-	-
Hazardous Condition				
400	Hazardous condition, other	7	-	-
410	Flammable gas or liquid condition, other	2	-	-
411	Gasoline or other flammable liquid spill	10	-	-
412	Gas leak (natural gas or LPG)	8	-	-
413	Oil or other combustible liquid spill	1	-	-
421	Chemical hazard (no spill or leak)	1	-	-
422	Chemical spill or leak	2	-	-
424	Carbon monoxide incident	5	-	-
440	Electrical wiring/equipment problem, other	10	-	-
441	Heat from short circuit (wiring), defective/worn	2	-	-
442	Overheated motor	1	-	-
444	Power line down	13	-	-
445	Arcing, shorted electrical equipment	11	-	-
463	Vehicle accident, general cleanup	2	-	-
471	Explosive, bomb removal (for bomb scare, use 721)	1	-	-
480	Attempted burning, illegal action, other	1	-	-
	Total Hazardous Condition	77	-	-
Service Call				
500	Service Call, other	35	-	-
510	Person in distress, other	40	-	-
511	Lock-out	26	-	-
512	Ring or jewelry removal	1	-	-
520	Water problem, other	33	-	-
521	Water evacuation	3	-	-
522	Water or steam leak	9	-	-
531	Smoke or odor removal	21	-	-
540	Animal problem, other	1	-	-
541	Animal problem	2	-	-
550	Public service assistance, other	81	-	-
551	Assist police or other governmental agency	21	-	-

**Novato Fire Protection District
Emergency Response Detail Analysis
Fiscal Year 2012-2013**

(Continued)

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
552	Police matter	5	-	-
553	Public service	34	-	-
554	Assist invalid	242	-	-
555	Defective elevator, no occupants	1	-	-
561	Unauthorized burning	2	-	-
571	Cover assignment, standby, moveup	47	-	-
	Total Service Call	604	-	-
Good Intent				
600	Good intent call, other	15	-	-
611	Dispatched & canceled en route	274	-	-
622	No incident found on arrival at dispatch address	102	-	-
631	Authorized controlled burning	2	-	-
650	Steam, other gas mistaken for smoke, other	4	-	-
651	Smoke scare, odor of smoke	146	-	-
652	Steam, vapor, fog or dust thought to be smoke	7	-	-
653	Barbecue, tar kettle	4	-	-
661	EMS call, party transported by non-fire agency	1	-	-
671	Hazmat release investigation w/ no hazmat	9	-	-
	Total Good Intent	564	-	-
False Alarm				
700	False alarm or false call, other	40	-	-
710	Malicious, mischievous false call, other	3	-	-
711	Municipal alarm system, malicious false alarm	2	-	-
712	Direct tie to FD, malicious/false alarm	3	-	-
714	Central station, malicious false alarm	4	-	-
715	Local alarm system, malicious false alarm	5	-	-
730	System malfunction, other	21	-	-
733	Smoke detector activation due to malfunction	26	-	-
734	Heat detector activation due to malfunction	1	-	-
735	Alarm system sounded due to malfunction	54	-	-
736	CO detector activation due to malfunction	8	-	-
740	Unintentional transmission of alarm, other	18	-	-
741	Sprinkler activation, no fire - unintentional	3	-	-

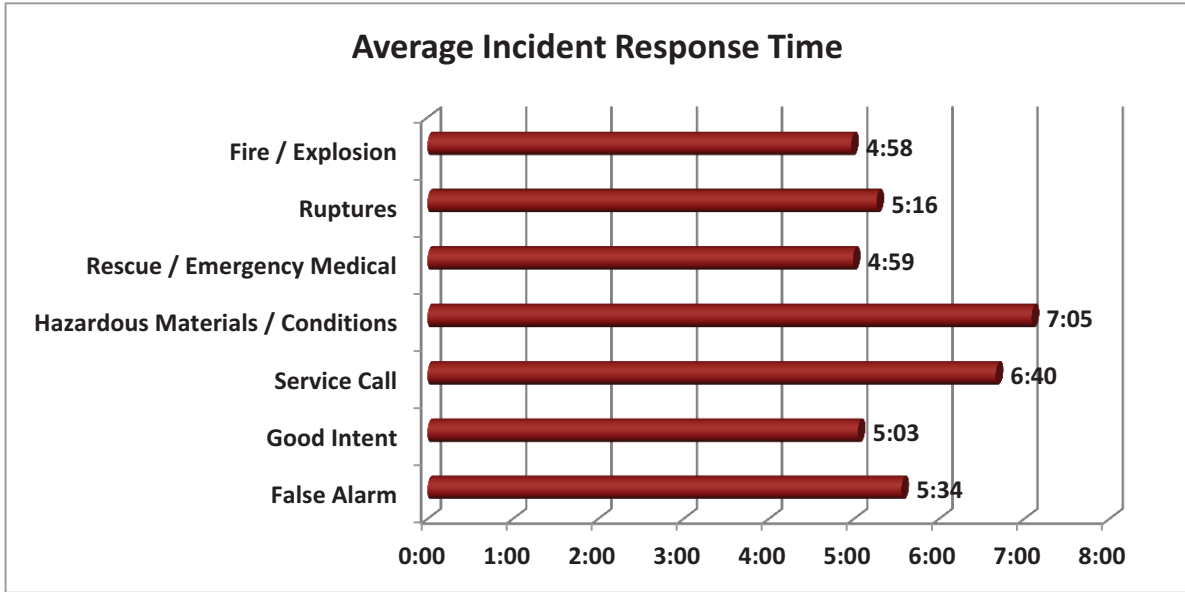
**Novato Fire Protection District
Emergency Response Detail Analysis
Fiscal Year 2012-2013**

(Continued)

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
742	Extinguishing system activation	1	-	-
743	Smoke detector activation, no fire - unintentional	34	-	-
744	Detector activation, no fire - unintentional	4	-	-
745	Alarm system sounded, no fire - unintentional	33	-	-
746	Carbon monoxide detector activation, no CO	4	-	-
	Total False Alarm	264	-	-
	Natural Disaster			
800	Severe weather or natural disaster, other	2	-	-
812	Flood assessment	11	-	-
815	Severe weather or natural disaster standby	1	-	-
	Total Natural Disaster	14	-	-
	Other			
900	Special type of incident, other	7	-	-
	Total Other	7	-	-
	Grand Total	5,016	\$ 503,775	4.00

Source: District NFIRS database

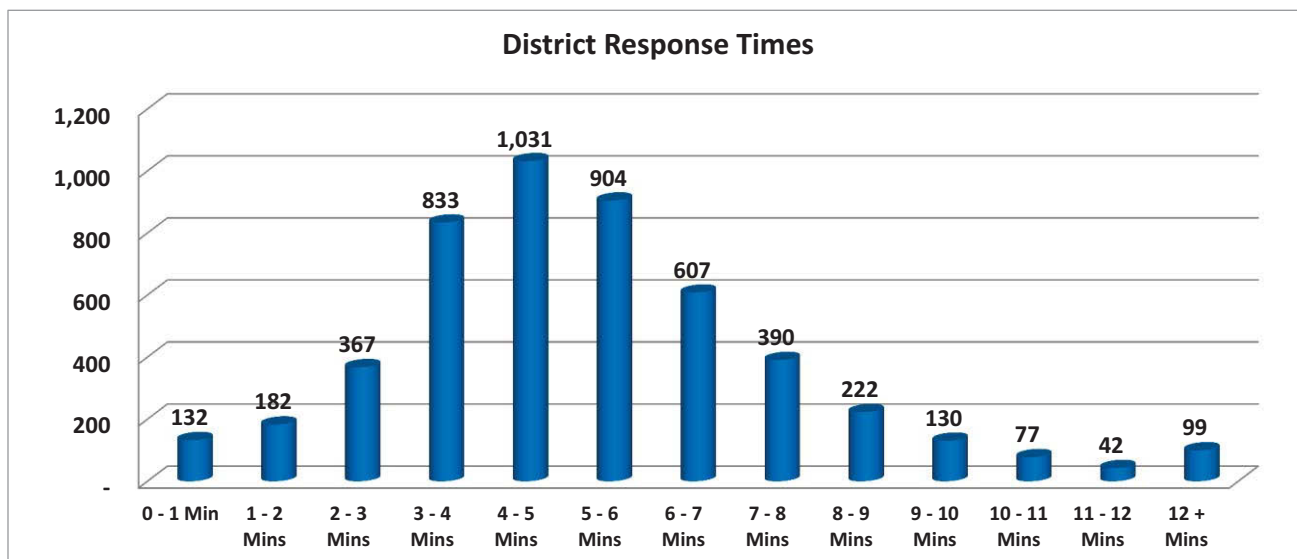
**Novato Fire Protection District
Average Incident Response Time
Fiscal Year 2012-2013**



<u>Incident Type</u>	<u>Average Response Time Minutes</u>
Fire / Explosion	4:58
Ruptures	5:16
Rescue / Emergency Medical	4:59
Hazardous Materials / Conditions	7:05
Service Call	6:40
Good Intent	5:03
False Alarm	5:34

Source: District NFIRS database

**Novato Fire Protection District
District Response Times
Fiscal Year 2012-2013**



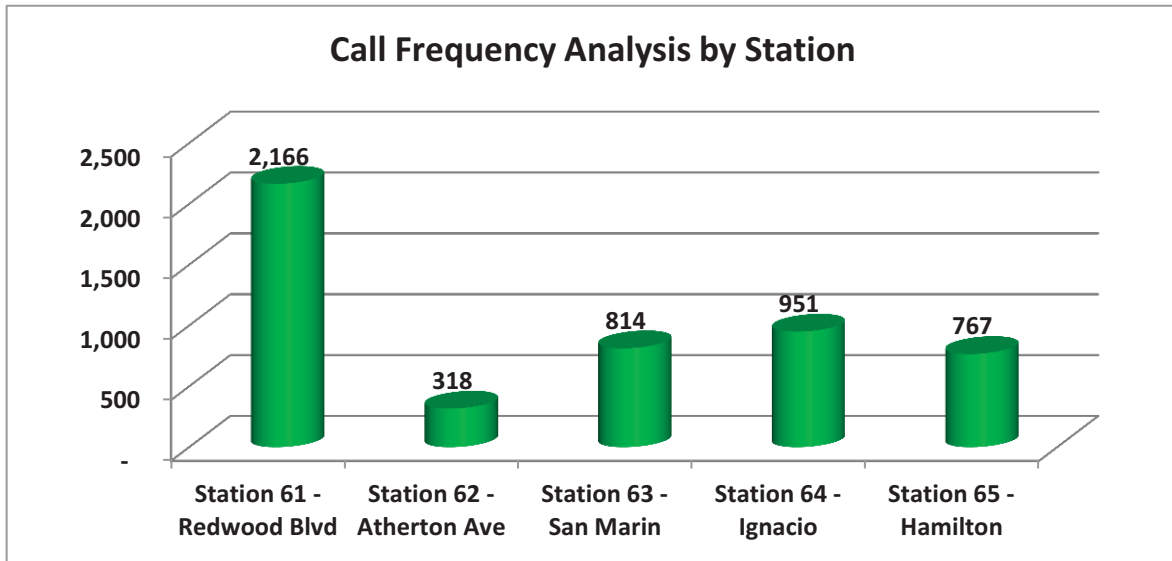
Incident Type	0 - 1 Min	1 - 2 Mins	2 - 3 Mins	3 - 4 Mins	4 - 5 Mins	5 - 6 Mins	6 - 7 Mins	7 - 8 Mins	8 - 9 Mins	9 - 10 Mins	10 - 11 Mins	11 - 12 Mins	12 + Mins	Total
Fire / Explosion	14	3	11	17	30	32	14	9	8	2	2	-	6	148
Ruptures	-	-	-	1	-	-	1	-	-	-	-	-	-	2
Rescue / Emergency														
Medical	54	108	249	659	796	637	385	215	109	41	33	24	26	3,336
Hazardous Materials / Conditions	2	-	3	3	12	12	12	9	6	6	5	2	5	77
Service Call	11	14	22	50	70	90	98	83	56	50	20	9	31	604
Good Intent	43	52	67	74	67	76	55	49	27	18	12	3	21	564
False Alarm	7	5	15	28	53	57	41	23	15	10	4	4	2	264
Natural Disaster	1	-	-	1	3	-	1	2	1	2	1	-	2	14
Other	-	-	-	-	-	-	-	-	-	1	-	-	6	7
Total	132	182	367	833	1,031	904	607	390	222	130	77	42	99	5,016

Mutual aid responses to areas outside Novato Fire Protection District are included

District objective is to respond to 80% of all calls within 8 minutes.

Source: District NFIRS database

**Novato Fire Protection District
Call Frequency Analysis by Station
Fiscal Year 2012-2013**

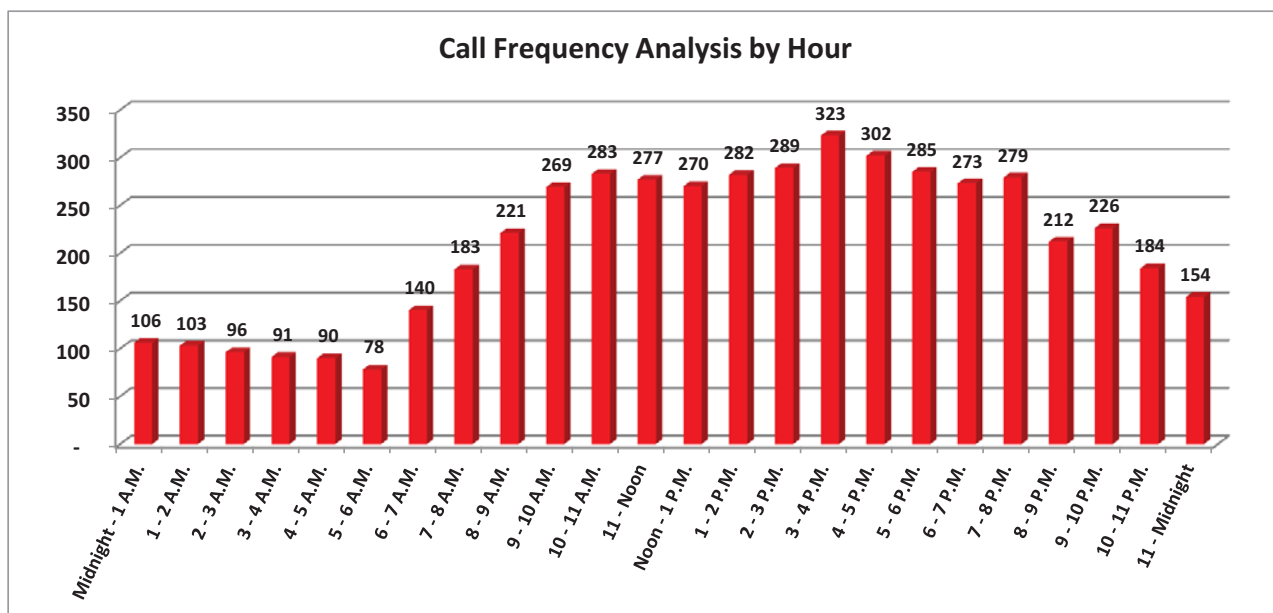


Station Location	Total Calls	% of Total
Station 61 - Redwood Blvd *	2,166	43.2%
Station 62 - Atherton Ave	318	6.3%
Station 63 - San Marin	814	16.2%
Station 64 - Ignacio	951	19.0%
Station 65 - Hamilton	767	15.3%
Total	<u>5,016</u>	<u>100.0%</u>

* Station 61 is centrally located near Novato's downtown area and covers a large portion of the residentially populated zones. It is the largest station in terms of staffing and apparatus, including an ambulance and an engine company, and therefore has a proportionally higher call volume.

Source: District NFIRS database

**Novato Fire Protection District
Call Frequency Analysis by Hour
Fiscal Year 2012-2013**

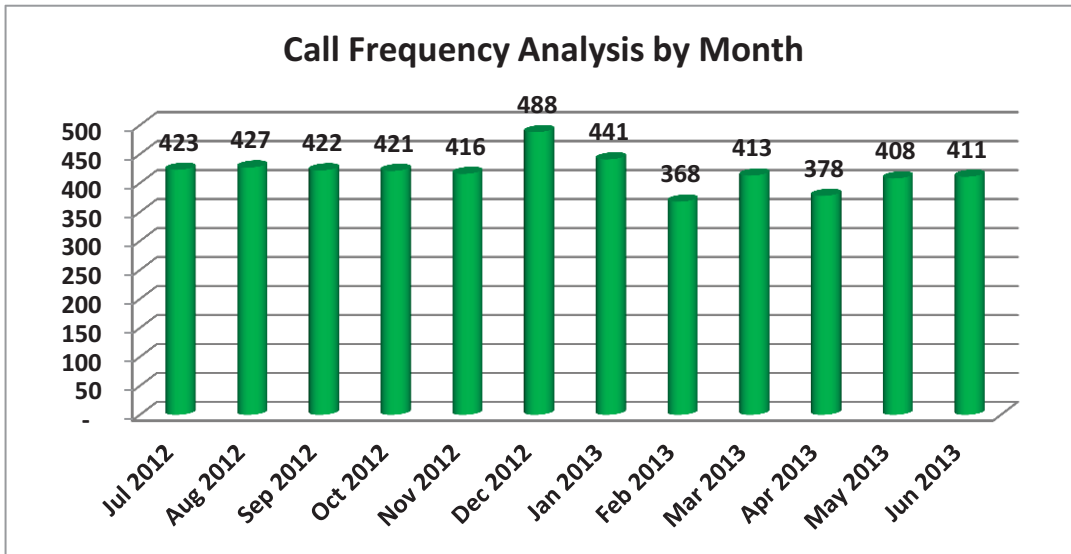


Hour	Number of Calls	% of Total	Hour	Number of Calls	% of Total
Midnight - 1 A.M.	106	2.11%	Noon - 1 P.M.	270	5.38%
1 - 2 A.M.	103	2.05%	1 - 2 P.M.	282	5.62%
2 - 3 A.M.	96	1.91%	2 - 3 P.M.	289	5.76%
3 - 4 A.M.	91	1.81%	3 - 4 P.M.	323	6.44%
4 - 5 A.M.	90	1.79%	4 - 5 P.M.	302	6.02%
5 - 6 A.M.	78	1.56%	5 - 6 P.M.	285	5.68%
6 - 7 A.M.	140	2.79%	6 - 7 P.M.	273	5.44%
7 - 8 A.M.	183	3.65%	7 - 8 P.M.	279	5.56%
8 - 9 A.M.	221	4.41%	8 - 9 P.M.	212	4.23%
9 - 10 A.M.	269	5.36%	9 - 10 P.M.	226	4.51%
10 - 11 A.M.	283	5.64%	10 - 11 P.M.	184	3.67%
11 - Noon	277	5.52%	11 - Midnight	154	3.07%
			Total	5,016	100.00%

Call volume is generally higher from 7:00 A.M. to 10:00 P.M., when people are awake, working, or traveling.

Source: District NFIRS database

**Novato Fire Protection District
Call Frequency Analysis by Month
Fiscal Year 2012-2013**

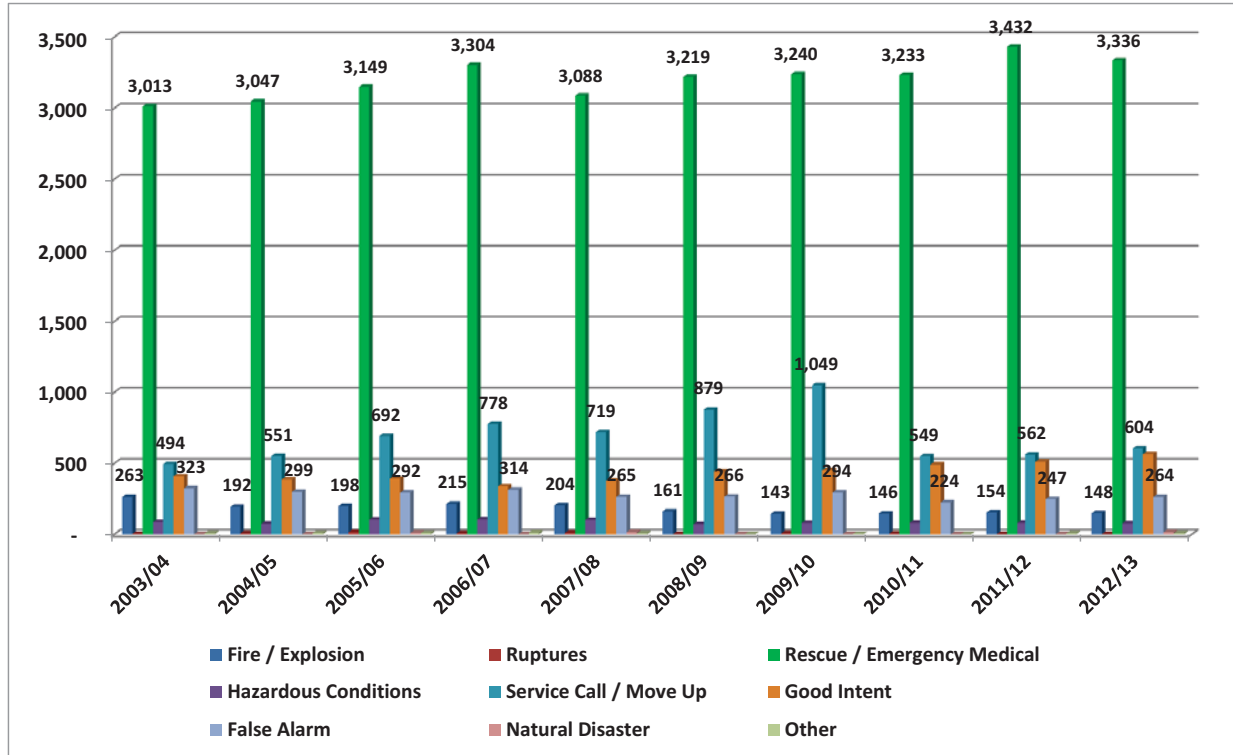


Month	Total Calls	% of Total
Jul 2012	423	8.43%
Aug 2012	427	8.51%
Sep 2012	422	8.41%
Oct 2012	421	8.39%
Nov 2012	416	8.29%
Dec 2012	488	9.73%
Jan 2013	441	8.79%
Feb 2013	368	7.34%
Mar 2013	413	8.23%
Apr 2013	378	7.54%
May 2013	408	8.13%
Jun 2013	411	8.19%
Total	<u>5,016</u>	<u>100.00%</u>

Data includes mutual aid calls.

Source: District NFIRS database

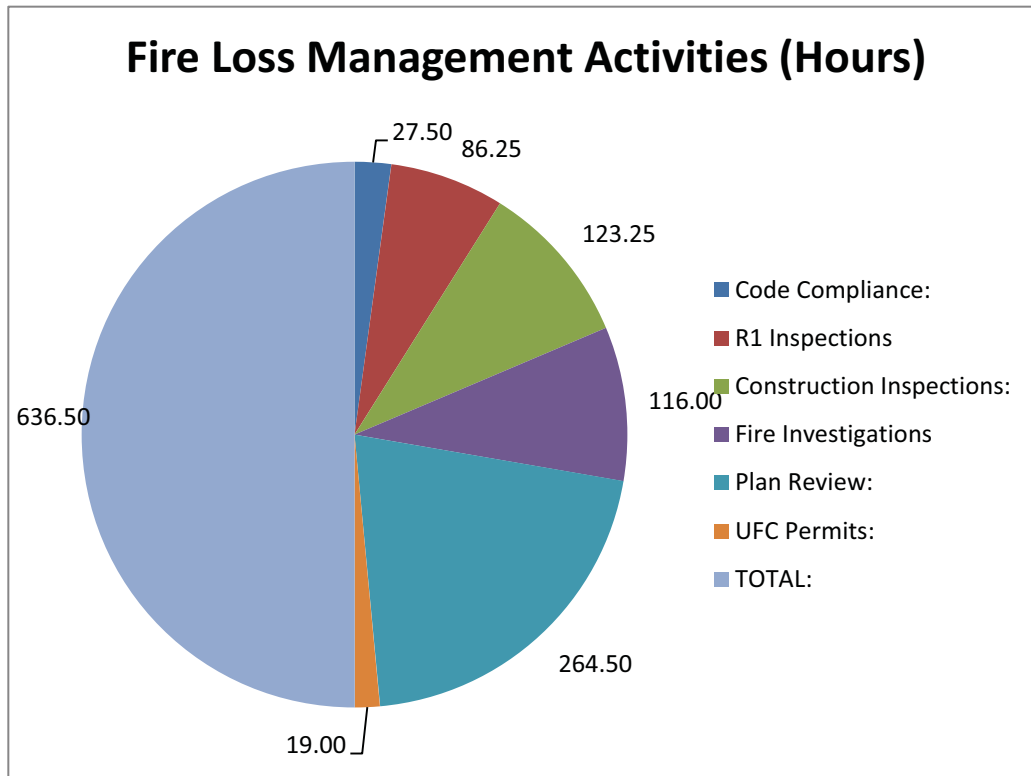
Novato Fire Protection District Call Frequency Analysis by Type Last Ten Fiscal Years



Fiscal Year	Fire / Explosion	Ruptures	Rescue / Emergency Medical	Hazardous Materials / Conditions	Service Call / Move Up	Good Intent	False Alarm	Natural Disaster	Other	Total
2003/04	263	3	3,013	85	494	409	323	-	6	4,596
2004/05	192	7	3,047	73	551	385	299	-	8	4,562
2005/06	198	14	3,149	103	692	390	292	9	8	4,855
2006/07	215	7	3,304	105	778	336	314	-	12	5,071
2007/08	204	9	3,088	102	719	377	265	15	6	4,785
2008/09	161	-	3,219	72	879	443	266	1	2	5,043
2009/10	143	5	3,240	78	1,049	450	294	2	3	5,264
2010/11	146	4	3,233	81	549	491	224	-	2	4,730
2011/12	154	2	3,432	79	562	510	247	1	5	4,992
2012/13	148	2	3,336	77	604	564	264	14	7	5,016

Source: District NFIRS database

**Novato Fire Protection District
Fire Loss Management Activities
Fiscal Year 2012-2013**



FLM Inspections and Investigations	Hours
Code Compliance:	27.50
R1 Inspections	86.25
Construction Inspections:	123.25
Fire Investigations	116.00
Plan Review:	264.50
UFC Permits:	19.00
TOTAL:	636.50

Weed Abatement	Incidents
Weed Complaints Received	75
Weed Complaints Investigated and Closed	69
26 Complimentary Vegetation Evaluations	26

Source: Prevention 2K database

**Novato Fire Protection District
Fire Training Activity/Public Education
Fiscal Year 2012-2013**

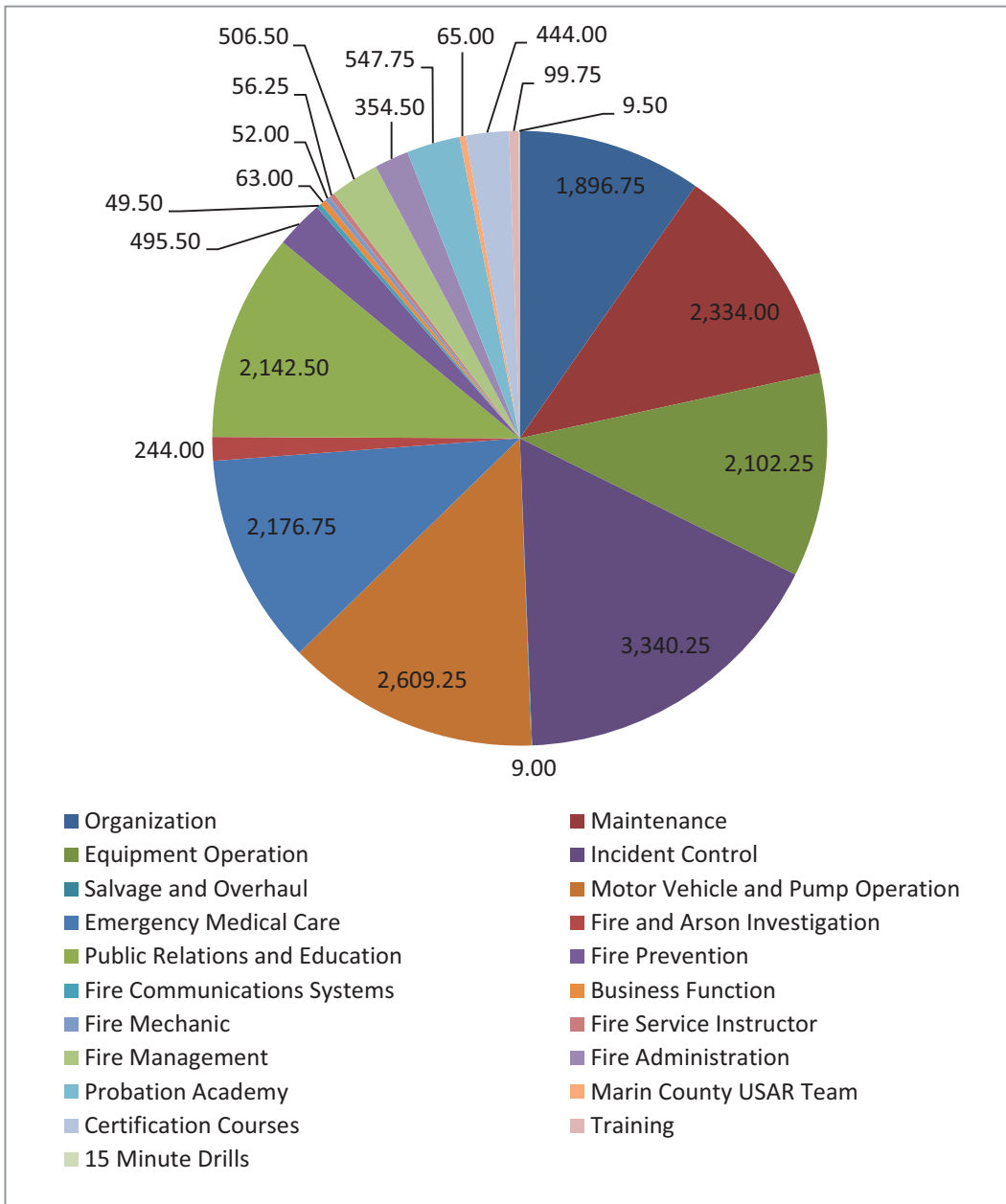
<u>Category</u>	<u>Class Hours*</u>	<u>Number of Citizens Instructed</u>
CPR/AED Training (4 hours per class)	48	152
CERT Training	30	21
Safety House	54	740
Fire Squirts Camp	52	25
Youth Fire Setter Intervention	12	8
Fire Extinguisher Training	3	47
Evacuation Drills -Business	8	700
School Programs	110	2,450
Special Events*	100	5,000**
Station Tours	14	215
Vial of Life	5	171
Senior Programs	8	200
Spanish Language Safety Programs	4	120
<hr/>		
Total	448	9,849

*Hours from Press Releases, IO Media Contact, Copy for Advertising and Flyers/Brochures are not included.

**Large events, attendance estimated

Source: Fire Training Specialist

**Novato Fire Protection District
Personnel Training Hours
Fiscal Year 2012-2013**



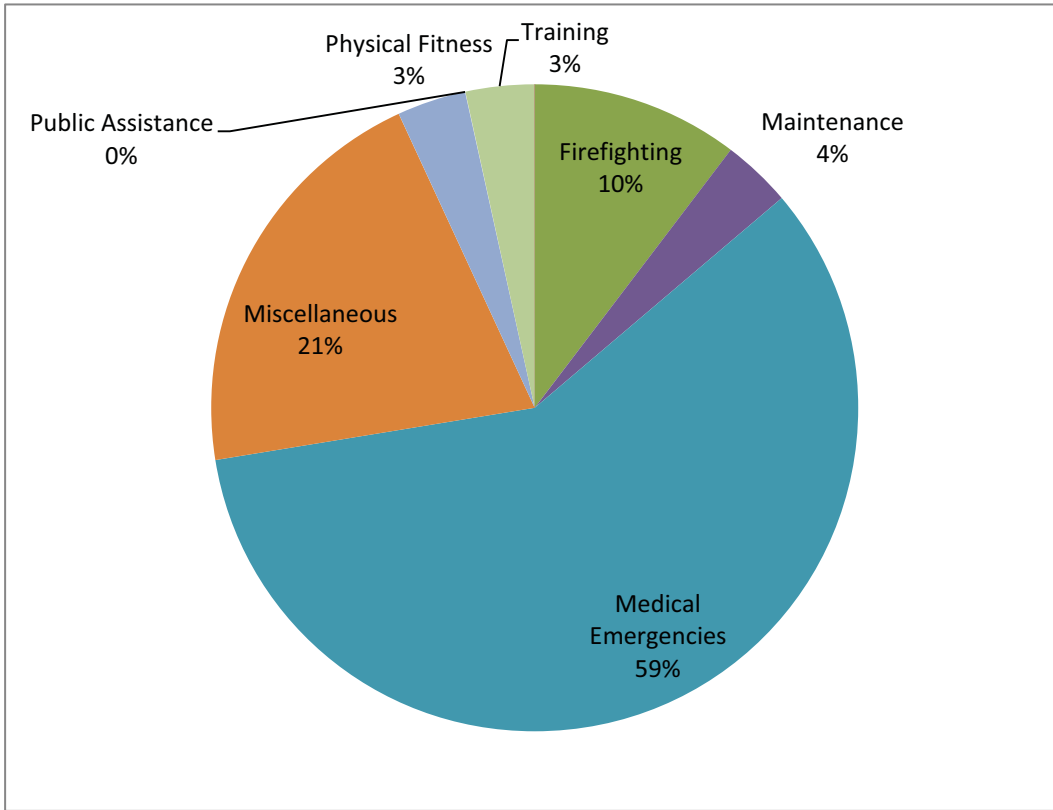
Source: Nfirs database, Mechanic Bureau records

**Novato Fire Protection District
Personnel Training Hours Detail
Fiscal Year 2012-2013**

<u>Description</u>	<u>Hours/Duration</u>
1 Organization	1,896.75
2 Maintenance	2,334.00
3 Equipment Operation	2,102.25
4 Incident Control	3,340.25
5 Salvage and Overhaul	9.00
6 Motor Vehicle and Pump Operation	2,609.25
7 Emergency Medical Care	2,176.75
8 Fire and Arson Investigation	244.00
9 Public Relations and Education	2,142.50
10 Fire Prevention	495.50
11 Fire Communications Systems	49.50
12 Business Function	63.00
13 Fire Mechanic	52.00
14 Fire Service Instructor	56.25
15 Fire Management	506.50
16 Fire Administration	354.50
17 Probation Academy	547.75
18 Marin County USAR Team	65.00
19 Certification Courses	444.00
20 Training	99.75
21 15 Minute Drills	9.50
Total Training Hours	19,598.00

Source: Nfirs database, Mechanic Bureau records

**Novato Fire Protection District
Service Connected Illness/Injury Report
Fiscal Year 2012-2013**



Type of Activity	Number	% of Total
Firefighting	3	10%
Maintenance	1	3%
Medical Emergencies	17	59%
Miscellaneous	6	21%
Physical Fitness	1	3%
Public Assistance	0	0%
Training	1	3%
Total	29	100%

Data from Personnel Workers Compensation files.