The Novato Fire District exists to care for, protect and serve our communities.
December 4, 2013

To the Community Members of Novato Fire Protection District:

We are pleased to present the Novato Fire Protection District Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2013. This report was prepared by the Finance Division to provide readers with an easy to understand summary of our financial and operational activities. The financial information contained in this report was derived from our Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2013. Both reports are available for viewing at all District fire stations and administration office as well as from our website at www.novatofire.org.

The financial information in the PAFR is presented on the Government-Wide basis, which offers a broad overview and long-term perspective of District assets, liabilities, and net position, as well as its operations. The PAFR is not a substitute for the CAFR, as the PAFR does not present all the necessary financial statements and note disclosures required by Generally Accepted Accounting Principles (GAAP).

We hope you enjoy reading this report and invite you to access our CAFR from our website for additional details regarding District finances. We welcome your questions, comments and suggestions for improving this report. You may contact our office at (415) 878-2690 or visit our website at www.novatofire.org.

Sincerely,

Mark Heine, CFO
Fire Chief
Who We Are and What We Do

The Novato Fire District is a stand-alone government body providing risk reduction, paramedics, and all-risk fire and rescue services to the City of Novato and surrounding county areas of Northern Marin County.

The five member publicly elected Board of Directors creates policy, establishes service levels, and approves the annual budget and monthly expenditures.

The Fire Chief provides leadership and oversees daily District activities.

The Deputy Chief oversees all fire / medical / rescue operations.

The Fire Marshal implements and oversees compliance with fire / life safety codes.

Three Operational Battalion Chiefs work 24/7 in three rotating shifts and command daily operational activities.

Emergency Medical Services Director oversees paramedic operations.

Battalion Chief / Training Officer coordinates training / education for all personnel.

Human Resources Manager manages human resources and personnel functions.

Finance Director maintains financial records, budget and financial reporting.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Novato Fire Protection District for its Popular Annual Financial Report for the fiscal year ended June 30, 2012. In order to receive this award, the District must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for the period of one year only. We believe our current report for the fiscal year ended June 30, 2013 continues to meet the Popular Annual Financial Reporting requirement and will be submitting it to the GFOA for consideration.
2013 Board of Directors

President
Farhad Mansourian

Vice President
Lj Silverman

Secretary/Treasurer
Tomas Kaselionis

Director
James Galli

Director
Brad Beedle

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
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
The Statement of Net Position presents the District financial position from a long-term perspective. It reports all District assets and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the District financial position is improving or deteriorating.

A significant component of District net position, $10.2 million or 56% of net position was invested in capital assets, less any related outstanding debt used to acquire those assets. Although the District investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to satisfy District debt, therefore, the funds needed to pay these liabilities must be provided from other resources.

The remaining component of net position is unrestricted net assets. Unrestricted net position are resources that can be used to meet ongoing obligations. Unrestricted net position totaled $9.9 million or 44% of net assets.

Changes in the District’s net position were as follows. Please refer to the CAFR for complete details.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2013</th>
<th>2012</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and Other Assets</td>
<td>$16,175,866</td>
<td>$17,584,684</td>
<td>$(1,408,818)</td>
</tr>
<tr>
<td>Net Capital Assets</td>
<td>$16,395,167</td>
<td>$13,450,277</td>
<td>2,944,890</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$32,571,033</td>
<td>$31,034,961</td>
<td>1,536,072</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$3,499,622</td>
<td>$3,274,826</td>
<td>224,796</td>
</tr>
<tr>
<td>Noncurrent Liabilities</td>
<td>$6,570,370</td>
<td>$6,315,129</td>
<td>255,241</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$10,069,992</td>
<td>$9,589,955</td>
<td>480,037</td>
</tr>
<tr>
<td>NET POSITION</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td>$12,560,788</td>
<td>$10,229,686</td>
<td>2,331,102</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$9,940,253</td>
<td>$11,215,320</td>
<td>(1,275,067)</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$22,501,041</td>
<td>$21,445,006</td>
<td>$1,056,035</td>
</tr>
</tbody>
</table>

Five Year Comparison of Net Position

- Capital Assets (Net of Debt)
- Unrestricted

![Five Year Comparison of Net Position](image)
The Statement of Activities presents District revenues, expenses and change in net assets for the fiscal years were as follows. Please refer to the CAFR for complete details.

### REVENUES

#### General Revenues:
- Property Taxes: $19,998,893, $19,958,352, $40,541
- Investment Earnings: 29,602, 52,838, (23,236)
- Grants Not Restricted to Specific Programs: 91,247, 94,786, (3,539)
- Miscellaneous: 59,629, 51,024, 8,605

**Total General Revenues:** $20,179,371, $20,157,000, $22,371

#### Program Revenues:
- Charges for Services: 2,785,493, 2,552,619, 232,874
- Capital Grants & Contributions: 1,050,570, 222,668, 827,902

**Total Program Revenues:** 3,836,063, 2,775,287, 1,060,776

**Total Revenues:** $24,015,434, $22,932,287, $1,083,147

### EXPENSES

- Personnel: $18,597,566, $19,247,588, (650,022)
- Material and Services: 3,089,286, 3,205,006, (115,720)
- Depreciation: 1,001,072, 927,098, 73,974
- Decrease in Market Value of Loan Collateral: 170,777, - , 170,777
- Interest on Debt: 100,698, 124,200, (23,502)

**Total Expenses:** $22,959,399, $23,503,892, (544,493)

### Change in Net Position

- $1,056,035, (571,605), $1,627,640

**Net Position - Beginning of Year:** $21,445,006, $22,016,611, (571,605)

**Net Position - End of Year:** $22,501,041, $21,445,006, $1,056,035

Even though property tax valuations declined during the year, total property taxes increased slightly from last year. A reduction in interest rates in the general economy accounts for the decrease in investment earnings. Charges for services increased due to higher reimbursements for responses under the State of California Master Mutual Aide Agreement. Several new FEMA grants for self-contained breathing apparatus, mobile data terminals, and heart monitors accounted for the major increase in capital grants. Personnel costs decreased over the prior year primarily due to partially vacant Deputy Chief and Battalion Chief positions. Expense for materials and services decreased due to cost cutting measures. There was current year adjustment in market value of loan collateral.
Property Taxes – The District receives the majority of its revenue from property taxes. This includes secured property (real estate), unsecured property (business property), special assessments and Education Revenue Augmentation Fund.

Charges for Services – The District generates revenue from ambulance service fees, ambulance billing service fees, plan check fees and administration services to other governmental agencies.

Personnel – The majority of District expenses is in personnel costs. This includes salaries, overtime, health insurance, retirement and Workers Compensation.

Material & Services – This includes insurance, utilities, fuel, maintenance on facilities and equipment, dispatch services, County of Marin fees, computer hardware and software, etc.

Depreciation – This is a periodic expense related to long life assets, such as building facilities, fire apparatus and equipment.
During 2012-13, the District responded to 5,016 incidents. 3,336 of the incidents were for Emergency Medical Services or 67% of the total. 148 incidents or 3% were due to fires. Please refer to the CAFR for more detailed information.

This illustrates average response time by incident type during 2012-13. The District goal is to respond to 90% of all emergency calls within nine minutes.
This illustrates the steady decline in assessed valuation of real estate in the District since 2009. Projections are for modest growth in assessed valuations in 2014 and 2015. The District receives 83% of its revenues from property taxes, and its budgets are significantly impacted by the decline in real estate assessed valuation. Please refer to the CAFR for more detailed information.

The local unemployment rate has improved the last four years along the global economy. 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. Please refer to the CAFR for more detailed information.